

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, AUGUST 2019

Record number of remortgagings and increased lending

The falling interest rate level in 2019 has meant that a record number of borrowers have converted their mortgage loans.¹ Up to and including August this year, the mortgage institutions have disbursed loans to the Danes for a total of kr. 284 billion. The Danes' total mortgage loans have grown by kr. 63 billion for the same period.

Conversions and supplementary borrowing

The vast majority of disbursements are the result of conversions where a fixed-rate loan is replaced by a corresponding loan with a lower interest rate. However, in connection with the conversion, some bor-

rowers have increased their mortgage, which thus contributes to the increase in the Danes mortgage loans.

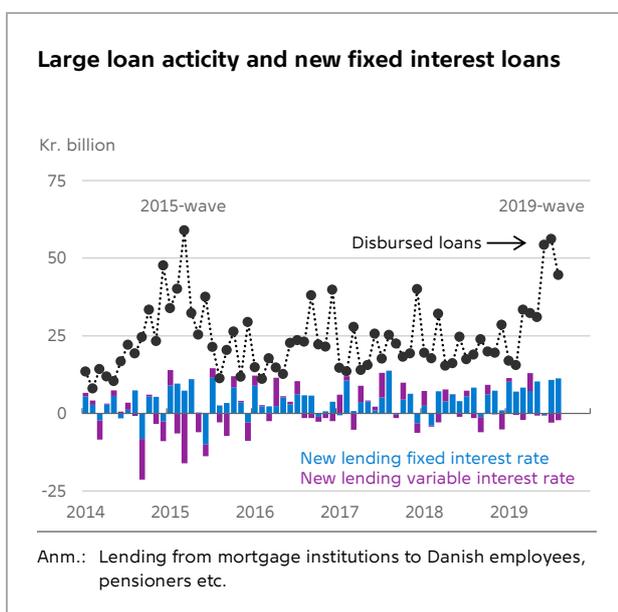
However, the increase in total lending is limited by the eagerness of the Danes to pay instalments. In 2019, instalments have reached almost kr. 19 billion so far.

Same, same - but different

In 2015, when the conversion wave last rolled, loans were disbursed for approx. kr. 350 billion while the the Danes total mortgage loans increased by kr. 18 billion. In addition to conversions, there was a very clear move away from variable rate loans to fixed rate loans in 2015. This has not happened in connection with the recent conversion wave, where lending with variable interest rates is almost unchanged. The increase in total lending has thus, to a great extent, been driven by loans with fixed interest rate.

Largest debt and lowest interest rate

At the end of August, Danes' total mortgage loans were kr. 1,568 billion and has never been larger. With an effective interest rate incl. administration fee of an average of 1.83 per cent. p.a. the loans have never been cheaper either. The proportion of fixed-rate loans is now up to 45.5 per cent. while 54.7 per cent. of the debt is with instalments.¹



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¹ Danmarks Nationalbank, Mortgage refinancing supports private consumption, Danmarks Nationalbank Analysis, no. 17, September 2019 (link)