

## **Residential Real Estate Market In Brazil - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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### **Report description:**

The residential real estate market in Brazil is expected to register a CAGR of more than 6% during the forecast period 2022-2027.

The COVID-19 pandemic slowed the recovery of Brazil's property market, with real house prices in Sao Paulo decreasing 5.51% till Q3 2021, following a 0.21% increase the previous year. After the recessionary period in 2020 caused by the COVID-19 outbreak, the real estate market in Brazil improved significantly, overcoming the economic downturn, notably in the residential sector.

In the first four months of 2021, about 13,012 homes were sold, compared to 8,738 in the same period in 2020, according to Rio de Janeiro's Housing Union. Meanwhile, real estate funds in the Latin American country collected USD 5.4 in the first half of 2021, according to the Brazilian Association of Financial and Capital Market Entities. The figure represents a growth of 44.3% over the funds raised in the same period in 2020.

The Sao Paulo State Housing Union reported 5,555 new residential units sold in the city of Sao Paulo in October 2021, nearly unchanged from the previous year. Brazilian President Jair Bolsonaro was heavily chastised for his handling of the COVID-19 pandemic, in which he refused to endorse steps aimed at halting the virus's spread. Brazil's central bank announced its third interest rate hike in 2021, a 75-basis point increase to 4.25%, and anticipated a similar rise in August 2021. The country's economy expanded 1% year-on-year in the first quarter of 2021, beating market estimates of a 0.8% growth.

Brazil Residential Real Estate Market Trends

High-end Segment Growing in the Country

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Brazilian real estate has had a good year, with strong demand in all of the country's major markets in 2021. However, one industry fared extraordinarily well in 2021, far beyond projections. In both Sao Paulo and Rio de Janeiro, luxury property sales and launches increased by double digits.

One of the reasons that luxury property in Brazil experienced such strong growth in 2021 was the significant rise in demand. Affluent Brazilian families want more space, quality, and comfort in their homes, and as a result, interest in the high-end sector rose considerably.

The country's two main luxury markets, Sao Paulo and Rio de Janeiro have seen a large uptick in demand for properties worth over BRL 2 million. Luxury apartments have been the preference among affluent buyers in both of Brazil's largest cities. In Sao Paulo, sales of apartments priced over BRL 2 million went up by 3.2% in the year to June 2021. In Rio de Janeiro, the increase was even higher, with transactions rising by 10%.

In the lower price echelon (over BRL 1.5 million), the figures were even more impressive. The Brazilian Association of Developers (ABRAINC) reported that sales of this type of property rose by 43% in Sao Paulo between January and September 2021. The luxury and super-luxury segment in Sao Paulo, from January to September 2021, totaled 4,217 units, which was an increase of 129%. In tandem with solid sales was the giant leap in the number of launches of luxury properties in Brazil. In Sao Paulo alone, they went up by 232% in the first nine months of 2021. In Rio de Janeiro, the increase in the region was 35%.

### Fortaleza Leading the Market

Brazilians began looking for larger and nicer homes in 2021, with more space for workplaces and homeschooling. In 2021, they were also able to take advantage of low mortgage rates. As a result, the property market saw one of its busiest times on record, with Fortaleza leading the Brazilian real estate market. In 2021, sales in Ceara's capital increased by over 86%.

The city of Fortaleza had the busiest real estate market in 2021, according to figures from the Brazilian Property Registry. It achieved the largest sales rise between January and November and for the entire year ending in November 2021. In the first eleven months of 2021, there were 12,981 property sales in Fortaleza. The figure represents an increase of 86.8% over the same period in 2020. Ceara's capital grew by far the most in the country, outpacing its nearest competitor, Florianopolis, by 60.2%. With a 44.1% increase in sales, Sao Paulo came in third.

The statistics from the Brazilian Mortgage Lenders Association (ABECIP) showed an increase of 124% in 2021. It is the biggest rise since recordkeeping began. In terms of national rankings, Ceara saw the third-highest increase in loans after Rio Grande do Norte and Para. While sales of mid- to high-end new property in Fortaleza started slowly in 2020, they picked up by the end of the year. The value of sales of luxury homes in Fortaleza increased by 11% compared to 2019, taking the high-end sector to levels last seen in 2015.

### Brazil Residential Real Estate Market Competitor Analysis

The residential real estate market in Brazil is competitive. Competition and pricing have increased strongly, and new investors and developers have entered the market. Moreover, both the demand and supply of real estate are increasing. Interest rates and financing terms are creating a very attractive investment environment for companies. The major companies in the market include MRV Engenharia, Cyrela Brazil Realty, Even Construtora, Construtora Tenda, and Direcional Engenharia (Direcional), etc.

### Additional Benefits:

The market estimate (ME) sheet in Excel format

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