

Real estate market prospects.

Next July 2011, CAPECO will carry out the next census in which the building activity is expected to grow 17.1% in comparison to the 2010 Census (held in July 2010). Growth rates by segment would be: housing (18.7%), offices (32.6%), shopping (10.2%) and other buildings (9.5%). The housing sector will continue to expand due to the presence of a large unsatisfied demand, higher credit facilities, longer terms and lower mortgage rates, and also, the increasing income of the population.



An estimated 100, 000 homes are needed annually to help ease the housing shortage; however, the supply in 2010 was just 13.6 thousand homes, reason for which, self-construction is encouraged and there is an increase number of housing projects , especially apartments.

There is an increase in the demand of offices in the building area for the sector A +,, and there is also an increment of the demand for office-oriented small and medium businesses leading to increase its supply. Finally, the great dynamism in trade, will boost commercial building in the form of centers where you will find department stores and supermarkets. In the next few years, the building activity will grow at rates higher than 10% and in 2012, it will reach 12.8% and 11.9% in 2013. The growth of the construction will cause that land prices will continue to rise, and buyers will have to assume the cost in the end, in order to offset higher prices, some building companies are beginning to offer houses that are built on smaller areas. Up until July 2010, there were built 33,902 houses of which 27,922 were apartments and 5980 were houses, representing a decline of 4.2% and 9.7% respectively, compared to the 2009 census. In the same census period, 14,516 homes were sold (1,493.8 thousand m²), equivalent to a growth of 8.5%. On the other hand, office areas that were sold, reached 42.2 thousand m², followed by commercial premises that reached 8.1 thousand m². Meanwhile, other buildings (including schools, hospitals, etc.) obtained 65.9 thousand m² in sales. Among major opportunities in the sector, these include the following: (i) sustained growth of economic activity in the country which enables the improvement of income, (ii) easier access to mortgage credit at competitive rates and terms, (iii) good international image within the country including better business climate, a factor that will encourage investments in this market, (iv) provide as a country one of the highest rates of return in real estate in the region, (v) maintenance of a high deficit housing, in particular there is significant unsatisfied demand for C and D segments of the population.