

The Client/Lawyer Relationship

An Interview with Marty Edelman,
Counsel-Real Estate Practice, Paul Hastings LLP

EDITORS' NOTE Marty Edelman has more than 30 years of experience and concentrates his practice on real estate, and corporate mergers and acquisitions transactions. The focus of his practice has been large, complex transactions, including cross-border transactions. He has been involved in all stages of legal development of pioneering financial structures, including participating debt instruments, institutional joint ventures in real estate, and joint ventures between U.S. financial sources and international real estate investors. He has also done extensive work in Europe, Canada, Mexico, Japan, China, the Middle East, and Latin America. He is on the boards of directors of Blackstone Mortgage Trust, Inc., Advanced Micro Devices, Morgans Hotel Group, and Commonwealth. He received his LL.B. from Columbia Law School and his A.B. from Princeton University.



Marty Edelman

FIRM BRIEF Paul Hastings (paulhastings.com) is a leading global law firm with a strong presence throughout Asia, Europe, Latin America, and the United States. Through a collaborative approach, entrepreneurial spirit, and commitment to client service, the professionals of Paul Hastings deliver innovative solutions to many of the world's top financial institutions and Fortune 500 companies.

At day's end, is it really all about the client, and what has made this firm work so well?

Lawyers sometimes confuse themselves with the client. It is quite tempting to do so. If you look at the great accomplishments of the real estate people in New York, lawyers did help structure, give ideas, and navigate the process, but it's the client's project and the client's vision that creates opportunity – and the client who actually pays for it. There aren't any lawyers who took over a project, created it, built it, finished it, and financed it. They helped someone do it; sometimes, they are partners in a way. The success of the lawyers in New York – who are considered successful – is due to the fact that they are not only able to give savvy counsel but they are able to keep a separation that allows them to give advice that sometimes the client doesn't want to hear.

Lawyers contribute, but any lawyer who has convinced himself that the client was only successful because of him or her is making a mistake.

There are cycles that are created because the real estate industry reacts relatively quickly and favorably, and so does the finance industry, to demand. So we build, people buy, and then more guys build and more guys buy, but maybe not as many.

Have the deals become more complex?

The deals in the U.S. are more complicated because we have a lot more foreign investment, which is heavily influenced by structure and tax considerations – some of the objectives are different in terms of timing; some of their interests in having views on decision-making are different than we were used to from the old insurance company days.

The deals are larger, they often have more partners in them and, some-

times, more than one person considers himself a developer. There are developers today who get together and manage to come to terms with how they should relate to each other. People are learning to do large projects together where the properties they each own, and the talents and resources they each bring, contribute to a better result.

What makes Paul Hastings so special for you?

It's a great culture. The team of people I work with, corporate and real estate, are special, and we have been together long enough to respect each other's rhythm. The huge international footprint it has in Europe and Asia make the firm somewhat unique.

There is no way to determine which 10 or 15 law firms in New York are better than the others; in the end it relates to who the lawyer is and the relationship between the client and the lawyer. Paul Hastings competes at that level not just in terms of excellence but in terms of the culture it has among the people who work there. We do deals all over the world, seven days a week, all year long, and it makes for a vibrant law practice. The firm has also facilitated my activities in the Middle East, which occupies part of my time.

The real estate market has recovered since 2008/2009. Is the recovery sustainable?

History always provides some lessons. We've seen the supply and demand equation be elastic enough so that as demand increases, supply catches up and exceeds it; in New York the "drop-off" never seems to collapse entirely before the rebound. When Steve Ross and Related built their rentals in the early '90s at 96th and Third, everyone said they were crazy because of the area – look at it now.

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demand. So we build, people buy, and then more guys build and more guys buy, but maybe not as many.

Is it well understood that real estate drives a city like New York?

The people who drive the real estate industry are pro New York City. They care about what happens to it and each of them has a vision on how they can contribute. They are a driving force. Under the Bloomberg Administration, it was an extremely powerful force and I believe it will continue, but in a different fashion. Urban politics is changing and real estate leaders will figure out how to adapt.

Wall Street has been a powerful force partially because it allowed New York to be perceived as the financial capital of the world, but there has been a change in that. It shares this distinction with other cities now. Just as there are new idea capitals in addition to New York and London, there are a few other cities that share the ability to generate financial power. So there is no longer New York alone – Hong Kong and London are also powerful. While the financial industry has comparatively diminished, it is still a powerful force in New York.

The real estate industry and its leaders are in some ways more coherent, cohesive, and constructive, but they don't always get the credit I think they deserve.

Was your sense of philanthropy instilled in you early on?

My parents were very community-driven and they were active in religious institutions, politics, and community activities. I've never been a real planner – it just happens. I started doing things for the Fishers and I started supporting military families, and that ramped up over the years.

My first client was Jackie Robinson, which was a total coincidence. When he died, his wife and I founded the Jackie Robinson Foundation, which is a very important part of my life.

Also, Jane Rosenthal and Bob De Niro involved me early in Tribeca, so I have been involved in that, including the post-9/11 events.

Additionally, I'm quite involved with Manchester City Football Club, which also owns the franchise for Major League Soccer in New York. The Yankees are a partner in that venture and we hope to build a stadium in one of the boroughs. We start playing in March 2015. In Manchester, I focus my activities on the relationship between the football club and the Manchester City Council, which is very supportive, as well as with our many real estate activities. ●