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Mortgage debt without instalments grows again

The Danes' appetite for mortgage loans without instalments was renewed in 2020, where the total mortgage debt without instalments grew by kr. 30.9 billion. Mortgage loans without instalments were introduced in 2003 but debt without instalments has in general been declining since 2012. The change in 2020 is thus the first significant increase in many years and the largest increase since 2011.

Fixed-rate loans without instalments increase...

The increase in the total mortgage debt without instalments is driven by a considerable increase in fixed-rate loans without instalments equal to kr. 51.6 billion in 2020. The continuing low interest rates

have in general made fixed-rate loans more attractive compared to variable-rate loans.

Among the new fixed-rate loans, the new type of loan with 30 years' instalment-free period enters, where borrower has the option of instalment-free period for the whole duration of the loan, provided certain criteria are met.

... while variable-rate loans are reduced

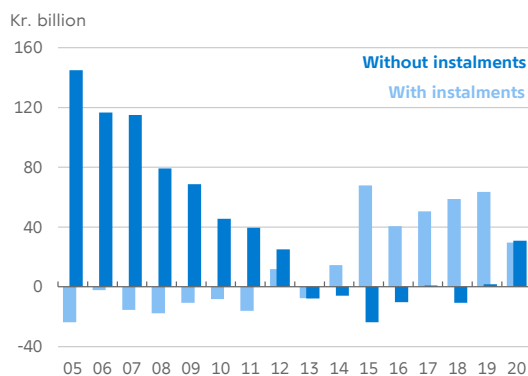
Variable-rate loans without instalments were, contrary to fixed-rate loans, reduced by kr. 20.7 billion in 2020 and thus limited the increase in the total mortgage debt without instalments. The reduction in variable-rate loans without instalments is, among other things, due to expiration of instalment-free periods and repayments. At the end of January 2021, 64.4 per cent of Danish homeowners' debt without instalments was, however, still with variable interest rate.

Still instalments on over half of the debt

Mortgage loans without instalments made up 45 per cent of Danish homeowners' total mortgage debt equal to kr. 1,733 billion in January 2021. The share of loans without instalments is 0.2 percentage point larger than the previous year.

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In 2020 Danish homeowners' mortgage loans without instalments increased



Note: Change in outstanding mortgage debt in all currencies for Danish households with security in real estate, the end of the year. Market value until October 2013 and nominal value afterwards.