

Friday 29 November 2013

## HomeStart broadens focus on back of strong 2012-13 results

Despite challenging market conditions, HomeStart Finance delivered solid financial results for 2012-13 with profit before tax of \$16.4 million and Return on Equity of 10.26%.

The results compare favourably with its 2011-12 results, with profit before tax up \$2 million from \$14.4 million and Return on Equity rising from 9.22%. The organisation also made a financial contribution to the State Government of more than \$38 million.

HomeStart Chief Executive Officer John Oliver said the results place the organisation in a strong position as it broadens its focus in 2013-14 to appeal to a larger range of homebuyers.

“Ultimately, we measure our success on the number of people we help get a foot in the door to home ownership,” he said.

“In the last 12 months, we helped almost 1,300 Australian families achieve that goal, with more than half of those being first home buyers.

“That’s more than 63,500 families we’ve helped achieve home ownership since our establishment in 1989. In most cases, these homeowners wouldn’t have been able to source finance from mainstream lenders.”

“These statistics are particularly relevant in the current environment where there are tighter lending conditions and first home buyers in particular are finding it more difficult than ever to get a foot in the door.”

Mr Oliver said the coming year would see HomeStart undertake a significant re-positioning of its brand to appeal to a broader range of homebuyers.

“Helping first homebuyers will continue to be an important part of our business, but we’re also seeking to raise the awareness of our product options in order to help more South Australians into home ownership sooner,” he said.

“Our key difference is that we provide innovative financial solutions - from repayments that aren’t solely tied to interest rate fluctuations through to low deposit options and shared equity products - as well as more traditional lending products.

“We’re finding that more and more homebuyers are coming to us because of this range of loan options.”

*HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 63,500 households into home ownership.*

Mr Oliver said the second half of the 2012-13 year saw strong demand for loans for construction purposes, with HomeStart experiencing a 50% increase in these types of loans.

“This growth in loans for construction purposes was clearly driven by the State Government’s reforms introduced in October 2012 to boost the construction sector,” he said.

“We strongly promoted these reforms as well as continuing to accept the grants towards our customers deposit requirements, something many other financial institutions don’t do.”

Mr Oliver said overall market conditions during 2012-13 saw subdued home loan demand resulting from decreased levels of consumer confidence and broader economic uncertainty.

For first home buyers, Mr Oliver said the biggest issue was again housing affordability, with strong demand from first home buyers in the City of Playford highlighting that trend.

## Results at a glance

	2012 - 2013
Total number of new households helped into home ownership	1297
Total number of households helped into homeownership since HomeStart’s inception (cumulative)	63,553
Financial contributions to the state government (\$m)	38.9
Return on equity	10.26%
Profit before tax (\$m)	16.4
Lending portfolio (\$m)	1960

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