


[Free Daily Headlines](#) | [RSS Feeds](#) | [Syndication](#)

News

 Search

Change Text Size: - +

Buildup, bubble and bust explained

Book review: 'The Great Housing Bubble: Why Did House Prices Fall?'

BY PATRICK S. DUFFY, MONDAY, MARCH 16, 2009.

[Inman News](#)

Comments

[Email](#)
[Reprint Rights](#)
[Community Guidelines](#)

Bookmarking Sites

[del.icio.us](#)
[digg](#)
[newsvine](#)
[reddit](#)
[stumbleupon](#)

Story Tools Sponsored by:



Book review

 Title: **"The Great Housing Bubble: Why Did House Prices Fall?"**

 Author: Lawrence Roberts
 Publisher: Monterey Cypress Publishing, 229 pages, **\$13.57** (\$4.95 for **e-book**).


Recently, Inman News launched a **"Roadmap to Recovery"** project to encourage new ideas and foster communication with the goal of improving the business of real estate transactions. In early March, the editors **proposed 10 reforms** to not only improve how real estate is bought and sold, but, more importantly, to ensure that the type of cataclysmic boom-and-bust cycle through which we're now suffering will never be repeated.

Of those 10 reforms, one really hit home for me: "Real estate professionals should provide buyers and sellers with vastly improved market analytics." That's because at the same time I read the reforms, I was combing my way through "The Great Housing Bubble," which is a real estate development insider's account of how bubbles form, methods to property evaluate home values, the important impact of bubble-market psychology, and the future direction of home prices.

Besides working at his day job as a planning and development consultant in Orange County, Calif., author Lawrence Roberts regularly moonlights as the chief blogger for [The Irvine Housing Blog](#). The book arose from Roberts' experience as a blogger and from the many reader comments he received while blogging.

If you're looking for a cheery and breezy "Housing Bubble Explained for Dummies," this isn't the book for you, nor would that even serve its purpose. What's compelling about it is that the author has a background in real estate that's far removed from the sales process, so he's able to step back and provide the sort of unemotional, macroeconomic overview that seems quite atypical for a guide to investing in real estate.

Of course, that makes perfect sense considering his master's degree in land development from Texas A&M University, which runs a well-respected real estate department.

Wondering what your home price might be worth in the future, based on reverting to the past fundamental relationships with household incomes, market-rate rents and interest rates?

He'll tell you his answer -- which you may not like -- but at least you'll be able to school your colleagues, friends and clients on when to bet and when to hold.

LIMITED TIME OFFER!

Agents, advertise to **5 million** serious home buyers & sellers

Success Testimonial



“ I get one phone call or email each day from people who found me on Trulia...”

Elizabeth Weintraub, Lyon Real Estate

Get 1 **FREE** month of advertising ▶



[Advertise with Inman](#)

Headlines

[Most Recent](#) | [Most Comments](#) | [Most Emailed](#)

[Capital requirements could hurt banks](#)

[Buildup, bubble and bust explained](#)

[Protecting your online reputation](#)

[Real estate agency rules need overhaul](#)

[Mood and doom](#)

[Real estate's February report card](#)

[Search for bottom offers peek into abyss](#)

['Foreclosure' Web searches near 3-year peak](#)

[Technology empowers mobile brokers](#)

[A real estate 'Tomorrowland'](#)

Curious about why home prices are so "sticky" on the way down? Roberts carefully explains the steps that led to the bubble, including the so-called "Precipitating Factor," followed by the stages of enthusiasm, greed, denial, fear, capitulation and despair, all of which take a certain amount of time and impact the prices that sellers are willing to accept. ...CONTINUED

1 2 next › last »

Copyright 2009 [Inman News](#)

All rights reserved. This content may not be used or reproduced in any manner whatsoever, in part or in whole, without written permission of Inman News. Use of this content without permission is a violation of federal copyright law.

You must [login](#) or [register](#) to post a comment.

Submitted by [Joseph Bridges](#) on March 16, 2009 - 5:54am.

The Irvine Housing blog is a great blog and as such it will be interesting to read this book. Hindsight is 20/20 only if we learn from what happened and can see it again so insights into what happened are best to learn now.

While we can't change what happened or even prevent it from happening in the future we can learn from it and do our best to guide our clients around what will happen in the future with more information and more stats as is mentioned.

Visit the blog at: <http://www.InternetRealEstateSuccess.com>

Real Estate Resources at: <http://www.OnlineRealEstateSuccess.com>

[Login](#) or [register](#) to post comments

©2009
Inman

Categories

[Agent advice](#)
[Buying & Selling](#)
[Home Improvement](#)
[Investing](#)
[Investing & Perso...](#)
[Markets & Economy](#)
[Mortgages](#)
[Real Estate & Per...](#)
[Real estate broke...](#)
[Real estate techn...](#)
[Rentals](#)
[Data Center](#)
[International](#)

Similar

[Blaming agents for home-price run-up](#)
[Beyond the subprime bomb](#)
[Reports: Home prices to keep falling](#)
[Home-price declines hit London](#)
[Study: Mortgage rates put pressure on home prices](#)

News Archive

[March 2009](#)
[February 2009](#)
[January 2009](#)
[December 2008](#)
[November 2008](#)
[October 2008](#)
[September 2008](#)
[August 2008](#)
[July 2008](#)
[June 2008](#)
[May 2008](#)
[April 2008](#)

MARCH 20
ATLANTA



TRANSFORM
YOUR
BUSINESS



MORE THAN
MEETS THE
EYE

Ads by Google

[Make \\$28,750 Every Month](#)

Helping the Government Bailout Real Estate Homeowners - Free Guide!
www.ShortSaleMagicOrd

[Foreclosure Millionaires?](#)

I Made \$118,619.87 In 1 Month w/The Easiest Short Sale Method On Earth!
ShortSalesRiches.com

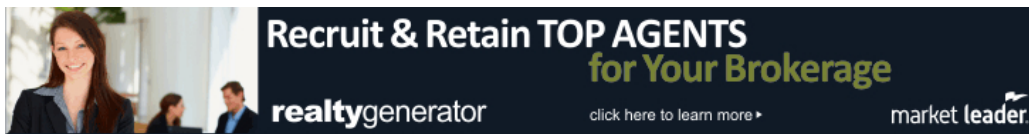
[Prospecting FSBOs?](#)

Have something of value to offer by owning the FSBO site in your city!
www.HomesByOwner.co

[Free Trump Seminar](#)

Learn the Trump Secrets to Building Wealth. Free Seminar - March 16-18
MyEducationNetwork.com

[News](#) | [Home](#) | [About Us](#) | [Advertise](#) | [Syndication](#) | [Membership](#) | [Contact Us](#) | [Press Release Submission](#) | [Submit a Tip](#) | [Privacy](#) | [Legal](#)


[Free Daily Headlines](#) | [RSS Feeds](#) | [Syndication](#)

News

Change Text Size: - +

Buildup, bubble and bust explained

Book review: 'The Great Housing Bubble: Why Did House Prices Fall?'

 BY **PATRICK S. DUFFY**, MONDAY, MARCH 16, 2009.

[Inman News](#)

Comments

[Email](#)
[Reprint Rights](#)
[Community Guidelines](#)

Bookmarking Sites

[del.icio.us](#)
[digg](#)
[newsvine](#)
[reddit](#)
[stumbleupon](#)

Story Tools Sponsored by:



As with any good primer, the author starts with the basics, detailing the financial and psychological underpinnings of a classic bubble.

Whether it was due to the fear of being priced out of a rising market or listening to the chatter at cocktail parties, with some insisting that "They aren't making more land!" or "Everyone wants to live here!", the reason people got caught up in the real estate frenzy, he explains, was because they ignored the fundamentals -- or simply didn't know about them in the first place.



Fortunately, the author makes for a very good teacher, gradually revealing these fundamentals in chapters such as "Conservative House Financing," "Fundamental Valuation of Houses," "The Credit Bubble," "The Housing Bubble" and "Bubble Market Psychology." For land developers and homebuilders who first entered the building industry during the upswing, Roberts, as the development consultant, offers a refresher course on the importance of the residual value of land based on the home prices of the surrounding housing stock and building densities.

Want to know how far prices may still fall before hitting bottom? A sobering chapter entitled "Future House Prices" explains various ways to make that prediction for your area, and he follows it up with sage advice on "Buying and Selling During a Decline" and how to deal with foreclosures.

Finally, Roberts, as the blogger, suggests ways to prevent the next housing bubble.

Filled with 64 exhibits, 146 footnotes and a nine-page bibliography of source material, "The Great Housing Bubble" is probably not a casual read during a day at the pool or the beach. But for real estate professionals wanting to educate themselves or their clients on how to successfully build wealth through the buying and selling of real property, this author has a lot to teach.

Patrick S. Duffy is a freelance writer. He is also a principal with [MetrolIntelligence Real Estate Advisors](#) and author of [The Housing Chronicles Blog](#).

What's your opinion? Leave your comments below or send a [letter to the editor](#).

« first | [previous](#) | [1](#) | [2](#)

LIMITED TIME OFFER!

Agents, advertise to **5 million** serious home buyers & sellers

Success Testimonial



"I get one phone call or email each day from people who found me on Trulia..."

Elizabeth Weintraub, Lyon Real Estate

Get 1 FREE month of advertising ▶



[Advertise with Inman](#)

Headlines

[Most Recent](#) | [Most Comments](#) | [Most Emailed](#)