



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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FED LIKELY TO HIKE INTEREST RATES AT JUNE MEETING

Those senior housing/healthcare owners and operators who follow such things may have little difficulty predicting what the Fed will do about interest rates when the Federal Open Market Committee (FOMC) meets June 14.

"In all likelihood, the surprisingly strong jobs report in April has probably settled the debate over whether the Fed will notch interest rates a bit higher next month," Cambridge Realty Capital Companies Chairman Jeffrey A. Davis observes.

Cambridge is one of the nation's leading senior housing/healthcare lenders, with more than \$5 billion in closed transactions. The company's investment strategy includes direct property acquisitions, joint ventures and sale/leaseback transactions.

Mr. Davis says hiring in the U.S. rebounded to 211,000 jobs in April from 79,000 in March. The unemployment rate dipped to 4.4 percent from 4.5 percent, the lowest rate since May 2007, he noted.

However, hourly wages were down from a peak of 2.9 percent last December to 2.5 percent in April.

Mr. Davis notes that the Fed has penciled in two more rate hikes this year but doesn't believe cautious central bankers will be inclined to accelerate this pace. Some continue to argue for more increases, but the Fed points to the slow growth in wages to justify its more measured approach.

Also worrisome to central bankers is the fact that the economy is still growing in fits and starts. Nearly eight years after the recession ended, key gauges of the economy – everything from home sales to consumer confidence to the stock market – appear robust. But consumer spending and factory output have slowed, and inflation remains below the Fed's target rate.

"Even after rate increases last December, and again in March of this year, interest rates throughout the economy remain low by historical standards. These low rates have made loans relatively inexpensive for businesses of all kinds, including senior housing/healthcare businesses," he 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 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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