



CAMBRIDGE

Realty Capital Companies

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PRESS RELEASE

1/12/15

FUNDING EXPERT PONDERES WHETHER INTEREST RATES WILL BE RISING MORE QUICKLY THAN EXPECTED THIS YEAR

For those into speculating about interest rate directions in the year ahead, the question no longer appears to be "will the Fed increase interest rates in 2015?"

"For an increasing number of Fed watchers, the conversation today is focused on timing. Will rates rise sooner or later in the year than expected?" says Cambridge Realty Capital Companies Chairman Jeffrey A. Davis.

"The latest clarification we get from Fed Chairman Janet Yellen is the central bank will be taking a 'patient' approach, whatever this means," he added.

Davis says senior housing/healthcare owner/operators have a huge stake in the outcome, as low borrowing costs have fueled industry growth and expansion in the current recovery cycle.

"Higher rates will affect valuations, borrowing costs and merger and acquisition activity in the senior housing space," he noted.

A PulsePoints blog post on the Cambridge website, www.cambridgcap.com, makes the point that recent news from the Department of Labor's Bureau of Labor Statistics is revealing.

The U.S. economy added 321,000 jobs in November 2014, easily beating economists' expectations. What's more, November marked the tenth straight month that the economy has posted more than 200,000 new jobs, Davis said.

"Perhaps even more important than the number of jobs created was the 0.4 percent increase in wages that occurred during the month. While this figure is not as high as a lot of workers would like, it's still twice as much as the 0.2 percent figure that economists projected.

"This indicator is especially important to central bankers because persistent low wages have helped keep inflation low, which has reduced pressure on the Fed to raise rates. Presumably, if wages continue to rise at a faster clip than expected, the Fed might be pressured to raise rates sooner rather than later in the year," he said.

In addition to positive job growth and rising wages, oil and gas prices also fell in November, leaving consumers with more money to spend during the holiday shopping season. Because consumer spending accounts for roughly two-thirds of the economy, a significant increase in spending could boost economic growth and give the Fed still another reason to consider raising interest rates, Davis said.

But not all of the news from the Department of Labor was upbeat. Although job growth was up significantly in November, the unemployment rate remained unchanged at 5.8 percent. Also, at 62.8 percent, the labor participation rate remained near historic lows.

"The Fed has indicated it is watching all of these indicators closely," 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, and Cambridge can be reached at [\(312\) 357-1601](tel:3123571601) 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, 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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