

Stockland is a beneficiary of Australia's thirst for new homes.



House rules

Stockland, Boral reap benefits of rise in new builds

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PROPERTY

IMPROVING home sales have underpinned a turnaround at property developer Stockland, which has swung back into the black with a \$298 million first-half net profit.

The result compares with a \$147 million interim loss a year ago after it offloaded struggling residential and commercial office assets.

Stockland is a beneficiary of Australia's thirst for new homes, with earnings in its residential business up 39 per cent.

The developer said it was on track to achieve the upper end of its forecasts this year, including 5 per cent to 6 per cent earnings per share growth, assuming no material decline in market conditions.

Stockland said its underlying profit, excluding one-off items, was up 5 per cent to \$267 million. The group's shares climbed 4.8 per cent to \$3.90.

Chief executive Mark Steinert, who replaced long-term chief Matthew Quinn just over a year ago, said while the business was well positioned, the group remained conservative in its outlook for the full year

due to continuing uncertain economic conditions.

"Economic indicators have been mixed, creating some uncertainty about what we should expect from the market in the second half," he said.

Second-half earnings would be skewed towards residential and retirement living earnings, he said. The first-half result was driven by an increase in its residential property division's operating profit.

Separately, shares in Australia's largest building materials company Boral hit a three-year high after it tabled a 73 per cent jump in half-year profit.

The company lifted underlying net profit to \$90 million on the back of better housing and road construction markets, cost cutting and dry weather. However, it warned of a slowdown in activity and earnings in the second half.

Boral recorded a net loss of \$26 million for the half, but that included \$117 million in one-off accounting charges related to its Gypsum plasterboard joint venture that it says will be offset by gains in the second half.

Boral shares closed up 9 per cent at \$5.45.

AAP