

Why Osborne may well be wrong on Brexit and house price...

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The Guardian has a [headline this morning](#) suggesting that house prices might fall by 18% if the UK votes Brexit.

I have all sorts of problems with this claim. First, the Guardian is wrong to suggest that is what George Osborne is going to say. He will say house prices might be 18% less than what he thinks they might be with no Brexit. That is very different from an 18% price fall.

Second, whilst there is no doubt that Brexit would create an immediate sterling crisis (the sort of thing David Cameron suggested I might create last year, but where his own track record seems much more serious) there is no evidence this would necessarily last in a downward direction, or that interest rates would have to rise significantly.

That is because I rather strongly suspect that Brexit would be the precursor for the creation of tax haven UK where a relaxation in regulation and tax rules would bring hot money to London. After all, why else are hedge funds so keen on Brexit? And if that happened exchange rates might as easily rise, at cost to real jobs and wealth creation in the UK, but with a resulting increase in pressure on house prices.

Now, of course, I am speculating. So is George Osborne. All I am really saying is that to extrapolate his assumptions to the claim made is pushing economic logic beyond what is reasonable. And that is irresponsible on such an important issue.