

GLOBAL SPOTLIGHT

Zurich, Switzerland



Culture, business climate and location draw corporations to Zurich

- The Greater Zurich Area is the largest commercial region in Switzerland and is driven by the financial and industrial sectors. Renowned for its stability, quality of life and highly-skilled, multi-lingual workforce, Zurich attracts numerous multi-national corporations. Attractive tax packages and the relatively strong economy have ensured a comparatively sustained uptake in the market, resulting in an ever-shrinking available supply. In light of the recent global economic issues, growth is expected to slow and develop into a period of stagnation.
- Foreign interest remains strong despite the current low lending availability to investors. However, the market is small and prime properties are in short supply. Swiss companies are able to make rapid decisions and generally make up the market's principal purchasers; owner-occupation remains stable, with the majority of growth in the pharmaceutical, biotechnical and financial sectors. The first signs of the slowdown are in the reduction in volume; yields have barely softened with net yields continuing to transact a sub-4% for prime premises. Rents remain buoyant with persistent demand.
- Prime office rents within the CBD are located along Bahnhofstrasse and surrounding streets, peak passing rents are around CHF 950/SM/year with rents falling off to about CHF 300 to 380/SM/year for quality, semi-fitted premises in non-core areas. Growth has been consistent, with companies such as Kraft Foods Europe, Google, Vifor (Galencia Group), and Credit Suisse taking occupation of large floor plates between the city and the airport. New developments are planned in Zurich West, including the Prime Tower and its annexes on the Maag Areal and to the north of Zurich.
- Bahnhofstrasse is the prime retail location and counts major global brands among its tenants. This year has seen a number of newcomers with Apple's new shop, Loro Piana and Blancpain. Although rents are traditionally around CHF 3'500 to 3'800/SM/year, deals have resulted in rents over 7'500/SM/year. The recent opening of the Sihl City shopping center in proximity to the center of town has added some 41,000 SM of retail space to the market and is almost fully let.

Zurich At A Glance

Population	376,815 (2007) 1.68 million in greater Zurich region
Location	Northwest on the shores of Lake Zurich
GDP	\$300.9 billion (2007)
Inflation	2.9% (August 2008)
Unemployment	2.3%
Vacancy Rates	1-1.5% City Center, 4-5% Outer Areas and Airport
Conversion	1 CHF = 0.86 USD

Property	Rent/SF/Year Low	High
Downtown Office Class A	\$44.00	\$68.00
Suburban Office Class A	\$22.00	\$29.00
Industrial Bulk Warehouse	\$7.00	\$16.00
Retail (Prime)	\$241.00	\$578.00

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At A Glance

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