



> Norwest Market Update

2nd Half 2021

SALES

Commercial

The median commercial sale price in Norwest* was \$7,784 per sqm for Q2 2021. This represents half-yearly (Q4 2020 – Q2 2021) price softening of -19.9% and annual (Q2 2020 – Q2 2021) price softening of -7.1%. Working from home conditions and reductions in rent to accommodate losses in business revenue may be the root cause of this. Sales activity significantly dropped in the last 2 quarters of 2020, when business confidence was at its lowest. The number of commercial sales have significantly increased in Q1 and Q2 2021, similar to that of Q1 and Q2 2020. This suggest a price recovery might be underway, dependent upon COVID-19 restrictions.

\$7,784 Median commercial sale price per sqm in Norwest (Q2 2021)

17 Total commercial property sales in Norwest (Q2 2021)

\$3,754 Median industrial sale price per sqm in Norwest (Q2 2021)

1 Total industrial property sales in Norwest (Q2 2021)

SALES

Industrial

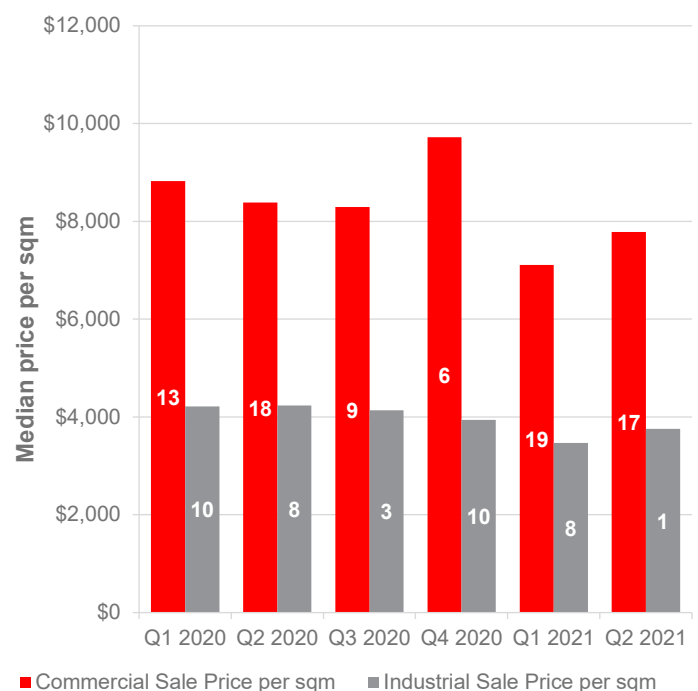
With only one recorded sale in Q2 2021, the price per sqm for industrial properties in Norwest* was \$3,754 per sqm. This represents half-yearly (Q4 2020 – Q2 2021) price softening of -4.7% and an annual (Q2 2020 – Q2 2021) softening of -11.4%. Industrial property sales in Norwest* remain limited overall, with just 8 sales in Q1 2021 and 1 sale in Q2 2021. Despite there being considerable demand for large scale, prime industrial area in Sydney - driven by a trend toward online ordering - the Norwest area mainly contains smaller scale industrial property. Thus, there has not been the rush in demand that some might expect. Similar to commercial sales, a softening in the median sale price per sqm is potentially attributed to rent reductions and incentives effect on future cash flows.



INTRODUCTION

Positioned approximately 30km north-west of Sydney, Norwest is an area which encapsulates the suburbs of Baulkham Hills, Rouse Hill, Castle Hill, Norwest 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 2021, 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.



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. **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 Pricerfinder, commercialrealestate.com.au © Copyright PRD 2021.

LEASING

Commercial

The median commercial net lease rate for Norwest* in Q2 2021 was at \$380 per sqm. This represents a half-yearly (Q4 2020 – Q2 2021) softening -4.5%, but stable annual (Q2 2020 – Q2 2021) price growth. Leasing activity has increased significantly, with 43 leases recorded in Q2 2021 (compared to 19 in Q2 2020). Despite a decline in net lease per sqm over the first quarter of 2021, demand for office space outside of the Sydney CBD has increased, as many businesses move their operations to outer areas in order to save costs and accommodate working from home conditions.



\$380

Median commercial net lease rate per sqm in Norwest (Q2 2021)

43

Number of quarterly commercial leases in Norwest (Q2 2021)

\$210

Median industrial net lease rate per sqm in Norwest (Q2 2021)

13

Number of quarterly industrial leases in Norwest (Q2 2021)

LEASE BREAKDOWN

Leases commencing in Q2 2021 in Norwest* showed significant variation by type and sector.

A majority of 75% commercial leases were taken on a Net basis (based on 57 known leases). This is a continuing trend as seen in the 2nd Half 2021 Norwest Market Update report.

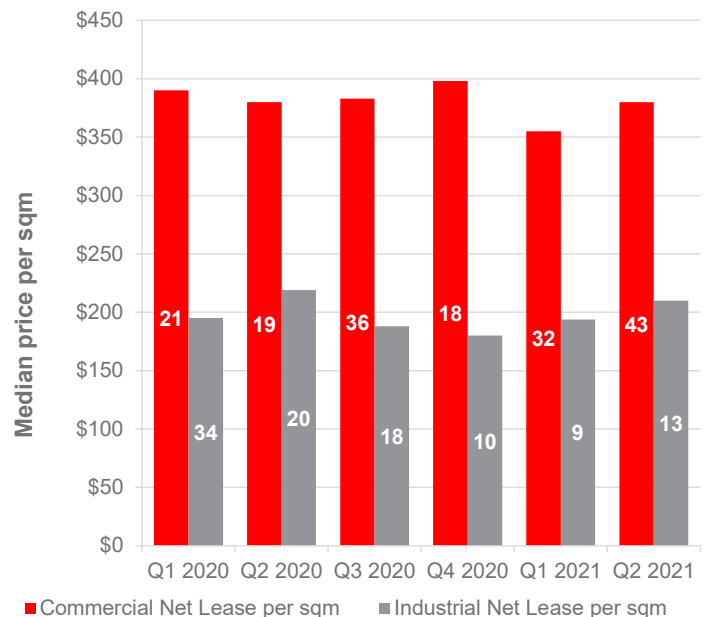
The dominant lease type in Norwest's* industrial market proved similar to the commercial market, with 65% of leases being adhered to on a Net basis (based on 20 known leases).

The average days to let commercial and industrial leasing space has decreased in the 12 months to Q2 2021, by -17.7% (to 65 days) and -1.6% (to 61 days) respectively. This suggests a higher demand, thus a potential market recovery.

LEASING

Industrial

Norwest's* median industrial net lease rate was \$210 per sqm as of Q2 2021. This represents a significant half-yearly (Q4 2020 – Q2 2021) price growth of 16.7%, but a -4.1% softening in annual (Q2 2020 – Q2 2021) price growth. However the annual price softening is not entirely reflective of industrial pricing conditions, as net lease per sqm has recovered from an initial drop at the beginning of COVID-19. Leasing activity has improved since Q4 2020, with 13 leases recorded in Q2 2021, but is not yet comparable to leasing activity in early 2020. This does not necessarily suggest a decrease in demand, rather more likely a correlation between low vacancy rates and supply of industrial property.



*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 Pricfinder, commercialrealestate.com.au. © Copyright PRD 2021.

RECENT SALES

COMMERCIAL

Property Address	Sale Price	Area (sqm)	Price per sqm	Sale Date
2/4a Meridian Pl, Bella Vista	\$605,000	61	\$9,918	Jun-21
217/14 Lexington Dr, Bella Vista	\$1,010,000	123	\$8,211	Jun-21
31/7 Salisbury Rd, Castle Hill	\$750,000	187	\$4,011	Jun-21
5/25-27 Solent Circuit, Norwest	\$450,000	119	\$3,782	Jun-21
22/7 Salisbury Rd, Castle Hill	\$1,188,000	261	\$4,552	May-21
419/4 Columbia Court, Norwest	\$1,155,000	130	\$8,885	May-21
304/12 Century Circuit, Norwest	\$1,254,000	137	\$9,153	May-21
16/11-13 Brookhollow Ave, Norwest	\$460,000	55	\$8,364	May-21
418/4 Columbia Court, Norwest	\$1,155,000	137	\$8,431	May-21
310/12 Century Circuit, Norwest	\$890,000	108	\$8,241	Apr-21

INDUSTRIAL

Property Address	Sale Price	Area (sqm)	Price per sqm	Sale Date
3/591 Withers Rd, Rouse Hill	\$1,175,000	313	\$3,754	May-21
3/322 Annangrove Rd	\$1,450,000	421	\$3,444	Mar-21
12/593 Withers Rd, Rouse Hill	\$849,000	240	\$3,538	Mar-21
11/593 Withers Rd, Rouse Hill	\$819,000	231	\$3,545	Mar-21
6/4 Anella Ave, Castle Hill	\$750,000	204	\$3,676	Mar-21
6 Lexington Dr	\$26,250,000	8635	\$3,040	Feb-21
13/593 Withers Rd	\$855,000	248	\$3,448	Feb-21
14/593 Withers Rd	\$1,309,000	377	\$3,472	Jan-21

RECENT LEASES

COMMERCIAL

Property Address	Lease Value	Lease Type	Area (sqm)	Price per sqm	Lease Date
Part 20b/1 Maitland Place, Norwest	\$25,000	Gross	71	\$352	Jun-21
F104/24-32 Lexington Drive, Bella Vista	\$51,920	Net	110	\$472	Jun-21
202/33 Lexington Drive, Bella Vista	\$73,440	Net	204	\$360	Jun-21
B3 .03/20 Lexington Drive, Bella Vista	\$52,500	Gross	100	\$525	Jun-21
1 .26/14-16 Lexington Drive, Bella Vista	\$82,750	Net	150	\$552	May-21
33/24 Lexington Drive, Bella Vista	\$49,500	Net	149	\$332	May-21
1a/9 Packard Avenue, Castle Hill	\$37,500	Gross	120	\$313	May-21
2/11-13 Brookhollow Avenue, Norwest	\$50,660	Net	149	\$340	May-21
Part 7/3 Packard Avenue, Castle Hill	\$44,750	Gross	165	\$271	Apr-21
A3 .03/20 Lexington Drive, Bella Vista	\$46,740	Net	123	\$380	Apr-21

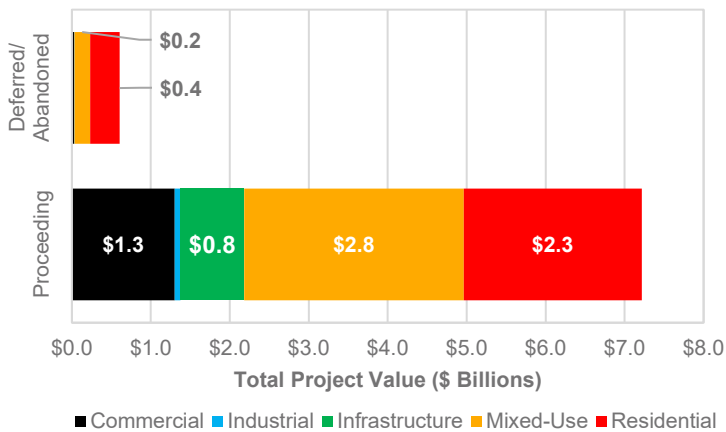
INDUSTRIAL

Property Address	Lease Value	Lease Type	Area (sqm)	Price per sqm	Lease Date
41/5-7 Anella Avenue, Castle Hill	\$80,000	Gross	404	\$198	Jun-21
41/9 Hoyle Avenue, Castle Hill	\$58,917	Net	245	\$240	Jun-21
5/9 Salisbury Road, Castle Hill	\$38,220	Net	182	\$210	Jun-21
24/5 Salisbury Road, Castle Hill	\$45,800	Net	228	\$201	Jun-21
9/5 Hudson Avenue, Castle Hill	\$39,000	Gross	198	\$197	May-21
21/5 Hudson Avenue, Castle Hill	\$80,500	Net	441	\$183	May-21
28/44 Carrington Road, Castle Hill	\$37,856	Net	182	\$208	May-21
19/5 Hudson Avenue, Castle Hill	\$69,900	Net	420	\$166	May-21
10/3 Packard Avenue, Castle Hill	\$48,750	Gross	245	\$199	Apr-21
14b/8 Gladstone Road, Castle Hill	\$79,900	Gross	441	\$181	Apr-21

PROJECT DEVELOPMENT

2020-2022 OVERVIEW

Norwest* is set to benefit from an estimated \$7.2B of future project development, scheduled to commence between 2020-2022. There are 163 major projects commencing, which represents 92.3% of the original development pipeline, with approximately \$604.7M (or 7.7%) either deferred or abandoned by developers.



2021 represents a strong rebound off the back of a relatively slow development year in 2020. Business and consumer confidence levels have improved since the initial impact of COVID-19. It is clear that residential development is the priority in Sydney's north-west, in what is a step forward to addressing housing supply issues. Looking forward to 2022, development is proposed to ramp up significantly. 79 projects are due to commence, estimated at approximately \$5.0B.

Proceeding Projects: Total Estimated Value

	2020	2021	2022
Commercial	\$85.0M	\$158.5M	\$1.0B
Industrial	\$22.2M	\$37.3M	\$16.4M
Infrastructure	\$11.7M	\$663.9M	\$130.0M
Mixed-Use	\$138.5M	\$416.3M	\$2.4B
Residential	\$381.8M	\$825.0M	\$1.4B
Total	\$639.3M	\$2.1B	\$5.0B

Proceeding Projects: Total Project Count

	2020	2021	2022
Commercial	8	22	25
Industrial	4	2	2
Infrastructure	4	5	2
Mixed-Use	2	4	12
Residential	18	26	37
Total	36	60	79

2nd HALF 2021 OVERVIEW

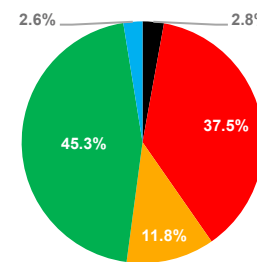
A key project for the 2nd half of 2021 is the \$332.4M Tallawong Village South Precinct. This staged project comprising of two sites will see the design and construction of 987 apartments, over 9000m² of retail and commercial space, and 3400m² of open space next to the Sydney Metro Tallawong Station. Backed by the New South Wales Government, this project will help tackle the large housing supply shortage across greater western Sydney. This will provide opportunity for new local employment creation and have a positive spill-over effect for Norwest's* property market. An increase in the local economic output is also expected from this project.

2nd Half 2021 Proceeding Project Breakdown

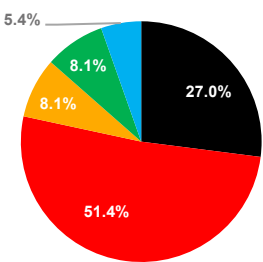
	Project Value	Total Projects
Commercial	\$41.5M	10
Industrial	\$37.3M	19
Infrastructure	\$662.4M	3
Mixed-Use	\$172.3M	3
Residential	\$547.7M	2
Total	\$1.5B	37

Rouse Hill Hospital (\$300.0M) is another key project for the 2nd half of 2021. This project will construct a vital health infrastructure for North-West Sydney, and will future-proof health services by providing world class health facilities. The project site has now been finalised, to be built on the north-eastern side of Windsor Road. Numerous jobs will be created during the construction stage. Another key project, aimed at increasing housing supply in Sydney's north-west, is Tallawong Road Dwellings and Subdivision (\$20.9M). This will see the subdivision of three super lots into 61 residential lots and 66 dwellings. With house price growth becoming increasingly unsustainable and limited new stand-alone housing supply, this is an essential project for the area.

Projects by Value



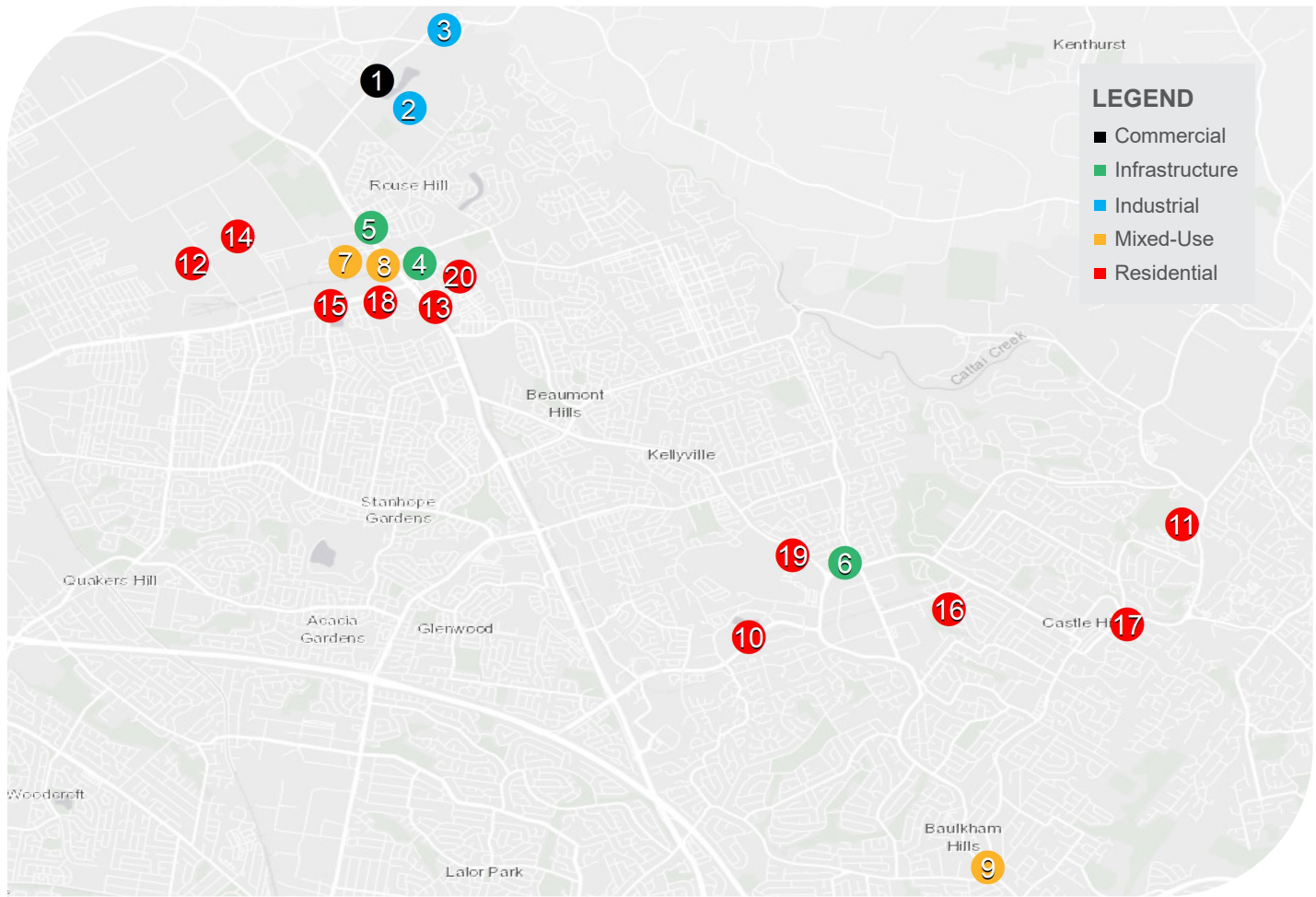
Projects by Count



■ 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. **2020-2022 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 2021.

PROJECT DEVELOPMENT MAP 2nd HALF 2021*



Location	Project**	Type	Estimated Value***	Commence Date****
1	Annangrove Road Commercial Development	Commercial	\$25,000,000	12/11/2021
2	Annangrove Road Industrial Development	Industrial	\$17,500,000	25/10/2021
3	Annangrove Road Industrial & Commercial Development	Industrial	\$19,793,000	15/12/2021
4	Tallawong Village - Tallawong Station Precinct South	Infrastructure	\$332,438,000	04/10/2021
5	Rouse Hill Hospital - Double Project Please Refer To Project Id7374303	Infrastructure	\$300,000,000	28/07/2021
6	Museums Discovery Centre - Museum Of Applied Arts And Sciences	Infrastructure	\$30,000,000	17/11/2021
7	Terry Road Apartments - Babylon (332 Apartments)	Mixed-use	\$95,097,000	22/09/2021
8	Terry Road Mixed Use Development (310 Apartments)	Mixed-use	\$53,607,000	09/10/2021
9	Old Northern Road Mixed Use Development (44 Apartments)	Mixed-use	\$23,573,000	02/12/2021
10	Windsor Road Dwellings & Residential Subdivision (33 Dwellings, 33 Lots)	Residential	\$17,231,000	08/07/2021
11	Old Northern Road Dwellings (38 Dwellings)	Residential	\$17,950,000	25/07/2021
12	Tallawong Road Dwellings & Subdivision (66 Dwellings, 61 Lots)	Residential	\$20,917,000	01/12/2021
13	Rouse Hill Town Centre Northern Expansion Stage 2 (143 Apartments)	Residential	\$36,000,000	24/11/2021
14	Cudgegong Road Townhouses (91 Townhouses)	Residential	\$47,759,000	04/12/2021
15	Terry Road Town House Development Rouse Hill (145 Townhouses, 12 Dwellings)	Residential	\$83,508,000	08/10/2021
16	Ashford & Partridge Avenues Apartments - The Ashford (272 Apartments)	Residential	\$86,331,000	30/08/2021
17	Fishburn Crescent Apartments – Chateau (296 Apartments)	Residential	\$89,951,000	20/09/2021
18	Terry Road Apartments Collection - Rouse Hill (311 Apartments)	Residential	\$99,575,000	20/12/2021
19	Windsor Road Dwellings & Residential Subdivision - 360 The Hills (26 Dwellings, 30 Lots)	Residential	\$9,100,000	15/11/2021
20	White Hart Drive Apartments (36 Apartments)	Residential	\$9,000,000	14/11/2021

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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