

Interest rate forecast for companies



Mortgages from UBS key4 mortgages in the current interest rate environment – December 2024

Interest rate forecast: the SNB is reducing the key interest rate in December, and a further cut is expected in 2025

Yields on ten-year Swiss government bonds have fallen significantly since the beginning of November, impacted by the gloomy outlook for companies in the eurozone and the preoccupying political and financial situation in France. Donald Trump's election victory led to higher interest rates in the US in the short term, while the main concerns in Switzerland were higher tariffs and the associated weaker economic growth. The downward trend in the yields of government bonds has been reflected in mortgage interest rates, which also fell considerably for all mortgage terms.

As well as being prompted by low inflation, the decision by the Swiss National Bank (SNB) to cut key interest rates by a further 50 basis points to 0.50% was also brought about by foreign trade risks. Inflation is likely to remain at a low level next year due to a decline in electricity prices and easing inflationary pressure on rents. Uncertainty about whether the eurozone will manage to recover looks set to continue, which means that we anticipate a further interest rate cut by the SNB next year.

The capital market was already expecting a significant reduction in the SNB's key interest rate. An additional interest rate cut is unlikely to come as a surprise to the capital market and should not result in any major changes in yields. We therefore see little more potential for lower yields on Swiss government bonds in the next few quarters – and the same applies to longer-term mortgage interest rates. On the other hand, mortgage interest rates linked to SARON are likely to fall further following a new interest rate cut by the SNB.

(Status as per 12 December 2024)

The perfect real estate financing for every need

The type of financing has a significant effect on the profitability of your investment properties. We offer you tailor-made financing models and support you in optimizing your earnings through the whole life cycle of your properties.

- With a fixed-rate Mortgage or a fixed-rate from UBS key4 mortgages Loan, we fix the capital, duration and interest rate in the long term. This makes calculating costs easy.
- If you are looking for highly flexible, short-term financing, we recommend UBS key4 mortgages fixed advances, a UBS key4 mortgages Floating Rate loan or a UBS key4 mortgages saron flex mortgage.

Long-term interest rate trend in %

— SARON 3 months Comp — SARON — Swap 3 years
— Swap 5 years — Swap 10 years

Remark: Rates through the end of 2010 are based on Libor, and on SARON from 2011.



Sources: Bloomberg, UBS Switzerland AG

The effective interest rate of the product is calculated using the margin + compounded SARON of the accounting period. When calculating the interest rate, the compounded SARON can never be less than zero.

Interest rate forecast in figures

	31.12.24	30.06.25	30.12.25	31.06.26	30.12.26
SARON	0.50	0.25	0.25	0.27	0.35
Swap 3 years	0.20	0.14	0.15	0.19	0.31
Swap 5 years	0.25	0.25	0.25	0.28	0.39
Swap 10 years	0.38	0.39	0.40	0.43	0.54

Sources: Bloomberg, UBS Switzerland AG

Please note that the stated interest rate is in part a forecast and the actual interest rate may be higher or lower.

UBS key4 mortgages offer attractive combinations for all mortgage profiles under any interest rate conditions

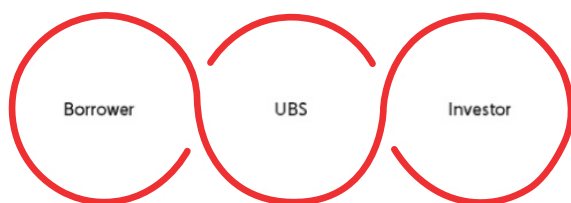
Interest rate level	UBS key4 fixed-rate mortgage			UBS key4 saron mortgage
	short	medium	long	
high	●	●	●	●
decreasing	●	●	●	●
normal	●	●	●	●
rising	●	●	●	●
low	●	●	●	●

● suitable ● suitable under certain conditions ● not suitable

With an overall limit under Real Estate financing von UBS key4 mortgages, you have maximum flexibility for covering your financial needs thanks to a variety of loan usage options.

What you can expect from UBS key4 mortgages




[UBS key4 mortgages](#) is a platform for financing investment property, where borrowers and Swiss institutional investors searching for reliable long-term financing opportunities in the Swiss real estate sector can meet. Place just one request and you will receive multiple offers at the best possible conditions from the range of available products. The offers are easy to compare and the choice of investor is completely up to you.



- ✓ Always at your side
We assess and broker requests and take care of the entire administration.
- ✓ Several offers
With one request you will receive several attractive offers.
- ✓ Transparent costs
There are no hidden costs. You only pay fees if you take out a mortgage.

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