Real Estate Outlook Mexico

First half 2026

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1. Summary

Mexico's construction sector contracted in 2025, driven by a sharp decline in civil works due to lower levels of public spending, despite the positive contribution from building construction, particularly residential. Looking ahead to 2026, signs of recovery are emerging, supported by stronger momentum in residential building, a rebound in public infrastructure spending, and more favourable financial conditions.

The housing market in Mexico in 2025 was characterized by moderation and caution. Mortgage origination by commercial banks showed a slight contraction in both volume and value, while Infonavit increased its lending activity. At the same time, loan sizes have tended to decline across all segments. On the supply side, a recovery in construction and housing inventory is evident, with strong momentum in social housing, in line with public policy. Housing prices financed through mortgages regained momentum, closing the year on a positive trend. Overall, the market is in a transition phase, with greater housing availability but still limited demand.

The main metropolitan areas (Mexico City, Jalisco, and Nuevo León) account for a large share of mortgage origination, both in number and value. The mortgage portfolio is similarly concentrated in economically developed states, which are also experiencing moderate but sustained growth. At the same time, housing prices continue to trend upward nationwide, with stronger increases in tourism-driven or high-demand states. Overall, the market is growing, but faces structural challenges related to affordability, job quality, and regional balance.

Unlike commercial banks, which operate under strict prudential criteria, Infonavit incorporates elements such as social collection practices and extension (forbearance) programs, which allow for payment deferrals and help protect borrowers' homes. The evolution of the portfolio between 2019 and 2025 shows that delinquency reflects both economic shocks and institutional decisions aimed at inclusion and social protection. In this context, Infonavit's main challenge is to strike a balance between its social mandate and its financial sustainability.

In 2025, cuts to the public works budget led to a sharp contraction in both the value of production and civil works GDP. However, a shift in trend is expected in 2026, as public spending is set to increase significantly, with a primary focus on energy and transportation. Moreover, higher public investment creates opportunities for greater private sector participation, particularly in projects financed with fiscal resources. Increased infrastructure spending points to a recovery in the civil works subsector in 2026, with positive effects on investment and economic activity, although outcomes will depend on the efficiency of spending allocation and the ability to attract private investment.

2. Current situation

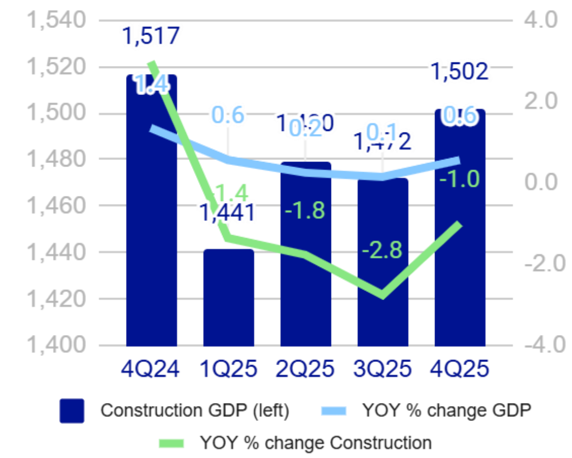
2.1 Construction

Construction is expected to trend upward in 2026

2025 could mark the beginning of a turning point for the construction sector in the Mexican economy. Since late 2024, the impact of the heavy spending on flagship public infrastructure projects from the previous administration, most of which were completed in 2023, has started to be felt. Spending levels could not be sustained in 2024 and 2025, resulting in two fiscal years with fewer resources allocated to infrastructure, and consequently, a negative impact on construction GDP. However, its counterpart, Building Construction, is gaining momentum and could help offset the lag in Civil Works.

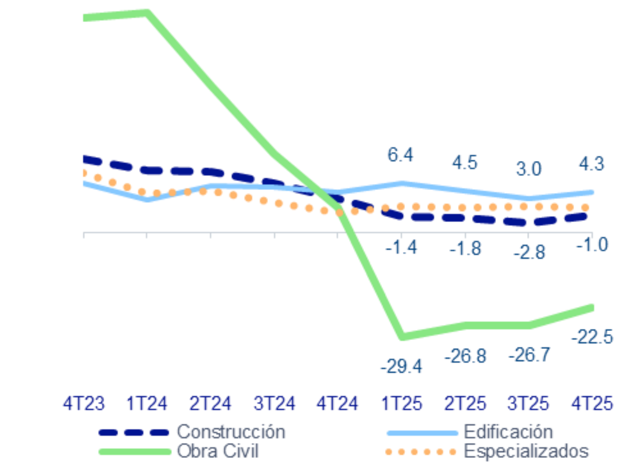
Construction GDP closed 2025 with a contraction of 1.0%. This decline is explained by the downturn in the Civil Works subsector, which recorded an annual change of -22.5%. As a result, civil works GDP fell by 61.7 billion pesos, which could not be offset by the 45.1 billion pesos increase in building construction GDP and the additional 1.5 billion pesos from specialized works.

CUMULATIVE CONSTRUCTION GDP
(BILLIONS OF PESOS AND YoY % CHANGE)



Source: BBVA Research with data from Inegi

CUMULATIVE CONSTRUCTION GDP
(YoY % CHANGE)



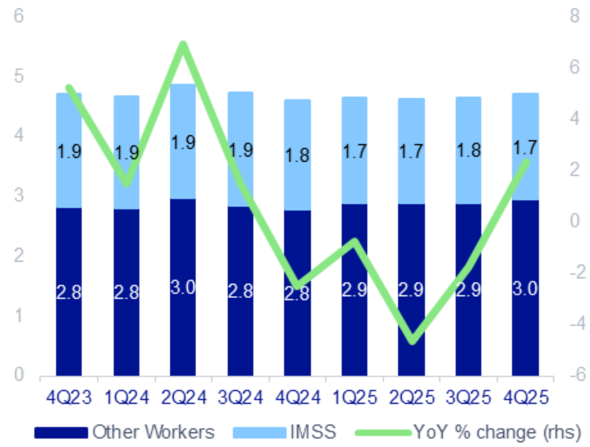
Source: BBVA Research with data from Inegi

However, by the end of the year, there are positive signs for the construction sector pointing to a shift in direction that could result in a positive outcome in 2026. Among these are the acceleration of the Building Construction subsector, partly driven by increased Residential activity, as well as a rise in Public Works spending in line with the Federal Expenditure Budget (PEF) for the year.

Also, we observe a shift in demand for labour by construction firms. As of the fourth quarter of 2025 (4Q25), total employment in the sector reached 4.7 million workers, a figure similar to that of the last quarter of 2024. However, the trajectory was not as favourable, as in the first quarters the total number of workers in construction was lower than a year earlier; in fact, the annual average shows a decline of nearly 60 thousand workers compared to the most recent year. Despite this, the increase observed in the second half of 2025 suggests the beginning of a positive trend. This is further confirmed by a smaller contraction in 3Q25 and the first positive growth rate in 4Q25, at 2.3% year over year.

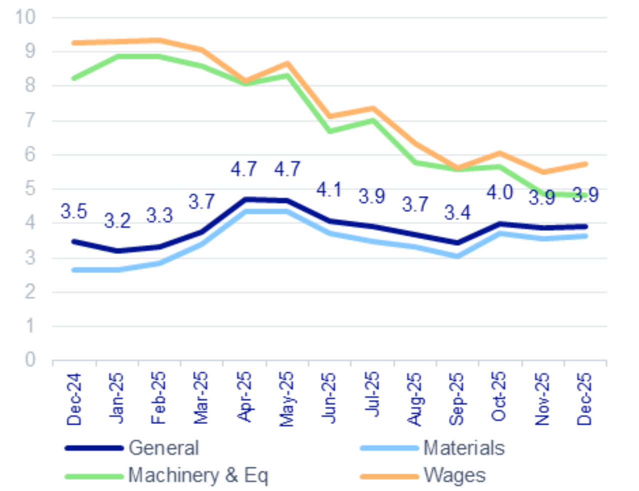
Unlike in other periods, labour formality in the sector declined during 2025. The number of workers registered with the IMSS fell from 1.8 million in 4Q24 to 1.7 million in the same quarter of 2025, representing a contraction of 3.3%. The share of construction workers registered with IMSS averaged 39.5% in 2024 but decreased to 37.5% in 2025. This outcome may be associated with the higher cost of registering workers with the IMSS, mainly driven by increases in the minimum wage. Wage increases are undoubtedly positive for workers and for firms that offer better pay, provided they are not so high as to reduce labour demand by companies, in which case they ultimately become detrimental to workers.

EMPLOYMENT IN CONSTRUCTION
(MILLIONS OF WORKERS AND YoY % CHANGE)



Source: BBVA Research with data from Inegi

PPI CONSTRUCTION INPUT
(YoY % CHANGE)

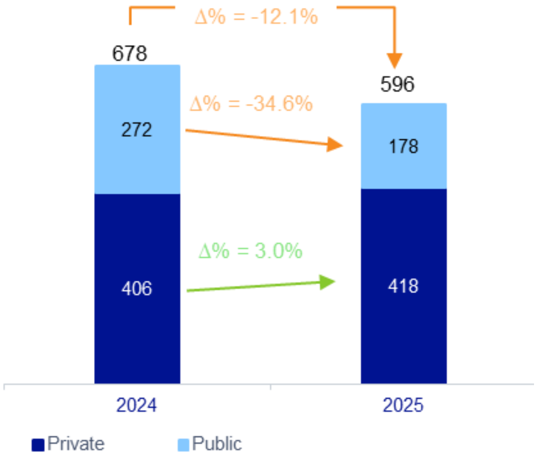


Source: BBVA Research with data from Inegi

The prices faced by construction firms remained stable during 2025. The average monthly change in the Producer Price Index (PPI) for the industry was only 3.9%. Notably, the Materials sub-index, which has the greatest impact on construction costs, continues to show the smallest increases, in contrast to the Machinery and Equipment Rental and Wages sub-indices. The latter continues to post the highest increases, largely driven by minimum wage hikes, as has been the case in recent years.

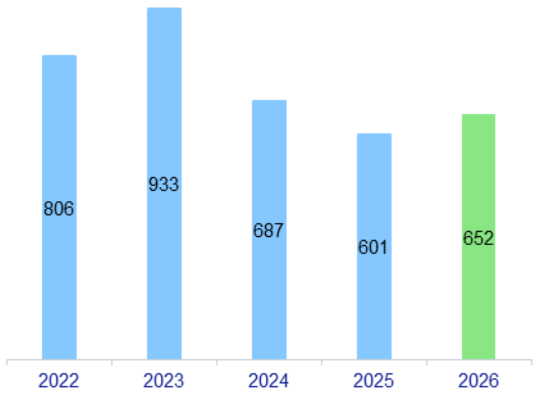
Also, slight exchange rate appreciations have helped moderate price increases in machinery rental. We expect this trend of stability in construction input prices to continue in the short term, as no major disruptions are anticipated.

GROSS CONSTRUCTION VALUE
(BILLIONS OF CONSTANT PESOS)



Note: cumulative figures from January to June
Source: BBVA Research with data from Inegi

FEDERAL PUBLIC WORKS SPENDING
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from SCHP

The construction GDP result already discussed is explained by lower activity rather than a decline in margins. As noted, costs have remained relatively stable; however, an analysis of the gross value of construction production confirms reduced activity. In a similar vein, given the high share of the public sector in infrastructure projects, especially in recent years, as it has displaced the private sector from this type of work, it is the gross value of public construction that shows the negative result, dragging down the overall figure. In 2025, the value of public construction stood at 178 billion pesos, 34.6% lower than a year earlier. In contrast, the private sector increased the value of construction by 3.0%, reaching 418 billion pesos in the same year. As detailed in the housing market section of this edition of ***Real Estate Outlook***, this is partly explained by increased residential activity.

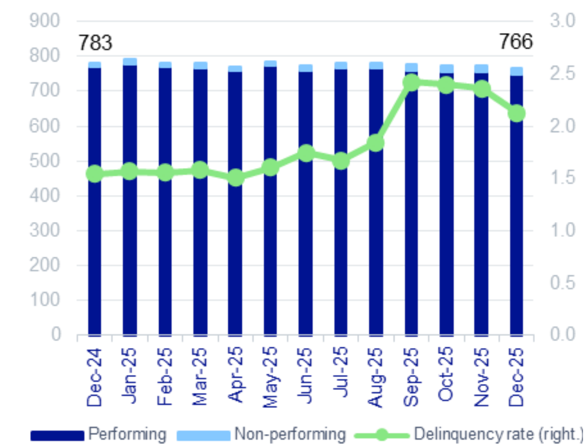
Based on the 2026 Federal Expenditure Budget (PEF), public works spending will increase by 8.5% in real terms compared to 2024. As a result, we could see a significant rise in the value of public construction, along with improved performance in the civil works sector. This effect would be further reinforced if the infrastructure plan announced by the Ministry of Finance is implemented, as it would increase the total amount of allocated resources.

Lower financial costs and a recovery in the sector will drive credit growth in 2026

On the financial side, the results for 2025 are similar to those observed in the real sector, in terms of activity. The outstanding balance of bank credit to the construction sector closed the year at 766 billion pesos, which is 2.1% lower than the 783 billion pesos recorded the previous year. In fact, we had expected an increase in credit balances for this sector, given the improvement in building construction and lower interest rates driven by current monetary policy. We did not factor in the expected contraction in Civil Works in this estimate of a higher credit balance, as in recent years bank financing has been used less in this segment, so lower activity would not have had a significant impact on credit balances.

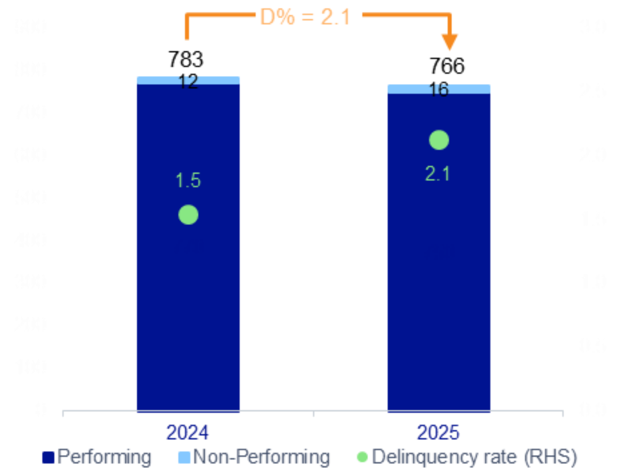
However, official data confirm a decline in credit balances, despite higher activity in building construction and a drop of more than 200 basis points in the average interest rate, in line with the benchmark rate. The positive takeaway is that delinquency remains low, at just 2.1%. Since a lower credit balance reflects that repayments are exceeding new loan origination, maintaining low delinquency further confirms the quality of this portfolio.

CONSTRUCTION LOAN PORTFOLIO BALANCE
(BILLIONS OF CONSTANT PESOS AND %)



Source: BBVA Research with data from Banxico

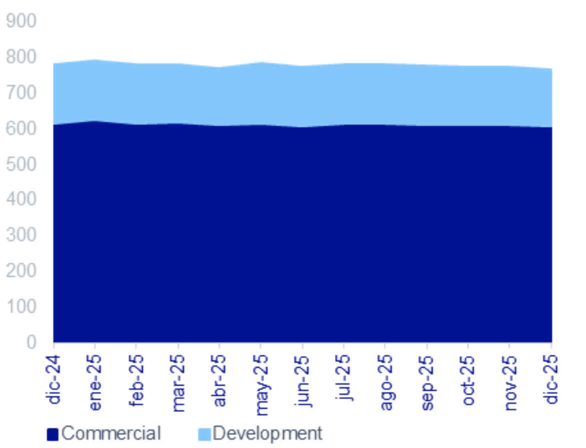
CONSTRUCTION LOAN PORTFOLIO BALANCE
(YoY % CHANGE)



Source: BBVA Research with data from Banxico

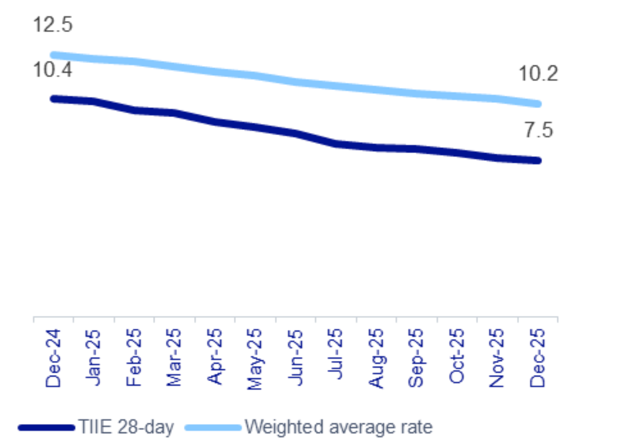
At the macroeconomic level, we estimate that the policy rate could end the year at 6.5%, which is 50 basis points below its level at the end of 2025. If this materializes, the 28-day TIIE could decline further, along with the weighted average interest rate for the construction sector. Accordingly, we estimate that by the end of 2026, the average rate offered by the banking system could be around 10%, thereby stimulating demand for bank loans.

CONSTRUCTION LOAN PORTFOLIO BALANCE
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from Banxico

CONSTRUCTION INTEREST RATES
(PERCENT)



Source: BBVA Research with data from CNBV

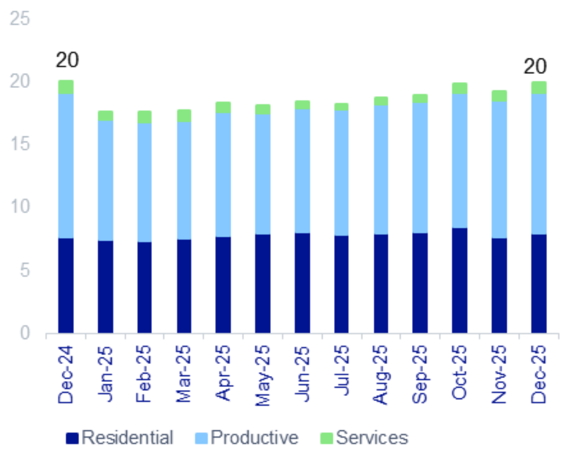
The combination of lower financial funding costs for the construction industry and the incipient recovery in the industry's real economic activity leads us to expect stronger demand for bank loans in 2026. Although we have previously been optimistic about this segment without credit balances confirming our expectations, this time there are more factors supporting this outlook.

Residential building construction is regaining ground

The gross value of production in building construction reached 223 billion pesos in 2025, which is 3.3% lower than the 231 billion pesos recorded in 2024 in real terms. This result reflects a combination of a 6.2% decline in productive (non-residential) building construction and a 4.0% increase in its residential counterpart, which together account for more than 95% of the total.

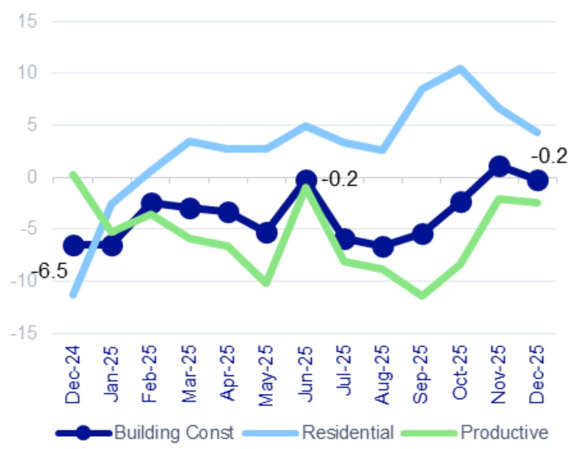
How is this consistent with higher GDP? According to data from the National Survey of Construction Companies (ENEC) conducted by INEGI, spending on goods and services by these firms declined even more than the value of production, and also more than the revenues reported by companies in real terms. This explains why GDP increased, as margins expanded, generating higher value added. In turn, this may be supported by greater activity in residential building construction, which typically contributes proportionally more value added than productive building construction.

GROSS BUILDING CONSTRUCTION VALUE
(BILLIONS OF PESOS AND YoY % CHANGE)



Source: BBVA Research with data from Inegi

GROSS BUILDING CONSTRUCTION VALUE
(YoY % CHANGE)

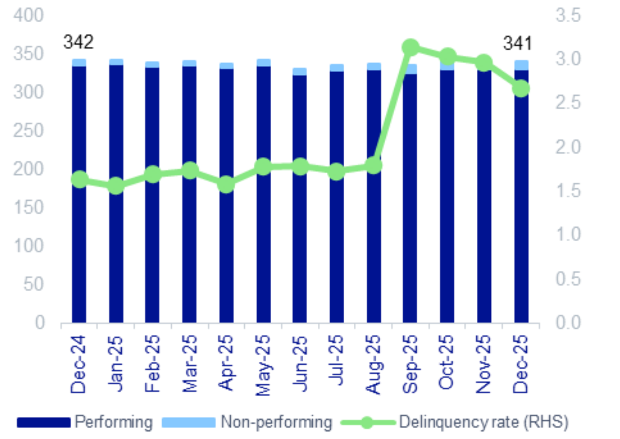


Source: BBVA Research with data from Inegi

Since the beginning of 2025, the value of residential building construction has shown signs of recovery. January was the last month, rather than the first, in which a decline in the value of production for this type of construction was recorded. From that point onward, changes have been positive and increasing. We associate this with higher activity driven by the new housing policy, which has led construction firms to increase the number of projects, particularly in the social housing segment. The housing market section of this report provides a more detailed analysis, highlighting the significant increase in the number of housing units under construction.

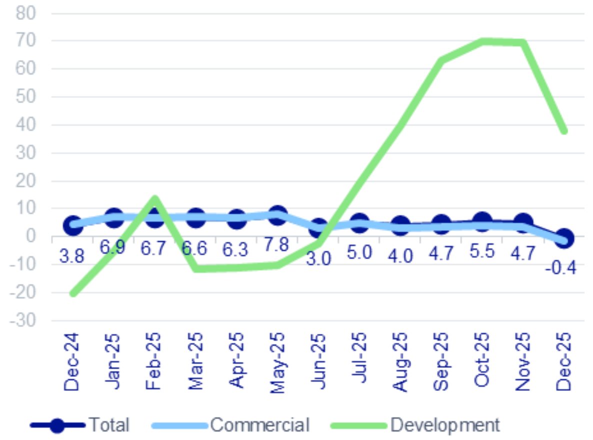
In contrast, productive building construction remains in decline. As noted at the beginning of last year, it was difficult to match the levels of construction observed in this segment during 2023 and 2024, similar to that seen in public infrastructure investment. This effect was further intensified by the uncertainty generated by the imposition of tariffs on Mexican exports by Mexico's main USMCA trading partner, even as total exports increased, resulting in reduced construction of industrial facilities. This casts doubt on the target of developing 100 industrial parks under ***Plan México***. At the same time, the stagnation of private consumption at the macroeconomic level—largely due to weaker job creation—has also reduced incentives to build additional shopping centres, which are part of this productive building segment.

BUILDING CONSTRUCTION LOAN PORTFOLIO BALANCE (BILLIONS OF CONSTANT PESOS & %)



Source: BBVA Research with data from Banxico

CONSTRUCTION LOAN PORTFOLIO BALANCE (ANNUAL % CHANGE)



Source: BBVA Research with data from Banxico

In line with lower activity, the outstanding balance of bank credit for building construction also declined, albeit marginally. The portfolio decreased from 342 billion pesos at the end of 2024 to 341 billion pesos one year later. Over the same period, delinquency increased from 1.6% to 2.7%. The balance of non-performing loans rose from 6 billion pesos to 9 billion pesos, which may appear high in relative terms; however, a delinquency rate below 3% remains quite low. Nonetheless, it is an indicator worth monitoring.

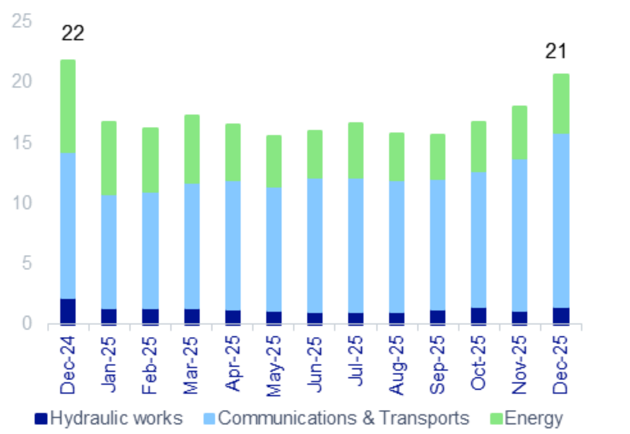
Even so, we expect that lower bank funding costs and increased construction activity in this segment, particularly in its residential component, could revive demand for bank credit among these firms, although this growth is unlikely to come from social housing construction.

Infrastructure declines sharply, but could recover this year

As noted in previous editions of ***Real Estate Outlook***, following the peak in budgeted spending on infrastructure projects in 2023, two consecutive years of cuts led to a sharp contraction in civil works, which dragged down the overall performance of the industry. Beyond the previously discussed GDP figures for this classification, the gross value of civil works construction fell from 291 billion pesos in 2024 to 201 billion pesos in 2025, representing a 30.9% year-over-year decline.

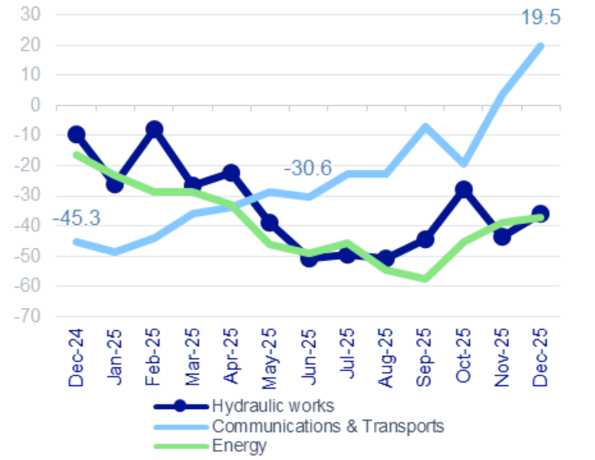
The steepest contraction in annual terms occurred in energy-related projects, which declined by 41% compared to 2024. However, the largest impact was observed in communications and transportation projects, which decreased by 44 billion pesos from 2024 to 2025. This trend is consistent with changes in public works spending. While the private sector does have some participation, the vast majority of these projects are carried out by the public sector, making budget execution the most reliable indicator.

GROSS INFRASTRUCTURE VALUE
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from Inegi

GROSS INFRASTRUCTURE VALUE
(YoY % CHANGE)

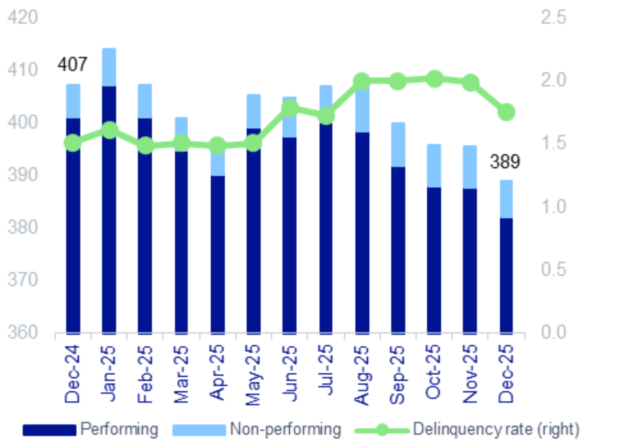


Source: BBVA Research with data from Inegi

In line with the lower level of activity in this type of construction, the outstanding balance of bank credit has also declined sharply. At the end of 2024, this balance stood at 407 billion pesos, but by the end of 2025 it had fallen to 389 billion pesos, both figures in real terms, representing a contraction of 4.5%. While this rate is less negative than those observed in the final months of 2024, the key point is that the downward trend has persisted for more than a year. Despite lower credit origination in this segment, delinquency remains below 2.0%, indicating no signs of deterioration in this portfolio.

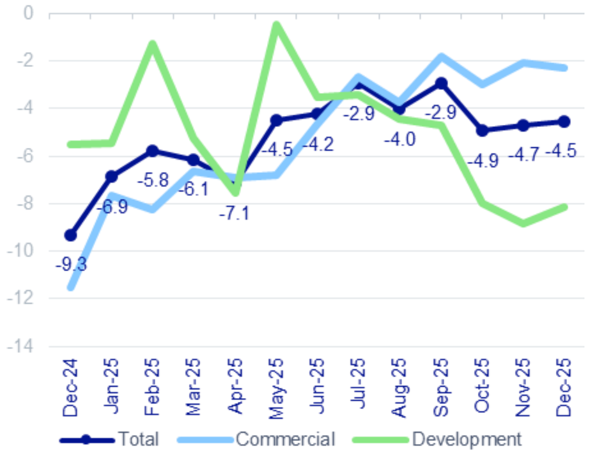
Consistent with our expectations for building construction, we foresee a positive outlook for bank credit generation in civil works during 2026. In addition to a lower policy rate, which would reduce funding costs, we expect higher activity levels. This outlook is based on the increase in the public works budget, which is expected to exceed 650 billion pesos. Furthermore, the Ministry of Finance’s announcement of additional resources for infrastructure would inject funding starting this year for more projects of this type. Additionally, there has been a shift in public policy that no longer precludes private sector participation, a sector that typically relies more heavily on bank financing.

INFRASTRUCTURE LOAN PORTFOLIO BALANCE
(BILLIONS OF CONSTANT PESOS AND %)



Source: BBVA Research with data from Banxico

INFRASTRUCTURE LOAN PORTFOLIO BALANCE
(YoY % CHANGE)

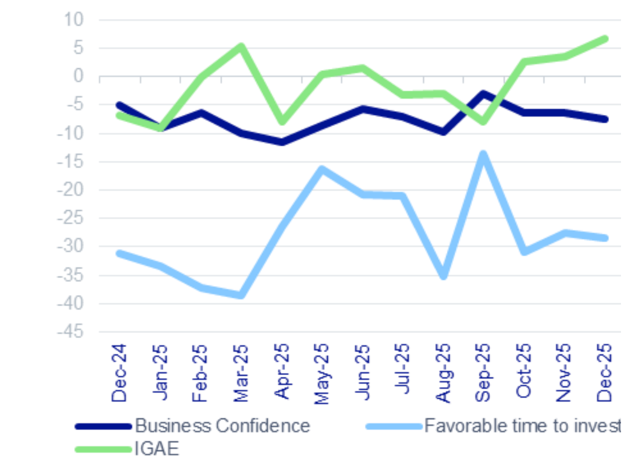


Source: BBVA Research with data from Banxico

The construction industry is expected to return to growth in 2026

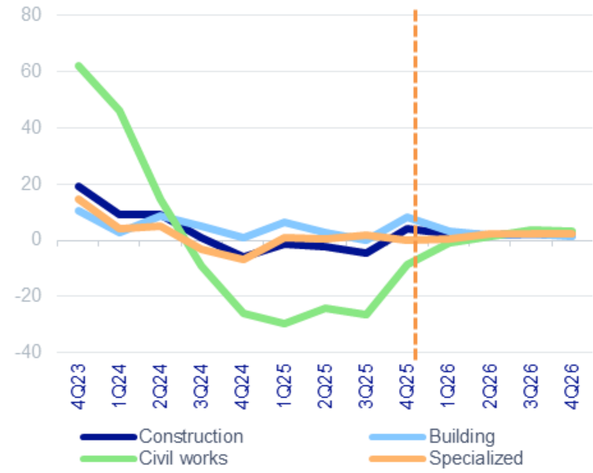
Our outlook is straightforward: stronger activity in residential building construction, together with increased public resources for civil works, should drive the performance of the construction industry. Of course, this depends on the effective implementation of public policies. The financial system is in a position to support this effort, and financing will be available to underpin the industry in 2026.

LEADING CONSTRUCTION INDICATORS
(YoY % CHANGE)



Source: BBVA Research with data from Inegi

PIB CONSTRUCCIÓN
(VARIACIÓN % ANUAL)



Source: BBVA Research with data from Inegi

2.2 Housing Market

In 2025, Mexico's mortgage market showed a moderating trend, more cautious demand, and a gradual rebalancing of housing supply. Credit origination reflected a slight contraction in value and a differentiated performance across players: while public institutions sustained part of the activity, commercial banks experienced a more pronounced slowdown. At the same time, demand indicators showed mixed signals, with some improvement in employment and formal income, but still-weak consumer confidence and mortgage rates that remained elevated.

On the housing side, prices regained momentum toward the end of the year, maintaining pressure on affordability, particularly in certain market segments. At the same time, supply began to show a clearer recovery, driven by higher production value, an increase in project registrations, and an expansion of inventory, especially in social housing. Overall, these factors point to a market in transition, where signs of stabilization and recovery coexist with constraints that continue to limit broader growth in financing and access to housing.

Mortgage market in 2025 with lower lending volumes and increased caution

In 2025, mortgage origination shows signs of adjustment, with a slight contraction in the total number of loans, but with important nuances in its composition and in the behavior of different market participants.

The total number of loans closed the year at 512.3 thousand, representing a marginal decrease of 0.5% compared to 2024. This result reflects two opposing dynamics. First, public institutions managed to sustain the market with growth of 0.9%, reaching 407.1 thousand loans. Infonavit remains the main driver, with a 2.5% increase in its originations, while Fovissste recorded a sharp decline of 14.4%, reflecting lower activity. Yet, the private sector shows a more pronounced contraction. Banks reduced the number of loans by 5.2%, confirming a weaker demand environment for commercial banking. Overall, this weakness explains the slight decline in the total market.

In terms of value, the trend is clearer, the total value of mortgage lending declined by 2.9% in real terms, reaching 576.6 billion pesos. Unlike volumes, even the growth of public institutions, which increased by 2.7%, was not enough to offset the decline in the private sector, where financed amounts fell by 8.0%.

Loan sizes also reflect this adjustment. The overall average loan amount fell by 2.4% in real terms, standing at 1.1 million pesos. However, there are notable differences within the market, while public institutions increased their average loan size by 1.8%, driven by Infonavit with 2.1% and Fovissste with 5.5%, the private sector reduced loan sizes by 2.9%, although it continues to account for the largest-value loans.

Overall, 2025 outlines a more subdued mortgage market, where the slight decline in volumes and the drop in amounts reflect a cautious environment. Even so, the public sector maintains its role as an anchor for the system, partially offsetting weaker banking activity and preventing a deeper contraction, although the ambitious plan to expand housing supply has not yet been reflected in mortgage lending.

ACTIVIDAD HIPOTECARIA POR ORGANISMO
(MILES DE CRÉDITOS Y MILES DE MDP A PRECIOS DE DICIEMBRE DE 2025, CIFRAS ACUMULADAS)

New mortgages	Loans (thousand)			Credit amount (billions of pesos)			Average credit amount (thousand of pesos)		
	Dec-24	Dec-25	YOY %	Dec-24	Dec-25	Real YOY %	Dec-24	Dec-25	Real YOY %
Public Institutions	**403.3**	**407.1**	**0.9**	**282.5**	**290.2**	**2.7**	**700**	**713**	**1.8**
Infonavit	367.3	376.3	2.5	245.6	256.9	4.6	669	683	2.1
Fovissste	36.0	30.8	-14.4	36.9	33.3	-9.8	1,025	1,081	5.5
Private*	**120.5**	**114.2**	**-5.2**	**311.2**	**286.4**	**-8.0**	**2,583**	**2,508**	**-2.9**
Banks 1/	120.5	114.2	-5.2	311.2	286.4	-8.0	2,583	2,508	-2.9
Other									
Subtotal	**523.8**	**521.3**	**-0.5**	**593.7**	**576.6**	**-2.9**	**1,133**	**1,106**	**-2.4**
Co-financing 2/ (-)	9.1	9.0	-1.1						
Total	**514.7**	**512.3**	**-0.5**	**593.7**	**576.6**	**-2.9**	**1,153**	**1,126**	**-2.4**

*While other private credit institutions exist (such as unregulated agents), they are not included due to the lack of reliable public information.
1/ Includes: loans for the acquisition of new and existing housing, self-construction, restructuring, refinancing, liquidity, and loans for former employees of financial institutions.
2/ Loans granted in conjunction with Infonavit and Fovissste.
Note: the inflation adjustment factor is based on the Sociedad Hipotecaria Federal (SHF) housing price index, Base 2017=100.
Source: BBVA Research with data from Infonavit, Fovissste, CNBV, SHF.

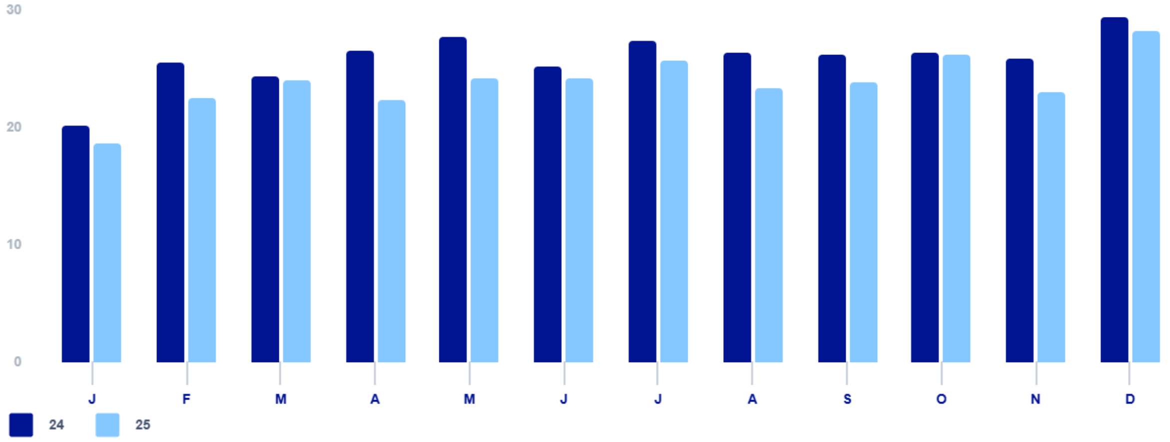
Mortgage lending flows by banks in 2025 follow a trajectory of gradual improvement, marked by a progressive recovery after a more subdued start to the year. Following the first two months, a slight increase is observed, suggesting a gradual reactivation of demand. During the spring, the market maintained a stable trend, with originations in March, April, and May hovering around 24 billion pesos, confirming a pattern of gradual recovery, albeit without strong acceleration.

Between June and July, mortgage flows stabilized at levels between 24 and 26 billion pesos, a trend that continued in subsequent months, with August and September remaining within a similar range, pointing to a more balanced and predictable market.

It is in the final stretch of the year when lending accelerates, in October, volumes reached close to 26 billion pesos, nearly matching the levels of the previous year and confirming convergence between both periods. Although November shows a slight adjustment to around 23 billion pesos, December closes strongly at approximately 28 billion pesos, one of the highest levels of the year.

Overall, this evolution suggests an environment of gradual normalization, in which activity strengthens and narrows the initial gaps, consolidating an upward trend in the second half of the year.

MONTHLY MORTGAGE BANK LENDING
(BILLIONS OF PESOS AT DECEMBER 2025 PRICES, MONTHLY FLOWS)



Source: BBVA Research with data from CNBV

In 2025, mortgage origination for home purchases shows a contrasting pattern: it grows in the number of transactions but declines in value, reflecting a market that is gaining momentum in volume, albeit with smaller loan sizes.

The total number of loans reached 480.4 thousand, representing an increase of 2.1% compared to the previous year. This growth is primarily driven by public institutions, which recorded a 3.8% increase and accounted for 394.4 thousand loans. Infonavit expanded its originations by 5.6%. In contrast, Fovissste continues to show weakness, with a 14% decline, partially limiting the overall growth of the public sector.

On the private sector side, the trend is clearly negative. Banks reduced their activity by 4.8%, both in the number of loans and in the amount financed. Nevertheless, the momentum of the public sector managed to sustain overall market growth in terms of volume.

However, the picture changes when analysing loan amounts. The total value of mortgage financing for home purchases declined by 1.2% in real terms, reaching 523.1 billion pesos. Although public institutions increased the amount extended by 5.4%, this was not enough to offset the 8.0% contraction recorded in the private sector.

This adjustment is also reflected in the average loan size, which fell by 3.2% in real terms. However, there are notable differences within the market: public institutions increased their average loan size by 1.6%, with Infonavit rising 2.0% and Fovissste 5.5%, while the private sector reduced its average loan size by 3.4%, although it continues to provide the highest-value loans per transaction.

MORTGAGE ORIGINATION ACTIVITY FOR HOME PURCHASE BY INSTITUTION
(THOUSANDS OF LOANS AND BILLIONS OF PESOS AT DECEMBER 2025 PRICES, CUMULATIVE FIGURES)

NEW MORTGAGES	Number of loans (thousand)			Credit Amount (billions of pesos)			Average Credit Amount (thousand of pesos)		
	Dec-24	Dec-25	YOY %	Dec-24	Dec-25	Real YOY %	Dec-24	Dec-25	Real YOY %l
Public Institutions	**380.0**	**394.4**	**3.8**	**267.9**	**282.5**	**5.4**	**705**	**716**	**1.6**
Infonavit	344.3	363.7	5.6	231.3	249.3	7.8	672	685	2.0
Fovissste	35.7	30.7	-14.0	36.6	33.2	-9.3	1,025	1,081	5.5
Private Sector*	**99.6**	**94.8**	**-4.8**	**261.6**	**240.6**	**-8.0**	**2,627**	**2,538**	**-3.4**
Banks 1/	99.6	94.8	-4.8	261.6	240.6	-8.0	2,627	2,538	-3.4
Other									
Subtotal	**479.6**	**489.2**	**2.0**	**529.5**	**523.1**	**-1.2**	**1,104**	**1,069**	**-3.1**
Co-financing 2/ (-)	9.0	8.8	-2.2						
Total	**470.6**	**480.4**	**2.1**	**529.5**	**523.1**	**-1.2**	**1,125**	**1,089**	**-3.2**

*While other private credit institutions exist (such as unregulated agents), they are not included due to the lack of reliable public information.
1/ Includes: loans for the acquisition of new and existing housing
2/ Loans granted in conjunction with Infonavit and Fovissste.
Note: the inflation adjustment factor is based on the Sociedad Hipotecaria Federal (SHF) housing price index, Base 2017=100.
Source: BBVA Research with data from Infonavit, Fovissste, CNBV, SHF.

The annualized mortgage amount by housing segment shows differentiated behavior, with a clear gap between lower- and higher-value loans, as well as signs of adjustment toward year-end.

The residential and middle-income housing segments maintain a relatively stable trend, with slight fluctuations but no abrupt changes. After a mild slowdown at the beginning of 2025, these segments regained momentum throughout the year, reaching a peak around mid-year, before stabilizing and closing with moderate declines of between 7.7% and 8.6%. This reinforces the decline in affordability highlighted in recent editions of ***Real Estate Outlook***.

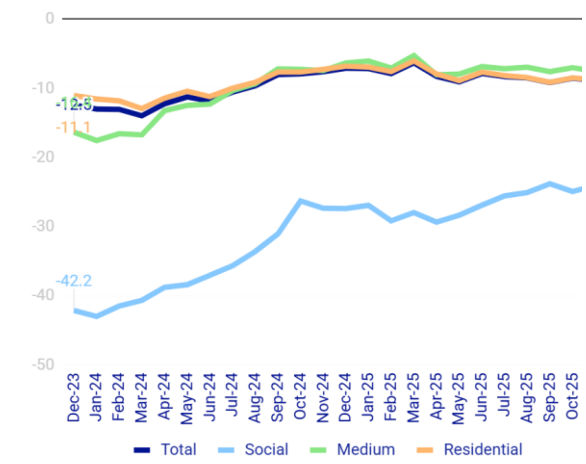
In contrast, the annualized amount in the social housing segment maintains an upward trend, although still in negative territory, closing the year with a contraction of 22.8%, reflecting greater sensitivity to market conditions.

The evolution of the number of mortgage loans by housing segment shows a market clearly dominated by the residential segment, which accounts for 75.5% of bank lending. At the same time, the middle-income housing segment remains very stable, suggesting a shift in demand toward intermediate price ranges. This behaviour may be associated with factors such as rising residential housing prices, leading buyers to opt for more affordable alternatives. Meanwhile, social housing maintains a more limited share of total lending, with a slight decline in 2025.

This confirms a segmented mortgage market where loans for higher-value housing show relative stability with moderate adjustments, while lower-value segments exhibit greater volatility, with faster growth followed by a more pronounced correction. Overall, the year-end points to a slowdown environment, where all segments register declines, albeit with varying intensity depending on housing price levels.

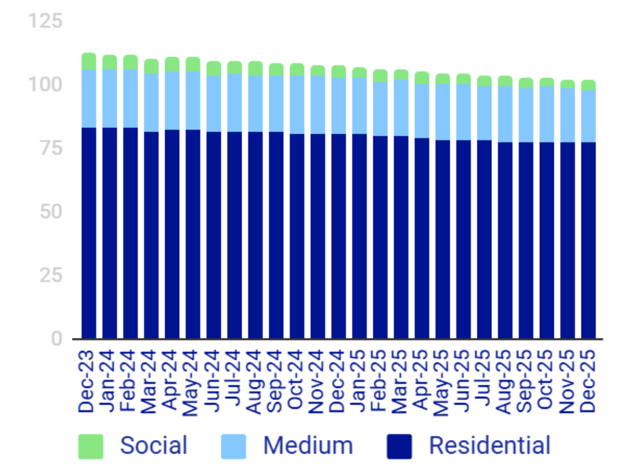
These results also highlight that within each segment, average loan sizes have been decreasing by 2.5% year-over-year in residential housing, 2.3% in the middle-income segment, and 1.2% in social housing.

BANK MORTGAGE CREDIT
(YOY % CHANGE, ANNUALIZED FIGURES)



Source: BBVA Research with data from CNBV

BANK MORTGAGE CREDIT
(THOUSANDS OF CREDITS, ANNUALIZED FIGURES)

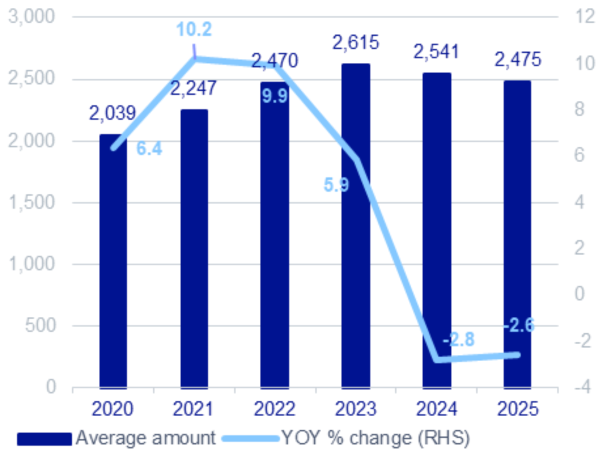


Source: BBVA Research with data from CNBV

In 2025, the average amount of mortgage loans granted by banks confirms the adjustment phase the market is undergoing. The average loan size stands at around 2.48 million pesos, representing a further annual contraction of 2.6%, marking two consecutive years of decline. This behaviour contrasts with the trend observed in previous years. Between 2020 and 2023, the average loan amount had shown sustained growth, reaching a peak in 2023 at close to 2.6 million pesos. However, since then a shift has occurred: in 2024 the correction began with a 2.8% decline, and in 2025 this downward trend was consolidated.

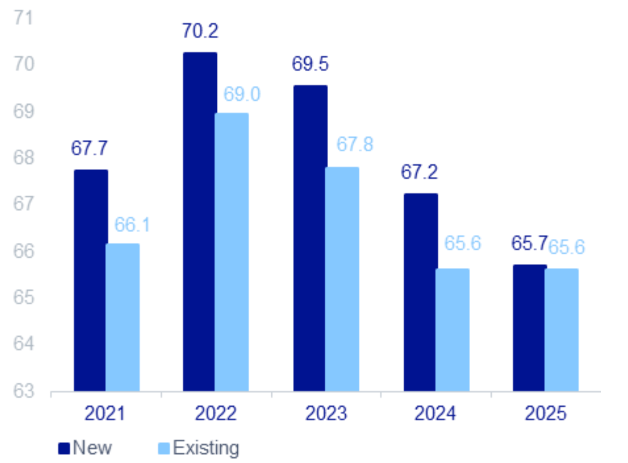
Despite the decrease, the level reached in 2025 remains high in historical terms, indicating that banks continue to concentrate on financing higher-value housing. Nevertheless, the reduction in the average loan size suggests an adjustment in the loan profile, possibly linked to more cautious demand, as origination criteria and interest rates have remained stable.

AVERAGE MORTGAGE (COMMERCIAL BANKING)
(CONSTANT PESOS (K) AND YoY % CHANGE)



Source: BBVA Research with data from CNBV

LOAN TO VALUE (LTV)
(ANNUAL PERCENTAGE)



Source: BBVA Research with data from CNBV

The evolution of the loan-to-value (LTV) ratio in bank mortgage lending shows a moderating trend in leverage levels, with 2025 marking a point of consolidation of this adjustment in both new and existing housing.

LTV has shown a slight downward trend from the higher levels observed in previous years (close to 70%) toward more contained levels. This reduction is more evident in new housing, where LTV declined from a peak of 70.2% in 2022 to 65.7% in 2025. In the case of existing housing, the pattern is similar, with a decrease from 69.0% in 2022 to 65.6% by the end of 2025.

In 2025, LTV stabilized at virtually identical levels across both segments, 65.7% for new housing and 65.6% for existing housing. This convergence is noteworthy, as in previous years new housing tended to exhibit higher leverage levels. The closing of this gap suggests a homogenization of financing conditions, regardless of the type of property. Moreover, 2025 levels are among the lowest observed, confirming a more prudent mortgage market.

Mortgage demand conditions showing signs of stabilization in a restrictive environment

The evolution of the wage bill and the number of workers registered with IMSS provides insight into current mortgage demand conditions and their future outlook. The real wage bill of IMSS workers, a key indicator of aggregate income among formal workers, has followed a downward trend from previously high levels, reflecting a loss of momentum in income growth. At the same time, the number of registered workers has also declined, albeit more gradually, confirming a moderation in formal job creation.

After reaching low levels, both variables show signs of recovery toward the end of the year. The wage bill rebounds and closes with growth of around 4.5%, while the number of registered workers also improves, standing at approximately 1.3%. This rebound, although moderate, points to an incipient recovery in both formal employment and income. Notably, there was a

9.1% increase in the number of registered workers and a 6.6% rise in the wage bill in July 2025. This spike was driven by the incorporation of platform workers in that month, after which both variables returned to their underlying trends.

From a mortgage market perspective, these movements are relevant. The earlier slowdown implied reduced purchasing power and, therefore, more subdued demand for housing credit. However, the recent recovery suggests that conditions could begin to improve: higher formal employment and increased income typically translate into a larger pool of potential borrowers and stronger repayment capacity.

Nevertheless, current growth levels, particularly in registered workers, remain relatively low compared to previous periods. This indicates that, while mortgage demand may strengthen in the short term, it is likely to do so gradually rather than through a sharp rebound.

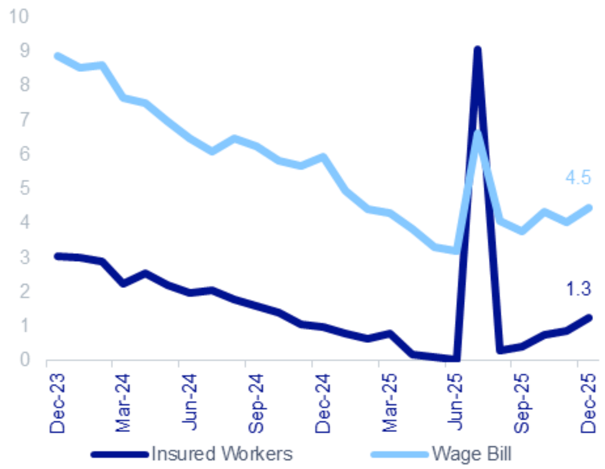
The evolution of the number of insured workers by income level, measured in monthly UMA shows a clear differentiation in the dynamism across segments, with direct implications for future mortgage demand. Overall, total formal employment growth remains moderate and shows a decelerating trend throughout the period, recently closing at around 1.3%. However, this aggregate behaviour masks significant differences across income levels.

The lowest-income segment (up to 3 UMA) shows the greatest weakness. Throughout the series, it has consistently recorded negative growth rates and again closed in negative territory at -7.2%. This suggests a contraction in the pool of workers with lower access to mortgage credit, particularly in the social housing segment. In contrast, middle- and higher-income segments show greater resilience. The 3 to 6 UMA group maintains relatively stable growth, closing at around 8.7%, indicating a solid base of workers with potential demand for middle-income housing.

However, it is in the highest-income segment (above 6 UMA) where one of the most relevant dynamics is observed: despite some volatility, this group maintains growth, closing at 4.1%. This behaviour is key, as it reflects a sustained expansion of the population with greater borrowing capacity.

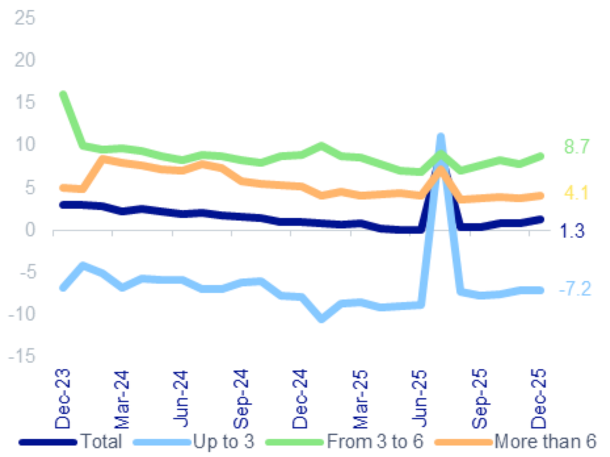
From a mortgage market perspective, this shift is significant. Weakness in lower-income segments limits demand for lower-value housing, while growth in middle- and especially higher-income segments points to more dynamic future demand for higher-value housing. These households are the primary users of bank credit and have better access and repayment conditions.

IMSS-INSURED WORKERS AND WAGE BILL
(YoY % CHANGE)



Source: BBVA Research with data from IMSS and Inegi

IMSS-INSURED WORKERS, WAGE LEVEL
(YoY % CHANGE)



Source: BBVA Research with data from IMSS

The evolution of consumer confidence shows a recent deterioration with direct implications for the housing market. The component specifically related to housing is the most volatile and, at the same time, the one experiencing the most pronounced adjustment. After periods of recovery throughout the year, this indicator has moved clearly into negative territory, closing with a decline of around 10.1%, reflecting a significant deterioration in households' perception of housing as an investment. Overall consumer confidence also shows weakness, standing at negative levels of 5.3%, suggesting a more cautious environment in household economic decision-making. In contrast, the durable goods component shows a slight recent improvement of 1.3%.

From a mortgage market perspective, these results point to more subdued demand in the short and medium term, potentially leading to postponed home purchase decisions. This contrasts with the objectives of public housing policy, which aims to significantly increase the supply of social housing. Moreover, the fact that housing confidence has declined more than the overall index suggests that this segment faces additional pressures, possibly related to rising property prices. However, the slight improvement in durable goods may be interpreted as an early sign of stabilization in consumption, which, if sustained, could eventually spill over into the housing market. Even so, under the current scenario, mortgage demand will face a challenging environment, with a recovery that is likely to be gradual and dependent on improvements in household confidence.

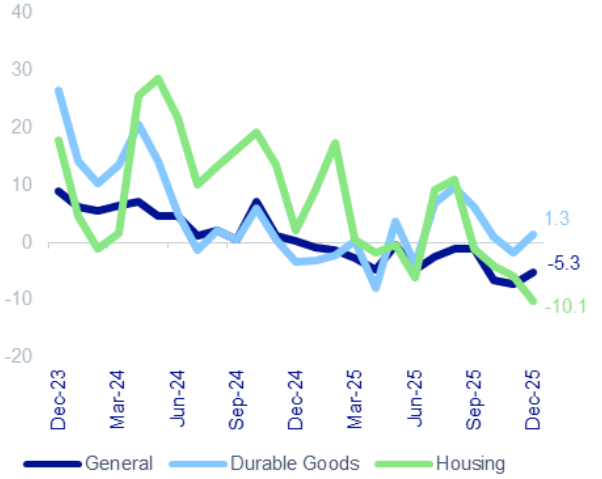
The trend-cycle decomposition of consumer confidence confirms and reinforces the deterioration described above, particularly in the housing-related component, and provides further insight into its implications for the mortgage market.

First, the trend in the overall indicator shows a sustained downward trajectory, placing it in negative territory at 4.9%. This indicates that the weakening in confidence is not merely cyclical but reflects a more structural deterioration in household sentiment. From a housing market perspective, this environment tends to translate into more cautious decision-making and a reduced willingness to take on long-term financial commitments.

The housing component is even more revealing. After a period in which the trend remained in positive territory, the indicator has entered a clearly contractionary phase, declining to levels close to 7.2%. This shift confirms that the recent weakness is not temporary but reflects a deeper cooling in the willingness to invest in housing. In terms of demand, this points to a more persistent slowdown in mortgage origination.

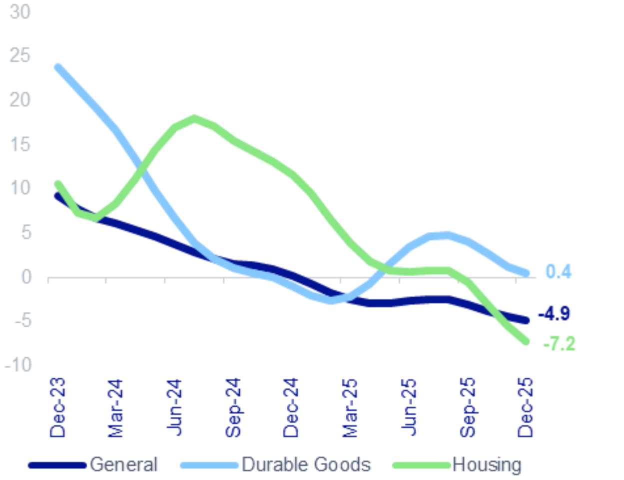
Overall, the trend and cycle analysis confirms a scenario of more structural weakness in housing-related confidence, implying that mortgage demand could remain subdued not only in the short term but also going forward. While some components of consumption show early signs of stabilization, the deterioration in housing sentiment suggests that the recovery of the Real Estate market will be gradual and dependent on a sustained improvement in household confidence.

CONSUMER CONFIDENCE
(YoY % CHANGE)



Source: BBVA Research with data from Inegi

CONSUMER CONFIDENCE, (TREND-CYCLE)
(YoY % CHANGE)



Source: BBVA Research with data from Inegi

The interest rate environment shows differentiated trends. The policy rate displays a clear downward trend, declining to around 7%. This movement reflects a more accommodative monetary cycle, which in principle supports financing conditions and stimulates credit demand. In contrast, mortgage rates remain relatively stable, at levels close to 10.2%, showing downward rigidity. The 10-year government bond (M10), a key benchmark for long-term financing, particularly mortgage lending, has remained around 9.1%, with moderate fluctuations.

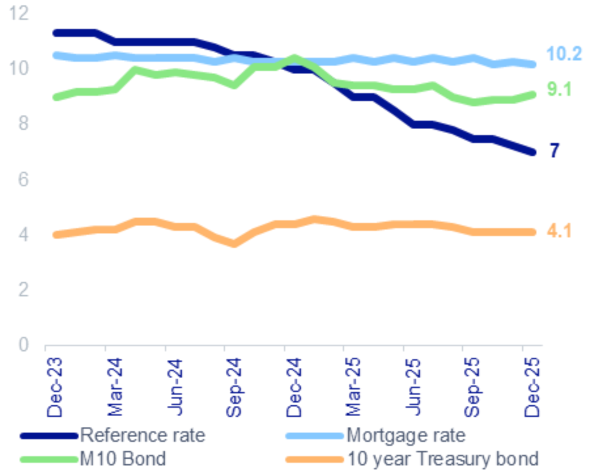
This stability in long-term rates limits the scope for a faster reduction in mortgage rates. Although the monetary environment points to more favourable conditions, transmission to mortgage lending has been minimal. For the housing market, this implies that improvements in financial affordability will be gradual, especially in segments more sensitive to financing costs.

The evolution of interest rates for mortgage loans used for home purchases shows relatively stable behaviour, although with some differences between new and existing housing that reflect nuances in financing conditions. Overall, the average acquisition rate remains within a narrow range of 10.2% to 10.4% throughout the period, confirming a still-elevated rate environment.

When distinguishing by housing type, some relevant differences emerge. Rates for new housing tend to be slightly higher at certain points, showing episodes of greater volatility, although they later converge toward levels similar to the average. Meanwhile, rates for existing housing exhibit more pronounced fluctuations in some periods, including a notable decline toward the end of 2025, when they temporarily fall below the others.

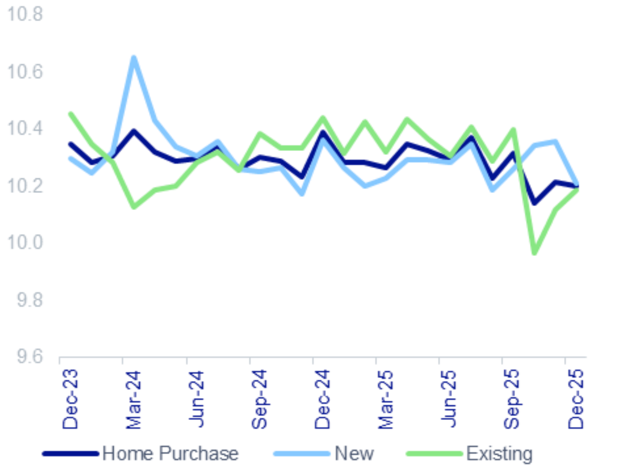
By the end of 2025, all three rates converge again at levels close to 10.2%, indicating a homogenization of financing conditions between new and existing housing. Although there are no major structural differences between segments, mortgage rates continue to show downward rigidity. For the housing market, this means that the cost of financing remains a restrictive factor, affecting demand for both new and existing housing.

INTEREST RATES
(NOMINAL ANNUAL % RATES)



Source: BBVA Research with data from CNBV

MORTGAGE INTEREST RATE
(NOMINAL ANNUAL % RATES)



Source: BBVA Research with data from CNBV

Price rebound and ongoing pressures on affordability

The evolution of the SHF Housing Price Index shows a process of moderation throughout the year, followed by a rebound toward the end, signaling a new phase of acceleration in price appreciation.

After reaching double-digit growth rates in previous periods, price appreciation began to slow broadly across all segments. The national index gradually declined, reflecting a normalization in the pace of housing price growth. This moderation was more pronounced in the mid-to-high-end segment, which experienced the largest correction, while the low-income (economic-social) segment showed greater resilience.

However, toward the end of the period, a significant shift in trend becomes evident. The national index partially reverses its decline and rebounds, closing at a rate close to 8.9%, indicating renewed upward pressure on prices after several months of deceleration.

The low-income (economic-social) segment stands out in this new phase, showing a clearer acceleration and closing with an appreciation rate near 11.2%, consolidating its position as the most dynamic segment. Meanwhile, the mid-to-high-end segment also shows a recovery, although more moderate, ending at around 7.6%.

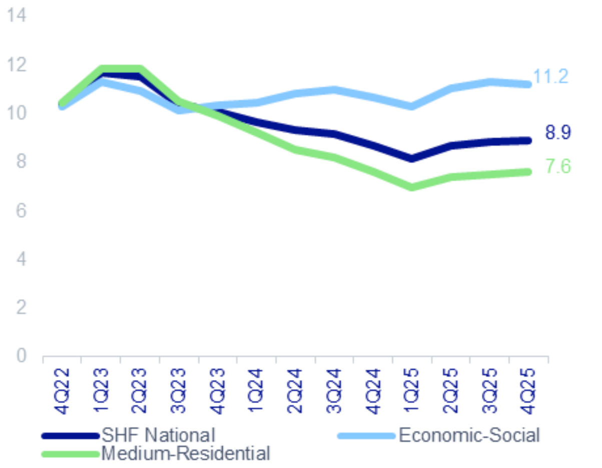
Although the housing market went through a period of adjustment in price growth, signs of renewed acceleration emerge toward the end of the year. This may be associated with factors such as limited supply or demand that—despite being constrained by economic conditions—continues to exert pressure on prices. For the mortgage market, this rebound in appreciation implies an environment in which housing continues to become more expensive, potentially affecting affordability, even in a context of relatively stable interest rates.

The evolution of housing price appreciation by type, new versus existing, confirms a pattern of adjustment throughout the period, followed by a clear rebound toward year-end. This adjustment is particularly pronounced in new housing, which experiences a sharper decline and reaches its lowest levels around the middle of the period, reflecting a more significant correction.

By contrast, existing housing shows a more gradual and orderly deceleration, maintaining a more stable trajectory compared to new housing. This suggests greater resilience in this segment, possibly linked to less volatile supply.

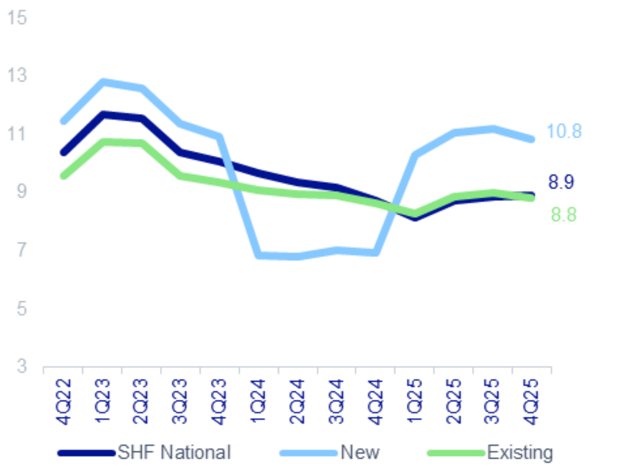
Toward the end of the year, new housing shows a significant recovery, with a notable acceleration in its appreciation rate, closing at around 10.8%. This positions it once again as the most dynamic segment, potentially linked to cost pressures or more limited supply. Existing housing also records an improvement in appreciation, although more moderate, closing at around 8.8%.

HOUSE PRICE INDEX - VALUE SEGMENT
(YoY % CHANGE)



Source: BBVA Research with data from SHF

HOUSE PRICE INDEX - USE
(YoY % CHANGE)



Source: BBVA Research with data from SHF

In sum, after a period of deceleration, the housing market entered a new phase of price acceleration toward the end of the year, led by new housing. For the mortgage market, this trend implies renewed increases in property prices, which could continue to put pressure on affordability, particularly in higher-value segments.

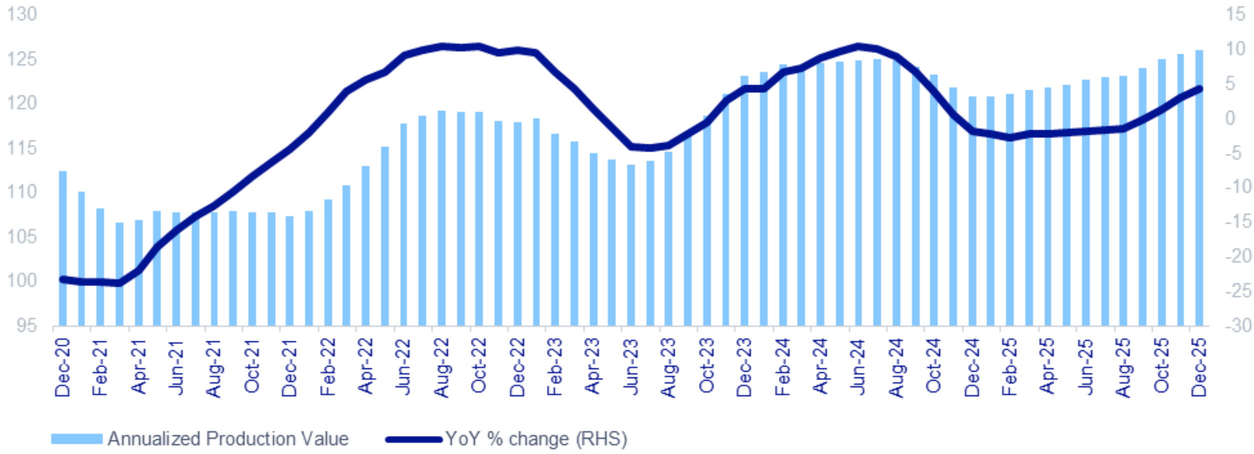
Construction recovery, rebalancing toward social housing, and higher inventory levels

Over the past year, the annualized value of housing production shows a more defined recovery following a previous period of deceleration. This rebound becomes more evident as the year progresses, production levels not only stabilize but also record sustained month-over-month growth, reaching peak levels toward the end of the period. At the same time, the annual growth rate strengthens, confirming that the expansion is driven by increased activity rather than merely base effects.

This behavior indicates that the recovery in the housing construction sector begins to consolidate from the second half of the year onward. Since then, activity has gained momentum, reflecting greater continuity in project development by builders.

From a supply perspective, this implies that the expansion of housing inventory will materialize gradually. The effects are not immediate, due to the natural lag between project initiation and housing delivery; however, the recent trend points to greater availability in the coming quarters. Overall, the past year marks the beginning of a clearer recovery, with positive, though still gradual, effects on housing supply.

GROSS VALUE OF HOUSING PRODUCTION
(BILLIONS OF REAL PESOS AND YoY % CHANGE)



Fuente: BBVA Research con datos del Inegi

The evolution of housing project registrations in the RUV shows not only a recovery in total volume toward 2025, but also a significant shift in the composition of supply, with direct implications for recent construction dynamics.

Housing registrations began to recover gradually in 2023 and stabilized in 2024. However, 2025 marks a clear turning point, with a very significant increase of 67.1%, bringing the number of housing units to levels not seen since 2016.

Beyond aggregate growth, the change in composition is particularly relevant. In previous years, traditional and mid-to-high-end housing accounted for a significant share of the total, while social housing had a more limited presence. In 2025, this structure shifts notably, the social housing segment experiences a substantial increase and gains a larger share of total projects.

This shift in composition is closely linked to the implementation of the ***Vivienda para el bienestar*** program (PVB), which aims to boost supply in lower-income segments. This change indicates a greater alignment of construction activity with public policy objectives aimed at expanding access to housing. Overall, 2025 represents a turning point, not only does the volume of projects recover, but the structure of supply is redefined. This reinforces the outlook for an expansion in housing construction, particularly in social segments, which could contribute to a more balanced expansion of supply in the market in the coming years.

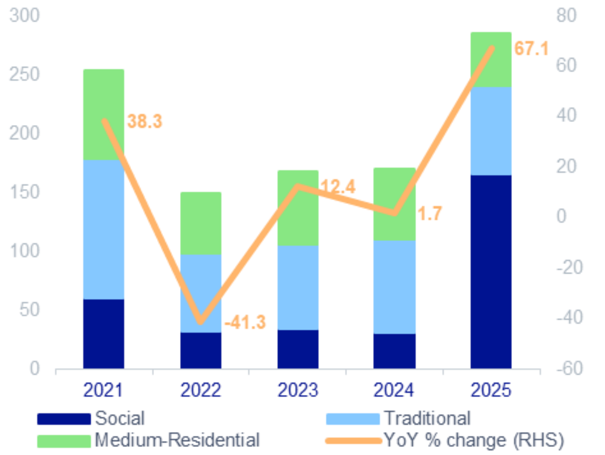
The evolution of housing inventory also shows a clear change in trend in recent years, with significant growth toward 2025, primarily driven by a reactivation of supply rather than a deterioration in demand. After a sharp decline in 2023, inventory began to recover in 2024 and accelerated markedly in 2025, with growth of 34.6%, reaching 269 thousand units, the highest level in the period. This rebound is consistent with trends observed in project registrations and production value, which pointed to a reactivation in construction, particularly driven by new developments.

The increase in inventory therefore appears to be more closely associated with an expansion in supply, including the push for social housing under the PVB rather than an accumulation due to weak sales. In this sense, it does not necessarily represent an immediate risk of oversupply, but rather a normalization following years of underbuilding.

However, the level of risk will depend on the market's ability to absorb this inventory, especially in regions where demand appears insufficient. In a context where demand faces constraints, such as still-elevated mortgage rates and weakened consumer confidence, there is a risk that the pace of sales may not keep up with supply, potentially resulting in longer absorption periods.

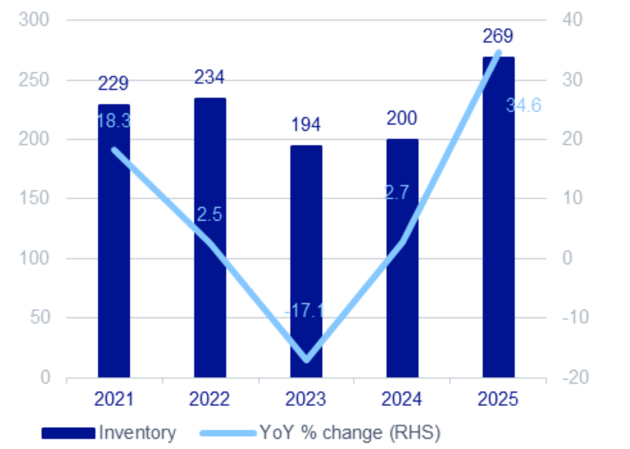
Overall, the growth in inventory in 2025 reflects a market that is reactivating on the supply side. Rather than signalling immediate risk, it points to a phase of greater housing availability, which could translate into a rebound in mortgage lending, provided that demand strengthens in parallel.

HOUSING PROJECTS IN RUV 2025
(THOUSAND OF UNITS AND YoY % CHANGE)



Source: BBVA Research with data from RUV

HOUSING INVENTORY 2025
(THOUSAND OF UNITS AND YoY % CHANGE)



Source: BBVA Research with data from RUV

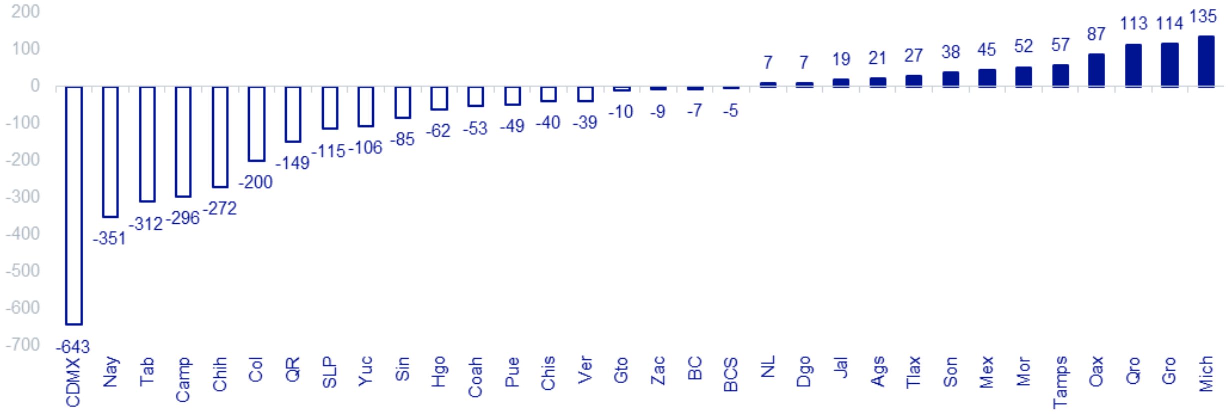
The evolution of timelines associated with housing registration, construction, and sales shows a slight improvement, declining from 521 days to 495 days, a 5% reduction. However, this decrease remains limited and uneven across states, posing certain risks for the mortgage market and its efficiency. While 19 states have recorded meaningful reductions in processing times, these improvements are not uniform. In some states, reductions were marginal, and in 13, timelines increased, indicating bottlenecks that continue to affect the housing production and sales chain.

This partial reduction in timelines has direct implications. It limits the speed at which supply can respond to demand, even in a context of construction recovery. In other words, although there are more projects and inventory under development, extended timelines in certain processes delay their effective entry into the market.

This rigidity impacts the efficiency of the mortgage market. Longer processes imply higher financial costs for developers and potentially slower inventory turnover. This may translate into higher prices or reduced timely availability of housing for borrowers.

Additionally, from a credit perspective, delays in certain stages of the process reduce the synchronization between supply and financing. That is, even when conditions are favourable for loan origination, the lack of available housing at the right time can limit the growth of the mortgage market.

CHANGE IN INVENTORY DAYS BY STATES (DAYS)



Source: BBVA Research with data from SNIIV

Higher lending volumes, but weaker portfolio quality

The mortgage portfolio shows sustained expansion in real terms throughout 2025, reflecting continuous growth in both performing balances and the total portfolio. This dynamism is particularly notable for its persistence, with gradual but steady increases that accelerate toward the end of the year, indicating greater loan origination and accumulation.

However, this growth is accompanied by an increase in the delinquency ratio (IMOR). As the portfolio expands, the IMOR follows an upward trend, reaching higher levels toward year-end. Although this increase is gradual, it includes periods of acceleration, during which the deterioration in portfolio quality becomes more pronounced. Overall, a dual dynamic is observed: a mortgage market that continues to grow in volume at an increasingly solid pace; at the same time, a rising pressure on credit quality. In some periods, the pace of portfolio growth outstrips the system's capacity to absorb risk, as reflected in the increase in the IMOR, although it remains at very acceptable levels.

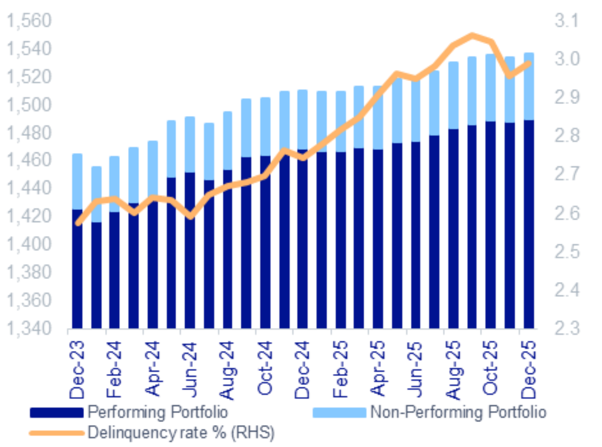
The evolution of the real annual growth of performing and non-performing portfolios confirms this dynamic: sustained growth in mortgage credit accompanied by increasing pressure on its quality.

The performing portfolio maintains growth rates throughout the year, although with a clear decelerating trend. From levels above 4% at the end of 2023, growth gradually moderates to around 1.5% by the end of 2025. This suggests that, while credit continues to expand in real terms, it does so at a slower pace, reflecting more subdued demand.

In contrast, the non-performing portfolio shows a much more dynamic trajectory. Its growth accelerates significantly, moving from moderate rates to double-digit levels, reaching peaks close to 16% in 2025. Although some correction is observed toward the end of the period, the pace of expansion remains high compared to the performing portfolio.

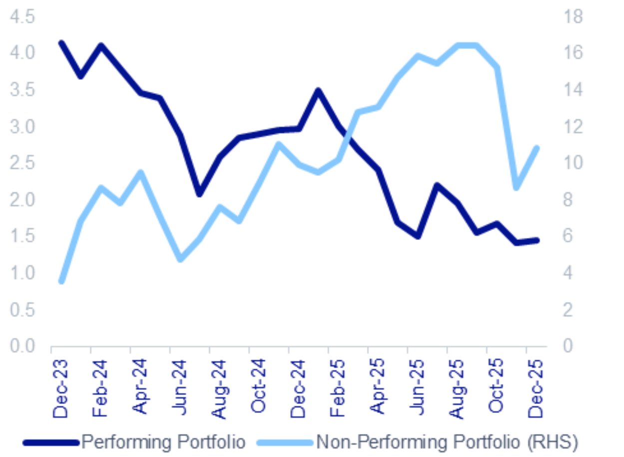
This divergence is key, non-performing loans are growing at a significantly faster rate than the performing portfolio. This confirms that the increase in the delinquency ratio is not an isolated phenomenon, but rather the result of an acceleration in defaulted balances relative to a total portfolio that is growing more slowly.

HOUSING CREDIT
(BILLIONS OF CONSTANT PESOS AND DELINQUENCY RATE%)



Source: BBVA Research with data from CNBV

HOUSING CREDIT
(YoY % CHANGE)



Source: BBVA Research with data from CNBV

Credit stagnation and insufficient supply

“Overall, Mexico’s mortgage market in 2025 was characterized by a process of adjustment and rebalancing, in which moderation in credit origination, relatively weak demand, particularly in lower-income segments, and the recent rebound in prices created a cautious environment. While activity showed signs of stabilization in the second half of the year, significant challenges remain, particularly in terms of affordability, financial conditions, and the alignment between supply and demand. The recovery observed in construction and inventory points to greater housing availability, although its absorption will depend on the evolution of demand fundamentals, including improvements in employment, household income, and consumer confidence in investing in housing.

Looking ahead to 2026, the market is expected to maintain a stable environment, especially in the banking segment, where loan origination could sustain moderate growth under still-restrictive financial conditions. In this context, banks also face the challenge of expanding their reach to lower-income segments, where a significant portion of potential housing demand is concentrated. This implies advancing more flexible origination schemes that incorporate alternative assessment methods beyond traditional income verification mechanisms, particularly for workers with non-traditional or informal income sources. Greater financial inclusion in mortgage lending would not only allow for a broader borrower base but also help strengthen the depth and resilience of the market in the medium term.

In contrast, Infonavit’s role will become more prominent, with significant growth linked to the implementation of the PVB and the process of allocation of the housing units. This momentum could strengthen lending in lower-income segments and contribute to greater market depth, in a context where the consolidation of demand will be key to sustaining the expansion of the mortgage sector.

2.3 Regional Housing markets

Regional growth amid affordability challenges

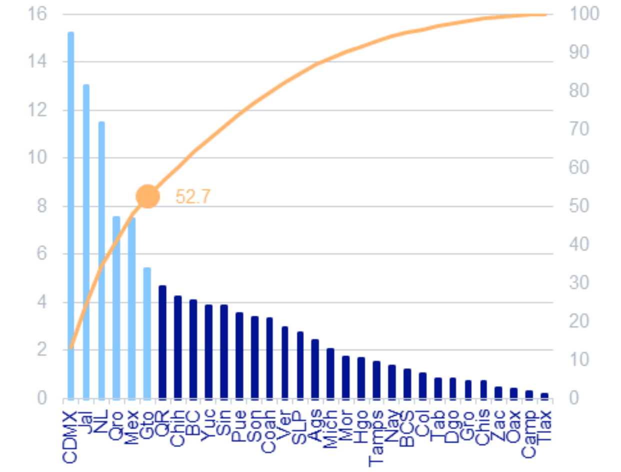
Bank mortgage origination at the state level shows a heterogeneous distribution of credit across the country, with significant differences among states. The states that include the three main metropolitan areas, Mexico City Metropolitan Area, Jalisco, and Nuevo León, account for more than 47 thousand loans, representing 41.3% of total national originations. Adding Querétaro and Guanajuato raises this share to 52.7% of total loans originated in 2025.

In contrast, states with lower levels of economic development, mainly located in the south and southeast of the country, show lower levels of origination, reflecting limitations in household purchasing power. Guerrero, Chiapas, Zacatecas, Oaxaca and Campeche together account for only 2.8% of new loans during the year.

The overall trend shows a correlation between population growth, real estate development, and the volume of loans granted, highlighting the importance of designing differentiated strategies by state to promote greater financial inclusion and address the needs of each population.

At the municipal level, five of the areas with the highest mortgage activity are in the largest metropolitan regions: Zapopan in Jalisco ranks first, followed by Benito Juárez borough in Mexico City, El Marqués in Querétaro, Mérida in Yucatán, and León in Guanajuato.

BANK MORTGAGE LENDING 2025 (THOUSANDS OF LOANS AND CUMULATIVE % SHARE)



Source: BBVA Research with data from CNBV

BANK MORTGAGE LENDING 2025 (LOANS)

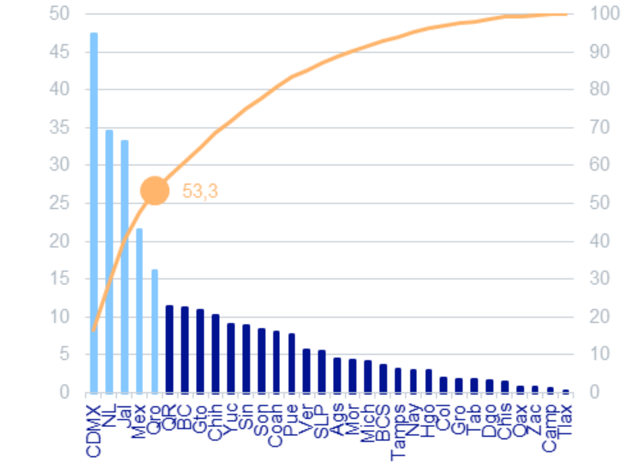
Source: BBVA Research with data from CNBV

As with the number of loans, mortgage origination measured by total value shows a high concentration in a small group of states. Mexico City leads in total volume, with more than 47 billion pesos, followed by Nuevo León and Jalisco, both exceeding 33 billion pesos. In a second tier are the State of Mexico and Querétaro, with significant amounts, over 21 billion pesos in the State of Mexico and more than 16 billion pesos in Querétaro. Together with the top three states, they account for 53.3% of total new mortgage volume.

From there, a gradual decline is observed, with states such as Quintana Roo, Baja California, Guanajuato, and Chihuahua remaining in a range between 10 and 11 billion pesos, reaffirming their strong mortgage activity in recent years. In the middle of the distribution are states with volumes between 4 and 9 billion pesos, such as Yucatán, Sinaloa, Sonora, Coahuila, and Puebla, which maintain stable markets with a relevant share of the national total.

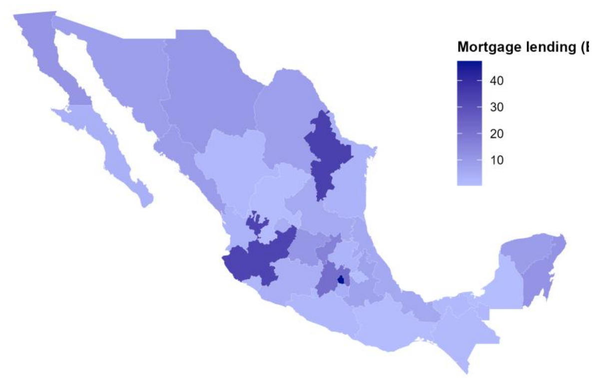
The municipalities with the highest origination are in the three main metropolitan areas, including Zapopan and Guadalajara in Jalisco, Monterrey in Nuevo León, and Benito Juárez and Cuauhtémoc in Mexico City.

BANK MORTGAGE LENDING 2025 (BILLIONS OF CONSTANT PESOS AND CUM. % SHARE)



Source: BBVA Research with data from CNBV

BANK MORTGAGE LENDING 2025 (BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from CNBV

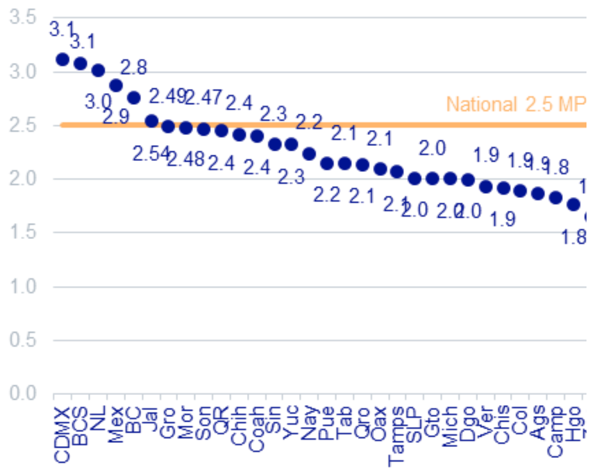
The average loan amount in 2025 shows significant dispersion across states, with a national average of around 2.5 million pesos. Mexico City, Baja California Sur, and Nuevo León stand out as the states with the highest average loan amounts, exceeding 3 million pesos, reflecting higher housing values and a focus on higher-income segments.

The State of Mexico, Baja California, and Jalisco are slightly above the national average, with loan amounts ranging between 2.5 and 2.8 million pesos, indicating well-established markets with a balanced mix of segments.

Below the national average, most states are concentrated, with loan amounts ranging from 2.0 to 2.4 million pesos, including Querétaro, Chihuahua, Sonora, and Puebla, where average loan sizes are more moderate and reflect more affordable housing conditions. At the lower end of the distribution are Veracruz, Chiapas, Oaxaca, and Tlaxcala, with average loan amounts below 2 million pesos, reflecting a greater participation of lower- to middle-income segments.

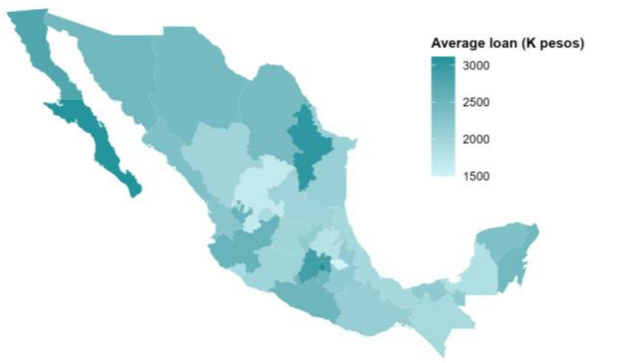
In 2025, the highest-value mortgage loans were recorded in the municipality of Isla Mujeres in Quintana Roo, followed by Dzemul in Yucatán, Valle de Bravo and Malinalco in the State of Mexico, and San Pedro Garza García in Nuevo León.

AVERAGE BANK MORTGAGE LOAN 2025
(MILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from CNBV

AVERAGE BANK MORTGAGE LOAN 2025
(THOUSANDS OF CONSTANT PESOS)



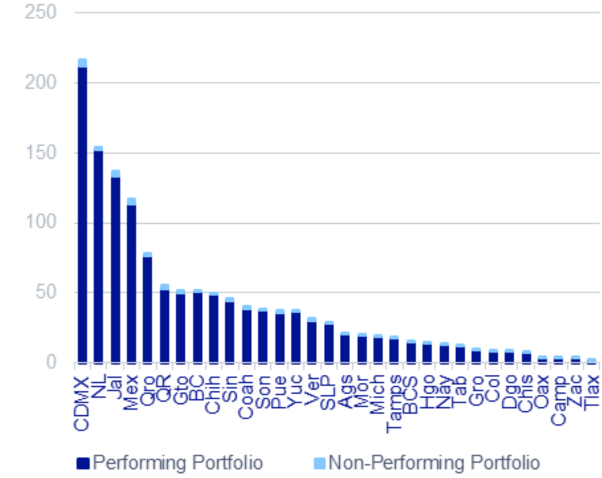
Source: BBVA Research with data from CNBV

The total mortgage portfolio shows a strong concentration in the country's main economic states. Mexico City leads with an outstanding balance exceeding 216 billion pesos, followed by Nuevo León and Jalisco, with levels close to 154 billion and 137 billion pesos, respectively. This group concentrates the largest portfolio volumes, reflecting both high historical origination and greater depth in the mortgage market.

A second group includes the State of Mexico and Querétaro, with balances of 117 billion and 78 billion pesos, respectively, consolidating their position as relevant markets in terms of size and dynamism. Beyond this group, the portfolio is distributed among states with intermediate levels between 30 and 55 billion pesos such as Quintana Roo, Guanajuato, Baja California, and Chihuahua which maintain a significant share of the national total and have increased their lending activity over the past decade, largely driven by stronger economic development in these regions.

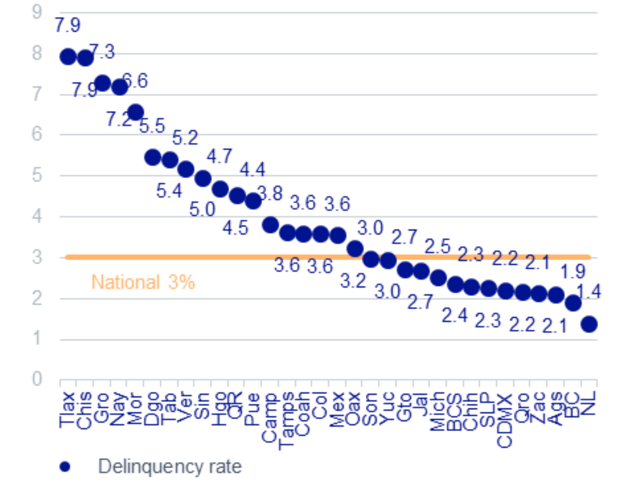
In terms of annual growth, a moderate and relatively homogeneous expansion is observed across states. Mexico City stands out with growth of 4.8%, followed by the State of Mexico at 4.2% and Jalisco at 3.7%, all showing sustained growth on already large bases. Quintana Roo and Sinaloa also exhibit notable dynamism within the mid-sized group. States with smaller portfolios show more limited growth, mostly below 1%, such as Oaxaca, Zacatecas, and Tlaxcala, reflecting lower credit expansion in these markets.

BANK MORTGAGE OUTSTANDING BALANCE, 2025 (BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from CNBV

BANK MORTGAGE DELINQUENCY 2025
(PERCENTAGE)



Source: BBVA Research with data from CNBV

Mortgage delinquency in 2025 is clearly above the national average of 3% in Tlaxcala, Chiapas, and Guerrero, with levels close to or exceeding 7%, highlighting greater pressure on portfolio quality in these regions. A second group of states with elevated delinquency, though to a lesser extent, includes Nayarit, Morelos, Durango, and Tabasco, with ratios between 5% and 6%, also above the national average and reflecting higher relative risk.

At intermediate levels, close to the national average, are Veracruz, Sinaloa, Hidalgo, Querétaro, and Puebla, with indicators in a range of approximately 4% to 5%. Finally, below the national average are Jalisco, Michoacán, Baja California Sur, Chihuahua, and San Luis Potosí, with ratios between 2% and 3%. Notably, Nuevo León and Baja California stand out with the lowest levels, below 2%, indicating healthier portfolios.

The delinquency ratio highlights a clear regional differentiation, where higher levels of default are concentrated in southern states and some less dynamic economies, while more economically developed states show stronger credit quality indicators.

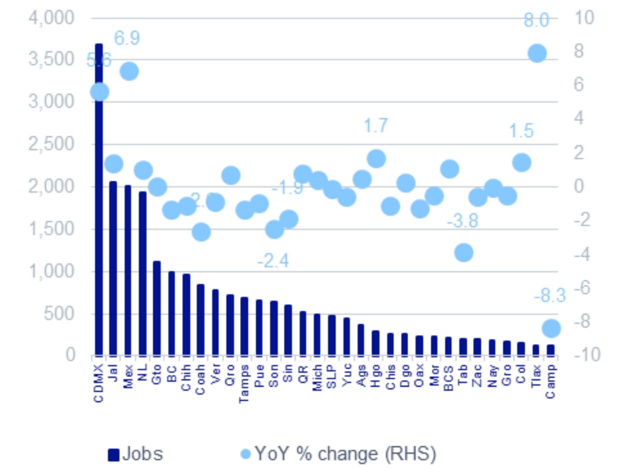
Employment growth amid challenges in job quality and regional distribution

Formal employment shows a high concentration in a small group of states, led by Mexico City, which stands out as the main generator of jobs, followed by Jalisco, the State of Mexico, and Nuevo León, reflecting their economic weight and productive dynamism. A second tier includes Guanajuato, Baja California, and Chihuahua, which have significant employment levels and have also shown strong dynamism in mortgage origination.

In terms of growth, performance is heterogeneous. Colima records the highest growth, at around 8%, followed by the State of Mexico and Mexico City, with rates above 5%, indicating solid employment expansion in the main markets. In contrast, some states show notable contractions, such as Campeche, with a decline of nearly 8%, and Tabasco, at around 3.8%, moderating the decline observed at the end of 2024, highlighting weakness in their labour markets. Declines are also observed in states such as Coahuila and Sonora, although to a lesser extent.

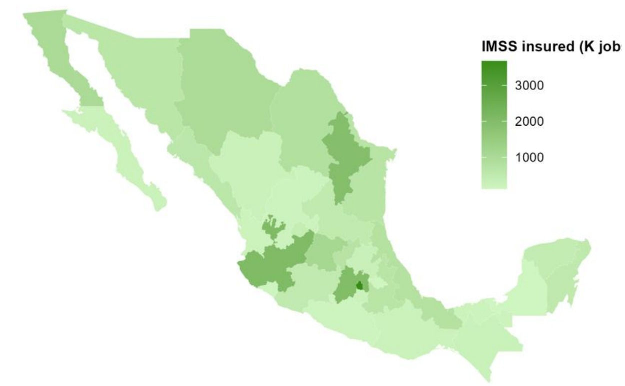
It is not surprising that the main economic hubs not only concentrate employment but also maintain growth, while some less dynamic states face setbacks in formal job creation. This also confirms the strong regional link between labour market development and mortgage market performance.

IMSS EMPLOYMENT BELOW 5 UMA 2025
(THOUSAND OF WORKERS AND YoY % CHANGE)



Source: BBVA Research with data from IMSS

IMSS EMPLOYMENT BELOW 5 UMA 2025
(THOUSAND OF WORKERS AND YoY % CHANGE)



Source: BBVA Research with data from IMSS

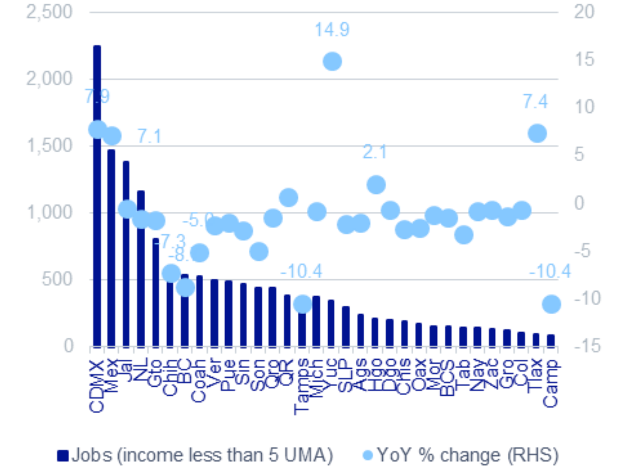
The geographic distribution of jobs with incomes below 5 UMA, slightly above two minimum wages, gains relevance in 2025 due to the rollout of the PVB, which primarily targets workers affiliated with Infonavit.

Formal employment in this income bracket is highly concentrated in the country's main states, led by Mexico City, the State of Mexico, and Jalisco. These states, in addition to leading in total employment, also account for a significant share of lower-income jobs. A second tier includes states such as Nuevo León, Guanajuato, and Chihuahua, with substantial volumes, though significantly smaller than those of the leading states. Beyond this group, employment in this segment is more evenly distributed across the remaining states.

In terms of growth, the pattern is mixed. Notable increases are observed in states such as Michoacán, with growth close to 15%, as well as Mexico City and the State of Mexico, with rates above 7%, indicating an expansion of employment within this income range in the main markets. On the other hand, significant contractions are seen in Campeche and Tlaxcala, at approximately 10%, along with declines in Chihuahua, Baja California, and Coahuila.

Lower-income employment remains highly concentrated in the main economic hubs, but with differentiated dynamics: while some states show growth in this segment, others exhibit contraction, which may be associated with changes in wage structures or in the composition of formal employment.

IMSS EMPLOYMENT BELOW 5 UMA, 2025
(THOUSANDS OF WORKERS AND YoY % CHANGE)



Source: BBVA Research with data from IMSS

IMSS EMPLOYMENT BELOW 5 UMA, 2025
(THOUSANDS OF WORKERS)

Source: BBVA Research with data from IMSS

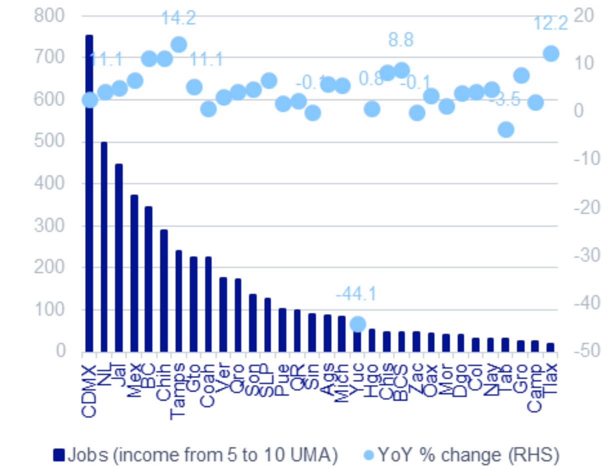
Formal employment with incomes between 5 and 10 UMA is concentrated in Mexico City, Nuevo León, and Jalisco. These states stand out not only for their economic size but also for their ability to generate middle-income jobs associated with higher productivity and specialization. A second tier includes states such as the State of Mexico, Baja California, and Chihuahua, which also show a relevant share, although with a considerable gap compared to the leading states. Beyond this group, employment in this income range is more fragmented across the remaining states.

In terms of growth, performance is mostly positive across much of the country. States such as Chihuahua stand out, with growth close to 14%, as well as Nuevo León and Jalisco, which record double-digit increases, reflecting a strengthening of middle-income employment in key markets. Baja California Sur (around 9%) and Tlaxcala (over 12%) also stand out, albeit from smaller bases. However, important contrasts remain. Some states show contractions or marginal growth, such as Tabasco, with a decline of around -3.5%, and more atypical cases such as Yucatán, which records a significant decrease, pointing to a loss of dynamism in this segment.

Employment in the 5 to 10 UMA range remains highly concentrated in the main economic hubs while also showing signs of expansion across various regions. This behavior reinforces its role as a key indicator of job quality, as its growth is linked to a transition toward higher wage levels within the labor market. This segment is also expected to concentrate demand for traditional housing priced below 1.2 million pesos.

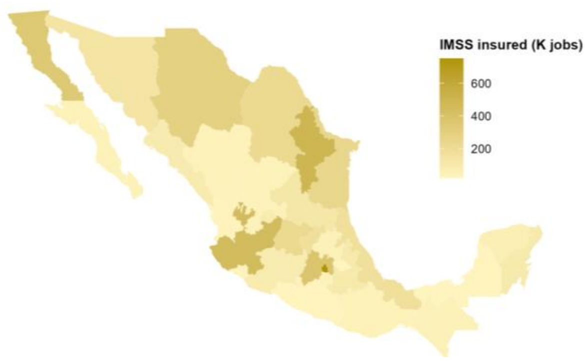
BBVA Research

IMSS EMPLOYMENT FROM 5 TO 10 UMA 2025
(THOUSAND OF WORKERS AND YoY % CHANGE)



Source: BBVA Research with data from IMSS

IMSS EMPLOYMENT FROM 5 TO 10 UMA 2025
(THOUSAND OF WORKERS)



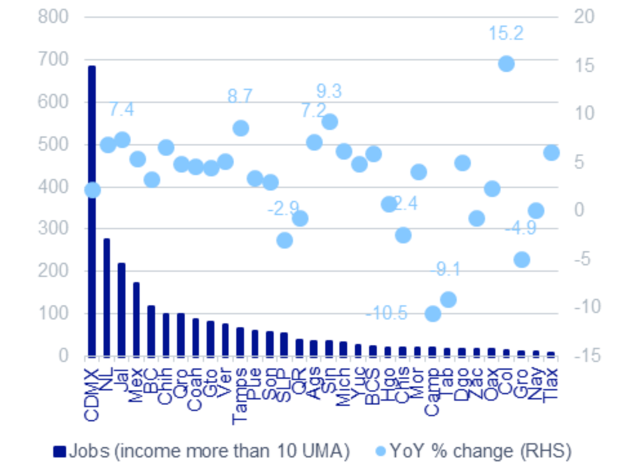
Source: BBVA Research with data from IMSS

Once again, Mexico City, Nuevo León, and Jalisco account for the largest share of high-income employment, reflecting their specialization in higher value-added activities and a greater presence of skilled talent. A second tier includes states such as the State of Mexico, Baja California, and Chihuahua (as seen in mortgage origination), with significant volumes, although considerably smaller than those of the leading states.

Performance is heterogeneous across states in terms of growth. Oaxaca stands out with growth close to 15%, followed by Sinaloa and Tamaulipas with rates near 9% and 8%, respectively, indicating an expansion of high-income employment in some regions, albeit often from smaller bases. On the other hand, there are also notable double-digit declines in Chiapas and Campeche, as well as significant decreases in Tabasco and Guerrero, highlighting the challenges of sustaining high-paying jobs in these states.

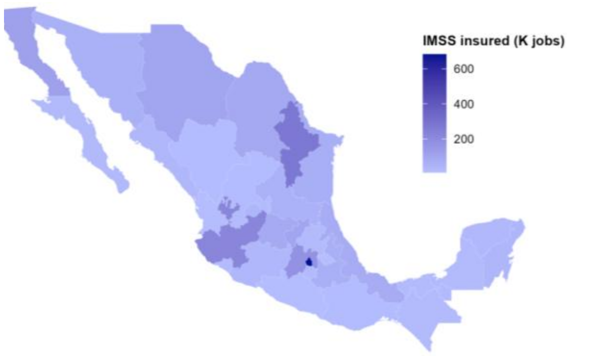
Employment above 10 UMAs is highly concentrated in the country's main economic hubs, while its growth is more volatile and uneven across regions. This behaviour reinforces its role as a key indicator of economic sophistication, where only few states are able to consolidate a significant base of high-income employment and, consequently, demand for higher-end housing segments.

EMPLOYMENT ABOVE 10 UMA, 2025
(THOUSANDS OF WORKERS AND YoY % CHANGE)



Fuente: BBVA Research con datos del IMSS

EMPLOYMENT ABOVE 10 UMA, 2025
(THOUSANDS OF WORKERS)



Fuente: BBVA Research con datos del IMSS

Price growth regains momentum in some states

Housing prices in Mexico have maintained a broadly upward trajectory over the past two years, with a national average increase of around 8.8%. This trend confirms the strength of the real estate market, driven by sustained demand and structural factors that continue to put upward pressure on residential values.

In Quintana Roo and Baja California Sur, price increases remain above 12%, marking four consecutive years of double-digit appreciation, driven by strong demand and limited supply. A broad group of states is clustered around the national average, with growth between 9% and 11%, including Jalisco, Guanajuato, Baja California, Yucatán, Nuevo León, and Puebla. These markets show solid and stable appreciation, aligned with national trends and supported by resilient local labour markets.

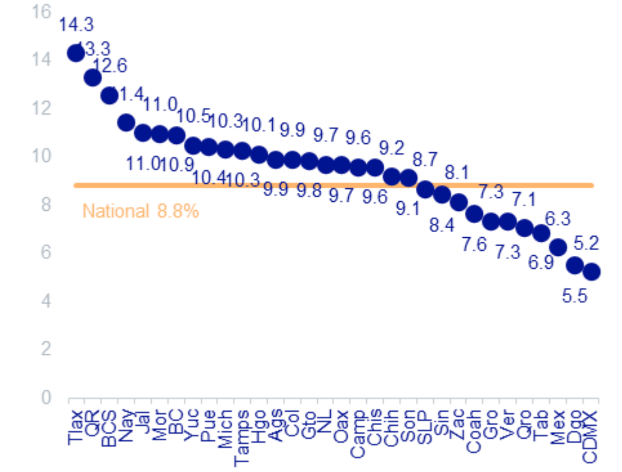
Below the average are states with more moderate increases, such as Veracruz, Tabasco, the State of Mexico, and Durango, with rates between 5% and 7%, indicating weaker momentum in housing price appreciation.

Overall, price dynamics point to an expanding market, albeit with marked regional differences. States with higher increases tend to face stronger demand pressures, while those with lower growth show more contained dynamics, reflecting varying adjustment speeds across the national housing market.

Tlaxcala stands out for leading biannual price appreciation. This acceleration is largely the result of the recovery observed over the past two years, particularly since the fourth quarter of 2023, when housing prices in the state were 0–3% lower than at the end of 2022. Increased activity and a rise in the supply of new housing largely explain this growth, along with a lower statistical base.

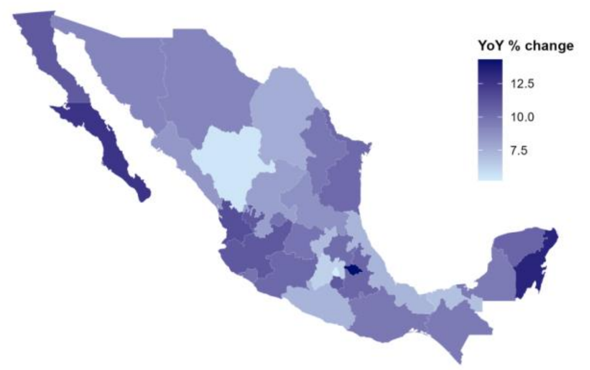
In contrast, Mexico City has shown a downward trajectory since the fourth quarter of 2023, driven by supply constraints and a market concentrated in higher-value housing.

HOUSING PRICE APPRECIATION Q4 2023 TO Q4 2025 (AVERAGE YOY % CHANGE)



Source: BBVA Research with data from SHF

HOUSING PRICE APPRECIATION Q4 2023 TO Q4 2025 (AVERAGE YOY % CHANGE)



Source: BBVA Research with data from SHF

The combined analysis of the labour market, mortgage lending, and housing prices points to an environment of sustained growth in Mexico, albeit with notable differences in composition and regional distribution. On the one hand, formal employment continues to expand, particularly in the most economically dynamic states. However, this growth shows contrasts in terms of quality, with a significant portion of job creation concentrated in lower-income segments, while progress in middle- and high-income employment is more uneven across regions.

In line with this, mortgage origination and outstanding balances maintain a positive trend, with a strong concentration in the country's main urban centres. These markets not only lead in volume but also in dynamism, reinforcing their role as key drivers of housing finance.

Housing prices, in turn, have recorded broad-based appreciation over the past two years, with average growth close to 9%, driven by strong demand and supply constraints in several markets. However, this dynamic also varies across states, depending on their economic and demographic conditions.

Overall, the results point to a resilient real estate and labour market, where growth persists but with important challenges in terms of job quality, housing affordability, and regional balance. These factors will be key to understanding the sector's future trajectory.

3. Infonavit delinquency a social rather than financial framework

The **mortgage delinquency ratio (IMOR)** is one of the most relevant indicators for assessing the quality of the housing loan portfolio and the financial health of lending institutions. This index measures the proportion of the portfolio that is in default (non-performing loans) relative to the total, allowing for an assessment of the level of risk associated with housing finance.

A high level of delinquency reflects borrowers' repayment difficulties, which may be linked to economic factors such as unemployment, income loss, or rising debt servicing costs. For financial institutions, an increase in delinquency implies higher provisioning requirements, lower profitability, capital deterioration, and, consequently, a reduced capacity to extend new credit. In extreme cases, persistently high delinquency levels can affect the financial stability of both the institution and the housing finance system.

From a credit policy perspective, the delinquency ratio directly influences access conditions. Institutions with riskier portfolios tend to tighten origination criteria, raise interest rates, shorten maturities, or limit lending, thereby affecting housing market dynamics and financial inclusion.

As reported, banks IMOR has remained at very healthy levels in recent years, around 3%, even amid regulatory changes such as the implementation of IFRS 9 and the prolonged lockdown period resulting from COVID-19. In contrast, Infonavit, the main mortgage originator in Mexico, shows delinquency rates above 17%, even under its own IMOR calculation, which applies more lenient portfolio classification criteria than those used by commercial banks. During 2025, Infonavit's IMOR increased, reaching its highest level toward year-end, raising some concern given the Institute's systemic importance not only for the housing sector but also for the Mexican economy.

This report analyses the regulatory frameworks for commercial banks and Infonavit, as well as the evolution of the indicator. Typically, we examine various aspects of the economy to assess the sector, such as real estate construction activity, credit origination, and funding costs; we also review demand conditions for housing and labour market trends. However, it is equally important to evaluate the quality of credit portfolios to determine whether the flow of lending can be sustained, a necessary condition, alongside macroeconomic stability, particularly for long-term loans such as mortgages.

Bank mortgage delinquency, stability under prudential standards

The IMOR for the mortgage portfolio measures the proportion of mortgage loan balances that are in arrears relative to the total mortgage portfolio. According to international standards and banking practices, it is defined as:

$$IMOR = \frac{Non\,performing\ Portfolio}{Total\ Portfolio} \times 100$$

This reflects the percentage of mortgage loans that are not being repaid as agreed. The CNBV issues the ***General Provisions Applicable to Credit Institutions***, published in the Official Gazette of the Federation (DOF), which establish the rules for loan classification, credit portfolio grading, and the creation of loan-loss provisions. These mandatory provisions define:

- criteria for classifying credit portfolios (including mortgages);
- how delinquency is determined based on the number of days past due or non-compliance; and
- reporting requirements for non-performing loans and loan-loss provisions.

Additionally, ***Article 76 of the Credit Institutions Law*** establishes the ***Rules for the Classification of Credit Portfolios for Commercial Banks***, detailing the methodologies used to assess portfolios, including the number of days past due that trigger a loan's transition from "performing" to "non-performing/doubtful".

One of the most important changes in credit regulation in recent years has been the redefinition of expected loss calculations under ***IFRS 9 (International Financial Reporting Standard 9)***. Under this framework, loans are classified as Stage 3 when they are considered credit-impaired, previously referred to as non-performing loans. Stage 3 includes loans for which there is objective evidence of impairment; that is, the borrower has materially defaulted on payment obligations and at least one of the following criteria is met:

1. significant payment delinquency: generally, 90 days or more past due on principal or interest (the standard threshold used by the CNBV to identify default);
2. default: the institution considers full repayment unlikely without recourse to collateral, even if the 90-day threshold has not been strictly met; or
3. impairment events: such as restructuring due to borrower financial distress, bankruptcy or insolvency, partial charge-offs, or enforcement of collateral.

At this stage, interest is calculated on the net carrying amount (after provisions), rather than the gross balance; provisions are based on lifetime expected credit losses, and the impact is directly reflected in the delinquency ratio. Stage 3 forms the basis for calculating non-performing loans and, therefore, the numerator of the delinquency ratio.

Over the past decade, the IMOR of commercial banks has remained around 3%, reaching its lowest level in March 2017 at 2.4%. The peak occurred in July 2021 at 3.6%, and, as noted in the housing market section, the indicator stood at 3% at the end of 2025.

The stability of the IMOR has supported the persistence of mortgage rates and origination standards, the continuity of mortgage supply—even during periods of uncertainty such as the prolonged COVID-19 lockdown—and the innovation and investment in new products, such as those for construction financing or combined land purchase and construction.

Infonavit Delinquency Ratio understanding the conceptual and operational differences

At Infonavit, the IMOR is referred to as the Non-Performing Loan Index (ICV) and is calculated as follows:

$$ICV = \frac{Non - Performing\ Portfolio}{Total\ Portfolio} \times 100$$

In its formulation, the ICV is equivalent to the IMOR used by commercial banks; the difference lies in the definition of non-performing loans, which in this case refers to mortgage loans granted by the Institute whose payments are in arrears or default, based on delinquency criteria defined by the institution.

Although Infonavit does not publish an explicit manual with 'days past due' criteria like those used by commercial banks, it applies internal criteria based on payment delays and accounting classifications in line with ***IFRS 9***, which Infonavit has adopted.

At Infonavit, when a portion of the scheduled mortgage payment is not covered, the unpaid amount is added to the outstanding balance. This situation is more common than might be expected in the Institute's performing loans, since, under Article 19 of the ***Infonavit Law***, no more than 20% of a worker's salary can be deducted for mortgage payments. As a result, if the worker's income is insufficient to cover the full scheduled payment, the employer can only deduct up to the 20% limit, generating a shortfall that is added to the outstanding loan balance.

This distinction leads to a different interpretation of the ICV compared to the IMOR: under Infonavit, a performing loan may still have a portion of its balance effectively past due, whereas in commercial banking this situation is not possible.

Applicable regulations and legal framework

Law of the National Workers' Housing Fund Institute (Infonavit Law): This is the legal framework governing the Institute and, consequently, the rules related to credit management and borrowers' payment obligations, forming the legal basis for defining what constitutes an active, non-performing, or defaulted loan. Although the Law does not explicitly specify numerical formulas for calculating non-performing loans, it provides the foundation for Infonavit to manage, classify, and assess its credit portfolio (e.g., payments, defaults, and delinquency effects due to non-payment). Notably, Article 49 explicitly establishes when a loan is considered in default.

General Terms and Conditions of Contracting and Infonavit's accounting/corporate criteria: Infonavit publishes its General Terms and Conditions for credit contracts and other internal policies that govern the lifecycle of loans, including how delinquencies are determined, how balances are managed, and how social collection practices are carried out. These policies constitute the Institute's operational internal framework for classifying non-performing loans, although they are not always consolidated into a single publicly available document.

International Financial Reporting Standards (IFRS): Since adopting IFRS, Infonavit classifies financial assets (including loans) and assesses impairment based on accounting principles related to credit deterioration or uncollectible, which are used to identify non-performing or problematic loans.

Accounting standards applicable to Infonavit: Published in the DOF, these standards establish relevant definitions, including categories of credit assets.

Official reporting and supervision: Indicators of non-performing loans and delinquency at Infonavit are typically reported and analysed by the CNBV, Banco de México, and other macro-financial supervisory authorities. ***CNBV's R04 Series*** provides a technical framework for reporting loan portfolios and credit risks, including a classification and technical structure for the Institute's non-performing portfolio.

Forbearance portfolio when there is willingness to repay

A crucial difference in the definition of non-performing loans between commercial banks and Infonavit lies in the treatment of forbearance portfolios and social collection practices. This distinction stems from the nature of the Institute, which, as a social entity whose primary function is to provide housing solutions to workers, prioritizes the preservation of workers' assets over the institution's financial viability.

The forbearance portfolio consists of loans for which Infonavit has granted an authorized period of temporary payment suspension, mainly due to:

- job loss;
- lack of a formal employment relationship;
- insufficient income; or
- support or social collection programs.

During the forbearance period, the immediate payment of due instalments is not required; the loan is not classified as non-performing, but it is identified separately due to its potential risk.

The forbearance portfolio is the sum of the outstanding balances of all loans currently under an authorized forbearance program. Like the ICV, Infonavit tracks this through an indicator known as the *ICP (Forbearance Portfolio Index)*, which measures the share of forbearance loans relative to the total portfolio.

From a risk analysis perspective, an expanded indicator, known as the ***Adjusted Delinquency Ratio***, is often used, combining non-performing loans and forbearance loans. This indicator reflects latent risk, as many forbearance loans may transition into non-performing status if payments are not resumed.

The ***Infonavit Law***, particularly Articles 3 and 41, establishes the Institute's authority to grant forbearance, manage payments, and implement social collection mechanisms. While it does not define formulas, it provides the legal basis for forbearance as an operational tool. In addition, ***Infonavit's General Terms and Conditions of Credit*** define when forbearance applies, its maximum duration, and its effects on loan balances. Under ***IFRS 9*** accounting standards, loans under forbearance are not considered non-performing but do reflect an increase in credit risk and are typically classified as Stage 2, which explains why they are reported separately.

The transition from forbearance to non-performing status occurs when the temporary protection ends and the loan enters actual payment default. Forbearance ends when any of the following events occurs:

- the maximum authorized period is exhausted (each program has a cumulative limit of months);
- the borrower regains formal employment (employer contributions resume and the loan exits forbearance automatically); or
- the borrower fails to meet requirements, update information, or loses eligibility under program rules.

Once forbearance ends, the loan becomes payable, and if payments are not made, delinquency begins to accrue. At this point, a structural shift occurs: the loan moves from "latent risk" to actual default and becomes non-performing when:

- a significant payment delay accumulates;
- due instalments are not paid; or
- operational delinquency thresholds are exceeded (default criteria).

At this stage, the loan is classified as non-performing (Stage 3), lifetime expected credit losses are recognized, and intensive or legal collection actions are initiated.

In Infonavit, Stage 2 loans are those without actual default but without active payments, or with formally authorized payment suspension or latent (unrealized) risk. The main reason for classification in Stage 2 is job loss, not necessarily structural inability to pay. In contrast, in commercial banking, Stage 2 includes performing loans that have experienced a significant increase in credit risk relative to origination, without requiring default, and are assessed based on quantitative and qualitative indicators.

COMPARISON OF CRITERIA (STAGE 2)

Criteria	Infonavit portfolio in extension	CNBV Stage 2
Payment delinquency	There may be no enforceable past-due amounts	There may be moderate delinquency
Days past due	Not applicable while under extension	Typical thresholds: 30–90 days
Risk assessment	Administrative / social	Quantitative and forward-looking
Change in probability of default	Implicit	Explicit and measured
Restructuring	May trigger an extension	Automatically triggers Stage 2 classification

Source: Infonavit and CNBV

In summary, while the CNBV relies on measured credit risk, Infonavit bases its approach on labour and social conditions. In terms of timing, Infonavit's forbearance is subject to limits per event and cumulative limits, but it can last for several months or even years depending on the program, and it depends on the borrower's employment status rather than the loan's payment behaviour.

Under CNBV standards, a loan remains in Stage 2 as long as there is a significant increase in credit risk, and it may return to Stage 1 if risk improves, or migrate to Stage 3 if default occurs or payments are more than 90 days past due. In contrast, Infonavit maintains loans in Stage 2 for the duration of the authorized period, whereas the CNBV classification is based on observed risk.

From an accounting perspective, both frameworks apply IFRS 9, calculate lifetime expected credit losses, and recognize interest on the gross balance, while increasing provisions upon entering Stage 2. However, the impact on capital differs for Infonavit it is indirect, whereas under CNBV criteria it is direct and regulated. In both cases, Stage 2 serves as a leading indicator of future delinquency. Although it does not directly affect the calculation of delinquency ratios, it has an indirect effect, as troubled loans migrate more quickly to Stage 3 under CNBV methodology (after 90 days past due), while under Infonavit they may remain in forbearance for up to 12 consecutive months.

Social collection as a credit recovery mechanism

Infonavit's social collection is a credit recovery model with a social focus, distinct from traditional bank collection practices. Its primary objective is not to penalize or immediately enforce, but rather to keep the borrower within the system, protect their home, and recover the loan gradually and sustainably by aligning payments with the worker's actual capacity, providing alternatives before resorting to legal action. It is based on the premise that non-payment is often temporary (related to employment or income) rather than structural. It is activated when the borrower enters payment stress, mainly due to job loss, interruption of employer contributions, a significant decline in income, early-stage arrears, or risk of delinquency, all before the loan becomes fully non-performing.

Key instruments of social collection

Forbearance loans: loans with temporary payment suspension that are not classified as non-performing and are treated as latent risk, becoming the central instrument of social collection.

Payment flexibility: includes adjustments to monthly payments, minimum payment schemes, and gradual resumption of payments to prevent borrowers from being excluded from the system.

Restructurings and special programs: such as balance freezes, support measures during contingencies (economic crises, pandemics), and conversion of payment schemes to avoid immediate default.

Preventive collection: when irregularities in payment are detected, early contact is made with the borrower, along with financial guidance and incentives for voluntary regularization.

Social collection implies not initiating legal proceedings immediately; it does not enforce collateral early nor prioritize accounting write-offs, using legal action only as a last resort. It operates primarily in Stage 2, although it may partially intervene in Stage 3 to prevent foreclosure. Social collection seeks to avoid legal intervention, whereas under CNBV standards, Stage 3 typically involves more severe measures.

The main differences between Infonavit's social collection and bank collection (under CNBV standards) are summarized in the following table:

KEY DIFFERENCES BETWEEN INFONAVIT SOCIAL COLLECTIONS AND BANK COLLECTIONS (CNBV)

Aspect	Infonavit	Banks
Objective	Home retention	Financial recollection
Key Tool	Payment referral	Loan restructure
Grace Period	Extended	Limited
Default Recognition	Delayed	Early
Enforcement	Last resort	Standard practice

Source: Infonavit and CNBV

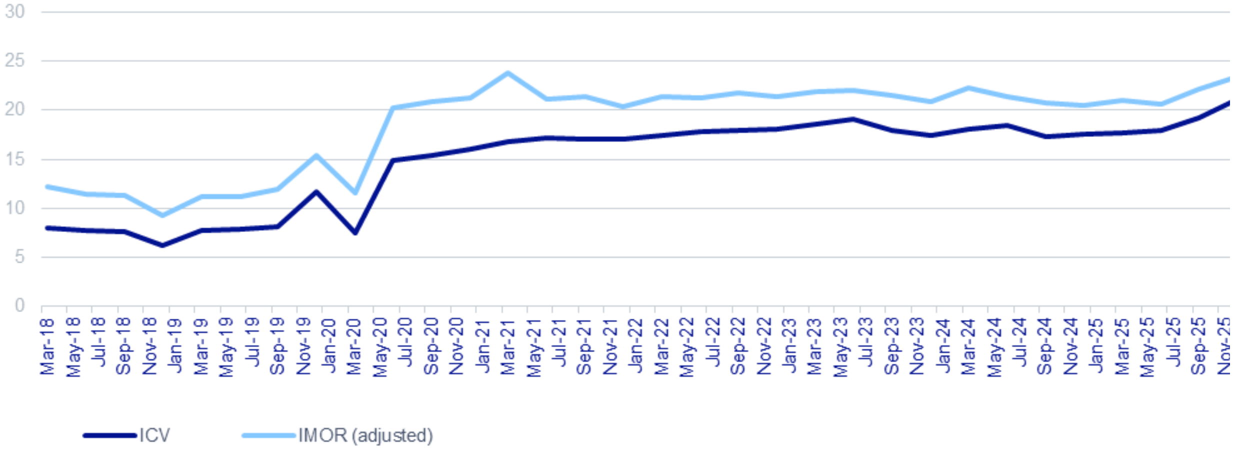
The main advantages of social collection are the reduction of foreclosures while maintaining financial inclusion, the ability to cushion economic shocks, and the mitigation of mass defaults during times of crisis. In contrast, the main risks include the accumulation of loans in forbearance, hidden delinquency, and an abrupt transition to non-performing status if recovery does not occur.

Adjusted delinquency ratio, a like-for-like comparison

The ICV had shown relatively stable behaviour until the second quarter of 2019, when it rose from an average of 7.6% to reach 14.9% in June 2020, nearly doubling previous levels. Since then, it has continued to grow steadily, reaching a peak of 21.1% by the end of 2025. This upward trend is driven by the increase in non-performing loans under the special amortization regime, which doubled during the confinement period due to job losses, despite housing payment support programs such as Shared Responsibility, Payment Freezes, and the conversion from minimum wage-based units (VSM) to pesos.

If the forbearance portfolio were classified as non-performing under the accounting criteria applied by commercial banks, the adjusted IMOR would be 4.1 percentage points higher than the ICV. In March 2021, the adjusted IMOR reached its peak at 23.9%, which can be explained by the economic conditions during the early phase of the prolonged COVID-19 lockdown.

INFONAVIT ICV AND ADJUSTED NPL RATIO, 2018–2025 (%)



Source: BBVA Research with data from Infonavit

An analysis of the evolution of non-performing loans, total and under forbearance, shows that the total portfolio experienced its first significant decline in December 2019, when the initial effects of Infonavit's social programs began to materialize, including Shared Responsibility[1] and 90 Diez[2], alongside the elimination of the federal government's housing subsidy program, for which Infonavit had been the main distribution channel. As a result, the portfolio declined by 7.6%, a level that was not sustainably recovered until March 2024.

Between 2019 and 2024, the performing portfolio showed signs of weakening. This period coincided with a continuous decline in the number of new loans originated by the Institute, despite Infonavit's efforts to reactivate mortgage lending. One of the initial changes involved reducing costs for borrowers: various fees were eliminated, and a system of differentiated interest rates based on income levels was introduced, lowering financing costs, particularly for lower-income workers.

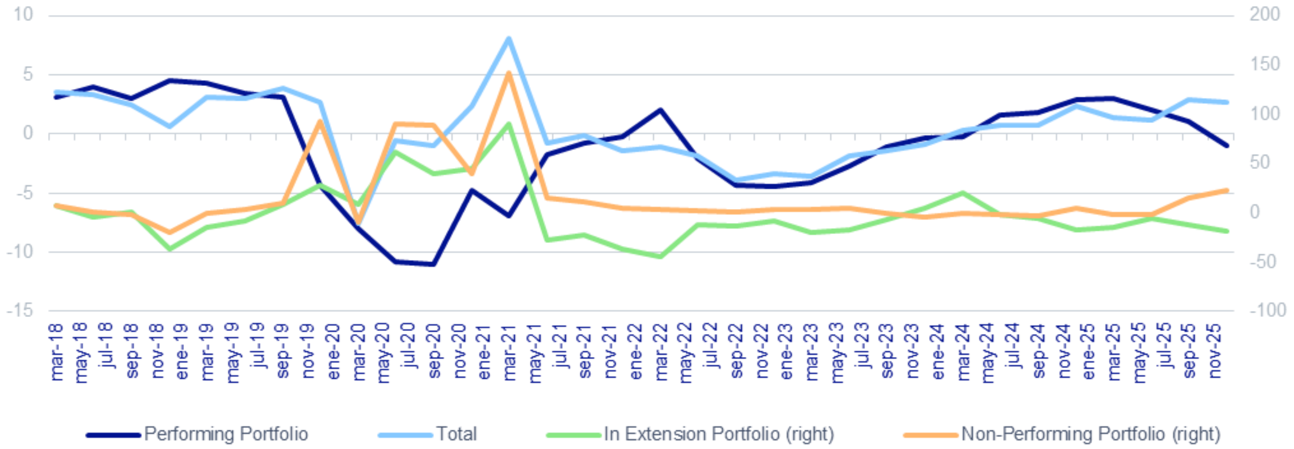
At the same time, Infonavit expanded the scope of its products, including options to purchase existing housing, acquire land, build, renovate, or even refinance existing mortgage debt.

[1] *Shared Responsibility (Responsabilidad Compartida)* converts mortgage loans denominated in Minimum Wage Units (VSM) into pesos. This freezes the monthly payment and outstanding balance, eliminates annual increases linked to inflation, offers fixed interest rates, and may include direct discounts on the loan balance, making it easier to pay off.

[2] The Infonavit 90 Diez program grants a discount to settle mortgage loans for workers who have already paid 90% or more of their original debt. It is an automatic benefit for compliant borrowers, applied by the Institute without requiring any paperwork, covering the remaining 10%. It is available to borrowers who have held a mortgage loan in VSM for at least five years.

Another key initiative was increasing financing capacity. Through joint credit schemes, between couples, family members, or even friends, the Institute enabled borrowers to access higher loan amounts. However, these measures were not fully successful, as they did not address the main constraint on housing acquisition: lack of affordability, which had previously been mitigated through the subsidy program.

REAL YoY % CHANGE IN TOTAL LOAN PORTFOLIO AND ITS COMPONENTS
(PERCENT)



Source: BBVA Research with data from Infonavit

The behaviour of the forbearance portfolio, with a sharp expansion in 2020, is not an isolated phenomenon but a direct reflection of a policy shift by Infonavit in response to the health crisis and its subsequent normalization. Starting in April 2020, the Institute implemented a package of extraordinary support measures, including mortgage payment deferrals, payment tolerances, and unemployment insurance. These measures allowed borrowers to temporarily suspend payments for several months, without generating additional interest, or even with partial coverage by the Institute, and were aimed at preventing a massive deterioration of the non-performing portfolio in a context of job losses and declining incomes.

Throughout 2020 and 2021, Infonavit began establishing timelines for the resumption of payments, indicating that borrowers were expected to restart their obligations between September 2020 and the early months of 2021, depending on the type of support received. In fact, the Institute extended some support measures into 2021 to facilitate the transition, but under a different approach: rather than continuing to expand forbearance, it began promoting payment solutions such as restructurings, temporary payment reductions, and social collection schemes.

The trajectory of Infonavit's non-performing portfolio between 2018 and 2025 reflects both the macroeconomic shocks affecting formally employed households in Mexico and, to some extent, the effectiveness of the Institute's policies in fulfilling its social mandate. The first significant increase is observed in December 2019, when Infonavit began the technical implementation of the 90 Diez and Shared Responsibility programs, with a year-over-year increase of 92.6%, marking the first notable rise in the ICV. Subsequently, during 2020 and 2021, the non-performing portfolio recorded extraordinary increases of up to 141.5%, coinciding with the economic effects of the COVID-19 pandemic. This deterioration reflects the vulnerability of borrowers to income shocks and job losses, despite the support programs implemented.

Starting in 2022, a clear trend toward normalization and containment of non-performing portfolio growth is observed, with moderate variations close to zero, indicating an improvement in borrowers' repayment capacity. This improvement is associated with the recovery of formal employment, increases in the minimum wage, and structural labour and outsourcing reforms that strengthened the base of contributors.

During 2023 and 2024, this trend consolidates, with negative or marginal variations, indicating a process of portfolio cleanup and stabilization. However, toward the end of 2025, significant increases reappear,14.4% in September and 22.8% in December, once again pushing the ICV to historically high levels. This rebound is not solely driven by credit deterioration, but also by an institutional process of regularization, large-scale restructurings, and expanded coverage of social programs in a still-pressured economic environment, which increases the statistical visibility of risk.

Latent risk and social protection mechanisms

In sum, the analysis of Infonavit's delinquency shows that, beyond a purely financial difference with commercial banking, there is a structural divergence in the logic used to measure and manage risk. While banks operate under strictly prudential and regulatory criteria, Infonavit incorporates a social dimension that prioritizes the preservation of housing and worker stability, even at the cost of deferring the immediate recognition of credit deterioration.

The use of forbearance and the social collection model act as shock absorbers in the face of economic disruptions, particularly in crisis contexts such as the COVID-19 pandemic. However, this same design implies that part of the risk remains latent for extended periods, creating a gap between observed delinquency and adjusted delinquency under criteria comparable to those of the banking sector. Thus, the Institute's indicator reflects not only financial performance but also an institutional decision regarding how and when to recognize default.

Overall, the evolution of Infonavit's portfolio between 2019 and 2025 demonstrates that its behaviour cannot be understood solely through a financial lens, but rather as the result of the interaction between public policy decisions, labour market conditions, and institutional strategies. While measures aimed at improving credit conditions and expanding access to financing have strengthened the Institute's social role, they have also highlighted structural limitations, such as the persistent lack of housing affordability. Likewise, episodes of increased non-performing loans illustrate both borrowers' vulnerability and Infonavit's efforts to recognize, address, and regularize risk.

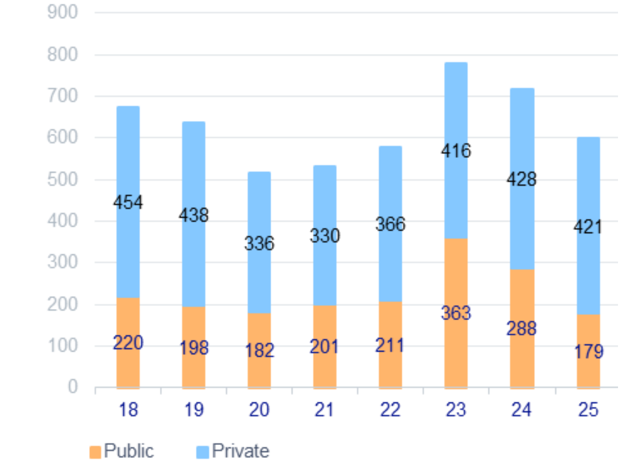
Looking ahead, the challenge lies not only in reducing non-performing loans but in balancing financial sustainability with the Institute’s social mandate. Greater transparency and harmonization of criteria would improve comparability, strengthen macro-financial oversight, and provide a more accurate assessment of systemic risks. Ultimately, the discussion around Infonavit’s delinquency is also a reflection on the role of mortgage credit as a social policy instrument, and on the need to align inclusion, stability, and financial discipline over the long term.

4. Public infrastructure spending is expected to boost construction in 2026

The construction industry has different structures across its two main segments. In building construction, most activity is carried out by the private sector, while in civil works it is led by the public sector. Based on the total gross value of production in the industry, from 2018 to 2025, the private sector accounted for an average share of 63.8%, and in building construction its average share over the same period was 92.1%.

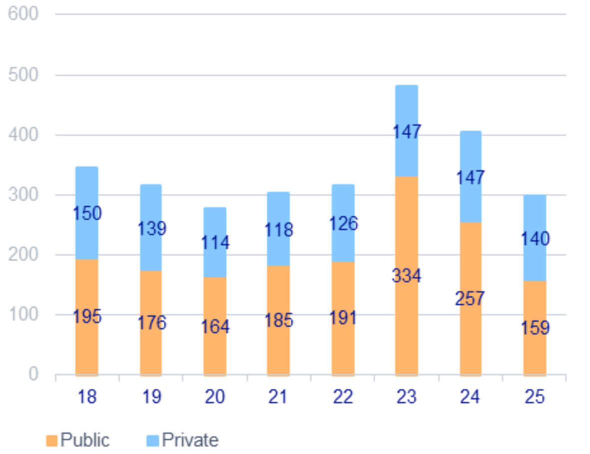
However, when examining types of work related to civil works, this ratio is reversed: the public sector accounted for an average of 59.9% of total gross production value between 2018 and 2025, according to data published by INEGI. This share even approached 70% in 2023, when spending on flagship infrastructure projects from the previous administration surged.

TOTAL CONSTRUCTION VALUE
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from Inegi

CIVIL WORKS CONSTRUCTION VALUE
(BILLIONS OF CONSTANT PESOS)

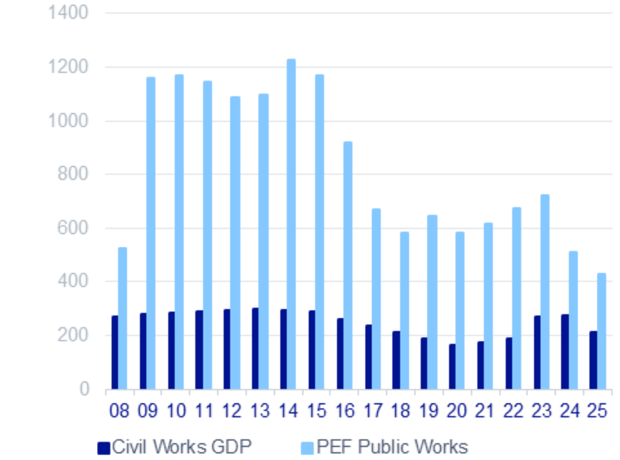


Source: BBVA Research with data from Inegi

For example, in transportation-related projects, of the 122 billion pesos reported in 2025, 73.6% was associated with the public sector; in this case, the average from 2018 to 2025 is 74.3%. The concentration increases sharply in projects related to the oil sector, where the share linked to the public sector reached 95.3% in 2025, with an average of 94.6% between 2018 and 2025. Once again, in 2023 this indicator rose to as high as 99.8%. Together, these two categories account for more than 60% of the total associated with the public sector.

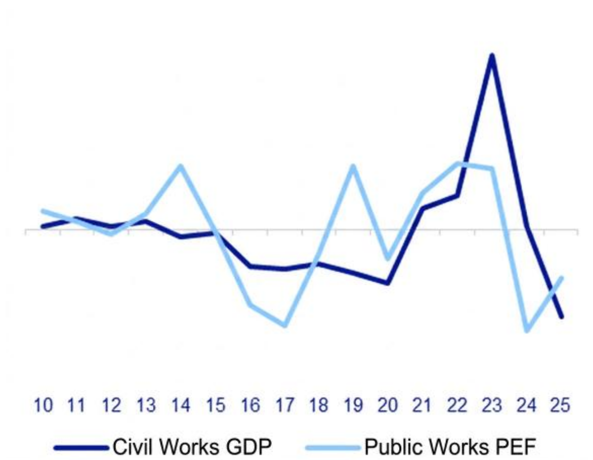
Given that the budget allocated to public works is set to increase again in 2026, we review public spending figures to assess their impact on the civil works sector.

CIVIL WORKS GDP AND PEF FOR PUBLIC WORKS (BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from SHCP and Inegi

CIVIL WORKS GDP AND PEF FOR PUBLIC WORKS (YoY % CHANGE)



Source: BBVA Research with data from SHCP and Inegi

The assumption that increases in federal public works spending should have an impact on civil works is not unfounded. When comparing budgeted public works spending from 2008 to 2025 with the GDP of the civil works subsector, it becomes evident that both generally move in the same direction. In previous editions of ***Real Estate Outlook Mexico***, we have demonstrated the strong correlation between these two series, both at the national and state levels.

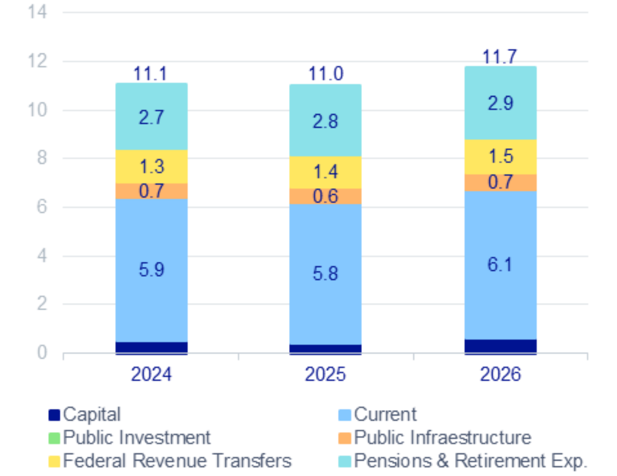
Presenting public spending in real terms alongside civil works GDP for the same period, both in levels and in annual percentage changes. It can be observed that, in general, both series move in tandem.

Public works spending and civil works GDP show a strong co-movement

After a contraction in the Federal Expenditure Budget (PEF) in 2025, from 11.1 trillion pesos to 11.0 trillion, public spending is set to increase substantially in 2026, reaching 11.7 trillion pesos. The largest increase is in current spending, at just over 370 billion pesos, four times more than federal transfers and around six times more than pensions and public works.

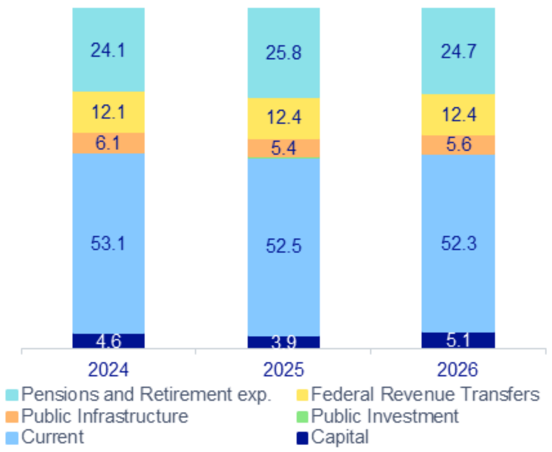
In relative terms, while current spending grew by 6.4% year-over-year, public works spending increased by 10.9% over the same period. This is why we expect a positive impact on the performance of the civil works subsector. After two consecutive years of budget cuts, an increase of just over 10% should boost GDP in this subsector and create more investment opportunities. However, it is worth noting that the total annual amount allocated to these types of projects remains below levels seen in previous years.

FEDERAL EXPENDITURE BUDGET
(TRILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from SHCP

FEDERAL EXPENDITURE BUDGET
(PERCENT)

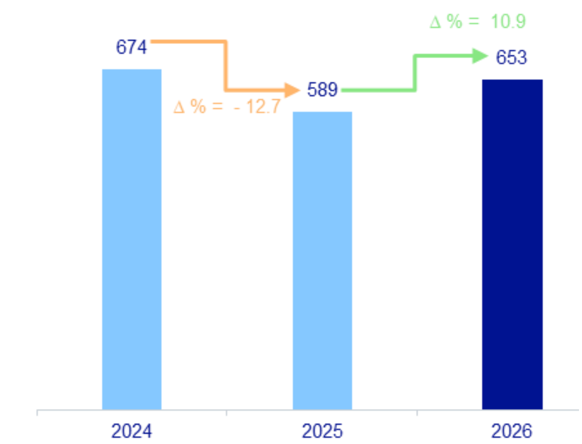


Source: BBVA Research with data from SHCP

In 2025, the budget allocated to public works was 12.7% lower than the year before. The 589 billion pesos devoted to these projects were insufficient to maintain the pace of prior years. In that year, the gross value of civil works production fell from 245 billion pesos to 169 billion pesos. The impact was significant, with levels comparable to those seen in 2021, when much of construction activity was still halted due to the pandemic; in 2020, this figure stood at 157 billion pesos and in 2021 at 168 billion pesos.

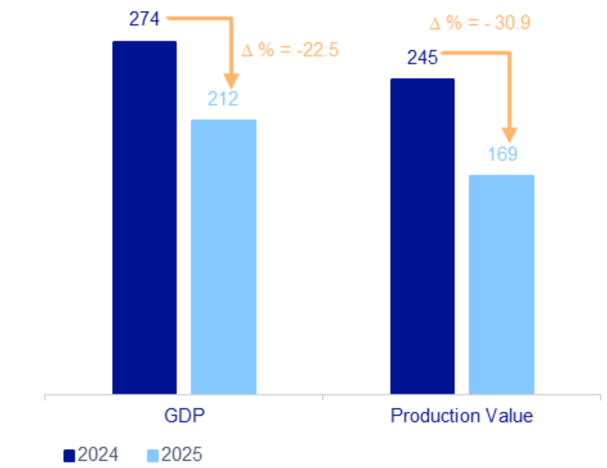
Except for electrical works, all other categories declined in 2025. Given their weight, the most notable decreases were in transportation projects, as well as oil and petrochemicals, with declines of 30.1% and 59.6%, respectively. This occurred even though the gross value of construction in these categories had already declined in 2024.

CIVIL WORKS PEF
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from Inegi

CIVIL WORKS GDP AND PRODUCTION VALUE
(BILLIONS OF CONSTANT PESOS)

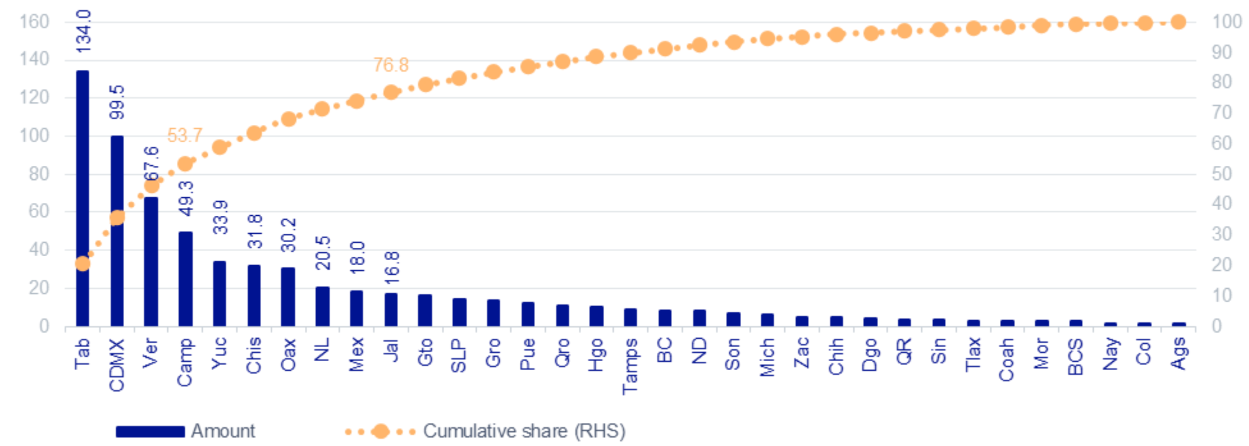


Source: BBVA Research with data from Inegi

Along the same lines, civil works GDP also reflected these budget cuts. GDP declined from 274 billion pesos to 212 billion pesos, representing a contraction of more than 22%. Such a sharp decline had not been seen since the 1995 crisis, indeed, not even in 2020, when the contraction was 13.9%. This effectively ended a four-year streak of growth.

While a decline in civil works GDP was expected, as we had anticipated for a couple of years, we had expected it to materialize in 2024, when public works budget cuts began. In any case, the magnitude of the decline is significant, considering that the budget reduction was only 12.7%. Conversely, increasing spending by just over 10% should help reverse the negative trend, although it is worth noting that the 653 billion pesos allocated for 2026 would still fall short of the 674 billion pesos in 2024 and even further below the 931 billion pesos recorded in 2023, in real terms.[3]

GROSS CONSTRUCTION VALUE (BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from SHCP

A quick review of the regional distribution of the 2026 public works budget reveals no major surprises. Most of the allocation remains concentrated in oil-producing states, along with Mexico City. Just four states account for more than half of the total budget allocated to public works, and three out of every four pesos are concentrated in only ten states across the country.

Although this is not new, most of these resources are directed toward energy-related projects, particularly hydrocarbons, which, as we have shown in previous editions ***Real Estate Outlook***, have not proven to be a profitable investment in terms of the GDP they generate; in fact, their results have been negative when measured in this way.

[3] The nominal figures were 823.6 billion pesos in 2023 and 634.6 billion pesos in 2024. These amounts were adjusted using CPI (INPC) variations to make them comparable in real terms at the same reference date.

PUBLIC WORKS PEF 2025
(BILLIONS OF CONSTANT PESOS)

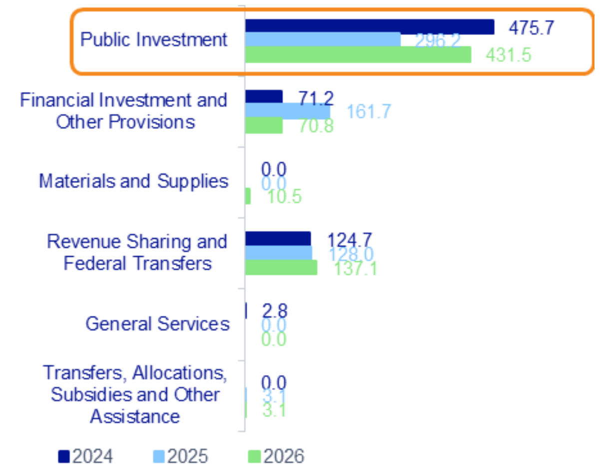
Source: BBVA Research with data from SHCP

PUBLIC WORKS PEF 2026
(BILLIONS OF CONSTANT PESOS)

Source: BBVA Research with data from SHCP

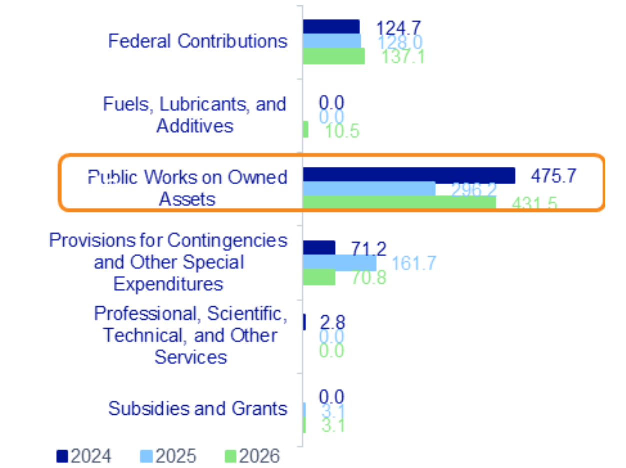
From a regional perspective, as in 2025, most resources are allocated to the southern and southeastern states, where oil-related activity is concentrated, especially with the addition of the new refinery. However, there is also a greater share allocated to northern and western states, particularly Nuevo León and Jalisco, which did not have such a significant weight in the budget the previous year. This shift is partly associated with their role as host locations for the FIFA World Cup to be held this year.

FEDERAL EXPENDITURE BUDGET
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from SHCP

FEDERAL EXPENDITURE BUDGET
(BILLIONS OF CONSTANT PESOS)



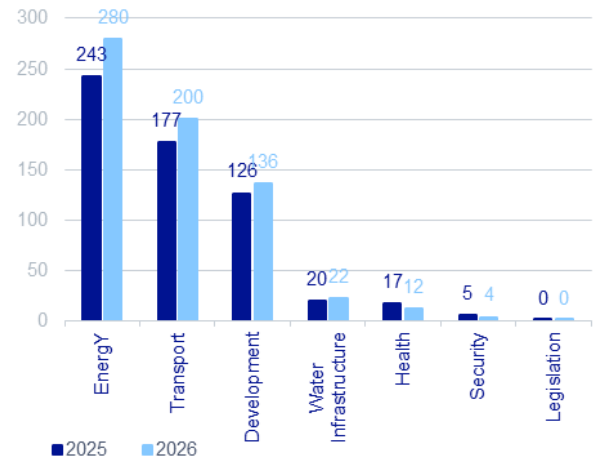
Source: BBVA Research with data from SHCP

At this point, it is important to further specify the composition of spending. According to the PEF classification by chapter or category, Public Investment is expected to reach 431.5 billion pesos, the same amount allocated to Public Works in federal assets. In both cases, the total increased from 296.2 billion pesos to 431 billion pesos, representing a 45.7% rise. These categories are more closely associated with the gross value of civil works construction, reinforcing our expectation of improved performance in this industry in 2026.

Finally, we expect that the types of projects that will benefit the most in 2026 will be, first, energy-related projects and, second, transportation infrastructure. In the energy industry, the amount allocated for 2026 will reach 280 billion pesos—more than 30 billion pesos above the previous year. Similarly, for transportation projects, resources are expected to total 200 billion pesos, compared to only 177 billion pesos the previous year, both in real terms for comparability.

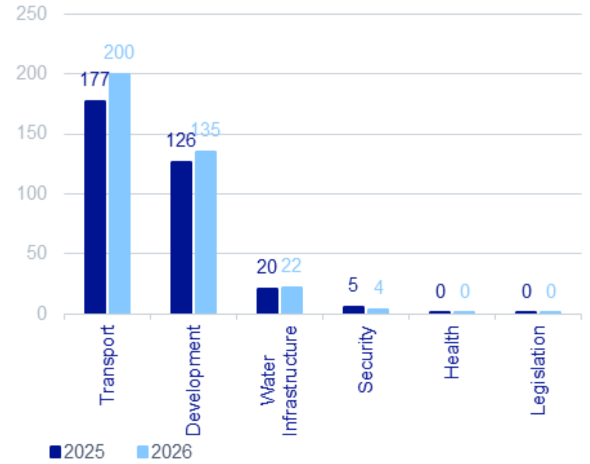
Unfortunately, the amount allocated to public works in the health industry is expected to contract by nearly 30% in real terms.

PEF PUBLIC WORKS
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from SHCP

PEF PUBLIC WORKS - FISCAL RESOURCES
(BILLIONS OF CONSTANT PESOS)



Source: BBVA Research with data from SHCP

There is a greater opportunity for private sector participation in infrastructure projects that are planned to be financed with fiscal resources rather than with the own funds of public entities. Under this assumption, we highlight opportunities particularly in projects related to transportation, economic and social development, as well as water infrastructure.

Public works spending is expected to reactivate the civil works sector

The higher allocation in the PEF for public works suggests that the GDP of the civil works industry will return to positive territory in 2026. At the same time, opportunities for private sector participation are emerging. The easing of monetary policy by the central bank should lead to lower funding costs for both the public and private sectors, supporting this momentum.

Reference

Bellemare, M. F., & Wichman, C. J. (2020). *Elasticities and the Inverse Hyperbolic Sine Transformation.*
This paper analyzes how elasticities behave when using the IHS transformation, showing that it approximates the logarithm for large values while allowing zero or very small observations.

Aïhounton, G. B. D., & Henningsen, A. (2019/2021). *Units of Measurement and the Inverse Hyperbolic Sine Transformation.*
This study demonstrates how regression results can depend on the unit of measurement when applying the IHS transformation and proposes criteria for selecting appropriate scales.

Norton, E. C. (2022). *The Inverse Hyperbolic Sine Transformation and Retransformed Marginal Effects.*
This work explains how to compute consistent marginal effects on the original scale of the dependent variable after estimating models using the IHS transformation, taking measurement scale into account.

"Why Transform Y? The Pitfalls of Transformed Regressions with a Mass at Zero."
This article provides a critical review of transformations such as logarithmic, IHS, and power functions when the dependent variable contains a mass of zero values.

Zhang, Y., Fortney, J. C., Tilford, J. M., et al. (2000). *An Application of the Inverse Hyperbolic Sine Transformation: A Note.*
An applied example in health services research where the dependent variable includes zero or negative values, using the IHS transformation to improve estimation.

5. Statistical Annex

Table 5.1 ANNUAL MACROECONOMIC INDICATORS

	2018	2019	2020	2021	2022	2023	2024	2025	2026e
Real GDP (YoY % change)	2.0	-0.4	-8.4	6.0	3.7	3.1	1.4	0.6	1.8
Real private consumption (YoY % change)	1.5	0.9	-9.8	8.4	4.8	4.2	2.6	1.1	
Real government consumption (YoY % change)	3.1	-1.7	-0.7	-0.5	2.0	2.4	3.7	1.3	
Real construction investment (YoY % change)	-1.2	-3.1	-16.9	8.4	4.3	13.1	3.2	-4.6	
Residential	1.1	-0.6	-17.5	7.1	-3.5	2.1	3.0	8.2	
Non-Residential	-3.6	-5.9	-16.1	9.9	13.0	23.5	3.3	-14.6	
Real estate services GDP	-2.3	1.7	0.2	4.8	2.9	2.2	1.0	1.7	2.3
Total formal private employment (IMSS)									
Average number of workers, thousands (seasonally adjusted)	19,988	20,427	19,865	20,354	21,214	21,959	22,332	22,470	
Real annual % change	3.9	2.2	-2.8	2.5	4.2	3.5	1.7	0.6	
Real wage bill (IMSS, YoY % change)	7.2	5.4	1.2	3.4	7.1	8.9	6.8	4.3	
General minimum wage (daily)									
Nominal pesos	88.4	102.7	123.2	141.7	172.9	207.4	248.9	278.8	
Real YoY % change	5.5	12.2	16.0	8.5	13.0	14.0	14.8	7.8	
Consumer prices (eop, YoY % change)	4.8	2.8	3.2	7.4	7.8	4.7	4.2	3.7	
Average 28-day TIIE (%)	8.0	8.3	5.7	4.6	7.9	11.4	11.1	8.7	
10-year government bond yield (M10)	7.2	8.0	7.5	6.2	6.9	8.8	9.1	9.7	

Source: BBVA Research based on data from Banco de México, Conasami, INEGI, and IMSS

Table 5.2 ANNUAL CONSTRUCTION AND HOUSING INDICATORS

	2018	2019	2020	2021	2022	2023	2024	2025	2026e
Real construction GDP (YoY % change)	0.4	-5.2	-17.2	10.4	3.1	12.2	3.0	-1.0	2.0
Building construction	1.2	-3.0	-16.6	11.9	1.0	6.4	4.2	4.3	2.0
Civil engineering and heavy construction works	-6.1	-9.7	-25.3	5.6	8.9	45.0	0.8	-22.5	1.9
Specialized construction activities	5.3	-10.5	-11.0	7.0	8.7	8.9	-0.4	0.8	1.8
Construction employment (IMSS)									
Total, average number of workers (thousands)	1,682.6	1,656.3	1,520.3	1,589.6	1,685.9	1,826.8	1,858.8	1,746.2	
YoY % change	5.0	-1.6	-8.2	4.6	6.1	8.4	1.8	-6.1	
Real production value (YoY % change)									
Total	-6.3	-6.6	-19.5	-1.6	3.6	31.9	-6.9	-15.6	
Building construction	3.8	-3.3	-26.2	-8.5	8.8	12.0	5.9	-2.7	
Public works	-4.5	-6.4	-12.5	4.4	-2.0	63.2	-16.9	-33.5	
Water, irrigation, and sanitation	-12.6	-17.7	-33.5	12.6	18.9	59.2	2.7	-36.3	
Electricity and communications	-1.8	-1.2	-39.7	-31.4	-0.2	92.5	4.7	13.4	
Transportation	-3.9	-9.2	2.6	-7.0	-20.8	99.2	-25.2	-29.5	
Oil and petrochemicals	-17.9	6.5	-31.5	82.0	39.5	6.9	-8.6	-59.2	
Other	-2.4	-17.6	-13.0	3.9	4.2	8.8	-7.2	2.8	
Construction prices (YoY % change)									
Overall	10.3	-0.1	5.1	15.3	8.6	3.8	3.5	3.9	
Construction materials	11.3	-0.9	5.4	17.4	8.8	3.1	2.6	3.6	
Labor	5.3	4.9	3.5	4.0	7.5	8.4	8.6	6.0	
Machinery rental	3.4	2.6	3.0	6.1	3.2	4.4	6.6	1.3	
New housing registrations									
Thousands of housing units	263.0	189.0	183.0	257.6	144.8	162.7	178.6	310.5	
YoY % change	5.2	-28.1	-3.2	40.7	-43.8	12.4	9.8	73.9	
Completed unsold housing units									
Thousands of housing units*	290.9	89.9	66.4	78.9	92.1	77.7	71.4	79.7	
YoY % change	3.7	-69.1	-26.1	18.7	16.7	-15.6	-8.1	11.7	

*Starting in 2019, RUV excludes completed unsold housing units with more than 18 months since completion.
Source: BBVA Research based on data from Banco de México, INEGI, IMSS, INFONAVIT, and RUV

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Table 5.3 ANNUAL HOUSING FINANCING INDICATORS

	2018	2019	2020	2021	2022	2023	2024	2025	2026e
Number of loans originated (thousands)									
Total	528.7	571.4	548.7	555.9	490.7	474.4	523.9	521.3	
Infonavit	360.0	336.0	324.8	322.5	284.6	312.3	367.3	376.3	
Fovissste	49.3	49.0	49.2	50.7	48.7	36.6	36.0	30.8	
Commercial banks	119.4	186.4	174.8	182.7	157.4	125.5	120.5	114.2	
Adjustment**	29.4	36.1	22.7	20.5	16.6	8.3	9.1	9.0	
Individual loans	499.2	535.4	526.0	535.4	474.1	466.0	514.8	512.3	
Financing flows (billions of June 2025 pesos)									
Total	569.8	696.6	669.5	723.6	681.8	629.2	646.4	625.4	
Infonavit	298.5	280.3	255.9	258.2	243.3	264.8	303.4	309.4	
Fovissste	62.6	59.1	57.3	54.8	49.6	36.3	36.9	33.3	
Commercial banks	208.6	357.2	356.3	410.6	388.8	328.1	306.2	282.6	
Performing loan portfolio – Commercial banks									
End-of-period balances (billions of pesos)	1,097.6	1,168.9	1,329.3	1,363.4	1,405.8	1,464.0	1,455.4	1,462.4	
Non-performing loan ratio (%)	2.6	2.9	3.3	3.6	2.6	2.6	2.8	3.0	
Construction loan portfolio – Commercial banks									
End-of-period balances (billions of pesos)	594.6	594.3	595.5	557.8	536.7	554.5	546.5	545.9	
Non-performing loan ratio (%)	1.5	1.5	1.4	1.5	2.0	1.9	2.4	1.7	

*Amount at constant December 2025 prices.
**Refers to financing (loans and subsidies) accounted for by two or more institutions. Excludes the “INFONAVIT Total” product and INFONAVIT Second Loan.
Source: BBVA Research based on data from Banco de México, CNBV, INFONAVIT, FOVISSSTE, and SEDATU

Table 5.4 SHF HOUSE PRICE INDEX

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
National	11.7	11.5	10.4	10.1	9.7	9.4	9.2	8.7	8.2	8.7	8.9	8.9
Aguascalientes	11.6	11.1	10.0	10.2	9.3	9.0	8.9	7.7	8.1	9.5	10.8	12.1
Baja California	15.4	14.4	13.4	12.7	12.5	12.8	12.1	11.5	10.9	10.7	10.5	10.3
Baja California Sur	17.9	18.2	17.6	16.9	15.7	13.8	12.2	11.7	11.7	13.1	13.5	13.4
Campeche	12.9	12.1	11.0	10.3	10.5	11.0	10.6	10.6	10.1	9.4	9.0	8.5
Coahuila	13.8	13.7	12.3	11.1	9.7	7.9	6.6	5.6	5.9	8.1	9.3	9.7
Colima	12.1	11.7	10.8	10.4	10.4	10.8	10.9	11.0	10.9	10.7	10.0	8.7
Chiapas	10.6	10.6	10.4	11.1	11.3	11.6	10.8	9.9	8.9	8.6	8.7	9.3
Chihuahua	11.2	11.9	11.7	12.2	11.5	9.8	8.9	8.4	8.5	10.1	10.6	9.9
Ciudad de México	13.1	13.1	10.4	8.3	6.3	5.4	5.8	5.8	4.9	4.9	4.5	4.6
Durango	6.4	7.7	8.5	10.4	10.5	10.0	9.4	8.4	6.6	5.4	4.1	2.7
Guanajuato	9.2	8.8	8.5	9.3	10.1	11.0	11.2	10.8	9.9	9.6	9.3	8.9
Guerrero	15.3	14.4	11.9	9.6	7.8	6.7	6.0	5.5	5.9	7.5	8.5	9.2
Hidalgo	10.5	9.7	8.2	7.7	8.2	8.7	9.0	8.2	8.1	9.6	11.0	12.0
Jalisco	12.8	12.3	10.8	10.1	9.2	9.1	9.7	9.5	9.8	11.1	11.8	12.5
México	6.7	6.7	6.0	6.9	7.8	8.2	8.0	7.3	5.5	5.1	5.1	5.2
Michoacán	12.8	10.8	8.1	6.0	5.9	6.9	7.9	8.5	9.2	10.5	11.4	12.1
Morelos	9.0	8.8	7.3	7.3	9.1	10.1	11.0	12.0	10.5	10.5	10.4	10.0
Nayarit	15.1	14.6	13.1	12.6	12.2	11.1	10.8	10.5	10.9	12.5	12.8	12.4
Nuevo León	11.1	11.4	11.2	11.5	11.8	11.3	10.7	9.9	9.1	9.5	9.5	9.5
Oaxaca	9.2	9.0	8.8	9.5	10.7	12.3	12.2	11.4	9.4	8.0	7.6	8.0
Puebla	7.5	6.7	6.5	8.0	10.3	12.3	12.7	11.8	9.6	8.3	8.0	9.0
Querétaro	12.9	14.1	13.7	13.5	11.6	9.4	7.9	7.1	6.7	7.6	7.7	7.0
Quintana Roo	17.1	16.5	14.5	14.1	13.4	12.1	12.1	11.6	12.2	14.7	15.1	14.9
San Luis Potosí	7.7	7.7	7.9	9.7	10.5	10.7	10.3	9.6	9.0	8.8	8.3	7.7
Sinaloa	16.5	15.4	13.3	11.8	10.2	8.2	6.4	4.4	5.0	8.1	10.4	12.6
Sonora	11.5	12.8	13.1	13.8	12.9	11.3	10.3	9.6	8.9	9.7	9.6	8.7
Tabasco	10.9	10.9	10.8	10.9	10.5	10.7	9.7	8.6	7.0	5.6	5.1	5.2
Tamaulipas	11.6	10.9	9.3	8.2	8.5	9.2	9.9	10.4	10.0	10.8	10.8	10.1
Tlaxcala	9.5	7.4	3.8	-0.3	3.9	9.2	13.6	18.6	14.6	12.3	11.2	10.2
Veracruz	11.8	11.1	9.0	8.0	8.1	8.4	8.8	8.5	7.4	7.4	6.9	6.1
Yucatán	11.7	11.3	10.0	9.9	9.6	9.6	10.2	10.1	10.1	10.7	10.7	10.9
Zacatecas	11.7	9.8	7.0	5.3	5.6	7.8	9.8	10.6	9.3	7.9	6.7	5.8

Source: BBVA Research with data from Sociedad Hipotecaria Federal

Table 5.5 Quarterly Macroeconomic Indicators

	1T23	2T23	3T23	4T23	1T24	2T24	3T24	4T24	1T25	2T25	3T25	4T25
Real GDP (YoY % change)	3.3	3.3	2.1	1.7	2.1	1.4	0.3	0.6	-0.1	-0.1	1.8	3.3
Real private consumption (YoY % change)	3.7	5.1	4.5	4.4	4.0	2.4	-0.4	-1.0	-0.3	1.7	4.0	3.7
Real government consumption (YoY % change)	2.1	2.3	3.5	2.9	4.7	4.1	3.0	2.5	0.8	0.4	1.4	2.1
Real construction investment (YoY % change)	8.9	17.8	22.4	10.2	9.9	2.6	-7.5	-5.2	-6.2	-8.5	1.7	8.9
Residential	-1.6	3.3	7.8	0.2	7.8	3.7	0.3	10.4	5.8	4.3	12.3	-1.6
Non-Residential	20.3	31.3	35.0	19.0	11.7	1.8	-12.9	-16.9	-16.4	-18.2	-6.7	20.3
Real estate services GDP	2.7	2.2	1.3	1.2	0.8	1.1	1.0	1.7	1.9	1.5	1.8	2.7

Source: BBVA Research with data from Inegi

Table 5.6 Quarterly Construction and Housing Indicators

	1T23	2T23	3T23	4T23	1T24	2T24	3T24	4T24	1T25	2T25	3T25	4T25
Real construction GDP (YoY % change)	8.4	17.4	19.2	9.3	9.1	1.1	-5.9	-1.4	-2.2	-4.7	4.3	8.4
Building construction	4.1	8.7	10.7	2.7	8.6	5.0	0.7	6.4	2.8	-0.1	8.1	4.1
Civil engineering and heavy construction works	41.6	63.0	61.8	46.0	14.7	-9.0	-26.1	-29.4	-24.1	-26.4	-8.7	41.6
Specialized construction activities	0.8	13.6	14.7	4.2	5.0	-3.1	-6.8	1.1	0.5	1.8	-0.1	0.8
Real production value (YoY % change)												
Total	23.8	51.7	47.3	19.6	1.5	-16.3	-22.6	-18.4	-17.2	-17.6	-8.9	23.8
Building construction	4.0	19.5	24.6	8.4	11.1	7.6	-1.9	-0.6	-1.6	-6.5	-1.7	4.0
Public works	60.3	98.2	78.4	37.9	-5.6	-32.5	-39.3	-38.8	-37.8	-35.7	-19.8	60.3
Water, irrigation, and sanitation	79.5	65.6	39.9	3.1	1.7	8.7	-2.4	-18.5	-37.5	-48.4	-36.8	79.5
Electricity and communications	72.1	135.2	90.3	55.7	-1.2	-8.5	-6.4	3.6	17.7	12.9	19.6	72.1
Transportation	84.5	174.9	173.7	66.2	-7.7	-48.5	-51.2	-46.7	-35.8	-24.4	-3.0	84.5
Oil and petrochemicals	16.7	0.9	-11.8	0.7	-4.3	-1.8	-26.2	-41.2	-62.0	-69.4	-64.2	16.7
Others	-3.8	19.5	23.0	2.4	-1.2	-13.6	-14.0	2.0	3.8	6.4	-0.8	-3.8
New housing registrations												
Thousands of housing units	37.4	46.3	39.6	44.4	50.9	40.6	42.7	49.2	42.4	64.9	154.1	37.4
YoY % change	-3.9	31.1	8.6	4.5	36.0	-12.3	7.8	10.8	-16.7	59.9	260.8	-3.9
Completed unsold housing units												
Thousands of housing units*	84.3	79.7	77.4	73.0	70.0	69.8	71.2	73.4	72.9	75.9	77.9	84.3
YoY % change	-3.9	-11.6	-14.8	-13.4	-17.0	-12.5	-7.9	0.6	4.2	8.8	9.3	-3.9

Source: BBVA Research with data from Inegi, Banco de México y RUV

Table 5.7 Quarterly Housing Market Indicators

	1T23	2T23	3T23	4T23	1T24	2T24	3T24	1T25	2T25	3T25	3T25	4T25
Number of loans originated (thousands)												
Infonavit	74.7	82.5	92.8	73.3	90.2	96.3	107.4	74.9	95.2	99.4	106.8	74.7
Fovissste	9.3	9.6	11.0	7.5	10.6	9.0	8.9	6.3	7.6	7.8	9.2	9.3
Banca	31.4	31.1	32.8	27.0	30.4	30.8	32.3	25.5	28.5	29.2	31.0	31.4
Total	115.4	123.1	136.6	107.9	131.2	136.1	148.7	106.7	131.2	136.4	147.0	115.4
Financing Amount, billions of December 2025 pesos												
Infonavit	64.5	70.4	75.2	62.6	73.7	79.6	87.4	63.3	79.0	81.0	86.1	64.5
Fovissste	9.0	9.6	11.2	7.7	10.7	9.3	9.2	6.8	8.1	8.5	10.0	9.0
Banca	83.1	81.4	84.7	68.8	78.3	78.7	80.4	64.1	69.6	71.8	77.2	83.1
Total	156.5	161.4	171.1	139.1	162.7	167.6	177.0	134.1	156.7	161.3	173.3	156.5
INFONAVIT: Home Purchase Loans by Segment (thousands)												
Affordable + Low-Income Housing[2]	25.9	26.5	26.2	19.1	25.1	24.2	26.2	14.3	16.0	15.3	14.5	25.9
Traditional	30.1	33.7	41.4	31.1	38.8	41.8	45.5	32.3	43.3	45.0	48.8	30.1
Medium Income	13.5	16.2	18.9	16.9	19.3	21.9	26.3	20.4	26.3	29.4	33.6	13.5
Residential	4.1	4.8	4.8	4.7	5.0	6.1	6.7	5.6	6.6	6.6	6.9	4.1
Residential Plus	0.7	0.7	0.7	0.7	0.8	1.0	0.9	0.8	1.0	1.0	1.0	0.7
Total	74.3	81.8	91.9	72.5	89.0	94.9	105.7	73.5	93.3	97.3	104.8	74.3

Note: Price ranges are expressed in UMA (Unit of Measurement and Update). Affordable and Low-Income Housing segment (0–200 UMA); Traditional (200–350); Middle-Income (350–750); Residential (750–1,500); and Residential Plus (1,500 and above).
2. Includes new and existing housing units.
Source: BBVA Research with data from Inegi, Infonavit, Fovissste, Banxico, CNBV

Table 5.8 Quarterly Housing Financing Indicators

	1T23	2T23	3T23	4T23	1T24	2T24	3T24	4T24	1T25	2T25	3T25	4T25
Commercial Bank Mortgage Loan Portfolio												
Non-Performing Loan Ratio (%)	2.6	2.6	2.6	2.6	2.6	2.7	2.8	2.9	3.0	3.1	3.0	2.6
Commercial Bank Construction Loan Portfolio												
Non-Performing Loan Ratio (%)	2.3	2.3	1.9	2.4	1.7	1.8	1.5	1.6	1.7	2.4	2.1	2.3

Source: BBVA Research with data from Banxico

Table 5.9 Monthly Macroeconomic Indicators

	D24	E25	F	M	A	M	J	J	A	S	O	N	D
IGAE (YoY % change)	-6.8	-9.0	-0.1	5.3	-8.0	0.3	1.6	-3.3	-3.0	-8.0	2.6	3.6	6.6
Real production value (YoY % change)	-0.5	-4.2	9.7	14.3	-5.6	5.9	8.9	1.8	3.9	-5.9	7.3	7.4	9.6
Building construction	-26.5	-31.0	-30.2	-26.9	-22.8	-25.4	-24.1	-23.5	-28.7	-26.8	-19.6	-8.4	2.2
Civil engineering and heavy construction works	-5.3	-1.2	-1.0	5.7	-1.7	0.4	3.0	-2.3	-0.2	8.7	6.0	-3.4	-2.5
Specialized construction activities	-6.8	-9.0	-0.1	5.3	-8.0	0.3	1.6	-3.3	-3.0	-8.0	2.6	3.6	6.6
Total formal private employment (IMSS)													
Total (thousands of workers)	22,238	22,312	22,431	22,465	22,418	22,372	22,326	22,433	22,455	22,572	22,789	22,838	22,517
YoY % change	1.0	0.8	0.6	0.8	0.2	0.1	0.0	0.5	0.3	0.4	0.8	0.9	1.3
Average Contribution Wage (IMSS)													
Nominal daily pesos	587.4	617.6	619.6	619.3	621.9	629.9	628.8	631.5	630.7	623.1	622.0	624.9	627.9
YoY % real change	4.8	4.0	3.6	3.4	3.5	3.1	3.1	3.6	3.7	3.3	3.5	3.1	3.1
Real Wage Bill (IMSS)													
YoY % change	5.9	4.9	4.4	4.3	3.8	3.3	3.2	6.6	4.1	3.8	4.3	4.0	4.5
General Minimum Wage (daily)													
Nominal pesos	248.9	278.8	278.8	278.8	278.8	278.8	278.8	278.8	278.8	278.8	278.8	278.8	278.8
Consumer Prices (EOP)													
YoY % change	4.2	3.6	3.8	3.8	3.9	4.4	4.3	3.5	3.6	3.8	3.6	3.8	3.7
Average 28-day TIIE (%)	10.4	10.3	9.9	9.7	9.3	9.1	8.7	8.3	8.1	8.0	7.8	7.6	7.5
10-Year Government Bond Yield (M10)	10.4	10.1	9.5	9.4	9.4	9.3	9.3	9.4	9.0	8.8	8.9	8.9	9.1

Source: BBVA Research with data from Inegi, Banco de México, IMSS y Conasami

Table 5.10 Monthly Construction and Housing Indicators

	D24	E25	F	M	A	M	J	J	A	S	O	N	D
Construction Employment (IMSS)													
Total (thousands of workers)	1,702	1,742	1,756	1,746	1,743	1,729	1,725	1,749	1,756	1,763	1,795	1,786	1,664
YoY % change	-6.3	-6.3	-6.8	-5.2	-6.5	-7.1	-8.2	-7.9	-7.8	-6.6	-4.6	-3.0	-2.3
Construction Prices (YoY % change)													
Overall	3.5	3.2	3.3	3.7	4.7	4.7	4.1	3.9	3.7	3.4	4.0	3.9	3.9
Construction Materials	2.6	2.6	2.8	3.4	4.3	4.4	3.7	3.5	3.3	3.1	3.7	3.6	3.6
Labor	8.6	6.3	6.0	5.4	6.5	6.4	6.2	6.4	6.0	5.8	6.1	6.1	6.0
Machinery rental	6.6	7.1	7.6	7.8	8.5	6.9	5.1	4.7	3.5	2.4	2.4	1.6	1.3
New housing registrations													
Thousand of units	15.1	15.2	17.5	16.5	13.2	16.7	12.6	13.2	27.3	24.4	39.3	52.6	62.1
YoY % change	13.0	-12.7	19.6	33.3	-41.4	24.9	-16.8	-11.2	106.4	95.4	177.7	292.1	310.8
Completed unsold housing units													
Thousands of units	71.2	71.9	72.8	73.4	74.8	73.2	72.9	73.5	74.0	75.9	77.9	78.8	79.7
YoY % change	-7.9	-5.7	-3.1	0.6	1.4	-1.7	4.2	5.2	7.6	8.8	10.1	10.5	11.8

Source: BBVA Research with data from Inegi, Banco de México, IMSS

Table 5.11 Monthly Construction and Housing Indicators

	D24	E25	F	M	A	M	J	J	A	S	O	N	D
Total Commercial Bank Mortgage Loan Portfolio													
Balances, billions of pesos*	1,510	1,509	1,509	1,513	1,513	1,518	1,519	1,524	1,530	1,533	1,536	1,534	1,536
YoY % change	3.2	3.7	3.2	3.0	2.7	2.0	1.9	2.6	2.4	2.0	2.1	1.6	1.7
Average Fixed-Rate APR in Pesos	13.9	14.2	14.1	14.2	14.2	14.1	14.1	14.1	14.1	14.1	14.1	13.9	14.0
Total Commercial Bank Housing Construction Loan Portfolio													
Balances, billions of pesos*	578.0	590.6	585.2	588.7	585.5	591.8	586.0	595.2	600.6	594.3	594.5	594.6	594.5
YoY % change	4.2	8.1	7.2	8.4	8.0	8.0	6.1	8.5	6.7	6.9	6.5	5.6	2.9

*December 2025 pesos
Source: BBVA Research with data from Inegi, Banco de México y CNBV

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