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# Real Estate 2026

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Global Practice Guides

## Real Estate

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2026

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## Trends and Developments

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**Ritch Mueller**

**Ritch Mueller** has a real estate practice offering strategic legal counsel designed for Mexico's foremost real estate market segments, including residential, industrial, retail, hospitality and public-private partnerships. The firm's team advises financial institutions, investment funds, developers, Mexican REITs and corporate clients on acquisitions, dispositions, joint ventures, financings and development projects – combining legal precision with commercial insight. The firm integrates deep legal expertise with clients' business goals to structure transactions that

maximise value and manage risk. Whether navigating regulatory requirements or negotiating intricate contracts, Ritch Mueller delivers clear, practical solutions aligned with each client's strategic objectives. Led by an industry-recognised team, the practice consistently drives value through efficient execution and proactive problem-solving. This commitment has earned the trust of leading investors and developers seeking to protect and enhance their real estate investments in a competitive market.

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**Gabriel E. Torres Escoto** joined Ritch Mueller in 2013 and has been a partner since 2023. He has an exceptional track record in structuring and executing complex real estate transactions, with deep expertise in

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# MEXICO TRENDS AND DEVELOPMENTS

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## Legal Trends in Mexico's Hospitality Sector: Investment Structures, Branded Residences and Market Evolution

### Introduction

Few sectors illustrate Mexico's economic potential and resilience as clearly as hospitality, which has transitioned from post-pandemic recovery to a period of sustained growth. Following the sharp disruption caused by the COVID-19 pandemic, the market completed a robust recovery cycle and entered a phase of renewed momentum, supported by strong tourism fundamentals, renewed investor appetite and an increasingly sophisticated development pipeline.

Tourism has long been a cornerstone of the Mexican economy, with total contributions to economic output consistently representing approximately 15% of national GDP, supporting nearly 8 million jobs and generating over MXN35 billion in international visitor spending annually. As global mobility normalised after the pandemic, demand for travel to Mexico rebounded decisively. By 2024, international tourism volumes had reached historically high levels, with air travel accounting for a significant share of inbound arrivals. The United States dominates inbound travel, representing more than 60% of air arrivals, followed by Canada – reinforcing Mexico's position as one of the most accessible and resilient tourism markets in the region.

This sustained demand translated into solid operating performance across the hospitality sector. Traditional resort destinations maintained high occupancy levels, while urban and lifestyle-driven markets gained renewed traction. Notably, the recovery was accompanied by significant supply expansion. By year-end 2025, Mexico led Latin America in hotel development activity, with more than 240 projects and over 38,000 rooms under construction – reflecting double-digit year-on-year growth. International operators such as Hyatt, Marriott and Hilton remained at the forefront of this expansion, with luxury and upscale assets accounting for a substantial portion of new developments. While beach destinations such as Los Cabos, Punta Mita and Cancún continued to dominate new supply, cities including Guadalajara, Mérida, Mexico City and San Miguel de Allende progressively emerged as focal points for high-end hospitality investment.

Against this backdrop, the hospitality sector in Mexico has continued to evolve in terms of how hotel assets are developed, financed and transacted. Alongside conventional hotel investments, branded residences and mixed-use hospitality projects have gained increasing relevance. These trends reflect a market that has moved beyond recovery into a phase of structural refinement, particularly in the design and structuring of hospitality assets.

### Market fundamentals, investment activity and transactional trends

An assessment of Mexico's hospitality sector requires consideration of broader macroeconomic conditions and tourism-related demand drivers. Following the sharp contraction experienced in 2020, the industry entered a multi-year recovery phase that extended through 2024 and 2025, supported by the gradual normalisation of international travel, resilient domestic demand and sustained capital deployment into tourism-related assets.

From a demand perspective, Mexico continued to benefit from its geographic proximity to the United States, strong air connectivity and a diversified tourism offering. International arrivals recovered steadily, with air travel playing a central role in the sector's rebound. The predominance of travellers from the United States, Canada and other Latin American markets contributed to a relatively stable demand profile compared to destinations more exposed to long-haul or intra-regional travel volatility.

Operationally, hotel occupancy rates stabilised across most major destinations during 2024 and 2025. Resort markets consistently outperformed urban destinations, although large cities and lifestyle-oriented inland locations experienced renewed momentum as business travel, cultural tourism and short-stay leisure trips resumed. This normalisation of operating metrics provided greater visibility to investors and lenders, reinforcing confidence in the sector's medium-term outlook.

From a supply perspective, the post-pandemic recovery period was accompanied by a sustained and increasingly sophisticated construction pipeline. Mexico consistently ranked as the leading hotel devel-

opment market in Latin America, in terms of both the number of projects and the number of rooms under construction. Unlike earlier growth cycles driven primarily by resort expansion, recent development activity reflected a more balanced mix of destinations and asset classes.

Luxury and upscale hotels accounted for a growing share of new supply, driven by international brands seeking to capitalise on higher-yield segments and long-term demand fundamentals. Concurrently, urban and lifestyle destinations featured more prominently in the development pipeline, signalling broader geographic diversification of hospitality investment.

Capital flows into hospitality assets remained active throughout this period. Rather than a surge in speculative activity, investment was characterised by disciplined strategies, selective acquisitions and an emphasis on assets and structures capable of offering stable cash flows and downside protection.

Certain transactions illustrate how global operators and investors have adapted their strategies to Mexico's maturing hospitality market. In 2025, Hyatt completed the approximately MXN2 billion sale of the real estate portfolio previously acquired from Playa Hotels & Resorts to Tortuga Resorts. Crucially, Hyatt retained long-term management relationships through 50-year management agreements covering 13 of the 14 properties sold, along with MXN200 million of preferred equity in Tortuga Resorts. This transaction exemplifies the broader shift towards asset-light models in the hospitality sector, allowing operators to recycle capital, reduce balance-sheet exposure and redeploy resources towards brand expansion and management platforms – while maintaining operational control and brand presence. Similarly, the acquisition of hotel assets by BG Hotels marked the entry of a new European operator into the Mexican market, highlighting Mexico's continued appeal for cross-border hospitality investment and reinforcing the depth and liquidity of its hotel transaction market.

Taken together, these macroeconomic and transactional dynamics illustrate a hospitality sector that has moved beyond recovery into a phase of consolidation and measured expansion. This environment provided

the foundation for the continued evolution of development models and transaction structures – particularly those combining hospitality and residential components – examined in the following section.

### *Branded residences and mixed-use hospitality: from resort add-ons to core investment structures* *Concept and global context*

Branded residences are residential units developed in association with a recognised hotel brand, typically benefiting from brand affiliation, design standards, management services and access to hotel-level amenities. While the concept is not new, it has gained renewed relevance in Mexico over the past decade as hospitality operators and developers seek to diversify revenue streams and align real estate offerings with lifestyle-driven demand.

Internationally, branded residences have evolved from ancillary components of resort developments into central elements of mixed-use hospitality projects. In many markets, they are no longer viewed as add-ons to hotel assets, but as integral components of broader development strategies combining accommodation, residential use and experiential offerings under a unified brand ecosystem.

In Mexico, this global trend has been progressively adopted and adapted to local market conditions – particularly in destinations with strong tourism fundamentals, but also in urban and cultural markets not traditionally associated with luxury hospitality development. Sustained demand from both domestic and international high net worth individuals has supported this expansion. Mexico has consequently consolidated its position as a leading global market for branded residences. A 2025 study by Onirius Hospitality Advisors ranks Mexico as the fourth-largest market worldwide for branded residences and the third-largest in terms of developments under construction, reflecting the depth, maturity and continued growth of this segment.

### *Market expansion, consumer demand and investment rationale*

Over recent years, branded residences have moved from a complementary feature of resort developments to a central component of hospitality investment strat-

egies in Mexico. While early projects were predominantly concentrated in established beach destinations – particularly Los Cabos, Punta Mita and the broader Riviera Maya – the segment has progressively expanded into urban and lifestyle-oriented markets. This evolution reflects a convergence of supply-side strategies and demand-side preferences, as developers, operators and investors respond to changing patterns of travel, living and wealth deployment.

In traditional resort markets, ultra-luxury branded residences continue to attract international buyers seeking long-stay flexibility, exclusivity and high-touch service offerings. Developments such as Raffles Residences Los Cabos exemplify how global luxury brands have refined residential products as core elements of destination-led hospitality ecosystems, where brand identity, service quality and experiential positioning often outweigh purely yield-driven considerations.

Recent years have also marked a notable geographic and conceptual expansion beyond coastal destinations. The announcement of the Waldorf Astoria Residences Guadalajara and the forthcoming Waldorf Astoria San Miguel de Allende illustrate this shift. Historically associated in Mexico with resort-driven luxury, the Waldorf Astoria brand's entry into urban and cultural markets signals both the increasing maturity of these cities as high-end real estate destinations and the willingness of luxury hospitality brands to deploy flagship residential offerings in non-traditional locations. These projects suggest a recalibration of what constitutes a viable market for luxury-branded living – anchored in cultural depth, lifestyle appeal and year-round demand rather than coastal proximity alone.

This diversification is further underscored by the growing presence of brands operating across different positioning tiers. NH Collection Residences in Guadalajara reflects a more accessible, lifestyle-oriented model aimed at buyers seeking brand-backed services and professional management without ultra-luxury price points. Tivoli Residences in Mérida, by contrast, represents an upper-upscale, heritage-driven approach, leveraging design, destination identity and experiential value aligned with culturally rich urban environments. Together, these projects demonstrate that branded residences in Mexico are being deployed

across a spectrum of price points and brand strategies, responding to differentiated consumer profiles rather than a single luxury archetype.

The Mexican market has also begun to attract branded residential developments associated with non-hospitality luxury brands. Projects linked to global fashion and design houses, such as Armani in Mexico City, reflect a broader convergence between luxury branding and residential real estate. These developments indicate that branded residences are no longer limited to extensions of hotel operations but form part of a wider lifestyle ecosystem in which brand prestige, design authorship and cultural signalling play central roles in value creation.

From a demand perspective, these trends align with shifting preferences among high net worth and affluent buyers, who now routinely seek assets that combine real estate ownership with hospitality-style services, operational reliability and strong brand affiliation. Branded residences offer a hybrid solution that blurs the traditional distinction between primary residences, second homes and investment properties, appealing both to owner-occupiers and to individuals seeking professionally managed, hospitality-linked real estate exposure.

Structured rental pool arrangements have become an important feature of many branded residential projects. Under these models, units can be integrated into the hotel's operating platform and professionally managed, allowing owners to participate in rental income without assuming the administrative burdens typically associated with residential leasing. For individual investors, this structure offers a more predictable income profile, centralised marketing and brand-backed service standards – distinguishing branded residences from conventional residential investments in terms of risk allocation and operational efficiency.

The expansion of branded residences across destinations, brand tiers and buyer profiles illustrates how this segment has evolved into a core pillar of Mexico's hospitality market. Rather than niche offerings, branded residences now function as a flexible investment and development tool, capable of addressing diverse consumer demands while enhancing the commercial

resilience and financial viability of complex hospitality projects.

### *Branded residences as a financing and development tool*

Beyond consumer-driven considerations, branded residences have assumed a strategic role in the financial structuring of hospitality developments. In a market characterised by elevated financing costs and conservative lending conditions, the incorporation of residential components has become an effective mechanism to improve project feasibility and manage capital requirements.

Proceeds from branded residential unit sales are frequently used to partially or fully finance the construction of associated hotel assets, reducing reliance on traditional debt financing and enhancing overall capital efficiency. From an investor and lender perspective, this structure mitigates risk by accelerating cash inflows, diversifying revenue streams and improving project bankability.

As a result, branded residences are now firmly embedded in the legal and financial architecture of hospitality developments, influencing ownership structures, financing arrangements and transaction documentation. Rather than ancillary features, these components have become central to the execution and viability of complex hospitality and mixed-use projects.

### *Looking ahead: market evolution and emerging opportunities*

Mexico's hospitality sector is expected to continue evolving along two parallel tracks. Traditional resort destinations such as Los Cabos, the Riviera Maya and other established beach markets are likely to remain central to new development activity, supported by sustained international demand and well-established tourism infrastructure. Concurrently, growing investor interest in urban, cultural and lifestyle-oriented destinations suggests that additional non-traditional markets may emerge as viable locations for luxury hotels and branded residential developments. Cities offering strong cultural identity, quality of life and connectivity are now broadly viewed as complementary to, rather than substitutes for, coastal destinations.

This geographic diversification reflects a broader reassessment of risk and opportunity within the hospitality sector. Developers and investors are increasingly seeking to balance exposure to mature resort markets with projects in cities offering year-round demand, diversified visitor profiles and longer average lengths of stay. Both beach and non-beach destinations are expected to coexist as pillars of hospitality investment over the medium term.

Major global events are also poised to influence the sector's trajectory. The 2026 FIFA World Cup, co-hosted by Mexico, the United States and Canada, is anticipated to generate a short-term surge in tourism demand, particularly in host cities and surrounding regions. This influx will likely place pressure on existing hotel inventory while reinforcing the case for new developments and asset repositioning.

Beyond its immediate impact, the World Cup may have lasting implications for Mexico's hospitality market. Infrastructure investments, increased international visibility and strengthened air connectivity associated with the event could support sustained tourism flows well beyond 2026, benefiting both traditional destinations and emerging markets.

### *Conclusion*

Mexico's hospitality sector has emerged from the pandemic not merely recovered but fundamentally transformed. The convergence of strong tourism fundamentals, disciplined capital deployment and innovative development structures has positioned the market for continued growth. Branded residences, in particular, have evolved from peripheral amenities into sophisticated investment vehicles that enhance project feasibility, diversify risk and respond to shifting consumer preferences.

For developers, investors and their advisers, this evolution presents both opportunities and complexities. The legal and financial structuring of mixed-use hospitality projects requires careful navigation of ownership frameworks, licensing arrangements, rental pool mechanics and regulatory considerations. As the market matures, sophisticated transaction structures will ultimately distinguish successful projects from those that fail to achieve their commercial potential.

**Contributed by:** Gabriel E. Torres Escoto, Santiago Carrillo Cattori, Javier Domínguez and Carlos Ríggén, **Ritch Mueller**

Mexico's hospitality sector stands at a compelling inflection point: mature enough to offer predictable fundamentals, yet dynamic enough to reward innovative approaches to development and investment. The firms and investors that recognise this balance – and structure their projects accordingly – will be well positioned to unlock value in the years ahead.

Ritch Mueller has advised on many of the transactions and developments referenced in this article, and continues to work alongside leading hospitality operators, developers and investors on structuring complex hotel and branded residence projects across Mexico.

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