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Mexico targets construction rebound this year after negative cycle

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The construction industry in Mexico is beginning to emerge from a prolonged cycle of contraction and is shaping a turning point starting in April, which would mark the beginning of a gradual recovery in a key sector for the economy.

During a press conference on Tuesday in Mexico City, the president of the Mexican Chamber of the Construction Industry (CMIC), Luis Méndez, indicated that, after nearly 20 months of decline, the sector's output is already showing signs of recovery, driven by the rebound that began in the second half of 2025 and better expectations for the coming years.

"Today it is already beginning to show a gradual recovery [...] and there are encouraging signs in that regard," he said.

Trend reversal on the horizon

Although January still showed negative figures according to the statistics institute Inegi, the leader anticipated a change in trend in the short term, with positive data from the end of the first quarter.

"The January data show negative numbers, but we believe that for February and for March we will already be almost starting to see a positive number", he indicated.

This behavior would give way to a more evident recovery starting in April, in line with the rebound observed in the second half of 2025, after activity hit its lowest point around mid-2024.

"In the last half of last year there was a clear and significant recovery," he added.

The association's projections point to production growth of between 1.5% in 2026 and up to 1.8% in 2027.

From contraction to rebound

The recent performance of the sector reflects an adverse environment over the past two years. Public works spending contracted by almost 32% in real terms in 2024 and posted a new, albeit smaller, decline (-5%) in 2025.

On top of this came cost pressures: annual inflation stands at 4.59%, above the target, while fuels have risen by more than 21%, with increases of up to 59% in inputs such as asphalt in some regions.

This scenario directly affected project execution and the profitability of construction companies.

Infrastructure, structural lag

Despite its weight in the economy almost 7% of GDP and close to 8% of employment, the industry faces significant lags in infrastructure.

Public investment in infrastructure stands at just 1.8% of GDP, well below levels considered necessary (around

6%) and far behind economies such as China (13.5%) or India (7.1%).

"Mexico has great potential for growth, but it is necessary to invest in strategic infrastructure to strengthen competitiveness," said Méndez.

Greater role for the private sector

Given the limited public investment, the private sector is consolidating itself as the main driver of financing. Currently, eight out of every ten pesos of productive investment come from domestic companies.

For every peso of public investment, the private sector contributes 6.6 pesos, while for every peso of foreign investment it contributes an additional nine pesos, according to Méndez.

In this context, the CMIC highlighted the scope of the new legislation on strategic infrastructure, which seeks to trigger projects through mixed investment schemes.

"Public investment on its own is insufficient [...] the participation of the private sector is not an optional complement, but a strategic ally," emphasized Méndez.

The associated plan includes an additional significant boost: around 600.000 million (mn) pesos plus another 700.000mn this year, which could raise total investment in infrastructure to levels close to 4% of GDP.

Conditions to sustain the recovery

Despite the change in trend, the CMIC warned that the consolidation of growth will depend on structural factors.

"We know that recovery requires certainty, clear rules, and long-term forecasts," said Méndez.

Among the main challenges, regulatory stability, continuity of infrastructure spending, cost control, and the proper implementation of the new legal framework stand out.

The agency also proposed strengthening planning through the creation of a national infrastructure institute (IPI) and expanding the sector's participation in defining priority projects, among other industry proposals.

Outlook

The rebound in construction marks a turning point for an industry that is key to the Mexican economy. However, its sustainability will depend on the ability to translate these initial signals into a more robust and continuous investment cycle.

If it materializes, the expected trend change from April onward could lay the foundations for a gradual recovery, although still limited compared to the country's structural infrastructure needs.

(The original version of this content was written in Spanish)