***Greetings from Miami*,**

We closed 2007 with just over $104 million in debt and equity placements, as we moved up the rankings in Top Commercial Mortgage Lenders in South Florida to 16th from 22nd. But, what a difference a year makes, as the illiquidity in the financial markets continues to worsen and the **"R*"** word is now being used by the Fed Chairman, Ben Bernanke.

***R word is recession, NOT recovery.**

Current reports indicate $6.0 billion of CMBS volume for the first quarter of 2008 vs. $61.2 billion last year at this time. This also corresponds to a significant reduction from $3.5 billion of CMBS bonds issued in the first quarter vs. $62.2 billion issued. While this matches the drop in production, it further illustrates the strained effects on the profitability and balances sheets of the financial industry. This illiquidity is causing the investment banks, money center/super regional banks to hold these CMBS assets on their books longer, which has lead to write downs and stagnation in new loan production. There is an estimated $38+ billion on these balance sheets, which is ready to be sold into the secondary CMBS bond market, but this secondary market has evaporated.

Current, mortgage spreads (as of, 4/14/08) in basis points are listed below.

	Banks	**Life Co.**	**CMBS**
Multifamily	P+ 25 / L+200-250	T+250-285	T+365-385
Office	P+ 50 / L+225-275	T+275-315	T+380-430
Retail	P+ 50 / L+225-275	T+285-315	T+385-430
Industrial	P+ 50 / L+200-250	T+250-275	T+375-415
Hospitality	P+ 100 / L+250-325	T+300-325	T+405-450

Prime is **5.25%.**	(30 days ago, **6%**; 6 months ago, **7.25%**; 1 year ago, **8.25%**)
Libor (30 day) is **2.72%.**	(30 days ago, **2.89%**; 6 months ago, **4.23%**; 1 year ago, **5.32%**)
T-Bill (10 yr) is **3.58%.**	(30 days ago, **3.59%**; 6 months ago, **3.79%**; 1 year ago, **4.73%**)

As illustrated, the CMBS spreads are very wide (325+ bpts higher than last year), with most transactions having a coupon above 7.5%. Life Insurance companies and banks, continue to be highly selective with borrowers and have very conservative underwriting. However, they are the driving forces in commercial transactions in today's market. High leveraged buyers, who have dominated the real estate investment market for the last three years, have all but vanished and commercial cap rates have risen 125 to 175 bpts. Lastly, when the Federal Reserve meets on April 30, a further reduction of 50 bpts is highly likely to occur.

Our investment banking and equity sources are excellent, as banks, pension funds, life insurance companies and niche hedge funds are consistently giving us access to their limited pockets of low interest, short term and long term funds. Our focus remains on high quality clients and their financial needs including loan structuring, loan placements and financial consulting.

We recently updated our Website, www.CapitalQuest.net with the addition of a News Section to keep you abreast of the ever changing market conditions and provide insights to financing opportunities. As always, continued success in 2008 and we look forward to being a part of it.

John and the CapitalQuest Crew.

Remember, no matter how much milk is shaken, cream rises to the top.
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