

Media Release

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Rental price development 2024: The 'where' is crucial

The imbalance between supply and demand in the Swiss housing market made it inevitable that supply prices would continue to rise in 2024. However, this is not the case to the same extent everywhere but depends significantly on the canton or city. At the same time, numerous factors that placed an additional burden on tenants in 2023 returned to normal again in 2024. This is shown by the current figures from the Homegate Rent Index.

Demand for rental properties in Switzerland remained high in 2024. On the one hand, population growth in Switzerland continued, while on the other, the remaining capacity on the Swiss rental flat market was further reduced in 2024, while the number of newly built flats remained low. Accordingly, the vacancy rate fell for the fourth year in a row. This imbalance between supply and demand continues to drive up asking rents.

Compared to December 2023, asking rents have risen by 3,2% across Switzerland. Compared to the previous month, the index increased by 1,1 points in December 2024 and now stands at 129,2 points (up 0,9%). The Homegate Rent Index for asking rents is compiled by the property marketplace Homegate in collaboration with Zürcher Kantonalbank (ZKB). It measures the monthly, quality-adjusted change in rental prices for new and re-let flats based on current market offers.

However, there are also counter-trends: Growth in asking rents in 2024 was lower than in the previous year. One reason for this is that several one-off effects from 2023 no longer applied, such as the sharp rise in energy prices (and the associated ancillary costs) as a result of the war in Ukraine. In addition, the reference interest rate was increased twice in 2023, which had an indirect impact on asking rents. In 2024, however, it remained constant, while there was also no new impetus for ancillary costs.

Change in the cantons: Rents on offer in Central Switzerland are rising sharply

Central Switzerland is the region that saw the highest increase in asking rents in 2024. While growth in the cantons of Lucerne (up 7,7%), Schwyz (up 7,1%) and Uri (up 7,0%) was high but still in single digits, growth in the cantons of Nidwalden (up 11,4%) and Zug (up 10,1%) was significantly higher again. Only the canton of Obwalden recorded comparatively low growth of

2,7%. In general, this substantial increase in rental costs is likely due to the dynamic economic development in Central Switzerland over the past few years and the spillover in demand from the neighbouring canton of Zurich.

By contrast, the cantons with weaker growth in asking rents in 2024 were Ticino (up 1,9%) and the western Swiss cantons of Jura (up 0,7%) and Neuchâtel (up 0,6%). Graubünden was the only canton to record falling rents in a year-on-year comparison; although it has developed very dynamically over approximately the past 18 months, it has, in particular, been declining again since November 2024.

Change in the cities: Zurich is growing more slowly than in the previous year

The city of Zurich, in particular, has been affected by very sharp rent increases in recent years. After double-digit growth in the previous year, this was significantly lower in 2024 at 4,5%. However, at 4,8%, growth in asking rents across the canton of Zurich as a whole was also significantly lower than in the previous year. This was probably partly due to the fact that net immigration in the canton of Zurich was lower in 2024 than in the previous year.

As a result, asking rents in the city on the Limmat followed the trend in other Swiss centres such as Lausanne (up 2,4%), Bern (up 2,3%) and Geneva (up 1,8%), all of which saw weaker growth than in the previous year. In contrast, the cities of Lucerne (up 9,1%) and Basel (up 5,7%) recorded stronger growth.

A look ahead to 2025

Even in 2025, asking rents are unlikely to stand still, as there is no sign of the supply-demand balance levelling out. On the one hand, the Swiss population will continue to grow, resulting in a sustained increase in demand for rental flats. On the other hand, no major changes in supply are expected in the area of new builds, as the project pipeline for 2025 is currently far from full.

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 13 February 2025.

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About SMG Swiss Marketplace Group Ltd.

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