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PRESS RELEASE

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HOW FED'S DECISION ON INTEREST RATES WILL IMPACT SENIOR HOUSING/HEALTHCARE BORROWERS

What impact will the Fed's decision to raise its benchmark short-term interest rate a quarter percentage point have on senior housing/healthcare borrowers?

Cambridge Realty Capital Companies Chairman Jeffrey A. Davis says "borrowers will give more thought to the prospect of adding more debt. But at the end of the day, rates still are very close to all-time lows and equity is still looking for yield," he said.

"At this point, it's much more important to follow job growth, since job growth is the key to a vibrant economy," he added.

Nearly eight years after the Great Recession ended, even the Federal Reserve Board seems to agree that the economy is starting to feel more "normal." At its meeting in March, the Fed raised the short-term rate to a range of 0.75 percent to 1 percent and stuck to its forecast of two more such increases this year - and three in 2018.

At a press conference, Fed Chair Janet Yellen said "the simple message is that the economy is doing well. The unemployment rate has moved way down and many more people are feeling more optimistic about their labor prospects."

As Mr. Davis points out, by historical standards the new rate is still very low and the projected increases are gradual. But they represent a veritable sprint based on recent experience and come amid a dwindling supply of available workers and accelerating wage growth.

U.S. job growth was unexpectedly strong the first two months of the year. And the unemployment rate is near its 10-year low at 4.7 percent, though millions of Americans are still discouraged and on the sidelines, or reluctantly in part-time jobs.

Low unemployment already has pushed up annual wage gains to 2.8 percent from the 2 percent rate that prevailed for most of the recovery as employers bid up to attract fewer available workers.

Although concerns have been raised, Yellen says she sees no evidence that the Fed has "fallen behind the curve" when it comes to keeping interest rates high enough to temper inflation.

Economists believe the latest rate hike is likely to have the biggest and most rapid effect on short-term interest rates for auto loans and credit cards, and expect a lesser impact on longer-term loans such as 30-year mortgages, Mr. Davis noted.

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 400 closed senior housing transactions totaling more than $4.5 billion since the early 1990's, when the firm began its specialization in providing senior housing capital.

Cambridge has consistently ranked among the country's top five FHA-insured HUD lenders (now HUD Lean) over the last 15 years and offers an array of conventional lending options, including permanent construction and interim loans on either a floating or variable rate basis. The company's principal investment strategy includes direct property acquisitions, joint ventures and sale/leasebacks. The company has acquired 16 facilities totaling approximately $60 million.

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 has a national origination office in Los Angeles, and numerous correspondent and brokerage relationships nationwide.

Cambridge publishes the bi-monthly Capital Wisdom(R) electronic newsletter, which delivers company news and feature stories via e-mail to corporate friends and clients as well as monthly updates of other relevant news and breaking trends. Additional information is available on the Cambridge website, www.cambridgecap.com, and Cambridge can be reached at (312) 357-1601 or via e-mail to *info@cambridgecap.com*. The firm also has embraced social media and networking via Twitter at http://twitter.com/cambridgecap, via Facebook at http://www.facebook.com/cambridgecap, via blog at www.cambridgecap.com/blog and via Linkedin at http://www.linkedin.com/companies/454232, where information on the firm and its employees can be found.

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