

Alpine property | Zermatt and Cervinia offer the same ski terrain and Matterhorn vistas but at vastly different prices. By Hugo Cox

Either side of the Matterhorn – possibly the world's most impressive border post – Zermatt (Switzerland) and Cervinia (Italy) provide two very different alpine property prospects. The two resorts are joined at the hip, their two ski areas connected via a 4,000m-high pass over the Matterhorn glacier. The skiable area accessible from either base is set to expand further in 2019, when a new cable car connecting Zermatt with Italy's Alagna Val Sesia ski area is due to open. The combined terrain in Switzerland and Italy will span 500km of pistes, according to Federico Maquignat of Cervinia, the company responsible for operating the pistes and lifts on the Cervinia side.

This could mean more to Cervinia's market than Zermatt's. The latter's alpine and glacier may make its season among Europe's longest, but your typical Zermatt buyer is older, more affluent and more confident than their Italian counterpart, valuing the good life over a day packed with hair-raising black runs, according to David Spies, who runs the local office of Engel & Völkers. "I don't think anywhere else in Europe can you find the same number of quality restaurants in the mountains."



Five-bedroom duplex penthouse in Zermatt, SFr9.8m, through Cardis Immobilien Sotheby's International Realty



The Alps near Cervinia, Italy

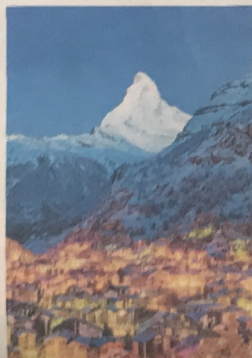
There are plenty more restaurants in the village itself, which is small, lively and car-free, meaning elegantly dressed residents are leered at in electric milk floats. All this comes at a price, as you would expect in Switzerland: average Zermatt prices are roughly \$1,052 per square foot, according to a June report by UBS, making it the Alps' eighth most expensive resort.

Unless you are a Swiss resident, this number is almost entirely academic, though. Switzerland's 2013 Lex Weber rule caps second-home building and a further local restriction forbids Swiss owners selling to non-Swiss (the coun-



try's Lex Koller rule also limits the size of homes that can be owned by non-Swiss). The result is that it is "virtually impossible" to find a home available for sale to an international buyer, says Jeremy Hollander, Savills' head of Alpine Homes. Flipping is out of the question: it is forbidden to sell a Zermatt home within five years of buying it unless you can prove due financial straits, he says.

Among the options available only to Swiss residents is a four-bedroom apartment just a short walk from the funicular railway station that connects Zermatt to Sunnegga, for sale with Sotheby's International for SFr9.55m



Zermatt and the Matterhorn

(\$5.76m). Big spenders might consider a sprawling five-bedroom duplex apartment nearby on Steinmattschleif for sale with the same agent for SFr7.8m. In both cases, the cost per square foot works out at just over \$2,000.

Brave the high winds at the Matterhorn glacier border crossing and over in Cervinia you will be rewarded with a considerable discount. Online agent The Viewing is selling a new four-bedroom chalet in the Residence Carrel in Frazzetta Auvil, on the edge of the village, for €1.595m – roughly \$770 per square foot. The price includes a spa and

Your typical Zermatt buyer is older, more affluent and more sedate than their Italian counterpart

a berth on the development's shuttle bus for the five-minute drive to the town's main lift. Like most Italian alpine new builds, the scheme is sold under the Italian Residence Turistico Algheriere (RTA) scheme, which requires owners to make their home available for rental when they are not using it.



Cervinia is no Zermatt. Many of its buildings date from the early 20th century and the centre of town includes a crop of uninspiring apartment blocks, lacking the chocolate-box feel of its Swiss neighbour.

However, Cervinia has long been popular with ski tourists from abroad, thanks to the reliable snow provided by the high altitude, the large ski area, low prices and the Italian food, says Gemma Bruce, who has been selling homes in Italy for more than a decade.

Cervinia – and the neighbouring village of Valtourneche, which con-

nects with the same ski area – is popular with enterprising international buyers, she says. They will either look for an apartment in a new development like Residence Carrel or for second-hand chalets. The latter typically require some work but come at knockdown prices, she says – around \$440 per sq ft in Cervinia and roughly half that in Valtourneche. In the past two years, she says, homes have been sold to Belgian, British, Dutch, Russian, South African and American buyers.

Switzerland's alpine property market has struggled in recent years. On



Four-bedroom chalet in Cervinia, €1.595m, for sale through The Viewing



Four-bedroom apartment in Zermatt, SFr5.75m, through Cardis Immobilien Sotheby's International Realty

average, prices in the country's leading alpine destinations are 5 per cent lower than they were in 2014; in the past year, they have fallen 5 per cent, according to UBS. Prices in the three priciest alpine resort destinations – St Moritz, Gstaad and Verbier, which are all in Switzerland – are all lower than they were in 2012.

Helped by the long season and reliable snow, Zermatt has escaped the worst of the latest price falls. Average prices for prime homes gained 0.4 per cent in the past year, according to UBS. Five-year growth has been well shy of spectacular, however, with

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Six out of 10 homes in Europe's priciest 20 alpine destinations are second homes, according to UBS.

Sales taxes on a €3m home in Zermatt are roughly 3 per cent. Typical agent fees, paid by the seller, are 3-5 per cent.

Taxes taken on a €3m home in Cervinia are roughly 10 per cent. The buyer and seller split 6 per cent of agent's fees.

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€850,000 New two-bedroom apartment with communal spa in Cervinia

€2m Two-bedroom apartment with balcony within walking distance of the base lift, Zermatt

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average prime homes down 0.8 per cent on average.

The main cause of Switzerland's ailing market has been "years of currency appreciation" which have caused domestic buyers to look for ski homes abroad, says Matthias Hölzle of UBS. On the currency shift alone, a holiday over the border in France or Italy is 44 per cent cheaper for Swiss skiers today than it was a decade ago.

To make matters worse, Switzerland's alpine second-home market is flooded. Paradoxically, this is a result of Lex Weber, the rule designed to limit them.

When the new law was announced, top-end housebuilders rushed to obtain planning permission for second homes before the rule came into force. "Typically, developers had three years from the time they were granted planning permission to start building," says Alex Koch de Gooreynd of Knight Frank's International Department. As a result, the past four years have seen a steady flow of new homes coming on and prices down.

Italy, by contrast, may be turning a corner. Cervinia is too small to collect reliable price data. But average prices in the country's two priciest resorts – Cortina d'Ampezzo and Courmayeur – gained 2 per cent in the past year, according to UBS (over three years, prices are down 7 per cent). With savings like that over Zermatt's property, there will be plenty left over for lunch in a fine Swiss mountain restaurant.