

# DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, BALANCES, JULI 2019

## Mortgage debt is rising in 88 municipalities

Danish households' mortgage debt has increased over the past year in 88 of 98 municipalities. The largest yearly increase again occurred in Copenhagen, where mortgage debt increased by 6.5 per cent.

### Debt is rising fastest around the large cities

Mortgage debt has not surprisingly increased most where house prices also have risen in recent years. As many as 9 out of the 10 municipalities with the fastest growing mortgage debt are so-called growth areas which include 18 municipalities in Copenhagen and the surrounding area as well as Aarhus. In the growth areas, however, it is not increasing as fast as earlier, since annual growth has fallen from 6 to 5.1 per cent over the past year. Here, however, debt is not increasing as rapidly as previous years,

with annual credit growth falling from 6 to 5.1 per cent over the past 12 months. One of the new measures taken to limit mortgage debt requires prudence when lending to high-debt households with insufficient wealth in growth areas. The measure has had an - albeit modest - dampening effect on the volume of new loans in growth areas.<sup>1</sup>

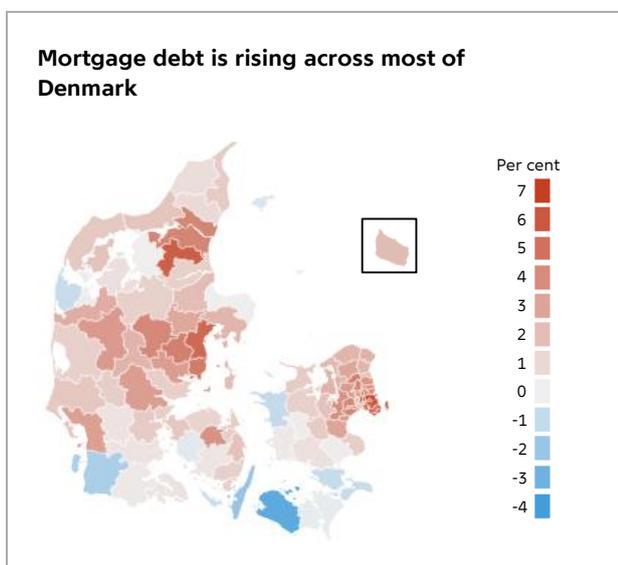
At the other end of the scale are several of the southern municipalities, including Lolland, Langeland and Ærø municipality. There, mortgage debt has been reduced by 2.4 per cent over the past year.

### Repayments limit debt most in the southern areas

The development in Danes' mortgage debt depends on both the volume of new loans and the repayments on outstanding loans. The larger the repayment, the larger new loans need to be in order to increase mortgage debt. The amount of repayments therefore partly determines whether municipalities have stable or even decreasing mortgage debt.

While repayments reflect the current composition of outstanding loans, new loans are determined, among other things, of new construction, relocation as well as price developments in the housing market. Borrowers from the southern municipalities generally pay larger instalments than the rest of Denmark which lowers their mortgage debt.

[CLICK HERE FOR FURTHER INFORMATION](#)



<sup>1</sup> Danmarks Nationalbank, Impacts of 2016 guidelines on mortgaging of homes, Danmarks Nationalbank Analysis, nr. 18, November 2018 (link)