UBS Global Real Estate Bubble Index

2026

Chief Investment Office GWM | Investment research

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This report has been prepared by UBS Switzerland AG, UBS AG Singapore Branch, UBS AG Hong Kong Branch, UBS AG London Branch and UBS Financial Services Inc. (UBS FS).

Authors
Matthias Holzhey
Maciej Skoczek
Claudio Saputelli

Regional contributors
Wen Ching Lee (Singapore)
Kazumasa Ishii (Tokyo)
Eva Lee (Hong Kong)
Claudia Panseri (Paris)
Ronaldo Patah (São Paulo)
Matteo Ramenghi (Milan)
Dean Turner (London)
Jonathan Woloshin (US cities)

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Design & Illustrations
CIO Content Design

Contact
ubs-cio-wm@ubs.com

Contents

Editorial

Dear Readers,

As housing affordability has declined for many households, accumulated financial wealth has become an increasingly dominant driver of housing demand. Strong gains in global equity markets have boosted the purchasing power of affluent households, enabling larger down payments and, in some cases, outright cash purchases. In parallel, the rapid expansion of AI-related investment is generating substantial yet highly concentrated wealth. As a result, prime residential segments are outperforming broader housing markets across many cities. This growing divergence is already evident in local housing markets, particularly in San Francisco and Seoul.

Housing market polarization across cities is likely to intensify and become increasingly disconnected from the global interest rate cycle. Cities that capture a disproportionate share of AI-driven growth are well positioned to benefit from stronger wage growth, higher productivity, and rising household wealth. At the same time, demand for real estate in locations regarded as safe havens is expected to increase amid geopolitical uncertainty and renewed inflation concerns. Established markets characterized by political stability and trophy assets are well positioned to benefit from these trends.

The concentration of wealth is reshaping housing market risks. As property prices become increasingly disconnected from local income levels, traditional affordability metrics may become less reliable indicators of market vulnerability. Moreover, market overheating is becoming more localized, with prime districts often diverging significantly from broader citywide trends. While lower reliance on debt may reduce systemic financial risks, rising inequality and the widening gap between wealth-driven and income-driven housing segments create new challenges for market stability and risk assessment.

Against this backdrop, this report examines housing market risks and outlooks across a broad range of urban centers, including Lisbon and Seoul, which are included in the city selection for the first time.

We wish you an engaging read.

Claudio Saputelli
Head Swiss & Global Real Estate
Chief Investment Office GWM

Matthias Holzhey
Senior Real Estate Economist
Chief Investment Office GWM

Bubble risks

Risk assessment

Zurich and Tokyo are the only two cities facing high housing bubble risk. Elevated risk levels are evident in Miami, Dubai, Seoul, Lisbon, and Geneva.

Risk levels are moderate in Los Angeles, Singapore, Hong Kong, Sydney, Vancouver, and Toronto. In Europe, Milan, Madrid, Frankfurt, and Munich also fall into the moderate-risk category. According to the index, London and Paris face low bubble risk. Outside Europe, New York, San Francisco, and São Paulo are classified in the same category.

Overall, risk levels have remained broadly stable compared with 2025. Inflation-adjusted global house prices, rents, and incomes have been largely unchanged over the past year. Driven by inflation concerns, average financing costs have increased slightly over the past four quarters, reducing affordability and weakening incentives to buy. Housing shortages in many urban markets, however, continue to support prices.

Risk shifts across regions
Compared with last year, housing markets in the United States and Canada have posted lower risk scores. In Asia, risk trends are mixed: Seoul and Hong Kong have recorded the largest increases in risk scores, Singapore has remained broadly stable, while imbalances in Tokyo and Sydney have eased.

Housing markets across the Eurozone have evolved unevenly. Over the past year, imbalances have widened in Lisbon, Madrid, and Milan, while Paris has also recorded a modest increase in its risk score. By contrast, bubble risk has receded in Frankfurt, Munich, and Amsterdam. In Switzerland, persistently low financing costs have contributed to growing imbalances in both Zurich and Geneva.

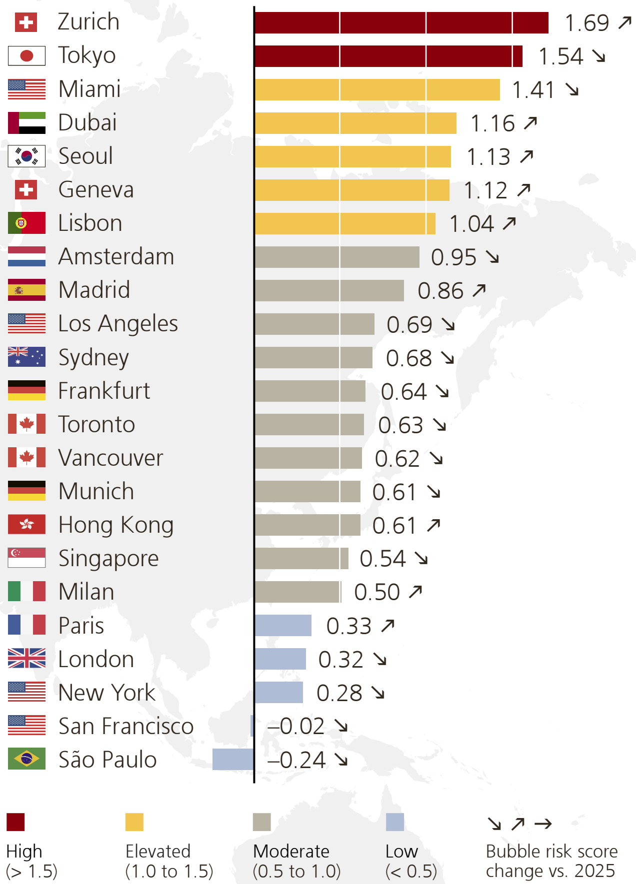
Average market exuberance is now well below the levels observed before interest rates began rising in 2021. Cities with elevated or high bubble risk, however, have become further disconnected from fundamentals over the past five years. Inflation-adjusted home prices have risen by nearly 30% on average, while rents have increased by 15% and incomes by only about 8%. By contrast, home prices in cities with moderate or low risk have declined by nearly 10%. Historically, deteriorating affordability and widening gaps between home prices and rents have been leading indicators of housing market corrections and financial crises.

Identifying a bubble
Price bubbles are a recurring phenomenon in property markets. The term "bubble" refers to a substantial and sustained mispricing of an asset, the existence of which can be confirmed only after it bursts. But historical data, however, reveal recurring patterns of property market excesses. Typical signs include a decoupling of prices from incomes and rents, as well as imbalances in the real economy, such as excessive lending and construction activity.

The *UBS Global Real Estate Bubble Index* gauges the risk of a property bubble based on these patterns. The index does not predict whether or when a correction will occur. A shift in macroeconomic conditions, changing investor sentiment, or a significant increase in housing supply could trigger a decline in house prices.

UBS Global Real Estate Bubble Index

Bubble risk scores for selected housing markets, 2026



Source: UBS. Remark: The index for New York, Los Angeles, San Francisco, and Milan was adjusted due to source revisions. For an explanation, see the section on Methodology & data pages 26 and 27.

Outlook

House price growth continued to slow over the past four quarters. In real terms, residential property prices across the cities analyzed in this report rose by an average of just 0.5% year over year, down from 1.4% in mid-2025.

Seoul recorded the strongest real house price growth, with annual increases exceeding 10%, supported by the AI-driven economic expansion. Lisbon and Madrid posted similarly strong gains, underpinned by relatively robust local economies, although demand has shifted toward more affordable suburban areas. Hong Kong experienced a sharp rebound. In Japan, higher interest rates have yet to materially affect the housing market, with Tokyo recording real price growth of 6%. In Switzerland, low mortgage rates continue to support solid price appreciation in Zurich and Geneva.

At the other end of the spectrum, Vancouver and Toronto were the weakest-performing markets, with real house prices declining by around 10% year over year. German housing markets also remain under pressure, as prices in Frankfurt and Munich have not yet fully adjusted to higher mortgage rates, resulting in real price declines of almost 4%. Across most US cities, real house price growth was also negative, with San Francisco being the exception to this trend.

Uneven inflation protection

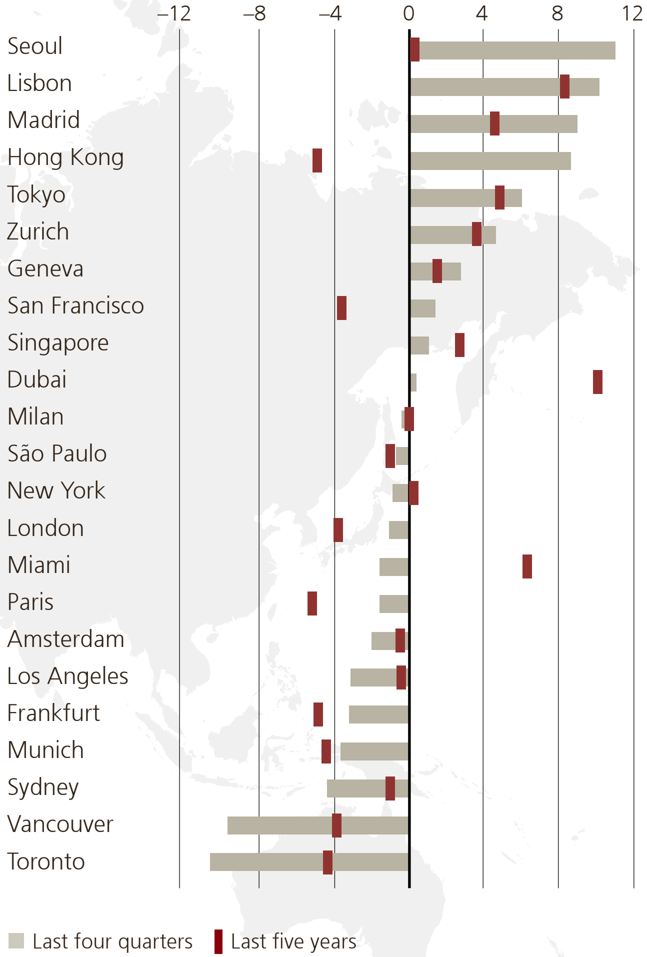
The inflation surge that began in 2021, followed by subsequent interest rate increases, has affected cities unevenly. Markets identified as being at high bubble risk in 2021 subsequently recorded the sharpest price declines, averaging roughly 3% per year. The scale and persistence of the inflation shock also mattered: cities with above-average inflation experienced average real house price declines of 1.5% per year, while those with below-average inflation achieved average real annual price growth of 2.5%.

In the near term, elevated—and in many cases rising—financing costs will continue to weigh on house-price growth. In most cities, the direct cost of owning a 60-square-meter (650-square-foot) property exceeds 40% of a highly skilled worker's income. In nearly all cities covered by the study, the financial case for buying rather than renting depends on future house price appreciation.

At current valuations, however, housing in most cities is likely to provide inflation protection over the medium term. Rents have broadly kept pace with, and in many cases outpaced, income growth over the past five years, indicating robust demand for urban housing. Persistent supply constraints underpin this outlook.

Home price growth

Inflation-adjusted year-over-year change, annualized in %



Source: See the section on Methodology & data on pages 26 and 27.

Valuations

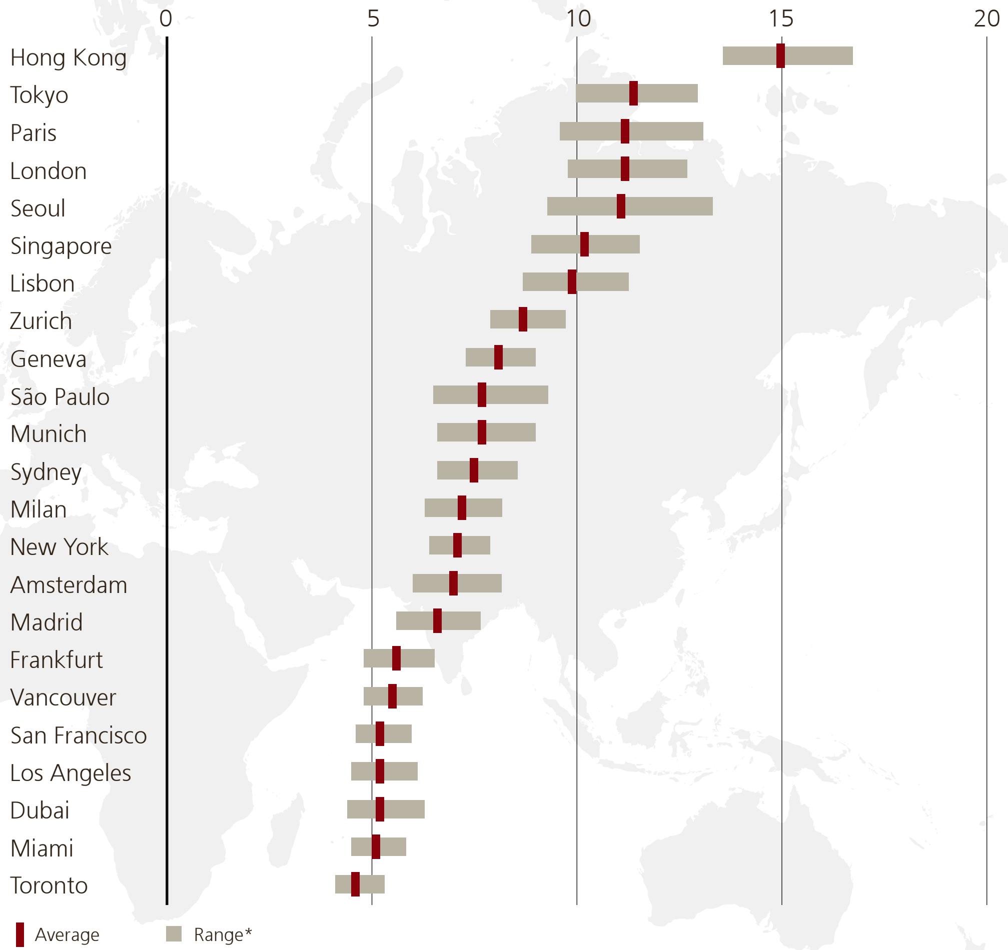
Price-to-income

Buying a 60-square-meter (650-square-foot) apartment is beyond the reach of the average skilled service worker in most global cities. Hong Kong remains the least affordable market, requiring around 15 years of average income to purchase such a home. Housing prices are disconnected from local earnings in Tokyo, Paris, London, and Seoul, where price-to-income ratios exceed 10. Affordability is also stretched in Singapore, Lisbon, Zurich, Geneva, São Paulo, Munich, Sydney, Milan, and New York, where local wages are insufficient to support homeownership.

For buyers who satisfy regulatory lending requirements, affordability depends not only on prices but also on mortgage rates and amortization rules. Where financing costs are high, monthly housing expenses can be burdensome even in markets with comparatively low price-to-income ratios, including many US and Canadian cities. Compared with 2021, before global interest rates surged, the average skilled service worker can now afford about one-third less living space. At current borrowing costs, prevailing price levels appear increasingly difficult to sustain, particularly in New York, Sydney, São Paulo, and London.

How many years of average income does it take to buy a 60 sqm apartment?

The number of years a skilled service worker needs to work to be able to buy a 60 sqm (650 sqft) apartment near the city center



Source: UBS. Remark: For an explanation, see the section on Methodology & data on pages 26 and 27. The data is not comparable with previous years due to a comprehensive data revision.
* Uncertainty range due to differing data quality.

Price-to-rent

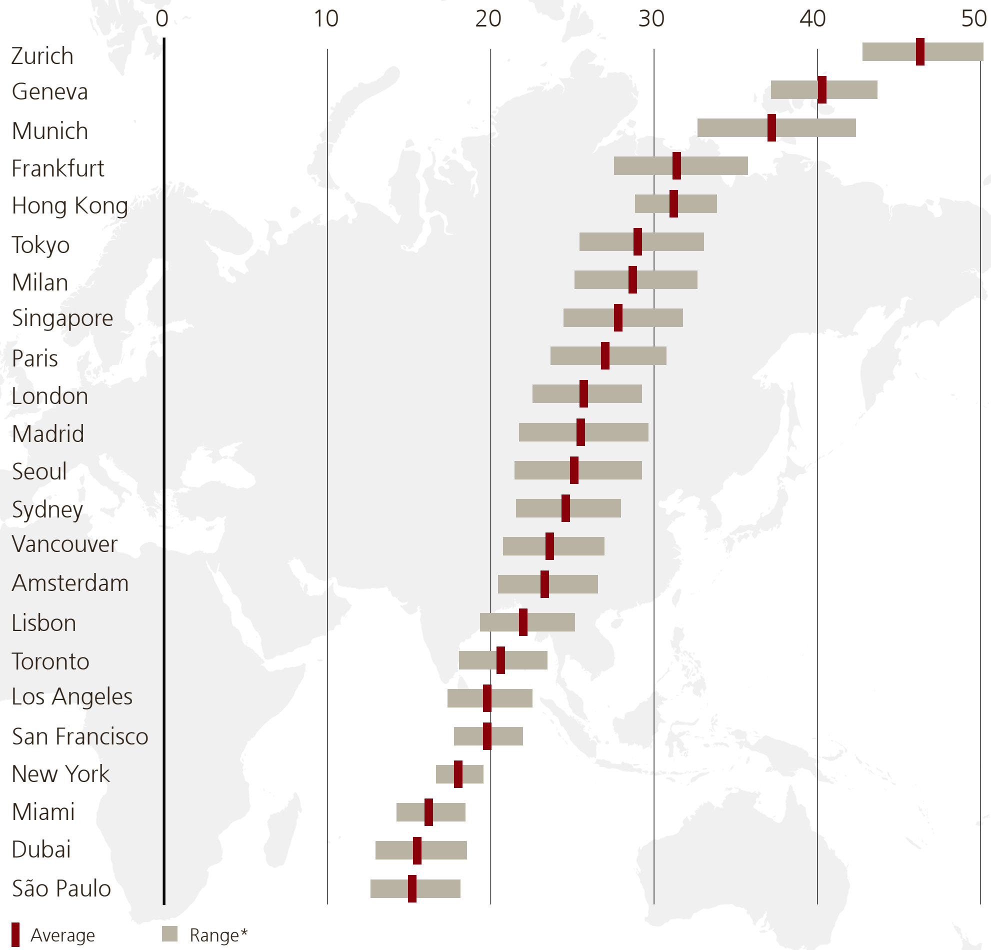
Price-to-rent ratios measure how many years of rental income are needed to buy an apartment. These ratios declined on average in 2022 and 2023 as rising interest rates pushed up financing costs globally and investors required higher yields. Since 2024, home prices and rents have generally increased at a similar pace across the cities analyzed in this study, leaving price-to-rent ratios largely unchanged.

Zurich now has the highest price-to-rent ratio at 46, followed by Geneva at 40. Munich, Frankfurt, and Hong Kong also post ratios above 30 despite elevated borrowing costs. High price-to-rent ratios reflect speculative expectations of strong future home-price gains, as well as expectations of lower future interest rates. If such expectations weaken, homeowners in high-multiple markets could face significant capital losses.

By contrast, São Paulo, Dubai, and the US cities included in the study rank among the lowest. Contributing factors include less regulated rental markets, higher interest rates and, particularly in Dubai and São Paulo, elevated risk premiums.

How many years of rent does it take to buy an apartment of the same size?

The number of years an apartment of the same size needs to be rented out to pay for the flat



Source: UBS. Remark: For an explanation, see the section on Methodology & data on pages 26 and 27. The data is not comparable with previous years due to a comprehensive data revision.
* Uncertainty range due to differing data quality.

User costs

Direct ownership costs, including mortgage interest, the opportunity cost of equity, maintenance, taxes, and depreciation, exceed the rent for a comparable property in every city covered by the study. Based on this measure alone, homeownership currently appears less financially attractive than renting. Nevertheless, households may be willing to pay a premium for ownership if they expect property values to appreciate or place value on the non-financial benefits of owning a home.

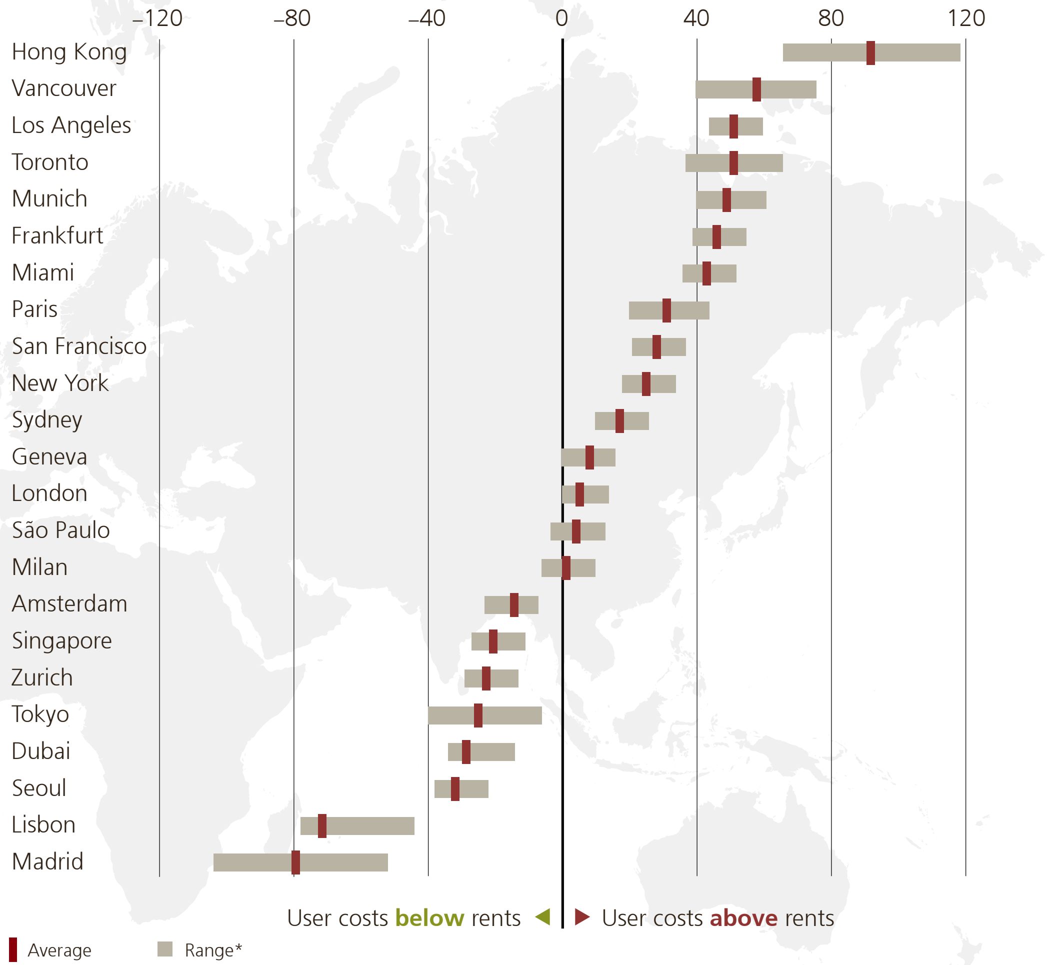
The risk-adjusted economic cost of homeownership, referred to as the user cost, extends beyond direct ownership expenses. It also incorporates a risk premium and expected capital gains, providing a more comprehensive measure of the financial attractiveness of ownership.

Estimated user costs are currently substantially higher than rents in cities such as Hong Kong, Vancouver, and Los Angeles. This suggests that housing in these markets is expensive relative to the rental income it could generate. All else equal, such a gap may weigh on future house-price performance.
By contrast, estimated user costs are lower than rents in cities such as Madrid, Dubai, and Zurich. This makes homeownership relatively attractive compared with renting and may support housing demand.

Assumptions about future house-price developments have a substantial effect on estimated user costs. In cities such as Hong Kong and Vancouver, where historical house-price movements have been particularly volatile, plausible expectations can vary widely. This uncertainty is reflected in the broad range surrounding our estimates.

Overall, interest rates are high relative to home prices and rents. Expectations of future house-price appreciation appear to be providing important support to housing demand in some cities. Without such expectations, housing-market weakness would likely be considerably more widespread.

The percentage by which the user cost of homeownership exceeds or falls below annual rent for a comparable home



Source: UBS. Remark: For an explanation, see the section on Methodology & data on pages 26 and 27.
* Uncertainty range due to differing estimates of risk premia and future price growth.

City profiles

Zurich

Rising interest rate sensitivity

Over the past two decades, Zurich has recorded one of the strongest increases in house prices among the cities covered by the study. Real housing prices have risen by nearly 140%, far outpacing both rental growth of 40% and income growth of 30%. Low interest rates and constrained housing supply have continued to support strong price appreciation over the past four quarters.

The recent slowdown in regional employment growth has had only a limited impact on housing demand, and low borrowing costs have contributed to a significant increase in household debt levels. Meanwhile, rental growth remains subdued, with luxury rents coming under downward pressure. According to the *UBS Global Real Estate Bubble Index*, the risk of a housing bubble has edged up over the past year and remains high.

Zurich's economic competitiveness and its attractiveness to international talent, particularly in the fields of information technology and artificial intelligence, make a significant correction in home prices unlikely in the near term. The housing market remains exceptionally tight, with vacancy rates close to zero. Listings of owner-occupied homes are roughly two-thirds below their level 20 years ago.

However, the market is increasingly dependent on persistently low interest rates. Zurich has the highest price-to-rent ratio among the cities covered by the study, and this ratio has continued to rise in recent quarters.

Key facts

UBS Global Real Estate Bubble Index

Score 2026 **1.69**

Change vs. 2025 ↗

Low | Moderate | Elevated | High

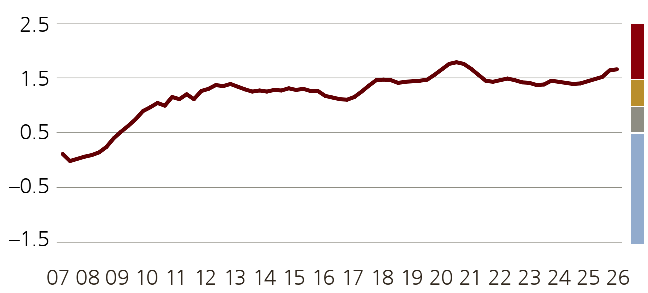
Real change as of 2Q26, year over year in %

Prices **+4.6**

Rents **–0.6**

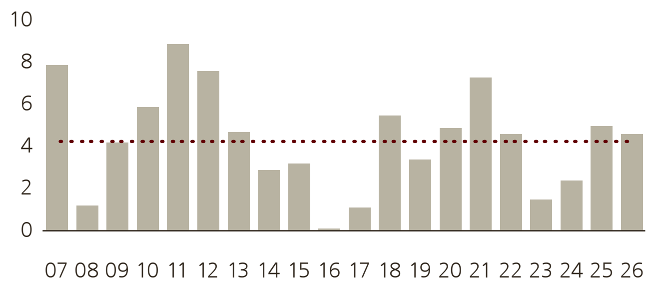
Key charts

Historical development of UBS Global Real Estate Bubble Index



Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average



Source: UBS

Tokyo

Growing vulnerabilities

Inflation-adjusted home prices are approximately 50% higher than seven years ago, twice the increase in real rents and roughly five times the growth in real incomes. Home prices continued to rise rapidly over the past four quarters, although rent growth kept pace. According to the *UBS Global Real Estate Bubble Index*, the market remains in high bubble-risk territory, with the risk score almost unchanged from a year earlier.

Over the past two decades, Tokyo's housing market has been driven primarily by homebuyer leverage, although nominal income growth has emerged as an increasingly important supporting factor in recent years. Further gains in female labor force participation are expected to strengthen household purchasing power and sustain demand for high-quality condominiums. International migration, however, remains essential to maintaining Tokyo's population growth, while foreign investors continue to seek premium apartments in central Tokyo.

Nevertheless, the housing market is showing signs that the boom may be approaching its limits. Rising housing costs are increasingly excluding prospective local buyers from the market, shifting demand toward more affordable suburban areas and rental housing. Any further increase in financing costs would significantly reduce the investment appeal of homeownership and increase the likelihood of a market correction.

Key facts

UBS Global Real Estate Bubble Index

Score 2026 **1.54** Change vs. 2025 ↘

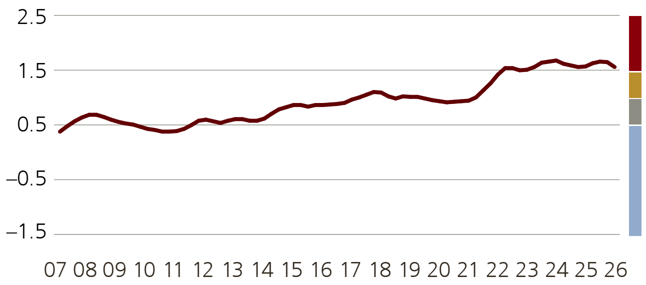
Low | Moderate | Elevated | High

Real change as of 2Q26, year over year in %

Prices **+6.0** Rents **+6.0**

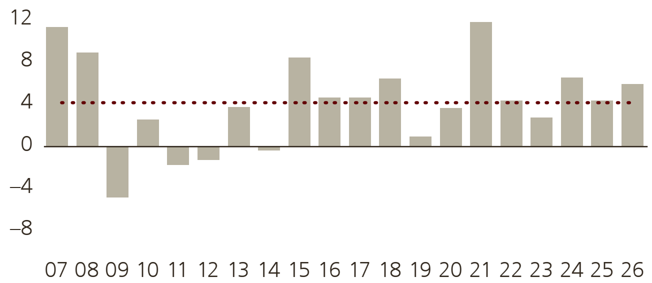
Key charts

Historical development of UBS Global Real Estate Bubble Index



Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average



Source: UBS

Miami

Fading property boom

Over the past 15 years, Miami has recorded the strongest inflation-adjusted housing price growth among all cities covered by the study. Home prices have tripled, while household incomes have increased by only 25%.

This sharp decline in affordability is now weighing on demand, as borrowing costs remain elevated. Inflation-adjusted home prices fell last year and underperformed the national average, while rents have lagged overall inflation since 2023. As a result, the cooling of the housing market has reduced Miami's score in the *UBS Global Real Estate Bubble Index*, placing the city in the elevated-risk territory.

Supply conditions vary across property segments. Inventory levels for single-family homes remain tight, whereas condominium supply is considerably higher and units are taking longer to sell. In addition, structural reserve requirements and mandatory building inspections have increased ownership costs for older condominium properties, dampening demand. Rising insurance premiums have also become a key factor influencing purchasing decisions.

Nevertheless, a broad-based price correction appears unlikely in the near term. Continued demand from buyers relocating from higher-cost and higher-tax states continues to support housing values. The luxury segment remains particularly resilient, supported by Miami's high share of cash transactions, which reduces the segment's sensitivity to financing costs.

Key facts

UBS Global Real Estate Bubble Index

Score 2026 **1.41**

Change vs. 2025 ↘

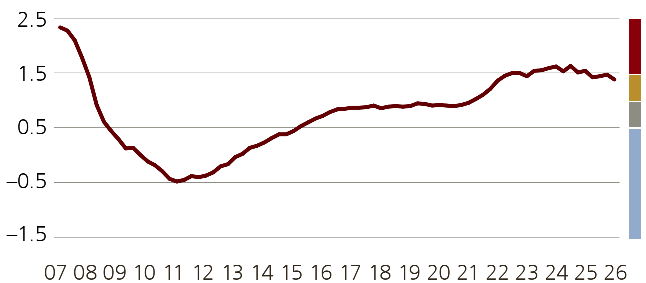
Low | Moderate | Elevated | High

Real change as of 2Q26, year over year in %

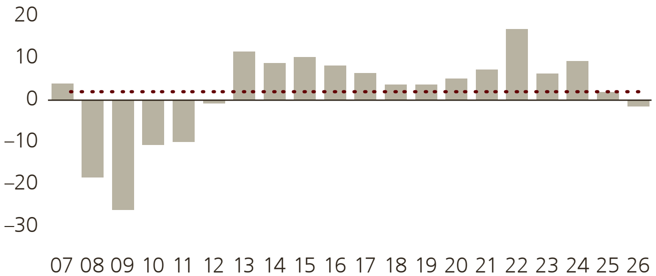
Prices **–1.6** Rents **–3.1**

Key charts

Historical development of UBS Global Real Estate Bubble Index



Annual real home price growth rates, in % as of 2Q
Dotted line: 20-year average



Source: UBS

Dubai

Hard braking

Following inflation-adjusted house price growth exceeding 10% in 2025, Dubai's housing boom came to an abrupt halt at the onset of the conflict involving Iran. Real house prices have fallen back to mid-2025 levels, while real rents are below their year-earlier level. Despite some easing since March, housing bubble risk remains elevated, according to the *UBS Global Real Estate Bubble Index*.

Existing tenants are likely to take advantage of the pause in price growth and, in some cases, of price concessions when purchasing a home. Despite elevated mortgage rates, Dubai remains one of the few markets where homeownership remains relatively attractive given the high cost of renting.

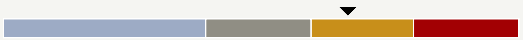
Uncertainty about a recovery of the inflow of high-income earners weighs on the premium segment. Nevertheless, Dubai's structural advantages, including its strategic location and attractiveness as an international business hub, remain firmly intact. As a result, an improvement in the geopolitical environment is likely to support a rapid recovery in market sentiment and price expectations.

The supply outlook represents an additional source of uncertainty. Although some developments have stalled and others may be delivered later than originally planned, the market remains exposed to heightened volatility due to persistent concerns about structural oversupply.

Key facts

UBS Global Real Estate Bubble Index

Score 2026 **1.16** Change vs. 2025 ↗

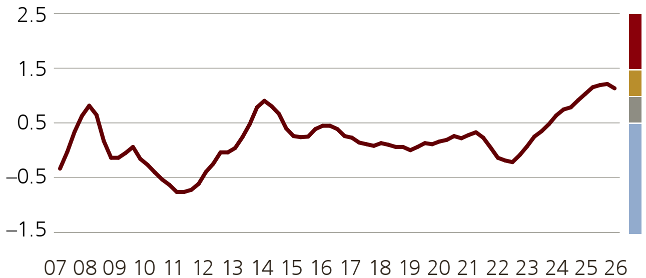


Real change as of 2Q26, year over year in %

Prices **+0.4** Rents **–4.0**

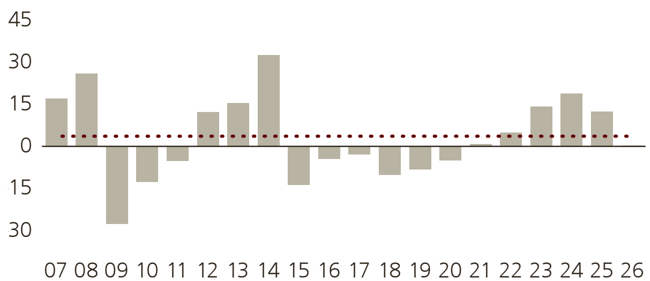
Key charts

Historical development of UBS Global Real Estate Bubble Index



Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average



Source: UBS

Frankfurt

Recovery on hold

Frankfurt's residential market continues to face excess demand. International immigration and a rising number of smaller households are underpinning housing demand. At the same time, high construction and financing costs, combined with a burdensome regulatory framework, are limiting new housing supply. As a result, structural housing shortages continue to exert upward pressure on rents. After adjusting for inflation, rents are 7% higher than they were three years ago.

Unlike the rental market, Frankfurt's owner-occupied housing market remains weak and recorded a further decline in transaction volumes in 2026. High-quality new-build homes remain scarce and continue to command premium prices. However, overall home prices fell 3%, resulting in another decline in real terms. Inflation-adjusted prices are now nearly 25% below their 2021 peak.

Over the past three years, rising real incomes and rents, alongside lower purchase prices, have substantially reduced market imbalances. Consequently, as in the previous year, the risk of a real estate bubble is assessed as moderate, according to the *UBS Global Real Estate Bubble Index*. Homeownership, however, continues to compare unfavorably with renting from a cost perspective. In the absence of a marked improvement in economic confidence or significantly lower financing costs, prospects for a near-term rebound in the owner-occupied housing market remain limited.

Key facts

UBS Global Real Estate Bubble Index

Score 2026 **0.64** Change vs. 2025 ↘

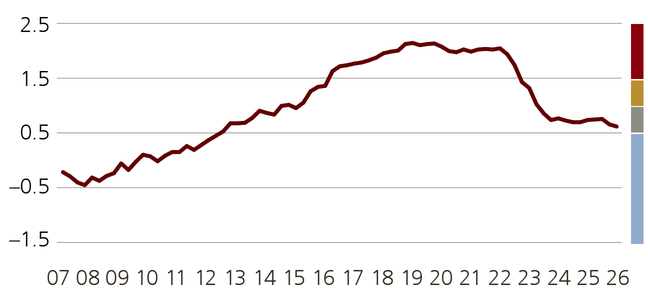
Low Moderate Elevated High

Real change as of 2Q26, year over year in %

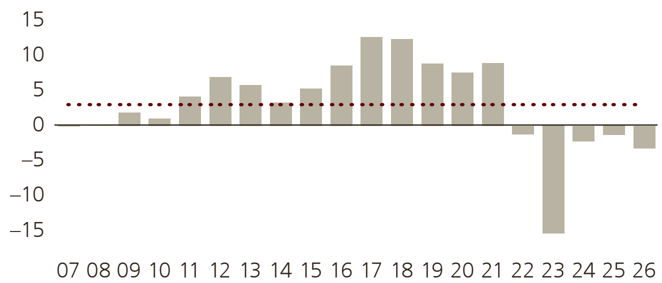
Prices **–3.2** Rents **+0.5**

Key charts

Historical development of UBS Global Real Estate Bubble Index



Annual real home price growth rates, in % as of 2Q
Dotted line: 20-year average



Source: UBS

London

Lacking growth

Weakness in the London housing market has persisted for a fifth consecutive year. Following a 1% decline since mid-2025, home prices are now more than 15% below their 2021 levels in real terms. Since 2016, when London topped the *UBS Global Real Estate Bubble Index*, the city's score has followed an almost continuous downward trend. As a result, London is now in low bubble-risk territory.

Although rental growth has eased slightly compared with recent years, rents remain close to record highs, reflecting a persistent housing shortage. Housing construction remains well below historical norms due to planning restrictions, elevated costs, and inadequate development yields.

The prime segment has benefited from an inflow of investors, mainly from the US, the Middle East, and Asia, attracted by lower property prices and the relative weakness of sterling. However, a rising tax burden on high-value properties and the outflow of high-net-worth individuals limit the pace of recovery.

Looking ahead, further interest rate cuts by the Bank of England could support market sentiment. However, stretched affordability remains the principal obstacle to a broader recovery. In 2025, the city recorded its first population decline since the late 1980s, excluding the pandemic years. A sustained housing-market recovery will therefore depend on stronger employment growth and rising real income.

Key facts

UBS Global Real Estate Bubble Index

Score 2026 **0.32** Change vs. 2025 ↘

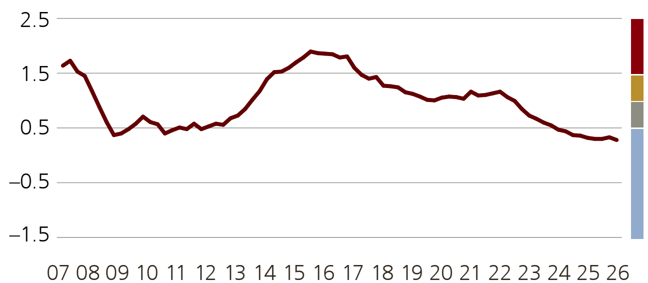
Low | Moderate | Elevated | High

Real change as of 2Q26, year over year in %

Prices **–1.1** Rents **–0.5**

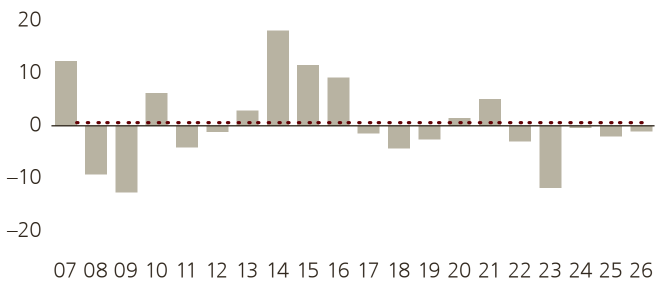
Key charts

Historical development of UBS Global Real Estate Bubble Index



Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average



Source: UBS

Seoul

Score +1.13

Between 2017 and 2021, prices rose by 50% driven by falling interest rates, credit expansion, and positive sentiment. Rapid rate hikes between 2021 and 2023 ended the boom, triggering a 20% price decline and disruptions in the jeonse market. Structural undersupply limited the correction. Recovery began in 2024, with prices up 11% over the past four quarters and rents rising 5%. The city is a key AI hub, making future price appreciation closely tied to AI-led economic growth.

Geneva

Score +1.12

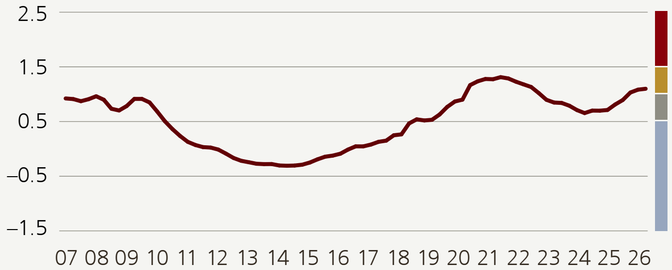
House prices have increased by 3% since mid-2025, supported by low financing costs and robust employment and population growth. Demand remains strong, fueled by high-income earners, while interest from Middle Eastern buyers may further lift prices. However, spending cuts by international organizations present a risk to the outlook, and current valuations remain sensitive to any increase in interest rates. Meanwhile, rents have stagnated despite low vacancy rates. Zoning restrictions, rental regulations, and higher construction costs constrain new supply.

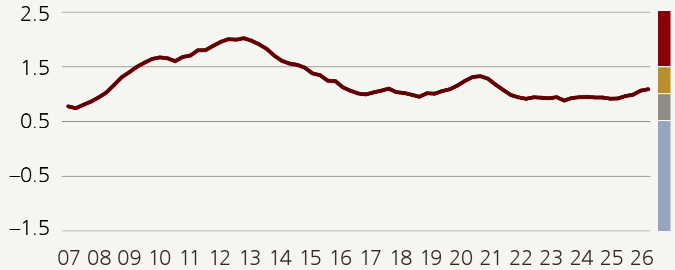
Lisbon

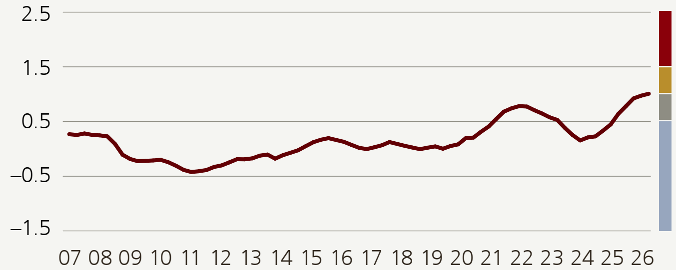
Score +1.04

Policies introduced to attract foreign capital and residents helped fuel Lisbon's housing boom. Real house prices rose by nearly 7% per year over the past decade, the fastest rate among the cities analyzed, and have increased by another 10% since mid-2025. As Lisbon has become one of Europe's least affordable housing markets, the market's key growth drivers are weakening. A policy shift towards more selective immigration policies has contributed to negative population growth, rental growth has stalled, and demand is shifting to more affordable areas outside the city.

Historical development of UBS Global Real Estate Bubble Index

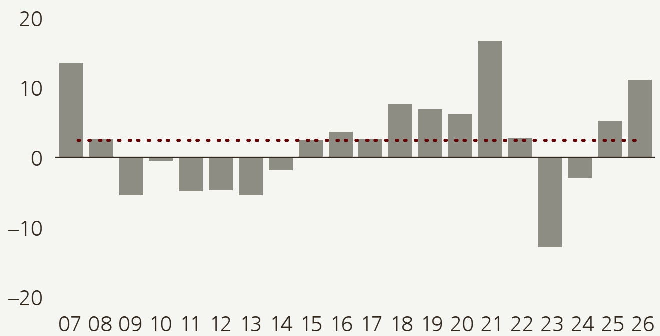


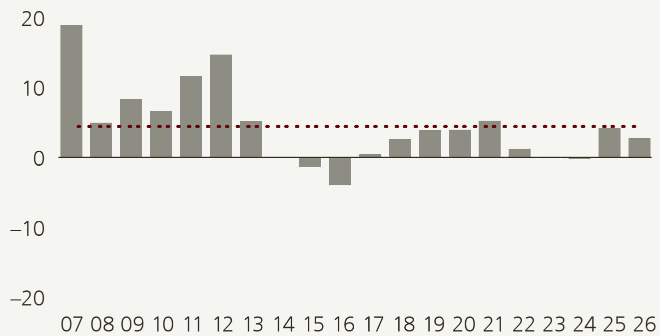


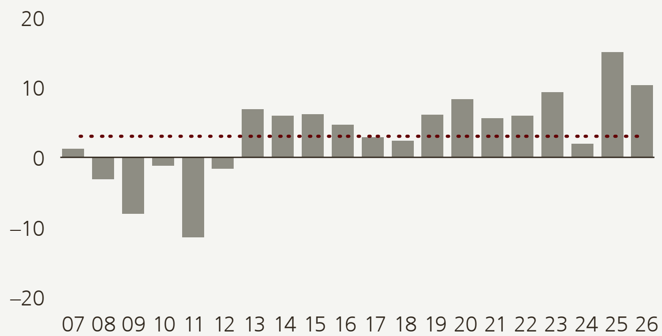


Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average







Source: UBS

Amsterdam

Score +0.95

Real house prices in Amsterdam nearly doubled between 2013 and 2022, before higher interest rates and tighter rental regulation brought the boom to an end. Rent caps, higher wealth taxes and buy-to-let restrictions have prompted landlords to sell rental properties, increasing the supply of homes available to owner-occupiers. As a result, real prices have fallen by 2% over the past year and are around 10% below their peak. Over the medium term, however, weak construction incentives and a shrinking rental sector could tighten overall housing supply and put renewed upward pressure on prices.

Madrid

Score +0.86

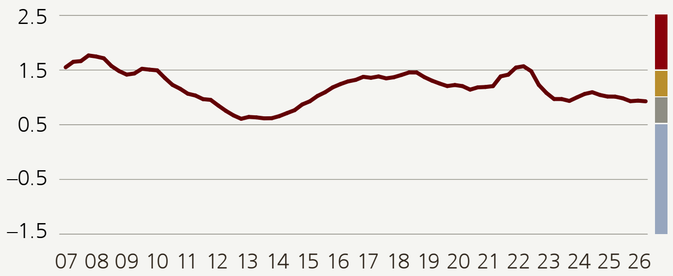
Foreign investor demand, strong household formation, and limited housing supply have driven price growth in recent years. The end of the Golden Visa program has been offset by a robust economy and labor market. Prices are up 9% year over year, outpacing rents and incomes, worsening affordability. Persistent undersupply continues to support valuations, but the financial case for buying increasingly depends on expectations of future capital gains. Price growth slowed in spring 2026 as higher financing costs and tighter short-term rental regulations began to weigh on demand.

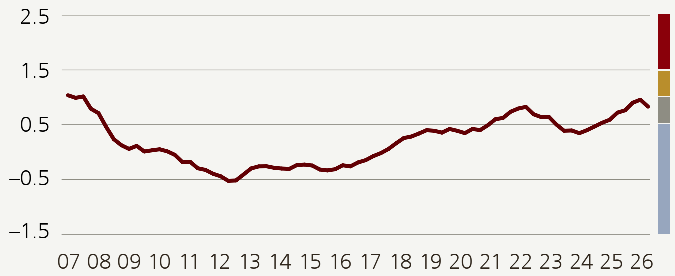
Los Angeles

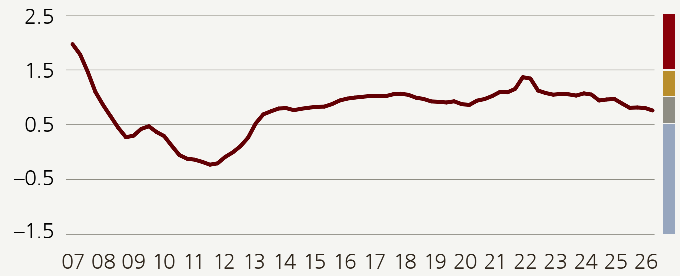
Score +0.69

Structural supply constraints and mortgage lock-in have cushioned the housing market against a sharp correction. Even so, inflation-adjusted home prices and rents have fallen over the past four quarters. Declining population and soft employment trends are constraining households' willingness to pay and limiting investment-driven demand. Select pockets of resilience can still be found in the luxury market, particularly among scarce trophy properties. Against this backdrop, the bubble-risk score has decreased materially compared with the previous edition, shifting from elevated to moderate territory.

Historical development of UBS Global Real Estate Bubble Index

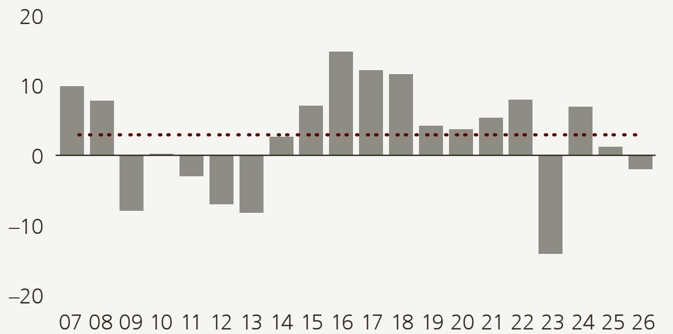


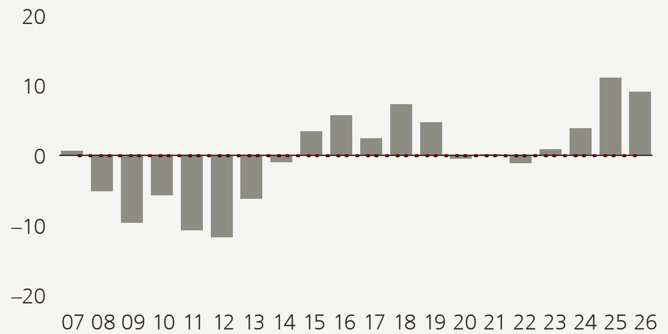


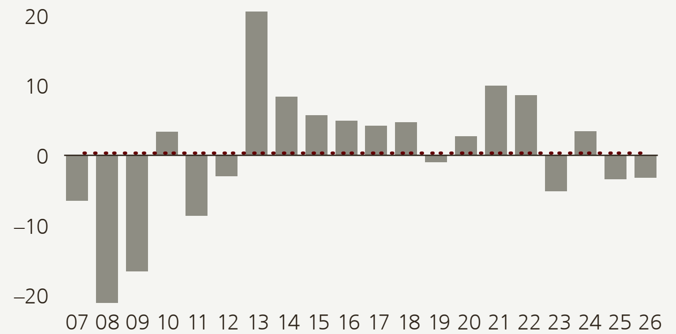


Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average







Source: UBS

Sydney

Score +0.68

Since mid-2025, inflation-adjusted house prices have fallen by 4% as further rate hikes have eroded buyers' affordability. The abolition of capital gains tax discounts is also weakening demand. Nevertheless, prices remain only 6% below their 2022 peak, supported by a structural housing shortage. Immigration, although slowing, continues to underpin demand in the rental market, while rental reforms have moderated rent growth. Without significant rate cuts, however, the scope for a meaningful housing recovery remains limited.

Toronto

Score +0.63

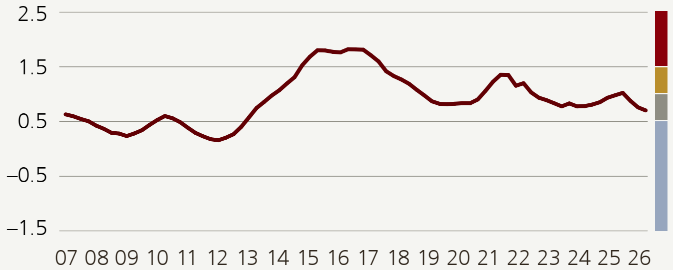
Between 2014 and 2022, Toronto was the strongest market among the cities analyzed, with real home prices doubling amid rapid population growth, strong investor demand, favorable financing conditions, and robust construction activity. Since 2022, however, it has become the weakest. Higher interest rates, the foreign-buyer ban, and increased supply have triggered a sharp correction: prices are now nearly 30% below their peak, while rents have also fallen. Easing the foreign-buyer ban could support demand and new supply, but economic uncertainty is likely to keep price and rent growth subdued.

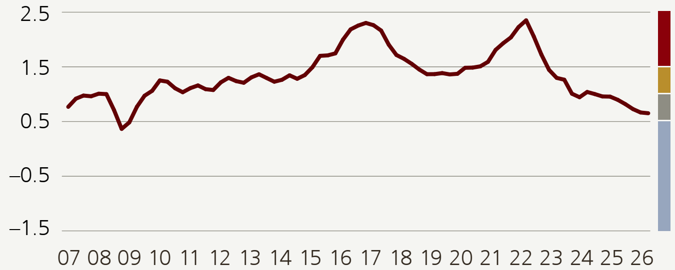
Vancouver

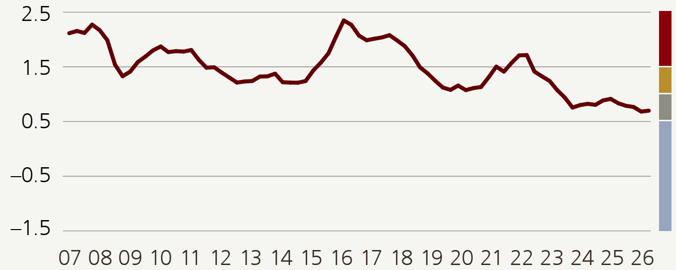
Score +0.62

After falling by nearly 10% since mid-2025, inflation-adjusted house prices are now 20% below their 2022 peak. Despite interest rate cuts, stringent mortgage stress tests, additional taxes, and restrictions on foreign buyers have dampened housing demand. Listings remain well above their long-term average, while home sales have dropped to a 25-year low. Increased rental supply and stronger competition among landlords are also weighing on rents. Elevated inventory, slower economic growth, inflation concerns, and the risk of further interest rate hikes continue to weigh on the near-term outlook for prices.

Historical development of UBS Global Real Estate Bubble Index

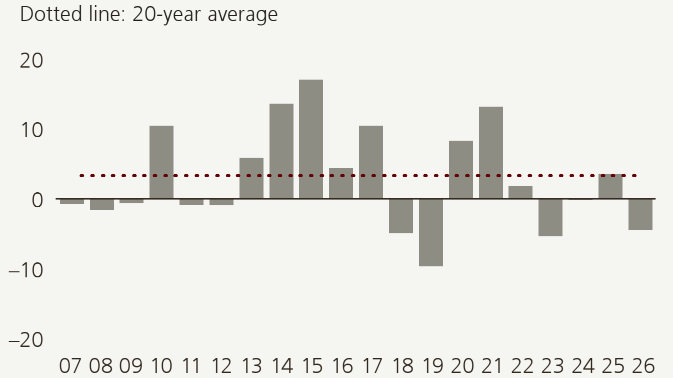


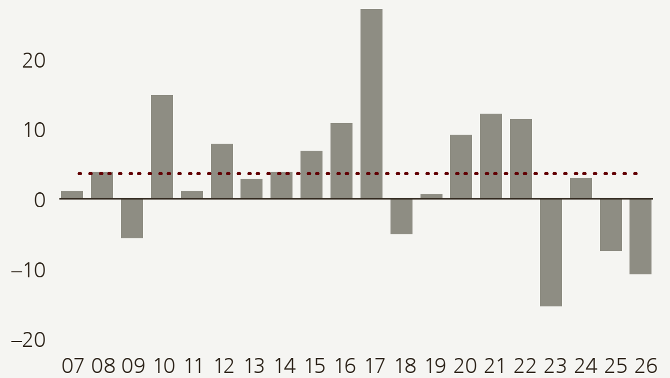


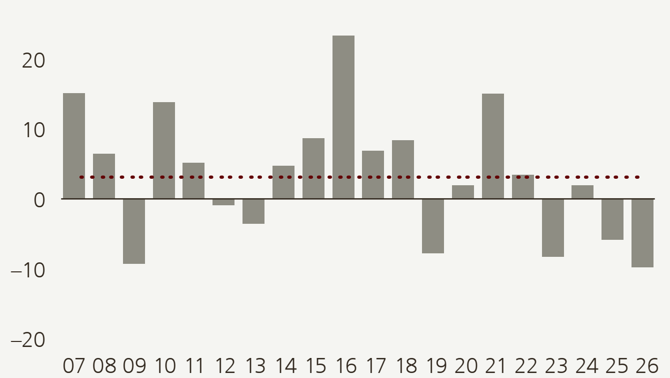


Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average







Source: UBS

Munich

Score +0.61

A 20% decline in real house prices between 2022 and 2024 reduced the market's bubble risk from high to moderate. Rising mortgage rates subsequently ended a brief rebound, and prices have declined by nearly 4% in real terms since mid-2025. Rental growth has also stalled amid weak income growth. At the same time, housing supply remains severely constrained by low development yields, rent caps and high financing and construction costs with completions falling to a 15-year low in 2025. Despite strong regional economic fundamentals, elevated mortgage rates make a robust near-term recovery in house prices unlikely.

Hong Kong

Score +0.61

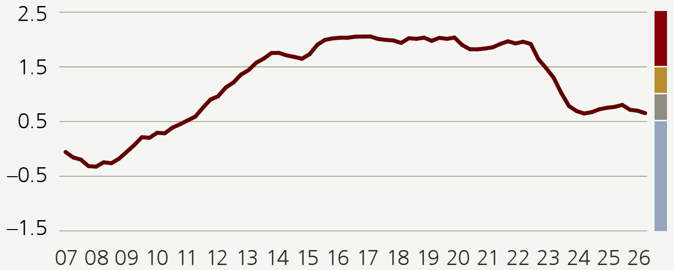
After declining by more than 30% in inflation-adjusted terms between 2018 and 2025, real house prices have rebounded sharply since mid-2025. The recovery has been broad-based, with smaller units leading the gains. Lower mortgage rates have boosted new-home sales, while inflows of professionals from mainland China continue to support demand. As the recent upswing has been driven largely by end-user demand, the recovery poses limited bubble risk to the housing market. Momentum is expected to moderate amid interest-rate risks and tighter capital controls.

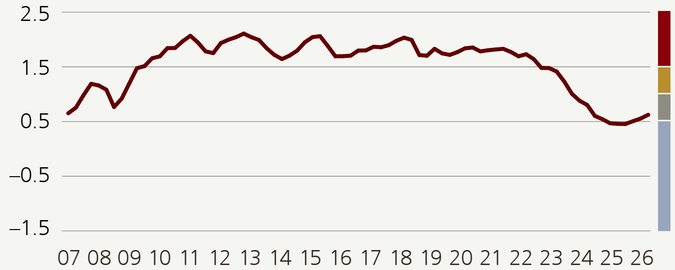
Singapore

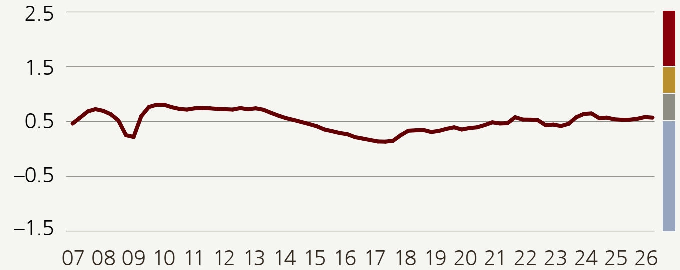
Score +0.54

House prices have remained broadly stable since mid-2025, with real prices increasing by around 1%—the slowest pace since 2019—and rents largely unchanged. Local owner-occupiers and upgraders increasingly dominate the market as elevated stamp duties curbed foreign demand. Meanwhile, slower population growth and a robust supply pipeline have eased pressure on rents. Strong economic fundamentals, lower mortgage rates, and healthy household balance sheets continue to underpin prices.

Historical development of UBS Global Real Estate Bubble Index

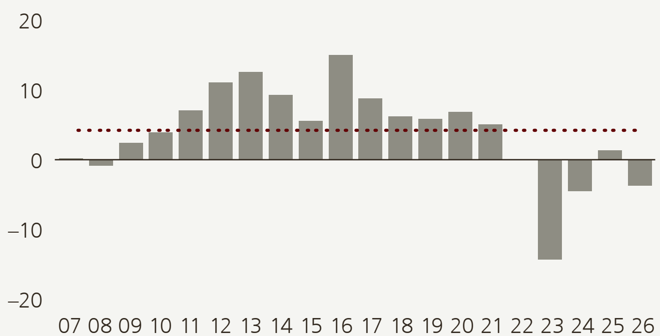


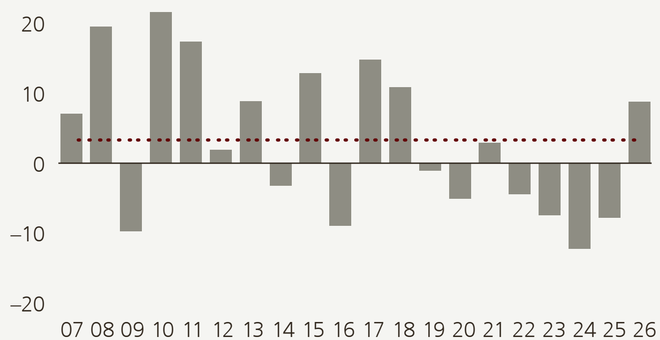


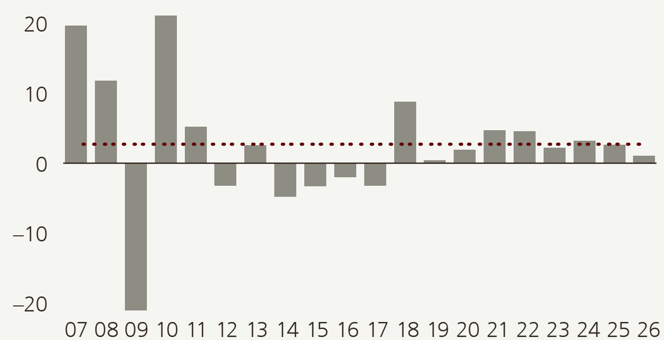


Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average







Source: UBS

Milan

Score +0.50

As a hub for technology, luxury goods, and financial services, Milan attracts international talent and workers. Despite higher financing costs and declining real household incomes, inflation-adjusted home prices have remained broadly stable since 2021, supported by demand from international buyers in prime central districts. Looking ahead, the city's expansion into outer districts and nearby municipalities is shifting demand growth toward the suburbs, while stricter planning rules and heightened regulatory scrutiny continue to constrain supply.

Paris

Score +0.33

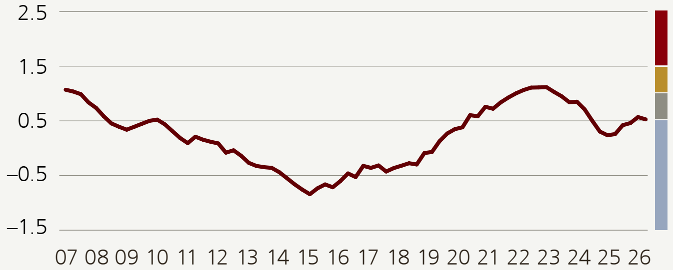
While demand for prime properties remains resilient, broader home prices in Paris have fallen 25% in real terms since 2021. Rents have also failed to keep pace with inflation. Despite the correction and modest income growth, housing remains unaffordable for many as mortgage rates stay high. Population outflows have reduced the city's population by nearly 10% over 15 years. Energy upgrades, rent controls and short-term rental restrictions continue to weigh on investment demand. France's fiscal concerns continue to dampen investor confidence and limit prospects for a rebound.

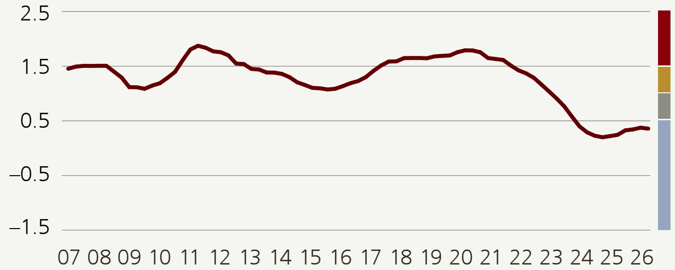
New York

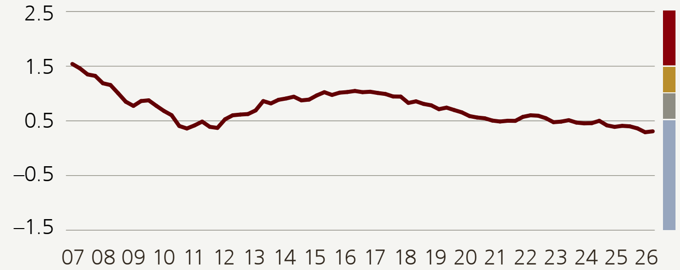
Score +0.28

Improving employment and income growth provide a supportive backdrop for the housing market, while constrained construction and persistently low rental vacancy reinforce the structural supply shortage. These conditions have sustained positive real rental growth, but inflation-adjusted home prices have declined as high purchase prices and financing costs restrict the buyer pool. Conditions are stronger at the top end of the market, where scarce trophy properties, Wall Street wealth, international demand and a high share of cash buyers have enhanced sellers' pricing power.

Historical development of UBS Global Real Estate Bubble Index

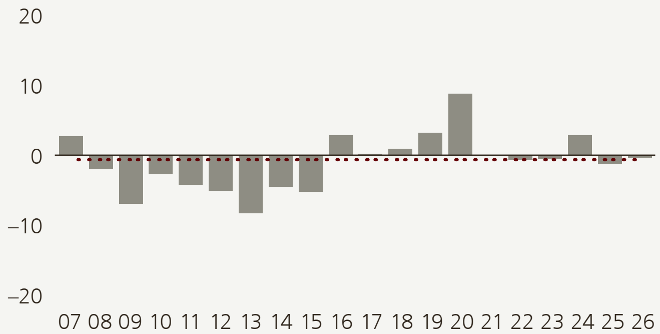


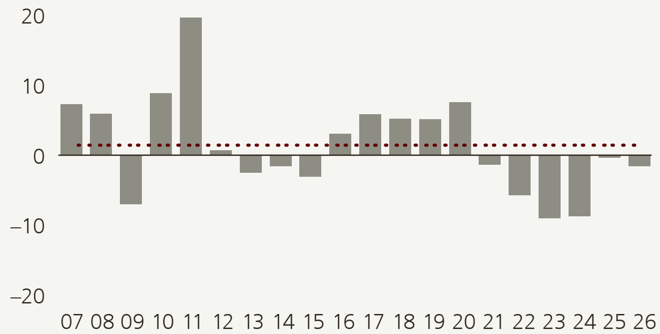


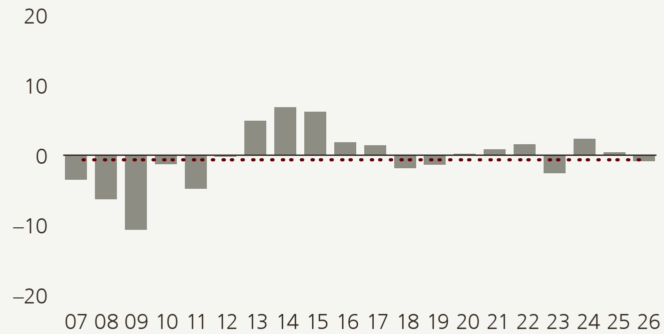


Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average







Source: UBS

San Francisco

Score –0.02

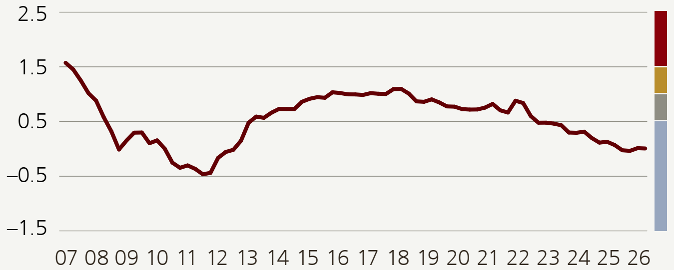
Average home price growth across the metropolitan area has strengthened, although the pace of recovery varies significantly by measure. Several market segments are posting double-digit gains as an AI-driven upswing in technology employment and concentrated equity wealth more than offsets the drag from elevated borrowing costs. As the market has tightened, real rents have risen by 8% since mid-2025. Weak population growth and continued affordability-driven out-migration constrain the upside while the dearth of available inventory limits the correction risk.

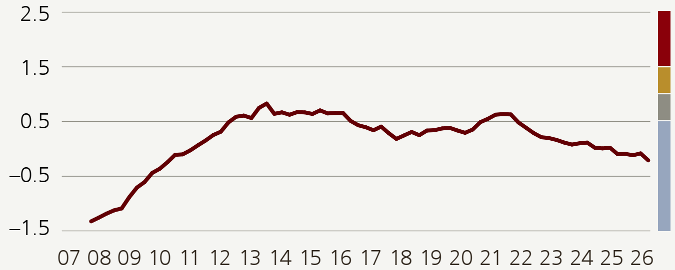
São Paulo

Score –0.24

Real home prices remain about 25% below their 2014 peak and have been largely flat since 2022. In contrast, rents have risen and are now nearly 30% above 2022 levels, bringing the user cost of homeownership broadly in line with renting. Significant home price gains across the broader market appear unlikely in the near term. Unsold housing inventory and construction activity have reached record highs. Although the central bank has eased monetary policy as inflation has receded, mortgage rates remain in double-digit territory, keeping home purchases expensive.

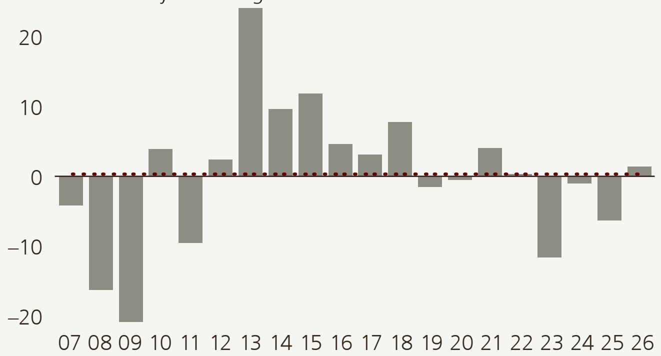
Historical development of UBS Global Real Estate Bubble Index

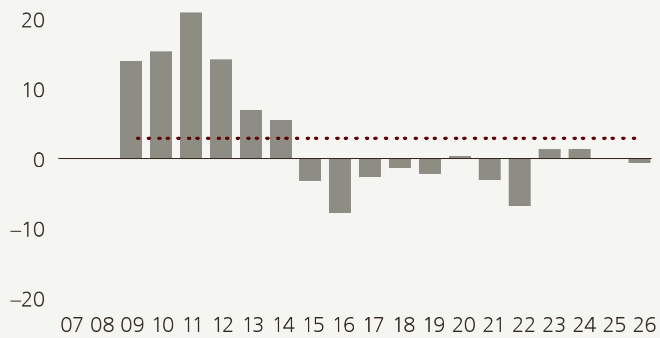




Annual real home price growth rates, in % as of 2Q

Dotted line: 20-year average





Source: UBS

Appendix

Overview

Rank	City	UBS Global Real Estate Bubble Index: Total	Subindexes						Real price change, annualized, in %		Real rental change, annualized, in %	
		Score	Assessment	Price / Income	Price / Rent	City / Country[1]	Mortgage	Construction	last year	last 10 years	last year	last 10 years
1	**Zurich**	1.69	High	High	High	High	Moderate	Low	4.6	4.0	–0.6	1.5
2	**Tokyo**	1.54	High	High	Elevated	High	Low	Low	6.0	5.2	6.0	2.8
3	**Miami**	1.41	Elevated	High	High	High	Low	Low	–1.6	5.7	–3.1	0.8
4	**Dubai**	1.16	Elevated	Elevated	Elevated	High	Low	Moderate	0.4	2.2	–4.0	1.0
5	**Seoul**	1.13	Elevated	Elevated	High	High	Low	Low	11.0	4.0	4.9	–0.9
6	**Geneva**	1.12	Elevated	High	High	Moderate	Moderate	Low	2.7	2.3	0.0	0.1
7	**Lisbon**	1.04	Elevated	High	Moderate	Moderate	Low	Low	10.2	6.6	1.4	5.8
8	**Amsterdam**	0.95	Moderate	Elevated	Elevated	Moderate	Low	Moderate	–2.0	3.4	2.0	1.2
9	**Madrid**	0.86	Moderate	Elevated	Moderate	High	Low	Low	9.0	3.7	2.2	3.2
10	**Los Angeles**	0.69	Moderate	Elevated	High	Low	Low	Low	–3.2	2.0	–3.7	–0.9
11	**Sydney**	0.68	Moderate	High	Moderate	Low	Moderate	Low	–4.4	1.0	–0.6	1.4
12	**Frankfurt**	0.64	Moderate	Moderate	Moderate	Elevated	Low	Low	–3.2	2.4	0.5	0.9
13	**Toronto**	0.63	Moderate	Moderate	Elevated	Low	Low	Low	–10.7	1.8	–3.8	0.2
14	**Vancouver**	0.62	Moderate	Moderate	Elevated	Moderate	Low	Low	–9.7	0.3	–5.0	1.0
15	**Munich**	0.61	Moderate	Moderate	Moderate	Elevated	Low	Low	–3.7	0.9	0.4	1.2
16	**Hong Kong**	0.61	Moderate	Moderate	Moderate	Moderate	Low	Low	8.7	–0.4	3.6	–0.2
17	**Singapore**	0.54	Moderate	Low	Moderate	High	Low	Low	1.0	2.6	–0.1	2.3
18	**Milan**	0.50	Moderate	Elevated	Low	Elevated	Low	Low	–0.4	1.2	–6.3	1.1
19	**Paris**	0.33	Low	Low	Elevated	Moderate	Low	Low	–1.6	–0.5	–0.9	–1.0
20	**London**	0.32	Low	Moderate	Moderate	Moderate	Low	Low	–1.1	–2.1	–0.5	–0.3
21	**New York**	0.28	Low	Moderate	Elevated	Low	Low	Low	–0.9	0.0	1.2	–1.0
22	**San Francisco**	–0.02	Low	Low	Moderate	Low	Low	Low	1.4	–0.6	8.3	–1.5
23	**São Paulo**	–0.24	Low	Low	Low	Low	Moderate	Low	–0.7	–1.4	1.1	1.2

● High (above 1.5 standard deviations) ● Elevated (between 1.0 and 1.5 standard deviations) ● Moderate (between 0.5 and 1.0 standard deviations) ● Low (below 0.5 standard deviations)

Source: UBS ; [1] Inflation–adjusted price index for Dubai, Singapore, Hong Kong.

Methodology

UBS Global Real Estate Bubble Index
The *UBS Global Real Estate Bubble Index* measures fundamental valuations in owner-occupied housing markets and assesses cities relative to national markets and economic distortions such as credit and construction booms. City selection also reflects each market's importance to global financial markets and residential real estate investment.

Based on the score, housing markets are classified as low risk (score below 0.5), moderate (0.5 to 1.0), elevated (1.0 to 1.5) or high risk (above 1.5). The framework is aligned with historical bubble episodes but does not predict whether or when a correction will occur. Instead, the term "bubble risk" refers to the likelihood of a substantial price correction.

The index score is a weighted average of five standardized sub-indices: price-to-income and price-to-rent ratios, changes in mortgage-to-GDP and construction-to-GDP ratios, and the city-to-country price ratio. In Singapore, Hong Kong, and Dubai, the city-to-country ratio is replaced by an inflation-adjusted price index.

Sub-index weights are derived through factor analysis, following the OECD Handbook on Constructing Composite Indicators (2008). The approach captures the common drivers of bubble risk while allowing for city-specific differences. To improve comparability and avoid overemphasizing national-level variables, deviations from average weights are capped and the combined weight of country-level indicators is limited to one-third.

Index histories vary by city, depending on data availability. The longest data series starts in 1980 and the shortest in 2008. Most sub-indices are based on city-level data; mortgage-to-GDP and construction-to-GDP ratios are calculated at the national level. The index relies primarily on public data and, in some cases, additional sources, including the *UBS Prices and Earnings* survey. Data sources are described on page 27.

Data for this edition were collected through Aug. 26, 2026. Estimates were used where recent data were unavailable. Scores may differ from previous editions due to data revisions, updates, and changes resulting from the dynamic calculation of index weights.

Valuation benchmarks
The analysis is supplemented by city comparisons based on current price-to-income and price-to-rent ratios. The price-to-income ratio measures the number of years a skilled service worker must work to afford a 60-square-meter (650-square-foot) apartment near the city center. The price-to-rent ratio compares the cost of ownership with renting. Higher ratios indicate less affordable homeownership.

Earnings data come primarily from official statistics and are supplemented by surveys and expert judgment. Real estate prices and rents are cross-checked against multiple sources and reviewed annually. Uncertainty ranges reflect differences in data quality.

User-cost estimates for owner-occupied housing include mortgage and maintenance payments, adjusted for estimated ownership risk premiums and expected future price growth based on historical price and rent trends. The resulting cost is compared with the rent of a similar property.

Data sources

	Price Index (City)	Rent Index (City)	Income Index (City)	Price Index (Country)	Mortgage, Construction, GDP, Inflation (Country)
Amsterdam	CBS, Maastricht University	NVM, Pararius, UBS P&E	CBS, UBS P&E	CBS, FED Dallas	DNB, CBS, EUKLEMS, Bloomberg
Dubai	Reidin, BIS	Reidin, UBS P&E	Macrobond, Bloomberg, UBS P&E	–	Central Bank UAE, Dubai Statistics Center, Bloomberg
Frankfurt	Bulwiengesa, Kiel Institute for the World Economy	Bulwiengesa, Kiel Institute for the World Economy, OECD	Destatis, OECD, UBS P&E	FED Dallas	German Federal Bank, Destatis, EUKLEMS, Bloomberg
Geneva	Wüest Partner	Wüest Partner, Geneva Statistics Office	FTA, FSO	Wüest Partner, FPRE, IAZI	SNB, SECO, FSO
Hong Kong	RVD	RVD	Census and Statistics Department Hong Kong, Bloomberg	–	Census and Statistics Department Hong Kong, HKMA, Macrobond, Bloomberg
Lisbon	INE, Idealista	INE, Idealista	INE	INE, Idealista	INE, Bank of Portugal
London	Nationwide	ONS, UBS P&E	ONS	Nationwide	BoE, ONS, EUKLEMS, Bloomberg
Los Angeles	FHFA, S&P Dow Jones Indices	CBRE, FED St. Louis	BEA	FHFA	FED, BEA, Bloomberg
Madrid	Bank of Spain, Idealista, Bloomberg	Madrid City Council, Idealista	INE	Bank of Spain, Bloomberg	INE, Bank of Spain, EUKLEMS, Bloomberg
Miami	FHFA, S&P Dow Jones Indices	CBRE, FED St. Louis	BEA	FHFA	FED, BEA, Bloomberg
Milan	Nomisma, ISTAT	Nomisma, OECD, Idealista	Department of Finance, UBS P&E	ISTAT, FED Dallas	Bank of Italy, Hypostat, ISTAT, EUKLEMS, Macrobond, Bloomberg
Munich	Bulwiengesa, Kiel Institute for the World Economy	Bulwiengesa, Kiel Institute for the World Economy, OECD	Destatis, OECD, UBS P&E	FED Dallas	German Federal Bank, Destatis, EUKLEMS, Bloomberg
New York	FHFA, S&P Dow Jones Indices	CBRE, CoStar, FED St. Louis	BEA	FHFA	FED, BEA, Bloomberg
Paris	BIS, CGEDD, French National Institute of Statistics and Economic Studies (INSEE)	French National Institute of Statistics and Economic Studies (INSEE)	French National Institute of Statistics and Economic Studies (INSEE), Bloomberg, UBS P&E	FED Dallas	Bank of France, French National Institute of Statistics and Economic Studies (INSEE), EUKLEMS, Macrobond, Bloomberg
San Francisco	FHFA, S&P Dow Jones Indices	CBRE, FED St. Louis	BEA	FHFA	FED, BEA, Bloomberg
São Paulo	Fipe	Fipe	SEADE Foundation	Fipe	Banco do Brasil, IBGE, Bloomberg
Seoul	Bank of Korea	Bank of Korea	Bank of Korea	Bank of Korea	Bank of Korea, FISIS
Singapore	Government of Singapore	Government of Singapore, UBS P&E	Government of Singapore	–	Government of Singapore, Bloomberg
Sydney	REIA, ABS	REIA, NSW Government, UBS P&E	ABS, UBS P&E	FED Dallas	ABS, RBA, Bloomberg
Tokyo	The Real Estate Transaction Promotion Center, Haver Analytics, Tokyo Kantei	Miki Shoji, Official Statistics of Japan, Tokyo Kantei	INDB, Tokyo Metropolitan Government, UBS P&E	FED Dallas	ESRI, EUKLEMS, Bloomberg
Toronto	Sauder School of Business UBC, Bloomberg	Canadian Housing Observer, Sauder School of Business UBC, UBS	Statistics Canada	FED Dallas	Statistics Canada, BoC, Bloomberg
Vancouver	Sauder School of Business UBC, Bloomberg	Canadian Housing Observer, Sauder School of Business UBC, UBS	Statistics Canada, Government of British Columbia	FED Dallas	Statistics Canada, BoC, Bloomberg
Zurich	Wüest Partner	Wüest Partner, Zurich Statistics Office	FTA, FSO	Wüest Partner, FPRE, IAZI	SNB, SECO, FSO

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