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Shared equity home loan opens doors for first home buyers in South Australia

Shared equity home loans increase feelings of financial security, improve access to employment and education opportunities and help stimulate the economy, according to world first research commissioned by South Australian lender [HomeStart Finance](#).

The research, which was carried out by the University of Adelaide's [International Centre for Financial Services](#), also found that HomeStart's shared equity home loan (the Breakthrough Loan) generated close to \$94 million in income for the state, and 830 jobs, over the three years of the study.

The shared equity model lets customers borrow more without increasing their home loan repayments or interest charges, in return for sharing a portion of their property's change in value when it's sold or paid out.

HomeStart has reached a milestone 1,000 '[Breakthrough Loans](#)' since the product was launched in 2007, with first home buyers making up 71% of the Breakthrough Loan portfolio.

HomeStart CEO John Oliver said that despite initial scepticism from industry, customers have embraced this style of loan.

"Breakthrough essentially means part of your loan is interest free and doesn't add pressure on the budget with higher repayments, in return for sharing a portion of the capital gain of your home's value at a later stage – and customers have been quick to grasp the advantages," Mr Oliver said.

"The Breakthrough Loan has helped people across the board, from first home buyers to those refinancing after a relationship breakdown, to get started in the housing market," he said.

One such first home buyer is 27 year old Scott Barnden, who recently bought a three bedroom home in Salisbury with his wife Kinga and their baby daughter, using the Breakthrough Loan.

"I did my own research online and realised the Breakthrough Loan would let us borrow more to get started, which was necessary because we're on a limited income," Mr Barnden said.

"The house needs a bit of cosmetic work but we're doing it up, and making it into a family home we can stay in for a while."

Like many young families, Scott and Kinga found it difficult to save for a home while they were renting near the city, and chose to move back in with Scott's parents so they could put away enough money for a deposit.

Scott says jokingly that while becoming a home owner has been 'nothing but hard work' as they do up their new home, the family can't wait to have their own space.

"The best part is I can do anything I want to the place and don't have to ask anyone," he says.