

GROWTH IN PORTUGUESE REAL ESTATE M&A DRIVING CLIENT DEMAND FOR FIXED FEES - CUATRECASAS, GONÇALVES PEREIRA

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In order to mitigate the risk associated with moving from hourly rates to fixed fees, law firms have to concentrate on increasing efficiency

The increase in real estate M&A in Portugal is creating a new demand for fixed legal fees, says José Diogo Horta Osório, partner at Cuatrecasas, Gonçalves Pereira in Lisbon.

"Portugal is very fashionable and the real estate market is hot," he explains. "Not only are we seeing an increasing number of real estate assets being bought by companies located here and overseas, but with so few assets now available in the prime zones, the prices are continuing to rise." Such is the confidence in the Portuguese real estate sector, banks too have changed their attitude, says Horta Osório. "Banks are now willing to fund these kinds of transactions, where previously they would have been afraid to," he explains.

However, Horta Osório says that the increase in real estate M&A has brought with it changing client demands, with investors now placing a different value on legal services. "As the real estate sector revolves around commissions, clients want to have a different price for the services, based not only

on the hourly rate-mechanism but also the fixed fee." In response, larger law firms are counteracting the risks involved in going from a rate scheme to a fixed fee by concentrating on increasing efficiency. "For us, it's not about lowering fees, it's about offering clients the best value for money within the shortest amount of time," says Horta Osório.

Meanwhile, M&A is also booming in other sectors, such as energy. Consequently, being a specialist, particularly in relation to renewable energy, is increasingly important, says Horta Osório. "You need lawyers that are very specialised in all the areas connected to the sector, who know everything from corporate, tax, labour, real estate and regulatory to environment and energy," he adds. "Only by having specialists in certain markets in certain sectors, can law firms be efficient enough to do this kind of work for a fixed fee."