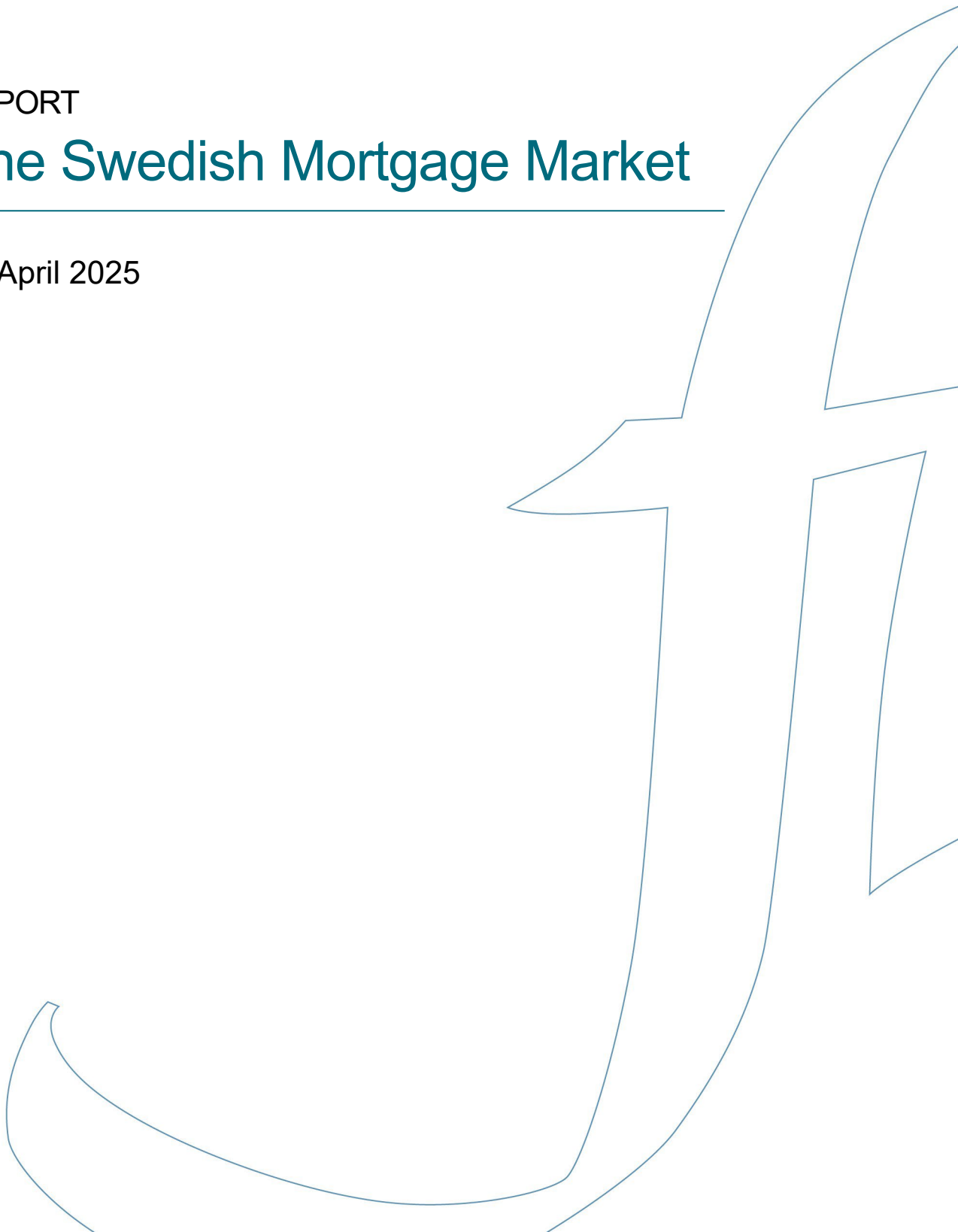




REPORT

The Swedish Mortgage Market

02 April 2025



Summary

During 2024, the conditions for household finances began to improve after several challenging years. The most visible improvement for households that have a mortgage was that the Riksbank started to make cuts to the policy rate after inflation had subsided. As households became more optimistic, housing prices also increased. In this report, we analyse the developments on the mortgage market using a sample of households that took out a new mortgage during 2024.

The average new mortgage in 2024 was larger than it was in 2023. At the same time, households' income increased to the same extent. Therefore, households' average loan-to-income ratio was unchanged, and the share of new mortgagors with a high loan-to-income ratio decreased slightly. The average loan-to-value ratio (the size of the loan in relation to the value of the home) increased slightly for new mortgagors who purchased a home. The share of homebuyers with a high loan-to-value ratio continued to be high. One clear change in 2024 was that the share of borrowers that chose a variable mortgage rate increased from an already high share the previous year.

Mortgage rates were lower in 2024 than in 2023, and household income increased. Thus, the new mortgagors' average interest-to-income ratio (interest expense as a share of disposable income) decreased. Changes to amortisation payments on mortgages were small. This also means that the new mortgagors' debt-service ratio (interest and amortisation payments in relation to disposable income) decreased. The downturns in the interest-to-income and debt-service ratios were from high levels. They were still higher than they were prior to 2022. Borrowers' estimated surplus in the discretionary income calculation the banks conduct as part of their credit assessment increased in relation to the previous year. When viewed over a longer period, the buying power in the surplus of the new borrowers has decreased due to high inflation.

For households that purchase tenant-owned housing, the fee to the tenant-owners association accounts for a significant portion of their total cost of living. Many tenant-owners associations have been impacted in recent years by rising prices and higher interest rates. Our sample in 2024 shows that the associations' average member fees were approximately 5 per cent higher than in 2023 and almost 15 per cent higher than in 2022.