

Mortgage Radar

Your monthly guide for residential and investment property financing

“In the current environment of elevated interest-rate uncertainty, refinancing is often offered early. The decisive factor is not whether you choose security, but whether this security comes at an appropriate price.”

Rafael Szucs, Head Key Clients & Corporates

SNB: No interest rate hike expected in June

The Strait of Hormuz remains blocked, the environment continues to be volatile and difficult to predict. Oil prices have risen again in recent weeks, which has heightened global concerns about inflation. As a result, interest rates in Switzerland also remain at an elevated level, though more moderate than in the international context. With each day that ship transit through the Strait of Hormuz stands still, the question of a monetary policy intervention becomes more pressing.

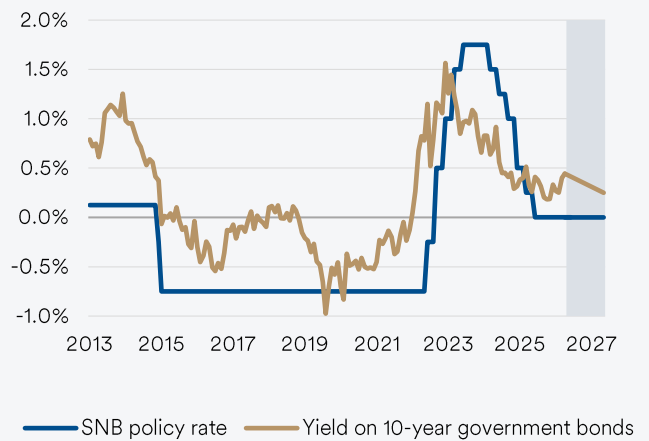
Inflation in Switzerland remains low, albeit slightly above the level at the beginning of the year. A possible increase in inflation due to higher oil prices would not yet be a reason for the SNB to raise the key interest rate from the current 0%. For the SNB, a slightly higher inflation rate is manageable at the moment, and might even be desirable, which is why it can afford to monitor the situation calmly. Should price pressure nevertheless increase in the near future, it could be mitigated much more effectively by a stronger Swiss franc than by interest rate hikes, which would weigh on the entire economy and affect inflation only with a lag. **Therefore, we do not expect a rate hike in June and also consider an increase before the end of the year to be very unlikely.**

Mortgage rates move sideways

Interest rates for fixed-rate mortgages are stable compared to the previous month. Currently, mortgages with a ten-year term can be concluded at rates between 1.70% and 2.10%, depending on the provider. SARON mortgages remain the most cost-effective option at around 0.90% to 1.20%, while fixed-rate mortgages with two- to five-year terms currently are between 1.30% and 1.60%.

SNB monetary policy: Waiting instead of intervening

Key Swiss interest rates and forecast



Source: SNB, smzh ag.

Fixed rates sideways – volatile short term, lower mid-term

Interest rates for fixed-rate mortgages and forecast



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

Your mortgage is set to expire in a year – the bank is already reaching out: What should you do?

Banks often approach their clients months before a mortgage reaches maturity and present offers for follow-up financing. This gives you the opportunity to lock in the interest rate for your future refinancing early on. In technical terms, this is known as a forward mortgage. This approach is understandable: banks secure existing customers and offer a convenient solution. At the same time, especially in an environment of increased geopolitical uncertainty and volatile interest rate expectations, this provides targeted planning security.

However, this security does not come for free. The early interest rate lock-in comes with an implicit premium, which is not listed separately but included in the offered interest rate. Depending on the bank and the term, this premium can range from around 0.05% to 0.20%, resulting in relevant additional costs over the mortgage period. At the top right, you will find a current practical example of such an offer.

Interest rate hedging in the current environment – is it even financially worthwhile?

The crucial factor is the difference between fixed-rate mortgages and SARON mortgages. This difference represents the cost of interest rate hedging. The higher the average key interest rate over the term, the more worthwhile a fixed-rate mortgage becomes.

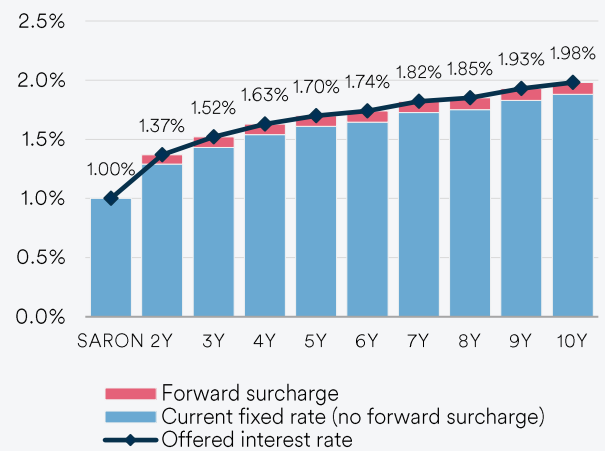
In the example provided, with a stable key interest rate over five years, a SARON mortgage saves more than CHF 4,500 per year. Only with an average key interest rate of around 1.00% do additional costs of about CHF 1,500 per year arise. Historically, the average key interest rate was significantly lower: around 0.46% over five years, and even below 0% over ten years. The past is not a reliable indicator of the future. Nevertheless, the data shows that fixed-rate mortgages are only financially advantageous in a few scenarios and are often chosen mainly for planning security.

Comparing banks is especially worthwhile for refinancing

Even after deciding on a fixed-rate mortgage, one key question remains: Is the offer at hand in line with the market? The example shows that the interest rates offered, depending on the term, can sometimes be at the upper end of current market ranges. While extending your mortgage with your existing bank is certainly convenient, it is not necessarily the most cost-effective solution. A structured comparison provides transparency and shows which offer is genuinely competitive.

Forward mortgages do not come for free

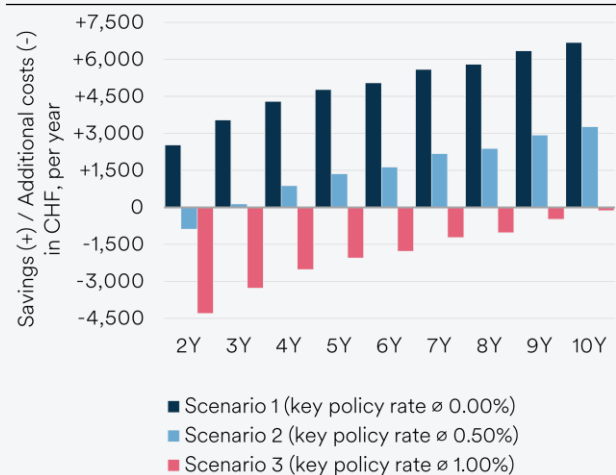
Comparison of offered interest rates and implied forward premiums



Source: smzh ag. Example based on a genuine offer (May 2026, refinancing in 10 months, mortgage volume: CHF 682,500)

Fixed-rate mortgage: Interest rate hedging at a price

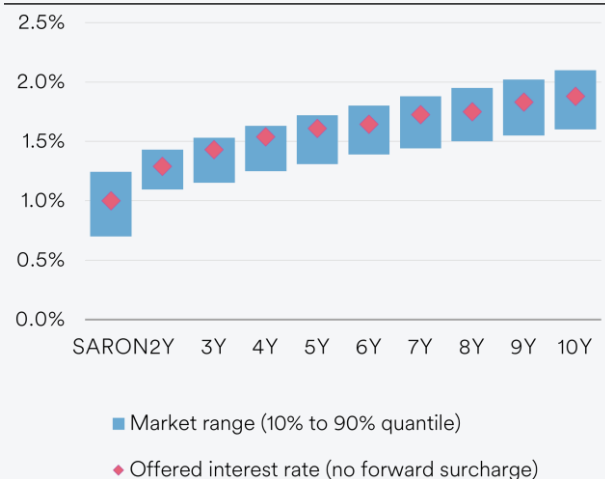
Comparison: SARON vs. fixed-rate mortgage by term



Source: smzh ag. Example based on a genuine offer (May 2026, refinancing in 10 months, mortgage volume: CHF 682,500)

Offers tend to be at the upper end of market ranges

Interest rate comparison: refinancing offer vs. current market offers



Source: smzh ag. Example based on a genuine offer (May 2026, refinancing in 10 months, mortgage volume: CHF 682,500). Interest rates for fixed-rate mortgages are based on indicative rates of early May.

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



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