



ALPINE ADVICE

Peter Bloemsma of Buy a Holiday House in Switzerland discusses the latest real estate trends in the Swiss Alps

SWITZERLAND HAS ALWAYS BEEN ATTRACTIVE for tourists, travellers and those who want to have a home abroad. There are a large range of activities such as skiing, sailing, surfing, golf, mountain biking, hiking, city tours and museums. Non-Swiss citizens have always been keen to acquire Swiss real estate.

Switzerland has always had a very stable economy, even in a world market that has been shaky of late. It is a haven of social stability and economic growth.

Real estate prices in Swiss ski resorts have gone up steadily over the last decade. Swiss interest rates are low (five years around two percent) and the paid interest can be set off against your income. This makes it attractive to finance your holiday house with a local Swiss bank. Most banks finance up to 70 percent (see diagram below).

Real estate prices are adapting to increasing demand and the relative shortage of quality locations. Project developers recognise these new opportunities and start new projects.

In some areas second homes are only used for a short period every year. Switzerland is trying

to avoid the emergence of ‘ghost’ towns by implementing a range of regulations/initiatives which include:

- Building restrictions in the ski resorts. In some ski resorts authorities have cut back project developments to one third of the normal building effort, to avoid the Alps being overbuilt
- More and more regions offer a wide range of bi-seasonal activities to attract more tourists
- Some cantons limit the amount of permits given to foreign buyers

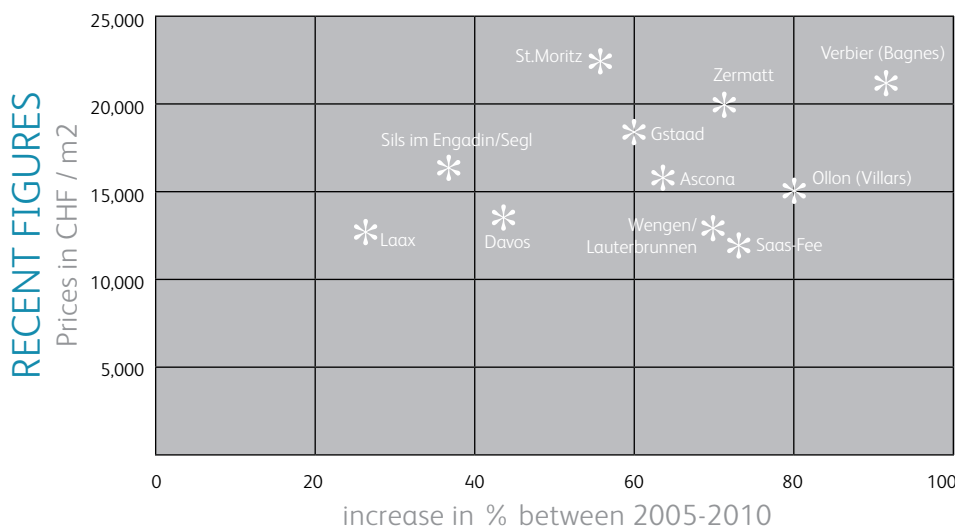
To increase the supply of holiday houses, there is a trend to develop buy to let projects – an investor buys an apartment and will have restricted use of the property. During a specified number of weeks there is an obligation to let the property out. Most of these apartments are attached to an infrastructure with a range of facilities including receptions, wellness centres, restaurants, kids clubs and ski schools. Often these projects are built on superb locations close to ski lifts and shops. Tour operators are responsible for the marketing and the bookings for these apartments. These rent investment

projects are also referred as “Warme Betten” (hot beds).

There are various advantages of this rent investment model:

- Foreigners do not need a special permit; in some popular villages only 30 percent of newly built “Kalte Betten” apartments (sometimes only 25 per year in total) can be acquired by non-Swiss
- The price is related to the expected rent income, which results in a maximum purchase price that is considerably lower than the ‘normal’ market price
- Ski resorts will get more tourists
- Buyers will get a return on investment, which could pay for their own holidays. Return on Investment is often a key issue for people buying a holiday house under these rental agreements

Under the influence of these developments, it has become more difficult for foreigners to acquire a holiday house, especially if they don’t want to rent it out. Buy a Holiday House in Switzerland have built their business around these challenges and are assisting clients in finding what they are looking for. The company is able to find ideal retreats with or without rental obligations. In some cases builders pay for the company’s services, in other cases those services come for free. You might also choose to ask Buy a Holiday House in Switzerland to conduct your personal search action. ●



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