



Zürich Overview

- Considered as one of the world's premier global cities, Zürich is Switzerland's main commercial, cultural, financial, and economic center. The city, with a metropolitan population of about 1.3 million people, is the largest city in the country.
- Zürich, which regularly contributes \$160 billion to Switzerland's GDP, has a prosperous and stable modern market economy, and it also ranks as one of the cities with the highest quality of life in the world.
- Its major industries are comprised of banking, international finance, tourism, manufacturing of precision instruments for engineering, first-class watch making, and biological science research.
- Despite voting against a membership in the European Economic Area in December 1992, as well as opposing to join the European Union, Switzerland has since maintained and developed its relationships with the EU and European countries through bilateral trade agreements.
- As a leading financial center, Zürich has become home for many multinational companies, who are also attracted to the city's low tax rate and its world-renowned Swiss banking system.



Climate & Geography

- The city is situated on the northern tip of Lake Zürich and is surrounded by hills and mountains on its northern and eastern borders.
- Zürich's climate ranges from a low of 36 °F in the winter season to a high of 73 °F during the summer months
- Annual average rainfall per year is about 42 inches.

History

- The Swiss confederation was founded in 1291 and Zürich joined as the fifth member state in 1351.
- The city experienced an economic boom in the nineteenth century with the strengthening of its banking and domestic manufacturing industries.
- After World War II, the city emerged post-war to flourish and become the world's leading financial center.
- Today, Zürich is one of the most important markets for gold and precious metals.



Zürich is located on northeast Switzerland



Swiss Federal Institute of Technology

Labor Force & Education

- Switzerland's literacy rate is 99% and its unemployment rate is 2.7% as of 2007.
- Most Swiss speak at least one foreign language. They learn it beginning in elementary school, where English is also taught, along with the national languages German, French, Italian, and Rumantsch.
- Zürich's educational institutions have produced over 20 Nobel price winners and its universities have specialties in major scientific fields, law and economics.
- The Swiss Federal Institute of Technology, University of St.Gallen and the University of Zürich are ranked among the best universities in the world.
- As the major R&D site in Switzerland Zürich's expenditures per capita are among the worlds highest. Private research institutions have also regularly contributed to Zürich's growing scientific community.
- People in Switzerland work 1884 hours a year - more than anywhere else in Europe. The average number of hours in a workweek is 42, though the liberal labor laws allow more. A reduction to 36 hours was defeated by referendum a few years ago.



Zürich International Airport

Some Multinationals in Zürich

- | | |
|------------------|--------------------|
| • IBM | • Kraft Foods |
| • General Motors | • Pfizer |
| • Google | • UBS |
| • Microsoft | • Credit Suisse |
| • Dow Chemical | • Zurich Financial |

Economy & Incentives

- The greater Zürich economic area has a very low tax and income tax rate, which serves as an incentive for companies to relocate in Zürich.
- The possibility for firms to arrange a personalized tax agreement gives firms distinct tax advantages.
- Switzerland is also a member of the EFTA (European free trade association).The convention provides for the liberalization of the trade among the member states.
- The Swiss government has set up the Integration Office, which its job is to make sure Switzerland is not negatively affected by the fact that it has not been fully integrated within European Union.
- Switzerland has also donated more than a billion Euros to Eastern European nations, which shows the country's support, positive investment, and economic ties to the EU as a whole.
- Zürich is also the world's top financial center with premiere international banking facilities and great investment opportunities.

Transportation

- Zürich International Airport, located in Kloten, ten miles outside the city, is very accessible to business travelers and tourists alike. It provides direct connections to 189 destinations in 72 countries. The new state-of-the-art terminal completed in 2006 was built to accommodate the new Airbus A380. Emirates and Singapore Airlines were the first ones to fly the aircraft into Zürich.
- Zürich's S-Bahn commuter railway service is the city's principle transportation system, and it has become known for its frequency and punctuality.
- Buses, trams, and boats are also easily available for travelers within the central business district; no point is farther than 490 feet away from a public transport station.
- Zürich's City council is contemplating the introduction of Road Pricing as it is common in downtown London by 2009.

Real Estate Market Overview

- The annual vacancy rate has increased in Zürich, especially in the city center, as many tenants are optimizing their space due to lower rent levels and increase availability of quality office space outside the city.
- Prime rental values have increased and rental rates remained stable as of first quarter 2007.
- The high demand continued for office space in the CBD, Bahnhofstrasse, and Enge districts, which could lead to an increase in rental rates in these districts.
- At the same time many projects around the CBD are being completed which should keep rental rates especially for retail and offices stable in the periphery areas.

Office Market

- As of Q1 2007, Zürich has about 3,767,368 square feet of available new rentable office space in the city center.
- The Zürich West Joseph Heinrich mixed use development project, currently under construction, will introduce approximately 16,145 square feet of grade A office space by late 2007.
- The development of Switzerland's Prime Tower, which will be the country's tallest building, will have 376,736 square feet of office space available.
- Zürich Altstetten currently has the largest percent of total office stock. Buildings located within the district include Greenpark Letzi, a newly completed world class office building, and Luwa Areal, which offers 145,312 square feet of office space.
- As of March 2007, a new office, business, and residential area have been opened on the grounds of an old paper factory. SihlCity as it is known, as boasts more than 441,000 square feet of retail, 260,000 square feet of office and roughly 140,000 square feet of living and entertainment space.

Major Office Districts

- Bahnhofstrasse
- Zürich City Center
- Zürich-West
- Altstetten
- Zürich-North
- Enge

Office Rental Information (USD/Sq Ft/Month)

Grade A	High - Low	Vacancy
Zürich City Center	\$3.95 - \$5.50	4.7%
Zürich West	\$2.14 - \$3.24	6.1%
Zürich North	\$1.59 - \$2.22	9.4%
Zürich Altstetten	\$1.40 - \$2.09	12.3%



Bahnhofstrasse

Retail Market

- Zürich-West, the city's former industrial center, is now known as Zürich's central retail and commercial district.
- Bahnhofstrasse shopping boulevard is Zürich's most premier and exclusive commercial center, encompassing more than 3,973 feet of retail floor space. In fact, it is that exclusive and difficult to get retail floor space on Bahnhofstrasse that iPod manufacturer, Apple, is willing to pay \$38 per square foot or 6000 Swiss Francs per square meter per month for their flagship store.
- In Zürich-West the new soccer stadium will also include new commercial spacer, which will offer approximately 376,736 square feet of retail floor space.

Major Retail Zones

- Bahnhofstrasse
- Loewenplatz
- Glattzentrum
- Sihl City
- Altstadt

Retail Downtown Class A Rental Information (USD/Sq Ft/Month)

Vacancy Rate	High - Low
0.77%	\$2.51 - \$38.11



Zürich's Prime Tower

Industrial Market - Business Parks

- The business center Andreaspark, located in Zürich-North, has state-of-the-art technical facilities with efficient energy standards. It encompasses approximately 161,458 square feet of office space and has 13,454 square feet of rentable grade A office space.
- Balsberg Business Area, located next to Zürich Airport, is comprised of 3000 separate work places, occupying a floor space of 678,126 square feet. It is also conveniently linked to all forms of public transportation. The area is also has adjacent land reserves to give possibility for infrastructure expansion.
- Glattpark, located in Zürich-North, is a newly developed industrial park with 1,334,000 square feet of industrial space. It offers world class facilities and is in proximity of the Zürich Airport and other public transportation services.
- Media Campus, located in Zürich-West, is the leading center for the development and usage of Multi-media technology, production and services.

Business Park Rental Information (USD/Sq Ft/Month)

Zone	Average Rent
Balsberg Business Area	\$2.29
Andreaspark	\$2.22
Brandschenkestrasse	\$3.17
West Park Pringstweidstr	\$1.90
Swing Business Park	\$1.90
Juchstrasse	\$1.99
Zürichstrasse	\$1.96
General Guisan-Quai	\$3.26
Scharenmosstr	\$1.86

Industrial Market- Manufacturing

- Grenchen is the center of Swiss watch-making and micro-technology industries. It offers 2,152,782 square feet of fully equipped available land, targeted towards industrial and service activities.
- Oensingen is an industrial zone equipped for the logistics and services sector. It encompasses over 2,690,977 square feet of prime industrial space.
- Technopark is located in Zürich-West. It contains 43,055 square feet of rentable space and provides quality facilities for research and technology software manufacturing.
- On the grounds of the former Sulzer factory in Winterthur a new Technopark is projected to be built, enabling startups and small companies to build their businesses.



Loewenplatz

Major Industrial Zones

- Maag
- Escher-Wyss
- Lowenbrau
- Zürich-North
- Wiedikon
- Oerlikon
- Wallisellen
- Dübendorf

Manufacturing Rental Information (USD/Sq Ft/Month)

Zone	Average Rent
Technopark	\$1.48
Rautistrasse	\$1.14
Obstgartenstrasse	\$1.65
Silbernstrasse	\$1.55
Staffelstrasse	\$1.59

12 – Month Forecast

Office Market

- Rent and land prices are predicted to decrease by more than 1% as there is more office space available for expansion, especially in the Greater Zürich Area.
- Many development projects that started in 2006 are near completion, which will increase the supply in the office market.
- Expansion of office supply will be concentrated in the Zürich North and Zürich West regions, introducing more than 538,195 square feet of rentable office space by the end of 2007.
- Demand for office space will continue to grow despite high construction costs and rising market expenditures. In the long term, higher core non-occupancy is likely as more developments are concentrated less in city central locations.
- Corporate office development projects in the financial and services sector will continue throughout 2007.



Zürich by night

Retail market

- Retail rental rate is predicted to remain the same but new development projects could create an upward trend in rent prices by at least 1.5%.
- Development projects in the retail sector will increase the supply of commercial property and will likely increase vacancy in retail occupancy rate.
- Demand is expect to increase as supply for retail property continues to expand.
- The amount of retail floor space will increase as new shopping centers and more retailers enter the market, creating more competition for retail space.

Industrial Market

- The migration of logistics and warehousing companies will continue increase; as a result, former industrial sites in the city will be converted into business parks.
- Demand for industrial space is predicted to weaken, which could lead rental rates to decrease.
- The industrial market will not suffer from oversupply despite downward pressures on rental rates.

Short Term Outlook Rental Rates

Office	
Retail	
Industrial	

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