

BOB HOYE

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Our last special comment on US real estate was published in August 2006, just a month after the actual peak in prices. Although not mentioned, the timing was prompted by a rare signal from our Peak Momentum Forecaster. It got over 1.20 signaling that whatever the big speculation was focused on was peaking.

The hottest phenomenon that fateful summer was residential real estate.

By anecdote and price, North American residential real estate has again become highly speculative. This time around, our “Forecaster” is not giving a signal, but the play has become very frothy. As global credit markets reverse to adversity after mid-year, the mania will begin to fail.

The link to the 2006 special study follows:

<http://www.institutionaladvisors.com/uploads/9/7/9/5/9795010/bob-hoye-consequence-of-real-estate-bubbles-aug-29-2006.pdf>

“U.S. Housing: Going From Good to Great”

– Seeking Alpha, May 8.

“Asian Investors Bullish On US Property”

– Bangkok Post, May 9.

“The housing market is on fire, as sales surge and prices keep rising.”

– Wall Street Journal, May 15.

“It’ll cost you \$2.5 million to live in this mobile home in a trailer park in California.”

– Money-ish.com, May 16.