

# Real Estate Flash Mexico

## Housing sales post double-digit growth in the first two months

The number of mortgage loans granted through February was up an annual 19.8% in cumulative terms, while the amount lent was up 62.2% in real terms. The upturn in lending reflects increased activity by both public institutions and the banking system.

- Public institutions increase lending by 20% through February**

The public housing institutions granted more than 65,000 loans in the first two months of the year. This is up 24.6% on the previous year. In part, the strong growth is a result of a statistical effect, as lending was very sluggish at the start of 2011 (due to changes in the operating rules for subsidy programs). Although Infonavit granted more than 90% of the loans issued in the two months, Fovissste recorded a significant increase to 7,800 loans (compared with 2,200 in the same period in 2011). The volume of loans was up 86% in real terms, with Fovissste increasing its volume on the same period last year by a factor of 7.

- Lending by the banks continues strong**

At the close of February, the number of mortgage loans issued by commercial banks was up 15.2% on the same period in 2011, and the volume was up 22.7% in real terms.

By segments, the biggest growth was in average standard and residential housing, which is catered for almost exclusively by commercial banking. In annualized terms, loans using own funds were up 20% in real terms, while co-financed loans increased by 10%.

On the supply side, housing starts in January and February remained in the order of 30,000 homes, a moderate reduction of 4% on the same two months in 2011, although the cumulative figure for the last 12 months continues to show a significant falling trend in the annual rate (down 19%). We expect that housing construction will bounce back this year and close the gap with the issue of loans. The number of loans granted remains in the order of 585,000 per year, while home construction stands at around 450,000.

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

	Number of loans (thousands)			Amount of Lending (billion pesos)		
			Annual. % change			Annual real % change
	feb-11	feb-12		feb-11	feb-12	
Public	52.2	65.0	24.6	13.8	26.7	86.0
Infonavit	50.0	57.2	14.5	13.4	22.9	65.0
Fovissste	2.2	7.8	254.3	0.4	3.7	763.5
Private	10.7	11.7	9.8	8.3	10.6	22.7
Banks	10.1	11.7	15.2	8.1	10.6	26.3
Sofoles	0.5	0.0	--	0.2	0.0	--
Subtotal	62.8	76.7	22.1	22.2	37.3	62.2
Co-finance (-)	2.1	3.9	89.7	--	--	--
<b>Total</b>	<b>60.8</b>	<b>72.8</b>	<b>19.8</b>	<b>22.2</b>	<b>37.3</b>	<b>62.2</b>

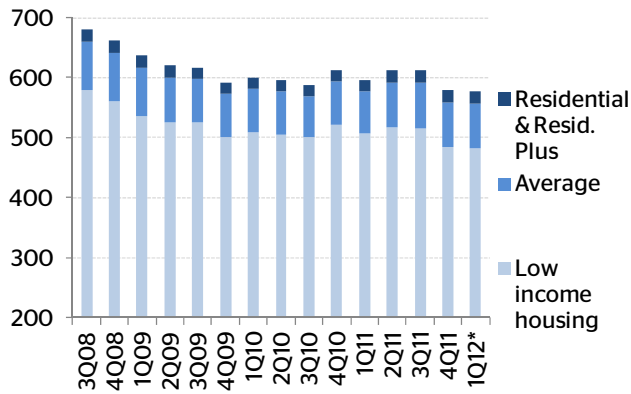
Source: BBVA Research with data from ABM, AHM and AMFE

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

	Loans (thousands)		Annual % change
	feb-11	feb-12	
Total	60.8	72.8	19.8
Economy + Popular (up to 350.000)	34.4	42.5	23.4
Traditional (up to 610.000)	17.3	18.2	5.2
Average (up to 1.3 million)	6.7	9.2	37.2
Residential (up to 2.6 million)	1.9	2.3	20.1
Residential Plus (over 2.6 million)	0.5	0.6	23.2

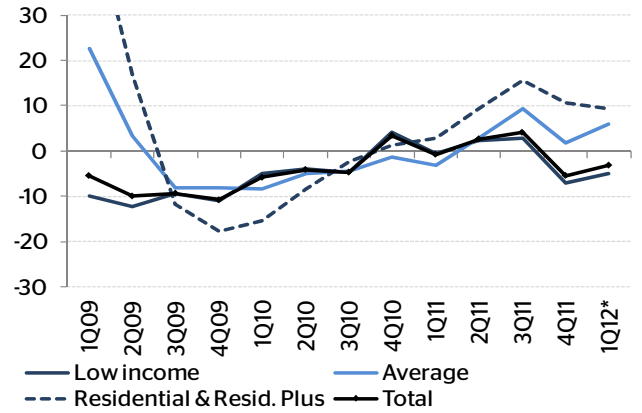
\*Figures may not match with those reported by other sources (AHM, Conavi) due to classification

Chart 1  
**Number of loans by segment**  
 Thousands, annualized figures



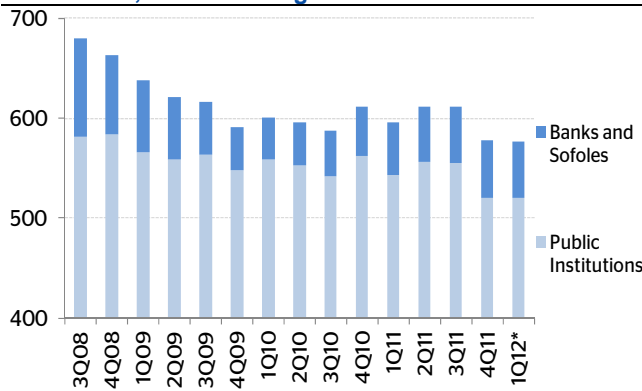
\* Figures to February  
 Note: Low income Includes: economic, popular and traditional segments.  
 Source: BBVA Research with Infonavit, Fovissste, and AMB data.

Chart 2  
**Number of loans by segment**  
 annual % change



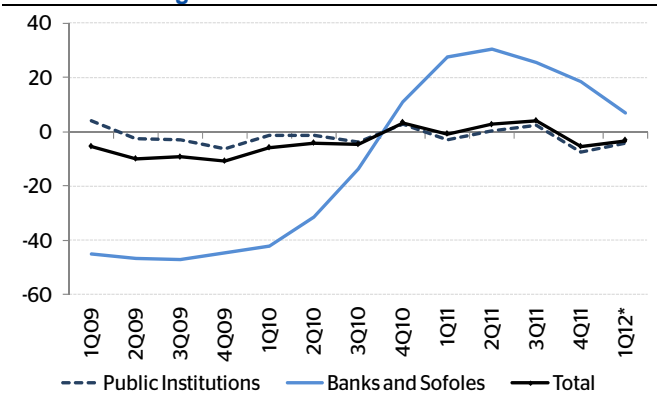
\* Figures to February  
 Note: Low income Includes: economic, popular and traditional segments.  
 Source: BBVA Research with Infonavit, Fovissste, and AMB data.

Chart 3  
**Number of loans by institution**  
 Thousands, annualized figures



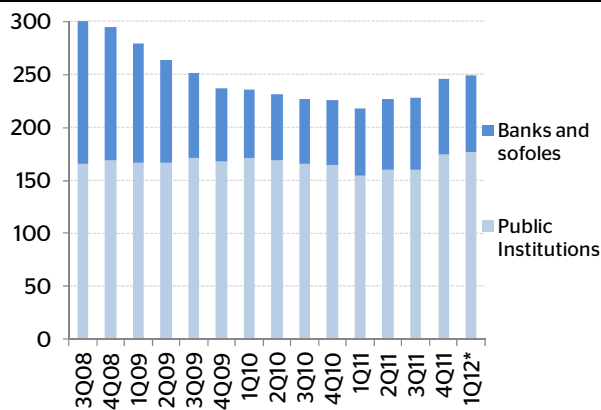
\* Figures to February  
 Note: Full mortgage includes loans with banks capital  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 4  
**Number of loans by institution**  
 Annual % change



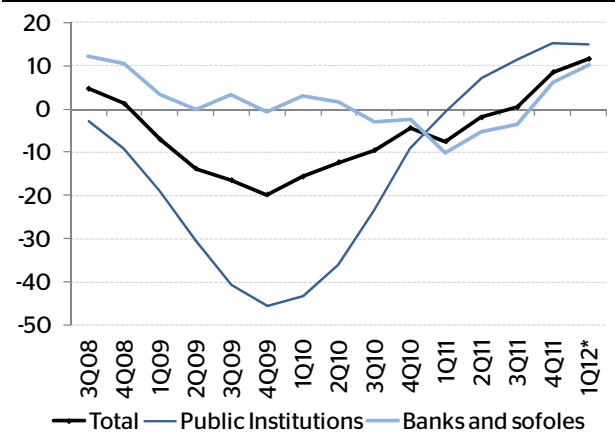
\* Figures to February  
 Note: Full mortgage includes loans with banks capital  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

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



\* Figures to February  
 Note: Full mortgage includes loans with banks capital  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

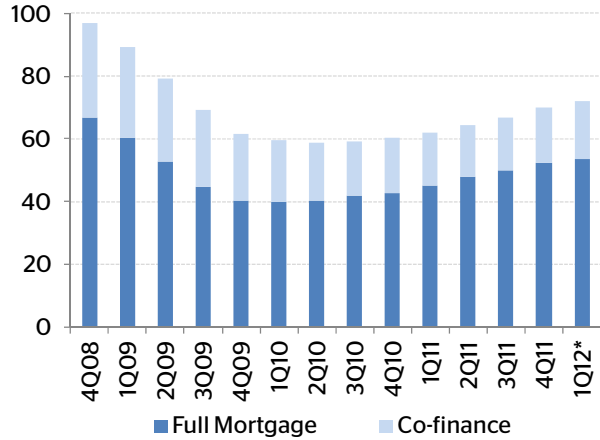
Chart 6  
**Amount of lending by institution**  
 Annual % change



\* Figures to February  
 Note: Full mortgage includes loans with banks capital  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 7

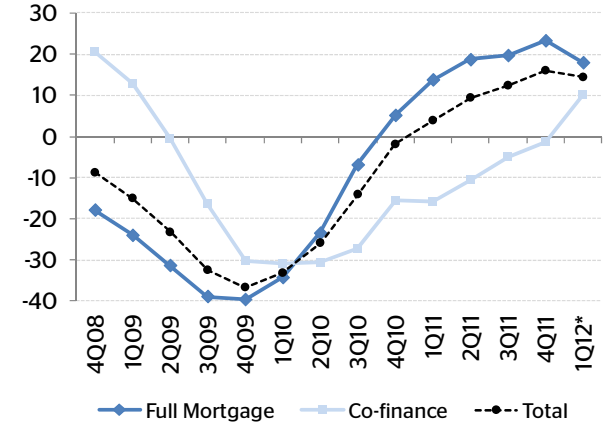
**Amount of finance granted by commercial banks. Billion pesos, 2011 prices, annualized figures**



\* Figures to February  
 Note: Full mortgage includes loans with banks capital  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 8

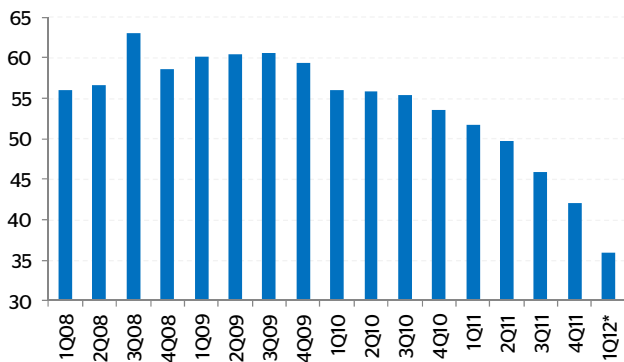
**Amount of finance granted by commercial banks. Billion pesos, annualized figures, Annual % change**



\* Figures to February  
 Note: Full mortgage includes loans with banks capital  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 9

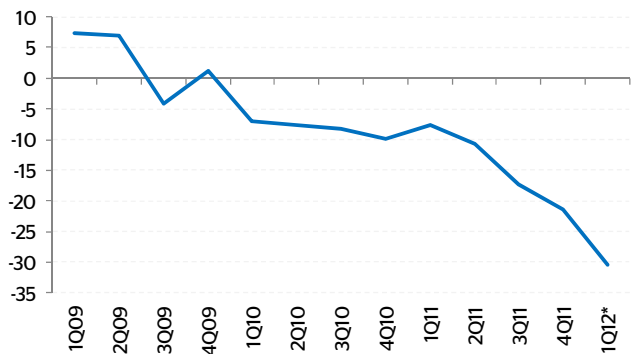
**Construction loans, current portfolio balance Billion pesos, 2011 prices**



\* Figures to January  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 10

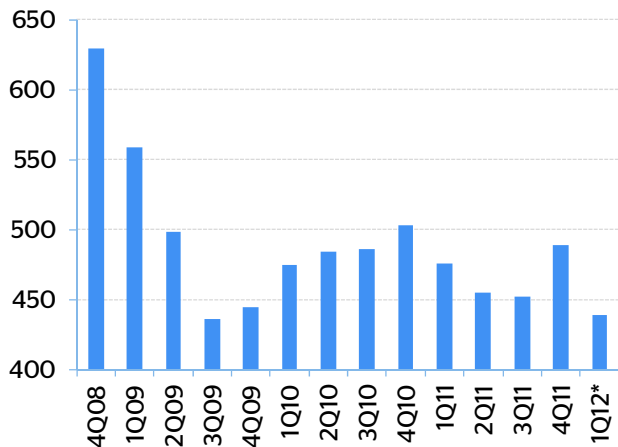
**Construction loans, current portfolio balance Real annual % change**



\* Figures to January  
 Source: BBVA Research with Infonavit, fovissste, and AMB data

Chart 11

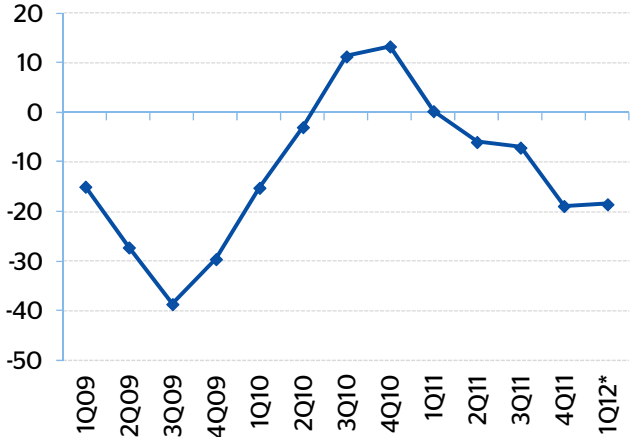
**Housing starts: RUV Thousands of homes, annualized figures**



\* Figures to January  
 Source: BBVA Research with RUV data

Chart 12

**Housing starts: RUV Annual % change**



\* Figures to January  
 Source: BBVA Research with RUV data

Table 3

**Number of mortgage loans by state**

	Infonavit			Fovissste			Bancos			Sofoles			Total		
	feb-11	feb-12	Annual %	feb-11	feb-12	Annual %	feb-11	feb-12	Annual %	feb-11	feb-12	Annual %	feb-11	feb-12	Annual %
			Change			Change			Change			Change			Change
Ags	801	1,287	60.7	27	162	500.6	233	261	12.1	16	ND	---	1,077	1,710	58.8
BC	2,668	2,903	8.8	34	192	464.1	308	373	21.2	22	ND	---	3,032	3,468	14.4
BCS	532	386	-27.4	93	140	50.9	111	112	1.1	0	ND	---	736	639	-13.2
Cam	284	294	3.5	5	23	367.8	66	77	17.4	2	ND	---	357	395	10.6
Coah	2,082	3,048	46.4	38	162	326.8	308	359	16.4	1	ND	---	2,429	3,569	46.9
Col	494	460	-6.9	4	62	1,459.3	76	101	33.3	3	ND	---	577	624	8.1
Chis	481	392	-18.5	122	95	-22.0	117	129	10.4	0	ND	---	720	616	-14.4
Chih	2,150	2,246	4.5	34	184	441.2	392	448	14.3	1	ND	---	2,577	2,878	11.7
DF	1,738	3,191	83.6	56	256	356.6	1,300	1,741	33.9	19	ND	---	3,113	5,188	66.6
Dgo	647	836	29.2	31	136	337.6	91	124	36.4	0	ND	---	769	1,096	42.5
Gto	2,206	2,666	20.9	83	134	61.6	518	560	8.1	17	ND	---	2,824	3,360	19.0
Gro	423	331	-21.7	21	245	1,065.8	112	120	7.3	0	ND	---	556	696	25.2
Hgo	870	1,198	37.7	47	440	835.6	110	156	41.8	5	ND	---	1,032	1,794	73.8
Jal	5,064	5,641	11.4	64	259	304.4	1,064	1,315	23.6	50	ND	---	6,242	7,215	15.6
Méx	4,773	3,891	-18.5	434	1,531	252.8	549	746	35.9	112	ND	---	5,868	6,168	5.1
Mich	1,196	1,148	-4.0	36	157	337.5	304	335	10.1	1	ND	---	1,537	1,640	6.7
Mor	789	667	-15.5	167	624	273.5	154	132	-14.2	1	ND	---	1,111	1,423	28.1
Nay	479	341	-28.8	21	89	323.2	60	69	14.2	6	ND	---	566	498	-11.9
NL	5,878	7,520	27.9	69	321	365.5	1,266	1,178	-7.0	80	ND	---	7,293	9,019	23.7
Oax	197	248	25.9	16	87	445.7	60	96	60.6	1	ND	---	274	432	57.5
Pue	1,910	1,610	-15.7	34	245	620.0	366	330	-9.9	7	ND	---	2,317	2,185	-5.7
Qro	1,276	1,374	7.7	48	239	397.0	331	374	13.1	19	ND	---	1,674	1,987	18.7
QR	1,701	2,221	30.6	69	407	489.8	285	283	-0.7	60	ND	---	2,115	2,911	37.6
SLP	1,018	1,187	16.6	14	120	757.6	282	349	23.6	4	ND	---	1,318	1,656	25.6
Sin	1,103	1,559	41.3	100	181	80.9	308	408	32.5	1	ND	---	1,512	2,148	42.1
Son	1,824	2,730	49.7	92	217	135.6	199	286	43.7	15	ND	---	2,130	3,233	51.8
Tab	630	580	-7.9	14	23	67.1	127	123	-3.0	1	ND	---	772	727	-5.9
Tam	2,252	2,940	30.6	47	231	391.0	319	347	8.7	7	ND	---	2,625	3,517	34.0
Tlax	254	390	53.5	5	36	617.3	12	25	106.9	0	ND	---	271	451	66.3
Ver	2,583	2,237	-13.4	331	486	47.0	482	434	-10.0	32	ND	---	3,428	3,158	-7.9
Yuc	1,369	1,272	-7.1	22	207	842.7	183	244	33.5	0	ND	---	1,574	1,724	9.5
Zac	309	431	39.5	12	67	458.7	55	58	4.7	0	ND	---	376	556	47.8
ND	0	0	---	0	0	---	0	0	---	22	ND	---	22	0	---
<b>Total</b>	<b>49,981</b>	<b>57,225</b>	<b>14.5</b>	<b>2,190</b>	<b>7,759</b>	<b>254.3</b>	<b>10,148</b>	<b>11,694</b>	<b>15.2</b>	<b>505</b>	<b>ND</b>	<b>---</b>	<b>62,824</b>	<b>76,678</b>	<b>22.1</b>

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

Eduardo Torres  
e.torres@bbva.comFernando Balbuena  
fernando.balbuena@bbva.com**BBVA** | RESEARCH

| Av. Universidad 1200, Col. Xoco, México 03339 D.F. | researchmexico@bbva.bancomer.com | www.bbva.com

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