



# CAMBRIDGE

Realty Capital Companies

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## FED ECONOMISTS SAY ECONOMY WILL BE IMPROVING NEXT YEAR, WHICH MEANS INTEREST RATES WILL BE RISING AS WELL

If a projection by staffers at the Federal Reserve Bank of New York is spot-on, the central bank may be rethinking fiscal policy changes sooner than expected.

"A prediction that policy changes in an improving economy could come as early as the fourth quarter of 2014 is an important heads-up that senior housing/healthcare borrowers will want to consider," funding expert Jeffrey A. Davis believes.

Davis is Chairman of Cambridge Realty Capital Companies, one of the nation's leading senior housing/healthcare lenders. He says the New York Fed's projection is based on the assumption that economic growth will be accelerating next year at a healthier clip while the unemployment rate declines.

"This is the first clue we've had that central bankers foresee a possible end to so-called quantitative easing, the Fed's controversial practice of purchasing \$85 billion in U.S. Treasuries and mortgage-backed securities every month. These purchases are part of an overall strategy to help stimulate growth by driving interest rates even lower than more conventional fiscal policies based on manipulating the Federal Funds rate were able to accomplish.

"The Fed has been using the unemployment rate as a barometer for things to come. If unemployment drops to 6.5 percent, Fed Chairman Ben Bernanke has indicated the aggressive purchases of fixed income and mortgage backed securities will end," he noted.

A PulsePoints blog post on the [www.cambridgecap.com](http://www.cambridgecap.com) website quotes Fed economists Jonathan McCarthy and Richard Peach. These experts anticipate that the economy will grow sluggishly at a 2.5 percent rate for the balance of this year, but will be rising at a much healthier 4.2 percent rate in 2014.

Should this come to pass, interest rates will predictably be on the rise next year. The fantastic window of opportunity that has enticed healthcare borrowers to refinance earlier loans in record numbers will remain ajar but will slowly close as the outlook improves," 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 nursing home, [assisted living](#) and healthcare debt and equity capital providers, with more than 400 closed 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 and joint ventures, sale/leasebacks, conventional and mezzanine debt financing, and the acquisition of distressed debt.

Cambridge is the creator of *The Signature Experience*<sup>™</sup>, 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 e-PULSE!(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](http://www.cambridgecap.com), and Cambridge can be reached at (312) 357-1601 or via e-mail to [info@cambridgecap.com](mailto: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](http://www.cambridgecap.com/blog), via YouTube at <http://www.youtube.com/user/ePulseLive>, 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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