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News Release

UBS Global Real Estate Bubble Index 2026: Zurich and Tokyo lead global housing bubble risk

The UBS Global Real Estate Bubble Index 2026 finds that Zurich has the highest bubble risk, followed by Tokyo. Prime markets diverge from broader housing markets amid growing affordability pressures. For the study, UBS analyzed residential property prices in 23 major cities around the world, with Lisbon and Seoul joining the city sample for the first time this year.

Zurich, September 22, 2026 – Among the cities analyzed in the *UBS Global Real Estate Bubble Index 2026,* Zurich and Tokyo are classified as being at high risk of a housing bubble. Miami, which ranked highest in the past two editions, has fallen back into the elevated-risk category, joining Dubai, Seoul, Geneva, and Lisbon.

Risk levels are moderate in Los Angeles, Sydney, Toronto, Vancouver, Hong Kong, and Singapore. In Europe, Amsterdam, Madrid, Frankfurt, Munich, and Milan also fall into the moderate risk category, while Paris and London face low bubble risk. Outside Europe, only New York, San Francisco, and São Paulo fall into the low risk category.

Lisbon and Seoul recorded the largest increase in bubble risk this year. Imbalances also intensified in Milan, Hong Kong, Madrid, and Dubai, although bubble risk in Dubai has eased since March. In Switzerland, low financing costs continued to contribute to rising risks in Zurich and Geneva. In contrast, imbalances eased in Tokyo and Sydney, while Singapore held steady. Across North American cities, bubble risks eased as elevated financing costs further eroded affordability and dampened housing demand. Frankfurt and Amsterdam posted the sharpest declines in risk scores among European cities.

Higher-for-longer rates curb demand

House prices, rents and incomes were broadly flat in real terms over the past year, masking substantial differences across cities. Seoul, Lisbon, Madrid, and Hong Kong recorded the strongest increases, with real house prices rising by around 10%. By contrast, Vancouver and Toronto recorded declines of roughly 10%. Frankfurt and Munich also recorded price drops, albeit at a more moderate pace.

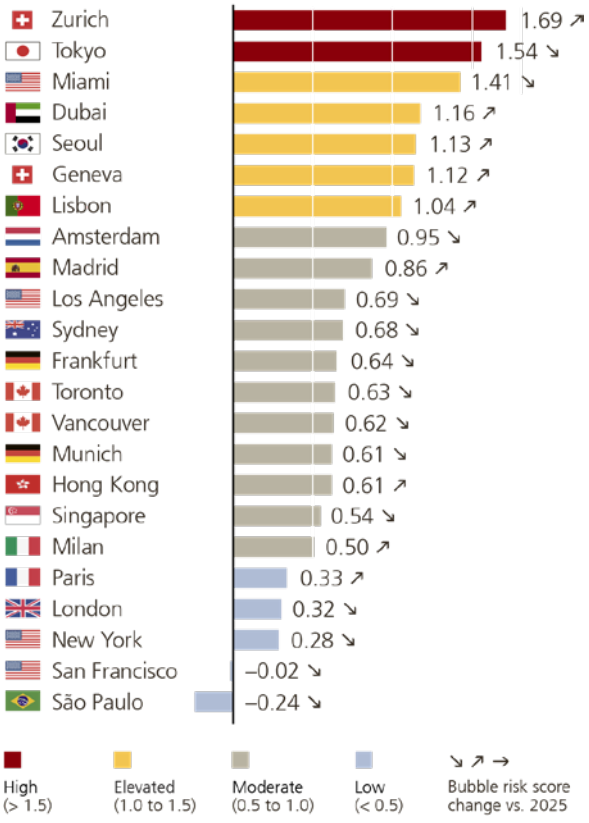
Matthias Holzhey, lead author of the study and economist at UBS Global Wealth Management's Chief Investment Office, says: "Higher-for-longer financing costs are likely to cap house-price gains in the near term." Across most cities, the annual ownership costs of a newly purchased 60 sqm (650 sqft) home, including mortgage interest and maintenance, exceed 40% of a highly skilled worker's gross income, illustrating the strain on affordability. Home ownership costs are currently substantially higher than rents, most notably in cities such as Munich, Hong Kong, and Sydney.

Uneven inflation protection

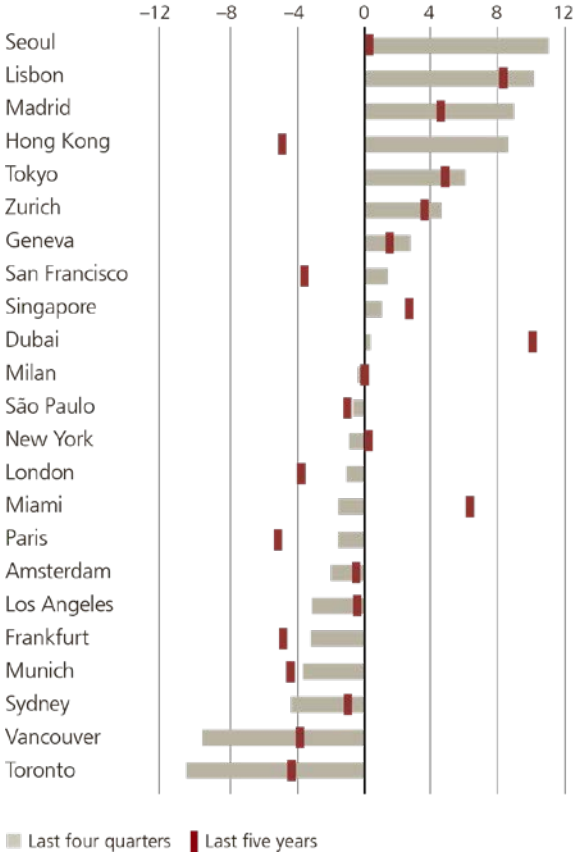
In over half of the cities analyzed, housing did not provide inflation protection over the last five years. Markets identified as being at high bubble risk in 2021 subsequently recorded the sharpest price declines, averaging roughly 15% since then. The magnitude and persistence of the inflation shock also mattered: cities with above-average inflation experienced average real house price declines of roughly 5%, while those with below-average inflation achieved average real annual price growth of around 10% over the same period.

Maciej Skoczek, author of the study and economist at UBS Global Wealth Management's Chief Investment Office, explains: "At current valuations, housing in most cities is nevertheless likely to provide inflation protection over the medium term." Demand for urban housing remained strong, as reflected in rental growth, which has generally kept pace with, and in many cases exceeded, income growth over the past five years. Ongoing supply constraints underpin this outlook.

1 Bubble risk scores for the housing markets of select cities



2 Real house price growth, annualized (%)



Regional spotlights

Zurich: Rising rate sensitivity

Over the last 20 years, Zurich has experienced the strongest increase in housing prices among the cities covered by the study, driven by low interest rates and significant supply constraints. The market remained exceptionally tight, with vacancy rates close to zero and the supply of owner-occupied homes far below historical levels. Strong competitiveness and continued demand from international talent, particularly in technology and artificial intelligence, have fueled housing demand. However, bubble risk

remains high, with Zurich's exceptionally high and still-rising price-to-rent ratio reflecting the market's increasing dependence on low financing costs.

Tokyo: Growing vulnerabilities
Tokyo's housing market remains in high bubble-risk territory after a prolonged period of strong price gains that have significantly outpaced income growth. While rents have recently kept pace with rising prices, affordability has become an increasing constraint. Demand continued to benefit from higher household purchasing power, international migration, and foreign interest in prime apartments. At the same time, rising housing costs have been redirecting residents' demand toward suburbs and rental housing. Further increases in financing costs could significantly weaken the investment appeal of homeownership, increasing the likelihood of a correction.

Lisbon: Affordability in focus
Policies introduced to attract foreign capital and residents contributed to Lisbon's housing boom. Real house prices rose by nearly 7% per year over the past decade – the fastest rate among the cities analyzed – and have increased by another 10% since mid-2025. As Lisbon has become one of Europe's least affordable housing markets, several key factors that have supported growth are weakening. A policy shift towards more selective immigration policies has contributed to negative population growth, rental growth has stalled, and demand is shifting to more affordable areas outside Lisbon.

Frankfurt: Recovery remains subdued
Strong demand and limited supply remain defining features of Frankfurt's housing market. Immigration, smaller household sizes, and persistent housing shortages have continued to push rents higher, while elevated construction and financing costs constrained new development. In contrast, the owner-occupied segment remained weak. Home prices have declined further in 2026 and are now almost 25% below their 2021 peak in real terms. While market imbalances have eased considerably and bubble risk is assessed as moderate, a meaningful recovery in owner-occupied housing is unlikely without stronger economic confidence or lower financing costs.

London: Lacking growth
London's housing market has remained weak for a fifth consecutive year, with inflation-adjusted home prices now more than 15% below their 2021 levels. As a result, the city has moved into low bubble-risk territory. At the same time, rents stayed close to record highs due to chronic housing shortages and subdued construction activity. The high-end segment has benefited from international investor demand attracted by lower property prices and a weaker pound. However, stretched affordability, higher taxes on expensive properties, and recent population decline continued to constrain a broader market recovery.

Miami: Market momentum slows
After recording the strongest real house-price growth among all cities sampled in the study over the past 15 years, Miami's property boom has lost momentum. Affordability pressures and persistently high borrowing costs have weakened demand, leading to a decline in real home prices and a sharp cooling of the market. While supply conditions varied across property types, higher ownership costs and rising insurance premiums weighed on demand. Even so, a broad market correction appears unlikely as migration from higher-cost US states and sustained activity in the luxury segment continue to support prices.

Link
Global Real Estate Bubble Index 2026

About the UBS Global Real Estate Bubble Index

Now in its 12th year of publication, the UBS Global Real Estate Bubble Index assesses bubble risk in major real estate markets worldwide. A bubble is characterized by a significant and sustained overvaluation of property prices that typically becomes evident only after a correction. Key warning signs include a disconnect between prices, incomes, and rents, alongside excessive credit growth and construction activity. By evaluating these indicators, the index highlights markets that may be vulnerable to correction. Although it does not predict the timing of price declines, changing macroeconomic conditions, investor sentiment, or housing supply can act as catalysts.

About UBS

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