



Quarterly report on the Swiss mortgage market

Q3 2026

SWISS MORTGAGE MARKET

Q3 2026

i) Executive Summary

In Q3 2026, rates are rising and lenders' appetite is returning. The rise stems from the 10-year CHF IRS (interest rate swap), driven by tightening by the ECB and the Fed. The median 10-year fixed rate stands at 1.84% (+14 bps quarter-on-quarter), and the market now anticipates a normalisation of policy by the SNB. Meanwhile, some lenders are reverting to an aggressive pricing policy, but their return is selective: this is widening price differentials, both between lenders and across regions. Demand, however, is not yet keeping pace. With 21,516 new loans totalling CHF 19.77 billion, the market is down 4.0 per cent in number and 6.4 per cent in volume year-on-year. Credit is becoming available again, but not for everyone.

Market: credit is opening up ahead of demand

The quarter-on-quarter decline (-1.72 per cent in number, -0.43 per cent in volume) is seasonal. The residential sector (owner-occupied) is holding up thanks to prices: it accounts for 64 per cent of new loans by number, and the average loan size has risen to CHF 752,000 (+2.45 per cent quarter-on-quarter). In the residential sector, three factors are holding back demand: a shortage of properties, uncertainty over employment in certain industries, and a wait-and-see attitude fuelled by developments in the Middle East and imported inflation. The IPRE (investment property) segment is falling for another reason: its volume is down 12.1 per cent year-on-year, whilst the number of applications has fallen by just 3.2 per cent – a sign of selective lending rather than a problem with interest rates. Lenders' appetite is returning, however, towards the end of the quarter, a lag that should support volumes in Q4.

Rates: the rise comes from the IRS, not the lenders

The median 10-year fixed rate stands at 1.84% (+14 bps quarter-on-quarter, +27 bps year-on-year). The 10-year CHF IRS, measured on the dates of our offers, rose by 19 bps: lenders absorbed part of the rise by reducing their margins, and the median margin on the 10-year fell to 1.00 per cent (-5 bps). However, there are limits to how much lenders can reduce their margins, whereas the rise in the IRS has no such limits. Short-term rates are rising faster than long-term rates: the yield curve is flattening. With a spread of 84 bps between the 10-year fixed rate and the SARON, the entire market is reducing its fixed-rate exposure, which has fallen to 58.26 per cent (-17.7 percentage points quarter-on-quarter), for both owner-occupied properties and investment properties. The choice of financing is now dictated more by its cost than by its term: households are prioritising affordable monthly repayments, whilst investors are seeking to preserve their cash flow.

Lenders: a return that widens spreads

The key development of the quarter is the return of certain lenders, with an aggressive interest rate policy, particularly for primary residences. This return is not narrowing spreads; it is widening them. On 10-year fixed-rate residential mortgages, 98 basis points separate the best offer (1.46 per cent) from the least competitive (2.44 per cent). The top end of the market follows the IRS, whilst the bottom end is driven by demand. On the SARON, negotiated margins range from 0.65 per cent to 1.75 per cent. The IPRE market remains selective: lenders are favouring free-standing properties with a predominantly residential use, and some are streamlining their existing portfolios. The same trend is evident across the regions. The rise remains contained at between 5 and 7 bps in German-speaking Switzerland, where competition between lenders is fiercer, compared with 10 to 13 bps in French-speaking Switzerland. Rates in Zurich are now 13 bps lower than those in Geneva, illustrating the moderating effect of competition on the cost of financing. Where lenders are vying for business, the rise is tempered.

Imported inflation signals a rise in interest rates

Global inflation and the tightening by the ECB and the Fed have changed the landscape. Swiss inflation reached 1.0% in September, and the SNB has raised its forecast, citing the weakness of the franc as a further factor. It is keeping its key interest rate at 0%, but the market anticipates a rate of at least 0.75% by September 2027. We agree with this assessment and no longer rule out a rate rise as early as December. By the end of 2026, the median 10-year fixed rate is expected to remain close to its Q3 level, easing towards 1.75 per cent until November before rising back towards 2 per cent from December onwards. For 2027, assuming a constant median spread, our base-case scenario places the median 10-year rate between 1.95 per cent and 2.10 per cent, and the customer SARON rate at around 1.75 per cent. The low-case scenario puts it between 1.65 per cent and 1.80 per cent, whilst the high-case scenario places it between 2.25 per cent and 2.40 per cent. The SARON remains cheaper in the short term, but its advantage is diminishing as rates normalise. For those wishing to lock in their borrowing costs, the autumn window is the last opportunity of the year.

Private debt: the opportunity cost of tied-up capital

For investors who own income-generating properties, the portion of their property's value that the bank would be willing to finance – but which they do not borrow – constitutes tied-up capital that dilutes their return on equity. On the other hand, some borrowers require more than the bank is willing to lend. They supplement their financing with junior debt – most often subordinated – for a bridging loan, a property development or the completion of building works. The interest rate on this debt is set on a case-by-case basis and does not automatically follow market rates. The gap with the cost of a mortgage therefore remains wide, even in a rising cycle, but it narrows with every rise in the IRS and every increase in the base rate. The leverage and junior ranking make this an investment reserved for investors with substantial assets. A debt-free property is not a cost-free investment.

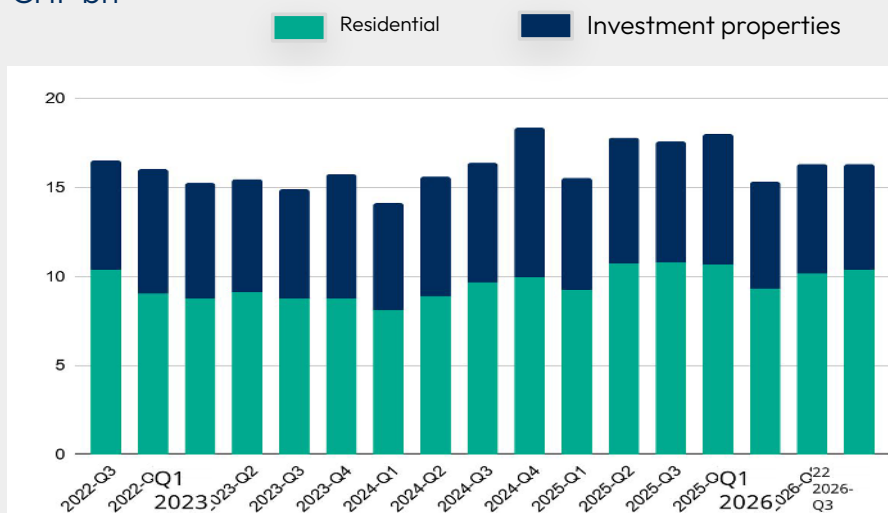
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ii) Key indicators for the Swiss mortgage market

Volume of new mortgage loans

CHF bn



Volume of new mortgage loans in Q3
+ 19.77 billion
(-0.43% quarter-on-quarter)

Number of new mortgage loans

Per quarter



New mortgage loans Q3
+ 21,516
(-1.72% quarter-on-quarter)

Median loan-to-value (LTV) ratio
for first-time buyers

75.41% (-3.26 pp)

Average size of residential
mortgages

CHF 752,000
(+2.45% QoQ)

Average size of mortgage loans:
investment properties

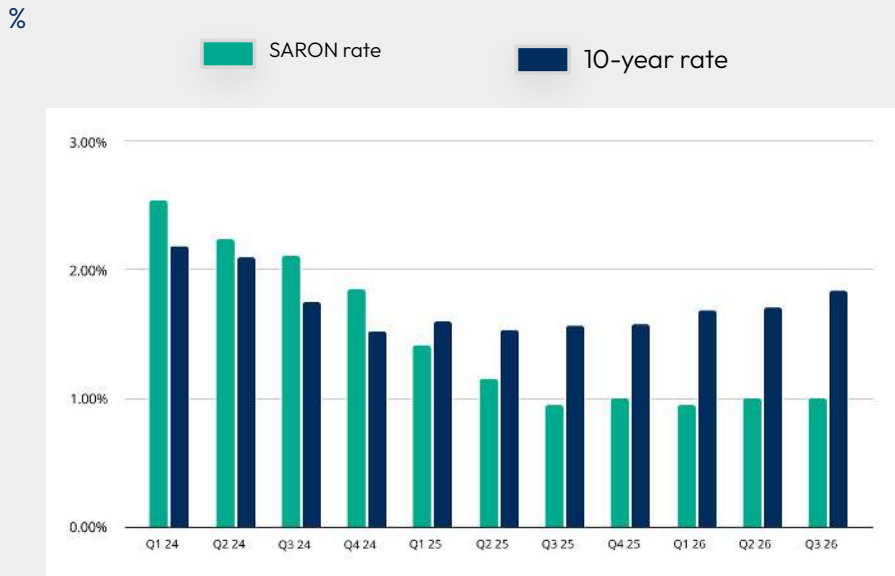
CHF 966,000
(-0.3% QoQ)

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(ii) Key mortgage rate indicators

Trend in client SARON rates vs 10-year rates



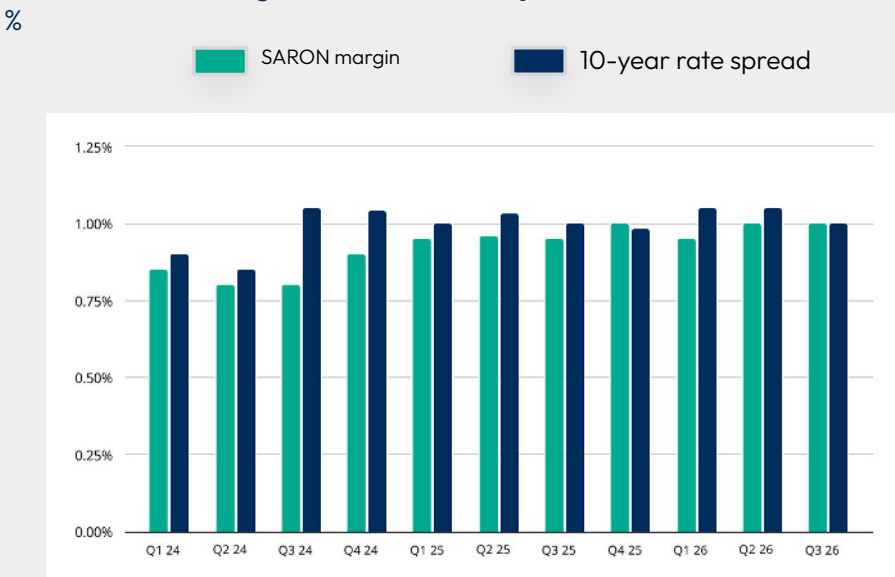
Median SARON customer rate

1.00%

Median 10-year rate

1.84%

Trends in bank margins – SARON vs 10-year



SARON median spread

1.00%

Median spread 10-year

1.00%

Best SARON margin negotiated during the quarter

0.65%

Best 5-year rate negotiated during the quarter

1.28%

Best 10-year rate negotiated during the quarter

1.46%

Source: SNB & Resolve analysis

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ii) Key indicators of the Swiss mortgage market

Market indicators

Q3 2026 saw 21,516 new mortgage loans totalling CHF 19.77 billion, representing a slight decline quarter-on-quarter (-1.72 per cent in number, -0.43 per cent in volume). This slowdown is seasonal: the third quarter is typically less buoyant than the second. The trend is evident on a year-on-year (YoY) basis, where the volume is falling faster than the number of transactions (-6.4 per cent compared with -4.0 per cent). The market is losing more value than it is in terms of the number of loans, and this divergence is concentrated in a single segment.

The residential (owner-occupied) sector is holding up. It accounts for 64 per cent of new loans by number (total including the 'Other' category), with 13,788 transactions totalling CHF 10.37 billion, a volume up 1.9 per cent quarter-on-quarter (-3.7 per cent year-on-year). The average size of residential loans rose to CHF 752,000 (+2.45 per cent quarter-on-quarter), whilst the number of transactions fell slightly (-0.5 per cent quarter-on-quarter): it is the continued rise in prices that is driving the volume.

The IPRE (investment properties) segment is lagging behind. With 6,170 transactions totalling CHF 5.96 billion, the volume fell by 12.1 per cent year-on-year, whilst the number of cases fell by only 3.2 per cent. The average size of loans for investment properties stood at CHF 966,000 (-0.3 per cent quarter-on-quarter). This discrepancy between volume and number is indicative of a market where lenders' appetite carries more weight than the interest rate. Having become more selective, lenders now favour properties with a predominantly residential use, and require them to be self-sustaining (where actual rental income covers theoretical costs) or for the borrower's financial standing to compensate. Applications that do not meet these conditions must provide additional equity to secure financing, or seek another lender, particularly as some institutions are streamlining their IPRE portfolios (see Chapter IV).

The median loan-to-value (LTV) ratio for first-time buyers of a main residence stands at 75.41 per cent (-3.26 percentage points quarter-on-quarter). It remains within the 74 per cent to 79 per cent range observed since early 2025, below the regulatory ceiling of 80 per cent (see Chapter III).

Interest rate indicators

The rise in rates in Q3 2026 stems from the market, not from lenders. The median 10-year fixed rate stands at 1.84 per cent (+14 bps quarter-on-quarter), whilst the 10-year CHF IRS, its underlying funding benchmark, measured on the dates of our offers, rose by 19 bps. The median spread on the 10-year thus fell to 1.00 per cent (-5 bps): lenders absorbed part of the rise by narrowing their spreads. The best 10-year rate negotiated during the quarter fell to 1.46 per cent. The best 5-year rate stood at 1.28 per cent.

The rise in the IRS was concentrated in September, in the wake of monetary tightening by the Fed and the ECB. Between 28 August and 25 September, the 10-year CHF IRS rose by 23 bps. Most of the movement occurred around the ECB's decision (10 September), followed by the SNB's monetary policy assessment (24 September) (Investing.com). Shorter maturities rose even more sharply: +33 bps for the 2-year and +34 bps for the 5-year over the same period. The yield curve flattened, a trend we return to in Chapter VI.

With the SARON anchored at the 0% policy rate and a median spread of 1.00%, the spread over the 10-year fixed rate reached 84 bps. Borrowers are responding accordingly: the fixed-rate share (the proportion of the total loan volume in fixed-rate tranches) has fallen to 58.26 per cent (-17.7 percentage points quarter-on-quarter), and the average duration of fixed-rate tranches, across all categories, stands at 8.05 years. This trend is widespread, affecting both owner-occupied properties and investment properties (see Chapter III). For a loan of CHF 900,000, this spread represents a reduction of CHF 7,560 in annual interest charges at the SARON rate, assuming the rate remains constant. The SARON would need to rise by an average of more than 84 bps over ten years for a fixed-rate mortgage to become the more favourable option again (see Chapter VI).

Pricing remains the least consistent indicator in the market. For 10-year fixed-rate mortgages, there is a 98 bps gap between the best offer (1.46 per cent) and the least competitive (2.44 per cent) in the residential sector, and an 89 bps gap in the IPRE sector (1.52 per cent versus 2.41 per cent). For a loan of CHF 900,000, the difference in interest charges can amount to CHF 8,820 per year. This is not merely a matter of price: some lenders charge a higher margin but are more flexible on lending conditions. Price and lending terms are negotiated together, and this is where the difference lies. On the SARON, the best negotiated margin has fallen to 0.65 per cent, driven by the return of certain nationally focused lenders, partly via digital channels, whilst the median margin remains stable at 1.00 per cent.

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iii) Analysis of the Swiss mortgage market

Mortgage growth

The Swiss mortgage market continues to contract year-on-year. In Q3 2026, the volume of new loans fell by 6.4% year-on-year and the number of transactions by 4.0%. These figures measure the flow of new loans, not the outstanding balance, which still rose by 3.1% year-on-year at the end of July (SNB, Quarterly Bulletin 3/2026): new lending continues to exceed repayments.

The quarter is primarily a story of demand. Beyond the usual summer seasonality, three factors are weighing on purchasing decisions. The first is the scarcity of properties: the available stock has fallen below the 40,000 mark (RealAdvisor, barometer published on 4 May 2026). The second is uncertainty over employment in certain medium- to high-income sectors, such as watchmaking and the pharmaceutical industry, within an otherwise robust labour market. The third is a more general wait-and-see attitude, fuelled by the situation in the Middle East and the return of imported inflation (SNB, Quarterly Bulletin 3/2026).

Conversely, lenders' appetite for lending is returning towards the end of the quarter. Credit is becoming available again before demand follows, a lag that should underpin Q4 volumes (see Chapter VI).

Analysis by segment

Both segments are declining, but not for the same reasons: the residential sector is seeing a fall in applications due to weak demand, whilst the IPRE sector is experiencing a drop in volume due to supply constraints (figures in Chapter ii).

In the residential sector, volume is holding up thanks to prices, but the number of transactions is down by 4.2 per cent year-on-year. As a household decision, the purchase of a main residence takes into account the economic climate, monthly repayments, the scarcity of properties and price levels. These constraints do not eliminate demand: they merely postpone it.

The IPRE, which is less subject to sentiment, depends above all on lenders' appetite. Its volume is falling nearly four times faster than the number of applications (-12.1 per cent compared with -3.2 per cent year-on-year), as supply in this sector is selective. Under the constraints of Basel III, lenders are tightening criteria for certain property types whilst relaxing them for others, favouring free-standing properties with a predominantly residential use.

This selection process does not affect all investors in the same way. Leverage is tightening for IPREs held by companies (commercial properties, offices, investment properties with more than three units) whilst remaining stable for those held in a private capacity (buy-to-let flats). As residential property prices are rising faster than their average rate over the last ten years (SNB, Quarterly Bulletin 3/2026), investors must provide more equity or walk away (see Chapter IV).

Loan-to-value (LTV) ratio

The median loan-to-value (LTV) ratio for first-time buyers of a main residence stood at 75.41 per cent in Q3 2026 (down 3.26 percentage points quarter-on-quarter, source: Resolve). This quarterly trend does not mark a significant change: since early 2025, the median has fluctuated between 74 per cent and 79 per cent, without ever reaching the regulatory ceiling of 80 per cent. Lenders have not altered their calculations for covering mortgage costs. It is prices that set the limit: the residential property price index has risen by 3.5 per cent year-on-year (FSO, 30 July 2026), whilst nominal wages increased by 1.8 per cent in 2025 (FSO, 21 April 2026).

With the theoretical interest rate unchanged, a more expensive property, when combined with an income that is rising more slowly, reaches the affordability limit sooner. First-time buyers come up against this limit before the regulatory ceiling, and must provide more equity to purchase the same property. The constraint is not the regulatory ceiling of 80 per cent, but affordability.

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iii) Analysis of the Swiss mortgage market

Trends in rates and margins

Q3 2026 can be divided into two phases. In July and August, the 10-year CHF IRS traded within a narrow range, between 0.66 per cent and 0.82 per cent at weekly close (Investing.com): a window of opportunity to lock in long-term rates. From the end of August, its rise – which was concentrated in September in the wake of tightening by the ECB and the Fed (see chapter ii) – closed this window.

Over the quarter, the 10-year IRS, measured as at the dates of our offers, rose by 19 bps, whilst the median 10-year fixed rate rose by 14 bps. Just under three-quarters of the market rise was therefore passed on to the client, with the remainder absorbed by margins.

Rate trends

The median 10-year fixed rate stood at 1.84% (+14 bps quarter-on-quarter, +27 bps year-on-year). The two distinct phases of the quarter gave rise to two different trends. In July, many borrowers took advantage of the window of opportunity to lock in a 10-year rate: indeed, the best 10-year rate of the quarter (1.46 per cent) was negotiated in July. In September, a larger number of borrowers took the opposite approach, opting for the SARON whilst adopting a wait-and-see stance, choosing shorter fixed-rate terms, or even postponing signing their mortgages.

As a result, the proportion of fixed-rate mortgages, across all terms, fell to 58.26 per cent (-17.7 percentage points quarter-on-quarter). This trend is widespread: 61.52 per cent for main residences (-18.28 pp), 32.85 per cent for investment properties (-19.22 pp). The average term for fixed-rate loans stands at 8.05 years across all categories, and at 8.16 years for main residences (-0.56 years).

The SARON varies depending on the profile. For investors, it is structural: it preserves cash flow. For households, it is often temporary: retail customers compare rates before committing, but do not wish to monitor them once the purchase is complete. People no longer choose their term based on the yield curve, but on their monthly repayment.

For those wishing to secure their repayment costs over the long term, waiting for a sustained fall in rates remains a losing strategy: we anticipate a continued rise in rates (see Chapter VI). For others, the SARON is likely to remain cheaper than a 10-year fixed-rate mortgage. The security of a fixed-rate mortgage comes at a price, which must be weighed against each individual's tolerance for fluctuations in repayment costs.

Bank margins

The median margin on the 10-year fixed rate has fallen to 1.00 per cent (-5 bps quarter-on-quarter). For the SARON, the median margin remained stable at 1.00 per cent, whilst the average margin stood at 1.13 per cent (-2 bps). These figures reflect terms secured through competitive tendering: they are therefore driven by the most attractive lenders of the quarter.

Three distinct lending strategies coexist this quarter. Institutions on track to meet their annual targets are maintaining their margins. Those that revised their strategy over the summer, or that need to boost volumes as the year draws to a close, are reducing them. Finally, those reducing their exposure to certain loan types, or who have already met their targets, are offering less favourable terms. On the SARON, this coexistence is reflected in the spread: the best negotiated margin fell to 0.65 per cent, whilst the highest reached 1.75 per cent in September.

Competition is expected to remain fierce in 2027. Several institutions are targeting growth above the market average, whilst other lenders absent in 2026 are in turn announcing their return, and mortgages remain a key product for retail banks seeking market share. However, whilst competition may curb the rise in mortgage rates, it will not be able to offset the rising cost of refinancing for banks in the long term.

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iv) Analysis of lenders and competition

Analysis

Insurance Companies & Pension Funds : The landscape of institutional lenders remains unchanged this quarter. Pension funds favour first-mortgage financing for main residences and IPRE with a predominantly residential use, provided the property is freehold, offering very attractive terms. For investment properties, they apply more favourable capitalisation rates than banks, which supports the yield value applied. They have no appetite for other property types. The majority of insurance companies are staying on the sidelines, and the few still active are granting new loans only on a case-by-case basis, including for residential properties. Their withdrawal is due less to a lack of interest than to their exposure limits on mortgages or in certain markets.

Banks : The key development of the quarter is the return of certain lenders, adopting an aggressive interest rate policy, either following a change in strategy or due to a need to boost volumes as the year draws to a close. This return is primarily focused on primary residences, and the trend is also affecting regional banks. Appetite remains broadly unchanged by category, but competition is intensifying between institutions. In the IPRE sector, banks are also prioritising residential lending, but are less stringent than pension funds regarding self-sufficiency, provided the borrower's financial capacity allows them to meet the repayments. Some institutions are also streamlining their existing IPRE portfolios through non-renewals or by imposing dissuasive conditions.

This trend is reflected in the spread of prices. In the residential sector, the spread between the best and least competitive offers on 10-year fixed-rate mortgages widened from 80 bps in Q2 to 98 bps in Q3. Between August and September, whilst the 10-year CHF IRS rose by 23 bps (see Chapter II), the least competitive offer increased by 19 bps, whilst the best offer remained stable. The most expensive offers track the IRS, whilst the most competitive ones reflect market appetite. These terms run until the end of 2026, and the signals already received for 2027 point to the continued presence of these lenders (see Chapter III).

Local banks generally aim for growth in line with that of the market and do not need to chase volume through pricing. This leaves room for national players to be more aggressive on rates.

The customer relationship remains the key entry requirement. Becoming a primary bank is now virtually essential. The repatriation of third-pillar pension assets and new assets is no longer systematically required, but it does affect the interest rate and the margin discount granted.

Basel III, now partly implemented, continues to drive pricing. First-ranking loans, which require the least regulatory capital, benefit from more attractive terms. Green mortgages are establishing themselves as a distinct segment: some lenders now only provide finance on this basis, whilst others have focused their strategy on supporting energy-efficiency works or are only competitive within this framework. Some institutions are refinancing these properties using green funds rather than traditional channels, and are passing on part of this benefit to the customer.

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iv) Analysis of lenders and competition

Analysis

Market conclusion : The return of certain lenders is not narrowing spreads; it is widening them. Terms are now being set through direct negotiations with institutions seeking volume, rather than in the middle of the market. Competitive bidding allows this spread to be captured. The structuring of the deal determines the margin obtained: equity and senior debt, client relationship and repatriated assets, and the property’s energy efficiency. In the IPRE sector, selectivity is primarily determined by access to finance, rather than price.

Type of property	Local banks	Regional banks (French-speaking Switzerland)	Regional banks (German-speaking Switzerland)	The largest banks/banks based in Switzerland	Insurance companies	Pension funds
Residential						
Investment properties (residential)						
Investment properties (other)						

Strong appetite, attractive terms Very selective appetite, unattractive terms No appetite

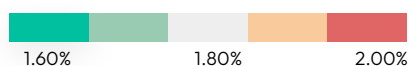
	Best rate 10 years	Less competitive 10 years	Spread
Residential	1.46%	2.44%	98 bps
Investment properties (IPRE)	1.52%	2.41%	89 bps

Strong appetite, attractive terms Very selective appetite, unattractive terms No appetite

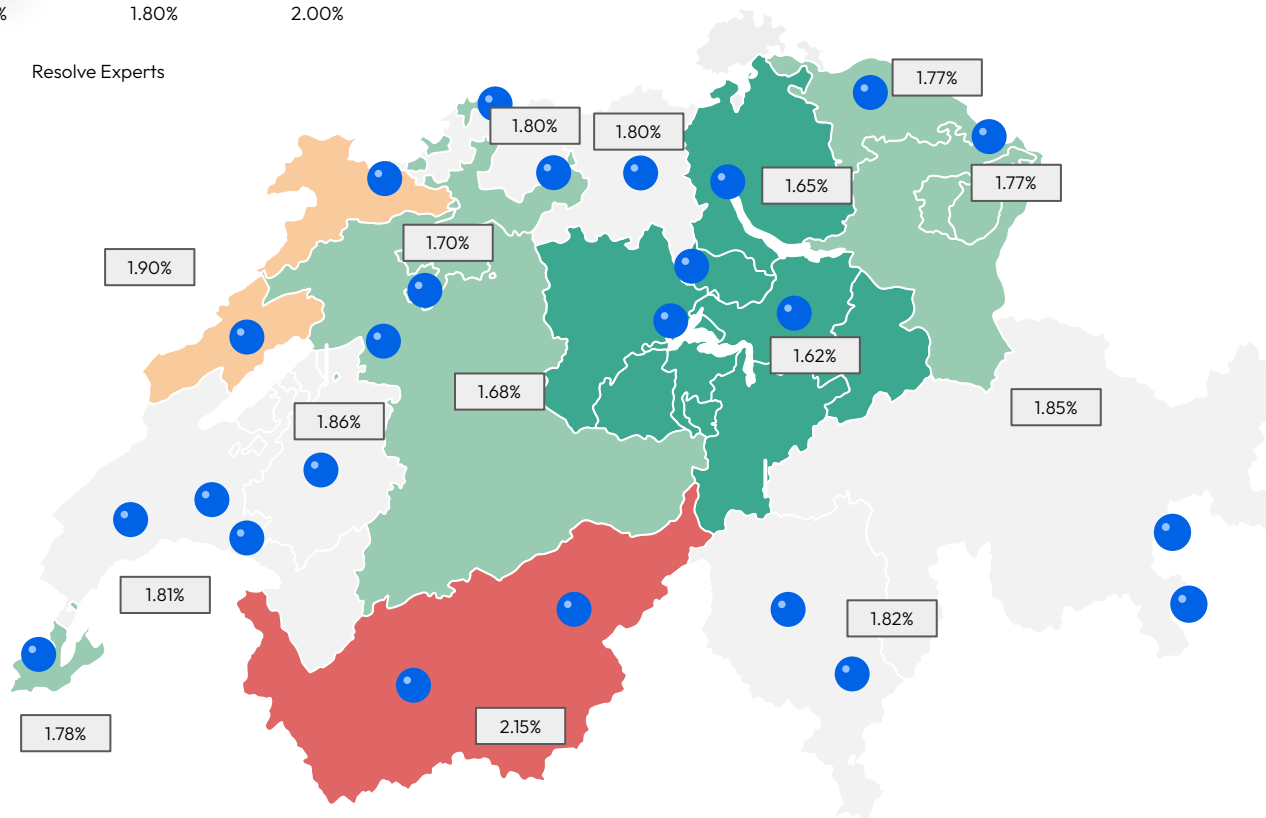
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1.84%

Median 10-year rate for the quarter



Resolve Experts



	10-year median rate	Change in 10-year median rate QoQ	Lender presence
Geneva	1.78%	+13 bps	Strong
Vaud	1.81%	+10 bps	Strong
Valais	2.15%	+10 bps	Concentrated
Neuchâtel	1.90%	+11 bps	Average
Fribourg	1.86%	+11 bps	Average
Mittelland	1.70%	+5 bps	Strong
Zurich	1.65%	+6 bps	Very strong
Central Switzerland	1.62%	+7 bps	Very strong
Ticino	1.82%	+15 bps	Concentrated

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v) Regional median rates and competitive analysis, by our local experts

Analysis

Lenders' appetite is returning, but not with the same vigour everywhere. Regional rates can be interpreted in two ways: their level, which reflects structural differences, and their variation over the quarter, which shows where the rise in the IRS has been absorbed.

The level of rates depends primarily on the density of the lending landscape, i.e. the number of active lenders in a market. German-speaking Switzerland has more: cantonal banks operating beyond their own canton, a dense network of cooperative and regional banks, and a greater number of pension funds. French-speaking Switzerland has fewer players, and its cantonal banks remain more firmly rooted in their own cantons. Median rates thus range from 1.62 per cent in Central Switzerland and 1.65 per cent in Zurich up to 1.86 per cent in Fribourg and 1.90 per cent in Neuchâtel. The type of property further widens these differences in rates. In regions where the lending landscape is less dense and there are numerous tourist areas, the median rate incorporates the risk premium applied to second homes, for which it is difficult to establish a banking relationship. Valais is a case in point, with a median rate (2.15 per cent) that does not reflect the rate obtained for the purchase of a main residence.

The variation over the quarter follows a different pattern. The rise in the IRS has been felt across the board, but it has been cushioned where competition between lenders is fiercest. The lenders who have returned to the market, as described in the previous chapter, are seeking volume and are focusing their efforts on margins in the most active and densest markets. The rise is thus limited to between 5 and 7 bps in German-speaking Switzerland, compared with 10 to 13 bps in French-speaking Switzerland. The regional breakdown, however, does not affect the variation: despite its level, Valais is rising at the same rate as the rest of French-speaking Switzerland (+10 bps).

The gap between regions is widening: there is now a 13 bps difference in rates between Zurich and Geneva. Where lenders are plentiful, the rise is being cushioned. Where they are scarcer, the impact is being passed on to the borrower.

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vi) Macroeconomic indicators and forecasts for 2027

Inflation: the rise is driven by energy prices and the Swiss franc

Swiss inflation reached 1.0 per cent in September, up from 0.8 per cent in August (FSO, 1 October 2026). The rise is driven by crises in the Near and Middle East. Imported prices rose by 2.1 per cent year-on-year, whilst domestic prices increased by just 0.7 per cent and core inflation by 0.5 per cent.

The SNB has nevertheless raised its forecast for the entire forecast horizon, to 0.7 per cent in 2026, then 0.8 per cent in 2027 and 2028. It attributes this revision to oil prices, but also to the weakness of the franc (SNB, Quarterly Bulletin 3/2026). This marks the change for the quarter. Imported inflation is no longer driven solely by energy; it is also driven by the exchange rate. This forecast is based on an unchanged policy rate. If the weakness of the franc were to sustain imported inflation over the long term, the SNB might be forced to raise its rates, as the market currently anticipates.

Second-round effects remain limited at this stage. Companies surveyed by the SNB anticipate wage rises of 1.3 per cent in 2027, following 1.5 per cent in 2026 (SNB, Quarterly Bulletin 3/2026). The risk, therefore, is not a domestic spiral, but the duration of the imported shock.

Monetary policy: the market is anticipating what the SNB is not promising

The SNB kept its key policy rate at 0% on 24 September. Its inflation forecast is based on an unchanged rate throughout the forecast horizon and remains within the price stability range. It has also reverted to its usual stance on the foreign exchange market, having signalled a greater willingness to intervene in June.

The market interprets the situation differently. It assigns roughly a one-in-two chance of a rate rise as early as December, and anticipates a key policy rate of at least 0.75 per cent by September 2027 (CNBC, LSEG data, 24 September 2026). We agree with this interpretation, as a conditional forecast is not a commitment. The interest rate differential with the Fed and the ECB has widened, which boosts the appeal of the franc as a funding currency for carry trades. The franc fell by 2.8 per cent on a trade-weighted basis between mid-June and mid-September (SNB, Quarterly Bulletin 3/2026). If it continues to weaken, imported inflation will force the SNB's hand.

For borrowers, the consequence is immediate. Having gained market share on the SARON, lenders are now seeking to capitalise on this and are likely to reduce their margins less on the SARON than on fixed-rate loans. A rise in the key interest rate will therefore be passed on almost entirely to the customer's SARON rate.

Long-term rates: the IRS follows global trends, not Switzerland

The 10-year fixed rate does not depend on the SNB, but on the 10-year CHF IRS, and its drivers are now global. The ECB (10 September) and then the Fed (16 September) raised their key interest rates by 25 basis points, in response to inflation of 3.2 per cent in the eurozone and 3.4 per cent in the United States in August (SNB, Quarterly Bulletin 3/2026). Long-term yields have risen significantly in advanced economies. They were driven by energy-related inflationary risks, but also by growing doubts about the sustainability of public finances (SNB, Quarterly Bulletin 3/2026). The yield on 10-year Swiss government bonds thus rose from 0.39 per cent to 0.58 per cent between mid-June and mid-September. The Swiss yield curve is rising and flattening as the market prices in the SNB's expected normalisation (see Chapter II). This is the second key development of the quarter. After prices, Switzerland is now importing interest rates.

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vi) Macroeconomic indicators and forecasts for 2027

Margins: a buffer that does not cover everything

In Q3, lenders absorbed part of the rise in the IRS, but not all of it (see Chapter III). The median margin on 10-year mortgages stands at 1.00 per cent and is expected to remain at that level. Efforts are focused on the best offers, driven by lenders returning to the market (see Chapter IV).

The easing of the IRS in October was passed on in full to customers. This has opened a window of opportunity that borrowers who remained on the SARON in September are beginning to take advantage of, which should support Q4 volumes.

This window will close in December. Offers issued at the end of the year relate to disbursements in 2027, for which lenders' volume requirements no longer play the same role. A potential rise in the key interest rate would, at the same time, weigh on the IRS. Competition in 2027 will continue to drive down the best offers, but it will not offset a sustained rise in the IRS.

Conclusion: our views for 2027

Q3 2026 brings the two Swiss market cycles closer together. Long-term fixed rates remain hostage to an imported rise, but the SARON, which has remained static until now, is in turn beginning to move with the SNB's expected normalisation. Global inflation and central bank tightening have changed the landscape: we no longer rule out a key rate hike as early as December.

By the end of 2026, we anticipate a median 10-year fixed rate close to that of Q3, following a quarter characterised by two distinct phases. The median is expected to ease towards 1.75 per cent until November, then rise back towards 2 per cent from December onwards.

For 2027, we are assuming a constant median spread. Our base-case scenario envisages the SNB at 0% and the IRS returning to its summer levels. The median 10-year yield would then stabilise between 1.65% and 1.80%, which is already the most favourable outcome we consider credible. Our central scenario, which is our conviction, sees the normalisation anticipated by the market materialise, with a key policy rate of around 0.75 per cent. The median 10-year yield would range between 1.95 per cent and 2.10 per cent, and the client SARON would rise towards 1.75 per cent. Our high-end scenario combines an SNB rate of 1 per cent with a widening of the global term premium, in the event of an escalation in the Middle East or further rate rises by the Fed and the ECB. The median 10-year yield would then reach between 2.25 per cent and 2.40 per cent, with the client SARON at around 2 per cent.

The SARON remains cheaper in the short term, but its advantage diminishes as normalisation progresses. The current spread of 84 bps (see Chapter II) already corresponds, more or less, to the average rise in the SARON that the market anticipates over ten years. Choosing the SARON therefore amounts to betting that the SNB will raise rates less than anticipated. In any case, the forward SARON involves a two-fold gamble: on the SNB and on the IRS at the time of fixing. For those wishing to lock in their interest rate, the autumn window is the last opportunity of the year.

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vii) Macro watch & strategic focus

Private real estate debt: the opportunity cost of tied-up capital

For an investor, holding a property directly is not the only way to gain exposure to the Swiss property market. Private property debt offers a contractual income backed by a Swiss asset, without the need to manage tenants, maintenance or renovations. It is also of interest to investors whom the Lex Koller classifies as ‘persons abroad’: the purchase of residential property in Switzerland is subject to authorisation for them, whereas a loan secured by a mortgage remains available to them, provided it does not confer on them a position comparable to that of an owner. Bridge Capital, a subsidiary of Resolve that is independent of any banking institution, has observed a marked interest among these investors in exposure to Swiss property and in returns denominated in Swiss francs.

For investors who already own investment properties, private debt can even be financed using their existing assets. Lenders typically finance up to 75 per cent of the yield value, a more conservative basis than the market value. Any unused capital below this maximum threshold is capital tied up in the property. This capital yields only the property’s return and dilutes the return on equity.

On the other hand, borrowers are specifically seeking what the bank will not finance. Senior debt stops at this threshold. Beyond that, they turn to junior debt – most often subordinated to the bank’s claim – for a bridging loan, a property development or the completion of works. Basel III, which has been partially assimilated in standard financing, remains a constraint as soon as the situation falls outside the standard framework (see Chapter IV). This quarter, Bridge Capital has observed demand driven by bridging loans, either whilst awaiting the sale of a property or between a purchase and a sale. These bridging loans now account for the majority of applications, whereas in Q2 the focus was on larger-scale refinancing and renovation projects. The borrower pays a premium for rapid access to liquidity. The rate is set on a case-by-case basis, depending on the property, its location, its resale potential and the borrower’s circumstances, and does not automatically follow market rates.

What one leaves dormant below the banking threshold, another seeks above it. Private property debt transforms this unused borrowing capacity into a claim secured by a Swiss asset. Repayment is linked to a specific cash event: refinancing, the sale of the property or a significant capital injection. Tenors generally do not exceed 36 months, and the market rate of return is most often between 8 per cent and 12 per cent. Compared with SARON-based financing, which costs 1.00 per cent this quarter (median margin, with SARON anchored at 0 per cent), the gross spread is measured in percentage points, not basis points.

The arbitrage still needs to be financed. Borrowing at SARON rates is a bet that the SNB will raise rates by less than the market anticipates (see Chapter VI). Setting short-term tranches, of two or three years, allows their maturity to coincide with the repayment of private debt and locks in the spread. This lock-in costs more than it did a quarter earlier, as the short end of the yield curve is rising faster than the long end. And as this return does not track the IRS, every rise in rates reduces the spread on the funding side.

This arbitrage comes at a price. The investor holds two exposures to the same Swiss property market: that of their building and that of the debt instrument. Leverage amplifies both losses and gains, and the investor’s building carries its debt regardless of what happens to the loan granted. The junior debt takes precedence after the senior debt. Its security depends on the value underpinning it today and on the credibility of the exit strategy, which is verified by active management several months before maturity. In recent transactions, exits have relied more on the sale of the property than on bank refinancing, which links the security of the debt to the liquidity of the property market. Private debt remains an investment reserved for qualified investors with significant movable or immovable assets. Less involvement in the property does not mean less due diligence on the financing.

Conclusion

Our view is as follows. As long as the return on private debt depends on risk and the scarcity of funding rather than on the yield curve, the spread relative to the cost of a mortgage remains wide, even in a rising cycle. However, it narrows with every rise in the IRS and every increase in the SNB’s key interest rate. For investors with substantial assets, the question is less whether their tied-up capital incurs a cost and more about the conditions under which it is sensible to release it. A debt-free property is not a cost-free investment.

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