

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

<https://marketpublishers.com/r/R33E7B598A9EEN.html>

Date: July 2024

Pages: 150

Price: US\$ 4,750.00 (Single User License)

ID: R33E7B598A9EEN

Abstracts

The Residential Real Estate Market In Mexico Market size is estimated at USD 14.51 billion in 2024, and is expected to reach USD 17.78 billion by 2029, growing at a CAGR of 4.14% during the forecast period (2024-2029).

The market is driven by the demand for housing from new residents. Furthermore, the market is driven by the huge flock of tourists residing in the country for longer vacations and second homes.

Key Highlights

The Mexican destination markets are heating up, particularly as remote workers seek a year-round, resort-style living due to flexible, remote work policies. Buyers continue to snap up vacation homes that they can use more frequently and then rent out for income the rest of the year.

The global rental market has remained at an all-time high for the past two years as demand continues to outpace supply. Due to the constant demand and transactional complexities that may arise, high-profile real-estate firms have set up shops in Mexico's resort markets to assist buyers. One of these brokerages is The Agency, a global billion-dollar real-estate brokerage with more than 60 offices in luxury markets in the United States, Canada, Mexico, Europe, and the Caribbean. The Agency now has seven office locations in Mexico, including Los Cabos, Todos Santos, La Paz, Puerto Vallarta, Punta de Mita, Riviera Maya, and San Miguel de Allende.

The Mexican housing market continues to be resilient, supported by strong demand. In

2022, after a Y-o-Y increase of 8.56% in 2021, 5.38% in 2020, 7.66% in 2019, and 9.35% in 2018, the national house price index shot up by 10.41%. Before that, the Mexican housing market had been relatively stable for nearly a decade. Many residents of Mexico City are selling their homes and relocating to more spacious areas or reinvesting in other countries. Home prices in Mexico fell by 57.8% over the previous year, with a median price of USD 128,000 in December 2023. House prices rose by 10.4% Y-o-Y to September 2023, after an increase of 11.5% during the preceding quarter. However, the price of real estate is generally rising, although this trend varies from one region to another.

After a brief pause during the COVID-19 pandemic, the housing market in Mexico City is reviving, fueled in particular by rising demand in the city's prime areas. There is no centralized database for real estate transactions in Mexico. However, according to the data platform Statista, the average home price in Mexico City in the first quarter of this year was around MXN 2.9 million (USD 148,000), making it Mexico's most expensive market. Condesa, Polanco, and Roma, a cluster of upscale districts prized for their architecture, culture, and culinary scenes, have some of the city's highest prices, ranging from USD 465 to USD 555 per sq. ft.

Residential Real Estate Mexico Market Trends

Demand for Residential Real Estate Witnessing Notable Surge, Primarily Driven by Young Homebuyers

According to industry sources, the generation of young adults between the ages of 27 and 40 is driving the growth in housing demand. Since they can now buy a home far from their workplaces or neighborhoods that fulfill their social and economic expectations, this sector has significantly benefited from adopting a new kind of working from home. For instance, closeness to work hubs has taken a backseat in Mexico City. Since the trend is now to have "home offices," that is, work from home on a property anywhere in the country, this change in working conditions opens up various opportunities for housing developers around the nation.

Real estate developments must respond to this new requirement by updating the complex's recreational areas and ensuring technical coverage while adjusting to recent market trends and preferences. With this innovative method of working, employees can conduct their tasks from wherever makes them feel most at ease, giving them the option of working in the heart of Mexico, the United States, Canada, or anywhere else in the world while conducting "home offices" from the Riviera Maya.

The Mexican residential real estate industry is growing due to young people demanding a place to live. The housing demand projected for the next few years will be driven by people under 30 (representing 55% of the country's population). The Bajio zone, formed by Aguascalientes, San Luis Potosí, Guanajuato, Querétaro, and the northern region of Mexico, is exciting. Cities like Monterrey are growing because of the demand for corporate and residential spaces. Tourism growth in destinations like Cancun, Los Cabos, and Puerto Vallarta also encourages real estate developments. In 2022, around 24.51% of Mexico's population were between 0 and 14 years of age, around 67.17% between the ages of 15 and 64, and about 8.32% were 65 years or older.

Surge in Average Housing Prices in Mexico is Propelling the Country's Residential Market

The housing sector in Mexico plays a pivotal role, accounting for roughly 6% of the nation's GDP. A majority of homes, about 69%, are owned outright, while only 15% are rented. This preference for ownership is evident, with nearly 69% of Mexican households owning their homes in 2020, while only 17% opted for renting. Furthermore, a significant 87% of owned homes were debt-free, underscoring the financial stability of homeownership in the country.

Over the past decade, residential real estate prices in Mexico have witnessed a consistent uptrend. In Q3 2023, the average house price saw an annual increase of over 10%, or 5.5% when adjusted for inflation. Amongst the states, Mexico City emerged as the costliest market for homebuyers.

In Q3 2023, the average residential property in Mexico commanded a price of MXN 1.6 million. This marked a nearly 15% surge from the previous year. Notably, Mexico City stood out with an average price exceeding three million pesos per unit. Continuing its lead, Mexico City retained its status as the priciest residential market in 2023. With an average cost of nearly MXN 3.7 million in Q3, it stood at almost double the national average.

The Mexican housing market demonstrates a strong preference for ownership, with a significant portion of homes owned outright. The market has experienced a steady increase in residential property prices, particularly in Mexico City, which remains the most expensive market. These trends highlight the robust nature of the housing sector

as a key contributor to Mexico's economic stability.

Residential Real Estate Mexico Industry Overview

The residential real estate market in Mexico is fragmented due to the presence of many players in the market. Speculators do not drive the housing market. Some of the major players are Ruba, Consorcio Ara, Sab de CV, Grupo Garza Ponce, Grupo Lar, and Grupo Jomer. There are many developers, and the market is highly competitive. Access to financing has become an indispensable component of the Mexican residential market, with public institutions and private banks having a key role.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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