Housing in Latin America and the Caribbean (LAC)
Challenges & Opportunities

Trends

Worldwide

The construction industry:
• 81 consumer of global raw materials.
• 6% of GDP.
• 1% reduction in costs could save the world US$600 billion per year (the cost of all cancer drugs).
A construction contract
• 25 years ago 10 pages.
• Today 1,000 pages.

Increase in Housing Prices:
• Last 15 years +55%.
• Last 10 years +7.9%.

• +8%.
• In flood-prone areas +14%.
• +192%.
• +200,000 people move to urban areas every day.

A typical informal settlement in LAC

Name of the informal settlement: Conrado Malaga de Prado. Comas, Lima, Peru.
Owners that built: 100%.
Owners that built in compliance with regulations: <10%.
Housing units that have been transferred at least once: 59%.

Housing Policies in LAC

Dilemma 1: Policies or Subsidies?
Peru
Between 1999 and 2014, the government spent US$ 3.3 billion on housing subsidies. Every year, households spend US$ 9.3 billion on housing.

Dilemma 2: Build New or Retrofit Used?
Colombia
Between 2003 and 2016, the government spent US$ 2.6 billion on housing subsidies for informal workers.
85% of the subsidies were dedicated to finance the construction of new housing units.

741 days: time to enforce a contract in LAC.

Dilemma 3: Ownership or Rental?
Chile
6.0% of the housing subsidies granted and
3.4% of the amount spent were dedicated to rental subsidies.

Households in Colombia, Guatemala, Mexico, and Peru combined spend US$ 84 billion per year in housing.

Markets

GDP per capita, US$: 43.4
Population (millions): 91.8 %
Annual household formation (thousands): 38.1%
Annual housing units completed: 190

Public expenditures in housing (% of GDP): 0.8
Mortgages loans: 0.3
Remittances: 0.1
Pension funds: 11.6
Households renting: 19.0

Total annual household expenditures on housing: 2009 tropical storm

Housing: 14% 27% of income.
Transport: 12% 24% of income.
Energy and water: 5% 7% of income.
The richest 25% spend 3.2% of their income on energy and water. The poorest, 9.2%.

Dilemma 4: Public Asset or Public Contingency?
Share of housing on total private damages and losses

Haiti
2010 earthquake
37%
2008 earthquake
33%
El Salvador
2009 tropical storm
24%
St. Vincent
2013 floods
93%
Guatemala
2010 tropical storm
44%

People

Informal settlements
I live in a slum
Argentina 17%
Chile --
Colombia 13%
Guatemala 35%
Honduras 28%
Mexico 11%
Paraguay --
Peru 34%
LAC 21%

Employment condition
I work full-time for my employer
Argentina 52%
Chile 60%
Colombia 34%
Guatemala 27%
Honduras 33%
Mexico 58%
Paraguay 54%
Peru 37%
LAC 46%

Peru

The same property in...

Affordable housing in my city
Argentina 30%
Chile 8%
Colombia 47%
Guatemala 8%
Honduras 7%
Mexico 8%
Paraguay 5%
Peru 10%
LAC 10%

Mortgage penetration
I took a loan to purchase a home, an apartment or land
Argentina 15%
Chile 15%
Colombia 10%
Guatemala 8%
Honduras 8%
Mexico 5%
Paraguay 5%
Peru 10%
LAC 10%

Capacity to pay for housing
I don’t have enough money for shelter
Argentina 8%
Chile 9%
Colombia 13%
Guatemala 37%
Honduras 36%
Mexico 35%
Paraguay 39%
Peru 32%
LAC 32%

Financial vulnerability
In case of emergency, I cannot come up with emergency funds
Argentina 23%
Chile 41%
Colombia 27%
Guatemala 34%
Honduras 36%
Mexico 29%
Paraguay 15%
Peru 23%
LAC 32%

Public transportation
I am satisfied with public transportation
Argentina 55%
Chile 41%
Colombia 55%
Guatemala 55%
Honduras 75%
Mexico 79%
Paraguay 58%
Peru 58%
LAC 54%

Safes
It is safe to walk alone at night in my city
Argentina 39%
Chile 48%
Colombia 45%
Guatemala 47%
Honduras 47%
Mexico 46%
Paraguay 49%
Peru 49%
LAC 48%

Note: This infographic has been produced for illustrative purposes with the latest information publicly available from sources considered reliable. Sources: CCLAC, ECONOMIC INTELLIGENCE UNIT, GALLUP, GPRR, IMF, WORLD BANK, WORLD ECONOMIC FORUM, FINANCIAL REGULATORS AND NATIONAL STATISTICAL FORMALIZATION AND HOUSEHOLD AUTHORITIES.