ECONOMIC **INSIGHTS**

NOVEMBER 21, 2025

Dr. Marci Rossell
Chief Economist

Leading Real Estate Companies of the World®

MARCI'S **TOP FIVE ECONOMIC INSIGHTS** FOR THE MONTH

1. Shutdown Leaves Jobs Data Gap, But Labor Market Remains Flat and Stable

The recent U.S. government shutdown left a gap in economic data, as the Bureau of Labor Statistics couldn't collect October jobs figures. As a result, there will never be an official unemployment rate for October, but it's better to have no data than inaccurate data, Dr. Rossell said.

September had an unemployment rate of 4.4% and modest job growth of 119,000 jobs. Overall, the labor market has been flat since April, due to factors like trade policy uncertainty, the shutdown, and the AI disruption. This isn't a crisis for the Federal Reserve—just a reminder that the labor market is in a holding pattern. Unless there's a major shock like COVID, unemployment rates rarely swing dramatically, Dr. Rossell said. For now, assume stability, but keep an eye on structural shifts shaping the labor market.

2. Shutdown Adds Uncertainty to December Interest Rate Cut

The prolonged U.S. government shutdown added uncertainty but isn't enough to trigger a recession, Dr. Rossell said. While missed benefits and delayed paychecks hurt individuals, the broader economy remains flat, not falling. With no fresh labor data before the December 10 Fed meeting, as of November 21st, Dr. Rossell indicated that an interest rate cut is less likely. However, in the business day between the airing of Economic Insights and the publication of this recap, the odds of a rate cut have surged to approximately 85%, despite inflation remaining at 3%.

This webinar was recorded on November 21, 2025. Please note that economic conditions and related information may have changed since the date of recording.

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3. Moody's Study Shows a Patchwork Economy

A new analysis from Moody's Analytics reveals sharp regional contrasts: half of U.S. states are at risk of downturn or local recession, while others, like Texas and Florida, are still expanding. Holiday spending remains strong, with retailers projecting over $1 trillion this season, but layoffs hit their highest October level since 2003. Companies are cutting costs amid tariff pressures and AI uncertainty.

The U.S. isn't in a recession, but it's treading water, Dr. Rossell said. Strength in consumer spending contrasts with rising layoffs and uneven conditions across states, underscoring a complex economic landscape.

4. Market Volatility and AI's Impact on Real Estate

Global markets are feeling turbulence, raising questions about an AI bubble. Dr. Rossell emphasized that cryptocurrencies—not AI—are seeing the steepest declines. While AI technology is real, the infrastructure build-out of data centers and chip facilities may be outpacing adoption, creating risk of overvaluation similar to the dot-com era. Timing and winners remain uncertain, and a shakeout is likely. Investors should prepare portfolios to withstand major swings and anticipate shifts in client wealth perception.

Meanwhile, data centers now account for 31% of global real estate funds raised in 2025, surpassing industrial real estate as the second most popular type of real estate asset in the world. The AI build-out is largely U.S.-based but will expand globally as domestic projects face energy and construction bottlenecks. These capital-heavy investments are driving tech giants to borrow, pushing global interest rates higher and raising costs for housing and non-AI commercial real estate.

5. Residential Market Shifts Toward Balance

The housing story has flipped from 2024: inventory is returning, with more sellers than buyers. But Dr. Rossell said she wouldn't call this a buyer's market yet, but we know that the numbers are shifting, and mortgage rates are near 6%, a level most buyers can tolerate. Dr. Rossell said we will have more transactions at lower prices in 2026.

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