

## Media Release

Zurich, 18 January 2023

# Strongest increase in asking rents since the start of the index

**The rental flat market will not come to rest in 2023, either. The combination of low construction activity and increased demand for rental flats caused supply prices to rise further in all cantons last year. This is shown by current figures from the Homegate Rent Index. Furthermore, no trend reversal is in sight for 2024 either – in fact, on the contrary.**

In 2023, the rental housing market was characterised by low construction activity and increased demand for rental housing. On the one hand, there was additional demand for housing due to high net immigration. On the other hand, many prospective homeowners postponed the purchase of residential property last year due to the rise in mortgage interest rates. They continued to hold on to their rented flat. Rental flat vacancy rates were therefore reduced again in 2023. The increasing shortage in the rental flat market led to a significant increase in asking rents. According to the Homegate Rent Index, these rose by 4.7 per cent across Switzerland compared to December 2022. This is the strongest annual growth in rents since the index began in 2009. Compared to the previous month, the index increased by 1 point in December and now stands at 125.2 points (plus 0.8 per cent).

## Change in the cantons: Rents on offer rising without exception

In all cantons, asking rents increased significantly in 2023. The highest growth was recorded in the canton of Schwyz, with an increase of 11.1 per cent, followed by the canton of Zurich (up 8.4 per cent). With its economic centres, the canton of Zurich is particularly attractive to immigrants. Zurich's vacancy rates are also very low, which is why the rise in rents there is not surprising. The high increase in the low-tax neighbouring canton of Schwyz is likely to be due, among other things, to the effects of people moving from the canton of Zurich. The cost increase in the neighbouring northern canton of Schaffhausen (plus 6.3 per cent) can also be explained by its proximity to the economic centres of Zurich. There was also an above-average increase in the canton of Graubünden (plus 7.2 per cent), where the persistently high demand for second homes is also having an impact on the rental market.

## Change in the cities: Zurich asking rents rise by double digits

In the city of Zurich, asking rents rose by a significant 13.3 per cent in 2023, including 2.2 per cent in the past month alone. High population growth and the challenges of high-density construction have led to a further increase in the shortage on the rental flat market. In comparison with the other cities surveyed, it is noticeable that asking rents in the other population centres have risen to a lesser extent than in Zurich. Although Geneva also showed a significant cost increase of 5.1 per cent, the gap to the

city on the river Limmat remains considerable. The same also applies to rental trends in Berne (up 4.6 per cent), St. Gallen (up 4.5 per cent), Lugano and Lausanne (both up 4.2 per cent), Lucerne (up 4 per cent) and Basel (up 2.9 per cent).

### **A look ahead to 2024**

Asking rents are likely to continue to rise in 2024. Swiss construction activity will lag behind previous years as there are only a few construction projects in the pipeline. At the same time, construction costs remain high, making new projects more expensive. Due to the rise in interest rates last year, institutional investors are increasingly focussing on other investment opportunities. Finally, immigration is also likely to remain high in 2024, which will further increase the demand for rental flats.

### **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 February 2024.

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#### **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 Mobilière and General Atlantic.