Homelessness and the Housing Bust of 2026

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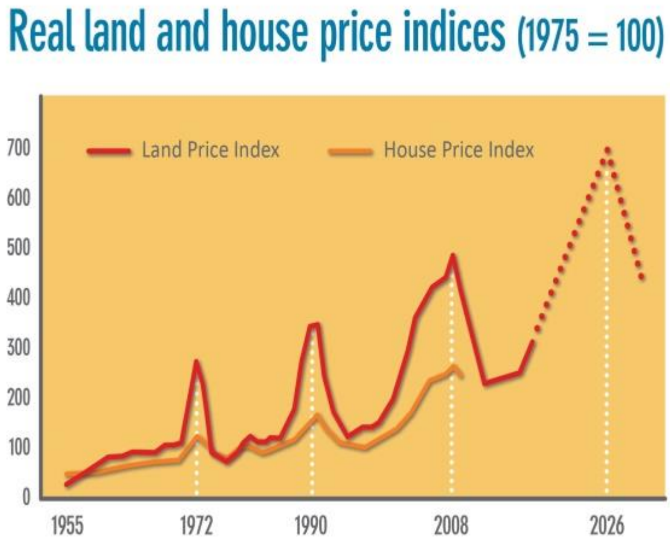
Statistics on homelessness, transient populations displaced from affordable rented accommodation, and others suffering from a dysfunctional property market, are publiclu recorded and will not be restated here. The purpose of this Note is to alert policy-makers that they have six years before the end of the current cycle in property prices, which will then be followed by a housing crisis even starker than the one inherited from the decade of austerity that followed the 2008 financial crisis.

House prices peak in 2026.



The "house" price index is a metaphor for the actual problem: **land prices**. When Brexit happens, we can expect to see prices accelerate to annual rates that match the historic levels achieved in previous property cycles.

The graph traces the four cycles since the recovery from WW2. Land prices were (and they remain) the best indicator of the state of the business cycle. But how confident can we be that the 2026 forecast is robust? The basis on which the prediction is made is a historical record of at least three centuries of business cycles. The evidence led me to predict (in 1983) that the 1974 economic crisis would be followed by an 18-year land value cycle that would terminate with a recession in 1992.[i]

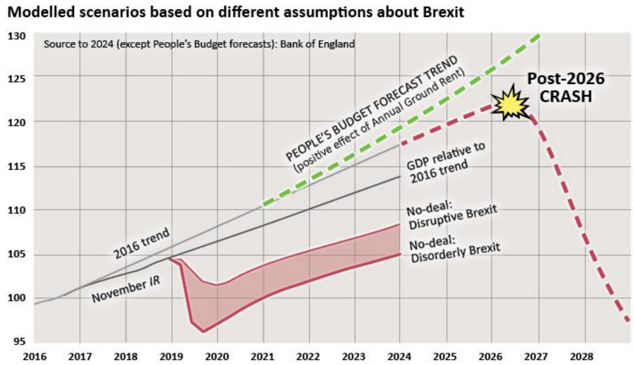
My forecast was correct, so in 1997 I wrote to the architects of the New Labour victory: letters to Tony Blair, Gordon Brown, Alistair Darling, Peter Mandelson and Alastair Campbell. I alerted them to the fact that they had 10 years to enact measures to prevent the events that would follow if the land market was allowed to peak in 2007. I explained that this would lead to a global depression, and (for the reocrd) I published the forecast.[ii] House prices peaked in the final quarter of 2007. Sub-prime mortgages triggered the banking collapse. The 18-year land cycle theory was affirmed. But *because Blair & Co failed to act on the advice that I offered them*, the UK was exposed to the fall-out: 10 years of austerity.[iii]

Austerity policies had the predictable consequence: low-income families, and those dependant on benefits, were victimised as governments sought to balance their budgets. Meanwhile, QE monetary policies refreshed the residential property market. Because no remedial measures were adopted during the post-2008 period, the 18-year land cycle weathered the three years of Brexit storms and it will now continue on its merry way to the end of the cycle in 2026.

If governments *had* adopted the correct fiscal measures, the UK could have weathered the post-2008 storms without victimising vulnerable families. Reforms to tax policies would have delivered two effects:

(1) provide governments with additional resources to realign the economy: this is illustrated by the green line on the graph; while

(2) the onset of a new property cycle would have been frustrated. This, in turn, would have enabled public land owners to aproach the need for affordable housing on a rational basis, rather than being stampeded into selling land to cover deficits in their budgets.



But the correct remedial action was not taken. From now on (beginning with "high-end" properties in central London), the trend in land prices will be upward to their 2026 peak, terminating in recession (2028).

The seven full years left before 2026 (which includes the intervention of a General Election *circa* 2024) is not sufficient to enact the structure-shifting legislation that is needed. Those policies were twice enacted by Parliament (the People's Budget [1909] and the Snowden budget [1931]). But the legislation, first by a Liberal Government, then by a Labour chancellor, was frustrated by landlords in the House of Lords. Nevertheless, if action now can lead to a cross-party consensus in Parliament around the appropriate fiscal reforms, the reaction in the marketplace would be such as to ameliorate the worst effects of the fall-out from 2026.[iv]

Palliative measures need to be urgently undertaken, however, to rescue the families who are victims of the last housing cycle, while concurrently stimulating a public conversation about the appropriate measures that need to be taken to forestall the worst effects of what is otherwise going to happen.

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This Note was requested by Rev. Paul Nicolson of Taxpayers' Against Poverty, for circulation among MPs in support of TAP's draft Housing Bill.

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[i] Fred Harrison (1983), *The Power in the Land*, London: Shepheard Walwyn. This reviewed the original doctoral work by Homer Hoyt, who formulated the 18-year cycle for housing markets in Chicago. I tested the theory against the evidence for the whole of the US, for Japan since the Meiji Revolution in the 1870s, Australia since its inception as a UK colony, as well as the UK for the past three centuries. This cross-cultural study demonstrated that the land value cycle was robust in all times, cultures and geographical locations.

[ii] Fred Harrison (1997), "The Coming 'Housing' Crash, in *The Chaos Makers*, London: Vindex, p.27.

[iii] Fred Harrison (2010), *2010: The Inquest*, London: DA Horizons. Downloadable from here: https://sharetherents.org/wp-content/uploads/2013/09/2010-The-Inquest-FINAL.pdf

[iv] How this would occur is analysed in a forthcoming book by Fred Harrison (*Free Riding*, 2020).