

BUILDING SALES JOURNAL



Commercial

Residential



Massey Knakal Closes 118 Transactions in 1998

In a record year for the firm Massey Knakal Realty Services closed 118 transactions in 1998, up over 20% from the 98 transactions closed in 1997. The firm attributes this gain to an improving market, with higher volume of sales, and an increased market share in the more mature territories Massey Knakal is currently covering south of 96th Street. The 118 transactions represents over \$365 million worth of property for an average of approximately \$3.1 million per transaction. This average transaction value is also up considerably over 1997 levels. Of its 120 active exclusive listings, Massey Knakal is currently handling 14 buildings on an exclusive basis with prices between \$10 and \$30 million. This is a far larger number than the firm had handled in the past for properties in this price range. We would like to thank our clients and friends for helping to make 1998 such a successful year and we look forward to an even better 1999!



MASSEY KNAKAL SELLS CHINATOWN OFFICE BUILDING

In an all cash transaction valued at \$6,900,000 the property at 113-117 Chrystie Street has been sold. The property is located on the west side of Chrystie Street between Broome and Grand Streets. It is a 75' wide, five-story elevated building that contains a total of 42,000 square feet and is currently used as a day-care center/office building, which was leased at the time of sale. The net rent on the property was \$449,000, although the lease did contain a cancellation clause. The property was fully air conditioned with individual controls on each floor and contained two self-service elevators and two large stairwells, which made it appropriate for conversion to school or institutional use. There was also a large kitchen in the basement that can serve as a cafeteria, and a large playground-type area on the roof of the property. The price of this building at \$6,900,000 relates to a capitalization rate of 6.5% and represents a price per square foot of \$164. We were particularly pleased with this sale because initially most people indicated that a property like this in Chinatown was worth far less than \$100 per square foot. Massey Knakal represented both parties to this transaction.



Massey Knakal Realty Services - "Neighborhood Expertise...Citywide"

APARTMENT BUILDING SOLD FOR 33 TIMES THE GROSS RENT

107 West 11th Street has been sold in an all cash transaction valued at approximately \$650,000. The property, located on the north side of West 11th Street between Sixth and Seventh



Avenues, was a 22' wide, five story walk-up. It contained six units, all of which were rent controlled. The building was also located in a landmarked district. It was built around the mid-1800's and had a total square footage of approximately 8,300. Due to the landmarked status of the area all work to be done would have to be designed by a registered architect or engineer and all drawings filed and approved by the Landmarks Preservation Commission and by the

NYC Buildings Department prior to commencement of any work. The gross rent was only \$19,380 per annum with a negative net operating income of \$27,000 per year. It is extremely rare to see a building with 100% of the tenants being rent controlled, however, this leads to tremendous upside potential which is what the purchasing community was focusing on. Massey Knakal represented both parties to this transaction.

PARKING LOT SOLD TO TENANT

The parking lot at 21-23 West 37th Street has been sold in an all cash transaction valued at approximately \$1,800,000. The property is located on the north side of West 37th between Fifth and Sixth Avenues. It has 32' of frontage and is 99' deep for a gross



land area of 3,168 sq.ft. The property is zoned M1-6, which has a 10 floor area ratio and has a buildable square footage of 31,680. The site was offered with an existing lease in place that was on a triple net lease basis for \$55,000/year. The lease was set to expire March 31st, 2001. There was, however, a 90-day termination clause. The owner, Dr. Elliot Gross, retained Massey Knakal exclusively to market the property for him. After a lengthy marketing program Massey

Knakal identified a purchaser willing to purchase the property to develop a hotel. However, the tenant, MHM Parking, exercised their first-right-of-refusal and purchased the property at the strike price of \$1,800,000. Massey Knakal represented both parties to this transaction.

OFFICE BUILDING SELLS ON THIRD AVENUE

831 Third Avenue has been sold in an all cash transaction valued at approximately \$2,650,000. The property, a 29' wide, four story, walk-up office building, contained a total of approximately



8,000 sq.ft. of space. The building has Ess-A-Bagel as the retail tenant with a lease expiring in 2002. Other tenants were either on a month to month basis or had leases expiring in the near term. The property was owned by a partnership including Alex Avlon and the Schinderman family. The owners decided to hire Massey Knakal to exclusively represent them. The ownership group consisted of several owners who had tenant-in-common interests. Upon obtaining the top offers for

the property, one of the partners decided they did not want to sell their interest, which represented approximately 11.1% of the property. Because this hold out owner owned a tenant-in-common interest, we were able to restructure the transaction such that the buyer obtained an 88.9% interest in the property with no discount to account for the lack of complete ownership. We were surprised that the retail tenant did not purchase the property given the short term remaining on their lease. Massey Knakal represented the seller in this transaction.

MASSEY KNAKAL SELLS WEST SIDE APARTMENT BUILDING

The 25 foot wide, five story walk-up apartment building at 50



West 86th Street has been sold in an all cash transaction valued at approximately \$2,700,000. The building was in excellent condition. There were nine residential units, four of which were rent regulated, and one commercial unit. It produced a gross revenue of \$266,000 and a net revenue of \$203,000. At the sales price of \$2,700,000 this transaction relates to a capitalization rate of 7.5% and a

gross rent multiple in excess of ten times. Demand for investment property on the West Side is at an all time high currently and the supply remains very low. Massey Knakal represented the seller in this transaction.

1998 Market Recap

The 1998 Manhattan Building Sales market ushered in the fifth straight growth year for Manhattan prices and volume/turnover, according to a recently released report issued by Massey Knakal Realty Services, Inc.

The New York based firm, specializing in sales of small to mid-size buildings, conducts a semi-annual survey of all Manhattan building sales from 96th Street to The Battery. This target market includes all four major property types including Residences (1-3 family); Multiple Dwellings; Commercial; and Miscellaneous. The analysis also breaks down neighborhood activity covering a total of 30,576 individual properties.

The Manhattan marketplace has been experiencing a real estate boom led by economic growth, which was significantly impacted by Wall Street's successes. This has translated into a rental housing shortage, greater demand for Cooperative and Condominium apartments, and an office space market that has seen dramatic increases in rental rates.

Building Sales Prices

Building sale prices in all property type categories experienced increases in 1998, led by the commercial office building market, which saw a 17% increase in value. The market spiked up in other categories as well. Residential single family homes on average appreciated by 16.2%. Multiple dwelling (i.e. rent stabilized and rent controlled apartment buildings with and without retail space) increased 6.21% over 1997 levels. Miscellaneous, religious and non-for-profit buildings increased

13.5% overall. These price increases are understandable in that the major fundamentals have driven up the demand for property.

Volume/Turnover

Volume or velocity of sales in 1998 skyrocketed to 3.6% of the entire Manhattan product base from a level of 2.2% recorded in 1997. In the major product type categories, single family residences changed hands 211 times in 1998 compared with 166 times in 1997 for a 27% increase in velocity. Another high volume segment of the market was again office and industrial properties, with 350 sales in 1998 compared with 200 sales in 1997, for a positive increase in volume of 75%. Multiple dwelling sales increased also with a 51% increase over 323 sales in 1997.

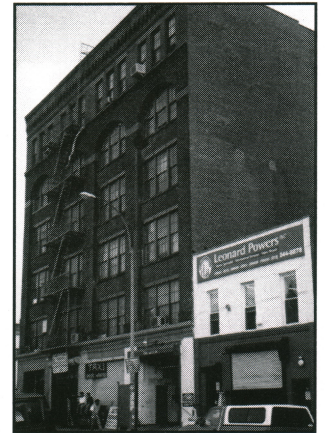
A major factor in the 1998 building sales world was the temporary withdrawal of the Wall Street houses from financing major sales, which occurred sometime just after the stock market dip late in August of 1998. This phenomenon, while potentially sobering for the market, had a net result of dampening some planned office and residential development that, in the long run, will most likely translate into an aid to stabilizing the growth which New York has been experiencing for the last five years. In the long run this could net out a longer and more sustained growth period for the New York market. At year end, several of the Wall Street houses who had dominated the larger building sales financing market were announcing aggressive plans to re-enter this market.

MASSEY KNAKAL SELLS COMMERCIAL BUILDING ON WEST 27TH STREET



27TH STREET FRONTAGE

In an all cash transaction valued at approximately \$7,750,000 the property at 547 West 27th Street has been sold. The property, located on the north side of 27th Street between Tenth and Eleventh Avenues, is a six story block-through industrial building with 100 feet of frontage on both the north side of 27th Street and the south side of West 28th Street. The site also contains an adjacent two story commercial loft building with frontage on the south side of West 28th Street. The entire property contains a total of 123,000 square feet and is zoned M1-5. Both buildings were elevatored and the gross income from both properties totaled approximately \$1,060,000. The estimated expenses were \$365,000 with a net operating income of approximately \$690,000. The potential for the conversion of this building or redevelopment of this site presented several different exit strategies for a purchaser.



28TH STREET FRONTAGE

1998 Manhattan Building Sales

Average Price Per Square Feet

NEIGHBORHOOD	Single Family	Multi-Dwelling	Commercial	Miscellaneous	Average*
#1 Upper West Side	\$426.00	\$148.00	\$49.00	\$72.00	\$185.00
#2 Carnegie Hill	\$571.00	\$213.00	\$334.00		\$347.00
#3 Eastside North	\$451.00	\$132.00	\$195.00		\$154.00
#4 Upper East Side	\$556.00	\$348.00	\$662.00		\$524.00
#5 Midtown West	\$391.00	\$149.00	\$185.00	\$107.00	\$166.00
#6 Midtown East	\$625.00	\$148.00	\$223.00		\$238.00
#7 Penn Station	\$259.00	\$125.00	\$99.00	\$272.00	\$103.00
#8 Murray Hill / Gramercy Park	\$332.00	\$189.00	\$127.00	\$60.00	\$147.00
#9 Chelsea	\$370.00	\$151.00	\$99.00		\$119.00
#10 West Village	\$399.00	\$164.00	\$197.00	\$152.00	\$244.00
#11 Central Village	\$476.00	\$188.00	\$150.00		\$191.00
#12 East Village	\$221.00	\$103.00	\$176.00	\$89.00	\$130.00
#13 Lower East Side	\$150.00	\$61.00	\$108.00	\$75.00	\$91.00
#14 SoHo	\$392.00	\$75.00	\$101.00		\$100.00
#15 TriBeCa	\$312.00	\$90.00	\$94.00		\$98.00
#16 Financial District		\$95.00	\$108.00		\$108.00
Average*	\$373.35	\$144.64	\$124.19	\$82.68	\$142.79

* Average Of All Transfers

Number Of Sales

NEIGHBORHOOD	Single Family	Multi-Dwelling	Commercial	Miscellaneous	Total
#1 Upper West Side	17	66	4	2	89
#2 Carnegie Hill	18	9	5	0	32
#3 Eastside North	10	43	5	0	58
#4 Upper East Side	27	18	7	0	52
#5 Midtown West	2	40	21	3	66
#6 Midtown East	29	40	20	0	89
#7 Penn Station	2	9	31	1	43
#8 Murray Hill / Gramercy Park	25	62	56	3	146
#9 Chelsea	14	17	34	0	65
#10 West Village	42	24	10	2	78
#11 Central Village	5	23	13	0	41
#12 East Village	5	59	19	1	84
#13 Lower East Side	2	39	36	3	80
#14 SoHo	10	28	37	0	75
#15 TriBeCa	3	7	18	0	28
#16 Financial District	0	4	25	0	29
TOTAL	211	489	350	22	1055



Massey Knakal Realty Services Expands to Queens

Firm Sites Confidence in Entire Metro New York Area



Massey Knakal Realty Services has announced the opening of our first branch office in the Forest Hills section of Queens.

Massey Knakal has developed a strong niche brokering the sale of small to mid-size properties in Manhattan. The company's unique territorial approach has grown the firm to a size large enough so that Massey Knakal now has a seasoned salesperson in every Manhattan neighborhood.

The firm's co-owners, Paul J. Massey, Jr., 38, President, and Chairman, Robert A. Knakal, 36, learned the ins and outs of New York real estate from their prior employer, CB/Richard Ellis (formerly Coldwell Banker Commercial Real Estate Services). "CB's famous for strong fundamental market focus, a training that has helped us over the years," explained Paul Massey.

The management team at Massey Knakal is very bullish on New York City. Neither of the firm's founders are native New Yorker's, but Robert Knakal explains that, "This may be an advantage in that the novelty of working in the nation's greatest real estate market may never wear off." In fact Massey Knakal handled the sale of 118 buildings in 1998, a dominant market share.

Although the firm acknowledges the competitive nature of Manhattan we believe that the sheer size of the market leads to big opportunities. Size was actually one of the prime factors in attracting Massey Knakal to Queens. In looking for growth areas we conducted an extensive market study. We were astonished to discover that although we considered Manhattan to be a big investment market with over 30,000 individual buildings in our niche, Queens has over 179,000 properties (excluding 1-3 family homes). We think in that size market which has a wonderful and vibrant economy, larger than most other US cities, our approach is likely to be successful.

The new entity called Massey Knakal Realty Services of Queens, Inc. has signed a lease on the Gold Coast area in Queens – Forest Hills. We wanted to immediately attack the heart of the market. Our plan will be to initially focus in Forest Hills and then roll back toward Manhattan.

To head up the efforts in the new office Massey Knakal has chosen Thomas Donovan, a Queens native. If you have interest in the Queens market please contact Tom at (718) 888-7900.

Profile



In December, Thomas A. Donovan joined the Massey Knakal staff and is currently heading up our new office in Forest Hills, New York. Tom is a lifelong Queens native currently residing in Howard Beach, Queens. He attended St. Francis Preparatory High School and St. John's University. As a United States Marine, Tom saw action during Operation Desert Storm spending time in Saudi Arabia and Kuwait where he received a Combat Action Ribbon. Prior to joining our team Tom served as a New York City police officer until being injured on duty in 1997. Tom has been in the real estate business since then and brings to Massey Knakal local market expertise in several Queens neighborhoods.

Massey Knakal Realty Services

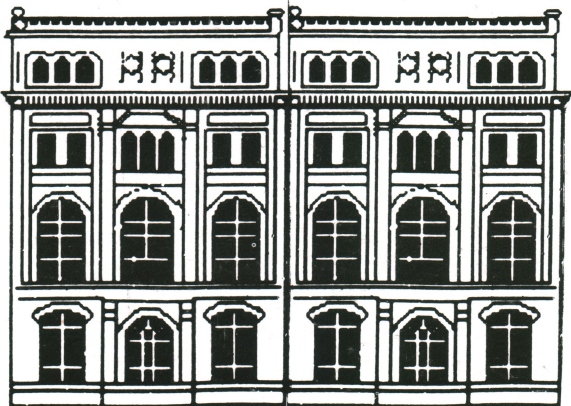


1ST ROW (L TO R): CHERIE CARBONE, STEPHANIE SPELL, ROBERT KNAKAL, PAUL MASSEY, CHRISTY MOYLE, DIANA McQUEEN.
2ND ROW (L TO R): ELIZABETH JAGER, STEPHEN SMITH, LAWRENCE NORMAN, STEPHEN LEVINE, GRANT REPSHER, FRANK WHITE, JOHN CIRAULO, PETER DeCHESER.
3RD ROW (L TO R): NAT ROCKETT, MICHAEL DeCHESER, JAMES NELSON, ERIK NEWMAN, BRAD WIESE, LEX HESLIN, ROBERT BURTON, MARK MASSEY, KERVIN VALES.

VISIT OUR WEBSITE

For a detailed introduction to our company and information on over 100 exclusive listings, visit our website on the internet at:

<http://www.masseyknakal.com>



Ciraulo Wins Bridges Cup and Brause Award

Massey Knakal is pleased to announce that John Ciraulo, Executive Managing Director of the firm, has won the company's Gerald W. Bridges Cup as Salesperson of the Year. He has also won the Louis Brause Award for Business Generation and Goodwill Promotion. This award is given annually to the Massey Knakal salesperson that shows tremendous business origination and development, along with promoting a positive image, both personally and for the company, within the industry and the local community. For years John has been the most active New York City broker in the Murray Hill area and is now expanding this influence into the Flatiron District. We would like to congratulate John on his exceptional achievements and he is looking forward to continued success in 1999.



(L TO R) ROBERT A. KNAKAL, CHAIRMAN, JOHN F. CIRAULO, EXECUTIVE MANAGING DIRECTOR, PAUL J. MASSEY, JR., PRESIDENT.

If you have any questions concerning information in this issue or subsequent issues of the "Building Sales Journal" or the local market in general, please feel free to contact Massey Knakal Realty Services at (212) 888-8850.