



## **Robert Knakal, Massey Knakal Realty Services**

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Chairman

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What was your greatest professional accomplishment in 2010?

Distressed assets finally began to move in 2010 and note sales were the primary method used by lenders to rid their balance sheets of these assets. My team and I have been focusing on the distressed asset sector since late 2007 and this focus paid off in 2010 as we sold over \$300 million in notes for banks and special servicers. The collateral for these notes encompassed a wide range of product types including failed condo projects, rent regulated multifamily properties and a 325,000 s/f office building. We are presently representing sellers of over \$200 million of distressed notes for sale, all of which must close no later than the end of the first quarter of 2011. Traction in this sector has been slow to come and has been challenging but having the discipline to remain focused is now paying off well.

What was your most notable project, deal, or transaction in 2010?

In August of 2008, we analyzed a portfolio of 46 apartment buildings for a client who had them on the market with a large, national brokerage firm. The highest portfolio offer the seller had was about \$120 million. Our valuation (pre-Lehman) indicated that on an individual basis that the properties had a value of about \$175 million. Based upon this analysis, the seller decided to withdraw the portfolio from the market and offer the properties on an individual basis in batches of a few at a time. We began this process in late 2008 and closed on the last of the 46 properties a few months ago. The aggregate price for the portfolio exceeded \$180 million.

What predictions do you have for commercial real estate in 2011?

I believe that, in 2011, New York's investment sales market will continue to see increases in sales volume as we continue to climb towards the long-term turnover ratio average of 2.6% of the total stock. 2010 should finish at about 1.8%-1.9%, up from 1.17% in 2009 which was an all-time low. If this occurs, it would bode well for those of us who rely on transaction volume for our livelihood. We expect that distressed assets will continue to be a major component of the marketplace as many 2006 vintage loans mature that will not qualify for refinancing without a significant equity injection. Many of these properties will need to be deleveraged which will create good opportunities for brokers and buyers. We expect modest appreciation in value which should run parallel to job

creation.

What are some of your New Year's resolutions?

My resolution is to not make any resolutions...

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