

Interest rate forecast for mortgages from PostFinance

With the Swiss National Bank’s (SNB) fifth policy rate cut in a row, Saron mortgages have become a good deal more attractive. However, fixed-rate mortgages also continue to offer an attractive financing option.

Current economic outlook

The Swiss economy has performed well lately. While growth is still below average, this is mainly because companies remain very cautious in terms of their investment decisions, and because individual sectors such as the financial sector, trade and some branches of manufacturing are still in a downturn. However, the economy as a whole appears to have bottomed out.

The most positive development is that domestic demand has regained significant momentum in recent months, with consumer spending among the Swiss public growing solidly again and construction investment also picking up well. This is likely due in part to the initial effects of the substantial policy rate cuts made by the Swiss National Bank (SNB) last year.

Despite the economic recovery, however, we have to assume that inflationary pressure will continue to weaken in the coming months. Rental prices, a key driver of inflation in recent years, have risen only slightly in recent months, and even look set to fall again for many tenants, given the reduction in the reference interest rate. Import prices are also still well below the previous year’s level. And given the recent sharp rise in uncertainty in the international economic and financial system, there is little prospect of any weakening of the Swiss franc, whose strength is putting additional downward pressure on import prices. Against this backdrop, a further reduction in the SNB’s policy rate cannot be ruled out.

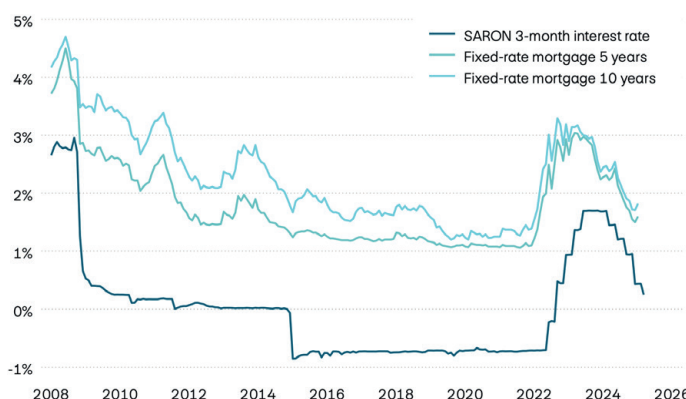
Interest rate forecast

Forecast for	3 mths	6 mths	12 mths
Saron	→	→	↘
5-year fixed-rate mortgage	→	↗	↗
7-year fixed-rate mortgage	→	↗	↗
10-year fixed-rate mortgage	→	↗	↗

Interest rates on Swiss mortgages are likely to vary depending on the financing term. For short-term money market financing, a further slight decline in financing conditions is to be expected due to the continued pressure on the SNB to reduce policy rates again in an effort to counter the appreciation of the Swiss franc. However, we do not anticipate this reduction at the next monetary policy assessment on 19 June 2025, and expect it instead next year. Long-term fixed-rate mortgages, on the other hand, are likely to stagnate for the time being and trend slightly upwards again in the long term in response to the expected normalization of Swiss capital market interest rates.

- Interest rates moving less than 0.25%
- ↗ Interest rates rising between 0.25% and 0.49%
- ↘ Interest rates falling between 0.25% and 0.49%
- ↖ Interest rates falling 0.50% or more
- ↗ Interest rates rising 0.50% or more

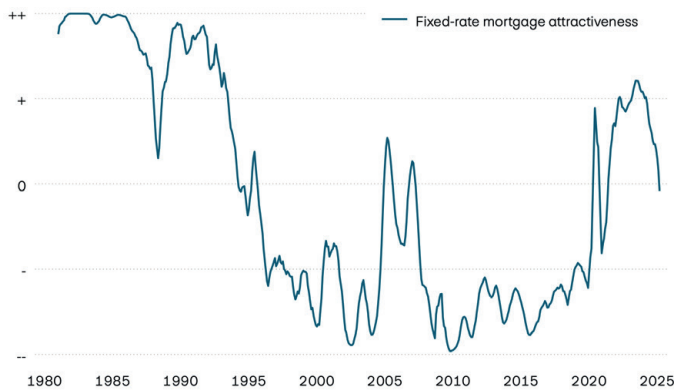
Development of mortgage rates in Switzerland



In 2022, interest rates on fixed-rate mortgages rose to just over 3 percent as a result of monetary policy measures to tackle high inflation. However, since the monetary policy turnaround last year, they have once again been trending downwards. But this trend was recently interrupted. As capital market interest rates normalize, we even consider a further increase to be likely, albeit it slight. For the 3-month Saron, by contrast, we expect a further decline towards zero over the next twelve months. At present, however, we consider it unlikely that there will be any return to the negative interest rates seen between 2015 and the beginning of 2022.

Source: SIX, figures up to and including December 2021 based on Libor and from January 2022 on Saron.

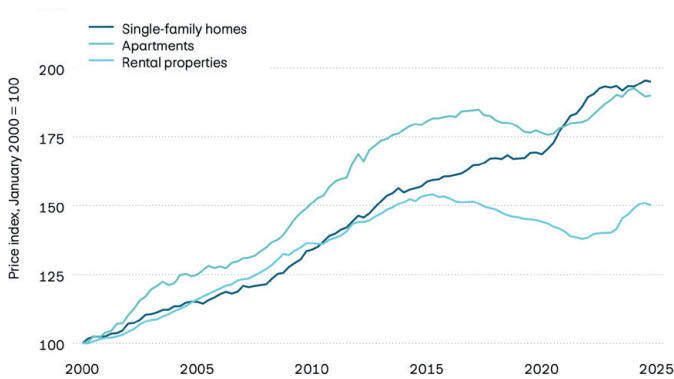
A Saron or fixed-rate mortgage



The PostFinance fixed-rate mortgage attractiveness index is falling appreciably, indicating that fixed-rate mortgages are now roughly as attractive as Saron mortgages. This is primarily due to the further policy rate cut and significant increase in long-term capital market interest rates in the past quarter. As we assume that the upward trend in capital market interest rates will continue for some time and that the SNB will ease its monetary policy once more over the next twelve months, short-term money market financing could become even more attractive compared to fixed-rate mortgages.

Source: PostFinance Ltd, SNB, SIX, Web Financial Group, SECO, KOF

Real estate price trend for single-family homes and condominiums



After falling significantly during the previous quarter, real estate prices for apartments recovered slightly in the last quarter. Conversely, single-family homes are now seeing a slight decline in prices. This could indicate that owner-occupied apartments are perceived as more affordable than single-family homes, and are therefore in greater demand. The decline in rental prices, on the other hand, could be due to the reduction in the reference interest rate already evident in the last quarter, which leads to lower rental prices.

Source: SFSO

Swiss economic data

Indicators	Q2 2024	Q3 2024	Q4 2024	2024	2025	2026
GDP growth	1.5%	1.9%	1.5%	1.3%	1.4%	1.6%
Inflation	1.4%	1.1%	0.7%	1.1%	0.3%	1.2%
Unemployment	2.3%	2.4%	2.7%	2.5%	2.8%	2.6%
Net immigration (number of people)	22,000	19,000	25,000	90,000	75,000	70,000
EUR/CHF exchange rate	0.96	0.94	0.94	0.95	0.92	0.90

Source: Bloomberg, Allfunds Tech Solutions, BfS

Terms

Inflation: Inflation is the sustained rise in the general price level for goods and services in an economy over a particular period of time. When the price level rises, the purchasing power of money falls, i.e. fewer goods and services can be bought with the same amount of money as before.

Economy: The economy refers to a country's current economic situation and reflects changes and fluctuations in economic activity. Sooner or later, upturns are followed by downturns, which is known as an economic cycle. A strong economy means good economic performance and vice versa.

Capital market interest rates: Capital market interest rates have a term of over one year. They play a decisive role in the cost of long-term financing.

Policy rate: Policy rates are interest rates set by central banks and are key monetary policy instruments. Policy rates determine the interest rate at which commercial banks can borrow liquidity from central banks. As a result, most short-term interest rates in an economy fluctuate with policy rates.

Domestic demand: Domestic demand refers to the demand for goods and services within a country. Strong domestic demand typically supports the economy, while weak domestic demand indicates a slowdown.

Which mortgage is best suited to which interest rate situation?

At PostFinance, you'll find the ideal financing solution for your property.

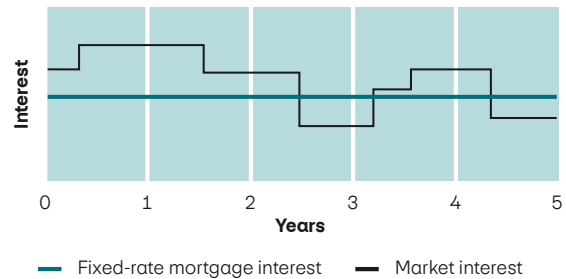
A mortgage with a fixed rate or one where you can decide on the level of risk and security for yourself?

We offer individual solutions to finance the purchase of your own home.

Fixed-rate mortgage

Perfect when interest rates are low and expected to rise. You're protected against interest rate rises and can plan your costs precisely.

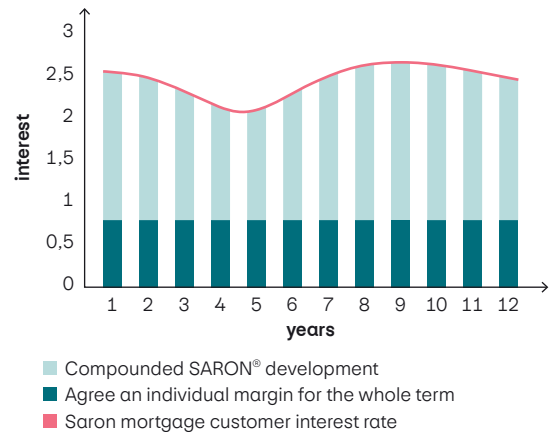
Term and interest rate



Saron mortgage

A Saron mortgage is ideal when interest rates are high to average and when declining rates are expected. The interest rate can fluctuate significantly during the term, depending on the market situation. However, the option of switching to a PostFinance fixed-rate mortgage during the term means you remain flexible.

Term and interest rate



Interested in real estate as an investment opportunity? In our [investment compass](#) under "Market overview", you will find an analysis of the current situation on the Swiss real estate market.

→ [Create a mortgage quotation now](#)

Do you have any questions?

Our specialists will be happy to help you. You can also reach us by telephone on +41 58 448 14 14 or online at postfinance.ch/mortgage.

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