# Article information:

House Prices: 7 Years in Purgatory
<https://calculatedrisk.substack.com/p/house-prices-7-years-in-purgatory>

# Article summary:

1. House prices are likely to decline around 25% in real terms over the next 5 to 7 years.

2. The decline could be mostly due to inflation or include some nominal price declines.

3. While significant double-digit regional price declines are expected, cascading price declines are not expected due to solid lending standards and a lack of distressed sales.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article "House Prices: 7 Years in Purgatory" presents a pessimistic outlook for the US housing market, predicting a decline of around 25% in real terms over the next 5 to 7 years. The author argues that house prices are currently out of line with fundamentals, such as price-to-income and price-to-rent ratios, and that they need to decline relative to incomes. The author also notes that nominal house prices have already started declining on a national basis.

While the article provides some data and graphs to support its claims, it is important to consider potential biases and limitations in the analysis. For example, the author assumes that house prices will decline due to inflation or nominal price declines, but does not explore other possible scenarios, such as a slowdown in demand or changes in government policies. The author also focuses on national trends and averages, but does not provide regional or local analyses that could show variations in housing market conditions.

Moreover, the article seems to present a one-sided view of the housing market by emphasizing negative factors and risks while downplaying positive developments. For instance, the author acknowledges that lending standards have been reasonably solid this time compared to the housing bust of 2008-09 but does not elaborate on how this could affect future price declines. Similarly, while the article mentions that new home sales and housing starts may bottom earlier than real house prices, it does not explain why this is good news for homebuilders or how it could impact overall market dynamics.

Another potential bias in the article is its reliance on historical data and comparisons with past housing cycles without considering current economic conditions and structural changes. For example, the article cites previous nominal and real house price declines without discussing how different factors such as demographics, technology, globalization, or climate change could affect future trends. The article also assumes that homeowners will resist selling for less than recent sale prices of similar homes in their neighborhood without considering how changing consumer preferences or alternative selling options (e.g., iBuyers) could influence market behavior.

Overall, while the article raises valid concerns about the US housing market's sustainability and affordability challenges, it may oversimplify complex issues and overlook potential opportunities or solutions. A more balanced analysis would require exploring multiple perspectives and evidence sources while acknowledging uncertainties and trade-offs involved in any forecast or policy recommendation related to housing.

# Topics for further research:

* Regional housing market conditions in the US
* Government policies affecting the US housing market
* Factors influencing demand for housing in the US
* Impact of changing consumer preferences on the US housing market
* Structural changes in the US economy and their effects on housing
* Alternative selling options for homeowners in the US

# Report location:

<https://www.fullpicture.app/item/fa3a55cfd5b1680f34f38bf708b90e39>