

Brazil Homebuilders

Data Expert | Homebuilding Market Tracker

April 2023 Edition



In this report, we present our homebuilding market tracker for April/2023. In this edition, we point out the challenging scenario for the mid/high-income segment with (i) inventories reaching 55k units in Jan/23, although YoY growth seems to have decelerated (+2% YoY); and (ii) higher saving accounts withdrawals (-R\$ 42bn in 1Q23 vs. -R\$ 31bn in 1Q22). On the other hand, we continue to see a positive scenario for low-income homebuilders, explained by MCMV concessions (YTD) accelerating to 37% of the yearly budget (vs. 25% in the average of the last 8 years), boosted by SP reaching 52% (vs. 27% of the historical average).

Strong saving accounts withdrawals in Q1 and higher inventory put pressure on the mid/high-income segment. Net Inflow from Saving Accounts reached -R\$ 42bn in 1Q23 (vs. -R\$ 31bn in 1Q22) and mortgage concessions decelerated, reaching R\$ 39bn (-7% YoY), still hurt by the higher interest rates scenario. Beyond that, inventory level in the mid/high-income segment (MAP) reached 55k units in Jan/2023, but growth started to decelerate (+2% YoY; Figure 2), which could be explained by a greater launches selectivity for mid/high-income names, focusing on inventory sales. Nonetheless, we continue to see a pressured scenario ahead, with a potential deceleration in launches.

MCMV concessions continue accelerated. Concessions pace (YTD) seems accelerated (37% of the yearly budget vs. 25% in the average of the last 8 years; Figure 11), boosted by SP reaching 52% (vs. 27% of the historical average), which could lead to a further budget rearrangement, as we saw in this quarter (SP at 33.5% of total FGTS budget vs. 31.5% in our *latest report*).

Ygor Altero

Real Estate

XP Homebuilders Coverage – Valuation Comps

	Ticker	Rating	Last Price (R\$)	Price Target (R\$)	Market Cap (R\$m)	P/BV		P/E	
						23E	24E	23E	24E
Mid and High-Income Homebuilders									
Cyrela	CYRE3	Buy	16.0	33.0	6,000	0.9x	0.8x	5.2x	4.5x
EZTec	EZTC3	Buy	15.7	48.0	3,414	0.6x	0.5x	2.2x	2.5x
Lavvi	LAVV3	Buy	5.4	11.5	1,046	0.6x	0.6x	3.7x	2.8x
Even	EVEN3	Neutral	5.2	13.0	1,077	0.5x	0.5x	3.3x	3.0x
Melnick	MELK3	Buy	3.5	9.0	704	0.5x	0.5x	4.2x	3.1x
Trisul	TRIS3	Buy	3.6	14.0	652	0.4x	0.3x	1.9x	1.6x
JHSF	JHSF3	Buy	4.0	9.7	2,706	0.6x	0.6x	5.3x	3.8x
Low-Income Homebuilders									
Cury	CURY3	Buy	11.9	17.0	3,444	3.6x	2.8x	6.8x	6.1x
Direcional	DIRR3	Buy	15.4	22.0	2,293	1.5x	1.3x	6.9x	5.5x
Plano & Plano	PLPL3	Buy	6.2	7.0	1,235	2.2x	1.7x	6.5x	5.8x
MRV	MRVE3	Buy	8.1	17.0	3,928	0.6x	0.5x	5.1x	4.2x
Tenda	TEND3	Neutral	6.9	11.0	697	0.9x	0.9x	-	13.5x

Few Charts to Keep an Eye On

We point out SBPE Net Inflow and Mid/High-Income HB Inventories

Figure 1: Monthly SBPE Net Inflow and Mortgage Concession (R\$bn)

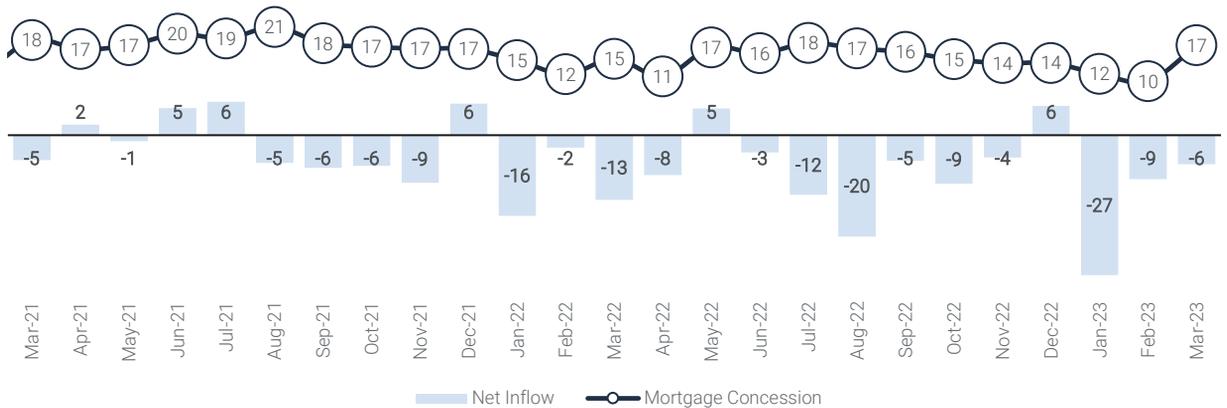


Figure 2: Units under offer⁽¹⁾ (Inventory position) – Mid/High-Income (000' Units)

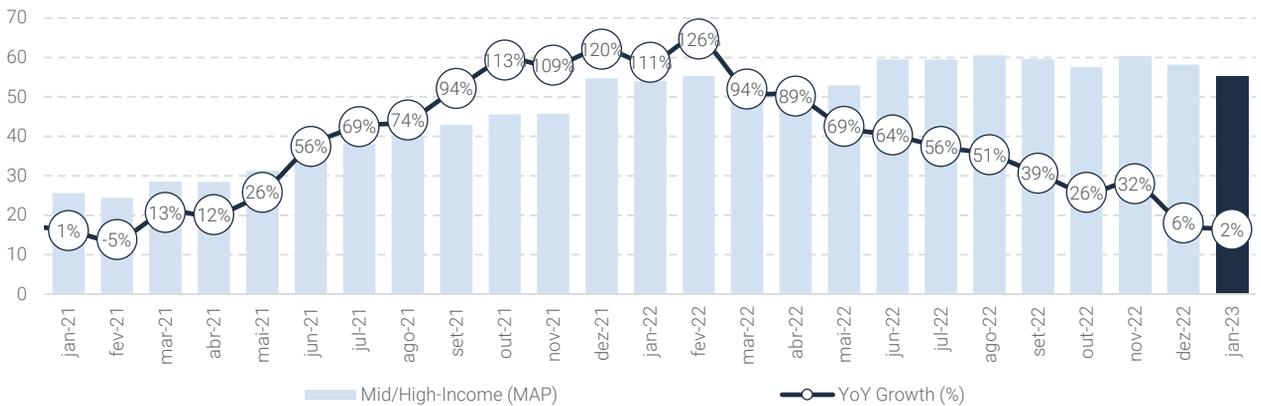


Figure 3: Construction Costs Inflation (LTM)

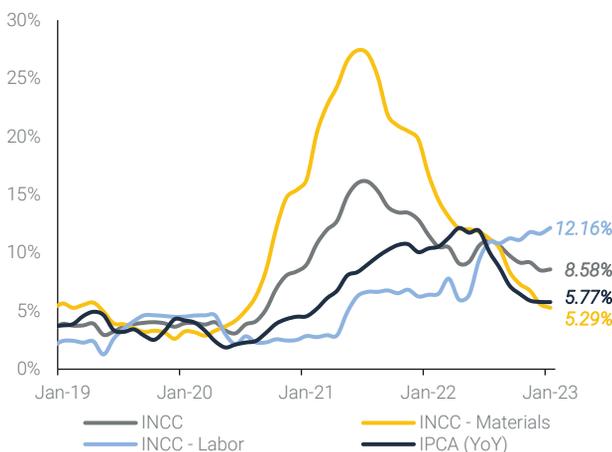
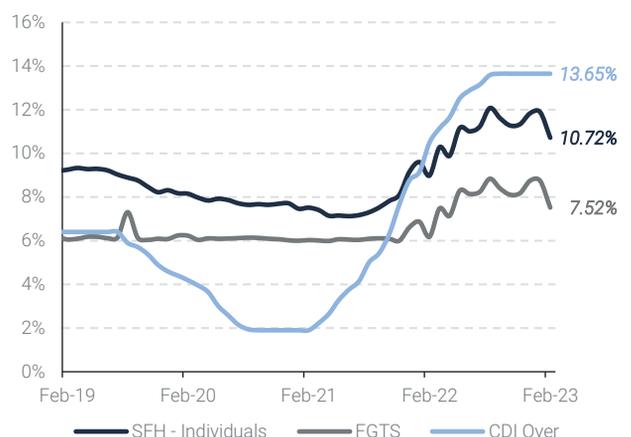


Figure 4: Average Mortgage Interest Rates (Households)



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Funding

Saving Accounts (SBPE)

Figure 5: SBPE Balance in March (R\$bn)⁽¹⁾

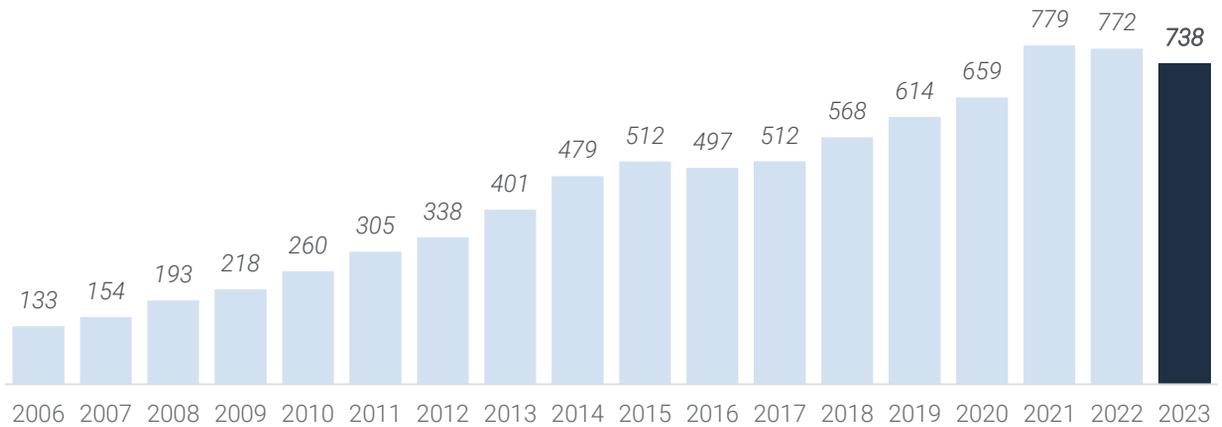


Figure 6: SBPE vs. Mortgage Concessions (R\$bn)⁽¹⁾

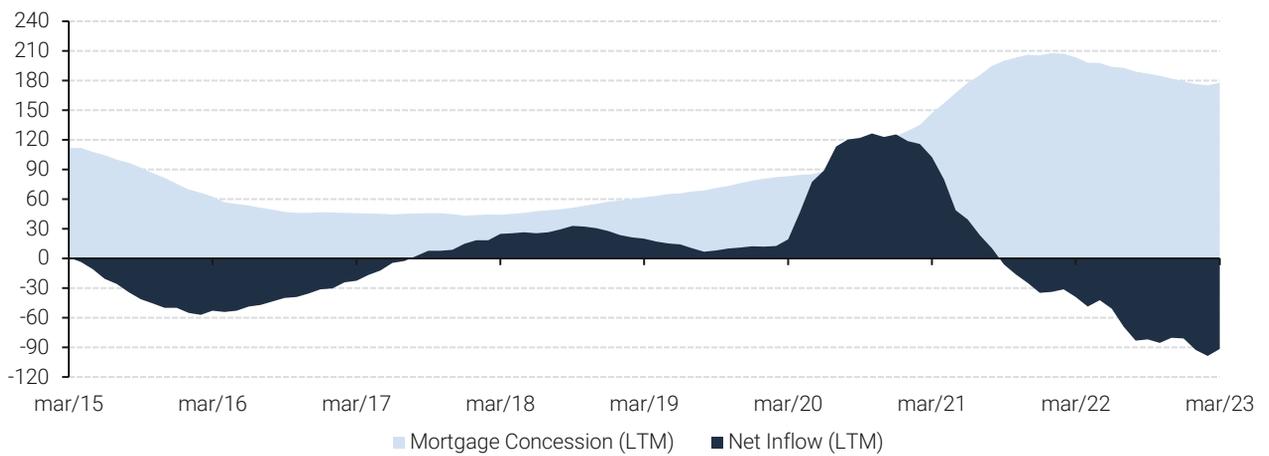


Figure 7: Average Net Delinquency (Households)



Funding

FGTS

Figure 8: FGTS Production Support (Budget)⁽¹⁾

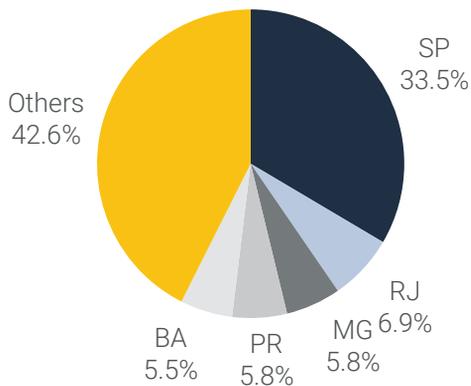


Figure 9: FGTS Production Support (Execution)⁽¹⁾

	Hiring	Budget	Execution
SP	6,962	13,526	51.5%
RJ	1,215	2,792	43.5%
MG	993	2,341	42.4%
PR	954	2,325	41.0%
RS	815	1,549	52.6%
GO	689	1,573	43.8%
BA	627	2,222	28.2%
CE	386	1,249	30.9%
PE	378	1,512	25.0%
AM	241	1,649	14.6%

Figure 10: FGTS Production Support – YTD Execution (Brazil)⁽¹⁾



Figure 11: Production Support – YTD Execution (SP)⁽¹⁾

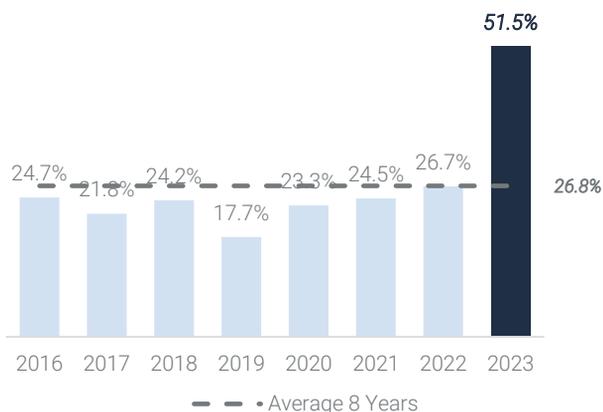
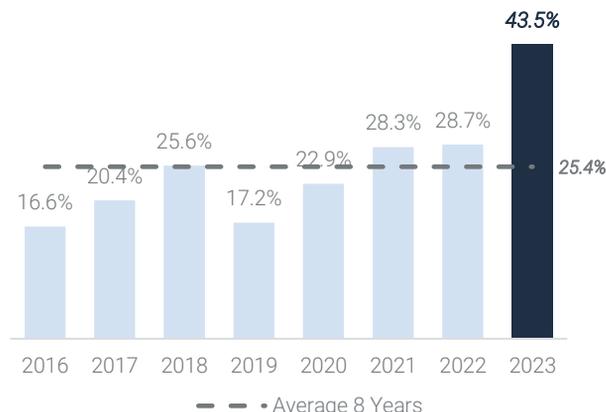


Figure 12: Production Support – YTD Execution (RJ)⁽¹⁾



Market Overview

Launches and Sales (YTD)

Figure 13: Launches⁽¹⁾ – Total (000' Units)

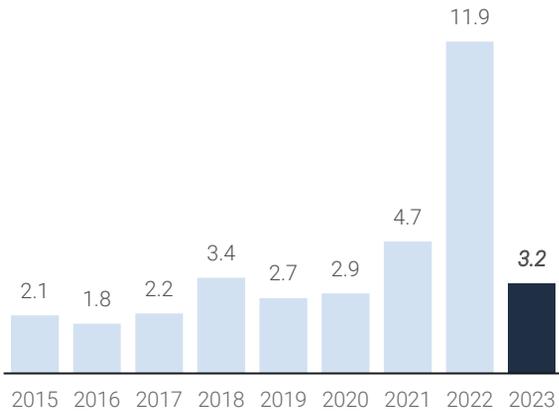


Figure 14: Gross Sales⁽¹⁾ - Total (000' Units)

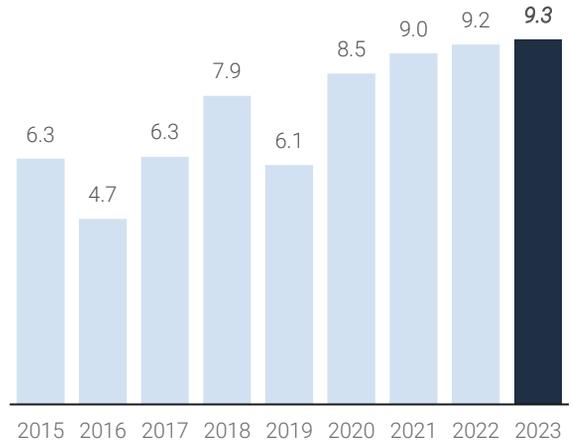


Figure 15: Launches⁽¹⁾ – Mid/High-Income (000' Units)

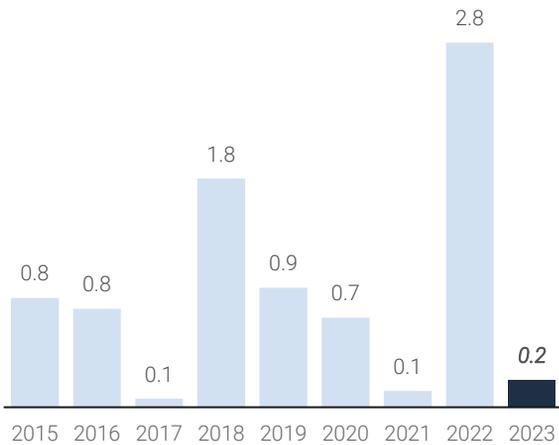


Figure 16: Gross Sales⁽¹⁾ - Mid/High-Income (000' Units)



Figure 17: Launches⁽¹⁾ – Low-Income (000' Units)

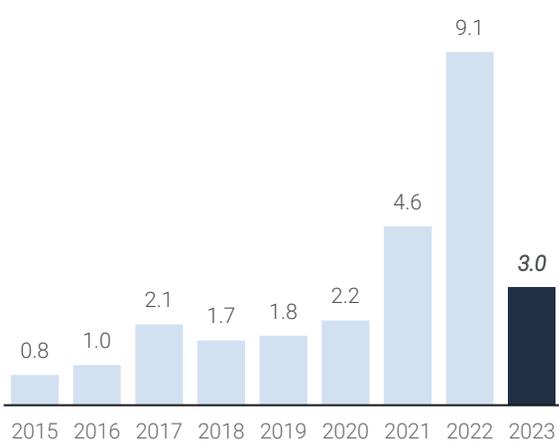
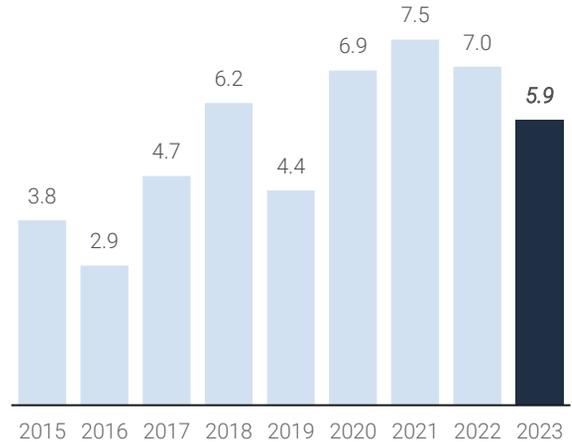


Figure 18: Gross Sales⁽¹⁾ - Low-Income (000' Units)



Market Overview

Launches and Sales (FY)

Figure 19: Launches⁽¹⁾ - Total (000' Units)



Figure 20: Gross Sales⁽¹⁾ – Total (000' Units)

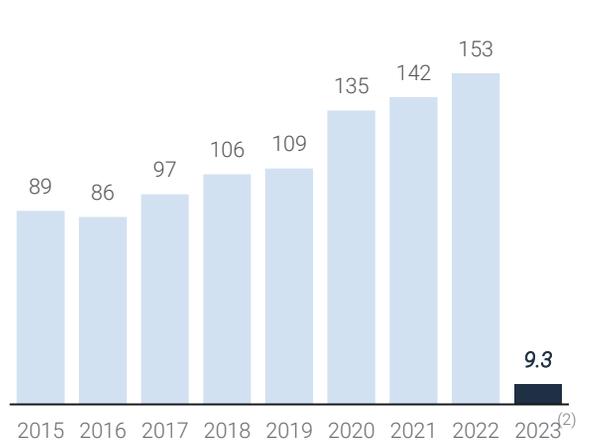


Figure 21: Launches⁽¹⁾ – Mid/High Income (000' Units)

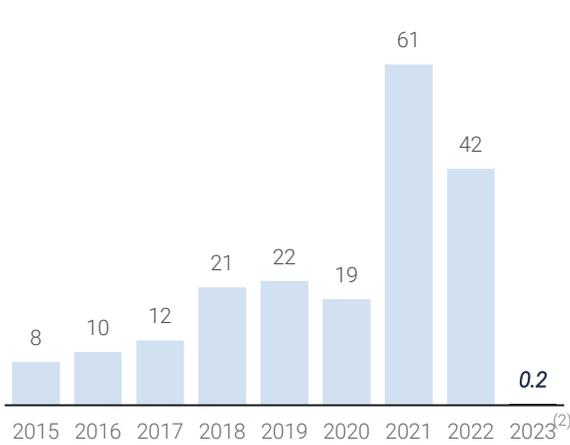


Figure 22: Gross Sales⁽¹⁾ - Mid/High-Income (000' Units)

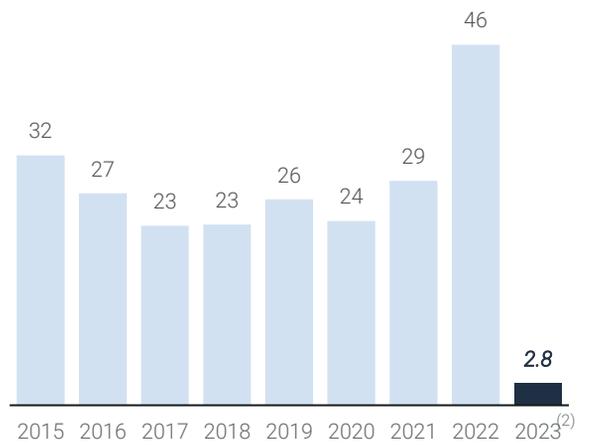


Figure 23: Launches⁽¹⁾ – Low-Income ('000 Units)

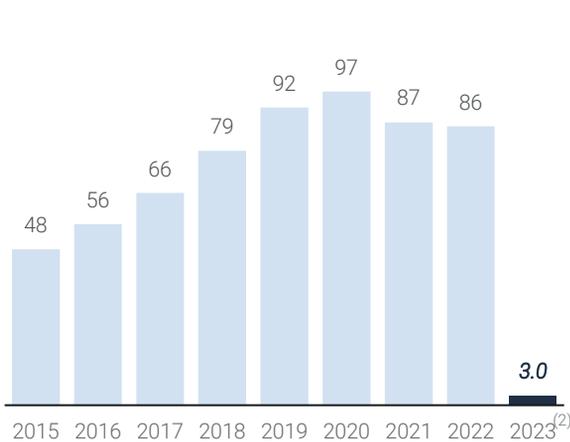


Figure 24: Gross Sales⁽¹⁾ - Low-Income ('000 Units)



Market Overview

Inventory

Figure 25: Units under offer⁽¹⁾ (Inventory position) – Total (000' Units)

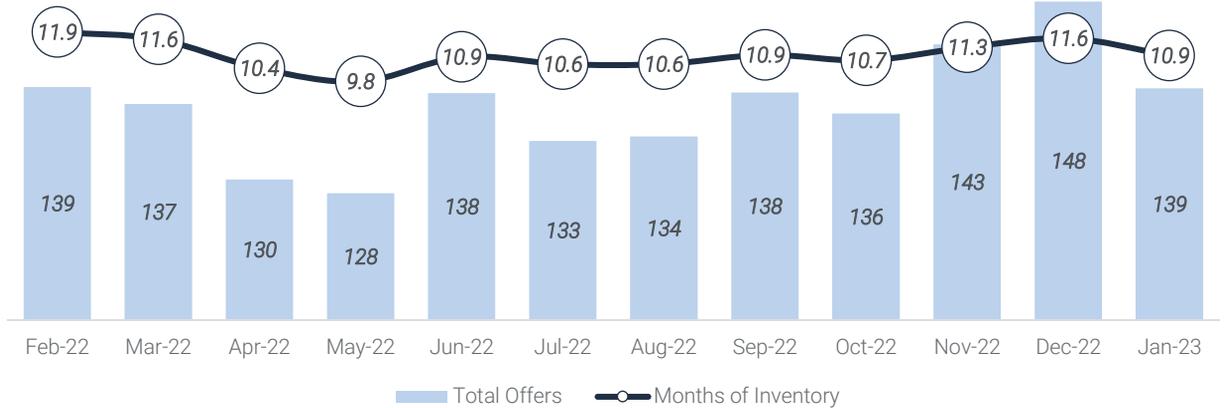


Figure 26: Units under offer⁽¹⁾ (Inventory position) – Mid/High-Income (000' Units)

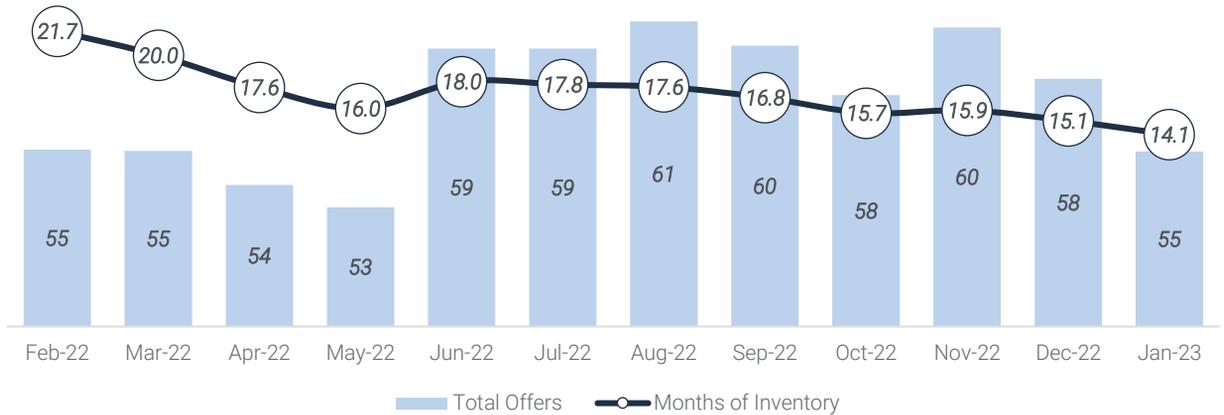


Figure 27: Units under offer⁽¹⁾ (Inventory position) – Low-Income (000' Units)



Market Overview

Sales Cancellation and Sales Speed (SoS)

Figure 28: Sales Cancellation⁽¹⁾ - Total (YTD)

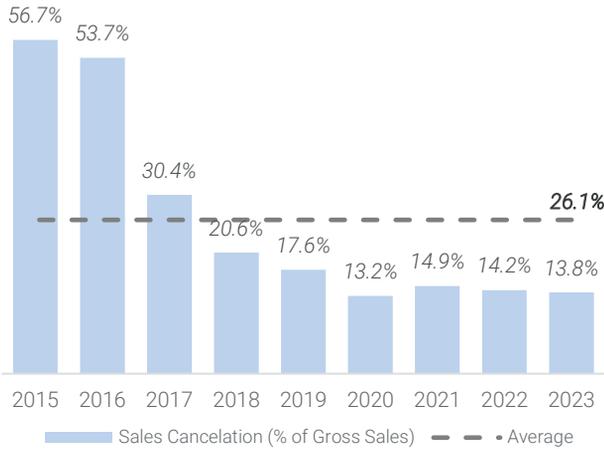


Figure 29: SoS⁽¹⁾ - Total (LTM)

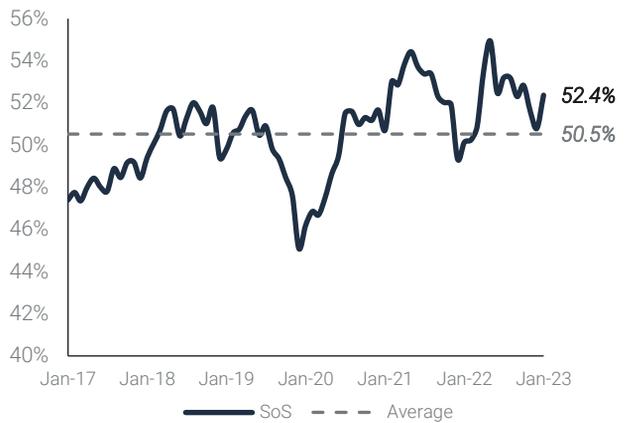


Figure 30: Sales Cancellation⁽¹⁾ - Mid/High-Income (YTD)

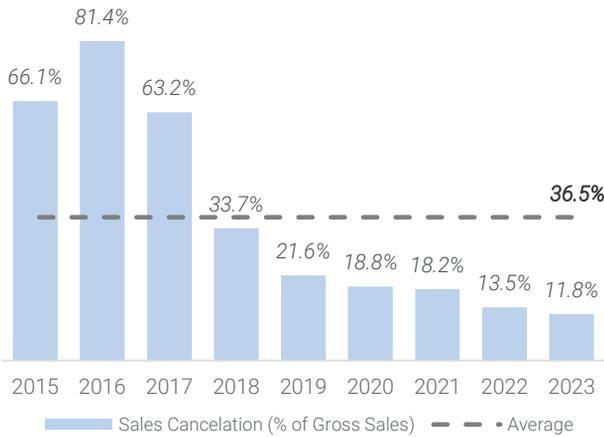


Figure 31: SoS⁽¹⁾ - Mid/High-Income (LTM)

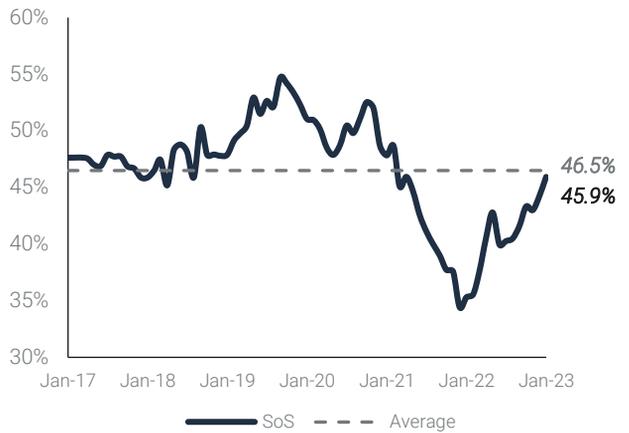


Figure 32: Sales Cancellation⁽¹⁾ - Low-Income (YTD)

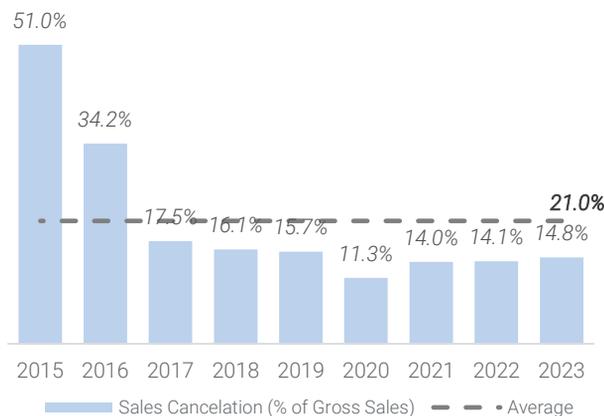
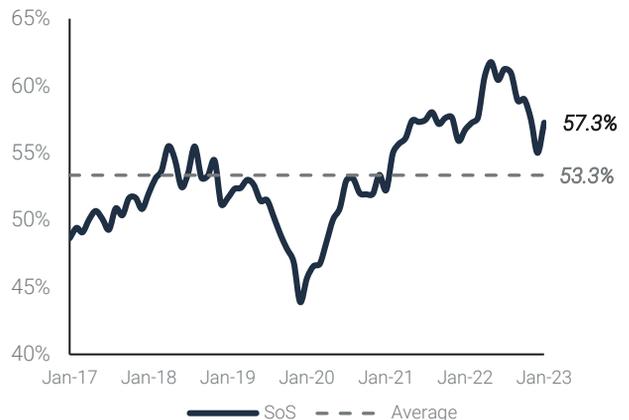


Figure 33: SoS⁽¹⁾ - Low-Income (LTM)



Prices

Housing

Figure 34: IGMI-R Brazil (LTM)

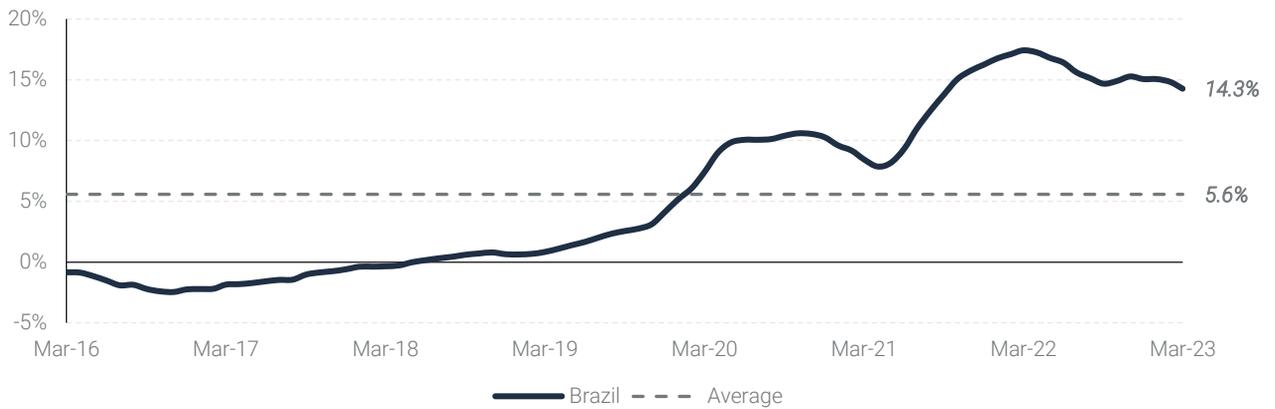


Figure 35: IGMI-R Evolution - Regions (LTM)

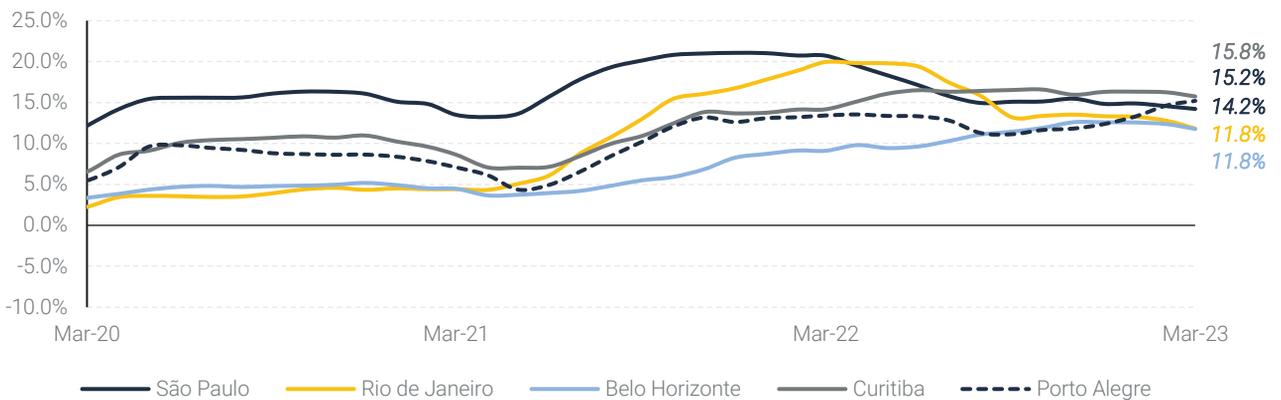
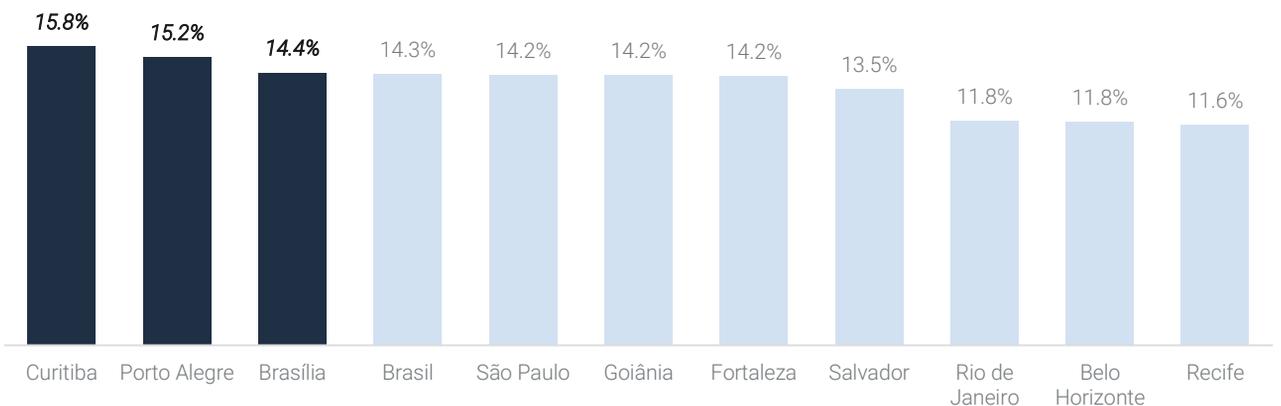


Figure 36: IGMI-R Ranking - Regions (LTM)⁽¹⁾



Capital Markets

Stock Performance

Figure 37: Stock Performance⁽¹⁾

Companies	Current Price	Market Cap	Last Week	Last 30 Days	2023 (YTD)	Apr-23	Mar-23	Feb-23	Jan-23	2022
Ibovespa	105,148		1%	4%	-4%	3%	-3%	-7%	3%	5%
Low-Income										
Cury	11.88	3,446	-4%	-8%	-4%	-4%	2%	-7%	8%	95%
Tenda	6.88	718	18%	55%	63%	22%	3%	-2%	13%	-75%
MRV	8.12	3,904	13%	26%	7%	13%	8%	-16%	-8%	-34%
Direcional	15.39	2,294	-2%	-6%	-2%	-2%	4%	-4%	2%	35%
Plano & Plano	6.23	1,265	5%	8%	61%	6%	32%	-6%	17%	30%
Mid/High-Income										
Cyrela	15.97	6,345	7%	19%	26%	10%	-6%	-1%	16%	-14%
Even	5.21	1,098	3%	20%	14%	15%	-2%	-6%	4%	-29%
EZTec	15.65	3,437	8%	25%	17%	19%	-4%	-13%	9%	-31%
Lavvi	5.35	1,061	-1%	5%	12%	6%	-5%	-2%	15%	3%
Melnick	3.48	719	9%	27%	15%	16%	0%	0%	-9%	-11%
Trisul	3.58	664	2%	22%	8%	20%	-5%	-14%	9%	-39%
JHSF	4.00	2,701	3%	9%	-17%	6%	-12%	-17%	4%	-6%

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