

Building Relationships

An Interview with Jonathan L. Mechanic, Chairman, Real Estate Department, Fried Frank

EDITORS' NOTE Jonathan Mechanic first joined Fried Frank in 1978 and became a partner in 1987, when he rejoined the firm after serving for five years as general counsel and a managing director of HRO International Ltd., a real estate development organization responsible for the development of more than 2.5 million square feet of office space in Manhattan. Mechanic, his partners, and their team of talented and business-minded lawyers routinely counsel



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developers, owners, investors, REITs, and lenders in all aspects of commercial real estate transactions throughout the country. Some of their notable representations include: J.P. Morgan in connection with its redevelopment of 270 Park Avenue into a new 2.5-million-square-foot headquarters building; CWCapital Asset Management in its sale of Stuyvesant Town-Peter Cooper Village to Blackstone Group and Ivanhoe Cambridge; Citadel and Ken Griffin, Citadel's founder and CEO, in connection with numerous transactions to facilitate the development of a new 1.7-million-square-foot office tower at 350 Park Avenue that will serve as Citadel's New York headquarters; Brookfield Asset Management's real estate fund in a \$3.8 billion acquisition of Watermark Lodging Trust and its portfolio of hotels and resorts located in 14 states; J.P. Morgan in a \$2.2 billion construction loan to complete the Fontainebleau Las Vegas and a \$325 million construction loan to Jamestown for the redevelopment of One Times Square in New York City; Bally's Corporation in connection with its designation as the developer of the first casino in the City of Chicago; and Metro Loft, GFP Real Estate (the Gural family) and Rockwood Capital on the financing and redevelopment of 25 Water Street in Lower Manhattan, the largest office-to-residential conversion in U.S. history. Mechanic has taught a real estate transactions course at Harvard Law School for more than 12 years. He also lectures regularly for NYU Law School, the Real Estate Board of New York, and the Practising Law Institute, and is a co-author with his partner, Michael Werner, of The Commercial Office Lease Handbook: Second Edition published by the American Bar Association. In 2016, Mechanic was awarded the Distinguished Alumnus Award from New York University and the Chambers USA Outstanding

Contribution to the Legal Profession Award. For a decade, Mechanic has been recognized by Chambers USA as a "Star Individual" in real estate. He is consistently included on Commercial Observer's "Power 100" list. Over the years, Mechanic has been honored for his numerous philanthropic activities. In 2019, he was honored at The Metropolitan Museum of Art's 24th Annual Real Estate Council Benefit, which raises funds annually to support the Museum's educational programs, and in 2018 he was honored at the American Friends of Rabin Medical Center Annual Gala. Mechanic earned a BA magna cum laude from Brandeis University and a JD (Order of the Coif; Editor, Law Review) from New York University School of Law.

FIRM BRIEF Fried Frank (friedfrank.com) provides commercial advice that gets things done. Its lawyers are known for their deep understanding of its clients' businesses. The firm combines responsive, hands-on service with pragmatic legal strategies to ensure that its clients achieve their objectives. With a team of more than 650 lawyers, the firm is located in the key financial centers of New York, Washington, DC, London, Frankfurt, and Brussels. Fried Frank counsels the most sophisticated clients on complex transactions, and develops effective litigation strategies to address clients' most critical challenges.

What have been the keys to the strength and leadership of Fried Frank's Real Estate group?

The group is extraordinary, and it is never about one person – it is about a group of people and what they can do together. In addition to senior partners who have worked together for decades and are giants in the industry, we have an extremely talented, dynamic, and diverse group of next generation partners, special counsel, and associates who will lead the group in the future.

We are also believers in building long-term relationships with clients. We do not think about working with a client only in terms of a specific deal, but rather as being a business partner and trusted advisor which creates the kind of strong bond that can remain in place throughout both the lawyer's and the client's professional life.

What are the ingredients that make for a successful client relationship?

It starts with caring deeply about your work and the people with whom you are working. There are some who think of the practice of law as a job, but that is not how I see it. It is an essential part of my life, and in most cases the people I represent are clients who become friends, or friends who become clients. These are very close personal relationships. You care about the people and about the success of their businesses. When I talk with a client, I talk about how "we" are going to approach the matter, or what the other side may be planning for "us." I use the words "we" and "us," because I believe to most effectively represent a client, you must put yourself in the shoes of – and think of yourself as being synonymous with – the client. This client-centric approach is something that we engrain in our people from when they first join the firm, and something that our clients consistently recognize and appreciate.

Our clients also appreciate our pragmatism – we know the points that really matter, and don't waste time on ones that don't – as well as our creativity in finding solutions to issues that might otherwise "kill" a deal. We focus on understanding what the other side needs to get a deal done, and then on seeing how we can make that happen in relation to our own client's needs and expectations. There are many problems that others have felt were unsolvable for which we have managed to find a solution.

Our firm Chairman, David Greenwald, recently received a letter from a client's general counsel thanking the firm for our work on a recent leasing matter. In that letter, the general counsel described the two real estate associates who worked on the matter as great advocates, savvy negotiators, and "effective translators," and noted that they were some of the most responsive and helpful lawyers he has ever dealt with in his 25+ year career. I felt so much pride after reading that letter, and it reaffirmed that clients really recognize the value we add, which comes from consistently focusing on these key "ingredients" to forming a meaningful and long-lasting client relationship.

What has made Fried Frank a leading law firm and how do you define the Fried Frank difference?

It always comes down to the people. The breadth of experience you find walking

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up and down the hallways of our offices is unprecedented. In addition to the experience our lawyers have gained here at the firm, we have people who previously worked in government (including a former chair of the New York City Planning Commission and two former general counsel of the New York City Department of City Planning), or as in-house counsel at institutional real estate investors, developers, and other clients. We also have many alumni who have gone in-house in legal or business roles with whom we maintain very close relationships, including working with them as clients.

Because we cover the full range of commercial real estate transactions and sit on all sides of the table – our clients include lenders, borrowers, landlords, tenants, sponsors, investors, and on and on – we understand the other side’s issues and ways to resolve them.

Not only do we have an incredible group of diverse, experienced, and talented people, but we also care very much about one another and regard ourselves as a family. We have been there for each other both in business and outside of business, and this is the same type of broad-based relationship that we try to develop with our clients.

Where do you see the New York City commercial real estate market?

New York City is a unique place that attracts some of the world’s best talent and that is constantly evolving. Throughout its history, it has demonstrated its resilience. While we are certainly experiencing some post-pandemic challenges, you can never count out New York City.

Look at Hudson Yards, Manhattan West, and One Vanderbilt, for example; it is amazing to see so many transformational developments that have been created over rail yards or that have replaced obsolete buildings. We are seeing it right now with the reimagining of Park Avenue in East Midtown with J.P. Morgan’s and Citadel’s state-of-the-art headquarters developments, which will be replacing buildings that did not best serve the needs of today’s most discerning tenants. So many of our partners, special counsel, and associates at Fried Frank have played a critical role in helping these new developments become a reality.

Look at Lower Manhattan’s evolution into a live-work-play neighborhood. The conversion

of office to residential began in the 1990s, really gained momentum following the trauma of the September 11 terrorist attacks, and we are seeing it once again following the challenges created by the pandemic. Developers whom we represented recently closed on the acquisition and financing for the redevelopment of 25 Water Street which is expected to be the largest office-to-residential conversion in U.S. history, and we are representing the developers on a pending transaction for a residential conversion at 55 Broad Street.

And of course, there is Brooklyn, where so many of our attorneys live and enjoy their short commute to work. We have been involved in several Brooklyn waterfront residential projects, including Park Tower Group’s multi-building, mixed-income projects at Greenpoint Landing and Naftali Group and Access Industries’ development at 470 Kent Avenue, one of the last developable sites on the Williamsburg waterfront. We also advised Extell on Brooklyn Point and Tishman Speyer on 11 Hoyt, both luxury condominium towers in Downtown Brooklyn.

Why is it so important for you to give your time to mentoring the next generation of leaders in the firm?

I had the good fortune of having people take time to help me early in my career, so I know firsthand that mentoring needs to be prioritized and how valuable it is to pass the knowledge and experience that one has gained on to the next generation. There is a group of senior partners including me, David Karnovsky, Fiona Kelly, Anita Laremont, Melanie Meyers, Lee Parks, Franz Rassman, Carol Rosenthal, Ross Silver, Rob Sorin, and Josh Mermelstein of blessed memory, then a group of next generation partners including Michael Barker, Zach Bernstein, Suzanne Decker, Patrick Dowd, Avi Feinberg, Tal Golomb, Valerie Kelly, Nate Lifschitz, Kabaye Liku, Laurinda Martins, Steve Rudgayzer, Cyril Touchard, Michael Vines, Michael Werner, and Jen Yashar, and then a group of recently promoted partners including Julianne Befeler, Wesley O’Brien, and Alex Sutherland; each group has been mentored by those before them and shares the same view of practicing law. The knowledge and experience pass from generation to generation, covering the full range of services associated with commercial real estate transactions, including land use, development, asset-level

and entity-level acquisitions and dispositions, leasing, borrower-side finance, lender-side finance, and joint ventures. That’s how it works.

What do you feel has made the relationship with your partners work so well?

It starts with the respect that we have for each other and being there for one another. I mentioned earlier the firm being like a family, and this is undoubtedly an important part of our success. Whether it be the illness or passing of a family member, a wedding, the birth of a child; whatever it is, we show up for each other. The level of respect the partners have for each other is essential in fostering relationships focused on collaboration and constant growth and improvement. We challenge, counsel, and support each other to create a healthy working environment and deliver the best results for our clients. We have people, including myself, who we refer to as “boomerangs.” These are people who were at the firm, left to do something else, experienced another working environment, and then returned to the firm. I think this is because once people leave this very unique environment, they realize what they were missing and what a special place this is.

When you have deals constantly happening, are you able to enjoy the process and take moments to celebrate the wins?

You develop relationships with people in the course of a deal, working together to find solutions. It is exciting to solve problems together and find a way to get to a place that works for everyone involved. This is part legal, part business, and part personal skills. This is so-called “EQ.” It is about being able to read a room and making people feel comfortable that they can move forward together. I get the same excitement about doing this work today as I did when I first came into the profession; actually, much more so because my experience allows me to bring so much more to the table today. We strive to develop deep personal relationships and friendships with our clients which makes celebrating getting one of these complex transactions over the goal line all the more special and rewarding. It makes for a very fulfilling career and life. I couldn’t be happier than doing what I am doing and doing it where I am doing it. I consider myself to be very lucky. ●