

WESTERN **S**YDNEY INSIGHTS

End of Financial Year Report **FY26**

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Executive Summary

Western Sydney

A market navigating short-term uncertainty with long-term conviction

Western Sydney's commercial property market enters 2026/27 with more moving parts than at any point in the current cycle.

RATE ENVIRONMENT

The rate cutting cycle that restored confidence through 2025 was interrupted by three consecutive increases in early 2026, resetting financing conditions and widening the gap between buyer and vendor expectations across most asset classes. Rising unemployment across NSW has added a further layer of complexity, with businesses less inclined to commit to new or expanded accommodation and investors reassessing timing across all sectors.

AIRPORT & INFRASTRUCTURE

The October 2026 opening of Western Sydney International Airport arrives as the most consequential demand catalyst the region has seen in a generation. It will reshape the investment and occupier landscape across the South West and Outer West regardless of the rate environment, generating direct employment in aviation, freight, hospitality and ancillary services while positioning the Aerotropolis as a genuine employment hub for the first time.

SHIFTING INVESTOR BEHAVIOUR

The 2026 Federal Budget's changes to negative gearing and CGT treatment of residential property are redirecting private investor attention toward commercial assets, with full income deductibility, longer leases and more predictable income profiles emerging as compelling alternatives. The result is a market defined by divergence, between asset classes, between quality and secondary stock, and between the demand story Western Sydney's fundamentals tell and the transaction volumes current conditions are producing.

Western Sydney's investment story has never depended on a single factor and that remains its most important characteristic in a period of genuine uncertainty. The demographic growth, the airport catalyst, the supply constraints across every asset class and the structural shift in investor behaviour following the Federal Budget are forces that operate across cycles rather than within them. The market rewards considered asset selection and active management above all else and for investors who approach it on those terms, the fundamentals have rarely been more clearly in their favour.



PETER VINES
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Asset Class Snapshot

Industrial

\$4.058B ↓ 14.2% YoY
IN TRANSACTIONS

- Record 551 transactions, highest sale count in the data series
- Land scarcity underpins existing asset values as pipeline thins

Retail

\$1.098B ↓ 43.8% YoY
IN TRANSACTIONS

- Second highest annual volume on record
- 111 transactions confirms broad buyer participation

Office

\$358.5M ↓ 28.7% YoY
IN TRANSACTIONS

- Parramatta CBD vacancy at 22.1%
- Prime rents holding at \$580/sqm; secondary contracting

\$3.1M AVERAGE DEAL SIZE

Childcare

\$130.9M ↓ 9.1% YoY
IN TRANSACTIONS

- Second highest annual result on record for the subregion
- Operator covenant quality now the primary differentiator

Development Sites

\$2.293B ↓ 4.8% YoY
IN TRANSACTIONS

- Transaction count fell 26.1% as feasibility pressures bite
- TOD precincts & co-living the most credible near-term pathways

65 TRANSACTIONS

Block of Units & Co-Living

\$133.7M ↑ 78.6% YoY
IN TRANSACTIONS

- Strongest result since 2021/22
- Co-living accelerated tenfold to \$46.9M

SUB 2% VACANCY

Residential Apartment Pipeline

77,461 ↓ 23.74% YoY
UNITS IN PIPELINE

- Only 3,566 units across 28 projects under active construction
- Feasibility crisis, not a planning failure

4.6% OF PIPELINE BEING BUILT

Office market finds resilience in quality.

KEY POINTS



Transaction volume declined 28.7% to \$358.5M across 114 sales, with average deal size falling to \$3.1M as institutional buyers remained absent and activity concentrated in strata and sub-\$5M freehold assets.



Parramatta CBD vacancy sits at 22.1%, with A-grade incentives running at 35 to 45%, continuing to pressure effective rents below face rate levels.



Prime net face rents held at \$580/sqm while secondary rents contracted to \$440/sqm, as the performance gap between prime and secondary stock widens faster than the cycle would suggest.



Three consecutive rate increases in early 2026 halted the recovery momentum building through 2025, with many transactions placed on hold as buyers and vendors reassess pricing expectations.



Vacancy is forecast to improve gradually toward 18.4% by mid-2028, with Metro West the most significant demand catalyst on the horizon and conversion of secondary stock to alternative uses reducing overall inventory over time.

TRANSACTIONS

The Western Sydney office market recorded \$358.5 million in transaction volume across 114 sales in 2025/26, a 28.7% decline on the prior year's \$502.6 million despite a modest increase in the number of transactions.

The result sits well below the ten-year annual average and represents a fraction of the 2021/22 peak of \$1.28 billion when low interest rates drew a broader pool of buyers into the market. The average sale size of \$3.1 million reflects the continued dominance of smaller private sector transactions, with institutional buyers remaining largely absent and activity concentrated in strata and sub \$5 million freehold assets. The rate cutting cycle that built confidence through 2025 came to an abrupt halt with three successive interest rate increases in early

2026, reintroducing the financing uncertainty that had suppressed activity in 2023 and 2024. Many transactions that may have proceeded in a more settled rate environment have been placed on hold as buyers and vendors reassess pricing expectations.

The spread between buyer and seller has widened accordingly and vendor willingness to test the market has pulled back. Rising unemployment across NSW has added a further layer of complexity, with businesses less inclined to commit to new or

expanded office accommodation in a softening labour market, dampening both occupier demand and investor confidence in income security.

\$358.5M in 2025/26

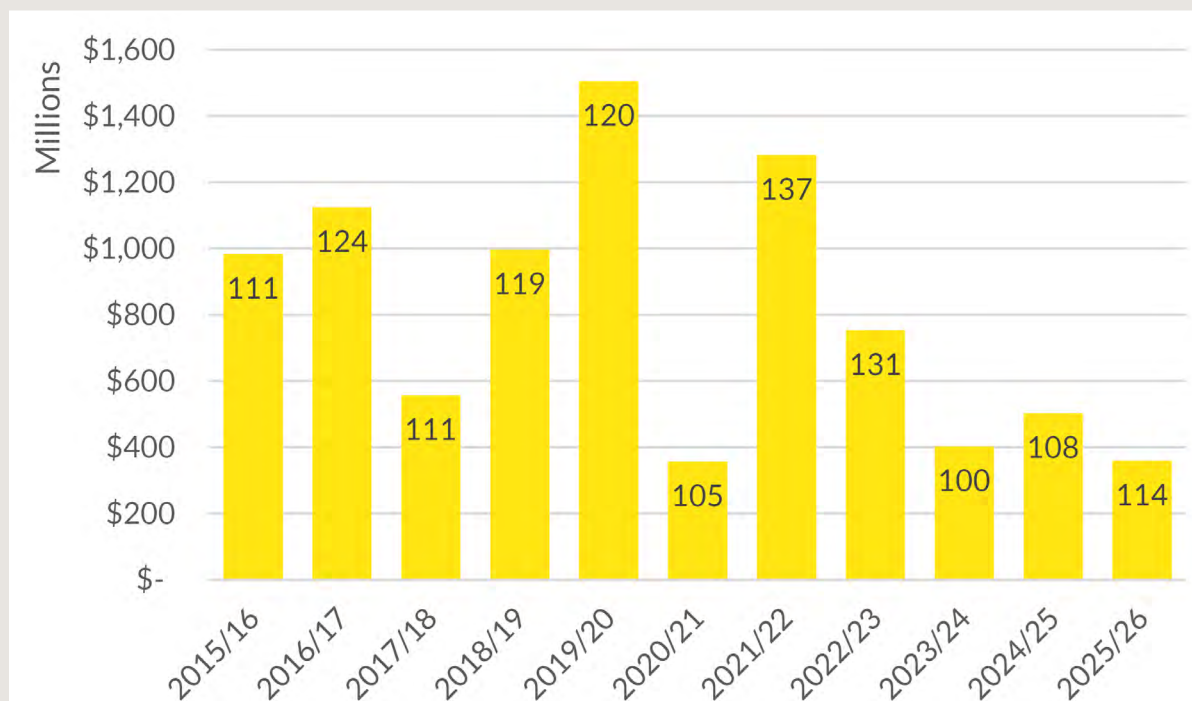
-28.7% YoY

Peak in 2021/22 \$1.28B

114 Transactions in Western Sydney

Average deal size \$3.1M

Western Sydney Office Market Sales Volumes & No. of Transactions



SOURCE: RWCWS *2025/26 REPORTED TO 14 JUNE

LEASING

The leasing environment across Western Sydney remains challenging, with vacancy elevated and tenant expectations at a high point. Parramatta CBD vacancy sits at 22.1%, with incentives for A-grade stock running at 35 to 45%, continuing to pressure effective rents below face rate levels. Prime net face rents have held at \$580/sqm, a marginal improvement over the prior year, while secondary rents have contracted to \$440/sqm as landlords compete for a constrained pool of active tenants.

The performance gap between prime and secondary stock is widening faster than the cycle would suggest. A-grade assets offering end-of-trip facilities, ESG credentials and adaptable floorplates are capturing the majority of leasing activity, while B and C-grade stock faces structural pressure. Rising unemployment is likely to moderate near-term absorption, with businesses across Western Sydney maintaining cautious headcount and space strategies. Sublease availability has reduced to 0.7%, suggesting tenants are holding space in anticipation of stabilising conditions rather than returning it to the market, which provides some floor to the vacancy picture over the medium term.

ASSET MANAGEMENT

The elevated vacancy environment has sharpened the focus on property management as a value driver. Building owners actively investing in tenant experience, preventive maintenance programmes and operational cost control are better positioned to retain occupancy and defend asset values than those relying solely on incentive packages to attract new tenants. Flexible lease structures, quality amenity and proactive engagement with existing tenants are increasingly the difference between stable and deteriorating performance across the secondary market.

The rising unemployment environment adds urgency to this approach. Tenants under cost pressure will look closely at total occupancy cost and assets that can demonstrate genuine operational efficiency and supporting amenity are more likely to retain staff-facing businesses seeking to justify a regular office attendance. Conversion of underperforming secondary stock to alternative uses, including residential, mixed-use etc. continues to emerge as a credible pathway for assets that can no longer compete in the leasing market and will reduce overall inventory over time in a way that supports conditions for remaining quality stock.



OUTLOOK FOR FY26/27

The near-term outlook for the Western Sydney office market remains cautious. Three consecutive interest rate increases have reset the confidence that was building through 2025 and transaction volumes are unlikely to recover materially until the rate path becomes clearer. Vacancy is forecast to improve gradually from 22.1% toward 18.4% by mid-2028, contingent on continued stock withdrawals and the absence of speculative new supply. The Metro West completion remains the most significant demand catalyst on the horizon, with infrastructure-connected locations across Greater Sydney demonstrating measurably stronger absorption and Parramatta well-positioned to benefit as that project advances.

Rising unemployment represents a genuine near-term risk to both leasing demand and investment sentiment. If headcount contraction accelerates across Western Sydney's occupier base, absorption will slow and vacancy recovery will take longer. Conversely, a sustained period of unemployment growth historically precedes a more disciplined return to the office, as the leverage dynamic between employer and employee shifts. That dynamic, if it plays out, would benefit the non-CBD markets of Western Sydney where commute times are more manageable and parking is accessible. The quality divide between prime and secondary stock will continue to widen regardless of the broader cycle and investment strategies that recognise this divergence rather than treat the market as uniform are best placed to extract value in the current environment.



SOLD

6 Palmer Street, Parramatta
\$4,400,000
Ideal Business Headquarters In Parramatta CBD



LEASED

150-158 Merrylands Road, Merrylands
\$128,700p.a.
Prime Retail & Commercial



MANAGED

725-731 George Street, Sydney
Multi-tenanted Building

Retail records a solid result as investors *return* to the sector.

KEY POINTS



Transaction volume reached \$1.098B across 111 sales, the second highest annual volume in a decade, with the transaction count above the ten-year average confirming broad buyer participation rather than a market driven by isolated large deals.



Chronic undersupply of retail floorspace against sustained population growth remains the defining condition, with very limited new retail supply delivered across Western Sydney even as the population has grown substantially.



Convenience-based neighbourhood centres anchored by supermarkets, food and essential services continue to record high occupancy and stable rental growth, with rent reviews tracking ahead of CPI.



The Federal Budget's removal of negative gearing concessions for established residential property is redirecting investor capital toward retail, with full income deductibility, longer leases and more predictable tenant profiles emerging as a compelling alternative.



The October 2026 airport opening will create new retail catchments across the South West and Outer West corridors already underserved by existing retail infrastructure, accelerating demand in areas where population has outpaced supply.

TRANSACTIONS

The Western Sydney retail market recorded **\$1.098 billion** in transaction volume across **111** sales in 2025/26, a **43.8%** decline from the exceptional 2024/25 result of **\$1.956 billion**.

While the volume reduction is significant in percentage terms, the prior year result was heavily influenced by a small number of landmark transactions unlikely to recur in any single year. Stripping that distortion aside, the 2025/26 result represents the second highest volume in a decade, sitting well above the subdued years of 2023/24 and prior. The number of transactions held firm at 111, consistent with 2024/25's 126 sales and above the ten-year average, confirming that buyer activity across the sector remains genuinely elevated rather than concentrated in a handful of large deals.

The structural shift in investor sentiment toward retail that emerged through 2024/25 has continued into 2025/26. Buyers have recognised what the data has been showing for several years: very limited new retail supply has been delivered across Western Sydney even as the population has grown substantially, compressing the amount of retail floorspace available per person and supporting occupancy, rental growth and income returns. Convenience-based centres anchored by supermarkets and food and services tenants have attracted the strongest competition among buyers. The 2026 Federal

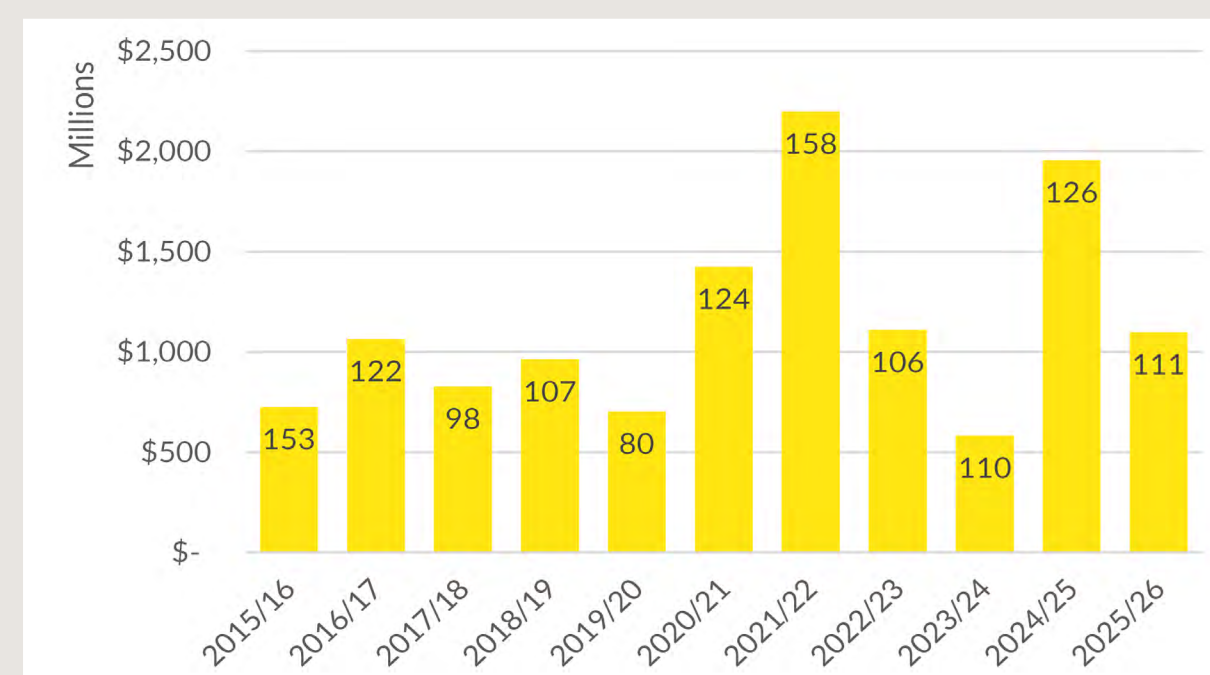
Budget's removal of negative gearing concessions for established residential property has added further momentum, with investors reassessing portfolios and seeking to diversify into commercial retail assets, with full income deductibility, longer leases and more predictable tenant profiles as a compelling alternative.

\$1.098B in 2025/26

-43.8% YoY
prior year inflated by
landmark transactions

111 Transactions in
Western Sydney

Western Sydney Retail Market Sales Volumes & No. of Transactions



SOURCE: RWCWS *2025/26 REPORTED TO 14 JUNE

LEASING

Retail leasing conditions across Western Sydney remain strongly linked to quality, with performance closely tied to format, location and tenant mix.

Neighbourhood and sub-regional centres anchored by supermarkets, food retailing and essential services continue to record high occupancy and stable rental growth, with limited available space in well-located centres generating genuine competition among tenants. For these assets, rent reviews have been tracking ahead of CPI and landlords have been able to reduce incentive levels from the peaks of prior years.

Strip retail and smaller standalone assets present a more varied picture. Well-positioned strips serving food and services, particularly those embedded in high-density residential catchments across the South West and Outer West growth corridors, have held up well. Assets dependent on discretionary spending categories including clothing, personal goods and homewares continue to face pressure as cost-of-living constraints shape household spending choices. The broader leasing environment is supported by the structural undersupply of retail floorspace in Western Sydney's growth areas, where population has expanded significantly faster than new retail development, keeping occupancy rates higher than in more established and well-supplied markets.

ASSET MANAGEMENT

The most effective retail managers in Western Sydney are no longer simply filling tenancies; they are engineering reasons to visit. Two trends reshaping how quality centres think about income generation and dwell time and both have moved well beyond theory.

Fitness and wellness operators have become genuine anchor tenants across Australia's retail sector, tied to a wellness economy now worth \$141 billion and growing at 7.6% annually. Unlike traditional retail tenants generating one or two visits per week, these occupiers can deliver multiple visits daily, increasing incidental spending opportunities across the broader centre. In Western Sydney's neighbourhood and sub-regional centres serving growing residential communities, gym anchors also provide a community function that builds



loyalty well beyond the transactional and extends average dwell times measurably.

EV charging infrastructure has also moved from a facilities afterthought to a genuine revenue stream and foot traffic driver. Centres with rooftop solar and battery storage infrastructure can go further, generating and selling their own energy through customer-facing chargers and converting what was purely an operating cost into a revenue line. Owners who are actively managing levers such as these are building centres with stronger income diversification and greater reasons to visit, characteristics that translate directly into valuation support in a market where quality assets are increasingly scarce.

OUTLOOK FOR FY26/27

The outlook for Western Sydney retail is the most positive of any traditional commercial asset class.

The fundamental conditions underpinning the sector's recovery, chronic undersupply of new retail floorspace against a backdrop of strong population growth are not resolving quickly. Construction costs remain elevated, making new retail development economically difficult outside of major government-supported precincts. The Western Sydney International Airport's opening in October 2026 will further accelerate population growth and employment activity across the South West and Outer West corridors, creating new retail catchments and intensifying demand in areas already experiencing constrained supply.

Retail remains well-positioned to capture capital given its defensive income characteristics and the strength of recent returns data nationally. This further enhances long-term ownership by existing holders, reducing the pool of quality assets available and underpinning values. For investors seeking exposure to Western Sydney's population growth story with reliable income and genuine capital growth potential, well-located convenience retail remains the most accessible and defensible entry point across the commercial property spectrum.



SOLD

141-143 Rowe Street, Eastwood

\$9,700,000

Trophy Retail with Significant Uplift



LEASED

Shop 36A/1 Dixon Street, Sydney

\$330,000p.a.

Licensed BBQ Restaurant in Chinatown's Prime Dining Precinct



MANAGED

221 Bringelly Road, Leppington

BP & KFC

Industrial sustains billion-dollar volumes as land constraints *tighten*.

KEY POINTS



Transaction volume reached \$4.058B across 551 sales, the highest transaction count in the data series, surpassing even the 2021/22 peak of 539 sales, with Western Sydney capturing nearly three quarters of all Sydney industrial sales.



Private buyers, owner-occupiers and smaller syndicates sustained activity as institutional transactions slowed following three consecutive rate increases in early 2026, with entry points remaining compelling relative to other commercial asset classes.



Prime net face rents range from \$182/sqm in outer precincts to \$230/sqm in tighter central locations, with rental growth moderating to broadly flat and incentives edging up to 5 to 10% for prime new space.



Land scarcity is becoming more acute, with assets commanding premiums where large site coverage ratios, hardstand areas and power infrastructure provide operational flexibility that newer, more tightly designed estates cannot match.



The October 2026 airport opening will intensify demand for cold chain logistics, freight forwarding and aviation-support uses across the South West and Outer West, generating strong covenants and long lease terms for well-positioned owners.

TRANSACTIONS

The Western Sydney industrial market recorded \$4.058 billion in transaction volume across 551 sales in 2025/26, a 14.2% decline from 2024/25's \$4.731 billion but the third highest annual result on record.

The number of transactions increased to 551, the highest in the data series and above the 2021/22 peak of 539 sales, confirming that while average deal sizes have moderated from the extraordinary levels of the low-rate era, the depth of buyer participation across the sector remains high. The result sits above the ten-year average and reinforces industrial's position as the dominant transaction market by volume across Western Sydney's commercial property spectrum.

Three consecutive interest rate increases in early 2026 interrupted the recovery momentum that had been building through the second half of 2025 and their effect on the upper end of the market has been

visible with fewer larger institutional transactions compared to the prior year. However, the private buyer segment has remained remarkably active, with owner-occupiers, private investors and smaller syndicates continuing to pursue well-located assets at price points that remain compelling relative to other commercial asset classes. Western Sydney captures nearly three quarters of all Sydney industrial sales, a figure that reflects the continued preference of buyers in the market.

For investors reassessing portfolio strategy in the wake of the Federal Budget's changes to negative gearing and CGT treatment of residential property, industrial has

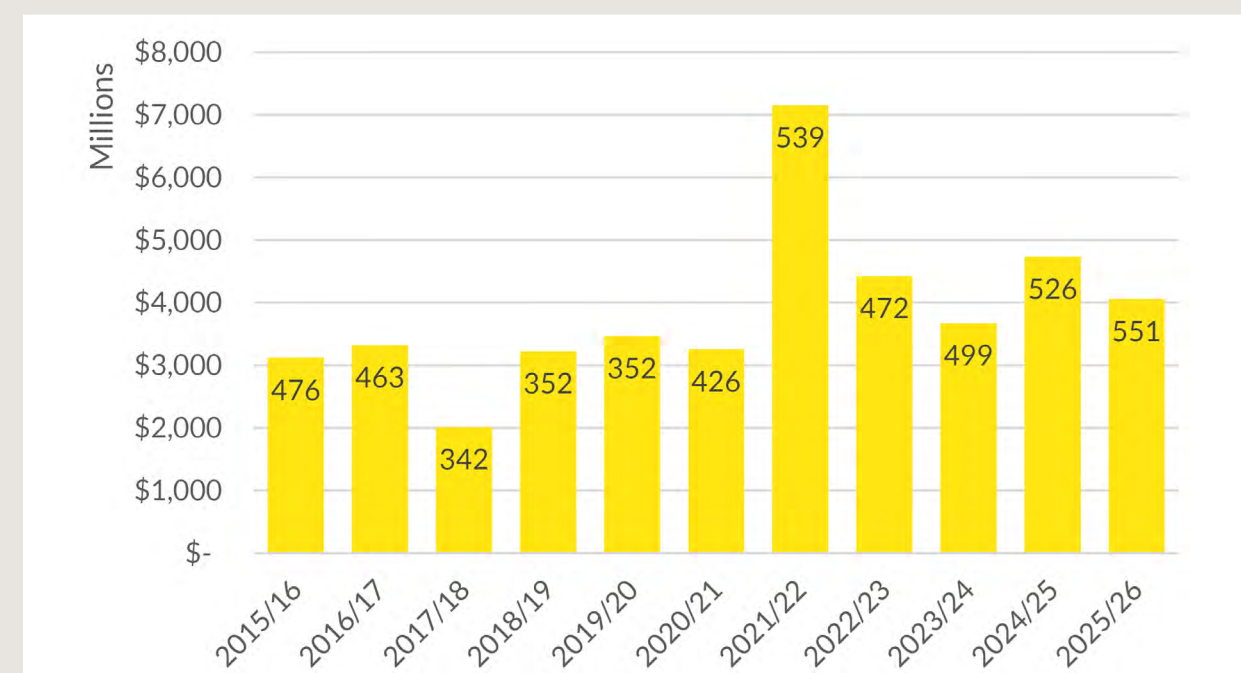
emerged as a primary destination for redirected capital. Entry points across Western Sydney's strata and smaller freehold markets remain accessible relative to retail and office, income yields are typically stronger than residential on a net basis (albeit reflecting the increased risk) and the lease structures, with longer terms, fixed rent reviews and tenant responsibility for outgoings, provide income predictability that residential investment rarely matches.

\$4.058B in 2025/26

-14.2% YoY

551 Transactions in Western Sydney

Western Sydney Industrial Market Sales Volumes & No. of Transactions



SOURCE: RWCWS *2025/26 REPORTED TO 14 JUNE

LEASING

Leasing conditions across Western Sydney industrial precincts have stabilised after two years of exceptional rental growth, with prime net face rents ranging from \$182/sqm in outer precincts to \$230/sqm in tighter central locations.

Rental growth has moderated to broadly flat across most precincts with some slowing in demand. Incentives have edged upward from the near-zero levels of 2022 and 2023, now running at 5 to 10% for prime new space depending on location and lease term.

Tenant demand continues to be led by logistics, transport, food manufacturing and trade services operators, with e-commerce occupiers maintaining requirements across Outer West locations proximate to the arterial road network. The October 2026 opening of Western Sydney International Airport will intensify demand for well-located industrial assets across the South West and Outer West, particularly for cold chain logistics, freight forwarding and aviation-support uses, categories that generate strong covenants and long lease terms for owners positioned in the right locations.

ASSET MANAGEMENT

The land constraint that has long defined the Western Sydney industrial market is becoming more acute with each passing year. As developable land becomes scarcer, the value of well-located existing stock increases and the asset management imperative shifts from simply maintaining occupancy to actively maximising the long-term utility and income potential of finite assets.

For owners of existing industrial stock, this environment creates a clear opportunity.

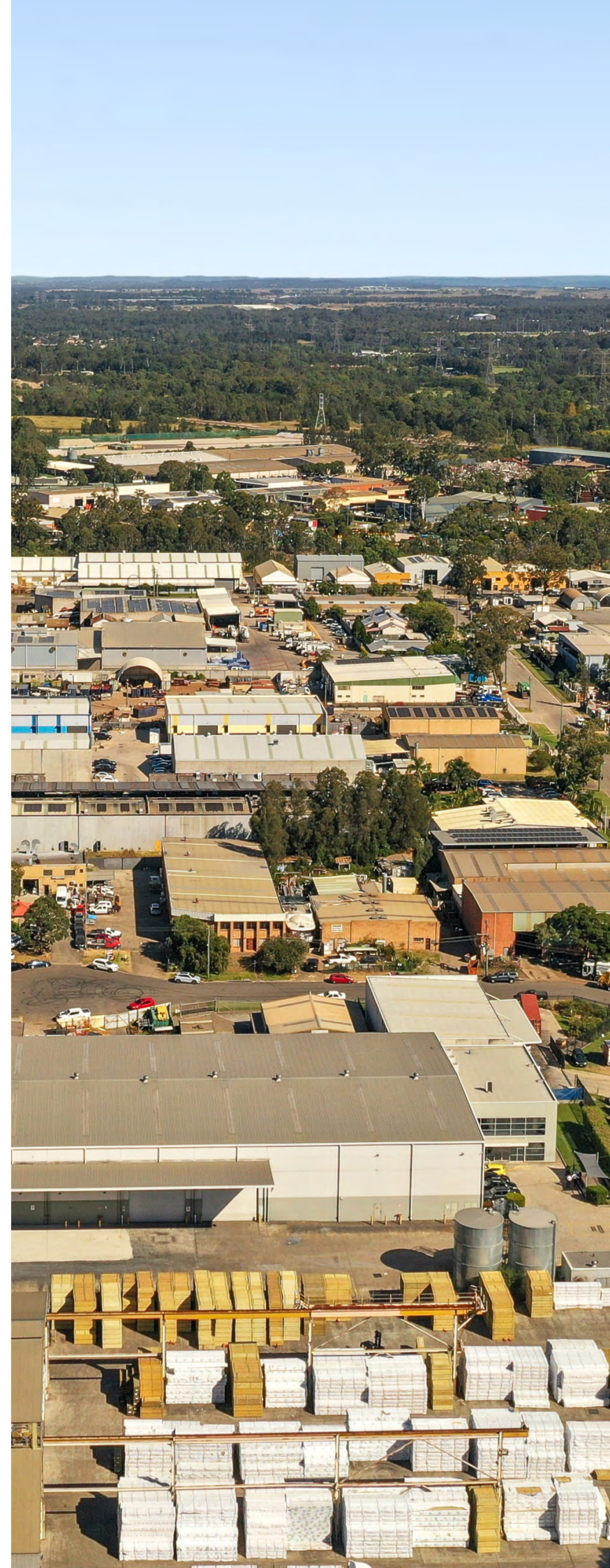
Lease expiry management, proactive engagement with tenants well ahead of review dates and careful consideration of permitted use and potential highest-and-best-use are all more consequential when replacement land is constrained and development timelines are long. Assets with large site coverage ratios, hardstand areas and power infrastructure are commanding premiums as occupiers seek operational flexibility that newer, more tightly designed estates do not always provide.

OUTLOOK FOR FY26/27

The near-term outlook for Western Sydney industrial is one of measured confidence rather than the unrestrained optimism of 2021 and 2022.

Three rate increases have reset financing conditions and moderated the pace of price appreciation, the foundations of the market of land scarcity, population-driven logistics demand, the airport catalyst and the absence of viable alternative industrial markets at comparable scale remain firmly intact. Transaction volumes are expected to hold above the long-run average through 2026/27 as private buyers and owner-occupiers continue to absorb available stock, with institutional activity likely to recover as the rate outlook clarifies.

The PCA/MSCI data for the quarter ending March 2026 places NSW industrial as a top performer nationally, delivering total returns of 9.5% with capital growth of 5.3%, with Sydney Outer West recording total returns of 9.9% and capital growth of 5.5%, figures that reinforce the investment case. Industrial is particularly well placed to absorb redirected residential capital given its accessible price points post Budget announcement, predictable income structure and the scarcity story that underpins Western Sydney's market above all others. Furthermore, the airport opening will reshape demand fundamentals across Western Sydney in ways the precinct has not experienced before.



SOLD

53-77 Corymbia Road, Werrington

\$40,000,000

Serviced and Benched Industrial Lots



LEASED

56-60 Parramatta Road, Lidcombe

\$190/m net | 2,218sqm

High-Profile Freestanding Facility



MANAGED

10 Pioneer Avenue, Thornleigh

Multi Unit Industrial Estate

Development sites *stabilise* as undersupply crisis deepens.

KEY POINTS



Transaction volume held at \$2.293B across 65 sales, with a modest 4.8% volume decline masking a sharper 26.1% fall in transaction count.



Average deal sizes lifted as larger sites at discounted values transacted while smaller, more marginal opportunities were passed over or deferred.



The structural gap between construction costs and viable end values is not cyclical — it reflects a permanent shift in development economics unlikely to fully reverse.



The Brisbane 2032 Olympics infrastructure programme is compounding NSW labour shortages, extending timelines and pushing up costs for residential projects.



TOD precincts and co-living formats represent the most credible near-term pathways to unlocking supply at a scale conventional development cannot currently deliver.

TRANSACTIONS

The Western Sydney development sites market recorded \$2.293 billion across 65 sales in 2025/26, a modest 4.8% decline in volume from 2024/25's \$2.408 billion but a more significant 26.1% fall in the number of transactions.

The reduction in sale count reflects a market where buyer conviction has not disappeared but decision-making has slowed, with three consecutive interest rate increases in early 2026 reintroducing the feasibility pressure that had been easing through the second half of 2025. Average deal sizes have lifted as a result, with the volume result holding more firmly than the transaction count would suggest, indicating that larger sites at discounted rates are still transacting while smaller and more marginal opportunities are being

passed over or deferred.

The result sits below the ten-year average and well short of the 2015/16 peak of \$4.439 billion, a period when construction costs, labour availability and financing conditions were materially more favourable than today.

The gap between those prior cycle conditions and the current environment is not cyclical, it reflects a structural shift in the cost base of residential development that is unlikely to fully reverse and which

continues to suppress feasibility across a broad range of Western Sydney sites that would have proceeded without hesitation a decade ago.

\$2.293B in 2025/26

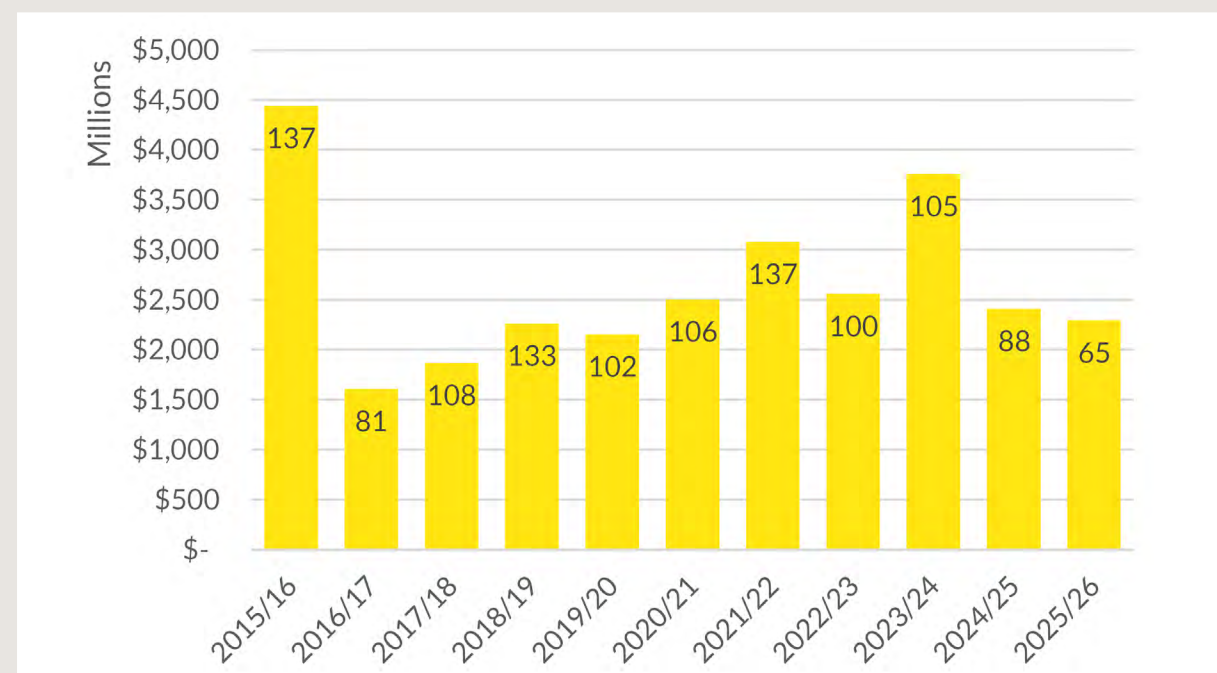
-4.8% YoY

65 Transactions in Western Sydney

Average deal size \$35.3M

Western Sydney Development Sites Market

Sales Volumes & No. of Transactions



SOURCE: RWCWS *2025/26 REPORTED TO 14 JUNE

OUTLOOK FOR FY26/27

The scale of Western Sydney's residential supply shortfall is now beyond dispute.

Construction cost escalation has been the dominant feasibility constraint since the pandemic and shows no sign of meaningful reversal. Labour availability is the underlying driver. The domestic trades workforce is stretched across competing infrastructure commitments of a scale not seen in generations, major transport, energy and public works programmes across New South Wales are drawing on the same pool of trades that residential developers need. The lead-up to the Brisbane 2032 Olympics has compounded this further, accelerating Queensland's infrastructure pipeline and pulling fly-in fly-out workforce away from New South Wales projects. The result is extended construction timelines, higher preliminaries costs and a growing reluctance among builders to tender at prices that allow developers to make feasibility work at current land values.

Against this backdrop, the Transit Oriented Development (TOD) precincts announced across Greater Sydney represent one of the more credible pathways to unlocking residential supply at meaningful scale. Where land values in TOD areas reflect the uplifted development potential rather than the prior low-density use, smaller boutique developments of between 20 and 60 apartments are beginning to pencil in a way that larger mid-rise schemes do not, the reduced construction programme, simpler contracting arrangements and ability to use smaller builders who are not competing for major infrastructure work all contribute to a more manageable cost structure. Early demolition activity has picked up across several TOD precincts, suggesting that the rezoning uplift is beginning to translate into site preparation and pre-construction activity, though the pipeline of actual completions from this cohort remains two to three years away.

A structural pivot toward co-living development is also gathering pace and deserves closer attention across Western Sydney specifically. These purpose-built shared accommodation options with private bedrooms and shared communal facilities address a genuine and underserved need across a region where median unit rents have reached \$750 per week and average household incomes cannot always support single-occupancy living at those levels. For key workers, younger renters, newly arrived migrants and those transitioning between living arrangements, co-living provides a form of accommodation that the conventional residential development pipeline is not delivering. From a feasibility standpoint, the format also offers advantages: higher effective yield, simpler tenancy management through professional operators and a tenant profile that Western Sydney's growth corridor locations are well suited to serve.

Employment growth in the Aerotropolis precinct will generate sustained demand for housing across a spectrum of price points and tenure types and sites within a reasonable commute of the airport particularly those with TOD zoning or access to the planned rail connection will attract developer interest regardless of the broader cost environment. The fundamental undersupply story in Western Sydney is not resolving through this cycle and sites that offer genuine development certainty, infrastructure connection and appropriate zoning will continue to attract acquisition interest from developers who are building for a market that will not disappear.



SOLD

**66 Eltons Road & Lot 832 Taylors Road,
Silverdale**

Confidential

238 Hectares* of Scenic Rural Landholding



SOLD

71 Kelvin Park Drive, Bradfield

Confidential

Development Opportunity



SOLD

186A Macarthur Road, Spring Farm

\$8,200,000

RU1/C2 Land Holding Uplift

Childcare consolidates after record year as market finds its level.

KEY POINTS



\$130.9M across 25 sales is the second highest annual volume on record for the subregion, with transaction count unchanged year on year despite three consecutive rate increases in early 2026.



Western Sydney accounts for approximately 40% of all metropolitan Sydney childcare transaction activity, reflecting the region's concentration of young family households and dual-income necessity.



Operator covenant quality has become the primary differentiator, with well-capitalised national operators demonstrating meaningfully better rent collection, lease renewal rates and resale outcomes than smaller independents.



Declining birth rates are an emerging constraint worth monitoring, even as the Federal Government has invested \$3.98B in subsidy support through the Child Care Subsidy programme.



The Federal Budget's negative gearing changes are redirecting residential investors toward childcare, with long leases, triple net structures and CPI-linked reviews presenting a compelling alternative income profile.

TRANSACTIONS

The Western Sydney childcare market recorded \$130.9 million across 25 sales in 2025/26, a 9.1% decline from 2024/25's \$144.0 million but with the number of transactions unchanged at 25 sales.

The result shows a market consolidating after strong growth, not retreat. Buyer interest in quality childcare assets in Western Sydney remains high, with the latest results being the second highest annual volume for the subregion, a notable feat amid a tougher financing climate due to three rate hikes in early 2026.

Western Sydney accounts for approximately 40% of metropolitan Sydney childcare transaction activity, a share that reflects both the region's demographic profile and the concentration of purpose-built childcare stock serving its growth corridors. The subregion's combination of young family households, dual-income necessity

and sustained population growth across the South West and Outer West precincts has made it the most active childcare investment market in New South Wales over the past three years.

The 2026 Federal Budget's changes to negative gearing and CGT treatment of established residential property have added a structural dimension to childcare's investment appeal. With residential deductibility tightening and the after-tax return from residential disposal set to reduce from July 2027, investors who have historically allocated to residential are actively examining commercial alternatives. Childcare, with long leases, triple

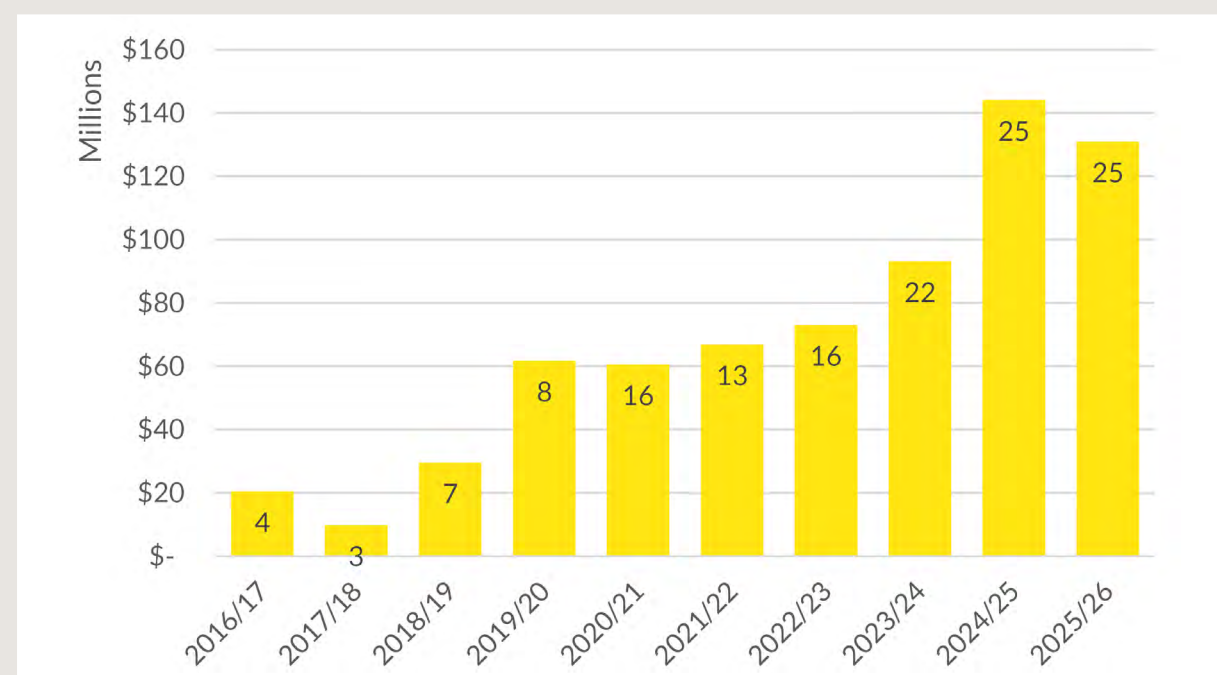
net structures, annual CPI-linked rent reviews and government-backed demand through the Child Care Subsidy presents a compelling income profile for investors seeking the predictability that residential rarely delivers. For private investors entering commercial property for the first time, the format's accessible price points across Western Sydney make it a practical entry point.

\$130.9M in 2025/26

-9.1% YoY

25 Transactions in Western Sydney

Western Sydney Childcare Market Sales Volumes & No. of Transactions



SOURCE: RWCWS *2025/26 REPORTED TO 14 JUNE

LEASING

The childcare leasing market across Western Sydney is characterised by strong operator demand in high-growth residential corridors and increasing caution in areas where centre oversupply has begun to affect occupancy and viability. The demand picture for childcare across Western Sydney remains positive over the medium term, supported by the region’s above-average proportion of young families and dual-income households reliant on formal care. However, a demographic constraint is emerging that warrants monitoring: birth rates across Australia have declined even as the Federal Government has invested \$3.98 billion in subsidy support through the Child Care Subsidy programme and the pipeline of new centres across Western Sydney remains extensive. Encouragingly, developers are beginning to exercise supply discipline in response to operator caution about centre viability in saturated catchments.

For landlords, the quality of the operator covenant has become the primary leasing consideration. The gap between well-capitalised national and large regional operators with strong enrolment track records and smaller independent operators has widened and centres anchored by the former are demonstrating meaningfully better rent collection, lease renewal rates and resale outcomes. New centre leasing in growth corridor locations continues to attract strong operator interest where catchment demographics and competitor mapping support viable occupancy projections, while backfill of vacated centres in more established areas is taking longer and often requiring incentive support to secure replacement tenants.

ASSET MANAGEMENT

Owners who monitor National Quality Framework compliance requirements and plan capital works ahead of regulatory deadlines rather than in response to them are protecting both asset value and tenant covenant strength. The framework governs the physical standards against which centres are assessed and rated and is subject to ongoing revision across room-to-child ratios, natural light, ventilation and outdoor space provisions. A declining rating may affect enrolments, which impacts operator viability and flows directly to the landlord.

Operational efficiency has become a meaningful leasing consideration as operators face pressure from staffing costs and subsidy structures. Assets with rooftop solar, energy efficient heating and cooling and LED lighting are actively preferred by quality operators particularly during lease renewal, with larger national groups increasingly applying sustainability criteria to their property decisions.

Staff amenity also requires attention given the sector’s educator retention challenges. Buildings with quality staff facilities and outdoor learning environments deliver better operator satisfaction and lease renewal outcomes. As buyer scrutiny of operator

covenant quality intensifies, the physical characteristics that support staff retention are an increasingly important differentiator between assets that hold their tenant and those that do not.



OUTLOOK FOR FY26/27

The near-term outlook for Western Sydney childcare investment is one of selective strength. Quality assets with long leases, strong operators and catchments supported by genuine population growth will continue to attract competitive buyer interest and hold values well. Assets with shorter lease profiles, independent operators, or locations in oversupplied catchments face a more challenging environment as yields have widened and buyers are conducting more thorough due diligence on operator viability before proceeding.

The Federal Budget changes make childcare comparatively more attractive for investors transitioning from residential. The asset class retains full income deductibility, sits outside the residential negative gearing restrictions and the pre-July 2027 window is focusing acquisition decisions. For investors seeking long-term income security with government-backed demand and a Western Sydney growth story that is not going away, purpose-built childcare in the right location with the right operator remains one of the most defensible investment propositions in the commercial property market.



SOLD

36 Killeaton St, St Ives
\$9,875,000
Brand New 15 Year Net Lease + Options to 2059



LEASED

183 Fifth Avenue, Austral
\$672,800 pa
116-Place Childcare Centre



MANAGED

117 Piccadilly Street, Riverstone
90-Place Childcare Centre

Block of units and co-living records strong growth as tenure diversity *expands*.

KEY POINTS



Combined market recorded \$133.7M across 23 sales, the strongest result since 2021/22, driven by a block of units recovery to \$86.8M and a tenfold acceleration in co-living investment to \$46.9M.



Median unit rents have reached \$750 per week with vacancy at or below 1.5%, pushing average per-unit values to \$961,780 and compressing yields to approximately 4.07% for quality assets.



The Federal Budget's negative gearing changes have strengthened the incentive for existing block owners to defer disposal, further constraining the supply of quality stock available for sale through 2027 and beyond.



Co-living has moved from an emerging curiosity to a genuine asset class, with near-full occupancy reported across Western Sydney locations and all-inclusive rents sitting meaningfully below the cost of a self-contained unit.



Airport and Aerotropolis employment growth is expected to add a further layer of co-living demand from late 2026, as shift-based workers and relocating employees seek flexible, affordable accommodation proximate to the new employment hub.

TRANSACTIONS

The Western Sydney block of units and co-living market recorded \$133.7 million across 23 sales in 2025/26, a 78.6% increase on 2024/25's \$74.8 million and the strongest result since the 2021/22 peak of \$197.4 million.

The result is the product of two distinct but complementary forces: a recovery in traditional block of units transaction activity to \$86.8 million, up from \$70.8 million in the prior year and a dramatic acceleration in co-living investment to \$46.9 million.

With median unit rents at \$750 per week and vacancy at or below 1.5%, the income case for well-located blocks has rarely been stronger. Buyers who sat on the sidelines through the rate adjustment period have returned with conviction, driving average per-unit values to \$961,780 and compressing yields to approximately 4.07% for quality assets in established locations.

The Federal Budget's changes to negative gearing and CGT treatment of established residential property have introduced a structural dimension to this market that will

take time to fully play out. For existing holders of blocks of units, the incentive to defer disposal has strengthened considerably. This dynamic is likely to further constrain the supply of quality blocks available for sale through 2027 and beyond, supporting values for remaining stock in a market where vacancy leaves buyers with limited alternatives.

The co-living result is the more structurally significant development in 2025/26. At \$46.9 million across an increasing number of transactions, Western Sydney's co-living investment market has moved from an emerging curiosity to a genuine asset class within the living sectors landscape. The conditions driving this are not cyclical. With current Sydney rents well above the budget of key workers, younger

renters, newly arrived migrants and those transitioning between living arrangements, co-living, with its private bedrooms, shared communal facilities and all-inclusive rental structures, addresses a housing need that the conventional residential pipeline is structurally unable to meet at current construction costs and land values.

For investors, the format offers a compelling income equation, the kind of structural demand that provides genuine income stability through economic cycles.

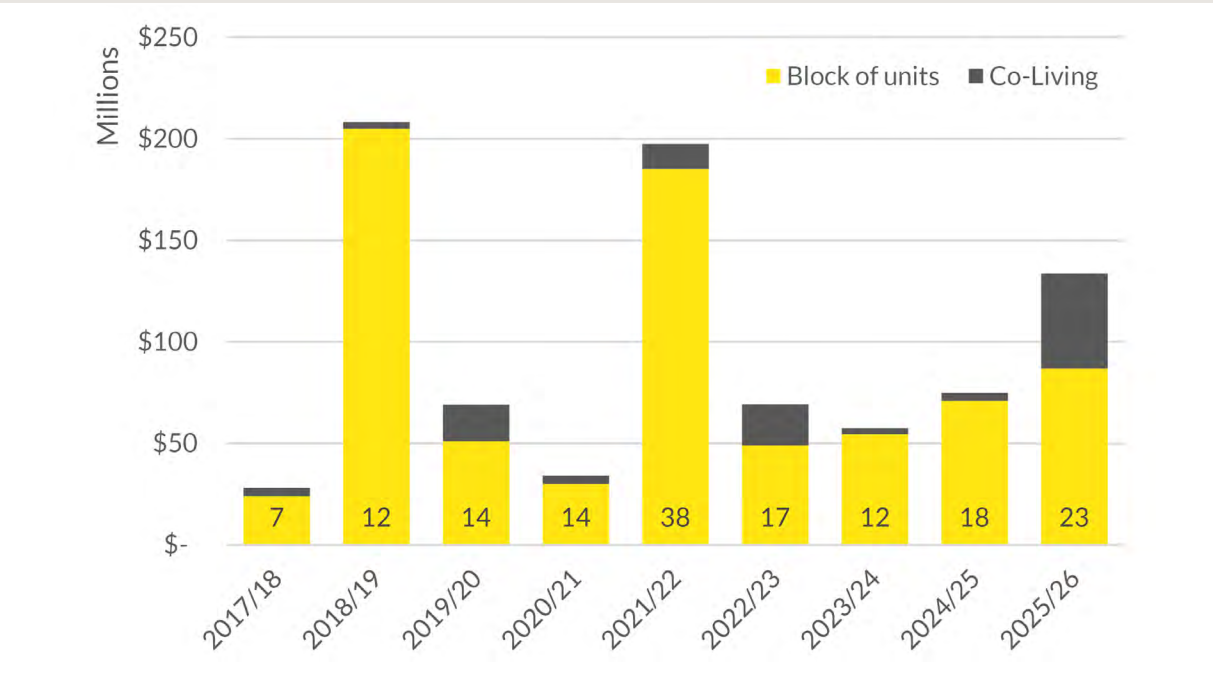
\$133.7M in 2025/26

+78.6% YoY

23 Transactions in Western Sydney



Western Sydney Block of Unit & Co-Living Market
Sales Volumes & No. of Transactions



SOURCE: RWCWS *2025/26 REPORTED TO 14 JUNE

LEASING

The rental market across Western Sydney’s unit stock remains among the tightest in Greater Sydney. Median weekly rents for units continue to rise across the broader Sydney market, with Western Sydney’s middle and outer ring precincts recording strong rental growth as affordability pressure pushes renters further from the CBD in search of more accessible price points. Vacancy across the subregion remains historically low across established locations, with some growth corridor precincts recording vacancy below 1.0%.

Rental growth has moderated from the extreme pace of 2022 and 2023, but rents continue to move ahead of CPI across most Western Sydney markets as supply constraints remain unresolved. The Federal Budget’s negative gearing changes will deter new investors from entering the residential rental market, keeping rental housing stock constrained and sustaining upward pressure on rents.

Co-living rental dynamics operate differently to the conventional unit market but are equally reflective of Western Sydney’s affordability constraints. All-inclusive room rents in co-living assets across the subregion sit meaningfully below the cost of a self-contained unit while delivering operators a gross yield that outperforms conventional residential. Occupancy rates in established co-living assets have been consistently high, with operators reporting near-full occupancy across Western Sydney locations serving key worker and younger renter cohorts. Demand from the airport and Aerotropolis employment precinct is expected to add a further layer of co-living rental demand from late 2026, as shift-based workers and relocating employees seek flexible, affordable accommodation proximate to the new employment hub.

OUTLOOK FOR FY26/27

The outlook for both segments is positive, though the growth vectors differ in character. Traditional block of units investment will remain constrained by the limited supply of quality assets available for sale, particularly as the Federal Budget hold incentives take hold. Values are well supported by the rental fundamentals and the combination of record rents, low vacancy and a construction pipeline that continues to fall well short of Western Sydney’s housing targets means the income case for existing stock has rarely been clearer.

Co-living’s growth trajectory is the more compelling story over the medium term. Western Sydney’s population growth, demographic profile and acute affordability pressure create ideal conditions for the format’s expansion beyond the inner-city markets where it first established itself. Operators and investors who establish well-located co-living assets in proximity to the Aerotropolis employment catchment and the TOD precincts along the planned rail corridor will be well positioned to capture demand as it increases.



SOLD

7 Ross Place, St Marys
Confidential
Leased 31 Room Boarding House



SOLD

1 Santley Crescent, Kingswood
\$7,500,000
Entire Block of Twenty (20) Units



SOLD

2 & 4 Alfred Street, Westmead
\$6,250,000
Two Entire Unit Blocks

Western Sydney's apartment pipeline: 77,000 units *approved*, only 3,500 being built.

KEY POINTS



The pipeline totals 77,461 units across 718 projects, yet only 3,566 units across 28 projects are under active construction, representing just 4.6% of total identified supply.



The 35,361 units across 400 DA-approved projects are theoretically ready to proceed but construction costs make a large proportion unviable to build at current land values.



Camden and Campbelltown, the two LGAs most directly in the Aerotropolis catchment, carry combined pipelines of 11,314 units but only 251 under construction, a critical mismatch given the employment growth the airport opening will generate.



Labour constraints are not easing, with the domestic trades workforce committed across overlapping infrastructure programmes drawing on the same pool residential construction requires.



TOD precincts offer the most credible near-term pathway, with boutique developments of 20 to 60 apartments beginning to demonstrate feasibility where larger mid-rise schemes cannot.

PROJECTS

Western Sydney's residential apartment pipeline totals 77,461 units across 718 projects, a figure that appears substantial in isolation but masks a delivery crisis that is deepening with each passing year.

Of the total pipeline, only 3,566 units across 28 projects are currently under active construction or in site works, representing just 4.6% of the total identified supply. The remaining 95.4% sits at various pre-construction stages, from early planning through to DA approval, where the gap between approvals on paper and buildings in the ground has become the defining failure of the region's housing response.

The DA approved cohort represents the most immediately actionable component of the pipeline, with 35,361 units across 400 projects holding consent and theoretically ready to proceed. That 400 projects with approved consent have not moved to construction in any volume due to their lack of feasibility. Construction costs across Western Sydney's medium and high-density residential typologies remain at levels that make a large proportion of these consented projects unviable to build at current

land values. The projects that are proceeding are those where land was acquired at lower values, where developer equity structures can absorb current cost levels, or where the project is of sufficient scale to achieve the contractor relationships and programme efficiencies that smaller schemes cannot access.

The City of Parramatta leads all LGAs with 912 units under active construction and a total pipeline of 13,679 units, the largest in the region, reflecting its established role as Western Sydney's primary high-density residential market and the depth of its DA approved cohort of 6,311 units. The Hills Shire follows with 800 units under construction and 8,522 in total pipeline, with 4,081 units at DA approval stage and a strong early planning cohort of 3,058 units signalling sustained developer interest in the LGA's growth precincts. Liverpool's

total pipeline of 8,544 units reflects the South West's long-term growth trajectory, though its construction figure of 237 units against nearly 3,000 at DA approval stage illustrates the feasibility gap acutely. Camden and Campbelltown, the two LGAs most directly in the Aerotropolis catchment, carry combined pipelines of 11,314 units but only 251 under construction between them, a significant mismatch given the employment growth the October 2026 airport opening is expected to generate across these precincts.

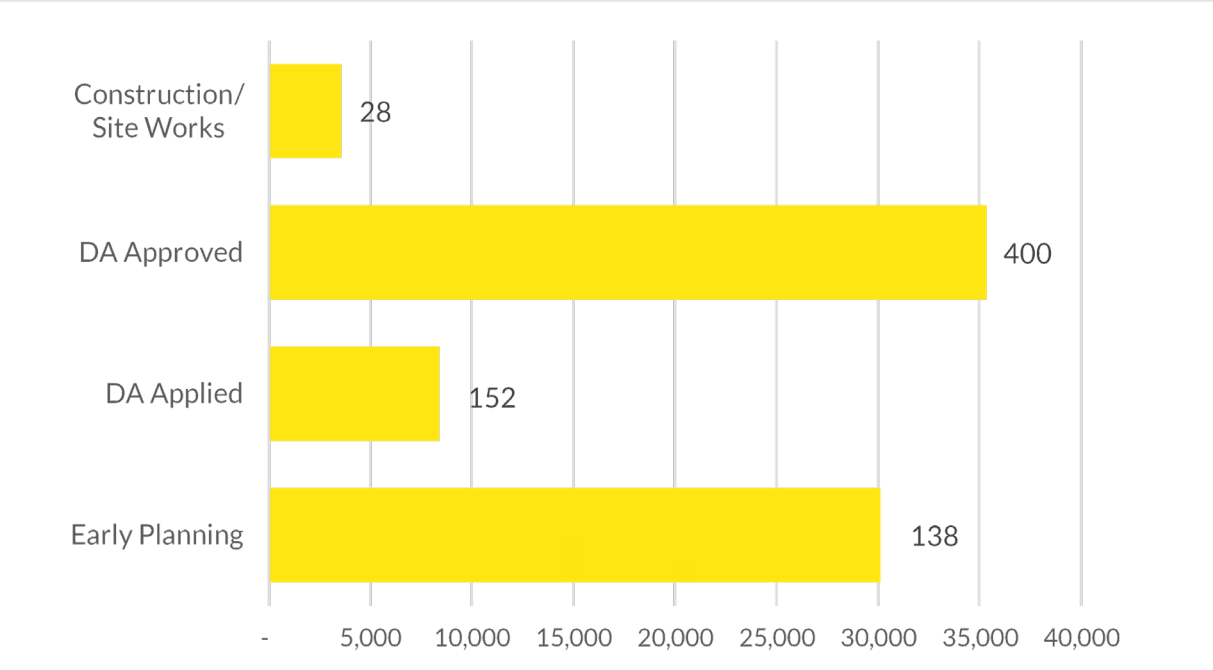
718 Active projects

+8.0% YoY

28 Projects currently under construction



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



SOURCE: CORDELL CONNECT, RWCWS

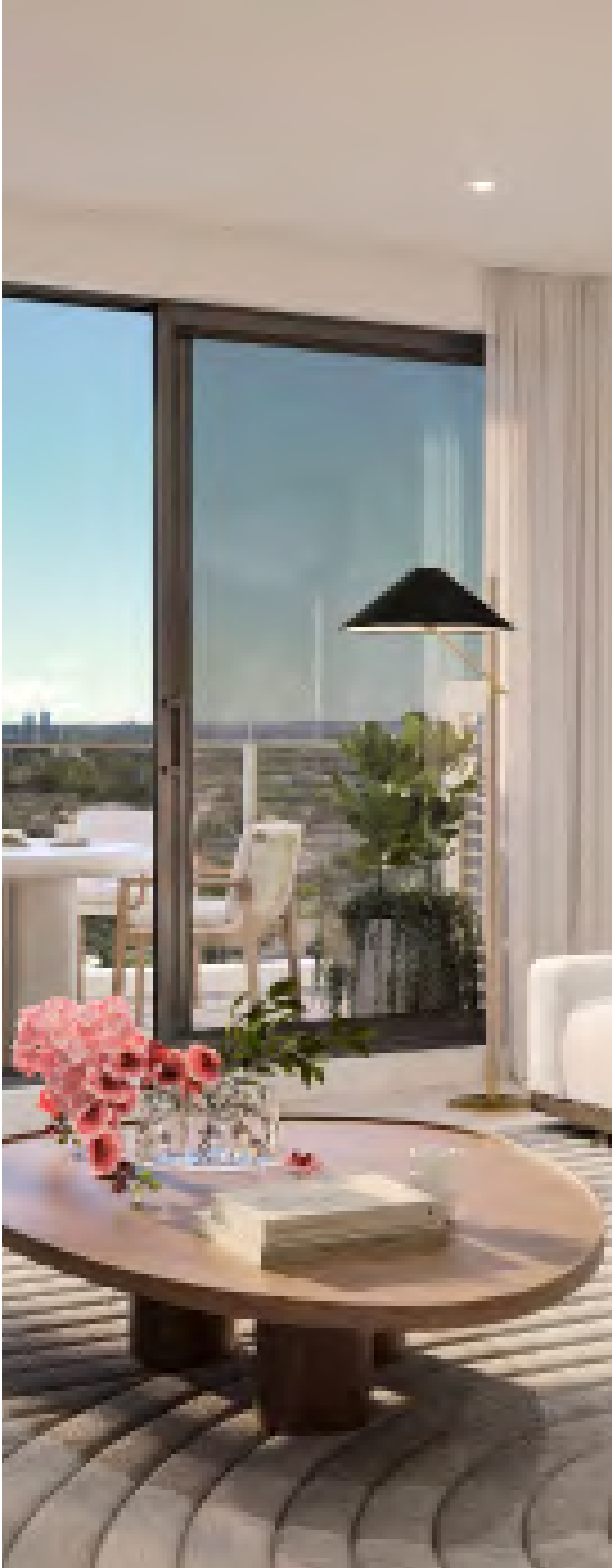
OUTLOOK FOR FY26/27

The labour constraint sitting behind these numbers is not easing. The domestic trades workforce is committed across overlapping infrastructure programmes of unusual scale and duration, major transport, energy, water and social infrastructure projects across New South Wales are drawing on the same trades that residential construction requires. The practical effect is extended tender periods, higher preliminary costs, builder reluctance to price competitively on residential projects when infrastructure work offers better margin and lower risk and a growing number of projects that hold consent but cannot find a builder willing to contract at a price that allows development to proceed.

The TOD precincts represent the most credible near-term pathway to unlocking supply at meaningful scale. Where TOD rezoning has delivered genuine uplift in permissible density, smaller boutique

developments of 20 to 60 apartments are beginning to demonstrate feasibility in ways that larger mid-rise schemes cannot, reduced construction programmes, simpler contracting arrangements and access to smaller builders operating outside the infrastructure programme competition.

The October 2026 airport opening will intensify both the demand pressure and the urgency of the supply response across the South West. Employment growth in the Aerotropolis will generate sustained new household formation across Camden, Campbelltown and Liverpool, LGAs that collectively carry significant pipeline but minimal active construction. The risk is that demand accelerates into a market where supply cannot respond at pace, pushing rents higher still in precincts already under acute affordability pressure. A pipeline of 77,461 units sounds like progress. At current construction rates, it is a number that offers little comfort to the renters and buyers waiting for it to be delivered.



SOLD

Lot 713 Red Gables Road (Super Lot) Gables
Confidential
1.86ha R1 General Residential parcel



SOLD

LOT C Cowpasture Road Leppington
Confidential
2.8 ha R2 Development Opportunity



SOLD

Lot 2041 Spinifex Road, Werrington
Confidential
9,900sqm* Development Opportunity

Our *future* projections

The rate-cutting cycle that restored confidence through 2025 has been interrupted by three consecutive increases, reintroducing financing uncertainty across all asset classes.

Against that backdrop, the October 2026 opening of the Western Sydney International Airport is the most significant demand catalyst the region has seen in a generation, one that will intensify population growth, employment activity and investment interest across the South West and Outer West precincts regardless of the rate environment.

The Federal Budget's changes to negative gearing and CGT treatment of residential property are reshaping investor behaviour across commercial markets in ways that will take years to fully play out. Taken together, these forces make Western Sydney's property market more complex to read than at any point in the current cycle, but the underlying demand story remains as compelling as ever.

SUMMARY OF OUR PREDICTIONS FOR



Office



Retail



Industrial



Development Sites



Childcare



Block of Units & Co-Living



Residential Apartment Pipeline

OFFICE

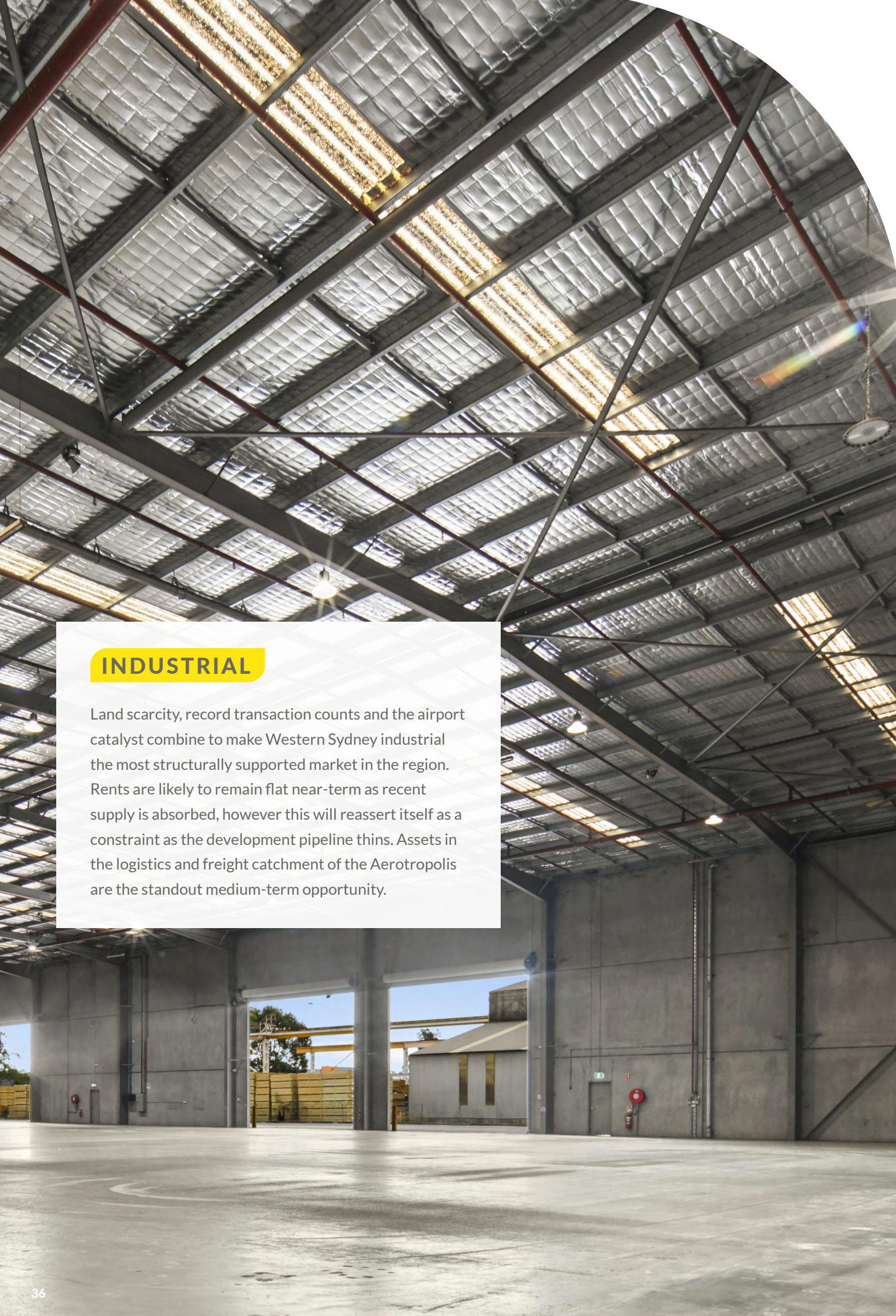
The path to recovery for Western Sydney office remains slow and quality dependent. Parramatta vacancy at 22.1% will improve gradually as secondary stock withdrawals continue and the Metro West project advances, but a sustained reduction will require the current rate uncertainty to ease and employment conditions to stabilise.

Prime assets with strong amenity will continue to outperform; secondary stock will face mounting pressure to repurpose or accept discounted rents.

RETAIL

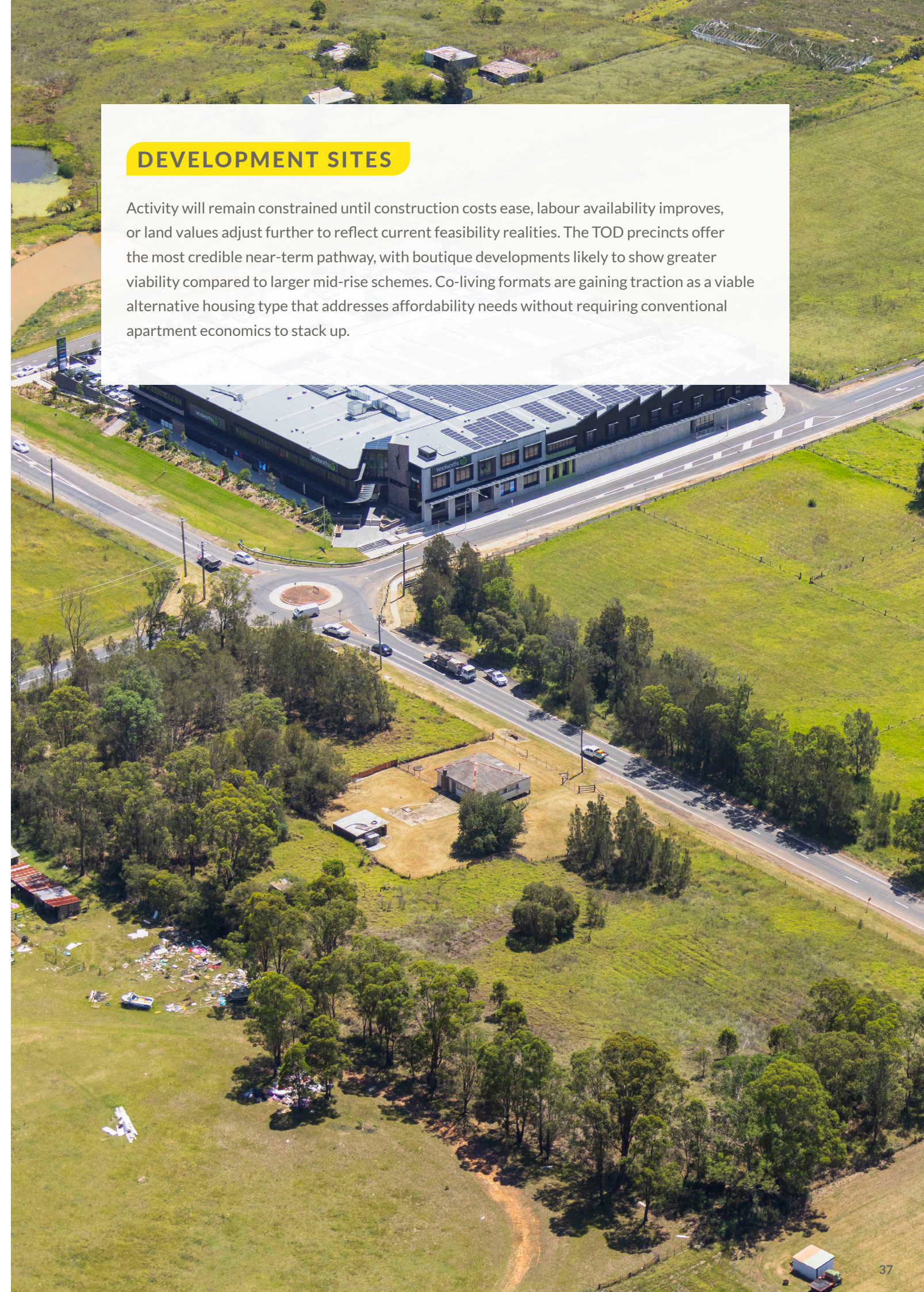
The outlook is the most positive of any commercial asset class. Chronic undersupply of retail floorspace against sustained population growth is not resolving quickly, construction costs make new retail development economically difficult outside government-supported precincts and the pipeline of new supply across Western Sydney's growth corridors remains thin relative to the household formation occurring within them.

The airport opening will create new catchments across the South West that are already underserved, accelerating demand in areas where convenience retail infrastructure has not kept pace with residential expansion.



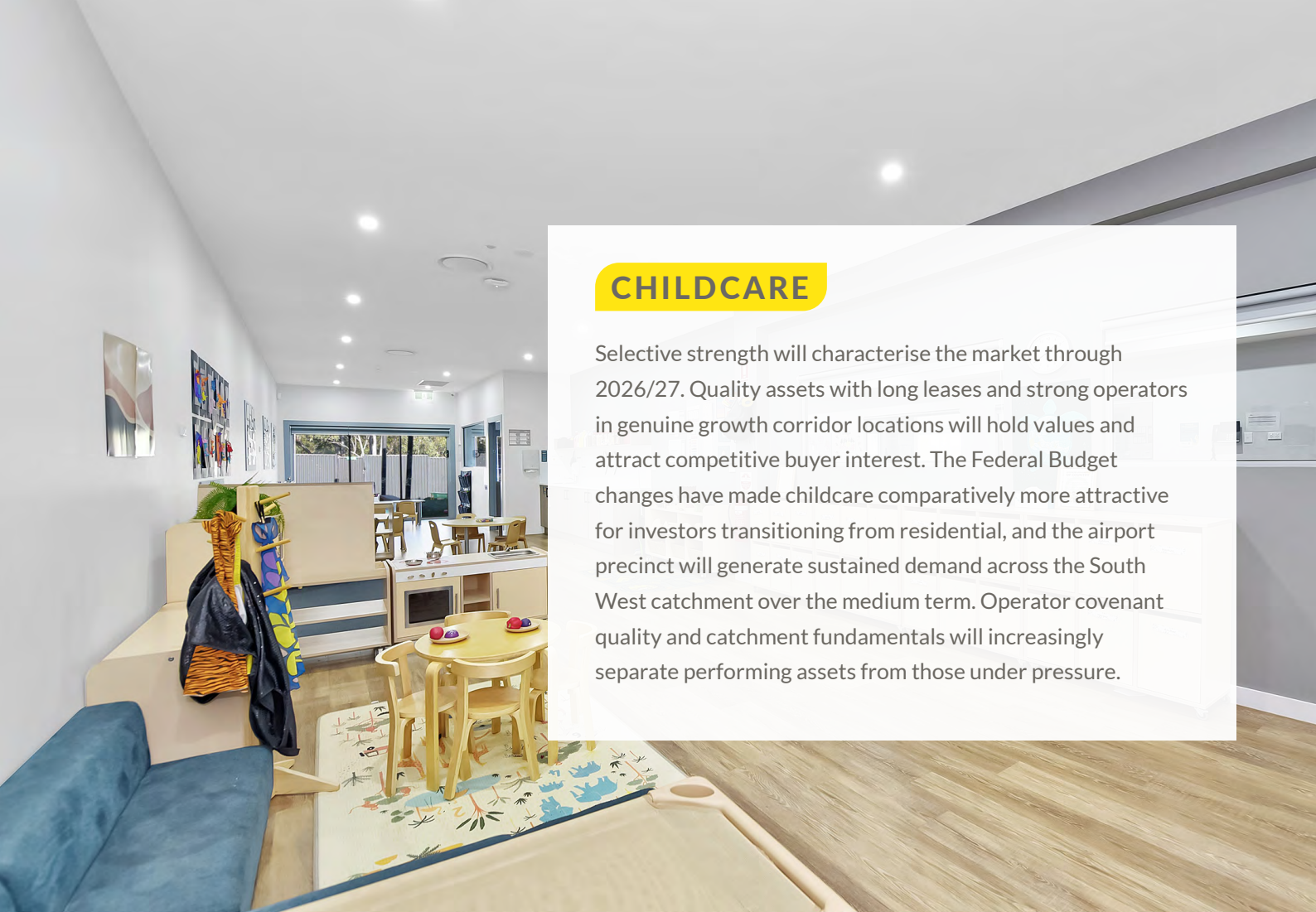
INDUSTRIAL

Land scarcity, record transaction counts and the airport catalyst combine to make Western Sydney industrial the most structurally supported market in the region. Rents are likely to remain flat near-term as recent supply is absorbed, however this will reassert itself as a constraint as the development pipeline thins. Assets in the logistics and freight catchment of the Aerotropolis are the standout medium-term opportunity.



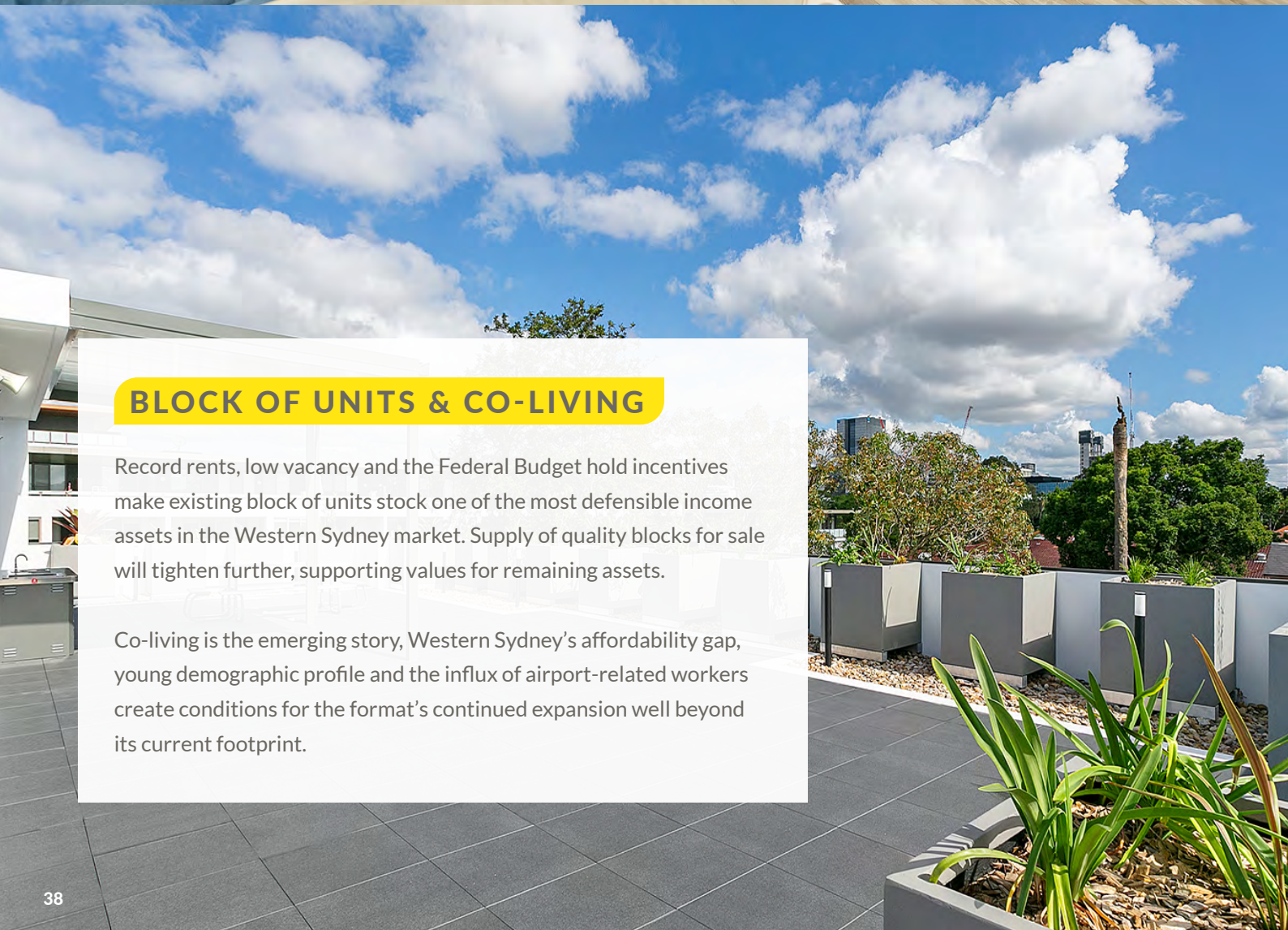
DEVELOPMENT SITES

Activity will remain constrained until construction costs ease, labour availability improves, or land values adjust further to reflect current feasibility realities. The TOD precincts offer the most credible near-term pathway, with boutique developments likely to show greater viability compared to larger mid-rise schemes. Co-living formats are gaining traction as a viable alternative housing type that addresses affordability needs without requiring conventional apartment economics to stack up.



CHILDCARE

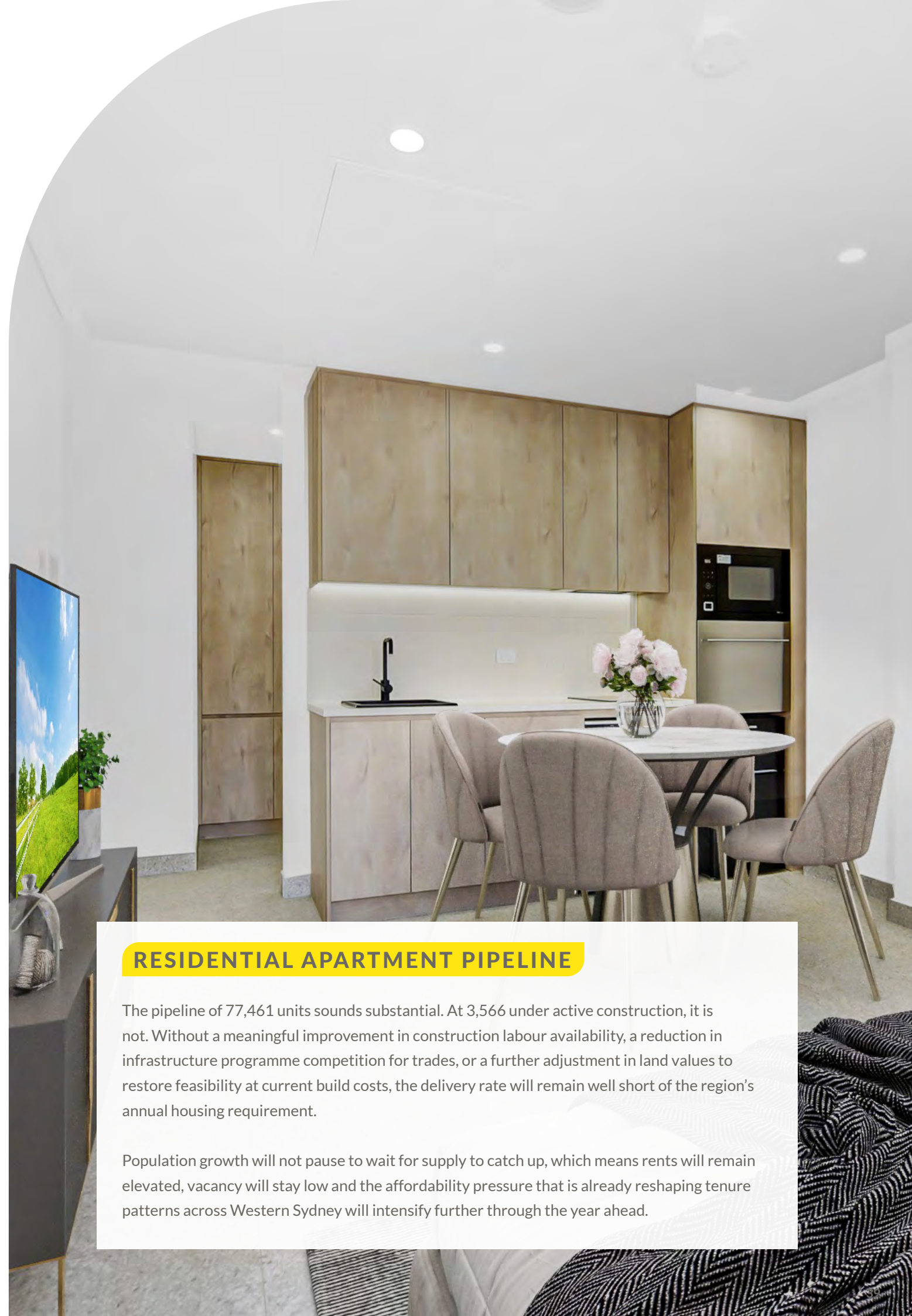
Selective strength will characterise the market through 2026/27. Quality assets with long leases and strong operators in genuine growth corridor locations will hold values and attract competitive buyer interest. The Federal Budget changes have made childcare comparatively more attractive for investors transitioning from residential, and the airport precinct will generate sustained demand across the South West catchment over the medium term. Operator covenant quality and catchment fundamentals will increasingly separate performing assets from those under pressure.



BLOCK OF UNITS & CO-LIVING

Record rents, low vacancy and the Federal Budget hold incentives make existing block of units stock one of the most defensible income assets in the Western Sydney market. Supply of quality blocks for sale will tighten further, supporting values for remaining assets.

Co-living is the emerging story, Western Sydney's affordability gap, young demographic profile and the influx of airport-related workers create conditions for the format's continued expansion well beyond its current footprint.



RESIDENTIAL APARTMENT PIPELINE

The pipeline of 77,461 units sounds substantial. At 3,566 under active construction, it is not. Without a meaningful improvement in construction labour availability, a reduction in infrastructure programme competition for trades, or a further adjustment in land values to restore feasibility at current build costs, the delivery rate will remain well short of the region's annual housing requirement.

Population growth will not pause to wait for supply to catch up, which means rents will remain elevated, vacancy will stay low and the affordability pressure that is already reshaping tenure patterns across Western Sydney will intensify further through the year ahead.

Why Western Sydney?

Western Sydney's investment case has never rested on a single factor. That diversification of drivers is precisely what makes it durable through cycles that would undermine a less structurally supported market.

Where other markets depend on one or two demand catalysts, Western Sydney has a demographic engine, an infrastructure pipeline, an employment precinct under construction and a supply constraint across almost every asset class, operating simultaneously and reinforcing each other.

POPULATION GROWTH



2.7M+

residents and growing faster than any comparable urban region in Australia

- More than 50,000 new residents arrive annually, representing the majority of Greater Sydney's growth
- Growth is driven by migration, household formation and housing affordability, not policy or sentiment
- That population needs retail, industrial logistics, childcare, housing and office accommodation. The demand is structural and it isn't going anywhere

AIRPORT & AEROTROPOLIS



OCTOBER 2026

Western Sydney International Airport opens

- For the first time, Western Sydney has its own international gateway
- Direct jobs in aviation, freight, hospitality and ancillary services from day one
- The Aerotropolis becomes a genuine employment hub, reshaping where businesses locate and where workers choose to be based
- Assets already in the ground across the South West and Outer West are best placed to capture that demand

SUPPLY CONSTRAINTS PROTECT EXISTING STOCK

The same constraints frustrating the development pipeline are protecting the value of what's already built. There is no quick fix to the industrial land serviceability gap, no near-term resolution to construction labour shortages and no realistic prospect of retail supply catching up to population growth. For existing asset holders, scarcity is working in your favour.

A MARKET THAT REWARDS ACTIVE MANAGEMENT

Western Sydney is not a market for passive capital. The rate environment, feasibility pressures and the widening gap between quality and secondary assets all require considered asset selection and active management. But for investors who understand the fundamentals and recognise that the airport opening, TOD reforms and demographic trajectory are generational forces rather than cyclical ones, the region continues to offer the most compelling risk-adjusted opportunity in the Sydney commercial property landscape.



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



PETER VINES
Managing Director



JOSEPH ASSAF
Director



VICTOR SHEU
Director



TROY WANG
Sales Executive



OWEN WHITE
Sales Executive



ANDREW SACCO
Sales Executive



MARCUS AUDDINO
Sales Executive



SHANE WILSON
Sales Associate



ROBERT TRIMBOLE
Sales Associate



HARRY VEALL
Sales Associate



MARCUS TOLE
Property Analyst



CHRISTIAN FINIANOS
Property Researcher



CHANTEL BRILLANTES
Marketing & Brand



MONH LY
Campaign Manager



SARAH COPTIL
EA to Peter Vines



CHRISTOPHER BAISSARI
Administrative Assistant

LEASING



SAMUEL GONG
Senior Leasing Executive



CRAIG GOSPO
Leasing Executive



JACK TALTY
Leasing Associate

ASSET MANAGEMENT



JOYCE ELKOUBERCI
Director



CALLUM MCKAY
Asset Manager



ADRIAN HARB
Asset Manager



ANNIKA WARD
Asset Manager



MARCUS FUNG
Asset Manager



HARRY LAHOOD
Asset Manager



MARISSA KARAILIAS
Administrator



ZEINA TAJIK
Accounts



JACKIE AMYOUNI
Administrative Assistant for PM

OPERATIONS



RUBY ROZENTAL
Director of Strategy



HANNAH CARNEY
Director of Operations



PAULINE WATERFORD
Finance Manager



CHRISTIAN BRILLANTES
Office Manager



MICHAELA HEYS
Administrative Assistant



MARCELA KFURI
Contract Administrator

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





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