

Mortgage Rate Outlook. Clear, with personal recommendations.

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Dear clients, given that you have recently been interested in purchasing real estate with a mortgage loan, we have important information for you regarding interest rates.

(Disclaimer: The message is simplified for a better understanding of the overall situation. A detailed description of how banks obtain funds is not essential for our context.)

In recent days, swap rates (hereinafter "IRS"), which banks use as a reference point for pricing new mortgages, have risen. In this short report, I will try to explain the situation to you and outline possible solution variants, without jumping to hasty conclusions.

What does this mean?

IRS is an important reference value that influences the rate at which banks could provide new mortgages in the future. Depending on the bank, it varies how quickly the change is reflected in real mortgage offers. Changes in IRS are reflected in offer rates gradually, typically within a few weeks or months. It always depends on the specific bank, previous market development, and typically whether it is a decrease or an increase in IRS.

IRS Decrease

Gives banks room to earn a higher margin; therefore, it is usually reflected in mortgage offer prices **slower**.

IRS Increase

Banks usually adjust their offer rates **sooner**.

Mortgage Offer Rate Calculation

Mortgage offer rates typically range from **IRS rate + 0.75 – 1.5 %** (risk costs and bank margin).

 *The price of interest rate swaps is variable, and if the increase is short-term, it is possible that it may not be reflected in mortgage offers at all. This development does not give you 100% certainty about what the rates will be in 2–3 months, but it is an important piece of the puzzle if you are deciding on taking out a housing loan today.*

What actually happened?

In the past week, the price of IRS rose by more than **0.5%** ([Source 1](#), [Source 2](#)). After this increase, it is hovering **above the 4% threshold**.

Rates in recent weeks

At banks, we were obtaining rates starting from **4.29% p.a.** for the most attractive loans, without the need for additional services.

Potential rate shift

In the event of persistently higher cost of funds, these options would shift towards the **4.89% p.a.** mark.



Impact in numbers?

Comparison of interest rates 4.29% p.a. and 4.89% p.a.

179,110

CZK difference in interest

For a loan of **10,000,000 CZK** with a 30-year maturity and a 3-year fixation.

89,555

CZK difference in interest

For a loan of **5,000,000 CZK** with a 30-year maturity and a 3-year fixation (same ratio).

■ Rate 4.29% – interest paid (3 years)

■ Rate 4.89% – interest paid (3 years)



📄 (Disclaimer: Calculations may vary among individual banking institutions and specific cases depending on the bank's interest model and fees associated with the loan.)

How to proceed?

We do not recommend panicking — only if the price of resources remains in higher bands can a long-term increase in mortgage interest rates be expected. However, we definitely recommend carefully considering the situation and preparing your options.

→ **Do not panic**

A long-term increase will only occur if the price of resources remains in higher bands.

→ **Consider the situation**

Thoroughly evaluate your personal situation and prepare possible courses of action.

→ **Prepare your options**

A proactive approach will give you an advantage regardless of how rates develop.



Scenarios: I am planning to purchase a property

Scenario 1: I want to purchase within a 3–4 month horizon

In this case, I would certainly not delay and would create a **rate reservation at a bank** as soon as possible, which usually has a validity of 45–60 days, and I would intensify the search for a property. I would consider whether it might be appropriate for my case to use **financing without a selected property**, which will ensure the certainty of the rate and funds for the transaction.

Scenario 2: I would like to purchase in the future, but I am in no hurry

I would not let myself be pressured into arranging a mortgage without a selected property. I would **strictly consider** how it fits into my plan.

Scenario 3: My fixed rate period ends in 2026



I would **request an interest rate offer for the new period as soon as possible**. If I receive an offer lower than **4.6% p.a.**, I would consider accepting a 3 or 5-year fixed rate in advance. If I miss the offer and the bank is already quoting a higher rate, I would monitor the development of resource costs—if the fixed period ends within the next 6–12 months, the situation may change.

Causes and future threats to further rate growth

Short-term threats

Unstable geopolitical situation. One of the reasons not to panic is the influence of current world events, which are unpleasant and should not be underestimated. However, it is still a fluctuation that may not last long.

Long-term threats

The International Monetary Fund confirms that higher deficits and public debt can increase long-term government bond yields. Long-term government bond yields subsequently put pressure on the price of other financial instruments, such as IRS. ([Source 3](#))

To put it simply: if we behave less responsibly in terms of the budget over the long term, the appetite of other market participants to lend to us is smaller. We must therefore offer a higher yield to obtain the money. This is a long-term future threat that could lead mortgage interest rates into higher bands rather than the long-expected 3–4% range.

Summary and personal recommendation

If you are planning a purchase or have a mortgage fix reset in the near future, it makes sense to check today's offers and prepare different scenarios, because **IRS has increased in the last few days**. However, this does not automatically mean that every bank will immediately increase rates.

Following the recent IRS increase, the room for further decreases in mortgage rates has diminished; conversely, a further increase in the costs of the entire transaction may occur. I would definitely not let the **FOMO effect** influence me, nor would I purchase a property that does not fully meet long-term needs or is not interesting from an investment standpoint. And this just because of today's rates, which certainly, at least for now, cannot be labeled as lost forever.

