



RWC

WESTERN **S**YDNEY INSIGHTS

Western Sydney Industrial

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Executive Summary

Western Sydney's industrial market has *transitioned into expansion phase* through 2025, with capital returns shifting decisively positive after the adjustment period of 2023-2024.

The Outer West recorded 0.7% capital growth through June 2025, while the Central West achieved 1.8%, combining with stable income returns to deliver total returns of 7.6% and 5.7% respectively. This marks a fundamental turning point as the market moves beyond consolidation toward renewed growth.

The region captured 68% of Sydney's \$6.2 billion in industrial transactions through September 2025, with cross-border capital surging to approximately 50% of buyers, up sharply from 33% previously. This compositional shift reflects renewed confidence in Western Sydney's infrastructure transformation, with REIT activity increasing to 7.9% from just 1.3%. Private investors moderated to 33% signalling broader institutional participation as funding conditions improve.

Rental markets have stabilised following exceptional growth averaging 14-20% annually through 2021-2023. Net face rents across all four regions held flat year-on-year through September 2025, though incentives returned to 12-25% depending on location and quality. This represents healthy consolidation rather than weakness, with vacancy increases from historic lows allowing the market to find equilibrium. The migration pattern continues, with occupiers moving from inner to outer markets as retail and showroom operators price out traditional industrial users in prime locations.

Land values have steadied after remarkable appreciation, creating improved development feasibility as construction costs moderate. Limited transaction activity reflects market equilibrium rather than concern, with the structural shortage of serviced land providing underlying support. As development economics improve, values appear positioned for renewed appreciation into 2026.

The development pipeline remains substantial: 160 projects representing 5.1 million sqm in the Outer West, 112 projects totalling 2.7 million sqm in the South West, 63 projects comprising 1.1 million sqm in the Inner Central West, and 34 projects delivering 324,000 sqm in the North West. This pipeline, combined with Western Sydney controlling 6,940 hectares of Greater Sydney's 7,169 hectares of undeveloped industrial land (97%), positions the region as essential to addressing Sydney's supply constraints.

Prime investment yields have stabilised at 5.10-5.20% across submarkets following interest rate reductions, establishing a floor for valuations. The quality spread has widened to approximately 175 basis points as investors prioritise ESG credentials, long lease terms, and strategic connectivity. Transactions are taking longer, with extended due diligence periods reflecting more measured approaches compared to pandemic-era urgency, though recent rate cuts are stimulating renewed activity.

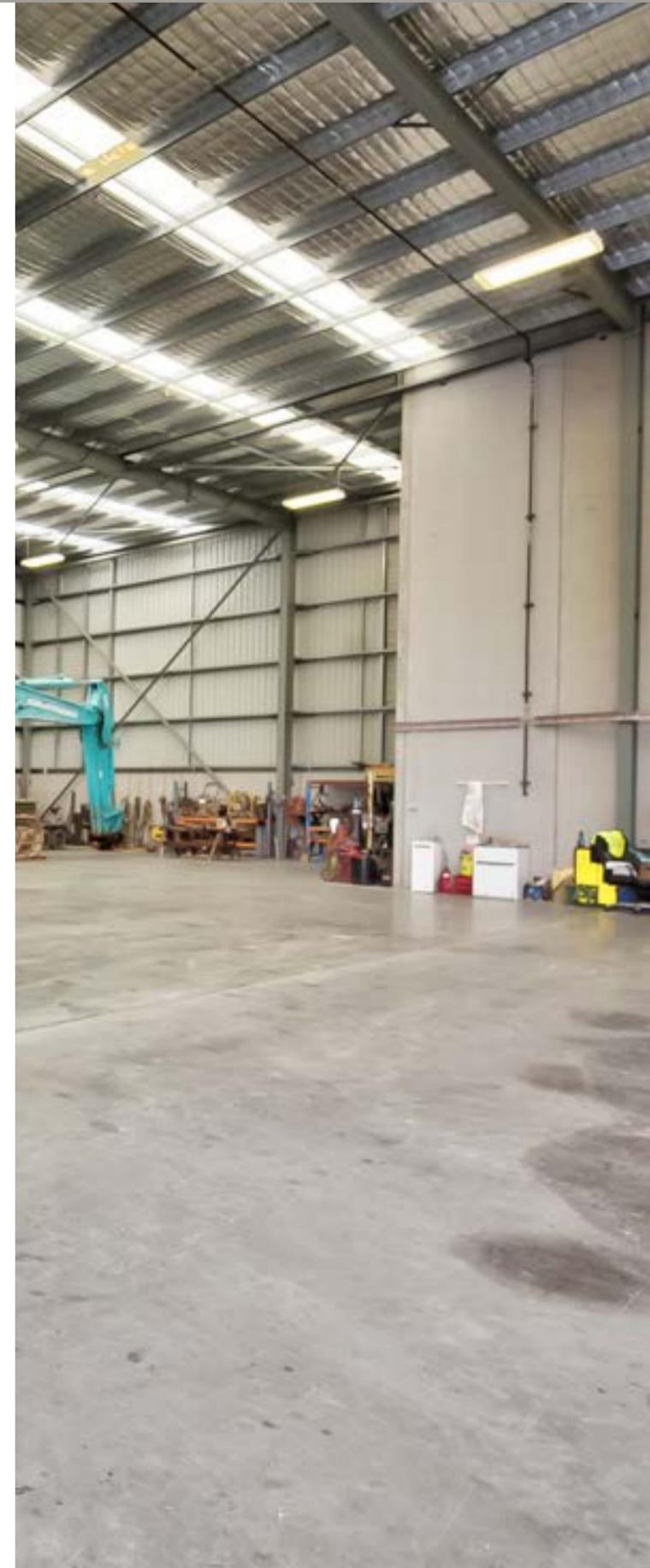
The yield spread to the 5-year bond rate has compressed to 192 basis points, with prime Australian industrial yields at 5.30% against

bond rates of 3.65%. While tighter than historical averages of 275-325 basis points, this reflects bond rates remaining elevated despite interest rate reductions rather than industrial yield compression. As bond rates eventually respond to continued monetary easing, this spread should gradually normalise.

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

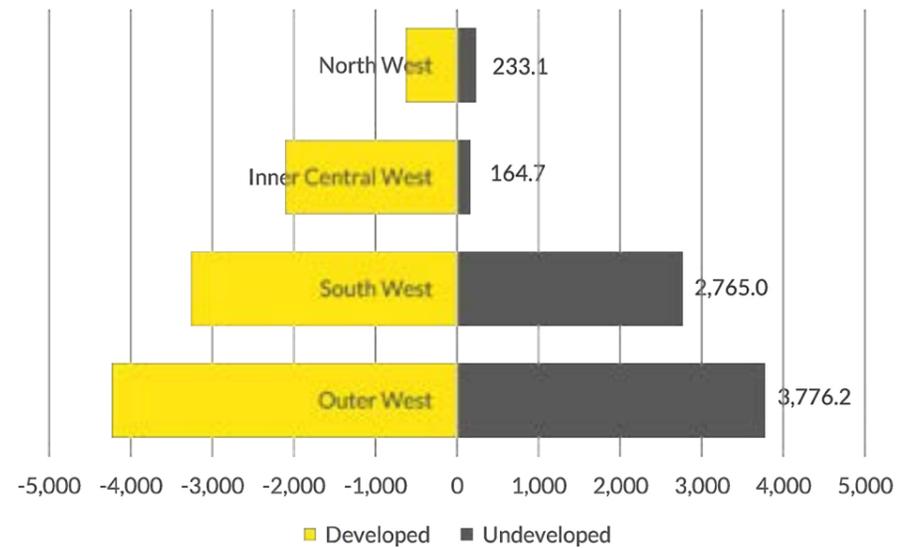


PETER VINES
Managing Director
RWC Western Sydney
0449 857 100



Undeveloped Land Supply *Dominates* Greater Sydney

ZONED EMPLOYMENT LAND, HA BY REGIONS



SOURCE: NSW DEPT OF PLANNING & ENVIRONMENT, RWCWS *2024

Western Sydney holds approximately 6,940 hectares of the 7,169 hectares of undeveloped employment land across Greater Sydney, demonstrating the region's overwhelming concentration of industrial land capacity.

This 97% share across four precincts positions Western Sydney as the essential provider of Sydney's future industrial space, with the Outer and South West precincts accounting for 94% of the region's undeveloped holdings.

LAND HOLDINGS BY PRECINCT

OUTER WEST
3,776
 HECTARES
 across Penrith, Blacktown, and Fairfield LGAs

INNER CENTRAL WEST
165
 HECTARES
 in established precincts

SOUTH WEST
2,765
 HECTARES
 concentrated in Liverpool and Camden LGAs

NORTH WEST
233
 HECTARES
 across constrained sites

While Western Sydney controls virtually all of Sydney's zoned industrial land, the fundamental constraint remains infrastructure delivery to convert rezoned parcels into construction-ready sites. The Aerotropolis Sector Plan's identification of 4,448 hectares potentially serviceable by 2030 provides a roadmap for progressively addressing supply-demand imbalances, though infrastructure provision continues lagging development demand in many locations.



"With 6,940 hectares representing 97% of Greater Sydney's 7,169 hectares of undeveloped employment land, Western Sydney's overwhelming supply concentration makes infrastructure delivery the sole determinant of Sydney's competitive positioning against interstate markets."

Sydney's *Outer West*

Western Sydney's supply engine. A 5.1m sqm pipeline across Kemps Creek, Marsden Park, Horsley Park and Eastern Creek positions the precinct to meet Sydney's industrial shortfall as infrastructure rolls out and the airport nears opening. Land values have steadied (small lots ~\$1,915/sqm) and prime yields have levelled around ~5.10%, indicating market equilibrium.

After three years of outsized gains, rents have consolidated (prime ~\$218/sqm; secondary ~\$202/sqm) with incentives returning, setting the stage for renewed growth through 2026.



SUPPLY



NET FACE RENTS



LAND VALUES



YIELDS



Development Pipeline Exceeds 5 Million Sqm

The Outer West maintains its position as Sydney's leading industrial development region, with 160 projects representing 5.1 million sqm of potential space across various planning stages.

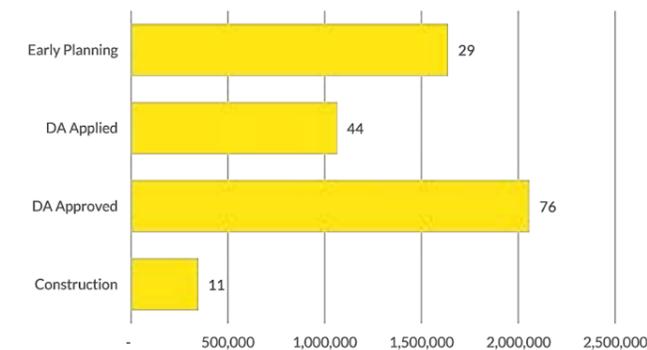
This substantial pipeline reflects the region's strategic importance and abundant land availability in key growth corridors including Kemps Creek, Horsley Park, Marsden Park, and Eastern Creek.

DEVELOPMENT STATUS

- 11 projects under construction: 347,000 sqm
- 76 DA-approved projects: 2.1 million sqm
- 44 DA-applied projects: 1.1 million sqm
- 29 early planning projects: 1.6 million sqm

"With 160 projects representing 5.1 million sqm of potential space, the Outer West's substantial development pipeline positions the region to address Sydney's critical industrial supply shortfall as infrastructure delivery unlocks serviced employment land."

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



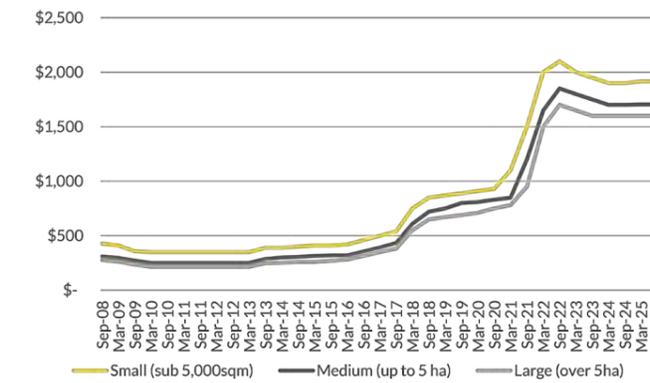
SOURCE: CORDELL CONNECT, RWCWS

DA-approved projects dominate the pipeline, with significant holdings in Penrith and Blacktown LGAs awaiting construction commencement as development economics improve. The Outer West's development profile spans traditional warehousing, logistics facilities, and emerging data centre infrastructure, with over 400,000 sqm of data centre space in various planning stages reflecting the region's evolution toward higher-value digital infrastructure.

Construction activity, while modest compared to the approved pipeline, is expected to accelerate through 2026 as infrastructure delivery progresses and the Western Sydney International Airport opening approaches. Areas benefiting from completed M12 Motorway access and upgraded arterial roads are seeing increased development momentum.

Land Values Poised For Appreciation

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



SOURCE: RWCWS

Following a decade of exceptional appreciation, land values across the Outer West have held steady through September 2025, with small parcels at \$1,915/sqm, medium lots at \$1,705/sqm, and large holdings at \$1,600/sqm.

This stability reflects the market absorbing elevated development costs while maintaining feasibility for well-capitalised developers.

Smaller parcels (<5,000sqm):
\$1,915/sqm

Medium lots (5,000-10,000 sqm):
\$1,705/sqm

Large lots (>10,000 sqm):
\$1,600/sqm

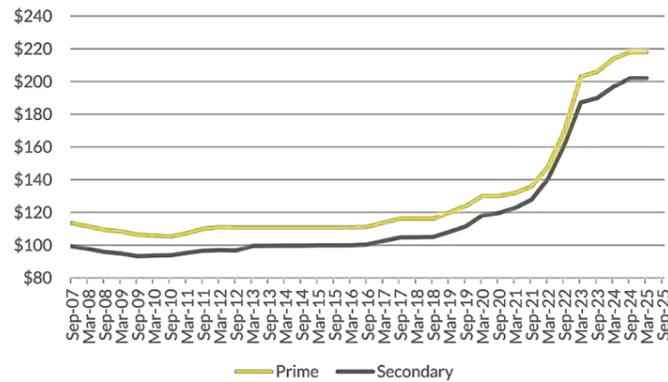
10-YEAR
AVERAGE GROWTH
44.1% per annum (small lots)

Limited transaction activity through the period reflects a market in equilibrium rather than weakness, with the structural shortage of serviced, developable land providing underlying support. As construction costs stabilise and development economics improve, particularly for projects with pre-commitment or strategic positioning near completed infrastructure, land values appear positioned for renewed appreciation. The severe constraint on zoned, serviced employment land across Western Sydney, combined with improving feasibility as interest rates decline, creates conditions favouring landholders as construction activity accelerates into 2026.

"Land values holding at \$1,915/sqm for small parcels mask underlying strength, with limited serviced supply and improving development economics positioning the market for appreciation as construction activity responds to tightening vacancy conditions."

Face Rents Maintain as Incentives Return to the Market

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



SOURCE: RWCWS

Following exceptional growth averaging 15% annually over the past three years, industrial rental rates across the Outer West have stabilised, with prime and secondary assets holding at \$218/sqm and \$202/sqm respectively through September 2025.

This consolidation reflects a market returning to equilibrium after the unprecedented tightness of 2021-2023.

| | |
|----------------------------------|---|
| Prime net face rents: | \$218/sqm (flat year-on-year) |
| Secondary net face rents: | \$202/sqm (flat year-on-year) |
| Incentives: | 12-18% for prime assets, 18-25% for secondary |
| 3-year average growth | 9.4% per annum (prime) |

While net face rents remain unchanged, modest vacancy increases have seen incentives creep back into the market, softening effective rents.

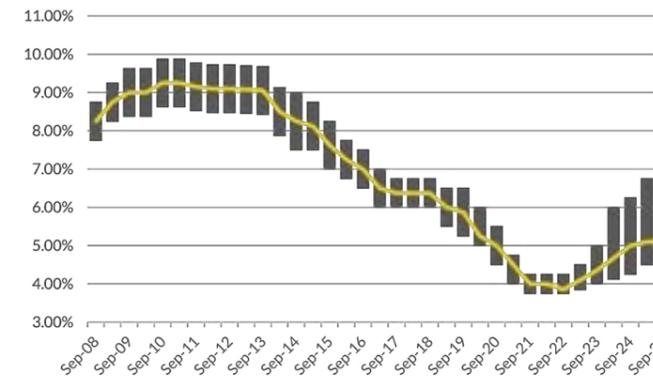
Steady enquiry continues from occupiers seeking affordable alternatives to increasingly competitive inner markets, where retail and showroom operators command premium rents that have priced out traditional industrial users. This westward migration supports ongoing activity, particularly for larger distribution and logistics facilities where space requirements and operational needs favour outer locations.

The approaching Western Sydney International Airport opening continues attracting strategic interest from logistics operators positioning for air freight connectivity.

"After three years of exceptional growth averaging 15% annually, stable face rents of \$218/sqm for prime assets signal healthy market consolidation as rising incentives and normalising vacancy offset continued demand from cost-conscious occupiers migrating west."

Yields Stabilise as Market Finds Equilibrium

PRIME INDUSTRIAL YIELD RANGE
OUTER WEST



SOURCE: RWCWS

Industrial yields across the Outer West have stabilised despite interest rate reductions, with prime assets averaging 5.10% and secondary stock ranging up to 6.75%.

This equilibrium reflects a more measured investment approach compared to the extraordinary acquisition activity witnessed during the pandemic period.

MARKET SEGMENTATION

| | |
|---|--------------------------------|
| Prime (modern facility, strong covenant) | 4.50%-5.75% (average 5.10%) |
| Secondary (older assets, shorter lease) | Up to 6.75% |
| Prime-secondary spread: | ~175 basis points |

The widening quality divide reflects investors' heightened scrutiny of asset fundamentals, with premium pricing reserved for properties demonstrating strong ESG credentials, long-weighted average lease expiry with structured growth, and strategic transport connectivity. Quality assets with green certifications are achieving yields approaching replacement cost economics, while secondary stock faces increased buyer selectivity.

Transaction momentum has improved following rate cuts, though buyer behaviour remains notably cautious. Due diligence periods have extended significantly, with institutional and private investors adopting more considered evaluation processes. Owner-occupier activity continues supporting demand, particularly as rental growth moderates and debt availability improves, though acquisition timeframes reflect the market's more deliberate pace.

"Prime yields stabilising at 5.10% reflect measured investor confidence as quality assets with ESG credentials achieve competitive pricing, though extended due diligence periods demonstrate more considered approach compared to pandemic-era acquisition urgency."

Sydney's *South West*

Airport-adjacent momentum. With 2.7m sqm in the pipeline across Liverpool, Camden and emerging nodes like Bradfield and Badgerys Creek, the South West is transitioning from affordable alternative to strategic logistics hub.

Land values are holding (small lots ~\$1,740/sqm) and prime yields ~5.15%, while rents have flattened (prime ~\$205/sqm; secondary ~\$185/sqm) as incentives normalise. As infrastructure completes ahead of the late-2026 airport opening, development commencements and occupier demand are expected to lift.



SUPPLY



NET FACE RENTS



LAND VALUES

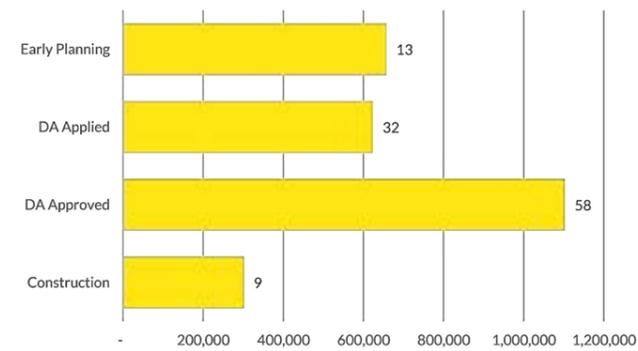


YIELDS



Strategic Location *Fuels* 2.7 Million Sqm Pipeline

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



SOURCE: CORDELL CONNECT, RWCWS

The South West has established itself as a critical growth corridor, with 112 projects representing 2.7 million sqm of potential industrial space capitalising on strategic airport adjacency and comparative affordability.

Emerging locations including Edmondson Park, Bradfield and Badgery's Creek are gaining momentum alongside established precincts like Minto and Padstow, while Wilton in the Wollondilly LGA has emerged as a new growth prospect.

"With 112 projects valued at 2.7 million sqm in the pipeline, the South West's strategic airport positioning is catalysing development momentum across both emerging precincts and established industrial locations."

DEVELOPMENT PIPELINE

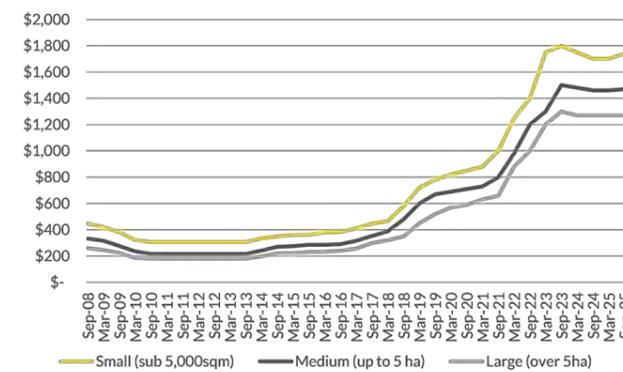
- 9 projects under construction: 302,000 sqm
- 58 DA-approved projects: 1.1 million sqm
- 32 DA-applied projects: 623,000 sqm
- 13 early planning projects: 657,000 sqm

Concentrated activity in Liverpool and Camden LGAs reflects these areas' strategic positioning between the airport and established logistics corridors. The substantial DA-approved pipeline demonstrates developer confidence in the precinct's medium-term prospects, with many projects positioned to commence construction as the airport opening date approaches and infrastructure completion accelerates feasibility.

Development composition remains predominantly warehousing and distribution facilities, complemented by growing self-storage and light industrial uses. The airport's late 2026 opening continues driving strategic land acquisitions and development applications, particularly for facilities supporting air freight operations and time-sensitive logistics requirements.

Strategic Positioning *Supports* Value Resilience

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



SOURCE: RWCWS

After remarkable long-term growth exceeding 20% annually, land values in the South West have stabilised at \$1,740/sqm for smaller parcels, \$1,470/sqm for medium holdings, and \$1,270/sqm for larger sites through September 2025.

This consolidation follows a transformational period that repositioned the region as a strategic airport-adjacent logistics destination.

- Small parcels (≤5,000 sqm): \$1,740/sqm
- Medium lots (5,000-10,000 sqm): \$1,470/sqm
- Large lots (>10,000 sqm): \$1,270/sqm
- 10-year average growth: 51.5% per annum (small lots)

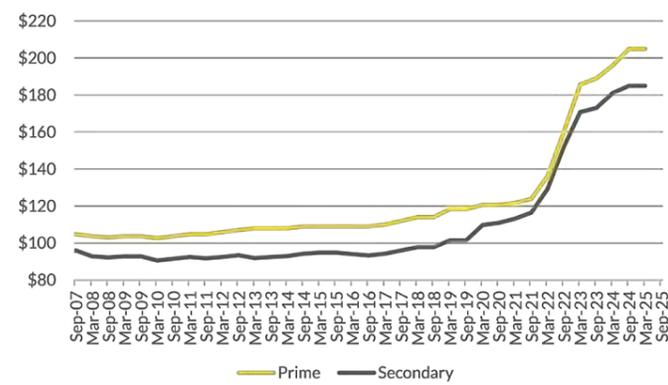
Minimal transaction activity reflects developers and landowners adjusting to elevated all-in development costs rather than market weakness. The fundamental supply-demand imbalance, with severely limited serviced employment land confronting ongoing occupier requirements, provides underlying support for values.

As development feasibility improves through construction cost moderation and projects advance toward the Western Sydney International Airport's late 2026 opening, land values appear well-positioned for renewed growth. Strategic sites with infrastructure delivery certainty and development approval pathways command particular interest as the market transitions toward increased construction activity.

"Following exceptional long-term appreciation exceeding 20% annually, stable land values reflect market equilibrium as improving development economics and severe supply constraints position the South West for renewed growth ahead of airport operations."

Rents *Steady Out* After Recent Growth Trajectory

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



SOURCE: RWCWS

Following exceptional growth averaging 16.9% annually over three years, rental rates across the South West have stabilised, with prime assets maintaining \$205/sqm and secondary stock at \$185/sqm through September 2025.

This consolidation phase follows the region's transformation from affordable alternative to strategic airport-adjacent logistics destination.

- Prime net face rents: \$205/sqm (flat year-on-year)
- Secondary net face rents: \$185/sqm (flat year-on-year)
- Incentives: 15-20% for prime assets
- 3-year average growth: 8.4% per annum (prime)

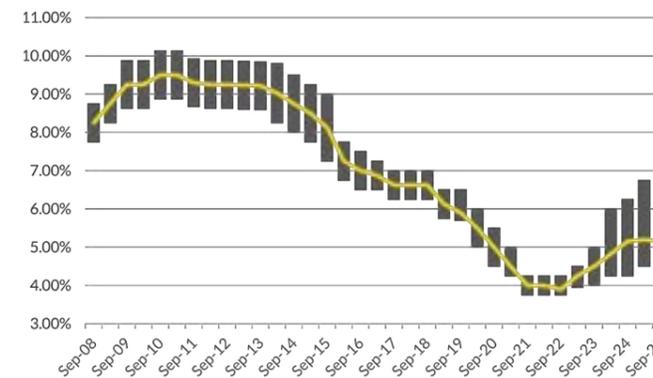
Face rent stability masks softening effective returns as landlords absorb tenant requirements through incentives rather than headline adjustments. The region continues attracting occupiers from expensive inner precincts where competition from retail uses has intensified.

Strategic airport adjacency and comparative affordability maintain appeal for businesses prioritising cost efficiency alongside connectivity, with activity levels steady despite the broader market normalisation from historic tightness.

"Following exceptional three-year growth of 16.9% annually, face rents holding at \$205/sqm reflect market maturity as the South West transitions from rapid appreciation to sustainable equilibrium ahead of the airport's 2026 opening."

Yield Stability *Reflects* Market Maturity

PRIME INDUSTRIAL YIELD RANGE SOUTH WEST



SOURCE: RWCWS

The South West's investment market has maintained stable pricing through 2025, with prime yields averaging 5.15% and the range spanning 4.50%-6.75%.

Recent interest rate reductions have provided yield support without triggering the aggressive buying witnessed during the pandemic era, reflecting investors' more disciplined capital deployment approach.

"Prime yields averaging 5.15% demonstrate market maturity as the South West attracts quality-focused capital, with extended transaction timeframes reflecting measured investor approach despite improving funding conditions."

- Prime yield range: 4.50%-6.75% (average 5.15%)
- Quality differentiation increasingly pronounced
- Premium for strategic airport positioning

The divide between prime and secondary assets has widened as investors prioritise quality fundamentals, with properties offering strong ESG credentials, strategic airport access, and modern specifications achieving yields reflecting near-replacement cost economics. Secondary stock faces greater yield pressure as buyer selectivity intensifies around covenant strength and physical condition.

Transaction activity has strengthened moderately through 2025, though the market's character differs markedly from earlier periods. Institutional and private investors are adopting extended evaluation processes, with due diligence periods stretching as buyers conduct thorough assessments of lease structures, building quality, and future capital requirements.

Owner-occupiers remain active participants, supporting demand across the quality spectrum as improved debt availability and rental stabilisation favour acquisition strategies.

Sydney's *Inner Central West*

Premier infill—scarce and resilient. Severe land constraints keep the 1.1m sqm pipeline focused on intensification and multi-level solutions across Parramatta and Cumberland.

A scarcity premium underpins values (small lots ~\$2,250/sqm) and stable prime yields around ~5.15%. Rents have plateaued at the metro peak (prime ~\$232/sqm; secondary ~\$218/sqm) with incentives tempering effective rates, but strategic access and last-mile fundamentals continue to drive depth of demand.



SUPPLY



NET FACE RENTS



LAND VALUES



YIELDS

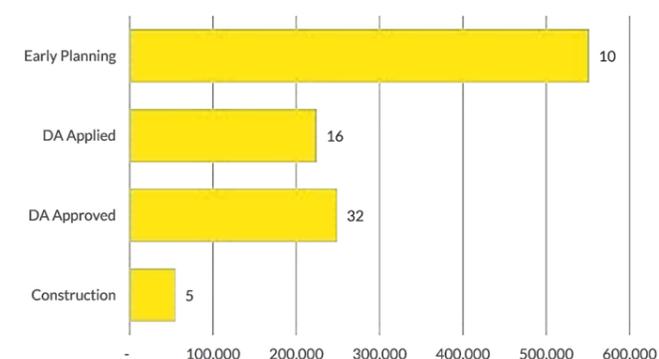


Infill Opportunities Amid Severe Constraints

Severe land constraints continue defining the Inner Central West's development landscape, with 63 projects representing 1.1 million sqm of potential space concentrated in established suburbs including Guildford, Yennora, Smithfield and Greenacre.

This tightly held market demonstrates continued investor confidence despite challenging supply limitations.

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



SOURCE: CORDELL CONNECT, RWCWS

Development diversification is evident, with traditional warehousing complemented by increasing self-storage and data centre proposals in early planning phases. This evolution reflects the mature market's adaptation to changing industrial requirements despite severe land limitations. The significant DA-approved backlog suggests potential construction acceleration as market conditions improve, though development will remain primarily infill given absent greenfield opportunities.

DEVELOPMENT PIPELINE

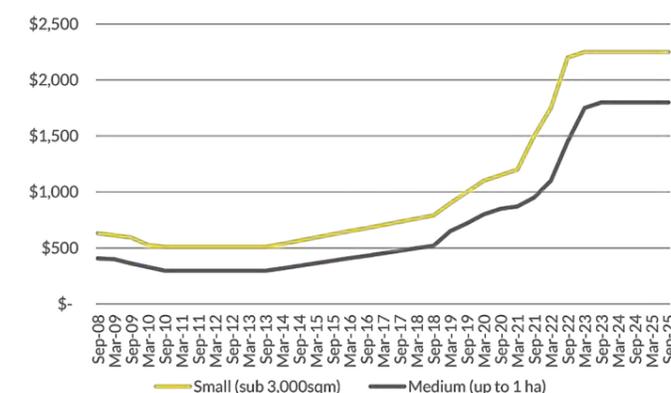
- 5 projects under construction: 55,000 sqm
- 32 DA-approved projects: 249,000 sqm
- 16 DA-applied projects: 224,000 sqm
- 10 early planning projects: 551,000 sqm

Parramatta and Cumberland LGAs dominate activity, reflecting the limited remaining industrial land in this metropolitan precinct. The substantial early planning component, representing over half the total pipeline area, includes several multi-level industrial concepts and site intensification projects seeking to maximise constrained land resources.

"Despite severe land constraints limiting current construction to 55,000 sqm across 5 projects, the Inner Central West's 1.1 million sqm pipeline demonstrates enduring appeal as Sydney's premier infill industrial location."

Scarcity Premium Remains In Tact

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



SOURCE: RWCWS

The Inner Central West's industrial land market continues demonstrating remarkable resilience, with small lots maintaining \$2,250/sqm and medium parcels at \$1,800/sqm through September 2025.

This stability, following decades of sustained appreciation, reflects the region's fundamental scarcity value in Sydney's tightest industrial land market.

- Small parcels (≤3,000 sqm): \$2,250/sqm
- Medium lots (up to 1 hectare): \$1,800/sqm
- 10-year average growth: 26.2% per annum (small lots)

"Despite minimal transaction activity, land values holding at \$2,250/sqm for small parcels reflect enduring scarcity premium, with structural undersupply and emerging multi-level industrial solutions positioning this constrained market for selective appreciation."

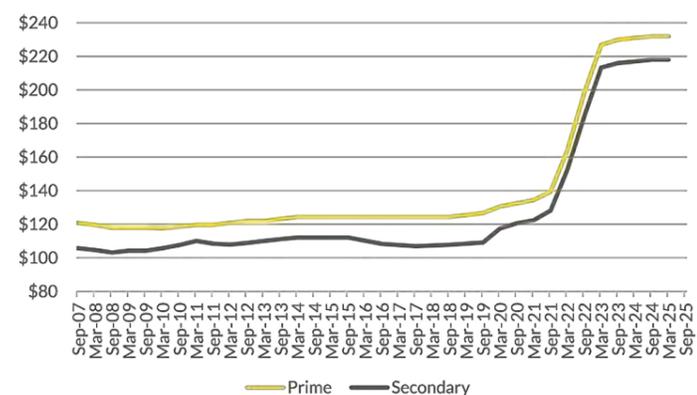
held market, where land scarcity continues intensifying through competition from residential and retail uses commanding premium pricing. The minimal availability of developable parcels, combined with strategic metropolitan positioning, ensures values maintain their premium despite elevated development costs constraining new supply.

As construction economics improve and occupiers seek last-mile logistics proximity, the structural undersupply in this established precinct supports values. Sites with development or intensification potential command particular interest as multi-level industrial concepts emerge as solutions to land constraints, potentially unlocking new value creation opportunities in this mature market.

Rents Continue To Show Stabilisation

INDUSTRIAL NET FACE RENTS

INNER CENTRAL WEST, BY QUALITY GRADE (\$/SQM)



SOURCE: RWCWS

After recording average annual growth of 14% over the past three years, the Inner Central West rental market has stabilised, with prime rents maintaining \$232/sqm and secondary at \$218/sqm through September 2025.

This consolidation follows the region's emergence as Sydney's highest-rent industrial precinct during the exceptional demand period of 2021-2023.

DEMAND DRIVERS AND CURRENT RENTAL LANDSCAPE

- Prime net face rents: \$232/sqm (flat year-on-year)
- Secondary net face rents: \$218/sqm (flat year-on-year)
- Incentives: 15-22% reflecting increased competition
- 3-year average growth: 5.7% per annum (prime)

Increased vacancy across Sydney has prompted landlords to absorb tenant requirements through incentive adjustments rather than face rent reductions, with effective rents softening despite stable headlines. Enquiry levels have lifted from a growing pool of smaller, local businesses seeking metropolitan proximity despite higher costs.

Competition from retail and showroom operators, who can justify higher rents through customer-facing operations, continues displacing traditional industrial users to outer precincts or more secondary offerings. Limited supply ensures the Inner Central West retains premium positioning for occupiers prioritising strategic access over cost efficiency.

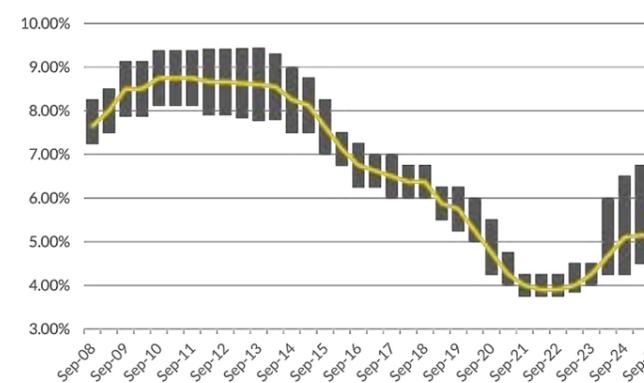


"Following three years of exceptional growth averaging 14% annually, prime rents holding at \$232/sqm represent healthy consolidation as rising incentives reflect the transition from historic tightness to more balanced tenant-favourable conditions."

Quality Premium Widens *Yield Spread*

PRIME INDUSTRIAL YIELD RANGE

INNER CENTRAL WEST



SOURCE: RWCWS

The Inner Central West has maintained its premium positioning despite yield stability, with prime assets averaging 5.15% and the range spanning 4.50%-6.75%.

The widening spread between prime and secondary assets reflects intensifying investor focus on quality fundamentals, ESG credentials, and strategic metropolitan positioning.

- Prime yield range: 4.50%-6.75% (average 5.15%)
- Significant quality premium for trophy assets
- Land scarcity supporting valuations

Properties demonstrating strong sustainability credentials, long lease terms with structured growth, and strategic last-mile positioning are achieving yields approaching replacement cost economics.

The persistent scarcity of prime industrial land in well-located precincts supports pricing for quality assets, while secondary stock faces increased scrutiny around capital expenditure requirements and functional obsolescence risks.

Transaction activity remains selective, with both institutional and private investors conducting extended due diligence processes. Recent interest rate reductions have improved debt availability without triggering acquisition urgency, as buyers adopt measured evaluation approaches considering long-term fundamentals.

Owner-occupier demand continues, particularly from businesses seeking metropolitan access, though transaction completion timeframes have lengthened significantly compared to the pandemic period's compressed decision-making cycles.

"Prime yields averaging 5.15% in the land-constrained Inner Central West reflect quality premiums for ESG-certified assets, with extended transaction processes demonstrating disciplined capital deployment despite improving funding conditions."

Sydney's *North West*

Selective growth amid constraints. With only 324,000 sqm in the pipeline, new supply is mainly infill and upgrades across Macquarie Park, The Hills and Rouse Hill. Data centre proposals in Ryde are competing for power-served sites, tightening traditional industrial land.

Land values are stable (small lots ~\$1,450/sqm), prime yields hover near ~5.20%, and rents are steady (prime ~\$183/sqm; secondary ~\$170/sqm) with incentives higher as vacancy normalises. Long-run fundamentals remain supported by strong local business bases and connectivity.



SUPPLY



NET FACE RENTS



LAND VALUES

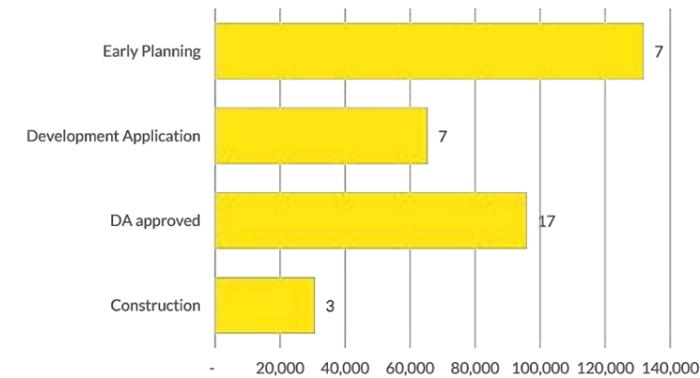


YIELDS



Development Activity Constrained By *Land Scarcity*

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



SOURCE: CORDELL CONNECT, RWCWS

The North West's development landscape mirrors the Inner Central West's land constraints, with 34 projects representing 324,000 sqm of potential space across limited available sites.

Current construction activity remains modest, with most development comprising extensions and small-scale infill projects.

"Despite 34 projects representing 324,000 sqm of potential stock, the North West's severe land constraints limit immediate supply, while emerging data centre competition in Ryde LGA signals higher-value alternative uses for scarce industrial land."

POTENTIAL FOR FUTURE GROWTH

- 3 projects under construction: 31,000 sqm
- 17 DA-approved projects: 96,000 sqm
- 7 development applications: 65,000 sqm
- 7 early planning projects: 132,000 sqm

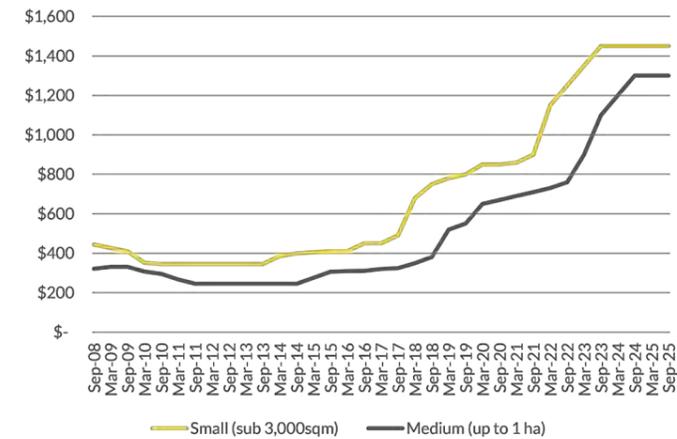
Activity spans from Macquarie Park through The Hills Shire to Rouse Hill, with Ryde LGA hosting 5 data centre proposals in early planning phases.

This concentration reflects the area's power infrastructure advantages and proximity to digital connectivity networks, though data centre development progressively removes industrial land from traditional warehouse and logistics uses.

Severe land constraints ensure future development will predominantly take the form of site redevelopment, intensification, or targeted infill where opportunities arise. Construction cost realities and modest vacancy increases may slow pipeline realisation in the near term, with new supply carefully calibrated to verified market requirements rather than speculative development.

Infrastructure Legacy Underpins Value *Stability*

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



SOURCE: RWCWS

Following substantial infrastructure-driven appreciation over the past decade, land values in the North West have stabilised at \$1,450/sqm for small lots and \$1,300/sqm for medium parcels through September 2025.

This consolidation reflects a mature market balancing elevated development costs against strong local business fundamentals and established connectivity advantages.

- Small parcels ($\leq 3,000$ sqm): \$1,450/sqm
- Medium lots (up to 1 hectare): \$1,300/sqm
- 10-year average growth: 25.4% per annum (small lots)

"Land values stabilising at \$1,450/sqm for small parcels reflect healthy consolidation after infrastructure-driven appreciation, with intensifying data centre competition removing industrial land from supply and positioning the North West for selective value growth as alternative uses compete for scarce sites."

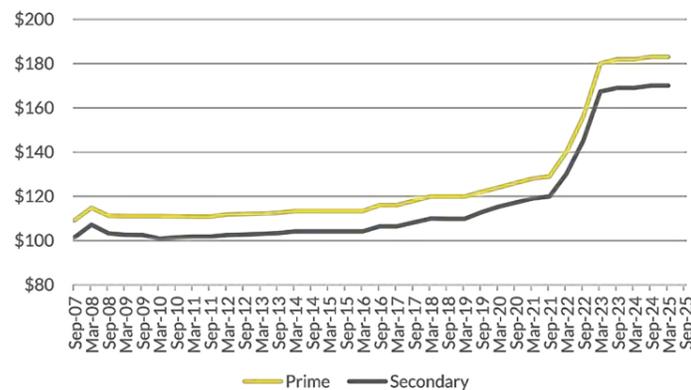
Limited transaction volumes through the period reflect developers assessing feasibility against construction cost realities rather than weakening fundamentals. The North West's established infrastructure networks, growing residential population, and strategic metropolitan positioning continue underpinning values despite constrained supply opportunities.

Intensifying competition from data centre operators, particularly in Ryde LGA where power infrastructure supports hyperscale facilities, is progressively removing industrial land from traditional warehouse and logistics use. As development economics improve and data centres demonstrate willingness to pay substantial premiums for strategic sites, traditional industrial land values appear positioned for selective appreciation.

Sites with redevelopment or intensification potential benefit from the region's limited greenfield opportunities and strong local investor base providing market stability.

Rental Stability Continues

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



SOURCE: RWCWS

Following five years of robust growth approaching 10% annually, rental rates across the North West have stabilised, with prime assets holding at \$183/sqm and secondary properties at \$170/sqm through September 2025.

This pause represents healthy market consolidation after a sustained period of appreciation driven by constrained supply and strong local business demand.

"After sustained five-year growth approaching 10% annually, stable face rents of \$183/sqm represent healthy market consolidation as rising incentives and normalising vacancy reflect the shift from exceptional tightness to more balanced conditions."

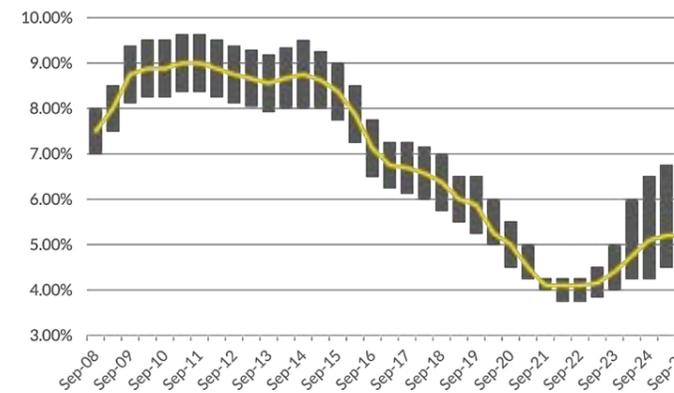
- Prime net face rents: \$183/sqm (flat year-on-year)
- Secondary net face rents: \$170/sqm (flat year-on-year)
- Incentives: 18-25% reflecting competitive conditions
- Vacancy: Creeping higher from historic lows
- 5-year average growth: 9.5% per annum (prime)

Modest vacancy increases have prompted landlords to utilise incentives rather than face rent adjustments to maintain occupancy, softening effective returns. Interest from smaller businesses seeking established locations has increased, although affordability considerations continue influencing tenant decisions.

The North West faces intensifying competition from retail and showroom uses in accessible precincts, with these operators achieving higher rents that price out traditional

Yield Range Broadens with Selectivity

PRIME INDUSTRIAL YIELD RANGE
NORTH WEST



SOURCE: RWCWS

The North West's investment market demonstrates increased yield differentiation, with prime assets averaging 5.20% and the range extending from 4.50%-6.75%.

This widening spread reflects heightened investor selectivity, with quality assets achieving competitive pricing while secondary stock faces greater yield pressure.

- Prime yield range: 4.50%-6.75% (average 5.20%)
- Strong local investor base providing stability
- Data centre competition influencing land values

Properties offering strong ESG credentials, quality construction, and strategic positioning are achieving yields reflecting near-replacement cost economics, while secondary assets requiring capital expenditure face increased buyer scrutiny. The emerging data centre

sector in Ryde LGA is creating alternative demand for industrial land, with these operators demonstrating willingness to pay premiums for sites with power infrastructure advantages.

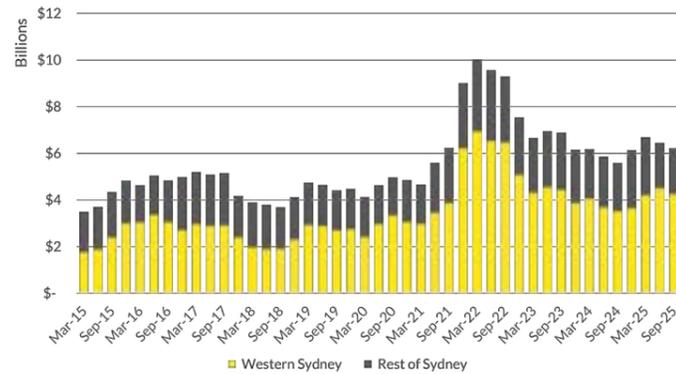
Transaction momentum has improved moderately following interest rate reductions, though buyer behaviour reflects measured capital deployment. Due diligence periods have extended across institutional, private, and owner-occupier segments, with buyers conducting thorough assessments of lease structures, building condition, and future value-add requirements.

Owner-occupiers remain active, supporting demand particularly in the smaller asset segment, though acquisition processes reflect the market's more considered approach compared to pandemic-era transaction urgency.

"Prime yields averaging 5.20% demonstrate stable market conditions as quality-focused investors prioritise ESG credentials and strategic positioning, with extended due diligence reflecting disciplined approach despite improved debt availability."

Western Sydney Dominates Industrial Transactions

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



SOURCE: RWCWS, REAL CAPITAL ANALYTICS

Western Sydney's industrial investment market has maintained its dominant position through the year ending September 2025, with the region capturing 68% of the \$6.2 billion in Sydney industrial transactions.

This substantial market share, excluding data centre activity, demonstrates the core industrial market's underlying strength and continued investor confidence in the region's strategic fundamentals.

- **12 months to Sep-25:** \$6.2B total Sydney, 68% in Western Sydney.
- Western Sydney maintaining consistent dominance throughout 2025.

"Western Sydney's commanding 68% share of Sydney's \$6.2 billion in annual industrial transactions, combined with surging cross-border capital participation, underscores strong investor conviction in the region's infrastructure-led transformation."

Narrowing Gap Reflects Market Adjustment

The relationship between industrial yields and the 5-year bond rate has compressed substantially, with the spread narrowing to approximately 192 basis points at September 2025.

While interest rates have been reducing through 2025, bond rates have not declined at the same pace, maintaining elevated levels that compress the spread between industrial yields and government bonds. Prime industrial yields averaging 5.30% against the bond rate of 3.65% reflect this dynamic.

KEY INDICATORS

- **Prime industrial yield:** 5.30%
- **5-year bond rate:** 3.65%
- **Current spread:** 192 basis points
- **Historical average spread:** 275-325 basis points

The compressed spread relative to historical averages of 275-325 basis points reflects bond rates remaining elevated despite interest rate reductions, though continued rental growth provides compensating income returns for investors maintaining medium to long-term horizons. Quality assets demonstrating strong ESG credentials, strategic positioning, and

INDUSTRIAL YIELD SPREAD TO 5-YEAR BOND RATE
AUSTRALIAN INDUSTRIAL BY QUALITY GRADE
(BPS)



SOURCE: RWCWS, MSCI, RBA

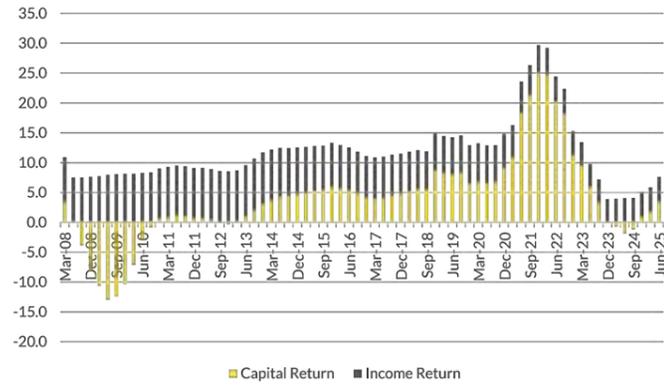
structured rental growth mechanisms continue achieving premium pricing despite the narrower spread to bonds.

The yield compression has been particularly pronounced for prime assets in strategic locations, where replacement cost economics and land scarcity support valuations. Secondary assets and those in non-strategic locations face greater yield pressure, creating clear differentiation between quality tiers. As bond rates eventually respond to continued interest rate reductions, the spread may gradually widen toward more sustainable long-term averages, improving industrial assets' relative attractiveness.

"The compressed 192 basis point spread reflects bond rates remaining elevated despite interest rate reductions, though quality industrial assets maintain competitive pricing through rental growth potential and replacement cost

Capital Growth Shows Strong Rebound

OUTER WESTERN SYDNEY INDUSTRIAL RETURNS
% ANNUAL RETURNS BY TYPE



SOURCE: PCA/MSCI

Outer Western Sydney industrial assets delivered total returns of 7.6% in the year to June 2025, marking a significant strengthening as capital growth of 3.5% combined with steady income returns of 4.1%.

The market's shift into expansion phase, which began in late 2024, continues to gather momentum.

RETURN COMPONENTS
(12 MONTHS TO JUNE 2025):

| | |
|----------------|-----------------------------|
| Income return | 4.1% (stable year-on-year) |
| Capital growth | 3.5% (↑5.3% from June 2024) |
| Total return | 7.6% (↑9.4% from June 2024) |

Consistent income returns throughout the cycle reflect the region's fundamental strength, supported by continued tight vacancy rates and robust tenant covenants. Capital growth acceleration signals renewed institutional appetite, driven by the approaching Western Sydney International Airport opening in late 2026 and improved funding conditions as interest rates stabilise. The combination positions the Outer West for continued outperformance through 2025-2026.

"Capital growth acceleration to 3.5% confirms the Outer West's transition into expansion phase, with total returns of 7.6% reflecting strong momentum ahead of Western Sydney International Airport's 2026 opening."

Central West Demonstrates Market Leadership

Australia's strongest performing industrial precinct maintained its leadership position through June 2025, with the Central West recording total returns of 5.7%.

Capital returns of 1.8% complemented stable income returns of 3.9%, building on the positive trajectory established in late 2024.

RETURN COMPONENTS
(12 MONTHS TO JUNE 2025):

| | |
|----------------|-----------------------------|
| Income return | 3.9% (consistent) |
| Capital growth | 1.8% (↑3.6% from June 2024) |
| Total return | 5.7% (↑7.5% from June 2024) |

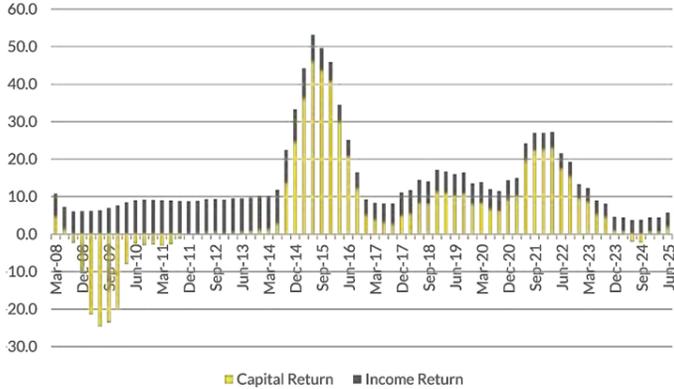
Severe land constraints and strategic metropolitan connectivity continue underpinning valuations in this tightly held, institutionally dominated market.

Growing premiums for last-mile logistics operations and emerging multi-level industrial concepts are driving capital growth, while consistent income performance reflects the precinct's diverse occupier base and established infrastructure advantages.

"Sustained positive capital growth and 5.7% total returns reinforce the Central West's position as Australia's leading industrial investment market, with institutional focus increasingly on strategic metropolitan access and site intensification opportunities."

CENTRAL WESTERN SYDNEY INDUSTRIAL RETURNS

% ANNUAL RETURNS BY TYPE



SOURCE: PCA/MSCI

Interest rate stabilisation and ongoing rental growth support the Central West's position as the nation's premier industrial investment destination.

Outlook

Western Sydney's industrial market will enter 2026 with momentum building across multiple fronts.

The positive capital returns recorded through mid-2025 signal the market's progression beyond its trough phase, positioning the region for sustained growth as the Western Sydney International Airport approaches its late 2026 opening.

The airport's opening will reshape Sydney's logistics networks, with operators securing key sites near the airport, creating premiums. The Aerotropolis, housing 60% of Sydney's undeveloped employment land, will become more accessible. The 4,448 hectares in the Sector Plan by 2030 offers a clear supply solution.

Rental growth is set to resume through 2026 at more sustainable rates after the exceptional 2021-2023 period. As incentives normalize and vacancy stays low, effective rents should rise, especially for prime assets with ESG certifications and strategic connectivity. The quality divide in yield spreads will likely lead to better rental performance, with modern, well-located facilities appreciating more than secondary stock needing capital improvements.

Investment activity should accelerate through 2026 as institutional capital that retreated during the interest rate adjustment period returns to the market. The combination of positive capital growth trajectory, stabilised yields, and improving debt availability is creating renewed acquisition confidence.

Data centre development, covering over 650,000 sqm, is driven by AI and cloud needs. This sector reshapes site selection, prioritising power infrastructure alongside transport. In the North West, competition shifts land value hierarchy as industrial land shifts from warehouses to electrical infrastructure capacity.

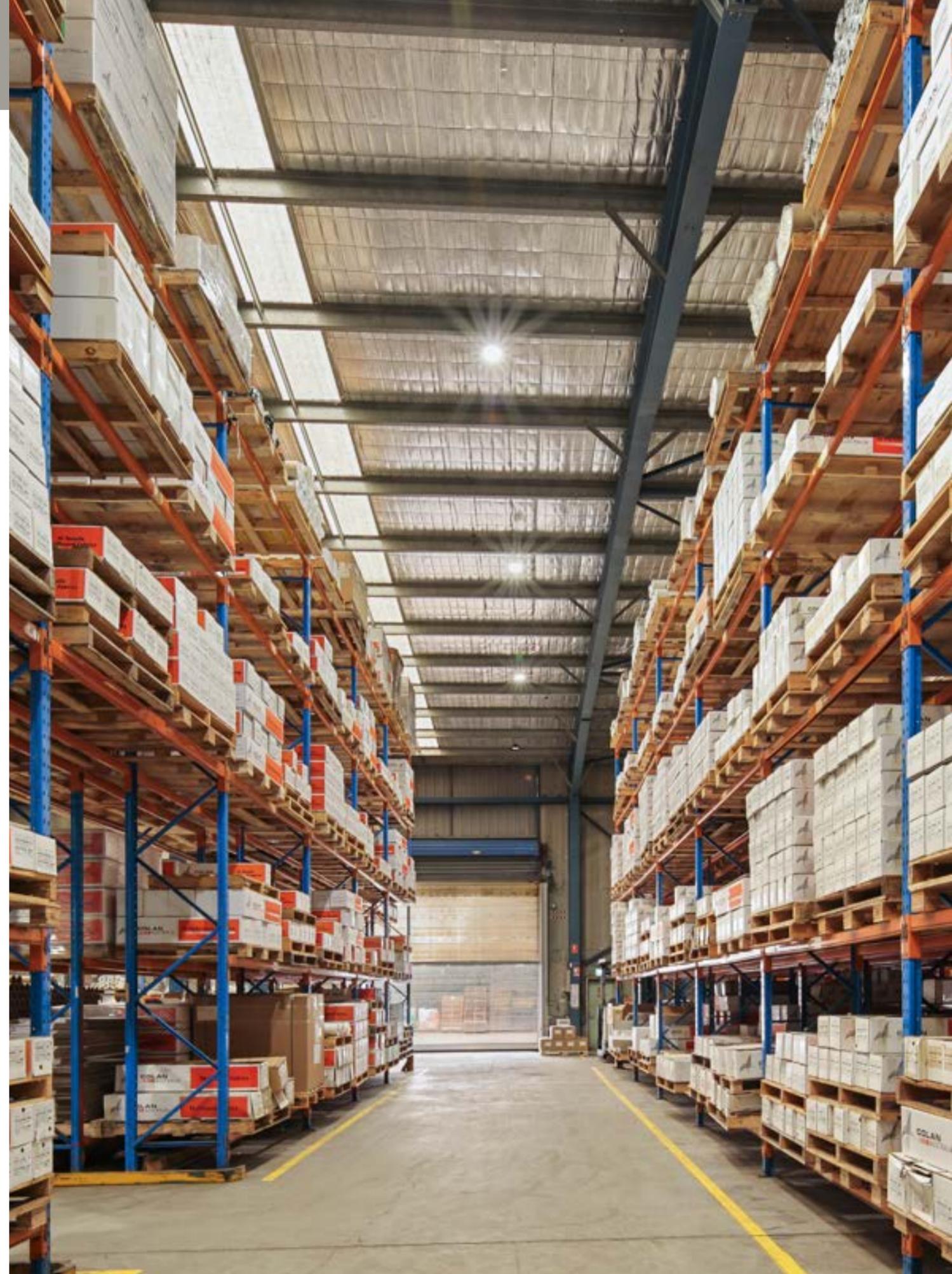
Construction activity is expected to rise through 2026 as project economics improve due to moderating costs and infrastructure delivery. Over 3 million sqm of DA-approved projects in the Outer and South West regions seem ready to move to construction, helping prevent vacancy from tightening further as occupier demands grow.

ESG factors are now central in investment choices. Buildings with strong environmental credentials enjoy rental premiums of 10-15% and yield compression of 50-75 basis points over non-certified buildings. This gap is likely to grow as more corporate tenants require sustainable facilities, driving economic benefits for new and upgraded buildings.

The investment market's cautious approach, with longer due diligence and careful evaluation, reflects lessons from the pandemic-era urgency. This, along with better fundamentals and the upcoming airport opening, positions Western Sydney for steady growth through 2026-2027, not volatility.



PETER VINES
Managing Director
RWC Western Sydney
0449 857 100



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MONH LY
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LEASING



ROBERT NAPOLI
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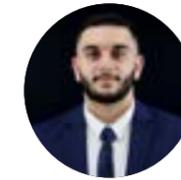
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JOYCE ELKOUBERCI
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CALLUM MCKAY
Asset Manager



ADRIAN HARB
Assistant



AALIYAH CHAMI
Assistant



ANNIKA WARD
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MARCUS FUNG
Assistant



HARRY LAHOOD
Junior Asset Manager



ZEINA TAJIK
Accounts

ASSET MANAGEMENT

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CHRISTIAN BRILLANTES
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MICHAELA HEYS
Administrative Assistant

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NATASHA SANDERS
Sales Executive



SHANI FERDMAN
Sales Associate



BETTY NGUYEN
Marketing Coordinator

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



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

RWC

RWC WESTERN SYDNEY

Level 1, 15-17 Argyle Street
Parramatta NSW 2150

(02) 8074 4884

rwcws.com