

LAWYERS BENEFITTING FROM BOOM IN SPANISH REAL ESTATE INVESTMENT TRUSTS

Posted on 17/12/2018



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A boom in Spanish real estate investment trusts, known as Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario (SOCIMIs), is generating significant work for real estate lawyers, says BDO Abogados of counsel and head of real estate Juan Gómez-Acebo.

"Over the past few years we've seen the market become increasingly active," says Gómez-Acebo. "The economy is doing better than in 2014 and 2015, when some international investors were a bit

cautious – they looked at the Spanish market, but some were reluctant to take an active approach, particularly on development projects." Gómez-Acebo adds that there is now more confidence in the Spanish economy. "Investors see it's time to come back again," he says.

SOCIMIs have attracted significant foreign capital to Spain's property market in recent years. Established in 2009, they gained traction after a 2012 legislative amendment meant they were no longer subject to corporate income tax. According to Gómez-Acebo, this very efficient tax structuring puts them on an equal footing with similar overseas real estate investment trusts, and this is a major pull for investors. The four largest SOCIMIs (Merlin, Colonial, Hispania and Lar España) have accumulated an aggregate property portfolio of nearly €30 billion in just four years of activity. "These large SOCIMIs have done tremendously well over the last few years," says Gómez-Acebo. "There's been a huge expansion in SOCIMIs focusing on projects such as large retail units, offices, hotels and residential assets in Madrid and Barcelona. Meanwhile, student accommodation and elderly housing are growing sectors." Despite the political uncertainty in Spain and abroad, Gómez-Acebo says he is still "pretty confident" about the year ahead. He adds that Spain may benefit from increased numbers of international funds, as well as high-net-worth individuals, turning their attentions away from the UK due to Brexit. He says: "After Brexit, there may be more focus on Spain."