1. CPI INFLATION

- The Consumer Price Index (CPI) accelerated in June, rising 0.3% from May and 2.7% over the past twelve months, according to the latest data from the Bureau of Labor Statistics (BLS).
- Core-CPI, which removes the more volatile food and energy components, also accelerated relative to the past few months, up 0.2% month-over-month and 2.9% annually.
- The categories driving price growth in June suggest that the effects of tariffs are beginning to take hold, following several months of seemingly little effect. Prices of items such as appliances and apparel, which have high exposure to tariffs, increased by 1.9% and 0.4%, respectively, on a monthly basis.
- The latest CPI data has reinforced market expectations of no rate cut in July. According to data from the Chicago Mercantile Exchange's Fed Watch Tool, following the release of the CPI report on July 15, the probability of a July rate cut further dwindled to 2.6% from 6.2% the day before.
- Nonetheless, recent dovish concerns from some FOMC officials indicate that they are aware of emerging downside risks to demand, leaving the interest rate outlook potentially vulnerable to sudden shifts.

2. FED BEIGE BOOK

- According to the Federal Reserve's July 16 Beige Book, most districts reported little to no change in overall economic activity, while modest growth was observed in a few regions.
- Sectors such as tourism and healthcare remained relatively stable, but others, including manufacturing and transportation, are showing signs of progressive weakness.
- Consumer demand remained steady, but firms in some districts report higher price sensitivity to discretionary purchases as of late. Hospitality and travel continue to perform relatively well but are moderating, while discounts are becoming more frequent, and large purchases are facing last demand.
- Residential real estate demand weakened in most districts, with slower new construction activity and relatively flat home sales as affordability challenges continue to weigh on buyers.
- Commercial real estate softened across most districts, with reports of higher office vacancies and lower demand for new space.
- Lending was described as tight with flat loan demand by banking contacts in most districts. Meanwhile,

business borrowers are reportedly scaling back investment plans while real estate lending remains largely constrained.

3. NATIONAL RENT COLLECTIONS

- On-time rental payments in independently operated units decreased by 20 basis points (bps) to 83.6% in July, as the metric continues to signal a concerning trend in the financial health of renter households.
- June's on-time payment rate, initially reported at 84.3%, has been revised down to 83.8%. In total, the on-time rate has declined by 229 bps over the past four months, illustrating a sharp performance drop-off.
- On-time payment rates have now fallen year-over-year for 24 consecutive months. Compared to a year earlier, the rate is down a sizable 209 basis points — the second-largest annual drop during the post-pandemic era, but an improvement from June.
- Western states continue to hold the highest on-time payment rates in the country, led by Idaho (93.5%), Hawaii (92.3%), Alaska (91.6%), Utah (91.2%), and Montana (91.1%).
- Compared to one year earlier, Missouri (+617 bps), Alabama (+321 bps), and the District of Columbia (+256 bps) saw the most improvement. Collection rates have deteriorated most in West Virginia (-1002 bps), Vermont (-718 bps), and Massachusetts (-675 bps).
- Out of the 50 states, plus the District of Columbia, only 11 saw improvement in on-time payment rates from a year earlier.

4. HOUSING MARKET ACTIVITY

- Housing market activity in the US rose slightly in July from a 2.5-year low hit in June, according to the latest NAHB/Wells Fargo Housing Market Index.
- Homebuying activity experienced a particularly weak spring in 2025, driven by poor affordability conditions and elevated interest rates. July's uptick was driven by a modest increase in current sales conditions and sales expectations for the next six months, while the traffic of prospective buyers fell.
- Homebuilder discounts continue to be a catalyst for new sales activity, with 38% of builders reporting price cuts in July—the highest share to do so since the NAHB began tracking the metric on a monthly

basis in 2022.

- This discount-driven sales activity in recent months has raised alarm bells among several housing market watchers, who warn that, absent a cut in interest rates, both housing construction and homebuying activity are likely to continue falling.

5. APARTMENT COMPLETIONS DECLINE

- According to recent data from RealPage, nationwide apartment completions fell during Q2 but remain elevated.
- Completions totaled roughly 108k units in Q2 2025, down from a peak of 159k units in Q3 2024 but still above pre-2023 levels.
- The South of the US remains the most active region for new supply but also experienced the sharpest quarter-over-quarter decline, delivering 6,900 fewer units in Q2 compared to Q1.
- All regions have returned to their 2023/2024 highs, but some have shown positive quarter-over-quarter trends. Both the Midwest and Northeast experienced slight upticks from Q1, while deliveries in the West region fell.
- On a metro-level, Dallas, New York, Phoenix, and Austin led the nation in competition volume during Q2, each delivering at least 5,000 units.

6. SENIOR HOUSING OCCUPANCY TRENDS

- According to a new report from the National Investment Center for Seniors Housing & Care (NIC), despite a growing number of older Americans electing to age in place, seniors continue to move into retirement housing at record rates.
- According to the report, the sector’s occupancy rate rose by 80 basis points (bps) to 88.1% between Q1 and Q2 of this year, adding 6,000 units.
- Through Q2 2025, rent growth in the senior living sector was 4.1% year-over-year, with some variation by property type. Rents in independent living communities were up 4.25% year-over-year between Q2 2024 and Q2 2025, while those in assisted living communities grew by 3.97%.

- As seen in other segments of the rental housing sector, supply is failing to keep up with new demand, pushing rents higher. NIC reports that inventory declined from 1.2% to 1.0% during the first and second quarters, while construction projects slowed, indicating that changing economic conditions and policy developments are key drivers of new caution among developers and capital providers.

7. OFFICE SECTOR VACANCIES

- According to Commercial Edge's most recent National Office Report, the US office vacancy rate was 19.4% in June, 130 basis points higher than in June 2024.
- The report highlights sluggish white-collar job growth and recent loan maturities that are exacerbating office growth struggles.
- Rents have continued to rise over the past year, with the average listing rate now at $32.87, a 3.8% increase in the last 12 months.
- According to Yardi, an affiliate of Commercial Edge, approximately 14,000 highly leveraged office properties have recently matured or will mature by the end of 2026, accounting for roughly 33% of all office loans.
- Many borrowers have utilized loan extensions as they approach maturity as a way to buy time and await better market conditions; however, lenders are expected to reduce the availability of loan extensions moving forward.
- Among the largest US office markets, Atlanta-based office properties have the highest share of loans maturing in the next two years (50.5%), followed by Denver (49.0%), Bridgeport-New Haven (CT) (48.5%), Chicago (46.0%), and Minneapolis-St. Paul (41.2%).

8. H1 2025 FORECLOSURE ACTIVITY

- According to ATTOM, during the first half of 2025, foreclosure filings in the US were 5.8% higher than over the same period in 2024.
- A total of 187,659 properties filed for foreclosure during H1 2025 compared to 177,431 in H1 2024. Still, while the first-half totals for 2025 are the highest in any similar period since 2019, foreclosure activity

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remains low by historical standards. For context, a 2010 peak saw over 1.6 million foreclosures during the first six months of the year.

- Nonetheless, the recent persistent rise in foreclosures signals that some homeowners are still facing financial challenges amid today's housing and economic landscape.
- States that saw the most significant increases in foreclosure starts during H1 2025 were Texas (+17,680), Florida (+15,198), California (+14,751), Illinois (+7,922), and New York (+6,585).
- More recently, 21,782 US properties initiated the foreclosure process in June 2025, a 10 percent decrease from the previous month but a 17 percent increase from June 2024.

9. CONSUMER BEHAVIOR TRENDS IN RETAIL AND DINING

- A recent analysis by CRE Daily shows that retail and dining traffic now exceed pre-pandemic levels, though office visits remain 33% below 2019, evidence that some pandemic-era changes to consumer activity were permanent.
- In June 2025, the number of visits to retail chains was 7.9% higher than the same period in 2019, although it was 1.3% lower than June 2024 levels. Still, this far into 2025, each month has seen a higher volume of in-store activity relative to its 2019 comparison.
- The analysis suggests one of the key trends driving retail traffic is a growing consumer willingness to visit multiple chains for specific products. A fragmentation of shopping habits has left more niche and limited-supply grocers as beneficiaries.
- Furthermore, discounters have experienced a 30% increase in traffic since 2019, with year-over-year growth continuing to rise.
- Mid-market retailers are the biggest losers of post-pandemic shifts. Excluding off-price apparel stores, traffic to apparel stores during H1 2025 was 19.7% below H1 2019.
- Meanwhile, luxury apparel stores have gained grown. Traffic to luxury retailers was up 7.6% in H1 2025 compared to H1 2019.

10. RETAIL SALES

- US retail sales rose 0.6% month-over-month in June, following declines in April and May, according to the

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latest data from the US Census Bureau. The June results beat market expectations of 0.1% growth.

- The largest monthly increases were in sales at miscellaneous store retailers (+1.8%), motor vehicles and parts stores (+1.2%), building material and garden equipment stores (+0.9%), and clothing stores (+0.9%).
- Furthermore, sales used to calculate GDP, which are retail sales excluding food services, auto dealers, building materials, and gas stations, increased by 0.5% on a monthly basis.
- Sales at gas stations remained flat, while sales at furniture and electronics stores each declined by 0.1%.

SUMMARY OF SOURCES

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