

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, SEPTEMBER 2017

Instalments on mortgage loans continue to increase

Instalments on households' mortgage loans have increased since the financial crisis. In the first three quarters of 2017 the total instalments were DKK 24.3 bn. By comparison the instalments were DKK 22.4 bn the same period last year.

The instalments will increase due to the increase in mortgage loans. In addition, the low interest rates in recent years have made it possible for raising the instalments without necessarily impacting the total debt servicing payments. Further, when it comes to annuity loans the time to maturity has an impact on

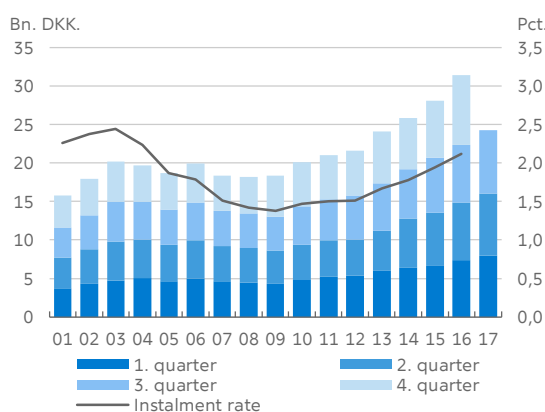
how much the instalments constitute of the gross payments. When the maturity date approaches the instalments will constitute a larger part of the debt servicing payments.

Mortgage loans to households continue to increase and about half of the loans are with instalments. In 2017 loans with instalments have increased by DKK 40 bn and have reached DKK 785 bn. The higher amount of loans with instalments is due to the expiration of the maximum instalment free periods and larger differentiation of administration margin rates favouring loans with instalments.

The increasing instalments have given a higher instalment rate (share of instalments compared to total value of mortgage loans) since 2009. It approaches the level from before 2003 where the interest only loans were introduced.

Quarterly instalments and yearly instalment rates

Chart



Note.: Instalment rates are calculated by dividing instalments with the stock of mortgage loans ultimo year. Instalments include the principal on bullet loans upon expiration.

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