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Even a stopped clock gives the right time twice a day. That immortal line, uttered in the film Withnail I, just about sums up the media and its obsession with the ebb and flow of house prices. We have been predicting the end of the housing boom for so long that, sooner or later, one of us must get it right.

That a slowdown is at last happening seems in little doubt in the wake of the longest period of house-price growth since the second world war. But it is not before time for veteran doom-mongers, for no sooner was Britain out of the infamous Thatcher recession of the early 1990s than the bears started to come out of their caves.

Take Hamish McRae in The Independent, just after Labour came to power in 1997. McRae was talking about the broader economy, but his piece on October 1, headlined "The boom will go bust - here's how to brace yourself", was a masterpiece in false prophesy. Unemployment would rise within a few years, he confidently predicted. And there was "reasonable certainty" that a "sharp slowdown in the world economy" would start within the next couple of years. Instead, economic growth in the developed world has been just fine, more or less, for the past eight years.

McRae predicted that, "amid the triumphalism of Brighton, remember that this will be the government that is in power during the next recession." This may one day be proved true - in Labour's third, or even fourth term perhaps.

While all economic forecasting is hazardous, house prices have been especially so. The Daily Mail, the mid-brow tabloid, is usually thought to have cornered the market in property scare stories, which Private Eye satirises with such send-up headlines as "Influx of asylum seekers causes house values to plummet" or "Property prices fall as asteroid prepares to wipe out life on Earth". All newspapers have chipped in over the years. In September 1997, The Sunday Times ran the following article: "House prices keep soaring, but only in sought-after areas. Nick Gardner asks if the property boom can last." Despite what the economists were saying about slowing prices, he wrote, "it seems that nobody is listening... "

That was nothing compared with the dire vision conjured up by the Financial Times. "Is another property crash imminent?" asked Anne Spackman, then property editor, on September 13 1997. "Overheating" in London's property market was reminiscent of the late 1980s. Spackman - now managing editor of The Times - quoted an anonymous housebuilder saying that people had been paying crazy prices and "the next year is going to sort the men from the boys."

Yet in 1998, prices rose 6 per cent. This was followed by 15 per cent, 10 per cent, 8.5 per cent, 22 per cent, 12.6 per cent and - during last year - 12 per cent. But the predictions have not been limited to the British media. In 1998, Business Finance magazine predicted a crash in Ireland's housing boom. The Christchurch Press reported that year that house prices in New Zealand were about to fall by 40 per cent, according to Charles Drace, the author of How to Survive the New Zealand Residential Property Crash. Yet six years later - in the summer of 2004 - property prices were still rising there, at an annual rate of 22 per cent.

The Economist, in its latest quarterly update on world house prices, in June, warned that we were in the "biggest bubble in global history". Housing markets around the world had looked "alarmingly frothy" for some time, the magazine said. The way in which the boom would end could decide the fate of the whole world economy in the next few years.

For most commentators, particularly in the UK, it was clear the boom would run out of steam. In November 2002, Steven Bell, global chief economist at Deutsche Asset Management, was quoted in the Daily Express in explicit terms: "House prices, particularly in London, are set to fall by 10 per cent over the next year and could

drop by 20 per cent."

One month previously, in an article entitled "The housing boom in London is over. Ed Crooks considers how far and how fast prices might fall", the FT economics editor of the time said that it would be rash to assume the property market had no surprises left.

He quoted David Miles, the highly regarded professor of finance at Imperial College London, who warned that a benign end to the boom was unlikely. "In the past, when there are examples of things moving out of line, they have tended not to move gradually back; they have tended to move with a bang," the professor said.

Journalists found plenty of other distinguished academics to back them up. These included cerebral academics such as Andrew Oswald, a professor of economics at Warwick University. In November 2002, he wrote: "I think we are about to go through the great housing crash of 2003 to 2005." He had been right about the end of the 1980s boom, he pointed out. The coming crash would be even more hellish.

"I advise you to sell your house, and move into rented accommodation," he wrote, before ending on the dramatic note: "Panic will then set in."

Andrew Farlow, an economics tutor at Oxford University, struck a similar note in a research paper published in the same month. "Today is probably the riskiest time in a generation to get on the housing ladder," he advised.

In July 2003, just before the market hit another bull run, the Daily Mail wrote: "Britain is heading for a housing market slump amid evidence that the gap between property prices and pay is at a record high." The article, by Sean Poulter, was backed up by impressive statistics. For instance, the house price to earnings ratio had reached 5.2, compared with a long-term average of 3.6. The figure has since crept up to 5.7. The article - like countless others - leant heavily on research by Capital Economics, by now the best-known of the bears, which has predicted price falls of up to 20 per cent.

Capital is run by Roger Bootle, a former chief economist at HSBC and one of the Bank of England's committee of "wise men" under the last Conservative

government. The company has put its reputation on the line more than anyone else. Invesco Perpetual, ABN Amro, Durlacher, American Express, Goldman Sachs and various other banks have predicted double-digit falls in house prices. Yet most have confined their thoughts largely to written reports - whereas Capital's favoured status among the media has made it the public face of pessimism. "There was definitely a period during 2004 when every time the media wanted to paint a contrarian view we were wheeled out for a quote," says Ed Stansfield, the group's property economist.

Capital first came out at the end of 2002 with a prediction that strong growth would go into reverse by the end of 2003. As it happened, the continued strength of the property market in early 2004 was a source of frustration, admits Stansfield. "It is obviously very poor for us to be seen as banging the drum in an environment where everything is quite clearly moving against us." But he argues that the company turned out to be only six months out in its forecast - given that the current slowdown began in the summer of 2004.

"Not terribly successfully, we have always tried to distance ourselves from the words 'housing' and 'crash' and prefer to talk about a correction," says Stansfield. A nominal fall of 20 per cent is realistic because it would still leave the ratio between prices and earnings above the long-term trend, he argues.

Throughout all this, the Bank of England has trodden the most delicate of balancing acts; by trying to take some heat out of the market while dousing fears that it would all end in tears. Comments by Mervyn King, the Bank's governor, included this sphinx-like observation: "The best way to destroy the credibility of the monetary policy committee is to lecture people about house prices." Yet by November 2002, even he was admitting that there was a "growing risk of a sharp correction". In the same month, Martin Wolf, the FT's esteemed economics commentator, agreed the end was nigh, although - perhaps wisely - he did not put a date on this. "Do not believe these rationalisations for bubbles. Be afraid, instead. This is not an economy chugging smoothly ahead," wrote Wolf. "It is an unstable economy, divided in two. Smooth adjustment is imaginable. With house prices on the rampage, it looks less likely by the month."

And yet house prices continued to defy the reasoning of such commentators. Unlike many other assets, such as gilts or equities - which usually are influenced mainly

by professional decisions - housing is an incredibly democratic market. The average price of a home is entirely a function of decisions, sensible or otherwise, by millions of ordinary people buying or selling homes. Should they decide that it is rational to borrow six times their salaries, when renting might be much cheaper, there is little the intelligentsia can do about it.

As the boom appeared to enter its last lap, the British public was warned by no less a figure than Lord Lawson of Blaby - Nigel Lawson, the chancellor from 1983 to 1989.

Speaking to the Council of Mortgage Lenders in April 2003, the man who presided over the previous housing bubble gave his warning that a soft landing was "unlikely". "I suspect that [Gordon Brown] is concerned that his implausible economic forecasts will be undermined by the bursting of the housing market," he said.

Such views were not confined to the former party of government. Vincent Cable, now the Liberal Democrats' treasury spokesman, wrote an article in the FT in January 2003 - two and a half years ago - saying that it was "implausible" that prices would gently stabilise over many years until earnings caught up with prices. Instead, Cable said, there was a greater danger they would crash, as in 1973 and 1989.

In April 2004, another hand-wringing prediction came from the most authoritative of sources: the International Monetary Fund, whose World Economic Outlook report said there was a "likelihood of a sharp price correction". And in the same month came a call from Tony Dye, head of Dye Asset Management, that prices were ready to topple. (Dye had already earned himself a reputation as "Dr Doom" by accurately forecasting the collapse of the dotcom pyramid. Unfortunately, he had been premature in his timing - and left his previous job at Phillips Drew after missing out on potential gains during that boom.) Dye's comments in an article in the FT, "Everyone is hoping for a soft landing but, no, we don't have soft landings in things like this, ever", were carried the next day by most of the national press and several television programmes, and picked over at length.

The obsession could perhaps best be encapsulated by housepricecrash.co.uk, a website devoted entirely to the question of when and how the bubble would burst.

This website has a host of graphs, articles and links on the subject of house prices and has 15 million hits every month - or 8,500 unique users a day. It is run by half a dozen people, all of whom have day jobs, as a non-profit enterprise. Its founder, a fund manager called Greg Sutton, is 30 but looks older.

Over a pint of lager at a faux-Irish pub in the City of London, Sutton freely admits why he set up the website more than three years ago: because he cannot get on the housing ladder. He and his wife, who live in Ealing, have been waiting in vain for years for prices to fall so that they can buy their own house in the west London suburb.

"I set it up because I am a frustrated first-time buyer, I have a job earning a reasonable amount of money and can't buy a house at these prices," he says.

With him is a lawyer, Reinhard Schu, 37, who acts as the website's spokesman. Schu's conviction is also partly driven by personal reasons, although they are the converse of Sutton's. He sold his home two years ago because he was certain that there would be a property crash. Now he would like to be proved right.

It is clear that they are both convinced that strong economic arguments underpin an impending crash. "In our opinion house prices have gone to a truly unsustainable level. They are truly overvalued. There is a very strong group of vested interests, such as estate agents and mortgage companies, and people who make DIY programmes," says Schu. "We were facing a recession in 2001, but the government lowered interest rates, so the Brits spent their way out of the recession. It was in their [Labour's] interests to create a bubble."

Yet the bursting of that bubble has already started, argues Sutton. House prices are already falling in parts of the country - according to some surveys - and everywhere there are standoffs between buyers who will not offer the asking price and sellers who will not drop it. "If you look at the coverage of the 1980s crash, in 1989 or 1990, when prices were falling, the headlines were always about how the recovery was around the corner, how prices would pick up, but they never did," he points out.

The house price crash website often throws ad hoc meetings in the pub for users of its chat forum, sometimes attracting up to 20 people. "We talk about everything -

we are not that sad - but on the forum we only talk about house prices," says Sutton.

Being wrong on the timing of the crash has not dimmed the pair's conviction that they will be proved right in the long run. "It is going to be nasty," says Sutton, as he drains his pint. "It could be worse than the last recession. It could even be a global depression given how many housing booms are in sync - Australia, New Zealand, Spain and the US."

This is an opinion that holds currency with some highly regarded commentators around the world. Robert Shiller, the author of Irrational Exuberance, a perfectly timed exposition on the reasons for the dotcom crash, has returned with an updated edition that now encompasses real estate as well.

Shiller, a Yale professor of economics, argues in the book that the world is in the grip of a new bubble which is larger than its recent stock market equivalent and just as likely to end. His fascinating view is that the greed of the stock market speculators did not subside five years ago, but merely spilled over into property. In other words, the widespread belief of investors that they could make spectacular returns without risk has survived - but within a different asset class.

Shiller says that the growth of an economic bubble is driven by a "feedback" mechanism, whereby the more an asset rises in value, the more people want to join in the fun, which makes the asset rise further in value, and so on. As a result, prices are always likely to overshoot sensible values, just as they may well undershoot them when the bubble bursts.

Yet Shiller is careful not to put a timing on the end of the boom - perhaps wisely, given the fate of others. In addition, the US real estate boom may have longer to run than elsewhere, having only just hit its most explosive period.

For some critics, the doom-monger phenomenon calls to mind the crazy men with placards who like to forecast the end of the world. One day, one of them will be proven right and the rest of us will be the mad ones. Sadly for the crazies, however, this may not be imminent.

This view is summed up by John Wriglesworth, economist at the property and research database company Hometrack. He once said that the idea of house prices falling by 45 per cent was akin to the chance of finding Elvis on the moon. Many "experts" - albeit mostly with vested interests - still sound convinced that there will be a soft landing.

This view still has some willing sympathisers. Catherine Riley, property editor of The Times, wrote in January that the doomsayers were like the farmyard inhabitants in Chicken Little - a cautionary fable of chain-reaction panic designed to teach children courage - who believed that the sky was falling down because an acorn had landed on Chicken Little's head. "And is the sky falling because prices have dipped in the past six months? Of course it isn't," she wrote. "Don't listen to Chicken Little. The sky is not falling."

And yet the pessimists' time seems to have arrived at last. Just because they got it wrong before there is no reason to believe they are more likely to be wrong now, as some would have you think. In fact, the reverse is surely true. In a few years' time, it may be the mortgage companies and housebuilders, which have long lived on a diet of unbridled optimism, which look foolish in retrospect - whether house prices fall in nominal terms or only in real terms.

But ironically, many commentators have become so weary of being caught out yet again that they have fallen silent on the subject. Andrew Oswald, the Warwick University professor, for example, now refuses to talk publicly about house prices.

There is a widely used expression in stockmarkets that the right time to buy shares is when the last seller has sold. Perhaps the right time to sell residential property is when the pessimists have given up and the last buyer has bought. At least, I would hope so. Last summer, the FT's new property correspondent wrote: "My guess is that in two years' time they [prices] will be lower in real terms as once the momentum has drained away from the market, the balance of supply and demand will shift."

The writer went on to say that some readers might think this unmitigated nonsense. "In which case, cut out this article and in a few years' time, should I be proved wrong, feel free to visit the FT's riverside offices where I will masticate my own words."

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