

> **Norwest Market Update**

2nd Half 2020

SALES

Commercial

The median commercial sale price in Norwest* was \$8,381 per sqm for Q2 2020. This represents half-yearly (Q4 2019 – Q2 2020) price growth of 2.2% and annual (Q2 2019 – Q4 2020) price growth of 17.7%, showing an overall positive trend. COVID-19 seem to have had low impact on the commercial sector in Norwest, with the number of transactions as strong as the year prior (Q1 2019 and Q2 2019), with comparable median pricing.



\$8,381

Median commercial sale price per sqm in Norwest (Q2 2020)

18

Total commercial property sales in Norwest (Q2 2020)

\$4,235

Median industrial sale price per sqm in Norwest (Q4 2020)

8

Total industrial property sales in Norwest (Q2 2020)

INTRODUCTION

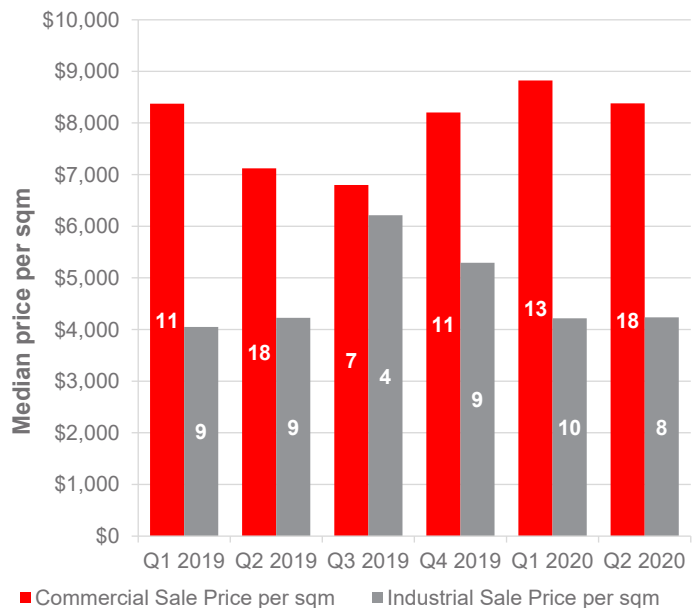
Positioned approximately 30km north-west of Sydney, Norwest is an area which encapsulates the suburbs of Baulkham Hills, Rouse Hill, Castle Hill, and Bella Vista. These suburbs are noted particularly for their commercial precincts, which include office and retail uses, as well as strata industrial properties.

The following report focuses on these property types specifically, reporting and analysing their sales and leasing activity over the past 18 months to the end of Q2 2020, as well as recent and future development in the area. When combined, these elements provide a holistic understanding of the state of the Norwest* commercial and industrial property markets.

SALES

Industrial

In contrast, the median price per sqm for industrial properties in Norwest* reflected a lower price point of \$4,235 per sqm for Q2 2020. This represents half-yearly (Q4 2019 – Q2 2020) price softening of -20.0%, largely due to a strong Q4 2019 result. That said annual (Q2 2019 – Q2 2020) price growth was 0.2%, suggesting overall the market remains fairly steady. Industrial property sales in Norwest* remain limited, with just 8 sales occurring in Q2 2020. That said the number of sales and median price have remained stable when compared to Q1 2019 and Q2 2019, indicating that the market has been resilient amidst COVID-19.



Note: The numbers within the bar graph indicate the number of sales which occurred in each quarter.

*Norwest market data and key indicators encapsulates aggregate property market conditions in the suburbs Norwest, Baulkham Hills, Rouse Hill, Castle Hill and Bella Vista. **Commercial sales are located within the suburbs Baulkham Hills and Bella Vista. Industrial sales are located within the suburbs Rouse Hill and Castle Hill. Sales data is representative of a limited number of overall transactions within a period and is not exhaustive. Sales have been selected based on comparability in terms of size, age, and location within Norwest. Source: APM Pricfinder, commercialrealestate.com.au © Copyright PRD 2020.

LEASING

Commercial

The median commercial net lease rate for Norwest* in Q2 2020 was at \$380 per sqm. This represented healthy growth of 9.2% in the six months since Q4 2019 and similar growth of 8.6% in the 12 months since Q2 2019. Leasing activity remained steady over the previous 12 months, with 19 leases recorded in Q2 2020 (compared to 20 in the quarter 12 months prior). Given the limited market size, leases will naturally fluctuate however the overall trend remains stable.



\$380

Median commercial net lease rate per sqm in Norwest (Q2 2020)

19

Number of quarterly commercial leases in Norwest (Q2 2020)

\$219

Median industrial net lease rate per sqm in Norwest (Q2 2020)

20

Number of quarterly industrial leases in Norwest (Q2 2020)

LEASE BREAKDOWN

Leases commencing across Q2 2020 in Norwest* showed significant variation by lease type by sector.

A majority of 58% commercial leases were taken on a Net basis (based on 19 known leases). This is a reversal in trend found in the previous report.

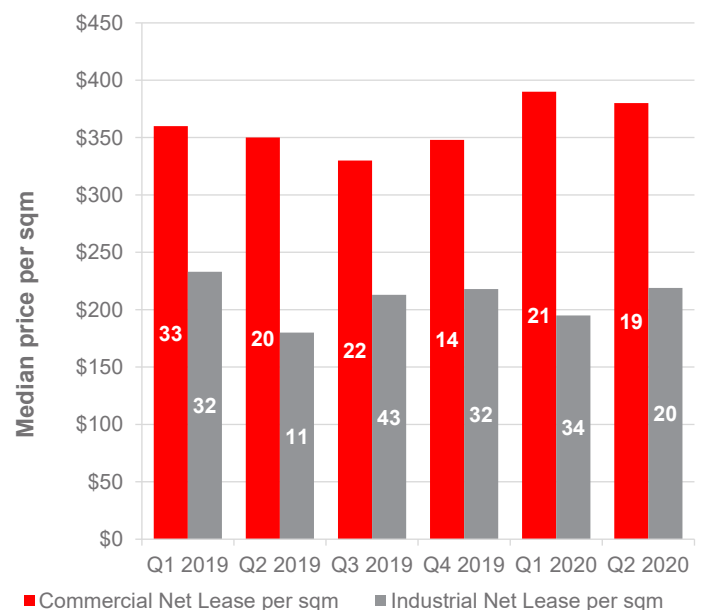
The dominant lease type in Norwest's* industrial market proved similar to the commercial market, with 60% of leases being adhered to on a Net basis (based on 20 known leases).

Both commercial and industrial leasing activities show resilience amidst COVID-19, in terms of number of leases and net lease rate per sqm.

LEASING

Industrial

Norwest's* median industrial net lease rate was at \$219 per sqm as of Q2 2020. This rate signified a slight price growth of 0.5% in the six months since Q4 2019 and a greater price increase of 21.7% in the 12 months since Q2 2019. Leasing activity continues to fluctuate, with 20 leases recorded in Q2 2020. This is a slowdown on the last six months, however also represents a strong increase annually. Despite limited data, a steady trend remains evident in ongoing demand for industrial stock in Norwest*.



*Norwest market data and key indicators encapsulates aggregate property market conditions in the suburbs Norwest, Baulkham Hills, Rouse Hill, Castle Hill and Bella Vista. **Lease data only encapsulates transactions with sufficient data available to be fully utilised for the purpose of inclusion in the report. Lease data is representative of a limited number of overall transactions within a period and is not exhaustive. Leases have been selected based on comparability in terms of size, age, and location within Norwest. *Median Net per sqm is calculated only on leases where this information was clearly disclosed or determinable from an advertised floor area and net rental amount for the lease. Source: APM Pricer, commercialrealestate.com.au. © Copyright PRD 2020.

RECENT SALES

COMMERCIAL

Property Address	Sale Price	Area (sqm)	Price per sqm	Sale Date
Level 6/5 Celebration Drive, Bella Vista	\$6,500,000	850	\$7,647	Jun-20
2.22/29-31 Lexington Drive, Bella Vista	\$694,100	73	\$9,508	Jun-20
25/24-32 Lexington Drive, Bella Vista	\$572,000	69	\$8,290	Jun-20
105/8 Century Circuit, Norwest	\$1,218,000	157	\$7,758	Jun-20
1.05/2-8 Brookhollow Avenue, Norwest	\$1,050,500	124	\$8,475	May-20
402/12 Century Circuit, Norwest	\$1,182,500	146	\$8,099	May-20
3B Old Northern Road, Baulkham Hills	\$400,000	153	\$2,614	Apr-20
1.10/5 Celebration Drive, Bella Vista	\$250,000	24	\$10,417	Apr-20
608/2-8 Brookhollow Avenue, Norwest	\$1,000,000	114	\$8,772	Apr-20
609/2-8 Brookhollow Avenue, Norwest	\$700,000	80	\$8,750	Apr-20

INDUSTRIAL

Property Address	Sale Price	Area (sqm)	Price per sqm	Sale Date
15/593 Withers Road, Rouse Hill	\$775,000	183	\$4,235	Jun-20
26/15-17 Terminus Street, Castle Hill	\$370,000	47	\$7,872	May-20
16/593 Withers Road, Rouse Hill	\$680,000	162	\$4,198	Mar-20
20/322 Annangrove Road, Rouse Hill	\$1,155,000	320	\$3,609	Mar-20
2/27 Terminus Street, Castle Hill	\$803,000	89	\$9,022	Feb-20
15/591 Withers Road, Rouse Hill	\$1,397,550	330	\$4,235	Feb-20
137/7 Hoyle Avenue, Castle Hill	\$1,225,000	288	\$4,253	Feb-20
14/6 Gladstone Road, Castle Hill	\$830,000	229	\$3,624	Jan-20
21/322 Annangrove Road, Rouse Hill	\$740,000	215	\$3,442	Nov-19
11/7 Salisbury Road, Castle Hill	\$780,000	195	\$4,000	Nov-19

RECENT LEASES

COMMERCIAL

Property Address	Lease Value	Lease Type	Area (sqm)	Price per sqm	Lease Date
Part A, 34/24-32 Lexington Drive, Bella Vista	\$10,000	Gross	16	\$625	Jun-20
1.06/29-31 Lexington Drive, Bella Vista	\$21,060	Net	54	\$390	Jun-20
2.22/29-31 Lexington Drive, Bella Vista	\$35,405	Gross	73	\$485	Jun-20
19/35 Old Northern Road, Baulkham Hills	\$22,260	Gross	53	\$420	Jun-20
5.06/5 Celebration Drive, Bella Vista	\$27,360	Net	72	\$380	May-20
3.07/5 Celebration Drive, Bella Vista	\$19,380	Net	51	\$380	May-20
Shop 10/24-32 Lexington Drive, Bella Vista	\$37,700	Gross	60	\$628	May-20
A206/20 Lexington Drive, Bella Vista	\$27,255	Net	69	\$395	May-20
Shop 8/24-32 Lexington Drive, Bella Vista	\$33,176	Gross	48	\$691	May-20
Shop 3/16 Lexington Drive, Bella Vista	\$18,564	Gross	23	\$807	May-20

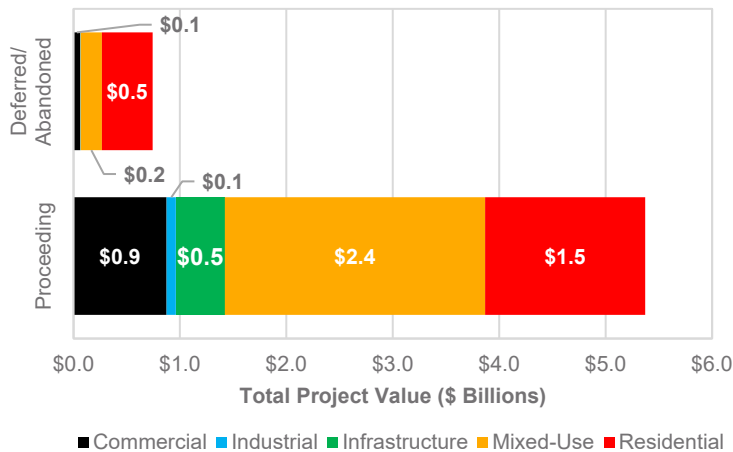
INDUSTRIAL

Property Address	Lease Value	Lease Type	Area (sqm)	Price per sqm	Lease Date
1.04/320 Annangrove Road, Rouse Hill	\$30,500	Net	96	\$318	Jun-20
4/7 Carrington Road, Castle Hill	\$35,860	Net	217	\$165	Jun-20
32/5 Gladstone Road, Castle Hill	\$47,000	Net	250	\$188	Jun-20
101/7 Hoyle Avenue, Castle Hill	\$40,800	Gross	152	\$268	Jun-20
29/9 Hoyle Avenue, Castle Hill	\$61,180	Net	266	\$230	Jun-20
G.03/320 Annangrove Road, Rouse Hill	\$30,000	Net	53	\$566	May-20
3/10 Gladstone Road, Castle Hill	\$41,080	Net	158	\$260	May-20
28/10 Gladstone Road, Castle Hill	\$30,000	Gross	136	\$221	May-20
129/7 Hoyle Avenue, Castle Hill	\$43,290	Net	222	\$195	May-20
9/3 Packard Avenue, Castle Hill	\$16,240	Gross	58	\$280	May-20

PROJECT DEVELOPMENT

2019-2021 OVERVIEW

Norwest* is set to benefit from an estimated \$5.4B of development, scheduled to commence between 2019-2021. There are 129 major projects due to commence, which represents 87.8% of the original development pipeline, with approximately \$743.3M (or 12.2%) either deferred or abandoned by developers.



2020 represents a relatively slow development year, likely due to uncertainty in the markets attributable to COVID-19. This said, despite an overall decline in estimated value, the number of projects is set to increase from 27 in 2019 to 37 in 2020. Significant project deferrals/abandonments are particularly present in the residential sector, with a large pipeline of both residential and mixed-use projects ready for 2021.

Proceeding Projects: Total Estimated Value

	2019	2020	2021
Commercial	\$18.9M	\$127.5M	\$731.8M
Industrial	\$7.6M	\$15.5M	\$64.0M
Infrastructure	\$11.6M	\$11.9M	\$435.9M
Mixed-Use	\$503.5M	\$55.9M	\$1.9B
Residential	\$287.7M	\$297.2M	\$919.4M
Total	\$826.3M	\$508.0M	\$4.0B

Proceeding Projects: Total Project Count

	2019	2020	2021
Commercial	8	10	20
Industrial	2	2	6
Infrastructure	4	4	2
Mixed-Use	2	3	10
Residential	11	18	27
Total	27	37	65

2ND HALF 2020 OVERVIEW

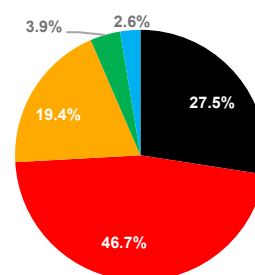
A key project for the 2nd half of 2020 is the \$53.8M commercial building The Bond on Elizabeth Macarthur Drive. The project will see the design and construction of a seven-storey building with ground floor retail, a childcare centre on the first floor, and commercial offices on remaining levels. Basement car parking of 317 spaces will be beneficial for the area. Such a project will provide opportunity for new local employment creation in the long-term, while also offering jobs in the construction process. Projects such as this may also result in positive spill-over effects for Norwest's* property market, while also increasing the area's local economic output.

2nd Half 2020 Proceeding Project Breakdown

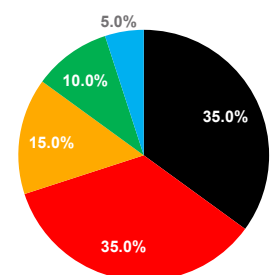
	Project Value	Total Projects
Commercial	\$79.1M	7
Industrial	\$7.5M	1
Infrastructure	\$11.2M	2
Mixed-Use	\$55.9M	3
Residential	\$134.5M	7
Total	\$288.3M	20

The \$47.8M residential project Cudgegong Road Townhouses is another key project for the 2nd half of 2020. Set to commence in December, this project is set to create a total of 91 townhouses of six different types, including three and four-bedroom types. The project will include car parking for 212 vehicle, including 171 residential parks, as well as visitor parking, accessible parking, and car wash bays. Residential projects are a major component of Norwest's* project development pipeline, and are necessary to ensure that housing is readily available to support ongoing population growth. An ongoing increase in housing supply in the area will also help regulate property prices to sustainable levels.

Projects by Value



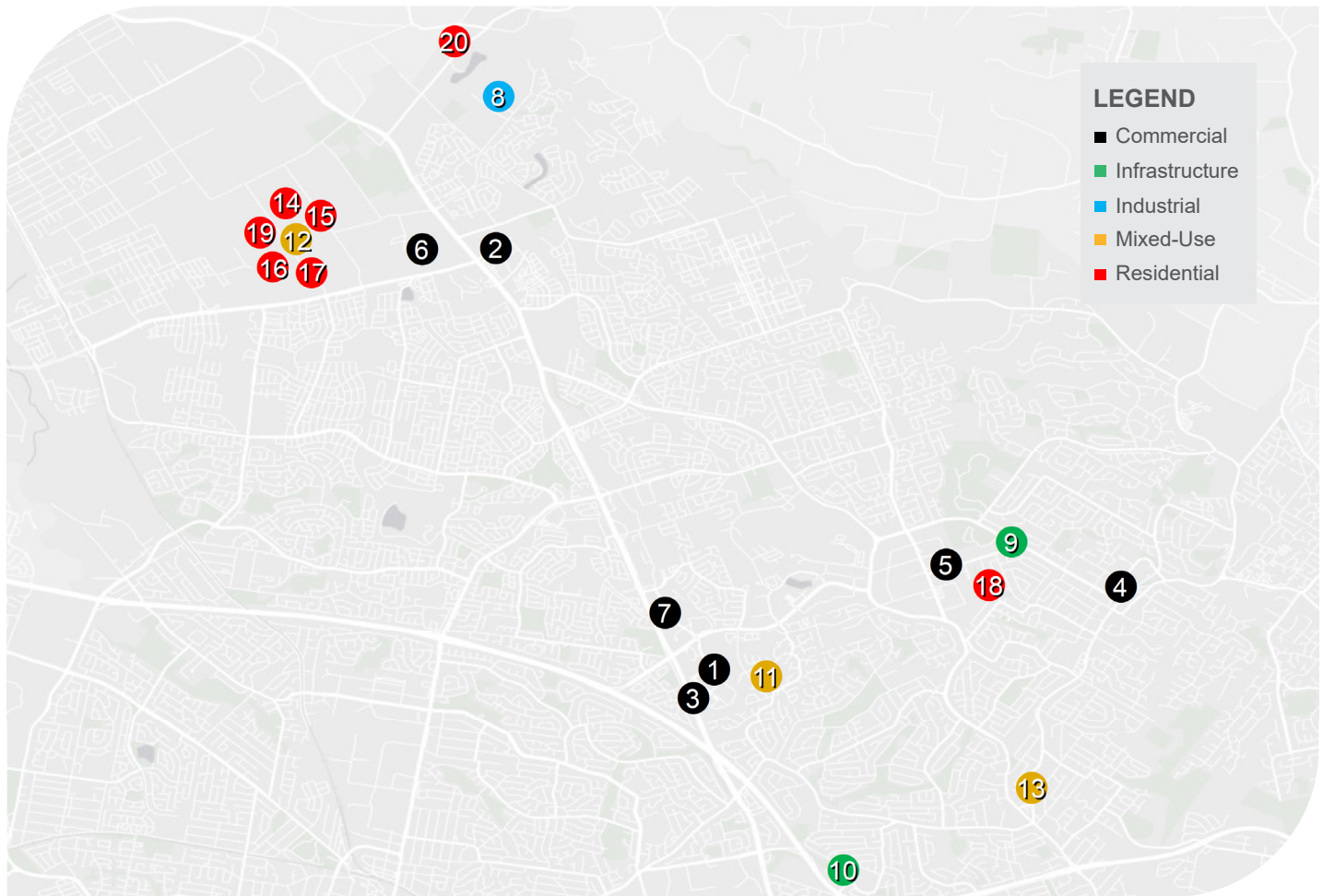
Projects by Count



■ Commercial ■ Industrial ■ Residential
■ Infrastructure ■ Mixed-Use

*Norwest market data and key indicators encapsulates aggregate property market conditions in the suburbs Baulkham Hills, Rouse Hill, Castle Hill and Bella Vista. **2019-2021 dates are based on project commencement dates obtained for each project and are approximate only, as provided by the relevant data authority. PRD does not hold any liability to the exact date. #Estimated value is the value of construction costs provided by relevant data authority, and do not reflect the project's sale/commercial value. ^Annual breakdown of projects is presented for proceeding projects in Norwest* by development type and year of scheduled commencement. Source: Cordell Connect. © Copyright PRD 2020.

PROJECT DEVELOPMENT MAP 2ND HALF 2020*



Location	Project**	Type	Estimated Value***	Commence Date****
1	The Bond - Elizabeth Macarthur Drive Commercial Building	Commercial	\$53,786,000	31/10/2020
2	Rouse Hill Town Centre	Commercial	\$7,500,000	16/11/2020
3	Norbrik Drive Recreational Facility	Commercial	\$7,500,000	01/09/2020
4	Castle Towers Shopping Centre	Commercial	\$5,095,000	01/07/2020
5	Castle Hill BMW	Commercial	\$4,000,000	03/08/2020
6	Terry Road Bulk Earthworks	Commercial	\$662,000	27/12/2020
7	Lexington Drive Office Suites	Commercial	\$600,000	27/08/2020
8	Money Close Warehouse	Industrial	\$7,500,000	18/09/2020
9	Showground Road & Carrington Road Intersection	Infrastructure	\$10,000,000	23/12/2020
10	Crestwood Reserve	Infrastructure	\$1,200,000	31/08/2020
11	The Village Green (13 Townhouses, 23 Apartments)	Mixed-use	\$23,519,000	19/09/2020
12	Tallowong Road Mixed Use Development (117 Units)	Mixed-use	\$22,568,000	07/09/2020
13	Old Northern Rd Mixed Use Development (29 Units)	Mixed-use	\$9,830,000	08/10/2020
14	Cudgegong Road Townhouses (91 Townhouses)	Residential	\$47,759,000	12/12/2020
15	Cudgegong Road & Macquarie Road Townhouses (90 Townhouses)	Residential	\$22,500,000	20/07/2020
16	Tallowong Road Units (127 Units)	Residential	\$22,080,000	20/09/2020
17	Tallowong Road Units (123 Units)	Residential	\$20,992,000	14/09/2020
18	Ashford Avenue Residential Development Site	Residential	\$15,000,000	06/07/2020
19	Tallowong Road Residential Lots - Tallowong Ridge (64 Lots)	Residential	\$3,868,000	24/09/2020
20	Annangrove Road Residential Subdivision Stage 2 (54 Lots)	Residential	\$2,300,000	20/11/2020

OUR SERVICES INCLUDE

- Advisory and consultancy
- Market Analysis including profiling and trends
- Primary qualitative and quantitative research
- Demographic and target market Analysis
- Geographic information mapping
- Project Analysis including product and pricing recommendations
- Rental and investment return analysis

OUR KNOWLEDGE

Access to accurate and objective research is the foundation of all good property decisions.

OUR PEOPLE

Our research team is made up of highly qualified researchers who focus solely on property analysis.

OUR SERVICES

Our research services span over every suburb, LGA, and state within Australia; captured in a variety of standard and customised products.



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