

THE ONLY COMPLETE GUIDE TO PROPERTY IN CORK CITY AND COUNTY



Cork Property

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McInerney price cuts stimulate Cork market

Even at this time of great economic uncertainty there are some signs of green shoots in the new homes market. Last September, McInerney Homes took the bull by the horns and made sharp cuts in its prices on built stock. Three bed homes, for example, were cut by €50,000 to €225,000, while four beds originally listed at €495,000 were cut by €100,000 to €395,000.

The result, we are told by Liam O'Brien, the McInerney director responsible for its South Region, is sales of some 38 homes, over 30 of which are signed contracts. "In a nervous economy such as this," says Liam O'Brien, "when people see prices are falling they think that if they wait prices will fall further. While that's understandable, the real challenge for buyers is to know when this process is coming to an end."

"At McInerney we took the view that we had relatively normal levels of built stock at our developments – but that we needed to adjust prices smartly to reduce that stock. We did that and buyers have recognised we are serious and it means we now only have limited numbers of units left at our sites in Cork."

Furthermore, Liam O'Brien insists, the next move in McInerney's prices in Cork will be upwards. "We will only build at a profit and these prices are simply not sustainable in the future. For one thing, with the introduction of Building Energy Regulations our construction costs are increasing by about €10,000 to €15,000 per unit. This is in order to achieve the higher ratings buyers now expect. So next year we will only build to contract here in Cork."

Liam O'Brien believes there is another factor which has influenced some homebuyers to act now. "Mortgages used to be calculated on the basis of salary multiples but lenders are now taking a more cautious approach and looking at net income. The new income levy, which is being applied to gross salary from the beginning of next year, will have the effect of depressing net income, thereby restricting the maximum size of loan."

"We know that some purchasers, anticipating the positive effect of lower interest rates on monthly repayments, have seized the opportunity to obtain their loans before the levy has its negative impact on the amount they can borrow."

Much has been made recently about the level of unsold housing stock in Ireland as a whole, but Liam O'Brien points out that the country does not comprise a single market. "The real excess stock is almost exclusively in rural and new commuter areas which are a significant distance from the actual centres of population they are intended to serve."

"If you look at the better residential locations throughout the country you simply do not find those levels of stock."



Above: 29 Wheatley Hills and right Monfield

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The old adage, therefore, that there are three important things in buying property – location, location and location – is as true today as it ever was. Sticking to what

we know, building the right homes in the right locations, has stood to McInerney over the past 100 years and thankfully it is standing to us now, in leaner times."

