

Q&A With Bradley Arant's Richard Warren

Law360, New York (January 26, 2012, 1:04 PM ET) -- Richard F. Warren Jr. is a partner in Bradley Arant Boult Cummings LLP's Nashville office, where he chairs the firm's real estate practice group. His real estate practice has included both companies headquartered in Nashville in their activities there and around the country as well as national developers on major projects in Tennessee.

He has worked on the development and leasing of new office buildings and retail developments as well as the purchase, sale and financing of existing projects, including downtown and suburban office buildings and office parks, big box retail facilities, shopping centers and industrial parks. Warren was honored as the 2011 Nashville National Association of Industrial and Office Properties Outstanding Member of the Year.

Q: What is the most challenging case or deal you have worked on and what made it challenging?

A: The one project with the largest number of challenges was the development of Nashville's existing convention center 25 years ago (a replacement is under construction now). It was a big, mixed-use project with a high-rise hotel topped by six floors of office space adjacent to the convention center. The various components were structured as commercial condominiums with complicated financing that included tax-exempt bonds for which the rules were in the process of changing.

There were scads of lawyers, several different agendas among the parties, and lots of political considerations. There were so many things going on that it hardly created a ripple when the general contractor building the tower filed for bankruptcy in the middle of the project, forcing its bonding company to take over completion. I learned the valuable lesson that you cannot predict if a project will be completed merely by analyzing its complexity.

Q: What aspects of your practice area are in need of reform and why?

A: The most serious problems that I have seen in the commercial real estate industry arise whenever someone finds a method of charging a fee to loan OPM (other people's money). The sudden availability of ample credit usually leads to a rapid increase in prices for commercial real estate and overbuilding for which those who arranged the loans have no responsibility. The resulting bust often leads to efforts at reform, but new schemes seem to have a way of emerging.

Q: What is an important issue relevant to your practice area and why?

A: The most recent crisis in real estate was brought on by the availability of securitized pools of money over the past several years that led to a bubble in commercial real estate. It is taking longer than usual to unwind some of these projects, largely because a significant amount of capital is destroyed as losses are taken. There is recognition that many assets bought or developed in the last few years are not worth as much as the debt owed against them. The current downturn will not end until these assets find owners who have a reasonable cost basis in them based on today's market.

Q: Outside your own firm, name an attorney in your field who has impressed you and explain why.

A: I have had the opportunity to work with a lot of very good lawyers. I have often found myself across the table from Bo Campbell at the Waller Lansden firm here in Nashville (we both worked on that convention center project and many others since then). He is always a strong advocate for his client and upholds the highest standards of integrity and professionalism.

Q: What is a mistake you made early in your career and what did you learn from it?

A: In the course of representing an investment company that purchased an apartment building from a mom-and-pop developer, I became acquainted with the developer. He later called me and asked me to represent him in raising money from investors for a project of his. He appeared to be ill suited for the task, so I tried to dissuade him, but he pushed and pushed until I agreed. He was spectacularly unsuccessful and then blamed me for letting him proceed and refused to pay for the work. I learned to trust my instincts and to be careful in selecting clients.