

Residential Real Estate In Latin America - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Residential Real Estate Market In Latin America Industry in terms of Equal-8.32 is expected to grow from USD 477.77 billion in 2024 to USD 712.45 billion by 2029, at a CAGR of 8.32% during the forecast period (2024-2029).

Key Highlights

The market is driven by increased urbanization and a burgeoning middle class. The COVID-19 pandemic impacted the Latin American residential real estate market significantly, with the economic slowdown and increased investor uncertainty serving to dampen growth in the short term. However, the pandemic has stimulated demand for rental properties and accommodation with outdoor space, accelerated the digitalization of the industry, and boosted competition among mortgage lenders.

South American countries grapple with the familiar challenge of housing affordability, particularly in their urban centers. In 2022, it took an average-income household in Lima, Peru, nearly 19 years to buy a home, while in cities like Buenos Aires, Bogota, and Rio de Janeiro, this stretched to around 30 years. Roughly a quarter of Peruvians opt for renting, a figure that likely surges in major cities like Lima. Renting is notably prevalent in Colombia, with over 40% of homes in several departments being rentals. Bogota, Colombia's capital, emerged as the most lucrative city for rental investments in South America, closely followed by Santiago, Chile.

Residential real estate prices exhibit significant disparities across and within cities. In 2022, Puerta Madero, located in Buenos Aires, Argentina, emerged as South America's priciest neighborhood for apartment purchases, with an average square meter price

nearing USD 6,000. However, Buenos Aires boasted several neighborhoods where apartment prices dipped below USD 2,000. In the city's central region, encompassing San Nicolas and Montserrat, apartment prices ranged from USD 1,700 to USD 1,800 per square meter.

In September 2023, Montevideo, the capital of Uruguay, emerged as the priciest real estate market in Latin America, commanding an average selling price of USD 3,166 per square meter for apartments. Mexico City, the capital of Mexico, secured the second spot with a price tag of USD 2,948 per square meter. Moreover, as the production and consumption of residential real estate continue to surge, they are poised to fuel the growing appetite among consumers.

Latin America Residential Real Estate Market Trends

Increase in Urbanization Boosting Demand for Residential Real Estate

Latin America's economies span a spectrum, from emerging powerhouses like Mexico and Brazil to more established players like Chile and Uruguay. This diversity presents investors with a range of real estate opportunities tailored to their risk appetite and investment goals. Moreover, Latin America boasts one of the world's highest urbanization rates, fueling a surge in demand for both residential and commercial properties.

The economic growth in Latin America is underpinning this real estate boom. For instance, the Brazilian economy is projected to grow by 2% this year, while Mexico is expected to register a growth rate of 1.8% to 2.5%. This economic expansion is translating into job creation and higher disposable incomes, further bolstering the demand for real estate.

With a population of around 665 million in 2023, Latin America witnessed a 0.9% population growth in 2022. This uptick was driven by a trend of people gravitating toward urban areas in search of better education and employment prospects. As the urban population swells, so does the demand for residential properties in Latin American cities. Notably, some governments in the region are actively promoting pro-poor urban infrastructure, with a particular focus on housing initiatives.

Increase in Apartments and Condominiums Property Prices in Mexico is Boosting the

Market

In 2023, Mexico City emerged as the costliest destination for residential property purchases in Mexico. The average price for a property in the nation's capital stood at nearly MXN 3.7 million (USD 0.19 million) in Q3 2023, nearly twice the national average.

According to the Federal Mortgage Society (FMS), the average home price in Mexico hit USD 90,850 in Q1 2023, marking an 11.7% YoY surge. The Mexican housing market, known for its adaptability to global economic shifts, has witnessed consistent growth over the past decade. The robust Q1 growth underscores the market's resilience. Escalating inflation has further pushed up construction costs, leading to a steeper hike in prices for new builds, which constitute 40% of the Mexican housing market, surging by 12.8%.

Investors eyeing Mexico, especially the Riviera Maya, have reason to be optimistic. The bullish trend in 2023 underscored the strength and potential of Mexico's real estate sector. With sustained demand and robust economic growth projected, regions like Riviera Maya are poised to fuel Mexico's upward housing market trajectory, offering enticing opportunities for investors and homeowners.

Latin America Residential Real Estate Industry Overview

The Latin American residential real estate market is competitive and fragmented, with the presence of regional and international players. Major companies in the market have adopted strategies such as acquisition, business development, joint ventures, partnerships, and product launches to offer better services to customers in the residential real estate market. The major players include JLL, CBRE, Mrv Engenharia e Participacoes SA, Homex, and Consorcio ARA.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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