

NEW JUDICIAL CRITERIA ON LEASE AGREEMENTS IN MEXICO CITY: LEGAL LIMITATIONS AND RECOMMENDATIONS

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Executive Summary:

Two recent judicial rulings upheld the constitutionality of amendments to the residential leasing framework in Mexico City, which limit annual rent increases to the previous year's inflation rate and establish the obligation to register lease agreements. These rulings underscore the importance of reviewing rent adjustment clauses, adapting contractual enforcement mechanisms, and complying with the new legal requirements to prevent potential disputes.

In recent years, Mexico City has experienced a considerable increase in rental prices for residential properties, particularly in areas with high demand. This phenomenon, associated with gentrification and rising housing costs, has raised concerns regarding the difficulties faced by various sectors of the population in accessing decent housing.

In this context, on August 28, 2024, a legislative reform to the Civil Code was published in the Official Gazette of Mexico City, introducing changes to the provisions governing rent increases and establishing a mechanism for registering lease agreements in Mexico City.

In particular, the reform modified article 2448-D of the Civil Code to establish that rent increases may only be implemented annually and may not exceed the inflation rate reported by the Bank of Mexico for the preceding year. Accordingly, although the parties remain free to agree upon the initial rental amount, subsequent increases are subject to a new statutory limit.

Additionally, the reform introduced new provisions to article 2448-F establishing a Digital Registry of Lease Agreements, administered by the Government of

Mexico City, and requiring landlords to register their lease agreements within thirty days of execution. However, the information contained in the registry shall remain confidential and must be handled in accordance with applicable transparency and personal data protection laws.

These changes raised questions regarding their potential impact on the principle of party autonomy, freedom of contract, and the right to privacy. In this regard, on October 2, 2026, two judicial criteria addressing the constitutionality of the aforementioned provisions were published in the Federal Judicial Weekly (Semanario Judicial de la Federación).

First, one of the judicial criteria establish that the limitation on rent increases provided for under article 2448-D does not violate the principle of party autonomy, as it constitutes a measure intended to protect the right to adequate housing and prevent disproportionate rent increases that could contribute to the displacement of tenants[1].

Furthermore, with respect to the Digital Registry of Lease Agreements, it was concluded that the registration obligation established under article 2448-F does not violate the right to privacy, considering that

Furthermore, with respect to the Digital Registry of Lease Agreements, it was concluded that the registration obligation established under article 2448-F does not violate the right to privacy, considering that the registry is confidential and serves a specific purpose related to monitoring rental prices[2].

The recent judicial criteria not only confirm the constitutionality of the reforms to the residential leasing framework in Mexico City but also make it necessary to reassess how these agreements are structured, particularly to prevent disputes concerning rent adjustments and the performance of contractual obligations.

Indeed, following the reforms, rent adjustment clauses must expressly provide that increases shall occur annually and may not exceed the inflation rate for the preceding year. Consequently, the inclusion of fixed percentage increases or adjustment formulas that could exceed such limit should be avoided, as this could affect the enforceability of the agreed amounts and give rise to legal disputes.

This precaution should also extend to lease agreements executed before the August 2024 reform. In particular, where such agreements provide for increases exceeding the currently permitted limit, it should not be assumed that the date of execution automatically excludes the application of the new provisions. The enforceability of such increases must be determined in light of the principle of non-retroactivity of laws and the specific terms and circumstances of each agreement.

On the other hand, the statutory limitation on rent increases does not prevent the parties from establishing contractual mechanisms to protect against breaches of their obligations. Accordingly, when entering into new lease agreements, the parties may include provisions expressly governing the consequences of late payment, such as default interest, contractual penalties, or performance guarantees. However, these provisions must be clearly distinguished from rent adjustment mechanisms, and their application must not result in a disguised increase in the agreed rent.

With respect to the Digital Registry of Lease Agreements, landlords must identify and organize the information necessary to comply with the statutory registration obligation, without assuming that such obligation authorizes the disclosure of their agreements in their entirety. Once the corresponding administrative mechanism becomes operational, the applicable deadlines and requirements must be observed, bearing in mind that the information collected must be limited to data strictly related to the purpose of the registry.

In conclusion, the reforms and the judicial criteria upholding their constitutionality do not eliminate the possibility of entering into economically viable lease agreements or establishing legal mechanisms to ensure the performance of contractual obligations. Rather, they underscore the importance of properly structuring lease agreements to protect the interests of the parties, comply with mandatory provisions of law, and prevent future disputes.

[1] See the thesis entitled "LEASE OF REAL PROPERTY. ARTICLE 2448-D, SECOND PARAGRAPH, OF THE CIVIL CODE FOR THE FEDERAL DISTRICT, APPLICABLE IN MEXICO CITY, DOES NOT VIOLATE THE PRINCIPLE OF PARTY AUTONOMY OR THE RIGHT TO FREEDOM OF CONTRACT" and digital record number 2032688.

[2] See the thesis entitled "LEASE OF REAL PROPERTY. ARTICLE 2448-F, THIRD AND FOURTH PARAGRAPHS, OF THE CIVIL CODE FOR THE FEDERAL DISTRICT, APPLICABLE IN MEXICO CITY, DOES NOT VIOLATE THE RIGHT TO PRIVACY" and digital record number 2032689.