

A Message from the CEO:

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A Vote for Transparency: How we can attract greater foreign investment to New York

Recently, I attended a Brookfield Office Properties (NYSE) board meeting in London. Brookfield just wrapped up construction on their latest office building project and secured an impressive office building development site portfolio, and we were there to learn more about the local market. To provide board members with an overview, Brookfield executives orchestrated an excellent presentation by two Jones Lang LaSalle leasing and capital market specialists. During the presentation, they mentioned that 75% of all investment sales in London were purchased by foreign buyers. This came as a surprise to those of us from New York, where, in a year of high foreign investment, roughly 12-15% of all investment purchases are made by foreign individuals or companies. What could possibly explain the disparity? The folks at JLL said that transparency in the London real estate market was responsible. Foreign perception, they said, was that the New York market was controlled by private owners; many of whom executed “off market” deals with limited disclosure and representation. I believe that is a misperception, but it is a good reminder that every broker and owner in New York should be doing everything they can to operate with transparency.

At Massey Knakal, we see transparency as being fundamental to every business deal. Our system addresses it in a number of ways:

Owner-side representation

We find that exclusively representing owners makes things clearer for our clients and the market in general. By representing only one side of the transaction, there is no conflict of interest.

Full marketing and cooperation with brokers

At MK, every listing we get is fully marketed and our agents split commission 50/50 with any outside broker that brings a new buyer to the table. This benefits the seller and helps

us cultivate healthy business relationships with other firms, which benefits the greater brokerage community.

Upfront due diligence

The first information owners see when we present them with our Opinions of Value is any violations on their property or other issues that might affect its sale. The same information is included in our marketing brochures, which are accessible to all potential purchasers*. This ensures that everyone is on the same page about the conditions affecting the sale of the property.

While it is essential to have a system that promotes transparency, it is not enough. We need managers and agents to be dedicated to the cause, as well. The trust that it fosters will benefit their business pipeline and our firm's revenue, but more importantly it increases the value of the New York City real estate market relative to the other great cities of the world.

At Massey Knakal, we know that we are not alone. There are a number of great international, national and local firms in New York City where the corporate culture emphasizes transparency as we do. That being said, the foreign perception that New York real estate is tainted with off-market sales and behind-closed-doors business dealings is concerning, and needs to be addressed. It is our responsibility as New York real estate professionals to do all we can to ensure that New York City is perceived as the unparalleled investment opportunity it is. Be transparent, demonstrate integrity, and the foreign interest will follow.

Warm Regards,

Paul J. Massey, Jr.