

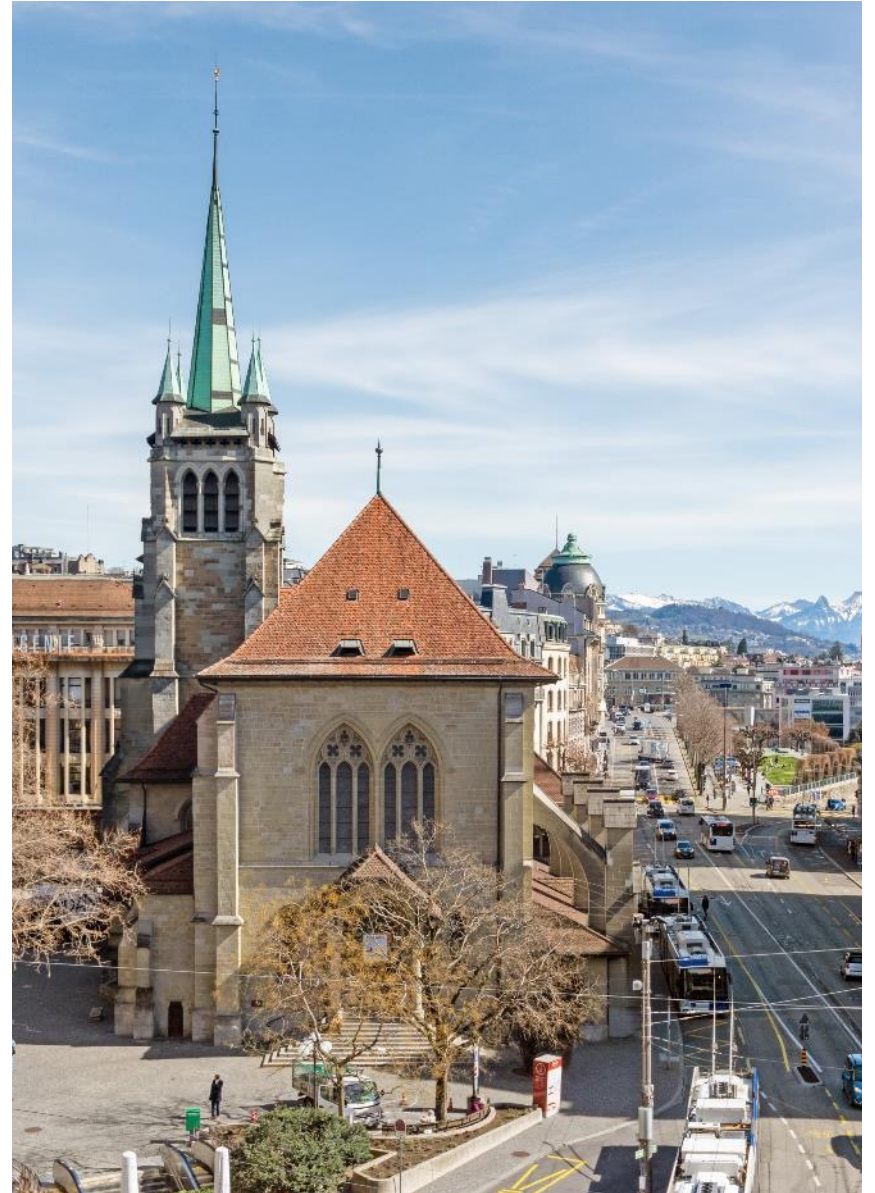


Snapshot

OFFICE MARKET

H2 2023

VAUD | SWITZERLAND



Overview

In 2023, the office market in the canton of Vaud was characterised by a dynamic letting market, in contrast to an investment market marked by uncertainty.

Letting

On the leasing front, the canton of Vaud saw a major expansion of its office stock, with an additional 115,000 sqm, mainly around Lausanne.

This growth has coincided with stable or even rising demand for medium-sized areas, reflecting the continuing appeal of the Lake Geneva region.

Despite the growing supply, overall availability remained low at 4.6 % at cantonal level, and even lower in Lausanne at 4.2 % at the end of the year.

In 2024, the rental market will be driven by sustained interest from innovative companies and a favourable economic climate, with new projects meeting the need for contemporary workspaces.

Investment

In 2023, the tertiary investment sector experienced a turnaround, marked by a fall in transactions and a disengagement of Swiss institutional investors.

Rising interest rates and a unfavourable fundraising performance weighed on the market. Nevertheless, strategic locations retained their appeal, thanks to their intrinsic value and accessibility.

For 2024, with the emergence of new working practices and changes in energy regulations, risk premiums are expected to adjust by 25 to 50 bp depending on the location and energy efficiency of properties.

Key indicators in 2023

123 k

Pipeline *in sqm*

5.18 M

Stock *in sqm*

4.6 %

Availability rate

3.5 %

Gross prime yield

Letting Vaud

Total stock	5,180,000 sqm GFA
<i>Change compared with 2022</i>	+ 2.3 %
Available surface area	236,500 sqm GFA
<i>Availability rate</i>	4.6 %
Pipeline <i>to 2026</i>	123,000 sqm GFA
Prime rent	CHF 500/sqm/year

Letting Lausanne

Total stock	3,081,000 sqm GFA
<i>Change compared with 2022</i>	+ 3.7 %
Available surface area	130,250 sqm GFA
<i>Availability rate</i>	4.2 %
Pipeline <i>to 2026</i>	104,000 sqm GFA
Prime rent	CHF 500/sqm/year



Letting

In 2023, the office market in the canton of Vaud have expanded significantly, with more than 115,000 sqm of new spaces delivered.

The vast majority of these new projects, some 110,000 sqm, are located on the periphery of Lausanne, in the western and northern areas.

As for demand, it remains stable, or is even increasing, for intermediate-sized premises between 200 and 500 sqm. This sustained demand is seen mainly in the urban areas of the Lausanne region, as well as in Morges and Nyon, albeit to a lesser extent.

This trend underlines the continuing attractiveness of the Lake Geneva region as a location for companies wishing to establish or expand their activities. This interest is underpinned by a number of factors, including :

- a robust economic environment,
- a highly qualified workforce and
- competitive prices.

Despite the increase in office stocks, the supply of office space in the most sought-after areas remains limited. This is reflected in a relatively low overall availability of 4.6 % at cantonal level.

In Lausanne and the surrounding area, the availability of office space is also declining, reaching 4.2 % at the end of 2023. This scarcity of supply, particularly in the heart of the city, has also contributed to a stabilisation, or even an increase, in rents.

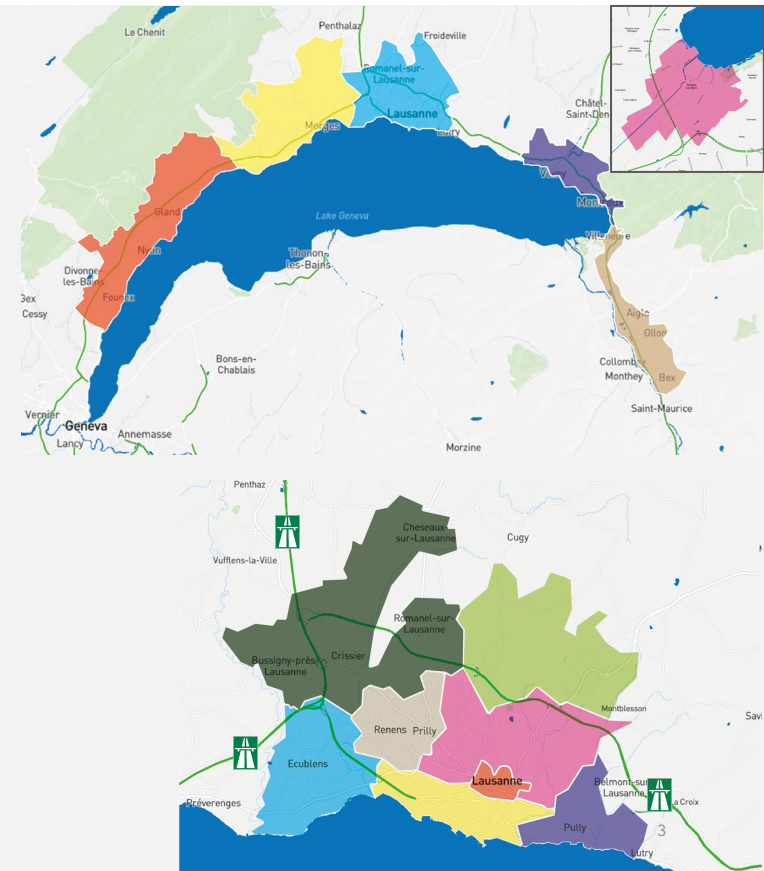
In 2024, the rental market is likely to continue on its positive trajectory, thanks in part to the region's attractiveness to innovative companies looking for dynamic hubs, as well as the encouraging economic outlook.

Major projects such as Biopôle, Bloom, MixCity and Pulse will help to enrich the region's real estate landscape. This expansion should meet the growing demand for modern, functional workspaces.

Sectors indicators

Vaud	Rent <i>CHF/sqm/yr</i>	Availability <i>of stock</i>	Outlook <i>of demand</i>
● Nyon	<i>from 250 to 350</i>	5.0 %	→
● Morges	<i>from 220 to 320</i>	8.5 %	→
● Lausanne	<i>from 220 to 500</i>	4.2 %	↗
● Vevey	<i>from 240 to 290</i>	2.5 %	→
● Aigle	<i>from 220 to 270</i>	2.0 %	→
● Yverdon-les-Bains	<i>from 210 to 260</i>	5.0 %	→

Lausanne	Rent <i>CHF/sqm/yr</i>	Availability <i>of stock</i>	Outlook <i>of demand</i>
● Lausanne Centre	<i>from 300 to 500</i>	3.0 %	↗
● Lausanne Lake	<i>from 350 to 430</i>	2.0 %	↗
● Lausanne North	<i>from 250 to 320</i>	3.5 %	→
● Lausanne East	<i>from 220 to 300</i>	2.0 %	→
● Le Mont - Epalinges	<i>from 220 to 300</i>	13.5 %	→
● EPFL - UNIL	<i>from 240 to 290</i>	3.0 %	↗
● Lausanne West	<i>from 230 to 320</i>	6.0 %	→
● Western periphery	<i>from 220 to 270</i>	13.5 %	→



Investment

In 2023, the Vaud commercial property investment market experienced a significant downturn, with a decline in the number of transactions and a marked shift in demand from Swiss institutional investors to private investors, end-users and family offices.

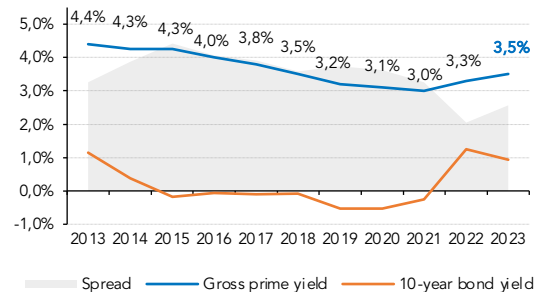
This general decline in interest in office space is mainly attributable to the trend in interest rates and the disappointing performance of fundraising, which has influenced the investment dynamic in the canton.

In Lausanne, the office buildings that are expected to be more resilient to rising yields are strategically located in central areas such as the CBD and the southern sectors adjacent to the lake. These prime locations enjoy stable intrinsic value due to their location and accessibility.

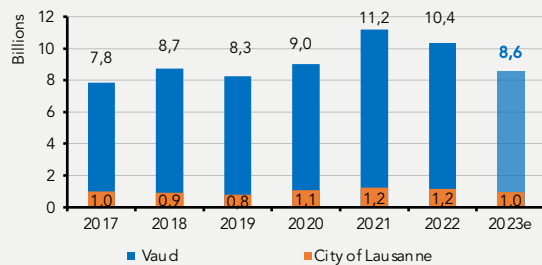
On the other hand, new working patterns and intense construction activity in the western part of the Lausanne region, as well as in the Morges and Nyon regions, will continue to exert downward pressure on property prices outside key areas.

Given the current gap between bond yields and *prime* yields, a correction in risk premiums is envisaged, with an increase of between 25 and 50 bps, depending on the location and energy performance of the buildings.

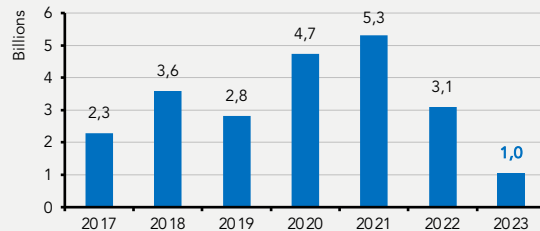
ESTIMATED GROSS PRIME YIELD



TRANSACTION VOLUME IN CHF (ALL TYPES)



CAPITAL INFLOWS IN CHF (SWISS REAL ESTATE FUNDS)



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