

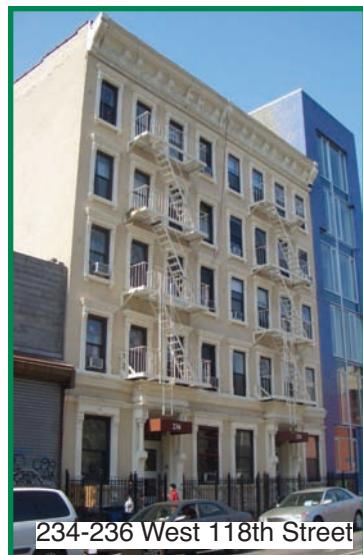
COMMERCIAL | RESIDENTIAL

## BUILDING SALES JOURNAL

**MASSEY  
KNAKAL**  
 Realty Services

# Massey Knakal Sells ‘The New 118th Street Portfolio’ In Northern Manhattan For \$54,000,000

Twenty-one walk-up apartment buildings dubbed “**The New 118th Upper Manhattan Portfolio**” in Northern Manhattan were sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$54,000,000**. Massey Knakal was exclusively retained by Richard Wasserman, Esq., trustee for the Bankruptcy Court. The properties include: **463-467 West 159th Street; 2180-2182 Amsterdam; 503-507 West 176th Street; 531 West 179th Street; 704 West 180th Street; 559-561 West 183rd Street; 510-524 West 184th Street; 507 West 184th Street; 515 West 184th Street; 516-520 West 188th Street; 283-285 Audubon Avenue; 70-72 Pinehurst; 500 West 190th Street; and 234-236 East 118th Street**. They are located in Washington Heights and Central Harlem. **Combined, the properties contain approximately 418,230 square feet** including 500 residential apartments, five super units and 12 commercial units. Twenty of the properties are five-story buildings while the remaining building has six stories. A vast majority of the units are subject to rent regulation and are operating at well below market levels. All 21 properties are within a close vicinity to transportation links and recreational amenities, making them highly desirable within their respective neighborhoods.



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# MASSEY KNAKAL NEWS

## MANHATTAN

### MESSAGE FROM THE CHAIRMAN

Dear Friends,

The first thing I would like to say is that \$700 billion rescue plan should **not** have been called a "bailout." Secretary Paulson, Chairman Bernanke and the present administration could have done a much better job of conveying the rationale for this plan, its importance to the American people and the implications for the world's financial markets. That said, it is thought that this plan will provide liquidity to the credit markets from which the real estate market would benefit. **Strengthening balance sheets of financial institutions holding toxic assets will be achieved, but will it solve the credit crisis? I am not convinced.** We have a significant credit problem in which banks have been put in the position of hoarding cash and essentially not trusting each other. All market segments have been affected, but to varying degrees. **There is no doubt we are in a recession and have been for awhile.** Consumer spending is down and consumer confidence is as low as it has been in recent memory. Corporate profits are down and this is evidenced by the big increases in unemployment we have seen recently. With any growth phase interruption you get a corresponding re-pricing of assets, **so we will see building prices fall. The question is to what degree?** A successful plan to stabilize the U.S. economy and prevent a deep global recession must do more than buy back toxic debt from financial institutions. It must address the fundamental cause of the crisis which is the downward spiral of house prices that devastates household wealth and destroys the capital of financial institutions that hold the mortgages, mortgage backed securities and the various derivative instruments tied to the housing market. Financial institutions need to be stabilized and this process has begun. Housing prices need to bottom out and the hangover of inventory must be absorbed. The banking system needs to be recapitalized and banks need to regain their appetite to lend money. **While we don't know how long it will last, there are indicators we are looking at which can indicate we are hitting the bottom of the cycle.** The first will be when we see two or three quarters go by when banks are not forced to raise capital. The second will be watching leveraged loan spreads. The third item are credit default swap premiums. These premiums have also been extraordinarily high and are indicative of the confidence that the marketplace has in financial institutions. When these premiums start to moderate, it will be a good indication that things will be turning around.



Robert Knakal

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### MASSEY KNAKAL SELLS LOWER EAST SIDE DEVELOPMENT SITE

A 91' x 75' development site at **154 Delancey Street** on the Lower East Side of Manhattan was sold by Massey Knakal

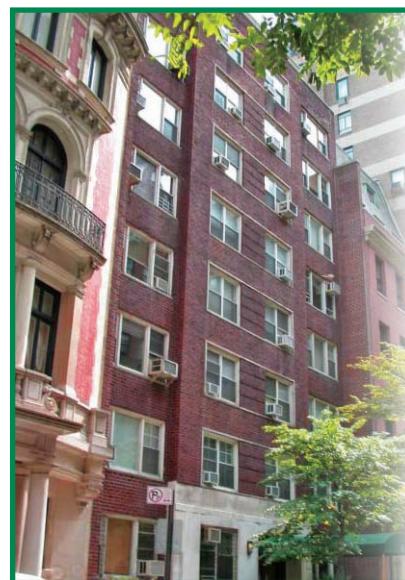


Realty Services in an **all-cash transaction valued at \$15,750,000.** The property is located on the north side of Delancey between Clinton and Suffolk Streets. Based on the C6-2A proposed zoning

(current zoning is C6-1), it contains approximately **47,706 buildable square feet.** Recent retail rents on the north side of Delancey have exceeded \$125 per square foot, while condo comps are approaching \$1,500 per square foot. **The property sold for \$330.15 per buildable square foot** to a well-known hotel developer from Queens.

### UPPER EAST SIDE APARTMENT BUILDING SOLD

An elevated apartment building steps from the Guggenheim Museum and Central Park at **11 East 88th Street** on



Manhattan's Upper East Side was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$19,000,000.** The 50-foot-wide, eight-story property is located on the north side of East 88th Street between Fifth and Madison Avenues. Built in 1954, the property is comprised of 25 units, 12 of which are rent stabilized, another 12 that are free market and one office. The layout is a mix of junior three-bedrooms, two-bedrooms, one-

bedrooms and studios. Three of the units were vacant at closing. **The property contains approximately 27,464 square feet. It sold for \$691.81 per square foot** to a Manhattan investor.

## CHELSEA DEVELOPMENT SITE SOLD

Massey Knakal Realty Services has sold a 50-foot-wide development site at **124-126 West 23rd Street** in Manhattan's Chelsea neighborhood in an **all-cash transaction valued at \$19,333,875**. The site contains approximately **15,769 square feet** and is comprised of two 25-foot-wide, five-story loft buildings. It is located near the Chelsea Stratus, a new mixed-use development where only a handful of the 199 residential units remain.



**As-of-right zoning** will allow for the construction of a **44,437 square foot structure**. The purchase price included an additional **7,120 square feet of air rights**, transferred from a shared zoning lot containing the 15-story Milan apartment building. **Total buildable is 51,557 square feet** and will support a mixed-use rental or condo building with ground floor commercial space. The property sold for \$375 per buildable square foot to a Manhattan investor.

## MASSEY KNAKAL SELLS SOHO COMMERCIAL PROPERTY

Massey Knakal Realty Services has sold a three-story commercial property at **180-182 Bowery** in Manhattan's SoHo neighborhood in an **all-cash transaction valued at \$11,775,000**. The 50-foot-wide property is located on Bowery between Spring and Kenmare Streets. The property contains



**approximately 10,750 square feet, but has a buildable square footage of approximately 30,000 square feet**. It falls in the Little Italy Special Use District with potential for commercial, residential and community facility use. The property sold for \$392.50 per buildable square foot to a Manhattan investor.

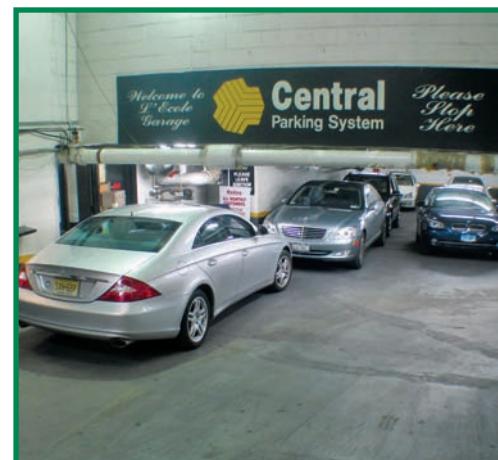
## MASSEY KNAKAL SELLS SOHO APARTMENT BUILDING

A six-story, 50-foot-wide loft building at **231 Bowery** in Manhattan's SoHo neighborhood was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$18,600,000** after more than four years on the market. The property is located on the east side of Bowery between Stanton and Rivington Streets next to the newly built New Museum of Contemporary Art. The fireproof loft building contains approximately **47,067 square feet**. With the exception of three rent stabilized artist spaces, the

property will be delivered vacant six months from closing as the seller relocates. **It sold for \$395.18 per square foot** to a Manhattan non-profit organization.

## UPPER EAST SIDE PARKING GARAGE SOLD

Massey Knakal Realty Services has sold a Central Parking System parking garage at **212 East 47th Street/211 East 46th Street** in Midtown East Manhattan in an **all-cash transaction valued at \$11,500,000**. The two-level lot is located on both 46th and 47th Streets between 2nd and 3rd Avenues. It contains 105 legal parking spaces, but has potential for 165



**spaces. The lot contains approximately 24,500 square feet**. The posted monthly rate for a vehicle is just over \$500 a month. Central Parking's lease, which has no renewal options, expires May 31, 2009. **The property sold for \$469.39 per square foot** to a Long Island parking company.



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## MASSEY KNAKAL SELLS MIXED-USE SHEEPSHEAD BAY PROPERTY

A mixed-use property with three commercial spaces and four two-bedroom apartments at **2201 Avenue X** in the Sheepshead Bay section of Brooklyn was sold by Massey Knakal Realty Services in an **all-cash transaction**



Ocean Avenue. Two of the commercial units and three of the apartments were delivered vacant. One of the vacant stores was a pizza restaurant which was sold equipped with high end fixtures and a brick oven. The property contains approximately 5,200 square feet. It sold for \$182.69 per square foot to a Staten Island investor.

## BORO PARK APARTMENT BUILDING SOLD

A four-story apartment building with ground floor retail at **1207 49th Street** in the Boro Park section of Brooklyn was sold by Massey Knakal Realty Services in an **all-cash transaction** valued at \$6,250,000.

The 100-foot-wide property, also known as **4813 12th Avenue**, contains 36 residential units and seven commercial units over approximately 36,000 square feet. The rent stabilized building has an

average rent of \$760 per month. The property is just one block from the 13th Avenue retail corridor, considered the main retail artery serving the Boro Park community. The transaction occurred at a capitalization rate of 5.55% and a gross rent multiple of 11.67. The property sold for \$173.61 per square foot.



## SHEEPSHEAD BAY COMMERCIAL BUILDING SOLD

A 51-foot-wide commercial building at **1733 Sheepshead Bay Road** in the Sheepshead Bay section of Brooklyn was sold by

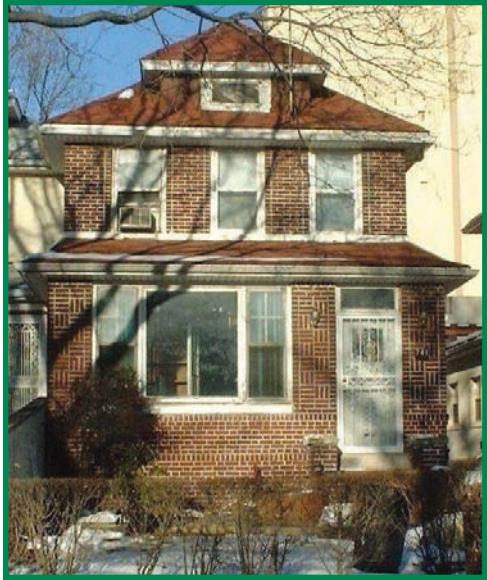


Massey Knakal Realty Services in an **all-cash transaction** valued at \$3,100,000. The one-story building, also known as The Bay News Building, is located one and a half blocks from the Belt Parkway entrance and from the B/Q subway station. It contains approximately 9,843 square feet. The property was most recently used as an office and was delivered vacant. It closed at \$314.94 per square foot to a Brooklyn investor who plans to lease the space.

## DEVELOPMENT SITE SOLD

Massey Knakal Realty Services has sold a 26' x 118' former condo development site at **741 Ocean Parkway** in Brooklyn in

an **all-cash transaction valued at \$1,000,000**. The site is located on Ocean Parkway between Foster and Parkville Avenues. The property is zoned R7A and lies within the Special Ocean Parkway District, **allowing for approximately 10,940 square feet of residential construction.**



Currently, there is a one-family home on the property. It sold for **\$91.41 per buildable square foot** to a Brooklyn user.

## BORO PARK MIXED-USE PROPERTY SOLD BY MASSEY KNAKAL

Massey Knakal Realty Services has sold a three-story, mixed-use property at **1340 60th Street** in the Boro Park section of

Brooklyn in an **all-cash transaction valued at \$1,275,000**. The 40' x 100' building is located on the south side of 60th Street between 13th Avenue and New Utrecht Avenue. It contains one commercial unit on the ground floor that was last used by a cabinet maker and two residential apartments on the upper two floors.



The building was delivered vacant. The property contains approximately **5,880 square feet**. It sold for **\$216.84 per square foot**.

## BED-STUY DEVELOPMENT SITE SOLD

Massey Knakal Realty Services has sold a 20-unit, mixed-use building at **192-194 Malcolm X Boulevard** in the Bedford-Stuyvesant section of Brooklyn in an **all-cash transaction valued at \$1,335,000**. The

50' x 88' property is located between Madison Street and Putnam Avenue. It contains two stores and 18 residential units, three of which were delivered vacant. The apartments are a mix of one- and two- bedrooms and most are in good condition. The property

contains approximately **17,600 square feet**. It sold for **\$75.85 per square foot**.

## BAY RIDGE MIXED-USE PROPERTY SOLD

A mixed-use property with a ground floor store and a four-bedroom duplex at **8612 3rd Avenue** in the Bay Ridge section of Brooklyn was sold by

Massey Knakal Realty Services in an **all-cash transaction valued at \$1,275,000**. The 20-foot-wide property is located on the west side of 3rd Avenue between 86th and 87th



Streets. It contains approximately **3,700 square feet** including the national franchise tenant Carvel/Cinnabon on the ground floor and a **2,000 square foot duplex** with two door balconies, a full granite kitchen, four bedrooms and two full bathrooms. The building recently underwent major renovations and has a new basement with two bathrooms. The Carvel/Cinnabon lease expires in 2013, with one 10-year renewal option. The property sold for **\$350 per square foot** to a Brooklyn investor.



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We congratulate Massey Knakal  
 on their 20th Anniversary

## MASSEY KNAKAL SELLS MASPETH COMMERCIAL PROPERTY

A one-story commercial property at **59-27 Grand Avenue** in the Maspeth section of Queens was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$350,000**. The



60' x 34' irregular lot is located at the northwest corner of Grand and 58th Avenue. **It contains approximately 1,200 square feet**, and was delivered vacant at closing. **It sold for \$291.67 per square foot** to an electrical contractor.

## MASSEY KNAKAL SELLS RIDGEWOOD APARTMENT BUILDING

A six-unit apartment building at **1673 Gates Avenue** in the Ridgewood section of Queens was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$763,500**. The 27.5 x 58 building is located on the north side of Gates Avenue between Cypress and St. Nicholas Avenues. The property includes six two-bedroom apartments and a gated driveway that can fit up to four cars. Of the six units, five are rent stabilized and one is rent controlled. Three were delivered vacant at the closing.

The property contains approximately **5,600 square feet**. The property sold for **\$136.34 per square foot** to a Long Island investor with plans to renovate the vacant units and rent them at market rents.

## LONG ISLAND CITY INDUSTRIAL PROPERTY SOLD

A two-story industrial building at **32-47 Queens Boulevard** in the Long Island City section of Queens was sold by Massey Knakal Realty Services in an **all-cash transaction valued at \$3,800,000**.



The 100' x 100' property is located at the northwest corner of Queens Boulevard and 33rd Street. The building boasts high ceilings, two separate entrances and 14 offices in addition to the manufacturing space. **It contains approximately 14,375 square feet**. The property is equipped with two, drive in roll up drawers. **It sold for \$264.35 per square foot** to a Queens developer with plans to level the warehouse to construct a new 60-room hotel.

## MASSEY KNAKAL SELLS MIXED-USE ASTORIA BUILDING

Massey Knakal Realty Services has sold a three-story, mixed-use building at **30-59 Steinway Street** in the Astoria section of Queens in an **all-cash transaction valued at \$6,100,000**. The 37' x 62' property is located on the east side of Steinway



Street between 30th and 31st Avenues. The building contains two stores – a Stylos and a Sleepys – a parking lot, warehouse and 12 apartments (three studios, six one-bedrooms and two three-bedrooms). The rent on both stores will increase in December. **The property contains approximately 13,968 square feet. It sold for \$436.71 per square foot** to a New York investor.

## FAR ROCKAWAY OFFICE BUILDING SOLD

An immaculate five-story office building at **1600 Central Avenue** in the Far Rockaway section of Queens was sold by Massey Knakal Realty Services in an

**all-cash transaction valued at \$12,150,000.** The 65' x 100' building is located on the north side of Central Avenue between Mott Avenue and Bayport Place, minutes from the prestigious Five



Towns area of Long Island. The building contains one passenger elevator, one freight elevator and **contains approximately 36,312 square feet**. It's currently 90% leased, and the seller plans to lease back the remaining space for 12 months upon closing. The property also has secure parking for 74 vehicles. **The property sold for \$334.60 per square foot** to a 1031 Exchange buyer from Brooklyn.

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## MASSEY KNAKAL SELLS ELMHURST APARTMENT BUILDING

A six-story, elevatored apartment building at **86-11 Whitney Avenue** in the Elmhurst section of Queens was sold by Massey Knakal Realty Services in an

**all-cash transaction valued at \$11,175,000.** The 92' x 153' irregular property is located at the northeast corner of Whitney Avenue and Macnish Street. It consists of 90 units broken down into 90 units – 17

studios, 48 one-bedrooms, 24 two-bedrooms and a super's unit. It also features twin elevators and an indoor parking garage for 19 vehicles. **The transaction occurred at a capitalization rate of 4.37% and a gross rent multiple of 12.01. The property sold for \$134.98 per square foot** to a Westchester investor.



# THE BRONX/NORTHERN MANHATTAN

## HARLEM DEVELOPMENT SITE SOLD

Massey Knakal Realty Services sold a large Central Harlem development site at **221-25 West 116th Street** in Harlem in a



transaction valued at **\$3,650,000**. With 75 feet of frontage along West 116th Street between St. Nicholas and Frederick Douglass Boulevards. The property consists of an existing 3-story, **8,500 square foot commercial building** that was delivered vacant. The owner had approved plans to develop a **23,000 square foot mixed-use building**, but the buyer, who runs his own commercial lighting business, plans on using the existing structure for himself.

## BRONX APARTMENT BUILDING SOLD

Massey Knakal Realty Services has sold a 40-family, vacant apartment building at **2460 Belmont Avenue** in the Bronx in an **all-cash transaction** valued at

**\$8,581,000**. The 72' x 100' newly constructed property is completely vacant. The building contains approximately 45,000 square feet and includes video intercom phones, a full sprinkler system and is fully abated for 25 years. It sold for **\$190.69 per square foot** to a private investor from Long Island.



## ALLERTON APARTMENT BUILDING SOLD

Massey Knakal Realty Services has sold a 17-unit apartment building with three stores on the ground floor at **3507 Laconia Avenue** in the Allerton section of the North Bronx in an **all-cash transaction** valued at

**\$1,725,000**. The 50' x 90' building, also known as 1053 East Gun Hill Road, is a four-story, walk-up apartment building with a recently renovated lobby and three commercial

stores on the ground floor, a short walk to the 2 and 5 MTA trains. It contains approximately **20,081 square feet**. The property sold for **\$85.90 per square foot** to a well-known Queens investor.

## EAST MORRISANIA DEVELOPMENT SITE SOLD

Massey Knakal Realty Services has sold a triangle-shaped vacant lot at **1301-1315 Southern Boulevard** in the East Morrisania section of the Bronx in an **all-cash transaction** valued at **\$875,000**.

The 127' x 157' irregular lot is located at the corner of Southern Boulevard and Louis Nine Boulevard. The zoning is residential with a commercial overlay, allowing for approximately 22,597 buildable residential square feet or 13,138 buildable commercial square feet. Preliminary plans exist for five two-family homes. The property sold for **\$38.72 per buildable square foot** to a Brooklyn developer with plans to build a commercial property he will rent.





**MASSEY  
KNAKAL**

Realty Services

## New York City Income Property Market Report First Half 2008

Prepared By:

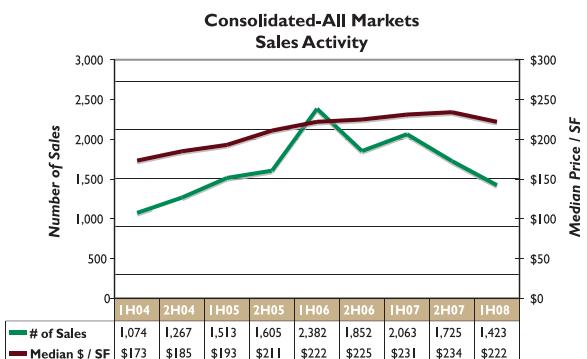
**MILLER CICERO, LLC**  
Real Estate Advisory Services

	Manhattan	Northern Manhattan	Bronx	Brooklyn	Queens
<b>WALK-UP APARTMENT (C)</b>					
CAP RATE	4.8%	6.1%	7.4%	6.6%	6.2%
GIM	14.6	10.5	7.3	9.7	11.4
PRICE/SF	\$599	\$211	\$99	\$181	\$204
NO. OF SALES	84	59	108	340	161
<b>ELEVATOR APARTMENT (D)</b>					
CAP RATE	3.8%	5.0%	7.3%	5.5%	4.5%*
GIM	15.4	11.6	7.8	9.3	11.5
PRICE/SF	\$532	\$149	\$73	\$108	\$190
NO. OF SALES	26	14	39	36	6
<b>MIXED-USE (K/S)</b>					
CAP RATE	4.8%	NA	NA	6.6%	7.0%
GIM	17.0	NA	NA	10.5	10.5
PRICE/SF	\$1,135	\$306	\$235	\$262	\$298
NO. OF SALES	85	5	48	248	150

Incorporating only closed sales from the first six months of 2008, this report reflects the impact of the “credit crunch” that began late in 2007. The total number of sales in the first half of 2008 was down 31% from the same period last year (and down 18% from the prior six month period). The biggest declines were realized in Northern Manhattan, which saw a decline of 63%, and in the Bronx, which declined 42%. The number of Manhattan sales declined by 36%. Queens and Brooklyn were the most stable, with more moderate declines of 18% and 22%, respectively. The turnover rate during this period was 1.1%, down from 1.4% during the second half of 2007.

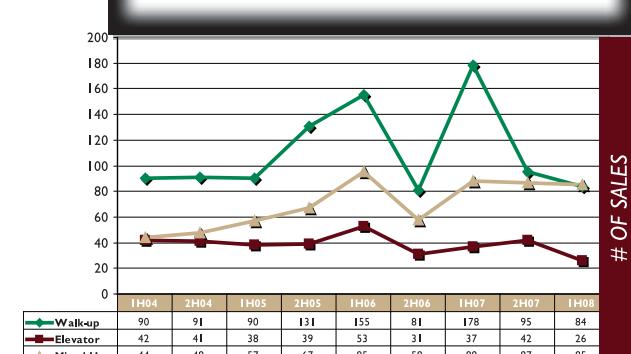
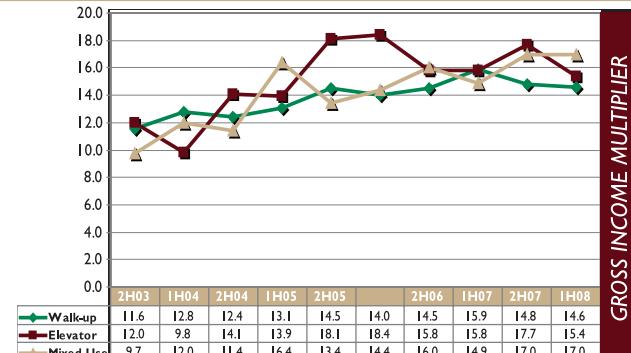
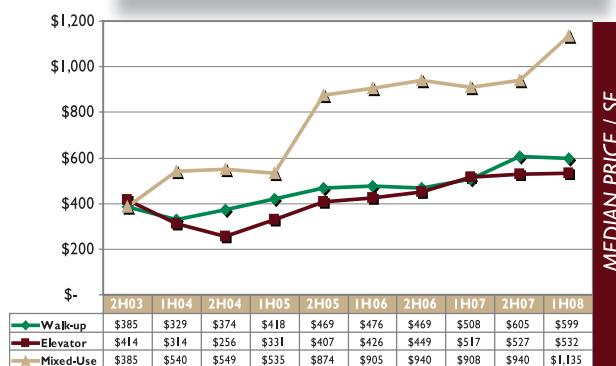
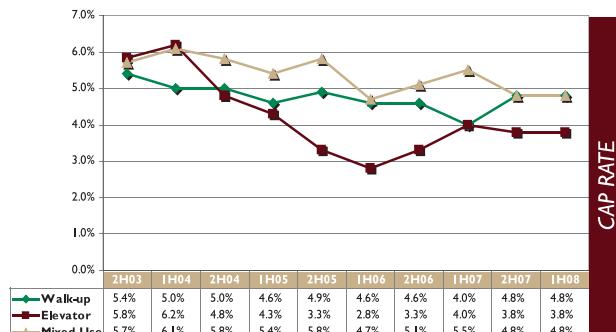
Though underwriting may be more conservative, this decline in sales volume is a function of lack of inventory, rather than lack of demand. The underlying rental market remains strong and investors continue to be interested in such property, but supply is constrained.

The consolidated median price per square foot across markets declined to \$222, down 5% from the prior six month period. Similarly, the median cap rate (across all sectors) inched up slightly to 5.8% from 5.5% the prior period, while the median GIM slipped from 12.4 to 11.5. These indices are market-wide; some sectors, like Manhattan, Brooklyn and Queens, showed stable pricing, while declines were evident in Northern Manhattan and the Bronx. This appears to reflect the “flight to quality” that typically occurs during periods of uncertain market conditions.



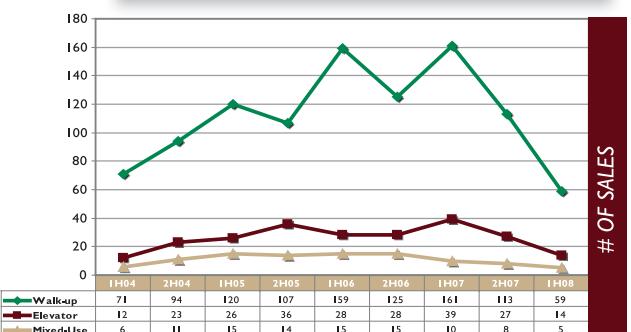
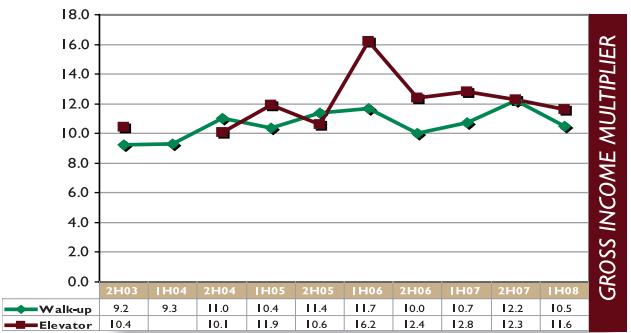
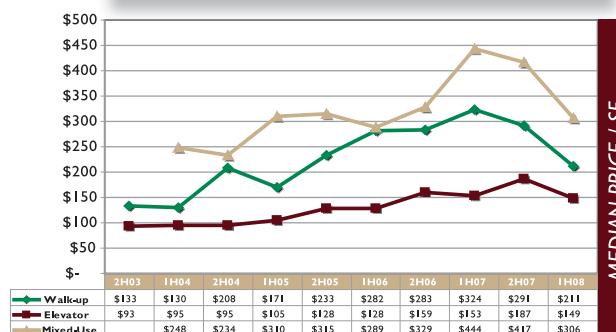
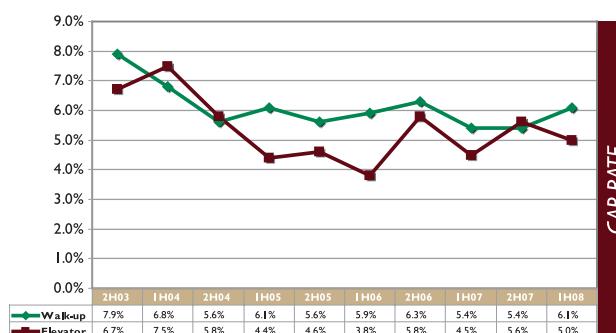
## MANHATTAN

Values stable; number of sales down 36% over the past year.

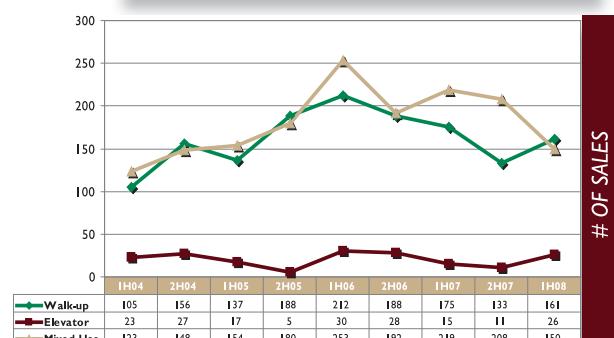
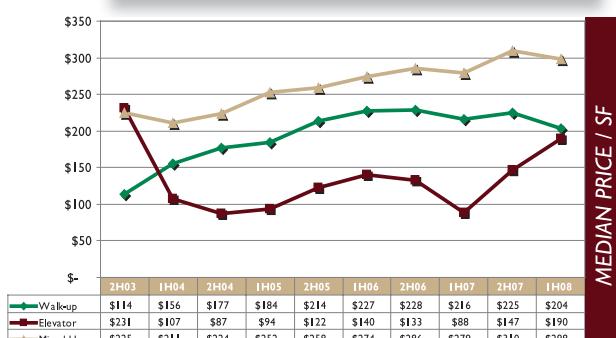
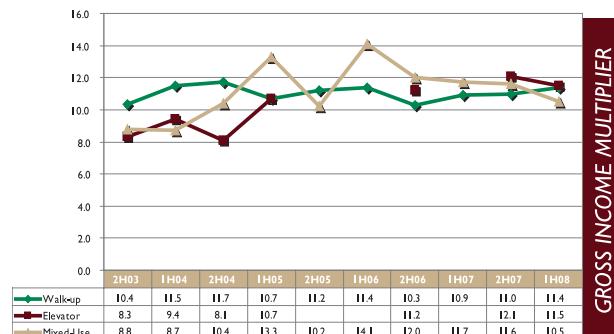
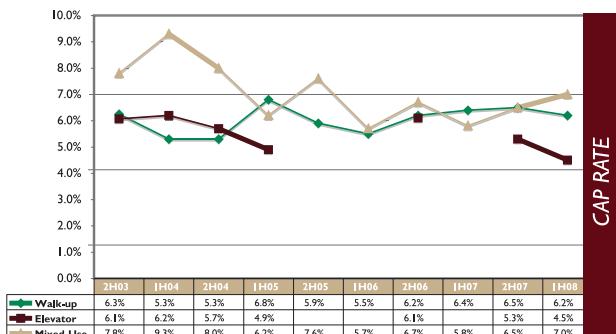


## NORTHERN MANHATTAN

Steep drop in number of sales; values begin to slide.

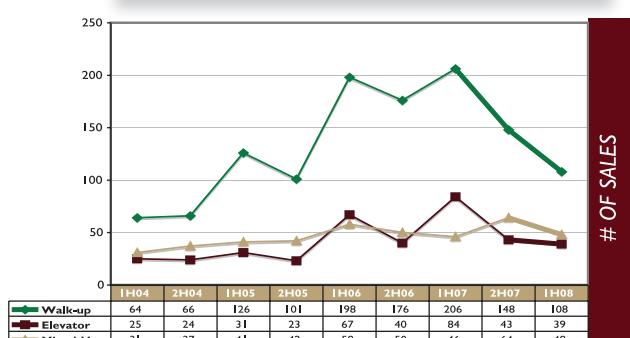
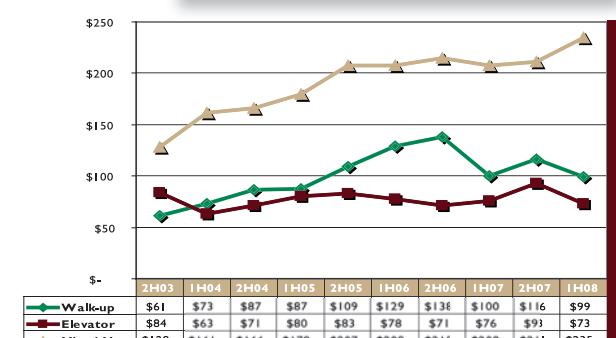
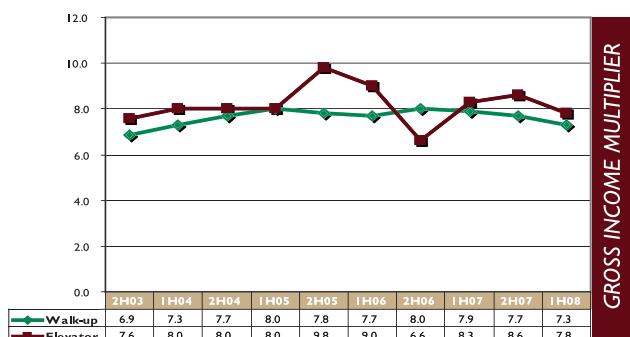
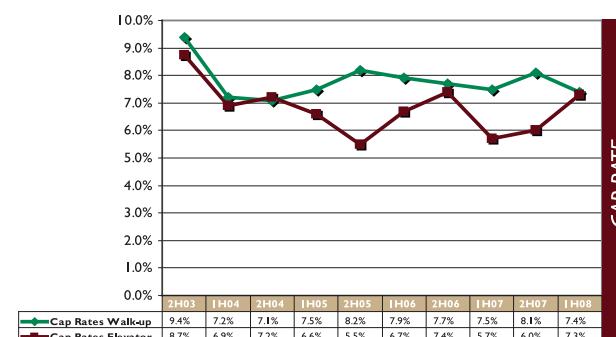


Lowest sales decline and stable values; increase in elevator building activity and values due to a single portfolio sale.



## THE BRONX

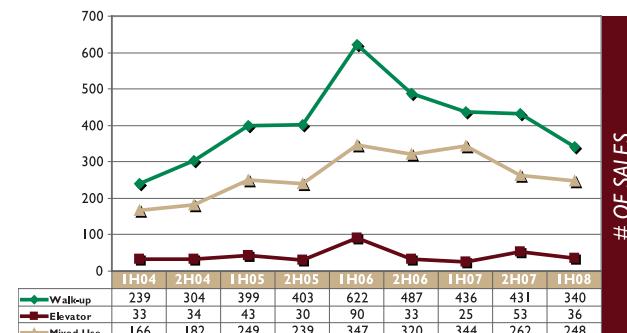
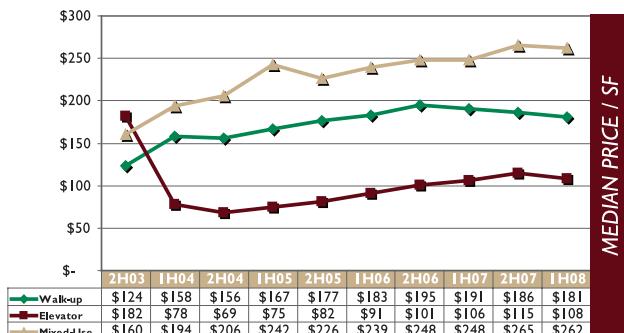
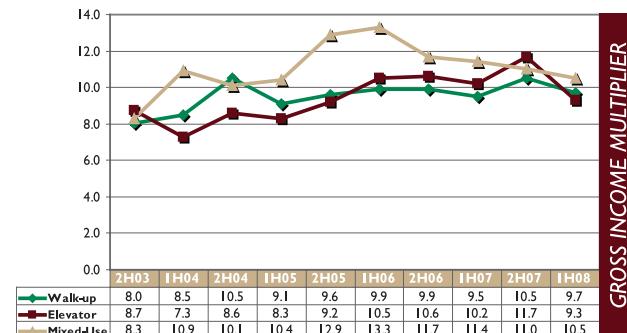
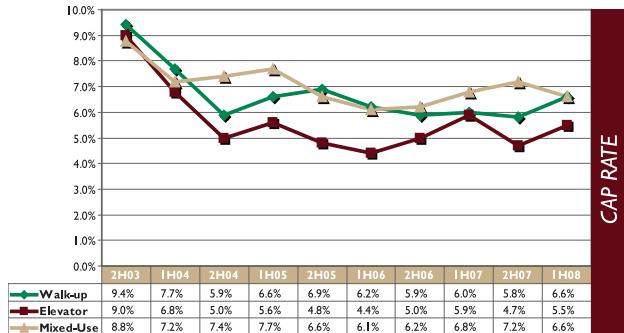
Number of sales and values decline as cautious investors seek more traditional markets.





## BROOKLYN

Even with a 22% decline in sales, Brooklyn remains the most active sales market; Values stable.



### METHODOLOGY

Cap rates and Gross Income Multipliers are based on sales researched by Miller Cicero, LLC in addition to properties sold by Massey Knakal Realty Services, and represent a reasonable sampling of all sales. Median price per square foot and the number of sales were based on all closed sales in the public record over \$500K, as reported by Property Shark ([www.propertyshark.com](http://www.propertyshark.com))

Walk-up buildings are designated "C" class by the city of New York (excluding C0, three -families), elevator apartment buildings are designated "D" class, and mixed-use buildings consist of both "K" and "S" classes.

Northern Manhattan consists of zip codes: 10026, 10027, 10029, 10030, 10031, 10032, 10033, 10034, 10035, 10037, 10039, 10040. This reflects the area north of East 96th Street, Central Park, and West 114th Street.

For additional information contact John Cicero, MAI, CRE, FRICS  
 Managing Principal, Miller Cicero, LLC, 21 West 38th Street, New York, NY 10018, (212) 642-3400, [jcicero@millercicero.com](mailto:jcicero@millercicero.com). Additional methodology details at [www.millercicero.com/mkreports/methodology](http://www.millercicero.com/mkreports/methodology).

**Cap rate:** Net operating income (NOI) divided by the sales price.

**Gross income Multiplier (GIM):** Sales price divided by potential gross income.

**Median price per square foot:** Sales prices divided by gross building area above grade, as reported in the public record.

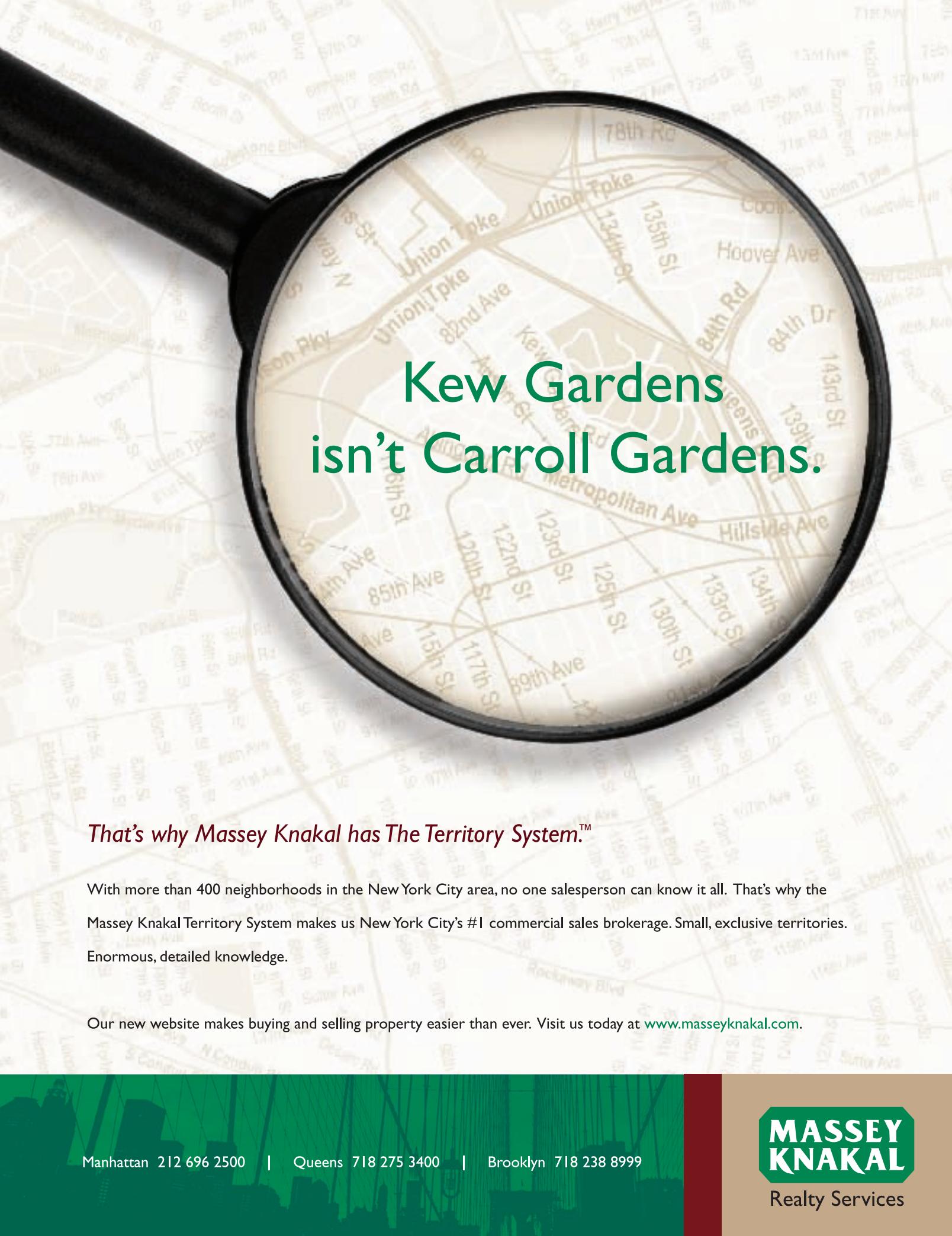
**Number of sales:** Sales closed during the period.

**Turnover rate:** Number of sales divided by total inventory.



Sales Reported By:





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# THE PROMISE OF DOWNTOWN MANHATTAN

*By Nick Petkoff, Director of Sales*

I'm often asked by investors, **"How is downtown Manhattan faring in these uncertain markets?"** My answer is that it's well-positioned to weather the storm. With so much new construction downtown is vibrant, modern and has upgraded infrastructure.

According to the Downtown Alliance, which manages the Downtown-Lower Manhattan Business Improvement District (BID), **downtown Manhattan is the fourth largest business district in the U.S. with more than 90 million square feet of office space.** In the last seven years a tremendous effort by government, local advocates and residents have remade the district into a 24/7 community. Federal and state officials, in addition to the Bloomberg administration, implemented an array of measures to get business and residents back to downtown. **The Liberty bond program has helped with billions in tax-exempt financing for downtown; The Industrial and Commercial Abatement Program (the former ICIP) is an ambitious public works redevelopment program; and a new Fulton Street Transit Station and Fulton Street beautification program is in the works.** In May 2008 at a Real Share conference, City Council member Alan Gerson also expressed support for business and stated that government can learn from and work with the business community to bring more retail and supermarkets to downtown. More recently, the Department of City Planning approved a rezoning initiated by a developer and changed the manufacturing M1-5 zoning to a commercial/residential C6-2A zoning in an area close to Chinatown. The rezoning is another sign that city officials in charge of downtown understand the needs of the business community and are flexible in their approach to zoning issues.

**The results of all the efforts to attract businesses and residents are visible – of the 312,000 employees who work downtown, about 55,000 also live there (as compared with about 20,000 in 2001).** According to the Downtown Alliance statistics, the average downtown salary in 2007 was \$127,619 – almost twice the average for Manhattan. Not surprisingly, a high-end retail corridor has come to life on Wall Street and Broad Street. Tiffany's recently opened its first new location in Manhattan there, and Hermes, Canali and Thomas Pink have set foot nearby. Additionally, the highest grossing BMW dealership in the U.S. is also on Wall Street.

**With the relatively inexpensive dollar and the eternal Manhattan mystique, tourism is also booming.** More than six million people are projected to have visited lower Manhattan by the end of 2008. Occupancy rates in 2007 for downtown hotels was at a phenomenal 88%, about 10% higher than the average for Manhattan and about 30-40% higher than the industry average. Because downtown attracts a large number of business visitors, its average daily rate was at \$340 - over 25% higher than the average rate in the city. A number of large investors and real estate owners consider downtown their base and in the past few years have engaged in many exciting new projects. Joseph Moinian is currently building a **luxury W Hotel south of the World Trade Center site at 123 Washington Street** and has finished a renovation at 95

**Wall Street**, a luxury rental designed by Philippe Starck. William Rudin is focusing on improving his buildings and making them the "most wired and technologically advanced in the country," while Kent Swig of Swig Equities continues to buy office and residential building. **In May 2008, Swig Equities announced it will convert 45 Broad Street to a luxury hotel and residential project with a Nobu restaurant, spa and retail on the ground floor.**

While the economy has recently slowed and Wall Street is more somber, downtown still holds its own with other areas of Manhattan. Analysts mostly fear that developers or converters will not be able to finance their projects and that an increase in the vacancy rate of office buildings will put downward pressure on rents, which may lead to foreclosures. The Wall Street slowdown may also put pressure on retail purchases and thus, on retail rents.

While all of these arguments have some validity, we do not expect the slowdown to lead to a major unraveling of the building sales markets or rental prices in the next 12 months. **Yes, projects with low cash flow (developments/conversions or rent stabilized multifamily properties) will probably experience a very challenging environment if they need to finance or refinance now, but the bigger projects will probably survive.** Financial institutions have started giving discounts on commercial mortgages in an effort to reduce their risks to defaults. Debt funds are for now waiting on the sidelines but have large cash piles. **Real Estate Alert, a trade publication, estimates that in 2008 there are at least 55 active or planned funds, which have raised \$33.8 billion for commercial real estate debt.**

**The average vacancy rate for office buildings in downtown Manhattan is about 7.7%, according to Cushman & Wakefield. The number, while up from the last quarter, is still quite low by historical standards.** The WTC and the Fulton terminal have experienced delays, yet gone are the naysayers who only about a year ago thought that developer Larry Silverstein would find it challenging to rent the World Trade Center. **Since 2005 more than 20 % of the new commercial tenants downtown have been from counter cyclical industries like education, health care and non profit organizations,** which should cushion a potential blow to rents. While buying power of the downtown population has been affected, it is still strong – e.g. Battery Park residents have an average salary of \$315,000.

**Yes, the promise and excitement of downtown is well and alive, we just need to dance a cautious dance for the time being.**

*Mr. Petkoff exclusively covers the Financial District for Massey Knakal. He can be reached in the Manhattan office at 212.696.2500, x7766.*



## FARMINGDALE WAREHOUSE SOLD

Massey Knakal Realty Services sold a one-story warehouse at **134 Milbar Boulevard** in the Farmingdale section of Long Island in an **all-cash transaction valued at \$1,150,000**. The 100' x 216' lot is located on the south side Milbar Boulevard, just



east of Route 110/Broadhollow Road. **The lot is approximately a half-acre** with ample parking and a fenced yard. The building has eight interior drive-in docks and one street side loading dock. **The warehouse contains approximately 8,508 square feet, and the entire lot contains 21,600 square feet.** The vacant property sold for **\$532.40 per square foot** to a Long Island user.

## MASSEY KNAKAL SELLS INWOOD RETAIL PROPERTY

Massey Knakal Realty Services has sold a highly visible retail property at **610-616 Burnside Avenue** in the Inwood section of Nassau County, Long Island, in an **all-cash transaction valued**



**at \$1,300,000.** The 133' x 72' property is located in a commercial strip just off the southwest corner of Burnside Avenue and the Nassau Expressway. **The building contains approximately 8,446 square feet** and was delivered vacant. It was sold at **\$153.92 per square foot** to a construction parts retail business.

## MASSEY KNAKAL SELLS MIXED-USE FLORAL PARK PROPERTY

A two-story, mixed-use property at **244-18 Jericho Turnpike** in the Floral Park section of Nassau County, Long Island was sold



by Massey Knakal Realty Services in an **all-cash transaction valued at \$650,000**. The brick property is located at the southwest corner of Jericho Turnpike and 245th Street. The property consists of vacant retail bar space on the ground floor, two occupied studio apartments and a parking space in the rear. The second floor has a one-bedroom and two-bedroom apartment, both of which were delivered vacant. **The property contains approximately 3,300 square feet.** It sold for **\$196.97 per square foot**.

## RIVERHEAD WAREHOUSE SOLD

A two-story warehouse building with six loading docks at **610 West Main Street** in the Riverhead section of Long Island, N.Y. was sold by Massey Knakal Realty Services in an **all-cash**



**transaction valued at \$925,000.** The 16,000 square foot **vacant building** is located on **approximately a 1/2 acre of land** on the corner of Main Street and Marcy Avenue. The property was previously leased to the United States Postal Service for 20 years and was used as the main distribution hub for the east end of Long Island. It was vacated a few years ago. **The property closed at \$57.81 per square foot** to a Bronx user with plans to convert the space into a storage facility.

# MASSEY KNAKAL NEWS NEW YORK CITY

## GRAVESEND MIXED-USE PROPERTY SOLD

Massey Knakal Realty Services has sold a corner mixed-use property at **478 Kings Highway** in the Gravesend section of



Brooklyn in an **all-cash transaction valued at \$1,300,000**. The brick building is located at the southeast corner of Kings Highway and McDonald Avenue, the center of the neighborhood's retail corridor. The building has one three-bedroom apartment and three retail spaces. The ground floor units could be combined to make one retail space. Zoning would also permit commercial use on the second floor. **The property contains approximately 3,400 square feet, and an additional 2,450 square feet of air rights. It sold for \$382.35 per square foot** to a local investor.

## UPPER EAST SIDE GARAGE SOLD

A parking garage at **301 East 69th Street** on Manhattan's Upper East Side was sold by Massey Knakal Realty Services in an



**all-cash transaction valued at \$5,400,000.** The six-story property is located on Second Avenue between East 69th and East 70th Streets. The garage facility has

an entrance on the north side of East 69th Street between First and Second Avenues. **It contains approximately 18,750 square feet.** The garage has 40 legal parking spaces and nets nearly \$32,000 monthly. **The property sold for \$288 per square foot** to another parking company.

## MASSEY KNAKAL SELLS MURRAY HILL APARTMENT BUILDING

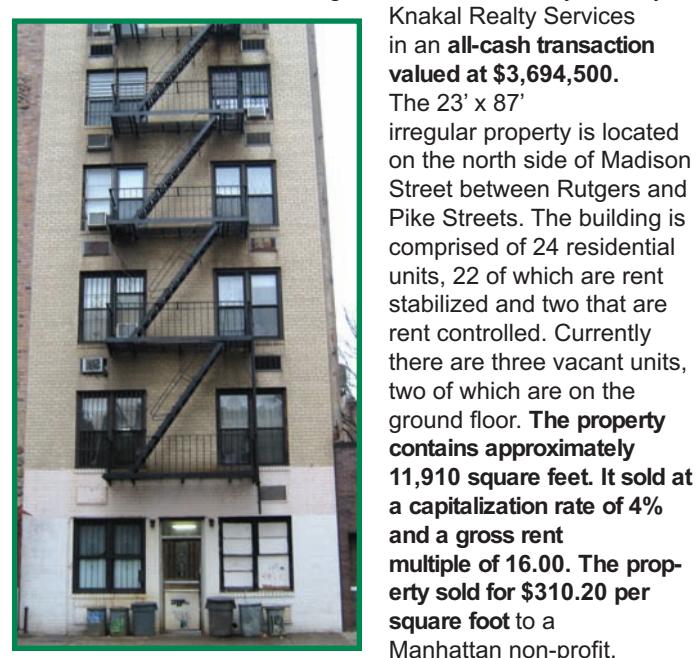
A walk-up apartment building at **107 East 35th Street** in Manhattan's Murray Hill neighborhood was sold by Massey



Knakal Realty Services in a **transaction valued at \$4,600,000**. The 18.75-foot-wide property is located on the north side of East 35th Street between Park and Lexington Avenues in the Murray Hill Historic District. Floors 1-4 consist of four two-bedroom units, two one-bedroom units and three studios. Additionally, there are floor-through units in the basement and penthouse. The tenant mix is comprised of seven free market units and four rent stabilized units. The property contains approximately **7,715 square feet**. It sold for **\$596.24 per square foot** to a 1031 exchange European investor.

## MASSEY KNAKAL SELLS CHINATOWN APARTMENT BUILDING

A six-story, elevatored apartment building at **191 Madison Street** in Manhattan's Chinatown neighborhood was sold by Massey



Knakal Realty Services in an **all-cash transaction valued at \$3,694,500**. The 23' x 87' irregular property is located on the north side of Madison Street between Rutgers and Pike Streets. The building is comprised of 24 residential units, 22 of which are rent stabilized and two that are rent controlled. Currently there are three vacant units, two of which are on the ground floor. **The property contains approximately 11,910 square feet. It sold at a capitalization rate of 4% and a gross rent multiple of 16.00. The property sold for \$310.20 per square foot** to a Manhattan non-profit.

## MASSEY KNAKAL HIRES NEW MANAGING DIRECTOR IN BROOKLYN

Kenneth M. Krasnow has joined the firm as Managing Director of the Brooklyn office.

"Mr. Krasnow joining the firm's Senior Management Team signals a new era for the firm, and is especially important for the growth of our Brooklyn operations," said Massey Knakal CEO Paul Massey. "We've recently undergone a dramatic shift away from the 'player/coach' management model by bringing in dedicated managers to manage each of our offices and support the growth of our agents. This has been a popular growth initiative because our agents – especially our most skilled and talented – understand what a person like Ken can bring to the firm in terms of business development and client service."

Most recently, Mr. Krasnow worked as the Chief Operating Officer for Apartment Realty Advisors Florida. Before that he was at Trammell Crow Company as an Executive Vice President, where he was responsible for the overall strategic direction of the tri-state brokerage unit. Prior to joining Trammell he was Cushman & Wakefield's Executive Managing Director and New York area leader, where he had overall responsibility for the firm's five offices in the New York area. He also served as Cushman & Wakefield as the Director of Business Development.



In September 2005, Mr. Krasnow was named one of the Top 50 Leaders in Commercial Real Estate by Real Estate Weekly. He was also one of Real Estate New York's Top "40 under 40" and one of Real Estate Forum's "next great leaders." Mr. Krasnow is widely recognized and sought out as an industry leader and is regularly quoted on important real estate issues. He is extremely active in many civic and industry organizations including REBNY, CORENET, YM/WREA, ULI, NYU, Real Estate Media and the Association for Better New York (ABNY), where he serves on the Steering Committee. He is also involved in several charitable organizations and was recently presented with the first annual Percy Douglas award by Friends of Island Academy for his outstanding service and commitment to impoverished youth in New York City.

Mr. Krasnow received his Bachelor of Arts degree in Finance from Emory University and has completed graduate work at NYU.

## MASSEY KNAKAL CHAIRMAN REACHES REMARKABLE MILESTONE

The sale of a parking garage on Manhattan's Upper East Side marked Massey Knakal Chairman Robert Knakal's 1000th commercial property sold in New York City. The \$5,400,000 sale on East 69th Street occurred as Knakal approaches 25 years in the business.



"This achievement would not have been possible without the Massey Knakal territory system," said Knakal, referring to the company's neighborhood approach to sales. "I have been able to service clients with properties all over the New York metropolitan area due to our block by block coverage and have sold dozens of diversely located portfolios that were executed with ease due to our platform."

A graduate of the Wharton School of Business at the University of Pennsylvania, Knakal earned his Bachelor of Science degree in Economics in 1984. In the past four years alone, he has sold 344 properties. To date, he has been responsible for the sale of \$5.8 billion in real estate sales. "Although Bob is being very modest about it, I think it's fair to say that no other broker in New York City has ever reached his level of accomplishment," CEO and Founding Partner Paul Massey said.

"Bob changed the way brokerage was done when he came on the scene 25 years ago," said Richard Parkoff, Chairman of the Parkoff Organization. "Our business of buying and selling investment properties was transformed from a 'good ol' boys network' to a more professional and transparent industry. No one can challenge the great success he has had. I wish him congratulations!"

In addition to his performance as a broker, Knakal's personal civic involvements are highlighted by his presidency of the Prescott Fund for Children and Youth, which makes grants to disadvantaged children for educational purposes. He is also the President and member of the Board of Directors of Ice Hockey in Harlem, is a member of REBNY's Executive Committee and dozens of other charitable organizations.

"I have worked with Bob for about 15 years and he has sold many properties for me and to me," said longtime client Gary Barnett of Extell Development Company. "It's tough to find a broker who works harder. We wish him congratulations on this milestone."

# MASSEY KNAKAL CHARITABLE FOUNDATION AWARDS GRANTS TO AREA NON-PROFITS

During the 3rd Quarter of 2008, the Massey Knakal Charitable Foundation awarded a total of two grants to the following organizations:

## Brooklyn Community Housing and Services, Inc.

The organization is committed to ending homelessness in Brooklyn, and to empowering all of the borough's residents. BCHS provides safe, clean supportive housing each year for more than 600 homeless men, women and children and help them learn how to live productive and autonomous lives with dignity and hope. The Foundation supported a grant for their Working Community program which last year alone was able to provide over 4,200 hours of vocational services to an average of 52 Brooklyn residents per month. Services through the program included computer training, assistance with job searches and resume preparation and career mentoring and internships. In the coming year, BCHS has entered into a partnership with the Veteran's Administration's Project Torch, and through this initiative will provide specialized vocational services to formerly homeless veterans. Additionally, BCHS has developed a new, intensive internship program for individuals in recovery who are referred from the International Center for the Disabled (ICD) and from Phoenix House, a drug and alcohol treatment and prevention program.

## BedStuy Campaign Against Hunger

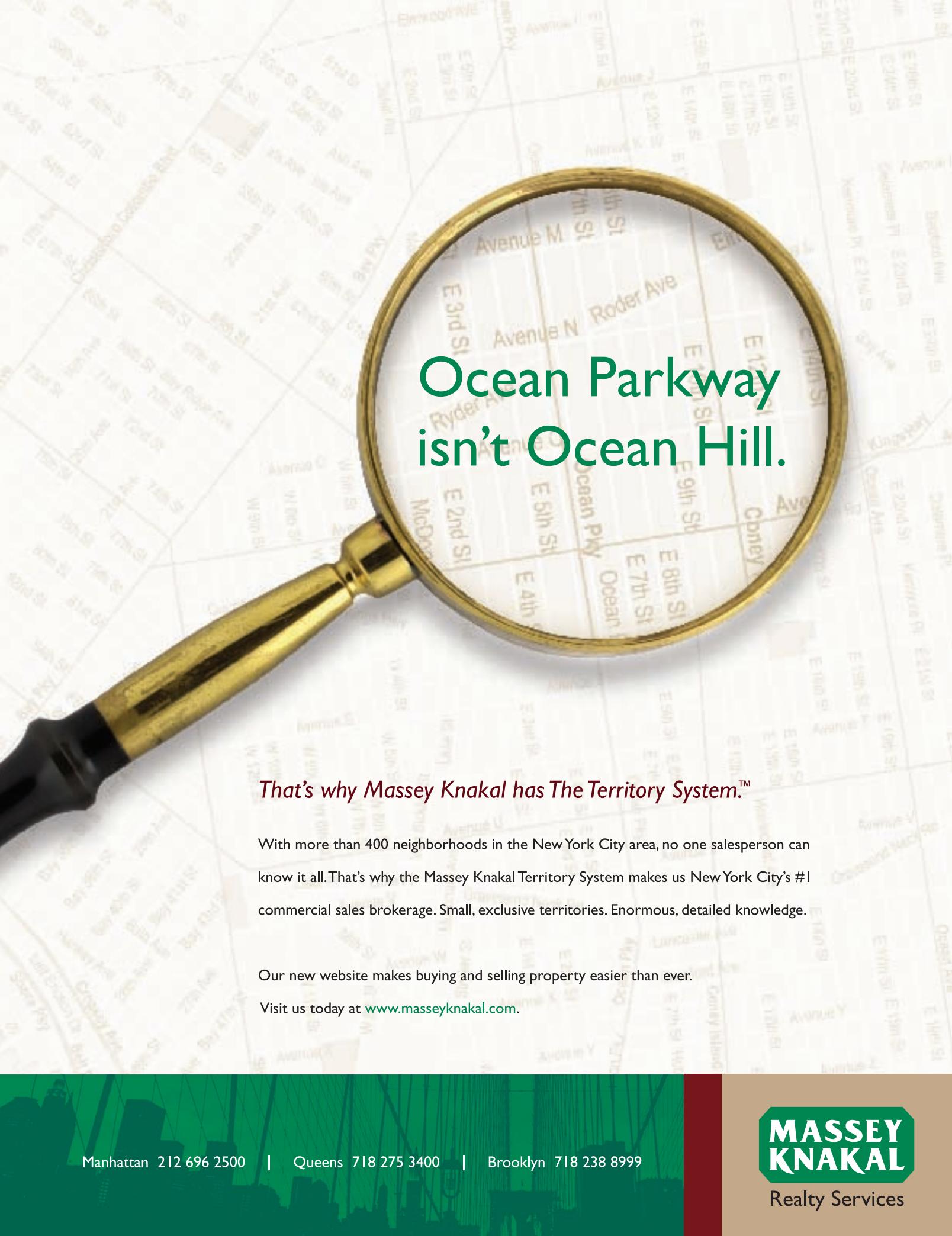
The Foundation funded the BedStuy Campaign Against Hunger (BSCAH), a faith-based organization that has been working vigorously to end hunger in the Bedford Stuyvesant, Ocean and Brownsville (but not limited to) areas of Brooklyn by providing emergency assistance to the most marginalized individuals. Based on overwhelming demand, the organization is strategically positioned in the heart of the most impoverished area in New York City where 2 million of the poorest residents are at risk of going hungry and the unemployment rate is one of the highest. On an average, 7,000 clients come through the organization's doors seeking food and additional services monthly. BSCAH has created an atmosphere where those most forgotten or a victim of their circumstances and hardships can be serviced in a caring environment. The donation will allow them to expand and maintain their Emergency Hunger Relief Program by purchasing more food to assist in feeding more than 7,000 individuals. For the first time in 10 years, BSCAH has had to turn people away because of lack of food due to the rising costs of fuel, the mortgage industry, lagging economy, etc. The grant will go towards providing the same level of service the organization has been able to successfully provide in the past.

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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, President of the Foundation, at 212.696.2500, x7773.*

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## Message From The CEO

Hello friends,

The role of a Chief Financial Officer can conjure up images of a non-fictional Victorian character like John Dickens who toiled away seven days a week as a pay clerk. One can easily envision the personality of a man whose son Charles (the future novelist) described as "frugal with affection and humor."

Luckily, Massey Knakal's Senior Management Team is blessed with the talent and character of Michael Wlody, our "lovable" CFO. A skilled financial engineer, Mike joined Massey Knakal in January 2005 and since then has reorganized our financial staff, implemented powerful accounting systems and at the same time led other necessary changes brought on by the tripling of our revenue, agents and support teams.



Mike Wlody

Mike, like many of our employees and clients, hails from the Park Slope section of Brooklyn. His "recruitment" to Massey Knakal began more than 30 years ago (10 years before Massey Knakal even existed). Fate placed Mike and I on the same floor in our freshman dorm at Colgate University back in 1978. We developed a close friendship, but neither of us considered a career together until more than 25 years later.

Mike went from Colgate into a MBA program at New York University and landed his first job at Big Eight accounting firm Ernst and Young. He also spent several years at American Express before being tapped by Wall Street legend Bernard Cantor (Cantor and Fitzgerald) to be the CFO of a sister company, Market Data Corporation. Fortunately our loyal friend Mike made a move to Massey Knakal at a moment when we needed him most. During the past few years he has served as an informal advisor/big brother to many of us at the firm. His human kindness seems to make everything easier. He is also a force on Massey Knakal's Charitable Foundation Board.

"Mike has done a great job putting everything in order," said Massey Knakal Partner James Nelson. "I now know the cost of everything from a postcard to signage to every paper towel I use. I also really appreciate his help in setting up my 401k account. "Having only lost 30% in the last year on it, I think I'm doing pretty well!"

We give thanks everyday for Mike being a leader at Massey Knakal who instills his own vision of "Great Expectations."

*Paul Massey*  
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[pmassey@masseyknakal.com](mailto:pmassey@masseyknakal.com)

