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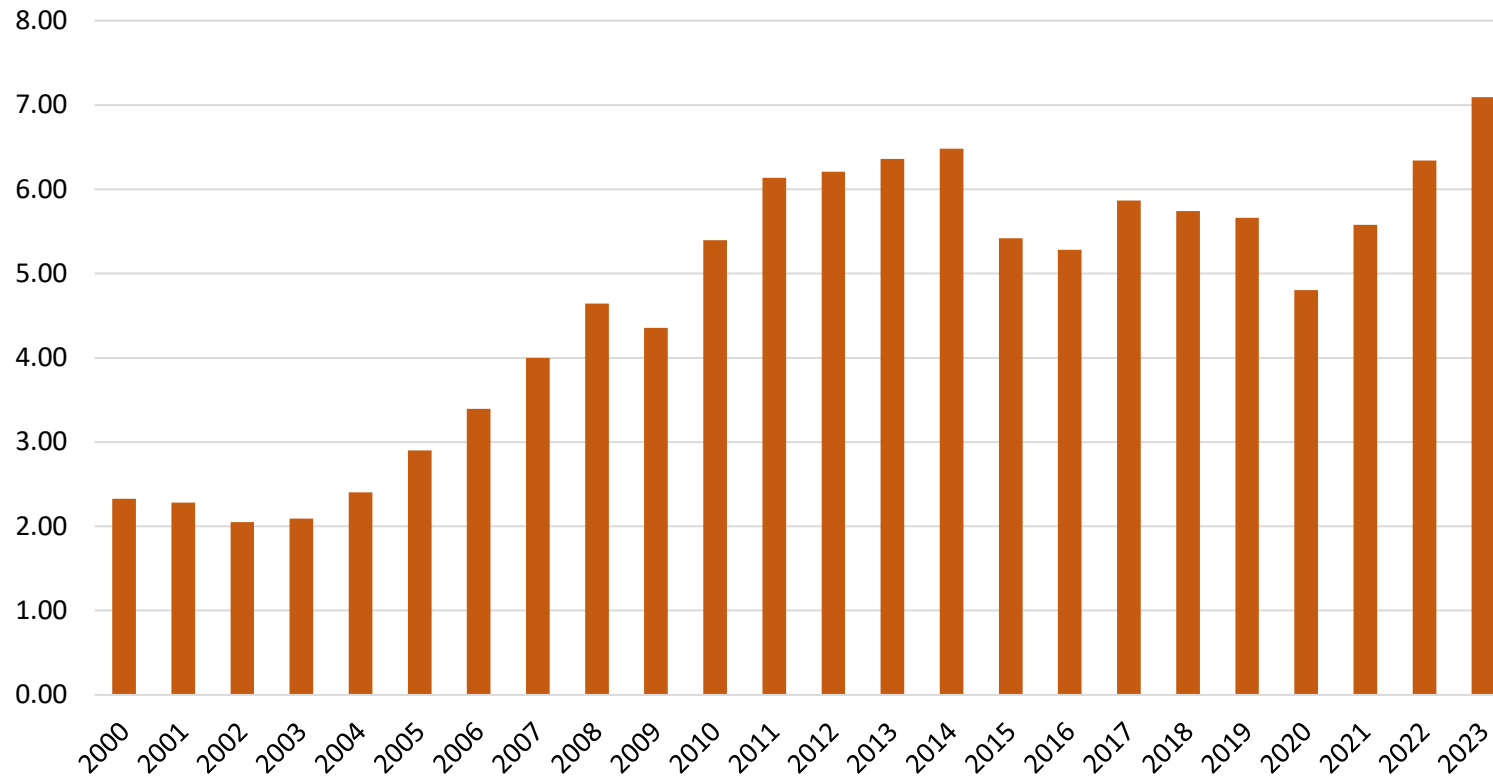
Housing Finance in Latin America and the Caribbean (LAC)

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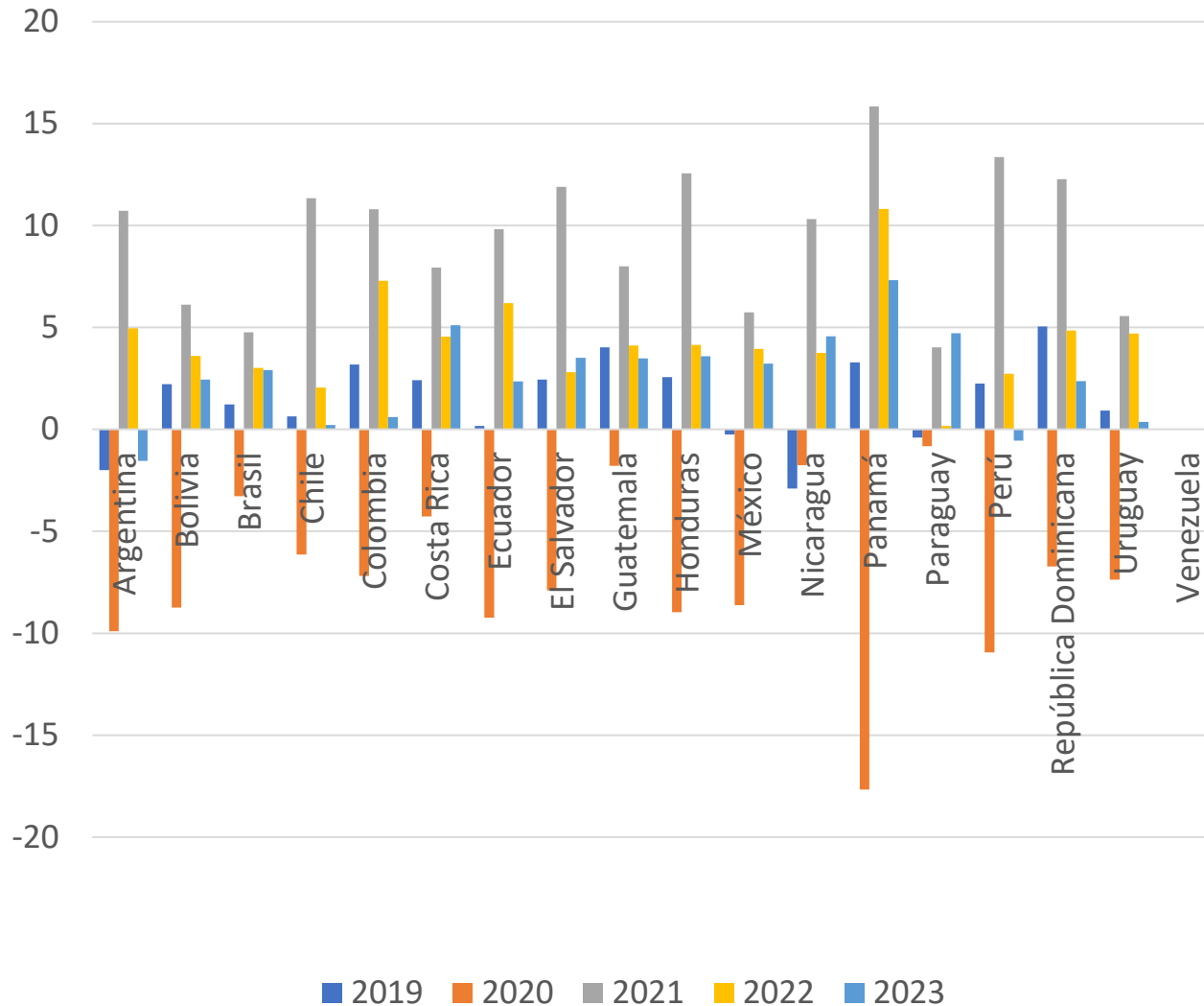
Economic Context

Latin America and the Caribbean
GDP (trillions US\$ at current prices)



- LAC reached a GDP of US\$7.09 trillion
- It represents only 6.7% of the Global GDP

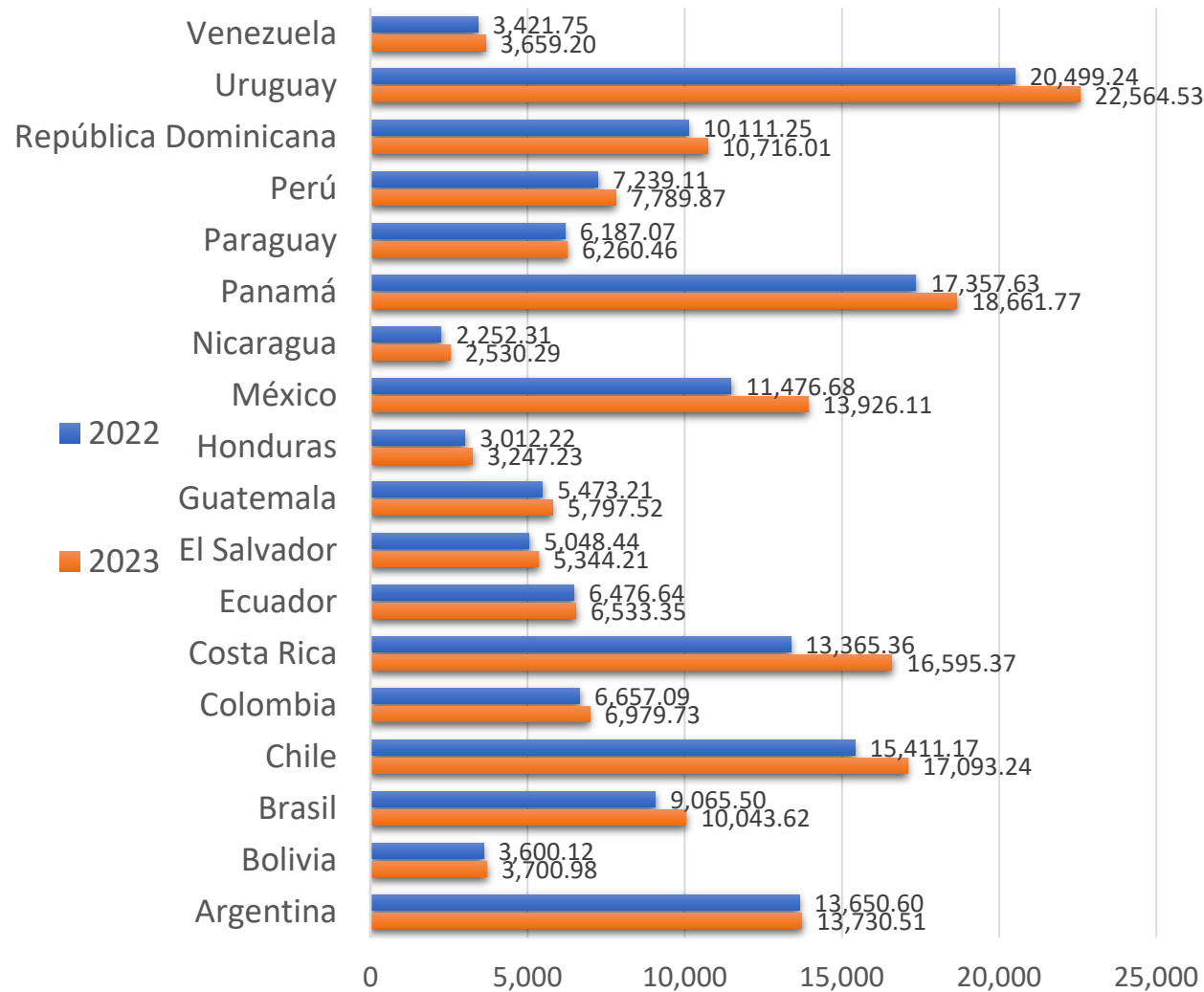
Latin America and the Caribbean GDP growth (% per year)



Source: World Bank

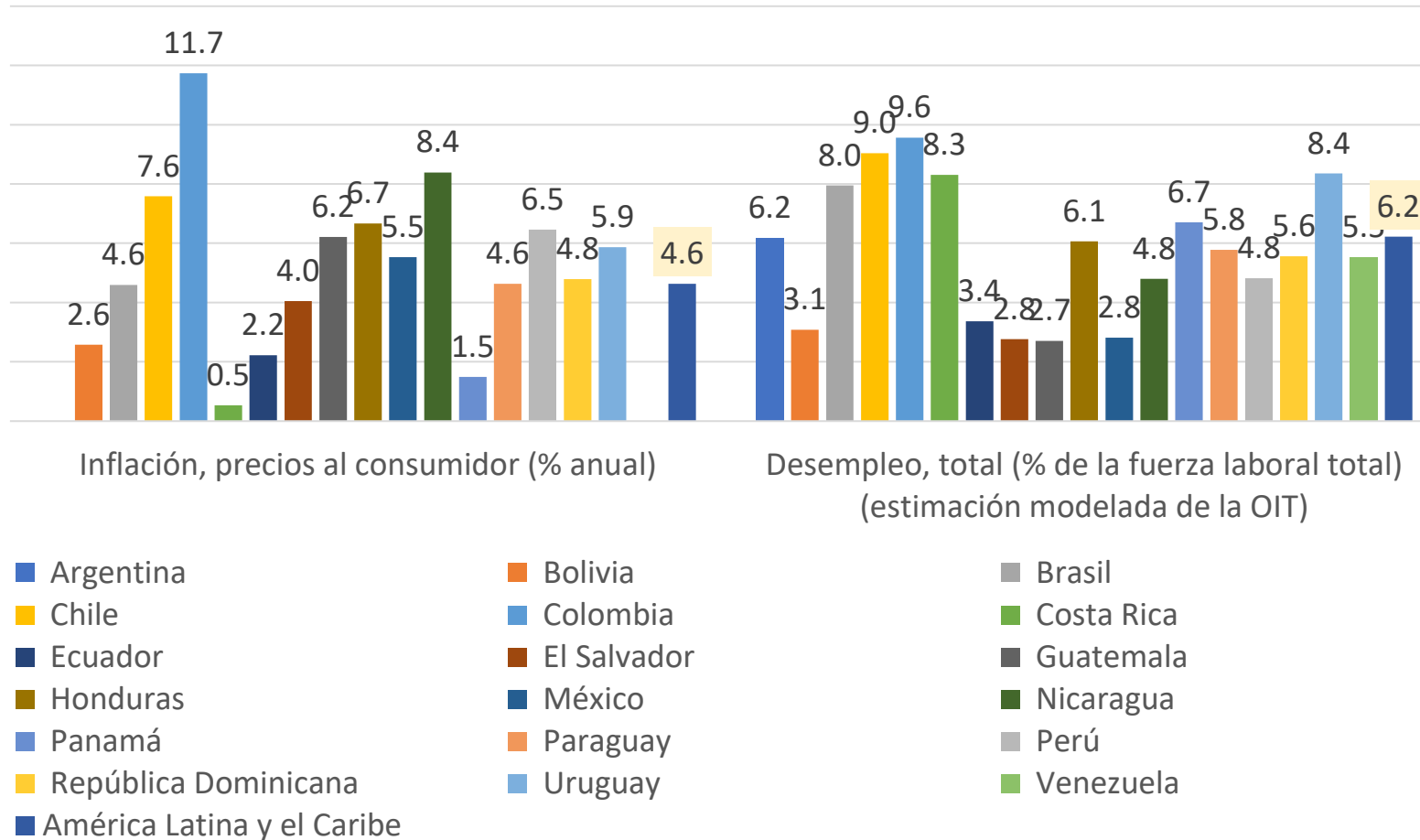
- GDP growth rates are varied in each country. The average for the region was 2.15% in 2023
- According to World Bank projections:
- 1.6% in 2024
- 2.7% in 2025
- 2.6% in 2026,
- Although a slow post-pandemic recovery is shown: "These figures are the lowest compared to all other regions of the world, and are insufficient to promote prosperity."

Latin America and the Caribbean GDP per capita in US\$



- GDP per capita, which is also diverse in the countries of the region, varies between US\$ 2,500 and US\$ 22,550.
- In 2023, the average in the region reaches US\$ 10,681.73 with a growth rate of 1.41%.
- In 2022, the average in the region reaches US\$ 9,618.71 with a growth rate of 3.31%

Latin America and the Caribbean Inflation and Unemployment (%) 2023



- The LAC region maintains high levels of inflation and unemployment.
- In 2022, the average inflation for the region reached 7.8% and unemployment at 6.9%
- In 2023, an improvement is shown, and the average inflation for the region reached 4.6% and unemployment at 6.2%

Source: World Bank

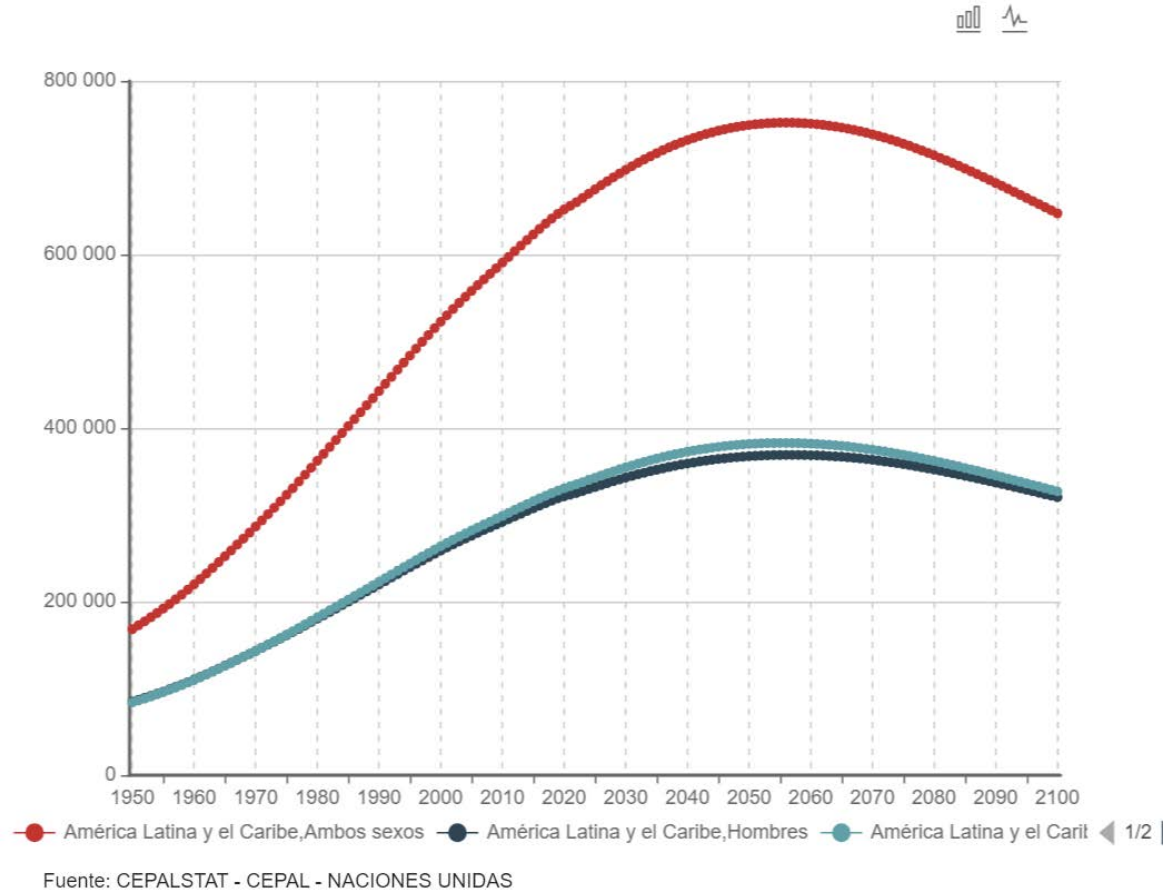
*Inflation Not available for Argentina and Venezuela

LAC Population

Demográficos y sociales / Demográficos / Población

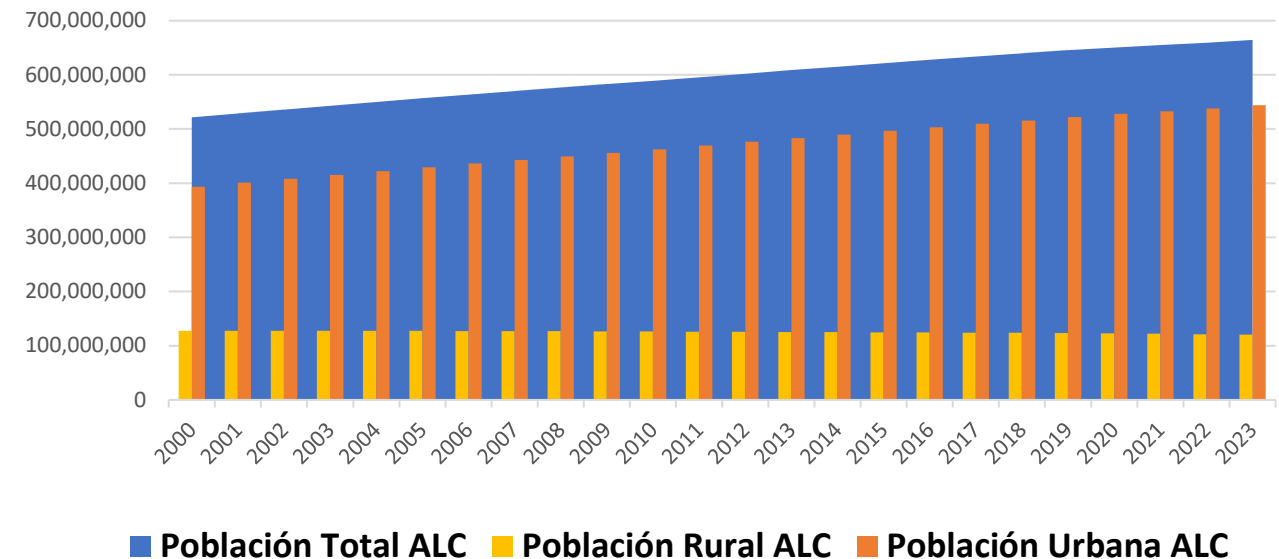
Población total, según sexo

(Miles de personas, a mitad del año)

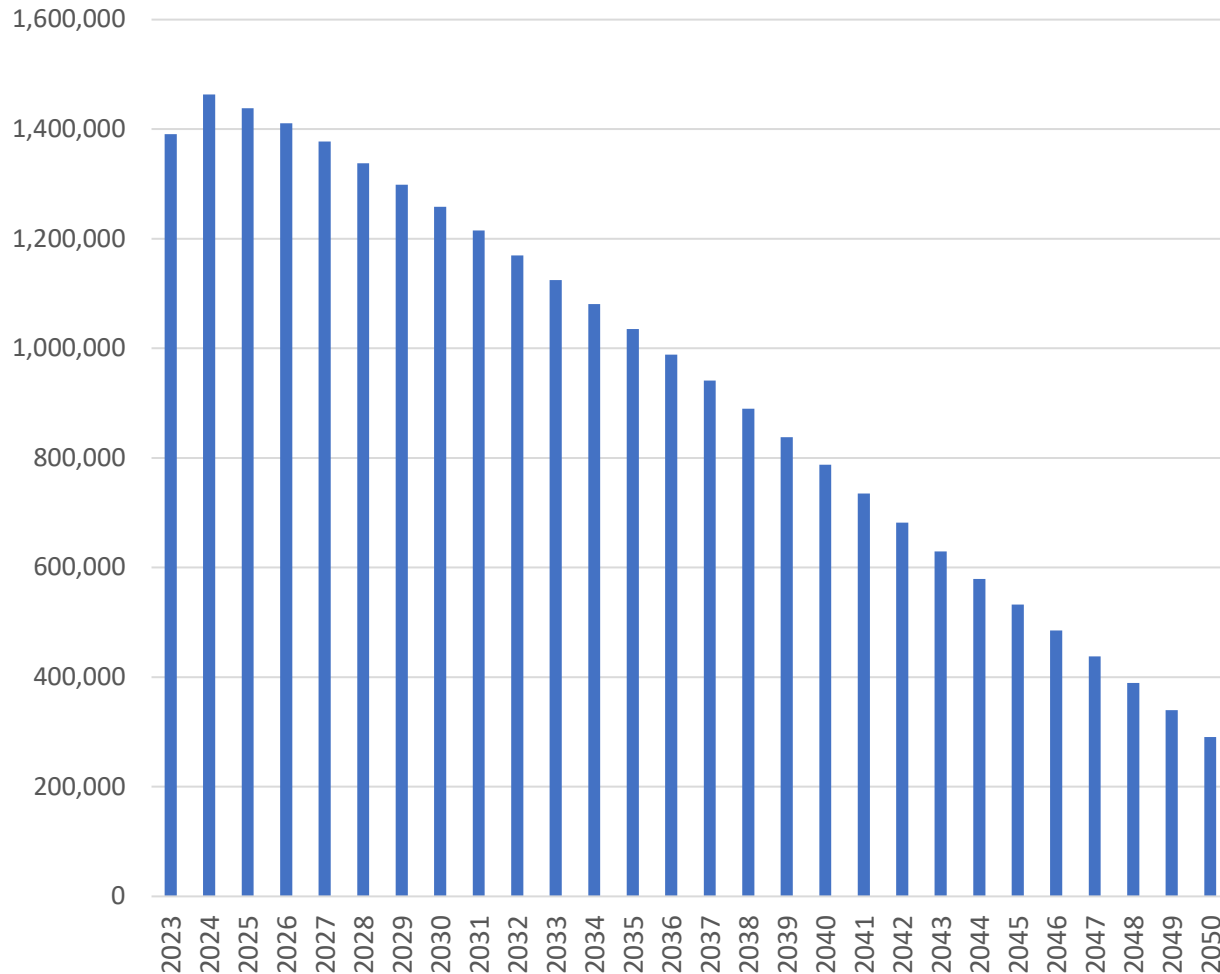


- Total LAC population: 664 million inhabitants
- From 2050 onwards, the growth trend changes
- The urban population is growing steadily, as of 2023:
- 82% live in urban areas
- 18% in rural areas

Total Urban and Rural Population LAC



New Homes*



Source: ECLAC

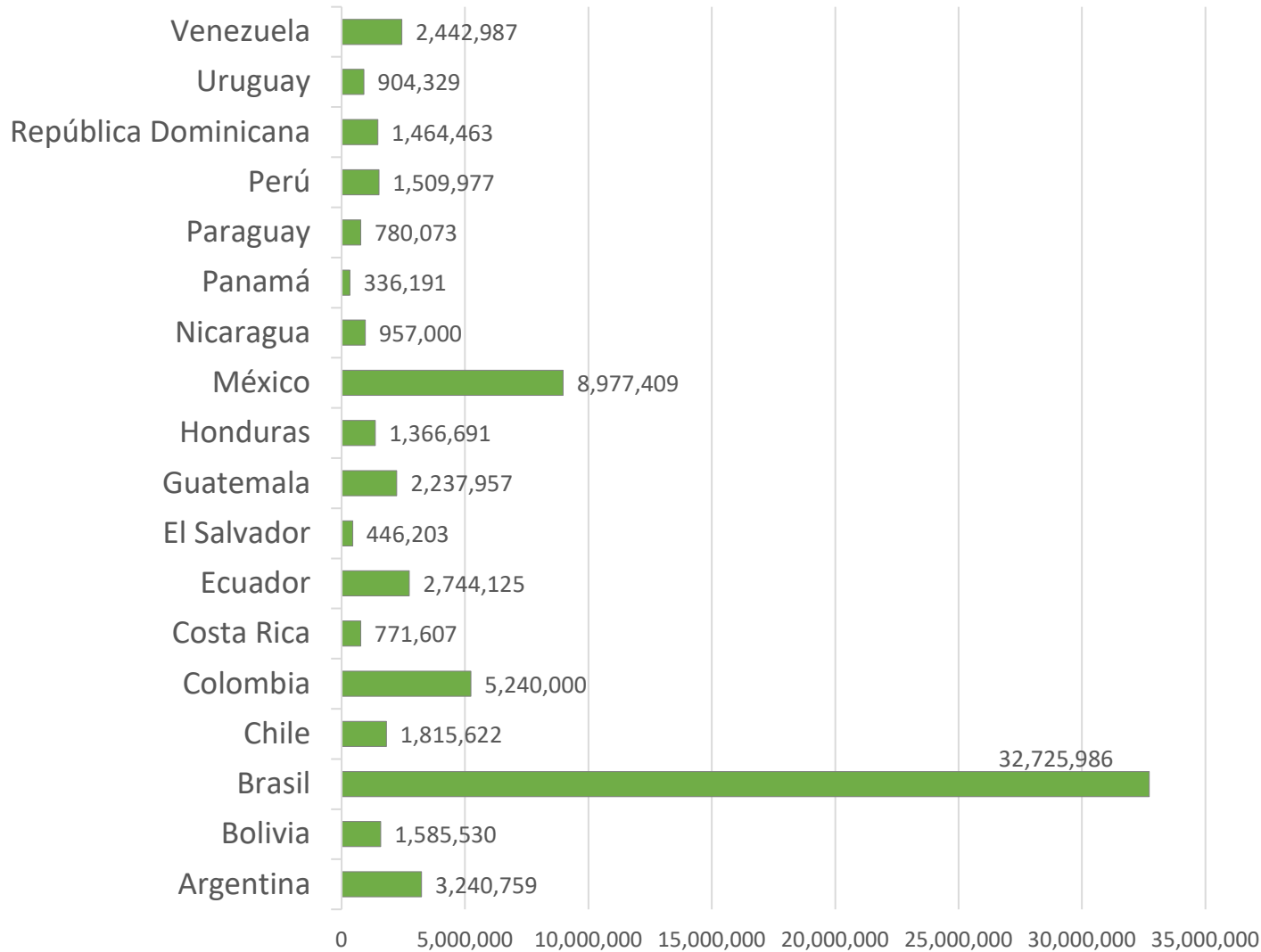
*Average household size 3.5 people, ECLAC, 2022

New homes, new demand for housing:

- By 2030, the formation of new households would be 9.6 million
- By 2040 there will be 19.7 million
- By 2050 there will be 24.8 million

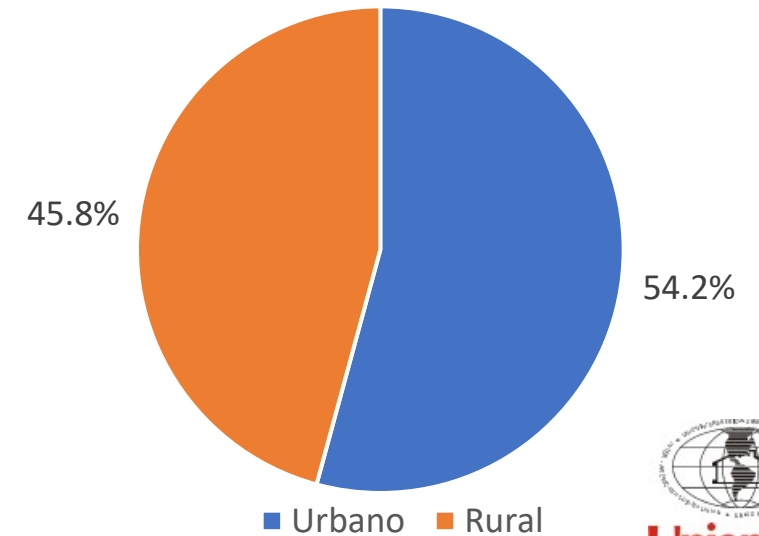
Housing deficit

Housing Deficit in Latin America



- Total Housing Deficit in LAC reaches 69.5 Million Homes
- 54.2% is urban and 45.8% rural

Total Housing Deficit



Quantitative and Qualitative Housing Deficit in LAC



Sources: National Statistics Institutes, Ministries and Secretariats of Housing, Trade Unions, Housing and Construction Sector Foundations

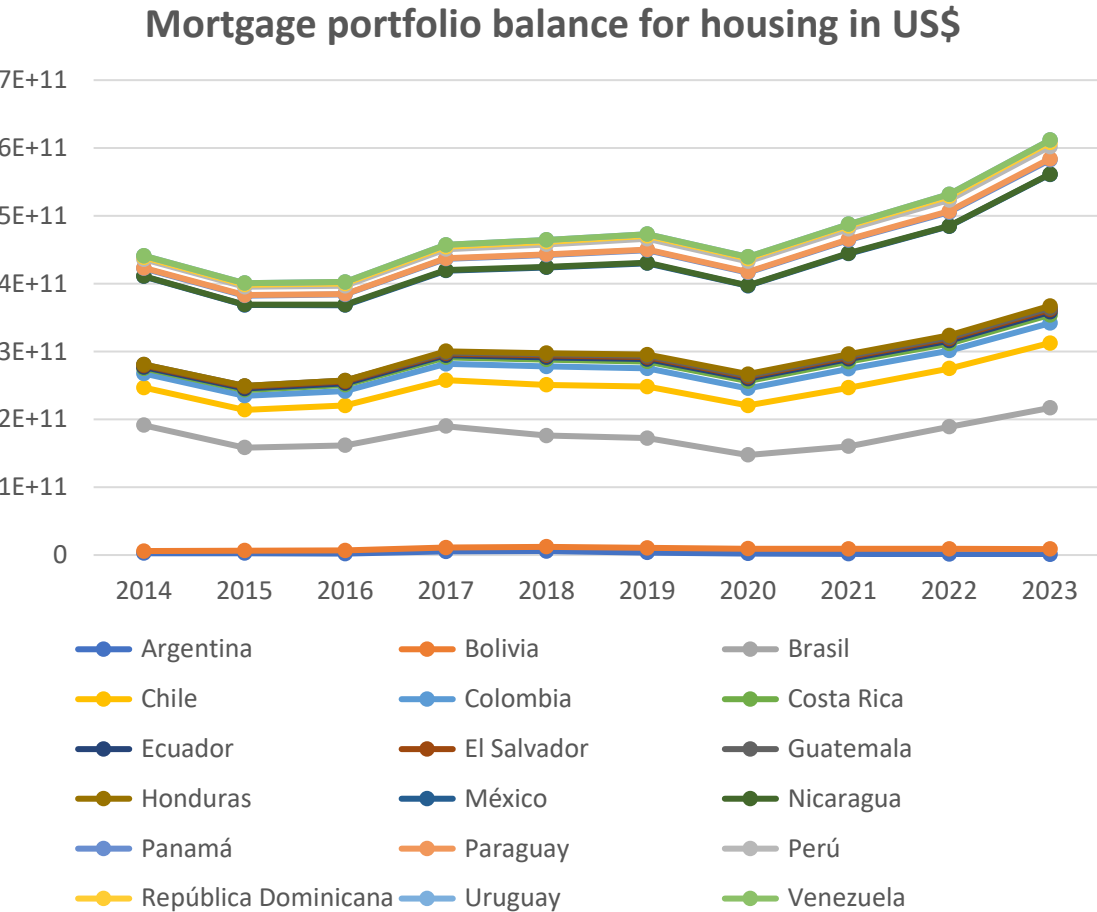
Quantitative Deficit:
22%

- Number of new homes required.
- 15.1 Million homes

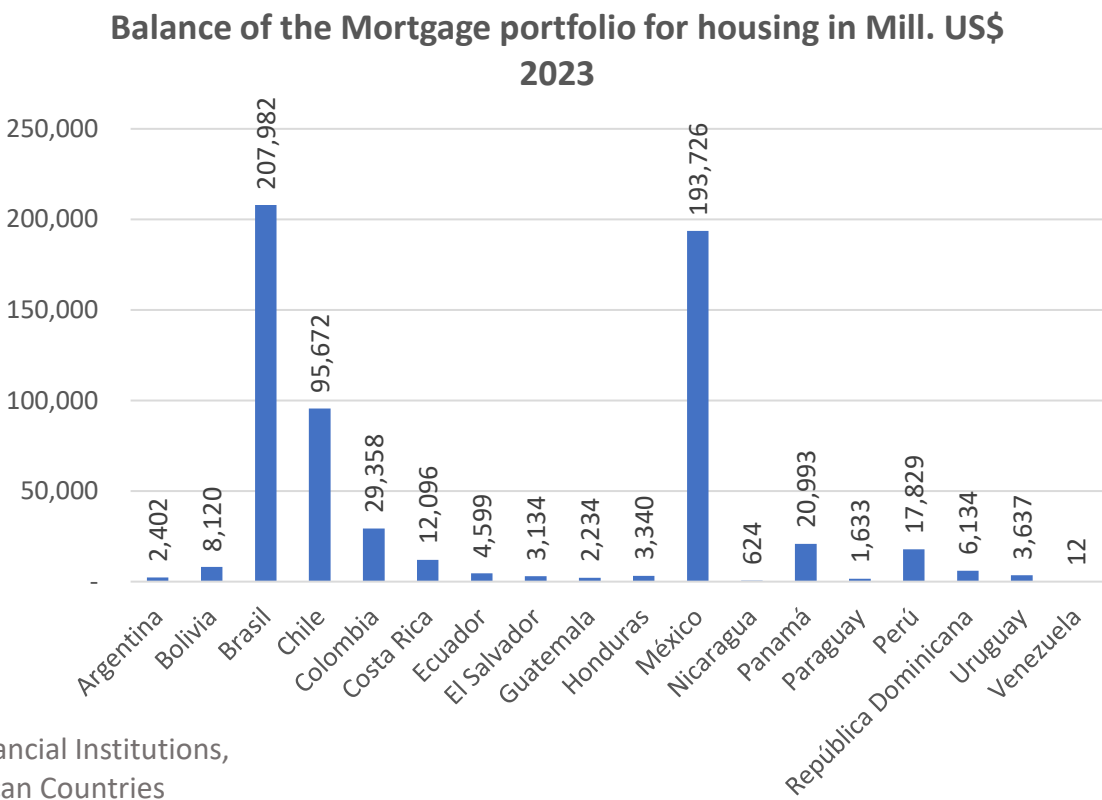
Qualitative deficit 78%

- Housing with poor housing quality and lack of basic services
- 54.4 Million Homes

Home credit portfolio

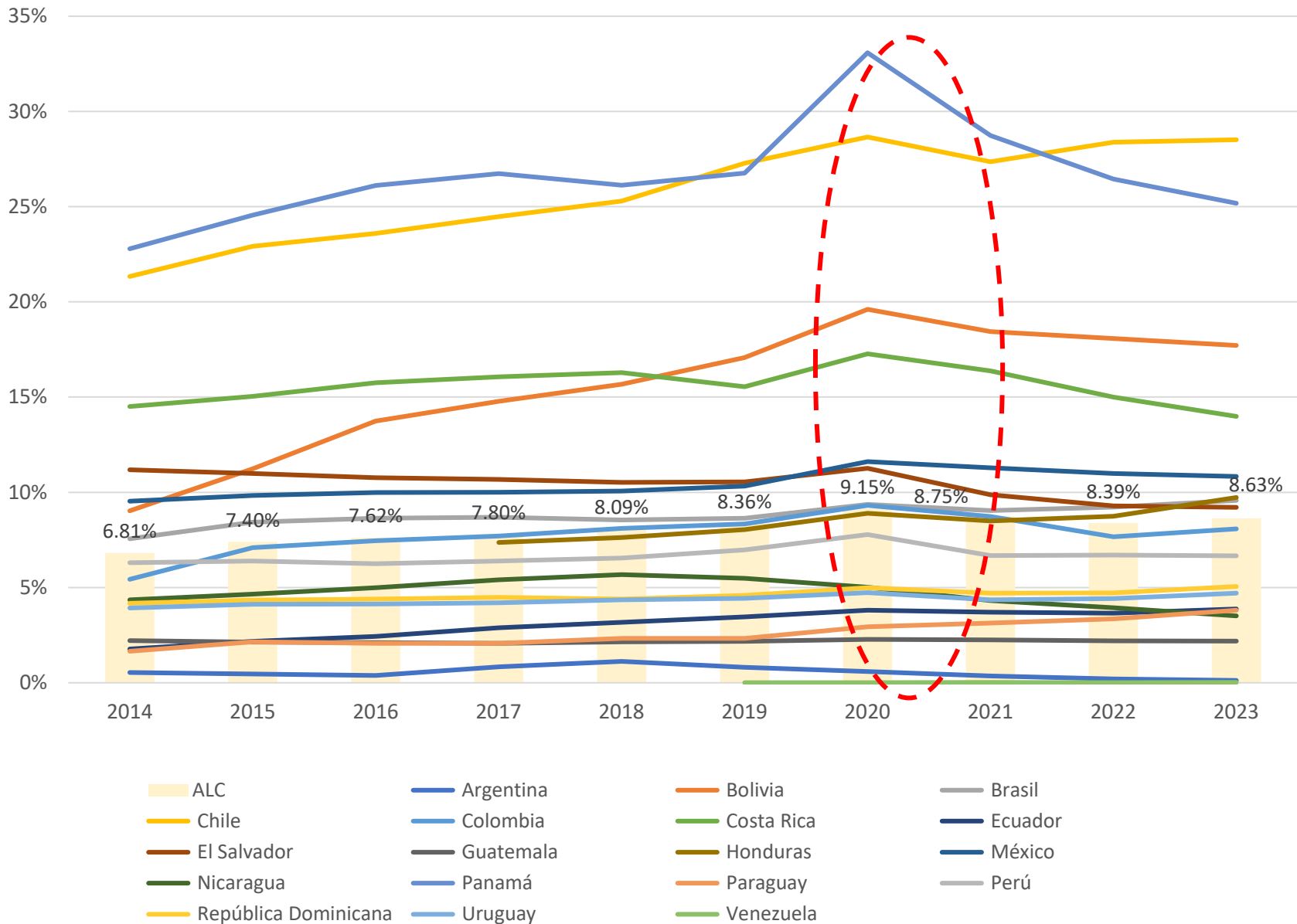


- The portfolio balance shows an increasing trend in the last 10 years
- As of 2023, the Mortgage Portfolio Balance for housing amounts to US\$ 613.5 trillion



Source: Prepared by Uniapravi, with data from Central Banks, Superintendencies of Banks and Financial Institutions, National Commission of Banks and Authorities of the Banking and Financial Sector of Latin American Countries

Housing Mortgage Portfolio Balance as a Percentage of GDP

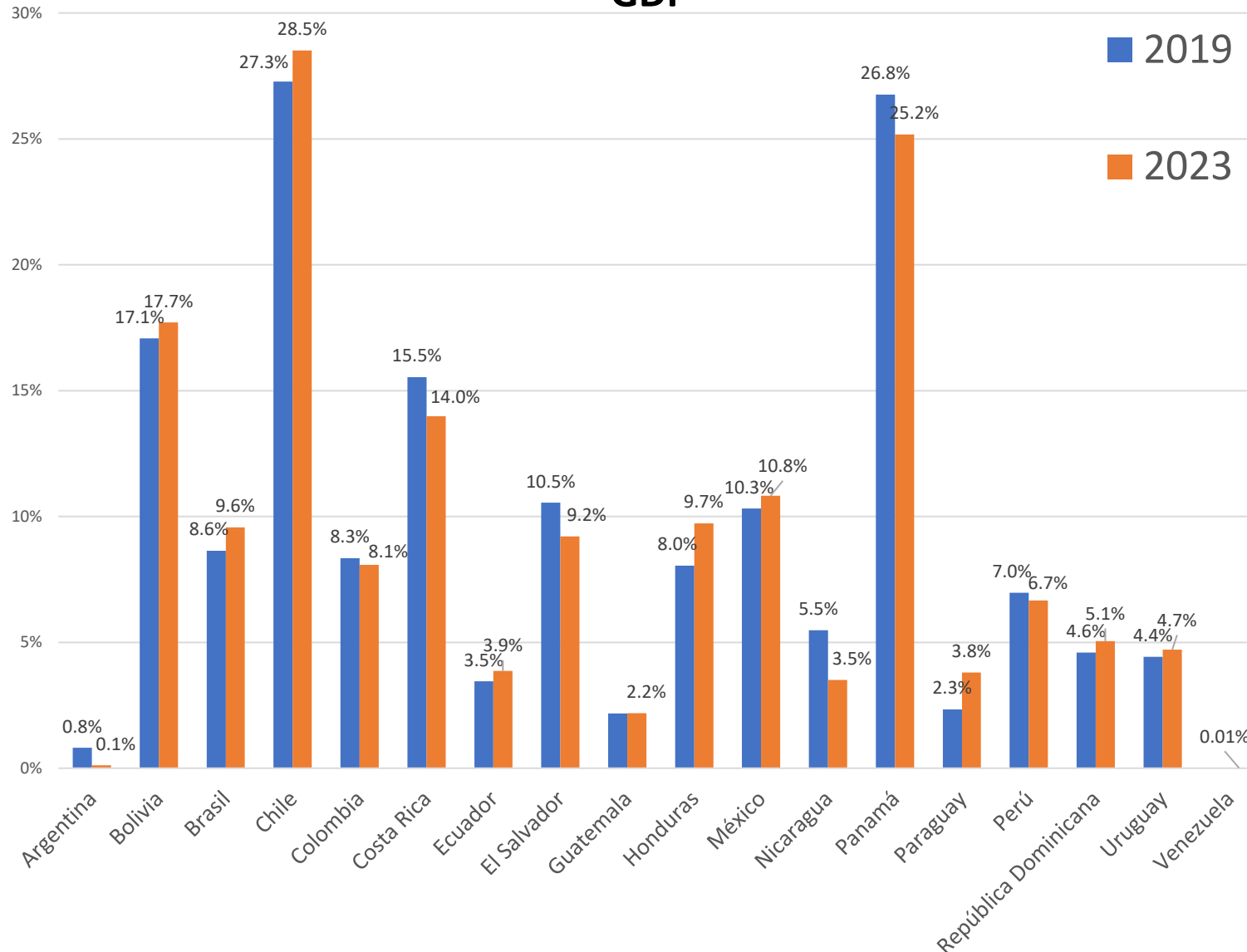


The evolution of the housing loan portfolio as a percentage of GDP showed an increasing pre-pandemic trend, then decreased, and in some countries it has not yet recovered to previous levels

Source: Prepared by Uniapravi, with data from Central Banks, Superintendencies of Banks and Financial Institutions, National Commission of Banks and Authorities of the Banking and Financial Sector of Latin American Countries

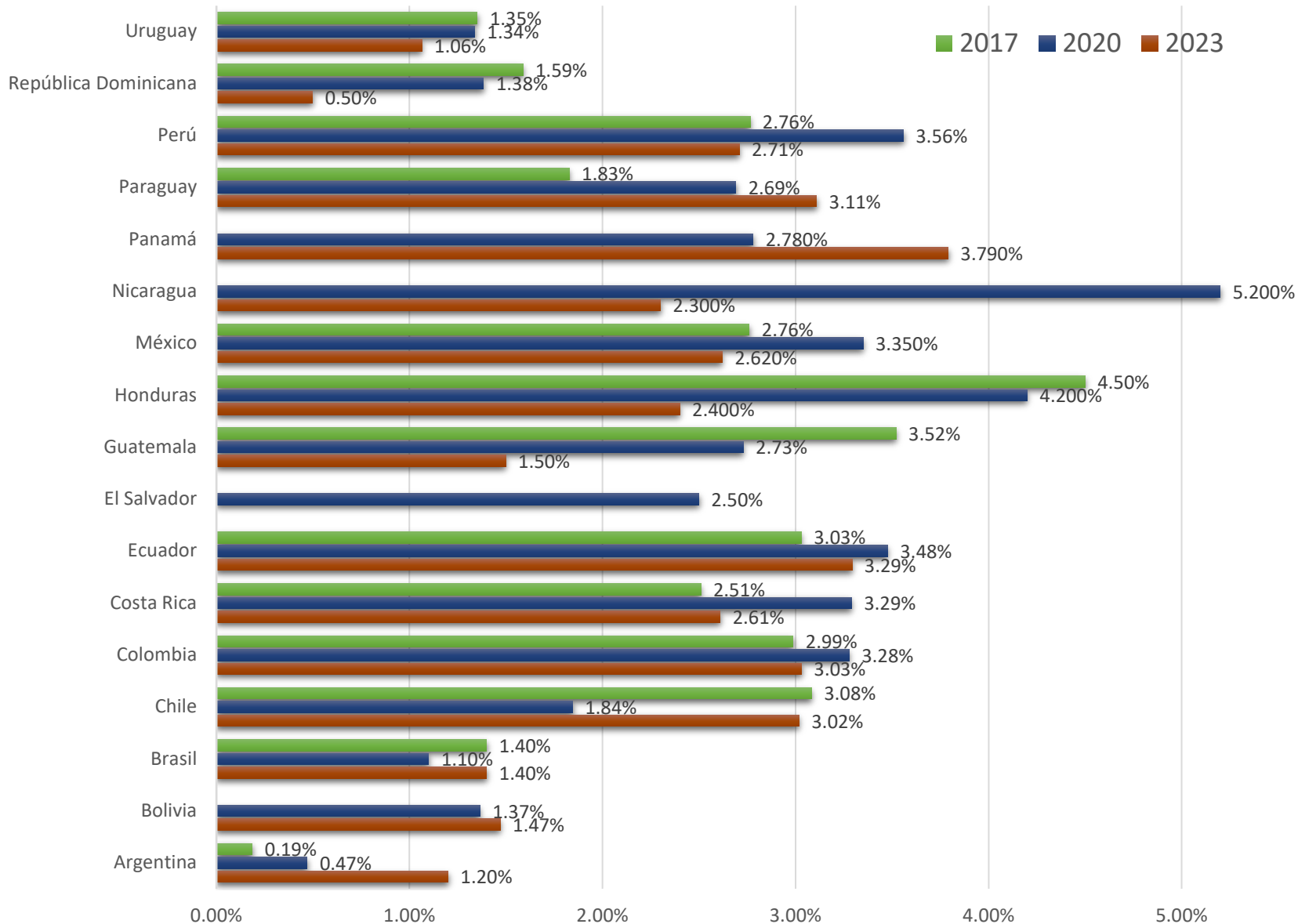


Housing Mortgage Portfolio Balance as a Percentage of GDP



- On average, the balance of the housing loan portfolio represents 8.63% of GDP for LAC, very low compared to other regions of the world.
- Chile and Panama stand out, which are close to 30%
- "There is great potential to increase mortgage deepening in the Region."

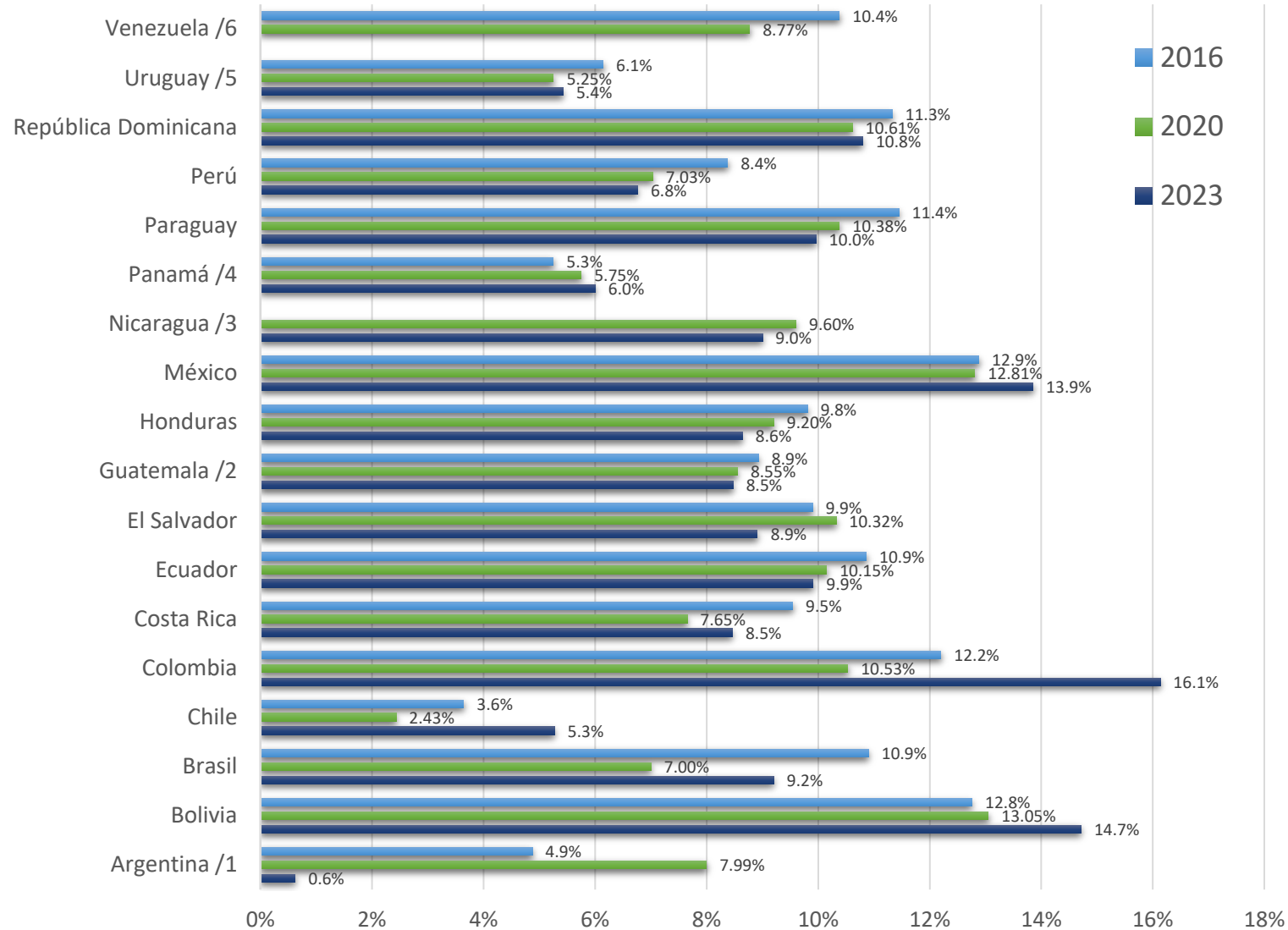
Non-performing loan index. % of past-due portfolio >30days/Total Portfolio Value



- In general, LAC shows low levels of delinquency.
- As of 2023, it is between 0.5% and up to 3.8%, which indicates a healthy portfolio.

Source: Prepared by Uniapravi, with data from Central Banks, Superintendencies of Banks and Financial Institutions, National Commission of Banks and Authorities of the Banking and Financial Sector of Latin American Countries

Interest rate on housing loans

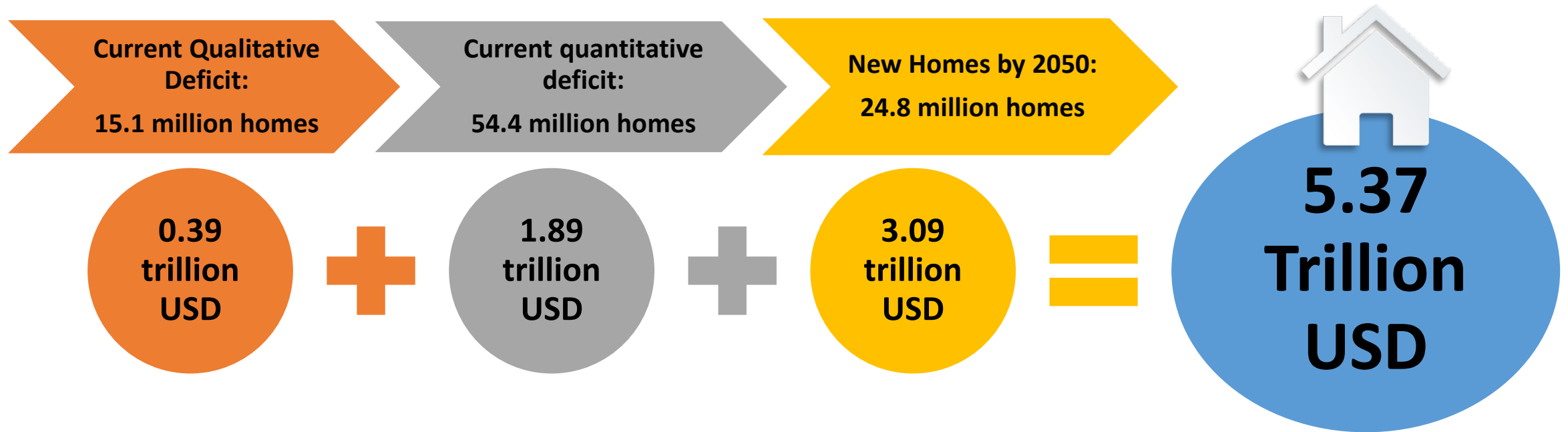


- Interest rates on housing loans granted by commercial banks range from 5% to 16%.
- They tend to be lower in countries where indexed units apply, such as Argentina, Chile and Uruguay

/1 UVA Loans /2 Banks Only /3 Banks only, 2020-2022 information /4 Private Banks Only /5 UI and USD Loans /6 Includes special programs, information from 2016 - 2019

Source: Prepared by Uniapravi, with data from Central Banks, Superintendencies of Banks and Financial Institutions, National Commission of Banks and Authorities of the Banking and Financial Sector of Latin American Countries

Investment required



It is estimated that about US\$ 5.37 trillion will be required to meet the current housing deficit and the new demand of the next 25 years

Highlights

- Context show slow economic recovery, high levels of inflation and unemployment, great diversity of progress in the countries of the region.
- The growth of the urban population is growing faster than the rural sector. But from 2050 there would be a demographic decrease
- Housing financing has grown in recent years, credit portfolios are healthy, however the deepening of housing credit (**8.63% of GDP**) is still very low in the Region. There is great potential to increase housing financing.
- The housing deficit (**69.5 million homes**) is more representative in the urban sector (**54%**) and the Qualitative Deficit (**78%**) mainly due to the production of informal housing or without technical assistance or risk areas.
- Given the high qualitative deficit, in recent years countries such as Brazil, Colombia, and Mexico have been implementing self-construction/self-production programs for housing with technical assistance. Likewise, civil organizations, multilateral banks and development organizations have been promoting this issue in several countries of the region.

Highlights

- To face the current housing deficits and demographic changes, it is necessary to:
- Promote innovation in housing financing products to attend the acquisition of new housing, as well as improvement, mainly in lower-income sectors and the informal economy that are not served by traditional banks.
- Take advantage of innovation and technological tools, in the design of products as well as in the strengthening of financial institutions, multiple banks, cooperatives, mutual savings and loans, among others.
- Continue to promote financing programs with a gender and sustainable housing approach, taking advantage of the financial instruments and capital markets of sustainable financing and multilateral banks.
- The articulation of the public, private, multilateral and civil society sectors is essential to generate synergies and implement joint actions to promote the development of housing financing and sustainable cities in Latin American and Caribbean countries.