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Real Estate Group Of The Year: Gibson Dunn

By **Taylor Arluck**

Law360 (February 12, 2019, 4:15 PM EST) -- Gibson Dunn & Crutcher LLP's real estate team broke new ground in 2018 by advising Jamestown LP on its $2.4 billion sale of Manhattan's Chelsea Market to Google, earning it a spot among Law360's Real Estate Groups of the Year.

The firm's work on the $2.4 billion all-cash deal, which was announced in March, completed the real estate investment company's transfer of the iconic property — which has helped transform the tony neighborhood of West Chelsea into a foodie capital — over completely to Google Inc. The tech giant already occupied part of the 1.2 million-square-foot property.

The transaction was ranked as the ninth-largest real estate deal during the first quarter of 2018, according to Dealogic.

"The magnitude of the transaction can't go unnoticed," said Joanne Franzel, a Gibson Dunn partner and lead counsel for Jamestown on the deal.

Franzel's relationship with Chelsea Market dates back about a decade, when she worked on the redevelopment of its ground floor and food court expansion.

"When it came time for Google to actually stop being a tenant and start being an owner, it was a natural segue for us to handle that transaction," Franzel said.

She said the latest Chelsea Market deal with Google took about six months to consummate and that the building has come a long way since its time as a Nabisco factory — which gave the world the first Oreo cookie — before Irwin Cohen redeveloped it into the culinary craze it has become today.

"It's really just a great New York story," said Gibson Dunn partner Eric M. Feuerstein, who serves as co-chair of the firm's real estate practice group. "Creative individuals and institutions have the vision to see how, by changing the use of a property, you can adapt it to the then-current generation and economy, and thereby maximize its value."

The completion of Google's urban campus in Chelsea, located between 9th and 10th Avenues and along 15th and 16th Streets, marks just the latest stage of development for an area that used to be synonymous with murder and prostitution.

"It did change the neighborhood," Cohen told the Center for an Urban Future in 2005 about Chelsea Market's redevelopment. "When I came here, the history of the building: there were three murders in the basement. You couldn't walk here. It was controlled by prostitutes 24 hours a day."

Gibson Dunn also worked on other campus-type deals by advising Scion Student Communities, a joint venture, in its $1.1 billion purchase of a 24-property student housing portfolio located across the country. The student housing stock is located near — but not affiliated with — public and private universities across more than a dozen states, stretching from New York to California.

"It's a great story for us internally at the firm," said Gibson Dunn partner Mike Szczurek, who served as lead counsel on the deal. "The size of the transaction is a headline grabber for sure and the volume of work that had to get done in a fairly short amount of time is similarly something that I in particular am proud of."

The deal by the joint venture — which consists of The Scion Group, Canada Pension Plan Investment Board and Singapore's sovereign wealth fund — was marked as the eighth-largest real estate deal in January 2018, according to Dealogic.

"I don't think there are many firms that could have done this kind of transaction," said Gibson Dunn partner Jesse Sharf, who serves as co-chair of the firm's real estate group.

Sharf said the deal involved some of the largest and most sophisticated investors in the world and required a large team of corporate, real estate and tax lawyers working together and specialized knowledge of real estate investment trust rules.

Gibson Dunn last year also repped REIT Welltower Inc. in its $2 billion buy of Quality Care Properties Inc. in a joint venture with ProMedica Health System Inc. The deal, which was signed in April and closed in July, saw Welltower pay $20.75-per-share for the home care company.

Part of the deal also saw ProMedica take over the bankrupt nursing home and assisted living facility operator HCR ManorCare Inc. from QCP.

For its part, Gibson Dunn negotiated the joint venture agreement, secured bankruptcy court approval on the amended plan of reorganization and obtained regulatory consents from multiple state regulatory agencies, among other things.

"The deal was interesting, because it required a multidisciplinary approach and extensive coordination to simultaneously close separate, but interrelated complex transactions," said Gibson Dunn partner Steven Klein. "The merger itself was complicated and required a target-insisted reverse break fee, payable even if events out of the control of our client occurred."

"We protected against that risk with creative reverse break-fee insurance," he added.

Overall, 2018 was a "banner year" for the firm, Sharf said.

"We certainly had our busiest year as measured by aggregate transaction volume and diversity of work generated by our client base," he said.

--Additional reporting by Andrew McIntyre and Matthew Guarnaccia. Editing by Nicole Bleier.