



Emerging Hot Spots in Real Estate Practices

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Cadwalader partner **Bonnie Neuman** spoke with Law360 about current trends in the commercial real estate market in an article, "Emerging Hot Spots In Real Estate Practices," published on February 12.

Data centers have quickly grown to become the focus of a significant share of the real estate deals being worked on by top law firms. Because of the complexity of these deals, they often involve additional legal practices to real estate such as energy, infrastructure, finance and construction. Beyond the lease of the data center, these deals also include many other considerations, including a typical data center user's wish for confidentiality making it challenging to meet the disclosure requirements of securities laws for data centers that are financed with commercial-mortgage backed securities.

"There's a delicate balance between meeting obligations for the minimum amount of information that needs to be provided to investors in order to satisfy securities laws, versus what confidentiality restrictions there are in the leases," said Bonnie.

It's also difficult to underwrite data centers because of rapidly changing technology.

"Data centers have very high per-square-footage valuations right now," Bonnie said. "But whether that holds over time is a real concern for financing."

The growth of data center deals over the last few years is just one way in which the real estate industry is changing. Bonnie also discussed how she learned to adapt to distress early in her career when the global financial crisis erupted in 2008.

While it was "terrifying at the time," Bonnie said, it benefited her career because it helped her understand the importance of the provisions in the documents that attorneys draft. She is seeing the same dynamic happen with younger attorneys now.

"Watching all the things that could go wrong, you understand why they happen," she said.

As the commercial real estate market has seen mounting distress over the last couple years, real estate transaction attorneys have had to work closely with litigators to make sure that complex deals hold up in a legal fight. Bonnie also discussed the way this relationship plays out.

"There's a bit of 'We don't speak the same language,' so we have to spend a minute getting ourselves reoriented and making sure that we're all kind of on the same page," Bonnie added. "You don't want your deals to go sideways, but there's something interesting about doing something a little bit different every once in a while."

Read the full article [here](#) (subscription required).