

DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, JUNE 2020

Differences in repayments are increasing

There are large municipal differences in the households' instalment payments on mortgage loans. In 76 of the 98 municipalities, the instalment payments per million increased from the 1st to the 2nd quarter of 2020, while it has decreased in the remaining 22 municipalities. In total the Danes have repaid kr. 10,3 billion in the second quarter, corresponding to kr. 6,131 per borrowed million in average. It is kr. 53 per million more than the first quarter of the year.

Increased distance from top to bottom

The highest instalment payments per million can be found in Lolland Municipality, where the repayment in the second quarter was kr. 10,732 in average. Lowest payments are found in Gentofte Municipality with kr. 3,589 per borrowed million in average. In the second quarter the difference between top and

bottom increased by kr. 236, mostly because Lolland's payments have increased.

The characteristics of the loans are vital

The municipal differences in the instalments are primarily due to the large differences in the proportion of loans that are repaid. For example, in Lolland Municipality mortgage loans with repayments represent more than double of the loans in Gentofte Municipality. Another important factor is the age of the loans. Instalments are typically larger for older loans. Furthermore, the size of the instalments can be affected by changes in interest rates, because lower interests make more room for instalment payments.

Repayment decreased in fewer municipalities

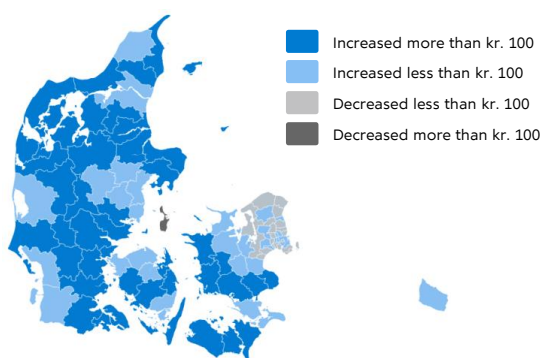
Although the instalment payments per borrowed million have increased in 76 municipalities, the size of the total repayments has increased in as many as 94 of the municipalities. That the instalments per borrowed million have not increased in as many municipalities, is due to the fact that the total size of the mortgage loans has grown faster as a result of changed loan types.

More robust households

The increasing instalments contribute to make the households more resilient to economic fluctuations, and prevent the effect of interest rate changes.

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Change in instalments per borrowed million from 1st to 2nd quarter 2020



Note: Mortgage lending to households, owneroccupied homes and summer cottages.