**TBP 302 Crash Is Coming Edited\_Transcription**

[Daniel Hill] (0:05 - 27:36)

Welcome to the Blueprint Podcast. In these episodes, I'm going to share with you my life's work boiled down into simple blueprints that I used to build a 10 million pound portfolio and retire with financial independence at the age of 35. You can listen to these podcasts in any order, and I guarantee you that when you execute them in practice, you will see that success and failure are both very predictable.

Let's get into the next blueprint. Okay, so quite a dramatic podcast episode title, A Crash Is Coming. This is something I'm going to share with you is the 17-year property cycle.

Some of you may have heard of it before, some of you it may be brand new. And what I'm going to share about is how I am 100% certain, and I would bet my house on it, that a storm is coming, a crash is coming. And I've been telling this to the property entrepreneurs for the last probably 18 months or so.

And on our property entrepreneur program, on Advance, on the board, we're feeding this down to share with them what our expectation is. And last week, I spoke at the super event and shared what my expectation is of the market. Over the last six years, since the pandemic, we've become reasonably well known for our property predictions.

So every year, we've created a model and forecast what we think is going to happen to rates, inflation, property prices, rents, mortgage rates, and GDP. And touch wood, for the last five years, we've been pretty much bang on. And the current year, despite there being so much turmoil, we're actually tracking pretty much on track with what we expected when I wrote the model about nine months ago.

I released it in October last year, but I wrote it a few months before that. And what I'm going to take you through in this is to understand where we are and understand how the cycle works, but specifically draw your attention to what's called the 17-year property cycle. Because whilst I have drawn short-term predictions, and they've been accurate, 12 to 18 months, what we think is going to happen.

And off the back of that, we've gone out and done tens of millions of pounds worth of deals in some of the most challenging environments, including pandemic, lockdown, etc. And we continue to do that now. The last year has been very uncertain.

What's going to happen with rates? What's going to happen with finance? What's going to happen with the economy?

But we've still been out there doing multi-million. We're just coming off the back of a £6 million deal now, which was done in one of the most uncertain times, probably the most uncertain time since COVID, with the change of government, all of the global challenges, the economic volatility that we've seen, lots of uncertainty, rates going up, etc. So what you want to do is you want to understand high volatility means low competition, low competition means high margins.

So we want to be able to do deals in this space. But the reality is high returns come with high risk. So you've got to understand how to play the game with that.

And whilst we'll write short-term predictions, we don't tend to forecast the medium or the long term. What I've been saying to the board recently and the property entrepreneurs, and I shared it at the super event last week, is that, and for those of you that are doing our three-day summer retreat, I know the first two dates sold out before they even went to the market. That was May and July, I believe, and there's just one date left now for September.

If you want to know how this works, go to the blueprintretreat.co.uk. It's three days. It's a full-on five-star retreat. We teach you the blueprint start to finish, and if you don't like it, you literally get your money back.

So there's no risk, nothing to lose, everything to gain. And this is what we'll share with you if you want to see it in more detail. But the main premise is, I would bet my house on the fact that there is a crash coming.

The reason being that there's always a crash coming. And like Noah's Ark, if you know there's a storm coming, you need to be getting ready. Like, should you be scared?

Absolutely not. But you should absolutely be ready, because if you're ready, it'll be the best opportunity that you've had in a lifetime. But if you're not ready, and it catches you out, you will go down in the storm.

You will get caught out by the flood, and this crash will be the thing that finishes you off. So without a doubt, there is a crash coming. The big question is, when is it coming?

And in my opinion, we're now overdue it. And when I revisited the 17-year property cycle model, this actually suggests that there's a crash coming in 26, 27, when you align it with previous cycles. Now, I'm not saying that it is coming in 2026, 2027.

What I am saying is it would align with the 17-year property cycle, which has been pretty good in history. There's lots of reasons why it makes sense, I'm going to take you through that in this, which is mainly human psychology. It's just the way that humans work, and a lot of that is about reflexivity and the way we think, the way we behave, and the way that we do what we do.

But my main sentiment is, I think we're overdue it. If you think about what's happened post-global financial crisis, but also post-pandemic, double-rate inflation, interest rates going from zero to hero overnight, global tensions, tariffs, changing governments. The UK economy has been so resilient to all of this stuff, I just feel like, and despite all of that, property prices have gone up and up and up and up, rents have gone up and up and up and up, and I just feel like we're overdue a correction.

There is a crash coming, I'm still actively doing more deals than I've done in the last few years, so I think it's a fantastic time to be doing deals. I have no intention of stopping doing deals, but I am absolutely getting ready to make sure that when the storm starts, that it doesn't catch me out. I'm going to share with you the 17-year property cycle, and this is specifically the topic of this podcast.

If you want to know more about what to do, when to do it, the three-day blueprint retreat is your best place to go, and then in October, I'll be doing the last super event last month. In fact, this month, the super event last week, I shared with our property entrepreneurs exactly where we are, where I think we're going, and what they need to do. Obviously, if you want more of that insight, you can come on some of our programs and we'll share it with you.

The 17-year property cycle is what I'm going to focus on in this podcast, and when you understand it, if you can get confidence in it and at least understand the premise, it'll give you a rough idea of when to buy, when to hold, when to get out before the crash. I'm going to break it down for you so you can actually master the market and not follow the masses and like a lemon go off the end of the cliff. What is the 17-year property cycle?

I don't prescribe to these set dates of cycle. It's like property prices that double every 10 years. On average, they probably do, but sometimes it's five years.

Property prices over the last five years have gone up 30% in just five years. Sometimes it's 15, 20 years. Sometimes it's seven or eight years, but the average is, say, 10 years for property prices doubling.

Then property cycles, some might be longer, some might be shorter, but this 17-year property cycle does have a degree of credibility and track record. It was studied by economists. Fred Harrison was famed with it, Phil Anderson.

If you look at history and go back through the last cycles, which I'll take you through, it does hold up pretty well. It has a very compelling argument. When I explain to you the phases, which I'm going to do in a moment, you'll see why it makes sense.

The basic idea is that all markets, and we're talking here about property, go through four main phases. You've got post-crash, you've got a recovery where everything starts to recover. Everyone then recovers, they dust themselves off, and then we go through a boom, and we have a bit of growth.

What happens then is something causes a bit of a short dip or a bit of a stagnation, and we have this bit of a dip. Then what we have is what I call a false dawn, where everything comes back and there's this final surge of enthusiasm, where everyone goes into panic mode and starts doing deals. What happens is it gets way overheated, everything gets out of control, it gets silly, and then that causes a bubble to burst or a crash to take place.

This is the, I genuinely believe and would bet my house that there is a crash coming. We've just got to understand when is it. One way to understand that is going through the phases.

This is one of those podcasts you want to share with your friends, share with your family, stick it in your WhatsApp groups, your Facebook groups. This is what you want all of your friends and investors to know, really. This is the phase breakdown, and it makes complete sense.

I'm not saying the year's a bang on point. I am saying the logic is absolutely spot on. If we think about what happens after a crash, a crash takes place like the GFC, Global Financial Crisis in 2008.

What happens is crash happens, prices tumble, confidence is at an all-time low, finance is locked up, prices are flat, and there's very few people buying. That's the crash scenario. What happens is behind the scenes, the smart investors suddenly go out there.

For example, we've done this. We did it after the Global Financial Crisis, 2010, 2011, went out and bought property very aggressively. During lockdown, when nobody was doing anything, we were out there doing more deals than we did.

I think we made five million pounds through phase one, 1.9, phase two, 3.4, so over five million pounds extra money through the two and a half years of COVID that we would never have made without COVID because we were out there doing deals. What happens in this recovery period is you get that first mover advantage. Confidence is low, markets are flat, they're not going down, and they're not crashing, but they're stagnant and stable, and everyone's sitting there waiting for the buzz to come back.

The savvy investors like us and what we teach on Property Entrepreneur, we're out there doing deals. Rates would be quite low because they're trying to get the market going, construction slows down so labor starts to be cheaper, your trades are ringing you for work rather than you chasing a joiner to come and hang a door for three weeks. That might sound alien to some of you, but that's what happens in a recovery phase, phase one.

Everybody's sitting by the wayside, and that's where the opportunity begins. That's where the first mover advantage is. That can last for anywhere from one to six years.

It's not like a few months. It can happen for a few years, post-08, I don't think it was necessarily that long, but it was certainly a very real thing. I remember it very well, and the pandemic was an interesting experience, but there's an argument to say that's not phase one, and I'll talk about that in a moment.

Phase two is once, say for the first one to four, five, six years, things are starting to pick up, the market's starting to move, confidence is coming back, phase two is the boom part. This is year seven to 10, where the economy really picks up. Finance starts to relax, credit becomes available, prices start to rise steadily, and that confidence returns to the market.

People return, investors return, buyers return, sellers return, and this is the early boom. This is the early phase of the boom, so years seven to 10, where it starts going again and everyone's getting their confidence back, they're back on the bike, and they're riding the market. Phase three is where you see this mid-cycle slowdown, and this is not a crash, it's more like a pause.

Something happens, maybe related to the economy, maybe related to finance, maybe related to demand and supply, but may not be, might be completely unrelated, but year 10 to 11, something happens and it causes this mid-cycle slowdown. Interest rates might rise, which might slow things down because things are getting a bit hot. Lending might tighten up and prices might stagnate, and lots of people actually get spooked here, but this isn't a crash, it's more like a temporary dip.

And you're listening to this in 2015. If you think about a couple of years ago when the market sort of cooled down around Christmas, and it went from everyone being best in final sales to people sort of not buying and things locking up and rates spiking, everyone starts to get spooked and it slows down, doesn't necessarily drop, although we did see a little bit of a drop, and it doesn't crash, but it's more of a temporary dip, and that's like year 10 and 11.

Jumping in quickly with a huge opportunity for you, it is your once a year opportunity to join us for the Blueprint Summer Retreat. It is three days at the Belfry Five Star Golf and Spa Resort, or join us virtually from the 15th to the 17th of July, go to www.theblueprintretreat.co.uk now. In three days, you will learn the UK's highest rated business and property training blueprint, start to finish, it is action packed, it is massive value, it is a three day retreat off the grid, the highest value three days you will spend on your business this year, with 100% money back guarantee, you have nothing to lose, you have everything to gain.

If you're somebody who likes to learn, and then actually execute, you cannot miss this opportunity. It is the 15th to the 17th of July, go to www.theblueprintretreat.co.uk now to secure one of this year's annual places. Success and failure are both very predictable.

Make sure you take action and secure your spot, back to the podcast. Phase four is this thing I talked about, I call it the false dawn, where people think we're back in the running, but actually it's the second part of the boom, according to the 17 year cycle. I call it the false dawn, some of the economists call it the winner's curse, and what happens here is years 12 to 17, when prices skyrocket.

Demand starts going up again, supply increases, demand exceeds supply, finance is available, prices start to go up, demand goes through the roof, everything's hot, speculation and confidence starts running rampant, the banks start to loosen up their lending and their over lending, developers get mass confidence, start building out big schemes, three, five, 10 year master plans, and developers build aggressively. In this time, it feels like the good times will never end, and you would have seen it in crypto with Bitcoin and all this other stuff that happened in the last spike.

Good times will never end, everyone's getting high on their own supply, everyone's off to the races, your barber, your taxi drivers telling you to buy property, they feel like the good times will never end, but the reality is they will, and that's years 12 to 17, and then you've got the crash phase. Phase five is all good things come to an end, and then there's a big crash, year 17, year 18, 17, 18 year cycle, and then the whole thing crashes. Lending locks up overnight, confidence just evaporates, demand disappears, people have got loads of stock, they're highly leveraged, they're trying to exit, prices start to plummet, and then obviously the cycle just crashes, and that's where then the cycle resets, we need that correction.

The reality is we haven't seen that big correction for a while, and this is why I say that it's sort of overdue. Why is it 17 to 18 years? Well, this would be sort of the beginning bit of the psychology bit, you know, why does it happen every 17 to 18 years?

It's because human nature, you know, we all forget things, as in we forget how bad it is. I think at the minute, most of the people who were in World War II are getting to an age where they die. So the reality is, although we've watched the films and we've read the stories, people have actually forgotten how terrible war actually is, how disastrous it is for society, quality of living, economy, and how much damage it does.

So people are now going back into war, they've forgotten how bad it is, it's the same with the market. The reason it's slow to get going again is it takes a while for people to rebuild that confidence to think that it's not over, it takes a while for banks to get their confidence and loosen up. And then what happens is as things loosen up and people get their confidence back, they have the first few drinks, and then what happens is things get out of control, everyone gets drunk, they get high on their own supply, things go crazy and then get overcooked, and then we, you know, then it bottoms out again.

It's a repeating pattern, it's driven by the cycle of land speculation, planning cycles, funding cycles, debt cycles, and ultimately all of that is underwritten by human psychology and how short-sighted we can be, or how short-sighted we can be when things go right, you know, things go right, that's probably the time to start thinking about exiting, but also we forget how bad it is when things go wrong, and we think that can never happen again because, you know, this time it's different, and we hear that every time.

How's this happening in real time? You know, to give you some confidence around it, like I said, I'm not necessarily prescribing it and saying there is going to be a crash in 26, 27, I'm saying I feel like it's overdue. The market is now showing signs of what I've just talked about, so for example, earlier in the year, the Bank of England reduced their affordability and stress testing, so what's happened post-global financial crisis is there's been lots of stress testing on mortgages, which when rates went up to 5% were really helpful because it meant next to nobody got repossessed because the affordability stress tests have been so good since the last crash. What's happened now that, you know, help to buy has been removed, changing government, the government and the bank want to get the market going again, they've actually loosened the affordability rules, which is a bad idea because average affordability should be between, say four and eight times salary. We're currently tracking at 8.4 times salary for the average house price over the average salary. That is not a good place to be, and then now we've loosened it up even more. When you think of the criteria of that sort of false dawn, that final push, that last boom, it's the banks loosening things up, it's the developers getting confidence, you know, you've seen the most recent Labour government spending review, they're talking about investing a lot into council houses and affordable homes. There's lots of stuff now suggesting we're going into this last phase of the cycle.

Finance is being relaxed, mortgages are available, affordability is in place, liquidity exists, house prices continue to increase and increase and increase to record highs, rents are just going astronomic. You could suggest that this looks like that final phase. So I'm not prescribing to 26, 27 being a crash, I'm saying it's overdue.

However, if you look at the timeline of previous cycles, 1873 was the panic of 1873, a financial crisis that led to an economic depression in Europe and North America, and I'm not saying I'm an expert in any of these peaks and troughs, I've literally just googled 1873, 1929, 1974, 1990, 2008. These are the crashes, which between them have that sort of broad cycle to them. 1873, panic of 1873, 1929, Wall Street crash, major stock market crash.

And that was, if I remember correctly, that was actually what triggered that great depression period. 1973 to 74 was a stock market crash, big downturn in major stock markets worldwide, UK was specifically one that was impacted there. 1990 was then, many of you will remember this, was the real estate bubble, that was the financial crisis of the early 1990s where we had that big recession.

And then 2008, many of you remember, was the global financial crisis, that was the last big one that we had, was basically the bursting of subprime mortgages primarily in the States but also global derivatives where just everyone took on excess risk, they were selling debts on debts and debts, someone pulled the wool from the jumper and the whole thing unwound. And between those, you've got this sort of cyclical nature. And if you run that cycle over where we are now, what you see is that if you think about 2008 being the last big crash, you've then got 2009, 2012 being the recovery phase, which it definitely was.

2004 I went to university and thought I was going to study business and then become a property developer. Got to 2006, 2007 and everything just looked crazy, it looked like it was not the time to go in and then obviously it crashed. So I stood by the sidelines, I went and built another business and in 2010, 2011, that was when I then came into the market, that was the recovery phase, 2010, 11, 12, I went and built a portfolio of hundreds of units in that recovery phase.

Crazy, crazy deals, no competition, massive margins, but it was just a bit challenging environment. 2013 to 19, we then had that boom, part one, where everyone sort of did well, rising tide, lifts all ships. And then we had, you know, we think about this sort of mid cycle dip, 2020 we had COVID.

Now you can't say that that was because of the property cycle, there was a virus that took over the world, it just so happened that in this occasion, that was what caused arguably this mid cycle dip, where things slow down, a little bit of cooling, getting confidence back, and now sort of 2021, 22, 23, 24, 25, this like boom part, you know, property prices going up, affordability going up, affordability consistent, rents continuing to go up, and this booming phase.

Now because we've got a new government and rates are coming down, and we're seeing government stimulus and potentially development, you could be easily convinced that this is the boom. You know, this is the next boom that we're going to ride. And I would say, when you think is this the first part of the boom, or the last part of the boom, I would say wholeheartedly, this has got to be the last part of the boom, in my opinion.

By the 17 year cycle, it's overdue. By my just perception of what's happened over the last 10 years, it just looks overdue to me. The UK economy has not had a giant shock.

Globally, there's all this tension going in, but there's not been any big sort of black swan event. I just feel like this could be that phase. It could go on for another six years.

It could be six months. We don't know. But I would say this is that boom part two.

And then if you use the 17 year cycle, this is suggesting 26, 27 is when there's a particular crash. Is it going to happen? I don't know.

I have no ideas. It could be six years. It could be six years.

Is it possible? I would say it's absolutely possible. Should you be scared?

No. Should you be ready and prepared? Yes.

And basically, what should you do? Now we teach these blueprints. We share these blueprints.

We share these forecasts, but you will need to go on one of our events to actually get the transparency on those. Get yourself signed on to the blueprintretreat.co.uk, the last three-day event of the year where you can learn how to overcome this. The main takeaways for you are, if you're a savvy investor, at the minute I would say you want to be playing a short-term game, but I would say we're driving in the fog at the minute.

And you can see ahead. You can see a few cars coming the other way, but you can't see around the corners. You can't see three miles ahead.

I wouldn't be going into three to five year planning development cycles at the moment. That just doesn't get me going. I would be doing selling off plan.

I would be doing quick turnarounds. I'd be doing asset management over development. That's what I would be doing.

I would say the next thing is to understand that you want to be selling at the top and buying at the bottom. So if you have got stuff you're thinking about exiting and you believe that there could be a cliff edge coming, now is probably the time to be thinking about building that into your strategy. And then probably finally is, it doesn't matter what happens in the market as long as you know what the rules are.

And the biggest thing is to know the rules, play the games and go out there and make money. I would say the last 12 months have been the most unpredictable we've seen since COVID. And we've made multiple seven figures in equity, consistent six figures.

So the last deal we did made between, just waiting for the refinance to come through, between one and a half and two million pounds in equity. And once we've got all of our money back out and our refinance, it'll make well over £200,000 a year net cash flow after all costs. And we're doing those sort of deals in the most challenging of markets.

There's always deals to do. The more volatility, the more opportunity, but you've really got to know how to do it. And don't overstretch yourself at the minute.

Don't over leverage. Doing deals is about how long you can afford to hold them. It's not about your competence or your confidence.

It's about your affordability. You know, if you can't hold it for a decade, don't hold it for a day. You know, all of these mindsets, which we teach in our, in our Property Entrepreneur Blueprints.

So hopefully that gives you some insight. That is the 17 year cycle. It's been around for a long time.

If you've not heard of it, welcome to the 17 year cycle. If you have heard of it, hopefully it's been a reminder of where we are. And I would say the most important thing is you understand what could happen and then what is happening and then capitalise on what you're, uh, you're doing.

As always, my advice is you want to be bold. You want to be brave, but you don't want to be foolish because this last part of the cycle is where most people lose their hats. Most people bet the house and lose their shirts.

You do not want to do that. There is a cliff edge coming. There is a crash coming.

I bet my house on it because it's absolutely coming. It's just, is it coming in six weeks, six months or six years? The most important thing is that you're prepared, you're ready.

And whenever it happens, you're in a position to capitalise and you're not one of the ones that crashes. And in the, in the main, the sad thing is that happens to, to the masses. It's the minority that actually do well out of this.

So remember with all of this stuff, success and failure, both very predictable, the higher the challenges, the bigger the opportunity, the bigger the volatility, the lower the competition, the less competition, the more opportunity and the bigger margins you'll get through this final phase. So that's been the 17 year property cycle. Be bold, be brave, but don't be foolish.

And remember success and failure with this stuff are very, very predictable. If you've not secured your place yet at the final three day event, a three day retreat of the year, go to the blueprintretreat.co.uk now and get yourself on there. And I look forward to sharing these blueprints with you in due course.

And whilst this will be one of the most dangerous and damaging times in the last decade, for those of us that understand how to play the game, it will also be the most lucrative. So I wish you the best of luck. Make sure you join us next week for the next podcast, Blueprint Podcast released every Tuesday.

Success and failure are both very predictable. I will see you on the next episode. I hope you enjoyed this blueprint podcast episode.

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