

MBA Forecast Commentary: March 2026

Mike Fratantoni, Joel Kan, and Judie Ricks

Key Highlights of the March 2026 MBA Forecast

Macro Outlook

- The war in the Middle East that started at the end of February has pushed oil prices significantly higher over the past month with no path for a quick resolution in sight. The severity of the price shock, the disruption in supply, along with other shipping hurdles through the Strait of Hormuz is expect to negatively impact economic growth in the US. We have seen oil prices and equity markets whipsawing up and down over the past few weeks, which is likely to impact consumer and business sentiment as well.
- Consumer spending is a significant primary driver of the level and rate of growth in the US, and these higher prices will be felt as the disruption to oil supply will have ripple effects on prices for months to come, even if the war ends soon. Combined with the uncertainty, we expect some consumers will pull back on their spending in the coming months as fuel prices increase.
- As a result, we have revised lower our growth forecast and now expect growth to be 1.7 percent in 2026, dip to 1.4 percent in 2027, and return to around 1.7 percent 2028. We were forecasting 2.2 percent growth in 2026 in our February forecast.
- Amid this uncertainty, the FOMC decided to hold rates steady at its March meeting and reiterated that they are attuned to risks on both sides of their dual mandate to keep the job market strong and prices stable.
- The FOMC projections released after the March meeting showed that the median member expects higher inflation in 2026. It also showed that little changed with respect to the economic growth outlook, which had been 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 had been

published in December.

- Even before the start of the war, many sources of job market data were pointing to a weaker employment picture. Healthcare had been one of the sectors contributing to overall job growth in 2025, but in February, with job losses in health care due to labor strikes, there was nothing left to support aggregate job growth. Most goods producing and service providing industries saw job losses and the total payroll count declined by 92,000 jobs. Furthermore, job growth for December and January was revised lower by a total of 69,000 jobs.
- The unemployment rate inched up to 4.4 percent in February as more workers re-entered the labor market but were unable to find work immediately. Wage growth increased slightly to 3.8 percent over the past year
- Given the weaker outlook for growth, we expect the unemployment rate will increase to around 4.7 percent around the middle of 2026, down from 4.4 percent in December.
- Mortgage rates have moved more than 30 basis points higher over the past three weeks, as longer term rates accounted for the increase in inflation, with the 10-year briefly getting close to 4.5 percent, and the reduction in the chance that Fed would cut further this year. We forecast that mortgage rates will range between 6 percent and 6.5 percent this year, and our latest weekly data show a trend towards the upper end of that range already.

Single-family Outlook

- We lowered our expectations for single-family housing starts and home sales in this month's forecast given the macroeconomic headwinds. We forecast that total home sales will increase 5 percent in 2026 compared to last year, with a 5 percent increase in existing home sales and a 4 percent increase in new home sales. The existing home sales market is likely to benefit from increasing for-sale inventory in many markets, which has eased price pressures and given homebuyers additional purchase options. The market for newly built homes is experiencing a slowing in demand, but with elevated levels of completed, unsold homes in some Sunbelt states and homebuilders incentivized to sell these homes, we expect gradual growth in new home sales in 2026.
- 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 \$753 billion from \$694 billion as pockets of rate volatility will continue to help borrowers with higher rates and larger loan sizes.

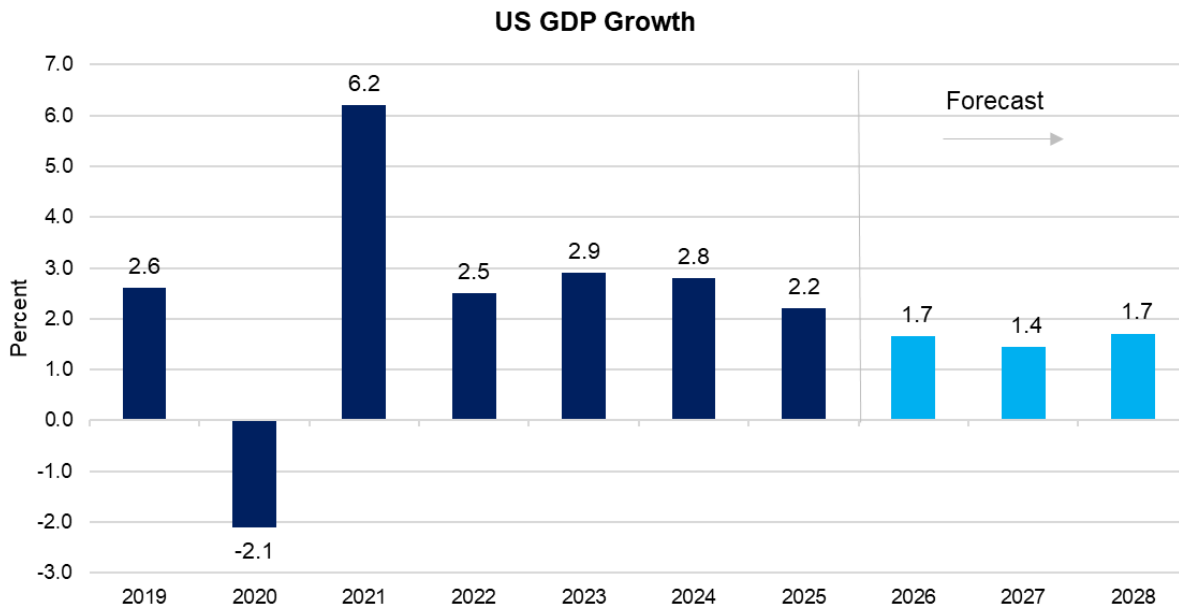
- Contact us if you are interested in our scenario analyses with respect to origination volumes in alternative rate paths relative to our baseline forecast.

CRE Outlook

- The CRE lending market showed exceptional strength in 2025 and that has flowed into 2026. In our March forecast, we estimate originations increased 34.6 percent in 2025 and are estimated to grow another 15.3 percent in 2026 compared to last year.
- For the multifamily market, we estimate that origination volume increased 12.5 percent in 2025 and will grow by 22.0 percent in 2026 compared to last year. We expect the strong pipeline of multifamily originations going into 2026 will be augmented by the increased lending caps from Fannie Mae and Freddie Mac.
- National multifamily vacancy rates have increased compared to last year, but there is significant variation in supply and demand dynamics across geographies. Vacancy rates are lower in some markets (e.g., east coast metropolitan areas) and higher in others (e.g., sunbelt and southern metropolitan areas).
- MBA's CRE scheduled maturities report suggests that refinances and acquisitions will be important drivers of origination volumes in 2026. However, the interest rate environment is critical to opening the market to these opportunities. 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.
- Spreads on new commercial loans remain tight compared to levels seen in recent years, despite the financial market volatility caused by the recent Iran war. If the economy were to weaken more than anticipated in our forecast, spreads could widen further.

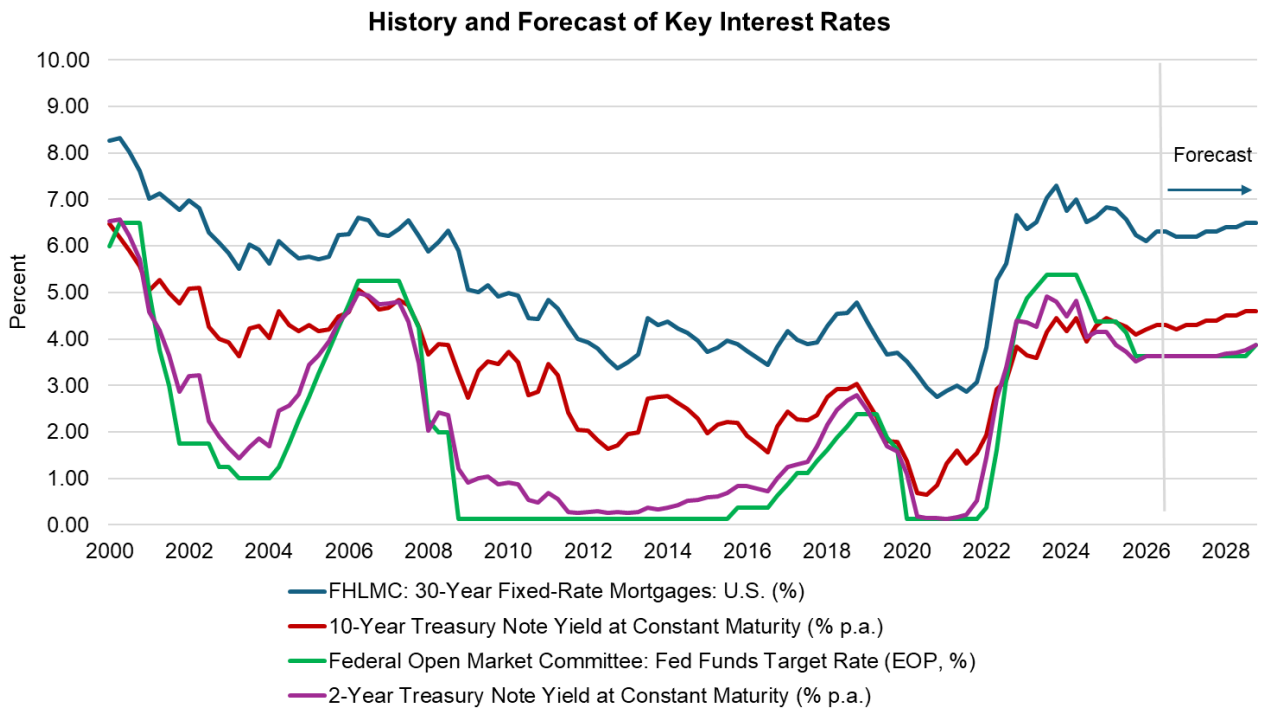
Forecast and Outlook Details

Slower Growth Expected in 2025 and 2026.



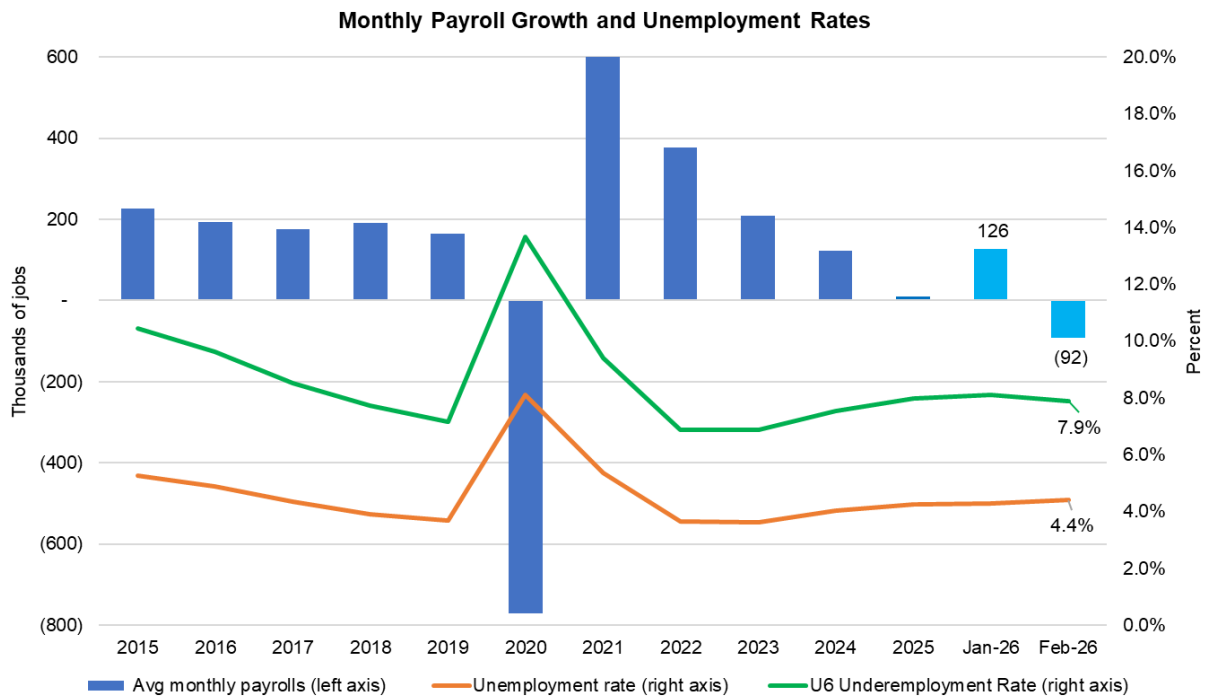
Source: Bureau of Economic Analysis, MBA Forecast

Key Rates Expected to Settle at Higher Level



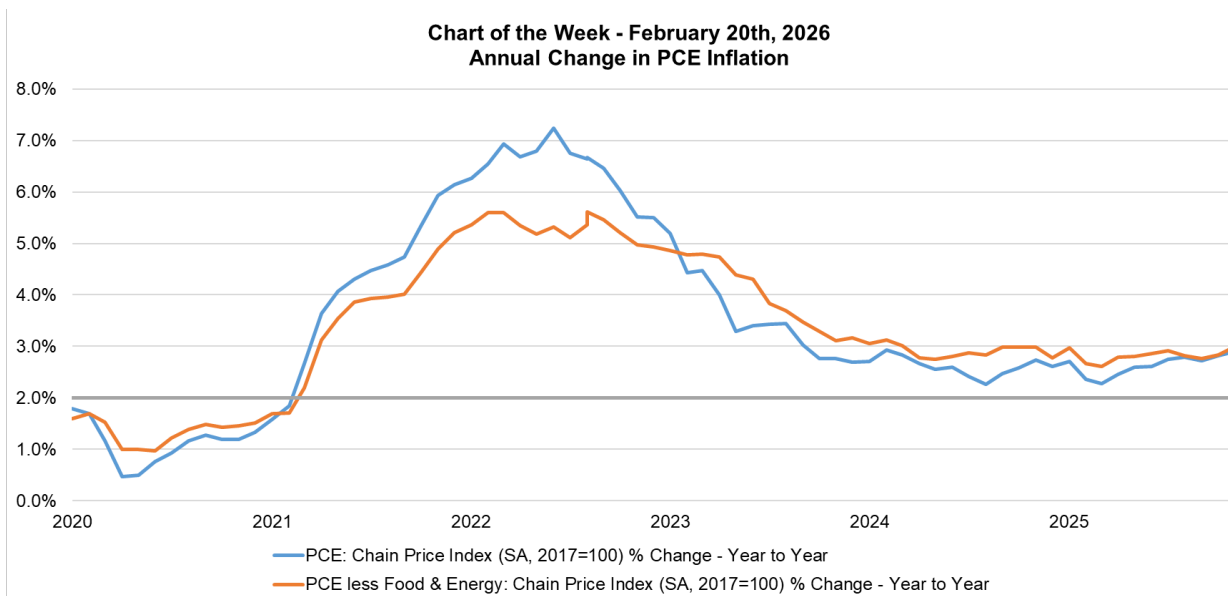
Source: Federal Reserve, Freddie Mac, MBA Forecast

Job Market Showing Signs of Weakening



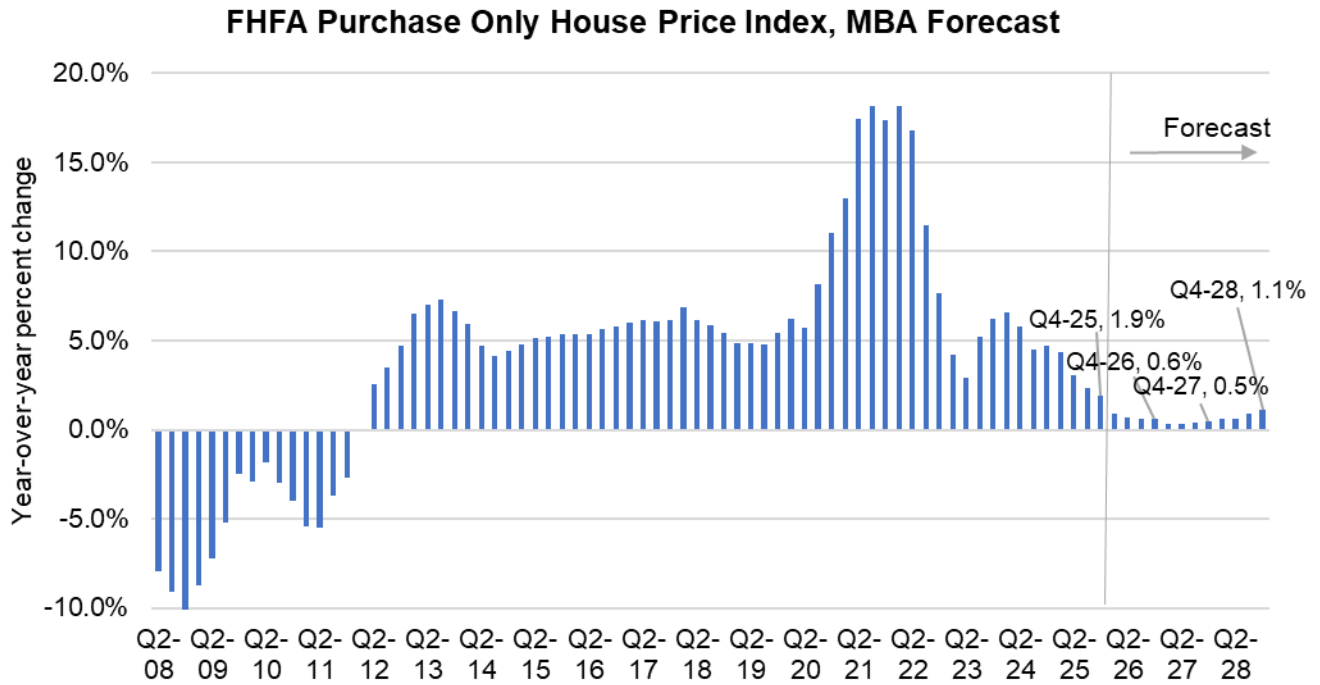
Source: Bureau of Labor Statistics

Signs of Reacceleration in Inflation Emerging



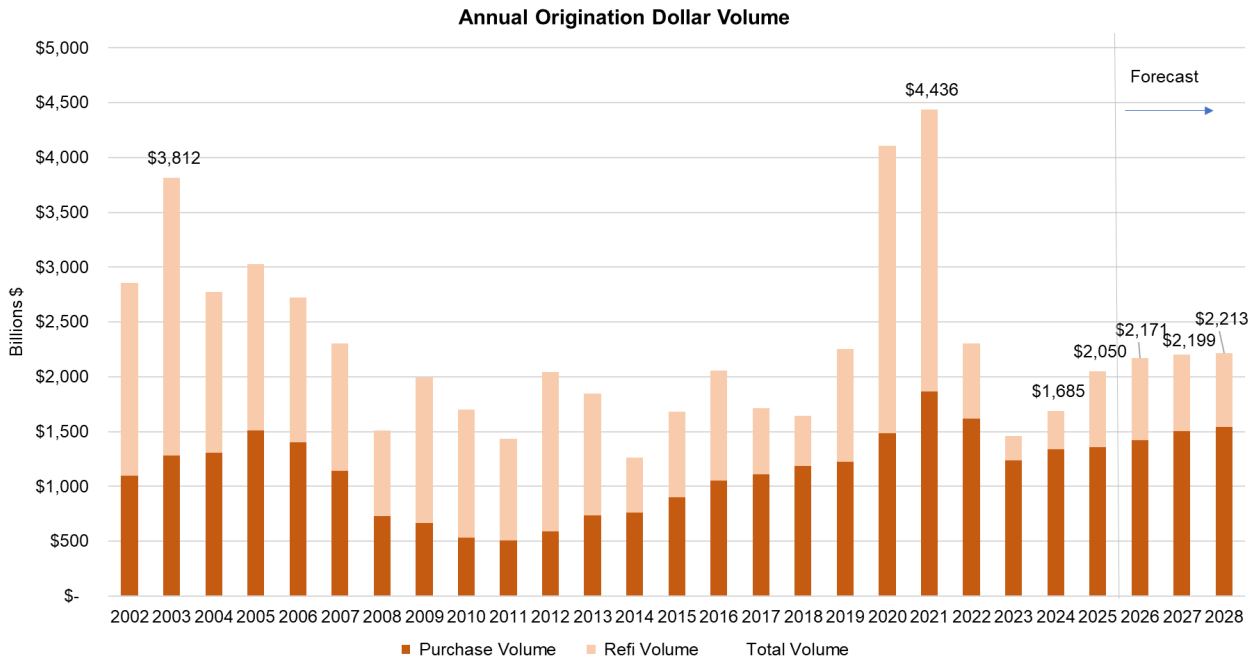
Source: Bureau of Economic Analysis

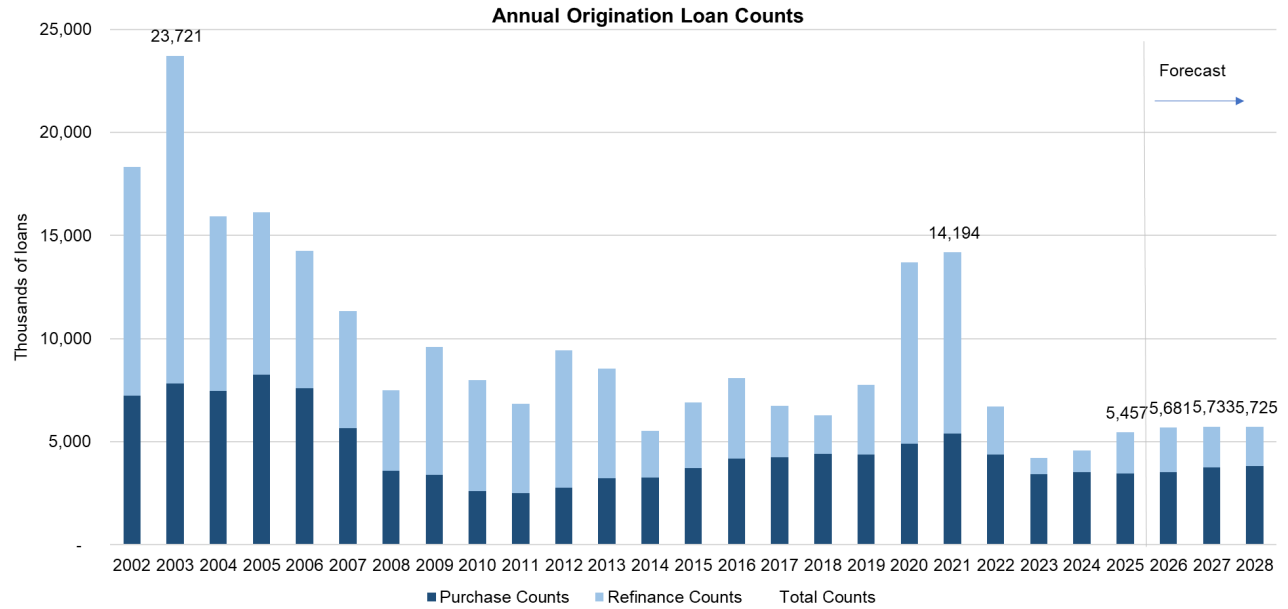
Home Price Growth Expected to Slow



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

March 23, 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	670.3	772.6	843.9	875.8
Multifamily	487.0	480.1	246.2	288.7	324.9	396.4	408.1	406.1
Percent Change YOY (%)								
All Property Types	45.0%	-8.4%	-47.4%	16.2%	34.6%	15.3%	9.2%	3.8%
Multifamily	35.4%	-1.4%	-48.7%	17.3%	12.5%	22.0%	2.9%	-0.5%

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

Source: MBA CREF Forecast