

THE REAL ESTATE  
LAW REVIEW

TWELFTH EDITION

Editor  
John Nevin

THE LAWREVIEWS

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John Nevin

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# PREFACE

This time last year the world's focus was still on the covid-19 pandemic as the dominant issue affecting us all. Tragically, just as we were starting to see light at the end of the tunnel, the much-hoped-for fresh start was stopped in its tracks by the war in Ukraine. The past 12 months have been dominated by war in Eastern Europe and the ensuing global humanitarian, economic and political fallout. The stability and certainty craved by all currently remains a distant hope.

Following on from COP26 in Glasgow, this year the focus was on Sharm El Sheikh for COP27. Once again, some key world leaders were notable by their absence and there remains the sense that more could and should have been achieved. This year, a further focus was acknowledging the developed world's contribution to the climate problem, and a new loss and damage fund was agreed upon to help meet the climate change costs suffered by the world's poorer nations. It has been accepted that something needs to be done, and that includes in the property industry. The built environment accounts for at least 25 per cent of the UK's greenhouse gas emissions, and significant changes are necessary if net zero targets are to be met. To date, the focus has been on high-profile new developments with eye-catching environmental, social and governance credentials. How to deal with the much larger stock of older, lower-value and underperforming buildings remains a bigger challenge.

A great deal has happened since the first edition of *The Real Estate Law Review* appeared in 2012; Brexit seems but a distant memory, as a pandemic was swiftly followed by war in Europe and a cost of living crisis. These have truly been unprecedented times. This 12th edition of *The Real Estate Law Review* will, perhaps more than ever, continue to prove its worth by giving readers an invaluable overview of how key markets across the globe operate and how they react to major world events. The covid-19 pandemic and the war in Ukraine have both served as stark reminders that it is not possible to look at domestic markets in isolation. Investors and their advisers need to understand real estate assets in the context of global events, and *The Real Estate Law Review* continues to help its readers to do just that.

This edition extends to 25 key jurisdictions around the world, and I am very grateful to all the distinguished practitioners for their insightful contributions. Each chapter has been updated to highlight key developments and their effects on the relevant domestic market. Together, the chapters offer a helpful and accessible overview of the global real estate market. Overseas investors are key influencers in most markets, and it is vital that practitioners are able to advise on a particular deal in the light of an understanding of their client's own jurisdiction.

Covid-19 has not gone away but we have learned to live with it. The pandemic's legacy will be its lasting effect on how we live, work and play, and on each and every aspect of the global real estate market. More immediate headwinds include the very real risk of a long and deep recession, soaring inflation, rising interest rates, the withdrawal of government



lockdown support, failing consumer confidence, increasing costs, a critical shortage of labour and materials as well as ongoing supply chain problems. On a more positive note, the property industry has traditionally proved to be resilient, and covid-19 demonstrated its ability to adapt to difficult and challenging times. The United Kingdom will be anxious to maintain its position at the top of global shopping lists as investors look for relatively safe havens for their investment capital. London and the regions seem certain to remain attractive to overseas investors looking for investment opportunities, both in the traditional real estate investment markets and also the rapidly evolving alternative asset sectors. The next few years will undoubtedly be challenging as we continue on the journey to recovery, but opportunities will arise, and real estate will remain a key part of global investment strategies. Knowledge of the global real estate markets will prove key to identifying and making the most of buying opportunities.

Once again, I wish to express my deep and sincere thanks to all my fellow contributors to this 12th edition of *The Real Estate Law Review*. I would also like to thank the members of *The Law Review* team for their sterling efforts in coordinating the contributions and compiling this edition. Finally, I wish everyone the very best of health for 2023 and beyond.

**John Nevin**

Slaughter and May

London

February 2023

# BRAZIL

*Franco Grotti and Guilherme de Toledo Piza*<sup>1</sup>

## I INTRODUCTION TO THE LEGAL FRAMEWORK

In Brazil, the right to own property is assured by Article 5, XXII of the Brazilian Federal Constitution. According to the Brazilian Civil Code (Law No. 10,406 of 2002), the owner has the right to use, enjoy and dispose of his or her property, as well as to defend it from whoever may unlawfully hold it. Under Brazilian law, there is mainly one kind of official real estate ownership.<sup>2</sup>

Under Brazilian legislation, real property ownership is usually transferred by means of a transfer deed, which must be drawn up by a notary public and registered with the competent real estate registry in the respective property record to be effective. The same applies to creation of *in rem* rights or guarantees, by means of execution of the respective instruments and registration with the appropriate real estate registry.

According to the Civil Code, ownership is only transferred upon due registration of the acquisition. Thus, should one fail to register the transfer deed with the appropriate real estate registry, the property will remain recorded under the name of the former owner and, as such, subject to its credit risk, being subject to seizures, attachments or other liens.

In addition to that, the Civil Code provides for certain subordinated *in rem* rights, or *in rem* rights over third-party properties, by means of which one may be granted rights over certain real property, without, however, acquiring ownership over it. The subordinated *in rem* rights are defined in a restrictive list contained in Article 1,225 of the Civil Code, and the parties are not allowed to create *in rem* rights further to those described thereunder. When it comes to real estate, the most common subordinated *in rem* rights are the surface rights and the usufruct, as well as *in rem* guarantees.

In sum, surface rights can be defined as the granting, by the owner of the property interests to the grantee, of the right to use the soil of a real property. By means of creation of the surface right over certain property, the ownership is subdivided in a manner that the surface right itself is assigned to the grantee, and the owner remains with the 'bare ownership' of the land. The grantee becomes, upon perfection of the surface right, entitled to build, plant or use the property for other purposes that may be further adjusted between the parties, for a fixed term. Surface rights can be granted either as an onerous act or free of charge, and there is no maximum term for granting of this right. Surface rights can also be sold, assigned or even granted as collateral (i.e., mortgage or fiduciary sale).

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1 Franco Grotti is a partner and Guilherme de Toledo Piza is an associate at Pinheiro Neto Advogados.

2 Since 2018, the Civil Code also provides for a kind of time-sharing ownership. However, in theory, this does not differ from 'classical' ownership. The multi-property works much like the conventional condominium but represents an interest in time instead of a partial right to the whole property.

The usufruct, in its turn, is the right to use and enjoy the property, without, however, being entitled to dispose of it. In addition, when the usufruct is created, the owner retains bare ownership over the asset; this is the reason why it is said that these rights are subordinated if compared to full ownership. Usufruct cannot be sold, but the grantee may, as either an onerous or free act, assign its exercise to third parties.

There are basically two kinds of real estate guarantees provided under Brazilian law: mortgage and fiduciary sale.

Brazilian law provides that an asset will be regulated by the laws of the country where it is located. Most aspects concerning real estate are ruled by the Civil Code and, with regard to registration, by the Law of Public Registries (Law No. 6,015 of 1973).

## **II OVERVIEW OF REAL ESTATE ACTIVITY**

As the Brazilian economy recovers from the impacts of the covid-19 pandemic, the real estate market keeps growing despite the increase in interest rates led by inflation. This growth has mainly been led by the residential sector, which has been driving institutional and foreign investors to look more carefully into this segment, which was traditionally dominated by Brazilian developers.

Logistic properties remained a trend, especially considering the solid upscale of e-commerce. In general, the non-residential real estate market has been showing good performance: the real estate investment funds' index published by the Brazilian Stock Exchange (IFIX-B3) for December 2022 was higher than for the same month of 2021<sup>3</sup> and, between August and November 2022, that index surpassed 3,000 points, the highest it has been since January 2020, before the breakout of the pandemic.<sup>4</sup>

Looking forward, the scenario is still one of an increase in interest rates to control inflation and the expectation is that these rates will remain high for some time. On the other hand, it is expected that the Brazilian economy will continue to recover as it reopens from the pandemic lockdown. The forecast is that the real estate sector will keep growing, especially with the expectation that the newly elected government will provide incentives for the construction of affordable housing.

## **III FOREIGN INVESTMENT**

As a general rule, foreigners may freely invest in real estate in Brazil. However, for acquisition of rural properties or properties located in the country's border area, some restrictions may apply.

Current rules and restrictions regarding foreign investments in Brazil provide that the acquisition or lease of rural properties by foreign entities and individuals, and also by Brazilian companies, the majority of whose capital is held by foreign investors or controlled by foreigners, will depend on the prior approval of the Brazilian Institute of Agrarian Settlement and Reform or the Brazilian National Congress, depending on the size of the rural property, among other restrictions.

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3 See <https://www.google.com/finance/quote/IFIX:INDEXBVMF?sa=X&ved=2ahUKEwjfytrvIPz7AhUwLUQIHfYPCRQ3ecFegQICRAg&window=1Y>.

4 See <https://www.google.com/finance/quote/IFIX:INDEXBVMF?sa=X&ved=2ahUKEwjfytrvIPz7AhUwLUQIHfYPCRQ3ecFegQICRAg&window=5Y>.

These rules also apply to corporate transactions that result in the direct or indirect transfer of rural properties, such as mergers and acquisitions, changes in corporate control and if a Brazilian company becomes a foreign company. If there is a violation of these restrictions, the purchase of rural properties (or of a company that owns rural properties) without having complied with the required public approvals would be considered null and void for all legal purposes.<sup>5</sup>

Brazilian law also provides for restrictions on the acquisition or even possession of rural properties located in the country's border zone,<sup>6</sup> which also depends on an approval by the National Defence Counsel.

To avoid triggering these restrictions, a foreign investor that intends to invest in rural real estate should seek approval from the competent bodies or adopt other possible legal structures, which may include granting of *in rem* rights or entering into a joint venture with a Brazilian partner.

It is worth highlighting that from time to time the government discusses the possibility of softening these restrictions. In April 2020, the government enacted Law No. 13,986, which expressly allows foreigners to use fiduciary sales of rural properties as collateral to any kind of secured obligations. In addition, Law No. 13,986 allows foreign entities or persons to become owners of rural properties as a result of foreclosure of the aforementioned collateral. Since then, there has been no significant change to the aforementioned framework. There are basically no restrictions for foreign investment in urban properties.

#### IV STRUCTURING THE INVESTMENT

There are several structures that may be adopted for investing in real estate in Brazil, which may vary depending on the focus and strategy of the investor. These may include direct acquisition, equity investments, real estate investment funds (FII)s and Brazilian private equity funds (FIP)s.

##### i Direct investment

According to Article 1,254 of the Civil Code, transfer of real estate ownership, as well as creation or conveyance of other *in rem* rights over real properties, depends on the registration of the title with the real estate registry with jurisdiction over the place where the relevant property is located. Additionally, as per Article 108 of the Civil Code, any real estate transactions whose value is at least three times the current minimum wage shall be performed by means of a public deed, to be drawn up by a notary public.

Notwithstanding that, it is very common in transactions that involve direct acquisition of real estate for the parties to execute a commitment of purchase and sale agreement. The commitment of purchase and sale is a conditional agreement that can be entered into by private instruments by means of which parties undertake to, upon satisfaction of certain covenants, execute the definitive deed of purchase and sale.

The agreement can be registered with the competent real estate registry to grant priority against third parties and, should either party refuse to comply with its obligations thereunder, allow compulsory conveyance through a specific performance proceeding.

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5 In transactions that involve rural properties located in the border areas, violations to the restrictions may also lead to the application of a fine corresponding to 20 per cent of the transaction amount.

6 A strip 150km wide and 15,719km long.

The commitment is a very helpful tool in situations where the parties wish to be bound to each other but, either because of the need to regularise formal matters to allow conveyance of the property, or just because of business conditions, the parties do not want to actually transfer ownership at that moment.

It is worth mentioning that direct acquisition of real property is subject to payment of real estate transfer tax (ITBI). Additionally, notary and registration fees will be due to the notary public and real estate registry when drawing up and registering the definitive deed. Taxes on capital gain if the property is sold may apply.

## **ii Equity investments**

Another common structure to invest in the Brazilian real estate market is to acquire equity of specific purpose companies (SPEs). The SPE is a company that may be incorporated in the form of a limited liability partnership or of a Brazilian corporation, with the specific purpose of investing in certain real estate development.

Incorporation of an SPE involves certain steps, such as registration with the board of trade, enrolment with the federal revenue and the election of managers, among others. Notwithstanding, it is quite common for real estate developers seeking for investment to have their SPEs already incorporated.

Alternatively, investors may also want to acquire stocks of real estate companies listed in the Brazilian stock exchange. Currently, there are around 28 real estate companies listed in the stock exchange,<sup>7</sup> and several such companies have been raising funds through public offering of securities in the capital market.

An advantage of equity investments if compared to direct real estate investment is that ITBI, as well as notary and registration fees, do not apply. However, when investing in real estate through equity investment, one should assess not only potential liabilities relating to the property itself, but also with respect to the SPE (e.g., tax, labour and other kinds of liabilities).

## **iii Real estate investment funds**

Another good alternative to invest in real estate in Brazil is to acquire quotas of an FII. The FII was created by Law No. 8,668/1993, and the offering of FII quotas is ruled by Normative Ruling No. 472 of the Brazilian Securities Exchange Commission (CVM).

FIIs are investment funds specifically designated to invest in real estate projects, in a mechanism similar to REITs in the United States. FIIs are closed-end funds without corporate identity, and redemption of their quotas is not allowed. Hence, after the investment in an FII is consolidated, by means of subscription and payment of certain quotas, such quotas can only be negotiated in a secondary market, with low liquidity.

FIIs can be for a determinate or indeterminate term and, as a legal rule, there is no minimum investment (even though, in practice, public offerings of FII quotas usually provide for minimum investment amounts).

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<sup>7</sup> Available at [bvmf.bmfbovespa.com.br/cias-listadas/empresas-listadas/BuscaEmpresaListada.aspx?segmento=Incorpora%C3%A7%C3%B5es&idioma=pt-br](http://bvmf.bmfbovespa.com.br/cias-listadas/empresas-listadas/BuscaEmpresaListada.aspx?segmento=Incorpora%C3%A7%C3%B5es&idioma=pt-br), last accessed 15 December 2022.

As the intention of the creation of the FII was to foster real estate market development, there are certain tax benefits for the earnings of FII investments. For such reason, applicable laws have set forth some restrictions on permitted investments, namely:

- a* real property and rights;
- b* equity of real estate companies;
- c* SPEs with real estate purposes;
- d* other real estate funds; and
- e* real estate-backed securities and other real estate-related securities.

#### **iv Brazilian private equity funds**

FIPs are funds intended to invest in securities representing equity, such as shares or quotas, debentures, subscription bonds, or other securities that can be converted in or exchanged for shares. FIPs are ruled by CVM Normative Ruling No. 578.

Even though the FIP is not properly intended for real estate investment, it is quite common to have foreign investors incorporating FIPs to hold their equity in SPEs, which, in their turn, are the direct owners of certain real properties or real estate developments. This is mainly because Brazilian law provides income tax exemptions and incentives for foreign investors who comply with certain requirements.

## **V REAL ESTATE OWNERSHIP**

### **i Planning**

According to Law No. 10,257/2001, each municipality has jurisdiction to create its guidelines with regard to land use and parcelling, construction parameters and space occupation, among other things. The urbanistic directives of certain municipalities are ruled upon by the directive plan. All municipalities must have their own directive plans, which shall be reviewed and updated, at least every 10 years.

Under the provisions of the directive plan, each municipality shall also create its rules on subdivision, use and occupation of the land (LPUOS), which governs the parameters for land parcelling, construction, as well as zoning directives of the municipality, in addition to the works and buildings regulation (COE), which sets forth the rules for construction in the city.

In this sense, any constructions to be developed in a certain municipality must be approved by the City Hall in accordance with the LPUOS and with the COE and, once concluded, the use and operation of such property is also subject to the provisions of the LPUOS.

### **ii Environment**

Environmental liability of individuals and legal entities for actions that damage the environment is set forth in Article 225, Paragraph 3 of the Federal Constitution. Non-compliance with environmental rules or an environmental accident may subject the violator to three different levels of environmental liability:

- a* administrative liability, arising out of the breach of an environmental protection rule, which consists of the imposition of warnings, fines and interdiction, as well as other administrative sanctions provided for in applicable law, by oversight and monitoring bodies;

- b* criminal liability, which consists of the imposition of sanctions that include loss of liberty and restriction of rights; and
- c* civil liability, which consists of an obligation to repair or remedy damage to the environment, or to compensate for the damage in the event that the reparation or remediation is not possible.

Administrative, civil and criminal liabilities are independent and cumulative.

It is also worth mentioning that civil environmental liability does not require evidencing fault; it suffices to evidence the chain of cause and effect between the activity and the damage, irrespective of wrongfulness. Such liability applies not only to environmental damage but also to any injury caused to third parties affected by the environmental damage, such as employees, service providers and neighbours, who may sue the liable party for recovery of health injuries or property damage.

### **iii Tax**

Urban properties are subject to the payment of the urban building and land tax, which is assessed and charged by the city hall of the respective municipality on an annual basis. Rural properties, in their turn, are subject to the payment of rural land tax, which is assessed and charged by the Federal Revenue Office, also on an annual basis.

In addition, the onerous acquisition of real estate is subject to the payment, by the purchaser, of ITBI. In the case of donation, the recipient shall pay the gift tax. Finally, it is also worth mentioning that acquisition of real estate is subject to payment of notary and registration fees.

### **iv Finance and security**

There are basically two kinds of securities granted over real estate admitted under Brazilian law: the mortgage and the fiduciary sale.

The mortgage is ruled by the Civil Code, and consists of a lien that can be created over certain property by means of execution of a public deed before a notary public and its registration with the appropriate real estate registry. Brazilian law allows for the creation of any number of mortgages over the same property, provided that such liens will have different priority depending on the order of registration in such property's record. The mortgage can only be foreclosed by means of a judicial procedure, which involves sale of the mortgaged property in public auction and, in cases where the amounts resulting from such sale are not enough to cover the debt, the debtor shall remain personally liable before the creditor.

The fiduciary sale, in its turn, consists of actual transfer of ownership over a relevant property, in a fiduciary manner, for the purposes of securing certain obligations. A fiduciary sale can be created either by means of private or public instrument, and its foreclosure follows an extrajudicial procedure, much faster when compared to the procedure applicable for the mortgage. However, the biggest downside when it comes to the fiduciary sale is that if in the public auction there are no bids at least equal to the debt amount, property will be definitively conveyed to the creditor, and there is a risk of the debtor being fully released from the debt, depending on the nature of the secured obligation.

## VI LEASES OF BUSINESS PREMISES

In Brazil, leases of urban properties are governed by Law No. 8,245/1991, which establishes the rules for residential and commercial property leases.<sup>8</sup> The lease term may be agreed by the parties and therefore specified in the lease agreement, and parties may also agree to enter into lease agreements for an indeterminate term.

As a general rule, landlords cannot terminate a lease agreement early without cause if it is valid for a determinate term. The tenant in its turn may unilaterally terminate certain lease agreements at any time, upon sending the landlord a prior notice, and paying the applicable fine, which shall be reduced proportionally to the time of the agreement.

If the lease period expires, and the tenant continues to occupy the leased property with the landlord's consent, the lease agreement will be deemed as extended for an indeterminate term and, on this occasion, may be terminated by either party upon 30 days' prior notice, without any penalty. Should the tenant continue on the property after this 30-day period, the landlord may file an eviction suit before the competent court to repossess the property.

Notwithstanding that, if the leased property is sold to third parties during the lease term, such purchaser has no obligation to observe the lease agreement, being entitled to unilaterally terminate it, unless the agreement expressly provides for the effectiveness of the lease in the case of sale of the property, and is registered in the property's record with the appropriate real estate registry. Otherwise, such third-party buyer may terminate the agreement upon 90 days' prior notice, and request the property back.

The rent value may be freely agreed by the parties and must be stipulated in Brazilian currency (the real). Brazilian law does not allow for the stipulation of the rent in any foreign currency, including the dollar. The rent value may be subject to monetary correction every 12 months by an index that reflects Brazilian inflation, which is chosen by the parties. The adjustment by the exchange rate or within less than 12 months is currently not allowed. In addition to the rent, it is usual that, in lease agreements, the tenant remains responsible for the payment of the taxes, charges and other expenses related to the leased property.

The default rule is that the tenant may not sublease, assign or transfer the leased property without the landlord's prior consent. Failure to obtain the landlord's prior consent shall result in early termination and established penalties.

In urban leases, after a three-year lease period, and assuming that the monetary correction was incorporated into the value of the rent on an annual basis, either party is entitled to claim update of the rent value to market standards. This means that the tenant could ask for a reduction in the rent value or the landlord could ask for an increase in this value, depending on market practices. This can be done either on a friendly basis or in court, by means of a specific judicial proceeding, named an 'action for review'.

In addition, the tenant is entitled to compulsorily renew the lease agreements for business purposes by means of a specific judicial procedure (renewal action), provided that the following requirements are met:

- a* the agreement is entered into in written form and for a determinate term;
- b* the lease agreement to be renewed has a term of at least five consecutive years, extension of contractual terms being permitted; and
- c* the tenant carries out the same business activity in the property for a period of not less than three years.

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<sup>8</sup> Leases of rural properties are governed by Law No. 4,504/1964.



If all requirements are met, the renewal action must be filed from 12 to six months before termination of the agreement. If the action is not filed within this time frame, the tenant will lose its right to compulsory lease renewal.

Furthermore, Brazilian law has specific provisions regarding build-to-suit (BTS) agreements. BTS agreements first appeared in Brazilian practice as atypical and complex agreements, under the influence of similar transactions in other countries.

Although Brazilian law did not contain any reference or specific provisions applicable to BTS, Brazilian legal practitioners and scholars gradually formatted the concept of BTS as a lease transaction in which:

- a* a relevant investment is made by the lessor, usually by means of purchasing a property;
- b* such property is designed or chosen to fit the needs of a particular lessee; and
- c* construction works are performed by the lessor for that purpose.

Hence, in 2012, Federal Law No. 12,744 modified the Lease Law to include Article 54-A, which created a legal definition of BTS (although not referring to the words ‘build-to-suit’). Common contractual aspects of a BTS include:

- a* rules applicable to the development and acceptance of a lessee-supplied or directed building design and specifications;
- b* construction and handing over rules;
- c* regular lease rules; and
- d* the possibility of a lessor assigning the rent credits to third parties, such as for purposes of securitisation.

Owing to their specific nature, in BTS agreements it is permitted for the parties to waive their right to review the rent, or to provide for heavier termination fines, which, however, cannot exceed the amount of the rents to be due until expiry of the lease term.

## VII DEVELOPMENTS IN PRACTICE

### **i Security rights rules reform**

The Brazilian Congress is currently discussing a bill of law that, if approved, will represent a large reform of the Brazilian framework on security interests. The main aim of this reform is to expedite foreclosure and minimise underutilisation of the encumbered assets, hence fostering the circulation of credit and reducing interest rates.

Notably, thus far, the discussions are still at a preliminary stage and no official text has yet been submitted to the House of Deputies or to the Senate. Thus, it is not possible to assess when such a reform will be enacted or what will be its actual impact on the rules regarding real estate guarantees.

### **ii Restrictions on the acquisition of rural properties by foreigners**

As described above, currently there are certain restrictions on the acquisition of rural properties by foreigners in Brazil. These rules also apply to corporate transactions that imply indirect acquisition of rural real estate by foreigners. These restrictions were created in 1971, when foreign investment was something new and transactions were less sophisticated, and the consequence for any and all violations thereto is the nullity of the transaction. Additionally, the proceeding for a foreign investor to seek due authorisation by the competent bodies is quite bureaucratic and time-consuming.

For this reason, it is common for foreigners who intend to invest in rural properties in Brazil to end up having to adopt alternative structures, which may involve granting of *in rem* rights other than ownership (such as surface rights or usufruct), entering into rural partnership agreements (which, as opposed to rural leases, are not covered by the restrictions) or even entering into a joint venture with a Brazilian partner.

This framework, however, may sometimes not be that attractive to foreign capital, which ends up causing Brazilian potential in the agricultural sector to be under-appreciated. Because of that, from time to time, certain bills that intend to soften or alter the restrictions are processed in Congress; however, none of these has been approved so far.

### **iii Modernisation and digitalisation of the public registries**

The covid-19 pandemic sped up Brazilian technological development in all sectors. In the legal field and, most specifically, in the real estate field, the main demonstration of this phenomenon was the evolution of the rules regarding the digitalisation of bureaucratic procedures involving the sale, acquisition and administration of real estate. After enacting many rulings that enhanced and solidified the use of electronic signatures in Brazil, including the remote drawing-up and recording of real estate deeds, in 2022 the government enacted Law No. 14,382/2022, which provides for the digitalisation and modernisation of all systems of public registries, including the real estate registries. The improvements advanced thereby include the possibility of performance of simplified electronic recording acts and the creation of accurate and expedited systems for the performance of title and encumbrance surveys. The expectation is that such measures will increase the swiftness of and safety in performing real estate transactions, thus reducing the applicable transaction costs.

### **iv General legal framework**

Expectations are that the government will continue to create new laws and regulations aimed at fostering and developing the economy, which includes providing incentives for the real estate industry. Especially in the real estate capitals market, there have been significant recent improvements and the expectation is that the CVM will continue adopting measures to foster and increase the reach of capital for financing real estate activities.

## **VIII OUTLOOK AND CONCLUSIONS**

Recently, the Brazilian economy, and along with it the real estate market, have been showing good signs of growth. The increase in the number of new projects and sales was consistent during the past two years and it is expected that this tendency remains for the next few years until it reaches the pre-pandemic status. In the legal field, new mechanisms and improvements to the already existing ones are expected to foster a more favourable environment for investment, with an important focus in real estate.

The real estate sector in Brazil keeps growing year on year and, with the reopening of the economy and the overcoming of the pandemic, it can gain even more strength. This will certainly lead to fertile ground for investment in the Brazilian real estate market. For now, all eyes are on the new administration and how it will act to keep propelling this growth momentum.

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