



# CAMBRIDGE

Realty Capital Companies

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## PRESS RELEASE

3/7/14

### FED CHAIRMAN YELLEN SAYS CONTINUITY IS THE OPERATIVE WORD GUIDING MONETARY POLICY POSITIONS AT THE CENTRAL BANK

New Federal Reserve Board Chairman Janet Yellen has been telling anyone within earshot that continuity is the operative word that will be guiding monetary policy decisions at the central bank in the months ahead.

For senior housing/healthcare borrowers, this means short-term interest rates will remain near zero, with longer-term interest rates rising as the Fed continues to "taper" its purchases of bonds and mortgage-backed securities, says finance expert Jeffrey A. Davis.

"The new Fed Chairman says she expects a great deal of continuity with the monetary strategies endorsed by former Chairman Ben Bernanke. In her first public comments she signaled support for Bernanke's view that the economy is strengthening enough to withstand a pullback in stimulus.

"But she says the Fed will keep its key short-term rate near zero for a prolonged period of time because recovery in the labor market is far from complete," he said.

Davis is Chairman of Cambridge Realty Capital Companies. The company is one of the nation's leading senior housing/healthcare lenders with more than \$4.5 billion in closed transactions.

A PulsePoints blog post on the Cambridge website notes that most economic observers were projecting that unemployment would be falling below 6.5 percent this year and that the Fed would then increase interest short-term rates as it earlier indicated it would do when this happened. However, in her first testimony before Congress, Chairman Yellen noted the importance of considering more than the unemployment rate when evaluating the condition of the U.S. labor market.

"Yellen said the Fed intends to keep its key short rate near zero well past the time the unemployment rate drops below 6.5 percent - as long as inflation remains low. As a result, most economists now say they don't expect short-term rates to be increased until late 2015.

"If this is the scenario we get, borrowing costs for senior housing/healthcare owners may not be rising as swiftly as some feared," 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 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(TM)*, 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](tel:3123571601) 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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