

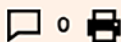
Letter

+ Add to myFT

Letter: This is no moment for real estate borrowers' workout

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

YESTERDAY



Regarding Joe Rennison's article "Destruction of value in US real estate revealed" ([FT.com](https://www.ft.com), September 27) I have been in the real estate "workout" business through multiple cycles since 1975. Most of the "value destruction" came as a result of overbuilding, overleveraging, greed or sheer owner incompetence. When you had several of these ingredients combined, the value destruction was immense.

I am thinking that this time it is actually different. The properties you cited are victims of the Covid-19 virus, not the above listed problems of the past.

It's great that there is a "special servicer" system to take over these troubled assets but I am not sure what any special servicer, no matter how highly skilled, is going to do to fill up hotel rooms, retail spaces and offices.

For the first time in my long career we may have a situation where the solution is to "help out" the borrowers, not put them through a tough "workout".

Ted Leary

Founder and President, Crosswater Advisors

Los Angeles, CA, US