

## Brazil Housing Tracker

## Chart book: some expected seasonality for January, MCMV continues to grow

Industry Overview

## Monthly update: January/February data

Our chart book of January/February data for the Brazilian housing market points out to continued MCMV growth and mid/high-income stability, despite some expected seasonality for the period. Low-income sales continued strong amid improved affordability within a new MCMV program. We expect homebuilders to continue prioritizing margins moving forward, and budget discussions to become more relevant. For mid/high-income, we remain concerned about discounting supporting sales amid deteriorated affordability and still elevated inventory facing stronger deliveries in '24.

**Supply | Launches | SP: Expected seasonality (January, Secovi).** Overall launches in SP fell 72% m/m (up 60% y/y) in an expected seasonality for all segments in January. Low-income launches continued strong, up 19% y/y, still driven by new subsidy parameters within MCMV. Mid/high-income launches fell 82% m/m, but were 4x up from a muted January in '23. Mid/high-income launches remain down on a LTM basis.

**Supply | Inventory | SP: Inventory down across the board on muted launches (January, Secovi).** Mid/high income inventory was down 4% m/m (down 13% y/y from a peak), still 2x above 2019 at 11 months of sales. Low-income inventory fell a marginal 4.5% after 6 months building inventory as homebuilders prioritize margins.

**Demand | SP: Sales remain up y/y despite seasonality (January, Secovi).** In line with some expected seasonality for the month, sales in SP fell 20% m/m, still up 27% y/y. Growth was driven mainly by mid/high-income up 32% y/y (despite softer SoS), mostly on middle-income products (below R\$1mn). We still believe inventory discounting could be supporting SoS amid soft affordability. Low-income sales were more resilient, rising 23% y/y (down 5% y/y) with a flattish SoS as builders focus on margins.

**Credit | FGTS: MCMV up 61% y/y in January (January, FGTS).** Overall FGTS mortgage concessions for MCMV lines remain up 61% y/y (in units, 93% in value). Average prices rose 4% m/m (20% y/y), driven by higher-income brackets increasing market share, likely boosted by adjustments in subsidies in the 3Q23. *February preview points out to at least 60% growth y/y (in value).*

**Credit | SBPE: Concessions down for the 10th consecutive month (January, Abecip).** Mortgage concessions with savings resources deepened again into negative territory down 15% y/y amid a challenging affordability environment.

**Rates: Caixa holding rates down (January, BCB).** Asking mortgage rates were flattish m/m @ TR + 10%, with Caixa still operating about 240bps below peers (at TR + 7.5%) after cutting rates in January. Santander continues to charge the highest rates.

**Inflation: Marginally up on materials (February, FGV).** Construction inflation rose 0.43% m/m in February (0.23% in January) driven mostly by 'Materials' and 'Services'.

06 March 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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**Refer to important disclosures on page 13 to 14.**

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Timestamp: 06 March 2024 05:00AM EST

# Housing market at a glance

## Exhibit 1: Heatmap | Housing credit

FGTS is the most real-time data

	Feb-24	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23
<b>Concessions</b>													
<b>by type</b>													
<b>FGTS</b>				<b>7,719</b>	<b>8,023</b>	<b>7,997</b>	<b>6,862</b>	<b>5,392</b>	<b>6,094</b>	<b>5,845</b>	<b>5,492</b>	<b>5,059</b>	<b>4,268</b>
m/m				(3.8%)	0.3%	16.5%	27.3%	(11.5%)	4.3%	6.4%	8.5%	18.5%	8.7%
y/y				72.6%	83.2%	67.9%	62.1%	32.6%	43.0%	45.1%	56.1%	56.0%	35.2%
LTM				55.4%	54.3%	51.2%	48.4%	44.3%	44.0%	42.1%	38.0%	33.9%	27.8%
<b>SFH</b>				<b>6,109</b>	<b>6,754</b>	<b>7,269</b>	<b>7,403</b>	<b>7,886</b>	<b>7,304</b>	<b>7,387</b>	<b>7,307</b>	<b>10,053</b>	<b>6,849</b>
m/m				(9.6%)	(7.1%)	(1.8%)	(6.1%)	8.0%	(1.1%)	1.1%	(27.3%)	46.8%	(13.5%)
y/y				(29.5%)	(27.1%)	(24.6%)	(28.8%)	(29.6%)	(30.6%)	(21.8%)	(12.9%)	14.6%	(22.3%)
LTM				(21.7%)	(21.7%)	(20.8%)	(19.1%)	(19.2%)	(17.7%)	(16.7%)	(17.5%)	(19.0%)	(22.2%)
<b>by index</b>													
TR				95.8%	95.9%	96.2%	95.9%	95.9%	96.2%	95.9%	96.1%	94.4%	95.4%
IPCA				1.7%	1.3%	1.3%	1.4%	1.2%	1.1%	1.1%	0.9%	1.8%	0.8%
Fixed				1.4%	1.6%	1.3%	1.5%	1.8%	1.6%	1.7%	1.8%	2.7%	2.7%
<b>SBPE</b>		<b>8,047</b>	<b>8,859</b>	<b>7,964</b>	<b>8,227</b>	<b>9,980</b>	<b>9,216</b>	<b>8,416</b>	<b>10,703</b>	<b>9,854</b>	<b>7,710</b>	<b>14,397</b>	<b>8,126</b>
m/m		(9.2%)	11.2%	(3.2%)	(17.6%)	8.3%	9.5%	(21.4%)	8.6%	27.8%	(46.4%)	77.2%	(14.8%)
y/y		(15.6%)	(2.8%)	(22.5%)	(25.1%)	(17.6%)	(24.7%)	(40.5%)	(11.6%)	(18.9%)	(17.1%)	30.3%	(12.3%)
LTM		(15.7%)	(15.9%)	(17.2%)	(17.7%)	(17.3%)	(17.4%)	(17.7%)	(14.2%)	(15.1%)	(15.0%)	(16.5%)	(20.4%)
<b>SBPE   by bank</b>													
Caixa		40.5%	39.8%	45.0%	48.9%	49.9%	50.1%	52.0%	53.5%	55.4%	54.2%	53.5%	42.4%
Others		59.5%	60.2%	55.0%	51.1%	50.1%	49.9%	48.0%	46.5%	44.6%	45.8%	46.5%	57.6%
<b>FGTS   by line</b>													
Price	156	155	149	151	148	147	149	142	140	140	138	134	133
m/m	0.4%	3.8%	(1.1%)	2.1%	0.4%	(0.9%)	5.0%	1.3%	(0.2%)	1.8%	2.4%	1.0%	2.6%
y/y	17.1%	19.6%	17.3%	18.0%	17.1%	16.5%	19.7%	14.5%	12.9%	13.5%	9.8%	9.7%	9.3%
MCMV	5,387	6,655	5,562	6,621	6,916	6,850	6,614	4,475	5,691	5,623	4,484	4,964	3,364
m/m	(19.1%)	19.7%	(16.0%)	(4.3%)	1.0%	3.6%	47.8%	(21.4%)	1.2%	25.4%	(9.7%)	47.6%	(2.3%)
y/y	60.1%	93.3%	24.2%	77.1%	79.6%	53.3%	52.6%	16.2%	40.1%	28.6%	39.7%	32.5%	13.4%
LTM	48.9%	45.8%	41.4%	40.7%	37.0%	32.8%	30.6%	27.5%	28.0%	25.4%	24.3%	20.5%	16.9%
% annual budget	19.8%	11.0%	149.7%	135.3%	119.8%	104.0%	86.6%	71.7%	60.0%	46.8%	35.9%	26.1%	15.4%
Apoio à produção PF	2,014	2,442	2,984	2,753	2,966	3,122	3,245	2,141	2,996	3,135	2,352	2,725	1,965
m/m	(17.5%)	(18.2%)	8.4%	(7.2%)	(5.0%)	(3.8%)	51.5%	(28.5%)	(4.4%)	33.3%	(13.7%)	38.7%	(1.1%)
y/y	2.5%	22.9%	17.8%	29.8%	30.1%	13.5%	28.3%	0.9%	20.2%	18.0%	13.1%	16.8%	7.8%
LTM	18.0%	18.5%	18.7%	17.6%	16.1%	16.0%	17.4%	16.6%	17.1%	16.3%	15.5%	14.3%	12.5%
% annual budget	18.0%	10.0%	132.9%	119.5%	107.7%	95.3%	79.6%	66.4%	54.4%	42.4%	32.5%	24.1%	14.2%
CCI	3,373	4,213	2,578	3,869	3,950	3,728	3,369	2,334	2,695	2,489	2,132	2,239	1,398
m/m	(19.9%)	63.5%	(33.4%)	(2.1%)	6.0%	10.7%	44.4%	(13.4%)	8.3%	16.7%	(4.8%)	60.1%	(4.0%)
y/y	141.2%	189.3%	32.7%	139.2%	151.4%	116.9%	86.5%	35.1%	71.7%	45.2%	88.8%	58.5%	22.2%
LTM	93.9%	86.0%	75.1%	75.6%	69.6%	58.9%	51.2%	44.4%	45.7%	40.1%	38.7%	30.6%	24.0%
% annual budget	24.0%	13.4%	148.6%	136.7%	118.8%	100.6%	83.5%	67.9%	57.2%	44.8%	33.3%	23.5%	13.2%
Pro-cotista	840	968	1,216	1,298	1,176	1,050	834	244	880	451	751	615	629
% annual budget	21.3%	11.4%	-	-	-	-	-	-	-	-	-	-	-
<b>FGTS   CVA discounts</b>	<b>636</b>	<b>691</b>	<b>804</b>	<b>964</b>	<b>1,037</b>	<b>994</b>	<b>836</b>	<b>581</b>	<b>654</b>	<b>664</b>	<b>559</b>	<b>704</b>	<b>510</b>
m/m	(8.0%)	(14.1%)	(16.5%)	(7.1%)	4.3%	18.9%	43.9%	(11.1%)	(1.4%)	18.7%	(20.6%)	38.0%	(9.3%)
y/y	24.6%	22.8%	(9.8%)	40.7%	46.6%	25.9%	8.4%	(1.8%)	12.9%	13.3%	56.0%	75.5%	60.7%
LTM	22.7%	24.3%	27.0%	34.4%	35.4%	35.1%	37.3%	40.5%	41.2%	37.6%	33.6%	24.1%	12.5%
as a % of mortgage value	19.3%	20.4%	21.8%	21.8%	21.0%	20.0%	18.6%	17.5%	17.2%	17.8%	18.6%	19.5%	20.8%
Complement (% price)	9.7%	10.2%	10.7%	10.7%	10.3%	9.7%	9.2%	8.7%	8.7%	9.1%	9.7%	10.4%	11.0%
Balance (% price)	9.6%	10.2%	11.1%	11.1%	10.7%	10.3%	9.5%	8.9%	8.6%	8.7%	8.9%	9.1%	9.9%
<b>Funding</b>													
<b>SBPE   flows</b>		<b>(16,272)</b>	<b>10,524</b>	<b>(1,801)</b>	<b>(8,825)</b>	<b>(5,563)</b>	<b>(8,470)</b>	<b>(3,703)</b>	<b>2,421</b>	<b>(10,444)</b>	<b>(5,075)</b>	<b>(5,665)</b>	<b>(8,577)</b>
<b>FGTS   flows</b>		<b>5,530</b>	<b>6,582</b>	<b>2,858</b>	<b>2,266</b>	<b>2,438</b>	<b>1,212</b>	<b>2,297</b>	<b>2,497</b>	<b>1,038</b>	<b>2,507</b>	<b>857</b>	<b>3,085</b>
<b>Rates</b>													
<b>Average</b>											<b>10.8%</b>	<b>11.0%</b>	<b>9.5%</b>
<b>by bank @ TR+</b>													
Caixa		7.5%	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%	11.3%	11.4%	11.4%	11.3%	11.4%	11.5%	11.5%	11.2%	10.8%	10.6%	10.4%
Itau		10.8%	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%	10.5%	10.3%	9.8%
<b>Delinquency</b>			<b>1.5%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.8%</b>

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 begging of the year

	Feb-24	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23
<b>Launches (units)</b>													
<b>SP</b>													
<b>Low-income</b>	<b>1,947</b>	<b>5,301</b>	<b>5,908</b>	<b>3,511</b>	<b>4,334</b>	<b>3,391</b>	<b>2,063</b>	<b>2,652</b>	<b>2,601</b>	<b>647</b>	<b>3,893</b>	<b>894</b>	
m/m	(63.3%)	(10.3%)	68.3%	(19.0%)	27.8%	64.4%	(22.2%)	2.0%	302.0%	(83.4%)	335.5%	(45.1%)	
y/y	19.5%	15.9%	107.7%	243.2%	35.0%	(16.2%)	12.6%	(18.8%)	(34.7%)	(59.0%)	34.1%	(36.3%)	
LTM	15.0%	17.1%	1.4%	(2.5%)	(14.8%)	(16.4%)	(12.4%)	(16.8%)	(13.9%)	(7.3%)	(9.6%)	(10.3%)	
<b>Mid/high-income</b>	<b>941</b>	<b>5,184</b>	<b>2,777</b>	<b>4,492</b>	<b>3,035</b>	<b>2,972</b>	<b>2,157</b>	<b>3,808</b>	<b>3,327</b>	<b>4,607</b>	<b>3,048</b>	<b>848</b>	
m/m	(81.8%)	86.7%	(38.2%)	48.0%	2.1%	37.8%	(43.4%)	14.5%	(27.8%)	51.1%	259.4%	398.8%	
y/y	453.5%	0.6%	(58.0%)	22.3%	(5.5%)	(0.6%)	(19.2%)	(36.6%)	(8.8%)	101.7%	(23.2%)	(57.0%)	
LTM	(12.2%)	(14.0%)	(23.5%)	(12.8%)	(14.9%)	(18.1%)	(20.6%)	(21.1%)	(13.6%)	(16.1%)	(19.1%)	(12.7%)	
<b>Brazil</b>													
<b>Low-income</b>			<b>8,907</b>	<b>5,757</b>	<b>7,380</b>	<b>6,980</b>	<b>4,543</b>	<b>8,196</b>	<b>4,872</b>	<b>9,339</b>	<b>8,603</b>	<b>5,625</b>	
m/m			54.7%	(22.0%)	5.7%	53.6%	(44.6%)	68.2%	(47.8%)	8.6%	52.9%	87.9%	
y/y			(25.6%)	(1.8%)	(31.3%)	17.1%	216.1%	(3.8%)	(14.5%)	229.0%	42.9%	85.5%	
LTM			0.4%	8.5%	8.5%	15.7%	16.7%	9.4%	8.5%	11.5%	0.3%	(3.5%)	
<b>Mid/high-income</b>			<b>2,360</b>	<b>2,941</b>	<b>2,995</b>	<b>1,955</b>	<b>3,239</b>	<b>4,618</b>	<b>1,996</b>	<b>598</b>	<b>1,968</b>	<b>257</b>	
m/m			(19.8%)	(1.8%)	53.2%	(39.6%)	(29.9%)	131.4%	233.8%	(69.6%)	665.8%	60.6%	
y/y			(19.2%)	(10.1%)	1.7%	(25.6%)	40.2%	(47.5%)	4.2%	(76.1%)	(45.6%)	(91.4%)	
LTM			(49.6%)	(50.9%)	(52.4%)	(55.3%)	(55.0%)	(57.2%)	(49.4%)	(52.1%)	(48.2%)	(48.0%)	
<b>Inventory (units)</b>													
<b>SP</b>													
<b>Low-income</b>	<b>23,624</b>	<b>24,739</b>	<b>23,871</b>	<b>21,556</b>	<b>21,091</b>	<b>20,100</b>	<b>20,611</b>	<b>21,333</b>	<b>21,037</b>	<b>21,469</b>	<b>23,434</b>	<b>22,992</b>	
m/m	(4.5%)	3.6%	10.7%	2.2%	4.9%	(2.5%)	(3.4%)	1.4%	(2.0%)	(8.4%)	1.9%	(5.5%)	
y/y	(2.9%)	(1.8%)	2.6%	(10.9%)	(19.3%)	(22.2%)	(16.0%)	(16.3%)	(15.2%)	(12.6%)	(8.9%)	(11.8%)	
LTM	(11.4%)	(11.9%)	(12.6%)	(12.9%)	(12.1%)	(9.5%)	(6.8%)	(5.1%)	(2.7%)	(0.9%)	0.7%	2.8%	
Months of sales	7.8	8.3	8.1	7.3	7.1	6.9	7.3	7.5	7.4	7.4	8.0	7.9	
<b>Mid/high-income</b>	<b>38,214</b>	<b>39,895</b>	<b>39,767</b>	<b>39,896</b>	<b>39,690</b>	<b>40,544</b>	<b>41,851</b>	<b>42,757</b>	<b>42,676</b>	<b>43,131</b>	<b>41,479</b>	<b>42,272</b>	
m/m	(4.2%)	0.3%	(0.3%)	0.5%	(2.1%)	(3.1%)	(2.1%)	0.2%	(1.1%)	4.0%	(1.9%)	(3.9%)	
y/y	(13.1%)	(12.5%)	(8.6%)	(3.4%)	(2.1%)	3.7%	5.6%	7.4%	12.7%	15.6%	10.0%	14.8%	
LTM	1.8%	4.6%	7.6%	11.2%	14.4%	17.9%	21.5%	25.7%	30.5%	34.8%	39.9%	46.4%	
Months of sales	11.2	11.9	12.1	11.9	12.3	12.9	13.8	14.0	14.0	14.4	13.9	14.3	
<b>Brazil</b>													
<b>Low-income</b>			<b>48,154</b>	<b>54,993</b>	<b>55,393</b>	<b>52,719</b>	<b>54,929</b>	<b>55,512</b>	<b>54,705</b>	<b>56,541</b>	<b>59,247</b>	<b>60,086</b>	
m/m			(12.4%)	(0.7%)	5.1%	(4.0%)	(1.1%)	1.5%	(3.2%)	(4.6%)	(1.4%)	0.3%	
y/y			(28.3%)	(14.2%)	(16.8%)	(21.9%)	(17.8%)	(16.4%)	(9.0%)	(6.8%)	(3.9%)	(2.2%)	
LTM			(11.3%)	(6.9%)	(4.0%)	(0.1%)	5.2%	10.5%	16.3%	21.5%	27.6%	34.2%	
Months of sales			13.8	15.9	15.6	14.7	15.5	16.1	16.4	17.3	18.3	18.7	
<b>Mid/high-income</b>			<b>2,360</b>	<b>2,941</b>	<b>2,995</b>	<b>1,955</b>	<b>3,239</b>	<b>4,618</b>	<b>1,996</b>	<b>598</b>	<b>1,968</b>	<b>257</b>	
m/m			(19.8%)	(1.8%)	53.2%	(39.6%)	(29.9%)	131.4%	233.8%	(69.6%)	665.8%	60.6%	
y/y			(19.2%)	(10.1%)	1.7%	(25.6%)	40.2%	(47.5%)	4.2%	(76.1%)	(45.6%)	(91.4%)	
LTM			(49.6%)	(50.9%)	(52.4%)	(55.3%)	(55.0%)	(57.2%)	(49.4%)	(52.1%)	(48.2%)	(48.0%)	
Months of sales			13.8	15.9	15.6	14.7	15.5	16.1	16.4	17.3	18.3	18.7	

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

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**Exhibit 3: Heatmap | Housing demand**

SoS is usually higher for low-income

	Feb-24	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23
<b>Sales (units)</b>													
<b>SP</b>													
<b>Low-income</b>	<b>3,061</b>	<b>3,221</b>	<b>3,550</b>	<b>2,934</b>	<b>3,426</b>	<b>3,713</b>	<b>2,884</b>	<b>2,352</b>	<b>2,998</b>	<b>2,632</b>	<b>3,450</b>	<b>2,240</b>	
m/m	(5.0%)	(9.3%)	21.0%	(14.4%)	(7.7%)	28.7%	22.6%	(21.5%)	13.9%	(23.7%)	54.0%	(10.3%)	
y/y	22.6%	11.0%	(1.6%)	3.8%	16.7%	37.5%	3.6%	(8.2%)	(20.2%)	(4.3%)	8.3%	0.7%	
LTM	5.0%	4.6%	0.0%	4.7%	5.4%	5.0%	0.0%	(0.3%)	(2.2%)	2.7%	3.5%	3.4%	
<b>Mid/high-income</b>	<b>2,543</b>	<b>3,759</b>	<b>2,916</b>	<b>4,039</b>	<b>3,991</b>	<b>4,316</b>	<b>2,941</b>	<b>3,594</b>	<b>3,775</b>	<b>2,921</b>	<b>3,669</b>	<b>2,405</b>	
m/m	(32.3%)	28.9%	(27.8%)	1.2%	(7.5%)	46.8%	(18.2%)	(4.8%)	29.2%	(20.4%)	52.6%	25.1%	
y/y	32.3%	32.9%	(22.8%)	51.3%	36.0%	48.3%	(6.9%)	(3.5%)	22.5%	6.5%	10.9%	20.0%	
LTM	16.5%	16.2%	8.4%	13.7%	8.7%	7.1%	2.0%	4.4%	5.7%	3.8%	7.2%	11.2%	
<b>SP   SoS</b>													
Low-income	11.5%	11.5%	12.9%	12.1%	14.0%	15.6%	12.3%	9.9%	12.5%	10.9%	12.8%	8.9%	
Mid/high-income	6.2%	8.6%	6.8%	9.2%	9.1%	9.6%	6.6%	7.8%	8.1%	6.3%	8.1%	5.4%	
1 room	6.6%	10.1%	7.3%	10.4%	12.2%	10.7%	8.1%	7.5%	6.5%	7.7%	8.4%	63.1%	
2 rooms	10.1%	10.4%	10.8%	10.5%	11.6%	13.3%	9.5%	8.9%	11.0%	8.8%	11.4%	7.6%	
3 rooms	4.4%	7.1%	6.1%	8.6%	5.8%	6.9%	5.9%	8.0%	10.3%	4.8%	6.4%	4.3%	
+4 rooms	3.7%	5.7%	8.4%	9.1%	5.9%	9.1%	5.2%	11.2%	6.2%	6.0%	7.4%	3.5%	
<b>Brazil</b>													
<b>Low-income</b>				<b>12,701</b>	<b>10,033</b>	<b>10,045</b>	<b>12,215</b>	<b>9,341</b>	<b>8,453</b>	<b>8,603</b>	<b>8,984</b>	<b>9,158</b>	<b>6,722</b>
m/m				26.6%	(0.1%)	(17.8%)	30.8%	10.5%	(1.7%)	(4.2%)	(1.9%)	36.2%	26.8%
y/y				128.6%	72.1%	64.1%	71.8%	60.6%	24.3%	1.8%	10.1%	2.2%	3.9%
LTM				29.5%	18.5%	11.5%	5.1%	(1.6%)	(7.5%)	(12.9%)	(13.8%)	(15.1%)	(17.2%)
<b>Mid/high-income</b>				<b>3,799</b>	<b>3,015</b>	<b>3,690</b>	<b>3,868</b>	<b>3,657</b>	<b>4,216</b>	<b>3,653</b>	<b>3,164</b>	<b>3,810</b>	<b>2,663</b>
m/m				26.0%	(18.3%)	(4.6%)	5.8%	(13.3%)	15.4%	15.5%	(17.0%)	43.1%	6.9%
y/y				2.9%	(25.5%)	(7.2%)	13.4%	42.0%	48.2%	30.8%	13.4%	7.3%	11.5%
LTM				11.3%	14.5%	22.6%	28.6%	31.1%	29.7%	24.0%	23.2%	26.0%	32.6%
<b>Brazil   SoS</b>													
Low-income				13.4%	11.3%	11.1%	14.2%	11.1%	9.3%	10.1%	10.0%	10.5%	8.9%
Mid/high-income				7.5%	5.2%	6.3%	7.1%	6.3%	7.0%	6.4%	5.5%	6.2%	4.4%

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

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**Exhibit 4: Heatmap | Prices and costs**

INCC has been decelerating

	Feb-24	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23
<b>Costs</b>													
<b>INCC y/y</b>	<b>3.2%</b>	<b>0.2%</b>	<b>3.3%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>4.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>8.2%</b>	<b>8.8%</b>
<b>INCC m/m</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.9%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.2%</b>
<b>Materials and equipment</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>(0.2%)</b>	<b>0.1%</b>	<b>0.0%</b>	<b>(0.1%)</b>	<b>(0.3%)</b>	<b>0.2%</b>	<b>(0.1%)</b>	<b>0.1%</b>	<b>(0.1%)</b>	<b>0.2%</b>
<b>Structure materials</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>(0.0%)</b>	<b>(0.0%)</b>	<b>(0.1%)</b>	<b>(0.1%)</b>	<b>(0.2%)</b>	<b>(0.7%)</b>	<b>0.1%</b>	<b>(0.5%)</b>	<b>(0.3%)</b>	<b>(0.1%)</b>
Metals									0.6%	(0.4%)	(1.6%)	(1.2%)	(0.0%)
Wood									-	0.1%	(0.2%)	0.1%	(0.2%)
Non-metallic minerals									(0.5%)	0.3%	0.3%	-	0.0%
<b>Installation materials</b>	<b>0.4%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>(1.2%)</b>	<b>0.1%</b>	<b>0.1%</b>	<b>(0.2%)</b>	<b>(0.9%)</b>	<b>(1.1%)</b>	<b>(0.2%)</b>	<b>1.7%</b>	<b>(0.2%)</b>	<b>0.1%</b>
Hidraulic									(0.9%)	(0.3%)	2.5%	(0.4%)	0.1%
Electric									(1.5%)	(0.1%)	0.4%	0.2%	0.0%
<b>Finishing materials</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>(0.2%)</b>	<b>(0.1%)</b>	<b>0.2%</b>	<b>(0.3%)</b>	<b>0.1%</b>	<b>0.2%</b>	<b>0.4%</b>
<b>Services</b>	<b>0.7%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.8%</b>	<b>0.2%</b>	<b>0.6%</b>	<b>0.7%</b>	<b>0.9%</b>	<b>1.1%</b>
<b>Labor</b>	<b>0.6%</b>	<b>0.4%</b>	<b>0.2%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>0.7%</b>	<b>0.4%</b>	<b>1.8%</b>	<b>0.8%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.1%</b>
<b>Prices</b>													
<b>Buy</b>	<b>8,791</b>	<b>8,750</b>	<b>8,719</b>	<b>8,693</b>	<b>8,661</b>	<b>8,615</b>	<b>8,576</b>	<b>8,539</b>	<b>8,504</b>	<b>8,461</b>	<b>8,422</b>	<b>8,385</b>	<b>8,349</b>
m/m	0.5%	0.4%	0.3%	0.4%	0.5%	0.4%	0.4%	0.4%	0.5%	0.5%	0.4%	0.4%	0.4%
y/y	5.3%	5.2%	5.1%	5.1%	5.2%	5.3%	5.4%	5.6%	5.7%	5.7%	5.6%	5.7%	5.8%
LTM	5.4%	5.5%	5.5%	5.6%	5.7%	5.8%	5.9%	5.9%	6.0%	6.0%	6.0%	6.1%	6.1%
<b>Rent</b>	<b>43</b>	<b>43</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>41</b>	<b>41</b>	<b>40</b>	<b>39</b>	<b>39</b>	<b>39</b>	<b>38</b>	<b>38</b>
m/m	1.3%	1.0%	0.8%	0.7%	1.0%	1.3%	1.3%	1.4%	1.3%	1.7%	1.7%	1.7%	1.6%
y/y	16.2%	16.2%	16.0%	16.0%	16.2%	16.3%	16.3%	16.3%	16.5%	17.0%	17.2%	17.0%	17.0%
LTM	16.4%	16.5%	16.5%	16.5%	16.6%	16.6%	16.5%	16.3%	16.0%	15.6%	15.0%	14.2%	14.2%
<b>Own vs rent</b>	<b>37.5%</b>	<b>38.2%</b>	<b>42.3%</b>	<b>42.9%</b>	<b>43.1%</b>	<b>44.2%</b>	<b>44.8%</b>	<b>45.3%</b>	<b>45.8%</b>	<b>45.1%</b>	<b>44.7%</b>	<b>44.1%</b>	<b>44.1%</b>

Source: FGV, Fipe, BofA Global Research estimates

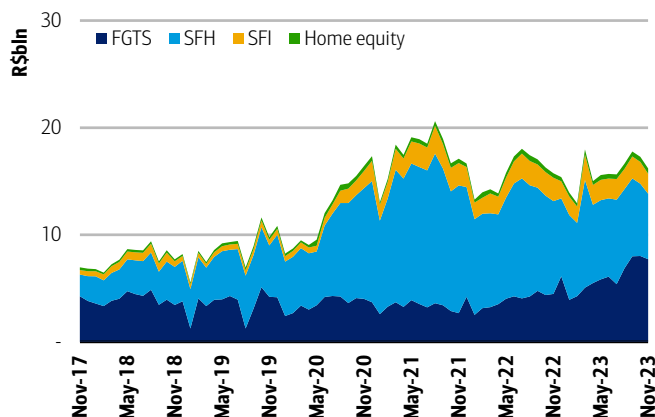
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Please note FGTS data is subject to backward revisions.

# Housing credit

## Exhibit 1: Mortgage concessions by type

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

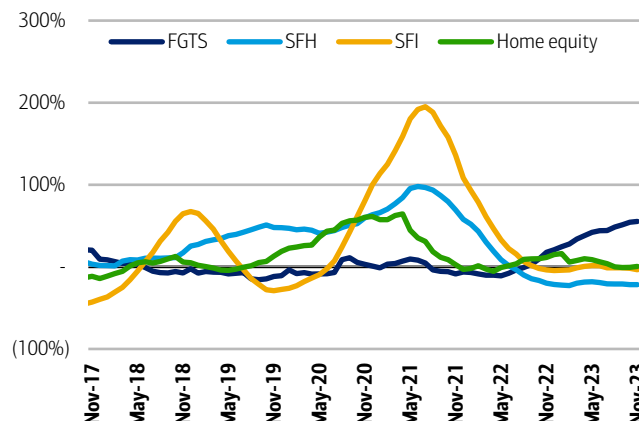


Source: BCB

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## Exhibit 2: Mortgage concessions by type y/y

% LTM | SFI has been posting the strongest growth

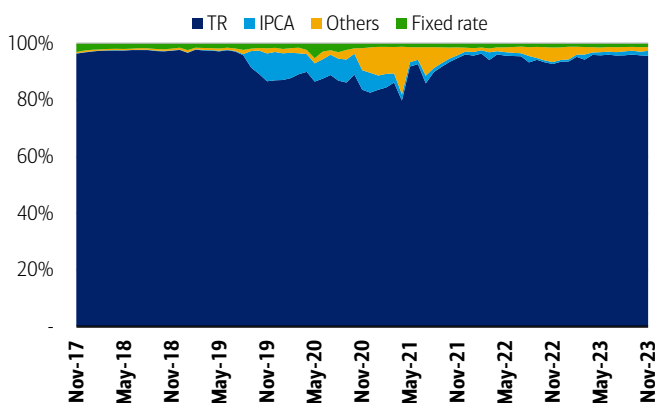


Source: BCB

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## Exhibit 3: Mortgage concessions market share by index

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

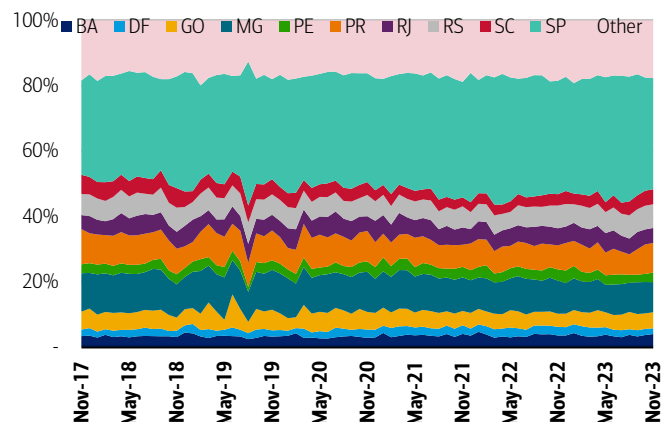


Source: BCB

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## Exhibit 4: Mortgage concessions market share by state

%, 3mma | SP is the most relevant market



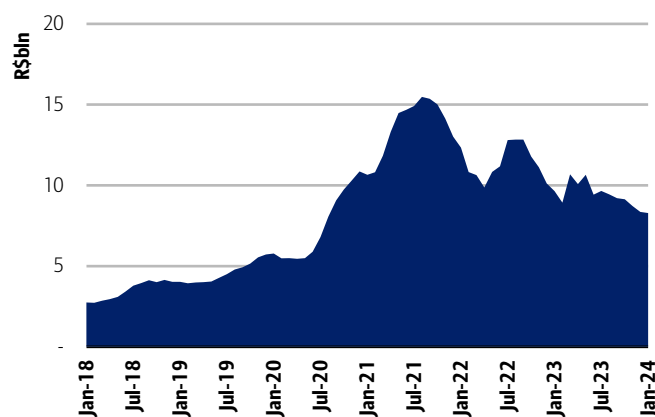
Source: BCB

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## SBPE

### Exhibit 5: Mortgage concessions with SBPE resources

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



Source: Abecip

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### Exhibit 6: Mortgage concessions with SBPE resources y/y

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



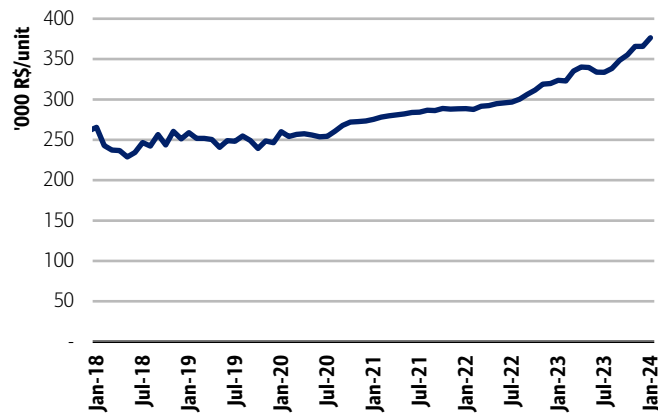
Source: Abecip

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**Exhibit 7: Average mortgage value per unit at SBPE concessions**

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

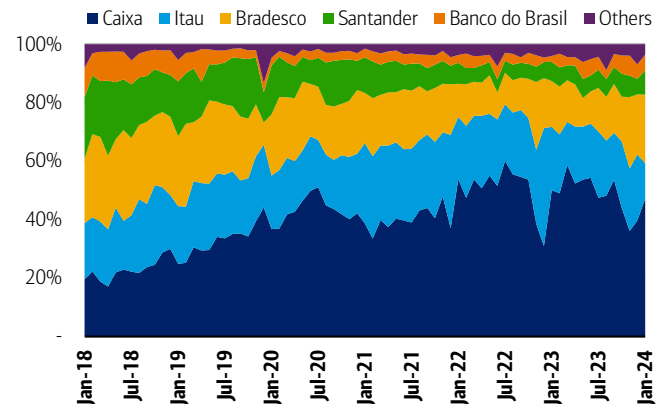


Source: Abecip

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**Exhibit 8: Mortgage concessions with SBPE market share by bank**

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

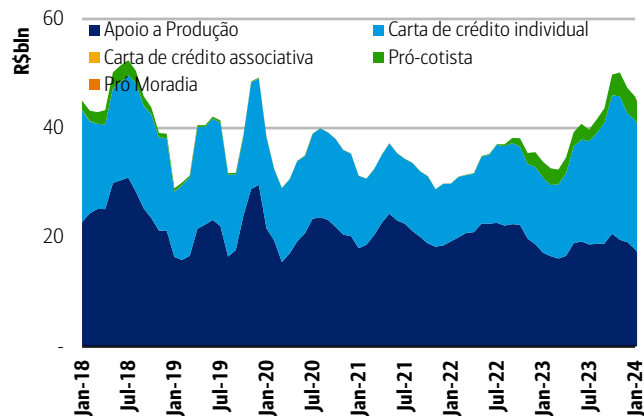


Source: Abecip

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**FGTS****Exhibit 9: FGTS mortgage concessions by line**

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

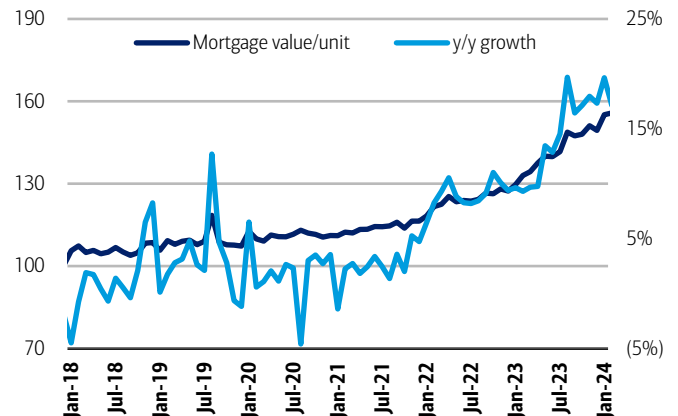


Source: FGTS

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**Exhibit 10: Average mortgage value per unit within FGTS concessions**

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

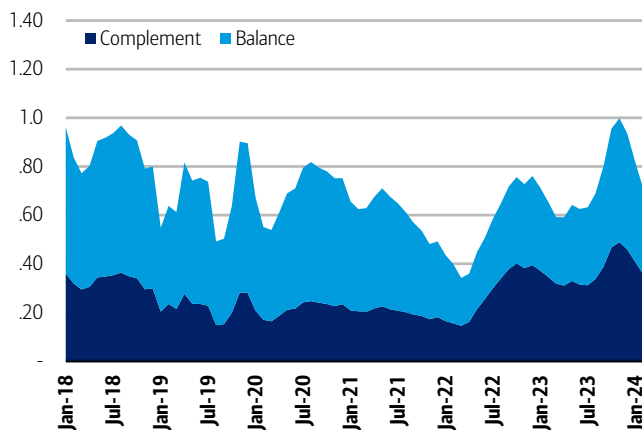


Source: FGTS

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**Exhibit 11: FGTS discounts by type**

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

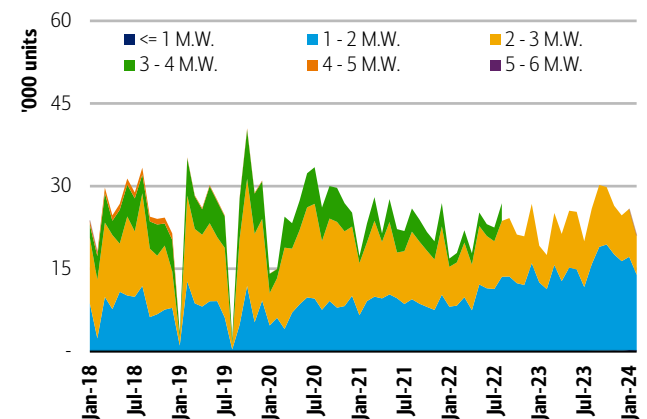


Source: FGTS

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**Exhibit 12: FGTS discounts by income level**

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



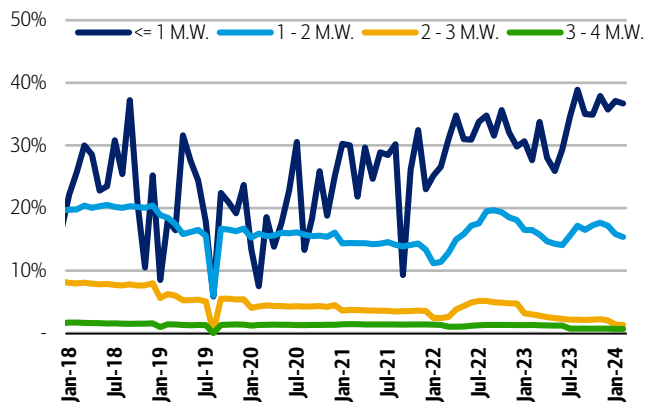
Source: FGTS

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**Exhibit 13: FGTS discounts as a % of mortgage value per income level**

%, monthly | Families earning less than 1 wage see the highest % discount

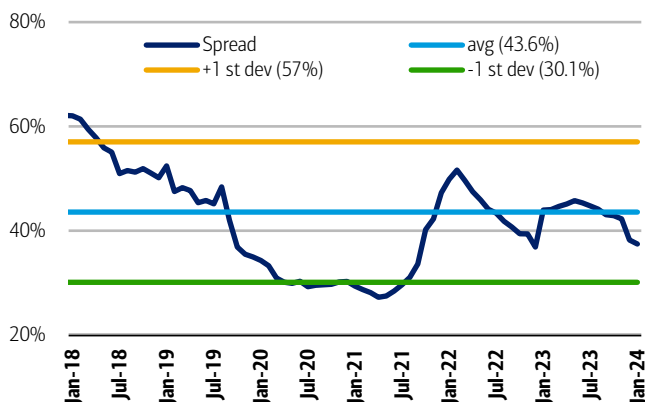


Source: FGTS

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**Affordability****Exhibit 15: Own vs rent spread in Brazil**

% premium on a mortgage installment vs rent | Premium is close to peak

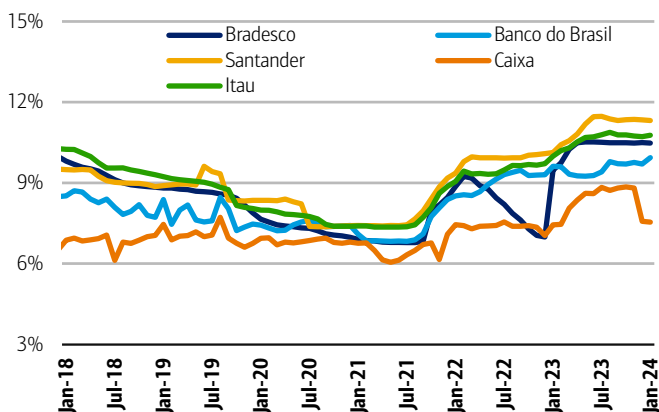


Source: BofA Global Research

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**Rates****Exhibit 17: Mortgage rate spread (TR+) by bank**

% a.a., monthly | Caixa levels rates from below

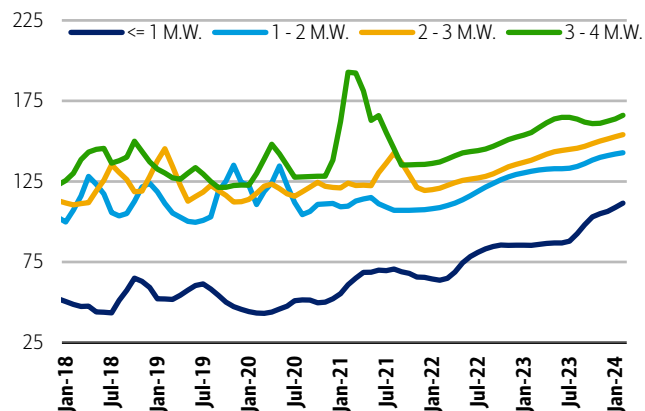


Source: BCB

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**Exhibit 14: Mortgage value + complement discount by income level**

In R\$ thousand per unit, 3mma | Prices range between R\$50-175m/unit

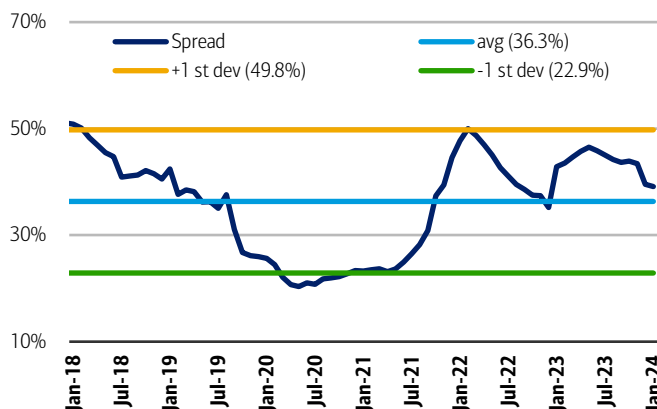


Source: FGTS

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**Exhibit 16: Own vs rent spread in SP**

% premium on a mortgage installment vs rent | Premium is close to peak

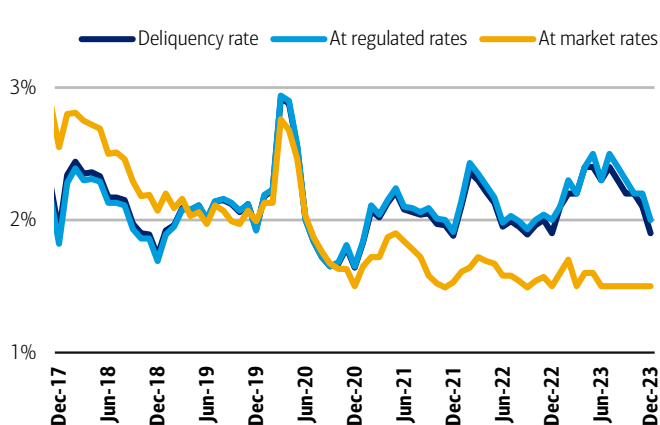


Source: BofA Global Research

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**Exhibit 18: Mortgage delinquency**

%, monthly | Delinquency is lower at market rates



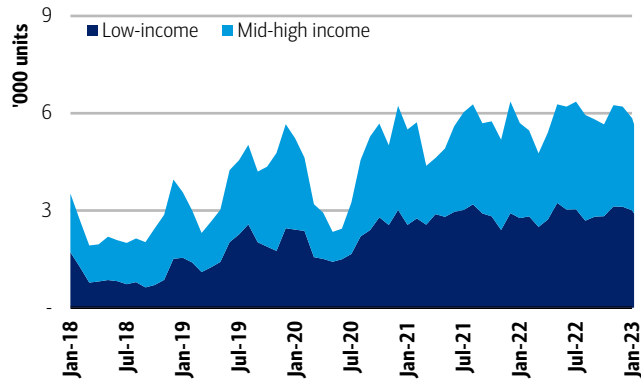
Source: BCB

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# Demand

**Exhibit 19: Home sales in SP by income segment**

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



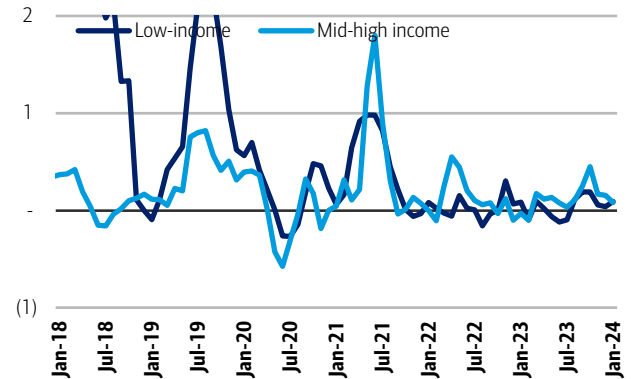
Source: Secovi

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**Exhibit 20: Home sales in SP by income segment y/y**

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



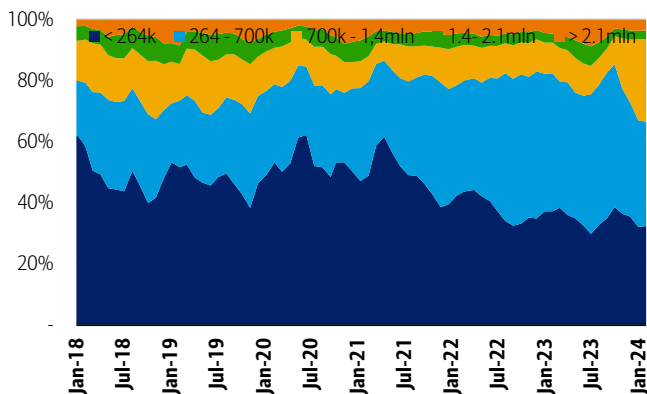
Source: Secovi

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**Exhibit 21: Home sales in SP market share by unit price**

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

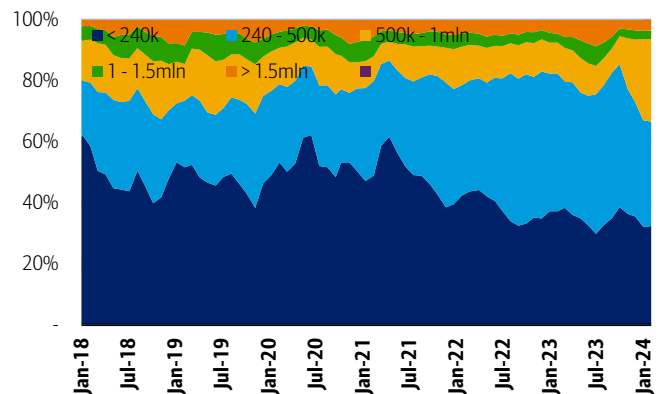


Source: Secovi

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**Exhibit 22: Home sales in SP market share by unit size**

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



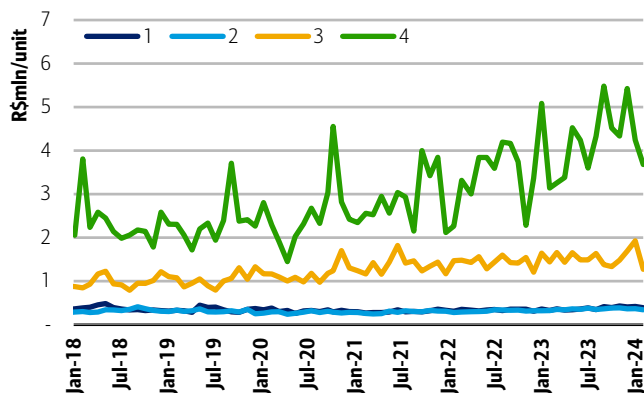
Source: Secovi

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**Exhibit 23: Average price by room count in SP**

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

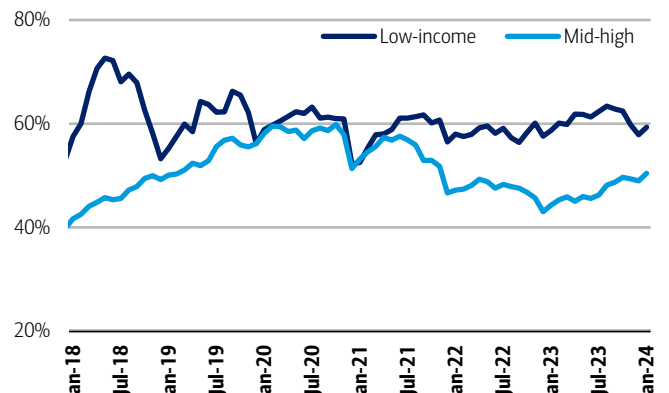


Source: Secovi

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**Exhibit 24: SoS by income segment in SP**

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



Source: Secovi

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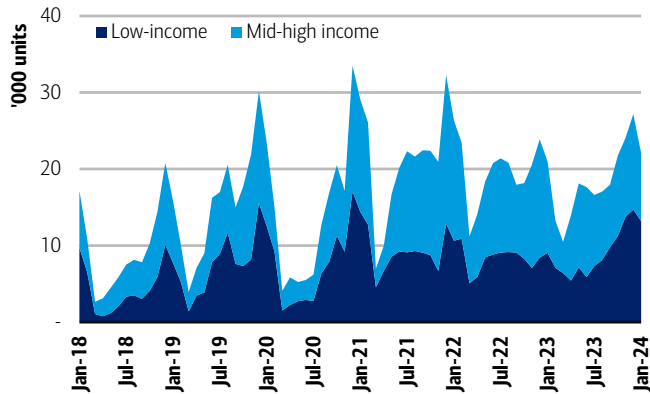
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# Supply Launches

**Exhibit 25: Home launches in SP by income segment**

In units, 3mma | Launches see seasonality effects

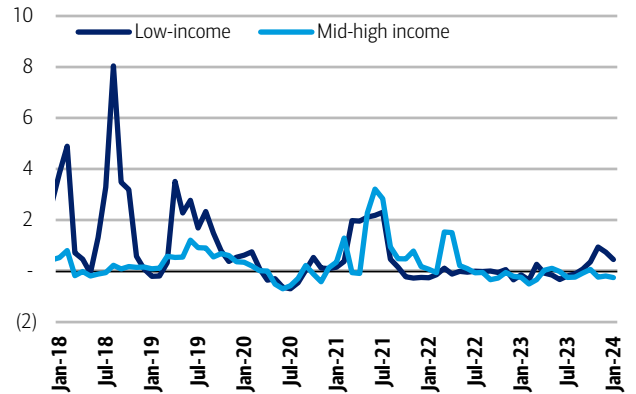


Source: Secovi

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**Exhibit 26: Home launches in SP by income segment y/y**

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

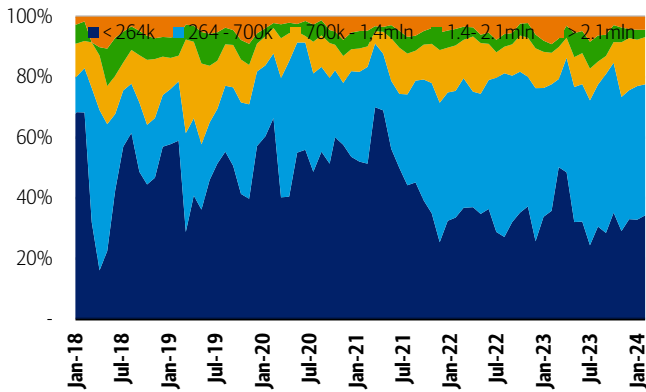


Source: Secovi

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**Exhibit 27: Home launches in SP market share by unit price**

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

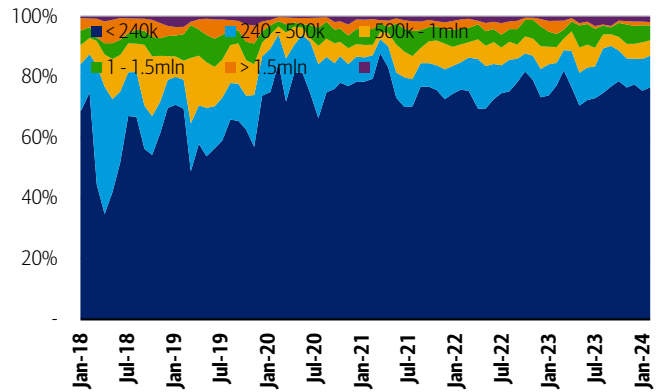


Source: Secovi

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**Exhibit 28: Home launches in SP market share by unit size**

%, 3mma | ...and size demand



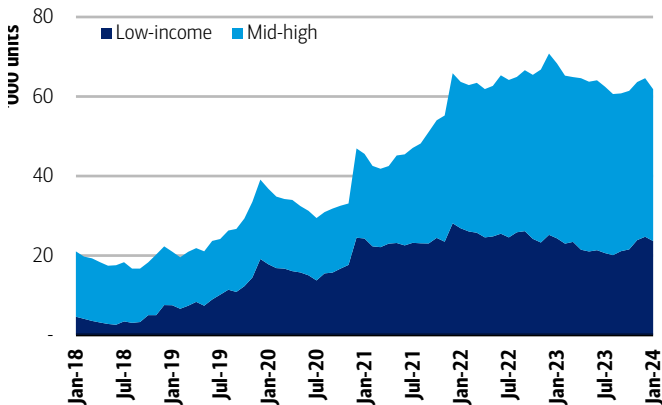
Source: Secovi

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## Inventory

**Exhibit 29: Home inventory in SP by income segment**

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

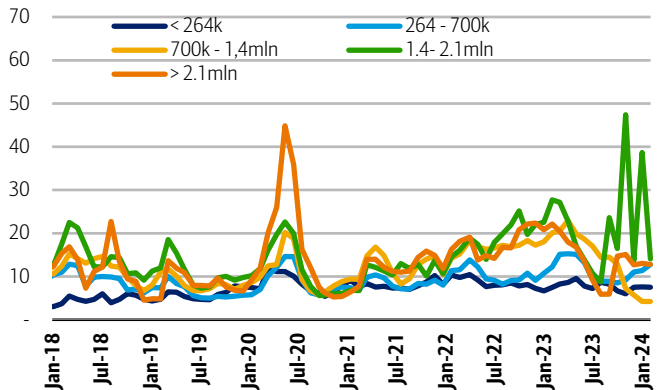


Source: Secovi

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**Exhibit 30: Home inventory in SP by unit price**

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



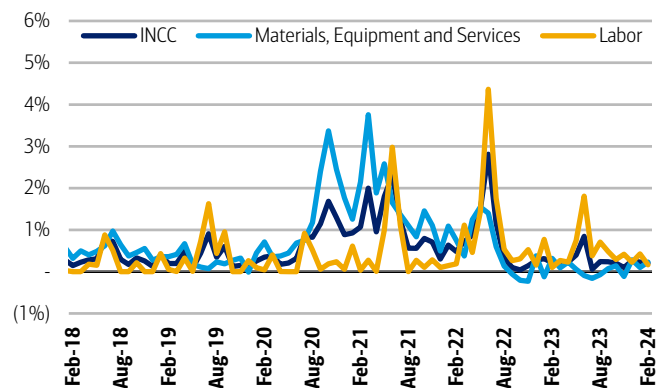
Source: Secovi

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## Costs

**Exhibit 31: INCC by component group m/m**

%, monthly | All inflation sources decelerated sharply

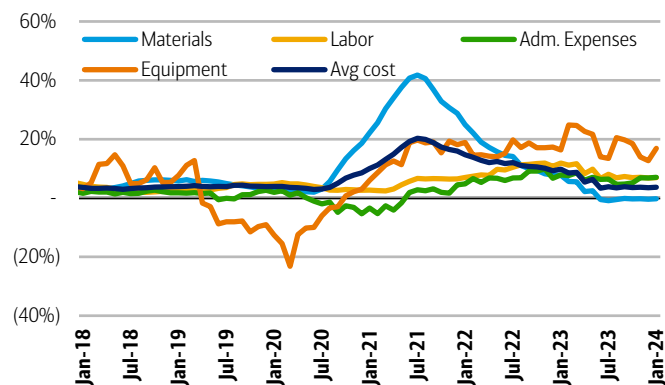


Source: FGV

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**Exhibit 33: CBIC's construction inflation y/y**

%, monthly | CBIC's indicator follows INCC

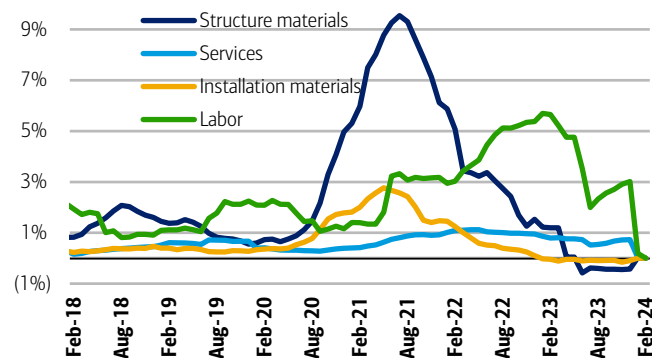


Source: CBIC

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**Exhibit 32: INCC component contribution y/y**

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

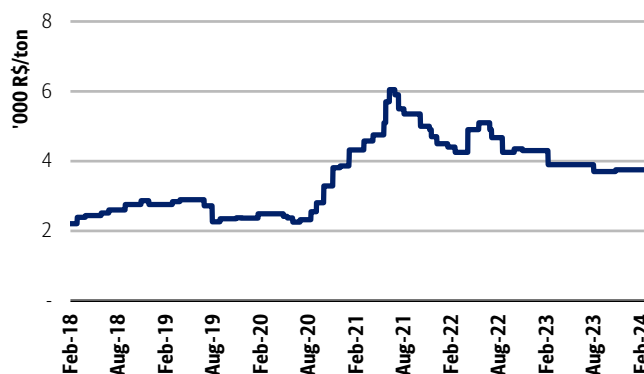


Source: FGV

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**Exhibit 34: Long steel (rebar) domestic prices**

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



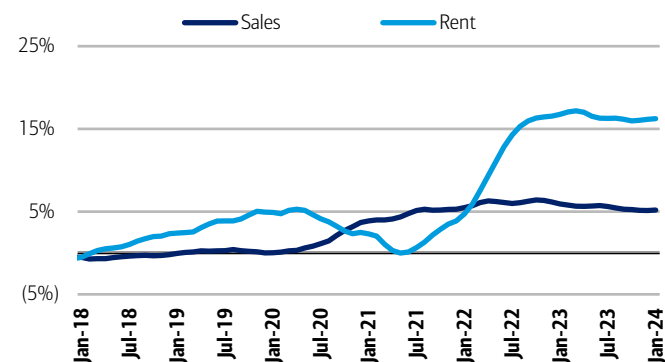
Source: Platts

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## Prices

**Exhibit 35: Sales price and rent growth y/y in Brazil**

%, monthly | Rental prices are accelerating over sales

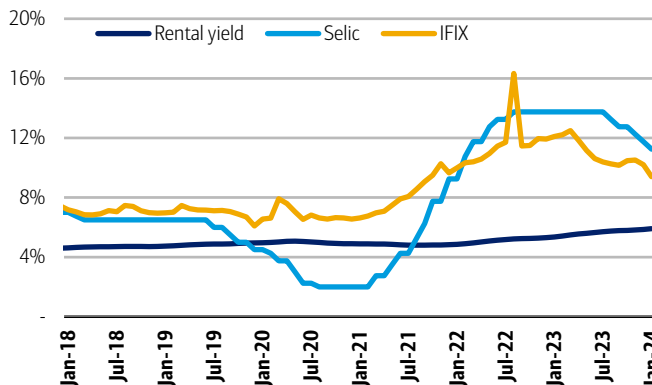


Source: FipeZap

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**Exhibit 36: Rental yield vs Selic and IFIX**

%, monthly | IFIX returns remain below Selic



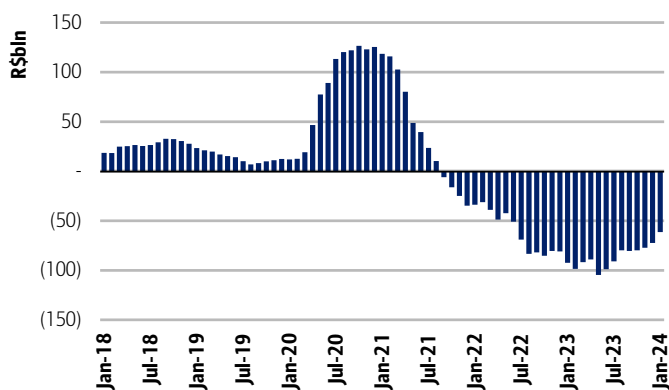
Source: FipeZap, Bloomberg

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# Funding

## Exhibit 37: Net flows to SBPE

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

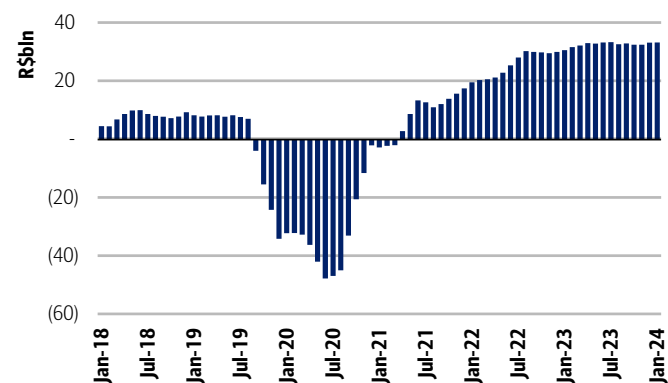


Source: Abecip

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## Exhibit 38: Net flows to FGTS

In R\$bIn, LTM | FGTS sees inflows

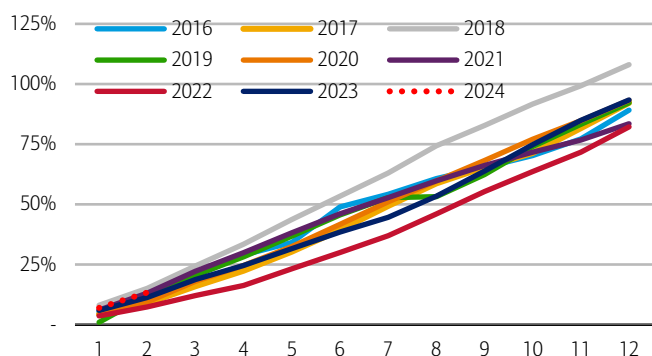


Source: FGTS

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## Exhibit 39: FGTS discount budget execution

% monthly | Discount is below historical budget

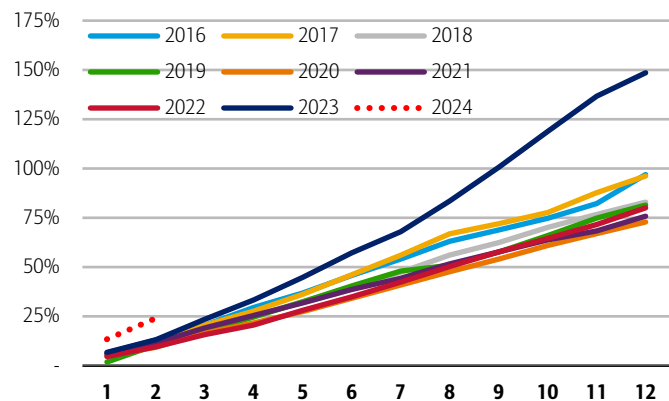


Source: FGTS

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## Exhibit 40: FGTS budget execution on 'Carta de cred. individual' year

% monthly | CCI is above historical budget

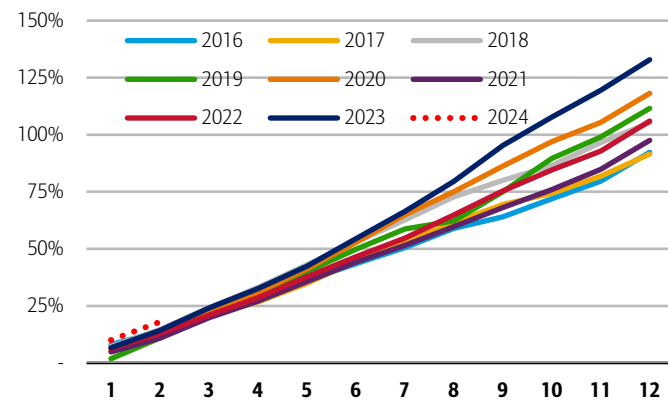


Source: FGTS

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## Exhibit 41: 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

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