

INVESTORS IN SPANISH REAL ESTATE NEED TO FIND WAYS TO ENHANCE THE VALUE OF ASSETS - BDO ABOGADOS

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With 'tier one' property assets being sold at very high prices, investors need to find good local contacts who can identify the best market opportunities

With high-end real estate assets in such short supply, international investors hoping to identify new opportunities in Spain need to rely on contacts with a good knowledge of the local market, says Juan Gómez-Acebo, head of Real Estate at BDO Abogados.

"Right now, it's a challenge to bid for 'tier one' assets with a view to making money," he explains. "There is not only huge competition from lots of potential investors, but these assets are already being sold at a very high price." Given such prices, investors need to move away from standard 'plain vanilla' transactions and find creative ways of identifying opportunities to enhance the value of assets, Gómez-Acebo adds. "But this is only possible with an in-depth understanding of the real estate market."

"Investors are in a much better position when there's not a competitive process," says Gómez-Acebo. "That's why when the market is hot, they need someone local acting on their behalf to help them identify opportunities, find ways to enhance value and assess the legal risks involved – then they can then go back to the seller with a structured and reasonable offer."

Local knowledge

Furthermore, with the substantial reduction in available assets forcing investors to take more risks, having the right local knowledge is becoming an essential component of rigorous risk assessments. "The market is very much based on contacts, people who are well placed within it," Gómez-Acebo says. "International investors can't just sit in London hoping to find opportunities by waiting to see what comes up – they need to talk to local people and know which sellers have properties or land with potential in a good location." He adds: "Only then can they see how they can add more value to their portfolio and confidently establish the level of risk they are willing to take."