

MBA Forecast Commentary: April 2026

Mike Fratantoni, Joel Kan, and Judie Ricks

Key Highlights of the April 2026 MBA Forecast

Macro Outlook

- The impact of the war in Iran and the disruption of shipping routes through the Strait of Hormuz has pushed inflation to the forefront of economic concerns. The most immediate effect has been on crude oil futures, which have gone from around \$65 a barrel before the war to as high as \$115, with dramatic weekly swings as the geopolitical situation remains fluid. Higher fuel prices will raise transportation and travel costs, ultimately affecting the prices of goods and services globally.
- In the US, annual inflation, as measured by the Consumer Price Index (CPI) jumped from 2.4 percent in February to 3.3 percent in March. The increase was largely driven by the jump in energy prices - motor fuel inflation accelerated to 19.2 percent annual growth after experiencing almost three years of annual price declines. Closely related, airline fares surged 14.9 percent in March after increasing 7.1 percent in February.
- The longer the war and disruption to oil production and shipping continue, the larger the negative impact on the global economy. US goods prices, excluding food and energy, were up 1.2 percent, in line with recent months. However, overall goods prices will likely rise in the coming months given higher costs and lower availability of key inputs such as fertilizer, helium, and LNG, a large share of which is shipped through the Strait.
- As a result, we lowered our forecast for US economic growth in 2026 to 1.5 percent, as consumers and businesses remain cautious and pull back on spending amid the geopolitical uncertainty. We expect CPI inflation will peak this year close to 4 percent. The higher inflation forecast also means that Treasury yields and mortgage rates will stay higher for longer.
- Amid this period of higher inflation and a job market that while shaky, has not slowed

precipitously, we expect the FOMC will continue to hold the Fed funds rate at its current level, acknowledging risks to both sides of the dual mandate, but recognizing that the balance of risks has shifted to its price stability goal.

- The FOMC projections released after the March meeting showed that the median member expected higher inflation in 2026. The projections also showed that little changed with respect to the economic growth outlook published in December. A growing number of FOMC members now expect no cuts – or at most, one – to the federal funds target this year, likely due to a more negative inflation outlook. This is a noticeable but predictable pullback from what was published in December.
- Nonfarm payrolls increased by 178,000 in March. However, this top-line number overstates the strength of this report. Much of the gain was a rebound in health care jobs following the resolution of a strike. The prior two months were revised lower by a total of 7,000 jobs, including February's number revised to a 133,000 net loss. The 3-month average of 68,000 for the first quarter of the year is likely the best signal of a job market showing resilience amid a number of challenges.
- The unemployment rate decreased slightly to 4.3 percent in March. The decline in the unemployment rate was driven by a slight drop in the labor force participation rate, as both the number of employed and the unemployed decreased in the month. The decline in participation was reflected in an increase in the U-6 measure to 8 percent from 7.9 percent the month prior.
- Given the weaker outlook for growth, we expect the unemployment rate will increase to peak at 4.7 percent in the middle of 2026, up from 4.3 percent in March.
- Mortgage rates reached a recent high point of 6.57 percent in the last week of March, as longer term rates jumped with the anticipated increase in inflation, with the 10-year Treasury briefly getting close to 4.5 percent. While rates have decreased 20 basis points since then, we expect these swings will persist given the uncertainties. Mortgage rates are expected to range between 6 percent and 6.5 percent this year, leaning towards the upper end of that range if the war with Iran drags on.

Single-family Outlook

- Our forecast is for single-family housing starts to slow in 2026, decreasing to 919,000 units from

942,000 units in 2025. With a 10-month supply of newly built homes for sale, we expect homebuilders will slow the pace of new construction as they try to work through this unsold inventory. This was evident in Census data that showed single-family permitting activity dropped off in the second half of 2025, close to the lowest pace of permits in more than two years.

- The market for newly built homes is experiencing a slowing in demand, but with elevated levels of unsold homes in some Sunbelt states and homebuilders incentivized to sell these homes, we expect gradual growth in new home sales in 2026. Census data on new home sales continue to be delayed, with the last report showing data from January 2026. MBA's Builder Applications Survey (BAS) showed that new home sales were running at a 717,000 pace in March.
- We maintained our lowered expectations for existing home sales in this month's forecast given the ongoing macroeconomic headwinds. While the existing home sales market continues to benefit from increasing for-sale inventory in many markets, the economic uncertainty and slowing job market have caused some potential homebuyers to postpone their decision to buy. We expect around 4.2 million existing homes sold in 2026, up from a little less than 4.1 million sold in 2025.
- Total single-family origination volume is forecast to be a little less than \$2.2 trillion in 2026, up 6 percent from \$2.05 trillion in 2025. We expect purchase originations to total \$1.42 trillion compared to \$1.36 trillion in 2025. We expect refinance originations to increase to \$769 billion from \$694 billion as pockets of rate volatility will continue to help borrowers with higher rates and larger loan sizes.
- Contact us if you are interested in our scenario analyses with respect to origination volumes in alternative rate paths relative to our baseline forecast.

CREF Outlook

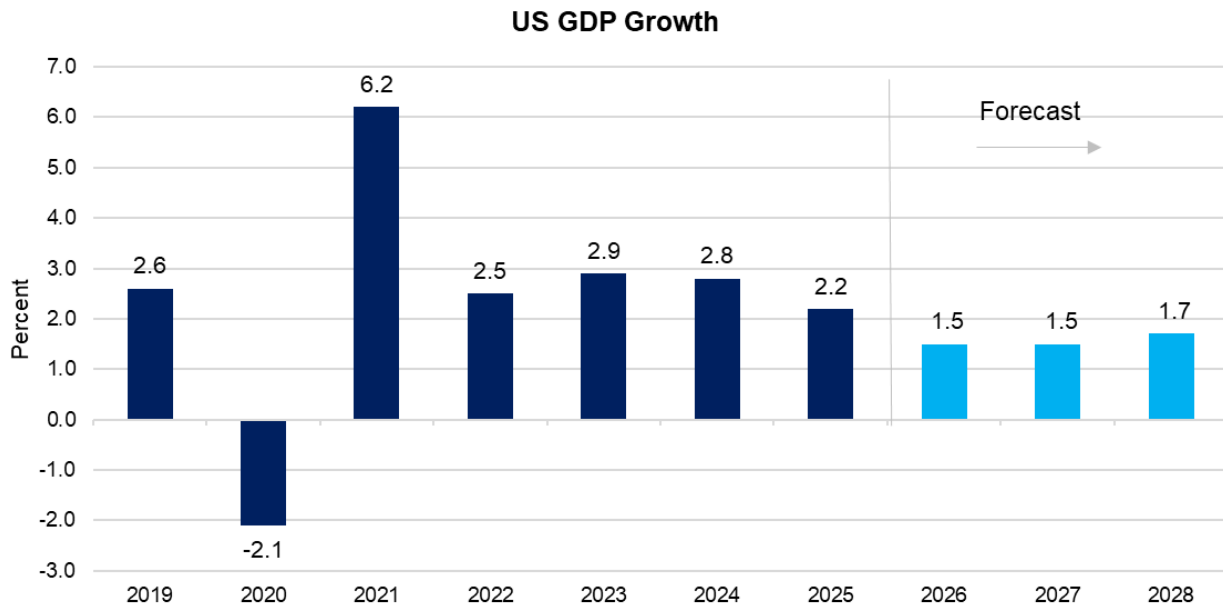
- With the April forecast, our 2025 origination volumes are finalized with the addition of MBA's Origination Summation data that was published earlier this month. The CRE lending market exceeded expectations with exceptional strength in 2025: total CRE originations grew 41.7 percent and multifamily originations grew 43.1 percent relative to 2024.
- Our forecast for 2026 has changed somewhat due to changes in economic conditions compared to earlier this year and given the higher levels of originations measured in 2025. We expect total

CRE origination volumes to increase 11.5 percent in 2026 compared to the prior year and grow at a slower rate in 2027 and 2028. For the multifamily market, we estimate that origination volumes will increase 2.2 percent in 2026 and remain roughly flat for 2027 and 2028.

- We expect that much of the activity in multifamily originations, in particular, was driven by refinances. The maturities schedule we published earlier this year showed that depository institutions had a significant amount of mortgage debt outstanding in 2025 that was pushed back to mature over the next 3 to 5 years with multifamily accounting for a significant amount of this debt.
- Looking forward, national multifamily vacancy rates remain elevated and have increased further in many property markets. In addition, we expect multifamily housing starts to flatten through 2028 given the high level of starts observed from 2023 to 2025. These patterns are consistent with our forecast of multifamily originations over the next few years.

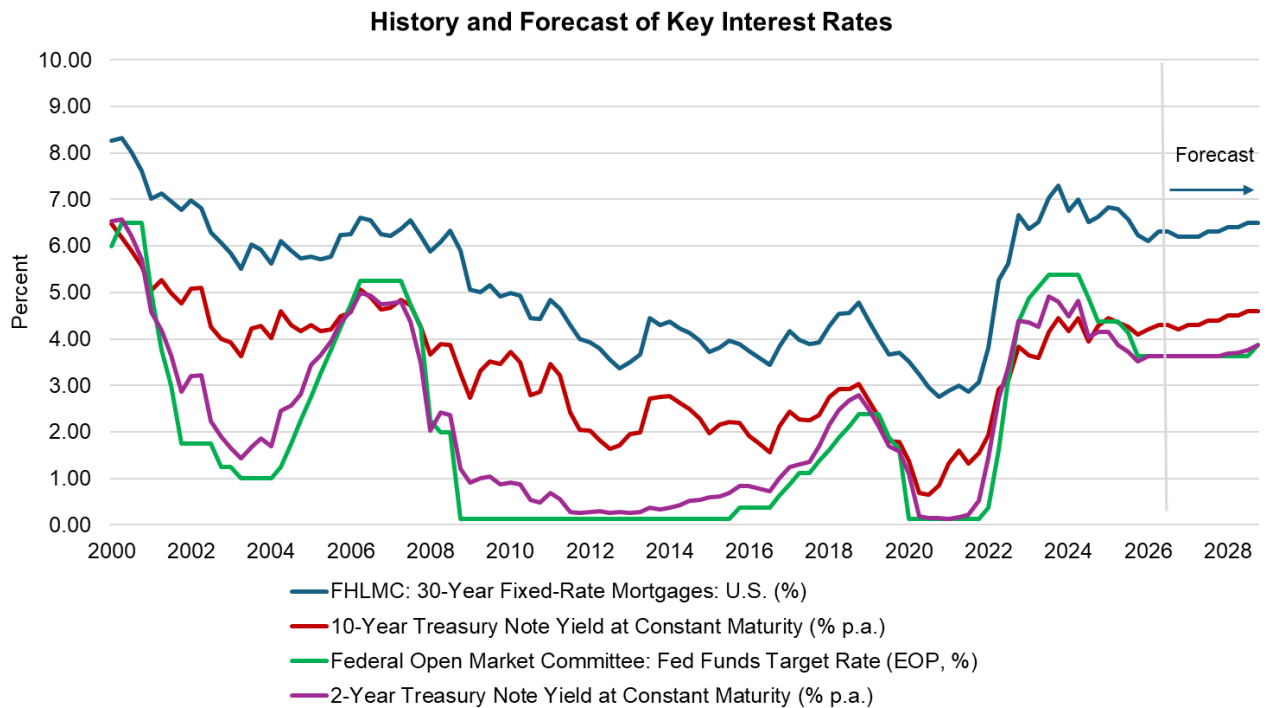
Forecast and Outlook Details

Slower Growth Expected in 2025 and 2026.



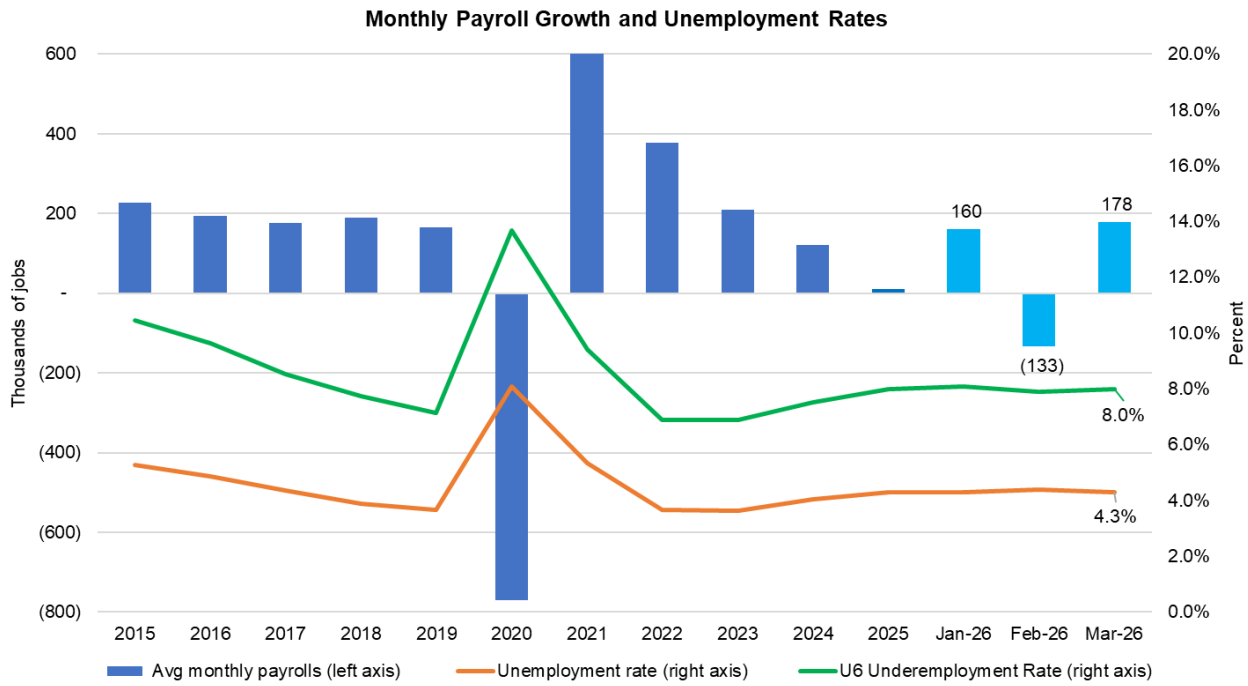
Source: Bureau of Economic Analysis, MBA Forecast

Key Rates Expected to Settle at Higher Level



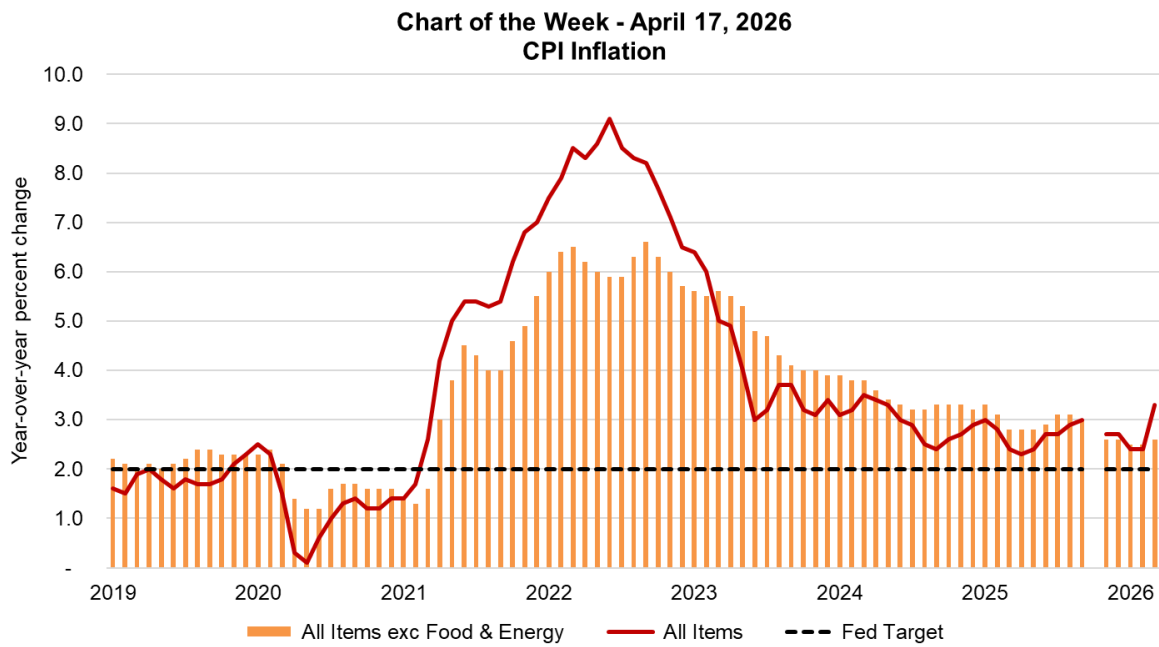
Source: Federal Reserve, Freddie Mac, MBA Forecast

Job Market Showing Signs of Weakening



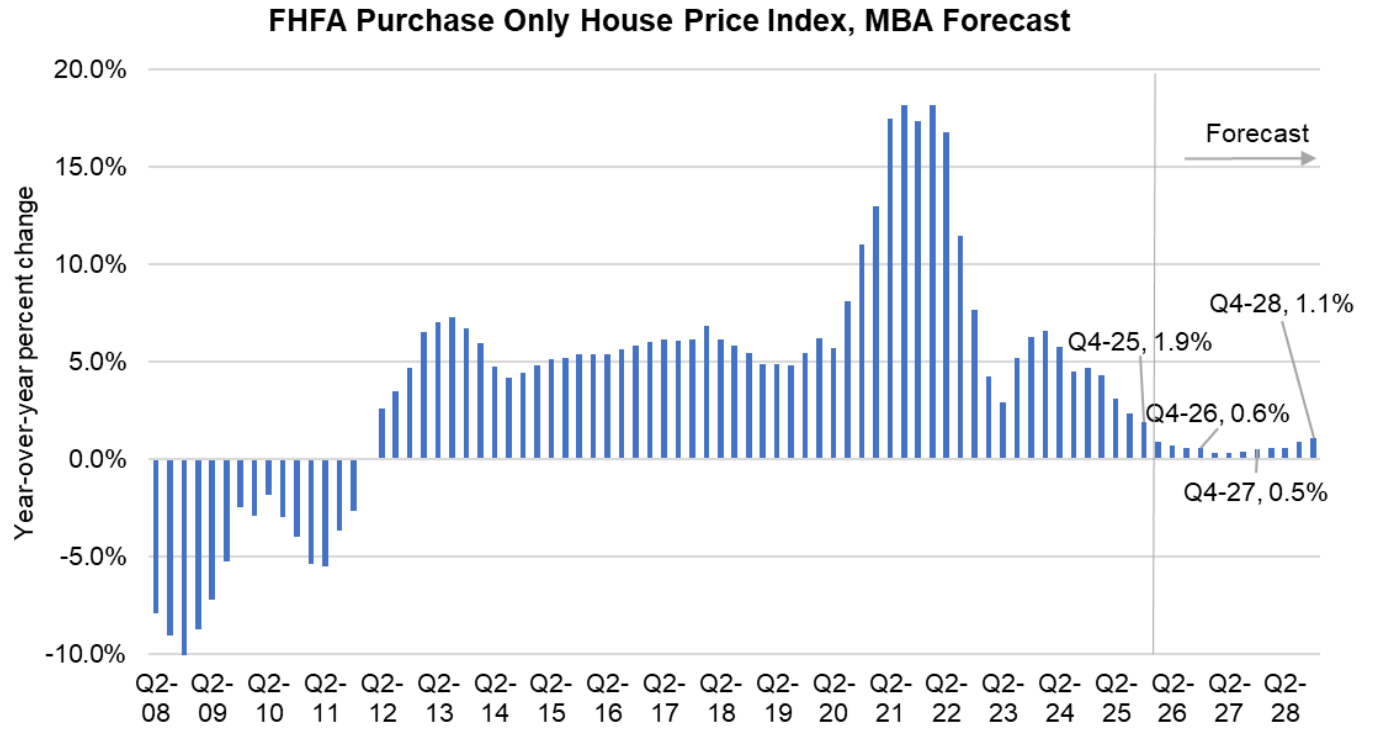
Source: Bureau of Labor Statistics

Signs of Reacceleration in Inflation Emerging



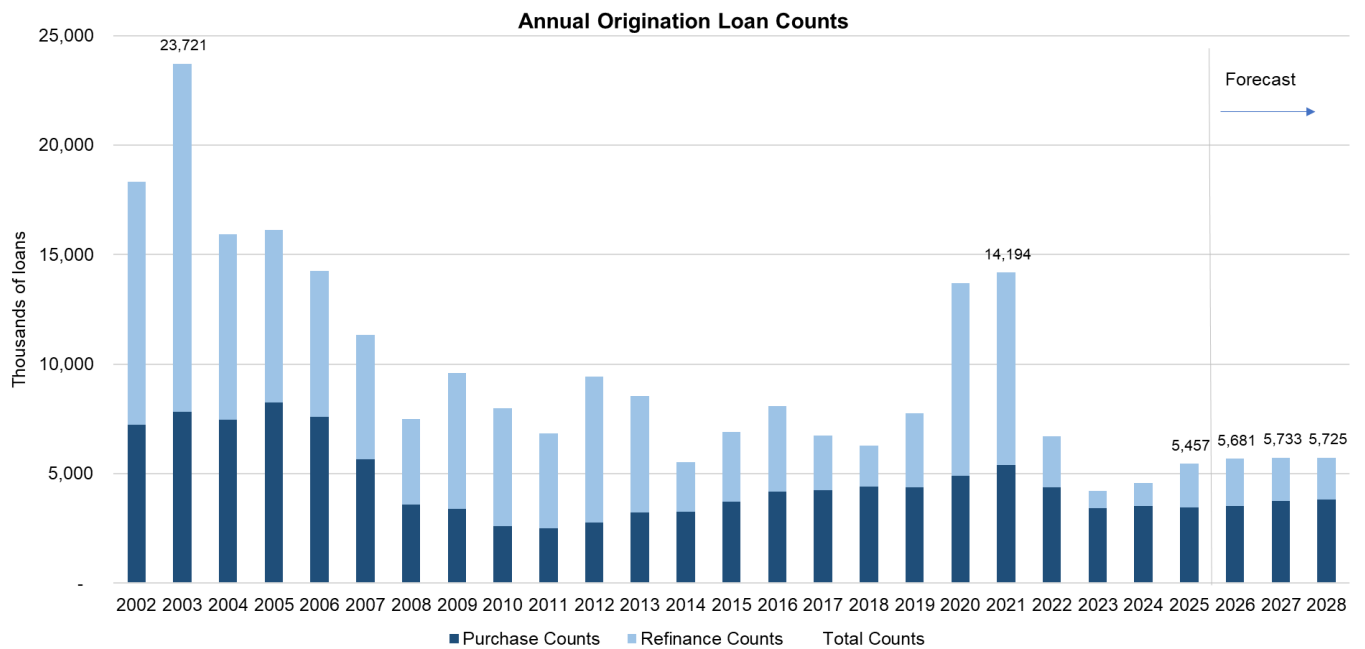
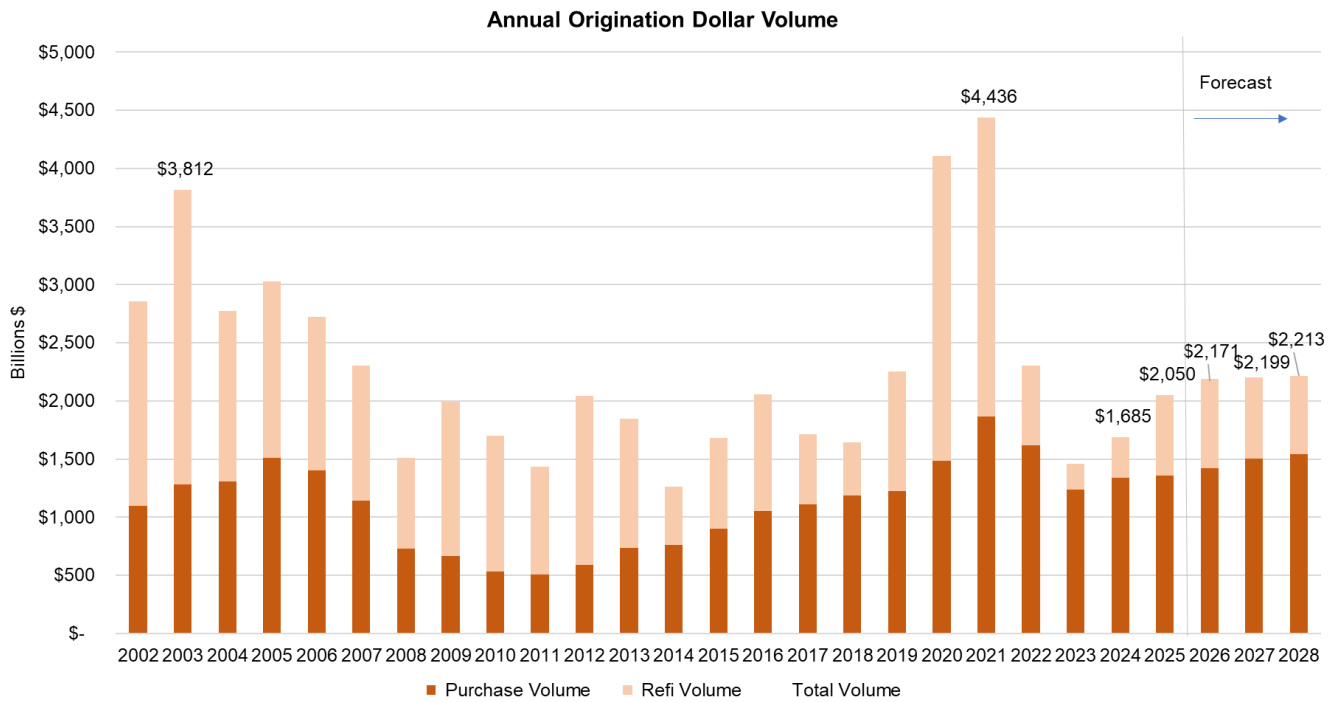
Source: Bureau of Labor Statistics

Home Price Growth Expected to Slow



Source: Federal Housing Finance Agency, MBA Forecast

Originations Dollars and Units Expected to Increase Through 2028



Source: MBA Forecast

MBA Commercial and Multifamily Real Estate Forecast

April 21, 2026

	2021	2022	2023	2024	2025	2026	2027	2028
Total CRE Mortgage Lending (\$ Billions)								
All Property Types	890.6	815.6	428.7	498.0	706.0	787.3	826.1	869.7
Multifamily	487.0	480.1	246.2	288.7	413.1	422.1	419.8	422.0
Percent Change YOY (%)								
All Property Types	45.0%	-8.4%	-47.4%	16.2%	41.7%	11.5%	4.9%	5.3%
Multifamily	35.4%	-1.4%	-48.7%	17.3%	43.1%	2.2%	-0.5%	0.5%

Notes:
The model accounts for macroeconomic, housing market, and commercial real estate indicators.

Source: MBA CREF Forecast