

# Real Estate Flash

## Mexico

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### Economic Analysis

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## Building Growth Slows Monthly Situation Report

- In the last month of 2011, output in building work increased 2.4% in annual terms.
- Output associated with productive construction again constitutes the driving force in building.
- Based on the construction cycle, we expect building growth to continue to slow.

### Building closed 2011 growing.

Building remains the primary component of construction, with a share of nearly 44%. In December, building began to slow its growth with a 2.4% rate in annual terms. For the first time in the year, building grew at a rate lower than that of construction. Nevertheless, December marked the eleventh consecutive month with positive rates.

### Commerce, industry and offices are key in the building trajectory.

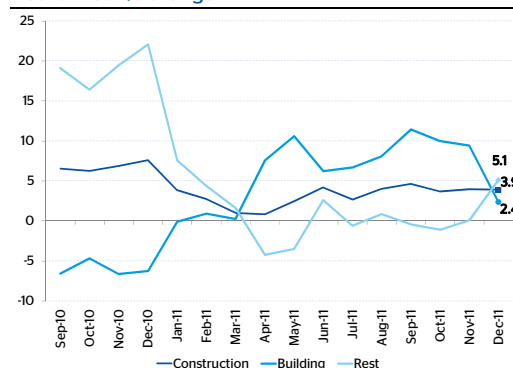
Even though housing production output grew 8% in December with respect to the previous month, enabling it to recover its 50% share within building, it was not sufficient to prevent the annual rate of this sub-category from falling 2.3%. Specifically, multi-family housing was down in recent months, while single-family homes remain favorable. Furthermore, commercial and industrial building continue to grow at annual rates over 40%, as the construction of offices was up 12.7% in annual terms. Therefore, those sub-categories head the performance of building. With these data, we expect the output to continue to grow in 2012, but at a lower rate than that observed in 2011.

Table 1  
Construction by building type  
Real quarterly % share

Work types	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Building	46.6	45.1	45.6	45.7	44.2	43.9
Transport	29.0	28.8	28.1	27.5	27.5	26.3
Oil	8.5	8.3	8.7	8.6	9.8	9.5
Water & Purification	5.6	5.6	5.8	5.6	5.5	6.0
Electricity & Communications	4.1	5.3	5.7	6.1	6.3	7.4
Others	6.3	6.9	6.0	6.5	6.8	6.9
Construction	100	100	100	100	100	100

Source: BBVA Research with ENEC and INEGI data

Chart 1  
Growth by building type  
Real annual % change



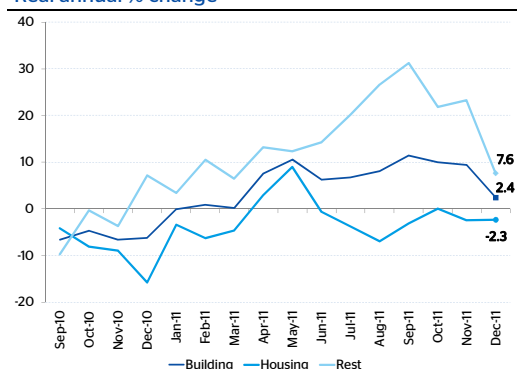
\*Rest: transport, oil, electricity and communications, water and purification, and others

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

Work sub-categories	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
<b>Building</b>	<b>6.7</b>	<b>8.1</b>	<b>11.4</b>	<b>10.0</b>	<b>9.4</b>	<b>2.4</b>
Commerce	24.8	69.3	104.0	68.4	53.6	42.7
Industry	23.8	55.2	34.2	36.5	49.9	47.0
Offices	50.8	12.2	1.8	10.7	8.2	12.7
Recreation	-25.8	-13.6	-8.3	-16.1	1.9	-21.7
Schools	18.6	38.0	24.1	-8.2	14.2	-0.3
Hospitals	22.6	-5.7	-13.9	-7.1	5.1	-35.3
Auxiliary buildings	14.2	-23.0	-0.1	-14.2	-27.8	-31.0
Multi-family housing	4.7	-0.7	7.3	-2.6	-24.9	-21.3
Single-family housing	-4.9	-8.0	-4.7	0.4	2.8	1.7

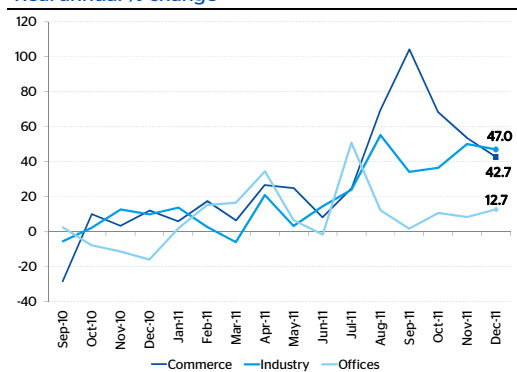
Source: BBVA Research with ENEC and INEGI data

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



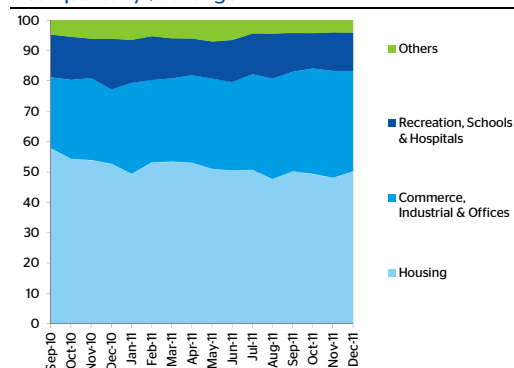
\*Rest: transport, oil, electricity and communications, water and purification, and others

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



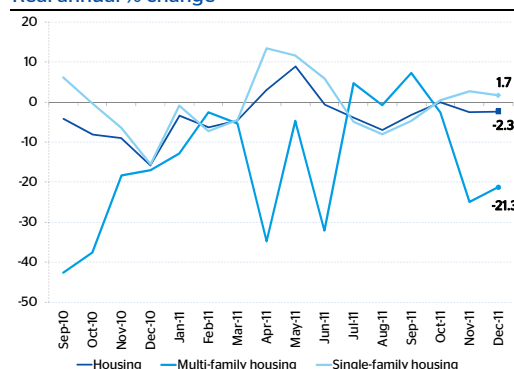
Source: BBVA Research with ENEC and INEGI data

Chart 2  
**Building: share of total by sub-category**  
Real quarterly % change



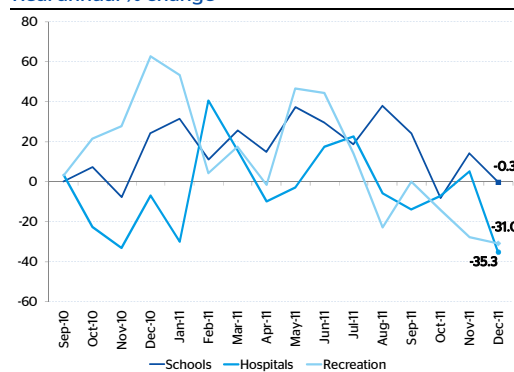
\* Housing includes single-family and multi-family homes

Chart 4  
**Building production: housing**  
Real annual % change



\* Housing 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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