Q2 2026

MARKET OVERVIEW

To our Investors, Partners and Friends:

Q2'26 confirmed what Q1 only hinted at. The 30-year mortgage's dip below 6% in February was this year's low, not the start of a trend: rates climbed all quarter, averaging 6.45% and pushing past 6.5% by June. The cause was inflation, not the Fed — headline CPI spiked to 4.2% in May before easing to 3.5% in June, and the FOMC's April vote split 8–4, the most divided decision since 1992, as several members shifted toward favoring hikes.

Florida's supply story went from encouraging to structural. In Q1, only Miami's inventory had turned negative; Tampa and Orlando were still adding listings. By June all three metros were shrinking — Miami –16.0%, Tampa –10.5%, Orlando –4.8% — while the national count decelerated to a 2.9% pace from over 30% a year ago. Prices followed: Miami's Case-Shiller reading accelerated to +2.27% year over year by June, and Tampa cut its decline by a third since March.

Capital markets stayed constructive despite the rate backup — U.S. CRE volume rose 9% year over year — but multifamily itself was flat, with pricing down 1.7% and one $3.5B take-private doing much of the lifting. Rents did not keep pace: Miami asking rents decelerated to roughly 0.2% from 0.7%, and national multifamily occupancy slipped another 60 basis points.

Our read: South Florida's price recovery is real, with two straight quarters of positive Miami data behind it, but it is happening against a harder cost of capital, not an easier one. We are underwriting Q2's exit rate on financing, not its average, and treating flat-to-negative rent growth as the base case, not a passing phase.

Thank you for your continued trust.

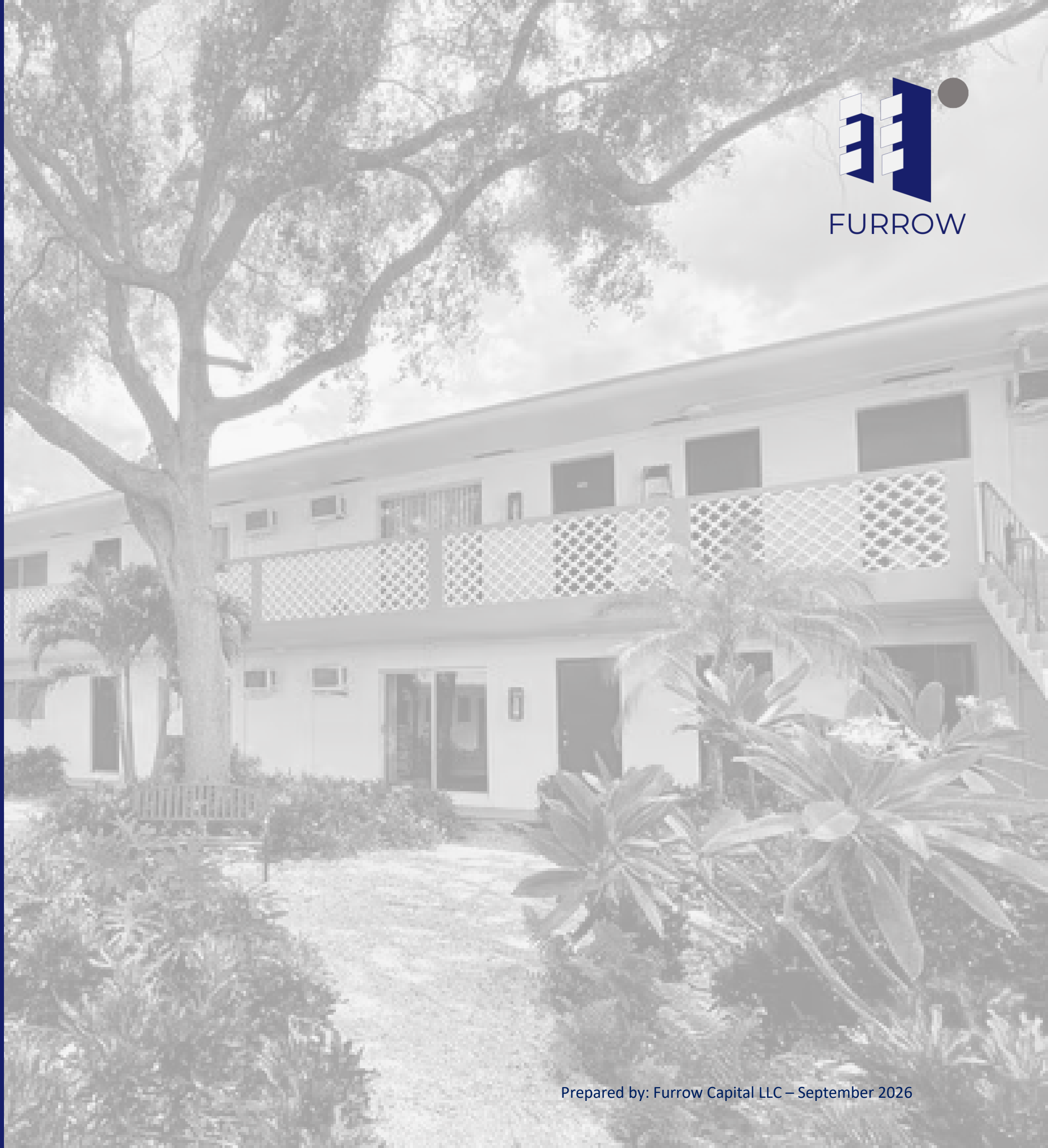
Marcos Ledesma
Furrow Capital LLC

Q2'26 AT A GLANCE

30-Yr mortgage, Q2 avg	10Y–2Y curve, Q2 avg
6.45%	**+0.45%**
Up from 6.13% in Q1'26	Down from +0.62% in Q1
Miami active listings, YoY	Miami Case-Shiller, YoY
–14.7%	**+1.73%**
Steepened from -3.8% in Q1	Second straight positive quarter

South Florida

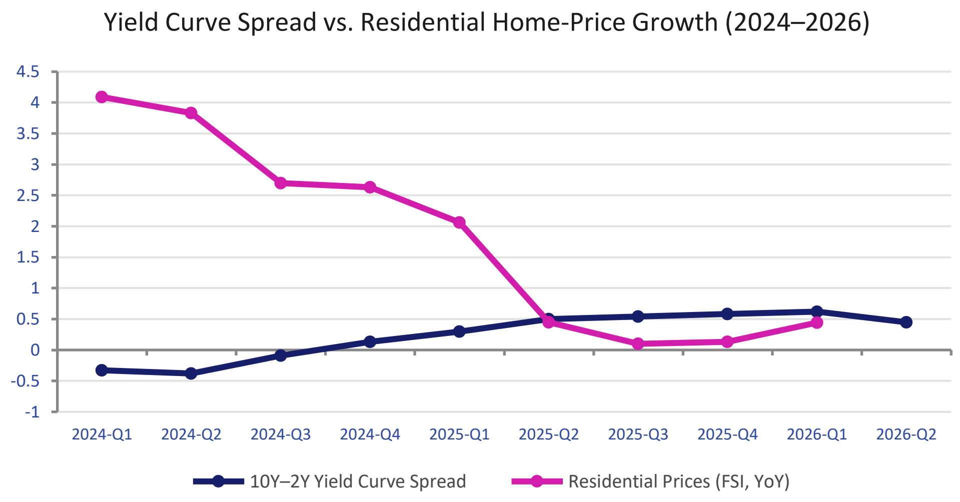
Multifamily



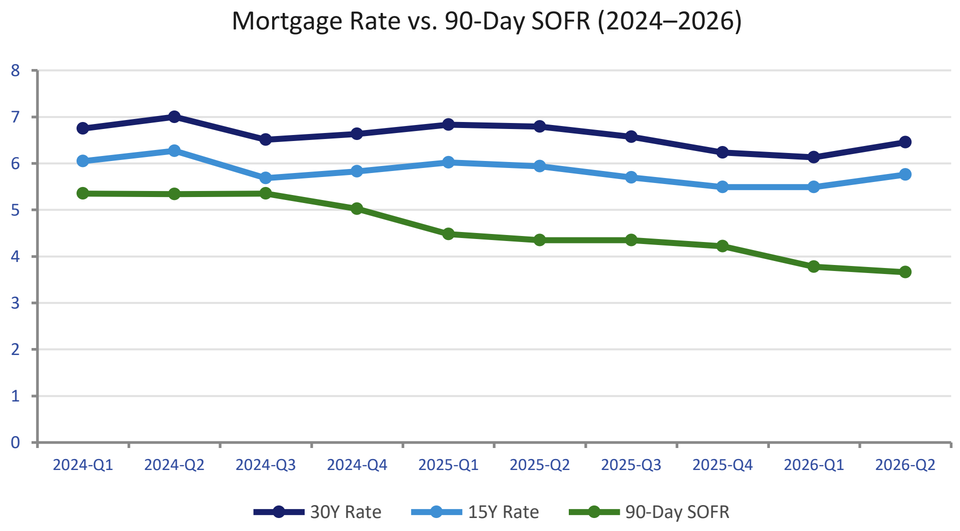
Prepared by: Furrow Capital LLC – September 2026

Q2'26 UNITED STATES

Macro Signals & Housing Pulse



Q2'26 FSI pending release (expected mid-September); series shown through Q1'26.



Inflation, not the Fed, ran this quarter

The 30-year opened Q2 near its cycle low and closed 44 bp higher. The Fed did not move — the target range held at 3.50–3.75% through both the April 28–29 and June 16–17 meetings — but the April vote split 8–4, the most divided FOMC decision since 1992, as several participants shifted toward favoring hikes. The 90-day average SOFR held in a narrow 3.59–3.70% band, still 12 bp below Q1's average.

The curve flattened, not steepened

The 10Y–2Y spread narrowed from +0.62% in Q1 to +0.45% in Q2 — the first quarterly narrowing in over two years. The 15-year fixed averaged 5.76%, up from 5.49%, with the quarter's low (5.58%) in the last week of April before rates backed up through June.

Headline CPI spiked, then reversed

CPI ran 4.2% year over year in May — an energy-led jump — before falling to 3.5% in June as energy prices plunged. Core inflation barely moved, holding in a 2.6–2.9% band all quarter — why the Fed stayed on hold through a headline spike, and why the June dot plot moved toward more hikes rather than fewer.

Residential prices: Q2 read still pending

The Fed's Financial Soundness Indicator publishes roughly ten weeks after quarter-end; the Q2'26 print is due the second week of September and was not yet available at publication. The Q1'26 reading of +0.44% remains the latest official value; we will backfill Q2 next issue.

Growth cooled as GDP eased

Real GDP grew at a 1.5% annualized rate in Q2'26 (second estimate), down from 2.1% in Q1, on softer government spending and investment — partly offset by resilient consumer spending, which pushed real final sales to private domestic purchasers up 4.2%.

Policy backdrop held steady

The One Big Beautiful Bill Act's bonus depreciation, pass-through deduction and Opportunity Zone provisions remain in force. No material change to the tariff posture reset in Q1; materials and insured replacement cost pressure continues.

Capital markets: a third straight gain, concentrated

U.S. CRE investment volume reached $113.7B in Q2, up 9% year over year — the third consecutive quarterly increase — though multifamily itself was essentially flat at $36.7B. Individual-asset sales fell 7% (first decline in five quarters) and apartment pricing (RCA CPPI) was down 1.7% year over year. A single $3.5B take-private of Veris Residential did much of the quarter's lifting — scale and distress are trading, not broad depth.

What we are watching

The June dot plot's tilt toward hikes is the variable that decides whether Q2's rate backup is a pause or a new leg up. We are underwriting the higher, stickier scenario and treating any further cap-rate compression as upside rather than assumption.

South Florida: two quarters of positive data

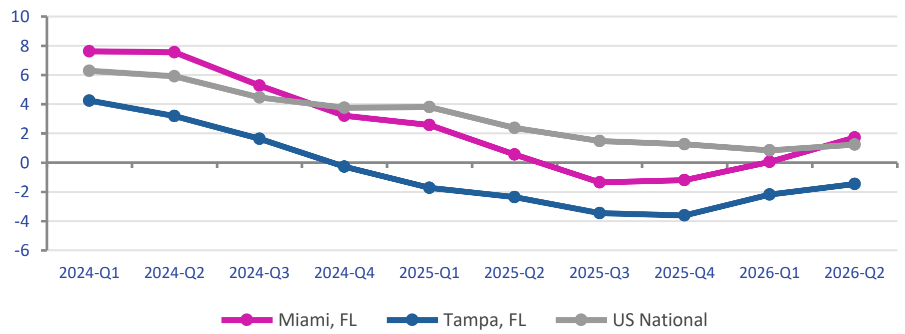
Miami's Case-Shiller reading accelerated every month of the quarter — +1.10% in April, +1.82% in May, +2.27% in June — extending the recovery that began in Q1. Statewide, all three major metros now show inventory contracting year over year, a reversal from Q1's Miami-only signal.

The Furrow view

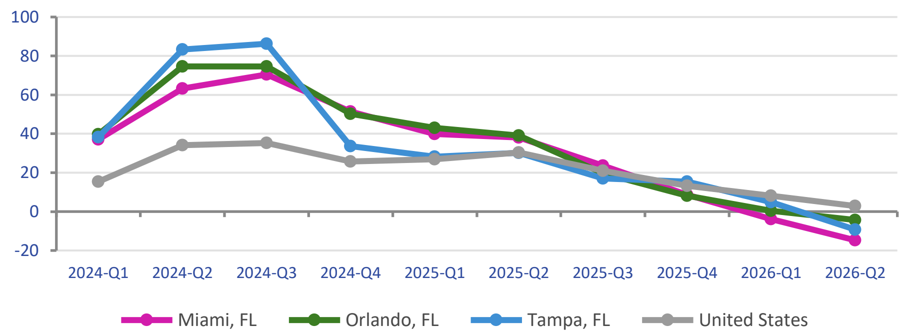
Q2 rewarded the same discipline Q1 did, on harder terms. We are sizing floating-rate debt to the 90-day SOFR reality of ~3.66%, holding fixed-rate underwriting to a 10-year that drifted higher all quarter, and requiring deals to clear on in-place operations rather than a rent-growth assumption we no longer see in the data. Florida's inventory reversal is now a three-metro story, and that is the structural change we are pressing hardest.

Multifamily Market Overview

S&P Cotality Case-Shiller – YoY Percent Change (2024–2026)



Housing Inventory YoY: Florida Metros vs. National (2024–2026)



Miami CS, YoY

+1.73%

Tampa CS, YoY

−1.45%

Miami Inv., YoY

−14.7%

US Inv., YoY

+2.86%

US snapshot

National home prices rose 1.24% year over year on average in Q2'26, accelerating from Q1's 0.84% through three straight months of gains (April +0.97%, May +1.21%, June +1.53%).

Florida: the supply reversal deepened

Q1 showed the inventory build ending; Q2 showed it reversing outright. All three major metros are now shrinking year over year — Miami −14.7% avg (June −16.0%), Tampa −9.3% (June −10.5%), Orlando −4.3% (June −4.8%) — against a national pace that itself decelerated from +8.1% to +2.9%. A year ago national inventory was still growing at a 30%+ clip; that growth has essentially stopped.

Miami

Case-Shiller accelerated to +2.27% year over year by June, its best print since the market began cooling in 2024. Listings fell 16.0% in June alone, the steepest of the three metros. Stabilized 50+ unit Miami-Dade assets ran near 95% occupied (~5.0% vacancy, Yardi Matrix), up 50 bp year over year, and asking rent growth decelerated to roughly 0.2% from 0.7% in Q1.

Tampa

Still the weakest major Florida metro on price at −1.45% year over year on average, though the monthly trend improved across the quarter (−1.53% in April to −1.19% in June). Inventory swung from +4.8% in Q1 to −9.3% in Q2 — the sharpest reversal of the three metros — as the market continues absorbing units delivered over the trailing year.

Orlando

Inventory turned negative for the first time this cycle, −4.3% year over year on average after finishing Q1 essentially flat at +0.3%. The I-4 corridor construction pipeline that drove 2024–25 supply continues to thin, which should support a 2027 absorption recovery.

Common drivers

Three forces defined the quarter: mortgage rates gave back essentially all of Q1's improvement; Florida's listing retreat became a three-metro phenomenon as owners with sub-5% legacy mortgages declined to sell into a still-soft price market; and national capital markets absorbed the higher-rate backdrop better than multifamily fundamentals did — deal volume grew while rent growth and occupancy both softened.

Bottom line

Florida's price correction, which we called over as of Q1, is confirmed by a second quarter of improving data — Miami accelerating, Tampa's decline narrowing. But the input that would turn stabilization into a rate-driven recovery, cheaper financing, moved the wrong way all quarter. We are underwriting a market recovering on operations and supply discipline, not on the cost of capital.

Real Estate Fundamentals

Migration & Demand: Florida added ~201k residents through migration in 2025 (latest available), a third of the 2022 peak; Miami-Dade posted ~73k net domestic out-migration offset by international inflow. Growth is slower and more international — renter demand stays deep, buyer demand thins.

Rents & Occupancy: National multifamily occupancy 94.1% (−60 bp YoY); Miami-Dade stabilized 50+ unit assets ~95.0% occupied. Miami asking rents ~+0.2% YoY through spring (Yardi Matrix), decelerating from +0.7% in Q1 — the class-mix pattern flagged last quarter has not reversed.

Pricing & Debt: South Florida multifamily cap rates ran 5.0–6.0% for Class A assets, a touch wider than Q1's “near 5.0%.” 90-day SOFR averaged 3.66% (−12 bp vs. Q1), easing floating-rate debt even as fixed quotes and the 10-year moved higher. Agency execution remains the most competitive bid.

Deal Flow & Liquidity: National multifamily volume $36.7B in Q2, essentially flat YoY; individual-asset sales −7% (first decline in five quarters); apartment pricing (RCA CPPI) −1.7% YoY. County-level South Florida deal-flow data was not available at publication — we will backfill next issue. National CRE volume across all sectors: $113.7B, +9% YoY.

Insurance: Citizens' statewide multiperil relief took effect July 1 as scheduled; 51 of Florida's 67 counties saw home-insurance rate decreases in 2026, the broadest relief since 2015. Underwrite it as it appears in the binder, not before.

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Sources

Charts

Yield Curve vs. RE Prices: Board of Governors of the Federal Reserve System (US); Financial Soundness Indicator, Residential Real Estate Prices (BOGZ1FL010000076Q) — Federal Reserve Bank of St. Louis via FRED®. Q2'26 spread computed from U.S. Department of the Treasury daily constant-maturity yields (T10Y2Y, monthly average).

Case-Shiller Index: S&P Cotality Case-Shiller Home Price Indices, S&P Dow Jones Indices LLC via FRED®; quarterly averages of monthly YoY change.

Fixed Rate Mortgage Rate: Freddie Mac Primary Mortgage Market Survey® via FRED® (15-year, direct); 30-year estimated from the Freddie Mac 15-year print plus the quarter's observed 30/15 spread, cross-checked against Bankrate daily quotes. 90-Day Average SOFR: Federal Reserve Bank of New York via FRED®.

Housing Inventory: Realtor.com® Residential Listings via FRED® (ACTLISCOUYY series, metro and national); quarterly averages of monthly YoY change.

Macro & policy

Federal Reserve, FOMC Minutes, April 28–29, 2026 (released May 20, 2026) and June 16–17, 2026 — federalreserve.gov/monetarypolicy.

U.S. Bureau of Labor Statistics, "Consumer prices up 3.5 percent over the year ended June 2026" — bls.gov/opub/ted.

U.S. Bureau of Economic Analysis, "GDP (Second Estimate) and Corporate Profits, 2nd Quarter 2026" — bea.gov.

Freddie Mac Primary Mortgage Market Survey®, weekly releases, April–August 2026 — freddiemac.com/pmms.

Housing & commercial real estate

S&P Dow Jones Indices, S&P Cotality Case-Shiller Home Price Indices, June 2026 release.

Realtor.com®, April, May and June 2026 Monthly Housing Reports; Realtor.com® metro-level active listing data via FRED®.

MSCI Real Capital Analytics, U.S. Capital Trends — Q2 2026 (via Colliers Knowledge Leader commentary).

Yardi Matrix, Miami Multifamily Market Report and National Multifamily Report, June 2026 (Multi-Housing News).

Citizens Property Insurance Corporation, 2026 Rate and Rule Changes (Apr. 30, 2026); statewide relief effective July 1, 2026.

dluxuss.com, "Cap Rates in South Florida Commercial Real Estate: What's Normal in 2026."

Note on methodology

Quarterly figures are simple averages of the underlying monthly or daily observations for the calendar quarter. Case-Shiller and Financial Soundness Indicator series are subject to revision; values shown reflect the vintage available at publication (Sept. 4, 2026) and may differ marginally from figures printed in prior Furrow quarterly reports. The Q2'26 Financial Soundness Indicator print was not yet released at publication (expected second week of September) and will be backfilled in the Q3'26 issue. Multifamily cap-rate, vacancy and transaction figures are drawn from third-party brokerage and data-provider research and are indicative ranges, not appraised values. South Florida county-level multifamily transaction volume was not independently available for Q2'26; the national multifamily figure is cited in its place.

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