

Mortgage Radar

Your monthly guide for residential and investment property financing

“Uncertainty and volatility in interest rates are changing the selection of financing rather than the actual purchasing decision. Demand for residential properties remains robust. Prospective buyers who wait too long run the risk that rising prices further increase the entry hurdle.”

Burak Er, CFA, Head Research & Advisory Solutions

SNB: No rate hike expected in June

On June 18, the SNB will decide on the key interest rate as part of its monetary policy assessment. While the unresolved situation around the Strait of Hormuz and the global rise in inflation remain in focus for monetary policy, there is no immediate need for action by the SNB. Although inflation in Switzerland has increased over recent months, it remains well within the SNB’s target range and is not expected to accelerate sustainably in the near term.

A predominantly imported and likely temporary increase in inflation does not provide sufficient reason for the SNB to raise the key interest rate, which has been at 0.00% for some time. **Therefore, we do not expect any change to the key interest rate on June 18 and also consider a rate hike before year-end to be unlikely.**

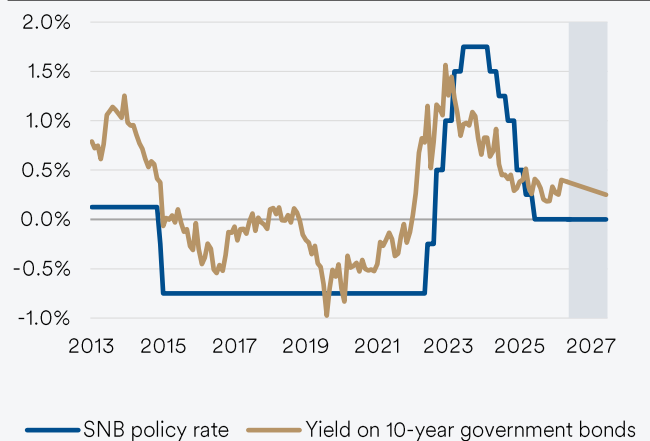
Mortgage rates remain elevated

Interest rates for fixed-rate mortgages have remained stable compared to the previous month, despite market volatility. Currently, ten-year mortgages are available at rates between 1.70% and 2.10%, 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 are currently priced between 1.30% and 1.60%.

Those who are approaching a mortgage refinancing will most likely already have received an offer from their primary bank. Such follow-up solutions are often proposed months in advance. **While these offers are convenient, they are not necessarily the most attractive option. Comparing offers from different providers can help secure better refinancing terms – particularly in an environment of volatile interest rates and strong market competition.**

We expect no change in key interest rates

Key Swiss interest rates and forecast



Source: SNB, smzh ag.

Will fixed interest rates rise further?

Interest rates for fixed-rate mortgages and forecast



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

Volatile fixed rates do not dampen demand for residential property

Higher and more volatile fixed-rate mortgage rates, combined with ongoing geopolitical uncertainty, have raised concerns that the owner-occupied housing market could lose momentum. However, three data points paint a different picture. They show that interest rate uncertainty has had less impact on demand and is primarily reflected in the choice of financing structure.

The mortgage market shows no signs of cooling

Outstanding mortgage volumes continue to grow, most recently at an annual growth rate of over 3%. Monetary policy uncertainty has therefore not slowed this growth. The market remains healthy, and banks are still actively providing financing. **For buyers, this means there still is competition in the market, allowing them to compare attractive offers. Despite a volatile interest rate environment, there is little evidence so far of a broad-based cooling.**

The choice of model is shifting

Since the interest rate turnaround following the pandemic, new mortgage business has focused primarily on SARON-based mortgages and fixed-rate mortgages with terms of up to five years. At present, many buyers also prefer SARON mortgages or shorter-term fixed-rate mortgages. **Those unwilling to pay the premium for long-term financing remain at the shorter end of the curve instead of postponing their purchase plans.** This represents a pragmatic adjustment to the financing structure rather than a withdrawal from buying real estate.

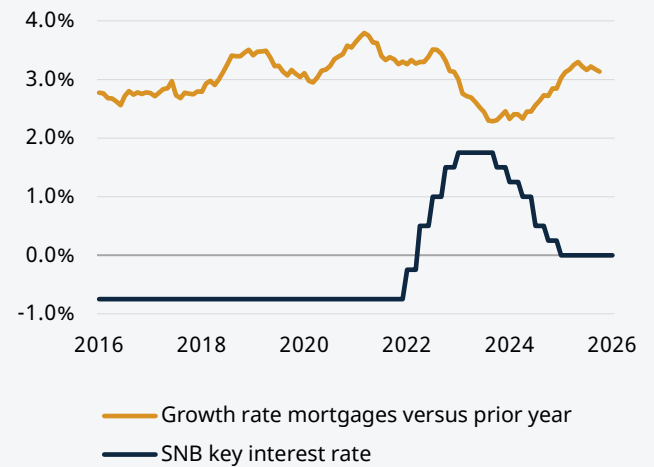
Volume of transactions remains high

This resilience is also evident in the market itself. The number of property transfers continues to rise. The recovery of recent years has persisted and is approaching previous peak levels. At the same time, residential property prices increased by an average of more than 4% last year. **For the current year, we expect a further increase of around 3%. Waiting could therefore make market entry even more challenging.**

Despite heightened interest rate uncertainty, many buyers are still following through with the purchase of their desired property. As a result, the key question is less whether to buy, and more how the purchase is financed. **The most suitable mortgage structure depends on one's personal circumstances and should always be evaluated holistically.**

Continued growth in the mortgage market

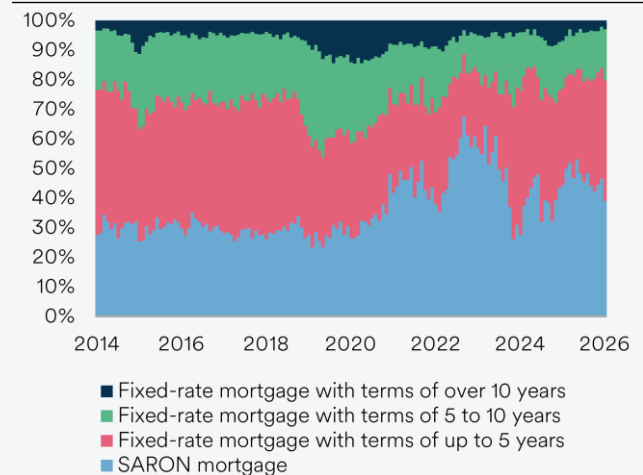
Growth in mortgage volume vs. SNB key interest rate



Source: SNB, smzh ag.

New mortgages: Short terms dominate

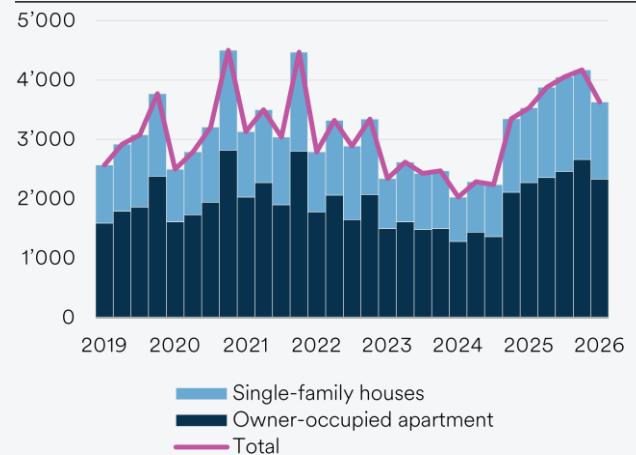
Share of new mortgages by model and term



Source: SNB, smzh ag. Data to February 2026.

Still high activity in the residential property market

Number of recorded changes of ownership per quarter



Source: Own visualization based on Swiss Real Estate Datapool SRED, smzh ag. The Swiss Real Estate Datapool SRED captures around 40% of all private sales of homes in Switzerland.

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



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