

SE BUSINESS  
 HD **Developer Crown says Australia still attractive despite rising home prices ; CEO expects growth rates to slow, as firm looks to open a new branch to tap demand from Asian buyers**  
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LP SINGAPORE — Australia still offers good **residential property** investment opportunities even though prices have rocketed in recent years, as a shortage in the supply of homes will continue to support the housing market, said Mr Iwan Sunito, chief executive officer of developer Crown **Group**.

Home prices in Australia rose by about 10 per cent last year, fuelled by record-low interest rates and increased foreign buying, leading real **estate** consultancy Knight Frank to rank the country as the fifth-most-overvalued **property** market in the world.

TD Despite that, the CEO said fundamentals remained favourable, especially in Sydney, where his **company** is based.

He said the state of New South Wales has a shortfall of about 50,000 dwelling units, a gap that developers are scrambling to fill.

“Sydney has a vacancy of 1.7 per cent and that’s extremely low because there’s a supply crisis. So when you put that in perspective — we have low interest rates, a growing population, supply shortage and a lack of developers or builders — Sydney becomes a very attractive place to invest in,” Mr Sunito told TODAY in an interview yesterday.

“Even though many foreign buyers are coming into Australia, for new apartments in the country, 70 per cent of **purchases** come from local buyers. That shows the strength of local demand,” he added.

Home prices in Sydney grew by a whopping 14 per cent last year. Such an acceleration in prices has given rise to fears of a **property** bubble forming, which in turn has prompted the country’s banking regulator to urge lenders to exercise greater prudence in handling mortgage risk.

The Australian Prudential Regulation Authority earlier this week issued guidelines that include making banks consider the geographical concentration of risky loans, limiting loan amounts according to income levels and stress-testing borrowers.

The guidelines come as signs emerge of a pullback in the housing boom Down Under, with the latest figures from the Australian Bureau of Statistics showing a slower 1.7 per cent on-quarter rise in prices in the first quarter this year, compared with a 3.5 per cent gain in the previous quarter.

That is in line with Crown’s prediction that prices in Sydney will likely grow at a slower pace of 6 per cent yearly as more demand is being met.

And to cater to the growing demand from Asian investors, the developer has embarked on an aggressive expansion plan with the setting up of its newest offshore sales and marketing office in Singapore.

Mr Sunito said: "This is part of the bigger picture of Crown's push towards Asia. Singapore is a gateway to that push because from here we can tap into Malaysia, the Philippines and, to some extent, **China**.

"There are also many Indonesians based here," he added.

This is Crown's third overseas office after Jakarta and Surabaya, set up in July last year and January this year respectively.

The **company** aims to open a fourth office either in **Hong Kong** or Shanghai within the next year to be closer to the **Chinese**, currently the largest **group** of foreign buyers in Australia and for Crown.

"In our projects, we see a range of 15 to 30 per cent of foreign buyers, and 60 per cent of those buyers are from **China**. Our portfolio will continue to grow and we want to maintain a percentage of foreign buyers (and) that's why we're coming to Asia."

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