

# **THE US ECONOMY: REMARKABLY RESILIENT, SO FAR**

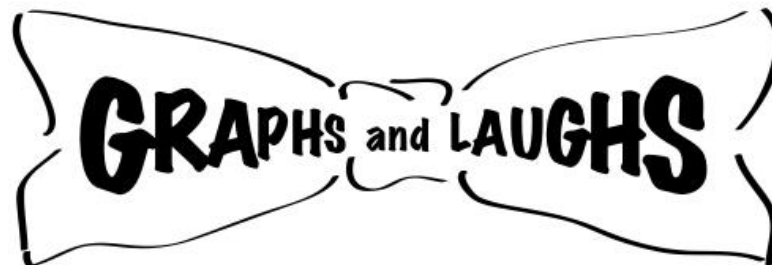
Presented by:

Elliot F. Eisenberg, Ph.D.

President: GraphsandLaughs, LLC

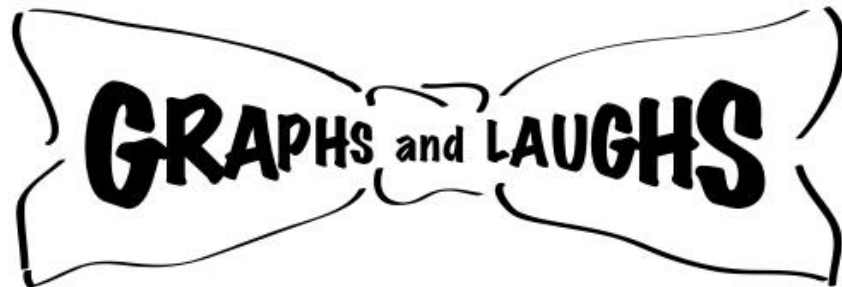
Maui, HI

November 10, 2025



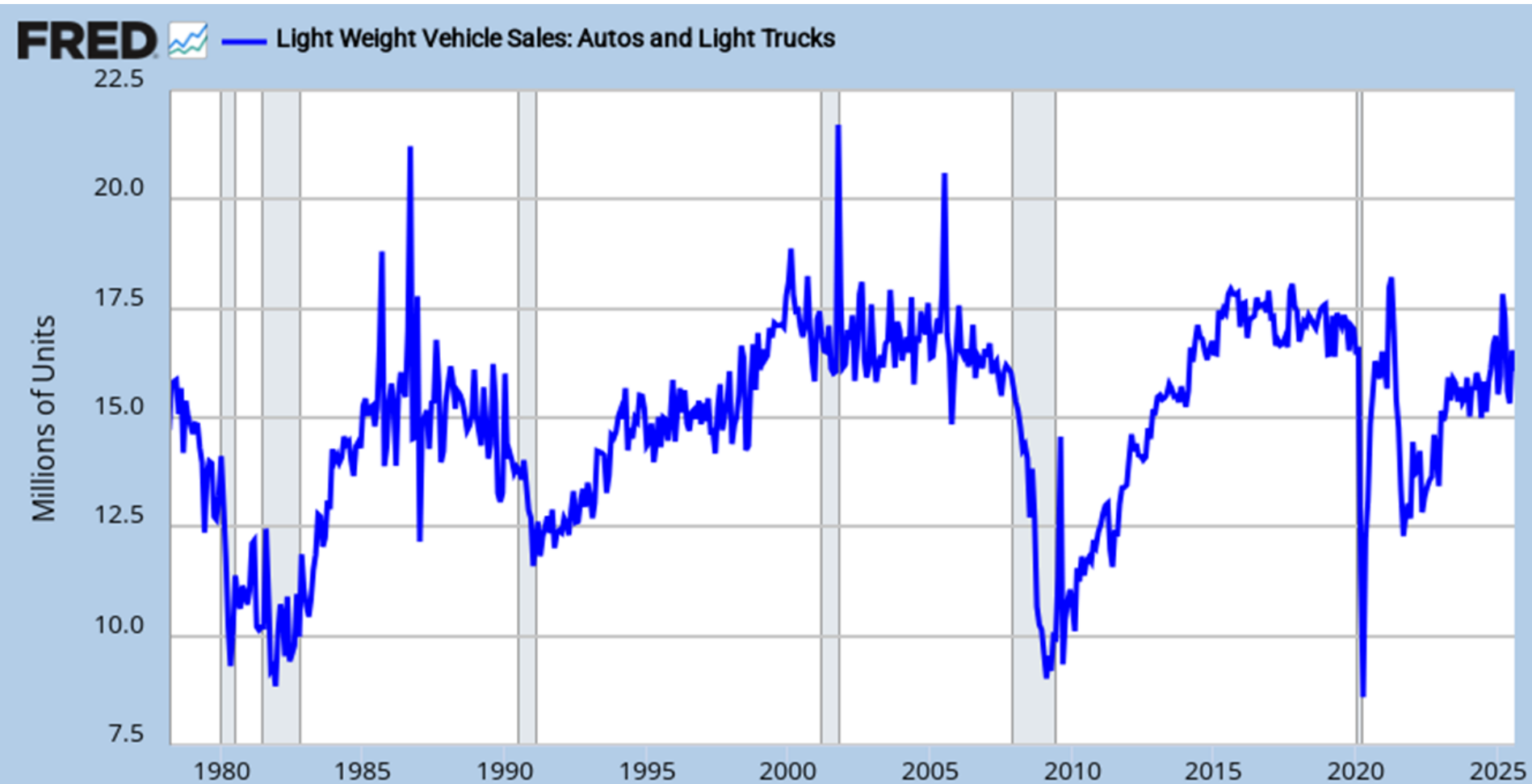
# The Economy Surprises

$$\text{GDP} = C + I + G + (X - M)$$



# US Light Vehicle Sales

Car sales are stable and solid at roughly 16 million/year



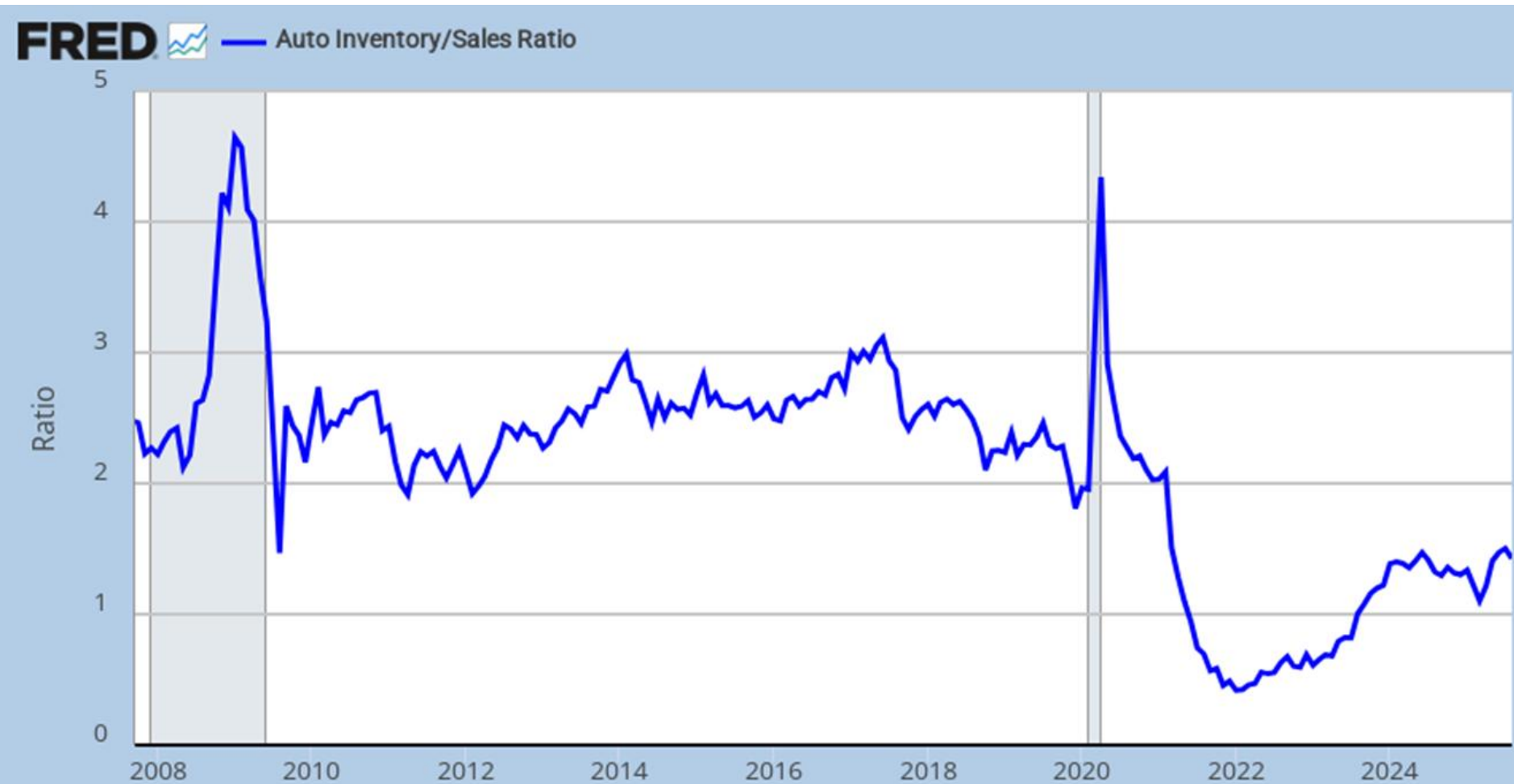
Source: U.S. Bureau of Economic Analysis via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1M606](https://myf.red/g/1M606)

# Inventory Levels are Low but Rising

Inventories are flat and well below pre-Covid levels



Source: U.S. Bureau of Economic Analysis via FRED®

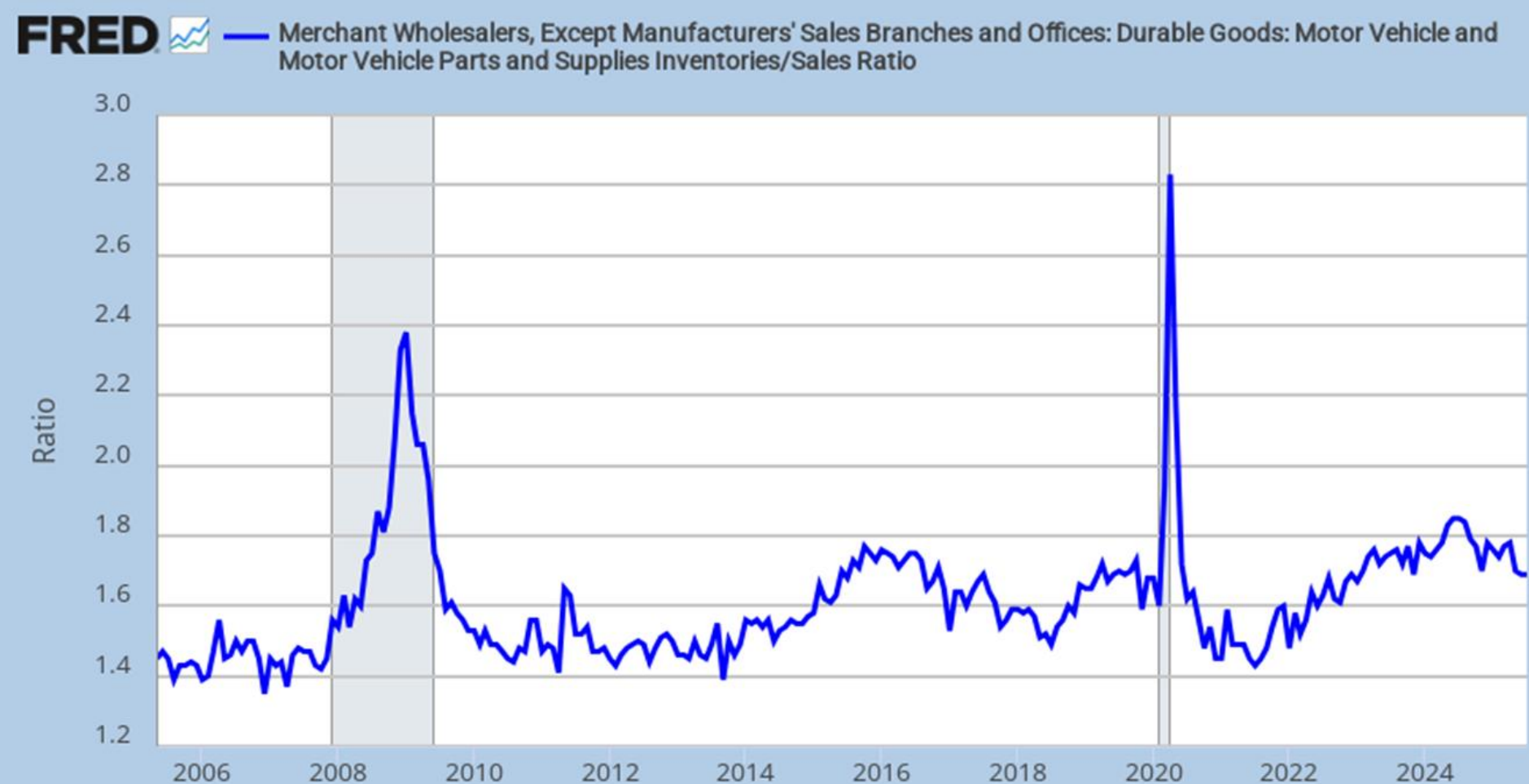
*Shaded areas indicate U.S. recessions.*

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# Wholesale Motor Vehicle Parts Inventories

Level has more than recovered



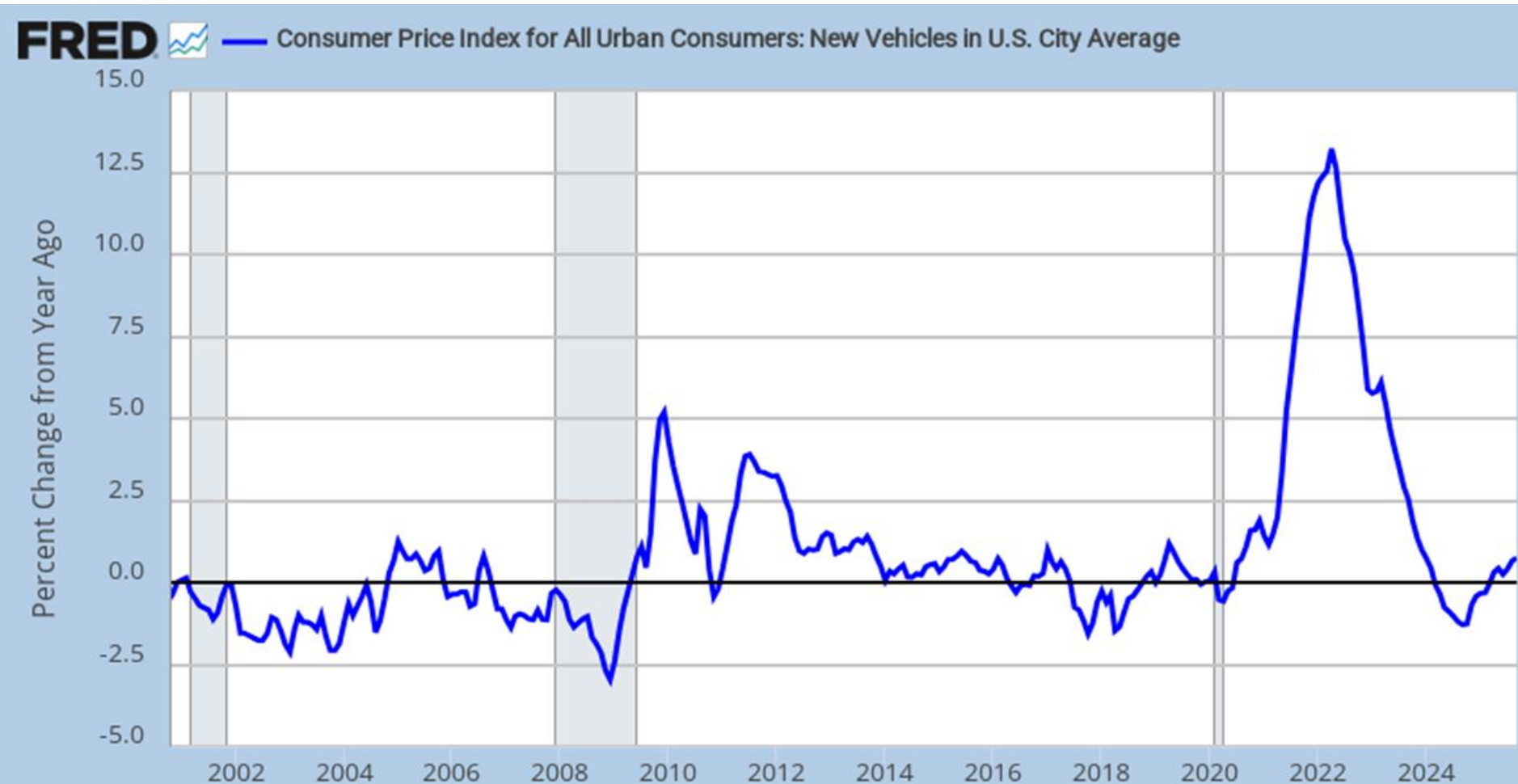
Source: U.S. Census Bureau via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MojS](https://myf.red/g/1MojS)

# New Auto Prices

Inventories improved, and now prices are slightly rising



Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

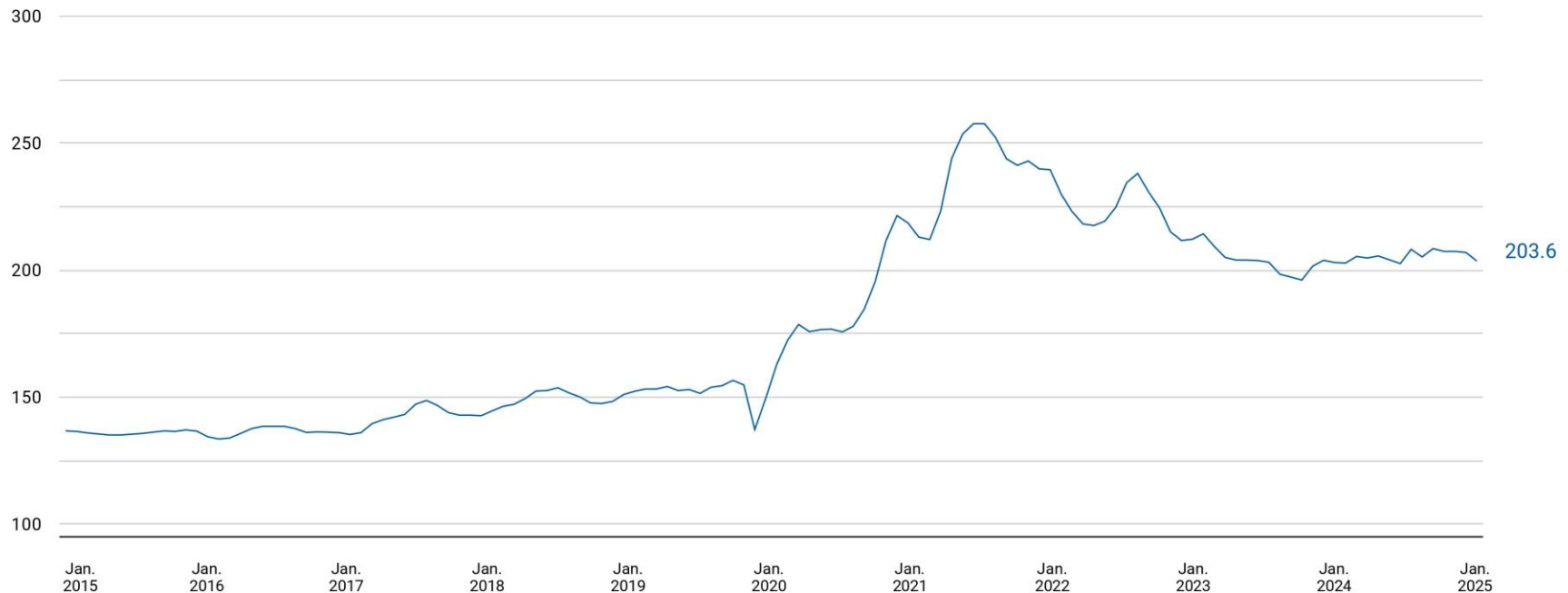
[myf.red/g/1Np6i](https://myf.red/g/1Np6i)

# Used Cars Prices

They are now rising. Peak was 12/21 at 257.7. Prices are down almost 20%

## MANHEIM USED VEHICLE VALUE INDEX

*Mid-October 2025*



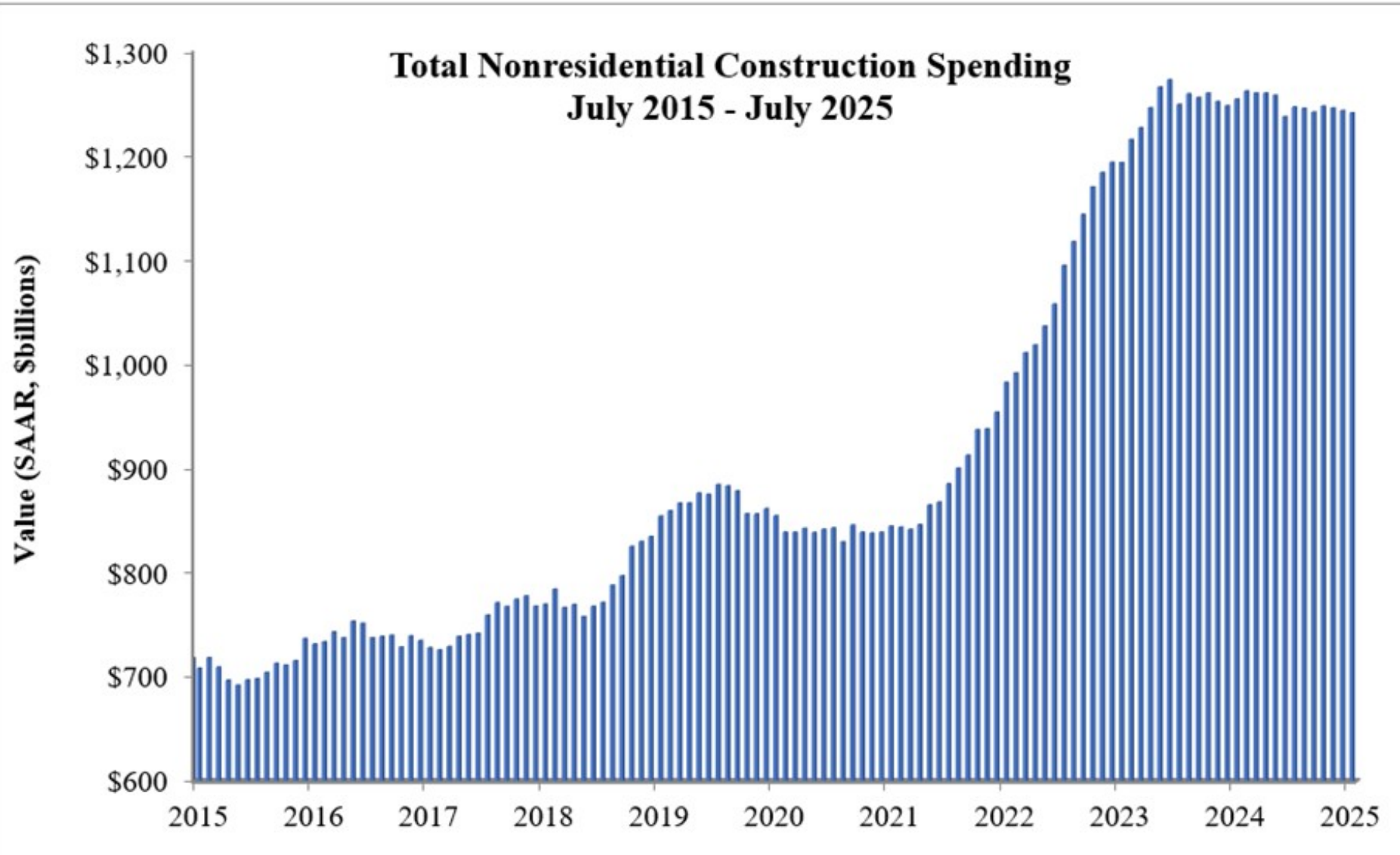
Cox  
AUTOMOTIVE



Manheim  
by Cox Automotive

# Nonresidential Construction Activity

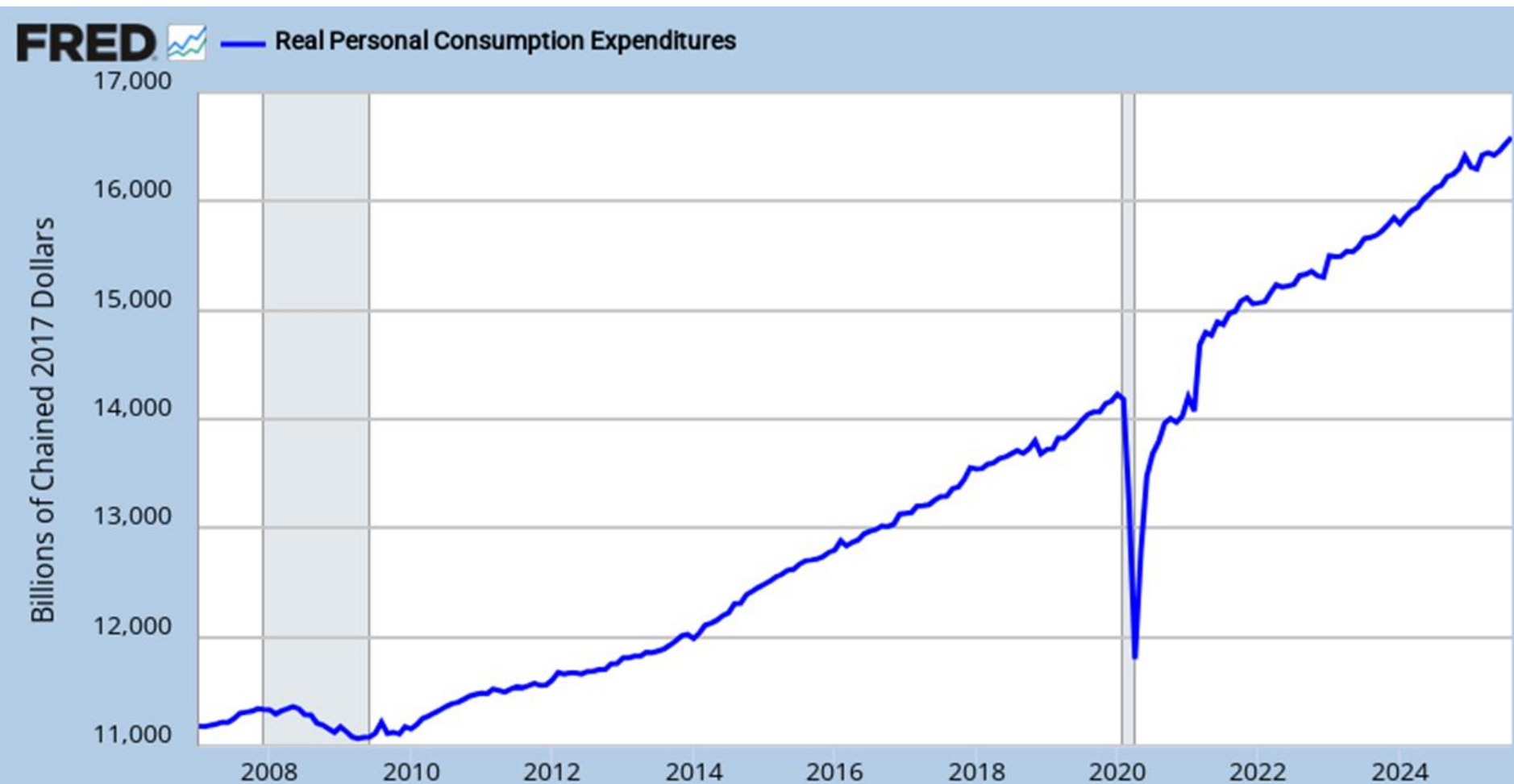
It peaked in December 2023



Source: U.S. Census Bureau

# Real Personal Consumption Expenditures

It remains largely on trend, keeping the economy growing



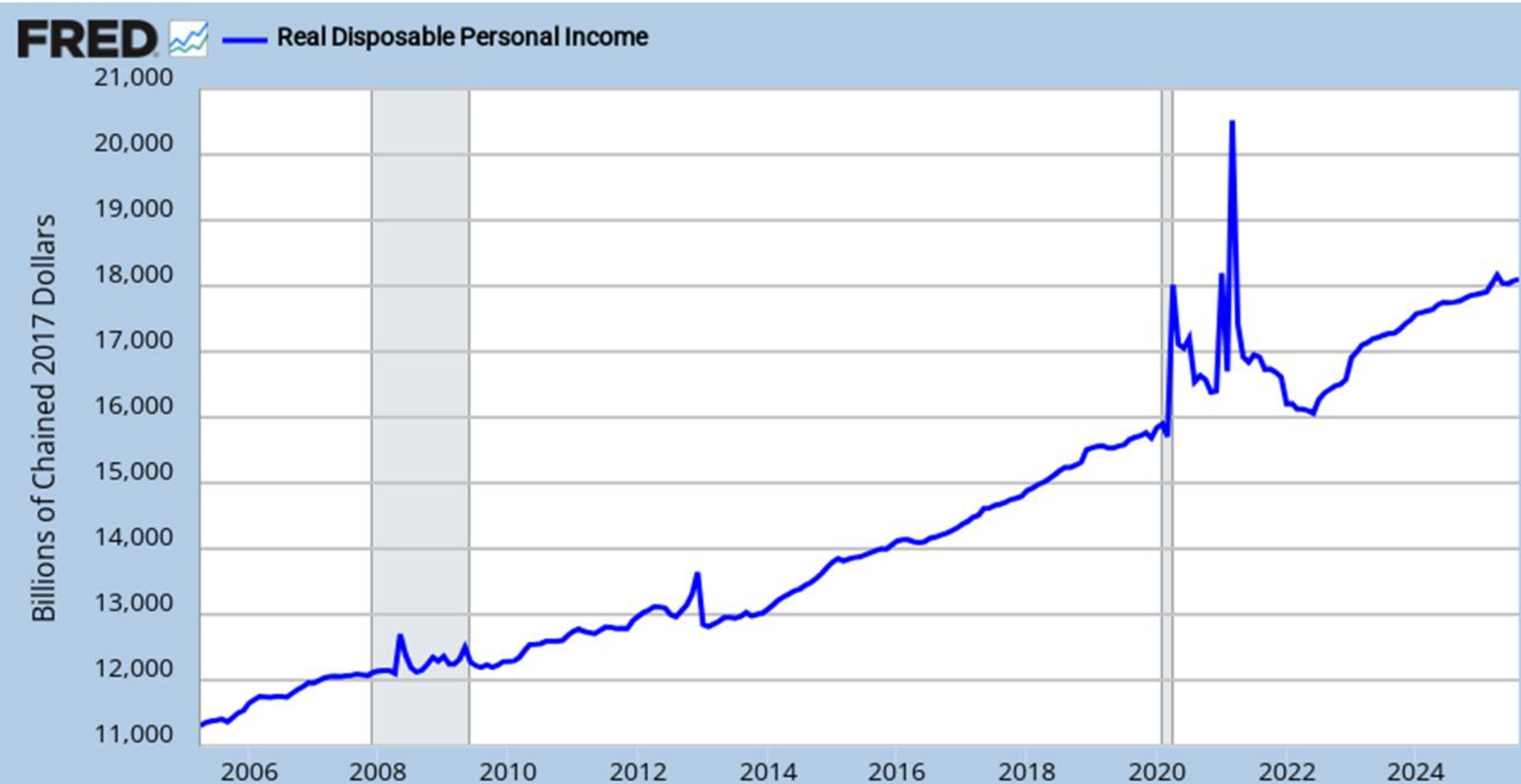
Source: U.S. Bureau of Economic Analysis via FRED®

*Shaded areas indicate U.S. recessions.*

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# Real Disposable Personal Income

It is well above pre-Covid, but slightly below trend



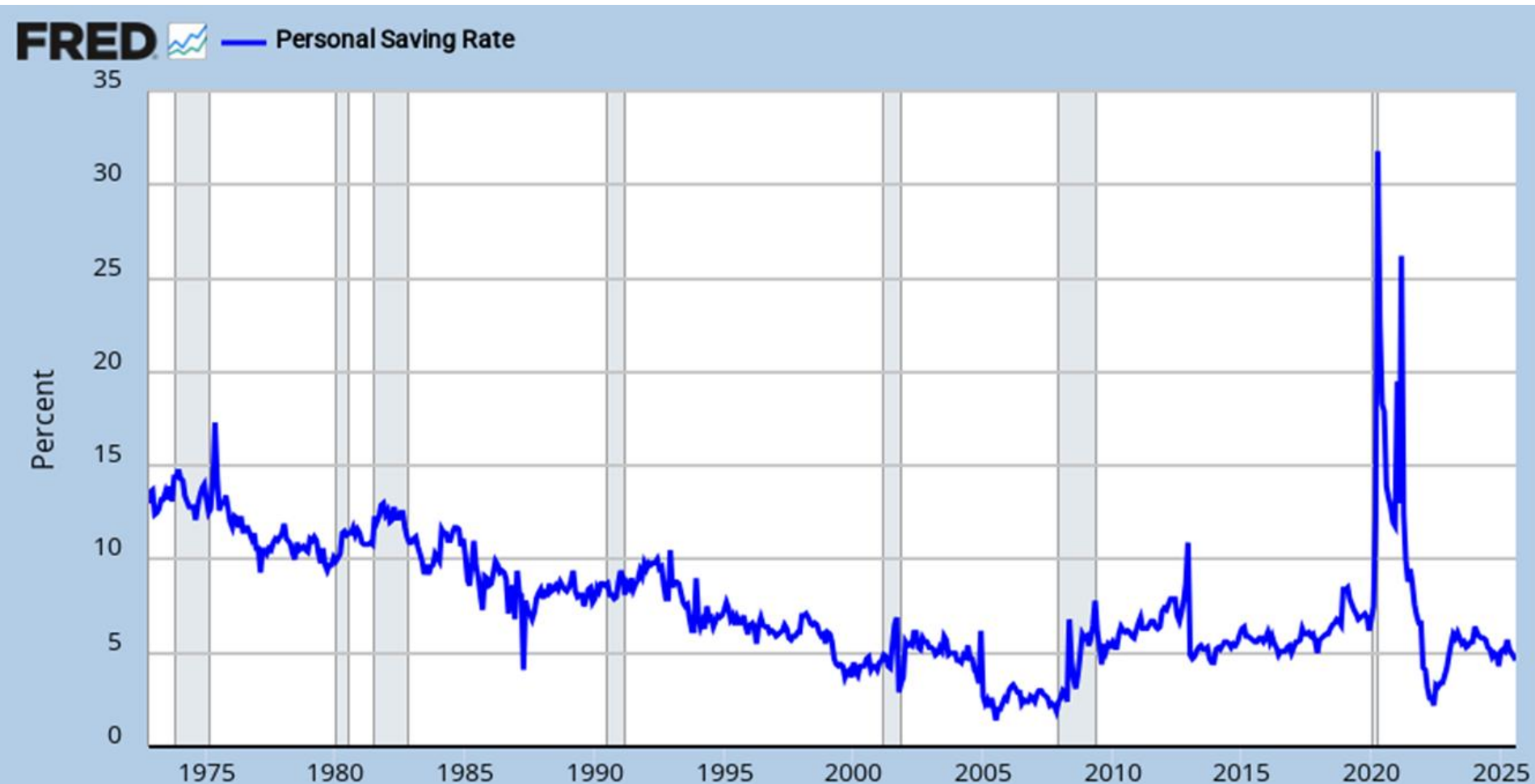
Source: U.S. Bureau of Economic Analysis via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MCyl](https://myf.red/g/1MCyl)

# Household Savings Rate

It is flat and historically low at 4.6%



Source: U.S. Bureau of Economic Analysis via FRED®

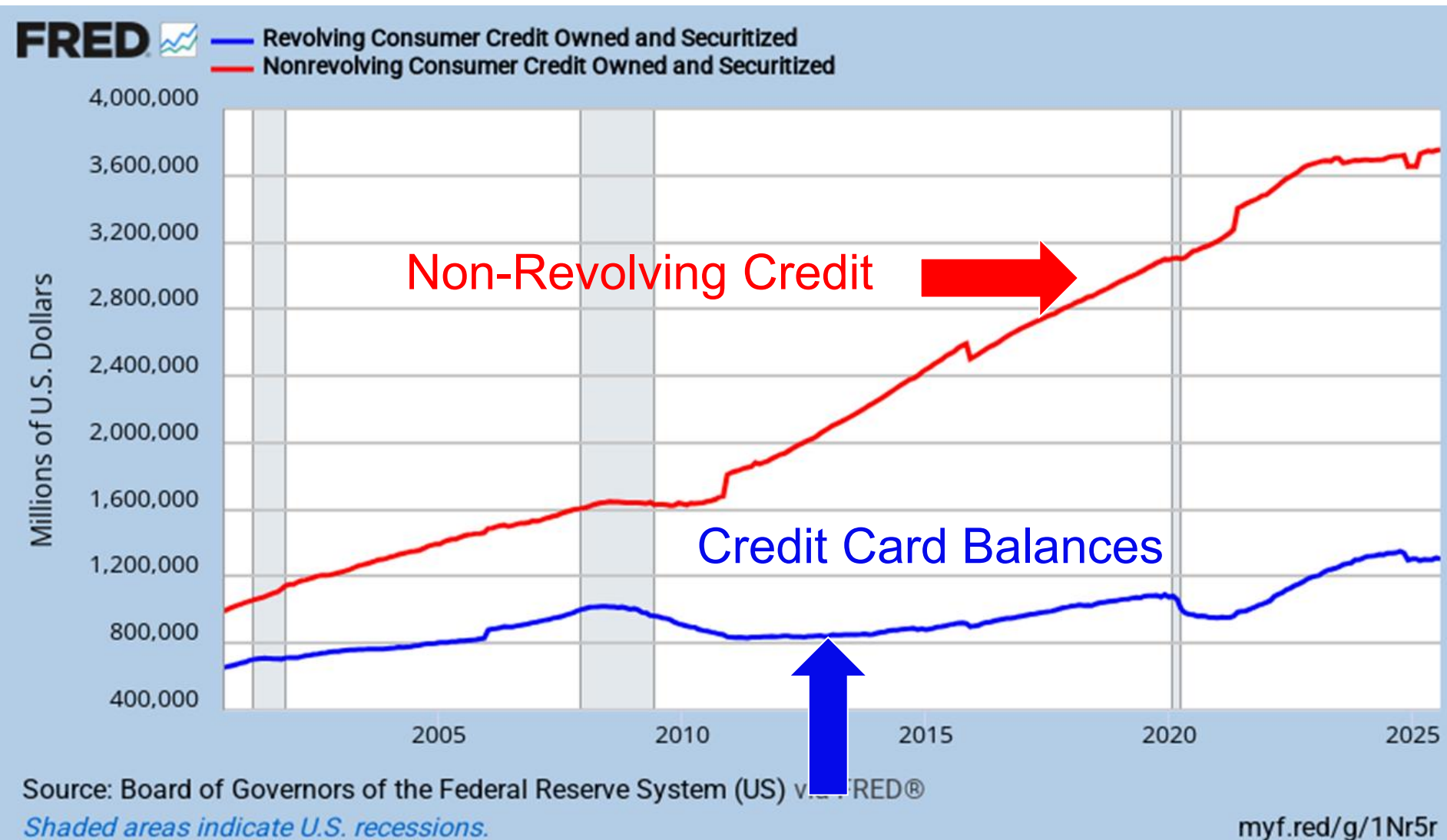
*Shaded areas indicate U.S. recessions.*

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# Non-Revolving Credit Growth Slows

Revolving credit growth is very limited

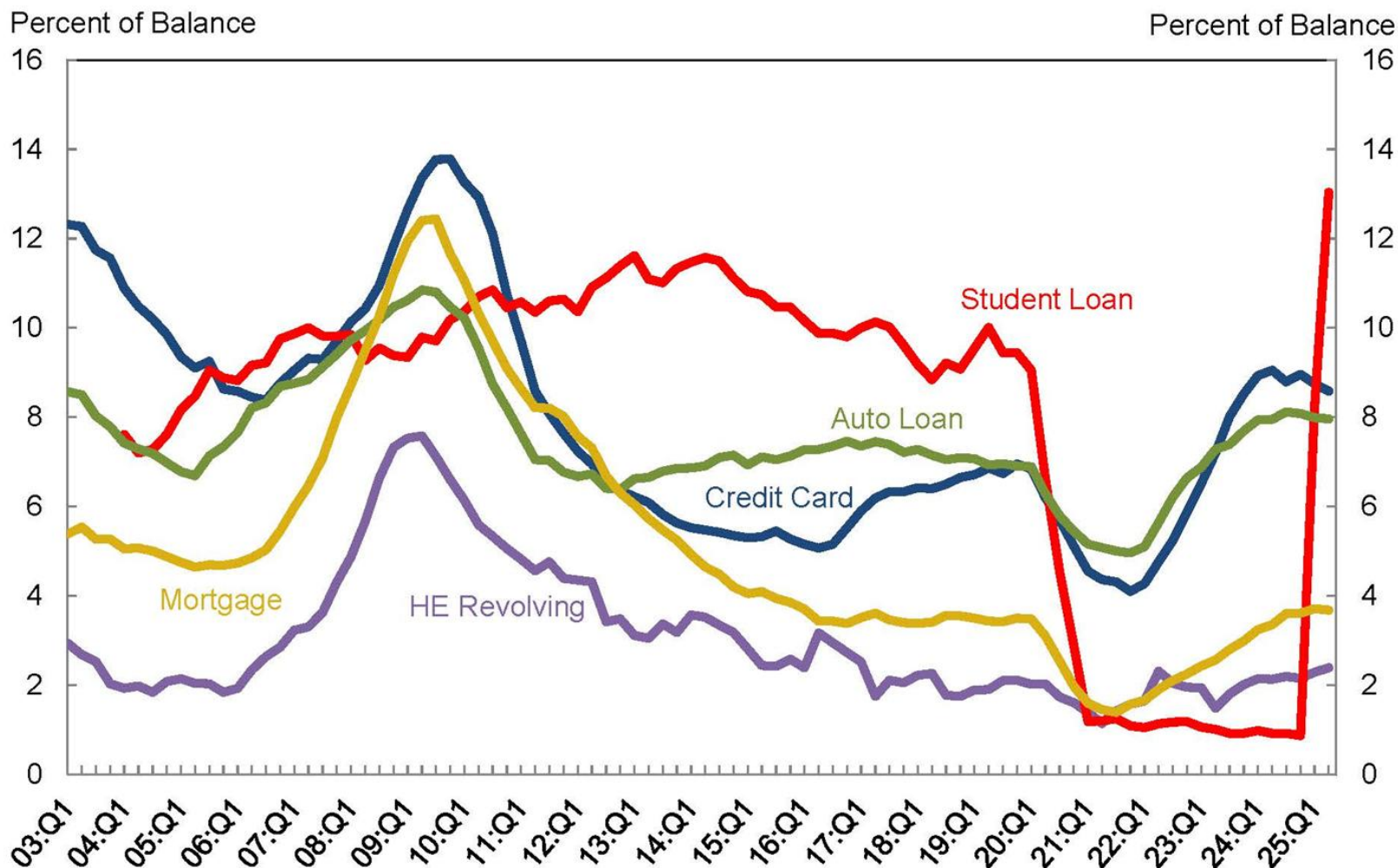




# Transitioning into 30+ Days Delinquent

Most loan types are now plateauing

## Transition into Delinquency (30+) by Loan Type

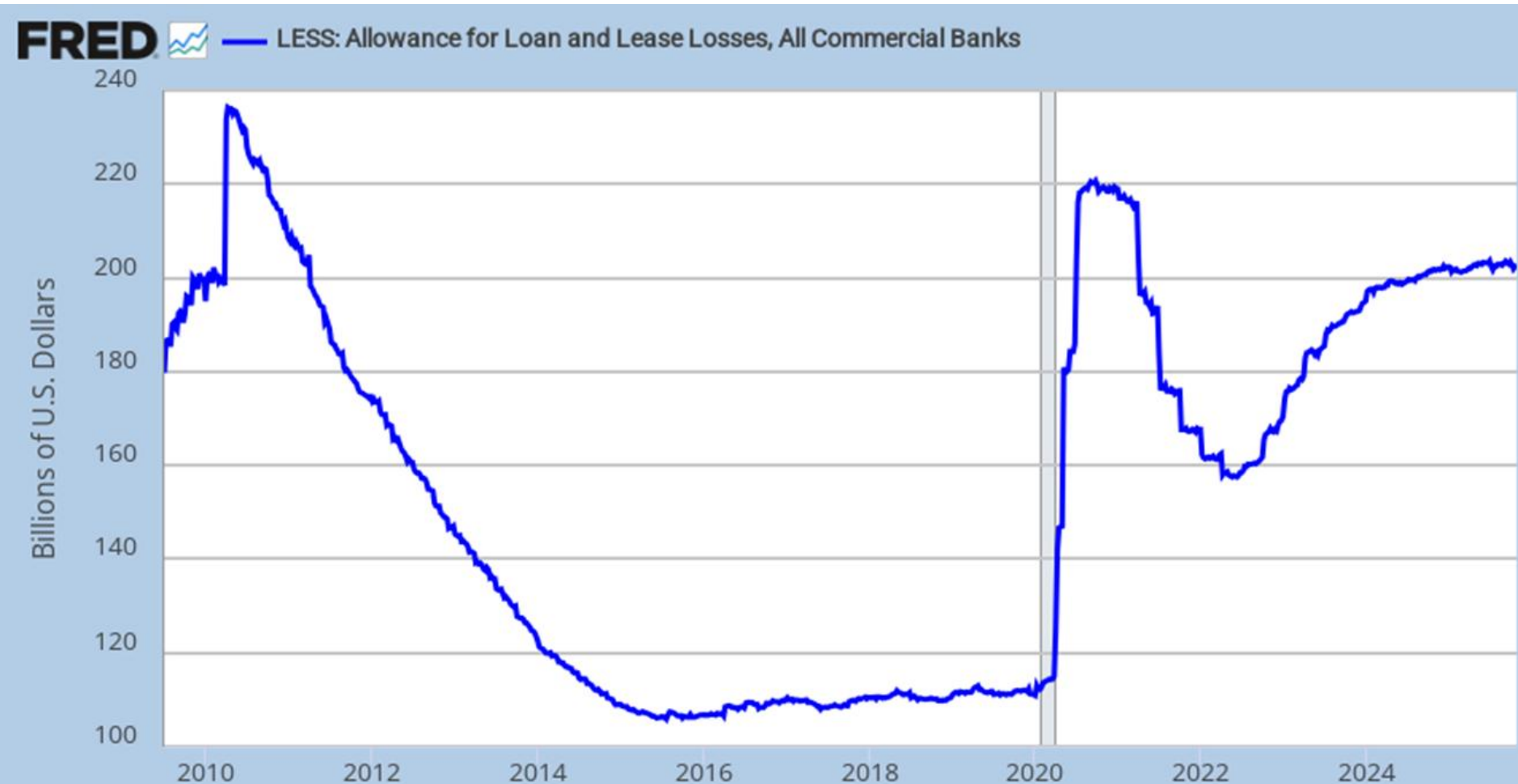


Source: New York Fed Consumer Credit Panel/Equifax

Note: 4 Quarter Moving Sum  
Student loan data are not reported prior to 2004 due to uneven reporting

# Banks Loan Loss Reserves

They are plateauing



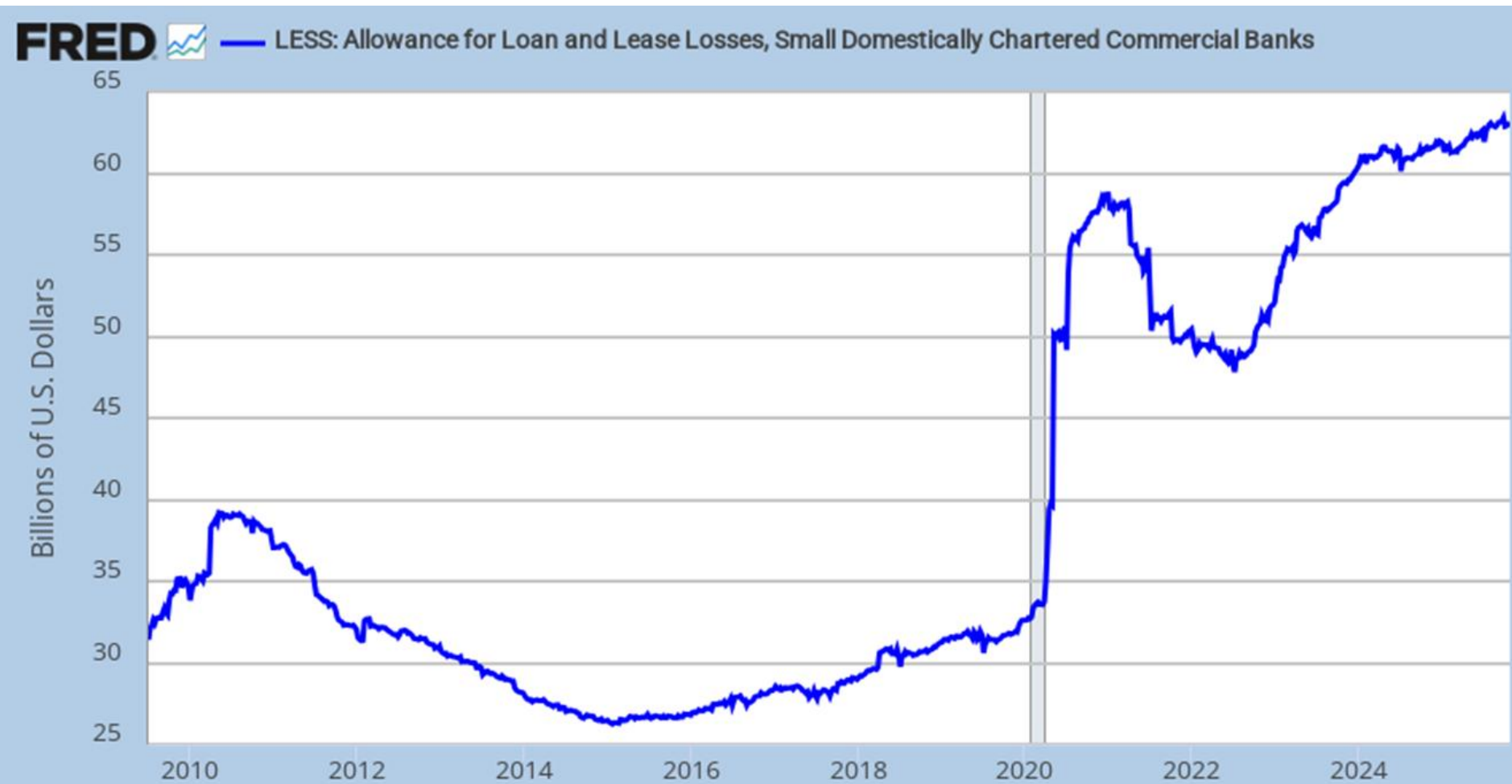
Source: Board of Governors of the Federal Reserve System (US) via FRED®

*Shaded areas indicate U.S. recessions.*

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# Small Domestic Banks Loan Loss Reserves

They are clearly rising



Source: Board of Governors of the Federal Reserve System (US) via FRED®

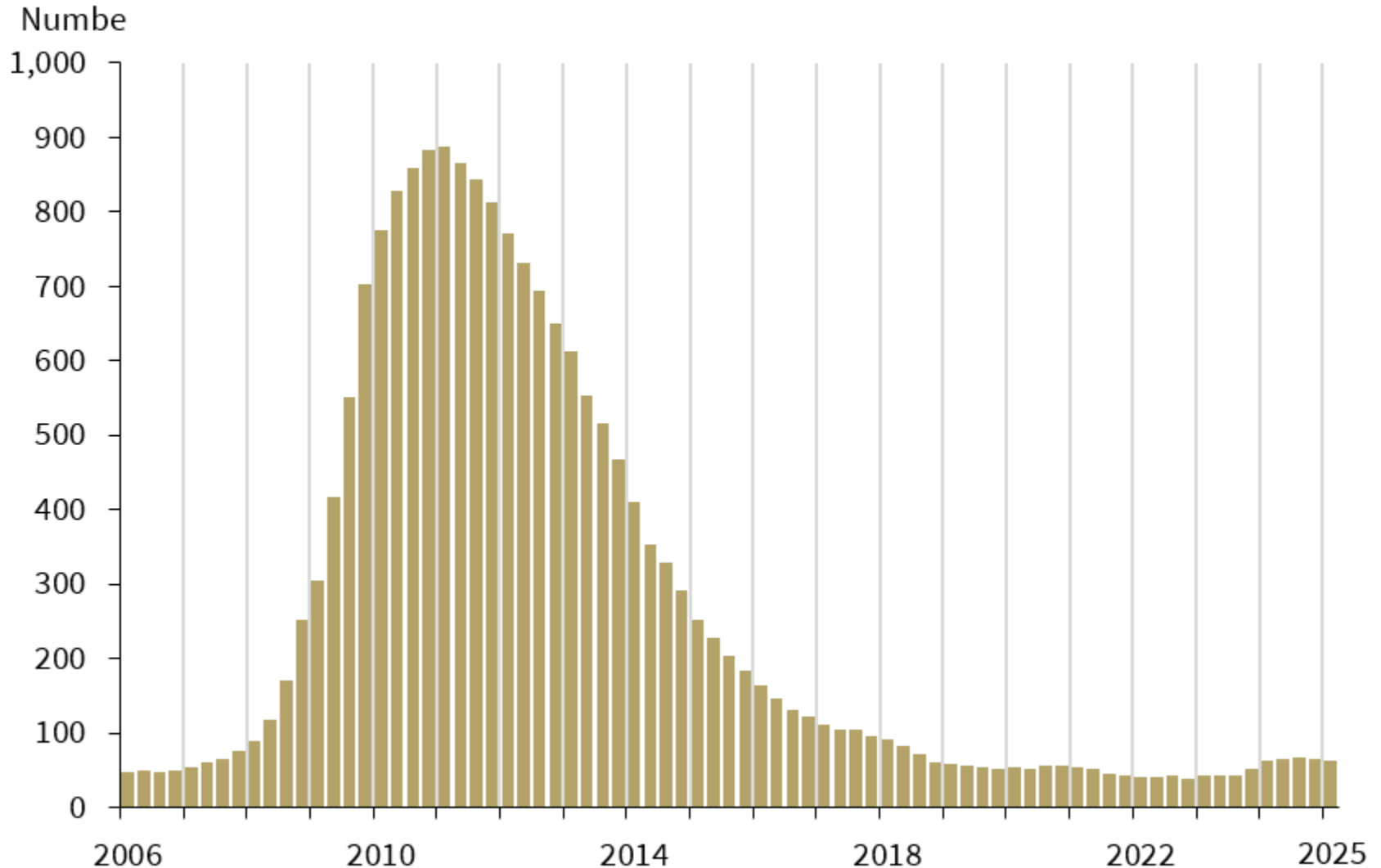
*Shaded areas indicate U.S. recessions.*

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# Problem Banks

They are 1.5% of all banks. That is in the 1%-2% normal non-crisis range

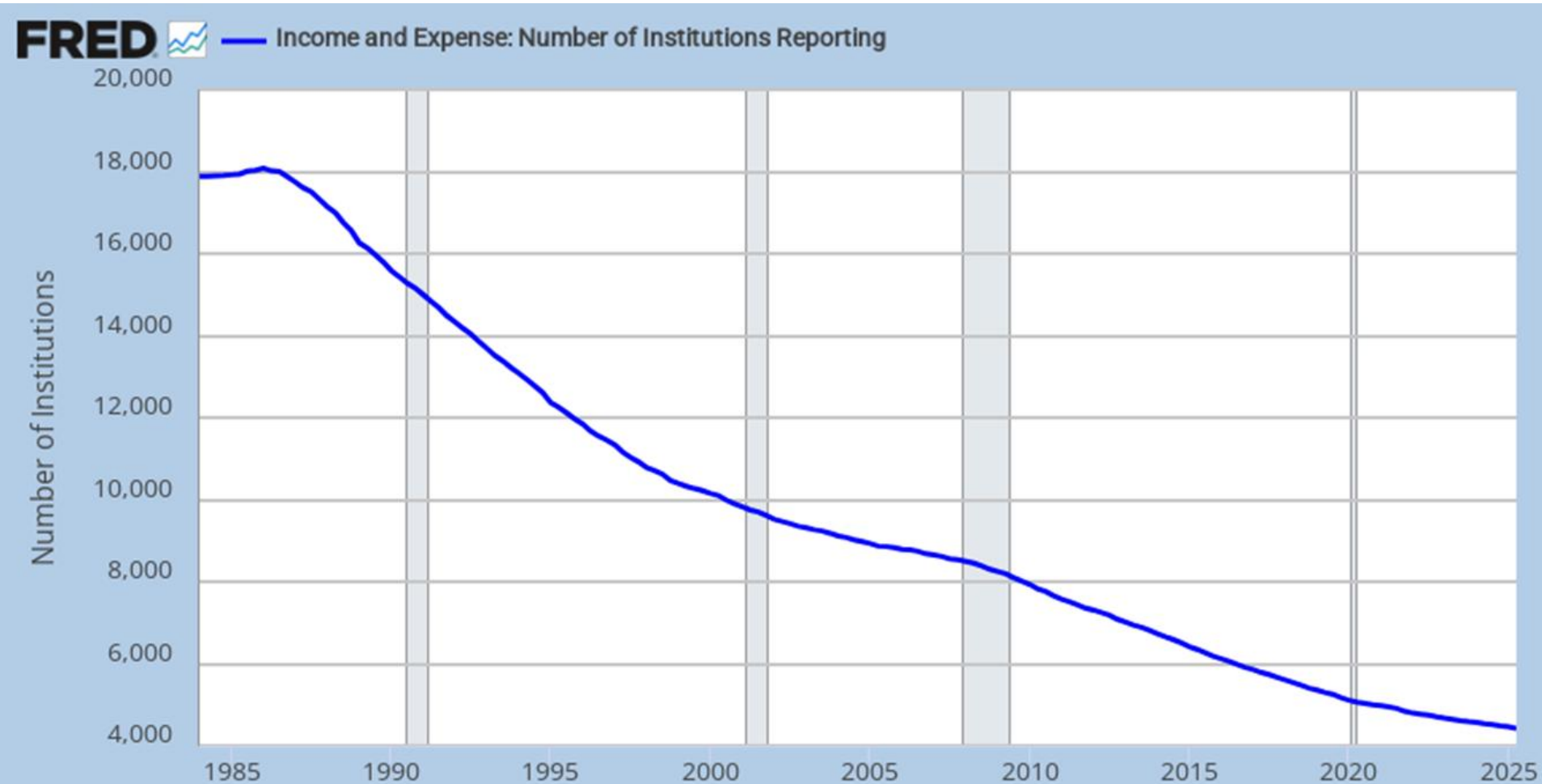
## Number of Banks on the "Problem Bank List"



Source: FDIC.

# Banks Are Slowly Disappearing

Economies of scale. 41 banks disappeared last quarter, 117 Y-o-Y



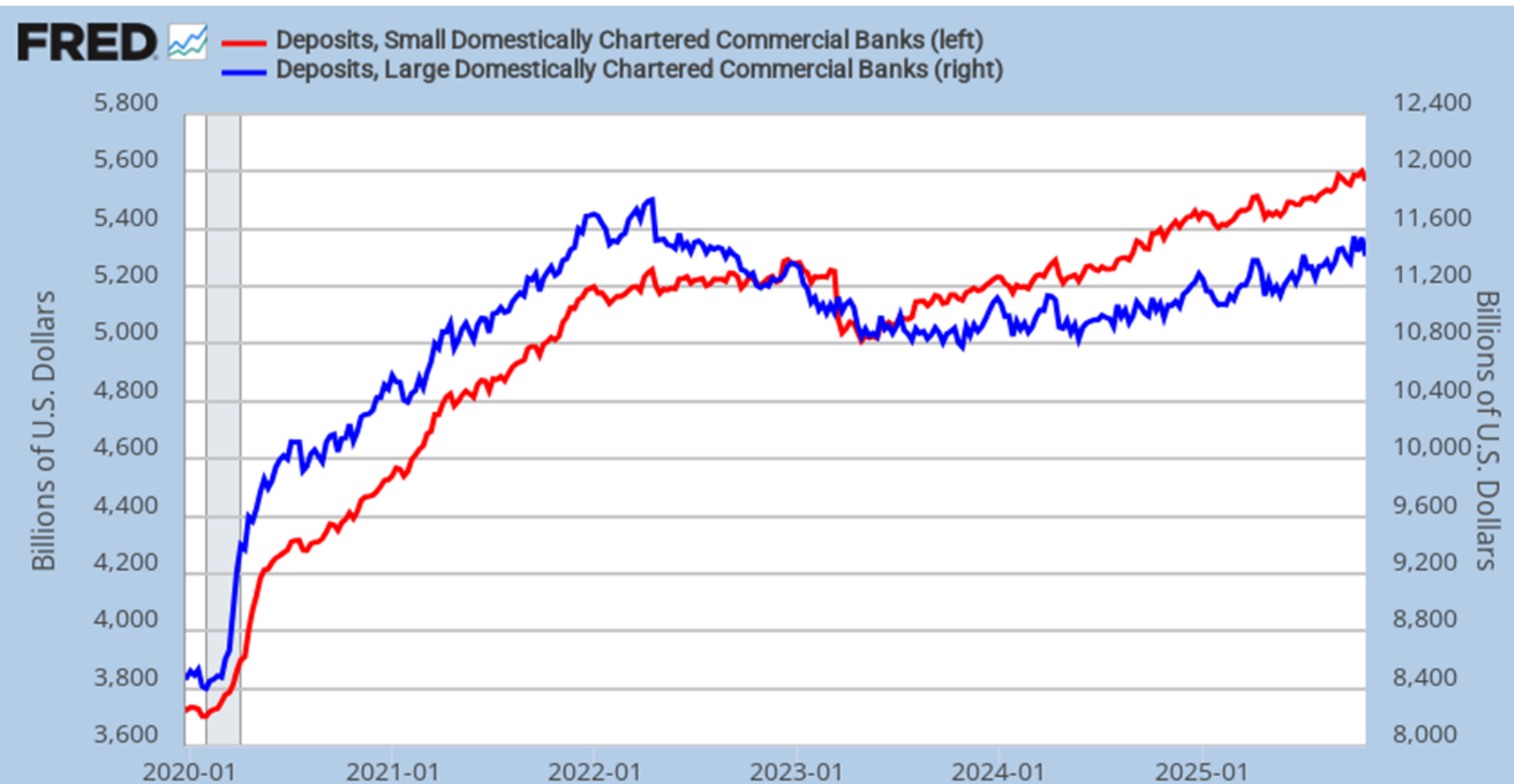
Source: Federal Deposit Insurance Corporation via FRED®

*Shaded areas indicate U.S. recessions.*

myf.red/g/1Nr5l

# All Banks Lost Deposits

Smaller banks have recovered better



Source: Board of Governors of the Federal Reserve System (US) via FRED®

*Shaded areas indicate U.S. recessions.*

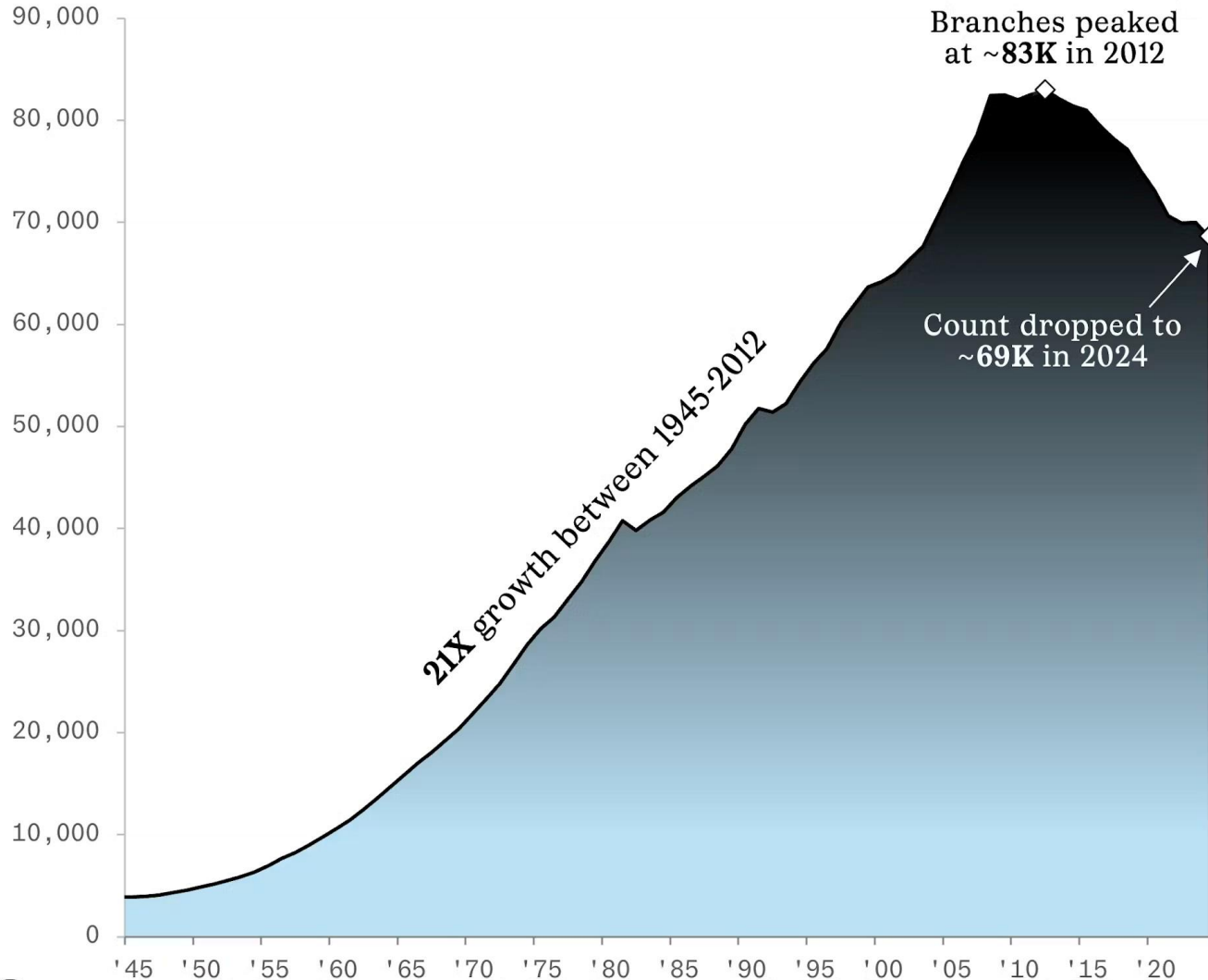
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# Bank Branches are Disappearing

They peaked in 2012. They have declined ever since

## 14K Bank Branches Have Closed Since 2012

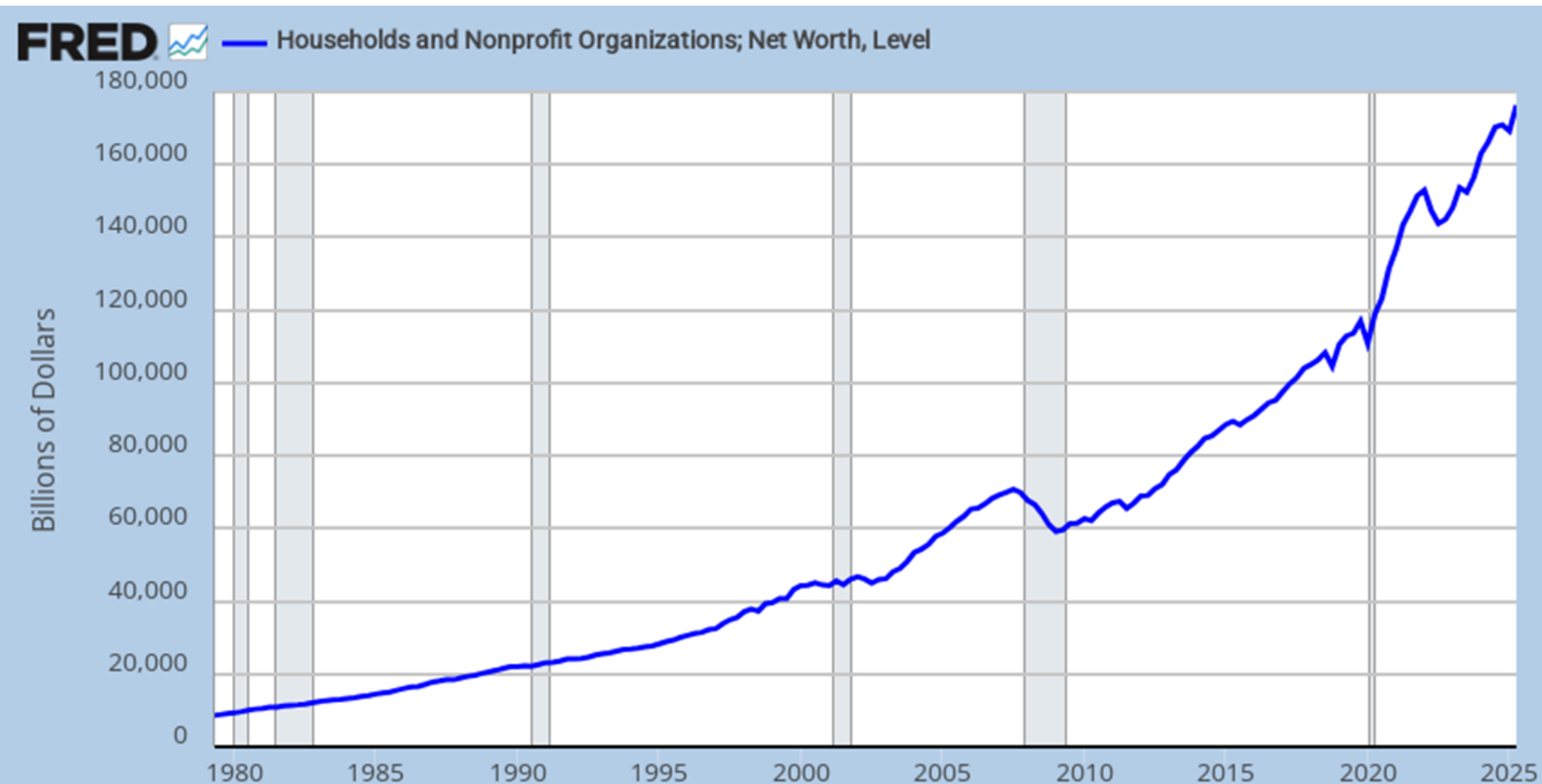
Number of Commercial Bank Branches [US, annual]





# Household Balance Sheets

Growth in net worth had been excellent through 24Q3



Source: Board of Governors of the Federal Reserve System (US) via FRED®

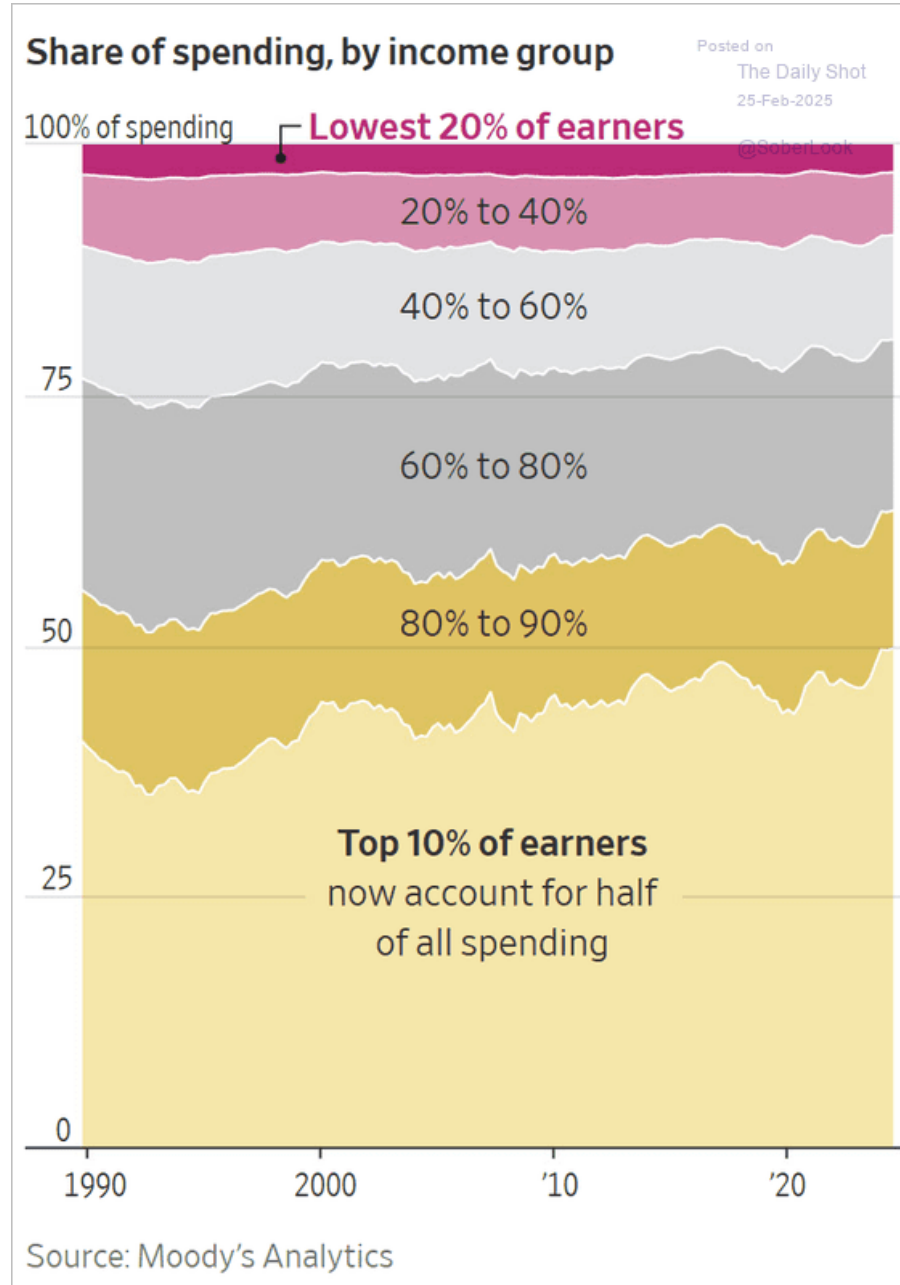
*Shaded areas indicate U.S. recessions.*

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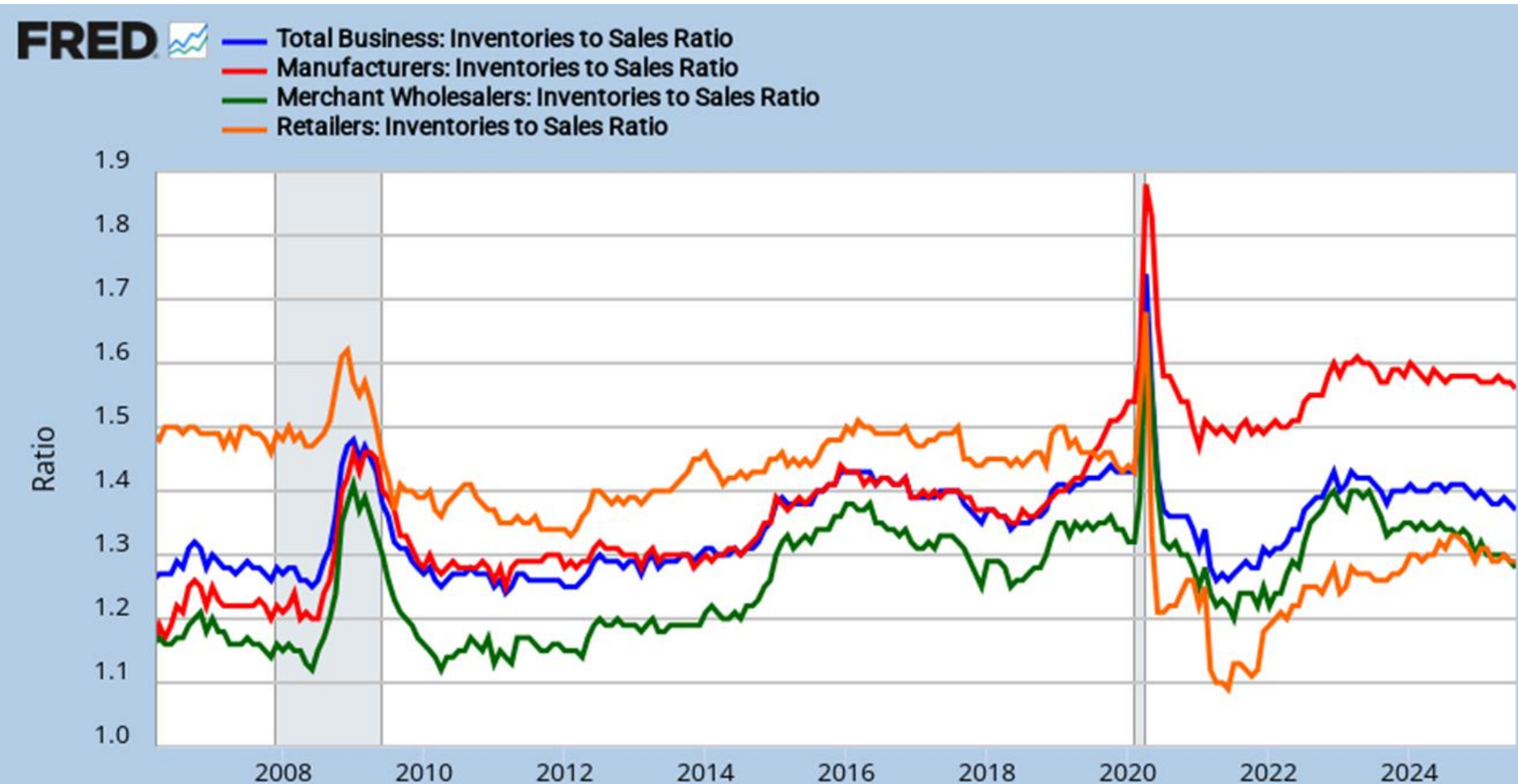
# Consumer Spending Since 1990

The top 10% are driving spending



# Inventory to Sales Ratios

Retail inventories are well below their pre-covid level



Source: U.S. Census Bureau via FRED®

*Shaded areas indicate U.S. recessions.*

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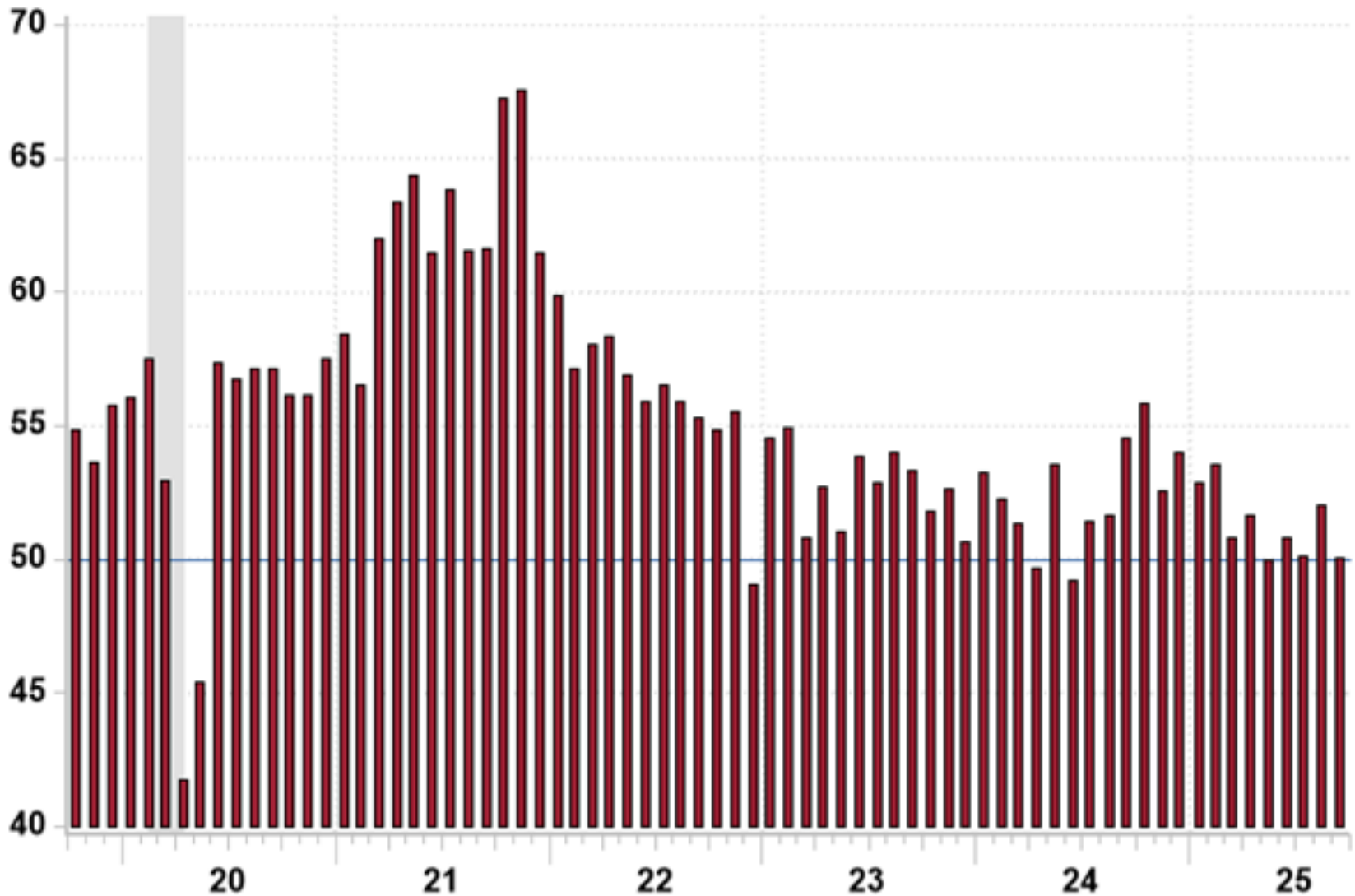
# ISM Manufacturing Index

Manufacturing has been in a long recession



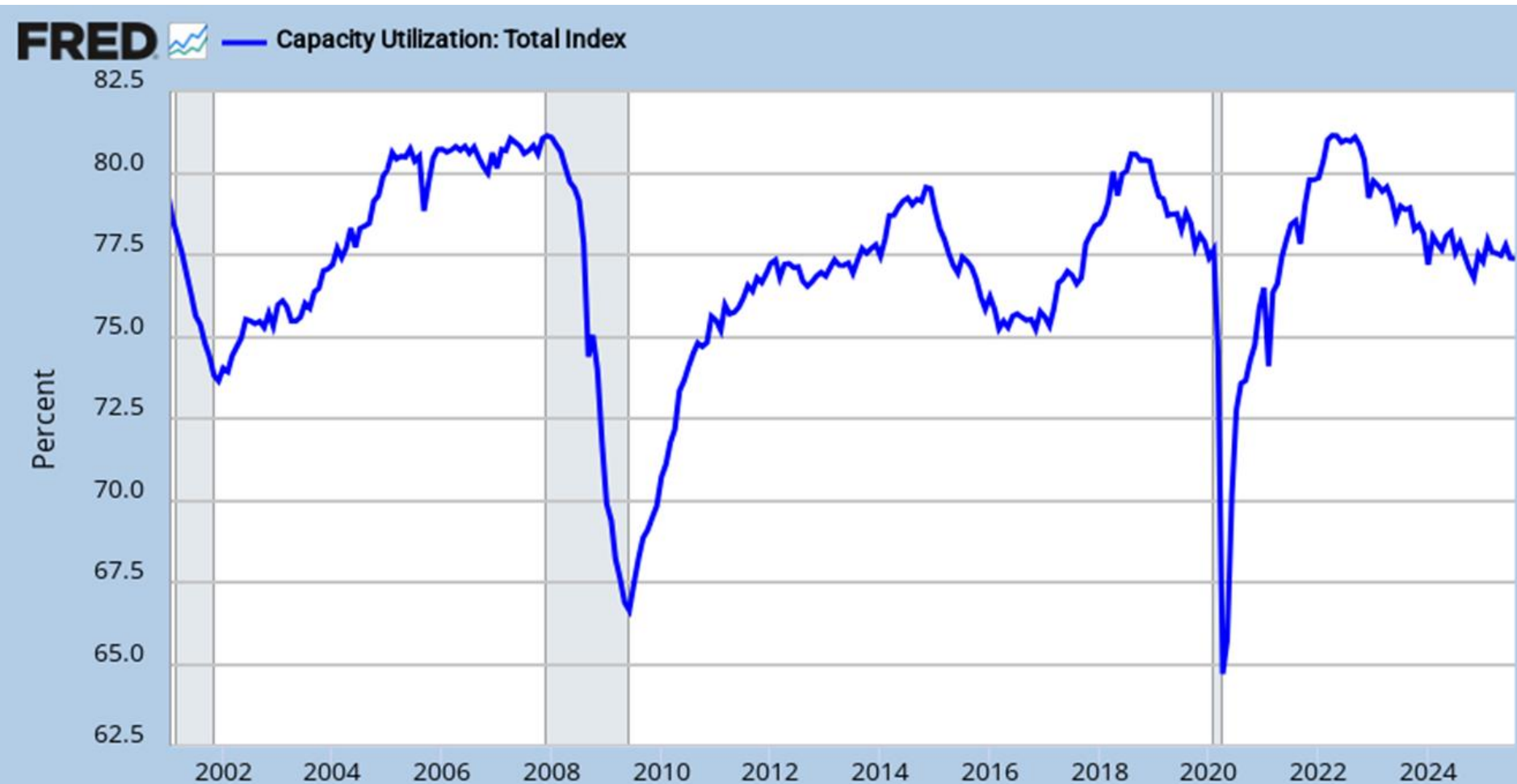
# ISM Services

This is stall speed, this slightly worrying



# Capacity Utilization Rates

At weak pre-Covid level, and flat



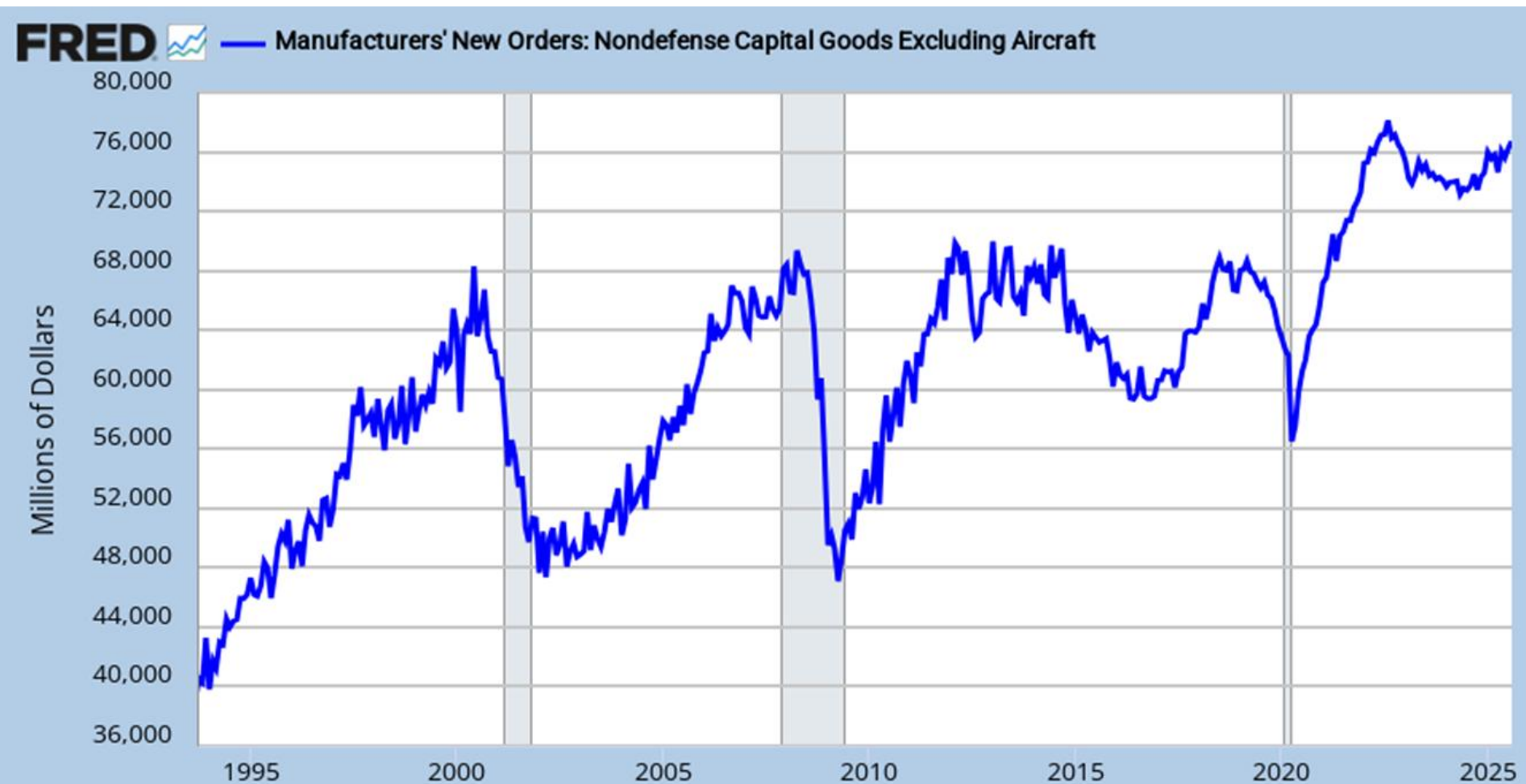
Source: Board of Governors of the Federal Reserve System (US) via FRED®

*Shaded areas indicate U.S. recessions.*

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# Capital Goods Orders

Capex orders plateaued but are now up



Source: U.S. Census Bureau via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MCed](https://myf.red/g/1MCed)



# Trump as President

As for his major economic policies...



Energy

Deregulation

OBBBA

Immigration reform

Tariffs / Trade policy

(Data Policy)

# Average Effective Tariff on US Imported Good

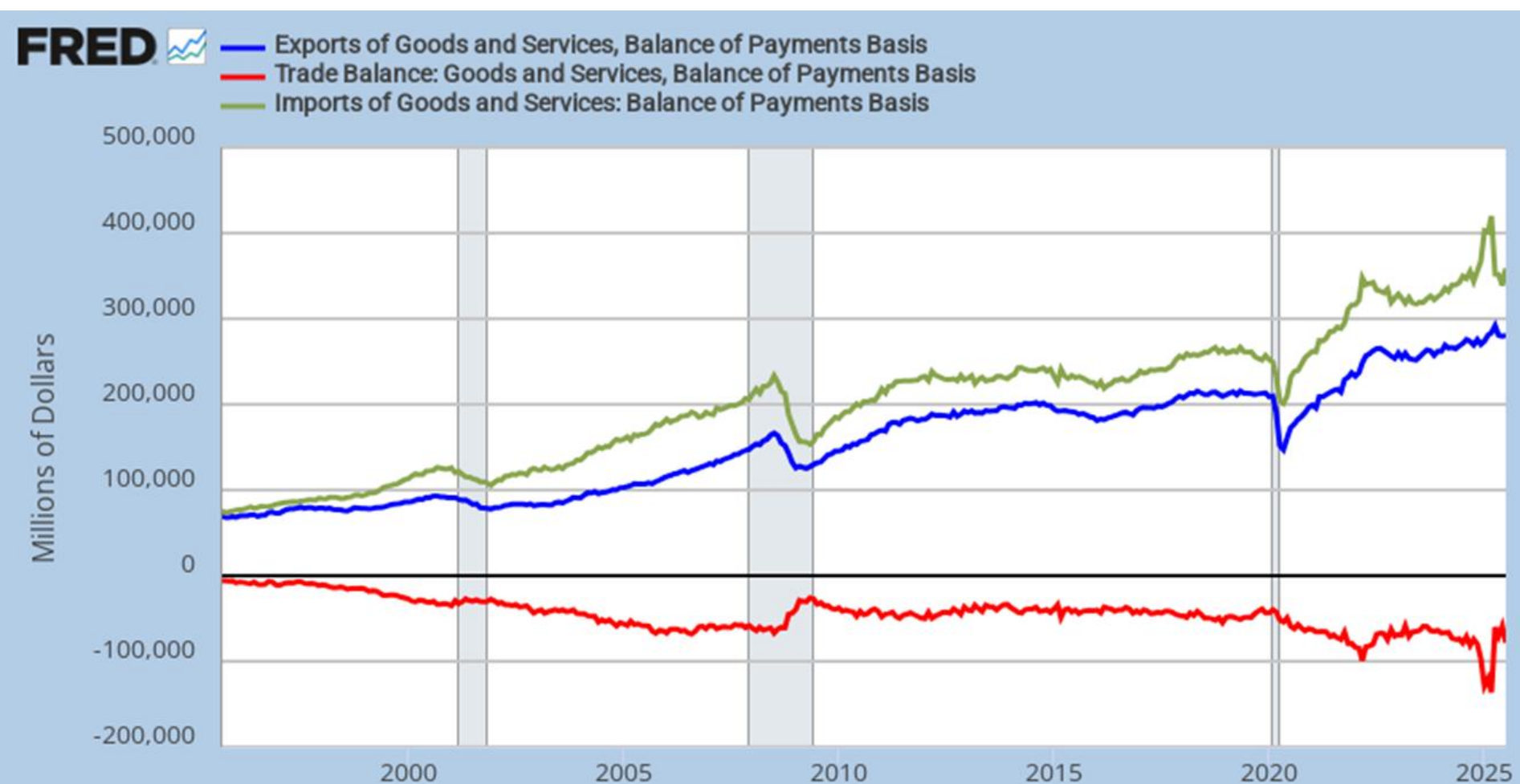
Rates are high and a moving target





# The Trade Deficit

Tariff frontrunning driven the deficit way up and then down



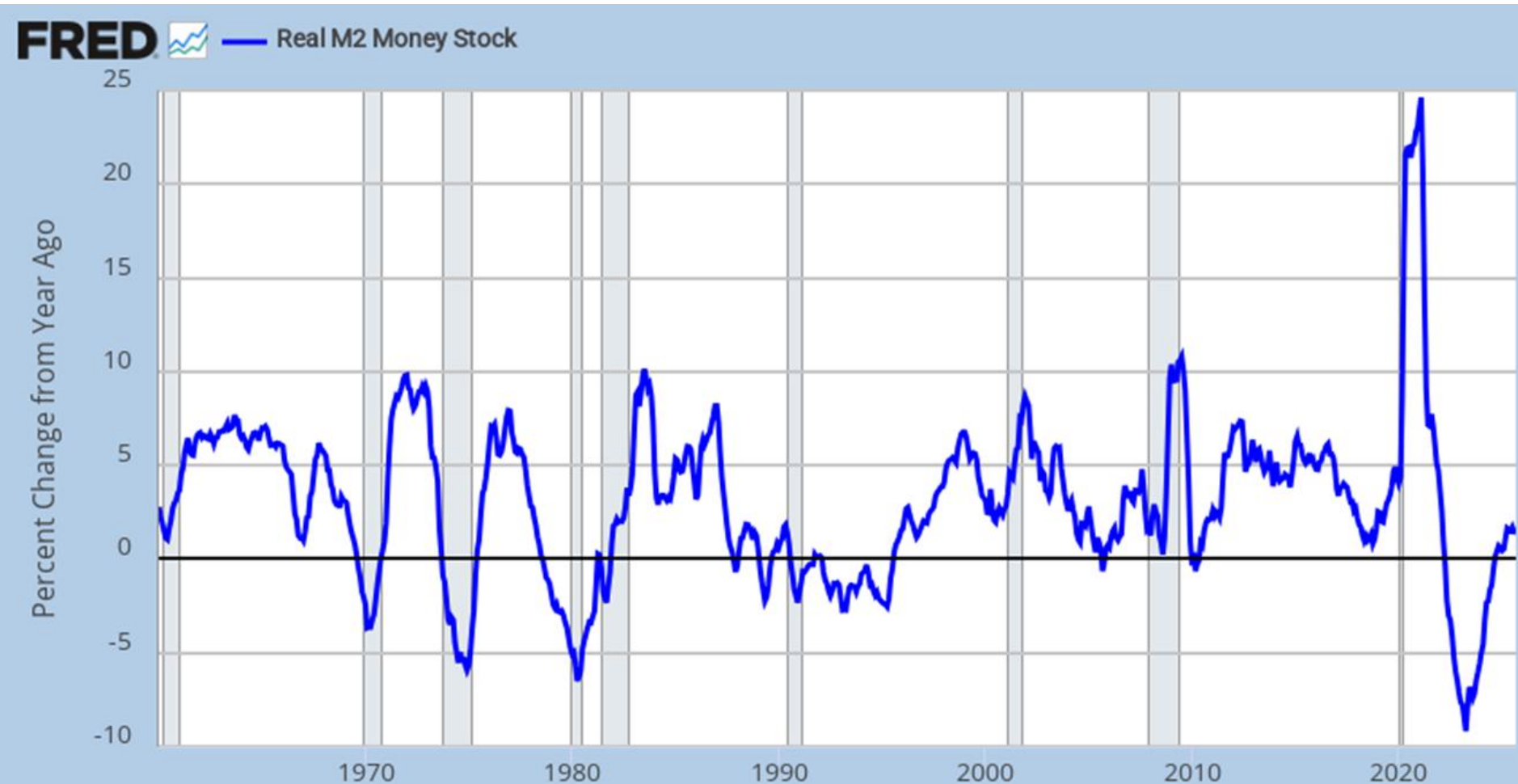
Sources: U.S. Bureau of Economic Analysis; U.S. Census Bureau via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1M60n](https://myf.red/g/1M60n)

# The Monetary Supply

It is again growing



Source: Federal Reserve Bank of St. Louis via FRED®

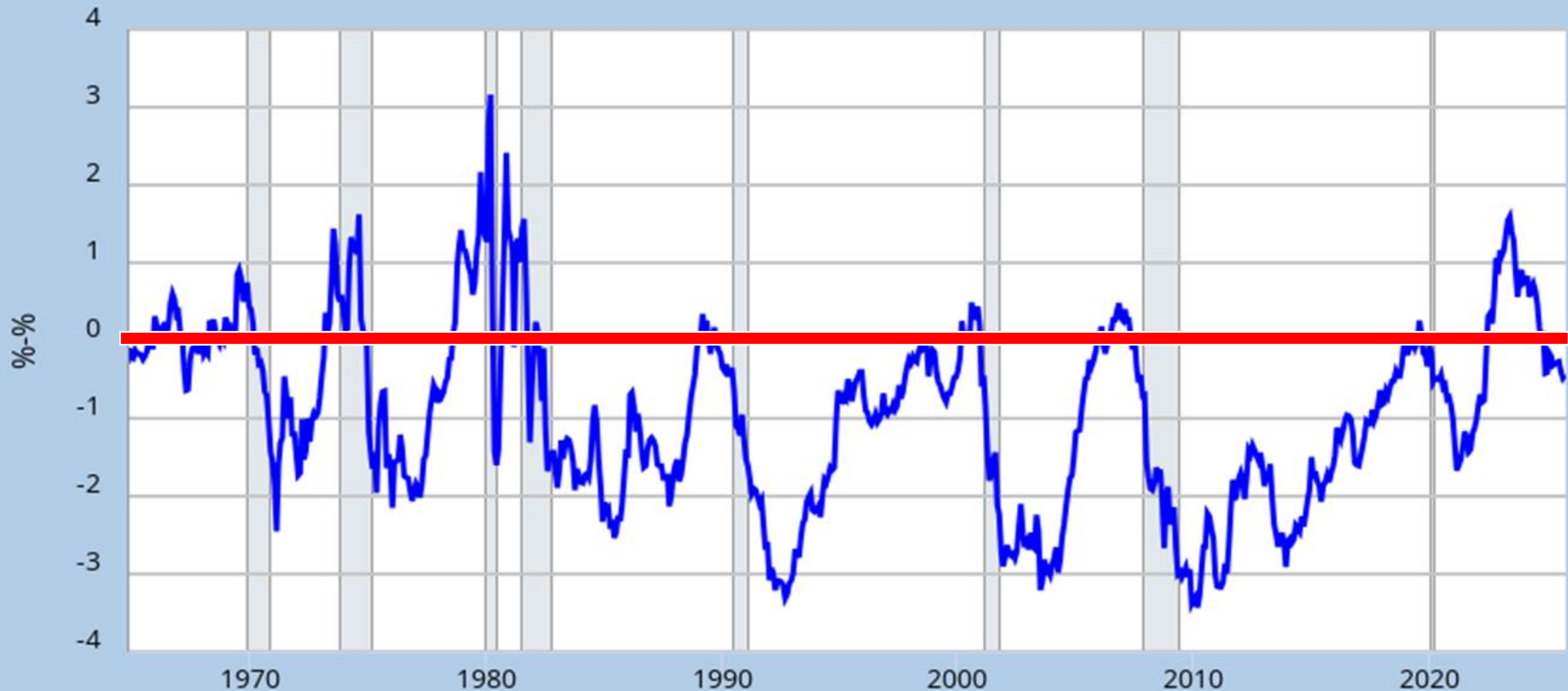
*Shaded areas indicate U.S. recessions.*

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# The Yield Curve is Normalizing

1-Year Treasury Yield – 10-Year Treasury Yield. 1yr should fall more

**FRED**  — Market Yield on U.S. Treasury Securities at 1-Year Constant Maturity, Quoted on an Investment Basis—Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis



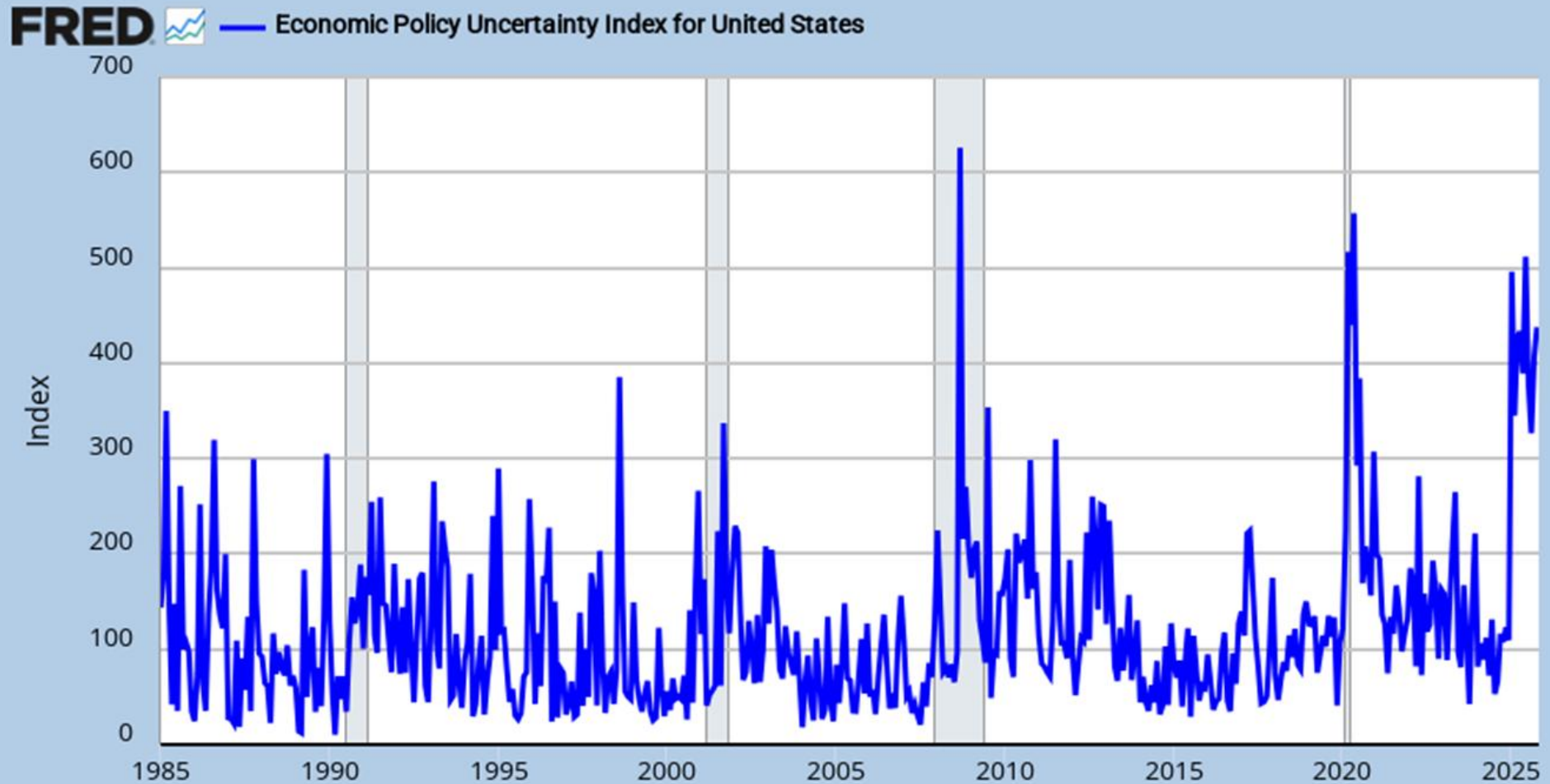
Source: Board of Governors of the Federal Reserve System (US) via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Na3q](https://myf.red/g/1Na3q)

# US Economic Policy Uncertainty

It remains quite elevated



Sources: Baker, Scott R.; Bloom, Nick; Davis, Steven J. via FRED®

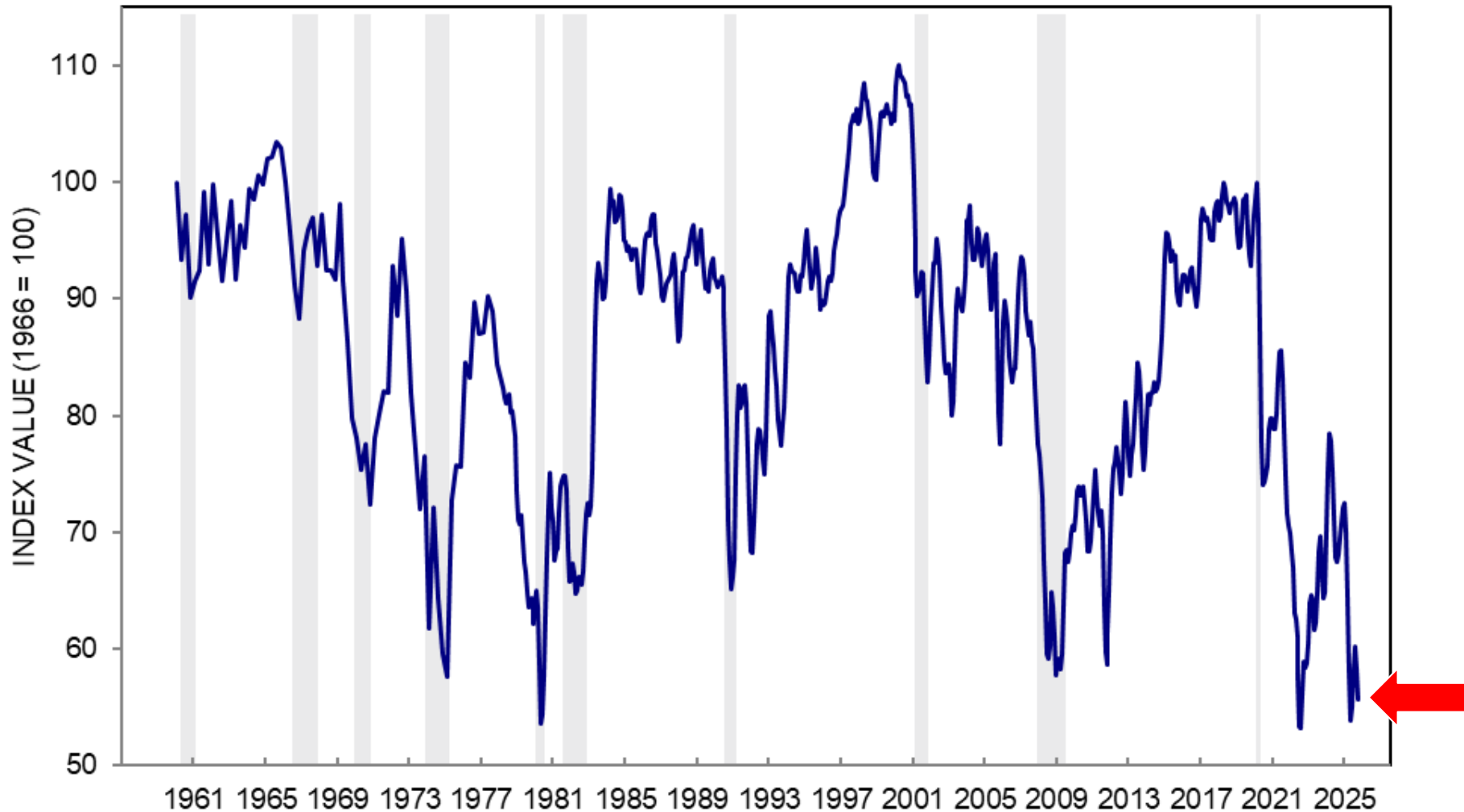
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Nr5H](https://myf.red/g/1Nr5H)

# University of Michigan Index

The index has fallen badly of late

## THE INDEX OF CONSUMER SENTIMENT

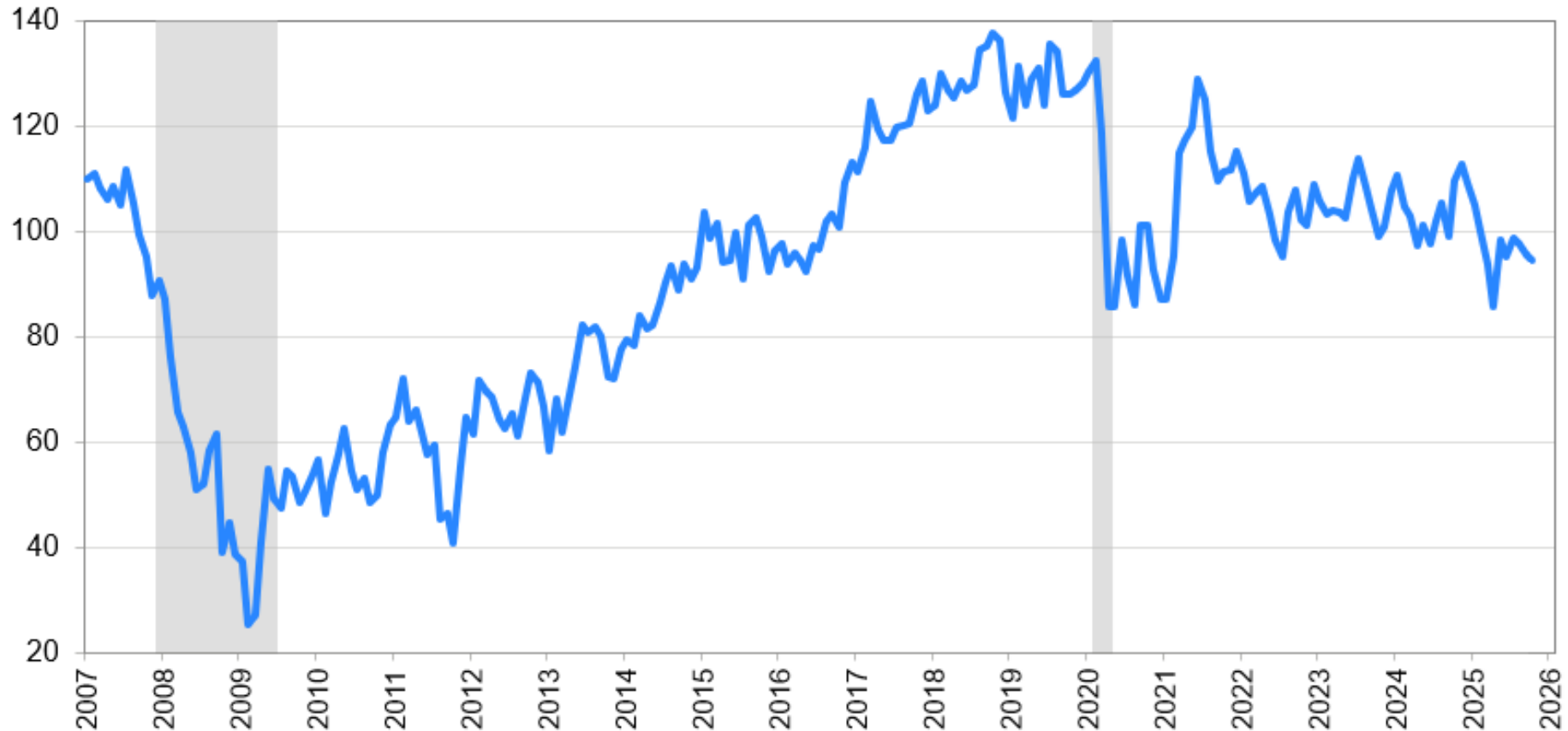


# Conference Board Consumer Confidence Survey

Confidence has steadily and slowly declined

## Consumer Confidence Index<sup>®</sup>

Index, 1985 = 100



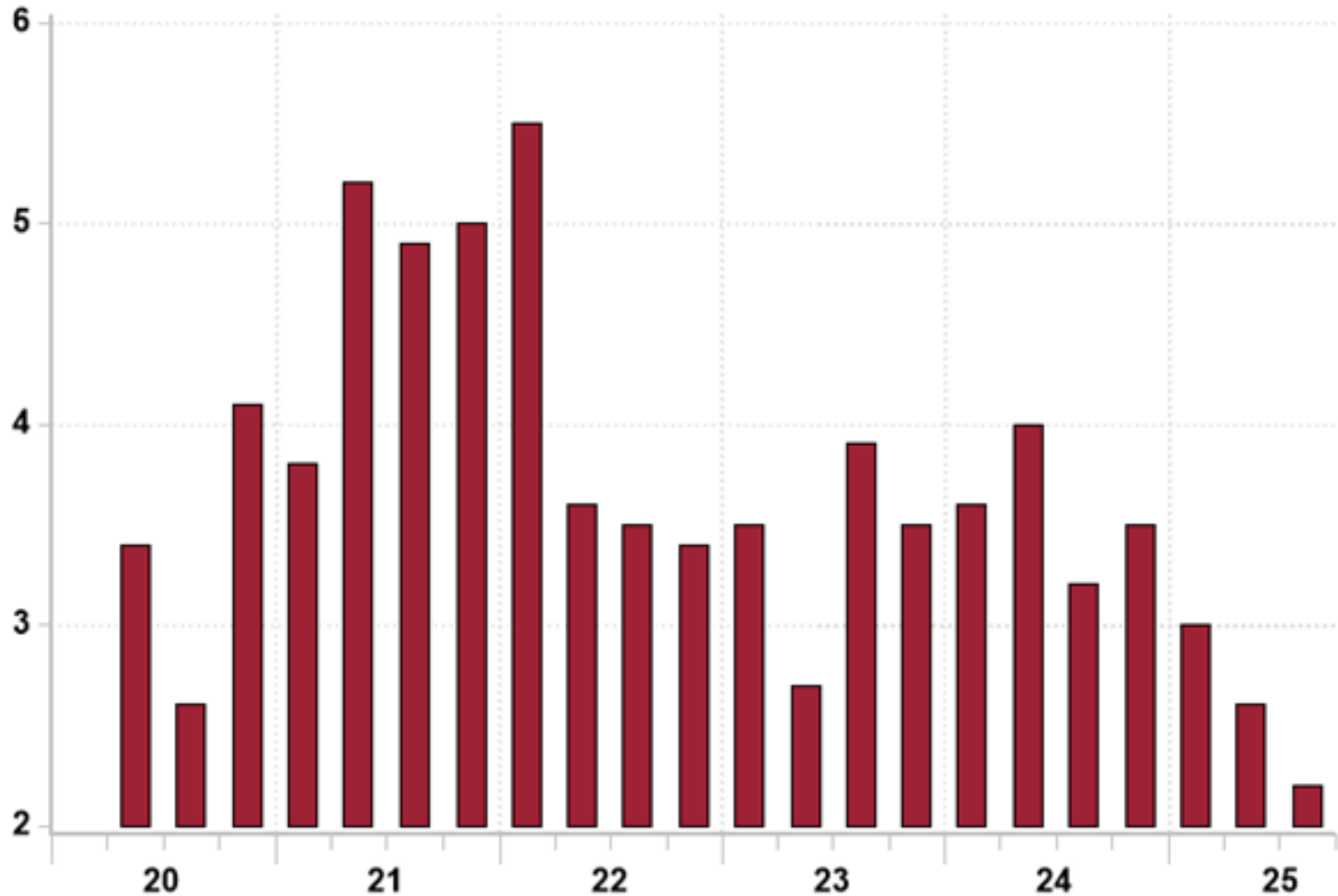
\*Shaded areas represent periods of recession.

Sources: The Conference Board; NBER

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# CFO Survey: Next Year Employment Growth

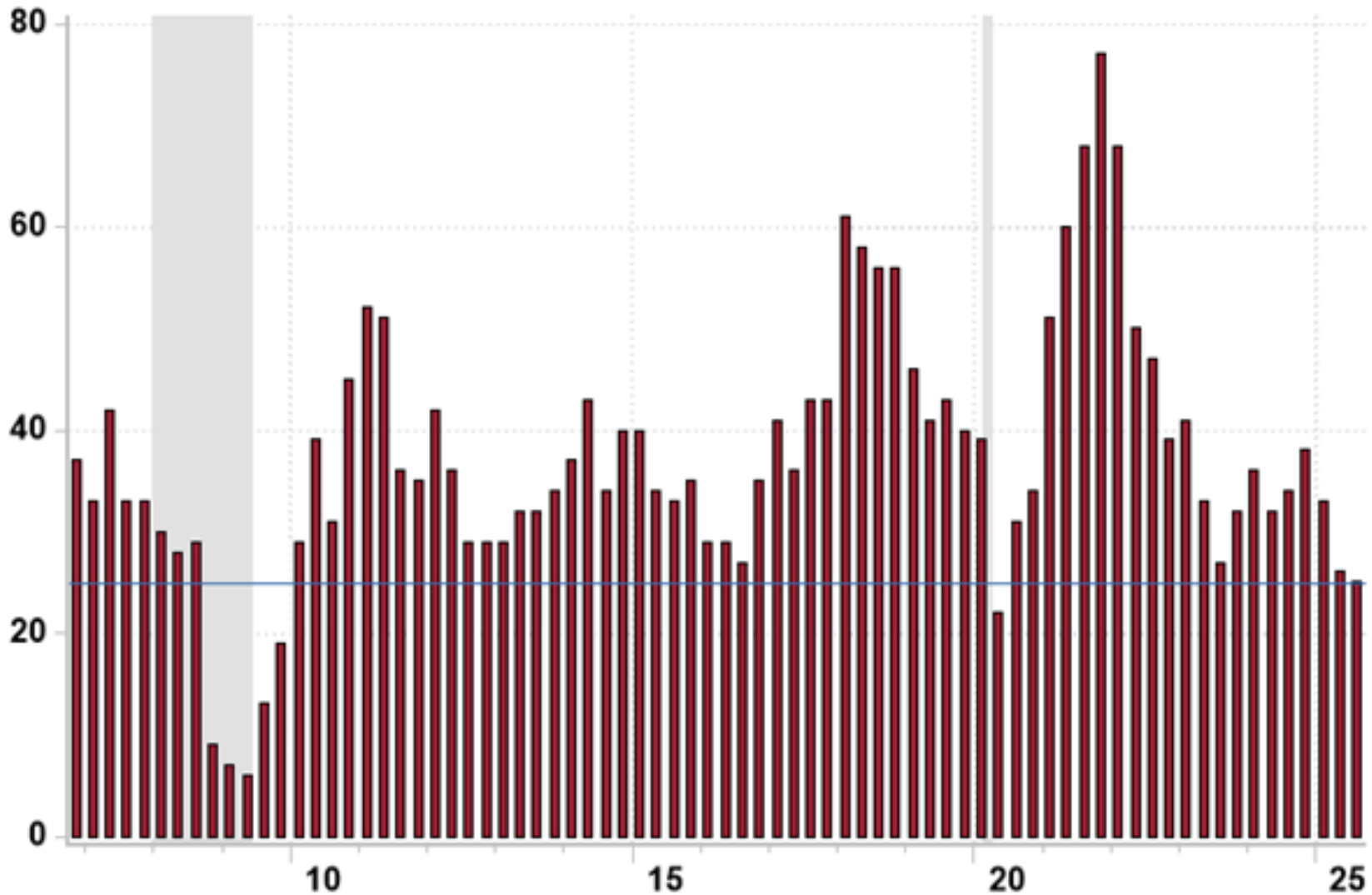
Index is looking very weak





# CEO Economic Outlook Survey

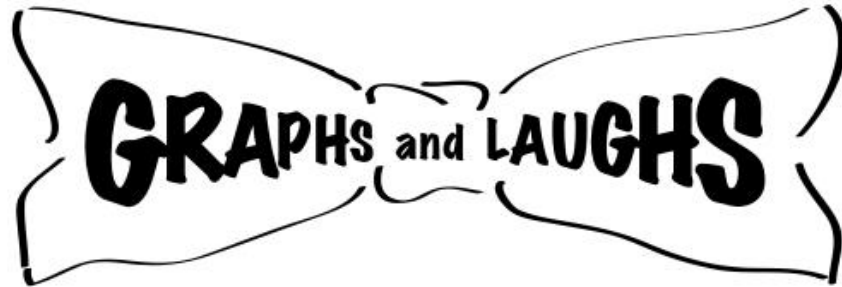
It's barely neutral





# Labor Markets:

## They are Softening



# The Unemployment Rate

The rate is low at 4.3%, but is at its highest level since 10/21



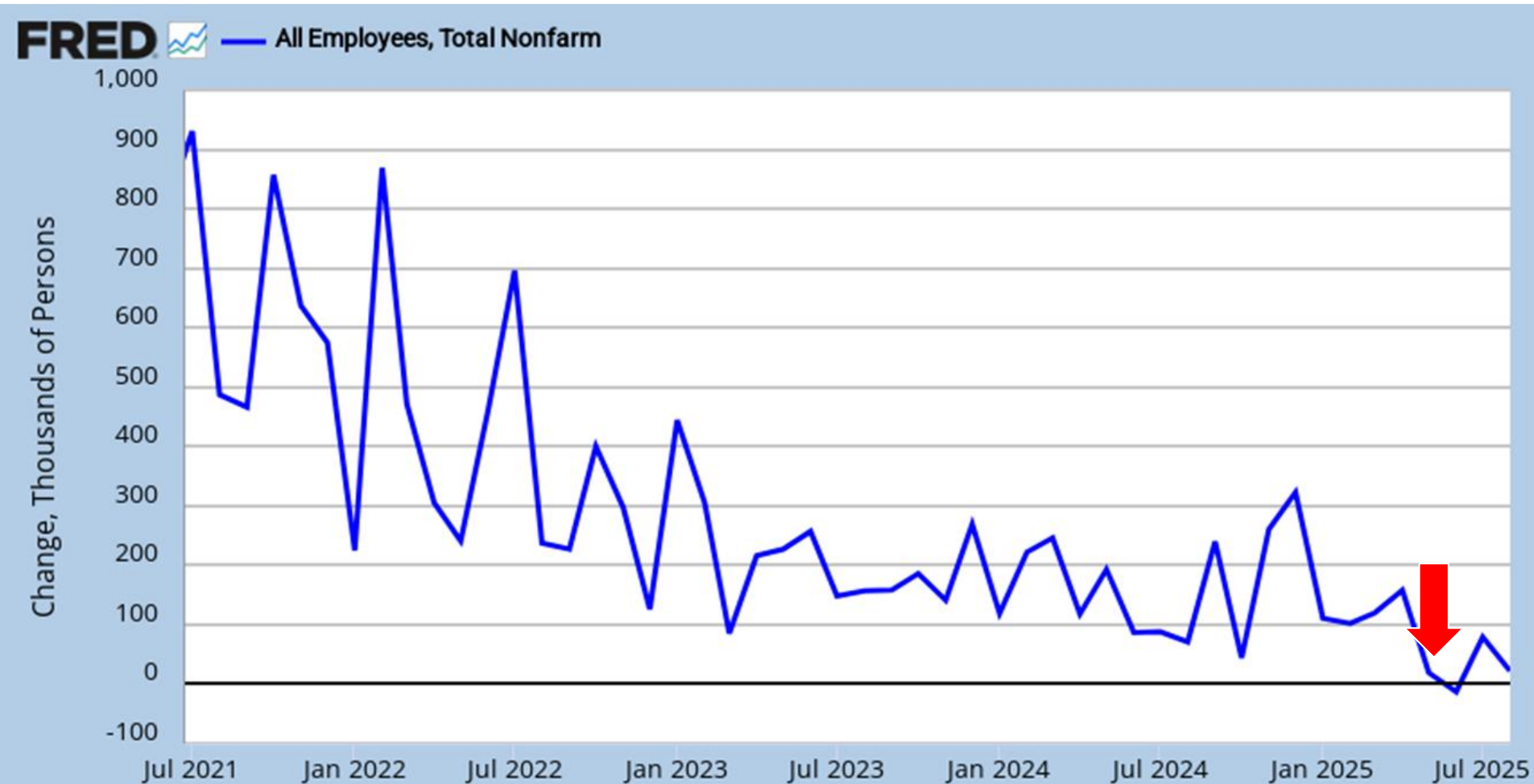
Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1M61o](https://myf.red/g/1M61o)

# Historical Job Growth

It is much lower starting in May



Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

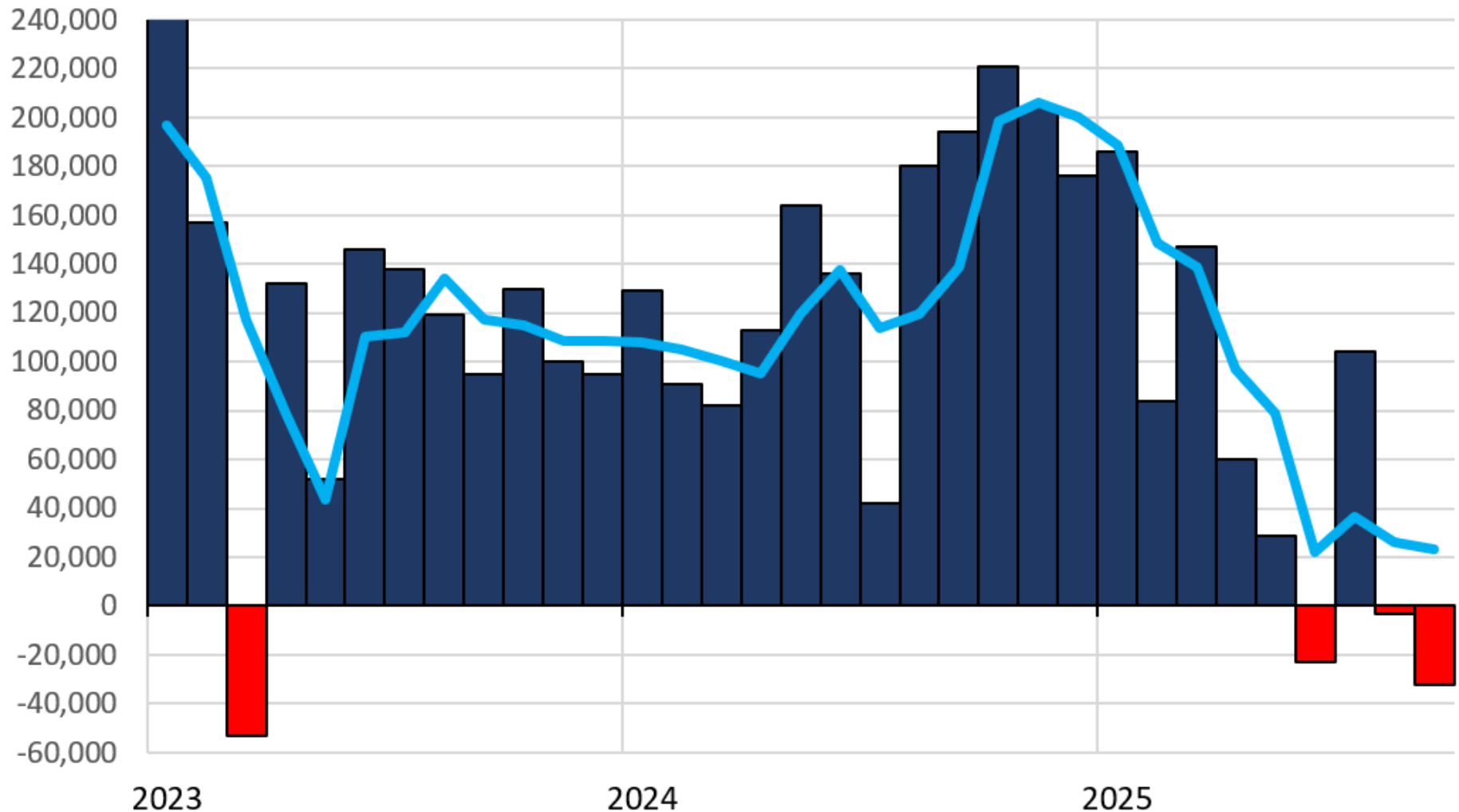
myf.red/g/1M619

# ADP Employment Growth

It looks bad no matter how you look at it

## ADP: Change in Private Sector Employment, 3-Month Average

Seasonally adjusted, month-to-month change in number of jobs



Source: ADP National Employment Report

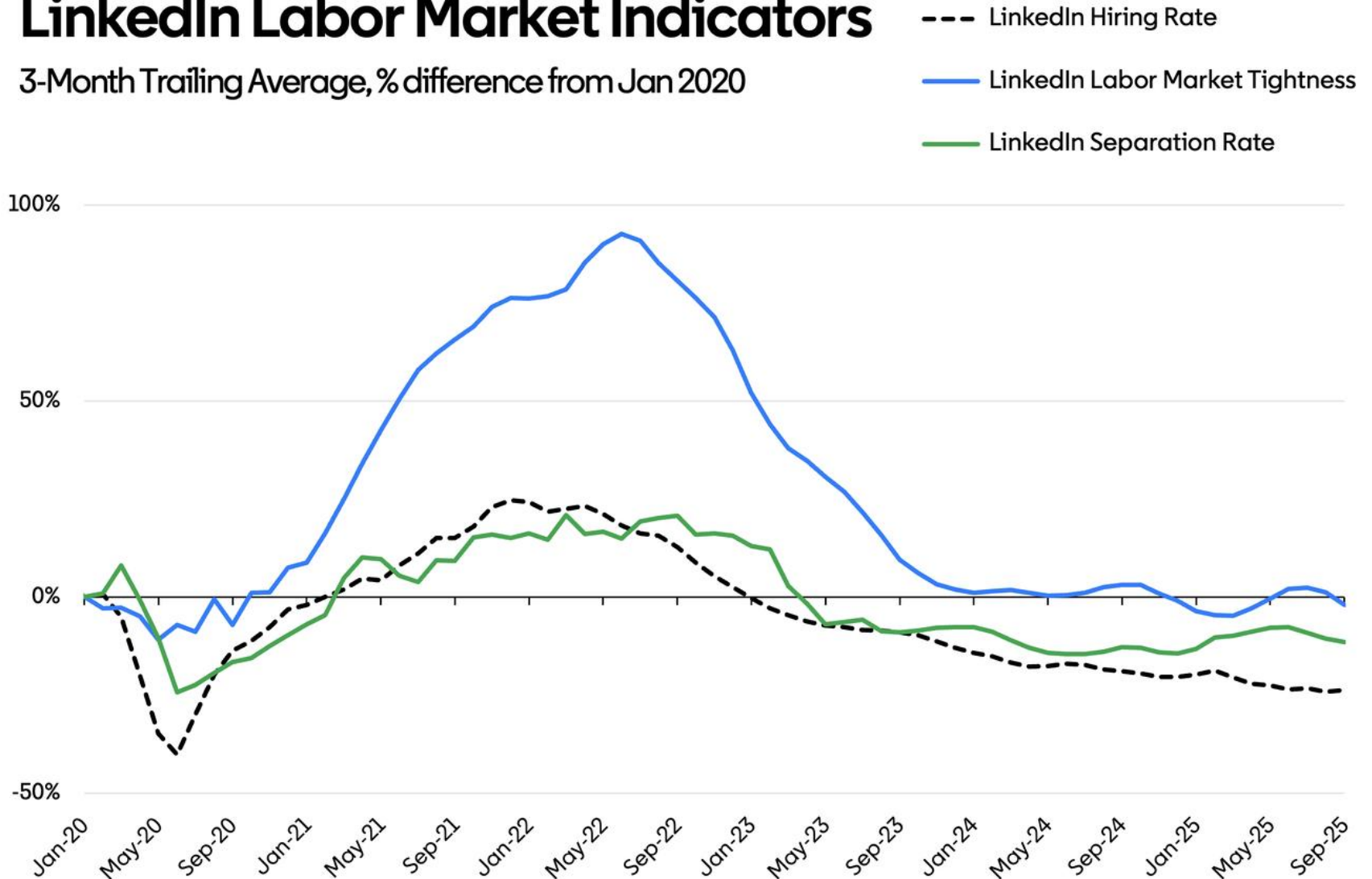
WOLFSTREET.com

# LinkedIn Employment Activity

It looks weak no matter how you slice it

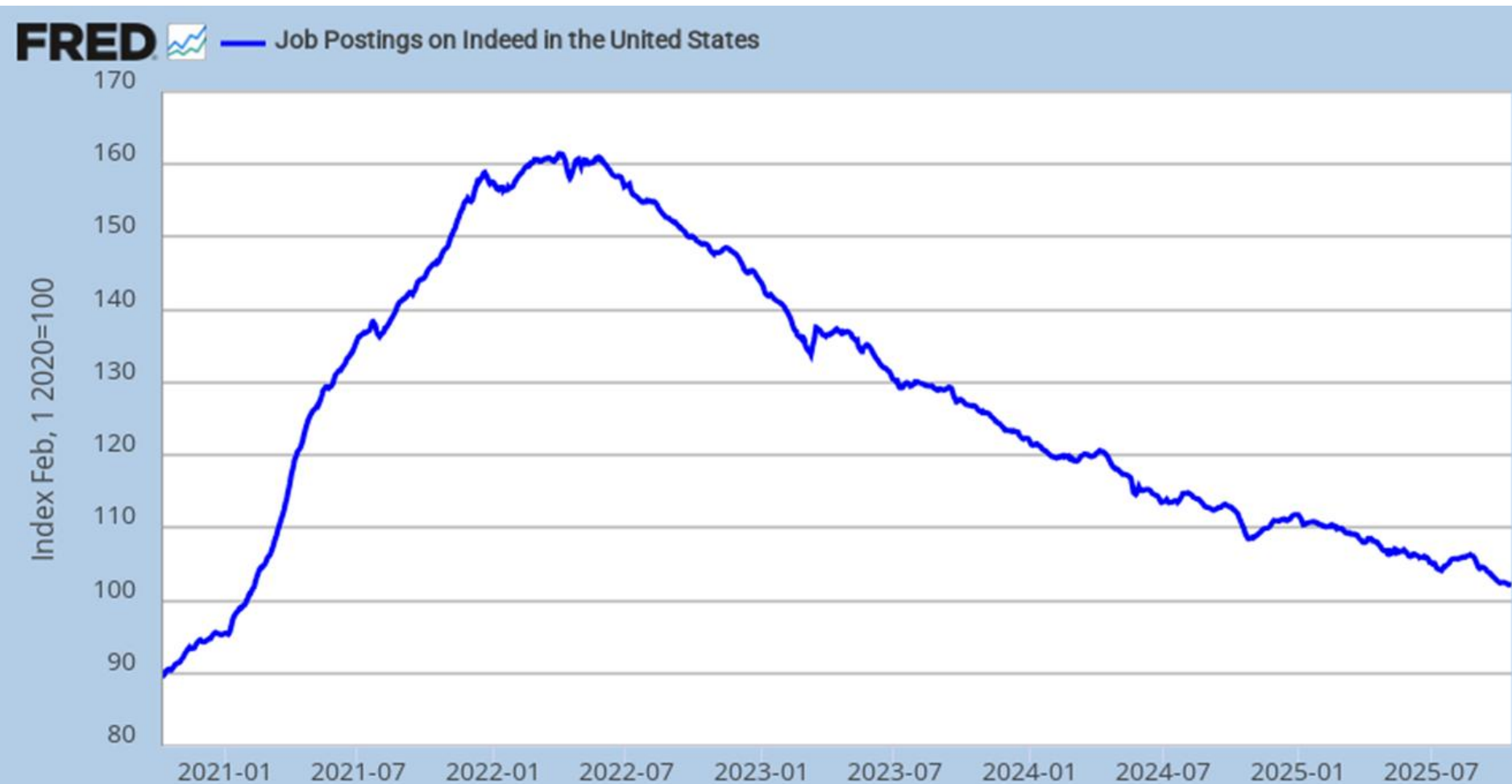
## LinkedIn Labor Market Indicators

3-Month Trailing Average, % difference from Jan 2020



# Number of Openings on Indeed.com is Declining

Openings are steadily and slowly deteriorating



Source: Indeed via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1NosX](https://myf.red/g/1NosX)

# The Labor Force Participation Rate

Is slowly declining as the nation ages, and as folks give up looking



Source: U.S. Bureau of Labor Statistics via FRED®

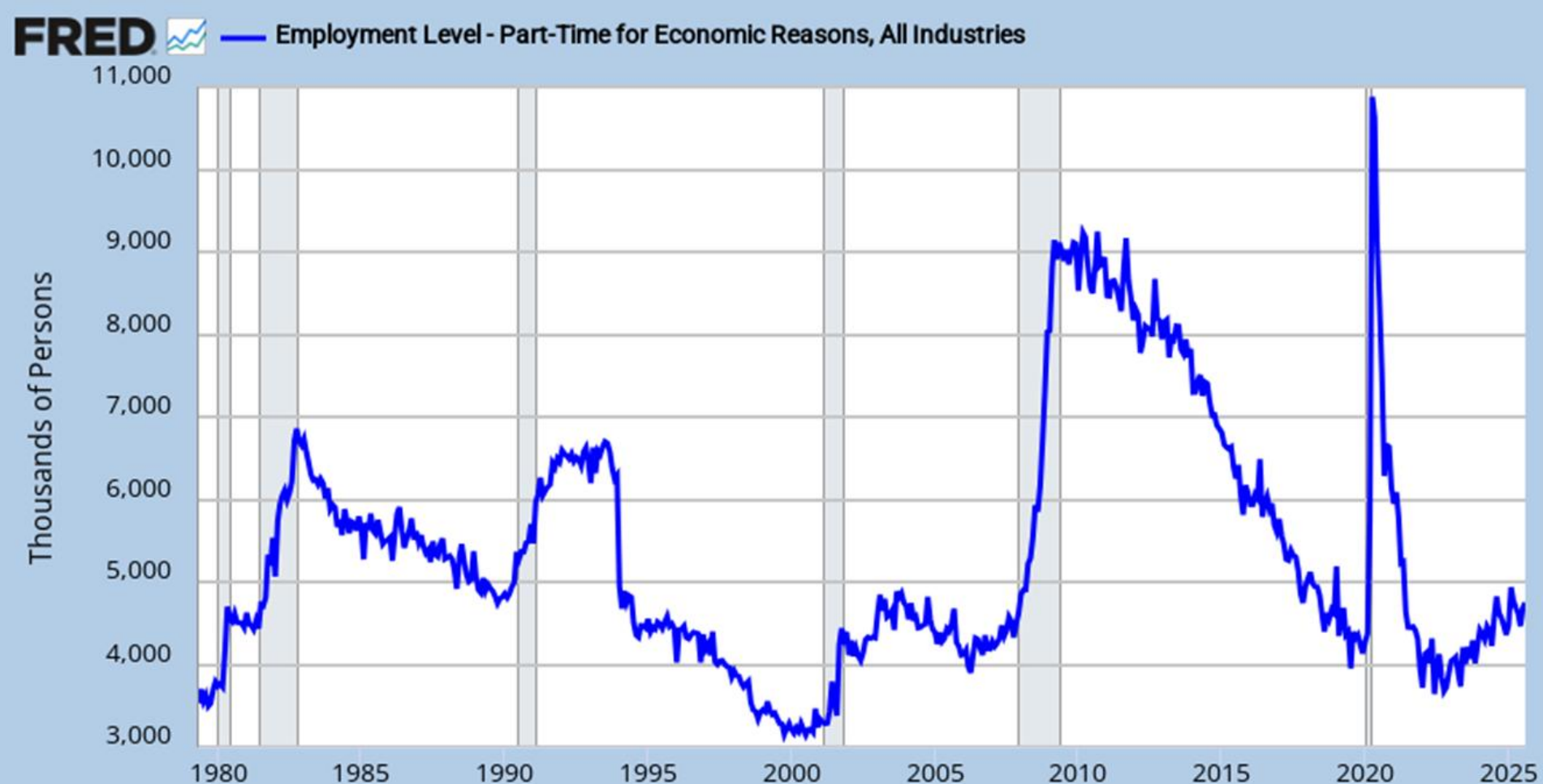
*Shaded areas indicate U.S. recessions.*

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# Working Part Time and Unhappy About It!

It is clearly rising



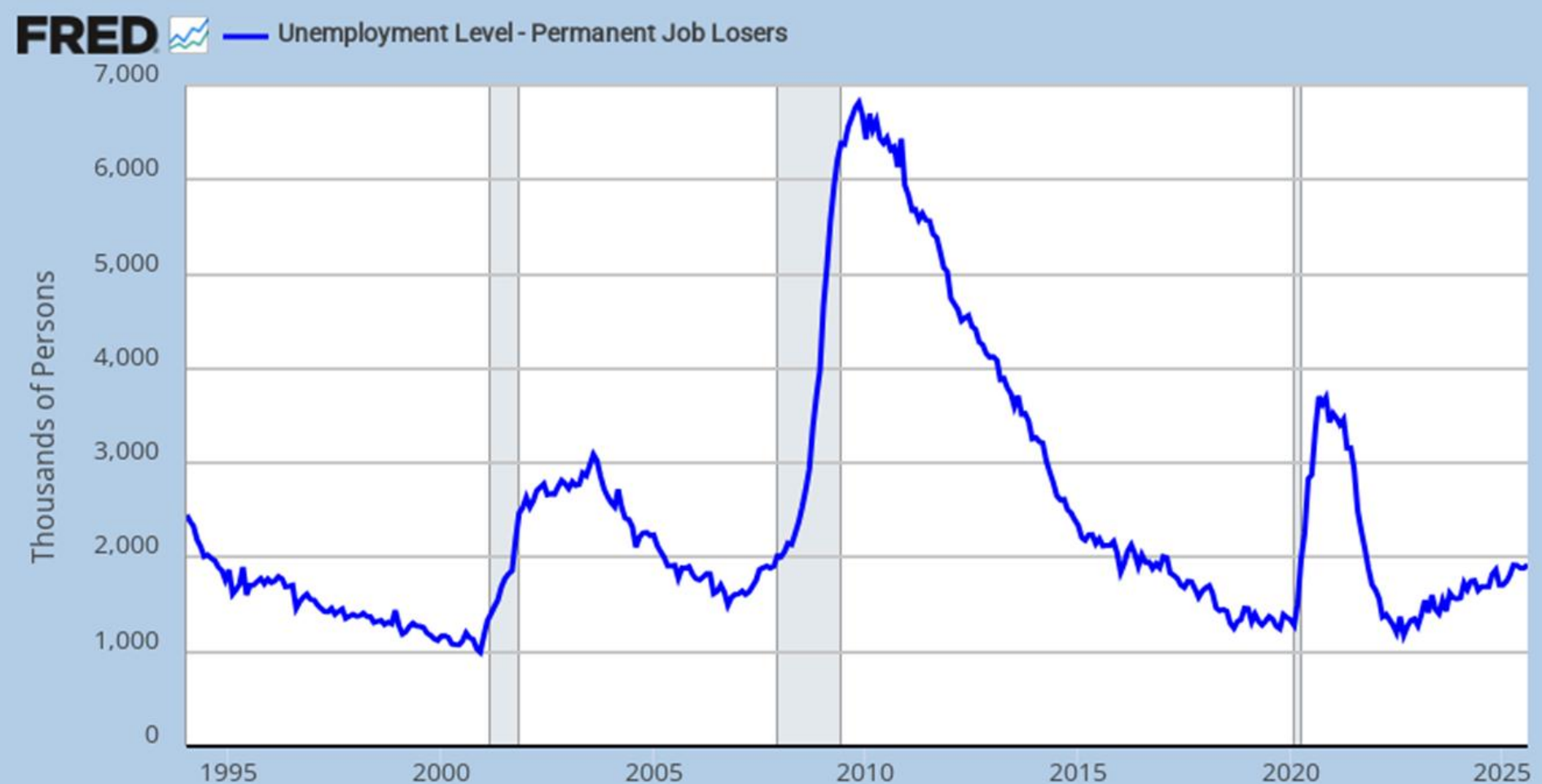
Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

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# The Number of Permanent Job Losses

It is clearly rising



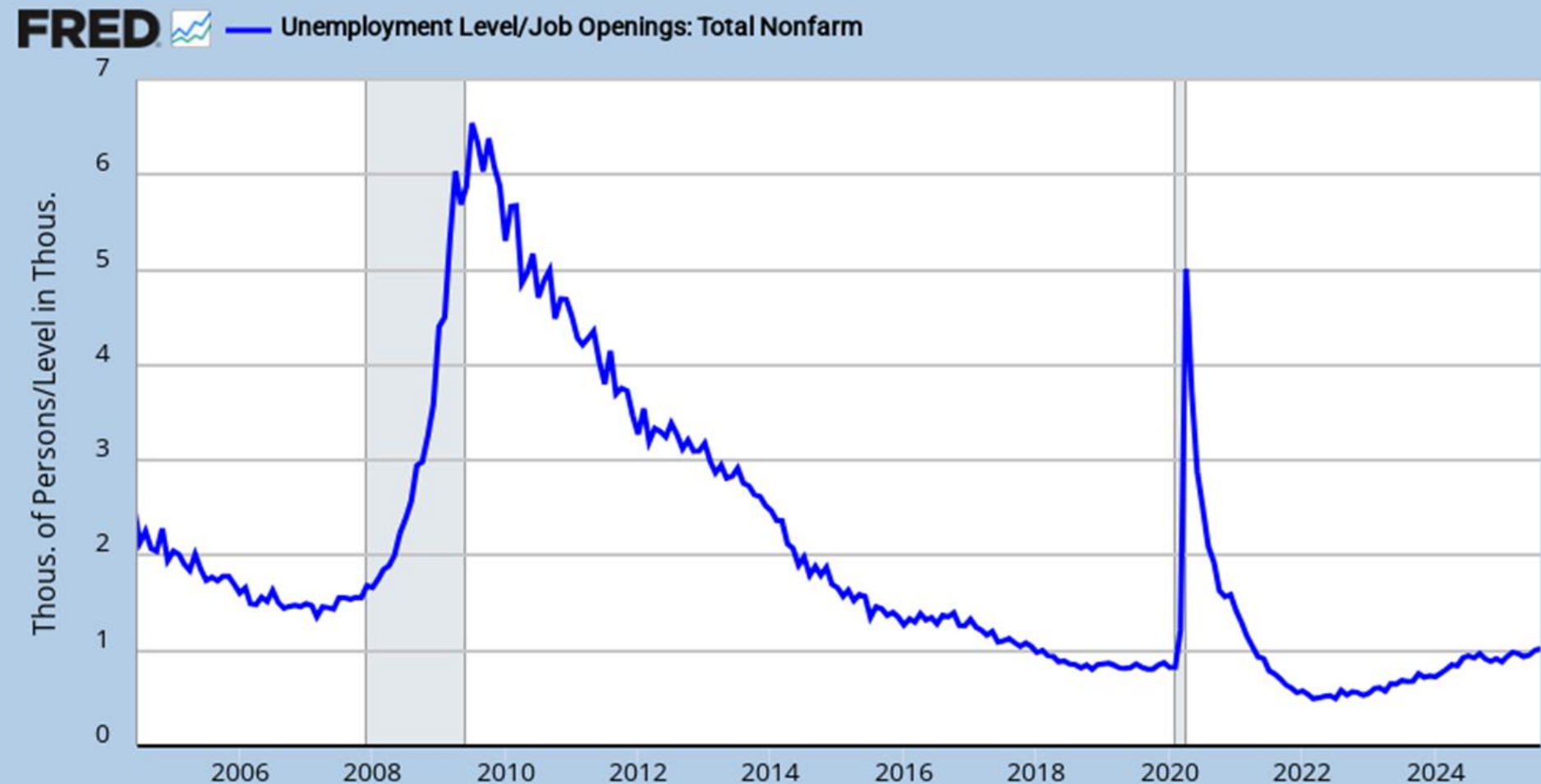
Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1M61G](https://myf.red/g/1M61G)

# Labor Market is Loosening But Isn't Loose

There are 1.01 unemployed persons/job, or 0.99 jobs/unemployed person



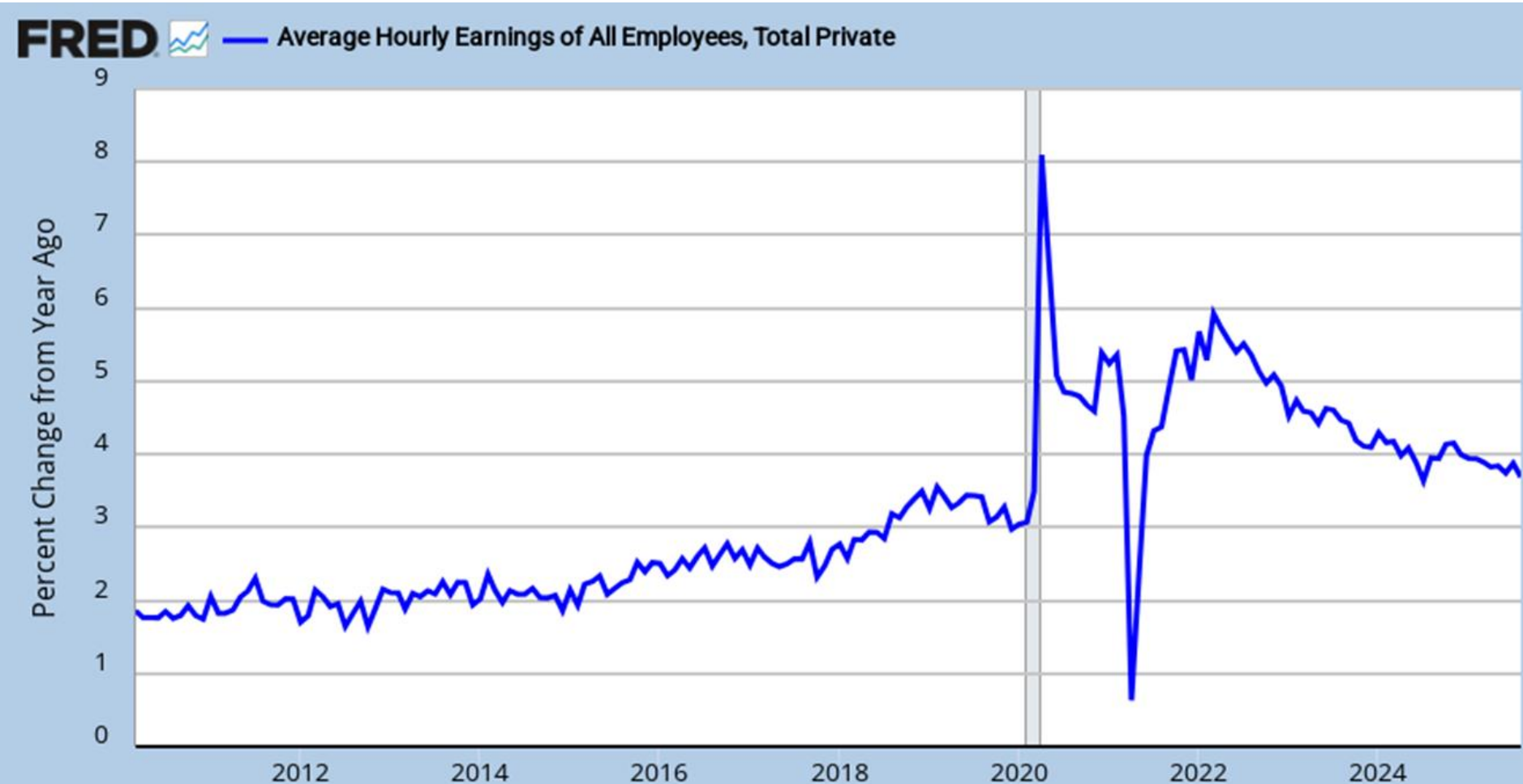
Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MKB7](https://myf.red/g/1MKB7)

# Y-o-Y Percent Change in Hourly Earnings

Wage growth is clearly weakening



Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

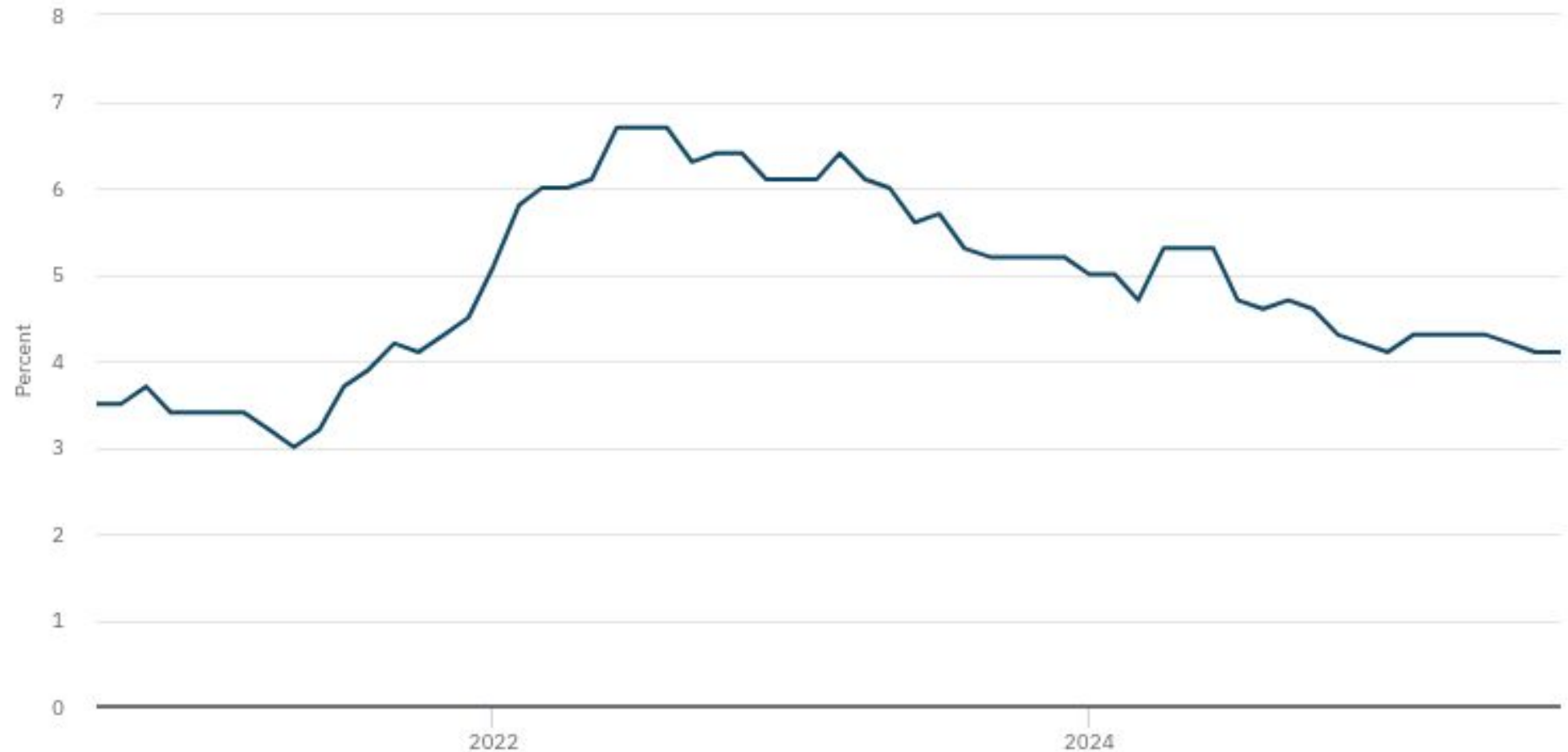
[myf.red/g/1M61T](https://myf.red/g/1M61T)

# Changes in Median Wage Growth

Looks only at those continuously employed

## Wage Growth Tracker

three-month moving average of median wage growth, hourly data



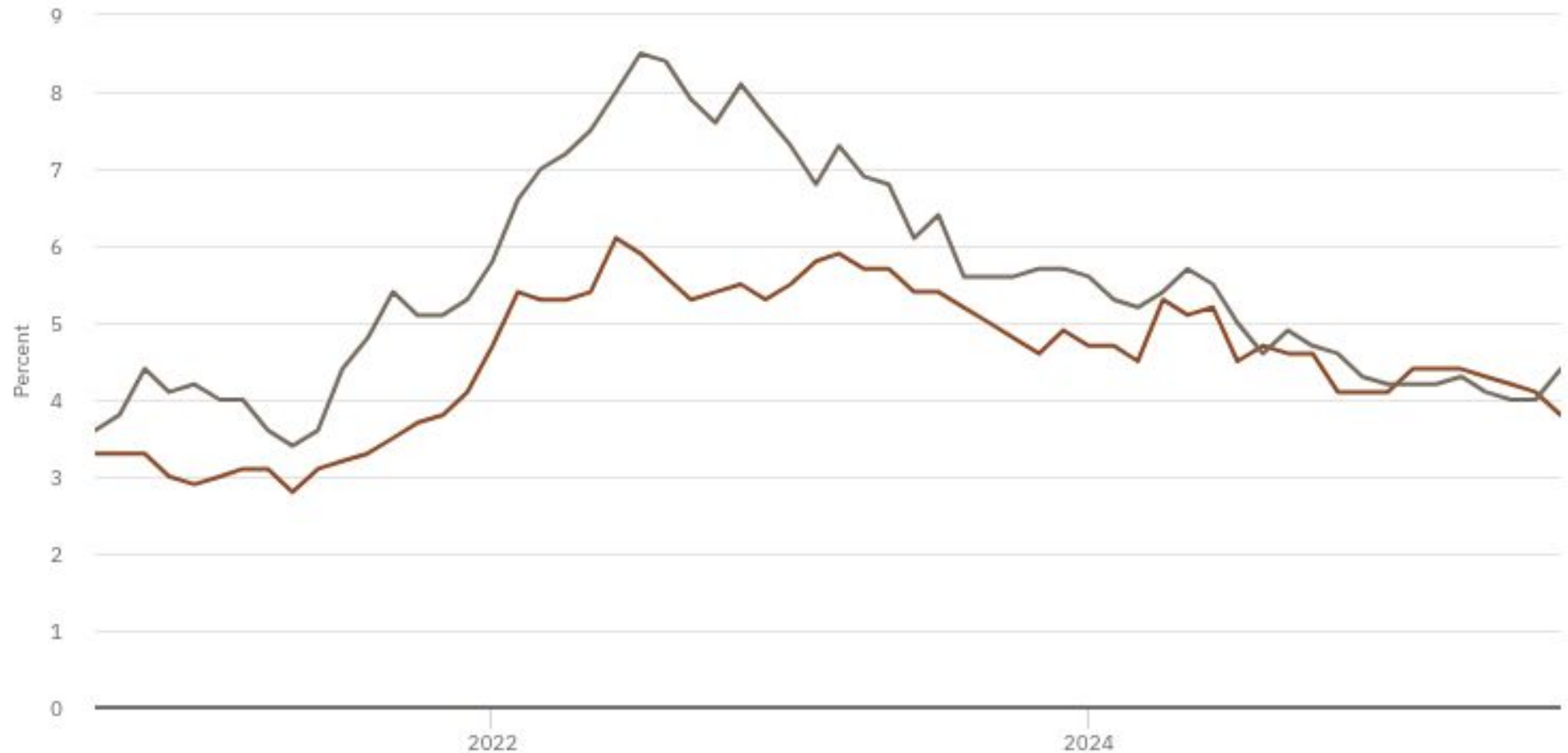
Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations.

# Wage Growth Gap is Narrowing

Of those continuously full-time employed; stayers vs switchers

## Wage Growth Tracker

three-month moving average of median wage growth, hourly data



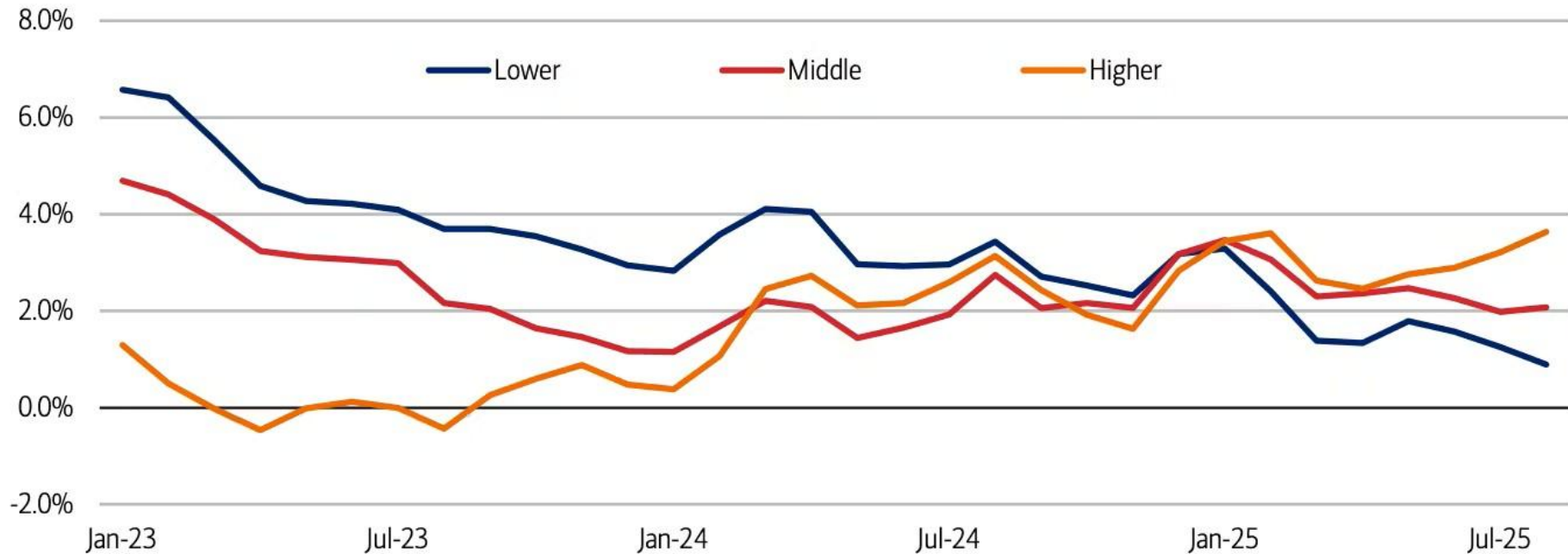
Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations.

# Wage Growth by Income Level

Low-wage workers are seeing little wage growth

**In August, higher-income wage growth rose to 3.6% year-over-year (YoY), while it moderated to 0.9% YoY for lower-income households**

After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, seasonally adjusted (SA))



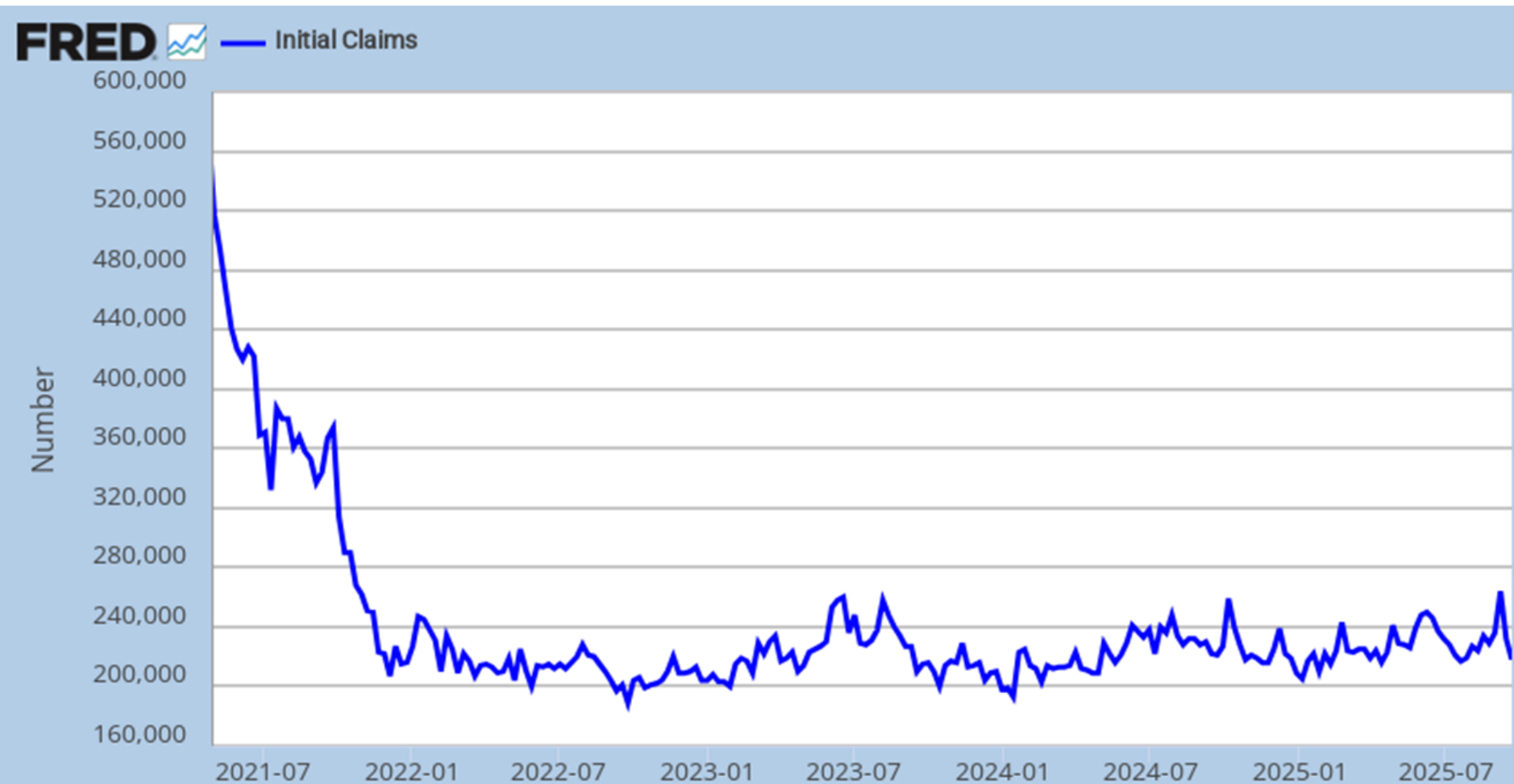
Source: Bank of America internal data

BANK OF AMERICA INSTITUTE



# Involuntary Separations

Claims are slowly rising



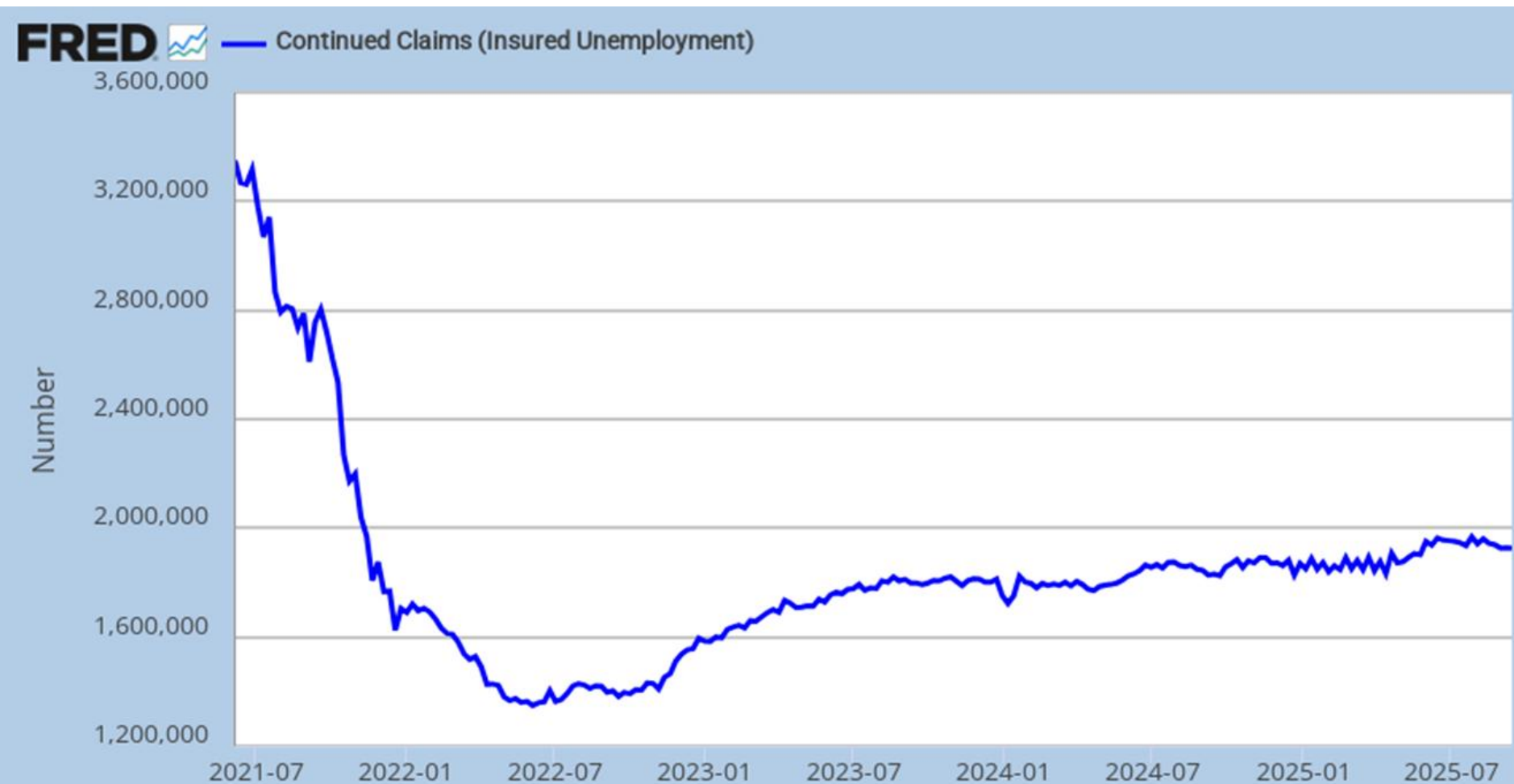
Source: U.S. Employment and Training Administration via FRED®

*Shaded areas indicate U.S. recessions.*

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# Continuing Unemployment Claims

It plateaued earlier but since mid-2024 has been clearly rising



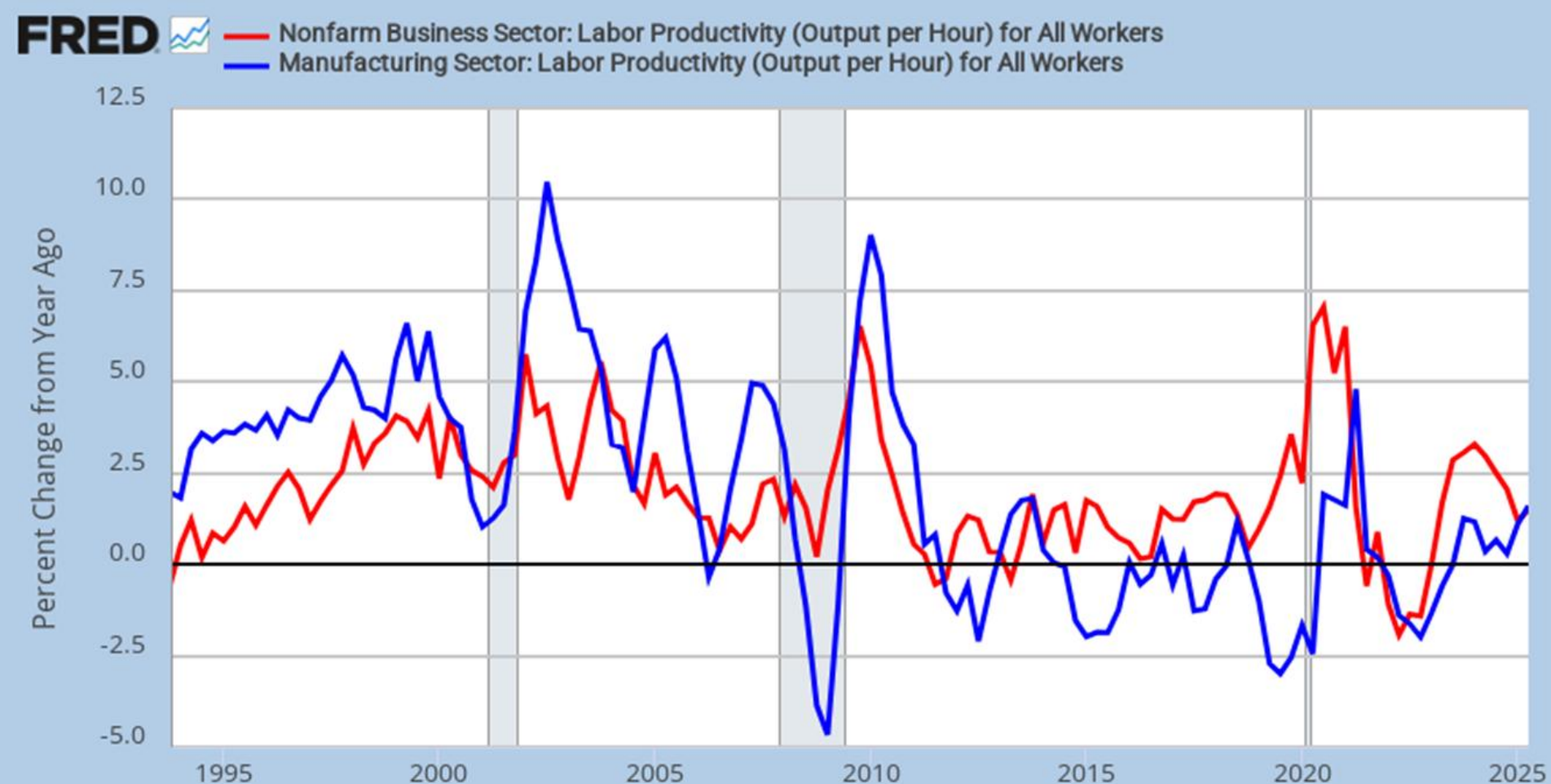
Source: U.S. Employment and Training Administration via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MCaN](https://myf.red/g/1MCaN)

# Labor Productivity Growth

It is now no better than during mid-last decade

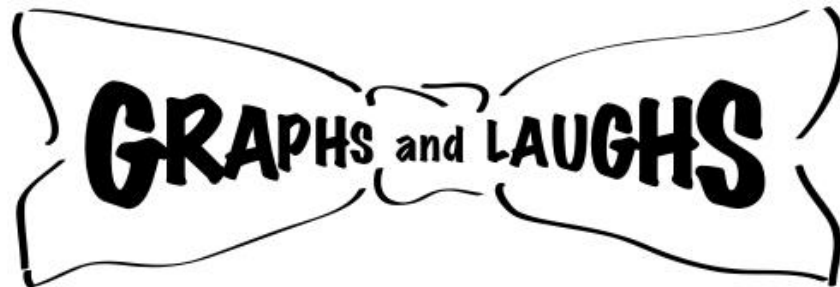


Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

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# Inflation & The Fed





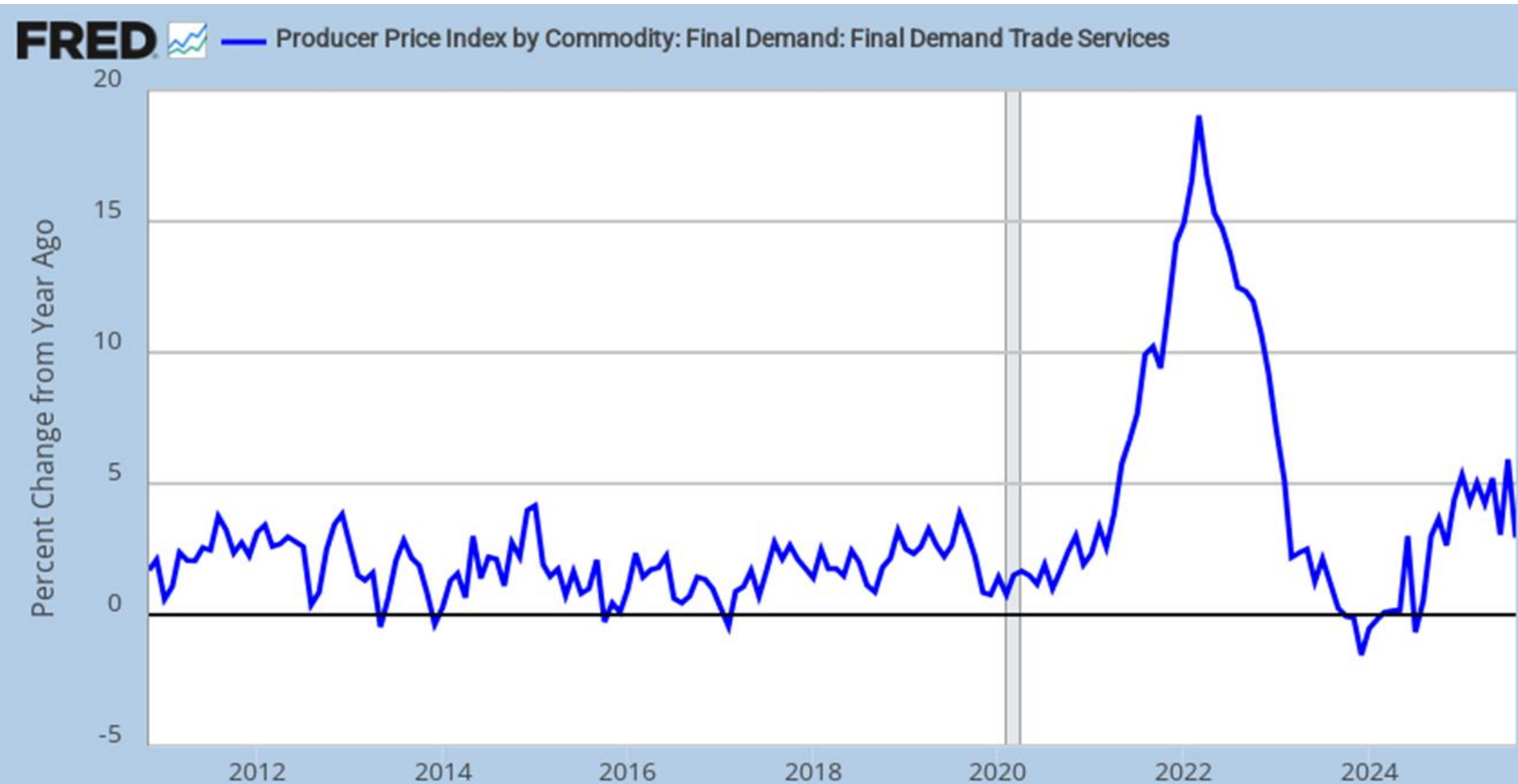
**INFLATION? WHAT INFLATION?**

THE ATLAS SOCIETY

**A PACK OF GROUND BEEF IS THE  
SAME PRICE AS LAST MONTH**

# Trade Services = Business Markups

Corporate margins rose dramatically and are now returning to Earth



Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MgmO](https://myf.red/g/1MgmO)

# Oil Prices Stabilize

OPEC+ production and production increases elsewhere are why



Source: U.S. Energy Information Administration via FRED®

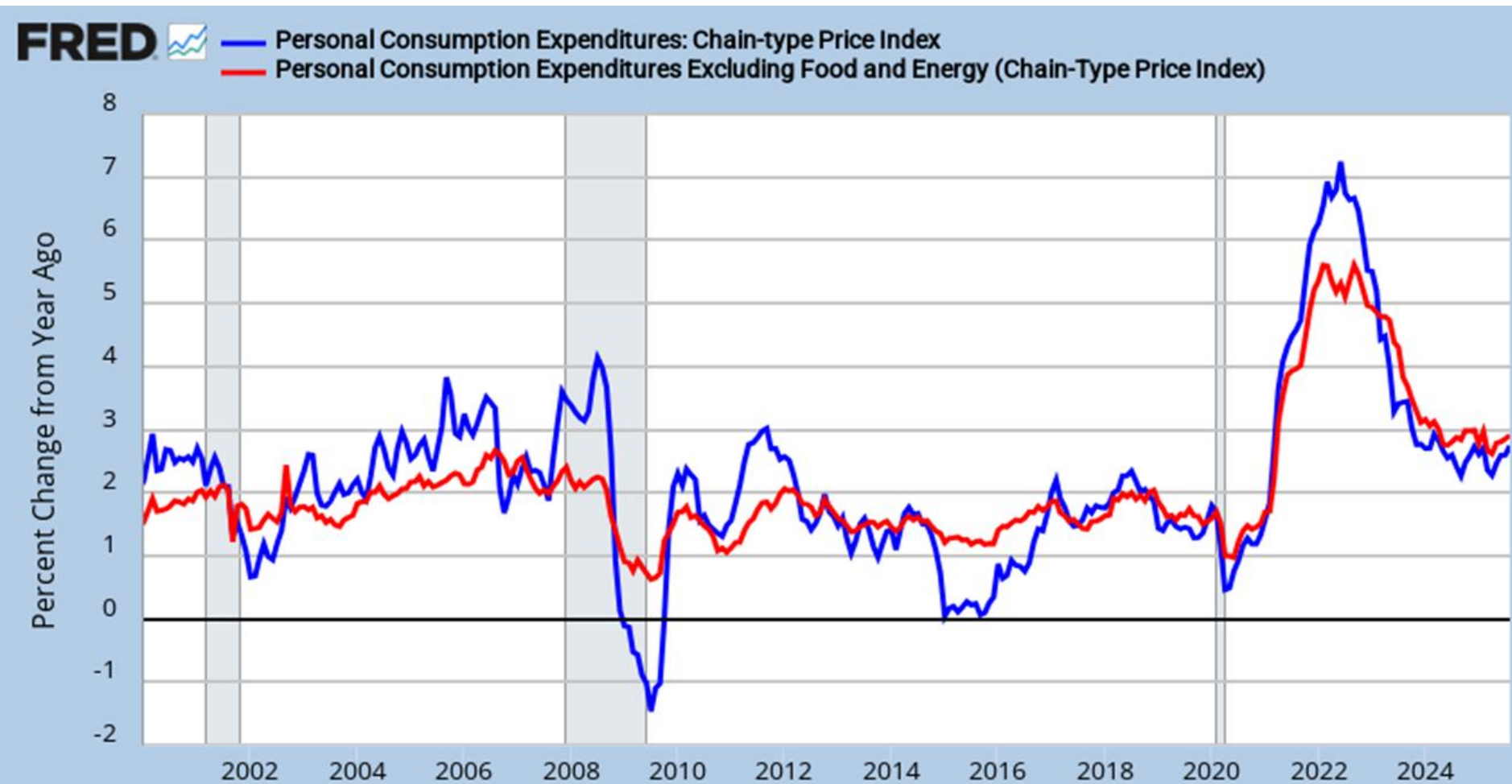
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1NzIC](https://myf.red/g/1NzIC)



# PCE and Core PCE Price Index

Both have bottomed



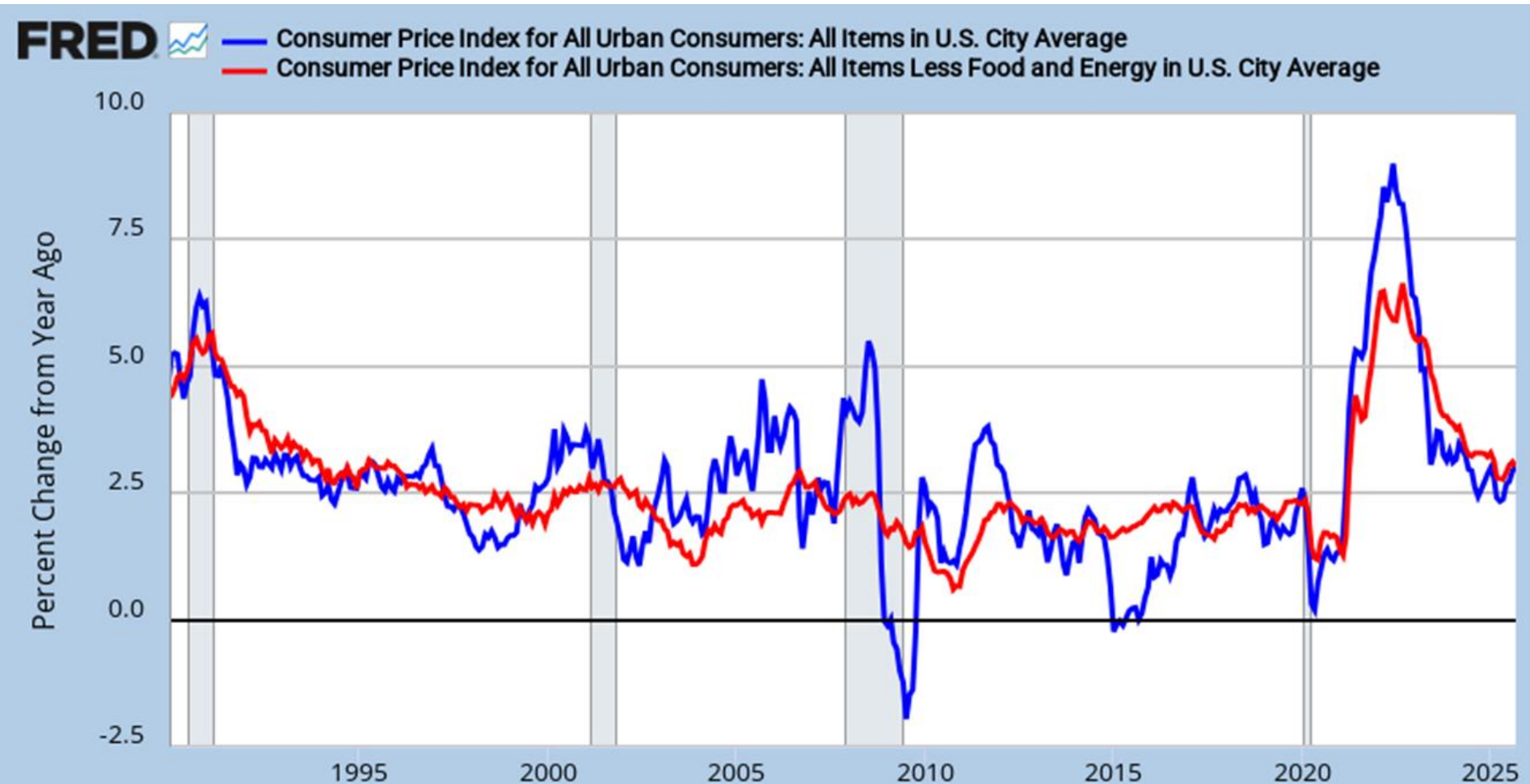
Source: U.S. Bureau of Economic Analysis via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MCyy](https://myf.red/g/1MCyy)

# CPI: Inflationary Pressures

Are inflationary pressures rising?



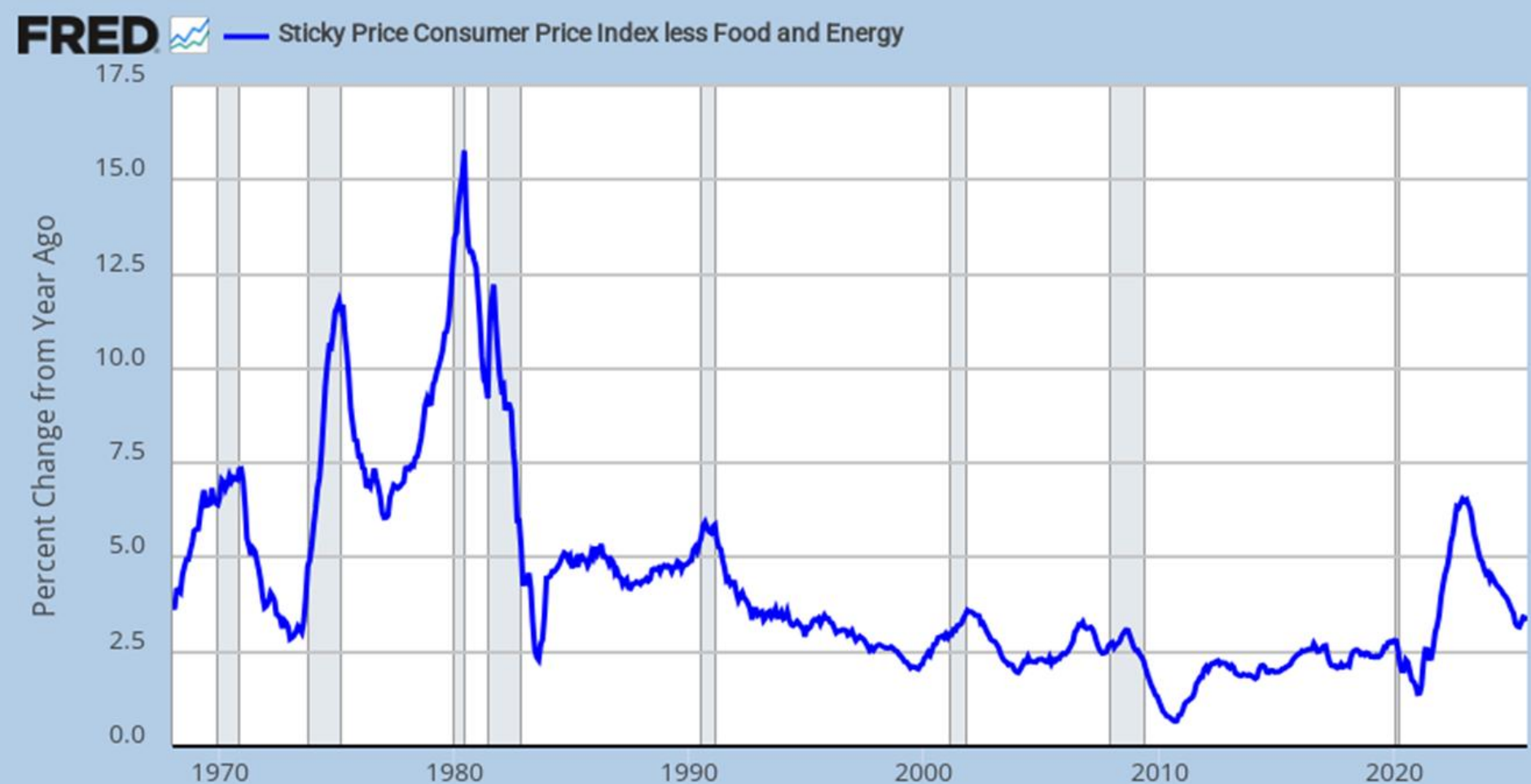
Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Np56](https://myf.red/g/1Np56)

# Sticky Inflation

It is now rising



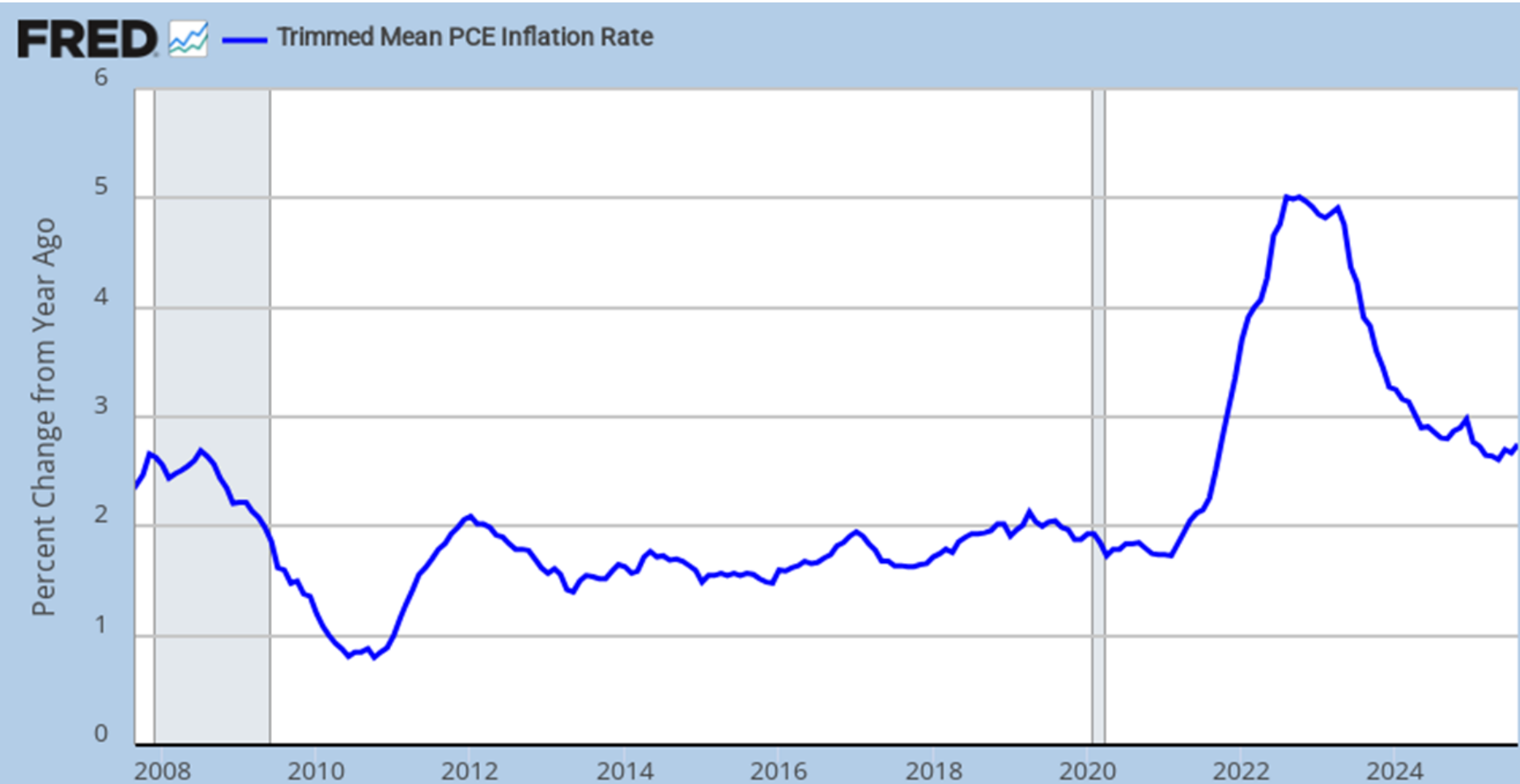
Source: Federal Reserve Bank of Atlanta via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Np5c](https://myf.red/g/1Np5c)

# Trimmed PCE: Inflation Has Peaked

It had been pleasantly falling



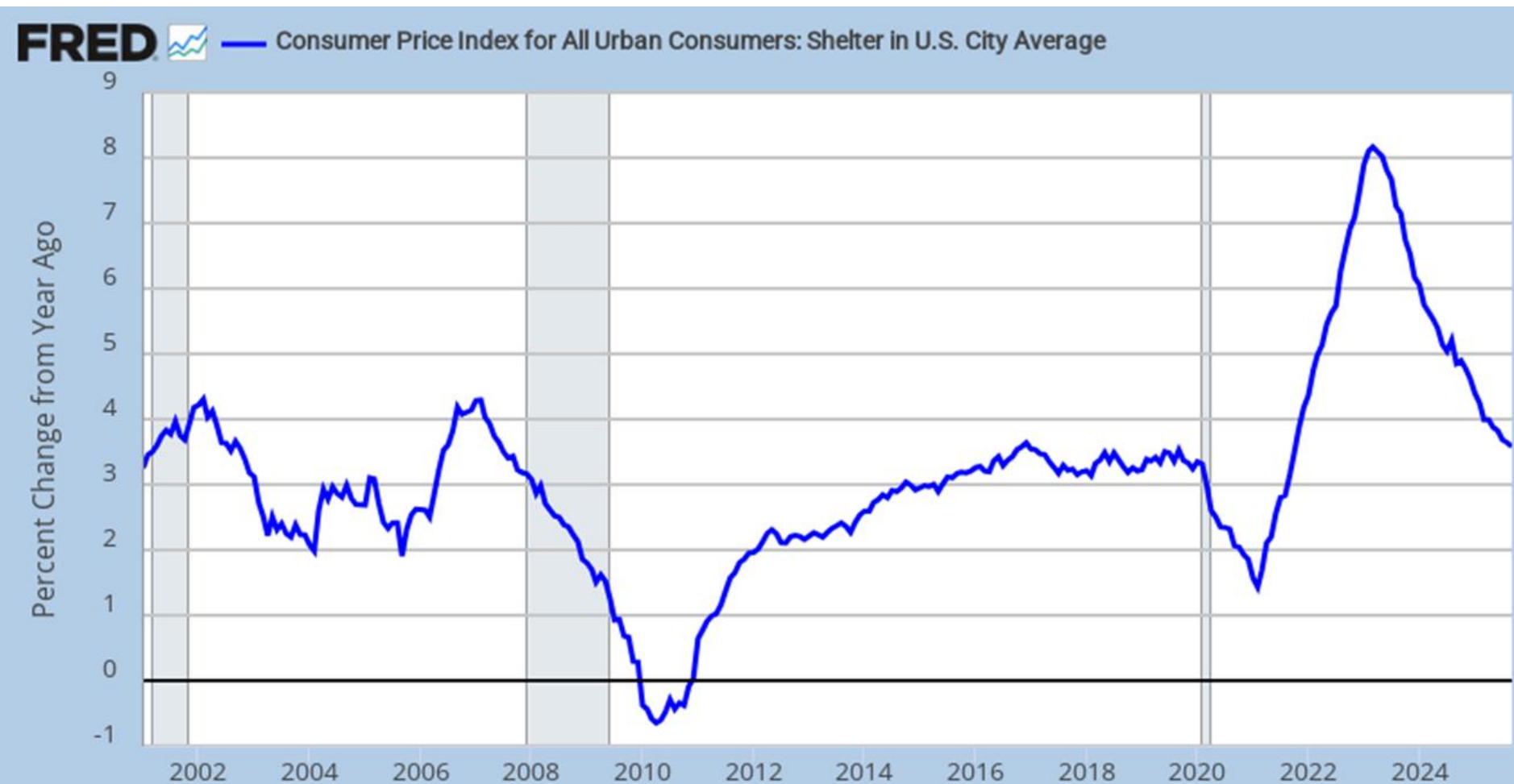
Source: Federal Reserve Bank of Dallas via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MDNi](https://myf.red/g/1MDNi)

# Shelter Cost Inflation

Was at 3.25% for years. Is now 3.6% but still falling



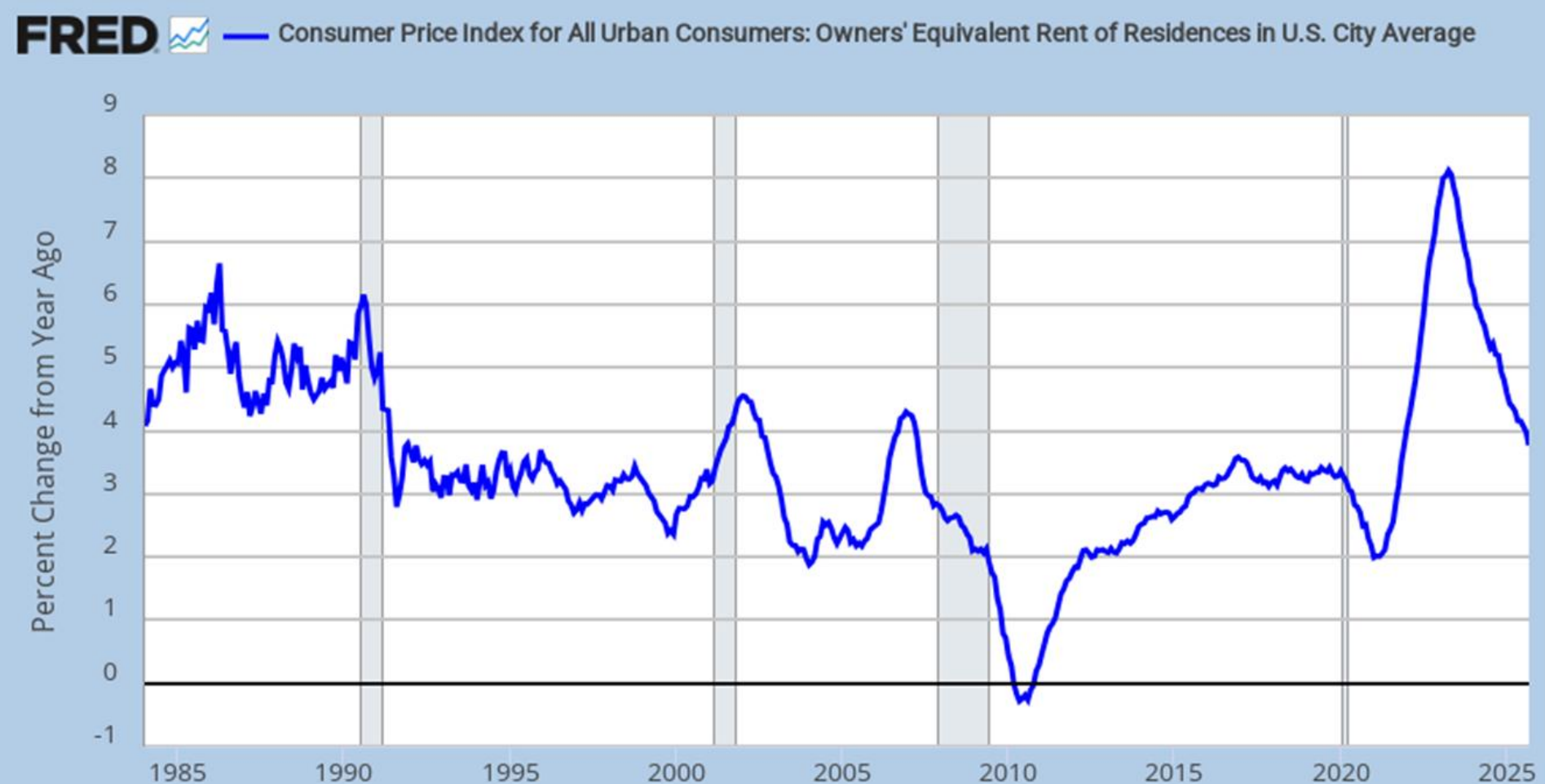
Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Np5F](https://myf.red/g/1Np5F)

# SF Rents Keep Slowing

It's 3.8% and feeding inflation. But it is still steadily falling



Source: U.S. Bureau of Labor Statistics via FRED®

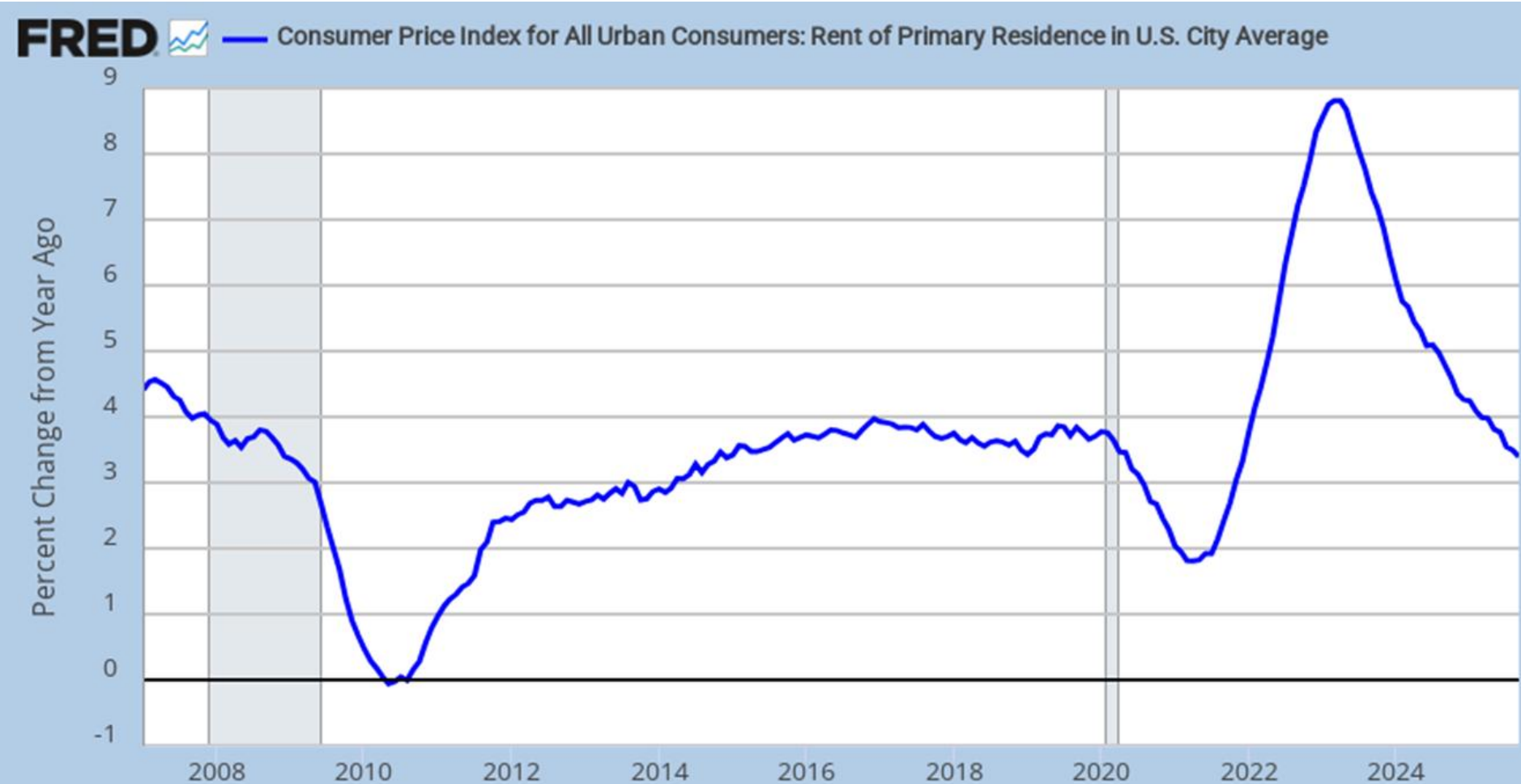
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Np5V](https://myf.red/g/1Np5V)



# Rent of Primary Residence

Y-o-Y price increase are back to pre-pandemic levels



Source: U.S. Bureau of Labor Statistics via FRED®

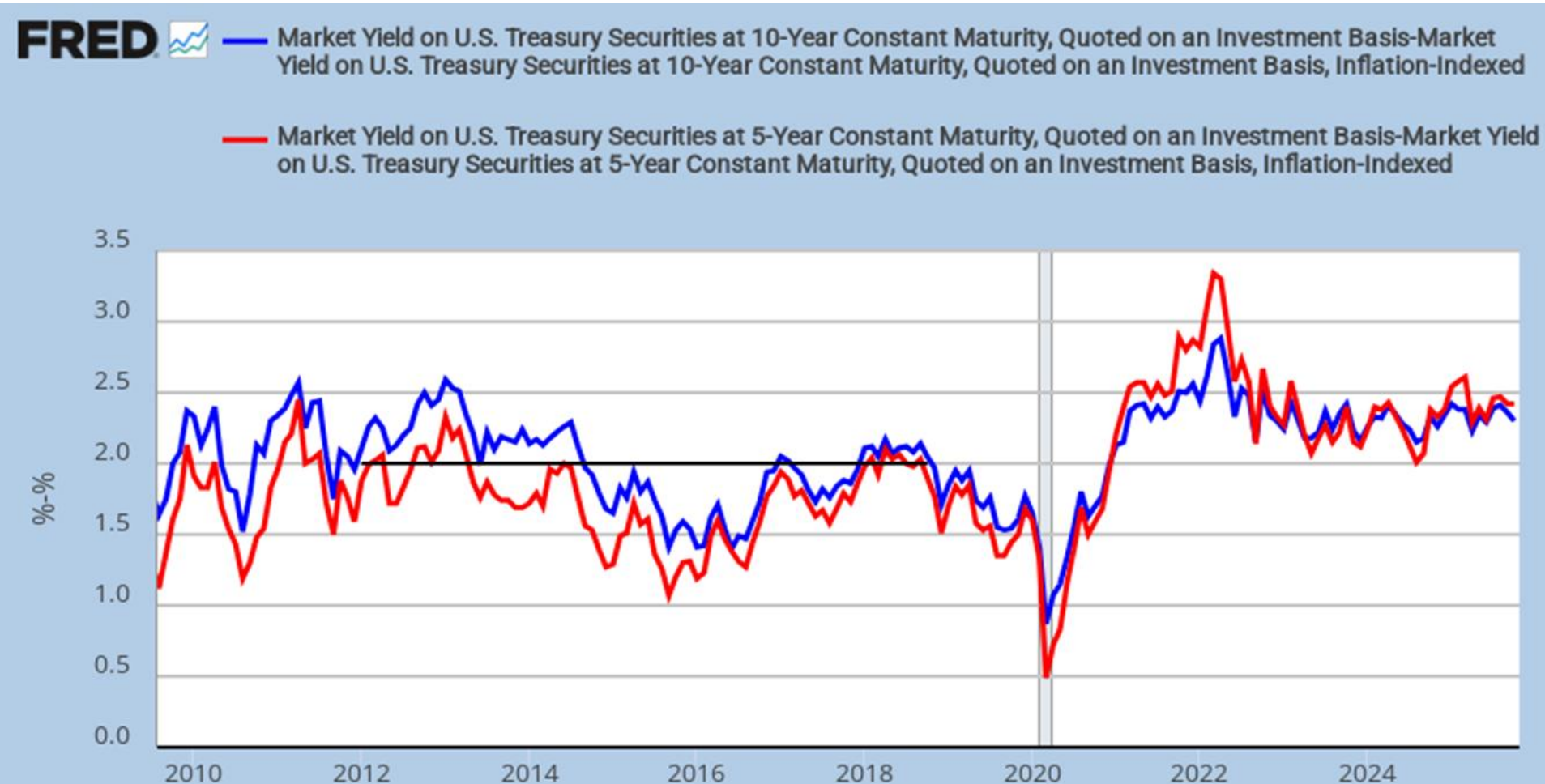
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Np5L](https://myf.red/g/1Np5L)



# Inflation Expectations were Rising

5-year and 10-year breakeven rates



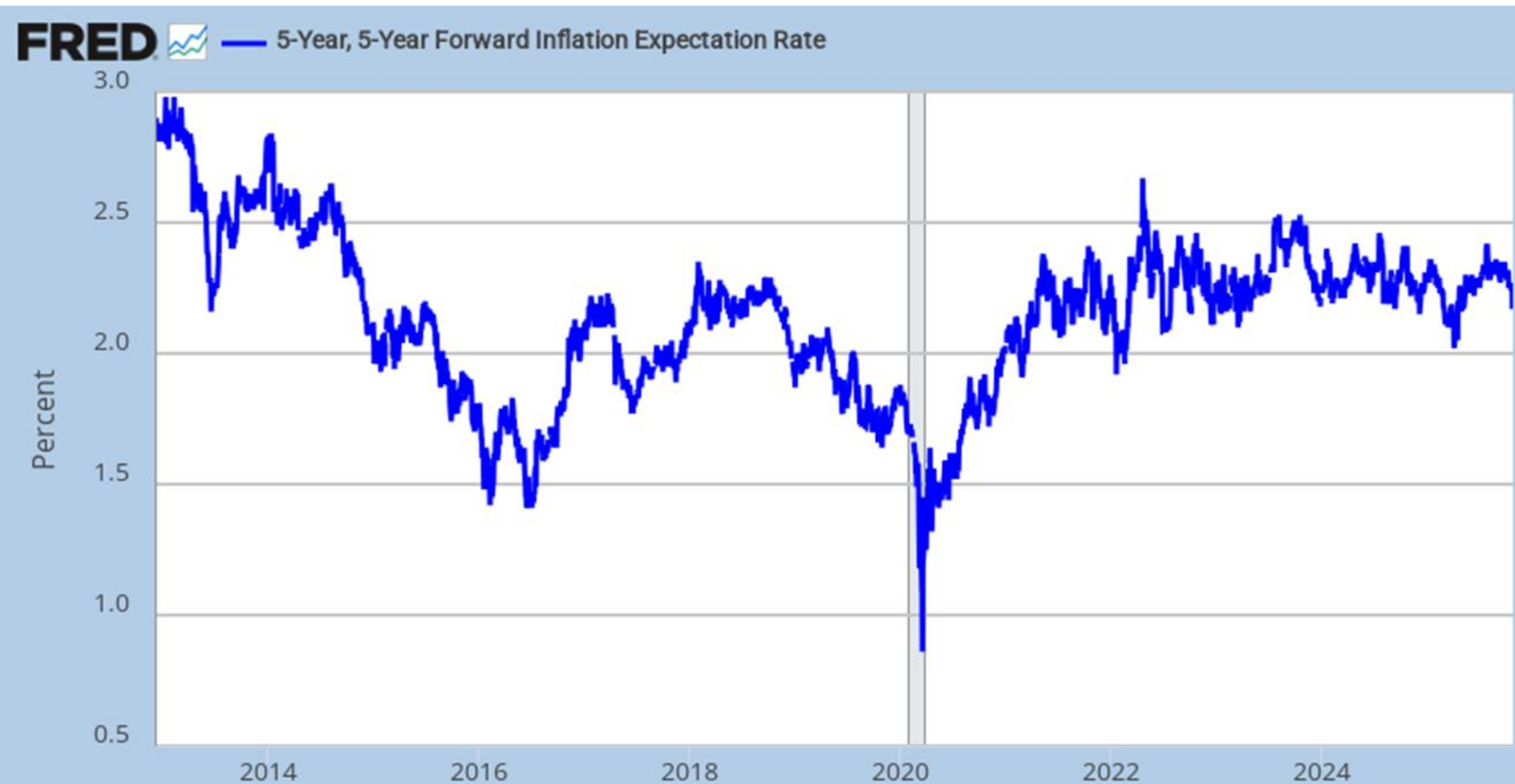
Source: Board of Governors of the Federal Reserve System (US) via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Nq5F](https://myf.red/g/1Nq5F)

# Inflation Expectations are Low and Stable

This gives the Fed further room to lower rates



Source: Federal Reserve Bank of St. Louis via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Nq5y](https://myf.red/g/1Nq5y)

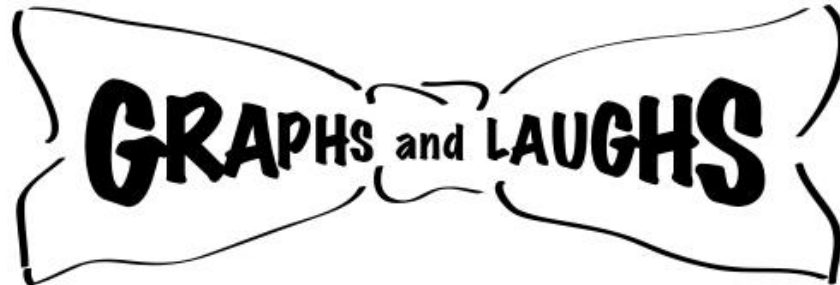
# Federal Reserve Behavior

Most likely scenario

- On 9/18/24 it fell 50 bps to 4.875%
- On 11/7/24 it expectedly fell to 4.625%
- On 12/18/24 it surprisingly fell to 4.375%
- On 9/17/25 it finally fell to 4.125%!!!!
- Now it is 3.875%. One more cut in '25?

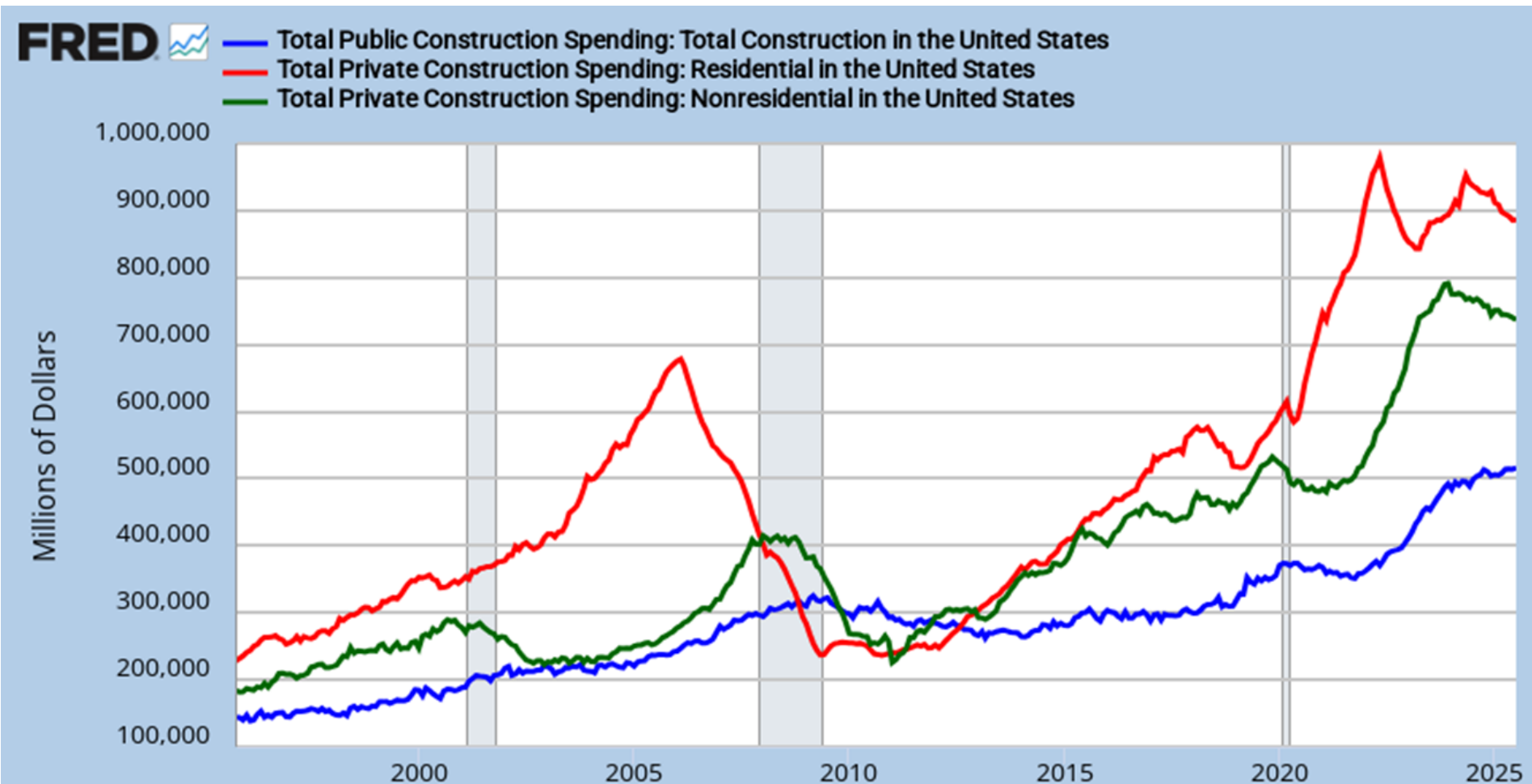
# How About Construction?

(It varies tremendously by location)



# Construction Activity

Only public is growing



Source: U.S. Census Bureau via FRED®

*Shaded areas indicate U.S. recessions.*

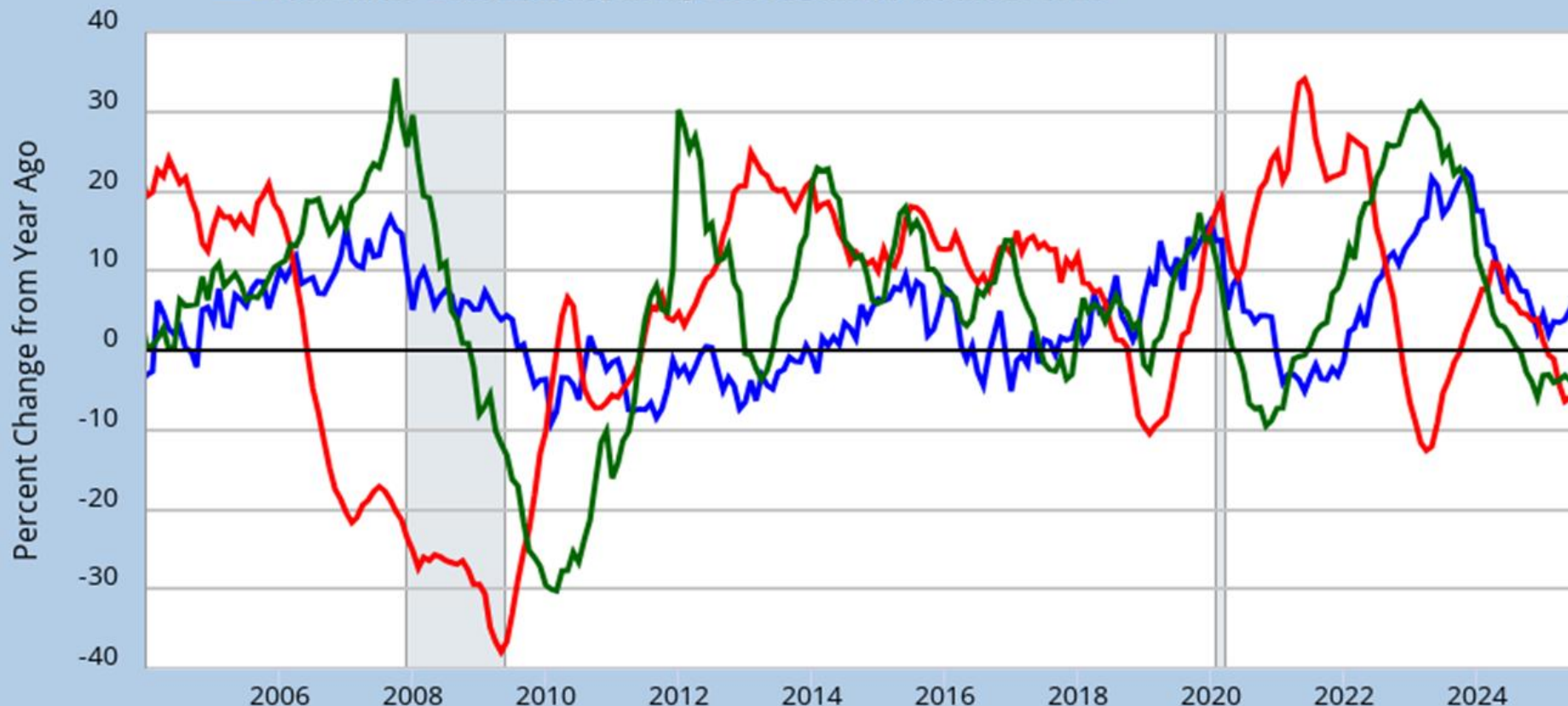
[myf.red/g/1M0WS](https://myf.red/g/1M0WS)

# Public, Private Non-Res, and Private-Res Const

Residential is down 5.3%, non-res is down 3.7%, and public is up 3.4%. Weak

**FRED**

- Total Public Construction Spending: Total Construction in the United States
- Total Private Construction Spending: Residential in the United States
- Total Private Construction Spending: Nonresidential in the United States



Source: U.S. Census Bureau via FRED®

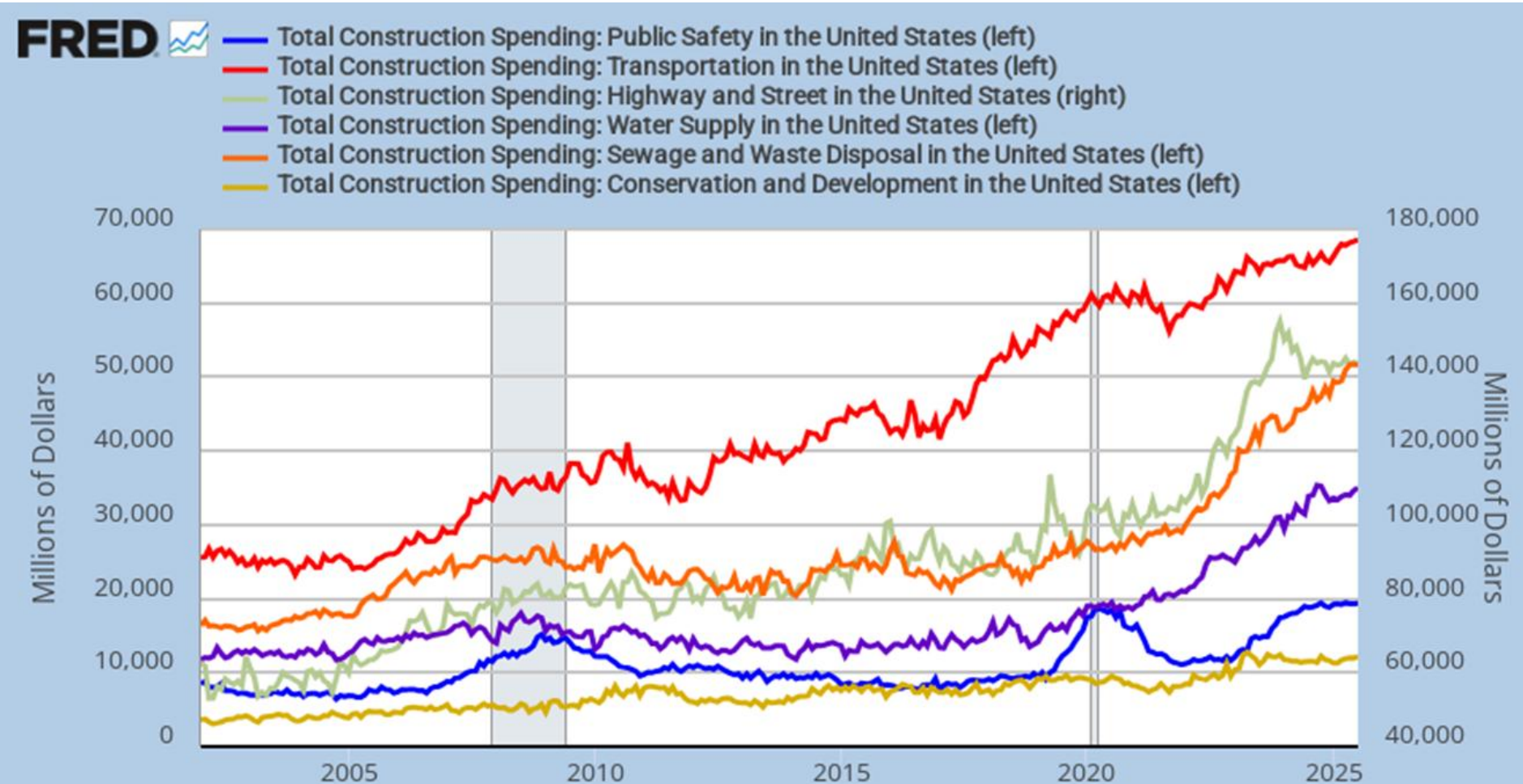
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1M0X0](https://myf.red/g/1M0X0)



# Public Construction Activity

All sectors are flat to increasing



Source: U.S. Census Bureau via FRED®

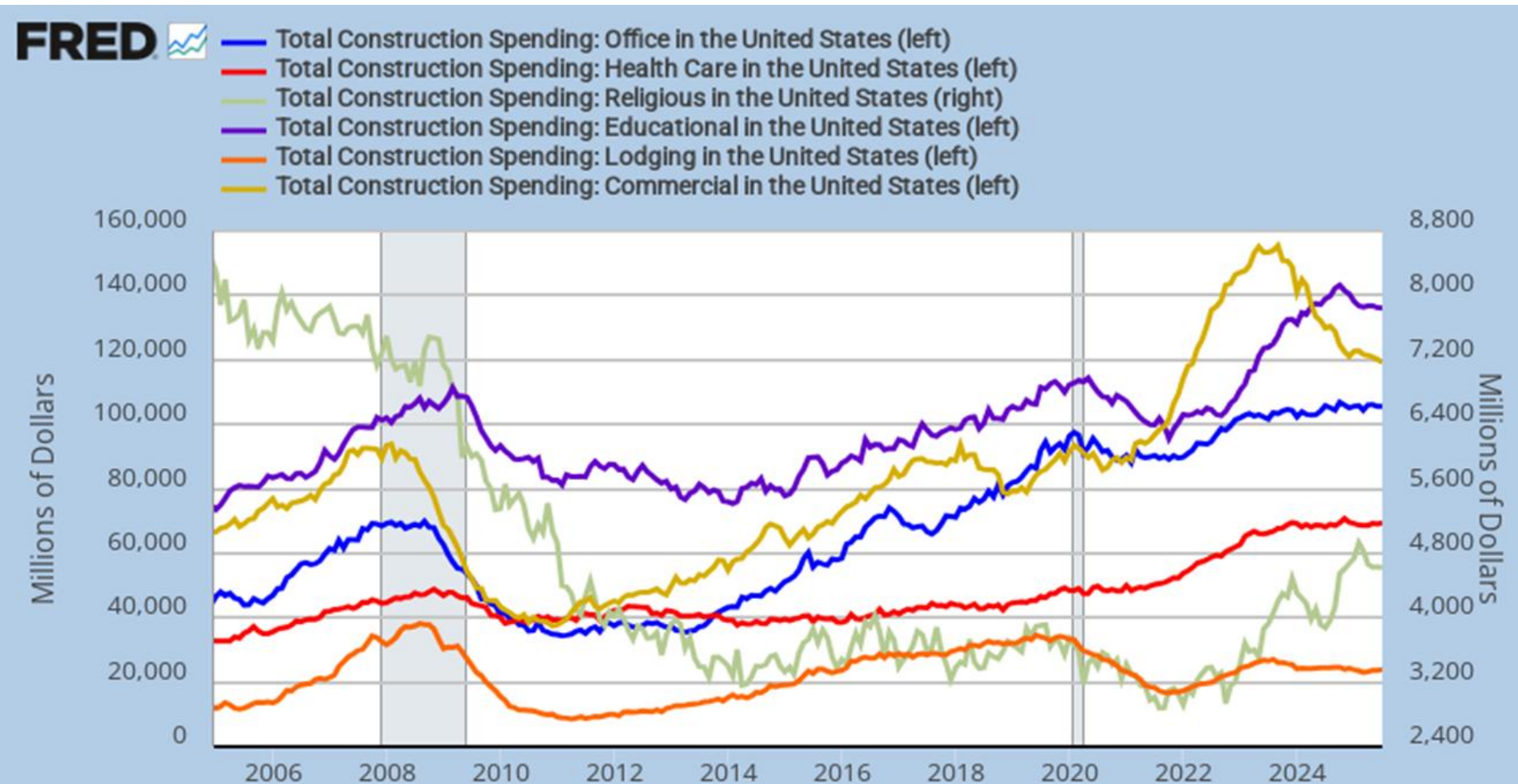
*Shaded areas indicate U.S. recessions.*

myf.red/g/1M0Sb



# Private Construction Activity

Sectors are flat to down



Source: U.S. Census Bureau via FRED®

*Shaded areas indicate U.S. recessions.*

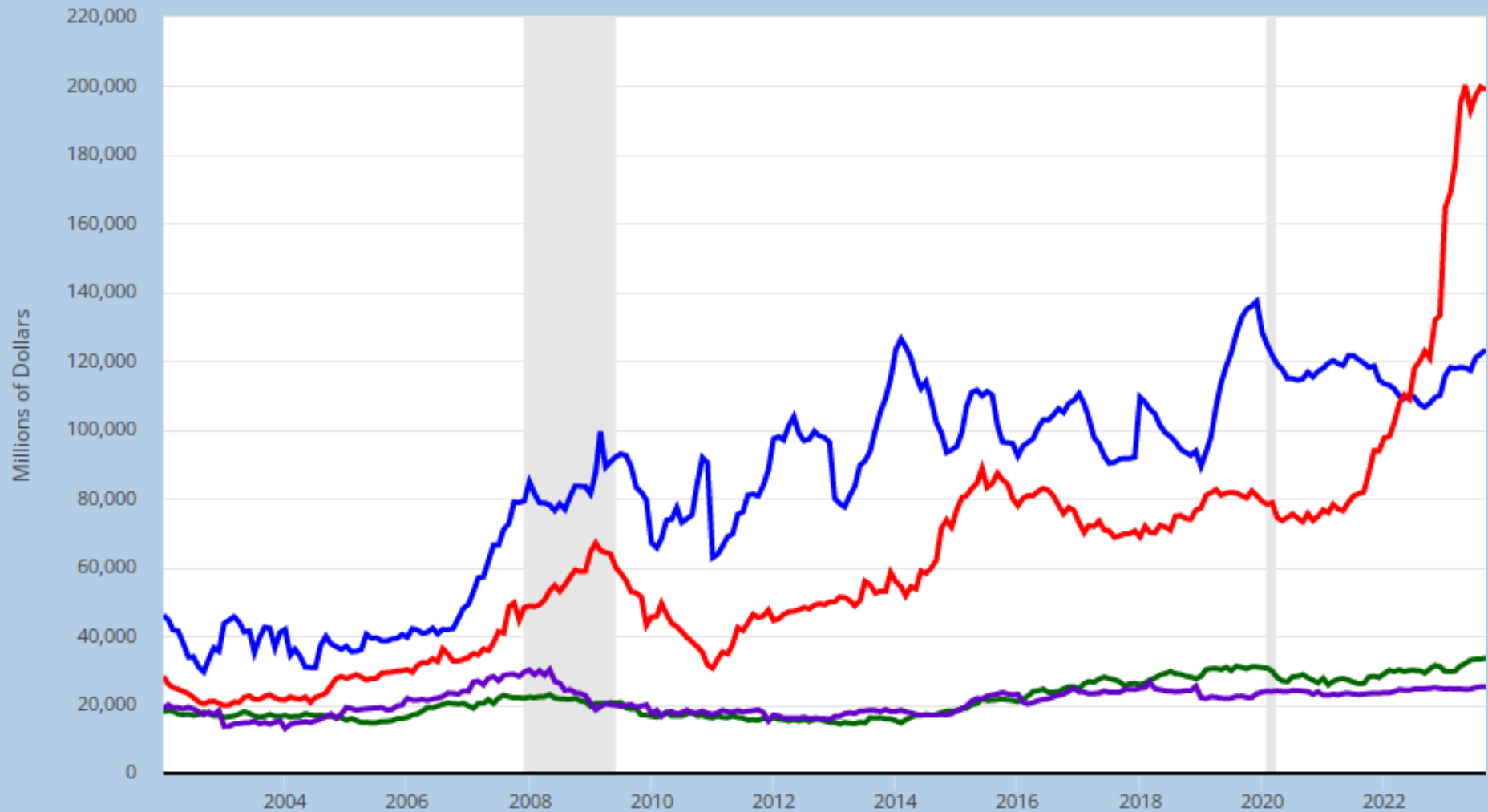
[myf.red/g/1M0Sh](https://myf.red/g/1M0Sh)

# Other Construction Groups Diverge

Manufacturing has been exceptional. Communication is weakest

**FRED** 

- Total Construction Spending: Power in the United States
- Total Construction Spending: Manufacturing in the United States
- Total Construction Spending: Amusement and Recreation in the United States
- Total Construction Spending: Communication in the United States

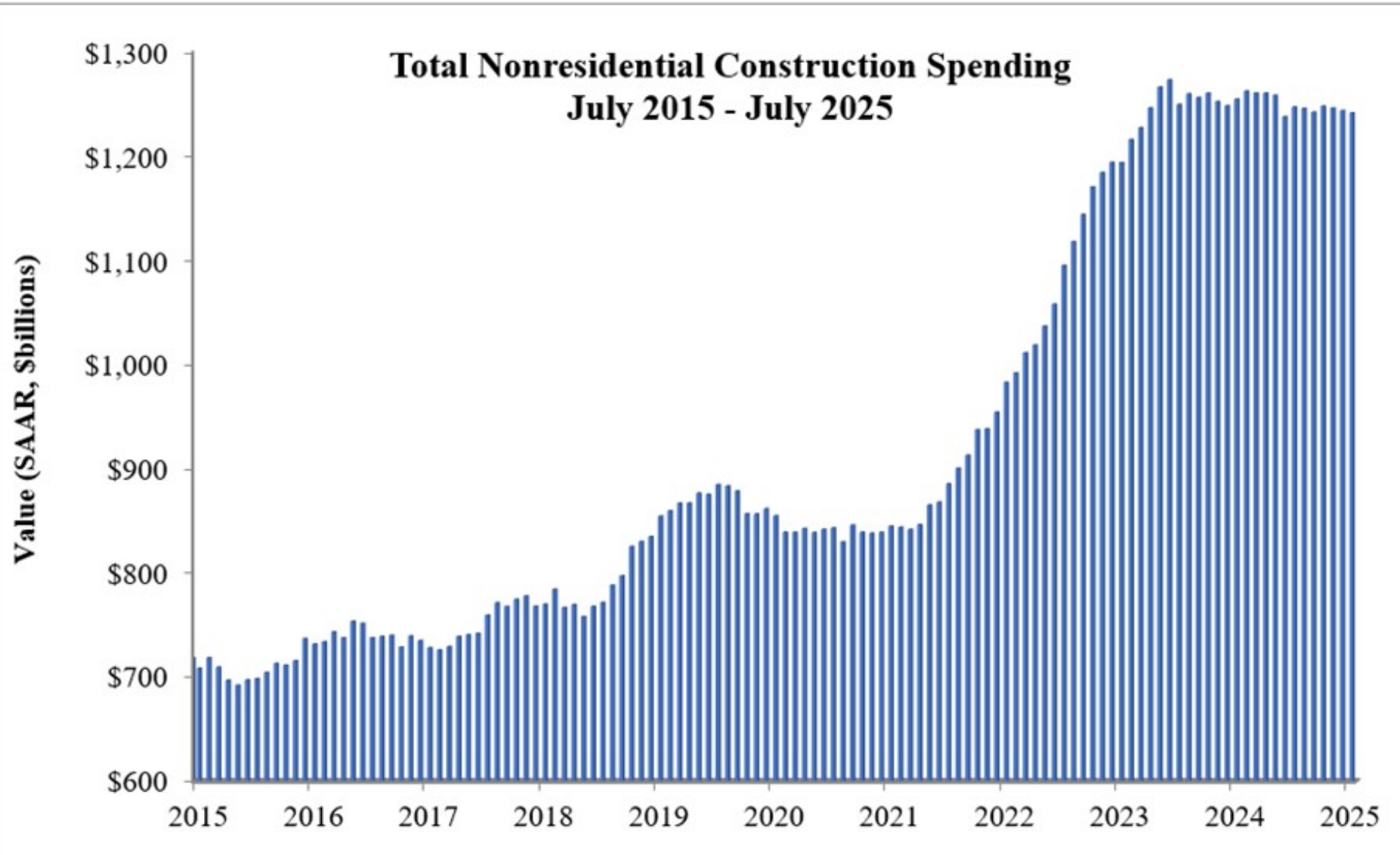


Source: U.S. Census Bureau

[myf.red/g/1aRYJ](https://myf.red/g/1aRYJ)

# Nonresidential Construction Activity

It peaked in December 2023



Source: U.S. Census Bureau

# Nonresidential Construction Activity

It is down Y-o-Y and M-o-M

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate

	July 2025	June 2025	July 2024	1-Month % Change	12-Month % Change
Total Construction	\$2,139,110	\$2,140,546	\$2,200,746	-0.1%	-2.8%
Residential	\$898,686	\$897,878	\$946,982	0.1%	-5.1%
Nonresidential	\$1,240,425	\$1,242,668	\$1,253,764	-0.2%	-1.1%
Conservation and development	\$12,188	\$11,970	\$11,516	1.8%	5.8%
Water supply	\$35,014	\$34,622	\$33,883	1.1%	3.3%
Lodging	\$23,946	\$23,736	\$24,439	0.9%	-2.0%
Health care	\$69,432	\$69,057	\$68,114	0.5%	1.9%
Transportation	\$68,598	\$68,328	\$66,268	0.4%	3.5%
Public safety	\$19,347	\$19,322	\$18,819	0.1%	2.8%
Office	\$105,493	\$105,490	\$105,777	0.0%	-0.3%
Educational	\$136,120	\$136,135	\$138,965	0.0%	-2.0%
Communication	\$29,598	\$29,610	\$29,626	0.0%	-0.1%
Amusement and recreation	\$42,619	\$42,710	\$41,655	-0.2%	2.3%
Highway and street	\$143,705	\$144,022	\$142,695	-0.2%	0.7%
Religious	\$4,620	\$4,633	\$3,876	-0.3%	19.2%
Power	\$156,052	\$156,677	\$152,940	-0.4%	2.0%
Sewage and waste disposal	\$51,518	\$51,747	\$46,473	-0.4%	10.9%
Manufacturing	\$223,053	\$224,515	\$238,899	-0.7%	-6.6%
Commercial	\$119,122	\$120,094	\$129,822	-0.8%	-8.2%
Private Nonresidential	\$736,736	\$740,351	\$765,040	-0.5%	-3.7%
Public Nonresidential	\$503,689	\$502,317	\$488,724	0.3%	3.1%

Source: U.S. Census Bureau

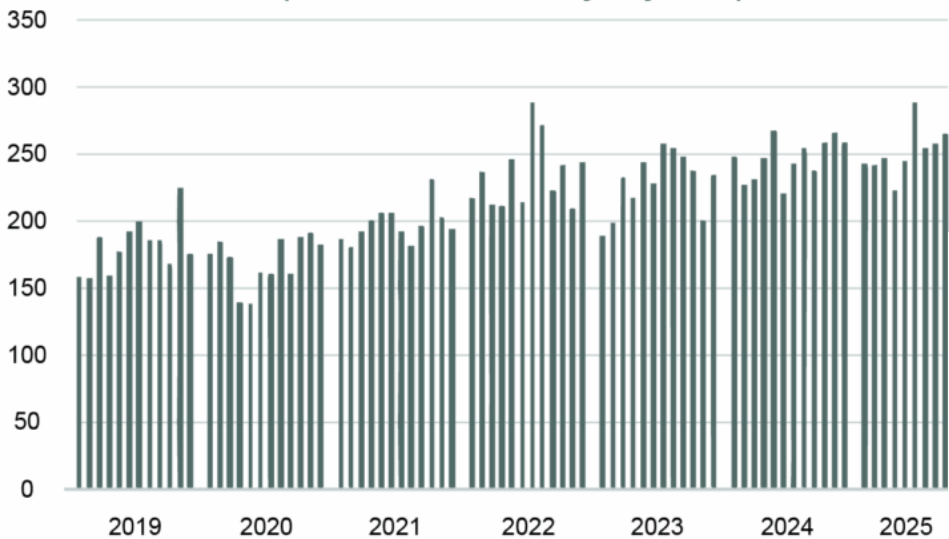


# Construction Activity

High rates, labor shortages, high input costs, and fear of tariffs and deportation hurt

## THE DODGE INDEX

(2000=100, Seasonally Adjusted)



## MONTHLY CONSTRUCTION STARTS

(Billions of Dollars, Seasonally Adjusted Annual Rate)

	Sep-25	Aug-25	% Change
Nonresidential Building	\$478	\$427	11.9
Residential Building	\$379	\$366	3.6
Nonbuilding Construction	\$404	\$431	-6.2
Total Construction	\$1,261	\$1,224	3.1

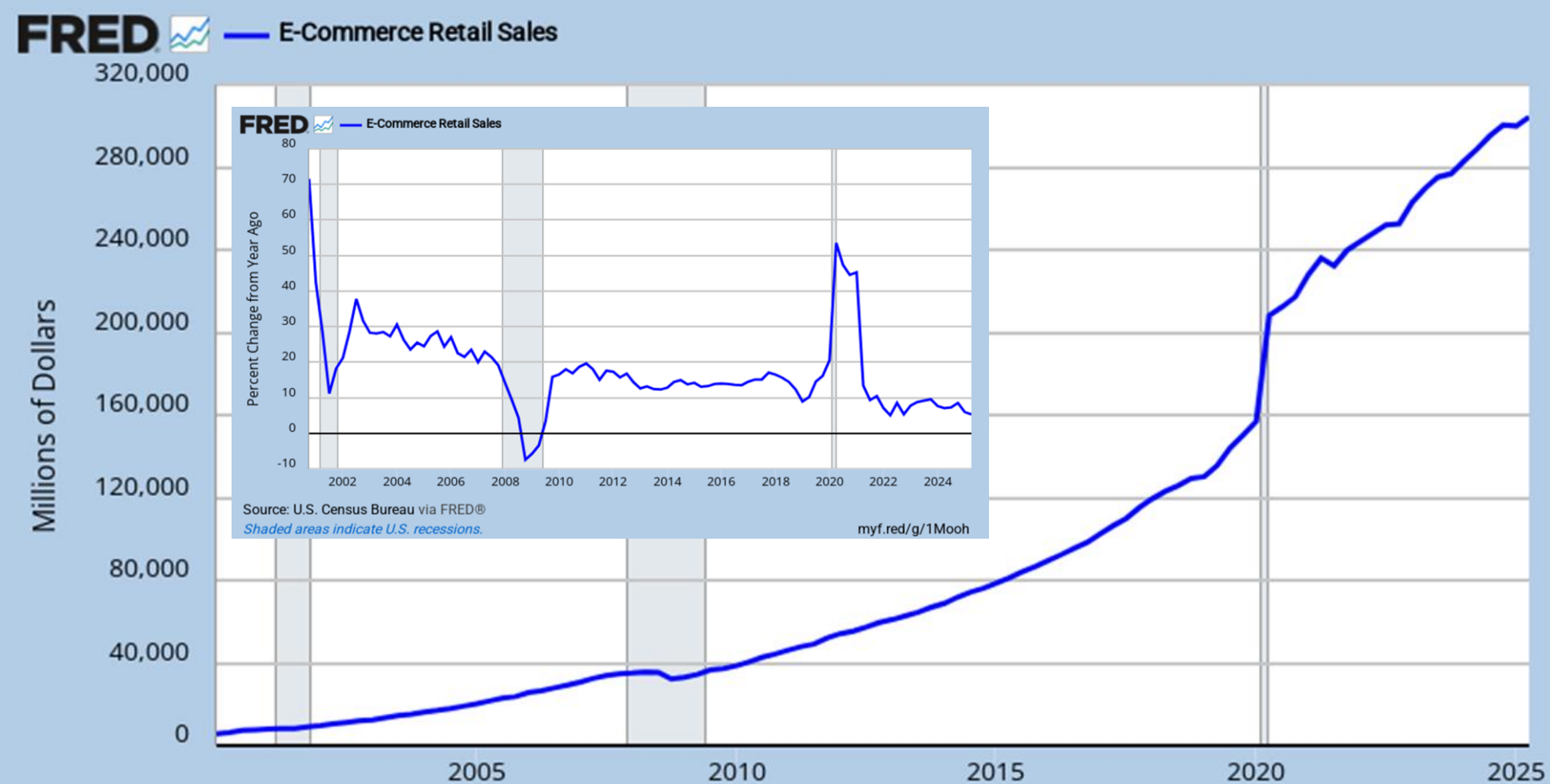
## YEAR-TO-DATE CONSTRUCTION STARTS

(Unadjusted Totals, in Billions of Dollars)

	Sep-25	Aug-25	% Change
Nonresidential Building	\$343	\$327	5.0
Residential Building	\$288	\$301	-4.2
Nonbuilding Construction	\$274	\$247	10.8
Total Construction	\$905	\$874	3.5

# Look at E-Commerce!

E-commerce sales grow at about 5%/year. Think warehouses!!!!



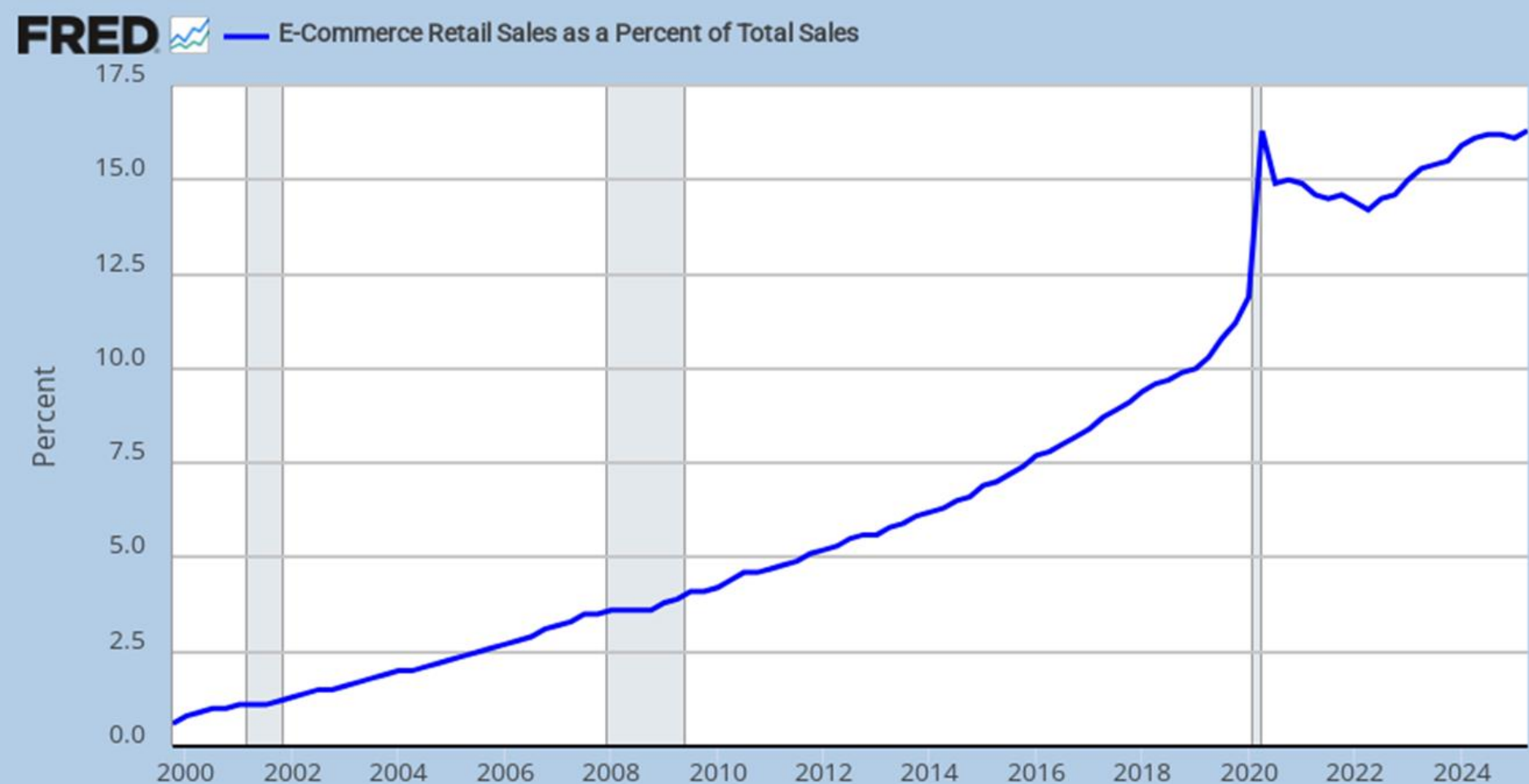
Source: U.S. Census Bureau via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1Moof

# E-Commerce is Getting Large

E-commerce sales are 16.3% of all sales



Source: U.S. Census Bureau via FRED®

*Shaded areas indicate U.S. recessions.*

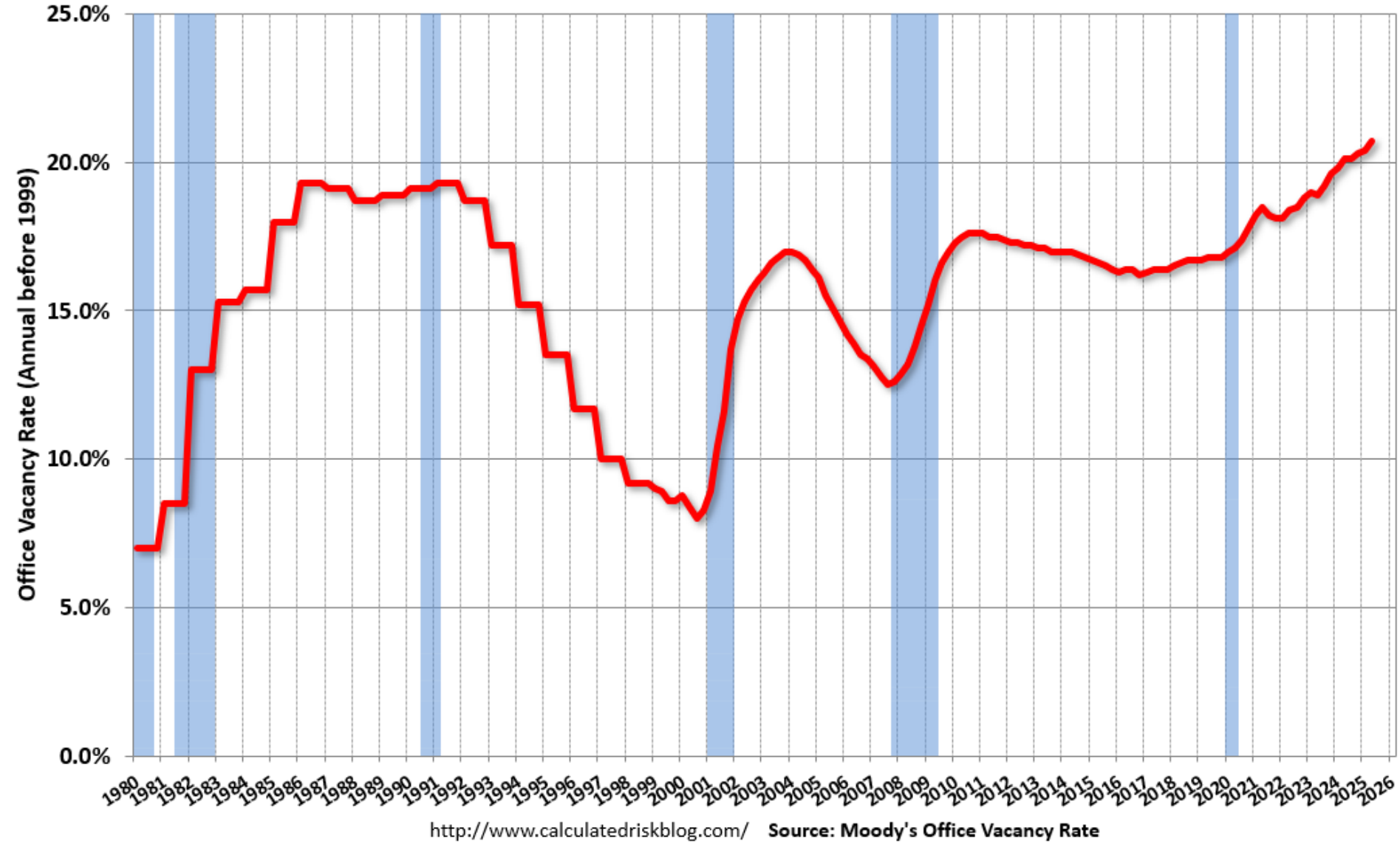
[myf.red/g/1Mooc](https://myf.red/g/1Mooc)



# Office Vacancy Rates

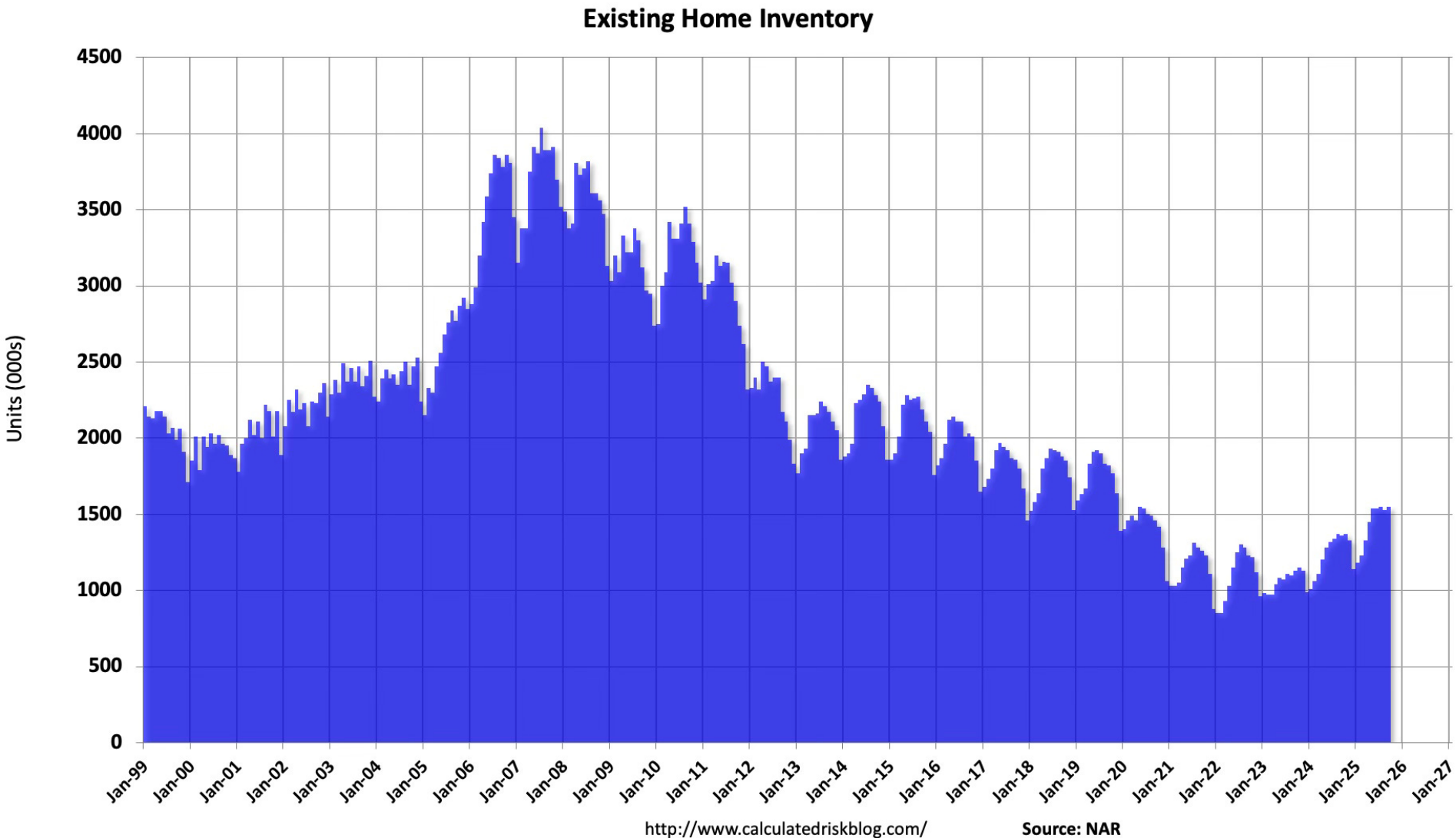
20.7% is a new high. Demand is strong for Class A space

Office Vacancy Rate



# Housing Inventory is Suddenly Not So Low

It's been rising for three years. Starting to approach pre-Covid levels

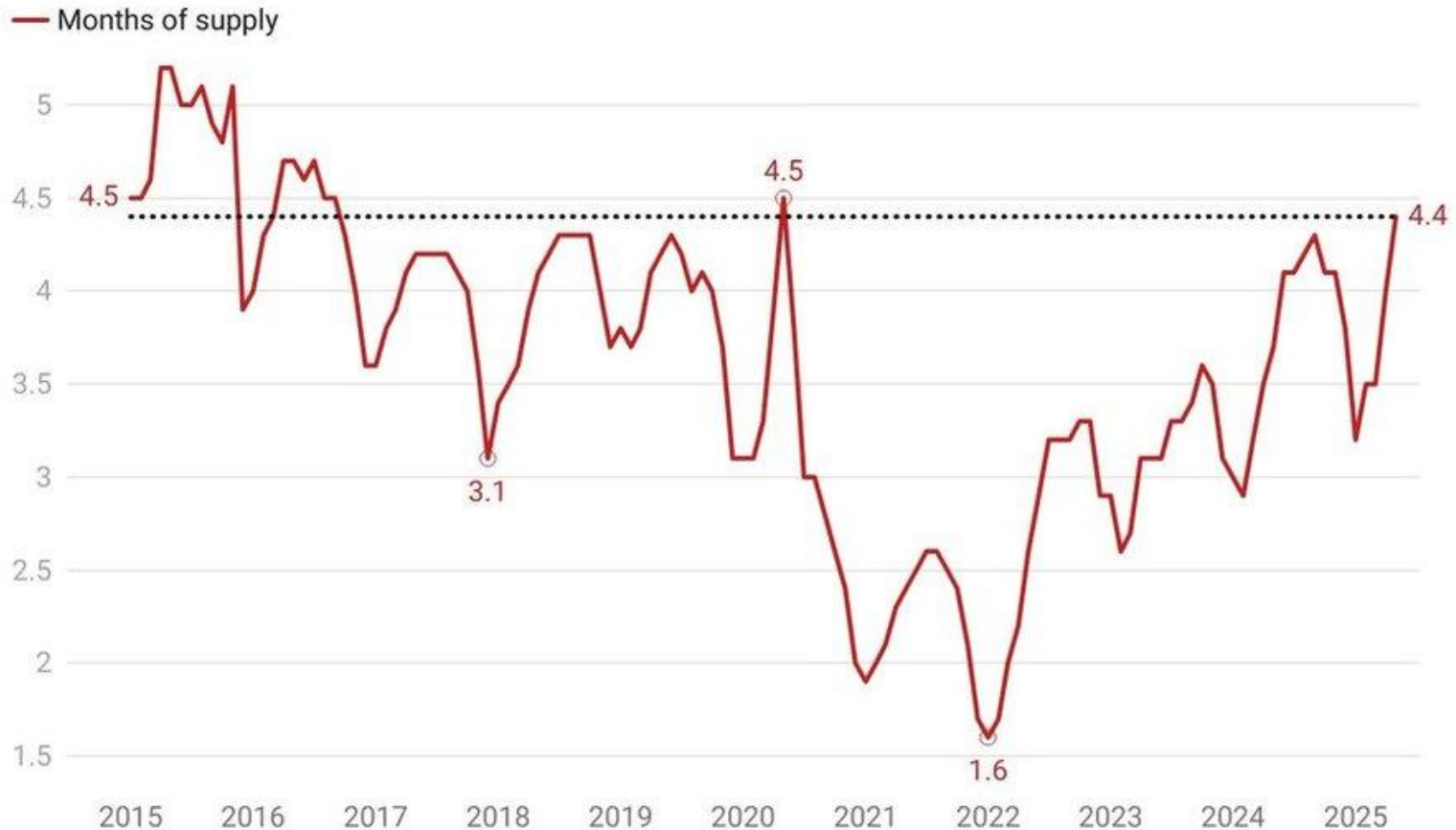


# Inventory is Finally Growing

Months supply of inventory is key

## Supply of Existing Homes Surges Nationwide

In April, the supply of previously owned homes for sale jumped to 1.45 million units, up 9% from March and 21% more than one year ago. It represented 4.4 months of supply at the current sales pace, the most since 2016, excepting a brief spike at the onset of the COVID-19 pandemic.



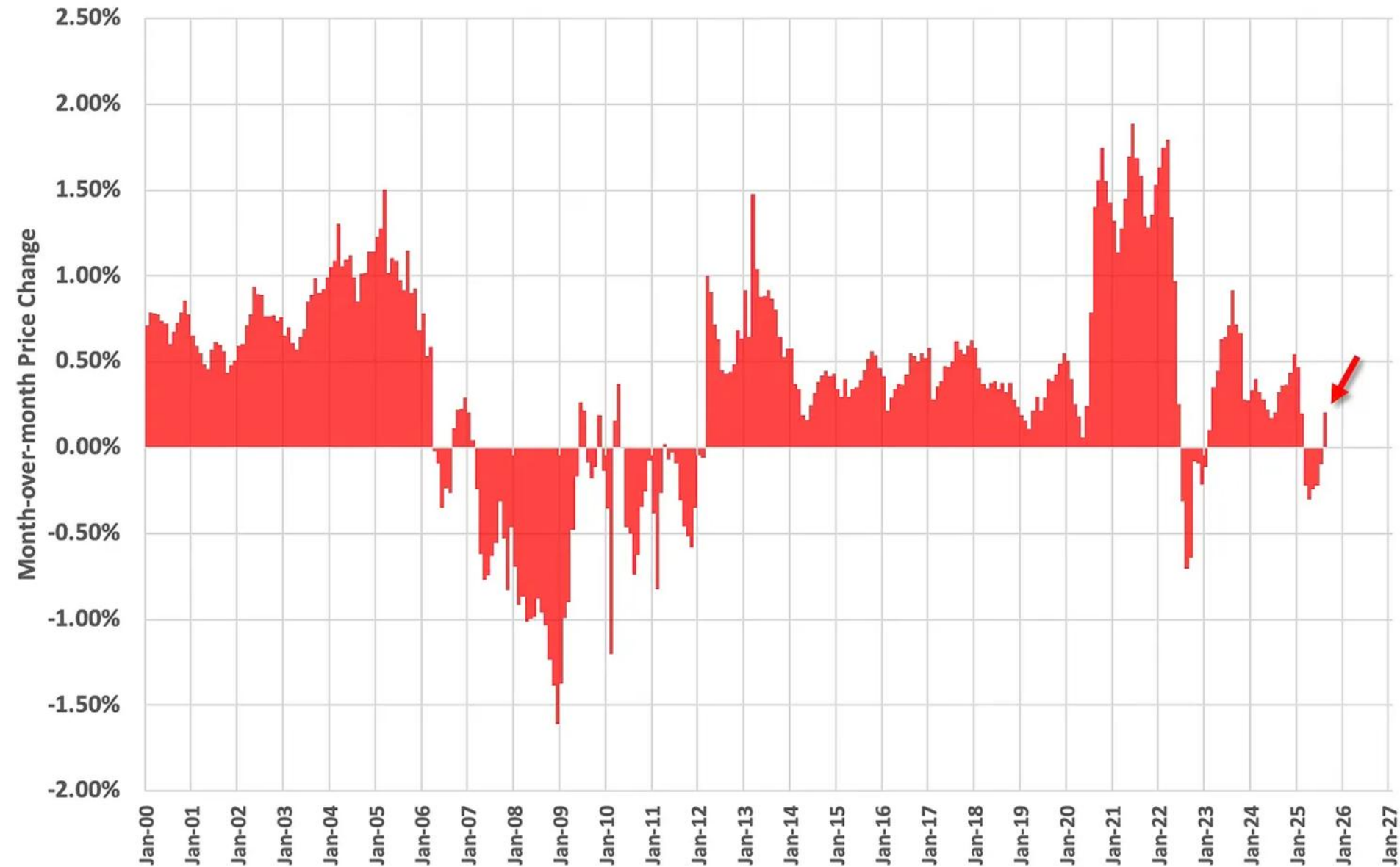
*Months supply of existing homes at current sales pace*

Chart: Realtor.com • Source: NAR • Created with Datawrapper

# Case-Shiller M-o-M Price Changes

House price appreciation has turned into depreciation

Case-Shiller National Index, Month-over-month, Seasonally Adjusted

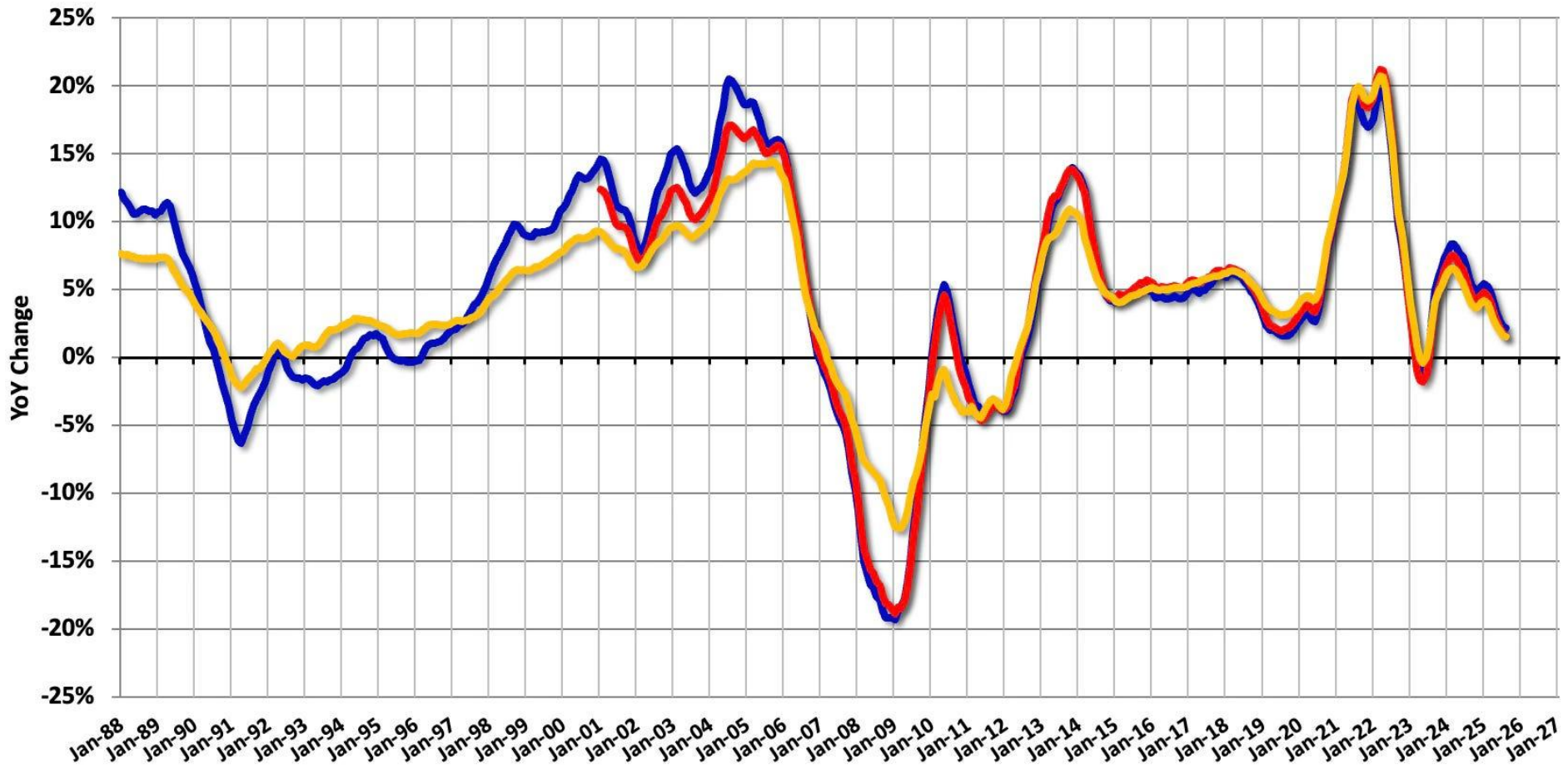


# Price Growth is Declining

Annual price appreciation is declining and barely positive

Case-Shiller National and Composite Indices SA, Year-over-year Change

Composite 10 Composite 20 National Index



<http://www.calculatedriskblog.com/>

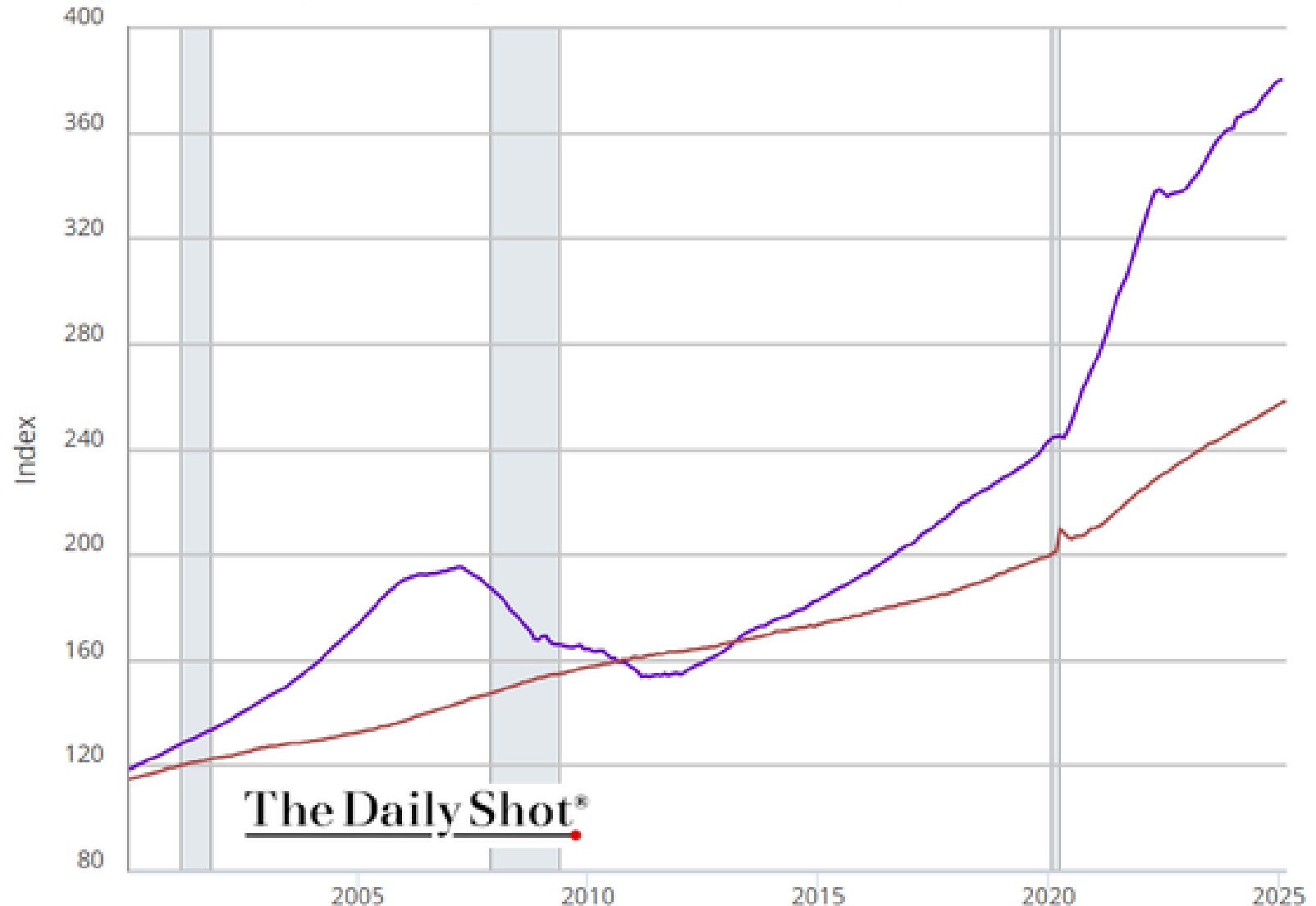
# House Prices Are Way Up

Inventory is primarily why

**FRED** 

— Purchase Only House Price Index for the United States, May 1996=100

— Average Hourly Earnings of Production and Nonsupervisory Employees, Total Private, May 1996=100

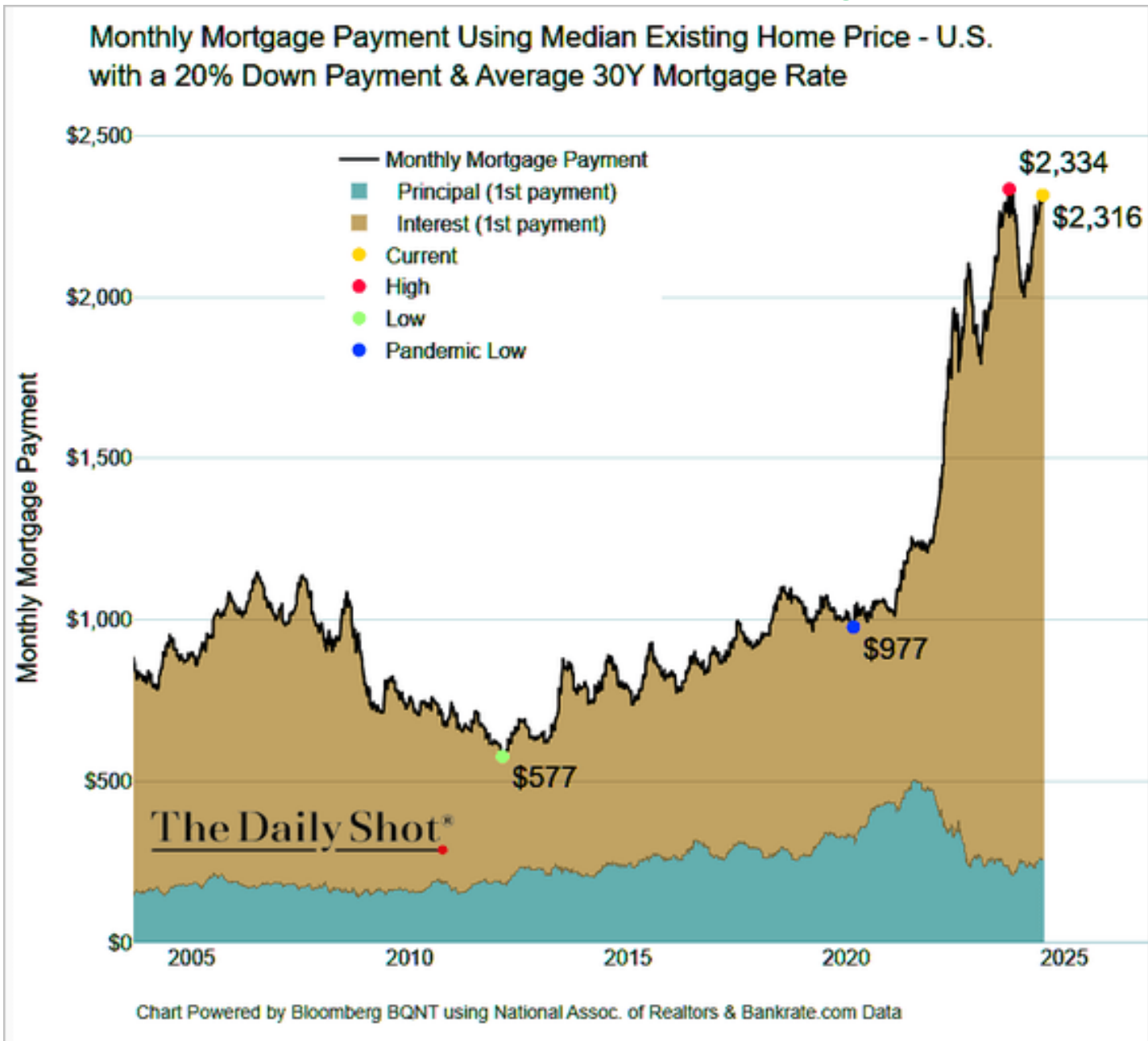


The Daily Shot<sup>®</sup>

Sources: U.S. Bureau of Labor Statistics; U.S. Federal Housing Finance Agency via FRED®

# Median Mortgage Payment

The rise has been breathtaking



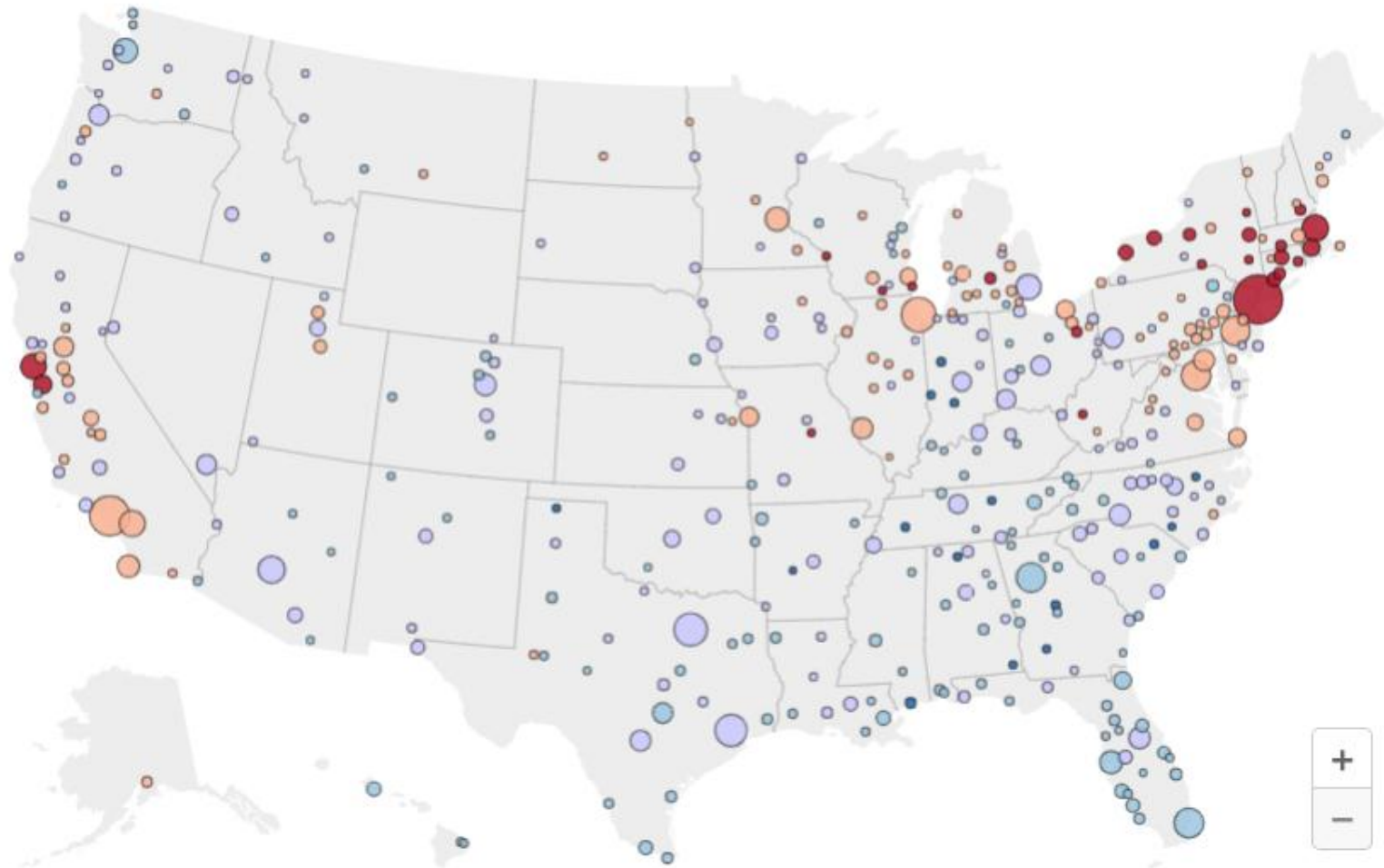
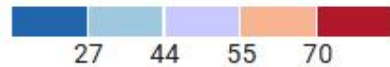


# Home Hotness Through 8/25

Massive role reversal between South and West vs. Northeast, Midwest, and West Coast

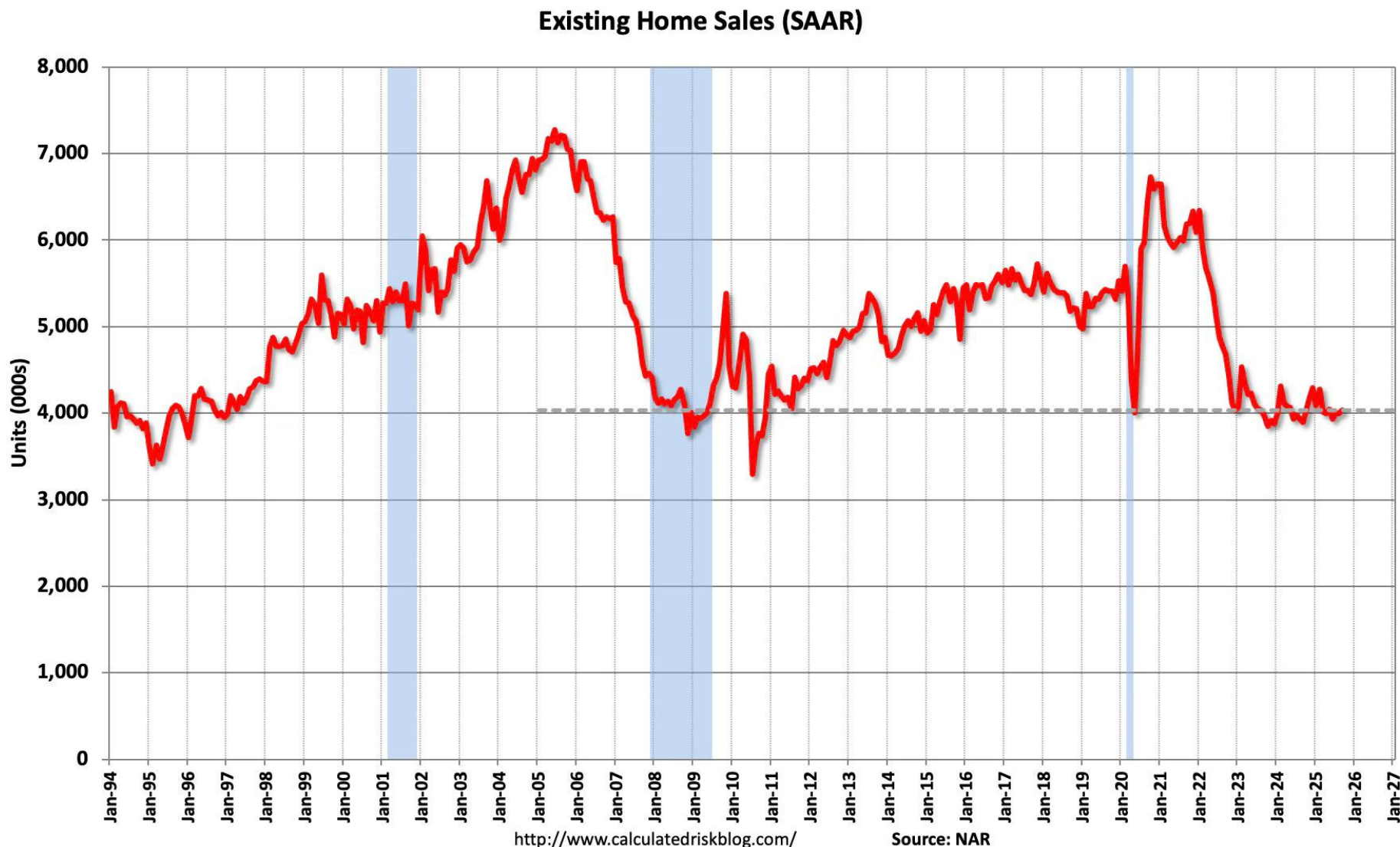
## Zillow's Market Heat Index: August 2025

A higher score indicates a hotter metro area housing market where sellers have more power. A lower score indicates a colder metro area housing market where buyers have more power.



# Existing Home Sales Are Soft

They rise in 2026 as rates fall, inventory rises, and prices keep softening



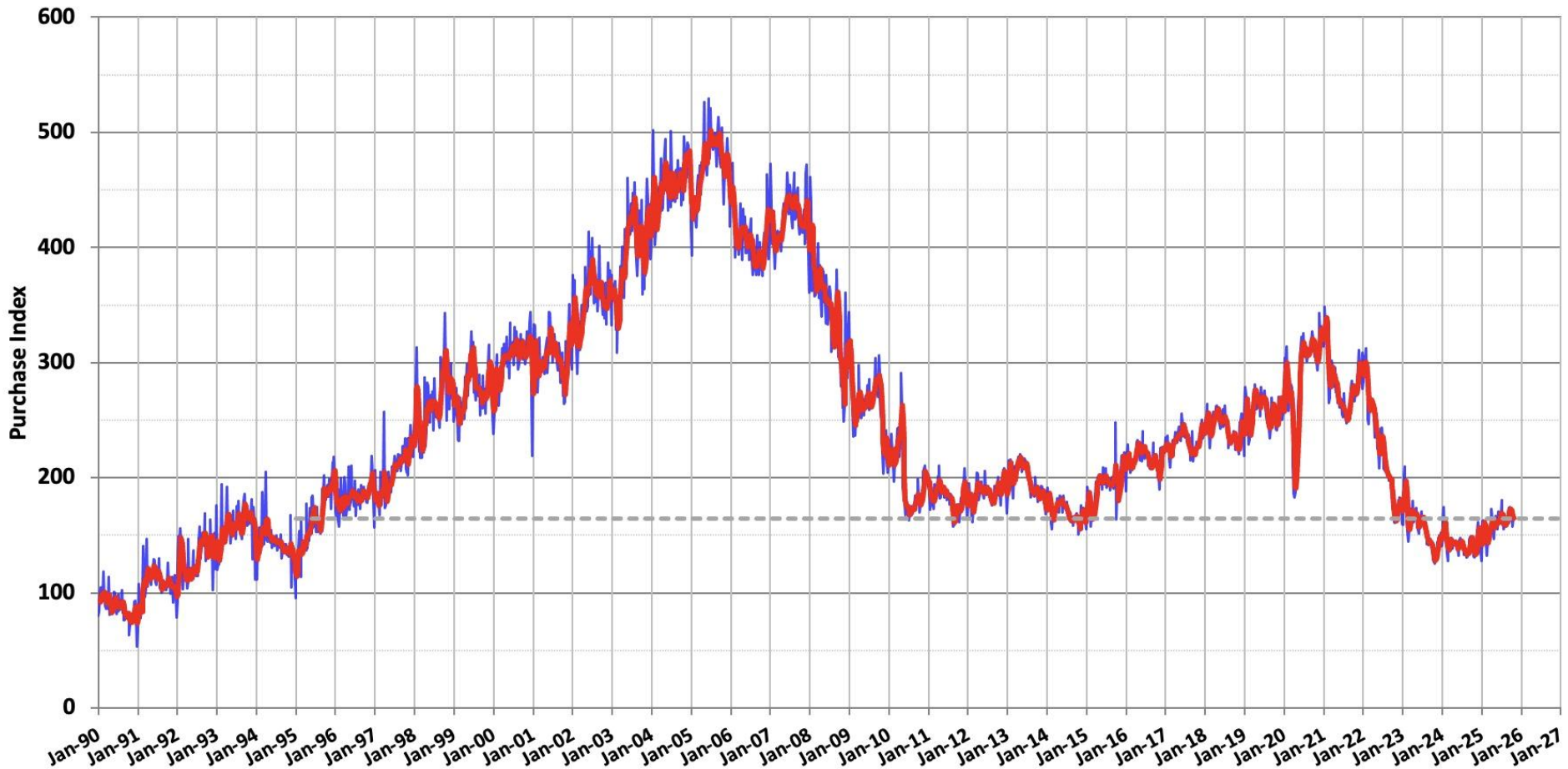
# Mortgage Purchase Applications Level

1<sup>st</sup> time applications are at levels last seen in the mid-1990s

Purchase volume was \$1.3 trillion in 2024 and probably hits \$1.4 trillion in '25

## MBA Purchase Applications Index

Purchase Index    4 Week Moving Average    Current



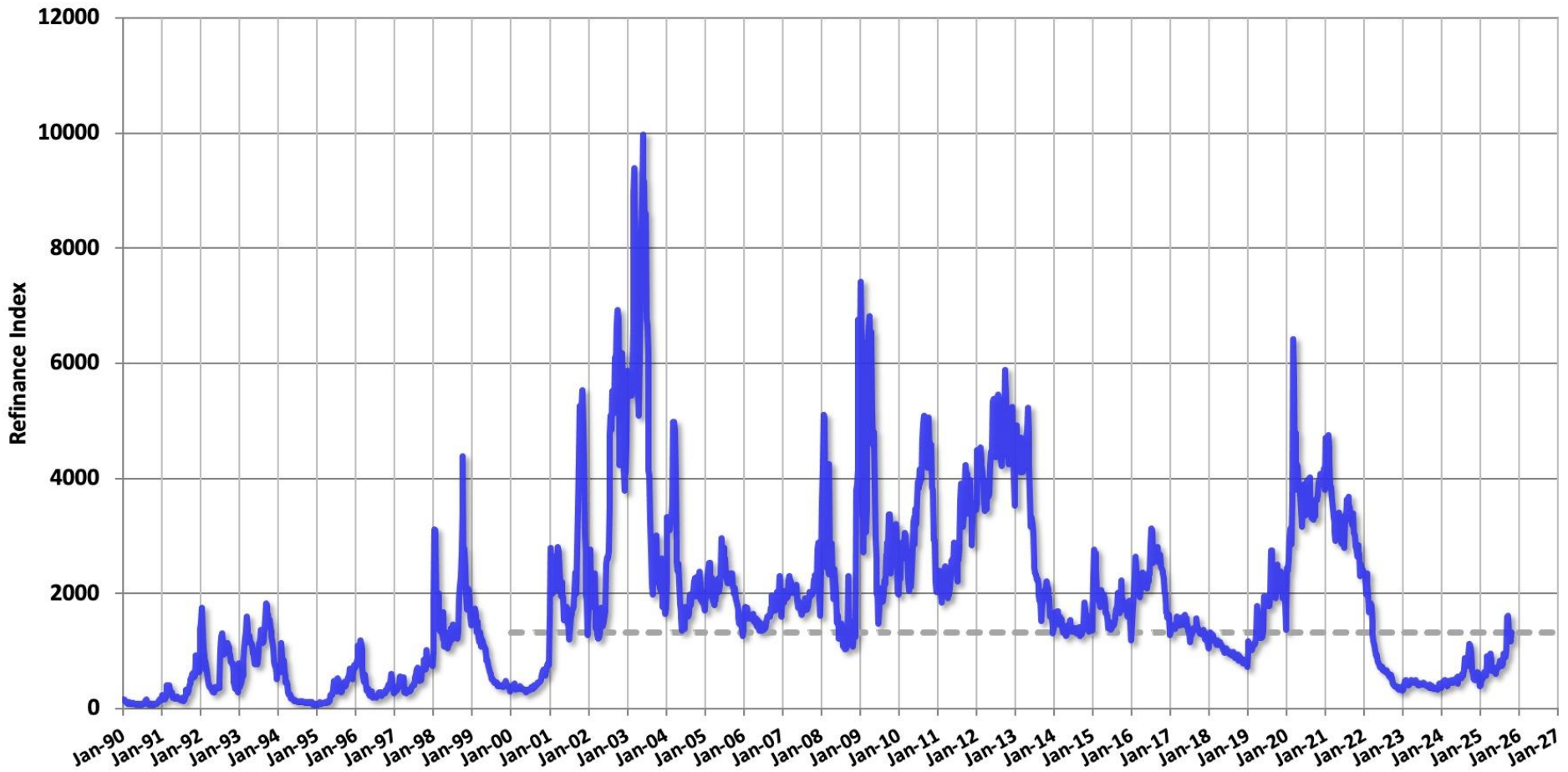
<http://www.calculatedriskblog.com/>

# Refinance Activity Sort of Reawakens

Refi was \$350 billion in '24, and maybe \$650 billion in 2025 and maybe \$700 in '26

MBA Refinance Applications Index

-- Current    — Refinance Index



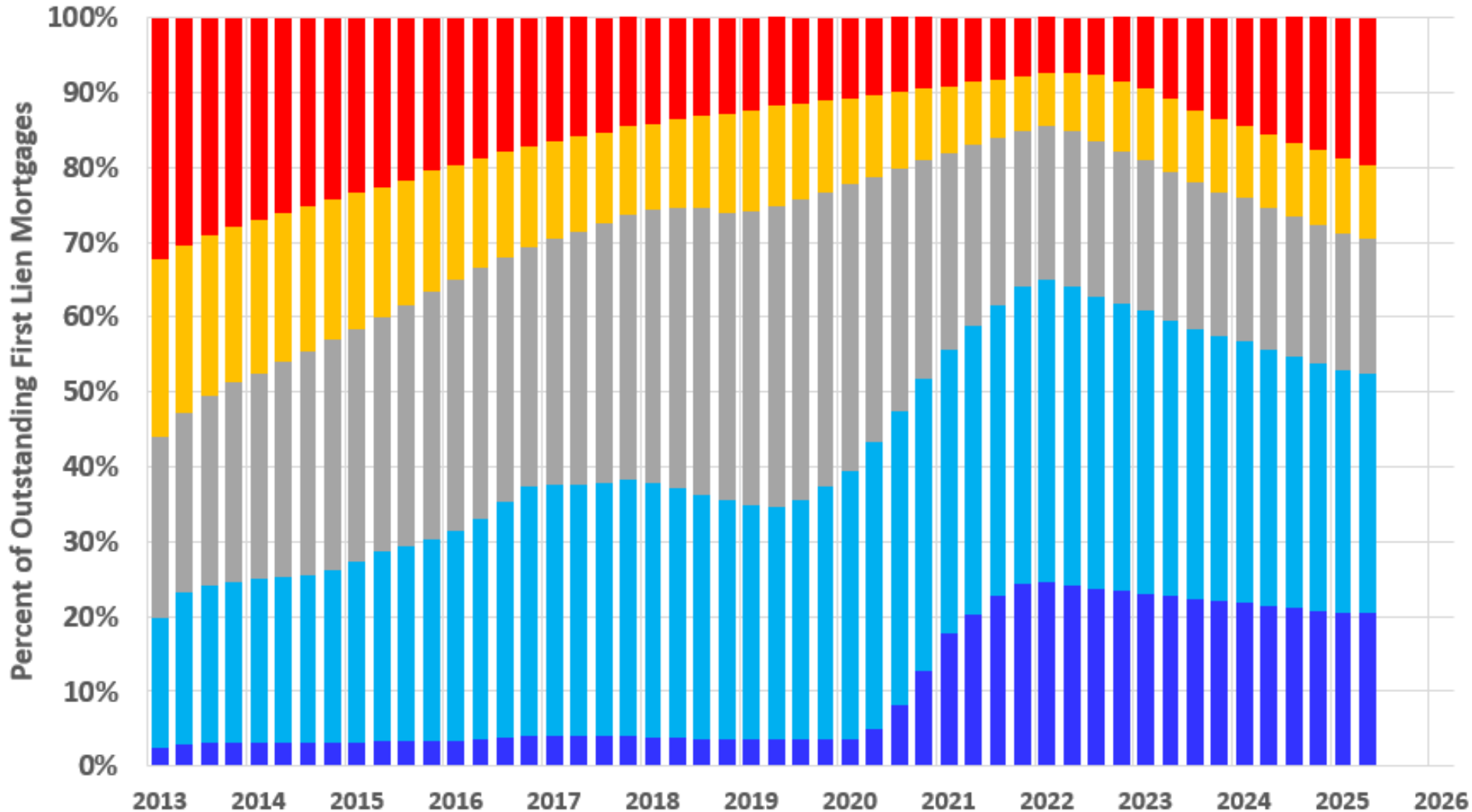
<http://www.calculatedriskblog.com/>

# Mortgage Rates by Interest Rate

Those with rate above 6% are rising

Percent of Closed-End, First-Lien Mortgages Outstanding by Interest Rate

■ <3% ■ 3% to <4% ■ 4% to 5% ■ 5% to 6% ■ >6%



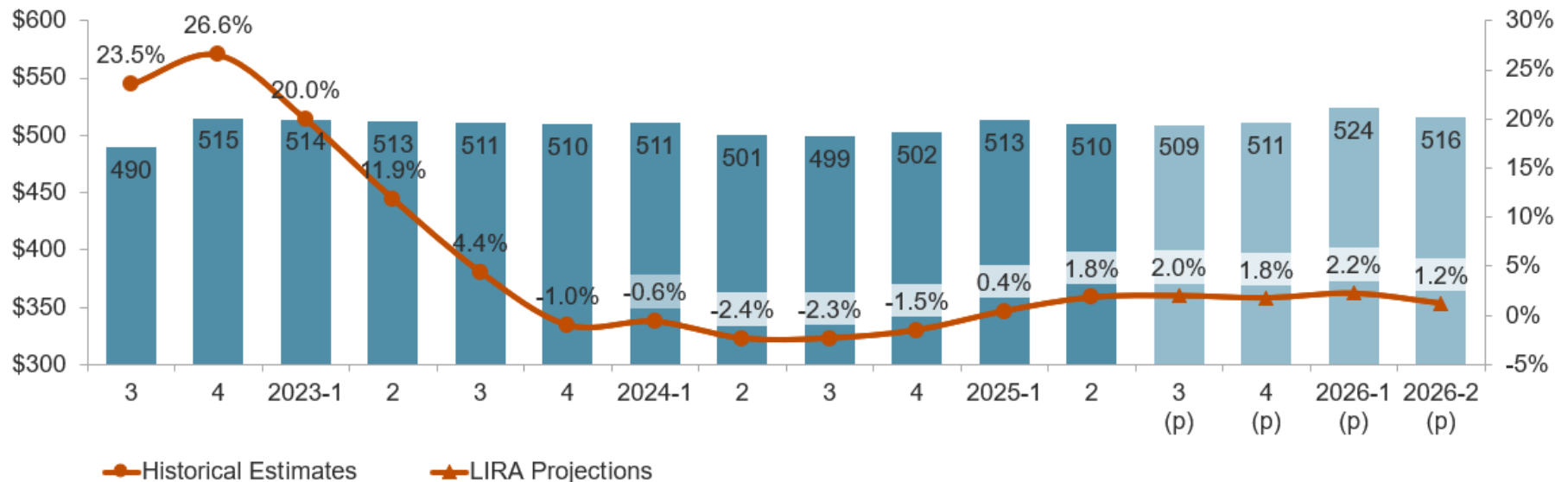


# Housing Improvements & Repairs

Slower price appreciation, lower rates and rising inventories should boost sales

## Leading Indicator of Remodeling Activity – Second Quarter 2025

Homeowner Improvements & Repairs  
Four-Quarter Moving Totals  
Billions



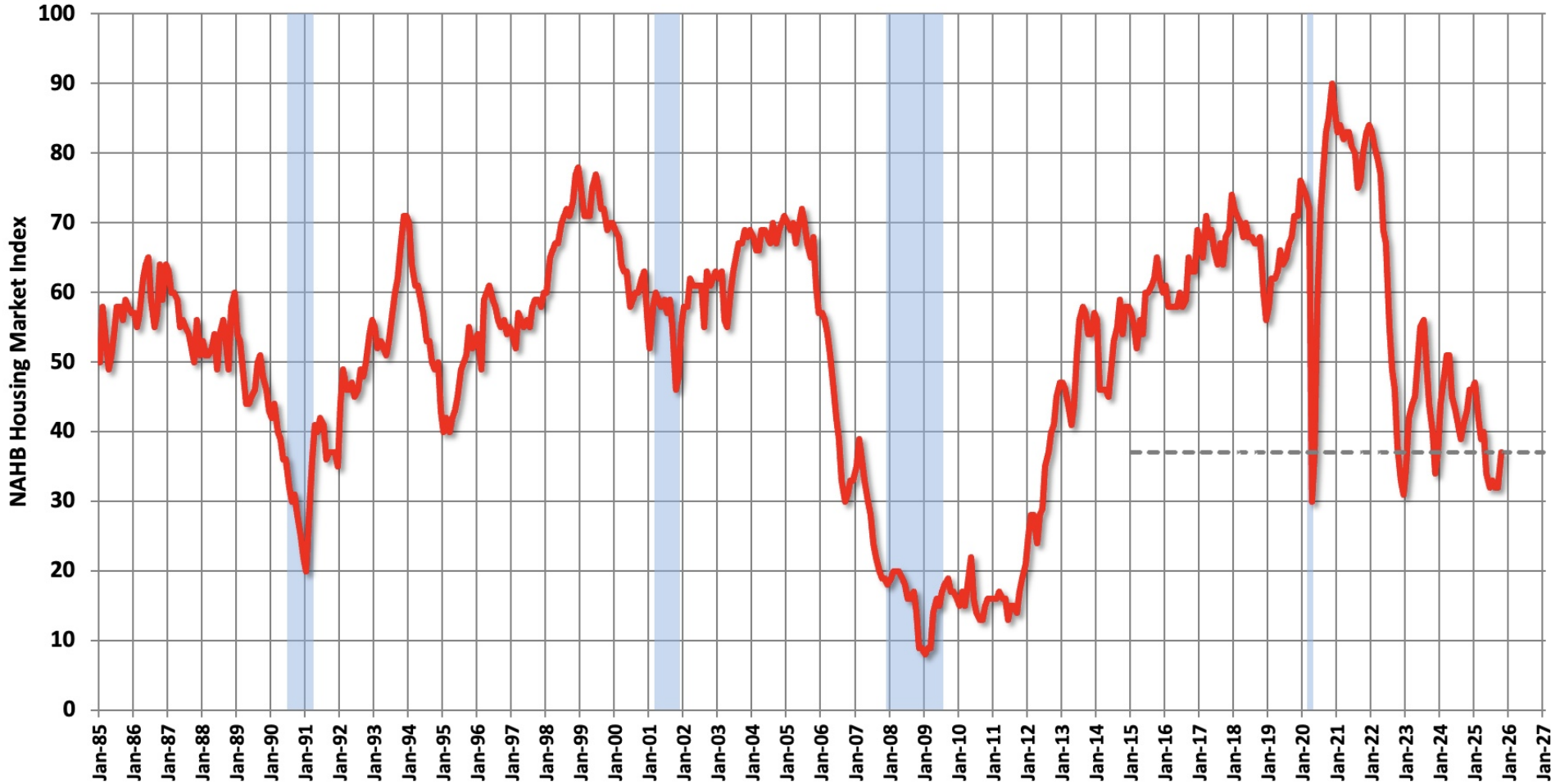
Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2023 are produced using the LIRA model until American Housing Survey benchmark data become available.

# Home Builder Sentiment

High rates and new and existing inventories hurt, Negative for over a year

NAHB Housing Market Index

Recession HMI Current

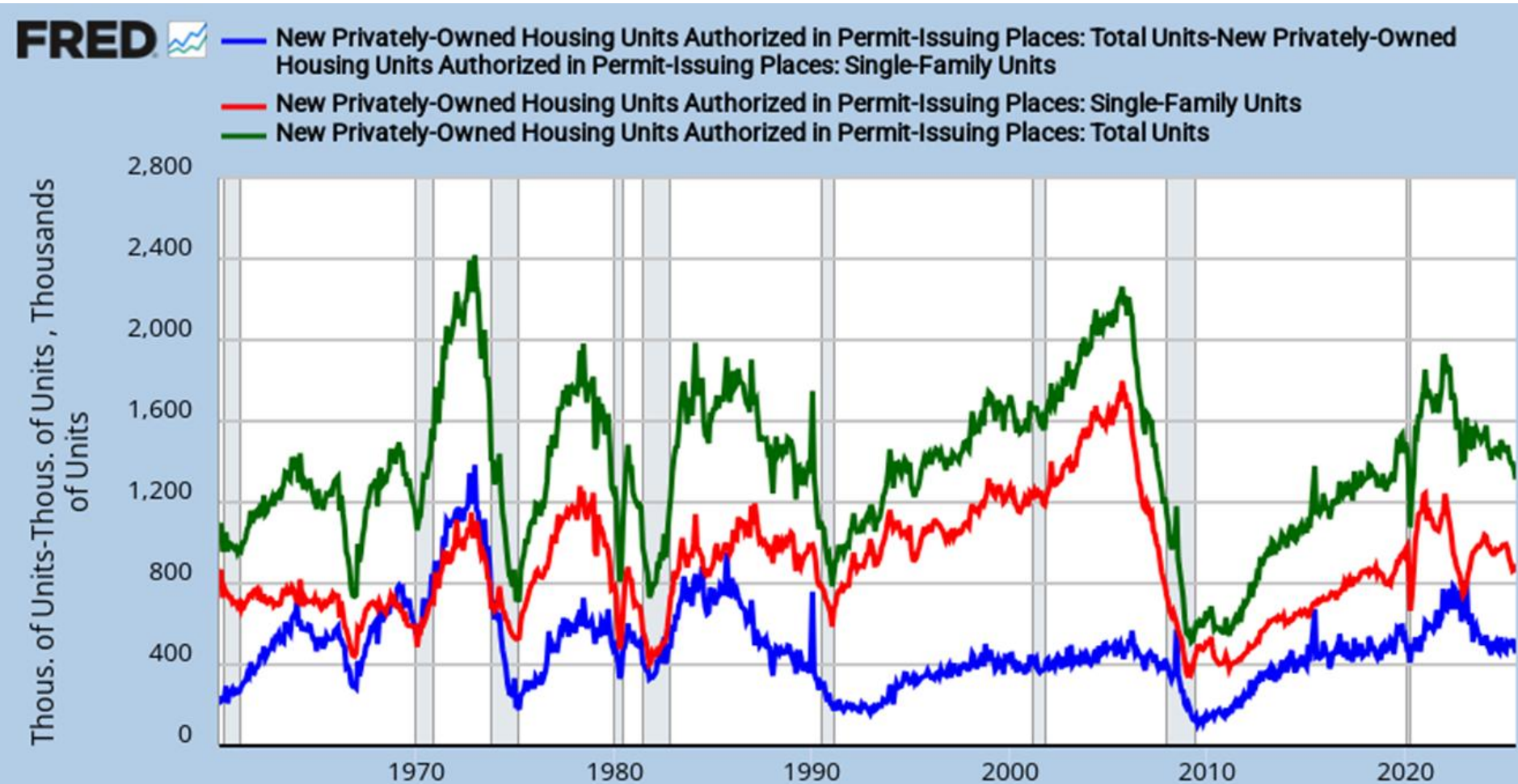


<http://www.calculatedriskblog.com/>



# Residential Housing Permits

Single-family is weakening, multifamily is sinking



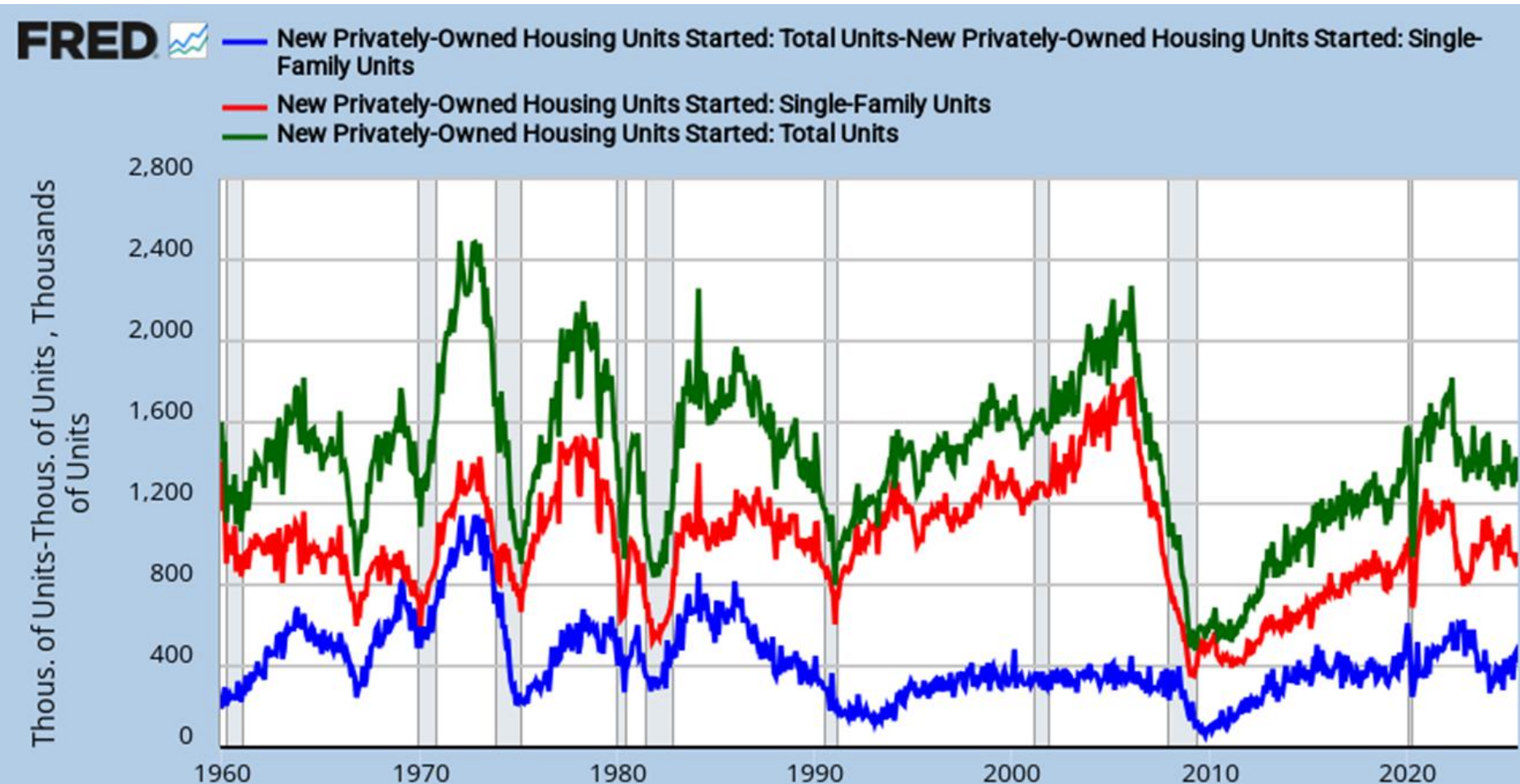
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1Molc](https://myf.red/g/1Molc)

# Single-Family and Multifamily Starts

SF starts struggle, MF starts are improving



Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development via FRED®

*Shaded areas indicate U.S. recessions.*

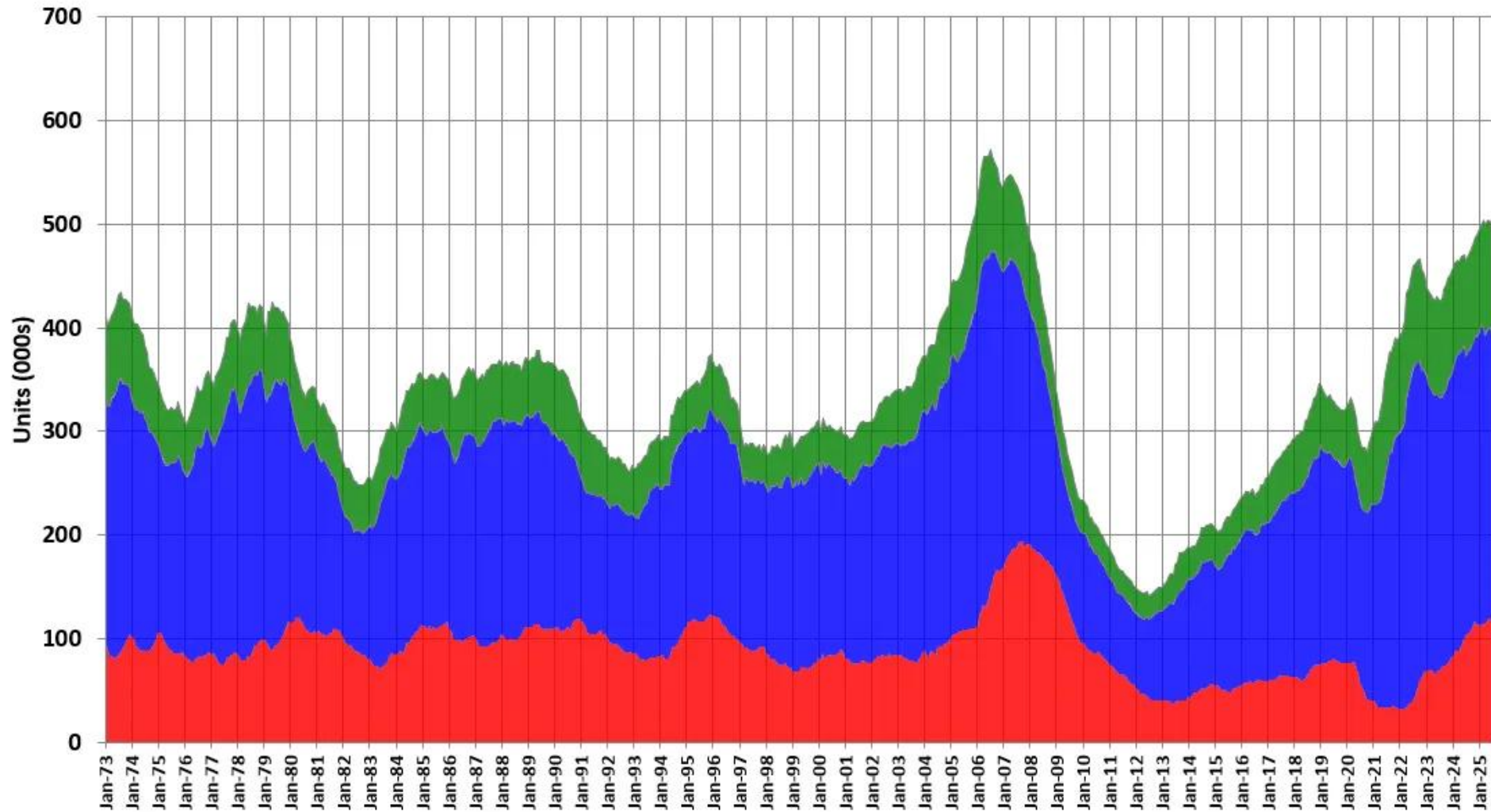
[myf.red/g/1MohL](https://myf.red/g/1MohL)

# New Home Inventory

It is high and rising dangerously rapidly

## New Home Inventory

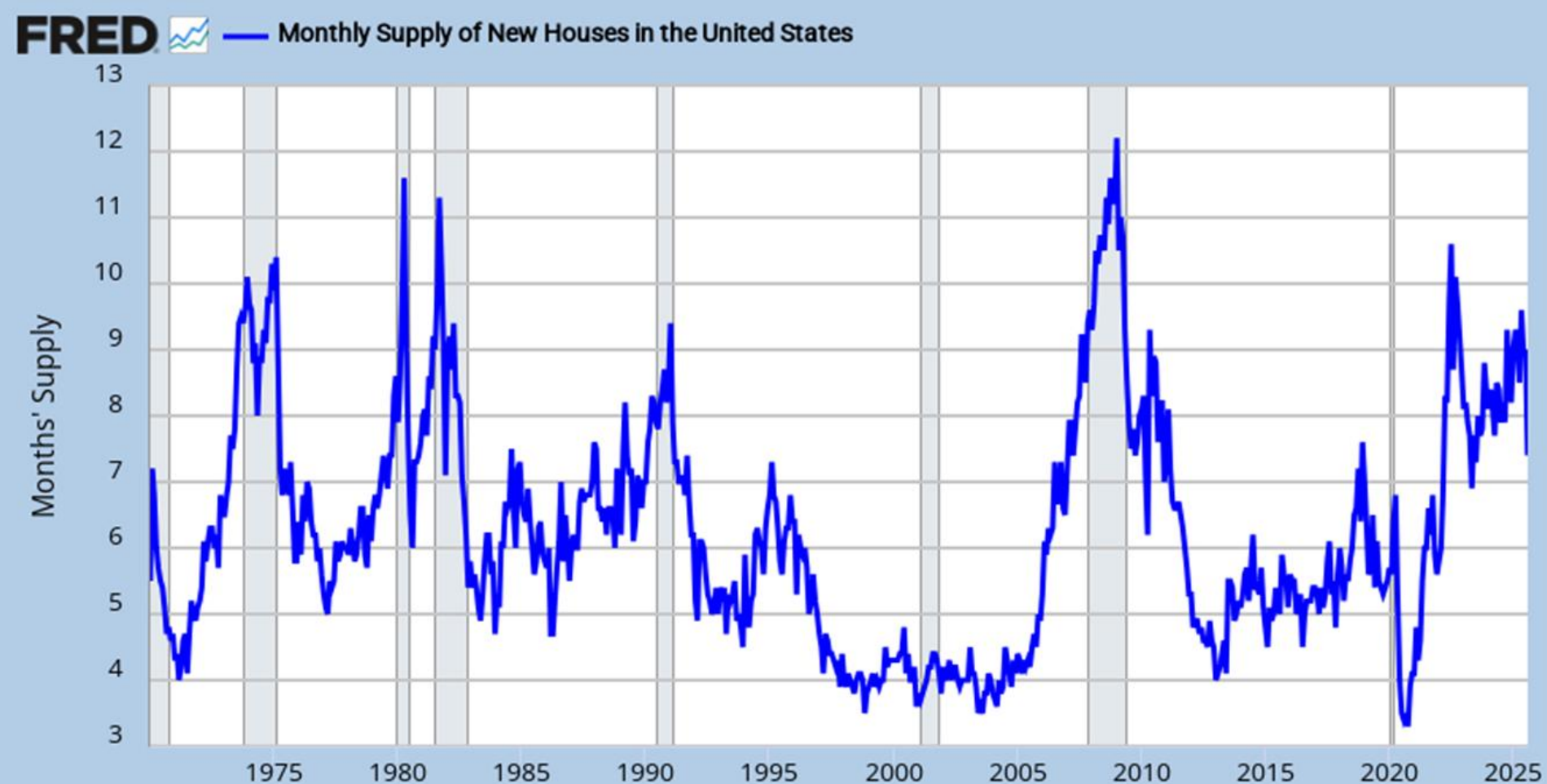
Completed Under Construction Not Started





# Inventory of New Homes

Six months supply is healthy. It's now 7.4! Builders are pulling back



Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development via FRED®

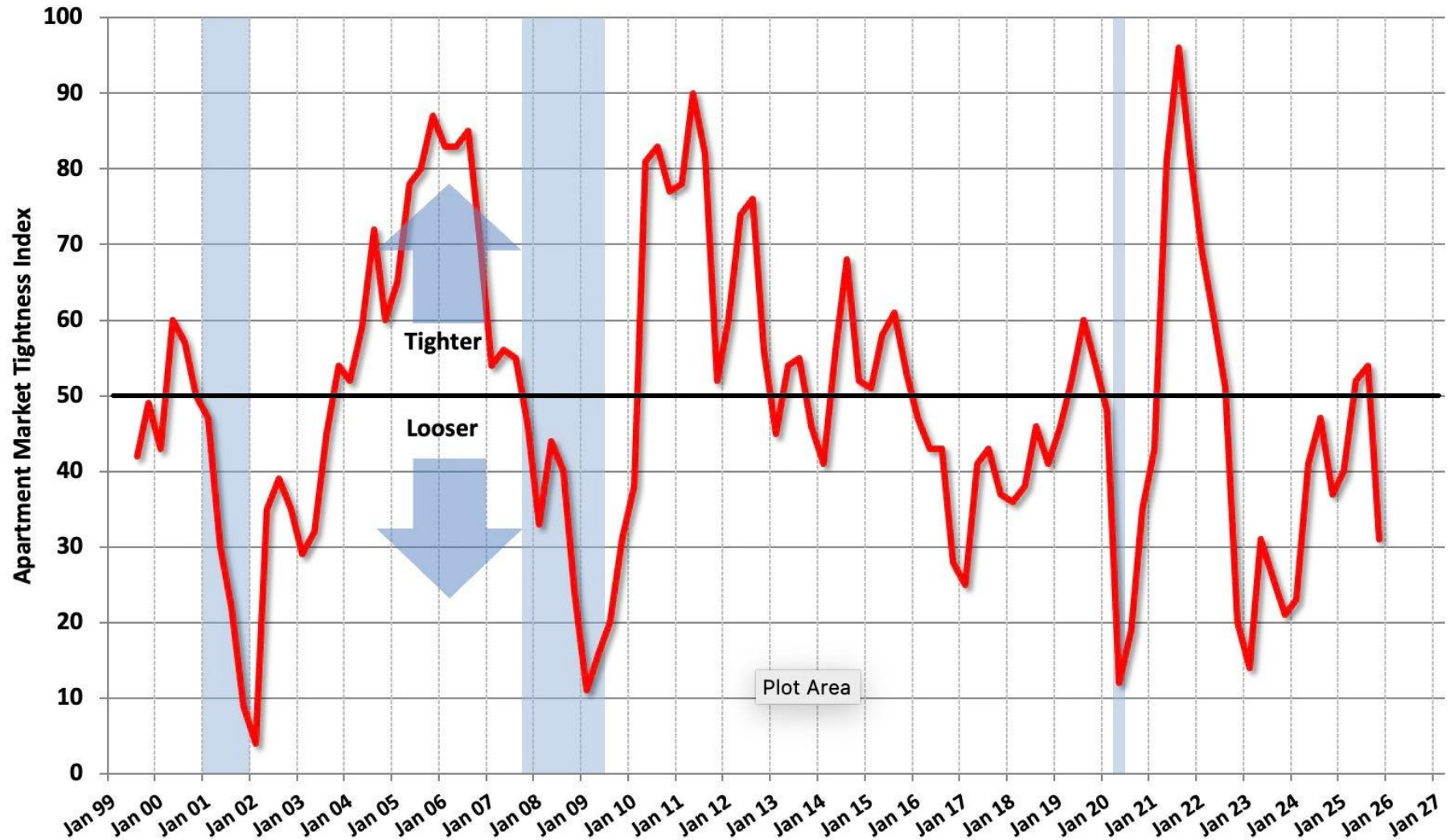
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MzA6](https://myf.red/g/1MzA6)

# Apartment Rental Situation

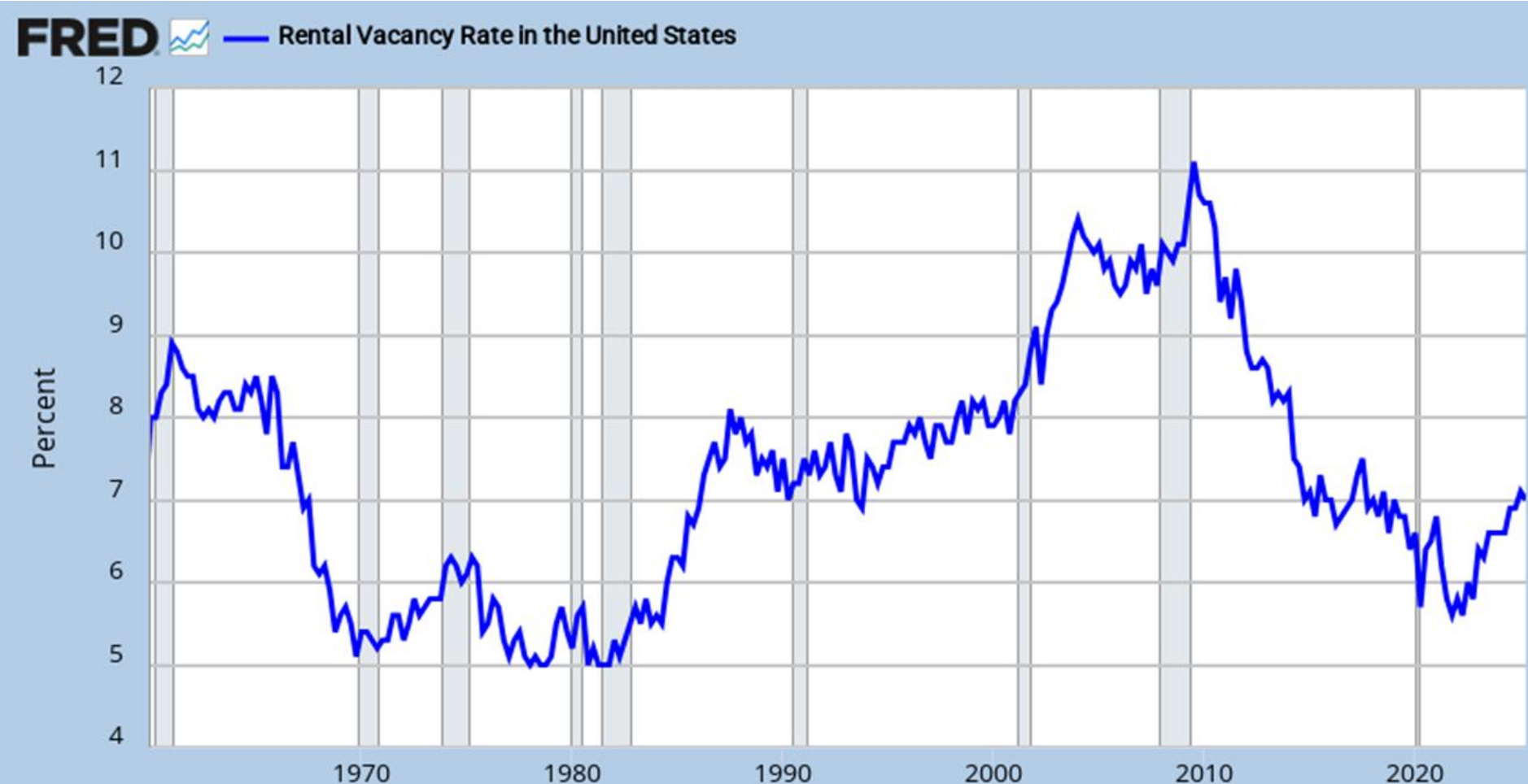
The MF situation may improve. High rates, lower rents, huge completions, rising vacancies

NMHC Quarterly Survey of Apartment Market Tightness



# Apartment Vacancy Rates

Rental vacancy rate is up from 40-year lows. Has it peaked?



Source: U.S. Census Bureau via FRED®

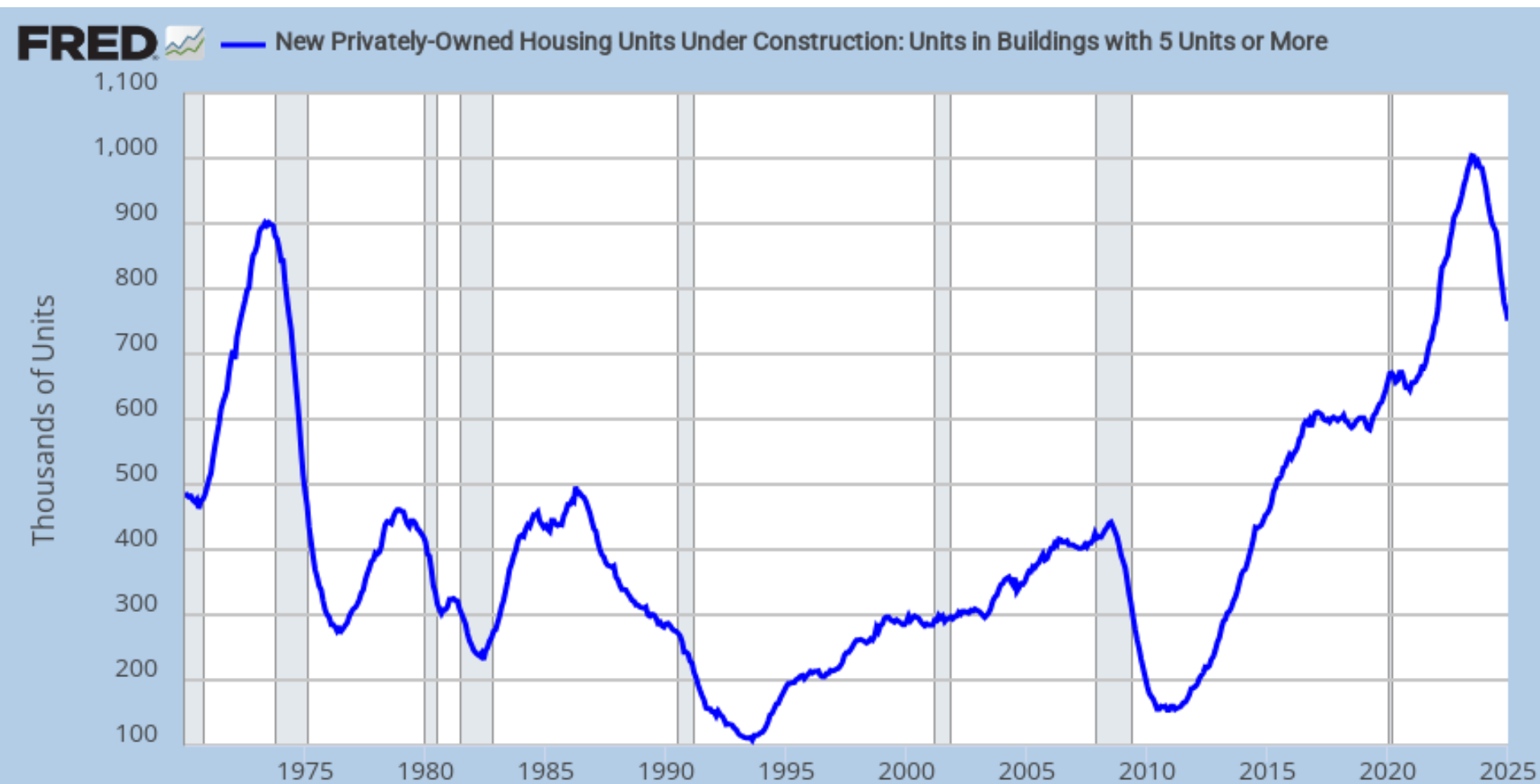
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MzBW](https://myf.red/g/1MzBW)



# Number of Multifamily Units Under Construction

The number of units being built is very high due to supply-chain problems and so on



Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development via FRED®

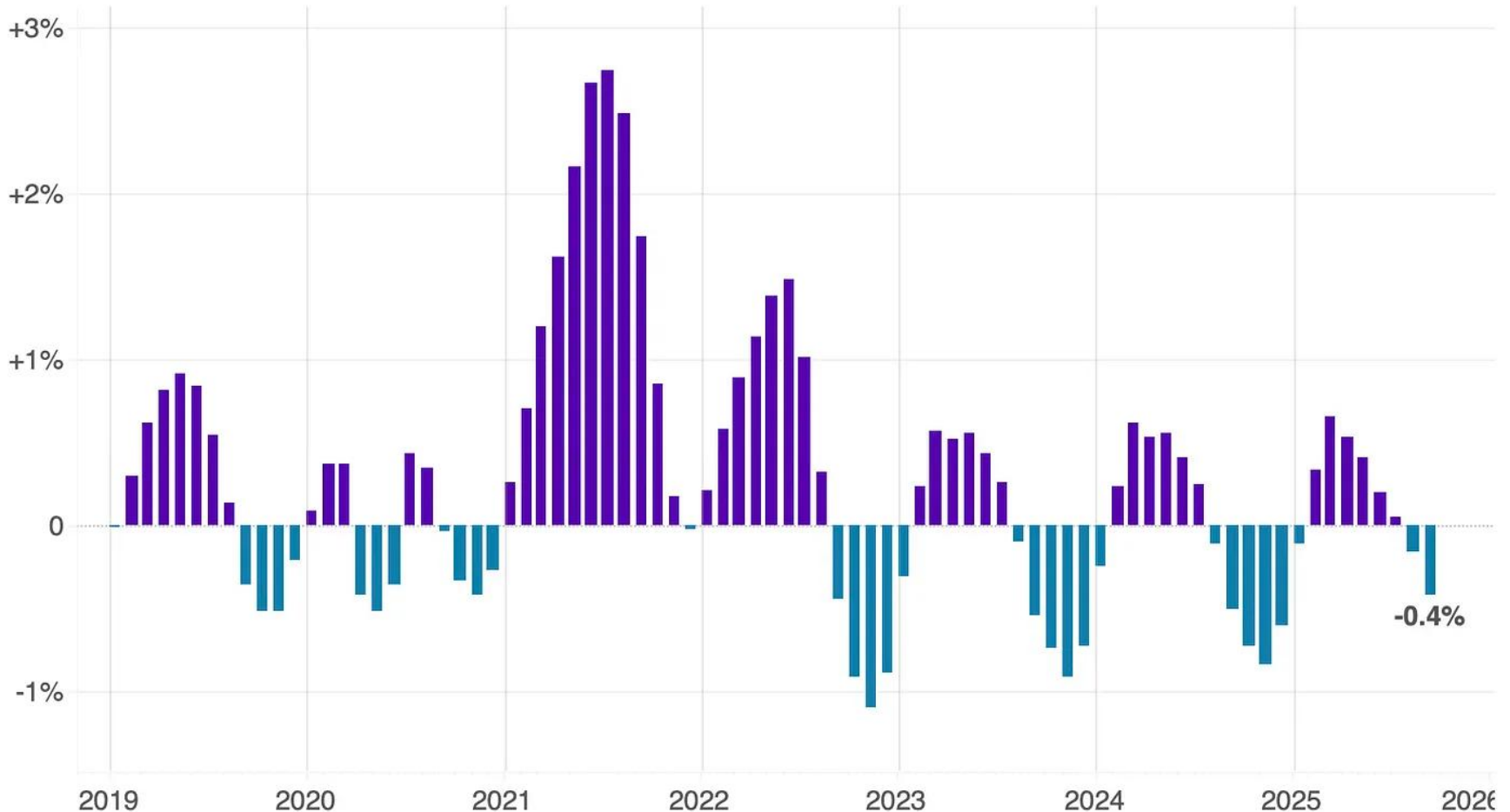
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1DPEJ](https://myf.red/g/1DPEJ)

# Apartment Rents are Softening

Rents are now down 0.8% Y-o-Y

## Month-Over-Month Rent Growth: United States



Location:

National - United States

Source: Apartment List Rent Estimates

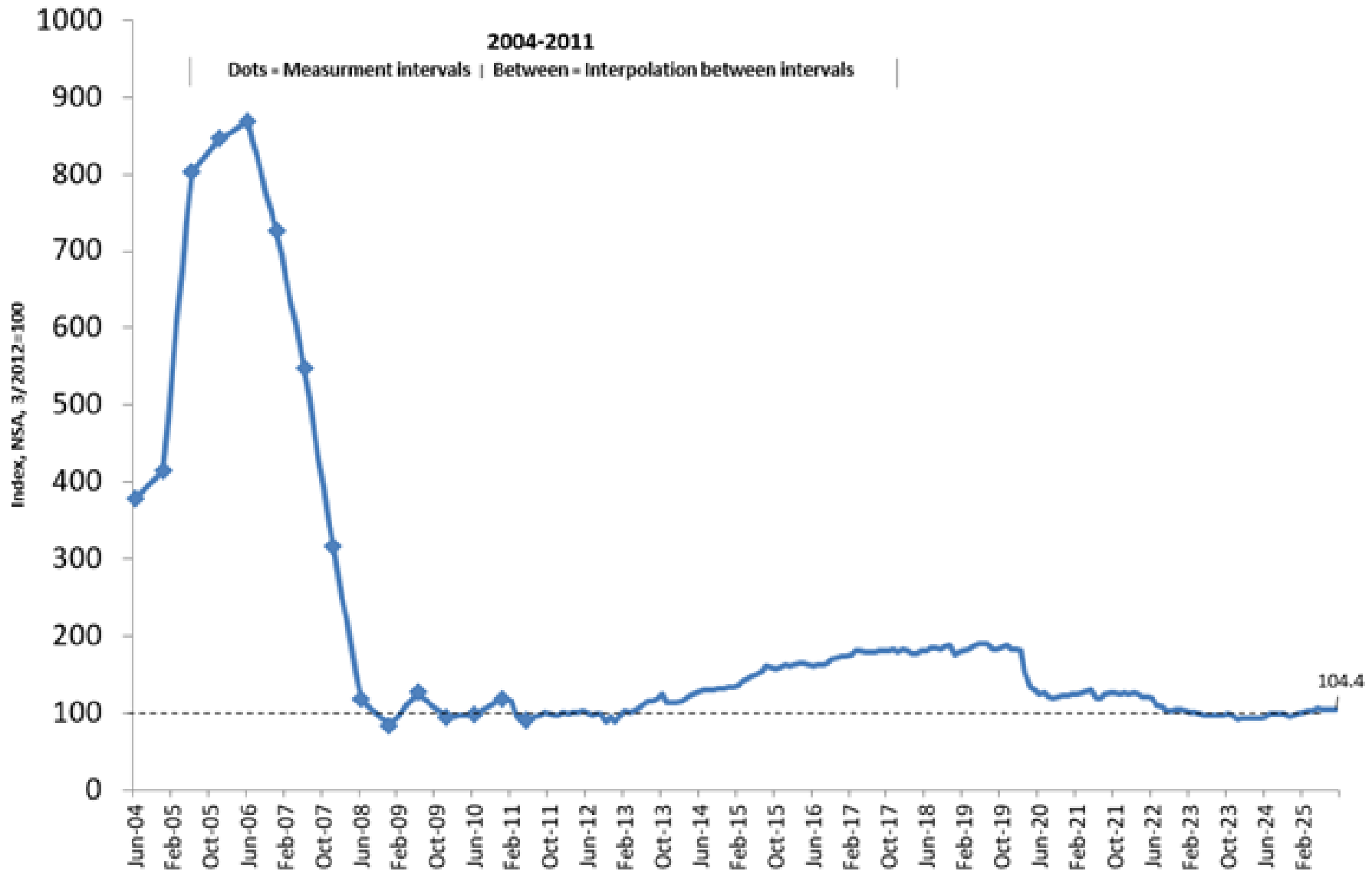
Data: <https://www.apartmentlist.com/research/category/data-rent-estimates>

# Credit is Generally Hard to Get

It was getting easier, but Covid stopped that!

**Mortgage Credit Availability Index (NSA, 3/2012 = 100)**

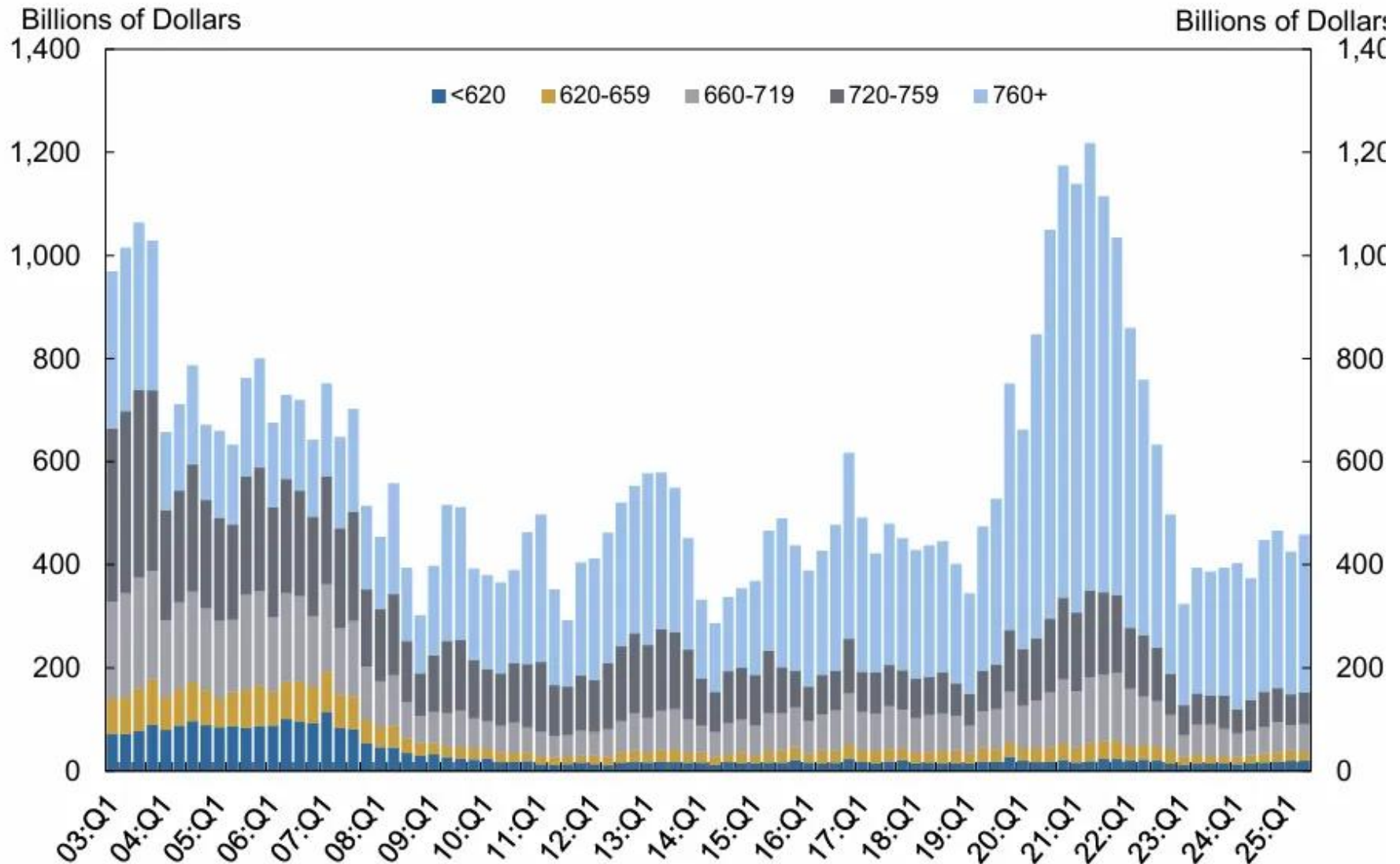
Expanded Historical Series



# Mortgage Quality

It has meaningfully improved and remains high

## Mortgage Originations by Credit Score\*



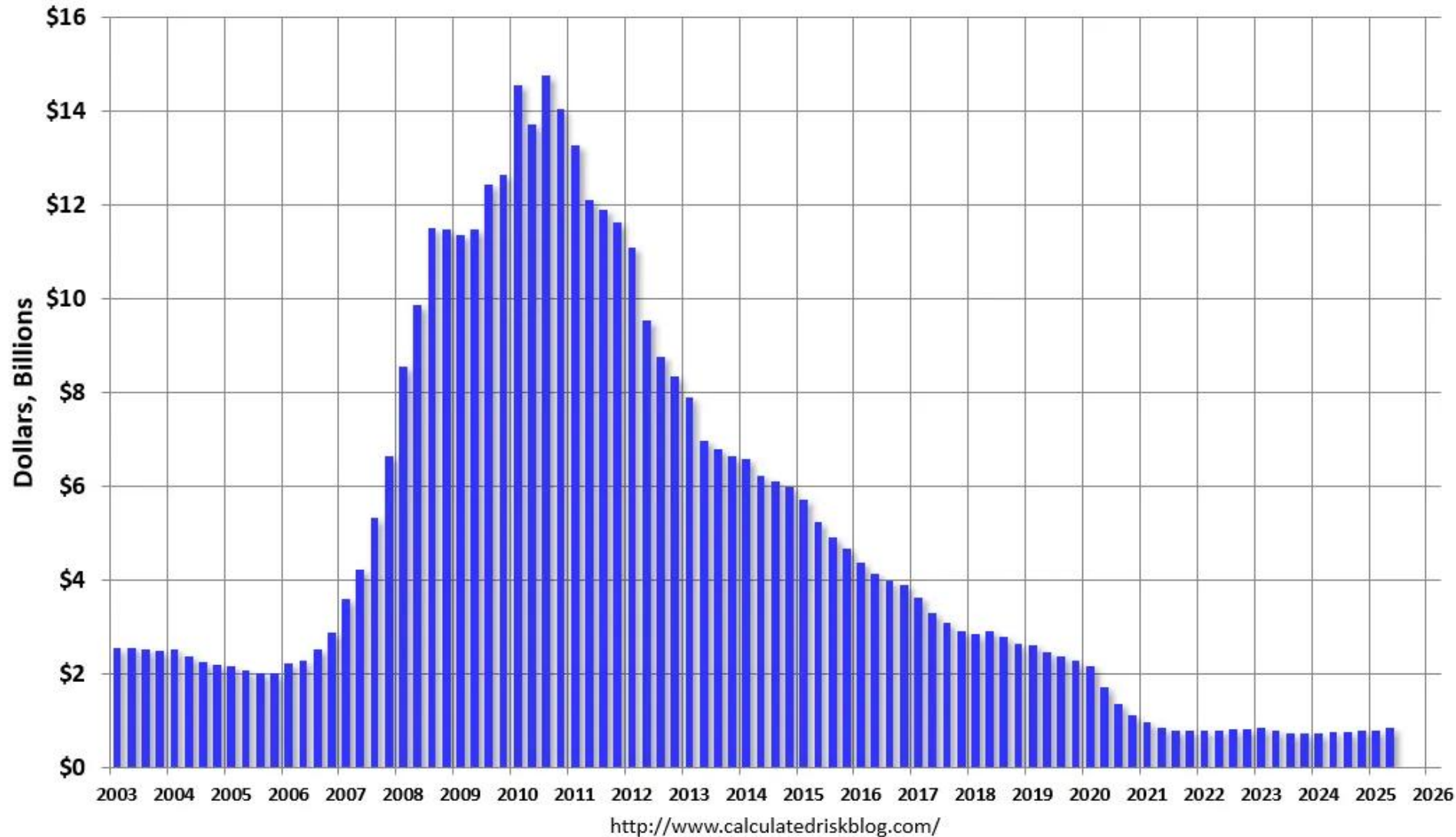
Source: New York Fed Consumer Credit Panel/Equifax

\* Credit Score is Equifax Riskscore 3.0

# REO Inventory Held By Banks

It is very low. Rapid price appreciation is largely why

Real Estate Owned: 1-4 Family Residential, FDIC Insured Institutions



# Construction Costs are Way Up

The increases since Covid-19 are astounding. Now add tariffs

Producer Price Index, August 2025

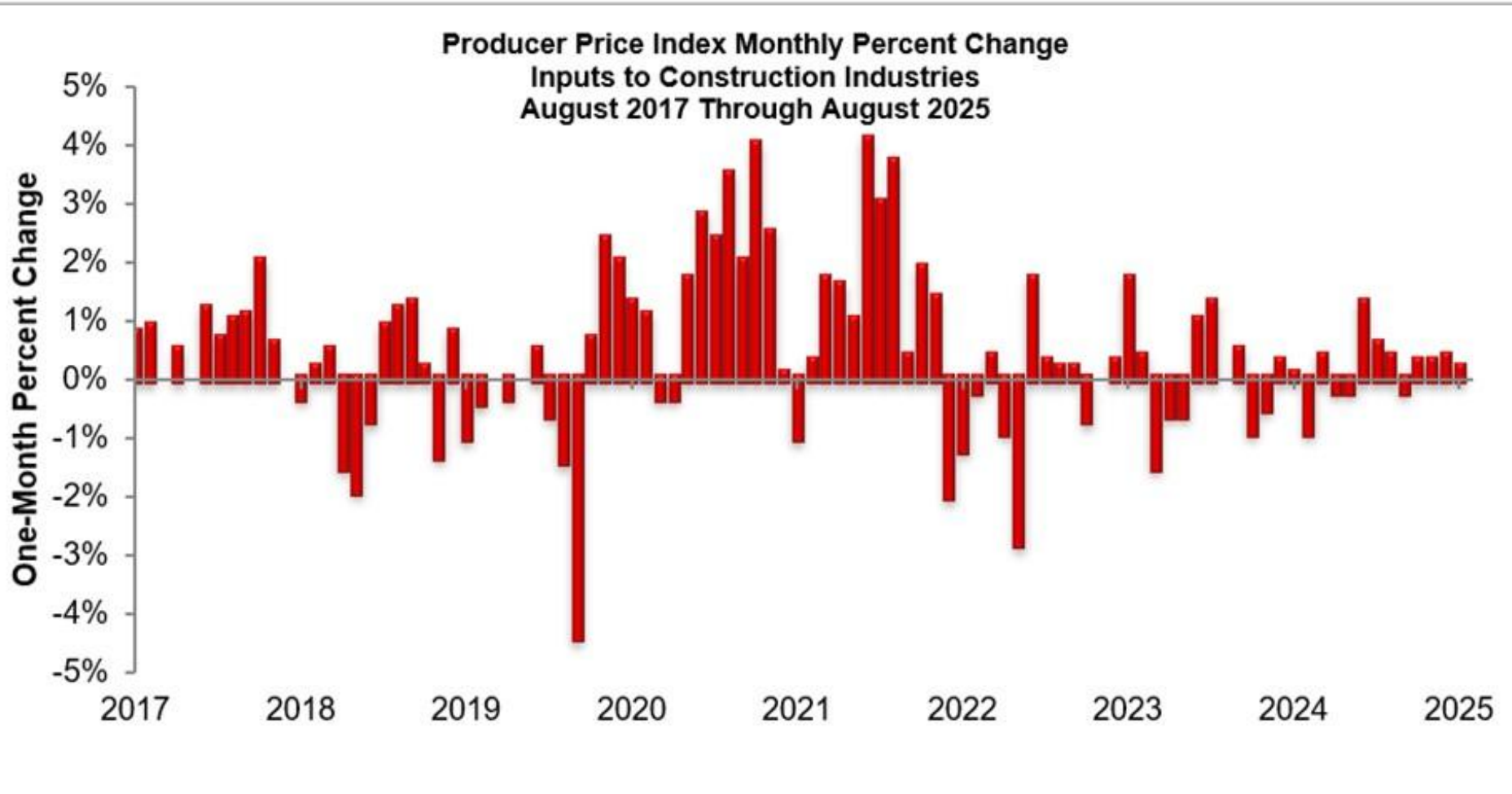
	1-Month % Change	12-Month % Change	Change Since Feb 2020
<b><i>Inputs To Industries</i></b>			
Inputs to construction	0.2%	2.3%	43.0%
Inputs to multifamily construction	0.2%	2.5%	43.2%
Inputs to nonresidential construction	0.2%	2.6%	43.9%
Inputs to commercial construction	0.3%	3.6%	45.8%
Inputs to healthcare construction	0.3%	3.4%	45.3%
Inputs to industrial construction	0.3%	3.2%	41.3%
Inputs to other nonresidential construction	0.2%	2.4%	43.4%
Inputs to maintenance and repair construction	0.1%	2.0%	40.9%
<b><i>Commodities</i></b>			
Adhesives and sealants	0.0%	3.0%	39.4%
Brick and structural clay tile	0.1%	1.4%	32.8%
Concrete products	0.0%	1.7%	41.7%
Construction machinery and equipment	0.5%	4.0%	35.3%
Construction sand, gravel, and crushed stone	0.1%	6.1%	47.5%
Copper wire and cable	-3.8%	13.8%	60.2%
Crude petroleum	-2.8%	-13.5%	36.1%
Fabricated structural metal products	0.8%	5.9%	60.8%
Gypsum products	0.0%	0.9%	48.7%
Hot rolled steel bars, plates, and structural shapes	4.8%	6.5%	51.0%
Insulation materials	-0.1%	0.1%	46.1%
Iron and steel	1.1%	9.2%	54.3%
Lumber and wood products	0.2%	1.8%	26.4%
Natural gas	-2.8%	42.3%	43.3%
Plumbing fixtures and fittings	0.3%	8.2%	29.5%
Prepared asphalt, tar roofing and siding products	2.2%	6.1%	49.6%
Softwood lumber	0.6%	5.2%	14.4%
Steel mill products	1.5%	13.1%	66.1%
Switchgear, switchboard, industrial controls equipment	0.1%	10.5%	63.2%
Unprocessed energy materials	-2.5%	-4.8%	52.2%

Source: U.S. Bureau of Labor Statistics



# Construction Cost Inflation

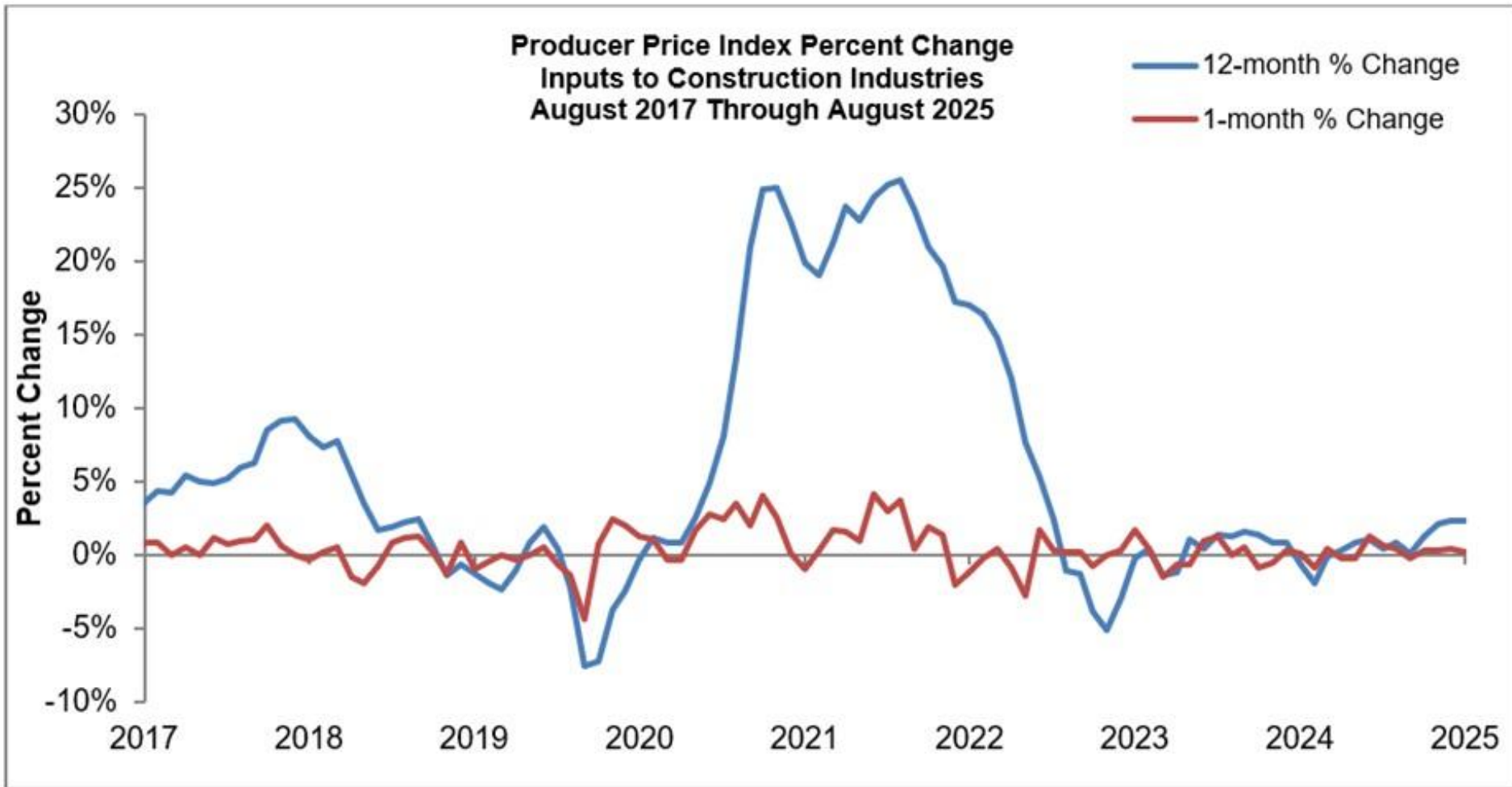
The increases are getting bigger



Source: U.S. Bureau of Labor Statistics

# Construction Cost Inflation

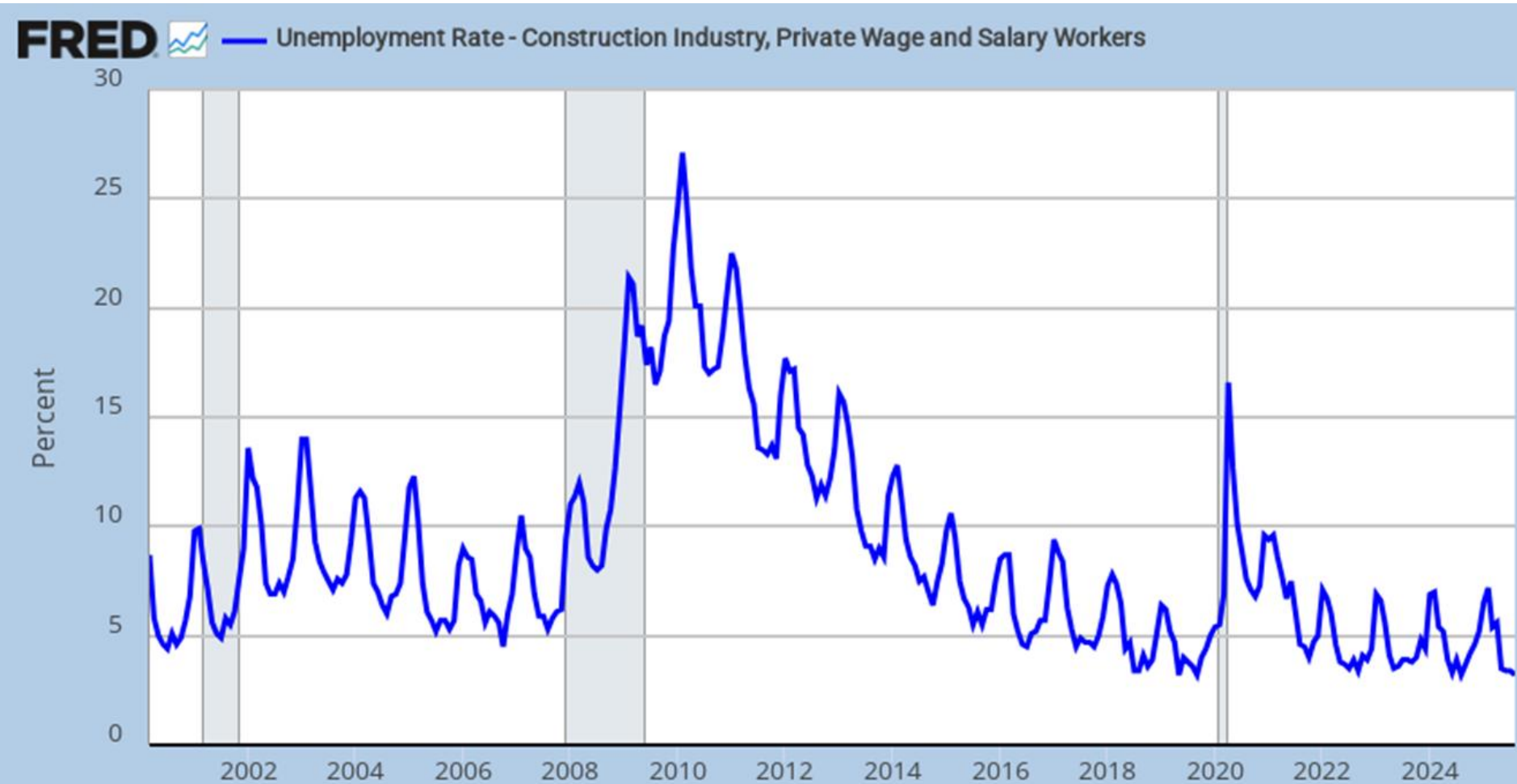
The increases are likely to continue



Source: U.S. Bureau of Labor Statistics

# Construction Unemployment

At lowest level in decades



Source: U.S. Bureau of Labor Statistics via FRED®

*Shaded areas indicate U.S. recessions.*

[myf.red/g/1M61x](https://myf.red/g/1M61x)

# Latest AIA Consensus Forecast

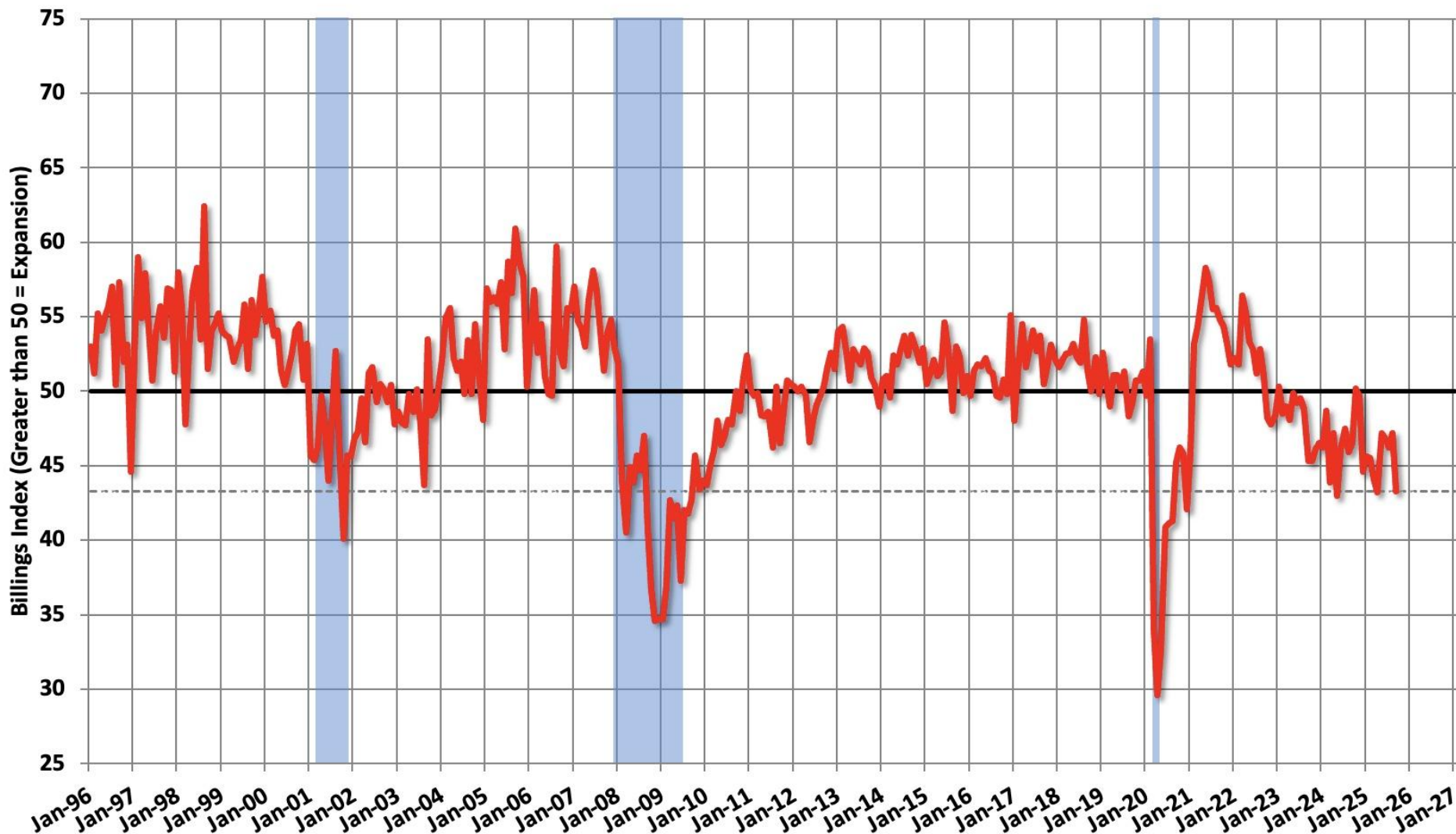
It generally sees weak growth in 2025

Consensus		Actual	Forecast	
		\$	% Change	
		2024	2025	2026
Dodge Construction Network	Nonresidential Total	–	1.7	2.0
S&P Global, Market Intelligence	Commercial Total	–	1.5	3.9
	Office	–	6.9	5.5
Moody's Analytics	Data Centers	–	33.7	19.5
	Retail & Other Commercial	–	-3.1	1.8
FMI	Hotel	–	3.0	6.0
ConstructConnect	Warehouse	–	-5.8	1.4
	Manufacturing	–	-2.0	-2.6
Associated Builders and Contractors	Institutional Total	–	6.1	3.8
	Health	–	4.3	4.3
Wells Fargo Securities	Education	–	5.0	3.2
Markstein Advisors	Amusement & Recreation	–	9.9	1.3
Piedmont Crescent Capital				
Free Agent Economist				

# Architectural Billing Index

Is a 9 to 12-month leading indicator of CRE. Sub-50 means shrinking

Architecture Billings Index



# Future Construction Activity

Measures non-residential projects in the planning phase & is a 12-month leading economic indicator

## DODGE MOMENTUM INDEX

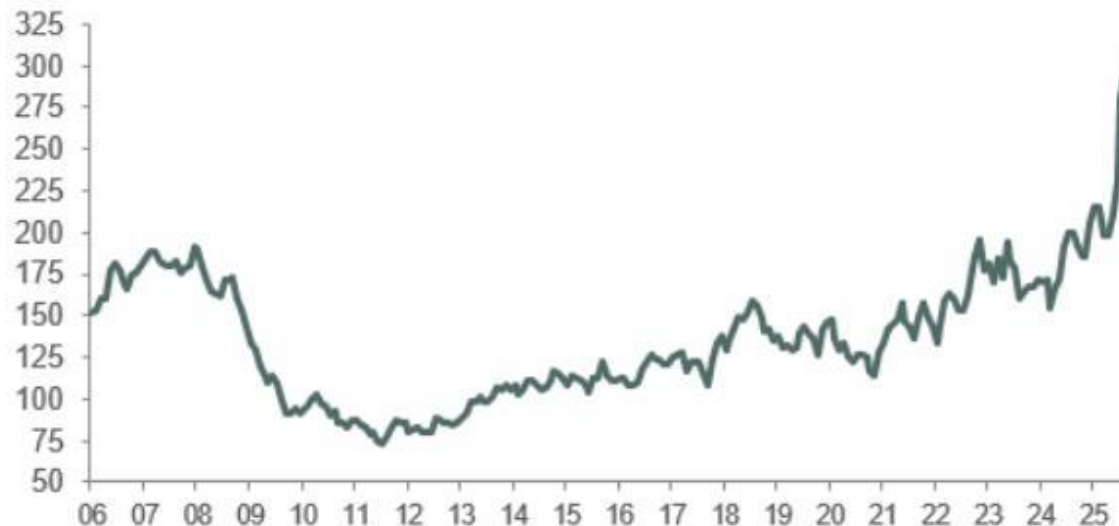
(2000=100, Seasonally Adjusted)

	Sep-25	Aug-25	% Change
Dodge Momentum Index	304.6	294.7	3.4%
Commercial Building	362.5	346.3	4.7%
Institutional Building	232.9	230.7	0.9%

*Source: Dodge Construction Network*

## DODGE MOMENTUM INDEX

(2000=100, Seasonally Adjusted)

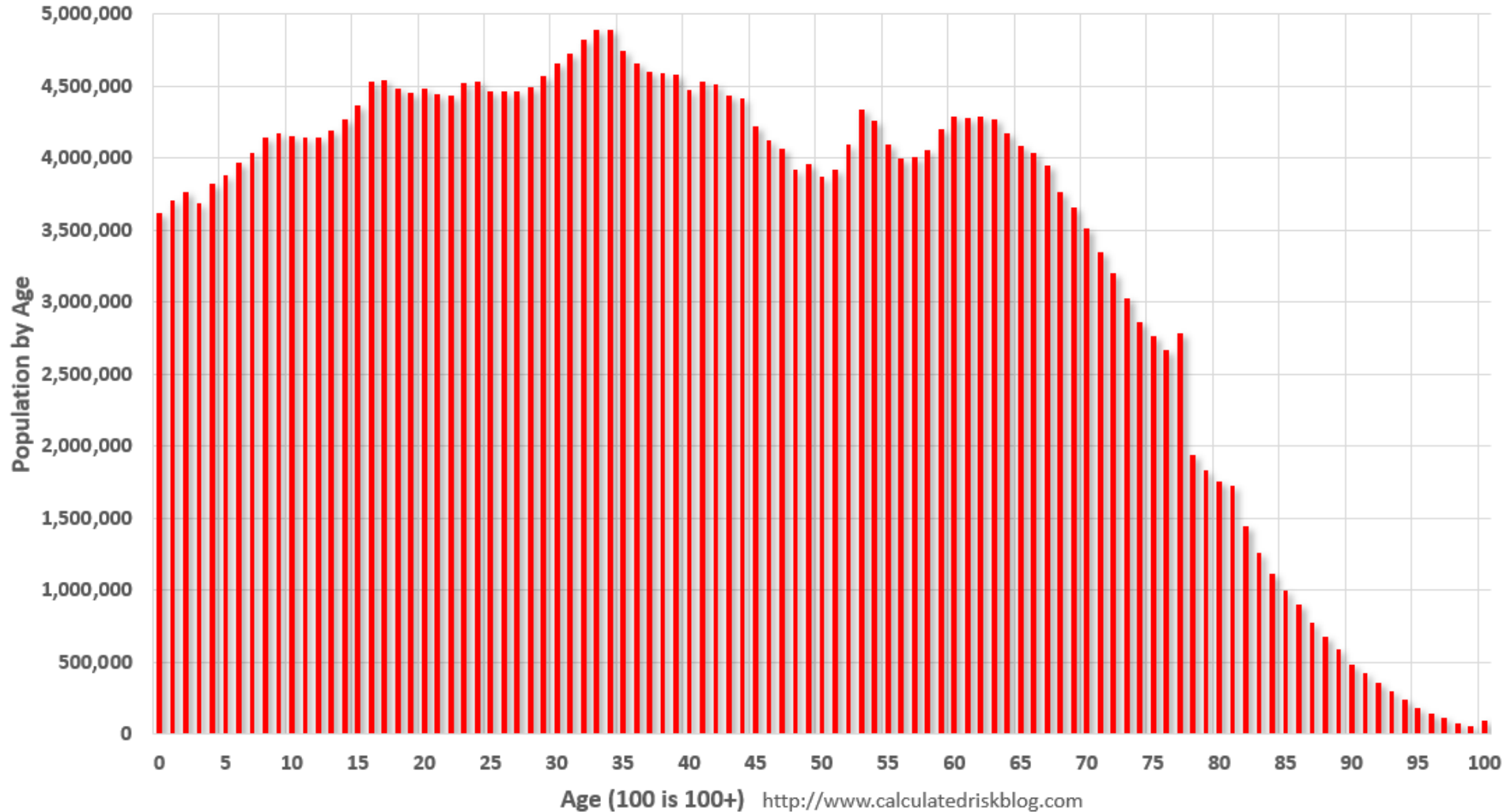




# Demographics Are Good

## Housing demand will be strong for years

U.S. Population by Age, 2024 Census Estimate

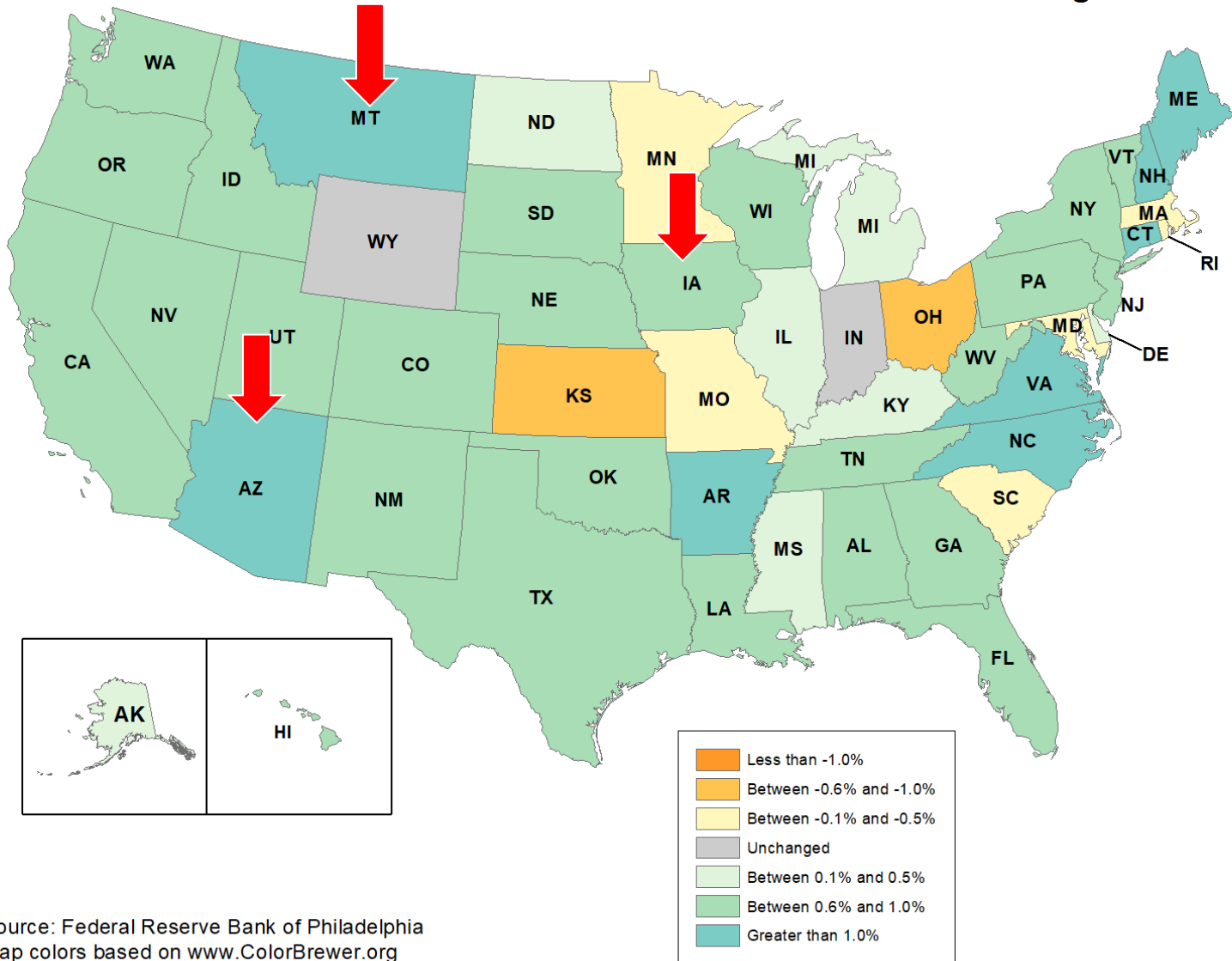


**What About  
Things Here?**

# Things Are Definitely Slowing

Growth is slowing

June 2024 State Coincident Indexes: Three-Month Change

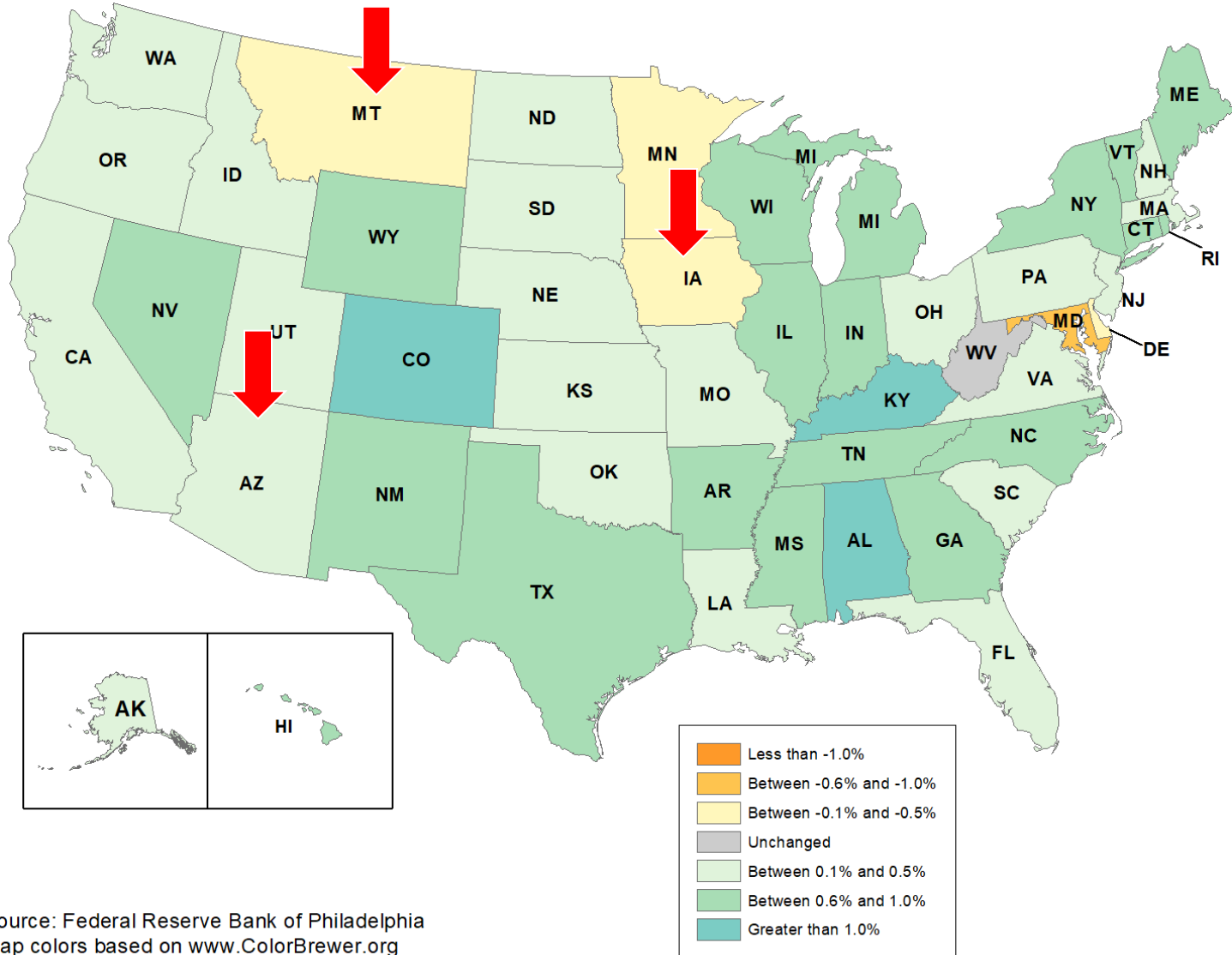


Source: Federal Reserve Bank of Philadelphia  
Map colors based on [www.ColorBrewer.org](http://www.ColorBrewer.org)

# Things Are Slowing

Growth is still generally OK

## August 2025 State Coincident Indexes: Three-Month Change

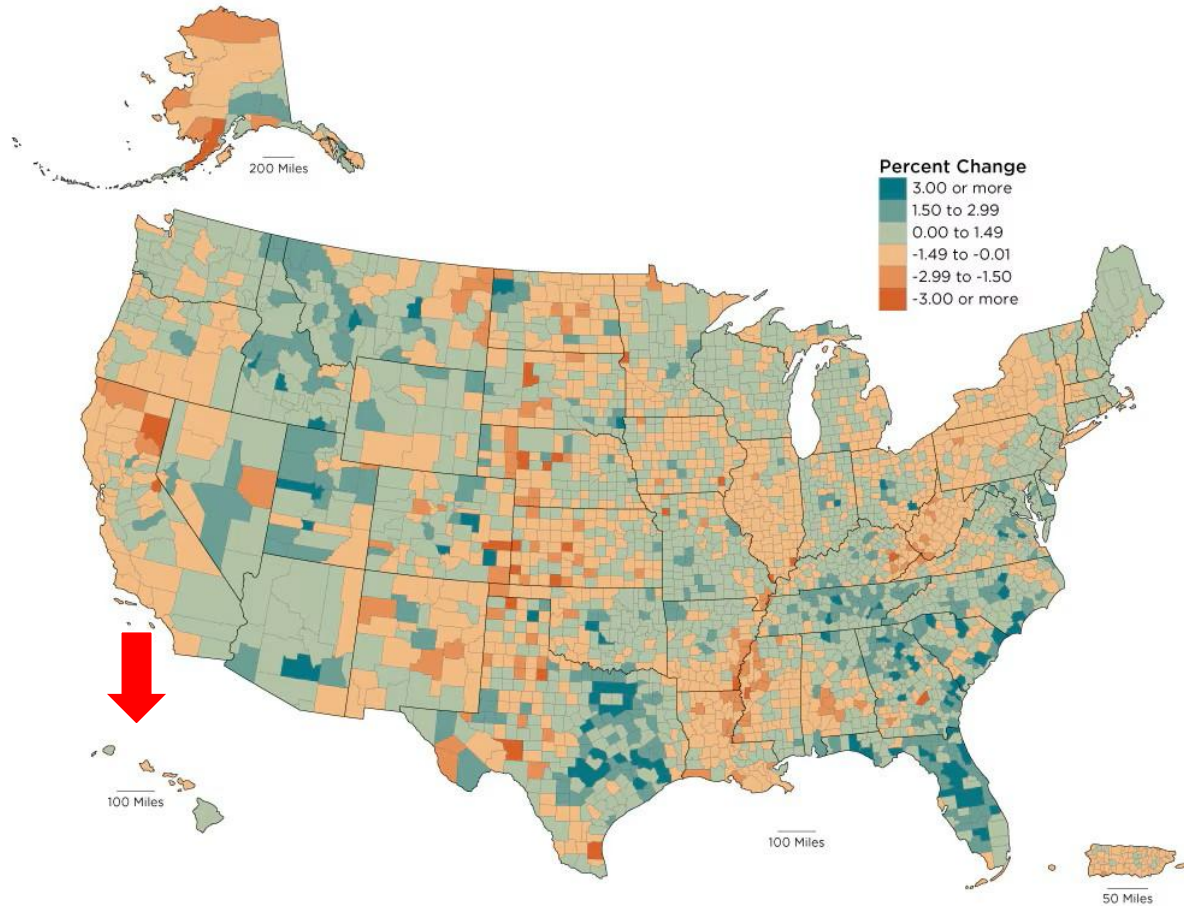


Source: Federal Reserve Bank of Philadelphia  
Map colors based on [www.ColorBrewer.org](http://www.ColorBrewer.org)

# Population Growth by County: 2022-2023

Best all over the place. Pandemic related. Will it persist?

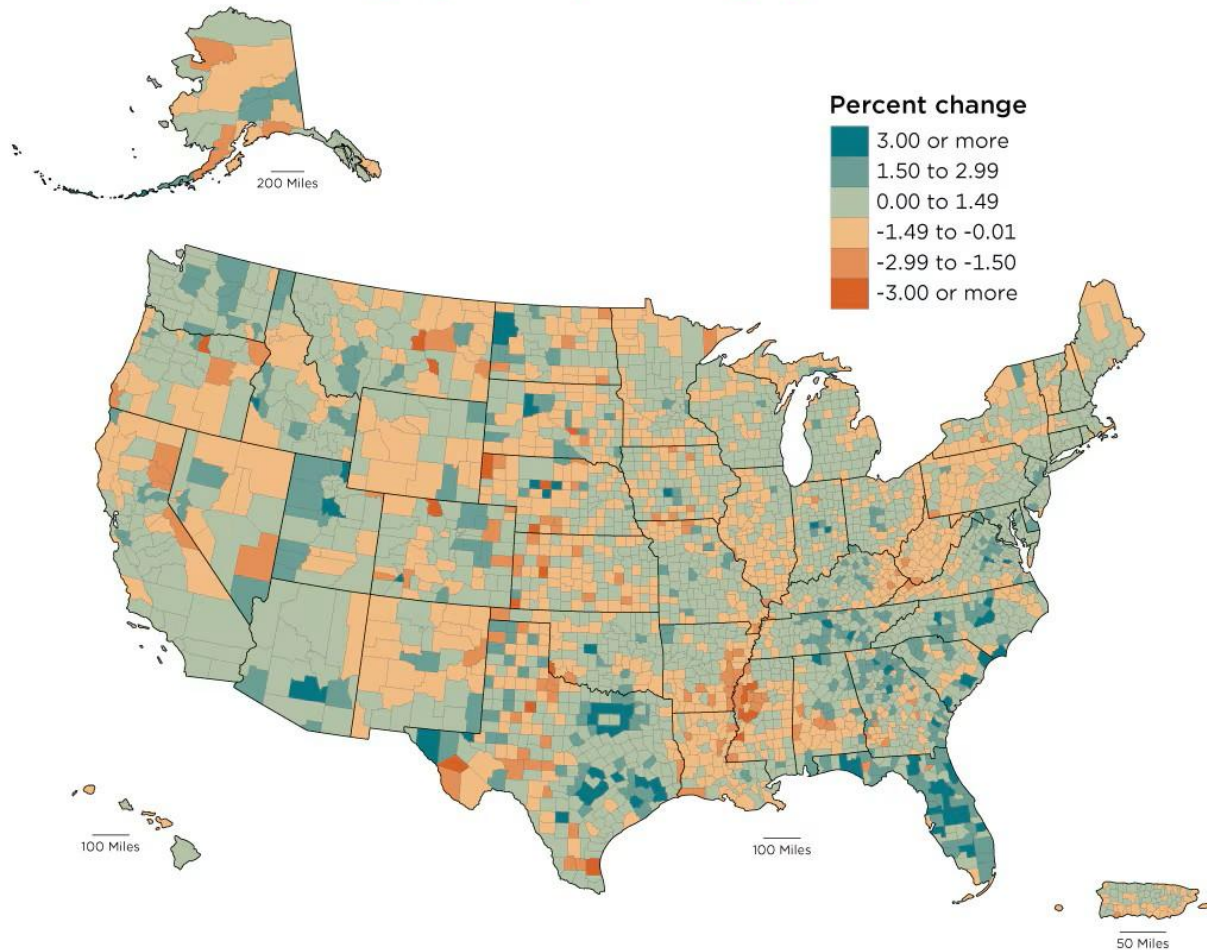
## Percent Change in County Population: July 1, 2022, to July 1, 2023



# Population Growth by County: 2023-2024

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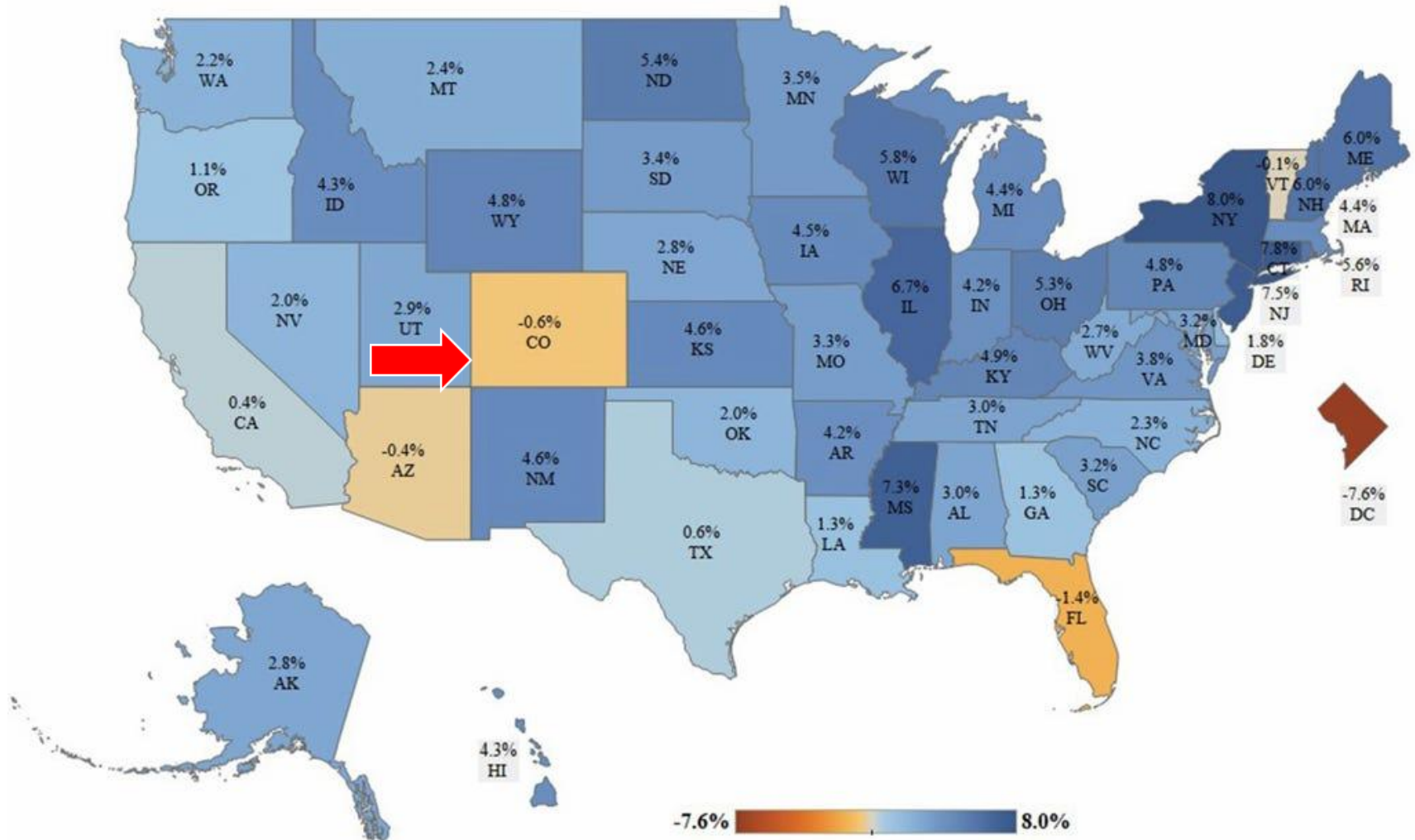
# The South and the West are Weakest

CA and TX are on the very of going negative

## Four-Quarter House Price Change by State






Purchase-Only FHFA HPI® (Seasonally Adjusted, Nominal)

U.S. Four-Quarter Appreciation = 2.9% (2024Q2-2025Q2)






# Months of Home Inventory Through 9/30

The top spots are in what were very strong markets

	Months-of-Supply
 Miami Area	7.7
 Austin	5.7
 Mid-Florida	5.4
Houston	5.2
Jacksonville	5.2
Louisiana	5.2
Georgia	4.8
Atlanta	4.7
Dallas-Ft Worth	4.6
Nashville	4.5
Las Vegas	4.3
Washington D.C.	4.2
South Carolina	4.1
Pennsylvania	4.1
Phoenix	4.0
 Colorado	4.0
 Denver	3.9
Des Moines	3.8
Portland	3.8
Wisconsin	3.7
Raleigh	3.6
Memphis	3.3
Charlotte	3.3
Boston	3.3
Northwest	3.2
New York	3.2
Minnesota	2.9
San Diego	2.9
Virginia	2.8
Albuquerque	2.8
Maryland	2.8
Detroit	2.7
Minneapolis	2.6
Indiana	2.6
New Jersey	2.5
Grand Rapids	2.5
Connecticut	2.4
Columbus	2.1
Illinois	2.0
Rhode Island	1.9
Santa Clara	1.8

# Home Price Declines Through 9/25

Four of the top five are in Florida as are 15 of 30

	Core-Based Statistical Area	Change from Peak (SA)
	1 Punta Gorda FL	-20.5%
	2 Austin-Round Rock-San Marcos TX	-16.6%
	3 Cape Coral-Fort Myers FL	-15.0%
	4 North Port-Bradenton-Sarasota FL	-10.3%
	5 Lake Charles LA	-7.7%
	6 Victoria TX	-7.7%
	7 Wildwood-The Villages FL	-7.6%
	8 Sebastian-Vero Beach-West Vero Corridor FL	-7.2%
	9 Lakeland-Winter Haven FL	-6.2%
	10 Pueblo CO	-6.1%
	11 San Francisco-Oakland-Fremont CA	-6.0%
	12 Naples-Marco Island FL	-6.0%
	13 Vallejo CA	-5.7%
	14 Killeen-Temple TX	-5.7%
	15 Santa Fe NM	-5.3%
	16 Brownsville-Harlingen TX	-5.3%
	17 Grants Pass OR	-4.9%
	18 Corpus Christi TX	-4.7%
	19 Flagstaff AZ	-4.7%
	20 Stockton-Lodi CA	-4.7%
	21 Tampa-St. Petersburg-Clearwater FL	-4.6%
	22 Panama City-Panama City Beach FL	-4.5%
	23 Albuquerque NM	-4.4%
	24 Port St. Lucie FL	-4.4%
	25 Yuma AZ	-4.4%
	26 Tucson AZ	-4.3%
	27 Kahului-Wailuku HI	-4.2%
	28 Phoenix-Mesa-Chandler AZ	-4.2%
	29 San Antonio-New Braunfels TX	-4.2%
	30 Sacramento-Roseville-Folsom CA	-4.2%

# KEY TAKEAWAYS

- 1) 2025 should still be a decent year
- 2) The Fed will keep cutting rates
- 3) Job growth probably slows more
- 4) Inflation should rise slightly
- 5) Watch inflation and **unemployment**

# ANY QUESTIONS?

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