

# ECONOMIC INSIGHTS

JULY 18, 2025



**Dr. Marci Rossell**  
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*Leading Real Estate  
Companies of the World®*

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

### 1. **AI's Impact Is Real—But Slower Than Believed**

While AI is reshaping industries, its rollout still faces major bottlenecks—including trust, particularly in industries like healthcare; regulation; energy; and the amount of data required to train these models. The benefits of AI are currently concentrated in tech suppliers, such as NVIDIA and Microsoft, and are not widespread across the economy. Dr. Rossell said how we ultimately use AI is much murkier. As for job losses, the occupation currently most affected is computer engineering.

### 2. **Inflation is Elevated, But We're Not in a Recession**

June's Consumer Price Index (CPI) rose from 2.4% to 2.7%, keeping inflation above the Fed's 2% target. Despite some dissent within the Fed, no rate cuts are expected soon. Long-term interest rates may rise if inflation isn't controlled. But Dr. Rossell said that even in the face of stresses coming from uncertainty around tariffs, economic policy, and the implementation of AI, the economy is still doing remarkably well. The unemployment rate is still low, and the U.S. economy is growing right now at about 2.5% for the second quarter of 2025, according to the Atlanta Federal Reserve's GDPNow model.

*This webinar was recorded on July 18, 2025. Please note that economic conditions and related information may have changed since the date of recording.*

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### 3. Economic and Real Estate Impact of the One Big Beautiful Bill

The One Big Beautiful Bill provides short-term certainty around government priorities and budget direction. Dr. Rossell noted the market had little reaction, as the bill contained few surprises, including the permanent extension of the 2017 tax cuts, which doesn't add new stimulus.

A positive for the real estate industry was the restoration of the SALT (State and Local Tax) deduction to \$40,000, benefiting high-income homeowners and potentially boosting housing demand in high-tax states.

### 4. Housing Market Normalizing

While there may be anecdotal cases of short sales reappearing, Dr. Rossell said this is not a similar situation to 2008 when homeowners couldn't make their mortgage—it's because homeowners who worked remotely during the pandemic now need to relocate because their new job requires them to be in person. Dr. Rossell said that inventory is improving, and millennial buyers are entering the market, signaling a return to more balanced conditions.

### 5. Understanding Rising Student Loan Delinquency and Credit Card Debt

Dr. Rossell noted that unemployment rates are rising faster among new graduates, as the wage premium for college degrees shrinks and employers prioritize skills over education—making student loan repayment more difficult.

Credit card debt is also climbing because Americans have spent through pandemic savings and are returning to typical spending habits. While elevated, current debt levels don't yet pose a threat to overall economic stability, Dr. Rossell said.

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