

Shortage of living space causes asking rents to continue to rise in 2023

Primarily due to the scarcity of living space, asking rents continued to rise almost across the board in the first half of 2023. While the increase since December 2022 has been 1.8 per cent across Switzerland, it has been up to 7.4 per cent at cantonal level, as in the case of Schwyz, and there is no sign of momentum slowing down. This is shown by current figures from the Homegate Rent Index.

Zurich, 20 July 2023 - The Homegate Rent Index for asking rents is compiled by the real estate marketplace Homegate in cooperation with Zürcher Kantonalbank (ZKB). It measures the monthly, quality-adjusted change in rents for new and re-let flats based on current market offers. The low availability of housing resulted in a renewed increase in asking rents in the first half of 2023. Across Switzerland, these have increased by 1.8 per cent (up 0.6 points in June to 121.8 points).

While last year's higher ancillary costs were partly responsible for the rise in asking rents, currently, the scarcity of living space is the main reason for their increase. This supply deficit is due, on the one hand, to a decline in construction activity throughout Switzerland and, on the other hand, to high net immigration. While this had already increased last year, by May of this year, there was again a 24 per cent increase compared to the same period of the previous year. However, higher mortgage interest rates may also encourage people looking for flats to look more closely at the rental segment instead of buying.

Change in the cantons: Rent increases across the board

With the exception of the canton of Zug, which recorded a decline in asking rents in the first half of 2023 due to a temporary peak last December (minus 1.6 per cent), asking rents in all other cantons have risen since the beginning of 2022, in some cases significantly. It was by no means only the urban cantons, such as the canton of Zurich (plus 4.2 per cent), that showed higher asking rents. Compared to December 2022, asking rents increased the most in the cantons of Schwyz (7.4 per cent), Valais and Nidwalden (4.1 per cent each). In all other cantons, the increase in asking rents was between 0.5 per cent (Basel Stadt) and Uri (2.9 per cent).

Change in the cities: The city of Zurich remains the top performer

Among the cities surveyed, asking rents rose the most in the city of Zurich in the first half of 2023. Here, the increase compared to December 2022 was 8.2 per cent, meaning that growth in Zurich was around twice as high as in the canton of the same name. In Lugano (3.7 per cent) and Geneva (2.6 per cent), asking rents have also risen significantly since the beginning of the year. The situation is different in Lucerne (minus 0.9 per cent) and Lausanne (minus 0.8 per cent), where asking rents have fallen slightly in recent months. However, looking at the last twelve months, asking rents have also risen here (1 per cent in Lucerne and 0.1 per cent in Lausanne) and thus in all the cities surveyed.

Outlook: No signs of easing

A cooling of the current momentum in asking rents seems unlikely in the foreseeable future. This is because residential construction activity is expected to remain low, and a significant decline in population growth is also hardly to be expected to take place without noticeable economic changes. It is therefore quite possible that those looking for a rental flat will have to prepare themselves for further price increases.

Method of quality adjustment

The development of asking rents in Switzerland is adjusted for the different quality, location and size of the flats. The advantage of this so-called hedonic method is that the real rental price development for new and re-let flats is reflected on Homegate. The Homegate Rent Index is the oldest quality-adjusted

rent index in Switzerland and is considered a reference source for real estate professionals to determine the price of rental properties.

The data for all cantons and cities since the start of the survey can be found in the latest release in the [news section of SMG Swiss Marketplace Group Ltd.](#) The next Homegate Rent Index is expected to be published on 15 August 2023.

Media contact

SMG Swiss Marketplace Group AG

Fabian Korn, Communications Manager Real Estate & Media Spokesperson

media@swissmarketplace.group / +41 44 711 86 29

About Homegate

Homegate (homegate.ch) was founded in 2001 and is now one of the leading property marketplaces in Switzerland. Homegate is a division of SMG Swiss Marketplace Group Ltd. (swissmarketplace.group).

About SMG Swiss Marketplace Group Ltd.

SMG Swiss Marketplace Group Ltd. (swissmarketplace.group) is a pioneering network of online marketplaces and an innovative European digital company that simplifies people's lives with forward-looking products. SMG Swiss Marketplace Group AG gives its customers the best tools for their life decisions. The portfolio includes Real Estate ImmoScout24, Homegate, Immostreet.ch, home.ch, Publimmo, Acheter-Louer.ch, CASASOFT, IAZI), Automotive (AutoScout24, MotoScout24, CAR FOR YOU), General Marketplaces (anibis.ch, tutti.ch, Ricardo) and Finance and Insurance (FinanceScout24). The company was founded in November 2021 by TX Group AG, Ringier AG, La Immobilière and General Atlantic.