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The Real State Of Real Estate

Three Local Agents Give Their Two Cents

Last winter, the *Anzeiger von Saanen* held a roundtable discussion with several real estate agencies in the Saanenland. Moderated by Blanca Burri, the discussion included Martin Göppert (Consulta Gstaad GmbH), Cyrille de Kostine (Sine Tempore de Kostine and Partner) and Louis Martin (CF Immobilier Compagnie Foncière SA).

BY: GSTAADLIFE

AvS, GSTAADLIFE: Word has it that there are many available properties for sale in the Saanenland/Pays d'en Haut.

Louis Martin: Yes, that is so. Throughout the region – from Châteaux d'Oex to Gstaad – there are many objects for sale.



Louis Martin

Martin Göppert: I also confirm that hundreds of chalets and apartments are available. In Gstaad and neighbouring villages the market is neither dead nor booming. Whether a property can be sold depends entirely on the buyers' determination to make a deal and the vendors' motivation to sell.

GL: What was the situation like in the past?

Cyrille de Kostine: Between 2006–2008 it was a seller's market. They determined the price and terms of the sale. But the economic crisis in 2008 changed the playing field – many owners were forced to sell.

Coupled with the excess supply of objects for sale (partially to do with the Second Home Initiative as well), it became a buyer's market, and buyers to this day have more influence over the sale.

GL: Has the oversupply of residential units had an impact on selling price?

All, in agreement: No. One must note that the majority of houses or apartments on the market are new properties, and the cli-

entele is in no hurry to complete the sale so the prices stay at a similar level as before.

Martin: Only older objects in poor condition have seen a dip in asking price.

de Kostine: One regional symptom regarding this good old economic rule is that most of the vendors can afford to wait and/or not adapt their asking prices to the perceived market reality. Therefore an "automatic adaptation" of asking prices to the fact that we rather have a purchaser's market at present is simply not happening.

GL: If the market is flooded with properties, why haven't prices come down?

Martin: Supply and demand is what determines the price, and as long as a certain demand remains, prices will remain stable. Local architecture is complex and of high quality, which increases the construction cost.

de Kostine: I am convinced that prices will remain stable in the next few years or even fall a bit. Only with constant demand will prices stay at the level they're at today, and with the recent opinion polls, it's clear that nothing is for certain.

Göppert: For all special properties, such as luxury apartments or very large chalets, I believe prices will rise. Prices aren't really transparent; so it's difficult to speak on this topic using only our own experience as a guideline. I suppose that the value of some objects – depending on the location and type of property – will continue to increase for the next decade.

GL: How could this transparency be increased?

Göppert: With a good broker, there is transparency!

de Kostine: For reasons of confidentiality, prices are not always specified; buyers and sellers don't always want the general public to know for how much a property has been sold.



Cyrille de Kostine

GL: Depending on the region, properties are presented in detail on the Internet and published with the price. Why shouldn't we do this in Gstaad?

Göppert: I regret that the prices are not transparent. In peak years before 2008 prices were sporadically high, but these spikes were not as high as one might believe according to rumour.

GL: How many and what type of properties did you sell last year?

de Kostine: Our company did well last year, however we sold mostly smaller objects. Objects up to five million CHF are in high demand, while those from 5 to 15 million are more difficult to sell because they are overpriced.

Martin: 2013 was quite successful. We saw many more Swiss nationals buying properties in the valley.

Göppert: After a good year in 2012, 2013 was less successful but I've seen demand rise again in the past few months. Lately I've noticed guests tend to rent large and luxurious objects before deciding to buy. Often it's only then that they notice how difficult home ownership has become for foreigners in Switzerland.

We need to advise clients correctly and only show them properties which are available for foreign ownership.

GL: Has the Saanenland lost its appeal for high-net-worth individuals?

Martin: It has lost some of its appeal not only for foreigners but for the Swiss! The Second Home Initiative restricts ownership for non-Swiss and Swiss alike, who want to buy a vacation home in a tourist area.

de Kostine: It's not only the Second Home Initiative which has caused a decrease in interest; the loss of legal security in the country factors in. Changing (notably banking) legislation provokes uncertainty in buyers and pushes them to consider other locations worldwide.

This is a new perception, that the country is not safe or attractive enough to potential buyers – this has not previously been an issue. Other issues include lump-sum and inheritance taxation.

Göppert: We have bigger fish to fry in the Saanenland... the hospital closure and the possible bankruptcy of the Bergbahnen, for example.

GL: What specific effects will the Second Home Initiative have on the region?

de Kostine: I think 2016 will be the year we see massive impact on the construction industry. Construction volume will decrease and as such jobs and apprenticeships might be lost.

Göppert: We need a positive outlook – even the Second Home Initiative can't take away the great quality of life in the

Saanenland. However we need to attract new guests to the region. Gstaad Saanenland Tourism has the right idea with the creation of new events and local initiatives.

Martin: Right now there is only an ordinance. We need an application of the law as soon as possible in order to fully understand its implications.

GL: Yet the Saanenland remains popular ... why? What could we improve here?

de Kostine: To remain attractive, we have to constantly reinvent ourselves, and have been doing so for half a century.

GL: Many people believe that real estate agents here live as kings? Is this true?

de Kostine: This is just a false perception from the outside! The decline of the real estate agent is a new phenomenon – even 20 years ago we had approximately five brokers in the area. Now with the flowering and deregulation of the industry this has been increased to 25 brokers.

Göppert: What is true is that in recent years, owing to stricter legislation, consulting expenses have increased dramatically. It is important that we answer to the requirements of the guests and show only properties which can legally be purchased. Several brokers have even abandoned the industry.

Also, large companies active in Gstaad withdrew into their home territories. We even see that existing real estate agencies have been bought out by other agents.



Martin Göppert