

Mortgage Radar

Your monthly guide for residential and investment property financing

“The abolition of the imputed rental value goes hand in hand with a fundamental change in the tax treatment of debt interest. This creates a structural disadvantage that must be assessed from both a legal and a tax perspective at an early stage.”

Dr. iur. Aurelia Frick, Strategic Advisor, Branch Manager Buchs SG

Long-term interest rates remain volatile

We expect the Swiss National Bank (SNB) to keep its policy rate unchanged at 0.00% at its upcoming meeting in March. The recently very low domestic inflation and ongoing geopolitical uncertainties are unlikely to provide sufficient reason for further monetary easing from the SNB’s perspective at this time.

In the short term, the policy rate is therefore expected to remain stable. Following a period of heightened volatility, long-term interest rates are likely to return to their broader downward trend.

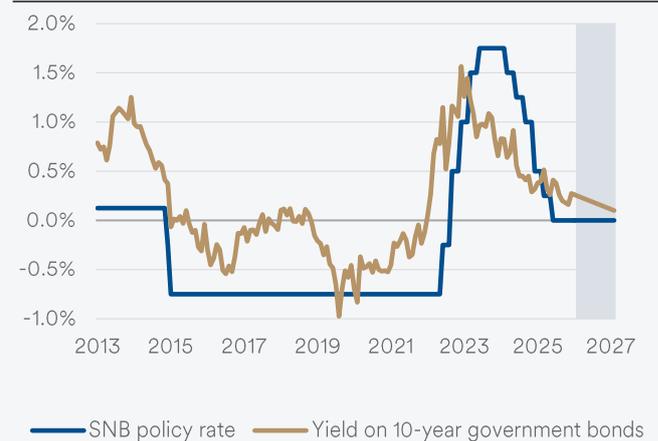
Mortgage rates and home financing

Interest rates for fixed-rate mortgages have remained largely unchanged compared to the previous month. At present, ten-year mortgages can be arranged at rates between 1.60% and 2.00%, depending on the provider. SARON-based mortgages remain the most cost-effective option, with rates around 0.90% to 1.20%, while fixed-rate mortgages with terms of two to five years currently range from 1.20% to 1.45%.

Banks and comparison platforms publish guideline rates, also known as “indicative rates” for mortgages, and provide affordability calculators. These figures offer useful guidance for owner-occupied residential properties. **The situation is quite different for financing rental properties: stricter requirements apply, credit margins are higher, and the bank’s internal valuation can deviate significantly from the purchase price.** To avoid unfavorable credit decisions, working with a broker who understands the lending criteria of individual banks can be crucial for successfully financing an investment property.

Interest rate for 10-year bonds continues its trend

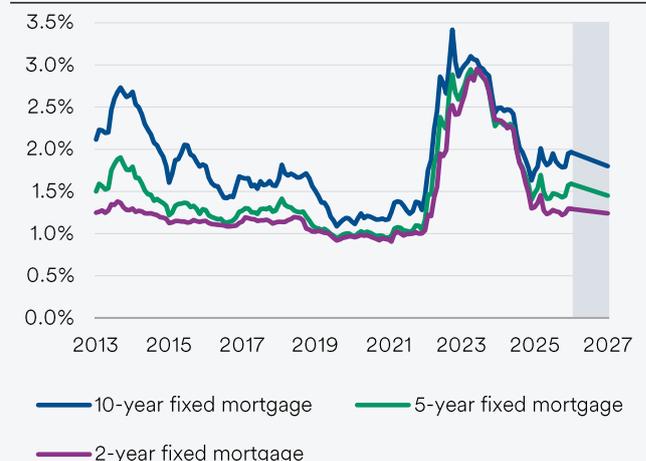
Key Swiss interest rates and forecast



Source: SNB, smzh ag.

Fixed rates unchanged versus the prior month

Interest rates for fixed-rate mortgages and forecast



Source: smzh ag. Average values based on indicative rates.

New debt interest deduction rules for privately owned rental properties as of tax year 2028

On September 28, 2025, Swiss voters approved a change in the taxation system for residential property, abolishing the imputed rental value for owner-occupied homes. Less attention has been paid to the fact that this reform also introduces new rules regarding the deductibility of debt interest, which will significantly restrict the ability to deduct interest payments on investment properties held in private ownership. In the future, debt interest can only be deducted proportionally, based on the ratio of rental properties to total taxable assets.

For example, if an individual owns a multi-family property worth CHF 2.5 million and holds additional assets (such as an owner-occupied property, securities, bank balances, etc.) of equal value, starting in tax year 2028, they will be able to deduct only 50 percent of debt interest expenses for tax purposes. This reduces net returns and increases the effective tax burden. Legal entities are not subject to these restrictions, further increasing the tax asymmetry between private and corporate ownership.

Transition to corporate structures provides a tax-optimized strategic option

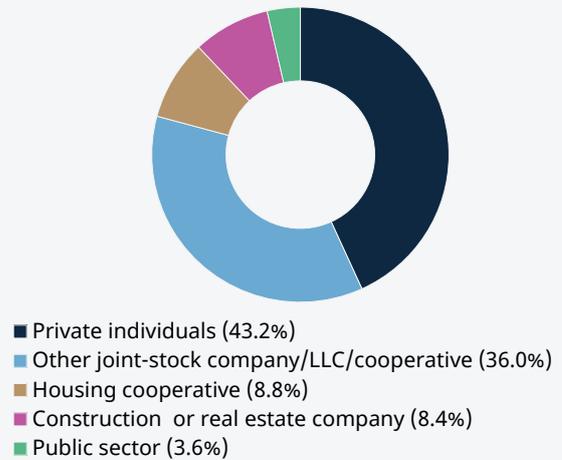
Approximately 43 percent of rental apartments are privately owned and therefore directly affected by the new regulations. Transferring investment properties into corporate structures is strategically relevant, as it not only allows for full debt interest deduction but also offers additional tax planning opportunities.

For example, in cantons with a dualistic system, the sales profit from a property held by a legal entity may be subject to standard corporate income tax rather than real estate capital gains tax, which can result in a lower tax burden for properties with short holding periods. Additionally, direct transfers of property typically incur property transfer taxes and fees; these can often be avoided in share deals, where the transfer involves company shares rather than the property itself. In monistic cantons, a share deal can also allow the seller to implicitly pass on the reduced real estate capital gains tax associated with longer holding periods to the buyer, potentially influencing price negotiations.

In practice, these are complex issues that require professional assessment. **When structured correctly, taxes are a central driver of returns in real estate investment. As tax structuring decisions have long-term consequences, early collaboration with experts is essential. At smzh, we support you with these matters.**

43% of rental apartments are privately owned

Types of ownership of rental apartments



Source: Federal Statistical Office, smzh ag.

Capital gains are taxed differently

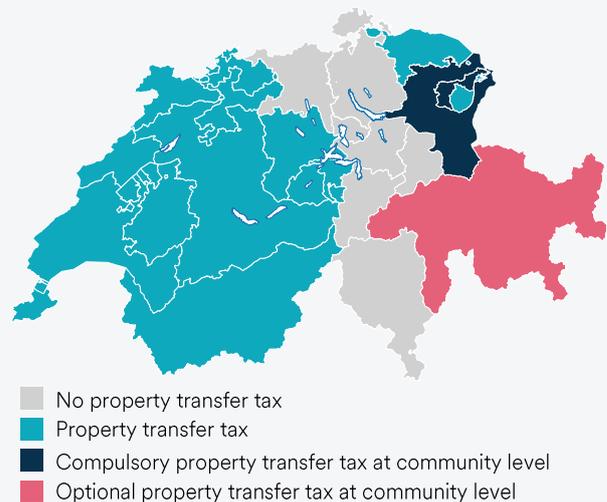
Monistic vs. dualistic system by canton



Note: In a monistic tax system, real estate capital gains are subject to tax that decreases the longer the holding period is. In a dualistic system, such gains are subject to ordinary corporate profit tax.
Source: Federal Tax Administration, taxation of property gains, smzh ag.

Property transfers are subject to cantonal rules

Handling of property transfer tax by canton



Note: In FR, VD and VS, communities may levy a fee on top of property transfer tax: up to 100% in FR, up to 50% in VD and VS.
Source: Federal Tax Administration, property transfer tax, smzh ag.

Do you have any questions about real estate or mortgages? Contact our experts



Rafael Szucs
Head of Key Clients &
Corporates
+41 43 355 12 71
szucs@smzh.ch



Burak Er
Head of Research &
Advisory Solutions
+41 43 355 12 88
be@smzh.ch

You might also be interested in



Investment Outlook 2026



Outlook Real Estate Market
Q1 2026



Outlook Monetary Policy

About us

smzh ag is an independent financial services provider, offering holistic, transparent, and sustainable advice to clients in the areas of finance & investments, pension & insurance, mortgages & real estate, as well as tax & legal.

Visit us online or in

Arosa • Aarau • Baden • Basel • Bern • Buchs SG • Chur • Frauenfeld • Lucerne • Pfäffikon SZ • St. Gallen • Sursee • Zurich



smzh ag
Tödistrasse 53, CH-8002 Zurich
+41 43 355 44 55
contact@smzh.ch
www.smzh.ch

Disclaimer

This publication constitutes marketing material and is not the result of independent financial analysis. Therefore, it is not subject to the legal requirements regarding the independence of financial analysis. The information and opinions contained in this publication were produced by smzh ag at the time of writing and are subject to change without notice. This publication is for informational purposes only and does not constitute an offer or solicitation by smzh ag or on its behalf to make an investment. The statements and comments reflect the current views of the authors but may differ from the opinions of other entities within smzh ag or other third parties. The services and/or products mentioned in this publication may not be suitable for all recipients and may not be available in all countries. Clients of smzh ag are advised to contact the local unit of smzh ag if they wish to obtain information about the services and/or products offered in the respective country. This publication has been prepared without regard to the objectives, financial situation, or needs of any particular investor. Before entering into any transaction, an investor should consider whether it is suitable for their personal circumstances and objectives. The information contained in this publication does not constitute investment, legal, accounting, or tax advice, nor does it represent a guarantee that an investment or investment strategy is suitable or appropriate for an investor's specific circumstances; it is also not a personal recommendation for any particular investor. smzh ag recommends that all investors seek independent professional advice regarding the respective financial risks as well as the legal, regulatory, credit, tax, and accounting consequences. Past performance of an investment is not a reliable indicator of its future performance. Performance forecasts are not a reliable indicator of future results. The investor may incur losses. Although the information and data contained in this publication are obtained from sources believed to be reliable, no representation is made as to their accuracy or completeness. smzh ag, its subsidiaries, and affiliates disclaim any liability for losses resulting from the use of this publication. This publication may only be distributed in countries where its distribution is legally permitted. The information contained herein is not intended for persons from jurisdictions that prohibit such publications (due to the nationality of the person, their residence, or other reasons).

© 2026 smzh ag.