

Here we go again: boom and bust at the expense of the y...

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As [the Guardian notes this morning](#):

[House prices](#) in England will soar by 42% by 2020 and rents will rise by even more, according to a report from the [National Housing Federation](#) which warns of the "colossal strain" facing the generation born in the 1990s.

Many will remain trapped in their parents' homes as [property](#) prices continue to outstrip earnings, warns the NHF. It forecasts that 3.7 million [young people](#) will be living with their parents by 2020, as the rate of housebuilding fails to keep up with the rising population.

"By 2020 the price of a first-time buyer's home will increase by 42% to £245,165. Although wages for 22- to 29-year-olds will increase by 36% by 2020, this poses a huge challenge for those wishing to be homeowners. Low-earning young people would have to spend 16 times their average wage just to buy a home," said the NHF report.

Now there are an awful lot of implicit assumptions in there. The first is that wage settlements are on average between now and 2020 going to be 4% per annum. Which seems massively unlikely to me.

The second is that house price inflation average 4.6% pa over this period, which again seems unlikely, but not if George Osborne continues to turn the tap on for a house price boom, mainly in the south east, which is the likely explanation for expected growth figures to be published later this week by the ONS.

Then there is the obvious point that this seems to assume young people will earn £15,300 on average in 2020. I have to say that seems on the low side for a home buyer.

So let's be clear, some of the stats in this seem decidedly dodgy. But, that said the sentiment that this report - written by an estate agent, of course - wants to create is that house prices will increase by more than wage inflation. And I fear that is true. The risk that we're about to enter another credit led mini-growth era is very high. And we all know what follows them.

Have we learned nothing yet?

And the young will, of course, be those who suffer, yet again.

My question is a straightforward one in that case, which is how long can we survive this imbalance, and when will we introduce the wealth taxes needed to address it?