

#valuetainment #patrickbetdavid

Another 2008 Housing Crash - Or Worse? Real Estate Bubble Explained

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In this video, Patrick Bet-David breaks down whether or not the housing market is going to crash.

#Housing Crash #Real Estate Bubble #housing market

0:00
exactly a month ago today we shot a
0:02
market crash video and at the time i
0:03
knew the market was not in good shape
0:05
but the last 30 days based on a lot of
0:07
research and a lot of data that we've
0:08
looked at which i want to share with you
0:10
as bad as i thought it was it's a lot
0:12
worse now you get to do whatever you
0:14
want to do with this data dave ramsey
0:15
calls it fear points and there's a lot
0:16
of people getting scared and they're
0:18
excited about the markets nothing's
0:19
going to happen to the market it's going
0:20
to be all right because the inventor's
0:22
not taking a hit i'll give you data
0:24
you read the data free pdf choose
0:27
whatever you want you want to do with it
0:29
then make a decision for yourself
0:30
because when you look at three trillion
0:32
dollars of wealth being lost in
0:34
retirement in the first six months but
0:36

trillion in crypto and you know that
0:38
domino effect because the question
0:40
becomes is it too late can we do
0:42
anything about it when people stop
0:44
making money and their wealth goes away
0:47
they have less disposable income when
0:49
you have less disposable income there's
0:51
less spending when there's less spending
0:53
there's lower business profits lower
0:55
business profits leads to layoffs then
0:57
it's unemployment and it's foreclosures
0:59
and bankruptcies then divorce crime
1:01
drugs od alcohol protests riots back at
1:05
it again sounds scary but that's data
1:07
and by the way elon musk said recession
1:10
is part of the economical cycle that is
1:12
natural to go through it but there's
1:14
three p's that he talks about number one
1:17
is predict always stay multiple moves
1:20
ahead number two prepare get ready for
1:23
what's ahead and number three persevere
1:26
stand tall and find a way to make it
1:28
through and we're at the phase where you
1:30
got to be prepared and you got to
1:31
persevere you got to find a way to make
1:33
it through okay so a lot of this may
1:35
sound scary but i want you to put your
1:36
logical hat on set aside the emotional
1:38
head just go through these trends
1:40
process it together and then make a
1:42
decision what you want to do with
1:43
yourself and your business moving
1:45
forward having said that these are the
1:46
topics we're going to cover number one
1:47
mortgage industries how refi data is
1:50
affecting the industry the interest
1:52
rates how investors and builders are
1:55
backing out and kind of changing their

1:57
strategy active listings real estate
1:59
value construction layoffs freddie mac
2:02
deputy chief economist said something
2:03
very interesting foreclosures
2:05
consequences and the similarities
2:07
between now and 2008. so before we get
2:10
started let me give a quick shout out to
2:12
the sponsor of this video and that's
2:13
better help i'm a big believer of what
2:15
they do because a lot of people are in a
2:18
lot of pressure today and they don't
2:20
know who to talk to they don't know if
2:21
they talk to their spouse their dad
2:22
their parents their friends what better
2:24
help does in a very discreet way you're
2:26
able to deal and speak with a therapist
2:29
that you talk to one of them with the
2:30
challenges you're going through they got
2:32
20 000 plus options of therapists to go
2:34
through and if you don't like it you can
2:35
switch to somebody else you simply fill
2:37
out a question and within 48 hours they
2:40
match you with a therapist that suits
2:42
you for me
2:43
and back in 2007 2008 when i was going
2:46
through market crash and i have no clue
2:48
what's going to be happening especially
2:49
o70809 i start my own company there was
2:52
a guy who i was told was a therapist in
2:54
santa monica an hour and a half in
2:56
traffic i would drive from granada hills
2:57
i'd go to him he would sit there and
2:59
listen to what i was going through you
3:00
have no idea how helpful it was for me
3:04
the entrepreneur having somebody to sit
3:06
down with so if you're feeling alone
3:08
you've got a lot of stress in your life
3:09

give these guys a shot go to
3:11
betterhub.com forward slash
3:13
valuetaimment you get 10 off your first
3:15
month one more time go to betterhelp.com
3:18
forward slash valuetaimment you'll get
3:20
10 off your first month so let's get
3:21
right into it first thing i want to look
3:23
at is mortgage refunds and how investors
3:25
and builders are changing their approach
3:27
now when you think about the real estate
3:29
industry you have loan officers you have
3:31
realtors you have escrow title appraisal
3:34
all those guys but i want to focus on
3:36
loan officers what a loan officer does
3:38
is when you're buying a house that
3:40
you're buying a million dollar house you
3:42
need to get a million dollar loan
3:43
approved so the realtor can show you the
3:45
homes you go to a loan officer the loan
3:47
officer comes back and gets you the loan
3:49
for a million dollars and he'll say 3.8
3:52
percent 5.4 percent the loan officer
3:54
makes money in a couple different ways
3:56
one is
3:57
new homeowners
3:59
getting a loan from a loan officer or an
4:01
existing homeowner who is wanting to
4:04
refinance their house for lower interest
4:07
rates for example you bought a million
4:08
dollar house five years ago at six
4:10
percent i'm just making up the number i
4:12
call you i'm the loan officer i call you
4:14
a year later and i say hey interest
4:16
rates have dropped from six percent to
4:17
four point five five percent i'd love to
4:19
help you save some money on your payment
4:21
i can lower your payment from six
4:22
thousand dollars a month to five

4:23
thousand dollars a month oh my god
4:25
that's great let's refinance that's
4:27
refinance the loan officer makes roughly
4:29
two percent on that loan if the loan is
4:31
at that time say a million dollars two
4:32
percent twenty thousand dollars he's at
4:34
fifty percent he makes ten grand that's
4:36
the loan officer now watch what's been
4:37
happening with applications in the
4:39
refund market number one
4:41
mortgage application volume was 52.7
4:44
lower
4:45
last week compared to the same period
4:47
one year ago according to mortgage
4:49
bankers association now that's a
4:51
mortgage application which means i may
4:53
be buying a house and i want a loan for
4:55
a new mortgage of a house i'm buying but
4:57
watch refi
4:59
applications for refunds on existing
5:01
mortgage dropped 75 from a year ago
5:05
according to the mba's refinance
5:07
mortgage application index according to
5:10
aei housing center which tracks mortgage
5:12
applications by the number of rate logs
5:14
no cash refis have collapsed you ready
5:17
by
5:18
93
5:20
from a year ago that's 93
5:23
most of the loan officers 80 of their
5:26
income was on refi the last few years
5:28
the refi business is gone which means
5:29
that these guys were making 50 grand a
5:31
month now they're making roughly 10
5:32
grand a month if they were making 20
5:34
grand a month now they're making roughly
5:35
4 000 a month that's a very big
5:38

difference so now if you're somebody
5:40
that's saying pat i'm not in the real
5:41
estate world i'm not good with math what
5:43
does this really mean with interest
5:44
rates let me just simplify it for you if
5:46
you bought a half a million dollar house
5:47
let's just say your loan is 500 000 and
5:50
you bought it two years ago and you got
5:51
a nice three percent rate your payment
5:53
would be roughly two thousand one
5:54
hundred and eight dollars now
5:57
if you buy a house which roughly today
5:59
the rate's around six percent the same
6:01
five hundred thousand dollar loan at six
6:03
percent is two thousand nine hundred and
6:06
ninety seven dollars that's nearly nine
6:08
hundred dollars higher now if you were
6:10
to buy the same five hundred thousand
6:12
dollar loan at nine percent watch what
6:14
happens here the payment becomes four
6:17
thousand twenty three dollars it doubles
6:20
in payment from three percent same loan
6:22
amount
6:23
same house everything's the same one was
6:25
three percent it was twenty one hundred
6:27
dollars a month the other one is nine
6:29
percent it's four thousand dollars a
6:30
month how many americans can go from
6:32
twenty one hundred dollars a month to
6:34
four thousand dollars a month not many
6:36
that's interest rates so now some people
6:38
in the real estate world you may be
6:39
watching the same pack give me a break
6:40
it's not gonna go to nine percent it's
6:42
not going to go to 12 it's not going to
6:43
go to 15 okay fair maybe you're right
6:46
but
6:47
musk said prepare and i'm advising you

6:50
to be prepared so you can persevere so
6:52
let's say what if it goes to nine
6:54
percent i think it's gonna go to ten
6:55
percent i think it may even go higher
6:57
than ten percent but i think it's gonna
6:59
touch ten percent let's take a look at
7:00
the history of interest rates if you
7:02
look at this chart from 1970 till today
7:05
today it shows around 5.7 interest rate
7:08
if you go back a couple years you'll see
7:10
three percent 2.8 percent you see how
7:12
low it is right there now if you go back
7:14
20 years ago you'll see it was at 5.8
7:16
percent here's a crazy thing if you go
7:18
back around 2008 2007 and go all the way
7:22
back from 1970 till around 2007 2008
7:26
rates were never below 5.7
7:31
if you gradually move back you'll see it
7:33
go to six percent seven percent eight
7:34
percent nine percent 10 11
7:37
18 and a half percent during jimmy
7:40
carter era so you saw this i'm giving
7:43
you history i'm not selling you a loan
7:46
i'm not selling you to sell your house i
7:47
don't benefit from you doing anything
7:49
with your house i'm not in that business
7:51
i'm giving you stats here's a part you
7:53
have to be very careful with go to 81
7:56
when jimmy carter was president and it
7:58
was hyperinflation everybody was like oh
7:59
my gosh what's going on cd rates were at
8:01
14 and a half percent
8:03
what did we do back then
8:05
that caused rates to go this high
8:07
versus today
8:09
what we did back then was it as ugly
8:10
yesterday was it a big pandemic back
8:12

then no
8:13
today
8:14
printing money after printing money
8:16
after printing money after keeping rates
8:17
solo after all these things happening
8:20
we have fed the economy with so much
8:22
fake success
8:24
that it's about to pay price for it
8:26
meaning
8:27
be prepared that it could go that high
8:29
but definitely be prepared that it could
8:30
touch ten percent if and if it does my
8:33
example of five hundred thousand dollars
8:35
at three six nine percent you got to do
8:37
the math that are on ten percent here's
8:38
what this means
8:39
a 500 000 loan is probably going to be a
8:42
250 000 loan five years right now at
8:45
nine percent which means the value of
8:47
property could drop 30 40 50 in certain
8:52
areas not saying it's going to happen
8:54
just be prepared that it could now when
8:57
it comes down to builders a recent
8:59
article from bloomberg said the
9:00
following data builders are slashing
9:03
their prices on new homes at an
9:04
unbelievable rate as the market cools
9:07
and prices drop at the fastest pace
9:09
ready since 2006. austin texas nashville
9:12
new construction offering with price
9:14
cuts has quadrupled from a year earlier
9:17
phoenix tripled tampa region doubled so
9:20
now i want you to take a look at this
9:21
chart and kind of explain to you why
9:22
this matters so much when it comes down
9:24
to builders you're seeing this chart
9:25
that says one million homes and at the
9:27
top it's a single family building

9:29
backlog look at the difference with the
9:31
blue which is single family homes under
9:33
construction
9:34
permitted skyrocketing that's inventory
9:37
and the orange is mortgage purchase
9:41
demand this is from the u.s census
9:42
bureau so if we happen more
9:46
builders are building areas that is not
9:48
bought by anybody but mortgage is
9:51
dropping that's when inventory goes up
9:53
when inventory goes up prices goes down
9:56
this is not a good sign to look at when
9:58
it comes on to a value of homes staying
10:00
stable so the next thing to take a look
10:01
at is active listings which dave ramsey
10:04
who said you know the sphere porn all
10:05
the stuff that he says it's just not a
10:07
big deal maybe a little bit it's not
10:09
going to happen nothing over five years
10:10
which by the way five years he may be
10:12
right that nothing's really gonna happen
10:13
over five years but we're talking today
10:15
okay we're talking today when hey i want
10:17
to buy a house right now you may want to
10:18
wait another year until you buy a house
10:20
just watch this data here and you make a
10:22
decision for yourself so this is from
10:23
realtor.com
10:25
show in active listings and you'll see
10:27
the different colors represent different
10:29
years 2017 18 19 20 21 22. i want you to
10:33
focus on 2022 all the way at the bottom
10:35
which is yellow you'll see the active
10:37
listings in january goes down if it goes
10:40
down property value goes higher because
10:43
there is less inventory for you to buy a
10:45
house for example if i make an offer on
10:47

a house here and i'm saying i want to
10:48
buy a house that's close to this
10:50
schooling because i want to send my kids
10:51
to this private school and my realtor
10:52
says there's only two houses in this
10:54
market with a swimming pool i don't have
10:56
a lot of options there's only two homes
10:58
if there was 50 i can negotiate and said
11:00
if you don't give it to me at this price
11:02
i'll go over there but if it's only two
11:04
they're going to get 50 offers because
11:05
50 people are fighting to get that one
11:07
house the seller's in charge but if
11:10
listing was 50 the buyer is in charge
11:13
make sense so look at the numbers
11:14
january to february inventory goes down
11:17
this is good for sellers february to
11:19
march pretty much unchanged good for
11:21
sellers march to april goes up a little
11:23
bit better for buyers look at april to
11:26
may
11:27
goes up look at me to june goes up 18.7
11:32
now that's only two months
11:34
if this chart the number two follows
11:36
this one it's very important if the
11:38
active listing keeps going higher and
11:42
higher and higher and builders have a
11:45
bunch of place that's not occupied and
11:47
that goes higher and higher and higher
11:50
and the amount of mortgage applications
11:52
goes lower and lower and lower you don't
11:55
need to be a genius to know you have to
11:58
drop the value of your house to sell it
12:00
it's just what's going to happen that's
12:02
pure basic economy supply and demand
12:04
this is why one of the most important
12:06
data to look at is active listing that
12:09
tells a story so that real estate value

12:11
obviously in the last two years has gone
12:13
up not 10 not 15 not 20 percent it's
12:15
gone up 40.4 percent some areas even
12:19
more than 40.4 but across the board 40.4
12:22
which is great it's gone up so people
12:24
are making money if you own a house you
12:26
build a lot of equity for yourself but
12:27
here's a challenge if that's going up
12:29
what else has gone up construction's
12:31
gone up steel's gone up materials gone
12:33
up energy's gone up furniture has gone
12:35
up concrete's gone up transportation's
12:36
gone up soft wood lumber's gone up price
12:39
of freight has gone up 26 percent price
12:41
of deep sea transportation freight is up
12:45
35
12:47
so that's all good for the economy but
12:48
what happens now when inventory goes up
12:51
and people are no longer buying at the
12:53
pace that they were what's going to
12:54
happen to that 14 40.4 could it go back
12:57
down to zero if it goes back down 40
12:59
percent that's what it's what it was
13:00
worth two years ago so that's pretty
13:02
realistic but what if it goes down 60
13:05
what else takes a hit steel furniture
13:07
construction all of those industries
13:10
also take a hit this is why it's all
13:13
intertwined but let me continue remember
13:15
at the earth at the beginning when we
13:17
talked about the fact that less
13:18
disposable income leads to less spending
13:20
lower business profits layoffs
13:22
unemployment foreclosure bankruptcies
13:23
divorce crime drugs or the alcohol
13:25
protest riots okay what does this lead
13:28
to layoffs
13:29

there's layoffs everywhere compass
13:32
who dave i love compass i've done
13:34
business with compass for many many
13:35
years they're great
13:36
compass is letting go ten percent of
13:38
their self compasses like the you know
13:40
the high-end community realtors your
13:42
workout companies is very prestigious
13:44
they're letting go of ten percent okay
13:46
redfin announced they're laying off a
13:48
ton of people chase they're laying off
13:50
just a thousand loan officers and then
13:53
you're seeing layoffs in all these other
13:55
industries but this is what
13:57
freddie mac's deputy chief economist len
13:59
kiefer said last week tweeted about this
14:02
he said the u.s housing market is at the
14:05
beginning stages of the most significant
14:07
contraction in activity since 2006. by
14:10
the way keep in mind he doesn't get paid
14:12
to do this he's in the industry so
14:14
freddie mac knows something about this
14:16
because they've been through this before
14:17
but they're also saying it's going to be
14:19
worse than 2006 which the last one i'm
14:21
going to share with you in this topic is
14:22
foreclosures why foreclosures this early
14:25
aren't foreclosures are supposed to
14:26
happen six months from now maybe next
14:28
year
14:29
what would you say is the increasing
14:31
percentage of foreclosures that we have
14:34
in 2022 compared to last year same time
14:38
what do you think the increase is 20
14:41
more foreclosures 40 more foreclosures
14:44
60 more foreclosures
14:46
wow it's not going to be 100 right you
14:49
ready

14:50
we have 700 more foreclosures this year
14:53
same time than we did last year let me
14:54
say that one more time
14:56
700
14:57
23
14:58
204 foreclosures according to the
15:02
database management company att om data
15:05
solutions that's 700
15:07
and it's just getting started okay
15:10
these are the kind of things when you
15:11
watch big short did you notice how cocky
15:13
and arrogant everybody was lehman's
15:15
going out of business you're crazy one
15:17
was going out and they've never happened
15:18
or one was a 300 with aig oh there
15:21
were
15:22
merrill lynch countrywide new century
15:24
you're out of your mind that'll never
15:26
happen and then everybody said holy
15:28
it's happening so i'm not telling you
15:31
it's going to happen all i'm telling you
15:32
is history says
15:34
if it repeats itself it's happening
15:37
except it may be uglier because we
15:39
printed way more money now this next
15:42
data simulators of all 2008 versus today
15:45
in 2008 okay the average worker say made
15:49
80 000 a year whatever the number is
15:51
the house prices at the time were eight
15:54
times the average workers earnings eight
15:57
times eighty is what six hundred forty
15:58
thousand dollars right you know what the
16:00
number is today
16:01
eight and a half times
16:03
so if in 2008 was eight times the
16:07
average american's like i can't afford
16:08
to buy that big of a house what are you
16:09

talking about it's eight times my income
16:12
it's crazy
16:13
don't worry it's eight and a half today
16:16
okay which means it's worse than what it
16:18
was in oh wait which means what it's got
16:21
to come back down to around three or
16:23
four times which is the number
16:25
okay it's either income is going to go
16:27
up which it ain't going to go up because
16:28
there's layoffs whereas the price of
16:30
real estate is going to come down so
16:31
again
16:32
if you're watching fear porn like dave
16:34
ramsey says i'm giving you stats go chop
16:37
these data up and say it's a bunch of
16:39
crack or whatever but give your argument
16:41
this is data telling you eight and a
16:43
half times today versus what it was in
16:45
2008. so everything we talked about so
16:47
far is real estate related right it's
16:49
all tied to real estate but what about
16:51
crypto all these people that became
16:52
crypto millionaires 80 000 wiped out 80
16:55
000 crypto millionaires wiped out what
16:57
do you think they were buying nice homes
16:59
nice cars nice watches
17:01
wiped out luxury watches exotic rolexes
17:04
patek felipe they're taking a massive
17:06
hit exotic car's taking a massive hit
17:08
all the tech stocks nasdaq is down smp
17:11
is down 19 for you nasdaq can sound 28
17:13
for the year it doesn't matter where you
17:15
look at everything's taking a hit and
17:17
everything's intertwined so when you're
17:19
looking at this data and you're asking
17:21
yourself how bad can it be michael bury
17:24
from the big short said the following he
17:27
said as i said about 2008 it is like

17:29
watching a plane crash it hurts it's not
17:31
fun and i'm not smiling he also
17:33
predicted that the next crash will dwarf
17:36
the 2008 bus which sparked a global
17:39
financial crisis okay so now that you've
17:41
put your logical hat on and you got a
17:42
lot of data let's take that off put the
17:44
emotional hat on because we gotta now
17:45
move you gotta move you gotta take some
17:47
action we'll give you the pdf here in a
17:49
second but stick around there's a few
17:50
things i want you to be thinking about
17:51
number one i said this back in 2009 2010
17:55
when i had a lot of money in the bank
17:56
cash and denver posted an article on me
17:58
saying why are you living in a house and
18:00
you're renting i said why do i why
18:02
should i buy a house well isn't that the
18:03
american dream i said absolutely not
18:05
american dream is not home ownership
18:07
american dream is equity
18:09
in businesses
18:10
entrepreneurship
18:12
side hustles you know being part of a
18:14
startup getting a piece of that company
18:16
that company go sells it goes public
18:19
that's the american dream then you make
18:21
the money there and then you can buy a
18:22
house if you choose to the stress has
18:24
been so much about the american dream we
18:26
have to shift so a lot of people are
18:28
looking at renting and by the way the
18:29
plus minus for renting right now it's
18:31
850 more makes sense to rent than it is
18:34
to buy it's more expensive to buy today
18:36
than it is to rent to own to rent so
18:38
that's one part now again if you're in
18:39

real estate you're not gonna like what
18:40
i'm talking about but i've been straight
18:42
up with you since the day i started
18:43
value team so that's number one number
18:44
two side hustle if you're making a
18:46
million now you're making 200 you got to
18:47
do something on the side if you're
18:48
making 200 you're making 50 now you got
18:51
to do something on the side if you're
18:52
fully unemployed you don't have a job go
18:54
learn new skill set and get a side
18:56
hustle for yourself there's never been
18:57
more important than how to do that
18:59
collaboration find the right
19:00
partnerships
19:01
save money today get some cash things
19:06
are going to be discounted even more my
19:08
prediction i may be wrong but i'm
19:10
telling you what i'm doing things are
19:12
going to be discounted even more i
19:14
believe the next 6 12 18 months don't
19:15
try to time it perfectly you just want
19:17
to be able to get it as low as possible
19:19
even though you're not going to hit the
19:21
to get things you purchase at the rock
19:23
bottom
19:24
very few people get that lucky but even
19:26
if you get it 20 of rock bottom or 10
19:28
above rock bottom you're gonna be fine
19:30
things are going to be discounted over
19:33
the next six 12 18 months just an hour
19:35
before i shot this video i got a tweet
19:37
from a guy that's a valuetainer sending
19:39
me pictures of a bunch of watches that
19:41
are you know million for watch or rafael
19:44
nadal he's selling this next one here
19:46
for a hundred and you know thirty two
19:48
thousand dollars this next one is sixty

19:49
eight thousand dollars he sent me all
19:51
this stuff with watches all of these
19:52
guys are gonna be discounted 50 more
19:54
percent the next six or 12 months
19:56
because people are not gonna have a
19:57
choice they need cash and last but not
19:59
least as painful as it is it's time to
20:01
recreate yourself and start kind of
20:03
doing your own research don't wait for
20:04
me to do it go study for yourself i did
20:07
a zoom with a bunch of ceos yesterday 83
20:09
of them were on
20:10
ceos that are part of our consulting
20:12
firm you know what every one of them i
20:14
taught i went 15 minutes showing them
20:16
how to research anything within their
20:19
industry said here's how you research go
20:21
spend an entire day not an hour not 30
20:24
minutes winging it spend an entire day
20:27
away from everybody research the history
20:29
of your industry to learn what kind of
20:32
right pivots to make so now having said
20:33
that i owe you this pdf if you want this
20:35
pdf click over here to get the entire
20:37
thing all the notes all the links
20:38
everything we talked about and if you
20:40
never got a chance to watch the market
20:41
crash video somebody share this video
20:43
with you because you're in real estate
20:44
you may want to watch the market crash
20:46
video as well click on that link here to
20:47
watch that have a great day everybody
20:49
take care future looks bright
20:54
[Music]
English (auto-generated)