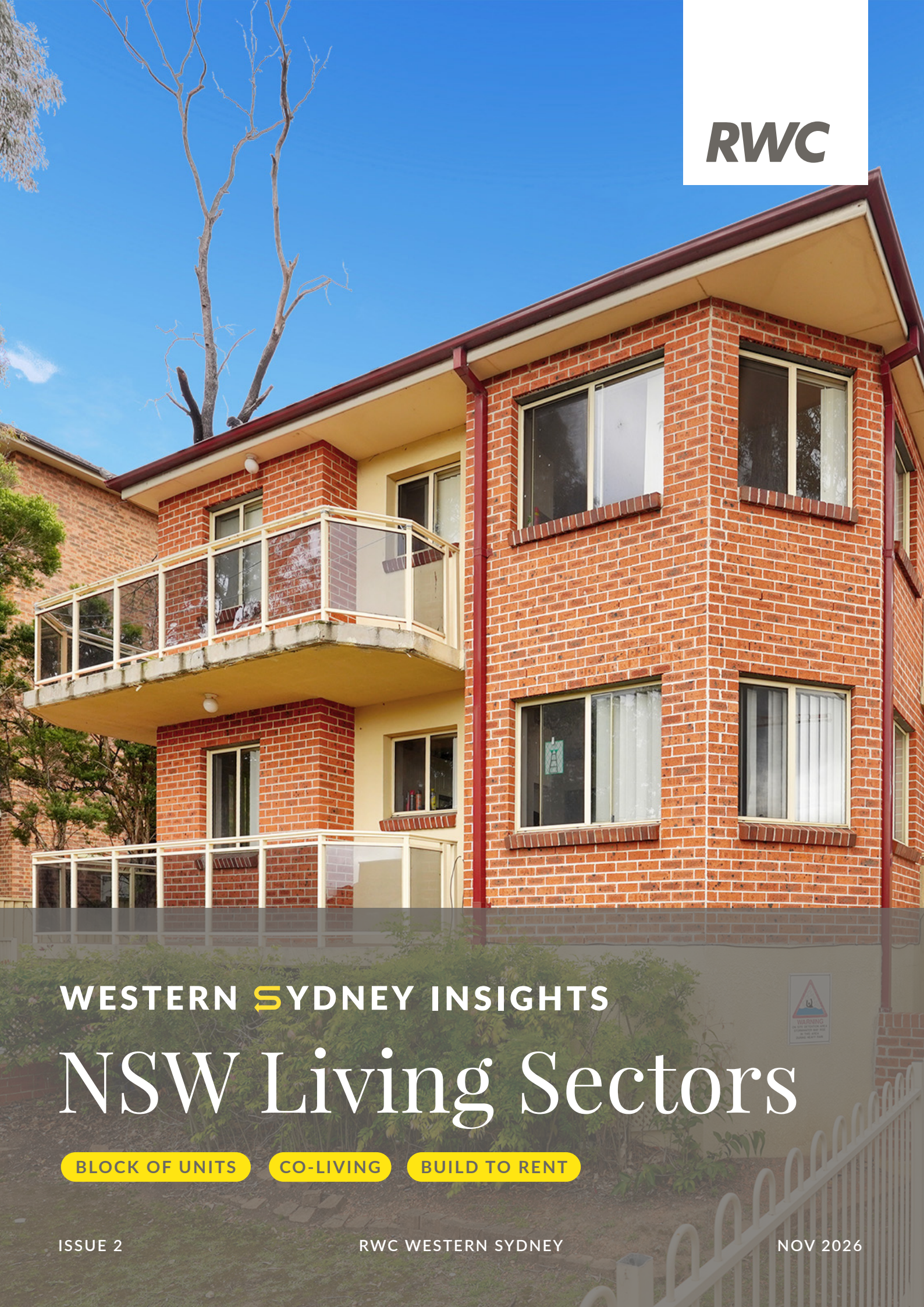


RWC

WESTERN SYDNEY INSIGHTS

NSW Living Sectors

BLOCK OF UNITS | CO-LIVING | BUILD TO RENT

ISSUE 2 RWC WESTERN SYDNEY NOV 2026

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Executive Summary

NSW's living sectors are facing a much tougher environment than earlier this year.

Five rate rises in 2026, the Budget's changes to negative gearing and capital gains tax and falling established property values have changed the investment case for residential income assets. Headline inflation reached 4.3% in September and unemployment has risen to 4.7%, while new investor loan commitments fell 8.6% in the June quarter.

$173.4M
Transaction Volumes - Block of Units

4.47%
Unit Yield

4.30%
Average Yield - Block of Units

2,003
Rooms in the Co-living Pipeline*

14,060
Units in the BTR Pipeline

1.3%
Outer Ring Vacancy

RENTAL CONDITIONS

Rental conditions remain supportive for investors. Greater Sydney's median unit rent eased to $750/week in October from a record $770 in September, reflecting normal monthly movement rather than a change in direction, and annual growth remains positive at 2.7%. Vacancy has lifted to 2.1% across Greater Sydney and 3.0% in the Inner ring, but tightened to just 1.3% in the Outer ring, the lowest in Sydney, as renters move west in search of affordability. Unit yields have risen to 4.47%, driven largely by rental growth, with softer prices over the past year adding to the lift.

TRANSACTION VOLUMES

Block of units have been the most affected by the Budget changes. Transaction volumes fell to $173.4 million across 24 sales in 2026 to 1 November, down 56% on 2025's $397.9 million, with activity shifting to larger eastern and northern assets. Because block of units are treated as residential for tax purposes, new purchases of established assets no longer qualify for negative gearing, and existing owners, particularly in Western Sydney, are holding to protect their grandfathered benefits. Average yields have moved out from 4.07% at May to 4.30% as buyers reprice assets on income alone, while lower values have made strata subdivision less attractive.

CO-LIVING AND BOARDING HOUSE ASSETS

New co-living and boarding house assets keep access to negative gearing and yields have held at 6.52% despite the ongoing increase in financing costs. Transactions, while limited, reached $40.3 million across nine sales, while new development is slowing, with 2,003 rooms added to the pipeline since May.

BUILD TO RENT

BTR's pipeline has grown to 14,060 units across 36 projects, but only 270 units are under construction. Transactions fell to $141.2 million in the year to September, the lowest since March 2022 and the LIV portfolio sale in December 2025 was the only deal. High finance and holding costs, competition from infrastructure projects for labour and lower productivity are making large scale development difficult.

UNDERLYING DEMAND

Underlying demand for rental housing remains strong, particularly in Western Sydney, where population growth and affordability pressures have pushed Outer ring vacancy down to 1.3%. With investor and developer activity falling, the new supply the market needs is being delayed and rents are expected to resume rising.

If you'd like to discuss this report in more detail or to learn more about the Living Sectors we would be delighted to engage in a conversation with you.



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*since May 2026

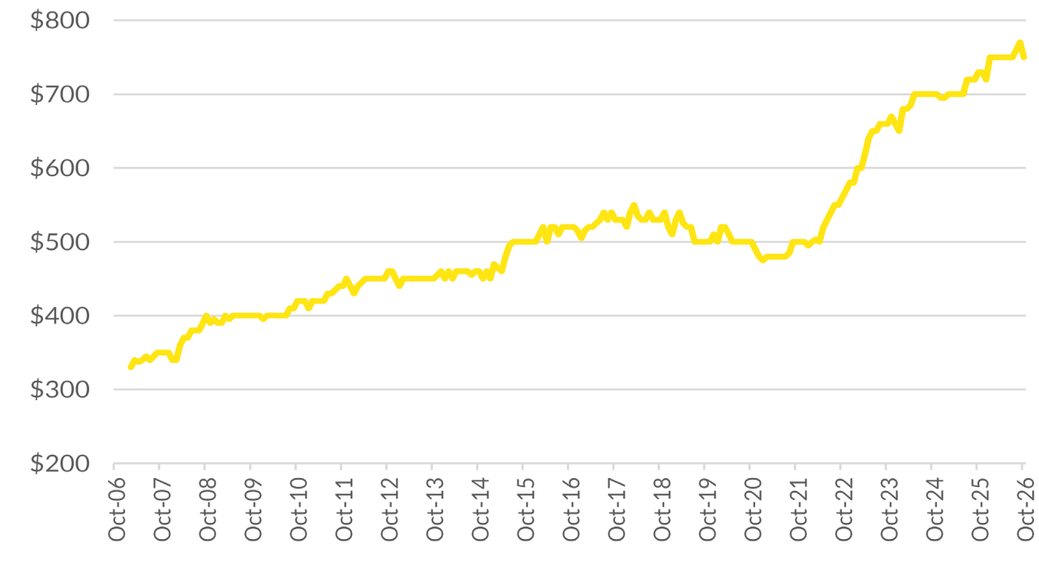
Rental Insights

Rents Expected to Rise *Despite October Dip*

Greater Sydney's median unit rent eased to $750/week in October 2026, down from a record $770 in September.

This is a monthly median, so it can move with the mix of properties leased in a given month. A similar dip in December 2025, from $730 to $720, was followed by a rise to $750 the next month.

GREATER SYDNEY RENTS, UNITS, $/WEEK



SOURCE: COTALITY

GROWTH SLOWING BUT STILL POSITIVE

OCTOBER

2023-2024: UP 6.1%

2024-2025: UP 4.3%

2025-2026: UP 2.7%

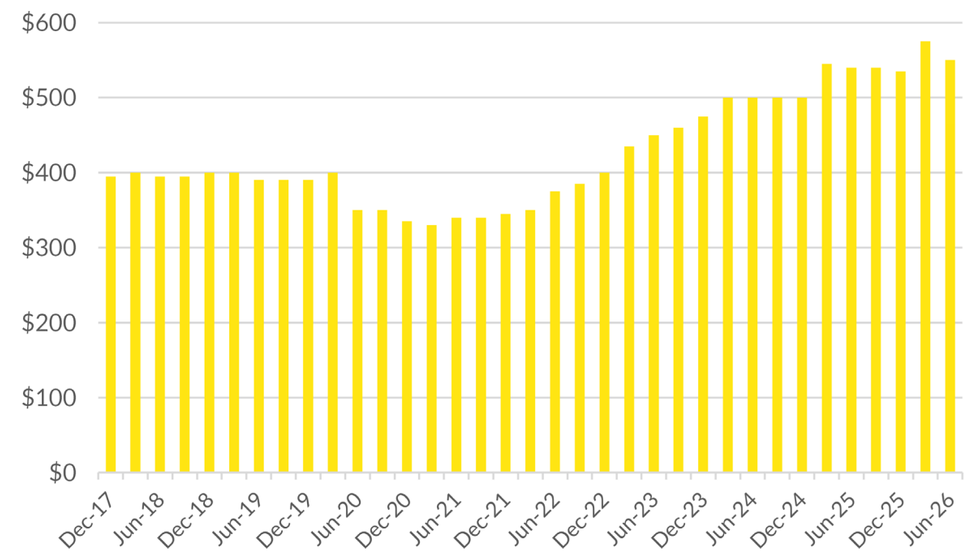
CONDITIONS POINT TO FURTHER INCREASES

Supply remains the key issue. The Budget's removal of negative gearing for established residential purchases, including block of units, has reduced new investment, and new investor loan commitments fell 8.6% in the June quarter. Existing owners are holding to protect grandfathered benefits rather than adding stock. With Outer ring vacancy at just 1.3% and NSW's population continuing to grow, rents are likely to resume rising as fewer rental homes are added.

> **October's dip reflects normal monthly movement, with falling investor supply and low vacancy expected to push unit rents higher.**

Outer Ring Bedsits Offer Sydney's *Most Affordable* Entry Point

GREATER SYDNEY BEDSIT RENTS, $/WEEK

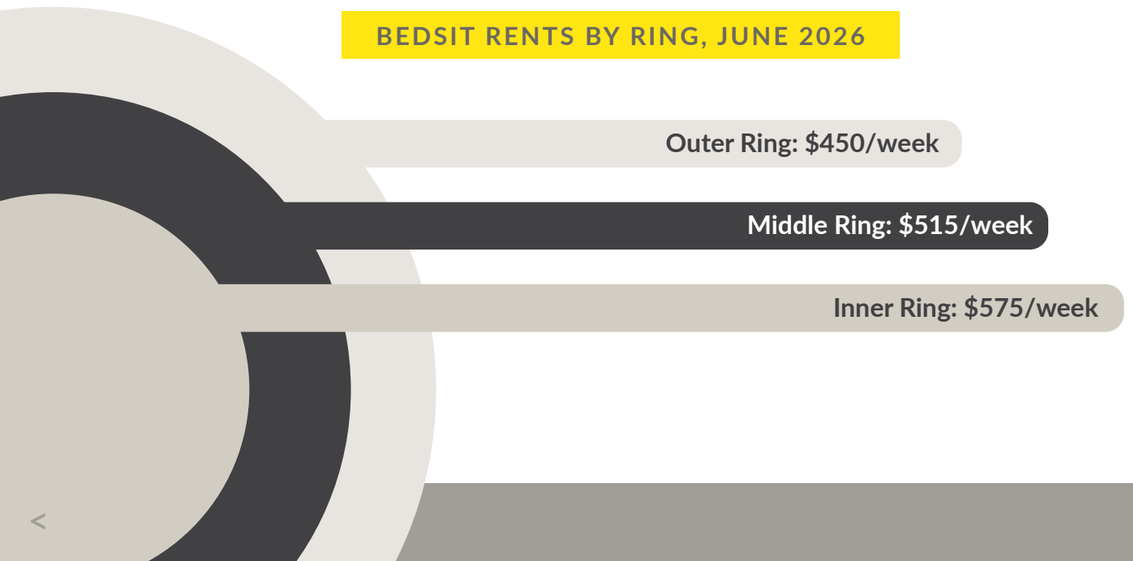


SOURCE: FACS INSIGHTS

Greater Sydney bedsit rents reached $550/week in June 2026, up 37.5% from $400/week in late 2022.

Renters continue to trade space for price and location, making bedsits one of the strongest performing segments in recent years.

BEDSIT RENTS BY RING, JUNE 2026



OUTER RING OFFERS VALUE

At $450/week, Outer ring bedsits are $125 cheaper than the Inner ring, making them the most affordable option for single-person households. Outer ring results move around more from period to period because there are fewer bedsits there. That same limited supply means demand remains well supported as renters move west.

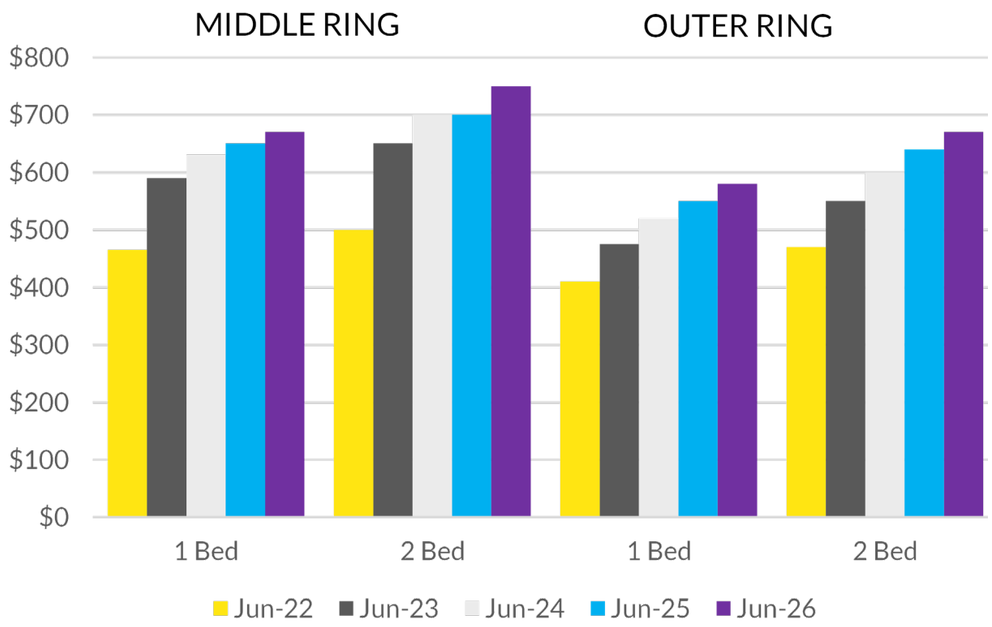
SUPPLY RESPONSE REMAINS LIMITED

Strong bedsit rents would normally encourage new supply, but traditional investors have stepped back as finance costs rise and established residential loses negative gearing. New co-living and boarding house projects, which keep negative gearing, are now the main source of new single-person accommodation, although rising construction costs are slowing delivery.

> **Bedsit rents have risen 37.5% since late 2022 to $550/week, with the Outer ring offering Sydney's most affordable entry point at $450/week.**

Outer Ring Outpaces Middle Ring *Over Three Years*

GREATER SYDNEY MEDIAN UNIT RENTS BY SIZE AND RING, $/WEEK



SOURCE: FACS INSIGHTS

Outer ring unit rents have outperformed over the past three years, with 1-bedroom and 2-bedroom rents each up 22%.

Middle ring 2-bedroom rents rose 15.38% over the same period. Growth has slowed over the past 12 months but remains positive across every category.

ANNUAL RENTAL GROWTH

Middle ring 2-bedroom	7.14%
Outer ring 1-bedroom	5.45%
Outer ring 2-bedroom	4.69%
Middle ring 1-bedroom	3.08%
Middle ring bedsit	3.00%
Outer ring bedsit	2.27%

OUTER RING HOLDING ITS GROUND

Outer ring 1-bedroom rents are growing faster than the Middle ring, as renters look for affordability without giving up space. Middle ring 2-bedroom units recorded the strongest annual growth, reflecting families priced out of houses choosing units in well-connected locations.

SLOWER GROWTH FROM A HIGHER BASE

The slowdown follows several years of strong increases, with rising unemployment and cost of living pressures limiting what renters can absorb. However, with fewer investors adding stock, supply remains constrained, particularly in the Outer ring, which points to rental growth picking up again.

> **Outer ring 1-bedroom and 2-bedroom rents have each risen 22% over three years, outpacing the Middle ring's 15.38% for 2-bedroom units.**

Vacancy Insights

Outer Ring Delivers *Tightest* Vacancy for Investors

The Outer ring recorded Sydney's lowest vacancy rate in September 2026 at just 1.3%, tightening from 1.5% in March.

It was the only area to tighten over the past six months as renters moved further out in search of more affordable options.

MARCH TO SEPTEMBER 2026

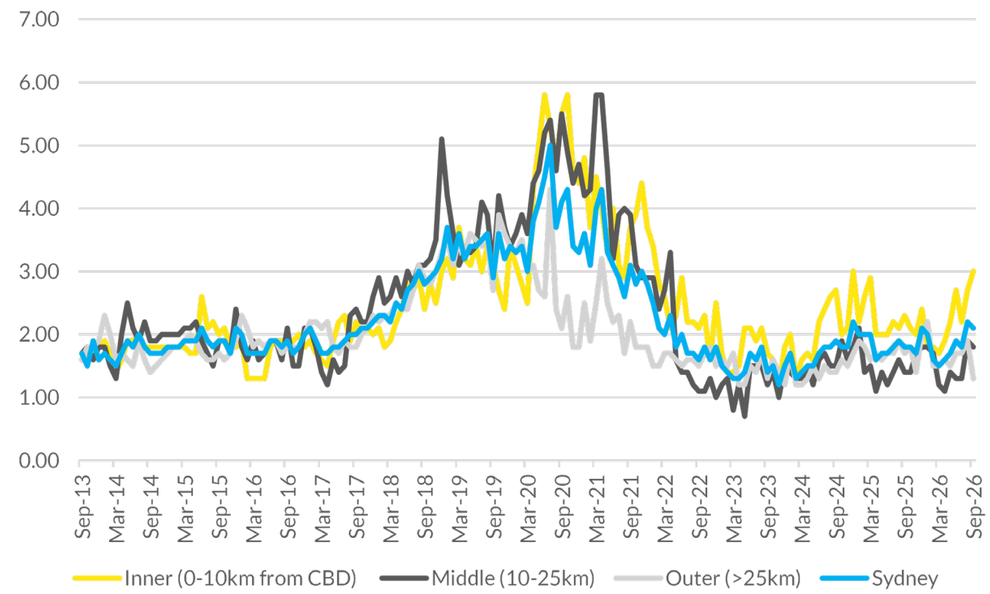
Outer ring
1.5% to 1.3%

Middle ring
1.2% to 1.8%

Inner ring
1.8% to 3.0%

Greater Sydney
1.7% to 2.1%

SYDNEY RESIDENTIAL VACANCY RATES (%)



SOURCE: REINSW

STRONG CONDITIONS FOR OUTER RING INVESTORS

For investors, the Outer ring is offering some of the best conditions across Sydney. Vacancy is the lowest of any ring and rents have continued to grow while vacancy has risen elsewhere. Population growth across Western Sydney continues to support demand.

INNER RING RETURNS TO BALANCE

Inner ring vacancy has risen to 3.0%, the level generally considered a balanced market. Higher rents, cost of living pressures and rising unemployment are pushing some renters to share or relocate, adding to demand in more affordable areas.

> **Outer ring vacancy tightened to just 1.3%, the lowest in Sydney, as renters prioritise affordability and demand moves west.**

Rental Yields

Unit Yields Lift as Rents Drive Income *Higher*

Greater Sydney unit yields reached 4.47% in October 2026, up from 2.97% in October 2021.

Rental growth has been the main driver, with median unit rents rising 50.0% from $500/week to $750/week over the same period. Softer prices over the past year have added to the lift. Yields remain below the 5.20% peak recorded in 2008-2009.

GREATER SYDNEY YIELDS, UNITS



SOURCE: COTALITY

CASH FLOW MATTERS MORE NOW

Before the Budget, negative gearing allowed many investors to accept yields below 4.0%, relying on tax benefits and capital growth. Without that offset for established property, yields now need to support holding costs on their own. At 4.47%, that remains a challenge for leveraged buyers following this year's rate rises.

YIELDS EXPECTED TO KEEP LIFTING

For existing owners, higher yields reflect stronger income from established assets. With rents expected to resume rising and Outer ring vacancy at just 1.3%, yields are likely to continue moving higher, gradually improving the case for income-focused buyers.

> **Unit yields have lifted to 4.47% from 2.97% in 2021, driven largely by a 50.0% rise in unit rents.**

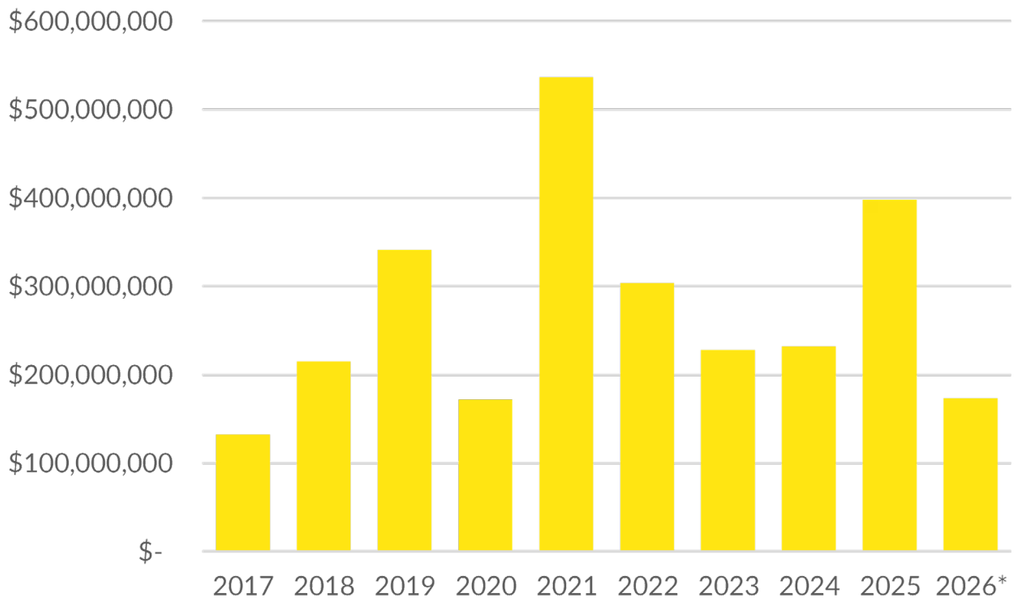
Block of Unit Market

The NSW block of unit market has changed considerably since May. Block of units are classified as residential for tax purposes, so the Budget's removal of negative gearing for new purchases and the 50% CGT discount apply in full, even though these assets are often bought, financed and managed like commercial property.

Existing owners keep their grandfathered benefits, which gives them little reason to sell. For buyers, the strategies that have traditionally supported values are also weaker. With Sydney house prices down 5.8% over the year, strata subdivision is less attractive and per-unit discounting, historically limited in this sector, is becoming more common. Five rate rises this year alone have added to holding costs and as a result transaction volumes have more than halved, with activity now concentrated in larger, premium assets in the east and north.

Block of Unit Sales *Shift* to Larger, Premium Assets

NSW BLOCK OF UNIT TRANSACTION VOLUME



*SOURCE: RWCWS *2026 REPORTED TO 1 NOVEMBER*

Block of unit transaction volumes reached $173.4 million across 24 sales in 2026 to 1 November, down 56% on 2025's record $397.9 million across 68 sales. Activity has continued since the Budget, but with fewer and larger deals.

SINCE THE BUDGET

- 13 sales totalling $97.1 million since May
- Average sale price of $7.5 million since May, up from $5.9 million in 2025
- Average per-unit price of $1.1 million in 2026, up from $766,500 in 2025

WESTERN SYDNEY TIGHTLY HELD

Fewer Western Sydney sales reflect owners choosing to hold rather than a lack of demand. With the lowest vacancy in Sydney and continued rental growth, these owners have little reason to sell and give up grandfathered negative gearing and CGT treatment.

PREMIUM ASSETS LEAD ACTIVITY

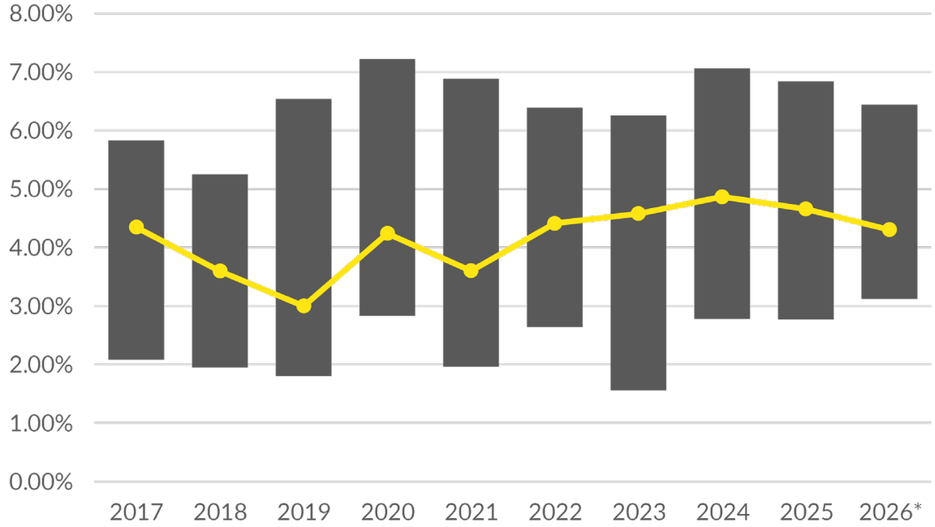
Buyers without access to negative gearing are focusing on assets that can be justified on income and long-term value, concentrating activity in larger blocks in Sydney's east and north. Higher per-unit prices reflect this mix of sales rather than rising values, while older and regional stock faces longer sale periods and some pressure to discount.

> **Block of unit volumes are down 56% on 2025, as Western Sydney owners hold and sales shift to larger eastern and northern assets.**



Block of Unit Yields *Move Out* Since the Budget

NSW BLOCK OF UNIT GROSS YIELD RANGE



*SOURCE: RWCWS *2026 REPORTED TO 1 NOVEMBER*

The average block of unit yield has risen to 4.30% in 2026 to 1 November, up from 4.07% at May.

It remains below 2025's 4.66%, but yields have started moving higher since the Budget as buyers reprice assets without the benefit of negative gearing.

RANGE UNCHANGED SINCE MAY

Yields continue to range from 3.12% to 6.44%, a spread of 3.32 percentage points. This is narrower than 2025, when the spread was 4.07 percentage points and the lowest yield was 2.77%. Premium eastern and northern Sydney assets are still achieving 3.0% to 4.0%, supported by location and long-term development potential.

CASH FLOW NOW DRIVES PRICING

Without negative gearing, buyers are assessing purchases on income alone. This puts Western Sydney in a stronger position, with higher yields supported by the lowest vacancy in Sydney. Pricing pressure is more evident in older and regional stock, where vendors expecting last year's per-unit values are finding fewer buyers.

> **Average block of unit yields have risen from 4.07% to 4.30% since May, with Western Sydney's low vacancy supporting income-focused buyers.**

Co-Living Market

(Boarding House)

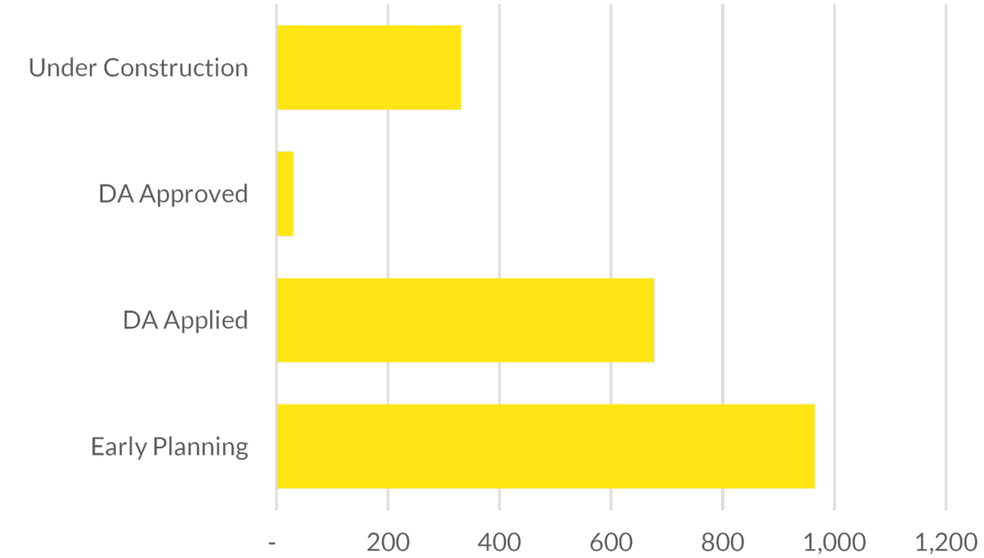
Co-living and boarding houses sit between traditional rental housing and purpose-built student accommodation.

They provide affordable, well-located single-person housing for young professionals, students and essential workers. The Budget has strengthened the sector's position relative to other residential investment. Co-living and boarding house assets keep access to negative gearing (for new assets) and registered boarding houses can qualify for land tax exemption.

Demand also remains firm, with Greater Sydney bedsit rents up 37.5% since late 2022 to $550/week. However, rising construction and finance costs are holding back new development after a busy couple of years, with only 2,003 new rooms entering the pipeline since May. The average yield of 6.52% across the small pool of NSW sales sits above traditional block of units, keeping private investors, syndicates and family offices active.

New Co-Living Projects Cluster at *Early Planning Stage*

NSW CO-LIVING NEW SUPPLY, NO. ROOMS



SOURCE: CORDELL CONNECT, RWCWS

Since May, only 2,003 new co-living rooms have entered the NSW pipeline.

Almost half of these, 965 rooms or 48.2%, are at Early Planning, with a further 677 rooms at DA Applied. Few have received DA approval, while 331 rooms have started construction.

WHERE THE NEW ACTIVITY IS

- **Inner West:** 696 rooms, the largest share, mostly at Early Planning (611 rooms)
- **Liverpool:** 341 rooms at DA Applied
- **The Hills:** 217 rooms at Early Planning
- **Randwick:** 212 rooms across all stages, including 134 under construction
- **City of Parramatta:** 197 rooms under construction

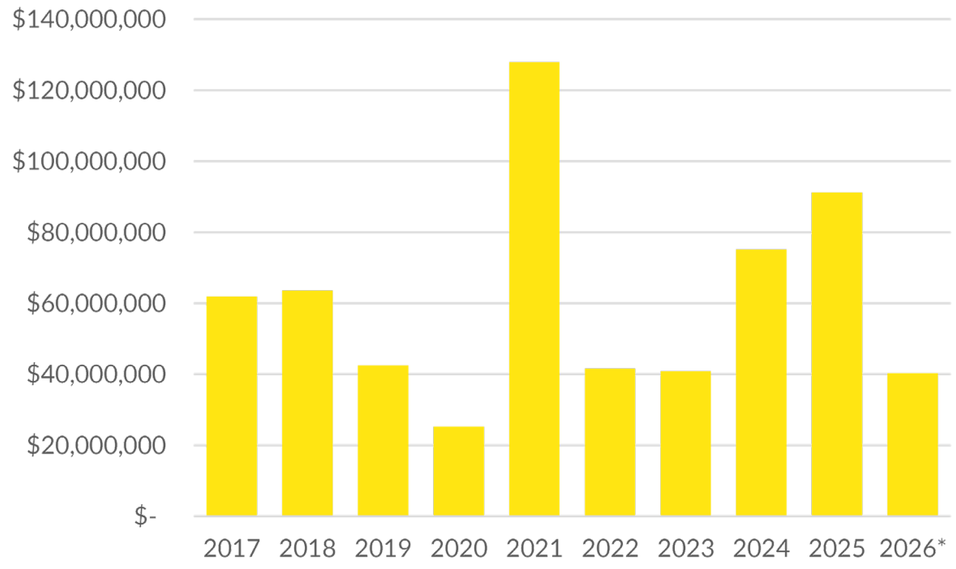
APPROVALS YET TO CATCH UP

With 677 rooms lodged and just a handful approved in the last six months, new projects are moving slowly through the approval process. Rising construction costs and five rate rises this year have also lifted development finance costs, making feasibility harder. Even so, tax settings may keep developers interested if rental growth continues. Co-living and boarding house assets keep access to negative gearing under the Budget changes and registered boarding houses may qualify for land tax exemption, an advantage which is not available to most residential investment.

> **Of the 2,003 new co-living rooms added since May, almost half remain at Early Planning, with few receiving DA approval.**

Co-Living Yields Hold Firm as Tax Settings Shift *Investor Focus*

NSW CO-LIVING SALES VOLUME



*SOURCE: RWCWS *2026 REPORTED TO 1 NOVEMBER*

Co-living transactions have been quiet this year reaching just $40.3 million across nine sales in 2026 to date, up from $22.9 million across five sales at May.

That is just below 2023's full-year result of $40.8 million, but well short of 2025's $91.3 million across 18 sales. A high number of development sites continue to be advertised for sale, however high construction costs and rising financing costs have slowed investment activity.

2026 results

FOUR SALES SINCE MAY, TOTALLING $17.4 MILLION

AVERAGE SALE PRICE OF $4.5 MILLION, DOWN FROM $5.1 MILLION IN 2025

AVERAGE YIELD OF 6.52%, BROADLY UNCHANGED FROM 6.55% IN 2025



A RARE RESIDENTIAL OPTION WITH NEGATIVE GEARING INTACT

Five rate rises would normally push yields higher, yet co-living yields have held steady. Tax treatment is a key reason. New co-living and boarding house assets keep access to negative gearing, while established residential purchases, including block of units, no longer do. This has kept private investors, syndicates and family offices active in the sector. Lower volumes than in 2025 also reflect how little completed stock is available to trade, with only 331 new rooms starting construction since May.

Co-living yields have held at 6.52% through five rate rises, as the sector retains negative gearing benefits no longer available to established residential.

Build to Rent Sector

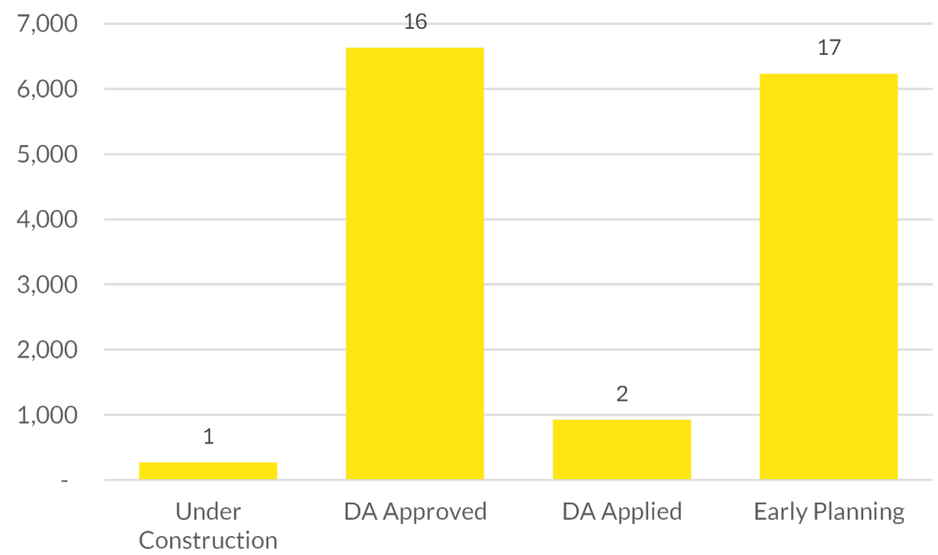
Build to Rent is the most institutional part of the living sectors. Purpose-built rental housing is developed and held long term by superannuation funds, offshore investors and listed groups.

As ownership is largely institutional, the sector is less exposed to the Budget's negative gearing changes. As private investors retreat from residential, its role in future rental supply becomes more important. Australia remains early in BTR adoption, at less than 0.5% of rental stock compared with 6% in the UK and 12% in the US. However, the sector is struggling to move from planning to delivery.

The NSW pipeline totals 14,060 units across 36 projects, but just 270 units are under construction given the difficulty across the construction sector and high cost of finance. No BTR sales have been recorded in NSW since December 2025.

BTR Approvals Build but Construction *Stalls*

NSW BUILD TO RENT SUPPLY PIPELINE, NO UNITS & PROJECTS



SOURCE: CORDELL CONNECT, RWCWS

NSW's Build to Rent pipeline totals 14,060 units across 36 projects, an average of 390 units per project.

Most of the pipeline is still waiting to start. DA Approved units have risen to 6,631 across 16 projects, up from 3,937 in May, and Early Planning accounts for a further 6,233 units across 17 projects.

CONSTRUCTION HAS ALMOST DRIED UP

Just 270 units across one project have been updated to under construction, down from 1,749 units across eight projects in May. Construction costs are rising again and five rate rises have lifted funding costs, so developers appear to be holding approved projects rather than starting them.

PARRAMATTA LEADS THE PIPELINE

City of Parramatta
3,789
26.9% of the total units

Ryde
2,519 units

Inner West
1,618 units

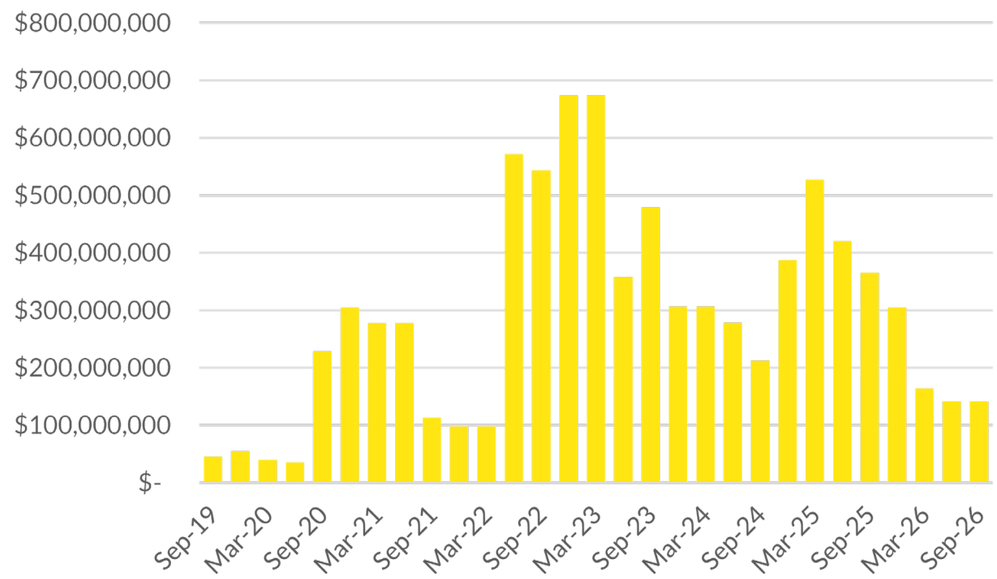
Sydney
1,529 units

North Sydney
1,148 units

With 12,864 units approved or in planning but just 270 under construction, BTR delivery in NSW has stalled despite a growing pipeline.

BTR Transactions Fall to *Four-Year Low*

NSW BUILD TO RENT SALES, ROLLING 4 QUARTER VOLUME



SOURCE: REAL CAPITAL ANALYTICS

BTR transaction volumes fell to $141.2 million in the year to September 2026, down 61.3% from $365.2 million a year earlier.

This is the lowest rolling annual result since March 2022 and 79.0% below the $673.3 million peak recorded in December 2022 and March 2023.

NO NEW DEALS IN 2026

The only transaction in the past year was Australian Retirement Trust's 48.5% interest in Mirvac's LIV portfolio in December 2025, with the NSW share valued at $141.2 million. No BTR sales have been recorded in NSW since, so the rolling volume will fall sharply once the December 2025 quarter drops out.

DEVELOPMENT SITES UNDER PRESSURE

Most BTR sales have historically been development sites rather than operating assets and this part of the market is the most exposed to current conditions:

- Five rate rises have lifted finance and holding costs
- State infrastructure projects are competing for labour, pushing out construction timeframes
- Lower productivity is adding further cost and delay

For large scale projects that take years to deliver, these risks are currently too high for many buyers.

> **With no BTR sales recorded in NSW through 2026, high holding costs and competition for construction labour have put large scale development site acquisitions on hold.**

Outlook

Conditions across the living sectors are likely to remain challenging into 2027. With inflation well above target, further rate rises cannot be ruled out.

However, rising unemployment and slowing growth make additional increases harder to justify and stable rates would be the first step toward better development feasibility and transaction activity. Adding to the uncertainty are ongoing insolvencies in the construction sector, high cost of raw materials and pressure on labour given the high volume of infrastructure competition across the construction industry.

Block of unit transaction volumes are expected to stay low. Existing owners have strong reasons to hold, particularly in Western Sydney where low vacancy continues to support rental income. Buyers without access to negative gearing will need to justify purchases on cash flow alone, which will require some reset in pricing through a combination of lower sale prices and higher rents. Yields are likely to continue moving higher from 4.30%. Premium eastern and northern Sydney assets should continue to attract interest, while older stock and regional markets are likely to see more per-unit discounting.

Co-living is the best placed of the three sectors, with tax settings and higher yields supporting investor demand particularly for new stock. The main constraint is delivery. With construction and finance costs elevated, how many DA applications move to approval and construction will determine how much new supply reaches the market.

BTR faces a similar challenge, albeit on a larger scale. The pipeline remains substantial, but projects of this size are highly sensitive to finance costs, construction timeframes and labour availability. Unless holding costs fall or productivity improves, more projects are likely to stay in planning. Transaction volumes will remain thin until more operating assets come to market.

For renters, the recent easing in rents and higher Inner ring vacancy offer only short-term relief. Falling investor activity and stalled development pipelines will limit new rental supply while NSW's population continues to grow. Rents are expected to resume rising through 2027, with the strongest pressure likely in the Outer ring, where vacancy is already the lowest in Sydney. For investors, this makes Western Sydney one of the better placed markets, offering tight vacancy and continued rental growth despite the broader slowdown.



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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.

Our People are *Your Advantage.*

SALES



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Managing Director



JOSEPH ASSAF
Co-Owner & Director



VICTOR SHEU
Director



TROY WANG
Sales Executive



OWEN WHITE
Sales Executive



ANDREW SACCO
Sales Executive



MARCUS AUDDINO
Sales Executive



NATASHA SANDERS
Sales Executive



HARRY VEALL
Sales Associate



DANIEL HELWEH
Sales Associate



MARCUS TOLE
Property Analyst



CHRISTIAN FINIANOS
Property Researcher



BILLY MINNETT
Research Assistant



CHANTEL BRILLANTES
Marketing & Brand



MONH LY
Campaign Manager



SARA COPTIL
EA to Peter Vines

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



CHRISTOPHER BAISSARI
EA to Joseph Assaf

LEASING



SAMUEL GONG
Senior Leasing Executive



CRAIG GOSPO
Leasing Executive



JACK TALTY
Leasing Associate

OPERATIONS



RUBY ROZENTAL
Director of Strategy



HANNAH CARNEY
Director of Operations



PAULINE WATERFORD
Finance Manager



CHRISTIAN BRILLANTES
Office Manager



DAKOTA SINGLETON
Administrative Assistant

ASSET MANAGEMENT



JOYCE ELKOUBERCI
Director



CALLUM MCKAY
Asset Manager



ADRIAN HARB
Assistant



ANNIKA WARD
Assistant



MARCUS FUNG
Assistant



HARRY LAHOOD
Assistant



JACKIE AMYOUNI
Lease Audit Administrator



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