

Representing Sellers

**An Interview with Robert A. Knakal,
Chairman, Massey Knakal Realty Services**

EDITORS' NOTE After summer internships at Coldwell Banker (CB) while going to college, upon graduation in 1984, Robert Knakal started as a full-time investment property specialist with CB's midtown Manhattan office. He collaborated with Paul J. Massey Jr. to establish a property sales group in Manhattan and they served as Co-Directors for the new specialization and, in 1986, shared CB's prestigious top salesman award in New York. Knakal and Massey left the



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firm in November 1988 to start Massey Knakal Realty Services. In 1993, Knakal was elected President of the National Realty Conference. Since 2003, he has served on REBNY's prestigious 20-member Executive Committee. Knakal is also a regular lecturer at Columbia University, New York University, The Wharton School, and The Institute of Real Estate Management. In 2012, he was highlighted as one of the five top building sales brokers in North America in the best-selling book, *Brokers Who Dominate*. Knakal's personal civic involvements are numerous and are highlighted by his presidency of the 156-year-old The Prescott Fund for Children & Youth. Knakal graduated from The Wharton School of Business at the University of Pennsylvania with a Bachelor of Science degree in Economics.

COMPANY BRIEF Massey Knakal (www.masseyknakal.com) specializes in the sale of investment and user properties in the New York Metropolitan area. Since 1988, their agents have closed over 4,200 transactions with a market value in excess of \$15 billion.

What has allowed your company to become and remain a consistent industry leader?

Massey Knakal's strength is in its people and its platform. We receive thousands of resumes each year, which allows us to hire the best and the brightest; those who will thrive within our company culture. Our platform truly differentiates us from other firms that sell investment properties in New York City. We only represent sellers and we only work on an exclusive basis. We have a territory system in which we have one broker responsible for each neighborhood. Within those territories, our agents are responsible for knowing

the details of all comparable sales, all new or proposed zoning changes, which new developments are going on in the area, and anything else that could affect property values in any way. While each broker is responsible for covering his territory, agents are free to work on transactions anywhere provided they incorporate the efforts of the territory agent on those transactions. There is a cost to the agent of working this way but the benefits agents receive allows them to leverage their time more effectively than any other platform provides.

Last year, my team and I brokered the sale of properties in 38 of the 50 territories we cover. We could not have done that and maximized the selling prices for each client without the help of our territory experts. This approach puts us in a better position to be an advocate for our clients – the sellers – to convince buyers why they should pay more for a particular asset. As a result, we have sold more properties in New York City each year for the past 12 years and, in aggregate, have sold about four times the number of properties as the second place firm.

Would you provide an overview of the range of services that Massey Knakal offers?

Since its start in 1988, the company has primarily been a sales brokerage company. However, in January of 2011, we added retail store leasing and mortgage brokerage to our range of services. Both of these divisions have gained strong traction and we expect to sign over 100 store leases this year and obtain about \$1 billion in financing for our clients. Last year, we also initiated an investment fund with our fund manager partner, River Oak. Together, this \$50-million fund makes passive equity investments of \$2 million to \$6 million per transaction in capital stocks for investors who need gap equity. This way, we participate on the principal side of the business but we are not competing with our clients.

What makes Massey Knakal different in the market?

Massey Knakal creates a competitive advantage through specialization. Our platform is unique by virtue of our territory system and the fact that we only represent sellers and only on an exclusive basis. It is not possible to morph an existing platform into

one like ours as the brokers would mutiny. Growing the platform from scratch would mean a long organic process which would likely take longer than anyone would have patience for.

How would you describe the real estate market in New York City today?

The New York City investment sales market today is in great shape. We are making our way back to the levels of 2007. More importantly, property values are now exceeding peak levels of 2007 on a price-per-square-foot basis. This recovery is actually a by-product of the government's intervention to boost the housing market by keeping interest rates low. This is a double-edged sword, however, as economics and history teach us that long periods of low interest rates create asset bubbles, so it will be interesting to see how this all shakes out.

What kind of impact will Hudson Yards have on the future of New York?

Hudson Yards will be the "center" of Manhattan in 20 years. It will be a new city within a city with the most modern and technologically advanced office, residential, and retail space with a mix of community space. All of these new buildings will surround the Hudson Park & Boulevard which will create a truly unique urban center.

Are you surprised at the growth of certain areas of New York, such as Chelsea, the Meatpacking District, Lower East Side, and Brooklyn?

Brooklyn will continue to thrive as the main beneficiary of the overspill from Manhattan. However, while our population is growing, our tax revenues are declining as many of the most successful New Yorkers are moving out of the city due to the excessive tax burdens we face here.

What key ingredients make for a successful sales agent today?

Passion for the business is a key, as is a competitive spirit. Other valued attributes include specialization, being proactive, working hard and smart, thinking positively, and managing time well. Top brokers also set goals and always keep them in mind. Networking so as to constantly meet new people is important as well. Lastly, top agents are constantly focused on self-improvement. We can all always be better tomorrow than we were yesterday. ●