

A Year in Review

10

Building
Sales
Journal

**MASSEY
KNAKAL**

Realty Services

A Message

from the Chairman



The Threats to the Market in 2011

There's no doubt that the mood of participants in the commercial real estate market coming out of 2010 was significantly more positive than it was when we exited 2009 because of improved capital market conditions and underlying real estate fundamentals, decreased rent concessions, and stabilized vacancy rates. Dollar volume is up significantly – about double of 2009 levels – but that does not even tell the significant story of 2010: note sales. These note-sale transactions are not recorded publicly, so there is no way to know the actual magnitude of this activity; however, we estimate that roughly one-third of all 2010 investment sale activity took the form of note transactions. This would indicate that the true volume was at least triple what it was in 2009.

Several threats, to both commercial real estate and to the broader economy, and other dynamics will determine if this positive activity will continue in 2011:

Interest Rates & QE2

In 2011, perhaps nothing will have more impact on commercial real estate than interest rates. The Fed recently implemented another round of quantitative easing (QE2). Quantitative easing is nothing more than a fancy way of saying “printing money,” and the presses are running to try to keep interest rates low.

Cuomo and Real Estate Taxes

Given the massive budget deficits the NY state faces, Governor Cuomo has pledged no new taxes and a cap on property taxes. If this is achieved, it would be positive from a real estate tax perspective. However, unions will likely strongly oppose the resulting major budgets cuts.

The Lending Environment

In New York, our community and regional banks have performed far

better than most throughout the country, and the availability of debt for real estate transactions has remained healthy. Recent statistics show that bank lending is rising. It is also anticipated that CMBS activity will increase substantially in 2011.

Jobs

To date, job creation has been far below expectations, and we have managed to put only a dent into the 8.4 million jobs that were lost during this recession. If unemployment continues to stay at these elevated levels (economists predict 9%), it will likely continue to dampen real estate fundamentals.

Housing and the Dreaded Double Dip

Based on the recent Case-Shiller Index and other indices, it appears that a double dip in the housing market is becoming more likely. The erosion of home equity has had a profound negative impact on consumer confidence and consumer spending, thus negatively impacting the broader economy.

Inflation and Devaluation

While core inflation has been relatively modest, it is anticipated that energy and food prices will rise significantly in 2011, furthering a devaluation of the dollar.

Municipal Debt Defaults and Keeping Confidence Up

There is a potential for a confidence-collapsing event, possibly in the form of municipal debt defaults. Many municipalities, including states and cities, are projecting massive budget deficits in 2011.

There is no doubt that our economic recovery is fragile, and we have a long way to go before market participants will feel truly comfortable. However, we should all feel fortunate that we are in New York, which has demand drivers unlike anywhere else in the country (with the possible exception of Washington, D.C.). New York is consistently at or near the top of the list in terms of a destination for foreign capital when it comes to real estate investments. If a real estate market is going to do well anywhere, it is here.

It is easy to predict, based on history, that sale volume trends will continue to increase. Most of the threats and dynamics mentioned in this column have more ramifications for the value of properties rather than the volume of sales. Here's to hoping that the threats are minimized and real estate values continue to gain traction.

You can read Mr. Knakal's weekly article in *The Commercial Observer* entitled “Concrete Thoughts” at www.observer.com/commercial.

From the Archives

Building Sales Journal :: Summer 1992



Massey Knakal sold this 17,000 SF townhouse at 48-50 W 74th Street for \$1.7 million. The building was serviced by two elevators and consisted of 32 single rooms with meetings rooms, a large chapel and a large institutional kitchen.

Massey Knakal sold this office building at 384 Fifth Avenue for \$3.3 million. The 24,000 SF building was 75% rented.



2010 *in Review*

CoStar & RCA Rank MK #1

We began 2010 as we have the prior 8 years - #1! Once again, CoStar ranked Massey Knakal as #1 on their annual "Top Brokerage Firms for NYC Commercial Property Sales" for 2009. In 2009, we handled over 150 transactions totaling over \$600 million. We closed three times as many transactions as our nearest competitor.

Meanwhile, Real Capital Analytics (RCA) ranked Massey Knakal the "Top Multifamily Brokerage Firm in 2009." We sold 44 multifamily properties in the city, almost 6x more than our nearest competitor.

Announcing MK Capital Services

We are expanding our services by entering the commercial mortgage brokerage business with the launch of Massey Knakal Capital Services (MKCS). Massey Knakal Capital Services will provide unparalleled market knowledge that will allow us to develop the most creative financing strategies to meet client needs. It will work under the same Territory System™ which has made us the top brokerage firm for 8 consecutive years. By providing an ancillary financial service to building owners, Massey Knakal will strengthen our existing core business. Look for announcements and other news in 2011.

REAL CAPITAL ANALYTICS 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

Our Property Sales Reports & Exclusive Investor List

The Massey Knakal Property Sales Reports continue to be a hit among investors, owners and the press. Published quarterly, these reports detail every property sale in each borough, including up-to-the-minute statistics for PPSF, Cap Rate and GRM. If you are on our investor list, you can access all our reports directly on the "News" section of our website.

If you are on this list, you also receive customized emails from us twice per week, containing new and updated Massey Knakal listings that exactly meet your investment criteria. To join the investor list, please contact database@masseyknakal.com.



Featured Sales

Manhattan



382-384 BLEECKER STREET

New York, NY
SOLD: \$34 MILLION
Retail Condos



451 LEXINGTON AVENUE

New York, NY
SOLD: \$28.7 MILLION
Development Site



29 EAST 61ST STREET

New York, NY
SOLD: \$21 MILLION
Commercial Building



1175 THIRD AVENUE (200 EAST 69TH STREET)

New York, NY
SOLD: \$21 MILLION
Retail Condo



431-439 WEST 37TH STREET

New York, NY
SOLD: \$18.7 MILLION
Development Site



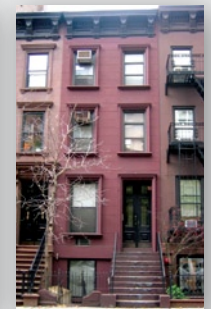
147-149 WEST 46TH STREET

New York, NY
SOLD: \$18 MILLION
Mixed-Use Building



530 & 534 EAST 88TH STREET

New York, NY
SOLD: \$15 MILLION
Apartment Building



222 EAST 50TH STREET

New York, NY
SOLD: \$2.1 MILLION
Townhouse

Northern Manhattan



839, 845, 853 RIVERSIDE DRIVE

New York, NY
SOLD: \$17.3 MILLION
Apartment Buildings



1041, 1047 ST. NICHOLAS DR. & 530 WEST 163RD STREET

New York, NY
SOLD: \$16.7 MILLION
Apartment Buildings

The Bronx



2105 WALTON AVENUE

The Bronx, NY
SOLD: \$3.675 MILLION
Apartment Building



1205-1225 EDWARD L. GRANT HIGHWAY

The Bronx, NY
SOLD: \$2.6 MILLION
Development Site

Featured Sales

Queens



31-49 29TH STREET

Long Island City, NY
SOLD: \$30.1 MILLION
Apartment Buildings



33-15 81ST STREET (DONNER GARDENS)

Jackson Heights, NY
SOLD: \$12 MILLION
Apartment Building (Unsold Units)



109-15/25 MERRICK BOULEVARD

Jamaica, NY
SOLD: \$9.05 MILLION
Apartment Buildings



37-05 90TH STREET

Flushing, NY
SOLD: \$8.34 MILLION
Apartment Building

Brooklyn



2307 FLATBUSH AVENUE

Brooklyn, NY
SOLD: \$7 MILLION
Commercial Building



1113 BRIGHTON BEACH

Brooklyn, NY
SOLD: \$4.8 MILLION
Commercial Building



6817 BAY PARKWAY

Brooklyn, NY
SOLD: \$4.4 MILLION
Development Site



159 PIONEER STREET

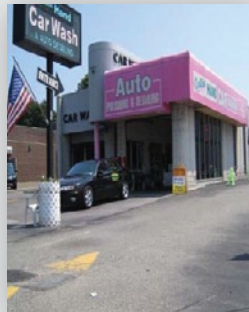
Brooklyn, NY
SOLD: \$3 MILLION
Industrial Building

Long Island



4 TRI HARBOR COURT

Port Washington, NY
SOLD: \$3.5 MILLION
Office/Industrial Building



4812 SUNRISE HIGHWAY

Wantagh, NY
SOLD: \$3.4 MILLION
Commercial Building

Westchester County



100 HIGHLAND AVENUE

Yonkers, NY
SOLD: \$2.7 MILLION
Apartment Building (Unsold Co-Op Units)



19-31 WEST GRAND STREET

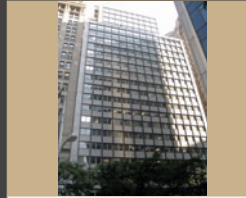
Mount Vernon, NY
SOLD: \$1.625 MILLION
Commercial Building

Special Assets & Massey Knakal

The Massey Knakal Special Asset Strategy Group saw much success in 2010, and anticipates an increase in activity in 2011. To facilitate transactions, all of our loan and REO listings are now highlighted by a “Special Asset” flag on our web listings, and you can search for them by using the lower right button on our website’s homepage. Below are some of our noteworthy Special Asset closings:



\$75,500,000
Non-Performing Loan
Multifamily Buildings
New York, NY



\$62,300,000
Non-Performing Loan
Office Building
New York, NY



\$54,600,000
Non-Performing Loan
Multifamily Development Site
Staten Island, NY



\$42,800,000
Non-Performing Loan
Multifamily Development Site
Brooklyn, NY



\$40,000,000
Non-Performing Loan
Waterfront Development Site
New York, NY



\$21,000,000
Non-Performing Loan
Development Site
Brooklyn, NY



\$8,500,000
REO
Mixed-Use Development Site
New York, NY

New Hires

Massey Knakal is proud to announce the following new hires in 2010:



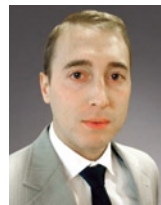
Adrian Mercado
Director of Research



Kobi Leifer
First Vice President
of Sales, New Jersey



Brandon J. Tarpey
First Vice President of
Sales, Westchester County



Matthew Abreu
Associate, Manhattan



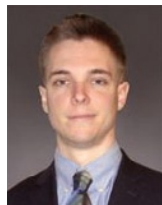
Alexander Baker
Associate, Manhattan



William Cheng
Associate, Brooklyn



Winfield Clifford
Associate, Brooklyn



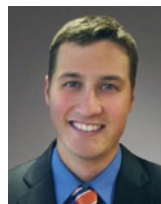
J. Matthew Dillon
Associate, Brooklyn



Andrew Essick
Associate, Manhattan



David Fowler
Associate, Manhattan



Timothy Griffin
Associate, Manhattan



Caroline Hannigan
Associate, Manhattan



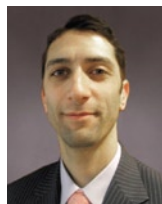
Don 'DJ' Johnston
Associate, Brooklyn



Clyde McGraw
Associate, Manhattan



Catherine Randall
Associate, Brooklyn



Joshua Rubin
Associate, Manhattan

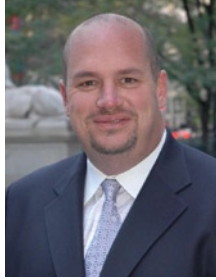
DISTINCTIONS in 2010



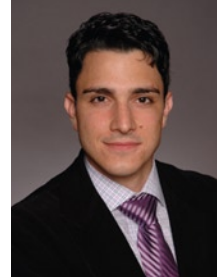
Robert A. Knakal
Chairman & Founding Partner



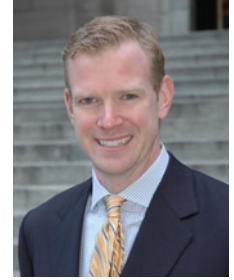
Paul J. Massey Jr.
CEO & Founding Partner



Thomas A. Donovan
Managing Director - Queens,
Partner



Stephen Palmese
First Vice President of Sales -
Brooklyn



James P. Nelson
Partner

Many of MasseyKnakal's finest received awards in 2010. REBNY honored our Chairman and Founding Partner **Bob Knakal** with the Louise Smadbeck Memorial Broker Recognition Award at their annual banquet. **Bob Knakal**, Partner **Thomas Donovan** and First Vice President of Sales **Stephen Palmese** received the CoStar Powerbroker award. The Varadi Ovarian Initiative for Cancer Education (VOICE) honored Partner **James Nelson** with their "Achievement in Business" award. **Bob Knakal** was the Honorary Chairman at the Ronald McDonald House New York & Rotary Club of New York's special end-of-summer

event. Our CEO and Founding Partner **Paul Massey** was honored by James Lenox House and Carnegie East House with the first Mary Lenox Sheafe Award for being an outstanding NYC business leader as well as long-time Board member. He was also recently named Chairman of the Board of Directors at the Lower East Side Tenement Museum. La Fuente, a tri-state worker and community fund, honored **Massey Knakal Realty Services** with the 6th Annual Bridge Builders Award for our industry leadership and many contributions to NYC and REBNY's efforts to deepen bonds within the real estate community.

The Massey Knakal Multifamily Summit

The Massey Knakal Multifamily Summit 2010 was a huge success in September, with over 600 professionals attending. The innovative, day-long conference and networking event offered analysis and a review of important trends, financing, investment opportunities and owner/operator secrets.

We hope to see you at our 2011 event!

To watch video from the summit, visit www.masseyknakal.com/Summit2010.



Massey Knakal Annual Awards

Massey Knakal Salutes the Firms' Finest at Annual Awards Ceremony

We kicked off 2010 by honoring some of the finest professionals in the firm at our annual award ceremony held at our Brooklyn office on January 27, 2010. The ceremony was emceed by Founding Partners Paul Massey, CEO, and Bob Knakal, Chairman, and was attended by the entire company.

The grouping of the awards was based on Massey Knakal's PIER values (Passion, Integrity, Excellence and Responsibility) and by agent production. "PIER," by definition, is "a platform, a solid supporting structure; it is supported by pillars/members; it's a path that provides access." The winners in this category (named after some of the industry's most notable professionals) included:

7th Annual Michael Fuchs and Aby Rosen PIER Award;
Representing Overall Values – Brooklyn Office:
First Vice President of Sales Brian Hanson

1st Annual Richard B. Clark PIER Award,
Representing Overall Values – Manhattan Office:
First Vice President of Sales Hall Oster

10th Annual Nicholas T. Donovan PIER Award,
Representing Overall Values - Queens Office:
First Vice President of Sales Stephen Preuss

15h Annual Louis Brause PIER Award,
Representing Overall Values – Company Wide:
Partner James P. Nelson

Richard Marcinko Award for Passion:
Vice President of Sales Swain B. Weiner

4th Annual Morton Apfeldorf Award for Integrity:
Vice Chairman and Partner John F. Ciraulo

2nd Annual Thomas A. Donovan Award for Excellence:
Sales Team Manager Jonathan Hageman

3rd Annual Massey Knakal Charitable Foundation Award for Responsibility:
Director of Sales Brendan Gotch (Manhattan)

2nd Annual Steven Spinola Award for the Associate who has
Demonstrated Superior Performance and Dedication – Company Wide:
Director of Sales Tommy Lin (Queens)

6th Annual James Ventura Award for the Unsung Hero
Whose Efforts and Accomplishments Have Gone
Above and Beyond the Call of Duty:
Public Relations Coordinator Shannon Krause

7th Annual Robert A. Knakal Chairman's Award for
Outstanding Service and Promotion of The Massey Knakal Mission:
Chief Financial Officer Michael Wlody



Paul Massey, Top Salesman of the Year award winner John Ciraulo, Bob Knakal

In the production categories, the winners by office were:

7th Annual Stephen B. Siegel Salesperson of the Year Award - Brooklyn:
First Vice President of Sales Stephen Palmese

1st Annual Ofer Yardeni Salesperson of the Year Award - Manhattan:
Vice Chairman and Partner John F. Ciraulo

1st Annual Salesperson of the Year Award - New Jersey:
Managing Director Landon McGaw

6th Annual Harry Macklowe Salesperson of the Year Award - Queens:
Managing Director and Partner Thomas A. Donovan

In the production category for the entire firm, the winners were:

1st Annual John F. Ciraulo Third Place
Salesperson of the Year Award – Company Wide:
**First Vice President of Sales Nick Burns
and Partner Shimon Shkury**

10th Annual John H. Holler Second Place
Salesperson of the Year Award – Company Wide:
Managing Director and Partner Thomas A. Donovan

19th Annual Gerald W. Bridges Top
Salesperson of the Year Award – Company Wide:
Vice Chairman and Partner John F. Ciraulo

Massey Knakal Annual Picnic

Our annual picnic in Larchmont, NY kicked off the summer and was enjoyed by employees and their families.



PhotoGallery



We celebrated Halloween with some office tricks and lunchtime treats.

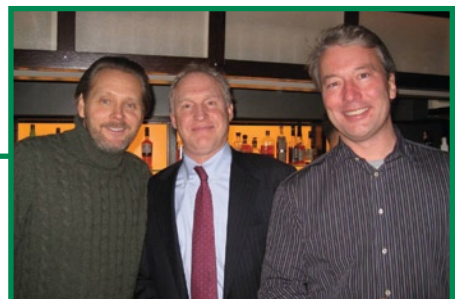


The Brooklyn office braved the cold fall weather for an annual Turkey Bowl game in Cadman Park...
...while all offices enjoyed a very filling Pot Luck luncheon.



We battled our way to become NYC Real Estate Softball League Champions for the 2nd straight year.

Our December holiday party was held at Jazz Standard in midtown Manhattan, as we gathered to celebrate the season.





Charitable Foundation

2010 in Review

2010 was another successful year for our Charitable Foundation. The MKCF was called to action at the start of 2010 in the aftermath of the devastating earthquake in Haiti; with the support of MK employees and a company match, the Foundation was able to donate just over \$11,500 to the Red Cross to help relief efforts. Other initiatives include two company-wide drives (Toys for Tots and NY Cares Coat Drive), two volunteer events planned (St. Francis Xavier Welcome Table and Ronald McDonald House of New York) and the annual "1% Thank You Event" was held. The Foundation welcomed four new members to the board in 2010: congratulations to Clint Olsen, Guthrie Garvin, Jasmine Mele and Karl Brumback. And, in 2010 alone, the Foundation was fortunate enough to have been able to provide grants to 13 not-for-profit organizations throughout the NY metro area:

Jericho Project

Based in Harlem and the Bronx, Jericho Project's mission is to house and rehabilitate homeless men and women recovering from substance abuse and return them to their families and the larger community as sober, independent and tax paying members.

Community Word Project

The organization is a small but powerful not-for-profit that provides innovative arts-in-education programs for underserved public school children in NYC.

Figure Skating in Harlem

Figure Skating's mission is to transform young lives and help Harlem girls grow in confidence, leadership, and academic achievement through vital educational and athletic opportunities.

The HOPE Program

HOPE provides individuals in extreme poverty the opportunities and services they need to achieve economic self sufficiency. In addition, the program conducts research on the underlying causes of poverty and chronic unemployment.

Brooklyn Community Housing

BCHS is committed to ending homelessness in Brooklyn and offers services that help low-income and special needs adults develop the skills they need to live productively with dignity and with hope.

The Urban Dove

As a part of the Urban Dove organization, the goal of the College All-Stars program is to provide comprehensive early college awareness to nearly 100 high school students through academic advising, test preparation, and one-on-one tutoring.

Woman's Prison Association

Founded in 1845, WPA's mission is to create opportunities for change in the lives of women, families, and communities directly impacted by incarceration.

Daniel's Music Foundation

DMF's mission is to provide a classroom environment that is comfortable, educational, and social for children and adults with disabilities to enjoy, learn and practice music together.

St. Vincent's Services

The foundation approved a grant to support St. Vincent's American Dream Program, which covers all educational expenses for foster youth, including tuition, year-round room and board, and living expenses.

Our Lady of Sorrows Food Pantry

The organizations provides meals for underserved populations in the community such as seniors living with disabilities or life-threatening illnesses and provides a safe haven to seek advisement on health issues.

Row New York

Its Empowering through Rowing and Academics (ERA) Program empowers girls from NYC's under-resourced communities to be successful students through a program of competitive rowing and college-prep focused academic support.

iMentor

iMentor is a high-impact, technology-based mentoring program with a focus on advancing mentees' individual academic goals and career aspirations, connecting 1,200 low income and minority high school students and 1,200 college educated professionals.

Bowery Mission

The Bowery Mission works towards providing a variety of services to NYC's homeless men and women including offering meals, clothing, emergency shelter, medical care, counseling and residential recovery programs.



We look forward to working with you in 2011 and beyond.

CONTACT US

To learn more about Massey Knakal Realty Services, contact one of our four office locations:

MANHATTAN

Representing Manhattan, The Bronx and Westchester County
212.696.2500 | manhattan@masseyknakal.com

BROOKLYN

Representing Brooklyn and Staten Island
718.238.8999 | brooklyn@masseyknakal.com

QUEENS

Representing Queens and Long Island
718.275.3400 | queens@masseyknakal.com

NEW JERSEY

Representing all of New Jersey
201.426.2200 | newjersey@masseyknakal.com

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For more information about this publication, contact
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A Message from the CEO



Friends,

It is with great pride and excitement that I write to you to introduce our “Year in Review” Building Sales Journal. We feel that we owe all of you a great depth of gratitude and appreciation for the business and loyalty with which you provide Massey Knakal. Without your help, we would not be able to continue on our path as the industry leader. In return, we thought a review of Massey Knakal - in terms of sales, leadership, charity and other accomplishments - could give you an idea of what we have accomplished in 2010 and where our company is today.

Within this publication, you will find a message from our Chairman, Bob Knakal, on his thoughts on our economy and how it relates to our real estate market. We highlight news about our firm, such as our exciting entrance into Capital Markets, as well as sales in all of our counties and boroughs that we cover. Following our “work hard, play hard” mentality, we also include some photos from our company gatherings and festivities. The final page of this journal details the many generous grants to

community organizations that were given by our Charitable Foundation in 2010.

Please note that this year-end journal is not a data report; for such data, please refer to our industry-leading Year-End 2010 Property Sales Reports that feature every comparable sale in the fourth quarter for each borough, as well as overall market statistics.

The entire family at Massey Knakal is very excited about 2011. We look forward to continuing the special relationships that we have with many of you and forging new ones as we head into the new year.

Very Truly Yours,

Paul J. Massey, Jr.