

ECONOMIC INSIGHTS

MAY 16, 2025



Dr. Marci Rossell
Chief Economist

*Leading Real Estate
Companies of the World®*

MARCI'S TOP FIVE ECONOMIC INSIGHTS FOR THE MONTH

1. **Recession Fears? Not in the Data**

Despite media speculation, Dr. Rossell emphasizes that the U.S. is not currently in a recession. "Recessions require an outright decline in economic activity," she explains. While some sectors may feel sluggish, key indicators like retail sales, industrial production, and employment remain stable. "Until I see it in the real data—not some ghost fantasy recession—we're not there," she says. The message to clients: stay grounded in facts, not fear.

2. **Consumer Sentiment Down**

Consumer confidence has dropped to 50, down from a peak of 112 in 2000. This long-term decline has accelerated in recent months due to inflation fears and economic uncertainty. Consumers are wary of the impact of tariffs, leading many to delay major financial decisions, including home purchases.

3. **Trade Agreements Offer Headlines, But Immediate Impact is Unclear**

Tariffs have jumped from 2% to 17% in a year, raising prices across the board. Recent trade announcements with China and the UK made headlines, but their real-world impact is limited. Past promises—like China's pledge to buy more U.S. soybeans—have gone unfulfilled, and the UK's modest growth reflects global realignment more than recovery. Continued follow-through and enforcement will be key to determining their longer-term impact on inflation and consumer prices.

RELO Direct®

Leading
REAL ESTATE COMPANIES
OF THE WORLD

© 2025 Leading Real Estate Companies of the World®
All Rights Reserved.
C-GlobalEconomic-Insights-Webinar 5.25
Equal Housing Opportunity

4. Inflation Trends

The drop in oil prices, driven by Saudi Arabia's temporary production boost, is not expected to last. Inflation appeared to ease in April, with the Consumer Price Index (CPI) at 2.3%. But when energy is excluded, core inflation rises to 2.8%—well above the Fed's 2% target. As a net energy producer, the U.S. sees mixed effects from lower prices, and underlying inflation pressures remain strong.

5. Housing Market: Inventory Up, But Challenges Remain

Housing starts rose in April, driven largely by multifamily construction. While this helps ease inventory constraints, builders continue to face headwinds from rising material costs and labor shortages—both worsened by tariffs and immigration policy shifts. As Dr. Rossell noted, “any increase in inventory, no matter where it is on the housing ladder, is good for inventory overall,” because it takes pressure off the entire system.

ECONOMIC INSIGHTS

MAY 16, 2025

RELO Direct®

Leading
REAL ESTATE COMPANIES
OF THE WORLD

© 2025 Leading Real Estate Companies of the World®
All Rights Reserved.
C-GlobalEconomic-Insights-Webinar 5.25
Equal Housing Opportunity