Are The Doors Opening For Us To See The Opportunities?

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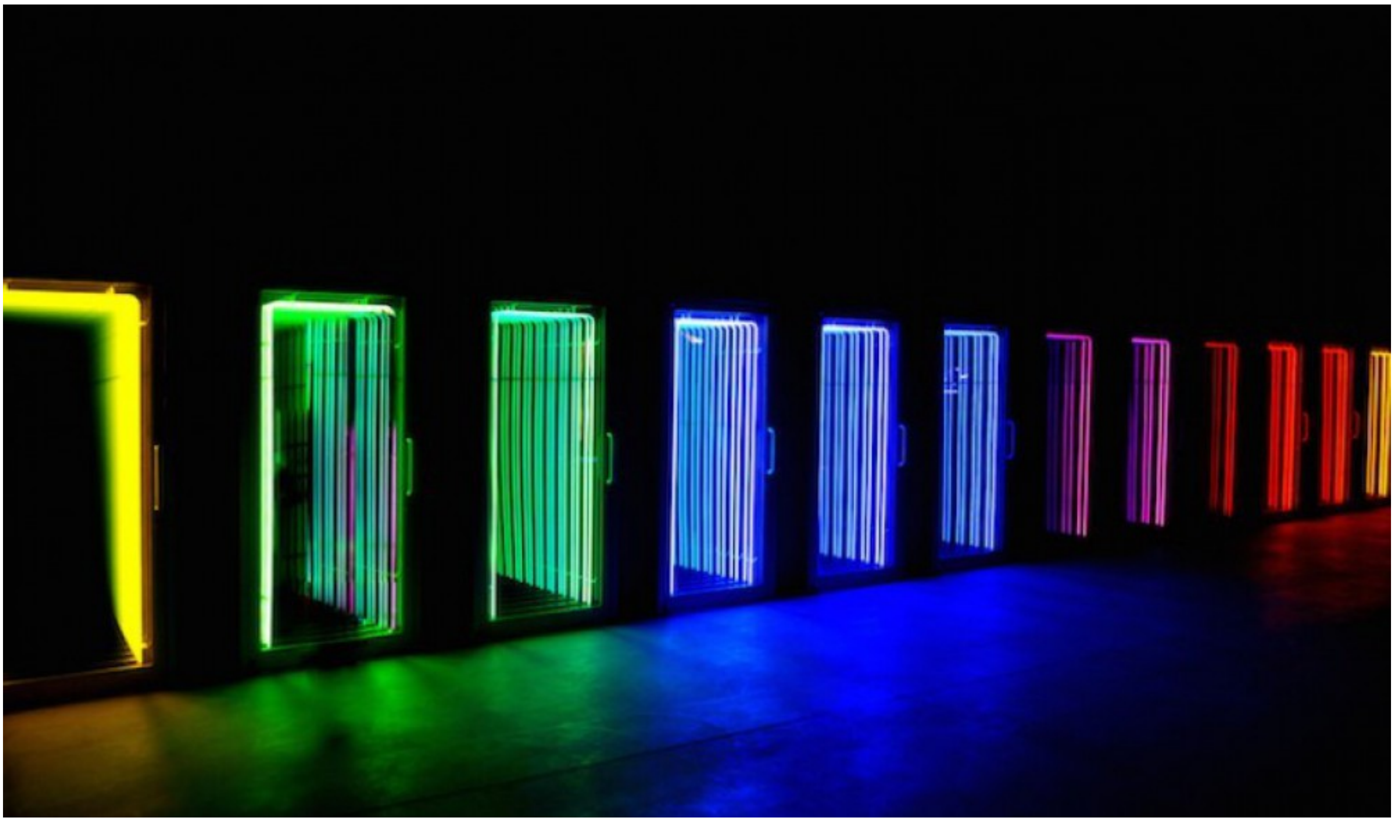
Spanish News



Spanish website-*Idealista* has highlighted which companies invested heavily in the property market in 2014, as well as the most attractive areas. During the first half of 2014, large funds lead the rush foreign investors into Spain, but the second half belonged to private investors and REITS (real estate investment trusts, know as SOCIMIs in Spain).

As the year progressed, the preferred “target asset” also changed. Deals involving shopping centres and property platforms were gradually replaced b previously “untouchable” assets such as property-backed debt, or even plots for residential development.

“After a long, hard ride through the desert, Spain became a solid property investment destination during 2014,” Mikel Marco-Gardoqui, national director for investments at CBRE stated in Trends, the report published recently by his company. This journey has mainly been led by investment giants with major players such as Blackstone, Pimco, Goldman Sachs, Lone Star and Apollo, among others making major investments.

Investment fund Apollo were first out of the blocks in 2014 with the first transaction of the year when it announced the purchase of 85 per cent of Altamira, Banco Santander’s real estate servicer in January. This deal was one of the largest acquisitions of a bank property platform, at €664 million. This record was broken at the end of the year: In December, Kutxabank sold its property platform and half its property assets to Lone Star for €930 million. A total of eight real estate servicers have been sold since 2013.

In terms of appeal to investors, once bank servicers were all gone, retail sites and offices were the most sought-after assets between January and June last year. Up to 14 shopping centres were sold in the first six months of 2014, but as optimism in the sector grew, and the more attractive assets disappeared, investors shifted their attention to other properties such as plots of land, or property-backed debt. This shift helped Catalunya Banc sell €3,500 million worth of toxic mortgages to Blackstone, followed by the Sareb "Bad Bank" selling €200 million in loans backed by buildings with rental properties.

Even building land found buyers in the second half of 2014. The Sareb sold its first plot for residential development to Castlelake, followed by five more in Madrid before the end of the year. More than anything this illustrates the dramatic turnaround of investor sentiment towards Spanish real estate that took place in 2014.