

Real estate and mortgages

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

Real estate is the largest asset class of Ticino households and the main collateral of the cantonal banks. Mortgages in Ticino reached CHF 56,961 million in 2024, almost four times the amount of savings deposits.¹ The vacancy rate of dwellings fell to 1.92 per cent on 1 June 2025, the lowest level in eight years. The canton counted 4,936 vacant dwellings, 7.0 per cent fewer than a year earlier, of which 80.6 per cent were offered for rent. In the city of Lugano the rate was 2.08 per cent.² The tightening of the market followed a period in which Ticino had among the highest vacancy rates in Switzerland, especially in peripheral districts and in the Mendrisiotto, and in which construction had exceeded the growth of the population.

Three developments will shape the real estate market in the next decade. The first is demography. A stagnating and ageing population means fewer new households in the long run, although the number of single-person households continues to grow. The second is federal tax law. On 28 September 2025 Swiss voters accepted the abolition of the taxation of imputed rental value on owner-occupied homes, combined with a constitutional basis for the cantons to levy a special property tax on second homes.³ The reform reduces the tax incentive to keep mortgage debt high, since mortgage interest will remain deductible only for let or leased property, apart from a limited deduction for first-time buyers during ten years. It is relevant to Ticino as a canton with many second homes. The third is the interest rate environment. Low rates support property prices and mortgage demand, but they also increase the risk of a correction if rates rise unexpectedly.

Essentials. The financial centre of Ticino must plan for a strong franc, interest rates close to zero and inflation below 1 per cent, as forecast by the SNB in September 2026. The exceptional interest income of 2023 and 2024 will not return under these conditions. Real estate is the main collateral of

the domestic banks. The abolition of the imputed rental value, the stagnation of the population and the low vacancy rate of 2025 will change the mortgage business over the decade.

1 The currency risk of Italian clients

The strength of the franc has a further consequence for the Italian clientele. Italian clients who hold assets in Lugano usually hold them in euros, the currency in which they measure their wealth. The safe haven function of Switzerland, which in earlier decades included the desire to hold francs as protection against the depreciation of the lira, has changed since the introduction of the euro. Holding francs today is a deliberate investment choice, which pays off in times of crisis and costs returns in calm periods. A renewed crisis of confidence in the euro area, for example through a sovereign debt crisis in a large member state, would increase the demand for francs and for Swiss custody. This is one of the triggers of the renewal scenario described below. A long period of stability in the euro area, by contrast, weakens one of the traditional arguments for banking in Switzerland and increases the importance of service quality and price.

2 Notes

1. USTAT, 12 Denaro e banche (above). ↩
2. USTAT, Notiziario statistico 2025-29, https://www3.ti.ch/DFE/DR/USTAT/allegati/news/254739ns_2025-29.pdf. ↩

3. Swissvotes, vote No. 678, "Bundesbeschluss über die kantonalen Liegenschaftssteuern auf Zweitliegenschaften", 28 September 2025, <https://www.swissvotes.ch/vote/678.00> (57.73 per cent yes, 16.5 of 23 cantons, turnout 49.50 per cent); Federal Chancellery, explanatory brochure for the vote of 28 September 2025, <https://swissvotes.ch/vote/678.00/brochure-de.pdf> (the decree and the Federal Act on the change of system in the taxation of residential property are "rechtlich verknüpft"; after the change mortgage interest remains deductible for let or leased property, with a limited Ersterwerberabzug for first-time buyers for ten years; the date of entry into force is set by the Federal Council). ↩

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