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Lawlor Builds Institutional Platform for Top Investors

In just a few years, the Waypoint CEO has built a firm that controls more than 12,000 units by mixing high–net worth equity and a contrarian investment strategy. ***By Les Shaver***

IF SCOTT LAWLOR LOOKS LIKE HE'S IN A HURRY, IT'S PROBABLY BECAUSE he is.

As CEO of Waypoint Residential, Lawlor is in constant motion—always meeting people and explaining his 4-year-old firm's story.

"I'm flying around the country and the world to meet with investors and do presentations," says Lawlor, who's also a co-chairman of the Greenwich, Conn.–based Waypoint (not to be confused with the Bay Area single-family rental firm of a similar name). "It's a very slow process that is time-consuming and labor-intensive and expensive. There's no magic."

Lawlor's business strategy is simple: He pools money from high–net worth individuals—about 450 from the United States and half a dozen other countries in all—and buys apartments. But there's an institutional twist: He has a 20-person team in Greenwich to service these wealthy investors. "We're here to be an institutional-caliber provider to the high–net worth family office wealth managers," Lawlor says. "I thought there was a void [servicing high–net worth investors], and that represented a tremendous business opportunity."

Lawlor has been in commercial real estate for 29 years, serving as everything from a broker to an asset manager. From 2000 to 2007, he bought more than 28 million square feet of commercial properties, as the founder of Broadway Real Estate Partners, a vertically integrated real estate investment management firm.

After the 2008 crash, he saw a safe haven in apartments but was attracted to them for what *didn't* drive their performance. "Apartments, as far as we can tell, are the only property with meaningful structural tailwinds that have nothing to do with next quarter's GDP growth," Lawlor says.

In four years, Waypoint has invested $1 billion across 37 investments. It also has a third-party management platform with a portfolio of about 12,000 units across the Sun Belt.

Lawlor says most of his investors are repeat customers. Though he's produced IRRs in excess of 30%, he employs a conservative structure, with LTVs around 60% for a hold time of seven to 10 years. "We have a very conservative view of leverage," says Lawlor. "Investors want security, and we have long-term, fixed-rate debt in order to generate nice, reliable coupons to our investors."

In the frothy apartment market, Lawlor has managed to find deals by looking at places the big institutions might avoid. While the company invests in markets like Atlanta, South Florida, and Houston, it will also go to locales like Augusta, Ga.; Chattanooga, Tenn.; and Greenville, S.C.

"In larger markets, we're willing to think about submarkets most people won't touch," Lawlor says. "We're just looking for growth and diversification."

While Lawlor acknowledges issues like asset bubbles and oversupply, he sounds like he's found a haven in multifamily that will allow him to weather any turbulence.

"With new supply, you see it coming from a mile away, and it tends to congregate," he says. "So as long as my biggest threat barrier is something that's easily identifiable and tends to congregate in certain areas, I can get out ahead of deliveries.

"With structural tailwinds on the demand side and easily knowable deliveries on the supply side, [multifamily] feels like a pretty good balancing of the scales to me." MFE