

# 'Last mile' Homebush industrial precinct let for 99 years

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Sydney Olympic Park Authority let a 25,637sqm site in Homebush West for 99 years to local developers Trumen and Norman Property Partners.

Located in Sydney's "last mile" industrial precinct at 201 Parramatta Road, Homebush West, and directly opposite the Sydney Markets, the site was rented at between \$40-\$50 per square metre of net usable land.

The Homebush West site has been let to local developers Trumen and Norman Property Partners for 99 years.



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Joint venture partners Trumen and Norman Property plan to start developing the Homebush Logistics Centre site by the third quarter of the year and aim to complete it by the second quarter of 2021.

The deal was negotiated by CBRE's lead agent Michael O'Neill and was finalised on March 26, against the backdrop of COVID-19.

Norman Property Partners founder Sam Brewer said it would cost \$30 million to develop the site, which will include corporate offices and high clearance warehousing.

Mr Brewer said the group would have preferred to buy the site outright, but the deal was only offered as a leasehold.

"We've never done a 99-year ground lease before, so it took us a little while to get our heads around it. But the more we looked at it, we realised it's really no different to a freehold, we just need to pay an annual rent to the government," he said.

"The beauty of the leasehold is that we don't have to write a huge equity cheque upfront."

Mr Brewer said the buyers were confident they will achieve a healthy margin once the development was completed and rented out.

"We're currently seeking pre-leases from \$170 per sq m of net usable space for a tenant who leases the whole 11,000 sq m in one line," he said.

"We're talking to a number of potential tenants to pre-commit this space. Majority of them were in food-related businesses and those involved in online delivery.

"We're expecting the site to be fully pre-committed by the end of this financial year based on current interest."

Mr O'Neill said the site's location and size were its biggest selling points.

"It's a large holding in the geographic centre of Sydney that's surrounded by arterial roads," he said.

"It's directly opposite Sydney Markets and has clear access to the M4 and Parramatta Road, which makes the site ideal for online and food-related users."

Mr O'Neill said several occupiers in the area had experienced a 100 per cent increase in online demand since mid-March.

"The impact of the COVID-19 has been widespread, but Sydney's central west remains active on the back of the surge in online shopping and, more specifically, food-related demand," he said.

"Some of this activity has been driven by consumer panic buying, but we expect demand for online delivery to continue in the current environment and, if the consumer experience is positive, we expect it will only drive quicker adoption rates in the medium term."

Trumen and Norman Property Partners have completed eight projects together during the last two years including a self-storage facility in Forestville and strata industrial warehouses.