

Brazil Housing Tracker

Chart book: MCMV grows while mid/high inventory remains a concern – Jan/Dec data

Industry Overview

Monthly update: December/January data

Our chart book of December/January data for the Brazilian housing market points out to continued MCMV growth and some mid/high deceleration in the 4Q23. Low-income housing supply accelerated amid improved affordability within a new MCMV program. We expect homebuilders to continue prioritizing margins moving forward. For mid/high-income, we remain concerned about discounting supporting sales amid deteriorated affordability and still elevated inventory facing likely stronger deliveries in '24.

Supply | Launches | SP: Low-income launches grow 17% y/y in '23, mid/high down 14% (December, Secovi). Low-income launches continued strong in December (up 16% y/y, down 10% m/m) after reaching a peak in November (doubling y/y), still driven by new subsidy parameters within MCMV. Following a deceleration in November, mid/high-income launches recovered q/q (flattish y/y), despite still softened affordability.

Supply | Inventory | SP: Mid/high-income inventory still accumulating (December, Secovi). Mid/high income inventory was flattish m/m (down 12% y/y from a peak), still 2.5x above 2019 at 11 months of sales. Low-income continued to rebuild inventory (at 7.6 months of sales) as margins recover.

Demand | SP: Sales accelerate in December (December, Secovi). Sales (units) were up 22% y/y driven mainly by mid/high-income (up 33% y/y), on a better SoS. Mid/high-income growth was driven mostly by middle-income products priced below R\$1mn. We see evidence of inventory discounting likely supporting SoS amid weak affordability. Low-income sales were down 9% m/m (still up 11% y/y) despite in line with launches and as homebuilders focus on pricing to recover margins.

Credit | FGTS: MCMV up 10 % y/y in January (January, FGTS). Overall FGTS mortgage concessions for MCMV lines remain up 10% y/y (in units, 32% in value). Average prices are rose 4% m/m (20% y/y), driven by higher-income brackets increasing market share, likely boosted by adjustments in subsidies in the 3Q23.

Discounts | FGTS: Discounts rose 23% y/y in January (January, FGTS). Budget execution reached 7%.

Credit | SBPE: Concessions down for the 9th consecutive month (December, Abecip). Mortgage concessions with savings resources deepened again into negative territory down 15% y/y amid a challenging affordability environment.

Rates: Caixa reduces rates (December, BCB). Asking mortgage rates fell 25bp q/q to TR + 10%, driven by Caixa (down 125bp) now operating about 240bps below peers (at TR + 7.6%). Santander continues to charge the highest rates at TR + 11.3%.

Inflation: Materials continue down, services a key highlight (January, FGV). Construction inflation rose 0.23% m/m in January (3.2% y/y).

08 February 2024

Equity
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Inside this report you'll find a **handbook with summary tables + heatmaps of the latest data on Brazil's housing market.**

Please reach out for the complete database.

Acronyms and abbreviations on page 12.

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Housing market at a glance

Exhibit 1: Heatmap | Housing credit

FGTS is the most real-time data

	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23
Concessions													
by type													
FGTS			7,719	8,023	7,997	6,862	5,392	6,094	5,845	5,492	5,059	4,268	3,927
m/m			(3.8%)	0.3%	16.5%	27.3%	(11.5%)	4.3%	6.4%	8.5%	18.5%	8.7%	(35.8%)
y/y			72.6%	83.2%	67.9%	62.1%	32.6%	43.0%	45.1%	56.1%	56.0%	35.2%	55.7%
LTM			55.4%	54.3%	51.2%	48.4%	44.3%	44.0%	42.1%	38.0%	33.9%	27.8%	24.6%
SFH			6,109	6,754	7,269	7,403	7,886	7,304	7,387	7,307	10,053	6,849	7,918
m/m			(9.6%)	(7.1%)	(1.8%)	(6.1%)	8.0%	(1.1%)	1.1%	(27.3%)	46.8%	(13.5%)	8.8%
y/y			(29.5%)	(27.1%)	(24.6%)	(28.8%)	(29.6%)	(30.6%)	(21.8%)	(12.9%)	14.6%	(22.3%)	(11.4%)
LTM			(21.7%)	(21.7%)	(20.8%)	(19.1%)	(19.2%)	(17.7%)	(16.7%)	(17.5%)	(19.0%)	(22.2%)	(21.6%)
by index													
TR			95.8%	95.9%	96.2%	95.9%	95.9%	96.2%	95.9%	96.1%	94.4%	95.4%	93.8%
IPCA			1.7%	1.3%	1.3%	1.4%	1.2%	1.1%	1.1%	0.9%	1.8%	0.8%	0.7%
Fixed			1.4%	1.6%	1.3%	1.5%	1.8%	1.6%	1.7%	1.8%	2.7%	2.7%	4.5%
SBPE		8,859	7,964	8,227	9,980	9,216	8,416	10,703	9,854	7,710	14,397	8,126	9,534
m/m			11.2%	(3.2%)	(17.6%)	8.3%	9.5%	(21.4%)	8.6%	27.8%	(46.4%)	77.2%	(14.8%)
y/y			(2.8%)	(22.5%)	(25.1%)	(17.6%)	(24.7%)	(40.5%)	(11.6%)	(18.9%)	(17.1%)	30.3%	(12.3%)
LTM			(15.9%)	(17.2%)	(17.7%)	(17.3%)	(17.4%)	(17.7%)	(14.2%)	(15.1%)	(15.0%)	(16.5%)	(20.7%)
SBPE by bank													
Caixa			39.8%	45.0%	48.9%	49.9%	50.1%	52.0%	53.5%	55.4%	54.2%	53.5%	42.4%
Others			60.2%	55.0%	51.1%	50.1%	49.9%	48.0%	46.5%	44.6%	45.8%	46.5%	57.6%
FGTS by line													
MCMV (price)	155	149	151	148	147	149	142	140	140	138	134	133	130
m/m			3.6%	(1.1%)	2.1%	0.4%	(0.9%)	5.0%	1.3%	(0.2%)	1.8%	2.4%	1.0%
y/y			19.4%	17.4%	18.0%	17.1%	16.5%	19.7%	14.5%	12.9%	13.5%	9.8%	9.7%
MCMV	5,806	5,561	6,621	6,916	6,850	6,614	4,475	5,691	5,623	4,484	4,964	3,364	3,443
m/m			4.4%	(16.0%)	(4.3%)	1.0%	3.6%	47.8%	(21.4%)	1.2%	25.4%	(9.7%)	47.6%
y/y			68.6%	24.2%	77.1%	79.6%	53.3%	52.6%	16.2%	40.1%	28.6%	39.7%	32.5%
LTM			44.0%	41.4%	40.7%	37.0%	32.8%	30.6%	27.5%	28.0%	25.4%	24.3%	20.5%
Apoio à produção (PF)	1,967	2,984	2,753	2,966	3,122	3,245	2,141	2,996	3,135	2,352	2,725	1,965	1,987
m/m			(34.1%)	8.4%	(7.2%)	(5.0%)	(3.8%)	51.5%	(28.5%)	(4.4%)	33.3%	(13.7%)	38.7%
y/y			(1.0%)	17.8%	29.8%	30.1%	13.5%	28.3%	0.9%	20.2%	18.0%	13.1%	16.8%
LTM			16.8%	18.7%	17.6%	16.1%	16.0%	17.4%	16.6%	17.1%	16.3%	15.5%	14.3%
% annual budget			9.2%	132.9%	119.5%	107.7%	95.3%	79.6%	66.4%	54.4%	42.4%	32.5%	24.1%
CCI	3,839	2,577	3,869	3,950	3,728	3,369	2,334	2,695	2,489	2,132	2,239	1,398	1,456
m/m			49.0%	(33.4%)	(2.1%)	6.0%	10.7%	44.4%	(13.4%)	8.3%	16.7%	(4.8%)	60.1%
y/y			163.6%	32.6%	139.2%	151.4%	116.9%	86.5%	35.1%	71.7%	45.2%	88.8%	58.5%
LTM			84.0%	75.1%	75.6%	69.6%	58.9%	51.2%	44.4%	45.7%	40.1%	38.7%	30.6%
% annual budget			12.2%	148.5%	136.7%	118.8%	100.6%	83.5%	67.9%	57.2%	44.8%	33.3%	23.5%
Pro-cotista	854	1,216	1,298	1,176	1,050	834	244	880	451	751	615	629	586
% annual budget			10.0%	486.5%	425.7%	360.8%	302.0%	249.5%	207.8%	195.6%	151.6%	129.1%	91.5%
FGTS CVA discounts	691	804	964	1,037	994	836	581	654	664	559	704	510	563
m/m			(14.1%)	(16.5%)	(7.1%)	4.3%	18.9%	43.9%	(11.1%)	(1.4%)	18.7%	(20.6%)	38.0%
y/y			22.8%	(9.8%)	40.7%	46.6%	25.9%	8.4%	(1.8%)	12.9%	13.3%	56.0%	75.5%
LTM			24.3%	27.0%	34.4%	35.4%	35.1%	37.3%	40.5%	41.2%	37.6%	33.6%	24.1%
as a % of mortgage value			21.2%	21.8%	21.8%	21.0%	20.0%	18.6%	17.5%	17.2%	17.8%	18.6%	19.5%
Complement (% price)			10.6%	10.7%	10.7%	10.3%	9.7%	9.2%	8.7%	8.7%	9.1%	9.7%	10.4%
Funding													
SBPE flows		10,524	(1,801)	(8,825)	(5,563)	(8,470)	(3,703)	2,421	(10,444)	(5,075)	(5,665)	(8,577)	(27,217)
FGTS flows		6,582	2,858	2,266	2,438	1,212	2,297	2,497	1,038	2,507	857	3,085	5,495
Rates													
by bank @ TR+													
Caixa			7.6%	8.8%	8.9%	8.8%	8.7%	8.8%	8.6%	8.6%	8.4%	8.1%	7.5%
Santander			11.3%	11.4%	11.4%	11.3%	11.4%	11.5%	11.5%	11.2%	10.8%	10.6%	10.4%
Itau			10.7%	10.7%	10.8%	10.8%	10.9%	10.8%	10.7%	10.7%	10.5%	10.3%	10.2%
Bradesco			10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.3%	9.8%
Delinquency			1.5%	1.7%	1.7%	1.8%	1.9%	2.0%	1.8%	2.0%	1.9%	1.7%	1.8%
SFH				1.0%	1.1%	1.1%			1.1%	1.2%	1.2%	1.0%	
FGTS				2.3%	2.4%	2.6%			2.8%	3.0%	3.0%	2.6%	

Source: BCB, FGTS, Abecip, MDR, Bloomberg, BofA Global Research

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Exhibit 2: Heatmap | Housing supply

Inventory has been holding up since the beginning of the year

	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23
Launches (units)													
SP													
Low-income	5,301	5,908	3,511	4,334	3,391	2,063	2,652	2,601	647	3,893	894	1,629	
m/m	(10.3%)	68.3%	(19.0%)	27.8%	64.4%	(22.2%)	2.0%	302.0%	(83.4%)	335.5%	(45.1%)	(64.4%)	
y/y	15.9%	107.7%	243.2%	35.0%	(16.2%)	12.6%	(18.8%)	(34.7%)	(59.0%)	34.1%	(36.3%)	110.2%	
LTM	17.1%	1.4%	(2.5%)	(14.8%)	(16.4%)	(12.4%)	(16.8%)	(13.9%)	(7.3%)	(9.6%)	(10.3%)	(8.1%)	
Mid/high-income	5,184	2,777	4,492	3,035	2,972	2,157	3,808	3,327	4,607	3,048	848	170	
m/m	86.7%	(38.2%)	48.0%	2.1%	37.8%	(43.4%)	14.5%	(27.8%)	51.1%	259.4%	398.8%	(96.7%)	
y/y	0.6%	(58.0%)	22.3%	(5.5%)	(0.6%)	(19.2%)	(36.6%)	(8.8%)	101.7%	(23.2%)	(57.0%)	-	
LTM	(14.0%)	(23.5%)	(12.8%)	(14.9%)	(18.1%)	(20.6%)	(21.1%)	(13.6%)	(16.1%)	(19.1%)	(12.7%)	(7.6%)	
Brazil													
Low-income			5,757	7,380	6,980	4,543	8,196	4,872	9,339	8,603	5,625	2,993	
m/m			(22.0%)	5.7%	53.6%	(44.6%)	68.2%	(47.8%)	8.6%	52.9%	87.9%	(70.7%)	
y/y			(1.8%)	(31.3%)	17.1%	216.1%	(3.8%)	(14.5%)	229.0%	42.9%	85.5%	(60.8%)	
LTM			8.5%	8.5%	15.7%	16.7%	9.4%	8.5%	11.5%	0.3%	(3.5%)	(9.8%)	
Mid/high-income			2,941	2,995	1,955	3,239	4,618	1,996	598	1,968	257	160	
m/m			(1.8%)	53.2%	(39.6%)	(29.9%)	131.4%	233.8%	(69.6%)	665.8%	60.6%	(93.8%)	
y/y			(10.1%)	1.7%	(25.6%)	40.2%	(47.5%)	4.2%	(76.1%)	(45.6%)	(91.4%)	(94.8%)	
LTM			(50.9%)	(52.4%)	(55.3%)	(55.0%)	(57.2%)	(49.4%)	(52.1%)	(48.2%)	(48.0%)	(41.7%)	
Inventory (units)													
SP													
Low-income	24,739	23,871	21,556	21,091	20,100	20,611	21,333	21,037	21,469	23,434	22,992	24,338	
m/m	3.6%	10.7%	2.2%	4.9%	(2.5%)	(3.4%)	1.4%	(2.0%)	(8.4%)	1.9%	(5.5%)	(3.4%)	
y/y	(1.8%)	2.6%	(10.9%)	(19.3%)	(22.2%)	(16.0%)	(16.3%)	(15.2%)	(12.6%)	(8.9%)	(11.8%)	(9.3%)	
LTM	(11.9%)	(12.6%)	(12.9%)	(12.1%)	(9.5%)	(6.8%)	(5.1%)	(2.7%)	(0.9%)	0.7%	2.8%	5.2%	
Months of sales	8.3	8.1	7.3	7.1	6.9	7.3	7.5	7.4	7.4	8.0	7.9	8.4	
Mid/high-income	39,895	39,767	39,896	39,690	40,544	41,851	42,757	42,676	43,131	41,479	42,272	43,985	
m/m	0.3%	(0.3%)	0.5%	(2.1%)	(3.1%)	(2.1%)	0.2%	(1.1%)	4.0%	(1.9%)	(3.9%)	(3.6%)	
y/y	(12.5%)	(8.6%)	(3.4%)	(2.1%)	3.7%	5.6%	7.4%	12.7%	15.6%	10.0%	14.8%	19.3%	
LTM	4.6%	7.6%	11.2%	14.4%	17.9%	21.5%	25.7%	30.5%	34.8%	39.9%	46.4%	52.3%	
Months of sales	11.9	12.1	11.9	12.3	12.9	13.8	14.0	14.0	14.4	13.9	14.3	15.1	
Brazil													
Low-income			54,993	55,393	52,719	54,929	55,512	54,705	56,541	59,247	60,086	59,922	
m/m			(0.7%)	5.1%	(4.0%)	(1.1%)	1.5%	(3.2%)	(4.6%)	(1.4%)	0.3%	(7.6%)	
y/y			(14.2%)	(16.8%)	(21.9%)	(17.8%)	(16.4%)	(9.0%)	(6.8%)	(3.9%)	(2.2%)	(0.4%)	
LTM			(6.9%)	(4.0%)	(0.1%)	5.2%	10.5%	16.3%	21.5%	27.6%	34.2%	42.3%	
Months of sales			15.9	15.6	14.7	15.5	16.1	16.4	17.3	18.3	18.7	18.8	
Mid/high-income			2,941	2,995	1,955	3,239	4,618	1,996	598	1,968	257	160	
m/m			(1.8%)	53.2%	(39.6%)	(29.9%)	131.4%	233.8%	(69.6%)	665.8%	60.6%	(93.8%)	
y/y			(10.1%)	1.7%	(25.6%)	40.2%	(47.5%)	4.2%	(76.1%)	(45.6%)	(91.4%)	(94.8%)	
LTM			(50.9%)	(52.4%)	(55.3%)	(55.0%)	(57.2%)	(49.4%)	(52.1%)	(48.2%)	(48.0%)	(41.7%)	
Months of sales			15.9	15.6	14.7	15.5	16.1	16.4	17.3	18.3	18.7	18.8	

Source: Secovi, Fipe, Abnair, FGV, BofA Global Research

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Exhibit 3: Heatmap | Housing demand

SoS is usually higher for low-income

	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23
Sales (units)													
SP													
Low-income	3,221	3,550	2,934	3,426	3,713	2,884	2,352	2,998	2,632	3,450	2,240	2,497	
m/m	(9.3%)	21.0%	(14.4%)	(7.7%)	28.7%	22.6%	(21.5%)	13.9%	(23.7%)	54.0%	(10.3%)	(13.9%)	
y/y	11.0%	(1.6%)	3.8%	16.7%	37.5%	3.6%	(8.2%)	(20.2%)	(4.3%)	8.3%	0.7%	20.6%	
LTM	4.6%	0.0%	4.7%	5.4%	5.0%	0.0%	(0.3%)	(2.2%)	2.7%	3.5%	3.4%	0.8%	
Mid/high-income	3,759	2,916	4,039	3,991	4,316	2,941	3,594	3,775	2,921	3,669	2,405	1,922	
m/m	28.9%	(27.8%)	1.2%	(7.5%)	46.8%	(18.2%)	(4.8%)	29.2%	(20.4%)	52.6%	25.1%	(32.1%)	
y/y	32.9%	(22.8%)	51.3%	36.0%	48.3%	(6.9%)	(3.5%)	22.5%	6.5%	10.9%	20.0%	28.6%	
LTM	16.2%	8.4%	13.7%	8.7%	7.1%	2.0%	4.4%	5.7%	3.8%	7.2%	11.2%	10.1%	
SP SoS													
Low-income	11.5%	12.9%	12.1%	14.0%	15.6%	12.3%	9.9%	12.5%	10.9%	12.8%	8.9%	9.3%	
Mid/high-income	8.6%	6.8%	9.2%	9.1%	9.6%	6.6%	7.8%	8.1%	6.3%	8.1%	5.4%	4.2%	
1 room	10.1%	7.3%	10.4%	12.2%	10.7%	8.1%	7.5%	6.5%	7.7%	8.4%	63.1%	4.9%	
2 rooms	10.4%	10.8%	10.5%	11.6%	13.3%	9.5%	8.9%	11.0%	8.8%	11.4%	7.6%	7.3%	
3 rooms	7.1%	6.1%	8.6%	5.8%	6.9%	5.9%	8.0%	10.3%	4.8%	6.4%	4.3%	3.4%	
+4 rooms	5.7%	8.4%	9.1%	5.9%	9.1%	5.2%	11.2%	6.2%	6.0%	7.4%	3.5%	3.3%	
Brazil													
Low-income	10,033	10,045	12,215	9,341	8,453	8,603	8,984	9,158	6,722	5,301			
m/m	(0.1%)	(17.8%)	30.8%	10.5%	(1.7%)	(4.2%)	(1.9%)	36.2%	26.8%	(24.0%)			
y/y	72.1%	64.1%	71.8%	60.6%	24.3%	1.8%	10.1%	2.2%	3.9%	(16.1%)			
LTM	18.5%	11.5%	5.1%	(1.6%)	(7.5%)	(12.9%)	(13.8%)	(15.1%)	(17.2%)	(19.5%)			
Mid/high-income	3,015	3,690	3,868	3,657	4,216	3,653	3,164	3,810	2,663	2,492			
m/m	(18.3%)	(4.6%)	5.8%	(13.3%)	15.4%	15.5%	(17.0%)	43.1%	6.9%	(32.6%)			
y/y	(25.5%)	(7.2%)	13.4%	42.0%	48.2%	30.8%	13.4%	7.3%	11.5%	28.2%			
LTM	14.5%	22.6%	28.6%	31.1%	29.7%	24.0%	23.2%	26.0%	32.6%	35.7%			
Brazil SoS													
Low-income	11.3%	11.1%	14.2%	11.1%	9.3%	10.1%	10.0%	10.5%	8.9%	6.9%			
Mid/high-income	5.2%	6.3%	7.1%	6.3%	7.0%	6.4%	5.5%	6.2%	4.4%	4.1%			

Source: Secovi, Fipe, Abbrainc, FGV, BofA Global Research

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Exhibit 4: Heatmap | Prices and costs

INCC has been decelerating

	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23	Jan-23
Costs													
INCC y/y	0.2%	3.3%	3.1%	3.0%	2.7%	2.5%	2.3%	4.3%	6.3%	6.3%	8.2%	8.8%	9.1%
INCC m/m	0.2%	0.3%	0.1%	0.2%	0.2%	0.2%	0.1%	0.9%	0.4%	0.2%	0.2%	0.2%	0.3%
Materials and equipment	0.1%	0.3%	(0.2%)	0.1%	0.0%	(0.1%)	(0.3%)	0.2%	(0.1%)	0.1%	(0.1%)	0.2%	(0.3%)
Structure materials	0.1%	0.1%	(0.0%)	(0.0%)	(0.1%)	(0.1%)	(0.2%)	(0.7%)	0.1%	(0.5%)	(0.3%)	(0.1%)	(0.6%)
Metals								0.6%	(0.4%)	(1.6%)	(1.2%)	(0.0%)	(0.6%)
Wood								-	0.1%	(0.2%)	0.1%	(0.2%)	(0.1%)
Non-metallic minerals								(0.5%)	0.3%	0.3%	-	0.0%	(0.7%)
Installation materials	0.0%	1.1%	(1.2%)	0.1%	0.1%	(0.2%)	(0.9%)	(1.1%)	(0.2%)	1.7%	(0.2%)	0.1%	(0.8%)
Hydraulic								(0.9%)	(0.3%)	2.5%	(0.4%)	0.1%	(1.7%)
Electric								(1.5%)	(0.1%)	0.4%	0.2%	0.0%	0.8%
Finishing materials	0.0%	0.0%	0.0%	0.1%	0.3%	(0.2%)	(0.1%)	0.2%	(0.3%)	0.1%	0.2%	0.4%	0.2%
Services	0.2%	0.1%	0.4%	0.8%	0.4%	0.2%	0.8%	0.2%	0.6%	0.7%	0.9%	1.1%	0.5%
Labor	0.4%	0.2%	0.4%	0.3%	0.5%	0.7%	0.4%	1.8%	0.8%	0.2%	0.3%	0.1%	0.8%
Prices													
Buy	8,720	8,697	8,666	8,622	8,584	8,548	8,515	8,472	8,433	8,396	8,360	8,329	
m/m	0.3%	0.4%	0.5%	0.4%	0.4%	0.4%	0.5%	0.5%	0.4%	0.4%	0.4%	0.3%	
y/y	5.0%	5.1%	5.2%	5.2%	5.4%	5.6%	5.7%	5.7%	5.6%	5.7%	5.8%	5.9%	
LTM	5.5%	5.6%	5.7%	5.8%	5.9%	5.9%	6.0%	6.0%	6.0%	6.1%	6.1%	6.1%	
Rent	43	42	42	42	41	41	40	39	39	38	38	37	
m/m	0.9%	0.8%	0.7%	1.0%	1.2%	1.5%	1.3%	1.3%	1.7%	1.7%	1.6%	1.2%	
y/y	16.0%	16.0%	16.0%	16.2%	16.3%	16.4%	16.2%	16.5%	17.0%	17.2%	17.0%	16.8%	
LTM	16.4%	16.5%	16.5%	16.6%	16.5%	16.5%	16.3%	16.0%	15.6%	15.0%	14.2%	13.2%	
Own vs rent	38.5%	42.3%	42.9%	43.1%	44.2%	44.8%	45.3%	45.8%	45.1%	44.7%	44.1%	44.0%	

Source: FGV, Fipe, BofA Global Research estimates

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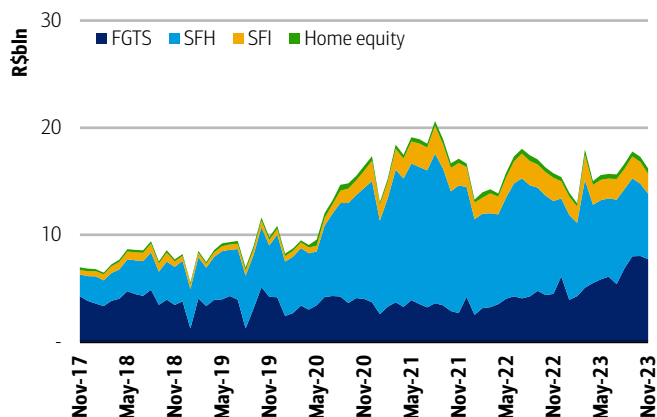
Please note FGTS data is subject to backward revisions.



Housing credit

Exhibit 5: Mortgage concessions by type

In R\$bln, monthly | SFH is the largest line since 2018

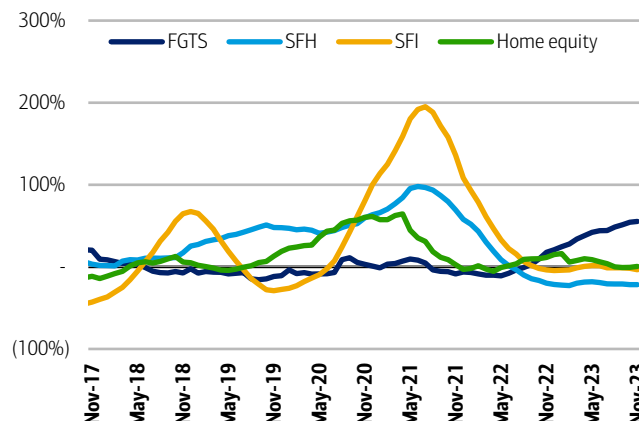


Source: BCB

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Exhibit 6: Mortgage concessions by type y/y

% LTM | SFI has been posting the strongest growth

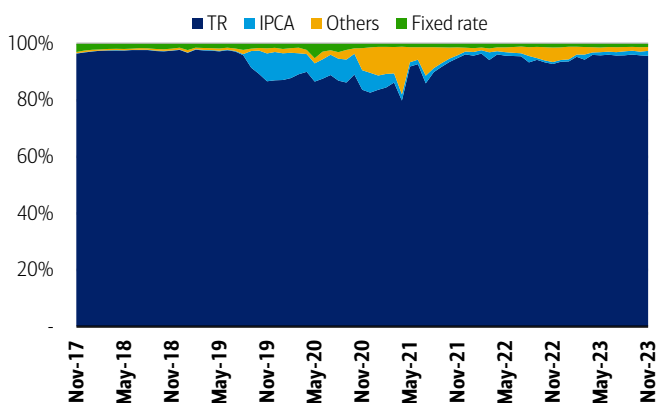


Source: BCB

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Exhibit 7: Mortgage concessions market share by index

%, 3mma | TR remains the most relevant mortgage index

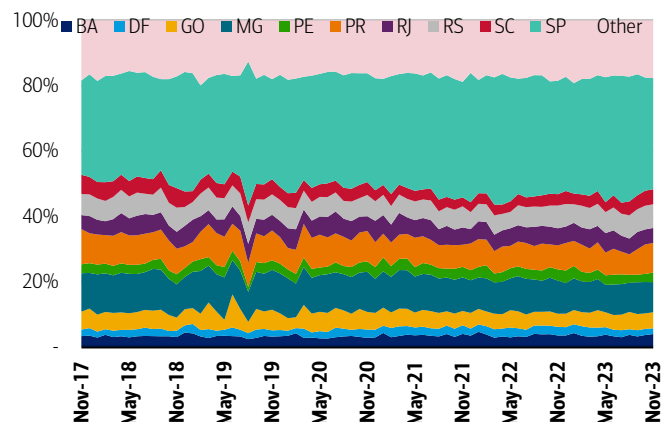


Source: BCB

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Exhibit 8: Mortgage concessions market share by state

%, 3mma | SP is the most relevant market



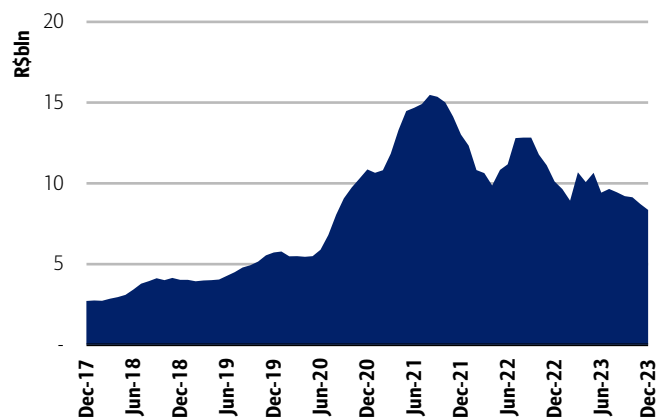
Source: BCB

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SBPE

Exhibit 9: Mortgage concessions with SBPE resources

In R\$bln, 3mma | Concessions with savings resources started to recover...



Source: Abecip

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Exhibit 10: Mortgage concessions with SBPE resources y/y

%, 3mma | ...but remain on negative territory y/y

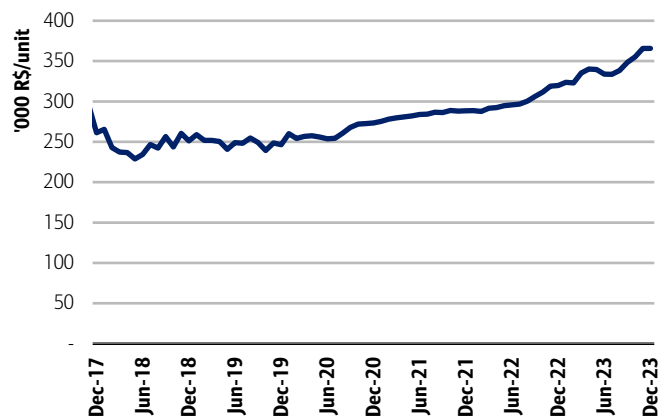


Source: Abecip

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Exhibit 11: Average mortgage value per unit at SBPE concessions

In R\$ thousand per unit, monthly | Mortgage value continues down y/y

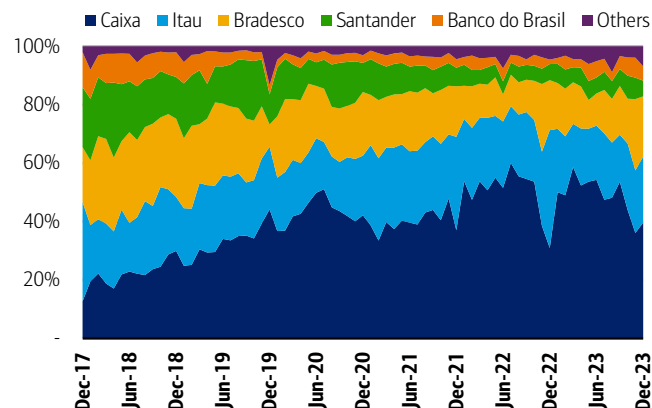


Source: Abecip

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Exhibit 12: Mortgage concessions with SBPE market share by bank

%, monthly | Caixa represents over 50% of the market

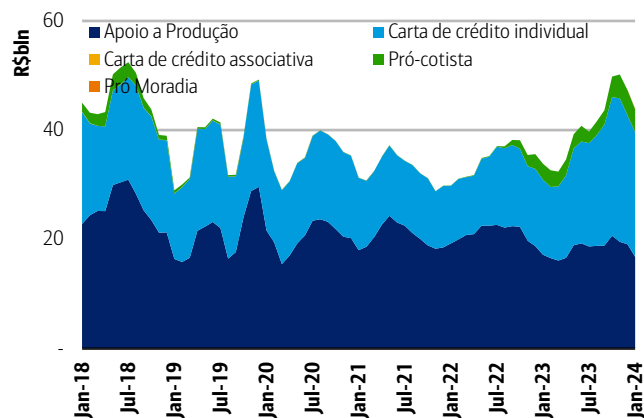


Source: Abecip

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FGTS**Exhibit 13: FGTS mortgage concessions by line**

In units, 3mma | 'Apoio a produção' is the most relevant line

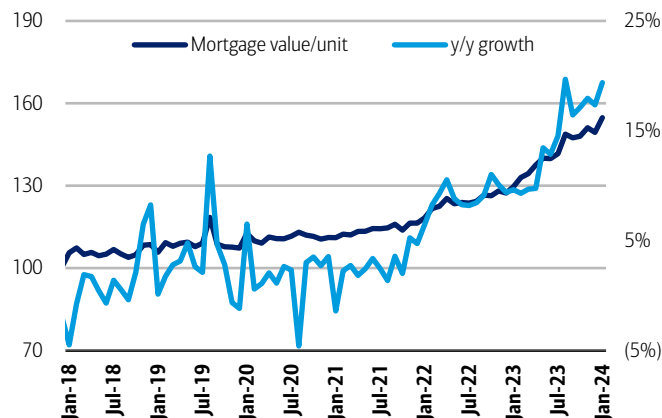


Source: FGTS

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Exhibit 14: Average mortgage value per unit within FGTS concessions

In R\$ thousand per unit and % (rhs), | Prices grow since 2021

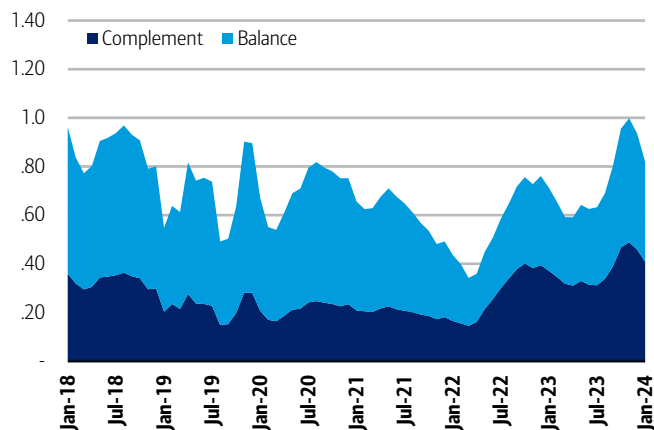


Source: FGTS

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Exhibit 15: FGTS discounts by type

In R\$bln, 3mma | Balance (rate) discounts consume more budget

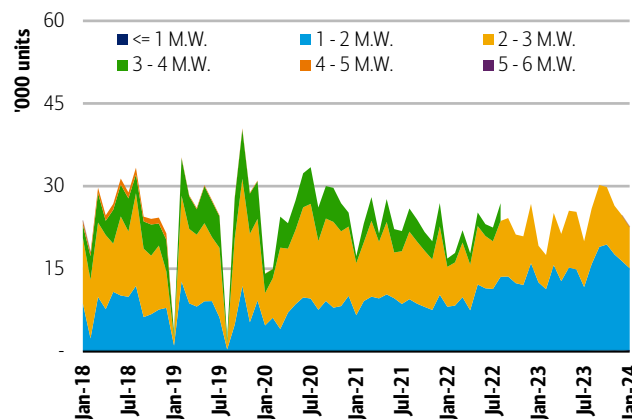


Source: FGTS

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Exhibit 16: FGTS discounts by income level

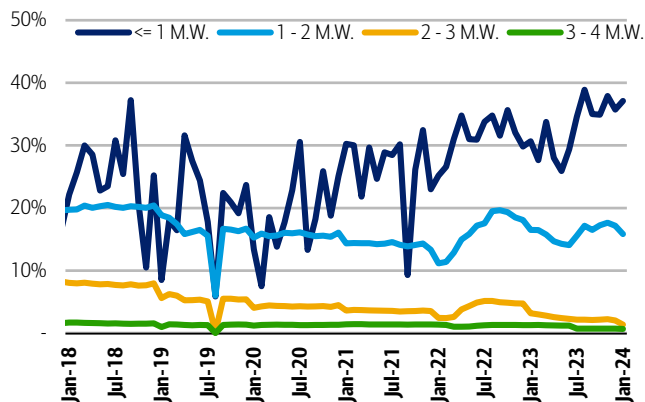
In units, monthly | Families earning 1-2 wages are more representative



Source: FGTS

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Exhibit 17: FGTS discounts as a % of mortgage value per income level
%, monthly | Families earning less than 1 wage see the highest % discount

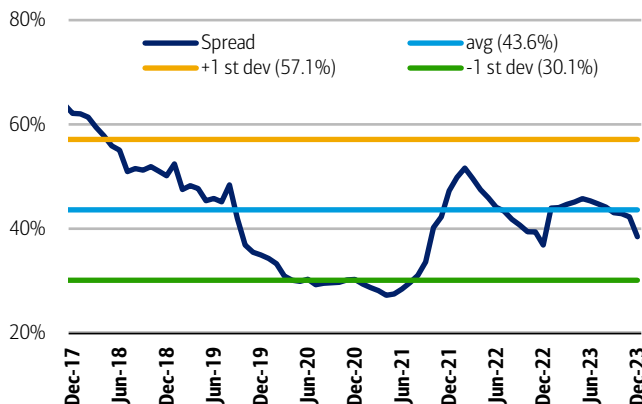


Source: FGTS

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Affordability

Exhibit 19: Own vs rent spread in Brazil
% premium on a mortgage installment vs rent | Premium is close to peak

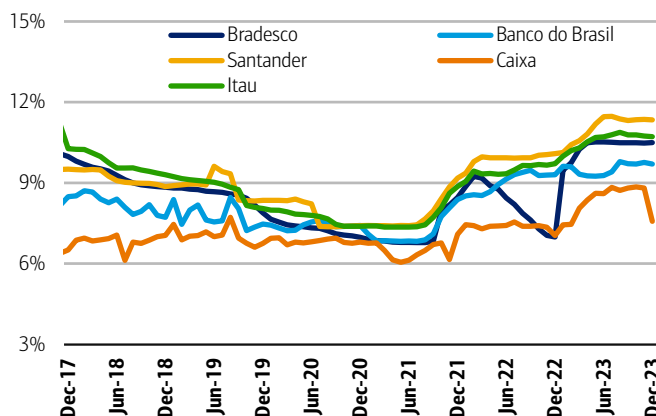


Source: BofA Global Research

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Rates

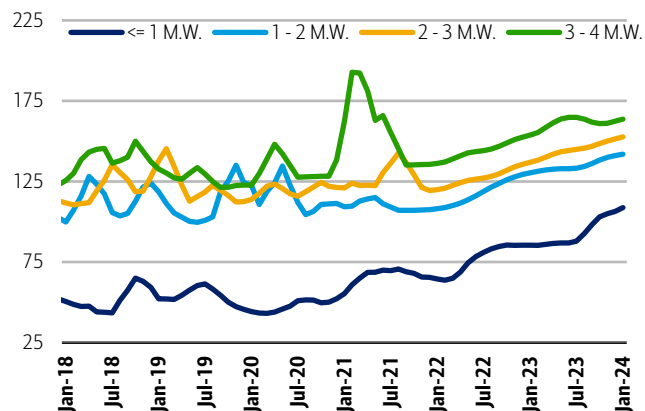
Exhibit 21: Mortgage rate spread (TR+) by bank
% a.a., monthly | Caixa levels rates from below



Source: BCB

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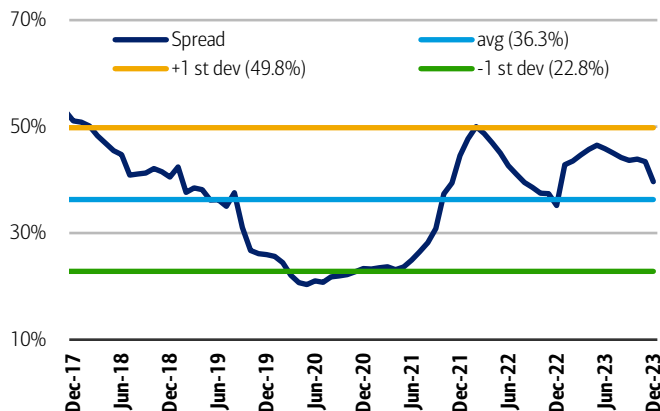
Exhibit 18: Mortgage value + complement discount by income level
In R\$ thousand per unit, 3mma | Prices range between R\$50-175mln/unit



Source: FGTS

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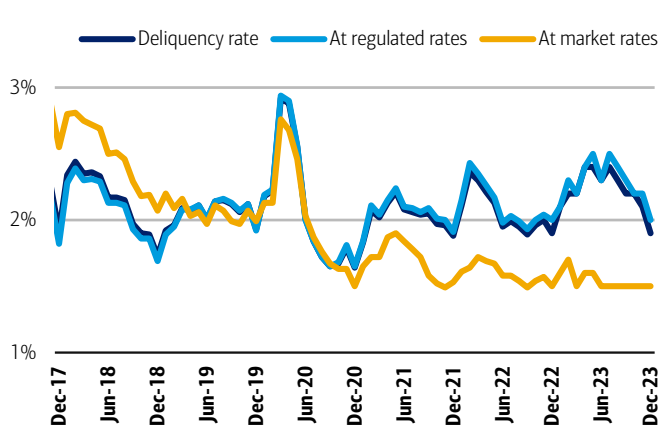
Exhibit 20: Own vs rent spread in SP
% premium on a mortgage installment vs rent | Premium is close to peak



Source: BofA Global Research

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Exhibit 22: Mortgage delinquency
%, monthly | Delinquency is lower at market rates



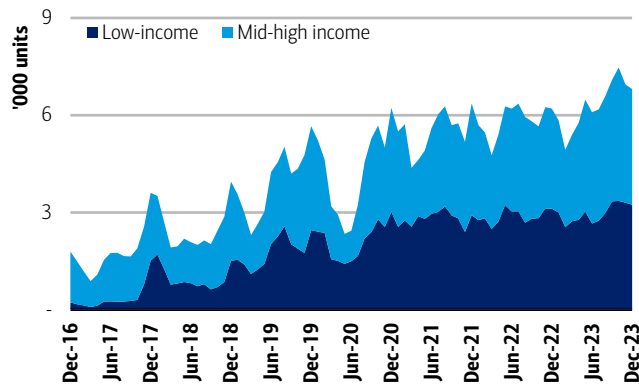
Source: BCB

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Demand

Exhibit 23: Home sales in SP by income segment

In units, 3mma | Low-income has been growing steadily

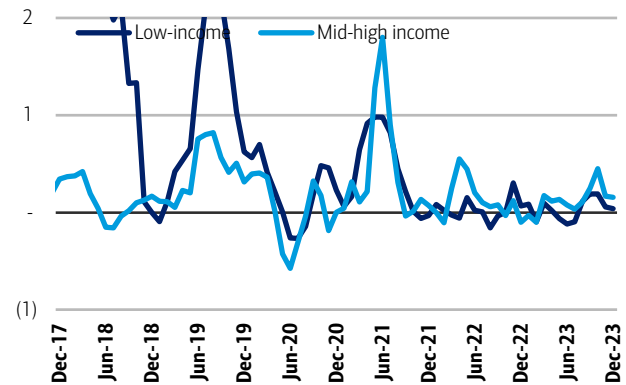


Source: Secovi

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Exhibit 24: Home sales in SP by income segment y/y

%, 3mma | Mid-high-income sales are on positive territory on easy comps

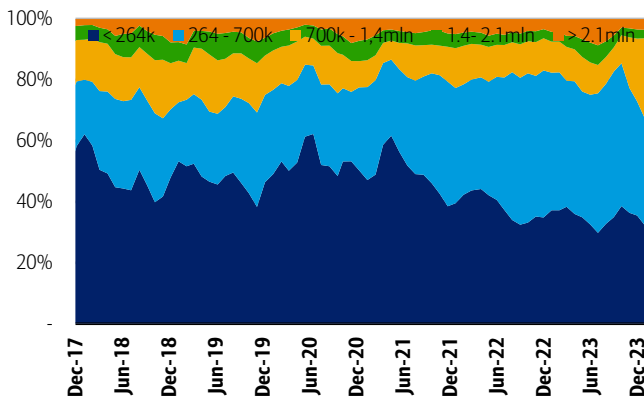


Source: Secovi

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Exhibit 25: Home sales in SP market share by unit price

%, 3mma | Units between R\$265-700mln are the most representative

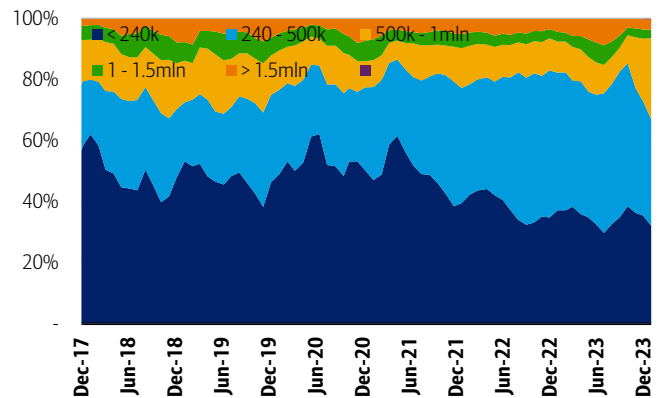


Source: Secovi

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Exhibit 26: Home sales in SP market share by unit size

%, 3mma | Most units sold have less than 45 sqm

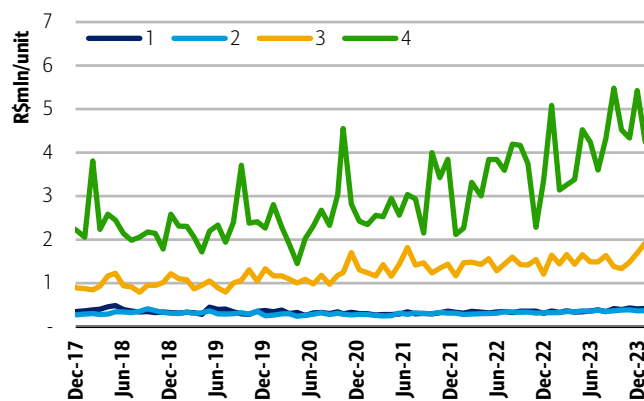


Source: Secovi

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Exhibit 27: Average price by room count in SP

In R\$mIn per unit, monthly | Average price for larger units has accelerated

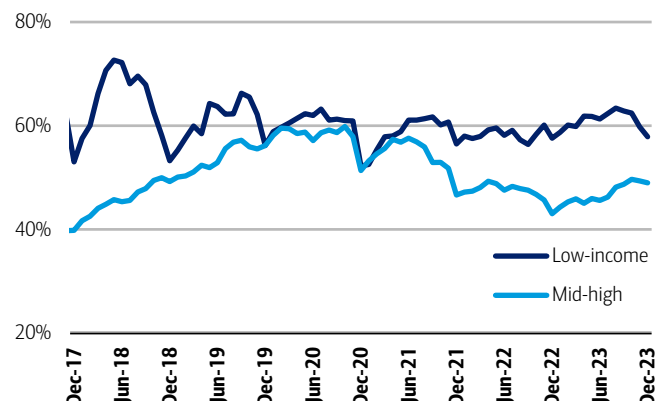


Source: Secovi

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Exhibit 28: SoS by income segment in SP

%, monthly | Mid/high-income SoS is lower



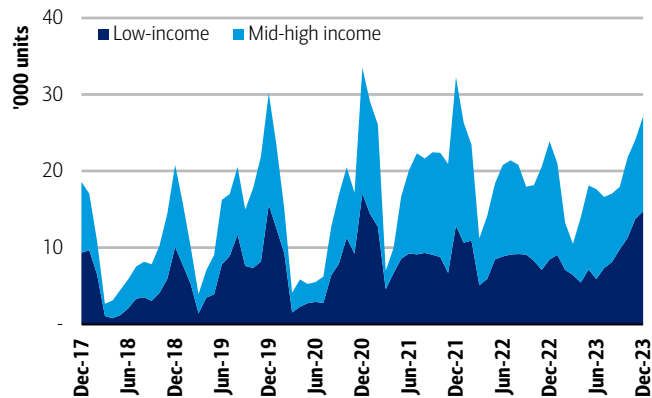
Source: Secovi

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Supply Launches

Exhibit 29: Home launches in SP by income segment

In units, 3mma | Launches see seasonality effects

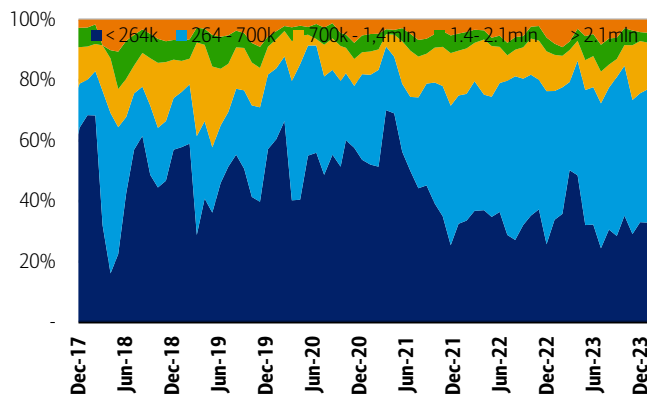


Source: Secovi

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Exhibit 31: Home launches in SP market share by unit price

%, 3mma | Launches respond to both price...

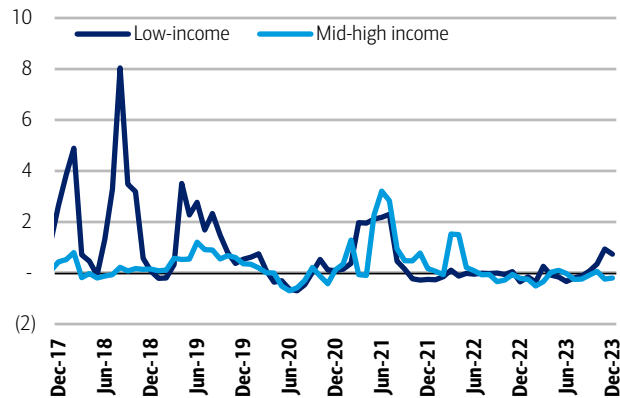


Source: Secovi

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Exhibit 30: Home launches in SP by income segment y/y

%, 3mma | Launches have been roughly stable y/y

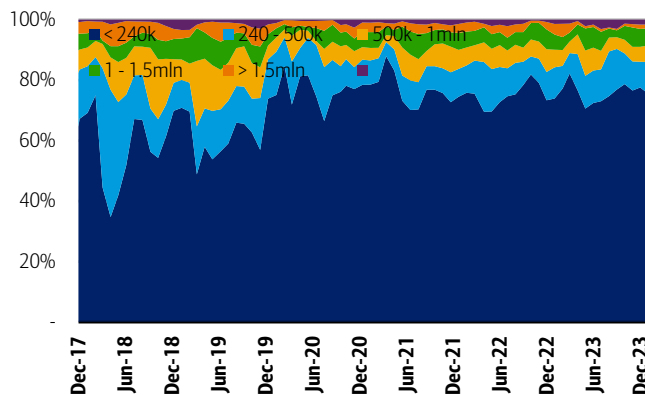


Source: Secovi

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Exhibit 32: Home launches in SP market share by unit size

%, 3mma | ...and size demand



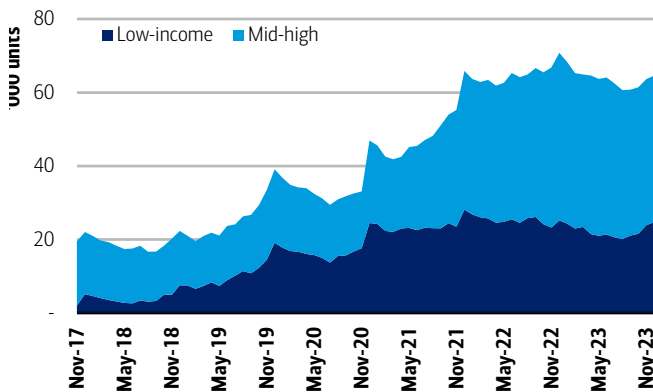
Source: Secovi

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Inventory

Exhibit 33: Home inventory in SP by income segment

In units, 3mma | Mid/high-income inventory is accumulating

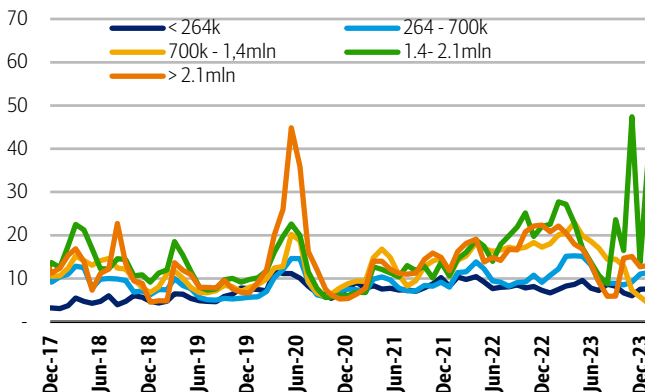


Source: Secovi

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Exhibit 34: Home inventory in SP by unit price

In months of sales, 3mma | Units between R\$1-1.5mln see higher increase



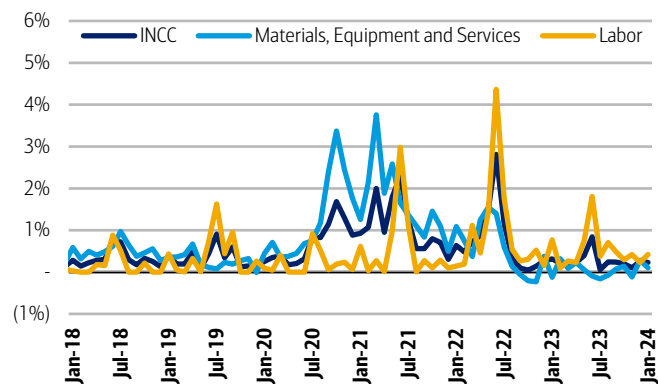
Source: Secovi

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Costs

Exhibit 35: INCC by component group m/m

%, monthly | All inflation sources decelerated sharply

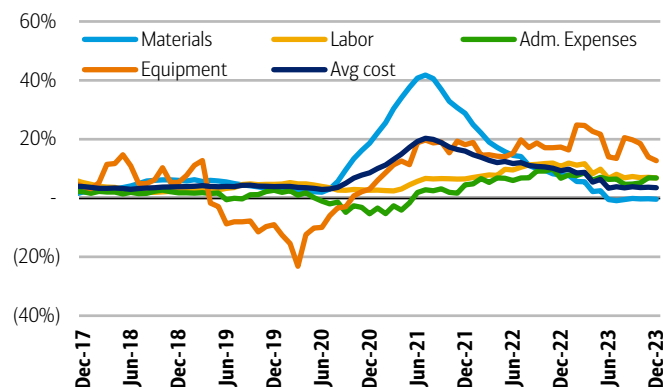


Source: FGV

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Exhibit 37: CBIC's construction inflation y/y

%, monthly | CBIC's indicator follows INCC

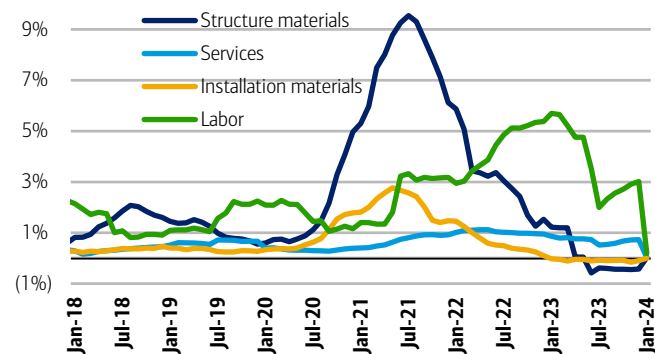


Source: CBIC

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Exhibit 36: INCC component contribution y/y

%, monthly | Labor is now the main source of growth y/y

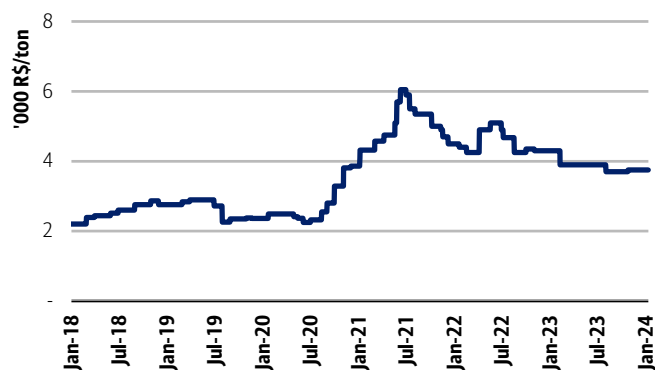


Source: FGV

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Exhibit 38: Long steel (rebar) domestic prices

In R\$ per ton, weekly | Prices increased at the margin



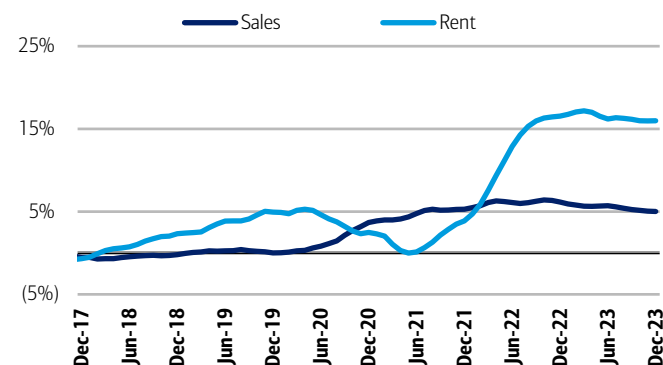
Source: Platts

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Prices

Exhibit 39: Sales price and rent growth y/y in Brazil

%, monthly | Rental prices are accelerating over sales

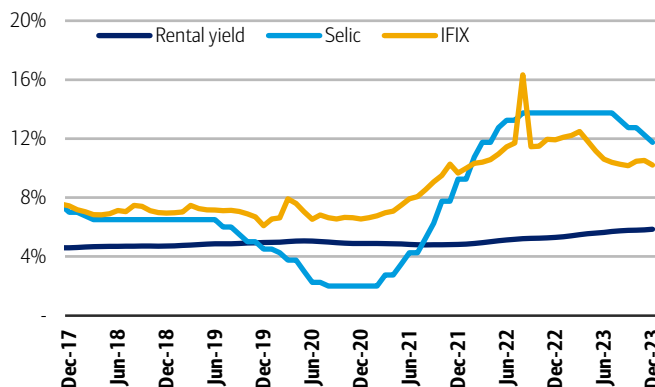


Source: FipeZap

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Exhibit 40: Rental yield vs Selic and IFIX

%, monthly | IFIX returns remain below Selic



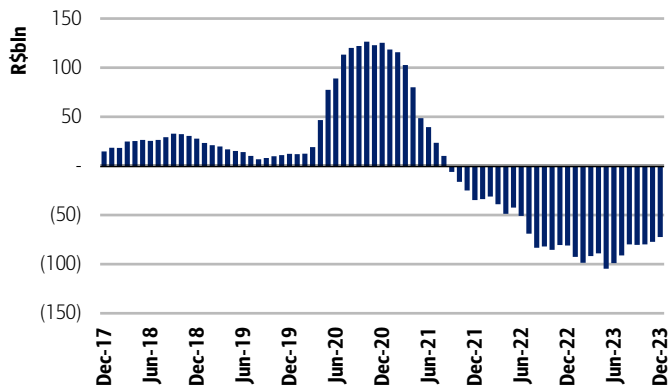
Source: FipeZap, Bloomberg

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Funding

Exhibit 41: Net flows to SBPE

In R\$bln, LTM | SBPE is seeing outflows

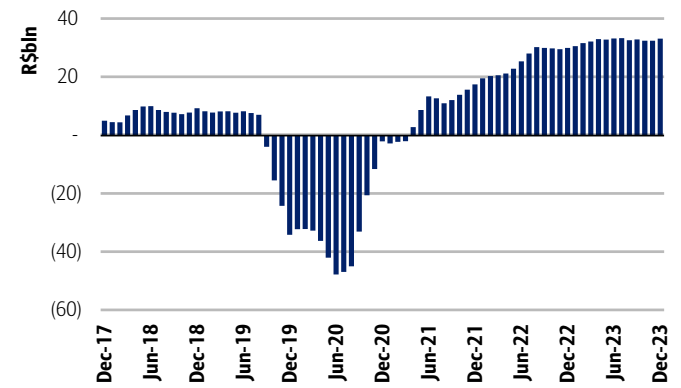


Source: Abecip

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Exhibit 42: Net flows to FGTS

In R\$bln, LTM | FGTS sees inflows

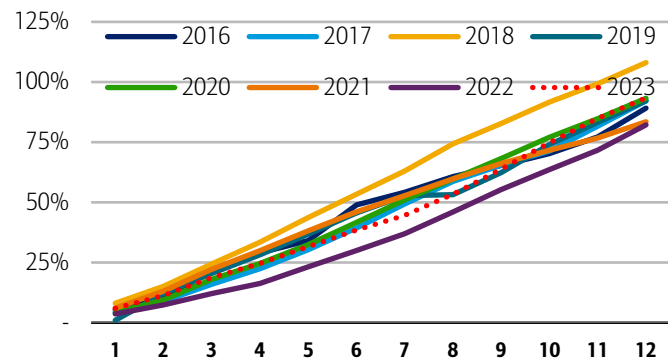


Source: FGTS

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Exhibit 43: FGTS discount budget execution

% monthly | Discount is below historical budget

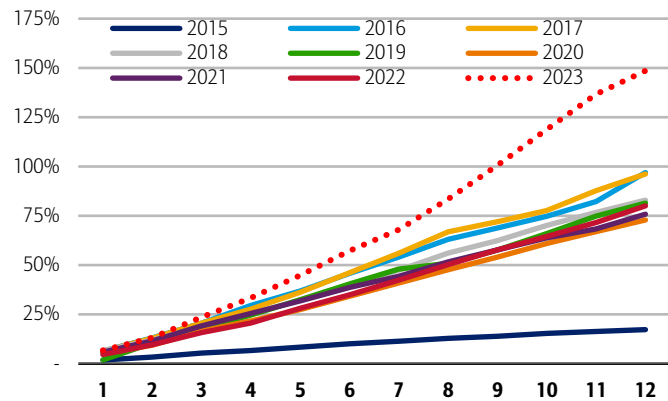


Source: FGTS

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Exhibit 44: FGTS budget execution on 'Carta de cred. individual' year

% monthly | CCI is above historical budget

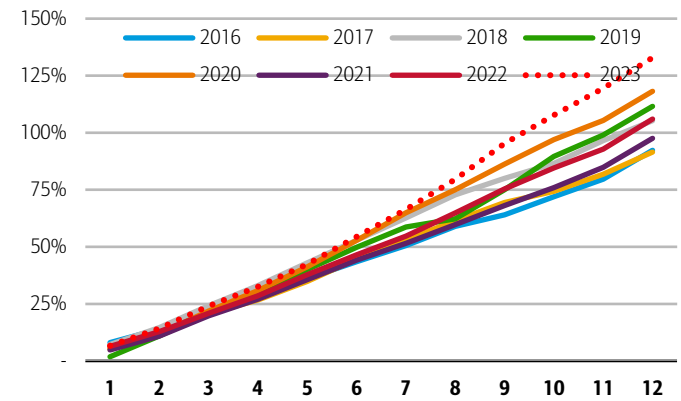


Source: FGTS

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Exhibit 45: FGTS budget execution on 'Apoio a produção' per year

% monthly | AP is above historical budget



Source: FGTS

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Abbreviations

CEF = Caixa Economica Federal

FGTS = Workers' severance fund

CVA = Government low-income housing program

SBPE = Brazilian system of savings and loans

INCC = Construction inflation index

SNCI = Brazilian cement association

RJ = Rio de Janeiro

SP = Sao Paulo

POA = Porto Alegre

BH = Belo Horizonte

CCI = Carta de Crédito Individual = FGTS credit line

AP = Apoio à Produção = FGTS credit line

Disclosures

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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