

# DANMARKS NATIONALBANK

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BANKING AND MORTGAGE LENDING, INTERESTS, NOVEMBER 2020

## Majority of mortgage loans are with installments

The amount of Danes' mortgage loans with installments was kr. 955 billion by the end of November 2020. Thus, it has increased by kr. 38 billion in 2020. 55.3 per cent of the mortgage debt was with installments compared to 55.0 per cent at the beginning of 2020.

The Danes' mortgage debt has been increasing since 2015. This increase is especially a result of the increasing volume of new loans with installments and restructuring of existing loans with installment-free periods to loans with installments. Expiration of installment-free periods pulls in the same direction.

### New loans and restructuring contribute the most

New loans and restructuring of existing loans has increased Danes' mortgage debt with installments by kr. 58 billion during 2020. Fixed rate mortgage loans with installments increased kr. 76 billion due to new loans and restructuring. Repayments of variable rate loans with installments exceeded the volume of new loans and restructuring to variable rate loans with installments by kr. 18 billion.

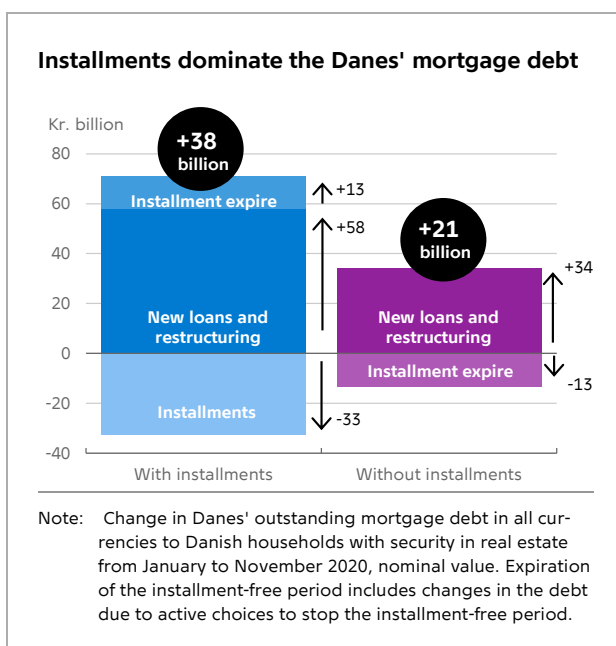
### Expiration of installment-free periods increases debt

Kr. 13 billion of the increase in Danes' mortgage debt originates from expiration of the installment-free period on existing loans. Because of the declining interest rates observed since the financial crisis it is mainly Danish borrowers with variable rate mortgage loans who are affected by the expiration of the installment-free period. The increase in loans with installments is also a result of active choices to end the installment-free period and start paying off the debt.

### Installments have reduced the debt by 32.6 billion

The Danes have paid kr. 32.6 billion in installments in 2020 including November. This works to naturally moderate the increase in the mortgage debt with installments. Low interests on loans have made more room for continuously repaying. Administration fees have also favored mortgage loans with installments. Total installments in 2020 are predicted to reach kr. 41 billion which is record high.

The Danes' total mortgage debt reached kr. 1.725 billion at the end of November 2020.



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