

Lisbon planning authorities struggling to process permits in ‘reasonable time’

Effective due diligence will help investors predict the likely outcomes of planning applications – meanwhile, good architects that understand the planning system are vital



Pedro Ferreirinha

As Portugal enjoys an unprecedented property boom, Lisbon’s planning authorities are struggling to process permits within a reasonable time, according to Vieira de Almeida partner Pedro Ferreirinha.

“I think it’s a natural consequence of so much investment in Portugal,” he says. “You start to feel that in Lisbon they have so many projects they need to review, it’s a problem of manpower.” In Ferreirinha’s view, these delays represent a risk to the market as they could lead to some investors looking elsewhere in the future. “In real estate, time to market is everything,” he says. “Obviously, when investors start to feel things are starting to slow down, in terms of licensing, they get nervous and they start to be more cautious in their approach.”

Impeccable due diligence

So, what can be done to tackle the issue? Impeccable due diligence is key, according to Ferreirinha, as it helps investors predict likely outcomes of

planning applications, subject, of course, to the discretion of authorities. “You should have good architects on board that know the planning instruments very well,” he explains. “They can give you an idea of whether an application is perhaps very bold and will have problems, or whether what you are trying to do is something that’s not admissible, according to the planning regulations.” Ferreirinha adds: “The clients we assist usually do this homework very thoroughly, so they have an idea of how things will go.”

It is also essential to build positive relationships with planning authorities. “There is always some tension between the investors and the authorities,” Ferreirinha says.

“Investors usually want more than they can get, and authorities try to resist.” He continues: “I think, at the end of the day, if there’s good co-operation and people stick to the planning instruments, probably some of the problems will just go away.”

Hotel and leisure industry driving deals in Madrid real estate sector



Carlos Trénor

The hotel and leisure industry is driving considerable deals activity in the real estate sector, with a significant number of projects underway in Madrid, says Carlos Trénor, partner at Ventura Garcés & López Ibor Abogados.

“There is a lot of momentum in the hotel industry, we’ve been very busy advising clients in this area, particularly on the refurbishment of properties situated in prime central locations,” says Trénor. He adds there has been significant interest from both national and international hotel chains in these types of projects, and believes that large cities such as Madrid and Barcelona hold a great deal of potential. “There is considerable interest from investors in the UK, the US, Germany and further afield,” Trénor says. “For example, we recently advised a Korean client investing via a UK-based fund – Spain is an attractive market, and large cities hold particular appeal.”

The other types of real estate projects attracting particular interest from investors are student accommodation and rental properties. However, Trénor points out that the market is not moving as fast as it would if there was greater political certainty, both in Spain and globally.

The political climate has had a particular impact on Barcelona, where deals have slowed down in recent months. “We’ve noticed a significant shift in focus from Barcelona to Madrid, owing to the difficult political environment in the region,” Trénor remarks.

“Many deals are on stand-by, with investors cautiously waiting to see how the China-US trade war plays out, and how the political situation in Spain is resolved – Spain remains a highly-attractive market and these deals will be completed as the environment becomes clearer.”