

# DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, APRIL 2021

## Interest-only mortgage debt at kr. 800 billion

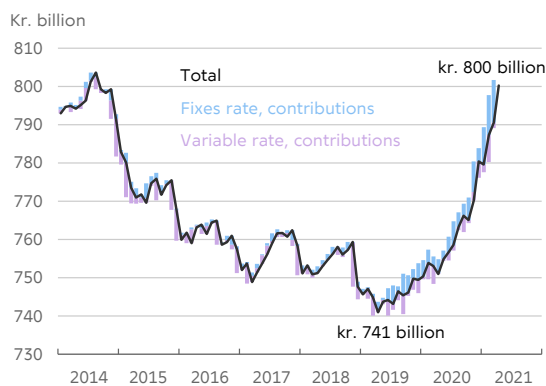
In the first four months of 2021, kr. 30.3 billion was added to the Danish homeowners' total mortgage debt. Interest-only debt accounts for two thirds of the increase. Out of homeowners' total mortgage debt of kr. 1,757 billion, kr. 800 billion is now interest-only debt.

The last time the Danes' interest-only mortgage debt exceeded kr. 800 billion was in 2014. At that time, however, the interest-only debt amounted to 56.1 per cent of the total mortgage debt against 45.6 per cent today.

The increase in 2021 in the interest-only debt is, as in 2020, driven by fixed rate loans. Interest-only debt with a fixed interest rate has thus increased by kr. 34.7 billion (12.6 per cent) and now amounts to 17.6 per cent of homeowners' total mortgage debt. In comparison, homeowners' interest-only debt with variable interest rates has so far decreased by kr. 14.9 billion (-2.9 per cent) in 2021 and now amounts to 28 per cent of the total mortgage debt.

The growth in the total interest-only mortgage debt of 2.5 per cent is thus more subdued than the growth in the interest-only debt with fixed interest rates first indicates. The development also reflects that interest-only loans with fixed interest rates generally make up a smaller part of the total debt than interest-only loans with variable interest rates.

### Interest-only mortgage debt back to 2014 levels



Note: Outstanding interest-only mortgage debt to households with security in Danish owner-occupied homes and holiday homes. 'Fixed interest rate, contribution' and 'Variable interest rate, contribution' indicate how large a part of the period's change is due to interest-only debt with fixed and variable interest rates, respectively.

### Municipal trends from 2020 continues into 2021

In 2020, the interest-only mortgage debt with fixed interest rates increased in all of the country's 98 municipalities – in 87 municipalities more than 10 per cent and in 53 municipalities more than 20 per cent. Preliminary data show that the increase in the interest-only debt with fixed interest rates is also broadly based across municipalities in 2021.

At the same time as the interest-only debt with fixed interest rates increased, the interest-only mortgage debt with variable interest rates was reduced in 91 municipalities in 2020. A pattern which, according to the preliminary data, has also continued into 2021.

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