Snapshot

OFFICE MARKET
H1 2024

GENEVA | SWITZERLAND

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SEPTEMBER 2024

Overview

Letting

In H1 2024, the modernization of Geneva's office market has progressed, with the addition of around 13,000 sqm of new office space, notably featuring the Kyoto Tower as part of the Green Village project.

Although the supply of office space keeps growing, demand has stabilized after peaking in 2022. Even with a modest year-on-year rise in employment, this trend of stabilization remains evident.

For example, demand in the PAV district has begun to slow, as these office spaces have largely met the requirements of companies seeking a new environment.

Simultaneously, the modernisation of the CBD is catering to the needs of high value-added companies with a strong preference for the lakeside location, by offering premium office spaces. This has led to an increase in prime rents, reaching 980 CHF/sqm p.a.

Following a period of significant construction activity, Geneva's office vacancy rate has nonetheless decreased to 5.9 %.

The rising demand for smaller office spaces on the outskirts, coupled with the conversion of commercial properties in the city centre, has further accelerated overall market absorption.

Investment

In H1 2024, investment in Geneva's tertiary real estate sector increased by 37% compared to the same period in 2023, reaching a transaction volume of CHF 260 million.

Institutional investors remain cautious, as high interest rates and new energy regulations continue to drive value corrections.

Despite these challenges, the outlook is positive, with planned capital increases supporting the market's transformation. Dominant regional players stress the need fora strong local presence to meet Geneva's growing demand.

260 M
Transactions volume *in CHF*

4.92 M
Stock *in sqm*

5.9 %
Availability rate

3.0 %
Prime gross yield

Key indicators in H1 2024

Letting

Total stock	4,918,000 sqm GFA
change compared with 2023	+ 0.3 %
Availability rate	5.9 %
Prime rent	980 CHF/sqm p.a.
Pipeline *to 2026*	260,000 sqm GFA

Investment

Transactions volume H1 2024	CHF 260,020,145
change compared with H1 2023	+ 37.0 %
Transactions volume H1 2023	CHF 189,803,400
Transactions volume H2 2023	CHF 326,434,700
Prime gross yield	3.0%

Letting

In H1 2024, the modernization of Geneva's office market has progressed, with the addition of almost 13,000 sqm of new spaces.

A standout development is the Kyoto Tower, the centrepiece of the Green Village project on Route des Morillons, offering 12,000 sqm of office space, over 60% of which has already been pre-leased.

This project further cements the United Nations district as a hub for international diplomacy, while contributing to the evolving tertiary landscape on the outskirts of Geneva's downtown.

Renowned for their diverse offerings and high urban density, these developments symbolize the region's real estate transformation. The flexible spaces and wide range of services attract businesses, while offering more competitive rental rates compared to the CBD.

Although employment rose by 0.9% between Q4 2023 and Q1 2024, the market is showing signs of stabilization after a demand peak in 2022. Take-up of larger spaces over 500 sqm is slowing, as companies become more selective given the increasing range of options.

As an example, the Pont-Rouge business district in the PAV area is beginning to show signs of slowing down after a particularly strong performance in 2023. The new spaces on Geneva's outskirts seem to have largely satisfied the needs of major market players.

Meanwhile, financial and high-value-added institutions continue to prefer the shores of Geneva Lake. Ongoing transformations have led to a reduction in vacancy rates in this area, mirroring a similar trend across the canton.

At the same time, older office spaces in areas like Lancy/Onex, Carouge, and around Gare Cornavin and the Airport are attracting businesses seeking cost-effective solutions with good connectivity.

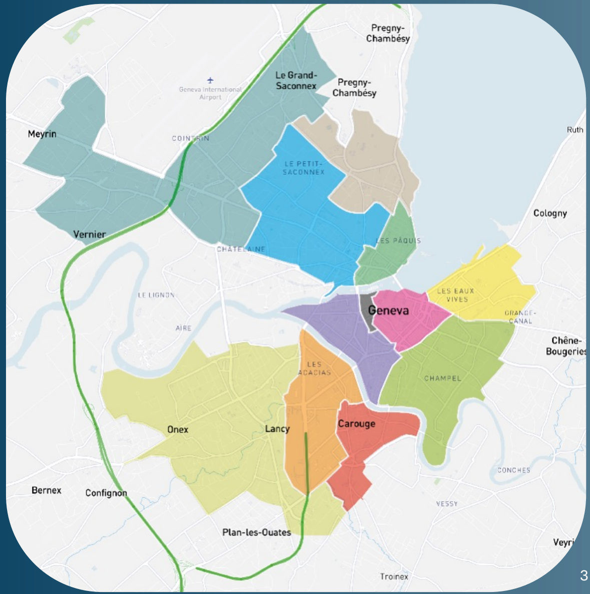
The overall increase in rents and the scarcity of available space in the city centre are driving demand for smaller, more modestly configured spaces in peripheral areas. A notable example is the ICC tower, where over 2,000 sqm were recently leased.

Market Outlook for 2024

	Left bank		Right bank	
Offer	CBD	↘	CBD	→
	City / PAV	→	City / UN	↗
	Periphery	→	Periphery	→
Demand	CBD	→	CBD	→
	City / PAV	→	City / UN	→
	Periphery	→	Periphery	→
Rent	CBD	↗	CBD	→
	City / PAV	→	City / UN	→
	Periphery	→	Periphery	→

Sectors indicators

	Rent *CHF/sqm p.a.*	Availability *% of stock*
CBD Left bank	650 *to* 980	1.5%
Banking district	550 *to* 700	1.5%
CBD Right bank	425 *to* 750	3.0%
Eaux-Vives	450 *to* 650	3.0%
Champel	400 *to* 525	2.5%
UN district	375 *to* 550	6.0%
Servette - Petit-Saconnex	300 *to* 400	4.5%
Plainpalais	350 *to* 550	3.5%
Carouge	250 *to* 500	2.5%
PAV (Praille-Acacias-Vernets)	300 *to* 540	5.5%
Lancy - Onex	250 *to* 375	6.5%
Airport - Vernier - Meyrin	250 *to* 450	15.5%



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Investment

The tertiary real estate investment market in Geneva experienced mixed performance during H1 2024. Total transactions volume increased, reaching CHF 260 million, compared to CHF 189.5 million during the same period in 2023.

This growth reflects a relative uptick in activity, driven primarily by two major deals: the acquisition of the building at Avenue Louis-Casaï 58 by SPSS AG for approximately CHF 61 million, and the purchase of the property at Rue de Hesse 18 / Rue Henriette et Jeanne-Rath 13 by PSP Real Estate AG for CHF 58 million.

However, despite the increase in overall transaction volumes, investors remain cautious due to ongoing market volatility.

The rise in real discount rates observed in 2023, driven by inflationary expectations and the new energy regulations, has led to a correction in valuations that may persist.

In this environment, market players have adopted a more cautious approach, slowing down certain commitments and applying greater scrutiny in assessing investment opportunities.

At the same time, some major players in Geneva's commercial real estate market have reduced their exposure to this segment or divested assets deemed high-risk. This shift is largely due to growing uncertainties and the rising costs associated with new regulatory demands, particularly in terms of sustainability and energy efficiency.

Despite these challenges, Geneva's office rental market has shown remarkable resilience, managing to maintain its balance amid the rise of remote work and a surge in construction activity.

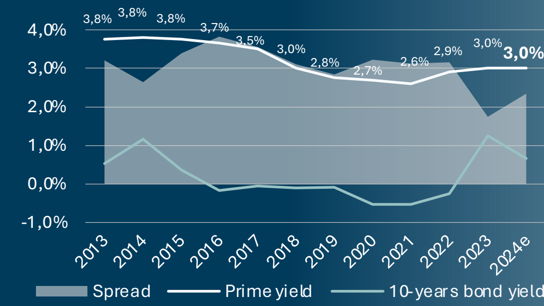
With capital increases of CHF 2.4 billion expected in 2024, a positive momentum is emerging. These funds will support a changing market, polarized between prime assets and those requiring significant investment, creating attractive opportunities.

Regional players and those with a local presence are now taking on a leading role in Geneva. While the commercial segment has an international reach, a strong local presence is becoming essential to meet the demands of a rapidly evolving market.

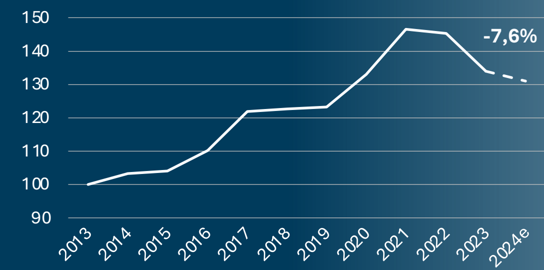
Top 5 largest transactions in H1 2024

	Address	Sector	Buyer	Seller	Price CHF	Price CHF/sqm
1	Avenue Louis-Casaï 58	Airport	Swiss Prime Site Solutions AG	Nelson Luxembourg P. D. SLP	60,851,315	8,087
2	Rue de Hesse 18 / rue H.-et-J.-Rath 13	Banking district	PSP Real Estate AG	Edmond de Rothschild SA	58,000,000	13,976
3	Rue des Maraîchers 8 (internal transfer)	Plainpalais	Rue Des Maraichers 8 SA	BEST Richard	42,105,000	12,030
4	Chemin Jean-Baptiste-Vandelle 3-3A	Versoix	Investis Properties SA	Interswiss Immobilien AG	35,454,830	7,004
5	Avenue Industrielle 4-6	PAV	Waveroc SA	Credit Suisse Funds AG	26,000,000	8,439

Estimated **Prime Gross Yield**



Median **Value Of Properties**



Status at 09.09.2024 (source: FAO)

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