

ECONOMIC INSIGHTS

JUNE 20, 2025



Dr. Marci Rossell
Chief Economist

*Leading Real Estate
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MARCI'S TOP FIVE ECONOMIC INSIGHTS FOR THE MONTH

1. Middle East Conflict and Oil Prices

Geopolitical tensions, particularly the conflict involving Iran, have pushed oil prices back to \$70-\$80 per barrel. While this is a significant increase, Dr. Rossell said it's not comparable to the oil shocks of the 1970s due to the U.S. now being a net exporter of oil. However, if Iran were to block the Strait of Hormuz, prices could spike above \$100, impacting consumers but benefiting oil-producing states.

2. Global Trade Fragmentation

The fragmentation of global trade, accelerated by the Russia-Ukraine war and ongoing geopolitical divides, is reshaping economic alliances. This "new Cold War" dynamic is contributing to long-term uncertainty and weakening the globalization model that dominated from 1990 to 2008.

3. College Graduates and the Shifting Job Market

Unemployment among recent college graduates is rising, and the traditional wage and employment premium of a college degree is shrinking. Employers are questioning the value of degrees, and AI is further disrupting white-collar job prospects, Dr. Rossell said. This trend may lead to long-term economic consequences for younger generations burdened with student debt.

This webinar was recorded on June 20, 2025. Please note that economic conditions and related information may have changed since the date of recording.

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4. AI's Economic Disruption

AI is expected to significantly reshape the labor market, especially in fields like law, accounting, healthcare, education, consulting, and computer programming. While some jobs will be lost, Dr. Rossell said demand in these sectors could increase if costs drop. However, infrastructure and energy bottlenecks may slow AI's full potential. Dr. Rossell noted that a recent proposal from the White House, a \$3 billion package to support trade schools in America, has had bipartisan support.

5. Housing Affordability and Market Dynamics

Homeownership remains around 65%, similar to levels in the late 1960s. Despite high prices and limited supply, new home construction is rising. Corporate ownership of single-family homes has shifted rental dynamics but hasn't drastically reduced ownership opportunities. The Fed's current interest rate stance reflects a strong labor market and persistent inflation, with no immediate rate cuts expected.

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