

Is the Building Sales Market in a Positive Mini-Bubble? Many Sellers Think So.



Fortunately, in the New York City investment sales market, we have seen steady improvement over the last few quarters as fundamentals begin to improve and economic recovery, while sluggish, is upon us. The economy is moving in a generally positive direction but is having difficulty finding momentum as employment growth is well below expectation and last week it was reported that consumer spending experienced a decline of 1.2% in May, the first drop since September of 2009. While the investment sales sector appears healthy, the future of the market is uncertain as market indicators are presently difficult to interpret. These conditions beg the question: Are we in another bubble at the bottom of the cycle?

Nothing is impacting the investment sales market more than the supply-demand relationship. **Real estate markets are always supply-demand dependant; however, the acute imbalance between supply and demand today appears to be impacting the market more than it usually does.** Presently, there is excessive demand met by a relatively weak supply of available properties for sale. **This dynamic has created a market in which properties are selling for higher prices than they probably should be.**

Demand drivers are excessive in today's marketplace. High-net-worth individuals and old-line New York families who have been investing for decades have been dominant purchasers in the marketplace since the summer of 2007, when the credit crisis started to tangibly be felt and institutional capital evaporated from the market. Today, that institutional capital has re-emerged as a significant force. Additionally, high-net-worth foreign individuals have been seen in the marketplace in numbers not seen since the mid 80's.

The supply of available properties has remained low as distressed sellers have not yet been forced to deal with the majority of their problem assets. Discretionary sellers have started to rejoin the ranks of active sellers as they are taking advantage of this significant imbalance between those looking to buy and those looking to sell. This has been tangibly noticed in the number of 1031 tax-deferred exchange transactions that we have completed recently.

Given the supply-demand imbalance, we expected the investment sales volume for the balance of 2010 to increase by at least 40 percent over 2009 levels (on a number of properties sold basis).



For Bob Knakal's weekly article in The Commercial Observer, **Concrete Thoughts**, visit www.observer.com/term/robert-knakal

For weekly observations on the New York City Investment Market, please visit Bob Knakal's blog, **StreetWise** – a joint initiative of Massey Knakal and GlobeSt.com – at www.knakalstreetwise.wordpress.com

Moving forward it is unclear how tax increases will impact the marketplace. **The capital gains rate will increase to at least 20 percent when the Bush tax cuts sunset and the national healthcare plan will add to the capital gains tax burden as well. For these reasons many of our clients have decided to sell now at the lower capital gains rate.** Similarly, many clients have decided to sell because of the proposed increase in carried-interest taxes which have been proposed in Washington. Based upon current market dynamics, we believe properties are selling for more than their economic fundamentals would dictate they should be.

If you have any interest in exploring a possible sale, we would be most interested in helping you with a valuation of your property. **On the next two pages of this report you will see the dominant position that Massey Knakal has held in the investment sales arena since 2001 according to CoStar.** If you have any questions, please feel free to call me at anytime at 212-696-2500 or 917-509-9501.

THE MORE THINGS CHANGE...

2001-2002

	# Transactions 10/1/01-9/30/02	Total \$ Volume 10/1/01-9/30/02
Massey Knakal Realty Services	61	\$ 195,462,483
Eastern Consolidated Properties, Inc.	47	\$ 486,606,980
Besen & Associates, Inc.	46	\$ 197,069,842
Lee O'dell Real Estate Inc.	14	\$ 54,347,006
Greiner-Maltz Company, Inc.	14	\$ 26,093,998
Capin & Associates	13	\$ 21,028,501
Senack Real Estate Ltd.	12	\$ 10,239,996
Kalmon Dolgin Affiliates Inc.	11	\$ 32,664,995
John Anthony Group, Inc.	10	\$ 41,914,500
Grubb & Ellis	9	\$ 55,947,798
Marcus & Millichap	9	\$ 18,343,503
Fillmore Real Estate Ltd.	9	\$ 5,468,004
Cushman & Wakefield, Inc.	8	\$ 442,074,504
Newmark & Company Real Estate	8	\$ 93,650,672
Sholom & Zuckerbrot Realty Corp.	8	\$ 13,370,000
Insignia/ESG, Inc.	7	\$ 958,549,998
Eastdil Realty Company, LLC	7	\$ 790,100,003
WRA Properties, Inc.	7	\$ 9,466,499
GFI Realty Services	6	\$ 16,722,498
NAI Friedland Realty, Inc.	6	\$ 10,699,998
Total Dollar Volume - (Brokers on Chart)	312	\$ 3,479,821,778

2002-2003

	# Transactions 10/1/02-9/30/03	Total \$ Volume 10/1/02-9/30/03
Massey Knakal Realty Services	103	\$ 589,412,041
Besen & Associates, Inc.	50	\$ 164,397,000
Eastern Consolidated Properties, Inc.	47	\$ 362,525,523
GFI Realty Services, Inc.	43	\$ 215,046,526
Lee O'dell Real Estate Inc.	39	\$ 64,791,012
Sholom & Zuckerbrot Realty LLC.	32	\$ 56,523,584
John Anthony Group, Inc.	25	\$ 78,428,575
Capin & Associates	24	\$ 121,180,992
WRA Properties, Inc.	16	\$ 35,008,736
Corcoran Group	13	\$ 30,998,994
Marcus & Millichap	13	\$ 28,242,500
Newmark & Co. Real Estate Inc.	11	\$ 267,978,997
Cushman & Wakefield, Inc.	7	\$ 586,400,003
CB Richard Ellis	7	\$ 473,232,242
Grubb & Ellis	7	\$ 60,944,751
Murray Hill Properties	7	\$ 47,797,498
Greiner-Maltz Company, Inc.	6	\$ 31,675,002
Debrah Lee Charatan Realty	6	\$ 36,910,002
Eastdil Realty Company, LLC	6	\$ 2,834,100,000
Prudential Douglas Elliman	6	\$ 21,975,000
Total Dollar Volume - (Brokers on Chart)	468	\$ 6,107,568,978

2004

	# Transactions 2004	Total \$ Volume 2004
Massey Knakal Realty Services	273	\$ 1,174,246,000
GFI Realty Services, Inc.	101	\$ 687,543,544
Besen & Associates, Inc.	92	\$ 328,995,742
Capin & Associates	85	\$ 344,082,500
Eastern Consolidated Properties, Inc.	78	\$ 853,547,598
Extreme Realty	50	\$ 243,357,000
Corcoran Group	40	\$ 85,361,000
Marcus & Millichap	36	\$ 120,312,000
Lee O'dell Real Estate Inc.	34	\$ 112,876,000
Cushman & Wakefield, Inc.	31	\$ 3,194,700,000
Greiner-Maltz Company, Inc.	30	\$ 118,221,780
Kalmon Dolgin Affiliates Inc.	28	\$ 91,683,500
Prudential Douglas Elliman	26	\$ 80,182,326
Sholom & Zuckerbrot Realty LLC.	25	\$ 83,399,615
CB Richard Ellis	23	\$ 1,971,172,000
WRA Properties	23	\$ 62,200,652
Eastdil Realty	19	\$ 3,789,152,700
Itzhaki Properties	16	\$ 70,709,400
Newmark	14	\$ 302,712,500
Jones Lang LaSalle	5	\$ 619,069,500
Total Dollar Volume - (Brokers on Chart)	1,029	\$ 14,333,525,357

2005

	# Transactions 2005	Total \$ Volume 2005
Massey Knakal Realty Services	397	\$ 1,657,121,941
Besen & Associates, Inc.	108	\$ 616,025,000
Eastern Consolidated	96	\$ 1,568,497,638
GFI Realty Services, Inc.	85	\$ 716,925,609
Marcus & Millichap	56	\$ 156,430,500
Prudential Douglas Elliman	40	\$ 127,417,750
Lee O'dell Real Estate Inc.	30	\$ 154,912,500
Newmark Knight Frank	28	\$ 629,056,200
CBRE	26	\$ 6,410,000,000
Kalmon Dolgin Affiliates Inc.	24	\$ 149,465,000
The Corcoran Group Inc.	24	\$ 105,538,500
Friedman-Roth	23	\$ 128,162,000
Cushman & Wakefield, Inc.	21	\$ 2,919,550,000
Itzhaki Properties	21	\$ 111,632,500
GVA Williams	20	\$ 199,893,340
Sholom & Zuckerbrot Realty LLC	14	\$ 85,205,000
Eastdil Realty	13	\$ 2,227,204,000
Sirvin Realty Corp.	11	\$ 37,255,000
Reilly Mann Newell Realty Group	10	\$ 50,277,000
Sonnenblick-Goldman Company	5	\$ 866,600,000
Soho Properties, Inc.	5	\$ 56,700,000
RMB Properties, LLC	5	\$ 47,525,000
Georgia Malone & Co., Inc.	4	\$ 771,665,000
Grubb & Ellis	4	\$ 148,874,000
Helmsley-Spear, Inc.	4	\$ 83,750,000
Total Dollar Volume - (Brokers on Chart)	1,074	\$ 20,025,683,478

2006

	# Transactions 2006	Total \$ Volume 2006
Massey Knakal Realty Services	374	\$ 1,987,203,125
Besen & Associates Inc.	88	\$ 484,155,102
Eastern Consolidated	67	\$ 1,649,040,995
Solar Realty Management Corp	62	\$ 670,951,750
GFI Realty Services	59	\$ 498,603,500
Marcus & Millichap	30	\$ 216,649,334
CB Richard Ellis	21	\$ 9,089,378,535
Lee Odell Real Estate, Inc.	21	\$ 120,107,500
The Corcoran Group	21	\$ 93,864,000
GVA Worldwide, LLC.	17	\$ 331,876,987
Itzhaki Properties	17	\$ 143,452,456
Swig Equities, LLC.	17	\$ 75,647,500
Kalmon Dolgin Affiliates, Inc.	14	\$ 96,429,900
Corporate Offices	13	\$ 17,289,425
Cushman & Wakefield, Inc.	12	\$ 988,331,150
Prudential Douglas Elliman	12	\$ 66,168,000
Wells Fargo & Co	10	\$ 5,154,500,000
Greiner-Maltz Company, Inc.	9	\$ 65,425,000
Newmark Knight Frank	9	\$ 203,445,762
NAI Global	8	\$ 22,310,000
Cornerstone Property Group, Inc.	7	\$ 54,521,000
Senack Real Estate Ltd.	7	\$ 28,225,000
ABS Partners Real Estate LLC	6	\$ 87,180,000
Extreme Realty, LLC	5	\$ 38,240,000
Migdol Realty Management LLC	5	\$ 14,710,000
Total Dollar Volume - (Brokers on Chart)	911	\$ 22,197,706,021

2007

	# Transactions 2007	Total \$ Volume 2007
Massey Knakal Realty Services	405	\$ 2,019,142,322
Capin & Associates	87	\$ 716,127,069
Marcus & Millichap	86	\$ 259,724,587
Eastern Consolidated	77	\$ 2,271,602,757
Besen & Associates Inc.	76	\$ 568,941,127
GFI Realty Services, Inc.	73	\$ 918,657,315
Cushman & Wakefield, Inc.	41	\$ 7,356,512,915
Newmark Knight Frank	35	\$ 670,128,540
Itzhaki Properties	34	\$ 301,621,636
CB Richard Ellis	33	\$ 6,101,055,050
Prudential Douglas Elliman	26	\$ 148,483,222
Swig Equities, LLC.	20	\$ 103,720,000
Greiner-Maltz Company, Inc.	19	\$ 138,440,100
The Corcoran Group	17	\$ 73,813,521
Corporate Offices	17	\$ 43,349,000
Grubb & Ellis	14	\$ 71,487,992
Leslie J. Garfield & Company	12	\$ 50,013,000
RMB Properties, LLC	12	\$ 592,651,768
Georgia Malone & Company, Inc.	11	\$ 62,920,000
Kalmon Dolgin Affiliates, Inc.	10	\$ 34,475,000
Studley	10	\$ 1,041,362,053
The Moshe Group	10	\$ 42,920,000
Wells Fargo & Co	10	\$ 4,332,026,000
Sholom & Zuckerbrot Realty Corp.	9	\$ 53,795,000
NAI Global	8	\$ 37,300,000
Total Dollar Volume - (Brokers on Chart)	1,152	\$ 28,010,269,974

2008

	# Transactions 2008	Total \$ Volume 2008
Massey Knakal Realty Services	250	\$ 1,168,976,768
Marcus & Millichap	84	\$ 337,548,827
Eastern Consolidated	54	\$ 839,369,037
Capin & Associates	37	\$ 637,070,000
Besen & Associates Inc.	35	\$ 365,205,000
Itzhaki Properties	26	\$ 226,598,500
Cushman & Wakefield, Inc.	20	\$ 2,482,834,000
CB Richard Ellis	16	\$ 3,732,159,271
Newmark Knight Frank	14	\$ 168,887,500
Swig Equities, LLC.	14	\$ 143,458,012
Corporate Offices	13	\$ 57,458,500
Kalmon Dolgin Affiliates, Inc.	13	\$ 68,105,018
Prudential Douglas Elliman	13	\$ 66,715,906
Greiner-Maltz Company of Long Island, Inc.	11	\$ 134,055,000
Sirvin Realty LLC	11	\$ 25,383,391
The Corcoran Group	11	\$ 137,340,000
Wells Fargo & Co	11	\$ 3,545,200,000
GFI Realty Services, Inc.	9	\$ 139,225,000
Coldwell Banker Real Estate Corporation	7	\$ 9,995,000
Reilly Mann Newell Realty Group	7	\$ 44,216,250
Sholom & Zuckerbrot Realty Corp.	7	\$ 18,511,600
Grubb & Ellis	6	\$ 236,550,000
NAI Global	6	\$ 23,700,000
RE/MAX Metro	6	\$ 7,363,000
Time Equities, Inc.	6	\$ 34,584,820
Total Dollar Volume - (Brokers on Chart)	687	\$ 14,650,510,400

2009

	# Transactions 2009	Total \$ Volume 2009
Massey Knakal Realty Services	151	\$ 626,719,293
Marcus & Millichap	54	\$ 111,717,415
Besen & Associates Inc.	41	\$ 186,871,500
CB Richard Ellis	26	\$ 594,831,550
Greiner-Maltz Company, Inc.	19	\$ 66,859,000
Prudential Douglas Elliman	17	\$ 49,732,000
Eastern Consolidated	15	\$ 137,010,000
Capin & Associates	13	\$ 40,572,850
Cushman & Wakefield	9	\$ 282,153,262
Rosewood Realty Group	8	\$ 62,275,000
Newmark Knight Frank	6	\$ 108,786,262
Eastdil Secured	5	\$ 1,465,200,000
Robert K. Futterman & Associates, LLC	5	\$ 34,289,525
NAI Global	5	\$ 33,467,000
Swig Equities, LLC.	4	\$ 36,675,000
Jones Lang LaSalle	3	\$ 376,626,000
Studley	2	\$ 148,000,000
Murray Hill Properties LLC	2	\$ 52,580,502
Pinnacle Advisory Group	1	\$ 123,055,458
Norman Bobrow & Co Inc.	1	\$ 42,500,000
Total Dollar Volume - (Brokers on Chart)	387	\$ 4,579,921,617

...THE MORE THINGS STAY THE SAME.

If you are considering
a sale of your property,
CALL:

ROBERT KNAKAL, *Chairman*
Massey Knakal Realty Services
275 Madison Avenue
New York, NY 10016
212.696.2500 x7777
212.509.9501 (cell)

Despite a changing market, Massey Knakal has been
NYC's #1 Building Sales Firm since 2001.





ROBERT KNAKAL

Chairman

212.696.2500 x7777

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During Mr. Knakal's 26-year career, he has sold over 1,075 buildings having an aggregate market value of over \$6.4 Billion. He was the top salesman, with partner Paul Massey, at Coldwell Banker Commercial (now CB Richard Ellis) in New York in 1986, 1987, and 1988 prior to forming Massey Knakal. In 1990, he was awarded *Crain's New York Business* "40 Under 40" awarded annually to 40

business people under forty years of age for outstanding achievement in the New York business community. He has twice been the recipient of the Robert T. Lawrence Award in the Real Estate Board of New York's Most Ingenious Deal of the Year Contest: first in 2002, for the assemblage of the easterly blockfront of Second Avenue between 54th and 55th Streets and then again in 2004 for the sale of the historic Gotham Book Mart at 41 West 47th Street. In 2009, Mr. Knakal was named one of the Top 10 Investment Sales Brokers in the United States by *Real Estate Forum*. In 2010, he won REBNY's Louis Smadbeck Broker Recognition Award for Lifetime Achievement in Commercial Brokerage.

MASSEY KNAKAL

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**If you have any questions,
please feel free to call me at 212-696-2500
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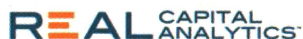


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RCA Ranks Massey Knakal NYC's Top Multifamily Brokerage Firm in 2009

(Sales of \$2.5 Million and Greater in NYC)

BROKERAGE	2009 # PROPERTIES
Massey Knakal Realty Services	44
Besen & Associates	8
Rosewood Realty	5
CBRE	3
GFI Realty Services	3
Locascio Realty	3
Cushman & Wakefield	2
Eastern Consolidated	2
Marcus & Millichap	2
Safeguard Realty Management	2
Newmark Knight Frank	1
Rosen Group	1
DownTown Commercial Real Estate	1
AAG Management Inc	1
Bapple Real Estate	1
George Mamos	1
Salmon & Marshall	1
Highcap Group	1
Houlihan and O'Malley Real Estate Services	1
Capin & Associates	1

BROKERAGE	2009 \$ VOLUME
Massey Knakal Realty Services	\$ 248,234,000
CBRE	\$ 104,525,000
Cushman & Wakefield	\$ 88,697,439
Besen & Associates	\$ 65,174,000
Rosewood Realty	\$ 53,030,000
Newmark Knight Frank	\$ 42,000,000
Eastern Consolidated	\$ 34,875,000
Rosen Group	\$ 29,750,000
GFI Realty Services	\$ 21,400,000
Locascio Realty	\$ 18,225,000
DownTown Commercial Real Estate	\$ 13,150,000
AAG Management Inc	\$ 13,000,000
Marcus & Millichap	\$ 8,600,000
Bapple Real Estate	\$ 8,050,000
George Mamos	\$ 7,585,000
Safeguard Realty Management	\$ 6,300,000
Salmon & Marshall	\$ 5,300,000
Highcap Group	\$ 5,000,000
Houlihan and O'Malley Real Estate Services	\$ 5,000,000
Capin & Associates	\$ 4,700,000

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Realty Services