September 2025

Interest rate forecast for PostFinance Ltd mortgages

The zero interest rate policy of the Swiss National Bank (SNB) makes Saron mortgages particularly attractive at the moment. Fixed-rate mortgages also offer attractive financing options as both the SNB policy rate and longer-term capital market interest rates are at a low level.

Current economic outlook

The Swiss economy has remained solid so far this year in a difficult environment. It rose sharply in the first quarter in particular. Besides strong domestic demand, this was primarily due to orders to the USA being brought forward to pre-empt the tariffs. The pace of growth has slowed significantly since the start of the second quarter. However, a slump has been avoided so far.

This weaker trend is expected to continue in the coming months. The US tariff burden of 39 percent is hitting the export-led Swiss economy hard, as around 4 percent of value added can be attributed to US demand for goods, according to estimates by the State Secretariat for Economic Affairs (SECO). At the same time, there have been growing signs of weakness in domestic demand over recent weeks and months. This is reflected in the very pessimistic sentiment numbers for consumers and service providers.

Switzerland is one of the few currency areas where price stability prevails in the long term. The inflation rate currently stands at 0.2 percent. In the medium term, there is even a risk that the rate will fall into negative territory, falling below the targets set by the Swiss National Bank (SNB). In light of weak economic and inflationary performance, a return to negative interest rates remains likely.

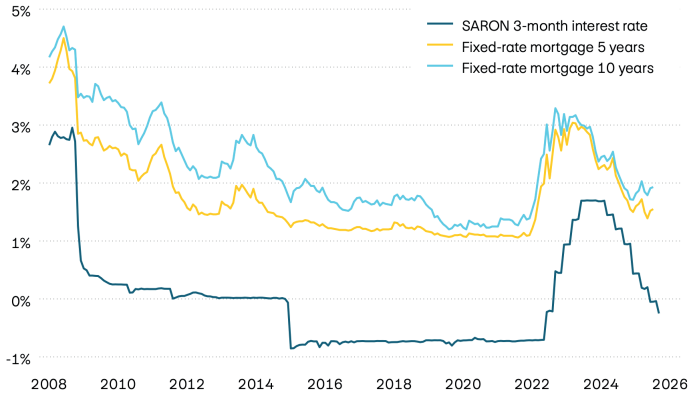
Interest rate forecast

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

Pressure on the Swiss National Bank (SNB) to cut the policy rate again and, in turn, to introduce negative interest rates is likely to increase over the course of next year. This is due to expected economic weakness and the risk that inflation could fall below the zero percent threshold. Downward adjustments to administered prices, such as electricity, are anticipated at the start of the new year. The reduction in the reference interest rate is expected to reduce the pressure on rent prices. However, owners would not benefit from a further reduction in the policy rate as Saron mortgages usually have a floor of 0 percent. If the Saron falls below this, the interest payable remains unchanged. Medium- and long-term mortgages are also expected to move sideways, given the already very low level. The recent decision to abolish the taxation of imputed rental value is unlikely to have much impact, even though medium-term demand for mortgages may fall slightly as a result.

→ Interest rates moving less than 0.25%
↗ Interest rates rising between 0.25% and 0.49%
↑ Interest rates rising 0.50% or more
↘ Interest rates falling between 0.25% and 0.49%
↓ Interest rates falling 0.50% or more

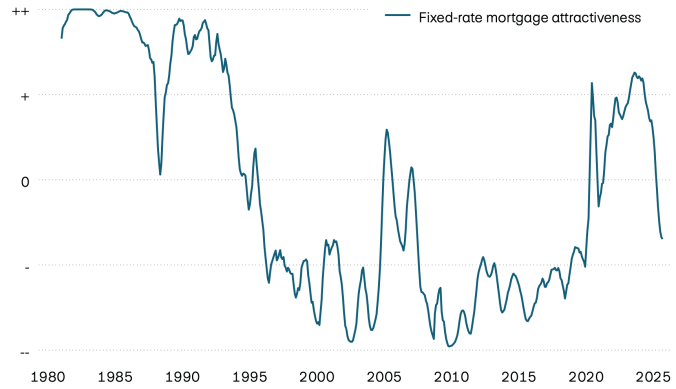
Development of mortgage rates in Switzerland



In 2022, interest rates on fixed-rate mortgages climbed to just over 3 percent due to monetary policy measures to combat high inflation. They did fall sharply after the central bank's change of course last year and briefly stood at well below 2 percent. However, there has since been slight upward pressure again. This development is partly due to more restrained bank lending. The decision to abolish the taxation of imputed rental value is unlikely to have much impact. We anticipate that the majority of fixed-rate mortgages will trend sideways over the next 12 months. Conversely, we expect a further decline in the 3-month Saron as we expect an additional reduction in policy rates, not at the next assessment on 11 December 2025, but only in March 2026.

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

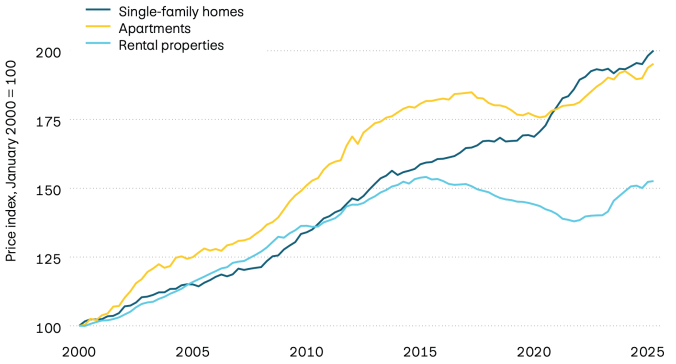
Saron mortgage or fixed-rate mortgage



The PostFinance fixed-rate mortgage attractiveness index fell slightly again. It means Saron mortgages remain more attractive than fixed-rate mortgages. This is mainly due to the recent rise in capital market interest rates, which has made fixed-rate mortgages slightly more expensive. At the same time, Saron mortgages have remained largely stable. This is unlikely to change much in the medium term. Saron mortgages typically hit their low point at a policy rate of zero. Given the anticipated reduction in policy rates in 6 months' time, rapid increases in prices are not expected. For medium- and long-term fixed-rate mortgages, we anticipate a sideways trend, given the limited scope for capital market interest rates. Money market financing should, in turn, retain its advantage over fixed-rate mortgages for the time being.

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

Real estate price trend for single-family homes and condominiums



Real estate prices climbed again in the past quarter, with single-family homes and owner-occupied apartments making particularly strong gains. This is mainly due to persistently low capital market interest rates in Switzerland, which are fuelling demand for residential property, while supply remains scarce. By contrast, the positive price momentum on the rental housing market has weakened slightly. This subdued trend looks set to continue in the coming months, particularly as the reference interest rate was recently cut for the second time this year.

Source: SFSO

Swiss economic data

Indicators	Q3 2024	Q4 2024	Q1 2025	2024	2025	2026
GDP growth	1.6%	1.8%	1.2%	1.3%	1.0%	1.1%
Inflation	0.7%	0.4%	0.0%	1.1%	0.2%	0.6%
Unemployment	2.6%	2.9%	2.7%	2.5%	3.1%	2.7%
Net immigration (number of people)	25 000	23 000	16 000	90 000	80 000	70 000
EUR/CHF exchange rate	0.94	0.96	0.94	0.95	0.94	0.92

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.

Price stability Price stability is when the general price level of an economy fluctuates only slightly over time, i.e. neither rises sharply (inflation) nor falls in a sustained manner (deflation). In practice, price stability is often defined as annual inflation being in the range of 0 to 2 percent over the medium term.

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 rates: 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.

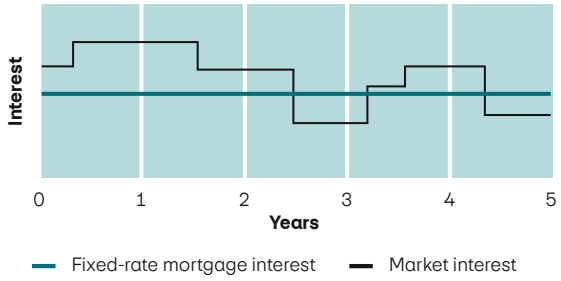
6.Reference interest rate: The mortgage reference interest rate is published quarterly by the Federal Office for Housing (FOH) and serves as the basis for rent adjustments in existing tenancies. The reference interest rate is adjusted in line with the development of the mortgage interest rate. It is based on the average mortgage interest rate offered by banks and is rounded to the nearest quarter percent.

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.

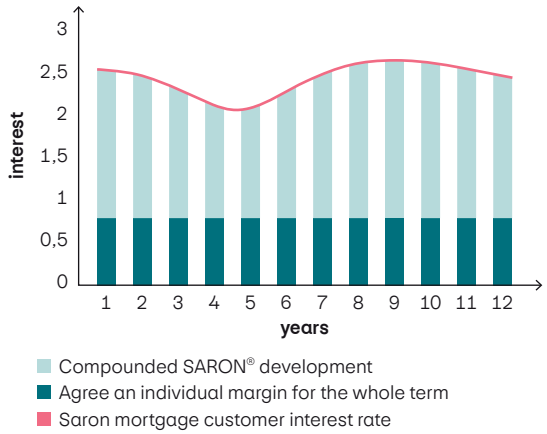
Fixed-rate mortgage
Perfect when interest rates are low and expected to rise. You're protected against interest rate rises and can plan your costs precisely.

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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