

Mortgage Radar

Your monthly guide for residential and investment property financing

“We often find that clients begin planning their own home based on incorrect assumptions, only to discover in talks with their bank that financing is not possible. It is all the more rewarding when we are able to correctly assess their situation and structure the financing with the right bank, thus enabling them to achieve their dream of homeownership after all.”

Rafael Szucs, Head Key Clients & Corporates

SNB likely to leave policy rate at 0.00% in March

On March 19, the Swiss National Bank (SNB) will conduct its first monetary policy assessment for 2026. Since the last meeting, the Swiss franc has continued to appreciate, and inflation remains close to zero. Nevertheless, the SNB is unlikely to see any reason to return to negative interest rates at this time. **In the short term, the key rate is expected to remain stable at 0.00%. Long-term interest rates have slightly decreased and are expected to continue their broader downward trend.**

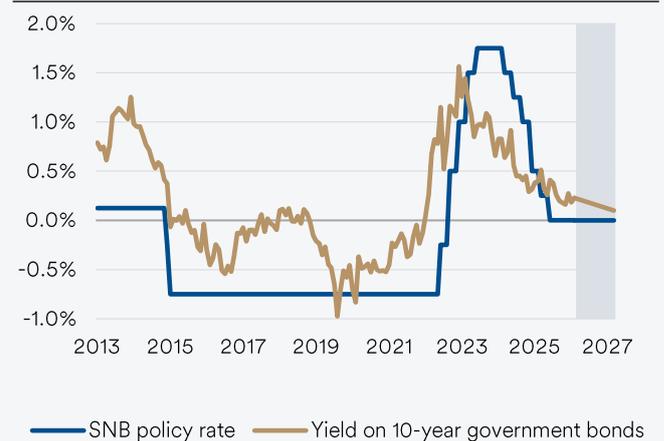
Mortgage rates and home financing

Interest rates for fixed-rate mortgages are somewhat lower than last month. Currently, ten-year fixed-rate mortgages can be obtained at rates between 1.55% and 1.90%, depending on the provider. SARON mortgages continue to be the most cost-effective option, with rates ranging from around 0.90% to 1.20%. Fixed-rate mortgages with terms of two to five years are currently available at rates between 1.15% and 1.40%.

Fixed-rate mortgages remain attractive and currently offer a good opportunity to lock in interest costs for the long term and reduce interest rate risk. The choice between a fixed-rate mortgage and a SARON mortgage is less a matter of objectivity and more about personal preference. Historically, SARON mortgages have usually been less expensive over longer periods than fixed-rate mortgages. At the same time, uncertainties due to geopolitical and economic developments may increase concerns about rising rates. For those who value on planning reliability, a fixed-rate mortgage is often the better choice. **As we like to say: “SARON for your wallet, fixed-rate mortgage for your peace of mind.” If you have received an offer and are unsure about the best term or product, we are happy to assist you with your decision-making process.**

Interest rate for 10-year bonds continues its trend

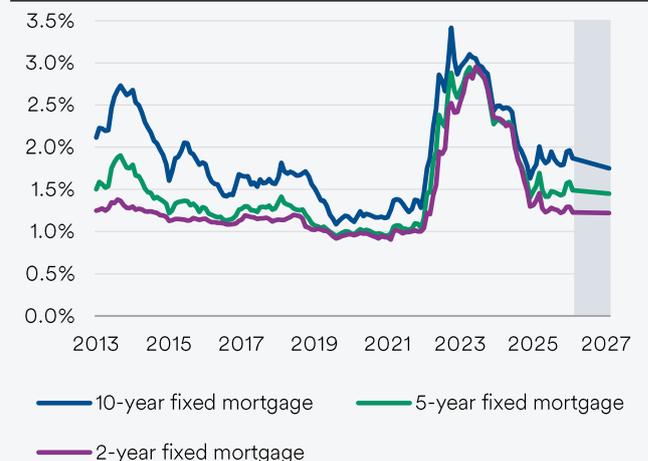
Key Swiss interest rates and forecast



Source: SNB, smzh ag.

Fixed rates remain attractive

Interest rates for fixed-rate mortgages and forecast



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

Many underestimate the required funds when buying a home

Those who assume the bank will finance 80% of a property’s purchase price and that covering the remaining 20% with their own funds will suffice often underestimate the required capital, encountering unexpected surprises when speaking with the bank. In practice, the actual requirements are frequently significantly higher than anticipated.

Ancillary costs are often overlooked

Besides the purchase price, there are ancillary costs – varying by canton – that are typically not financed by banks. For example, when buying a single-family home in the canton of Lucerne at a purchase price of CHF 1,250,000, you need to plan not only for the required 20% in own funds (CHF 250,000), but also approximately 1.75%, or CHF 21,875, for property transfer taxes and notary fees. **These costs must be fully paid using your own funds.**

Own funds are often miscalculated

At least 10% of the purchase price must come from hard own funds for bank financing. These include liquid assets, securities, and savings from pillar 3a. The remaining share can be financed by withdrawing pension fund assets. Capital withdrawals from both pension pillars are taxable, which is often underestimated in planning. In the Lucerne example, withdrawing CHF 40,000 from pillar 3a and CHF 125,000 from the pension fund results in a roughly 3.75% tax on withdrawals. **For a total withdrawal of CHF 162,500, this amounts to a tax burden of around CHF 6,430, which also needs to be paid using own funds.**

Affordability is often the main exclusion criterion

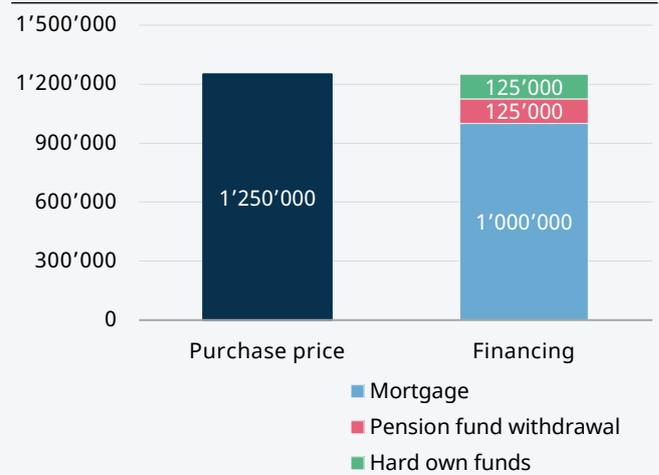
In practice, most financing applications fail due to affordability. Banks use conservative calculations, far above current mortgage rates. For 80% financing on a purchase price of CHF 1,250,000, standard affordability rules require a gross household income of around CHF 220,000. **Those who do not meet this income requirement must contribute more own funds.**

What is the actual own funds requirement?

The familiar 20% rule offers only rough guidance and rarely reflects the actual financing possible. Despite clear regulatory requirements, there are significant differences between banks. **Depending on the institution, the necessary own funds may be twice as high. Realistic financial planning is therefore essential to avoid disappointment.**

How many own funds are required?

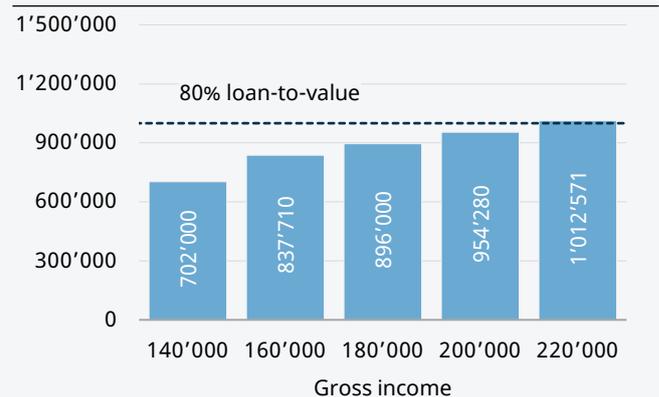
Sample calculation: traditional financing model



Own visualization. Assumptions: Loan-to-value of 80% of purchase price. Own funds of 20%, with 10% coming from pension fund assets and 10% being hard own funds from available assets and tied pension savings (pillar 3a).

Is a mortgage still affordable?

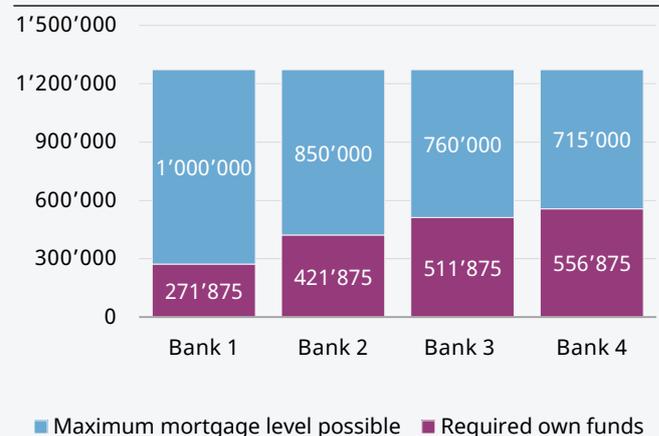
Maximum mortgage level possible, by gross income



Own visualization. Assumptions: Imputed interest rate of 5%, additional costs of 1%, amortization to two-thirds within 15 years.

Identical income – up to twice the own funds

Required own funds at a gross income of 165,000, by bank



Source: FINMA Supervisory Communication 02/2025, “Risks in the real estate and mortgage markets,” smzh ag. The shown values are based on the lending practices of banks FINMA examined.

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



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