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Everyone’s expecting housing market to crash in spring 2021, but it won’t. Here’s why... 1/11

The whole hype is around struggling economy, people losing jobs, several sectors like travel, retail, hospitality, commercial real estate etc being affected. 2/11

But how much has the economy been affected in % terms? 5%? 10%? Don’t see any economic indicators publish more than that. On the higher side let’s say 15% of the economy has been affected. 3/11

So 85% of the economy is still intact and they don’t spend on travel, hospitality etc. One man’s loss has been another’s gain. 4/11

Households that aren’t affected have more free money to spend. And they’re spending it on sectors that we can see are rising, like real estate. 5/11

Real estate prices ve appreciated through the pandemic. Most of it is attributed to low interest rates and people leaving big cities. But additional savings is also a contributor. 6/11

Will this change in 2021? Will the 15% (that we chose on the higher side) going to cause the crash? Nope. 7/11

Govts & central banks around the world have expanded their balance sheets. With direct stimulus benefits, bailouts, small business loans, furlough payments, mortgage holidays, eviction holds, govt guaranteed loans, govts ve been doing their best. 8/11

So, where’s the scope for a crash? Is any of this going to stop? Nah, they’re going to be extended as long as possible till the economy is out of ventilator support and it’s not going to be spring 2021. 9/11

If anything it will not be a story of instant death but one of thousand cuts. The debt of supporting the 15% and incentivising 1% (through central bank policies, making them ultra rich) is going to be spread across the 100%. 10/11

This is going to affect the 15% that couldn’t carry themselves out of the pandemic and parts of the 85% that barely made it. There will only be politicking about taxing the rich. But that’s another story. 11/11

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