REAL ESTATE REFINANCING ON THE INCREASE - ROCA JUNYENT

Posted on 05/05/2017

Category: Uncategorized

The refinancing of real estate assets is increasing due to the fact the associated costs have decreased, says Pablo Rodríguez Abelenda, partner and head of the finance practice Roca Junyent.

“Five years ago, clients needed to refinance because they were running out of money,” says Rodriguez. “Now there is a lot of liquidity in the market and the cost of financing has dropped, so the conditions to refinance are extremely good.”
Consequently, investors that financed a real-estate asset five or six years ago, for example, when the cost of financing was higher, are now taking the opportunity to review the cost. “They are either selling the assets they had ten years ago and obtaining a profit from the sale, or they are improving their financing conditions by getting a reduction in the cost of the finance,” Rodriguez says.
However, while there is still some residential real estate activity within city centres, it is commercial real estate such as shopping centres, offices and hotels that is benefiting from the economic recovery. “Business real estate is generating revenue and attracting the attention of international investors,” explains Rodriguez. “Residential assets were designed for a market that is totally different to that which exists now.”

Rodrigues attributes the refinancing trend to the increase in consumer purchases. “Over the last 18 months, consumers have been coming back and they are buying,” he explains. “This means those investors who took the opportunity to buy a shopping centre during the economic crisis, in the belief that the consumer would return, are now reaping the benefits.” As a result, the focus is no longer on new developments but on using refinancing to reinvest in existing assets, says Rodriguez.