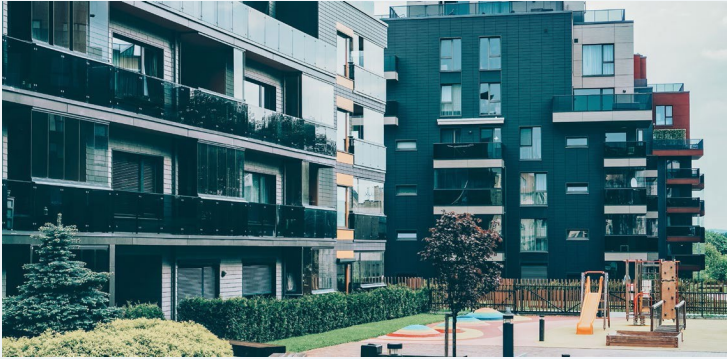




## Real estate market Switzerland

### Quo vadis?



Rising inflation and rising interest rates pose real estate owners and investors with questions that have received little attention so far, if not challenges. Should you hold on to your property as protection against inflation or is now the right time to sell your property after years of price increases in the real estate market? With rising inflation comes higher interest rates, and higher interest rates make mortgage financing and the cost of the property more expensive. In addition, energy costs have risen sharply in recent months, which has put a strain on utility bills and in some cases driven them up exorbitantly. These market changes reduce the attractiveness of properties.

**What influence does this have on the development of real estate prices for residential property and investment properties in Switzerland?**

#### Home ownership

The rising price spiral has stabilized with the higher financing and energy costs. However, no major price corrections are expected, as there is still a pronounced shortage of residential property, particularly in central locations, and the steady population growth in Switzerland is supporting the price trend. Properties and regions whose fundamental values are far removed from the market are likely to come under pressure.

#### Investment properties

In the case of investment properties, inflation and rising financing costs can be passed on to tenants, at least in part. In the long term and across cycles, real estate is still well suited to maintaining purchasing power. Nevertheless, prices have probably peaked for the time being. This is because the relative attractiveness of real estate investments, particularly for institutional real estate investors, has decreased significantly as interest rates have normalized. This could be exacerbated by the fact that the sharp fall in share and bond prices could cause Swiss pension funds to exceed the fixed real estate quota of 30% and consider selling their real estate investments through rebalancing.

#### smzh tip

Peter Siber, stv. CEO of smzh, advises: "In my experience, buying and selling a property is one of the most important financial decisions. In addition to the personal life situation, various criteria must be considered, including legal, tax and precautionary aspects. In order to get a comprehensive picture and then make the right decision, experienced advisors should be consulted to ensure that nothing is overlooked."

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