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Why house prices are set to soar for two more years – before they CRASH, claims expert who accurately predicated property market collapse in 2008 and 1990s

As mortgage rates rocket to a two-decade high and buyers face the **least affordable market** in recent memory, alarm bells have been ringing over an imminent house price crash.

But one expert insists there is no need to panic - yet. Economist Fred Harrison, who accurately predicted the last two global property crashes, claims real estate will keep going up in value until 2026 - before they come plummeting down.

Harrison is a pioneer of the '18-year house price cycle theory' which claims a crash only occurs 18 years after the last one began.

His hypothesis, which is based on 1930s research on business cycles in **Chicago**, has yet to prove him wrong.

In his book, The Power in the Land, published in 1983, Harrison, correctly forecast property prices would peak in 1989 as well as the recession that followed.

The 18-year house price cycle theory means a crash is expected in 2026 and will last until 2028

In 2005, he published Boom Bust: House Prices, Banking and the Depression of 2010, which successfully forecast the 2007 peak in house prices and ensuing crash.

His most recent book We Are Rent claims prices will peak in 2026 before a recession occurs that will eclipse the events of 2008.

Harrison alleges that the only thing that can disrupt the cycle is a world war. Even the pandemic - which poured gasoline on the property market - was not enough to take the trend off its current trajectory.

The British author told DailyMail.com: 'During the pandemic we saw these huge increases in house prices. That was because the Government gave households big sums of money to keep the economy afloat - and most of this money ended up in the housing market.

'Now we are seeing house prices drop slightly and people say a crash is coming. But actually if you look at the long-term trend what we are seeing now is just a correction.

'Prices are going up, just not as quickly as they were before.'

Harrison insists that the global housing market is 'synchronized' and that the UK and US will undergo a crash at the same time.

He expects this will begin in 2026 and end in 2028 - 20 years after the last one.

Harrison says a 'substantial decline' in property prices is coming - though he says he cannot speculate on exact figures.

He insists the 18-year cycle can be traced back for 300 years. The pattern begins with a crash that lasts for about two years before entering a 'recovery' phase which lasts for six or seven years and sees prices undergo modest growth.

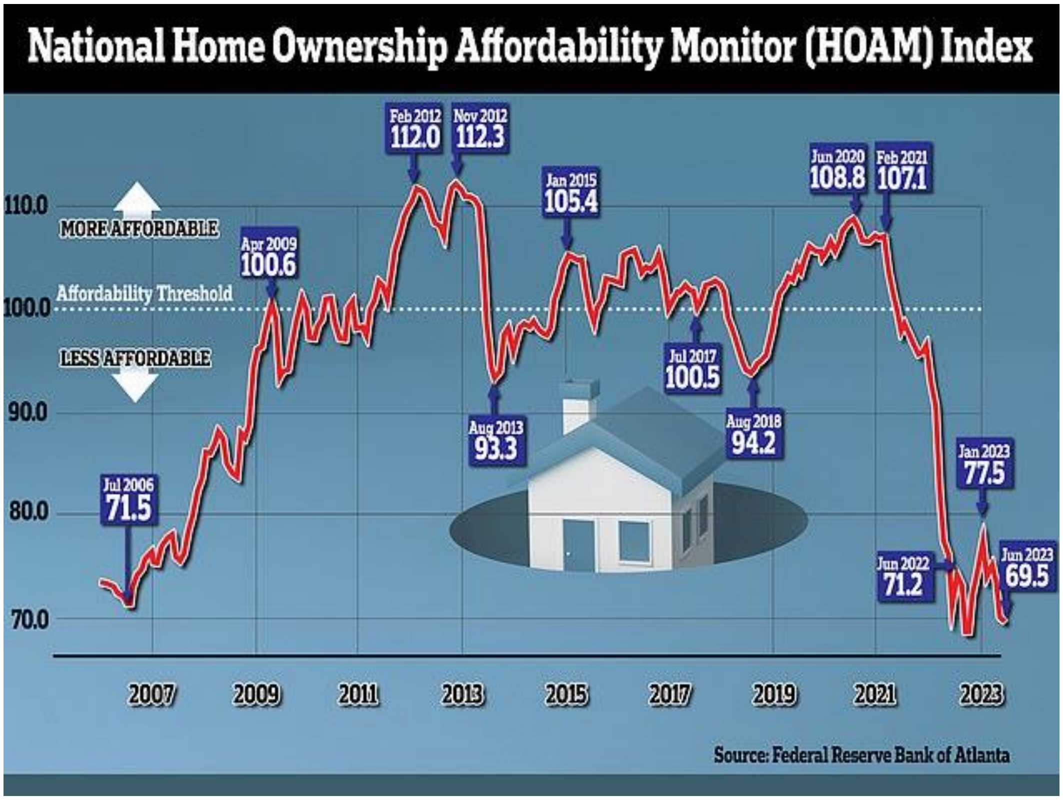
After that there is a sustained price growth for nine years which is broken up for a year or two by a 'mid-cycle dip.'

At this point a crash ensues and the cycle begins again.

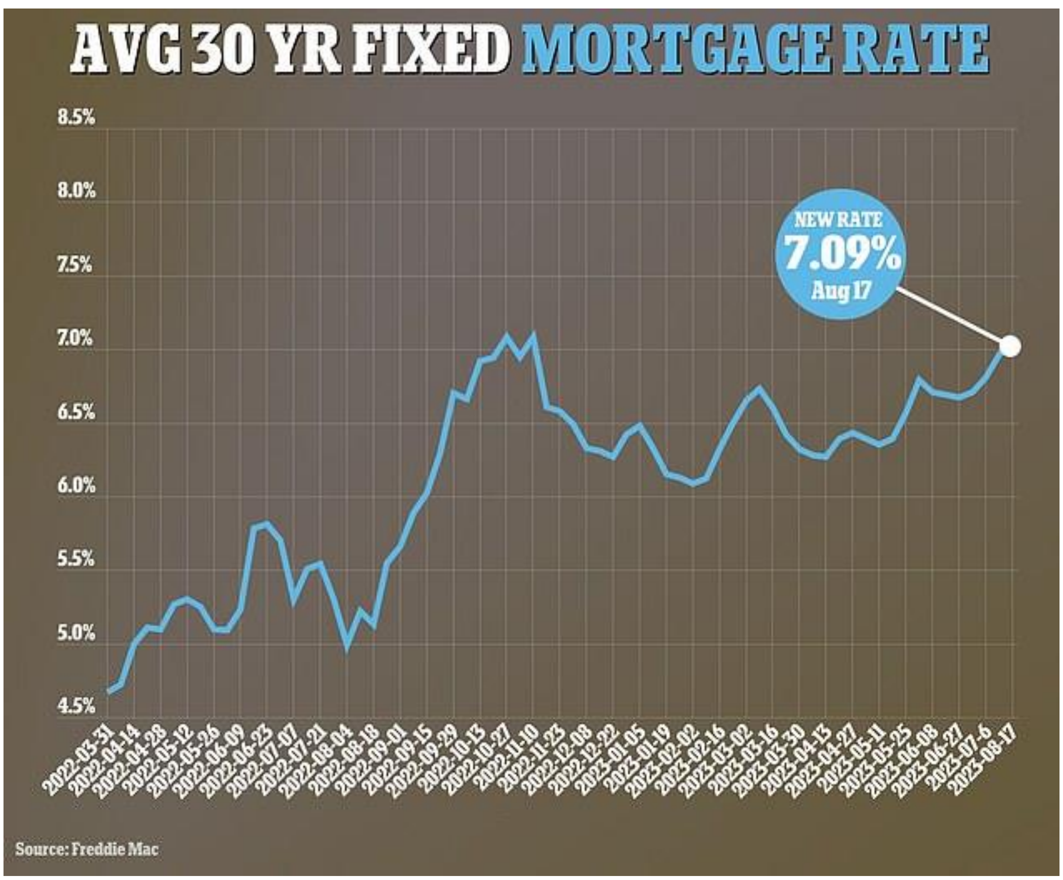
Harrison is unable to pinpoint exactly why 18 is the magic number but his most plausible explanation suggests it is determined by interest rates.

The record low interest rates of the last decade have seen house prices soar. However, with the Fed's benchmark rate now set between 5.25 and 5.5 percent, this will have a delayed knock-on effect on house prices, Harrison explained.

He estimates that the cycle is the same length of time it takes a borrower to pay off the interest on a 5 percent loan. At this point the cycle begins again.



Home buyers are facing the least affordable market since 2006, according to figures from the Atlanta Federal Reserve



Home buyers are facing their highest mortgage rates since 2002, as experts warn higher loans the property market to a screeching halt

His comments come after it was revealed housing affordability in the US is now worse than it was in 2006 as buyers face a perfect storm of high mortgage rates and elevated house prices.

Figures from the Atlanta **Federal Reserve** show that affordability has fallen below levels seen during the housing bubble peak in the lead-up to the 2008 financial crisis.

The Atlanta Fed uses house prices, mortgage rates and average incomes to calculate an 'affordability' score each month. The latest figures, from June 2023, show the score has plunged to 69.5 - nearly 40 points below where it was in June 2020.

The report also does not take into account mortgage rates, which have shot up again in August. It means this month is likely to become the worst month for housing affordability of the century, according to estimates by **Fortune**.