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Capital Markets Outlook: A Tough Road Ahead

Interest rates, costs continue to rise for developers.

All eyes will be on interest rates as the calendar turns to 2019.

The Federal Reserve raised its benchmark interest rate a quarter point, to a range of 2% to 2.25% near the end of September, the third hike this year. Additional increases are also expected in the months ahead.

“Interest rates have continued to increase, and the yield curve has flattened,” says Richard Gerwitz, co-head of Citi Community Capital. “Those are the two outstanding changes in the capital markets this year. While we’re still in a relative low point if you look over the last 30 years or more, rates have climbed and there’s certainly concern that the trend will continue.”

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By Donna Kimura

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