

# DANMARKS NATIONALBANK

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## BANKING AND MORTGAGE LENDING, BALANCES, DECEMBER 2018

# Lower credit growth in growth areas

In 14 of the Danish municipalities with the highest price increases for owner-occupied homes (growth areas<sup>1</sup>), mortgage lending to households was lower in 2018 compared with the previous year.

The growth areas each had a credit growth between 2.6 and 7.7 per cent. The total growth for the areas was 5.6 per cent compared to 7 per cent in 2017. Despite the dampening, growth in the areas is thus still well above lending growth in the rest of Denmark at 2.1 per cent.

In particular, the growth in new loans with variable interest rates has dampened in the growth areas. Growth in these loans has fallen from 6 to 2.3 per

cent. On the other hand, fixed-rate loans continue to grow, and growth has increased from 8.8 to 11 per cent.

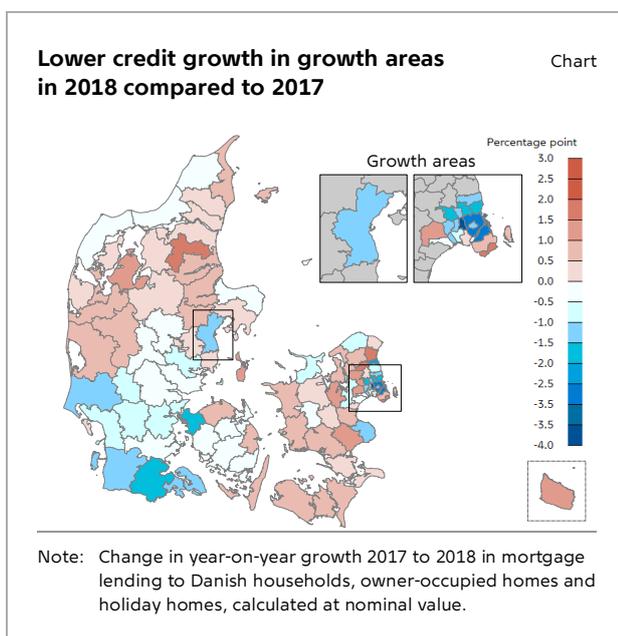
In recent years, several measures targeting housing debt have been implemented. One of the measures is prudent credit assessment when granting housing loans to households with high debt-to-income ratios and insufficient wealth in the growth areas. The measure has had an – albeit modest – impact on how much borrowers in growth areas borrow compared to borrowers outside the growth areas.<sup>2</sup>

In the rest of Denmark, lending growth is largely unchanged. However, the stable lending growth covers a fall in variable-rate loans of 1.7 per cent and an increase in fixed-rate loans of 7.4 per cent.

As for the growth areas, there is a great difference in growth across the other municipalities. For example, mortgage lending is – among other things due to large repayments – reduced in 14 of the municipalities, while other municipalities have experienced lending growth of more than 5 per cent (Herning, Slagelse, Aalborg and Køge).

At the national level, mortgage lending in 2018 has grown by 3.1 per cent (kr. 48 billion). This is slightly lower than in 2017, where lending growth was 3.4 per cent (kr. 52 billion), and significantly lower than in the years up to the crisis.

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<sup>1</sup> Country parts Copenhagen City and Copenhagen Environs and the Municipality of Aarhus, 18 municipalities in total ([link](#)).

<sup>2</sup> Danmarks Nationalbank, Impacts of 2016 guidelines on mortgaging of homes, *Danmarks Nationalbank Analysis*, no. 18, November 2018 ([link](#)).