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MOUNTAIN LUXURY REAL ESTATE BY

Cimalpes

Courchevel | Megève | Méribel | Saint-Martin de Belleville | Val d'Isère



5 World-renowned
Resorts

The Sales
Market

The Rental
Market

Clientele

Rental
& Sales

10 Game-changing
Trends

MARKET ANALYSIS

2019

Courchevel



Megève



Méribel



High-End Real Estate in France:
The Resorts
Leading the Way

Val d'Isère



Saint-Martin de Belleville



Editorial

The outlook has rarely been so favourable in the 5 resorts at the forefront of the luxury mountain real estate market: Courchevel, Megève, Méribel, Saint-Martin de Belleville and Val d'Isère.

Reinforced by an extraordinary wave of corporate and private investment that has raised the quality of the real estate on offer to a very high level, the attractiveness of the French Alps to investors is a major economic asset and an important factor in France's leadership in tourism.

The high end real estate market is experiencing dynamic growth in both the sales and rental sectors. Prices and returns on investment are on an upwards trajectory and demand remains healthy.

As shown in the resort by resort data compiled by Cimalpes, currently the sole independent real estate network specialising in high end real estate, the current period may well represent a turning point, which will position the French Alps as a reference territory for the European ski industry and a major force in our economy.



Leader in high-end real estate



founded in 2003



70 employees



550 rental properties under management in 2019



400 sales mandates in 2019



Olivier BULLY
Co-founder
olivier.bully@cimalpes.com



Grégory FLON
Co-founder
gregory.flon@cimalpes.com



Benjamin BERGER
Managing Director
benjamin.berger@cimalpes.com



11 agencies



20000 holidaymakers per year



5 resorts
Courchevel, Megève, Méribel, Saint-Martin-de-Belleville, Val d'Isère

Five World-renowned resorts

Highly sought-after by French and international clients, the resorts of Courchevel, Megève, Méribel, St-Martin de Belleville and Val d'Isère are at the forefront of the today's mountain real estate market.

At the cutting edge of the European and global ski industry, the French Alps are home to a large number of resorts which vary widely in terms of size, style and reputation. The 5 resorts in which Cimalpes operates are distinguished by their unique attractiveness to investors, including some of the biggest players in global tourism. As such, these resorts act as barometers for the market as a whole, manifesting and anticipating trends and changes in the luxury mountain tourism sector.

MEGÈVE	26	37,968
★★★★★ 9 ★★★★★ 5 ★★★ 6 ★★ 6		
1h08	400 km	
€312 (Évasion Mt-Blanc)	18	
€25 million	1,050 – 2,350 m	

MÉRIBEL	18	38,068
★★★★★ 3 ★★★★★ 7 ★★★ 4 ★★ 1 NC 3		
1h59	600 km	
€312 (3 Vallées)	21	
€800,000	1,100 – 3,230 m	

ST-MARTIN DE BELLEVILLE	4	3,994
🌸 1 ★★★★★ 1 ★★★ 2		
1h20	600 km	
€312 (3 Vallées)	18	
€1,9 million	1,450 – 3,230 m	



- Number of hotels**
(★ classification, 🏰 Relais & Chateaux, 🏰 Palace)
- Travel time from airport**
- 1-week lift pass price**
- Amount invested in lift system**

- Number of beds**
- Total length of pistes**
- Length of season** (weeks)
- Altitude** (resort – top lift station)

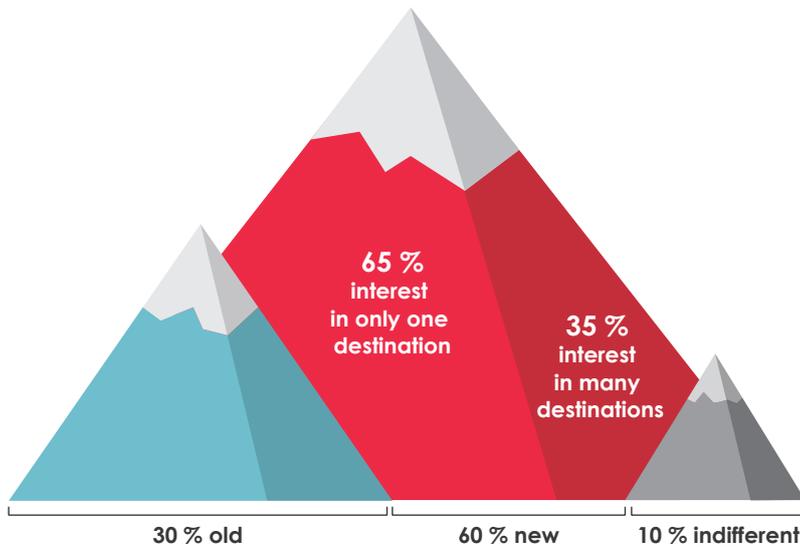


VAL D'ISÈRE	
25	24,894
★★★★★ 7 ★★★★★ 4 ★★★★★ 9 ★★ 3 NC 2	
2h44	152 km
€304 (Espace Killy)	21
€27 million (over 3 years)	1,850 – 3,456 m

COURCHEVEL	
45	36,604
🏰 5 ★★★★★ 14 ★★★★★ 11 ★★★★★ 8 ★★ 2 NC 7	
2h07	600 km
€312 (3 Vallées)	21
€13,5 million (2018)	1,100 – 3,230 m

The Sales Market

The demand for luxury real estate in the French Alps is currently at a high level. This is driving a continuous development and expansion of the properties on offer in this sector. After several seasons of strong growth, the trend is, however, towards pragmatism and market rationalisation.



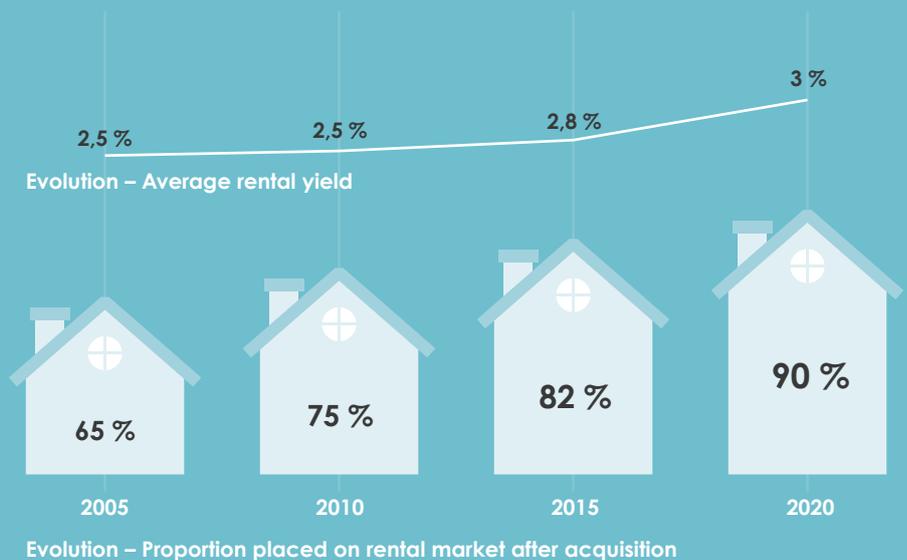
TYPE OF DEMAND

In the 5 resorts, private and institutional developers have invested heavily in recent years to renew the real estate stock. As a result, it is now possible market products which are better aligned with the expectations of prospective buyers in today's market. Properties are primarily designed according to "lifestyle" values, however, the specific requirements of the rental market are also important considerations in order to maximise profitability.

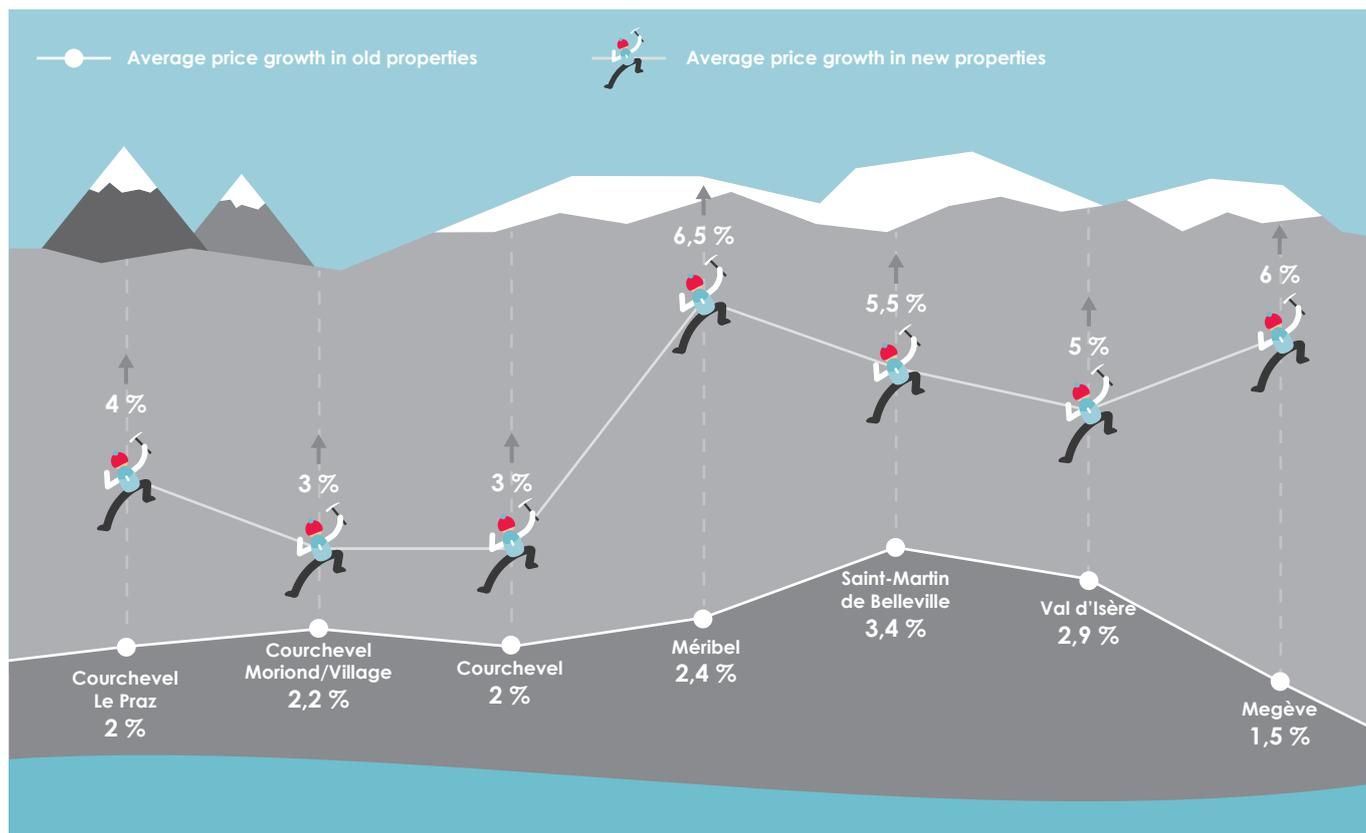
Focus

SALES AND RENTALS, TWO INCREASINGLY INTERLINKED MARKETS

Currently, 90% of acquisitions of both existing and newly built studios, apartments and chalets include a rental project. This increases overall occupant rates and also stimulates further investment by generating a pool of new buyers – many of whom have already stayed in the resort in which they eventually invest.



PRICE TRENDS IN LUXURY REAL ESTATE



« In Megève (...) by 2022, nearly 300 new homes will have been put on the market »

Depending on the resort, the market tempo and prices vary, but the trend everywhere is toward increased value.

Courchevel displays remarkable levels of activity for all categories of property, from unrenovated studios to high-end chalets worth more than 10 million euros. All of which are highly dynamic in spite of price variations. Every buyer looking to purchase in Courchevel can find a suitable property meeting their criteria.

The neighbouring resort of **Méribel** is similarly attractive thanks to numerous new projects delivering spacious properties well-aligned with current buyer demand. The price per m² can exceed 25,000 euros, a level previously seen only in Courchevel.

In a similar fashion to its' neighbours Courchevel and Méribel, **Saint-Martin de Belleville** is bolstered by the reputation of les 3 Vallées, the world's largest ski area. The resort is currently experiencing high levels of demand, with buyers attracted by the increasingly upmarket properties on offer in a resort which has retained its charm and authenticity. Prices, although rising, remain below those in neighbouring resorts.

In **Val d'Isère**, demand now exceeds supply with a higher transaction rate than elsewhere. With a large state-of-the-art ski area combined with a village that has retained its charm, Val d'Isère is clearly on an upward trajectory. The long ski season also maximises prospects for rental profitability.

The property market in **Megève** has historically been slower and steadier than those of the high altitude resorts, as the village's timeless charm tends to stabilise demand and prices over the long term. Nonetheless, things are changing in the resort of the Baroness de Rothschild, with nearly 300 new properties coming onto the market between now and 2022, and healthy demand which will rapidly absorb this new supply. This is also expected to stimulate the renovations sector and potentially, modest price increases for older properties.

The Rental Market

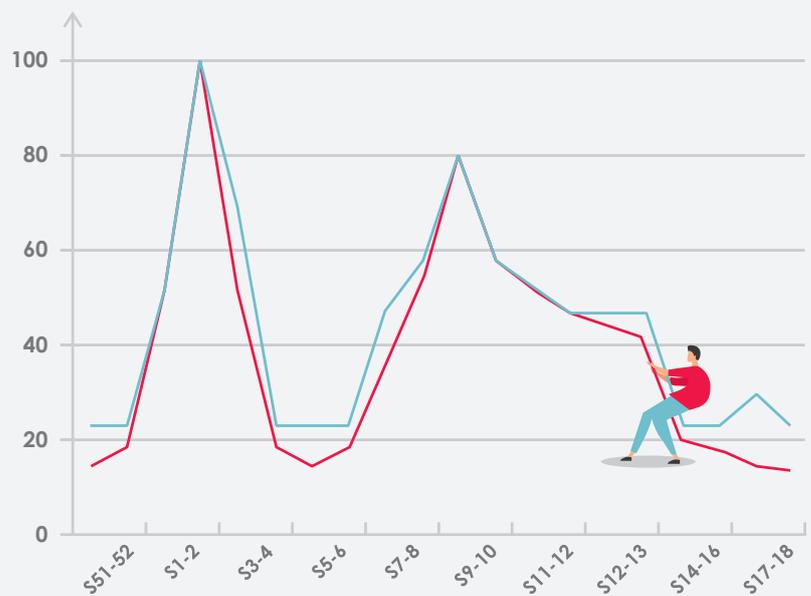
The vigorous rental sector is driven by demand linked to the prestige of the resorts, but also marked by significant price elasticity and fierce competition. The current market is characterised by pragmatism and a focus on yield.

In all the resorts, there is high price elasticity, with significant variation between high and low season periods, although this variation is extreme due to an increasingly international clientele.

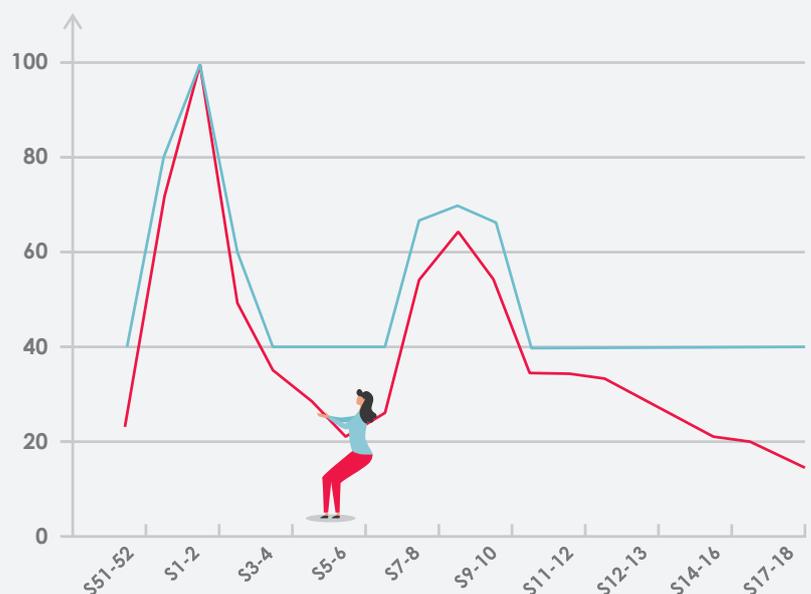
This elasticity is also influenced by a rationalisation in the market, which is driving increases in occupancy rates as well as demand related price variation at different times of the season. Agents and owners are recognising these developments and reacting accordingly.

— Price Index
— Elasticity Index

HIGH ALTITUDE RESORTS (MÉRIBEL, COURCHEVEL, VAL D'ISÈRE...)



VALLEY RESORTS (MEGÈVE, SAINT-MARTIN DE BELLEVILLE...)

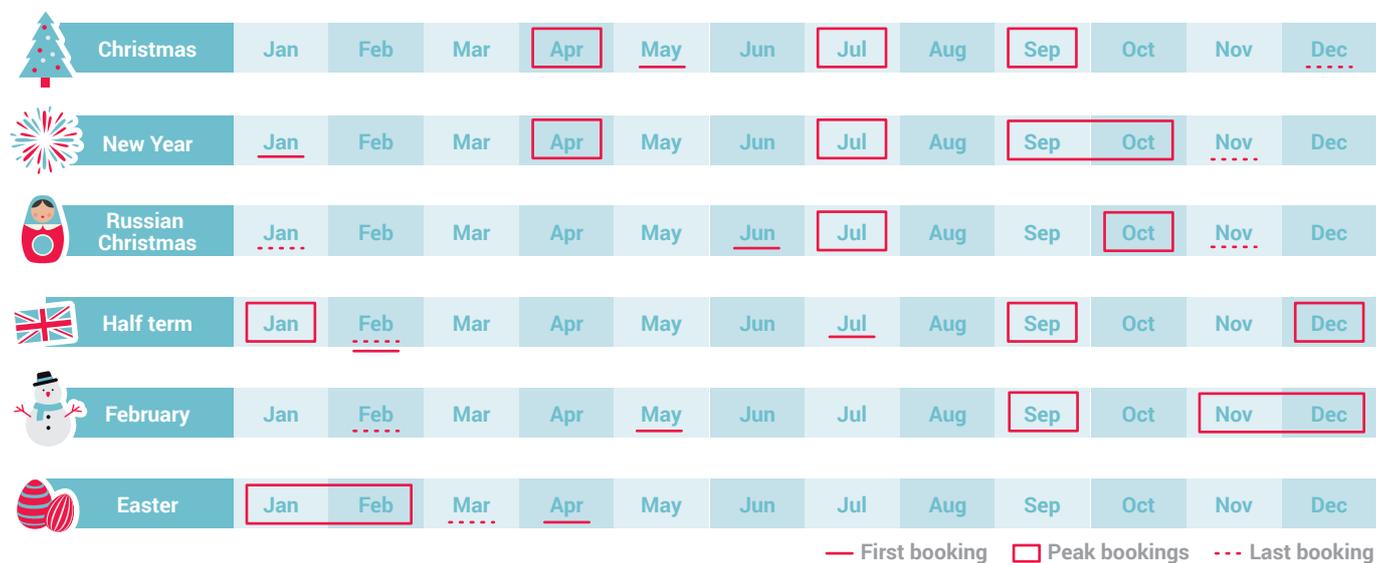


Reputation, quality on offer, exceptional ski areas, varied après-ski, length of season...

The 5 resorts each offer exceptional combinations of attributes which ensure their market leadership. Paradoxically, this is taking place against a background of rising competition driven by an increasingly “strategic”

clientele for whom price, facilities and service are more important factors when choosing a property than which resort it is in.

TRENDS IN SEASONAL RENTAL RESERVATIONS BY PERIOD



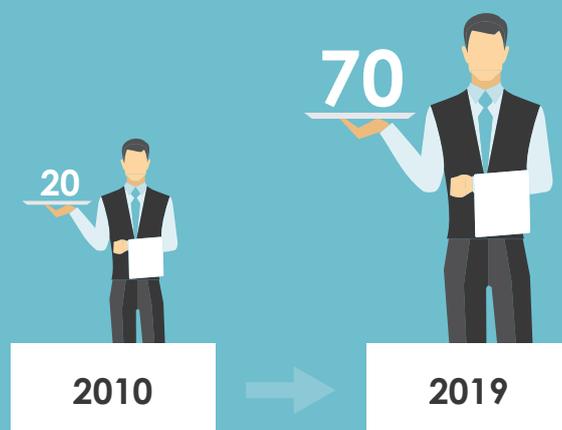
« Booking trends have changed in recent years. Nowadays, clients book from one year to the next and our rental sales department is busy throughout the year. »

Focus

LUXURY CHALET RENTALS: A HIGHLY DYNAMIC MARKET

In Courchevel, the number of high-end luxury chalets available to rent has increased from around 20 in 2010 to almost 70 at the start of the 2019-2020 winter season. Similar increases have been seen in all the major Alpine resorts, driven by high international demand and the development of high-end service offerings, often driven by specialised real estate agencies.

Faced with this challenge to their core business, the hotel sector has responded by investing in the construction of chalets and offering these with their own excellent services. This has resulted in a virtuous circle across the entire luxury rental sector that is driving the standard of services (butlers, catering etc.) and infrastructure (architecture, volume, facilities etc.) ever higher. Rental prices are increasing by between 1% and 3% depending on resort, property and period, but this is matched by similar increases in demand.



Number of luxury chalets for rent in Courchevel

Clientele

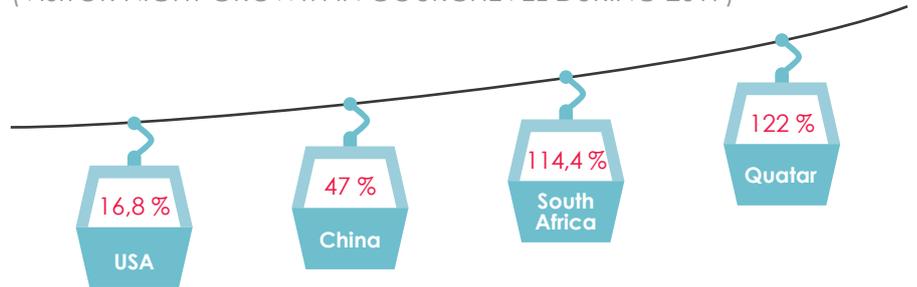
In these 5 internationally renowned resorts, the domestic market remains dominant. Whilst the top 5 nationalities are relatively stable, there is increasing diversification, with emerging markets such as Brazil, China, Southeast Asia and the Middle East levelling out the traditional seasonality associated with the European school holidays.

French, British, Belgian, Dutch and Russians make up the vast majority of the clientele, although Swiss, Scandinavian and GCC clients are a significant presence in some resorts.

In the short to medium term, the main target markets are, therefore, likely to evoke little despite political or geopolitical upheavals. Despite Brexit, for example, British buyers are still committed, perhaps simply delaying their investment but not cancelling it.

On the other hand, there has been little or no increase in the number of sellers, with British owners especially keen to retain Euro-based assets in a stable market. There is even investment demand from British nationals based in major financial centres outside Europe. In the long term, the nationalities which are entering the market in the wake of major hotel groups (Four Seasons, LHC, Marriot and LVMH) constitute a stock of potential buyers likely to further diversify target markets in future years.

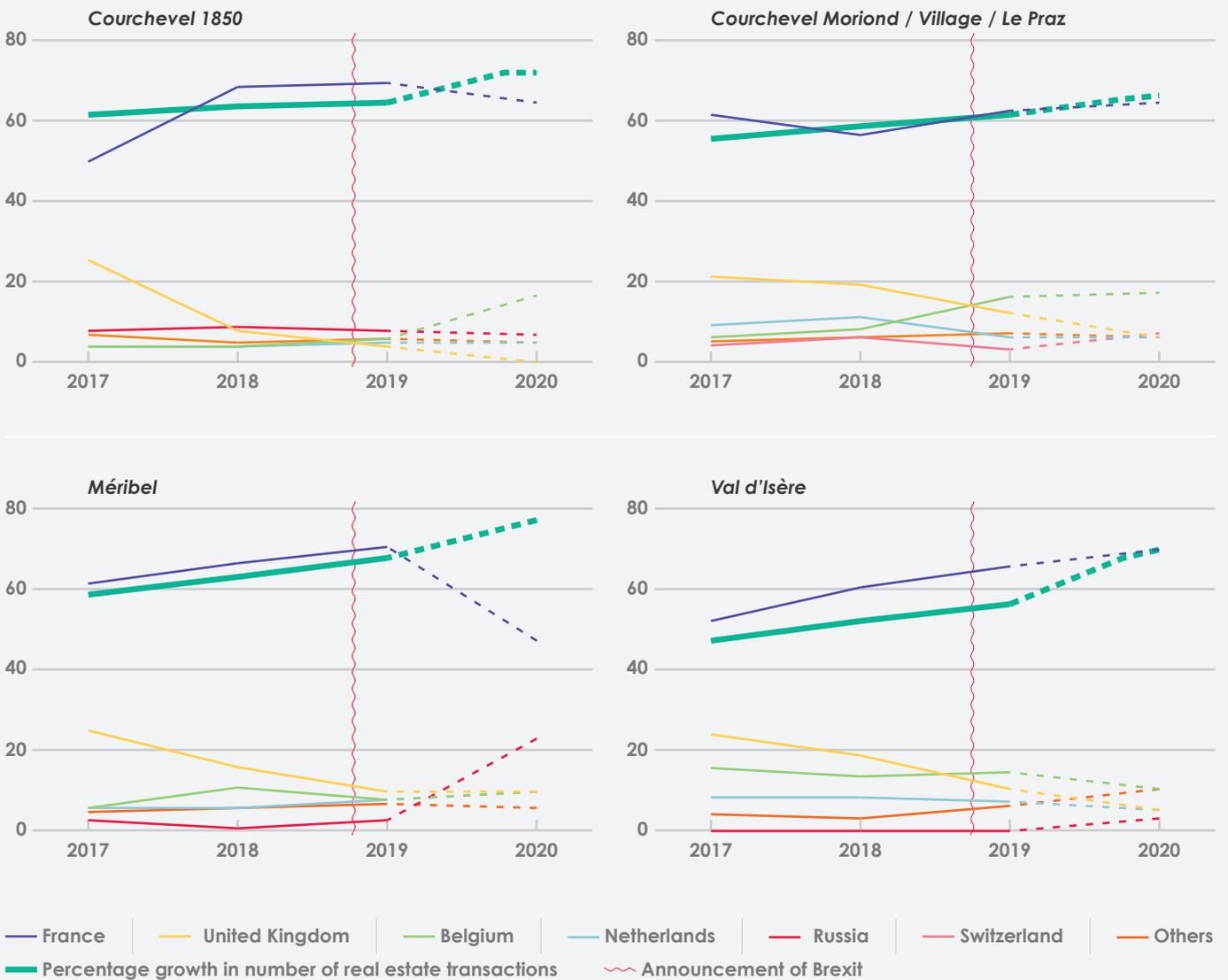
DEVELOPMENT IN EMERGING MARKETS (VISITOR NIGHT GROWTH IN COURCHEVEL DURING 2019)



MARKET SHARE BY NATIONALITY – REAL ESTATE RENTALS (SOURCE G2A)

	1	2	3	4	5	6	7	8	9
Courchevel Le Praz	UK	FR	RU	NL	BE	ES	US	CH	IT
Courchevel Village	FR	UK	BE	NL	RU	ES	CH	US	IT
Courchevel Moriond	FR	UK	BE	RU	CH	NL	ES	US	IT
Courchevel	FR	UK	RU	BE	US	US	ES	NL	IT
Méribel	UK	FR	RU	BE	NL	US	CH	ES	IT
Saint-Martin de Belleville	FR	UK	BE	NL	RU	ES	CH	US	IT
Val d'Isère	UK	FR	BE	RU	US	NL	CH	ES	IT
Megève	FR	CH	UK	NL	IT	RU	BE	US	ES

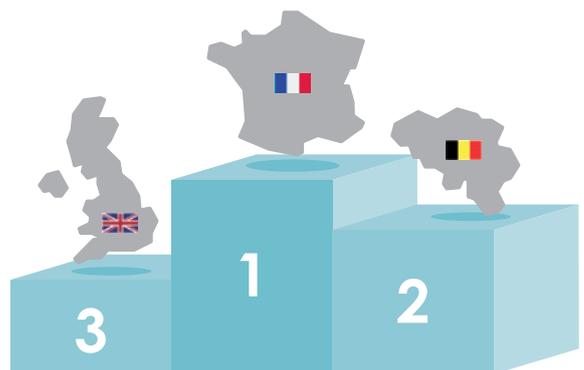
WHO BUYS IN OUR RESORTS? THE FRENCH ARE THE BIGGEST INVESTORS (IN %)



« In the short to medium term, the main target markets are likely to continue to develop despite political and geopolitical upheavals. »

Uncertainty surrounding Brexit has, inevitably, impacted the real estate market in quantitative terms. 90% of British buyers say they have delayed their purchase and will make final decisions based solely on taxation. The situation is expected to continue into 2020.

At the same time, France, Benelux, Switzerland and many other nationalities are taking up the slack and outperforming the British market in terms of demand.



Sales & rentals



RENTAL: PRICE PER WEEK BY RESORT AND PROPERTY TYPE

		CHRISTMAS	NEW YEAR	FEBRUARY	MARCH	APRIL
COURCHEVEL LE PRAZ	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€3,000	€4,800	€4,000	€2,700	€2,300
	High-End Apartment <i>(based on 3 bedrooms)</i>	€3,700	€4,300	€4,100	€3,150	€2,990
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€19,000	€27,000	€20,700	€14,700	€11,800
COURCHEVEL MORIOND / VILLAGE	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€3,400	€5,300	€4,200	€2,800	€2,200
	High-End Apartment <i>(based on 3 bedrooms)</i>	€3,500	€5,500	€4,400	€3,000	€2,400
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€24,000	€41,000	€26,500	€19,500	€16,500
COURCHEVEL	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€7,000	€11,650	€10,100	€5,300	€4,180
	High-End Apartment <i>(based on 3 bedrooms)</i>	€9,000	€12,200	€11,100	€7,100	€6,000
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€45,900	€87,900	€69,400	€40,900	€19,900
MÉRIBEL	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€2,938	€3,788	€3,260	€2,530	€2,190
	High-End Apartment <i>(based on 3 bedrooms)</i>	€6,700	€8,800	€7,300	€5,500	€4,700
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€22,500	€32,500	€27,100	€19,400	€16,400
MÉRIBEL VILLAGE & HAMEAUX	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€2,662	€3,480	€2,958	€1,923	€1,923
	High-End Apartment <i>(based on 3 bedrooms)</i>	€9,200	€15,400	€10,800	€7,800	€6,600
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€23,500	€39,800	€28,500	€20,400	€18,700
SAINT-MARTIN DE BELLEVILLE	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€3,670	€4,130	€3,670	€2,320	€1,570
	High-End Apartment <i>(based on 3 bedrooms)</i>	€4,500	€4,500	€4,500	€3,500	€2,800
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€24,000	€42,000	€30,000	€14,500	€14,500
VAL D'ISÈRE	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€4,000	€4,800	€4,800	€2,900	€2,400
	High-End Apartment <i>(based on 3 bedrooms)</i>	€9,300	€11,900	€9,300	€7,100	€4,450
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€18,500	€41,000	€26,000	€26,000	€22,000
MEGÈVE	Mid-Range Apartment <i>(based on 3 bedrooms)</i>	€3,200	€3,700	€3,450	€2,700	€2,300
	High-End Apartment <i>(based on 3 bedrooms)</i>	€5,850	€7,850	€6,800	€3,800	€3,200
	Chalet with Breakfast <i>(based on 5/6 bedrooms)</i>	€35,000	€87,700	€59,000	€35,000	€15,000

SALES: PRICE PER M² BY RESORT AND TYPE OF PROPERTY



			NEW		OLD			
					Renovated		Unrenovated	
			Average price range		Average price range		Average price range	
COURCHEVEL LE PRAZ	Apt. < 3 b.r.	Standard	€9,000	€11,000	€7,500	€11,000	€5,500	€7,000
		Premium	€11,000	€12,500	€8,500	€10,500	€8,200	€9,500
	Apt. > 3 b.r.	Standard	€9,000	€11,000	€7,500	€10,500	€5,500	€7,000
		Premium	€11,000	€13,500	€8,500	€10,500	€8,200	€9,500
	Chalet	Standard	€9,000	€12,000	€8,000	€10,500	€7,000	€8,800
		Premium	€11,500	€14,500	€9,000	€11,000	€8,000	€10,000
COURCHEVEL MORIOND / VILLAGE	Apt. < 3 b.r.	Standard	€10,000	€12,000	€7,000	€9,000	€6,000	€8,000
		Premium	€11,000	€13,000	€8,000	€10,500	€7,500	€9,500
	Apt. > 3 b.r.	Standard	€12,500	€15,000	€10,000	€12,000	€9,000	€11,000
		Premium	€14,000	€16,000	€12,000	€14,500	€10,000	€12,000
	Chalet	Standard	€15,000	€19,000	€9,500	€13,500	€8,500	€12,500
		Premium	€15,000	€20,000	€14,500	€18,800	€10,500	€14,500
COURCHEVEL	Apt. < 3 b.r.	Standard	NC	NC	€11,000	€13,000	€8,000	€10,000
		Premium	NC	NC	€12,000	€17,000	€9,000	€14,000
	Apt. > 3 b.r.	Standard	€15,000	€22,000	€14,000	€19,000	€10,000	€15,000
		Premium	€20,000	€30,000	€16,000	€21,000	€12,000	€17,000
	Chalet	Standard	€27,000	€35,000	€20,000	€25,000	€18,000	€23,000
		Premium	€30,000	€40,000	€25,000	€30,000	€20,000	€25,000
MÉRIBEL	Apt. < 3 b.r.	Standard	NC	NC	€9,000	€12,000	€6,000	€9,000
		Premium	NC	NC	€13,000	€16,000	€11,000	€14,000
	Apt. > 3 b.r.	Standard	€13,000	€16,000	€11,000	€14,000	€8,000	€11,000
		Premium	€16,000	€22,000	€15,000	€18,000	€11,000	€14,000
	Chalet	Standard	€13,000	€16,000	€12,000	€15,000	€9,000	€12,000
		Premium	€22,000	€28,000	€17,000	€20,000	€14,000	€17,000
SAINT-MARTIN DE BELLEVILLE	Apt. < 3 b.r.	Standard	€4,570	€6,120	€6,000	€7,700	€3,500	€6,000
		Premium	€10,420	€11,600	€8,500	€11,300	€5,000	€7,000
	Apt. > 3 b.r.	Standard	€7,500	€9,700	€4,000	€9,500	€5,600	€7,700
		Premium	€13,000	€15,500	€10,500	€13,175	€6,000	€8,000
	Chalet	Standard	€10,700	€14,000	€9,000	€11,600	€9,500	€11,100
		Premium	€14,000	€16,100	€10,800	€12,200	€9,170	€12,200
VAL D'ISÈRE	Apt. < 3 b.r.	Standard	NC	NC	€11,000	€14,000	€8,000	€11,000
		Premium	NC	NC	€15,000	€22,000	€12,000	€16,000
	Apt. > 3 b.r.	Standard	€17,000	€20,000	€13,000	€17,000	€9,000	€12,000
		Premium	€20,000	€30,000	€18,000	€24,000	€13,000	€18,000
	Chalet	Standard	€18,000	€20,000	€14,000	€17,000	€11,000	€13,000
		Premium	€20,000	€32,000	€18,000	€24,000	€14,000	€17,000
MEGÈVE	Apt. < 3 b.r.	Standard	€7,000	€9,000	€6,500	€8,500	€5,500	€7,000
		Premium	€9,000	€11,000	€8,000	€11,000	€7,000	€9,000
	Apt. > 3 b.r.	Standard	€7,500	€9,500	€6,000	€10,000	€6,000	€8,500
		Premium	€12,500	€16,000	€10,000	€14,000	€9,000	€12,000
	Chalet	Standard	€10,000	€13,000	€9,500	€11,500	€7,500	€10,000
		Premium	€15,000	€18,000	€13,500	€17,000	€10,000	€13,000

The 10 trends changing the game

1



Increasing multi-resort purchases

In 2019, 35% of sales brokered by Cimalpes were of properties located in a different resort from the one originally envisaged by the buyer. The reason for this is that investors are more concerned about the quality of a property, and characteristics of the ski area, than any attachment to a particular resort.



Rental yields are on the increase and allow property owners to cover expenses, fund their own vacations and generate a profit into the bargain. Following completion of a sale, nine out of ten properties are now being placed on the rental market. This trend is also being driven by leases in tourist residences reaching the end of their term.

2

The advent of the rental market



Ski areas are equipping themselves with artificial snow making technology, and aiming to be self-sufficient in water. In addition, they are diversifying their offers, especially important given that one third of luxury real estate customers do not ski, coming to the mountains instead to enjoy outdoor activities, shopping, culture, wellness, fine dining etc.

6

Adaptation to climate change



7

Sustained corporate and private investment

Most notably in the infrastructure of large ski areas (€13.5 million invested in Courchevel in 2018, €25 million in Megève in 2019) and improving the real estate stock thanks to an increase in the number of projects carried out by major hotel groups, entrepreneurs and even the government.



3

Consequences of digitalisation

The digital revolution has allowed new players such as Airbnb and Aritel to disrupt the rental market. It is now feasible for private owners to market their property themselves, and to do so remotely. As a result, products are now differentiated mostly in terms of reception and service.



4

Changing tastes

After rustic and ultra-contemporary, there is currently high demand for timeless properties which combine traditional construction materials, such as aged wood and stone, with modern design elements, facilities and equipment. People also want space – a large living room, open fireplace and at least three bedrooms are now prerequisites.



5

Emergence of year-round resorts

To attract property buyers, a resort must now offer at least two busy, dynamic seasons. The Summer season is now being actively developed, with resorts offering a wider choice of activities, ambitious cultural programs and favouring real estate projects which emphasise the outdoor lifestyle. Megeve is at the forefront of this trend and now advertises itself as a "four season" destination.



8

PLUs that free up projects

In recent years, several resorts have adopted new urban planning strategies (PLU, POS or CES) which, whilst preserving the character of the resorts, have facilitated new developments and renovations to satisfy the demands of the market.



10

VAT recovery on serviced rentals: an attractive tax incentive

The VAT, comprising 20% of the acquisition price, can effectively be reclaimed following purchase of a new build property which will subsequently be placed on the serviced rental market. This scheme has both stimulated investment levels and increased occupancy rates.



9

Favourable interest rates

In the mountains, the fall in interest rates to historically low levels has stimulated demand and increased market liquidity. The luxury real estate market is, therefore, benefitting from both more accessible financing and more attractive rental returns.



MOUNTAIN LUXURY REAL ESTATE BY

Cimalpes

Courchevel | Megève | Méribel | Saint-Martin de Belleville | Val d'Isère



HEAD OFFICE

519 chemin de la Cassine
73200 Albertville - France

Tél. +33 (0)4 79 89 88 98



CONTACT

CIMALPES

Marine Pige
Marketing & Communication Manager

Tel. +33 (0)6 99 90 03 82
marine.pige@cimalpes.com

www.cimalpes.ski

PRESS

Anaïs Requena
(Clair de Lune Agency)

Tel. +33 (0)4 72 07 31 95
anaïs.requena@clairdelune.fr

www.clairdelune.fr

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