

M&A AND LITIGATION LEAD A CONFIDENT IBERIAN MARKET

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The Question

The Group of Experts, Iberian Lawyer's think tank for leading Spanish and Portuguese lawyers, was asked to predict their firms' growth over the next 12 months and what they saw as the best new opportunities for developing their practice.

The Answer

Overall confidence in the performance of the Iberian legal sector is high with 96% of all respondents predicting growth of over 5% in profits. But there are clear distinctions to be drawn between the markets in Spain and Portugal, with the Spanish firms predicting significantly higher growth. However, when asked what areas of practice they saw as offering the best opportunities, lawyers in

both jurisdictions selected M&A and litigation above other practice areas: 70% mentioned M&A and over 60% mentioned litigation. When asked about areas of future growth and areas to watch, again there were common themes – energy, in particular renewables, and PPP projects.

Reasons for growth

Respondents pointed to the growing maturity of the legal market in both Spain and Portugal with clients in both countries finding an increased need for legal advice. As one Portuguese member of the Group of Experts explained: "Growth is caused by the fact that the market for legal services is still maturing, and therefore demand is on the rise as companies and products get more sophisticated." And, as a Spanish respondent explained, growth could be found due to the "broad-based increase in sophistication of the Spanish market in its demand for legal services".

PORTUGAL

Over 70% of respondents in Portugal expect growth to be between 5% and 10% with a further 25% anticipating growth between 10% and 20%. This is against the background of a poorly performing economy.

In addition to the maturing market, others attributed this confidence, in part, to political stability and the current majority government. Members agreed that the government's major public works plans will drive the legal services market particularly in infrastructure development – such as the new airport project for Lisbon – and with the further development of renewable energy in Portugal.

When asked to identify areas that offer the potential to exceed expected levels of growth nearly 25% mentioned arbitration. Many respondents reported that as a method of dispute resolution, arbitration is finding more favour with clients for reasons of cost and speed.

SPAIN

Confidence in Spain is high with over 60% of respondents anticipating growth at between 10% and 20% and a further 16% anticipating growth over 20%.

Reasons for this were varied. Some firms predicted growth from new market strategies and better knowledge management, others were developing and cross-selling new service lines to their existing clients.

Again, the main areas of anticipated growth were M&A/Private Equity with a number of firms seeing the new Private Equity law to be implemented in November as a driver for the market.

Many firms also mentioned PPP as a driver, with some expecting a wide range of work to come from the new projects announced. A variety of practice areas including regulatory, environment and planning will all benefit, together with energy, principally in the area of renewables.