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Swiss real estate market – Stability in times of heightened turbulence

2 April 2026, 09:24 UTC, written by Michael Bolliger

Despite high prices, home ownership in Switzerland remains attractive. While demand is likely to cool somewhat this year, a sharp decline appears unlikely, not least because the Swiss National Bank is unlikely to raise interest rates. Real estate can thus contribute to the profitability and stability of overall wealth, though it does not replace targeted portfolio risk management.

The market focus remains on the war in Iran, where even after four weeks there is little sign of an end to the conflict. The longer the war drags on, the greater the likelihood that disruptions to energy and goods exports will pose a serious threat to the global economy.

We continue to believe that hostilities will subside in the coming weeks. Nevertheless, it is possible that the situation could deteriorate further. For investors, it is therefore essential to keep a cool head, but also to keep portfolio risks under control and, where necessary, to hedge and/or reduce them.

Effective risk management requires considering not only the financial portfolio, but total household wealth. For most, this also means assessing the opportunities and risks of their real estate holdings, which often make up a large part of the portfolio, are financed via mortgages, and can be illiquid. Even though real estate has provided a reliable and attractive

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contribution to total household returns in recent years, these positions and their financing should be included in risk assessments.

In our [Real Estate Focus](#) published on 23 March 2026, our real estate team shows that the attractiveness of the Swiss real estate market is unlikely to change much in the future, although individual properties must, of course, be assessed on a case-by-case basis. The central theses of this study can be summarized as follows:

- The framework conditions for the Swiss real estate market have changed, but its fundamental attractiveness remains intact. Low ongoing costs, limited supply, and stable institutional conditions ensure that real estate in Switzerland remains in demand—despite high prices.
- Interest in home ownership remains high; in recent years, demand has continued to increase. In our view, this is mainly due to low ongoing costs: On average, the effective cost of owner-occupied housing is about a quarter below the rent for a comparable apartment. At the same time, access to home ownership is becoming more difficult: High prices mean that fewer and fewer households meet the affordability criteria for a mortgage. For 2026, moderate economic growth combined with rising labor market uncertainty is likely to dampen demand somewhat. Accordingly, we expect continued positive, but lower, price increases than last year.
- For many households, home ownership is not achievable without a mortgage. Debt therefore plays a central role in building wealth through real estate. In periods of very low interest rates, buyers were able to achieve attractive returns on equity thanks to leverage. At the same time, high indebtedness increases dependence on interest rate and income developments, and carries risks for households, the real estate market, and the financial system. Switzerland's low government debt by international standards should continue to provide relatively stable conditions and persistently low interest rates—a clear advantage for the domestic real estate market.
- From a monetary policy perspective, there is currently little to suggest a change in interest rates in Switzerland. The Swiss National Bank (SNB) is likely to keep its key rate unchanged for an extended period. Geopolitical tensions—especially the war in Iran—could lead to higher energy prices and a temporary increase in inflation. However, due to the strong Swiss franc and subdued growth, sustained inflationary pressure is not expected. Accordingly, an interest rate hike by the SNB appears unlikely in the current environment. For the Swiss real estate market, this means that the favorable interest rate environment remains a key pillar, and prospects are not threatened by significantly higher financing costs.

For a more detailed outlook on the Swiss real estate market, we refer again to the recently published *Real Estate Focus* study. In the current environment, investors should assess the opportunities and risks of their total wealth as holistically, systematically, and objectively as possible. Our medium-term outlook remains positive, though there could be further corrections in the short term. Especially during such geopolitical shocks, real estate in Switzerland can help stabilize overall wealth; it can thus complement portfolio risk management, but does not replace it.

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