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Summary

The amortisation requirements have resulted in households borrowing less. In April 2020, FI gave the banks the option of offering all new and existing mortgagors a temporary exemption from the amortisation requirements due to the spread of the coronavirus and its impact on the Swedish economy. The exemption has given mortgagors the option of pausing their amortisation payments until 31 August 2021. The aim was to give mortgagors greater financial manoeuvrability during the crisis.

Around 12 per cent of Sweden's mortgagors used the exemption. In this analysis, we study only new mortgagors and how they have been impacted by the temporary amortisation exemption. Given the turbulent economic situation during the coronavirus pandemic, our estimates are more uncertain than normal.

It is primarily new mortgagors who are borrowing a lot, and therefore amortising a lot, who have chosen to use the exemption. Our analysis indicates that the exemption resulted in new mortgagors borrowing almost 4 per cent more and buying homes that were approximately 1 per cent more expensive. The observation that loans increased more than prices indicates that new mortgagors used the exemption for something other than buying more expensive homes, such as a larger mortgage share on their home, savings, consumption, or renovations.

There were home buyers, primarily those with higher income, who borrowed more and bought more expensive homes. Young mortgagors did not change their behaviour as a result of the exemption, but older mortgagors did. Mortgagors between the ages of 30 and 65 also bought more expensive homes, although the oldest age group did not.

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