



CAMBRIDGE

Senior Housing & Healthcare Capital

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PRESS RELEASE

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IS THE FED GETTING READY TO HIKE THE FEDERAL FUNDS RATE?

Big news from the Federal Reserve Board's recent Jackson Hole economic summit is that before the current year is over, there's still a chance the central bank will resume a policy of tightening that began last December. Or maybe not.

At the annual Wyoming economic confab, Chair Janet Yellen said the Fed's Open Market Committee continues to anticipate that gradual increases in the federal funds rate will be appropriate over time to achieve and sustain employment and inflation near our statutory objectives.

"Indeed, in light of the continued solid performance of the labor market and the Fed's outlook for economic activity and inflation, the possibility for an increase in the federal funds rate has strengthened over time," she said in prepared remarks.

The Fed Chair's comments caused bond yields to move quickly higher while stocks gave back some recent gains. But for those in the business of advising senior housing/healthcare borrowers on trends impacting funding costs, the picture remains as murky as before, says Cambridge Realty Capital Companies Chairman Jeffrey A. Davis.

Cambridge is one of the nation's leading senior housing/healthcare lenders, with more than \$4.5 billion in closed transactions. The company consistently is ranked among the top FHA-approved HUD lenders in the country.

Mr. Davis notes that the Fed approved a quarter-point rate hike last December in its first move in nine years. At the time, the central bank indicated that four more hikes were on the way for 2016, but nothing yet.

A shaky economy, low inflation and turmoil abroad have kept the Fed from continuing its rate normalization efforts. Mr. Davis says most experts anticipate a coin-flip chance of an increase at any time this year.

Chairman Yellen reports the job market is nearing full employment and inflation is ticking towards the Fed's 2 percent goal "despite downward pressure from the transitory effects of earlier declines in energy and import prices."

However, on the downside, the Fed Chairman said she continues to worry about low business investment and declining productivity. These structural economic problems could require monetary policies to remain highly accommodative for no one knows how long.

"If it's not one thing, it's another," Mr. 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 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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