

# REVENUE EXPECTED TO DROP AT BARCELONA LAW FIRMS DUE TO CATALONIA CRISIS

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## **Fears that Catalanian independence dispute will lead to decrease in M&A and real estate activity as foreign investors become nervous**

Major law firms located in Barcelona are bracing themselves for declining revenues in the “short to medium term” as major businesses and banks move their headquarters from the Catalonia region following the recent independence referendum.

A total of 90 per cent of voters who participated in the referendum on 1 October – which was declared illegal by the Spanish government – voted for independence.

In the following days, a number of major banks and businesses declared they would be moving their headquarters out of the region.

They included CaixaBank (which will move its registered office from Barcelona to Valencia), Banco

Sabadell (moved headquarters to Alicante), Abertis (moved its registered office to Madrid), Cellnex (moved headquarters to Madrid), Gas Natural Fenosa (registered office moved to Madrid), Dogi International Fabrics (moved to Madrid), Oryzon Genomics (moving to Madrid).

### **Investors nervous**

Though many lawyers in the region are reluctant to speak on the record about the situation, some privately admit that, in addition to the departure of major banks and businesses, law firms in the region may also suffer because foreign investors are now reluctant to launch new ventures there.

"Law firms will experience a loss of revenue in the medium to short term because there will be a lack of investment from banks, and also possible boycotts of the region," said one partner in the Barcelona office of a major international law firm, who spoke on condition of anonymity.

He added: "M&A, real estate and research & development activity could be in jeopardy – indeed, this is not a good sign for Spain as a whole as Catalonia contributes 19 per cent of Spain's GDP and 26 per cent of its exports."

### **Growth in litigation?**

However, some law firms may benefit from increases in activity in other areas of practice, with growth in litigation, bankruptcy, refinancing and employment-related work expected.

Such predictions apply to the longer term. At present, some Barcelona lawyers say clients are seeking advice on the various possible scenarios that could emerge, though such advice is generally provided as a 'value-added' service, rather than being a generator of revenue.