



# ***Harry's Take***

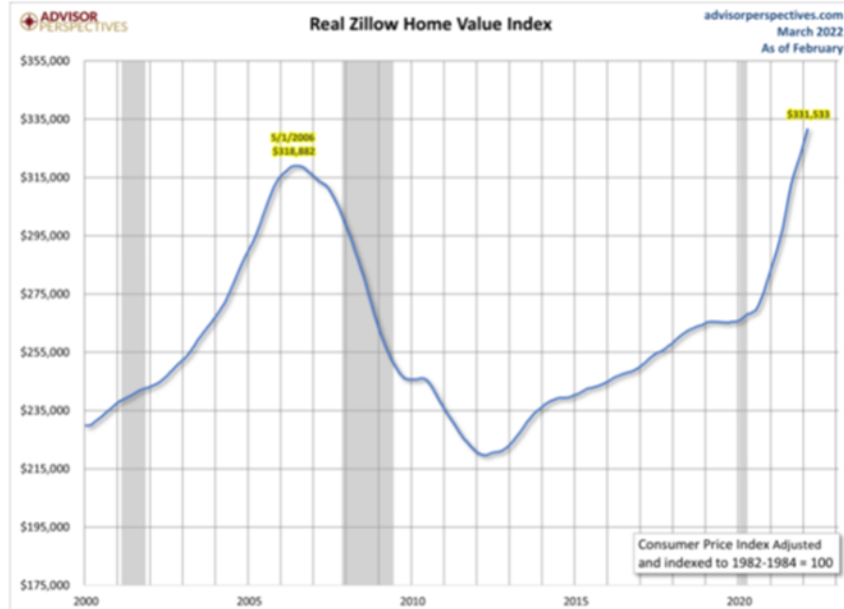
April 12, 2022

## **Falling Home Sales Since May 2020 Say Recession Hits by Late 2022**

In last week's article, I showed how the Fed is being forced to raise rates when home sales are already plunging—what could go wrong there? In this one, I show how there is nothing like falling home sales to create a recession, which tends to happen on a 1.8–2.5-year lag. Mortgages are what most expand the banking and monetary system, and homes are the most concentrated purchase we make. That means we are certain to see a recession set in between now and late 2022.

I just saw another article yesterday explaining why we aren't in a bubble this time... Do they ever learn? There's just no way to argue that now, with home prices adjusted for inflation now 4% higher than at the last bubble peak. Inflation is exactly what home prices correlate with longer term, and surging inflation like now also leads to recessions every time... And you really would think people would learn, after the greatest and most global real estate bubble in modern history peaked and crashed from 2006 into 2012. That bubble was due to naturally falling interest rates and "speculation fever." This one is coming purely from \$8.7T in money printing (including \$5.1T just since late 2019) and artificially lower interest rates... which is much worse!

## Home Prices Adjusted for Inflation Now Higher Than 2006 Bubble Peak

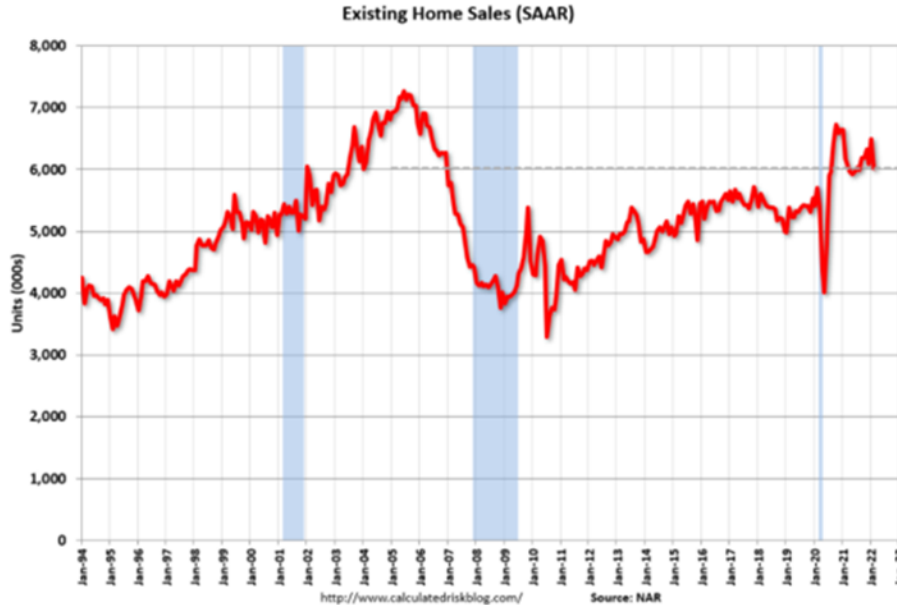


Source: <https://www.advisorperspectives.com/dshort/updates/2022/03/21/zillow-home-value-index-february-update>

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That first peak in home prices was in mid-2005, and the 2008 recession and financial crisis hit right about 2.5 years later, at the end of 2007. After the previous peak in mid-1999, we got about a 1.8-year lag before the 2001 recession. The recent peak was in mid-2020, which means the recession is likely to start between now and the end of 2022—and I say sooner rather than later.

## Existing Home Sales Peaks Lead Recessions 1.8-2.5 Yrs: Next by 2023



Source: <https://calculatedrisk.substack.com/p/nar-existing-home-sales-decreased?s=r>

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The last fall was from about 7.25M down to 3.3M, or down 54%. The next one is likely to go down 60%+, from 6.7M to 2.7M or lower.

So, don't listen to clueless economists and real estate analysts. A greater home sales collapse with a larger 40% to 50% fall in home prices on average vs. 34% last time is in the cards. Sell what you don't love NOW, it's the last call! And expect a depression to hit soon and be worse than the deep recession in 2008–2009, despite forecasts otherwise.

Harry

Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).