A CONVERSATION WITH THE CHAIRMAN

MASSEY KNAKAL
Realty Services

1st Quarter 2009

A Recap of 2008 and Outlook for 2009

Dear Friends,

As 2008 draws to a close, we sat down for our quarterly conversation with Massey Knakal Chairman, Robert Knakal to discuss his views on the economy the implications for our local NYC building sales market. We hope you find this interview informative and timely.

Q 2008 was a year full of economic turmoil. What do you believe 2008 will be remembered most for?

A Several things. Leading the way will be the structural dismantling of Wall Street as we knew it, corporate struggles of epic proportions and fraud. Big stories revolved around the names Lehman, Bear Sterns, Merrill, Wachovia, WaMu, AIG, Detroit, Fannie, Freddie, Dreier and Madoff. Additionally, the big story on a macro level was the affect of spillovers from the continual reduction in housing values into the labor market and, specifically, the financial system. Credit markets deteriorated over most of the year, and succumbed to almost total cardiac arrest after Lehman failed on September 15th. That drove an already teetering real economy over the edge, and sentiment transformed quickly from fear of spiraling price increases to fear of spiral decreases as the output gap had widened. It was also a year of unprecedented and dramatic government intervention with initiatives like the $700 billion dollar TARP program.

Q Wall Street has been such a key component of the fabric of New York, how will its dismantling affect the City?

A That is yet to be seen. Within a week of Lehman failing, the investment banking model, that had become synonymous with

"Wall Street," known for being loosely regulated, daringly risky and lavishly rewarded, was dead. For this industry to unravel as spectacularly as it did, required many parties pushing many buttons. The government encouraged homeownership. Mortgage bankers gave loans to people to purchase homes they couldn't afford. Investment banks packaged these loans into complex MBS and derivative products whose risk was not fully understood. Rating agencies often gave their seal of approval. Investors borrowed heavily to buy these products. Regulators missed the warning signs. What a mess. The bottom line is that the investment banking industry created significant wealth for New Yorkers who spent much of that wealth in New York and that adrenaline for our local economy will be missed. The question is, "Can it be replaced and, if so, by what?"

Q You can't pick up a newspaper today without reading bout the Bernard Madoff scandal. What are your thoughts about this?

A My heart goes out to those people that lost money in the Madoff case. I have several friends and clients who were profoundly affected by what appears to be just an outrageous fraud. It will be interesting to see how those losses will affect the New York real estate market as I think they could have a significant impact.

Q How so?

A Well, in a couple of ways. Firstly, the losses could potentially put investors in the position where they are reluctant to deploy capital that is left on their balance sheets towards new real estate investments. A traumatic change in someone's net worth could leave them with zero risk tolerance. Secondly, to the extent that Madoff-held assets were pledged for loans, it will be interesting to see how lenders will react to the change in collateral and what actions they might take. Additional equity may be required or the borrower could be held in technical default even on a performing loan. That being said, I believe that in some ways the Madoff fiasco could help our local real estate market but I would like to discuss that when we talk about my perspective on 2009.

Q In one of your recent commentary pieces you said "We got into this crisis through housing and it is through housing that we will get out of it." What is happening in the housing market?

A The housing stock in the U.S. had never experienced a reduction in average home prices and based on this steadily positive track record, it was assumed that housing prices would never fall. This assumption was the underpinning of all MBS and derivative products that have now turned toxic based up on a sharp decline in average home prices. When the government originally announced the TARP program, Secretary Paulson indicated that the funds would be used to purchase these toxic assets to clean up banks' balance sheets. That was not done for several reasons but one was that valuing these assets was extremely difficult because the housing market had not bottomed out. Without stability in the housing market there is no way to determine the value of those assets. The reverse auction process that they had contemplated would have been inefficient in determining value. Presently, sales of existing homes continue to tumble in terms of velocity. Additionally, prices of homes are below their peak by about 18% and continue to drop. Most experts believe they will fall another 10%-15% before a bottom is reached.

Q What is causing the drop in pricing?

A Too much speculative construction and too much speculative buying for starters. The number of foreclosures has skyrocketed and based upon this dynamic, we are experiencing what economists call an "adverse feedback loop." As foreclosures in coming quarters escalate, it will add to the supply of available inventory and this overhang will keep downward pressure on prices. As prices decrease more foreclosures occur and so on. Reduced prices, in turn, hurt the overall economy by battering financial institutions, reducing the wealth of homeowners and prompting job cuts in the housing sectors. Homeowners who lose their jobs are susceptible to defaults. Projections for increasing unemployment have been pushing forecasts for when the sector will hit bottom into the second half of 2009 or later. Until this housing market turns around, the overall economy is unlikely to grow much.

Q Are there any positive signs in the housing market today?

A While inventory is high and prices continue to decline, there is one glimmer of good news not reflected in the latest statistics: a sharp drop in mortgage rates in recent weeks tied to the Federal Government's efforts to support the housing market. Although tighter credit terms are restricting many potential borrowers, lower rates could motivate potential buyers to get off of the sidelines, which should slow the price declines. Fortunately, home building activity has declined so much (19% and one wonders why 81% is still being built) that the back log of unsold units is starting to be absorbed at a relatively positive rate even in the face of such a slow sales environment. Nearly 50% of existing home sales are linked to foreclosures today. The inventory of unsold existing homes was increased to 4.2 million units in November representing an 11.2 month supply, up from 10.3 months in October.

Q I have heard the Government is trying to get mortgage rates down to 4.50%. Is that correct?

A There has been talk of a 4.5% rate but I do not know if they have specifically targeted 4.5%. Clearly, their actions are geared toward bringing mortgage rates down. At the December meeting of the Fed, the funds rate was cut from 1% to a range of 0 to .25% and Fed Chairman Bernanke reinforced the Fed's commitment to stabilizing the market by indicating an intention to purchase mortgage bonds and possibly Treasury bonds. The result was that mortgage rates fell to their lowest level since the 1960's which stimulated a dramatic increase in mortgage applications across the country. I believe rates ended last week at an average of 5.17% for a 30 year loan. A year ago the 30 year loan averaged approximately 6.2%.

Q That would indicate that the velocity of home sales should be increasing?

A Well, interestingly enough, a very large percentage of the new mortgage applications are for refinancing rather than purchases and current market dynamics are so new that it isn't clear how many of the borrowers will actually receive loans given lenders' more stringent criterion. Either way, the low rates are positive for the housing market and the nation's largest mortgage provider, Bank of America, is extremely optimistic about the future of the housing market having predicted that housing prices will stabilize by the middle of next year.

Q A 4.5% mortgage rate seems to be very low.

A I don't think a 4.5% mortgage rate is too low. This morning the 10 year T-bill opened at 2.13%. Therefore, a 4.5% mortgage rate is about 2.4% above the Treasury yield which is above the 1.6% spread that would prevail in a normally functioning mortgage market. You have to remember that a mortgage can be thought of as a risk free bond plus two possibilities that increase risk to the lender. The first is default and the second is pre-payment. Historically, the risk of default adds about a quarter of a percent to the interest rate. The remaining spread of the mortgage rate over the Treasury yield represents the risk of prepayment and underwriting costs. With falling house prices the risk of default could add 0.75% or more for a newly underwritten and fully documented loan. The 4.5% rate would be the lowest mortgage rate in more than 40 years so that the additional risk to lenders of pre-payment would be nominal. These low mortgage rates would also substantially reduce the risk of further house price declines as housing demand would increase significantly. There would also be tangible benefits to the economy as a whole if the 4.5% was available to existing homeowners who wish to refinance.

Q So I guess the next question will be, Will banks lend?

A Well that's an interesting question because Federal regulators are sending mixed messages to the banking industry. They want them to lend more money to boost the economy but at the same time are requiring them to build up more capital reserves to protect against losses. Clearly, the TARP money that was extended to the banks has not had a dramatic effect on credit availability as most banks have held onto the money. The banking industry is having obvious problems as 25 banks failed in 2008 and there are an additional 200 banks on the FDIC watch list which may be at risk of collapsing. More importantly, banks and savings institutions in the U.S. are headed for the first overall quarterly loss since 1990 as loans in default pile up faster than the Federal Government's unprecedented efforts to aid the system are kicking in. In the third quarter of 2008, the industry had an aggregate profit of $1.7 billion which was about a 94% reduction from a year earlier. Shaky mortgages, credit cards and now losses spreading to commercial real estate loans have put banks in a precarious position. The U.S. banking industry last reported a combined net loss in the fourth quarter of 1990. That $2.3 billion net loss came at the tail end of the savings and loan crisis and included failures of more than 850 U.S. banks. A potential net loss in the fourth quarter of 2008 is a far cry from the record $38 billion in profits posted by the industry in the third quarter of 2006. Banks have been hit from many sides in 2008. Problematic loans, exposure to asset backed securities which plunged in value, counterparty risk, and a freezing of the lending markets caused a panic, reducing the financial sector's market capitalization as a percentage of the S&P 500 stock index to about 13% from its peak of 20% in October of 2007.

Q In one of your commentary pieces you mentioned that banks will continue to lend money because that is what they are in business to do.

A Yes, that is correct. Banks will continue to lend money because if they don't, they're out of business. Fortunately, with the Fed cutting interest rates, it has allowed to industry to begin a recapitalization process and has provided tremendous motivation for banks to lend money, particularly to the real estate industry. Mortgage rates on commercial properties have not declined in concert with cuts in the federal funds rates which means spreads have widened. This compelling profitability along with lower risk, based on reduced loan to value ratios, is the reason why smaller transactions are still getting done and financing is available. Many community and regional banks are stepping up their lending. New banks are being formed and we expect life companies to get back into lending in a big way in 2009.

Q How have you seen building sales volume as the year progressed?

A I think it is very important to distinguish which segment of the market you are referring to and I repeatedly say that you must look at the market for properties with values over $100 million very differently than the market under $100 million and, in fact, I would change that using a $50 million threshold today. Clearly, the market for building sales is better the smaller the price tag of the property. Smaller transactions are easy to finance and the pool of potential buyers is significantly wider. It is too early to have a sales volume calculated for the entire year but through the first three quarters of 2008 sales volume was running at approximately 2.1% of the total stock of buildings. We consider 1.6% as the level of turnover in a market where sellers have no choice but to sell. That was the turnover in 1990 and 1991 when prices fell so precipitously that no one sold unless they had to. The 2.1% rate means that 24% of the sellers in the first three quarters of the year did so voluntarily. I believe this is due to the fact that prices have not fallen in the under $100 million sector as much as you might think based upon how negative the economy has been. It will be interesting to see how fourth quarter activity will affect overall turnover.

Q Where is value today relative to the height of the market?

A We are still determining where values are headed. Clearly, the market has changed significantly after September 30th which was the point in time that the credit markets were the most paralyzed. That was the day the over night LIBOR rate skyrocketed to 6.88%. That rate today is only 0.139%. Wall Street changed when Lehman failed on September 15th and essentially any transactions that closed in September, October, November and a good part of December probably had contracts which were executed prior to mid September. I do not believe those transactions are indicative of today's market. When trying to determine value we look primarily at the contracts we have signed in the fourth quarter and extrapolate value based on those contract executions. While we have seen some defaults, we expect the default rate on hard contracts to diminish significantly as buyers executing contracts in the fourth quarter were keenly aware of market conditions and have anticipated the significant equity requirements to get a transaction financed and closed. In terms of cap rate volatility, there is clearly upward pressure on cap rates but the extent of that pressure really depends on what market sector and property type you are looking at.

Q **What about the market for properties over 100 million dollars?**

A That market faces very big challenges. We don't do many of those sales but I believe that market will have a difficult time finding very liquid debt availability until the public markets are prepared to start buying CMBS securities or equivalent products again. In order for that to happen, three things must happen. 1) the rating agencies must get their act together 2) issuers have to keep some risk and that could be in the form of covered bonds which are widely used in the commercial markets in Europe and 3) the mark to market rules have to change. Essentially, it will be difficult to find a single institution willing to go on the hook for 9 figure loans on a single asset. Access to public money, which will provide risk diversification, must be made available in order for that market to function fluidly.

Q **So do you see a lack of transactions in that sector?**

A Clearly, there have not been many larger transactions in 2008 and, particularly, in the fourth quarter, and I don't see volume picking up in that sector in the foreseeable future. A more important issue facing the commercial real estate market than sales volume is the ability to refinance performing maturing loans. I have seen estimates recently that vary from Foresight Analytic's estimate of $160 billion to The Real Estate Roundtable's estimate of $400 billion of commercial mortgages that will mature by the end of 2009. There is significant uncertainty with regard to the sources of the required refinancing proceeds. Industry representatives have been lobbying Washington to explore the idea of setting up a separate aid program aimed at backstopping lending to the commercial real estate market. Until now, delinquencies on commercial real estate loans have stayed below historical levels thanks, in large part, to the limited amount of speculative construction in recent years. But now delinquencies are rising at a time when an enormous volume of loans are coming due and refinancing options are limited.

Q **If you say that public markets must be accessed to get the institutional market moving again, current conditions must be affecting Real Estate Investment Trusts. How have they been performing?**

A The REIT market will end 2008 with significant losses. The index of equity REITS which own commercial property and constitute the bulk of the market was down about 50% for the year. All REIT sectors have been hard hit as the industrial sector is down over 80% and the retail and hotel sectors are down about 67% each. Interestingly enough, the best performer was the self storage sector which was only down about 15%. REIT stocks are particularly susceptible to volatility because, typically, trading in them tends to be light. You see various reports about how REIT stocks are currently trading at deep discounts to net asset value which you would think would prompt people to buy these stocks. It is difficult to understand how these forecasts are made as, without transaction volume, it is extremely difficult to estimate the net asset values of REIT holdings. Notwithstanding this fact, I believe that REIT stocks are significantly oversold and are a buying opportunity today.

Q **You mentioned the Fed's cutting of the Federal Funds Rate earlier. What effect**

will this have on the real estate market?

A Well, the cut was greater than many economists expected. The statement that came with it indicated that these low rates are likely to stick with us for a long time and that the Fed is prepared to take aggressive actions to revive the economy. A number of official borrowing rates have tumbled. The rate on 3 month T-Bills have been reduced to near zero, a level they haven't been near since the great depression. For a period in November, the flight to safety was so prominent that the 3 month T-bill rate was negative. We were reverting back to the 19th century when people paid to put their gold in a bank's vault for safe keeping. In the short term, low interest rates should stimulate demand and help the economy and anything that helps the economy will help our real estate market. I believe that Fed Chair Bernanke's moves have been strongly influenced by what happened to Japan in the 1990's. Japan experienced significant deflation when prices began falling in 1998 but they did not implement any significant policy of quantitative easing until 2001. Because of this delayed response, prices did not stop dropping until 2005 which ended what is referred to as the lost decade in Japanese economic history.

Q **You just said that "In the short term" low interest rates would help our market. What are the long term implications?**

A In the short term, low interest rates make the dollar weaker. Global capital seeks investments in markets with high rates as returns are higher. The weak dollar increases our exports as foreigners buy our goods at relatively cheap prices. That stimulates the economy. The weak dollar also helps the New York City hotel market by increasing tourism both domestically, as travelers cannot afford to go overseas, and internationally as it is a bargain for foreign travelers. The hotel sector is hurting as average room rates are down as are occupancy rates. The weak dollar will have a positive effect on this sector, not that I think it will experience a boom, but its performance won't be as bad as it would have been otherwise. The problem with a prolonged period with a weak currency is that inflation is sure to follow. This effect will be compounded by the fact that we have been in a deflationary period which, history has shown us, is normally followed by an inflationary cycle.

Q **The retail sector has been hit very hard. What have you seen relative to retail properties?**

A There is upward pressure on cap rates. We used to sell retail condominiums and retail properties at cap rates between 5% and 5 ½ %. Today those same properties are selling at caps in the 7% to 8% range mainly because of concerns of the health of retail operators. It is expected that retail bankruptcies will increase in January as many retailers have been hanging on to try to make it through the holiday season. I read one estimate recently predicting approximately 200,000 stores will be closing in 2009 increasing the retail property sector's vacancy rate to nearly 13% by the third quarter of 2009. This sector has been hit very hard because of a lack of consumer spending.

Q It seems like people just don't want to spend money today. Could it get any worse?

A I do not know the answer to that. Interestingly, consumer confidence increased in December for the second month in a row after an abysmal October. Unfortunately, this slight uptick in consumer confidence has not translated into consumer spending. Spending in the fourth quarter is on pace to be the worst in 28 years. Improvements in confidence aren't necessarily signs of a sudden thaw in the market similar to what followed the 2001 recession. This time consumers are faced with not only rising unemployment but also heavier debt loads, still falling home prices and still tight credit markets.

Q Has there been activity in the land sales market?

A The activity in the land and development market has paralleled the availability of construction financing, which has essentially been non-existent. Any crains that you see in the sky today are on projects that were purchased and already had their construction financing in place quite a while ago. I believe that most of those projects that are actively in construction now will be completed either by the developer, the lender or the developer who buys the property from the lender which foreclosed on the original developer. That being said, I believe that after present projects are completed there will be, essentially, a lack of new construction for a period of years. The construction business is very important to New York as it generates about $30 billion a year in economic activity and is facing significant adversity. Not surprisingly, unemployment in the construction industry is soaring and in October it was up by more than 50% from the same period in 2007. Due to this lack of activity it will be interesting to see how much construction costs will be reduced as a dwindling labor pool continues to fight for ever dwindling work.

Q Are multi-family apartment buildings still doing well?

A I am always bullish on the multi-family market and it is, in fact, the healthiest segment of the market today. There is a significant lack of available supply of properties for sale today and the properties that we are currently marketing are receiving a significant amount of interest. Probably 75% of the properties that we have placed under contract in the fourth quarter have been in the multi-family sector. Interestingly, while cap rates are inching up by 25 or 50 basis points, they are not increasing to levels that you would anticipate based on economic conditions and unemployment projections.

Q I read that rents for apartments in NY are falling; wouldn't this have an impact on pricing?

A Falling rents do have a negative impact on the pricing of a property if you look at value on a price per square foot basis. It is very important to understand that an overwhelming majority of the multi-family buildings in New York have rent regulated tenants paying rents which are significantly below market levels and, therefore, even with free market rents falling, cash flows in these properties should still continue to increase. Notwithstanding this fact, you must look at capitalization rates which represent the yield that investors will be receiving. If investors project that rents will decrease they must look at which units will be affected by the market rent decrease and build that factor into their projected yield. One of the biggest impacts on multi-family values this year was the price of oil. On July 17, oil rose to $147 per barrel and today it is down to $37. At the beginning of 2008 we were projecting fuel costs at $1,000 per unit, then it increased to $1,750 per unit, and today we are back down to $1,000. These deviations significantly affected value in this sector. Even though OPEC had decided to cut daily production by about 3 million barrels per day to exert upward pressure on prices, we think prices will stay relatively low in the short run which helps this sector.

Q If unemployment is expected to increase, won't that have an even more negative impact on residential rents?

A Watching unemployment is the single most important economic metric to follow in that it is the most closely tied metric to the fundamentals of our real estate market. If companies are shedding jobs, the demand for office space is reduced which will affect the value of office buildings. People who lose their jobs are less likely to shop which will affect the rent levels that retail tenants can pay and those who are out of work or fear they may soon be out of work, are not going to move from a one bedroom apartment to a two bedroom apartment or move from a rental unit to purchase a coop or condo unless they absolutely have to. They may even need to move to a smaller apartment or to a lower quality location or building to lower their monthly rent. Unemployment is presently at 6.7% and it is expected that unemployment will increase to close to 9%.

Q Those rates are certainly higher than we have experienced recently but when comparing this economy to recessions of the 1970s or the depression, that unemployment rate does not seem so bad.

A Well, it is very difficult to compare the employment rate today to those prior periods as the calculation of the unemployment rate was modified significantly during the Clinton administration. Today, unemployed workers who have stopped looking for a job or are part-time employees that are seeking full time employment are not included in the calculation. These changes were made to make the statistics look more benign. If the old calculation were used, I have seen estimates projecting the present employment rate at anywhere from 12.5% to 16.5%. These figures are better for comparative purposes to prior periods.

Q What do you anticipate in 2009?

A I believe that 2009 will be another very challenging year for our economy and our real estate market. With regard to the economy, I believe that we will see more policy measures from the government which will focus on 3 areas. 1) Cushioning the decline in private sector consumption and investment through a large fiscal stimulus package of somewhere between $600 and $900 billion. 2) A refocusing on efforts to clear bank balance sheets of illiquid troubled assets and recapitalize those same institutions and 3) Measures to work against an undershooting of home prices through principal write downs and lower mortgage rates. We have seen some positive policy news already which has been delivered during the past few weeks: The Obama administration has assembled an impressive set of intervention-minded nominees for economic posts, new uses of the TARP funds including the auto industry bailout, rising estimates for fiscal stimulus in early 2009, significant mortgage market intervention and the unending announcements of fiscal and monetary stimulus emanating from around the world. Measures of financial distress have been improving gradually, albeit unsteadily. This has occurred despite an economic outlook that remains grim.

Q What about the real estate market?

A I strongly believe that real estate will be viewed as very attractive asset class in 2009. If you had money today, where would you invest it? I advocate real estate as one of the most viable options, notwithstanding my self interest. What are the alternatives? So far in 2008, the Dow is down 36%, the S&P is down 39% and the NASDAQ is down 41%. What companies would

you invest in? Enron and Worldcom were thought to be blue chip in their heyday. Lehman had a sterling track record for over 150 years. I believe that scandals like Madoff will leave a growing number of people reluctant to leave investments in the hands of other people. The other day a client told me that he could buy bonds of a “stable” entity at a 14% yield and asked why he should buy real estate at a 6% cap. I heard this same sentiment in the early 2000’s when returns on internet stocks exceeded 20%. Most of the people who bought those internet stocks lost everything. So what do you buy, Treasuries at 0%? Real estate is now offering the risk premium it should be providing. Real estate offers transparency in that you can see it, you can touch it and you know exactly where your revenue is coming from, what your expenses are and it is very clear what you own. I also believe that New York City income producing properties are relatively liquid. It can’t be sold in a day but within 90 to 120 days you can receive full value for your property. I have yet to see, in 25 years of selling buildings, a time when I could not get interest and offers for an income producing property in New York City. The fundamentals of our market are softening but remain relatively strong. It is a very difficult as a broker to not sound self serving, but I believe that investment real estate in New York City is an excellent place to park capital. There are four reasons for this: 1) transparency – you know what you are buying, 2) the yield that you are able to obtain is healthy – particularly relative to Treasuries, 3) Appreciation over the long term will be there and 4) You have a significant amount of control over the performance of the asset. Additionally, real estate is a great hedge against the inflationary cycle which is sure to follow the current deflationary/weak dollar predicament we are in.

Q Who are your buyers today?

A Almost all 32 of the contracts we have signed within the past couple of months have been with buyers who have significant portfolios of properties and have been real estate investors for decades. They are high net worth individuals and real estate families who invest all of their own equity. They generally live by the words of Warren Buffet who said, “Be fearful when people are greedy and greedy when people are fearful”. There is fear in the market today. The state of the economy is forcing most, if not all, novice investors out of the market due to the perceived danger. Like the stock market, investor psychology impacts the commercial real estate market. Savvy investors transacting in today’s marketplace are picking up properties which they want to own for the long term. Cap rates in the market are at a point where the reward outweighs the risk (in most cases) and investors with cash are taking advantage of the arbitrage in the market. During any recession, the key to investing is managing risk.

Q How long do you think it will be before the markets fully come back?

A No one knows the answer to that question. We are in unprecedented times. What happened with the collapse of Lehman on September 15th was a global, synchronized cessation of all but non-discretionary economic activity in the wake of the near collapse of the global credit markets. In good times, based on the instantaneous flow of information on a global basis, credit expanded and activity magnified geometrically. Economic activity came to a halt more quickly than ever before. If you take an optimistic view, that means it can also restart more quickly than ever before. This is not to say that it will, only that the possibility is more than marginal. Low energy prices and zero inflation will boost spending power. Even if unemployment does reach 9% or more, consumer reserves in the U.S. and worldwide are deeper than commentary would suggest. Household net worth in the U.S. is down from its highs but it still around $45 trillion. Clearly, the last months of 2008 will go down as one of the most severe economic reversals to date, and on a global scale. But it is foolish to assume that this provides a viable guide to what lies ahead. The rush to declare the future

bleak has obscured the fact that no one knows the outcome of an unprecedented event, no one. The worst course in the face of uncertainty is blind faith in conventional wisdom and past patterns. While many people are predicting that it will be years before things get back on track I would like

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to believe that as quickly as things turned sour they can be reversed. Hey, if I weren't an optimist I never would have gotten into this business.

Best wishes from Bob and his team
for a happy, healthy and prosperous 2009!

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During Mr. Knakal's almost 25-year career, he has sold over 1,000 buildings having an aggregate market value of over $5.8 Billion. He was the top salesman, with partner Paul Massey, at Coldwell Banker Commercial (now CB Richard Ellis) in New York in 1986, 1987, and 1988 prior to forming Massey Knakal. In 1990, he was awarded Crain's New York Business "40 Under 40" awarded annually to 40 business people under forty years of age for outstanding achievement in the New York business community. In 2001, Mr. Knakal was named one of "The Top Dealmakers" by Real Estate New York Magazine. He has twice been the recipient of the Robert T. Lawrence Award in the Real Estate Board of New York's Most Ingenious Deal of the Year Contest. First in 2002, for the assemblage of the easterly blockfront of Second Avenue between 54th and 55th Streets. Then again in 2004 for the sale of the historic Gotham Book Mart at 41 West 47th Street.

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