

Reprinted from:

# THE COMMERCIAL OBSERVER

## Massey Knakal Turns 25

by GUS DELAPORTE / Published November 5, 2013



*Twenty-five years ago, Massey Knakal Realty's Paul Massey and Robert Knakal were two fledgling investment sales brokers trying to break out. Now, with \$17 billion in total sales across 5,000 real estate transactions, it's the investment sales brokerage to beat.*

### SILVER FOXES

In the midst of the Savings and Loans Crisis of the early 1990s, Massey Knakal, a three-year-old commercial sales brokerage, was facing the prospect of going out of business for the second time in a matter of months.

By late 1990, the commercial sales market had all but dried up. Rather than pounding the pavement closing deals, Paul Massey and Robert Knakal were instead sitting in the office cold calling and playing solitaire—not on a computer but with a real deck of cards. Things got so bad that the firms' partners had to fill out applications for numerous credit cards—\$60,000 worth—to make ends meet.

With overhead at \$15,000 per month, the firm reached a point when there was only \$15,000 in the bank.

"We considered going to Atlantic City and putting the \$15,000 on black," Mr. Knakal said.

Close to shutting the business down, the firm got a last-second reprieve, closing the sale of a block of three buildings on East 50th Street between Second and Third Avenues.

"Throughout that process, we kept our heads down and kept believing we could succeed, but it was a very scary time," Mr. Knakal added.

This month, Massey Knakal will celebrate its 25th anniversary, a clear indication of the firm's staying power despite weathering two serious market downturns. Today, the company boasts \$17 billion in total sales across 4,500 transactions while growing to a whopping 175 employees in New York metropolitan area, officials said.

Founded in 1988 when Messrs. Massey and Knakal were young, upstart brokers at Coldwell Banker, the eponymous firm was born of a partnership that started four years earlier.

Having just graduated from the University of Pennsylvania's Wharton School of Business, Mr. Knakal arrived at Coldwell Banker on the back of a series of summer internships at the firm—the same internship program Mr. Massey had completed in Boston.

Both in New York, the young brokers quickly realized that the elder statesmen of the firm were not keen to share their experience with the new employees. Instead, Mr. Knakal looked to Mr. Massey for partnership.

"My boss said to me, 'Massey knows what he's doing; hang around him,'" he recalled.

The advice proved prophetic. Not long after teaming up, the duo devised a plan to work together, splitting their business 50/50.

Offering a solution, Messrs. Massey and Knakal made a proposal: to make their team a separate profit center within the company.

"They didn't respond to that proposal, which in hindsight is not very surprising," Mr. Knakal said.

Having been turned down and with their training in a Coldwell Banker system that emphasized geographic selling territories, the team decided to strike out on their own while staying true to the core fundamentals that had made them so successful.



**Messrs. Knakal and Massey at their firm's 275 Madison Ave. headquarters.**

CREDIT: WILL O'HARE

They've been partners ever since.

"We have the same work ethic, we both come from a relatively modest background, and we wanted to come to the big city and make something of ourselves," Mr. Knakal said of the relationship. "It made the partnership very cohesive."

Within a year, the two men were named directors of Coldwell Banker's sales group and a further year later had grown the team from four to 15 brokers. Soon, however, the pair began to feel their hard work was not being compensated in line with their production.

"We decided to start our own firm that would implement our own type of geographic orientation that CB was preaching but with a bit more discipline," Mr. Knakal said of the business plan.

"Really the genesis of our company was both seller representation and making territory lines more distinct," Mr. Massey added.

Despite the early promise shown at Coldwell Banker, the new venture didn't meet with instant success, evidenced in part by the struggles of the early 1990s. It was the new venture's persistence, however, that eventually ensured success.





25<sup>TH</sup> ANNIVERSARY  
**MASSEY  
 KNAKAL**  
 Realty Services

**ROBERT KNAKAL**

*Chairman & Founding Partner*

212.696.2500 x7777 (OFFICE)

917.509.9501 (CELL)

rknakal@masseyknakal.com

**MASSEY KNAKAL**  
 275 Madison Avenue, Third Floor  
 New York, NY 10016

STANDARD  
 US POSTAGE  
**PAID**  
 Massey Knakal  
 Mailed from  
 zip code 15290

1203 P40/1/0/12 81012 \*\*\*\*5-DIGIT 10016

JONATHAN HAGEMAN

MKRS

275 MADISON AVE FL 3RD

NEW YORK NY 10016-1101



"When people are really up against it, the best people make a decision and tell themselves there's no quitting," Mr. Massey recalled.

It wasn't until a decade later, however, that the partners at Massey Knakal truly began to believe the company had reached the pinnacle of the industry. The year was 2001, and CoStar produced its first ranking of sales firms with Massey Knakal on top.

"We were very pleasantly surprised, and I think we've building nice momentum from there," Mr. Knakal said.

That momentum helped the company endure and even capitalize on the real estate storm that began to brew in 2008.

"We had scale going into this last recession, and I think what differentiated us is the platform," Mr. Massey noted. "Our market share spiked."

The firm's successes have not gone unnoticed by those developers and owners who have rushed to Massey Knakal to market their properties for sale. Some of the industry's biggest names have worked with the firm. More importantly, they keep coming back.

Aby Rosen of RFR Realty recalls having a relationship with Massey Knakal as far back as those troubling days in 1991. Both RFR and Massey Knakal were in their early stages then and both have grown exponentially.

"Looking at how they have developed and become a real force in the market, it can only be attributed to the great leadership of Paul and Bob," said Mr. Rosen, who himself has accrued an enviable portfolio that now includes the Seagram Building at 375 Park Avenue and Lever House at 390 Park Avenue.

What differentiates Massey Knakal in the market, according to Mr. Rosen, is the firm's unique ability to identify and pursue serious buyers. "They bring the buyer to the table by working and really advising them, even if they are on the sales side," he said.

Mr. Rosen continually emphasizes one trait in describing working with Massey Knakal: integrity.

In a previous deal, when RFR was selling a plot of land, a potential buyer looked to renegotiate the purchase price of the property having already agreed to a higher term. Rather than pursue the deal, Massey Knakal stuck up for its client, offering to drop the listing.

"In the end, they worked it out, and I think they even took part of their commission to keep it going," Mr. Rosen said. "I only found out later in the game they did that, because they deserved every penny."



The partners in 1988

Mr. Rosen's relationship with Massey Knakal is bolstered by the fact that for nearly 20 years he has been the firm's landlord. Having been on the receiving end of the brokerage's client service, Mr. Rosen has gone out of his way to accommodate Massey Knakal's growth spurt, tearing up the lease at 18 East 41st Street and helping the firm relocate to 275 Madison Avenue.

Looking forward, growth is still on the minds of the partners at Massey Knakal. The company has branched out with retail and mortgage divisions and has recently opened up an office in New Jersey hoping to harness that state's \$5 billion real estate market. There's still more to come.

"We build the management team to allow for scale," according to Mr. Massey. "We've got significant markets left in the core disciplines of the existing business, but, when those are filled sometime around the end of 2014, the conversation will be about geographic growth and growth in other market sectors."

That growth will be facilitated by the firm's management structure, which has been augmented to allow Messrs. Massey and Knakal to focus on individual strengths and interests. Mr. Massey has taken over responsibility of the firm's day-to-day business, while Mr. Knakal functions primarily as a salesman.

The structure is paying dividends, allowing for the implementation of innovative procedures and growth for the company.

The pair, who describe each other not only as partners but also as best friends, still make time for lunch meetings to discuss the ins and outs of the business, allowing for input from Mr. Knakal when necessary.

"[Bob's] way smarter than I am; he's a Wharton guy; he's got a photographic memory," Mr. Massey, a graduate of Colgate University, said. "So the combination of the way we've been doing it has been great for me."



**MASSEY  
 KNAKAL**  
 Realty Services

275 MADISON AVENUE 3<sup>RD</sup> FLOOR NEW YORK, NY 10016 P: 212.696.2500 F: 212.696.0333