

Real Assets Snapshot

The Swiss Real Estate Exception



Looking for an exception? Swiss real estate combines low risk and stable performance with the return-enhancing effect of a strong, independent currency. Solid public finances and the low-rate environment underpin the outlook.

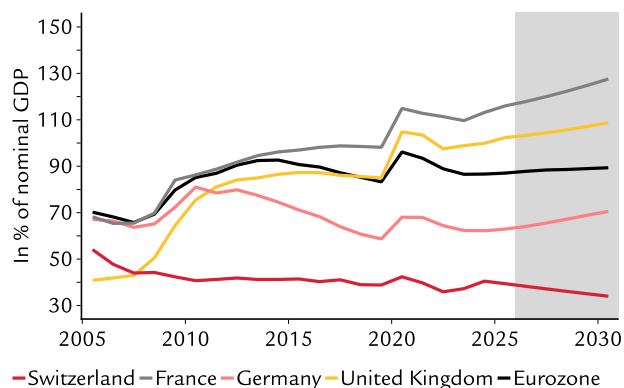
A country with measurable advantages

Switzerland's reputation for stability is supported by its unique position in public finances and interest rates. Current projections put Switzerland's public debt at around 32% of GDP, well below the levels expected for Germany at roughly 72%, the euro area at 89%, the United Kingdom at 109% and France at 128%. This fiscal strength provides flexibility during economic downturns. Furthermore, it has contributed not only to lower inflation and lower interest-rate expectations than in many peer economies, but also to sustained upward pressure on the Swiss franc.

Innovation and productivity set Switzerland apart

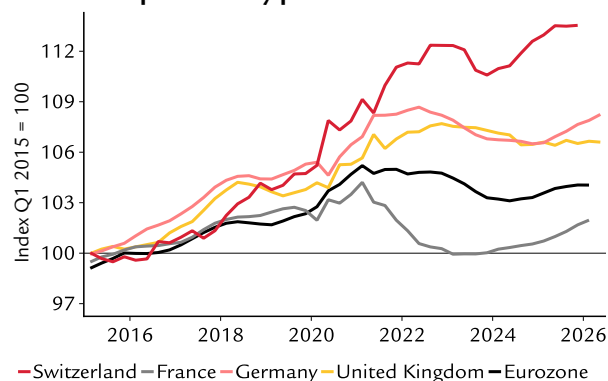
Switzerland consistently occupies leading positions in the Global Investment Risk and Resilience Index from Henley & Partners and the IMD World Competitiveness Ranking. This exceptional position is also reflected in labour productivity: the country has recorded the strongest growth among the peer countries compared since 2015, with the gap widening notably after the pandemic. While productivity growth in the euro area has largely stagnated in recent years and France has experienced an outright decline, Switzerland has continued to make steady gains, reaching 13% more output per hour compared with around 4% for the euro area.

Public debt ratio



Sources: Macrobond, IMF, 2026 – 2030; Scenario Swiss Life Asset Managers Research

Real labour productivity per hour worked



Sources: Eurostat, U.K. Office for National Statistics

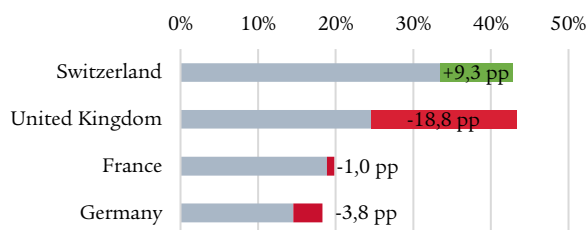
For real estate investors, these strengths are particularly relevant because they support employment, income growth and occupier demand. Economic stability has translated into one of Europe's most resilient property markets, characterised by stable income streams and comparatively low valuation volatility.

A sizeable and growing private investment market in a small economy

The Swiss real estate market is often discussed in terms of stability and resilience. Less attention is paid to its size. According to MSCI, Switzerland's professionally managed real estate market reached a new high of approximately CHF 350 billion in 2025, making it one of the largest markets in Europe, despite the country's relatively small economy and population. International comparisons underline the scale of the market. At CHF 350 billion, Switzerland's market size is approximately 70% of France's market, 61% of Germany's and 45% of the United Kingdom's.

By 2025, Switzerland's professionally managed real estate market had grown to the equivalent of 43% of national GDP, up from 34% in 2006. This underscores the market's increasing depth, particularly at a time when several other European markets have contracted because of repricing and net capital outflows. It was also the only major European market in which professionally managed real estate increased its economic significance over the past two decades. The rise from 34% to 43% of GDP reflects growing institutionalisation and expanding market depth relative to the broader economy.

Market size relative to GDP in 2006 to 2025



Sources: MSCI, World Bank.

Market depth as a structural advantage

The market has expanded substantially over the past two decades. Its size almost doubled from CHF 180 billion to CHF 354 billion between 2006 and 2025. This corresponds to a compound annual growth rate of 3.6%. By comparison, the professionally managed real estate market expanded by around half in Germany and France over the same period, and by around a fifth in the United Kingdom.

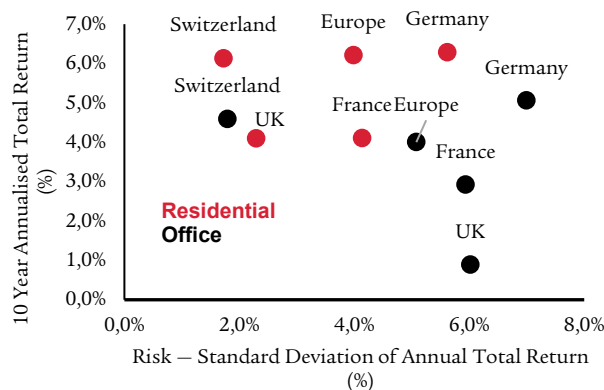
A large investable universe tends to support greater market liquidity, a broader range of investment opportunities and deeper institutional participation. Based on transactions recorded up to the second quarter of 2026, we estimate annual institutional transaction volumes at around CHF 14 to 16 billion. This corresponds to roughly 4% of the investable stock changing hands each year, supporting liquidity and contributing to risk-adjusted returns.

Risk-adjusted performance stands out in Europe

The most compelling evidence for Swiss exceptionalism emerges when returns and risk are analysed jointly. The risk-return comparison for 2016 to 2025 places Swiss real estate among the more attractive segments in Europe. Both residential and office investments generated annualised total returns comparable with those in other European markets, while exhibiting materially lower volatility. On average, returns fluctuate by less than 2 percentage points, a degree of stability not observed in many other markets.

Low Risk-High Return

Risk versus annualised total return (2016–2025)



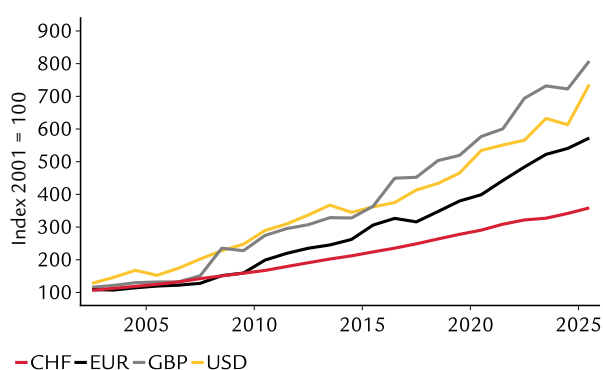
Source: MSCI

For institutional investors, volatility matters as much as absolute performance. A market producing a 5% return with a standard deviation of 1.5 percentage points behaves very differently from a market generating a similar return with volatility of 6 percentage points. Lower volatility reduces drawdown risk, improves portfolio stability and the predictability of long-term returns. This characteristic explains why Swiss real estate continues to play an important role in the portfolios of domestic pension funds, insurance companies and some international investors seeking defensive sources of income. In an environment characterised by elevated persistent fiscal deficits and volatile interest-rate expectations, stable income streams have become increasingly valuable.

The Swiss franc amplifies long-term performance

For international investors, Swiss real estate offers a second source of return: exposure to the Swiss franc. Over the past decades, the currency has benefited from low inflation, strong public finances, persistent current-account surpluses and its status as a safe-haven currency during periods of uncertainty. The impact on long-term real estate returns has been substantial.

Annual total return property index for Switzerland in different currencies



Source: MSCI

Between 2001 and 2025, Swiss real estate generated an unhedged cumulative return of 3.6x invested capital, equivalent to 5.5% per annum, when measured in Swiss francs. For euro-based investors, the same investment generated capital growth of 5.7x, or 7.5% per annum. For US dollar investors, returns reached 7.4x, or 8.7% per annum, while sterling-based investors achieved 8.1x, or 9.1% per annum.

Returns of real estate assets in Switzerland by currency

Currency	Cumulative return	Annual return
CHF	3.6x	5.5%
EUR	5.7x	7.5%
USD	7.4x	8.7%
GBP	8.1x	9.1%

Source: Swiss Life Asset Managers, MSCI. Data: 2001–2025.

The result is a market that combines scale with stability: one of Europe's larger professionally managed real estate markets, embedded in an economy that remains substantially smaller than those of its major neighbours. At the same time, access to this market is

not straightforward. Local presence, market knowledge and an understanding of Switzerland's institutional and regulatory particularities remain important prerequisites for successful investment.

Outlook: stability remains a scarce asset

The outlook remains supportive for Swiss real estate. Switzerland's fiscal position remains an important stabilising factor. A comparatively low public-debt ratio provides room to respond to economic weakness and reinforces confidence in the country's institutional framework. Together with low inflation and persistent external surpluses, these fundamentals also remain supportive of the Swiss franc over the medium term, although exchange-rate movements are inherently uncertain. The Swiss National Bank's policy rate is expected to remain close to 0%, which should continue to support financing conditions and limit upward pressure on property yields.

At the same time, the market's structural foundations remain robust. Population growth continues to support demand, while planning regulations limit new supply and Switzerland's institutional stability remains a key competitive advantage. Against this backdrop, Swiss real estate is expected to continue delivering annualised total returns above 4%, with volatility below 2% — materially lower than in many comparable real estate markets.

Swiss exceptionalism is therefore visible not only in economic indicators, but also in investment outcomes. With a public debt ratio trending towards 32% of GDP until 2030, average real estate returns of 5.1%, return volatility of less than 2 percentage points, and a long history of Swiss franc appreciation, the market provides a rare combination of stability and performance. For investors seeking resilient income streams and attractive risk-adjusted returns, Swiss real estate continues to stand apart.



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