

An architectural rendering of a modern residential development. The image shows several multi-story apartment buildings with dark facades and white horizontal accents. The buildings feature balconies with glass railings and some have plants on them. In the foreground, there is a lush green courtyard with several trees, including some with purple blossoms. People are seen walking and sitting on the grass, suggesting a vibrant community atmosphere. The sky is clear and blue. In the top right corner, there is a grey rectangular box containing the letters 'RWC' in white.

RWC

WESTERN **S**YDNEY INSIGHTS

Western Sydney Residential Development Overview

ISSUE 2

RWC WESTERN SYDNEY



Executive Summary

RWC Western Sydney is pleased to present our Western Sydney Residential Development Market Report.

Western Sydney is projected to see a significant population surge of about 50,000 individuals annually until 2041, driven primarily by migration from Nepal and India, bolstered by existing community ties.

To support this growth, the region is focusing on increased housing and infrastructure. Particularly, the South West regions, such as Camden and Liverpool LGAs, are at the forefront of these developmental plans, with notable projects like the Western Sydney Airport. Concurrently, areas like Parramatta, Blacktown, and The Hills LGAs are set to capitalize on infrastructure projects.

Sydney's housing scenario faces challenges, with low vacancy rates and rising affordability concerns

amidst high-interest rates. The demand for affordable housing in Western Sydney is pressing, and while past developments faced hurdles due to increasing construction costs, these costs are now showing signs of stabilization.

However, for the region to cater to its growing population, it's essential to expedite Development Application (DA) approvals and housing projects. State incentives, such as stamp duty reliefs for first-time buyers, are promising measures to invigorate the housing market and address current challenges.

With strategic investments and the anticipated completion of significant projects like the Western Sydney Airport in 2026, Western Sydney is poised to become a magnet for individuals, businesses, and further development, promising a vibrant economic future.

If you're interested in talking about this report or have questions about how a customised market analysis can contribute to your success in the real estate sector, we'd be happy to have a conversation with you.



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Population Trends

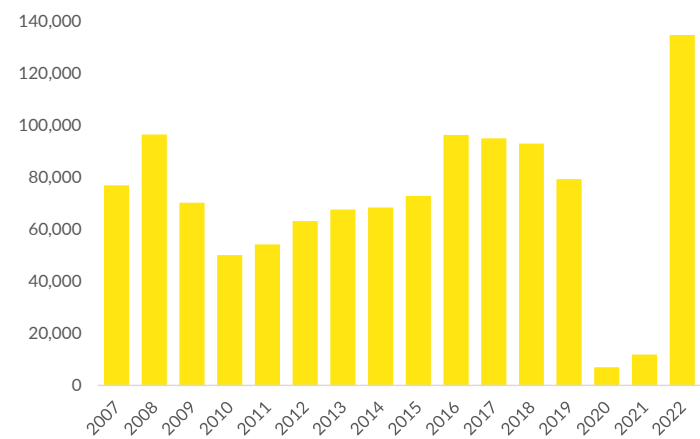
Net Overseas Migration

Australia has had a quick resurgence in overseas migration after limited activity during the pandemic period. Data from the 2022 calendar year shows net overseas migration of 386,978 people with 134,602 in NSW, representing 34.78%, ahead of all over the state, with Nepal and India the top two ethnicities calling NSW home. Encouragingly 74.95% of all those who have sought to permanently relocate to Australia are skilled workers which will aid the current labour shortage felt across the country.

While international immigration shows a strong weighting to NSW, the State continues to lose residents to other States. Interstate migration continued its trend in 2022, NSW lost 31,650 residents with Queensland and Western Australia the major recipients of this population. It is expected that this trend will continue given the strong employment demand across the country and housing affordability issues in NSW.

Looking ahead, the Department of Home Affairs has robust policies surrounding continued immigration including allowable skills however also include family movements. Updated projections for 2023/24 and 2024/25 identify permanent movements of 190,000 per annum across the country which is revised down on previous forecasts which will aid the mismatch in available housing.

NSW MIGRATION INTAKE



SOURCE: CAT. 3407

NSW Population Projections (2021 - 2041)

The recently revised population projections for NSW anticipate the State's population to reach **9,872,934 by 2041**. This equates to an annual growth rate of 0.95% or an addition of 85,309 individuals annually. Over the past year, nearly half of all international migrants hailed from Nepal and India. Given the established local communities in Western Sydney, this region is projected to absorb the majority of this population surge. State forecasts further indicate that 57.85% of the population growth over this 20-year span will be concentrated in Sydney's west.



SOURCE: CAT. 3407

KEY INSIGHTS

- South West to witness the highest rate of ongoing growth.
- Camden LGA projects a 2.27% yearly growth, translating to nearly 90,000 individuals.
- Liverpool LGA's growth is forecasted at 80,350 people.
- Average annual growth across the four LGAs in the South West is 1.31%, surpassing the State average.
- The West precinct of Sydney is projected to attract the largest population, with almost

- 17,000 people yearly, signifying a 1.01% yearly increase.
- Parramatta LGA stands out with the highest growth rate at 1.66%, approximating 6,500 people annually.
- Both North West and Outer West growth rates outpace the NSW average.
- Over the next 20 years, The Hills and Blacktown LGAs anticipate growth rates of 1.77% and 1.12% annually, respectively.

Housing Supply Insights

Housing Supply Projections

Over the past six months, housing supply projections for NSW have undergone significant revisions. While population growth continues and Western Sydney is anticipated to absorb a substantial portion of this increase, recent data suggests a short-term dip in housing supply forecasts. This decline is attributed to planning impediments, labour shortages, and the rising costs of construction. These challenges are not just confined to this region but are felt nationwide.

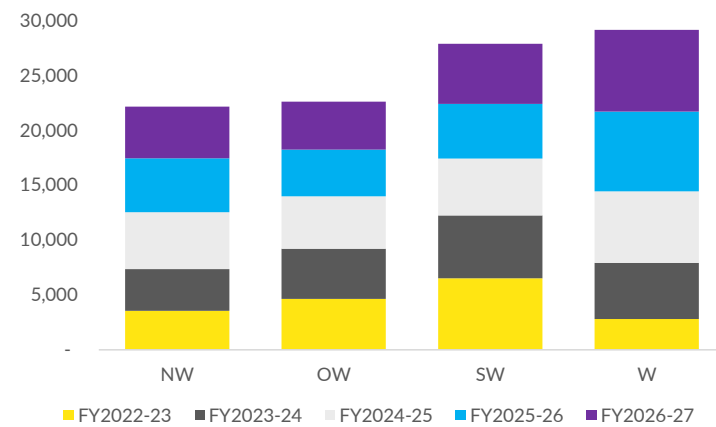
NSW is grappling with a housing supply crunch, underscored by persistently low residential vacancy rates. The REINSW July 2023 survey reveals the vacancy rate stands at 1.4% for Sydney's outer ring. The strong overseas migration, which is driving population growth, is projected to remain steady, intensifying the demand for accelerated housing development. In response, the State Government has launched various strategies to fast-track development.

The 2022 Housing Package introduces a range of programs and initiatives that align with the Housing 2041 Plan.

These initiatives encompass:

- rent-to-buy schemes;

PROJECTED HOUSING COMPLETIONS BY PRECINCT & YEAR



SOURCE: DEPT. OF PLANNING & ENVIRONMENT

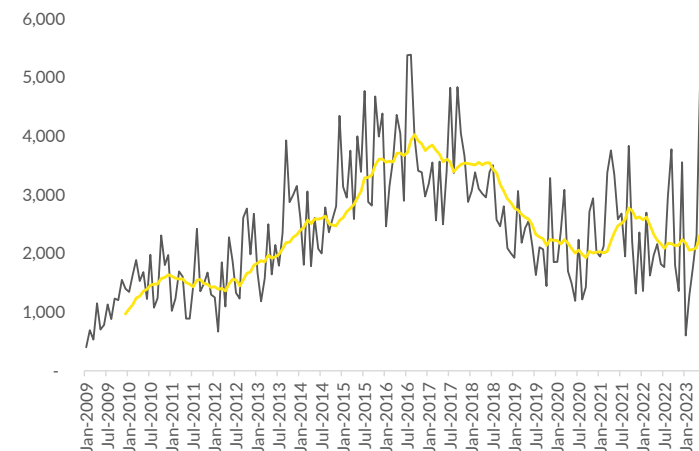
- regional development;
- enhancements in affordable and social housing;
- and a focus on developing regions with high desirability.

Despite the downward revision in supply projections, Western Sydney remains the dominant provider of new homes. Although the 2022/23 period started slowly, yearly additions are predicted to average 6,583. Notably, the South West emerged as the primary market for new supply last year, delivering 6,505 homes. However, in the coming years, this figure is projected to average out to about 5,345 homes annually.

NSW Dwelling Approvals (Excluding Houses)

NSW has experienced significant fluctuations in dwelling approvals (excluding houses) since the onset of the pandemic. During 2018 and 2019, approval levels were on a downward trend, which reached new lows given the lockdowns. The prolonged nature of the planning process and the ensuing uncertainty led developers to adopt a “wait and see” approach. Compounding these challenges were the escalating costs linked to both labour and raw materials due to supply chain disruptions. This made many projects appear unviable for

12 MONTH ROLLING AVERAGE



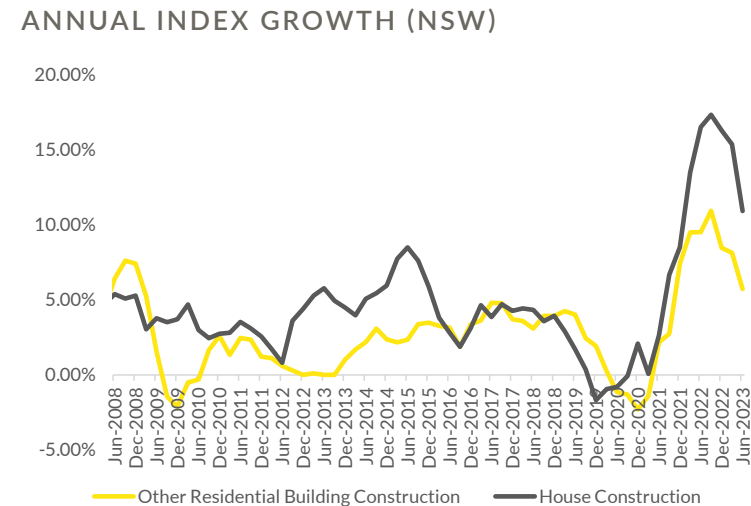
SOURCE: ABS CAT. 8731

developers. Despite historically low interest rates, economic uncertainties, rising inflation, and overarching residential market conditions all contributed to developers' and investors' hesitations, resulting in DA levels to decline.

NSW is currently grappling with a housing crisis. The persistent population growth has highlighted a stark discrepancy between supply and demand, a gap that will only widen if the approval and subsequent development of projects do not accelerate. While there have been policy improvements to encourage development from both local and international developers, it's crucial to recognise that DA approvals are merely the initial phase. The construction and culmination of these projects can span up to six years, indicating a prolonged period before this housing deficit is adequately addressed.

Construction Costs

Several factors have curbed construction activity in recent years, including the repercussions of COVID-19 and inflation-driven price hikes for raw materials. Escalating labour costs have also posed significant challenges for developers, with numerous builders entering administration in recent times. The increasing costs and projected prolonged timelines rendered many approved projects nonviable. However, there is a silver lining: the rate of cost growth for construction has started to decrease, even though the current costs are significantly higher than in the past.



SOURCE: CAT. 6427

CHALLENGES TO CONSTRUCTION

- Impacts of COVID-19 and inflationary pressures have hindered construction activity in recent years.
- Rising labour costs posed significant barriers, with many builders entering administration.

COST IMPLICATIONS

- Approved projects became nonviable due to escalating costs and extended timelines.
- However, construction cost growth is showing a slowing trend, despite the absolute costs remaining high.

ABS DATA HIGHLIGHTS

- House construction costs rose by 10.93% annually as of June 2023.
- This rise was driven by increases in materials like timber, concrete, and electrical supplies.
- Notably, steel costs have seen a decline.
- “Other residential building” costs have improved more rapidly, showing a 5.73% growth.

PEAK COST GROWTH

- The highest growth was in the year leading to September 2022: housing by 17.37% and other developments by 10.96%.
- Over the last three years, housing construction costs grew by over 30%, while the “other” category rose by 17.43%.

LABOUR COSTS

- Nationwide, labour costs across the country have also seen significant declines in growth highlighting a start of stability for the building and development sector.

Housing Finance

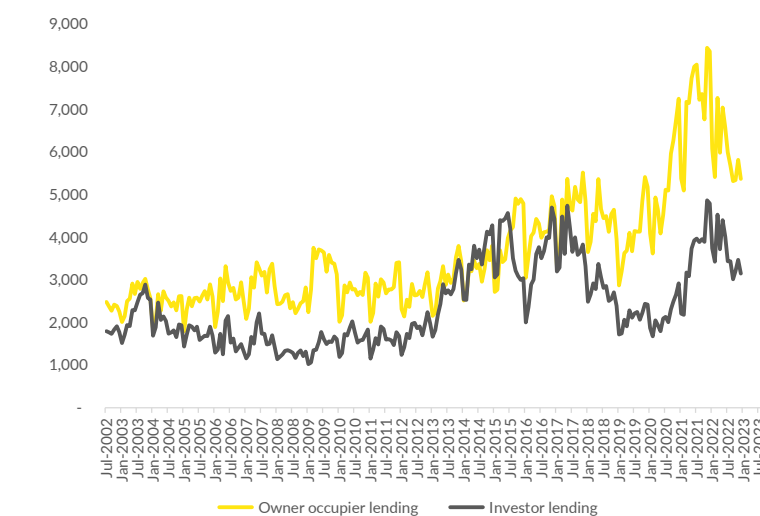
NSW New Housing Loan Commitments

There is no surprise that new loan lending levels have continued to fall. The broader residential market continues to see average price growth back to pandemic peak levels across Sydney, however listing numbers remain low which has kept transaction levels down as well as borrowing activity. Like other states, the “mortgage cliff” has been well publicised with many fixed rates coming to an end which has caused a strong upward change in refinancing, this has mostly played out across the NSW market which may signal some improvement in listings and sales levels which will bolster new lending activity.

The uncertainty surrounding interest rates has been a primary driver behind the decline in sales activity and lending. However, with recent positive shifts in inflation figures nationwide, there’s growing anticipation that we may not see further interest rate hikes this year, with potential reductions on the horizon. The hold in interest rates over the last few months has done much to improve sentiment and is expected to fuel confidence in buyers signalling an improvement in off the plan sales during this period of low listing numbers.

While investor activity currently lags behind owner-occupier lending, this might shift in the present environment marked by strong rental growth and low vacancy rates. With the housing market witnessing an uptick in both house and unit prices, yield projections are becoming increasingly appealing for investors.

OWNER OCCUPIER VS INVESTOR LENDING (EXCL. REFINANCING)



SOURCE: CAT. 5601

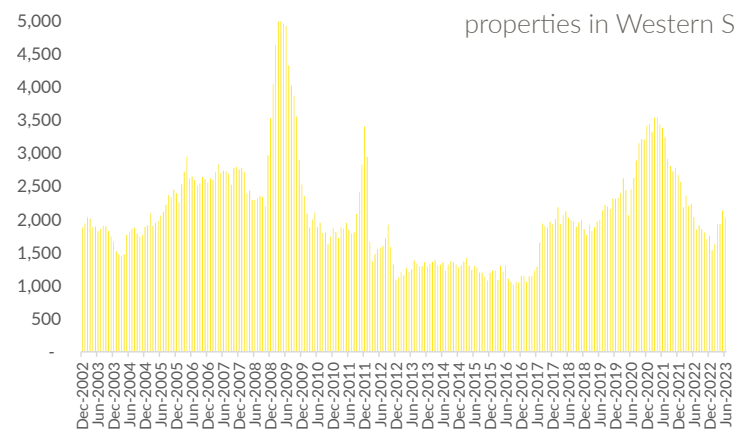
NSW First Home Buyer Lending Commitment

Commitments from first-time homebuyers in NSW have seen a consistent uptick this year, with over 2,000 recorded each month during May and June 2023. Growing interest rates have traditionally been a significant hurdle for these buyers. However, improved sentiment about the current rates likely peaking is instilling confidence, especially at a time when securing rental accommodation has become increasingly challenging due to soaring rental prices. This renewed confidence in financing is predicted to funnel investments towards off-the-plan sales of affordable housing across Western Sydney, appealing to those wanting to avoid rising rental costs and gain a foothold in the Sydney property market.

To support these buyers, the NSW government has rolled

out initiatives such as the First Home Buyers Assistance Scheme, which offers more flexibility in regard to the high stamp duty associated with asset purchases. Furthering their support in the new housing market, the First Home Owners Grant aids those purchasing or constructing a new residence, aiming to stimulate the construction sector and promote housing development.

A particularly transformative measure has been the introduction of the Share Equity Home Buyer Helper. A concept observed overseas for some time, this scheme enables a segment of the population to enter the housing market with a minimal deposit. Coupled with greater clarity around interest rates, these initiatives are set to reinvigorate the first-time homebuyer segment, especially in the development of suitable properties in Western Sydney.



SOURCE: CAT. 5601

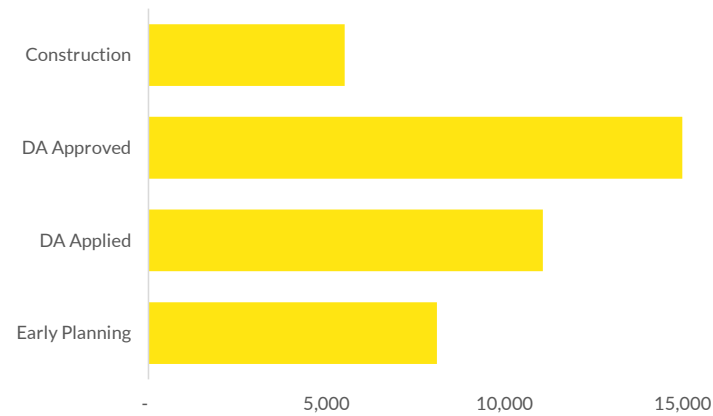


Western Sydney Dwelling Pipeline

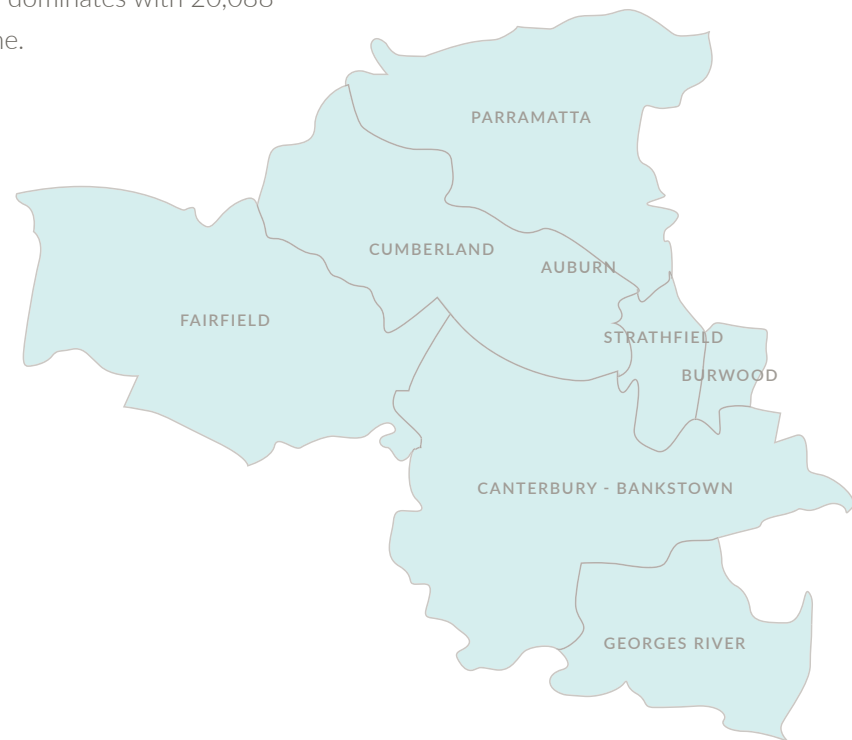
Sydney West (W)

- Western Sydney has 483 projects in the development pipeline, aiming to add 39,663 units over the next 3-5 years.
- 5,506 units are currently under construction, expected to complete within 18 months.
- Majority in the City of Parramatta (2,745 units) followed by Canterbury-Bankstown LGA (1,366 units).
- DA Approved segment holds nearly 15,000 units; many delayed due to lockdowns, increased construction costs, and labour shortages.
- Further 19,171 units are in early planning and DA application stages; potential amendments expected, and likely completion post-2026.
- City of Parramatta dominates with 20,088 units in the pipeline.

- Infill regions like Burwood, Strathfield, and George's River have fewer projects but high demand due to location, amenities, and anticipated population growth.



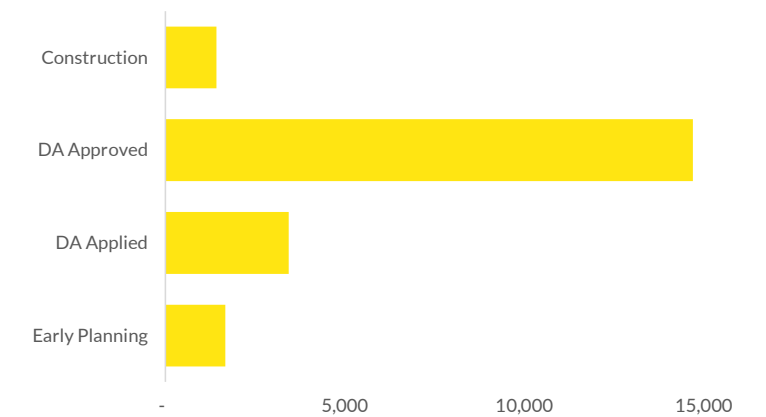
SOURCE: CORDELL CONNECT, RWCWS



Sydney Outer West (OW)

- Sydney Outer West has 21,217 units in development across 225 projects; many still in early planning with unit counts undetermined.
- 1,423 units are under construction, 90% of which are in Blacktown LGA.
- Majority of projects found in Marsden Park/Schofields precinct and Rouse Hill, leveraging growth along the North West corridor, rail services, retail, and employment infrastructure.
- 14,692 units have DA Approval, predominantly in Blacktown LGA, especially North West areas like Rouse Hill and Schofields, set to benefit from the next metro extension to Western Sydney airport.
- Penrith faces constraints due to the Blue Mountains, leading to infill projects in areas like

- Penrith, St Mary's, Kingswood, and new suburbs such as Caddens.
- The region will gain access to the Western Sydney airport by 2026, rail transport, universities, retail, and employment, positioning it as a central hub in NSW's Cities Plan.



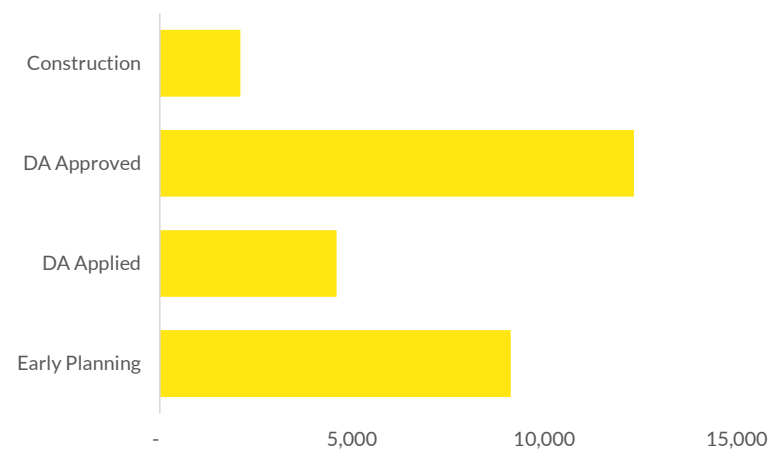
SOURCE: CORDELL CONNECT, RWCWS



Sydney South West (SW)

- Sydney's South West is viewed as a major development opportunity.
- Benefitted from rezoning to residential uses.
- Proximity to Western Sydney Airport has improved transport (including rail) and increased job opportunities, leveraging the M5 industrial corridor.
- 332 multi-unit projects are currently available, providing 14,265 dwellings.
- In addition, land releases cater for detached and semi-detached homes.
- 796 units are being built, primarily in Camden LGA, expected to complete in 18 months.
- Strong DA Approved and DA Applied project pipelines underscore the region's long-term growth plan.

- Liverpool LGA has 6,173 units in planning, spread over Moorebank, Casula, Liverpool, Edmonston Park, and Austral.
- Campbelltown and Camden LGA's have planning for 2,404 and 2,227 units respectively, focusing on areas like Campbelltown, Ingleburn, Oran Park, and Leppington, leveraging new and existing infrastructure.

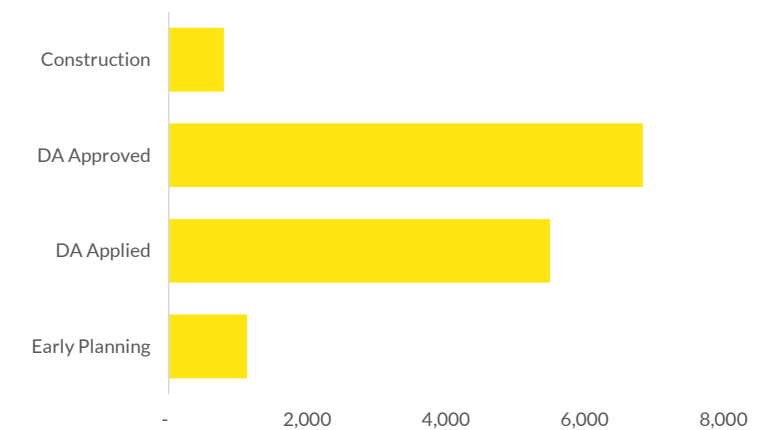


SOURCE: CORDELL CONNECT, RWCWS

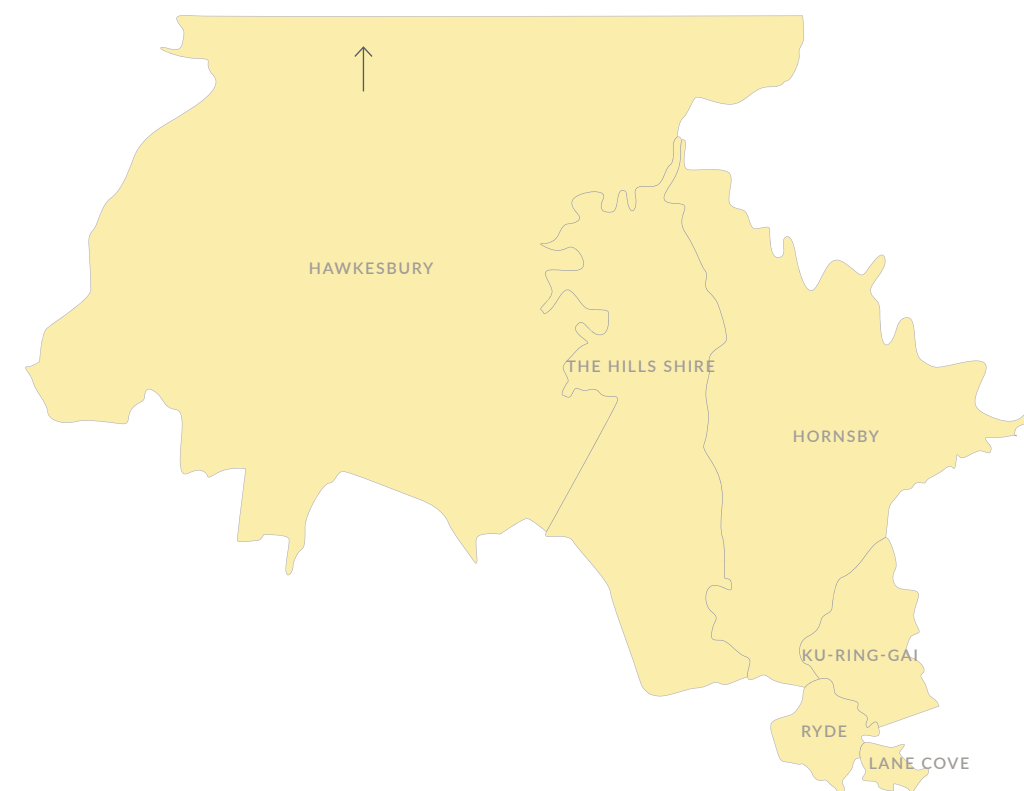
Sydney North West (NW)

- North West precinct contains 267 multi-dwelling projects, equating to 28,144 units.
- 2,098 dwellings are currently under construction, largely in Ryde and The Hills Shire Council areas.
- The Hills has experienced extensive development in areas like Kellyville, Castle Hill, Baulkham Hills, and Rouse Hill.
- Expansion opportunities are present in Box Hill and Gables and in established suburbs.
- Ryde LGA is focusing on infill opportunities, with 8,291 units in its pipeline, leveraging transport, retail, and walkability.
- Ku-ring-Gai, Hornsby, and Lane Cove also have ongoing projects in the development cycle.

- 12,328 units with DA approval are expected to progress in the coming years, after pandemic-induced delays, addressing high housing demand in the region.



SOURCE: CORDELL CONNECT, RWCWS



Major Infrastructure Projects



Sydney Metro North West

COMPLETED 2019

Delivering 8 new railway stations and 4000 commuter car parking spaces to Sydney's growing North West



Sydney Light Rail

COMPLETED 2020

A 12 kilometre light rail network with 19 stops, extending from Circular Quay along George Street to Central Station, through Surry Hills to Moore Park, then to Kensington and Kingsford via Anzac Parade and Randwick via Alison Road and High Street.



Pacific Highway Upgrade

COMPLETED 2021

One of the largest road infrastructure projects in NSW, connecting Sydney and Brisbane and contributing to Australia's economic activity.



Easing Sydney's Congestion

COMPLETED 2023

The Easing Sydney's Congestion Program Office is working to deliver significant improvements to reduce Sydney's congestion.



Parramatta Light Rail

LATE 2023

A 12-kilometre light rail network with 16 stops will connect Westmead to Carlingford via the Parramatta CBD and Camellia for Parramatta Light Rail. It will create new communities, connect great places and help both locals and visitors move around and explore what the region has to offer.



Sydney Metro City & South West

ESTIMATED 2024

A 30-kilometre metro line extending metro rail from the end of Sydney Metro North West at Chatswood under Sydney Harbour, through new CBD stations and south west to Bankstown.



M6 Stage 1

ESTIMATED 2025

Proposed multi-lane road link that aims to give better connections to Sydney's south. It will be delivered in 3 stages. Stage One comprises continuous twin tunnels connecting the New M5 at Arncliffe to President Avenue at Kogarah.



Western Sydney Airport

ESTIMATED 2026

Full service, 24 hour airport offering international, domestic and cargo flights. Includes 2 runways, terminal building and all required infrastructure, parking etc.



Sydney Metro Western Sydney Airport

ESTIMATED 2026

Turn up and go service between St Mary's and Western Sydney Airport, 6 new metro stations and associated infrastructure, parking etc.



Sydney Metro West

ESTIMATED 2027

Will deliver a direct connection between the CBDs of Parramatta and Sydney, linking communities along the way that have not been previously serviced by rail.



Western Harbour Tunnel and Warringah Freeway Upgrade

ESTIMATED 2027

Creates a western bypass of the Sydney CBD, taking pressure off the Sydney Harbour Bridge, Sydney Harbour Tunnel, Anzac Bridge and Western Distributor corridors – making it easier, faster and safer to get around Sydney.



Beaches Link and Gore Hill Freeway Connection

ESTIMATED 2028

This city-shaping motorway project will change the way you travel to and from the Northern Beaches, including new connections on the Gore Hill Freeway at Artarmon, Warringah Freeway at Cammeray, and direct access onto Burnt Bridge Creek Deviation at Balgowlah and Wakehurst Parkway at Seaforth.



Parramatta Light Rail Stage 2

ESTIMATED 2031

Connect the Parramatta CBD to Ermington, Melrose Park, Wentworth Point and Sydney Olympic Park. It will also connect to Sydney Metro West, the heavy rail in Parramatta and Sydney Olympic Park, and ferry services at Rydalmere and Sydney Olympic Park.



Princes Highway Upgrade

MULTIPLE PROJECTS THROUGH TO 2040

We have a plan to deliver a safe, reliable, efficient, and connected network for all transport users.





Empowering success with tailored commercial real estate solutions in *Western Sydney.*

RWC Western Sydney is a dynamic commercial real estate agency based in Parramatta and servicing the thriving region of Greater Western Sydney.

We take pride in our deep-rooted local expertise and unrivaled industry knowledge.

Our team of dedicated professionals possesses a profound understanding of the unique opportunities and challenges that the Western Sydney commercial real estate landscape presents. By harnessing this expertise, we offer

tailored solutions that cater to your specific requirements, ensuring optimal outcomes for every client we serve.

OUR SERVICES

- Investment Sales
- Development Site Sales
- Special Use Asset Sales
- Commercial Leasing
- Asset Management
- Asian Investment Services

Let's discuss how we can optimise the full potential of your commercial property.



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OUR OFFICE

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

Our People are *Your Advantage.*

SALES



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





UNBREAD

UNBREAD

WOK TOK