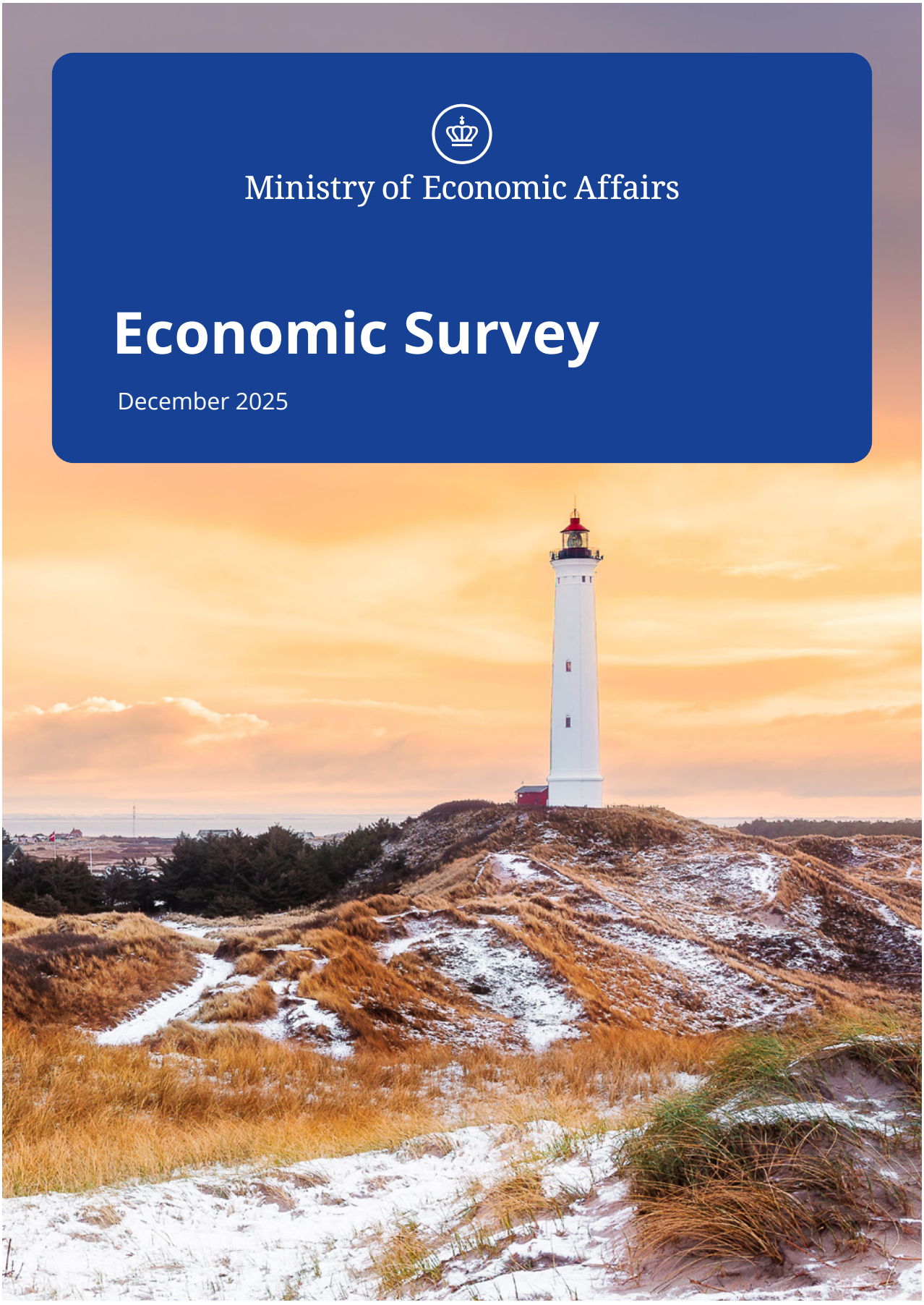
Ministry of Economic Affairs

Economic Survey

December 2025



Economic Survey, December 2025

Ministry of Economic Affairs
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Overview

The many and varied tariff announcements from the US earlier this year led to some uncertainty about trading conditions and created great turbulence in the financial markets. Since then, bilateral trade agreements with the United States have ensured greater calm, world trade has proved resilient, and the financial markets in the United States and Europe are now characterized by greater optimism. However, this does not change the fact that higher tariffs on US imports of goods will have an impact on trade with the US. Conversely, Danish export opportunities will be supported in the coming years by the expected pick-up in growth in Europe, including in important export markets in Germany and Sweden.

The pharmaceutical industry, which has significant production in the United States, is not affected to the same extent by tariff increases as the rest of the Danish industry. However, intensified competition in the market for weight-loss drugs means that the extraordinarily large export growth of recent years cannot be expected to continue at the same pace. However, the pharmaceutical industry is expected to be able to maintain a high level of production and exports, as it is expected that the world market for weight-loss drugs will continue to grow significantly in the coming years. Therefore, it is expected that the pharmaceutical industry will continue to contribute to the overall growth of the Danish economy in the coming years, but to a lesser extent than in recent years, *cf. figure 1*.

Figure 1 The pharmaceutical industry is expected to continue to contribute to growth in the Danish economy

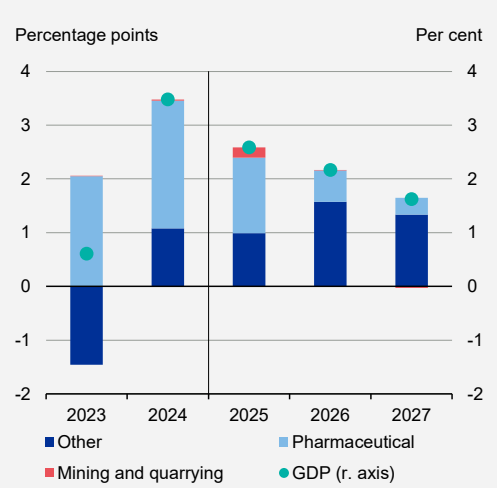
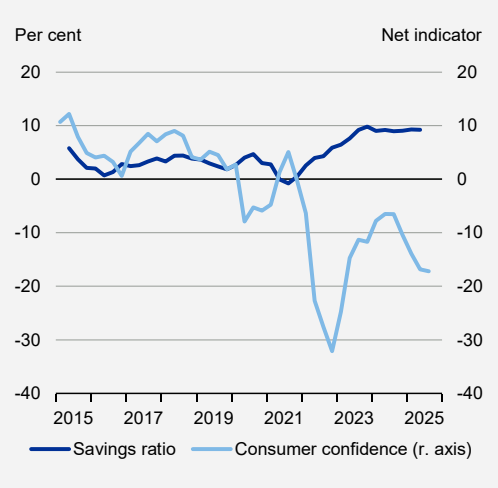


Figure 2 Households save a lot



Note: Figure 1 shows the contribution to GDP growth. Figure 2 shows households' net savings as a share of net disposable income. The savings share is calculated seasonally adjusted and without correction for changes in pension reserves. In addition, the savings share is shown as a 4-quarter moving average.
Source: Statistics Denmark and own calculations.

Other parts of the Danish economy are expected to contribute more to overall growth. Many households have seen their purchasing power restored after the period of high inflation and are facing a further boost to their finances because of wage increases, adjustment of income transfers and tax reductions, which can be used to increase consumption. Public sector wages will increase, among other things, because of the wage increase agreed with the tripartite agreement on pay and working conditions. Households have been holding back on spending, partly due to high uncertainty linked to the global economy and high food prices, and they have therefore saved a lot in recent years, *see figure 2*.

While households have been reluctant to spend, the housing market is picking up speed, and especially in the owner-occupied housing market in Copenhagen. Therefore, housing investment is expected to increase during the forecast period, and nationwide, the price of single-family houses is estimated to increase by 5.3 per cent this year, 3.7 per cent next year and 3.4 per cent in 2027. Public consumption and investment will also make sizeable contributions to aggregate demand, including through increased defence spending, although part of this will give rise to imports.

Overall, GDP is expected to grow by 2.6 per cent this year and 2.2 per cent and 1.6 per cent respectively in 2026 and 2027, *cf. table 1*. The expected growth trajectory implies that the Danish economy will remain in a moderate upswing, but with decreasing capacity pressure.

Employment has continued to increase during 2025 and is expected to grow by 38,000 persons for the year. Overall, demand is expected to be sufficient to keep employment at a high level over the forecast period. The redundancies in Novo Nordisk and Ørsted which are currently taking place reflect special market conditions for the companies in question and are not considered to be indicative of underlying weaknesses in the Danish economy.

However, some companies may need to adjust the number of employees because of weak productivity development in recent years. This contributes to an expectation that employment growth will slow down to 13,000 persons in 2026 and 7,000 persons in 2027, respectively. In recent years, the influx of international labour and later retirement among seniors have contributed to a significant increase in employment. Over a number of years, the participation of seniors in the labour market has increased significantly, which has led to almost 14 per cent of the total employment today being made up of persons aged 60 years or older, compared with only 4 per cent in 1995, cf. *Chapter 3*.

There is still considerable unpredictability associated with developments in the global economy, even though trade policy uncertainty has subsided. At the same time, large fluctuations in the calculated (quarterly) growth in the Danish economy over the past year provide a less clear picture of the underlying starting point for growth in the coming years. However, the Danish economy is not characterised by significant imbalances which require adjustment or could immediately provoke or amplify a slowdown in the economy.

Table 1 **Key estimates of the economic forecast and fiscal policy**

	2025	2026	2027
GDP-growth, per cent	2.6	2.2	1.6
Inflation, per cent	1.9	1.0	1.7
Hourly earnings in the private sector, per cent	3.7	3.2	3.1
House prices, per cent	5.3	3.7	3.4
Employment, change in 1,000 persons	38	13	7
Gross unemployment, 1,000 persons	88	91	106
Balance of payments, percentage of GDP	12.2	12.0	11.2
Output gap, per cent[1)]	1.2	0.8	0.7
Employment gap, per cent[1)]	1.5	1.3	1.1
Structural balance, per cent of structural GDP	1.1	0.0	-0.2
Actual general government balance, per cent of GDP	2.9	0.7	0.3
Public consumption growth, per cent[2)]	3.5	2.8	0.7
Multi-year fiscal effect, level, percentage points[3)]	-0.2	0.1	0.3
One-year fiscal effect, percentage points[4)]	0.6	0.4	0.2
EMU-debt, per cent of GDP	28.1	27.5	25.5
Public net wealth, per cent of GDP	25.7	26.0	26.0

1) Estimates of how much production and employment deviate from the structural levels. When gaps are positive, it indicates that there are scarce resources in the economy relative to a normal economic situation.
2) The estimated public consumption growth is assumed the same for input and output approaches.
3) The multi-year fiscal effect measures how changes in fiscal and structural policies impact the output gap (level effect relative to 2019)
4) The one-year fiscal effect measures how much the planned fiscal and structural policies contribute to changes in the output gap each year

Source: Statistics Denmark, Confederation of Danish Employers and own calculations.

Public finances remain strong. For the past nine years, the actual public balance has shown a surplus, reflecting sound underlying structures and, in recent years, favourable cyclical conditions, which are, however, expected to diminish. The surplus on the actual public balance is expected to amount to 2.9 per cent of GDP in 2025 and decline to 0.7 per cent in 2026 and 0.3 per cent in 2027.

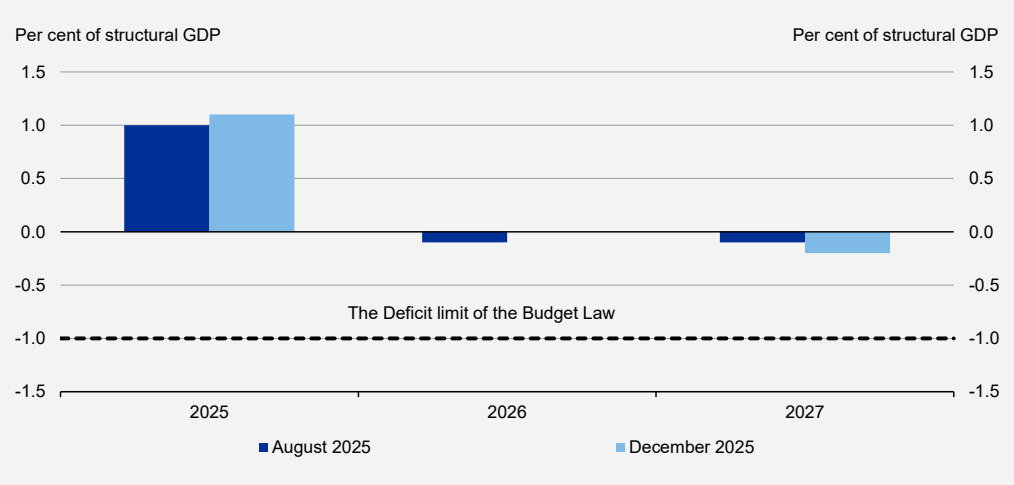
There have for several years been improvements in the underlying position of the public finances, *cf. Opdateret mellemfristet forløb, June 2025*. Employment has steadily increased and is now at a historically high level. At the same time, Danish corporate earnings have risen markedly, particularly from M&P activities abroad, and revenues from corporate tax, etc., have increased accordingly. In this forecast, there are no significant changes in the assessment of the underlying position of the public finances.

Since the August proposed budget bill, fiscal policy has been further eased through the budget bill for 2026, etc. Taken in isolation, this contributes to a marginal deterioration of the structural balance in 2026 and a deterioration of around 0.1 per cent of GDP in 2027. When taking account of other new information – including, among other things, higher estimated structural

full-time employment – the estimate for the structural balance has, overall, been revised up by 0.1 per cent of GDP in 2026 and revised down by 0.1 per cent of GDP in 2027 compared with the budget proposal, *cf. Appendix A – Public Finances and Fiscal Policy*. The estimates for the structural balance are thus broadly unchanged compared with the assessment in August.

The structural balance is estimated to decline from 1.7 per cent of GDP in 2024 to -0.2 per cent of GDP in 2027, *cf. figure 3*. This reflects a prioritisation of strengthened defence and security as well as public services, combined with tax and duty reductions. Overall, fiscal policy is planned based on a gradual adjustment towards the medium-term target for the structural balance of -0.5 per cent of GDP in 2030, with the adjustment being larger in the early years given the urgent need to strengthen Denmark's defence and security.

Figure 3 **Declining structural balance in 2025-2027**



Source: Statistics Denmark and own calculations.

With the 2026 budget bill and associated agreements, fiscal policy is eased to support the Government's priorities, including security and safety, public services, a cheaper and better everyday life for Danish households, and the green transition. With the budget bill etc., the one-year fiscal effect is estimated at 0.4 percentage points in 2026 and 0.2 percentage points in 2027.

The easing of fiscal policy takes place at a time when capacity pressures in the Danish economy are expected to dampen further, primarily reflecting continued growth in productive capacity. The easing of fiscal policy therefore results in a more gradual reduction of capacity pressures, and prospects remain for a soft landing of the Danish economy. The economic upswing is expected to ease, with the output gap narrowing from 1.2 per cent in 2025 to 0.7 per cent in 2027. The projections for price and wage developments during the forecast period are consistent with the declining capacity pressures.

The multi-year fiscal effects, which measures the cumulative impact of fiscal and structural policies since 2019, has in recent years been negative—i.e., fiscal and structural policies have overall contributed to easing pressures in the Danish economy. With the easing and the positive

one-year fiscal effect, the multi-year fiscal effect is assessed to be approximately neutral in 2026 at 0.1 percentage points, and slightly expansionary in 2027 at an estimated 0.3 percentage points.

The calculated fiscal effects are assessed to represent an upper-bound estimate of the impact on capacity pressures, as parts of the defence-related expenditures are expected to have a higher import content than public expenditures in general. This in particular applies to purchases of defence materiel abroad, *cf. Chapter 2*.

1. The economic outlook

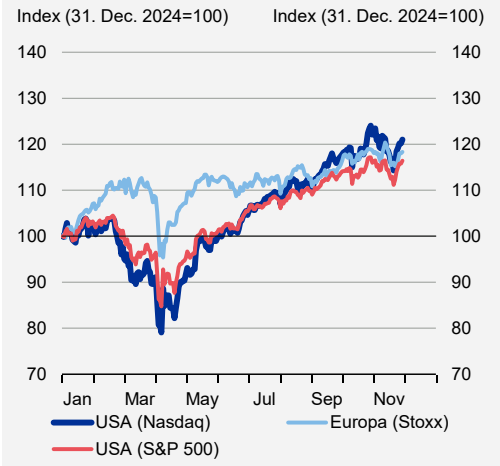
After a spring marked by great turbulence, a new reality with higher tariffs is emerging. Bilateral trade agreements with the United States have removed some of the trade policy uncertainty, and concerns about trade war and recession in the world economy seem to have diminished. Most recently, the United States and China entered into a one-year agreement in November that de-escalates trade tensions between the two countries, including in relation to access to rare earths, which are critical for the green transition, digitalisation and defence technology, among other things.

World trade has proven surprisingly resilient in a period of great trade policy uncertainty and has not dipped as was the case during the financial crisis and during the corona pandemic, *cf. figure 1.1*. However, the trade growth has moderated, which partly reflects a significant decline in US imports. On the other hand, world trade is being held up by China, India and other emerging economies. Thus, there are signs that the US tariff increases will have an impact on the composition of global trade, including through trade diversion.

Reduced concerns about trade conflict and the possibility of recession is also reflected in the financial markets, where both Europe and the US have seen large equity price increases and less volatility since the spring, *cf. figure 1.2*.

Figure 1.1 World trade has proven itself resistant

Figure 1.2 Lessened concerns about trade war and AI optimism has led to rising stock prices



Note: Figure 1.1 shows seasonally adjusted trade in goods in volumes.
Source: CPB Trade Monitor, Macrobond and own calculations.

Equity price increases in the US have largely been driven by technology stocks and a high level of confidence in investments in artificial intelligence (AI), which has been reflected in relatively

larger increases in the more technology-heavy Nasdaq stock market index. Interest in defence stocks is helping to pull up the European stock indices.

The positive sentiment in the stock markets should also be seen in the context of the fact that inflation has come down rapidly, especially in Europe, *cf. figure 1.3*. In the euro area, inflation has been close to the inflation target of 2 per cent throughout most of 2025, while inflation is still elevated in the US. However, the US Federal Reserve has started to reduce the policy rate further, which should be seen in the light of a clear slowdown in the US labour market, *cf. Chapter 6*. The lower interest rates are pulling in the direction of higher risk appetite in the financial markets, because it has become more attractive to invest in stocks that potentially offer a higher return.

More positive developments in world trade and financial markets have taken place, while the real economic consequences of tariff increases have begun to materialise. This is especially true in the US, where growth has slowed down. Consumer confidence in the United States has fallen to a lower level than during the financial crisis and during the period of high inflation, *cf. figure 1.4*. This should be seen in the context of the fact that job growth has slowed sharply in recent months, partly due to a significant decline in net immigration. In the EU, consumer confidence is relatively low, but there has been an improvement, which may be related to a robust labour market and a close to historically low unemployment rate.

Figure 1.3 Inflation is on target in euro area and continued to rise slightly in the United States

Figure 1.4 Households are more pessimistic in the US

Note: Inflation in Figure 1.3 is measured by the CPI in the US and the HICP in the euro area. In October, no figures have been published for inflation in the United States due to the shutdown of the federal government. Figure 1.4 shows the OECD consumer confidence indicator, which is a measure of consumers' expectations about the future economy.
Source: Macrobond, OECD and own calculations.

Danish companies adapt to changed trading conditions

The changed conditions for sales in the US will also affect Danish export companies, as almost all goods from the EU will be subject to a basic tariff of 15 per cent. On the other hand, goods

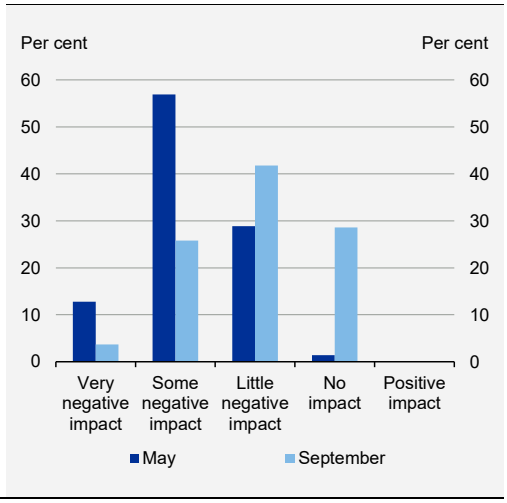
produced in the United States under Danish ownership will not be subject to customs duties. This applies, among other things, to parts of the pharmaceutical industry's exports, which have grown considerably in recent years because of sales of weight-loss drugs. On the other hand, the pharmaceutical industry's exports are affected by intensified competition in the market for weight-loss drugs, *cf. Chapter 6*.

Despite great trade policy uncertainty, business confidence among Danish companies has generally held up, but especially in manufacturing there has been a decline to a level below the historical average, *cf. figure 1.5*. The decline in business confidence in the industry is undoubtedly not only an expression of uncertain trading conditions but is probably also a consequence of less optimistic expectations for production and exports in the pharmaceutical industry.

According to Statistics Denmark, around 30 per cent of Danish manufacturing enterprises in September assessed that they were either very or somewhat negatively affected by the announced tariffs on imports of goods in the US, *cf. figure 1.6*. Most Danish industrial companies – the remaining 70 per cent – thus expect little or no impact from higher tariffs. A similar survey in the spring showed that a somewhat larger proportion of industrial companies expected a negative impact. This indicates that the consequences of increased tariffs are now estimated to be less severe than estimated earlier this year.

Figure 1.5 Business confidence has held up

Figure 1.6 Industry expectations are less affected by higher tariffs



Note: Figure 1.6 is based on Statistics Denmark's business tendency survey for the industries from May and September, respectively.
Source: Statistics Denmark and own calculations.

The development during 2025 in the share of goods exports to the US which crosses the border into the US, and are therefore subject to tariffs, does not indicate a major impact so far. In recent years, this part of Denmark's exports has remained at an approximately unchanged level of around DKK 5 billion per month or DKK 60 billion per year and thus constituted a small part of total exports of goods, *cf. figure 1.7*. On the other hand, in the course of 2025, there has been a slowdown in the part of goods exports to the US that do not cross the Danish border, and which is particularly linked to the pharmaceutical industry's production and sales in the US, *cf. figure*

1.8. It is expected that the world market for weight loss drugs will continue to grow significantly in the coming years, but the growth in exports of pharmaceutical products is not expected to continue at the same high pace as in recent years.

Figure 1.7 Limited exports of goods to the United States crossing the Danish border

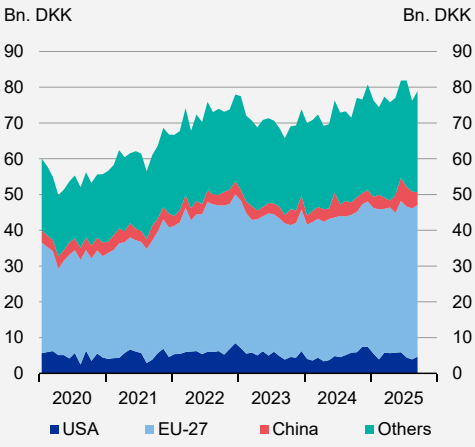
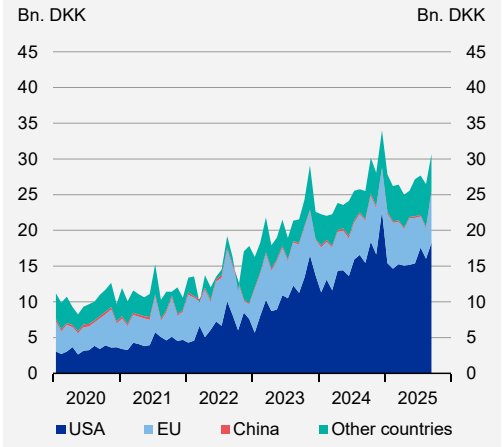


Figure 1.8 Large increase in exports to the United States that do not cross the Danish border in recent years



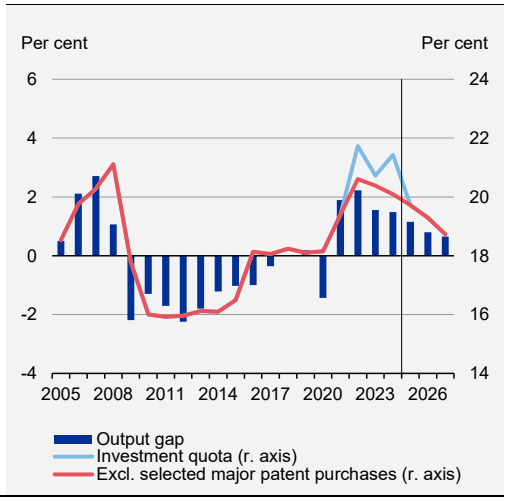
Note: The figures in Figure 1.7 and Figure 1.8 are calculated monthly in current prices.
Source: Statistics Denmark and own calculations.

Changed trade conditions do not only have an impact through direct trade with the United States, but also through derived effects on global trade in goods. International organisations, including the IMF, estimate that overall world trade growth will be relatively subdued in 2026, when the full effects of higher tariffs are expected to be felt. The slowdown in world trade in 2026 is expected to affect Danish exports of maritime transport, in particular.

Denmark's largest trading partners expect slightly accelerating GDP growth in the coming years, *cf. figure 1.9*. Growth is expected to pick up in the EU in line with the recovery in domestic demand. This applies both to private consumption because of rising real wages and to business investment, which is supported by more favourable financing conditions. At the same time, increased public investment in Germany, among other countries, will lift investment further. The improvement is expected to increase Danish export opportunities of both finished goods and capital goods such as machinery and other production inputs to Sweden and Germany, among others. Overall, exports are expected to grow by 2.8 per cent in 2025, 3.3 per cent in 2026 and 2.3 per cent in 2027.

Figure 1.9 Moderate growth in the Danish export markets

Figure 1.10 Declining willingness to invest among companies in line with lower capacity pressure



Note: Figure 1.10 shows business investment as a share of GDP, excluding mining and quarrying and maritime transport. The investment ratio excluding large patent purchases illustrates the development without four large patent purchases abroad in 2022-2024 totalling almost DKK 54 billion.
Source: Statistics Denmark and own calculations.

The more uncertain trading conditions are also reflected in the companies' market strategy in relation to trade with the United States. According to Statistics Denmark, 37 per cent of industrial companies are considering changes or have planned or implemented changes.[1] In the pharmaceutical industry, it is less than 2 per cent, while in the electronics industry it is 88 per cent. Against this background, Danish companies' willingness to invest in Denmark is expected to be slightly lower in the forecast period compared with the past few years, either because they want to expand production capacity to a lesser extent or because they alternatively choose to invest in other countries.

In 2025, it is estimated that there will have been a decline in business investment of almost 5 per cent, but this largely reflects a large patent purchase abroad in 2024, which mechanically pulls down the annual growth in business investment in 2025. Several large patent purchases abroad have boosted business investment in 2022-2024. Excluding patent purchases, business investment activity has been less strong in recent years, and as capacity pressures ease, a decline in investment as a share of GDP is expected towards 2027, *cf. figure 1.10*.

Households are expected to remain cautious

As in several other European countries, growth in household private consumption in Denmark is also expected to pick up during the forecast horizon, thereby contributing to increased demand. Compared to the very low level of private consumption in recent years and the development in incomes, households are set to remain cautious.

[1] Cf. Statistics Denmark's business tendency survey for the industries, September 2025.

Private consumption has been increasing since the 4th quarter of 2023, albeit relatively weakly in recent quarters, *cf. figure 1.11*. However, there are big differences in the development of consumption across categories of consumer goods, where, for example, car consumption has increased significantly in recent years, while consumption of food and energy, among other things, has fallen. This suggests that consumers are adapting to changing prices to mitigate the impact of divergent price developments.

Despite increasing private consumption since the end of 2023, total real private consumption today is still only slightly higher than before the corona pandemic, while income growth has been stronger. As a result, consumption in relation to incomes is at a very low level, and increased savings have contributed to increasing household wealth, *cf. figure 1.12*.

Thus, households have been reluctant to increase their consumption, even though for many purchasing power has recovered after the erosion during the period of high inflation. Inflation fell rapidly during 2023 and has been low and stable for the past two years. At the same time, wage increases, adjustment of transfer income and measures that have strengthened household finances have contributed to significant improvements in purchasing power. The very low propensity to consume in recent years may be related to the very low level of consumer confidence. However, it can also partly be because the increase in disposable income is in part due to increased asset income, which has less immediate impact on consumption than, for example, wage and transfer income.

Figure 1.11 Real private consumption has increased over the past 1½ years, but is not much higher than in 2019

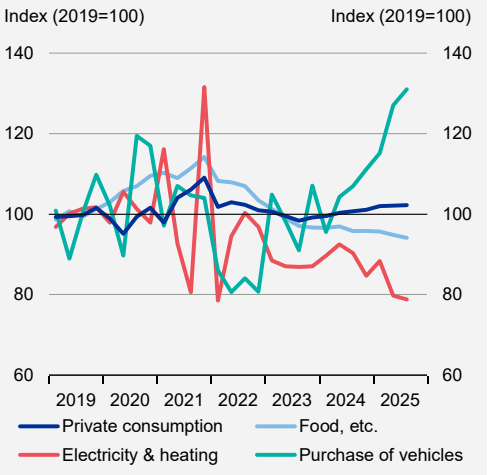
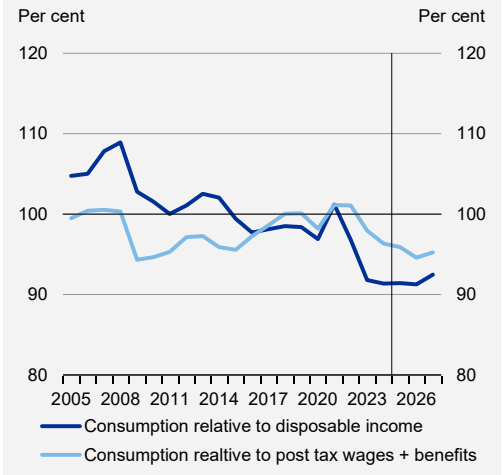


Figure 1.12 Households are expected to continue to consume a low share of their income



Note: Figure 1.12 shows salary and transfers after tax including wage income for the self-employed. Tax is approximated by the sum of labour market contributions, municipal, bottom, middle, top and top tax before estimated deduction for capital income. Wages and after-tax transfers make up a subset of disposable income. However, salary and transfers after tax include pension contributions administered by others than the households themselves, which is not included in disposable income. The disposable income includes, among other things, net payments from pension schemes that are not administered by the households themselves, property income and imputed rental value of own dwellings, which are not included in salary and transfers after tax.
Source: Statistics Denmark and own calculations.

Disposable incomes are expected to increase during the forecast period because of wage increases, adjustment of transfer income and personal tax reductions. Public sector wages will increase, among other things, because of the wage increase agreed with the tripartite agreement on pay and working conditions. In addition, the agreement on the budget bill for 2026 contributes to low inflation through tax reductions, including lower electricity tax and the removal of the tax on chocolate and coffee in 2026, and thus to increase the purchasing power of incomes. The budget bill for 2026 also contributes via the increase and expansion of the extra employment allowance for seniors as well as the reduction of parental payments in nurseries and kindergartens.

The large contribution to income growth in the form of higher wages and a relatively high level of adjustment of social security benefits, combined with falling share dividends, may point in the direction of a slightly greater propensity to consume from total disposable income in the coming years, *cf. Chapter 4*.

Against this background, it is expected that the growth in private consumption will be slightly stronger in the coming years. In 2025, growth is projected at 1.9 per cent, followed by 2.3 and 2.2 per cent respectively in 2026 and 2027. This corresponds roughly to the expected increase in real disposable income in 2025 and 2026 and more in 2027, and thus the consumption ratio will increase in 2027. The projected development implies that households will still have substantial savings.

The expectation of continued cautious households should be seen in the context of the fact that consumer confidence – despite the marked improvement in purchasing power and continued rising employment – has recently fallen to a very low level and below the level in connection with the financial crisis. Since 2005, consumer confidence has only been lower during the period of high inflation. In addition, household expectations concerning unemployment one year ahead have deteriorated in recent months, following an improvement over the summer.

The relatively high price increases for some goods – especially certain food products – which are highly visible to households may also have contributed to moderation in private consumption, as this may have led to a perception that consumer prices have risen more than they are. Developments in consumer food prices largely reflect world market price developments, and price fluctuations can be quite large. This applies both upward and downward.[2]

However, despite the increase in food prices, inflation has remained low and stable over the past few years. Since September 2023, inflation has thus been close to or below 2 per cent, and for 2025, consumer prices are expected to have increased by around 2 per cent. For some households, however, the increases in consumption expenditure are greater than for others, as the composition of consumption varies across households, *cf. box 1.1*. In other words, the households that consume relatively much of the goods and services that have risen the most in price have experienced the largest price increases on their consumption and vice versa for those where the goods and services in question take up less space in their consumption.

In 2026, inflation is expected to fall significantly because of the reduction of the electricity tax to the EU's minimum rate and the removal of taxes on chocolate, confectionery and coffee, as

[2] See Ministry of Economic Affairs: Fact sheet on inflation and food prices, November 2025.

well as the abolition of VAT on books. Against this background, inflation is expected to temporarily decline to around 1 per cent next year and again to be below 2 per cent in 2027, which is in line with the inflation target for the euro area, which also guides developments in consumer prices in Denmark over the medium term.

Box 1.1 The increase in consumption expenditure varies across households depending on the Composition of consumption

Based on Statistics Denmark's Household Consumption Survey, it is possible to estimate the range of price developments across households. The calculations are subject to great uncertainty but indicate that price increases for most households are currently below 3 per cent annually. *cf. figure a*, and for a very large share of households, inflation currently stands at between 1 per cent and 3 per cent, *See. figure b*. For a limited share of households, the price increase rates are currently above 5 per cent annually, which includes households where foreign package tours account for a relatively large share of consumption. The spread between households is smaller today than in 2022, when inflation rose sharply. All other things being equal, this indicates that differences in consumption patterns do not currently have the same major impact on the dispersion of purchasing power between households.

It will probably not be the same households that constantly have the largest price increases on their total consumption expenditure. For example, some of the households that had sharply increasing consumption costs in 2022 due to the significant energy price increases, all other things being equal, also had relatively lower consumption costs in 2023 because of the falling energy prices.

Figure a For 90 per cent of households, the rate of price increase is around 3 per cent or lower...

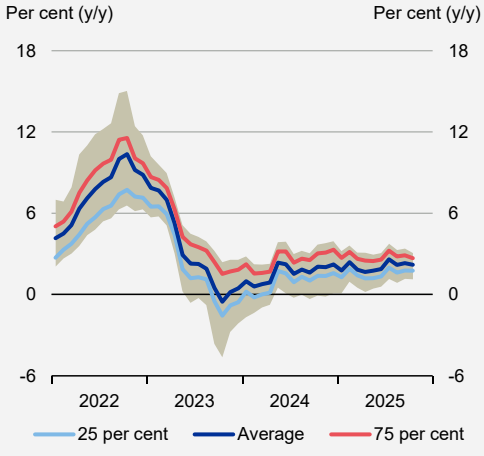
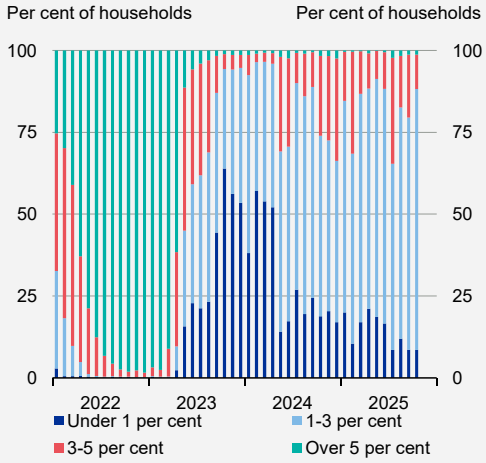


Figure b … And very few experience inflation above 5 per cent.



Note: In both figures, the price development is calculated based on the development in the consumer price index for 248 product groups, assuming an unchanged consumption composition since 2020. The consumption composition is based on Statistics Denmark's Consumption Survey 2020. The Household Budget Survey is based on a sample of 2,200 households, which are calculated for the entire population based on a number of weights. In Figure a, the brown area marks the range between the 10 per cent and 90 per cent decile.
Source: Statistics Denmark and own calculations.

More momentum in the housing market

While households are reluctant to spend, the housing market is picking up speed, and especially the market for owner-occupied flats in Copenhagen. Thus, the housing market is not

characterized by low consumer confidence, and prices for owner-occupied homes are rising in most of the country. According to Boligsiden, prices for detached houses and terraced houses for the whole country were 6.6 per cent higher in October than in the same month the year before, while prices for owner-occupied flats in the city of Copenhagen have increased by 20 per cent in the same period, *cf. figure 1.13*.

Figure 1.13 The prices of owner-occupied flats have risen sharply, especially in Copenhagen...

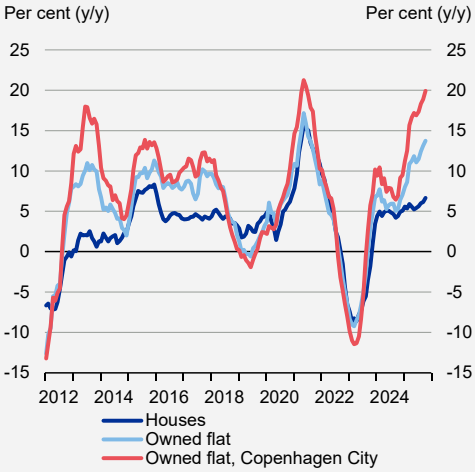
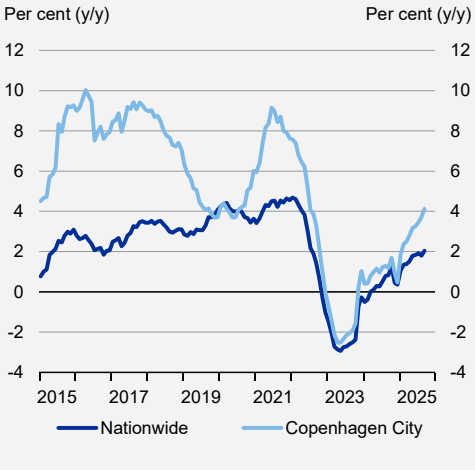


Figure 1.14 … but the growth in mortgage lending is still moderate (also in Copenhagen)



Note: Figure 1.13 shows the annual rate of increase in prices for detached houses and terraced houses, owner-occupied flats and owner-occupied flats in the region of the City of Copenhagen based on the Housing Page's market index. Figure 1.14 shows the annual rate of increase in mortgage lending for owner-occupied dwellings and holiday homes for households throughout the country and the City of Copenhagen.
Source: Statistics Denmark and own calculations.

The stronger increase in owner-occupied housing prices in Copenhagen largely reflects increasing demand, driven by higher incomes, population growth and the fall in interest rates since 2023. At the same time, the supply is limited, as owner-occupied housing in Copenhagen only accounts for about 22 per cent of the housing stock. So far, however, there are no signs of an unsustainable development, with price increases driven by risky lending. At the same time, growth in mortgage lending to homeowners in the City of Copenhagen is still limited, *cf. figure 1.14*.

An analysis from Danmarks Nationalbank also shows that the actual housing burden, i.e. household payments on mortgages and housing tax payments for new homebuyers, has not increased significantly in Copenhagen since 2022 due to higher incomes and lower interest rates.[3] In addition, home buyers have provided higher down payments. Although house prices have risen relatively sharply, the group of buyers has thus been sufficiently financially strong to buy a home. However, the high rates of price increase for owner-occupied housing in Copenhagen

[3] Cf. Danmarks Nationalbank: A housing market in two stages, *Analysis no. 27*, 25 November 2025.

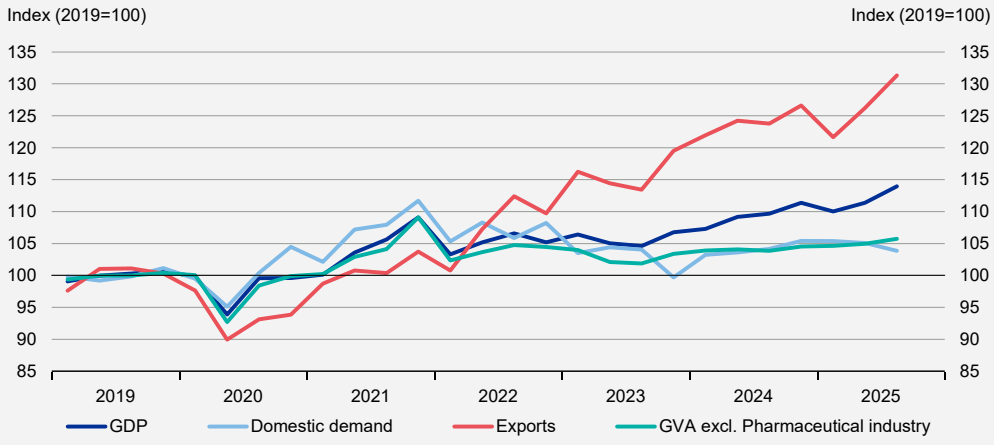
entail a risk of an expectation-driven price development and which could also have spill-over effects on other parts of the country.

The development of house prices nationwide is generally in line with the development of incomes and interest rates. Nationwide, the price of single-family houses is estimated to increase by 5.3 per cent this year, 3.7 per cent next year and 3.4 per cent in 2027.

The overall growth picture still points to a certain dichotomy

Overall, the economy has had an uneven growth trajectory through 2025, which, in continuation of developments in recent years, has been largely influenced by the pharmaceutical industry's production and exports. Thus, there have also been large fluctuations in exports during 2025. However, the latest figures show that GDP on an annual basis has grown strongly compared to Q3 2024. Under the overall development of GDP, there are signs that the two-tier economy has reasserted itself to some extent, after this was less the case through 2024. Thus, there has been no growth in domestic demand since the end of 2024. However, the two-tier division does not apply correspondingly to the production side, as there has been good progress in value added (GDP) since 2023, even when the pharmaceutical industry is excluded, *cf. figure 1.15*.

Figure 1.15 Renewed stagnation in domestic demand, but progress in GDP excl. pharmaceutical industry during 2025



Note: Real, seasonally adjusted figures. Gross domestic product excluding the pharmaceutical industry is based on a special extract from Statistics Denmark, which is subject to greater uncertainty than in the published national accounts.
Source: Statistics Denmark and own calculations.

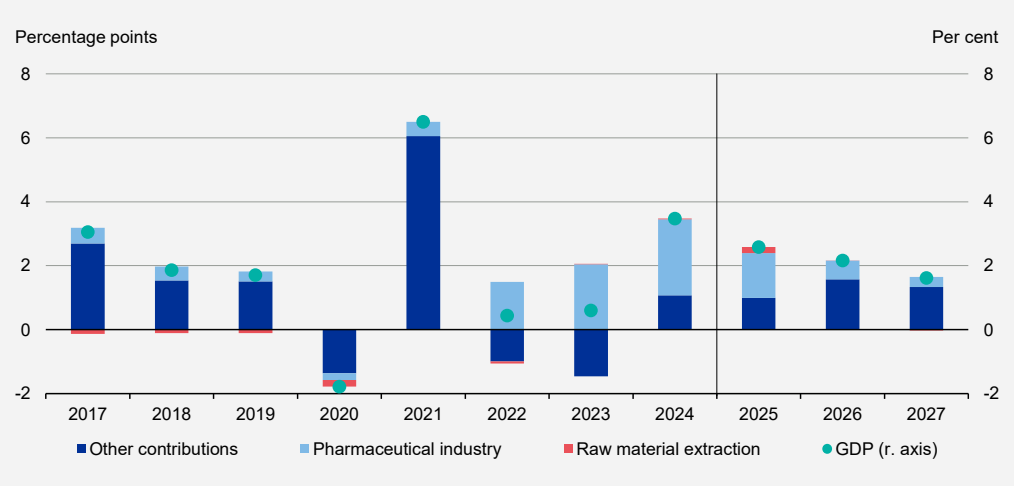
The pharmaceutical industry's continued progress through 2025 will translate into a significant contribution of 1.4 percentage points to total GDP growth this year. The growth contributions from the industry are expected to remain positive over the next two years but lower compared

to recent years.[4] With the reopening of the Tyra field in the North Sea, *the raw material extraction industry* is also contributing to lifting GDP growth this year.

In addition, it is expected that the two-tier will again become less pronounced because of households' growing purchasing power and consumption as well as slightly more broad-based export growth in line with increasing growth in the EU in 2027. In addition, public consumption and investment will also contribute well to aggregate demand, including through increased defence spending, which will also lead to import growth and to some extent be neutral for GDP. Against this background, growth contributions to GDP from other parts of the economy, including the large service sector, are expected to again dominate in the coming years, *cf. figure 1.16*. Overall, it is estimated that GDP will grow by 2.6 per cent, 2.2 per cent and 1.6 per cent respectively in the years 2025-2027.

The estimated growth trajectory implies that the Danish economy will remain in a moderate boom but with decreasing capacity pressure. Measured by the output gap – which is an expression of how much value creation is above the structural level – the output gap is expected to narrow slightly from 1.2 per cent in 2025 to 0.7 per cent in 2027.

Figure 1.16 Sectors of the economy other than the pharmaceutical industry are expected to contribute more to GDP Growth



Note: Contributions from the pharmaceutical industry and raw material extraction are from the industries' GVA.
Source: Statistics Denmark and own calculations.

Resilient labour market

Despite major shocks from the global economy in recent years, companies have continued to demand more labour. Employment continues to grow, and since the beginning of the year, the number of employees has increased by more than 30,000 persons – including the number of foreign employees increased by 20,600 persons. The increase is broad-based in terms of industry, and there are still relatively many vacancies and companies that report a shortage of labour.

[4] This reflects lower market expectations for revenue growth for Novo Nordisk.

Although employment continues to rise, there are signs of easing pressure on the labour market, and with the prospect of more moderate growth in the Danish economy, it is expected that employment growth will be more subdued in the period ahead. At the same time, some enterprises may need to adjust the number of employees because of relatively weak productivity growth in recent years and relatively large wage ratios in parts of the economy, *cf. Chapter 4*. After an expected increase of 38,000 persons this year, employment is estimated to grow at a more moderate pace in both 2026 and 2027, with increases of 13,000 persons and 7,000 persons, respectively, *cf. figure 1.17*.

Several major companies have announced layoffs. This applies to Novo Nordisk and Ørsted, among others. In the central government, too, there is an adjustment in parts of employment because of the government's work programme for administrative cuts. Novo Nordisk's redundancies can be seen in the statistics for announced redundancies, but due to notice periods, this will only be reflected in employment and unemployment later – expected primarily in the first half of 2026. The redundancies mentioned are due to special market conditions for individual companies and not to be an expression of an underlying sign of weakness in the Danish economy that will lead to redundancies more broadly.

Figure 1.17 Employment is expected to continue at a slightly slower pace

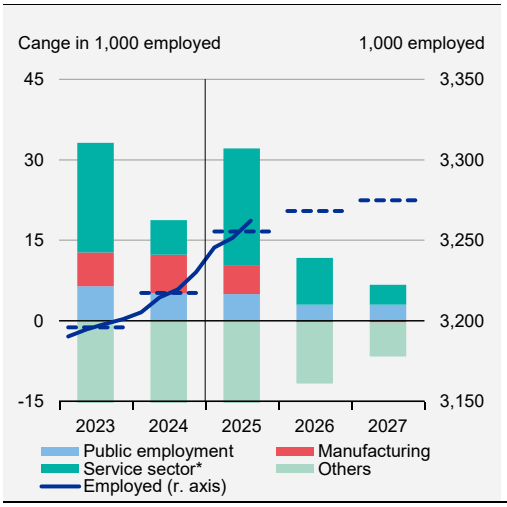
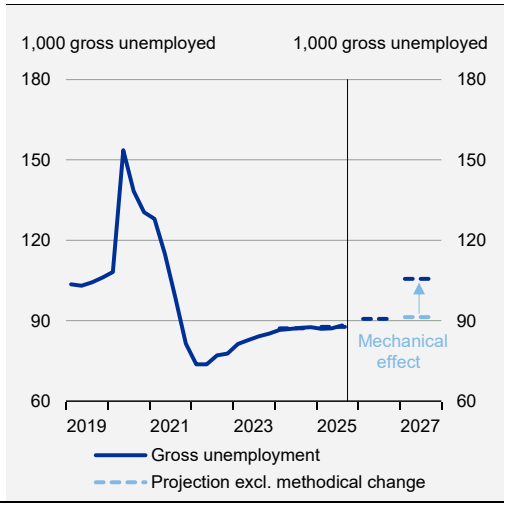


Figure 1.18 Gross unemployment is expected to increase – especially due to changes in the calculation



Note: Service industries are calculated here excluding the industries maritime transport and housing as well as services in the public sector.
Source: Statistics Denmark and own calculations.

Since the end of 2024, the increase in employment has only been made up of seniors and international labour. A more modest development in the labour supply is expected in the coming years, partly because of demographic developments and because in recent years there have been extraordinary contributions to the labour force from higher early retirement and state pension ages, *cf. Chapter 3*.

Gross unemployment has been rising slightly in recent months, and it is also expected that there will be a slight upward trend in unemployment in the coming years in line with a slightly

slower pace in the labour market. In addition, there are the extraordinary redundancies from Novo Nordisk, Ørsted and the government work programme, which is also expected to be partly reflected in higher unemployment. Against this background, unemployment is estimated to increase from 87,700 full-time employees this year to 90,700 full-time employees in 2026.

In 2027, unemployment is estimated to increase by an additional 14,900 full-time employees. The relatively large increase is primarily a mechanical, calculation effect of the fact that with the employment reform (April 2025), benefit groups are restructured so that relatively more recipients of social assistance are assessed as job-ready and thus counted in gross unemployment. The calculation effect of this is estimated to increase gross unemployment by about 14,000 full-time persons, *cf. figure 1.18 and Chapter 4.*

Continued uncertainty related to the growth trajectory

The Danish economy has proven resilient and is not expected to face significant imbalances that require recovery or could immediately provoke or amplify a slowdown in the economy. However, there are still several conditions that can result in a course of less growth.

The labour market has long been a positive surprise, but if growth in the Danish economy is more modest, it will also affect the demand for labour. Instead of a slowdown in employment, the consequence may be a decline in employment and thus a real turnaround in the labour market. If rounds of layoffs spread due to weaker growth, this could affect consumer confidence and make households even more reluctant to increase consumption.

Although the pharmaceutical industry must still be expected to maintain a high level of production and exports, expectations have been revised downwards several times, and the contribution to the overall growth of the Danish economy is uncertain. Furthermore, there is still considerable unpredictability associated with developments in the global economy, even though trade policy uncertainty has subsided since the spring. The impact of the higher tariffs has so far only been seen to a limited extent, and it is uncertain how large they will be.

Less concern about a trade war and recession has undoubtedly contributed to greater optimism in the financial markets, which is reflected in the fact that share prices have risen to a high level. The development is partly driven by great faith in artificial intelligence, which has led to large investments in the associated infrastructure. There have already been downward price adjustments for large technology companies, which underlines the high uncertainty in relation to the value of these companies. Large corrections in financial markets may spill over into a more pessimistic mood and have broader implications for the real economy.

Finally, large fluctuations in the calculated (quarterly) growth in the Danish economy over the past year provide a less clear picture of the underlying starting point for growth in the coming years.

Box 1.2 Changed assumptions in relation to the Economic Report, August 2025

The forecast is based on the national accounts up to and including Q3 2025 (first, preliminary statement) as well as a number of other indicators that extend into November for the most high-frequency indicators. The forecast includes the effects of the Finance Act agreement for 2026.

Compared with the assessment in August, the basis for this forecast shows stronger-than-expected growth in the pharmaceutical industry in the first three quarters of the year, which is the primary background for the revised GDP estimate for 2025. In 2026, GDP growth is estimated to be roughly the same as in August. 2027 is a new year in the forecast. As far as the labour market is concerned, the forecast is very much in line with the assessment in August, with the same estimated increase in employment from 2024 to 2026. Estimates for inflation in 2025 and 2026 have been revised up slightly, while the price development for single-family houses is estimated to be slightly higher.

As was also the assessment in August, the expected growth trajectory implies that the Danish economy will remain in a moderate boom, but with decreasing capacity pressure.

Source: Statistics Denmark and own calculations.

Appendix table

Table 1.1 Key figures from the assessment in December and comparison with estimates from August

	2025		2026		2027
	Aug.	Dec.	Aug.	Dec.	Dec.
Real growth, per cent					
Private consumption	2.3	1.9	2.2	2.3	2.2
Total public demand	6.2	4.7	3.2	3.2	2.6
- of which public consumption[1)]	5.4	3.5	2.6	2.8	0.7
- of which public investment[2)]	12.5	13.3	7.5	5.6	15.1
Housing investments	2.2	1.4	3.7	3.2	3.6
Business investment	-6.5	-4.7	1.5	2.2	0.3
Inventory changes (growth contribution)[3)]	0.2	0.3	0.0	-0.3	0.1
Total domestic demand	2.2	1.9	2.5	2.2	2.2
Exports	0.9	2.8	2.9	3.3	2.3
- of which manufacturing exports	1.9	5.4	3.0	4.3	2.9
Total demand	1.6	2.3	2.7	2.7	2.2
Imports	1.9	1.8	3.7	3.6	3.3
- of which imports of goods	3.9	4.0	3.4	4.6	3.4
GDP	1.4	2.6	2.1	2.2	1.6
Gross value added	1.1	3.0	2.0	2.2	1.6
- of which in private urban industries	1.1	3.5	2.6	2.8	2.0
Change in 1,000 persons					
Labour force, total	42	39	12	16	21
Employment, total	41	38	10	13	7
- of which in the private sector	37	33	7	10	4
- of which in public administration and services	5	5	3	3	3
Gross unemployment	0	1	1	3	15
Business cycle gap, per cent					
Output gab	0.9	1.2	0.8	0.8	0.7
Employment gap	1.6	1.5	1.2	1.3	1.1
Gross unemployment gab	-0.7	-0.7	-0.5	-0.6	-0.5

1) Public consumption is calculated using the input method.
2) Public investment excludes the general government net purchase of buildings.
3) Contribution to GDP for growth.
Source: Statistics Denmark and own calculations.

Table 1.1 (continued) Key figures from the assessment in December and comparison with estimates from August

	2025		2026		2027
	Aug.	Dec.	Aug.	Dec.	Dec.
Increase in per cent					
House prices (single-family houses)	4.7	5.3	3.2	3.7	3.4
Consumer price index	1.7	1.9	0.9	1.0	1.7
Hourly wage in the private sector	3.5	3.7	3.2	3.2	3.1
Real disposable income, households	3.0	1.8	2.3	2.5	0.8
Hourly productivity in private urban industries	-0.2	2.3	2.4	2.4	1.9
Per cent					
Interest rate, 1-year adjustable-rate mortgage	1.9	1.9	1.8	1.8	1.9
Interest rate, 10-year government bond	2.4	2.5	2.6	2.6	2.8
Interest rate, 30-year mortgage bond	4.2	4.1	4.3	4.1	4.4
Public finances					
Actual government balance, billion DKK	55	89	11	22	10
Actual government balance, per cent of GDP	1.8	2.9	0.4	0.7	0.3
Structural government balance, per cent of GDP	1.0	1.1	-0.1	0.0	-0.2
EMU debt, per cent of GDP	29.1	28.1	28.3	27.5	25.5
Labour market					
Labour force (including leave), 1,000 persons	3.345	3.342	3.357	3.357	3.379
Employment (including leave), 1,000 persons	3.259	3.255	3.269	3.268	3.275
Gross unemployment, 1,000 persons	88	88	89	91	106
Gross unemployment, per cent of the labour force	2.6	2.6	2.6	2.7	3.1
External prerequisites					
Trade-weighted international GDP growth, per cent	1.5	1.8	1.8	1.9	2.0
Export market growth (industrial goods), per cent	2.2	3.2	1.9	2.0	2.3
Exchange rate, DKK per dollar	6.7	6.6	6.4	6.5	6.5
Oil price, dollar per barrel	70.7	69.3	69.9	64.3	66.4
Balance of payments					
Current account balance, billion DKK	346	376	338	383	370
Current account balance, per cent of GDP	11.4	12.2	10.7	12.0	11.2

Source: Statistics Denmark, the European Commission, Macrobond, the Confederation of Danish Employers and own calculations.

2. Public finances and Fiscal Policy

The Danish economy and public finances remain strong. This is reflected, among other things, in the fact that the public finances have recorded surpluses for the past nine years. In recent years, public finances have also been supported by favourable cyclical conditions and elevated activity levels, although these are expected to gradually normalise in the coming years. The surplus on the public balance is expected to amount to 0.7 per cent of GDP in 2026 and decline to 0.3 per cent of GDP in 2027.

The agreement on the 2026 budget bill between the Government and the Conservative People's Party allocated funding to, among other things, making everyday life cheaper and better for Danes, the green transition, as well as security and safety. With the budget bill, fiscal policy is eased by a further DKK 1.7 billion in 2026 and DKK 3.4 billion in 2027 (2026 prices) compared with the August 2025 budget bill proposal. As a result of the easing, a slightly larger share of the structural improvements of the public finances estimated since the Government's 2030-plan is now being utilised.

The structural balance is estimated to decline from 1.7 per cent of GDP in 2024 to -0.2 per cent of GDP in 2027. The easing creates room to support important priorities, including the expansion of Danish defence and security. In addition, the easing reflects the gradual adjustment towards the medium-term target for the structural balance of -0.5 per cent of GDP in 2030, *cf. also below*.

Planned policies imply high public consumption growth

The planned expenditure and fiscal policies in 2025 and 2026 imply significantly higher estimated growth rates in public consumption and public investment than in previous years, *cf. figure 2.1 and figure 2.2*. The expenditure growth reflects both the effect of new priorities under the overall 2026 budget bill and previously decided policies under the 2025 budget bill, the economic agreements with Local Government Denmark (KL) and Danish Regions, as well as the establishment of the Acceleration Fund etc.

Based on updated assumptions, real growth in public consumption is estimated at 3.5 per cent in 2025 and 2.8 per cent in 2026. The expenditure estimates are surrounded by considerable uncertainty related to the concrete expenditure decisions, including the degree to which 2025 may see a larger-than-usual concentration of expenditure in the final months of the year. There is also uncertainty regarding the distribution of defence-related expenditure for strengthening the Danish armed forces, procurement of military equipment, and military contributions to Ukraine, etc. (and thus also uncertainty about the distribution across national accounts categories). Similar uncertainty applies to the estimated public investment expenditures, which are estimated to grow by 13.3 per cent in 2025 and 5.6 per cent in 2026.

In 2027, real public consumption growth is, on a technical basis, estimated at 0.7 per cent. The more moderate growth in 2027 – following relatively high estimated growth rates in 2025 and

2026 – is based on the assumed expenditure growth in the most recent medium-term projection, *Opdateret 2030-forløb: Grundlag for udgiftslofter 2029*, August 2025. Conversely, the technical estimate for public investment in 2027, which is based on the medium-term public investment framework and other assumptions, implies high growth in 2027. Decisions on the concrete expenditure and fiscal policy in 2027 will be made in connection with the 2027 budget bill proposal and the 2027 economic agreements with municipalities and regions.

The expenditure estimates are described in more detail in *Appendix A – Public Finances and Fiscal Policy*.

Figure 2.1 Real growth in public consumption

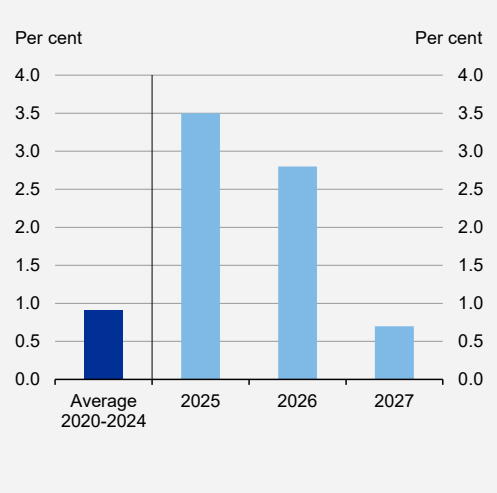
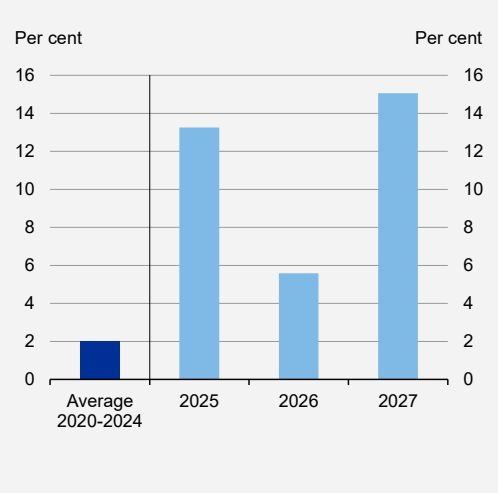


Figure 2.2 Real growth in public investments



Note: Public consumption is stated including depreciation, and public investment is stated including expenditure on research and development.
Source: Statistics Denmark and own calculations.

Fiscal policy is eased and inflation remains normal and stable

With the 2026 budget bill (November 2025) and other political agreements, fiscal policy will be eased in 2026. The easing provides room for the prioritised initiatives, including increased funding for welfare, the strengthening of defence, and reductions in personal taxes and duties. The one-year fiscal effect is estimated at 0.4 percentage points in 2026, *cf. figure 2.3*.

The estimated fiscal effect is unchanged from the August assessment, which was based on the budget bill proposal. The new initiatives in the budget bill do not, overall, change capacity pressures in the Danish economy. The postponement of the increase of electric-vehicle registration tax has limited domestic activity effects, as cars are largely imported. Other agreed initiatives are financed by the negotiation reserve and other reserves, which were technically assumed to be public consumption in the *Economic Survey,* August 2025. In 2027, the one-year fiscal effect is estimated at 0.2 percentage points, given the technical assumptions about fiscal policy.

The easing of fiscal policy in 2026 and 2027 occurs while capacity pressures, measured by the output gap (including the positive activity effect of fiscal policy), are estimated to decline from 1.2 per cent in 2025 to 0.8 per cent in 2026 and further to 0.7 per cent in 2027, *cf. figure 2.4*. The easing implies that the gap closes more gradually than otherwise, and a soft landing in the Danish economy is still expected. The declining capacity pressure is also reflected in inflation, which is expected to remain around 2 per cent (excluding tax changes) in the coming years, and in a moderation of wage growth from 2025 to 2027.

Figure 2.3 **One-year and multi-year fiscal effects**

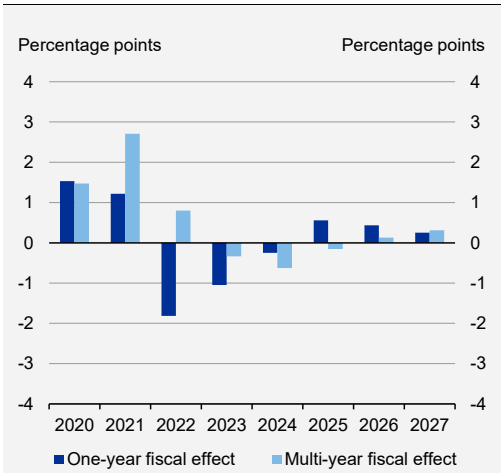
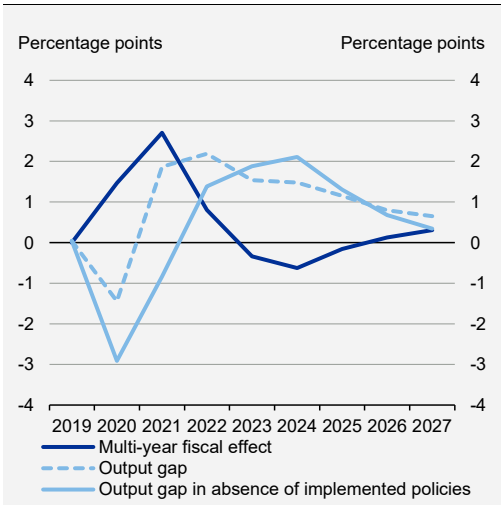


Figure 2.4 **Multi-year fiscal effects compared to the output gap**



Source: Statistics Denmark and own calculations.

The declining capacity pressure in recent years is primarily due to a significant increase in structural employment resulting from stronger labour-market attachment among seniors, young people, and immigrants. This has contributed to increased productive capacity, which is expected to continue rising in the coming years, albeit at a slower pace. Higher capacity creates room for a more expansionary fiscal policy than otherwise, as the increased capacity reduces the impact that a given increase in public consumption and public investment would otherwise have.

The activity effect of total fiscal and structural policies since 2019 (the year before the COVID-19 pandemic and a roughly neutral cyclical year) is assessed to be broadly neutral in 2025 and 2026, and moderately positive in 2027. The multi-year fiscal effects are estimated at -0.2 percentage points in 2025 and 0.1 and 0.3 percentage points in 2026 and 2027, respectively. The increasing multi-year fiscal effect reflects the fiscal easing.

The positive one-year and increasing multi-year fiscal effects must be seen in conjunction with the significant strengthening of the Danish defence in recent years, which means that the calculated fiscal effects in all projection years are considered an upper-bound estimate. Procurements of military equipment typically have a higher import content than assumed in the fiscal effect calculations. The import content of public consumption and public investment is there-

fore expected to be higher than normal, and thus the domestic activity effect lower than the fiscal effect estimates imply. The fiscal effect calculations apply the general import share of public consumption, as there is insufficient concrete information on the import content of the expenditure increases. In an illustrative calculation with higher import content in public procurement and investment, the one-year fiscal effects are reduced by 0.2 percentage points in 2025 and 2026 and by 0.1 percentage points in 2027, *cf. box 2.1*.

Box 2.1 Illustrative fiscal effects with higher import content

As noted, the calculated fiscal effects are expected to constitute an upper-bound estimate in periods with strong growth in purchases of defence equipment, which can largely be expected to be imported from abroad.[1] To illustrate the possible implications, an illustrative calculation has been constructed in which half of the growth in real public procurement of goods and public investment relative to 2024 is assumed to consist of imports.[2] The remaining growth is assumed to have the usual import content.

Under these assumptions, the one-year fiscal effects are reduced by 0.2 percentage points in both 2025 and 2026 and by 0.1 percentage points in 2027, *cf. figure a*. Correspondingly, the multi-year fiscal effects are reduced by 0.2 percentage points in 2025, 0.4 percentage points in 2026 and 0.5 percentage points in 2027, *cf. figure b*. Fiscal policy therefore has a smaller impact on capacity pressures, and in 2026 and 2027 the multi-year fiscal effect remains negative under the alternative assumptions about import content.

Figure a One-year fiscal effects under the illustrative calculation with higher import content

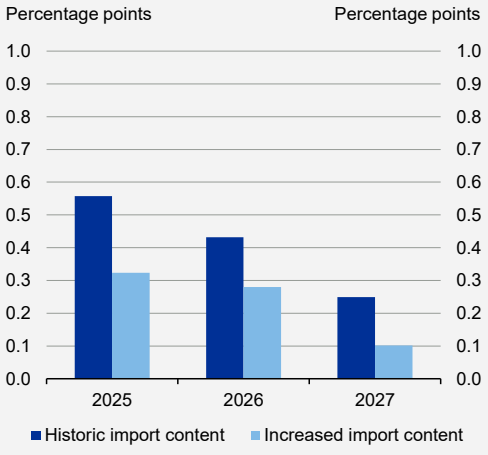
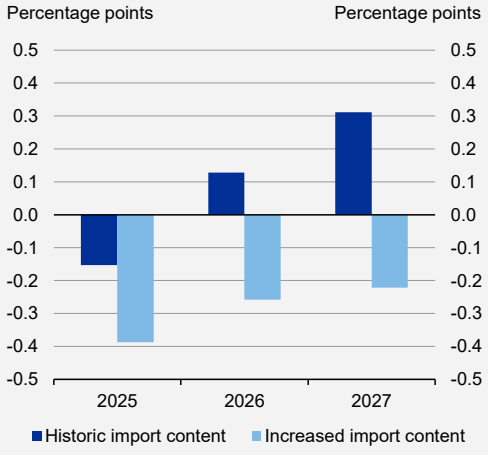


Figure b Multi-year fiscal effects under the illustrative calculation with higher import content



1) In the calculation of fiscal effects, adjustments are already made for known delivery profiles related to certain major procurements of military equipment, which are assessed to consist almost entirely of imports. This currently applies to the procurement of fighter aircrafts. Expenditure on fighter aircrafts is also accounted for separately in the calculation of the structural balance.

2) In connection with the establishment of the Acceleration Fund, DKK 25 billion (2025 prices) was allocated in 2025 and the same amount in 2026, as well as a reserve for related additional expenditures of DKK 10 billion (2025 prices) annually in 2027–2028 as part of the *Aftale om styrkelse af Forsvarets kampkraft* (February 2025).

Source: Own calculations.

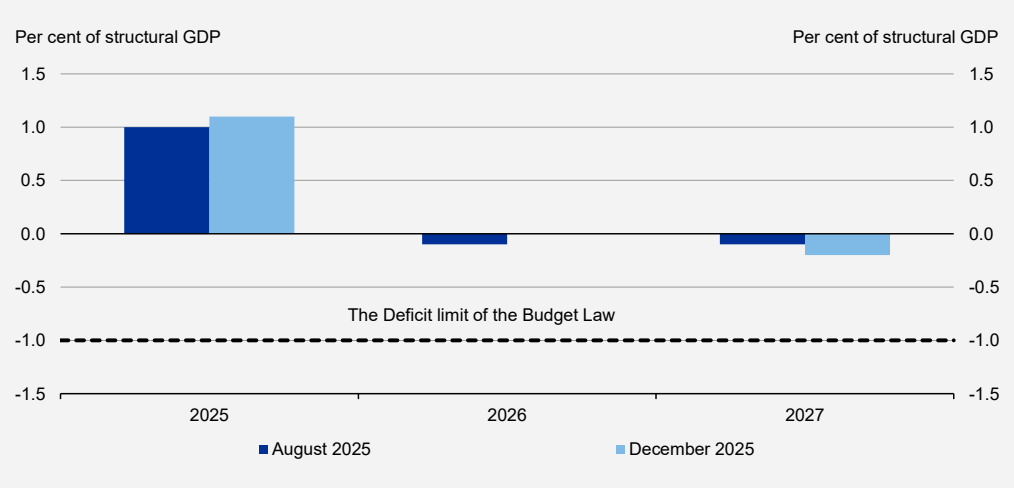
Structural balance

The structural balance is estimated to decline from 1.7 per cent of GDP in 2024 to -0.2 per cent of GDP in 2027, corresponding to a deterioration of 1.9 percentage points of GDP. This reflects

in part the prioritisation of strengthening defence and security as well as public services, combined with tax and duty reductions. Overall, fiscal policy is planned based on a gradual adjustment towards the medium-term target for the structural balance of -0.5 per cent of GDP in 2030, with the adjustment being greatest in the early years, particularly given the rapidly increasing defence and security expenditures.

Since the budget bill proposal in August, fiscal policy has been further eased in connection with the budget bill for 2026. This contributes, in isolation, to a deterioration of the structural balance of around 0.05 per cent of GDP in 2026 and 0.1 per cent of GDP in 2027 compared with the budget bill proposal. When taking account of other new information – including higher estimated structural full-time employment – the structural balance estimate has been revised up by 0.1 per cent of GDP in 2026 and revised down by 0.1 per cent of GDP in 2027 relative to the August assessment, *cf. figure 2.5*. Overall, the structural balance estimates are broadly unchanged compared with the August assessment.

Figure 2.5 Structural balance 2025-2027



Source: Statistics Denmark and own calculations.

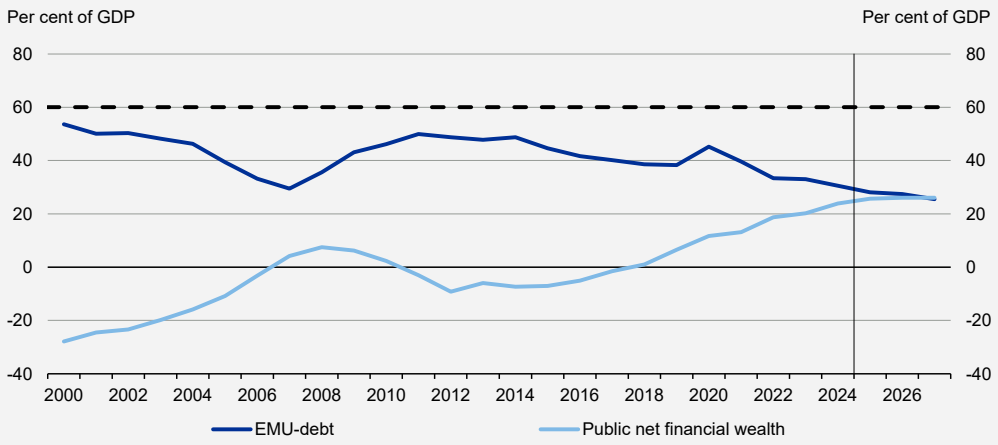
Declining EMU debt and rising public net financial wealth

The strong public finances have contributed to Denmark's EMU debt being among the lowest in the EU and well below the 60-per-cent-of-GDP threshold in the Stability and Growth Pact. Denmark's EMU debt is estimated to fall from around 28 per cent of GDP in 2025 to 25½ per cent of GDP in 2027, *cf. figure 2.6*.

In addition to reducing gross debt, the public surpluses have also contributed to Denmark having a positive public net financial wealth since 2018. In 2027, public net financial wealth is estimated at around 26.0 per cent of GDP, which is approximately 2.1 percentage points higher than in 2024.

Table 2.1 presents other key indicators for the public finances in the period 2024–2027. The assessment of the public finances is further detailed in *Appendix A – Public Finances and Fiscal Policy*.

Figure 2.6 EMU-debt and public net financial wealth



Source: Statistics Denmark and own calculations.

Table 2.1 Key estimates regarding the fiscal policy

	2024	2025	2026	2027
Structural budget balance, per cent of structural GDP	1.7	1.1	0.0	-0.2
Budget balance, per cent of GDP	4.5	2.9	0.7	0.3
Real growth in public consumption, per cent[1)]	1.8	3.5	2.8	0.7
Multi-year fiscal effect, level, percentage points[2)]	-0.6	-0.2	0.1	0.3
One-year fiscal effect, percentage points[3)]	-0.2	0.6	0.4	0.2
Output gab, per cent[4)]	1.5	1.2	0.8	0.7
Employment gab, per cent[4)]	1.7	1.5	1.3	1.1
EMU-debt, per cent of GDP	30.5	28.1	27.5	25.5
Public net wealth, per cent of GDP	23.9	25.7	26.0	26.0

1) The estimated public consumption growth is assumed the same for input and output approaches. For 2024, the growth in public consumption is shown using the input method.
2) The multi-year fiscal effect measures how changes in fiscal and structural policies impact the output gap (level effect relative to 2019).
3) The one-year fiscal effect measures how much the planned fiscal and structural policies contribute to changes in the output gap in a given year.
4) Estimate of how much production and employment deviate from structural levels. When gaps are positive, it indicates that there are scarce resources in the economy relative to a normal economic situation.

Source: Statistics Denmark and own calculations.

3. Seniors are increasingly important for the economy

Over the coming decades, a growing proportion of the population will consist of persons over 60 years of age. Seniors are therefore of increasing importance for economic development – both in Denmark and in most other European countries. Over the past five years, international labour and seniors have to a great extent supported a large increase in employment. The purpose of this thematic chapter is to shed light on the development in seniors' employment, the underlying driving forces and their significance for the Danish economy. The chapter also examines who stays longer on the labour market, where they work, and what factors play a role in the decision to retire. The main conclusions of the chapter are:

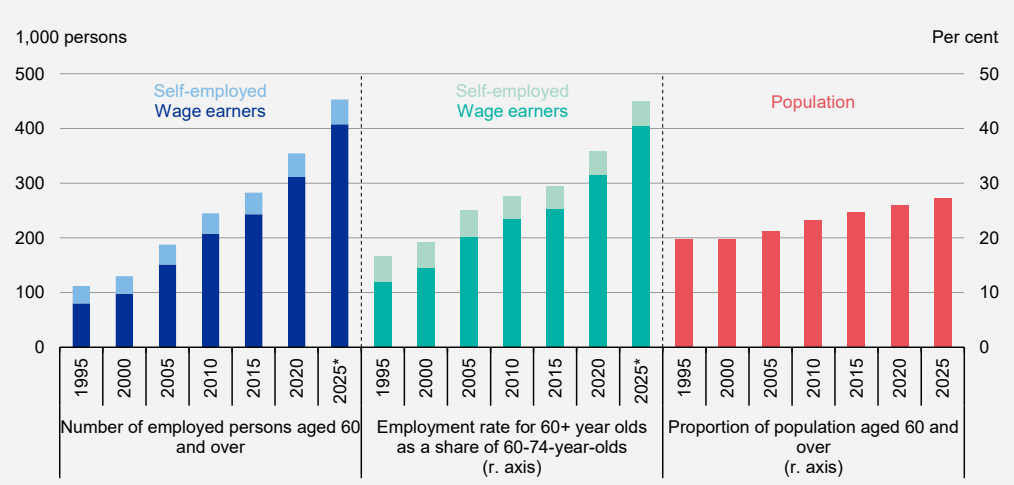
- There are over 400,000 employees aged 60 and over. This is 100,000 more than in 2019 and four times as many as in 1995. Almost 100,000 work after the state pension age.
- It is estimated with some uncertainty that seniors have contributed approximately 1/4 of the total growth in GVA since 2019. This is a consequence of a higher employment rate, more weekly working hours and a higher estimated level of productivity relative to before.
- More seniors in employment have eased the pressure on the labour market in the period from 2019 to now by meeting a high demand for labour – especially in the industries with the greatest reported labour shortage.
- Seniors often work in more productive companies and earn more than average, partly due to more experience. At the same time, they change jobs less often, and on the one hand, an ageing population therefore means, all other things being equal, a lower job turnover, but on the other hand, it leads to a build-up of more job-specific experience.
- The chapter highlights three factors that have contributed to the increased employment of seniors:
  - *Health*: The average Dane today has more healthy living years than before, which has strengthened the basis for more persons being able and willing to stay longer in the labour market.
  - *Reforms*: Higher early retirement and state pension ages as well as increased set-off of pension assets in early retirement have had a clear impact on seniors' retirement times. In addition, several other financial incentives for working seniors have been improved, e.g. via the senior premium and the removal of earnings offsetting in the state pension.
  - *Business cycle*: The increase in employment since 2019 has been supported by a high demand for labour.
- Flexible frameworks contribute to extending seniors' working lives, e.g. through the possibility of part-time work and switching to less demanding jobs late in working life. This may be one reason why seniors who are self-employed or work in smaller companies retire later. Conversely, persons with an older partner retire earlier on average.
- Seniors over retirement age are more likely to be employed in education, culture and leisure as well as in associations. Conversely, they are employed to a lesser extent in industry and in a number of care professions in the public sector, including in daycare centres and nursing homes.

- Danish seniors are at the top in Europe when it comes to employment, and this position has been further strengthened over the past few years. This provides a strong starting point for the economy prior to several years with a growing proportion of seniors in the population.

3.1 Seniors are increasingly contributing to growth in Denmark

There are currently more than 400,000 employed persons aged 60 and over in Denmark, *cf. figure 3.1*. This is about four times as many as in 1995, and seniors'[1] share of total employment is now just under 14 per cent, compared with just 4 per cent in 1995. The increase is partly a result of the fact that more persons aged 60 and over have arrived, but also to a large extent because the group has gained a significantly stronger labour market attachment. Thus, the share of 60+ year-olds in the population has increased from almost 20 per cent to 27 per cent in the period, while the share of seniors in employment – the employment rate – has more than doubled.

Figure 3.1 Persons aged 60 and over are increasingly important for the labour market



Note: Figures for the number of self-employed persons and for wage earners in the years 1995, 2000 and 2005 are based on the AKM register. Other figures are based on wage earner employment as calculated by Statistics Denmark. For 2025*, the number of employees is based on figures for Q2, while the number of self-employed is based on figures for 2023, for which the latest observation is available.
Source: Statistics Denmark and own calculations.

A key part of the employment growth in recent years

Over the past five years, employment has increased significantly, and from the end of 2019 up to and including the second quarter of 2025, the number of employees has increased by 260,000 persons. On the one hand, the increase has been based on a high demand for labour in companies and, on the other hand, has been supported by a significant expansion of the labour

[1] In this thematic chapter, "seniors" generally refers to persons aged 60 and over. This includes people in the later part of their working life, where there is generally an increasing scope for retirement as they get older. The group has and will change its character over time, as more healthy life years continuously give the group better opportunities to be in work.

supply. Seniors have – together with international labour – contributed to the majority of the expansion in the labour force and the increase in employment during the period.[2] Thus, almost 100,000 of the several employees in the period are 60 years of age or older, *cf. figure 3.2*. The increase in the number of seniors in employment during the period primarily reflects the fact that *the share* of seniors who are in employment has increased. This explains about 70 per cent of the increase – while the remaining 30 per cent is a result of the increase in the number of seniors in the population, *cf. figure 3.3*.

Figure 3.2 Seniors have contributed to a large part of the employment growth...

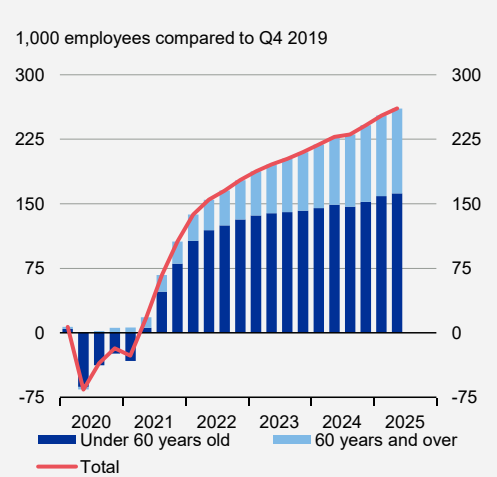
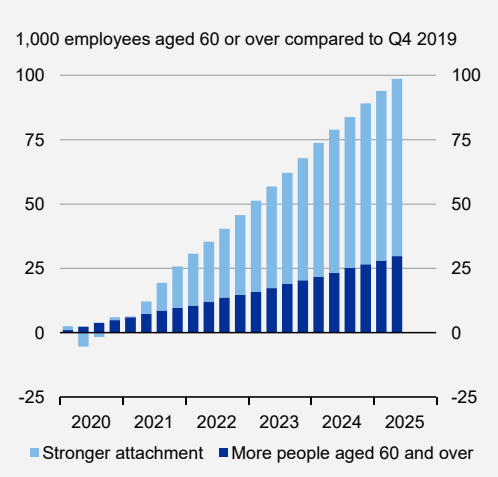


Figure 3.3 ... which is primarily due to a stronger labour market attachment for the group



Note: Own seasonal correction in both figures.
Source: Statistics Denmark and own calculations.

In particular, the age groups from 63 years to 69 years are more likely to be in employment, with increases in employee frequencies ranging from 6 percentage points to 16 percentage points, *cf. figure 3.4*. For the 66-year-olds, for whom the frequency has increased the most (both relatively and measured in percentage points), the share of wage earners has thus almost doubled since 2019. At the same time, there are now almost 100,000 wage earners over the state pension age. Conversely, the increase has been more modest for persons between 60 and 62 years, which should be seen in light of already relatively high wage earner rates for these age groups compared to the rest of the population. The increase has also been more modest for persons aged 70 or over.

Seniors' labour market attachment has increased across all regions of the country, *cf. figure 3.5*. The largest increases have been in East Zealand and North Zealand, both with an increase of more than 10 percentage points in the share of employed among the 60-74-year-olds. This is despite the fact that these were already the two regions with the highest employment rates.[3]

[2] See the thematic chapter in the Economic Survey, August 2024 for a similar analysis of the importance of international labour for the Danish economy.
[3] Differences between regions also reflect, among other things, differences in industry compositions and the age distribution of seniors, *cf. section 3.3*.

Figure 3.4 Large increases in employment rates across age groups

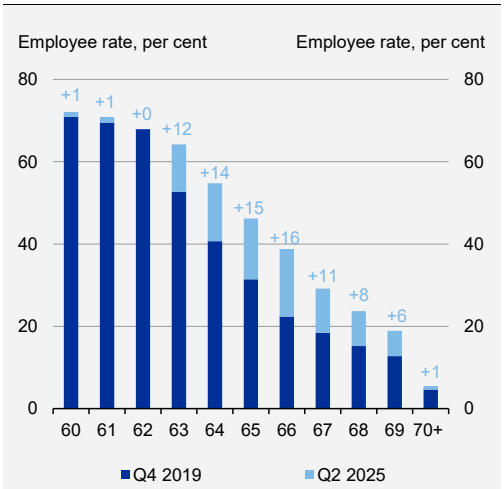
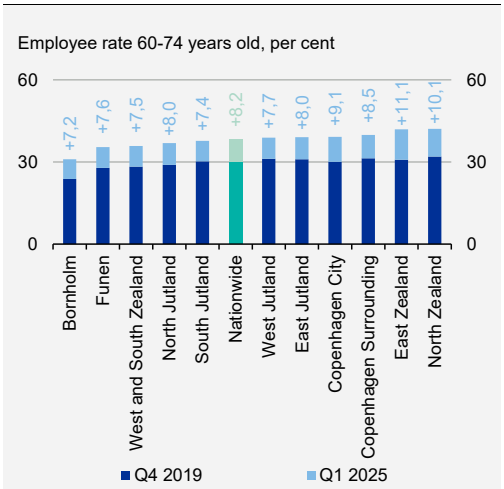


Figure 3.5 Seniors' attachment to the labour market has increased significantly across the country



Note: Employee rates indicate the number of employees as a proportion of the respective population groups. Own seasonal adjustment.
Source: Jobindsats, Statistics Denmark and own calculations.

Seniors also work more hours on average than before, *cf. figure 3.6*. Thus, the total scope of work of seniors has increased to an even greater extent than the increase in employment alone indicates. In particular, it is persons between the ages of 65 and 69 that work more hours, but the oldest age groups also work more hours than before, *cf. figure 3.7*. In 2024, 65-69-year-olds worked just over 140 more hours per year than in 2019, corresponding to an increase of 11 per cent. For the age groups between 40 and 60 years, working hours have remained approximately unchanged in the same period, while even the even younger age groups also worked slightly more hours on average in 2024 than in 2019.

Seen in isolation, the compositional effect of the increase in the number of seniors in employment has reduced the total average working hours for employees by 0.1 per cent from 2019 to 2024. However, the simultaneous increase in the average working hours for seniors has increased by 0.2 per cent.[4]

[4] Similarly, previous analyses have pointed out that the development in average working hours has been dampened by compositional effects since 2008, including from more seniors in employment, but that the underlying working hours – excluding compositional effects – have been increasing in the same period, *cf. Appendix 5A in the Government (2023): DK2030 – Denmark equipped for the future, November 2023*. It also controls for other demographic and socioeconomic composition effects in addition to age.

Figure 3.6 Seniors in wage earner employment work more hours on average than before

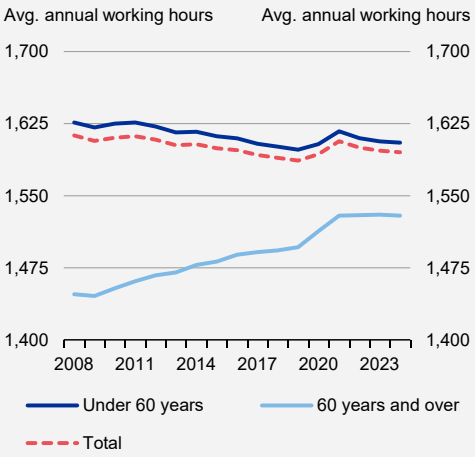
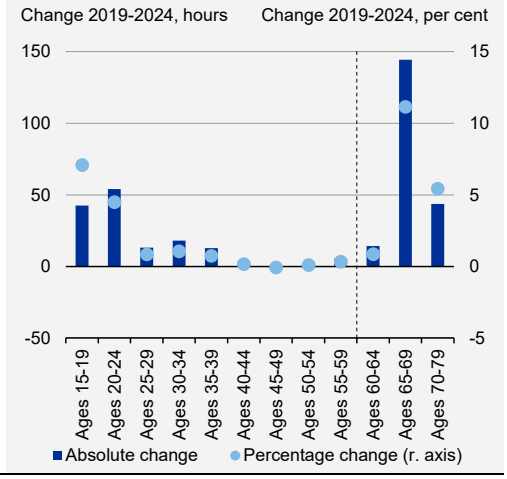


Figure 3.7 It is especially wage earners aged 65 and over who work more hours than in 2019



Note: Both figures are based on own register extract from the Wage Earner Register (BFL).
Source: Statistics Denmark and own calculations.

More seniors in employment have supported economic growth

Since 2019, there have been major shocks to the global economy in the form of the pandemic, war in Ukraine, high inflation, rising interest rates and trade conflict, but from an international perspective, the Danish economy has performed strongly through the period, and the demand for labour in companies has also been high.[5] The high demand for labour has been manifested by widespread reports of labour shortages during the period, an extraordinary number of vacancies and, overall, pressure on the economy's available resources, *cf. Chapter 1*. More seniors in employment have increasingly contributed to meeting the companies' demand for labour. In this way, the seniors have supported the increase in activity during the period.

A technical calculation based on the supply side of the national accounts indicates that the increased workload and estimated productivity of seniors may have contributed 3 percentage points of the GDP growth from 2019 to 2024, which represents approximately 1/4 of the growth, corresponding to DKK 65 billion (2020 prices, linked values), *cf. figure 3.8*.[6] The contribution is largely due to higher employment, but also the increased average working hours and a higher estimated productivity (based on their relative wage level) point to a positive activity contribution from seniors during the period, *cf. figure 3.9*. The estimate is associated with some degree of uncertainty.

[5] See also Chapter 3 of the Economic Survey, August 2025, which sheds light on the resilience of the Danish economy in the period since 2019 in the light of reforms and economic structures.
[6] The estimate has adjusted for the fact that more people aged 60 and over have arrived during the period. If the effect of the increase in the number of 60-year-olds is also included in the period, the growth contribution amounts to 4.1 percentage points.

Figure 3.8 Estimate indicates that seniors have contributed to approximately ¼ of the growth since 2019...

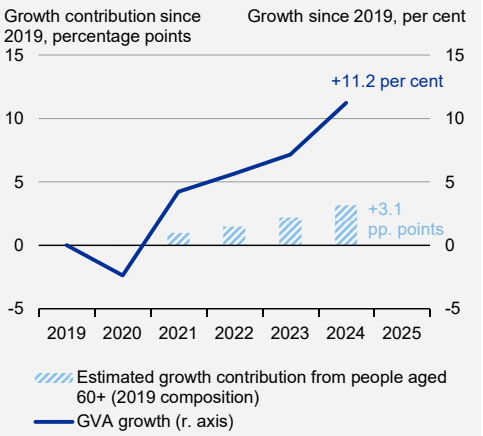
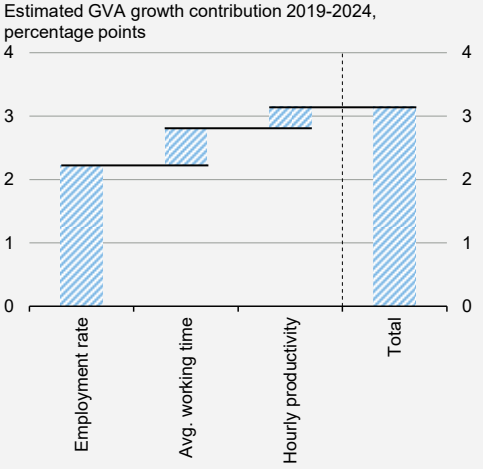


Figure 3.9 ... which is largely based on higher labour market participation



Note: The estimates in the figures are based on a mechanical decomposition of GVA in the national accounts, where it is assumed that the total number of hours worked as calculated in the national accounts is distributed in the same way across age groups as in the Wage Earner Register (BFL). The hourly productivity of persons over and under 60 years of age is calibrated to have the same relative relationship as between the hourly wages of the two groups in the BFL register (broad wage amount). The contribution is calculated on the basis of an unchanged population composition from 2019, so the effect of the increase in the number of persons over the age of 60 as a result of ageing is not included in the estimate. In figure 3.9, residual (contribution from cross-product) is distributed equally across sub-contributions. The cross-product amounts to 0.1 percentage points and consists of the part of the growth contribution that emerges from the interaction between the individual contributions.

Source: Statistics Denmark and own calculations.

Over the past five years, productivity growth in the Danish economy has been relatively weak in a historical perspective in large parts of the economy – especially when activities related to the processing and sale of goods outside Denmark's borders are excluded, *cf. Chapters 1 and 4*. It is estimated that the composition of the labour force has contributed to weaker productivity growth.[7] The fact that more seniors have entered employment may also have had an impact on this, but the sign is not unambiguous.[8]

In an analysis of productivity development in recent years, the Economic Council finds that age *in isolation* has a negative effect on hourly productivity after the age of 40.[9] This may be due to the fact that aging can continuously weaken physical and cognitive skills.[10] Conversely, experience and long-term attachment to the labour market – both of which generally increase with age – are increasingly contributing positively to productivity. If hourly wages are used as a proxy for individual productivity, developments across ages indicate that overall productivity

[7] See also Chapter 3 of the Economic Survey, December 2024, which deals with the relatively weak productivity development in Denmark in recent years.
[8] The literature on the effect of an ageing workforce on productivity points to a number of opposing effects. For a description of the literature on this, see chapter 3 in Economic Survey, May 2025 (pp. 61-62).
[9] Cf. Chapter 2 of the Economic Councils (2025): *The Danish Economy*, autumn 2025.
[10] Cf. fx IMF (2025), The Rise of The Silver Economy: Global implications of population aging, *World Economic Outlook April 2025*.

increases towards the age of 50, but then gradually declines, *cf. figure 3.10*.[11] Even though wages fall gradually for the older age groups, hourly wages remain higher than the average hourly wage for all employees. In part, the falling hourly wages for the older age groups are due to a change in the composition. However, if the overall composition differences (measured by education, job functions and industries) are corrected for, there is still a slightly decreasing trend in hourly wages from the age of 60 onwards. This also suggests that there may be a slight decline in hourly productivity as we age after the age of 60 – although the level remains relatively high even for the oldest age groups.[12]

Across firms, seniors are more likely to be employed in more productive firms within each industry, *cf. figure 3.11*. This may be because, for example, seniors may have extensive company-specific knowledge and experience that can help lift companies' productivity.[13]

Figure 3.10 Average hourly wages fall slightly in later years of working life

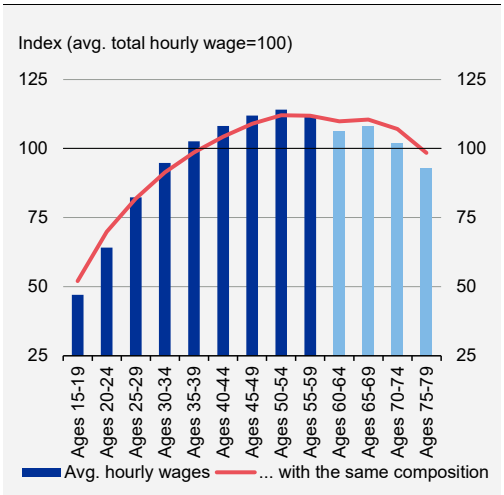
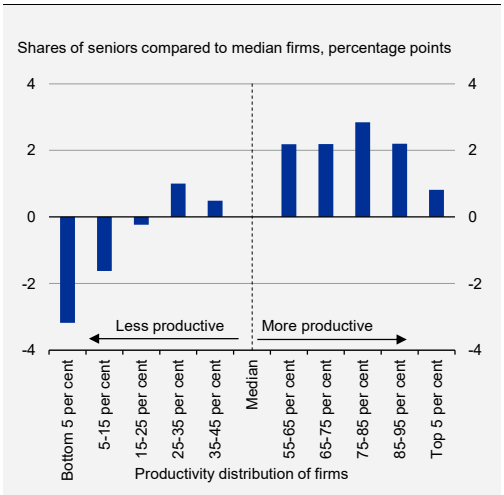


Figure 3.11 The most productive companies have a relatively higher proportion of seniors than the median company



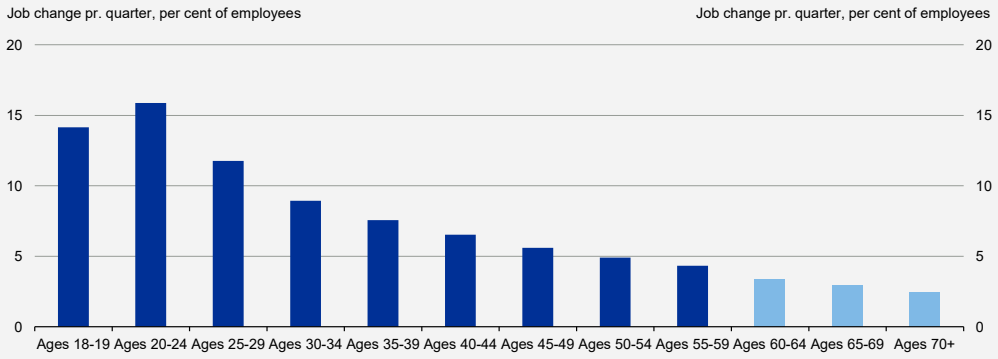
Note: In figure 3.10, average hourly wages are based on the broad wage amount in register data from BFL. *"… with the same composition"* is a standardised calculation of average hourly wages, where the composition across overall industries, job functions (DISCO) and education levels is assumed to be equal to the average for the considered age groups. In figure 3.11, productivity is based on value added on the basis of business register data. The percentile divisions are made within each industry based on the 19-industry grouping, which takes into account any overall distributions in industry differences across age groups. *Median* includes companies in the 45-55th percentiles.
Source: Statistics Denmark and own calculations.

The opposite may be the case that the proportion of persons who change jobs is declining with age and is lowest among the oldest age groups, *cf. figure 3.12*. This should be seen in the light of the seniors' own preferences and the fact that seniors have built up valuable company-specific experience. Potentially, lower job turnover due to an ageing population could in isolation

[11] Wages are not a perfect measure of individual productivity but can be an indication of this. For a discussion of this, including reservations, etc., see, e.g., Skaksen and Samandari (2022): Hvordan klarer ældre sig på arbejdsmarkedet.
[12] In this context, there may also be an effect of the relatively most productive staying in employment for longer.
[13] Similar studies for other countries point in different directions. Studies on German and Israeli data find a similar trend with more older people in more productive companies, while two studies find the opposite in the US, *cf. Allen (2019): Demand for older workers: What do economists think? What are firms doing?, NBER working paper.*

contribute to weakening the efficiency of labour allocation in the economy and thereby productivity growth.[14] In the other direction, however, it may be that seniors may have built up more company-specific knowledge and experience that may be lost in the event of a job change. In addition, all other things being equal, it increases the total turnover in the labour market when more seniors are in employment rather than being withdrawn. For this reason, *the number* of seniors who change jobs has increased significantly over the past few years.[15]

Figure 3.12 Seniors change jobs less often



Note: Based on figures for 2024.
Source: Jobindsats.dk, Statistics Denmark and own calculations.

3.2 Health, reforms and economic expansion have supported seniors' employment

Many factors have influenced the sharp increase in seniors' employment over the past decades, including in the period since 2019. A key prerequisite for the progress is that seniors have become healthier over the years and therefore have a better opportunity to hold a job later in life. Linked to improved health are several reforms and initiatives that have been implemented over the past decades, which have also supported more seniors in work. In addition, the high demand for labour in recent years has given seniors good opportunities to be in work. A number of these key drivers behind the development are highlighted below.[16]

Healthier lives support the possibility of a longer working life

Increasing life expectancy and the fact that more persons maintain good health for longer increases the chances of prolonging working lives. This has contributed to higher employment for

[14] In both Danish data and international literature, there is a tendency for job changes to take place from low- to high-productivity firms, which indicates that more job changes can support productivity development through improved allocation. For more on this, see Box 3.3 in the Economic Survey, May 2025.
[15] Thus, in 2019, there were 38,000 job changes among seniors, compared to 50,000 in 2024.
[16] This section touches on explanations of politics, health and the business cycle. However, other factors may also have affected the development, including changes in norms and culture, fewer physically demanding work functions and collective bargaining measures that have affected the seniors' prerequisites for employment (e.g. senior days).

seniors. However, health deteriorates with age (e.g. measured as mortality, disease prevalence and self-assessed health) and is thus still a greater barrier to an active working life among seniors than for the rest of the population. An active life and a continued attachment to the labour market require that health makes it possible.

A key measure of the population's health status is life expectancy, which indicates the average life expectancy of persons at a given age.[17] Life expectancy has increased significantly over the past decades, which may be due to medical advances, generally healthier lifestyles and less physical wear and tear.[18] For 60-year-olds, life expectancy has increased by about 3½ years since 2000, *cf. figure 3.13*. For women, life expectancy has increased from just over 82 years to about 85½ years, while for men it has increased from just under 79 years to about 82½ years in the same period.

Figure 3.13 Life expectancy for 60-year-olds has increased significantly in recent decades

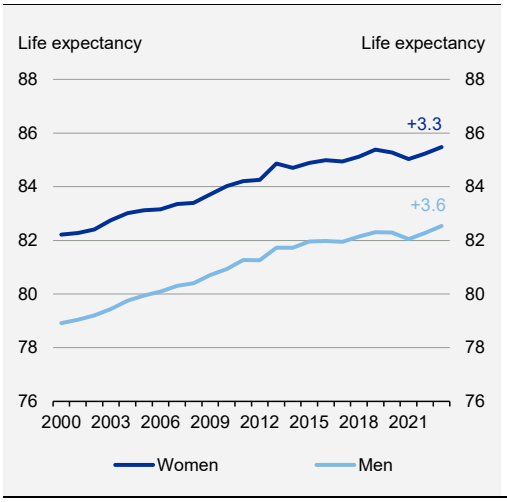
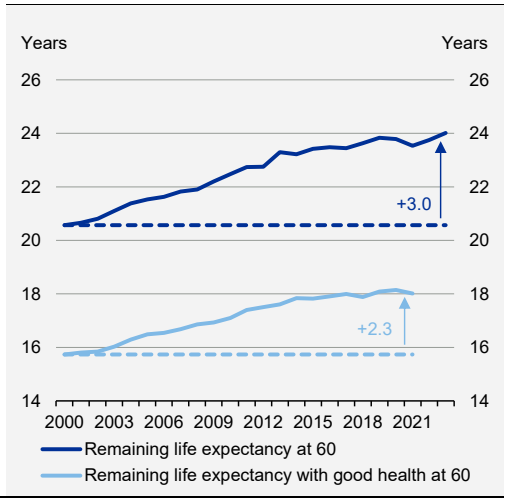


Figure 3.14 The number of years with the opportunity for an active leisure and working life has increased in the same period for the 60-year-olds



Note: In figure 3.13, life expectancy is given as the average remaining life expectancy for 60-year-olds. Remaining life expectancy in good health in Figure 3.14 is based on data from the Global Burden of Disease Study (GDB). The latest available period for this statement is 2021.
Source: WHO, Statistics Denmark and own calculations.

The development of life expectancy does not provide a complete picture of the health status of the population. In an employment context, it is not only the life expectancy that is decisive, but also the state of health of the extra years of life. A more nuanced measure of the population's health will therefore also include *the quality-of-life* expectancy, e.g. the proportion of life

[17] The average life expectancy of a population group is calculated on the basis of the age-distributed survival probabilities from one year to the next. The average life expectancy of newborns is calculated, for example, by calculating for a given year how large a proportion of the 0-year-olds live to be 1 year, how large a proportion of the 1-year-olds live to be 2 years, and so on.
[18] See, for example, the Ministry of Finance (2021): Ulighedsredegørelsen 2021.

expectancy that can be expected to be characterised by good physical and mental health without significant functional impairment.

The World Health Organization (WHO) sets a goal for healthy life expectancy (HALE). In the report, the average life expectancy is corrected for the years that are typically spent with health problems of a nature that limits the opportunities for an active life, including participation in the labour market. According to the HALE measure, about 3/4 of the increase in life expectancy is converted into healthy life years, which indicates that a significant part of the increase in life expectancy can also be expected to contribute to a longer and more active working life, *cf. figure 3.14*. Other studies point to roughly the same trend, although with some uncertainty.[19]

One in ten withdrawn seniors in Denmark cite health reasons as the primary reason for leaving the labour market.[20] The limited scope of health-related retirements should be seen in the context of the fact that the retirement system, including early retirement schemes, is largely designed with financial incentives and cultural norms linked to specific age limits, e.g. the early retirement and state pension ages. Only a small part of the retirement system is linked to health (disability pension and senior pension). This means that most persons retire before their health deteriorates significantly, *cf. the next section*.

Reforms and economic incentives have supported the increase in senior employment

Higher life expectancy and more healthy life years, together with in particular the life expectancy indexation of the retirement age, have helped to ensure a better balance between years in and outside the labour market, thereby supporting economic sustainability.

With the *Agreement on Future Prosperity, Welfare and Investments in the Future* from 2006 (the "Welfare Agreement"), the life cycle indexation in the retirement system was introduced. Thus, increasing life expectancy gradually translates into a longer working life for healthy and active citizens, among other things to support a balance between the number of years in and outside the labour market as well as an economically sustainable retirement system. The longer life expectancy cannot be directly read in corresponding increases in employment among the elderly. This is partly due to the fact that the financial incentives for later retirement are gradually and with some delay adjusted with the lifespan. The increase in life expectancy is thus only translated into increased employment among seniors after some time.

The significant increase in seniors' employment in recent years should be seen in particular in light of the fact that the state pension age has been raised from 65 years to 67 years, that the early retirement age has been raised from 60 years to 64 years since 2014, and that the early retirement period has been shortened from five years to three years in the period from 2018 to 2023. In addition, the set-off of pension assets in the early retirement scheme has been significantly tightened with effect for cohorts with the possibility of taking early retirement after 1 July 2018. The higher early retirement and state pension ages have had a clear effect on how long seniors stay in the labour market. Looking at cohorts with different early retirement and

[19] See, for example, Chapter 3 in Kommissionen om tilbagetrækning og nedslidning (2022): Fremtidssikring af et stærkt pensionssystem (Danish only).
[20] Based on a questionnaire survey "Pension and labour market participation" by Eurostat from 2023.

state pension ages, there is a clear increase in employee frequencies in line with the increases, *cf. figure 3.15*.

The Danish Economic Council (2024) has estimated that the wage earner employment rate for 60-67-year-olds and their spouses in 2023 was approximately 78,000 persons higher than it would have been if the age limits for early retirement and state pension continued to be 60 years and 65 years, respectively.[21]

Figure 3.15 Gradually increasing employment rates for seniors are closely linked to retirement opportunities

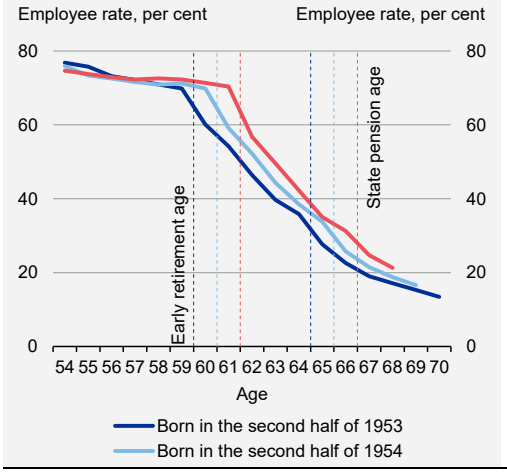
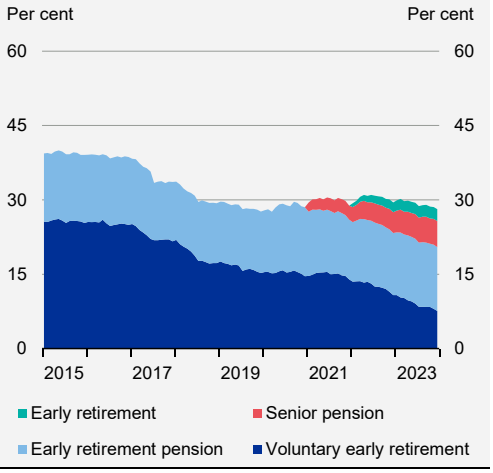


Figure 3.16 Decrease in the proportion receiving retirement benefits before the state pension age



Note: In figure 3.15, the dotted lines reflect the applicable early retirement and state pension ages for the respective cohorts born in the given six months. Figure 3.16 is based on persons with 6 years or less left to the state pension age at a given time. The calculation uses Statistics Denmark's labour market accounts, where persons can have several simultaneous activities and where the attachment to the labour market is hourly standardised in relation to a standard working week of 37 hours.
Source: Statistics Denmark and own calculations.

Withdrawal from the labour market largely takes place continuously after the current early retirement age and up to the state pension age, which must be seen in the context of an increasing scope for retirement for selected persons. Thus, 69 per cent of the persons born in the second half of 1955 were no longer in paid employment at the age of 66, i.e. one year before their state pension age. Thus, early retirement schemes play a central role in seniors' retirement patterns. Overall, however, there has been a marked decline since 2015 in the share of 60-70-year-olds who receive an early retirement benefit, and the early retirement schemes are used to a greater extent by persons with documented reduced capacity for work (disability pension or senior pension), *cf. figure 3.16*. In parallel with the increases in the state pension and early retirement age, new schemes have been introduced on an ongoing basis that enable early retirement from the labour market – for example as a result of a long working life or health reasons. Newer schemes such as *early retirement* and *senior pension* have thus supplemented existing schemes.

[21] See The Danish Economic Council (2024): *Dansk Økonomi, efterår 2024 (Danish only)*.

In addition to the increases in the state pension and early retirement age and the introduction of early retirement schemes, a number of initiatives have been introduced with the aim of increasing the financial incentives to work more around the state pension age. Box 3.1 provides an overview of the key initiatives that are important for the withdrawal decision in recent years.

The initiatives have meant that the financial incentives to stay longer in the labour market have been significantly strengthened since 2019. The increasing employment among seniors must therefore also be seen in the light of, among other things, the introduction of a tax-free senior premium for persons with a certain amount of employment in the first and second year after the state pension age.[22] In addition, recent initiatives – including the abolition of set-off against the basic amount of the state pension and pension supplement on one's own and spouse's earned income – have further increased the incentive to work more by significantly reducing the effective marginal taxes on labour income.[23]

The effective marginal tax rate indicates how large a proportion of the last krone earned is paid in taxes or offset against public benefits. With the abolition of the set-off of own earned income from the basic amount of the state pension and pension supplement, the effective marginal tax rate has been reduced by about 18 percentage points for an employment income between DKK 250,000 and DKK 435,000, cf. *figure 3.17*.

Overall, the initiatives have strengthened the economic incentives for employment among seniors. The age-related changes in the tax and pension system increase disposable income by continuing to work at the individual age levels around the state pension age, *cf. Figure 3.18,* where the effects are illustrated for a full-time employee. In particular, it is the abolition of the set-off of earned income in the state pension that has increased disposable income significantly – by around DKK 107,000 from approx. DKK 296,000 to approx. DKK 403,000 annually (2025 level). In addition, there is the tax-free senior premium, which – when the planned increases are fully phased in in 2029 – will lift disposable income by DKK 63,100 in the first year and DKK 37,400 in the second year of employment after the state pension age (2025 level). This may help to explain why there is not a larger proportion of persons who retire just around the state pension age, as the financial incentives for being employed in the years immediately after the state pension age increase noticeably.

[22] Eberhardt and Knudsen (2023) found positive, but non-significant effects on full-time employment with the introduction of the senior premium. However, the analysis indicated that there are greater effects of the second-year senior premium than the first-year senior premium, as well as indications of a learning effect that may lead to greater effects in the long term. With the prospect of increased senior premiums in 2026 towards 2029, the incentives to work more than 30 hours a week will be further increased for people over the state pension age. See Eberhardt and Knudsen (2023): Eyes on the Prize: An empirical analysis of the Senior Prize, *Nationaløkonomisk Tidsskrift 2023:4.* See also Ministry of Finance (2024): Calculation principles for the economic consequences of the senior premium, *Documentation note,* 15 August 2024.

[23] An empirical analysis from the Ministry of Employment shows that the abolition of offsetting the national pension against one's own earned income has increased the labour supply by around 1,200 full-time people – primarily because more people choose to stay longer in the labour market. The analysis does not examine the separate effect of abolishing set-off against a spouse's earned income, *cf. Ministry of Employment (2025): Status på arbejdsmarkedet, Oktober 2025 (Danish only).*

Box 3.1 Selected initiatives with an impact on seniors' labour market participation

In recent years, several initiatives have been implemented with an impact on seniors' labour market attachment. Below are described a number of the key changes that have affected the retirement decision for seniors.

- *Gradual increase of the state pension age from 65 years to 67 years*
  As part of the *Welfare Agreement (2006)* and *the Agreement on Later Retirement (2011),* the state pension age was gradually raised from 65 years in 2019 to 67 years in 2022. A key element of *the Welfare Agreement* is the principle of life expectancy indexation, which links the state pension age with the development of life expectancy. Since 2011, the Danish Parliament has on several occasions adopted further increases in the state pension age from 2030 onwards. Most recently, in the spring of 2025, the Danish Parliament decided that the state pension age will be raised to 70 years in 2040.
- *Gradual increase of the early retirement age from 60 to 64 years and shortening of the period from 5 years to 3 years*
  As part of *the Agreement on Later Retirement (2011),* the early retirement period was shortened from 5 years to 3 years, so that the early retirement age has gradually been raised from 60 years in 2013 to 64 years in 2023. In addition, the set-off rules in the early retirement scheme have been tightened so that the benefit is more targeted at persons with relatively low pension assets. The early retirement age follows the state pension age with a fixed distance of three years.
- *Removal of set-off against state pension as a result of spouse's and own earned income*
  From 1 January 2023, the spouse's or cohabitant's earned income will no longer be included in the income basis for set-off against the basic amount of the state pension, pension supplement or supplementary benefits, as well as disability pension and senior pension. At the same time, pensioners will no longer be deducted from the basic amount of the state pension and pension supplement as a result of their own income from work.
- *Introduction of senior premium and subsequent increase thereof*
  As of 1 July 2019, a tax-free senior premium was introduced for persons who work at least 1,560 hours in the first year after the state pension age. Later that year, the premium was increased and an additional premium was introduced for the second year of employment. For the period 2019-2025, the premiums amounted to DKK 48,555 for the first year and DKK 28,902 for the second year (at the 2025 level). As part *of the Agreement on the Reform of Personal Tax (2023),* the premiums will be increased so that in the period 2026-2028 they amount to DKK 53,900 and DKK 32,100 respectively (at the 2025 level), and from 2029 they will be further increased to DKK 63,100 and DKK 37,400 (at the 2025 level), respectively.

In addition, two new early retirement schemes have been introduced:

- *Introduction of senior pension*
  As of 1 January 2020, the senior pension was introduced as a health-related retirement scheme for seniors with reduced ability to work and long-term labour market attachment. To receive senior pension, you must have a maximum of 6 years until the state pension, have a long-term attachment to the labour market (20-25 years) and have a work capacity of no more than 15 hours per week compared to your last job.
- *Introduction of the right to early retirement*
  As of 1 January 2022, early retirement was introduced intended for persons who have had a long-term attachment to the labour market. Persons with 44, 43 and 42 years of service in the labour market when they are 61 years of age respectively may be entitled to early retirement 3, 2 and 1 year before the applicable state pension age. Seniority is calculated on the basis of ATP payments from the age of 16.

Measures with effect from 2026:

- *Extra employment allowance for seniors*
  As part *of the Agreement on the Reform of Personal Tax (2023)* and subsequently expanded in the *Agreement on the Finance Act for 2026,* a new extra employment allowance has been introduced for seniors with effect from 2026, which applies from 5 years before the state pension age. The deduction rate is 8.5 per cent until 2029 and will increase to 10 per cent from 2030. The maximum deduction is DKK 37,000 (2026 level) until 2029 and DKK 43,800 from 2030 onwards.

Source: The Ministry of Finance, the Ministry of Employment and the Ministry of Taxation.

Figure 3.17 Lower effective marginal tax rate for state pensioners after abolition of set-off in state pension

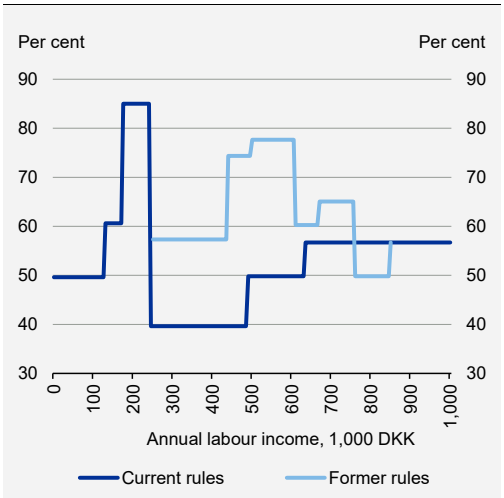
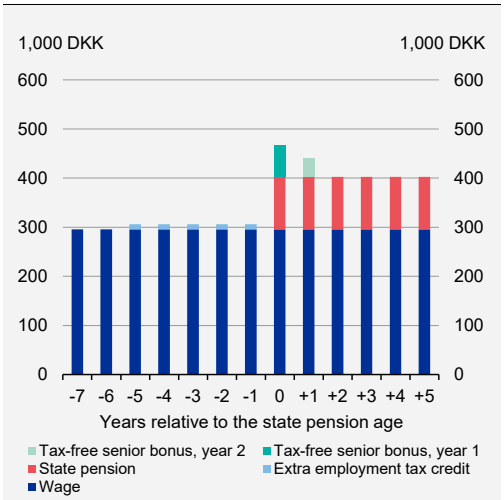


Figure 3.18 Great financial gain from working after the state pension age



Note: In figure 3.17 is shown the effective marginal tax rate for a single state pensioner across employment income in 2026. *Former rules* covers the effective marginal taxes if the state pension (basic amount and pension supplement) is offset against the earned income as in 2022. The statement does not include the green check, supplementary green check, media check, as well as any heating allowance and health allowance. The reason why the effective marginal tax rate is lower with the *Former rules* for earned income between DKK 760,000 and DKK 845,000, is that the taxable income is reduced because of the offset against the state pension (basic amount and pension supplement). Thus, the middle and top tax thresholds at different levels of earned income come into play in the two scenarios. In figure 3.18 is shown the disposable income in the years around the state pension age for a full-time employee with a wage income of DKK 435,000 excluding pension per year, corresponding to the level of an average worker employed in the DA/FH area. The calculation is calculated at the 2025 level with 2030 rules.
Source: Statistics Denmark and own calculations.

Favourable economic conditions can keep seniors on the labour market longer

The relatively strong development in GDP and in demand for labour over the past few years has also helped to support more seniors in employment. This may be because seniors have a better opportunity to stay longer in the labour market as a result of a lower risk of becoming unemployed, and that employers have a greater incentive to keep seniors in employment. In addition, unemployed seniors may find it easier to get back to work. It is considered to have strengthened structural employment and contributed to lower pressure on the labour market that more seniors have chosen – and have had the opportunity – to stay longer in the labour market in recent years, as it has been able to meet some of the high demand for labour during the period.

The cyclical sensitivity of seniors' employment may be a consequence of the fact that companies that lack labour may be more inclined and willing to try to retain seniors in employment – e.g. through higher wages or increased flexibility – as well as to hire seniors. In recent years, there has thus been a certain tendency for industries with a greater degree of labour shortage to have

a higher proportion of employed seniors, *cf. figure 3.19*.[24] This overall trend has been most evident in construction and industry – albeit with significant differences across the board. Especially in several industrial sectors, including the metal industry and the plastic, gas and concrete industries, the proportion of seniors has increased. Conversely, the increase has been less pronounced in construction, which may reflect differences in the industries' opportunities to retain and attract seniors, including as a result of the physical demands of the jobs and opportunities for part-time work, etc., *cf. Section 3.3*.

Figure 3.19 A certain tendency for industries that have had a shortage of labour to generally employ a larger proportion of seniors

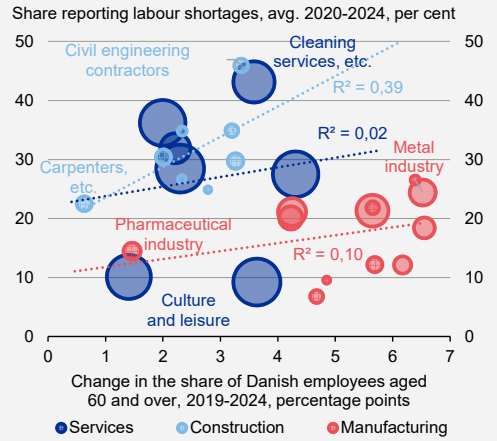
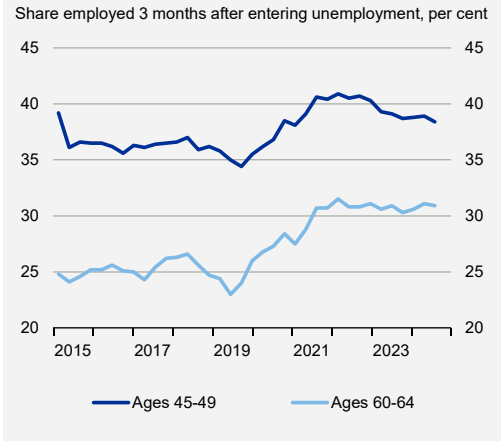


Figure 3.20 Seniors find it easier to get back to work than before



Note: In figure 3.19, the share of seniors is measured only for persons with Danish citizenship. This has been done in part to correct for the fact that industries may have different access to (younger) international labour. The size of the bubbles is scaled according to the number of seniors in the industry in 2024.
Source: Statistics Denmark and own calculations.

There have been relatively few bankruptcies and cutbacks in recent years, and this may also have contributed to keeping more seniors in the labour market longer. Thus, seniors generally take longer to return to work in the event of new unemployment, *cf. figure 3.20*.[25] Vive (2025) also points out that job losses for seniors significantly increase the likelihood of retirement.[26] At

[24] However, reported labour shortages and a higher proportion of seniors in employment can be independently influenced by many factors. This applies, for example, to the industries' access to other forms of qualified labour, including international labour, as well as the job requirements that cannot necessarily be met by seniors to the same extent in different industries (e.g. if some jobs involve hard physical work). The correlation can also be obscured by the fact that companies that find it more difficult to retain seniors in employment may also have had a greater degree of labour shortage.
[25] The lower proportion of seniors who go from unemployment to employment should also be seen in light of the fact that seniors generally lose their jobs less often than younger age groups. For the period from 2008 to 2022, 1.1 per cent of 55-64-year-olds in employment entered unemployment per quarter, compared with 1.2 per cent of 35-54-year-olds and 1.9 per cent of 25-34-year-olds, cf. *Chapter 3 of the Economic Review, March 2023*.
[26] Vive (2025): Seniorers karriereforløb efter jobtab, January 2025 (Danish only).

the same time, the seniors who have become unemployed in recent years have returned to work faster compared to the period from 2015 to 2019.[27]

There are generally greater fluctuations in seniors' wage earner rates than for other age groups, but conversely smaller fluctuations in their unemployment.[28] This should be seen considering the fact that seniors have better opportunities than others to leave the workforce by being able to retire in the event of a recession.

A recession could potentially mean that some vintages retire earlier than usual. This can lead to a period of lower labour supply, even if the economy were to turn, as persons who have retired rarely return to the labour market. However, studies show that the potential "scarring" effects of this are modest and gradually diminishing, as the cohorts in question would have retreated a few years later anyway.[29]

3.3 Flexibility and job satisfaction promote later retirement

When seniors retire from the labour market depends on many factors. Differences in these factors across the economy imply that there are differences in how long seniors stay in the labour market. This section highlights the differences in withdrawal patterns across the economy, as well as a number of the underlying causes.

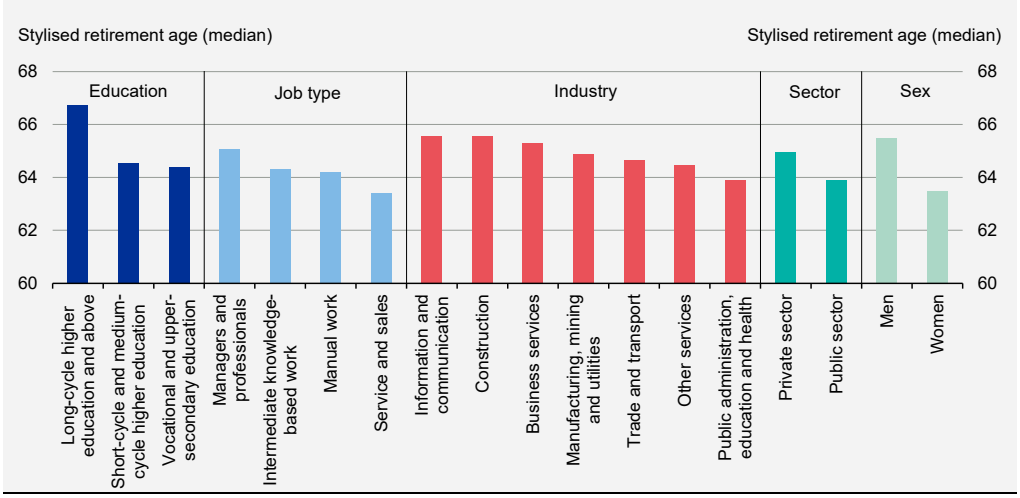
Differences in retirement ages are due to both work ability and job satisfaction

Overall, there are significant differences in when and to what extent different groups withdraw from the labour market, *cf. figure 3.21*.

There are many explanations for these differences. First and foremost, *the ability to work* has a key impact on the time of retirement. In a survey by the National Research Centre for the Working Environment, half of the persons who have "worked with processing, producing or moving things" in 2022 answered that they expect that the reason for their retirement will be that they will no longer be able to cope with the work.[30] Conversely, this was only the case for 1/5 of the persons with "office work, administration, analysis and IT". This is evident in the withdrawal times of different groups. Thus, persons with longer cycle higher education, persons who work with management and high professional knowledge, and persons in information and communication generally retire later than, for example, persons with vocational education and persons who work with manual work as well as with service and sales. This reflects the fact that manual work and work with service and sales often requires more physical work from the persons relative to, for example, office work and the like.

[27] For the period from 2008 to 2022, 1.1 per cent of 55-64-year-olds in employment entered unemployment per quarter, compared with 1.2 per cent of 35-54-year-olds and 1.9 per cent of 25-34-year-olds, cf. *Chapter 3 of Economic Survey, March 2023*.
[28] See Chapter 2 of Economic Survey, March 2023.
[29] Cf. T. M. Andersen, Maibom, Svarer & Sørensen (2017): Do Business Cycles Have Long-Term Impact for Particular Cohorts?, *LABOUR,* september.
[30] Cf. L. L. Andersen, O. Sørensen, Meng & Sundstrup (2023): Motiver, muligheder og barrierer for et længere arbejdsliv i Danmark, *The National Research Centre for the Working Environment* (Danish only).

Figure 3.21 Differences in the retirement ages of different groups



Note: The stylised retirement age is defined as the age at which 50 per cent of the 1956 cohort have retired based on what their industry, job function, sector, highest completed education and gender were in 2010, i.e. at the age of 54. This can thus be interpreted as a median retirement age. Only Danish citizens who are employees are considered. Persons may have changed industries etc. in the meantime until their retirement. *Other services* include the industries *Finance and insurance, real estate and rental* as well as *Culture and leisure*. *Intermediate knowledge-based work* also includes *General office and customer service work,* while *manual work* includes the industries *crafts, operator, assembly and transport work* and *other manual work.*

Source: Statistics Denmark and own calculations.

Other factors also play a role. For example, persons who have worked in the construction industry retire relatively later than persons who have worked in several service industries such as culture and leisure or in the public sector. This is despite a relatively higher degree of manual work in the industry.

In this context, the economic conditions of recent years may be a factor, as the construction industry has had a greater degree of labour shortage in recent years, *cf. earlier*.[31] The gender composition may also be important, as men on average withdraw from the labour market later than women.[32] In the construction industry, men accounted for approximately 90 per cent of employees in 2024, while in public administration, education and health, for example, it was only about 30 per cent. The earlier retirement among women may be related to the fact that women often have an older partner and that persons with an older partner generally retire earlier from the labour market. For example, the median retirement age for persons who have a spouse more than 2 years older was about 0.8 years lower than persons with a spouse of the

[31] Similarly, the Labour Movement's Business Council has shown that the retirement age among skilled and unskilled workers has increased more over the past ten years than, for example, academics, *cf. the Labour Movement's Business Council (2025): Unskilled and skilled workers later retire from the labour market, 15 April 2025.*

[32] Women generally use early retirement schemes to a greater extent than men, *cf. Ministry of Employment (2025): Men and women in the labour market 2025.*

same age. On average, 54-year-old married women who were employed in 2010 had a spouse who was 2.2 years older than them.[33]

The desire to work also plays a major role in the retirement – especially in Denmark. In 2022, 79 per cent of Danish seniors who were still in employment after the state pension age responded that they stayed in work either to remain socially integrated or because they liked to work/be productive.[34] This indicates that differences in how rewarding seniors think their jobs are – and in personal preferences – can have an impact on retirement. This can be related to the balance between leisure and work, the possibility of flexibility, *cf. later,* as well as individualised solutions. In addition, for example, a sense of community, obligations and ownership linked to the job can potentially play a role.

The latter is indicated, among other things, by the fact that a relatively large proportion of seniors are self-employed, *cf. box 3.2*. In addition, there is a tendency for companies with fewer employees to retain seniors longer, *cf. figure 3.22*.[35] This applies, for example, to industries such as building and construction, real estate and letting, as well as agriculture, forestry and fisheries, *cf. figure 3.23*. The opposite is the case, for example, in finance and insurance, where almost 1/3 of the employees are employed in companies that employ more than 1,000 persons.

[33] Other factors can also affect the gender differences. For example, a study of Vive indicates that women are more likely than men to withdraw for health reasons, *cf. Vive (2019): Tilbagetrækningsalder og tilbagetrækningsårsager (Danish Only)*.
[34] For the EU, this was only 48 per cent, while 29 per cent stated that it was economically necessary for them. Based on a questionnaire survey "Pension and labour market participation" by Eurostat from 2023.
[35] Some employees in smaller companies will be registered as employees but may also be the owner of the company in question.

Figure 3.22 Later retirement age for persons in small businesses

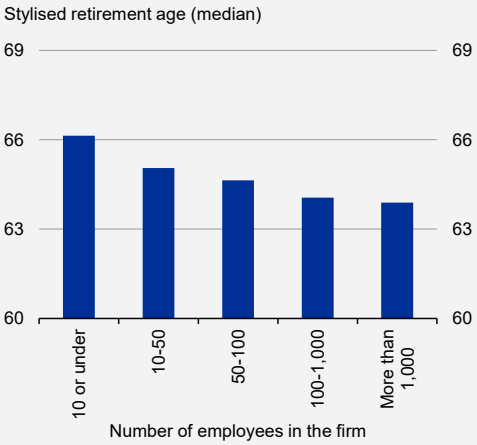
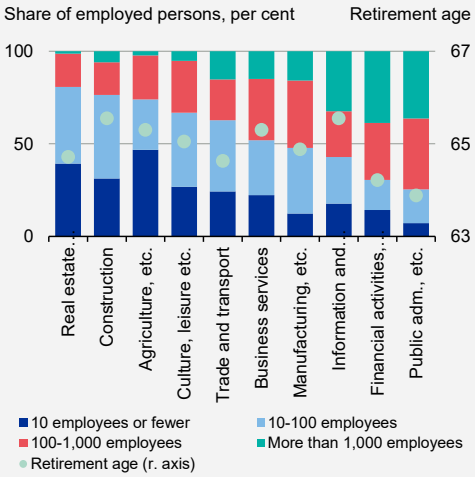


Figure 3.23 There are many small businesses in real estate, construction and agriculture, in particular



Note: Stylised retirement age is made with the same assumptions as in figure 3.21. In figure 3.23 is shown the distribution of employees across industries based on figures for 2024. Company divisions are made on the basis of CVR numbers. Industries are sorted according to the share of enterprises with 1-100 employees as a share of total employment in the industry.
Source: Statistics Denmark and own calculations.

Box 3.2 Seniors make up a large part of the self-employed

Overall, only about 5 per cent of the employed in Denmark are self-employed, but there are large differences across age groups, and particularly economically active seniors are largely self-employed. Thus, 60+ year-olds accounted for 28 per cent of all self-employed persons in 2023, while they accounted for only 13 per cent of wage earners, *cf. figure a*. Thus, there were approximately 45,000 self-employed persons aged 60 or over in 2023. It is especially among the oldest age groups that there is a relative overrepresentation of seniors. Thus, there is an increasing proportion of self-employed persons as age increases, especially on the other side of the state pension age, and 1/3 of the employed aged 70 years or older are self-employed, *cf. figure b*.

There may be several reasons why there is a predominance of self-employed persons among the older generations. First and foremost, starting and running a business can require both experience and capital. In addition, the increasing proportion may reflect the fact that self-employed persons can have a greater degree of flexible work organisation than in salaried jobs, and thus self-employed persons have a better opportunity to reduce their workload or change work function later in their working life. Conversely, the trend may also reflect economic conditions, including the fact that many self-employed persons save relatively little for retirement.[1]

It is largely in agriculture, forestry and fishing, as well as in real estate and renting, that there are many self-employed seniors. In real estate and renting, almost 2/3 of the self-employed are 60 years or older, while it is about half in agriculture. Conversely, there are relatively fewer in the sectors of culture, leisure and other services (13 per cent), information and communication (15 per cent) and building and construction (21 per cent).

Figure a Many self-employed persons are seniors

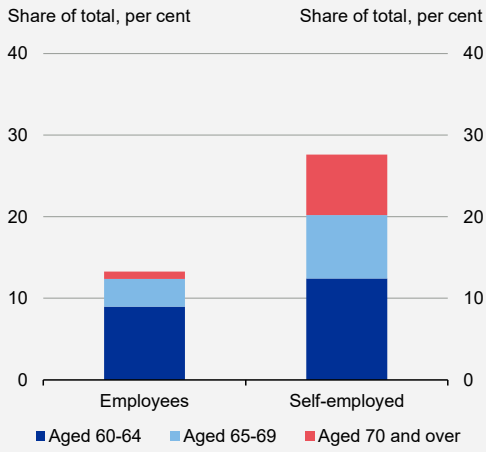
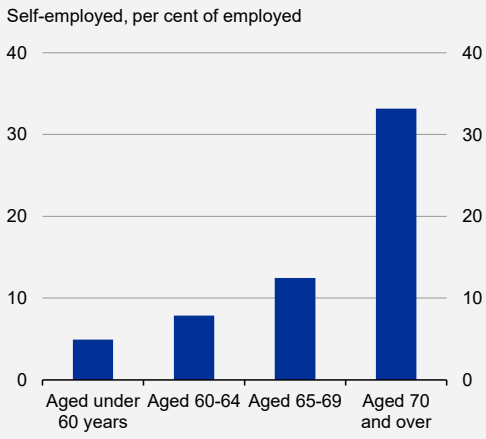


Figure b Among 70+ year-olds, one third of the employed are self-employed



Note: Calculated on the basis of AKM. There may be minor discrepancies, including the number of employees, compared to other statements, including BFL and the national accounts.
1) See, for example, Finance Denmark (2022): Et stigende antal danskere sparer ikke nok op til pension. (Danish only)
Source: Statistics Denmark and own calculations.

For many, part-time employment is a key part of a longer working life

Flexibility in the later part of working life is an important factor for many seniors who choose to stay in the labour market. One form of flexibility is the possibility of part-time work, so that the workload can be scaled according to the ability and desire to work.[36] In an analysis by the National Research Centre for the Working Environment from 2023, half of those employed over the age of 50 responded that they would stay longer in the labour market if there was an opportunity to work part-time.[37] It is also clear that an increasing proportion of seniors on average work fewer hours in line with increasing age. This is particularly the case after the state pension age, when most employees work fewer than 37 hours per week, *cf. figure 3.24*.

Figure 3.24 The majority of employees after the state pension age work less than 37 hours a week

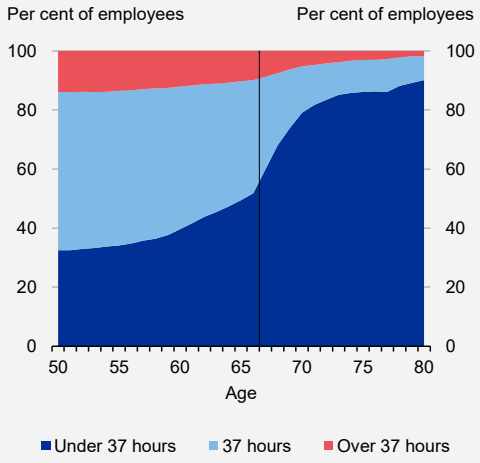
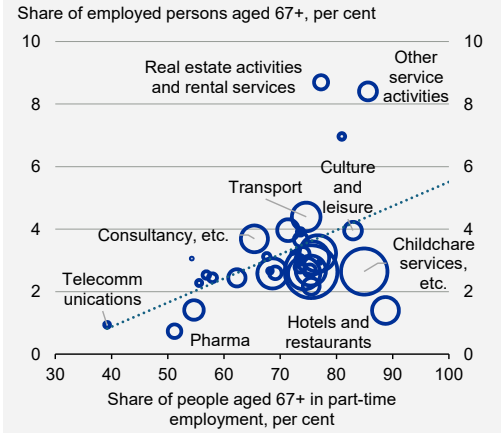


Figure 3.25 More persons after retirement age in industries where part-time work is more common



Note: Both figures are based on figures from 2024. Part-time employment is defined in figure 3.25 as persons who work less than 37 hours a week. Bubble size in figure 3.25 is scaled according to the number of employees in the industry.
Source: Statistics Denmark and own calculations.

Differences in the opportunity to work part-time across industries can thus also be reflected in how many seniors remain in employment after the state pension age. A simple correlation between the proportion of +67-year-olds in an industry and the proportion of 67+ year-olds who work part-time indicates that industries where seniors are more likely to work part-time also have relatively more seniors over the state pension age in employment, *cf. figure 3.25*. Again, however, several factors may come into play, and there are also significant deviations from the trend, including for example in hotels and restaurants, where there is also a lot of part-time work. This may be related to the fact that it is more young persons who work in this industry,

[36] There can be several reasons for the desire to work less. A study by the Rockwool Foundation finds, for example, that seniors tend to reduce their working hours after their first grandchild is born, especially for grandmothers. Seen in isolation, this reduces the working hours of the grandparents but can potentially free up extra working hours for the parents, *cf. the Rockwool Foundation (2024): Newly minted grandparents work less, November 2024.*
[37] Andersen et al. (2023): Motives, opportunities and barriers for a longer working life in Denmark, *The National Research Centre for the Working Environment*. See also chapter 5 in the Ministry of Economic Affairs (2024): Distribution and incentives 2024.

and that several job functions in this can be relatively hard physically, while experience in the job plays a minor role.

Differences in retirement mean more seniors in some industries

Differences in retirement patterns result in seniors working to a greater extent in certain types of companies and industries. The distribution of wage earners across main industries is not very different for 66-year-olds compared with 30-59-year-olds, but after the state pension age there are larger shifts, *cf. figure 3.26*. This is mainly due to later retirement among certain groups, but it may also be because some seniors change industries later in their working lives in favour of others, *cf. later*.

More seniors after the state pension age work in industries such as culture and leisure, trade and business services, as well as real estate and rental. Conversely, there are relatively fewer in public administration, education and health, as well as industry, mining and quarrying and utilities.

If a more detailed industry distribution is considered, it is, for example, work within organisations and associations as well as teaching, where there are relatively many seniors after the state pension age in employment, *cf. figure 3.27*. Conversely, seniors on the other side of the state pension age are relatively underrepresented in several public sector jobs, including especially in day-care centres, primary schools, nursing homes, etc. This may be related to the gender distribution in these jobs, *cf. earlier*. Seen across sectors, this implies that there are relatively more persons employed in the private sector after the state pension age. In 2024, 35 per cent of 60-year-old employees employed in the public sector fell to 25 per cent for 74-year-olds.

Figure 3.26 The biggest changes in the composition of the industry occur after the state pension age

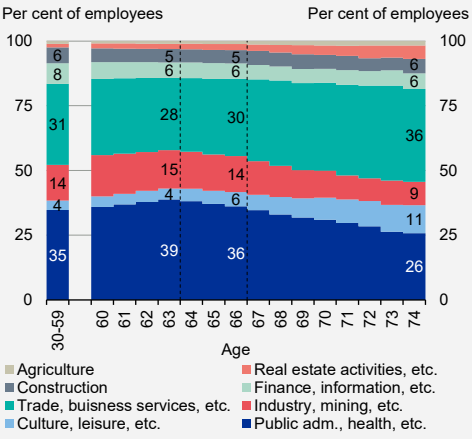
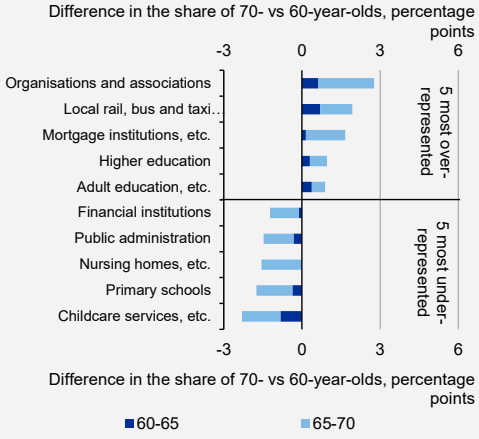


Figure 3.27 Particularly fewer seniors after the state pension age in daycare centres, while there are more in associations and in education



Note: Figure 3.26 is based on 2024 figures. The dotted lines indicate the early retirement and state pension ages for persons who retired in 2024. However, these are not the applicable early retirement and state pension ages for the entire cross-section in the figure. Figure 3.27 is based on a register extract from the 127-industry grouping.
Source: Statistics Denmark and own calculations.

Only a few seniors change jobs and industries in the years before retirement

Throughout life, a number of key transitions take place in the labour market, including from education to employment and from employment to retirement. In addition, there are internal movements during working life, e.g. job and industry changes as well as periods of unemployment. Such shifts may be the result of upskilling, work experience, changing work-life preferences, or cyclical fluctuations.

Seniors change jobs and workplaces to a lesser extent than the rest of the population. Thus, approximately one-third of the 60-year-olds employed in 2018 had changed jobs after five years, while it was two-thirds for the 30-year-olds, *cf. figure 3.28*. This may be related to the fact that seniors have a limited part of their working life left. Among other things, this will reduce the incentive to invest in new skills and better job matching. For the individual, a job change can entail a loss of company-specific skills and thus the risk of lower pay, which reduces the incentive for such changes.

Figure 3.28 Seniors change jobs less often than younger age groups

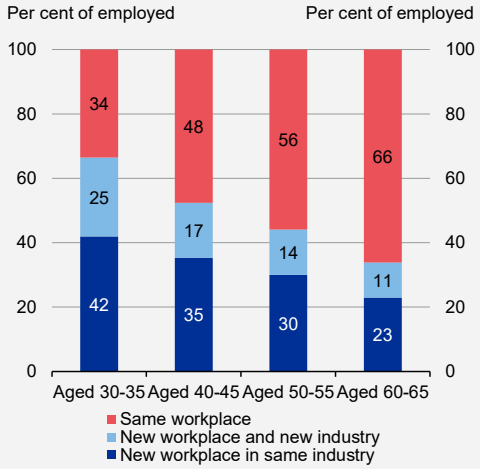
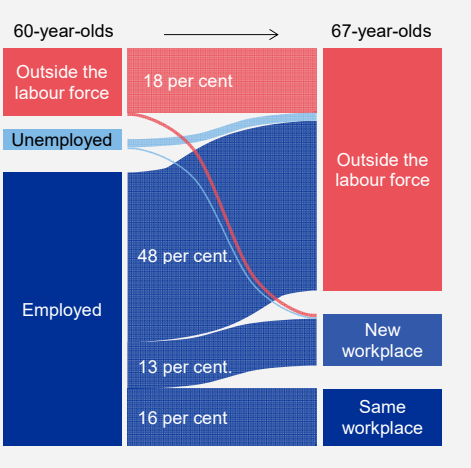


Figure 3.29 Movement out of the labour force in particular is defining for the late part of working life



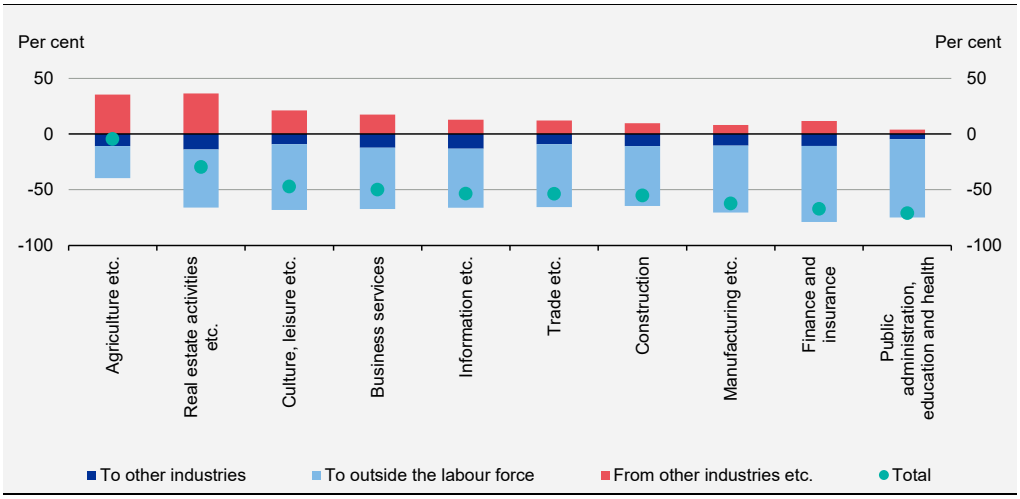
Note: 2023 figures. A job change is defined here as a direct change from one workplace to another. The calculations are based on the primary labour market status at the end of November in the relevant years. Figure 3.29 shows movements from 2017 to 2023. There are very few 67-year-olds who are categorised as unemployed in 2023. These are therefore indicated in the figure as "Outside the labour force".
Source: Statistics Denmark and own calculations.

The largest change in seniors' labour market attachment occurs in connection with the transition to early retirement (64 years in 2023) or state pension (67 years in 2023). Almost half of the 60-year-olds in employment in 2016 had left the labour force at the age of 67 in 2023, and approximately 70 per cent of all 67-year-olds were outside the labour force, *cf. figure 3.29*. Around 30 per cent were still in employment, of which less than half had changed workplaces, and half of them had changed industries in this connection.

Employment for seniors develops very differently across industries around the retirement years. For example, there is not much difference between the number of persons employed in agriculture among 60-year-olds in 2016 and the same persons again in 2023 as 67-year-olds, while employment is reduced by more than 70 per cent in public administration, education and health, *cf. figure 3.30*.

It is very much differences in withdrawal behaviour that determine the decline across industries. Thus, about 30 per cent of those employed in agriculture have retired at the age of 67, while it is about 60 per cent in industry. In industries where there is a large proportion of self-employed and small businesses, there are also more seniors around the state pension age, including in agriculture and in real estate and rental.

Figure 3.30 Significant differences in retirement and industry change across the labour market



Note: In the figure, 60-year-olds have been followed in 2016 until they are 67 years old in 2023. The calculation is based on persons who are there in both years. Decline at the end of November for primary socioeconomic status. There are smaller movements from and to unemployment, which are included here in "To outside the labour force" and "From other industries, etc.", respectively.
Source: Statistics Denmark and own calculations.

The differences in the number of job changes and retirements across industries may reflect, among other things, that some seniors change industries to stay in employment – e.g. to change to a less demanding job, *cf. box 3.3*.

Box 3.3 Many with the most demanding jobs move to less demanding jobs later in their careers

How physically and cognitively demanding a job is can have an impact on when seniors retire. In a survey conducted by the National Research Centre for the Working Environment (NFA) from 2022, 16 per cent of the seniors surveyed answered that they would stay longer in the labour market if their job was less physically strenuous. At the same time, the Rockwool Foundation (2022) showed that selected physical and cognitive abilities gradually decline from the age of 45 onwards. This can affect seniors' opportunities to stay in the labour market if they either have a relatively physically or cognitively very demanding job. Examples of job functions with high physical demands are *firefighting* and *roofing work*, while examples of jobs with high cognitive demands are *air traffic controller work* and *engineering*. For background information, see the appendix at the end of the chapter.

If persons from a specific age group (1956, 2nd half of the year) are considered to have had jobs with very high physical and cognitive demands, respectively, at the age of 54, there is no immediate tendency for them to have retired from the labour market earlier than persons who had neither a very cognitively nor physically demanding job at the age of 68. *cf. figure A*. Persons with physically very hard jobs, on the other hand, have withdrawn to a slightly greater extent than persons with cognitively very demanding jobs. This may be due to different prerequisites for staying longer in the labour market linked to the job requirements specifically, but also differences in the composition of the groups in terms of e.g. length of education, years in the labour market, etc. The difference arises especially in the years after the current early retirement age. Other studies have indicated that more physically and cognitively demanding jobs can lead to an earlier retirement. The fact that this is not the case in the present analysis may be related to the fact that persons who are in demanding jobs at the age of 54 may have relatively better conditions for also staying longer in the labour market. However, the persons who at the age of 68 were still in employment despite having had a relatively demanding job have switched to jobs where the physical or cognitive demands are lower, *cf. figure b*. This indicates that better opportunities to switch to a job function with lower demands in the later part of working life may be a relevant factor for staying in employment for seniors.

Figure a Persons who were in physically demanding jobs in 2010 have retired earlier than persons in cognitively very demanding jobs

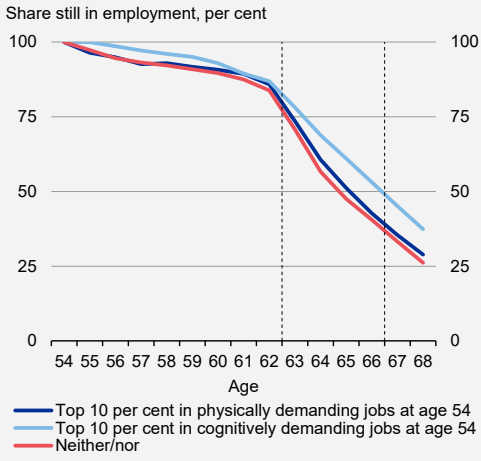
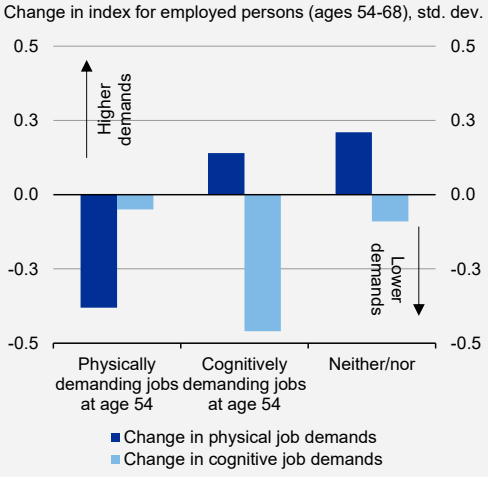


Figure b Persons with demanding jobs in 2010 who were still in employment in 2024 have generally found less demanding jobs since 2010



Note: Based on register data and data from O*NET. Background information on the quantification of physical and cognitive requirements, as well as further reservations on this, can be found in the annex at the end of the chapter. The 1956 birth cohort (second half of the year) has been chosen because they have the same state pension and early retirement age, and as it enables the longest possible analysis period before the early retirement and retirement age for the dataset. The dividing line for working in a top 10 per cent demanding physical or cognitive job is roughly equivalent to working with *Repainting* and *psychology*.

Source: Statistics Denmark, O*NET, Rockwool Foundation (2022): An Ageing Denmark, Chapter 3, The National Research Centre for the Working Environment and own calculations.

Local differences in senior employment

There are differences in seniors' employment across the country, just as there are differences in the number of seniors living across municipalities. In general, there are more seniors living in Southern Denmark and North Jutland, while there are relatively fewer in the larger cities, *cf. figure 3.31*. The largest share is on Læsø, Samsø and Langeland, where 60-74-year-olds make up almost 30 per cent of the population, while the proportion is relatively lowest in the Municipality of Copenhagen, where they make up only 10 per cent. There is a relatively high proportion of seniors in employment in Central Jutland and the Copenhagen area, while in Southern Denmark, East Zealand and the islands there are relatively fewer, *cf. figure 3.32*. Differences in employment rates may be due to several factors, but in general they largely reflect differences that apply to local labour markets rather than seniors more specifically.[38]

However, there are also factors that can contribute to seniors in parts of the country being less employed. For example, the jobs are on average more physically demanding on Bornholm and in West and South Zealand relative to the City of Copenhagen. This reflects, among other things, a higher degree of manual work as well as service and sales work rather than office and knowledge work in these parts of the country.[39] In addition, there is also other variation in the conditions, including related to differences in health etc.

Figure 3.31 Largest share of seniors in southern Denmark and fewest in the larger cities

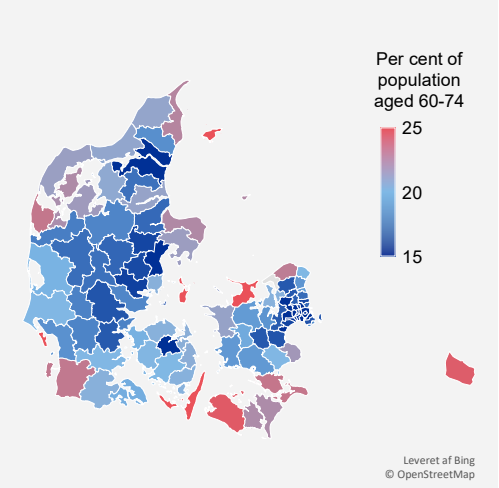
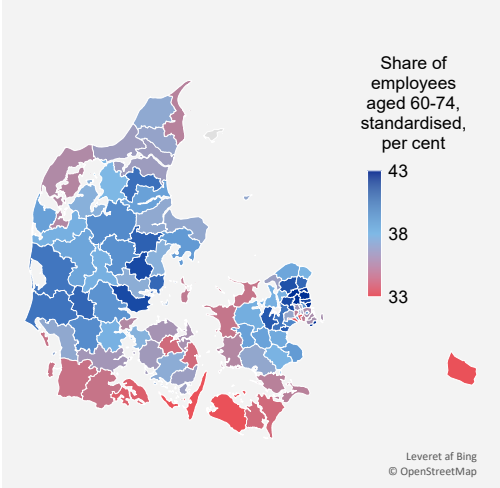


Figure 3.32 Most seniors are employed in Central Jutland and in the Copenhagen area



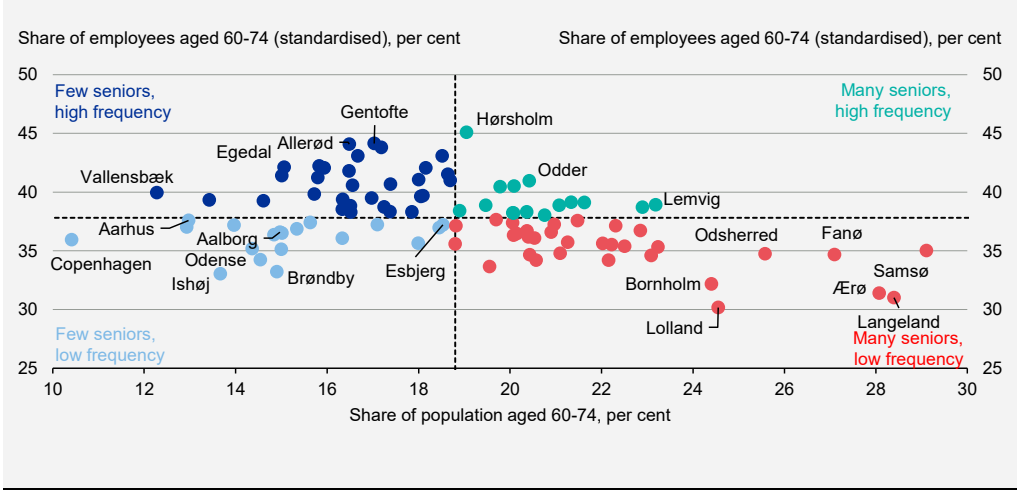
Note: Municipal division based on residence. The employee frequencies in Figure 3.32 are standardised on age distributions, which take into account age-related differences among 60-74-year-olds across municipalities.
Source: Statistics Denmark, Jobindsats.dk and own calculations.

Differences linked to the local job markets, including industry and job composition, as well as demographic differences across the country, mean that seniors affect local economies to

[38] In regions, there is a high explanatory power (R2) between the employee frequency for 30-54-year-olds and for 60-74-year-olds of 0.87.
[39] For example, the index for physically demanding jobs is 0.2 for jobs in Bornholm on average and -0.5 for the City of Copenhagen.

different degrees. There are several municipalities where there are many seniors, and where they are also employed to a relatively high extent. These municipalities thus benefit particularly from the seniors in the labour market. These are, for example, municipalities such as Lemvig, Odder and Hørsholm, *cf. figure 3.33*.

Figure 3.33 In some municipalities with many seniors, the employment rate is relatively high



Note: The employee frequencies are standardised on age distributions, which takes into account differences in the age composition within the group of 60-74-year-olds across municipalities.
Source: Statistics Denmark, Jobindsats.dk and own calculations.

3.4 International position of strength provides a good starting point

Across Europe, there are large differences in labour market attachment for seniors, *cf. figure 3.34*. For example, only 1/20 of the 65-69-year-olds in Romania were in employment in 2024, while it was about half in Iceland. In general, Danish seniors are around the top 10 per cent in Europe across the age groups over 60 years. The marked differences in seniors' labour market affiliation mean that they contribute to a very different degree to the labour supply and to supporting activity across countries. It also indicates that many EU countries may have great economic potential if they manage to bring seniors into employment to a greater extent, *cf. box 3.4*.

The high Danish ranking has only been strengthened in recent years. Thus, in 2019, Danish seniors between the ages of 65 and 75 had a weaker attachment to the labour market than, for example, in Norway and Sweden, while they were more likely to be employed than in both countries in 2024.[40]

[40] Based on LFS statements. Danish seniors between the ages of 65 and 74 had an average employment rate of 15 per cent in 2019, compared with 17.5 per cent and 18.7 per cent in Sweden and Norway, respectively. In 2024, the employment rate had risen to 22.6 per cent in Denmark and was 20.7 per cent and 22.0 per cent in Sweden and Norway, respectively.

Box 3.4 Great potential in Europe by getting seniors into employment

The large differences across the EU in the labour market attachment for seniors indicate that some countries have a great potential for an increased labour supply. In particular, the differences across countries are large for seniors who are 65 years and older. Danish seniors aged 65 and over are among those in Europe with the highest employment rate – largely together with seniors in the Baltic and other Nordic countries, *cf. figure a*. On the other hand, employed seniors in Denmark and the rest of the Nordic region work slightly fewer hours on average than in several southern and eastern European countries. There is no country that has both an employment rate and an average working hours for seniors in the top 10 percent in Europe.

The economic potential of getting more seniors into employment can be great in many countries. A potential calculation indicates that several countries will be able to increase GDP significantly if the labour supply of the 65+ year olds increases, *cf. figure b*. If employment rates and working hours are increased to the top 10 per cent in Europe, some countries will be able to increase their GDP by between 5 per cent and 7.5 per cent. This applies to countries such as France, Spain and Italy, among others. For the EU, the estimate is approximately 4 per cent, while the Nordic countries and Denmark have slightly less potential. The calculation points to an activity potential of 1-1.5 per cent if the average working hours of seniors can be increased so that it is in the top 10 per cent in Europe.

The orders of magnitude in the calculations must be interpreted with caution and should therefore only be used as an indication of relative potentials. Thus, there may be trade-offs between the total average working hours and having many seniors in work, as well as other derived effects (e.g. if pensioners may be able to free up other labour, e.g. through childcare). In addition, it is not a given that marginally added hours will be as productive as the average (as assumed in the present calculation).

Figure a Distribution of employment rates and average working hours for persons aged 65+

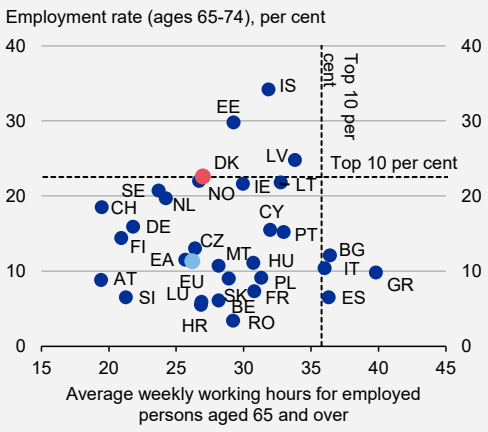
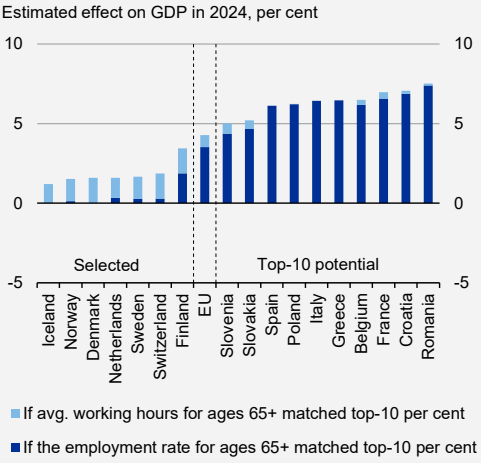


Figure b Estimated GDP effect if working hours and employment rate were in the top 10 per cent in Europe



Note: Employment rates and average (actual) weekly working hours are based on Eurostat's *labour force survey (LFS)* in 2024. These are used to make an estimate of the 65+ year-olds' hours worked. However, the average working hours for the 65+ year olds are first calibrated for the national accounts by finding the ratio between the average working hours for the 65+ year olds and the total in LFS and multiplying this ratio by the total average working hours in the national accounts. This generally results in a smaller average working hours than calculated in LFS. It is assumed that the hourly productivity of the 65+ year olds follows the average hourly productivity across all employees in the respective countries. The calculation considers 65-74-year-olds instead of 60+-year-olds due to data limitations in age divisions. It is assumed that potentials cannot be negative.

Source: Statistics Denmark, Eurostat and own calculations.

There are many reasons for the differences across countries, including legislation, culture, health, the economic situation and demographic conditions. A key difference across countries, however, is the framework for withdrawal. Decades of structural reforms have supported a sustainable and robust economy in Denmark, especially with *the 2006* Welfare Agreement *and the 2011* Early Retirement Agreement*, cf. earlier*.[41] In several European countries, similar adjustments have not been made to the retirement and pension systems for an ageing population, and this is reflected, among other things, in large differences in the average age of the first pension payment across countries, *cf. figure 3.35*. Denmark is one of the countries where the most recent retirement pensions are drawn on average. The opposite is true in many other countries, including several southern European countries, which are also among the countries with the weakest labour market attachment for seniors – and thus also with the greatest economic potential, if they manage to increase attachment for seniors.

Figure 3.34 Danish seniors have high employment rates compared to the rest of Europe

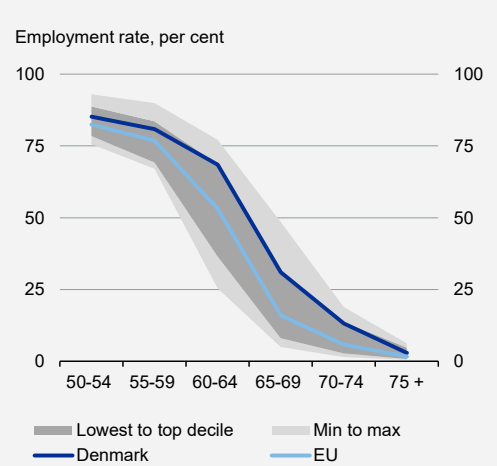
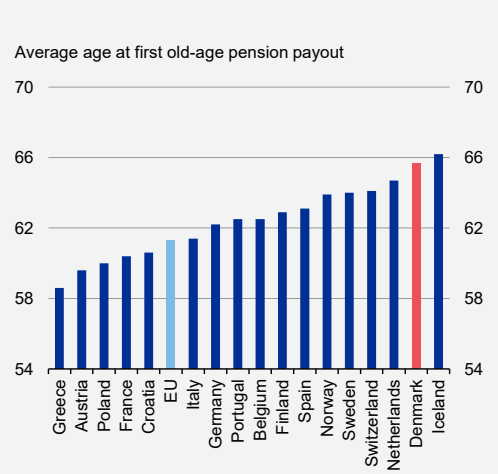


Figure 3.35 Seniors in Denmark draw on their pensions later than in most of Europe



Note: The range in figure 3.34 covers EU countries, Iceland, Norway and Switzerland. The figures are based on the respective countries' LFS statements and are from 2024. The average age for first pension payment in figure 3.35 is based on Eurostat for 2023. This includes payments of public retirement pensions, e.g. state pension, labour market pensions, etc., including early retirement, and private pensions, e.g. annuity pension. It does not include recipients of disability pensions etc., including e.g. disability pension. The statement is based on the questionnaire-based *labour force survey* and is therefore subject to considerable uncertainty. However, the statement for Denmark is roughly in line with the average retirement age of 66.5 in 2023 calculated by Insurance and Pension.

Source: Eurostat and own calculations.

With the prospect of more seniors in the population and more healthy life years in many European countries, seniors will continue to form a growing part of many countries' economies and be an important source of labour and experience. In Denmark, there is a prospect that the proportion of the population aged 65 and over will grow from currently approximately 1/5 to 1/4 in

[41] See also the thematic chapter in the Economic Review, August 2025.

2040.[42] In several other European countries, there are prospects of even larger increases and thus potentially also greater challenges – not least in a number of southern European countries.

In Denmark, the framework for seniors to stay longer in the labour market has proven to be good, not least underlined by the large increase in employment in recent years. This is reflected in the fact that Danish public finances are both currently very strong and sustainable in the long term[43] – unlike in several other European countries. Although the Danish economy has a good starting point ahead of the coming years, there are still more uncertainties associated with further developments. Among other things, assumptions about, for example, life expectancy and the state pension age in the future have implications for the assessment of the sustainability of public finances.[44] In addition, there may be uncertainty about both the approach to early retirement schemes and self-retirement. Overall, the Danish economy is currently well equipped in an international perspective, not least because of the strong development in employment for seniors in recent years.

[42] Based on Eurostat figures.
[43] Cf. Ministry of Finance (2025): Updated 2030 Path: Basis for Expenditure Ceilings 2029, August 2025.
[44] Cf. Ministry of Finance (2025): Updated medium-term scenario, June 2025.

Appendix – Background information on the physical and cognitive job index

The index for physical and cognitive demands in jobs, which is used in box 3.3, is based on data from the Occupational Information Network (O*NET), which at the level of the job title in detail calculates the degree to which different characteristics are necessary for a given position. The index is a simple average of the importance of 21 different physical and 19 cognitive characteristics. Physical characteristics include, for example, endurance, different forms of strength, flexibility and reaction time, while cognitive characteristics include e.g. ability to concentrate, mathematical comprehension and written and oral comprehension and communication. This is then linked to register data and job types at the individual level (DISCO). The values in the indices are standardised around zero and can therefore only be interpreted relatively.

Examples of job functions with relatively high physical and cognitive demands can be seen in figure 3.36. Overall, it is particularly in the construction industry and in agriculture, forestry and fisheries, where there are relatively high physical demands, while the cognitive demands are often higher in the sectors of finance and insurance as well as information and communication – although the spread of these is smaller across industries, *cf. figure 3.37*.

Figure 3.36 Examples of physically and cognitively demanding job functions

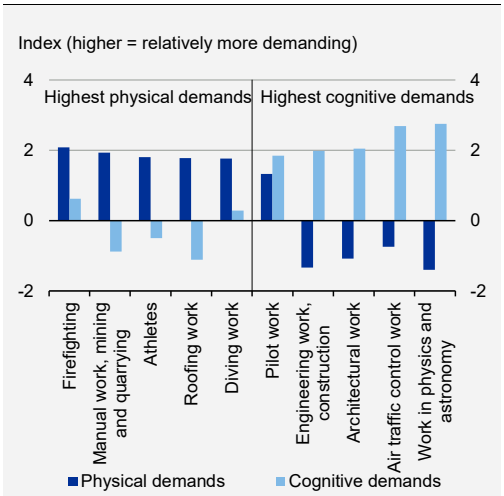
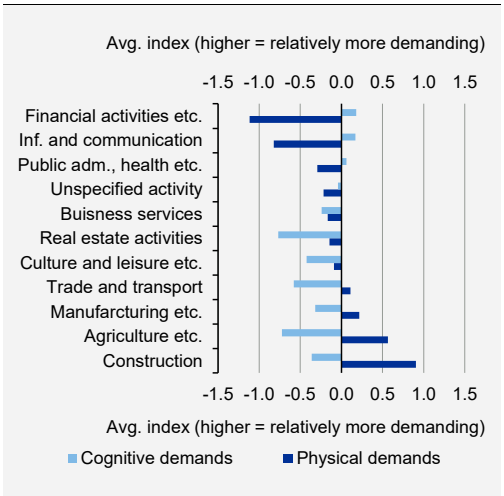


Figure 3.37 Average physical and cognitive demands in jobs across industries



Source: Statistics Denmark, O*NET and own calculations.

The approach is similar to the method used in Munch et al. (2024).[45] However, the physical index in this chapter also includes psychomotor abilities such as reaction time, fine motor skills, motor coordination, etc., which can also be expected to be affected by age. The cognitive index is made using the same method, but it also includes a weighting of the level required of the cognitive ability in question, as well as the importance it has in the job in question.

There are several caveats associated with both the interpretation of the index and the results as well as the data behind it. In relation to the interpretation, a potential weakness of the results in

[45] Munch, Humlum & Plato (2024): Automation, Injuries and Stress, Rockwool Fonden, september 2024.

box 3.3 may be that persons who at the age of 54 have a demanding job may be selected to have better prerequisites for a longer working life than persons who, for example, have had more demanding jobs earlier in their careers, but who have not been able to maintain this demanding job until then. In this way, these persons can also have a stronger attachment to the labour market later in their working lives. In addition, it is not possible, due to data limitations, to consider the persons' jobs further back in time, which means that it is not a given that the persons have had a demanding job for a longer period and thus may be relatively more/less worn out for this reason.

In terms of data, the indexes require a translation from U.S. S.O.C. codes to DISCO codes. In this context, there are some SOC codes for which there are no direct translations into DISCO codes. In addition, not all Danish salaried positions are covered by DISCO codes, and especially jobs for the oldest age groups (over 70) are more sparsely covered.

Annex tables

Table B.1 Demand, import and production

	2025	2026	2027	2025	2026	2027	2025	2026	2027
	DKK. bn.			Volume, per cent			Prices, per cent		
Private consumption	1,325	1,369	1,423	1.9	2.3	2.2	1.9	1.0	1.7
Public consumption[1)]	727	765	790	3.5	2.8	0.7	4.5	2.4	2.5
Public investment[2)]	107	114	132	13.3	5.6	15.1	1.4	0.9	1.0
Residential investment	140	147	154	1.4	3.2	3.6	1.4	1.2	1.1
Business fixed investment	437	449	454	-4.7	2.2	0.3	1.2	0.6	0.8
Domestic demand excl. inventory investment	2,736	2,844	2,953	1.6	2.6	2.1	2.4	1.3	1.7
Inventory investment[3)]	20	11	14	0.3	-0.3	0.1			
Total domestic demand	**2,756**	**2,855**	**2,966**	**1.9**	**2.2**	**2.2**	**2.9**	**1.3**	**1.7**
Exports of goods and services	2,138	2,221	2,296	2.8	3.3	2.3	0.1	0.5	1.1
Total demand	**4,894**	**5,076**	**5,262**	**2.3**	**2.7**	**2.2**	**1.7**	**1.0**	**1.4**
Imports of goods and services	1,817	1,888	1,968	1.8	3.6	3.3	0.3	0.3	0.9
Gross domestic product	**3,078**	**3,188**	**3,294**	**2.6**	**2.2**	**1.6**	**2.5**	**1.4**	**1.7**
Taxes on products, net	351	349	359						
Gross value added	**2,727**	**2,839**	**2,935**	**3.0**	**2.2**	**1.6**	**2.1**	**1.9**	**1.8**
- Non-farm private sector[4)]	1,903	1,985	2,054	3.5	2.8	2.0	2.1	1.4	1.5

Note: The division into volume and price components is made based on a fixed price calculation in the previous year's prices. The figures indicate the percentage increase compared to the previous year.
1) The change in volume for public consumption is calculated using the output method. For 2024-2026, growth in public consumption using the input method is assumed to equal growth using the output method.
2) Public investments exclude general government net purchases of buildings, and therefore the figures will deviate from public investments in table B.7.
3) The volume figures reflect changes in inventories compared to GDP.
4) Non-farm private sector consists of manufacturing, construction and private service excluding shipping.
Source: Statistics Denmark and own calculations.

Table B.2 Interest rates, oil prices, exchange rates and external assumptions

Interest rates, per cent		2023	2024	2025	2026	2027
United States	Federal Funds Target Rate	5.2	5.3	4.4	3.4	3.0
	3-month LIBOR	5.4	5.3	4.3	3.5	3.1
	10-year government bond	4.0	4.2	4.3	4.2	4.4
Euro area	Main Refinancing Operations Rate	3.8	4.1	2.4	2.2	2.2
	3-month EURIBOR	3.6	3.0	2.2	1.9	1.9
	10-year government bond (Germany)	2.4	2.3	2.6	2.8	2.9
Denmark	Certificates of deposit rate	2.9	3.3	1.9	1.6	1.6
	3-month CIBOR	3.5	3.5	2.1	1.9	1.9
	1-year adjustable mortgage rate	3.4	3.0	1.9	1.8	1.9
	10-year government bond	2.6	2.2	2.5	2.6	2.8
	30-year mortgage interest rate	4.8	4.3	4.1	4.1	4.4
	Average interest rate	2.8	2.4	2.8	2.8	2.9
Oil price						
Dollars per barrel		82.5	80.5	69.3	64.3	66.4
DKK per barrel		568.2	555.2	460.8	415.8	429.2
Exchange rate						
DKK per 100 dollars		689.0	689.4	664.6	646.6	646.6
DKK per 100 euros		745.1	745.9	746.3	746.7	746.7
Effective Krone Rate index (1980=100)		104.7	105.0	106.1	106.9	106.9
Real growth rate, per cent						
Foreign prerequisites						
Export market growth1), per cent		1.1	2.5	3.2	2.0	2.3
Trade-weighted GDP growth[2], per cent		1.1	1.5	1.8	1.9	2.0

Note: The projections are based on data through December 1, 2025. Annual averages are own calculations. For monetary policy interest rates, the interest rate estimate is based on an assessment of the latest announcements by central banks and market expectations. For money market rates and the yield on 10-year government bonds, estimates are based on market expectations, which are based on the prices of swap interest rates. For the 1-year and 30-year mortgage rate bonds, data is Finance Denmark's bond rates and estimates are based on spreads to the 3-month money market rate and the 10-year government bond rate respectively. Estimates for exchange rates are calculated technically by assuming that the exchange rate for the remaining forecast period corresponds to the average during the last ten days prior to the estimation. Estimates for the oil price are based on the International Energy Agency: *World Energy Outlook*, October 2025, as well as futures prices.

1) Calculated as the weighted average of import growth in Denmark's 36 most important trade partners. The weights reflect the countries' share of Danish manufacturing exports in 2024.

2) Calculated as the weighted average of the GDP-growth in Denmark's 36 most important trade partners. The weights reflect the countries share of Danish export of goods and services in 2024.

Source: Macrobond, Nordea Markets, International Energy Agency, European Commission (2025): European Economic Forecast, Autumn 2025 and own calculations.

Table B.3 Population and labour force

	2023	2024	2025	2026	2027
1.000 people					
Total population	5,919	5,945	5,971	5,992	6,010
- Labour force	3,278	3,303	3,342	3,357	3,379
- Total employment	3,196	3,217	3,255	3,268	3,275
- Gross unemployed (including activation)	83	87	88	91	106
- Net unemployment	72	77	76	76	90
- Outside the labour force	2,640	2,641	2,628	2,634	2,631
- Early retirement pensioners outside the labour force	212	219	225	232	236
- Senior pensioners outside the labour force	22	23	23	23	23
- Voluntary early retirement	34	26	21	17	14
- Persons under 15 years	936	928	923	921	922
- Pensioners outside the labour force	966	983	1,001	1,016	1,031
- Others outside the labour force	469	462	436	426	405

Source: Statistics Denmark and own calculations.

Table B.4 Employment by industry including leave

	2023	2024	2025	2026	2027
1.000 people					
Total employment including leave	3,196	3,217	3,255	3,268	3,275
- Service industries	1,719	1,725	1,747	1,756	1,760
- Construction	208	209	214	215	215
- Manufacturing	330	339	346	346	345
- Agriculture	67	66	66	66	66
- Public sector	873	878	883	886	889

Note: The sectoral breakdown in MAKRO is not entirely consistent with the classification used in the national accounts. The sectors of housing and maritime transport are included under service industries, while raw material extraction and energy supply are classified under manufacturing industries
Source: Statistics Denmark and own calculations.

Table B.5 Estimate for unemployment

	2023	2024	2025	2026	2027
1.000 full-time employees					
Gross unemployment	83	87	88	91	106
- Per cent of the labour force	2.5	2.6	2.6	2.7	3.1
Net unemployment	72	77	76	76	90
LFS unemployment (per cent)	5.1	6.2	6.5	6.7	6.8

Note: Differences in the definition of the labour force between the Ministry of Economic Affairs and the Ministry of Finance on one side and Statistics Denmark on the other means that the gross unemployment rate in per cent of the workforce is estimated at a lower level.
Source: Statistics Denmark and own calculations.

Table B.6 Persons on income transfers, etc.

	2023	2024	2025	2026	2027
1.000 full-time employees					
Unemployment benefits (excl. activation)	62	68	66	68	74
Cash benefits (excl. activation)	61	58	54	54	55
Recipients of unemployment benefits and cash benefits in activation[1)]	20	19	20	21	23
Holiday benefits	2	2	2	3	3
Early retirement pensioners[2)]	234	241	247	255	259
Senior pension	26	29	30	29	29
Resource assessment benefit	37	36	36	35	20
Voluntary early retirement	34	26	21	17	14
Early retirement	12	12	11	11	9
Flex performance	2	1	1	1	1
Disablement rehabilitation benefit[3)]	1	1	1	1	0
Sickness benefits[4)]	79	71	71	71	78
Maternity leave	50	50	53	54	55
Unemployment benefit	15	15	16	15	15
Self-support, home-traveling and transitional benefits[5)]	14	13	18	20	14
Total	**650**	**644**	**645**	**654**	**651**
Student grant (SU)[6)]	287	284	283	284	278
Total, including SU	**937**	**928**	**928**	**938**	**929**
Pensioners	1108	1126	1146	1162	1178
Total, including SU and pensioners	**2045**	**2054**	**2074**	**2100**	**2107**
Subsidised employment[7)]	106	108	110	112	112
Total including SU, pensioners and subsidised employment	**2151**	**2162**	**2184**	**2211**	**2219**

Note: Recipients of education assistance benefit, the special education benefit and other temporary benefits (kontantydelse) are included as cash benefit recipients. From mid-2025, the new cash benefits system will come into effect. The new system abolishes educational benefits and self-support, home-travelling and transitional benefits. Self-support, home-travelling and transitional benefits will be replaced by a minimum rate, which is included in the calculation with half-yearly effect in 2025.

1) The data does not cover persons in subsidised employment and thereby differs from other register-based data and table B.3. Furthermore, both labour market ready and non-labour market ready cash benefit recipients are included in the group of recipients of unemployment benefits and cash benefits in activation schemes.
2) Early retirement and retirement pension include pensioners living abroad as well as pensioners, who are employed.
3) Excl. persons on disablement rehabilitation with wage support.
4) The number of sickness benefit recipients does not reflect the total absence due to illness. It includes the part of the sickness absence, which is not covered by the employer. Specifically, this covers sickness absences longer than 30 days as well as sickness among the unemployed.
5) The number of self-support and home-travelling as well as transitional benefits are calculated excl. recipients of wage subsidies
6) The number of SU recipients are calculated as a simple average based on quarterly data and may differ from other figures due to adjustments made to avoid double counting.
7) Includes persons in employment with wage subsidies (including flexi-jobs and sheltered jobs).

Source: Statistics Denmark, DREAM and own calculations.

Table B.7 Gross investments

	2024 level	2023	2024	2025	2026	2027
	DKK bn.	Real growth rate, per cent				
Gross fixed capital formation	683	-3.8	3.0	-1.0	3.0	3.3
Divided by type:						
- Construction investments	313	-6.6	-2.2	9.3	2.3	4.9
- Tangible and intangible investments	370	-1.0	8.0	-9.8	3.6	1.7
Divided by group:						
- Housing investments	137	-15.8	-10.2	1.4	3.2	3.6
- Public investment[1)]	93	-0.9	4.2	13.4	5.7	15.0
- Total business investments	453	0.6	7.6	-4.7	2.2	0.3
- Construction investments	134	4.3	9.5	6.6	0.2	0.4
- Tangible and intangible investments	319	-0.9	6.8	-9.5	3.2	0.3

1) Public investments are incl. public acquisitions of buildings, which is why numbers differ from what is stated in table B.1.
Source: Statistics Denmark and own calculations.

Table B.8 Balance of payments

	2023	2024	2025	2026	2027
DKK bn.					
Goods exports	1,101	1,190	1,262	1,326	1,377
Goods imports	913	937	976	1,023	1,072
Total balance of goods	**188**	**253**	**287**	**303**	**304**
Service exports	832	889	876	896	919
Service imports	768	842	841	865	895
Service balance, total	**63**	**47**	**35**	**31**	**24**
Balance of goods and services	251	300	322	333	328
- Per cent of GDP	9	10	10	10	10
Investment income from abroad, net	107	113	116	120	124
Wage income from abroad, net	-20	-23	-23	-24	-25
Other current transfers from abroad, net[1)]	-31	-33	-38	-46	-57
Net transfers from abroad, total	56	57	55	50	42
Current account, total	**307**	**357**	**376**	**383**	**370**
- Per cent of GDP	11.0	12.2	12.2	12.0	11.2

1) Including EU payments, net.
Source: Statistics Denmark and own calculations.

Table B.9 Exports and imports

	2025	2023	2024	2025	2026	2027
	DKK bn.	Real growth rate, per cent				
Export						
Goods, total	1,262	5.4	10.5	6.2	4.2	2.6
-Electricity, fuels and gas	55	-6.1	24.0	25.1	1.7	-5.1
- Other goods	1,207	6.4	9.9	5.4	4.3	2.9
Services, total	876	10.3	2.7	-1.8	2.1	1.8
- Maritime transport	392	1.1	4.1	2.8	1.8	2.2
- Other services	402	26.4	0.8	-6.3	2.2	1.5
Total	**2,138**	**7.8**	**7.1**	**2.8**	**3.3**	**2.3**
Imports						
Goods, total	976	8.8	14.3	4.0	4.6	3.4
- Electricity, fuels and gas	125	-7.0	0.4	8.5	7.8	4.1
- Other goods	850	11.7	6.3	3.3	4.1	3.3
Services, total	841	28.7	4.0	-0.6	2.5	3.1
- Maritime transport	254	2.1	7.3	2.7	1.1	2.8
- Other services	587	2.5	4.1	-2.0	3.1	3.2
Total	**1,817**	**8.8**	**14.3**	**1.8**	**3.6**	**3.3**
		Change, per cent				
Export prices						
Goods, total	1,262	0.1	-2.2	-0.1	0.8	1.2
Services, total	876	-21.5	4.0	0.4	0.1	0.8
Total	**2,138**	**-10.5**	**0.4**	**0.1**	**0.5**	**1.1**
Import prices						
Goods, total	976	-5.3	0.3	0.1	0.3	1.4
Services, total	841	-5.5	3.0	0.5	0.3	0.4
Total	**1,817**	**-5.4**	**1.6**	**0.3**	**0.3**	**0.9**

Source: Statistics Denmark and own calculations.

Table B.10 Private consumption by sub-group

	2024	2023	2024	2025	2026	2027
	DKK bn.	Real growth, per cent				
Total consumption	**1,276**	**-2.5**	**1.0**	**1.9**	**2.3**	**2.2**
- Purchase of vehicles	55	21.1	4.2	20.7	4.6	3.8
- Housing	290	0.4	0.8	1.3	1.3	1.3
- Electricity, fuels and gas	87	-5.1	-0.7	-8.8	-2.7	0.0
- Other goods	391	-8.1	0.6	1.7	2.7	2.4
- Other services	475	-0.8	1.7	2.5	3.3	2.6
- Tourism expenditures	57	23.6	5.4	-2.3	1.6	2.0
- Tourism revenues	80	15.8	6.1	0.2	2.8	1.6

Note: Total private consumption is the sum of the subcomponents, excluding tourism revenues.
Source: Statistics Denmark and own calculations.

Table B.11 Net asset acquisition by sector

	2023	2024	2025	2026	2027
DKK bn.					
Private sector, total	202	216	280	354	358
- Households	92	99	127	143	141
- Corporations	110	117	153	212	217
General government	96	131	89	22	10
Total	**298**	**346**	**368**	**376**	**368**

Note: Net lending of general government corresponds to the general government budget balance. The total (except for the typically small net capital transfers from abroad) corresponds to the current account balance, *cf. table B.8*.
Source: Statistics Denmark and own calculations.

Table B.12 Gross Value Added (GVA)

	2024	2023	2024	2025	2026	2027
	Share, per cent	Real growth, per cent				
Total GVA	**100**	**1.4**	**3.8**	**3.0**	**2.2**	**1.6**
Public sector	19	1.0	-0.5	1.4	1.3	0.9
Private sector	81	1.5	4.8	3.3	2.4	1.7
Private sector excluding mining and quarrying	81	1.5	4.8	3.1	2.4	1.8
Non-farm private sector[1)]	69	2.7	5.5	3.5	2.8	2.0

1) Non-farm private sector consists of manufacturing, construction and private services excluding shipping.
Source: Statistics Denmark and own calculations.

Table B.13 Hourly productivity in selected occupations

	Avg. 2005-2024	2023	2024	2025	2026	2027
Real growth, per cent						
Total	**1.0**	**1.2**	**3.3**	**1.8**	**1.8**	**1.5**
Public sector	0.2	0.0	-1.4	0.5	1.0	0.7
Private sector	1.1	1.5	4.5	2.1	2.0	1.7
Private sector excluding mining and quarrying	1.4	1.5	4.5	1.9	2.0	1.7
Non-farm private sector[1)]	1.5	2.8	5.1	2.3	2.4	1.9

Note: Hourly productivity is defined as gross value added in constant prices relative to the total number of hours.
1) Non-farm private sector consists of manufacturing, construction and private services excluding shipping.
Source: Statistics Denmark and own calculations.

Table B.14 Contributions to growth in households' real disposable income[1)]

	2023	2024	2025	2026	2027
Real growth rate, per cent					
Disposable income	2.8	1.5	1.8	2.5	0.8
Contribution, percentage points					
Compensation of employees[2)]	1.2	3.4	2.9	3.0	1.8
Social benefits	0.1	0.8	0.7	1.4	0.6
Income taxes	-1.4	-3.9	-0.6	-0.2	-1.0
Net interest income	0.3	0.1	-0.9	-0.3	-0.6
Dividend etc.[3)]	1.5	-0.6	0.0	-1.0	0.0
Pension contribution	-0.1	1.3	0.1	-0.2	0.2
Payment from pension schemes[4)]	1.4	0.3	-0.4	-0.2	-0.2

1) The household sector in the Economic Survey includes Non-Profit Institutions Serving Households (NPISH).
2) Regarding employees resident in Denmark, i.e. excluding foreigners. Including self-employed people.
3) Including dividends from investment funds.
4) Net payments from pension schemes in life insurance companies and pension funds. Further, it includes returns on pension schemes administered by the households.

Source: Statistics Denmark and own calculations.

Table B.15 Net borrowing by households[1)]

	2023	2024	2025	2026	2027
DKK bn					
Disposable gross income	1,352	1,397	1,449	1,500	1,538
Private consumption	1,241	1,276	1,325	1,369	1,423
Gross investment[2)]	127	120	107	112	116
Net capital transfers	5	6	4	4	4
Direct net lending	**-11**	**7**	**21**	**23**	**3**
Adjustment for the change in pension entitlements[3)]	103	92	105	120	137
Net lending[4)]	**92**	**99**	**127**	**143**	**141**
Per cent of disposable gross income					
Direct net lending	-0.8	0.5	1.5	1.5	0.2
Net lending	6.8	7.1	8.7	9.5	9.1

1) The household sector in the Economic Survey includes Non-Profit Institutions Serving Households (NPISH).
2) Households' gross investments include investments in owner-occupied housing and investments in buildings and materials by sole proprietors.
3) Net payments to and returns (excl. tax on pension yield) on household capital in life insurance companies and pension funds.
4) Households' (net) acquisition of financial assets (incl. shares) in other sectors.

Source: Statistics Denmark and own calculations.

Table B.16 Real estate market and residential construction

	2023	2024	2025	2026	2027
Per cent					
Change in the price of traded single-family houses	-2.6	3.5	5.3	3.7	3.4
Housing gross investment (real growth)	-15.8	-10.2	1.4	3.2	3.6

Source: Statistics Denmark and own calculations.

Table B.17 Labour wage ratio, wage increases and technical assumptions

	2023	2024	2025	2026	2027
Labour wage ratios, per cent					
Private sector	56.2	56.1	55.6	55.2	55.2
The entire economy	61.7	61.7	61.3	61.1	61.1
Wage increase, per cent					
Private sector					
- Hourly earnings (excl. nuisance bonus)	4.2	4.8	3.7	3.2	3.1
Public sector					
- Hourly earnings (excl. nuisance bonus)	2.5	4.7	-	-	-
- Budgetary impact	2.4	4.7	4.0	3.4	3.1
Adaptation percentage + 1.7 percentage points[1)]	2.7	3.2	3.6	4.5	2.9
Adaptation percentage + 2.0 percentage points[1)]	3.0	3.5	3.9	4.8	3.2
Wage adjustment rate, per cent	2.7	3.2	3.6	4.5	2.9

Note: The labour income ratio is calculated as aggregate labour income relative to the GVA (gross value added) and adjusted for the number of self-employed. The hourly wage increases in the private sector in 2022-2023 are published by The Confederation of Danish Employers. The hourly wage increases in the public sector are a weighted average of wage indices for the state, the municipalities and the counties, all reported by Statistics Denmark. No estimates are made on the development in public sector hourly earnings. The budgetary impact is based on the contractually agreed wage increases including contributions from the adjustment scheme (reguleringsordningen) but excluding any residual increases. The hourly wage increases for the private and public sectors are not comparable.

1) The wage adjustment rate and the adaptation percentage for 2022–2026 follow the published rates set out in the executive orders, while the wage adjustment rate and the adaptation percentage for 2027 are based on the estimated rate of wage growth in the private sector two years earlier. The majority of transfer payments are uprated by the adaptation percentage plus 1.7 percentage points (excluding contributions to the Mandatory Pension Scheme). Student grants (SU) and the State Pension are uprated by the adaptation percentage plus 2.0 percentage points.

Source: The Confederation of Danish Employers, Statistics Denmark and own calculations.

Table B.18 Price development and explanatory factors

	2023	2024	2025	2026	2027
Annual growth, per cent					
Net Price Index	4.0	0.9	2.0	1.8	1.8
Taxes and housing allowance, contributions in percentage points.	-0.7	0.4	-0.1	-0.8	-0.1
Consumer price index	3.3	1.4	1.9	1.0	1.7

Note: The contribution from taxes and housing benefits is calculated as the difference between consumer and net price inflation. The development in the price of taxable goods such as energy may therefore affect the measured tax contribution, even if the tax level is unchanged.
Source: Statistics Denmark and own calculations.

Table B.19 Public finances

	2023	2024	2025	2026	2027
DKK bn., current prices					
Consumption	636.8	672.2	726.8	765.1	789.7
Transfers[1)]	400.3	419.3	437.7	463.2	479.6
Investments	89.4	93.2	107.0	113.9	132.4
Interest expenditures	19.0	22.9	23.4	23.7	24.3
Subsidies	35.9	36.6	41.3	43.8	44.3
Other expenditures[2)]	112.1	112.1	111.2	114.2	115.2
Total expenditure[3)]	**1293.5**	**1356.2**	**1447.4**	**1523.9**	**1585.4**
Personal income taxes, etc.[4)]	599.7	631.0	653.1	659.7	684.6
Labour market contributions	122.2	128.4	135.9	140.8	145.7
Pension yield taxation	12.9	43.1	36.0	33.2	33.1
Corporate taxes	102.8	122.7	134.8	135.9	133.4
VAT	260.1	271.9	288.0	297.8	308.5
Other duties	137.1	134.6	138.9	126.9	132.0
Other taxes[5)]	2.1	2.1	2.2	2.3	2.4
Interest revenues	43.0	44.8	45.0	43.2	46.4
Other revenues[6)]	112.8	111.9	105.9	110.1	113.4
Tariffs etc. to the EU	-3.6	-3.7	-3.7	-3.8	-4.0
Total revenue[7)]	**1389.1**	**1486.7**	**1536.1**	**1545.9**	**1595.5**
General government budget balance	**95.6**	**130.5**	**88.7**	**22.1**	**10.1**
Net interest expenditure	-23.9	-22.0	-23.9	-19.1	-21.7
General government primary balance[8)]	71.7	108.5	54.1	0.3	-12.6

1) Income transfers are calculated excluding other current transfers to households, such as index supplements, transport, etc.
2) Other expenses include capital transfers, transfers to the Faroe Islands and Greenland, development aid and contributions to the EU budget.
3) The calculation of total public expenditure differs from Statistics Denmark's statement. The cost pressure is calculated based on a statement of total expenditure, where all sub-elements of public consumption – including, for example, imputed expenditure in the form of depreciation and income in the form of sales of goods and services – are allocated to the expenditure side.
4) Personal taxes, etc., include income tax, property value tax, road tax from households, estate and gift tax and other personal taxes.
5) Other taxes include compulsory pension contributions for civil servants, etc.
6) Other income includes surpluses from public enterprises, various operating and capital transfers from other domestic sectors and the EU, as well as imputed income in the form of both gross residual income and contributions to civil servants' pensions. In addition, the state's revenues from profit sharing and state participation in connection with oil and gas extraction in the North Sea, the pipeline tax and the hydrocarbon tax are included.
7) The calculation of total public revenues differs from Statistics Denmark's calculation, which among other things assigns the general government's sales of goods and services to the revenue side and not, as here, to the expenditure side as part of the total consumption expenditure. The total income is also calculated here including gross residual income, which is equivalent to the imputed depreciation expenses included in the calculation of public consumption.
8) The primary balance indicates the position of general government finances before net interest expenses.

Source: Statistics Denmark and own calculations.

Table B.20 Taxes and tax burden

DKK bn.	2023	2024	2025	2026	2027
Indirect taxes	**393.6**	**402.8**	**423.3**	**420.9**	**436.4**
- VAT	260.1	271.9	288.0	297.8	308.5
- Registration tax	10.7	7.2	5.1	4.0	4.5
- Excise duties	57.7	64.8	68.3	57.4	55.8
- Energy (incl. PSO)	27.5	34.3	35.2	25.6	24.8
- Environmental	3.9	4.0	4.9	4.8	4.9
- Tobacco and spirits etc.	12.0	11.5	11.4	11.6	11.6
- Other	14.3	14.9	16.8	15.4	14.5
- Property taxes	33.5	26.7	27.7	28.4	30.5
- Motor vehicle tax paid by businesses	4.2	4.0	5.5	5.6	5.8
- Other indirect taxes	27.2	28.2	28.8	27.7	31.3
Direct taxes	**829.6**	**916.8**	**952.1**	**964.2**	**991.5**
- Withholding taxes[1)]	575.5	606.2	629.3	637.7	661.5
- State tax[2)]	195.2	207.9	216.1	221.2	229.2
- Bottom tax	172.1	182.6	191.1	198.6	205.8
- Middle tax	0.0	0.0	0.0	13.0	13.3
- Top tax	23.1	25.3	25.0	8.6	9.0
- Top-top tax	0.0	0.0	0.0	1.0	1.1
- Total municipal tax	295.7	314.7	325.7	333.8	347.2
- Property value tax	14.6	14.1	14.4	14.1	15.8
- Other withholding taxes[2)]	70.0	69.5	73.2	68.6	69.4
- Pension yield tax	12.9	43.1	36.0	33.2	33.1
- Corporation tax	102.8	122.7	134.8	135.9	133.4
- Other personal taxes	9.1	9.6	9.8	9.9	11.0
- Motor vehicle taxes paid by households	7.0	6.9	6.3	6.7	6.8
- Labour market contributions	122.2	128.4	135.9	140.8	145.7
Social security contributions[3)]	2.1	2.1	2.2	2.3	2.4
Capital taxes	8.1	8.3	7.7	5.3	5.3
Customs and import duties (collected by the EU)	3.6	3.7	3.7	3.8	4.0
Total taxes	**1,236.9**	**1,333.7**	**1,388.8**	**1,396.5**	**1,439.7**
GDP	2,787.9	2,926.9	3,077.9	3,187.9	3,294.3
All taxes, share of GDP	**44.4**	**45.6**	**45.1**	**43.8**	**43.7**

1) Figures for the distribution of withholding taxes on state and municipal taxes are from Statistics Denmark for 2020-2024. For 2025-2027, a statement based on the Ministry of Finance's printing basis is used.
2) Includes, among other things, share income tax, estate tax and proceeds from business schemes. Also includes limited tax liability.
3) Contains compulsory pension contributions for civil servants, etc.
Source: Statistics Denmark and own calculations.

Table B.21 Development of the tax base for municipalities

	2023	2024	2025	2026	2027	2023	2024	2025	2026	2027
			DKK bn.					Per cent		
Dec. 2021	1,153.8	-	-	-	-	4.5	-	-	-	-
May 2022	1,148.2	-	-	-	-	3.8	-	-	-	-
Aug. 2022	1,148.8	-	-	-	-	2.3	-	-	-	-
Mar 2023	1,185.7	1,233.2	-	-	-	2.7	4.0	-	-	-
May 2023	1,193.6	1,230.1	-	-	-	2.8	3.1	-	-	-
Aug. 2023	1,195.7	1,249.2	-	-	-	4.9	4.5	-	-	-
Dec. 2023	1,203.3	1,265.4	1,310.3	-	-	5.5	5.2	3.6	-	-
May 2024	1,193.2	1,280.9	1,300.8	-	-	4.7	7.3	1.6	-	-
Aug. 2024	1,197.0	1,285.9	1,315.0	-	-	5.2	7.4	2.3	-	-
Dec. 2024	1,197.9	1,300.4	1,340.7	1,384.3	-	5.3	8.6	3.1	3.3	-
May 2025	1,196.5	1,275.3	1,326.2	1,373.8	-	5.1	6.6	4.0	3.6	-
Aug. 2025	1,196.5	1,271.2	1,323.8	1,361.9	-	5.1	6.2	4.1	2.9	-
Dec. 2025	1,196.5	1,271.0	1,317.6	1,352.2	1,404.3	5.1	6.2	3.7	2.6	3.9

Note: The rows indicate the time for budgeting of the municipal tax base. The bars indicate the tax base for the year in question.
Source: Statistics Denmark and own calculations.

Table B.22 Income transfers

	2023	2024	2025	2026	2027
DKK bn.					
Unemployment benefits (excl. activation)	13.7	15.6	15.5	16.5	18.6
Social security[1] (excl. activation)	29.3	30.7	32.3	35.3	36.4
Holiday allowance	0.5	0.6	0.6	0.6	0.7
Early retirement pension[2]	51.2	54.4	57.5	62.4	65.1
Resource rehabilitation allowance	6.5	6.5	6.6	6.7	4.1
Early retirement benefit	5.7	4.6	3.8	3.4	2.9
Rehabilitation benefit	0.3	0.3	0.3	0.2	0.1
Sickness benefits	14.8	15.2	15.8	16.6	18.8
Maternity pay	11.9	12.5	13.2	13.6	14.1
Rent benefit	16.0	16.7	17.4	18.3	18.7
Child and youth benefit	15.8	16.1	16.6	16.9	17.1
Other transfers[3]	23.8	22.4	23.9	26.0	28.0
Student grants (SU)	19.9	20.2	20.9	22.1	22.0
Public pension scheme[4]	151.7	162.0	170.7	182.1	189.6
Other pension scheme[5]	39.0	41.5	42.4	42.5	43.4
Total[6]	**400.3**	**419.3**	**437.7**	**463.2**	**479.6**
Total excl. public and other pensions	**209.5**	**215.9**	**224.6**	**238.6**	**246.7**
Total excl. SU, public pension and other pensions	**189.6**	**195.6**	**203.7**	**216.6**	**224.6**

Note: Expenditure on income transfers cannot be directly equated with the number of recipients in table B.6.
1) Taxable and non-taxable benefits, including integration benefits.
2) Including disability pension for pensioners abroad.
3) Benefits for the activated, child allowance, unemployment benefit, green check and flex benefit, etc.
4) Including personal allowances and heating allowances for pensioners as well as pensions for pensioners abroad.
5) Civil servants' pensions and partial pensions, etc., as well as early retirement and senior pensions
6) Income transfers are calculated excluding other current transfers to households, such as index supplements, transport, etc.
Source: Statistics Denmark and own calculations.

Table B.23 Estimates at key variables at different points in time

	May 2024	Aug. 2024	Dec. 2024	May 2025	Aug. 2025	Dec. 2025
2024						
GDP (real growth rate, per cent)	2.7	1.9	3.0	3.7	3.5	3.5
Gross unemployment (1,000 persons)	89	87	87	87	87	87
Consumer prices (change, per cent)	2.1	1.8	1.5	1.4	1.4	1.4
Balance of payments (DKK bn.) [1)]	325	307	380	386	357	357
Actual budget balance (DKK bn.)	48	56	86	133	131	131
2025						
GDP (real growth rate, per cent)	1.8	2.2	2.9	3.0	1.4	2.6
Gross unemployment (1,000 persons)	95	89	91	89	88	88
Consumer prices (change, per cent)	2.1	2.0	1.9	1.9	1.7	1.9
Balance of payments (DKK billion) [1)]	332	310	365	370	346	376
Actual budget balance (DKK bn.)	21	31	49	49	55	89
2026						
GDP (real growth rate, per cent)	-	-	1.7	1.4	2.1	2.2
Gross unemployment (1,000 persons)	-	-	91	91	89	91
Consumer prices (change, per cent)	-	-	1.7	1.7	0.9	1.0
Balance of payments (DKK bn.) [1)]	-	-	349	366	338	383
Actual budget balance (DKK bn.)	-	-	42	47	11	22
2027						
GDP (real growth, per cent)	-	-	-	-	-	1.6
Gross unemployment (1,000 persons)	-	-	-	-	-	106
Consumer prices (change, per cent)	-	-	-	-	-	1.7
Balance of payments (DKK bn.) [1)]	-	-	-	-	-	370
Actual budget balance (DKK bn.)	-	-	-	-	-	10

1) Indicates the balance of the current account of the balance of payments.
Source: Statistics Denmark and own calculations.

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