

United States Economic Map

Research Report – Summer 2025

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Key Highlights



- _ Economic growth will likely slow 2025 and 2026 as new tariffs raise costs and slow consumption.
- _ The labor market slackened substantially in July and was much weaker than previously thought in previous months, portraying a much softer job market than believed in late spring and early summer.
- _ Consumer spending picked up in June, offering fresh evidence that household demand remains steady even as higher tariffs and policy uncertainty weigh on the outlook.
- _ Strained housing market continues to favor renting over buying a home.

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Summer 2025 U.S. Economic Outlook: Slowing Growth



DWS expects GDP growth to decelerate to 1.2% in 2025 from 2.8% in 2024. A long-lasting US economic expansion is likely, despite tariff policies that likely add to inflation.

Key Views for Mid-Year 2025

- The U.S. economy grew this spring after a slowdown earlier in the year, although the healthy 3% GDP rate was skewed by trade policies.
- The U.S. job market slowed substantially in July and was much weaker than previously thought in previous months, a sign the labor market is downshifting.
- On a positive note, average hourly earnings for all employees increased by 3.9% over a year in July 2025, the most in four months, following an upwardly revised 3.8% advance in June.
- The state of consumer spending can be described as cooling as the tariff effects play through, but also still positive, growing 1.4% in the second quarter, better than 0.5% in the prior period.
- The Fed's preferred inflation gauge (core PCE) edged higher in June, climbing to 2.8% annually. DWS revised its 2025 & 2026 U.S. inflation forecast up to 3.2% from about 2.5%.
- DWS still expects U.S. monetary policy to normalize by 2026 with the Fed Funds rate projected to be between 3.5-4.0% and the 10-year Treasury yield at roughly 4.5%.

Real Estate Spotlight: U.S. Housing

- The U.S. housing market wrapped up a sluggish first half of 2025 on a down note. Existing home sales dropped to a nine-month low as elevated mortgage rates and economic uncertainty kept buyers on the sidelines. Sales levels have hovered near 75% of pre-pandemic norms for three years now.
- Meanwhile, home prices hit an all-time high. The median existing-home sales price climbed to \$435,900 in June, up 2% from a year ago - the 24th consecutive month of yr/yr price increases.
- The average rate on the 30-year fixed-rate mortgage has hovered just under 7% this year after the Fed paused its interest rate cuts.
- Homebuilding is decelerating. Starts of single-family homes hit an 11-month low in June, while permits for new construction dropped to more than a 2-year low.
- Against the backdrop of high mortgage rates and other affordability challenges, renter demand surged to almost 310,000 units during the first six months of 2025 – more apartment units absorbed during the first half of any year in 25+ years.
- Persistently high home prices and mortgage rates are expected to keep many would-be buyers in the rental market, further fueling demand for apartments.

Source: DWS Americas CIO View (July-August), U.S. Dept. of Commerce, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, U.S. Federal Reserve, U.S. Census Bureau, Moody's Analytics, National Association of Realtors (NAR), Redfin, Reuters, Bloomberg, Reuters, CBRE-EA, CNBC. As of July 2025.

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UNITED STATES ECONOMIC MAP

Summer 2025



U.S. ECONOMIC HIGHLIGHTS AND PERSPECTIVE

- Employers across the U.S. added 73,000 jobs in July, a slowdown from previous months, and totals for May and June were revised down by 258,000 jobs – a sign the labor market is downshifting.
- The U.S. economy grew at an annual rate of 3.0% for the second quarter, a notable recovery from the three previous months when GDP contracted at a rate of 0.5% from trade-related disruptions.
- The Fed held rates steady at 4.25%–4.5% in July, emphasizing the need for "clearer signs" of inflation trending toward its 2% target before easing policy further.

EMPLOYMENT GROWTH: 2025 – 2026F

■ Below national average ■ Near national average ■ Above national average

Seattle: Downtown Seattle hit a major recovery milestone in June: along with a new post-pandemic high in return to offices, there were nearly 3 million visitors to the downtown area.

San Francisco: The co-living industry in San Francisco, which faced challenges during the pandemic, is experiencing a resurgence, particularly due to the AI boom.

Silicon Valley: The tech industry has entered what appears to be a protracted period of attempting to right-size its operations after massive hiring spree during the COVID-19 pandemic.

Los Angeles: With the film industry facing a troubling downturn, lawmakers are under growing pressure to revamp the state's film tax credit program to bring back jobs and keep production local.

Ports of Los Angeles/Long Beach: While importers race to beat the latest deadlines set by President Trump, the cost of mounting tariffs has been significant for their businesses.

San Diego: While tech in the U.S. is struggling, SD's high exposure to biotech has made the pain more acute.

Las Vegas: With the pace of job growth slowing considerably this spring, LV's economy has come back down to earth.

Phoenix: PHX has emerged as a magnet for semiconductor manufacturing and is quickly becoming a destination for investment in biotech, battery, solar and electric vehicle production.

Sources: DWS, U.S. Dept. of Commerce, U.S. Census Bureau, U.S. Dept. of Labor, U.S. Bureau of Economic Analysis, U.S. Conference Board, Moody's Analytics, Wall Street Journal, Bloomberg, Oxford Economics, CNBC, Reuters, Bisnow,, GlobeSt, CBRE, Cushman & Wakefield, Redfin, New York Post, Zillow, San Francisco Chronicle, siliconvalley.com, FilmLA,, Downtown Seattle Association, GeneOnline News, Prospect Park Partners, WalletHub, npr. As of July 2025. F- forecast.

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Salt Lake City: SLC's economy is gaining steam – May's job growth was more than double the nation, with manufacturing, finance and construction leading SLC's broad-based expansion.

Denver: With payrolls fluctuating between gains and losses for much of this year, Denver's economy is struggling to generate momentum.

Chicago: As an air and rail hub, escalating tariffs could dampen growth through weaker trucking and warehousing demand due to lower trade volumes.

Detroit: Faced with intensifying pressure to bring more jobs to the U.S., one of the largest hardware companies in the world is opening a manufacturing program in downtown Detroit.

Boston: Boston's biotech sector remains under pressure, grappling with regulatory uncertainty coupled with leadership changes in federal agencies.

New York: New York posted first for the second straight year in an annual global ranking by Oxford Economics gauging cities' economic development climates and business prospects.

Washington DC Region: With 32 office conversions totaling 7 million sq. ft. planned for completion in 2027 and beyond, the DC metro area is a hotspot for office-to-residential conversion projects.

Raleigh-Durham: Recent gains in professional, scientific and technical services employment since late 2024 have strengthened Raleigh's position as a high-tech leader.

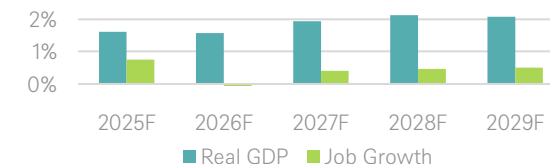
Charlotte: Charlotte appears poised for success as its oversized traditional banking footprint and solid talent pipeline make it a prime location for new financial technology companies.

Nashville: Continued investment in startups and a vibrant culture make Nashville especially appealing to young professionals.

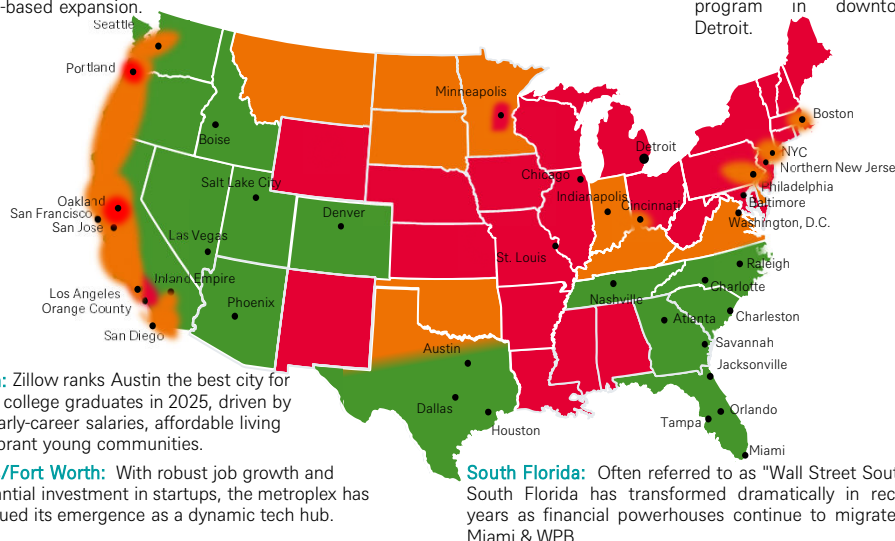
Atlanta: Atlanta has attracted new investments in the emerging electric vehicle and aerospace industries, helping to position the metro for a return to above-average growth.

Orlando: Nowhere in the U.S. has the number of small businesses starting up grown faster than in Orlando – and a decent percentage have survived, according to a new report from WalletHub.

REAL GDP & JOB GROWTH



Source: Moody's Analytics (Consensus View), DWS, July 2025.



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