

COMPETITION FOR BEST ASSETS INTENSIFIES - BAKER & MCKENZIE

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As liquidity increases in the market, investors are competing to finance the best assets, with the real estate sector in particular offering some attractive deals

New investors are pouring money into the Spanish market with the result that the competition to finance the highest quality assets is intensifying, according to Marcel Enrich, partner in Baker & McKenzie's Barcelona office.

"It's all been about new money in the last year," he says. "There's a lot of liquidity in the market and there is competition to finance good assets – there has been a lot of activity in the real estate sector, partly because its fundamentals are less complex to value."

The increase in investor interest is partly due to a revival in traditional lending but also due to new players such as international funds, which are investing in equity and debt, according to Enrich. He adds: "With new players in the market, the distinction between equity and debt is becoming increasingly blurred, with the result that companies now have greater access to sources of funding." There is also considerable interest in a wider class of assets, Enrich says. "Prices are going up and with different funds and investors getting involved we're seeing the resurgence of auction

procedures."

Enrich says the current state of the economy represents a considerable turnaround compared to the conditions in recent years. "The Spanish market was closed to investment in previous years – investors were not interested in Spain, but now many international investors consider that Spain is underinvested in their portfolios."

There are other trends that give reason for optimism, according to Enrich. "We're seeing increased activity in the fields of project finance and leveraged buy-outs," he says. Meanwhile, Enrich also anticipates financing and refinancing opportunities in the renewable energy sector. "The market is growing, there are more transactions and this is good news," he adds.