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## Mexico's top mortgage lender wants more builders

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By Noel Randewich

MEXICO CITY, Dec 11 (Reuters) - Mexico's housing industry, recently one of the country's most dynamic sectors, is losing steam and needs more regional players in order to meet huge demand, the country's top mortgage lender said on Tuesday.

Southern Mexico is underserved by leading developers like Geo, Homex and Urbi (URBI.MX: [Quote](#), [Profile](#), [Research](#)), while delays in building permits, shortages of land reserves and lack of infrastructure are also limiting growth, Infonavit head Victor Borrás told reporters.

"It's getting difficult to increase the supply of housing," Borrás said. "This shows the importance that more players emerge in the market -- new regional competitors that in the future can get rid of this bottleneck."

Borrás pointed to Inmobiliaria Ruba in the state of Chihuahua, Dynamica in Jalisco and Mexico City-based Grupo Sadasi as significant regional building firms that could increase their stakes in the sector.

More than a thousand companies, most of them very small, build houses and apartment buildings in Mexico.

Infonavit, funded by employer contributions, accounts for two thirds of mortgage lending in Mexico, and most builders cater to its demand for low-cost homes that sell for less than \$30,000 each.

Despite strong housing growth in recent years, Mexico still suffers from a housing deficit.

The agency aims to authorize about 540,000 home loans next year, the same goal as for 2007, although the average loan amount is seen rising about a third. Borrás said demand for new homes could reach 1 million a year within a few years.

No subprime niche exists in Mexico's mortgage industry, and the housing sector has not been affected by troubles in the U.S. real estate industry.

Developers Geo (GEOB.MX: [Quote](#), [Profile](#), [Research](#)), Homex (HOMEX.MX: [Quote](#), [Profile](#), [Research](#)) and Ara (ARA.MX: [Quote](#), [Profile](#), [Research](#)) became stock market favorites around 2003 thanks to a government push to boost mortgage lending.

They warn that as sought-after land around towns and cities becomes occupied, it is becoming difficult to keep prices down.

Although slower than in the past, analysts still expect healthy growth in the sector next year.

Homex sees 2008 revenue up as much as 18 percent. Urbi has forecast sales growth of 16 percent; Geo, 12 percent to 14 percent; and Ara, 10 percent.

In October, Ara trimmed its revenue and profit forecasts because of setbacks in obtaining permits to build in the State of Mexico, where its land reserves are concentrated.

Borras said the government should homogenize systems used by local authorities to grant building permits to make it easier for builders to work across regions. (Reporting by Noel Randewich; editing by Tim Dobbyn)

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