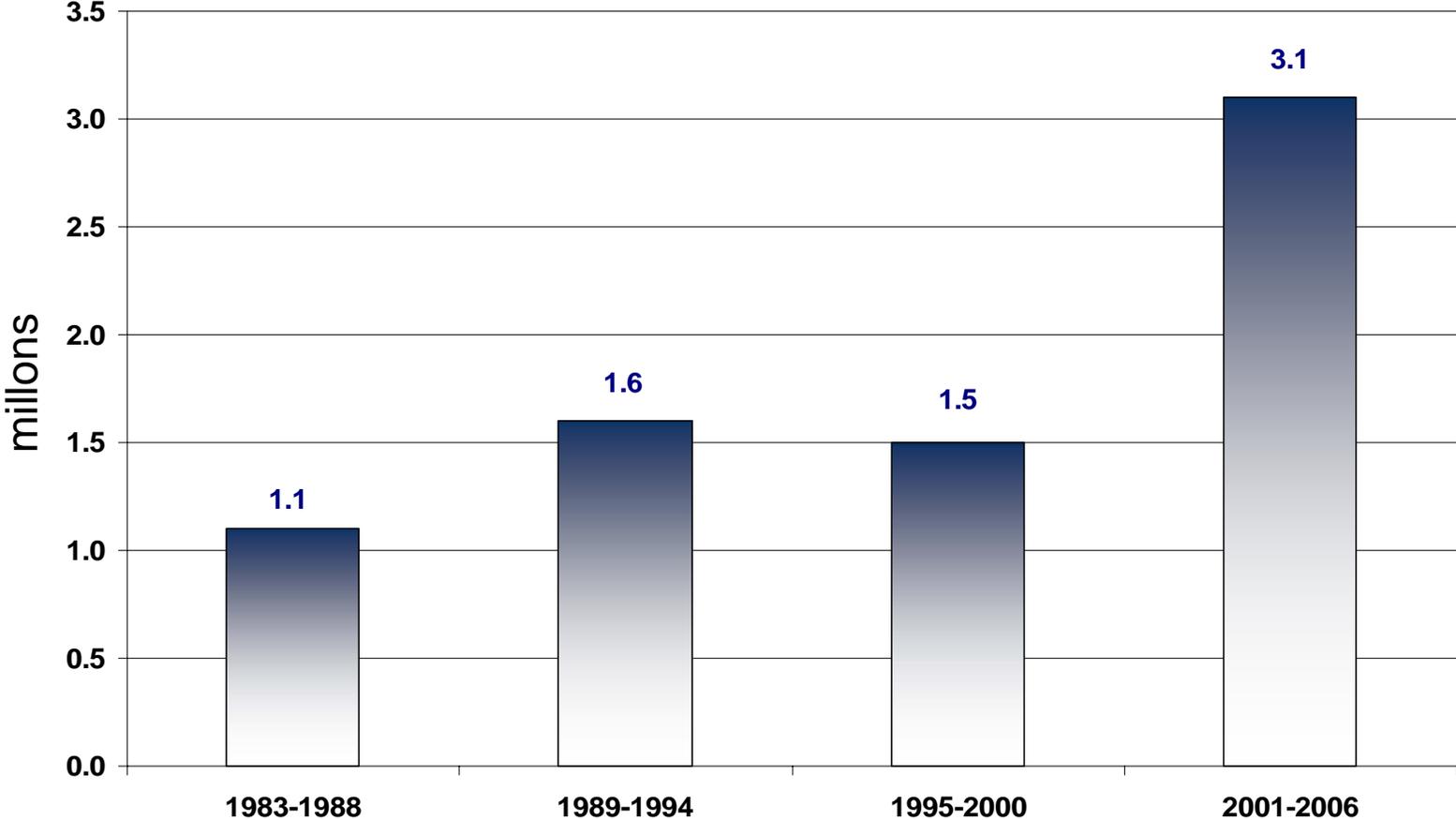




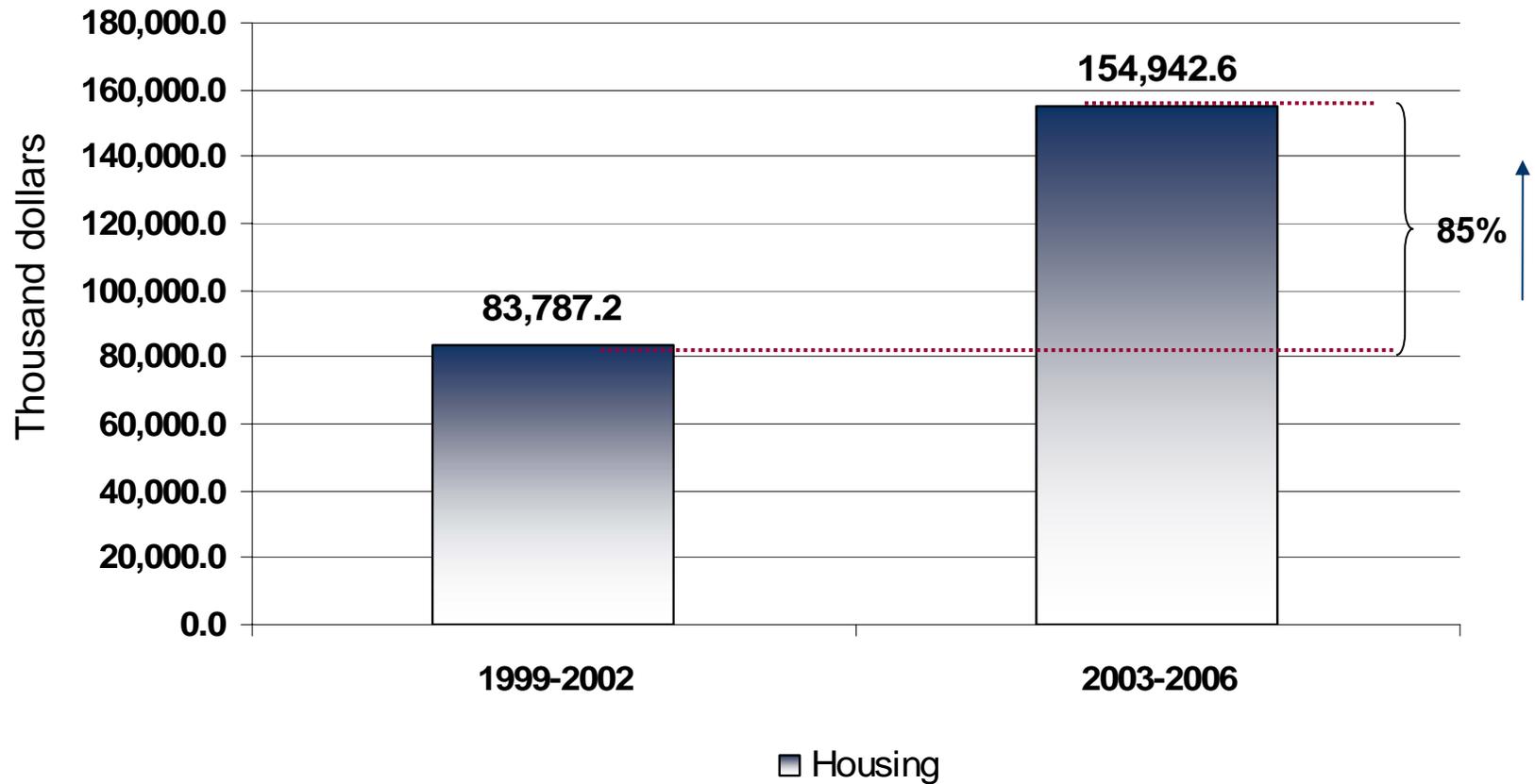
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Fourth Annual Mexican Housing Day

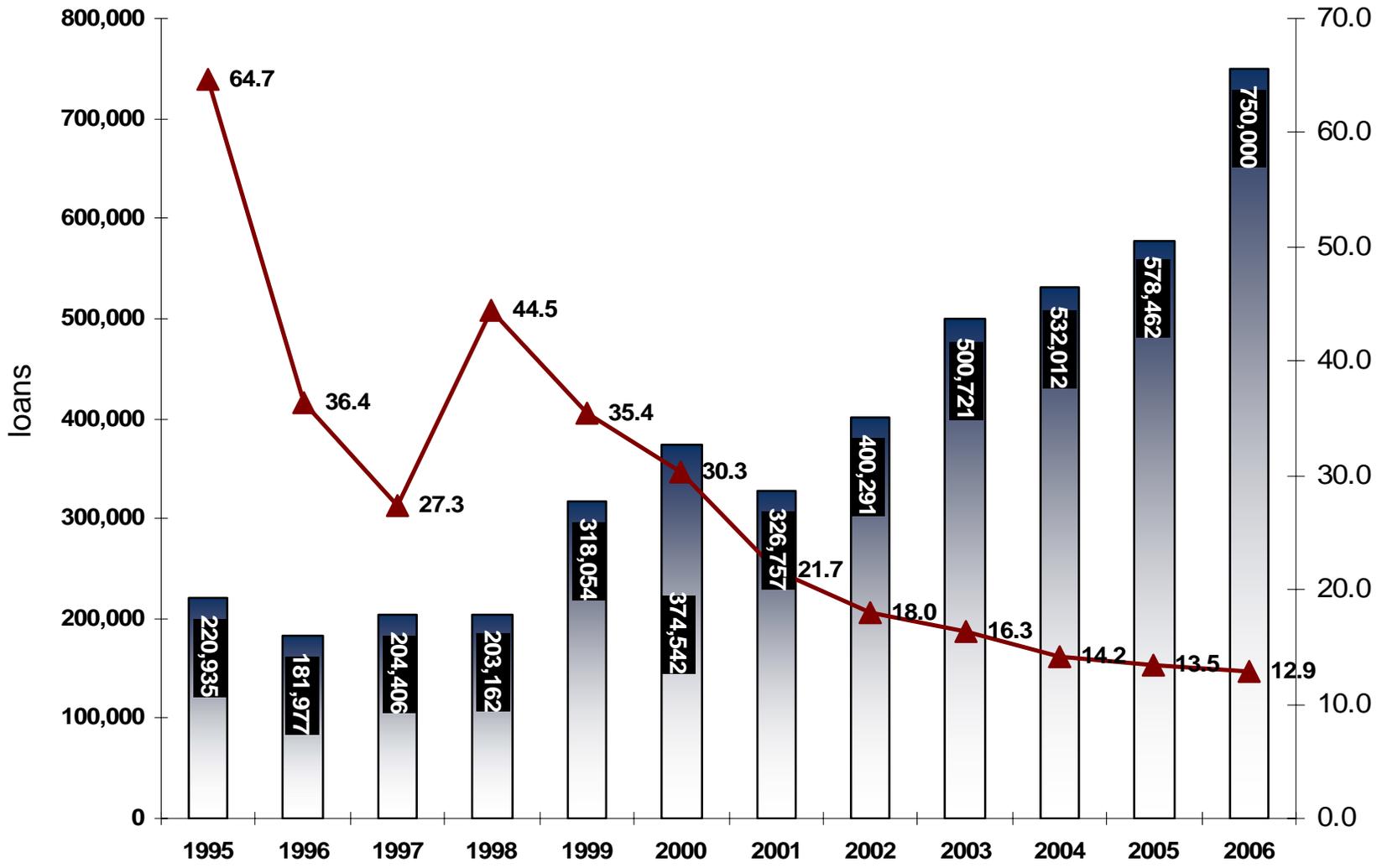
Financing for housing 1983-2006



Direct Foreign Investment for Construction 1999 - jun 2006



Interest Rates vs. Mortgage Credit

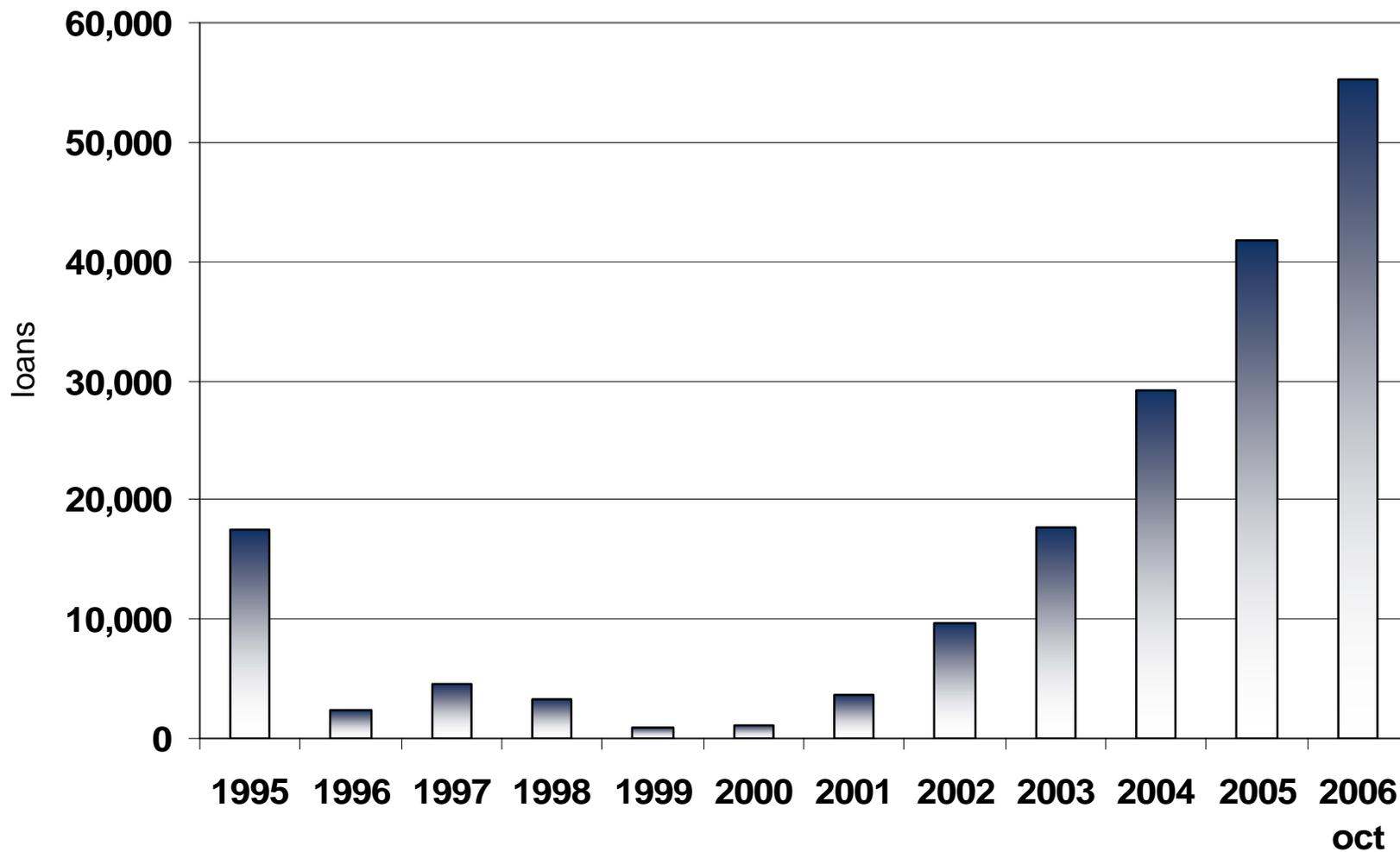


Difference in Credit Conditions 2000 – 2006

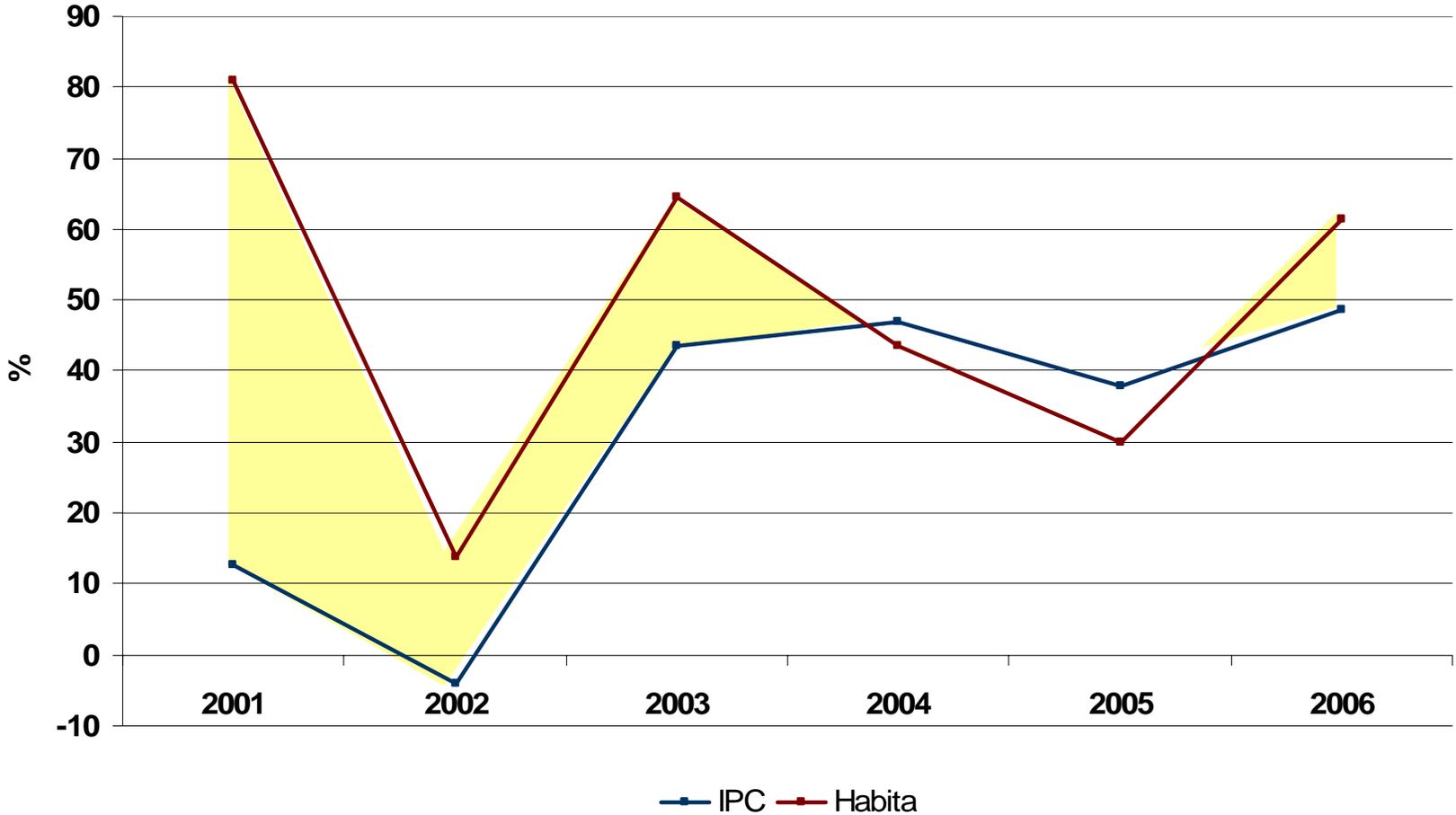
	Credit *		Income	
	Pesos	USD	Pesos	USD
2000	\$ 300,000	\$27,075	\$ 25,500	\$ 2,301
2006	\$ 300,000	\$27,075	\$ 12,600	\$ 1,137

* Constant Pesos

Mortgage Credits Granted by Commercial Banks



Habita Yield Rate vs IPC



Mortgage Portfolio Brokering



Year of the Emissions	Number of Emissions	Amount in Thousands of Pesos	Amount in Thousands of Dollars
2003	1	595,564	52,612
2004	5	1,582,229	141,777
2005	8	6,133,044	576,414
2006	17	20,247,401	1,871,294
Total	31	28,558,239	2,642,096

- ✓ **During 2006, 750 thousand families received mortgage loans for housing acquisition.**

- ✓ **Housing Law**
 - ✓ **Housing policy** is institutionalized, as an strategic state policy for national development.
 - ✓ The National Housing Commission is granted law status, represented by the Government Board constituted by the principals of SHCP, SEDESOL, SENER, SE, SCT, SEMARNAT, SRA
 - ✓ The **National System of Housing Information and Indicators (SNIIV)** is established.
 - ✓ The **National Housing System** is established as a mechanism of continuous coordination and consensus among the public, social and private sectors.
 - ✓ The **National Housing Council** is established in the law as the institution that provides advice to the Federal Executive.

✓ **Changes in the SHF Law**

- ✓ Provide Sociedad Hipotecaria Federal with subsidiary insurance companies that offer exclusively insurance to mortgage loans and financial guarantees for the housing sector.

✓ **Reforms to ISSSTE's Art. 174**

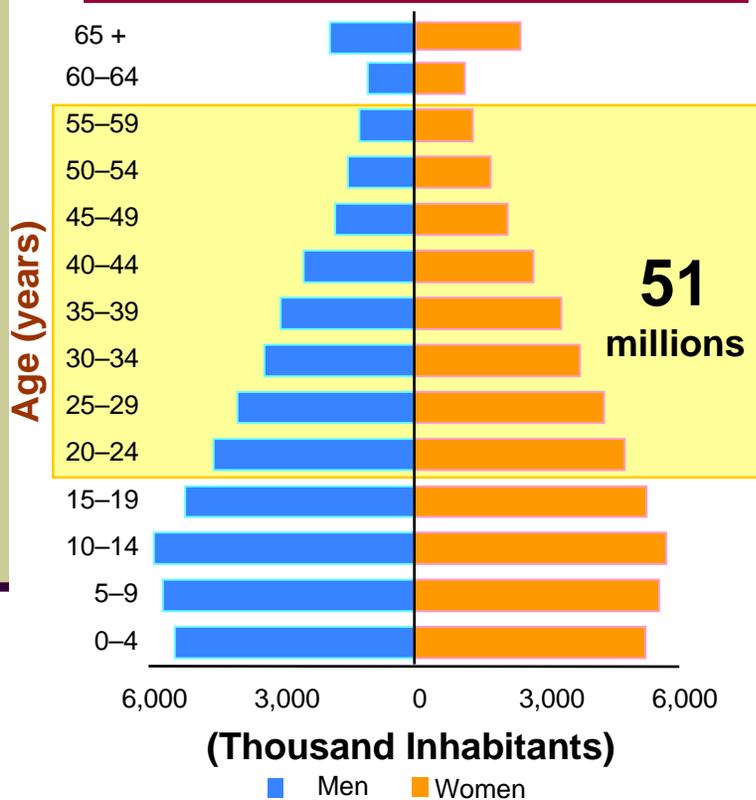
- ✓ Separate the ISSSTE patrimony, giving independence to housing fund resources, provided that these resources are the workers' patrimony, benefiting the workers and foreseeing the financing of assets or services so that the housing fund fulfills its purposes.

The Demographic Challenge

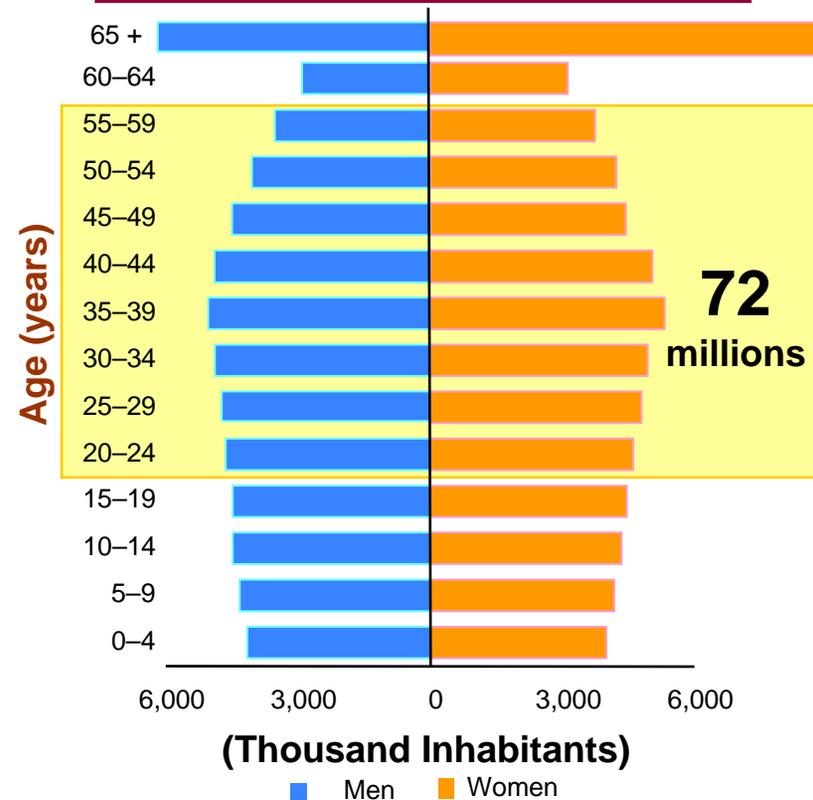
The Challenge ...

The groups who are old enough to buy a house, will increase...

Population Pyramid (2005)



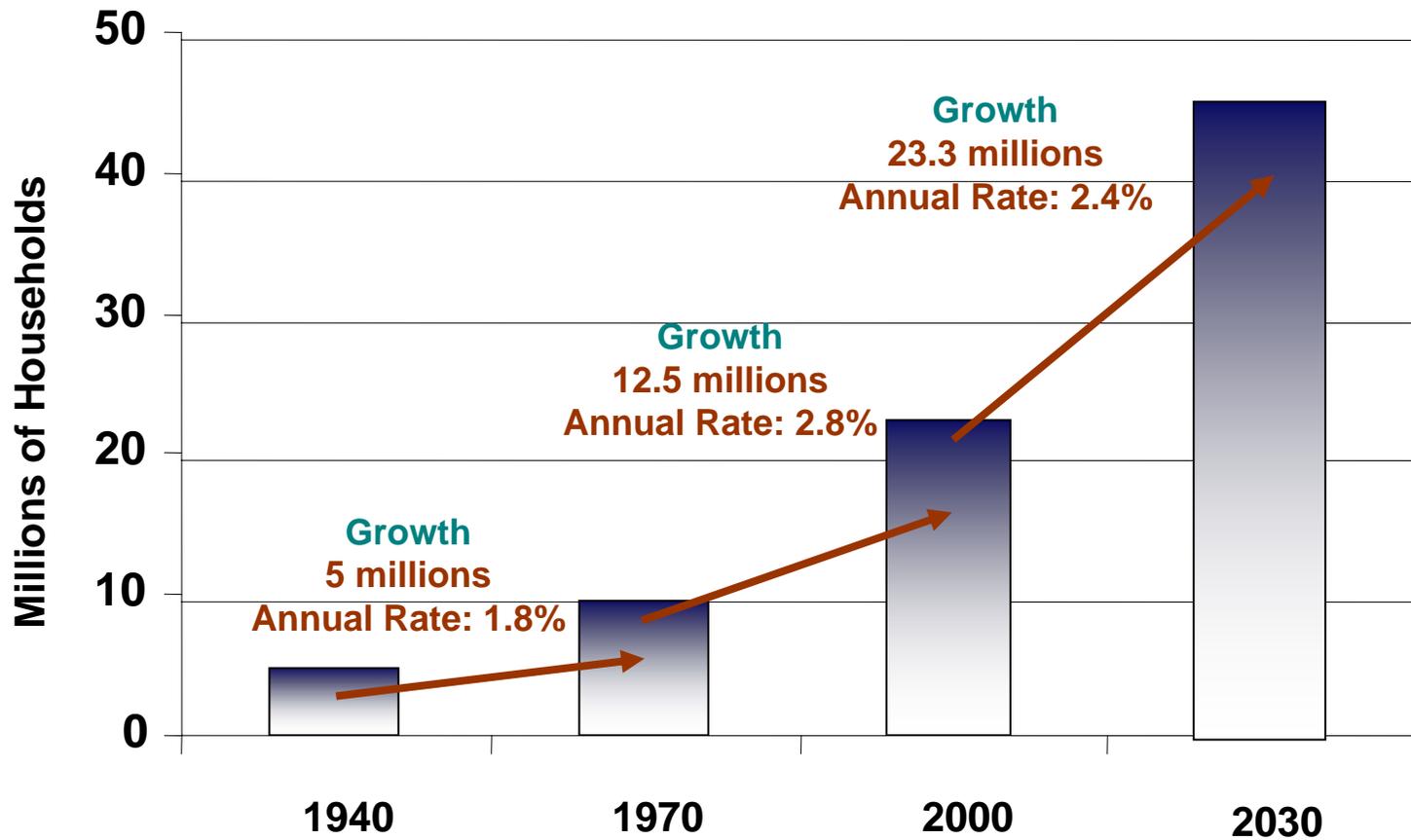
Population Pyramid (2030)



....in the next 25 years, we will have the largest group prone to buy a house....

The Challenge ...

The number of households in the country will double in the next 25 years



Growth in Housing 2000 – 2005: 2.1%

Population Growth 2000 – 2005: 1.0%

The Housing Challenge

Regarding Housing, President Felipe Calderon has established:

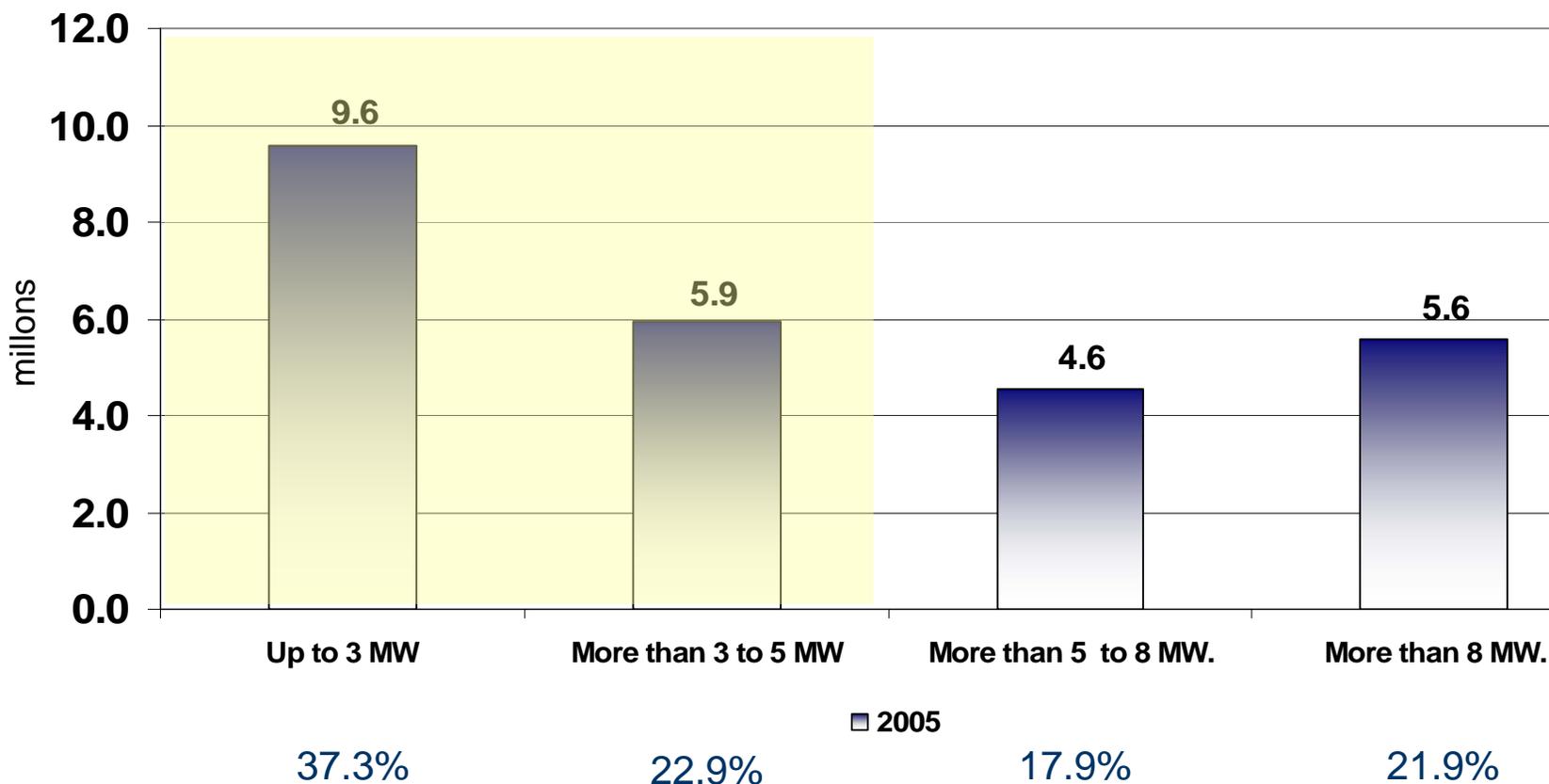
► Five Points that will Guide the National Housing Policy:

1. The Housing Purchasing Programs shall be primarily social.
2. The fostering of quality housing.
3. The efforts for the different housing actors and institutions shall be realized.
4. Infrastructure shall be built throughout the country.
5. Families will receive more opportunities.

Housing Purchasing Programs will be Primarily Social.



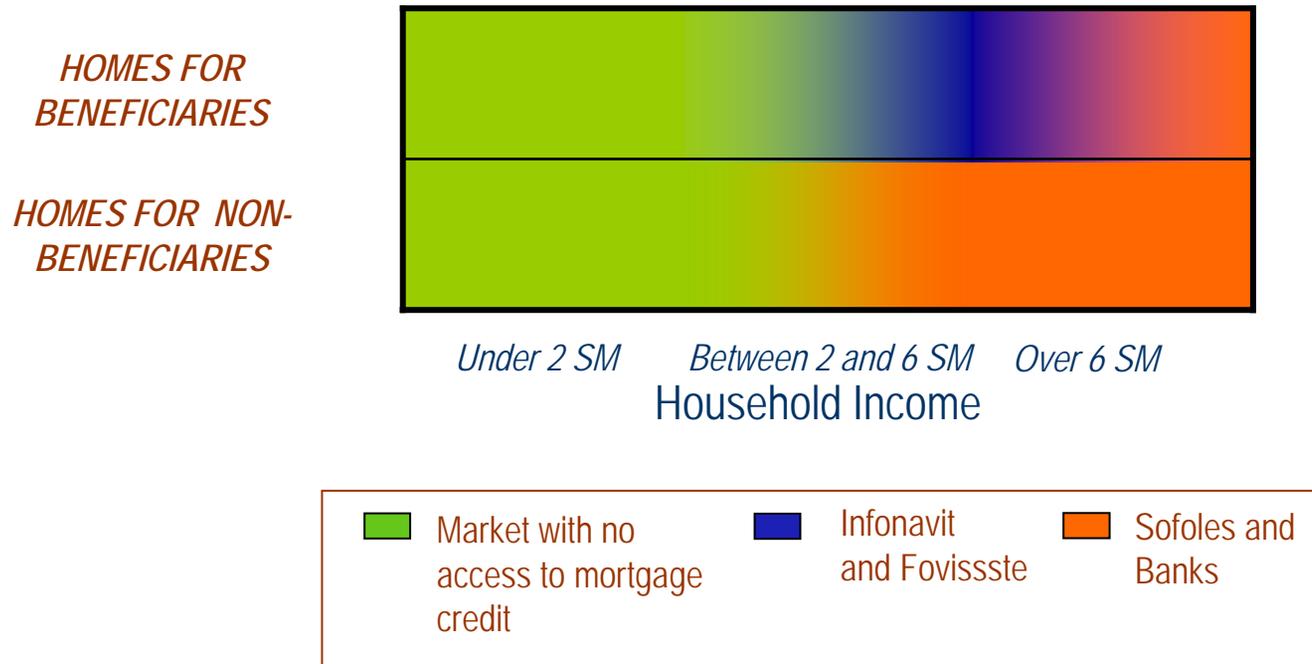
Households per Income (2005)



Housing Purchasing Programs will be Primarily Social.

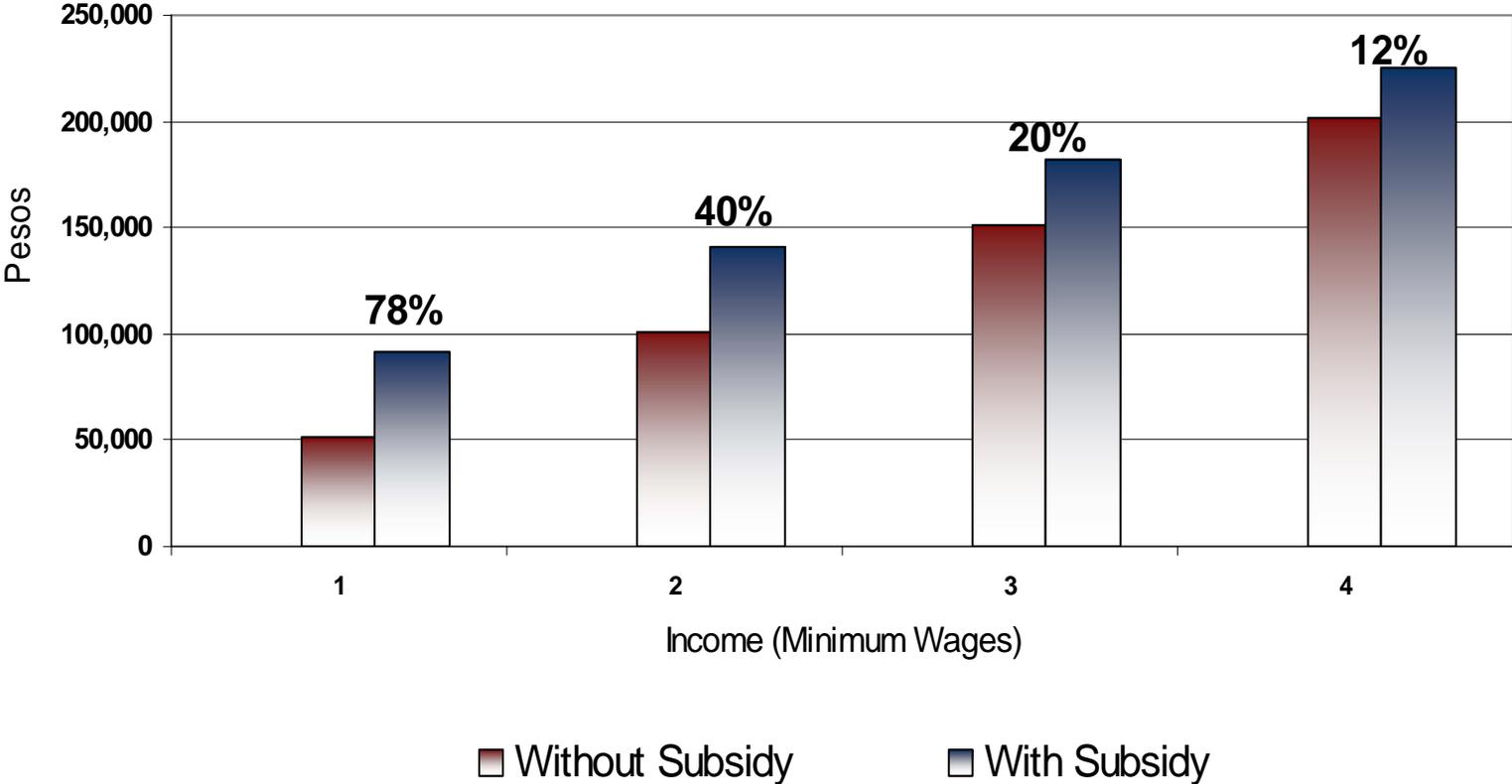
- ✓ The 2007 PEF allocates \$3,892 million pesos for housing subsidies, through programs to grant credits to workers:

Market Segmentation per Income and Labor Conditions



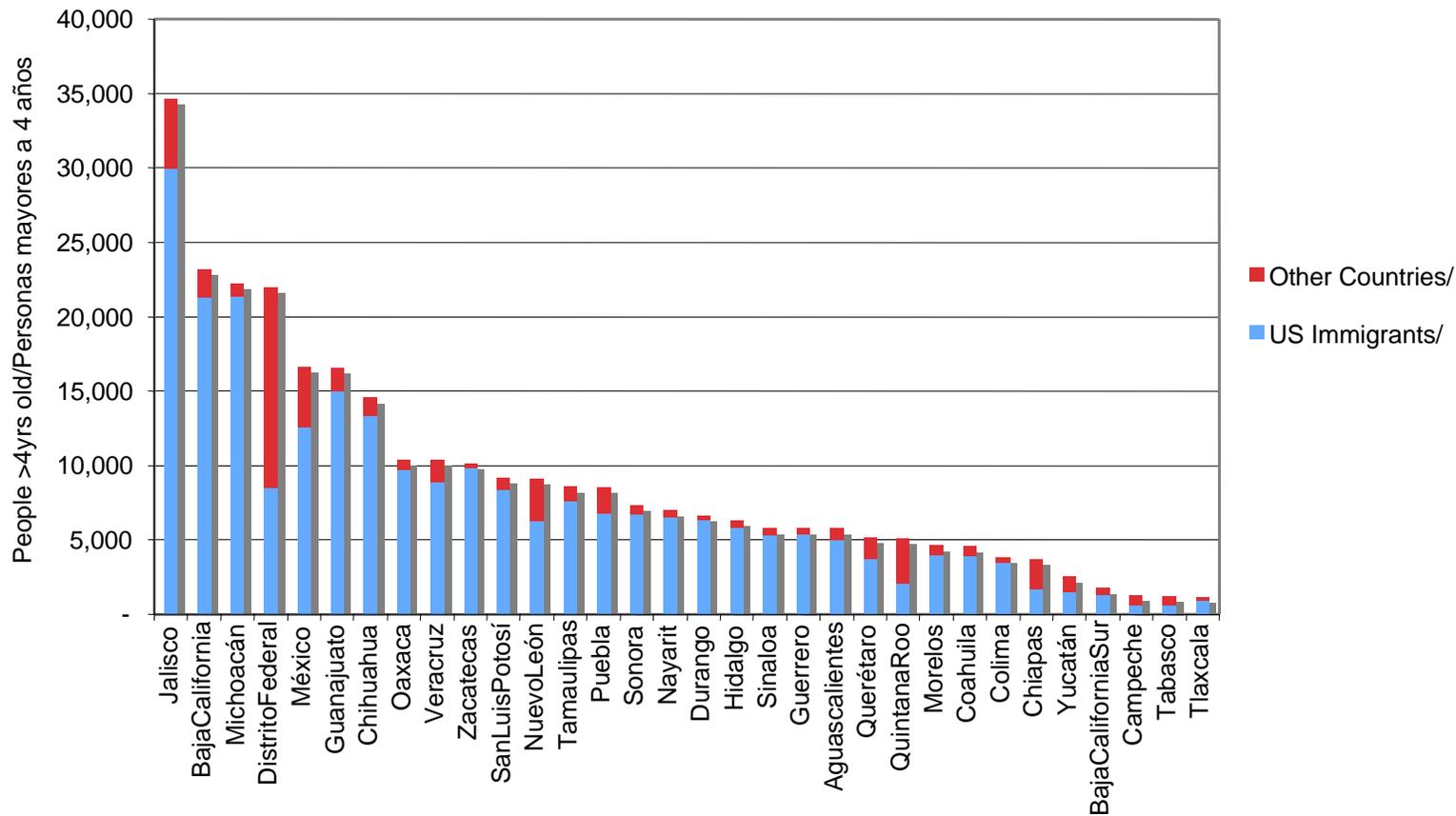
- ✓ Subsidies upfront, not in interest rates.

Subsidies and Capacity for Indebtedness



International Migration

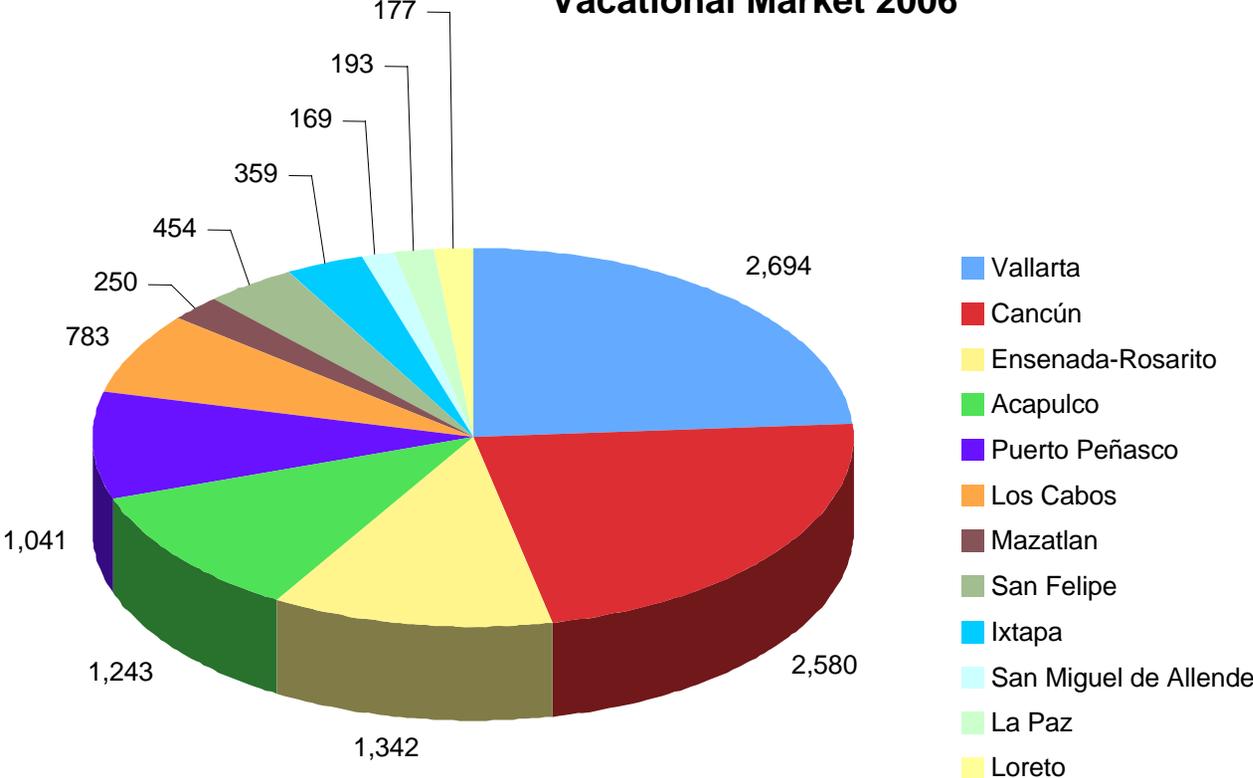
International Immigration to Mexico 2000-2005



300,000 international migrants 2000-2005

Vacational Market

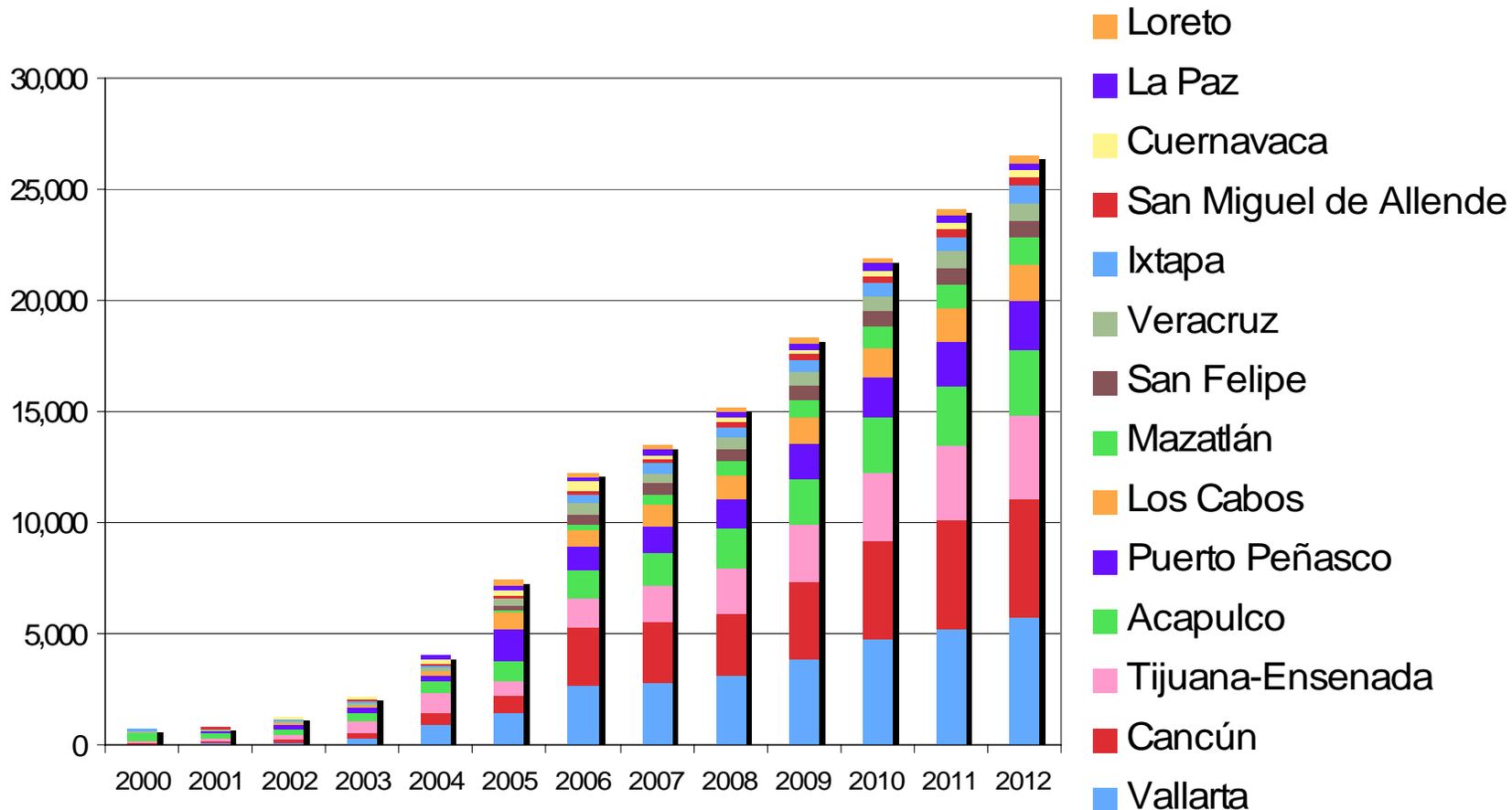
Vacational Market 2006



Total = 12,068 units

Vacation Market

Unit Sales 2000-2010



The Infrastructure Challenge

For the construction of an average of 1 million housing units each year, it is required:

- ✓ Considering a net density of 50 houses per hectare, without regional services, it is required an approximate area of **40,000 hectares**.

- ✓ **Waste water treatment** = 1,343 million pesos.
- ✓ **Water infrastructure** = 10,000 million pesos.
- ✓ **Sewage infrastructure** = 9,000 million pesos.
- ✓ **Electric energy supply infrastructure** = 3,500 million pesos
- ✓ **Electric infrastructure** = 4,500 million pesos.

28 thousand million pesos are required **annually** to provide infrastructure to housing built from 2007 onwards.

Infrastructure challenges

- ✓ This year initiate the implementation of the **Housing Construction Code**, that will include regulation for a safe, reliable and habitable construction in an urban context.
- ✓ Promote the **vertical construction in urban zones**, allowing that people have access to housing with infrastructure, services and may be located closer to work and study centers.
- ✓ Promote **cities integral growth** through the **enforcement and application of urban development plans**, avoiding spontaneous growths and identifying land uses and destinies according to the projected needs.
- ✓ Promote sustainability standards for housing and urban development.
 - ✓ Efficient water use
 - ✓ Efficient energy savings
 - ✓ Bioclimatic design
 - ✓ Green areas design
 - ✓ Solid waste treatment

Mexico will adopt the 10 principles of the “intelligent urban growth” used by developers countries:

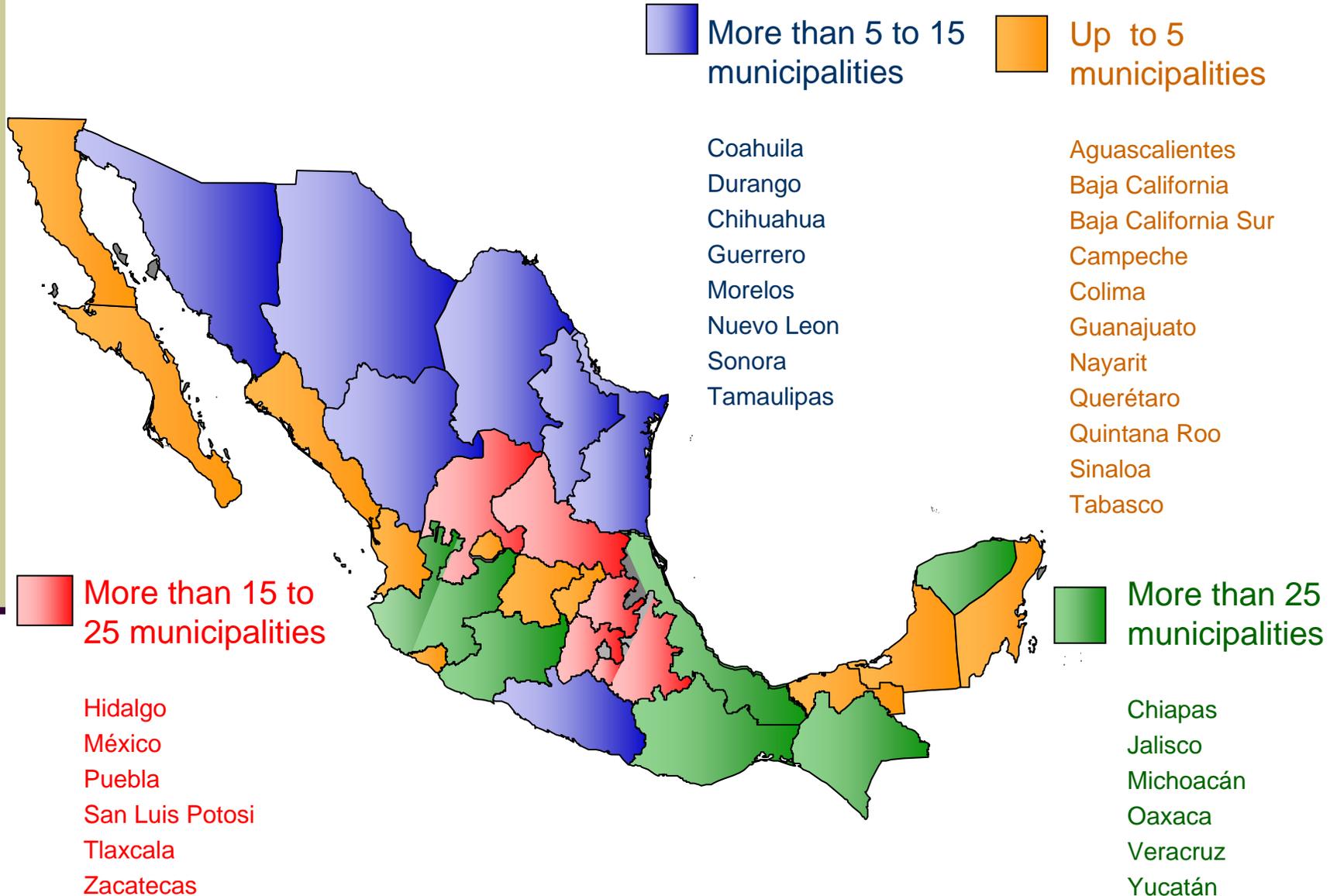
1. Land use combination
2. Promote compact construction designs
3. Greater housing opportunities and options
4. Create walking communities
5. Develop attractive and distinct communities that will provoke a sense of belonging
6. Conservation of open spaces, farming lands, natural beauty and environmental areas
7. Strengthen and lead land development towards existent communities.
8. Provide a variety of transportation options
9. Predictable, fair and beneficial decisions for land development in terms of costs.
10. Community collaboration in the decision taking process regarding land development

The Industry Challenge

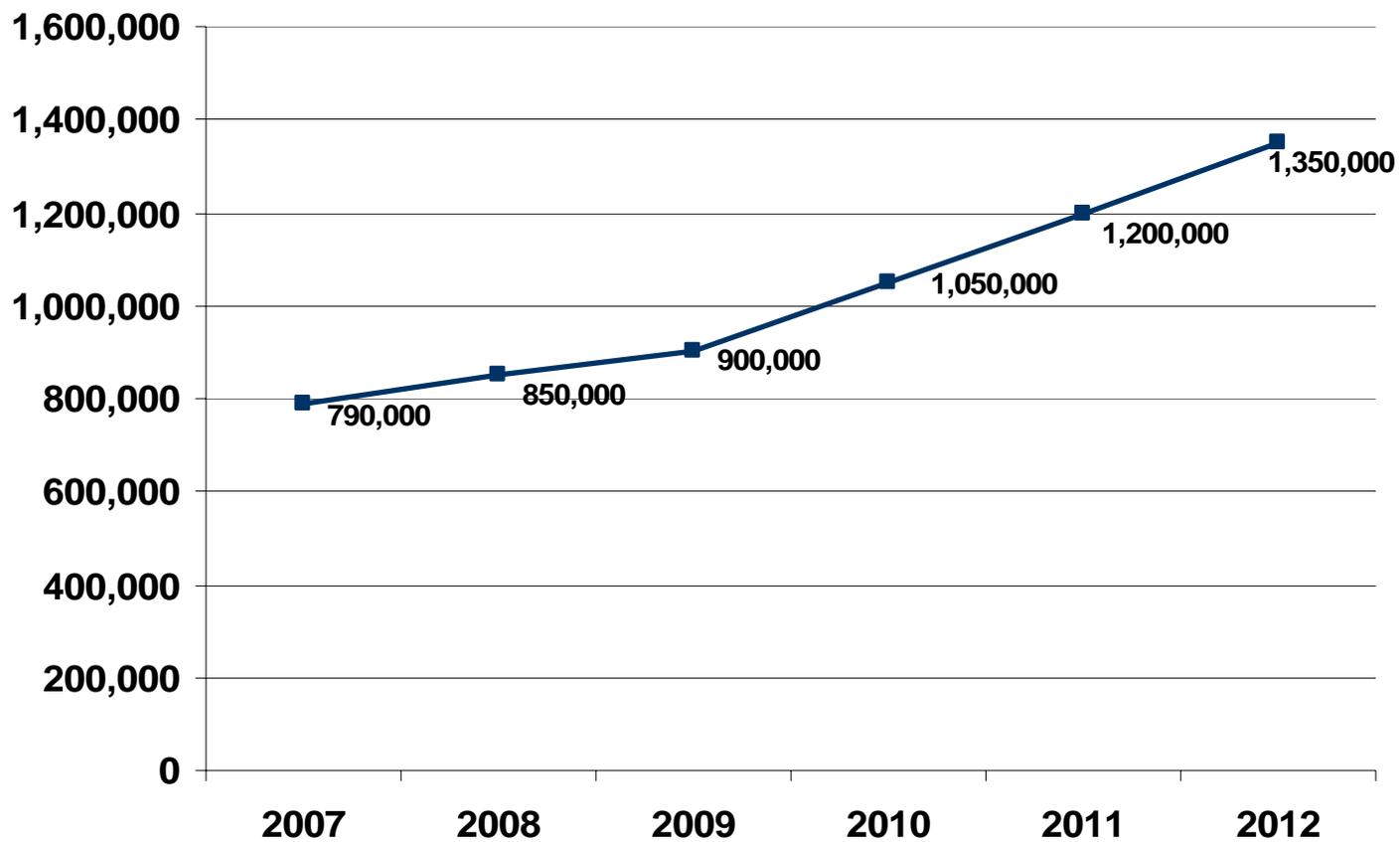
The industry challenge...

- ✓ The Mexican housing market is highly fragmented and regionalized. No single Developer has a consistent national market share greater than 10%.
- ✓ Average Project size is 100-200 units, but larger projects can exceed 15,000 units.
- ✓ The largest 12 most important developers represent 32% of the volume and only 22% of the sales of the housing market.
- ✓ The rest is divided among a varying number now estimates at 2,870 developers.
- ✓ The housing market value built by developers in 2005 was 21 thousand millions dollars.
- ✓ The generated job by housing edification financing program is estimated around 3 million average workers in the first years of decade..

Mexico has 471 municipalities that demand new housing and since developments of less than 50 units are required, they will be constructed by small and medium developers.



Financing for Housing to be Granted from 2007 to 2012





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