

# Letter: No easy solution to Covid-19 rental pressures

From Ted Leary, Founder and President, Crosswater Advisors, Los Angeles, CA, US



Signs mark a private road across from Bruce Park in Greenwich, Connecticut, US. © Bloomberg

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Since the Covid-19 economic shutdown began there has been an understandable spate of cries by tenants for rental reductions or abatements ([“Unpaid rents pose a risk to the wider economy”](#), The FT View, June 15). Simultaneously, “landlords” have demanded their contractual rents as they have mortgages and other obligations to pay. As a long time, now-retired US real estate investment manager I’ve noticed that there is little, if any, discussion of who these “landlords” ultimately are.

They are not rich guys in Greenwich, Connecticut. Most institutional quality property in the US and Europe is owned by pension funds and endowments.

Retirees and beneficiaries of those funds rely on investment returns from the property assets their investment managers (the rich guys in Greenwich) have acquired. The question of who should bear the Covid-19-driven losses is a lot more complex than the tenants, the investment managers, the mortgage holders (who are also often pension funds or endowments) — or the press — seem to realise.

It is very complex and there is no simple solution.

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