

Seller's relief at £3.5m ruling



Now somewhat overgrown, 50 Malone Park as it is today. It has collapsed in value since being sold for £3.5m at the height of the boom

PICTURE: Mark Marlow/Pacemaker Press



BY ADAM KULA

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A HIGH-profile figure in Ulster society says a weight has been lifted from his shoulders after winning a multi-million court case over the sale of his house.

Jim McDonald CBE, a 74-year-old widower, says that he tried to sell his family home of more than four decades for £3.5 million after a series of personal misfortunes.

He had bought the six-bedroom, four reception-room home in the most prestigious part of Belfast in the early 1970s.

But by the height of the property bubble in 2007, when he tried to sell, it had ballooned in value to become one of – if not the most – expensive homes to go on sale in the Province.

Things turned sour when Nicholas McKenna, the businessman who offered to buy it, tried to renege on the deal.

But this week a Belfast court ruled the purchase must be completed at the original agreed price – although the property in prestigious Malone Park, in the south of the city, would now only be worth around £1 million after the property crash.

Emerging from the case with his reputation and bank balance intact, Mr McDonald now says he can now “breathe easy”.

He has worked with the Prince's Trust for decades, is a trustee of the RUC George

Cross Foundation and is a former adjudicator of complaints against the military during the Troubles (among much else).

Speaking out over the deal yesterday, Mr McDonald said: “I’m glad to have the burden lifted from my shoulders. It’s not a very happy place to be, the High Court.

“Not only was I having a chance of losing a substantial sum of money but my reputation – which has taken a long time to build – was very much at risk as well.

“I don’t know which was the worst feature.”

It had been claimed by Mr McKenna that a payment of £1.35 million to Mr McDonald had just been a loan, and did not indicate that he was going to buy the house.

Mr McKenna, a long-time investor in property, also argued that he did not have experience in the residential market.

In a stinging judgment Lord Justice Coghlin threw out his version of events, branding some of it as “bordering on nonsensical”, and concluded he was “making it up as he went along” to try and get out of the sale.

He issued a “specific performance” order, instructing Mr McKenna, head of catering firm the Galgorm Group, to pay the outstanding balance of more than £2 million.

Mr McDonald said the house had always been in an “oasis of peace and quiet”, and stood in an area where city centre families would come to escape the bombs and bullets of the Troubles.

It was only after his children moved out, his wife died in 2003, and he suffered a stroke in 2006 making it harder to climb the stairs, that “the whole aura of the house” changed and he decided to sell.

He now lives in a bungalow nearby.

“It was a beautiful, high-Victorian house, which me and my wife and two kids lived very happily and comfortably in,” he said. “It was a big decision which I had to make to leave it. The story he (Mr McKenna) told was at variance with my story. One or the other was being untruthful.

“As you know, when you’re in public life one of the things you have to do is to be trusted.

“I do have several public appointments in which trust is pre-eminent. You have to be beyond reproach.

“Not only would it cost me money, but it could have cost me my reputation.

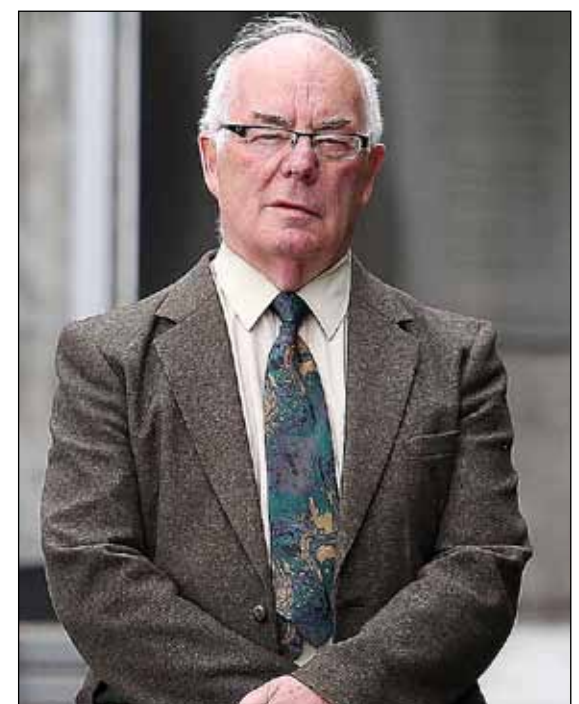
“So I’m delighted – although I’m not in the business of buying and selling houses. If my wife had still been alive we would probably still be there.

“I’m delighted the burden has been lifted from my shoulders.

“I will now be able to breathe easy.”

Mr McKenna will also have to pay interest on the outstanding balance.

In the wake of the decision, Mr McKenna had asked for and been granted six weeks to decide whether to appeal.



Jim McDonald was the seller of the Malone Park property

PICTURE: Jonathan Porter/PressEye

Perhaps the most expensive home ever sold in Ulster

ANALYSIS
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THIS tale is an extraordinary illustration of Northern Ireland’s house price boom.

Number 50 Malone Park is perhaps the most expensive house ever to have been sold in the Province.

The pictures on these pages show a now seemingly neglected house with an overgrown garden.

But it is bang in the heart of the best property location in the country.

Malone Park is a wide tree-lined avenue which is generally

agreed by estate agents to be the best residential road in the most expensive district of Northern Ireland – leafy Malone in south Belfast.

Some other areas such as Cultra in north Down come very close in price, but have never quite reached the same sums.

Jim McDonald not only bought in the best area, he did so at an excellent time, in the 1970s.

At the beginning of that decade, mansions sold for as little as £20,000 (£261,000 in today’s money).

Mr McDonald also had the good fortune to sell in the second quarter of 2007, which was at the very height of one of the biggest housing bubbles in global history (according

to Jonathan Davis, a City of London economist who was one of the few to predict the subsequent collapse).

But for every person who has won the lottery jackpot, there has been a loser. Many people made unfortunate purchases in 2006 and 2007, believing the ruinous myth that you cannot go wrong with property, and plenty of these buyers have been financially destroyed.

But there are few individuals who suffered such disastrous bad luck as Nicholas McKenna, whose £3.5 million investment is worth at best £1 million now.

Unlike England and Wales, Northern Ireland does not have an easily accessible register so we cannot quickly find online what

has been paid for every house, and we cannot be sure that this is the biggest hit ever taken on a single home.

There has been land with planning permission sold for far in excess of the £3.5 million paid for 50 Malone Park, and maybe also large country estates, but it is unlikely there have been single family homes without planning sites that fetched more.

Many owners of grand properties in Northern Ireland sought £2 million-plus for their homes in the boom years of 2005 to 2007, and some clung on to the hope that they would get such prices as late as 2010.

But this newspaper exposed the hopelessness of those dreams on our front page in December of that year.

Gerry O’Connor, one of Malone’s leading estate agents, told us that the standard top price for what he described as “a five-bed, all-singing, all-dancing house with a good garden” in the best streets in Malone had reached £2 million, but was now £850,000 – a drop of 55 per cent.

Mr O’Connor said that there were a handful of exceptional homes that achieved more than £2 million at the peak. We now learn that 50 Malone Park was one of those.

But Mr O’Connor’s frank comments shattered any notion that wealthy areas have been exempt from the crash. In reality, the best neighbourhoods had the biggest rises and have had the hardest falls.