GRI Club

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Ibero-American Cross-Border Real Estate Deal Flow

Overcoming political and economic instability to build reciprocal investment between Iberia and Latin America

Based on insights from Ibero-American GRI 2025

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Welcome to GRI Club

Regional Club Partners

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Industry Partners

Introduction

Since 1998, GRI Club's exclusive networking events have been providing unique opportunities for the industry's decision makers to exchange valuable insights and experiences, igniting deal flow and potentialising the real estate market.

GRI Club reports present the key takeaways from these events, including the most valuable insights, the most ardent discussions, and the most intriguing strategies.

Within the context of a global landscape marked by economic uncertainty and geopolitical tensions, cross-border ties between Latin America and Iberia are gaining strategic relevance in the realm of real estate investment.

With robust infrastructure and economies closely integrated into both European and global markets, Spain and Portugal are consolidating their roles as gateways for Latin American capital in search of security, stability and portfolio diversification.

Among the most sought-after assets are hotels, resorts and luxury residential properties, driven by both the region's strong tourism appeal and a new wave of migration.

At the same time, while Latin America has successfully attracted foreign investment in sectors such as finance, energy and telecommunications, its real estate market continues to face barriers.

The prevailing sentiment is that political and currency volatility remains a significant hurdle, particularly for investors from more stable economies, such as those in Iberia.

Despite these challenges, certain segments are gaining traction and capturing the interest of international capital, including branded residences, multifamily, and the logistics and industrial sector.

The latter, most importantly, is being propelled by the reconfiguration of global supply chains amidst the ongoing US-China trade conflict.

Ibero-American GRI 2025 reflected the importance of this growing alignment, as GRI Club brought together prominent real estate executives from Iberia and Latin America in Madrid for a unique opportunity to discuss the macroeconomic outlooks of both regions, cross-border investment opportunities and the best strategies for successful deployment of capital.

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Ibero-American GRI 2025 | GRI Club

The most powerful networking platform with high-quality events and cutting edge content.

Macroeconomic Outlooks

Latin American Markets

Discussions began with the implications of the protectionist economic policies recently adopted by the United States, which have sparked intense debate regarding their global impact.

While these measures aim to safeguard domestic production, they have contributed to the slowdown in global economic growth, with the probability of a US recession estimated at 60% (as of May 2025).

The impact of such policies extends far beyond US borders, affecting both European and Latin American economies.

As conversations at the gathering confirmed, the shift towards a tariff-based trade model is creating a climate of economic uncertainty reminiscent of the import-substitution policies experienced by several Latin American countries during the 1960s, 70s, and 80s.

Mexico has been the most affected Latin American country, due to its extensive trade integration with the United States. With a significant share of exports directed towards the US market, the country is now facing economic deceleration.

In contrast, other regional economies such as Brazil, Chile, and Peru have demonstrated greater resilience, thanks to more diversified economic structures and lower dependency on trade with the US.

That said, Mexico remains one of Latin America's leading economies, maintaining strong international trade links, particularly within the framework of the United States-Mexico-Canada Agreement (USMCA).

Brazil, for its part, is anticipating a potential reduction in interest rates in the coming year, which could provide a crucial opportunity to stimulate economic growth and attract investment, especially in infrastructure.

The prevailing sentiment is that fiscal reform will be essential to improve the country's financial position and restore market confidence.

An additional factor influencing Brazil's prospects is the diversification of its trade relationships. China's increasingly important role as Brazil's main trading partner has significantly reduced the country's historical reliance on the United States.

This trend presents a new dynamic across the region. China has emerged as the principal commercial partner for several Latin American nations, driven by its demand for raw materials, resulting in export economies such as Brazil, Chile, and Peru benefiting notably.

Although the economic outlook remains challenging in Argentina, the recent change in government could represent a window of opportunity to attract foreign capital, provided that proposed fiscal and economic reforms are successfully implemented.

European Markets

While recovery across the eurozone, especially in the aftermath of the pandemic, has been slower than initially anticipated, the broader outlook for the bloc is one of resilience, albeit with potential for moderate growth.

Germany, traditionally seen as Europe's economic engine, is now facing headwinds, largely due to its strong export dependency. The ongoing trade tensions between the US and China have further impacted demand for German goods.

In contrast, Spain has posted a markedly stronger performance, with growth projections of 2.7% for 2025, nearly triple the eurozone average. This positive result is attributed to a more agile post-pandemic recovery, a resilient labour market, and a robust services sector capable of withstanding global economic headwinds.

Immigration has also played a critical role in Spain's economic dynamism. The integration of Latin American immigrants, facilitated by cultural and linguistic affinities, has helped mitigate labour shortages and invigorate domestic consumption.

At the same time, Spain's economic recovery has been supported by significant investment in social infrastructure, including affordable housing, healthcare, and education. This has attracted investors seeking to combine financial returns with positive social impact, thereby contributing to a more inclusive and sustainable growth model.

Inflation remains a challenge, although the most recent data point to a deceleration, with EU-wide rates nearing the 2% mark.

Given this situation, the European Central Bank (ECB) now has greater leeway to ease monetary policy in H2 2025, either by holding or potentially lowering interest rates to further stimulate growth.

Iberian RE Landscape and Trends

Iberian Investment Interest

Spain and Portugal continue to consolidate their positions as attractive real estate markets, thanks to their legal security and economic stability. Most importantly, both countries accounted for a significant share of the more than EUR 206 billion invested in European real estate in 2024, according to CBRE data.

This positioning reinforces their strategic relevance within the regional economic context and further heightens the interest of international investors.

One of the recurring topics in recent discussions was the growing interest in so-called 'secondary markets' - particularly in cases such as Madrid, which in recent years has attracted more capital than traditionally dominant cities like London and Berlin.

As reported by CBRE, Latin American investment in Spanish real estate surpassed USD 555 million in 2024, with Madrid concentrating over 75% of this volume, approximately EUR 424 million.

In comparative terms, the capital inflow represented a 200% increase on the USD 183 million recorded in 2023, marking the highest investment volume to date.

According to specialists, infrastructure investment has played a pivotal role in Spain over the past four years, significantly enhancing the country's competitiveness.

Commercial Real Estate Trends

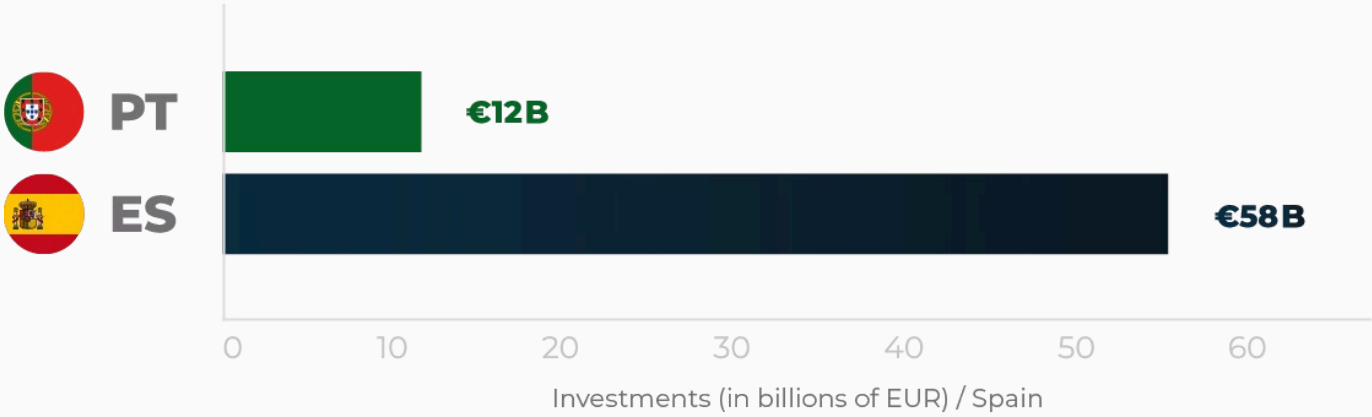
This trend presents a compelling case for the ongoing optimism surrounding Spanish markets, especially in relation to urban assets such as commercial properties, with Latin American interest in the office market remaining strong throughout 2024.

Although there are concerns about the impact of AI on workplace dynamics and office demand, the logistics and data centre sectors are expected to offer more resilience and growth as the digital transformation and rising data usage fuel a surge in demand for facilities that support storage and processing infrastructure.

Data centres, once considered a niche segment, have now taken centre stage in strategic decision-making, driven by rapid business digitalisation and the adoption of AI and big data technologies.

According to Portugal DC (Associação Portuguesa de Centros de Dados), more than EUR 12 billion in data centre investments could be channelled into the country over the next five years, and Spain DC (Asociación Española de Data Centers) forecasts up to EUR 58 billion in similar investments across Spanish territory during the same period.

Estimated Investment in Data Centres (2025-2030)



Source: Associação Portuguesa de Centros de Dados / Asociación Española de Data Centers

The retail sector, meanwhile, is seeing a resurgence. After being heavily impacted by the COVID-19 pandemic, shopping centres have found renewed momentum through the adoption of a hybrid model that integrates both physical and digital retail.

Discussions at the event suggested that the recovery of tourism has also been a key driver, significantly increasing foot traffic in shopping centres across cities like Madrid and Barcelona.

The rise of e-commerce has prompted many retailers to reconfigure their physical spaces, placing a greater focus on consumer experience and omnichannel integration.

With demand rising for mixed-use spaces that blend residential, retail and leisure functions, urban regeneration is increasingly seen as a strategy for revitalising underutilised districts as well as an effective solution to both housing shortages and the need to enhance quality of life in emerging neighbourhoods.

This movement is gaining momentum in major Iberian cities, where mixed-use developments are flourishing, especially in key centres such as Barcelona and Lisbon.

Tourist Trends

In 2024, Spain ranked second globally in tourist arrivals, welcoming 94 million visitors. Over time, an upward trend in average tourist spending has been observed, particularly in cities like Madrid and Barcelona.

This reflects a shift in the tourism model, away from low-cost offerings and towards attracting high-net-worth travellers seeking personalised and exclusive experiences.

As a result, pressure is mounting on luxury hotel and resort infrastructure, raising questions about the sector's capacity limits, especially regarding the number of available beds.

Some participants warned that, although demand remains high, the market may soon reach a saturation point.

With approximately 40% of Latin American capital invested in Spain in 2024 directed towards the hospitality sector, investors from the region are monitoring this trend closely.

Construction Challenges

Despite this positive momentum in investments and demand, the construction sector is grappling with a growing labour shortage. The lack of skilled workers has led to project delays, while a scarcity of available land has further driven up construction costs.

To resolve this issue, it was deemed to be essential for the sector to embrace construction industrialisation. Technologies such as modular and prefabricated building are being promoted as efficient alternatives to accelerate project timelines and reduce costs.

These innovations are equally relevant for the adaptive reuse of existing buildings, another future focus brought to the table during the meeting.

Portugal's Resi Sector - Strong Demand but Limited Supply

Portuguese Population Shifts

Immigration has been a key driver of Portugal's population growth in recent years, particularly from the United States and Brazil, which has further intensified demand for housing and reignited debates around affordability.

Statistics show that Portugal's population has exceeded 10.5 million inhabitants, leading to mounting pressure on the residential market, with available supply unable to match increasing demand.

The Portuguese market is also constrained by a notable shortage of developable land. Combined with high construction costs, this has made it increasingly difficult for developers to deliver affordable housing.

Without stronger incentives for social housing development, consensus posits that the supply crisis in the lower-income segment will continue to worsen.

One critical factor often overlooked is the regulatory framework. As conversations at the gathering confirmed, approval processes remain slow and encumbered by complex administrative barriers, a key constraint repeatedly flagged by industry executives.

According to mid-2024 estimates from the Association of Civil Construction and Public Works Industrialists (Associação dos Industriais da Construção Civil e Obras Públicas or AICCOPN), Portugal would need to deliver 45,000 new homes annually to address the current housing shortfall. This figure far exceeds the 32,000 units completed in 2023.

As conversations at the gathering confirmed, this situation is being driven by several demographic factors including population growth, significant internal migration to major urban centres in search of employment, and - more recently - an increase in divorces and separations, which has contributed to a marked rise in the number of households over the past decade.

BTS vs BTR

With such rapid growth in demand, market competition has intensified. Cities such as Lisbon and Porto are experiencing sustained price pressure, prompting developers to explore new strategies to meet the ongoing surge in housing needs.

In this context, built-to-sell (BTS) projects have demonstrated strong commercial performance. However, the volume of development activity has struggled to keep pace in the face of constraints such as elevated land costs and protracted licensing procedures, which can take up to three years to complete.

On the built-to-rent (BTR) side, the prevailing sentiment is that the model still requires a more mature and supportive legal framework in order to scale effectively.

Most importantly, construction costs have increased by approximately 30% since the COVID-19 pandemic, alongside rising labour expenses, eroding project profitability in this segment. While the shortage of qualified professionals is a global issue, it has a particularly acute impact in Portugal.

Another key issue is the country’s relatively slow progress in adopting innovative methods such as industrialised construction, already commonplace in more advanced markets. There is potential to reduce costs and improve efficiency, but Portugal remains in the early stages of this transformation.

A New Consumer Profile

Discussions at the event suggested that a growing number of young people, families in transition, and so-called “digital nomads” are shaping new patterns of demand.

The concept of co-living was another future focus brought to the table during the meeting. However, the current regulatory framework is not yet fully aligned to support the scaling of such models.

In contrast, the luxury market has emerged as one of the bright spots in the residential sector, with the Algarve, for example, evolving from a traditional holiday destination into a permanent home for many, drawn by the climate, quality of life, and expanding infrastructure.

Demand for high-end housing in the region has grown, particularly among British and US investors, making the segment increasingly attractive to developers seeking to attract international capital.

Partnerships with luxury brands were agreed to not only enhance the perceived value of the asset, but also serve as a powerful marketing tool to engage overseas clients seeking trust, prestige, and a differentiated residential experience.


image: Igor_Tichonow/Envato

Local Partnerships in Complex Regulatory Environments

Cross-Border Collaboration

The broader outlook for foreign capital deployment in the Iberian real estate market suggests that deep knowledge of local culture, legal processes, and regional dynamics is essential.

Within the context of Portugal and Spain, the formation of strong local partnerships is widely seen as indispensable. The key question is therefore: what factors determine the success of such cross-border collaborations?

Partners in Portugal

Discussions began with an exploration of investor profiles and how these shape partnership expectations. In Portugal, institutional investors demand a high level of formality, transparency, and structured communication.

As one attendee reported, it is essential to translate the local context into an institutional language that aligns with the expectations of this investor type.

In contrast, family offices and high-net-worth individuals (HNWIs) tend to adopt a more flexible approach, focusing on absolute returns rather than conventional financial indicators such as IRR.

As a result, understanding the investor's profile in depth is crucial for tailoring communications and aligning strategic goals.

The ability to navigate complex regulatory environments was identified as a decisive factor, and attendees agreed that the slow pace of Portugal's legal system remains a significant hurdle.

One illustrative point is a retail project that, according to a participant, remained pending for two years awaiting a single authorisation. When legal disputes arise, resolution timelines of up to two years can have a direct impact on project schedules and expected returns.

Given this situation, building trust-based relationships becomes critical to minimising risk and avoiding costly missteps.

In many cases, the absence of a suitable local partner has led to failed ventures. This was the case for several Brazilian companies that entered the Portuguese market without solid local alliances and ultimately exited after failing to establish a consistent operational base.

Spanish Alliances

Across the border in Spain, the rationale for seeking local partners is similar, but discussions also highlighted that foreign investors view local alliances as essential in order to successfully navigate the decentralised nature of urban planning, which includes varied taxes and regulations across municipalities and autonomous regions.

The cost structure and tax implications are often determined by these local frameworks. To resolve this issue, it was deemed to be essential for investors to engage specialised consultants who can offer detailed insights on how best to structure deals, minimise fiscal burdens, and optimise returns.

In terms of land use, regulatory volatility is another challenge. In some regions, planning policies and zoning regulations remain unpredictable.

The conversion of industrial land for residential use was a recurring topic in many of the panels, and one that was noted to often be a lengthy, uncertain process subject to shifting local criteria.

Latin American RE Landscape and Trends

Local Links in Latam

Despite successful foreign investment ventures in industries such as finance, energy, and telecommunications, scepticism persists when it comes to acquiring Latin American real estate assets, with political instability and currency volatility widely viewed as significant barriers limiting appetite for this type of play.

At the same time, the region's growing consumption levels stand out as a clear advantage. This perception is driven by a young population and a renewed labour force.

It is worth noting that the median age in Latin America is approximately 32, in contrast with the most aged continent in the world - Europe - at 44, including 20% of its population being over 65 years old.

One of the sectors gaining momentum in the midst of reduced investment from mature markets such as Europe and the US is logistics and industrial, which is seeing increased interest from Asia - particularly in relation to the construction of manufacturing plants and distribution centres.

Regional Interest

Mexico is emerging as one of the most attractive destinations for investment in this segment as major players, including Prologis and Blackstone, have made substantial investments in logistics hubs and warehouses in recent years.

The regions of Baja California and Puebla have become strategic focal points for the relocation of Chinese factories, a movement accelerated by the US-China trade war.

This trend forms part of a broader shift that has been underway for over six years, with Asia - and particularly China - accounting for 61% of nearshoring demand in Mexico between 2019 and 2024.

In 2024 alone, this process contributed significantly to the expansion of the industrial sector, which represented 32.2% of the country's GDP.

Mexico's Industrial Sector (2019-2024)

Source: GRI Club Graphic

Attendees agreed that improving port and road infrastructure will be essential to optimise logistical connectivity as the continued lack of essential infrastructure, such as water and electricity supply, remains a key obstacle to industrial development in many regions.

Mexico is also facing tariff policy challenges following recent adjustments implemented by the US, which have pushed the average export cost up to an estimated 23.4%.

That said, this environment also presents a strategic opportunity. By strengthening the implementation of the USMCA (known regionally as T-MEC), enhancing local production chains, and attracting investment through nearshoring, Mexico could reduce its tariff burden and position itself as a competitive alternative to China.

Discussions at the event suggested that many foreign investors remain cautious, particularly regarding new office developments, amid the country's economic and political fluctuations.

It is no coincidence that in the first quarter of 2025, 70% of occupied office space in Mexico City was taken up by domestic firms.

Looking further south, Chile has shown greater economic stability compared with previous years, once again attracting the interest of foreign capital.

The Central Bank of Chile's Monthly Economic Activity Index (IMACEC) for March 2025 recorded 3.8% growth compared with the same month in the previous year.

One of the key differentiators in the Chilean market is the multifamily sector, which has seen rapid growth in rental housing demand.

According to a report by Chilean property platform TOCTOC, the total multifamily housing stock increased by 30% by the end of 2024 compared to 2023. The number of buildings rose from 146 in December 2023 to 187 in December 2024, a 28% increase.

Despite this, supply remains insufficient to meet growing demand, driving up prices and positioning this segment as one of the most attractive and promising in the region.

Mexico also shows strong potential in this segment, although it continues to face challenges related to high interest rates and local regulations that complicate the long-term financing of projects.

image: El Radar

Dominican Dominance

Within the context of the Caribbean, the Dominican Republic stands out in the hospitality sector.

Capital from Spanish funds and growing interest from US investors have fuelled a surge in activity. Branded residences are on the radar, especially among buyers from the US, Canada and Europe.

Most importantly, tax incentives offered by the Dominican government have played a pivotal role in attracting foreign capital to the hospitality sector.

According to data from Banreservas and the National Association of Hotels and Tourism (Asociación de Hoteles y Turismo de la República Dominicana or Asonahores), the hotel industry generated more than 106,000 direct jobs by mid-2024.

Tourism accounts for 8% of the national GDP and, in 2024, the country surpassed its own records by welcoming over 11 million visitors.

Brazil and Beyond

In contrast, Brazil is often perceived as a more closed market, with an economy heavily reliant on commodities and agriculture.

Nonetheless, the country holds long-term potential, particularly for infrastructure and urban development projects.

From a financing perspective, the use of local capital has emerged as an effective strategy to navigate limited access to international funding amid currency risk and elevated interest rates.

Argentina and Venezuela, meanwhile, remain highly volatile markets. Ultimately, the key to success will lie in investors' ability to adapt their strategies to a challenging environment, seizing opportunities in undervalued assets as the region continues to transform and strengthen.

Upcoming Events

Founded in 1998 in London, GRI Club currently brings together more than 19,000 senior executives spread across 100 countries, operating in both real estate and infrastructure markets.

GRI Club's innovative discussion model allows free participation of all executives, encouraging the exchange of experiences and knowledge, networking and business generation.

GRI Club Members also have access to our exclusive online platform to learn more about other members and their companies, correspond and schedule meetings, and receive unrestricted access to all GRI Club content.

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