

Profile/Massey Knakal Realty Services

Making a name through specialization

By ANNE NAGAN

In less than two years, and with sales of over \$100 million, Massey Knakal Realty Services has proven itself to be a genuine player in the Manhattan real estate game.

Located on East 54th Street, in the heart of the Eastside territory it serves, Massey Knakal is the brainchild of partners Paul Massey and Bob Knakal,

two young brokers who came together as a team at Coldwell Banker in 1983. They have already added a half dozen players to their real estate team and hope to double that number in the next few years. All that and they're still climbing toward 30 years of age.

"We are all about specialization," Paul Massey told a *Real Estate Weekly* reporter in their conference "room", actually a table in the corner of a bustling, crowded office space where privacy appears to be a matter of covering the mouthpiece

of the phone with your hand. "We were advised to keep overhead under control no matter how much money we bring in," one of them commented sotto voce as phones buzz all around.

Massey Knakal's specialty is Manhattan's pricey Eastside, within the confines of First to Fifth Avenues and 55th to 64th Streets. Even more specifically they limit their market to townhouses and small office buildings, properties generally under 50,000 square feet. They also limit themselves to exclusive listings.

Massey and Knakal are their neighborhood's experts, tracking every listing and every sale in the area along with the name, address and phone number of every incoming caller. All of the information is put into their computer Buyers Data Base, from which they can draw names, addresses or requirements at the touch of a computer keyboard. They believe this not only helps them to serve their clients better but is crucial to their success.

"Tracking market information is our stock in trade," beamed Knakal. "We maximize client exposure through our network."

That network includes a large roster of foreign contacts. Massey mentions Japan, Germany and Italy specifically. Their most recent sales, in fact, have included 317 East 51st Street to the Laotian government for \$1.8 million and the Prescott Nursery School building at 247 East 53rd Street to a Japanese religious organization, also for \$1.8 million.

"About 60 percent of our buyers are foreign," Massey said, "about half of

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HISTORY:

Massey Knakal Realty Services was started two years ago by two former Coldwell Banker to specialize investment sales on Manhattan's East Side, within the confines of First to Fifth Avenues and 55th to 64th Streets.

WORK IN PROGRESS:

For Sale: One six-story townhouse, designed by Stanford White, at 46 East 61st Street for \$4 million.

ACCOMPLISHMENTS:

In just two years in business, the firm has more than \$100 million of property, primarily on the Eastside of Manhattan.

QUOTE:

"We are all about specialization." Paul Massey and Bob Knakal, co-principals.



Paul Massey (L) and Bob Knakal of Massey and Knakal Realty Services.

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them European."

One of Massey Knakal's big sales last year was a block of six contiguous buildings on East 52nd Street, which was purchased by the Hungarian government for \$8 million. The buildings have now been demolished and a new structure of 48,000 square feet is being erected in their place as a new Hungarian Consulate and United Nations Mission.

They don't, however, limit themselves to foreign sales. Representing Chemical Bank on a foreclosure, the firm sold 59 East 64th Street to a single family for \$1.65 million.

Paul Massey and Bob Knakal are the experts in their territory, and they spend an average of 12 to 16 hours per day at staying on top of the market. These habits go back to their training at Coldwell Banker where they began, in Massachusetts and New Jersey respectively, before both arrived at the Manhattan office simultaneously in 1983.

"We were trained to focus," said Knakal, "so we started with the Eastside. Even that was too big a focus so we limited it to 55th to 64th streets. I took Lexington to First and Paul took Lexington to Fifth. There were about 300 properties. In the first year, we sold three buildings. We added people and territory. Each one was an expert in an eight-block area."

They got to know the people in their territories very well. That included businesses, foundations and private individuals. When they left Coldwell Banker they were directors of the sales division.

They carried the Coldwell Banker philosophy with them to Massey Knakal

or, as Massey puts in with a smile, "It's their book. We just opened it up in this town.

"We know building-by-building what's on the market," he explained. "We know what's coming up, what the lease lengths are. We can steer the right buyer to the right property."

Fearful that they would lose clients when they set out on their own, Massey and Knakal were surprised that most followed them. That was reassuring, Massey said, because it showed them the clients had faith in them not in the big company.

'We know building-by-building what's on the market.'

Two years later, they have sold a total of 49 properties, a number of them more than once. For instance, they have sold one townhouse, which was their first listing, three times, proving it's not just the product but knowing who might want it that makes for success. They also have represented Kinney parking exclusively in sales outside the city as well as within it.

"The strength of our company is the synergy between sales people who are experts in their own areas," Knakal said. "They can exchange information. The users who buy the buildings and occupy the space can find out from our sales people what's available."

Another strength is the self-imposed limitation on the property they market, which Knakal characterizes as predominantly four-and five-story buildings, a

iche he believes is often overlooked. He describes these units, in size, and somewhere between the co-op or condo market and office buildings.

How they fell into this particular piece of the real estate pie is almost as much of an accident as how they both came to be in real estate in the first place, it was and accident of age.

At 21 and 22 they thought they simply were too young to represent bigger properties. So they concentrated on smaller ones and concentrated on getting exclusive listings. They took what they term a suburban neighborhood approach and applied it to the city. The idea was a novelty that worked.

Their career entry into real estate was even more accidental, the details of which prove that they also both have a sense of humor.

Knakal confesses with a laugh that he walked into Coldwell Banker by mistake one day, thinking from the name on the sign that it was a bank, not a real estate firm. He was hired for the summer to do market research and enter it into the computerized data bank. He came back summers after that and was hired after his graduation from Wharton.

Massey's entry wasn't exactly esoteric. Brought in one summer to the Dedham, Massachusetts, office by a fraternity connection he was struck by some of the perks. Most particularly, he said, "I saw the leasing brokers with fancy cars." And that, he said, was the end of the summer work he'd done on construction sites.

The most notable part of their starting out full-time at Coldwell Banker after college, they said, is that the firm has a policy not to hire new college grads.

Shortly after starting they both gravitated toward Manhattan where Coldwell Banker teamed them up. The rest has been no accident.

Since they began working as a team in 1983, Massey and Knakal have made more money each year, in spite of the declining market beginning in 1988. According to Knakal the number of sales has been the same both years although their volume in the market has slipped from five to three percent.

"The large residential property prices have fallen, but not in user properties," he said, noting that user properties sell well because they are unoccupied at the

time of sale. "And the Eastside is the safest have, with the largest number of exclusive listings."

According to Massey, 45 of the Forbes 400 companies are represented in their territory, making their choice of territory a major factor in their success. Nor only are there major corporations based within their perimeters but some of the most valuable land in the city.

Massey and Knakal not only have youth and determination on their side, they also have an inherent belief in Manhattan. "New York is still attracting people," said Massey. Knakal added "There's still substantial demand in our specialization, I think there'll be another wild swing in about five years. About 10 percent of the investors are starting to get back into the market."

Massey Knakal is aware of the competitiveness of the Manhattan marketplace. To that end they have implemented their computer system as a tool to keep them abreast of the market and ahead of their competitors. That data is parlayed into a newsletter along with input from the staff and sent out quarterly to a mailing list of 2,700 people, including property owners, attorneys, appraisers and architects.

In an expansion mode, Massey Knakal has recently begun work in property management and does consulting for banks and estate planners.

The area of concentration, however, is and will remain the marketing of townhouses and small office buildings like the one they are currently marketing at 46 East 61st Street. Designed by Stanford White, This six-story commercial townhouse is one the market for \$4.9 million.

Ultimately Massey and Knakal would like to control the small-to-mid-size property market in Manhattan, but they're willing to get there step-by-step.

"Our goal is to continue to build our reputation and track record one client at a time and do the best job we can for our clients," said Bob Knakal.



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