



London Interbank Offer Rate - LIBOR is the rate of interest banks offer to lend money to one another in the wholesale money markets in London. LIBOR is the most popular index for short-term interest rates around the world. In fact, LIBOR rates are often considered more reliable than the federal funds rates that central banks publish.

LIBOR rates are determined for loan periods ranging from overnight to one year. In January 2014, administration of LIBOR was transferred to the Intercontinental Exchange (ICE). It's a standard (benchmark) financial index used in the United States capital markets and is commonly used in setting the cost of variable-rate commercial real estate loans. Commercial real estate lenders use the LIBOR index, which varies daily, to adjust interest rates as economic conditions change. They then add a certain number of percentage points, referred to as a 'margin', which doesn't generally vary, to the current index at the time, in order to establish the interest rate the property owner (borrower) must pay.

In general terms, since the 2009 financial crisis, LIBOR rates have been at historic lows. The first chart on the next page provides recent LIBOR rate trend comparisons, to the 'previous period', while the 2nd chart provides a long term LIBOR rate summary.

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**“LIBOR rates reached historic all time lows about 3-4 years ago. Although current rates are very favorable for borrowers, the rates have been steadily increasing over the last few years”.**

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## LIBOR Rates Update

Recent LIBOR Rate Trend	This Week	Month Ago	Year Ago
1 Month LIBOR Rate	1.24	1.24	.53
3 Month LIBOR Rate	1.38	1.34	.88
6 Month LIBOR Rate	1.58	1.52	1.26
1 Year LIBOR Rate	1.85	1.80	1.58
Rates Effective October 31, 2017 Source www.bankrate.com			

Year Ending	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 Year LIBOR Rates	4.42	2.38	1.00	.784	1.10	.848	.579	.604	1.09	1.67
Source fedprimerate.com										

## LIBOR RATE TRENDS