

Real Estate Flash Mexico

Third positive step in a row, confirming the excellent start of the year in construction

- Three months out of three above 4%: construction grows by an average of 4.9%.
- Building, employment and unusually good cement sales figures boost the sector.
- Figures for the first quarter would increase growth in construction GDP above 4%.

In March, construction grew at an annual rate of 4.5%, and by 2.2% on the previous month.

At the end of the first quarter of the year, construction maintains its rising trend, at an average of 4.9%. In March, construction grew by an annual 4.5%, and 2.2% on the figure for February. Despite the good results, construction in February was slightly below the average economic growth measured by the IGAE seasonally-adjusted series, at 1.6% and 2.3% respectively in annual terms.

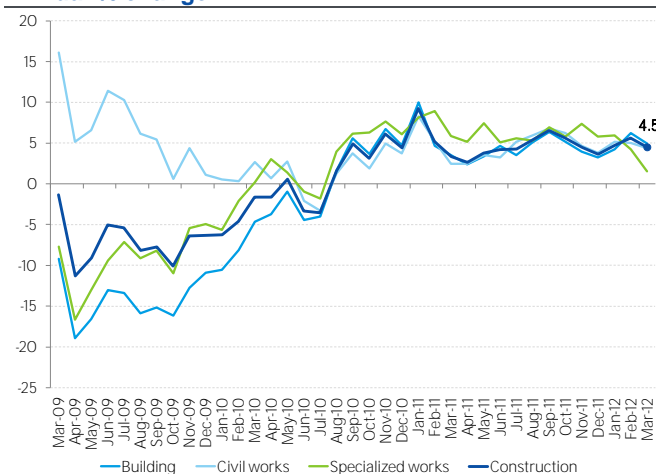
Building and public works grew by more than 4%.

Building remains the component with the biggest growth, at an annual rate of 4.9%, while public works was up by 4.4% on March last year. Although specialized works grew by less than the rest of the components, because its share is limited it did not have a big effect on the construction figures overall.

The sector will continue to grow in line with economy as a whole in the early part of this year.

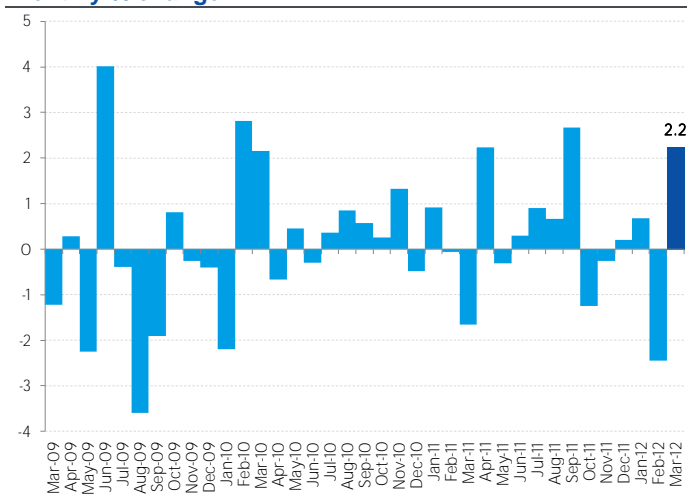
Cement sales broke a negative trend and grew by 8.2% in annual terms in February. Employment in the sector continues to improve and was up 5.2% in the month as an annual rate. However, concrete sales continue to fall, although less than before (an annual 1.8%). Meanwhile, investment in construction was up 6.0% in annual terms in the same period. These are the best figures for a year. Information from the construction sector indicates a positive performance that suggests it will maintain this trend, at least in the first half of 2012, and to a lesser extent until the end of the year.

Chart 1
Industrial Activity: Construction and its components
Annual % change



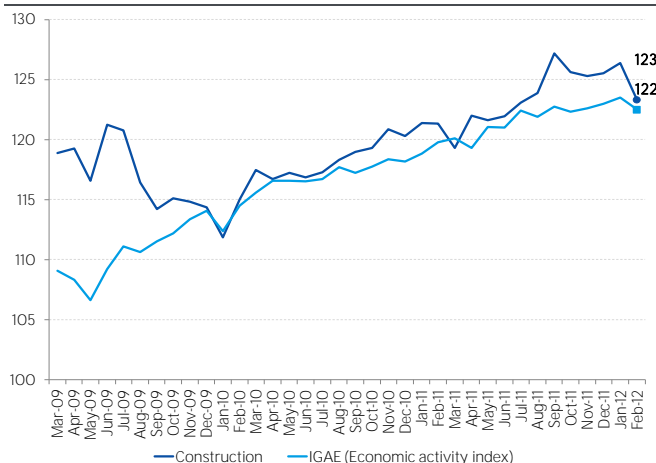
Source: BBVA Research with INEGI Industrial Activity data (original series)

Chart 2
Industrial Activity: Construction
Monthly % change



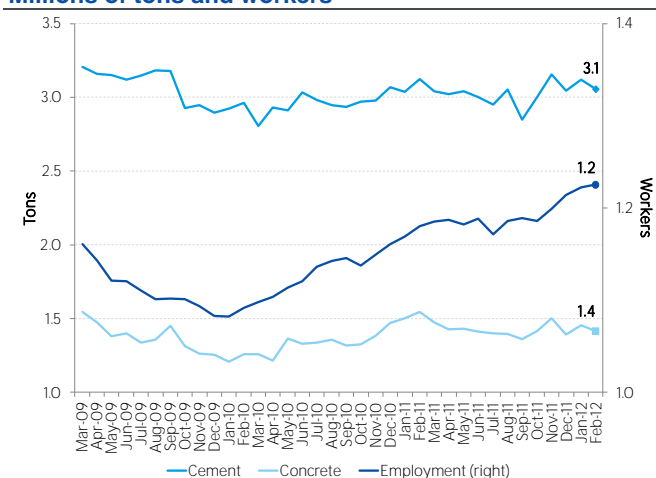
Source: BBVA Research with INEGI Industrial Activity data (seasonally-adjusted series)

Chart 3
Construction and the IGAE index
Index



Source: BBVA Research with INEGI Industrial Activity and IGAE data (seasonally-adjusted series)

Chart 5
Timely construction indicators
Millions of tons and workers



Source: BBVA Research with IMSS and INEGI data (seasonally adjusted series)

Table 1
Industrial Activity: Construction and its components
Annual % change

Period	Construction	Building	Civil works	Specialized works
2010	0.0	-1.2	1.4	2.0
2011	4.9	4.7	4.8	6.5
11Q1	5.9	6.1	5.3	7.7
11Q2	3.5	3.5	3.1	5.9
11Q3	5.4	5.0	5.9	6.0
11Q4	4.6	4.1	4.9	6.3
12Q1	4.9	5.1	4.9	3.9

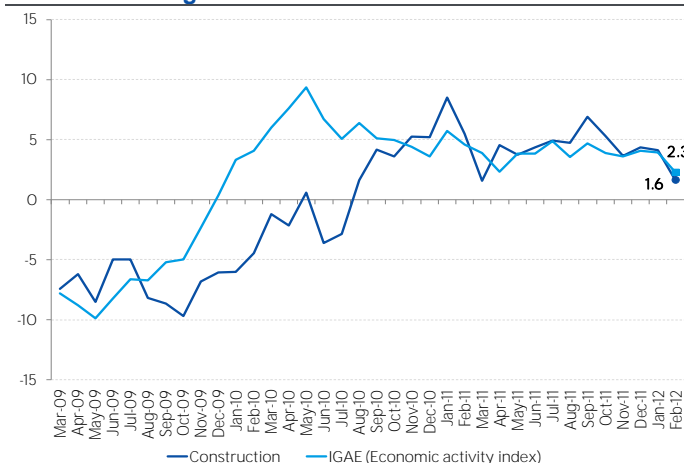
Note: Consider an update of the above figures from INEGI.

Source: BBVA Research with INEGI Industrial Activity data (original series)

Samuel Vázquez
samuel.vazquez@bbva.com

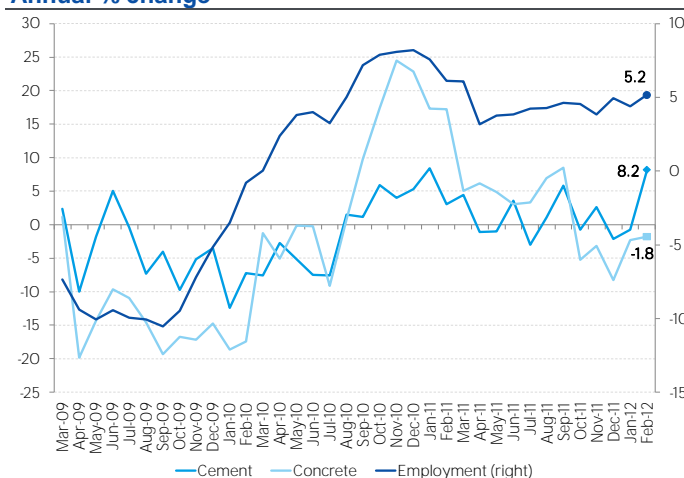
Av. Universidad 1200, Col. Xoco, Mexico 03339 D.F. | researchmexico@bbva.bancomer.com | www.bbvaereasearch.com | Follow us on Twitter

Chart 4
Construction and the IGAE index
Annual % change in the index



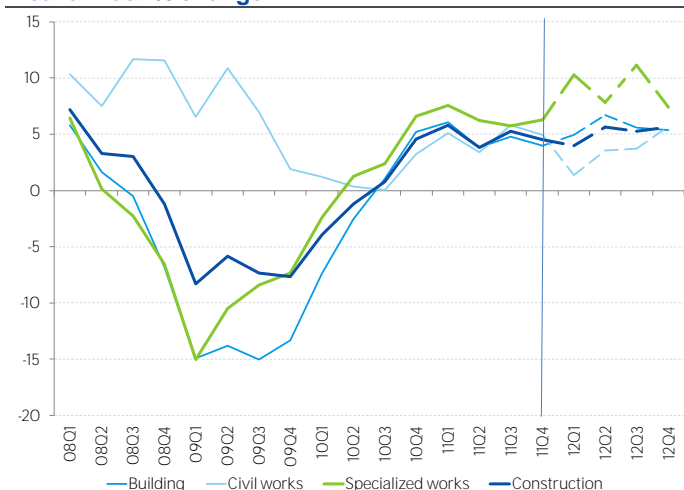
Source: BBVA Research with INEGI Industrial Activity and IGAE data (seasonally-adjusted series)

Chart 6
Timely construction indicators
Annual % change



Source: BBVA Research with IMSS and INEGI data (original series)

Chart 7
GDP forecasts: Construction and its components
Real annual % change



Source: BBVA Research with INEGI GDP data (seasonally-adjusted series)

Before printing this message, please ensure that it is necessary to do so.

This communication and its appendices are subject to confidentiality under the terms established in applicable regulations, and are intended solely for the recipient referred to in the header. These are intended for exclusive internal use and their disclosure, copy, transfer, delivery, issue, or referral to third parties outside of the BBVA Group is forbidden without the sender's prior written consent. If you have received this message in error, you should be aware that reading, using or copying it is forbidden and you are requested to immediately notify us of this fact by replying to the sender's e-mail address and then deleting it.