



WESTERN SYDNEY COMMERCIAL MARKETS

2026 Predictions

Contents

Predictions for 2026

4

Executive
Summary

6

Industrial
Market

10

Block of Units
Market

14

Retail
Market

18

Childcare
Market

22

Office
Market

26

Development
Site Market

30

Residential
Development
Market

34

Asset
Management

Executive Summary

RWC Western Sydney is pleased to present our Projections for the Western Sydney Commercial Markets 2026.

In 2025, the Western Sydney commercial property market saw a renewed focus on fundamentals, with well-located, high-quality assets remaining in strong demand while overpriced stock struggled to transact or secure tenancy.

Across Western Sydney's major asset classes, 2025 marked a recalibration of demand, supply, and pricing, supported by improving financing conditions and ongoing infrastructure delivery.



INDUSTRIAL

Western Sydney accounted for 68% of Sydney's \$6.2 billion in industrial transactions through 2025, with stabilised yields and infrastructure-led demand positioning the sector for continued growth in 2026.

BLOCK OF UNITS

Yields compressed to around 3.5% in 2025 as strong rental growth and limited new supply kept Western Sydney's unit block market highly competitive, with confidence expected to remain firm through 2026.

RETAIL

Western Sydney's retail market remained resilient through 2025, supported by population growth, metro expansion, and strong demand for essential-service assets, with prime yields holding between 5% and 5.5% heading into 2026.

CHILDCARE

Driven by strong population growth and sustained government support, Western Sydney's childcare sector continued to attract investors in 2025, with sub-\$6 million purpose-built centres achieving yields below 5%, positioning the asset class for continued strength through 2026.

OFFICE

Anchored by major infrastructure projects and growing occupier demand, Western Sydney's office market saw steady improvement in 2025, with vacancy stabilising and prime yields firming around 6% as confidence builds ahead of the airport opening in 2026.

DEVELOPMENT SITES

Western Sydney's development market navigated a complex but improving landscape in 2025, supported by policy reforms such as the Low and Mid Rise Housing and TOD programs. Despite feasibility challenges and rising costs, renewed buyer confidence and infrastructure-led demand are expected to drive selective site activity through 2026.

RESIDENTIAL DEVELOPMENT SITES

Western Sydney delivered less than half its annual housing target in 2025 while leading the state in new approvals. With apartment values forecast to rise up to 10% and yields compressing to 4.5%–5.5%, demand for well-located, transport-oriented projects is expected to strengthen through 2026.

Looking ahead, Western Sydney's commercial property market is expected to enter 2026 with renewed stability and a continued focus on fundamentals. Anticipated interest rate reductions, sustained population growth, and ongoing infrastructure delivery will underpin confidence, while well-located, income-resilient assets are expected to outperform as the market transitions to more sustainable growth.

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



PETER VINES
Managing Director
RWC Western Sydney
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Industrial Market

Market expansion

Western Sydney's Industrial market entered an expansion phase through 2025, marking a decisive shift from the adjustment period of 2023–2024. Capital performance strengthened across all subregions, led by the Outer West (7.6% total returns) and Central West (5.7%). The region accounted for 68% of Sydney's \$6.2 billion in industrial transactions, reaffirming its dominance as the state's logistics and manufacturing hub.

OUTER WEST

7.6%
RETURNS

CENTRAL WEST

5.7%
RETURNS

68%

OF SYDNEY'S

\$6.2B

TRANSACTIONS

Leasing conditions

Following several years of exceptional rental growth between 2021 and 2023, leasing conditions in 2025 reflected a stabilisation phase, with prime net face rents recorded at \$218 per sqm in the Outer West, \$205 per sqm in the South West, \$232 per sqm in the Inner Central West and \$183 per sqm in the North West, with incentives generally ranging between 12% and 25%.

OUTER WEST

\$218/sqm

SOUTH WEST

\$205/sqm

INNER CENTRAL WEST

\$232/sqm

NORTH WEST

\$183/sqm

INCENTIVES
12-25%

Investment yields

Prime investment yields have stabilised at 5.10–5.20% across submarkets following interest rate reductions, establishing a floor for valuations. Investors are increasingly prioritising assets with strong ESG credentials, long lease terms, and strategic connectivity, reflecting a widening quality gap between prime and secondary stock as conditions stabilise.

Development pipeline

The development pipeline across Western Sydney remains significant, with the Outer West leading activity through 160 projects totalling 5.1 million sqm, followed by 112 projects in the South West (2.7 million sqm), 63 projects in the Inner Central West (1.1 million sqm), and 34 projects in the North West (324,000 sqm). With 97% of Greater Sydney's remaining undeveloped industrial land, Western Sydney is set to play a central role in addressing future supply.

“

2025 was the year Western Sydney shifted back into growth. Stronger returns, stable rents and solid yields across every major precinct.



OWEN WHITE

Industrial Sales Executive
RWC Western Sydney
0435 555 344

Key predictions for 2026

Continued capital growth momentum

Positive capital returns recorded through 2025 confirm that Western Sydney's industrial market has entered a renewed growth phase. The upcoming opening of Western Sydney International Airport in late 2026 is expected to amplify this momentum, strengthening long-term capital growth prospects and reinforcing investor confidence across the region.

Re-acceleration of construction activity

Construction activity is expected to increase through 2026 as project economics improve and infrastructure delivery advances. Over 3 million square metres of DA-approved projects in the Outer West and South West are well placed to move into construction, helping prevent vacancy from tightening further as occupier demand grows.

Rental growth at sustainable levels

Rental growth is forecast to resume at more sustainable rates in 2026. As incentives normalise and vacancy remains low, effective rents are expected to rise, particularly for prime facilities with ESG credentials and strong connectivity.

Investment activity strengthening

Investment activity is anticipated to accelerate as institutional capital that retreated during the interest rate adjustment period returns. Stabilised yields, a positive capital growth trajectory and improving debt availability are supporting renewed acquisition confidence.

Data centres and shifting land dynamics

Data centre development now exceeds 650,000 sqm across Western Sydney, driven by the growing demand for AI and cloud computing. This sector is reshaping site selection patterns, with power infrastructure becoming as critical as transport access. Competition is shifting land value dynamics as industrial land increasingly prioritises electrical capacity over traditional warehouse use.

ESG-driven market divergence

Assets with strong environmental credentials continue to outperform, achieving rental premiums of 10–15% and yield compression of 0.50–0.75%. As corporate occupiers place greater emphasis on sustainability, the divide between modern, ESG-compliant stock and older secondary assets will widen further.

Notable transactions



SOLD \$40,000,000+
53-77 Corymbia Road, Werrington



SOLD \$14,710,000
6 Woods Close, Huntingwood



SOLD \$6,600,000
14 Stoddart Road, Prospect



SOLD \$6,200,000
13 Charles Street, St Marys

Block of Units Market

Market fundamentals

Western Sydney's Block of Units market remains among the region's most resilient investment sectors entering 2026, supported by steady rental growth, sustained population increases, and a persistent undersupply of new housing across Sydney's middle and outer ring markets. This imbalance between demand and supply continues to drive investor confidence, particularly in well-located, income-producing assets.

Performance, yields and outlook

The block of units sector remained highly competitive through 2025, with yields compressing to as low as 3.5%, fueled by strong rental growth. Many transactions continue to occur below replacement value, drawing interest from private investors and housing providers seeking long-term opportunities. Lenders have also shown greater confidence in the sector, viewing block of unit assets as reliable, income-generating investments with minimal vacancy risk.

These same fundamentals are expected to persist through 2026, reaffirming the sector's reputation as one of Western Sydney's most stable and income-secure investment classes.

YIELDS
COMPRESSING
3.5%

BELOW
REPLACEMENT
VALUE

MINIMAL
VACANCY
RISK

“

In 2025 we saw yields compress to 3.5% and vacancy remain minimal. These are clear signals that blocks of units continue to be one of the region's most stable income assets.



JOSEPH ASSAF

Director
RWC Western Sydney
0401 397 696

Key predictions for 2026

Discount compression in one-line sales

The traditional discount applied to one-line block sales has tightened significantly, from as high as 20% in previous years to around 5%. This reflects growing investor confidence and a shift toward long-term income stability rather than short-term resale strategies.

Sustained demand for boarding houses

Boarding houses will continue to attract investors seeking affordable, high-yielding assets. With yields ranging between 6%-6.5%, these properties deliver strong cash flow but limited exit flexibility due to the inability to strata subdivide. Their appeal lies in their affordability, shorter construction timeframes, and alignment with ongoing demand for affordable accommodation options across Western Sydney's growth corridors.

Stable yield for traditional unit blocks

Traditional unit blocks will continue to demonstrate yield stability, with returns as low as 3.5%. Many investors are focusing on refurbishment and value-add strategies rather than new development, allowing for controlled renovation costs and improved rental outcomes.

Alignment with Western Sydney's growth outlook

As Western Sydney continues to experience strong population growth and constrained new supply, block of unit assets will remain central to meeting housing demand while providing investors with consistent returns. RWC Western Sydney expects competition for quality assets to remain strong throughout 2026 as investors pursue stable, income-producing opportunities underpinned by favourable market conditions.

Notable transactions



SOLD \$9,700,000

St Marys



SOLD \$6,250,000

2 & 4 Alfred Street, Westmead



SOLD \$5,900,000

12 Station Street, West Ryde



SOLD CONFIDENTIAL

1 Santley Crescent, Kingswood

Retail Market

Market fundamentals

Western Sydney's retail market is showing steady resilience amid a period of economic transition. Population growth, rising median household incomes, and significant infrastructure investment are underpinning sustained retail activity across neighbourhood and convenience-based centres. While discretionary spending remains under pressure, essential services, food and beverage, and daily-needs retail continue to outperform, buoyed by the region's demographic expansion and shifting consumption habits.

High-performing retail asset categories

Two categories of retail assets continue to stand out as sought after opportunities - high profile location opportunities for occupiers who are very active at the moment, as well as larger opportunities with secure tenants such as neighbourhood shopping centres anchored by supermarkets, childcare and medical.



Investment yields

Whilst high street retail shops and shoptops are rarely driven by yield, we've seen interest from investors continue to engage with offerings at between 5.5% to 6% yield. Large-format retail assets continue to experience robust demand from national hardware, furniture, and recreational goods retailers, supported by ongoing housing and lifestyle spending, these blue-chip tenanted assets tend to attract lower yields in the 5% to 5.5% range.

HIGH STREET RETAIL AND SHOPTOPS
5.5% - 6%
YIELDS

LARGE-FORMAT RETAIL
5-5.5%
YIELDS

“

In 2025 we saw daily-needs retail outperform and yields hold firm between 5% and 6%. These are clear signs that Western Sydney's retail sector remains one of the region's most resilient performers.



VICTOR SHEU
Director
RWC Western Sydney
Asian Investment Services
0412 301 582

Notable transactions



SOLD CONFIDENTIAL

141-143 Rowe Street, Eastwood



SOLD \$5,550,000

6-8 John Street, Lidcombe



SOLD \$4,501,000

21 & 21A/1 Lakeside Road, Eastwood



SOLD \$3,100,000

Shop 1, 36-38 Oxford Street, Epping

Key predictions for 2026

Demand for essential-service assets

Investors will continue to favour neighbourhood centres anchored by supermarkets, medical, and allied health tenants. Long WALE (Weighted Average Lease Expiry) assets with fixed annual increases will remain highly competitive, sustaining yields below 5.5% in prime locations.

Convenience and localisation trends strengthen

Consumer preference for convenience-based and localised retail experiences will continue to grow. This will drive strong leasing demand for smaller-format tenancies within high-density and transit-oriented precinct.

Retail redevelopment and mixed-use evolution

A new wave of repositioning and redevelopment is anticipated across aging suburban retail stock. Owners are increasingly integrating retail with residential, office, and entertainment uses to diversify income and improve long-term asset resilience.

Occupier demand remains strong

Over the course of the year, we have continued to see owner occupiers remain a solid portion of our campaign enquiries, these include medical, retail and particularly food and beverage ready assets in high profile shopping districts. Prime examples include the team's involvement in the sale of 6-8 John Street, Lidcombe as well as 141-143 Rowe Street, Eastwood where both attracted very low yields (both circa 3%) but were sold on an occupancy opportunity basis rather than as investments.



141-143 Rowe Street, Eastwood



6-8 John Street, Lidcombe

Institutional and syndicate requirements vs privates

Syndicated and unlisted trust capital will remain active across sub-\$30 million neighbourhood centres, focusing on assets with strong anchor covenants and strategic positioning in growth corridors. Whilst privates and family offices seek smaller bitesized opportunities and are active around and below the \$5 million range for good location assets.

The Metro line and retail landscape shift

The expansion of the Sydney Metro has notably reshaped Sydney's retail landscape: the improved connectivity into the CBD and suburbs has boosted foot traffic to key retail zones, driving lower vacancy rates and rent growth in well-connected precincts. The rail-line led developments of mixed-use precincts around station hubs have attracted new retail, dining and lifestyle offerings in previously lower-profile suburbs, spurring local amenity and demand.

Childcare Market

Market fundamentals and demand drivers

Western Sydney continues to be a focal point for childcare investment and development activity in New South Wales. The asset class remains one of the most resilient and sought-after, supported by strong population growth, ongoing government initiatives, and secure long-term lease structures that appeal to both investors and operators.

Yield performance and asset positioning

Completed centres valued up to \$6,000,000 are still achieving competitive yields of sub 5%, reflecting sustained demand for well-located, purpose-built assets with long-term leases in place. In contrast, centres exceeding this price point, older non-purpose-built facilities, assets with shorter lease terms, or those in more saturated catchments are generally achieving yields above 5%.

<5%	Completed centres valued up to \$6M
>5%	Older or non-purpose-built childcare centres



Development and operator activity

DEVELOPERS

Developers remain active but increasingly selective, focusing on cost-efficient designs without basement construction to offset elevated building costs. The most sought-after opportunities typically accommodate between 70 and 100 places and are concentrated within major growth corridors across South West Sydney, North West Sydney and towards the Central Coast.

MOST SOUGHT AFTER
70-100 places

NO BASEMENT
DESIGN PREFERRED

SOUTH WEST &
NORTH WEST
FOCUS

OPERATORS

Operators continue to compete aggressively for lease opportunities in developing centres in these same corridors, where demand is supported by strong demographic growth and limited existing capacity. Buyer demand also remains strong, with investors attracted to the stability and income security delivered by long-term leases in a government-backed essential service sector.



In 2025 we saw sub-5% yields hold firm and enquiry remain strong. These conditions show childcare continues to be one of Western Sydney’s most reliable income assets.



ANDREW SACCO
Sales Executive
RWC Western Sydney
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Key predictions for 2026

Sustained investor confidence

Childcare is expected to remain one of the most tightly held and in-demand asset classes across Western Sydney. Assets with long-term lease covenants are anticipated to continue achieving sub-5% yields. Sub-\$6 million assets are expected to continue appealing to a broad buyer pool, including first-time commercial investors, private investors and owner-occupiers.

High operator demand in growth corridors

Operators are expected to remain proactive in securing leases across South West Sydney, North West Sydney and the Central Coast. Population growth and limited existing capacity in these locations are likely to continue driving early pre-commitment activity on new centres.

Selective development activity

Developers will continue prioritising cost-effective designs without basement construction that meet current compliance and fire-safety requirements. Demand for DA-approved sites is expected to remain steady, although pricing may soften slightly as developers manage higher construction and service costs. Developer-led acquisitions are expected to continue to outpace occupier purchases, with new supply focused in South West Sydney and North West Sydney.

Government support reinforcing market strength

From 5 January 2026, the 3-Day Guarantee will replace the previous Child Care Subsidy (CCS) Activity Test. All CCS-eligible families earning under \$533,280 per year will be able to access up to 72 subsidised hours of care per fortnight (approximately three days per week), regardless of work status. This change is expected to extend access to around 40,000 additional children and improve affordability for more than 66,000 families, supporting occupancy and operator performance.

Enduring sector strength

Western Sydney's childcare market is expected to remain one of NSW's most stable and actively traded asset classes in 2026. Strong investor appetite, operator demand and continued policy support are likely to underpin pricing, leasing activity and ongoing development focus across the region.

Notable transactions



SOLD CONFIDENTIAL
6a Nancarrow Avenue, Ryde



SOLD \$6,000,000
124 Kings Road, Five Dock



SOLD CONFIDENTIAL
Menangle Park - Childcare Site



SOLD \$4,400,000
33 Hawkesbury Road, Westmead



Office Market

Emerging commercial hubs and infrastructure drivers

Western Sydney's office market continues to evolve from a secondary hub into one of Sydney's most dynamic commercial precincts. Parramatta, Penrith, and Liverpool remain key growth anchors, supported by significant public and private investment in infrastructure and civic projects. The completion of Parramatta Square, the ongoing construction of the Metro West line, and the forthcoming Western Sydney International Airport have collectively positioned the region as the state's pre-eminent suburban commercial market.

Market resilience and vacancy trends

Despite the generally subdued national office sentiment, Western Sydney's fundamentals remain relatively resilient. Vacancy rates in Parramatta have stabilised over the year, with subleasing activity easing as occupiers recalibrate long-term workplace strategies.

Demand drivers and tenant preferences

Leasing activity is being driven primarily by government agencies, health, education, and professional services groups seeking cost-effective accommodation alternatives to Sydney CBD. The "flight to quality" trend remains evident, with tenants preferring modern or recently refurbished buildings that offer end-of-trip facilities, flexible floor plates, and proximity to transport nodes.

Rise of specialised office formats

The formal opening of Elsie Suites in Burwood has further underscored the growing depth of Western Sydney's specialised office market. Positioned strategically within Burwood CBD, Elsie Suites has rapidly attracted a diverse range of medical users, including specialists, allied health providers, and medical consultants. Its purpose-built configurations and premium fitouts tailored specifically for healthcare and consulting practices have driven strong enquiry levels and leasing momentum. This reflects a broader market shift toward specialised office formats, particularly medical, education, and health-aligned spaces, which are outperforming more general offerings in both enquiry volume and tenant retention.



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In 2025 we saw vacancy stabilise in Parramatta and enquiry lift across key precincts. These trends confirm Western Sydney's office market is steadily strengthening.



VICTOR SHEU

Director
RWC Western Sydney
Asian Investment Services
0412 301 582

Notable transactions



SOLD \$5,000,000+
8 Elsie Suites, Burwood



SOLD \$4,400,000
6 Palmer Street, Parramatta



LEASED \$244,800
+ GST per annum
502/20 Smith Street, Parramatta

Key predictions for 2026

Rebound in leasing activity

Leasing volumes are expected to rise moderately as delayed occupier decisions in 2025 convert into executed transactions. Key Western Sydney markets such as Parramatta CBD, Sydney Olympic Park as well as Burwood CBD have continued to perform driven by government consolidation and the completion of major infrastructure projects improving accessibility.

Yield stabilisation

Prime office yields are forecast to firm around the 6% range as investor confidence improves, particularly for assets with secure tenants and refurbishments and upgrades. Secondary assets will continue to trade with a wider spread, offering repositioning opportunities for value-add investors.

Flight to quality continues

Tenants will continue moving toward high-quality, efficient buildings with strong sustainability credentials. Landlords investing in refurbishments, natural light enhancement, and flexible layouts will maintain stronger occupancy and rental performance.

Western Sydney Airport to be a new growth catalyst

The 2026 airport opening will drive a new wave of office development across the Aerotropolis precinct and surrounding employment lands. Early-stage pre-commitment activity is expected which we believe will drive work forces towards Western Sydney, adjust its office landscape as well as other business operations to be based on aviation related industries.

Institutional re-engagement and private activity

After a period of caution, the team have seen an increase in enquiry volume from Institutional buyers and Privates alike in our recent offerings to the market. We believe the increase in interest will continue to expand into 2026 leading to a more transactional market in the new year.

Strong owner-occupier demand

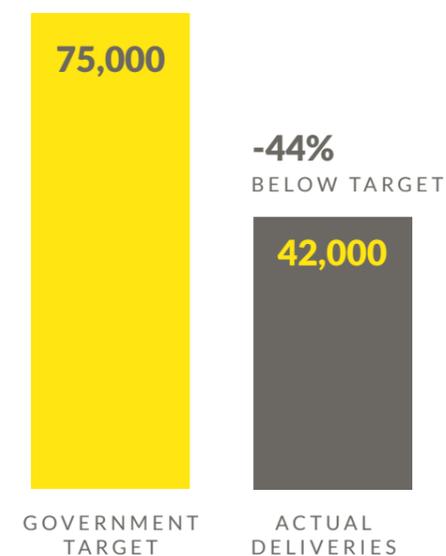
Smaller scaled (sub \$5-million) offices across the Western Corridor will continue to attract professional services and medical users seeking ownership stability amid rising rents and limited supply.



Development Sites

Housing delivery gap and approval pressures

The Western Sydney development market continues to navigate a complex landscape shaped by economic pressures, policy reforms, and shifting demand patterns. Despite sustained population growth and housing demand, delivery remains well below target. In the first year of the National Housing Accord, NSW completed just 42,000 new homes, 4,000 fewer than the previous year and 44% below the government's target. However, the government is pursuing reforms to help councils fast-track approvals and delivery.



LMR and TOD reforms expanding housing capacity

To address the shortfall, several major initiatives have been introduced to accelerate housing supply, notably the Low and Mid Rise (LMR) Housing Policy which targets the delivery of 112,000 homes over five years through higher-density development in key areas, and the Transport Oriented Development (TOD) program, focused on eight accelerated precincts under Tier 1 and 37 additional station precincts under Tier 2, projected to deliver capacity for approximately 185,000 dwellings over 15 years across both tiers of the program

Market confidence returns and developer competition rises

Across the market, renewed confidence has emerged in the second half of 2025 as sentiment shifts from caution to a more pragmatic and selective approach. Buyer activity is gradually strengthening, supported by the lower quartile of the housing market, which has led capital growth over the past year as purchasers seek more affordable options amid ongoing serviceability constraints. At the same time, limited availability of well-located development sites has intensified competition among developers, particularly in areas with strong infrastructure and long-term growth potential. Further, strategic redevelopments, such as the \$320 million acquisition of a 50% stake in Bankstown Central, continue to highlight sustained demand for mixed-use and high-density opportunities within established urban precincts.

Market segmentation: Density, feasibility and land constraints

The development pipeline across Western Sydney remains significant, with the Outer West leading activity through 160 projects totalling 5.1 million sqm, followed by 112 projects in the South West (2.7 million sqm), 63 projects in the Inner Central West (1.1 million sqm), and 34 projects in the North West (324,000 sqm). With 97% of Greater Sydney's remaining undeveloped industrial land, Western Sydney is set to play a central role in addressing future supply.

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In 2025 we saw confidence return to the development market as buyers focused on well-located, feasible sites. These conditions signal a more selective but strengthening landscape heading into 2026.



TROY WANG
Sales Executive
RWC Western Sydney
0433 051 020

Key predictions for 2026

Target returns and investment feasibility

Developers will continue targeting project returns between 16%-20%. As site availability increases, buyers are expected to become more selective, focusing on parcels with strong feasibility, favourable zoning, and lower upfront servicing costs. Risk-adjusted returns will influence both low and high density projects, particularly within key growth corridors.

High density development trends

Transactions for high density sites will remain concentrated in established and mature markets such as the Eastern Suburbs, North Shore, Inner West, and select TOD precincts. These locations will continue to attract institutional and private developers pursuing apartment, mixed-use, and build-to-rent projects. While the LMR and TOD policies will help expand supply, feasibility and absorption rates will continue to vary by location.

Low density and subdivision market

Serviced subdivision projects will remain highly sought after, particularly across Western Sydney in new release corridors and growth regions. However, activity will likely remain constrained by limited zoned land, infrastructure readiness, and rising contribution fees, sustaining strong competition for well-located parcels.

Infrastructure and TOD driven opportunities

Sites positioned near metro, train, and light rail stations will attract premium interest due to TOD-related zoning benefits and enhanced accessibility. Major infrastructure projects such as the Western Sydney Airport and Sydney Metro West will continue to drive land value uplift and encourage early acquisition for mixed-use and speculative developments.

Market selectivity and buyer profiles

Buyers will remain cautious and highly selective, influenced by elevated construction costs, labour shortages, and higher borrowing costs. Institutional investors, private developers, and offshore capital will dominate higher-value precincts, while smaller developers are expected to remain active across Western Sydney's growth corridors.

Economic and financing outlook

The market will continue to face moderate headwinds, including interest rate fluctuations, construction inflation, and potential rental softening in select precincts. Projects with pre-sale commitments, strong feasibility, or proximity to major infrastructure will experience quicker uptake and more secure financing.

Notable transactions



SOLD CONFIDENTIAL

Lot 218 Barina Downs Road, Norwest



SOLD CONFIDENTIAL

66 Eltons Road and Lot 832
Taylors Road, Silverdale



SOLD \$13,280,000

71 Kelvin Park Drive, Bradfield



SOLD CONFIDENTIAL

30a, 30b & 30c Cooper Street, Strathfield



Residential Development

Housing pipeline vs delivery gap

Western Sydney has become the pressure valve of the NSW housing market, with the region continuing its role as the primary growth engine, attributing 57.7% of the state's population increase. Across the region, over 80,000 dwellings are currently in the approval pipeline, yet fewer than 6,000 are under construction, leaving a significant portion of projects stalled between planning and delivery.



Demand rising faster than supply

Despite this, demand continues to build. Western Sydney requires approximately 24,000 to 25,000 new homes each year but is delivering only half that amount. The region now accounts for close to 60% of all new dwelling approvals in NSW, and with Sydney city-wide apartment vacancy rates forecast to decline from 2.2% to 1.2% by the end of the decade, the housing shortfall continues to deepen across the region as affordability pressures drive a gradual shift towards apartment living.

Demographic drivers and infrastructure impact

Western Sydney's younger and more diverse population, with a median age of 33 compared to the national median of 38 and almost half of residents born overseas, is driving consistent rental demand and household formation. Infrastructure delivery, including the Western Sydney International Airport, opening in 2026, Sydney Metro West and the Parramatta Light Rail, continues to reshape accessibility and property values, with proximity to transport increasingly viewed as a key determinant of price.

Yield strength and investor attention

While inner Sydney yields sit around 3%, Western Sydney is offering stronger returns of between 5.5%-6.5%. Investors are taking notice, with suburbs such as Auburn, Granville and Warwick Farm already on the radar of sophisticated capital seeking stability and growth.

Delivery challenges and infrastructure funding gap

Rising construction costs, material inflation and labour shortages continue to challenge project delivery timelines. Further, there is a growing infrastructure shortfall, as the UDIA estimates \$868 million in funding is required to unlock 33,000 new homes, and a further \$4.9 billion needed to support medium-term projects. Planning delays, rezoning bottlenecks and administrative red tape further hinder progress across the region. In a market where timing remains critical, such delays translate directly into lost value.



In 2025 we saw residential demand continue to outpace supply across Western Sydney. These trends highlight the structural shortfall now driving stronger apartment and townhouse demand.



MARK BERNBERG
Managing Director
Ray White Projects WS
0450 020 300

Key predictions for 2026

Price growth

Apartment values across Western Sydney are forecast to rise by 8%-10%, with airport adjacent suburbs expected to record gains of up to 15%. Competition for well located stock within key growth corridors will remain strong as institutional investors continue to re enter the market.

Supply deficit deepens

The annual housing shortfall is projected to exceed 20,000 dwellings as approvals continue to outpace construction. Projects with construction readiness and secured funding will attract premium interest from developers and financiers.

Yield compression

Yields are expected to tighten from above 6% to between 4.5%-5.5% as renewed capital growth takes hold. Investor focus will shift from yield optimisation to longer term capital appreciation strategies.

Infrastructure premiums

Apartments situated within 800 metres of Metro, light rail or airport transport links are anticipated to achieve 15 to 20% pricing premiums, as connectivity remains a critical factor influencing value and buyer competition.

Product differentiation pays

Larger apartments (three bedroom and above), co living models and mixed use developments are expected to command 15%-20% premiums. Also, developers who prioritise functionality, cultural diversity and long term liveability in their designs will continue to outperform the market.

Notable appointments



READY TO MOVE IN

STERLING

2-4 Merinda Street, Lane Cove North



COMPLETING Q1 2026

CARLYLE CONNECTION

164 Liverpool Road, Enfield



COMPLETING Q1 2028

NORTH VILLAGE

35 Northumberland Road, Auburn



COMPLETING Q4 2025

MARQUE

602-608 Princes Highway, Rockdale

Maximise the Value of Your Commercial Asset

IN 2026

Commercial assets performed best in 2025 where owners focused on discipline, structure and proactive management. As markets stabilise and operating costs rise, 2026 will increasingly reward asset strategies centred on cost control, planned maintenance, sustainability and active risk management. Strong asset management protects income, reduces exposure and ensures properties remain competitive in a higher-expectation environment.



Key asset management predictions for 2026

1 Cost control and operational efficiency

Owners will expect asset managers to actively improve financial performance, not simply administer compliance. Preventative maintenance will be critical to avoiding capital shocks, alongside tighter management of service contracts and benchmarking operating costs against market standards.

2 Sustainability and building performance

Sustainability will require year-round management, not point-in-time assessment. Asset managers will be expected to monitor NABERS performance continuously, actively manage energy, water and waste, and implement practical capital improvements such as LED upgrades and solar — with a clear understanding of building performance.

3 Maintenance strategy is planned and not reactive

Reactive maintenance will no longer be acceptable for prime assets. Maintenance strategies will increasingly be planned and data-led, aligned to plant age, asset lifecycle planning, capital forecasts and risk management to ensure long-term performance and reliability.

4 Insurance, compliance and risk

Insurance requirements are tightening, with insurers demanding stronger evidence of maintenance, fire compliance and risk mitigation. Asset managers will take a more active role coordinating insurers, brokers and consultants, managing risk recommendations and rectification works to protect insurability and reduce exposure.

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2026 will reward discipline. Cost control, planned maintenance and active risk management will define asset performance.



JOYCE ELKOUBERCI
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Thank you for reading our
Western Sydney Insights:
2026 Predictions Report.

If you'd like to discuss the findings in more detail
or learn how these trends may impact your asset
or portfolio strategy, our team would be pleased to
assist.

You'll find our RWC Western Sydney team on the
following page. Please feel free to contact us for any
advice or guidance across sales, leasing, or asset
management.

We look forward to servicing you in 2026.



PETER VINES
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We are Western Sydney

Our People are
Your Advantage

RWC

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