



## NORWEST LAND USE ANALYSIS

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FINAL REPORT  
V2  
JULY 2018

Prepared for  
Landcom

Independent  
insight.



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# SUMMARY OF FINDINGS

The Sydney Metro Delivery Office acquired a number of parcels of land to support the delivery and operation of the Sydney Metro Northwest project, which is due to open in the first half of 2019. Sites surplus to operational requirements are described as Developable Government owned Land (DGL).

One of these sites is directly adjacent to the new Norwest Station (located on Norwest Boulevard) which is located within the Norwest Business Park. The 10,700 square metre site is currently zoned B7 Business Park, and Landcom is responsible for planning and preparing the site for sale and development. The location of the site in relation to the Norwest Station is illustrated below.

SGS Economics and Planning was commissioned by Landcom to identify a land use mix for the site, with a direction to 'develop a proposal that can be realised in a relatively short time frame (i.e. in current market conditions) rather than a long term aspirational one'. As well as considering shorter term market demands it is important that the proposal also reflect the site's important planning and strategic context. Short term market imperatives need therefore to be consistent with strategic considerations.

THE STATION SITE



Source: Landcom, 2018.

The station site forms part of the Norwest Business Park. As one of nine commercial office precincts in Greater Sydney, Norwest has been identified as a key strategic centre in the Sydney metropolitan context (in state and local planning documents), and because of this, it is expected to change over time.

Though there is increasing focus on the provision of mixed uses and residential uses in many parts of the city, commercial office precincts remain important to provide clusters of higher

order employment which can take advantage of agglomeration opportunities and underpinning Sydney's role as a global economic and advanced services centre.

Metropolitan strategic planning documents (Greater Sydney Regional Plan, Central City District Plan) include a vision for Norwest to transition from a traditional business park into a centre based around transit oriented development as a result of the Northwest Metro. This means that the core character of the Park as a place for employment needs to be retained, while encouraging more activation and integration with other uses including surrounding and intensifying residential uses.

There is significant office employment and retail floorspace forecast for the Norwest Business Park over the next 20 years. This forecast growth is driven by the continued agglomeration of economic activity in the Norwest Business Park facilitated by public transport connections and accessibility improvements as a result of the new station, and a wealthy, growing surrounding residential population.

The station site has the potential to accommodate high value economic activities and uses in a landmark development, offering premium commercial floorspace for businesses. The proximity to the station also provides a significant opportunity for other activity generating uses, such as restaurants, short term accommodation, and a business services hub, attracting residents, workers and visitors as well as catalysing the transition of the Norwest Business Park. The potential for inclusion of community facilities as part of the site's development will also contribute to achieving this transition and attracting and retaining day to day activity, including facilities such as child care, medical centres and public open space.

In combination the proposed use mix for consideration in design options includes floorspace of around 55,000 square metres in total, that is:

- 40,000 square metres of office floorspace, and while the market will determine the configuration this could include:
  - Two 12,500 square metre office buildings with a range of strata office suites,
  - One 10-15,000 square metre office building with 1,500-2,000 square metre floorplates, incorporating up to 2,000 square metres of dining focussed retail.
- An 11,000 square metre accommodation complex, with leisure space and swimming pool, seminar and meeting spaces and supporting services to form a 'business hub', plus up to 4,000 square metres of ground and first floor 'town centre' retail space, closest to the station entrance and exits.

A landscaped public plaza area should complement the more intense 'urban' feel of the town centre hub focussed on the station.

These use mix recommendations for the site are subject to design testing.

The table on the following pages summarises the recommended mix of uses on the station site. The values in the table are subject to feasibility testing and are likely to be refined further as Landcom progresses the development of the site.

## LAND USE MIX FOR THE STATION SITE

Land use	Floorspace	Characteristics	Precedent	Market rates
Commercial office	The analysis suggests the site could support or host between 34,000 and - 52,000 square metres of office floorspace. Up to 39,000 sqm is proposed.	<p>The market will ultimately dictate the configuration of the suggested floorspace but the market analysis indicates the following may be possible.</p> <p>3 buildings to respond to existing market demands but also to attract new investors to the Park, in recognition of its changed circumstances.</p> <ul style="list-style-type: none"> <li>Two strata office buildings both of say 12,500 sqm for smaller office tenants, building on the existing profile of the Park and shorter term market demands.</li> <li>One freehold building with say 10-15,000 sqm office floorspace with large floorplates (1,500-2,00 sqm) for institutional investors and large tenants attracted to Norwest by improved public transport access</li> </ul> <p>Buildings should aim to provide A grade office floorspace to address a gap in the market. The provision of amenities on site (integrating the uses suggested below) and high quality communal breakout spaces would also serve to differentiate the station site's offer.</p>	<p>Lifestyle Working Precinct for smaller strata developments– Brookvale</p> <p>177 Pacific Highway, North Sydney / recent Macquarie Park office developments for freehold building</p>	<p>Existing market rents per square metre in the Norwest Business Park:</p> <ul style="list-style-type: none"> <li>Less than 80 sqm - \$379</li> <li>80-120 sqm - \$337</li> <li>120-350 sqm - \$297</li> </ul> <p>Existing sales rates per square metre:</p> <ul style="list-style-type: none"> <li>Less than 80 sqm - \$7,932</li> <li>81-120 sqm - \$6,632</li> <li>121-200 sqm - \$5,671</li> <li>201 sqm+ - \$5,594</li> </ul> <p>Adopt higher rents say \$380-450 per sqm <b>on average</b> (\$2018) for future premium development.</p>
Retail	Up to 6,000 sqm which is just below the lower end of the range identified in the analysis recognising the physical limitations and size of the site and how much retailing might realistically have a desirable ground floor orientation,	<p>The station site should accommodate a range of retailing to activate the centre, for example:</p> <ul style="list-style-type: none"> <li>Small supermarket, to anchor the activity hub (e.g. 1,000 sqm)</li> <li>Delis, bakeries, fresh food for resident and worker demand (e.g. 1,000 sqm)</li> <li>Services for residents and workers (e.g. hairdressing, travel agent, doctors suites) (e.g. 1,000 sqm)</li> <li>Speciality shopping and hotel lobby, 'airport style' retailing for workers, visitors and residents (e.g. 1,000 sqm)</li> <li>Destination restaurants and a food hall for travellers and workers (2,000 sqm)</li> </ul> <p>The retailing should be arranged to ensure that residents from surrounding areas enjoy maximum access and exposure to day to day and convenience retailing. Dining and food could relate to open space and plaza areas though larger restaurants might be incorporated into hotel/office building lobbies. Specialty shopping might be in an arcade or 'lobby' area. Services (medical, dental etc) might be at first floor or in shop top configurations)</p> <p>The Norwest Marketown should remain the major retail centre of the Park.</p>	<p>Pierside Shopping Centre, Wentworth Point</p> <p>The Forum, St Leonards</p> <p>NewActon, Canberra</p>	<p>Existing market rates per square metre <b>on average</b> (\$2018) for main street retail rates in Castle Hill and Baulkham Hills:</p> <ul style="list-style-type: none"> <li>\$480</li> </ul>
Accommodation	Approximately 11,000 square metres for a 150 room hotel, including a business services hub (see below).	<p>A 140 to 150 bed short term accommodation complex could be accommodated on the site. Proximity to the station and the central location within the business park are key demand drivers. Short term accommodation also has the potential to attract tour groups. Short term accommodation should either take the form of serviced apartments (the most common accommodation floorspace in the Park) or a boutique hotel providing a higher-end accommodation option (or a hybrid of these accommodation types). A ground floor, publicly accessible pool and gym or small leisure centre could be incorporated into this facility.</p>	<p>NewActon, Canberra</p> <p>Adina Apartments, Norwest</p>	<p>Existing market rate per room per night <b>on average</b>:</p> <ul style="list-style-type: none"> <li>\$180 (2018\$)</li> </ul> <p>Existing occupancy rate of 79.8%.</p>

Land use	Floorspace	Characteristics	Precedent	Market rates
Business services hub	<p>Up to 2,000 square metres incorporated into the short term accommodation complex.</p> <p>This would include a range of meeting rooms of different sizes and circulation space (a small theatrette might be included). Additional floorspace would be required if located within a co-working space.</p>	<p>A meeting / business hub facility should be included on the site to capitalise on the proximity to the station for business to business connections and enabling small to medium sized businesses in the Park to access high quality meeting facilities.</p> <p>These meeting spaces may be located within a co-working/hot desking business. This facility will likely form part of the hotel/accommodation building.</p>	NewActon, Canberra Space & Co., Rouse Hill	<p>Existing market rates for meeting rooms per hour:</p> <ul style="list-style-type: none"> <li>▪ 4 people - \$42</li> <li>▪ 6-8 people- \$56</li> <li>▪ 10-16 people - \$72</li> <li>▪ 20+ - \$90</li> </ul> <p>While hard to estimate or find data for, a working assumption could be that meeting spaces would have a 20% occupancy or utilisation rate and that a typical room for 10-12 people would be 25 sqm. This suggests 'rent' of around \$1000 per sqm per year.</p>
Open space	As per Place Design Framework	Public open space will form a central component of the station site, providing thoroughfares for pedestrians, easy access to the station, and active community spaces for residents, workers and visitors. Open space should take the form of a plaza as per the Place Design Framework. Where possible, active office and some of the retail floorspace should be adjacent to the public open space.	The Forum, St Leonards Martin Place	N/A



# 1. INTRODUCTION

This section introduces the project background, scope, and structure of this report.

## 1.1 Project background

### Background to project

The Sydney Metro Delivery Office acquired a number of parcels of land to support the delivery and operation of the Sydney Metro Northwest project, which is due to open in the first half of 2019. Sites surplus to operational requirements are described as Developable Government owned Land (DGL).

One of these sites is directly adjacent to the new Norwest Station (located on Norwest Boulevard) which is located within the Norwest Business Park. The 10,700 square metre site is currently zoned B7 Business Park, and Landcom is responsible for the development of the site. The location of the site in relation to the Norwest Station is illustrated below in Figure 1.

FIGURE 1: SITE LOCATION



Source: Landcom, 2018.

Preliminary scenario testing for the site, undertaken by Landcom, has shown a potential for an FSR of 4.5:1, which is consistent with the Hills Shire Council strategic direction. While it would not require a rezoning to accommodate the proposed uses (no residential is proposed) it would require an amendment to height (currently 116 metres RL), setback, car parking rates and floor space ratio controls (currently 1:1). Amendment to the current controls would

be via a Planning Proposal through The Hills Shire Council (Gateway through the Department of Planning and Environment).

The key objectives for Landcom in the development of the site are:

- To ensure Norwest station precinct is activated and provides a safe and positive customer experience on day one of metro operations,
- To promote a set of destinations that attracts people and maximises street level activity, and
- To identify, seek and attract the new business opportunities to diversify job opportunities.

### Norwest context

Norwest is located amongst an increasingly strong north-west Sydney cluster of economic activity. The centre has grown rapidly over the last two decades and is unique in the Australian urban context in terms of the scale of employment and activity it hosts in a suburban location 35 kilometres from the metropolitan Central Business District. Its accessibility to the M4 and M7 and executive labour on the north shore and in the Hills district has been a factor in its success. Traditionally the centre has offered campus style office accommodation but this could be expected to evolve in future, potentially with more mixed use activity including a mix of knowledge intensive employment and a growing residential population around and possibly in the centre.

The north west cluster contains the following centres, which are also expected to evolve over the next 20 years:

- **Castle Hill** – a mature retail centre expected to experience significant growth in residential and employment due to the presence of the Metro rail station.
- **Rouse Hill** – a predominantly retail centre serving the growing population in the North West Priority Growth Area, also to host a Metro rail station.
- **Marsden Park** – an emerging employment centre with a significant commercial core within evolving adjacent industrial and residential development.

It could be expected that the cluster will develop its own distinct role over time in a way that Macquarie Park to North Sydney corridor has, or that envisaged for Westmead to Sydney Olympic Park (GPOP).

### Norwest Business Park

As identified above, the site is within the Norwest Business Park (The Park). The Park has historically functioned largely as a traditional business park, catering to commercial and industrial businesses. However, in recent years and with the growth of the residential population in the region, service-based industries and services catering to the everyday needs of the working population have emerged. The Park is estimated to accommodate over 20,000 employees in a range of sectors.<sup>1</sup> The Hills Shire Council chambers and offices are also located within the Park.

### Norwest Station and Sydney Metro Northwest

The Metro Northwest line will significantly improve the accessibility of the Norwest Business Park by public transport, ultimately including trips of 19 minutes to Macquarie Park, 28 minutes to Chatswood, 42 minutes to North Sydney, and 48 minutes to Wynyard and central Sydney. Figure 2 below shows the Norwest Station in the context of the line and nearby stations.

The Station has been designed to include parking and storage space for bicycles, bays for buses and taxis, and 'kiss and ride' parking spaces. The station has not made provision for commuter parking. As part of the Station's construction, upgrades will also be made to the

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<sup>1</sup> Norwest Business Park, 2018, <http://norwestbusinesspark.com.au/about/>

intersection of Norwest Boulevard and Brookhollow Avenue, pedestrian and bicycle infrastructure, landscaping, and a pedestrian tunnel linking the Station (under Norwest Boulevard) to the Norwest Marketown shopping centre.

FIGURE 2: NORWEST STATION IN NORTHWEST METRO CONTEXT



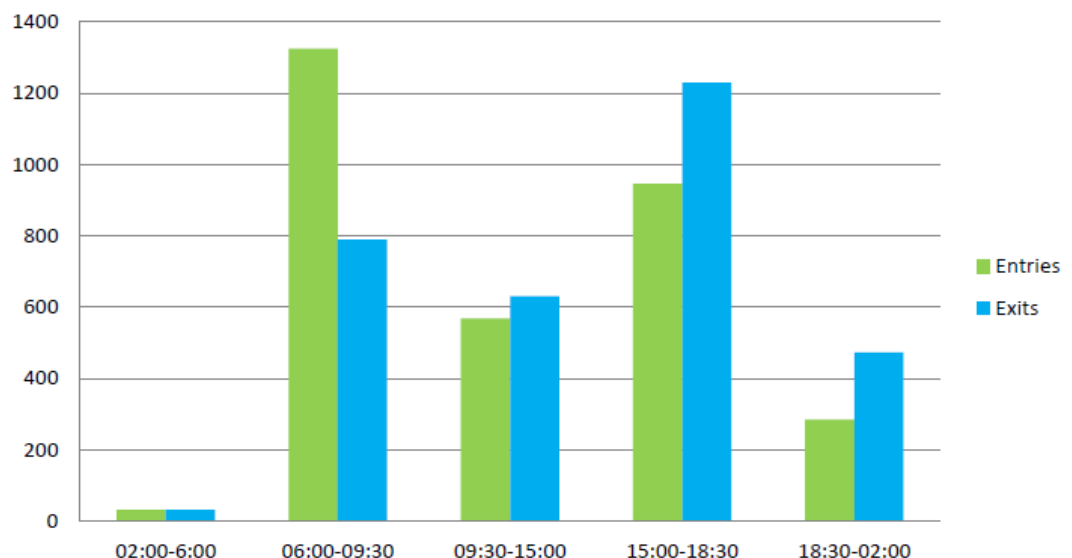
Source: Transport for NSW, 2013.<sup>2</sup>

Note: the location of Norwest site is shown in red.

Preliminary Transport for NSW forecasts suggest that by 2021, Norwest will see around 2,100 patrons entering and exiting the Station during the morning and afternoon peak periods, as illustrated below in Figure 3.

The Station is likely to be utilised by people travelling to work in Norwest from other parts of Sydney, as well as by the residents of nearby residential areas travelling to other destinations for employment.

FIGURE 3: NORWEST DRAFT FORECAST WEEKDAY ENTRIES AND EXITS - 2021



Source: Transport for NSW, 2017.<sup>3</sup>

<sup>2</sup> Transport for NSW, 2013, sourced from Transport Sydney, 2013, 'How might the NWRL work?' 16 October, <https://transportsydney.wordpress.com/2013/10/16/how-might-the-nwrl-work/>

<sup>3</sup> Transport for NSW, 2017, 'Sydney Metro Northwest – Catchment and Precinct Analysis for Precinct Activation – DRAFT,' 11 April 2017.

## 1.2 Project scope

SGS Economics and Planning was commissioned by Landcom to identify a land use mix for the site, with a direction to 'develop a proposal that can be realised in a relatively short time frame (i.e. in current market conditions) rather than a long term aspirational one'. As well as considering shorter term market demands it is important that the proposal also reflect the site's important planning and strategic context. Short term market imperatives need therefore to be consistent with strategic considerations.

This work is intended to inform a Planning Proposal for the site.

### Method and analysis

SGS has aimed to identify:

- Sustainable retail floorspace that adds to the vitality of the site, while complementing the offer provided in nearby centres,
- Business and commercial uses that are distinct in the region and complementary to other strategic centres in the North West,
- Community facilities that add to the 'liveability' of the development, and
- A combination of the above uses that generates a high value proposition, from both a social and economic perspective.

The analysis has involved:

- Review of strategic policy and 'scene' setting,
- Employment and market analysis,
- Supply and demand analysis to inform supportable floorspace recommendations for the site,
- Precedent and case study analysis to inform built form and use mix advice, and
- Identification of a preferred future use combination with indicative floorspace quanta as inputs to design analysis and revenue parameters for input into feasibility testing.

Norwest Commercial has provided detailed data on the commercial and office market in the Business Park to support the market analysis.

## 1.3 Report structure

This report is set out as follows:

- Chapter 2 outlines the strategic planning and policy context for the site and Norwest as a strategic centre.
- Chapter 3 explores the current context of commercial market in the Norwest Business Park, including analysis of office, retail and other land uses.
- Chapter 4 identifies a potential use mix for the site, with reference to case studies.
- Chapter 5 summarises the recommended floorspace and uses for the site.

## 2. STRATEGIC CONTEXT

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This chapter outlines the strategic and policy context impacting on the Norwest Business Park and the subject site, at the regional and local level.

### 2.1 Regional context

#### Greater Sydney Region Plan (2018)

The Greater Sydney Region Plan outlines the vision, objectives, strategies and actions for the development of Sydney to 2056. The vision is for the metropolitan area to become a metropolis of three cities – Western Parkland City, Central River City, and Eastern Harbour City – where people live within 30 minutes of their jobs, education and other facilities and services.

Under the Plan, Norwest is part of the Central River City, and is identified as a Strategic Centre. Strategic centres are identified as areas that will provide access to a range of goods, services and jobs, and are expected to have:

- High levels of private sector investment,
- Flexibility – allowing the private sector to choose where/when to invest,
- Co-location of a wide mix of land uses – including residential,
- High levels of amenity and walkability, and
- Areas identified for commercial uses, and commercial cores where appropriate.

The transport connections between Norwest and other major centres is identified as particularly important for increasing Sydney's productivity and to the economic growth of the Central River City. The Plan identifies a potential mass transit corridor for investigation over the next 10 years extending the public transport reach of Norwest to Marsden Park, St Marys, the Western Sydney Airport, and Campbelltown-Macarthur. The recent announcement of the Western Sydney City Deal includes the investigation of this rail corridor to Schofields with the connection to Cudgegong Road, and the Norwest Business Park, at a later stage.

In addition to the Metro Northwest, the Greater Sydney Region Plan identifies a mass transit corridor for investigation connecting Norwest to the Parramatta CBD (identified as a visionary transit corridor).

#### Objective 22 – Investment and business activity in centres

The importance of maintaining commercial office precincts across Sydney is also identified in the Plan, as part of the objective to enhance investment and business activity in the city's centres. Norwest is identified as one of nine centres that contain the majority of Sydney's stand-alone office market. The maintenance of these types of centres is also seen as important to cater to significant expected population growth and the consequent need for both retail and office floorspace.

#### Central City District Plan (2018)

The Central City District Plan outlines the planning priorities and actions for the Central City precinct which includes the Norwest Strategic Centre. The Central City is based around the Parramatta CBD, with a vision to take advantage of the district's high population growth and cultural diversity. The district is intended to be a premier destination for innovation through its health and education precincts, capitalising on public transport and other infrastructure investments to attract businesses and skilled workers.



Improving public transport connections from strategic centres like Norwest to Parramatta is one of the priorities under the Plan. Creating the conditions that allow for growth and making strategic centres into great places is also a focus of the Plan, with priority actions to achieve this identified as:

- Attracting investment and business activity to provide jobs growth,
- Diversifying the range of activities,
- Create vibrant, safe places and quality public realm,
- Balance the movement of goods with the liveability of places on the road network,
- Improving walkability and cycling networks to and within centres, and
- Creating conditions for residential development but not at the expense of attracting jobs, retailing and services.

The Norwest area already has a significant concentration of jobs. The plan identifies a jobs target of between 49,000 and 53,000 for the Norwest Strategic Centre (which includes Bella Vista) by 2036, up from the 32,400 jobs in the centre in 2016. The centre is also the 8<sup>th</sup> largest office market in the Greater Sydney area, with over 272,000 square metres in 2017. Norwest is also identified as an important centre for health services.

Key actions identified for Norwest in particular under the Plan include approaches that:

- Retain and grow its commercial capacity to achieve the above job targets, and
- Encourage complementary retail services around Norwest Lake and the station precinct, and
- Working with the NSW Government to identify a potential future corridor connecting to Greater Parramatta.

### Sydney Metro Northwest Urban Transformation Projects

The State Government is undertaking a number of projects in Sydney's northwest as part of planning for the Sydney Metro Northwest, which are intended to accommodate growth for the next 20-30 years. The land adjacent the new stations, including Norwest, are the locations for these projects.

The key intended outcomes and deliverables of these projects include:

- The early activation of areas immediately around stations on the Metro line, to ensure they will be safe and accessible when it opens,
- Vibrant and well-designed places,
- Creative and diverse housing solutions, retail and employment opportunities capitalising on the Metro system, and
- Enabling infrastructure that supports the long-term urban transformation of the corridor, to stimulate the local and economy and attract investment in the region.<sup>4</sup>

These projects are intended to future-proof Northwest Sydney and create economic resilience, and deliver a mix of residential, commercial and retail uses that respond to unique local settings and market factors.

## 2.2 Planning vision for Norwest

### Local government policy

#### The Hills Corridor Strategy (2015)

The Hills Corridor Strategy is the Hills Shire Council's framework for development around the Metro Northwest, intended to ensure that development in the corridor is responsive to the challenge of accommodating growth while retaining the LGA's identity as The Garden Shire. It identifies a need for an appropriate mix of jobs and housing diversity to build new

<sup>4</sup> Urban Growth NSW, 2016, 'Sydney Metro Northwest Urban Transformation Projects,' Fact sheet, July 2016, <http://www.urbangrowth.nsw.gov.au/assets/Uploads/MUTP-UrbanGrowth-NSW-factsheet-Sydney-Metro-Northwest-3.pdf>

communities around, and to ensure that employment and housing growth is supported by necessary infrastructure.

The Strategy identifies Norwest as a key location for employment growth, forecast to accommodate an extra 11,000 jobs by 2036, for a total of 21,000.<sup>5</sup> The Strategy also identifies an FSR of 4.5:1 for the subject site, as well as an increase to densities in the residential area to the south and east of the site, up to 98 dwellings per hectare (this area is mostly large stand-alone detached dwellings at the moment).

The delivery of the Metro is seen in the Strategy as important to strategic areas like Norwest, with reductions in car parking requirements potentially assisting in encouraging investment in commercial offices and reducing reliance on private cars. The Metro is also seen as a key opportunity to intensify commercial growth in centres like Norwest, and in attracting high quality professional jobs (including in financial services, legal and professional consulting) to match the skills of existing residents of The Hills Shire.

The vision for the Norwest station precinct under the Strategy is for a major specialised employment centre, with a commercial core around the station, a retail and mixed use hub, business park activities towards the east and west of the centre, and increased housing densities surrounding employment functions. The Strategy also suggests that Norwest can capitalise on overflow demand from the Sydney CBD. Norwest Business Park is identified as a potential springboard for the attraction of new and higher-order business activities.

Under the Strategy, higher density commercial and mixed use developments are to be located close to the new station, limited to a height of 20-22 storeys, while minimising impacts on key view corridors.

### **The Hills Local Strategy (2008)**

The Local Strategy for The Hills Shire Council was developed to guide the planning and direction of the LGA, with a vision for future growth and development to reflect the community, balance growth, protect the environment, and build vibrant communities and local economies. The Strategy considered a number of key themes and directions, including employment lands and key centres within the LGA.

The Employment Lands Direction included key directions to:

- Accommodate growth in a modern local economy to meet community needs,
- Enhance the attractiveness of the LGA for new business and visitors,
- Promote growth in local business and employment opportunities,
- Enhance the use and viability of existing employment lands,
- Plan for new employment lands, and
- Encourage quality employment lands.

The Strategy identified the role of the Norwest Business Park as that of a premier professional employment precinct, with a focus on professional, scientific and technical service industries, functioning as a business park and bulky goods precinct. Land around the Norwest Metro station was also identified as being able to allow for a wider range and higher intensity of employment uses.

In the Strategy, Norwest Business Park was identified as one of the areas with greatest potential for employment growth. It noted that the LGA had a high proportion of finance and insurance services jobs, which are typically attracted to higher grade office stock in prestigious locations, with many of these types of businesses attracted to Norwest Business Park. The Strategy also recommended building on this image, and leveraging an emerging finance cluster within Norwest.

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<sup>5</sup> Note: the boundary for the Norwest precinct in The Hills Corridor Strategy is different to that used in the Central City District Plan, accounting for the difference in job numbers.

The Centres Direction outlined key objectives to:

- Create vibrant centres that meet the needs of the community,
- Make centres more attractive places to visit,
- Make centres accessible to the community,
- Improve the functioning and viability of existing centres, and
- Plan for centres in new areas.

Norwest was identified as a specialised centre in the hierarchy of centres across the LGA, with key objectives to:

- Promote its specialised technology based employment role,
- Have a mix of employment, commercial, and industrial uses, meeting the day-to-day needs of workers
- Minimum lot sizes/FSR to reflect commercial built form, and height to reflect a suburban locality,
- Greater densities nearer to transport hubs, and
- For retail activities (including bulky goods) to be located in appropriate business zones.

### Planning specific to Norwest site

#### Norwest Station Structure Plan

The Norwest Structure Plan, prepared by the NSW Government (2013), identified key challenges and opportunities around the development of the Norwest Station as part of Metro Northwest (then known as the North West Rail Link). The Plan considered the role of Norwest on the wider rail corridor, its physical characteristics, existing planning controls, and opportunities for growth.

The vision for the area under the Structure Plan is to reinforce Norwest as a specialised precinct, and for it to evolve as a vibrant and active centre of business. It is intended to have a range of offices, retailing, community facilities, recreation, culture, education and housing, with a focus on TOD. There are expected to be opportunities for increased employment and housing capacity within walking and cycling distance of the station, while ensuring that local amenity, heritage, open spaces and the natural environment remain protected. Norwest Business Park is also intended to remain the major commercial hub in the north west, which will require orderly expansion and intensification within the Park, particularly in delivering efficient, large floor plate, campus-style office space.

The achievement of the Structure Plan vision is expected through:

- Building on existing assets to enhance the competitiveness of commercial office employment and retailing,
- Identifying and assembling strategic sites within the centre to attract investment around a compact commercial core, and
- Improving liveability and amenities within the centre by providing a range of dwellings and enhanced public domain.

The Landcom site is identified as part of the intended commercial core of the precinct, with the objectives of providing A-grade commercial floor space in close proximity to the station.

#### Norwest North West Rail Link Masterplanning Adjoining Lands to Station Precincts

In line with the principles identified in the Structure Plan, master planning work undertaken by Hassell (2013) for the land around the Norwest Station focused on the site as a demonstration of the transformation of the wider Business Park into an area that is more accessible, diverse and dynamic.

The planning for the area included a broader range of uses than the mid-density, campus-style commercial development that dominates the existing Park. It proposed a 'hyper-mix' of



large and small retail, entertainment, residential, community and cultural uses, to encourage greater use of the site as well as patronage of the future station. It also had a focus on elevating the role of cycle and pedestrian access around the Station, through creating generous public space, interchanges between different modes, and links to surrounding areas. The planning also identified that the design of buildings and space around the Station precinct should light, open, and engaged with its surrounds.

### **Norwest Place Design Framework**

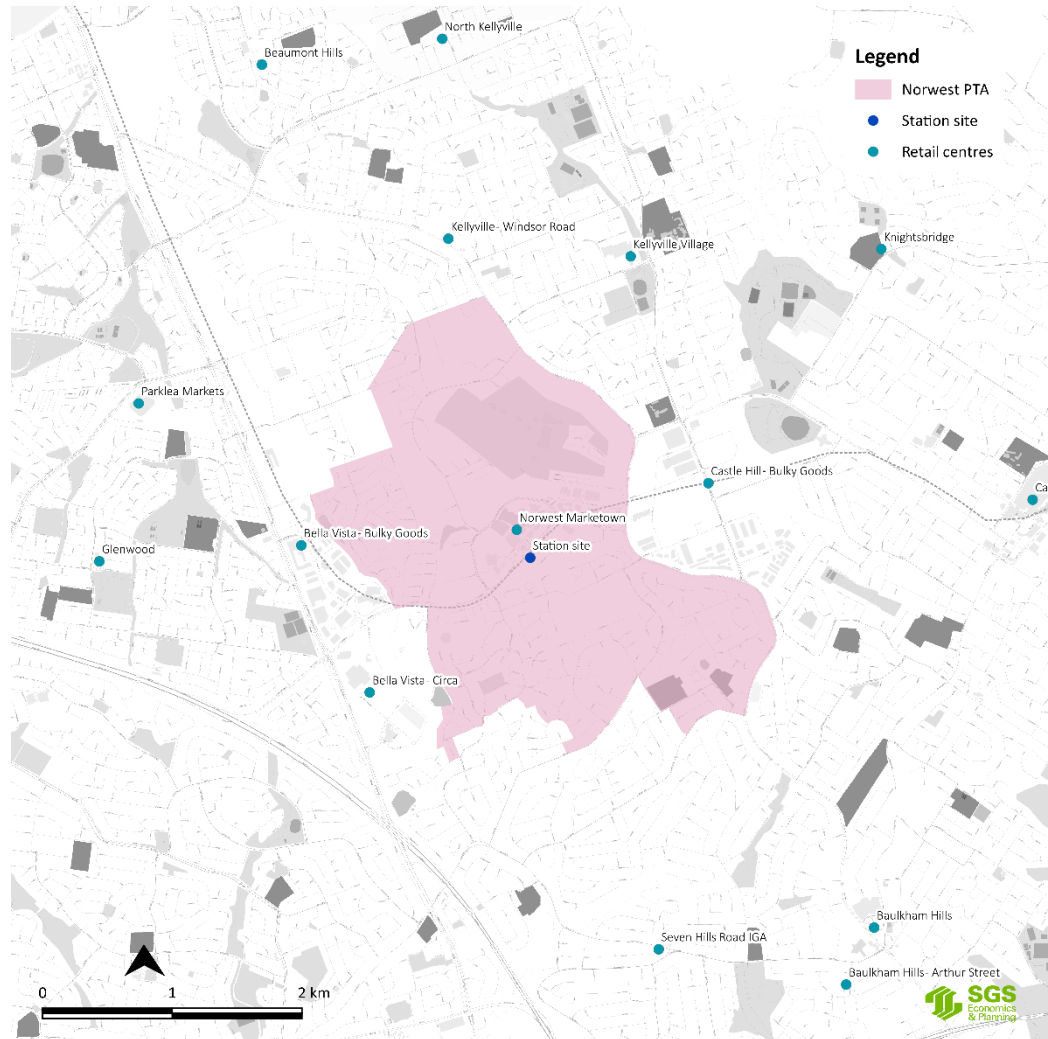
The Place Design Framework (2015) for Norwest views the new Metro station as a catalyst to transform the centre from a mono-functional business park to a mixed use and active centre with a night-time economy and diversity of activities.

The existing employment base was identified as an opportunity to create a lifestyle and entertainment destination for workers, with more residential and mixed uses to be located close to the Station. Improving the pedestrian connections and accessibility was also seen as a key part of contributing to the viability of the centre.

## **2.3 Demographic context**

Figure 4 below defines the primary retail trade area used for the analysis in this report. This trade area has been defined considering the local road and public transport networks, existing distribution, strength and appeal of retail centres, and physical barriers. This primary trade area has been defined considering day-to-day retail needs of residents and has been used for the demographic analysis below and the retail analysis in Section 3.4.

FIGURE 4: RESIDENT PRIMARY TRADE AREA USED FOR ANALYSIS



Source: SGS Economics and Planning, 2018.

### Current workforce

Based on 2016 figures, there are around 10,771 workers in the defined trade area, with a significant number of this total (9,082) in the travel zones around the Norwest Business Park itself.

### Employment by industry

Table 1 shows the estimated total employment in the core part of the Park by industry as of 2016. This demonstrates the reliance of the Park on jobs in Professional, Scientific and Technical Services, Construction, as well as Financial and Insurance Services.

TABLE 1: EMPLOYMENT BY INDUSTRY (1-DIGIT ANZSIC CODE), NORWEST BUSINESS PARK, 2016

Industry	Employment	Proportion of total
Agriculture, Forestry and Fishing	3	0.0%
Mining	10	0.1%
Manufacturing	856	9.4%
Electricity, Gas, Water and Waste Services	10	0.1%
Construction	1,446	15.9%
Wholesale Trade	790	8.7%
Retail Trade	580	6.4%
Accommodation and Food Services	336	3.7%
Transport, Postal and Warehousing	81	0.9%
Information Media and Telecommunications	140	1.5%
Financial and Insurance Services	972	10.7%
Rental, Hiring and Real Estate Services	180	2.0%
Professional, Scientific and Technical Services	1,562	17.2%
Administrative and Support Services	319	3.5%
Public Administration and Safety	247	2.7%
Education and Training	186	2.1%
Health Care and Social Assistance	746	8.2%
Arts and Recreation Services	150	1.7%
Other Services	467	5.1%
<b>TOTAL</b>	<b>9,082</b>	<b>100.0%</b>

Source: TPA and SGS modelling, 2018.

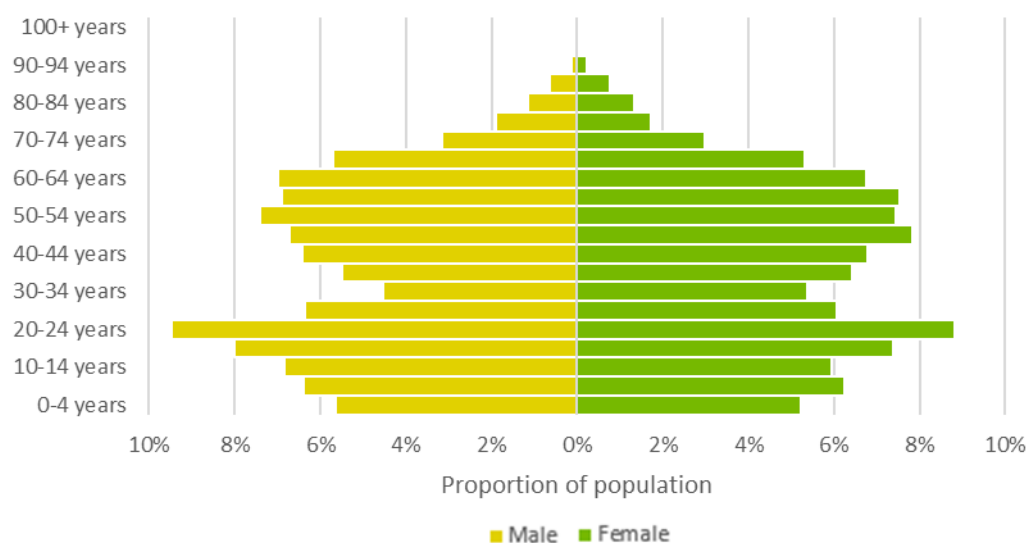
### Current population

As of 2016, the estimated resident population of the trade area was 12,146, with 297 within the core commercial area of the Park.

### Age

Figure 5 below shows the age profile of the trade area in 2016 by gender. Children and teenagers make up around 26% of the population, while only around 13% are aged over 65. The 20 to 24 years age cohort had the highest proportion of people (around 9%). The trade area has relatively few older residents compared to younger age cohorts.

FIGURE 5: POPULATION BY GENDER – TRADE AREA, 2016 CENSUS

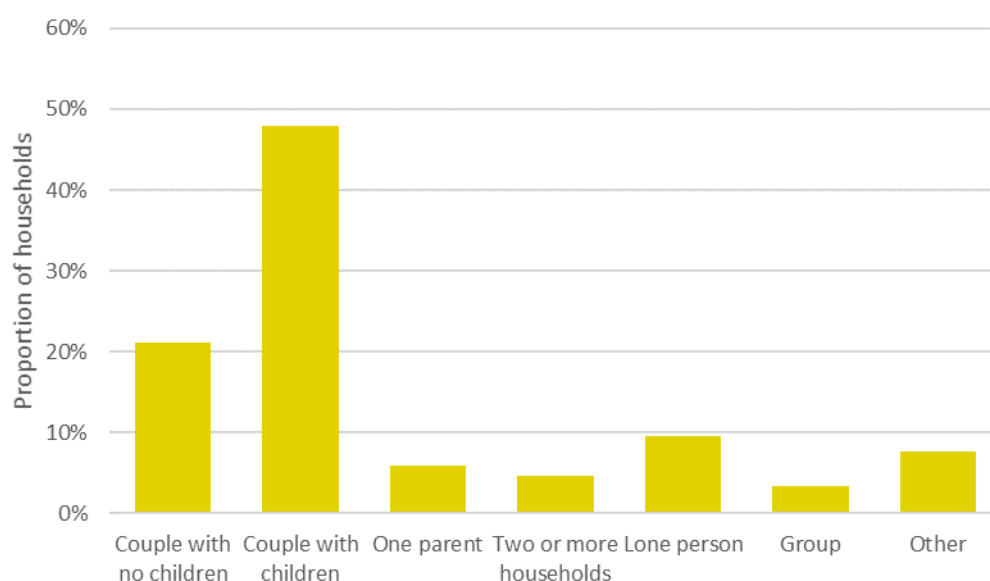


Source: ABS 2016 Census.

### Household type

Figure 6 shows the breakdown of household types within trade area. Nearly half of households in 2016 were families with children. Couples with children made up around 20% of households and lone person households account for just under 1 in 10 households.

FIGURE 6: HOUSEHOLD TYPE – TRADE AREA, 2016 CENSUS

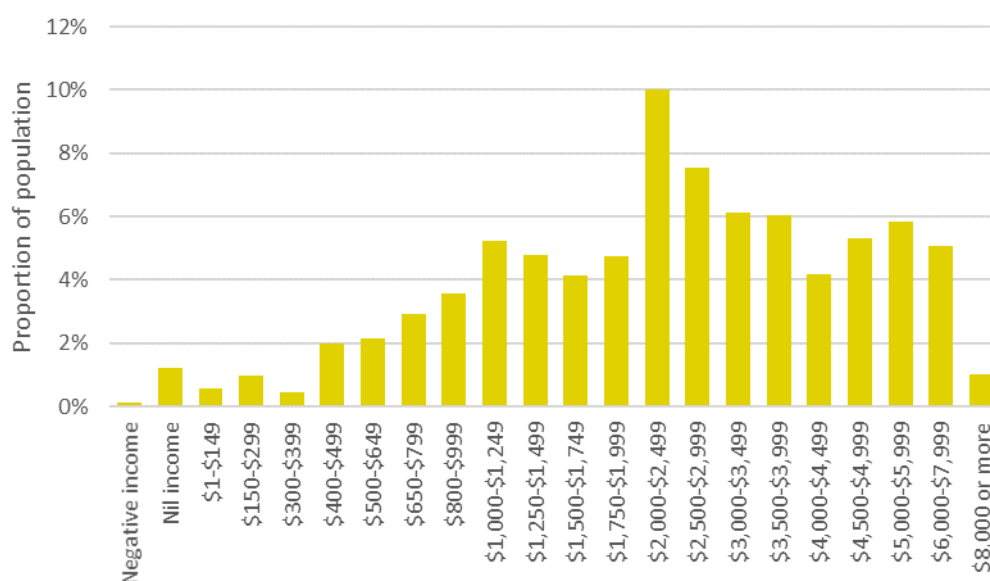


Source: ABS 2016 Census.

### Income profile

Figure 7 below shows weekly incomes in the trade area by income bracket. The most common income range is between \$2,000 and \$2,499 (\$104,000 to \$129,999 annually). Around 40% of households earned above this amount, reflecting the relative affluence of this part of Sydney. Very few households report nil or very low incomes.

FIGURE 7: WEEKLY INCOMES – TRADE AREA, 2016 CENSUS

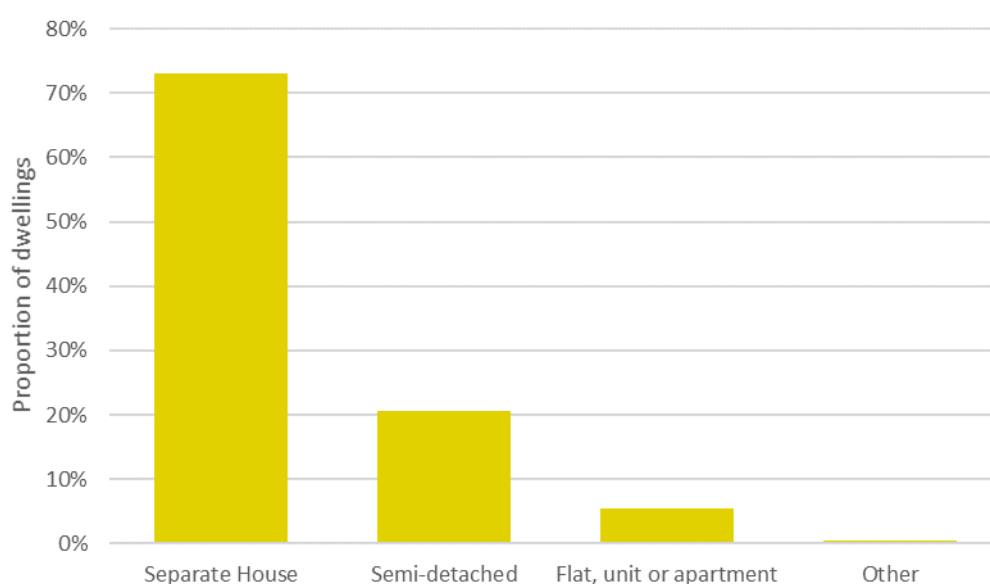


Source: ABS 2016 Census.

## Housing

Figure 8 shows that detached housing is easily the most dominant housing type in the trade area. These houses generally occupy large lots and have large building footprints. Housing immediately surrounding the Park functions as ‘executive housing’, attracting high prices for a premium address and quality of building stock. The median sale price for houses in Bella Vista grew from \$1.48 million to \$1.75 million and in Baulkham Hills from \$1.12 million to \$1.22 million in 2017, compared to the median for The Hills LGA, which grew from \$1.26 million to \$1.37 million.<sup>6</sup> Only around 25% of dwellings in the area are currently medium or higher density.

FIGURE 8: DWELLING MIX – TRADE AREA, 2016 CENSUS



Source: ABS 2016 Census.

<sup>6</sup> RP Data, 2018, ‘Suburb Statistics Report,’ Bella Vista and Baulkham Hills, data to November 2017.

Recent housing development have delivered a greater variety of housing stock. A mix of smaller detached houses, townhouses, and apartments have been constructed to the north of the Park. Significant apartment developments are currently underway to the north of Norwest Lake, including 1, 2, 3 and 4 bedroom units marketed towards first home buyers, young families and downsizers. The median unit price in Baulkham Hills is \$850,000.

## 2.4 Forecast growth

### Workforce

Table 2 shows the forecast growth in employment in the trade area and the core business park to 2036. This illustrates that the core area is expected to accommodate most of the growth over this period.

TABLE 2: FORECAST EMPLOYMENT GROWTH, 2016-2036

	2016	2021	2026	2031	2036	Change 2016- 2036
Norwest Business Park	9,082	10,348	11,541	13,718	15,383	6,301
<b>Total trade area</b>	<b>10,771</b>	<b>12,187</b>	<b>13,513</b>	<b>15,837</b>	<b>17,663</b>	<b>6,892</b>

Source: TPA and SGS modelling, 2018.

### Forecast change in employment by industry

Table 3 below shows the forecast change in employment by industry in the business park area. Professional, Scientific and Technical Services will continue to be the largest employment industry, and is also expected to make the largest contribution to the growth in jobs over this time.

TABLE 3: FORECAST CHANGE IN EMPLOYMENT BY INDUSTRY, 2016-2036

	2016	2021	2026	2031	2036	Change 2016- 2036	% change 2016- 2036
Agriculture, Forestry and Fishing	3	3	3	3	4	0	5%
Mining	10	10	10	11	11	1	11%
Manufacturing	856	927	981	1,153	1,240	384	45%
Electricity, Gas, Water and Waste Services	10	11	12	14	16	6	59%
Construction	1,446	1,556	1,680	1,818	1,959	513	35%
Wholesale Trade	790	822	809	820	820	30	4%
Retail Trade	580	643	698	926	1,057	477	82%
Accommodation and Food Services	336	374	408	543	594	258	77%
Transport, Postal and Warehousing	81	90	106	119	117	36	44%
Information Media and Telecommunications	140	166	197	277	299	159	113%
Financial and Insurance Services	972	1,114	1,234	1,400	1,571	600	62%
Rental, Hiring and Real Estate Services	180	206	247	331	384	204	113%
Professional, Scientific and Technical Services	1,562	1,995	2,289	2,704	3,134	1,573	101%
Administrative and Support Services	319	393	475	633	709	390	123%
Public Administration and Safety	247	317	397	485	590	342	138%
Education and Training	186	209	270	378	456	270	145%
Health Care and Social Assistance	746	822	938	1,107	1,241	495	66%
Arts and Recreation Services	150	187	235	322	409	258	172%
Other Services	467	504	551	674	771	304	65%
<b>TOTAL</b>	<b>9,082</b>	<b>10,348</b>	<b>11,541</b>	<b>13,718</b>	<b>15,383</b>	<b>6,301</b>	<b>69%</b>

Source: TPA and SGS modelling, 2018.

## Population

Table 4 below shows the forecast growth in the population in the trade area and within the Park from 2016 to 2036. By 2036 there is expected to be an additional 18,000 residents within the trade area, though residents within the core business park area make up a very small proportion of this. This forecast may be at odds with what can be observed to be occurring, in the core area which is higher density apartment development, both currently being built in the residential zone to the north and suggested for the Market Place site.<sup>7</sup> Wherever the residential or population growth occurs within the trade area it is expected to be substantial, with the greatest growth forecast to occur after the Metro Northwest has been operating for a few years.

<sup>7</sup> See Mulpha Norwest Planning Proposal for the Marketown site, further discussed in Section 3.2, [https://apps.thehills.nsw.gov.au/ApplicationTracking/Document/Download?key=mqTZDWd7BB0vybCH-WY8jqG51ZsKogFBjVSgswN\\_hhG0Sv\\_fYYFOXK1eiD5m192tiGOqj0ESHg5x&pageNo=1&rend=Orig](https://apps.thehills.nsw.gov.au/ApplicationTracking/Document/Download?key=mqTZDWd7BB0vybCH-WY8jqG51ZsKogFBjVSgswN_hhG0Sv_fYYFOXK1eiD5m192tiGOqj0ESHg5x&pageNo=1&rend=Orig)

TABLE 4: FORECAST POPULATION GROWTH TO 2036

	2016	2021	2026	2031	2036	Change 2016- 2036
Norwest Business Park	297	414	675	896	1,133	836
<b>Total trade area</b>	<b>12,146</b>	<b>15,135</b>	<b>20,530</b>	<b>25,336</b>	<b>30,348</b>	<b>18,202</b>

Source: TPA and SGS modelling, 2018.

## Housing

Table 5 shows the forecast dwelling growth in the Park and the wider trade area to 2036. An additional 457 dwellings are expected within the Park, part of an additional 7,000 in the trade area.

TABLE 5: FORECAST DWELLING GROWTH, 2016-2036

	2016	2021	2026	2031	2036	Change 2016- 2036
Norwest Business Park	59	142	193	310	409	457
<b>Total trade area</b>	<b>2,993</b>	<b>3,770</b>	<b>4,741</b>	<b>6,572</b>	<b>8,247</b>	<b>7,019</b>

Source: TPA Small Area Land Use Projection, 2016.

## 2.5 Implications for the site

Norwest has been identified as a key strategic centre in the Sydney metropolitan context (in state and local planning documents), and because of this, it is expected to change over time.

Though there is increasing focus on the provision of mixed uses and residential uses in many parts of the city, commercial office precincts remain important to provide clusters of higher order employment which can take advantage of agglomeration opportunities and underpinning Sydney's develop as a major economic hub.

The forecast employment profile for the area suggests there will remain a need to accommodate a large number of new jobs in office-based industries in future, particularly in Professional, Scientific and Technical Services, as well as Financial and Insurance Services.

At the same time, there is a vision for Norwest to transition from a traditional business park into a centre based around transit oriented development as a result of the Northwest Metro. This means that the core character of the Park as a place for employment needs to be retained, while encouraging more activation and integration with other uses including surrounding and intensifying residential uses.

Liveability and amenity will also need to be a key focus for the Park, including in providing population-serving amenities, such as retail, entertainment and community facilities. This will benefit workers and will also be needed to service expected growth in the resident population in surrounding areas.



## 3. CURRENT MARKET CONTEXT

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This chapter outlines the current commercial market context of the Norwest Business Park. Findings in this chapter have been informed by quantitative analysis, review of previous studies, and consultation with Norwest Commercial.

### 3.1 State of commercial market

#### Supply

As of December 2017, there was around 273,000 square metres of floorspace in the Norwest Business Park. Around 146,000 square metres of this was in strata buildings, and around 127,000 in freehold properties.

It is estimated that around 80% of the commercial spaces in the Park are strata properties. Spaces are typically in the 50 to 200 square metre range. The average size of sold office properties in the past year was 213 square metres, and the average size of leased spaces was 95 square metres.

Strata properties in the Park cater to small, local businesses, local businesses with generally no more than five or six staff members. Larger tenants in the Park, such as Woolworths and ResMed, are outliers to the typical profile of businesses.

Consultation with agents active in the Park suggested that there is a general lack of strata stock in the Park currently, with the last new strata building completed in 2012. The supply of office space in the Park is generally of B-grade quality.

#### Demand

##### Domination of strata

Current demand for space in the Business Park is significantly driven by the strata market and demand for smaller spaces. The Hills district in general is seen to have a significant preference for strata buildings, hosting small service businesses, but also providing opportunities for mostly small scale property ownership and investment.

Consultation with commercial agents suggests that there is not a lot of pent up existing demand in Norwest from firms with 100 or more employees, though enquiries for floorspace to accommodate this size of business do occur. It is expected that the demand for larger spaces will increase once the Station is operational.<sup>8</sup>

Of the buildings with larger floorplates in the Park, many are occupied by major building companies. Larger companies will typically look to take up one floor of a building, in the range of 1,000 to 2,000 square metres. Larger tenants in the past have also expressed a preference for avoiding strata buildings.

While there are fewer freehold buildings (developed by a single owner in the form of either a private company or institutional investor) located in the Park, they are on average larger than the strata developments and still constitute 47% of developments since 1998 (see Table 6 below).

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<sup>8</sup> Consultation with Norwest Commercial, 2018.

TABLE 6: STRATA AND FREEHOLD BUILDINGS SINCE 1998

Building	Address	Year constructed	Title	Total floorspace (sqm)
Capital Business Centre	38-40 Brookhollow Ave, Baulkham Hills	1998	Strata	6,089
Parkview	1 Maitland Place, Baulkham Hills	1999	Strata	5,655
2 Solent Cct	2 Solent Cct, Baulkham Hills	1999	Freehold	3,120
Lakeside	29-31 Solent Cct, Baulkham Hills	2000	Strata	6,464
Macarthur Point	25 Solent Cct, Baulkham Hills	2000	Strata	8,387
Hills Corporate Centre	11-13 Brookhollow Ave, Baulkham Hills	2001	Strata	4,373
Norwest Quay	21 Solent Cct, Baulkham Hills	2001	Freehold	10,800
Solent Centre	12-14 Solent Cct, Baulkham Hills	2002	Strata	5,381
10 Century	10 Century Cct, Baulkham Hills	2004	Strata	6,537
8 Century	8 Century Cct, Baulkham Hills	2004	Strata	723
Alpha	5 Celebration Drive, Bella Vista	2005	Strata	9,136
Zhen	33 Lexington Drive, Bella Vista	2005	Strata	7,617
12 Century	12 Century Cct, Baulkham Hills	2005	Strata	9,773
62 Norwest	62 Norwest Blvd, Baulkham Hills	2005	Freehold	6,112
4-8 Inglewood	4-8 Inglewood Pl, Baulkham Hills	2005	Freehold	4,183
Woolworths	1 Woolworths Way, Bella Vista	2005	Freehold	44,800
Lexington Corp	24-32 Lexington Drive, Bella Vista	2006	Strata	11,460
Sky City	20 Lexington Drive, Bella Vista	2006	Strata	16,708
Elevation	6 Meridian Place, Bella Vista	2006	Strata	4,233
4 Burbank	4 Burbank Pl, Baulkham Hills	2006	Freehold	4,098
Lexington Corp Stage 2	24-32 Lexington Drive, Bella Vista	2006	Strata	-
4a Meridian	4a Meridian Place, Bella Vista	2007	Strata	1,000
58 Norwest	58 Norwest Blvd, Baulkham Hills	2007	Freehold	10,670
2 Burbank	2 Burbank Pl, Baulkham Hills	2007	Freehold	11,555
T-1	14-16 Lexington Drive, Bella Vista	2007	Strata	3,797
Nexus	4 Columbia Court, Baulkham Hills	2008	Strata	8,937
Versatile	29-31 Lexington Drive, Bella Vista	2008	Strata	9,918
Q Central	10 Norbrik Drive, Bella Vista	2009	Strata	6,924
Atlas - Virgin	2-8 Brookhollow Ave, Baulkham Hills	2011	Strata	3,610
Atlas - Office	2-8 Brookhollow Ave, Baulkham Hills	2011	Strata	9,424
Council Chambers	3 Columbia Court, Baulkham Hills	2012	Freehold	14,789
Vantage	7-9 Irvine Place, Baulkham Hills	2012	Freehold	12,760
22B	22B Brookhollow Ave, Baulkham Hills	2012	Freehold	4,842
<b>TOTAL FLOORSPACE</b>				<b>273,875</b>
TOTAL STRATA				146,146 (53%)
AVERAGE FLOORSPACE FOR STRATA BUILDINGS				6,643 sqm
TOTAL FREEHOLD				127,729 (47%)
AVERAGE FLOORSPACE FOR FREEHOLD BUILDINGS				11,612 sqm

Source: Norwest Commercial.

On average the freehold developments have been larger than the strata developments in this period (11,600 square metres compared to 6,600 square metres) and are amongst the most recent of the developments in the Park. Positive future prospects for investment in and development of freehold buildings have been confirmed through consultation with a representative of a major institutional investor who has owned property in the Park in the past, and is looking for an appropriate opportunity to re-invest (see Box 1).

#### **BOX 1: PERSPECTIVES ON NORWEST FROM AN INSTITUTIONAL INVESTOR**

SGS spoke to a representative of a major investor in freehold commercial properties, to gauge interest in investing in Norwest in future. This company previously owned a freehold office building of 10,800 square metres in the Park, but sold this in 2015. Unprompted, and without mentioning the station site or discussing the aims or details of this study, the representative noted that the company is interested in investing in sites with existing or future transport infrastructure prospects, and that Norwest will be increasingly attractive with the station opening. The contact noted, again without any mention of the station site, that the strata buildings near the station will be problematic for redevelopment because of the ownership fragmentation (notwithstanding changes to strata laws), highlighting how the unencumbered station site will be particularly attractive to investors and developers.

Norwest is seen as a strong long term growth prospect with a compatible subregional labour force in North West Sydney and the type of employees suited to office accommodation and investment. The small, strata office sector in Norwest has performed well, supported by the local professional workforce including accountants, lawyers and small business service activities. The market at Norwest is positive, because properties are so tightly held while the conditions and local investor and tenant base is strong.

Nevertheless, the factors for investing in a particular site or building need to be 'right' with amenities, prospects for good tenants and appropriate pricing. It was noted that a recent opportunity was not pursued given an assessment of these factors and a sense that the building was 'overpriced'.

The company deploys national and international superannuation funds for its office property investments, seeking to value add and expand returns. The company owns office buildings at St Leonards (20,000 square metres), Rhodes (15,000 square metres) and Macquarie Park (10,000 square metres). It was felt that a new freehold office building of say 10,000 square metres would be appropriate at Norwest though leasing pre-commitments would be necessary before commencing development. 'Blue chip' corporate tenants would be anticipated including firms in the home building sector, aged care providers and lawyers.

Nevertheless, on the whole and in the current market, freehold buildings have typically been less successful as commercial spaces than strata properties. Some freehold properties have had vacancy rates of around 12-15%, and had vacant space for a number of years.

With current levels of demand and constrained supply, new strata sites are generally sold via auction.

The dominance of strata titled properties, with multiple owners, places significant constraints on prospects for redevelopment of existing sites within the Business Park to meet demand.

## Tenants

There is a wide range of current tenants in the Park, including legal practices, pharmaceutical companies, and financial services. The Park also serves as headquarters for some large companies such as Woolworths, Braun and Coroma.

Tenants within the Park typically move from within the local area, generally within 5 to 7 kilometres, rather than relocating from other centres further afield. Some also relocate from nearby industrial precincts, usually to preserve their existing business catchment and network of connections. There is also a noted tendency for tenants to move locations within the Park to newer buildings as they are developed. This is attributed to a number of factors, including:

- Existing tenants waiting for a suitable property to be available to purchase,
- Owner occupiers seeking new space to accommodate growth in their business, and
- Better features on offer with newer buildings attracting existing tenants when their current leases expire.

It is also noted that as owner occupiers move in to newer buildings, they will often retain their older premises as investments.<sup>9</sup>

The type of tenants located within the Park is expected to change with the development of the Station and the increased accessibility it will bring, potentially attracting larger and potentially institutional investors in office buildings. Macquarie Park Station is an example of the type of change in tenants and investors uses that can be driven by the improved access to public transport. The introduction of the rail line to Macquarie Park was a key factor in attracting larger tenants such as Optus.

Parking has been a strong driver in attracting tenants to Norwest with public transport access less important until now. Larger firms with a more 'central city' brand, with workers who might be drawn from a wider catchment and who might typically place a higher value on public transport access, have been short-lived tenants in the past (PWC was an example). The availability of parking in the Park continues to be a significant issue, particularly for larger sites, with high costs involved in providing spaces and increasing congestion though it is still important to attracting tenants. With significantly heightened future public transport accessibility Council is moving to reduce the amount of parking required by new projects. This may impact on smaller local businesses if they do not have parking spaces available for staff who live in the area and may not be able to, or choose not to, use public transport to get to work.

However, consultation suggests that as the Business Park transitions to a more lively centre able to attract larger, traditionally central city based firms, the quantum of parking may become less important, as these firms tend to value public transport more.

Changes to planning controls to reduce the number of car parks required for new development around the nearby Bella Vista Station have also already been proposed. These include reducing the rate from a minimum of 1 space per 25 square metres of floorspace to a maximum of 1 space per 80 square metres on sites within 400 metres of the Station, and 1 per 40 square metres in sites more than 400 metres from the Station.

## Potential for change with Metro Northwest

A key question for the Park in future will be whether the mix of businesses will change with the introduction of the rail line. It is expected that the improvement to the accessibility of the CBD and other centres from the Park may encourage a different type of tenant to locate there in future. There may be the potential to attract businesses with employees from further afield who rely on public transport networks.

The expected transformation of the area to include improved liveability and amenity elements driven by the presence of the station also has the potential to attract larger

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<sup>9</sup> Consultation with Norwest Commercial, 2018.

corporate tenants and institutional investors that might previously have not considered Norwest as a business or investment location. It may also serve to attract new businesses from a broader part of metropolitan Sydney, rather than from areas close to Norwest as has generally been the case. Nevertheless, shorter term market prospects are probably still strongest in the strata market.

It is expected that with the growth of the population in the region, and with the focus on new station related activity there will be a need and demand for different retail uses and service activities within the Park, particularly near the station, including doctors and ancillary medical such as physiotherapists and pathology clinics, dentists, accountants and financial advice services, hairdressers and a greater diversity of food and dining options.

## Price points

### Sales

In 2017, sales of commercial space were dominated by strata, with very few freehold sales. Commercial strata office sales ranged from \$230,000 for a 45 square metre space, up to \$6.75 million for a space over 1,100 square metres. Prices per square metre have ranged from around \$2,000 to over \$11,000. The median sales price for different property sizes and prices per square metre are shown below in Table 7.

TABLE 7: MEDIAN SALES – NORWEST BUSINESS PARK 2017

Property size	Median sale price	Median sale price per sqm
Less than 80 sqm	\$440,000	\$7,932
81-120 sqm	\$650,000	\$6,632
121-200 sqm	\$855,000	\$5,671
201 or more sqm	\$1,800,000	\$5,594

Source: Norwest Commercial, 2018.

Prices in the Park are often pushed up with competition, and under the governance arrangements for the precinct, buy back provisions are in place which means that once sold, land is required to be developed within a year.

### Rents

Annual rents for commercial properties in 2017 ranged from \$11,000 for a 15 square metre space to \$114,665 for a 323 square metre space. Per square metre, rents ranged from \$120 to over \$1,300. Table 8 shows the median annual rent and rent per square metre for properties in 2017. This shows that rents per square metre are typically lower for larger spaces.

TABLE 8: MEDIAN RENTS – NORWEST BUSINESS PARK 2017

Property size	Median annual rent (net)	Median rent per sqm (net)
Less than 80 sqm	\$20,250	\$379
80-120 sqm	\$33,468	\$337
120-350 sqm	\$43,950	\$297

Source: Norwest Commercial, 2018.

These rents per square metre are significantly lower than those in the CBD, where current net face rents range from \$666 for B-grade space up to \$1,025 for premium space per square

metre.<sup>10</sup> These rents are also typically lower than some other suburban office markets, such as Chatswood (\$515), St Leonards (\$580) and Rhodes (\$415), but have been similar to centres such as Macquarie Park (\$360).<sup>11</sup>

There is limited market data on rents for retail floorspace within the Park, with many existing retail uses occupying ground floor office spaces in commercial buildings. The median retail rents for main street retail (i.e. not within shopping centres) in Castle Hill and Baulkham Hills is \$480 per square metre.

### Incentives

The level of incentives offered to tenants in Norwest shifts considerably with market conditions in the Park itself and those in competing commercial office centres. Comparing incentive rates between other centres is often used as a point of negotiation for prospective tenants.

In the current market, which is relatively strong, on a strata property on a 5-year lease an incentive of 3 months of net rent free might be offered. In a tougher market, this incentive might be increased to 5 months free.

Incentives on offer have typically been higher for freehold and larger floorplate properties due to the lower level of demand for that type of building. In the current market, these sit between 17% and 20% of the value of a lease. As an example, for a property with a 7-year lease of \$100,000 annually, a 20% incentive would be equivalent to \$140,000 (as 20% of the total value of the lease). The percentage rate can be realised in different ways, such as through providing the equivalent value in free rent or as a contribution toward an office fit-out or upgrades. In a tougher market, the percentage rate of incentives will increase to attract interest.

### Vacancies

As mentioned above consultation indicated there has been less demand for larger floorplates in the Park in recent times. Some larger buildings have been vacant for six or seven years, and this type of floorspace has typically had a higher rate of vacancy compared to strata properties. Vacancy rates within the Park as of December 2017 are shown below in Table 9, illustrating this gap.

TABLE 9: VACANCY RATES IN NORWEST BUSINESS PARK

Property type	December 2016	December 2017
Strata office	2.63%	4.58%
Large floorplate	7.76%	5.54%
Combined office vacancy	5.05%	5.03%

Source: Norwest Commercial, 2018.

These current overall rates are significantly lower than those seen prior to 2016, which were above 10%. As of December 2017, there was around 13,700 square metres of floorspace available in the Park, with around 6,700 of this in strata, and 7,000 in freehold properties.

### Absorption rate

Over the past 10 years, the Norwest Business Park has an average net absorption rate of 3,071 square metres per quarter. This is equivalent to a take up rate of approximately 12,280 square metres a year.

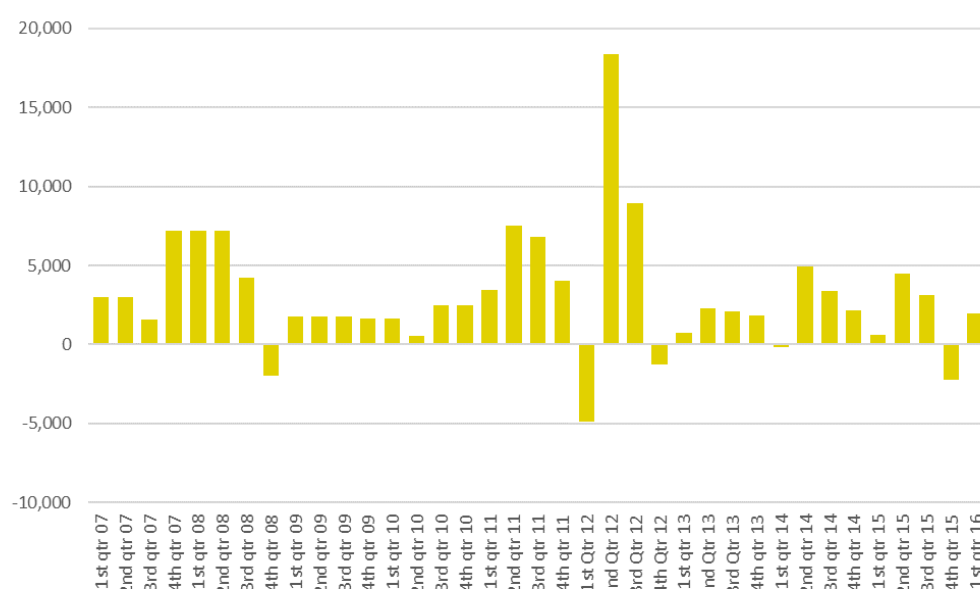
<sup>10</sup> Colliers International, 2018, 'CBD Office Research and Forecast Report – First Half 2018,' [http://www.colliers.com.au/find\\_research/office/cbd\\_office\\_-\\_first\\_half\\_2018/](http://www.colliers.com.au/find_research/office/cbd_office_-_first_half_2018/)

<sup>11</sup> Net face rents from September 2017, Colliers International, 2017, 'Metro Office Research and Forecast Report – Second Half 2017,' [http://www.colliers.com.au/find\\_research/office/metro\\_office\\_-\\_second\\_half\\_2017/](http://www.colliers.com.au/find_research/office/metro_office_-_second_half_2017/)

Figure 9 below shows how the net absorption rate of the Norwest Business Park has varied by quarter over the past 10 years. The impact of the GFC is marked in a lower net absorption rate through the last quarter of 2008 to the end of 2010.

A substantially higher absorption rate is apparent in the second quarter of 2012, as the most recent commercial development in the Park became available to tenants. This suggests that any new commercial development on the station site will contribute to a higher than average absorption rate provided market conditions are positive.

FIGURE 9: NET ABSORPTION RATE OF COMMERCIAL FLOORSPACE (SQM)



Source: Norwest Commercial, 2018.

## 3.2 Future trends and drivers

### Planning proposal activity

#### Norwest Marketown Shopping Centre proposal

One of the more significant recent planning proposals in the area is for the redevelopment of the Norwest Marketown shopping centre, directly opposite the site and Station.

The proposal has sought to rezone the site to allow for a mixed use development with heights of up to 40 storeys, and 1,056 residential units. The project also proposed to include 26,000 square metres of retail space, including supermarkets, and 84,000 square metres for commercial, office and community and leisure facilities. Around 200 serviced apartments were also included in the proposal, covering seven levels and over 10,000 square metres.<sup>12</sup>

This proposal is part of a broader vision for the Park and a series of projects from the developer, to become a “smart city,” providing world-leading innovation, lifestyle and economy. The masterplan for the site around \$3 billion of investment in the development of The Greens, the Circa commercial, retail and retirement precinct, and revitalisation of Bella Vista Farm.<sup>13</sup>

<sup>12</sup> Mulpha Norwest, 2016, ‘Norwest Marketown Shopping Centre Mixed Use Development,’ Planning Proposal, December 2016, [https://apps.thehills.nsw.gov.au/ApplicationTracking/Document/Download?key=mqTZDWd7BB0vybCH-WY8jqG51ZsKogFBjVSgsw\\_n\\_hhG0Sv\\_fYYF0XK1eiD5m192tiGOqj0ESHg5x&pageNo=1&rend=Orig](https://apps.thehills.nsw.gov.au/ApplicationTracking/Document/Download?key=mqTZDWd7BB0vybCH-WY8jqG51ZsKogFBjVSgsw_n_hhG0Sv_fYYF0XK1eiD5m192tiGOqj0ESHg5x&pageNo=1&rend=Orig)

<sup>13</sup> Norwest Business Park, 2018, ‘Futuristic vision for a nation-leading business park revealed,’ <http://norwestbusinesspark.com.au/media/FUTURISTIC-VISION-FOR-A-NATION-LEADING-BUSINESS-PARK-REVEALED/373>

The proposal has been deferred for the time being by the West Central Planning Panel, due to concerns raised around its potential impact on the local area. Both the Panel and The Hills Shire Council identified issues with the proposed building heights and scale of the development being excessive. The proposal was also rejected on the grounds of inadequate information being provided about with regards to impacts on the transport system, detailed urban design, and upgrades to local and state infrastructure.<sup>14</sup>

### Others in the LGA

Across The Hills Shire Council area there have been a number of larger development proposals made in recent years.<sup>15</sup> Many have been proposals for multi-unit residential developments, typically of more than 100 units across several buildings. These proposals have been in the suburbs of Castle Hill, Baulkham Hills, Box Hill, Kellyville, and Rouse Hill.

The residential component of proposals have included a mix of one, two and three bedroom dwellings, with associated underground car parking. Though much of the development activity is focused on residential uses, some proposals have also included space for retail uses, a neighbourhood shop, shop top housing and other business premises.

Other large proposals in the LGA have also included child care centres (Kellyville), and community title dwellings (Box Hill). There have also been proposals to rezone further areas to accommodate higher density dwelling development, including at Castle Hill.

### Likely future trends and drivers

Recent development proposal activity in The Hills LGA has focused significantly on residential complexes, with some accompanying retail and business uses included. This is reflective of the strategic direction for the area to become more activated and mixed use, likely driven by the investment in the Metro but also reflecting prevailing market sentiment focussed on residential development.

This focus on residential uses is likely to continue, though the depth of the market for apartment development might be tested somewhat if the current market cycle weakens. Nevertheless, as the residential population grows (as it will), there will continue to be demand for supporting uses and facilities. This is likely to include population-serving uses such as medical services, as well as retail and entertainment uses that can help to enliven areas and drive a night-time economy. The need for community facilities is also likely to be a driver in future as the area grows.

## 3.3 Office analysis

### Forecast demand for floorspace

To estimate future demand for office floorspace, SGS has calculated a current floorspace to jobs ratio within the Norwest Business Park, and applied this to the forecast employment growth by industry to 2036 (previously shown in Table 3). Jobs in the Retail Trade and Accommodation and Food Services ANZSIC industries have been excluded from this analysis, as shown below in Table 10.

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<sup>14</sup> See

[http://www.planningpanels.nsw.gov.au/DevelopmentandPlanningRegister/tabid/62/ctl/view/mid/424/JRPP\\_ID/3391/language/en-US/Default.aspx](http://www.planningpanels.nsw.gov.au/DevelopmentandPlanningRegister/tabid/62/ctl/view/mid/424/JRPP_ID/3391/language/en-US/Default.aspx)

<sup>15</sup> NSW DPE, 2018, 'Development and Planning Register,'

<http://www.planningpanels.nsw.gov.au/DevelopmentandPlanningRegister/tabid/62/language/en-US/Default.aspx>



TABLE 10: CALCULATION OF OFFICE FLOORSPACE TO JOBS RATIO (SQM)

	2016
Total employment	9,083
Employment minus Retail Trade and Accommodation and Food Services	8,166
Total current floorspace	273,875
<b>Ratio – floorspace per job</b>	<b>33.5</b>

Source: TPA and SGS modelling and Norwest Commercial, 2018.

There is evidence these floorspace to jobs ratios are tightening. Twenty square metres per job has traditionally been used to predict future office floorspace in central Sydney. The higher figure calculated here for Norwest reflects the mix of industrial and office floorspace which has been developed in Norwest in the past. Research by SGS<sup>16</sup> suggests that tech firms in central city locations may be requiring as low as 11 square metres per worker, but in suburban locations and for government tenants a requirement for 18 square metres per worker can be typical. In our view, the ratio at Norwest can be expected to tighten in future, but across the Park there may still be some larger floorspace requirements for the mix of businesses anticipated in the future.

Table 11 below shows the application of modified ratios to the forecast employment to 2036 in the Park. SGS has applied a 15% intensification factor to that currently observed above (resulting in a ratio of 28.5 square metres per job) to estimate an upper limit for floorspace demand, and a lower limit with a 25% intensification factor (a ratio of 25.1 square metres per job). This suggests that there will be demand for between 344,673 square metres and 391,362 square metres of office space in the Park by 2036. This is an increase of between 139,707 and 158,631 between 2016 and 2036.

TABLE 11: FORECAST DEMAND FOR FLOORSPACE TO 2036, NORWEST BUSINESS PARK

	2016	2021	2026	2031	2036	Change 2016-2036
Forecast employment (minus retail/hospitality)	8,166	9,332	10,434	12,250	13,732	5,566
<b>Lower bound forecast</b> (25.1 sqm per job)	204,967	234,233	261,893	307,475	<b>344,673</b>	139,707
<b>Upper bound forecast</b> (28.5 sqm per job)	232,731	265,962	297,369	349,125	<b>391,362</b>	158,631

Source: TPA and SGS modelling, 2018.

Table 12 below estimates upper and lower bound forecasts for office floorspace at the site, under the assumption that it will capture between one quarter and one third of the additional demand within the Park in the period. This suggests that the site could support between 35,000 square metres and 53,000 square metres of office floorspace by 2036. The site's superior positioning, and evidence from patterns of absorption in the past, suggest this is a realistic if optimistic range of floorspace potential.

TABLE 12: FORECAST OFFICE FLOORSPACE DEMAND FOR THE SITE TO 2036

	Lower bound forecast	Upper bound forecast
Assuming 1/4 of floorspace demand	34,927	39,658
Assuming 1/3 of floorspace demand	46,569	52,877

Source: SGS Economic and Planning.

<sup>16</sup> For St Leonards Housing and Economic Feasibility study for Department of Planning and Environment, 2018.

### 3.4 Retail analysis

The demand for retail floorspace is driven by a combination of population and employment expenditure.

#### Retail demand from residents

A primary trade catchment around the Norwest Station was used to determine the potential demand for retail floorspace from residents.

This trade area has been defined considering the local road and public transport networks, existing distribution, strength and appeal of retail centres, and physical barriers. This primary trade area has been defined considering day-to-day retail needs of residents and workers. Higher order needs from a wider and secondary catchment will be met by a redeveloped Market Place and existing higher order retail floorspace in Castle Hill and Rouse Hill.

The primary trade catchment area was shown in Figure 4. The population in this primary trade area is currently 12,150. By 2036, this area is projected to grow by 18,200 to 30,350 people.

Utilising Marketinfo per capita expenditure data by different commodity types (i.e. food and groceries, clothes, white goods etc.), current and future expenditure was calculated for the primary catchment. Table 13 below shows the forecast expenditure growth for population.

TABLE 13: RETAIL FLOORSPACE DEMAND FOR NORWEST'S POPULATION: 2016-2036

	2016	2036	Growth 2016-2036
Supermarket and Grocery Stores	\$45,675,050	\$115,692,747	\$70,017,697
Department Stores	\$7,330,999	\$18,072,529	\$10,741,530
Large Format Retail - Hardware, Building and Garden Supplies Retailing	\$0	\$0	\$0
Large Format Retail - Furniture, Floor Coverings, Houseware and Textile Goods Retailing	\$5,799,067	\$14,965,353	\$9,166,286
Specialty - Food Retailing	\$34,611,802	\$87,845,777	\$53,233,975
Specialty - Household Goods Retailing	\$4,951,022	\$12,776,846	\$7,825,824
Specialty – Clothing and Soft Goods Retailing	\$14,755,486	\$35,701,066	\$20,945,580
Specialty - Other Retailing	\$44,141,151	\$110,759,051	\$66,617,899
Hospitality	\$30,827,703	\$77,194,763	\$46,367,060
<b>TOTAL</b>	<b>\$188,092,281</b>	<b>\$473,008,131</b>	<b>\$284,915,851</b>

Source: SGS Economics and Planning, 2018.

#### Retail demand from employees

The retail demand driven by the forecast growth in employment identified in the previous section, at an estimated daily spend of \$50 per worker,<sup>17</sup> results in \$184 million of expenditure by 2036. It is assumed that this expenditure from workers will be spent equally in Specialty Food Retailing, Specialty Other Retailing (e.g. dry cleaners) and Hospitality.

#### Total demand for retail floorspace

Average retail turnover densities (calculated from various SGS audits and retail centre audits), were applied to the total expenditure forecasts to determine the total amount of retail

<sup>17</sup>

[http://www.colliers.com.au/find\\_research/speciality\\_reports\\_and\\_white\\_papers/colliers\\_radar\\_north\\_sydney\\_retail\\_marc\\_h\\_2017/](http://www.colliers.com.au/find_research/speciality_reports_and_white_papers/colliers_radar_north_sydney_retail_marc_h_2017/)

floorspace demand by store type for the primary trade area. See Appendix 1 for the full breakdown of retail turnover densities.

It is assumed the site could at most meet say 10% of the floorspace demand from this primary catchment area, given the size of the site and the strength of the surrounding centres such as the Norwest Marketown. Nevertheless, for reasonable activation for such a strategic site a reasonable critical mass of retailing in different categories, will be necessary.

It is likely the type of floorspace is likely to be in food retailing, hospitality and other retailing services. Demand for other store types like department stores is likely to be directed into Rouse Hill, Castle Hill, and the bulky goods precinct adjacent to Showground station.

Table 14 below estimates the upper and lower bound retail floorspace demand for the station site. It suggests that a range of 7,000 to 12,000 square metres could be supportable. It should be noted that this is a relatively 'high level' forecast of the site's retail potential, with 'best estimates' of supportable shares of retail floorspace demand emanating from the trade catchment, and the lower end of this range is more realistic for the site.

TABLE 14: RANGE OF SUPPORTABLE RETAIL FLOORSPEC ON THE SITE, 2016-2036

	Growth of floorspace (sqm) 2016-2036 (10% of total for trade area)	Lower bound estimate of share to be accommodated on-site	Lower bound estimate of supportable floorspace on site	Notes
Supermarket and Grocery Stores	697	50%	741	From mid-size IGA to smaller Coles Express type supermarkets, to anchor the activity hub
Specialty - Food Retailing	1,737	30%	1,016	Delis, bakeries, fresh food for resident and worker demand
Specialty - Clothing, Footwear and Personal Accessory Retailing	365	80%	1,016	Hotel lobby, airport style retailing for workers, visitors and residents
Specialty - Other Retailing	1,186	50%	1,027	Services for residents and workers (e.g. hairdressing, travel agent, doctors suites)
Hospitality	4,690	70%	3,283	Destination restaurants and a food hall for travellers and workers
<b>Total floorspace growth</b>	<b>8,675</b>		<b>7,000</b>	

Source: SGS Economics and Planning, 2018.

### 3.5 Other land use analysis

#### Community infrastructure

Social and community infrastructure within the Business Park is relatively limited. This is perhaps unsurprising given its core function to date has been as a business park. The community facilities in and around the Park include:

- Castle Hill Country Club,
- Kellyville Memorial Park sporting complex – catering to football codes, cricket, and baseball,
- Hillsong Church, and
- The green space around Norwest Lake.

An ice skating rink was also until recently in operation within the Park, but was closed pending a mixed use redevelopment. Residents and workers in the Park are also in relatively close proximity to community facilities available in nearby suburbs, including schools and other educational facilities, parks, sporting fields, child care centres, and the Norwest Private Hospital.

Previous analysis undertaken as part of planning for Metro Northwest identified that with expected population growth, there is likely to be a need for additional child care and medical centres in the Norwest precinct, as well as leisure and lifestyle-based facilities such as restaurants and cafes.<sup>18</sup>

This work also identified a significant need for open space in the area. Consultation also identified that improvements to public open space, including walkability and pedestrian connections, would assist in making the area more liveable and attractive to workers. Though the subject site will not be dedicated to open space, it should contribute to improving the accessibility of the Park, and to its existing and future activities, and deliver some public open space in the form of a landscaped plaza area. Recreation services including a gym and even a pool to be available for use by local residents, visitors and workers alike might supplement more typical basic community facilities and 'plaza' style open space.

### Business services

Business services are currently provided by the hotels located in the Park, including meeting rooms and venues for conferences. These include:

- Adina Apartment Hotel – 1 function room, capacity for up to 60 people
- Novotel Sydney Norwest – 7 function spaces, capacity for up to 300 people
- The Hills Lodge Hotel and Spa – 4 function spaces, capacity for up to 200 people, and
- Quest Castle Hill – 1 function room, capacity for up to 24 people.

Current meeting and function spaces largely cater to big groups, such as conferences, rather than smaller uses, such as client or customer meetings, interviews and presentations. Consultation with Norwest Commercial noted that while some businesses have their own meeting spaces, smaller businesses were less likely to have their own dedicated meeting spaces.

Meeting rooms and related facilities provided on the site would in competition with other similar offerings. The site is likely to have an advantage by being located so close to the Station, particularly for businesses who might be meeting with clients travelling from other parts of Sydney and for smaller meeting needs. Smaller meeting rooms might be complemented by a theatrette, printing services, quiet rooms, and work spaces to form a small business 'hub'.

A market analysis has been conducted to understand the market rate for smaller meetings spaces. Due to the scarcity of available data, meeting spaces in Norwest, Rouse Hill, Parramatta, Macquarie Park, Blacktown and Chatswood have been reviewed. Market rates per hour, room capacity and average size of meeting rooms are shown below in Table 15.

TABLE 15: MEETING ROOM SIZES AND RATES

Room capacity	4	6-8	10-12	16	20+
Size (sqm)	11.5	19	27.5	41	52
Hourly rate	\$42	\$56	\$72	\$72	\$90

Source: SGS, 2018.

<sup>18</sup> Elton Consulting, 2014, 'Social Infrastructure Assessment: North West Urban Renewal Program – Final Report,' prepared for Urban Growth NSW, 18 November 2014.

A review of market rates for conferencing facilities in Norwest is shown below in Table 16. Regardless of room size, the standard package for conference rooms in the park is \$70 per person. Catering is not included below, with multiple options at each location.

TABLE 16: CONFERENCE ROOM SIZES AND RATES

Facility	Adina	Novotel – Grand Ballroom	Novotel – Fairhaven/ Heritage	Novotel – Heritage	Novotel – Fairhaven	The Hills Lodge – Estate Room	The Hills Lodge - Library
Size (sqm)	84	300	200	120	60	182	80
Daily rate	\$70 pp	\$69 pp	\$69 pp	\$69 pp	\$69 pp	\$69 pp	\$69 pp

Source: SGS, 2018.

## Accommodation

### Current facilities and demand trends

As identified above, there are a number of hotels located in and around the Park, and these are often used by businesses for their meeting and conference facilities.

Consultation suggests that visitors staying in these hotels are also largely business travellers rather than tourists. However, tour companies often use Norwest as a base for travelling elsewhere, such as bus tours to the Blue Mountains. Conferences put on by the Hillsong Church group also bring people into the precinct, but these visitors will often use accommodation facilities owned by the Church.

Previous analysis conducted for Norwest and Bella Vista as part of planning for sites around the Metro stations suggested that demand for short-stay accommodation would support additional facilities within the Park.<sup>19</sup> The analysis identified that short term accommodation venues in and around the Park have an average occupancy rate of 79.8 percent. Conversely, though at a much broader level, recent market analysis by Colliers found there may be limited growth in the occupancy rates of hotels across Sydney, and the market is forecast to remain flat in the short term.<sup>20</sup>

Notwithstanding this mixed market assessment, though and acknowledging the relatively positive report for the Norwest market (by Macroplan Dimasi), the provision of both accommodation and conference facilities is seen as important to making the Park attractive to larger and nationally-oriented businesses, and supporting greater night-time activity. Locating such facilities close to the Station was identified in the research as important to maximising attractiveness to workers, and because of its centralised location.

### Potential for growth

There is likely to be potential for the accommodation sector to grow in Norwest as it continues to develop and evolve over time. As Norwest's economy diversifies and attracts new types of tenants, its employment structure is likely to become similar to other centres which have a wider mix of employment and a higher proportion of workers in Accommodation and Food Services jobs.

Table 17 below illustrates the estimated share of employment in the industry as of 2016 for Norwest, compared other centres. Norwest currently has a smaller share of these jobs than centres like Parramatta, the CBD, and Chatswood.

<sup>19</sup> MacroPlan Dimasi, 2016, 'Norwest & Bella Vista – Hospitality and short stay accommodation assessment,' March 2016.

<sup>20</sup> Colliers, 2016 'Hotels Research and Forecast Report', November 2016.

TABLE 17: ESTIMATED SHARE OF EMPLOYMENT IN ACCOMMODATION AND FOOD SERVICES, 2016

Centre	% of employment
Norwest	3.7%
Parramatta CBD	4.8%
Sydney CBD	5.8%
Macquarie Park	2.4%
St Leonards	3.8%
Chatswood	6.6%
Canberra CBD	6.3%

Source: SGS, 2018, based on TPA modelling and ABS 2016 Census.

Over time and as Norwest develops further, it would be expected that the share of jobs in Accommodation and Food Services would increase from the current 3.7%, reflecting additional demand and impetus for accommodation related businesses in the area including hotels. Table 18 shows a potential increase of around 400 jobs in the sector in Norwest if it reached the same proportion of jobs Parramatta currently has in Accommodation and Food Services by 2036 (4.8%).

TABLE 18: PROJECTED POTENTIAL EMPLOYMENT IN ACCOMMODATION AND FOOD SERVICES

	2016	2021	2026	2031	2036
Projected employment	9,082	10,348	11,541	13,718	15,383
% of employment in Accommodation and Food Services	3.7%	4.0%	4.3%	4.5%	4.8%
Accommodation and Food Services jobs	336	414	496	617	738

Source: SGS, 2018, based on TPA modelling and ABS 2016 Census.

The previous research undertaken into the accommodation market in Norwest has similarly identified potential for growth in the sector based on the existing number of accommodation rooms and beds per worker. As of 2016, the Norwest, Castle Hill and Bella Vista area had a ratio of around 9.5 rooms per 1,000 workers. This rate was substantially lower than other centres in Sydney, including Parramatta/Westmead (23.4) and Chatswood (24.9), and slightly below North Sydney (11.7) and Macquarie Park (10.9). This suggests that as Norwest evolves as these established centres have done, there will be more need and demand for accommodation.

It was suggested in the previous analysis that there may be additional demand for between 350 and 400 rooms by 2031 across the Norwest area (i.e. including Castle Hill and Bella Vista), given the expected growth in the worker population.

Applying the 9.5 rooms per 1,000 workers ratio to SGS' projected employment in Norwest alone suggests that there may be current demand for up to 86 rooms within the Business Park itself, as shown in Table 19 below. By 2036, assuming that the rate per 1,000 workers remains the same, there would be a need for 146 rooms. However, it would be expected that over time, and as Norwest evolves to have a wider range of employment uses, that this rate may increase. For comparison, Table 19 also shows the potential demand for rooms if the current ratios per 1,000 workers in North Sydney and Parramatta were reached in Norwest in 2036.

TABLE 19: PROJECTED POTENTIAL DEMAND FOR ACCOMMODATION ROOMS

	2016	2021	2026	2031	2036
Projected employment	9,082	10,348	11,541	13,718	15,383
Current rate of rooms per 1,000 workers	9.5	9.5	9.5	9.5	9.5
Potential demand for rooms (at current rate)	86	98	110	130	146
Increased rate of rooms per 1,000 workers – North Sydney rate	9.5	10.1	10.6	11.2	11.7
Potential demand for rooms in Norwest (at North Sydney rate)	86	104	122	153	180
Increased rate of rooms per 1,000 workers – Parramatta/Westmead rate	9.5	13.0	16.5	19.9	23.4
Potential demand for rooms in Norwest (at Parramatta/Westmead rate)	86	134	190	273	360

Source: SGS, 2018, based on TPA modelling and MacroPlan Dimasi, 2016.

The previous analysis concerning Norwest and Bella Vista also identified a gap in current market for associated conference and function facilities. It was suggested that in the short-term, a facility for 140 to 150 rooms could be provided, and potentially conference and function facilities to cater to 300 seats (400-450 standing) over the medium-term.

This could be provided as a stand alone facility or as a streamlined food and beverage offer, rather than as part of a larger hotel or accommodation facility, but would be dependent on market dynamics and preferred business models of eventual operators. It was noted that many suburban hotels have tended to have a limited food and beverage offering as this can be more profitable. Other facilities and services could also be considered for incorporation into future establishments, such as gyms or a publicly accessible pool.

### 3.6 Implications

There is strong demand for office floorspace in the Norwest Business Park. The greatest demand is currently evident for smaller, strata offices. This demand is largely driven by local businesses with local, car dependent workforces.

However, the metro Northwest is expected to be transformative. Increasing the accessibility of the Norwest Business Park will increase the potential to attract larger firms with businesses reaching wider markets in north western Sydney and employees drawn from across northern and western Sydney. Business to business connections including to central Sydney will be enhanced. Interest from institutional investors in developing freehold office properties in the Park, potentially up to 20,000 square metres dependent on leasing pre-commitments, with the right market conditions and the benefit of proximity to the station, was confirmed in consultation for this study. With this future market perspective, the site could provide capacity for larger, prestige businesses seeking a presence in north-western Sydney, and in this case it may attract investment from institutions including major building owners. Shorter term, the strength of the strata market for smaller businesses can be expected to endure, and given modest new supply in recent years, the site is well positioned to meet demand for this type of product.

Within the Park, demand is forecast at between 344,000 square metres and 391,000 square metres of office floorspace to 2036, with perhaps 34,000 square metres to 52,000 square metres supportable on the site (in the order of 2.7 to 4.2 years of supply at historical

absorption rates). To maximise sale and development prospects a floorspace offer on the site towards the lower end of this range (say 40,000 square metres) is suggested. The station site has the potential to accommodate a mix of small strata offices and larger floorplate offerings. The addition of meeting rooms and spaces for hire, as part of a business hub integrated with accommodation, could add value to the site and increase the attractiveness and competitiveness of office floorspace on the station site. The station site could provide for up to 150 short term accommodation or hotel rooms including some serviced apartments, expanding and complementing other hotel accommodation in the Park.

Alongside demand for office floorspace, broad estimates of demand for retail floorspace suggest a range of approximately 7,000 to 12,000 square metres (though more likely at or somewhat below the lower end of this range given the entrenched role and proposed expansion of Norwest Marketown, and the limits of the site for providing effective ground floor retail). This floorspace is likely to include a mix of hospitality, speciality food, some boutique clothing and accessories outlets, and other retail floorspace supported by the day to day needs of workers, such as dry cleaners, hairdressers, pharmacies and newsagencies. There is also potential for the subject site to accommodate a number of business uses that are increasingly occupying ground floor retail space, such as medical centres and dentists. Retail floorspace of 6,000 square metres has been suggested, and this retail and services offering has the potential to activate the station precinct, serve the Park and surrounding residents and diversify the offer of the station site.

Finally, there is also potential for the station site to address some demand for community and other uses on site. This could include provision for facilities such as child care centres, which in turn will contribute to the activation of the site and cater to a growing nearby resident population. The station entries have the opportunity to provide public open space in the form of a plaza, providing spaces for workers, residents and visitors to dwell and activate the site as well. Leisure and recreation facilities, such as a gym and even a swimming pool (likely integrated with hotel accommodation) might also be anticipated in a vibrant town centre location.



## 4. PRECEDENT ANALYSIS

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This chapter includes a precedent or case study review to inform the potential land use mix and character on the site.

### 4.1 Case study review

These case studies provide examples of the potential type of land use mix that may be possible on the Norwest site. The following factors have been considered for identifying appropriate case studies:

- Recent redevelopment and change in built form,
- Mix of land uses, and
- Proximity to office uses and public transport connections.

As there have been very few station sites with large associated land developed in the past two decades, there are few directly comparable case study examples for the Norwest site. The station sites that have been developed in this period, such as Green Square and Mascot on the Airport line, have not delivered good design outcomes or mix of uses.

Nevertheless, the following examples provide lessons for different aspects of the potential development at Norwest:

- The Forum – St Leonards
- Pierside Shopping Centre – Wentworth Point
- NewActon precinct – Canberra
- Lifestyle Working – Brookvale
- 177 Pacific Highway – North Sydney
- Macquarie Park Station

The first two examples have been included as potential precedents for the immediate area surrounding the station. NewActon is a large scale mixed use development, and is not overly comparable but does illustrate the activation that is possible with a mix of activities and good design. Lifestyle Working at Brookvale is an example of an innovative, small suites office development. 177 Pacific Highway is an example of a contemporary, large office development where the prospect of a new station (Victoria Cross on the North West Metro) has been one reason for positive development expectations. The Macquarie Park example has been included to illustrate the type and scale of what could be included on a larger site surrounding a station, comparable to the situation at the Norwest site.

#### The Forum – St Leonards

The Forum, located on the Pacific Highway in St Leonards, was built over St Leonards Station as part of a mixed use development.<sup>21</sup>

#### Mix of uses

The Forum includes ground floor retail as well as commercial spaces. Tenants at the site include a number of large companies including Cisco Systems, NAB and Primary Health Care. The retail component of the Forum includes a small Coles express supermarket, a pharmacy, and medical services, amongst 34 food outlets and retail stores in the plaza adjacent access to

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<sup>21</sup> See <http://clouston.com.au/project/the-forum-plaza/>

the Station. The Crows Nest village, a few hundred metres to the south east, provides the major supermarket, specialty and hospitality offering for the wider trade area.

## Floorspace

Table 20 shows the estimated floorspace by use type at The Forum.

TABLE 20: ESTIMATED FLOORSPACE BY USE, THE FORUM

Type	Estimated floorspace (sqm)
Retail/hospitality	21 Pacific Highway – 2,688 203 Pacific Highway – 518
Office	201 Pacific Highway – 13,841 203 Pacific Highway – 11,737
Accommodation	N/A

Source: Abacus Property, 2018; CBRE and Colliers International, n.d.; The Urban Developer, 2015.<sup>22</sup>

## Supporting uses

The Forum was planned to act as an effective town centre for St Leonards. In addition to its retail and commercial uses, the site includes two residential towers with 782 residential apartments. The Royal North Shore Hospital, Artarmon industrial precinct and TAFE campus are proximate to The Forum and generate additional activity through the precinct.

## Parking and transport

St Leonards Station services the North Shore, Northern and Western rail lines on the Sydney network, and is roughly a 20 minute trip from Central Station. The site also includes a bus interchange, which connects to the CBD and nearby suburban areas.

The Pacific Highway is the major road through the suburb, and as such there is limited on street-parking immediately adjacent to the site. Private underground parking for residents is included in the buildings (262 in 201 and 150 in 203 Pacific Highway respectively), and there are a number of publicly available parking stations in nearby streets.

<sup>22</sup> See <http://www.abacusproperty.com.au/201-pacific-highway>; [http://www.youvu.com.au/pdf/701\\_youvu-203-pacific-hwy-st-leonards-nsw-2065.pdf](http://www.youvu.com.au/pdf/701_youvu-203-pacific-hwy-st-leonards-nsw-2065.pdf); <https://theurbandeveloper.com/articles/203-pacific-highway-st-leonards>

FIGURE 10: THE FORUM PLAZA AT ST LEONARDS



Source: Clouston Associates, 2017.

### Implications for Norwest

- Similar context to Norwest with its proximity to the rail station.
- Public open space integrated with the station entry.
- Illustrates that the accessibility of the site from the Station could support this type of retail offer, based on the every day needs of workers e.g. a smaller supermarket outlet with other hospitality and retail stores.

### Pierside Shopping Centre – Wentworth Point

The Pierside shopping centre is located on Burroway Road in Wentworth Point, overlooking the Parramatta River and the Sydney Olympic Park ferry stop.<sup>23</sup>

#### Mix of uses

The project was developed by PAYCE, as a mixed use development of three 8-storey residential buildings with ground floor retail space. The project was intended to appeal to a wide range of retail uses, and create a 'people place' with open air courtyards and a strategic mix of tenants.

The centre is anchored by an IGA supermarket. Other retailers and services occupying the 12 units within the centre include a pharmacy, beauty salon, medical centre, dentist, and hairdresser, as well as a number of small cafés and eateries.

#### Floorspace

Table 21 below shows the estimated floorspace included in the Pierside shopping centre by type.

<sup>23</sup> See <https://www.pierside.com.au/>

TABLE 21: ESTIMATED FLOORSPEACE BY USE, PIERSIDE SHOPPING CENTRE

Type	Estimated floorspace (sqm)
Retail/hospitality	3,241 (including 1,761 for supermarket)
Office	N/A
Accommodation	N/A
Child care centre	520 indoor 265 outdoor

Source: Iconic Management Pty Ltd., 2014.<sup>24</sup>

### Supporting uses

The development included 256 apartments (58 one-bedroom, 179 two-bedroom, and 19 three-bedroom). The centre now has a direct 500 metre pedestrian, cycle and bus connection to the major Rhodes shopping centre (via the new Bennelong Bridge) and its large floorplate offices.

### Parking and transport

As well as the ferry access, the centre also has bus stops connecting to Parramatta and the CBD, and is 5 minutes by bus from Rhodes Station. Around 100 car spaces are provided for retail users of the building, from a total of 400, with some street parking also in nearby areas.

FIGURE 11: PIERSIDE SHOPPING CENTRE, OCTOBER 2017



Source: Google, 2017.<sup>25</sup>

### Implications for Norwest

- Illustrates that the presence of a relatively small supermarket can be used to anchor other retail and hospitality businesses. Though any small supermarket at the Norwest site would be in close proximity to competing stores within the Marketown development, as is the case in many other existing shopping centres, smaller outlets

<sup>24</sup> Environmental Impact Statement, Appendix C1 – GFA,  
[http://majorprojects.planning.nsw.gov.au/index.pl?action=view\\_job&job\\_id=6387](http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=6387)

<sup>25</sup> Image captured [October 2017](#).

(e.g. Aldi stores) will often co-exist nearby or even alongside full-line supermarkets with larger floor areas.

- Example of the co-location of community uses and non-traditional services such as dentists alongside retail.

### NewActon precinct – Canberra

The NewActon precinct is located in central Canberra, adjacent to the city's CBD and the Australian National University.<sup>26</sup>

#### Mix of uses

NewActon was developed by the Molonglo Group, and has emerged as a cultural precinct based around the mixed use Nishi building. This building has been the recipient of numerous design awards including International Project of the Year at the 2015 Building Awards, and houses a boutique hotel (Hotel Hotel), a Palace Electric cinema, and commercial and Federal Government offices overlooking Lake Burley Griffin. The building was also designed with a focus on sustainability.

The wider precinct includes a number of cafés and restaurants, artisanal bakeries, bars, the Peppers Gallery Hotel, a theaterette, and a community garden. Retail uses in the precinct include bike hire shops, day spas, salons, galleries, and a small grocery store. A number of festivals and events are run in the precinct and throughout its venues, including art exhibitions, street installations and workshops.

#### Floorspace

Table 22 shows the estimated floorspace of the buildings in the precinct.

TABLE 22: ESTIMATED FLOORSPEACE BY USE, NEWACTON PRECINCT

Type	Estimated floorspace (sqm)
Retail/hospitality and office	Nishi – 21,700 commercial NewActon South – 650 mixed use NewActon East – 7,198 mixed use, including 4 floors of office
Accommodation	Nishi – 68 rooms Peppers Gallery – 80 rooms

Source: Molonglo Group, 2018.<sup>27</sup>

#### Supporting uses

The precinct is supported by a residential population across three buildings, in addition to the daytime workforce. The Nishi building includes 235 apartments, NewActon East includes 32 apartments, and NewActon South includes 189 apartments. There are also many residential buildings in the blocks surrounding the precinct. NewActon is adjacent to the Australian National University, Federal Government offices, and some higher density residential development.

#### Parking and transport

Resident and visitor parking is incorporated into each of the buildings in the precinct (266 at Nishi, 235 at NewActon East), as well as some on-street parking around the perimeter of the precinct and adjacent to the Nishi building. There are no bus stops within the precinct, though it is within walking distance to stops on London Circuit and in neighbouring streets, and is around a 15 minute walk from the main city bus station, which has connections across Canberra.

<sup>26</sup> See <http://newacton.com.au/>

<sup>27</sup> See <http://molonglogroup.com.au/>



FIGURE 12: MAP OF NEWACTON PRECINCT



Source: Newacton.com.au.<sup>28</sup>

### Implications for Norwest

- Provides a good example of the integration of boutique accommodation (with associated meeting rooms and conference facilities) within a larger precinct incorporating commercial office space.
- Also an example of a boutique retail and hospitality offering in a development which has focused on the quality and amenity of that offering as well as on the public domain around it.
- Significant demand for this significant retail and ancillary floorspace from on-site and integrated residential which won't be replicated at Norwest, though nearby residential growth is anticipated.

## Lifestyle Working – Brookvale

### Mix of uses

The Lifestyle Working building is adjacent to the Warringah Mall in Brookvale, and covers three storeys and a mezzanine level.<sup>29</sup>

The building has been designed as a strata complex, with a focus on sustainability principles. A key feature is also a focus on providing different types of circulation and meeting spaces to enliven and create activity between different parts of the building. The building is targeting businesses that care about 'work-life balance,' offering creative and collaborative working spaces that can cater to both large and small organisations.

The building attracts a wide range of tenants. Occupants include consulting rooms for medical specialists, wholesalers, finance and accounting firms, IT firms, and specialist media services.

The building includes a 25 metre swimming pool, health club, and underground parking (404 spaces), as well as a café/restaurant at the ground level.

<sup>28</sup> See <http://newacton.com.au/wp-content/uploads/2016/01/NewActon-Map-Final.pdf>

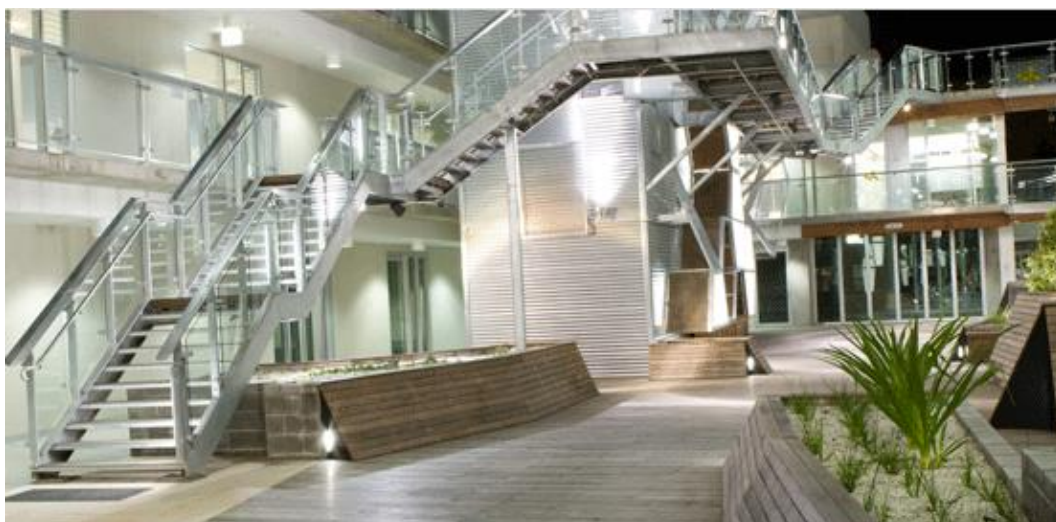
<sup>29</sup> See <http://www.lifestyleworking.com.au/brookvale/overview.html>

## Floorspace

Units in the building range from around 45 up to 150 square metres, with a total lettable area of around 13,600 square metres. The vast majority of these units have been leased.

The median sales value at the time of writing is \$7,869 per square metre. The median rent per square metre is \$555 per annum.

FIGURE 13: COMMUNAL INTERIOR SPACE IN LIFESTYLE WORKING BROOKVALE BUILDING



Source: Stable Properties, 2018.<sup>30</sup>

## Supporting uses

The development is a standalone strata office building. The site is within the semi-industrial Brookvale precinct. The site is also proximate to a TAFE campus, Warringah Mall and a wide variety of industrial and commercial businesses across the precinct. The precinct does not include residential development.

## Parking and transport

The development provides secure underground parking for tenants and visitors. The site is within walking distance of bus stops along Pittwater Road, connecting the development with the Northern Beaches, lower North Shore, and CBD.

## Implications for Norwest

- Serves as an example of a high quality office building developed close to a retail centre.
- Given the size of the site and demand for strata spaces at Norwest, a smaller boutique form of office building such as this, offering strata suites, may be feasible.
- Investing in high quality design and comfort features like this could attract clients/investors from parts of Sydney that might not typically consider Norwest as a destination, particularly when coupled with the accessibility provided by the Station.

## 177 Pacific Highway – North Sydney

### Mix of uses

177 Pacific Highway is a new 30 storey commercial office tower in the North Sydney CBD. The tower contains 40,000 square metres of office floorspace and is designed to accommodate approximately 3,000 office workers. The building includes a statement entry foyer with a 13 metre ceiling height and windows, creating a sense of address and arrival. The ground floor

<sup>30</sup> See <http://www.lifestyleworking.com.au/brookvale/image-gallery.html>

contains hospitality uses to cater to a range a food needs, with a restaurant, lobby café and takeaway food outlet within the building.

FIGURE 14: ENTRY FOYER OF 177 PACIFIC HIGHWAY



Source: 177 Pacific, 2015.<sup>31</sup>

### Floorspace

The building includes office floorplates on single storeys ranging from 1,198 square metres to 1,565 square metres. There is the option for tenants to occupy multiple floors with flexible configurations to enable access between floors.

The building offers A grade office floorspace, capitalising on low vacancies and high demand for this floorspace type in North Sydney. The anchor tenant, Vodafone, occupies one quarter of the building. Other major tenants include Jacobs (occupying 6,872 square metres), CBRE (occupying 1,498 square metres) and Leighton Group, who also acted as developer and builder for the project. Initially, Leighton Group underwrote the project by taking a head lease on three quarters of the floorspace before selling the building on to Suntec Real Estate Investment Trust.

### Supporting uses

The building offers some amenities within the building, including a concierge service, hospitality food options, security and showers. The building is located in the North Sydney CBD and has access to a wide range of retail, hospitality, fitness and entertainment options within a 5 minute walk of the site.

The building is also proximate to approximately 800,000 square metres of office floorspace in the North Sydney CBD, providing economics of scale and the potential for business to business connections within walking distance.

### Parking and transport

The building contains 4 levels of basement carparking with 111 spaces. This is an approximate parking rate of 1 space per 360 square metres of floorspace. The site is also proximate to

<sup>31</sup> See <http://177pacific.com.au/>



major road infrastructure, including the Pacific Highway, Warringah Freeway and the Sydney Harbour Bridge.

The building is a five minute walk to North Sydney station. The building is also within 100 metres of the future Victoria Cross station southern entrance. Proximity to the new metro station is a major selling point in the marketing material for the building.

### **Implications for Norwest**

- A sense of address and arrival in a commercial office building provides a point of difference in the office market, and is not currently a feature of many office buildings in the Park.
- Significant pre-commitments and risk have been mitigated in this development as the developer and builder is also a major occupant of the building.
- Provision of A grade floorspace in an underserved area has proven successful, however the established nature of North Sydney as a CBD and its proximity to the Sydney CBD should be acknowledged.
- Investing in a high quality building for freehold sale (to an institutional investor) proximate to the metro station could attract tenants/investors from parts of Sydney that might not typically consider Norwest as a destination.

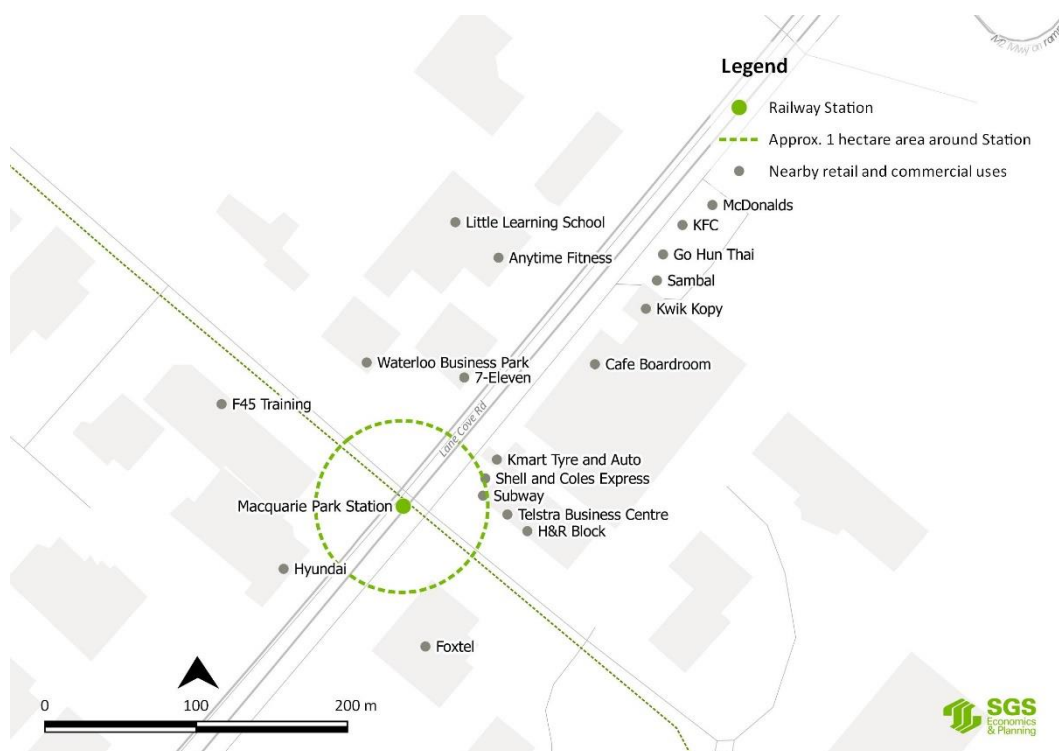
### **Macquarie Park Station**

The Macquarie Park Station opened in 2009, as part of the Epping to Chatswood rail link. The Station is, like Norwest, located within what has historically been a business park setting, dominated by office uses, and with similar issues around a lack of liveliness and activity, particularly after hours.

### **Mix of uses**

While Macquarie Park broadly is still dominated by office uses, the immediate vicinity of the Station includes a number of different retail and commercial uses. As illustrated below in Figure 15, these include a Coles Express and 7-eleven petrol stations and convenience stores, and food outlets such as a Subway. A range of other food outlets, small cafes and restaurants are also within walking distance of the Station, as well as services such as gyms and child care centres. The area around the Station is also home to a number of large company headquarters in larger office buildings, including those of Hyundai and Foxtel, in addition to low rise commercial buildings housing business services.

FIGURE 15: MIX OF USES AROUND MACQUARIE PARK STATION



Source: SGS Economics and Planning, 2018.

New commercial development proposals in recent years have included a number of larger projects. One of these is the 117,000 square metres of office space on a 3.2 hectare site at 45-61 Waterloo Road in close proximity to the Station, with 25,000 square metres of this to be leased by the NSW Government.<sup>32</sup> Another 83,368 square metres of GFA across several buildings is planned for a site adjacent to the Station, at the Macquarie Park Commerce Centre.<sup>33</sup> Another is Stockland's technology hub, to include 16,500 square metres of office, retail and co-working space across 10 floors, with 1,750 square metre floorplates.<sup>34</sup>

Other commercial developments within Macquarie Park but further away from the Station in recent years has included large developments such as the Optus Centre. Housing the company's headquarters, the Centre was developed as an integrated campus, comprising 6 buildings over an 8 hectare site, with a total NLA of around 84,000 square metres and 2,100 parking spaces.<sup>35</sup>

Developments in the pipeline in Macquarie Park include many new predominantly residential buildings, ranging from around 200 to over 1,000 units, with a number of these incorporating commercial and retail uses. Upcoming development activity is also expected to include a number of new commercial office, retail, child care and serviced apartment buildings as well as hotels. Planned commercial buildings range from two up to 12 storeys, with the hotels and serviced apartments up to 27 storeys.<sup>36</sup>

<sup>32</sup> Wilmot, 2017, 'John Holland to build \$170m Macquarie Park commercial hub,' 17 August,

<https://www.realcommercial.com.au/news/john-holland-to-build-170m-macquarie-park-commercial-hub>

<sup>33</sup> Winten Property Group, 2018, 'Macquarie Park Commerce Centre,' <http://www.winten.com.au/commercial/macquarie-park/>

<sup>34</sup> Cummins, 2018, 'Stockland launches \$500m new hub at Macquarie Park,' *Sydney Morning Herald*, 21 February, <https://www.smh.com.au/business/companies/stockland-launches-500m-new-hub-at-macquarie-park-20180220-p4z0zn.html>

<sup>35</sup> Stockland, 201

<sup>36</sup> Cordell Connect, 2018.

### Implications for Norwest

- The Macquarie Park Station is in a similar setting to Norwest – that is, a traditional business park, dominated by office uses, with a lack of activity and vibrancy being traditional critiques.
- Despite the dominance of the business park setting, retail and business services uses have survived in close proximity to the Station.
- A number of very large commercial buildings have located close to the Station over time, with more proposed. Developments at this scale are probably not supportable at this stage or even in the near future at Macquarie Park.

## 4.2 Land use mix lessons from the case studies

The case studies reviewed above provide a variety of examples to inform the development of the station site at Norwest. The case studies highlight that a relatively small retail and hospitality offering can be successful where there is significant pedestrian traffic and activity related to a train station. The co-location of retail, hospitality, and short term accommodation could provide an opportunity for the station site to support a mix of uses, activate the Station, and generate income from diverse sources. In the Norwest case a small boutique hotel would also provide a different form of short term accommodation to the existing offering in the Business Park and a point of difference.

Beyond the immediate station precinct, the Macquarie Park, North Sydney and St Leonards examples show that rail stations can be a catalyst for or support major office buildings. In a variety of contexts the case study analysis have highlighted that mixed use commercial developments (e.g. St Leonards, Brookvale) can be successful when targeting smaller firms and providing a mix of floorplate sizes. The case studies highlight that both stand-alone office developments and mixed use buildings, with ground floor retail linked to public transport, can be successful. The provision of a variety of floorspace sizes provides the opportunity to access different markets, recognising that in both the market analysis and case studies that smaller offices (i.e. below 150 square metres) make up the majority of current stock and demand at Norwest.

The case studies also highlight the importance of a high quality built form as a competitive advantage of a development and a differentiator for office tenants. The quality of the building, its amenities, and the amenities of the surrounding sites can act as significant attractors for businesses. The station site is well situated with surrounding amenities and can build on these advantages with high quality buildings and public domain.

## 5. SUMMARY OF RECOMMENDATIONS

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This chapter summarises the recommended uses and floorspace for the site, based on the quantitative and qualitative analysis provided above.

### 5.1 Recommended uses and floorspace for the site

Table 23 overleaf shows the recommended land use mix and range of potential floorspace for the station site. The station site is envisaged as an activity hub, generating trips into Norwest and supporting a range of uses to activate the train station. The mix of uses are intended to support the strategic role of the Norwest Business Park and facilitate the transition of the precinct from a car dependent business park to a transit-oriented employment centre. Nevertheless, commercial and market imperatives for the sale and development of the site highlighted by Landcom mean that strategic aspirations need to be moderated. For this reason, the suggested office floorspace is in the lower to mid-range of potential site prospects identified in the forecasts earlier in the report.

In combination the proposed use mix for consideration in design options includes floorspace of around 55,000 square metres in total, that is:

- 40,000 square metres of office floorspace, and while the market will determine the configuration this could include:
  - two 12,500 square metre office buildings with a range of strata office suites,
  - one 10-15,000 square metre office building with 1,500-2,000 square metre floorplates, incorporating up to 2,000 square metres of dining focussed retail.
- An 11,000 square metre accommodation complex, with leisure space and swimming pool, seminar and meeting spaces and supporting services to form a 'business hub', plus up to 4,000 square metres of ground and first floor 'town centre' retail space, closest to the station entrance and exits.

A landscaped public plaza area should complement the more intense 'urban' feel of the town centre hub focussed on the station.

These use mix recommendations for the site are subject to design testing. The values shown in the table are subject to feasibility testing and are likely to be refined further as Landcom progresses the development of the site.

TABLE 23: LAND USE MIX FOR THE STATION SITE

Land use	Floorspace	Characteristics	Precedent	Market rates
Commercial office	The analysis suggests the site could support or host between 34,000 and - 52,000 square metres of office floorspace. Up to 40,000 sqm is proposed.	<p>The market will ultimately dictate the configuration of the suggested floorspace but the market analysis indicates the following may be possible.</p> <p>3 buildings to respond to existing market demands but also to attract new investors to the Park, in recognition of its changed circumstances.</p> <ul style="list-style-type: none"> <li>Two strata office buildings both of say 12,500 sqm for smaller office tenants, building on the existing profile of the Park and shorter term market demands.</li> <li>One freehold building with say 10-15,000 sqm office floorspace with large floorplates (1,500-2,00 sqm) for institutional investors and large tenants attracted to Norwest by improved public transport access.</li> </ul> <p>Buildings should aim to provide A grade office floorspace to address a gap in the market. The provision of amenities on site (integrating the uses suggested below) and high quality communal breakout spaces would also serve to differentiate the station site's offer.</p>	<p>Lifestyle Working Precinct for smaller strata developments– Brookvale</p> <p>177 Pacific Highway, North Sydney / recent Macquarie Park office developments for freehold building</p>	<p>Existing market rents per square metre in the Norwest Business Park:</p> <ul style="list-style-type: none"> <li>Less than 80 sqm - \$379</li> <li>80-120 sqm - \$337</li> <li>120-350 sqm - \$297</li> </ul> <p>Existing sales rates per square metre:</p> <ul style="list-style-type: none"> <li>Less than 80 sqm - \$7,932</li> <li>81-120 sqm - \$6,632</li> <li>121-200 sqm - \$5,671</li> <li>201 sqm+ - \$5,594</li> </ul> <p>Adopt higher rents say \$380-450 per sqm <b>on average</b> (\$2018) for future premium development.</p>
Retail	Up to 6,000 sqm which is just below the lower end of the range identified in the analysis recognising the physical limitations and size of the site and how much retailing might realistically have a desirable ground floor orientation,	<p>The station site should accommodate a range of retailing to activate the centre, for example:</p> <ul style="list-style-type: none"> <li>Small supermarket, to anchor the activity hub (e.g. 1,000 sqm)</li> <li>Delis, bakeries, fresh food for resident and worker demand (e.g. 1,000sqm)</li> <li>Services for residents and workers (e.g. hairdressing, travel agent, doctors suites) (e.g. 1,000 sqm)</li> <li>Speciality shopping and hotel lobby, 'airport style' retailing for workers, visitors and residents (e.g. 1,000 sqm)</li> <li>Destination restaurants and a food hall for travellers and workers (2,000 sqm)</li> </ul> <p>The retailing should be arranged to ensure that residents from surrounding areas enjoy maximum access and exposure to day to day and convenience retailing. Dining and food could relate to open space and plaza areas though larger restaurants might be incorporated into hotel/office building lobbies. Specialty shopping might be in an arcade or 'lobby' area. Services (medical, dental etc) might be at first floor or in shop top configurations)</p> <p>The Norwest Marketown should remain the major retail centre of the Park.</p>	Pierside Shopping Centre, Wentworth Point The Forum, St Leonards NewActon, Canberra	<p>Existing market rates per square metre <b>on average</b> (\$2018) for main street retail rates in Castle Hill and Baulkham Hills:</p> <ul style="list-style-type: none"> <li>\$480</li> </ul>
Accommodation	Approximately 11,000 square metres for a 150 room hotel, including a business services hub (see below).	<p>A 140 to 150 bed short term accommodation complex could be accommodated on the site. Proximity to the station and the central location within the business park are key factors. Short term accommodation also has the potential to attract tour groups.</p> <p>Short term accommodation should either take the form of serviced apartments (the most common accommodation floorspace in the Park) or a boutique hotel providing a higher-end accommodation option (or a hybrid of these accommodation types). A ground floor, publicly accessible pool and gym or small leisure centre could be incorporated into this facility.</p>	NewActon, Canberra Adina Apartments, Norwest	<p>Existing market rate per room per night <b>on average</b>:</p> <ul style="list-style-type: none"> <li>\$180 (2018\$)</li> </ul> <p>Existing occupancy rate of 79.8%.</p>

Land use	Floorspace	Characteristics	Precedent	Market rates
Business services hub	<p>Up to 2,000 square metres incorporated into the short term accommodation complex.</p> <p>This would include a range of meeting rooms of different sizes and circulation space (a small theatre might be included). Additional floorspace would be required if located within a co-working space.</p>	<p>A meeting / business hub facility should be included on the site to capitalise on the proximity to the station for business to business connections and enabling small to medium sized businesses in the Park to access high quality meeting facilities.</p> <p>These meeting spaces may be located within a co-working/hot desking business. This facility will likely form part of the hotel/accommodation building.</p>	NewActon, Canberra Space & Co., Rouse Hill	<p>Existing market rates for meeting rooms per hour:</p> <ul style="list-style-type: none"> <li>4 people - \$42</li> <li>6-8 people- \$56</li> <li>10-16 people - \$72</li> <li>20+ - \$90</li> </ul> <p>While hard to estimate or find data for, a working assumption could be that meeting spaces would have a 20% occupancy or utilisation rate and that a typical room for 10-12 people would be 25 sqm. This suggests 'rent' of around \$1000 per sqm per year.</p>
Open space	As per Place Design Framework	Public open space will form a central component of the station site, providing thoroughfares for pedestrians, easy access to the station, and active community spaces for residents, workers and visitors. Open space should take the form of a plaza as per the Place Design Framework. Where possible, active office and some of the retail floorspace should be adjacent to the public open space.	The Forum, St Leonards Martin Place	N/A

# APPENDIX 1 – RETAIL MODELLING RESULTS

Table 24 below shows the retail turnover densities matrix by commodity and store type used to translate the expenditure forecasts for the primary trade area.

TABLE 24: RETAIL TURNOVER DENSITIES BY STORE TYPE AND COMMODITY TYPE (\$/SQM)

Store Type Commodity Type	Food Groceries	Tobacco Bottle shops	Restaurants Cafes Takeaway	Clothing Shoes	Personal	Furniture Whitegoods Manchester	Electronic	Hardware Gardening	Newsagent Lotto
Supermarket and Grocery Stores	\$10,600	\$20,100	\$0	\$5,800	\$0	\$0	\$0	\$0	\$0
Department Stores	\$0	\$0	\$0	\$1,500	\$3,000	\$2,600	\$3,400	\$0	\$0
Large Format Retail - Hardware, Building and Garden Supplies Retailing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Large Format Retail - Furniture, Floor Coverings, Houseware and Textile Goods Retailing	\$0	\$0	\$0	\$0	\$0	\$3,200	\$4,100	\$2,200	\$0
Large Format Retail - Electrical and Electronic Goods Retailing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Specialty - Food Retailing	\$10,000	\$10,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Specialty - Household Goods Retailing	\$0	\$0	\$0	\$0	\$0	\$2,700	\$3,500	\$1,900	\$0
Specialty - Clothing, Footwear and Personal Accessory Retailing	\$0	\$0	\$0	\$3,800	\$7,500	\$0	\$0	\$0	\$0
Specialty - Other Retailing	\$0	\$0	\$0	\$5,200	\$10,300	\$9,100	\$11,800	\$6,500	\$14,600
Hospitality	\$0	\$0	\$6,400	\$0	\$0	\$0	\$0	\$0	\$0

Source: SGS Economics and Planning, 2018.



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