Chapter 10

FIBRAs as a Tool for Investment Diversification in the Mexican Hotel Sector: The Case of FIBRA Inn

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ABSTRACT

This chapter seeks to make an approach to the financial instrument called REIT, Real Estate Investment Trust, specifically in the hotel industry in Mexico. This tool has allowed many investors to make business in the real estate sector, and it has provided a wider range of hosting services. This research takes us into the strategies the REIT leader in the hotel industry has implemented to position themselves as such. In large part this is explained by network theory and agent – principal theory. The study method is based on a literature review of several theories, as well as the study of a successful case. The analysis of results presents and describes the features that have contributed to business success.
INTRODUCTION

This work focuses on a problem facing investors in the Mexican country. Investments in real estate were unique to the few families with economic capacity to allow them to such investment, or for large foreign companies entering the country. The FIBRAs were born in the Mexican country only in 2004, but in the United States emerged in the early 60`s. Many countries have changed their laws to allow the FIBRAs figure, or its equivalent in the host country (Schachat, Fisher, Lowy, 2010).

These Trusts can be worked in three areas: The industrial area, the trade-services and the hotel industry. While the three sectors are attractive for investment, the industrial sector is the one that has had interest from investors. This sector includes rent mainly warehouses and offices (Howton, Howton, Lee, Mi. 2012). The hospitality sector has been, meanwhile, the least favored investment; perhaps because the hotels have a peculiarity, despite being part of the FIBRA to real estate aspects, the hotel management is in the hands of the franchise or original owner (Anderson, Benefield, Hurst, 2015).

The tourism sector in Mexico is one of the fastest growing clear that symbolizes a niche for all the potential opportunities it presents. While the increase in the number of rooms is remarkable, it is still insufficient for growth and economic development that presents Mexico. In part this lag is covered with franchises that through FIBRAs see the opportunity to enter the market, which also offers the attraction of goodwill and plus value or surplus. Thus, network management becomes essential for managers and investors because these networks that weave make the consortium stronger, besides reduce transaction costs and make the market more attractive. In this case, the multiple and various investments are a factor to minimize risk and offer more guarantees and certainty to investors. This paper discusses these strategies and recommendations that can follow this consortium organized to maintain business growth.

BACKGROUND OF THE PROBLEM

The markets have a wide variety of options to invest, in the case of Mexico, of all the assets of the most popular equity and known are the shares, which represent a fraction of the share capital of a company, issued by the same as a financing option and whose market value is affected by supply and demand. The shares have been part of the investment portfolios of Mexican investors for decades, so it is an investment option well known in our market (Cavazos González, Rodríguez García, Garza Sánchez, 2015)
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