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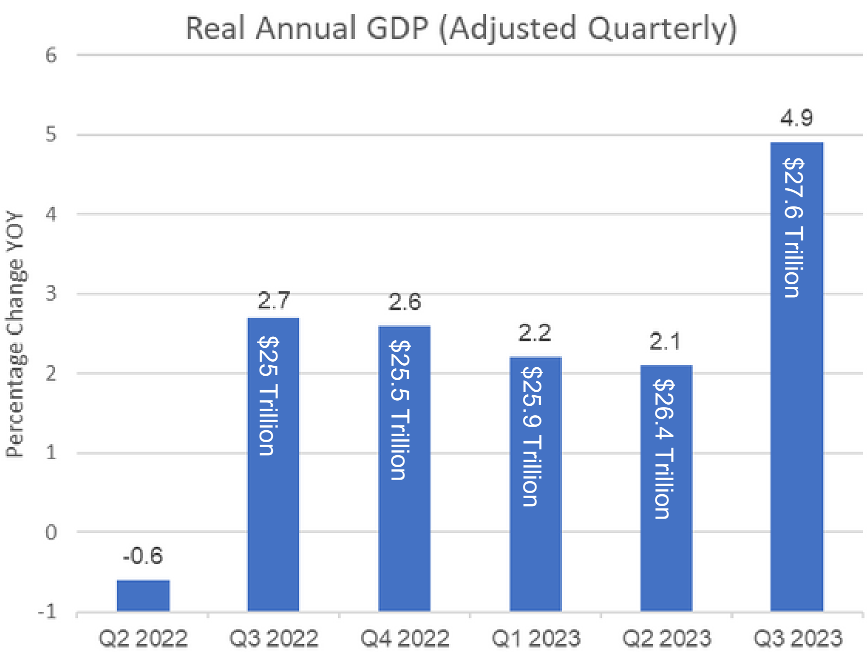
GDP UPDATE REPORT OCTOBER 31, 2023

EXECUTIVE SUMMARY

The current GDP growth rate (quarter over quarter adjusted) of 4.9% and an expected rise of 1.5%-2.5% (year over year) in 2024, despite persistent inflation, high-interest rates, and global economic disruptions, showcases the confidence of consumers and investors in the US economy, with solid GDP growth signaling ongoing investor confidence. The continuous strength in consumer spending and the Federal Reserve's active inflation oversight have thus far prevented a significant recession. The real estate sector remains robust, as evidenced by the rise in Pending Home Sales and New Home Sales, indicating sustained investor interest, with a large rise in cash transactions, as capital is being reallocated to what are perceived as safer assets in real estate instead of the volatility of the equities markets.

The issues to watch going forward are consumer spending in the face of macroeconomic trends, which will cause stress on the economy and its growth, including the Federal Reserve's role in driving inflation down through additional increases in interest rates, slightly higher unemployment, and a flattening of wage growth. In 2021, excess household savings were at $2.1 trillion. As of October, those reserves were $100 billion, with student loan payments set to resume. This, along with inflation and higher interest rates, will create an economy where demand and purchasing power may contract, lowering GDP growth.

With a potential economic contraction, will the US economy and investments lose value, specifically in the investment real estate market? Reach out to 3CRE for an analysis of how these economic trends will affect your real estate investment strategies.



Source: Bureau of Economic Analysis

Reach out to us at (513) 745-9333 or email Mike@3cre.com to schedule a call to discuss your real estate investment needs.

- Currently, GDP has been adjusted to $27.6 trillion for 2023, up from $25.5 trillion in 2022. The YoY upward trend of 8%.
- Compared to the second quarter, the acceleration in real GDP in the third quarter reflected robust consumer spending, private inventory investment, federal government spending, and upturns in exports and residential fixed investment. Imports turned up.
- Going forward, a reduction in consumer savings and multiple geopolitical factors could negatively affect the overall economic output and GDP's growth.
- Internationally, high oil prices, combined with several regional conflicts in Europe and the Middle East, will restrict trade and push prices higher on imports for U.S. consumers, limiting GDP growth.

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