

REAL ESTATE

Property prices hold steady in ski resorts amid pandemic: Knight Frank

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The Knight Frank Ski Property Index tracks the movement in price of a 4-bedroom chalet across 19 Alps resorts. Image: Four Seasons

By ELLEN KELLEHER

The pandemic is encouraging skiers to seek refuge, where demand for property remains robust and the prices of mountain homes have climbed slightly, according to Knight Frank's 2020 Ski Property Index.

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The resilience of these markets has been tested in the crisis as wealthy Europeans and Americans flock to the French and Swiss Alps, as well as Colorado, to escape. A dearth of homes on the market now protects prices both in Europe and the United States, with a clutch of resorts seeing price growth, especially in France.

"Most resorts proved relatively resilient despite ski resorts across the French and Swiss Alps and Colorado closing in mid-March and missing out on the usually lucrative Easter holiday period," said Kate Everett-Allen, a partner in residential research at Knight Frank. "In the French and Swiss Alps, many nearby residents from Geneva, Lausanne and Montreux opted to move to their second home in the Alps during lockdown given they had more flexibility due to home working and remote schooling.

"The same was true in Colorado with residents from Texas, Florida, California and the East Coast relocating to their second homes in Aspen and surrounding resorts," she said.

Delving into details

The Knight Frank Ski Index tracks the movement in the price of a four-bedroom chalet across 19 Swiss and French mountain towns in the Alps recording the annual percentage change seen in its price as of the second quarter of 2020.

At a macro level, the Ski Index jumped by 1.2 percent in 2020 as COVID-19 failed to prevent mountain towns from almost matching the 1.4 percent increase seen last year.

This year, the French Alps are in vogue and the resort of Saint-Martin-de-Belleville tops the charts by reporting annual price growth of 3.4 percent.



The Knight Frank 2020 Ski Property Index. Image: Knight Frank

Ms. Everett-Allen says French resorts feature prominently in the top half of this year's Ski index as buyers are lured by the resorts' rental prospects and good liquidity.

Prices in French resorts are also being supported by a lack of new supply since building permits are difficult to obtain; this is resulting in a 5 to 10 percent premium being paid for new-build homes, according to Knight Frank's research.

French alpine towns Val d'Isère and Courchevel are also seeing price increases by 3.2 percent and 2.6 percent, respectively.

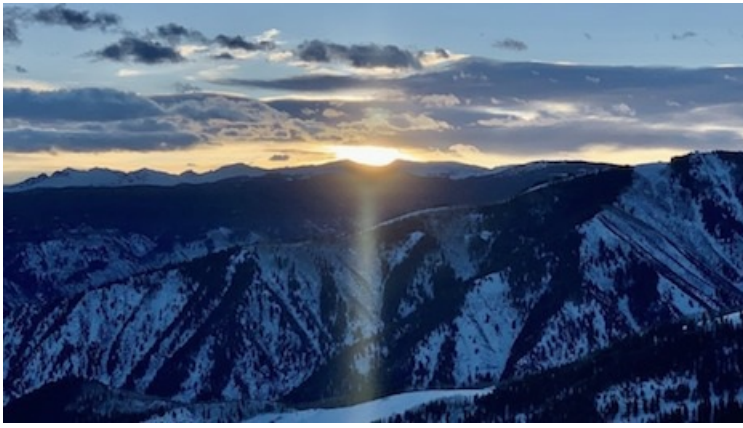
Turning to Switzerland, Verbier is the highest-ranking resort in 2020, with price growth of 2.9 percent. The town's draw are good schools, which has encouraged a number of Swiss and international buyers to base themselves in the Alps on a semi-permanent basis and upgrade their second homes.

France's ski market is more robust than Switzerland's currently as Swiss property prices are being affected by high levels of property stock plus the impact of Lex Weber, a law which puts a 20 percent cap on secondary residences in cantons.

However, Knight Frank's research suggests Swiss resorts like Crans-Montana, St. Moritz and Gstaad, which all saw price drops on the Index, are turning the corner and moving away from this period of deflation.

"In the Swiss Alps, it is a safe-haven currency, quality of life and good international schools that will drive demand from high net-worth individuals," said Ms. Everett-Allen.

Looking to the United States and Colorado, the popular resorts of Aspen, Snowmass, Vail and Telluride, all recorded sales increases over the summer. As in France, the Colorado market is hamstrung by a lack of inventory and new listings are down by as much as 50 percent in Aspen.



Aspen is perhaps the most upscale ski resort in the United States. Image credit: Sotheby's International Realty

However, in the first nine months of 2020, Aspen reported 464 sales, a figure which blew past the total of 418 seen in 2019.]

Indeed, by September of 2020, sales across Aspen and Snowmass had jumped to \$2.6 billion, a 36 percent climb from the previous year's total of \$1.9 billion, according to Knight Frank.

Looking ahead, Knight Frank expects a number of factors to play a critical role in influencing ski resort prices.

First, the implications of Brexit are important as U.K. buyers will now require visas to stay in the E.U. and will have to work harder to finance second homes in the Alps.

Currency movements also pose concern as they can diminish or inflate buying power for international purchasers. The pandemic is also likely to encourage developers in ski hotspots to adapt homes to cater to remote working.

Lastly, second homes are turning into 50/50 homes in these communities as people split their time more evenly between their primary residences and vacation villas.

Other trends

For major ski areas in the U.S., it has been a seller's market for luxury resorts for some time due to a significant lack of inventory, and Lake Tahoe in Nevada has been reaping the benefits ahead of others.

Incline Village, NV on Lake Tahoe saw the most significant median price rise with an increase of 16 percent among all the known ski areas in 2019 before the COVID-19 outbreak, according to data from Christie's International Real Estate.

Christie's also found that glamorous yurts are a rising trend seen in ski resorts for a true après ski experience. Amenities are increasingly becoming must-haves and more sophisticated, ushering in perks such as private chefs, boot dryers, heated drives to melt snow and remote work spaces ([see story](#)).

In some years, property market regulations and the strong franc have kept prices from growing in the resorts analyzed in Knight Frank's yearly Ski Property Index.

However, purchasing a ski home, instead of a home in a more mainstream market, is often a lifestyle choice for affluents, particularly in difficult times when second homes are seen as sanctuaries. More than a third of the world's ski resorts are located in the French and Swiss Alps ([see story](#)).

"The pandemic has shone a light on the health and wellness benefits of mountain living," said Ms. Everett-Allen.