



PORTUGUESE REITS ARE ALREADY BEING TARGETED BY BIG INVESTORS

Despite having just been approved, Portuguese REITs are already generating great expectations among international investors as was made clear at the second edition of the Iberian REIT Conference.

REITs (Real Estate Investment Trusts) are consolidating as a reference investment vehicle for real estate in the Iberian Peninsula. This is one of the main conclusions of the Iberian REIT Conference, which gathered, the past 14th of February, more than 250 investors in Madrid, in a joint initiative from Iberian Property and EPRA – European Public Real Estate Association.

Present in the Spanish market for a couple of years, this type of vehicles has just been approved in Portugal, where they are called SIGI – Sociedades de Investimento e Gestão Imobiliário (Real Estate Investment and Management Societies). Another win for the sector, which turned the spotlight of the conference towards the Portuguese market with a sense of optimism taking over the room at the Westin Palace Hotel.



Dominique Moerenhout, EPRA's CEO



For EPRA's CEO, Dominique Moerenhout, «*the success of REITs in Spain, which is the most successful case I know, is a clear example of what there is to come in Portugal, a country with a market very similar to the Spanish market*». The sector's recovery and the creation of jobs, may be two happy consequences of integrating the REIT model in Portugal. An idea attested by Tobias Steinman, Director of Public Affairs at EPRA, who has no doubts that the SIGI «*might become a great opportunity for Portugal*».

The attraction of direct foreign investment for the Portuguese real estate market is another of the main advantages of the REIT regime. And, in this sea of opportunity, Merlin Properties' CEO Ismael Clemente, has already identified his, revealing plans to acquire soon an asset portfolio in Portugal (Lisboa) and Spain (Valencia, Basque Country and Seville), with a total combined area of more than 500.000 sqm.

Despite the optimism, the Portuguese model still shows some limitations and, in that sense, «*it is important to clarify the tax regime*», since it still doesn't include a SIGI specific tax regime, highlighted Paulo Nuncio, ex-secretary of state for Fiscal Matters in Portugal and consultant at Portuguese law firm MLGTS.



Ismael Clemente, CEO Merlin Properties



Miguel Pereda, Lar España Board Director & CEO Grupo Lar



ID: 79746981

28-02-2019 | Iberian Property Summit

«There is still room to grow» in Spain

In the meanwhile, the Spanish market, which approved the REIT regime 10 years ago, keeps growing, but at a slower pace; as this real estate investment vehicle consolidates its position as a reference in the international market. A scenario attested by the representatives from the largest Spanish REITs, such as Merlin Properties, Lar España and Colonial, who showed the favourable scenario to their activity.

For Frédéric Mangeant, BNP Paribas Real Estate's CEO in Spain, «*there is still room to grow*» in the Spanish market, where investment in retail has been particularly encouraging, anticipating a growth in rents within this segment.

In the face of such a growth for REITs in Spain, particularly in the last three years, Jesús González Nieto-Márquez, vice-president and director of Mercado Alternativo Bursátil (MAB), considers that it is «*essential*» to reinforce transparency of information. «*To reach a balance between transparency and flexibility in order to attract more investment*» for the real estate sector should be, according to him, one of the main goals for the future.



Roger Cooke, Chairman, Iberian Property Editorial Council; Pol Robert Tansens, Head of Investments Strategy, BNP Paribas Wealth Management; Miguel Ferre, Vice-president of Global Corporation Center of IE & EY, ex Secretary of State for Finance of Spain; Pablo Serrano, Partner, Clifford Chance; Juan Manuel Ortega, Chief Investment Officer, Colonial.

Brexit might have an impact on European REITs

The European REITs' performance has been encouraging on the long term, noted Tobias Steinmann, highlighting these vehicles' vast potential, capable of transforming countries and cities and contributing for its development. «*REITs in Europe have access to a wide range of investment strategies and a large number of high-quality assets and sectors, which offer them greater liquidity*», he explained.

The global economy has also helped the real estate market to grow, reminded Pol Robert Tansens, Head of Real Estate Investment Strategy at BNP Paribas Wealth Management. Measuring the pulse of the European area, Pol Robert Tansen considers that Brexit will have a deep impact in the real estate sector, since, despite the uncertainty over the future of the United Kingdom, the possibility that there are great drops in buildings' value in this country is real, which might, eventually, generate new investment opportunities, he explains.

The highly regulated REIT environment in Europe divides opinions among specialists. Pablo Serrano, representing Clifford Chance, considers that it is fundamental to adapt to the changes which might come «*We have to be prepared for the changes that might affect the tax regimes and to adapt to them*», he comments. Miguel Ferre, vice-president at Global Corporation Center of IE & EY and ex-secretary of state for Finances in Spain, on the other hand, considers that the existing regulation can be improved by taking into account these investment vehicles' as well as the economy's real needs. A matter over which Pol Robert Tanses considers to be important to reflect, adding that «*if the regulation isn't too restrictive, we might survive*». ■



Frédéric Mangeant, CEO, BNP Paribas Real Estate, Spain



Juan Huerta de Soto, Investment Analyst, Cobas AM

8 // Portuguese REITS are already being targeted by big investors

