2nd QUARTER 2023

Geneva Real Estate Market
Summary

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From the investment market perspective.

By Cyril Peyrot, Investment Manager

In September 2022, the Swiss National Bank (SNB) implemented its strategy to counter inflation by raising the benchmark interest rate by 75 basis points. This was followed by three additional increases: 50 points in December 2022, 50 points in March 2023, and 25 points in June 2023. While the maneuver appears effective and prices have realigned with the SNB's strategy, caution is still advised due to significant contradictions depending on the product groups comprising the consumer price index. For instance, the Swiss Real Estate Offer Index anticipates a rise in rents in the fourth quarter, both on a monthly basis (+0.7%) and an annual basis (+3.8%).

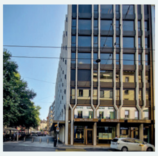
In this cautious context, the Swiss National Bank's strategy in the third quarter of 2023 remains defensive, and the central bank is expected to continue tightening its monetary policy by proposing, either in September or December, a final 25 basis points increase, bringing its benchmark interest rate to 2%.

As a result, the Geneva real estate market has no reason to emerge from the stagnation it has experienced for the past year during this last semester. Looking further ahead, there is a likely prospect of improvement in the first half of 2024.

Investment per allocation	Volume of sales				Average price of transactions in CHF
	in CHF	in %	in amount	in %	
Multiple-unit housing	142'857'815.–	18 %	15	38 %	9'523'854.–
Mix housing- commercial activites	77'690'000.–	10 %	11	28 %	7'062'727.–
Condominiums (PPE)	18'030'000.–	2 %	2	5 %	9'015'000.–
Offices	161'800'000.–	20 %	3	8 %	53'933'333.–
Factories, Workshops, Storage facilities	38'490'000.–	5 %	6	15 %	6'415'000.–
Portfolios of different allocations	370'020'000.–	46 %	3	8 %	123'340'000.–
Total	**808'887'815.-**	**100 %**	**40**	**100 %**	**20'222'195.-**

TOP 5 SALES

Geneva
Portfolio (asset transfer)
CHF 321'000'000.–
Seller: Rente immobilière SA
Buyer: Fondation pour la promotion du logement bon marché et l'habitat coopératif



CBD
1 building
CHF 133'000'000.–
Seller: NPH Genf I AG
Buyer: Calinton Immobilière SA

Grand-Saconnex
2 buildings
CHF 43'610'000.–
Seller: Zurich Compagnie d'assurances SA (Zurich Versicherungs-Gesellschaft AG)
Buyer: Zurich Fondation de Placement (Zurich Anlagestiftung)

CBD
2 buildings
CHF 25'250'000.–
Seller: Beronica SA
Buyer: Fondation Patrimonia

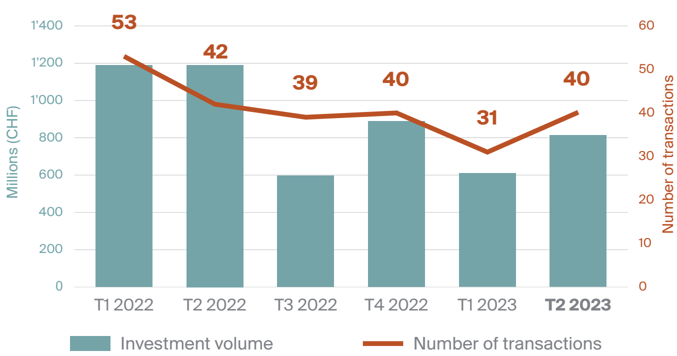
Geneva
Portfolio
CHF 23'770'000.–
Seller: Privé
Buyer: Fondation Patrimonia

TRANSACTION EVOLUTION OVER THE LAST QUARTERS

If we exclude the largest transaction of this quarter, recorded as an asset transfer for an amount of CHF 321'000'000.-, which alone represents over 40 % of the sales volume, then the traded volume is very low and coincides with various market correction events. As in the first quarter, we observe that significant transactions in recent years, exceeding CHF 50'000'00.-, are becoming increasingly rare. Known buyers involved in these transactions appear to be more demanding or, alternatively, more opportunistic, as evidenced by the acquisition of an office building on Rue du Rhône by Calinton Immobilière SA (ranking second in this quarter).

Volume and number of transactions

Source : Publications foncières GE



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From the commercial market perspective.

By Sophie Ipekdjian, Research and Analysis Manager

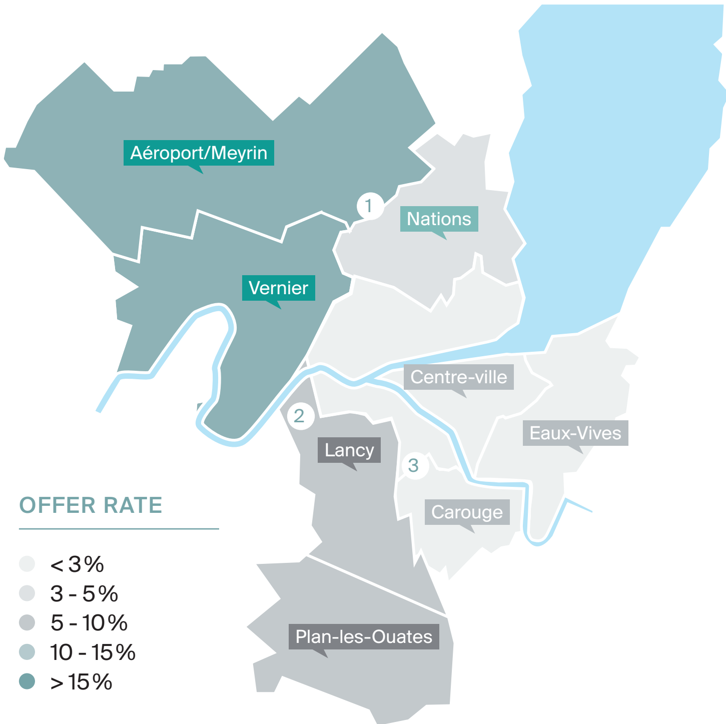
On June 1, 2023, OCSTAT released statistical information on the state and structure of the office market. Two major projects were completed and disrupted the market by almost doubling the vacancy rate in the canton. According to OCSTAT, the vacancy increased from 160,000 sqm to around 314,000 sqm of available space. The additional square meters are primarily located in two distinct areas that share common features of excellent public transportation access, compliance with the latest construction criteria, and adaptability and comfort.

On one hand, Pont-Rouge in Lancy, developed in two stages, alone offers about 110,000 sqm, with several tens of thousands already leased. On the other hand, L'Etang in Vernier, a new urban area with high diversity, featuring a significant concentration of offices, accumulates a total of 152,000 sqm across three complexes (Les Atmosphères, Le Belvédère, and Les Fabriques). These new projects will soon host well-established companies in Geneva, such as Edmond de Rothschild in the L'Etang neighborhood and BNP Paribas in Pont Rouge, further enhancing the attractiveness of these areas.

It is evident that there is significant demand for these new spaces, and they are being absorbed well. The city center remains the preferred location in terms of demand for office spaces, despite limited availability. According to our analyses, only 2.5% of the stock in the city center is offered to the market. Larger spaces exceeding 500 sqm are particularly affected by the scarcity. This strong desirability maintains pressure on rents, with prime rent reaching almost CHF 900 per sqm per year

RENTAL ESTIMATE

Zone / Neighborhood	CHF / sqm / year	Prime rent
Centre-ville Rive droite	390-590	780
Centre-ville Rive gauche	560-730	890
Charmilles	320-420	480
Nations	330-450	500
Aéroport/Gd-Saconnex/Meyrin	240-380	430
Vernier	270-390	400
Plainpalais	340-490	550
Eaux-Vives/Champel	400-560	690
Carouge	300-400	440
PAV (Praille-Acacias-Vernets)	310-410	550
Lancy	300-460	500
Plan-les-Ouates	260-320	350
Ville de Genève	350-550	890
Canton de Genève	320-520	890



NEW COMMERCIAL SPACES WITHIN THE NEXT 4 YEARS, EXCEEDING 10'000 SQM

	Projects	sqm	Delivery
1	Green Village, Grand-Saconnex		
	Kyoto	13'990	2024
	Stockholm	9'040	2024-2027
2	Small City (Etape 2), Lancy	50'000	fin 2024
3	Quai Vernets, Genève	30'000	2027

Conversely, in certain peripheral areas such as the Airport or Vernier, numerous available spaces are identified with an average offer rate of 17%, the highest in the canton, despite a slight decrease this quarter. This high vacancy is explained notably by the low attractiveness of these sectors, the lack of accessibility from the city center, and the limited amenities. It is especially attributed to the fact that the available spaces, mostly built in the 1970s, no longer meet the expectations of businesses in terms of layouts and energy goals.

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Discover our annual studies

of the real estate market in French-speaking Switzerland

as well as our quarterly summaries of the Geneva real estate investment market on our website naef-commercial.ch under the section News/Market Studies

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