

Although we're neither organised or vocal, you and I form probably the strongest lobby in the UK: homeowners.

Though still a majority, about 65 per cent of households, we're slipping; from over 70% ten years ago. What we want from "the system" is clear: house prices to rise in the way that we have become accustomed to.

In the twenty years from 1988, average prices rose from £50k to well over £150k; from 1995 to 2007 they increased 350 per cent.

We now expect the place we live to be our main asset, with a relentlessly rising value that we can effortlessly dip into when the time comes, padded with our special capital gains tax exemption, of course.

We may see the recent price adjustment as a crash, but don't wait for things to get back to "normal".

All things being equal, with house prices still well above their historical wages to price ratio, there's still some way down until we reach their "real" value.

Restricted supply will continue to exert upward pressure, but gone are the days when you got home from a hard day's hard work to find your house had earned more than you did.

With banks no longer giving mortgages to passers-by, wannabe homeowners unable to get credit or deposits, stamp duty as much as 7 per cent and people moving half as frequently, prices, outside London and its environs continue overall to gently deflate.

More of us are slowly making the psychological shift to staying put and writing off our "losses", be that money we'd hoped to bank, or owings on a mortgage worth more than the property.

Unlike in the US, where the law allows you to send the keys back and that's the end of it ("jingle mail"), in the UK you can't walk away.

We've no barracks of repossessed and rotting mansions then, just the long, hard slog of negative equity, gumming up the labour market in the process.

In the US, house prices are back to 1995; in the UK they are still over 200 per cent higher, probably awaiting the interest rate rise that will likely bring about the next bout of correction.

What's bad for the 65 per cent though, is better for others. Just a few weeks ago, the number of people privately renting exceeded those in social housing for the first time.

Less than 10 per cent of homeowners today are under 35. Most of this “rentysomething” generation want to buy, but are waiting for prices to come down to an affordable level.

Over time though, this illogical desire is likely to fade, as maths mitigates against the burdens of ownership on a costly asset unlikely to generate value, families lose the habit, and one day perhaps government evens out tax privileges between owners and non-owners and puts in place stronger regulation to make private sector renting more secure for tenants and a more worthwhile long-term proposition for investors, developers and institutional landlords.

That would also help smooth rental prices which seem increasingly inflated. The recent Budget saw none of that, but instead a rather populist and Canute-like intervention to stabilise house prices despite these fundamentals, through a US-inspired scheme that will see the government owning chunks of people’s homes, and the riskier chunks at that; all with the risk of eventually reflating the property bubble that triggered the crisis in the first place.

This is not to say that, like all commodities, house prices are not determined by supply and demand, but less than half the amount of houses needed are being built, and as there seems no acceptable political route to building houses in the places where the market actually wants them, meaning supply will continue to be constrained and demand, over time, adjust accordingly.

Although less than 3 per cent of Britain’s land is actually built on, too much of the planning system’s underlying bent is bananas - build absolutely nothing anywhere near anyone.

The current round of changes seems marginal and is only introducing more uncertainty.

The actual cost of building a decent house in the UK today ought to be around £100k, and to rise gently with inflation.

The fact that it is many times that, has risen drastically, and will now fall for an era, tells us we’re doing something wrong.

The only question is whether so very many of us are so very invested in the system, that the only house that turning back would resemble is one of cards.

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