

In This Country, Most People Rent for Life. Is That Really What They Want?

At a time when many young people in places like California and New York can't see a path to buying a home, Switzerland offers a glimpse of a post-ownership society.

**By Thomas Fuller**

Thomas Fuller met with Swiss renters and homeowners in Zurich and Bern and interviewed experts in Geneva and Lausanne for this article.

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In any other country, Philip Skiba, a well-paid analyst working in the finance industry, might not hesitate to buy a home. But in the town where he lives, on the outskirts of Zurich, even the ugly houses, as he describes them, go for millions.

Last year, a simple, beige stucco home in his neighborhood went up for sale. The price: 7.5 million Swiss francs, or about \$8.3 million.

"My first thought was, this is ridiculous, it's almost an insult," said Mr. Skiba, 41, who shares a rented apartment with his girlfriend. When the house sold several weeks later, it reinforced for him the reality of homeownership in Switzerland these days. Buying a single-family home anywhere near Zurich is not just a luxury.

"It's beyond luxury," Mr. Skiba said. "Two kids, a house, a garden, two cars — I don't know anybody who has that."

Switzerland's nine million residents are some of the wealthiest people on the planet — and they are mostly renters. Increasingly, even urban professionals here find themselves locked out of the real estate market. The average price for a studio apartment in Zurich is \$1.1 million, according to the research company Wüest Partner. On a square-foot basis, Zurich is about 80 percent more expensive than Paris.



“I think most people in Switzerland still have a dream about a single-family house and a garden,” said Zurich resident Andreas Weber, the managing director of Corefinanz, a mortgage brokerage. “I’m not there yet,” he said of buying his own place. Clara Tuma for The New York Times

At a time when young people in places like coastal California, New York and London cannot see a path to buying a home, Switzerland offers the world a glimpse of a post-ownership society. Around 36 percent of the Swiss own their homes or apartments, the lowest rate in the West and well below the 70 percent average in the European Union, and the 67 percent in the United States. While many young Swiss people say they see positives in a lifetime of renting — mostly, avoiding the hassles and commitments of homeownership — at the same time they admit feeling resentful that they don’t have a choice.

“I think most people in Switzerland still have a dream about a single-family house and a garden,” said Andreas Weber, 36, who works in Zurich. “It’s just not possible anymore.”

Mr. Weber is the managing director of Corefinanz, a mortgage brokerage, but he is a renter himself, living in an apartment a half-hour by train from central Zurich. “I’m not there yet,” he said of buying his own place. The average age of a first-time home buyer in Switzerland is 48, 15 years older than in neighboring France.

In the United States and many other countries, homeownership is encouraged by the government and generally considered a rite of passage. In Switzerland, where the terrain is 70 percent mountains and expensive real estate on limited buildable land has been the reality for generations, a lifetime of renting is not considered a personal failure or a shortcoming of the system.



Alice Hollenstein in the garden of her new house in the Zurich suburbs. “The moment we bought the house, I thought, ‘I have lost my freedom,’ she said. Clara Tuma for The New York Times

“I know many people who would never want to buy,” said Alice Hollenstein, a psychologist who specializes in urban issues. “They just don’t value homeownership. They think it’s old-fashioned.”

There is also less judging. Swiss renters say they don’t get lectured on the importance of building wealth through homeownership. “The majority rents and it’s not stigmatized at all,” said Christian Hilber, a native of the northern Swiss town of Basel who specializes in real estate at the London School of Economics. “If anything, people say, ‘You own your place? Why?’”

Switzerland has been renter-majority since the end of World War II, and in some ways it has served the nation well. In 2008, when predatory lending and loan defaults plunged the United States into recession, the Swiss economy barely trembled. Switzerland’s financial authorities require scrupulous vetting of borrowers; “subprime” never entered the vocabulary.

But any preference for renting here collides with a stark financial reality: National surveys show that in recent decades, Swiss homeowners have been better off, at least in terms of wealth. The median net worth of a Swiss homeowner in their 30s is six times higher than that of a renter of the same age. And the wealth gap only widens with age. In their 70s, Swiss homeowners are 11 times wealthier than renters their age, according to a study by Ursina Kuhn at the Swiss Foundation for Research in Social Sciences in Lausanne.



The centuries-old architecture in Zurich and other Swiss cities, untouched by world wars and framed by majestic mountains, commands top dollar from ambitious buyers. Clara Tuma for The New York Times

The catch is that in order to become a homeowner, “you need wealth to get more wealth,” as Ms. Kuhn put it.

Martin Hoesli, a professor at the University of Geneva who has studied Swiss homeownership for decades, said that even though the math favors homeownership in the long run, many Swiss cannot afford a down payment, which by law is a minimum of 20 percent of the purchase price. Add to that the 4 percent in transfer costs, and the minimum down payment for the average-priced house in Switzerland — currently \$1.4 million, according to Wüest Partner — is \$336,000.

That’s a daunting number for This Schälchli, 37, who owns a hole-in-the-wall coffee shop at a busy intersection in Zurich. Mr. Schälchli serves more than 200 cups of coffee a day, he said, but the revenue barely allows him to pay the 1,900 francs (\$2,110) for his one-bedroom apartment, which he shares with his girlfriend and their infant son.

“I’m at zero at the end of the month,” Mr. Schälchli said of his personal finances. He doesn’t dare dream of owning his own place. “The amount of money you spend in a lifetime in rent — it’s absolutely crazy,” he said. “But there’s no obvious solution for me right now. My family has no cash. I think I’ll be renting for the rest of my life.”

Until recently, Ms. Hollenstein, the psychologist, thought the same, but for different reasons. Renting has its advantages in Switzerland: Landlords are restricted from raising rents without cause, like a rise in interest rates or renovation. It also allows people to live in more desirable areas. Ms. Hollenstein, 41, rents a beautiful apartment in downtown Zurich, the heart of a well-preserved medieval city.

“You don’t have to take care of the building,” she said. “If the heating doesn’t work you just put in a call. It’s not yours.”

But things changed four years ago when she and her partner had their first child and realized they wanted a more permanent nest. They found a 1,500-square-foot house east of Zurich, 25 minutes away by train, for 2.1 million francs (\$2.3 million), and plan on moving in after they finish renovating the place. The house, Ms. Hollenstein said, “is pretty — and pretty boring.”



This Schälchli, 37, a coffee shop owner in Zurich, pays 1,900 francs, or about \$2,110, a month for the one-bedroom apartment he shares with his girlfriend and their infant son. “The amount of money you spend in a lifetime in rent — it’s absolutely crazy,” he said. Clara Tuma for The New York Times

She is still coming to terms with the shock of putting decades' worth of savings into a single investment. “The moment we bought the house, I thought, ‘I have lost my freedom.’ It panicked me,” she said.

She has been slightly embarrassed to tell her friends, most of whom are renters, that she was able to buy. “Their reaction was not, ‘Wow, great!’” Ms. Hollenstein said. “It was more like, ‘Really?’”

Many Swiss rely on perpetual refinancing to afford their homes. Switzerland is the land of luxury watches, fine chocolates — and lifelong mortgages. It’s not uncommon for borrowers to extend their loans until their deaths, which is advantageous from a tax perspective because mortgage interest is tax deductible. It also gives a lot of business to Switzerland’s vaunted banking industry.

For the visitor driving through this enchanting Alpine countryside, it’s not difficult to understand why housing prices are stratospheric. The centuries-old stone alleyways of cities like Bern and Zurich, intact and untouched by world wars, are living museums. The skyline in Zurich takes in soaring snow-capped mountains. The lake that rims the city is so pristine that bathers sometimes dip into the water directly from the city’s sidewalks and promenades.

When Andreas Fuhrer, 43, a particle physicist who works at a bank in risk management, decided to look for a home in Bern, the Swiss capital, he realized he would have to ask his family for help with the down payment. He and his partner, Siwat Chuencharoen, 37, a piano teacher, set out to find a place where Mr. Siwat could practice without bothering neighbors. They visited 15 places and made offers on five. But they were consistently outbid.

“You get depressed,” Mr. Fuhrer said. “You walk through the door and you say, ‘This is our dream,’ and then you don’t get it.”

When they found a place they wanted to buy, they went all out. The 2,150-square-foot house, just over the Bern city limits and across the street from railway tracks, was advertised at 1.25 million francs (\$1.38 million), but after several rounds of bidding, the couple bought it for 1.52 million francs. In addition to the down payment of 300,000 francs (\$332,000), which their families helped pay for, they financed the purchase with three separate loans of eight- 10- and 12-year durations. The debt is structured so that most of what they pay back is interest, not principal. They plan to be paying the mortgages for decades and decades.



Siwat Chuencharoen, left, and Andreas Fuhrer in their house outside Bern. They financed the purchase with three separate loans of eight- 10- and 12-year durations.
Clara Tuma for The New York Times

“Buying a house is not for everyone in this country,” said Mr. Siwat, who moved to Switzerland from Thailand as a music student in 2010. “Even though you earn quite well, and you have a good life, everything is expensive here.”

For Mr. Skiba, the finance industry analyst, owning a home in Switzerland is still a far-off prospect. He is paying 6,000 francs (\$6,600) a month to rent his apartment on a hill above the Gold Coast, the lakeside mansions blessed with evening sun. Tina Turner rented a chateau nearby until her death earlier this year.

Most people in Mr. Skiba’s 30-person office earn annual salaries of at least 100,000 francs, he said, but only two own their homes. He could afford a house in the countryside outside Zurich. There are places 60 kilometers away that sell for 1.5 million. But he doesn’t want to live that far from his office and friends in the city.

“I think owning property is programmed into people’s DNA,” he said. “But renting right now is the only option if you want to live in urban Switzerland.”

Thomas Fuller, a Page One Correspondent for The Times, writes and rewrites stories for the front page. More about Thomas Fuller