May 2023 | Chief Investment Office GWM | Financial analysis

Alpine Property Focus

2023

Contents

3 Editorial
4 Before the turning point
7 Holiday homes as investment property
8 Holiday homes markets of the Alpine region
10 Key results
13 The 10 most expensive Swiss vacation destinations
24 Appendix
25 Sources

UBS Alpine Property Focus

This report was produced by UBS Switzerland AG.
Please note the disclaimer at the end of this publication.

Editor-in-Chief
Maciej Skoczek

Authors
Maciej Skoczek
Matthias Holzhey
Claudio Saputelli

Publication date
25 May 2023

Design
CIO Design

Cover photo
Source: Getty Images

Languages
English, German and French

Contact
ubs-cio-wm@ubs.com

Subscription
You can also subscribe electronically via Investment Views on the UBS E-Banking platform.

Editorial

Dear Reader

The strong demand for Alpine holiday homes is gradually running out of steam. Holidays abroad are once again as popular as they were before coronavirus, and the moving of primary residences to the Alpine region for hybrid working has turned out to be a temporary phenomenon. One effect of the pandemic-driven boom in tourist destinations that has not gone away is second-home prices that are almost 25% higher.

This has opened up the price gap between primary residences and secondary homes. As a result, more existing primary residences under the previous legal regime are being converted into more expensive secondary homes. Since the start of the pandemic in 2020, the stock of second homes has increased by almost 2,500 properties in this segment despite, the legally imposed construction freeze—mainly through conversions of primary residences. This has considerably reduced the supply of suitable housing for locals and seasonal tourism workers.

However, this is also likely to have a negative impact on owners of holiday homes in the medium term. A lack of tax revenue in municipalities due to the displacement of residents is likely to result in tax increases (also) on second home owners. As there are still sufficient reserves to further expand the stock of second homes at the expense of existing primary residences under the previous legal regime, the situation could even worsen in the next few years.

In this year's *UBS Alpine Property Focus*, we analyze the situation on the market for second homes and primary residences in 32 Swiss holiday destinations and several top holiday destinations in the foreign Alpine region using a wide range of indicators.

We hope you find it interesting and informative reading.

Claudio Saputelli
Head Swiss and Global Real Estate
Chief Investment Office GWM

Maciej Skoczek
Senior Economist Real Estate
Chief Investment Office GWM

Before the turning point

Prices of Swiss holiday homes rose by more than 7% last year. But the high price increases are likely to come to an end in the current year. Rising occupancy costs, normalization of demand behavior, and the increasing stock of second homes should put the brakes on price gains.

As in previous years, Engadin/St. Moritz is the most expensive tourist destination in the Alpine region. A second home in the high-end segment there costs around CHF 20,500 per square meter. Flims/Laax is in second place at over CHF 17,000 per square meter, while Gstaad is ranked third at nearly CHF 17,000 per square meter. Zermatt, Davos/Klosters, the Jungfrau Region and Andermatt come next, where prices of around CHF 16,000 per square meter are sought. Similar prices can be found in Kitzbühel, Austria, the most expensive Alpine destination outside Switzerland.

Further strong price increases

On average, prices at all the Swiss destinations analyzed rose by more than 7% year on year as of 1Q23. Price momentum in the tourist regions was therefore slightly weaker compared with the previous year (9.5%), but stronger than in the overall market for the fourth year in succession. Holiday homes in the Alps have cumulatively increased in price by almost 25% since the end of 2019, while the overall market has risen by 15%.

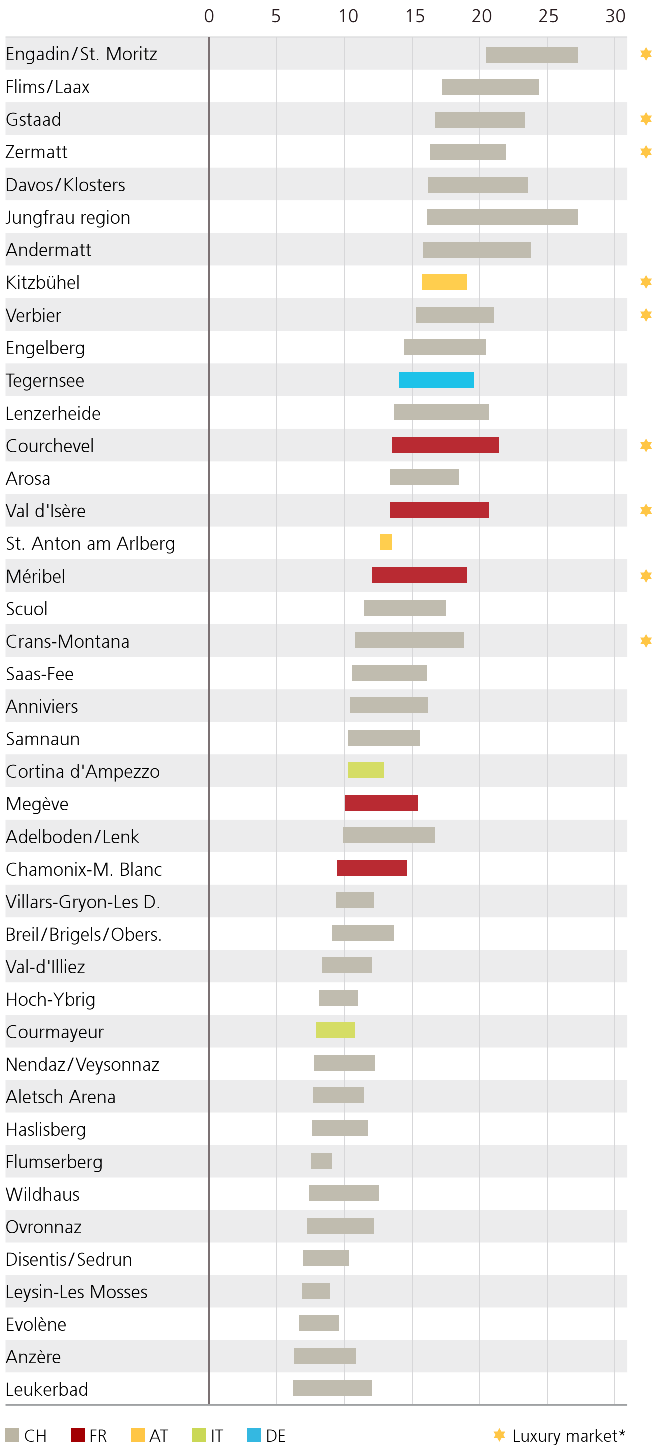
The highest price increase was in Arosa, where prices have shot up by nearly 20% in the last four quarters, more than 60% above where they were at the end of 2019. Demand was also strong in easily accessible locations such as Hoch-Ybrig, Flims/Laax and Engelberg, where prices rose by 15% within a year.

International comparison

Second homes also became more expensive in most of the top destinations in the neighboring Alpine region. In the French Alps, prices climbed by 5.5% year on year, while prices were up 4% and 2%, respectively, at top locations in the Austrian and Italian Alps. Kitzbühel in particular posted a big jump of 8%. But in the German town of Tegernsee, prices stagnated year on year.

Price overview of the holiday destinations

The bars show the range of prices for holiday homes in the high-end segment, in CHF thousand per square meter



* Locations with a high-end segment with no price ceiling

Source: UBS

Empty market
The residential vacancy rate in Alpine tourist hotspots is currently around 1.6%, about half what it was before the pandemic. Vacancy rates are particularly low in the tourist destinations of central Switzerland, the canton of Bern and Graubünden, where less than 1% of all owner-occupied homes are advertised. Only in the cantons of Valais and Vaud is the figure significantly higher but with less then 3% lower than before the pandemic.

Currently, there are about 40% fewer homes advertised for sale than in 2019. The conclusion is that apartments only need to be advertised for a short period of time until they find a buyer. In general, a below-average number of properties are likely to continue to come up for sale.

Stronger headwind
Since the fall of 2022, the price boom has been slowly running out of steam. In the last two quarters, the rate of price increases has almost halved compared with the previous quarters, and prices have even eased back slightly since then in the Bernese Oberland. In the coming quarters, price increases in the holiday home market are likely to continue to weaken, and a period of stagnating prices, as happened between 2014 and 2019, is on the horizon.

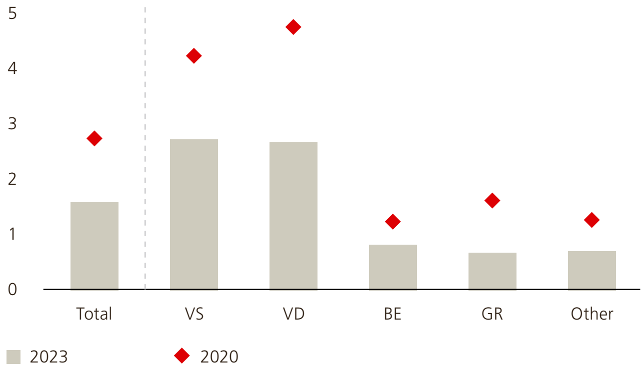
There are three factors suggesting that the ongoing price boom for holiday homes will come to an end. First, increased costs due to the rise in interest rates since last year are becoming increasingly relevant for decision-making. Second, the "lockdown buyer" seeking refuge in the mountains has disappeared. Third, more primary residences are being converted into secondary homes, increasing the stock of holiday homes.

Holiday homes increasingly becoming a luxury item
Since 2019, the median purchase price for a holiday home has risen from CHF 750,000 to around CHF 1 million currently. Back during the negative interest rate environment, these high purchase prices were still tolerable when mortgage interest and the opportunity cost of equity* when purchasing an apartment came to just under 1% of the purchase price. These are now around three times higher. For example, the total cost of purchasing an apartment (including expenses for imputed rental value and maintenance) has risen from about CHF 25,000 to nearly CHF 50,000 per year. In view of higher occupancy costs, a holiday home has clearly lost much of its appeal compared with hotel vacations. Some holiday home owners are therefore likely to take advantage of current high prices to avoid having to pay the increased occupancy costs by selling up and also realizing capital gains.

* Lost income from alternative investments

Dried up market

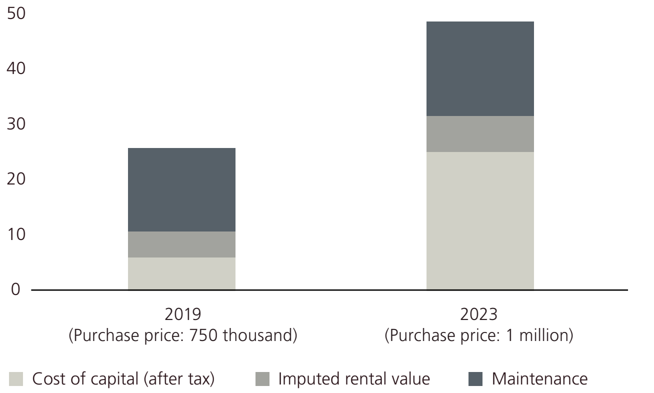
Vacancy rate in tourist destinations, as of 1st quarter in each case, in %



Sources: FSO, Comparis, Wüest Partner, UBS

Expensive use

Simplified representation of costs incurred when purchasing a new holiday home, in thousands of francs per year



Source: UBS

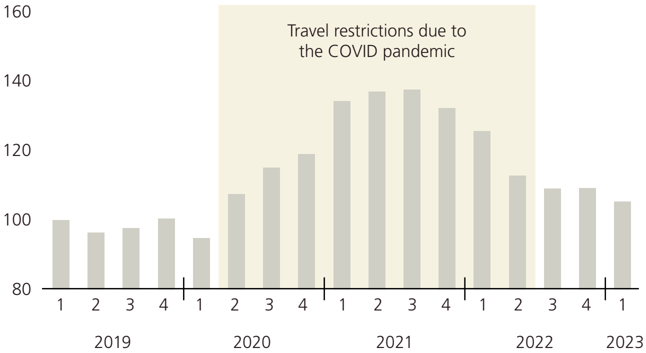
Pandemic demand hype is over
The moving of primary residences to the Alpine region for hybrid working has turned out to be a temporary phenomenon. After the strong annual 1% increases in population in the mountain cantons during the pandemic years of 2020 and 2021, the growth rate halved again in 2022. As population growth in tourist destinations is generally even lower than in the mountain cantons, the population there is unlikely to have increased any further on average in 2022, in our view. In many tourism communities, the number of residents probably decreased sharply. Travel behavior has also normalized: Mr. and Mrs. Swiss are spending more of their vacations abroad once again. Accordingly, the number of overnight stays booked by Swiss nationals in holiday homes in Switzerland fell by around 10% last year. The number of online searches for the terms “holiday home” or “second home” fell back to pre-pandemic levels.

More second homes due to increased prices
As primary residences are converted, the stock of secondary homes can continue to grow, and this counters excess demand. The higher the local price level, the stronger the incentive for conversion. Currently, converting a primary residence into a secondary home creates added value of 15% to 20% compared with the market average. With rising prices, the stock of second homes in the destinations analyzed has increased by almost 2,500 units since the start of 2020, an increase of nearly 2%. In Disentis, Samnaun, Saas-Fee and Verbier, the number of holiday homes even rose by 5% or more.

Local housing shortage due to regulations
The Second Homes Act in conjunction with the Spatial Planning Act (RPG) is leading to a shortage of primary residences in tourist destinations and exacerbating the population decline. This is because, firstly, previous primary residences without restrictions on use have become more expensive due to their value as being a potential option for a second home. This means that, on average, these properties are less affordable for locals to buy or rent. And secondly, according to the RPG, no new building zones may be created if the population shrinks. As a result, new housing construction activity is declining, threatening to accelerate the exodus of locals and creating a downward spiral. The attractiveness of holiday destinations and the tax revenues in the municipalities concerned will suffer as a result. This means that the tax burden on second home owners is likely to increase in the long run.

Surge in demand ebbs

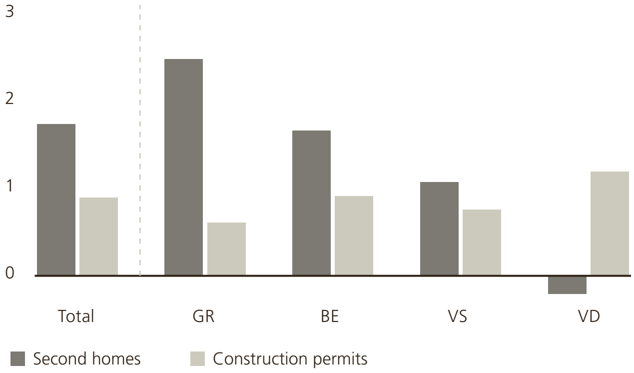
Rolling 12-month total of online searches for the terms “holiday home” and “second home” in Switzerland, by quarter, index 1st quarter 2019 = 100



Sources: Google, UBS

More second homes

Change in the number of second homes as well as residential building permits on the stock, in the destinations analyzed, cumulatively from 2020 to 2023, in %



Sources: ARE, FSO, Docu Media, UBS

Holiday homes as investment property

In 2022, the Swiss self-catering segment reached an all-time high with an estimated eight million overnight stays. The number of housing units advertised for short-term rental in the mountains was also 7% higher than before the pandemic. Every tenth second home in the analyzed tourist destinations is available via online platforms, corresponding to a total of around 12,000 properties.

The apartments for rent are on average 60 square meters in size and cost about CHF 230 per night on an annual average. This means that rental prices are around 10% higher than in 2019. Overall, holiday homes have significantly more living space than hotels at comparable prices, making them an attractive alternative to hotel accommodation, especially for larger families and travel groups.

Revenues in peak seasons decisive

All-year-round high overnight rates and occupancy rates can only be achieved for short-term rentals via booking platforms in destinations with tourist highlights. The highest average annual occupancy rate of 60% is in the Jungfrau region, which attracts tourists from all over the world throughout the year.

However, rental income in the majority of destinations is mainly limited to the peak seasons. During the Christmas period and the winter and summer vacations, the average occupancy rate for all destinations is over 50%. These ten weeks generate almost 40% of the total annual revenue.

On the other hand, it is extremely difficult to rent out accommodation in many places in the off-peak seasons and the rental risk for individual properties is correspondingly high.

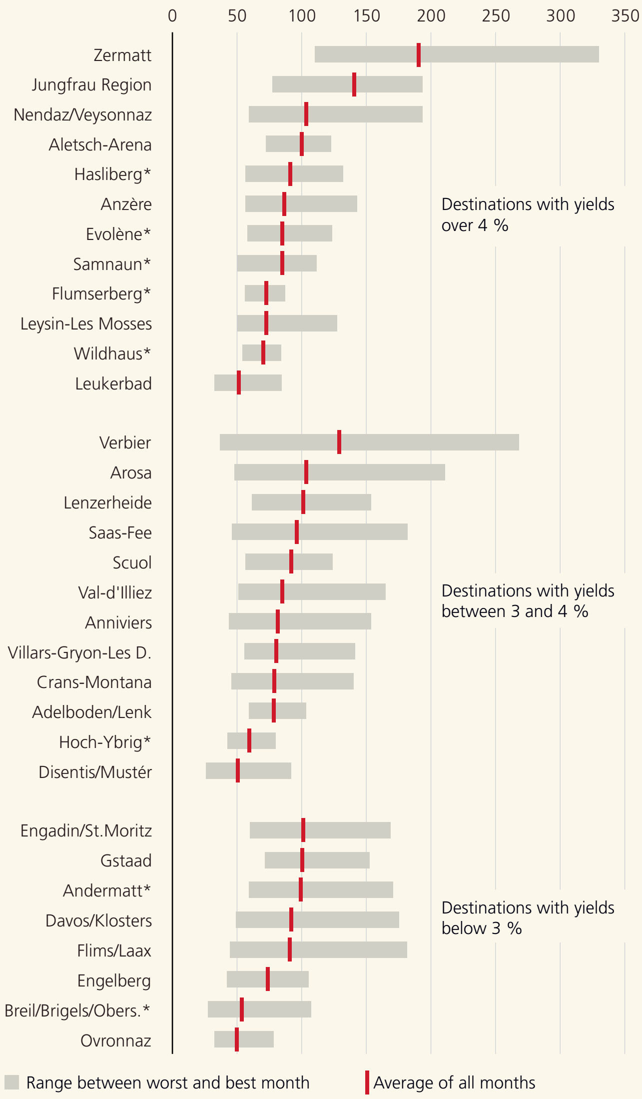
Regionally high returns possible

Anyone advertising their holiday home professionally on commercial platforms throughout the year can expect a return of just under 4% on average for all destinations after deducting rental expenses. But the range of estimated yields is wide, ranging from 2.2% in Gstaad to 6% in the Aletsch Arena. Ultimately, the mix of local prices for owner-occupied properties and the attractiveness of the location to tourists will determine the return on investment.

In general, purchasing a holiday home specifically to rent out to tourists has become less attractive in view of the rise in interest costs since last year. Borrowing at mortgage rates of around 3% means a lower expected return on equity, especially in expensive locations.

Strongly fluctuating revenues

Effective revenue per night from short-term rentals of an apartment (taking into account average occupancy, before expenses) between April 2022 and March 2023, grouped by estimated return on short-term rentals in this period



*Less than 100 properties per month on average
Sources: AirDNA, UBS

Holiday homes markets of the Alpine region

The overview table of holiday homes markets covers 32 destinations in Switzerland (see page 9). It is complemented by a total of ten top holiday destinations in France, Austria, Italy and Germany. The list is not exhaustive. The holiday homes markets are sorted by price level. Other selection criteria are market size and data availability.

The price level is expressed in Swiss francs (EUR/CHF exchange rate of 0.98), while price changes on the other hand are reflected in local currency. Limited data availability restricts the analysis of the indicators for renting perspective, population growth and restrictive supply to Swiss destinations only. This year, the weighting of prices for single-family houses and condominiums in Swiss destinations has been adjusted, so that price levels are not directly comparable with previous editions of *UBS Alpine Property Focus*. Prices were revised accordingly.

Holiday homes markets of the Alpine region

				Prices				Location characteristics			Market outlook			
	2023 ranking	year-on-year	Holiday destination	Price in CHF/m²	Performance p.a. 1Y	5Y	10Y	Market size	Access ability	Tourist facilities	Home occupancy	Renting perspective	Population growth	Restrictive supply
🇨🇭	1	▶	Engadin/St. Moritz	20,500	5.0	5.8	2.0	★★★★	★★★	★★★★★	★★★★★	★★★	★★★	★★★★★
🇨🇭	2	+6 ▲	Flims/Laax	17,200	15.7	10.1	4.7	★★★★	★★★★	★★★★	★★★★★	★★	★★★★	★★★★★
🇨🇭	3	−1 ▼	Gstaad	16,700	−1.8	4.4	2.0	★★★	★★★	★★★★	★★★★★	★★	★★★	★★
🇨🇭	4	▶	Zermatt	16,300	3.5	7.3	2.3	★★	★★★	★★★★★	★★★★★	★★★★★	★★★	★★★
🇨🇭	5	+1 ▲	Davos/Klosters	16,200	5.9	9.6	3.1	★★★★★	★★★★	★★★★	★★★★★	★★	★★★	★★★★
🇨🇭	6	−3 ▼	Jungfrau region	16,100	1.4	7.3	4.2	★★★	★★★★	★★★★	★★★★★	★★★★	★★★	★★★★
🇨🇭	7	+3 ▲	Andermatt	15,900	14.3	8.9	7.7	★	★★★★	★★★	★★★★★	★★★	★★★★★	★★★
🇦🇹	8	−3 ▼	Kitzbühel	15,700	8.2	7.9	–	★★★	★★★★★	★★★★	★★★★	n/a	n/a	n/a
🇨🇭	9	▶	Verbier	15,300	3.1	6.1	1.3	★★★	★★★★	★★★★	★★★★	★★★	★★★★	★★★
🇨🇭	10	+4 ▲	Engelberg	14,400	14.3	8.8	5.7	★★	★★★★★	★★★★	★★★★★	★★	★★★★	★★★★
🇩🇪	11	−4 ▼	Tegernsee	14,000	0.4	5.5	8.5	★	★★★★★	★★	★★★★★	n/a	n/a	n/a
🇨🇭	12	+4 ▲	Lenzerheide	13,700	13.8	3.2	1.0	★★★	★★★★	★★★★	★★★★★	★★★	★★★	★★★★
🇫🇷	13	−2 ▼	Courchevel	13,500	4.0	3.9	3.6	★★★	★★★	★★★★★	★★★★	n/a	n/a	n/a
🇨🇭	14	+3 ▲	Arosa	13,400	19.6	10.2	3.8	★★	★★	★★★★	★★★★★	★★★	★	★★★★
🇫🇷	15	−2 ▼	Val d'Isère	13,400	8.5	5.5	3.6	★★	★	★★★★	★★★★★	n/a	n/a	n/a
🇦🇹	16	−4 ▼	St. Anton am Arlberg	12,600	−0.2	2.1	–	★	★★★★	★★★★	★★★★★	n/a	n/a	n/a
🇫🇷	17	−2 ▼	Méribel	12,100	4.6	3.8	3.4	★★★	★★★★	★★★★	★★★★	n/a	n/a	n/a
🇨🇭	18	+2 ▲	Scuol	11,400	11.1	6.2	3.0	★★	★★★	★★★	★★★★★	★★.	★★	★★★★
🇨🇭	19	+5 ▲	Crans-Montana	10,800	11.5	4.3	1.4	★★★★★	★★★★	★★★	★★	★★★	★★★★	★★★
🇨🇭	20	−2 ▼	Saas-Fee	10,600	0.1	3.4	2.3	★★	★★★	★★★★	★★★★	★★★	★	★★★
🇨🇭	21	+2 ▲	Anniviers	10,400	6.7	5.9	2.8	★★	★★★	★★★	★★★★	★★	★★★	★★★★★
🇨🇭	22	+5 ▲	Samnaun	10,300	11.9	6.0	2.9	★	★★	★★★★	★★★★	★★★	★★	★★★
🇮🇹	23	−4 ▼	Cortina d'Ampezzo	10,300	4.7	2.7	–	★★★	★★★	★★★★	★★★★	No data	n/a	n/a
🇫🇷	24	−3 ▼	Megève	10,000	5.1	3.4	3.2	★★★★	★★★★★	★★★	★★★★	n/a	n/a	n/a
🇨🇭	25	−3 ▼	Adelboden/Lenk	9,900	−0.1	1.8	1.1	★★★	★★★★	★★★	★★★★★	★★	★★★	★★★★
🇫🇷	26	−1 ▼	Chamonix-Mont-Blanc	9,500	5.1	4.9	3.7	★★★★	★★★★★	★★★★★	★★★★	n/a	n/a	n/a
🇨🇭	27	−1 ▼	Villars-Gryon-Les Diablerets	9,400	0.7	3.6	0.6	★★★	★★★★	★★★	★★★	★★★	★★★★	★★★★
🇨🇭	28	▶	Breil/Brigels/Obersaxen	9 100	6.0	4.4	2.8	★★	★★	★★	★★★★★	★	★★	★★★★
🇨🇭	29	+1 ▲	Val-d'Illiez	8,400	2.4	2.7	0.2	★★	★★★★★	★★★★	★★★★	★★★	★★★★	★★★
🇨🇭	30	+5 ▲	Hoch-Ybrig	8,200	17.1	5.6	2.3	★	★★★★★	★★★	★★★★★	★★	★★★★★	★
🇮🇹	31	−2 ▼	Courmayeur	7,900	0.0	−0.6	–	★★★	★★★	★★★	★★★	n/a	n/a	n/a
🇨🇭	32	−1 ▼	Nendaz/Veysonnaz	7,700	2.6	4.0	0.5	★★★★	★★★★	★★★★	★★★	★★★★	★★★★	★★★★
🇨🇭	33	▶	Aletsch Arena	7,700	8.4	4.4	2.7	★★	★★★	★★★	★★★★★	★★★★	★★	★★★★★
🇨🇭	34	−2 ▼	Hasliberg	7,600	5.0	3.3	2.3	★	★★★★	★★	★★★★★	★★★	★★★	★
🇨🇭	35	+2 ▲	Flumserberg	7,500	9.3	2.3	2.7	★★	★★★★	★★	★★★★★	★★★	★★★★★	★★
🇨🇭	36	−2 ▼	Wildhaus	7,300	4.4	2.3	3.3	★★	★★★★	★★	★★★★★	★★	★★★★	★★★★
🇨🇭	37	+1 ▲	Ovronnaz	7,300	8.3	3.9	1.9	★	★★★★	★★	★	★★	★★★★	★★
🇨🇭	38	+1 ▲	Disentis/Sedrun	7,000	9.1	2.7	1.8	★★	★★	★★	★★★★★	★	★	★★★
🇨🇭	39	−3 ▼	Leysin-Les Mosses	6,900	0.5	2.1	0.1	★★	★★★★★	★★	★★★★	★★★	★★★★	★★★
🇨🇭	40	+2 ▲	Evolène	6,600	13.4	4.5	1.2	★	★★★★	★★	★★★★	★★★	★★★	★★★★
🇨🇭	41	−1 ▼	Anzère	6,300	1.7	3.2	1.1	★★	★★★★	★★	★★★	★★★	★★★★	★★★
🇨🇭	42	−1 ▼	Leukerbad	6,200	6.2	4.6	0.5	★★	★★★	★★	★★	★★	★	★★★★

★★★★★ Well above average ★★★★ Above average ★★★ Average ★★ Below average ★ Well below average n/a No information

Source: UBS

Key results

Prices
The prices stated per square meter (single-family houses and condominiums) are offer prices and relate to an upmarket standard. The data cannot distinguish between the use of a property as a primary residence or holiday home. The prices in Switzerland and Austria are as of the end of the first quarter of 2023. The price data in Germany, France, and Italy are as of the end of 2022.

The rates of change in prices are annualized and are also based on the upmarket residential property segment. Historical price data is widely available in Switzerland, France and Germany. Price performance in Austria and Italy is estimated for the last five years only because of a lack of data.

Over the last four quarters, a total of ten destinations has seen double-digit percentage price increases. Price increases were particularly strong in the destinations of Graubünden and Central Switzerland. The strongest increase of almost 20% compared with the previous year was reported by the destination Arosa in Graubünden, followed by Hoch-Ybrig and Flims/Laax. The average increase in prices in the Valais destinations was in the mid single-digit percentage range, with holiday homes in Evolène and Crans-Montana rising the most, by more than 10%. However, prices stagnated or slipped in Vaud and Bern. At -2%, Gstaad had the lowest annual rate of change in holiday home prices. All in all, the price trend in the Swiss Alps weakened. This was particularly evident between Q3 2022 and Q1 2023.

Prices in Swiss destinations with square meter prices of over CHF 12,000 rose by nearly 9% year on year, more than in the less expensive destinations. As a result, the gap between high-priced and other regions has widened for the fifth time in a row. Compared with 2018, prices in high-priced regions rose by more than 40%, twice as much as in lower-priced regions.

Price momentum also eased in the foreign Alpine regions. While prices rose by an average of just over 8% in the previous year, they increased by 4% in the last four quarters. All of this meant that price trends in foreign destinations lagged behind those in Switzerland. The strongest year-on-year increase in the foreign Alpine region was in Val-d'Isère and Kitzbühel, with a rise of over 8%. In St. Anton am Alberg, however, prices stagnated.

Market size
The number of existing holiday homes determine the market size. On average, the market size is around 4,500 units in all regions.

The total number of holiday homes ranges from just over 11,000 units in Davos/Klosters to just over 600 in Samnaun. Crans-Montana, with around 10,500 second homes, and Chamonix-Mont-Blanc and Engadin/St. Moritz, with around 9,000 properties, are among the largest holiday homes markets.

Accessibility
The indicator measures how long it takes to travel to airports or airfields, regional centers and large metropolitan areas, using private as well as public transport. The trend toward shorter, and therefore more frequent, holiday and weekend trips generally favors easily accessible destinations. Proximity to a regional center makes it easier to rent a second home to residents and increases its attractiveness as a working-from-home location. A local airport is critical to demand in the luxury segment.

Hoch-Ybrig, Kitzbühel, Megève, Tegernsee, Chamonix, Leysin, Engelberg and Val d'Illiez have the best accessibility thanks to their proximity to major centers and airports. These destinations are also easily reached using public transport. Traveling to Val d'Isère on the other hand involves a relatively long journey.

Tourist facilities
The indicator measures the number of ski slopes and facilities, as well as cross-country ski trails, and also takes into account the certainty of snow in the regions. The indicator is positively influenced by the choice of summer activities (lifts open in the summer, golf courses, range of water sports or proximity to a glacier). The same applies to outstanding tourist attractions, such as the Jungfraujoch, the Matterhorn and Aiguille du Midi/Mont-Blanc.

The tourist facilities help to classify the destination but is not a decisive argument for or against buying a holiday home. While a broad range of tourist facilities is important for some buyers of holiday homes, others prefer quieter locations. When calculating the indicators, the short distances in part between the individual destinations are not taken into account, so that the tourist facilities could be much greater depending on the location.

The broad variety of tourist facilities varies only moderately among the destinations and is high in all top destinations. Engadin/St. Moritz, Zermatt, Chamonix. and Courchevel offer the widest range of tourist facilities, while Ovronnaz and Anzère have proportionally the fewest. The cheaper destinations can hardly match the top destinations in this category. The average skiing area of this group of lower-priced holiday homes markets, for example, is only half as big as in the top locations.

Occupancy
The term occupancy refers to the residential vacancy rate in the respective municipalities and not to the second homes' bed capacity utilization. The indicator is calculated using the vacancy rates (number of advertised properties) and the official vacancy rates, if these are available. Second homes advertised as for sale or for long-term rental are counted as being empty.

In the Alpine holiday destinations we analyze, the strong demand for holiday homes drove down vacancies sharply again from 2.1% to 1.6%. In the top locations of the French Alps, around 1.5% of the housing stock is currently advertised, which is about 0.5 percentage points less than last year. The average vacancy rate for both Italian holiday homes markets is 2.9%, virtually on par with last year. In contrast, vacancy rates rose slightly on average in Austrian locations; currently, around 1.7% of the housing stock is vacant. There was a big jump in the vacancy rate —more than half a percentage point— in the German region of Tegernsee. However, the vacancy rate there is still low at around 1.0%.

The vacancy rate in all Swiss holiday resorts has fallen significantly on average, from 2.2% to 1.7%. Only four local destinations have a minimally higher vacancy rate than in the previous year. Vacancies were highest in the Valais and Vaud Alps, where 2.9% and 2.6%, respectively, of all homes are empty or looking for new buyers. However, this is where vacancy rates fell the most, by 0.7 percentage points year on year. Ovronnaz and Crans-Montana stand out, with vacancy rates of around 6% and nearly 5%, respectively.

The risk of vacancies in Graubünden in the Bernese Oberland, on the other hand, is considerably lower. The average vacancy rates in these regions are well below 1% and declined slightly last year. Samnaun has the highest vacancy rates, at around 1.5%. In the destinations of central and eastern Switzerland, vacancy rates are also below the 1% mark and the previous year's figures.

All in all, vacancy rates tend to be lower in the high-priced areas than in the cheaper destinations. However, the decline was stronger in the less expensive destinations last year.

Renting perspective
The renting perspective is assessed on the one hand on the basis of the achievable revenue per night and the yields in the case of short-term rental of an apartment as a holiday home. The indicator is based on key figures from the AirDNA platform for the period between April 2022 and March 2023. The analysis is completed based on average tourist footfall and the level of hotel prices. On the other hand, the option of permanent renting to residents is taken into account, using return indicators and population trends.

Zermatt has the best rental attractiveness for holiday homes among all destinations. The overnight rates and occupancy rates achievable for short-term rentals are among the highest in the country. The achievable revenues are also high in the Jungfrau region, where the average occupancy rate is 60%. In the most expensive destinations such as Engadin/St. Moritz, Gstaad, Flims/Laax and Davos/Klosters, the high and increased prices significantly reduce the profitability of rentals.

Population growth
A growing population generally supports a municipality's finances. This in turn raises the scope for infrastructure investments, which at the same time makes a destination more attractive for second home owners. Generally speaking, the current medium-term population trend is likely to remain stable over the next few years. Population growth benefits from location factors such as an attractive tax environment, a prosperous regional economy, and good connections to regional centers.

The permanent resident population is expected to increase the most in Hoch-Ybrig, Andermatt, and Flumserberg. Demand for primary residences is also expected to rise in the French-speaking Swiss resorts of Villars-Gryon and Val-d'Illiez, in the destination of Laax/Flims in Graubünden, and in Engelberg in central Switzerland. These regions should also benefit disproportionately from the trend of working from home. The outlook for the primary residence market in Arosa, Leukerbad, Disentis, and Saas-Fee, on the other hand, is below average. These destinations suffer from outward-migration and have poor accessibility to the centers. The income tax burden in Saas-Fee and Leukerbad is also relatively high.

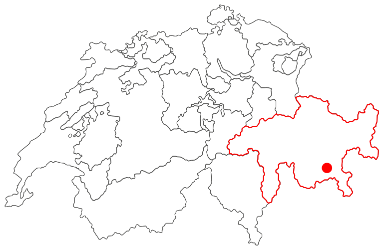
Restrictive supply
The Second Homes Act has severely restricted the construction of new holiday homes. However, the greater the share of primary residences that are not subject to any restrictions on use in a municipality, the greater the potential for new second homes. Furthermore, if current levels of primary residences construction exceed expected population growth, this raises the probability of existing housing stock under the previous legal regime being repurposed, therefore increasing the potential supply of second homes.

The potential for new second homes is relatively high in most Valais destinations. Supply is more flexible, thanks to a large number of primary residences, a lack of municipal restrictions on use, and high availability of construction zones. The potential for new second homes in many Graubünden destinations, however, is low. The supply of second homes is restricted by the low probability of repurposing in Engadin/St. Moritz as well as the flourishing market for primary residences in Flims/Laax. In Hasliberg, on the other hand, there is little standing in the way of a strong expansion in supply. Potential conversions of primary residences under the previous legal regime pose a risk to future price trends there. In Hoch-Ybrig, new construction activity is also very brisk.

The 10 most expensive Swiss vacation destinations

14 Engadin / St. Moritz
15 Flims/Laax
16 Gstaad
17 Zermatt
18 Davos / Klosters
19 Jungfrau region
20 Andermatt
21 Verbier
22 Engelberg
23 Lenzerheide

Engadin/St. Moritz



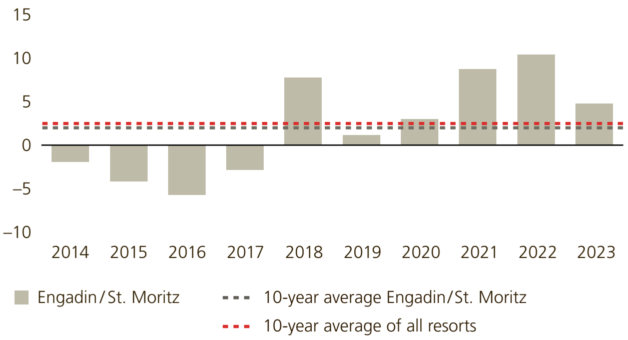
Ranked
1st

20,500
CHF/m²

+5.0
% y-o-y

Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023

The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★★★☆
Accessibility	★★★☆☆
Tourist facilities	★★★★★

Market outlook

Occupancy	★★★★★
Renting perspective	★★★☆☆
Population growth	★★★☆☆
Restrictive supply	★★★★★

In brief

After the construction boom triggered by the second-home initiative in 2012, vacancies rose in Engadin/St. Moritz* and prices corrected in the period to 2016. A booming Swiss economy and the recovery in foreign demand triggered the trend reversal in 2017. Since then, prices have risen by a total of almost 50% and climbed above the CHF 20,000 per square meter mark. In the luxury segment, they are well above the CHF 30,000 threshold. The average price level is 5% higher than in the previous year. In the winter months, however, there were signs of a significant slowdown in price momentum. Meager supply and the international appeal of the destination are likely to thwart a significant drop in prices.

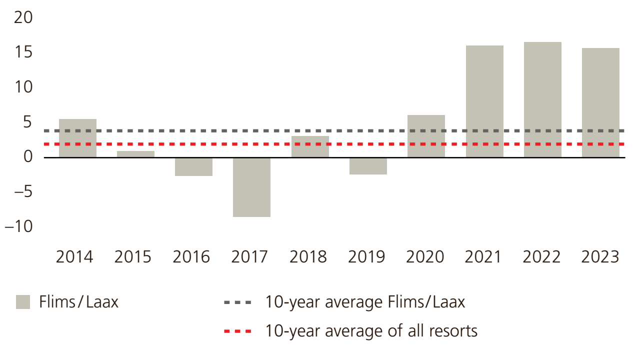
* The destination includes the municipalities of St. Moritz, Silvaplana, Celerina/Schlarigna, and Pontresina.

Flims/Laax

Ranked 2nd | 17,200 CHF/m² | +15.7 % y-o-y

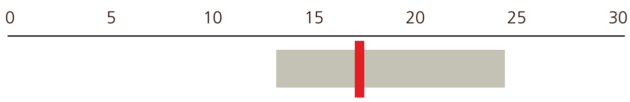
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★★★☆
Accessibility	★★★★☆
Tourist facilities	★★★★☆

Market outlook

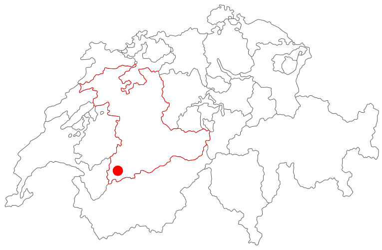
Occupancy	★★★★★
Renting perspective	★★☆☆☆
Population growth	★★★★☆
Restrictive supply	★★★★★

In brief

For a third year in a row, holiday home prices in Flims/Laax* increased by more than 15%. They are currently a good 60% higher than before the pandemic, the biggest increase of all destinations. Buyers of holiday homes currently have to contend with prices of CHF 17,000 per square meter or more. The destination also benefited from high demand for primary residences as a result of the low tax burden combined with good accessibility to jobs. Consequently, the population has grown by 20% in the past decade, the highest out of all Alpine holiday resorts. Increased demand for (primary) residences coupled with declining new construction activity led to a sharp reduction in vacancy rates and supported price growth. The next quarters will show whether the price level is sustainable even without special pandemic-related drivers and with higher financing costs.

* The destination includes the municipalities of Flims, Laax, and Falera.

Gstaad



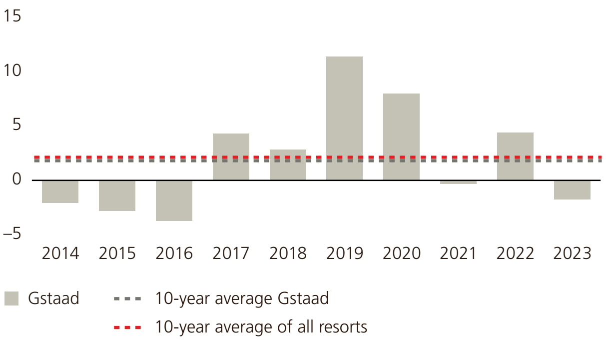
Ranked
3rd

16,700
CHF/m²

–1.8
% y-o-y

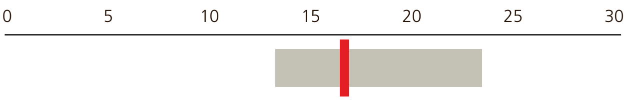
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★★☆☆
Accessibility	★★★☆☆
Tourist facilities	★★★★☆

Market outlook

Occupancy	★★★★★
Renting perspective	★★☆☆☆
Population growth	★★★☆☆
Restrictive supply	★★☆☆☆

In brief

Between 2016 and 2020, prices in Gstaad* skyrocketed by more than 30% overall —the highest of any Swiss resort. The strong increase was accompanied by a frenzy of new construction and renovation. Unlike in other destinations, however, the pandemic did not trigger another price boom. Prices have remained relatively stable since 2020 and even fell by nearly 2% last year. A holiday home in the high-end segment currently costs just shy of CHF 17,000 and in the luxury segment over CHF 30,000 per square meter. The continuing high number of planning applications is striking. The constructions are also very luxurious. In Gstaad, both new and renovation investment spending are the highest among all tourist destinations.

* The destination includes the municipalities of Saanen, Lauenen and Gsteig.

Zermatt

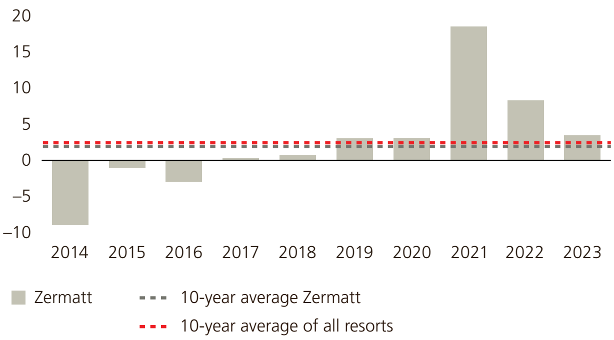
Ranked
4th

16,300
CHF/m²

+3.5
% y-o-y

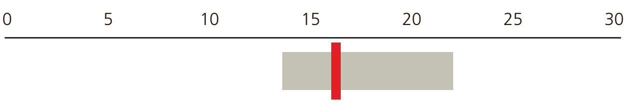
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★☆☆☆
Accessibility	★★★☆☆
Tourist facilities	★★★★★

Market outlook

Occupancy	★★★★★
Renting perspective	★★★★★
Population growth	★★★☆☆
Restrictive supply	★★★☆☆

In brief

A holiday home in Zermatt* costs over CHF 16,300 per square meter — over a third more than before the pandemic. The price increase in Mattertal was driven by a very low vacancy rate of around 0.7%. This is unlikely to change, as only four new housing units have been approved for construction since 2021. But prices are likely to have slowly reached their peak. The annual rates of change are steadily leveling off and prices increased by a below-average 3.5% compared with the previous year. As a plus point, the destination has holiday homes with very good rental prospects both in the winter and summer season due to its unique mountain scenery.

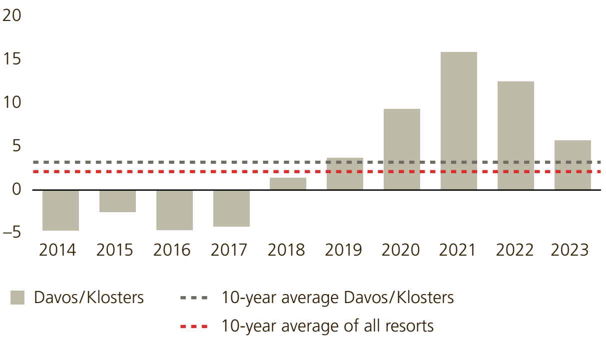
* The destination includes the municipalities of Zermatt and Täsch.

Davos/Klosters

Ranked 5th | 16,200 CHF/m² | +5.9 % y-o-y

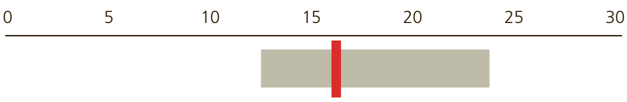
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★★★★
Accessibility	★★★★☆
Tourist facilities	★★★★☆

Market outlook

Occupancy	★★★★★
Renting perspective	★★☆☆☆
Population growth	★★★☆☆
Restrictive supply	★★★★☆

In brief

Holiday home prices in Davos/Klosters* continued to climb but at a slightly lower pace last year. They increased by 6% and are currently 50% higher than before the pandemic. Buyers of holiday homes have to contend with a price of around CHF 15,000 per square meter. The strong price increases over the past few years were accompanied by a reduction in vacancy rates. Only about 0.6% of all properties are currently advertised. However, the market is divided. The destination is losing population year after year, and the current level is on par with 1990. This is increasingly freeing up apartments under the previous legal regime, which are being converted into second homes, so that the number of holiday homes has risen by almost 3% since 2020. The continuation of this trend should work against the boom in prices.

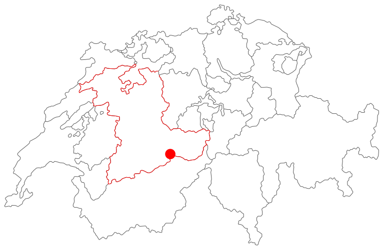
* The destination includes the municipalities of Davos and Klosters-Serneus.

Jungfrau region

Ranked
6th

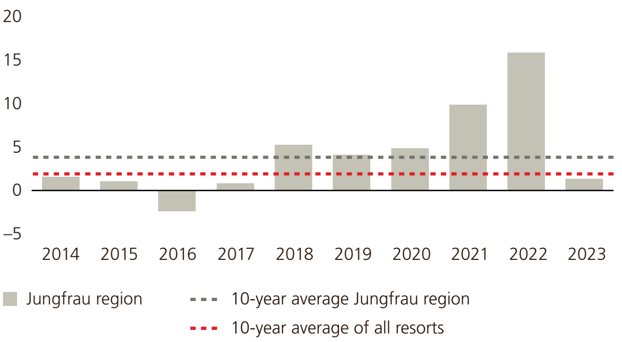
16,100
CHF/m²

+1.4
% y-o-y



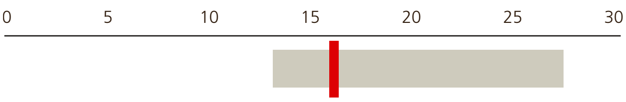
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★★☆☆
Accessibility	★★★★☆
Tourist facilities	★★★★☆

Market outlook

Occupancy	★★★★★
Renting perspective	★★★★☆
Population growth	★★★☆☆
Restrictive supply	★★★★☆

In brief

A holiday home in the Jungfrau region* costs over CHF 16,000 per square meter. This means that prices are virtually on a par with the previous year. On a six-month basis, prices actually fell by 3%, the weakest figure of all destinations. In general, the regional holiday home market has benefited in recent years from relatively short travel times from many major Swiss cities and from the working from home trend. As a result, the vacancy rate fell to around 1%. Homeowners can also expect attractive income from short-term rentals, as the region is one of Switzerland's biggest tourist attractions. However, rental yields have fallen slightly in recent years in the face of higher property prices.

* The destination includes the municipalities of Grindelwald and Lauterbrunnen.

Andermatt

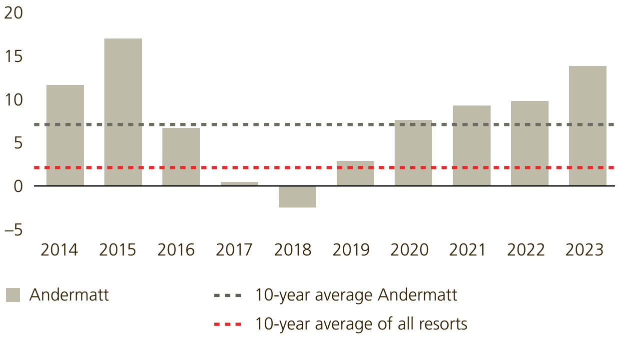
Ranked
7th

15,900
CHF/m²

+14.3
% y-o-y

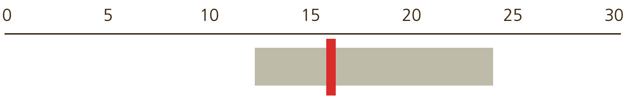
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★☆☆☆☆
Accessibility	★★★★☆
Tourist facilities	★★★☆☆

Market outlook

Occupancy	★★★★★
Renting perspective	★★★☆☆
Population growth	★★★★★
Restrictive supply	★★★☆☆

In brief

The long-running increase in prices in Andermatt* accelerated again last year. Holiday home prices went up by nearly 15% in one year. A good quality holiday home currently costs almost CHF 16,000 per square meter. Andermatt reported a record volume of apartments sold last year, which caused vacancy rates to fall. The destination benefits from its status as the only Swiss resort where second homes may still be built — in the last three years alone, their number has gone up by 30%. Moreover, Lex Koller does not restrict foreign buyers from accessing the market. The region also expanded its tourist facilities. Further investment in both tourist and gastronomic infrastructure are being targeted. The price level is therefore heavily dependent on sustained demand from abroad.

*The destination includes the municipalities of Andermatt, Hospental, and Realp.

Verbier

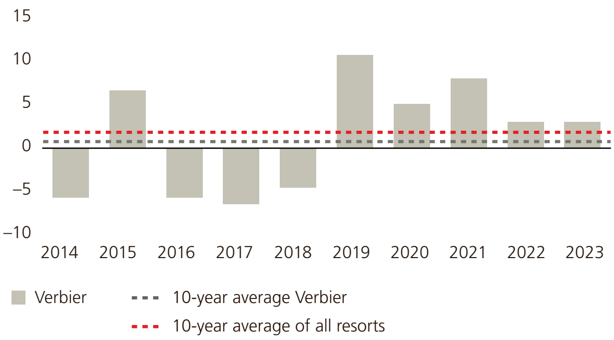
Ranked
9th

15,300
CHF / m²

+3.1
% y-o-y

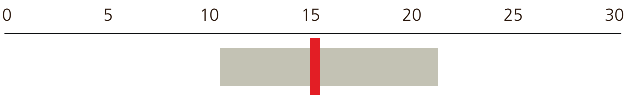
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★★☆☆
Accessibility	★★★★☆
Tourist facilities	★★★★☆

Market outlook

Occupancy	★★★★☆
Renting perspective	★★★☆☆
Population growth	★★★★☆
Restrictive supply	★★★☆☆

In brief

Verbier's holiday home market is international in nature. The appreciation of the Swiss franc since 2009 has depressed the market accordingly and led to a strong rise in the number of vacant apartments. Prices for holiday homes corrected by around 20% between 2009 and 2018. Lower prices, buoyant economic growth prior to the pandemic, and an appreciation in the housing stock produced a clear turnaround. Vacancies were gradually reduced and prices recovered. In the last four quarters, price momentum weakened slightly with an increase of around 3% year on year, but prices reached a new all-time high. Buyers of holiday homes can currently expect to pay CHF 15,000 per square meter. The prices for luxury properties are twice as high.

Engelberg

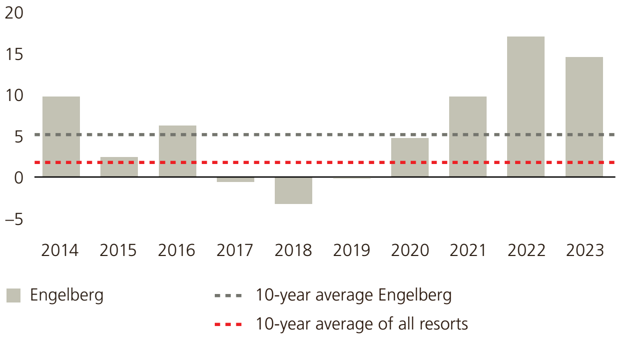
Ranked
10th

14,900
CHF/m²

+14.3
% y-o-y

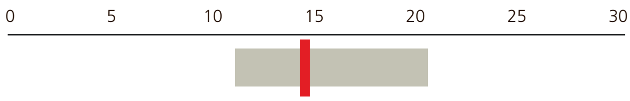
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★☆☆☆
Accessibility	★★★★★
Tourist facilities	★★★★☆

Market outlook

Occupancy	★★★★★
Renting perspective	★★☆☆☆
Population growth	★★★★☆
Restrictive supply	★★★★☆

In brief

Buyers of holiday homes in Engelberg can currently expect to pay CHF 14,500 per square meter. After a price increase of almost 15% year on year, prices are around 55% higher than before the pandemic, the strongest increase in value outside Graubünden. Several drivers have favored the booming prices. Due to its location being not far from many big Swiss cities, it is a particularly attractive destination for working from home. As a result, the local resident population also grew, leading to a slight reduction in the number of second homes. In addition, relatively attractive returns are likely to be had by renting out holiday homes once international tourist flows recover. Finally, the supply of available properties is particularly low; with a vacancy rate of less than 0.5%, the market is almost completely sold out at the moment.

Lenzerheide

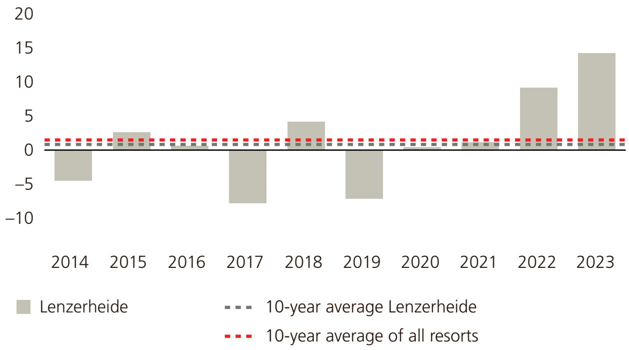
Ranked
12th

13,700
CHF/m²

+13.8
% y-o-y

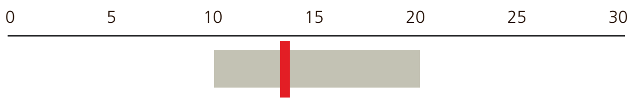
Price trend

In percent compared with the previous year, in the first quarter



Price levels

Range, in CHF thousand/m², as of Q1 2023



The price level of an owner-occupied home depends on its location and quality, among other things. These are categorized as follows: poor, average, good, and very good.

The ranges denotes the range of prices between an average and a very good location and quality. The red line depicts the price level for good quality (high standard).

At a glance

Location characteristics

Market size	★★★☆☆
Accessibility	★★★★☆
Tourist facilities	★★★★☆

Market outlook

Occupancy	★★★★★
Renting perspective	★★★☆☆
Population growth	★★★☆☆
Restrictive supply	★★★★☆

In brief

A marked increase in residential construction activity immediately prior to the introduction of the Second Homes Act with, in some cases, an (overly) costly fit-out standard ushered in a period of slightly falling prices in Lenzerheide* in 2013. Construction activity gradually declined in the years that followed. Given strong holiday home demand in this easily accessible location, the supply of available properties dropped significantly, so that the market is practically sold out with a vacancy rate of less than 0.5%. Prices were up 14% on the previous year, but the price trend is likely to have been much stronger in the best locations. As a result, prices for good quality holiday homes reached a new record high of CHF 13,500 per square meter at present.

* The destination includes the municipalities of Vaz/Obervaz, Churwalden, and Lantsch/Lenz.

Appendix

			Size	Ski slopes	Height (above sea level)		Nearest large airport	
2023 ranking	Holiday destination	Country: Region	Number of second homes	Length in km	Capital	Highest point	City	Travel time
1	Engadin/St.Moritz	CH: Graubünden	8,900	>250	1,800	3,300	Zurich	3h 10min
2	Flims/Laax	CH: Graubünden	7,800	150-250	1,100	3,000	Zurich	1h 50min
3	Gstaad	CH: Bern	4,500	150-250	1,100	3,000	Geneva	2h 0min
4	Zermatt	CH: Valais	4,400	>250	1,600	3,900	Geneva	2h 40min
5	Davos/Klosters	CH: Graubünden	11,000	>250	1,600	2,800	Zurich	2h 0min
6	Jungfrau region	CH: Bern	5,600	150-250	1,000	3,000	Zurich	2h 10min
7	Andermatt	CH: Uri	1,400	100-150	1,400	3,000	Zurich	1h 40min
8	Kitzbühel	AT: Tirol	5,800	150-250	800	2,000	Munich	2h 0min
9	Verbier	CH: Valais	6,400	>250	1,500	3,300	Geneva	1h 50min
10	Engelberg	CH: Obwalden	2,600	50-100	1,000	3,000	Zurich	1h 10min
11	Tegernsee	DE: Bavaria	1,100	<50	700	2,200	Munich	1h 5min
12	Lenzerheide	CH: Graubünden	6,800	150-250	1,500	2,900	Zurich	1h 50min
13	Courchevel	FR: Savoie	5,200	>250	1,900	3,200	Lyon	2h 20min
14	Arosa	CH: Graubünden	4,300	150-250	1,700	2,900	Zurich	2h 10min
15	Val d'Isère	FR: Savoie	4,200	>250	1,900	3,500	Lyon	2h 50min
16	St. Anton am Arlberg	AT: Tirol	1,800	>250	1,300	2,800	Zurich	2h 10min
17	Méribel	FR: Savoie	6,400	>250	1,500	3,200	Lyon	2h 0min
18	Scuol	CH: Graubünden	3,300	50-100	1,300	2,800	Zurich	2h 50min
19	Crans-Montana	CH: Valais	10,500	100-150	1,500	2,900	Geneva	2h 10min
20	Saas-Fee	CH: Valais	2,900	150-250	1,800	3,600	Geneva	2h 40min
21	Anniviers	CH: Valais	4,500	150-250	1,500	3,000	Geneva	2h 10min
22	Samnaun	CH: Graubünden	600	150-250	1,800	2,900	Zurich	3h 20min
23	Cortina d'Ampezzo	IT: Belluno	5,600	100-150	1,200	2,900	Venice	2h 0min
24	Megève	FR: Haute-Savoie	7,300	>250	1,100	2,400	Geneva	1h 10min
25	Adelboden/Lenk	CH: Bern	5,400	150-250	1,400	2,400	Basel	2h 10min
26	Chamonix-Mont-Blanc	FR: Haute-Savoie	8,900	100-150	1,000	3,300	Geneva	1h 10min
27	Villars-Gryon-Les Diablerets	CH: Vaud	6,900	100-150	1,300	3,000	Geneva	1h 25min
28	Breil/Brigels/Obersaxen	CH: Graubünden	3,700	150-250	1,300	2,400	Zurich	2h 10min
29	Val-d'Illiez	CH: Valais	4,500	>250	1,100	2,300	Geneva	1h 20min
30	Hoch-Ybrig	CH: Schwyz	900	100-150	1,100	1,800	Zurich	1h 5min
31	Courmayeur	IT: Aostatal	4,900	<50	1,200	2,800	Geneva	1h 40min
32	Nendaz/Veysonnaz	CH: Valais	8,300	>250	1,400	3,300	Geneva	2h 0min
33	Aletsch-Arena	CH: Valais	3,700	100-150	1,900	2,900	Milan	2h 30min
34	Hasliberg	CH: Bern	1,500	50-100	1,100	2,400	Zurich	1h 25min
35	Flumserberg	CH: St. Gallen	2,800	50-100	1,200	2,200	Zurich	1h 20min
36	Wildhaus	CH: St. Gallen	2,100	50-100	900	2,300	Zurich	1h 25min
37	Ovronnaz	CH: Valais	1,600	<50	1,300	2,400	Geneva	1h 40min
38	Disentis/Sedrun	CH: Graubünden	2,700	50-100	1,200	2,800	Zurich	2h 20min
39	Leysin-Les Mosses	CH: Vaud	2,300	100-150	1,400	2,300	Geneva	1h 25min
40	Evolène	CH: Valais	1,600	100-150	1,400	3,000	Geneva	2h 0min
41	Anzère	CH: Valais	2,200	50-100	1,500	2,400	Geneva	2h 0min
42	Leukerbad	CH: Valais	2,700	50-100	1,400	2,600	Geneva	2h 10min

Sources

Variable	Sources
Real estate prices (current and historical)	Wüest Partner (Switzerland; Éditions Callon (France); Nomisma (Italy); immi.at, immobilienscout24.at, UBS (Austria); Bulwiengesa, UBS Germany)
Apartment rental prices	Wüest Partner
Market size	ARE (Switzerland); Insee (France); Istat (Italy); Statistik Austria, Statistik Tirol, Statistik Vorarlberg (Austria); Statistik Bayern (Germany)
Conversion potential of primary homes	Details provided by the destinations
Accessibility using private transport	Google Maps
Accessibility using public transport	Google Maps, SBB, rome2rio.com
Occupancy (vacancy rates)	Bundesamt für Statistik (BFS), comparis.ch (Switzerland); Insee, seloger.com (France); immobiliare.it, casa.it (Italy); immosuchmaschine.at, immobilienscout24.at, immodirekt.at (Austria); immobilienscout24.de (Germany)
Ski slopes, ski facilities and cross-country ski trails	Official websites, including details provided by the destinations, Bergfex, myswitzerland.ch
Altitude of ski resort	Official websites, including details provided by the destinations, Bergfex
Snow certainty	Official websites, including details provided by the destinations, skiresort.de, snowplaza.de, and Skigebiete-test.de
Thermal baths	Official websites, including details provided by the destinations and thermal baths, swisstherme.ch
Golf courses	Official websites, including details provided by the destinations and gold courses, Swiss Golf
Facilities open in the summer	Official websites, including details provided by the destinations
Building applications and approvals	Docu Media
Construction zones	Federal Office for Spatial Planning (ARE)
Reconstruction investment	Federal Statistical Office (FSO)
Overnight stays and hotel rooms	Federal Statistical Office (FSO)
Hotel prices	HotellerieSuisse
Airbnb rental statistics	AirDNA
Population growth and forecasts	Federal Statistical Office (FSO), UBS
Tax burden	Federal Tax Administration (ESTV)
Regional growth potential	UBS

UBS Chief Investment Office's ("CIO") investment views are prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates ("UBS").
The investment views have been prepared in accordance with legal requirements designed to promote the **independence of investment research**.

Generic investment research – Risk information:
This publication is **for your information only** and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to UBS). All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report, and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of UBS as a result of using different assumptions and/or criteria.

In no circumstances may this document or any of the information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed to represent and warrant to UBS that you will not use this document or otherwise rely on any of the information for any of the above purposes. UBS and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by UBS and its employees may differ from or be contrary to the opinions expressed in UBS research publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions or affiliates of UBS. Futures and options trading is not suitable for every investor as there is a substantial risk of loss, and losses in excess of an initial investment may occur. Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information.

Tax treatment depends on the individual circumstances and may be subject to change in the future. UBS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon both in general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein.

This material may not be reproduced or copies circulated without prior authority of UBS. Unless otherwise agreed in writing UBS expressly prohibits the distribution and transfer of this material to third parties for any reason. UBS accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which CIO manages conflicts and maintains independence of its investment views and publication offering, and research and rating methodologies, please visit www.ubs.com/research-methodology. Additional information on the relevant authors of this publication and other CIO publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your client advisor.

Options and futures are not suitable for all investors, and trading in these instruments is considered risky and may be appropriate only for sophisticated investors. Prior to buying or selling an option, and for the complete risks relating to options, you must receive a copy of "Characteristics and Risks of Standardized Options". You may read the document at https://www.theocc.com/about/publications/character-risks.jsp or ask your financial advisor for a copy.

Investing in structured investments involves significant risks. For a detailed discussion of the risks involved in investing in any particular structured investment, you must read the relevant offering materials for that investment. Structured investments are unsecured obligations of a particular issuer with returns linked to the performance of an underlying asset. Depending on the terms of the investment, investors could lose all or a substantial portion of their investment based on the performance of the underlying asset. Investors could also lose their entire investment if the issuer becomes insolvent. UBS does not guarantee in any way the obligations or the financial condition of any issuer or the accuracy of any financial information provided by any issuer. Structured investments are not traditional investments and investing in a structured investment is not equivalent to investing directly in the underlying asset. Structured investments may have limited or no liquidity, and investors should be prepared to hold their investment to maturity. The return of structured investments may be limited by a maximum gain, participation rate or other feature. Structured investments may include call features and, if a structured investment is called early, investors would not earn any further return and may not be able to reinvest in similar investments with similar terms. Structured investments include costs and fees which are generally embedded in the price of the investment. The tax treatment of a structured investment may be complex and may differ from a direct investment in the underlying asset. UBS and its employees do not provide tax advice. Investors should consult their own tax advisor about their own tax situation before investing in any securities.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies and styles approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit the portfolio manager's ability to participate in certain investment opportunities that otherwise would be consistent with its investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by the portfolio manager, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

USA: Distributed to US persons by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliarios Ltda, UBS Asesores Mexico, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule**.

For country information, please visit ubs.com/cio-country-disclaimer-gr or ask your client advisor for the full disclaimer.

Version A / 2023. CIO82652744

UBS