

## Expensive revival on the mountain

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*Emerging high above Lake Lucerne is one of Europe's largest hotel resorts. It's where Konrad Adenauer came to relax and where Audrey Hepburn got married.*

*By Johannes Ritter*

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Konrad Adenauer's first holiday trip as German Chancellor in the summer of 1950 took him to Switzerland. He spent a month on the Bürgenstock, a mountain by Lake Lucerne more than 1000 metres in altitude crowned by a spa and holiday resort. As a keen walker and mountain lover, he harboured a long-standing affection for Switzerland. Like Angela Merkel today, who continues to govern via smartphone and text message while on holiday, Adenauer took care of state business while enjoying the summer freshness on the Bürgenstock. He had a small office installed there, held discussions and even hosted Switzerland's Federal President of the day, Theodor Heuss.

In the 1950s and 60s the Bürgenstock was one of the most coveted addresses of the international jet set. The list of illustrious guests sampling the delights of the Grandhotel, Palace Hotel and Park-Hotel, all opened in 1873, is long. Hollywood grandees Audrey Hepburn and Mel Ferrer married in the little chapel on the Bürgenstock in 1954. Sophia Loren and her husband Carlo Ponti spent seven years residing in one of the chalets on the narrow kilometre-long saddle of the mountain, which falls steeply away to the lake in breathtaking fashion. The glamorous Italian couple, who regularly threw wild parties in an unrenovated timber storehouse, were there not only for the delightful views and sweet air, but principally for tax reasons. Canton Nidwalden was and remains amongst the cantons with the lowest tax rates.

The hotel complex – which could not offer skiing and thus had to close in winter – saw its star fade in the 1980s and 90s. It meant that the Frey family, which owned the Bürgenstock, did not have the wherewithal to modernise and refurbish the facilities. Due to the rising tide of debt, the resort fell into the hands of the UBS bank in 1996. For a number of years now, the land and its 30 or so buildings has belonged to the Emirate of Qatar's sovereign wealth fund, whose tourism portfolio in Switzerland also includes the prestigious Schweizerhof Hotel in Bern and Royal Savoy Hotel in Lausanne. On the Bürgenstock alone, the Arabs are investing more than half a billion Swiss francs in renovations and new construction; 400 million francs have already been spent. Boasting a surface area of 600 000 square metres, it is (alongside the investments in Andermatt by the Egyptian, Samih Sawiris) the largest hotel project in Switzerland and one of the largest in Europe.

Due to open in August next year, the facilities – offering 383 rooms in total – include a five-star and a four-star hotel, a hotel-cum-clinic and a guest house. In addition there are 68 "Grand Residence Suites". Anyone wishing to rent the Panorama Suite will have to dig deep into his pockets, even by

Swiss standards: the 500 square-metre penthouse will cost 20 000 francs a night. On the other hand, putting up in a Standard-category room in the new Bürgenstock Hotel will cost 600 francs in the low season. Or twice as much in the high season. Rooms in the painstakingly restored (de facto newly built) Palace Hotel, which will also host conferences and congresses, start at 420 francs. Monthly rents for the ten private villas clinging to the slope below the hotel complex and offering up to 820 square metres of floor space have not yet been determined. The managers are still mulling over the admission charges for the 10 000 square-metre spa facility, which will also be open to non-guests.

What is clear, though, is that the investors from the Gulf are dishing things up with a huge ladle. In these uncertain times, would it not have been wiser to tone things down a little for this revival on the mountain? No, says Bruno Schöpfer. The former head of Mövenpick is managing this major project – he is its brain and its soul. The concept makes sense only in the way all its various parts combine, he explains. The resort has to operate a year-round service if it is to have a chance of generating a return. This means that it needs attractions outside the peak summer season. Schöpfer is seeking to bring conferences and congresses to “his” mountain. He also wants to benefit from the growth in medical tourism. Under the slogan “Medical Wellness”, guests at the high-class Waldhotel will be convalescing from medical interventions, recovering from their burn-out or losing weight. In terms of Medical Wellness clients, Schöpfer foresees half coming from Switzerland (where there is a dearth of convalescence facilities) and half from abroad, in particular the Middle East, China, India and the USA. Due to the strength of the Swiss franc (“a nightmare for Swiss tourism”) he is now no longer banking on guests coming from Germany in any great number.

Despite the hefty prices, the Bürgenstock is not intended to become the reserve of the ultra rich of this world – quite the opposite. Commercial success will depend on ordinary day-trippers patronising the twelve restaurants and bars. Project manager Schöpfer is reckoning on 100 000 day-trippers annually. But won't the “real” hotel guests feel gawked at and ill-at-ease amongst the hordes of curious visitors? “Certain times at the spa will be reserved for guests and residents,” counters Schöpfer.

Christian Laesser, Professor of Tourism at the University of St. Gallen, thinks that the success of this mixed use depends very much on how visitor flows are managed. Price structuring could help in this regard. In terms of its medical wellness and conferencing offerings, Laesser warns that the Bürgenstock will meet stiff competition both at a national and an international level. Overall, there is no certainty of success. Essentially, though, the hotel project is in with a good chance of doing well, bearing in mind its glorious setting and unique history (“The Bürgenstock is an icon”). It has to be said that Laesser's definition of success is fairly unambitious: “In view of the low interest environment, the Arabs must surely instead be looking primarily at securing part of their assets in a politically stable setting.” There can be no quick return for the investors in this expensive project. It will take the project three years or more to start seeing returns from its operations. Until then, Schöpfer is targeting an average occupancy of 65 percent. This includes the hoped-for long-term tenants, attracted from abroad and other Swiss cantons by the low rates of taxation. Canton Nidwalden's wealth tax is considerably lower than, for instance, that of Bern, Basel or Zurich, says the Bürgenstock's Head of Sales, Steve Nikolov. Transferring one's residence to the Bürgenstock

could reap substantial tax advantages: “Persons with assets of one million francs would save 10 000 francs or more in tax every year by moving here. That would pay for some of the rent.”

The resort should have been ready in 2015. Stringent requirements by historic preservation and nature conservation agencies were responsible for a string of delays. “Everything takes a little longer in Switzerland,” says Schöpfer, referring to the 127 construction permits he had to obtain. The experienced hotel manager with many years of working abroad under his belt shakes his head at the bureaucracy in his homeland. What he finds most frustrating is the difficulty finding workers. To be able to offer a comprehensive service, Schöpfer needs 800 employees, including chefs from non-EU countries for the Japanese, Lebanese and Thai restaurants. The trouble is, because the Swiss government has lowered quotas for workers from non-EU countries, Schöpfer has thus far found himself banging his head against a brick wall when it comes to applications to the Migration Office. As for the majority of the other posts, he is having to recruit foreigners for lack of Swiss applicants. That is why Schöpfer is hoping against hope that incoming labour from the EU will not be cut, despite voters’ acceptance of the popular initiative “Against Mass Immigration”.

Following his initial stay in 1950, Konrad Adenauer returned to the Bürgenstock for two summers in a row, staying in a chalet later named after him. There is no point looking for the Adenauer house today; it was demolished at some point in the past. It is of little consequence to the Swiss. At the time, there was criticism of the German Chancellor’s presence in the Swiss Confederation. Under the headline “German Chancellor’s Office on the Bürgenstock”, a reader wrote to the Basel-based *Nationalzeitung* in August 1952: “How would it be if all the other European heads of state, such as Monsieur Pleven or Mister Churchill, wanted to conduct their affairs of state in Switzerland during their holidays, or even if Tsar Stalin sought to prosecute his Cold War while on holiday on the Jungfrau?”

((Main picture)) Large and close to the edge: Historic Bürgenstock Resort in the morning light

((Small picture)) Audrey Hepburn’s wedding