

**RWC**

WESTERN **S**YDNEY INSIGHTS

# End of Financial Year Report **FY25**

2024-2025

RWC WESTERN SYDNEY

JUL 2025

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# “ Foreword

**As we close out the 2024/25 financial year, there are positive signs in the commercial property market pointing toward a more stable future.**

After years of disruption and recalibration, the green shoots of confidence are starting to return. Buyers are engaging, vendors are adjusting, and across Western Sydney, we're seeing renewed momentum — even as the broader world continues to feel anything but settled.

But the biggest change I've seen in our industry this year isn't market-based. It's technological. Artificial Intelligence is not a distant concept — it's here, and it's reshaping the way we work, think, and deliver value. At RWC Western Sydney, we've taken this head-on. We're committed to playing our part in helping our industry move toward a future that is faster, smarter, and more service-focused than ever before. We've jumped head on into integrating AI into our systems and processes not because it's trendy — but because it's transformative. And we're embracing that transformation with gusto.

Still, while tech may change the how, culture remains our why. Our culture is our backbone. It's what allows us to scale with integrity, collaborate without ego, and have the kind of honest, constructive conversations that move businesses forward. It's what enables high performance without burnout, ambition without politics, and real trust — the kind that isn't just spoken, but lived.

This year, our culture has also held us through the very real human experiences that make up a workplace: we've welcomed (or are about to welcome) three beautiful new babies, celebrated marriages, and stood beside team members who have lost loved ones. Life happens, and it happens here — among people who genuinely care for each other.

To our clients, thank you for walking with us. To our team, thank you for being part of something that is bigger than just sales results or spreadsheets. You are what makes this business resilient, future-ready, and good at its core.

As we head into FY26, our mandate is clear: keep pushing boundaries, keep building trust, keep investing in good people with great values. There's still plenty of work to do, and we're just getting started.

## Until next time,



RUBY ROZENTAL  
**Owner & Director of Strategy**  
RWC Western Sydney



# Executive Summary

## Western Sydney

A standout performer in a shifting economic landscape

### INFRASTRUCTURE INVESTMENT

The Western Sydney commercial property market has shown quality results and differentiation between other Australian markets during 2024/25, positioning itself as Australia's standout investment location during a time of global economic uncertainties.

While transaction volumes showed mixed results across asset classes, the underlying fundamentals of **sustained population growth, major infrastructure investment, and Australia's stable economic environment** have attracted renewed investor interest, both domestically and internationally, with offshore capital increasingly viewing the region as a **safe haven investment destination**.

### MACROECONOMIC FORCES

Continued expected interest rate reductions throughout 2025, combined with Western Sydney's strategic positioning ahead of the **2026 airport opening**, have created optimism for continued market strength.

However, **proposed Labor government changes to superannuation taxation**, including taxes on unrealised gains for balances exceeding \$3 million, may significantly reshape investor profiles across all commercial sectors.

This could trigger increased transaction volumes as SMSF investors restructure portfolios, creating acquisition opportunities for alternative investment structures.

### SHIFTING INVESTMENT STRATEGIES

The prolonged period of economic adjustment has led to a clear divergence in strategy:

- Institutional investors have become more selective
- Private investors and owner occupiers remain highly active

Each asset class has responded differently, shaped by user requirements and changing fundamentals.

## We are Western Sydney



PETER VINES  
Owner & Managing Director  
RWC Western Sydney

## Asset Class Snapshot

### Industrial

**\$4.17B**  13.6% YoY  
IN TRANSACTIONS

Limited land, low vacancies, and stable rents maintain demand

**4.50% - 5.75%**  
YIELDS STABILISED

### Retail

**\$1.84B**  217.0% YoY  
IN TRANSACTIONS

- Driven by major deals
- Convenience-based formats attract institutional capital

**Sub-6%** YIELDS

### Office

**\$412.4M**  2.5% YoY  
IN TRANSACTIONS

- Elevated vacancy and hybrid work pressures remain
- Quality divide widens: prime stabilising, secondary under pressure

### Childcare

**\$102.5M**  62.0% YoY  
IN TRANSACTIONS

Driven by \$5B government commitment

**4.50% - 5.50%**  
YIELDS COMPRESSED

### Development Sites

**\$1.34B**  64.3% YoY  
IN TRANSACTIONS

- Construction cost, labour, and feasibility concerns persist
- New planning reforms may revive select pockets of activity

### Block of Units

**\$31.3M**  25.5% YoY  
IN TRANSACTIONS

Extremely tightly held; only 8 sales

**4.00% - 6.00%**  
YIELDS, WITH STRONG CAPITAL GROWTH POTENTIAL

# Office market turnover shows stability.

## KEY POINTS



Smaller private sales dominated as institutional buyers remained largely absent. Average sale size dropped to \$5.2M, highlighting limited major transactions.



Parramatta CBD incentives reached up to 50%, with landlords offering extended rent-free periods, tenant contributions, and flexible break clauses to secure deals.



Tenants prioritised buildings with premium amenities, ESG credentials, and wellness facilities, intensifying the “flight to quality.”



Hybrid work trends persist, with 28% of employers removing mandatory office attendance (up from 25% in 2023), prompting landlords to invest in flexibility and smart infrastructure.



Repositioning opportunities emerging as vacancy remains elevated. Prime assets with strong value propositions expected to recover first, while secondary stock faces ongoing pressure.

## TRANSACTIONS

The Western Sydney office market experienced another challenging year, with transaction volumes reaching \$412.4 million across 80 sales in 2024/25, representing a modest 2.5% increase from the previous year’s subdued \$402.3 million.

While this small improvement suggests some stabilisation, volumes remain well below historical averages and significantly down from the 2019/20 peak of \$1.50 billion.

The average transaction size decreased to \$5.2 million, reflecting continued dominance of smaller private sector transactions as institutional buyers remain largely absent from the market.

The persistent lack of major transactions underscores ongoing investor caution toward the office sector, driven by elevated vacancy

rates and uncertain work from home dynamics.

Despite subdued overall activity, opportunistic buyers are beginning to recognise value in repositioning opportunities, particularly for assets suitable for mixed-use conversion or comprehensive refurbishment.

However, transaction momentum remains constrained by the significant gap between vendor expectations and market reality, with many property owners continuing to resist pricing that reflects current market fundamentals.

**\$412.4M** in 2024/25

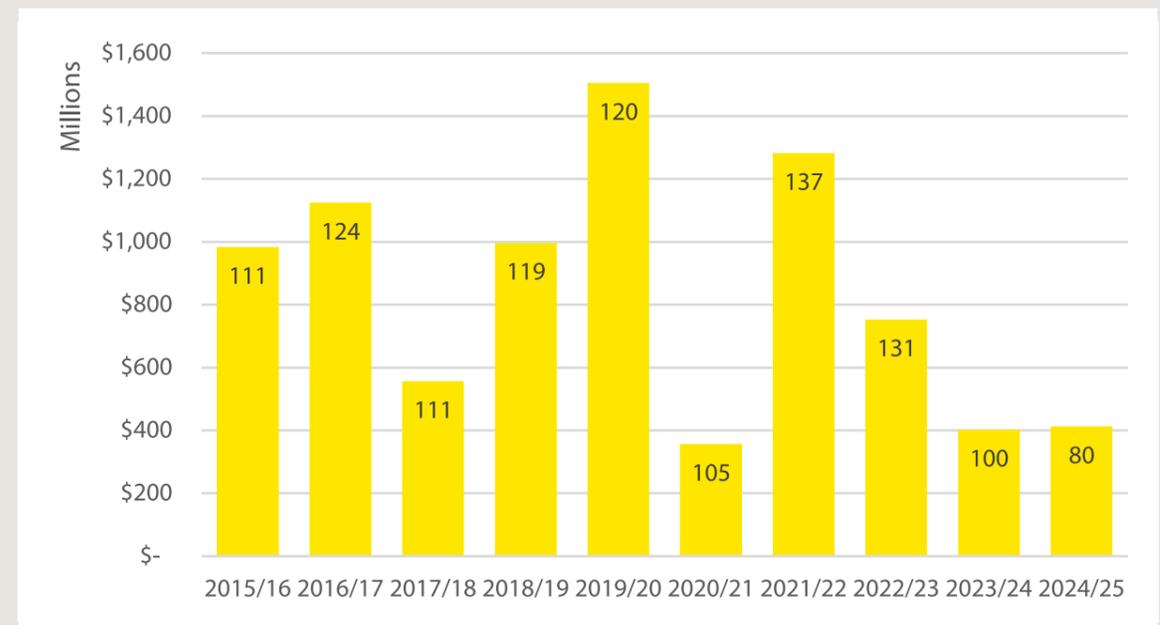
**+2.5%** YoY

**Peak in 2019/20 \$1.50B**

**80** Transactions in Western Sydney

**Average deal size \$5.2M**

### Western Sydney Office Market Sales Volumes & No. of Transactions



SOURCE: RWCWS \*2024/25 REPORTED TO 1 JUNE

## LEASING

The office leasing market continues to present significant challenges for landlords across Western Sydney, with tenant expectations reaching new highs during a time of abundant choice. Vacancy rates remain elevated, particularly in secondary markets, empowering occupiers to demand premium amenities, flexible lease terms, and substantial incentive packages.

In Parramatta CBD, incentive levels for high quality stock have reached as much as 50%, reflecting the competitive pressure landlords face to secure and retain tenants. These incentives often include extended rent-free periods, tenant contribution packages, and flexible break clauses that further complicate lease negotiations.

Tenants are increasingly selective, prioritising buildings with superior end-of-trip facilities, wellness amenities, and ESG credentials. The flight to quality has intensified, with occupiers willing to pay more for assets that can attract and retain staff, while secondary properties struggle to maintain occupancy despite aggressive pricing strategies.

## ASSET MANAGEMENT

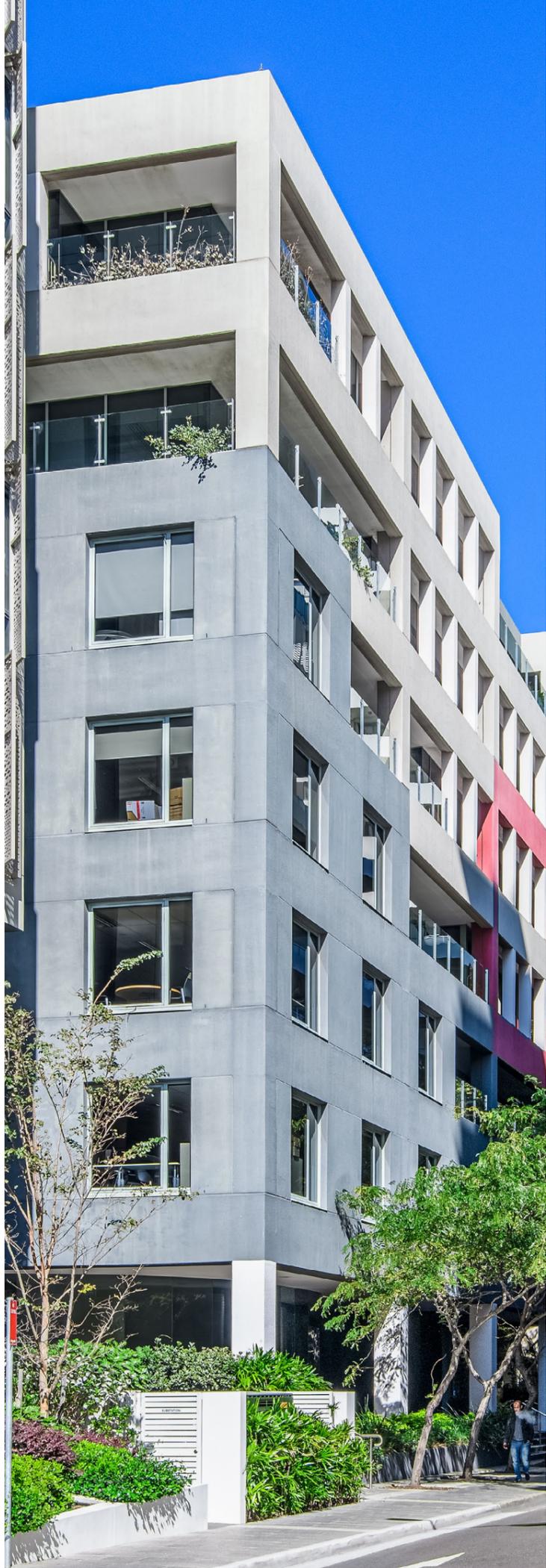
### Adapting to the hybrid work landscape.

Australia's office market is still adjusting to the lasting effects of hybrid work. Vacancy rates have reached highs not seen since the early '90s recession, prompting landlords to offer record high incentives to attract and retain tenants.

Interestingly, 28% of employers no longer enforce mandatory office attendance, up from 25% in 2023, signalling a shift toward more flexible work arrangements. In response, property managers are focusing on:

- Enhancing building amenities to support hybrid work environments.
- Implementing smart technologies for efficient space utilisation.
- Offering flexible lease terms and incentives to maintain occupancy.

These strategies aim to meet evolving tenant expectations and adapt to the changing nature of work.



## OUTLOOK FOR FY25/26

The Western Sydney office market outlook reflects cautious optimism underpinned by gradual return to office momentum, though recovery will be measured and uneven across all markets of Sydney.

As businesses continue implementing hybrid work policies, we anticipate slow but steady improvement in occupancy levels throughout 2025/26, particularly benefiting prime assets that can demonstrate clear value propositions.

This recovery pattern will likely be seen first in premium buildings offering superior amenities, modern infrastructure, and strong ESG credentials. These assets are best positioned to attract tenants seeking to create workplace destinations that draw employees back to the office. Consequently, the divide between prime and secondary markets will continue to widen, with high quality properties achieving stable or improving rents while older buildings with less amenities face ongoing pressure.

This divide extends beyond leasing to investment and capital values, where prime assets with strong tenant covenants and modern specifications will command significant premiums over secondary stock. This quality differential creates distinct investment strategies: patient capital focused on premium holdings versus opportunistic buyers targeting value add repositioning opportunities.

Western Sydney's relative affordability, improving transport connectivity, and emerging mixed-use developments around key nodes like Parramatta CBD present selective opportunities. Success will increasingly depend on asset quality, strategic location, and landlord willingness to invest in tenant focused improvements that align with evolving workplace expectations.



## SOLD

35 Smith Street, Parramatta

Confidential

Freehold Office Building in Parramatta CBD



## LEASED

Level 10, 27 Argyle Street, Parramatta

\$500sqm net

828sqm\* Office Space



## MANAGED

27 Argyle Street, Parramatta

Recent Management

Multi-tenanted Building

# Retail recovery, with buyers looking towards *convenience*.

## KEY POINTS

 Transaction volumes surged 217% to \$1.84B in 2024/25, driven by landmark deals like Westpoint (\$870.4M) and Carlingford Court (\$240M).

 Convenience-based neighbourhood centres anchored by supermarkets, food, and services outperformed, attracting institutional capital.

 Sub-6% yields were recorded across new and existing centres, highlighting renewed investor confidence and strong buyer appetite.

 Tenants sought service-oriented locations with health, beauty, and F&B offerings—fueling high occupancy in well-curated centres.

 Retail strips struggled, while centres with strong parking, tenant mix, and destination appeal achieved stable rental growth.

## TRANSACTIONS

**The Western Sydney retail market has been the stand out performer in 2024/25, with transaction volumes surging to \$1.84 billion across 89 sales — a 217% increase from the previous year's \$582.2 million.**

This reflects a pivot to retail as a growth asset class, driven by strong population growth, limited new supply, and changing consumer preferences favouring convenience based retail.

The increase in volumes was led by landmark acquisitions. Westpoint Shopping Centre achieved \$870.4 million at a 5.80% yield, while

Carlingford Court traded for \$240 million, demonstrating investor appetite for established centres with supermarket anchors and service tenants. New developments like Kellyville Grove and Leppington Village commanded sub-6% yields, reflecting confidence in centres serving expanding residential corridors.

This resurgence signals a shift in investor sentiment, with institutional capital returning after previously favouring industrial and office assets.

Average transaction size increased as larger centres and neighbourhood assets attracted premium pricing from both local and offshore investors.

The focus on convenience based retail — anchored by supermarkets, food and services — highlights the sector's defensive characteristics.

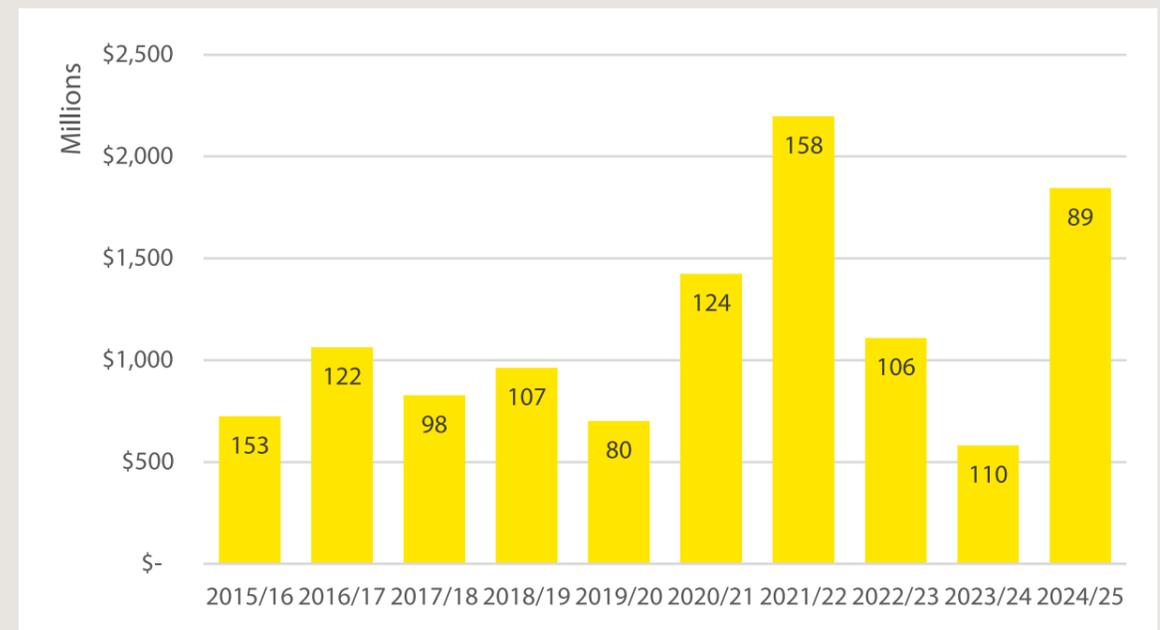
Western Sydney's sustained population growth, especially in growth corridors, has created compelling opportunities in retail assets serving expanding residential catchments with limited new supply.

**\$1.84B** in 2024/25

**+217%** YoY

**89** Transactions in Western Sydney

**Western Sydney Retail Market**  
Sales Volumes & No. of Transactions



SOURCE: RWCWS \*2024/25 REPORTED TO 1 JUNE

## LEASING

The retail leasing landscape in Western Sydney presents a tale of two markets, with performance heavily dependent on location, format, and tenant mix. While specialty retail strips continue to face challenges in some locations, well positioned centres with the right mix of services and convenience offerings are demonstrating strong leasing momentum.

Neighbourhood shopping centres anchored by supermarkets and feature services continue to achieve high occupancy rates and stable rental growth. The key to success lies in tenant mix curation, with food and beverage operators, health and beauty services, and convenience retailers driving consistent foot traffic and extended trading hours.

However, traditional specialty retail in strip locations faces ongoing pressures, with landlords needing to offer competitive terms and flexible lease structures to attract and retain tenants. The flight to quality remains evident, with tenants preferring locations that offer strong convenience factors, adequate parking, and complementary businesses that create destination appeal.

## ASSET MANAGEMENT

The retail property market is showing signs of resilience, especially in the food and service sectors. Retail turnover saw modest growth in early 2025, with food & beverage demonstrating continual monthly gains.

### Key trends include:

- Increased lease renewals among food and service businesses, indicating stability.
- A resurgence in prime retail locations, with luxury retail expanding beyond traditional areas.
- Growth in mixed-use retail developments to cater to changing consumer preferences.

Property owners are becoming more selective, prioritising tenants with strong financial stability and reducing tolerance for arrears.



## OUTLOOK FOR FY25/26

The outlook for Western Sydney's retail market remains exceptionally positive, supported by strong demographic fundamentals and evolving consumer preferences that favour convenience based shopping experiences. The sector's outstanding performance in 2024/25 positions it well for continued growth, with several key trends expected to drive sustained investment interest.

Population growth across Western Sydney's growth corridors continues to create new retail catchments, while limited new supply ensures existing well located centres maintain their competitive advantages. The trend toward neighbourhood convenience centres is expected to intensify, with investors increasingly recognising the defensive characteristics and stable returns these assets provide.

The success of recent major transactions demonstrates healthy investor appetite for quality retail assets, particularly those offering services and convenience retail formats. This performance, combined with rental growth potential driven by population expansion, positions the retail sector as an attractive alternative to other commercial property classes.

Looking ahead, retail assets that can successfully combine convenience shopping with service offerings such as healthcare, childcare, personal services, and food and beverage will continue to outperform. As the region's population continues to expand and mature, retail assets serving these growing communities with services and convenience offerings are expected to deliver consistent performance and capital appreciation for astute investors.



## SOLD

168 Burwood Road, Burwood

Confidential

Iconic Corner Freehold Investment



## LEASED

Ground Floor, 88-92 Main Street, Blacktown

\$220,000p.a + GST

320sqm Fully Fitted & Licensed Restaurant



## MANAGED

CPG Centre - Batt Street

Recent Management

Entertainment Centre

# Industrial deals get bigger, resulting in volume increases.

## KEY POINTS



\$4.17B in transactions (up 13.6%) driven by increased deal values and strong demand across all buyer types.



Portfolio activity surged, with institutional vendors selling non-core assets to private and boutique funds.



Yields stabilised between 4.50% and 5.75%, offering improved value compared to pandemic-era compression.



Owner occupier demand remains strong, especially via SMSFs – though proposed tax changes may force divestments.



Limited land supply and rising build costs continue to drive up rents, with new builds commanding rental premiums.

## TRANSACTIONS

The industrial sector in Western Sydney maintained its position as the standout commercial asset class throughout 2024/25, recording \$4.17 billion in transaction volumes – a 13.6% increase from the previous year. This reflects increased activity and rising deal values, demonstrating continued appeal across all investor categories. The strength stems from limited land supply, superior road connectivity, and strategic positioning within Sydney’s logistics infrastructure.

Institutional buyers maintained strong appetite for quality assets, while owner occupiers and private investors were also active. Many acquisitions were structured through Self-Managed Super Funds (SMSFs),

particularly appealing to business owners seeking premises while building retirement wealth.

This activity faces potential disruption from proposed Labor government tax changes on super balances exceeding \$3 million. Many SMSF holders may be forced to sell assets or restructure, which could trigger increased activity ahead of implementation.

Portfolio sales featured prominently, with institutional vendors divesting non-core assets to private buyers and smaller funds. Notable transactions include the \$201 million Goodman Group portfolio (three properties in Holroyd and Seven Hills, acquired by Centuria

Capital and BGO) and the \$145 million St Marys Intermodal Facility (sold to PGIM Real Estate and Cadence Property Group). Yields have stabilised at 4.50%-5.75%, offering better value than sub-4% pandemic levels.

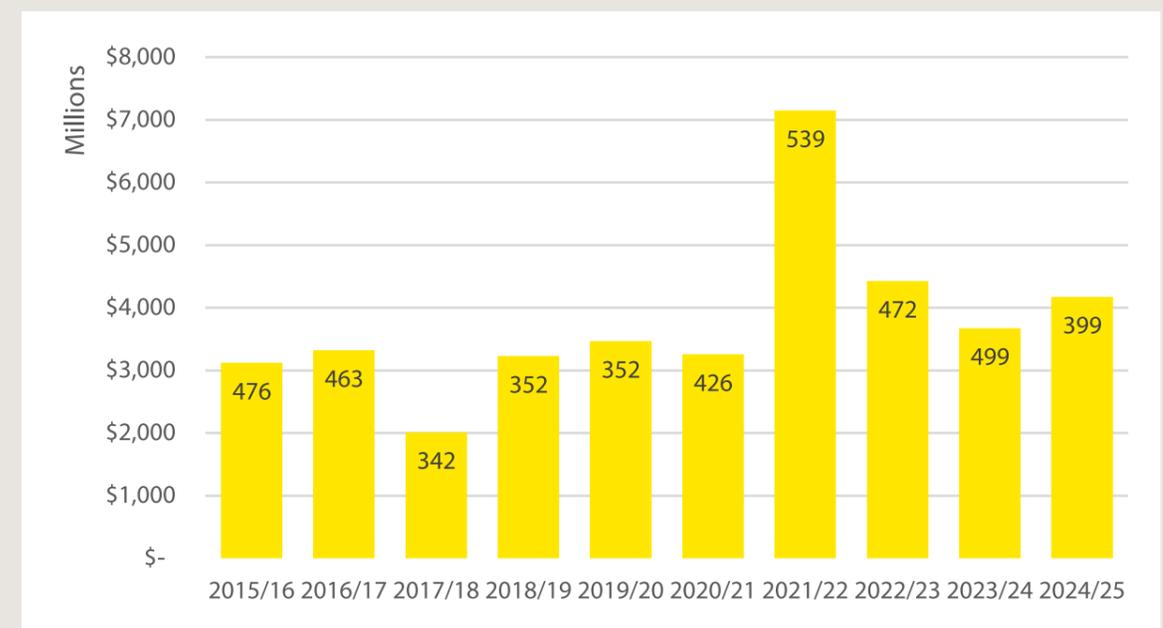
Despite larger deals, high volumes of smaller sales (\$2–10 million) remain, driven by a diverse private buyer pool.

**\$4.17B** in 2024/25

**+13.6%** YoY

**399** Transactions in Western Sydney

### Western Sydney Industrial Market Sales Volumes & No. of Transactions



SOURCE: RWCWS \*2024/25 REPORTED TO 1 JUNE

## LEASING

The industrial leasing market has evolved during 2024/25, with vacancy rates showing a modest increase that has contributed to greater rental stability after years of aggressive growth.

Following unprecedented rent increases over the previous three years, growth has stabilised, though vacancy rates remain extremely low across most Western Sydney precincts.

This reflects a maturing market where supply and demand are achieving better balance, without undermining the sector's strength. Limited new supply continues to keep rents elevated, supporting owner occupiers seeking to purchase facilities to shelter from rising accommodation costs.

New high quality industrial assets have set elevated rent benchmarks, driven by increased construction costs that have reset pricing expectations. These modern facilities, with advanced logistics capabilities, superior truck access, and sustainable design, command rental premiums due to their functionality and efficiency.

The high cost of construction has created a two-tier market: new developments achieve substantially higher rents than existing stock, though both remain in strong demand.

## ASSET MANAGEMENT

**Continued strength with emerging challenges.** The industrial property sector remains robust, driven by sustained investor demand and resilient rental growth. Australia's industrial vacancy rates remain low and take up has improved during the first half of 2025 after a subdued 2024 period.

**However, the market is experiencing some shifts:**

- Rising vacancy rates and slower rent growth suggest a more balanced environment.
- Landlords may need to adjust leasing strategies to retain tenants, offering more favourable terms.
- Investors remain confident, with Sydney's

industrial sector, notably Western Sydney leading the recovery in capital growth.

This evolving landscape underscores the importance of adaptability and strategic planning in industrial property management.

## OUTLOOK FOR FY25/26

**Western Sydney's industrial sector is positioned for continued strength, supported by structural advantages that remain intact.** Land supply constraints will intensify as development pressure increases, particularly with the Western Sydney Aerotropolis completion approaching in 2026, generating significant additional demand.

The proposed SMSF tax changes represent both challenge and opportunity. While forced selling may create short term pricing pressure, it could present acquisition opportunities for well capitalised investors. Many SMSF investors may restructure into vehicles such as family trusts or direct ownership, reshaping but not eliminating this cohort.

Construction cost pressures and labour shortages continue limiting new supply, supporting rental growth and asset values. Replacement costs have increased, making existing assets more valuable. This particularly benefits well located facilities that can be upgraded to meet logistics requirements.

The sector's appeal extends beyond traditional uses, with growing demand for specialised facilities including cold storage, pharmaceutical distribution, and last mile delivery hubs. These uses command premium rents and attract specialist investors.

Western Sydney's industrial market appears well positioned to maintain its standout performance, supported by supply-demand imbalances, infrastructure investment, and the region's central logistics role.



**SOLD**

**356 Chisholm Road, Auburn**

\$14,000,000

Freestanding Industrial Investment with Upside



**LEASED**

**1/1-15 Wentworth Road, Homebush**

\$220,000p.a

Food Production & Cold Storage Facilities



**MANAGED**

**221 Parramatta Road, Granville**

Recent Management

Industrial Warehouse

# Development site activity *cools*, as market resets.

## KEY POINTS



Transaction volumes fell 64.3%, reaching \$1.34B — reflecting the disconnect between vendor expectations and market feasibility.



Average deal size declined to \$24.4M, as developers shifted focus to smaller, lower-risk sites.



Feasibility pressures from rising construction and labour costs rendered many projects unviable.



Residential development was most affected, though industrial projects also faced margin pressure.



NSW planning reforms may revive momentum, particularly in transport corridors under the Low and Mid-Rise Housing Policy.

## TRANSACTIONS

The development sites market in Western Sydney experienced significant contraction during 2024/25, recording \$1.34 billion in transaction volumes across 55 sales — a 64.3% decline from the previous year's \$3.76 billion.

This reflects the disconnect between vendor expectations and market realities, as viability challenges continue to impair development economics.

major constraint. Despite some moderation, raw material costs, labour shortages and wage inflation continue to pressure construction economics.

constraints have rendered many projects uneconomical. Industrial sites performed better due to demand fundamentals, though still face margin pressure from elevated costs.

The average transaction size decreased to approximately \$24.4 million, indicating a shift towards smaller, more targeted acquisitions. Developers are adopting a cautious approach, focusing on sites with clearer pathways and reduced execution risk.

Many developments that appeared viable at lower interest rates now struggle to achieve acceptable returns, widening the gap between vendor expectations and buyer pricing.

The persistent difficulty in making projects “stack up” remains a

This correction has been especially pronounced in residential development, where cost inflation, planning delays, and financing

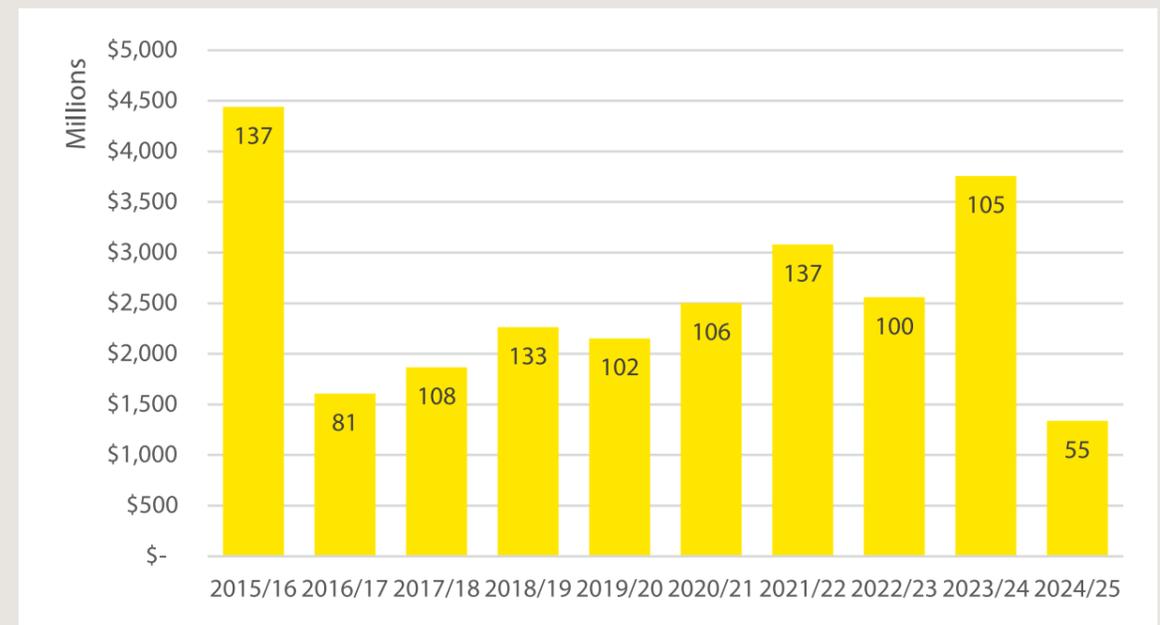
**\$1.34B** in 2024/25

**-64.3%** YoY

**55** Transactions in Western Sydney

Average deal size **\$24.4M**

Western Sydney Development Sites Market  
Sales Volumes & No. of Transactions



SOURCE: RWCWS \*2024/25 REPORTED TO 1 JUNE

## OUTLOOK FOR FY25/26

The development sites market in Western Sydney faces a complex outlook, with recovery dependent on several converging factors. Expected interest rate reductions throughout 2025 are the most immediate indicator for improved viability, as lower financing costs could restore feasibility margins for many stalled developments. Combined with capital value growth in end use asset classes such as residential and industrial property, this should gradually improve development economics.

Structural challenges persist. The wave of builder insolvencies has reduced the pool of experienced contractors, creating capacity constraints and higher costs. Labour shortages compound these issues, though recent NSW housing reforms may provide new opportunities.

The Low and Mid-Rise Housing Policy, allowing dual occupancies and multi-unit developments within transport corridors, is expected to generate activity in smaller scale development sites — particularly in Western Sydney, where many areas fall within the 800 metre transport hub criteria. These projects are inherently more viable than large scale developments, requiring less capital, shorter timeframes, and reduced execution risk.

Recovery will likely be selective, favouring well located sites with established infrastructure. Western Sydney's strategic advantages — including the approaching airport and major infrastructure investment — position quality development sites for revaluation as conditions improve and smaller opportunities become more accessible to the reduced builder pool.



SOLD

1 Villawood Road, Villawood

\$7,300,000

Development Site with Holding Income



SOLD

Lot 8/30 South Street, Marsden Park

\$5,850,000

4,420sqm Business Zoned Land



SOLD

188 Heath Road, Leppington

\$4,150,000

18 Basin Lots with Significant Future Capital

# Government funding drives childcare sector growth.

## KEY POINTS



\$102.5M in transactions (up 62.0%), highlighting renewed investor confidence in a defensive asset class.



Backed by the \$5B federal funding package, including subsidies and wage increases, supporting operational stability.



Institutional and sophisticated investors dominate as private buyers are priced out of a rising-value market.



Yields compressed to 4.50%–5.50% despite broader market softening, due to government-backed revenue streams.



Development economics have shifted — fewer speculative projects, with more emphasis on pre-leased sites and operator security.

## TRANSACTIONS

The childcare sector demonstrated remarkable stability in Western Sydney during 2024/25, recording \$102.5 million in transaction volumes across 13 sales — a 62.0% increase from the previous year.

The childcare sector demonstrated strong stability in Western Sydney during 2024/25, recording \$102.5 million in transaction volumes across 13 sales — a 62.0% increase on the previous year.

This growth reflects investor confidence in the sector’s defensive traits, particularly as government subsidies expand and operational certainty improves.

The investment profile has shifted, with traditional private investors increasingly priced out. Higher entry points have favoured institutional

capital and high-net-worth investors who are more selective on location, build quality, lease covenants, and operator credentials.

Capitalisation rates have compressed despite broader market softening, with prime assets now trading between 4.50% and 5.50%. This reflects the sector’s defensive appeal, backed by government-supported income and rising family demand through expanded subsidies.

The surge in development listings reflects changing economics. Rising construction costs have

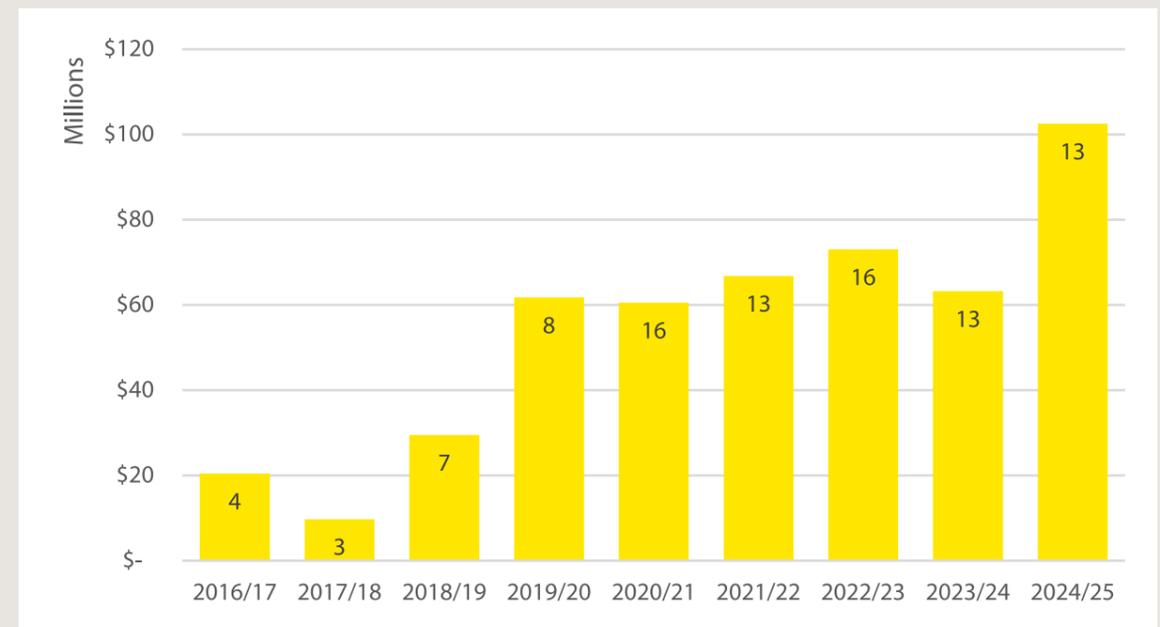
pushed developers toward simpler delivery models, with only sites in genuine need areas progressing. The speculative model has been replaced by secured operators and lease pre-commitments during early design stages.

**\$102.5M** in 2024/25

**+62.0%** YoY

**13** Transactions in Western Sydney

Western Sydney Childcare Market  
Sales Volumes & No. of Transactions



SOURCE: RWCWS \*2024/25 REPORTED TO 1 JUNE



**SOLD**

**30-40 Lumsdaine Street, Picton**

\$6,000,000

Brand New Childcare - Opposite Primary School



**SOLD**

**50 Coreen Avenue, Penrith**

\$5,000,000

State-of-the-Art Childcare Facility



**LEASED & MANAGED**

**35 Walsh Avenue, Castle Hill**

\$538,150p.a. + GST | Recent Management

94-Place Childcare Centre

## LEASING

Leasing activity has increased as operators expand their footprints, supported by the federal government's \$5 billion commitment toward universal early childhood education. The "3 Day Guarantee" program is expected to benefit an additional 100,000 families, substantially expanding accessibility and improving occupancy rates across existing centres.

Changing work patterns post pandemic continue to influence demand, with mid week occupancy significantly higher than Mondays and Fridays. This concentrated demand pattern affects operational requirements and long-term asset performance, with suburban operations favoured over CBD locations due to hybrid working arrangements.

## OUTLOOK FOR FY25/26

Western Sydney's childcare sector is positioned for continued growth, underpinned by robust population growth and unprecedented government investment in early childhood education. The federal government's comprehensive \$5 billion commitment, including the \$1 billion Building Early Education Fund and \$3.6 billion for educator wage increases, creates favourable conditions for both existing asset performance and new development opportunities.

The sector's appeal extends beyond traditional defensive characteristics, with government backed revenue streams providing income security that attracts risk averse investors. Expected interest rate reductions should support continued investment activity, particularly as yields have not compressed to the same degree as other commercial property classes.

However, investors must carefully navigate evolving market dynamics. Quality differentiation is becoming

more pronounced, with A grade sites in optimal locations commanding premium pricing while less favourable assets face diminished buyer pools. The integration of childcare facilities within town centres and new growth corridors presents particularly attractive development opportunities, providing both population catchment and accessibility that operators value.

The anticipated strengthening of quality enforcement and compliance requirements may create additional operational costs but will likely further differentiate premium properties with exemplary records. For Western Sydney, the combination of strong population growth, government policy support, and limited new supply positions quality childcare assets as compelling defensive investments, provided investors carefully assess location fundamentals and operator quality in an increasingly sophisticated market.

# Block of units, remain tightly held as residential values continue to *grow*.

## KEY POINTS

-  Most tightly held asset class, with owners prioritising long-term wealth over capitalising on market value.
-  Low number of sales (8 total) reflects rarity, not lack of demand — quality assets seldom reach the market.
-  Yields remained stable at 4.00%–6.00%, offering strong income returns even during periods of rising rates.
-  Strong investor interest in reconfiguration, strata subdivision, and redevelopment opportunities.
-  High rental demand and rising values driven by population growth and low vacancy, especially in outer-ring suburbs.

## TRANSACTIONS

The block of unit market in Western Sydney demonstrated exceptional performance in 2024/25, recording \$31.3 million across 8 sales — down 25.5% YoY, reflecting the tightly held nature of these assets.

The sector has evolved from a niche investment to one of the most sought-after, aided by growing sophistication in residential investment strategies.

Average transaction size increased, reflecting capital appreciation and limited supply. Long-term owners remain reluctant to divest, recognising the growing income streams and wealth preservation benefits. When listed, assets typically achieve pricing near individual unit values with minimal discounting.

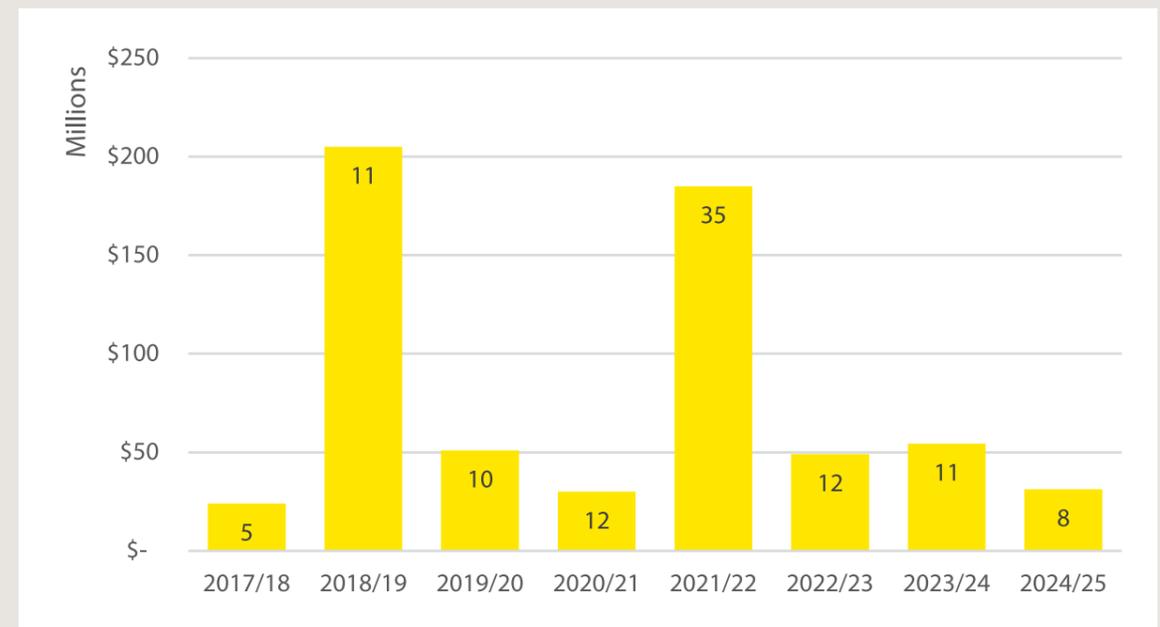
Yields remained stable at 4.00%–6.00%, contrasting with expansion in other commercial sectors and reinforcing the defensive nature of this asset class. Investors are focused on value-add potential through reconfiguration, strata subdivision, or redevelopment.

Listings remain scarce. Quality assets in high-growth corridors command premium pricing, supported by limited supply, strong rental fundamentals, and capital growth — making this a highly

competitive market for private investors and owner occupiers.

**\$31.3M** in 2024/25  
**-25.5%** YoY  
**8** Transactions in Western Sydney

Western Sydney Block of Units Market  
 Sales Volumes & No. of Transactions



SOURCE: RWCWS \*2024/25 REPORTED TO 1 JUNE

## LEASING

Western Sydney's residential rental market continues to experience exceptional pressure, with vacancy rates remaining below 2% across middle and outer ring areas. This persistent undersupply, driven by population growth outpacing housing delivery, has resulted in sustained rental increases across all unit types. Two-bedroom units in outer ring locations have shown particularly strong performance, as tenants adapt to affordability pressures through shared accommodation arrangements.

The rental market dynamics strongly favour block of unit owners, with rent reviews typically achieving annual increases of 8-12% across different unit configurations. Limited new residential supply and ongoing infrastructure development in Western Sydney continue supporting rental demand, while changing work patterns have maintained occupancy strength in suburban locations.

## OUTLOOK FOR FY25/26

Western Sydney's block of unit sector is positioned for continued strength, supported by persistent supply-demand imbalances. Projected population growth of over 50,000 new residents annually, coupled with limited housing additions, ensures ongoing rental pressure and capital appreciation. Infrastructure investment, including the Western Sydney Airport opening, will further enhance the region's residential appeal.

Interest rate reductions in 2025 will improve investment economics, widening the spread between yields and borrowing costs while enhancing cash flow. This may attract more investors and drive further yield compression for quality assets in strategic locations.

The sector's appeal extends beyond traditional investment characteristics, with growing recognition of value-add opportunities via renovation, reconfiguration, and strata subdivision. High replacement costs make existing built form more attractive, while tenant preferences for larger shared accommodation in affordable locations support Western Sydney's unit mix.

Government housing initiatives will take years to impact supply. In the interim, block of unit assets offer compelling defensive characteristics and growth potential, particularly for properties near transport and employment hubs. Population growth, housing undersupply, and changing household patterns will support solid performance through 2025 and beyond.



SOLD

12 Station Street, West Ryde  
\$5,900,000  
Block of 10 Units + Commercial Suite



SOLD

592 Blaxland Road, Eastwood  
\$4,130,000  
Block of 8 Units



SOLD

28 & 32-34 Station Street, Harris Park  
\$7,262,500  
Block of 9 Units + 13 Room Boarding House

# Active apartment development volumes *slow down*.

## KEY POINTS

-  Only 22 projects under construction, despite 665 active developments tracked — a sharp drop reflecting feasibility challenges.
-  More than 60,800 dwellings remain in the pipeline, with most projects paused or delayed due to cost pressures.
-  Builder insolvencies and consolidation have reduced industry capacity, slowing construction starts.
-  Parramatta leads on potential dwellings; South West and North West corridors still carry long-term supply opportunities.
-  Developers holding approvals but delaying starts until construction economics improve — signalling a strategic reset.

## PROJECTS

The Western Sydney active development pipeline comprises 665 apartment and townhouse projects — a decline from previous years as the market adjusts to rising construction costs and financing challenges.

These projects, tracked based on activity in the past six months — including advancement, modifications, or status changes — could add over 60,800 dwellings to future supply, easing shortages from strong population growth and low vacancy rates.

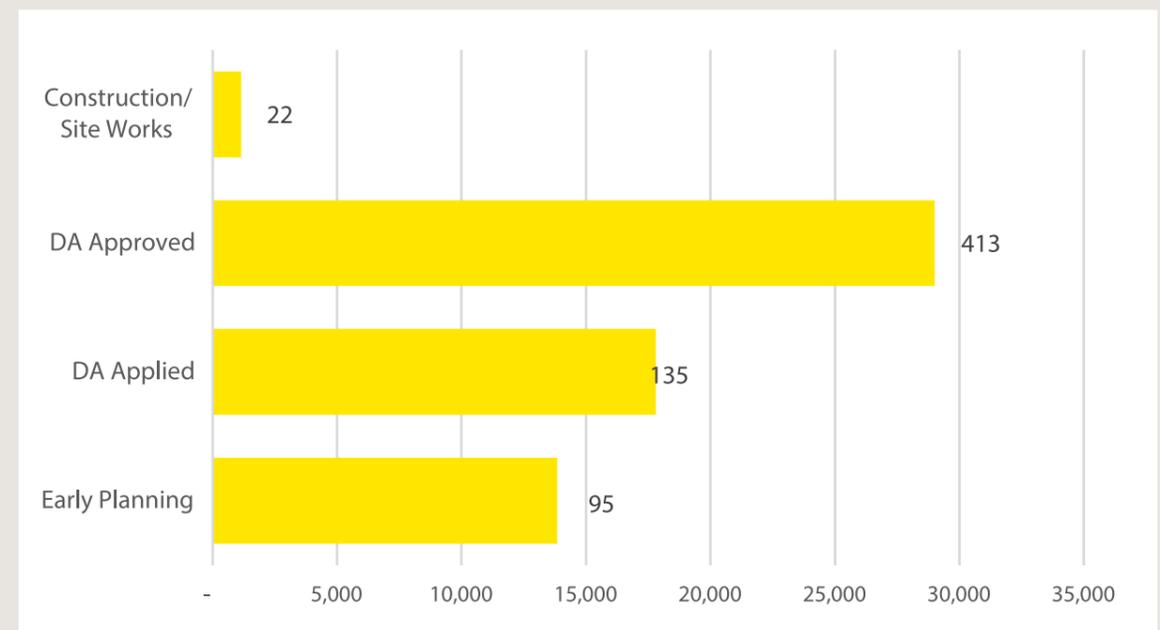
Parramatta leads in potential dwelling supply, though volumes have moderated amid feasibility reassessments. Canterbury-Bankstown remains a key infill area, while Liverpool, Camden, and Campbelltown offer long-term potential despite short-term constraints.

Only 22 projects are currently under construction, expected to deliver around 1,145 dwellings in the next two years — a sharp fall from historic norms, reflecting industry caution.

In the North West, Blacktown and The Hills hold significant pipeline stock, though many projects are paused pending improved conditions. This reflects a strategic pause, not abandonment.

**665** Active projects  
**-23.74%** YoY  
**22** Projects currently under construction

Western Sydney Apartment Development Pipeline  
 No. of Units by Development Stage & No. of Projects



SOURCE: RWCWS \*2024/25 REPORTED TO 1 JUNE

## OUTLOOK FOR FY25-26

The outlook for residential development in Western Sydney has significantly improved following recent policy reforms and construction cost stabilisation.

The NSW government's Low and Mid-Rise Housing Policy, allowing dual occupancies, terraces, and residential flat buildings within 800 metres of transport hubs, represents a transformative shift — particularly benefiting Western Sydney given its extensive rail network and town centre infrastructure.

These planning reforms create immediate opportunities for smaller scale developments that are inherently more viable than large apartment projects, requiring less capital, shorter timelines, and reduced execution risk. Property owners within designated transport corridors can now unlock development potential previously restricted by local zoning.

Construction cost stabilisation, combined with industry consolidation, has created more predictable project economics for experienced builders. While labour shortages persist, reduced competition allows contractors to focus on developments with clear feasibility and adequate margins.

Expected interest rate reductions in 2025 will improve project viability by reducing financing costs while making end user purchase prices more accessible. This improved affordability, combined with Western Sydney's population growth and infrastructure investment — including the approaching airport opening — creates compelling demand fundamentals.

Government initiatives supporting build-to-rent and offshore investment provide additional stimulus for larger projects, while new planning frameworks enable smaller scale opportunities without relying on major developers. The combination of reform, cost stabilisation, and improving finance positions Western Sydney's residential development sector for renewed activity, focused on viable, deliverable projects supported by enhanced development rights.



**SOLD**

**3 Figtree Drive & 6 Herb Elliot Avenue,  
Sydney Olympic Park**

\$90,880,000

21,302sqm\* Site Located One Block from  
Sydney Olympic Park Station



**SOLD**

**21-23 Lexington Drive, Bella Vista**

\$19,000,000

10,200sqm of Land in the  
Heart of Norwest Business Park



**SOLD**

**164 Talavera Road, Marsfield**

\$4,400,000

Surplus Government Land

# Our *future* projections

The Western Sydney property market is entering a transformative period, shaped by exceptional population growth, major infrastructure projects including the 2026 airport opening, and evolving economic conditions that attract both domestic and international capital.

As Australia remains a stable investment destination amid global uncertainty, Western Sydney emerges as the nation's premier growth corridor, offering strong opportunities across residential, commercial, and alternative asset classes.

A convergence of key factors — interest rate reductions, planning reform, construction cost stabilisation, and the airport opening — is creating a unique environment where patient capital and strategic positioning will be rewarded. The region's shift from Sydney's affordable outer market to a dynamic economic hub is accelerating, supported by record infrastructure investment and demographic trends with long-term momentum.

## SUMMARY OF OUR PREDICTIONS FOR

	Residential		Commercial
	Development		Alternatives

### COMMERCIAL

Western Sydney's commercial property sector faces a period of selective recovery. Industrial assets will continue to benefit from fundamental supply constraints and strategic logistics positioning, though rental growth may moderate as users reach affordability limits and space requirements stabilise. The retail sector's remarkable 217% transaction volume surge positions it for sustained growth, with convenience-based centres anchored by supermarkets and essential services expected to outperform as population growth creates new catchments with limited supply competition.

The office market recovery will remain gradual and quality dependent, with prime assets offering superior amenities positioned to benefit from slowly improving occupancy levels as hybrid work models evolve. Secondary office properties face ongoing challenges, though opportunistic investors may find value add repositioning opportunities in strategic locations near transport infrastructure.

### ALTERNATIVES

Childcare assets will continue to attract sophisticated capital and savvy investors, supported by unprecedented government investment including the \$5 billion commitment towards universal early childhood education. Quality differentiation will intensify, with A grade sites in optimal locations commanding significant premiums while development opportunities focus on town centre integration and transport corridor accessibility.

Block of units will remain the most tightly held asset class, with owners prioritising generational wealth buildings over capitalisation of strong market values. Expected interest rate reductions will enhance investment economics while driving potential yield compression for quality assets. The sector's defensive characteristics, combined with sustained rental growth in key segments, ensure continued appeal to private investors seeking stable returns with capital appreciation potential.



## RESIDENTIAL

Western Sydney's residential market faces persistent undersupply pressures despite the 665-project development pipeline representing over 60,800 potential dwelling units. With only 22 projects currently under construction, the timeline for meaningful supply additions extends well beyond immediate demand requirements. Population growth exceeding 50,000 new residents annually ensures continued upward pressure on both house prices and rental rates.

The NSW Low and Mid-Rise Housing Policy will create new opportunities for smaller scale developments within transport corridors, potentially accelerating delivery of diverse housing options. However, the fundamental supply-demand imbalance will persist, maintaining low vacancy rates below 2% and supporting strong rental growth across all unit configurations, particularly benefiting Western Sydney's strategic positioning near employment and transport hubs.

## DEVELOPMENT

The development landscape will experience selective recovery driven by policy reform and improving economic conditions. Interest rate reductions throughout 2025 will restore project viability for stalled developments, while new policy reform will allow immediate opportunities for smaller scale projects requiring less capital and reduced execution risk. These developments are inherently more suitable for the current constrained construction environment following widespread builder consolidation.

Industrial development will benefit from ongoing demand fundamentals despite elevated construction costs, while residential development will pivot towards viable, deliverable projects supported by enhanced planning rights. The combination of construction cost stabilisation, industry consolidation creating more predictable economics, and government initiatives supporting build-to-rent developments, positions Western Sydney for renewed development activity focused on strategic locations with established infrastructure and clear regulatory pathways.



# Why Western Sydney?

Australia's most compelling investment proposition, powered by unstoppable growth, major infrastructure, and targeted policy reform.



Western Sydney presents Australia's most compelling investment proposition, combining unprecedented growth fundamentals with strategic infrastructure advantages that cannot be replicated elsewhere. The region's transformation from Sydney's affordable outer ring to the nation's fastest growing economic corridor reflects a unique convergence of demographic, infrastructure, and policy factors creating sustained opportunities across all property sectors.

## Unmatched growth drivers

### POPULATION GROWTH



**+50,000** new residents annually

- Represents majority of Greater Sydney's growth
- Drives rental demand and capital appreciation

### INFRASTRUCTURE INVESTMENT



**\$25B+** committed in transport infrastructure

- Includes Western Sydney Airport + major road upgrades
- Australia's largest coordinated infrastructure program

## Economic diversification supports resilience

The economic diversification beyond residential growth to encompass advanced manufacturing, logistics, technology, and health services creates a resilient base supporting diverse property demand, with the Aerotropolis alone projected to generate 200,000 jobs.

## Planning reform advantage

Recent planning reforms specifically advantage Western Sydney, with the Low and Mid-Rise Housing Policy and streamlined approval processes creating development opportunities unavailable in established Sydney markets.

- Unlocks significant land value potential
- Provides regulatory certainty for projects

## Risk-adjusted returns and value advantage

Combined with the region's **relative affordability** compared to established Sydney markets, Western Sydney offers superior risk-adjusted returns for investors seeking exposure to Australia's demographic and economic growth story, while maintaining **compelling value advantages** that attract both residents and businesses.

# Key predictions for FY2025-26



## Retail sector momentum accelerates

Convenience based neighbourhood centres will continue attracting institutional capital, with yields compressing below 5.50% for quality supermarket anchored assets as population growth creates new catchments with limited supply competition.



## Interest rate cuts drive yield compression

Expected rate reductions will enhance investment returns across all sectors, with prime industrial assets potentially seeing yields compress to 4.25%-5.50% while block of units yields tighten below 4.50% for strategic assets.



## Planning reform unlocks development activity

The Low and Mid-Rise Housing Policy will stimulate smaller scale residential developments within transport corridors, creating new investment opportunities for land banking and build-to-rent strategies targeting Western Sydney's extensive rail network.



## SMSF restructuring creates acquisition opportunities

Proposed superannuation tax changes will trigger portfolio restructuring, potentially increase transaction volumes while creating opportunities for alternative investment structures to acquire quality assets at competitive pricing.



## Airport precinct premium emerges

Properties within 10 kilometres of Western Sydney International Airport will command rental and capital value premiums of 10-15% as the 2026 opening approaches, particularly benefiting industrial and commercial assets with direct connectivity advantages.

# OUR OFFICE

With a strong foundation of experience and expertise, we bring a winning combination of dynamism and operational rigour to the commercial agency space.

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



SALES



PETER VINES  
Managing Director



JOSEPH ASSAF  
Director



VICTOR SHEU  
Director



TROY WANG  
Sales Executive



OWEN WHITE  
Industrial Sales Executive



DANNY SHI  
Sales - AIS



TAO SHI  
Sales - AIS



ANDREW SACCO  
Sales Executive



VEE LI  
Sales Executive



TIM KO  
Sales Executive



ALEX EL HAZOURI  
Sales Associate



MARCUS AUDDINO  
Sales Associate



MARCUS TOLE  
Commercial Property Analyst



CHRISTIAN FINIANOS  
Commercial Property Researcher



CHANTEL BRILLANTES  
Marketing & Design



MONH LY  
Campaign Manager



MARINA STAVRAKIS  
EA to Peter Vines

LEASING



ROBERT NAPOLI  
Senior Leasing Executive



SAMUEL GONG  
Senior Leasing Executive

ASSET MANAGEMENT



JOYCE ELKOUBERCI  
Director



CALLUM MCKAY  
Asset Manager



AALIYAH CHAMI  
Junior Asset Manager



ADRIAN HARB  
Junior Asset Manager



MARCUS FUNG  
Junior Asset Manager



ANNIKA WARD  
Junior Asset Manager



HARRY LAHOOD  
Junior Asset Manager



ZEINA TAJIK  
Accounts

OPERATIONS



RUBY ROZENTAL  
Director of Strategy



HANNAH CARNEY  
Director of Operations



PAULINE WATERFORD  
Finance Manager



CHRISTIAN BRILLANTES  
Office Manager

PROJECTS



MARK BERNBERG  
Managing Director



NATASHA SANDERS  
Sales Associate



SHANI FERDMAN  
Sales Assistant



BETTY NGUYEN  
Marketing Coordinator

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

**RWC**

**RWC Western Sydney**

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