**Geneva real estate market post Covid-19**

As the dust begins to settle and the lockdown is eased in Switzerland, potential sellers and buyers are trying to peer through the haze to understand how the world has changed and what impact all this has had on the domestic real estate market.

**Is there still a residential real estate market?**

The answer is a resounding yes. Our view is that there will be no boom or bust. The market will slowly move in the direction of what we considered normal, even now as we live in the “new normal”.

No one knows what the new world will look like, but we can share what we have seen so far:

* **The real estate market has not** **ground to a halt** - despite popular opinion, transactions are still completing.
* **Sellers remain** – those that were interested in selling before the pandemic are still looking to sell now.
* **Buyers are timid but will be back** – buyers largely fell away over the last six weeks but are cautiously returning to the market to look for properties.
* **Funding is still available** - lenders are still looking to lend.
* **Rates remain favourable** - mortgage rates continue to be very low.
* **Distressed sales** - we are not expecting distressed sales to be a significant part of the market given the low leverage and low interest rates in Switzerland.

**The bigger picture?**

The economy has taken a massive hit. The developed world will see a full-blown recession in 2020 where “those who know” expect Europe and the US to contract somewhere between 3%-5%.

Nevertheless, this trend is expected to reverse in 2021 where we should see economies expand at an acceptable rate as a consequence of the various aggressive stimulus packages that are being launched.

In the same way that the financial markets are not correlated 1:1 to the economy,

one should not draw a direct parallel between the economy and real estate prices,

they all have different short-term pressures.

We had a relatively strong and vibrant residential real estate market across all price brackets in Q1 2020. The Canton of Geneva saw a 25% increase in number of transactions year-on-year according to the OCSTAT.

That said, it was still more of a buyers’ market and prices were subject to some intense negotiation at times.

What has undoubtedly helped is that Financial Institutions are avidly looking to increase their mortgage lending book given the alternative of placing funds at a negative interest rate with The Swiss National Bank.

**What does that mean for me?**

It means it is not all doom and gloom. Yes, things on a macro level will get worse before they get better, but the real estate market remains open for business.

I stand by my opening remarks: there will be no boom or bust.

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