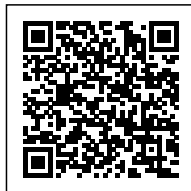


# DEMAND FOR DIRECT LENDING ON THE INCREASE - ARAOZ & RUEDA

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## **The Spanish real estate sector is attracting investors, with assets such as student accommodation and accommodation for elderly people in demand**

Direct lending is growing in popularity in the Spanish market, due to the fact that the terms and conditions are generally less restrictive and offer more flexibility for borrowers, says Rafael Bazán, banking and finance partner at Araoz & Rueda.

"There is a lot of appetite for deals in the M&A market at the moment, and we are acting on behalf of corporates and private equity sponsors who seek finance not only from banks, but also from direct lenders," says Bazán. The advantages of direct lending – such as increased flexibility and lower administrative requirements – are attracting many sponsors, he adds. "We are seeing a lot of demand for unitranche debt," explains Bazán.

The photovoltaic and real estate sectors are of particular interest to investors, though funds are targeting a diverse range of assets, including those which were traditionally seen as less profitable, such as students' accommodation and accommodation for elderly people. Meanwhile, the sale of non-performing loan (NPL) portfolios is another trend, according to Bazán. "Financial institutions including Bankia, Sabadell and Cajamar are selling NPL portfolios, and these are still very much in

demand," he says.

Many foreign investors focusing on the Spanish market do not have a presence in the country, and one of the challenges they face is finding a local partner. "We are very aware of the need to provide integrated and well-rounded advice to foreign investors, and we accompany clients in all stages of a transaction," says Bazán.

As well as handling a high volume of financing deals for M&A and private equity transactions, banking and finance lawyers are also busy assisting financial institutions with the new requirements posed by the MIFID II Directive and the General Data Protection Regulation, which comes into force in May this year. "Financial institutions are facing a range of new and complex regulatory requirements which call for specialised advice, and this is another area providing opportunities for law firms," says Bazán.