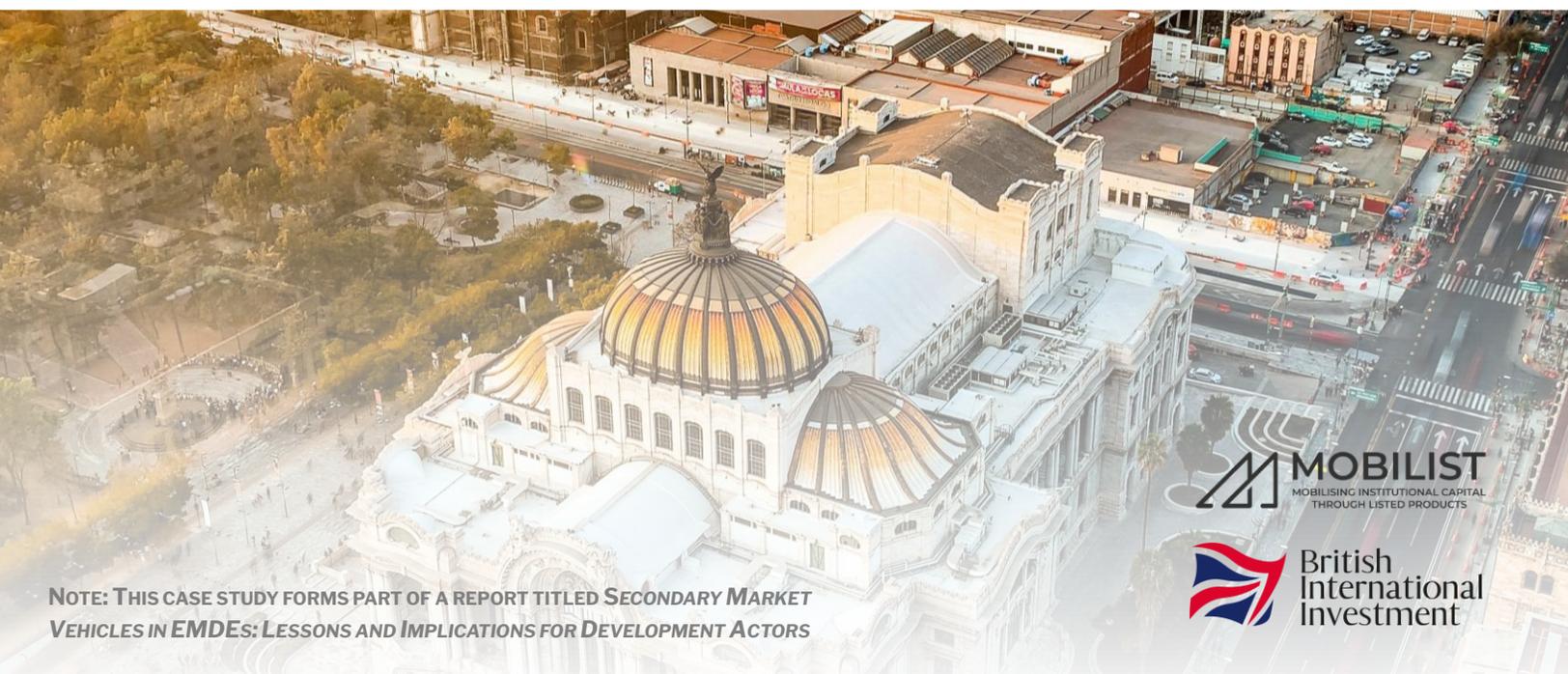


# CASE STUDY: REAL ESTATE INVESTMENT TRUSTS (REITs) IN MEXICO

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JANUARY 2026



NOTE: THIS CASE STUDY FORMS PART OF A REPORT TITLED **SECONDARY MARKET VEHICLES IN EMDEs: LESSONS AND IMPLICATIONS FOR DEVELOPMENT ACTORS**



# 1 Overview

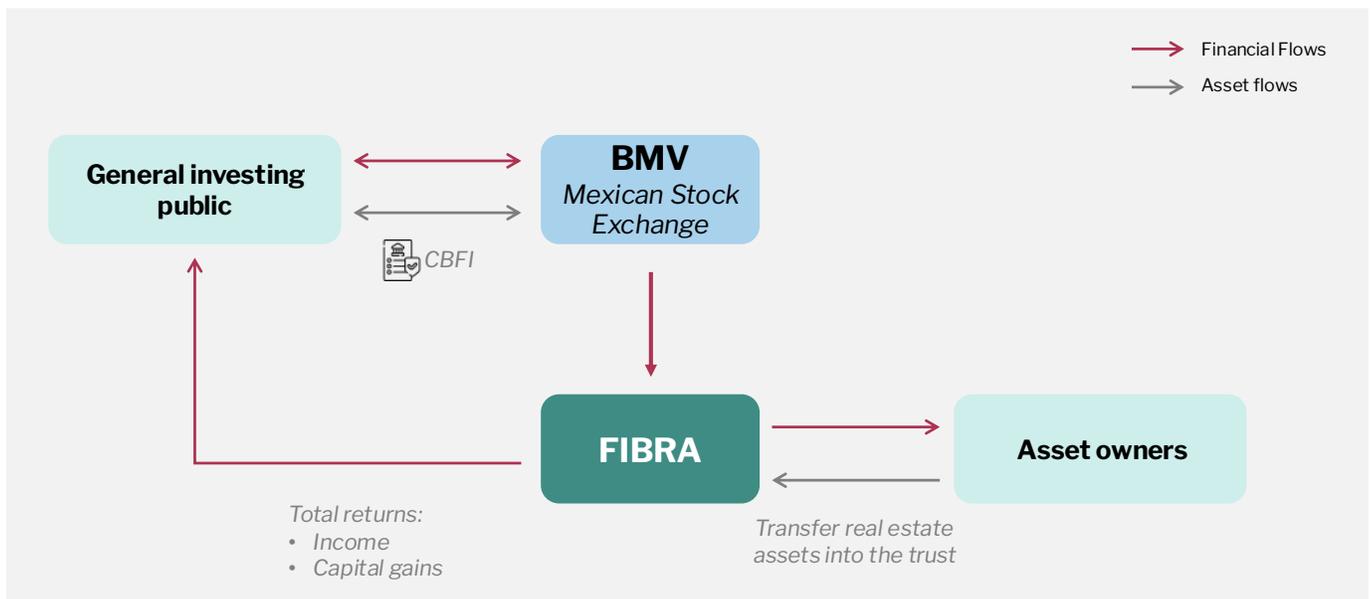
Real Estate Investment Trusts (REITs) are structured investment vehicles designed to hold, operate, and in some cases develop income-generating real estate. In the Mexican market, these instruments are known as Fideicomiso de Inversión en Bienes Raíces (FIBRAs) and are constituted as irrevocable trusts. They issue Certificado Bursátil Fiduciario Inmobiliario (CBFI) units on a public exchange, giving holders an ownership interest in the FIBRA's assets and cash flows.

FIBRAs serve as capital markets vehicles for real estate portfolios, converting inherently illiquid physical assets into tradable securities. They are formed by a sponsor, typically a real estate developer or operator, which seeds the initial portfolio (e.g. Grupo Danhos via Fibra Danhos,

Prologis via FIBRA Prologis, El-Mann family via FUNO). They then scale via continued purchases from the sponsor, often supported by rights of first offer (ROFOs), and via third-party acquisitions. Sponsors typically retain a meaningful minority stake (15-40%) to align incentives and keep a pipeline of drop-down assets. Once issued, CBFIs can be bought and sold on the secondary market, allowing changes in ownership without requiring the direct transfer of the underlying properties.

FIBRAs mobilise institutional and retail capital into real estate through a regulated, exchange-traded structure, while offering investors a mechanism to enter or exit positions. This aligns them with other secondary vehicles that transform private, illiquid assets into investable, liquid securities.

Figure 1. Typical FIBRA Structure



## 2 Market level assessment

FIBRAs were formally introduced in 2011, following nearly a decade of policy discussions and preliminary regulatory adjustments. The structure was designed to mirror international REIT regimes, offering a tax-transparent trust vehicle that could aggregate and manage diversified portfolios of income-producing properties.

Before FIBRAs, institutional real estate investment in Mexico was largely channelled through private funds, direct ownership, or development companies. These structures typically suffered from low liquidity, long holding periods, and limited access to retail investors. FIBRA UNO, the first FIBRA, raised USD 300 million from its IPO in March 2011 and has grown to c.USD 5.5 billion today. Over time, the market expanded to include more than a dozen listed FIBRAs, covering asset classes such as retail, industrial, office, hospitality, and specialised sectors (e.g. telco, educational facilities, agribusiness).

A series of regulatory and policy changes supported the development of the FIBRA market:

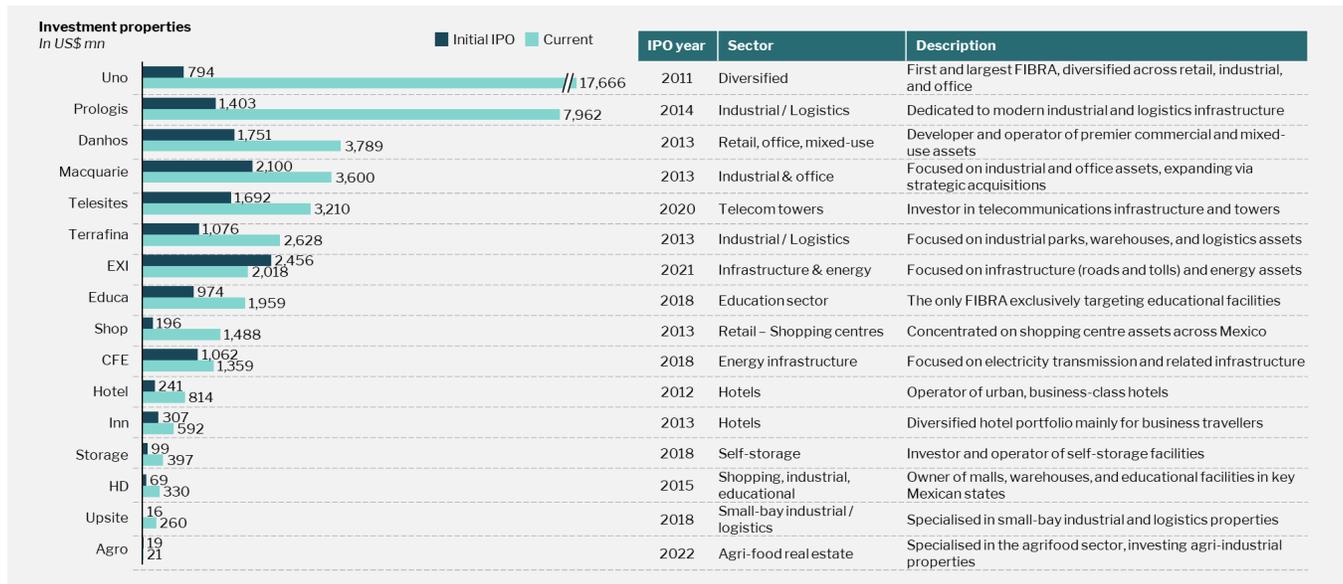
- **Tax and legal framework:** FIBRAs are exempt from corporate income tax, provided they distribute at least 95% of taxable income to investors annually and keep at least 70% of assets invested in real estate (Fibra MTY, 2023)
- **Pension fund regulation:** Changes in regulations allowed pension funds (AFOREs) to invest in FIBRAs
- **Market governance and self-regulation:** An industry association, AMEFIBRA, was created and has played a key role in standardising best practices and maintaining active engagement with regulators on necessary market adjustments
- **Transparency:** Regulations impose stringent corporate governance and reporting standards, including quarterly financial disclosures and detailed property performance metrics

- **Capital mobility and foreign investment:** Trading of FIBRA certificates on the stock exchange was structured so that many investors (including foreign investors) incur no Mexican tax on secondary trading of CBFIs

In the late 2000s, Mexico experienced a real estate construction boom driven by credit expansion, demographic growth, and NAFTA-era industrial demand (Herbert, et al., 2012). By the end of the decade, large developers and owners were seeking liquidity to deleverage balance sheets, recycle capital, and continue expansion without overreliance on bank debt. The introduction of FIBRAs in 2011 provided an exit and capital recycling mechanism for these asset holders, converting income-generating properties into liquid, exchange-traded securities. This was particularly relevant in a macroeconomic environment characterised by moderate but relatively stable GDP growth, relatively low inflation and interest rates compared to historical norms, and an appreciating peso in the early 2010s, improving returns for foreign investors.

Mexico's FIBRA market has expanded into a wide range of sectors – from traditional industrial, retail, and hospitality assets to more specialised areas like education (Fibra Educa), agribusiness (Fibra Agro), telecom towers (Fibra Telesites), and self-storage. To give investors diversified exposure, the S&P/BMV FIBRAS Index was created and is now investable through BBVA's FIBRATC ETF, allowing participation across multiple FIBRAs through a single security.

**Figure 2. FIBRA's Investment Properties**



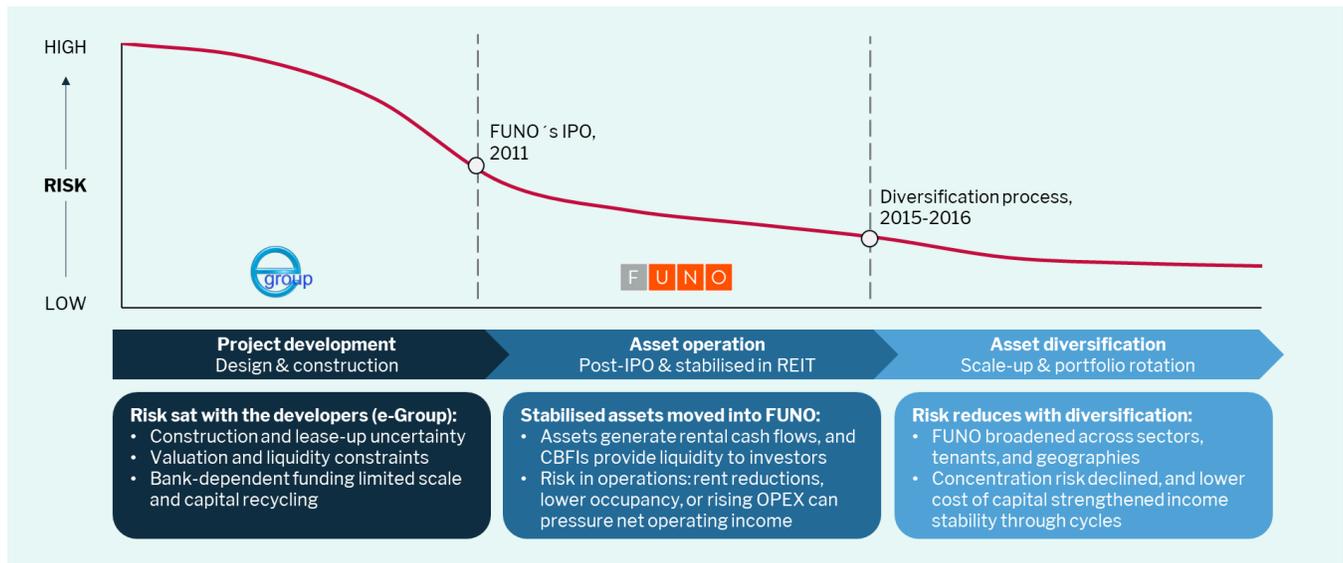
### 3 Vehicle level analysis – FIBRA UNO (FUNO)

FIBRA UNO (BMV: FUNO11), launched in March 2011, was sponsored by the El-Mann family. It was seeded with sponsor assets and later expanded through third-party acquisitions, building a region-leading diversified portfolio across retail, industrial, office, and mixed-use segments. As of the end of 2024, the El-Mann/Attié Control Trust owned c.27.5% of outstanding CBFIs, with the remaining c.72.5% in the public float. FUNO’s portfolio comprised over 600 properties nationwide, with an occupancy rate close to 95%. Market capitalisation stands at around USD 5.5 billion, and the trust has raised over USD 13 billion in debt and equity since inception. FUNO created a large-scale, regulated exit vehicle during a period of strong real estate

supply when many developers and asset owners sought liquidity.

Over time, FUNO has strategically rebalanced its portfolio to align with demand trends, most notably increasing its industrial exposure in response to nearshoring-driven growth. To consolidate these assets, FUNO sponsored Fibra NEXT. The vehicle was structured as an “up-REIT” transaction – a model where property owners contribute assets to a new listed trust in exchange for units. The structure allows for consolidation while the original sponsor (FUNO) retains significant influence and an ongoing stake. Fibra NEXT became the largest IPO on the Mexican Stock Exchange since 2018, raising USD 431 million at launch (Butler & O’Boyle, 2025).

Figure 3. FUNO’s Risk Profile, Illustrative



## 4 Impact on primary market functioning and sustainable development

Since 2011, the sector has grown from c.USD 800 million to c.USD 50 billion in investment properties under management (a 60x increase), with more than a dozen listed vehicles across real estate sectors. This expansion has created a pathway for developers, corporates, and public sector asset holders to recycle capital from stabilised properties into new investments.

FIBRAs allow for price discovery via exchange trading, supported by valuation requirements and market transparency rules. Liquidity and pricing dynamics for Mexican FIBRAs compare favourably with the broader equity market. Leading trusts such as FUNO and FIBRA Prologis record a daily turnover of 0.08-0.15% of total shares outstanding, which is broadly consistent with well-traded Mexican corporates and therefore indicative of healthy secondary trading activity.

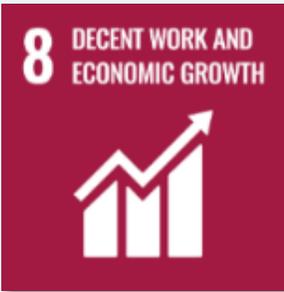
This liquidity is further reinforced by the S&P/BMV FIBRAS Index, which only admits the largest and most actively traded vehicles. It applies strict thresholds (e.g. turnover ratio of at least 1% or an average daily traded value above USD 0.5 million) to ensure that constituents can sustain continuous trading and transparent pricing.

From a performance perspective, FIBRAs have proven to be a particularly attractive proposition: over the past three years, the FIBRAS index delivered a c.15% return, almost double the c.8.2% return of the BMV Total Return index, reflecting the combined effect of moderate price appreciation and consistently high distributions. With sector dividend yields averaging 6-8%, FIBRAs offer investors both stable income and meaningful capital gains.

### Liquidity effects

- Market deepening via a broader investor base:** FIBRAs brought institutional investors into the Mexican real estate market at scale – AFOREs emerged as anchors, with share of market cap growing from c.32% to more than 40% between 2021 and 2025 (Funds Society, 2025). Over time, the investor pool has expanded to include insurers, foreign institutions, and retail investors through the ETF tracking the S&P/BMV FIBRAS index. Since FIBRAs are peso-denominated vehicles, local investors are not directly exposed to exchange rate risk, and with a large share of leases indexed to inflation, real rental income (and therefore investor yields) is protected. FIBRAs can also access a diverse mix of debt financing sources, including local and international bond markets, reducing reliance on bank financing
- Lower cost of capital:** Listed FIBRAs structures have lowered the cost of capital and enabled issuers to access large volumes of capital within relatively short timeframes through follow-on equity offerings and bond issuances (in both local currency and USD). To date, nine FIBRAs have issued 24 bonds in the debt market for a total of c.USD 4.4 billion, while five FIBRAs have raised c.USD 2.1 billion through 15 ESG-themed bond issuances. For example, in 2019, TerraFina issued a USD 500 million 10-year senior unsecured international bond with a 4.962% coupon (modestly above Mexico's 2029 USD sovereign with a 4.50% coupon), and the order book was 4.5x oversubscribed (TerraFina, 2019). FIBRA Macquarie secured a USD 150 million sustainability-linked loan from IFC to finance green industrial parks and efficiency upgrades. It was IFC's first loan commitment to a FIBRA, illustrating the potential for development investors to reduce financing frictions (IFC, 2024). Lower financing costs for listed FIBRAs translate to stronger expected returns on their investments. This dynamic increases the attractiveness of selling to FIBRAs, allowing primary developers to realise higher returns and recycle capital more quickly, which in turn incentivises more primary capital to enter the market

## Impact on SDGs



**The built environment as an engine for growth:** Mexico’s FIBRAs encompass over 2,200 properties nationwide (Redacción El Economista, 2024) and manage USD 50 billion in assets, equivalent to c.3% of national GDP (AMEFIBRA, 2024). According to AMEFIBRA, the sector directly and indirectly supports roughly five million jobs across Mexico, underscoring its role as a major driver of economic activity through construction, leasing, operations, and supply chains.



**FIBRAs supporting industrialisation across sectors:** Prologis and FIBRA NEXT support nearshoring with institutional-grade logistics and build-to-suit manufacturing. FIBRA Sites manages c.6,500 telecom towers nationwide. CFE FIBRA E channels private capital into electricity transmission, and AgroFibra supports agri-food assets (hydroponic greenhouses, cold-chain, and on-site power) to enhance productive capacity.



**Advancing sustainability and social outcomes.** FIBRAs have become a platform for the green building agenda, with roughly eight million m<sup>2</sup> of gross lettable area certified under LEED or EDGE standards, led by FUNO, which accounts for c.38% of Mexico’s LEED-certified space and holds the world’s largest EDGE-certified portfolio. Beyond the environment, the model extends into education: FIBRA EDUCA manages 32 educational properties and 35 learning centres in 20 states, with long-term tenancy from operators such as Nacer-Global and direct impact through over 800 scholarships in 2023.

## 5 Key enablers

### SUPPLY AND DEMAND SIDE ENABLERS



#### Asset supply:

- **A large stock of stabilised, income-generating assets** from the mid-2000s real estate boom
- **Asset owners sought liquidity** and deleveraging, creating a ready pipeline for aggregation
- **FIBRAs expanded into new subsectors**, including telecom, education, and agri-real estate



#### Investor depth:

- **AFORES** held c.40% of FIBRA units, providing a stable domestic base
- **Foreign institutions** deepened liquidity through index inclusion and USD-denominated bond issuance
- **The iShares S&P/BMV FIBRA ETF** simplified access to the sector, offering diversification and lower transaction costs



### SYSTEM ENABLERS



#### Market infrastructure & intermediaries:

- **BMV** offered a regulated, liquid platform for CBFi trading, ensuring transparency and price discovery
- **Indeval** provided the clearing and settlement infrastructure that underpinned market reliability
- **AMEFIBRA** set standards on reporting, governance, and investor engagement, boosting sector credibility
- **Advisors** (legal and financial) enabled the structuring and execution of successful IPOs



#### Policy & regulation:

- **Corporate tax exemption** when >95% of income is distributed and >70% of assets are real estate
- **Pension fund rules** allowed AFORES to invest, creating a stable domestic anchor base
- **Transparency** through quarterly reporting, property metrics, and independent appraisals



#### Macroeconomic & geopolitical stability:

- **Built on years of real estate growth**, with investors seeking liquidity for new projects
- **Market initiation** timed with macro stability, encouraging foreign inflows
- **Shocks (COVID, rising rates) tested the market**, but industrial strength and nearshoring sustained performance

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