

Mexico Home Equity Lending - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

Mexico's Home Equity Lending Market is expected to register at a CAGR greater than 5% during the forecast period.

The Home Equity loan Market is experiencing continuous expansion and is anticipated to continue in this direction over the next several years. Homeowners can borrow money using home equity loans as collateral. The equity in the home is the sum of mortgage debt and the value of the home. Due to a significant rise in home prices, banks and credit unions now have a significant growth opportunity in home equity loans and lines of credit.

As a home equity loan is a second mortgage, and with the advent of Covid-19 mortgage lending has completely changed. Application for a mortgage became challenging with a decline in risk exposure of mortgage lenders and borrowers of home equity loans suffered with limited loan availability and stricter approval conditions. During the pandemic period, New housing was among the segment with the largest number of mortgage loans existing at around 75,000 in number.

Currently, the annual interest rate of mortgage loans in Mexico is varying in the range of (7 to 11)% with different banks offering different rates of interest. Over the last two years, real estate mortgage loans granted in Mexico is existing at around 0.5 Million annually. Currently, the inflation rate in Mexico is observing a decline from the pandemic level and is expected to provide relief to the lenders and risks associated with lending.

Mexico Home Equity Lending Market Trends

Financial And Socioeconomic Factors Favouring The Market

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The development of residential infrastructure is aided by the growing population, the growing need for decent housing and infrastructure, and the tendency toward nuclear families. The factors that drive the Mexico home equity lending market include rising home prices, popular home innovations, and improvements, tax deductions for interest payments, lower interest payments when compared to other borrowing methods, the availability of lump sum cash upfront payments, and fixed monthly payments.

Last year North Area of Mexico was existing with the largest number of houses sold followed by the western and central areas with the State of Mexico and Mexico City having the largest number of economic units in the real estate sector existing at 7,000 and 6,000 in number signifying a large existing opportunity for Home equity lending in the region.

Rising Contribution Of Residential Real Estate In The Economy

Mexico City exists as the most expensive city for buying a home with the average price of real estate in the nation's capital city being about three million Mexican pesos or roughly double the national average. With a contribution to the GDP of over 6%, the housing sector is one of Mexico's most essential and steady markets. With only 15% of homes being rented, the market is mainly an owner's market, with approximately 69 % of properties in the nation fully paid off by their owners.

The average price of Housing in Mexico had observed a significant rise over the years rising to USD 90,000 during the last year with a further increase observed. This price increase is leading households to borrow a significant sum for their home's construction, renovation, and other works.

Mexico Home Equity Lending Industry Overview

The report covers major players operating in the Mexico Home Equity Lending Market. In terms of market share, few of the major players currently dominate the market. However, with technological advancement and product innovation, mid-size to large-size companies are increasing their market presence by securing new contracts and tapping new markets.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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