

The future is now! Six months have passed since RTE broadcast Future Shock: Property Crash and frightened the living daylights out of many homeowners.

The controversial programme, written and presented by Richard Curran, examined what a property crash in Ireland might look like, if it were to happen.

Looking back, the really scary thing about that programme is that reality has so closely matched the early stages of the crash scenario explored by Mr. Curran.

The programme hypothesised a collapse in property values triggered by a drop in the dollar versus the euro from about \$1.30 in April 2007 to \$1.50 by the end of this year. The falling dollar “hits Irish exporters hard” and “confidence begins to suffer.”

Sure enough, we have seen the dollar plunge to around \$1.47 in recent days, while consumer sentiment in October was the gloomiest for four years.

Under the crash scenario, banks tighten up credit for house purchases, new homebuilding drops, inflows of foreign workers slow, and jobs losses mount in the construction sector.

In reality? Mortgage loans are harder to get, housing starts have tanked, and FAS and other forecasters are now expecting net migration to halve to 35,000 next year and the unemployment rate to jump to 5.5 per cent, marking the highest rate since the late 1990s.

Not everyone was impressed by the programme. Irish Auctioneers and Valuers Institute (IAVI) president Robert Ganly described it as “the greatest load of rubbish I have ever seen.” He added that “the IAVI is still predicting house prices to rise this year.”

It'd be hard to bet against Mr. Curran. He correctly challenged the near consensus view, perpetrated by vested interests, that house price rises are inevitable. RTE should do the public a service and rebroadcast Future Shock.