

# Empowering Growth in Europe:

4 Advantages of Outsourcing  
CRE Asset Management

WHITE PAPER



# Introduction

Outsourcing commercial real estate (CRE) asset management creates a strategic advantage for banks and private credit lenders looking to scale and grow nimbly without typical overhead commitments. In Europe, engaging third parties to perform traditionally internal services has been less common than in the U.S., due to regulatory pressure, market conditions, data-sensitivity concerns and cultural norms.

But institutions are increasingly buffeted by global and local factors beyond their control. They include the severe disruption of the Covid-19 pandemic; structural changes in real estate sectors such as office and retail; a swift rise in interest rates; and in the UK, the government's 2022 plan to slash taxes and increase borrowing, which provoked tumult in financial markets. As a result, more European institutions and U.S. companies with operations there are looking to outsourcing asset management as a means to sustainably scale and avoid long-term fixed costs.



"Outsourcing empowers firms to move with more efficiency and agility at a lower cost," said Lisa Williams, Executive Managing Director and Head of Europe. "Our experienced asset management professionals give clients the freedom to focus on their customers as well as critical business development priorities."

Outsourcing asset management helps address the significant pain points that arise in a dynamic market. The practice not only lowers cost but gives institutions the power to:

- Align the size of servicing teams with fluctuating loan portfolios;
- Increase focus on origination and business development;
- Move with greater speed, agility and efficiency;
- Rationalise data and better track portfolio performance;
- Gain access to deep experience, best practices and objective reporting;
- and take advantage of state-of-the-art technology investment.

Here is a closer look at four key advantages of outsourcing asset management in Europe.

# Advantage 1

## Greater Flexibility and Agility

Commercial real estate loan books expand and contract constantly. A lender may have had a sizable pre-pandemic portfolio, and a team positioned to service it. But the loan book may have declined year after year while the team remained constant. Pressure intensifies to find new origination deals while continuing to manage existing loan books. Traditionally, teams must focus on both simultaneously, which acts as a drain on productivity. Outsourcing allows lenders to run leaner teams, and deploy internal resources on higher-value activities, such as business development.

“Especially in a challenging market, institutions need to focus on deals,” said Tom Moreton, Vice President, SitusAMC Europe. “Outsourcing frees them up from labor-intensive activities. They gain flexibility and agility as they try to navigate fresh territories and new ways of working, and can react quickly when an opportunity arises. Companies like SitusAMC provide a level of service that gives clients peace of mind.”

At the same time, outsourcing does not necessarily mean replacing internal teams. In asset management, SitusAMC will typically offer employment to the client’s employees under the Transfer of Undertakings (Protection of Employment) regulations (TUPE) so they maintain their jobs and salaries.

The key is to look for an outsourcing partner that views itself as an extension of the internal team and can adapt to meet client-specific requirements. The third-party firm should be able to demonstrate an understanding of stakeholder needs in the process, from fund and asset managers to accounting teams and servicing groups, to valuers, auditors, legal, reporting and analytics teams.

“There is understandably some nervousness around outsourcing a process that historically has been done in house,” said Moreton. “The third-party provider should be able to demonstrate they have the experience, ability to adapt and nimbleness in responding to different stakeholders needs.”

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**TOM MORETON**  
Vice President  
SitusAMC Europe



# Advantage 2

## Lower Cost, Faster Decision-Making, Improved Processes

Third-party firms such as SitusAMC can manage an existing loan book more efficiently and at lower cost. In service-level agreements, fees charged are on a per-loan basis, so clients only pay for work on specific loans. SitusAMC has developed a cost-savings calculator that allows clients to input their portfolio specifics to demonstrate the return on investment from outsourcing. (See Sidebar 1.)

As for speed, internal teams can be bogged down in bureaucracies, corporate red tape, layers of signoffs and stagnant processes which have evolved over years in response to regulatory requirements – in the UK, for example, by the Financial Conduct Authority. “These internal policies and practices are no longer fit for purpose and stymie progress, but institutions don’t have the time or resources to restructure them,” Moreton said. “As a result, a process done in house might take weeks or months. By

contrast, outsourced teams face fewer restrictions and can accomplish the same tasks in hours or days, depending on the assignment.” SitusAMC, for example, holds a credit servicing license operated out of Ireland and is regulated there, so its approval chain is shorter. Depending on the outsourcing facility agreement, SitusAMC can be empowered to make decisions or utilise predetermined responses on behalf of clients, so teams are faster to respond. Borrower requests or escalations that are forwarded from SitusAMC to the lender don’t need to be pushed through an internal approval chain, allowing clients to make swift decisions.

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**TOM MORETON**  
Vice President  
SitusAMC Europe



# Advantage 3

## Expert Market Knowledge, Superior Insights, Greater Objectivity

In addition to flexibility, cost savings, efficiency and flexibility, outsourced teams also bring decades of experience, deep expertise and an objective viewpoint to client engagements. Asset management professionals at SitusAMC, for example, have worked across all asset classes, including office, retail, industrial, build to rent and purpose-built student accommodation (PBSA).

“Our experienced teams speak the local language and are intimately familiar with market dynamics as well as industry, legal and cultural norms,” Williams explained. “This means institutions don’t need to invest in recruiting or hiring new teams as they expand into new markets or pivot in the face of industry changes, financial market turmoil or regulatory shifts.”

Additionally, given market strength since the Global Financial Crisis (GFC), there are many situations in which most of a client’s team has not navigated significant down cycles. Partners like SitusAMC have built diverse teams with experience across cycles, and they leverage that knowledge on behalf of clients.

“With all of these moving goal posts, chances are that SitusAMC has a professional in our business, if not several, who have managed through a specific challenge before with another client, and know how to deal with it,” Moreton noted. “In primary servicing alone, we have six senior vice presidents with a combined 130 years of experience.”



# Advantage 4

## Industry Best Practices and Technology

Third-party firms also bring an advantage in terms of best practices. Serving a range of clients in different institutions and geographies exposes third-party firms to a wide array of strategic approaches, trends, processes and technologies in asset management.

“We're consistently looking for ways to improve our service for all of our clients,” Williams said. “We are performing these activities day in and out with an intense focus on the quality of our service delivery. When we see a process, idea or software that makes workflows faster or more efficient, or a more robust style of reporting that’s helpful in client decision-making, we immediately disseminate these practices among our clients. Any marginal gains that occur through any one of those means will be applied for the benefit of all of our clients.”

“In addition, with an emphasis on constant improvement, third-party firms invest deeply in innovation to support their areas of expertise.

While clients are focused on investing their capital, third-party firms such as SitusAMC are deploying technologies that increase performance and speed, and give clients an advantage.

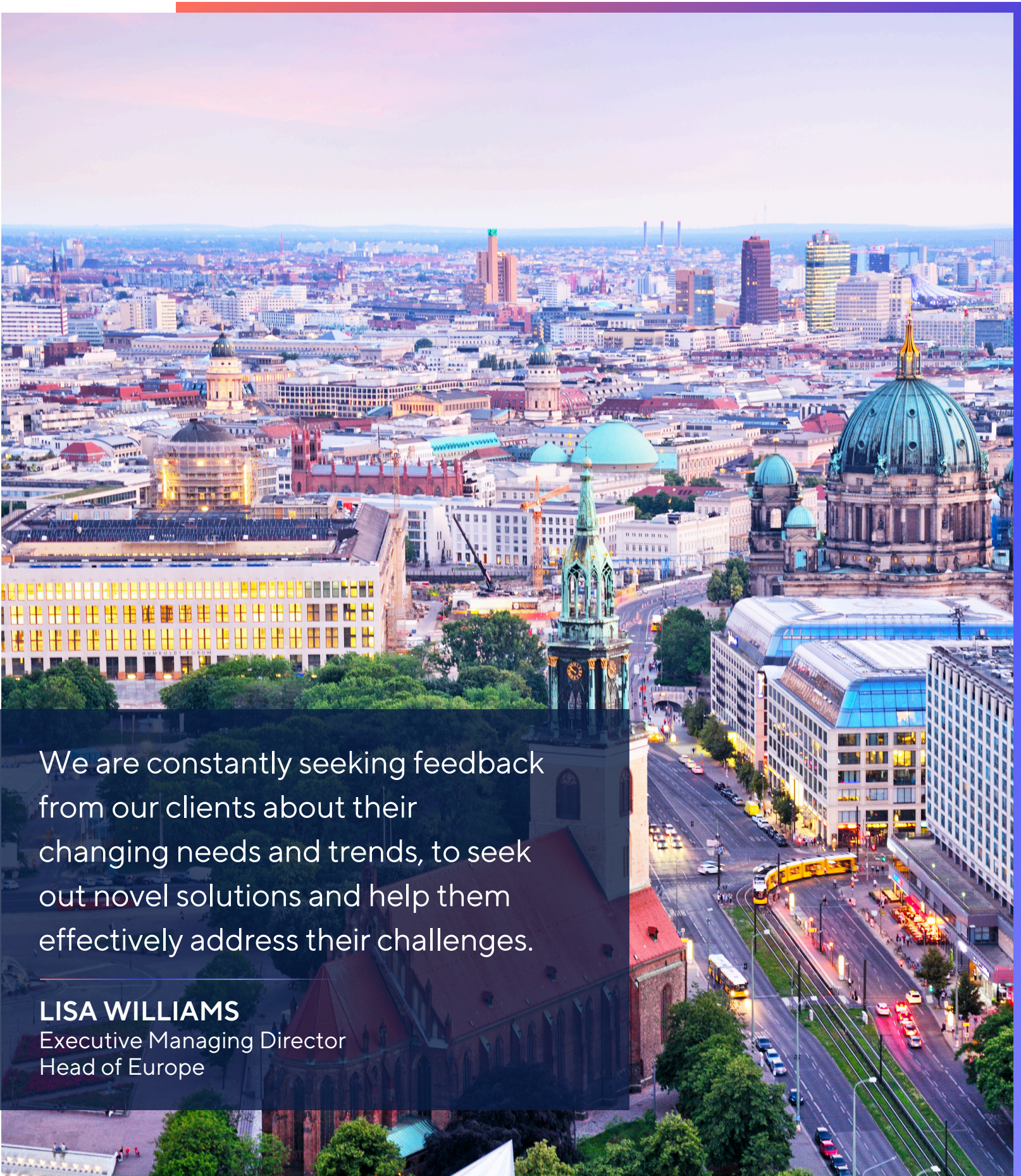
For example, in 2024 SitusAMC rolled out an enterprise software for loan management in Europe that was 18 months in the planning. The software establishes a user-friendly portal for clients, so both lenders and borrowers can log in and check on loans in real-time, improving transparency and efficiency. The system also automates a range of processes to increase speed and provide quick access to granular reporting on issues such as the environmental KPIs of green loans.

“We are constantly seeking feedback from our clients about their changing needs and trends,” Williams noted. “We take that feedback and seek out novel solutions to help them effectively address their challenges.”

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**LISA WILLIAMS**  
Executive Managing Director  
Head of Europe



## CONCLUSION

Outsourcing commercial real estate asset management offers a compelling strategic advantage for banks and private credit lenders aiming to expand efficiently without incurring substantial overheads. As global and local economic conditions become increasingly unpredictable, more European institutions and U.S. firms with European operations are turning to outsourcing to enhance their operational agility and cost-effectiveness. By delegating these functions, institutions can streamline their operations, focus on core business development and adapt more swiftly to market changes. Ultimately, outsourcing enables financial institutions to optimize their resources, leverage industry expertise and maintain a competitive edge in a dynamic market.

# About SitusAMC

SitusAMC is a leading provider of comprehensive commercial real estate finance services in Europe, catering to a wide range of clients in the corporate finance sector. The firm serviced a €101B commercial loan portfolio and managed an €18B commercial loan portfolio as of March 2024.

For more information on outsourcing services in Europe, contact:



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# Outsourcing

## The Cost Benefit Analysis

Clients are already paying to service loans internally, so outsourcing adds efficiency without adding to existing costs, and in fact, can reduce them.

The chart above illustrates a book of 40 loans in the UK which requires six internal full-time employees to manage, which requires recruitment, training, salary, pension, national insurance, at an approximate costing of £103,000. The model assumes the number of loans fluctuates over five years. But even when the number rises, outsourcing still offers savings, and the total is significant over time. Meanwhile, these figures don't include the institution's cost for hardware and software to support the loan book. SitusAMC offers a tool to help clients perform these calculations using their own numbers to determine potential savings.

## Loan Asset Management - Example Savings

### Cost Over 5 Years

	Year 1	Year 2	Year 3	Year 4	Year 5	
Number of Loans	40	37	45	43	49	
In-House	£ 619,500.00	£681,450.00	£766,631.25	£766,631.25	£834,776.25	£3,668,988.75
SitusAMC	£ 600,000.00	£555,000.00	£675,000.00	£645,000.00	£735,000.00	£3,210,000.00
Saving	£19,500.00	£126,450.00	£91,631.25	£121,631.25	£99,776.25	<b>£458,988.75</b>

### FTE

Salary	£70,000.00
Pension	£5,250.00
NI	£10,500.00
Training	£3,500.00
Recruitment	£14,000.00

**Total £ 103,250.00**

### Total FTE

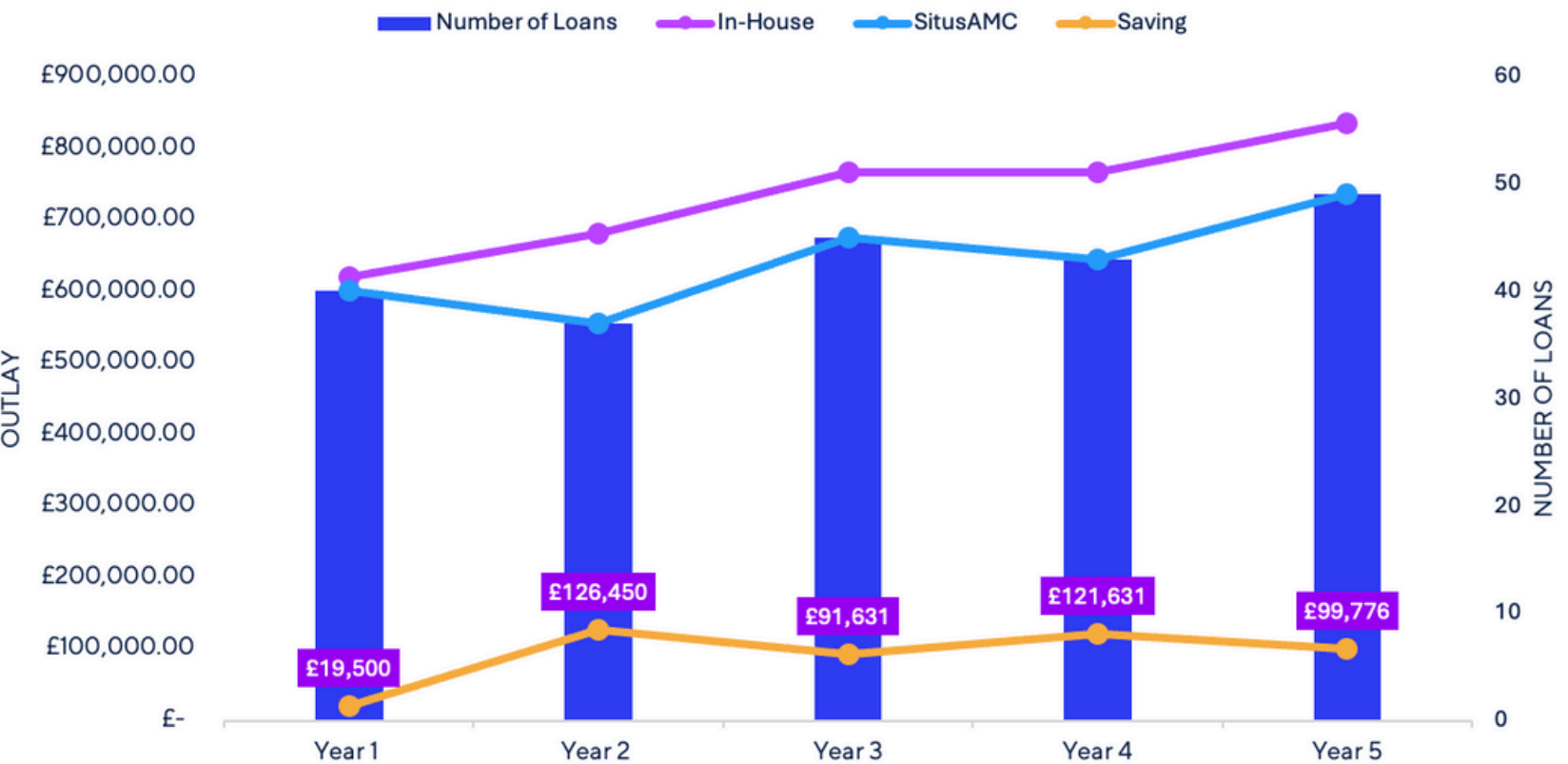
FTE	6
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### Loan Book Size

Loans	40
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**Current Outlay £ 619,500.00**

### Cost Over 5 Years



# Outsourcing

## Service Options

SitusAMC offers a full menu of outsourcing services to meet clients’ needs, from loan reporting through monitoring to analysis and advisory.

## Loan Asset Management Services

	Reporting	Monitoring	Analysis & Advisory
	Agency Plus	Loan Surveillance	Loan Asset Management
Weekly / Monthly Loan Status Update	○	○	○
Diarising and Obtaining Borrower Deliverables	○	○	○
Covenant Monitoring	○	○	○
Quarterly Asset Reviews	○	○	○
Coordination of Borrower Drawdowns	○	○	○
Independent Review of Borrower Reporting	-	○	○
Loan, Property and Tenant Performance Metrics	-	○	○
Early “Red Flag” of Deteriorating Performance	-	○	○
Monitor Waterfall Payments and Account Balances	-	○	○
Capex Drawdown Recommendations	-	○	○
Tracking of Required Development Milestones	-	○	○
Annual Reviews	-	-	○
Review Borrower Requests and Produce Recommendations	-	-	○
Underwriting and Re-Underwriting of Loans	-	-	○
Preparation of Credit Papers	-	-	○
Engaging Third Party Consultants	-	-	○
Providing Practical Advice and Solutions on Loan Positions	-	-	○



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