

The Swedish Mortgage Market

SHoF Seminar

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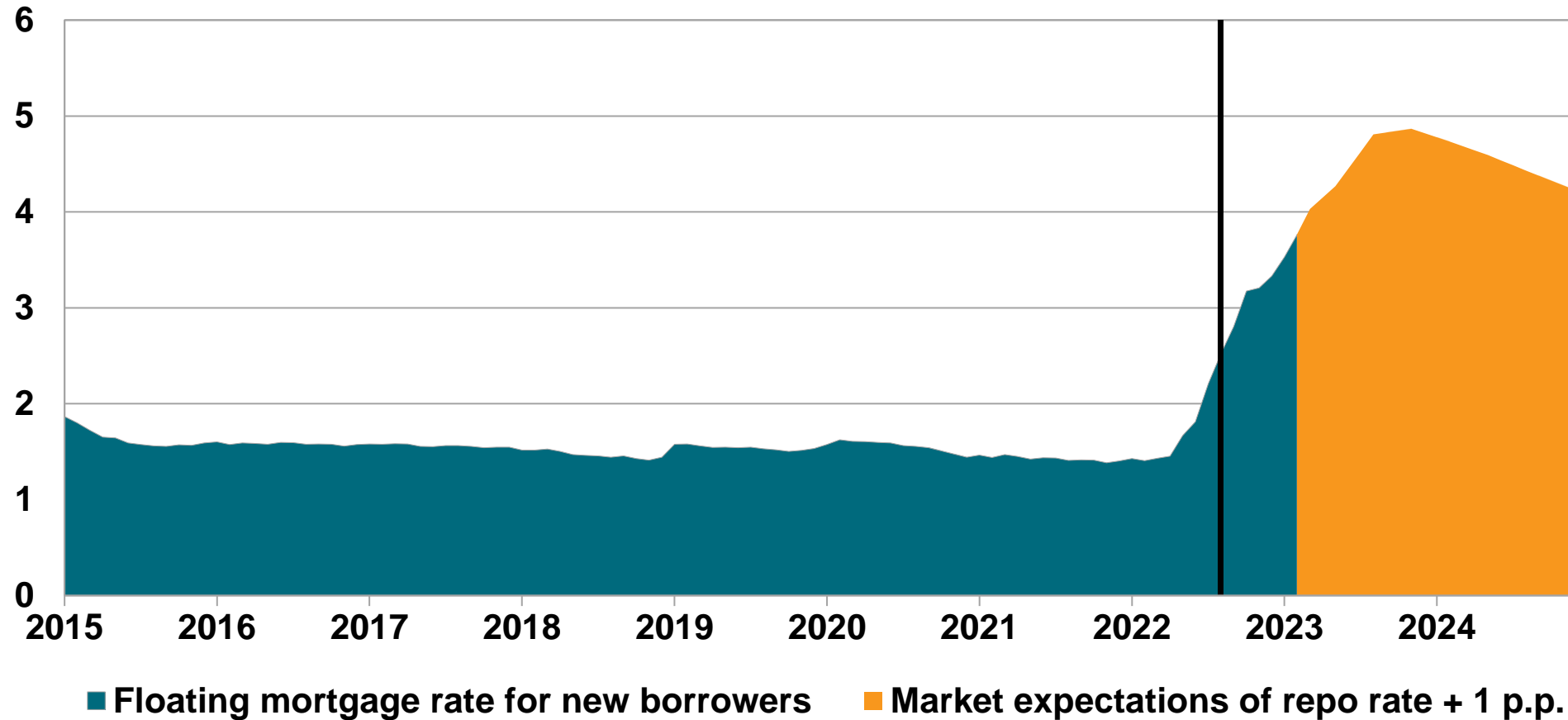


April 4, 2023



Rising mortgage interest rates

Percent

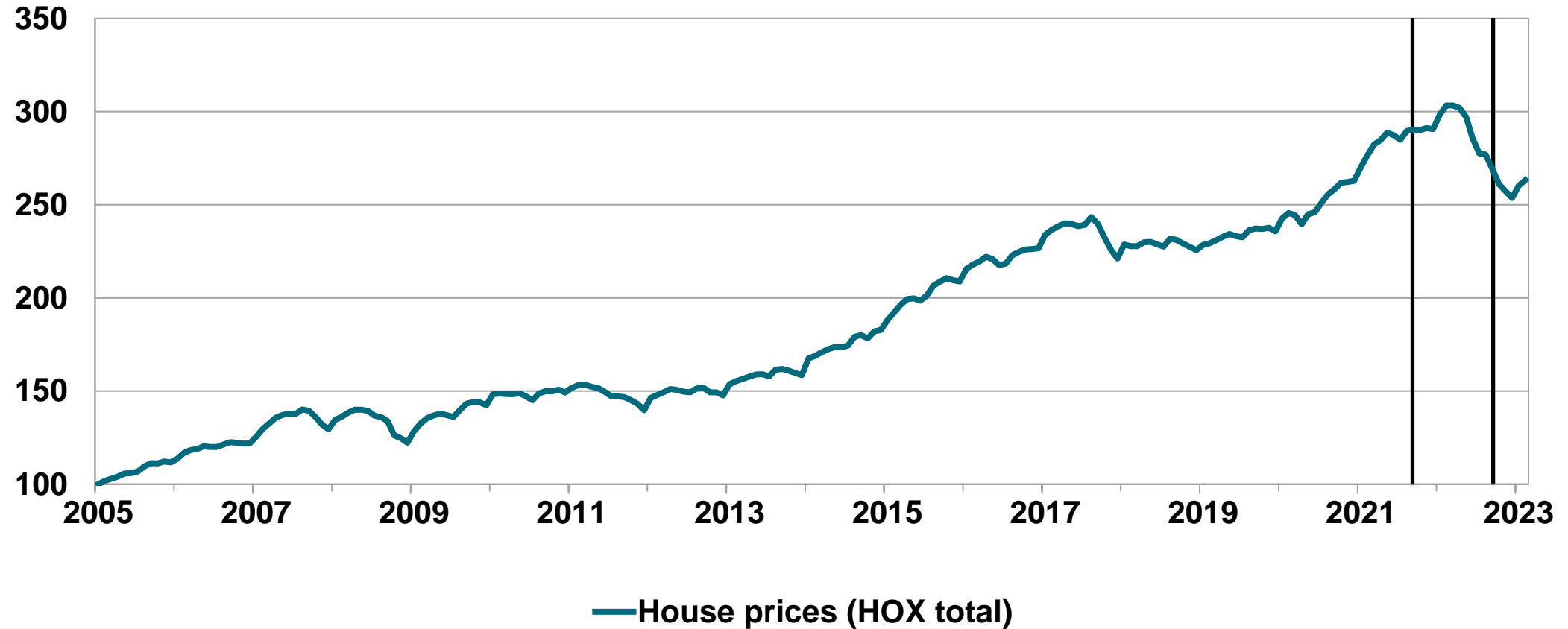


Source: SCB and FI.

Note: Average variable mortgage interest rate for new mortgages for single-family houses and condominiums with an interest-fixation period of up to 3 months. The vertical line shows the timing of the survey of new mortgage borrowers in 2022.

Falling house prices

Index, jan 2005 = 100 s.a.

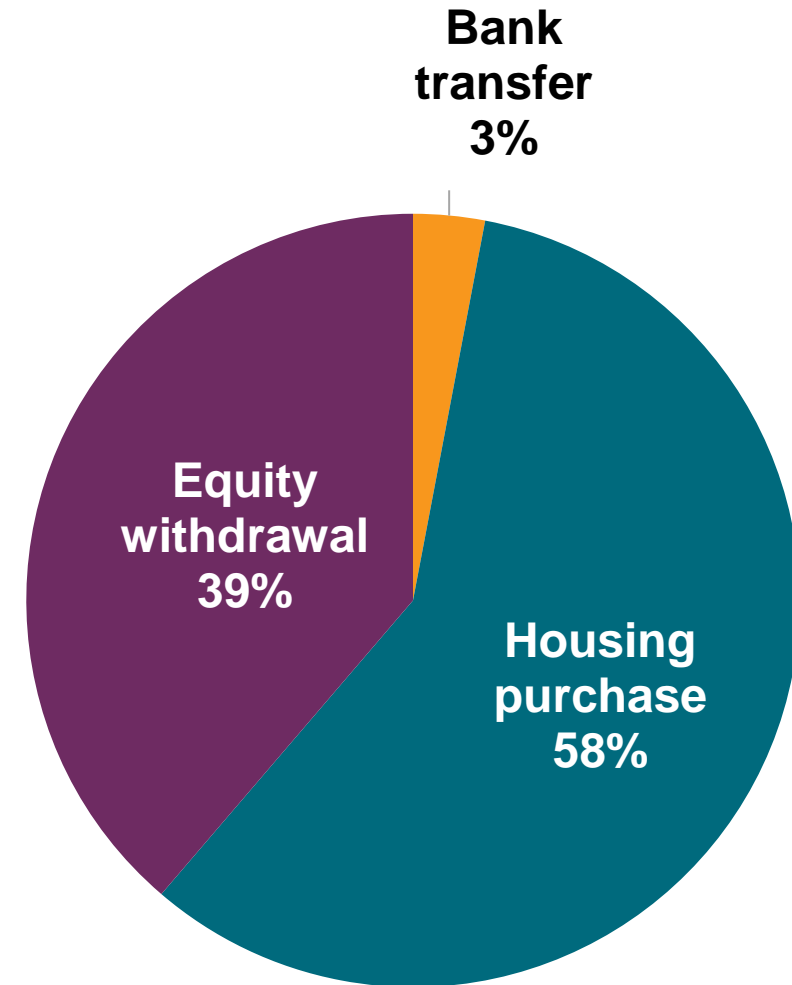


Source: Valueguard.

Note: The last observation is February 2023. Vertical lines show approximate times for the survey of new mortgage borrowers in 2021 and 2022.

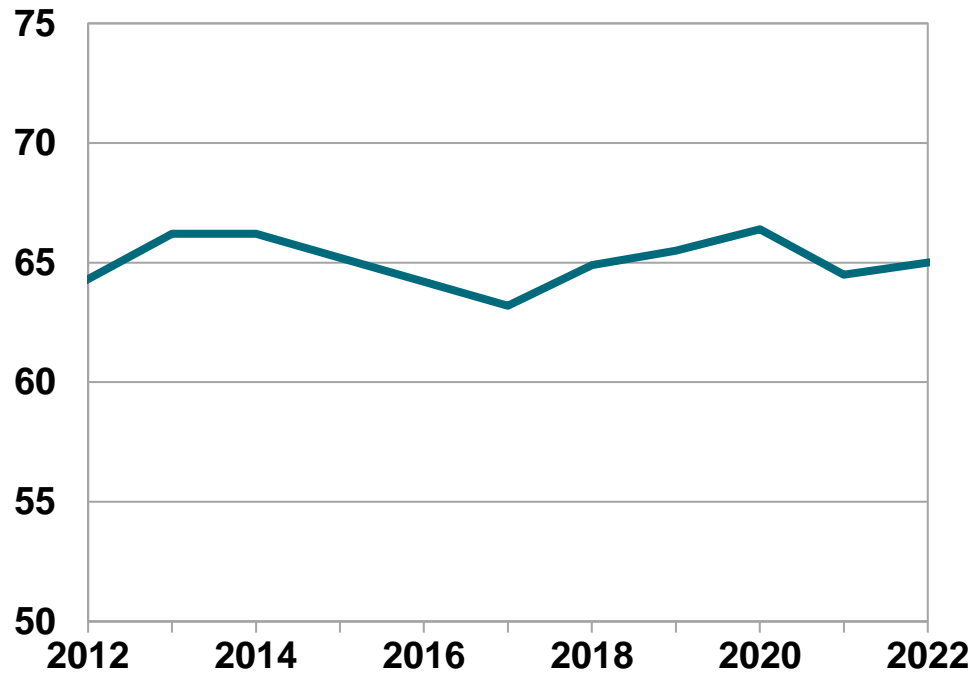
New mortgages serve several purposes

- Sample of circa 20 000 borrowers with new mortgages.
- Nearly 6 in 10 purchased a new home.
- The remaining share took out an equity withdrawal loan or transferred to a new bank.



The 2022 sample similar to 2021

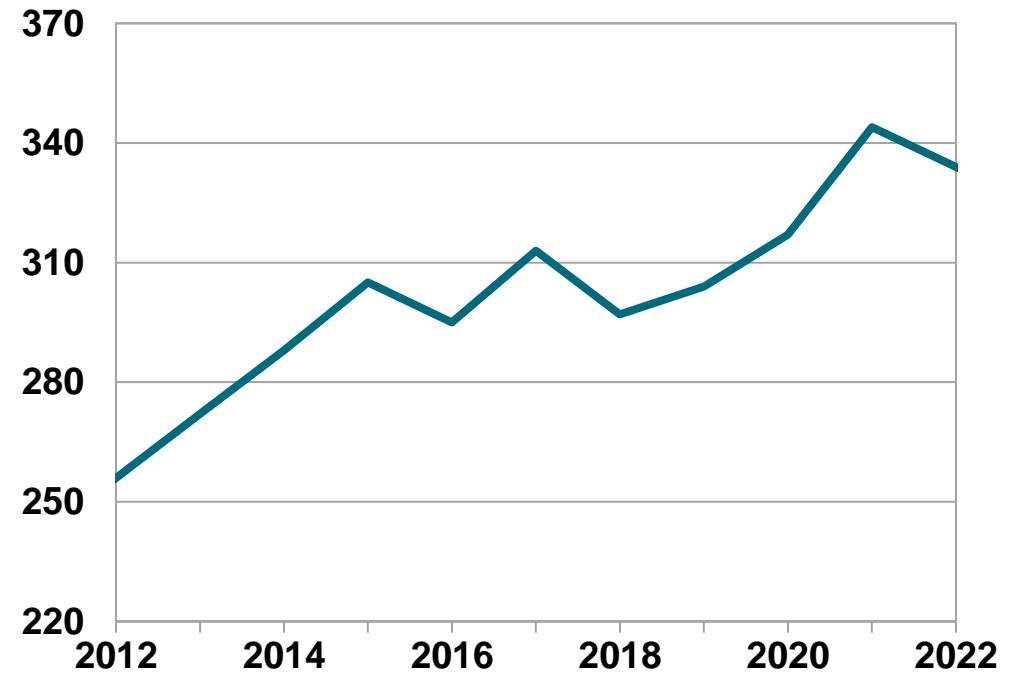
Percent



— Average loan-to-value

Source: FI.
Note: Refers to new mortgages intended for home purchases.

Percent



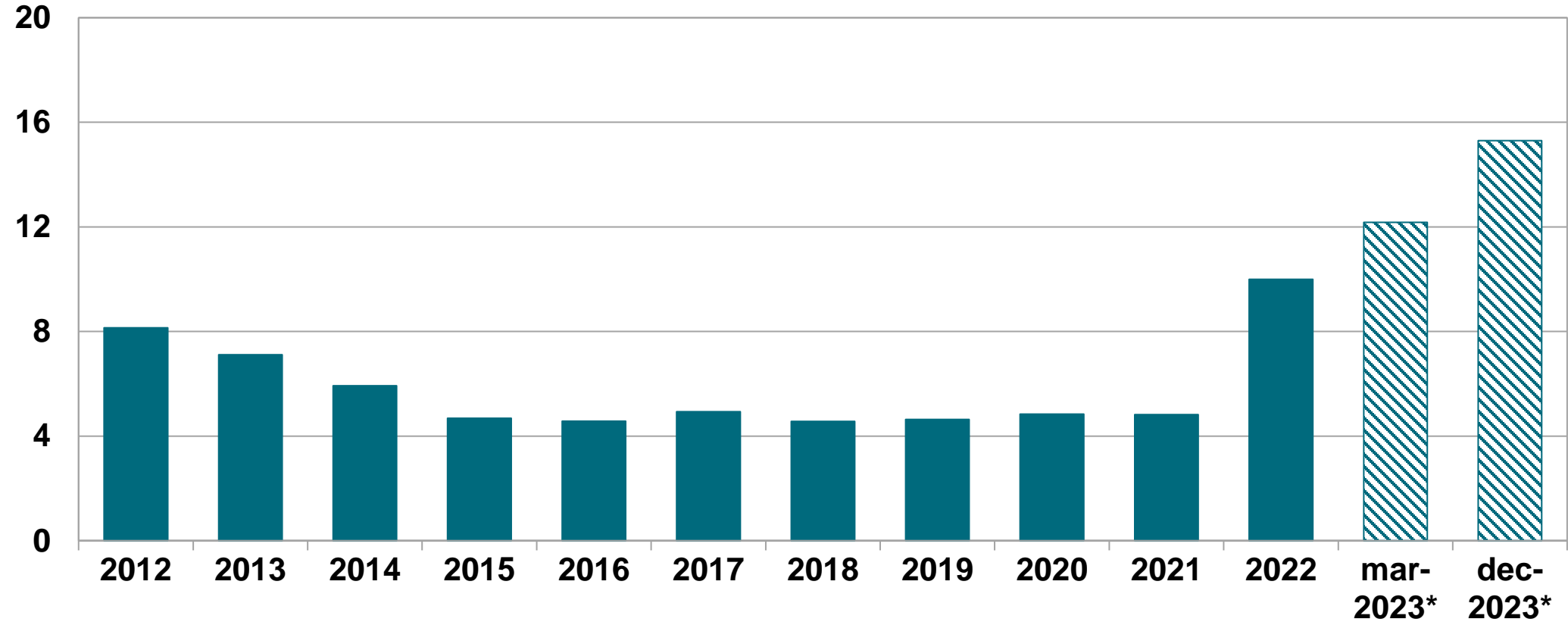
— Average loan-to-income

Source: FI.
Note: Refers to new mortgages intended for home purchases. The loan-to-income ratio is calculated as total loan burden relative income before tax.



Higher share of income towards servicing interest costs

Percent

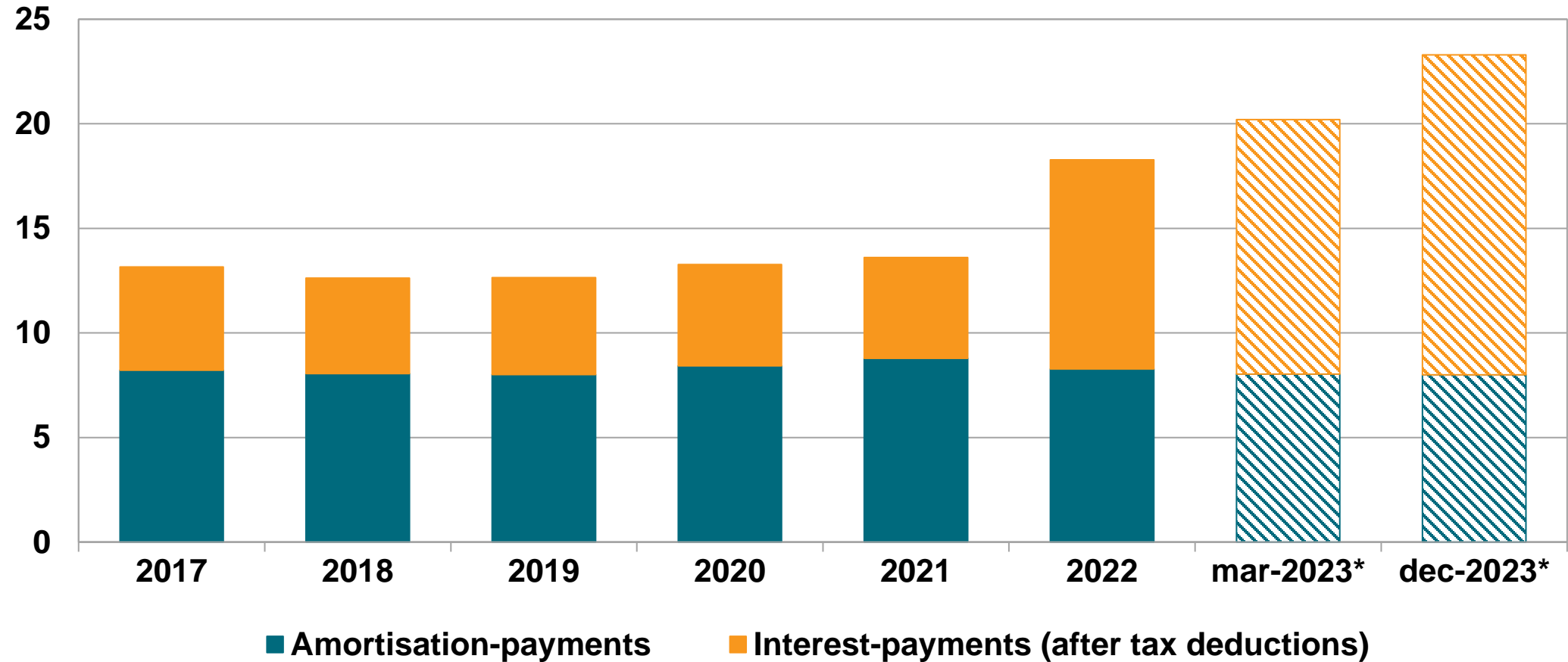


Source: FI.

Note Refers to new mortgages intended for home purchases. The interest-to-income ratio is calculated as interest payments (after tax deduction) for all loans as a share of borrowers' disposable income.

Interest costs drive up DSTI

Percent



Source: FI.

Note Refers to new mortgages intended for home purchases. The debt service ratio (DSTI) is calculated as interest- and amortization payments as a share of borrowers' disposable income.

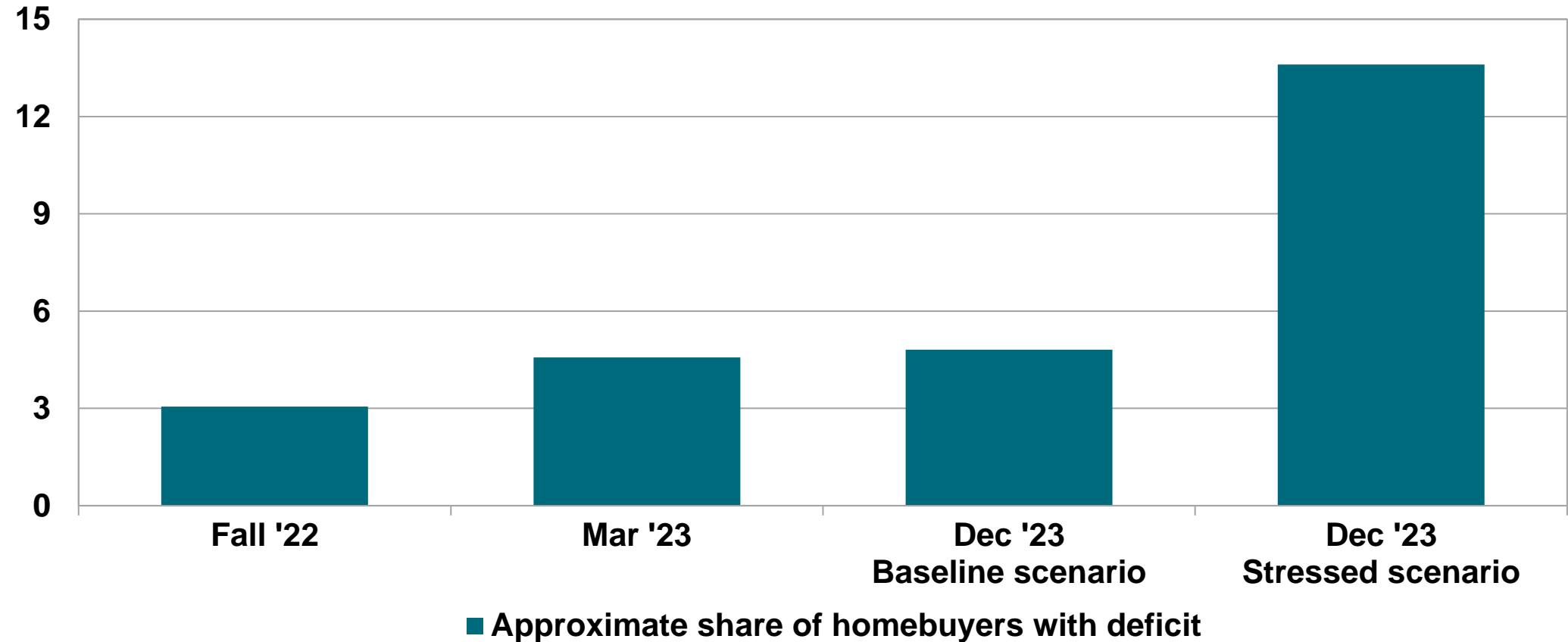
Well-calibrated lending standards are important

- Borrowers need appropriate margins in their finances to be able to withstand shocks.
- We see that banks have adjusted discounted interest rates (kalkylräntor) and standardised costs to reflect recent changes in economic conditions.



Most borrowers have margins in their finances

Percent

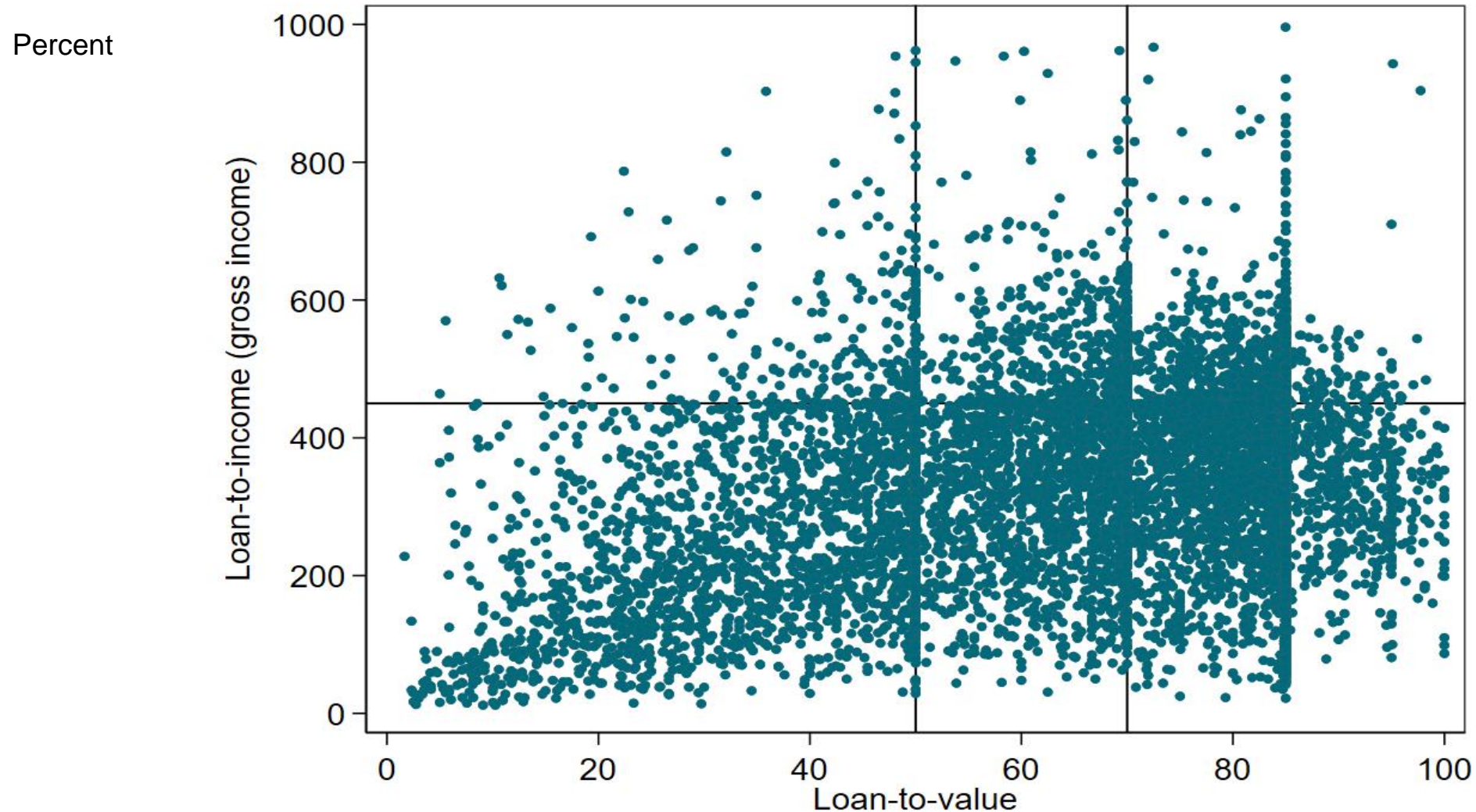


Source: FI.

Note: Refers to new mortgages intended for home purchases.



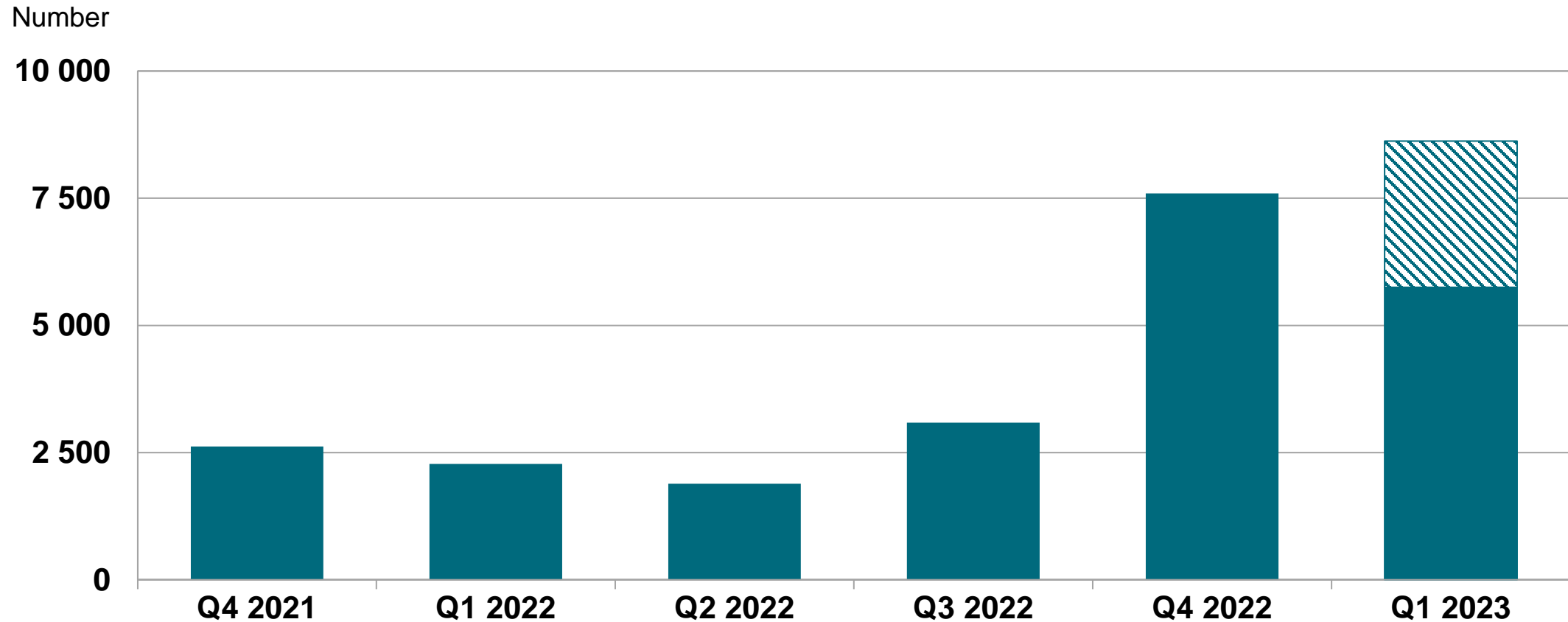
Distribution of new mortgages



Source: FI.

Note: The chart shows the distribution of new mortgages intended for home purchases by loan-to-income and loan-to-value ratios.

More amortization exemptions granted



Source: FI.

Note: Data for March is not available. The dashed part of the last bar shows the estimated number of exemptions for the first quarter of 2023 should the number of exemptions in March correspond to the monthly figures for January and February.

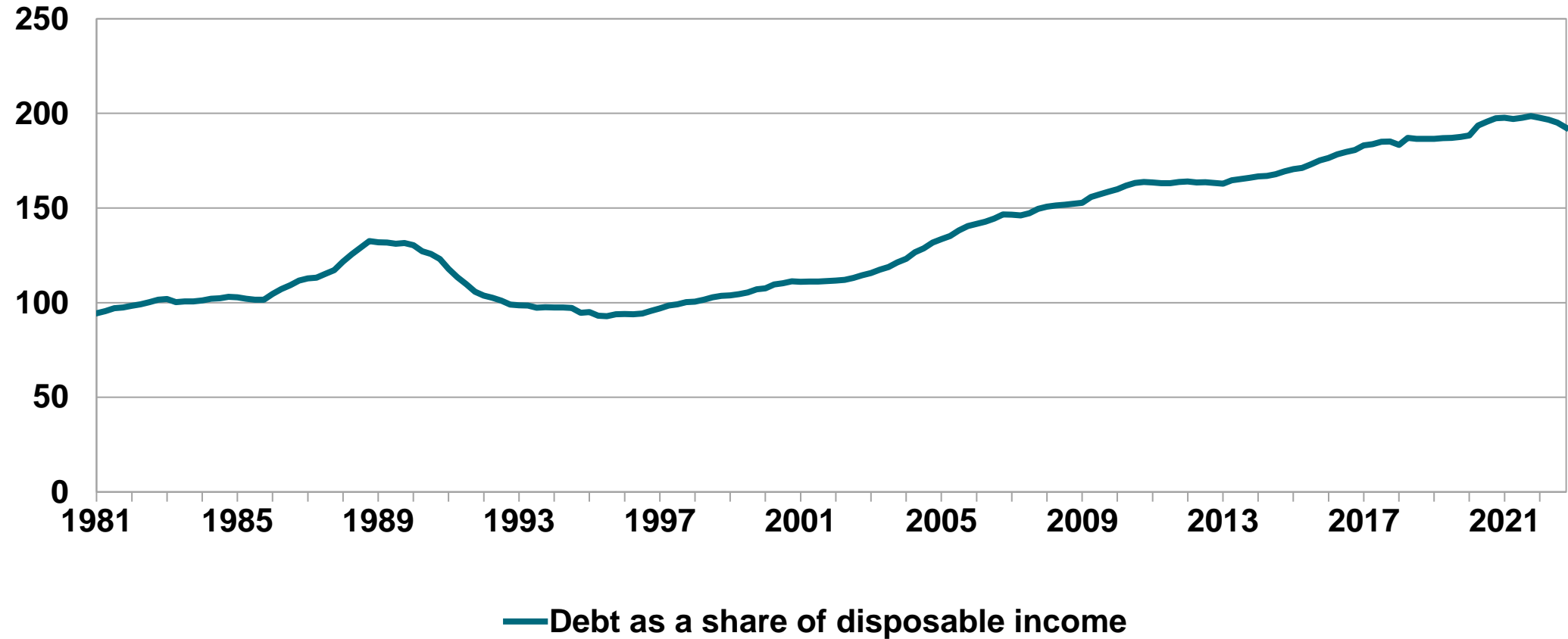
- New mortgage borrowers squeezed from multiple directions.
- Most borrowers continue to have margins in their finances.
- The amortization exemption rule is being used more.





High household indebtedness

Percent

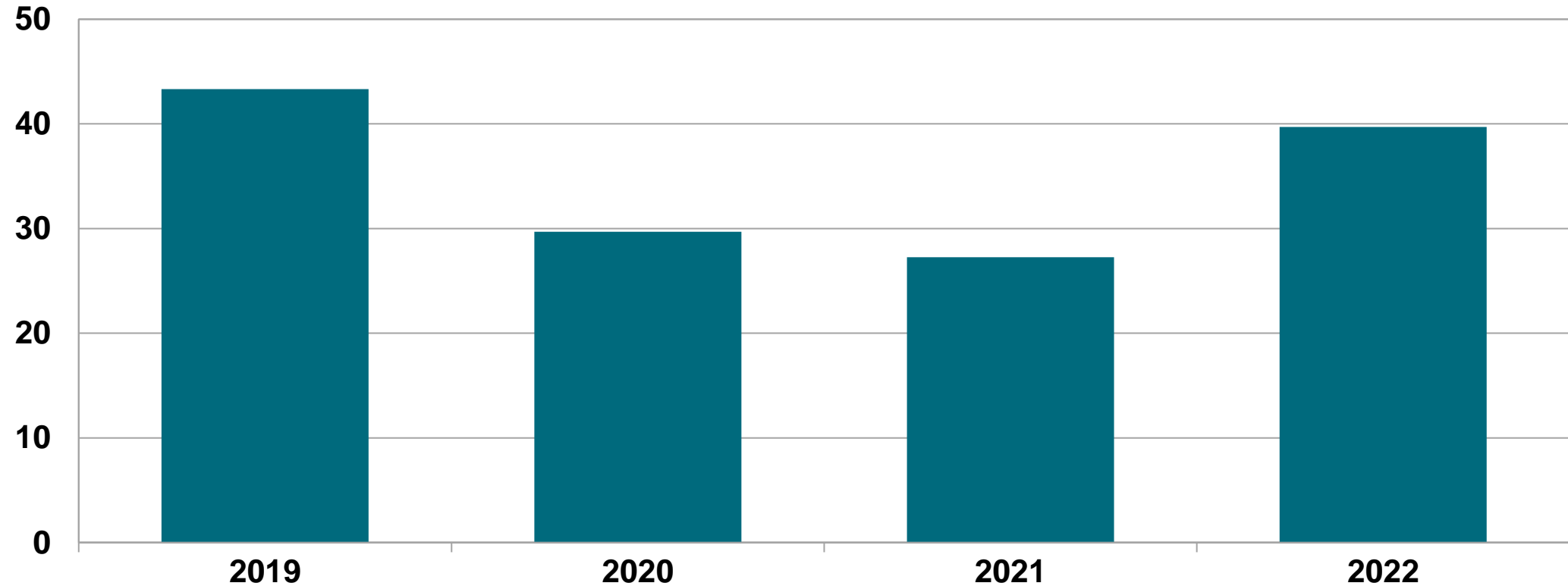


Source: SCB.

Note: The chart shows quarterly net debt in percent of disposable income (aggregate).

Higher share of first-time buyers after the pandemic

Percent

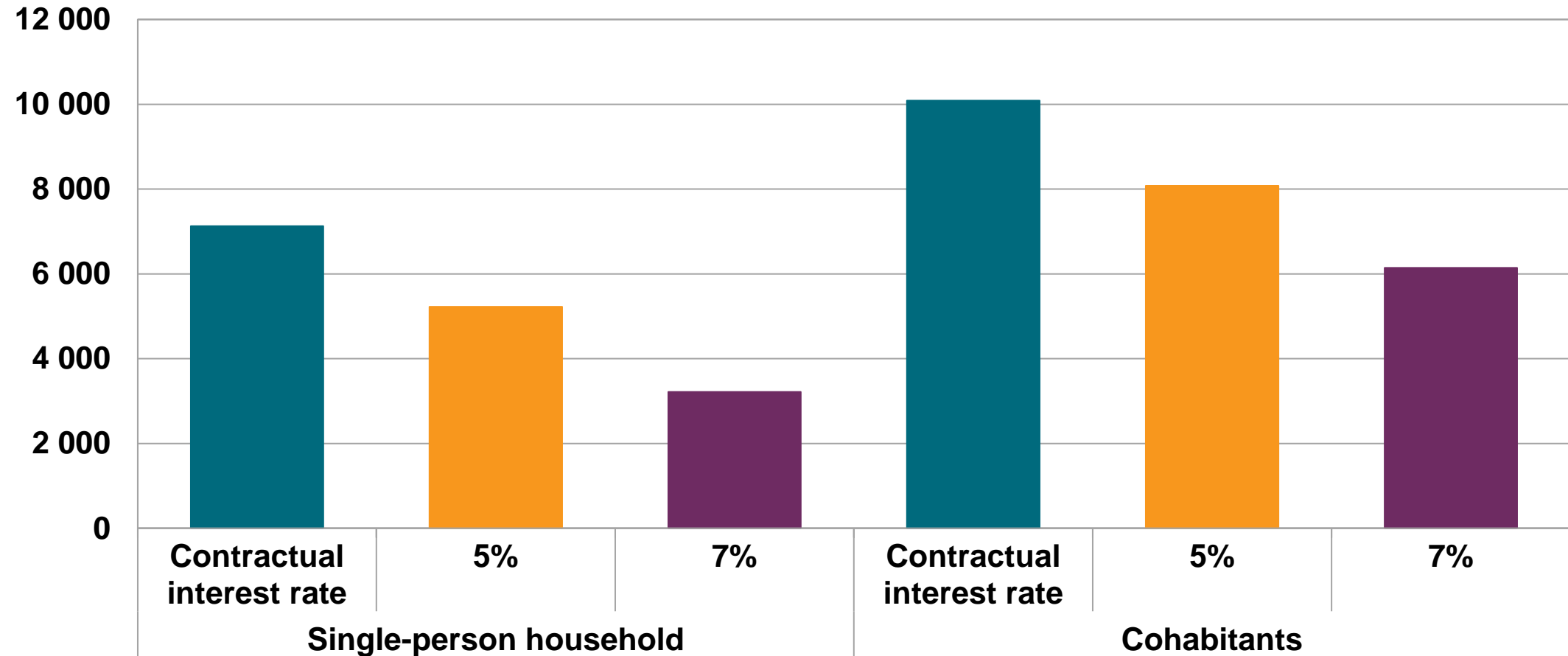


Source: FI.

Note: Data for new mortgages intended for home purchases.

Borrowers' surplus shrinks

SEK per person and month



Source: FI.

Note: The chart shows estimated median surplus in krona per person for new mortgages intended for home purchases.