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STAMFORD, CT—Known for his acumen in buying office properties as founder of Broadway Partners, which acquired 28 million square feet in the sector between 2000 and 2007, Scott Lawlor today is a firm believer in multifamily. He founded real estate investment manager Waypoint Residential in 2011, initially with a focus on value-add; to date the firm has completed more than 60 transactions with a gross asset value in excess of \$1.8 billion. The current year will likely see more than 15 deals completed, making 2016 the busiest yet for Waypoint. GlobeSt.com recently sat down with Lawlor to reflect on the past five years and where he sees the market going.

GlobeSt.com: You began investing in apartments through Waypoint Residential in the market of 2011. What are some of the major differences since then, and what hasn't changed?

Scott Lawlor: The major difference by far is a general concern about where we are in the cycle. On 2010 and '11, we were still crawling out from under, and the question was, "Is it okay to go out and invest again?" Now it's almost at the other end of the spectrum, where the question I get most often from my investors is what I call the dreaded inning question: "Is it the seventh, the eighth, the ninth? Is it too late, did I miss the cycle? Should I wait it out on the sidelines?"

As far as the biggest commonality with five years ago is concerned, the reason that we got into the apartment business was that there were what we considered to be structural tailwinds driving the space. We're not reliant on the cycle, trying to time the market, but rather it's generational,

whether it's the shift in homeownership patterns, age of marriage or having children, the number of non-traditional families, the number of immigrants—all of these things are structural game-changers with regard to apartment demand that have been going on in some cases for five years and in some cases for 50 years. But more importantly, none of them have to do with next quarter's GDP or where the Dow is in a year. So this is a structural bet we're making, and everything I just said was true in 2011 and is true today. In some ways, it's better today because we have a five-year "tale of the tape" that proves the thesis is legitimate.

GlobeSt.com: The investment climate clearly has evolved in the past five years. How would you say the investment approach you're using in 2016 has evolved?

Lawlor: Our approach to investing is exactly the same and is not going to change as it relates to certain philosophical elements. We're not ones to underwrite to huge spikes in rental growth. I don't believe in market timing; we take a very conservative approach to rental growth, which is to say we don't underwrite to anything north of inflationary growth.

Similarly, with respect to leverage, we take a very conservative approach. I don't believe in market timing; far more important than trying to predict the cycles is to recognize that they're going to happen and you can't prevent them. So it's far more important to make sure the investments are resilient, make sure they're built to withstand so we can ride out the next downturn. We try to conservatively generate very compelling current returns for our investors.

GlobeSt.com: Over the past five years, the geographic focus of your investment has broadened. Do you expect this to continue?

Lawlor: Absolutely. And that's not a change in world-view; that's more a function of rolling out our organization over time. We're rolling it out from two perspectives. One is geography and the other is strategy. With regard to geography, we rolled out our first regional office in Atlanta, then in Boca Raton, FL, then Dallas, and this year in Chicago. We'll probably open one in Denver next year. So we're continuing to roll out our geography, because there's no reason that we can't do what we do all over the country. But you can't do it all overnight and do it well, in my view.

It's the same thing with strategies. We started out with value-add, and then we added ground-up development, and subsequently student housing. Over time I expect we'll add a few more. So we'll have three, four or five different strategies operating coast to coast—all under the umbrella of rental housing. That's our business plan; that's set in stone.

GlobeSt.com: The company has brought a number of functions in-house over time. Give us a sense of how that has played out.

Lawlor: The plan has always been to be vertical. I'm a believer in having all of the capabilities under one roof, whether it's acquisition, development, asset management or accounting and reporting. I think it's the most effective operational game plan as it relates to investment performance. That has been always been the intent, and we have rolled it out as we've been able. If you try to staff 10 offices around the country with six different functions, and you try to do that in six months, you're going to have a lot of trouble. So I'm doing it as fast as I can, rolling it out based on my ability to identify good people and get them fully assimilated.

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