

Latham Eyes Real Estate Expansion With New Group Co-Chair

By **Andrew McIntyre**

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Latham & Watkins LLP is looking to grow its real estate footprint in Europe, as well as in San Francisco and other U.S. markets, while continuing to focus in part on private equity and real estate investment trust work, the firm's newest global real estate co-chair, Michael Haas, told Law360 in a recent interview.

Haas, who decamped from Jones Day to join Latham, and Michelle Kelban, another of Latham's global real estate co-chairs, told Law360 in a recent, wide-ranging interview that the firm is actively working to grow its practices in key global markets where its clients are looking for additional help.

San Francisco is one area of focus, the attorneys said, given that the firm doesn't currently have a real estate presence there but has connections with companies in various sectors in the Bay Area.

And the focus on growing the real estate practice both in the U.S. and abroad is largely a reaction to what's viewed as a continued robust commercial real estate market, as well as increased appetite among private equity firms to get into the debt market.

"We're awash in liquidity. [Companies are] active in multifamily. We're seeing a number of funds, which is a contrarian play, looking at retail. Logistics remains very hot," Haas, who also mentioned increased interest in data center investment, said in a recent interview.

Haas, who works out of Latham's New York office, said when he was considering making the move to the firm, leaders at Latham described its real estate focus as fitting broadly in three categories and suggested that his client base and expertise in private equity, among other areas, could help Latham grow its platform.

Those three legs are real estate finance, both on the borrower and lender side; real estate private equity; and public real estate investment trusts, public real estate companies, and high-end owners and developers of real estate.



Michael Haas



Michelle Kelban

"What attracted me to Latham was the level of sophistication and integration of the real estate practice broadly defined. The philosophy they shared with me was that the real estate practice here is analogous to three legs of a stool," Haas said.

Latham has various geographical areas where it is looking to grow, the leaders said. In Europe, the firm hopes to expand its real estate operations in London and in certain markets on the continent.

But Latham also has growth plans in the U.S. as far as real estate goes, Haas said.

"We're going to continue to build in New York. We have a really strong team in Chicago, but there are opportunities to grow that," Haas said.

And while Latham has a strong real estate presence in San Diego, Orange County and Los Angeles, the firm doesn't have that same real estate presence in San Francisco.

The two leaders said they are looking to change that and may be able to leverage Latham's relationships with Bay Area clients in other sectors to help grow a real estate practice there.

"We don't currently have a real estate presence in San Francisco," Kelban said. "We have emerging company clients. We have capital markets clients."

Meanwhile, the firm is also responding to continued activity from private equity, particularly on the debt side.

"The debt fund side of the private equity world, that is a very, very active area right now," Kelban said. "The debt markets are extremely frothy with [many] new alternative lenders and debt funds. We're looking to expand where clients are looking for help."

"Last week I spoke with three debt funds coming from the U.K. wanting to make investments into the U.S. This morning I had breakfast with a Japanese bank," Kelban added.

The leaders, though, are also eyeing the REIT space and expecting more activity there.

REITs continue to be attractive targets from takeover investors as the REITs' share prices have lagged over the past several years.

"REITs are trying to figure out strategies to bolster their share price and make it more in line with [Net Asset Value]," Haas said. "I think that we're going to see an active market in REIT transactions."

Haas mentioned reports that Brookfield Asset Management Inc. is in talks to buy Forest City Realty Trust Inc. as an example of the appetite for REIT mergers and acquisitions.

Haas also has represented DDR Corp., a REIT that is in the midst of spinning off 50 assets in the U.S. and Puerto Rico.

"There will be increased M&A activity on that front," Kelban said of real estate investment trusts. "REITs, also, are looking to dispose of certain assets that they feel are dragging them down."

And Kelban and Haas said that since such deals typically have various complex tax, financing and

regulatory overlays, Latham is well suited to provide that range of services to clients.

That, Haas said, is one of the reasons he decided to make the move.

"We look at the market on a global basis. The Latham market is global, and because of that integration, it's very easy to serve our clients," Haas said. "It is a great place for my clients from a service standpoint."

--Editing by Rebecca Flanagan and Edrienne Su.

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