

Real Estate Flash

Mexico

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Economic Analysis

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Mortgage lending by commercial banks with good performance in 2011 Monthly Situation Report

- In December 2011, mortgage lending granted by banks recorded a 4.9% annual increase while the amount lent rose by 15.5% in real terms
- Public institutions recorded a 7.5% fall in 2011 for new housing, without taking into account remodeling products
- Figures at the end of the year confirm the sector's recovery was seen more in mid and high segments

Co-financing and mortgage loans granted by banks continue to increase

At the end of 2011, mortgage lending granted by commercial banks recorded remarkable performance in comparison to public institutions. In terms of the number of loans granted, growth came in at 4.9% for the year, while the investment amount increased by 15.5% in real annual terms. It should be highlighted that the Infonavit at public institutions fulfilled its target thanks to the "Renueva tu hogar" ("Renew your Home") program. This surpassed mid-year expectations when it was put into place. Initially, a demand for 27,000 loans was estimated. However, at the end of 2011 just over double that (56,000 loans) were granted. Consequently, total loans placed hit 500,000. This is 5.3% more than in 2010. With regard to new homes, the institution's investment amount increased 13.3% in real terms, although loan numbers remained below the previous year's levels (6.2% fewer than in December 2010).

2011 trends point to this year seeing a preference for alternative products to new homes continuing to increase. Existing homes are ever more in demand since they have better features (location and city facilities) similar to the higher demand for mid and high value segments. Both co-financing and loans with banks capital remain on a growth trend. With regard to construction loans and new housing units (which saw decreases in 2011, -21% in December and -10% in November), the subsidy program is expected to go from 5 to 9 billion pesos and boost home building (especially in the first half of the year).

Table 1
Mortgage Lending: Number and amount of loans, annual aggregate

	Number of loans (thousands)			Amount of lending (billion pesos)		
	10-Dec	11-Dec	Annual % change	10-Dec	11-Dec	Annual real % change
Public	562.8	520.7	-7.5	153.8	169.1	5.9
Infonavit	475.0	445.5	-6.2	111.4	131.0	13.3
Fovissste	87.8	75.2	-14.4	42.4	38.0	-13.6
Private	79.4	80.9	2.0	58.2	69.2	14.6
Banks	73.9	77.6	4.9	56.5	67.7	15.5
Sofoles	5.4	3.4	-38.1	1.7	1.5	-15.6
Subtotal	642.2	601.6	-6.3	212.0	238.3	8.3
Co-finance (-)	30.7	23.4	-23.9	---	---	---
Total	611.4	578.2	-5.4	212.0	238.3	8.3

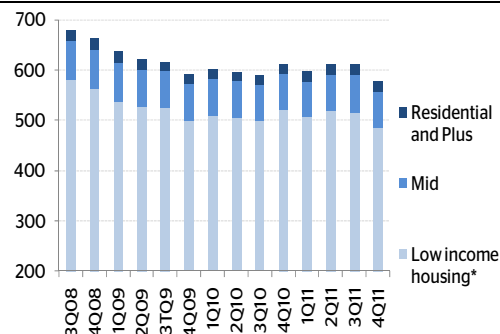
Source: BBVA Research with data from ABM, AHM and AMFE

Table 2
Mortgage lending by segment: Number of loans, annual aggregate*

	Loans (thousands)		% annual change
	Dec-10	Dec-11	
Total	611.5	578.5	-5.4
Economic + Popular (up to 350,000)	329.8	327.8	-0.6
Traditional (up to 610,000)	191.0	156.8	-17.9
Mid (up to 1.3 million)	72.0	73.3	1.8
Residential (up to 2.6 million)	15.4	16.7	8.5
Residential Plus (over 2.6 million)	3.3	4.0	20.9

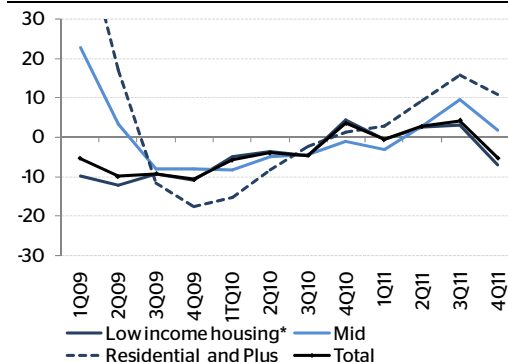
*Figures may not match with those reported by other sources (AHM, Conavi) due to classification

Chart 1
Number of loans by segment
Thousands, annualized figures



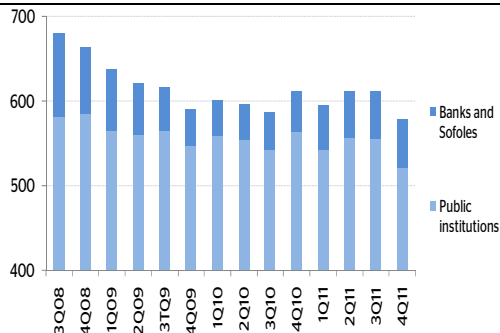
* Includes: economic, popular and traditional segments.
Source: BBVA Research with Infonavit, Fovissste, and AMB data

Chart 2
Number of loans by segment
annual % change



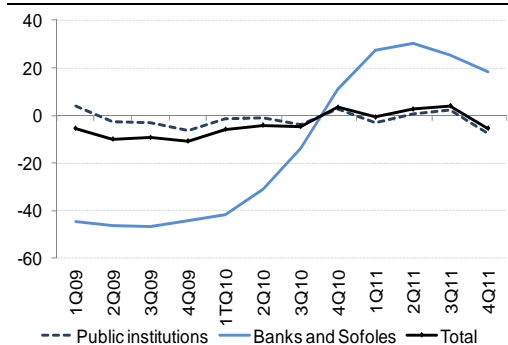
* Includes: economic, popular and traditional segments.
Source: BBVA Research with Infonavit, Fovissste, and AMB data

Chart 3
Number of loans by institution
Thousands, annualized figures



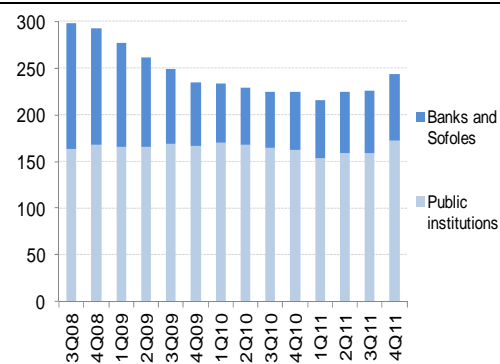
Source: BBVA Research with ABM and AHM data

Chart 4
Number of loans by institution
Annual % change



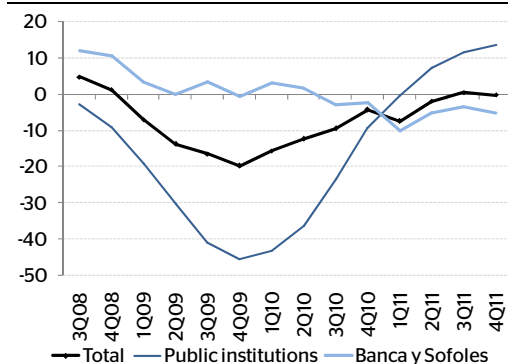
Source: BBVA Research with ABM and AHM data

Chart 5
Amount of loans by institution
billion pesos, annualized figures



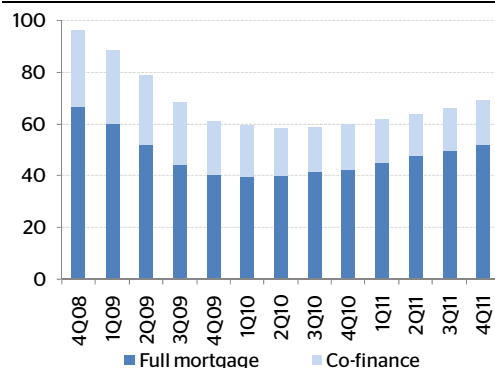
Source: BBVA Research with ABM and AHM data

Chart 6
Amount of lending by institution
Annual % change



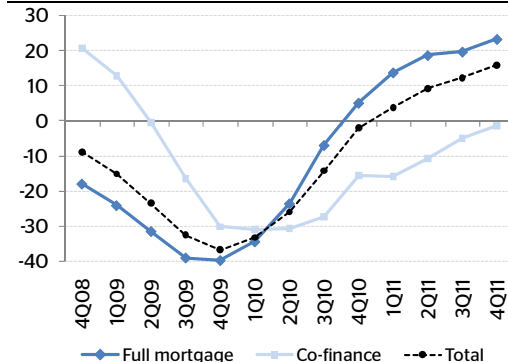
Source: BBVA Research with ABM and AHM data

Chart 7
 Amount of finance granted by commercial banks.
 Billion pesos, 2011 prices, annualized figures



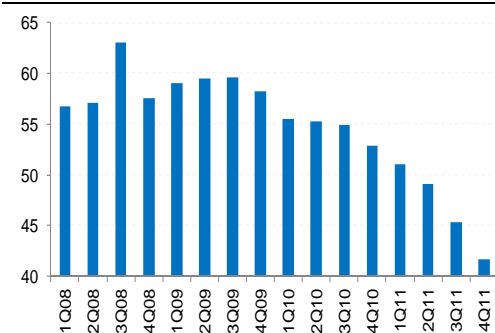
Note: Full mortgage includes loans with banks capital
 Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 8
 Amount of finance granted by commercial banks.
 Billion pesos, annualized figures, Annual % change



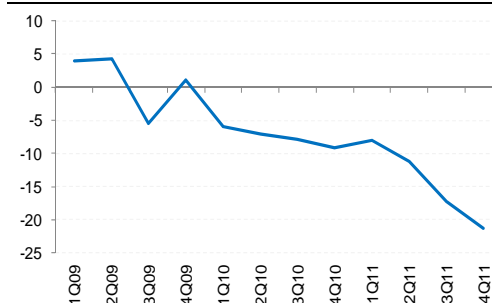
Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 9
 Construction loans, current portfolio balance
 Billion pesos, 2011 prices



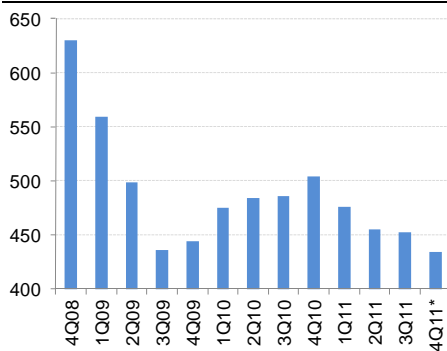
Source: BBVA Research with Bank of Mexico data

Chart 10
 Construction loans, current portfolio balance
 Real annual % change



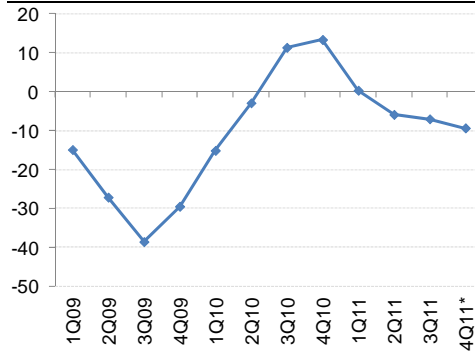
Source: BBVA Research with Bank of Mexico data

Chart 11
 Housing starts: RUV
 Thousands of homes, annualized figures



* To November
 Source: BBVA Research with ABM and AHM data

Chart 12
 Housing starts: RUV
 Annual % change



* To November
 Source: BBVA Research with ABM and AHM data

Table 3

Number of mortgage loans by state

	Infonavit			Fovissste			Spanish			Sofoles			Total		
	Annual %			Annual %			Annual %			Annual %			Annual %		
	10-Dec	11-Dec	change	10-Dec	11-Dec	change	10-Dec	11-Dec	change	10-Dec	11-Dec	change	10-Dec	11-Dec	change
Ags	8,303	8,093	-2.5	1,360	1,658	21.9	1,244	1,429	14.9	161	74	-53.8	11,068	11,255	1.7
BC	25,480	25,579	0.4	1,587	1,156	-27.2	2,212	2,435	10.1	532	189	-64.5	29,810	29,359	-1.5
BCS	3,393	3,444	1.5	1,560	1,400	-10.3	917	833	-9.2	4	0	-100.0	5,874	5,677	-3.4
Cam	2,569	2,430	-5.4	436	386	-11.5	418	467	11.7	5	5	-12.7	3,428	3,287	-4.1
Coah	22,325	19,357	-13.3	1,706	1,600	-6.2	2,144	2,281	6.4	13	1	-90.9	26,187	23,239	-11.3
Col	4,199	3,609	-14.1	778	823	5.8	640	654	2.2	9	4	-59.1	5,626	5,090	-9.5
Chis	4,183	5,113	22.2	2,769	1,759	-36.5	817	779	-4.7	3	0	-100.0	7,772	7,651	-1.6
Chih	21,774	18,273	-16.1	1,753	1,454	-17.0	2,978	2,954	-0.8	88	22	-74.7	26,593	22,703	-14.6
DF	17,045	17,341	1.7	7,203	4,974	-30.9	11,040	11,739	6.3	263	65	-75.3	35,551	34,119	-4.0
Dgo	5,760	5,119	-11.1	1,121	1,244	11.0	677	684	1.0	1	0	-100.0	7,559	7,047	-6.8
Gto	22,270	23,193	4.1	2,120	2,066	-2.6	3,331	3,791	13.8	153	140	-8.4	27,874	29,190	4.7
Gro	3,777	3,589	-5.0	3,517	2,463	-30.0	866	874	0.9	1	0	-100.0	8,161	6,926	-15.1
Hgo	9,512	9,844	3.5	4,188	4,316	3.0	719	961	33.7	55	54	-1.5	14,474	15,175	4.8
Jal	36,809	40,140	9.0	3,651	3,260	-10.7	7,417	8,370	12.8	503	158	-68.6	48,380	51,928	7.3
Mexico	50,515	44,479	-11.9	15,985	12,323	-22.9	4,147	4,998	20.5	973	564	-42.0	71,620	62,364	-12.9
Mich	10,333	9,872	-4.5	2,403	2,262	-5.8	2,292	2,407	5.0	33	30	-8.4	15,061	14,572	-3.2
Mor	6,599	6,553	-0.7	5,515	5,151	-6.6	973	1,110	14.1	33	1	-96.5	13,120	12,815	-2.3
Nay	4,696	3,578	-23.8	1,598	1,321	-17.3	508	524	3.1	76	52	-31.6	6,878	5,475	-20.4
NL	58,198	53,634	-7.8	1,863	2,347	26.0	7,908	7,675	-3.0	1,154	608	-47.3	69,123	64,263	-7.0
Oax	2,600	1,615	-37.9	1,368	918	-32.9	630	538	-14.6	0	7	---	4,598	3,079	-33.0
Pue	14,870	13,771	-7.4	2,580	2,407	-6.7	2,292	2,486	8.5	79	92	16.5	19,821	18,756	-5.4
Qro	14,873	13,148	-11.6	2,165	2,300	6.2	2,402	2,538	5.6	151	77	-49.3	19,592	18,063	-7.8
QR	14,387	14,633	1.7	3,347	2,566	-23.3	2,132	2,065	-3.1	419	188	-55.0	20,286	19,453	-4.1
SLP	8,943	8,717	-2.5	1,188	1,334	12.3	2,082	2,121	1.9	68	30	-54.9	12,280	12,203	-0.6
Sig	13,741	11,882	-13.5	2,683	1,778	-33.7	2,274	2,498	9.9	14	4	-74.8	18,712	16,162	-13.6
Son	20,007	18,573	-7.2	1,771	1,815	2.5	1,585	1,851	16.8	261	95	-63.4	23,624	22,334	-5.5
Tab	5,633	5,673	0.7	557	631	13.2	985	886	-10.1	17	4	-79.5	7,192	7,193	0.0
Tam	24,738	20,720	-16.2	1,631	1,522	-6.7	2,954	2,192	-25.8	80	46	-42.5	29,404	24,480	-16.7
Tlax	2,200	2,102	-4.5	423	458	8.2	196	161	-17.9	1	1	9.2	2,820	2,722	-3.5
View	20,301	18,336	-9.7	6,142	4,637	-24.5	3,457	3,264	-5.6	205	94	-54.3	30,104	26,331	-12.5
Yuc	12,178	10,250	-15.8	2,193	2,135	-2.6	1,255	1,484	18.2	19	6	-69.7	15,646	13,875	-11.3
Zac	2,861	2,844	-0.6	622	698	12.2	407	435	6.9	2	0	-100.0	3,892	3,977	2.2
N/A	0	0	---	0	0	---	0	0	---	68	760	---	68	760	---
Total	475,072	445,504	-6.2	87,785	75,163	-14.4	73,898	77,482	4.8	5,444	3,372	-38.1	642,199	601,521	-6.3

Source: BBVA Research with Infonavit, Fovissste, and ABM data

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