

# REAL ESTATE

A Real Estate Media Publication

# NEW YORK

www.renymag.com

January 2001



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Centre**  
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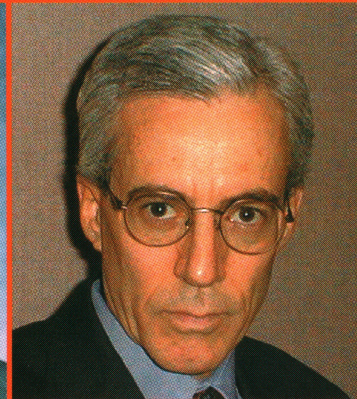
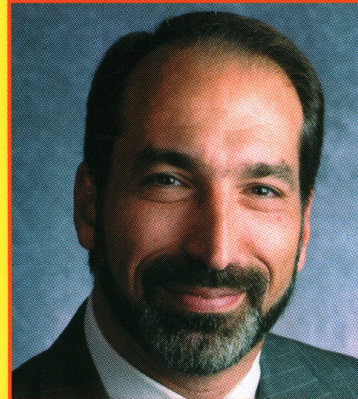
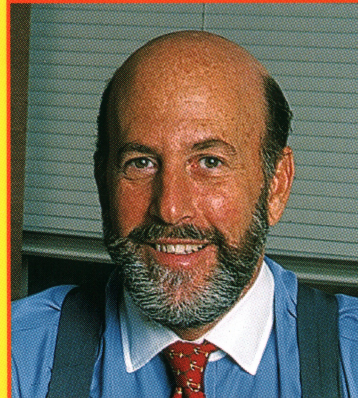
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**MULTIFAMILY  
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**More Demand,  
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## Introducing... STREETWISE

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## FORECAST 2001

Key Players Hedging Their Bets

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In his own words...an insider's look at the market.

**ROBERT A. KNAKAL**  
Chairman  
Massey Knakal Realty

### Marketview

"Much depends on the strength of Wall Street and how the Dow maintains its position. Fed chairman Alan Greenspan has implemented the best monetary policy the country has ever had and has really done a great job of steering the economy. Hopefully, he'll be able to continue the streak he has been on. The market moved positively each time there was a development toward resolving the [electoral] situation in Florida.

"The fundamentals in the real estate market today are healthier than they have been in the 20 years I've been in the business, and conditions today are much different than in the late '80s. The banks have done an exceptional job of not overextending themselves, of keeping loan to value ratios relatively low so that there are a lot of equity transactions today, which wasn't the case in the late '80s."



### Market Niche

"Basically, we focus on the under-\$20 million market for a wide range of property types—commercial buildings, mixed-use, apartments, townhouses, various institutional properties, in addition to parking lots and garages and development sites.

"We've seen steady increases in the average market values of all property. The market hit bottom during the 4th quarter of 1993 and has been increasing since. The average sale price was \$115 psf. At the height of market in the second quarter of 1988, prices were \$210 psf. The 2000 number is based on taking the first three-quarters of 2000 and annualizing them, and it puts the current market at about \$303 psf. That's a 44% increase over the price levels achieved at the height of the last cycle, so it has been a tremendous ride."

### Client Relations

"The reporting process is more intensive with an institutional client or larger property owner. Typically, they want a lot more written—status reports; feedback on the marketing program down to day and time of every inspection; background information on every offer.

"For the one-person owner, it entails meeting once or twice a week to keep them informed. Further, each broker is responsible for sending out mailings to every property owner in their territory on a regular basis. We publish two newsletters—*The Building Sales Journal*, with information on buildings we've sold; and *Market Trends Quarterly*, which looks at the market from a statistical point of view. Both are sent to property owners, and our brokers follow up and establish personal relationships. Many transactions are a by-product of those relationships.

### Dealmaking

"Each deal is satisfying when the seller knows they received the highest possible price. The way we achieve that is by getting offers for each of the properties we represent. At the end of the process, the seller knows they received the highest price. We sold 316 East 59th Street, a two-story commercial building. We handled it for six years, beginning in 1990, right as the market was beginning a downturn. It sold in '95 or '96 for about \$600,000."

### Modus Operandi

"We feel we have two major philosophical differences with other brokers operating in our niche. One is that we are set up to have 16 different territories in New York City south of 96th Street. We have maintained a Queens office for two years, and it's divided into 10 separate territories with a broker working in each.

"Our belief is that the city is too big for one broker to know everything about every neighborhood. If you're working in one small sector, you get to know the heartbeat of that area, and you get to know the property owners and all of the transactions. You're aware of not only what the selling price of a building is, but what condition it was in, what the rentals are, who the tenants are, how long it was owned and so on. You can compare sales data with a much clearer perspective than someone who's just looking at the size of the building and the sales price.

"The other difference is we only work on exclusive listings. We have a closing coming, our 134th building sale of 2000. We exclusively represented the sellers in all 134 transactions. I don't believe another company can claim that." ♦

### The Dealmaker

Recent transactions closed by Massey Knakal Realty:

- Sale of development site at 506 E. 76th from Albanese Development to Lycee Francais.
- Sale of 960 Madison for \$5.8 million from Emmes & Co. to Lawrence and Melvin Friedland.
- Represented CS First Boston in the sale of 31 W. 21st for \$13.65 million.
- Land assemblage on blockfront of 2nd Ave. and 55th for a Worldwide Holdings/Glick partnership.
- Represented Smithers Institute in the sale of 56 E. 93rd for \$15.5 million to Spence School.
- Represented East End Temple in the sale of development site at 23rd and 2nd Ave. for \$8.5 million.
- Represented Edison Parking in sales of parking lot at 13 W. 56th for \$5.5 million for a hotel development.
- Represented Union of American Hebrew Congregations in sale of 838 5th Ave. for \$31.5 million.