Remit Consulting

Waypoint ASSET MANAGEMENT

Remit Case Study: Waypoint Asset Management

Waypoint Asset Management, a UK-based real estate advisor, recently established a new investment platform focusing on larger retail investments. This initiative prompted Waypoint to ask Remit Consulting to review the property management market, define their specifications and help with the property manager retender process. The outcome was unexpected, but positive.

A specialist in retail property investment advice

Waypoint is a UK-based real estate advisor and co-investor that operates across the UK and mainland Europe. Historically specialising in retail, Waypoint now also uses its expertise to deliver property investment advice across a wide range of established and alternative property sectors.

In 2015, Waypoint set up a larger investment platform for New Frontier Properties that would concentrate on retail investments, including shopping centres. This new platform provided Waypoint with an opportunity to review the way it was managing its properties.

Which property manager is the right fit?

“There were three main reasons behind our decision to tender for a new property management company,” explains Chris Moulden, Director of Waypoint. “Firstly, we were not happy with the performance of the existing managing agent. We had been with them for over a decade and felt that their performance was declining, particularly with regards to their accounting services.”

“Secondly, we had picked up incumbent managing agents when we acquired new shopping centres, so wanted to consolidate the management. Thirdly, we wanted to make sure that the fees we were paying were still at the market rate as we had not retendered for a while.”

Bringing Remit on board

Waypoint called on Remit, as we had previously worked with the company to advise on internal property management packages.

“Remit has a good overview of the property management market and understand what managing agents are required to do,” says Chris. “Also, we did not have sufficient resourcing internally to liaise with multiple managing agents and pull the specification together. If we had carried out the tendering ourselves it would probably have been slightly more disorganised! We wanted Remit to bring some organisation to the process for us.”

Waypoint asked Remit to:

- Review the property management market.
- Develop a refreshed property management specification.
- Assist with the retender process.
- Undertake a comparative review of the tender submissions.

> “Remit has a good overview of the property management market.”

Two portfolios, double the specifications

The initial stage of the project involved us agreeing on a specification of the property management services that Waypoint required from a third party.

An extra layer of complication came into play, as Waypoint had two different portfolios. One for shopping centres and one for the smaller local retail assets. These two portfolios had different requirements and it would not necessarily be appropriate for the same property manager to take care of both.

As a result, we created two sets of specifications and subsequently ran two requests for proposals.

"The specifications were very comprehensive," says Chris. "They ran to about 60 pages and covered everything we needed an external property managing agent to do, from accounting and health and safety to tenant liaison."

"Before, our managing contracts were vague, and while they set out the services to provide, they did not specify the level of performance we expected in terms of KPIs and SLAs. The process that Remit managed took our definitions a stage further. A great part of the value we derived, lies in having gone through the process of creating the specifications, because it made us look at every area in detail."

Two tenders running simultaneously

The second stage involved pulling together information about all the Waypoint assets that would require management, split into two separate parts: one for shopping centres and one for local retail properties.

We ran two tenders simultaneously, with some agents invited to tender for one and some for both depending on their skill sets.

We submitted requests for information to a longlist of agents, then whittled that down to a shortlist of four agents. Next, we sent out requests for proposals to the short list. "Once all the tenders from the shortlist had come in, Remit furnished us with a neat summary of each answer, so we could do a like for like comparison," says Chris.

Finally, we held a series of first and second interviews at Waypoint's offices to establish how well equipped each agent was to sign up to the KPIs and SLAs we had outlined.

"Remit guided us throughout the entire process," says Chris. "They acted as the front line for dealing with agents, which made it easier for us to stand back and be objective about what each agent could deliver."

> "Remit guided us through the entire process."

Decision time

"When it came to making the decision, it was down to us," Chris continues. "In fact, we ended up retaining our incumbent managing agent. The process showed us that there was no real variance in fees, and some of the agents were larger organisations, so we would have been a relatively small client for them and might not have got such good service."

At the start of the process, we fully expected to change agents, but it did not turn out like that. The six-month window of the tender process acted as a catalyst for our existing agent to make some meaningful changes. They remedied the problems in their accounting team by hiring new, high-calibre people and adopted a more proactive mindset towards their work for us.

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Chris' recommendation

"I would definitely recommend Remit to other client-side organisations. A tender exercise has a lot more to it than you might envisage, and Remit brings organisation and structure to the whole process."

"As much as it is about tendering and finding a suitable managing agent, it is also about forcing you to look at your own internal systems. If you are thinking of carrying out a similar exercise, I would recommend that you do not look at it simply as finding a new managing agent. It is a dual-purpose exercise. It is a really good way to review your own internal systems as well as what you require externally. You can get a lot more out of this kind of process than you initially expect."

"A tender exercise has a lot more to it than you might envisage."

For more information:

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