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**Economic Report:** Insights into Today's Housing Market

**FMLS Market Intel Report**

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**Overview**

As we await the release of November housing market data, attention is firmly focused on the upcoming Federal Reserve meeting on **December 10**. Markets are assessing whether the Fed will implement another **25-basis-point cut** to the Federal Funds rate and how such a decision could influence mortgage rates heading into 2026.

At the end of October, another rate cut appeared unlikely. Fed Chair Jerome Powell emphasized that “a further reduction in the policy rate at the December meeting is not a foregone conclusion.” However, in recent weeks, expectations of a cut have risen sharply. This report explores the underlying economic shifts driving this change in sentiment.

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**Labor Market Conditions**

The delayed **September jobs report**, released November 20, revealed a mixed picture:

- The economy added **119,000 jobs** in September a modest improvement.
- Cumulative job gains for Q3 totaled **188,000**, less than half of the **396,000** added in Q1.
- The **unemployment rate** edged up to **4.4%**, the highest in four years.
- Job growth continues to narrow, heavily concentrated in **healthcare** and **services**.
- The report identified pockets of **job losses**, rising discouragement among workers, and more individuals exiting the labor force.

Goldman Sachs noted that the September numbers “may have sealed” the likelihood of a 25-basis-point cut in December.

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## Inflation and Household Financial Pressure

While the **October inflation report** is unavailable due to delays, September's **3.0%** reading remains above the Fed's 2% target and continues to weigh on policy decisions.

Consumer surveys highlight growing financial stress:

- Many households report difficulty managing current price levels.
- **Lower-income households** are struggling the most, often “barely keeping up.”
- **Higher-income households** continue to support consumer spending, creating a widening **K-shaped economic pattern** a dynamic also visible in the housing market.

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## Consumer Spending and Retail Activity

**Retail sales for September** underperformed expectations:

- Sales increased only **0.2%**, following a **0.6%** rise in August.
- Results point to **consumer fatigue** as households manage elevated prices and a cooling labor market.

Despite weaker September numbers, several forecasts predict a **strong holiday shopping season**, driven largely by higher-income consumers with more discretionary capacity.

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## Consumer Confidence

Consumer Confidence fell sharply in November:

- The index dropped **6.8 points**, reaching its lowest level since April.
- Key concerns included:
  - Persistent price pressures
  - Trade tensions
  - Political uncertainty
  - The recent federal government shutdown

Expectations for **future income, job stability, and business conditions** weakened significantly, reaching levels historically associated with elevated recession risk. A WalletHub survey found:

- **2 in 3 Americans** believe a recession is approaching

- **74%** say global events influence their financial decisions
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## **Regional Economic Insights: Federal Reserve Beige Book**

The Fed's **Beige Book**, summarizing conditions across all 12 Federal Reserve Districts, will play a central role in the December meeting.

In the **6th District**—covering Georgia, Alabama, Florida, and parts of Louisiana and Mississippi—the economic landscape mirrors national patterns:

- Overall conditions remain **stable but stagnant**.
  - Expectations for holiday sales are **positive but dependent on improving consumer confidence**.
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## **Outlook for the December 10 Fed Meeting**

The Federal Reserve will enter its December meeting weighing an economy that is still expanding but showing signs of **waning momentum**:

- Employment growth is **uncertain**
- Consumer spending is **more cautious**
- Sentiment is **deteriorating**

NY Fed President John Williams recently commented that **downside risks to employment have increased** while **upside risks to inflation have decreased**, aligning with other analysts who now lean toward a rate cut. JP Morgan has also signaled support for a 25-basis-point reduction.

While internal disagreement within the Fed is expected to continue, current indicators suggest that a **¼-point rate cut** is increasingly likely.

However, even with a cut, it would be **premature to expect a significant drop in mortgage rates**. Historically, rate cuts do not immediately translate into lower borrowing costs in housing. What we *can* anticipate is:

- A constructive response from financial markets
- A potential shift in sentiment after a year marked by rising pessimism

Restoring confidence remains essential.

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## Accessing Updated Market Data

For the most current housing statistics across the FMLS coverage area, visit **Market Intel** on the FMLS website. Data is updated **weekly**, offering granular insight into market dynamics and local performance trends.

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## Closing Remarks

Thank you for reviewing this Market Intel Economic Report. As always, FMLS remains committed to providing clear, data-driven insights to support real estate professionals across the region.

Wishing you a wonderful holiday season.  
Leslie Appleton Young, FMLS Chief Economist