

# DANMARKS NATIONALBANK

27 SEPTEMBER 2021

BANKING AND MORTGAGE LENDING, BALANCES, AUGUST 2021

## Mortgage debt in the big cities is younger

Major conversions, restructuring and a busy housing market have meant that more than half of the Danes' current mortgage debt has been paid off within the past two years. The age of the debt, like the interest rate level, has an effect on how large the instalment payments are on the part of the debt that is repaid. This is because mortgage loans with instalments are typically annuity loans, where installment payments make up a smaller part of the payment at the beginning of the loan's life.

At the end of the second quarter of 2021, the Danes' mortgage debt was on average 3 years and 4 months

old. However, the age varies across municipalities. Especially around the largest cities, the debt is relatively young. For example, the mortgage debt in Copenhagen was on average 2 years and 6 months old, while it was 6 years and 1 month old on the island of Lolland.

### Conversion wave and home buying pulls age down

The relatively young age of the mortgage debt is, among other things, a result of the conversion wave from 2019. Here, a record number of homeowners redeemed their fixed-rate mortgages and took out new loans at a lower interest rate.

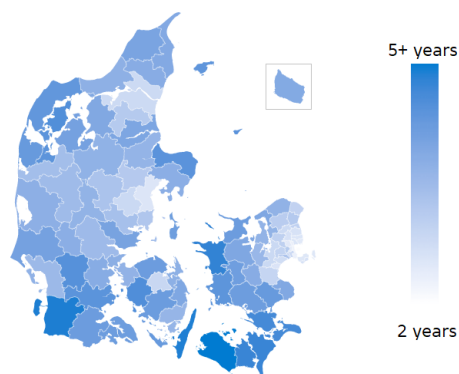
In addition to the conversions, the ongoing activity in the housing market also contributes to a lower average age of the debt. This is due to the fact that in connection with a sale you repay your old mortgage and similarly take out a new one when buying.

### Fixed-rate debt without instalments is the youngest

The low interest rates in recent years have contributed to a large increase in the spread of fixed-rate mortgage debt, especially without instalments. This part of the Danes' debt thus also has a significantly lower average age compared with the other types of debt. For example, fixed-rate debt without instalments was on average 1 year and 6 months old.

This is in contrast to the variable-rate debt, which has the highest average age of 6 years and 10 months. The fact that the variable-rate debt is the oldest is in line with the limited disbursement of new loans with a variable interest rate.

**Especially around the larger cities, the debt is younger**



Note Average age (years) of mortgage debt for households with mortgages on owner-occupied homes and holiday homes, distributed at municipal level at the end of June 2021. Age is defined as the time between the payment date and the end of the second quarter of 2021. Find chart data here ([link](#)).

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