

Media Release

Zurich, 21 September 2023

Despite all headwinds: Demand for single-family homes remains robust

In the past twelve months, a single-family home was advertised for an average of 66 days on the property portals surveyed in Switzerland. This is six days longer than in the previous period. At the same time, the number of advertisements also increased by around ten per cent to 55,700. This simultaneous increase indicates robust demand throughout Switzerland. And this is despite a mortgage interest rate that rose by almost two percentage points during the reporting period and a weaker overall economic performance. However, a closer look reveals major regional differences, as the current Online Home Market Analysis shows.

The latest edition of the Online Home Market Analysis by the real estate portals Homegate and ImmoScout24, in collaboration with the Swiss Homeowners' Association and the Swiss Real Estate Institute, analyses the listing data of single-family homes for the period from 1 July 2022 to 30 June 2023. The listings analysed come from several well-known real estate portals and, therefore, comprise the majority of all online listings during the period under review in Switzerland.

Higher supply, longer marketing period

The volume of advertisements for single-family homes, which had declined by 17 per cent in the last survey period (Q3 2021 - Q2 2022), recovered in the current period (Q3 2022 - Q2 2023) and recorded 11 per cent growth. This greater supply led to a corresponding increase in the average time taken to advertise for bids from 60 to 66 days throughout Switzerland. Demand for single-family homes was, therefore, robust in the reporting period despite the strongest increase in mortgage interest rates in 30 years.

For **Martin Waeber, Managing Director Real Estate at SMG Swiss Marketplace Group**, the results of the current study show once again how robust the single-family home market in Switzerland is overall, despite the significant rise in interest rates in the mortgage market. "The increase in supply and the longer length of the listing period give those looking for a home more choice, more time to think about it and a better overall chance of finding the property that suits them," says Waeber. However, the best offer is of little use if the question of financing becomes increasingly challenging, especially without family support, commented Waeber on the results of the new analysis.

The duration of advertisements in German-speaking Switzerland is clearly increasing

While the average duration of listings increased overall, the range between the regional highs and lows decreased at the same time. In the "hotspots" such as Zurich and Central Switzerland, where the average listing period was 42 and 46 days, respectively, a little more patience is required from sellers than before to sell a single-family home, while the average listing period in French-speaking Switzerland and Ticino remained at virtually the same level as in the previous period. The biggest changes across all eight regions were in northwestern Switzerland (plus 51 per cent) and central Switzerland (plus 48 per cent), where the duration of the tendering process increased by 2.5 and almost 3 weeks, respectively. Regardless of the slight levelling out, the range is still considerable: In Ticino, with a new average of 136 days, a buyer must be sought for more than three times as long as is the case in the Zurich region, with a new average of 42 days (compared to 29 days in the previous period).

Demand for owner-occupied homes declines in half of the regions

The combination of changes in the duration and number of advertisements allows conclusions to be drawn about the development of demand in Switzerland as a whole and in the individual regions. In the region of Eastern Switzerland, for example, sellers of single-family homes had to wait a full 9 days longer (plus 21 per cent) than in the previous period until their property found a buyer. At the same time, 2,332 single-family homes were advertised, almost the same number as in the previous period (minus 1 per cent). Due to this significantly longer listing period with practically the same amount of offers, demand decreased considerably. Looking at all eight regions, although demand in Switzerland as a whole has remained robust, there are considerable regional differences. The regions of eastern and northwestern Switzerland, in particular, suffered the greatest drop in demand.

Demand increases primarily in high-income communities

If we analyse the changes in the duration of listings and the number of listings in the eight regions analysed according to municipality type, diametrical differences become apparent, particularly between the suburban and agglomeration municipalities and the high-income municipalities. In six of the eight regions analysed, the demand for single-family houses is growing in the high-income municipalities, while it is declining in the suburban municipalities in the majority of the regions. This majority decline in demand, especially in the suburban municipalities, may be due, among other things, to an above-average share of debt financing, which is likely to be higher in these municipalities than in the high-income municipalities. Therefore, a rise in interest rates hits these municipalities harder than the wealthy municipalities, where, for example, less debt capital is required to purchase a home thanks, to early inheritance.

For **Markus Meier, Director of the Swiss Homeowners Association**, the results of the current Online Home Market Analysis show that the single-family home market in Switzerland is still in robust shape: "Despite rising interest rates and increasing regulation, the desire to own a home in Switzerland remains deeply rooted and shows no signs of weakening. On the one hand, this is very positive for existing homeowners, but on the other hand, it is becoming increasingly challenging, especially for

young families, to finance their own four walls," Meier continued: "It is important to ensure that the middle class can continue to purchase owner-occupied housing on their own".

For **Peter Ilg, Head of the Swiss Real Estate Institute**, the overall robust demand for single-family homes is astonishing despite the strongest interest rate hikes in 30 years and in the face of slowing overall economic growth. "Perhaps the risk of a real estate bubble was simply overestimated somewhat in the past. While in other comparable countries, such as Sweden, home prices have already corrected noticeably due to the ongoing interest rate hikes, Switzerland as a whole has yet to see any weakening in demand for single-family homes," Ilg says of the current market. "And this is despite the fact that the mortgage debt of Swiss households is among the highest in the world, at 140 per cent of total economic output in 2020," Ilg continued. Whether the demand for owner-occupied homes will remain robust depends to a large extent on the future interest rate policy of the Swiss Central Bank, or on when the current cycle of interest rate increases will be completed, Ilg looks to the future.

Further information, data and analyses on the individual regions can be found in the corresponding detailed reports in the [News section of the SMG Swiss Marketplace Group](#) (in German only).

About the Online Home Market Analysis

The Online Home Market Analysis is a semi-annual analysis that reports alternately on the development of the listing periods for condominiums and single-family houses. The analysis covers the whole of Switzerland with the eight major regions studied, with in-depth analyses for suburban communities by price segment. The analysis provides regionally differentiated information on the development of supply and demand for owner-occupied homes, broken down by market segment.

Homegate and ImmoScout24 publish the analysis in collaboration with the Swiss Real Estate Institute of the HWZ Hochschule für Wirtschaft Zürich.

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About SMG Swiss Marketplace Group Ltd.

SMG Swiss Marketplace Group Ltd. 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 Mobilière and General Atlantic.

About the Swiss Homeowners' Association

The Swiss Homeowners' Association (HEV) is the umbrella organisation for homeowners and landlords in Switzerland. The association has around 340,000 members and over 120 regional and cantonal sections. For over 100 years, the HEV has been consistently committed at all levels to the promotion and preservation of home and property ownership in Switzerland.

About Swiss Real Estate Institute

The Swiss Real Estate Institute is a foundation established by the University of Applied Sciences in Business Administration Zurich and SVIT Schweiz. In addition to research, the institute focuses on teaching and services/consulting for the Swiss property industry.