

# Economic Update

 | RESEARCH

NOVEMBER 26, 2025

## 1. ANNUAL CRE PRICE GROWTH CLIMBS

- According to the MSCI-RCA Commercial Property Price Index, which measures repeat-sales transaction pricing, CRE prices are up 4.2% year-over-year through October, its largest annual increase in three years.
- Commercial property prices rose 0.8% on the month, bringing the annualized rate to 10.7%. Notably, however, deal volume fell 22% in October.
- Industrial prices increased 4.9% year-over-year and 0.4% from September. Despite a slowdown in Annual price growth for Industrial assets, they have posted monthly price gains in each month since May 2023.
- CBD and Suburban Office prices rose 4.6% and 4.2%, respectively, compared to one year prior.
- Retail property prices rose 4.7% year-over-year and 0.1% from September. Retail prices have increased on a monthly basis for 17 consecutive months.
- Apartment prices were up 0.5% year-over-year in October, the third consecutive month of annual gains for Apartment assets following nearly three years of year-over-year declines. Apartment prices growth accelerated to 0.3% during the month.

## 2. HOLIDAY SPENDING PROJECTIONS

- According to Visa's annual holiday season forecast, US shoppers are poised to spend more this holiday season compared to 2024, despite elevated economic headwinds and uncertainty. Still, inflation is expected to be a large contributor to sales growth this year compared to last.
- Visa projects that holiday season retail sales (sales between November 1st and December 31st, excluding auto dealers, gas stations, and restaurants) will rise 4.6% from last year.
- However, after inflation adjustments, Visa forecasts that real spending will rise just 2.2% year over year, down from last year's 2.5% increase.
- Inflation for holiday-related items is below the overall CPI but catching up. Recreational goods, which make up about 30% of the holiday sales CPI basket, have experienced a 3.1% annual price increase through September.
- Consumers report they plan to spend an average of \$736 on holiday gifts this year, which would be 10% above 2024's actual spending.



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- Survey data shows that baby boomer spenders plan to increase holiday spending by 21% over last year's total, while millennial and Gen X consumers expect to spend between 5 to 7% more.

### 3. INFLATION AT THE THANKSGIVING TABLE

- According to Chandan Economics' analysis of inflation at the Thanksgiving table, the price of eggs continues to mark the most significant increase in holiday input costs since 2020, though they are down year-over-year through September.
- Eggs are 74% more expensive than in 2020, more than 40 percentage points above the next highest Thanksgiving-related food item.
- Proceed items are the next highest on the list, driven mainly by intermediate costs such as labor, packaging, and transportation. Cakes and cookies are 31% from 2020, while gravy is up 29%.
- Turkey inflation has cooled, settling around 21% above 2020 prices, which closely follows the broader food-at-home trend.

### 4. CONSUMER CONFIDENCE FALLS

- Consumer Confidence fell in November to its lowest level since April, according to the Conference Board's latest index reading.
- Confidence levels fell more than expected, driven by inflation concerns, while tariffs and politics also weighed on sentiment. The federal government shutdown received numerous mentions in survey responses.
- Mentions of the labor market eased compared to October but remain a key theme holding down consumer sentiment.
- Declines were noted across most income levels, except among those earning less than \$15,000, who reported improved confidence in conditions, though they remain the least optimistic income group overall. Confidence declines were also present across political groups.
- Sentiment diverges by age group. Consumer confidence improved among those under 35 years old, but fell across all groups above that threshold. Consumers ages 55 and older are the least optimistic overall.

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## 5. BUILDER CONFIDENCE/DISCOUNTS RISE

- According to the latest NAHB/Wells Fargo Housing Market Index, US homebuilder sentiment edged up to 38 in November, its highest in seven months. An index reading below 50 indicates that more builders view sales conditions as poor than good.
- Current sales conditions rose two points to an index level of 41, while prospective buyer traffic rose slightly to 26 during the month. The tepid uptick suggests that the impact of mortgage rate cuts during September has begun to taper off.
- Sales expectations for the next six months fell three points to 51, but the above-50 reading indicates that more builders expect higher sales in the coming months than those who don't.
- Adding to signs of housing market weakness, 41% of builders reported cutting prices in November, the highest share of builders in the post-COVID period. The average discount in November was 6%, the same as in October.

## 6. SEPTEMBER RETAIL SALES

- US Retail Trade growth slowed in September to 4.3% annually compared to 5.0% in August, according to a delayed release of the September Retail Sales Report by the BLS. Sales were up 0.2% month-over-month.
- On a monthly basis, sales rose the most at miscellaneous store retailers (+2.9%), followed by gas stations (+2.0%). Sales at health and personal care stores also grew (+1.1%), as did food services and drinking places (0.7%) and furniture stores (0.6%).
- Sales during the month fell the most in sporting goods, hobby, musical instrument, and bookstores (-2.5%). Sales were also down at clothing stores (-0.7%), non-store retailers (-0.7%), electronic & appliance stores (-0.5%), and motor vehicles and parts retailers (-0.3%).
- GDP-related retail inputs were down 0.1% in September compared to a 0.6% gain in August.

## 7. SEPTEMBER PRODUCER PRICE INDEX

- According to a delayed release of the September Producer Price Index (PPI) report by the Bureau of



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Labor Statistics, US producer prices rose 0.3% month-over-month in September, reversing an August decline but still below some of the higher monthly marks this year. The annual PPI was unchanged from August at 2.7%

- Food production costs rose sharply, up 1.1% month-over-month compared to a 0.1% monthly increase in August. The PPI energy rebounded to 3.5% on the month from August's -0.4%, driving goods inflation to its highest monthly increase in over a year (+0.9%). Prices for services fell 0.3% on the month, matching the previous month's price decline.
- Producer price inflation was roughly in line with market expectations. Absent signals of resurging inflation pressures in October, the steady reading gives policymakers some breathing room as they weigh whether to cut rates again at their December meeting.
- Fed Funds futures imply that the Fed will cut rates by 25 basis points in December.

## 8. FOMC MEETING MINUTES

- Minutes from the Federal Reserve's late-October meeting reveal that there remained an overwhelming consensus among committee members to cut rates, while one member voted for a larger, 50-basis-point cut.
- Participants cited slowing job growth and rising unemployment in their decision, while noting that the government shutdown limited data availability, creating a fog of uncertainty and forcing officials to temporarily rely on private-sector data. Economic activity continued to expand at a moderate pace.
- Members continued to express concern about recent tariffs and their potential to cause an uptick in core goods inflation over the coming quarters.
- Crucially, participants held increasingly divergent views on the potential for a December rate cut, with some suggesting a pause to await additional data.

## 9. AUGUST CONSTRUCTION SPENDING

- According to a delayed release of the August update of the Census Bureau's monthly construction report, construction spending rose by a seasonally adjusted 0.2% from July but was down 1.6% year-over-year.



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Meanwhile, input costs are up 2.2% (non-adjusted) over the same period.

- Private construction spending rose by a seasonally adjusted 0.3% from July, while private residential spending was up 0.8% on the month. Non-residential construction rose by a seasonally adjusted rate of 0.3% month-over-month.
- In the public sector, the estimated seasonally adjusted annual rate of public construction was virtually unchanged from July (\$517.5 billion).

## 10. SEPTEMBER JOBS REPORT

- According to a delayed release of the Bureau of Labor Statistics' September payrolls data, US employers added 119,000 jobs in September, more than double the consensus Wall Street estimate and recovering from the 4,000 jobs decline in August. The unemployment rate edged up to 4.4%, its highest level since October 2021.
- The report ended a 44-day data vacuum, during which the lack of new labor and inflation data heightened market uncertainty.
- Following the report's release, the probability of a Fed rate cut in December declined; however, the data's outdated nature calls into question its usefulness for predicting the Fed's December decision.
- In recent days, several major US companies have announced layoffs. At the same time, ADP data shows that the four-week moving average for private-sector job creation turned negative toward the end of October.
- Officials will likely rely on additional private employment data expected in the coming weeks, alongside reports such as the Fed's Beige Book survey and the September Producer Price Index, to inform their December votes.

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## SUMMARY OF SOURCES

- (1) [https://info.msci.com/l/36252/2025-11-19/y55gwx/36252/1763594975P4caiyZm/2511\\_RCACPPI\\_US.pdf](https://info.msci.com/l/36252/2025-11-19/y55gwx/36252/1763594975P4caiyZm/2511_RCACPPI_US.pdf)
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