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Title of the proposal: Financialized Real Estate and Urban Hierarchies: FIBRAs in Mexico's Metropolitan System

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Since the early 2000s, Mexico has implemented a series of institutional and market reforms aimed at channeling capital market flows into an expanding real estate sector. Central to this process has been the creation of FIBRAs (Fideicomisos de Inversión en Bienes Raíces), Mexico's version of Real Estate Investment Trusts (REITs), modeled on U.S. structures. These listed investment vehicles convert rental income from commercial property into exchange-traded assets and focus primarily on tertiary real estate, including office buildings, shopping centers, hotels, and logistics facilities.

This paper investigates how FIBRAs contribute to the financialization of real estate in Mexico and proposes a meso-scale analytical framework that links capital flows with the restructuring of the country's metropolitan system. The argument is that FIBRAs do not simply follow urban growth in a neutral manner. Instead, they actively reproduce metropolitan hierarchies by concentrating investment in specific locations—mainly major metropolitan regions and, within them, municipalities that function as economic centralities. These areas offer institutional stability, multimodal accessibility, and a high level of socio-economic status, which align with the financial logics of risk mitigation, liquidity, and predictable returns.

By contrast, peripheral municipalities experiencing the fastest demographic growth often lack the governance capacity, infrastructure, and planning systems that would make them "investable" under current financial standards. As a result, there is a growing mismatch between where population growth is occurring and where real estate capital is accumulating. This disjunction reinforces spatial inequalities: central municipalities consolidate their position through capital concentration, while fast-growing peripheries continue to urbanize without adequate access to commercial real estate development or public services.

The paper adopts a mixed-methods approach consisting of four main components. First, over 200 properties managed by FIBRAs are georeferenced using data from investor reports and filings with the Mexican Stock Exchange (BMV), allowing for detailed spatial analysis. The focus on office, retail, and mixed-use assets enables direct observation of how financial capital is embedded in urban space. Second, demographic data from INEGI are used to track population change between 1990 and 2020 across all 2,469 municipalities in Mexico. A major shift is identified around 2010: core areas of major metropolitan regions show a slowdown in growth, while peripheral municipalities exhibit accelerated expansion. This raises the question of whether capital follows demographic dynamism or remains concentrated in inherited urban cores.

Third, the study incorporates socio-economic differentiation using the AMAI index, a standardized indicator of municipal socio-economic level. Comparing this gradient with the spatial distribution of FIBRA assets reveals a strong bias toward high-income municipalities. Fourth, qualitative interviews with fund managers and real estate developers in the Monterrey metropolitan area offer insights into how financial actors conceptualize risk, market depth, regulatory environments, and investment decision-making criteria.

Empirical results are presented at two interconnected scales. At the national level, FIBRA investment is highly concentrated in the most economically advanced metropolitan regions. Rather than responding proportionally to demand or population growth, capital allocation favors existing nodes of accumulation. At the intra-metropolitan scale, the selection process is even more selective: FIBRAs concentrate their portfolios in municipalities that combine high socio-economic status, accessibility, and a concentration of tertiary functions. These areas are seen as stable and bankable, offering secure revenue streams and favorable tenant profiles. Conversely, peripheral municipalities—despite high growth rates—are largely excluded from listed real estate investment.

Nonetheless, early signs of selective expansion are emerging. Some FIBRA capital is beginning to flow into municipalities that are not at the top of the income hierarchy but benefit from strong connectivity, strategic infrastructure, or corridor-based development. In these cases, real estate projects can function as platforms for aggregating demand and optimizing rent capture, suggesting that under specific conditions, the geography of "investability" may expand. This does not contradict the core finding of concentrated investment but adds nuance by highlighting how financial actors may integrate non-elite spaces when their characteristics are compatible with financial logics.

Theoretically, the paper contributes to debates on the spatial dynamics of financialization. By linking national capital markets to metropolitan restructuring, it advances a meso-level perspective that bridges macroeconomic trends with project-level logics. While similar dynamics have been observed in Europe and North America, the Mexican case is marked by sharper social consequences. Rapid peripheral urbanization, coupled with weak governance capacity and infrastructural deficits, amplifies the socio-spatial effects of capital concentration. Financialization in this context is not only an institutional transformation of real estate markets, but a powerful spatial mechanism reinforcing urban inequality.

These findings have significant policy implications. Without public intervention, the financialization of real estate is likely to deepen spatial inequalities by widening the gap between capital-intensive urban cores and underserved peripheries. The paper calls for a shift in how listed real estate investment is governed, not merely as a financial phenomenon, but as an urban and territorial issue requiring strategic regulation.

Several instruments are proposed. First, land value capture mechanisms should be implemented to redirect a portion of the value generated by FIBRA projects toward infrastructure and services in excluded peripheral areas. Second, inclusionary zoning and project-based obligations can ensure that large real estate investments contribute to affordable housing and public facilities, especially in socio-economically vulnerable zones. Third, corridor-based planning—linking peripheral growth centers to central nodes through transport and infrastructure—can help redistribute investment while aligning with financial criteria for accessibility and density. Fourth, national investment guidelines can offer incentives for directing capital into strategic but underserved urban areas, particularly where public infrastructure is already in place. Lastly, transparency regulations requiring spatial disclosure of FIBRA portfolios would improve monitoring and support evidence-based planning.

In conclusion, real estate financialization must be approached as a form of urban governance. While driven by private capital, it has public consequences for spatial justice, urban inclusion, and territorial cohesion. Achieving a more equitable urban future in Mexico depends on the ability to regulate and steer capital flows toward broader metropolitan needs.