

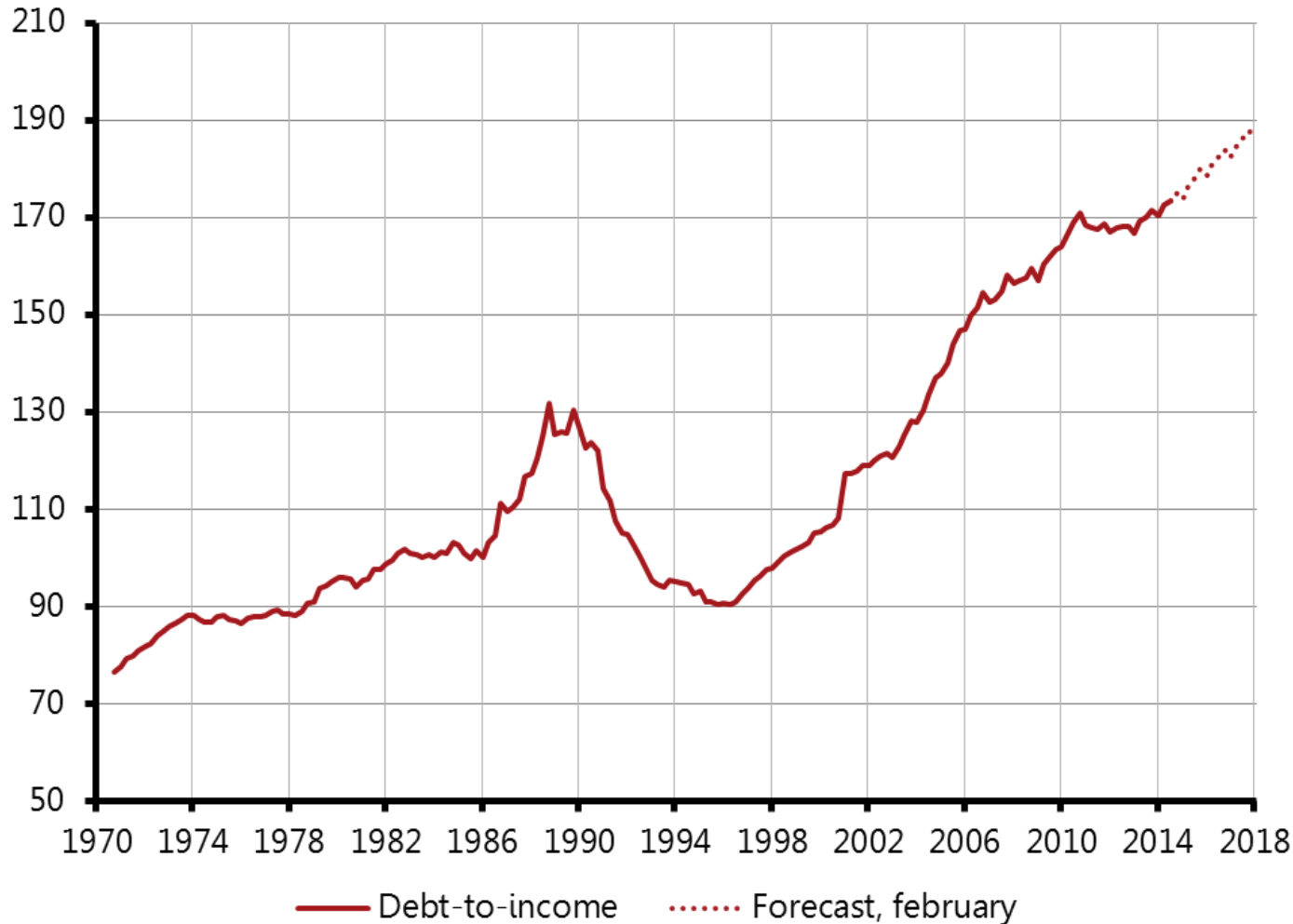


# Household debt in Sweden

Jakob Winstrand 2015-03-24

# Debt to disposable income has been on the rise since the mid-nineties...

Per cent



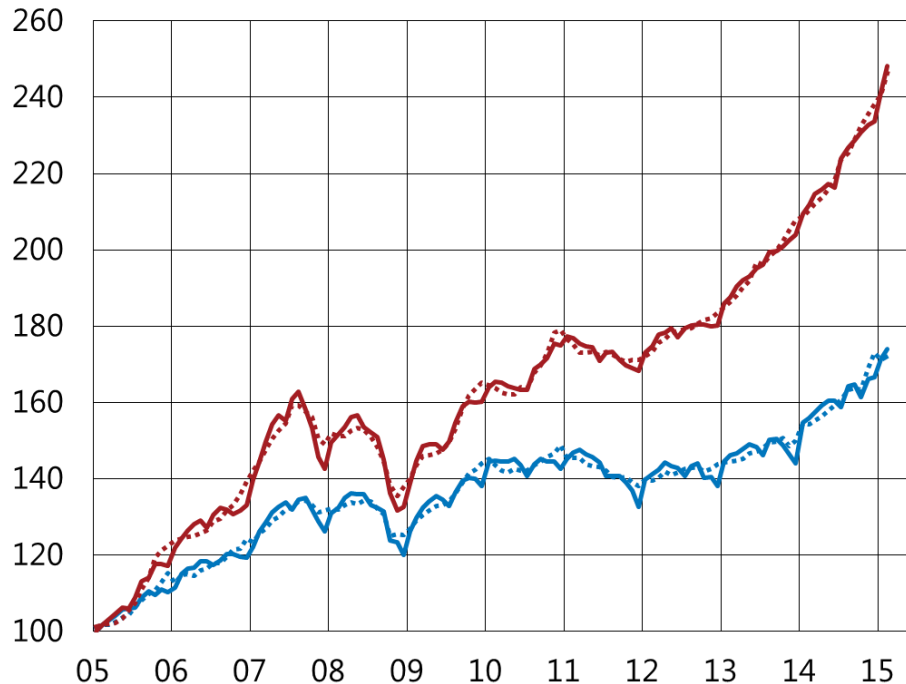
# ... just as real house prices

Index, 1981 = 100



# Housing prices – February 2015

Index, January 2005 = 100



- Tenant-owned apartments
- ..... Tenant-owned apartments, seasonally adjusted
- Single-family houses
- ..... Single-family houses, seasonally adjusted

## Growth rate (%)

	Tenant-owned apartments		Single-family houses	
	m/m*	y/y	m/m*	y/y
Sweden	2,4	17,2	0,7	11,7
Stockholm	1,8	17,1	2,0	15,1
Gothenburg	4,5	23,3	0,1	10,8
Malmö	2,3	8,4	1,3	11,1

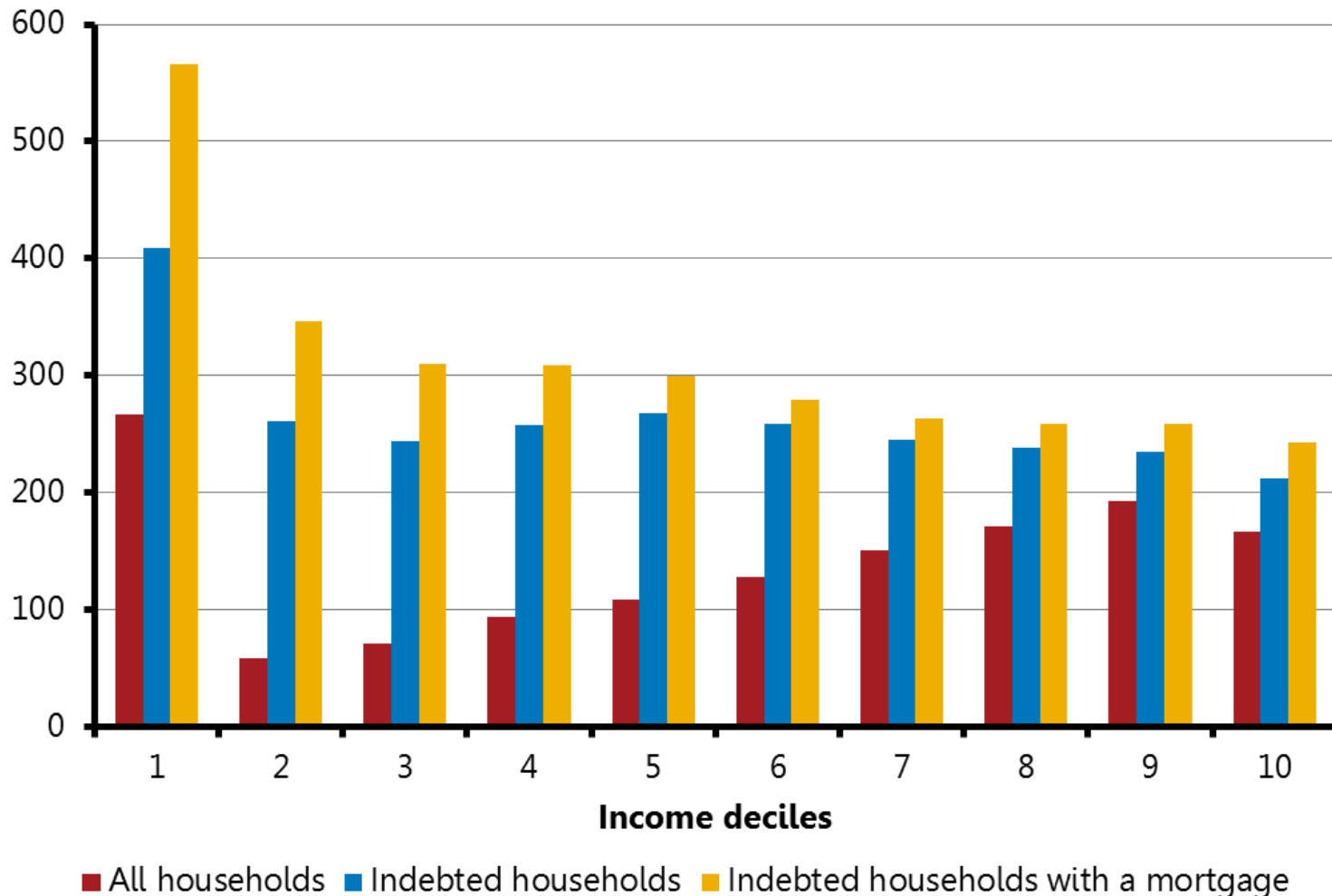
\* Seasonally adjusted

# Micro data - stock

- Loan-level data
  - Covers approximately 80 per cent of all household credit and approximately 94 per cent of all mortgages
  - 4 million individuals
  - No assets and no consumption
  
  - Economic Commentary with descriptive statistics:  
[http://www.riksbank.se/Documents/Rapporter/Ekonomiska\\_kommentarer/2015/rap\\_ek\\_kom\\_nr1\\_150129\\_eng.pdf](http://www.riksbank.se/Documents/Rapporter/Ekonomiska_kommentarer/2015/rap_ek_kom_nr1_150129_eng.pdf)
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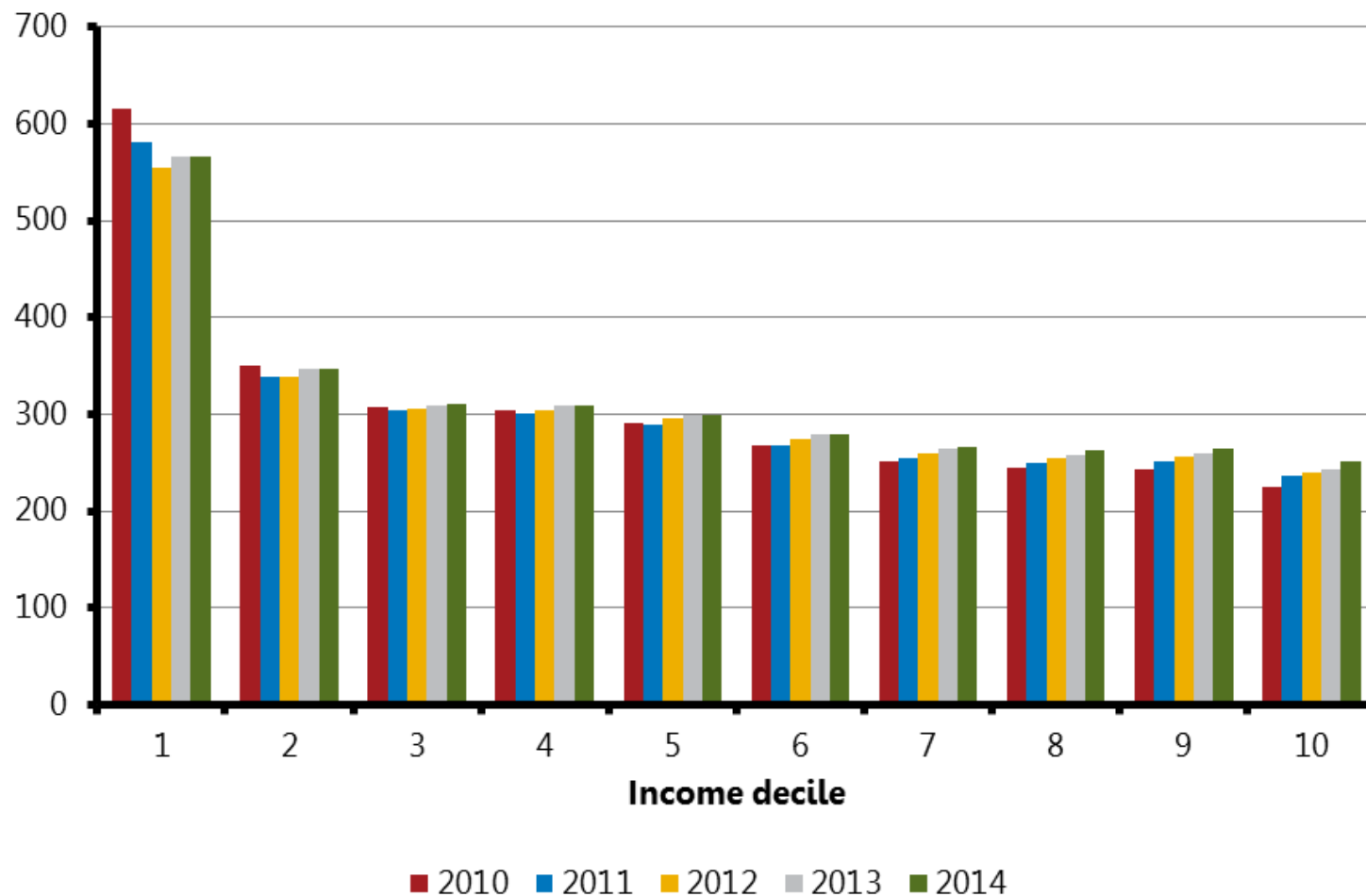
# Debt-to-income ratios are higher among low- and middle-income borrowers

Per cent



# Debt-to-income ratios have increased more among high-income borrowers

Per cent

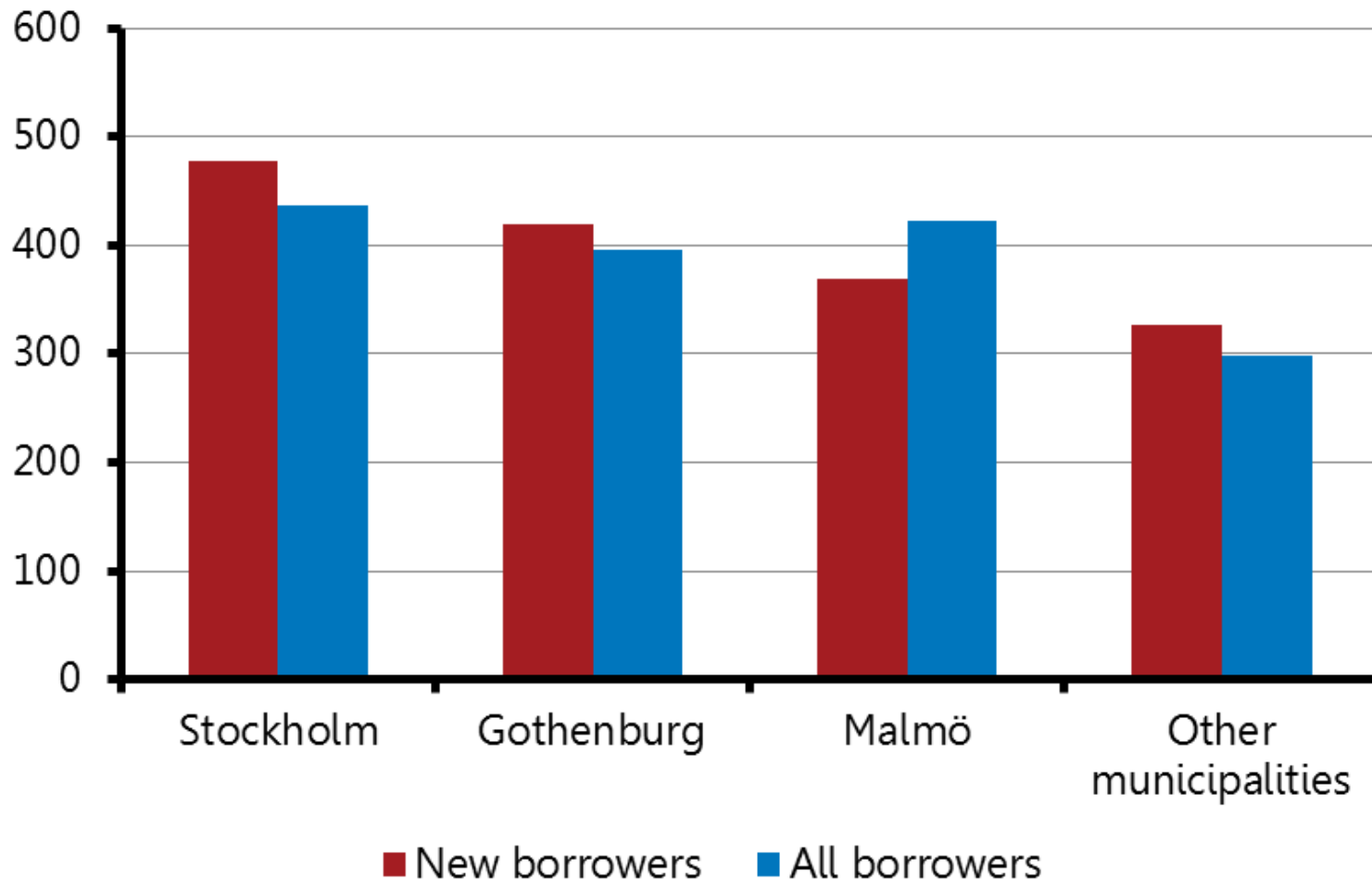


Note. Households with mortgages.

Source: The Riksbank

# Debt-to-income ratios almost as high in the stock as among new borrowers

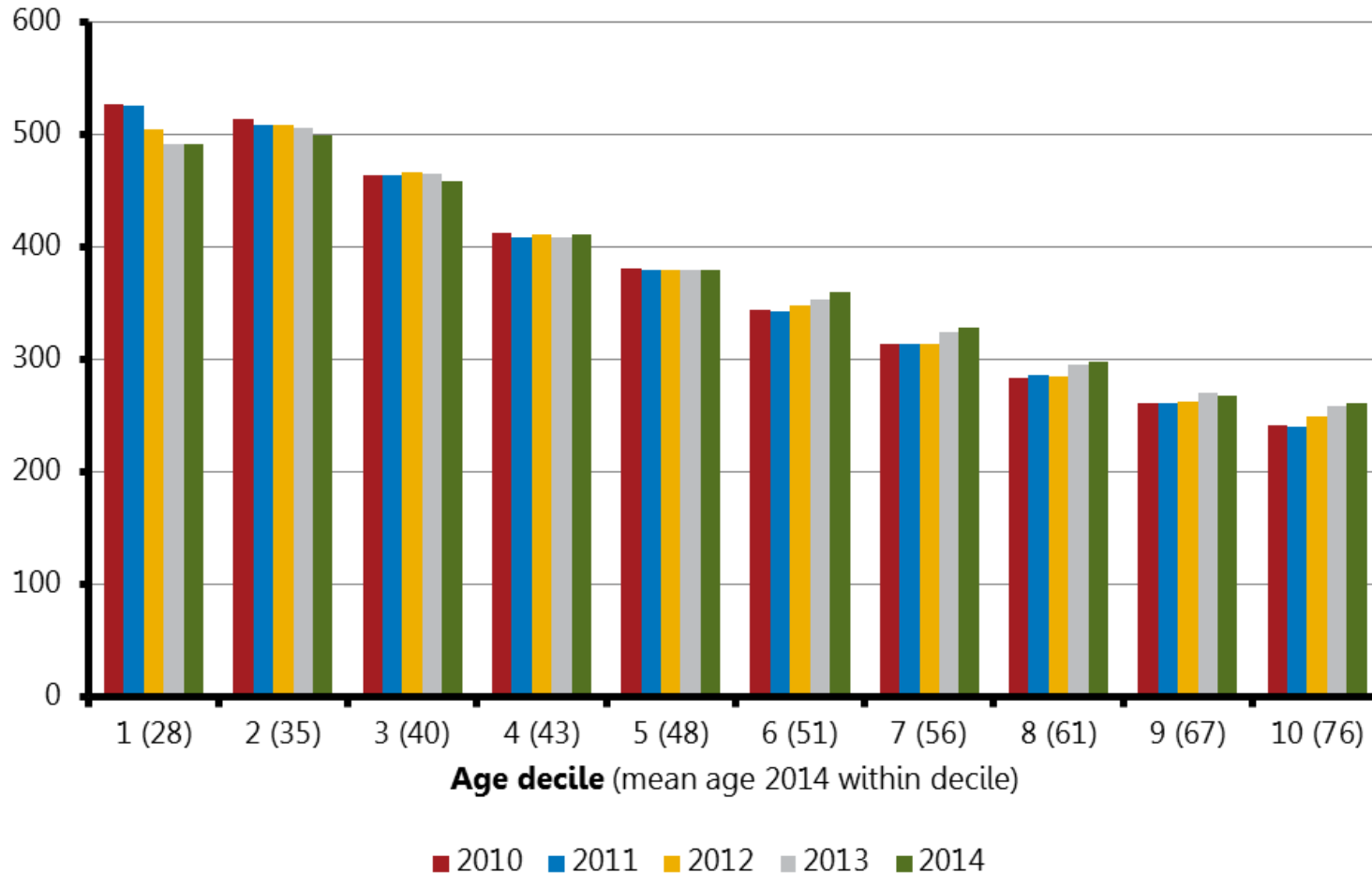
Per cent





# Debt-to-income ratio in different age groups

Per cent



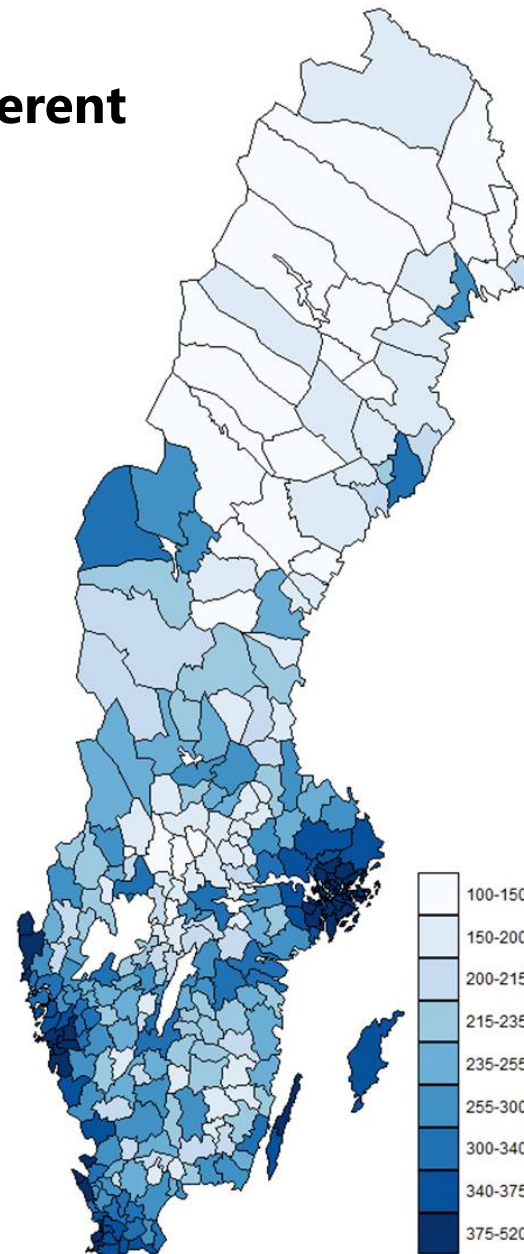
Note. Households with mortgages.

Source: The Riksbank

# Average debt-to-income ratio for households with mortgages in different Swedish municipalities

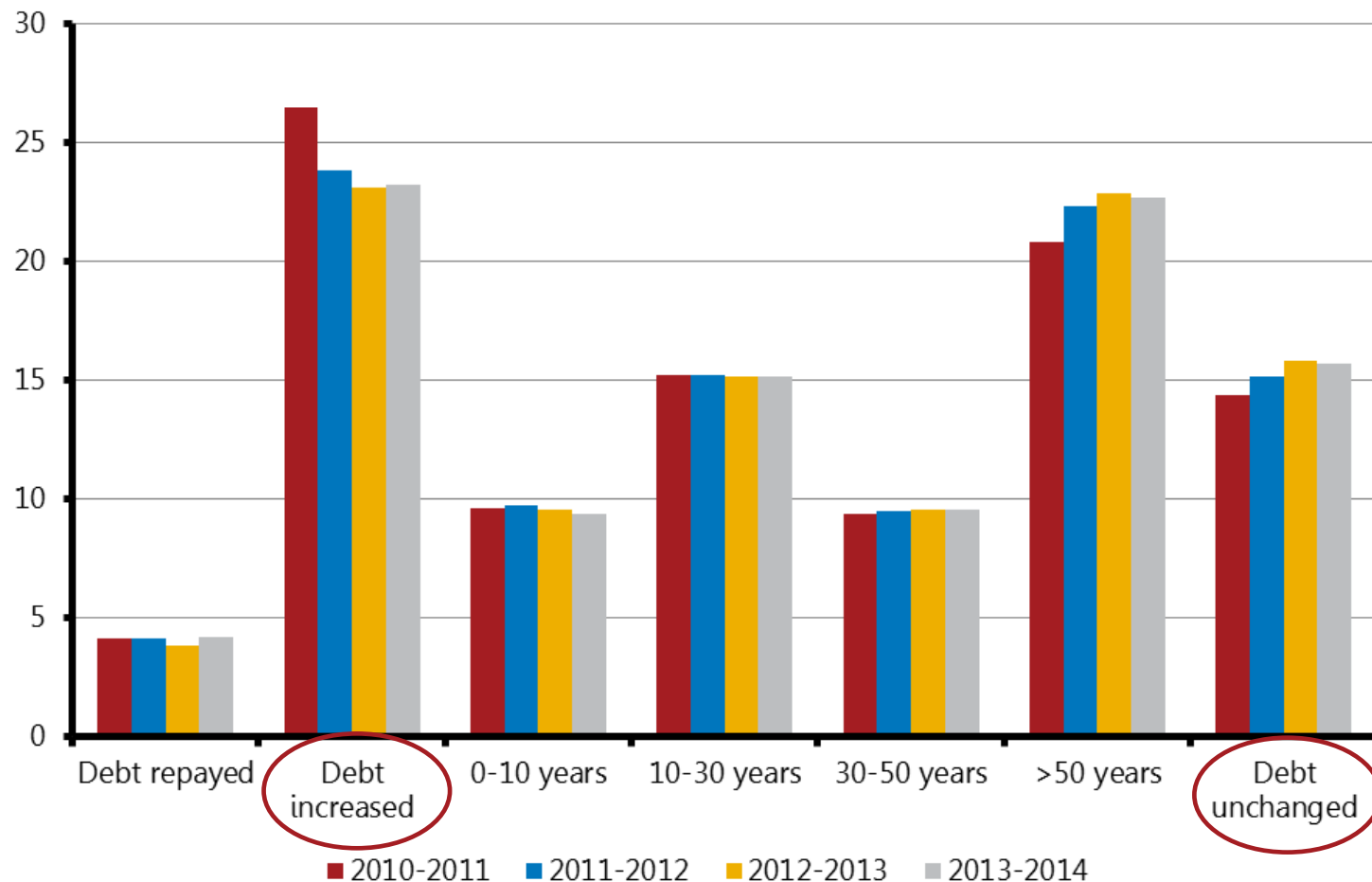
Per cent

- Highest debt-to-income ratios in the major cities
- But indebtedness is also high in many municipalities outside the major cities



# Almost 40 per cent of mortgage borrowers increase or keep their debt constant

Percentages



# Conclusions from micro data

- Highest debt-to-income ratios among low- and middle-income households
  - The difference between new and existing mortgage borrowers is smaller than expected
  - High debt-to-income ratios also among elderly and outside the three large cities
  - Four out of ten have increased or unchanged debt
-

# Amortisation requirement - Proposal from Finansinspektionen (FSA)



- New mortgages with  $LTV > 70\%$  should be amortised at a rate of 2 % per year
  - New mortgages with  $50\% < LTV < 70\%$  should be amortised at a rate of 1 % per year
  - Possible to have a re-valuation of the property after five years
-



# Micro data – new borrowers

- Finansinspektionen (the FSA) and the Riksbank collects data on new borrowers once a year
  - 20 000 – 25 000 borrowers
  - Detailed data including the terms in the mortgage contract
  - Results published by Finansinspektionen:
    - <http://www.fi.se/Folder-EN/Startpage/Supervision/Other-reports/Listan/The-Swedish-Mortgage-Market-2014/>
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# Amortisation free loans (interest-only) are common among new borrowers

Percentage, amortisation period in years

