

# Daily Journal

www.dailyjournal.com

TUESDAY, MARCH 6, 2012

LITIGATION

## Real estate powerhouse emerges

*McKenna, Luce survey new strengths as marriage becomes official*

**By Jason W. Armstrong**

Daily Journal Staff Writer

On its own, each firm already had bragging rights in the real estate world: Luce Forward Hamilton & Scripps LLP, a California institution for more than a century, was known for its deep residential construction expertise. Clients also sought it for its savvy in laying the groundwork for complex developments, such as charter school and high-tech business campuses.

With an international platform, McKenna Long & Aldridge LLP carved a niche in public finance work, federal government projects and public-private partnerships.

But today's marriage of the two law firms is expected to put the combined forces on track to be even more competitive with other real estate-heavy firms across California and the rest of the U.S., according to lawyers and industry experts.

"Look at the McKenna-Luce combination," said legal recruiter Larry Watanabe of Watanabe & Nason LLC. "Well in excess of 60 percent or 70 percent of partners are in one way or another related to dirt," meaning they handle real estate, construction or environmental matters.

The merger consolidates the nearly 60 real estate attorneys at each firm, pushing McKenna's real estate roster to 115 lawyers, with 74 of those based in California. The union brings the firm's total attorney count to 577, with 251 statewide.

While firms such as Allen Matkins Leck Gamble Mallory & Natsis LLP and Cox, Castle & Nicholson LLP are larger "real estate boutiques," Watanabe said, the McKenna-Luce alliance creates a firm with "one of the deeper real estate practices of any of the [largest] 100 firms in California."

Real estate lawyers with both firms said the merger creates a synergy that gives lawyers new opportunities to bolster certain practice areas and to significantly expand their work into other parts of the state and the nation.



Robert Levins / Daily Journal

From left, Steve Abram, Tony Canzoneri, both based in Los Angeles, and Nancy Scull, a former Luce Forward partner in San Diego.

McKenna, which counts a big part of its operations in Washington, D.C. and Atlanta, boasts a number of features Luce lacked, including extensive government contracting experience that often assisted it with public-private partnerships, plus political connections that lawyers said benefit the firm in planning developments from start to finish. Other McKenna strengths include federal agency leasing and health care projects. The firm also has become a particularly big player in loan workouts.

Areas in which Luce stood apart from McKenna, in addition to charter school and high-tech campus work, include "risk management," which involves lawyers advising developers on how to structure insurance for projects to lower liability exposure related to construction defects, among other things.

"I really like the platform we've got" with the merger, Luce partner Timothy Tosta said in a recent meeting in Los Angeles with partners in both firms' real estate

practices. "We now have the ability to get help out of D.C. and to get help in developing military base housing or the ability to work on a major infrastructure project in California where people have done it better in the East or have greater experience."

"There's tons of stuff that's transportable" between the firms.

Both firms have been involved in major real estate projects. Tosta is representing Facebook in securing entitlements for its new headquarters in Menlo Park, and in 2010, Luce partner Nancy T. Scull represented AEG on its first residential development — a 224-unit condominium high-rise at the L.A. Live center in downtown Los Angeles.

Since 2005, McKenna partner Tony Canzoneri has been resolving a series of public-private partnership, entitlement defense and other dicey legal issues related to a developer client's plan to build a project called The Boulevards at South Bay in Carson. When finished, it will include 2 mil-

# Merger of McKenna, Luce creates real estate powerhouse in California

lion square feet of commercial space and 1,550 homes on 168 acres of what's mostly a landfill site. Canzoneri also represented Cerritos in getting off the ground The Cerritos Towne Center, a 120-acre redevelopment project.

The firms confirmed their merger last fall. Luce attorneys said they were looking to expand the breadth of their work to a national platform and McKenna lawyers wanted to better meet West Coast clients' needs.

McKenna started beefing up its California presence in real estate and other areas shortly after its formation through the 2002 merger of Washington, D.C.-based McKenna & Cuneon and Atlanta-based Long Aldridge & Norman. The firm boosted its Los Angeles real estate platform in 2009 when it hired 17 real estate attorneys from Brown Winfield Canzoneri Abram Inc., including heavyweights Canzoneri and Steven Abram.

While McKenna is a bigger Los Angeles real estate player than Luce, the latter has carved a deeper path in San Diego and San Francisco. Lawyers said they would begin



Robert Levins / Daily Journal

Tim Tosta, a former Luce Forward partner, is based in San Francisco.

## The New Firm

**Total number of attorneys firmwide - 577**

**Total number of attorneys in California - 251**

**Total number of real estate attorneys firmwide - 115**

**Total number of real estate attorneys in California - 74**



Robert Levins / Daily Journal

Steve Abram is based in Los Angeles

strategizing new real estate growth post-merger, including possibly expanding the firm's San Francisco and Orange County offices.

"As we start to rise out of the ashes of [the real estate bust], there will be development opportunities," Abram said.

Jerold B. Neuman, a partner in the Real Estate and Land Use and Natural Resources Practices Group at Sheppard Mullin Richter & Hampton LLP, said the fusion of the two firms "has the potential to create a significant real estate practice" in California. He said other firms with heavy real estate rosters may view the firm as "more competition."

"There's tons of stuff that's transportable' between the firms.

— Tim Tosta

Neuman also noted the merger is part of a larger shift, coming as many of the state's big firms are working to beef up real estate practices as the industry begins to show signs of life after sinking in the economic downturn.

"I think this continues a trend of consolidation of real estate practices in some of the larger firms," he said. "There was a trend

where larger firms were divesting their real estate practices, and I think now you'll see the pendulum swinging back."

Canzoneri said the merged firm will stand apart from other firms with major real estate practices because of its "nuts and bolts transactional" work and "government connection."

"When I have a real estate client who is looking at a solar project, I pick up the phone, and have a meeting with him with Treasury [officials] in D.C. in four days," Canzoneri said. "I know other people who can do that, but I don't know people who also do the nuts and bolts real development work at the same time."

Lawyers with both firms said their clients are excited about the union.

"It's a little awkward to suddenly say, 'You've been around for 137 years, and you're going to be changing over,'" Scull said. "But when we give them the message about this whole new realm that's opened up to us, we can see the excitement.

"When I see my clients being excited and starting the wheels turning, thinking, 'Oh, so if I have an issue with Fannie Mae, maybe somebody does know somebody back in Washington to call.' That really makes a difference."

Reprinted for web use with permission from the *Daily Journal*. ©2012 Daily Journal Corporation. All rights reserved. Reprinted by Scoop ReprintSource 1-800-767-3263

**McKenna Long  
& Aldridge<sub>LLP</sub>**

Building on the Luce Forward Legacy