



Q&A with Fiera Real Estate

Iberia: A Strategic Debt Opportunity

Spain's **Brains Real Estate News** sat down with Ignacio Ruíz Gallego, Investment Associate at Fiera Real Estate, to discuss Fiera's European real estate debt strategy's Iberian expansion and the compelling opportunity the region presents for well-capitalised alternative lenders.

In its European real estate debt strategy, why has Fiera Real Estate decided to focus on Spain? What variables are being identified in this market?

We like the depth of opportunity in Spain, where we can leverage our local presence and experience there to drive deal flow and partner with the best sponsors. Spain is a nascent and

fragmented market with a high volume of stock that is either unfunded or needs refinancing, and in sectors which benefit from the strongest fundamentals and structural tailwinds. That's a compelling proposition for flexible and well-capitalised alternative lenders such as Fiera.

We are sector agnostic, but we particularly like the residential-rental market, where supply-demand imbalances and demographic dynamics are overwhelmingly favourable. This part of the market is full of high-quality sponsors too, and that's really important for us as it means we're lending against best-in-class real estate and healthy balance sheets.

The extent of bank retrenchment is another reason to focus our efforts there. Reduced exposure to real estate holdings – in response to market uncertainty and regulatory change – is not unique to Spain, but its major banks are acutely aware

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of how they were affected by the GFC, so are taking an even more conservative approach than some of their European counterparts. We are stepping in to provide some of the capital solutions required to deliver Spain's built environment.

What is Fiera Real Estate's medium and long-term objectives in the Spanish market regarding the origination and execution of real estate debt transactions?

We currently have two assets under management, having provided senior-secured loans against PBSA developments in Alicante and Valencia, totalling almost 570 beds. These are being developed from the ground-up by one of Spain's pre-eminent student housing developers and with whom we have a long-standing existing relationship. It will be constructed to a grade A, best-in-class specification, and the construction timeline is progressing as anticipated.

We'll be focussing on assisting with the execution of the business plan for those assets, while deploying our boots-on-the-ground originators to unlock opportunities bearing similar qualities.

We're deeply satisfied with the investments we've made in Spain so far and look forward to increasing our AUM in a strategic way over time.

Which segments of the Spanish real estate market are currently attracting most interest from international institutional investors in debt transactions? And which segments have the greatest growth potential?

It does vary depending on risk preferences and existing sector-specialisms, but in broad terms it's in the residential, industrial and prime office markets. Debt investors like the defensive characteristics of these sectors, where they can secure portfolio diversification benefits by investing in products that are resilient, have capital appreciation potential and are broadly uncorrelated with public market performance. This supports the realisation of returns on a risk-adjusted basis.

The common thread across all of these sectors – beyond the positive growth trajectory and underlying demand – is that they are income-producing, so can act as an effective hedge against inflation in a high-rate environment.

One of the sectors that has gained prominence in recent years is student housing. How do you analyse the evolution of investment in this segment within the Iberian market, and what role can debt financing play in its future development?

Spain's supply-demand imbalance is one of the most pronounced on the continent, with a country-wide average mobile students to bed ratio of 5:1, reaching as high as 7:1 in Valencia. International education initiatives such as Erasmus, coupled with a strong and increasingly diverse graduate job market, has contributed to the almost 200,000 student population increase since 2022.

The problem (and opportunity) is that supply has failed to keep up with demand, so institutional capital has a critical role to play in addressing that from the perspective of repurposing/ refurbishment and new stock delivery through development.

Spanish student housing is a relatively nascent market, but as the operationalisation and institutionalisation of real estate continues apace and international capital becomes more comfortable with the risk/return profile of new-build development in the sector, we'll see more stock come online.

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Spanish student housing is gaining traction as investor confidence grows, paving the way for more institutional, purpose-built developments. ”

What types of players – both local and international – are currently most active in the real estate debt market in the Iberian Peninsula?

The Iberian real estate debt market – particularly in Spain, and increasingly in Portugal – has undergone a notable evolution since the Covid-19 pandemic, driven by rising interest rates, tighter bank lending conditions, and growing investor appetite for alternative debt instruments.

From a micro perspective, real estate players in Iberia have become increasingly sophisticated and better structured. This has made

investors more comfortable with, and confident in, utilising alternative sources of capital to fund projects. From a macro standpoint, private credit strategies have experienced significant global growth, attracting large institutional allocations.

Institutional investors and debt funds are currently the dominant force in the alternative lending space, with banks constrained by regulatory capital requirements and risk-weighted asset limitations. Meanwhile, developers are evolving from pure borrowers into more strategic and sophisticated capital partners. This broadening and diversification of participants reflects a maturing, more robust, and more competitive real estate debt ecosystem in the region.

The Valencian Community has begun to emerge as an attractive destination for real estate investment, including debt financing. In your view, what factors make this region offer an attractive balance between profitability, risk, and growth potential?

The Valencian Community has firmly established itself as one of the most dynamic and increasingly institutionalised real estate markets in Spain. Both Valencia and Alicante present a compelling combination of infrastructure investment, macroeconomic stability, and demographic growth, all of which support strong fundamentals for real estate initiatives.

For debt funds and alternative lenders, this backdrop translates into increasing demand for financing, particularly for mid-sized developments that are often underserved by traditional banks. However, due to limited built supply, some projects lack recent transactional comparables, leading traditional lenders to hesitate.

What is Fiera Real Estate's vision for the Iberian real estate debt market over the next five years?

What trends do you anticipate in terms of financing demand, asset types, or transaction structure?

We see the Iberian market continuing to evolve rapidly over the next five years, driven by several structural and cyclical trends:

- **Resilient growth in tourism** – Iberia continues to attract a broad range of visitors, which will drive demand across multiple forms of accommodation, from traditional hospitality assets to short and medium-stay residential offerings.
- **Ongoing institutionalisation of the real estate market** – We expect further transparency and professionalisation across the real estate value chain, making the region more attractive to institutional capital to allocate greater dry powder in the Iberian market.
- **New capital inflows** – We are already experiencing increased interest from both Western European investors and Latin American capital, particularly in cities like Madrid, with expansion expected across other key provinces.

These dynamics position the Iberian real estate market to grow at a faster pace than many of its European peers. Fiera's vision is to be an active and long-term partner in this evolving landscape. We aim to provide flexible, risk-adjusted capital across a range of asset types including living, hospitality, logistics, and mixed-use developments, while working closely with sponsors who share a long-term, value-driven approach to real estate.



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