



IBARRA DEL PASO
GALLEGO

THE NEW CHALLENGES FOR THE REAL ESTATE MARKET IN LIGHT OF JUDICIAL REFORMS

Last October 25th, the event "**The New Challenges for the Real Estate Market in Light of Judicial Reforms**" was held in collaboration with our friends from **CoreNet Global Mexico Chapter** in our offices, where experts from different areas of the Firm came together to analyze significant changes in the legal framework and their impact on the real estate sector.

Our speakers included **Carlos Ibarra**, one of our founding Partners and Co-Leader of the Real Estate practice; **Pablo E. Reyes**, Partner in Dispute Resolution; and **Gissela Zentella**, Senior Associate in Corporate Law and M&A. Together, they addressed the potential implications of the Judicial Reform, proposing strategic adjustments for businesses and highlighting both positive aspects and opportunities for improvement in the current context.



i **Carlos Ibarra** | Partner, Real Estate and Hospitality.
Gissela Zentella | Senior Associate, Corporate Law and M&A.
Pablo E. Reyes | Partner, Dispute Resolution.



i **Arturo Orrín** | Treasurer, CoreNet Global Mexico Chapter.
Nelly Campos | Chair, CoreNet Global Mexico Chapter.
Isabel Rodríguez | Comm & Media, CoreNet Global Mexico Chapter.

Key Topics Addressed

1.- Impact of Judicial Reforms and Judicial Autonomy:

The speakers examined the implications of recent reforms that reduce the term lengths of Supreme Court justices, limit their tenure and subject them to a Disciplinary Tribunal. Although these changes aim to modernize the judicial system, they also risk limiting judicial independence and leaving significant opportunities for enhancing the justice system untapped. Implementing "faceless" judges to counter organized crime could introduce risks to human rights protections, underscoring the critical importance of ensuring that any changes align with the Inter-American Human Rights System standards.

2.- Infiltration of Organized Crime in the Judiciary:

Another focal point was the potential for organized crime to influence the judiciary. Although this is not a new risk, the speakers stressed that changes in the judiciary's structure should be carefully assessed to avoid compromising the independence of judicial decisions. They also emphasized the essential role of an active civil society that safeguards transparency and neutrality in appointing judges.



 Pablo E. Reyes | Partner, Dispute Resolution.

3.- Militarization of Public Security:

The recent reform broadening the military's role in public security was discussed as a distinctive approach in Mexico, where, unlike other countries, this responsibility has increasingly shifted from civilian to military forces. The speakers noted that while this approach could address security concerns, a balanced perspective prioritizing civilian roles in combating crime.



i Carlos Ibarra | Partner, Real Estate and Hospitality.

4.- Conflict Prevention and Resolution Strategies:

To mitigate potential risks, companies are encouraged to reinforce their preventive practices, such as strengthening legal audits and customizing contracts to meet specific needs and address unique challenges. Recommendations included using trusts and other efficient guaranties to secure agreement compliance. At the same time, specialized legal guidance was highlighted as a crucial resource for operating effectively within the current legal landscape.

5.- Alternative Dispute Resolution Mechanisms (ADR):

Given the present circumstances, arbitration and mediation were valuable tools for resolving commercial disputes outside the courtroom, at least prior to the execution or adjudication, providing greater flexibility and specialized expertise. Arbitration clauses in international contracts were recommended to ensure certainty in enforcing agreements, benefiting parties with quicker and more efficient resolutions.



i **Carlos Ibarra** | Partner, Real Estate and Hospitality.
Gissela Zentella | Senior Associate, Corporate Law and M&A.
Pablo E. Reyes | Partner, Dispute Resolution.

6.- New Legal Framework for ADR:

Information was provided on the recent General Law of Alternative Dispute Resolution Mechanisms, which aims to de-judicialize certain conflicts and promote the use of methods such as mediation and arbitration. This legal framework is particularly relevant for the real estate sector, allowing for efficient and controlled dispute resolution, which can improve client experience in managing complex commercial issues.

Questions and Answers: Participant Engagement and Key Inquiries Addressed

The Q&A session generated considerable interest, with participants raising important questions that our speakers addressed in detail:

- **Expectations for Judicial Reform:**

Attendees inquired about the potential impact of these reforms on investment. The speakers emphasized that, while the reforms may introduce an element of caution, Mexico retains attractive conditions for investment due to its strategic location and large market. Prudent risk assessment remains essential.



i Pablo E. Reyes | Partner, Dispute Resolution.

- **Arbitration vs. Mediation:**

Participants asked about the feasibility of arbitration or mediation in real estate contracts. The speakers explained that both options could be effective, depending on the transaction's size, associated costs and the importance of including dispute resolution clauses from the outset.



i Rogelio Flores | Associate, Dispute Resolution.
Carlos Ibarra | Partner, Real Estate and Hospitality.



i **Jaime Rodríguez** | Partner, Labor and Employment.
Carlos Ibarra | Partner, Real Estate and Hospitality.
Gissela Zentella | Senior Associate, Corporate Law and M&A.

• Labor Law Implications:

Jaime Rodríguez, our Partner in Labor Law, responded to questions on mediation or arbitration in labor disputes, clarifying that Mexican labor law does not permit these options. He highlighted the function of Labor Conciliation Centers as the most appropriate mechanism for resolving disputes in this area.

• Human Rights Implications and International Responsibility:

Some participants raised concerns about the international implications of these reforms on human rights. The speakers noted that, if necessary, the Inter-American Human Rights System could intervene to ensure that the reforms comply with international standards, helping to protect Mexico's global reputation.



i **Jaime Rodríguez** | Partner, Labor and Employment.
Carlos Ibarra | Partner, Real Estate and Hospitality.
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Pablo E. Reyes | Partner, Dispute Resolution.

Conclusions and Recommendations

The event concluded with an encouraging message to the business community, emphasizing the value of adopting preventive practices in legal operations, including arbitration and mediation clauses in contracts, as well as the adaptation of best business practices and compliance culture, together with the performance of regular legal audits. In a dynamic environment, Alternative Dispute Resolution Mechanisms stand out as practical tools for mitigating risks and enhancing efficiency in conflict resolution. Specialized legal guidance was a fundamental resource, enabling companies to adapt to evolving conditions and capitalize on emerging Mexican real estate market opportunities.



i Alfonso Pulido | Partner, Real Estate; Carlos Ibarra | Partner, Real Estate and Hospitality; Jaime Rodríguez | Partner, Labor and Employment; Emilio García | Partner, Tax; Pablo E. Reyes | Partner, Dispute Resolution.

Thank you **CoreNet Global Mexico Chapter** for joining us and for sharing this space for dialogue with us.



i Carlos Ibarra | Partner, Real Estate and Hospitality; María Valdez | Vice Chair, CoreNet Global Mexico Chapter; Pablo E. Reyes | Partner, Dispute Resolution; Gissela Zentella | Senior Associate, Corporate Law and M&A; Isabel Rodríguez | Comm & Media, CoreNet Global Mexico Chapter; Nelly Campos | Chair, CoreNet Global Mexico Chapter; Arturo Orrin | Treasurer, CoreNet Global Mexico Chapter.



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