Residential Property in Switzerland
What Newcomers to Switzerland Need to Keep in Mind

Authorization, financing, affordability, repayment – if you are planning to purchase residential property in Switzerland, you should first get an idea of what is required. Good advice is essential to making the right decisions from the very beginning.

If you have recently moved to Switzerland and wish to purchase real estate, you need to be well informed in advance. The first step is to be aware of the legal requirements. If you are a citizen of an EU or EFTA country or a third-country national and already rent a place to live in Switzerland, then you should generally already be in possession of a valid residence permit (B permit). In this case, you are permitted to acquire property or an existing building for your own use. If you have a C permit for Switzerland, you are allowed to buy more than one plot of land for residential use or real estate of any kind.

For people who are not yet resident in Switzerland, a permit is required before purchasing real estate.

Financing Your Real Estate

As a general rule, the mortgage lender will finance a maximum of 80% of the market value of the property. So, you will have to contribute at least 20% of the purchase price as equity yourself.

Mortgage financing is normally divided into a first mortgage and a second mortgage. At Credit Suisse, the first mortgage can be for up to a maximum of 66% of the purchase price. If your need for financing exceeds that percentage, then you will have to take out a second mortgage to cover the remaining amount. The second mortgage has to be repaid in regular installments over a maximum of 15 years or before you reach the age of 65.

Affordability Calculation

In order to guarantee affordability, your total living expenses (mortgage interest, repayments, maintenance, and ancillary costs) should not exceed one third of your gross income. That's why Credit Suisse does its calculations of theoretical mortgage interest using a long-term average rate of 5%. In addition, amortization as well as maintenance and ancillary costs, such as utility charges, insurance, and minor repairs, have to be taken into account when determining affordability. They are generally calculated at an annual rate of 1% of market value.

Mortgage Types in Switzerland

In Switzerland, a distinction is made between the following types of mortgages:

1. Fixed-rate mortgage
Fixed-rate mortgages have a fixed interest rate for a fixed term and a fixed amount.

2. Fixed-rate mortgage with term start date in the future
A variation of the fixed-rate mortgage, whereby the mortgage interest can be fixed up to 36 months before the term start date.

3. LIBOR mortgage
A mortgage for a fixed amount and for which the interest rate is linked to the LIBOR[1]. The development of the market interest rate is reflected in the mortgage interest. If the LIBOR rate is negative, a LIBOR rate of 0.00% will be used for calculation.

4. Adjustable-rate mortgage
A mortgage with a flexible term and flexible amount, whereby the interest rate is continually adapted to the current interest level.

1 LIBOR = London Interbank Offered Rate: The rate at which banks lend money to each other in the short term.

You can discuss the relevant mortgage products (mortgage models) and terms in detail with a Credit Suisse Financing Expert at any time and under no obligation.

Repayment and Saving on Taxes

In Switzerland, a distinction is made between direct and indirect repayment. With direct repayment, you pay the bank back for the mortgage in regular installments.

With indirect repayment, the installments are paid into a tied pension account or safekeeping account or into a life insurance policy. These amounts will only be used to repay the mortgage debt when the tied pension account is closed.

Contact Us

We will be happy to make an appointment with you. Depending on the step you want to take, we can tell you which documents you should bring to our personal meeting.
Call us at 0844 100 114*
For other useful information on purchasing real estate, tips, sample calculations, document checklists, and online calculators for determining affordability, tax, and attractiveness of a location, go to the mortgage portal of Credit Suisse at **credit-suisse.com/mortgages**

* Phone calls may be recorded.

Example: Basic Real Estate Financing Calculation

	Amount (in CHF)	Remarks
Financing		Gross monthly income CHF 12,500
Purchase price	800,000	**100%**
Equity capital	160,000	20%
First mortgage	528,000	66%
Second mortgage	112,000	14%
Housing costs		
Annual interest costs for first mortgage (at 5%)[1]	26,400	
Annual interest costs for second mortgage (at 5%)[1]	5,600	
Annual repayment (calculated over 15 years)[2]	7,467	Depending on the type of repayment (direct or indirect) there are also different tax benefits.
Annual maintenance and ancillary costs (calculated at 1% of market value)	8,000	Electricity, water, heating, insurance, property maintenance, and small repairs
Annual housing costs[3]	**47,467**	
Monthly housing costs	**3,956**	
Income		
Gross monthly income	12,500	
Affordability		
Monthly mortgage charge	31.6%	Rule of thumb: no more than 33% of gross monthly income

1 This 5% is a long-term average to ensure affordability even if interest rates rise.
2 Mortgage repayment is made in whole or in part in equal, typically annual, amounts. The second mortgage involves a repayment obligation. It generally has to be repaid within 15 years, with a fixed repayment amount every month, before the borrower reaches the age of 65.
3 The annual costs for the homeowner consist of interest, repayments, and ancillary costs. They should not exceed one third of annual gross income.

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