

Message from The Chairman

LIFETIME STATISTICS

+\$21.8B

AGGREGATE DOLLAR
VOLUME

+2,321

PROPERTIES SOLD

82M

SQUARE FEET
SOLD

37,000

RESIDENTIAL
UNITS SOLD

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What is The Knakal Map Room?

For those of you who follow me on social media, you may be very familiar with The Knakal Map Room. If not, you may be wondering what the heck it is.

As you know, development site sales have always been a part of my sales practice. However, today, development site sales occupy the majority of my time. One of the components of investment sales brokerage is putting together broker opinions of value (BOVs) for properties that owners are considering selling. When putting BOVs together, it is very important to look at the supply pipeline for properties that will compete with the building that will be built on the land that is being sold.

For decades, I have been frustrated by the lack of clear and comprehensive data relative to the construction pipeline. The most robust data set that exists, is for condo construction yet each of the major residential firms that track that sector produce reports that are vastly different from each other. With respect to rental apartments, hotel rooms and office space, there is virtually no pipeline data that is revealed in any transparent way. Because of this, and

because of how important this metric is when of valuating a development site, for many years I have wanted to go out and do a physical count of the properties under construction, but could never find the time to do it.

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In March of 2020, we were all told to go home for a couple of weeks so the COVID virus could pass us by. My family and I hurriedly headed up to Connecticut to our country house to escape the city due to a rumor that all bridges and tunnels would be shut down to quarantine Manhattan. After about three weeks, it was clear that the city would not get back to normal quickly and I had to drive back into the city to get some things that were left behind in our haste to get out of town.



When I got off the FDR drive and found myself on the east side, it was as if I was in a fiction movie. The city was completely shut down, no stores were open, there were no cars moving on the streets and there were no people walking around.

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After the shock of seeing the city in this condition, it quickly occurred to me that if I was ever going to have an opportunity to do that physical count of buildings under construction, this would be the time.

I called my teammates and ask them to make copies of the Sanborn tax lot map in sections covering all of Manhattan, South of 96th Street on the east side and South of 110th Street on the West side. The following week, I had my partner of more than 20 years, Jon Hageman, pick me up at home and drive up to the east 90s. We parked the car in the middle of the street, got out and walked around for about half an hour with a section of the map and three highlighters: one orange, one green and one yellow. Each building we saw that was under construction was highlighted in green, each development site that appeared to be obviously built to less than 25% of its maximum buildable square footage was highlighted in orange and block front assemblages, that looked like they created a potential opportunity, we're highlighted in yellow.

Four months and 220 hours in the field later, each section of the map, going down to the southern tip of Manhattan, was highlighted and the sections were



all taped together, forming a map that is now 24 feet long and 10 feet wide. The map now resides in The Knakal Map Room which is located in an undisclosed location in midtown Manhattan.

The pipeline is further broken down into two main groups: Those are sites that are “pending” and sites that are “actively under construction.”

Subsequent to finishing the work in the field, thousands of hours were spent researching each of the properties that were highlighted on the map. Since the field work was done, we have tracked every demolition permit, building permit and foundation

permit that has been filed. From this, we have developed a pipeline which we believe is the most accurate construction pipeline that exists in the marketplace. We have divided the pipeline into 5 buckets to correspond to property types: residential rental, residential condo, hotels, offices and a fifth miscellaneous bucket that contains everything that doesn't reside in the first four buckets including retail, healthcare and education.

The pipeline is further broken down into two main groups: those are sites that are “pending” and sites that are “actively under construction”. The pending sites are those purchased by developers and even sites where demolition may have occurred, but excavation and new construction have not started. We actively track construction loans and as soon as the construction loan is obtained for a pending site, it gets flipped into the active bucket. There are also certain thresholds for each property type that will

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transition that particular development from “active” into a “completed” bucket. The accuracy of this pipeline it has tremendous integrity and is critically important in helping us determine the value of development sites today.

Another resource that exists within The Knakal Map Room is the soon to be released Knakal Land Index which is a study of all land sales in this section of Manhattan. When it comes to land, most companies combine all land within a borough and will tell you that last year land traded for \$X per buildable square foot.

To me, that number is completely meaningless as it is equally meaningless to tell you that last year the average pipe price of a peach, a bowling ball and a 2” x 4” was \$11.25. The reason for this is that each sector within the land market operates, for the most part,

autonomously from other sectors. There is only a very small slice of the market that overlaps. Our land index disaggregates all sales into the five buckets mentioned above. We also have this data going all the way back to 1984. This research has taken three years and is now ready to be utilized within our land practice.

The last resource that is available within The Knakal Map Room is our developers database which contains the name and contact information for the developer, co-developer and equity partners, that we are aware of, for every development taking place in the four boroughs (excluding Staten Island) from as small as 4 units up to the largest developments taking place in the city. This developers database is the best resource available when marketing a new site, trying to maximize exposure, and obtaining the highest number of bids and the maximum achievable sale price. This database also includes folks who are newly coming into the marketplace that are interested in purchasing land but have not constructed anything yet.

The Knakal Map Room essentially has every piece of market information you could possibly want relative to the land sale market in Manhattan. If you are interested in coming over for a visit, please call me any time at 917-509-9501.

Within The Knakal Map Room are the following resources for the Manhattan land market:

- A development pipeline of all pending developments.
- A development pipeline of all active developments under construction.
- The Knakal Land Index of all development site sales 1984-present.
- A developer’s buyers database of all active and aspiring developers within NYC.
- The Map – 24’ x 10’ which indicates all of the active, pending and potential sites in the market.