

MBA Forecast Commentary: February 2026

Mike Fratantoni, Joel Kan, and Judie Ricks

Key Highlights of the February 2026 MBA Forecast

Macro Outlook

- The Supreme Court ruled that the IEEPA tariffs, which accounted for roughly half of last year's tariff revenues, were not within the President's power to impose. For a short time following the ruling, the effective tariff rate on imports to the US dropped. Within a day, the President called for a global tariff of 15 percent on imported goods. With the exceptions embedded in this order and noting that this tariff can only remain in place for 150 days, we appear to be close to where we started before the Supreme Court's ruling. As a result, we do not see an immediate need to change our forecast for the economy, housing, or mortgage markets. However, this ruling adds to what was already a highly uncertain environment.
- It seems right to expect financial market volatility ahead given the sudden and severe challenges to one industry sector after another from potential impacts from AI, especially amidst an economic backdrop that shows growth that is uneven as well as uncertain.
- Economic growth slowed in 2025, with weaker hiring across many industry sectors and an upward trend in unemployment. The theme of uneven growth continued to be reflected in the fourth quarter's data - while consumer spending was a primary driver of growth, spending on goods declined slightly, with growth concentrated in spending on services. Business fixed investment also supported the fourth quarter gain, primarily through increased investment in information processing equipment and intellectual property products, as companies heavily invested in technology-related infrastructure. Residential investment contracted for the fourth consecutive quarter and there was also drag from the government shutdown in October.
- We expect growth to be 2.1 percent in 2026 and stay close to trend through 2028. We expect a similar pattern of uneven economic growth is likely to continue in 2026 as households with

higher income and wealth continue to drive most consumer spending, while pressure continues to build for lower income households under strain from higher costs, longer unemployment spells, and high consumer credit balances.

- December data showed that PCE inflation grew at a rate of 2.8 percent compared to a year ago, a reacceleration from the third quarter, with the core measure exhibiting a 2.9 percent increase. Both measures are above the Fed's target and the GDP report. Combined with a stronger than anticipated January jobs report, this suggests a lower likelihood of a rate cut at the next FOMC meeting.
- The economy added 130,000 jobs to the economy in January, modest improvement relative to the prior months. However, job gains continue to be focused in a few sectors, matching the uneven pace of economic growth we are seeing in many data releases. There were solid gains in health care, social assistance, and non-residential construction jobs. Federal government employment has declined by 10.9 percent since October 2024. Wage growth slowed a bit to 3.7 percent from 3.8 percent in December.
- Job growth averaged only 15,000 per month in 2025 following downward revisions to November and December numbers. As a result of the benchmark revisions that were released with this month's results, total nonfarm employment in December 2025 was more than 1 million jobs below the prior estimate.
- The unemployment rate declined to 4.3 percent in January, down from 4.4 percent in December. There was a decline in the number of long-term unemployed workers, as well as in the U6 measure of underemployment.
- From another data source on the job market, the Job Openings and Labor Turnover Survey (JOLTS) results for December indicated a soft job market with employers reducing open positions and hiring at a cautious pace, and workers are still voluntarily leaving their jobs at a slower rate. A low level of quits usually implies that workers are less confident about finding new or better jobs elsewhere, so they choose to remain in their current jobs. The number of job openings dropped to 6.5 million, the lowest level since 2018, when excluding the 2020-2021 pandemic-impacted periods. The sectors with the largest pullbacks in job openings were professional and business services, retail trade, and finance and insurance.
- The number of hires was below 5.3 million, consistent with fewer jobs added to the economy in

2025 and with only about half of industry sectors seeing job growth. Another metric calculated from the JOLTS data, showing how much tougher the job market has become, was the number of open positions available per unemployed worker, which was 0.9 in December, down from a peak of 2 openings in 2022.

- Mortgage rates moved slightly lower over the past month as the mortgage-to-Treasury spread returned closer to 190 bps while the 10-year Treasury yield declined. The spread widened from the initial announcement that the GSEs would increase their purchases of MBS, as no further information around the size, pace, hedging, and financing strategies of these purchases was announced. We expect that mortgage rates will remain in the low-6 percent range in 2026.

Single-family Outlook

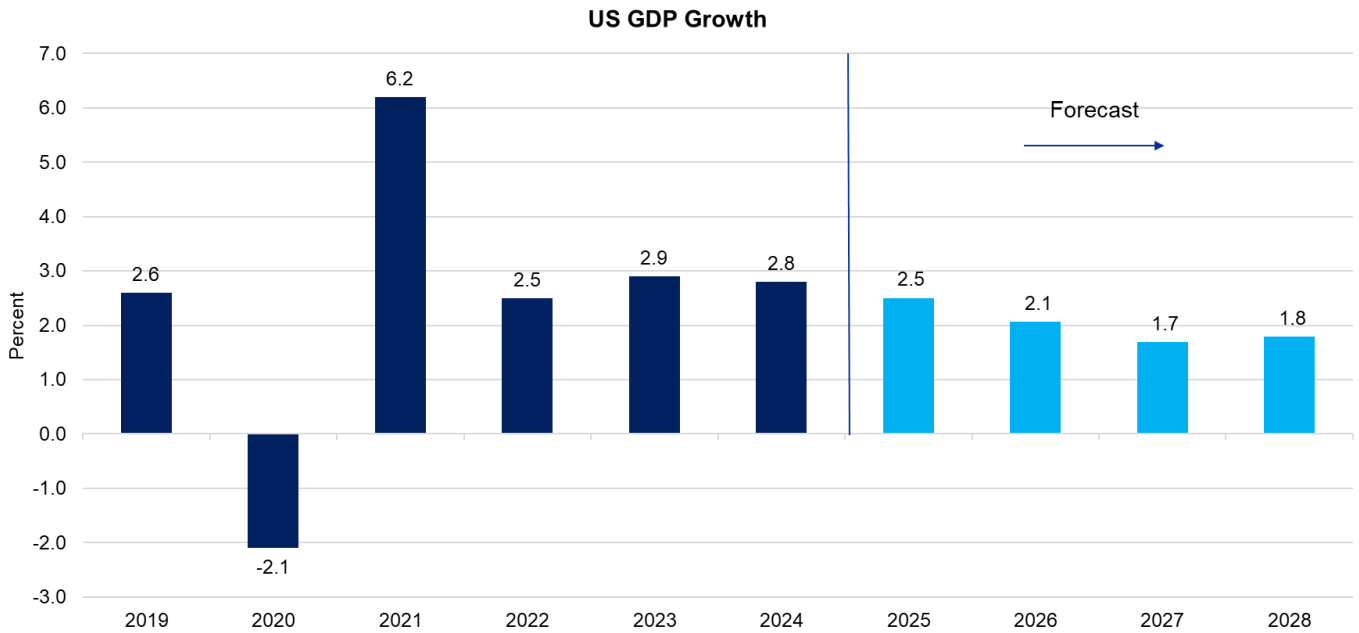
- We forecast that home prices will stagnate at the national level over the forecast horizon, dropping below one percent over the next two years, as for-sale inventory remains elevated in many Sun Belt states while the Midwest and Northeast see low levels of inventory.
- The NAR reported existing home sales for January 2026 decreased to an annualized sales pace of 3.91 million from 4.27 million the month before. We forecast that the pace of existing home sales will be between 4.2 million and 4.5 million in 2026, as increasing for-sale inventory and slightly improved affordability conditions support home sales.
- New home sales data from the Census Bureau were released for November and December, with an average annualized sales pace of approximately 750,000 units in each month, a pickup from the months prior.
- We forecast that total home sales will increase 8 percent in 2026 compared to last year.
- We expect total single-family origination volume to total \$2.2 trillion in 2026, up from \$2.05 trillion in 2025. We expect purchase originations to total \$1.46 trillion compared to \$1.36 trillion in 2025, as home sales increase slightly. Growth in for-sale inventory, softer prices in certain geographies and on excess new construction inventory will help to drive home sales. We expect refinance originations to increase to \$760 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

- The CRE lending market showed exceptional strength in 2025. New originations increased year-over-year during the first 6 months of 2025. As released at #MBACREF26, our quarterly originations index reported significant strength in originations for the fourth quarter of 2025. This increased our forecasted originations relative to our January release for both 2025 and 2026, which now sit at 35.5 percent and 20.5 percent growth year-over-year.
- Conversations with members suggest that there is a strong lending pipeline that will flow into 2026. On the other hand, the ability to modify existing CRE loans, especially the 2021-2023 vintages, will be highly dependent on the rate environment. In addition, sellers need to be willing to sell in the current market for lenders to deploy capital for new loans and acquisitions that will drive origination volumes over the next couple of years.
- The multifamily market experienced similar strength in 2025 with significant growth in the fourth quarter. The multifamily market will open to more growth with the increased lending caps by Fannie Mae and Freddie Mac in 2026.
- Nationally, multifamily vacancy rates increased over the last year, and effective rents were flat. The aggregated data masks the significant variation in supply and demand dynamics across geographies. Several sunbelt markets are seeing notable declines in effective rents. Similarly, vacancy rates are lower in many markets (e.g., East coast metropolitan areas) and higher in others (e.g., sunbelt and southern metropolitan areas).

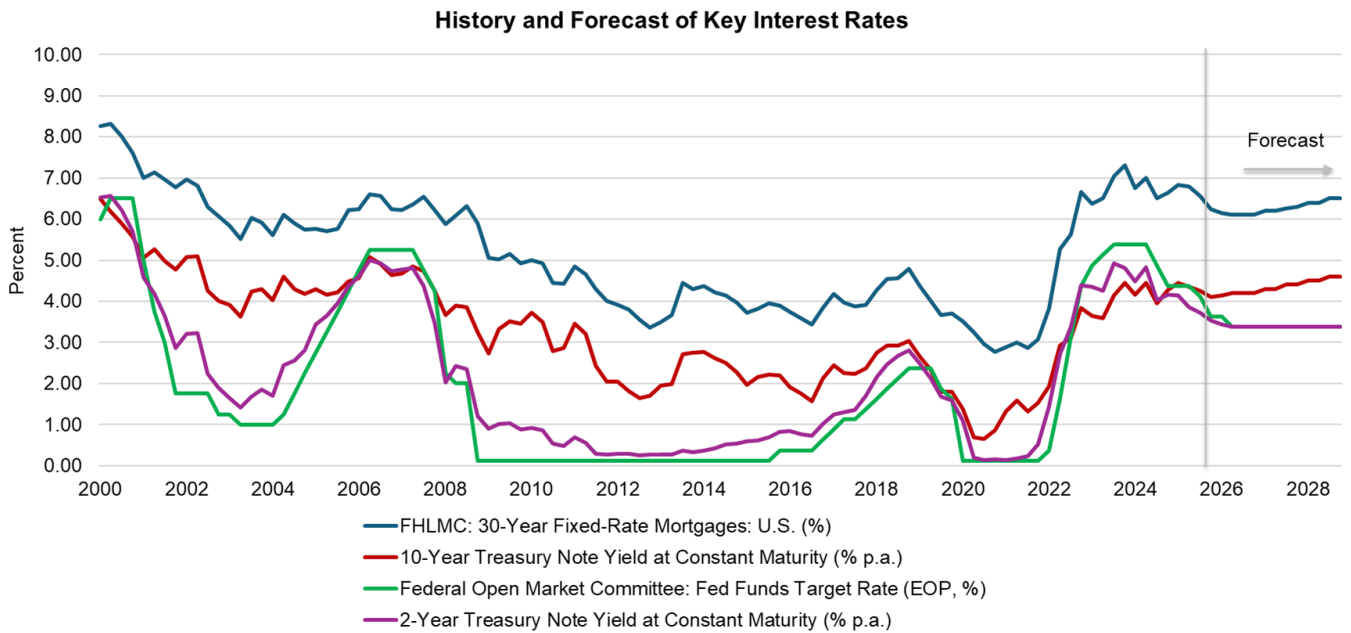
Forecast and Outlook Details

Slower Growth Expected in 2025 and 2026.



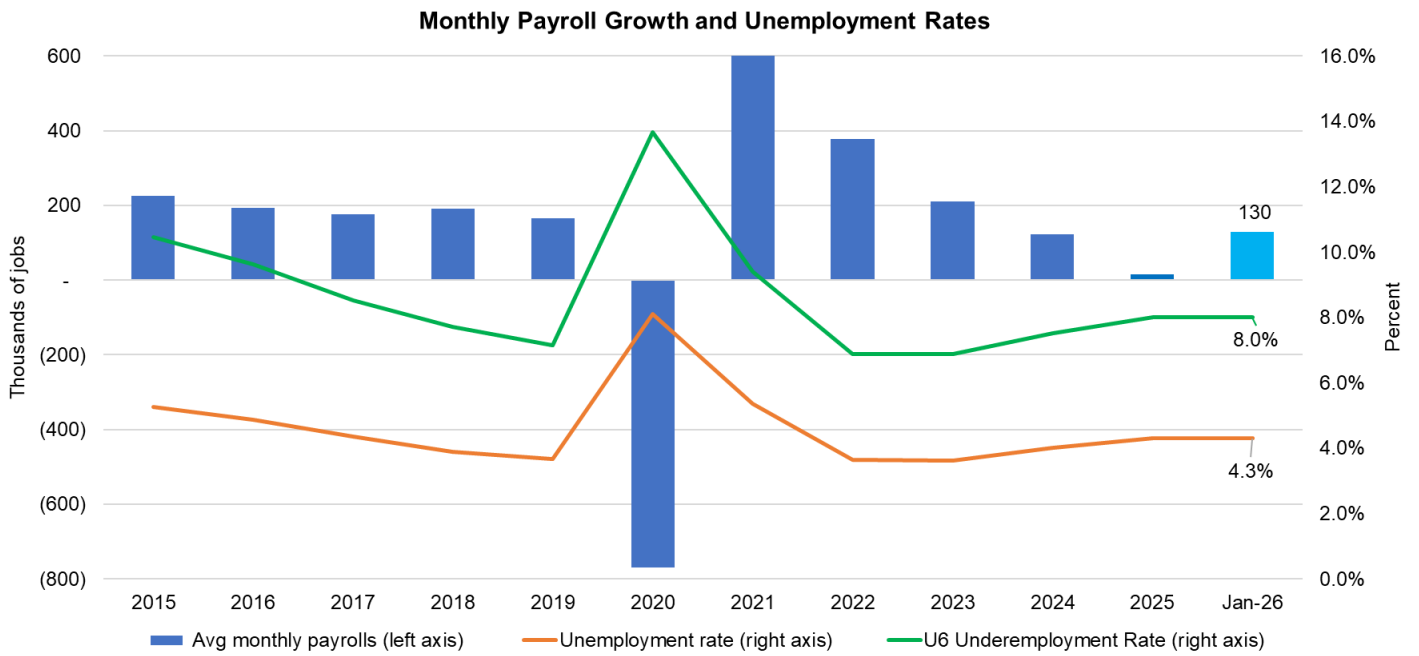
Source: Bureau of Economic Analysis, MBA Forecast

Key Rates Expected to Settle at Higher Level



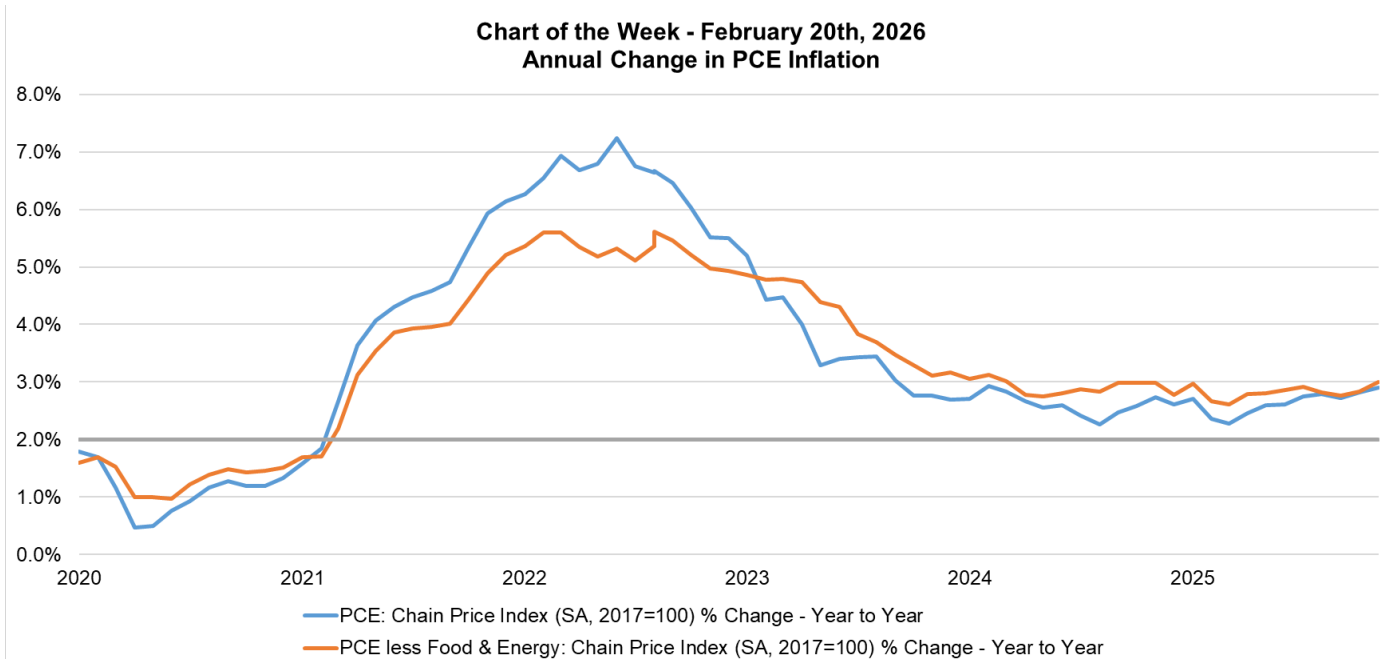
Source: Federal Reserve, Freddie Mac, MBA Forecast

Job Market Showing Signs of Weakening



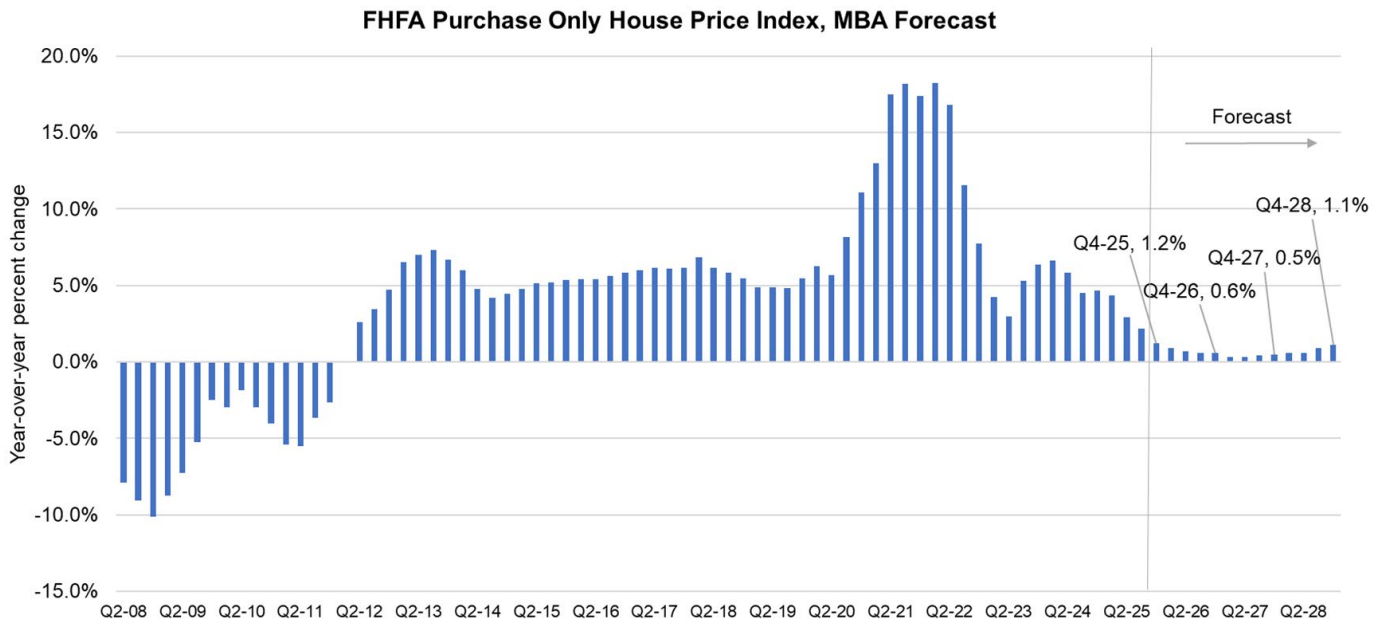
Source: Bureau of Labor Statistics

Signs of Reacceleration in Inflation Emerging



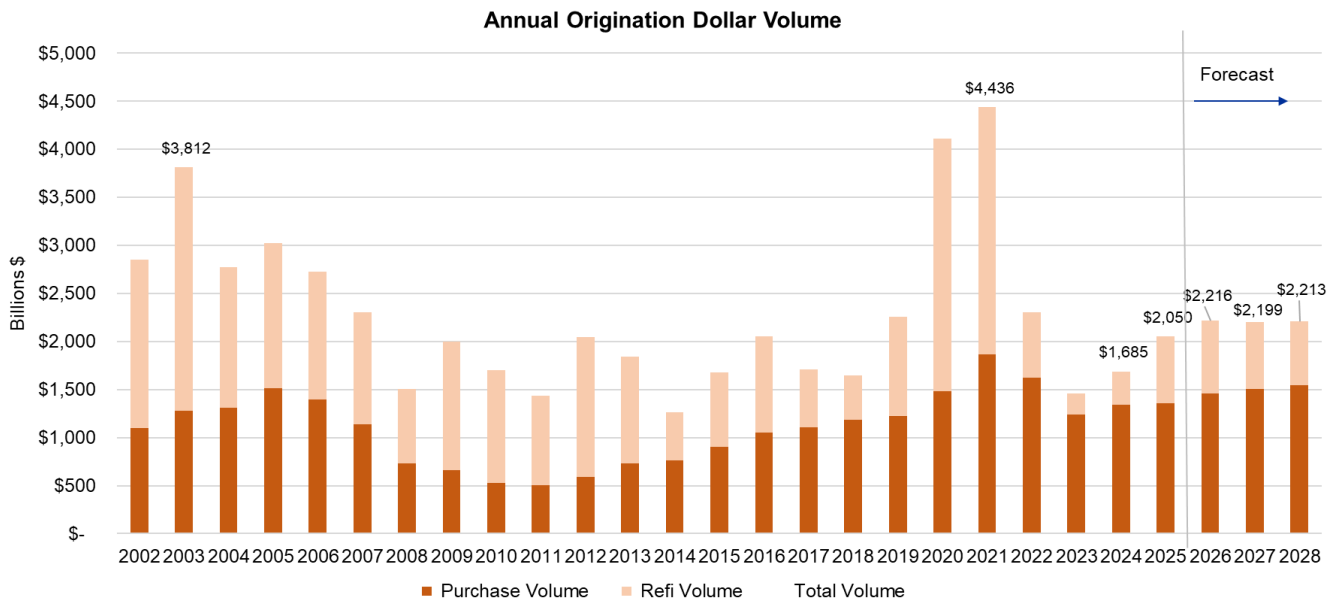
Source: Bureau of Economic Analysis

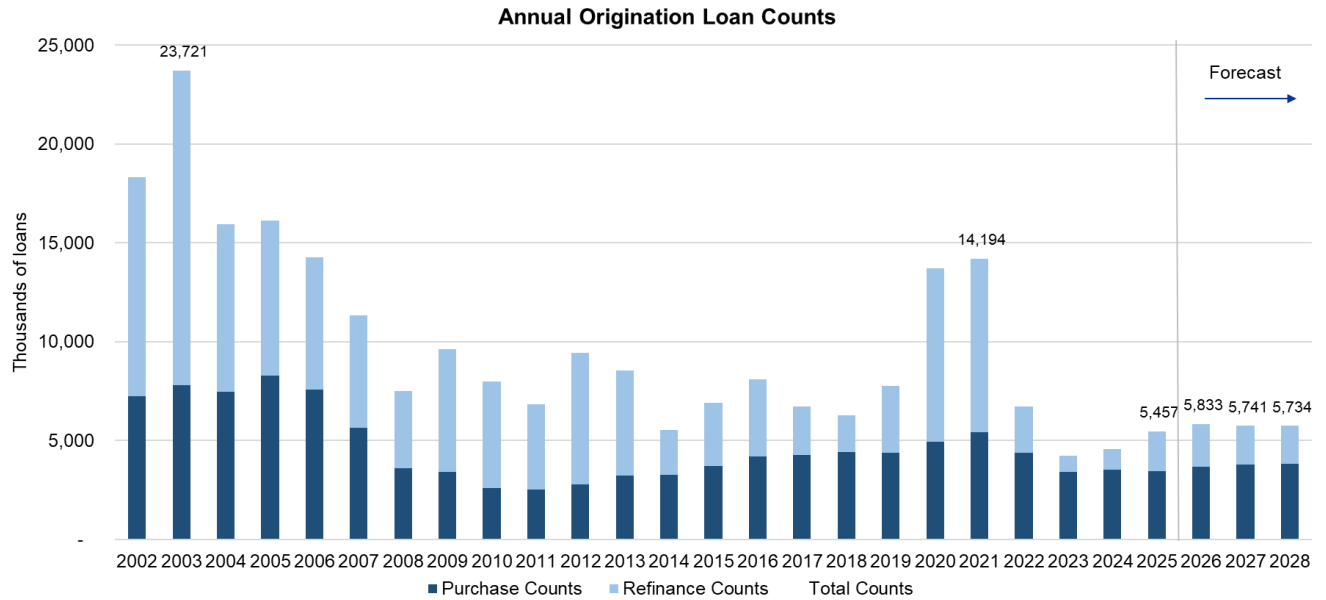
Home Price Growth Expected to Slow



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

February 19, 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	674.9	813.1	821.6	884.6
Multifamily	487.0	480.1	246.2	288.7	322.1	394.8	387.5	396.4
Percent Change YOY (%)								
All Property Types	45.0%	-8.4%	-47.4%	16.2%	35.5%	20.5%	1.0%	7.7%
Multifamily	35.4%	-1.4%	-48.7%	17.3%	11.5%	22.6%	-1.8%	2.3%

Source: MBA CREF Forecast