

Lawyers under pressure to stay at the ‘cutting edge’ of developments in real estate technology

Sector has been boosted by boom in SOCIMIs and increased residential development activity – however, Spanish real estate industry lagging behind when it comes to digitalisation

The increased use of real estate-related technology in Spain means that law firms operating in the sector are under constant pressure to remain up-to-date with the latest developments, says Silvia López, partner at Fieldfisher Jausas in Madrid.

“Real estate lawyers need to adapt to the new challenges coming from the technology sector,” López explains. She adds that these challenges include developments in areas related to digitalisation, big data, prop-tech, and blockchain.”

Spain is embracing some innovations in this field, as illustrated by projects like Merlin Properties’ ambitious prop-tech accelerator. However, on the flipside, there are suggestions that the Spanish real estate sector is still lagging behind when it comes to digitalisation. Consequently, as a law firm navigating this “disruptive” sector, López says it is essential to be at the cutting edge of new trends. In addition to new technological developments, the sector has also been boosted by a boom in SOCIMIs

(Spanish real estate investment trusts) and increased residential development activity. Meanwhile, a significant trend for financial players to reduce their balance sheets by selling off portfolios of real estate-owned assets (REOs) and non-performing loans (NPLs) has also generated substantial work.

New players

As more and more new investors enter the Spanish market, there is greater pressure on law firms’ real estate teams to distinguish themselves from their competitors. In addition to pressure from clients to reduce fees, it is also necessary to differentiate your practice through the specialist skills you offer, López says.

She adds that it is vital that law firms operating in the real estate market understand their clients’ business, have “in-depth industry knowledge and offer innovative solutions”. Firms with these characteristics can be pretty confident of growing their real estate client base in the coming year, López says.



Silvia López

Portugal must change planning system to accommodate international investors

Portugal needs to change its planning system in order to accommodate a new wave of international real estate investors, says Caiado Guerreiro partner Tânia Pinheiro.

“The type of investor and the type of real estate projects have changed in recent years,” says Pinheiro. “Foreign investment funds are players in this market – Portugal is still keen on attracting foreign investment.”

Pinheiro adds that it is essential to work in partnership with lawyers from other practice areas when tackling major international real estate projects. One of the reasons for this is that the tax implications are particularly complex, in light of the recent Organisation for Economic Co-operation and Development (OECD) base erosion and profit shifting (BEPS) action plan, which was implemented to tackle international tax avoidance.

“The tax analysis and the tax implications are always part of the work in real estate transactions,” Pinheiro says. “The acquisition of real estate has a significant tax burden, and if transactions are not properly structured, the tax bill might be high, and even a deal breaker.”

However, such transactions offer excellent opportunities for law firms to “cross-sell” services in other practice areas, she adds.

Navigating Portugal’s urban planning system can be problematic for clients. Pinheiro says real estate clients’ biggest challenge is the amount of time it can take to obtain licences for projects. “It is difficult to explain this to international clients who want a concrete plan implemented within a certain deadline,” she explains. Pinheiro says the system needs to change to accommodate this new breed of international investor now coming to Portugal. “We need to improve the law and proceedings and adapt to the new reality,” Pinheiro says.



Tânia Pinheiro