



Written by [Bob Adelman](#) on August 29, 2019

## Million-dollar Homes in Aspen Aren't Selling. Recession Ahead?

On its face, the claim that since million-dollar homes in Aspen are taking up to three years to sell means that a recession is coming is ludicrous. But if it comes from the mouth of an establishment economist, the mainstream media gives such a silly claim credibility.



Mark Zandi fits the mold of an establishment economist perfectly. With economics degrees from the Wharton School at the University of Pennsylvania, he has been steeped in Keynesian economics from infancy.

He has thrived in the culture, writing regularly, if inaccurately, for the *Washington Post*, the *Philadelphia Inquirer*, and elsewhere. He now serves as the chief economist at Moody's Analytics and is, as a result, frequently asked about the health of the U.S. economy.

His typical response: not so good, and likely to get worse. Following revelations that owners of multi-million-dollar homes in Aspen are having to wait up to three years for them to sell, that listings of unsold mansions and penthouses are "piling up" on Realtor.com across the country, that less than half of the cars offered for sale at Pebble Beach car auctions are fetching their asking price, and that art auction sales are down for the first time in years, Zandi thinks this somehow portends a coming recession for the rest of us: "If high-income consumers pull back further on their spending, it will be a significant threat to the economic expansion."

{modulepos inner\_text\_ad}

How so? Just how many high-priced mansions can one person live in? How many fancy cars and high-priced art can one person drive, or hang on a wall? How many suits (or pant-suits) can one person wear? How many vacations to Belize can one take? Just how much impact will such extravagance have on the U.S. economy?

Looking at where the rest of us spend our money, things continue to be rosy. Recent reports on revenues and earnings from Walmart, Target, Kohl's, Lowe's, and Home Depot confirm the health of the economy where the average consumer buys things.

Jobless claims just fell by 12,000 last week, according to the government, with the monthly average remaining well below any trigger reflecting a weakening economy. The number of people collecting unemployment insurance benefits continues to decline as well, falling by another 54,000 last month to a 40-year-plus low.

Consumer confidence continues to reflect the real health of the real economy, with the Conference Board's "present situation" index just hitting the highest level in 19 years. It added that the number of those polled reporting that jobs are "plentiful" continues to rise while those reporting jobs are "hard to



Written by [Bob Adelman](#) on August 29, 2019

---

get” fell again, to record low levels.

There are additional reasons to be confident about the future, according to private money manager John Ricciardi, chief executive of London-based Kestrel Investment Partners. He notes that inventories have been building since the second quarter of 2018, “so it is going to take a little longer, but anywhere from 12 to 15 months later, you start to get a rebound in production very simply because they ran their inventories down.” That “later” is now, which, he says, should lead to a boost in U.S. production and export growth toward the end of the year. He expects that low mortgage rates will ensure a pickup in the housing sector. That’s why he is investing family money in chemical companies Linde and DuPont, along with Sherwin Williams, in particular right now.

But what about the yield curve “inversion”? This writer noted that it is hardly a predictor of a coming recession because it reflects a flight to both safety and yield by foreign bond investors, driving down rates on the 10-year U.S. Treasury security to below the three-month rate. Joseph Haubrick, writing for the Federal Reserve Bank of Cleveland, put the lie to concerns that such an “inversion” would lead automatically to a recession: “Evidence since the early 1990s suggest that the relationship between the yield curve and growth has shifted, if not disappeared.”

Noted Ricciardi, all it would take to return things to normal would be for the Fed to cut interest rates: “And then, we’ve got a flat yield curve all of a sudden.”

As Ben Casselman wrote in the *New York Times* on Wednesday, “Economists [such as Zandi] are notoriously terrible at forecasting recessions, especially more than a few months in advance.” Adds Tara Sinclair, an economist at George Washington University: “Historically, the best that forecasters have been able to do consistently is recognize that we’re in a recession once we’re in one. The dream of an early warning system is still a dream that we’re working on.”

That’s the malady that Zandi suffers from, along with so many of his establishment colleagues, and gives the rest of us comfort that a three-year waiting list for million-dollar homes in Aspen portends nothing more than wealthy owners wanting to sell are just going to have to wait a little longer.

*Image: krblokhin via iStock / Getty Images Plus*

*An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American, writing primarily on economics and politics. He can be reached at [badelman@thenewamerican.com](mailto:badelman@thenewamerican.com).*

Related articles:

[Economy Doing Great; Trump Wants It Greater](#)

[Recession Coming, or Head Fake?](#)



## Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



### What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.

[Subscribe](#)