



Harry's Take

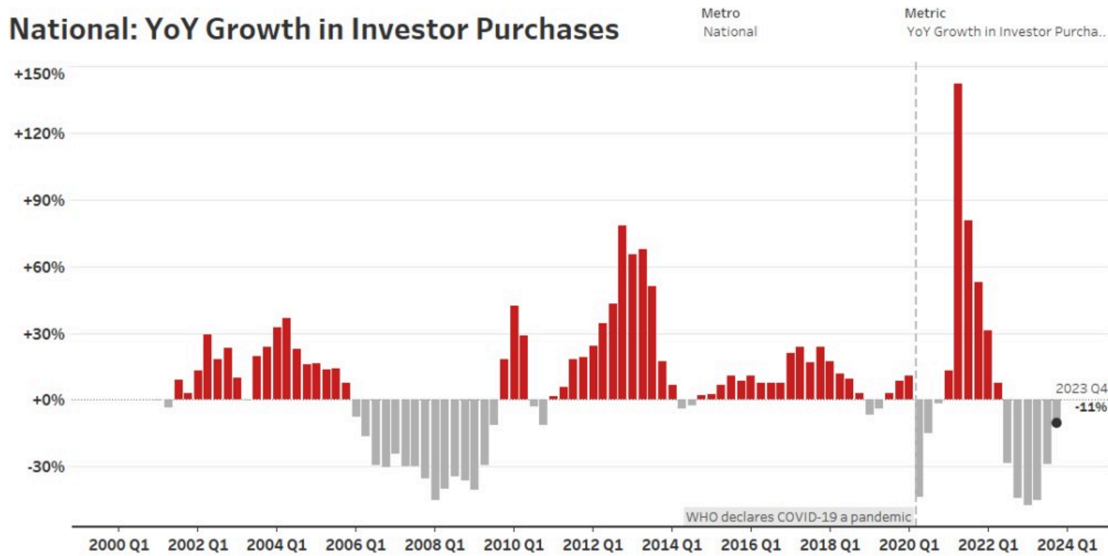
June 18, 2024

Investor Purchases Now Negative for Six Months, Boding Worse Crash Than 2008

As I've increasingly stressed in my newsletter and Harry's Takes, we are now 15 years into the greatest and only fully artificial bubble in modern history, which has occurred precisely into the 2008–2023 period of generational demographic weakness, similar to 1968–1982 and 1929–1942. But this time, \$27T of combined fiscal and monetary stimulus has kept the stock market and economic boom going into 2024, 17 years longer than the natural top into late 2007. Does that mean we've averted a Great Depression? That's very unlikely, in my estimate!

This artificial boom also has attracted many more investor purchases vs. normal homeowner purchases, creating a much longer and greater real estate bubble that this time has coincided with the stock bubble as well. The Roaring '20s did not have a major real estate bubble, and in the last bubble, the tech stock bubble peaked in 2000 and then the real estate bubble followed into early 2006. The investor home purchases obviously bid the bubble higher, and that will generate faster and greater selling when that bubble bursts this time. Prices now suggest a 65%+ crash to return to the 2012 lows, the most obvious target.

Investor Purchases Negative Since Q2 2022, Like at Q1 2006 Top



Source: Redfin analysis of county records

Source: <https://www.redfin.com/news/data-center/investor-data/>

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This chart shows the investor purchases have been much higher in this longer bubble. The difference is that the early 2006 top occurred right as investor purchases turned negative in the first quarter (Q1) of 2006. This time, negative purchases have been in force for six months, meaning this real estate bubble peak is way overdue. Most economists now don't see us getting a recession anytime soon. I think real estate prices are about to peak and start falling. That will be the biggest trigger and soon will bring a more sober outlook. I think the recession is going to hit before year-end and last well into 2026 or possibly longer.

It's the last chance to sell your real estate, and more so for our subscribers in Australia and Canada, which have bigger bubbles. I think the Australian market is showing signs of peaking by this fall as well.

Harry

Got a question or comment? You can contact us at info@hsdent.com.