

Zurich Office, Q4 2020

Few new deals despite dynamic market environment

MARKET SUMMARY Q4 2020

CITY OF ZURICH

217,000 sq m ↑
Availability

2.8% ↑
Availability rate

CHF 340/sq m p.a. ↓
Median asking rent

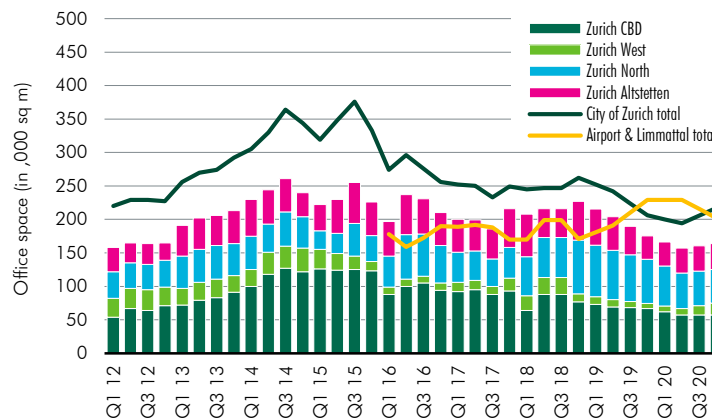
CHF 850/sq m p.a. →
Prime rent

158,000 m²
Developments by 2024

237,000 m²
Developments in the region by 2024*

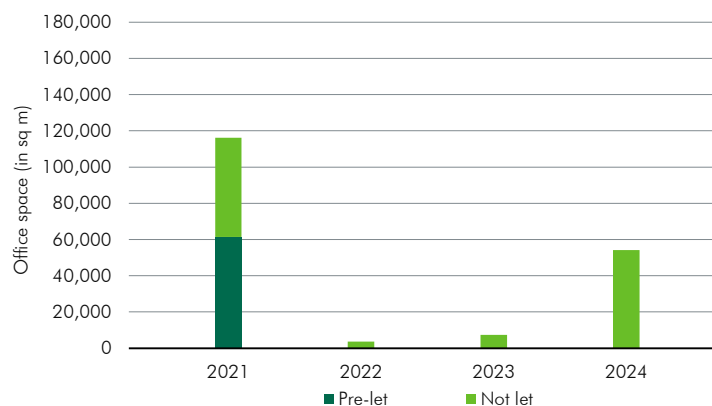
Trend compared to previous quarter
*Incl. city of Zurich, airport and Limmattal regions

Figure 1: Availability in the city of Zurich, airport and Limmattal regions



Source: CBRE Research, 2021

Figure 2: Pipeline in the city of Zurich, airport and Limmattal regions



Source: CBRE Research, 2021

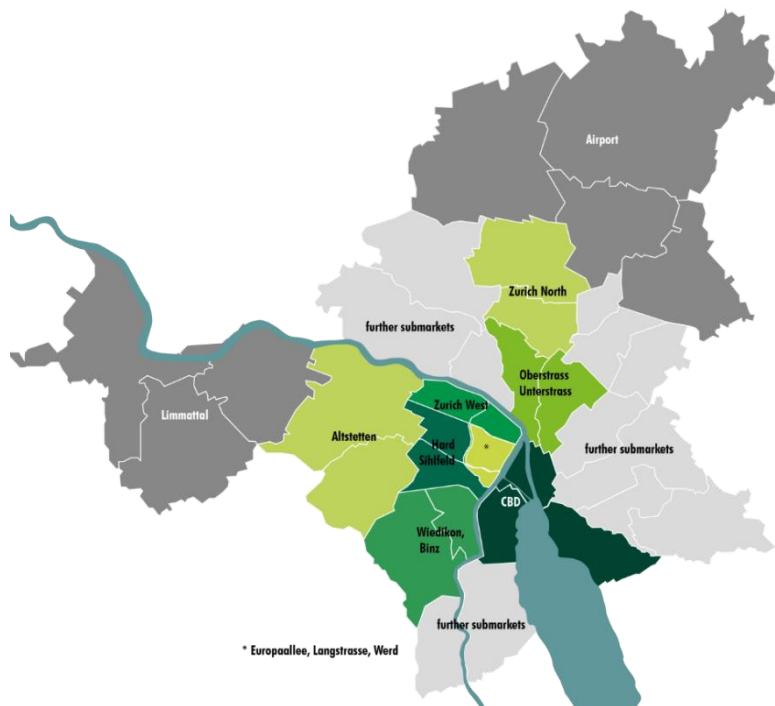
AVAILABILITY

The city of Zurich saw a minimal increase in office availability from 2.7% to 2.8% in the second half of 2020. The market structure thus remains extremely stable, and site searches have also risen measurably since the beginning of the year thanks to a catch-up effect or postponed decision-making processes. Nevertheless, a large number of companies are still uncertain about the future course of the economy and how telecommuting will be handled and would like to test the market first and foremost. Despite high market momentum, this has recently led to certain delays in the actual conclusion of new leases and has also hampered the absorption of office space. Demand is primarily driven by location and space optimization, with only individual sectors enjoying additional demand (e.g. ICT).

PIPELINE

Following the completion of individual large projects (e.g. The Circle), the number of new office buildings for the next few years will be significantly lower both in the city itself and in the Limmattal and airport region, which will have a stabilizing effect on the market. In addition to the individual new buildings, however, there will also be some repositioning or renovation of existing properties (not reflected in the chart). In the city center, this mainly relates to further bank buildings that are being abandoned due to the ongoing consolidation in the financial sector. ICT companies in particular are taking advantage of this situation and appropriating the best locations in the "war for talent". Outside the city, repositioning will be seen where high vacancy rates prevail and the offices hardly meet the requirements of demand.

Figure 3: Zurich submarkets



Source: CBRE Research, 2021

Methodology

The cutoff date for the availability and rent data was January 18th, 2021. Only rental space offering more than 50 sq m and available within three months were included in our statistics.

Figure 4: Office market key data

Submarkets	Availability (in sq m)	Availability rate (in %)	Range of asking rents* (in CHF/sq m p.a.)	Median asking rent (in CHF/sq m p.a.)
CBD	57,000	3,1	390-660	500
Zurich West	18,000	1,6	240-500	310
Alstetten	39,000	3,5	180-310	220
Zurich North	50,000	4,7	200-330	270
Wiedikon, Binz	10,000	1,7	210-320	270
Hard, Sihlfeld	3,000	1,5	230-330	280
Europaallee, Langstrasse, Werd	9,000	1,9	260-600	420
Oberstrass, Unterstrass	3,000	0,9	330-450	340
Further submarkets	28,000	2,9	200-460	290
City of Zurich total	217,000	2,8		340
Limmattal (Dietikon, Schlieren, Urdorf)	54,000	11,4	140-230	180
Airport (Kloten, Rümlang, Opfikon/Glattbrugg, Wallisellen)	148,000	15,0	150-310	210

*The range of asking prices excludes the highest and lowest 10% and may have been adapted according to the data quality.

Source: CBRE Research, 2021

FOR MORE DETAILED INFORMATION PLEASE CONTACT OUR EXPERTS

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