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***** Special Long Term Interest Rate Bulletin *****

Much has happened in the month or so since our last Greemann Capital Market Fax. The “bail out” legislation has been enacted and the financial markets are showing the results. The chart below on the left shows the 10 year U.S.T. rates and the Moody’s seasoned Aaa and Baa corporate bond yields at four recent points in time. We chose September 2nd, September 18th (the Friday before Paulson announced the plan), October 1st, and October 27th (the most recent data from the Federal Reserve Statistical Release). The chart on the right shows how spreads have changed at these same time periods:

<u>Yields</u>	10 year U.S.T.	Aaa Bonds	Baa Bonds
09/02/2008	3.74%	5.54%	7.07%
09/18/2008	3.78%	5.93%	7.55%
10/01/2008	3.77%	6.02%	7.87%
10/27/2008	3.79%	6.27%	9.39%

<u>Spreads</u>	10 year U.S.T. to Aaa Bonds	10 year U.S.T. to Baa Bonds
09/02/2008	1.80%	3.33%
09/18/2008	2.15%	3.77%
10/01/2008	2.25%	4.10%
10/27/2008	2.48%	5.60%

Greemann Capital’s primary sources of funds are insurance companies. Along with banks, these institutions have the choice of investing their long term funds into mortgages or bonds. Long term, fixed rate commercial mortgage rates / spreads are generally somewhere between the Aaa and Baa bond yields, depending on the lender, perceived real estate risk, etc. Long term (10yr) fixed rates are in the 7.25-8.50% range today for the few lenders that are quoting and locking rates at this time, and change daily as lenders move in and out of the market. This market has created some serious questions for real estate owners and investors to consider, among them:



1. What has this increase in long term rates done to my value (cap rate)?
2. What is the prognosis for the future?
3. Should I borrow short term or long term?
4. Are funds even available in this market?
5. Where are the opportunities in a market such as this?

In this challenging financial environment, Greemann Capital is committed to continuing to provide the high levels of knowledge and service our customers have become accustomed to. While no one can predict with absolute certainty what the future holds, our nearly four decades of experience gives us the expertise that provides our borrowers with the comfort of knowing they’ve received the best products and services available. We welcome and look forward to the opportunity to work with you when financing your commercial real estate projects. Write or call us today!

Greemann Capital

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