



Uniapravi
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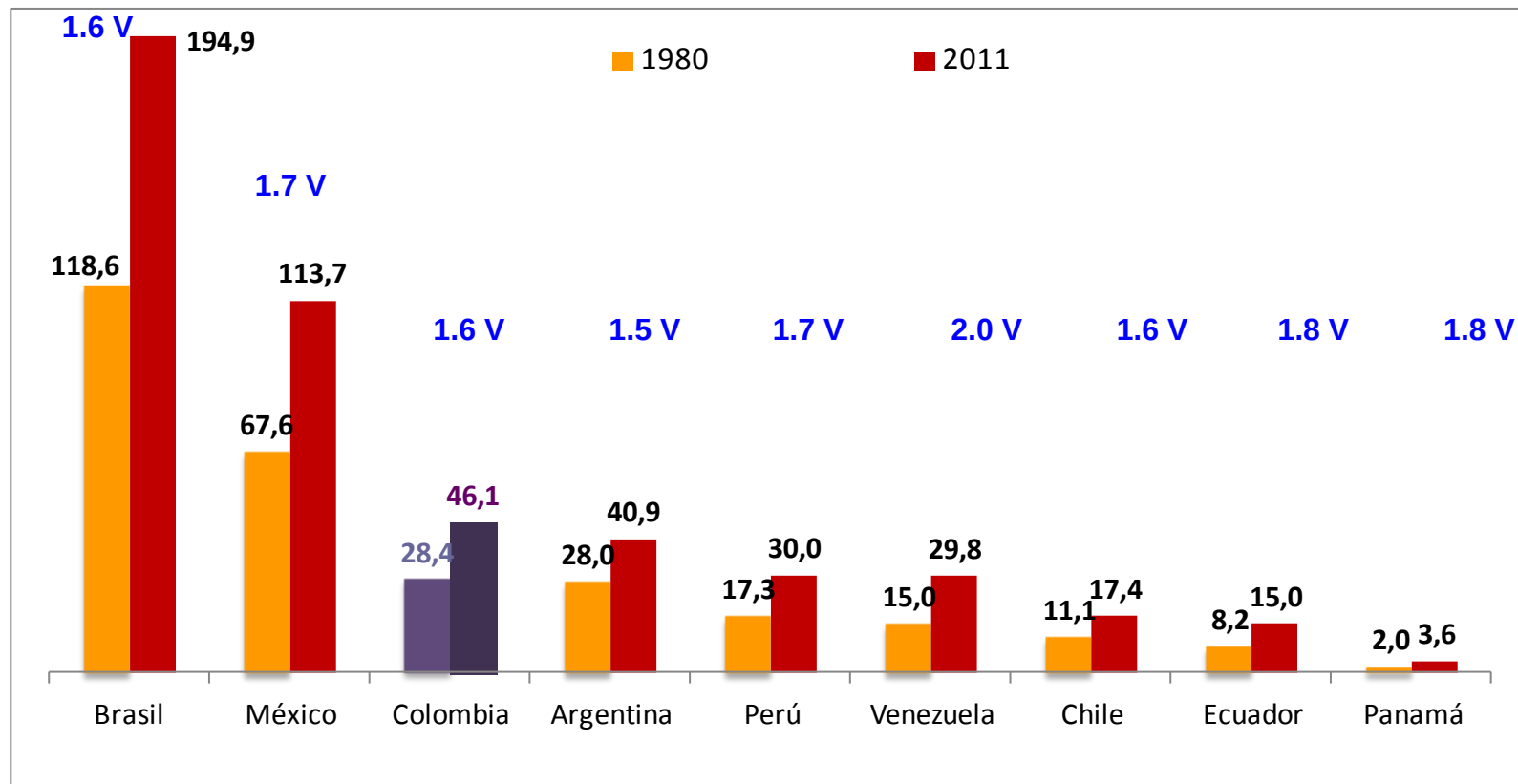
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Population in Latin America

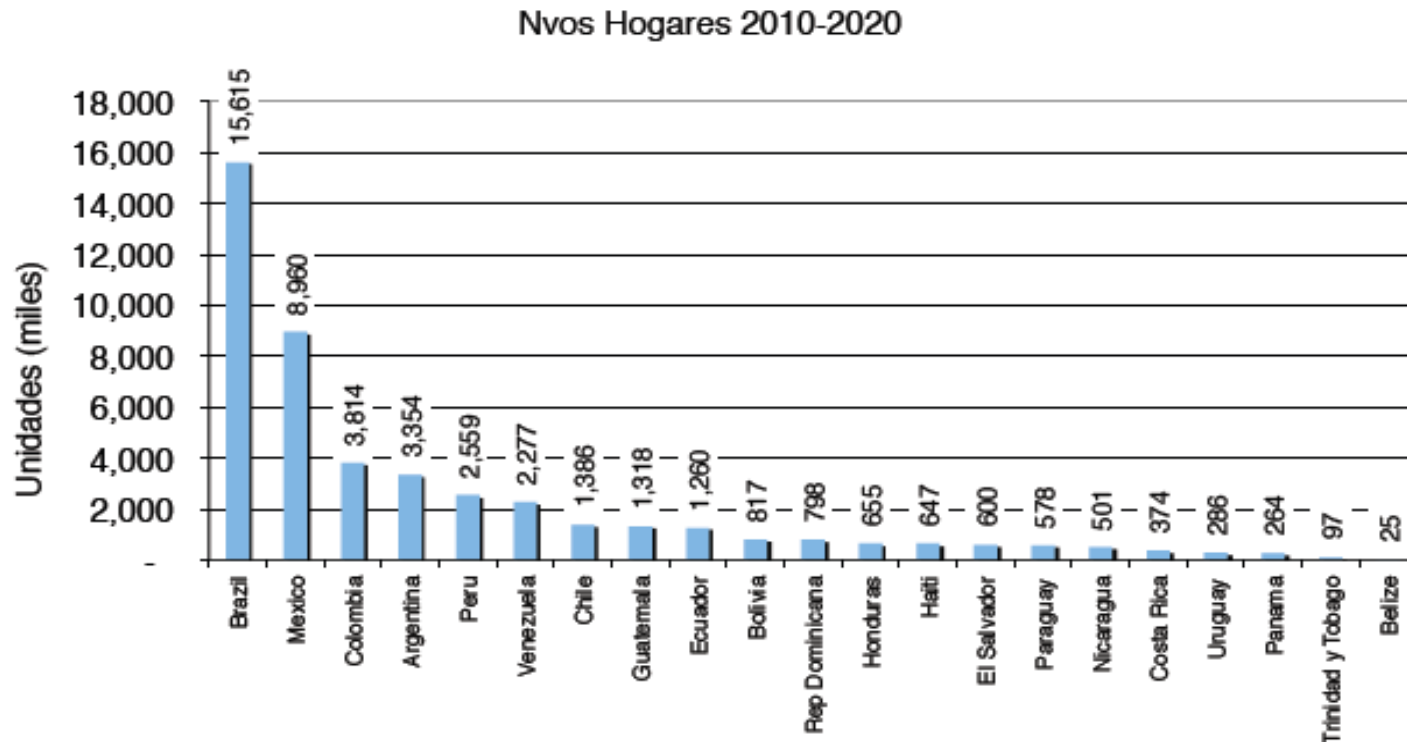


- The population in Latin America has grown 1.7 times in 30 years

Population in Selected Countries 1980-2011* (million people)

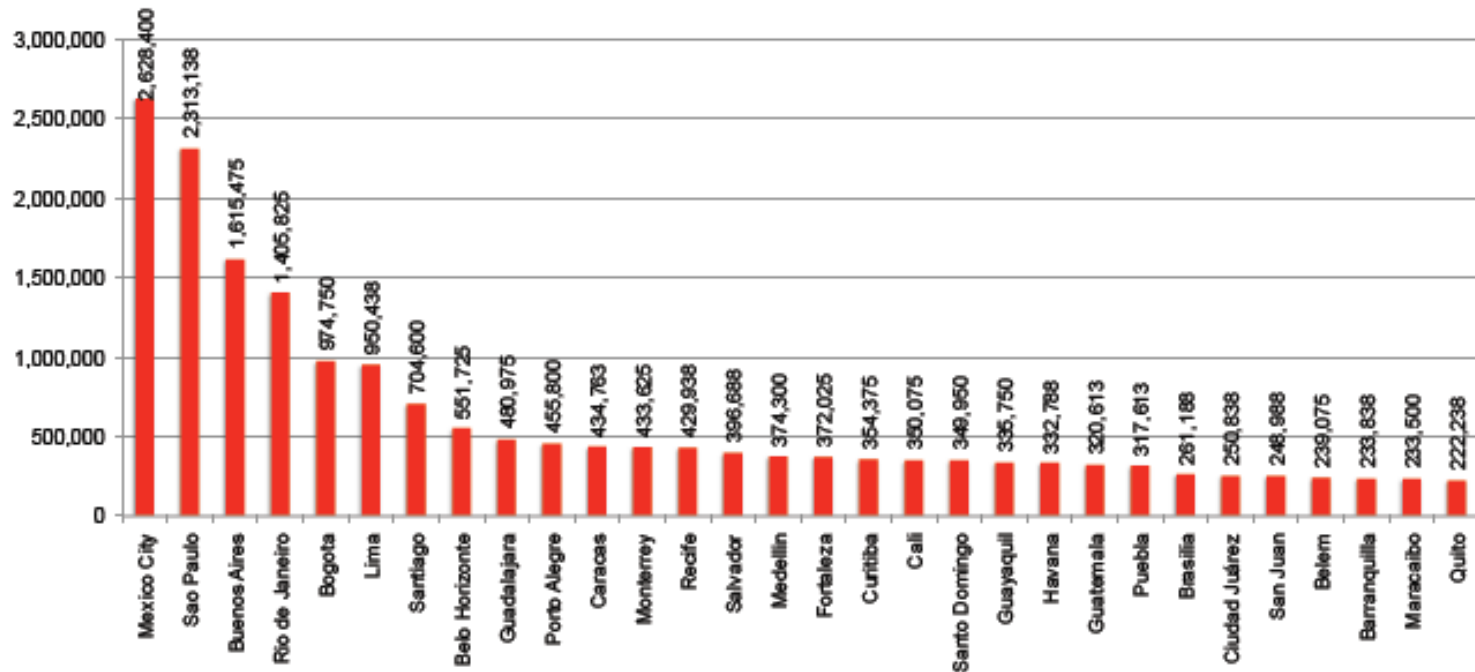


Household and Housing growth in Latin America 2010 to 2020



- During the present decade the number of new households will increase by nearly 50 million - and they will demand over 40 million new houses in the middle and large cities

Housing in Latin America's Largest Cities 2010 to 2020



- The major challenge is to plan, finance and develop over 20 million houses in the largest 35 cities in Latin America until the year 2020

This will require investments in Infrastructure, housing and mortgages in the size of 1,3 trillion USD

Strategic Goals 2020

1. Public and Private coordination that promotes the creation of long term institutions
2. Develop a stronger real estate market and a deeper financial system in order to reach 4% of GNP
3. Use the Housing sector as a driving force in economic development
4. Promote the development of competitive cities with urban desing, that create wealth, employment and sustainable growth.



Challenges in Creating New Houses and Cities

Land

Urban Development

Infrastructure

Construction

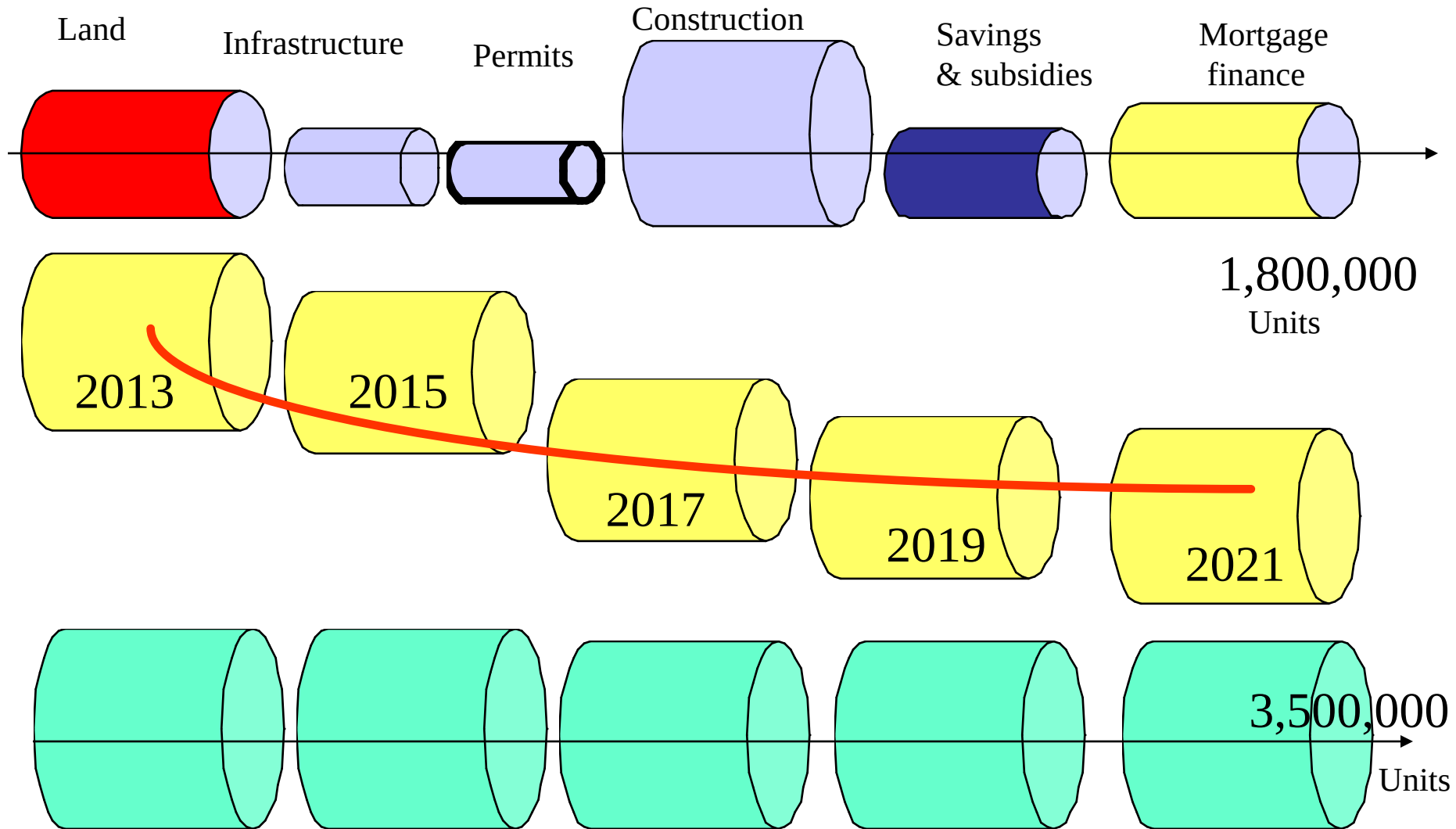
Mortgages

The value chain of the housing sector considers the following key elements that integrate supply and demand

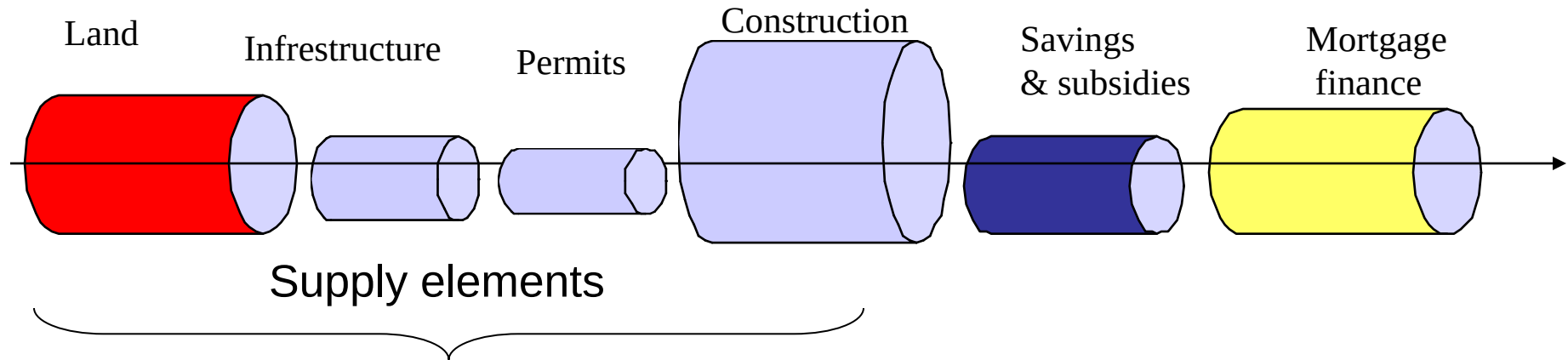
- ✓ **Land**
- ✓ **Legal framework and urban planning**
- ✓ **City infrastructure and utilities**
- ✓ **Housing development**
- ✓ **Demand creation**
- ✓ **Subsidies and savings**
- ✓ **Mortgage financing and funding**



Housing Process as a Pipeline

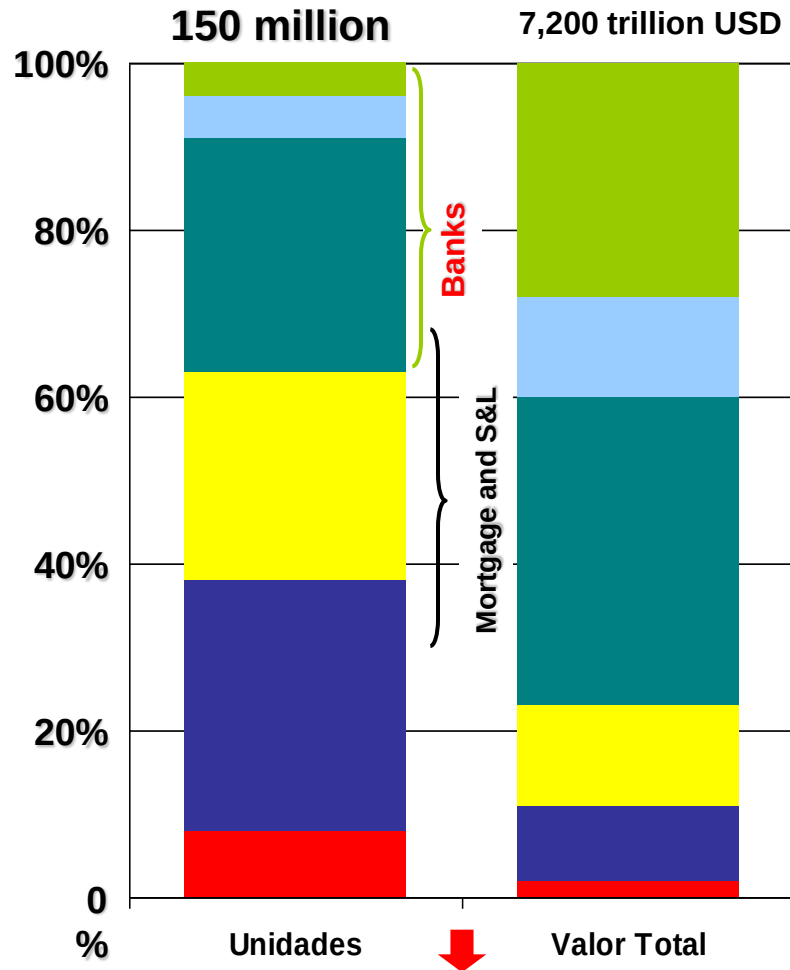


Developing the Supply



1. Urban development - formal and Informal improvement of present conditions
2. Urban planning for new communities
3. Financing the municipal services and utilities
4. Government sponsored entities and development banks
5. Public and private policies and coordination
6. Capital investment

Distribution of Latin America's Housing Inventory



Residencial Plus 350m²
(> 200,000 USD)

Residencial 200m²
(100-200,000 USD)

Media 100m²
(55,000 -100,000 USD)

Social 50m²
(20 -55,000 USD)

Entry Subsidised 45m²
(10 -20,000 USD)

Rural 30m²

**35% of the housing stock represents
75% of the value of houses**

Urban development: formal vs informal

Use of land in high risk areas and without the proper legal ownership



Disorder in the use of land and development



Explosive migration to the cities



Disorder in the development of formal vs informal solutions



Projects that regenerate inner Cities



Before



After



Before



After

Distribution of Mexico's Housing Inventory

- In the last 20 years Mexico's housing stock grew by 15 million houses, from 21 million to 36 million dwellings
- Eight million houses were produced by the industrial process and seven million in a disordered way
- The challenge is to reduce the informal production that has limitations in terms of legal ownership, municipal services and capital formation



Mexico 1990 -2010



Urban planning

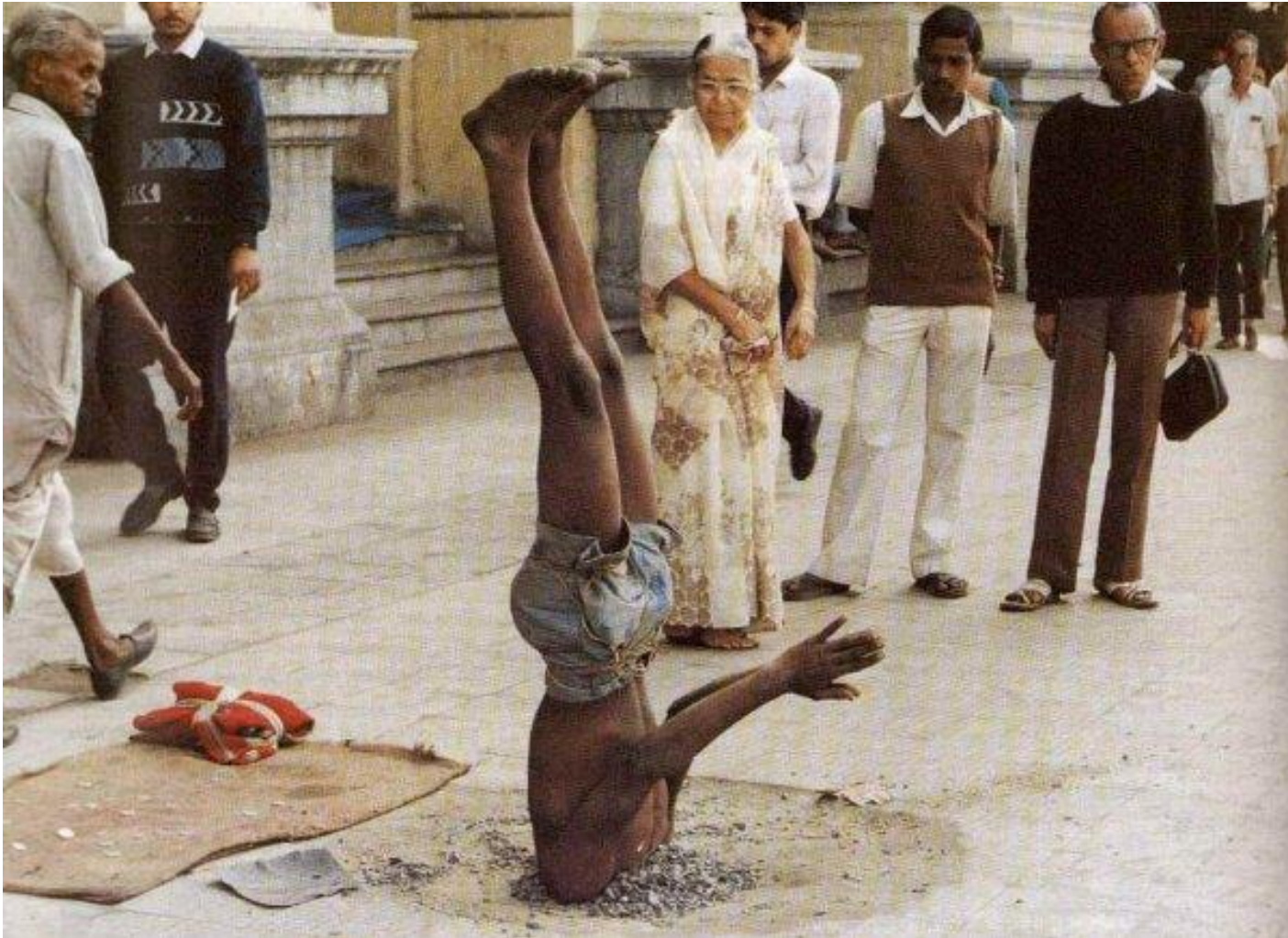
- In the last ten years, initiatives for better land and city organization have been developed
- The organization of urban development has been more on a project by project basis
- This has improved the conditions of the housing developments because
 - It is legal and complies with local requirements
 - It creates wealth for the families
 - It can be financed
 - It has a lower negative impact on resources and promotes sustainability and ecological measures







What do we do now?



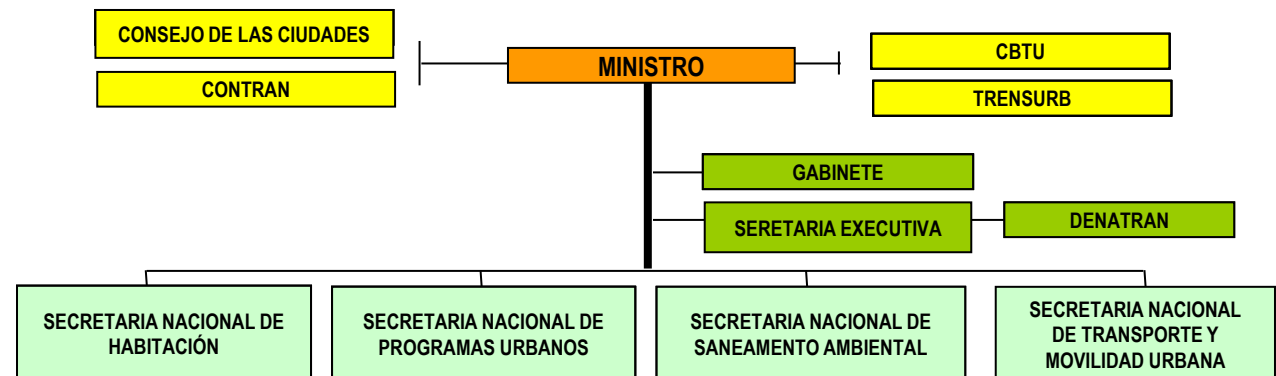
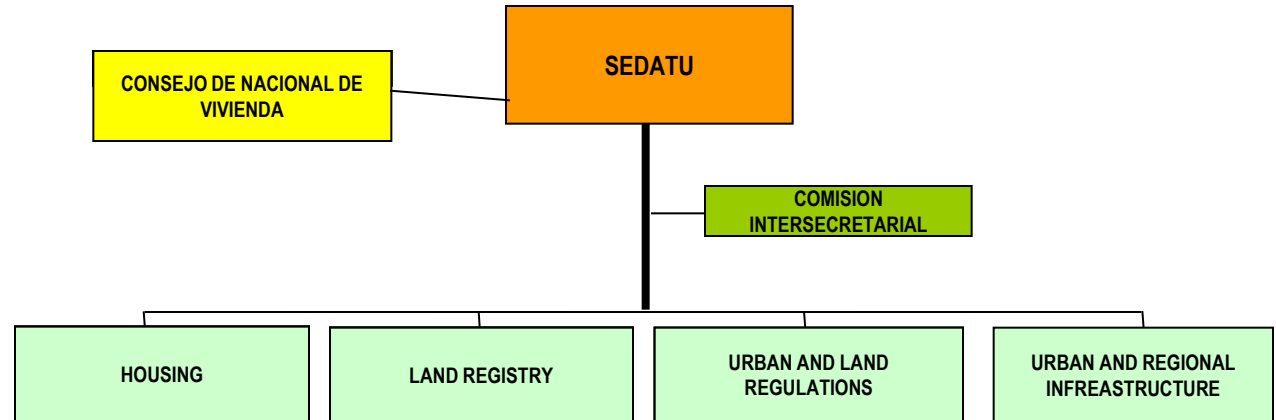
Public and Private Policies

- In the Latin American region, a key element for better urban development is the formulation of public and private long term policies.
- The role of the Government is very important. It creates the conditions for new developments and city planning
- The introduction/development of infrastructure – water, sewage, roads and electricity – remains under government control

There have been interesting initiatives in Brazil and Mexico:

- Ministries that integrate housing, infrastructure and land use
- Advisory boards with members from the federal government, local authorities, private sector and experts
- Long term vision and economic development as the key driving force

1. ESTRUCTURA ORGANIZACIONAL MINISTERIO DE LAS CIUDADES





Challenges in Creating new Houses and cities

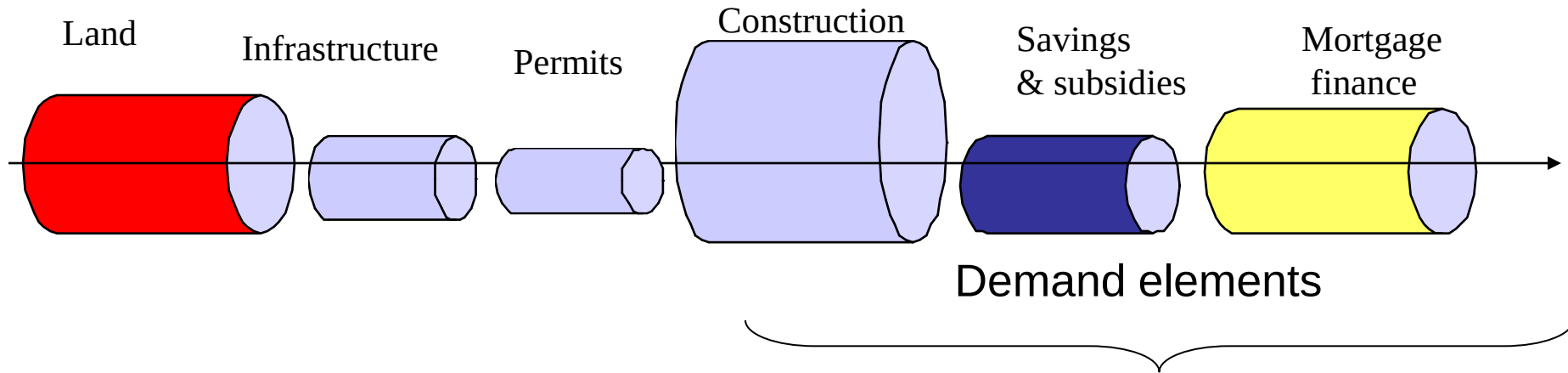
Demand

Formal vs Not Formal

Income

Mortgage availability

The Demand for Housing

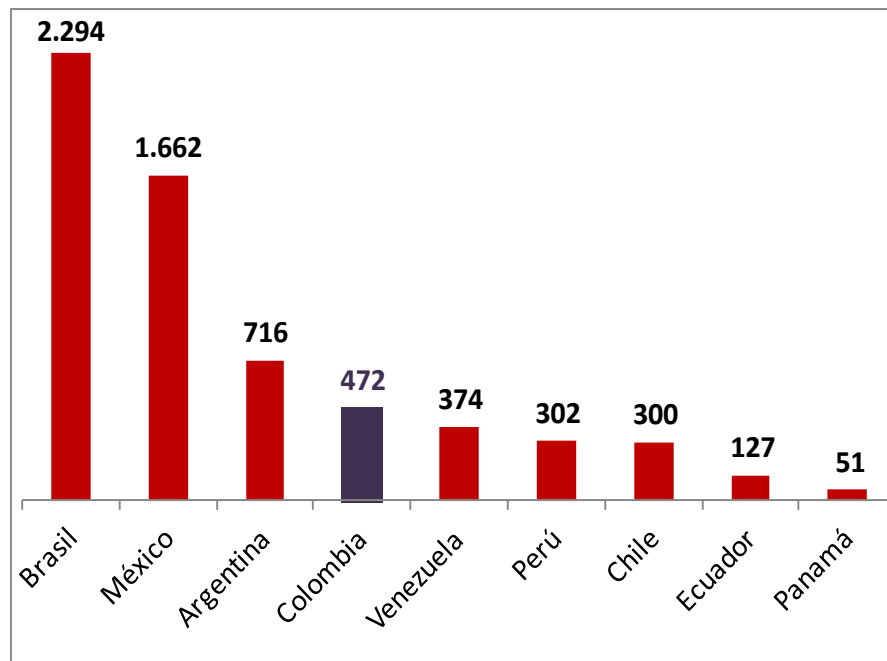


1. Increasing the disposable income
2. Subsidies
3. Savings
4. Mortgage market development

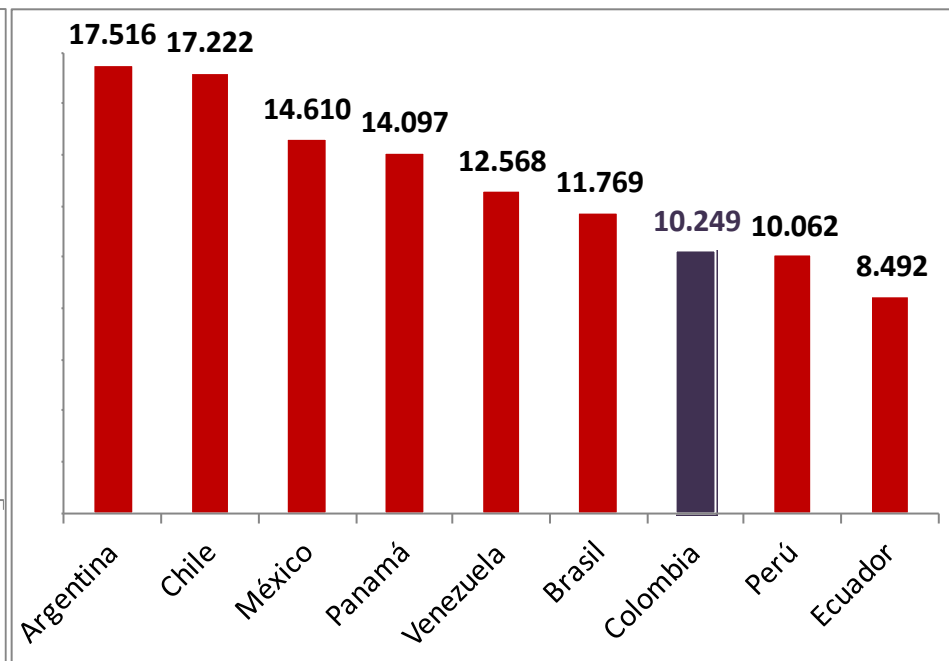
Economic Outlook

- The economic outlook is positive and the economy is expected to continue to grow in the future throughout Latin America
- There has been a continuous growth in consumption and wealth

GNP 2011 (Billions USD – PPP)



GNP per capita 2011 (USD – PPP)

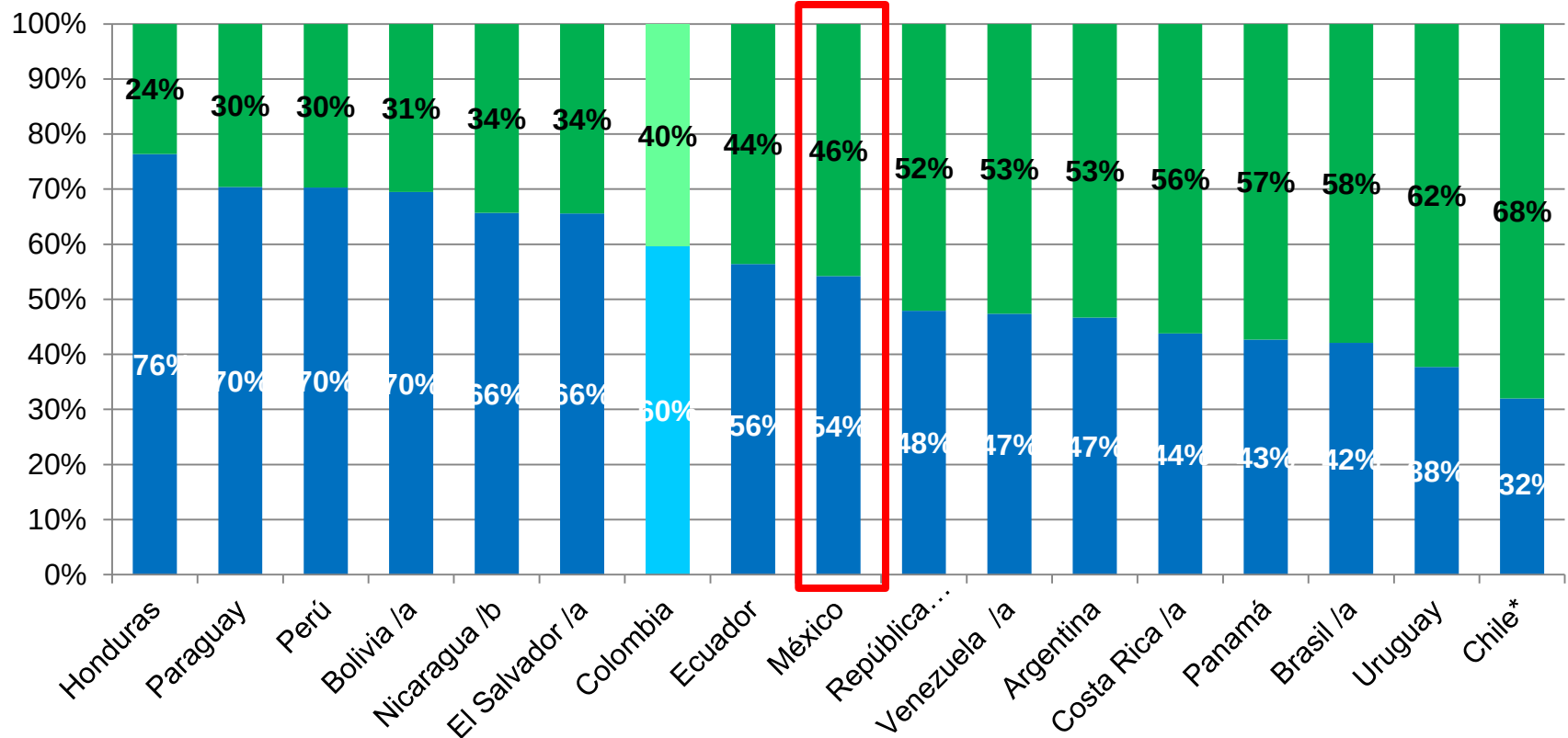


Employment



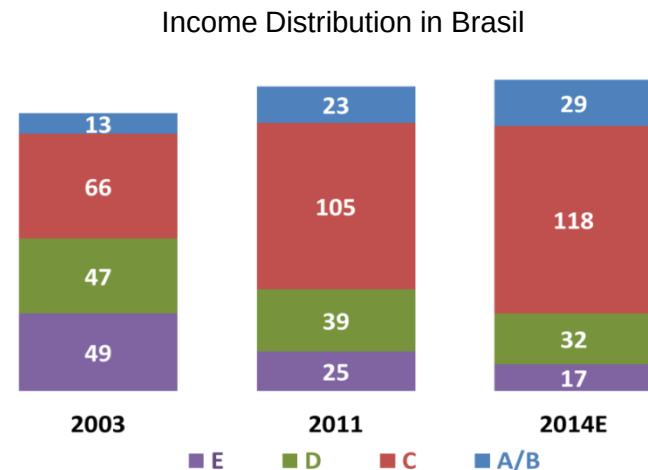
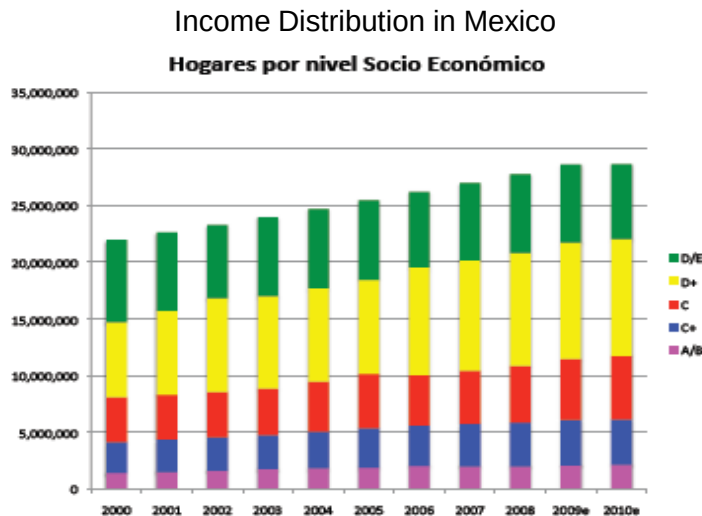
Urban Employment in Latinamerica

■ % Informalidad ■ % Formalidad

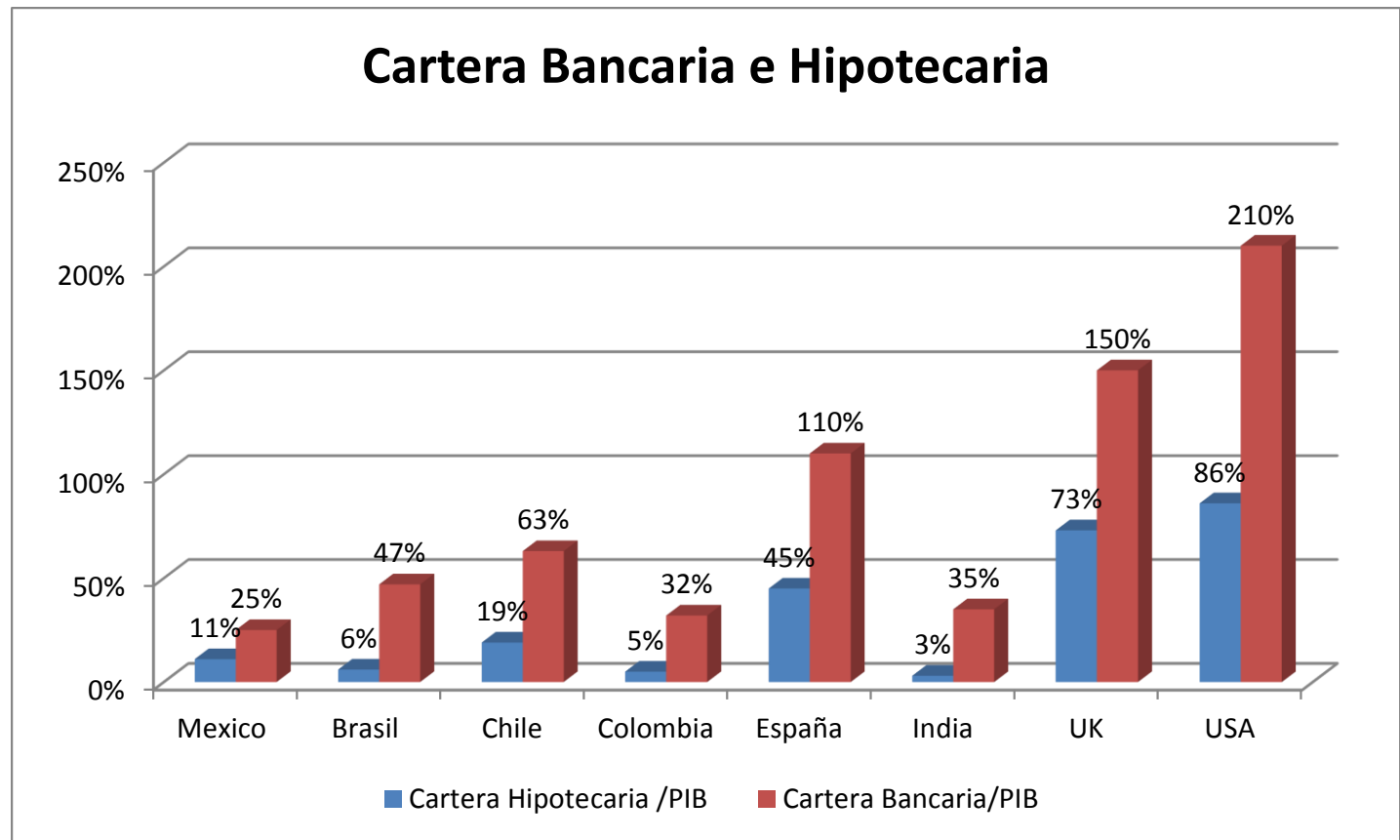


Middle Class formation

- Throughout the region there has been an increase in the formation of middle class families
- These families have used their homes as a source of capital formation
- In the next ten years we will see an upward mobility of the families in Latin America



Relationship of the Banking assets to GNP

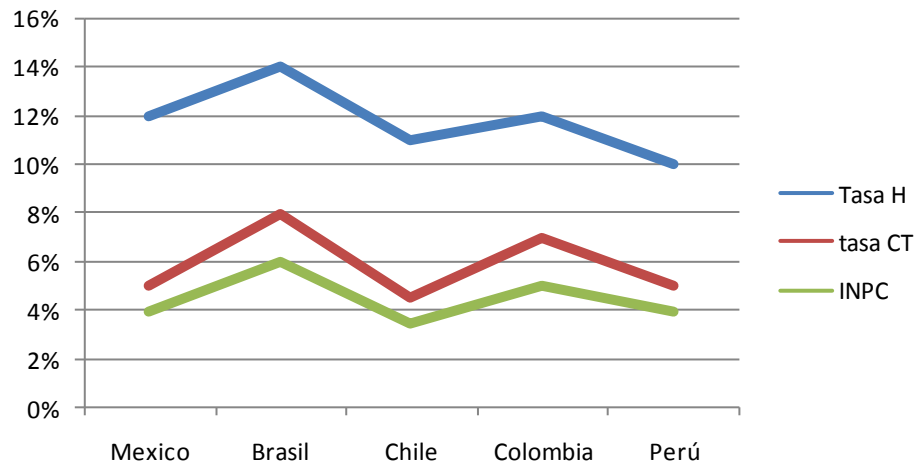


The banking system in Latin America has the potential to grow; in the next decade, it might achieve a size comparable to European countries.

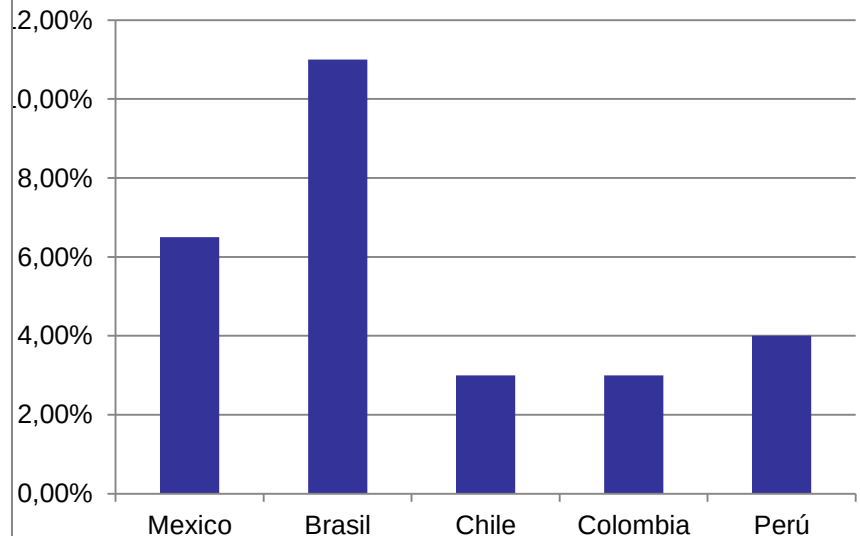
Rates and Payments

- Interest rates are at a low point in this moment, allowing families to enhance their buying capacity at a reasonable monthly payment
- Delinquency rates are relatively low, considering the effects of the crisis and the growth of the mortgage portfolio

Inflation and Mortgage Rates



Delinquency Rate %



2012 - 2013





Challenges in Creating New Houses and Cities

Forecast for 2013

Conclusions

Best Practices

Mortgage Finance Fundamentals Expected to GROW in 2013

We expect the 2013 mortgage market activity level to be larger than last year's level for a number of reasons, including:

1. Interest rates are forecasted to remain at current low levels during the next 12 months;
2. Low cap rates are expected and moderate levels of price increases
3. Housing sales are expected to remain healthy in metro areas with solid forecasted fundamentals
4. The moderate funding for construction loans will influence below-average construction starts;
5. The expectation of continued improvement in job growth.

Strategic Vision 2010-2025

- Housing for Latin America
- 50 million houses
- 1.3 Trillion USD

2020

Integration of the real estate markets
Development of housing, mortgage and stock markets
Competitive cities
Green agenda
Housing sector 4% of GNP

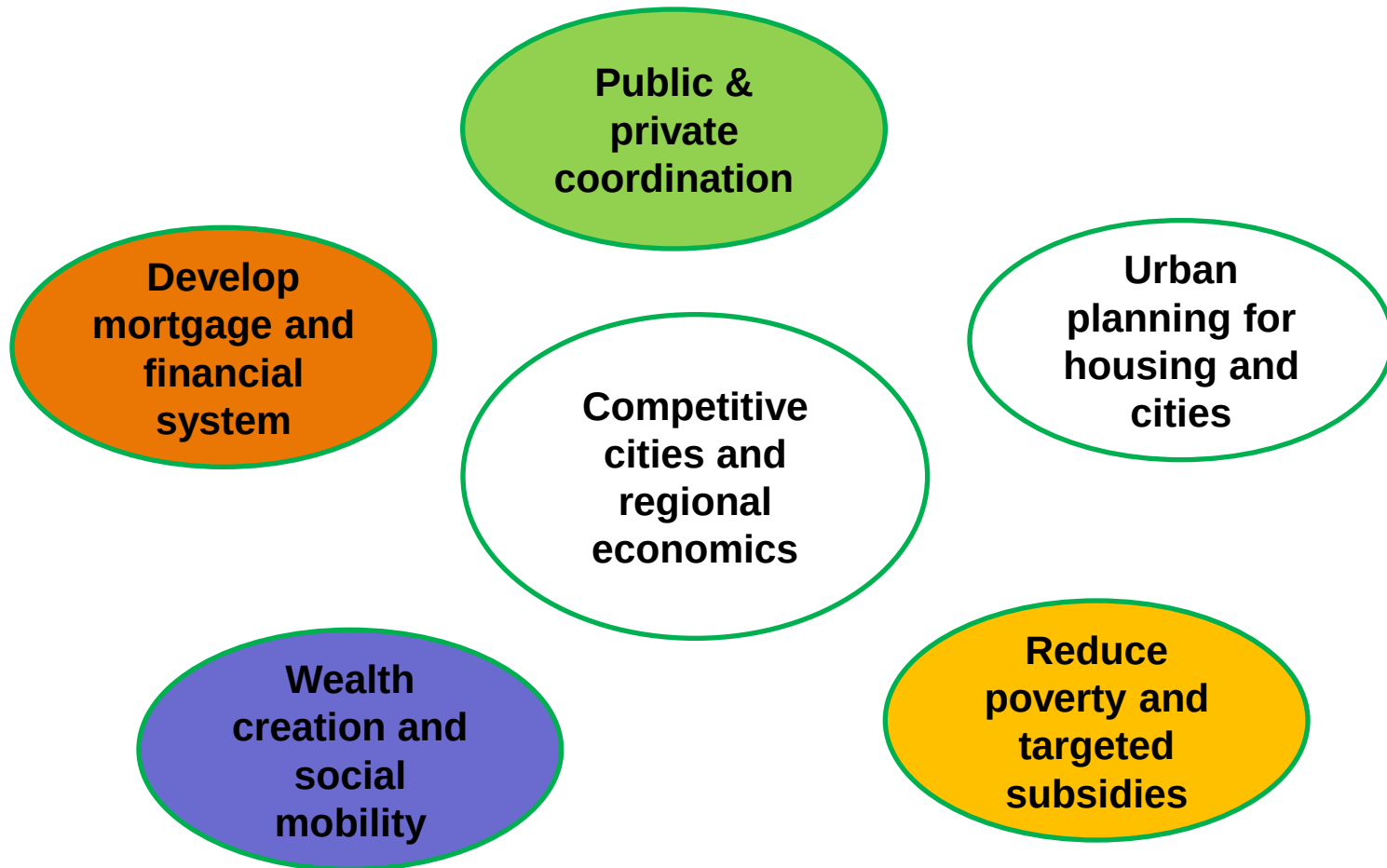
2015

Housing as social & economic driving force
Shared vision of the housing sector
Mortgage sector as key element
Urban planning
Housing sector 3% of GNP

2012

Economic recovery
Housing as a key driving force
Subsidies
Housing sector 2% of GNP

Conclusions



There are six strategic lines that need to be pursued