

Real Estate Group Of The Year: Dechert

By **Andrew McIntyre**

Law360 (December 15, 2020, 3:22 PM EST) -- Dechert LLP's work helping lenders get multiple loan deals north of \$1 billion across the finish line amid the COVID-19 pandemic has earned it a place among Law360's Real Estate Groups of the Year.

Real estate leaders at Dechert told Law360 the law firm is well positioned to handle both loan origination and securitization matters for its clients, and said the firm is equally comfortable doing large loans for single assets or for portfolios with hundreds of properties.

The law firm over the past year handled large origination and securitization matters, including helping a syndicate of five banks that provided \$1.8 billion in financing for 1 Manhattan West. Dechert helped its clients close that megadeal in August.

The lenders were Deutsche Bank, Wells Fargo, Citigroup, JPMorgan and a fifth unnamed global bank, and Dechert said the deal was the largest single-borrower, single-asset deal since COVID-19 shutdowns began in March.

"That was interesting for a variety of reasons," said David Forti, co-chair of Dechert's global finance and real estate practice groups, noting the unique position of the building atop what once were open Amtrak train yards. Trains now run below the building.

Owner Brookfield Properties refinanced existing debt on the office tower with the new loan, which included \$1.5 billion in mortgage debt, \$200 million in junior mezzanine debt and \$100 million in senior mezzanine debt. Dechert helped its clients originate, securitize and syndicate the debt, and third-party investors purchased the mezzanine portion of the debt at the close of the deal.

The tower, the second completed building of Brookfield's Manhattan West project, has 70 stories and 2.1 million square feet of space. Despite the loan being for a single building, it was more complex than most single-asset loans because the building is connected to others, Forti said.

But there was also a great deal of uncertainty about how the investor community would respond to the deal, given that the loan was going to be securitized. The key question was what kind of investor enthusiasm would there be for a loan on an office building amid the COVID-19 pandemic.



"The big question mark was how would the world respond?" Forti said.

Investors, though, jumped at the opportunity, and the success of that deal showed investors were still interested in the office sector, provided it's the right building, Forti said.

"There was a huge amount of demand to buy an interest in this loan," Forti said. "Market acceptance was really important."

Dechert has roughly 100 real estate lawyers, and the firm has an extensive practice in commercial real estate financing, including both helping lenders with initial loans and then also working on securitizing those loans.

No stranger to large loan deals, the firm also recently helped Citi, Goldman Sachs, Morgan Stanley and Wells Fargo with their \$3.95 billion loan to Blackstone Group for 349 industrial properties located across more than a dozen states.

Forti said that deal was particularly challenging because the lenders had to do due diligence on 349 different assets, while getting the deal done in roughly the same amount of time that a single-asset loan would have been done.

"Everyone's in a hurry right now. Back in the day, deals took longer," said Rick Jones, co-chair of Dechert's global finance and real estate practice groups. Parties "want to move these assets through the pipeline. There's major time pressure on almost every transaction."

"Clients like us because they know we can deliver on a certain date," Jones added.

And that loan got done in part due to industrial continuing to be one of the few asset classes that's shining amid the pandemic, as there's more need for warehouse space close to urban cores to facilitate an increase in online orders.

"Industrial, pre-COVID and increasingly so post-COVID, has been attractive for property owners and lenders," Forti said.

Of course, getting both loans done amid the pandemic presented major challenges. Forti said the tasks that seemed routine pre-COVID have been anything but during the pandemic.

"Things that used to be simple, like signing signature pages and having them notarized — a really simple task — became a complicated task," Forti said. "Even things like document assembly, which historically have been done in big conference rooms, are now being done on the kitchen table."

Forti said he's optimistic about there being plenty of real estate work in 2021, and Jones noted that future real estate finance work is likely to fall into two buckets: originating new loans, and helping parties figure out how to deal with pre-existing loans in cases where the borrower is having difficulty making the payments.

"There will be significant origination plus lots of workouts," Jones said. "It's going to be a year where both yin and yang are busy at the same time, which is going to be completely novel."

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