

# Real Estate

Real estate attorneys at Kirkland & Ellis LLP played a big role in data center deals last year, including a \$3.4 billion joint venture between Blue Owl and Crusoe Energy Systems, and worked on several more notable transactions, landing their practice a spot among the 2024 Law360 Real Estate Groups of the Year.

Although the real estate transaction market was largely slow in 2024, Kirkland attorneys kept busy with a range of digital infrastructure, industrial and multifamily deals, including a \$3.7 billion cross-border deal between GLP Capital Partners and Ares Management, and a \$1.55 billion apartment portfolio sale by Starwood Capital.

“Staying relevant, both within the firm and outside the firm, and still being on the forefront of transactions during an environment where the transaction volume has been down is a huge win, and a testament to our ability to adapt and thrive in challenging environments,” said Jonathan Schechter, a partner in the firm’s real estate group.

One of the biggest themes in the commercial real estate market last year was the rise in data center development, and Kirkland attorneys guided several significant

transactions in the space on both sides of the Atlantic Ocean. In addition to the Blue Owl and Crusoe Energy Systems joint venture, the firm’s lawyers advised two massive credit facilities totaling \$9.7 billion of capital for digital infrastructure developer CyrusOne and an \$850 million investment by Starwood Capital into European data center company Echelon.

Data center transactions are a solid fit for the firm, as the deals require an interdisciplinary approach that brings attorneys together across

different practice groups, said real estate partner Rachel Brown.

“They’re infrastructure focused, they’re energy focused, they’re tax structure focused, and so they’re great, great transactions for Kirkland,” Brown said. “While we are 85 or 90 real estate lawyers that are pure real estate, we work constantly and very, very closely with our infrastructure team and our energy lawyers and our tax lawyers and our funds lawyers.”

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*Rachel Brown, Partner*

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“It’s a really new, burgeoning area that has so much in any one deal that requires lots of expertise from lots of different groups,” she added.

Kirkland has approximately 100 attorneys in the firm’s real estate practice group, with a majority stationed across three offices. About 35 of the group’s lawyers are based in New York, 30 are in Chicago and 20 are in Los Angeles.

Schechter also noted that the real estate group works closely with other practice groups across the firm, such as the tax and investment funds groups. A lot more lawyers across the firm focus on property-related work than the roughly 100 attorneys who are specific to the real estate group, he said.

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*Jonathan Schechter, Partner*

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One noteworthy deal the group provided counsel on last year is Starwood’s \$1.55 billion portfolio sale of multifamily properties to Brookfield Properties. The deal, which closed in May, saw Starwood sell 23 properties totaling 7,300 units, located across six states, to the Canadian investment giant. Kirkland’s attorneys advised Starwood.

The deal was interesting for being a little different from most typical portfolio sales, said Schechter.

The transaction was structured as a sale of real estate investment trust shares and of individual property assets. Holding assets in an REIT and selling shares of that REIT provides more favorable tax conditions for foreign investors, Schechter said.

The \$3.7 billion deal between Kirkland-led GLP Capital Partners and Ares Management, which was announced in October and is scheduled to close early this year, is another highlight from 2024.

The transaction calls for Ares to pay \$1.8 billion in cash and about \$1.9 billion worth of Ares shares for GLP, which is the international business of GCP International. GCP has \$44 billion of assets under management as of June 30 and oversees investments in the industrial, digital infrastructure, self-storage sectors and global data center industry.

Kirkland real estate partner Kevin Ehrhart said the deal is one of the largest M&A transactions in the asset

management space that he’s seen in recent years.

The deal speaks to the continuing consolidation that’s occurring in the real estate asset management space, he said.

“It’s an extraordinarily complex transaction with dozens and dozens of extremely bespoke work streams that all play into this sale,” Ehrhart said. “You’re moving people and funds and services in dozens of jurisdictions around the world.”

Kirkland hired 14 attorneys into the real estate group last year, according to the firm. Three of the new hires specialize in real estate private credit, a space that Kirkland expects will be especially busy in the coming months, Schechter said.

The firm has no immediate plans to expand the real estate group this year, but that could change, he said.

“We tend to adapt well, and Kirkland moves pretty quickly when it wants to,” Schechter added.

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