Q1 2026

Market Overview

South Florida
Multifamily

To our Investors, Partners and Friends:

Q1'26 handed us a window and then closed it. In late February, the 30-year mortgage broke below 6% for the first time in three and a half years. Four weeks later it was back at 6.38%, pushed there by an energy-led jump in headline inflation to 3.3%. The Fed held in January and again in March. Rate relief arrived, was priced, and was withdrawn inside a single quarter.

The more durable news is underneath. Florida's inventory build—the source of buyer leverage for two years—has stopped. Miami's active listings fell 3.8% year over year, the first negative reading of this cycle. Prices stopped falling with it: Miami's Case-Shiller reading returned to flat after two negative quarters. Miami-Dade closed its seventh consecutive month of rising sales. And Citizens cut homeowners rates 8.8% statewide, the clearest sign yet that the insurance line item is finally moving our way.

Two things did not improve. Asking rents in Miami grew 0.7%—best in the South, and still well behind 3.3% inflation. And the class mix inverted: upper-tier occupancy is climbing while workforce housing softens. That is the reverse of the pattern we underwrote through 2025, and we have adjusted.

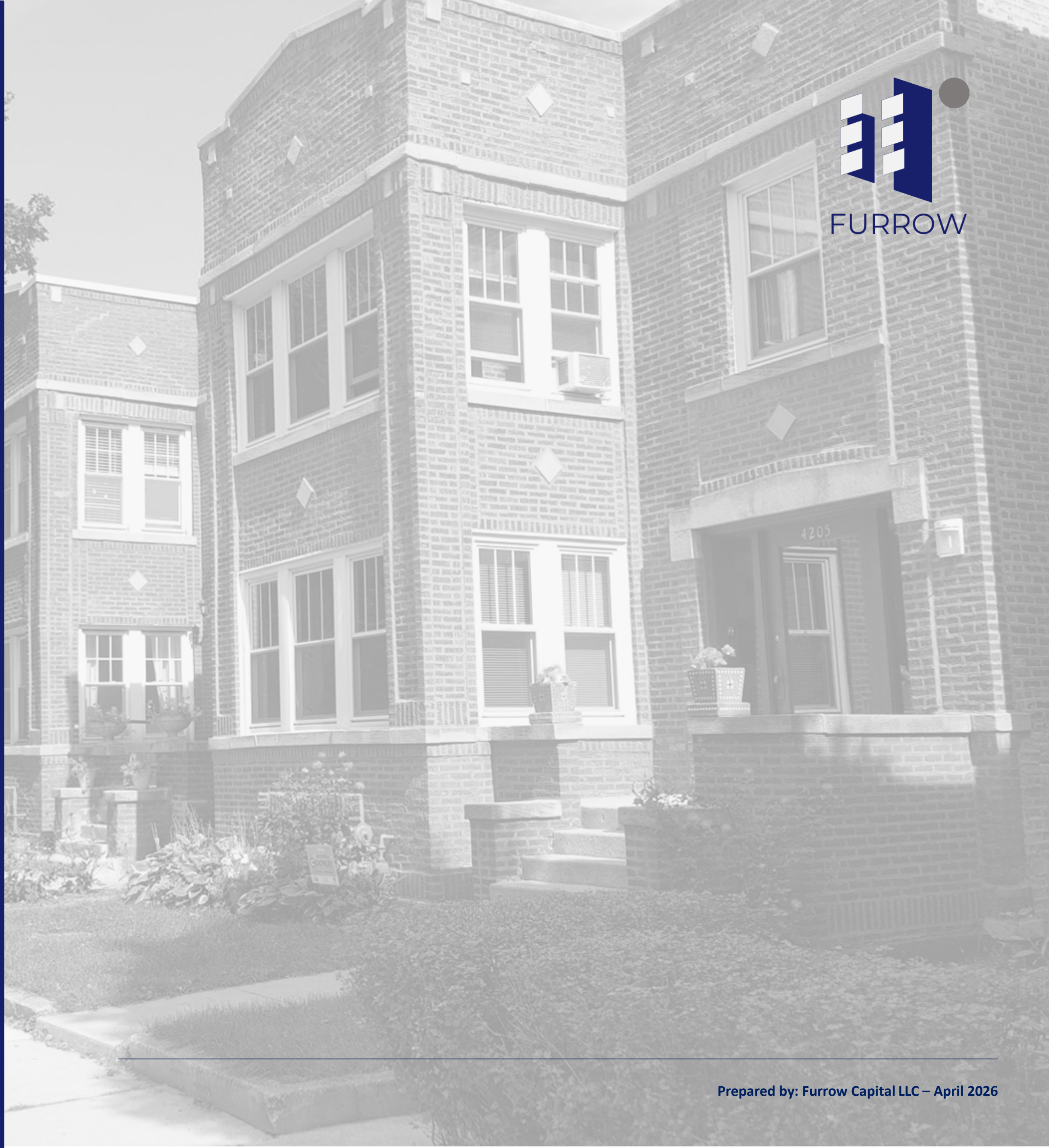
Our read is straightforward. The cheap-basis window is closing faster than the cost-of-capital window is opening. We are staying disciplined on price, buying for the operating spread rather than a rate forecast, and pressing on the assets where our own management changes the outcome.

Thank you for your continued trust.

Marcos Ledesma
Furrow Capital LLC

Q1'26 AT A GLANCE

30-Yr mortgage, Q1 avg **6.13%** 6.83% in Q1'25 · low of 5.98% on 26 Feb	10Y–2Y curve, Q1 avg **+0.62%** Widest in over two years
Miami active listings, YoY **-3.8%** First negative reading of this cycle	Miami Case-Shiller, YoY **+0.05%** Positive after two negative quarters



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Prepared by: Furrow Capital LLC – April 2026

Macro Signals & Housing Pulse

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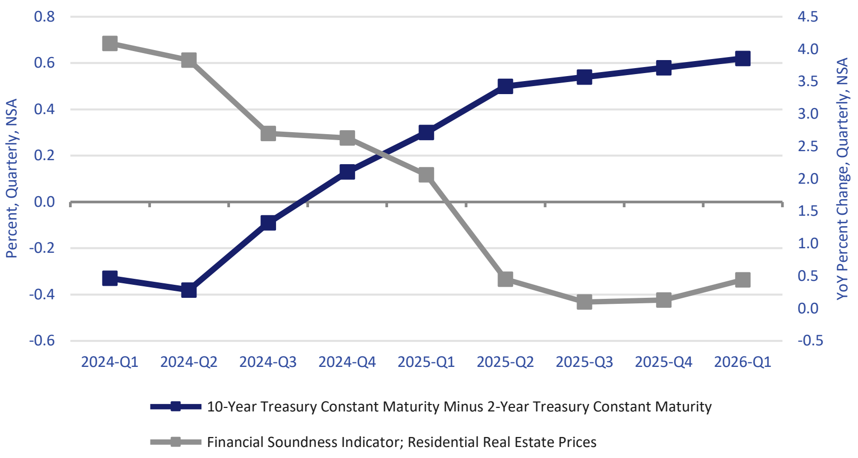
Yield Curve Spread
Q1'26 **+0.62%**
Q1'25 +0.30%

Residential Prices
Q1'26 **+0.44%**
Q1'25 +2.06%

Yield Curve Spread vs. Residential Home-Price Growth (2024–2026)

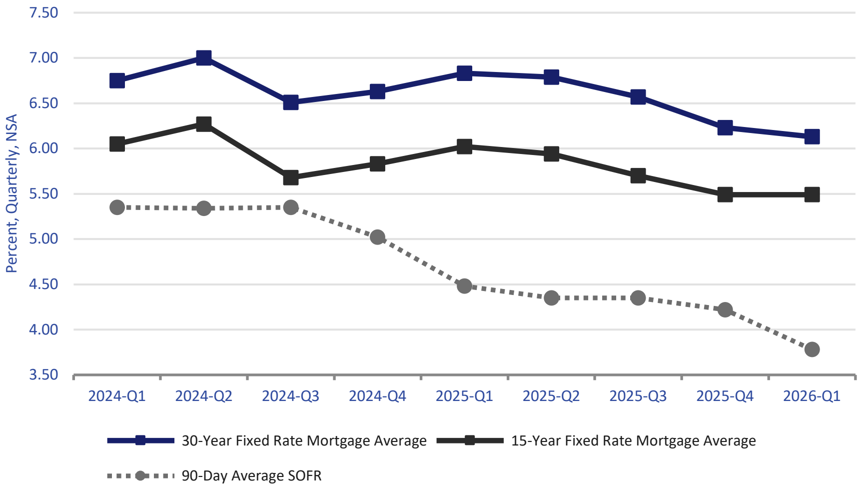


30Y Rate
Q1'26 **6.13%**
Q1'25 6.83%

15Y Rate
Q1'26 **5.49%**
Q1'25 6.02%

90-Day SOFR
Q1'26 **3.78%**
Q1'25 4.48%

Mortgage Rate vs. 90-Day SOFR (2024–2026)



Where we are vs. a year ago

A year ago (Q1'25) the curve had just turned positive at +0.30% and the Fed was still holding at 4.25–4.50%. Q1'26 opens from a different base: three cuts in the back half of 2025 left the target range at 3.50–3.75%, and the curve steepened to +0.62%—its widest in more than two years. Front-end funding repriced hardest. The 90-day average SOFR fell to 3.78% from 4.48%, a 70 bp reduction that flows straight into floating-rate debt service and bridge coupons.

The long end refused to follow

The 10-year averaged 4.20% for the quarter and finished it higher than it started. Duration risk and an energy-driven inflation impulse kept the long end sticky even as the Fed stood still: headline CPI ran 3.3% year over year through March, up from 2.4% a year earlier, while core CPI held at 2.6%. That gap—soft core, hot headline—is why the FOMC held on 28 January and again on 18 March, and why markets moved from pricing two 2026 cuts to pricing none.

Rates dipped into the 5s, briefly

Mortgages tracked that path. The 30-year fixed slid to 6.01% on 19 February and 5.98% on 26 February—the first sub-6% print since September 2022—before backing up to 6.22% by 19 March and 6.38% by month-end. The quarterly average of 6.13% is the lowest in more than three years, but the exit rate matters more than the average: the spring selling season began at 6.4%, not 6.0%.

Residential prices stopped decelerating

The Financial Soundness Indicator for Residential Prices is backward-looking and captures realized year-over-year change. The Q1'26 reading of +0.44% is down from +2.06% a year ago, but it is the second consecutive quarterly improvement off the +0.10% trough in Q3'25. Read together with a +0.62% curve, the message is a market that has finished correcting and has not yet begun re-accelerating—stabilization, not recovery.

Growth firmed, housing did not

Real GDP accelerated to a 2.0% annual rate in Q1'26 from 0.5% in Q4'25, led by a quadrupling of business fixed investment. Unemployment averaged 4.3%. Yet residential investment contracted for a fifth consecutive quarter. The economy is expanding around housing rather than through it, which is precisely the configuration that favors owners of existing, well-located rental stock over developers of new supply.

Policy: tariffs reset, tax treatment intact

The Supreme Court struck down the original “Liberation Day” tariff authority during the quarter; the administration reimposed comparable duties under alternative statutes within days. The practical effect for real estate is unchanged—continued upward pressure on materials and insured replacement cost. The One Big Beautiful Bill Act's provisions remain in force: permanent 100% bonus depreciation, the 20% pass-through deduction, and expanded Opportunity Zone incentives.

Capital markets: the best quarter in three years

U.S. commercial real estate investment reached $117.3 billion in Q1'26, up 19% year over year and the strongest quarterly volume since 2023, with deal counts up 7.7%. Multifamily was the highest-volume sector by dollars. The bid returned for a specific reason: values that reset 20–30% below peak created entry points institutions could underwrite, and agency debt remained the most competitive financing in the market.

What we are watching

Lender confidence improved measurably during the quarter, but it is conditional on the rate path. The same energy-driven inflation that lifted the 10-year in March is the variable that decides whether Q1's volume was an inflection or a window. We are underwriting the second case and treating any cap-rate compression as upside rather than assumption.

South Florida: demand returned first

Miami-Dade recorded its seventh straight month of rising sales in March, up 6.6% year over year, with cash at 38.1% of closings. Florida luxury led: statewide $1M+ single-family closings rose more than 14% and $1M+ condo closings 41%, while Miami-Dade luxury single-family transactions rose 19.6%. Transaction depth is recovering ahead of price.

The Furrow view

Q1'26 rewarded owners of existing, well-located stock and punished assumptions about the rate path. We are sizing debt to the 90-day SOFR reality of 3.78% where floating makes sense, holding fixed-rate underwriting at a 10-year near 4.20%, and requiring deals to clear on in-place operations. Insurance relief and the end of the inventory build are the two structural changes we will press; neither requires the Fed.

Q1' 26 South Florida

Multifamily Market Overview

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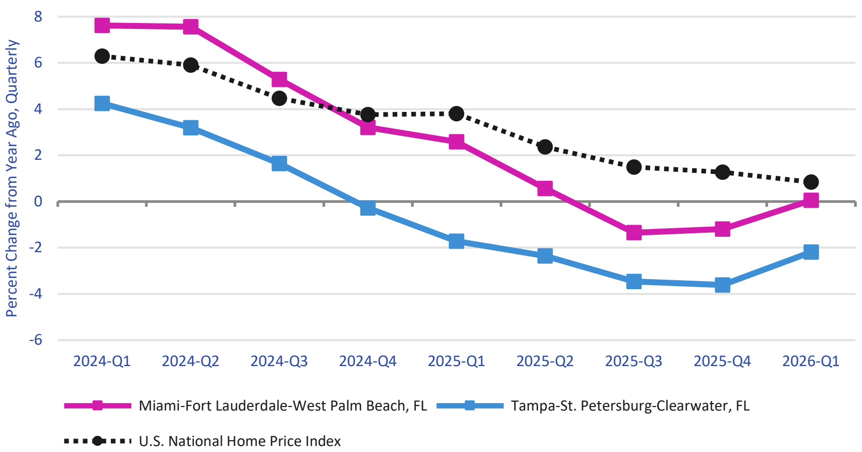
Miami, FL
Q1'26 **+0.05**% YOY

Tampa, FL
Q1'26 **-2.19**% YOY

US National
Q1'26 **+0.84**% YOY

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



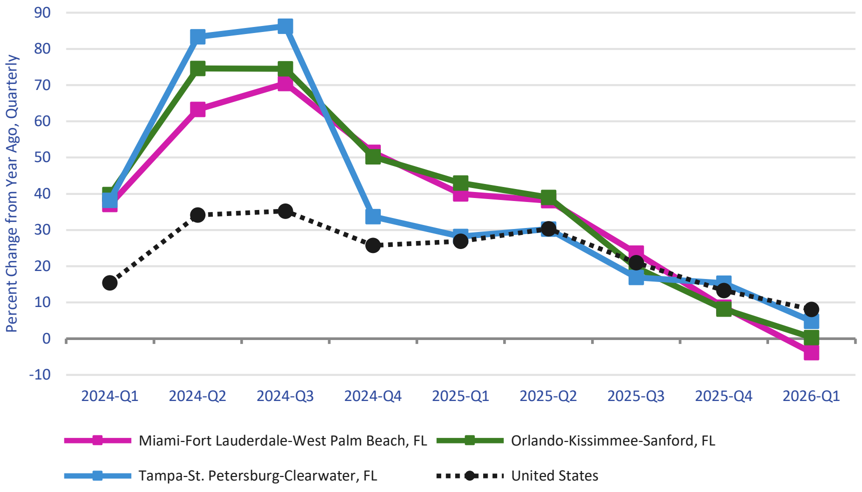
Miami, FL
Q1'26 **-3.8**% YOY

Tampa, FL
Q1'26 **+4.8**% YOY

Orlando, FL
Q1'26 **+0.3**% YOY

US National
Q1'26 **+8.1**% YOY

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



US snapshot

National home prices rose 0.84% year over year in Q1'26, the weakest quarterly reading of this cycle and below 3.3% CPI—the tenth consecutive month in which inflation outran home-price appreciation. More than half of the 20 Case-Shiller metros were negative in March. The spread between the strongest market (Chicago +6.1%) and the weakest (Seattle −2.5%) reached 8.6 points. This is no longer a national housing cycle; it is twenty local ones.

Florida: the supply build ended

The defining Q1'26 development is the inventory turn. After a two-year build that ran well ahead of the national pace, all three major metros collapsed toward or through zero: Miami −3.8%, Orlando +0.3% and Tampa +4.8%, against +8.1% nationally. New listings fell hardest—Miami −10.8% and Tampa −16.1% year over year in March—as owners with sub-5% mortgages declined to sell into a soft price market. Statewide, buyer leverage peaked in Q3'25 and has been eroding since.

Miami

Case-Shiller returned to +0.05% after two negative quarters. Single-family supply sits at 5.7 months and the median at $674,000; condos remain a 13-month buyer's market at a $445,000 median, still weighed down by post-Surfside assessments. Total Miami-Dade sales rose 6.6% in March, a seventh straight monthly gain, with $1M+ single-family closings up 19.8%. Depth is returning from the top of the market down.

Tampa

Still the weakest major Florida metro at −2.19% year over year, but the trajectory has changed: Tampa has improved in every month since the −4.16% trough in September 2025.

Multifamily is where the damage is concentrated—vacancy near 10.3% and asking rents down roughly 2.7% year over year after more than 7,000 units delivered in the trailing twelve months. Price recovery here is a supply-absorption story, not a rate story.

Orlando

Inventory growth has flattened to +0.3% and median list prices are essentially unchanged at $419,000. Vacancy runs 9.5–10.0% with asking rents off about 0.8%. The I-4 construction pipeline that drove 2024–25 supply is thinning, which sets up a 2027 absorption recovery rather than a 2026 one.

Common drivers

Three forces defined the quarter. First, mortgage rates traced a full round trip through the 5s and back, leaving affordability roughly where it began. Second, listing supply stopped growing as sellers withdrew rather than discount. Third, and most consequential for owners: Florida's insurance market turned. Citizens filed statewide reductions of 8.8% on homeowners multiperil effective 1 July, and its policy count is down 76% from the October 2023 peak as private carriers re-entered.

Bottom line

The national average has slowed to the weakest reading of this cycle; Miami has crossed back into positive territory and Tampa has cut its monthly decline by more than half from its September 2025 trough. On price, Florida's correction is over. What replaces it is a grind rather than a recovery: listing supply has stopped growing, demand is returning from the top of the market down, and the cost side—insurance above all—is finally moving in owners' favor. Rate relief is the one input still missing, and Q1 showed how quickly it can be given back.

Real Estate Fundamentals

Migration & Demand: Florida added ~201k residents through migration in 2025, 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: Miami metro vacancy 6.6%—lowest among major Southern metros and below the 7.3% national rate; stabilized 50+ unit Miami-Dade assets at ~4.6%. Asking rents +0.7% YoY, the only positive print in the South region, but below inflation.

Class Mix Inverted: Upper-tier occupancy is now trending up while workforce/Class B–C occupancy declines—the reverse of 2025. Roughly 56% of 81 South Florida submarkets posted rent growth; Overtown +13%, Miami Beach +10%, Brickell −4% to −6%.

Pricing & Debt: South Florida multifamily cap rates near 5.0%; 90-day SOFR at 3.78% (−70 bp YoY) has repriced floating debt, while fixed all-in costs held as the 10-year stayed near 4.20%. Agency execution remains the most competitive bid.

Deal Flow & Liquidity: ~$1.01B of South Florida multifamily traded in Q1'26—Broward $450M (+10% YoY), Miami-Dade $300M, Palm Beach $188M. National CRE volume $117.3B, +19% YoY.

Insurance Inflection: Citizens cut statewide homeowners multiperil rates 8.8% (wind-only −5.5%), the first broad decrease since the crisis began. Underwrite the relief when it appears in the binder, not before.

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Sources

Charts

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- 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®. 90-Day Average SOFR: Federal Reserve Bank of New York.
- Housing Inventory: Realtor.com® Residential Listings via FRED® (ACTLISCOUYY series); quarterly averages of monthly YoY change.

Macro & policy

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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 and may differ marginally from figures printed in prior Furrow quarterly reports. Multifamily cap-rate, vacancy and transaction figures are drawn from third-party brokerage research and are indicative ranges, not appraised values.

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