

# > Norwest Market Update

1<sup>st</sup> Half 2022

# SALES

## Commercial

The median commercial sale price in Norwest\* was \$5,444 per sqm for Q4 2021. This represents half-yearly (Q2 2021 – Q4 2021) price softening of -30.1% and annual (Q4 2020 – Q4 2021) price softening of -44.4%. Stay at home orders were reintroduced for Greater Sydney in Q3 2021 – leading to reduced business revenue, which could be the primary reason for the price softening in the 2<sup>nd</sup> half of 2021. Commercial sales transactions significantly declined from Q3 to Q4 in 2021, when business confidence was at its lowest. Now that the restriction is lifted, the potential for an uplift in transaction figures and price is imminent.



**\$5,444**

Median commercial sale price per sqm in Norwest (Q4 2021)

**2**

Total commercial property sales in Norwest (Q4 2021)

**\$3,860**

Median industrial sale price per sqm in Norwest (Q4 2021)

**5**

Total industrial property sales in Norwest (Q4 2021)

# SALES

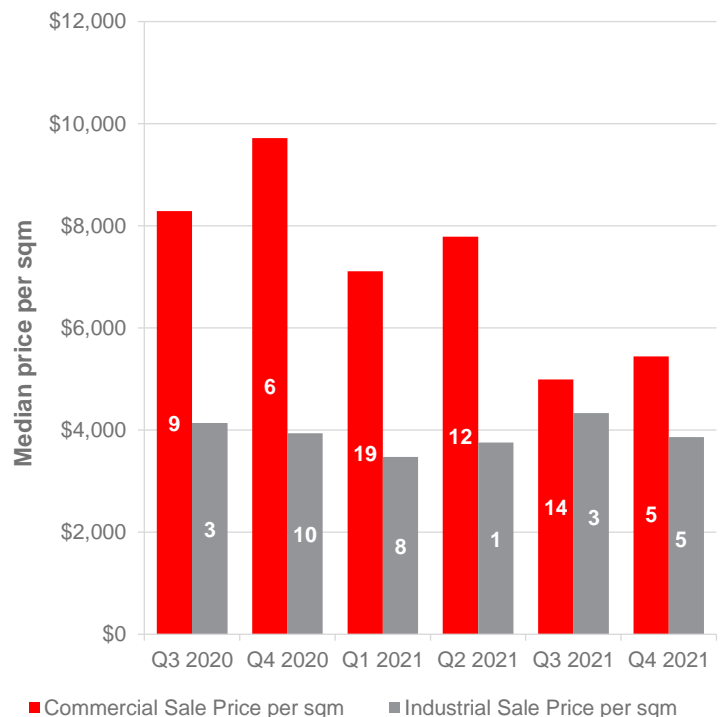
## Industrial

With only 5 recorded sales in Q4 2021, the price per sqm for industrial properties in Norwest\* was \$3,860 per sqm. This represents half-yearly (Q2 2021 – Q4 2021) price softening of -2.0%, but an annual (Q2 2020 – Q2 2021) price growth of +2.5%. Industrial property sales in Norwest\* remained limited, with just 3 sales in Q3 2021 and 5 sales in Q4 2021. Although sales volumes have declined considerably in the 12 month period (Q4 2020 – Q4 2021), median sale price per sqm peaked to it's highest price in Q3 2021m at \$4,334 per sqm. Further growth is expected in 2022 – stimulated by supply constraints, low vacancy's, further expansion of e-commerce, and escalating competition for space.

## 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 Q4 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.



# LEASING

## Commercial

The median commercial net lease rate for Norwest\* in Q4 2021 was at \$366 per sqm. This represents a half-yearly (Q4 2020 – Q4 2021) softening of -3.7% and an annual price softening of -8.0% (Q4 2020 – Q4 2021). Leasing activity has increased significantly, with 61 leases recorded in Q4 2021 (compared to 18 in Q4 2020). Despite a decline in median net lease per sqm between Q4 2020 - Q4 2021, demand for office space outside of the Sydney CBD has increased. Businesses moved their operations to outer areas in order to save costs and accommodate working from home conditions.



**\$366**

Median commercial net lease rate per sqm in Norwest (Q4 2021)

**61**

Number of quarterly commercial leases in Norwest (Q4 2021)

**\$208**

Median industrial net lease rate per sqm in Norwest (Q4 2021)

**20**

Number of quarterly industrial leases in Norwest (Q4 2021)

## LEASE BREAKDOWN

Leases commencing in Q4 2021 in Norwest\* showed significant variation by type and sector.

A majority, representing 82% of commercial leases, were taken on a Net basis (based on 72 known leases). This is a continuing trend, evident in the past 24 months.

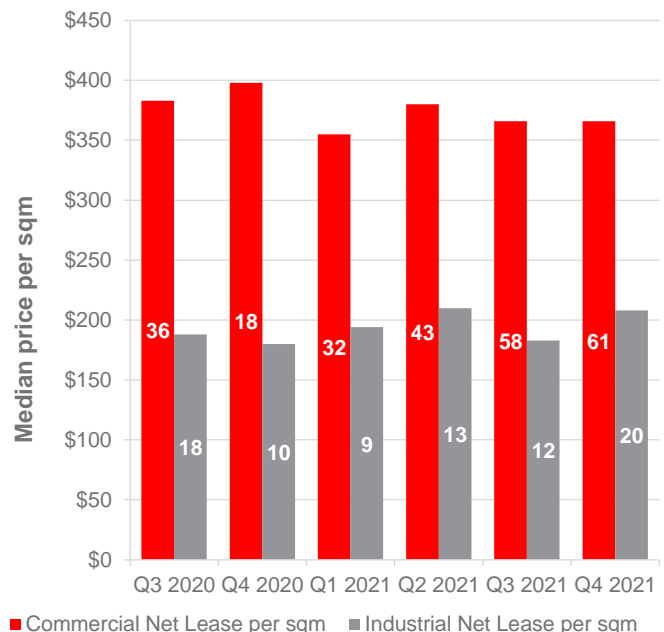
The dominant lease type in Norwest's\* industrial market proved similar to the commercial market, with 86% of leases being adhered to on a Net basis (based on 23 known leases).

The average days to let commercial and industrial leasing space has decreased in the 12 months to Q4 2021, by -18.8% (to 56 days) and -5.5% (to 61 days) respectively. This suggests there is a higher demand, thus a potential market recovery.

# LEASING

## Industrial

Norwest's\* median industrial net lease rate was \$208 per sqm as of Q4 2021. This represents half-yearly (Q4 2020 – Q4 2021) price softening of -1.0%, however a significant annual price growth of 15.6% (Q4 2020 – Q4 2021). That said the annual price growth quoted 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 20 leases recorded in Q4 2021, suggesting that leasing activity is slowly returning to levels seen in early 2020, prior to COVID-19. The leasing market is expected to strengthen into 2022, mainly due to rising consumer confidence. This has a multiplier effect of higher warehouse demand, as consumers increase goods and services spending.



\*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 2021.

## RECENT SALES

### COMMERCIAL

| Property Address                     | Sale Price  | Area (sqm) | Price per sqm | Sale Date |
|--------------------------------------|-------------|------------|---------------|-----------|
| 306/12 Centurty Crescent, Norwest    | \$1,061,500 | 195        | \$5,444       | Nov-21    |
| 29-31 Solent Circuit, Norwest        | \$1,590,000 | 257        | \$6,187       | Oct-21    |
| 1-3 Burbank Place, Norwest           | \$920,000   | 115        | \$8,000       | Sept-21   |
| 11-13 Brookhollow Avenue, Norwest    | \$415,000   | 61         | \$6,803       | Sept-21   |
| 208/20A Lexington Drive, Bella Vista | \$746,900   | 118        | \$6,330       | Sept-21   |
| 104/10 Norbrik Drive, Bella Vista    | \$1,270,000 | 154        | \$8,250       | Aug-21    |
| 203/2-8 Brookhollow Avenue, Norwest  | \$900,000   | 191        | \$4,712       | Aug-21    |
| 302/20 Lexington Drive, Bella Vista  | \$1,512,500 | 274        | \$5,520       | Jul-21    |
| 21 Blarneystone Ave, Rouse Hill      | \$782,00    | 317        | \$2,467       | Jul-21    |
| 508/5 Celebration Drive, Bella Vista | \$850,000   | 165        | \$5,520       | Jul-21    |

### INDUSTRIAL

| Property Address                        | Sale Price  | Area (sqm) | Price per sqm | Sale Date |
|---|-------------|------------|---------------|-----------|
| 4/322 Annangrove Road, Rouse Hill       | \$1,300,000 | 421        | \$3,088       | Nov-21    |
| 38/9 Salisbury Road, Castle Hill        | \$1,340,000 | 292        | \$4,589       | Nov-21    |
| 1/9 Hoyle Avenue, Castle Hill           | \$3,100,000 | 644        | \$4,813       | Oct-21    |
| 11 & 12/10 Victoria Avenue, Castle Hill | \$1,915,000 | 391        | \$4,898       | Oct-21    |
| 18/320 Annangrove Road, Rouse Hill      | \$920,000   | 249        | \$3,695       | Oct-21    |
| 26/320 Annangrove Road, Rouse Hill      | \$1,004,850 | 249        | \$4,036       | Oct-21    |
| 12/10 Victoria Avenue, Castle Hill      | \$825,000   | 148        | \$5,574       | Sept-21   |
| 11/10 Victoria Avenue, Castle Hill      | \$1,281,500 | 243        | \$5,273       | Sept-21   |
| 1/1 Celebration Drive, Bella Vista      | \$2,350,000 | 511        | \$4,599       | Spet-21   |

## RECENT LEASES

### COMMERCIAL

| Property Address                        | Lease Value | Lease Type | Area (sqm) | Price per sqm | Lease Date |
|---|-------------|------------|------------|---------------|------------|
| 3.21b/20 Lexington Drive, Bella Vista   | \$33,180    | Net        | 79         | \$420         | Nov-21     |
| 2.03/5 Celebration Drive, Bella Vista   | \$36,540    | Net        | 87         | \$420         | Nov-21     |
| A22/24-32 Lexington Drive, Bella Vista  | \$28,710    | Net        | 66         | \$435         | Nov-21     |
| 1.11/10 Norbrik Drive, Bella Vista      | \$49,000    | Net        | 95         | \$516         | Nov-21     |
| B3.03/20 Lexington Drive, Bella Vista   | \$52,500    | Gross      | 100        | \$525         | Nov-21     |
| Part 4.03/29-31 Solent Circuit          | \$55,000    | Gross      | 110        | \$500         | Nov-21     |
| 3.16/29-31 Lexington Drive, Bella Vista | \$33,180    | Net        | 79         | \$420         | Nov-21     |
| 36/3-9 Terminus Street, Castle Hill     | \$45,000    | Gross      | 82         | \$549         | Nov-21     |
| 4.11/4 Columbia Court                   | \$46,500    | Net        | 98         | \$474         | Nov-21     |
| 4/31 Terminus Street                    | \$33,000    | Gross      | 64         | \$516         | Nov-21     |

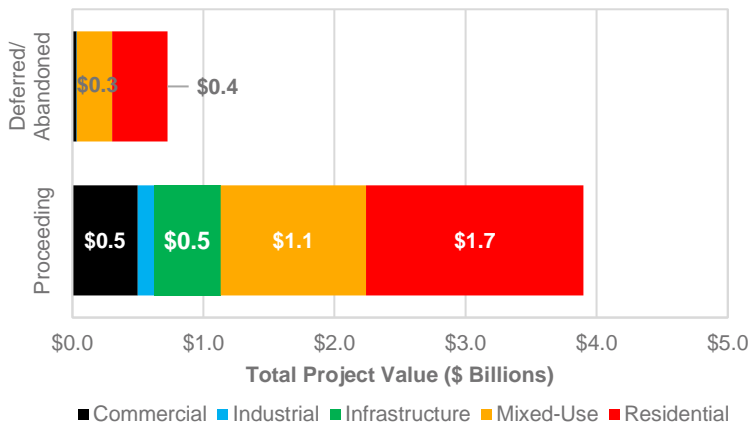
### INDUSTRIAL

| Property Address                        | Lease Value | Lease Type | Area (sqm) | Price per sqm | Lease Date |
|---|-------------|------------|------------|---------------|------------|
| 14/322 Annangrove Road, Rouse Hill      | \$48,450    | Net        | 254        | \$191         | Dec-21     |
| 29/320 Annangrove Road, Rouse Hill      | \$44,000    | Net        | 203        | \$217         | Dec-21     |
| 50/7 Hoyle Avenue, Castle Hill          | \$41,500    | Net        | 208        | \$200         | Dec-21     |
| 49 & 50/7 Hoyle Avenue, Castle Hill     | \$88,000    | Net        | 232        | \$379         | Dec-21     |
| 105/7 Hoyle Avenue, Castle Hill         | \$50,225    | Net        | 249        | \$202         | Dec-21     |
| 2/593 Withers Road, Rouse Hill          | \$57,000    | Net        | 215        | \$265         | Nov-21     |
| 2/591 Withers Road, Rouse Hill          | \$58,000    | Net        | 216        | \$269         | Nov-21     |
| 5/8 Anella Avenue, Castle Hill          | \$48,600    | Net        | 243        | \$200         | Nov-21     |
| 29 & 30/44 Carrington Road, Castle Hill | \$65,000    | Gross      | 275        | \$236         | Nov-21     |
| 25/9 Hoyle Avenue, Castle Hill          | \$60,000    | Net        | 269        | \$223         | Nov-21     |

# PROJECT DEVELOPMENT

## 2020-2022 OVERVIEW

Norwest\* is set to benefit from an estimated \$3.2B of planned future project development, scheduled to commence between 2020-2022. There are 155 major projects commencing, which represents 84.3% of the original development pipeline. This is considered to be high, as 2020-2021 represented numerous uncertainties due to COVID-19 and the availability of materials.



It is clear that residential development is the priority in Sydney's north-west, in what is considered to be a step forward addressing housing supply issues. Positively, 86 proposed projects are set to commence in 2022, with a significant focus on commercial and residential developments. Uncertainties regarding the completion time-frames do exist, due to current challenges faced by the construction sector in terms of the availability of labour and increasing building material prices.

### Proceeding Projects: Total Estimated Value

|                | 2020            | 2021            | 2022          |
|----------------|-----------------|-----------------|---------------|
| Commercial     | \$10.7M         | \$126.5M        | \$361.4M      |
| Industrial     | \$22.2M         | \$17.5M         | \$85.7M       |
| Infrastructure | \$11.7M         | \$81.5M         | \$414.2M      |
| Mixed-Use      | \$138.5M        | \$231.8M        | \$738.2M      |
| Residential    | \$297.6M        | \$344M          | \$1B          |
| <b>Total</b>   | <b>\$480.8M</b> | <b>\$801.4M</b> | <b>\$2.6B</b> |

### Proceeding Projects: Total Project Count

|                | 2020      | 2021      | 2022      |
|----------------|-----------|-----------|-----------|
| Commercial     | 6         | 17        | 32        |
| Industrial     | 4         | 1         | 6         |
| Infrastructure | 4         | 4         | 7         |
| Mixed-Use      | 2         | 3         | 8         |
| Residential    | 17        | 11        | 33        |
| <b>Total</b>   | <b>33</b> | <b>36</b> | <b>86</b> |

## 2nd HALF 2021 OVERVIEW

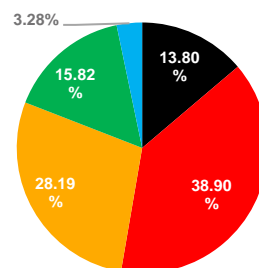
A key project for the 1<sup>st</sup> half of 2022 is the \$83.5M Terry Road Townhouse Development. This development will see the demolition of existing structures and filling of existing dam. 145 townhouses and 12 dwellings will be constructed, which will assist in tackling the housing supply shortage across Greater Western Sydney. The \$80M Castle Hill Showgrounds Development is another notable project. These projects 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 the two projects.

### 1st Half 2022 Proceeding Project Breakdown

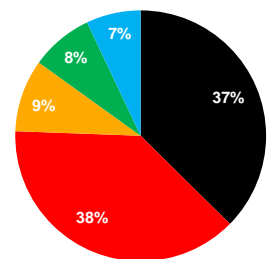
|                | Project Value        | Total Projects |
|----------------|----------------------|----------------|
| Commercial     | \$67,219,000         | 12             |
| Industrial     | \$68,744,000         | 4              |
| Infrastructure | \$81,794,000         | 6              |
| Mixed-Use      | \$12,289,000         | 1              |
| Residential    | \$267,529,000        | 11             |
| <b>Total</b>   | <b>\$497,575,000</b> | <b>34</b>      |

Annangrove Road Commercial Development – The Hills Hub (\$25M) is another key project for the 1<sup>st</sup> half of 2022. This project will provide various commercial uses: bulky goods premises (10,391sqm), food & drinks premises (1894sqm), restaurant/café (1201sqm), office (1061 sqm), gymnasium (1288sqm), child care centre (611sqm), and shops (556sqm). The most notable industrial project set to commence in the 1<sup>st</sup> half of 2022 is the Annangrove Road Mixed Use Development (\$45M). This development will provide 112 self storage units; 24 warehouses and 8 office tenancies. This will assist in tackling strong occupier demand in Sydney West, by providing new space for businesses wishing to move, thus countering record low vacancy rates.

### Projects by Value



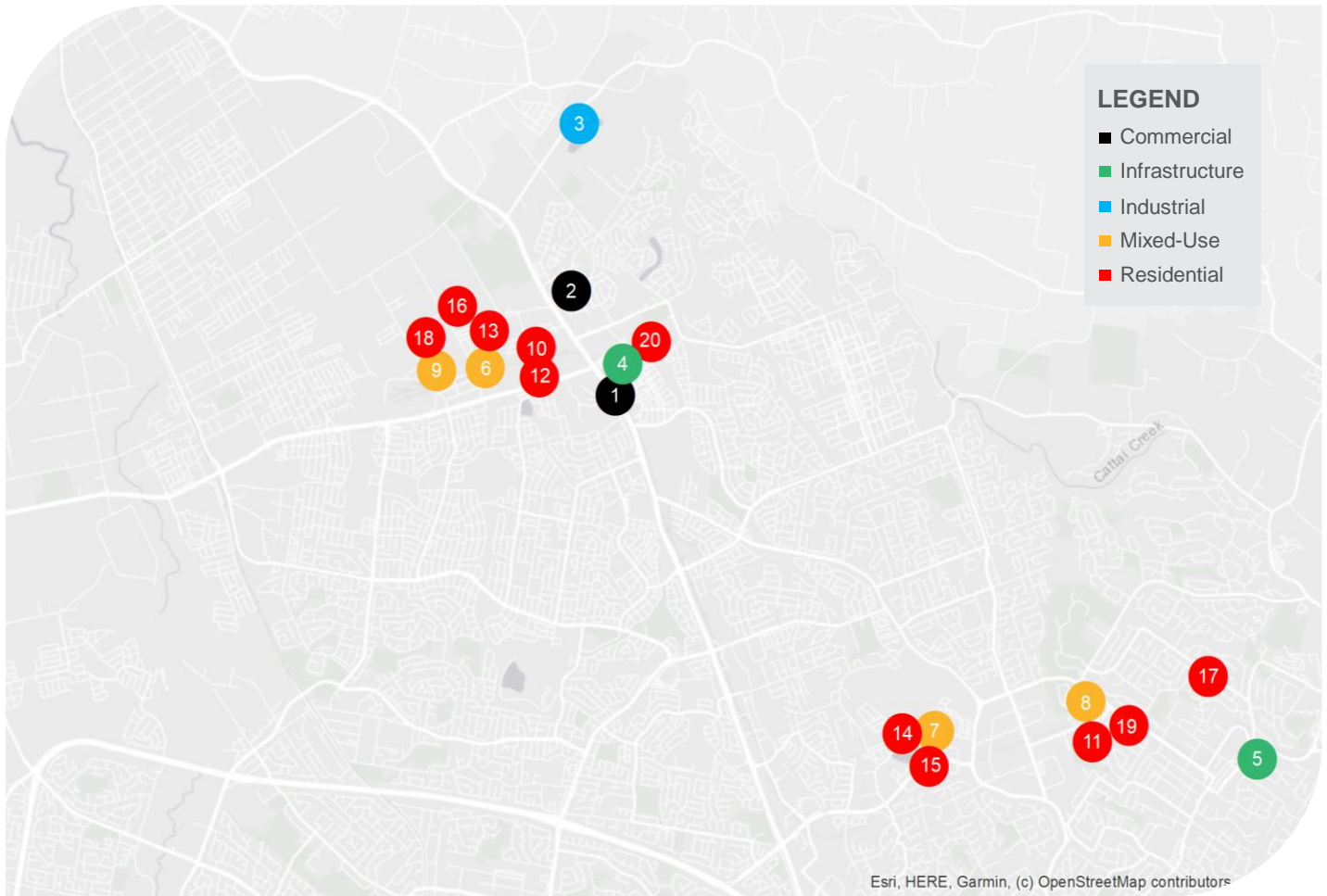
### Projects by Count



■ 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 1st HALF 2022\*



| Location | Project**   | Type           | Estimated Value*** | Commence Date**** |
|----------|---|----------------|--------------------|-------------------|
| 1        | Rouse Hill Town Centre Car Park                                     | Commercial     | \$44,306,000       | 12/10/2022        |
| 2        | Mile End Road Data Centre   | Commercial     | \$113,364,000      | 11/11/2022        |
| 3        | Annangrove Road Mixed Use Development                               | Industrial     | \$45,735,000       | 28/03/2022        |
| 4        | Tallawong Village – Tallawong Station Precinct South                | Infrastructure | \$332,438,000      | 04/07/2022        |
| 5        | Castle Hill Showground  | Infrastructure | \$80,000,000       | 03/05/2022        |
| 6        | Cudgegong Town Centre – The Rouse                                   | Mixed-Use      | \$83,132,000       | 04/07/2022        |
| 7        | Norwest Quarter   | Mixed-Use      | \$157,709,000      | 28/11/2022        |
| 8        | Doran Drive Plaza Precinct  | Mixed-Use      | \$174,884,000      | 14/12/2022        |
| 9        | Tallawong Road Mixed Use Development                                | Mixed-Use      | \$244,078,000      | 22/09/2022        |
| 10       | Terry Road Apartments Collection – Rouse Hill                       | Residential    | \$99,575,000       | 18/08/2022        |
| 11       | Ashford & Partridge Avenues Apartments – The Ashford                | Residential    | \$86,331,000       | 04/07/2022        |
| 12       | Terry Road Townhouse Development Rouse Hill                         | Residential    | \$83,508,000       | 13/05/2022        |
| 13       | Cudgegong Road Apartments   | Residential    | \$40,545,000       | 30/09/2022        |
| 14       | The Orchards Norwest  | Residential    | \$60,000,000       | 01/07/2022        |
| 15       | Maitland Place & Solent Circuit Units                               | Residential    | \$59,832,000       | 01/12/2022        |
| 16       | Lotus Apartments Stage 3  | Residential    | \$55,790,000       | 16/06/2022        |
| 17       | 2-22 Larool Crescent & 44-50 Carramarr Road Residential Development | Residential    | \$50,601,000       | 30/11/2022        |
| 18       | Cudgegong Road Residential Buildings Rouse Hill                     | Residential    | \$44,633,000       | 20/04/2022        |
| 19       | The Island  | Residential    | \$134,633,000      | 12/08/2022        |
| 20       | Rouse Hill Town Centre Northern Expansion Stage 2                   | Residential    | \$36,000,000       | 14/07/2022        |

## 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.



**David Inkster**, Director

**M** +61 409 831 241

**E** [david.inkster@prdnorwest.com.au](mailto:david.inkster@prdnorwest.com.au)

**PRD Norwest**

**P** +61 2 7728 8011

Suite 403, 10 Century Circuit  
Baulkham Hills NSW 2153

[PRD.com.au/norwest](http://PRD.com.au/norwest)