

Real Estate Flash

Mexico

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Economic Analysis

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Construction expands almost 10%. Monthly Situation Report

- In November 2011, output in building work increased 9.4% versus the previous year.
- Commercial and industrial construction remain the drivers of said growth.
- We maintain our forecast for construction growth to depend on the performance in commercial, industrial and office components.

Construction maintains upward path.

Output in building work increases for the tenth month in a row. In the last three months, the average annual growth rate came in slightly above 10%. November in particular saw 9.4% growth in annual terms.

Construction linked to production is becoming more important.

Commercial, industrial and office building increased its share at the expense of house building, which fell in the second half of 2011. In turn, said components show sustained growth over recent months, hitting annual growth rates of above 40% on average.

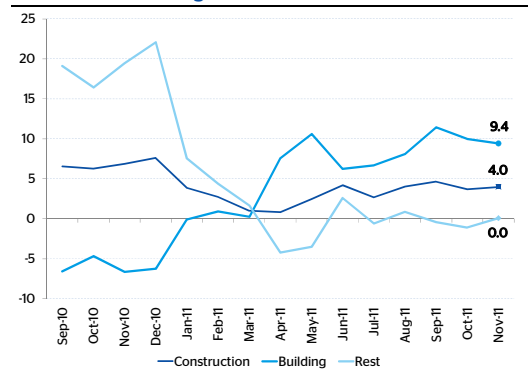
Single-family homes again grew in November 2011, with the previous months seeing positive rates too. Nonetheless, multi-familiar housing show a major fall. Other components linked to urban services such as hospitals and schools increased their value in the month. In this way, we expect construction to remain in expansion mainly due to non-residential components.

Table 1:
Construction by building type
Real monthly share

Work types	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Building	45.0	46.6	45.1	45.6	45.7	44.2
Transport	30.3	29.0	28.8	28.1	27.5	27.5
Oil	8.6	8.5	8.3	8.7	8.6	9.8
Water & Purification	5.5	5.6	5.6	5.8	5.6	5.5
Electricity & Communications	6.9	6.3	6.9	6.0	6.5	6.8
Others	3.7	4.1	5.3	5.7	6.1	6.3
Construction	100	100	100	100	100	100

Source: BBVA Research with ENEC and INEGI data

Chart 1
Growth by building type
Real annual % change



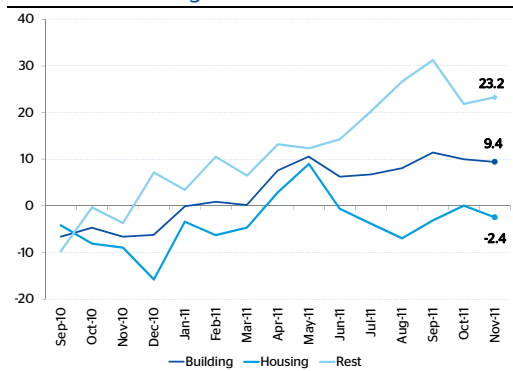
*Rest: transport, oil, electricity and communications, water and purification, and others

Table 2
Building: growth by sub-categories
Real annual % change

Work sub-categories	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Building	6.2	6.7	8.1	11.4	10.0	9.4
Commerce	8.2	24.8	69.3	104.0	68.4	53.6
Industry	14.5	23.8	55.2	34.2	36.5	49.9
Offices	-1.6	50.8	12.2	1.8	10.7	8.2
Recreation	-2.4	-25.8	-13.6	-8.3	-16.1	1.9
Schools	29.3	18.6	38.0	24.1	-8.2	14.2
Hospitals	17.4	22.6	-5.7	-13.9	-7.1	5.1
Auxiliary buildings	44.3	14.2	-23.0	-0.1	-14.2	-27.8
Multi-family housing	-32.1	4.7	-0.7	7.3	-2.6	-24.9
Single-family housing	6.0	-4.9	-8.0	-4.7	0.4	2.8

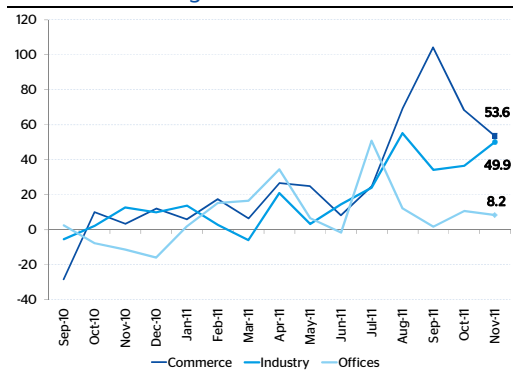
Source: BBVA Research with ENEC and INEGI data

Chart 3
Building production: housing versus rest
Real annual % change



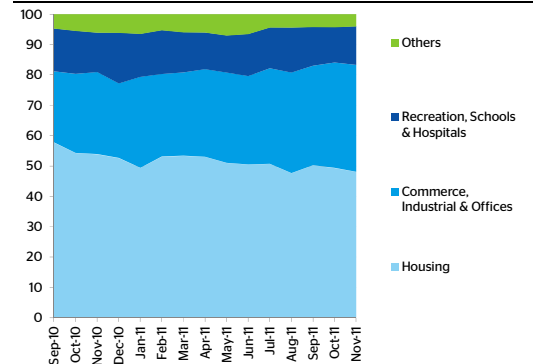
*Rest: transport, oil, electricity and communications, water and purification, and others

Chart 5
Building production: commercial and industrial
Real annual % change



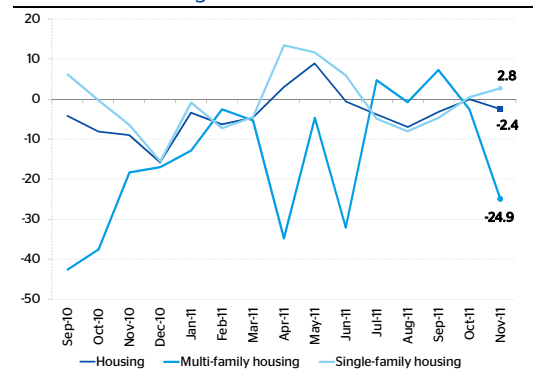
Source: BBVA Research with ENEC and INEGI data

Chart 2
Building: share of total by sub-category
Real monthly share



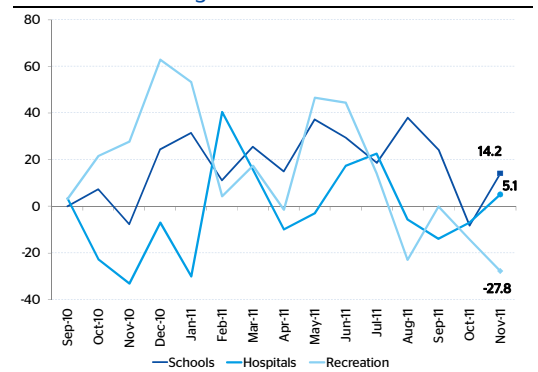
* Residence includes single-family and multi-family homes

Chart 4
Building production: housing
Real annual % change



* Residence includes single-family and multi-family homes

Chart 6
Building production: services
Real annual % change



Source: BBVA Research with ENEC and INEGI data

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