



Real Estate Market Outlook Q4 2026

October 2026



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Foreword

The Swiss real estate market enters the final quarter of 2026 on a solid footing. The economy has held up better than expected, and while inflation has edged up, it remains within the Swiss National Bank's target range. Long-term interest rates have risen since the start of the year, and fixed-rate mortgages have followed suit. Nevertheless, the environment remains attractive for real estate.

Our first topic is the record summer of 2026. Many people felt the heat most acutely in their own homes, when their apartments no longer cooled down even at night. Summers like this are likely to become more frequent. How much an apartment suffers depends on the neighborhood, the floor, and the construction method. We show why structural protection is more effective than air conditioning and why the heat factor has so far barely been reflected in prices.

Our second topic is the rental housing market. Vacant rental apartments are scarcer than they have been in years, and the shortage has long spread to the agglomerations and rural areas. We show where the market has tightened, whether construction is happening where housing is lacking, and why the vacancy rate has likely bottomed out even though the shortage persists.

The two topics are connected. Homebuyers can pay attention to orientation and sun protection. Given today's shortage, tenants have little choice. For owners and investors, it therefore pays to factor summer heat protection into their next renovation.

We hope you enjoy reading this report.

Kind regards,



Gzim Hasani
Chief Executive Officer



Burak Er, CFA
Head Research
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Residential Property Market Environment

+2.3%

GDP growth
Q2 2026

3.0%

Unemployment rate
September 2026

+1.0%

Inflation
September 2026

Economic Outlook

The Swiss economy has so far performed better than expected. In the second quarter, gross domestic product was 2.3% above the prior-year level, and in September SECO raised its 2026 forecast from 0.9% to 1.7%. Inflation remained comfortably low at 1.0% in September, while the unemployment rate rose from 2.8% a year earlier to 3.0% in September. For the real estate market, this combination remains favorable: it supports incomes without forcing the Swiss National Bank to tighten.

Financing Conditions

As expected, the Swiss National Bank left its policy rate unchanged at 0.0% in September. However, given the robust economy and slightly rising inflation, rate hikes are already being discussed. We expect a single rate hike, no earlier than March 2027. The market expects more hikes and is pricing in at least two by mid-2027. While SARON remains unchanged for now, yields on 10-year Swiss government bonds have risen from 0.30% to 0.60% since the start of the year in line with higher global interest rates, and fixed-rate mortgages have followed suit. On average, a 10-year fixed-rate mortgage currently costs 2.10%, a 5-year 1.90%, and a 2-year 1.65%. A SARON mortgage is at around 1.00% and remains the cheapest option: it would take more than three rate hikes for it to become as expensive as a 5-year fixed-rate mortgage. Owners who are nonetheless considering a switch to a fixed-rate mortgage should above all weigh how much planning certainty is worth to them.

Demand remains high; affordability is becoming the bottleneck

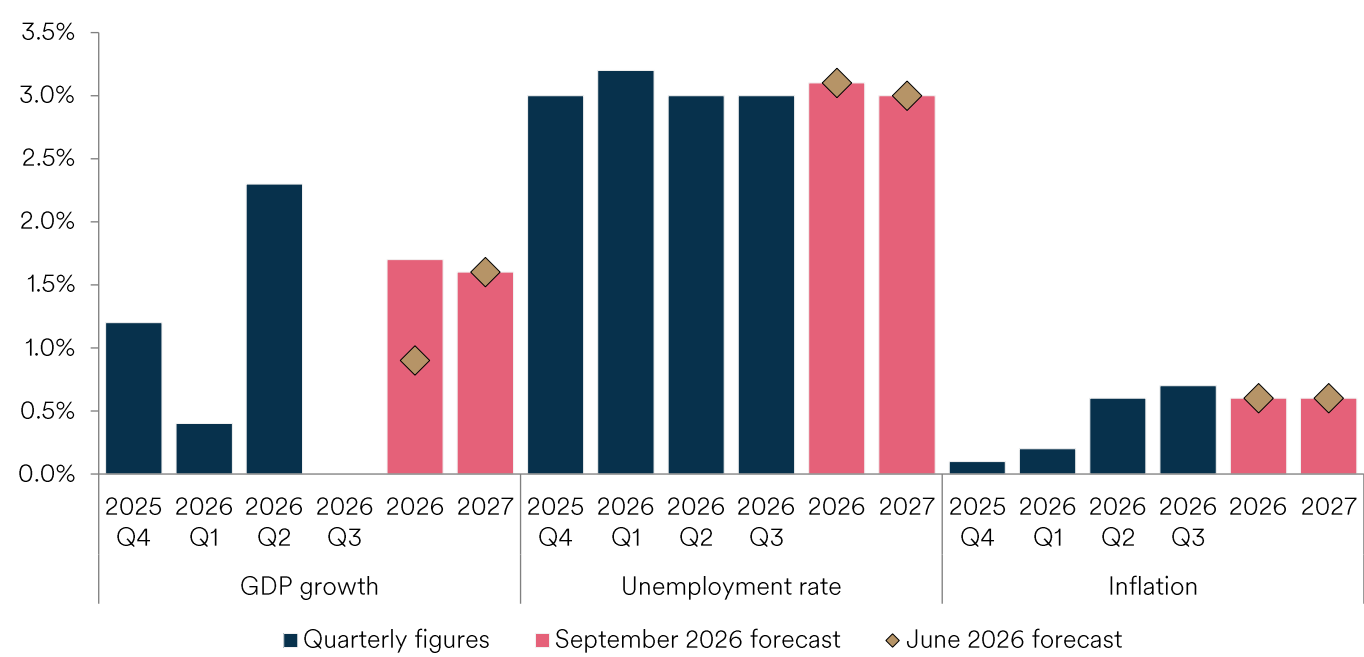
Demand for residential property remains high. According to the SRED transaction pool, which covers around 40% of the market, roughly as many properties changed hands in the first quarter of 2026 as a year earlier, and significantly more than in early 2023. Prices continue to rise, but wages are not keeping pace. Since 2020, residential property has become around a quarter more expensive, while wages have risen by 7%, and only moderate wage increases are expected over the next two years. Because banks assess affordability based on income, every further round of price increases shrinks the pool of buyers who can still afford a home.

Outlook

The market is differentiating more sharply by location, property quality, and buyer profile, and the financing structure is decisive for many purchases. Demand remains intact but is likely to become more selective. For Switzerland, we expect average price growth of around 3.5% in 2026.

Solid growth with moderate inflation

GDP and inflation year over year, unemployment rate as level, in percent



Note: Real GDP adjusted for sporting events, quarters vs. prior-year quarter, 2026 and 2027 annual growth; Q3 still pending. Federal government forecasts: pink 17.09.2026, diamond 18.06.2026.
Source: State Secretariat for Economic Affairs, Federal Statistical Office, Swiss National Bank, smzh ag.

Investment Property Market Environment

1.25%

Mortgage reference
interest rate

+0.8%

Asking rents
H1 2026

0.60%

Yield on 10-year
Swiss government bonds

Rental Housing Market

The shortage in the rental housing market has intensified further. As of June 1, 2026, the vacancy rate fell to 0.93%, its lowest level since 2010, putting it below the one-percent threshold at which a market is considered tight. Only 34,690 rental apartments were vacant, just over half as many as in 2020.

Meanwhile, asking rents have stabilized somewhat. After increases of 4.7% in 2024 and 1.8% in 2025, the rise since the end of 2025 amounts to just 0.8%, and the reference rate remains at 1.25%. Lower immigration is another factor: in the first half of the year, net immigration to Switzerland totaled 29,884 people, 12.5% fewer than a year earlier, which is dampening demand for housing.

Construction Activity

Relief would have to come from construction, and building permits have picked up. In the twelve months to June 2026, around 32,900 apartments in new multi-family buildings were approved in Switzerland, 13% more than a year earlier.

The increase is unevenly distributed. Over the past year, the number of building applications rose mainly in the Bern and Central Switzerland regions, in each case from a low base. Growth was weaker in the Zurich, Lake Geneva, and Northwestern Switzerland regions. In addition, around 15% of new apartments replace existing ones, so the net addition is smaller. It takes years for a permit to become a habitable apartment. Construction activity will therefore change little over the next few quarters.

Demand

What stands out is how little the rising interest rate environment has affected the investment market so far. In September, the US Federal Reserve raised its policy rate for the first time since 2023, to 3.75–4.00%, and the ECB raised its rate in two steps to 2.50%. The SNB, by contrast, has kept its policy rate unchanged at 0.0%. Yields on 10-year government bonds have also risen everywhere since the start of the year: in the US from 4.2% to 5.3%, in Germany from 2.9% to 3.5%, and in Switzerland from 0.30% to 0.60%.

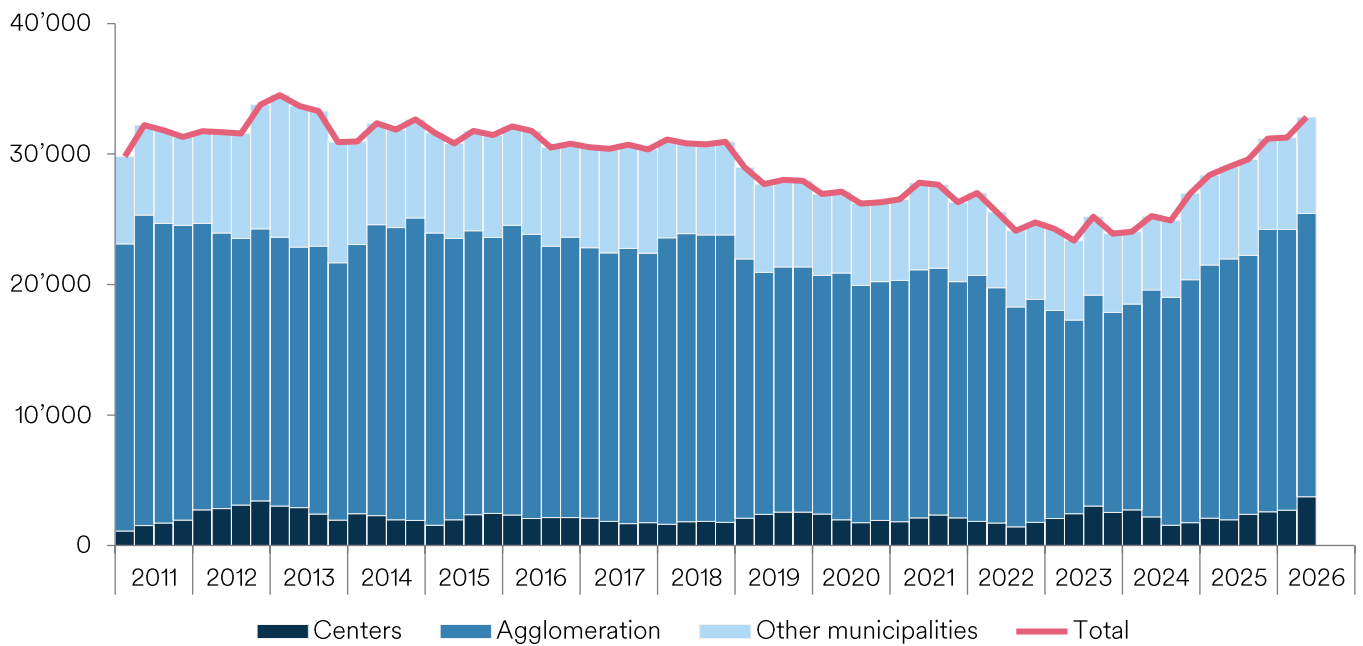
Nevertheless, a great deal of capital continues to flow into Swiss real estate investments. By the end of September, real estate funds and investment foundations had raised or announced around CHF 4.5 billion, with a further CHF 1.5 billion planned for the fourth quarter. The premium on listed funds is around 29%. Institutional investors continue to view Swiss real estate positively as an asset class, even in the current global environment.

Outlook

Construction activity remains modest, and a lot of capital is waiting to be invested. Accordingly, good properties in good locations remain scarce. If interest rates continue to rise, buyers' and sellers' valuations will diverge further, creating more room for negotiation on less attractive properties, but also more uncertainty regarding planning, marketing time, and financing.

The number of approved new apartments continues to rise

Approved apartments in new multi-family buildings, rolling four-quarter total



Note: Building permits for new multi-family residential buildings, rolling four-quarter total, through Q2 2026. Centers: Zurich, Geneva, Basel, Bern, and Lausanne. Agglomeration: other municipalities within an agglomeration. Source: Wüest Partner, Federal Statistical Office, smzh ag.





Residential ensemble, Obermumpf AG

Replacement of the historic 1913 residential and commercial building and the barn with three buildings comprising a total of 8 apartments on the Fischingerbach, newly built in the original architectural style.

Comprehensive support from smzh ag – from planning and financing through the permit process to implementation.

Completed and occupied since 2025.



Record Summer 2026: Why summers like this year are likely to become more frequent and what matters for apartments

What if the record summer becomes the new normal

This summer, the thermometer in Zurich climbed to 35°C or higher on eight days. In the entire thirty-year period from 1991 to 2020, this happened only twice. No summer has been hotter since records began. And the heat was not limited to individual days but persisted for weeks, from Ticino to Eastern Switzerland.

It was felt most acutely where people would normally want to escape it: in their own homes. During the day, closed exterior blinds kept out some of the sun, but at night many rooms barely cooled down. This was true even in neighborhoods otherwise considered relatively cool. The consequences go beyond a lack of comfort. In a survey by “20 Minuten” and Tamedia, the vast majority found the summer stressful, and many reported sleep disturbances and circulatory problems.

However, this summer was exceptional only by today’s climate standards. According to the federal government’s climate scenarios, a summer of this magnitude is likely to become the norm in the second half of the century. Anyone buying, building, or renovating today should already take this development into account.

How well does an apartment protect against heat?

How much an apartment heats up in summer depends not only on the outside temperature. Its position within the building, the orientation of the windows, and the immediate surroundings also play a role. As a result, heat exposure can vary considerably even between apartments in the same building. Then there is the construction method, as not every building is equally well prepared for extended heat waves.

When buying residential property, many people already pay attention to orientation and sun exposure. In the rental market, by contrast, summer heat protection has so far played only a minor role. Given the housing shortage, many tenants focus first on price, location, and availability. Yet especially during extended heat waves, how comfortable an apartment remains without additional cooling is likely to become increasingly important.

Whether heat exposure is already reflected in real estate prices has barely been studied in Switzerland. However, we expect it to play a growing role in the valuation of apartments as summers become increasingly hot. On the following pages, we show what differences exist today, which measures help, and what this means for the real estate market.

Hot summers have been increasing for decades

Since systematic temperature measurements began in 1864, Switzerland has warmed by around three degrees. In the Swiss Plateau, the number of hot days rose from an average of three per year between 1961 and 1990 to nine between 1991 and 2020. Exceptionally hot summers have become more frequent, particularly since the turn of the millennium.

With more than 40 hot days in the Swiss Plateau, the summer of 2026 clearly surpassed previous records. What seems exceptional today is likely to occur more frequently in the future. Switzerland is warming around twice as fast as the global average. According to the federal government's climate scenarios, three degrees of global warming would bring around 30 hot days per year to the Swiss Plateau, and significantly more to Valais and the southern side of the Alps. A summer like 2026 would thus be much closer to the future average.

Cooling is gaining importance alongside heating

The increasing number of hot days is also changing the requirements for residential buildings. The Swiss Federal Office of Energy measures weather-related heating and cooling demand using degree days. Since the 1980s, cooling demand has increased two-and-a-half-fold, while heating demand has fallen by around one-sixth.

However, many apartments were built for a climate in which protection from the cold was the priority. Large windows bring solar heat into the building in winter, while insulation keeps it inside. In summer, this can become a disadvantage if adequate sun protection is lacking.

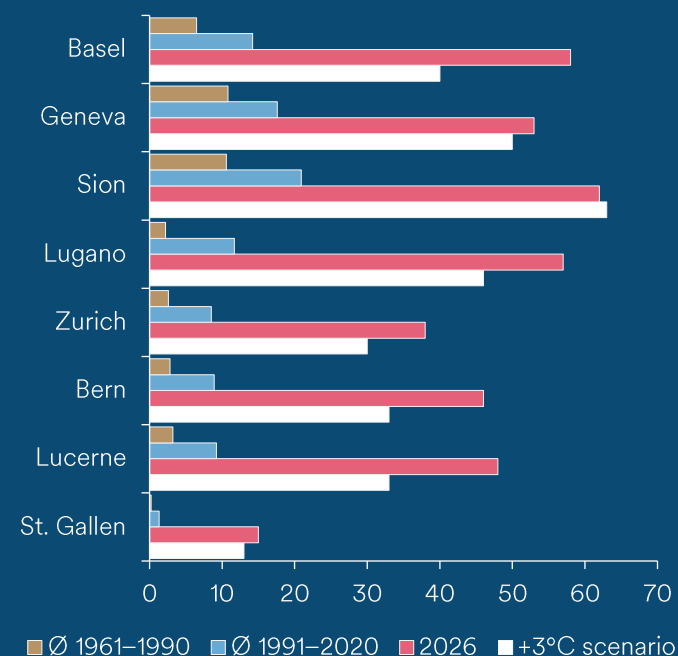
On hot nights, apartments barely cool down

Heat becomes particularly stressful when there is no cooling at night. If the temperature does not fall below 20°C, it is called a tropical night. Walls and ceilings can then barely release the heat stored during the day, so the apartment heats up more and more over several days.

This effect is particularly pronounced in densely built-up cities. Asphalt and buildings store heat during the day and release it again at night. In downtown Zurich, the temperature did not fall below 20°C on 38 nights in summer 2026, compared with an average of around eight in the years 1991 to 2020. With three degrees of global warming, the federal government's climate scenarios project around 40 tropical nights per year there. The next page shows how unevenly this burden is already distributed within a single city.

2026 brought hot days typical of +3°C warming

Hot days per year, measured and +3°C scenario

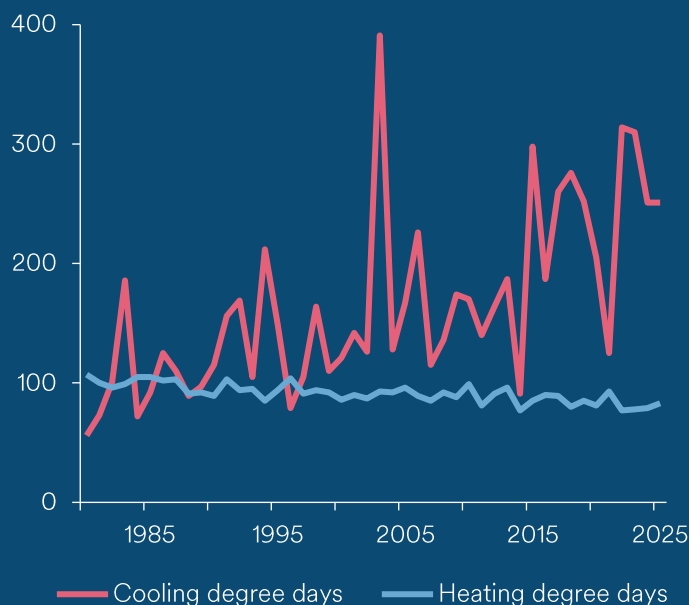


Hot day = daily maximum temperature of 30°C or higher. Scenario: median CH2025, +3°C.

Source: MeteoSwiss, ETH Zurich, smzh ag.

Cooling demand has more than doubled

Cooling and heating degree days, index avg. 1980–1989 = 100



Degree days measure weather-related heating and cooling demand. Switzerland, population-weighted.

Source: Swiss Federal Office of Energy, MeteoSwiss, smzh ag.

Differences begin at the neighborhood level

Measurements by the City of Zurich show how much nighttime heat exposure varies within a city. While a total of 38 tropical nights were recorded at the Kaserne site in District 4 in summer 2026, there were only 14 on Grünmattstrasse in Friesenberg, just 2.7 kilometers away. The city's measuring stations recorded between nine and 44 tropical nights.

This is mainly due to the immediate surroundings. Densely built-up streets and sealed surfaces store heat during the day and release it at night. Green spaces and forests, by contrast, cool down more quickly. In addition, cooler air flows down from the slopes into the neighborhoods at night, provided the buildings do not obstruct the air exchange.

As the climate changes, hot areas are spreading

The climate maps of the Canton of Zurich show how areas with frequent tropical nights are likely to expand in the coming decades. Between 1961 and 1990, the burden was largely concentrated in the densely built-up city center. In the future, adjacent neighborhoods will increasingly be affected as well. Hillside locations and forest edges in particular will remain relatively cool.

As a result, hot nights will turn from a localized phenomenon into a burden for large parts of the city. Across the canton, more than half of all apartments are likely to be located in areas with at least 13 tropical nights per year between 2041 and 2070. This makes the question of how well individual buildings and apartments are prepared all the more important.

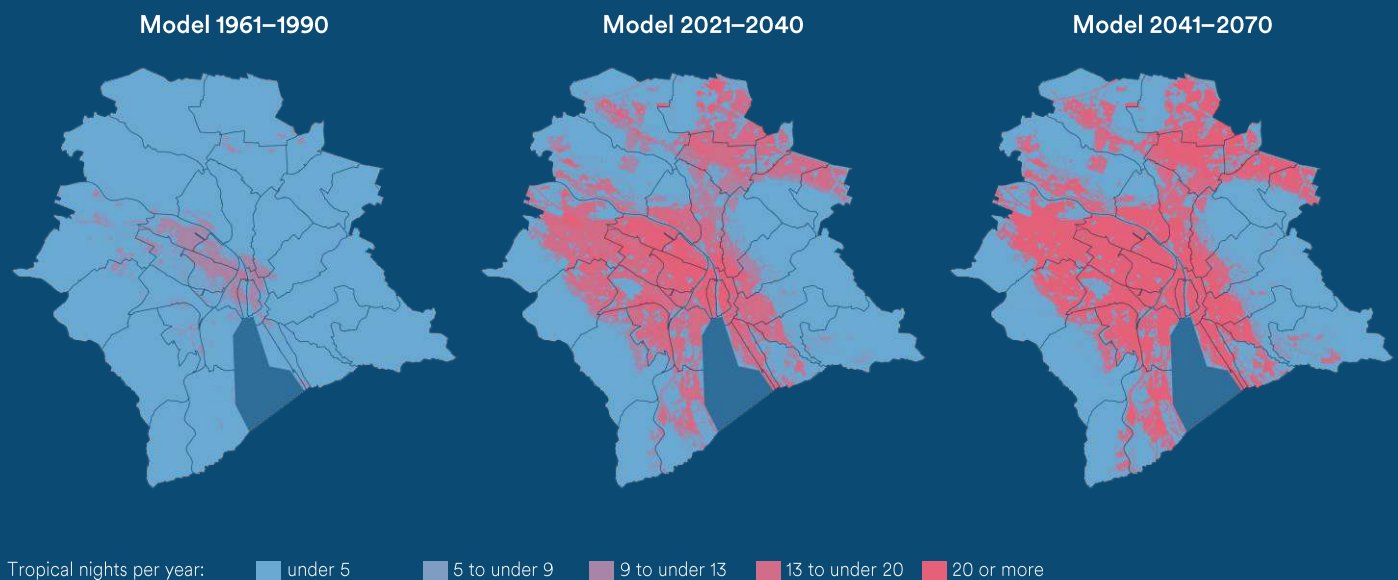
The climate model works with averages

The Canton of Zurich's FITNAH-3D climate model divides the area into grid cells of 25 by 25 meters. Based on terrain, land use, and buildings, it calculates how much the air warms during the day and cools at night. The maps show the average expected number of tropical nights for different climate periods and can be accessed for any address in the canton's GIS browser.

A particularly hot summer like 2026 can be well above these averages, and a cooler one below them. The measured values cited in the text, by contrast, come from actual City of Zurich measuring stations and are not directly comparable with the model values. The climate maps are therefore suited to the long-term assessment of a location, while the measurements are suited to individual summers.

Tropical nights are spreading across the entire city

Tropical nights per year in the City of Zurich, cantonal climate model



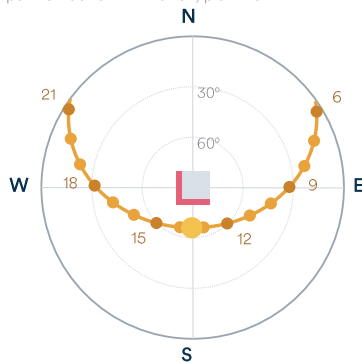
Tropical night = nighttime temperature does not fall below 20°C. Climate model, 30-year average per 25-meter grid cell.
Source: Office of Waste, Water, Energy and Air (AWEL), Canton of Zurich, smzh ag.

Where does the sun hit a building hardest?

How much a building is exposed to the sun depends not only on its orientation but also on its surroundings and the floor. To illustrate these differences, we calculated the direct solar radiation on June 21 for three identical five-story buildings: freestanding without shade, next to a landscaped courtyard, and between two neighboring buildings. The results show how much shading can differ from floor to floor.

In the evening, the sun is low in the west

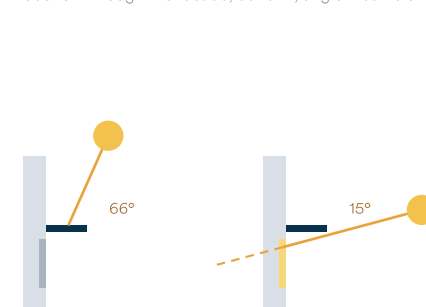
Sun path on June 21 in Zurich, plan view



In June, the sun rises in the northeast, stands high in the south at midday, and sets low in the west in the evening. The numbers along the sun path indicate the time of day, and the circles indicate the sun's elevation. The low evening sun in particular can penetrate deep into west-facing rooms.

Why a balcony doesn't always protect against the sun

Section through the facade, June 21, angle = sun elevation



South facade, 13:30

The high midday sun is completely blocked from the window by the balcony.

West facade, 19:40

The low evening sun shines under the balcony and penetrates deep into the room.

The roof receives the most sun

Direct radiation on unobstructed surfaces on June 21, in kWh/m² per day

Roof	6.9
West facade	3.1
East facade	3.1
South facade	2.0
North facade	0.6

On June 21, the unshaded roof surface receives the highest direct radiation. West and east facades are more exposed than the south side because the sun is very high at midday in midsummer. In winter, this relationship is reversed.



Direct radiation on the west facade per floor, kWh/m² per day:



No shade

Without neighboring buildings or trees, all floors receive a similar amount of direct sun on the west facade into the evening. The top floor is additionally exposed via the roof. Exterior blinds protect the windows, while a green roof can reduce heating of the roof.

Freestanding next to a landscaped courtyard

In the model, the trees shade a large part of the west facade of the three lower floors. The top floor, however, sits above the treetops and remains exposed to the evening sun. Additional sun protection is especially important here.

Between two neighbors

In this example, the buildings opposite shade the ground floor from 17:00. The top floor, by contrast, receives direct sun until 20:45. The green roof can reduce heat exposure on the top floor but does not protect against the low evening sun. Exterior blinds are still required for that.

Air conditioning is primarily a question of ownership

People who want to cool their apartment with air conditioning cannot always decide for themselves. Tenants need the landlord's consent for permanently installed systems, and condominium owners need the consent of the owners' association. Owners of single-family homes have the most leeway; they can, for example, also use a ground-source heat pump for cooling.

Then there are the permit procedures. Due to noise and energy consumption, permanently installed air conditioning systems require a building permit application with supporting documentation in all cantons. In Zurich, such applications are rarely rejected, but the effort involved and the consent requirements remain hurdles. In 2025, the city approved only 162 systems, fewer than one per 1,000 apartments.

Policymakers are therefore discussing simplifications. Bern wants quiet systems powered by their own solar electricity to be subject only to a notification requirement, and Zurich is considering a simplified procedure for smaller systems in existing buildings. At the national level, the SVP is calling for devices to be exempt from permits.

However, air conditioning has a drawback: the extracted heat is released outdoors and can further heat up the surroundings. In Paris, this waste heat already raises nighttime temperatures in the city center by up to two degrees. Air conditioning can thus intensify urban heat.

Effective heat protection starts with the construction method

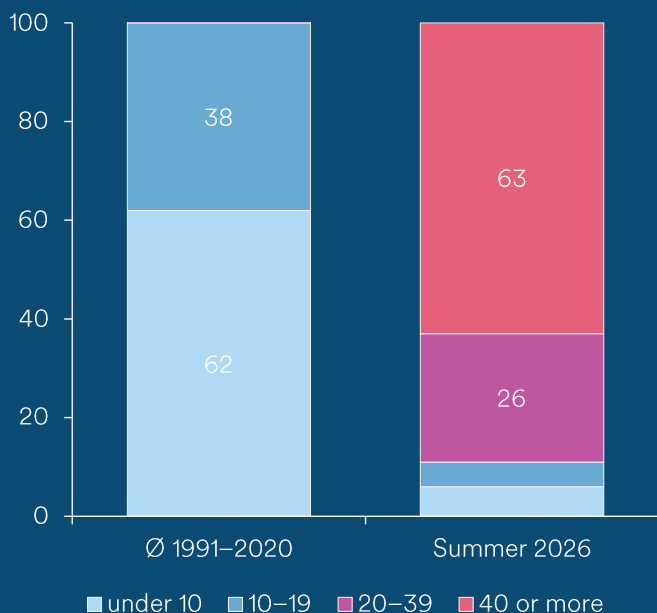
Overheating is best avoided by preventing solar heat from entering the building in the first place. Movable exterior blinds block around 90% of solar heat, while green roofs relieve the top floors. Solid ceilings and walls can absorb heat during the day and release it at night, when outside temperatures are lower. Active cooling should only be used if these measures are not sufficient. The City of Zurich applies the same sequence to its own buildings.

It is crucial that summer heat protection is considered at the planning stage. New buildings generally offer better conditions for this than older ones. However, as the Swiss Tenants' Association points out, even well-insulated Minergie apartments can heat up considerably if they have large windows without exterior blinds. Older buildings, on the other hand, often require retrofitted heat protection.

A look at the housing stock shows how big the challenge is. In summer 2026, 63% of Swiss apartments were located in places with at least 40 hot days, whereas over the long-term average there were none. This does not mean that all of these apartments actually overheated. How much heat gets inside depends on the construction method and the existing sun protection.

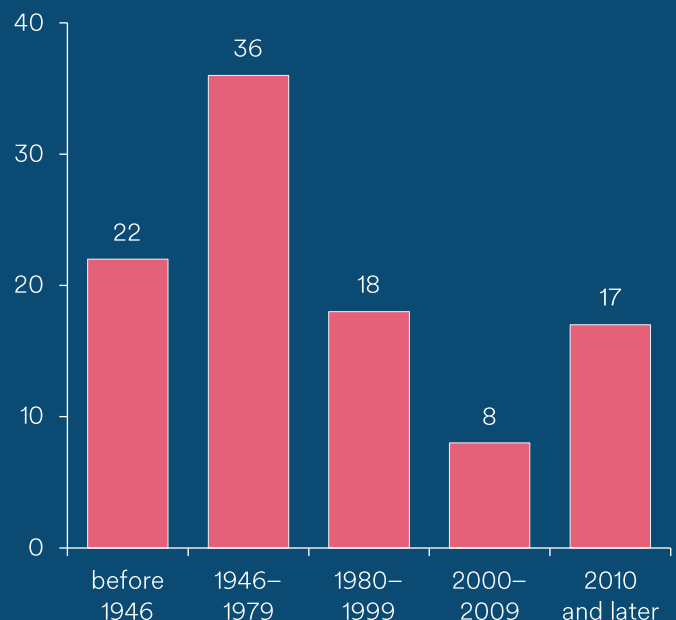
63% of apartments in particularly hot locations

Share of apartments by number of hot days at location, in %



Over half of these apartments predate 1980

Construction period of apartments in locations with at least 40 hot days in 2026, in %



Hot day = daily maximum temperature of 30°C or higher. MeteoSwiss measurement grid (1 km). 1991–2020 per year, 2026 June to August. Current housing stock.

Source: Federal Statistical Office, MeteoSwiss, smzh ag.

More than half of the apartments in particularly hot locations date from before 1980. Upcoming renovations and replacement construction offer an opportunity to improve summer heat protection. However, since only around one percent of the building stock is renewed each year, the number of air conditioning units is likely to keep rising for the time being.

How does heat affect real estate prices?

The impact of summer heat exposure on real estate prices has barely been studied in Switzerland. The tight housing market is likely to limit any price effects at present. Moreover, highly sought-after locations are often more affected by heat. In Zurich, for example, central and lakeside locations remain warmer than average at night. So far, the locational advantage has likely often outweighed this disadvantage.

Initial international studies, however, show a measurable relationship. A study of four French cities published in 2026 finds that a local surface temperature one degree higher is associated with real estate prices around 2.2% lower.¹ What matters here are the temperature differences within a city. The results cannot be applied directly to Switzerland, but they show that summer heat can already be a price-relevant location factor today.

We expect gradual differentiation

In the short term, we do not expect widespread price discounts in Switzerland. Over the medium term, however, heat exposure is likely to play a greater role in purchase and rental decisions. Search behavior provides initial indications: on the German portal Kleinanzeigen, searches for rental apartments with air conditioning almost tripled in June and July 2026 compared with the previous year. We therefore initially expect greater differentiation between neighborhoods, floors, and orientations. Top-floor apartments and apartments with large west-facing windows in particular are likely to be viewed increasingly critically. In the owner-occupied market, this could show up in prices sooner than in the rental market.

The basis for valuation is taking shape

Comparable data is a prerequisite for systematically factoring in heat. Cantonal climate maps already provide detailed information on the heat exposure of individual locations. Institutional investors are also increasingly recording physical climate risks at the property level.

In addition, GRESB is a widely used international sustainability benchmark for real estate portfolios that takes into account, among other things, how such risks are recorded and managed. As data quality improves, this information is likely to find its way into real estate valuations over the long term.

Implications for tenants, owners, buyers, and investors

Tenants: Excessive heat can constitute a defect in a rental property. In a 2017 individual case, the Federal Supreme Court upheld a rent reduction of 7.5% and an obligation to install sun protection. However, there are no general temperature limits. This makes it all the more important to check heat protection as early as the viewing.

Owners: They can reduce heat exposure through exterior blinds, shading, or greening. For condominiums, this may require resolutions by the owners' association. The City of Zurich subsidizes certain greening measures with up to half of the costs.

Buyers: In addition to location, price, and features, the floor, orientation, window area, and sun protection should also be considered. Cantonal climate maps allow an additional assessment of the location.

Investors: Whether good heat protection enables higher rental income remains to be seen. However, it can reduce heat-related rental defects and future adaptation needs. Particularly in older properties, exposed apartments should be identified and improvements planned as part of upcoming renovations.

Anyone buying, building, or renovating a property today should specifically assess summer heat protection and plan for it early. What today mainly affects living comfort could in the future also determine a property's attractiveness and value.

¹ Vincent, P. (2026): Does urban overheating affect neighborhood attractiveness? Evidence from the French housing market. *Journal of Housing Economics* 71, 102111.



Residential ensemble, Obermumpf AG

Three buildings with 8 apartments, including 6 rental apartments with 2½ to 4½ rooms, connected by a paved courtyard with a pond and playground.

Comprehensive support from smzh ag – from planning and financing through the permit process to implementation and leasing.

Completed and occupied since 2025.





Vacancies 2026:

The bottom has been reached, but the housing shortage persists

Vacant rental apartments are scarcer than they have been in years

On June 1, 2026, only 34,690 rental apartments in Switzerland were vacant, around half as many as in 2020. The nationwide vacancy rate fell to 0.93%, its lowest level since 2010. The count includes apartments that were vacant on the reference date and offered for rent or sale.

For people looking for housing, the shortage has long been noticeable. Anyone moving often has to pay considerably more for a comparable apartment than under their previous lease. As a result, many stay in their apartments longer, even if they no longer suit their life situation. Accordingly, residential mobility in Switzerland has fallen to its lowest level in over ten years. The situation is particularly difficult for households that need a new apartment after a lease termination or because their family is growing.

The key question is therefore not only how low the vacancy rate is today, but where the shortage has intensified in recent years and whether there are signs of easing.

The shortage has spread far beyond the major centers

The decline in vacancies began back in 2021 and has continued ever since. Within six years, the vacancy rate fell from 1.72% to 0.93%. As a result, around 33,000 fewer apartments are vacant today than in 2020.

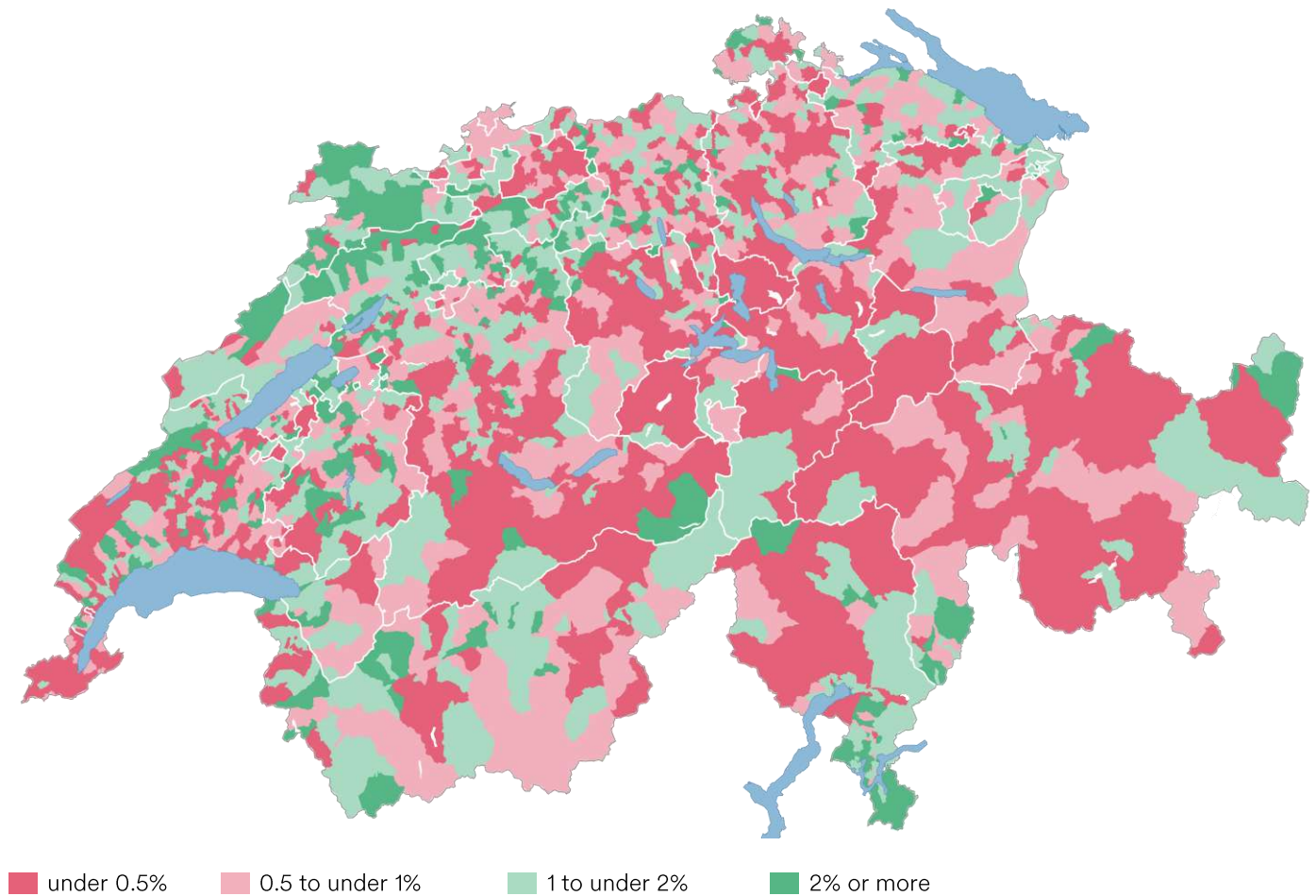
This trend is particularly pronounced in the rental housing market. The number of vacant rental apartments has almost halved. Across Switzerland, a rental apartment is let after an average of 24 days, and in the City of Zurich after just twelve days. New buildings are also often fully let before completion.

The sharpest decline, however, occurred outside the major centers. In the five largest cities, the vacancy rate was already below half a percent in 2020 and is now 0.38%. In the agglomerations and rural municipalities, by contrast, it has almost halved. In many places, the housing reserves that households could previously turn to outside the cities have thus been used up.

The housing shortage is no longer limited to the major cities. The map of Switzerland on the next page shows how far it has spread.

Vacancy rate below 1% in 57% of municipalities

Vacancy rate by municipality, June 1, 2026



Vacancy rate = vacant apartments as a percentage of the housing stock. Municipal boundaries as of 2026.
Source: Federal Statistical Office, swisstopo, smzh ag.

The housing shortage is concentrated around the major centers

The vacancy rate is now below one percent in 57% of Swiss municipalities. Around two-thirds of the population lives in these municipalities. The situation is particularly tight around the major economic centers, where population and jobs are concentrated. Vacancies are lowest in Central Switzerland, Geneva, and the Zurich area. In the Canton of Zug, only 126 apartments were vacant on the reference date.

Vacancies have declined particularly sharply in regions that still had larger reserves in 2020. In Central, Eastern, and Northwestern Switzerland, the number of vacant apartments has more than halved since then. In Aargau alone, around 5,000 fewer apartments are vacant today. Vacancies rose in only a few cantons in 2026, and mostly only slightly.

Reserves exist in the Jura Arc and Ticino

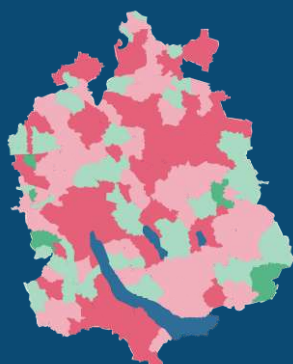
Higher vacancy rates are found mainly in the Jura Arc and Ticino. In the Canton of Jura, more than 3% of apartments are vacant; in Solothurn, Neuchâtel, and Ticino, between 1.5% and 2%.

The divergent trends are striking. While the population in Ticino, Neuchâtel, and Jura has grown by only around 2% since 2019, the nationwide increase was 6%. At the same time, more apartments were built in Jura than were additionally needed. The Canton of Jura is therefore the only canton whose vacancy rate is higher today than in 2020.

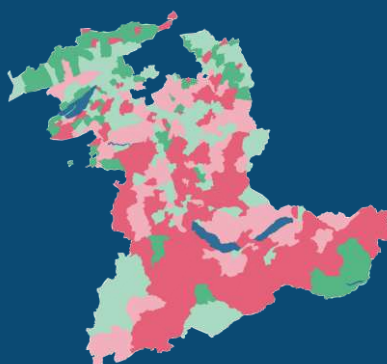
However, these reserves are mostly located outside the commuter belts of the major economic centers. They can therefore do little to relieve the housing markets where demand is highest.

In Zurich, Bern, and Basel, the shortage has spread

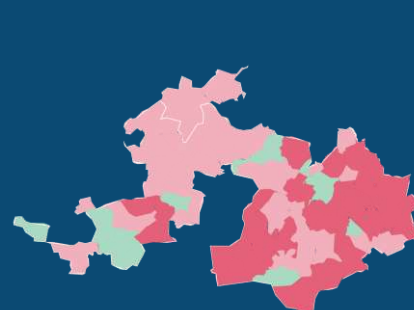
Canton of Zurich



Canton of Bern



Both Basel cantons



under 0.5%

0.5 to under 1%

1 to under 2%

2% or more

Shown are the cantons of Zurich and Bern as well as Basel-Stadt and Basel-Landschaft. The maps use different scales.

Source: Federal Statistical Office, swisstopo, smzh ag.

Vacancy rate 2026

0.52%

1.04%

0.70%

Change in vacancy rate since 2020, in percentage points

-0.39

-0.79

-0.36

Growth in housing stock since 2020

+7.7%

+4.1%

+6.1%

Population growth since 2020

+6.8%

+3.9%

+5.6%

Change in approved new apartments 2024–2026 vs. 2022–2024

+19.2%

+9.3%

-19.9%

Change in apartments in new-build applications 2024–2026 vs. 2022–2024

+5.2%

+7.4%

-33.6%

Housing stock and population: change from 2020 to 2026, figures for 2025/26 partly estimated. Permits and building applications: new apartments from September 2024 to August 2026 compared with the previous period.

Source: Federal Statistical Office, Wüest Partner, smzh ag.

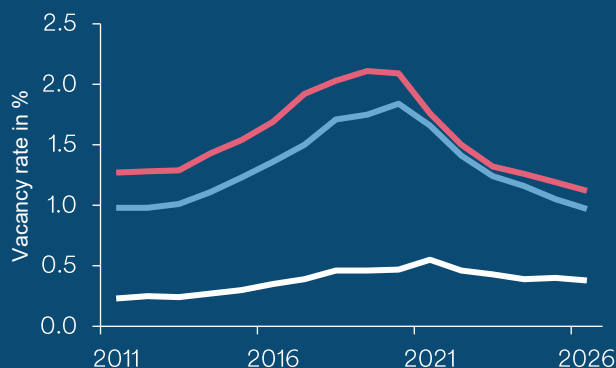
The shortage is most acute in the Canton of Zurich, despite the most construction. Outside the city, the rate has almost halved since 2020. Approvals are rising markedly, but in the rest of the canton one apartment is demolished for every four built. In June, voters rejected three housing initiatives and approved the counter-proposals on housing protection and non-profit housing. Investors may breathe easier, but further initiatives are likely.

The Canton of Bern still has the largest reserves, but vacancies are falling here too. In the agglomeration, the rate has halved since 2020, and in the rest of the canton it has fallen by around one-third. The housing stock grew at roughly the same pace as the population. Moreover, permits and applications are picking up slightly. Politically, the main activity is in the City of Bern, with housing protection and planned rent controls. This will not create more apartments.

In both Basel cantons, vacancies have fallen significantly since 2020. Basel-Stadt has the strictest rules of the three areas. Demolition and renovation require a permit, followed by five years of rent control. Significantly fewer permits were granted and applications submitted recently. Basel shows how interventions in the existing housing stock can slow new construction.

Suburban vacancies have nearly halved

Vacancy rate by area type, in %



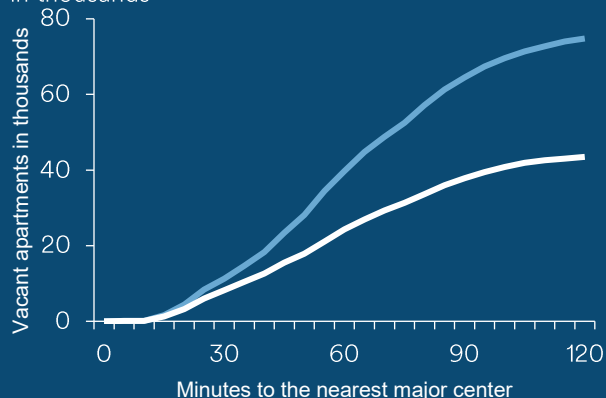
— Centers — Agglomeration — Other municipalities

Centers: Zurich, Geneva, Basel, Bern, Lausanne.

Source: Federal Statistical Office, smzh ag.

Reserves dwindled outside the centers

Vacant apartments, cumulative by public transit travel time, in thousands



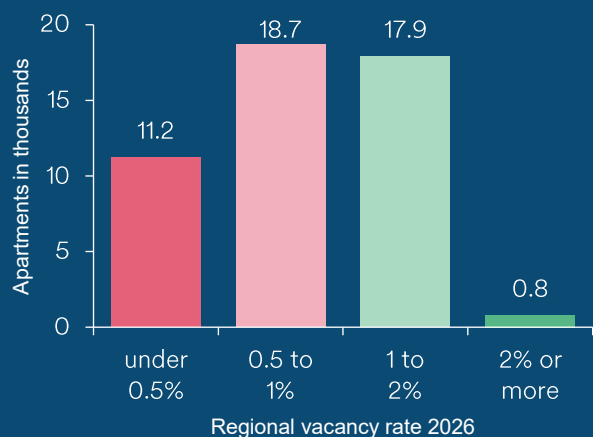
— 2020 — 2026

Transit time to the nearest of the five major centers (model).

Source: Federal Statistical Office, Federal Office for Spatial Development, smzh ag.

Applications only partly follow the shortage

Apartments in new-build applications, in thousands

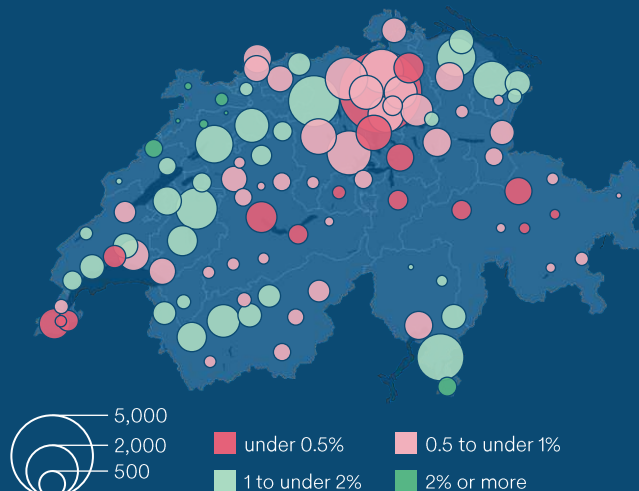


Labor market regions, new-build applications 09.2025–08.2026.

Source: Wüest Partner, Federal Statistical Office, smzh ag.

Construction is planned mainly around Zurich

Apartments in new-build applications by labor market region



Circle: apartments applied for 09.2025–08.2026; color: vacancy rate 2026.

Source: Wüest Partner, Federal Statistical Office, swisstopo, smzh ag.

Is new housing being created where it is needed?

New-build applications show where additional housing could be created in the coming years. Relative to the housing stock, however, they only partly follow the shortage. Regions with a vacancy rate below one percent account for around two-thirds of all apartments but only around 60% of planned new apartments. Zurich is an exception: relative to its housing stock, more than twice as many apartments are being submitted for approval as the national average. In the similarly tight markets of Bern, Basel, and Geneva, planned construction activity is significantly lower.

In addition, new-build applications and permits can overstate the actual increase in housing. Especially in the major centers, a large share of new buildings replace existing ones; in the City of Zurich, around half. The net increase is therefore significantly smaller than the new-build figures suggest. Even with rising numbers of applications and permits, the housing supply is likely to recover only slowly.

Since 2022, demand has exceeded supply

The trend in vacancies depends on how many additional households are formed and how strongly the housing supply grows. In the 2010s, between 43,000 and 53,000 apartments were built each year. At the same time, net immigration declined to around 40,000 people per year from 2017 onward. The housing supply grew faster than demand, so vacancies rose to almost 79,000 apartments by 2020. Asking rents also declined between 2016 and 2021.

This trend reversed from 2022 onward. In 2023, net immigration reached around 139,000 people, the highest level since the data series began in 1991. Part of this was attributable to people seeking protection from Ukraine, who are counted as part of the permanent resident population after twelve months. At the same time, construction activity weakened. In 2024, just under 40,000 apartments were built, the lowest number since 2005.

There are also two structural factors: around 15% of newly built apartments replace existing ones and therefore do not increase the housing stock to the same extent. In addition, average household size is declining over the long term, meaning more apartments are needed even if the population remains unchanged.

Rents are rising more slowly, vacancies remain low

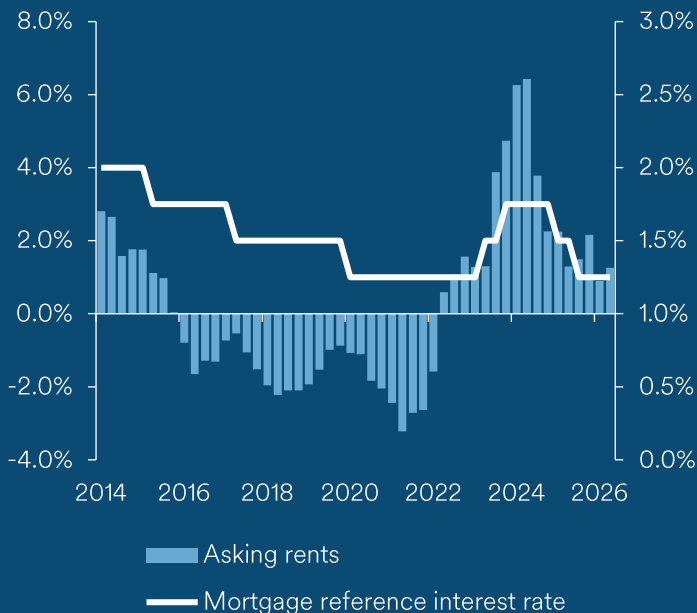
Asking rents respond to the housing shortage with a delay. After increases of 2.8% in 2023 and 4.7% in 2024, growth slowed to 1.8% in 2025. Since the end of 2025, asking rents have risen by only 0.8%. There are significant regional differences: in the Zurich region, they were around 14% above the 2020 level, compared with only 4% in Southern Switzerland.

Existing rents have also risen. In August 2026, the federal rent index was around 12% above its 2020 level, partly as a result of earlier increases in the mortgage reference interest rate. Since September 2025, the reference rate has been back at 1.25%. No additional upward pressure is expected from this side for the time being.

Despite the slowing momentum in rents, supply remains tight. The vacancy rate fell further to 0.93% in 2026. Although building permits are increasing again, it often takes several years for approved projects to become ready-to-occupy apartments.

Asking rents have been rising since 2022

Trend in asking rents and the mortgage reference interest rate

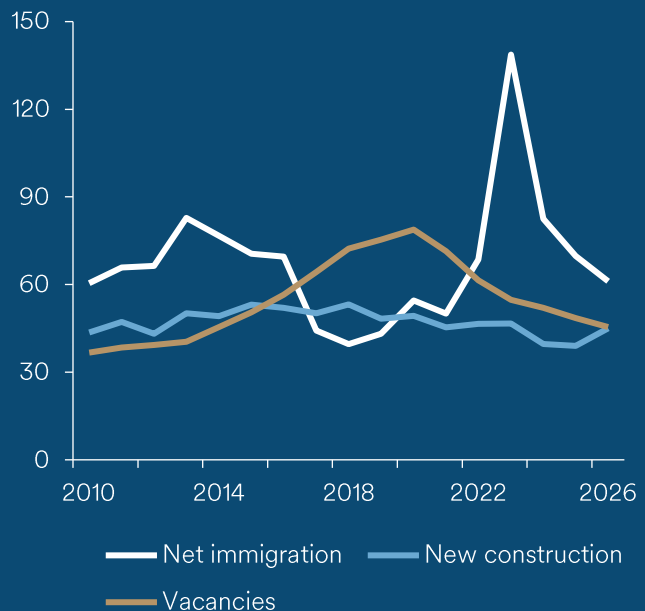


Quarterly figures. Change in rents vs. prior-year quarter; reference rate at quarter-end.

Source: Federal Office for Housing, Wüest Partner, smzh ag.

Immigration continues to decline

Net immigration (people), new construction and vacancies (apartments), in thousands



Net immigration 2026, new construction 2025 and 2026 based on Wüest Partner forecast.

Source: Federal Statistical Office, State Secretariat for Migration, Wüest Partner, smzh ag.

The bottom has been reached, but noticeable easing is not yet in sight

Demand for housing is weakening somewhat. In the first half of 2026, net immigration was 12.5% below the previous year, while asking rents have risen by only 0.8% since the end of 2025. At the same time, construction activity is slowly picking up again. Wüest Partner expects around 50,000 new apartments in 2027. After deducting replacement construction, however, the actual increase in housing is still unlikely to be enough to meet demand on a sustained basis.

We therefore assume that the vacancy rate has bottomed out at 0.93%. However, this does not signal a reversal of the trend. Even if vacancies rise slightly again in the coming years, reserves will remain low, particularly in the economic centers and their agglomerations. In addition, rising numbers of building applications and permits do not immediately translate into additional apartments. Completion takes several years, and objections and lengthy procedures can delay projects further.

At the same time, political pressure is mounting. Further housing policy measures are being discussed or implemented in Zurich, Bern, and Basel. These can better protect existing tenancies but do not directly create additional housing. Depending on their design, additional requirements can make renovations and replacement construction more difficult. The experience in Basel shows that regulatory interventions can go hand in hand with declining construction activity, even if the impact of individual measures cannot be clearly isolated.

The vacancy rate has likely bottomed out. However, sustained easing will require more additional housing than is currently in sight.



8 rental apartments with underground parking, Grenchen SO

New construction of a multi-family building with 8 rental apartments of 2½ to 4½ rooms, underground parking, and generous outdoor areas on Simplonstrasse.

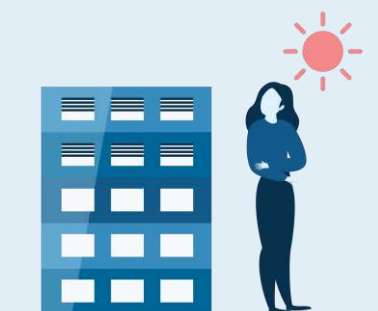
Comprehensive support from smzh ag – from planning and the permit process through implementation to initial leasing.

Completed in spring 2026; initial leasing in progress.



Recommendations

For tenants



Be well prepared and check heat protection

With an average marketing time of twelve days in the City of Zurich, apartment seekers have little time. Those who have the required documents ready and have clarified their budget and key housing criteria before the viewing can decide more quickly when a suitable offer comes along.

In addition to location, price, and features, it is also worth looking at summer heat protection. The floor, the orientation of the bedrooms, and exterior blinds in particular provide clues to potential heat exposure. Under certain conditions, excessive heat can constitute a rental defect that justifies a rent reduction.

For prospective homebuyers



Assess living quality and financing together

The supply of owner-occupied apartments has declined less sharply than that of rental apartments. This has not made homeownership any cheaper, however. A careful property assessment is therefore all the more important. In addition to location and condition, sun exposure, floor, and existing heat protection should also be considered. Cantonal climate maps provide additional information about the location.

Financing is equally decisive. With higher long-term interest rates, fixed-rate mortgages have become more expensive. Terms, equity, and reserves should be aligned so that the financing remains affordable even if interest rates rise or unexpected maintenance costs arise.

For owners and investors



Consider heat protection and location risks early

Summer heat protection should be included in the planning of roof and facade renovations. Exterior blinds block a large share of solar heat, and green roofs relieve the upper floors. Combining these measures with renewals that are due anyway can avoid additional costs.

In sought-after locations, the vacancy risk remains low. However, rent regulations and households' ability to pay limit income potential. Regulatory risks and future investment needs are therefore becoming more important in purchase, development, and renovation decisions.

We think in life situations first. Not in products.

Isolated decisions are rarely the best ones. The right decisions are based on the big picture. Whether it's a home, a mortgage, retirement planning, budgeting, investments, or taxes – every decision affects the others. Looking at things in isolation means missing the key interdependencies.

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