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CRASH

There is growing realisation that the latest economic figures, stripped of the spin and interpretation applied to boost trust and protect interests, reveal a fast approaching economic storm which will bring the first global housing market crash.

An increasing number of mainstream analysts, commentators and advisers are seeming to see the true nature of the trouble coming. But no-one wants to scare the horses.

The evidence is mounting of the way things will go. Still public statements are dubious. Order of the day is business-as-usual PR swagger, presented for market confidence, coupled with straight-talking warnings delivered *sub voce* in the small print. The US and Europe are at the sharp end of events.

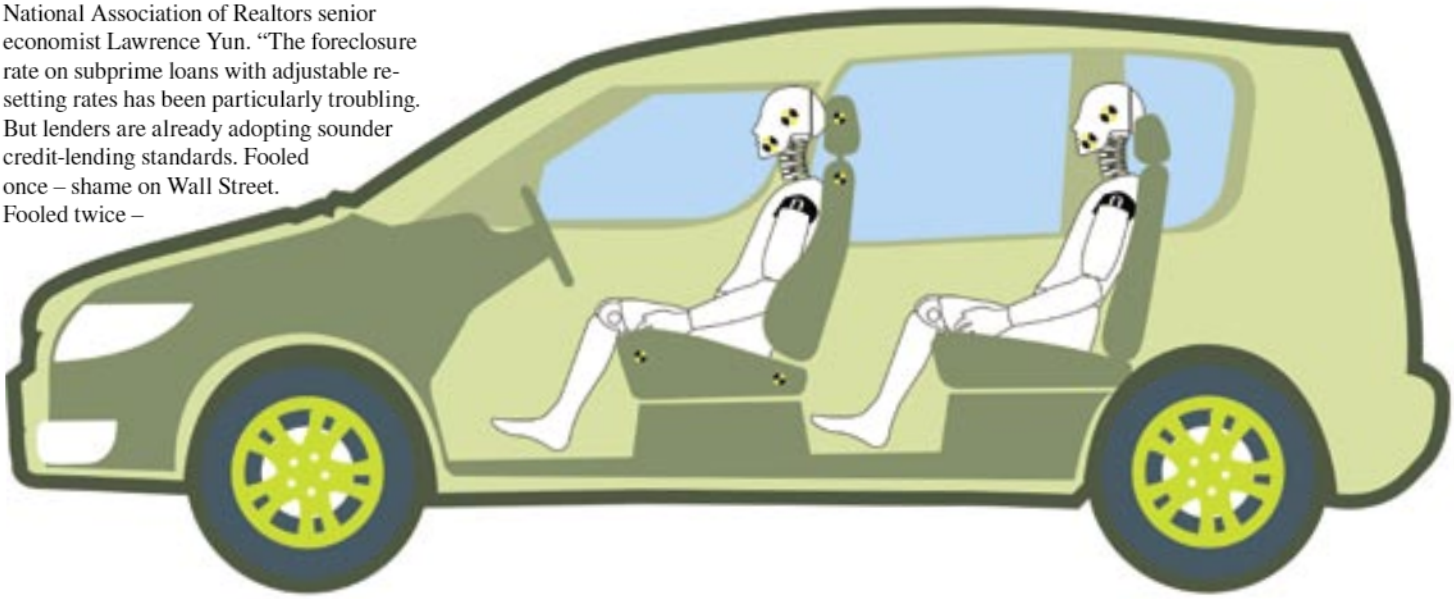
In the US "rising delinquency and foreclosure rates are big concerns" says National Association of Realtors senior economist Lawrence Yun. "The foreclosure rate on subprime loans with adjustable re-setting rates has been particularly troubling. But lenders are already adopting sounder credit-lending standards. Fooled once – shame on Wall Street. Fooled twice – shame on Capitalism. Where money is involved, mistakes do not get repeated." It's a case of "lesson learned" says Yun. So, with 'sub-prime borrowers', it's another day, another fall guy.

Price trends are actually "encouraging", according to Yun, yet the small print in NAR's latest *Housing and Economic Indicators* recommend a "sharp cutback" in housebuilding.

In Europe dubiety is perhaps less prevalent. In the *FT* Ralph Atkins and Ivar Simensen have reported new Eurozone house price forecasts from Barclays Capital. "The latest data suggest that the European Central Bank may have underestimated the extent of the housing market slowdown, as well as its implications for future economic growth and interest rate decisions."

And back in the US some are being even more straightforward. Investment U, for instance, have had a change of heart since last year, when they said "real estate is still a good long-term investment". They're not saying that just now. "Personally, instead of taking equity out of my house to buy more properties, I'm doing exactly the opposite", says Dr. Steve Sjuggerud, adviser to the investment network. "I'm not interested in looking at any US housing property, period. It may sound crazy to you, but I'm comfortable with it. I'll have a pile of cash available to buy up the bargains when prices are cheap and landowners are ready to just get out."

The world's first-ever global housing crash will hit in 2008 and unfold to its worst in 2010. Some commentators are saying it could all have been avoided. But we're all now just sitting waiting for it to happen. Around the world forecasters are dropping talk of a "soft landing".



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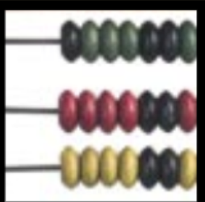

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