

Morgenstern brings in rainmaker for platform growth

The move is part of plan to scale and geographically expand the footprint of its main and affiliate businesses

Peter Benson 18th October 2019, 7:59 pm

Morgenstern Capital, a New York City-based real estate investment firm focused on prop-tech driven residential properties, has brought on veteran investor **Al Tylis** as a strategic partner and advisor. The move is part of plan to scale and geographically expand the footprint of its main and affiliate businesses, which include **Canvas Property Group**, its property management arm, and **Finished Canvas**, a provider of fully furnished, medium-term stay apartments.

Tylis has had a lengthy career in real estate, including board positions at **NorthStar Realty Finance**, **The Townsend Group**, and **RXR Realty**. “His background and relationships on the investor and capital markets side, as well as the real estate veterans he knows made it a really good fit,” said **Rob Morgenstern**, founder. Morgenstern and Tylis crossed paths as their sons play soccer together and bonded over their mutual interest in prop tech, he added.

Tylis has purchased a piece of the companies as part of the deal. “For that, we’re going to work together and try to grow the business,” said Morgenstern.

Strategy and execution

Morgenstern believes New York has been a great market to expand a tech-focused investment platform and plans to expand its portfolio in the near-term on a deal-by-deal basis. “I’ve no desire to fundraise in this environment,” he added.

His faith in continuing with the current strategy lies in the network the firm has built over the first five years of its existence. Morgenstern believes his time is better spent locating deals as there is little to worry about on the capital raising side. “I’m not interested in putting down the pencil and picking up the fundraising arm,” he said. “If we want to buy a property, there’s no issue raising capital.”

That said, there’s still plenty of growth to be had in the city and beyond thanks to a changing labor environment that means people need more flexible living situations. “There’s a big push for people willing to pay more for a flexibility of stay,” said Morgenstern.

On the sponsor side, many owners or developers don’t want to take on the hassle of providing tenants with the ever-growing list of modern demands that tech like Morgenstern’s affiliates can provide. “We’ve picked up a tremendous client base from third-party property management business,” said Morgenstern. “They may not have the full ability to manage the real estate.”

The Canvas businesses provide everything from a one-stop-shop application to help tenants pay rent and manage any work issues, to security systems and package delivery management technology to avoid a sea of boxes in the lobby. That’s not including the standard real estate piece of upgrading the appliances and space, all of which adds value and drives the rent growth investors are looking for.

The Relationship

The experience at some of New York's premier real estate firms helped maintain trust that Morgenstern was making the right decision doing business with Tylis. "A strategic partner that I can rely on made it a no brainer," he said.

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