

Neighborhood Expertise... Citywide and Beyond

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COMMERCIAL | RESIDENTIAL

BUILDING SALES JOURNAL

**MASSEY
KNAKAL**

Realty Services

A Commentary on Distressed Assets

Charitable Foundation Update

Recent Building Sales



MESSAGE FROM THE CHAIRMAN



ROBERT KNAKAL
Chairman
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Dear Friends –

A major reason why sales volume is down so much is due to supply constraint, as discretionary sellers feel that it is unwise to sell in this market. But, what about the sellers who have no choice but to sell? Many lenders fall into this category as the need for cash has left many of them seeking conversion of bad loans into capital. Stress has been evident in the market for quite a while so many investors assume that distressed properties should be coming on the market to a significant degree. They have not yet and I will try to explain why this is the case.

As real estate fundamentals have eroded, defaults have been increasing and many lenders have had to put themselves in a position to deal with nonpayments. Many of these lenders have been very busy dealing with balance sheet issues, dealing with regulators and dealing with the government's TARP initiatives. These issues, while very important, had "distracted" lenders from addressing their defaulted loan issues.

It has only been for the past few months that lenders have been figuring out what their exposures are and have been analyzing all of their troubled loans. Workout divisions within the banks have been staffed up and there have been significant enhancements to personnel infrastructure to deal with ever-increasing piles of loan files that need attention. These "distressed" assets have been accumulating in a huge pipeline which is chock-full of distressed properties and until now, these assets have only been trickling into the market.

Massey Knakal has brokered the sale of a few loans thus far in the cycle but is keenly aware of the potential supply which should reach the market in one fashion or another. Within the past seven months, we have provided lenders with valuations of several hundred non-performing loans and their corresponding underlying collateral. Our agents have identified

several hundred additional properties which we believe are likely to go into default based upon the prices that were paid for them over the last few years and the amount of leverage that was placed on them.

There are several types of buyers interested in these properties. Many funds have been established to purchase distressed assets, whether these assets are notes or properties, and the funds have

not been all that active due to the lack of supply that exists. These funds are patiently waiting for their opportunities and these opportunities will come. In addition to the funds, we have seen a resurgence of high net worth individuals and the old-line New York families, that have not been as active as investors backed by institutional capital during the past several years. These were the same buyers who made fortunes buying properties during the early 1990s. We have also seen a resurgence of foreign interest on an individual investor basis. These foreign high net worth investors are coming into the market in numbers not seen since the mid-1980s. We believe this is due to the perception that prices are low and good values can be obtained today.

Distressed assets exist because of prices that were too high, leverage that was too available in great abundance and real estate fundamentals that have deteriorated. We feel that the massive pipeline of these assets will really start to open up during the third quarter of this year and they will present a buying opportunity unlike anything we have seen since the early 1990s. These assets will consequently be a significant component of our marketplace for years to come as some of the distress will be caused by mortgage maturities which are spread over time. As these assets hit the market, investors will find opportunities and we will see market dynamics in which lenders and investors both end up winning. Lenders will be able to convert non-performing assets to cash and investors will beef up their portfolios with great long term assets.

Sincerely,

*Keep up-to-date with Bob's
timely articles and market updates at
www.masseyknakal.com/blog
or at his GlobeSt.com blog "StreetWise."*

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**MASSEY KNAKAL
TRANSACTION DATA**

March - June 2009

MANHATTAN OFFICE

Sales: 30 New Listings: 48

BROOKLYN OFFICE

Sales: 12 New Listings: 45

QUEENS OFFICE

Sales: 13 New Listings: 42

NEW JERSEY OFFICE

Sales: 1 New Listings: 9

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**MASSEY
KNAKAL**
Realty Services

MANHATTAN OFFICE: MANHATTAN – THE BRONX – WESTCHESTER

RECENT TRANSACTIONS



Realty Services

MASSEY KNAKAL SALES:



526-46 EAST 82ND STREET SOLD: \$15.5 MILLION

Neighborhood: Upper East Side
Type: Apartment Building (4)
Lot Size: 147' x 102'
Stories: 6
Square Feet: 58,723
Price Per Square Foot: \$264
Existing # Residential Units: 106
Cap Rate: 6.80%
Gross Rent Multiple: 9.50
Sales Note: Sold in an all-cash transaction.



217-19 WEST 16TH STREET SOLD: \$7.26 MILLION

Neighborhood: Chelsea
Type: Mixed-Use Building (2)
Lot Size: 50' x 92'
Stories: 5
Square Feet: 16,220
Price Per Square Foot: \$448
Cap Rate: 5.08%
Gross Rent Multiple: 12.74
Sales Note: Sold in an all-cash transaction to Chelsea investor who was attracted to upside potential of the rent. Went into contract in less than a month.



329-331 LEXINGTON AVENUE SOLD: \$5.126 MILLION

Neighborhood: Murray Hill
Type: Mixed-Use Building (2)
Lot Size: 47.5' x 80' (aggregate)
Stories: 5, 7
Square Feet: 18,338
Price Per Square Foot: \$280
Cap Rate: 5.39% (projected)
Gross Rent Multiple: 9.72
Sales Note: Closed within 1 week of contract signing in an all-cash transaction.



126 FRANKLIN AVENUE SOLD: \$4.75 MILLION

Neighborhood: Westchester County
Type: Apartment Building
Lot Size: 25,700 SF
Stories: 6
Square Feet: 41,676
Price Per Square Foot: \$114
Existing # Residential Units: 44
Cap Rate: 6.30%
Gross Rent Multiple: 8.50
Sales Note: The New Rochelle building sold in an all-cash transaction to an experienced owner manager in Westchester County and Connecticut.



59 MORTON STREET SOLD: \$3.7 MILLION

Neighborhood: Greenwich Village
Type: Townhouse
Lot Size: 25' x 100'
Stories: 5
Square Feet: 6,680
Price Per Square Foot: \$554
Existing # Residential Units: 5
Sales Note: Built in 1828 for Cornelius Oakley, this house was selected in the 1930s by the Federal Arts project of the Index of American Design as the most outstanding example of late Federal style in New York City. Sold in an all-cash transaction.



121 LUDLOW STREET SOLD: \$3.45 MILLION

Neighborhood: Lower East Side
Type: Commercial Building
Lot Size: 19' x 88'
Stories: 3
Square Feet: 4,560
Price Per Square Foot: \$756
Cap Rate: 4.35%
Sales Note: The completely renovated building sold in an all-cash transaction to a local investor.

MANHATTAN OFFICE: MANHATTAN – THE BRONX – WESTCHESTER

RECENT TRANSACTIONS



Realty Services

MASSEY KNAKAL SALES:



1624 YORK AVENUE SOLD: \$2.75 MILLION

Neighborhood: Upper East Side
Type: Apartment Building
Lot Size: 17' x 73.5'
Stories: 3
Buildable Square Feet: 12,495
Price Per Buildable Square Foot: \$220
Sales Note: Delivered vacant in an all-cash transaction to the next-door neighbor for its development potential.



145 EAST 37TH STREET SOLD: \$2.275 MILLION

Neighborhood: Murray Hill
Type: Townhouse
Lot Size: 14' x 98.75'
Stories: 5
Square Feet: 3,850
Price Per Square Foot: \$591
Sales Note: Sold in an all-cash transaction to a neighborhood owner.



1474 THIRD AVENUE SOLD: \$1.7 MILLION

Neighborhood: Upper East Side
Type: Commercial Condos (3)
Square Feet: 1,015
Price Per Square Foot: TBD
Cap Rate: 10.29%
Sales Note: Sold in an all-cash transaction. Of the three units, two are leased until August 2012 while the third is vacant.



1341 GARRISON AVENUE SOLD: \$1.6 MILLION

Neighborhood: Hunt's Point, The Bronx
Type: Commercial Building (Garage)
Lot Size: 101' x 117'
Stories: 1
Square Feet: 15,155
Price Per Square Foot: \$106
Sales Note: Prime Hunt's Point property sold to a user for industrial purposes.



585-587 WALES AVENUE SOLD: \$1.3 MILLION

Neighborhood: Melrose, The Bronx
Type: Industrial / Conversion
Lot Size: 49' x 105'
Stories: 5
Square Feet: 25,000
Price Per Square Foot: \$52
Sales Note: Delivered vacant to a developer.



1117-19 INTERVALE AVENUE SOLD: \$850,000

Neighborhood: Morrisania, The Bronx
Type: Development Site
Lot Size: 75' x 120.57'
Buildable Square Feet: 31,841
Price Per Buildable Square Foot: \$27
Sales Note: Sold in an all-cash transaction to a developer planning to build senior citizen housing.

BROOKLYN OFFICE:

BROOKLYN – STATEN ISLAND

RECENT TRANSACTIONS



Realty Services

MASSEY KNAKAL SALES:



333 OVINGTON AVENUE SOLD: \$11.225 MILLION

Neighborhood: Bay Ridge
Type: Apartment Building
Lot Size: 170' x 172'
Stories: 6
Square Feet: 92,224
Price Per Square Foot: \$122
Existing # Residential Units: 119
Cap Rate: 6.00%
Gross Rent Multiple: 9.00
Sales Note: Sold in an all-cash transaction after three generations of family ownership. Represented the largest Brooklyn sale of the year to-date.



2632 EAST 14TH STREET SOLD: \$1.775 MILLION

Neighborhood: Sheepshead Bay
Type: Commercial Building
Lot Size: 27' x 100'
Stories: 2
Square Feet: 7,250
Price Per Square Foot: \$245
Sales Note: The newly constructed office building sold in an all-cash transaction. The buyer will expand their full-service healthcare management facility to this location.



2168 86TH STREET SOLD: \$1.68 MILLION

Neighborhood: Bensonhurst
Type: Commercial Building
Lot Size: 19' x 100'
Stories: 2
Square Feet: 2,945
Price Per Square Foot: \$570
Cap Rate: 4.56%
Sales Note: Sold in an all-cash transaction. Occupied by NYC Off-Track Betting.



3379-3381 SHORE PARKWAY SOLD: \$1.67 MILLION

Neighborhood: Sheepshead Bay
Type: Industrial Building (2)
Lot Size: 76' x 95'
Stories: 2, 1
Square Feet: 7,965
Price Per Square Foot: \$210
Sales Note: Sold in an all-cash transaction. Delivered vacant to a dental lab relocating from a rental location.



7625 FIFTH AVENUE SOLD: \$1.45 MILLION

Neighborhood: Bay Ridge
Type: Mixed-Use Building
Lot Size: 21' x 80'
Stories: 4
Square Feet: 6,720
Price Per Square Foot: \$216
Cap Rate: 7.12%
Gross Rent Multiple: 9.83
Sales Note: Sold in an all-cash transaction.

BROOKLYN OFFICE:

BROOKLYN – STATEN ISLAND

RECENT TRANSACTIONS



Realty Services

MASSEY KNAKAL SALES:



855-861 HUMBOLDT STREET SOLD: \$1.35 MILLION

Neighborhood: Greenpoint
Type: Industrial Property
Lot Size: 111' x 69'
Stories: 1
Square Feet: 8,315
Price Per Square Foot: \$162
Sales Note: Delivered with approximately 1,000 square feet vacant to a user. The remaining tenants paid \$3,000/month and \$2,850/month with lease expirations in 2009 and 2010 respectively.



21 GREENPOINT AVENUE SOLD: \$1.32 MILLION

Neighborhood: Greenpoint
Type: Mixed-Use Building
Lot Size: 20' x 95'
Stories: 3
Square Feet: 3,500
Price Per Square Foot: \$377
Sales Note: Sold in all-cash transaction, delivered vacant. There are also approximately 1,117 square feet of available air rights associated with the property which allows for the possibility of future development.



2174 86TH STREET SOLD: \$1.2 MILLION

Neighborhood: Bensonhurst
Type: Commercial Building
Lot Size: 19' x 100'
Stories: 2
Square Feet: 2,090
Price Per Square Feet: \$574
Cap Rate: 3.19%
Sales Note: The building was occupied delivering a total annual rent of approximately \$57,000 which is below market rate. One lease expires in December 2009 and the other in August 2011. Sold in an all-cash transaction.



211-217 COOK STREET SOLD: \$1.15 MILLION

Neighborhood: Williamsburg
Type: Industrial Building (3)
Lot Size: 100' x 100'
Stories: 1
Square Feet: 20,000
Price Per Square Foot: \$58
Sales Note: Delivered vacant to a user in an all-cash transaction. Closed in two weeks.



101-103 BOERUM PLACE SOLD: \$825,000

Neighborhood: Boerum Hill
Type: Residential Development Site (2)
Lot Size: 40' x 60'
Buildable Square Feet: 5,280
Price Per Buildable Square Foot: \$156
Sales Note: Sold in an all-cash transaction.

RECENT TRANSACTIONS



Realty Services

MASSEY KNAKAL SALES:



108-21 72ND AVENUE
SOLD: \$2 MILLION

Neighborhood: Forest Hills
Type: Mixed-Use Development Site
Lot Size: 21' x 130'
Stories: 2
Buildable Square Feet: 10,452
Price Per Buildable Square Foot: \$191
Sales Note: Sold to a developer who wants to convert it to a private school.



143-28 CHERRY STREET
SOLD: \$1.825 MILLION

Neighborhood: Flushing
Type: Apartment Building
Lot Size: 50' x 101'
Stories: 4
Square Feet: 12,915
Price Per Square Foot: \$141
Existing # Residential Units: 20
Cap Rate: 6.50%
Gross Rent Multiple: 9.00
Sales Note: Went into contract within two weeks of marketing.



89-20 NORTHERN BOULEVARD
SOLD: \$1.19 MILLION

Neighborhood: Flushing
Type: Mixed-Use Building
Lot Size: 20' x 100'
Stories: 3
Square Feet: 4,920
Price Per Square Foot: \$242
Cap Rate: 5.40%
Gross Rent Multiple: 9.00
Sales Note: Received over 25 offers. Sold to the current retail tenant (grocery) in an all-cash transaction.



35-20-22 102ND STREET
SOLD: \$1.025 MILLION

Neighborhood: Corona
Type: Apartment Building (2)
Lot Size: 50' x 100'
Stories: 2
Square Feet: 8,600
Price Per Square Foot: \$119
Existing # Residential Units: 12
Cap Rate: 9.30%
Gross Rent Multiple: 7.50
Sales Note: Sold in an all-cash transaction.



82-18 ROCKAWAY BOULEVARD
SOLD: \$850,000

Neighborhood: Jamaica
Type: Commercial Building
Lot Size: 75' x 40'
Stories: 1
Square Feet: 3,000
Price Per Square Foot: \$283
Cap Rate: 7.50%
Sales Note: NNN leased garage leased by a franchised quick lube oil change tenant. Sold in an all-cash transaction by an investor who owned it for 30+ years.



968-976 FULTON STREET
SOLD: \$800,000

Neighborhood: Nassau County
Type: Commercial Building
Lot Size: 100' x 123'
Stories: 1
Square Feet: 5,550
Price Per Square Foot: \$144
Cap Rate: 5.00%
Sales Note: Seller offered financing for this Farmingdale property, enabling the sale.

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JONATHAN HAGEMAN

President - Massey Knakal
Charitable Foundation

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The Massey Knakal Charitable Foundation is dedicated to the support of local educational, family and other community-oriented charitable causes primarily within New York City and the Tri-State area. In addition to providing these charities with direct grants, the Foundation will organize volunteer efforts to benefit them with its time and energy. If you would like to make a tax-deductible donation to the Foundation or if you represent a charity whose objectives fit with the Foundation's stated mission, please contact Jonathan Hageman.

Massey Knakal Charitable Foundation Update

Below is a partial list of some of the grants the MKCF has recently funded:

Covenant House

The MK Charitable Foundation provided a grant to Covenant House's Rights of Passage Transitional Assisted Living Program. Covenant House provides services to over 6,800 (unduplicated) teenagers and young adults, providing stability in disadvantaged lives that have grown accustomed to uncertainty. The organization is a pioneer of providing effective programs to this population and remains committed to empowering kids towards economic independence. The goal of the program is to not only provide homeless youth with a safe haven off of the streets, but to help them develop the educational, vocational and social skills needed to become independent and productive members of the community.

Center for Family Representation

The organization serves over half of Manhattan's most vulnerable families in Family Court through a multi-year contract with the City of New York. In addition to basic advocacy provided under contract, CFR provides essential services to families before any court involvement, critical social work

and parent advocate assistance, and continued services to families once a family is reunified - which is often critical to preventing future foster care placements. The MK Charitable Foundation grant was awarded for the Community Advocacy Teams (CAT) Program to prevent and shorten foster care placements for families in NYC and to provide them with access to critical services and advocacy that promotes long term security and stability for both parents and their children.

Momma's House

For the past 23 years, Momma's House has been providing pregnant or parenting woman (age 17-24) with a stable living environment: one where she can learn the necessary and practical skills to become an independent working parent. 100% of the families served are either homeless or severely economically disadvantaged and, to date, over 325 families have been through the program. The MK Charitable Foundation grant awarded is to provide for child care to resident children while their mothers attend school, training and/or work.

Safe Space

Originally incorporated in 1919 as the Queensboro Society for the Prevention of Cruelty to Children, Safe Space works with some of New York City's most at-risk children and families to prevent foster care placement, build strong families and promote self sufficiency. The MK Charitable Foundation grant awarded will help fund the "Steps To Success" program which is a comprehensive career development program. The program's primary objective is to address the issue of unemployment by providing hard computer skills and job readiness training while facilitating job searches and - ultimately - the acquisition and retention of employment for these youth.

The HOPE Program

HOPE, started in 1984, 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, and uses their findings to inform their model, train others, and educate policy makers. Today the program services over 700 impoverished New Yorkers annually and has helped thousands since its inception. The grant awarded will go to growing the program's success and reach while also allowing for in-depth analysis of their success in order to replicate the HOPE model in other disciplines. The MK Charitable Foundation grant awarded will go to growing the program's success and reach while also allowing for in-depth analysis of their success in order to replicate the HOPE model in other disciplines.



MASSEY KNAKAL'S ANNUAL PICNIC

On Thursday June 17th, Massey Knakal held its annual picnic in Westchester County for employees and their families and friends. Although rain and thunderstorms brought the barbeque inside, spirits remained high. A live band, magicians and face painters kept both children and adults entertained. The night culminated with speeches recognizing Upper West Side sales agent Meyrick Ferguson, who is leaving Massey Knakal after 10 years to return to England.



Cynthia, Sophie and Bob Knakal



Nora, Meyrick and Caroline Ferguson with Paul Massey



Massey Knakal employees and family listening to the tribute to Meyrick Ferguson



Dan Hagan, Cory Rosenthal, Paul Smadbeck, Jonathan Hageman



Al Holloman, Tom Donovan, Landon McGaw, Stephen Preuss



Joseph Sitt assumes face-painting duties



Brock Emmetsberger, Gia LaMarca, Guthrie Garvin



Mark Lively and Robert Burton



Jonathan Berman and Shimon Shkury



Nancy Guo, Mike Tortorici, Ivan Petrovic, Enkeleda Gjenci, Shimon Shkury, Chris Lefferts, Vic Sozio



Matt Parvin, Phil Huang, Paul Trupia



Geoffrey Bailey and Ed Gevinski

CONTACT US

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

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MESSAGE FROM THE CEO



Dear Friends –

Many people have asked us how we are helping our top sales people as the market goes through this significant adjustment. “How is morale?” they ask.

Happily, thanks to the dedication and resilience of our “best in class” sales force, morale at the firm is at a high-water mark. Our sales staff understands that there is a significant opportunity for us (and our valued clients) imbedded in the current transition. Our salespeople have chosen to work harder, which is producing significant gains in our New York metropolitan area market share.

Two key players on our Senior Management team, Managing Directors Ken Krasnow and Kyle Mast deserve particular thanks and recognition for their initiatives and support of our sales force.

Ken Krasnow is a twenty year real estate industry veteran who has brought a fresh perspective to Massey Knakal. Ken’s primary focus is on our outer boroughs and Long Island operations,



and he has also played a significant role in company-wide initiatives involving marketing and public relations. Specifically, under Ken’s guidance, our marketing department, armed with cutting edge technology, has re-engineered the way we communicate with investors by providing them with acquisition opportunities fitting their exact buying criteria.



Kyle Mast is a “homegrown” product of the Massey Knakal family. He began work at the firm (directly after graduating from University of Michigan) as a member of partner Shimon Shkury’s Northern Manhattan sales team. From there he was promoted to Sales Manager and last year to Managing Director and Senior Management Member with specific focus on our Manhattan, New Jersey, Bronx and Westchester operations. Kyle has also revamped the firm’s market research functions by assembling a team within the firm to provide “real time” detailed comparable sales data and analysis at precisely a point in time when most professionals and investors are in need of our guidance.

We look forward to the continued support and leadership of Ken and Kyle. They are currently working in tandem studying new initiatives that may significantly expand the footprint of Massey Knakal in all of the markets that we currently serve.

Very truly yours,

A handwritten signature in cursive script that reads "Paul".