

There is a crystal clear – for those who really know how to study history – approximate 18-year cycle in real estate.

In 1983, my Co-Director of Economic Indicator Services (EIS), Fred Harrison, published details of this 18-year cycle and used it to correctly forecast the 1989 UK peak in property and subsequent downturn, to the year:

<http://www.businesscycles.biz/chartsbusiness/power1983.htm>

Fred repeated the forecast for the next cycle, in his 1997 publication:

<http://www.businesscycles.biz/chartsbusiness/chaos1997.htm>

He then updated the information for our subscribers, and anyone else who was listening, in 2005:

<http://www.businesscycles.biz/chartsbusiness/boom.htm>

<http://www.moneyweek.com/file/3075/housing-boom.html>

This book, *Boom / Bust*, delved a little deeper into the 18-year cycle mystery and concluded a thesis that there was most likely a sort of a cycle within a cycle, of 14 years upward momentum for prices, then after that, 4 years decline in prices.

Phil Anderson confirmed Fred's thesis in the US market, and using these ideas with 1992 as the last US property low, forecast the US peak at 2006, exactly 14 years after the low. It's just history repeating.

<http://www.businesscycles.biz/subscriber/realestategold.htm>

<http://www.businesscycles.biz/passsubscriberemails/theraw1.htm>

<http://www.businesscycles.biz/docs/usoverview.htm>

(A book by EIS is forthcoming, to be published by Shephard-Walwyn next year, formalising what has been on the website for some years now.)

We might mention that the 18-year scenario is not new, and EIS makes no claim to have discovered it first. Homer Hoyt spoke of it in his 1933 research doctorate, identifying the clear stages within such a cycle, at least for the city of Chicago that he studied:

<http://www.businesscycles.biz/subscriber/hoyt.htm>

And how prescient his observations have been, repeating beautifully since 1992, again. We've just passed his point 15 wouldn't you say? A brilliant doctoral thesis did Mr Hoyt write. History repeats, if you know how to study the 18-year segments. EIS clients are well versed in this study and were well positioned for recent events.

Roy Wenzlick also used the 18-year thesis for some astonishing forecasts in his day too, 1928 to 1973:

<http://www.businesscycles.biz/subscriber/wenzlick.htm>

But neither Hoyt nor Wenzlick was able to adequately explain why this real estate cycle repeated, or if they did know, never said so publicly. The cause is not hard to discover however, and is clearly outlined in all EIS publications to help our subscribers understand this current 18-year property cycle, and have the confidence to know it will repeat. So far, 15 years in, it's been a classic text book type run.

<http://www.businesscycles.biz/subscriber/every18.htm>

Now for the downturn...

In our view, since the cause of the cycle is still with us, it should repeat: the US housing downturn will slowly worsen from this point; indeed it must actually, the seeds of the downturn having already been sown in the boom. The only remaining questions are, how deep the downturn will be, and will the rest of the world follow ?

It's been a big real estate boom in the US this time. History – the correct history – teaches they end with a bust. Every 18 years, on average. We await with great interest the continued turn of the cycle.

<http://www.businesscycles.biz/realestateresearch1.htm>

For further comment:

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