

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, MAY 2020

Fixed rate loans have the lead in 59 municipalities

In 59 of the 98 Danish municipalities, fixed rate loans now comprise the majority of homeowners' mortgage loans. That is 35 municipalities more than just a year ago. The development is a result of the decreasing interest rates over the past year, which have increased the Danes' appetite for fixed rate loans in connection with restructuring of existing loans and obtaining new loans. In addition, many have opted to increase their fixed rate loans in connection with a conversion to a lower interest rate. At the national level, however, loans with variable interest rates still dominate with a share of 51.2 per cent of the Danish homeowners' total mortgage loans of kr. 1,691 billion.

Fixed rate loans have increased in all municipalities

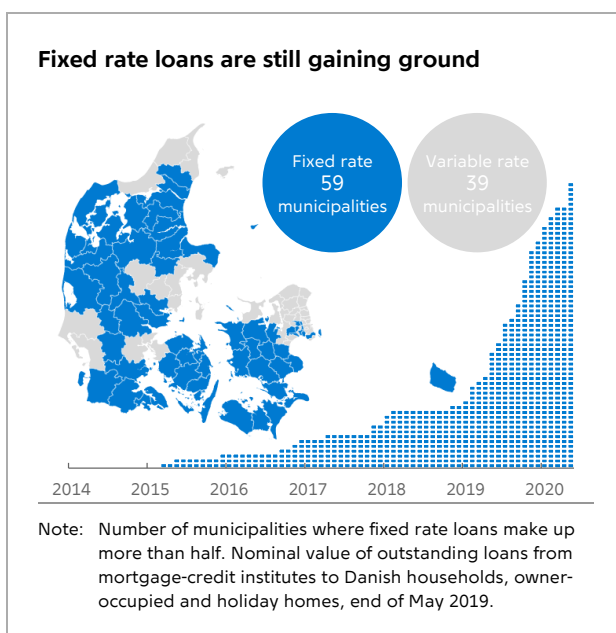
Compared to a year ago, fixed rate loans make up a larger proportion of homeowners' loans in all Danish municipalities. However, for several municipalities, the proportion of loans with fixed rate is still well under half of the total lending. In Hørsholm and Gentofte, fixed rate loans amount to only 31.8 and 34.9 per cent respectively. In both municipalities, however, the proportion of fixed rate loans has increased by more than 3 percentage points in the past year. At the other end, in Bornholm and Vesthimmerland municipality fixed interest loans amount to 63.2 and 62.2 per cent respectively.

Fixed rate loans increased by more than 15 per cent

At a national level, fixed rate mortgages have reached 48.8 per cent in May, equivalent to kr. 825 billion. This is an increase of kr. 110 billion (15.5 per cent) in just one year. During the same period, kr. 45 billion have been cut (5.0 per cent) of homeowners' loans with variable interest rates. Lending with variable interest rates has fallen, partly due to shifts from variable rate loans to fixed interest rates, and partly due to installments, which have also been helped well by the low interest rates.

But the growth has lost some momentum

Since March 2020, the growth in fixed rate mortgage lending has lost some of its momentum. This reflects, among other things, that the potential for restructuring has been lower, with interest rates being relatively stable. Total mortgage lending to Danish homeowners has increased by 4.0 per cent over the past year.



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