

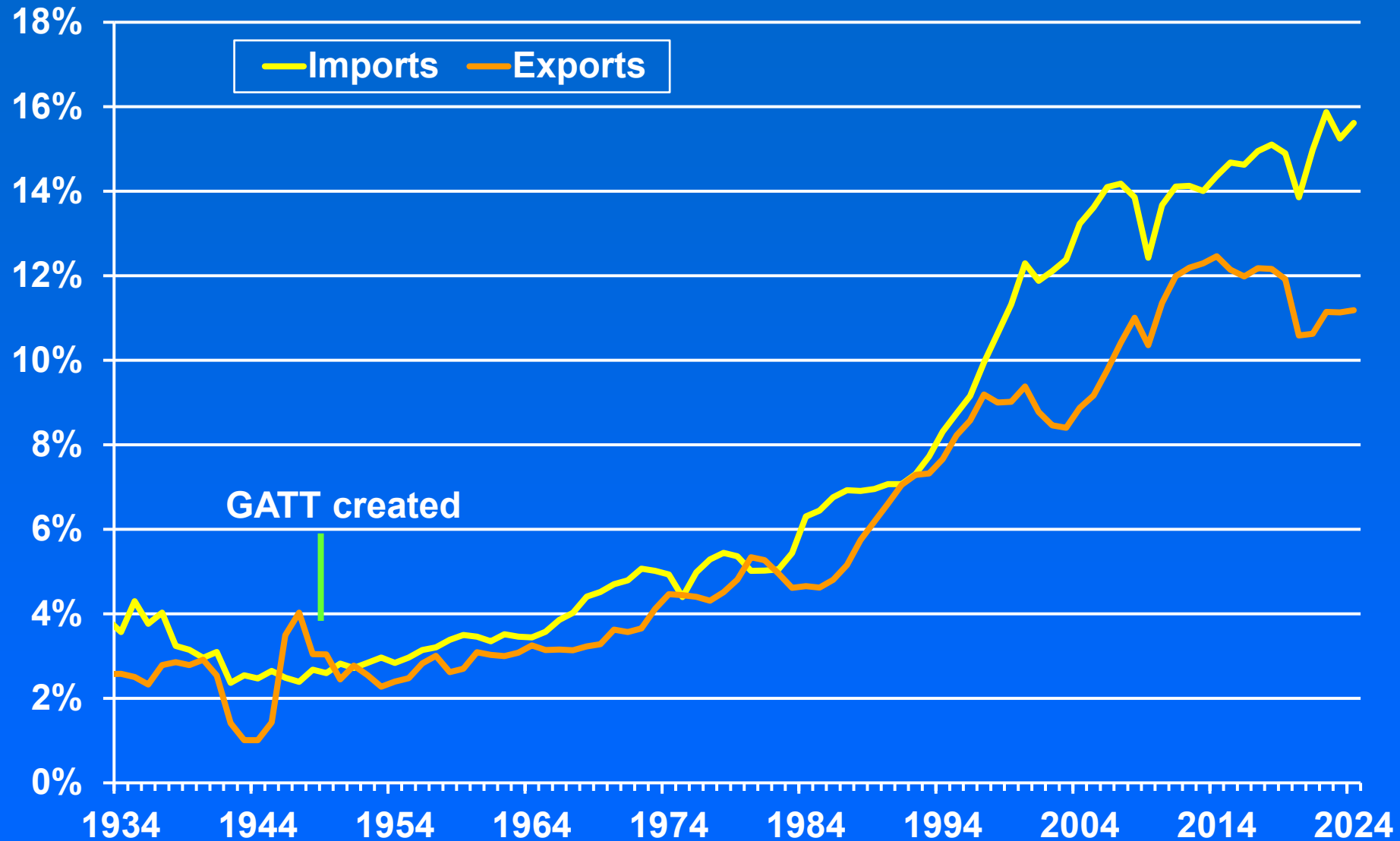
Inflation, Tariffs and Rising Recession Risks: An Economic Update

Randall Sakamoto

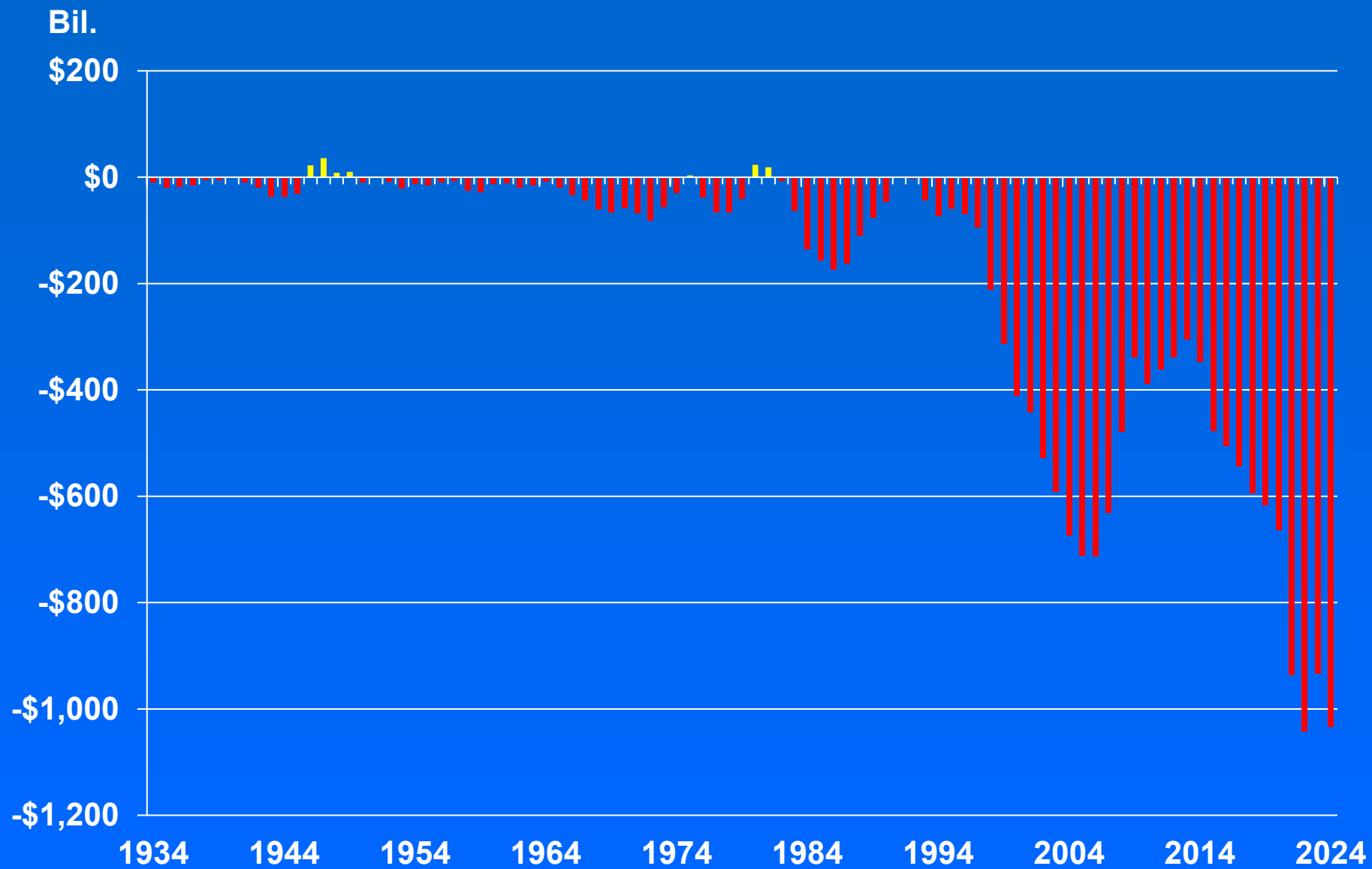
NCREIF

April 8, 2025

Trade as a Share of U.S. GDP



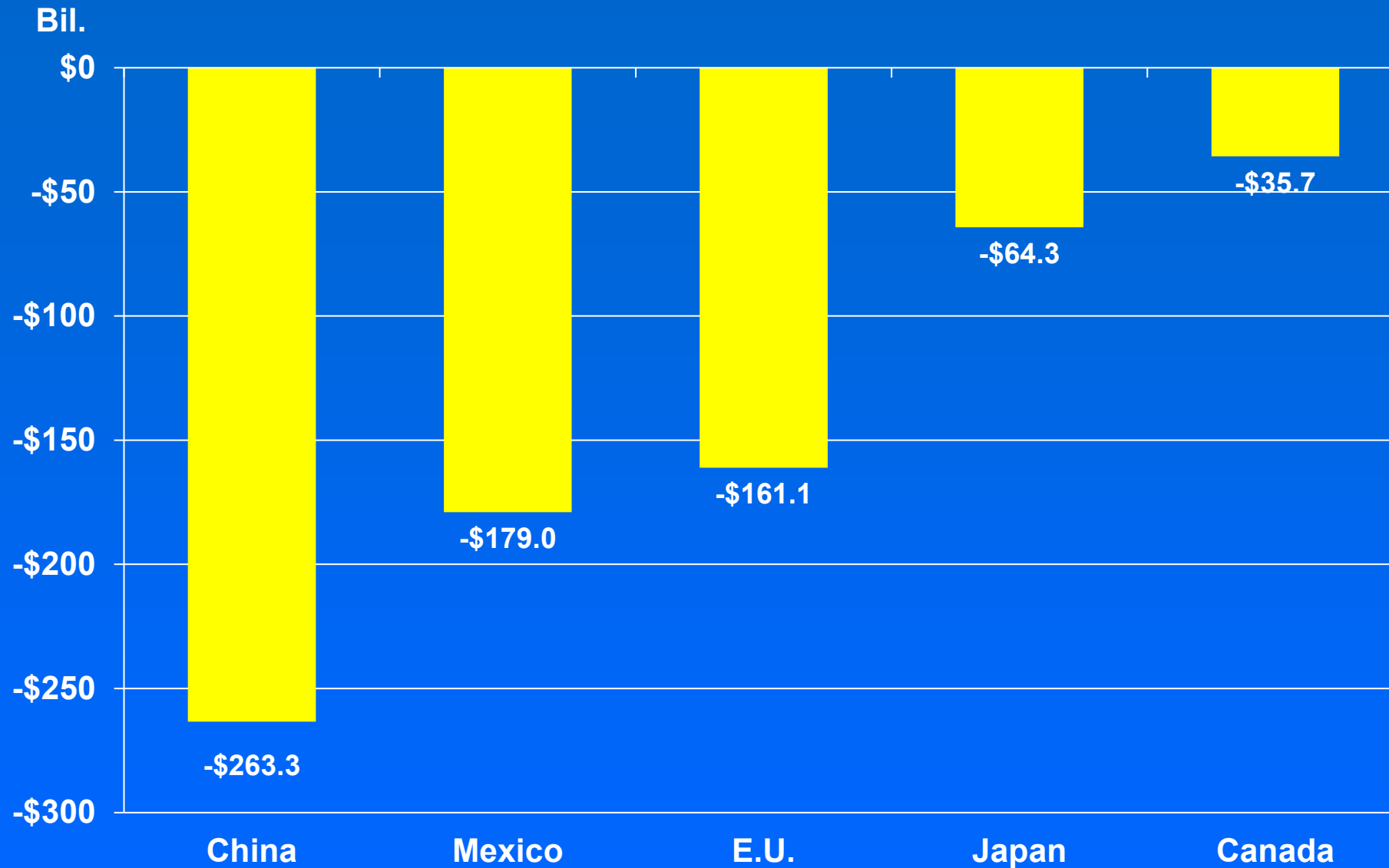
U.S. Trade Deficit



Note: Includes goods and services

Sources: BEA, RCG

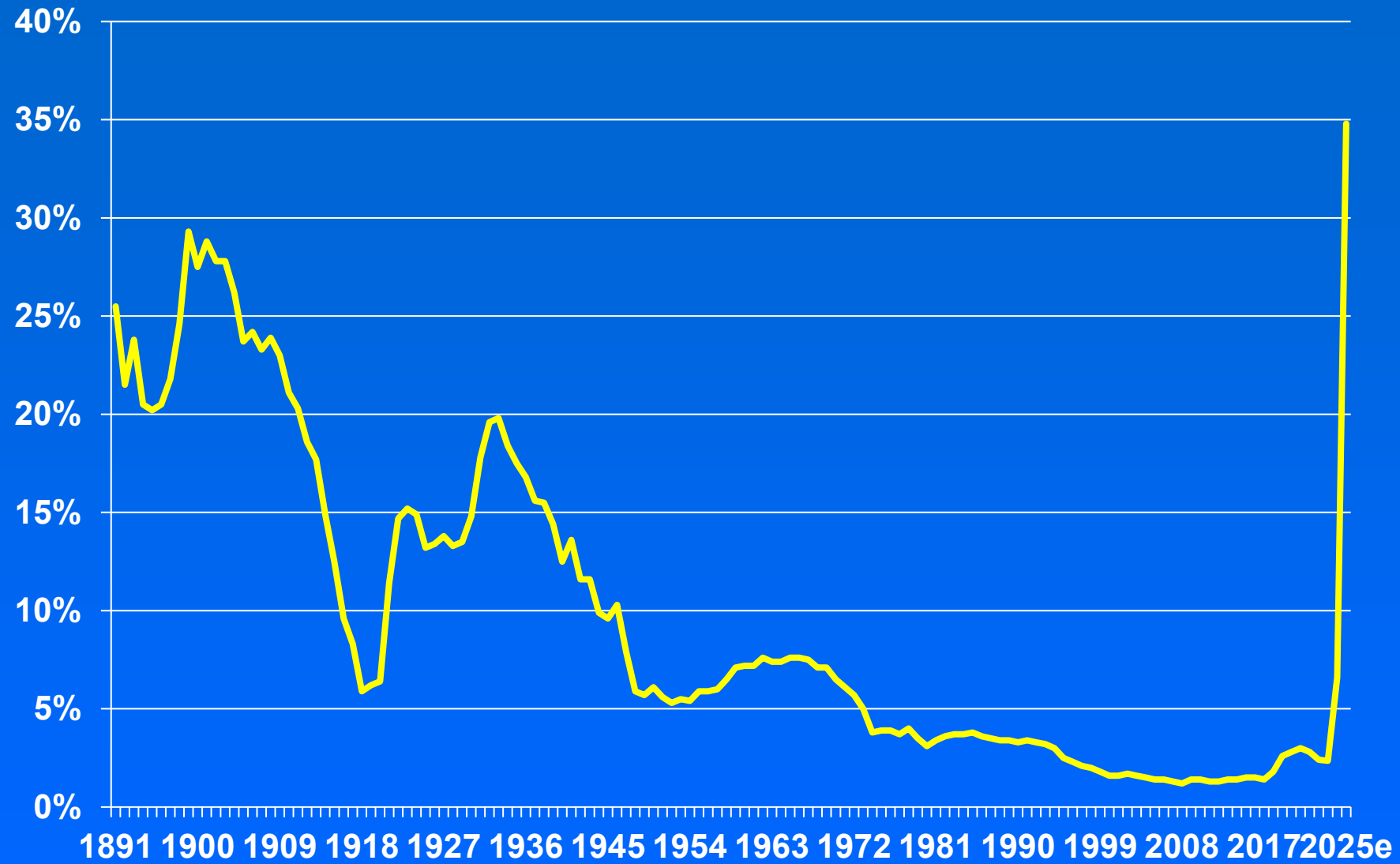
U.S. Trade Deficit by Country



Notes: Includes goods and services

Sources: BEA, RCG

Average U.S. Tariff on Goods



$$\Delta t_i = \frac{x_i - m_i}{\varepsilon \cdot \varphi \cdot m_i}$$

$$\Delta t_i = \frac{\text{Exports minus Imports}}{\varepsilon \cdot \varphi \cdot m_i}$$

Change in tariff

Exports minus Imports

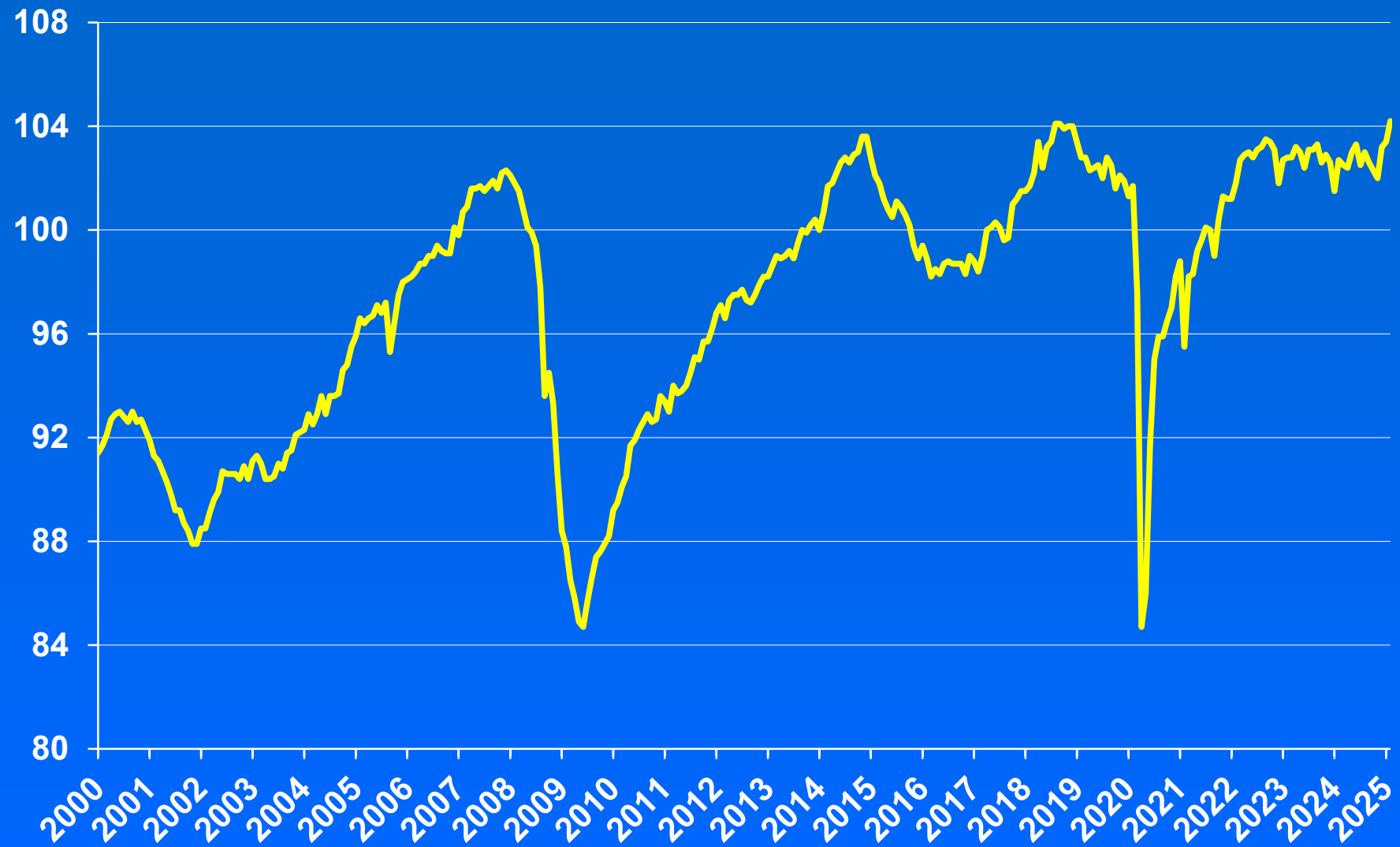
Price elasticity of import demand ε

Elasticity of import prices φ

Imports m_i

Industrial Production Index

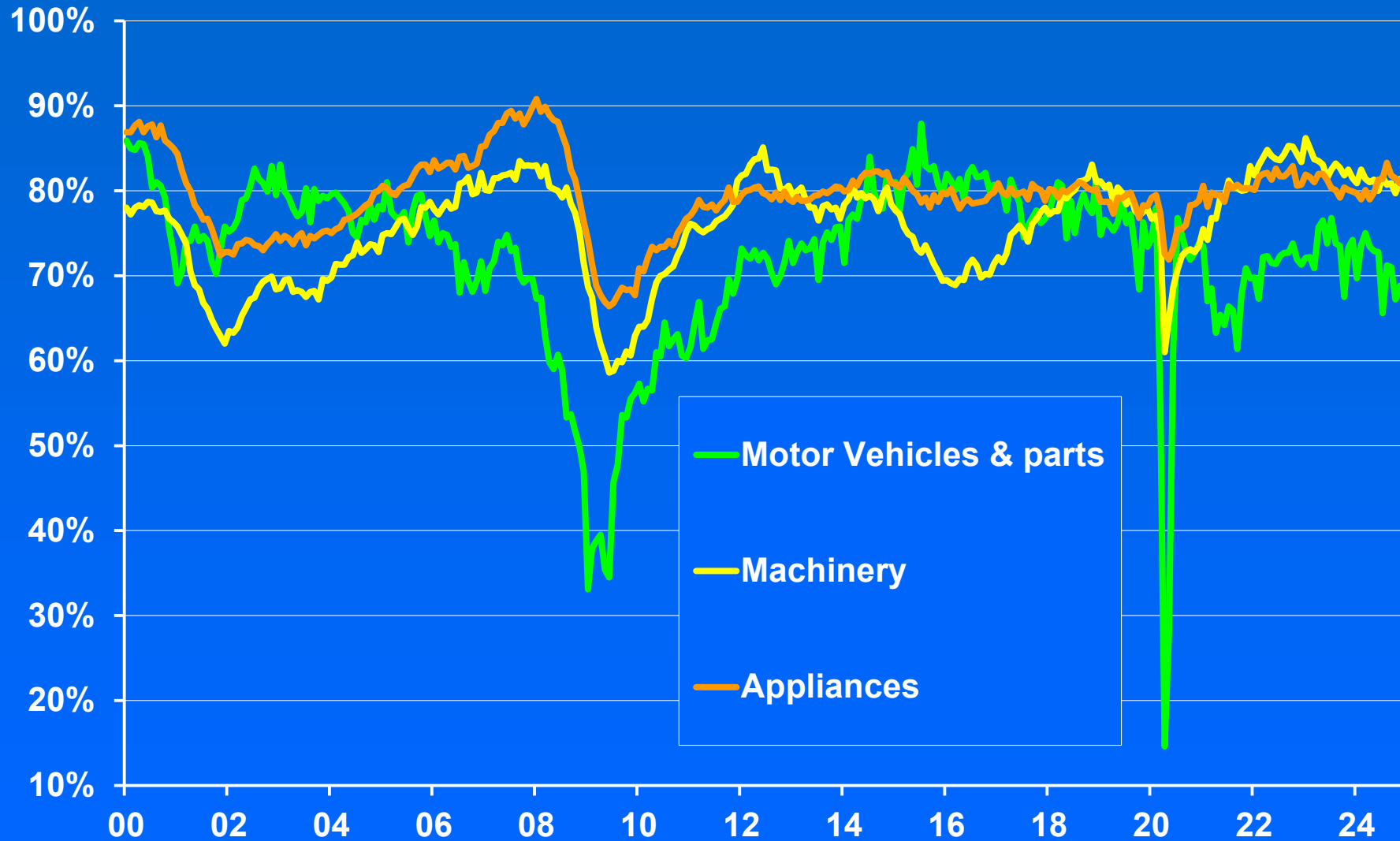
2017=100



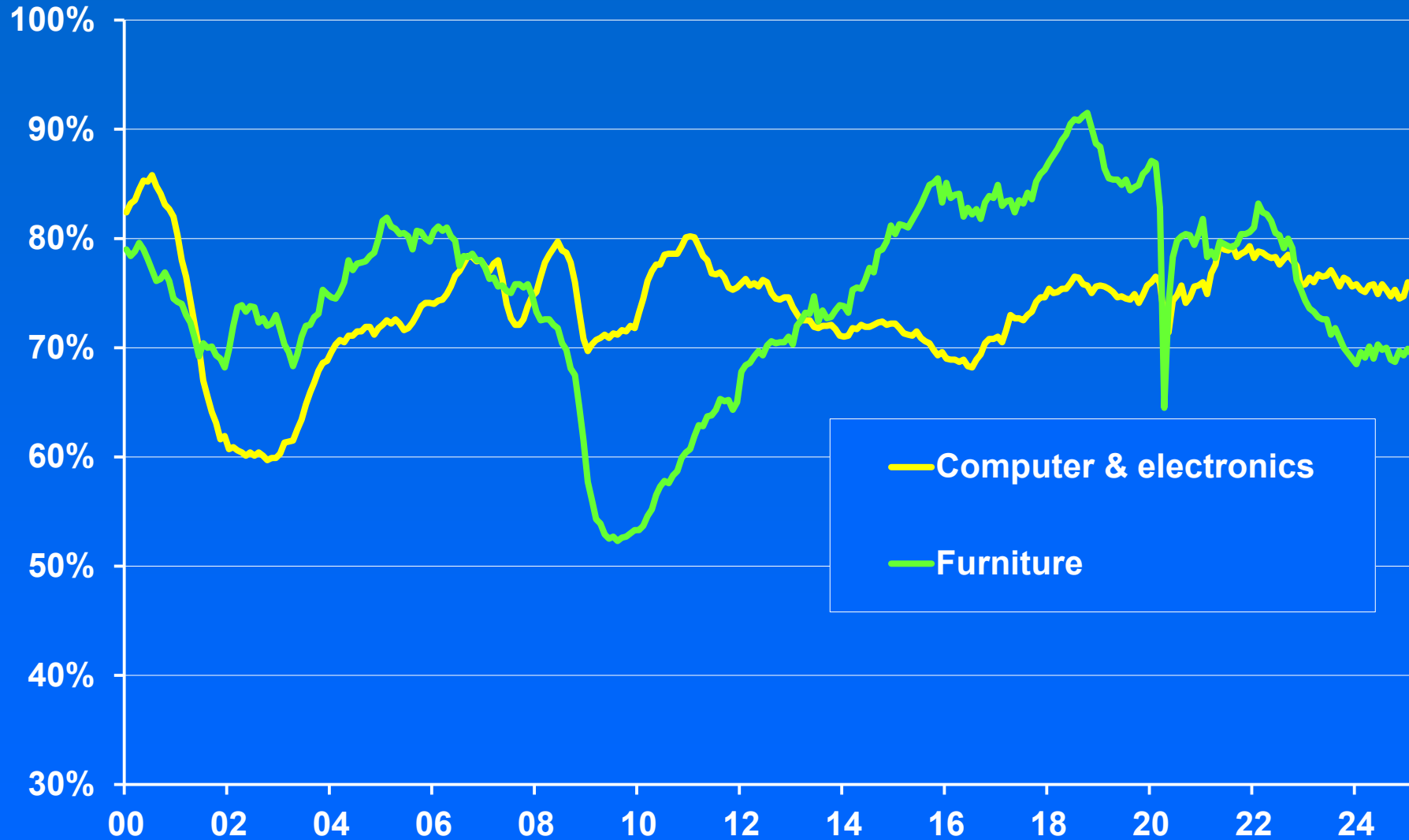
Total Industry Capacity Utilization



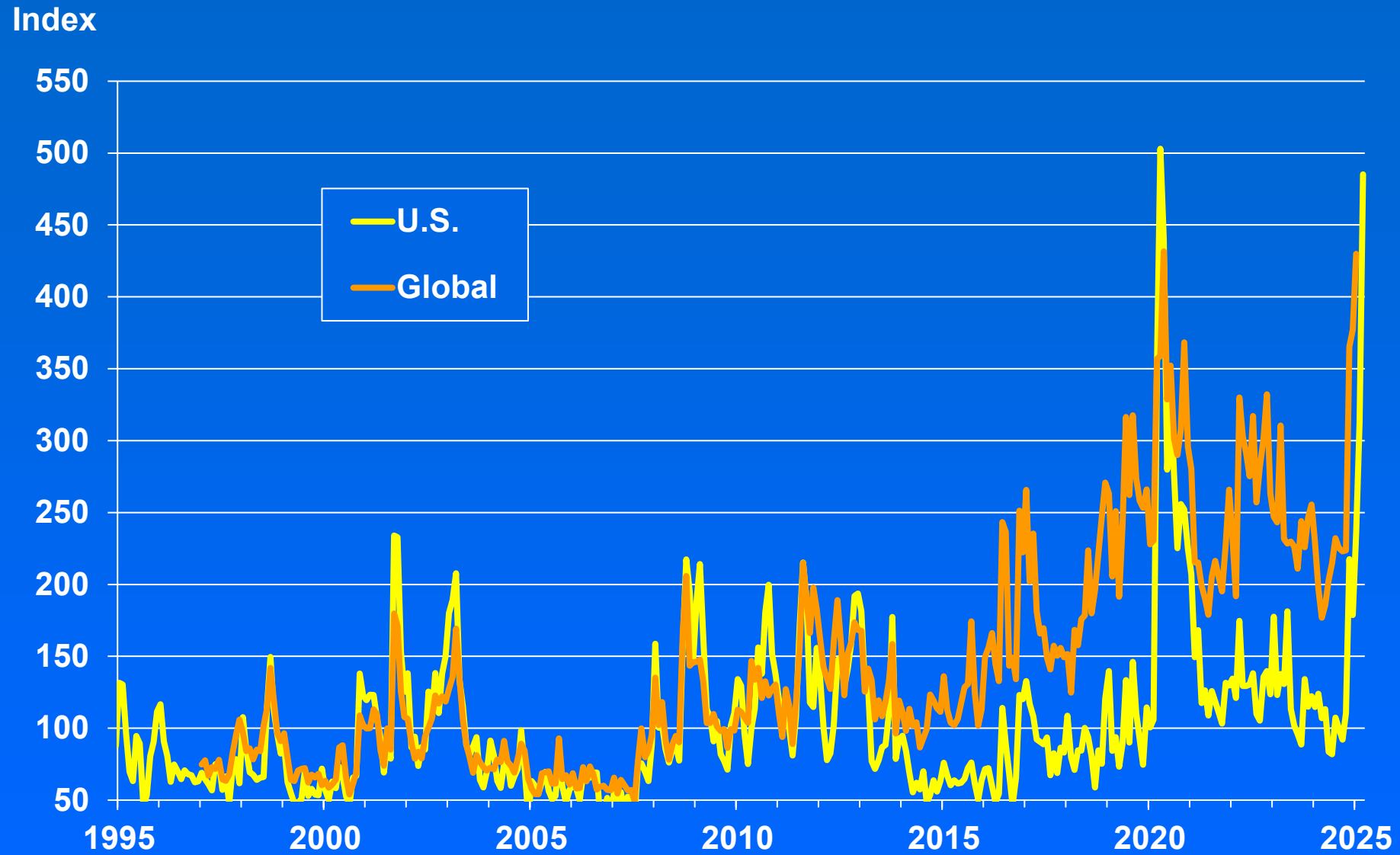
Capacity Utilization by Industry



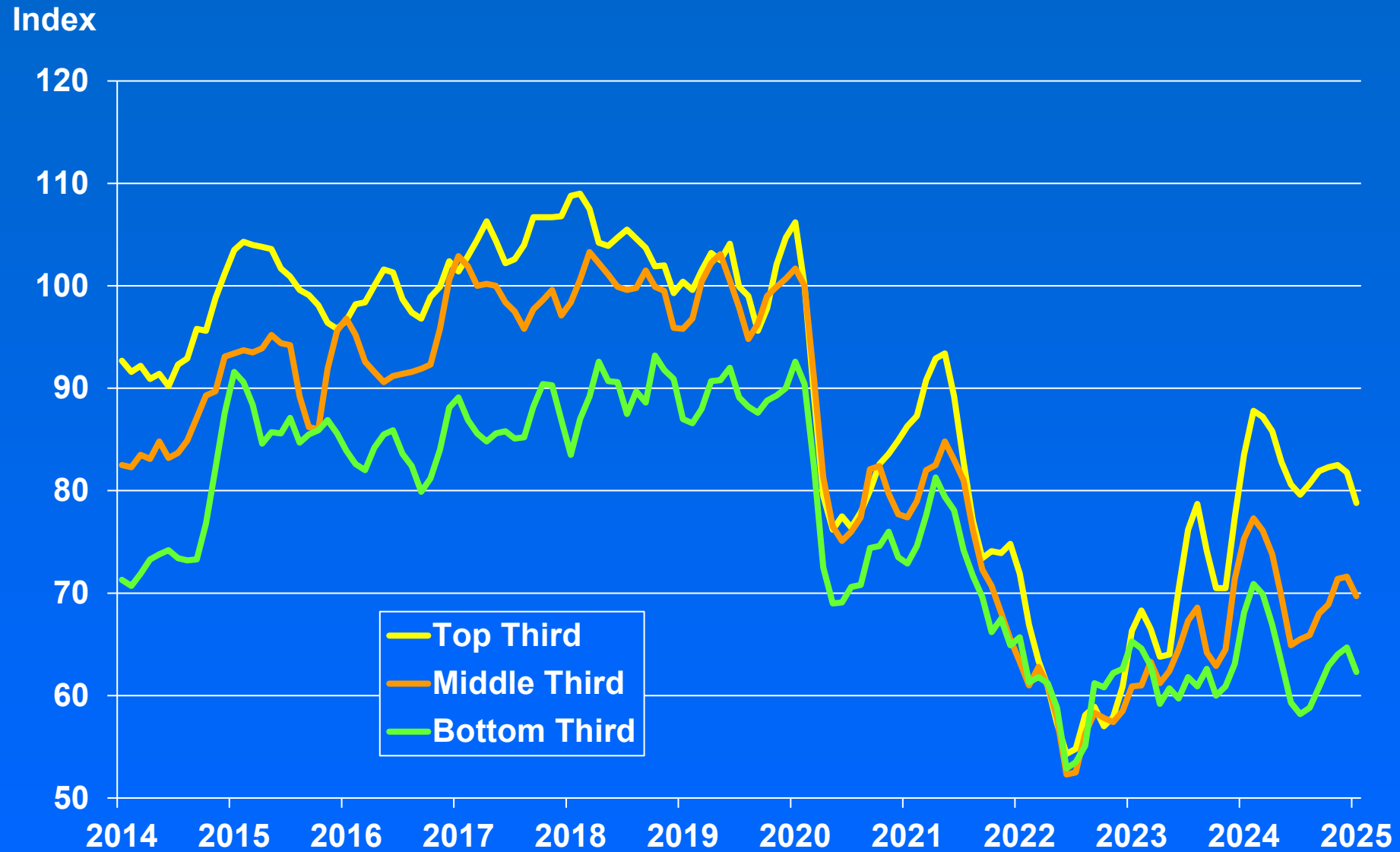
Capacity Utilization by Industry



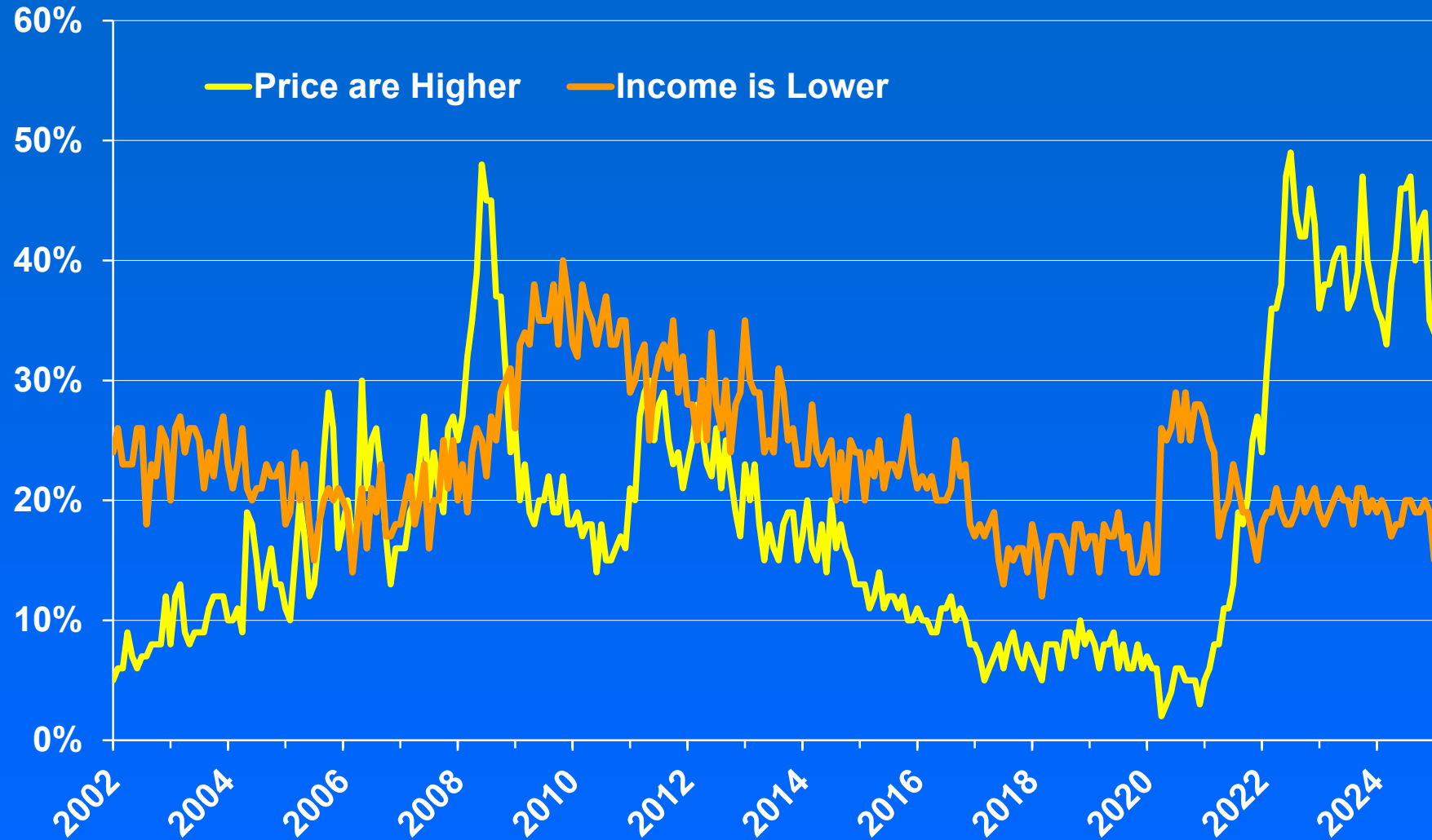
Economic Policy Uncertainty Index



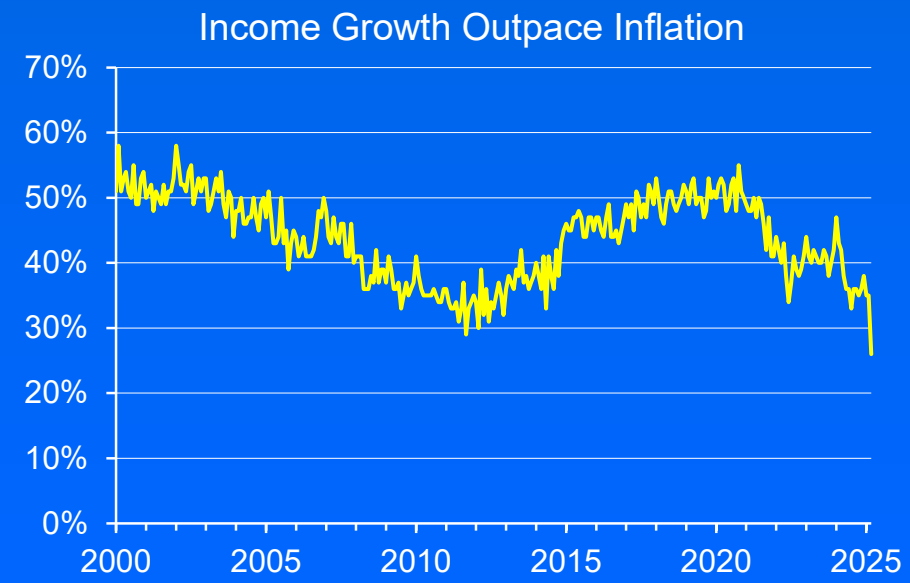
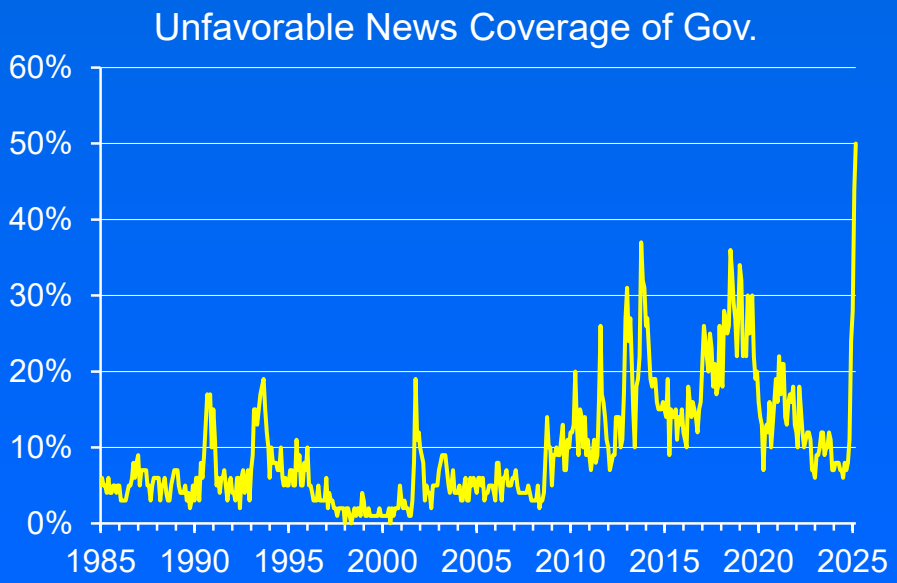
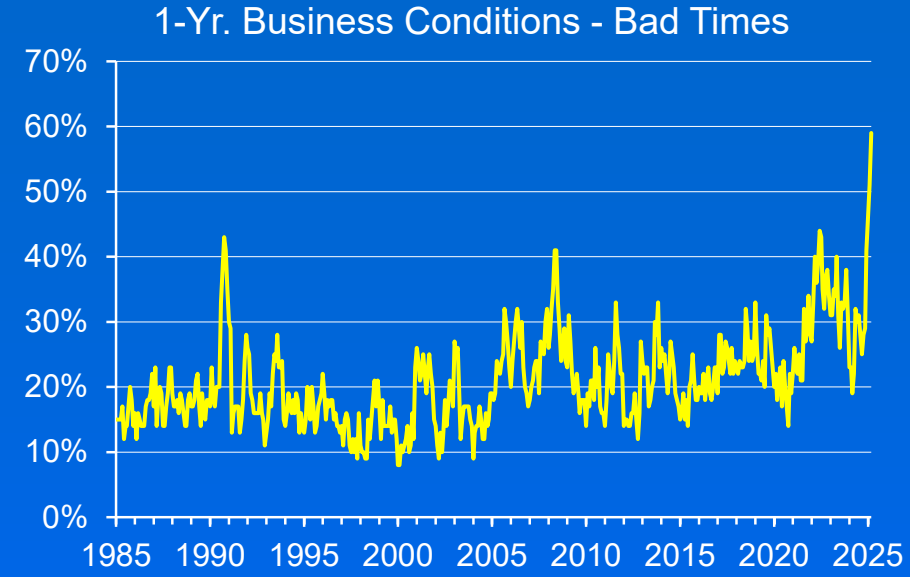
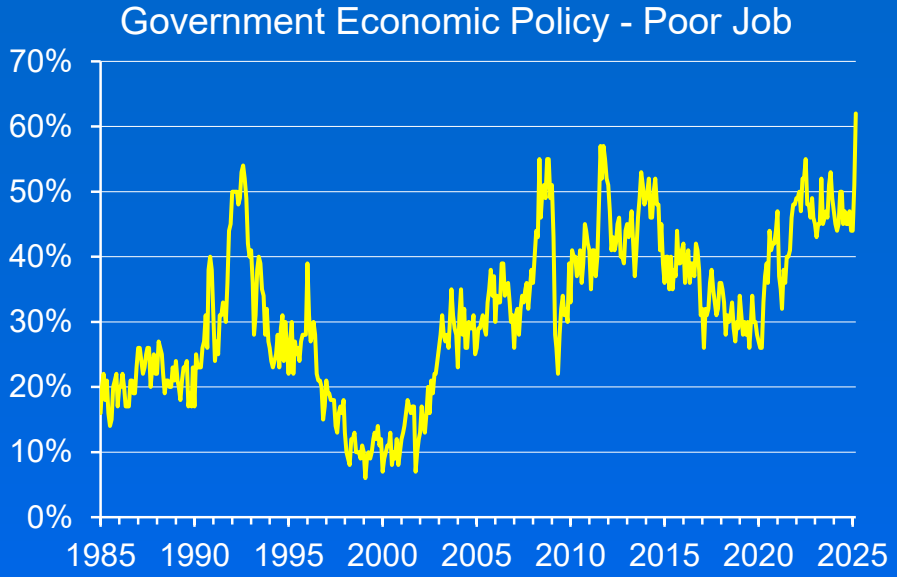
Consumer Sentiment by Income Group



Consumer Sentiment Index: Reason for Worse Financial Situation

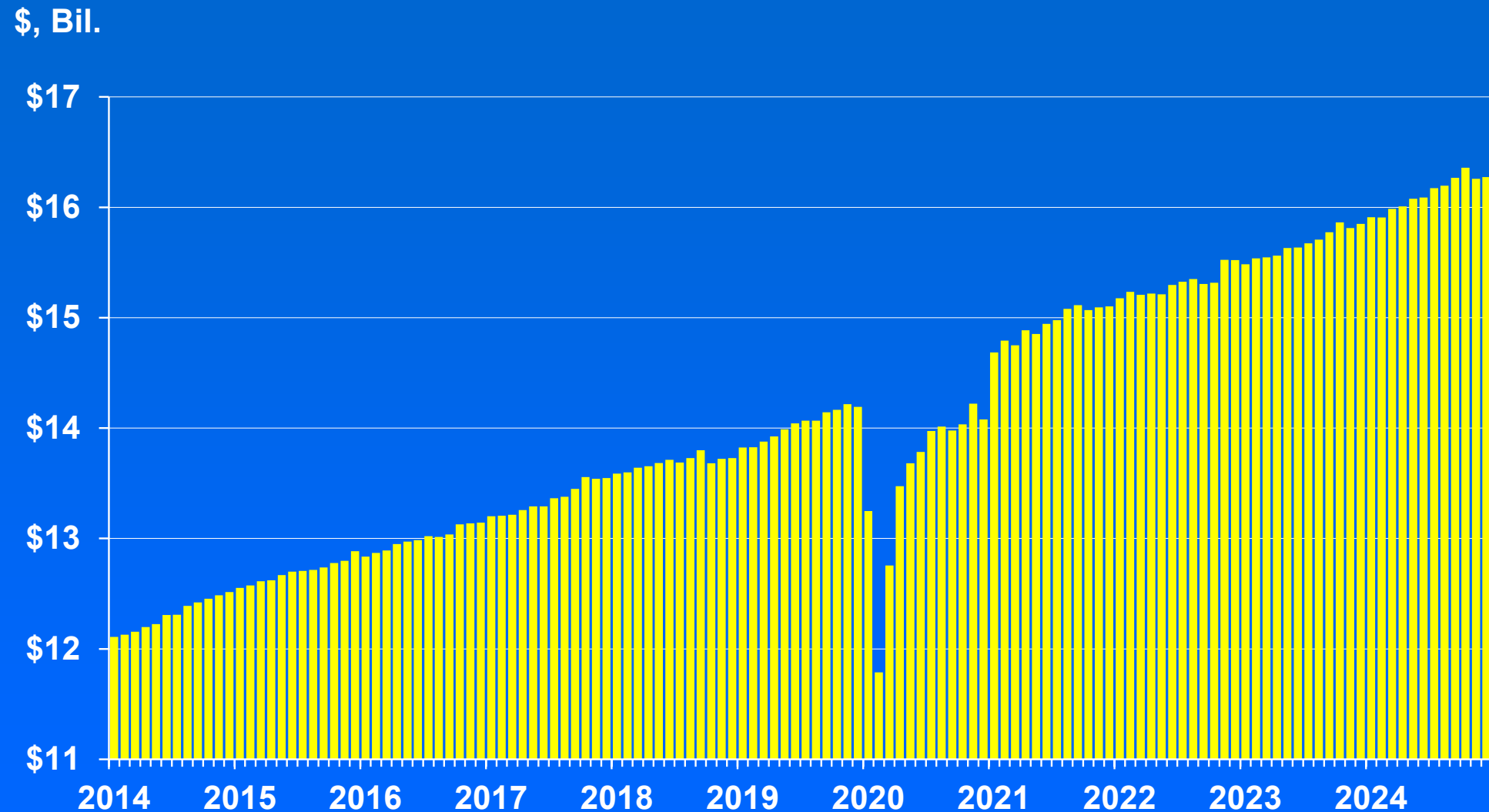


Share of Adults Who Responded:

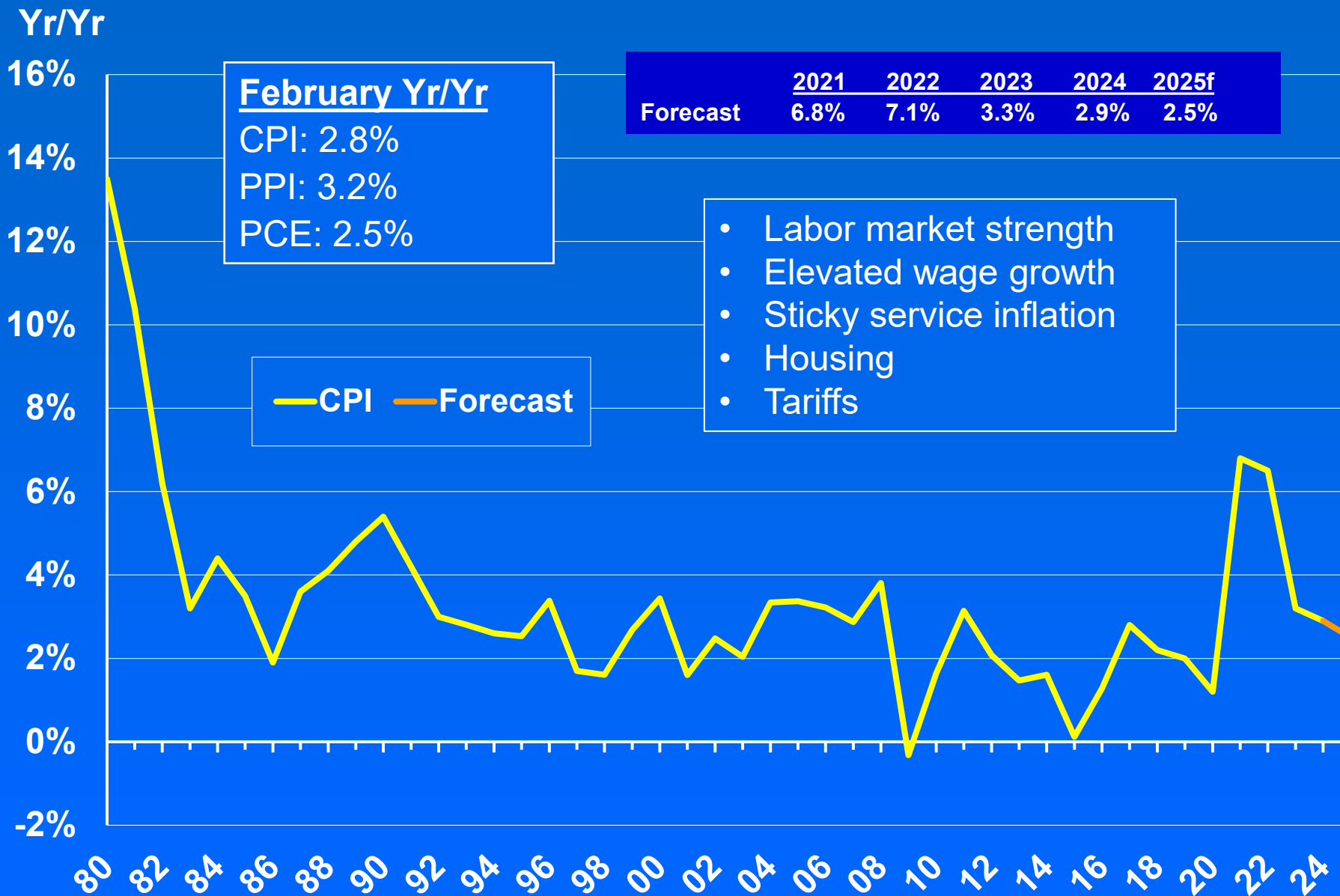


Consumer Spending

Real Personal Consumption Expenditures

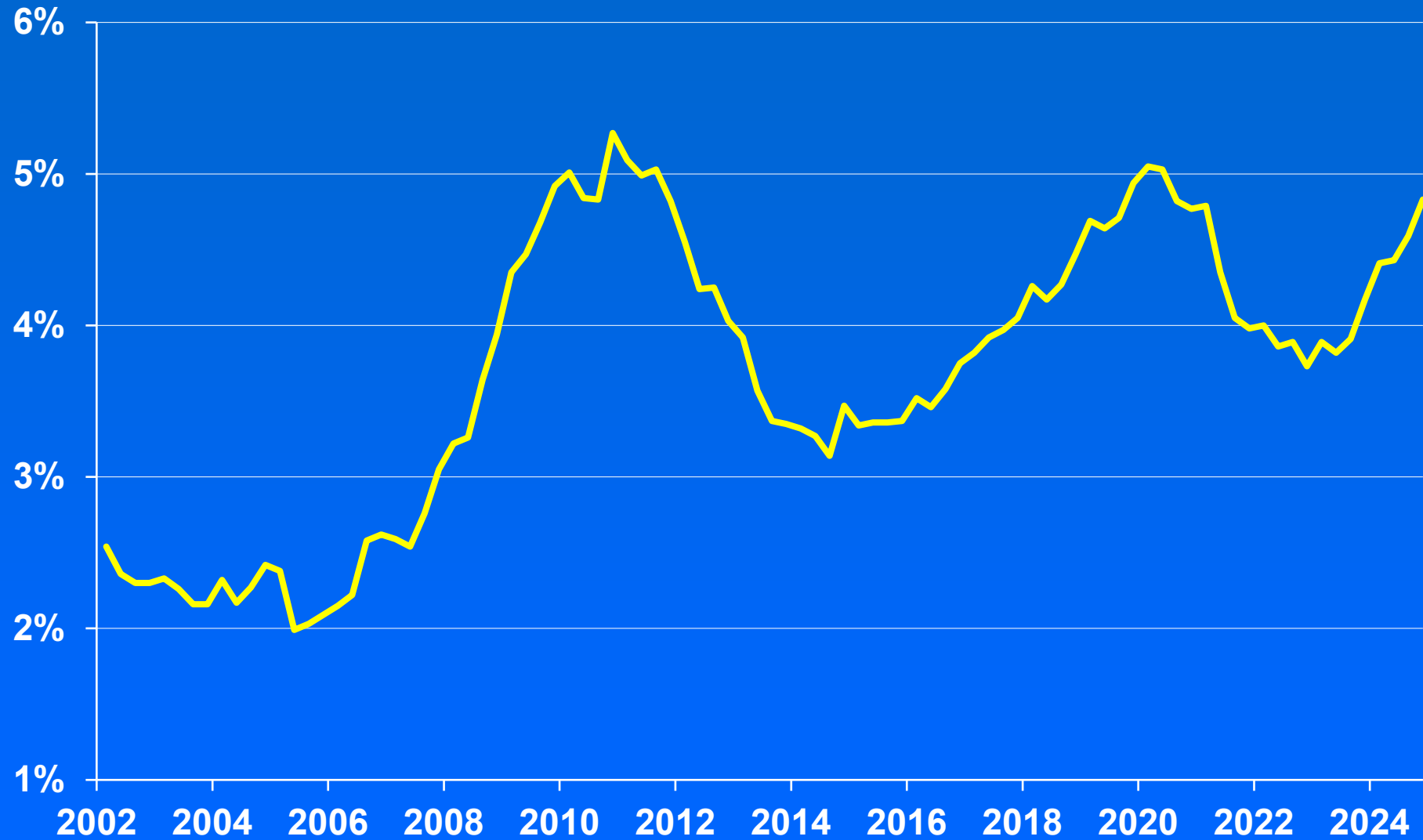


Consumer Price Index



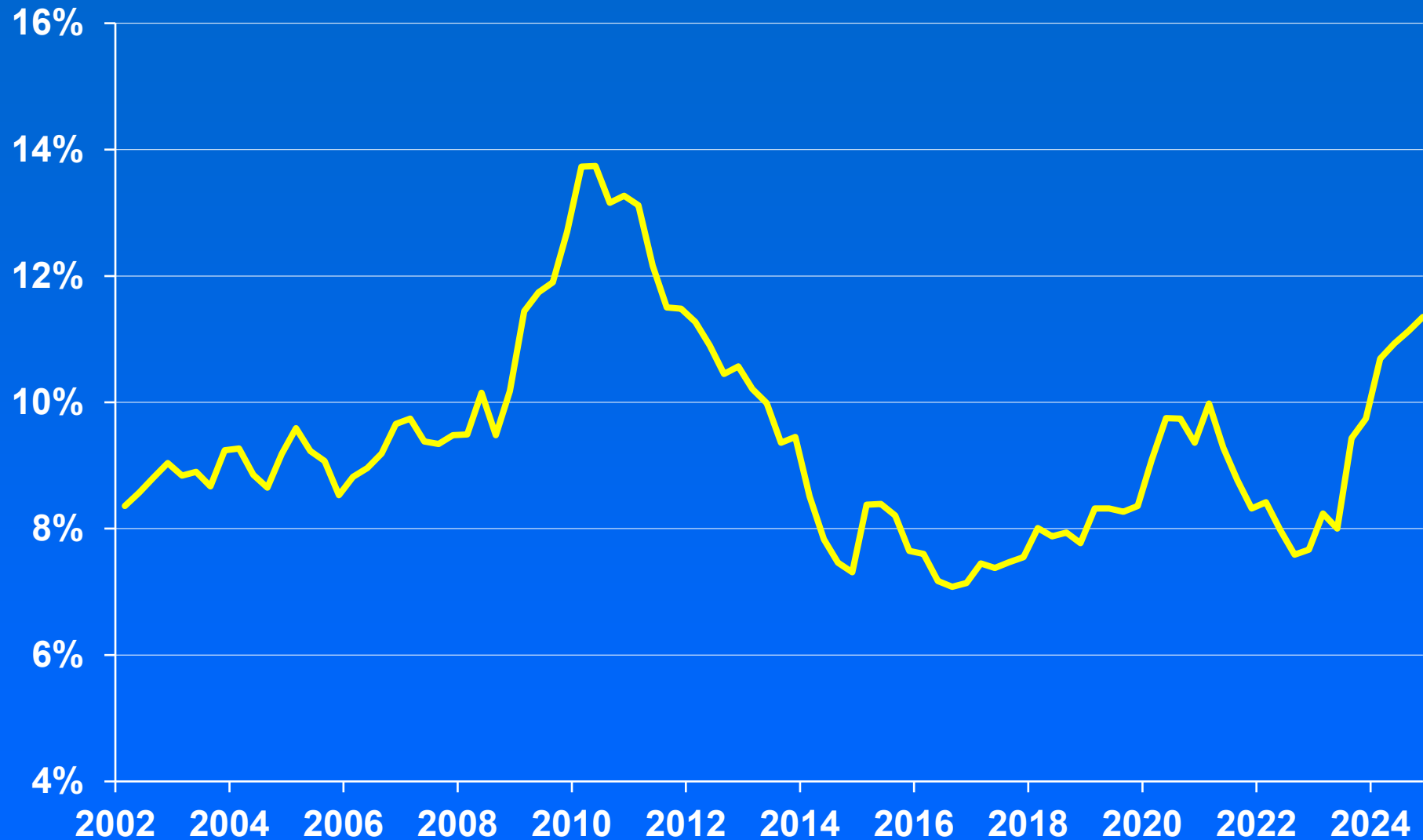
Auto Loan Delinquencies

90+ days delinquent



Credit Card Loan Delinquencies

90+ days delinquent

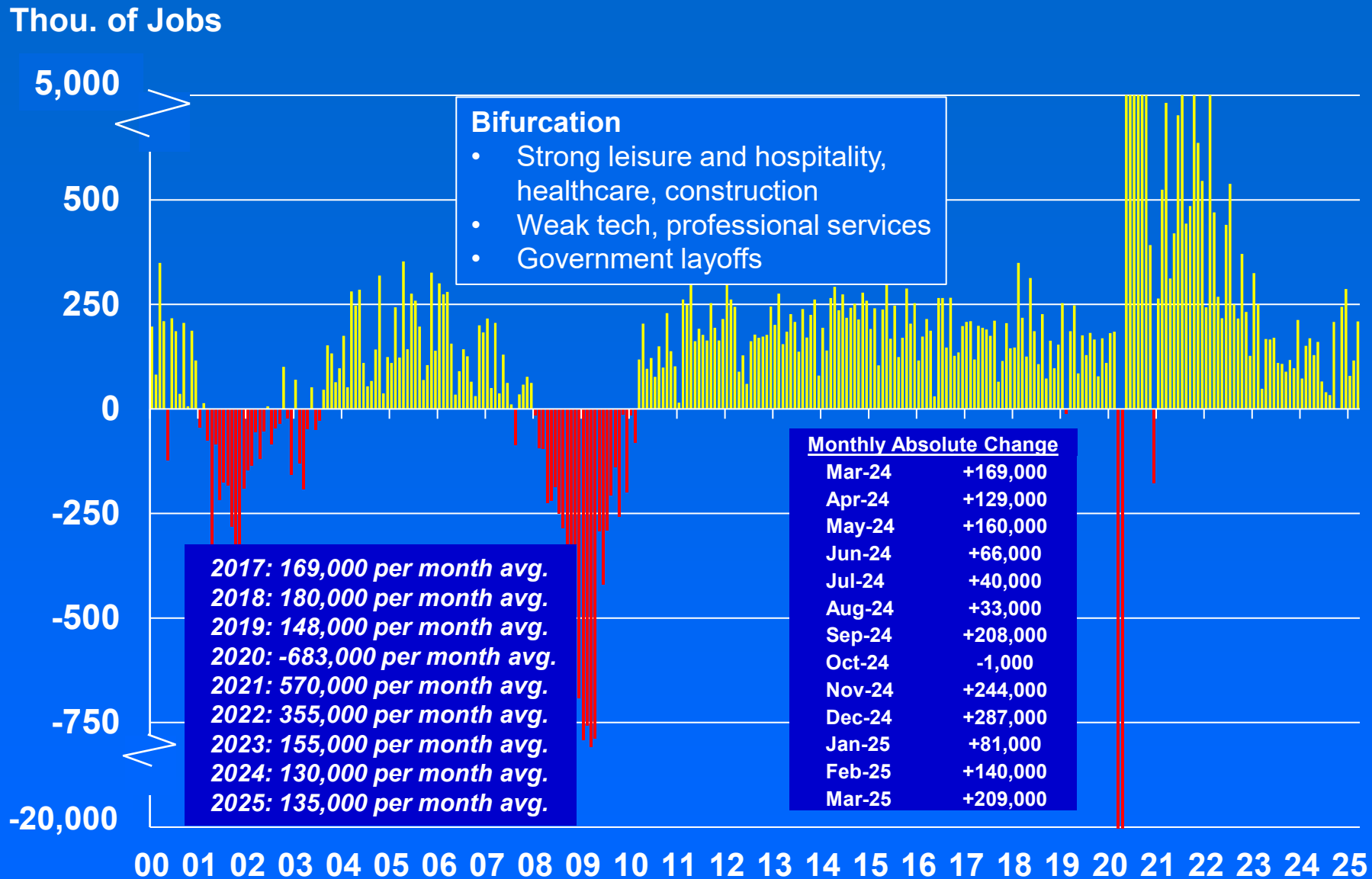


Macroeconomic Scenarios

For 2025 & 2026

	“Tarrific” (40%)	Stagflation (20%)	Optimistic (40%)
GDP Growth	-1.3%	0%	2.1%
Jobs Created	-2.3 mil.	-1.0 mil.	1.7 mil.
T-Bill	2.0%	3.8%	4.0%
T-Bond	3.0%	5.0%	4.5%
Inflation	2.5%	5.0%	3.5%

U.S. Employment Growth – Private Sector

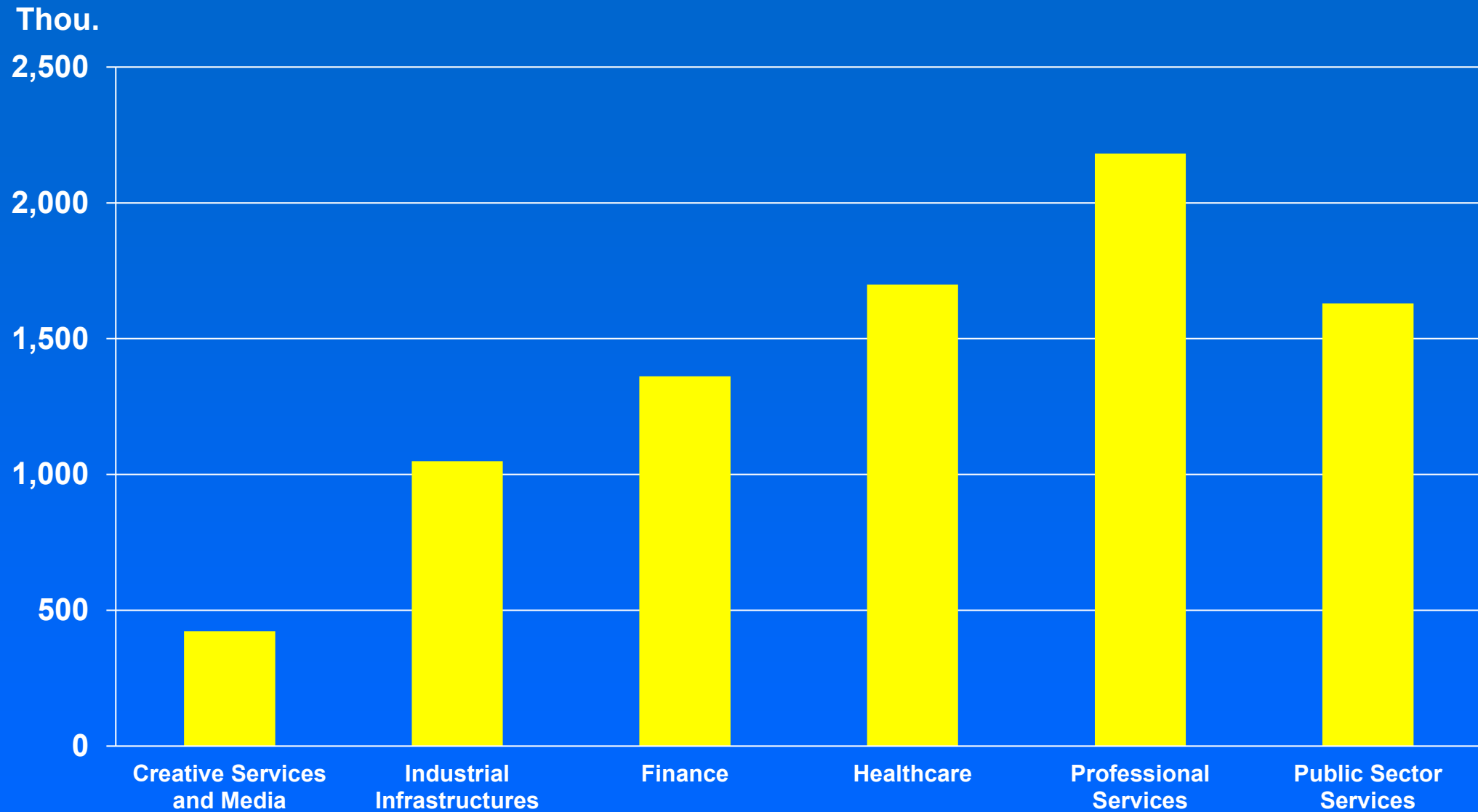


Notes: Data is seasonally adjusted

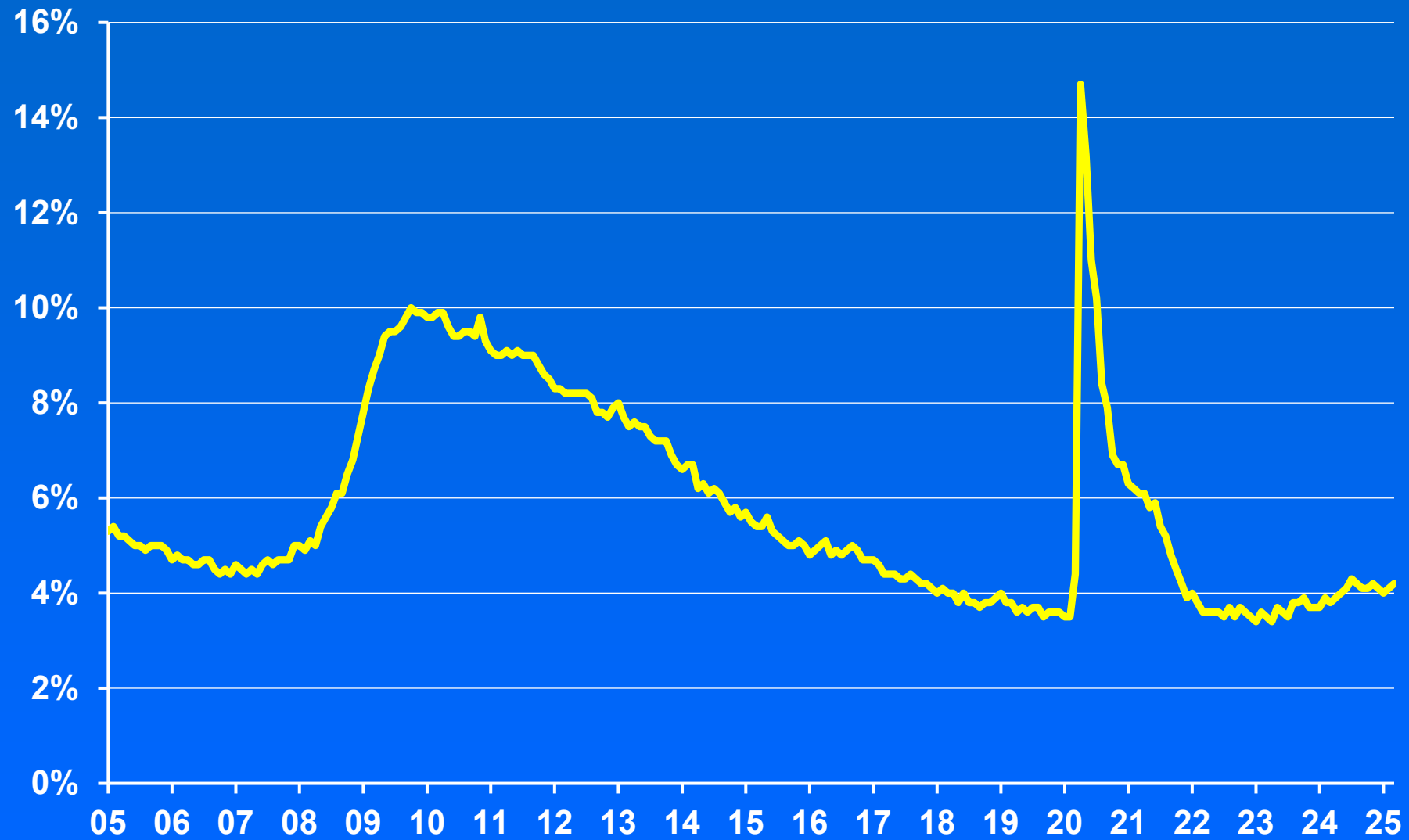
Sources: BLS, RCG

Headcount Increase in Major Industries

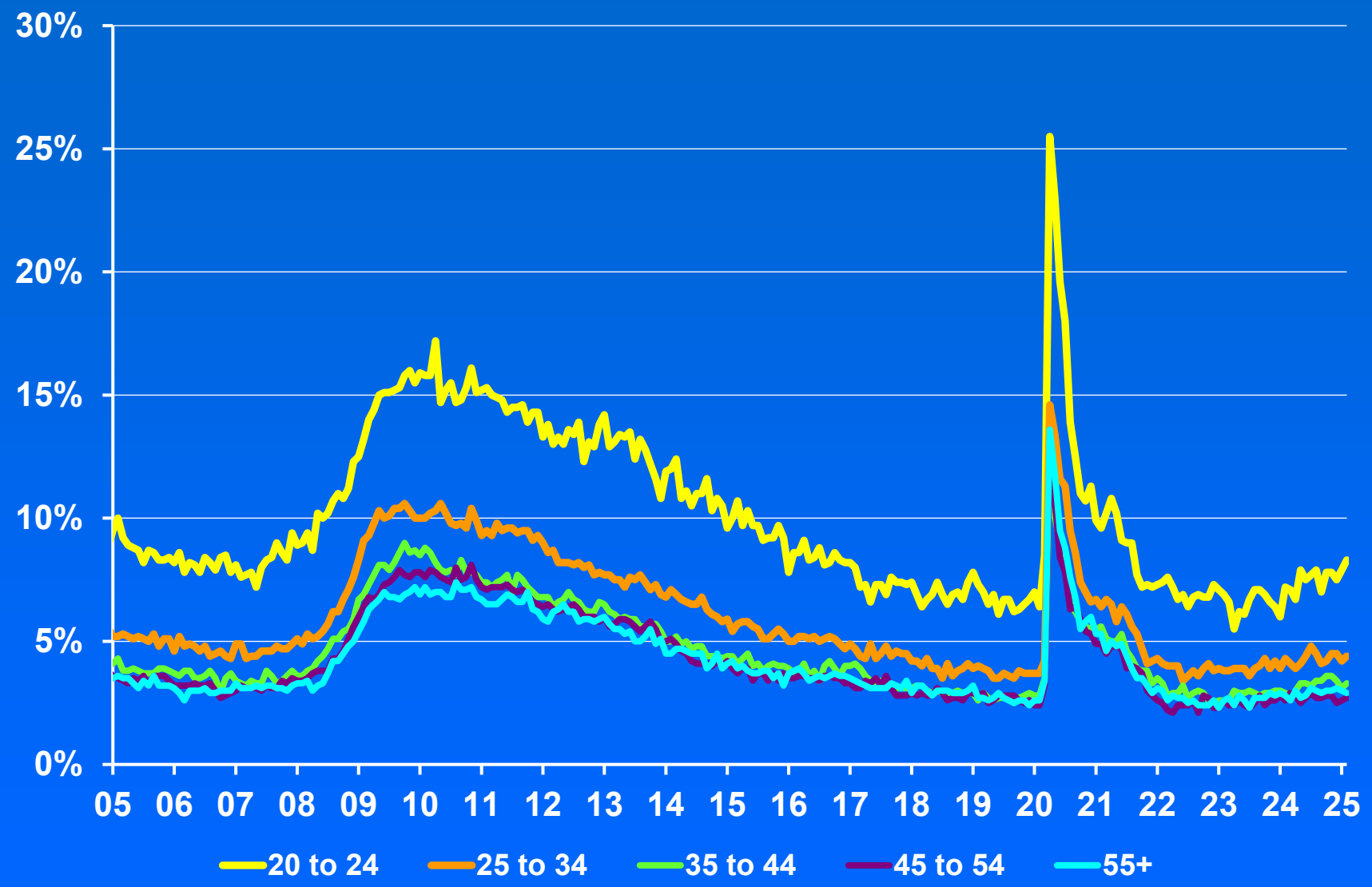
2020-2024



U.S. Unemployment Rate

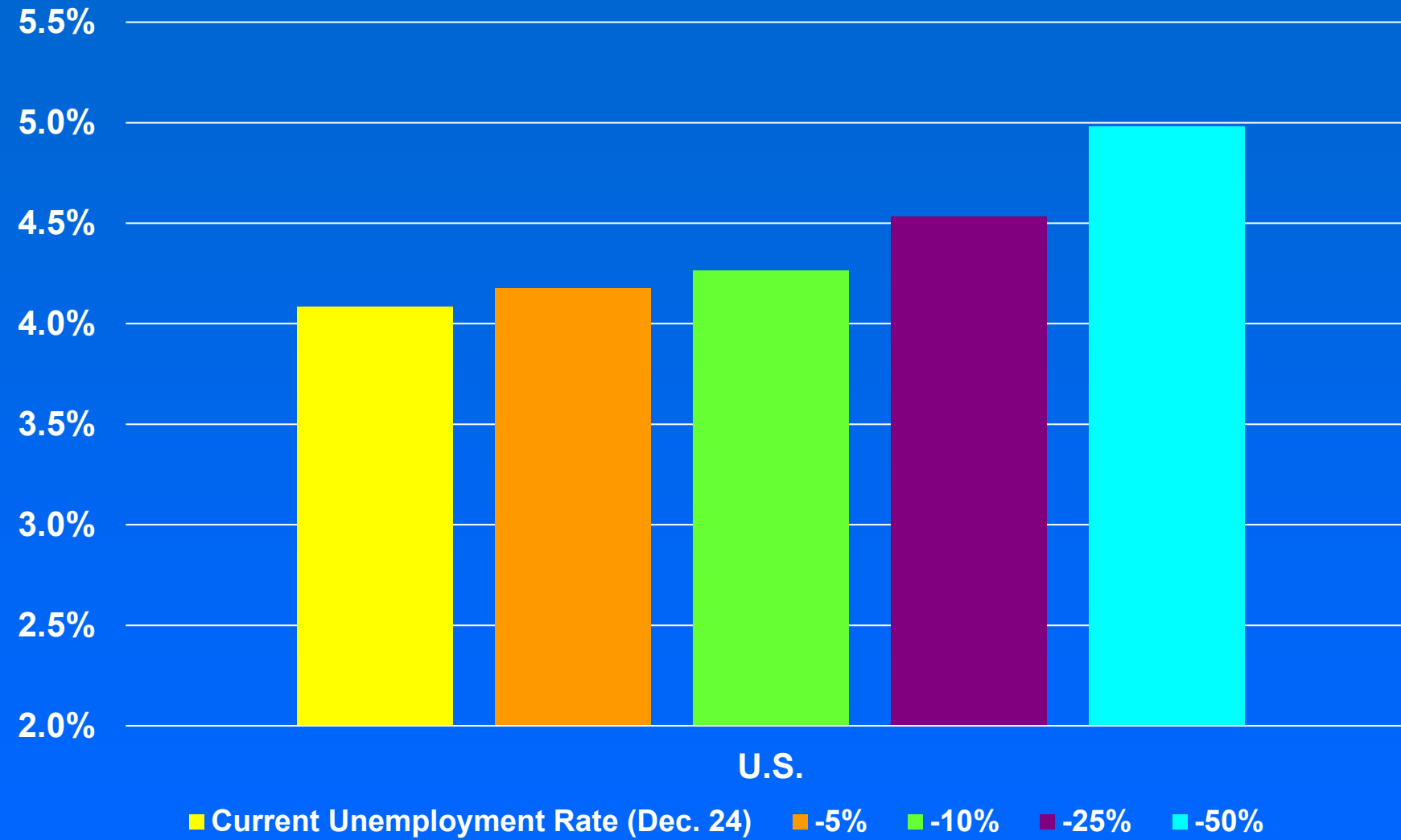


U.S. Unemployment Rate by Age

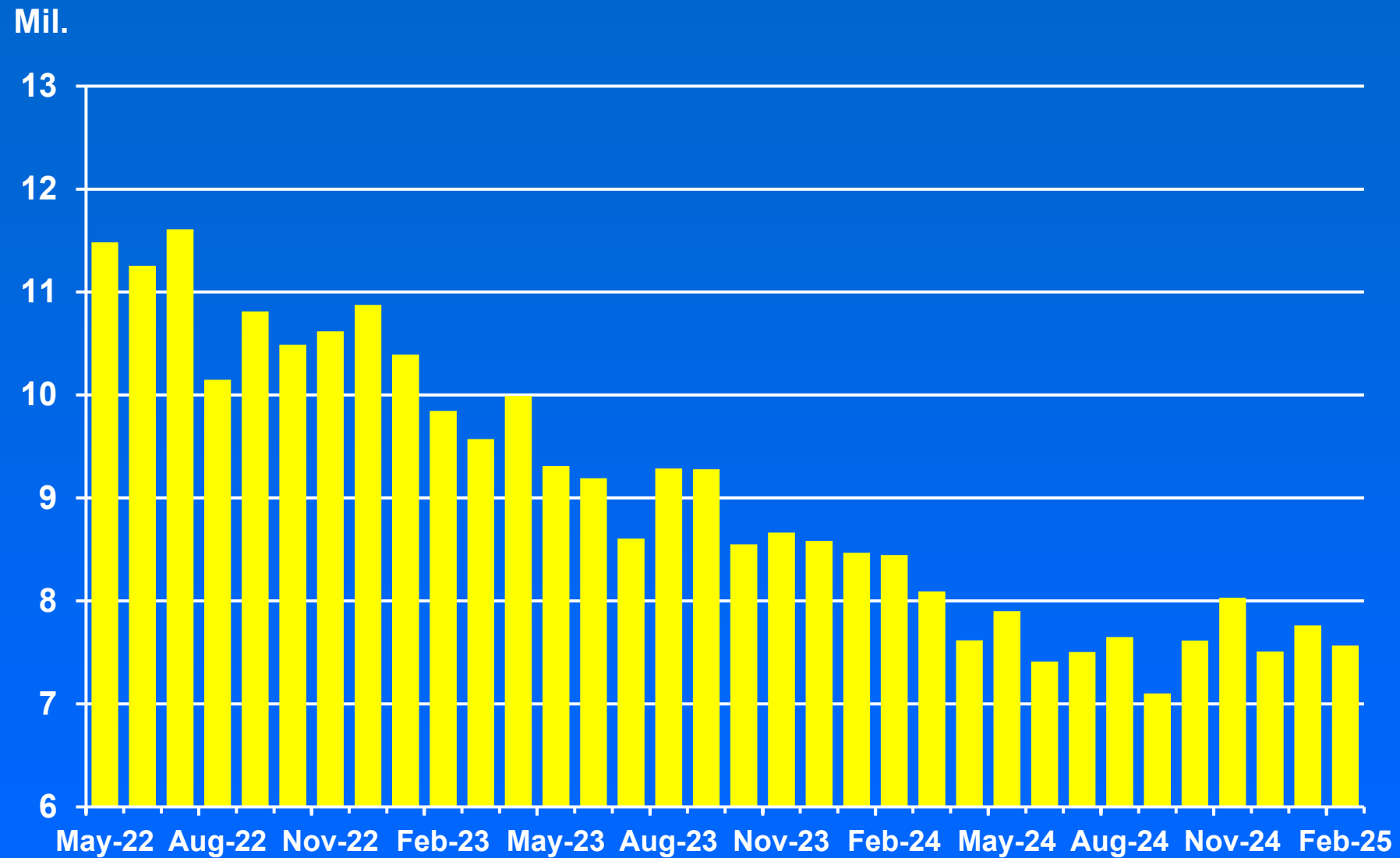


Notes: Data is seasonally adjusted
Sources: BLS, RCG

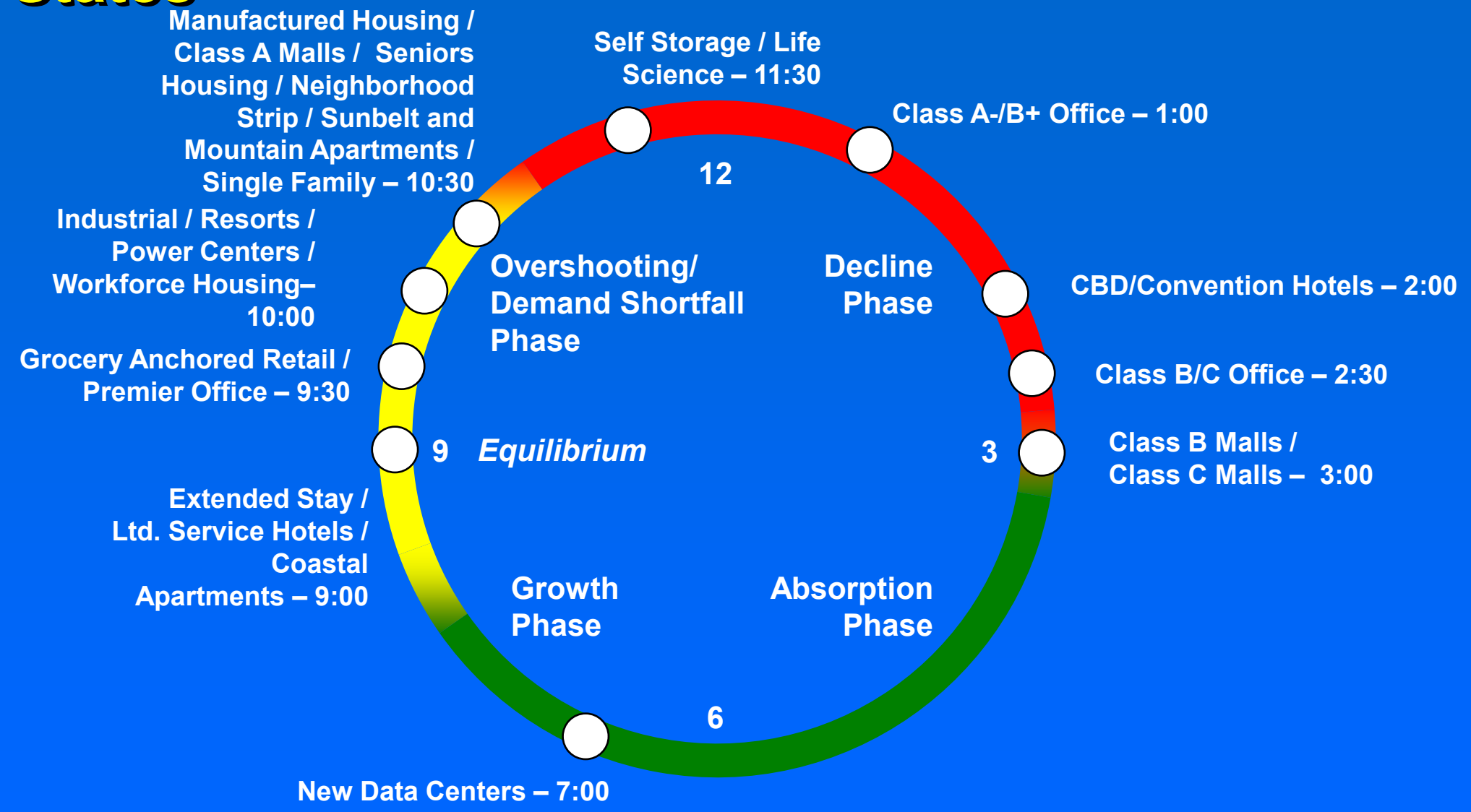
Potential Unemployment Increase from Federal Layoffs



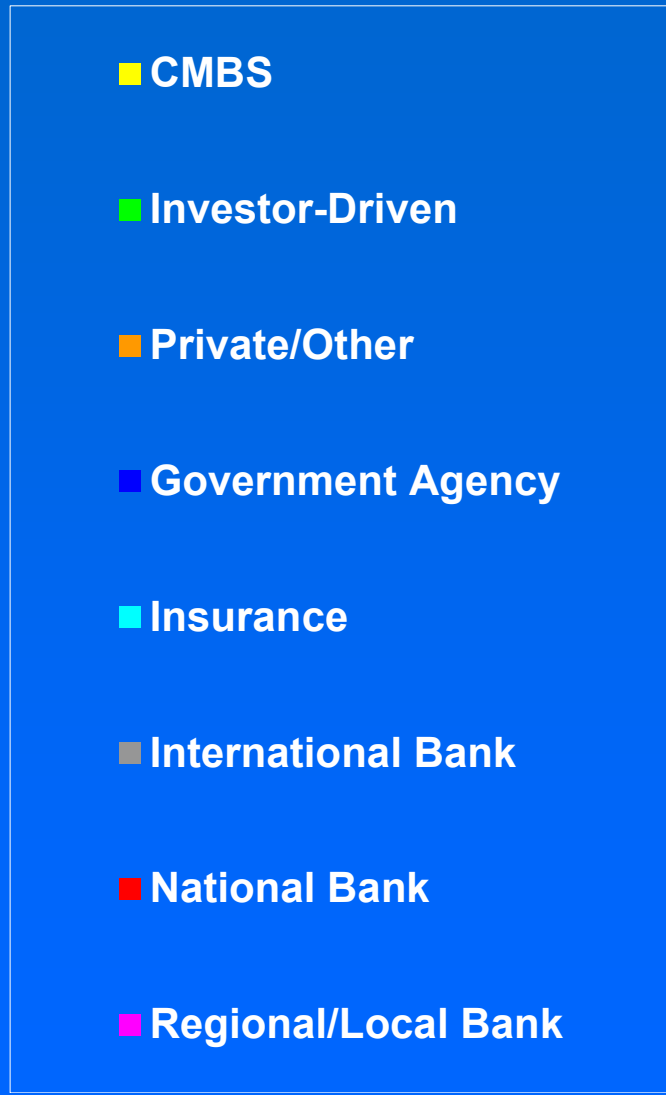
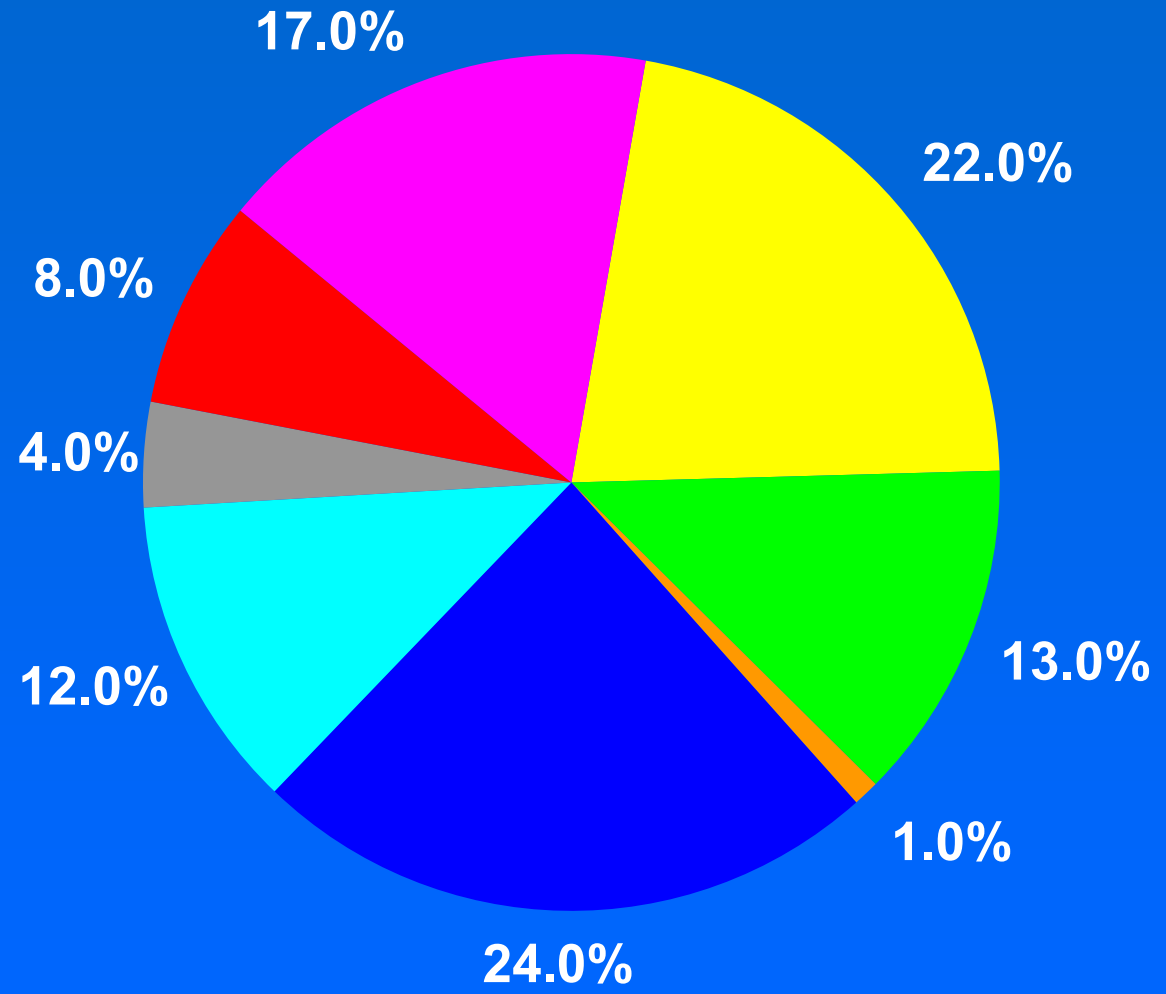
U.S. Job Openings



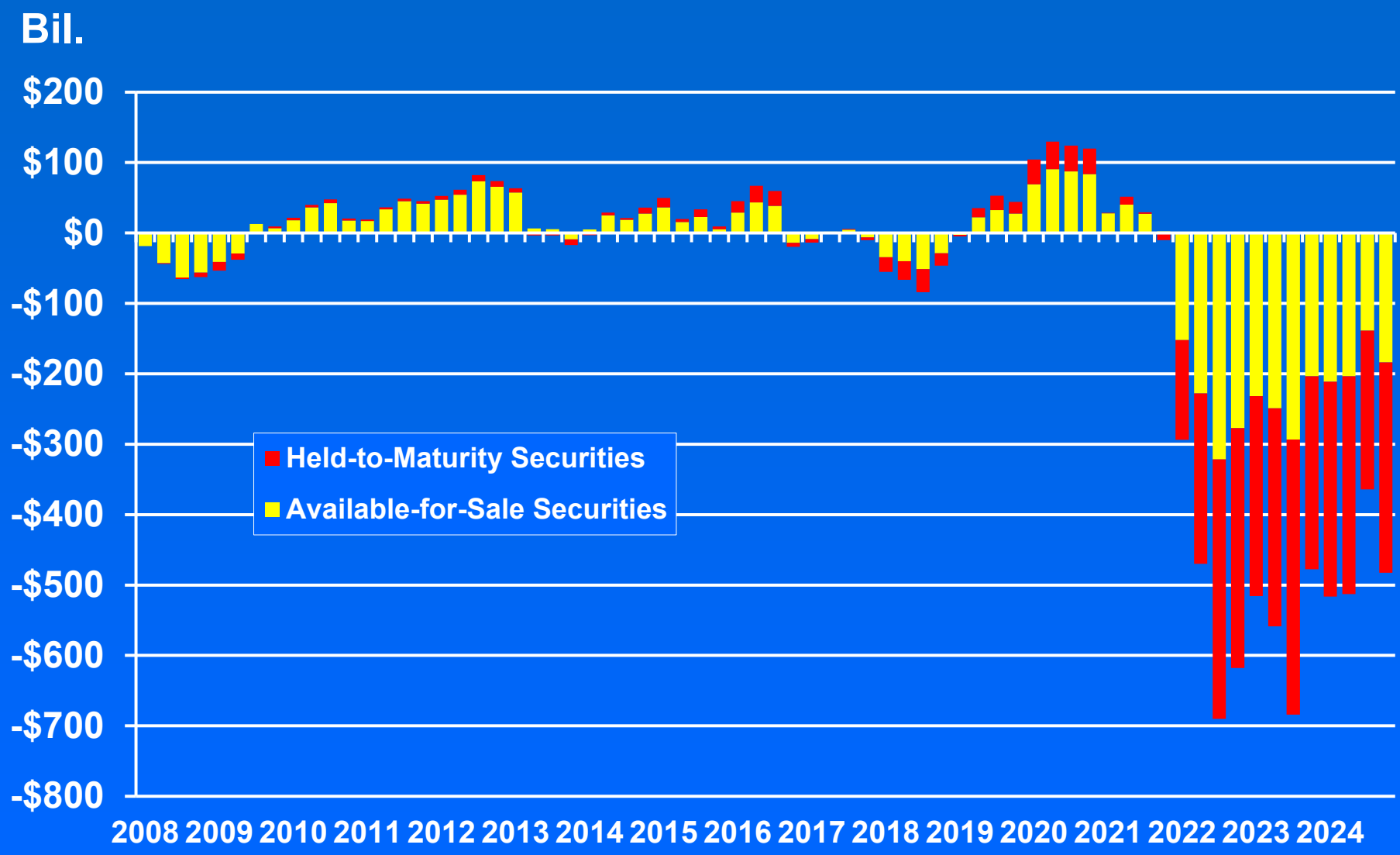
Real Estate Cycle Clock - Fundamentals United States



Commercial Real Estate Debt Market by Lender (2024)

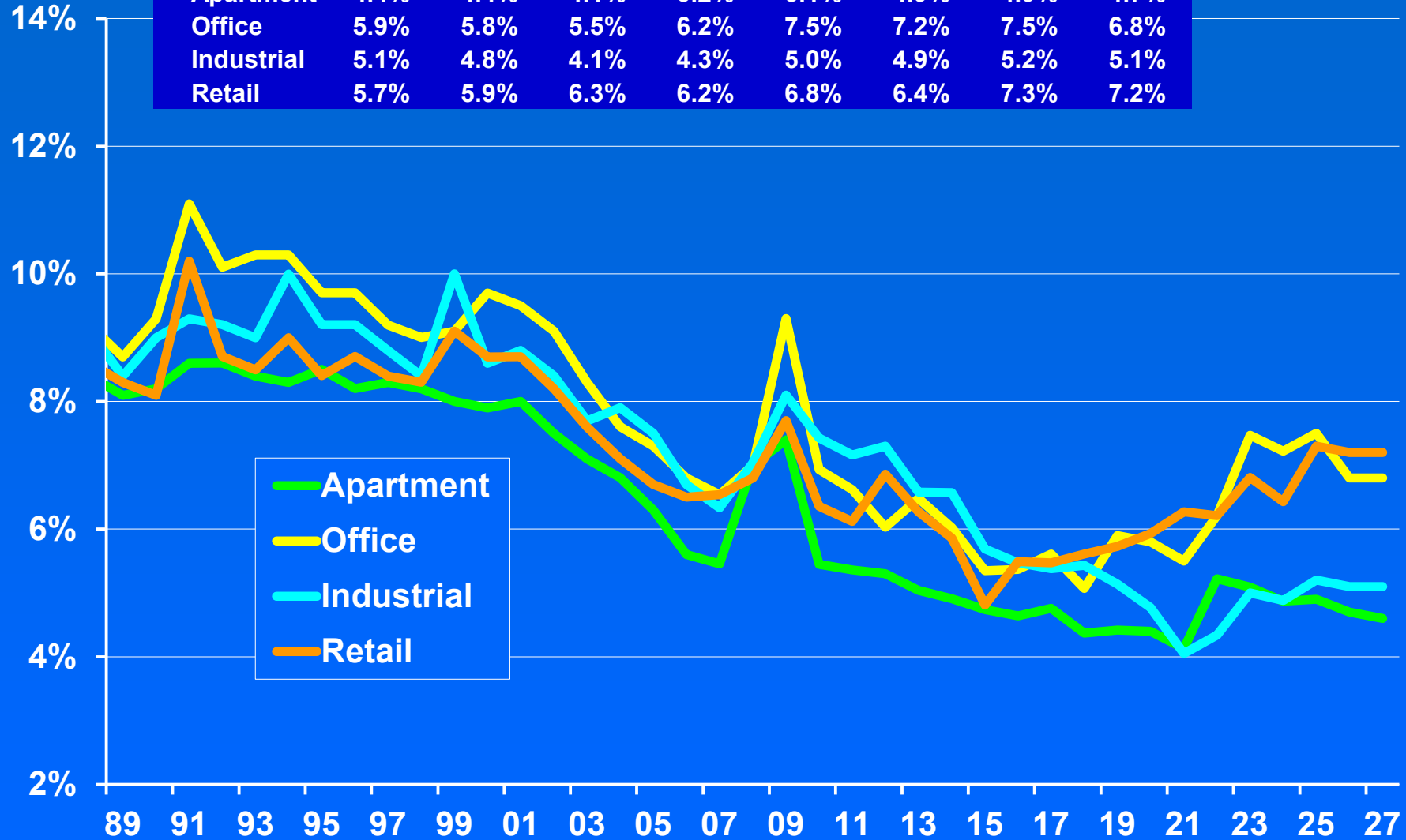


Unrealized Losses at U.S. Banks

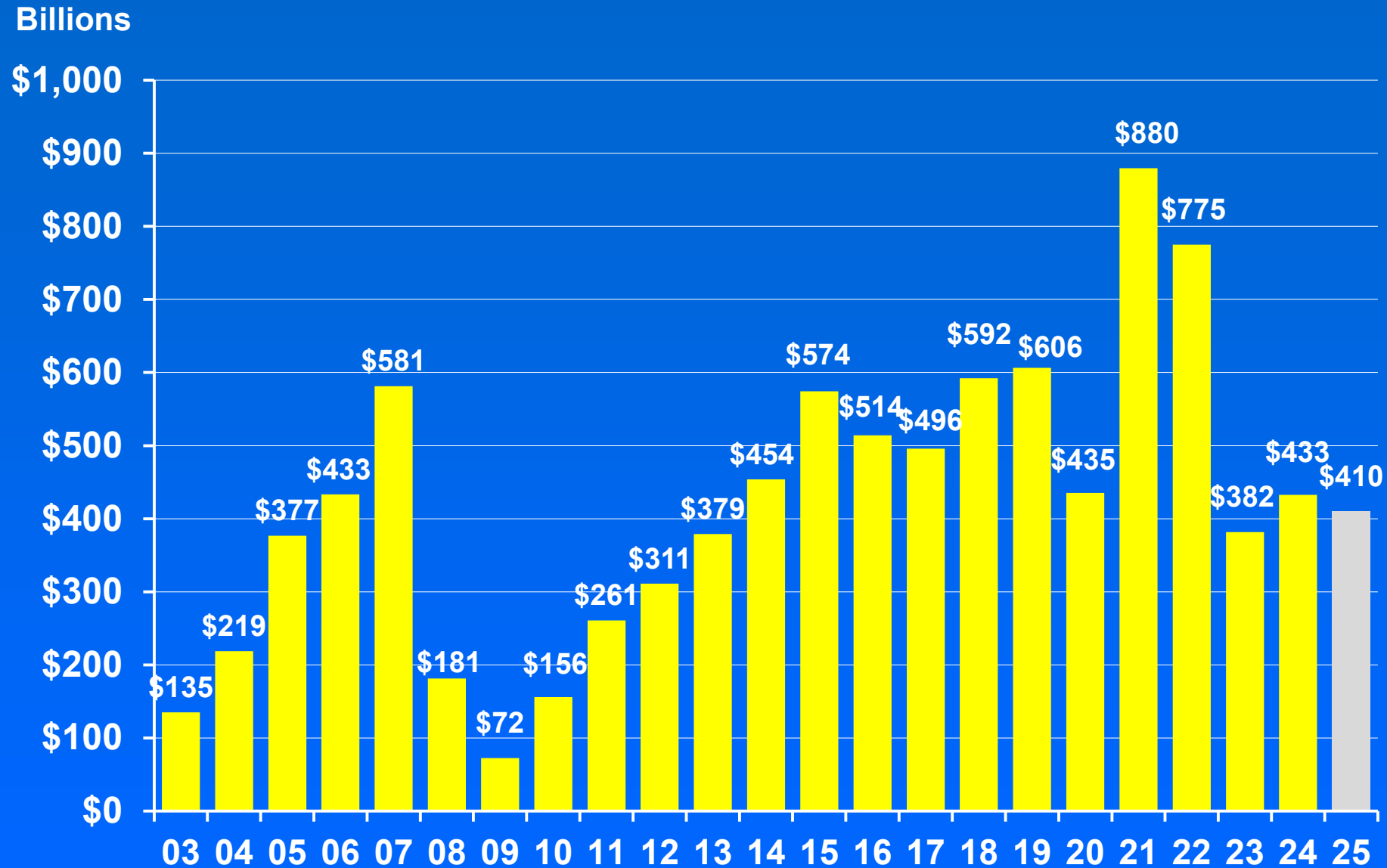


Cap Rates by Product Type

	2019	2020	2021	2022	2023	2024	2025f	2026f
Apartment	4.4%	4.4%	4.1%	5.2%	5.1%	4.9%	4.9%	4.7%
Office	5.9%	5.8%	5.5%	6.2%	7.5%	7.2%	7.5%	6.8%
Industrial	5.1%	4.8%	4.1%	4.3%	5.0%	4.9%	5.2%	5.1%
Retail	5.7%	5.9%	6.3%	6.2%	6.8%	6.4%	7.3%	7.2%



U.S. Investment Sales Volume



Appendix

Macroeconomic Scenarios

For 2025 & 2026

	“Tarrific” (40%)	Beginning of 2025 (50%)	Year-End 2024 (70%)
GDP Growth	-1.3%	2.1%	2.1%
Jobs Created	-2.3 mil.	1.9 mil.	2.2 mil.
T-Bill	2.0%	4.0%	4.0%
T-Bond	3.0%	5.0%	5.5%
Inflation	2.5%	3.5%	3.5%

Shifting Macroeconomic Outlook

Outlook for 2025 & 2026

