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New York multifamily advisory sees shift to smaller units

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[Samantha Rowan](#)

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XL Real Property Management, which manages rental apartments for affluent foreign investors in New York, is seeing more interest from its clients in smaller units. The local investment company, founded in 2012 by **Dylan Pichulik**, has been working with clients on more transactions in the \$2m to \$3m range. “Investors today are looking at smaller, more efficient buildings with lower price points so they can rent out their units for \$5,000 a month – not \$50,000,” Pichulik told *REFI*.



The firm got its start in 2012, managing individual apartments or small multifamily properties of no more than five units on behalf of mainly international owners. “A few years ago, the trend was to buy large units at very high prices,” Pichulik said, noting that there’s now a glut of this product on the market. “I think investors found it made more sense to buy a more modest apartment. Rather than going for apartments for \$4m or \$5m dollars, investors are saying, ‘Let buy two apartments that are smaller and easier to rent out.’”

Pichulik founded the company after working as a real estate developer for several years and observing a need to help foreign investors manage their investment properties. “In my role as a developer, I witnessed what was happening to foreign and local investors after they bought rental units. After they closed, there was no real resource to help them with specific needs,” Pichulik said. “Someone who is located in China or outside of the U.S. doesn’t have the bandwidth, connections, or solid understanding of the rules with regard to the operations of a property.”

Problems included owners who were buying the incorrect insurance, handling tenants who were not paying rents, or working with the condo board. “Rather than focusing on an entire building, we focus on the individual condo-level. We cater to the needs of absent owners from China, Israel, Europe or New York who own apartments they’re renting out and need someone to take care of daily operations,” Pichulik added.

In recent years, Chinese investors were some of the largest purchasers in the city. This has dropped, however, over the past two or three years due to regulations that make it more difficult for Chinese buyers to move currency out of the country. “We’re seeing a lot of Middle Eastern investors as well as Indian investors, who are putting more money in the U.S. market,” he said.

The firm’s clients have a variety of motivations and varying investment horizons. “Some are looking for a property that’s a good short-term deal and they’ll cash out in a year or two and buy something else,” Pichulik said. “There are also a lot of our clients who are buying for generational wealth. We manage a lot of properties that are inherited by children who are planning on keeping the asset and giving their kids a point of entry in the future.”

In addition to core markets in Manhattan and Brooklyn, some of the firm’s clients are interested in emerging markets in the New York area, like Bushwick.

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