

Sumitomo Forestry acquires Australia's largest home builder, Metricon, to become the largest builder group in Australia

Sumitomo Forestry Co., Ltd. (President and Representative Director: Toshiro Mitsuyoshi; headquarters: Tokyo; hereinafter, Sumitomo Forestry) decided on September 30 to acquire a 51 percent stake in Australia's largest home builder, Metricon Group (Met Group Holdings Pty Ltd; hereinafter, Metricon) through its wholly owned subsidiary, Sumitomo Forestry Australia Pty Ltd. (President: Yasuhiro Odagane; headquarters: Melbourne, Victoria; hereinafter, SFAU) and make it a consolidated subsidiary of Sumitomo Forestry. The acquisition of Metricon puts Sumitomo Forestry Group at the top rank in Australia with more than 7,000 housing starts a year for detached homes in the country. It will also achieve the target of supplying 5,500 units of detached homes, as set out in the Long-Term Vision, six years ahead of schedule. Going forward, by expanding the scale of its existing business domains and realizing growth in new business domains^{*1}, Sumitomo Forestry aims to establish a structure that will enable it to double its initial planned target and supply 10,000 units per year by 2030. In addition to the US housing business that forms the main source of the Group's earnings, Sumitomo Forestry will also expand its housing business in Australia to build a stable portfolio for its overseas business.

^{*1} Metricon's narrow lot developments in urban areas and public housing, sister brands, etc.

■ Australia's housing market

Australia's population numbered approximately 26.64 million in 2023. The population born outside of the country accounts for about 30 percent of this, and the number of immigrants to Australia reached about 740,000 in 2023. With the introduction of migrant policies and other factors, the overall population looks set to increase to about 30.9 million (annual growth rate of 1.2 percent) by 2034. The Australian government has established the goal of supplying 1.2 million homes over a five-year period from July 2024, and both economic growth and housing demand are expected to continue in the future against the backdrop of stable population increase. On the other hand, Australia faces the social issue of a shortage of housing supply for the growing population, alongside continuously rising housing prices. In particular, persistently high policy interest rates in recent years have reduced the borrowing limit for housing loans, leading to greater demand for more affordable housing.

■ Significance behind the acquisition of Metricon

Metricon is mainly engaged in the order home business in the eastern states of Victoria, Queensland, and New South Wales, which make up about 80 percent of Australia's total population, and in South Australia. It has established a strong brand presence across an extensive area that includes the cities surrounding Melbourne in Victoria, where Sumitomo Forestry's three existing Group companies do not yet have a presence. Metricon ranks first in Australia with a housing start scale of 3,894 units per year^{*2}. Metricon offers a wide range of products, from homes suitable for first-time buyers to luxury brands. In recent years, it has been expanding its business domains to cover areas such as affordable products to support customers amid rising housing prices, townhouses, and public housing. With the acquisition of Metricon, Sumitomo Forestry Group aims to further increase its market share by expanding its coverage in each state as well as the range of products sold.

Sumitomo Forestry becomes the largest builder group in the whole of Australia with the entry of Australia's largest home builder, Metricon, into the Group. With plans to establish a supply system of more than 7,000 units per year, it will pursue group synergy by incorporating Metricon's sales and material procurement functions into the Group, reducing material procurement costs, and developing an even more stable supply system. While leveraging the position as the top builder group in Australia to improve management efficiency, it will continue to provide high-quality housing as a core part of infrastructure for daily life, and to put effort into addressing that housing shortage that has long been a social issue in Australia.

*2 based on the ranking of housing starts by each builder for the fiscal year ended June 2024, prepared by the Housing Industry Association (HIA) of Australia



Premium order homes brand, "Signature"



Duplex*, suitable for development and rebuilding in existing urban areas



Affordable and well-designed town homes

* Construction of two or more houses on a single residential lot

■ Outlook for Sumitomo Forestry Group's global housing and real estate development business

Since entering the detached homes business in the U.S. and Australia in 2003 and 2008 respectively, Sumitomo Forestry has steadily expanded its business through organic growth and acquisition of local companies. Sales volume for detached homes in 2023 grew to 10,221 units for the five US housing companies, ranking eighth in the U.S.*³, and to 3,402 units for the three Australian housing companies, ranking third in Australia*². Furthermore, the Company has established the goal of supplying 23,000 units of detached homes in the U.S. and 10,000 units in Australia by 2030, the target year of the Long-Term Vision. Sumitomo Forestry is focusing not only on the detached homes business, but also on the development of rental multi-family homes in the real estate development business. In the U.S., the real estate development business was fully launched in 2018, and work on mass timber construction commenced in 2022. By 2023, business scale has expanded to ranking ninth in the U.S.*⁴, with the number of housing starts for multi-family homes reaching 3,853 units. In March 2024, the Company also ventured into the build-to-rent (BTR) development business in Australia, where market growth is anticipated, and it aims to create business opportunities in multiple cities going forward.

Chronic housing shortage caused by population growth is one of the social issues faced by both the U.S. and Australia. Sumitomo Forestry will contribute to resolving this housing shortage in both countries not only through its detached home business but also the development of rental multi-family homes.

*3 Calculated based on sales volume ranking in US *Builder* magazine's "Builder 100" ranking

*4 Calculated based on NMHC's ranking of US multi-family housing companies

*5 Build-to-rent (BTR) refers to housing built exclusively for rental purposes, which is attracting attention as one of the fastest growing assets in Australia.

[Refer to Sumitomo Forestry's news release dated April 5, 2024, "Sumitomo Forestry's first BTR multi-family housing development in Brisbane, Australia"](#)

■ **Long-Term Vision, “Mission TREEING 2030”**

Sumitomo Forestry Group is engaged in a broad range of global businesses centered on wood, including forestry management, the manufacture and distribution of wood building materials, the contracting of detached homes and medium- to large-scale wooden buildings, real estate development, and wood biomass power generation. In our long-term vision Mission TREEING 2030, we are seeking to promote the Sumitomo Forestry Wood Cycle, our value chain in the areas of forestry, timber, and construction, to contribute to decarbonization not only within the company, but also for the whole of society by increasing the CO₂ absorption of forests and popularizing wooden buildings that store carbon for long periods of time.

In Australia, Sumitomo Forestry has been proactively providing environmentally conscious housing. For example, it is among the first building companies to sell new products with high environmental performance that come with solar panels as a standard fitting and which comply revised building code regulations. Going forward, the four Group companies, including Metricon, will continue to promote environmentally conscious housing and contribute to decarbonization.

[Reference]

■ **Overview of Metricon**

Head office:
Mount Waverley, Victoria, Australia

Representative:
Bradley Raymond Duggan (CEO)

Number of employees:
Approx. 1,560 (as of March 2024)

Business:
Engages mainly in the order homes business across the four Australian states of VIC, QLD, NSW, and SA

