

All change - real estate planning in Portugal



Recent changes in Portugal's planning and zoning regime mean that clients now more than ever need to understand the potential local impact of real estate investments, say Pedro Ferreirinha and Sofia Galvão at Vieira de Almeida.

“Among the key aims behind the significant recent changes to Portugal's planning and zoning decision-making procedure is to speed up the process, and ultimately make it more efficient,” says Pedro Ferreirinha, partner in charge of the Real Estate, Planning and Environment practice group at VdA.

“It is however very early days, and so too soon to say how exactly the impact of the changes will be felt.”

The planning and zoning process in Portugal has entered a new phase, adds Sofia Galvão, Of Counsel at VdA. “There has been a devolution of the decision-making process from a centralised to a decentralised local authority system, and this means significant change.”

Crucial to the practical success of the scheme, she adds, is to ensure that the local authorities are sufficiently prepared to deal with this new type of work. “The signs are that they are ready, but we still need to wait and see.”

Delay

Portugal's previous planning and zoning processes had the potential for significant delay, notes Pedro Ferreirinha. “One of the key demands of real estate investors, and developers, is to have certainty and an understanding of the potential timescales involved.”

“Nevertheless the existent PIN regime (Projects with Potential National Interest), designed as a ‘fast track’ licensing procedure that can be adopted in projects with a positive impact on the commerce or economy of a local area, which has now been complemented with the PIN+ regime, has been used to mitigate the impact of the inefficiency of the system with considerable success”.

Part of the new scheme he explains is to offer a clearer definition of the types of infrastructure and the quality of the projects that may qualify for such categorisation.

“The success of these changes will depend on how it improves the quality of the relationship between investors and the planning authorities,” he says,

“There is a clear need to mitigate the risks that are a part of the planning process. Some aspects of the changes are intended to speed up the process and the approval of projects, while others are intended to take into account the impact on local jobs and other economic benefits.”

Strategic sectors

“Tourism has been designated by the Portuguese authorities as a strategic sector for future development and its legal framework is currently under review. One can therefore expect this to be a sector with the potential for growth in the coming years, especially in the residential area,” says Ferreirinha.



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“However it would be very important to see in the new legal framework the opportunity to test new forms of ownership and operation of tourism projects, in line with the practice of other countries.”

But beside tourist and hotel developments they also see an upturn in retail developments particularly around Portugal's mid-size cities. There is also increasing interest in Portugal from dedicated real estate investment funds.

What is crucial they believe however, is that legal advisers in the real estate sector offer a comprehensive service, to provide an understanding of all aspects of the planning, zoning and development processes, including the potential time factors involved.

“Additionally investors must be very careful about the type of structure they use when considering the types of investments,” adds Ferreirinha.

“This will of course be different depending on whether the investment being undertaken is a relatively long or short-term operation, or one of a number of activities to be undertaken in Portugal.”

Reformas recientes en el régimen urbanístico en Portugal obligan, ahora más que nunca, a los clientes a conocer el impacto potencial en el ámbito local que puede tener una inversión inmobiliaria, afirman Pedro Ferreirinha y Sofia Galvão, del despacho Vieira de Almeida.