

DANMARKS NATIONALBANK

30 APRIL 2019

BANKING AND MORTGAGE LENDING, INTERESTS, MARCH 2019

Mortgage rates reach new record-low level

The Danes' average mortgage rate including administration fees is below 2 per cent – precisely at 1.97 per cent. The interest rate including fees of 1.69 per cent on new mortgages issued in March is also a new record-low.

In the current historically low interest environment, where short-term bond yields are well below zero, the average rate around 2 per cent reflects Danes' strong preference for fixed-rate mortgages. In March alone, 6 out of every 10 new mortgages were issued with a fixed interest rate. These loans had an average rate of 1.63 per cent with administration fees of 0.72 per cent.

Of the remaining new loans – all with variable interest rates – more than half had an interest rate fixation of at least 5 years. This further underlines the Danes' limited appetite for mortgages with short interest rate fixations. The new variable rate mortgages had an average interest rate of -0.04 per cent and administration fees of 0.90 per cent.

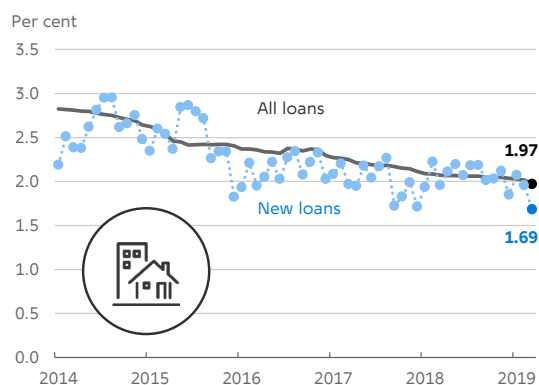
The additional cost of choosing a fixed-rate mortgage reflects that you know your interest expenses throughout the term of the loan and also that the borrower has a conversion right which ensures that the mortgage can always be redeemed at a maximum price of 100. The choice of a fixed-rate mortgage also gives a saving in administration fees, just as you do not incur expenses for continuous price setting in connection with refinancing.

The Danes' fixed-rate mortgages now account for 44 per cent of outstanding mortgages. The spread of fixed-rate mortgages improves Danes' resilience to potential increases in interest rates.

Supplementary details about the composition of the Danes' new mortgage loans is available in the accompanying chart data.

[CLICK HERE FOR FURTHER INFORMATION](#)

The Danes' mortgage rates reach the lowest point so far



Note: New loans cover new and actively renegotiated loans in Danish kroner from mortgage credit institutes to Danish employees, pensioners, etc.