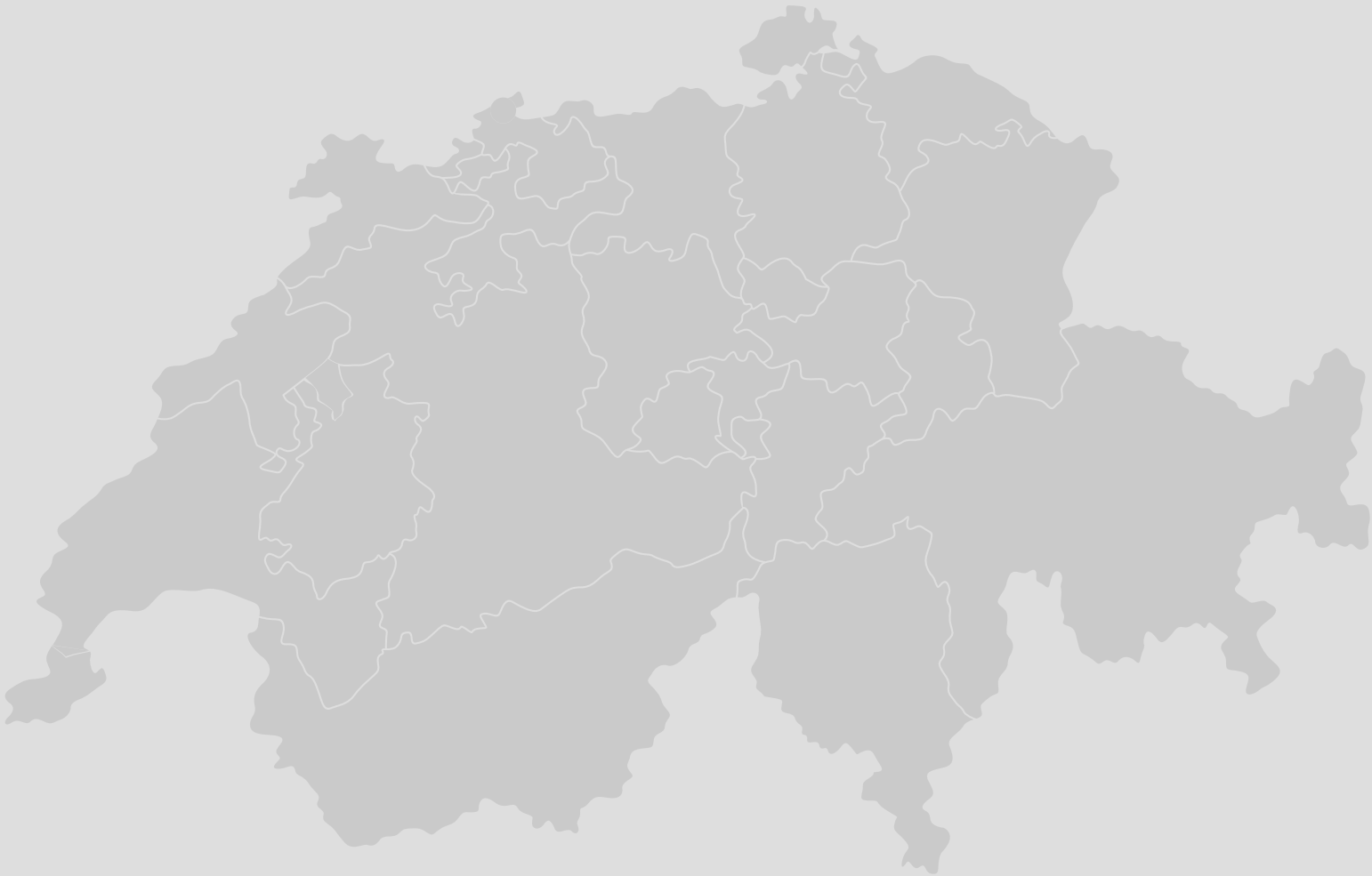


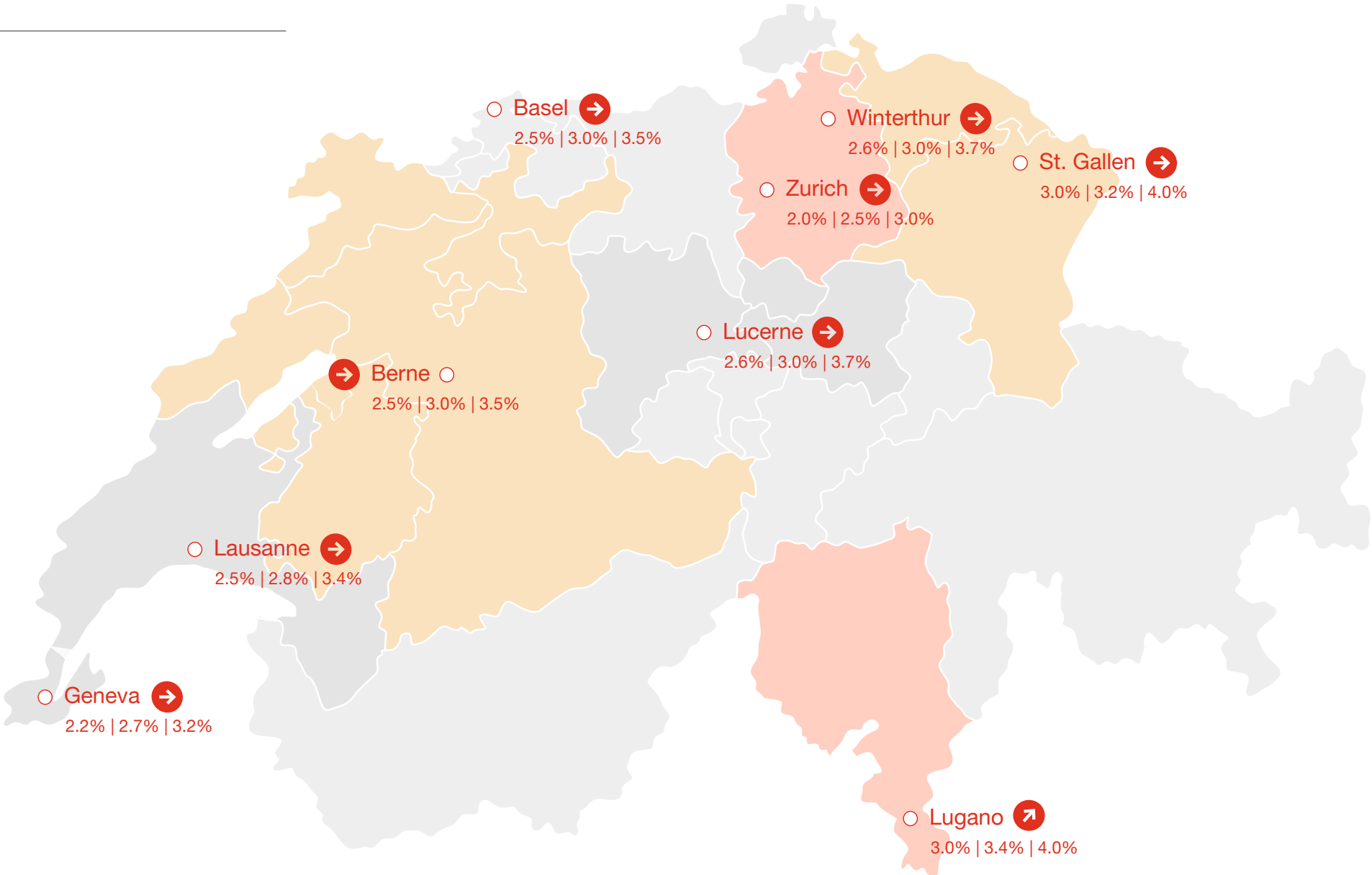
Switzerland

Residential	45	Retail	55
Office	50	NOI Analysis	62



Residential

Yields in Swiss Top 9 Cities



Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 9 Cities

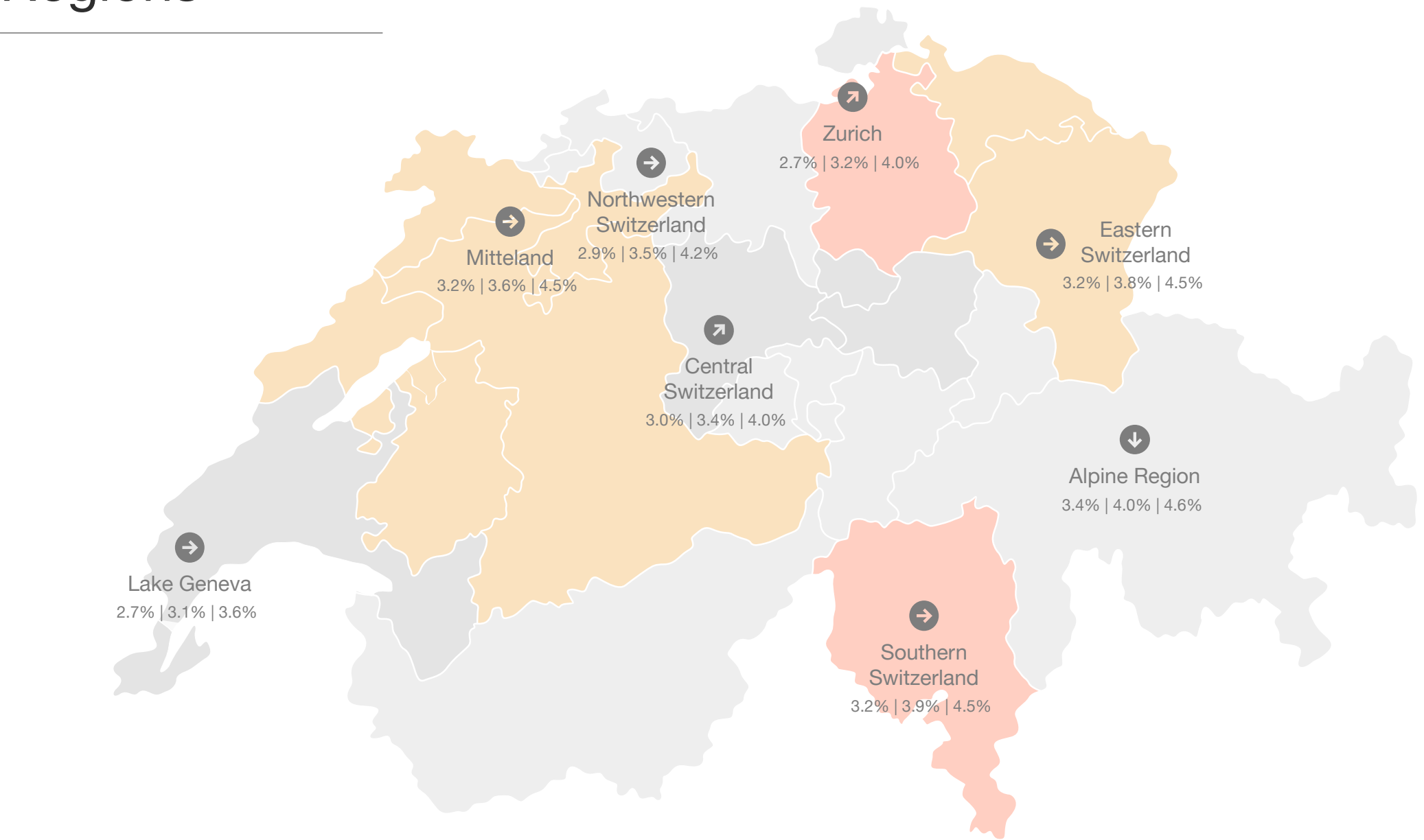
Residential yields in Switzerland prove highly robust to the market disruptions caused by COVID-19. Yields in the country's nine largest cities have virtually not moved over the past six months. Core yields remain at 2.0% in Zurich, 2.2% in Geneva and 2.5% in Basel, Berne and Lausanne.

The only exception to this is the city of Lugano. As the major city in Ticino, the region that has been hit hardest by the crisis, Lugano sees its core and average yields rise by 20 bps each.

[View the graph for Yields ranges and compression on page 49](#)

Residential

Yields in Swiss Regions



Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regions

Outside the big cities, investors see increasing yields for prime properties in Greater Zurich and Central Switzerland, and for the value-add segment in Southern Switzerland. Meanwhile, the Lake Geneva Region, the Alpine Region and the Mittelland experienced slightly decreasing yields in the core and average segment.

View the graph for *Yields ranges and compression* on page 49

Expected 5-year yield development

Top 9 Cities



➔ Zurich



➔ Geneva



➔ Basel



➔ Berne



➔ Lausanne



➔ Winterthur



➔ Lucerne



➔ St. Gallen



➔ Lugano

⬇ <-1% ⬇ -1.0% to -0.25% ➔ -0.25% to 0.25% ⬆ 0.25% to 1.0% ⬆ >1.0%

Compared to six months ago (majority of responses)

Letting parameters

Top 9 Cities

	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Annual market rent growth rate	
	Med.	Dev.	Med.	Dev.	Med.	Dev.
Zurich	0	➔	1	➔	0.0%	➔
Geneva	0	➔	1	➔	0.0%	➔
Basel	0	➔	1	➔	0.0%	➔
Berne	0	➔	2	➔	0.0%	➔
Lausanne	0	➔	1	➔	0.0%	➔
Winterthur	0	➔	2	➔	0.0%	➔
Lucerne	0	➔	2	➔	0.0%	➔
St.Gallen	0	➔	3	➔	0.0%	➔
Lugano	0	➔	3	↘	0.0%	➔

⬇ <-1% ⬇ -1.0% to -0.25% ➔ -0.25% to 0.25% ↗ 0.25% to 1.0% ⬆ >1.0%

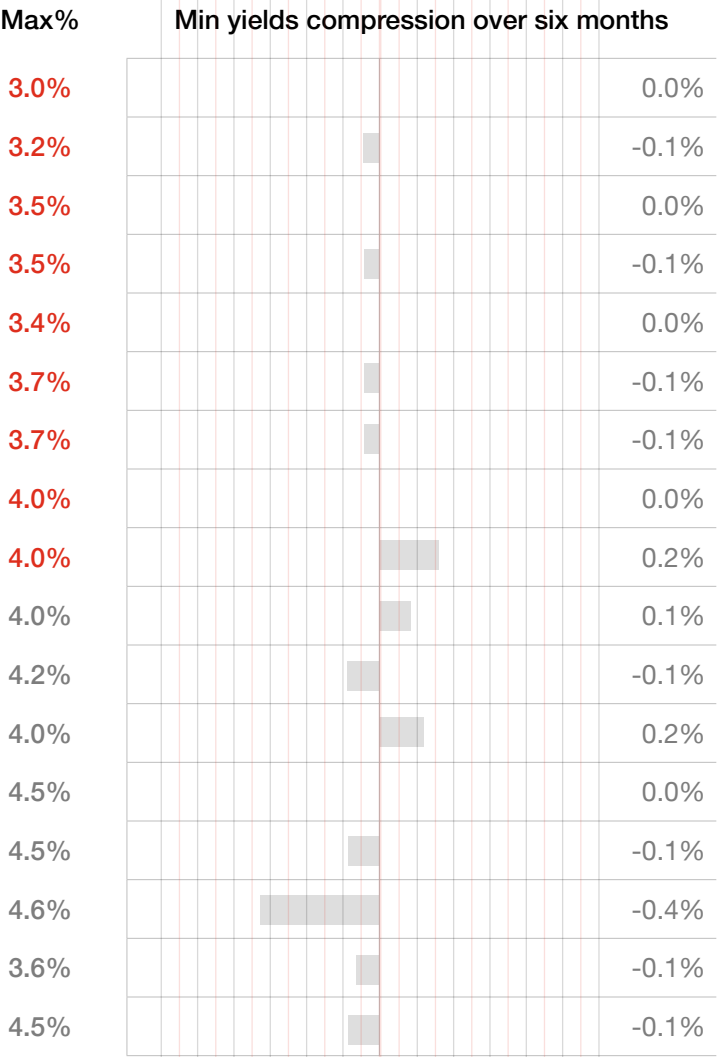
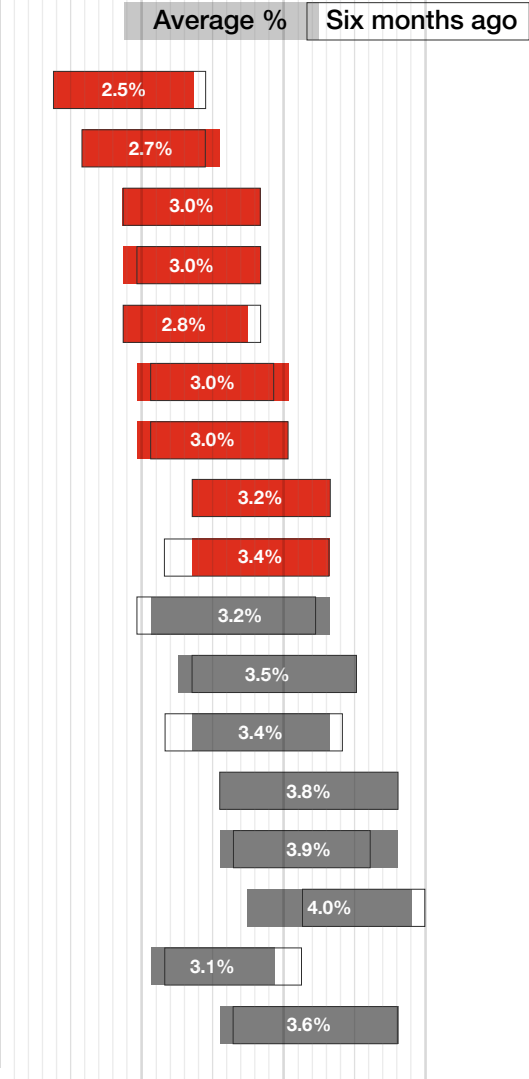
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

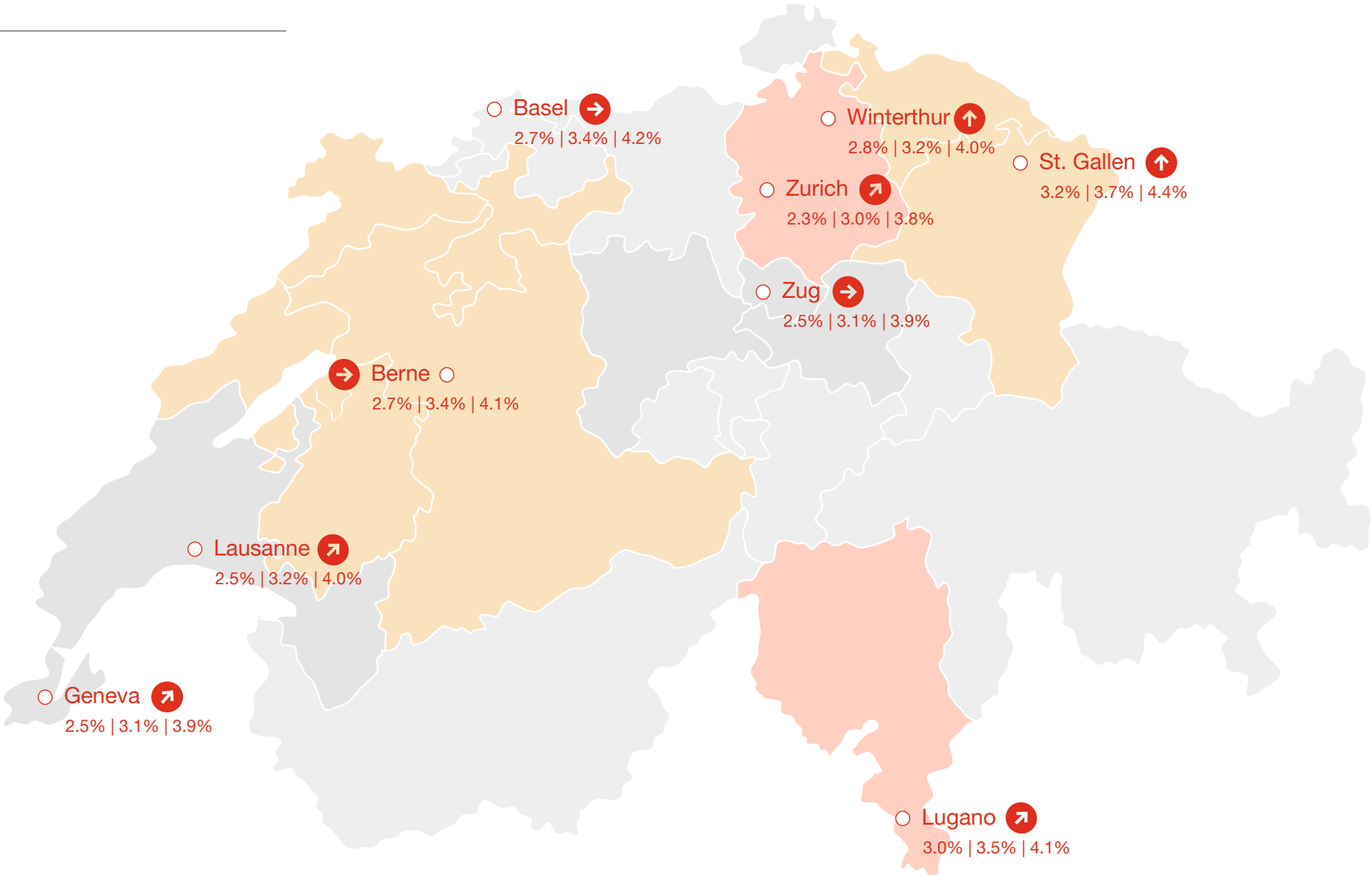
Regions

	Min%
Zurich	2.0%
Geneva	2.2%
Basel	2.5%
Berne	2.5%
Lausanne	2.5%
Winterthur	2.6%
Lucerne	2.6%
St. Gallen	3.0%
Lugano	3.0%
Zurich	2.7%
Northwestern Switzerland	2.9%
Central Switzerland	3.0%
Eastern Switzerland	3.2%
Southern Switzerland	3.2%
Alpine Region	3.4%
Lake Geneva	2.7%
Mittelland	3.2%



Office

Yields in Swiss Top 9 Cities



Minimum yields movement
compared to last six months

Min. % | Average % | Max. %

Top 9 Cities

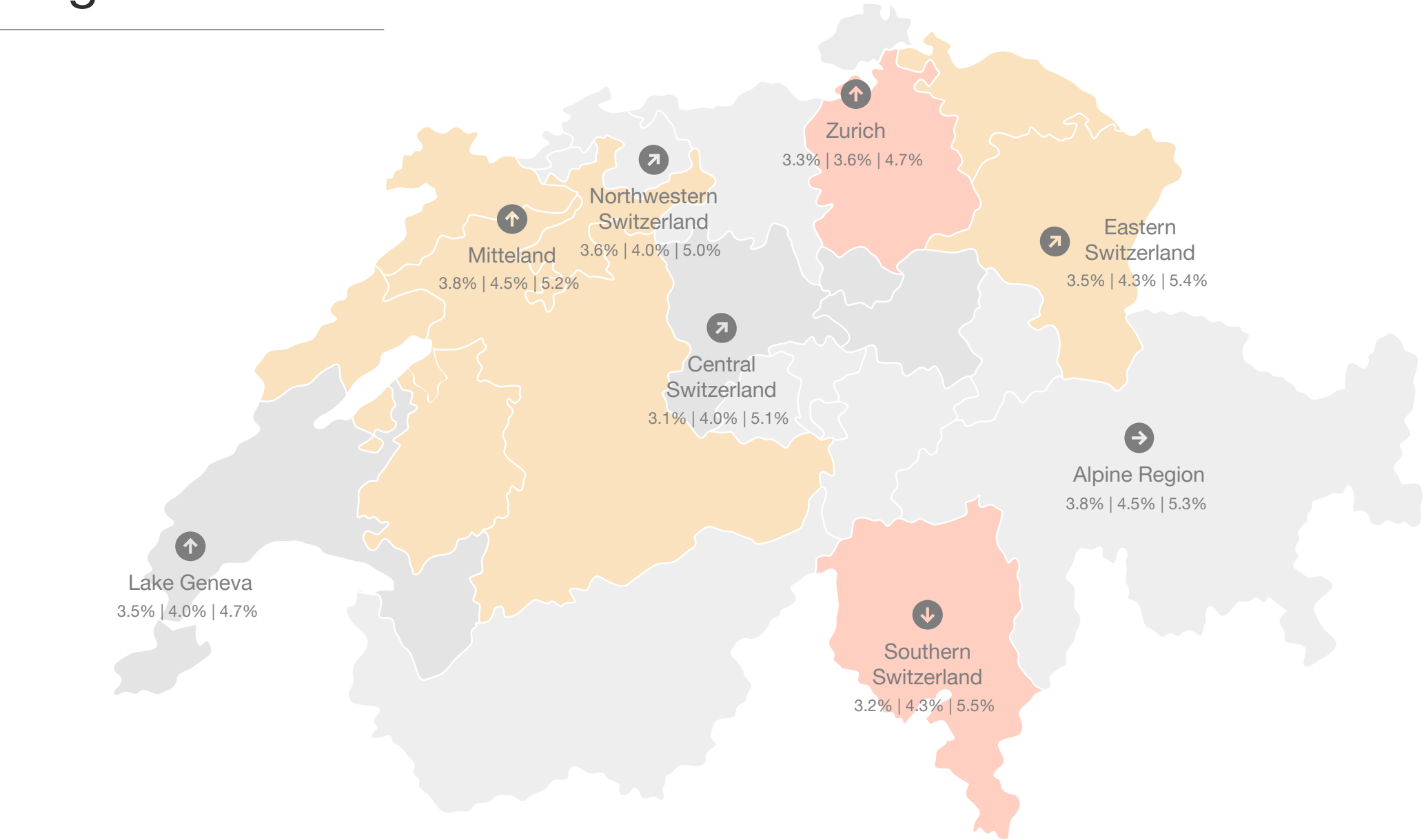
While the Swiss residential yields remained stable over the past six months, office yields clearly reflect the effects of the COVID-19 crisis. Amid expectations of a faltering demand for office spaces, core and average yields in Zurich and Geneva increased between 10 and 20 bps. After reaching the lowest levels recorded since inception of this survey in March 2020, the core yields in Switzerland's two largest cities are now at 2.3% and 2.5%, respectively.

Even more pronounced was the move in core yields in Lausanne, Winterthur and Lugano (+20 to 30 bps) and especially St. Gallen (+40 bps). In Basel and Berne, the core segment remains unaffected, but yields on average properties increased by a significant 25 to 30 bps. The only city that saw no changes in yields over the past six months is Zug. Core office yields in Central Switzerland's business hub remain at 2.5%.

[View the graph for Yields ranges and compression on page 54](#)

Office

Yields in Swiss Regions



Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regions

Outside of the urban centers, the effects of COVID-19 on the office market are even more pronounced. Core yields in the regions of Zurich, Lake Geneva and the Mittelland increased by more than 40 bps. In Northwestern, Central and Eastern Switzerland the increase was slightly weaker at 10 to 20 bps.

The largest increases overall were observed in the average segment with moves of 20 bps (Northwestern, Central, Alpine), 35 bps (Eastern, Lake Geneva) and even up to 65 bps (Mittelland).

It is worth noting that while investors generally agreed on the direction of the yields' moves, the dispersion in the answers was significant. This is an indication that investors are still in the process of finding a consensus on how to appropriately price in the shifts caused by the pandemic.

[View the graph for Yields ranges and compression on page 54](#)

Expected 5-year yield development

Top 9 Cities



➔ Zurich



➔ Geneva



➔ Basel



➔ Berne



➔ Lausanne



➔ Winterthur



➔ Zug



➔ St. Gallen



➔ Lugano

⬇ <-1% ⬇ -1.0% to -0.25% ➔ -0.25% to 0.25% ↗ 0.25% to 1.0% ⬆ >1.0%

Compared to six months ago (majority of responses)

Letting parameters

Top 9 Cities

	Prime rent (CHF/m² p.a.)	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
	Med.	Med.	Dev.	Med.	Dev.	Med.	Dev.	Med.	Dev.
Zurich	800	3	→	6	↗	70%	→	0.0%	→
Geneva	675	4	→	7	→	60%	→	-0.5%	→
Basel	370	4	↗	9	↗	70%	→	0.0%	→
Berne	350	4	→	7	→	70%	→	0.0%	→
Lausanne	380	4	→	6	↘	60%	↓	0.0%	→
Winterthur	340	4	→	7	↘	60%	↓	0.0%	→
Zug	380	4	→	6	→	70%	→	0.0%	→
St.Gallen	320	5	↘	9	→	70%	↑	0.0%	→
Lugano	320	5	↘	9	↘	40%	↓	-0.3%	→

↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

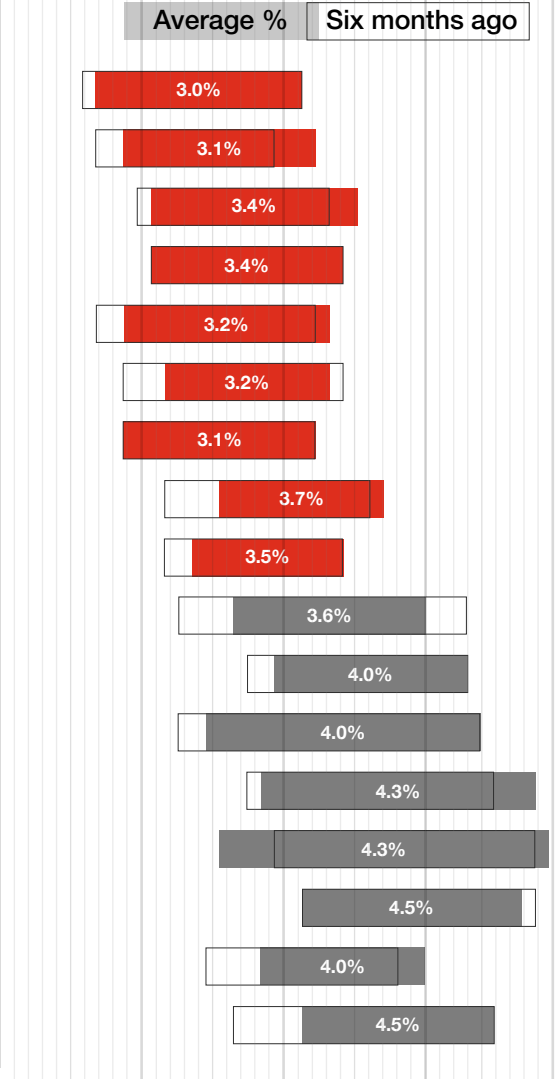
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

Regions

	Min%
Zurich	2.3%
Geneva	2.5%
Basel	2.7%
Berne	2.7%
Lausanne	2.5%
Winterthur	2.8%
Lucerne	2.5%
St. Gallen	3.2%
Lugano	3.0%
Zurich	3.3%
Northwetern Switzerland	3.6%
Central Switzerland	3.1%
Eastern Switzerland	3.5%
Southern Switzerland	3.2%
Alpine Region	3.8%
Lake Geneva	3.5%
Mittelland	3.8%

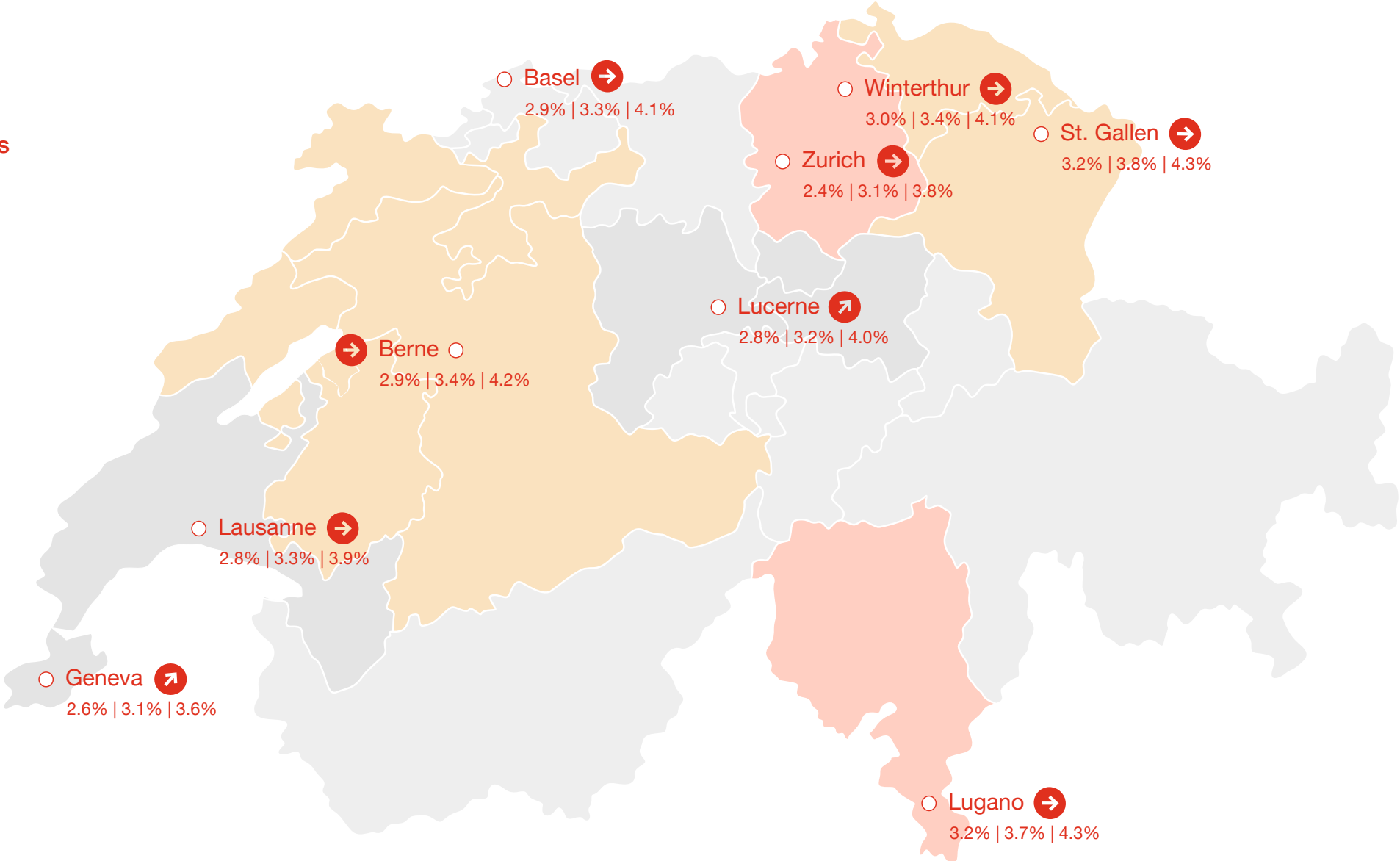


Max%	Min yields compression over six months
3.8%	0.1%
3.9%	0.2%
4.2%	0.1%
4.1%	0.0%
4.0%	0.2%
4.0%	0.3%
3.9%	0.0%
4.4%	0.4%
4.1%	0.2%
4.7%	0.4%
5.0%	0.2%
5.1%	0.2%
5.4%	0.1%
5.5%	-0.4%
5.3%	-0.1%
4.7%	0.4%
5.2%	0.5%

Retail | High Street

Yields in Swiss Top 9 Cities

Top 9 Cities



Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Top 9 Cities

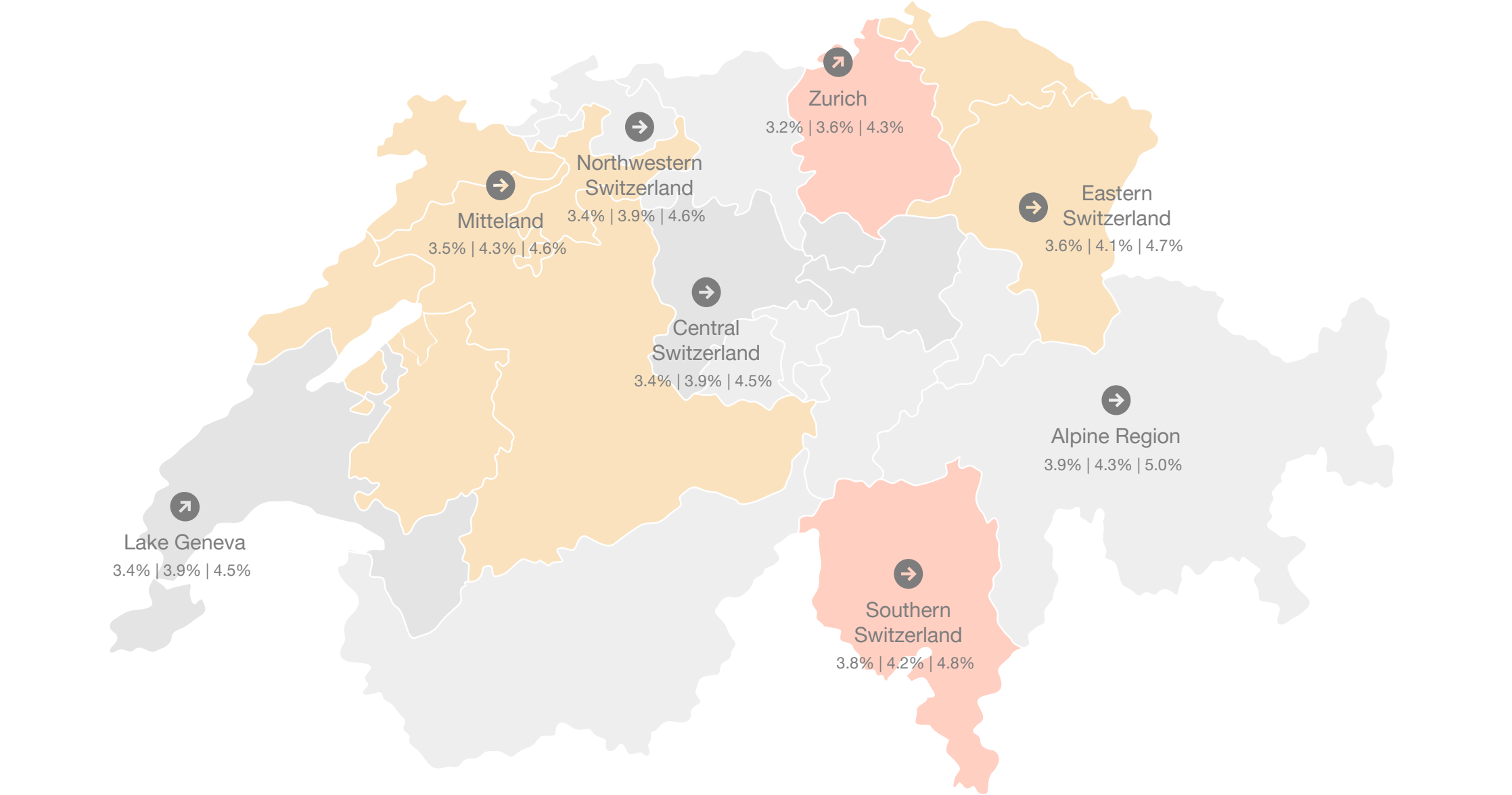
While the office market experienced significant shifts in yields as a consequence of the COVID-19 crisis, yields of Swiss high-street retail properties remained fairly stable. Particularly in the prime and secondary locations of the high streets, investors price properties at almost the same levels as before the crisis. The largest moves on top-tier properties were observed in Lucerne, Geneva, Basel and Lausanne (+5 to 20 bps), while being below 5 bps for the remaining cities. Zurich still has the lowest yields at 2.4% - a level that has remained unchanged over the past three issues of this survey.

Meanwhile, the third-tier locations on High Street of the five largest cities experienced more strongly pronounced increases in yields. In Zurich, Geneva, Basel, Berne and Lausanne, these properties are now priced at up to 40 bps higher yields than they were six months ago.

View the graph for *Yields ranges and compression* on page 59

Retail | High Street

Yields in Swiss Regions



Minimum yields movement compared to last six months

Min. % | Average % | Max. %

Regions

High-street properties outside the large centers experienced surprisingly only mild corrections of their yields. As in the cities, the tertiary locations are most affected with changes of +25 bps in Greater Zurich and Northwestern Switzerland, and 10 to 20 bps in Eastern Switzerland, the Lake Geneva Region and the Mittelland.

View the graph for *Yields ranges and compression* on page 59

Expected 5-year yield development

Top 9 Cities



➔ Zurich



↗ Geneva



➔ Basel



➔ Berne



↗ Lausanne



➔ Winterthur



➔ Lucerne



↗ St. Gallen



↗ Lugano

↓ <-1% ↘ -1.0% to -0.25% ➔ -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

Letting parameters

Top 9 Cities

	Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
	Med.	Dev.	Med.	Dev.	Med.	Dev.	Med.	Dev.
Zurich	6	↗	10	↗	65%	→	-0.5%	→
Geneva	7	↗	6	→	40%	↓	-1.0%	→
Basel	6	↗	10	↗	55%	↘	-0.8%	→
Berne	6	↗	9	↗	60%	→	-3.0%	↘
Lausanne	6	↗	6	→	50%	↓	-0.5%	→
Winterthur	9	↑	10	↗	60%	→	-2.8%	↘
Lucerne	6	↗	9	↗	55%	↘	-0.5%	→
St.Gallen	11	↑	13	↑	55%	↘	-3.3%	→
Lugano	6	→	8	→	40%	↓	-1.5%	→

↓ <-1% ↘ -1.0% to -0.25% → -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

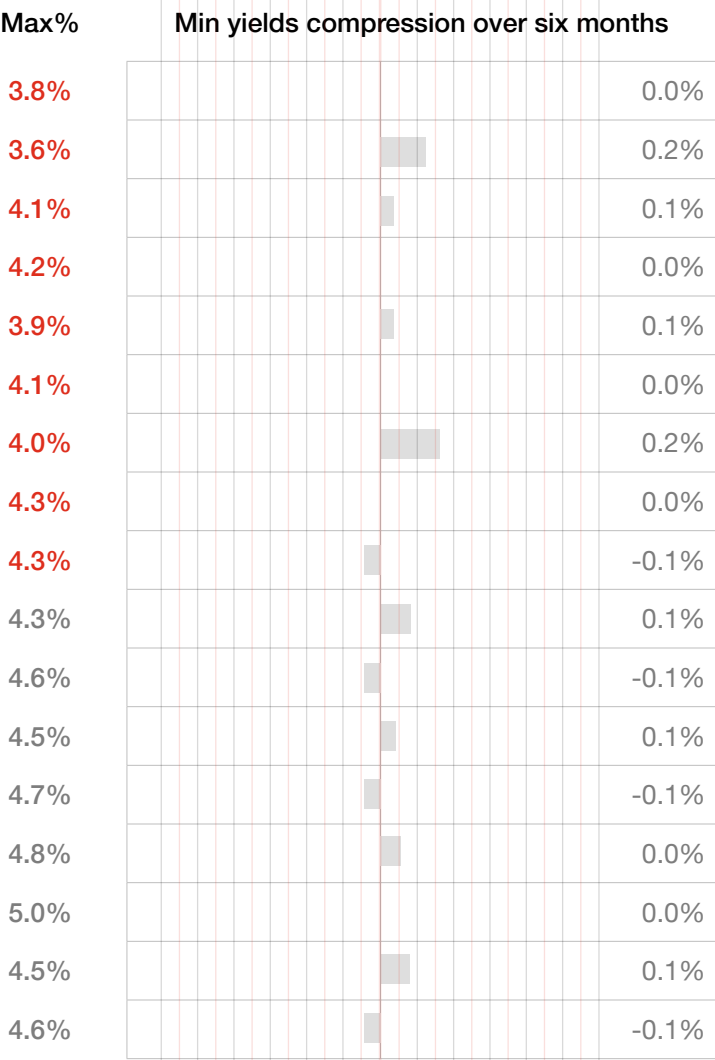
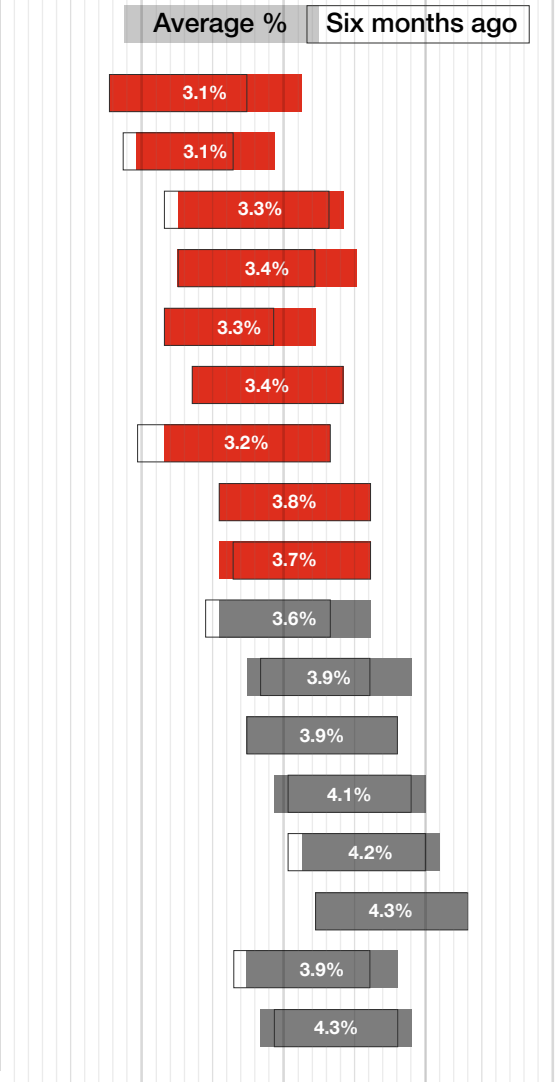
Compared to six months ago (majority of responses)

Yields ranges and compression

Top 9 Cities

Regions

	Min%
Zurich	2.4%
Geneva	2.6%
Basel	2.9%
Berne	2.9%
Lausanne	2.8%
Winterthur	3.0%
Lucerne	2.8%
St. Gallen	3.2%
Lugano	3.2%
Zurich	3.2%
Northwestern Switzerland	3.4%
Central Switzerland	3.4%
Eastern Switzerland	3.6%
Southern Switzerland	3.8%
Alpine Region	3.9%
Lake Geneva	3.4%
Mittelland	3.5%



Retail | Non-High Street

Similar to the high-street segment, non-high-street assets have remained relatively stable in the wake of the COVID-19 crisis. The exception to this were supermarkets, for which the yields increased at the lower end and on average. The lowest yields among the four categories can now be observed for out-of-town shopping centers at a minimum of 3.7%.



Expected 5-year yield development



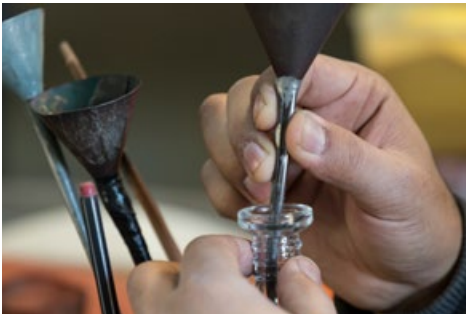
↗ Retail Park



↗ Out-of-town Shopping Center



↗ Supermarket



↗ DIY-Store

Letting parameters

Top 7 Cities	All-risk-yield			Granted rentfree period (Med. in months)		Duration until reletting (Med. in months)		Extension probability		Annual market rent growth rate	
	Min.	Med.	Max.	Med.	Dev.	Med.	Dev.	Med.	Dev.	Med.	Dev.
Out-of-town Shopping Center	3.7%	4.3%	4.9%	6	↗	9	↗	45%	↘	-0.5%	↗
Retail Park	4.1%	4.9%	5.7%	8	↗	9	↗	50%	↘	-1.0%	↗
Supermarket	3.9%	4.8%	5.2%	6	↗	8	↗	45%	↓	-0.5%	↗
DIY-Store	3.9%	4.9%	5.4%	6	↗	8	↗	45%	↘	-0.5%	↗

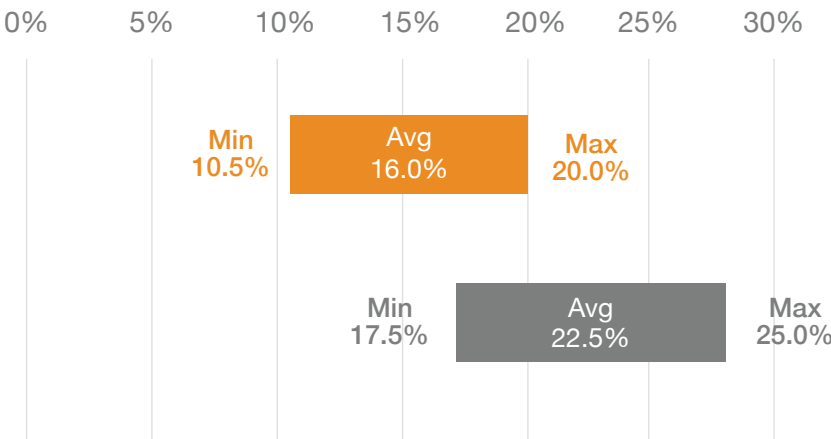
↓ <-1% ↘ -1.0% to -0.25% ↗ -0.25% to 0.25% ↗ 0.25% to 1.0% ↑ >1.0%

Compared to six months ago (majority of responses)

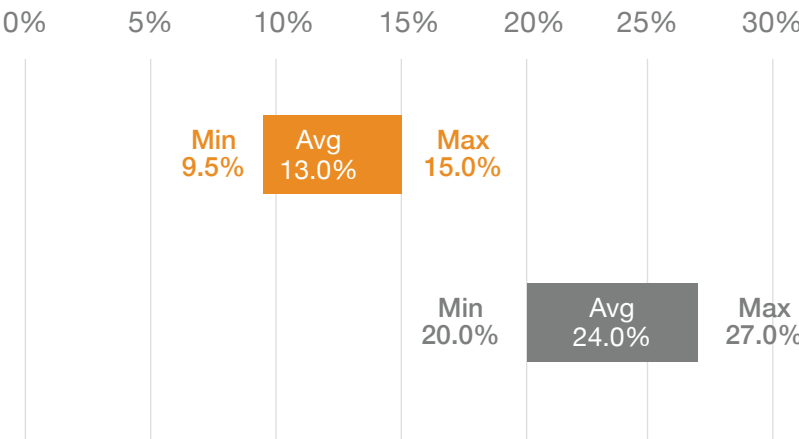
NOI Analysis

NOI leakage for core assets

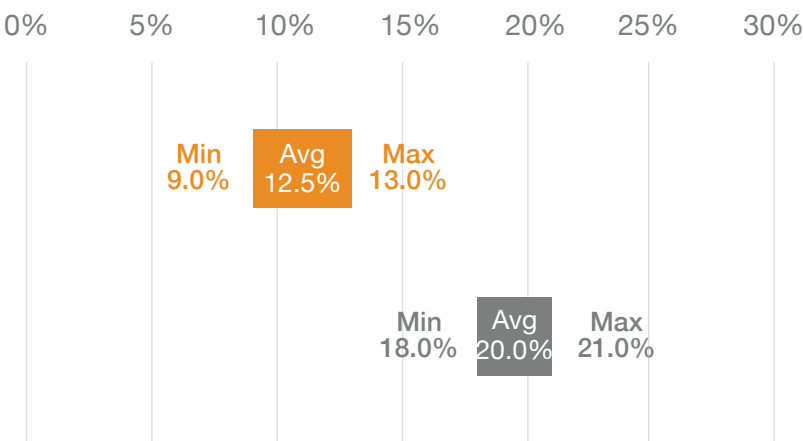
Residential



Retail



Office



Excluding Capex Including Capex

