

RWC

WESTERN **S**YDNEY INSIGHTS

Western Sydney Industrial

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Executive Summary

Western Sydney's industrial market enters 2Q 2026 in a more cautious position than this time last year. The recovery that built through 2025, supported by interest rate reductions and renewed investor confidence, has been interrupted by consecutive rate increases in early 2026, rising fuel costs flowing through to construction materials and transport, and a broader deterioration in economic sentiment.

DECISION-MAKING

Decision-making has slowed in investment, development, and leasing, with more uncertainty than since 2023-2024. Still, the region's fundamentals remain strong. Western Sydney has 6,799 hectares of undeveloped employment land—95% of Greater Sydney—and a development pipeline of 154 projects covering nearly 5 million sqm in the Outer West. The Western Sydney International Airport is on schedule to open in October 2026, with airline commitments and freight operations, acting as a medium-term catalyst for the South West and Outer West particular.

TRANSACTION VOLUMES

Transaction volumes hit \$4.6 billion over four quarters through March 2026, with Western Sydney holding 73.6% of Sydney industrial sales. Cross-border capital made up 38.9% of acquisitions in 24 months, involving offshore groups from North America, South Korea, Malaysia, and Japan alongside domestic investors. Early 2026 data is preliminary, but the market tone has shifted; due diligence durations lengthen, spreads widen, and some 2025 transactions are on hold.

TOTAL RETURNS

Total returns of 9.5% in the Outer West and 7.8% in the Central West through December 2025 reflected a market in recovery mode. The income

return component, at 4.1-4.2%, has remained consistent throughout the cycle. Capital growth, which turned positive through 2025, is now under pressure as financing costs rise and valuation uncertainty increases. Industrial is likely to outperform office and retail on a total return basis and will remain the most defensive of the major commercial asset classes through the current period of economic difficulty.

NET FACE RENTS

Net face rents are flat across all four precincts, with prime rents ranging from \$182/sqm in the North West to \$230/sqm in the Inner Central West. Landlords are absorbing tenant requirements through incentives rather than face rent reductions. Rising fuel and operating costs are constraining occupier capacity to pay higher rents, particularly for logistics and manufacturing businesses where energy and transport costs are significant overheads. Rental growth is unlikely to resume until operating cost pressures ease and broader economic conditions stabilise.

LAND VALUES

Land values have recorded negligible movement over the past year across all precincts, with flat values reflecting both limited transaction activity and difficult development economics. The serviceability gap exposed by the ELDM 2025 data adds a further layer of complexity, with wastewater connection available to just

16% of the Outer West's undeveloped land and 8% of the South West's. Until infrastructure delivery closes that gap, the volume of zoned land significantly overstates what is genuinely available for near-term development.

INVESTMENT YIELDS

Investment yields have softened to an average of 5.20% across all four precincts, with ranges widening as the gap between prime and secondary assets grows. The quality divide is increasingly pronounced, with institutional and offshore capital concentrating on assets with strong covenants, ESG credentials and long weighted average lease expiry, while secondary stock faces greater yield pressure.

If you'd like to discuss this report in more detail, we would be delighted to engage in a conversation with you.

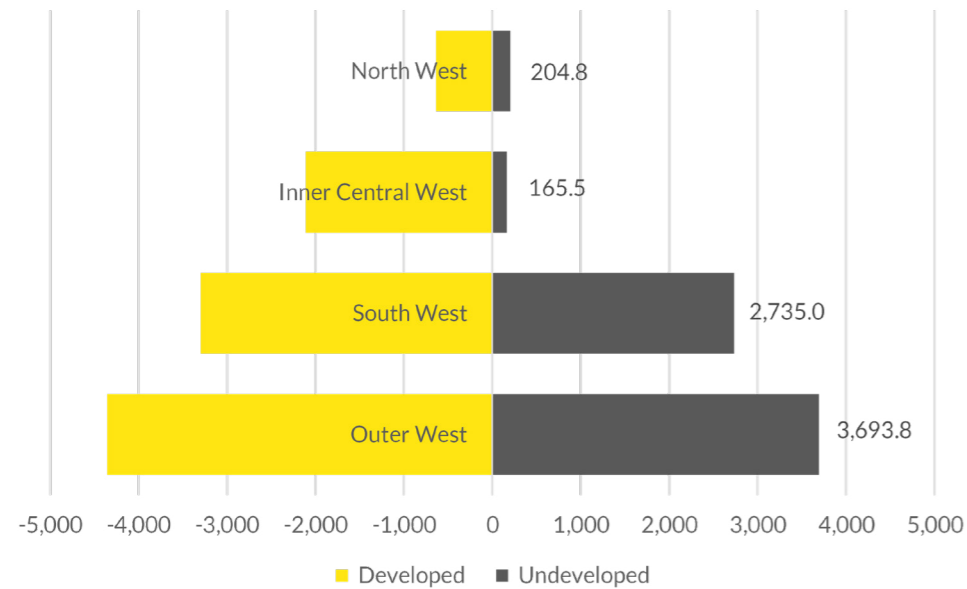


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Western Sydney Holds 95% Of Greater Sydney's *Undeveloped* Employment Land

ZONED EMPLOYMENT LAND, HA
BY REGIONS



SOURCE: NSW DEPT OF PLANNING & ENVIRONMENT, RWCWS *2025

The latest NSW Employment Lands Development Monitor (December 2025) confirms Western Sydney's commanding position in Sydney's industrial land supply, with 6,799 hectares of undeveloped employment land across its four precincts, representing 95% of Greater Sydney's total 7,166 hectares.

Employment land take-up across Greater Sydney reached 194 ha in 2024, which was 15% below 2023 but still 20% above the long-term average, with 64% of newly developed land concentrated in Western Sydney. Penrith, Blacktown, Fairfield, and Liverpool LGAs alone accounted for 86% of all take-up.

LAND HOLDINGS BY PRECINCT

OUTER WEST

3,693.8 HA

UNDERDEVELOPED LAND BY PRECINCT

INNER CENTRAL WEST

165.5 HA

UNDERDEVELOPED

SOUTH WEST

2,735.0 HA

UNDERDEVELOPED

across in Liverpool, Camden and Wollondilly LGAs

NORTH WEST

204.8 HA

UNDERDEVELOPED

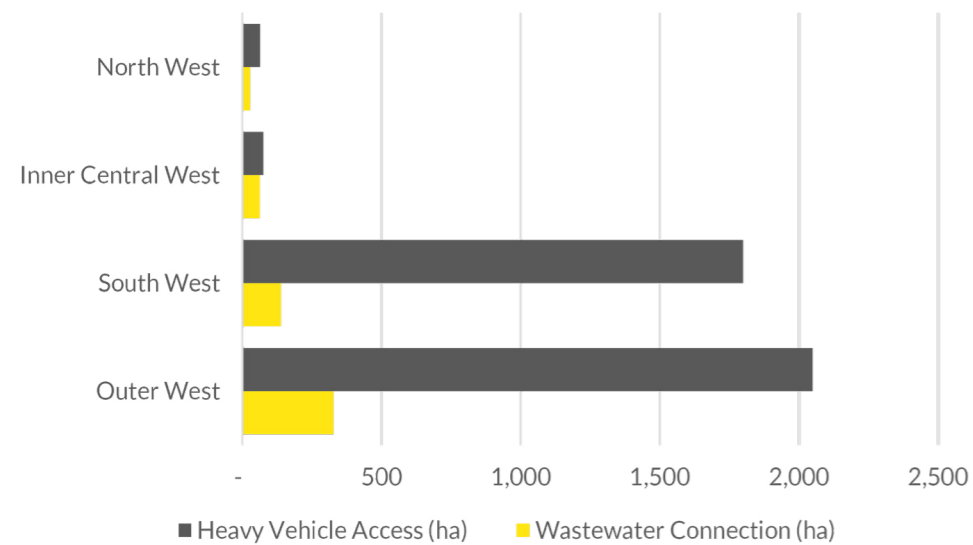
The sheer scale of undeveloped land in the Outer and South West precincts underscores the region's long-term supply potential. However, with construction activity softening in early 2026 amid rising costs and economic uncertainty, the pace at which this land converts to developed stock will slow. The pipeline exists. The conditions to activate it are more complicated.



“
Western Sydney holds 95% of Greater Sydney's 7,166 hectares of undeveloped employment land, but zoned does not mean ready. The gap between land on a map and land in the ground remains the region's defining challenge.”

Serviceability Gap Exposes the *Limits* of Sydney's Land Supply Story

SERVICED, ZONED, DEVELOPABLE LAND, HA BY REGIONS



SOURCE: NSW DEPT OF PLANNING & ENVIRONMENT, RWCWS *2025

The headline hectare figures tell only part of the story. A closer look at serviceability data from the ELDM 2025 reveals a significant disconnect between the volume of undeveloped employment land and the land that is genuinely ready for development.

Of the 6,799 hectares of undeveloped employment land across Western Sydney's four precincts, the share with both heavy vehicle access and wastewater connection, the two baseline requirements for most industrial development, is strikingly small:

OUTER WEST

2,049 HA
WITH HEAVY VEHICLE ACCESS

328 HA
WITH WASTEWATER CONNECTION

SOUTH WEST

1,799 HA
WITH HEAVY VEHICLE ACCESS

138 HA
WITH WASTEWATER CONNECTION

INNER CENTRAL WEST

76 HA
WITH HEAVY VEHICLE ACCESS

63 HA
WITH WASTEWATER CONNECTION

NORTH WEST

64 HA
WITH HEAVY VEHICLE ACCESS

27 HA
WITH WASTEWATER CONNECTION

The number of hectares meeting both criteria simultaneously was too low to chart meaningfully. In the two precincts with the greatest supply, the Outer and South West, wastewater connection covers only 16% and 8% of undeveloped land respectively.

This is not a new problem, but it is a growing one as development pressure intensifies around the Aerotropolis and Mamre Road corridor. Infrastructure delivery, including roads, water and sewer, continues to lag well behind rezoning activity. Until that gap closes, the land supply story for Western Sydney is more qualified than the headline numbers suggest. In the current environment, where developers are already cautious about committing capital, unserviced land will remain exactly that.



With wastewater connection covering just 16% of the Outer West's undeveloped land and 8% of the South West's, the gap between zoned supply and construction-ready land is the single most important constraint on Western Sydney's industrial future.

Sydney's *Outer West*

Western Sydney's supply engine. A near-5 million sqm pipeline across Kemps Creek, Marsden Park, Horsley Park and Eastern Creek positions the precinct to meet Sydney's industrial shortfall as the Aerotropolis takes shape ahead of the October 2026 airport opening.

Land values have held flat (small lots ~\$1,925/sqm) as rising construction costs and tighter financing stall conversion from approval to construction.

After several years of exceptional growth, rents have consolidated (prime ~\$218/sqm; secondary ~\$202/sqm) with incentives absorbing occupier pressure — and yields have softened to ~5.20%, setting the scene for the next cycle.



SUPPLY



NET FACE RENTS



LAND VALUES

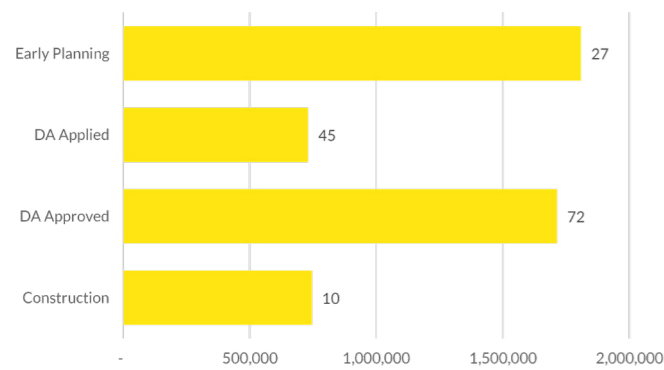


YIELDS



Pipeline Substantial, But *Conversion to Construction* Remains the Challenge

INDUSTRIAL SUPPLY PIPELINE (SQM)
OUTER WEST, BY DEVELOPMENT STAGE



SOURCE: CORDELL CONNECT, RWCWS

The Outer West retains the largest industrial development pipeline in Sydney, with 154 projects representing just under 5 million sqm of potential space.

Penrith, Blacktown, and Fairfield LGAs account for most of the activity, with Kemps Creek, Horsley Park, Marsden Park, and Eastern Creek the most active corridors.

- **Construction:** 10 projects / 745,863 sqm
- **DA Approved:** 72 projects / 1,714,199 sqm
- **DA Applied:** 45 projects / 730,500 sqm
- **Early Planning:** 27 projects / 1,808,505 sqm

Penrith LGA leads on projects under construction, with Kemps Creek (1.45 million sqm across all stages) and Badgerys Creek (358,235 sqm) the standout locations as the Aerotropolis precinct takes shape ahead of the October 2026 airport opening. Blacktown LGA carries the largest DA-approved volume, with Horsley Park (910,045 sqm) and Marsden Park (331,151 sqm) representing significant committed pipelines. In Fairfield, Eastern Creek (511,424 sqm) and Wetherill Park (265,896 sqm) remain active across multiple stages.

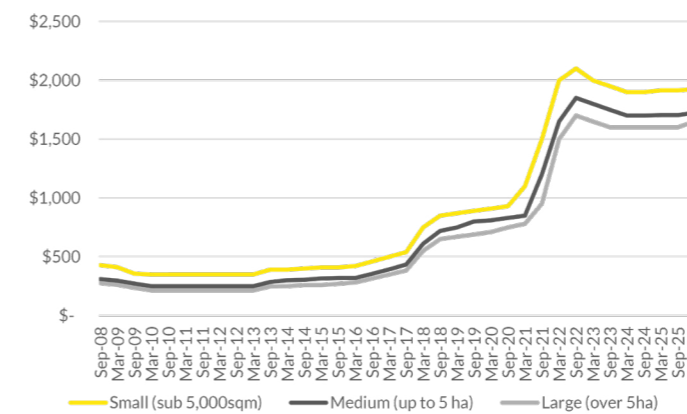
The DA Approved segment is the most conversion-ready component of the pipeline, but the path from approval to construction has lengthened in early 2026. Rising costs driven by fuel price increases flowing through to materials and transport, combined with tighter financing conditions, mean many approved projects are likely to remain on hold until there is greater economic clarity.



With 72 DA-approved projects representing 1.7 million sqm, the Outer West has the stock ready on paper. Whether current construction economics allow that stock to be delivered is the more pressing question heading into the second half of 2026.

Values Hold as Development Viability and Transaction Activity Remain *Subdued*

SYDNEY INDUSTRIAL LAND VALUES
OUTER WEST, BY SIZE RANGE (\$/SQM)



SOURCE: RWCWS

Land values across the Outer West have recorded negligible movement over the past year, with small parcels edging marginally to \$1,925/sqm, medium lots holding at \$1,805/sqm and large holdings at \$1,725/sqm.

Transaction activity through the period has been limited, with few vendors willing to meet the market and few buyers with the confidence to commit.

- **Smaller parcels (<5,000sqm):** \$1,925/sqm (↑ 0.52% year-on-year)
- **Medium lots (5,000-10,000 sqm):** \$1,805/sqm (flat year-on-year)
- **Large lots (>10,000 sqm):** \$1,725/sqm (↑ 1.17% year-on-year)



5-YEAR AVERAGE GROWTH
21.4% per annum (small lots)



10-YEAR AVERAGE GROWTH
31.8% per annum (small lots)

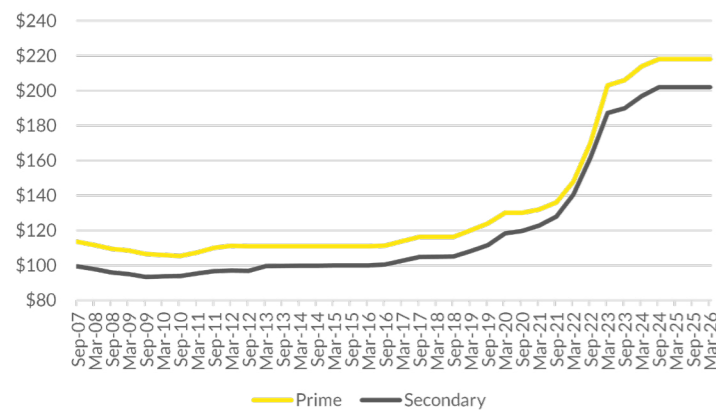
The primary drag on values has been development viability. Rising construction costs, compounded by fuel-driven increases in materials and transport, have pushed project feasibility further out of reach for many developers. With financing costs also increasing through early 2026, the equation for new development remains difficult. Land values are likely to stay flat in the near term, with any meaningful movement contingent on construction costs stabilising and economic conditions becoming more predictable.



A decade of average annual growth of 31.8% for small lots underscores the Outer West's long-term credentials. Current flat values and thin transaction volumes reflect a market waiting for greater certainty before the next move.

Rents Hold Steady as Occupier Affordability and Cost Pressures Bite

INDUSTRIAL NET FACE RENTS
OUTER WEST, BY QUALITY GRADE (\$/SQM)



SOURCE: RWCWS

Following several years of exceptional rental growth, net face rents across the Outer West have flatlined, with prime assets unchanged at \$218/sqm and secondary at \$202/sqm through March 2026.

Vacancy remains relatively tight, providing some floor to rents, however affordability has become a genuine constraint on further growth.

KEY MARKET INDICATORS

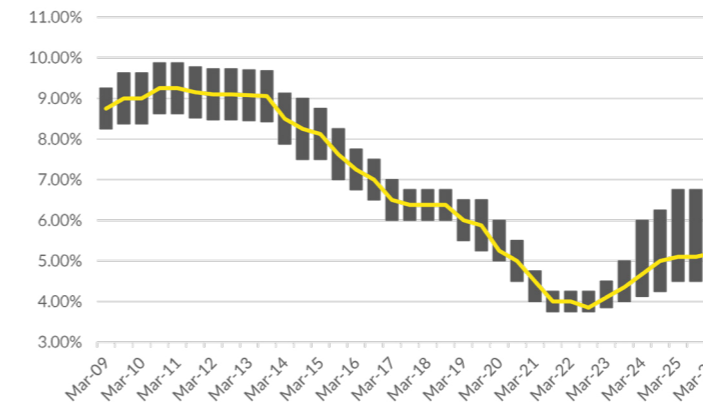
- 1 Prime net face rents
\$218/sqm (flat year-on-year)
- 2 Secondary net face rents
\$202/sqm (flat year-on-year)
- Incentives
10-15% prime, 15%+ secondary
- 5-YEAR AVERAGE GROWTH
13.0% per annum (prime)
- 10-YEAR AVERAGE GROWTH
9.7% per annum (prime)

Rising fuel costs are adding a new layer of pressure on occupiers, particularly those in logistics and manufacturing where transport and energy represent significant operating cost components.

For businesses already absorbing higher input costs, the capacity to absorb further rental increases is limited. Landlords are maintaining face rents while absorbing tenant requirements through incentives, softening effective returns without headline adjustments. This dynamic is expected to persist through 2026, with any return to rental growth contingent on operating cost pressures easing and broader economic conditions stabilising.

Range Widens as Rate Rises Take Hold

PRIME INDUSTRIAL YIELD RANGE
OUTER WEST



SOURCE: RWCWS

The Outer West yield range has softened through early 2026, with the average prime yield now sitting at 5.20% and the range spanning 4.50% to 7.00%.

Consecutive interest rate increases have reversed some of the compression achieved through the 2025 rate cutting cycle. Premium assets with long weighted average lease expiry, strong covenants and ESG credentials continue to transact at the tighter end of the range, consistent with the premium pricing observed in recent major transactions across the Sydney industrial market. The broader market however has seen the range soften, particularly for secondary stock where yields are pushing toward the upper end.

The widening spread between prime and secondary assets reflects heightened buyer selectivity. Institutional and offshore capital, which drove much of the 2025 recovery, is concentrating on quality assets with secure income streams. Secondary stock and assets with shorter lease terms are facing greater yield pressure as financing costs rise. Due diligence periods have extended considerably, with buyers taking a more measured approach to pricing risk in an uncertain economic environment.



Average yields moving to 5.20% across the broader Outer West market reflect the early impact of 2026 rate rises. Premium assets continue to attract competitive pricing, but the gap to secondary stock is widening and is likely to continue doing so.



After three years of double-digit growth, flat rents are not a surprise. What is notable is the new layer of occupier cost pressure from fuel and materials that makes the next rental uplift harder to achieve regardless of vacancy conditions.

- Average prime yield
5.20%
- Yield range
4.50% to 7.00%
- Prime to secondary spread
~250 basis points

Sydney's *South West*

Sydney's airport precinct. A 2 million sqm pipeline across Liverpool, Wollondilly and Camden LGAs — spanning established locations like Moorebank and Prestons alongside emerging precincts at Wilton, Razorback and Bradfield — positions the region to capitalise on the October 2026 airport opening.

Land values have held steady (small lots ~\$1,760/sqm) as construction viability constraints and thin transaction volumes keep movement limited, despite strong long-term credentials.

Rents have flatlined (prime ~\$205/sqm; secondary ~\$185/sqm) with incentives softening effective returns, while average prime yields have moved to ~5.20% — airport-adjacent assets holding firm at the tight end as the broader range widens.



SUPPLY



NET FACE RENTS



LAND VALUES

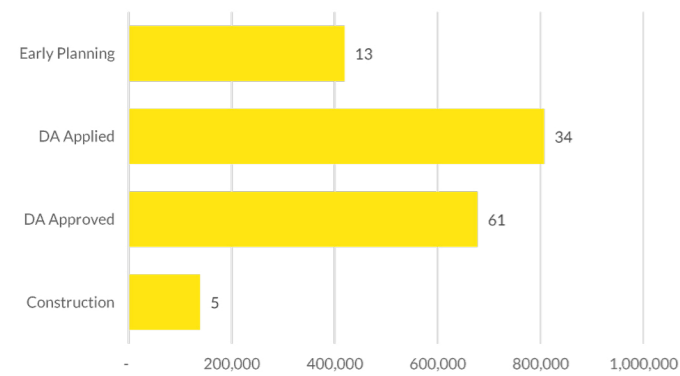


YIELDS



Airport Proximity Drives Pipeline Activity Across Emerging and Established Precincts

INDUSTRIAL SUPPLY PIPELINE (SQM)
SOUTH WEST, BY DEVELOPMENT STAGE



SOURCE: CORDELL CONNECT, RWCWS

The South West carries 113 projects representing just over 2 million sqm of potential industrial space, with Liverpool and Wollondilly LGAs accounting for most of the pipeline volume.

Established locations including Moorebank, Padstow and Prestons sit alongside emerging precincts at Bradfield, Wilton and Razorback as the region's development footprint continues to expand.

DEVELOPMENT PIPELINE

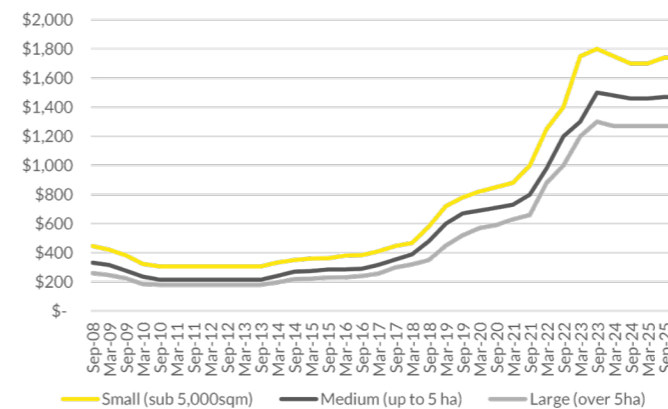
- **Construction:** 5 projects / 138,442 sqm
- **DA Approved:** 61 projects / 677,661 sqm
- **DA Applied:** 34 projects / 807,225 sqm
- **Early Planning:** 13 projects / 419,371 sqm

Liverpool LGA dominates at 921,276 sqm across all stages, with DA Applied activity particularly concentrated there at 507,600 sqm. Wollondilly contributes 560,115 sqm, led by Wilton (215,235 sqm) and Razorback (256,093 sqm), while Bradfield (150,250 sqm) in Camden LGA continues to attract interest ahead of the October 2026 airport opening.

Notably, the DA Applied segment exceeds DA-Approved in this precinct, reflecting a wave of lodgements that gathered momentum through late 2025 as confidence in the airport's economic impact strengthened. How many of those applications progress to approval and ultimately construction will depend heavily on whether current cost and financing pressures ease through the remainder of 2026.

Airport Proximity Supports Values as Broader Market Conditions Weigh

SYDNEY INDUSTRIAL LAND VALUES
SOUTH WEST, BY SIZE RANGE (\$/SQM)



SOURCE: RWCWS

South West land values have held steady through to March 2026, with small parcels at \$1,760/sqm, medium lots unchanged at \$1,470/sqm and large holdings at \$1,270/sqm.

The region's strategic positioning adjacent to the Western Sydney International Airport, due to open in October 2026, continues to underpin vendor expectations, though transaction volumes remain thin.

- **Smaller parcels (<5,000sqm):** \$1,760/sqm (↑ 1.15% year-on-year)
- **Medium lots (5,000-10,000 sqm):** \$1,470/sqm (flat year-on-year)
- **Large lots (>10,000 sqm):** \$1,270/sqm (flat year-on-year)
- **5-YEAR AVERAGE GROWTH:** 19.6% per annum (small lots)
- **10-YEAR AVERAGE GROWTH:** 36.0% per annum (small lots)

As with other precincts, construction viability is the central constraint. The combination of elevated build costs and rising financing costs through early 2026 has reduced the number of developers in a position to proceed, limiting demand for development sites and keeping transaction activity subdued. Values are expected to remain stable in the near term, with the airport opening providing some support to sentiment even as broader economic uncertainty continues to weigh on decision-making.



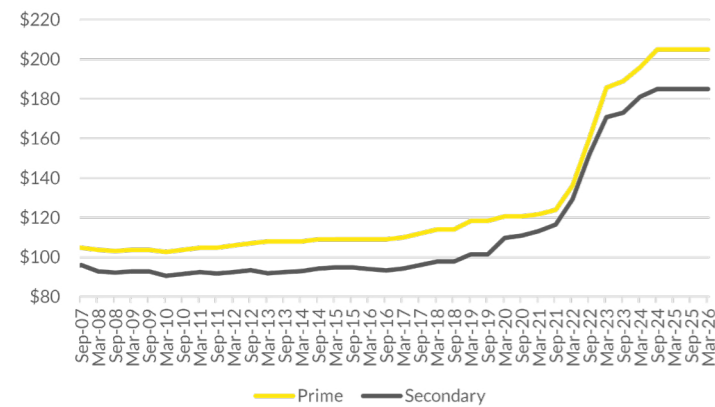
The South West's DA Applied pipeline outweighing DA Approved reflects genuine market confidence in the airport's transformative potential, though converting that confidence into construction will require more settled economic conditions.



Ten-year average growth of 36% annually for small lots reflects the South West's transformation into a genuine logistics destination. Sustaining that trajectory from here will require both the airport to deliver on its promise and economic conditions to stabilise

Rental Stability *Reflects* Occupier Caution Ahead of Airport Opening

INDUSTRIAL NET FACE RENTS SOUTH WEST, BY QUALITY GRADE (\$/SQM)



SOURCE: RWCWS

South West rents have held at \$205/sqm for prime assets and \$185/sqm for secondary stock through March 2026, with no movement recorded over the past year.

The precinct's airport adjacency continues to attract occupier interest, though the ability to translate that interest into rental growth has stalled against a backdrop of rising operating costs and economic uncertainty.

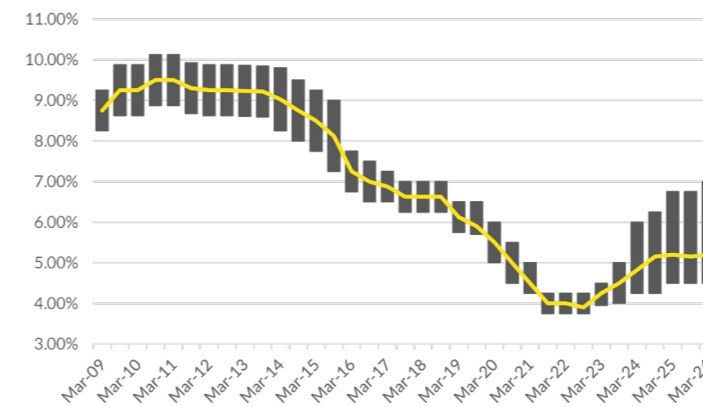
- 1 Prime net face rents \$205/sqm (flat year-on-year)
- 2 Secondary net face rents \$185/sqm (flat year-on-year)
- Incentives 15%+ prime assets
- 5-YEAR AVERAGE GROWTH 13.7% per annum (prime)
- 10-YEAR AVERAGE GROWTH 8.8% per annum (prime)

Logistics and freight operators, who represent a significant share of South West occupier demand, are among those most exposed to rising fuel costs. For businesses building their models around the October 2026 airport opening, increasing transport and operating costs are complicating forward planning and constraining the rents they can viably commit to. Landlords are holding face rents and using incentives to maintain occupancy, with effective rents softer than headline figures suggest. The near-term rental outlook remains flat.

“The South West's rental market is caught between the genuine pull of the approaching airport and the very real pressure of rising operating costs on its core occupier base. Flat rents are the likely outcome until market fundamentals become clearer.”

Airport Supports Pricing as Range *Softens*

PRIME INDUSTRIAL YIELD RANGE SOUTH WEST



SOURCE: RWCWS

South West yields have followed the broader market, with the average prime yield moving to 5.20% and the range spanning 4.50% to 7.00% through March 2026.

The precinct's strategic positioning adjacent to the Western Sydney International Airport, due to open in October 2026, continues to support pricing for well-located assets, with the tighter end of the range reflecting ongoing demand from logistics operators and investors positioning ahead of the airport's operational commencement.

- Average prime yield 5.20%
- Yield range 4.50% to 7.00%
- Prime to secondary spread ~250 basis points

As with other precincts, the broader market has seen the yield range soften as financing costs increase through early 2026. Assets without the benefit of airport proximity, strong lease terms or modern specifications are experiencing greater pressure, with secondary stock yields moving toward the upper end of the range.

Transaction activity has slowed from the levels seen through 2025, with extended due diligence periods and a wider gap between vendor and purchaser expectations reflecting the more uncertain environment. Owner-occupiers remain active across the precinct, providing some support to demand at the smaller end of the market.

“The South West's yield range tells two stories: premium airport-adjacent assets holding firm at the tight end, and the broader market softening as rate rises filter through. The distance between those two points is growing.”

Sydney's *Inner Central West*

Sydney's scarcity market. Despite severe land constraints, 63 projects representing 2.87 million sqm sit across the pipeline in Cumberland and Parramatta LGAs — though with only 2 projects under construction, the gap between what's planned and what gets built has rarely been wider.

Land values remain Sydney's highest (small lots ~\$2,270/sqm), underpinned by structural undersupply and almost no greenfield opportunity, while rising construction costs and complex infill economics keep development viability stretched.

Prime rents edged marginally to \$230/sqm — still the highest in Western Sydney — with secondary holding at \$218/sqm and incentives absorbing occupier pressure. Average prime yields sit at ~5.20%, with the tightest range (4.50%–6.75%) of any precinct reflecting the scarcity premium keeping this market well-supported.



SUPPLY



NET FACE RENTS



LAND VALUES



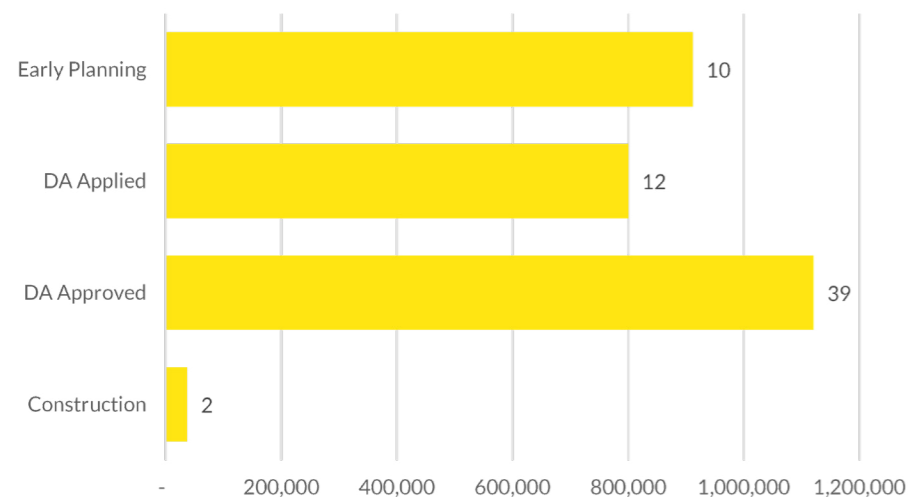
YIELDS

LGA's of Burwood, Strathfield, Canada Bay, Cumberland and Parramatta



A Large Pipeline in a *Land-Constrained* Market

INDUSTRIAL SUPPLY PIPELINE (SQM)
INNER CENTRAL WEST, BY DEVELOPMENT STAGE



SOURCE: CORDELL CONNECT, RWCWS

Despite severe land constraints, the Inner Central West records 63 projects representing 2.87 million sqm across all planning stages, a figure that reflects the precinct's enduring appeal rather than available greenfield opportunity.

Cumberland and City of Parramatta LGAs dominate, accounting for virtually all pipeline volume, with key activity concentrated in North Parramatta, Yennora, Lidcombe and Rydalmere.

- 5 projects under construction: 55,000 sqm
- 32 DA-approved projects: 249,000 sqm
- 16 DA-applied projects: 224,000 sqm
- 10 early planning projects: 551,000 sqm

Only two projects are under construction, a reflection of just how constrained this market is for new development. The substantial Early Planning component, at 911,908 sqm across 10 projects, largely represents site intensification concepts and multi-level industrial proposals rather than conventional greenfield supply. These projects face longer lead times and more complex development pathways even in favourable conditions.

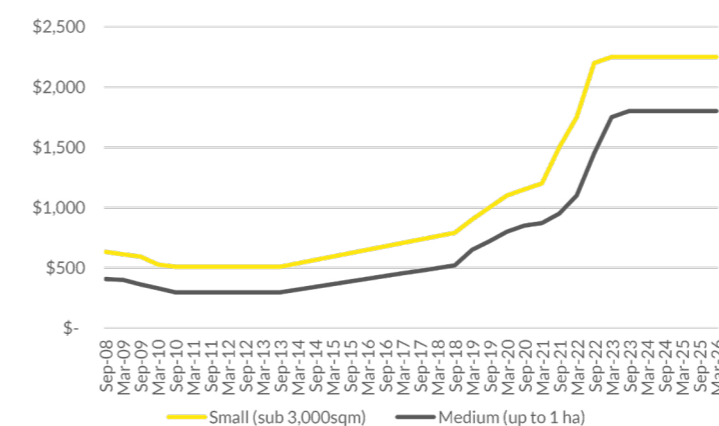
With construction costs rising and financing conditions tightening in early 2026, the already difficult economics of infill development in this precinct have become harder still. The DA Approved pipeline of 39 projects remains the most actionable component, though commencement timelines will be tested by the current environment.



The Inner Central West's pipeline of 2.87 million sqm is more a measure of ambition than immediate supply. In a market with almost no developable land, the gap between what is planned and what gets built has rarely been wider.

Scarcity Keeps Values Intact as Transaction Activity Remains Minimal

SYDNEY INDUSTRIAL LAND VALUES
INNER CENTRAL WEST, BY SIZE RANGE (\$/SQM)



SOURCE: RWCWS

The Inner Central West continues to command Sydney's highest industrial land values, with small lots at \$2,270/sqm and medium parcels at \$1,800/sqm through March 2026.

These figures reflect an essentially unchanged position over the past year, consistent with a market where developable land rarely trades and scarcity remains the dominant pricing factor.

- Small parcels (≤3,000 sqm): \$2,270/sqm (↑ 0.89% year-on-year)
- Medium lots (up to 1 ha): \$1,800/sqm (flat year-on-year)
- 5-year average growth: 17.5% per annum (small lots)
- 10-year average growth: 23.5% per annum (small lots)

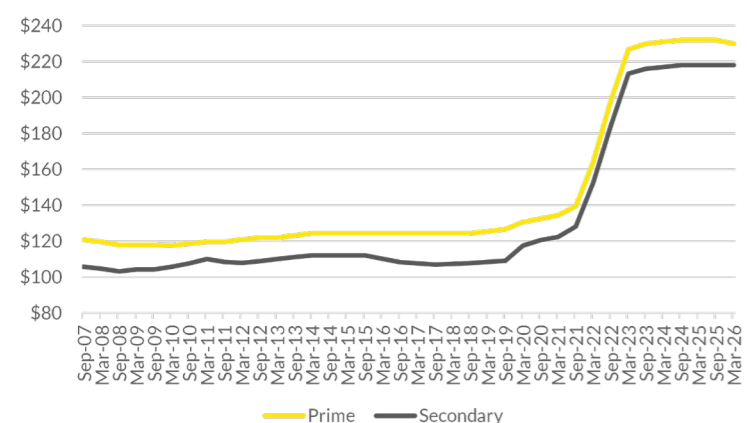
With virtually no greenfield supply and competition from residential and retail uses continuing to erode the industrial land base, what little does trade commands a significant scarcity premium. Development viability remains challenging given construction costs, and the complexity of infill and intensification projects adds further difficulty in the current financing environment. Values are unlikely to move materially in either direction in the near term, with the structural undersupply of land providing a floor while broader economic uncertainty limits upward pressure.



At \$2,270/sqm for small lots, the Inner Central West remains Sydney's most expensive industrial land market. With almost nothing to buy and development economics under pressure, that pricing is likely to remain stable.

Sydney's *Highest* Industrial Rents Hold Firm as Affordability Caps Further Growth

INDUSTRIAL NET FACE RENTS
INNER CENTRAL WEST, BY QUALITY GRADE (\$/SQM)



SOURCE: RWCWS

Prime rents in the Inner Central West edged marginally lower to \$230/sqm through March 2026, with secondary stock unchanged at \$218/sqm.

This precinct commands Sydney's highest industrial rents, underpinned by its metropolitan positioning and severe supply constraints, though the gap between what landlords seek and what occupiers can afford has become more pronounced.

- 1 **Prime net face rents**
\$230/sqm (↓ 0.86% year-on-year)
- 2 **Secondary net face rents**
\$218/sqm (flat year-on-year)
- Incentives**
15-22% reflecting competitive conditions

- 5-YEAR AVERAGE GROWTH**
14.2% per annum (prime)
- 10-YEAR AVERAGE GROWTH**
8.5% per annum (prime)

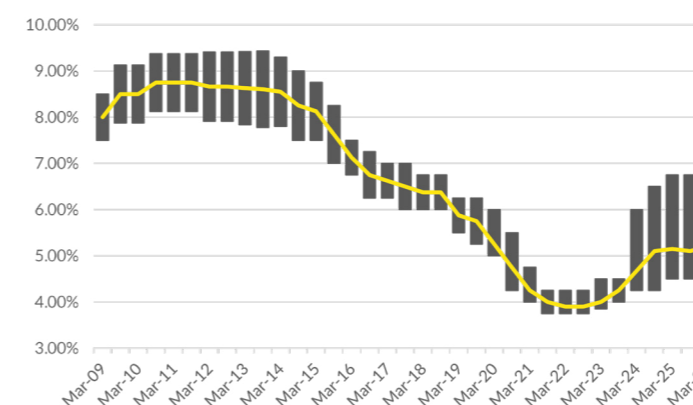
Occupiers in this precinct are predominantly smaller local businesses and last-mile logistics operators for whom cost efficiency is critical. Rising fuel costs and broader inflationary pressures are squeezing margins, limiting capacity to absorb higher rents even in a supply-constrained market.

Landlords are responding with incentives rather than face rent reductions, preserving headline rates while effectively softening returns. With operating cost pressures unlikely to ease quickly and economic uncertainty weighing on business confidence, rents are expected to remain flat to marginally soft through the remainder of 2026.

“
At \$230/sqm, the Inner Central West sits well above every other Western Sydney precinct on rents. The question for 2026 is not whether rents will grow, but whether the occupiers who underpin this market can sustain what they are already paying.

Scarcity Limits Softening in a Tightly Held Market

PRIME INDUSTRIAL YIELD RANGE
INNER CENTRAL WEST



SOURCE: RWCWS

The Inner Central West average prime yield has moved to 5.20%, with the range spanning 4.50% to 6.75% through March 2026.

The tighter upper end relative to other precincts reflects the scarcity premium that characterises this market, where limited stock availability and strong institutional ownership continue to provide a floor for valuations even as the broader yield range softens.

- Average prime yield**
5.20%
- Yield range**
4.50% to 6.75%
- Prime to secondary spread**
~225 basis points

The narrower spread compared to outer precincts is consistent with the Inner Central West's tightly held nature, where fewer assets trade and quality differentiation is less extreme given the constrained supply of both prime and secondary stock.

Rising financing costs through early 2026 have introduced caution among buyers, with transaction activity remaining selective. The complex economics of infill and intensification development in this precinct add further uncertainty, making buyers more deliberate in their assessment of future capital requirements.

Despite these pressures, the structural undersupply of industrial land here provides a stronger valuation floor than more supply-rich markets.

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At 4.50% to 6.75%, the Inner Central West has the tightest yield range of any Western Sydney precinct. Scarcity does not insulate this market from rate rises, but it does limit how far the range can move before the fundamentals reassert themselves.

Sydney's *North West*

Sydney's most constrained industrial precinct. Just 30 projects totalling 419,174 sqm across Ryde, The Hills Shire and Macquarie Park – with zero projects currently under construction and data centre operators competing for the scarce zoned land that remains.

Land values are flat (small lots ~\$1,450/sqm) with limited transactions and few near-term catalysts, as financing pressures and data centre competition continue to distort traditional industrial pricing dynamics.

Rents have held (prime ~\$182/sqm; secondary ~\$170/sqm) supported by a locally driven owner-occupier base, while average prime yields sit at ~5.20% across the widest range of any precinct (4.50%–7.50%) – reflecting thin transaction evidence and a pronounced quality divide.



SUPPLY



NET FACE RENTS



LAND VALUES

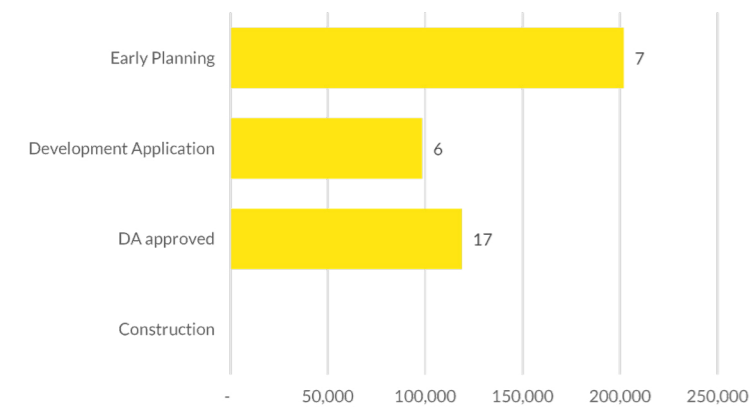


YIELDS



Land Scarcity and Data Centre Competition Define a Constrained Market

INDUSTRIAL SUPPLY PIPELINE (SQM)
NORTH WEST, BY DEVELOPMENT STAGE



SOURCE: CORDELL CONNECT, RWCWS

The North West is Sydney's smallest and most constrained industrial precinct, with 30 projects representing 419,174 sqm across all planning stages.

Ryde LGA accounts for the largest share at 235,222 sqm, followed by The Hills Shire at 156,266 sqm, with activity spanning established locations including Macquarie Park, Rouse Hill and Norwest Business Park.



With no projects under construction and data centre demand absorbing an increasing share of available zoned land, the North West's role as a traditional industrial supply source continues to diminish.

- **Construction:** 0 projects
- **DA Approved:** 17 projects / 118,867 sqm
- **DA Applied:** 6 projects / 98,429 sqm
- **Early Planning:** 7 projects / 201,878 sqm

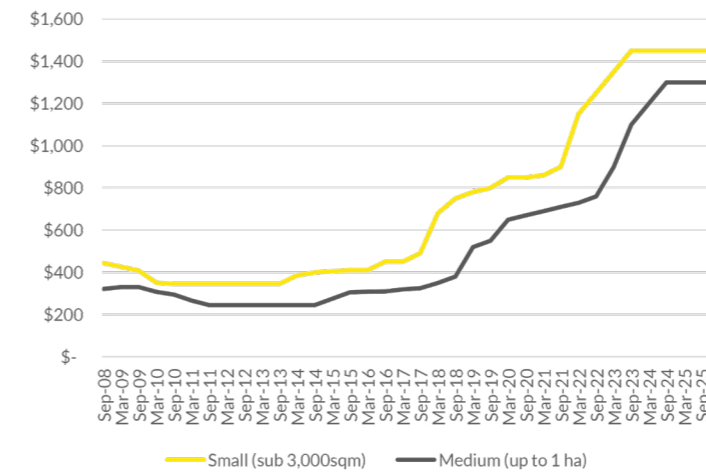
No new projects are currently under construction, reflecting the dual challenge of limited land availability and increasingly difficult development economics. Macquarie Park (179,561 sqm) dominates the pipeline, though a significant portion of activity in Ryde LGA represents data centre proposals rather than traditional industrial supply.

These facilities compete directly with conventional warehouse and logistics uses for the precinct's scarce zoned land, progressively reducing the stock available to industrial occupiers.

Away from Ryde, Norwest Business Park and The Hills Shire continue to attract more traditional owner-occupier product, with smaller local businesses seeking freehold or strata premises to service the precinct's established and growing residential population.

Stable Values Reflect a Market with Limited Transactions and Few Catalysts

SYDNEY INDUSTRIAL LAND VALUES
NORTH WEST, BY SIZE RANGE (\$/SQM)



SOURCE: RWCWS

North West land values recorded no movement over the past year, with small lots at \$1,450/sqm and medium parcels at \$1,300/sqm through March 2026.

This is the most tightly held of the four precincts from a transaction perspective, with the local investor base providing stability rather than price discovery.

- Small parcels (≤3,000 sqm): \$1,450/sqm (flat year-on-year)
- Medium lots (up to 1 ha): \$1,300/sqm (flat year-on-year)
- 5-year average growth: 12.2% per annum (small lots)
- 10-year average growth: 22.2% per annum (small lots)

Rising financing costs and construction viability pressures are as relevant here as in other precincts, dampening any prospect of near-term value growth.

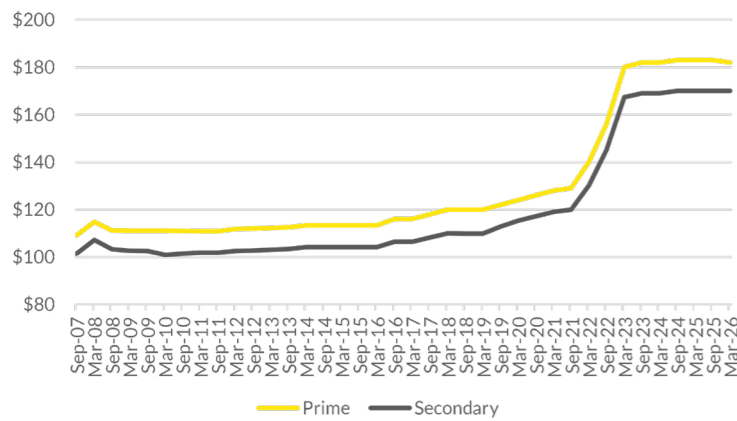
The increasing competition from data centre operators for available zoned land in Ryde LGA adds a further layer of complexity, with these users prepared to pay premiums that distort traditional industrial land pricing. With limited new catalysts on the horizon and economic uncertainty likely to persist through 2026, flat values appear the most probable outcome for the foreseeable future.



Zero movement over the past year and limited transactions tell a consistent story. The North West's industrial land market is stable, but stability in this environment reflects caution more than confidence.

Local Demand Supports *Stable Rents* but Occupier Cost Pressures Are Building

INDUSTRIAL NET FACE RENTS
NORTH WEST, BY QUALITY GRADE (\$/SQM)



SOURCE: RWCWS

North West rents have held at \$182/sqm for prime assets and \$170/sqm for secondary stock through March 2026, recording marginal softening for prime over the year.

The precinct's occupier base, dominated by local businesses and owner-occupiers serving the surrounding residential population, has provided relative stability, though rising operating costs are beginning to test that foundation.

- 1 **Prime net face rents**
\$182/sqm (↓ 0.55% year-on-year)
- 2 **Secondary net face rents**
\$170/sqm (flat year-on-year)
- Incentives**
up to 20% reflecting competitive conditions



**5-YEAR
AVERAGE GROWTH**
8.4% per annum (prime)



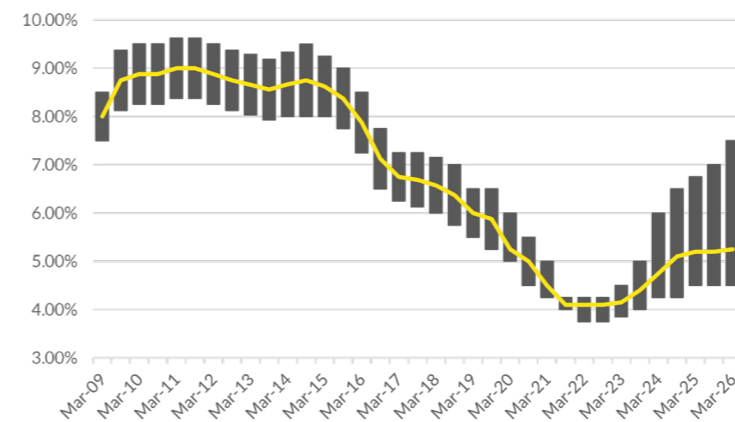
**10-YEAR
AVERAGE GROWTH**
6.1% per annum (prime)

Fuel cost increases are particularly relevant for the trade and service businesses that characterise this precinct, where vehicle-dependent operations make energy costs a significant overhead. With business confidence softening and financing costs rising through early 2026, the appetite to commit to higher rents is limited. Landlords are using incentives to retain tenants and attract new ones, keeping face rents nominally stable while effective returns soften. Rents are expected to remain flat across both quality grades through 2026.

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The North West's locally driven occupier base has kept rents more stable than other precincts through the cycle. Rising fuel and operating costs now represent the most direct threat to that stability heading into the second half of 2026.

Widest Range Reflects Quality Divide and Thin Transaction Evidence

PRIME INDUSTRIAL YIELD RANGE
NORTH WEST



SOURCE: RWCWS

The North West records the widest yield range of all four precincts, spanning 4.50% to 7.50% with an average of 5.20% through March 2026.

The broad spread reflects the precinct's diverse asset quality profile and limited transaction volumes, which make precise pricing difficult to establish. With no projects currently under construction and few assets trading, yield evidence is thin and the range captures significant uncertainty at both ends.

- Average prime yield**
5.20%
- Yield range**
4.50% to 7.50%
- Prime to secondary spread**
~300 basis points

The upper end of the range reflects the pressure facing older secondary assets and those with short lease terms, where rising financing costs have reduced the pool of willing buyers.

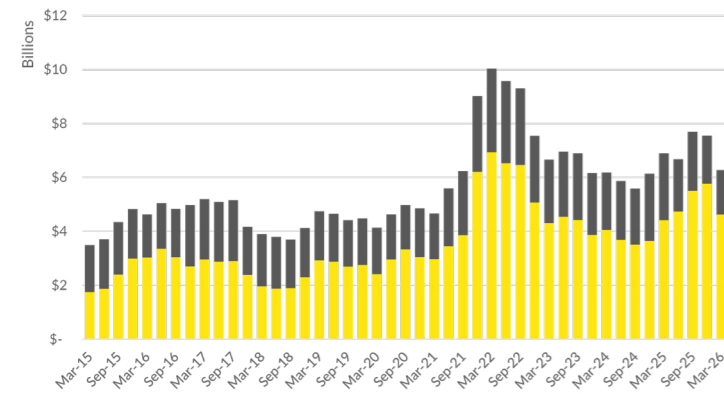
Owner-occupiers and local private investors continue to provide the most consistent demand, particularly for smaller strata and freehold assets serving the local business community.

Data centre competition for available zoned land in Ryde LGA adds a further variable to pricing, with these operators willing to pay premiums that sit outside traditional industrial yield parameters and distort direct comparisons across the precinct.

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A yield range of 4.50% to 7.50% reflects a market where transaction evidence is limited and quality differentiation is pronounced. In an uncertain environment, that spread is more likely to widen than narrow through 2026.

Strong 2025 Volumes Give Way to a *Cautious* Start To 2026

INDUSTRIAL ANNUAL SALES VOLUME, ROLLING 4-QUARTERS
SYDNEY METROPOLITAN AREA, (EX. DATA CENTRES)



SOURCE: RWCWS, REAL CAPITAL ANALYTICS

Western Sydney's industrial investment market recorded a rolling four-quarter volume of \$4.6 billion through to March 2026, representing 73.6% of total Sydney transactions and the highest proportional share on record.

The 2025 calendar year was defined by renewed confidence, with cross-border capital accounting for 38.9% of acquisitions over the past 24 months as offshore groups from North America, South Korea, Malaysia and Japan returned to the market in force.

Notable buyers included KIC, Ontario Teachers' Pension Plan, QuadReal, KWAP and Morgan Stanley, alongside domestic participants including Goodman, Centuria and Australian Retirement Trust. Key transactions included the St Marys Intermodal Facility (\$145m), Rydalmere Metro Centre (\$144.2m) and 149 Orchard Road (\$121.5m).

Early 2026 data is preliminary, and quarterly figures can be subject to lag as transactions are confirmed. What is clear is that the consecutive interest rate increases of early 2026 have introduced a more cautious tone to the market.

Decision-making has slowed, due diligence periods have extended, and vendors and purchasers in many cases remain apart on value expectations. Whether this translates to a sustained reduction in volumes or simply a delayed start to the year will become clearer as 2026 progresses.

Positive Returns Through 2025 Now Being Tested By 2026 Conditions

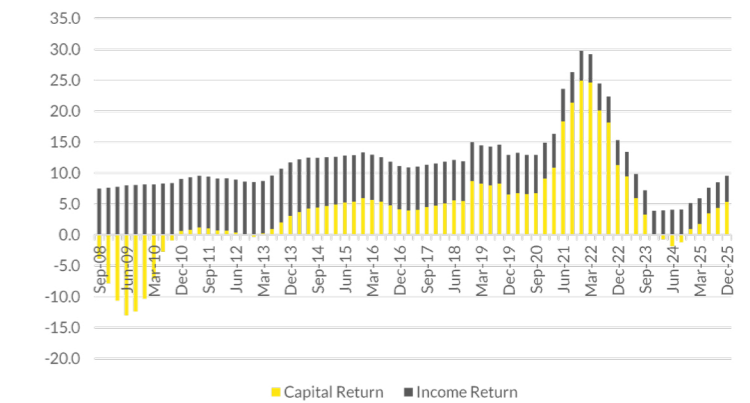
The Outer West delivered total returns of 9.5% in the year to December 2025, with capital growth of 5.3% combining with a steady income return of 4.2%.

This represented a significant recovery from the negative capital return period of mid-2024, with momentum building consistently through 2025 as interest rate reductions improved sentiment and funding conditions.

Income return	4.2%
Capital return	5.3%
Total return	9.5% (year to December 2025)

The income return has remained one of the more consistent components across the cycle, underpinned by tight vacancy and structured lease terms across the precinct. Capital growth accelerated as the market moved through its recovery phase, supported by the approaching airport opening and renewed institutional

OUTER WESTERN SYDNEY INDUSTRIAL RETURNS
% ANNUAL RETURNS BY TYPE



SOURCE: PCA/MSCI

appetite. However, the consecutive interest rate increases recorded in early 2026 have introduced fresh uncertainty. Capital growth momentum is expected to moderate through the first half of 2026 as higher financing costs weigh on valuations and buyer appetite becomes more selective. Industrial remains among the stronger performing asset



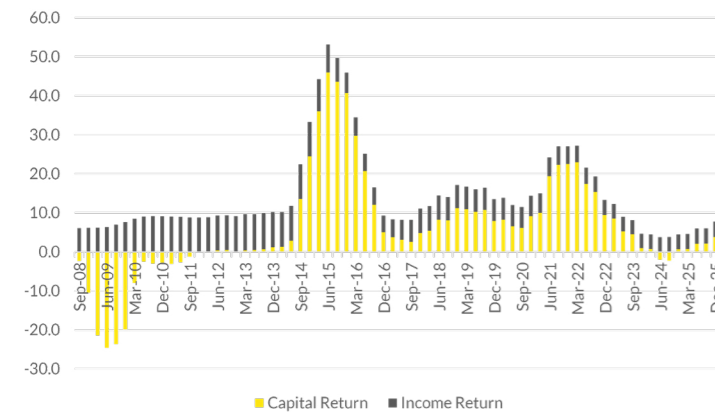
Western Sydney captured 73.6% of Sydney's industrial transaction volume over the past year, a record share that reflects the region's structural importance. Preliminary data for Q1 2026 is a reminder of how quickly sentiment can shift when financing costs move.



Total returns of 9.5% through December 2025 confirmed the Outer West's recovery was well underway. The question now is how much of that momentum carries through a more difficult 2026.

Consistent Returns Underpin the Central West's Long-Term Appeal

CENTRAL WESTERN SYDNEY INDUSTRIAL
% ANNUAL RETURNS BY TYPE



SOURCE: PCA/MSCI

The Central West recorded total returns of 7.8% in the year to December 2025, with capital growth of 3.8% and a consistent income return of 4.0%.

While total returns sit behind the Outer West over the same period, this precinct has delivered one of the strongest long-term industrial performance records in Australia, underpinned by severe land constraints, institutional ownership depth and strategic metropolitan connectivity that cannot be replicated elsewhere.

Income return	4.0%
Capital growth	3.8%
Total return	7.8%

Capital returns turned positive through late 2024 and strengthened progressively through 2025, reflecting growing premiums for last-mile logistics access and the scarcity of available stock in this tightly held precinct. Income returns have remained stable throughout, supported by a diverse occupier base and limited vacancy.

As with the Outer West, the interest rate increases of early 2026 introduce a more cautious near-term outlook. However, the Central West's structural characteristics, particularly its land scarcity and metropolitan positioning, provide a stronger floor for valuations than more peripheral markets. Industrial continues to outperform office and retail on a total return basis, and the Central West's structural advantages position it well when conditions eventually stabilise.

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The Central West's 7.8% total return through December 2025 was built on foundations that do not disappear when conditions get harder. Land scarcity and metropolitan access are structural advantages, and that distinction matters in 2026.”



Strategic Property Management in a Changing Industrial Market

Proactive lease renewal in a flat rent environment



With face rents flat across Western Sydney and rising incentives, vacancy costs are at an all-time high compared to retention costs. Engage tenants 18+ months before lease expiry to understand their needs, finances, and space plans. Supporting tenants reduces market testing and allows early lease-structure adjustments, like rent reviews, before negotiations stiffen.

Operational cost management to support occupier viability



Rising fuel costs and inflation are cutting margins for logistics and manufacturing tenants. Property managers who support tenants with energy efficiency, solar, LED upgrades, and waste management add value beyond the lease. Assets that lower operating costs help retain tenants during tough times and support stable rents when others discount.

Future-proof your asset for automation and AI-ready occupiers



The next generation of industrial tenants, especially in logistics and e-commerce, will need more power, high-bandwidth data infrastructure, and higher load capacities for automated systems and robots. Property managers should assess current assets against these emerging standards. Knowing your building's position on the prime-to-secondary spectrum is crucial, as the gap between AI-ready and conventional facilities widens in rental premiums and tenant quality.

ESG compliance as a retention and leasing tool



Green building credentials are transitioning from a differentiator to a baseline expectation among institutional and multinational occupiers. Assets with NABERS or Green Star ratings are achieving rental premiums and attracting stronger tenant covenants. For assets not yet certified, property managers should identify the most cost-effective pathway to accreditation and make the case to owners. In a market where incentives are already elevated, ESG investment can be a more durable way to improve competitive positioning than simply offering more rent-free periods.

Vacancy response planning before vacancy occurs



In a market where development economics are constrained and new supply is limited, a vacant industrial asset in Western Sydney carries significant opportunity cost. Property managers should maintain live market intelligence on comparable rents, incentive levels and competing vacancies, and have a clear leasing strategy ready before a tenant gives notice. Understanding the specific locational advantages of each asset, whether airport proximity, motorway access, clear heights or power capacity, and articulating those clearly to leasing agents and prospective tenants, reduces the time between vacancy and re-leasing.



Outlook

Western Sydney's industrial market faces a more complex operating environment in 2026 than the optimism of late 2025 anticipated.

Consecutive interest rate increases, rising fuel costs, broader geopolitical uncertainty and softening employment conditions have combined to create a period of genuine uncertainty across investment, development and occupier markets. Recession talk is no longer absent from the conversation, and breeds uncertainty.

In this environment, uncertainty drives behaviour. When decision-makers can't confidently price risk, transactions are deferred, development is delayed, and lease commitments are cautious. Longer due diligence, wider spreads, and a backlog of DA-approved projects waiting for construction reflect this condition.

Construction economics face challenges as rising fuel prices raise raw material and transport costs, compounding existing labour and financing pressures. Developers without commitments or strong finances find speculative development hard now. The DA-approved pipeline in Outer and South West precincts offers future supply, but its delivery timing is uncertain.

Occupiers face cost pressures, especially logistics and manufacturing, core to Western Sydney's industry, which are most affected by fuel price hikes. Rising costs limit rental commitments, capping growth despite low vacancies. Ongoing pressures may threaten business viability and increase vacancies.

Industrial remains the most defensible major commercial asset class. Unlike office, facing workforce reduction and remote work, and retail, exposed to declining consumer spending, industrial demand is supported by logistics, supply chain, and e-commerce needs that persist in a downturn. The sector is likely to emerge stronger than others.

The October 2026 airport opening is the key near-term catalyst, with airline commitments and freight infrastructure development. The Aerotropolis attracts logistics operators and developers eyeing long-term gains. Areas near the airport, especially in the South West and Outer West, are expected to see the strongest value premiums as the opening nears.

A return to 2025 investment activity levels needs more economic certainty. Interest rates, inflation, employment, and geopolitical conditions must improve significantly for institutional and offshore capital to re-enter with last year's confidence. Once certainty returns, Western Sydney's industrial case remains strong, and the region is well-positioned to respond.



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*Who we are,
what we do,
why we do it*



The logo consists of the letters 'RWC' in a bold, italicized, sans-serif font, centered within a white square.

RWC

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