



# Harry's Take

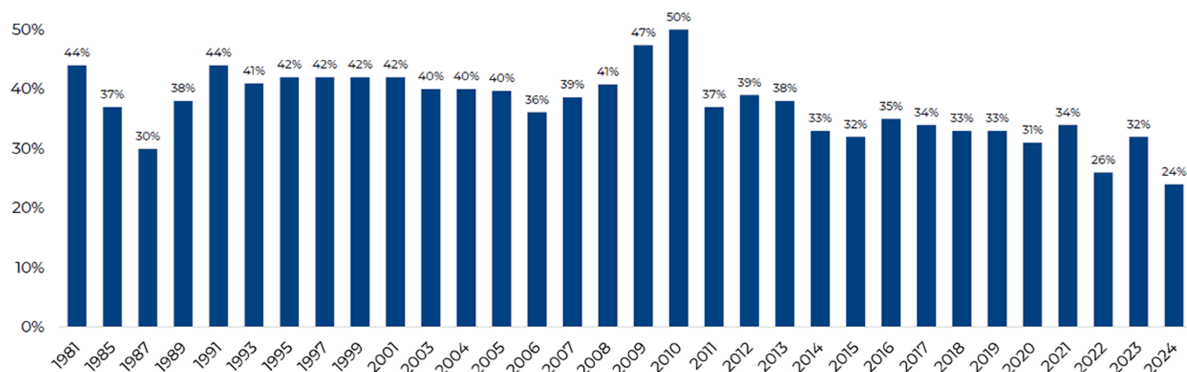
August 26, 2025

## Finally High Home Prices Killing Demand... What Took So Long?

I actually lived in Ohio early in my career, just north of Cincinnati in Hamilton. I worked at the accounting office of a major paper mill there in 1975-77. I liked that area as it had a climate similar to my childhood home in Alexandria, Virginia with all four seasons, but not too much of any one of them! But what was best was that home prices were just so damn affordable. Just \$50,000 bought a nice middle-class house in an area with no crime that would now be more like \$500,000. **The truth is that the cost of living has gone up 5 times since then, but the cost of an everyday house has gone up 10 times! That's not going to last long.**

## Millennials See First-Time Buyers Peak at 50% in 2010 and Fall to 24%

**Exhibit 1-16 First-Time Home Buyers, 1981-2024**  
(Percentage Distribution)



National Association of REALTORS® | 2024 Profile of Home Buyers and Sellers



Source: <https://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers#homebuyers>

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That peak was not natural as the Millennials had a sharp rise in births into 1990 followed by a long on-and-off plateau into 2007. First home buying

back then peaked around age 28, hence demand should have kept accelerating into around 2018 before plateauing into around 2035. Trade-up home buying peaked at age 42 and that should have peaked for larger homes into around 2032, and then plateaued all the way out to 2050 or so.

But the larger Baby Boom and the infamous 90-year Super-Bubble Cycle caused house prices to bubble the most in U.S. and world history. And high prices will eventually kill any boom. The first stock bubble from late 1994 into early 2000 instantly spilled over into the housing market and that first bubble didn't first peak until early 2006. Then we saw a 34% average price crash, greater than the 26% seen in the Great Depression. Why? Mortgage loans were too restrictive back then, 50% down 5-year term... not the "Good Old Days" and not bubbly like stocks. Then we saw the longest housing bubble ever from 2012 into Now!

The truth is that housing demand currently should have remained buoyant, but not this robust, especially with Baby Boomers dying and becoming rising sellers forever since 2017. It was the bubble that elevated demand and now the unprecedented price advances will and are naturally killing the greatest, longest bubble in history. All it takes is the next recession to unveil how weak the underlying housing market actually is... and you know my forecast:

**Average home prices fell unexpectedly 34% 2006 – 2012 and are likely to fall 60%+ this time... how could they NOT? So, don't look a gift horse in the mouth. Sell homes you don't have to have longer term NOW! Last Call... You can buy a better, or much cheaper one in just a few years. Most important, you don't want to wait and hope this is not really that bad!**

Harry

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

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