

Media Release

Zurich, 15 July 2024

No respite in rent increases so far in 2024

In the first half of 2024, there was no respite in asking rents in the housing market. Compared to last December, they rose by 2,6% nationally, with cantonal peaks of plus 5,6% in Zug and Schaffhausen. As a result, the focus in the cities is increasingly shifting to the smaller centres, but there are currently no signs of an end to the boom in rents. This is shown by the current figures from the Homegate Rent Index.

Anyone hoping for falling advertised rents in 2024 in view of the rent increases of recent years is likely to have been disappointed in the first half of the year. This is because advertised rents across Switzerland rose again by a significant 2,6% in the last six months. This is shown by the Homegate Rent Index for asking rents, which is compiled by the property marketplace Homegate in collaboration with Zürcher Kantonalbank. It measures the monthly, quality-adjusted change in rental prices for new and re-let flats based on current market offers.

This increase is primarily due to excess demand on the market, with the underlying housing shortage further exacerbated by a divergence between construction activity and population growth in the first half of 2024. In the past year alone, almost 100,000 people immigrated to Switzerland on a net basis, while construction activity, according to estimates, declined slightly. The surplus demand for living space allowed landlords in many places to adjust asking rents upwards. Compared to the previous month, the index rose by 0.2 points in June and now stands at 128.5 points (up 0.2 per cent).

Change in the cantons: Higher rents everywhere you look

Asking rents have risen in all cantons without exception in the last six months. The cantons of Zug and Schaffhausen led the way with increases of 5,6% each. Advertised rents also rose sharply in the cantons of Lucerne (up 5,1%) and Valais (up 4,6%). The housing shortage, which is reflected in rising rents, is thus slowly but steadily developing from a primarily urban to a widespread phenomenon.

Change in the cities: Smaller cities move into focus

While asking rents figuratively exploded last year, particularly in the city of Zurich, the focus shifted to smaller cities in the first half of 2024. The frontrunners among the eight cities surveyed were Lucerne, with a significant 6,3% increase in asking rents, and Lugano, with a rise of 5,1%. The city of St. Gallen also saw an increase of 3,8%, while the remaining cities recorded an increase of between 1,6% and 3,1%. On the one hand, this development shows that centrality is still one of the most attractive attributes when looking for a home and that the various amenities of urban residential locations continue to be an important plus point for many. However, the rent levels now reached in large cities such as Zurich or Geneva often have a downright deterrent effect on those looking for a home. As a result, their interest is shifting to smaller cities.

Outlook: Rental price boom looks set to continue

What will happen in the Swiss rental flat market in the second half of the year? Martin Waeber, Managing Director Real Estate at SMG Swiss Marketplace Group, says: "A further increase in asking rents seems likely in view of the foreseeable developments in the rental flat market." Although net immigration fell in the first five months of this year compared to the same period last year (minus 14%), it is still at a high level. "New construction activity is not expected to cool down in the foreseeable future. At best, the number of building applications submitted indicates that residential construction will stagnate in the coming months. As long as the imbalance between low supply and high demand is not resolved in the long term, people looking for accommodation will continue to be confronted with rising rents." Waeber continued.

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 2024.

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About SMG Swiss Marketplace Group Ltd.

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