

DEVELOPMENTS WITHIN THE PORTUGUESE REAL ESTATE MARKET ARE CREATING NEW OPPORTUNITIES FOR LAW FIRMS AND THEIR CLIENTS



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With the introduction of new types of demand within the real estate market, Portuguese firms will be presented with a number of attractive business opportunities

According to **Tânia Pinheiro** and **Maria Margarida Torres**, partners from Lisbon-based firm **Caiado Guerreiro**, lawyers in Portugal are experiencing a rise in real estate investment due to the introduction of a number of new initiatives. Among these are residential properties – for both long- and short-term rental – and tourism-based properties. “The acquisition of hotels (including the complex and extensive due diligence) and the respective related management agreements and licenses also have a relevant impact to our practice,” explains Pinheiro. The Real Estate lawyer also believes there to be great opportunity in office spaces, particularly within the capital; “there is a totally different co-working culture, mainly driven by start-up companies, that is also relevant,” she adds. With investment funds and investment groups joining forces to ‘invest big’, these new players are also impacting the market within Lisbon itself.

“Another big opportunity refers to the purchase of any type of property eligible for the Golden Visa programme,” explains Torres, also an expert in the company’s Real Estate department. This applies especially to properties with a value greater than €500,000, for both residential and non-residential purposes, or to properties 30 years old or more and located in urban recovery areas for refurbishing purposes, with a minimum investment amount of €350,000. “The applicants that want to benefit from the tax regime of the non-habitual residents are also buying a lot of properties in Portugal,” Torres adds. Alongside this, due diligence and the acquisition of entire buildings to be renovated and consequently sold are creating a number of opportunities for law firms.

Despite this, changes in the market are also revealing a new set of challenges, which firms should be well-prepared to face. Whilst, in the past, transactions regarding residential property began typically following the construction phase, this has changed significantly. “Nowadays, the transaction starts much earlier and already in, or even before, the construction phase,” explains Pinheiro. “Clients are investing in projects and buying residential properties before the construction is finished, facing different risks and challenges. The buyer is nowadays bound to a promissory agreement for much longer than before, with more deadlines and milestones and uncertainties.” There are also further challenges arising for the sellers and developers, such as the flexible procedures which have to be foreseen within the contract, in case any changes are imposed by the town hall during the license procedures. This is in order to ensure deadlines are in compliance with the signed agreements. “Licensing procedures are still an issue in real estate development in Portugal, where one has to undergo several meetings at the town hall and adapt the initial plans to meet the town hall’s requests, before a project can be brought to life,” Pinheiro elaborates.

“Another challenge that our clients are facing concerns the lack of real estate in comparison to the huge demand,” explains Torres. Because of this, real estate prices are extremely high. “One must note that, regarding Lisbon, for example, as a European capital with its quality and standards, the break-even might nowadays come later in the timeline than before, but we are still talking about very good investments,” Pinheiro clarifies.

Compared to the situation one year ago, both women believe the real estate market in Portugal to have made significant developments. A large part of this is due to the introduction of the Golden Visa programme, related to the acquisition of investment fund shares: “these funds are buying many different types of real estates, especially hotels, lands, and entire buildings,” states Torres. “There has also been much more investment over the course of this past year in properties to be rehabilitated.”