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Peak to peak

By Haig Simonian
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Summer hiking around Engelberg

Ski-focused foreign-property buyers looking at Switzerland tend to complain about a hole in the middle. The west is dominated by big resorts, notably Verbier and Crans-Montana. To the east, Davos, Klosters and St Moritz call the shots.

Central Switzerland, by contrast, barely registers. True, the region includes the Bernese Oberland, the mountainous area first popularised for skiing by the British. But established ski villages such as Wengen and Grindelwald are already built up, pricey and offer limited further potential.

Now, matters may be changing. Three smallish resorts in central Switzerland around the pretty lakeside town of Lucerne want to link their modest ski-lift networks to create a real rival to the mega-resorts. Separately, but not completely coincidentally, local property developers have initiated apartment and hotel schemes overshadowing anything built in the region to date.

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"It's a project for a generation. It won't happen this year or next, but I'm confident it will within the next five to seven years," says Norbert Patt, chief executive of the lift company at Engelberg, one of the three resorts involved, about the planned link.

Neither Engelberg nor neighbouring Haslital and Melchsee-Frutt, the two other parties to the 200km-plus piste project, are exactly household names abroad. Engelberg, the best-established, is a pretty village about 45 minutes from Lucerne, known for its Benedictine monastery and cable car that reaches the Titlis glacier.

Engelberg's relative proximity to Zurich has made it popular with skiers from the city and excursionists from farther afield. Sometimes the two groups mix incongruously atop the Titlis lift, where unprepared Asian tourists experiencing their first snow mingle with better-clad local skiers.

Foreigners are rarer still in the Haslital and Melchsee-Frutt. The former is the collective name for a string of tiny villages above Meiringen, a small town near Interlaken best known to the British as site of the Reichenbach Falls, where Sherlock Holmes and Dr Moriarty clashed. The village even sports a Sherlock Holmes museum and statue to the fictional detective. "We're a mid-sized ski area with 60km of pistes, quite high, sunny and family-friendly", says Uli Hug of the local tourist office.



Melchsee-Frutt is unfamiliar even to most Swiss. A hamlet accessible only by ski lift in winter and by a narrow toll road in summer, its remoteness is its main selling point. In winter visitors come for snow- sure slopes and in summer, for pretty scenery and uncrowded hiking trails.

Now all three villages are about to see a transformation of their property markets. In Engelberg, Patt's company is building the Titlis Resort, a SFr95m (£61m) development of nine attractive blocks, within easy walking distance of the ski lift at the entrance to the village.

The complex will include 125 apartments and a hotel, all in smallish, four-storey chalet-style buildings allowing them to blend into their surroundings. Construction is due to start in spring or early summer, with completion scheduled for December 2012. Prices for the first three blocks range from SFr355,000 for a small ground floor studio to just over SFr1m for a three-bedroom 134 sq m flat.

In Wasserwendi, a village at the western end of the Haslital, South African developers are transforming a family hotel into the Wasserwendi Alpenresort & Spa, easily the most luxurious development around.

"We're using well-known local architects and interior designers to come up with quality finishes and fittings," says Marius Theron, one of the investors. Normally based in Stellenbosch, Theron and Johan Meyer, the two principal investors, work for Rémeý, a midsized builder and developer, and fell in love with Wasserwendi while holidaying there two years ago.



How Engelberg's Titlis Resort will look when completed

The SFr75m scheme will upgrade the hotel and add 28 apartments from studios to three-bedroom units. A further 12 flats will be built in four separate chalets, alongside two single family homes. Prices, to include furniture and furnishings, will range from SFr450,000 for a studio to SFr1.5m for a three-bedroom apartment in the hotel block. A three-bedroom chalet unit will cost SFr1.15m, rising to SFr2.75m for the two 226 sq m single family chalets. Melchsee-Frutt's SFr100m residential

development is more ambitious still – and differs from the two other projects in offering not just apartments, but individual hotel rooms, for sale. Rooms in the four-star Frutt Lodge & Spa, to open next winter, will cost between SFr259,000 and SFr493,000. Rooms will also be sold in the four-star Hotel Melchsee, a second four-star property to be built later.

Many estate agents are wary of the hotel room concept, warning the idea has been tried to mixed results in Switzerland. "Your investment is very much linked to the fortunes of the hotel," notes one, who asked not to be named.

But they are more enthusiastic about the apartments. An initial 16 units in the same building as the Lodge and Spa sold virtually off-plan and are now fully occupied, says Hanspeter Würmli, whose City Immobilien Management company is marketing the scheme. The second phase envisages 39 more flats in four buildings, linked in this case to the Hotel Melchsee. Prices have not been set but will be between SFr8,000 and SFr9,000 per sq m, with completion due in late 2013, he says.

For all the differences between Engelberg, Haslital and Melchsee-Frutt, all three projects bear remarkable similarities. All are anchored on hotels, offering apartment owners convenient dining and services as well as big and lavish spas.

Focusing on foreign buyers is their other common feature. To get around Switzerland's restrictions on sales of second homes to non-residents, the projects all use similar "sale and rental" formulas. Purchasers are obliged to sign a 20-year contract making their properties available for rent when unoccupied. To sweeten the pill, owners at both the Titlis Resort and Melchsee-Frutt will have a minimum 3 per cent return on their investment, guaranteed for three years at Engelberg and for five in Melchsee-Frutt. A similar scheme may apply at Wasserwendi.

Such arrangements are familiar in Austria. But as the concept is still quite new for the Swiss – and likely to meet some local resistance – the developers behind all three central Switzerland schemes have foreign buyers very much in their sights.

Haig Simonian is the FT's Switzerland correspondent

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