

Living the Swiss Dream

For the latest real estate trends in the Swiss Alps, a well-informed local partner is an essential ally. **Olivia Parisse** met with one of the leading experts on real estate in the region, Peter Bloemsma – founder of Buy A Holiday House In Switzerland – to find out how non-residents can purchase idyllic property in the Swiss Alps.



Peter Bloemsma

Peter Bloemsma is a Dutch professional who has worked in corporate environments in Europe, US and Australia for more than 10 years. Since 2004, he has lived in Zürich, Switzerland, and assists clients in buying their ideal holiday house in Switzerland.

Switzerland has always been attractive for tourists, travellers and those looking for the ideal holiday residence in beatific scenery. Meeting Peter Bloemsma, who founded Buy A Holiday House In Switzerland, the first thing I wanted to know was why the Swiss Alps have become such an attractive location for potential holiday home buyers.

“There’s a vast range of outdoor activities that Switzerland has to offer in the mountains or around the lakes, which span all seasons and entice nature and sports fans alike,” Peter explains. “Add to that the charms of a rich cultural life, the world-famous economic, financial and social stability, as well as its excellent accessibility – being located in the heart of Europe – and it’s easy to understand why more people have set their eyes on Switzerland when looking for a holiday residence abroad.”

Switzerland’s legendary neutrality has led to a high proportion of international organisations, like the Red Cross and the UN Human Rights Council, to set up home in this most stable of nations. In times of economic and financial uncertainty, says Peter, Switzerland’s renowned stability means that the trend for buying a holiday residence in this country is only going upwards.

So, what are the restrictions on non-residents buying residences in Switzerland? Peter explains that the acquisition of Swiss properties by non-residents is regulated by the Lex Koller law, which states that such purchases need prior authorisation.

“Such authorisation can be granted if the property is acquired as a holiday residence and is situated within certain areas designated by the cantonal authority as tourism zones,” says Peter. “It also says that non-residents are allowed to own only one property in the country.”

Non-residents who do not have a permit to live long-term in Switzerland as a foreigner

(a ‘B’ or ‘C’ permit), and do not intend to apply for one, are allowed to reside in their Swiss property for a maximum of 180 days each year, with a three-month maximum term per stay. There are also limits on the size of the property that a non-resident can buy; depending on the particular canton, the maximum limit is between 200m² and 250m².

The process for non-residents purchasing properties in some countries can sometimes be complicated, but Peter reassures me that the Swiss procedures are relatively simple.

“There are some variations that are dependent on individual cantons, but the process is fairly straightforward,” he says. “You will need to submit several documents to a Swiss notary, including two copies of the buyer’s passport and a document with all the details of the buyer.”

In addition to these, the buyer will also need to sign the sales contract, a Declaration of Honour (acknowledging that the buyer does not own another property in Switzerland), a Construction Description (which is only for new builds and acknowledges the specifications of the property), and the plans (which show the site and floor plans and square meterage).

Once the notary has sent this dossier to the legal department of the Land Register, a certificate is issued to confirm the dossier is complete and all the requirements for the permit are fulfilled. As the buyer then has to wait for the permit to be issued, I ask Peter how long this could take.

“This is difficult to predict and depends on a number of factors,” he says. “A quota of permits is delivered per year, per canton and per commune – and the governing bodies only convene periodically. During this time, the buyer must make the agreed payments. The property acquisition becomes official once the owner is registered in the Land Registry.”

My next question is the question on every purchaser’s lips: what are the costs involved?



“Depending on the canton, the average costs for the legal procedure – including the Notary Fees, Land Register and Permit applications – can range between 2.3 percent and 4.8 percent of the purchase price,” he says. “For an existing property, a small down payment will be required before the paperwork is submitted to the Land Register, and the remaining amount has to be paid upon the issuing of the permit.”

“Costs for a new property depend very much on the building company,” he continues. “But a general scheme might be 33 percent for the Approval Permit, 33 percent for reaching the roof, and the final 33 percent at the handover of the property.”

Low interest rates

Real estate trends in Swiss ski resorts have been steadily climbing over the past decade, which Peter puts down to the low Swiss interest rates (around two percent for the past five years). “Also, the paid interest is tax deductible, as you pay an asset tax on your property in Switzerland,” he says. “This makes it very attractive for non-residents to finance their holiday homes with a local Swiss bank. Many banks will even finance up to 60 or 70 percent.”

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As real estate prices adapt to the relative shortage of quality locations and an ever-increasing demand, project developers are beginning to recognise the opportunities for new projects. For example, the world-famous ski resorts of Davos, Lenzerheide and Flims LAAX are located in Switzerland’s largest canton, Graubünden. Here, the average price per square metre ranges between 11’000 CHF and 16’000 CHF, and has increased over the past five years between 25 and 50 percent. In the fashionable ski resorts of St Moritz, Zermatt and Verbier, prices are even starting at 22’000 CHF and have nearly doubled over the past five years.

The desirability of owning a holiday property in Switzerland has caused the Swiss government some concern over what it terms





'ghost villages'. Peter explains that these are areas in which second homes are only used for a short period every year.

"During the peak weeks, these villages cater for all the visitors to the area," he says. "For the rest of the year, the villages only cater for their permanent residents and weekend tourists. So, the Swiss government wants to prevent these places becoming 'ghost villages' by implementing a range of original initiatives."

Innovative plans to prevent the Swiss Alps being overbuilt include restrictions on new builds in the ski resorts, such as cutting back project developments to a third of the normal building effort. Some cantons are limiting the amount of permits given to non-resident buyers, while many mountain regions are attracting additional tourist visitors by offering a wider range of activities during winter and summer months.

Furthermore, Peter explains, there is a steady trend to increase the supply of holiday houses by developing buy-to-let projects. "An investor buys an apartment and will have restricted use of his 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 provisions, such as a reception, health and

wellness facilities, restaurants, kids clubs and ski schools.

"These are the services that most owners and renters see as a must-have when selecting properties," he continues. "Often these projects are built at superb locations close to ski lifts and shops. Tour operators are responsible for the marketing and bookings of these quality apartments."

Peter lists the key advantages of engaging in these Rent Investment projects, known as *Warme Betten* or 'Hot Beds'. Firstly, non-residents do not need a special permit and are exempt from the Lex Koller law, which requires prior authorisation. Secondly, the price is related to the anticipated rent income, resulting in a maximum purchase price that is considerably lower than the 'normal' market price. Now the buyer is able to buy a property in a ski resort where he before was not allowed to buy as a foreigner and now even for a lower price...with the only restriction to rent it out while not using it himself. Furthermore, the Swiss ski resorts benefit by accommodating more tourists. But perhaps most attractive of all, the buyers receive a return on investment, with some projects even offering a guaranteed ROI for the first years.

Curious as to how Peter has reacted to these significant developments, I ask whether

it has become harder for non-residents to buy holiday homes in Switzerland.

"It has become more difficult," he replies, "especially if they don't want to rent it out. Buyers are often too late to secure a nice property and most of our clients don't want to invest the time and hassle of doing the process themselves."

And this is where the company he founded, Buy A Holiday House In Switzerland, comes into its element. "We built our business around these challenges and are helping clients buy their ultimate Swiss holiday home. Our company is able to find the perfect retreat for non-residents, with or without a rental obligation. In some cases, the construction company pays us for our services, and so our service to buyers is free."

"Most of our clients hire us for a search mandate," he continues. "We assist clients throughout the whole orientation phase, search effort, airport services, and showing various alternatives that meet their requirements. We also consult on the best options and assist with attractive local mortgages, translation, negotiation and legal paperwork. In fact, everything until the signing of the contract." ■

For more information:

www.buyaholidayhouseinswitzerland.com