



Snapshot

OFFICE MARKET | H2 2022
GENEVA | SWITZERLAND



Overview

- The **investment market** has reversed in H2 2022. The downward momentum in yields observed since 2015 has been offset by a more wait-and-see attitude among institutional investors. Economic uncertainties and the rise of the SNB policy rate (+ 175 bps) took a toll on Geneva's office real estate market, which faced an increase in prime yields (+ 30 bps) and a fall in half-year transaction volume (- 42.8%) to CHF 499 million*. In 2022, the annual volume of transactions remained 0.9% lower than the previous year*.
- In the second half of 2022, the **rental market** is marked by a slight increase in the availability rate to 6.6%. This trend is mainly due to the delivery of new vacant space in areas near the airport, which significantly completes the total office stock, reaching 4,780,000 sqm. On the demand side, the business district (CBD left bank) and the Pont-Rouge district (PAV) have confirmed their renewed attractiveness, although recent signings have mainly consisted of relocations of companies already established in Geneva. The rent for prime space remains stable and only very rarely exceeds the established ceiling of CHF 950/sqm p.a..

Key indicators

499 M

Transactions volume (CHF)*

4.8 M

Stock (sqm)

6.6 %

Availability rate

2.9 %

Prime gross yield

Letting

Total stock	~ 4'780'000 sqm
Stock growth (over 10 years)	+ 9.7 %
Availability rate	~ 6.6 %
Prime rent	950.00 CHF/sqm p.a.
Pipeline	~ 520'000 sqm by 2026

Investment

Transactions volume (2021)	CHF 1'507'490'000
Transactions volume (2022)*	CHF 1'372'106'500
Transactions volume (H2 2022)*	CHF 499'430'500
Annual change in transactions volume*	- 0.9 %
Prime gross yield	2.9 %

* Status as of 20.01.2023 (source: FAO)



Letting

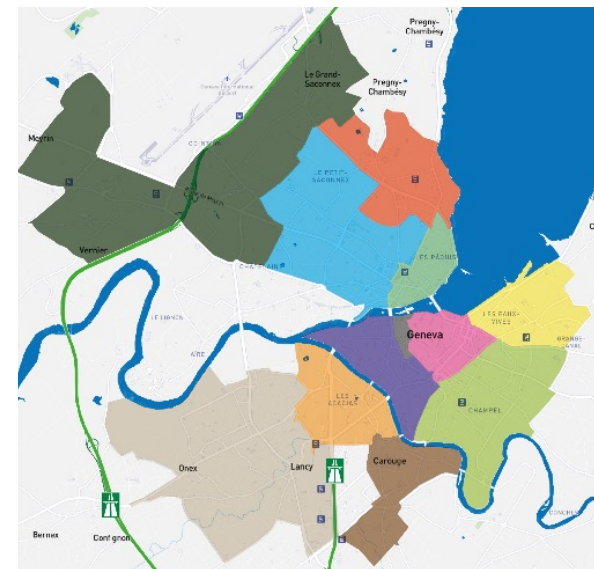
- In Geneva, the letting market is fragmented. It is marked by different dynamics depending on the sector. Three main areas can be distinguished:
 - the CBD left bank, incl. banking district, with sustained demand and an availability rate close to 2.0%,
 - the extended city centre, incl. Carouge and PAV, with an availability rate ranging from 2.5% to 5.0%,
 - the periphery, with an availability rate above 10.0% exceeding the demand.
- In **CBD left bank**, the rental market is tight. A number of office spaces in key locations are currently being refurbished and will not be delivered until 2024.
- In the **extended city centre**, the market is rather quiet, especially at the Nations. The flexible homeworking policy within international organisations is leading to a slowdown in the search for spaces, which should last over time. On the way to becoming a CBD alternative, Pont-Rouge area (PAV) remains an exception.
- In the **periphery** (Airport-Vernier-Meyrin and Lancy-Onex), the digitalisation of the economy does not favour the letting market. There is a marked lack of attractiveness and an increase in vacancies.

Subsectors indicators

	Market rent (CHF/m ²)	Availability rate
● CBD left bank	from 675 to 950	~ 1.75 %
● Banking district	from 550 to 700	~ 2.00 %
● CBD right bank	from 450 to 750	~ 3.00 %
● Eaux-Vives	from 450 to 650	~ 2.50 %
● Champel	from 400 to 550	~ 3.50 %
● United Nations	from 350 to 550	~ 5.00 %
● Servette - Petit-Saconnex	from 300 to 450	~ 4.00 %
● Plainpalais	from 350 to 550	~ 4.00 %
● Carouge	from 250 to 500	~ 2.50 %
● PAV (Praille - Acacias - Vernets)	from 275 to 550	~ 2.50 %
● Lancy - Onex	from 250 to 400	~ 10.00 %
● Airport - Vernier - Meyrin	from 250 to 460	~ 20.00 %

Market trends

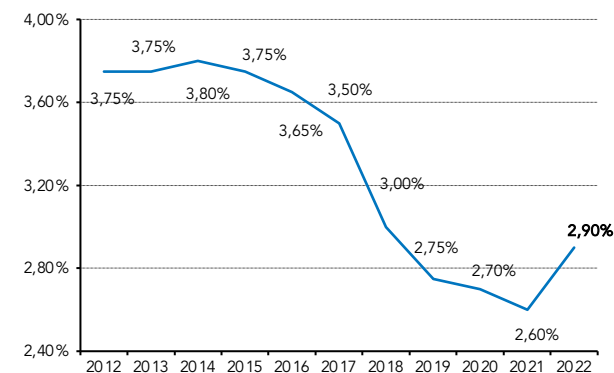
	CBD LB	→	The supply is almost non-existent.
Offer	Other	→	The supply is rather high and should intensify in 2023, with the delivery of important administrative surfaces in Vernier, United Nations area and Pont-Rouge district (PAV).
	CBD LB	→	Demand remains strong.
Demand	Other	→	Demand remains low in Airport-Vernier-Meyrin, Lancy-Onex and United Nations subsectors.
	CBD LB	→	Rents have a tendency to increase due to the imbalance between supply and demand.
Level rents	Other	→	The level of rents remains balanced overall. The increase in average rents in Pont-Rouge district (PAV) offsets the slight decrease in Airport-Vernier-Meyrin and Lancy-Onex subsectors.



Investment

- The trend is reversing in the Geneva investment market, with a gross prime yield of 2.9% in 2022. Indeed, the willingness to pay is driven by new market conditions symbolised by three major events:
 - the tightening of monetary policy, with the BNS policy rate raised to 1.0%,
 - inflationary pressures,
 - the energy transition, accelerated by the règlement d'application de la loi sur l'énergie (REn).
- In 2022, the total transactions volume amounts to nearly CHF 1'372 million, which is 0.9% lower than in 2021*. The sale and leaseback of the building located at rue du Rhône 2 (CHF 203 million), formerly owned by Credit Suisse, tops the list of market transactions.
- Although transactions volumes have stabilised or even increased in recent years, they remain reliant on 4 or 5 large sales (> CHF 100 million). In 2022, 5 out of 40 recorded transactions reflected more than half of the volume*. Taking into account the slowdown in the market, coupled with rising yields, a decline in transaction volume is very likely in 2023, despite a potential high number of transactions.

Prime gross yield



Top 10 largest transactions (2022)*

	Address	Subsector	Area (sqm)	Purchase price (CHF)	CHF/sqm
1	Rue du Rhône 2	CBD left bank	~ 6'450	203'000'000	~ 31'500
2	Rue de Contamines 18 / route de Florissant 11-13	Champel	~ 14'800	197'000'000	~ 13'300
3	Avenue Louis Casai 71	Airport	~ 21'800	121'800'000	~ 5'600
4	Boulevard de la Tour 8-10	Champel	n/a	102'000'000	n/a
5	Boulevard des Philosophes 20 / rue de l'École de Chimie 4	Plainpalais	~ 3'330	68'195'500	~ 20'500
6	Rue Jean Petitot 4-6	Banking district	~ 2'100	64'000'000	~ 30'500
7	Rue du Grand Pré 54-58	Servette	~ 6'400	60'500'000	~ 9'450
8	Rue des Battoirs 7	Planpalais	~ 5'900	51'000'000	~ 8'650
9	Rue de Berne 6	CBD right bank	~ 3'500	39'742'000	~ 11'350
10	Rue Robert Céard 10 / rue Neuve du Molard 10	CBD left bank	~ 765	32'500'000	~ 42'500

* Status as of 20.01.2023 (source: FAO)

Contact us

SPGI Geneva SA

Rue Ferdinand-Hodler 23

1207 Geneva

Tel +41 (0)22 707 46 00

geneva@spgi.ch | geneva.spgi.ch

Disclaimer :

The statements and interpretations expressed in this publication have been produced by SPGI Geneva SA. No information disclosed in this report constitutes professional advice. Each individual or institution must independently verify the accuracy of the data if he or she intends to make personal or professional use of it. SPGI Geneva SA and its employees shall not be held collectively or individually liable for any damage resulting from the use of or reliance on this report. No part of this report may be reproduced or transmitted in any form or by any means without the prior permission of SPGI Geneva SA. SPGI Geneva SA reserves the right to take criminal or civil action for any unauthorised use, distribution or infringement of this intellectual property.

2023 SPGI Geneva SA. All rights reserved.