

NEW INVESTMENT HORIZONS OPENING UP FOR SPANISH FUNDS - BROSETA

Posted on 24/08/2011



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A lack of domestic opportunities is prompting Spain's investment community to look abroad for new deals

Spain, like many European markets, has faced a private equity slump in recent years. A growing disconnection between the value buyers and sellers have assigned to assets, as well as a lack of leveraged bank funding, had slowed the sector to a virtual stop.

Now, like their corporate and banking counterparts such as Santander and Iberdrola, private equity firms are also looking to new international markets, says Julio Veloso, a Partner in the corporate and private equity team at Broseta Abogados in Madrid. "The private equity market in Spain is still very weak. Very few new funds have been established and investors are therefore increasingly looking

abroad for new opportunities.”

As with Iberian companies, the US and Latin America are prime destinations. Last year, for instance, saw Madrid-based fund Arcano open its first office outside of Spain in the US financial capital New York. In addition Mercapital, one of Spain's oldest funds and with investments in leading Spanish companies such as ACS, has expanded its footprint with branches in Miami and São Paulo. Online investment group Privalia Venta Director, has also now established a €70m venture capital fund for regional investment.

The trend for investment abroad is likely to continue and notably towards Brazil, believes Veloso. There are an estimated 70,000 Spaniards registered at the consulate in São Paulo roughly 80 percent of whom have arrived in the last few years. Colombia, Chile and Peru are also growing investment destinations for Spanish investors.

“There is little private equity investment in Spain currently and the mood will be depressed for some years still,” he says. “But if sellers lower their asking prices and banks provide more financing I am hopeful that international investors will return to Spain, and national funds will also increase their investments.”