



CAMBRIDGE

Realty Capital Companies

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RECESSION GRINDS ON BUT SENIOR HOUSING/HEALTHCARE INDUSTRY IS BETTER POSITIONED TO DEAL WITH DOWN TURN AT THIS TIME

Economists can't seem to decide if the tax cut provisions in President Obama's stimulus package are too big or small, but together with dramatically lower oil prices (which effectively have the same impact on consumer spending as a tax cut) and interest rates at bargain basement levels, the outlook for the senior housing/healthcare industry could improve dramatically if the President is able to get the credit markets functioning the way everyone hopes they will.

So says Cambridge Realty Capital Companies Chairman Jeffrey A. Davis, who makes the point that the industry is better poised to weather a serious downturn now than it was 10 years ago when serious overbuilding and speculative investment activity proved to be a recipe for disaster.

"The problems are different today, with no one predicting we'll be swiftly out of the current economic mess we're in. However, from a development standpoint, the industry in the past decade has been remarkably cautious and prudent. And this may prove to be a silver lining moving forward," he believes.

Davis says both senior housing/healthcare owner/operators and investors have major concerns on the demand side. The housing crisis has adversely impacted mobility in the senior community, and the stock market crash has decimated individual retirement nest eggs.

"Based on an analysis of the loan origination requests we've been processing, the larger mega projects we were quoting only last fall are now out of the mix. But borrowers continue to test the waters," he observed.

"With the emphasis on affordability, some owner/operators will find the current lull to be a good time to refinance and refocus on the type of improvements that can contribute to operational efficiencies and economies in the future," he noted.

Auspiciously, short-term interest rates continue to decline, with 10-year Treasury notes yielding 2.24 percent in February compared with 2.66 percent in January. The London Inter Bank Offering (LIBOR) rate was at 4.41 percent a year ago, but fell to 1.64 percent in January and to 0.42 percent in February.

"Simply, it makes sense for owner/operators with qualified projects to consider refinancing at this time," Davis said.

Privately owned since its founding in 1983 as a real estate investment banker specializing in commercial real estate properties, Cambridge today has three distinctive business units: FHA-insured HUD loans, conventional financing, and investments and acquisitions. The company is one of the nation's leading senior housing and healthcare debt and equity capital providers, with more than 300 closed transactions totaling more than \$2.75 billion since the mid-1990s.

Cambridge has consistently ranked among the country's top FHA-insured HUD lenders and offers a wide array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's debt / equity financing strategy includes direct property acquisitions and joint ventures, and sale/leasebacks.

Cambridge is the creator of *The Signature Experience™*, a four-step process designed to transform the traditional lender / borrower relationship and identify "ideal" capital solutions for worthy projects. The company also has created four separate processes for customer groups that are designed to build and enhance long-term relationship potential and speed the way loans are processed and closed. Programs include *The Key To Capital™* for senior housing owners, *The Navigator Experience™* for senior housing brokers and mortgage bankers, *The Principal Lender Network™* for lenders who refer loans to Cambridge, and *The Relationship Building Experience™* for various industry-related consultants, including lawyers and accountants.

The company has an affiliate office in Los Angeles, and correspondent relationships nationwide. The firm also has established key origination relationships and many Internet-based strategies.

Cambridge's award-winning Web site, www.cambridgecap.com, provides monthly updates for its debt and equity capital programs. The company also publishes the bi-monthly e-Pulse! ® electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients. For additional information, contact Cambridge at (312) 357-1601 or via e-mail to info@cambridgecap.com.

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