

Skyscraper's curse



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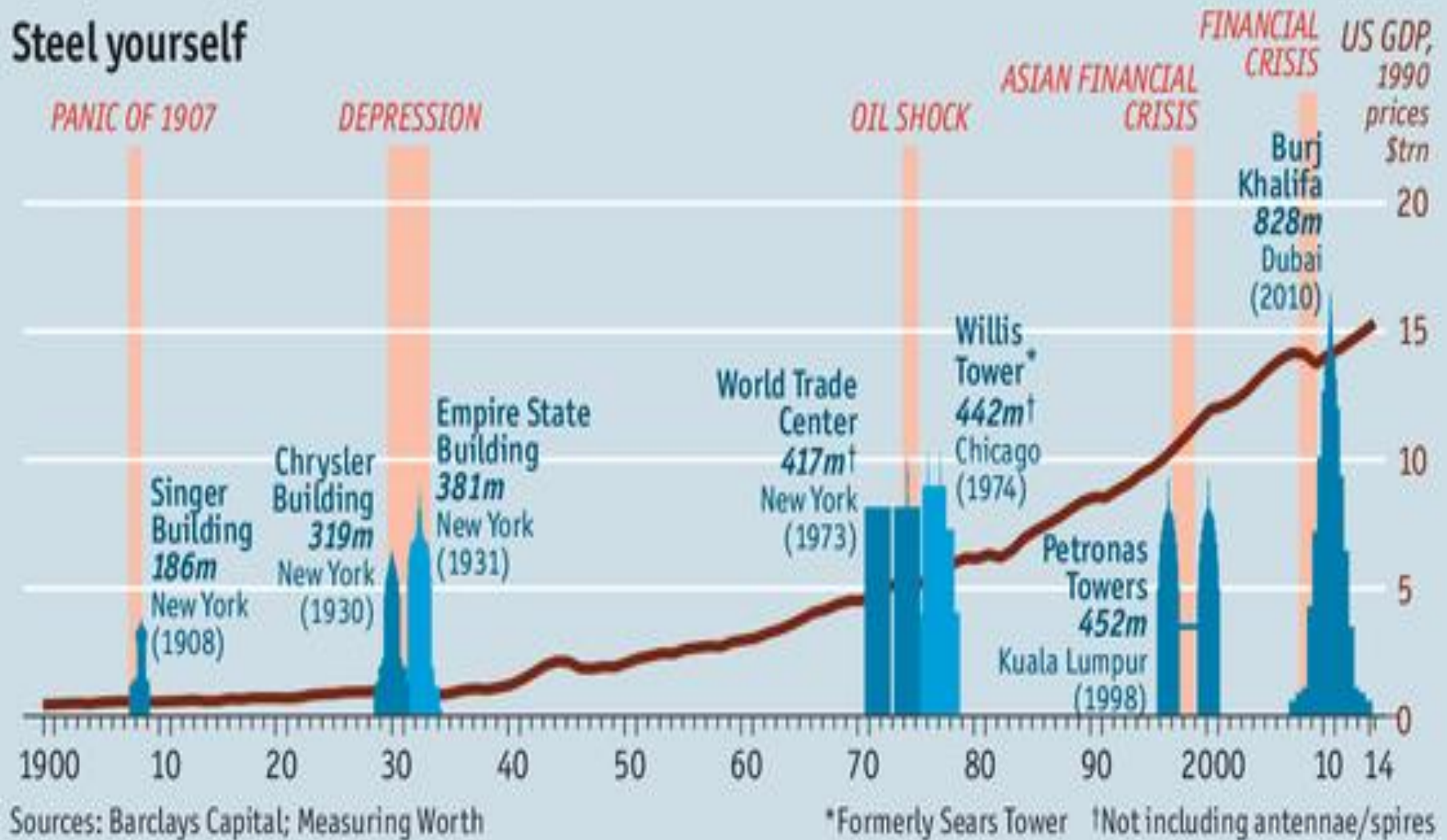
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Just a coincidence?

Steel yourself



Problem Statement

Business cycles and skyscraper construction correlate in such a way that investment in skyscrapers peaks when cyclical growth is exhausted and the economy is ready for recession.

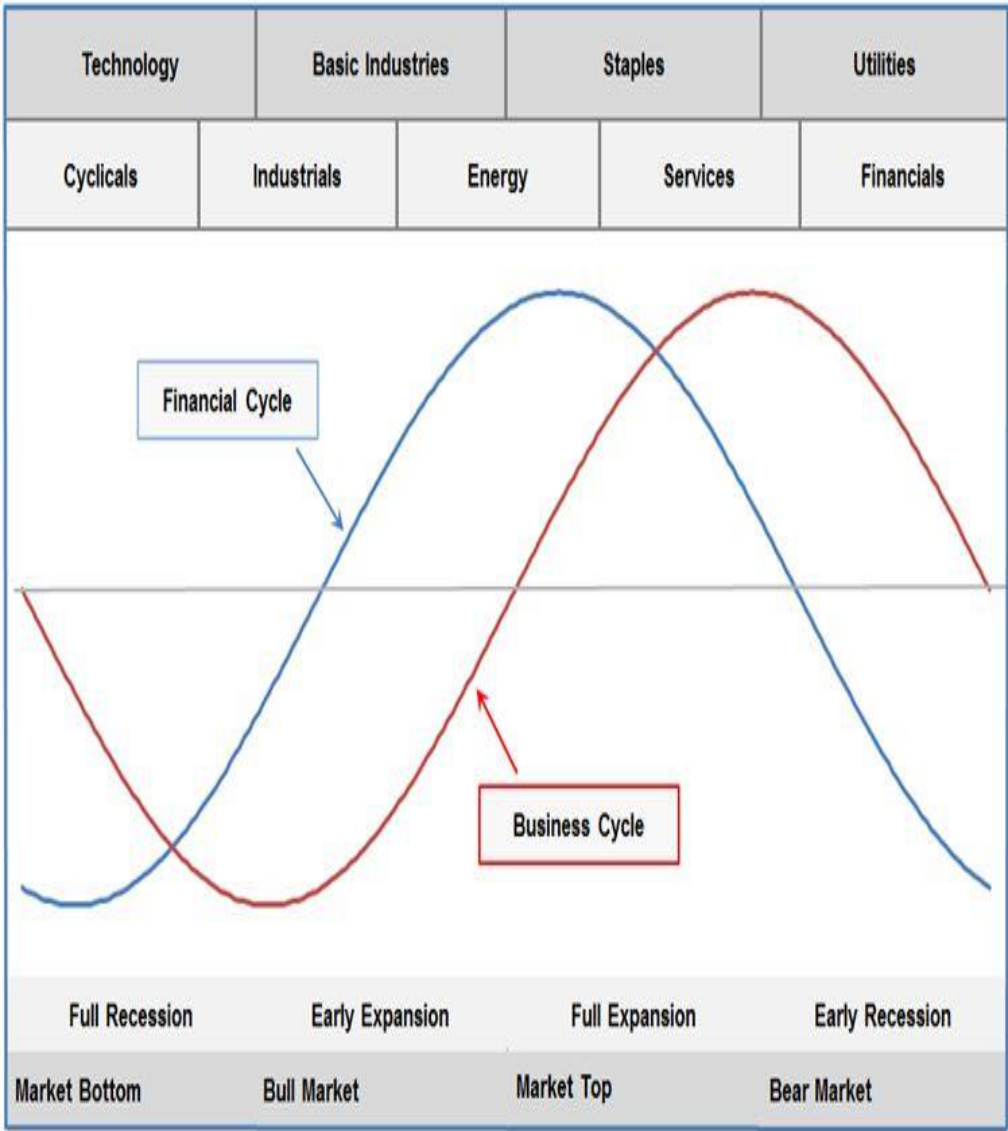
The Skyscraper Index, which shows a correlation between the construction of the world's tallest buildings and economic busts.

The buildings may actually be completed after the onset of the recession or later, when another business cycle pulls the economy up, or even cancelled.

Reference mode

"THE SKYSCRAPER CURSE"

In the 1940s, Edward R. Dewey hypothesized, that the tallest buildings are usually completed after significant market peaks. This infographic will show you six market crashes, that occurred throughout a period of more than a century, as well as eleven skyscrapers, corresponding to these crises. They all seem to be confirming Dewey's hypothesis. Is it just a coincidence?



WHAT COMES NEXT?

There's a growing sentiment under construction, aiming to smash the height record - Saudi Arabia's Kingdom Tower. Could this be an early economic sign of the next worldwide market crash?

CHART: DOW JONES INDUSTRIAL AVERAGE 1909-PRESENT

KINGDOM TOWER

THE FINANCIAL CRISIS OF 2007-2009

The Financial Crisis of 2007-2009 is thought to have been the worst financial and economic crisis since the Great Depression of 1929-1932. It brought the stock prices down all over the world, leading to massive layoffs and company bankruptcies and collapses. In less than five years, from October 2007 to March 2009, the Dow Jones Industrial Average lost about 50% of its value.

CHART: DOW JONES INDUSTRIAL AVERAGE 1909-2014

WORLD KRAKATKA

THE DOT-COM BUBBLE OF 2000

The Dot-Com Bubble is a period of extreme optimism about the many new internet-based companies, which stocks were rapidly rising. It peaked in March 2000, when the NASDAQ stock index reached as high as 5,048.94 in a single trading day. The collapse, which followed, led to a broad-based bear market from 2000 to 2002. 62% of the dot-com companies did not survive through 2004.

CHART: NASDAQ 1995-2003

TAIPEI 101

THE ASIAN FINANCIAL CRISIS OF 1997

The Asian Financial Crisis began in 1997 in Thailand, but later spread over other Asian countries like Indonesia, South Korea, Malaysia, the Philippines, Laos, Taiwan, China, Hong Kong, Singapore and Vietnam.

THAI SET 1970-2011

PETRONAS TOWERS

THE 1970s STAGFLATION

Stagflation is defined as a state of no economic growth accompanied by high inflation rates. These were the economic conditions during the greater part of the 1970s. The Dow Jones Industrial Average was moving sideways during the whole period.

CHART: DOW JONES INDUSTRIAL AVERAGE 1968-1981

WORLD TRADE CENTER, **WELLS FERRY**, **CHINA TOWER**

THE GREAT DEPRESSION OF 1929-1932

The Great Depression was the most severe economic contraction during the whole 20th century. Officially, it began in the United States with the stock market crash on October 29, 1929. Governments intervened with the emergency consequences and after the top of the Second World War.

CHART: DOW JONES INDUSTRIAL AVERAGE 1915-1942

CHRYSLER BUILDING, **40 WALL STREET**, **EMPIRE STATE BUILDING**

THE PANIC OF 1907

The Panic of 1907 was a financial crisis in the United States, that started in October 1907, when the Dow Jones Industrial Average fell almost 50% from the peak in 1906. Many banks went bankrupt, which people worried about their money, withdrew their deposits.

CHART: DOW JONES INDUSTRIAL AVERAGE 1903-1908

METROPOLITAN LIFE TOWER, **SINGER BUILDING**

THE PANIC OF 1907

SOURCES:

ENR INTERACTIVE

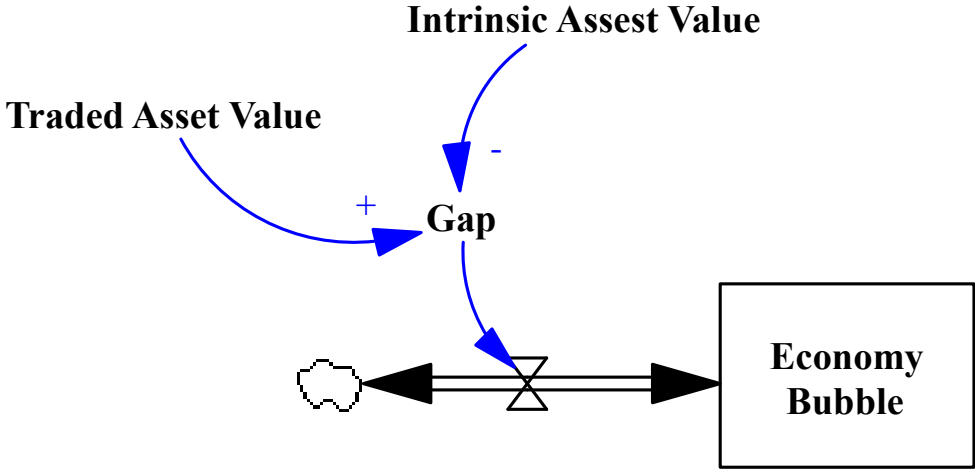
System understanding

- **When & why to develop super-tall buildings?**
- **What is an economy bubble?**
- **When economy bubbles are bust?**
- **Why there exist cycles in business and financial market?**

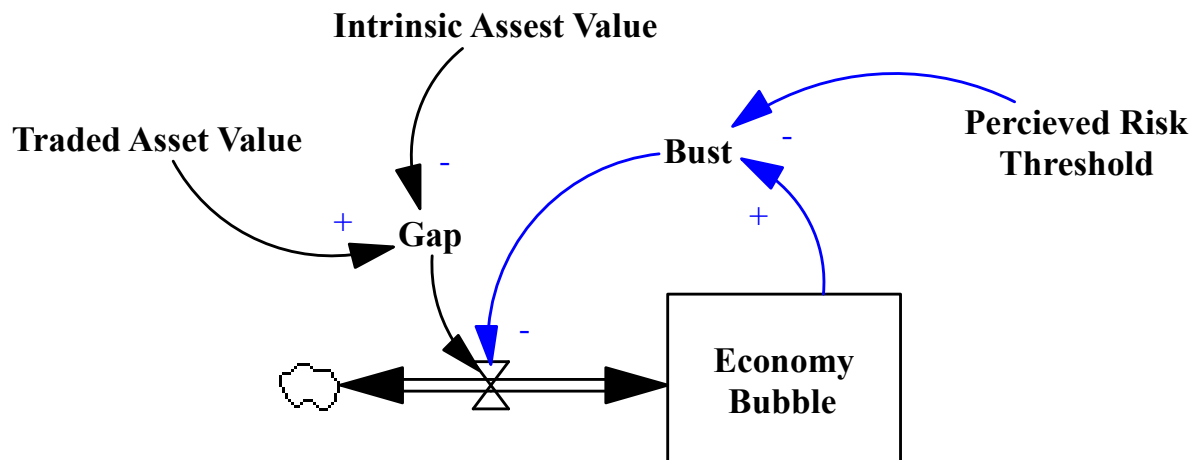
Economy bubble made when...

Traded Asset Value $>$ Intrinsic Asset Value

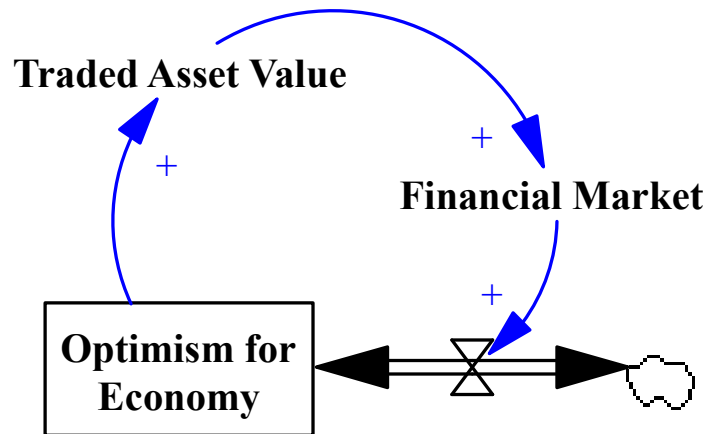




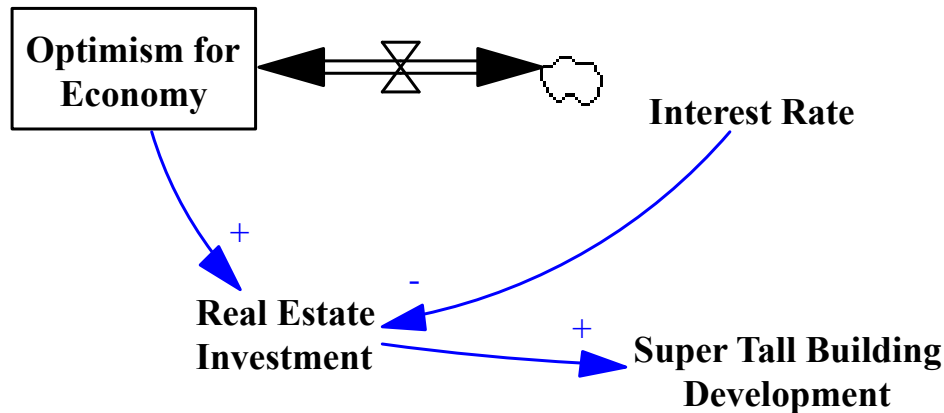
Bubbles bust when they exceed perceived risk threshold.



**Assets traded at higher price,
when people have optimism for
economy, which is amplified by...**



Optimism for economy also increases investment in real estate, typically with low interest rate . And...



When bubbles bust...

