



January 2026 – Fed Chair Nomination, a Rate Pause, and a Precious Metal Rout

January reinforced a shift that has been quietly underway for several months. Direct changes to monetary policy is currently not the primary source of market volatility. Governance, credibility, and execution now matter more than the precise path of rates. The Federal Reserve held rates steady at 3.50–3.75%, marking its first pause since July. Chair Powell pointed to firmer economic growth and early signs of labor market stabilization, effectively raising the bar for near-term cuts. Markets interpreted the message as one of patience rather than accommodation.

Market Benchmarks

	YE-2024	YE-2025	Jan-26	1-Month Change	
				Δ	% Δ
Fed Funds	4.38%	3.63%	3.63%	0.00%	0.00%
1-Month SOFR	4.33%	3.69%	3.67%	-0.02%	-0.44%
10-Yr Treasury	4.57%	4.16%	4.24%	0.08%	1.92%
S&P 500	5,881.63	6,845.50	6,939.03	93.53	1.37%
REIT Index ¹	126.31	125.39	128.70	3.31	2.64%
VIX	17.35	14.76	17.44	2.68	18.16%

1. Vanguard Real Estate Index Fund (VGSLX) tracks the MSCI U.S. REIT Index

That interpretation was complicated almost immediately when President Trump announced that he intends to nominate Kevin Warsh as the next Fed chair. Warsh’s selection is notable because he has historically been one of the more inflation-conscious voices at the Fed which, on the surface, is not aligned with Trump’s stated goals of lower rates. Markets appear less focused on near-term policy implications and more attentive to what the nomination signals about future Fed independence.

Asset markets largely absorbed these developments without disruption. The S&P 500 rose 1.35% in January, and the yield curve steepened modestly. The outlier was precious metals which, after a considerable runup over the past year, had one of their worst selloffs since 1980 to end the month. On January 30th, gold declined 11% and silver was down a whopping 31%.

Beneath the surface, however, consumer confidence weakened meaningfully. The Conference Board’s Confidence index fell to its lowest level since 2014, driven by deteriorating perceptions of job availability and income prospects. While consumer spending remains resilient, the confidence data suggest households are becoming more cautious. The macro picture entering 2026 looks less like reacceleration and more like slow, fragile stabilization.

Notes from the National Multifamily Housing Council (NMHC) Conference

Last week, Caisson Capital attended NMHC, the industry’s largest annual gathering. Over three days we held approximately 30 meetings with brokers, lenders, and equity investors. Compared to 2024 and 2025—periods marked by optimism that in hindsight, underestimated the durability of operational and capital challenges—the prevailing tone this year was sober and realistic.

Debt is abundant and bailing out some owners.

Mortgage capital is widely available across the capital stack. Senior debt, mezzanine, and preferred equity are being quoted with tight spreads, flexible structures, and fast execution. **This abundance of capital is enabling widespread recapitalizations, reducing forced sales and defusing fears of a near-term “wall of maturities.”** The implication is important: fewer transactions does not mean fewer problems. It means problems are being financed rather than resolved.

Equity remains patient and narrowly focused.

Equity capital remains cautious. Buy boxes are still narrow and concentrated in newer-vintage assets in strong submarkets. That said, we are beginning to see measured interest return for 1990s and early-2000s value-add product in high-growth submarkets. Underwriting expectations are noticeably more disciplined than in prior years. Expectations for widespread, high-quality distress have largely faded, and capital raised under that premise is



searching for a different home. **For LP equity, the environment feels less like a green light and more like a 6am alarm clock: capital is awake but still hitting the snooze button.**

True distress lacks a natural buyer.

Rather than systemic liquidation, we expect continued bifurcation of spreads between high- and low-quality assets. **We are already seeing brokers market select properties at 8%+ cap rates. These valuations may be justified, but only for investors willing to absorb meaningful risk related to location, vintage, and long-term liquidity.**

Sentiment is neutral, not bullish.

The mood at NMHC was best described as acceptance. Long-term housing tailwinds are intact, but near-term fundamentals remain challenging, particularly in high-supply markets. Many participants expressed optimism that the back half of 2026 may improve on both fundamentals and transaction activity, but few are underwriting aggressively today.

Fundamentals are stabilizing gradually.

Supply pressures are easing at the margin, but concessions remain sticky and renters are conditioned to expect discounts. **Even optimistic operators acknowledged that pricing power will return gradually, not in a single leasing season.**

Why the Heartland and Northwest Arkansas Stand Apart

As national sentiment around commercial real estate remains cautious, capital comfort is becoming increasingly regional. Few markets exemplify this better than Northwest Arkansas and the broader Heartland.

Northwest Arkansas continues to distinguish itself as a resilient, employer-anchored market. The region recently ranked #1 on the Milken Institute’s Best Performing Cities list, a reminder that its growth has been driven less by cyclical momentum and more by diversification, affordability, and operating stability. **At NMHC, NWA consistently appeared on investors’ “greenlight” lists—often cited as a place where underwriting feels defensible even as uncertainty persists elsewhere.**

A meaningful contributor to that confidence is the continued strength and continuity at Walmart, the region’s economic anchor. As John Furner prepares to take the helm as CEO, he inherits a company in a position of strength following a transformative period under Doug McMillon. The transition is widely viewed as evolutionary rather than disruptive, reinforcing long-term employment stability and capital investment in the region. For housing markets, that continuity matters.

What stood out most to us was the contrast between local and national capital sentiment. Local investors in Northwest Arkansas are notably bullish, shaped by direct experience rather than headlines. They see assets performing, demand holding, and limited visible distress. This stands in sharp contrast to private wealth investors in markets where nearby CRE challenges have weighed heavily on confidence, even when opportunities lie elsewhere.

Taken together, the Heartland thesis continues to sharpen. In a market defined by narrow buy boxes and heightened selectivity, regions with durable employers, favorable affordability dynamics, and limited supply risk are where capital is most comfortable re-engaging first.

Aggregate Rent Growth (12/22 - 1/26)

