

Real Estate Flash Mexico

Surprising housing sales in the first quarter

The number of loans increased by 14.2% in annual terms, while the amount lent rose by 43.0% in real terms. To a certain extent, these figures reflect the statistical effect associated with the lag, at the start of 2011, in the granting of subsidies for housing.

- **The activity of public institutions is returning to normal, although it seems to be a significant increase**

In the first quarter of the year, Fovissste granted nearly 14,000 loans, which is not actually a particularly high figure considering the annual target of 75,000 loans. However, the sluggish start of 2011, with 4,100 loans placed in that period, had a significant statistical effect. In the case of Infonavit, growth was also significant, especially as regards the amount of lending, which rose in real terms by nearly 45%.

- **Commercial banks benefited on both fronts**

At the close of the first quarter, the number of mortgages placed by commercial banks rose by 13.3%, which represents an 14% increase in the amount lent in real terms. In loans granted by banks, the increase recorded in the average amount of lending was noticeable. The figures as of the first quarter of 2012 represent a real 8.4% increase on the average for 2011, although the rate of increase has been sustained since 2010, at an average real rate of 10.5%. By contrast, the number of loans over this period has only grown by an annual 3% on average. This means that banking is growing thanks to a better designed mortgage product, rather than a mass product.

As regards supply, a certain lag can still be seen in the recovery of housing starts, which although around 400,000 homes in annualized terms, have recorded negative variations for the third month in a row. There is obviously an imbalance between the forces of demand, which show signs of increased activity, and supply, where the indicators still show a significant lag. Inventories and existing homes cover the short-term gap, although we maintain our forecast that supply should be adjusting upwards in the coming months.

Table 1

Mortgage lending: Number and amount of loans, annual aggregate

	Number of loans (thousands)			Amount of Lending (billion pesos)		
	mar-11	mar-12	Annual. % change	mar-11	mar-12	Annual real % change
Public	98.0	116.0	18.3	25.5	43.2	63.4
Infonavit	93.9	102.1	8.8	24.3	36.4	44.5
Fovissste	4.1	13.9	235.2	1.2	6.8	455.0
Private	17.7	19.1	8.2	16.8	19.4	11.2
Banks	16.9	19.1	13.3	16.4	19.4	13.9
Sofoles	0.8	0.0	--	0.4	0.0	--
Subtotal	115.7	135.1	16.8	42.3	62.6	42.7
Co-finance (-)	3.5	7.0	98.0	--	--	--
Total	112.1	128.1	14.2	42.3	62.6	42.7

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

Table 2

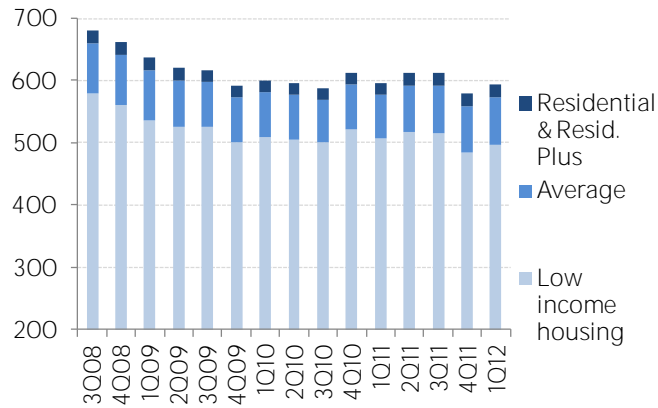
Mortgage lending by segment: Number of loans, annual aggregate*

	Loans (thousands)		Annual % change
	mar-11	mar-12	
Total	112.2	128.2	14.2
Economy + Popular (up to 350,000)	64.7	77.9	20.3
Traditional (up to 610,000)	31.3	30.6	-2.2
Average (up to 1.3 million)	11.9	15.1	26.6
Residential (up to 2.6 million)	3.4	3.7	7.9
Residential Plus (over 2.6 million)	0.8	0.9	13.0

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

Chart 1

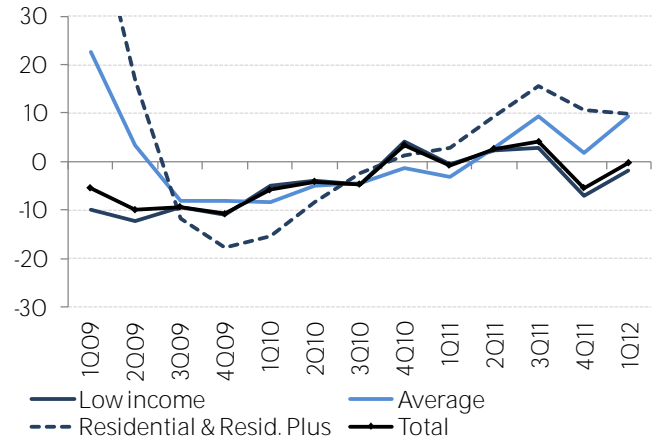
Number of loans by segment Thousands, annualized figures



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

Chart 2

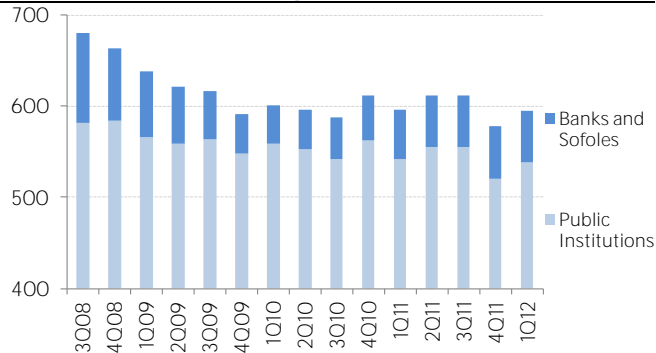
Number of loans by segment Annual % change, annualized figures



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

Chart 3

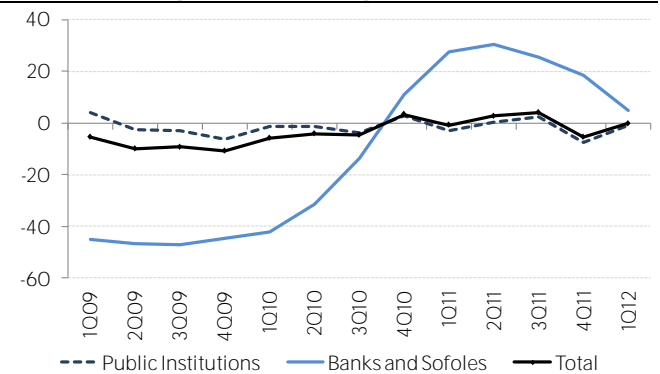
Number of loans by institution Thousands, annualized figures



Note: The private sector only includes own funds
Source: BBVA Research with ABM and AHM data

Chart 4

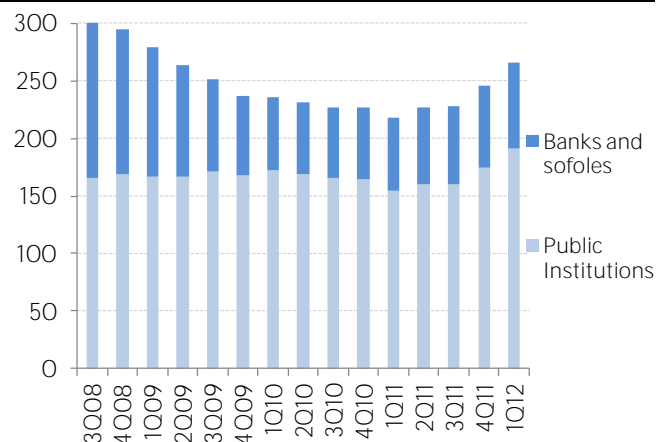
Number of loans by institution Annual % change, annualized figures



Source: BBVA Research with ABM and AHM data

Chart 5

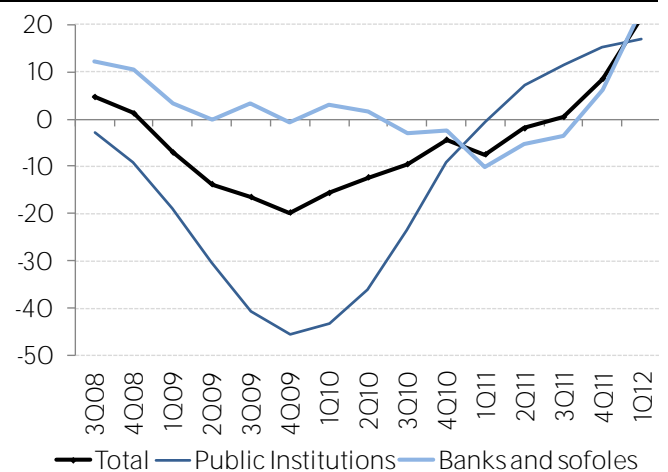
Amount of loans by institution Billion pesos, annualized figures



Source: BBVA Research with ABM and AHM data

Chart 6

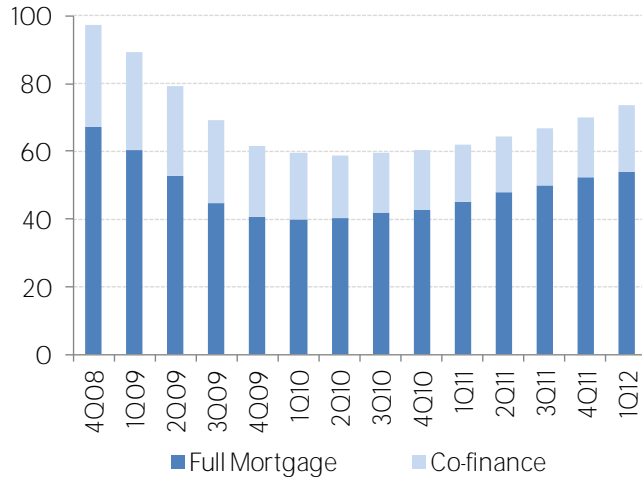
Amount of loans by institution Annual % change, annualized figures



Source: BBVA Research with ABM and AHM data

Chart 7

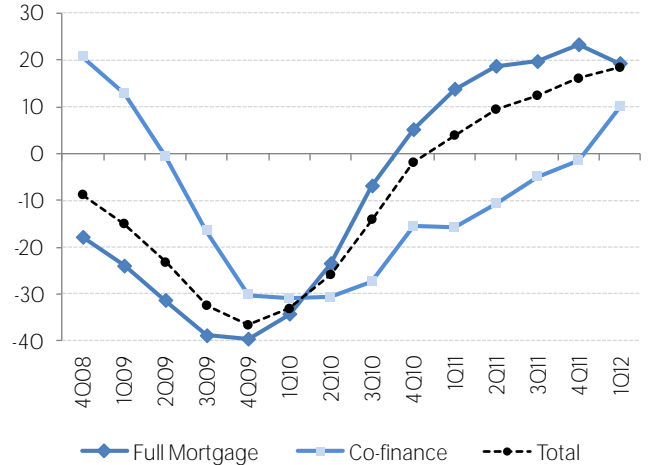
Amount of finance granted by commercial banks. Billion pesos, 2012 prices, annualized figures



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

Chart 8

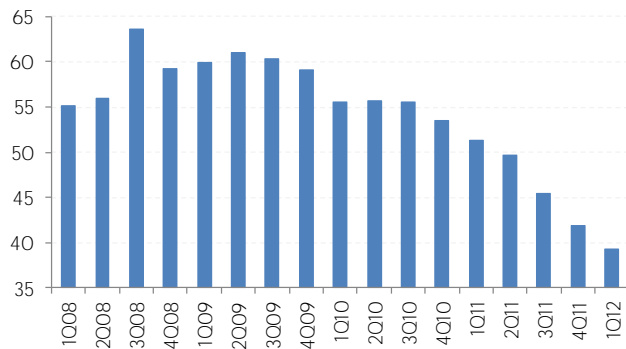
Amount of finance granted by commercial banks. Billion pesos, annualized figures, annual % change



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

Chart 9

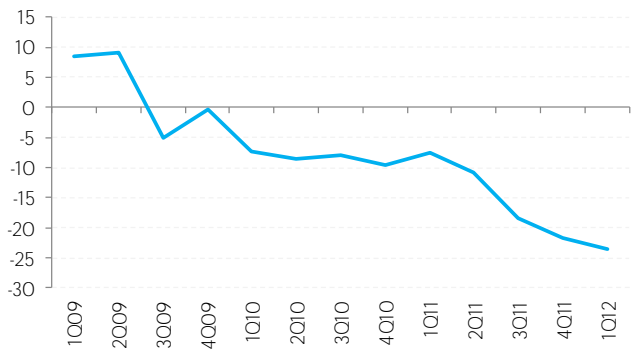
**Construction loans, current portfolio balance
Billion pesos, 2012 prices**



Source: BBVA Research with Bank of Mexico data

Chart 10

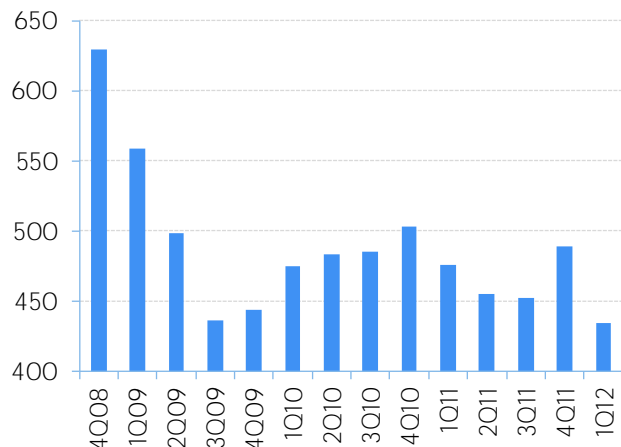
**Construction loans, current portfolio balance
Real annual % change**



Source: BBVA Research with Bank of Mexico data

Chart 11

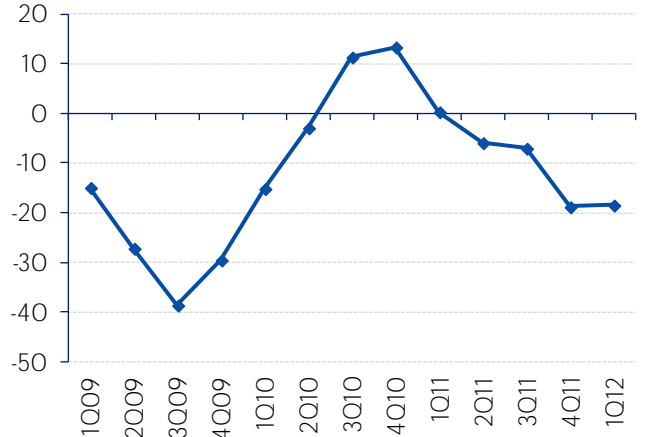
**Housing starts: RUV
Thousands of homes, annualized figures**



Source: BBVA Research, with RUV data

Chart 12

**Housing starts: RUV
Annual % change**



Source: BBVA Research, with RUV data

Table 3

Number of mortgage loans by state

	Infonavit			Fovissste			Bancos			Sofoles			Total		
			annual %			annual %			annual %			annual %			annual %
	mar-11	mar-12	change	mar-11	mar-12	change	mar-11	mar-12	change	mar-11	mar-12	change	mar-11	mar-12	change
Ags	1,753	2,399	36.9	92	290	215.1	357	311	-12.9	20	ND	---	2,202	3,000	36.2
BC	5,527	5,116	-7.4	45	343	661.8	517	481	-6.9	46	ND	---	6,089	5,940	-2.4
BCS	884	678	-23.3	110	251	128.0	192	208	8.5	0	ND	---	1,186	1,137	-4.1
Cam	558	625	12.0	9	42	364.5	98	95	-3.4	4	ND	---	665	761	14.5
Coah	4,266	5,502	29.0	73	290	297.1	497	606	21.9	1	ND	---	4,836	6,398	32.3
Col	816	862	5.6	29	111	284.4	142	176	23.8	3	ND	---	987	1,149	16.4
Chis	960	782	-18.5	146	170	16.5	198	208	5.2	0	ND	---	1,304	1,160	-11.0
Chih	3,688	4,318	17.1	58	329	467.0	635	717	12.9	4	ND	---	4,381	5,364	22.4
DF	3,251	5,589	71.9	142	457	221.9	2,249	3,254	44.7	31	ND	---	5,642	9,300	64.8
Dgo	1,260	1,522	20.8	79	242	206.9	155	197	27.4	0	ND	---	1,494	1,962	31.3
Gto	3,858	4,817	24.9	135	240	77.6	869	741	-14.7	33	ND	---	4,862	5,798	19.2
Gro	699	651	-6.9	56	438	681.4	176	243	38.3	0	ND	---	931	1,332	43.1
Hgo	2,157	2,001	-7.2	175	786	349.1	194	219	12.9	7	ND	---	2,526	3,006	19.0
Jal	9,070	9,260	2.1	138	463	235.3	1,767	2,058	16.5	64	ND	---	10,975	11,781	7.3
Méx	8,861	7,280	-17.8	1,108	2,737	147.0	944	1,304	38.1	193	ND	---	10,913	11,321	3.7
Mich	2,313	2,024	-12.5	107	282	163.1	542	476	-12.2	6	ND	---	2,962	2,782	-6.1
Mor	1,332	1,149	-13.7	301	1,115	270.4	241	225	-6.8	1	ND	---	1,874	2,488	32.8
Nay	888	672	-24.3	46	159	245.4	115	119	3.5	12	ND	---	1,049	950	-9.4
NL	10,302	12,609	22.4	128	574	348.6	1,965	1,734	-11.7	120	ND	---	12,395	14,917	20.4
Oax	331	396	19.6	33	156	373.0	116	133	14.3	1	ND	---	480	685	42.6
Pue	3,034	3,272	7.8	99	438	342.0	571	603	5.6	15	ND	---	3,704	4,313	16.4
Qro	2,210	2,816	27.4	90	426	373.8	558	676	21.3	27	ND	---	2,858	3,919	37.1
QR	3,492	3,656	4.7	103	727	606.3	438	495	13.0	80	ND	---	4,033	4,878	21.0
SLP	2,159	2,091	-3.1	33	215	550.3	455	498	9.4	5	ND	---	2,647	2,803	5.9
Sin	2,039	2,888	41.6	118	323	174.0	529	636	20.2	3	ND	---	2,686	3,847	43.2
Son	4,233	4,624	9.2	102	387	279.8	374	506	35.2	26	ND	---	4,709	5,517	17.2
Tab	1,095	1,149	4.9	17	42	145.9	237	181	-23.5	3	ND	---	1,349	1,372	1.7
Tam	4,875	5,148	5.6	84	413	391.1	488	533	9.2	15	ND	---	5,447	6,093	11.9
Tlax	428	676	57.9	13	64	393.1	24	57	136.7	0	ND	---	465	797	71.4
Ver	4,268	4,057	-4.9	400	870	117.4	804	879	9.3	39	ND	---	5,472	5,806	6.1
Yuc	2,519	2,617	3.9	47	371	688.7	317	422	33.1	0	ND	---	2,883	3,410	18.3
Zac	736	806	9.5	22	120	444.8	103	124	20.8	0	ND	---	861	1,050	22.0
ND	0	0	---	0	---	---	0	0	---	0	ND	---	0	0	---
Total	93,862	102,052	8.7	4,138	13,869	235.2	16,866	19,116	13.3	505	ND	---	114,866	135,037	16.8

Source: BBVA Research with Infonavit, Fovissste and ABM data

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