

Real Estate MVP: Morrison & Foerster's Mark Edelstein

By Jess Davis

Law360, Dallas (December 12, 2013, 7:07 PM ET) -- Morrison & Foerster LLP's Mark Edelstein oversaw Union Bank NA's \$3.7 billion purchase of a commercial real estate lending portfolio and used creative financing deals to launch or revive projects that are reshaping the New York City skyline, making him one of Law360's 2013 MVPs.

Edelstein chairs the firm's real estate finance and distressed real estate practices, putting him in the position of helping foreign businesses shutter their U.S. operations and sell off real estate assets at the same time he's playing an instrumental role in building innovative new projects. After a very busy year in 2013, he said he expects the pace to continue next year, as more construction gets underway across the country in a rebounding real estate market.

In April, Union Bank — the U.S. banking unit of Japanese financial conglomerate Bank of Tokyo-Mitsubishi UFJ Financial Group Inc. — acquired the \$3.7 billion loan portfolio and platform from a wholly owned subsidiary of Deutsche Bank AG called PB Capital Corp., in an all-cash deal. The deal included loans on commercial properties in major metropolitan areas, with an average size of \$52 million and provided Union Bank would take over PB Capital's commercial real estate lending team, based in New York.

He also advised lenders on construction loans for some of New York City's most prominent new residential buildings, including a \$350 million loan from a consortium led by Bank of America NA that helped kickstart the long-dormant 60-story condominium tower known as 56 Leonard in the Tribeca neighborhood and a \$288 million construction financing loan to Time Equities Inc. for a long-delayed 63-story condominium and retail tower planned at 50 West St. in downtown Manhattan. He's also closed deals using new financial structures that incorporate junior debt from the EB-5 program, an immigration program that makes it easier for foreign investors to access green cards in exchange for their work creating American jobs.

"We have a remarkable group of uber-talented partners and a continual inflow of high-profile deals for clients," Edelstein said. "I'm like the conductor in the train making sure the train is going in the right direction for the market."

Deutsche Bank's selloff of the PB Capital unit was part of a broader trend of European banks selling off their U.S. assets amid financial turbulence overseas. In August, Edelstein advised ING Group in the sale of 29 U.S. real estate loans with a balance of \$1.6 billion to Wells Fargo Bank NA, about half of its total U.S. loan portfolio. The sale was part of the bank's plan to curtail U.S. property lending and focus on real

estate financing solutions in other markets. He also helped Bank of Ireland sell off U.S. assets and said he expects to finish winding down the American asset portfolio of the German bank Eurohypo AG in March, after about two years of work.

“The irony is now many of the banks that shut down shop are reopening,” Edelstein said, citing the European recovery from its recession. “It won’t shock me if the banks come back to us and say they’re hiring a new team.”

Another wind-down came when the Dubai Investment Group used Morrison & Foerster as a broker and investment bank when it decided to transition its U.S. and German real estate platform to Silverpeak Real Estate Partners, which wrapped up this year, Edelstein said. The wind down of some of the Dubai Group’s assets included the \$500 million sale of the famed 80-year-old Essex Hotel last year and current marketing of an office building at 110 William St. in New York’s financial district, he said.

And he’s still working on construction loans for the St. Vincent’s Hospital site project in Greenwich Village, which will be home to a mixed-use project by Rudin Management Co. Inc. and construction funding for the 157 W. 57th St. building known as One 57, the 90-story residential tower. Acquisition funding for the projects has closed, but as building gets under way, the projects are evolving and the construction financing is as well, he said.

Edelstein said he and the firm were pleasantly surprised by how quickly the real estate market normalized and rebounded after the recession, compared to previous downturns that saw a decade go by before lending returned to normal.

“After the worst of the downturn and all these horrors happened, here we are running around building brand-new buildings, skyscrapers,” Edelstein said. “That had never happened before. We’re very lucky, very busy, we’re jazzed and we’re ready for what’s next.”

On the horizon for Edelstein and his group will be continued work on behalf of equity owners supporting the MoMA Tower at 53 W. 53rd St., advising on the “Pyramid” residential building on 57th Street by Durst Fetner Residential, representing Forest City Ratner Cos. on financing for the Atlantic Yards project and representing equity stakeholders in the New York Wheel project on Staten Island.

--Editing by Chris Yates.