

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, OCTOBER 2020

Long remaining maturity on Danes' mortgage debt

Long remaining maturity is a particular characteristic on Danes' mortgage debt. At the end of the 3rd quarter of 2020, the remaining maturity of 59.9 per cent of all Danes' mortgage debt was between 25 and 30 years. Approximately half of the outstanding debt is in the form of 30-year loans disbursed within the past year, either as new loans or as refinancing of existing loans to new loans with 30-year maturities.

Low interest rates have extended the maturity

The current remaining maturity of the Danes' mortgage debt is affected, in particular, by the many Danes seizing the opportunity to refinance their loans during the latest wave of refinancing in 2019.

In the process, they achieved lower interest rates, and many also extended the maturity of their loans. Therefore, it is not surprising that a large portion of the outstanding debt has a remaining maturity of just under 30 years.

Long remaining maturity means lower installments

For the typical fixed rate annuity loan, a longer remaining maturity usually means that installments constitute a smaller portion of the debt service than interest payments. Conversely, a shorter remaining maturity means that installments typically constitute a larger portion of the debt service than interest payments. The low level of interest rates generally means that Danes amortise their mortgage debt more quickly.

Interest rate differential of 0.89 percentage points

In the 3rd quarter of 2020, the average interest rate excluding administration fees on fixed rate loans was 0.93 per cent, while the average interest rate on variable rate loans was 0.04 per cent.

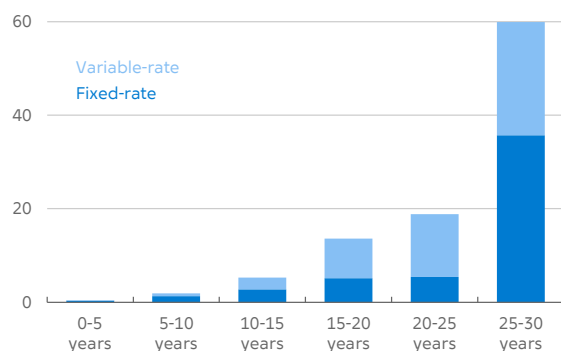
The interest rate on fixed rate loans especially reflects when the loan was raised and its original maturity. The interest rate on variable rate loans reflects when the interest rate on the loan was last fixed, and the length of the interest rate fixation.

In October 2020, the mortgage debt of Danish private customers totalled kr. 1.599 billion, up kr. 62 billion since October 2019.

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Remaining maturity of Danish mortgage debt, 3rd quarter of 2020

Per cent of total outstanding debt



Note: Remaining maturity is the remaining loan maturity at the time of calculation, regardless of its original maturity and any prior refinancing.