



For Immediate Release

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## **Latin American Housing Sales Boom in 2020, Despite Pandemic**

**Los Angeles, March 29, 2021** – It was French writer Jean-Baptiste Alphonse Karr that said more than 250 years ago, “the more things change, the more they stay the same.” It was fascinating to watch that in 2020, a year where the whole world changed, one thing certainly remained the same: demand for housing in Latin America, especially in the low-income segments. The combination of huge existing housing deficits, incremental demand outpacing supply by large margins, affordability with long-term mortgages at historically low rates, and government support, continue to buoy this market through the most challenging of times. For-sale housing has been the cornerstone of Paladin Realty’s Latin American investment strategy since it entered the market in 1998, for exactly these reasons.

In Brazil, a new record was set in 2020 for residential sales in São Paulo. According to SECOVI (one of the principal sources of residential sales data in Brazil), 51,417 units were sold in Brazil’s largest city in 2020, setting an all-time record. This figure was 5% higher than the previous record of 49,244 units, set in 2019. Some of the purchasing may have been investors searching for hard assets amidst the economic uncertainty and record-low interest rates, but much of it speaks to the demand-driven opportunity that housing presents: Brazil is a country that requires an estimated 1.5 million new housing units per year, which is met with a supply that is estimated at less than 500,000 homes. Paladin Realty launched Praça Marajoara in September 2020, a lower-income development with an average price-point of US\$85,000, and had sold 66% of its 204 units by year end. Paladin’s prior two launches in São Paulo, ARQ, a middle-income project in Vila Mariana and CORE a mixed-use project in Pinheiros, ended 2020 with 71% and 99% of their residential units sold, respectively.

A similar phenomenon played out in Colombia. The second quarter of 2020 was filled with the most doubt, with quarantines that shuttered sales centers for months on end, but the rebound in 3Q was tremendous: more than 60,000 units were sold nationwide, the best quarter in Colombia’s history, according to CAMACOL (Colombian Construction Association). Overall for the year,

194,800 homes were sold, also the best on record, led by the VIS sector (Vivienda Interés Social, or “social interest” housing) which saw sales of nearly 133,000 units, an 8% increase over 2019. This was most clearly evidenced at Paladin’s Palmanova project outside of Bogota. Palmanova, a combination of VIS and lower middle-income homes sold an average of just 12 units per month from February through August, when nationwide lockdowns were in place and the sales center was periodically closed and re-opened, but from September through December, an average of 35 units were sold per month, with a peak of 55 in October. “Government support was a big factor in Colombia last year,” said Camilo Otalora, head of Paladin’s Bogota office, “The government sees housing as a real catalyst to re-activate the economy, boldly enacting a package of 200,000 additional housing subsidies.”

Finally, in Mexico, the “economic” segment (homes in the range of US\$20,000-\$40,000) was the only segment to show an annual increase over 2019 in terms of absolute sales. Indeed, at Paladin’s 1,639-unit Villas del Fresno affordable project outside of Mexico City, 2020 sales outperformed projections by 44%, resulting in a 148% increase over 2019 levels. Villas del Fresno is also credited as the largest green affordable housing project (as certified by the IFC’s EDGE program) in the Western Hemisphere.

“We thought we had seen it all in 25 years of investing in Latin America,” said Randall Loker, Chief Investment Officer at Paladin Realty, “and the resiliency of the housing market has been incredible throughout every shock...but I’d say this latest example is the most impressive.”

### **About Paladin Realty**

Founded in 1995, Paladin Realty is a boutique private equity fund manager focused on institutional-quality real estate investments in the United States and Latin America. Employing a hybrid allocator/operator investment approach, the firm invests across a range of strategies (core-plus, value-added and opportunistic) and product types, including for-sale residential, rental apartments, student housing, office, industrial, lodging and land developments. Paladin Realty’s prior funds to date have invested in hundreds of assets totaling over \$7 billion of projected total cost and more than 25 million square feet of space in eight countries. The firm has one of the longest track records of any institutional fund manager in Latin America, having continuously invested in Brazil, Mexico and the Andean region for the past two decades across \$4 billion of real estate comprising over 37,000 residential units and 20 million square feet of space. Paladin Realty is a U.S. SEC-registered investment adviser headquartered in Los Angeles, California, with regional offices located in Brazil, Mexico, Peru and Colombia.

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