

# Interest rate forecast for mortgages from PostFinance

Although Saron mortgages have become even cheaper due to the substantial cut in the policy rate by the Swiss National Bank (SNB) in December, fixed-rate mortgages with medium terms remain extremely attractive.

## Current economic outlook

Economic development in Switzerland stabilized somewhat in the summer and autumn of this year. It is particularly encouraging that consumption and construction activity have continued to steadily increase and, as a result, the economic sectors geared towards domestic demand were able to recover slightly. However, the Swiss National Bank (SNB) decided to lower its policy rate by 50 basis points to 0.5 percent in December. Furthermore, the SNB has repeatedly indicated in recent months that a further easing of monetary policy in the coming months cannot be ruled out. This shows that the SNB sees a major risk in the appreciation of the Swiss franc and its consequences.

The impact of this can be clearly seen in the Swiss inflation rate, which has fallen sharply over the past year and is still at 0.7 percent. The decline is primarily due to imported goods, whose prices are 2.3 percent below the previous year's level. In order

to prevent a further fall in the inflation rate, the SNB is lowering interest rates and remains prepared to intervene in the foreign exchange market if necessary. This is all the more true, as the main international central banks have begun to ease their monetary policy this year. In particular, the US Federal Reserve (Fed) and possibly also the European Central Bank (ECB) may cut interest rates next year, which could reduce the interest rate differential to the franc, increasing upward pressure on the Swiss currency.

This expectation of substantial monetary easing is also likely to be a key reason why Swiss capital market interest rates have fallen significantly once again over the past few months. However, given their current very low levels, the potential for further declines appears to have been gradually exhausted.

## 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 moving less than 0.25%

↘ Interest rates falling between 0.25% and 0.49%

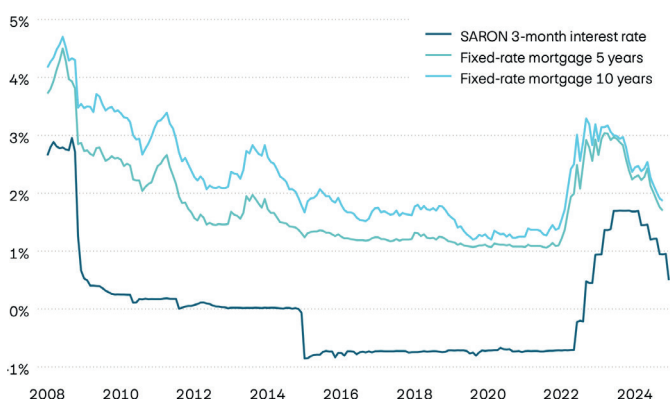
↗ Interest rates rising between 0.25% and 0.49%

↘ Interest rates falling 0.50% or more

↗ Interest rates rising 0.50% or more

In the coming year, we expect further policy rate cuts by the SNB and, in turn, lower financing conditions for Saron mortgages. On the other hand, fixed-rate mortgages are expected to trend sideways and maybe even trend slightly upwards in the medium term. This is because the current level of capital market interest rates is very low given the economic situation and already reflects the expectation that the SNB will soon return to negative interest rates.

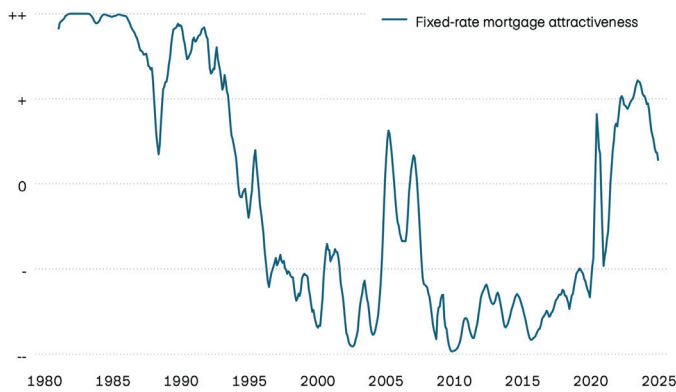
## Development of mortgage rates in Switzerland



Although interest rates for fixed-rate mortgages in Switzerland rose sharply in 2022 and the beginning of 2023 due to a rise in inflation and tightening of monetary policy, they have now been declining for a year and a half. This downward trend relates to the expectation of large policy rate cuts by the SNB. It is interesting to note that the current level of fixed-rate mortgages was only reached historically in phases when policy rates and, in turn, short-term 3-month SARON rates were zero or even negative. The potential of interest rates for fixed-rate mortgages to fall further appears limited. Instead, a slight upward trend is to be expected.

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

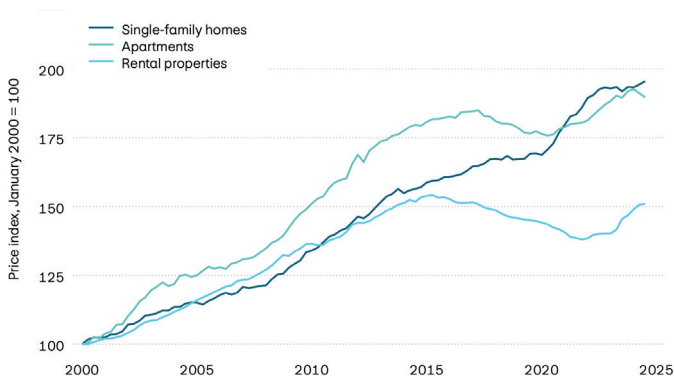
## A Saron or fixed-rate mortgage



The PostFinance attractiveness index continues to decline. Despite the latest major policy rate cut, however, fixed-rate mortgages remain the more attractive financing option. This is due in particular to the sharp decline in capital market interest rates and the associated lower financing costs for fixed-rate mortgages in the previous quarter. In the event of further monetary easing by the SNB, however, Saron mortgages could once again become more attractive than fixed-rate mortgages in the medium term.

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

## Real estate price trend for single-family homes and condominiums



For the first time in five quarters, the prices for rental accommodation in the previous quarter fell significantly, while the prices for owner-occupied apartments continue to fall. The prospect of an upcoming reduction in the reference interest rate may have had an impact on rental accommodation. The reduction in prices for owner-occupied apartments may be explained by the cautious attitude of potential buyers, who are speculating on further falls in financing costs due to the expected monetary easing. Buyers are therefore possibly hesitant to make a purchase. On the other hand, the prices for single-family homes have risen steeply once again, presumably due to the continuing shortage of homes available and the sharp fall in capital market interest rates.

Source: SFISO

## Swiss economic data

Indicators	Q1 2024	Q2 2024	Q3 2024	2024	2025	2026
GDP growth	0.4%	1.5%	2.0%	1.8%	1.4%	1.6%
Inflation	1.2%	1.4%	1.1%	1.3%	0.8%	1.2%
Unemployment	2.4%	2.3%	2.4%	2.4%	2.4%	2.4%
Net immigration (number of people)	24,000	22,000	19,000	85,000	75,000	70,000
EUR/CHF exchange rate	0.96	0.97	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.

**Money market financing:** Money market financing is available for a term of up to a year.

**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.

## Which mortgage is best suited to which interest rate situation?

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

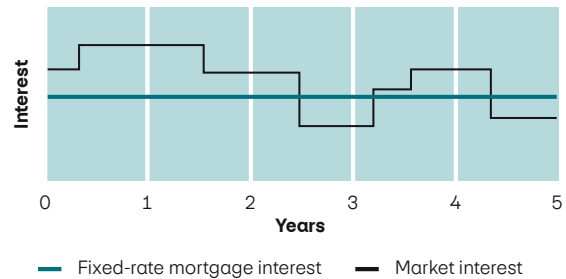
A mortgage with a fixed rate or one where you can decide on the level of risk and security for yourself?

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.

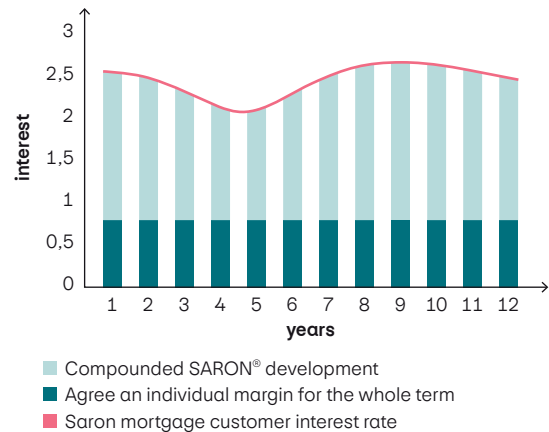
#### Term and interest rate



### 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 real estate market in Switzerland.

→ [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](https://postfinance.ch/mortgage).

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Data valid as at: 12 December 2024  
Editorial deadline: 12 December 2024

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