



RWC

WESTERN **S**YDNEY INSIGHTS

Western Sydney Residential Development Overview

ISSUE 4

RWC WESTERN SYDNEY

NOV 2024

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Executive Summary

Western Sydney continues to evolve as metropolitan Sydney's key growth engine, shaped by dynamic population movements and changing development patterns.

The region's role in accommodating Sydney's expansion has become increasingly critical, with projections indicating it will house nearly 60% of the state's population growth through to 2041.

International migration remains a fundamental driver of this growth, with Western Sydney's established multicultural communities and employment opportunities attracting a significant share of new arrivals. However, this influx occurs against a backdrop of interstate migration losses, as housing affordability pressures prompt some residents to seek opportunities in other states, particularly Queensland and Western Australia.

A notable shift in development focus is emerging across Western Sydney's precincts. The South West is ascending as the region's primary growth frontier, benefiting from strategic infrastructure investments including the Western Sydney Airport and expanded transport networks. Meanwhile, the traditionally dominant North West region is approaching a

maturity point, with growth expected to moderate as available land diminishes. The West precinct maintains its position as a stable growth centre, while the Outer West is also well positioned for transformation.

However, the region faces significant challenges in housing delivery. Current construction levels across all precincts fall substantially short of required completions, creating mounting pressure on housing availability and affordability. While development approvals show promise, particularly in established areas, the journey from approval to completion remains hindered by construction costs, labour shortages, and financing challenges.

Recent policy initiatives signal growing recognition of these challenges, with government responses including reformed development contributions and incentives for build-to-rent projects. The lending environment has also evolved, with borrower behaviour increasingly strategic, particularly among first home buyers who remain active despite market challenges.



Looking ahead, Western Sydney's growth trajectory will depend on successfully activating its substantial development pipeline. Key opportunities lie in the mix of high-density projects in major centres like Parramatta and Liverpool, complemented by medium-density developments in emerging corridors. The August 2024 metro opening has already catalysed development along the northern corridor, while the Western Sydney Airport continues to drive planning activity in the outer regions.

The region's future success will rely on balancing immediate housing needs with sustainable long-term development, supported by continued infrastructure investment and innovative housing delivery models. As Western Sydney's precincts mature at different rates, maintaining this balance will be crucial in fostering communities that remain attractive and accessible to both existing residents and newcomers.

This period marks a critical phase in Western Sydney's evolution, requiring coordinated effort from industry and government to ensure development capacity aligns with population growth, while maintaining the region's appeal as Sydney's key growth corridor.

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



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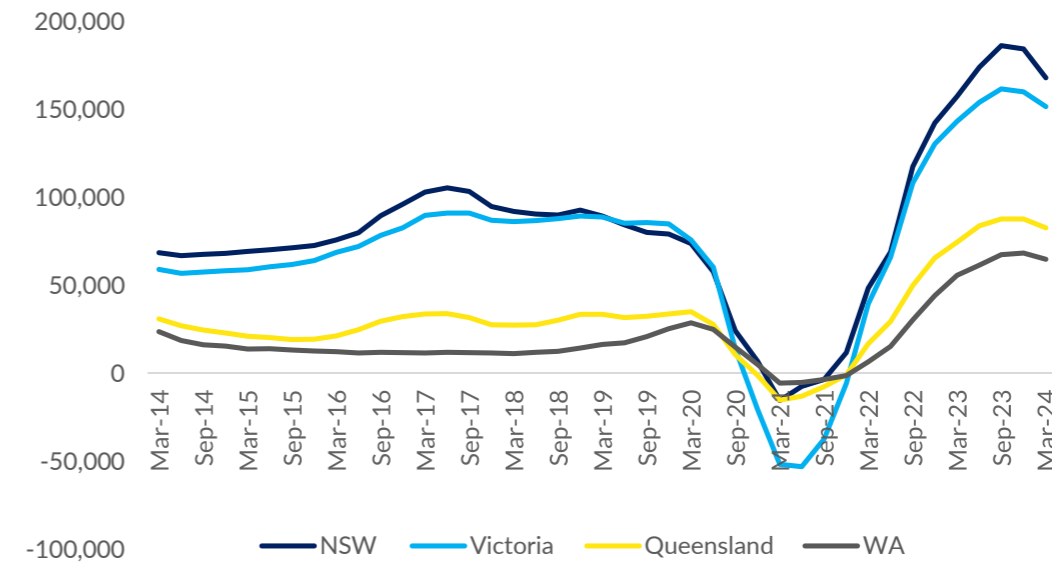
Overseas migration

The landscape of overseas migration continues to evolve, with Australia experiencing a moderation in arrival numbers after the post-pandemic surge.

Recent data shows 509,800 people relocated to Australia in the year to March 2024, declining from the peak of 559,000 recorded in September 2023. This adjustment aligns with Federal government efforts to achieve more sustainable immigration levels through targeted caps.

NSW maintains its position as the primary destination for new arrivals, capturing approximately one-third of total migration with 168,148 people in the year to March 2024. While Victoria gains ground as an alternative destination due to improving affordability, NSW's established multicultural communities – particularly in Western Sydney – continue to attract new residents.

NET OVERSEAS MIGRATION BY STATE
NO. PEOPLE, (4 QUARTER ROLLING ANNUAL)



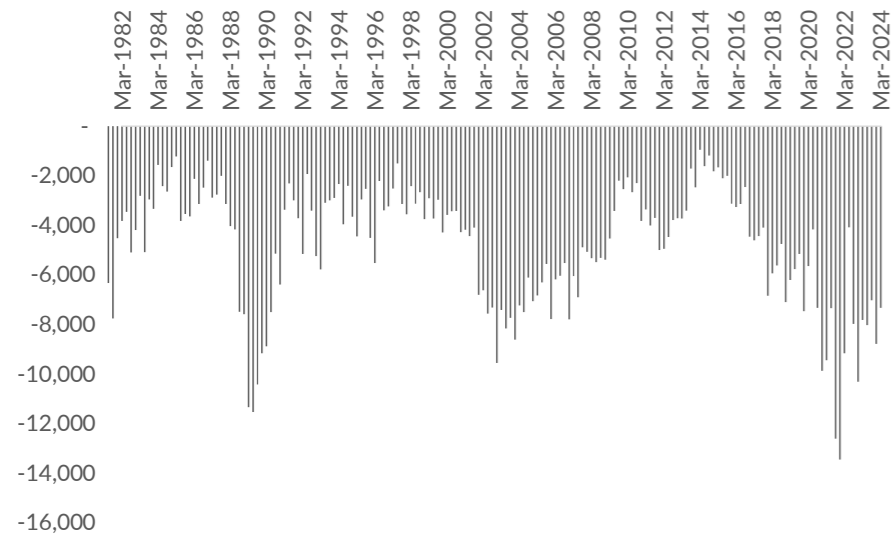
SOURCE: ABS CAT.3407

Looking ahead, the composition of migration is expected to shift towards skilled streams, focusing on addressing workforce shortages. The distribution of these new arrivals remains concentrated in the four major states, with NSW and Western Sydney specifically facing continued housing pressures. This trend is reinforced by the tendency of new arrivals to gravitate towards established cultural communities, a pattern particularly evident in Western Sydney's diverse neighbourhoods.

"NSW maintains its position as the primary destination for new arrivals, capturing approximately one-third of total migration"

Interstate migration patterns

NSW INTERSTATE MIGRATION
NO. PEOPLE, QUARTERLY



SOURCE: ABS CAT.3407

While NSW continues to attract the largest share of international migrants, a concurrent trend of interstate outflow persists, highlighting the complex dynamics shaping the state's population.

The exodus of residents to other states, particularly Queensland and Western Australia, reflects ongoing affordability challenges in NSW's housing market.

The pandemic period saw this trend intensify, with NSW experiencing a significant loss of over 42,000 residents in 2021. Although there were expectations of moderation, recent data shows the outflow remains substantial, with

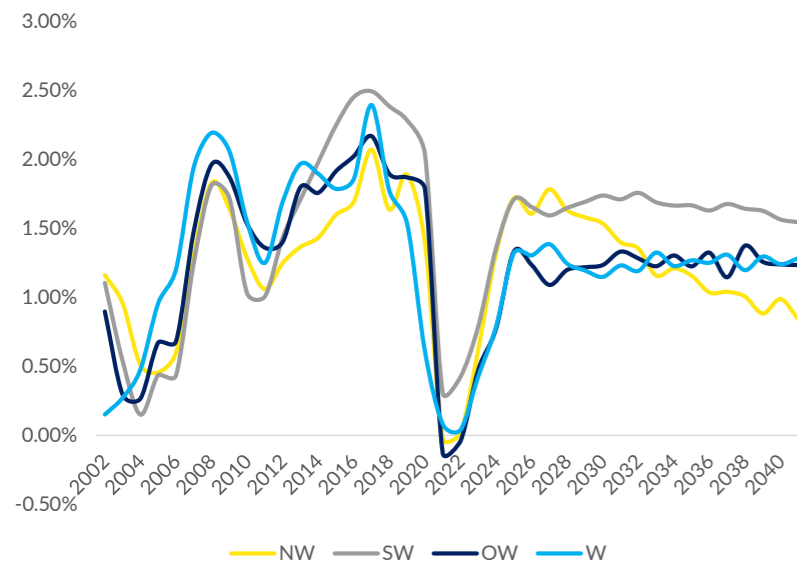
over 30,000 residents departing in the year to March 2024. This sustained exodus primarily reflects cost-of-living pressures, with housing affordability being a key driver. Victoria, which historically faced similar challenges, has recently seen an improvement in its interstate migration balance, benefiting from relatively better housing affordability and improving employment opportunities.

Paradoxically, NSW maintains the country's lowest unemployment rate, indicating robust job market conditions. However, the persistent mismatch between housing supply and demand continues to drive resident's interstate, creating a complex scenario where high international migration coincides with domestic outflow. This dynamic adds further pressure to an already tight labour market, as the state simultaneously gains and loses workforce participants.



Population growth in Western Sydney's precincts

WESTERN SYDNEY POPULATION MOVEMENTS
HISTORIC AND PROJECTED ANNUAL CHANGE



SOURCE: DEPARTMENT OF PLANNING & ENVIRONMENT, RWCWS

NSW's population momentum continues, adding 94,208 people annually on its path to reach 9.87 million by 2041.

Within this growth story, Western Sydney has a key role, capturing an impressive 57.66% of the state's population increase. This concentration of growth is reshaping the region's demographic landscape in unexpected ways.

Most striking is the South West's emergence as the region's growth node, achieving an unprecedented 1.64% annual growth rate. This acceleration, particularly in Camden and

Liverpool LGAs, signals a geographic shift in Western Sydney's development focus. The region's success in attracting 15,354 new residents annually reflects the effectiveness of recent infrastructure investments and land releases.

Meanwhile, the traditional powerhouse of Western Sydney - the West precinct - is maintaining steady rather than accelerating



growth at 1.23%, adding 18,521 residents annually. However, significant changes are appearing in the North West, where growth is expected to taper to 1.10% post-2030 as available land becomes scarce, marking the end of its rapid expansion era. This contrasts with the Outer West's sustained 1.22% growth rate.

These shifting growth patterns suggest a rebalancing of Western Sydney's development focus, with the South West's ascendancy particularly noteworthy against the North West's approaching maturity.

Housing Requirements

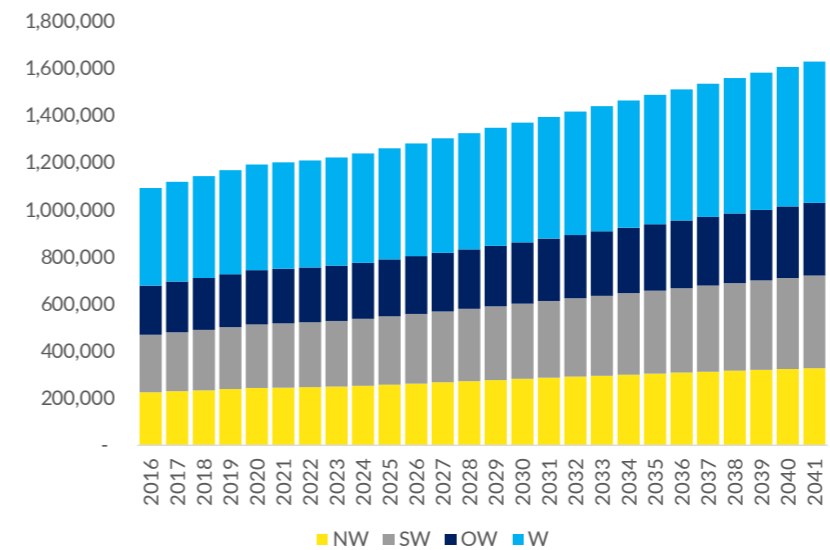
Implied housing *demand*

Western Sydney's annual housing requirements underscore a critical challenge, with 24,178 new dwellings needed to accommodate population growth.

The West and South West precincts shoulder the heaviest demand, particularly as the Western Sydney Airport development accelerates growth in the South West corridor.

The supply-demand mismatch continues to intensify across NSW, with housing completions falling significantly short of requirements. Despite targeted completion goals - 5,465 units in the West, 5,149 in the South West, 4,240 in the North West, and 2,940 in the Outer West - delivery remains constrained. This shortfall stems from ongoing sector challenges, including builder insolvencies, labour shortages, and project viability concerns.

PROJECTED OF NO. HOUSEHOLDS BY WESTERN SYDNEY PRECINCTS



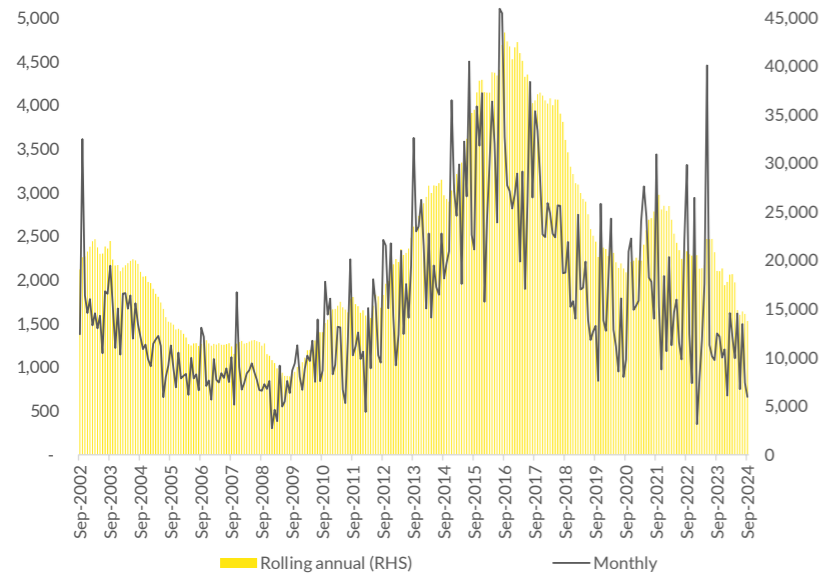
SOURCE: DEPARTMENT OF PLANNING & ENVIRONMENT, RWCWS

The impact is evident in the tight rental market, with tenants gravitating towards away from the city due to affordability constraints, with vacancy rates hovering at just 1.4% in Outer Sydney and 1.5% in Middle Sydney while Inner Sydney increased to 2.7%. While government initiatives, including fast-track development programs and the Housing 2041 Plan, aim to address these challenges, progress remains slow. Recent policy shifts to attract build-to-rent investment through tax incentives signal a growing recognition that alternative housing delivery models are needed to bridge the supply gap. communities, a pattern particularly evident in Western Sydney's diverse neighbourhoods.

"The supply-demand mismatch continues to intensify across NSW, with housing completions falling significantly short of requirements."

Development approvals and construction activity

GREATER SYDNEY DWELLING UNIT APPROVALS (EXCLUDING HOUSES)
MONTHLY & ANNUAL RESULTS



SOURCE: ABS CAT. 8731

The approval landscape for multi-unit dwellings in NSW has deteriorated significantly, reaching alarming levels in September 2024.

With just 662 monthly approvals and an annual total of 13,792 - the lowest since October 2010 - the sector is facing unprecedented challenges. This dramatic decline stands in stark contrast to even pandemic-era approval rates, signalling deeper structural issues in the development pipeline.

While raw material costs have shown some improvement, persistent labour shortages

continue to inflate construction costs in NSW, particularly impacting the viability of apartment projects. This comes at a critical time when the state faces mounting pressure to deliver on ambitious housing targets, including the government's commitment to provide 377,000 well-located dwellings by 2029.

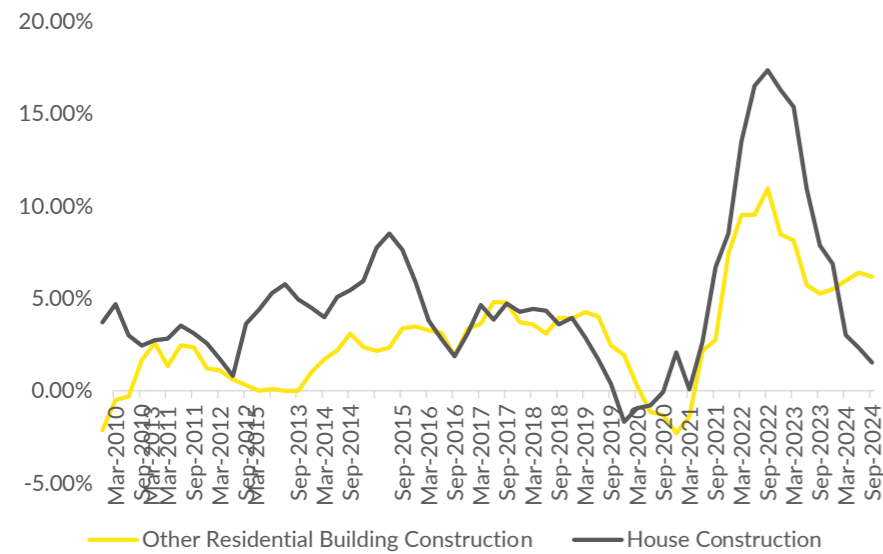
There is one bright spot in the data: construction commencements have reached 40,072 dwellings (houses and units) in the year to June. However, this activity level still falls short of the state's annual requirement of 50,000 dwelling units, with Western Sydney alone needing to accommodate 57.66% of projected population growth. The widening gap between approvals and demand raises serious concerns about future housing supply capacity.

"The widening gap between approvals and demand raises serious concerns about future housing supply capacity"



Construction cost dynamics

CONSTRUCTION COSTS
ANNUAL INDEX GROWTH NSW



SOURCE: ABS CAT. 6427

The construction cost landscape has shifted notably in 2024, with material costs finally showing signs of moderation after the extreme escalations of 2021-2022.

September 2024 data reveals annual house construction material costs have eased to just 1.52%, a dramatic improvement from the 15%+ increases seen during the pandemic. However, "other construction" costs remain elevated at 6.18% annually, indicating ongoing challenges in the multi-residential sector.

Labor costs have emerged as the primary pressure point, with residential building

construction costs rising 0.9% in the latest quarter due to persistent skilled trade shortages, particularly in finishing trades. While overall building material pressures have softened with weakening demand, specific segments continue to face upward pressure. Notably, electrical equipment rose 4.4%, driven by copper price increases, while aluminium products and ceramic materials saw modest increases of 0.9% and 0.8% respectively.



Regional variations have emerged across capital cities, with Sydney experiencing a slight decline (-0.1%) in overall costs, while Melbourne (+0.6%) and Brisbane (+0.2%) recorded increases. The anticipated reduction in interest rates could provide much-needed stimulus for development activity, potentially helping to offset these persistent cost pressures.

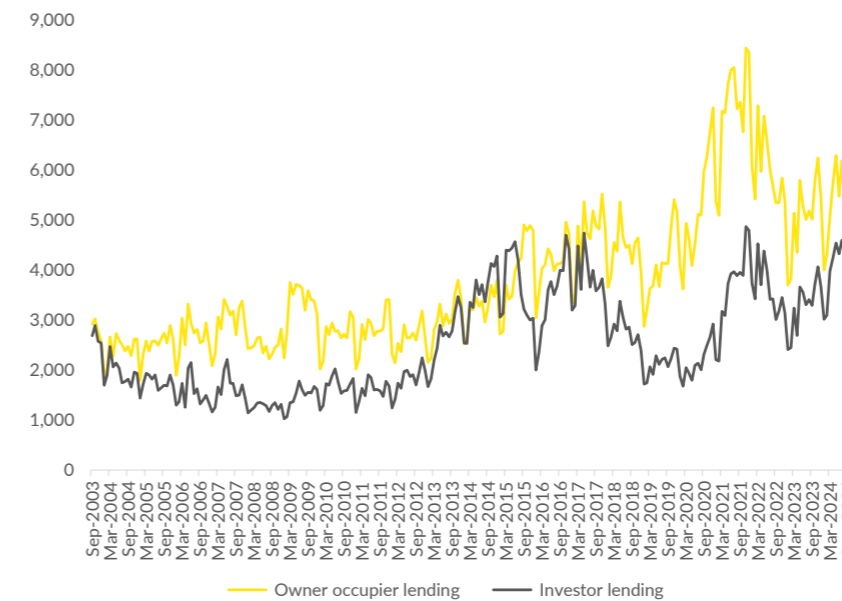
Lending market trends

The lending landscape in NSW continues to evolve, with recent months revealing new patterns in borrower behaviour.

While 2022's interest rate hikes initially suppressed financing activity and listings, the market demonstrated resilience through early 2024, driven by buyers racing to secure properties amid rising prices and escalating rents.

However, recent months have seen a more nuanced picture emerge. Owner-occupier lending has moderated in response to stabilising property prices, suggesting a more calculated approach from homebuyers. In contrast, investor activity has maintained momentum at post-COVID highs, buoyed by strong rental growth and yields.

NSW NEW HOUSING LOAN COMMITMENTS (EXCL. REFINANCING)
\$ MILLIONS



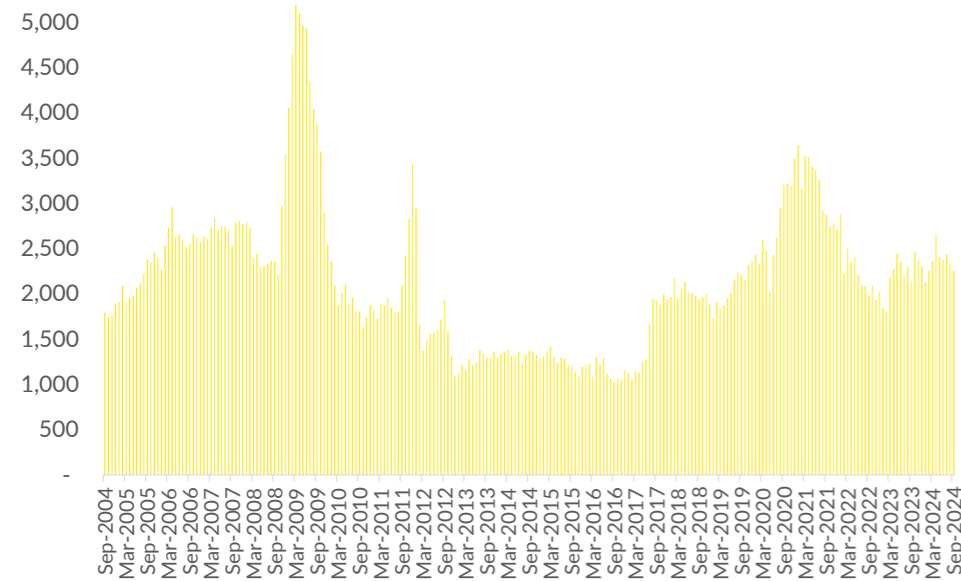
SOURCE: ABS CAT. 5601

A significant turning point came with the September quarter CPI results, which showed inflation finally moving within the RBA's target band of 2-3%. While interest rate reductions are unlikely before early to mid-2025, this economic milestone has important implications for the property market. The prospect of future rate cuts, combined with steady rental demand and moderating price growth, is expected to drive renewed market activity through the remainder of the year, particularly as buyers position themselves ahead of the anticipated easing cycle.

"A significant turning point came with the September quarter CPI results, which showed inflation finally moving within the RBA's target band of 2-3%."

First home buyer activity

NSW FIRST HOME BUYER LENDING COMMITMENT
NUMBER, OWNER OCCUPIER



SOURCE: ABS CAT. 5601

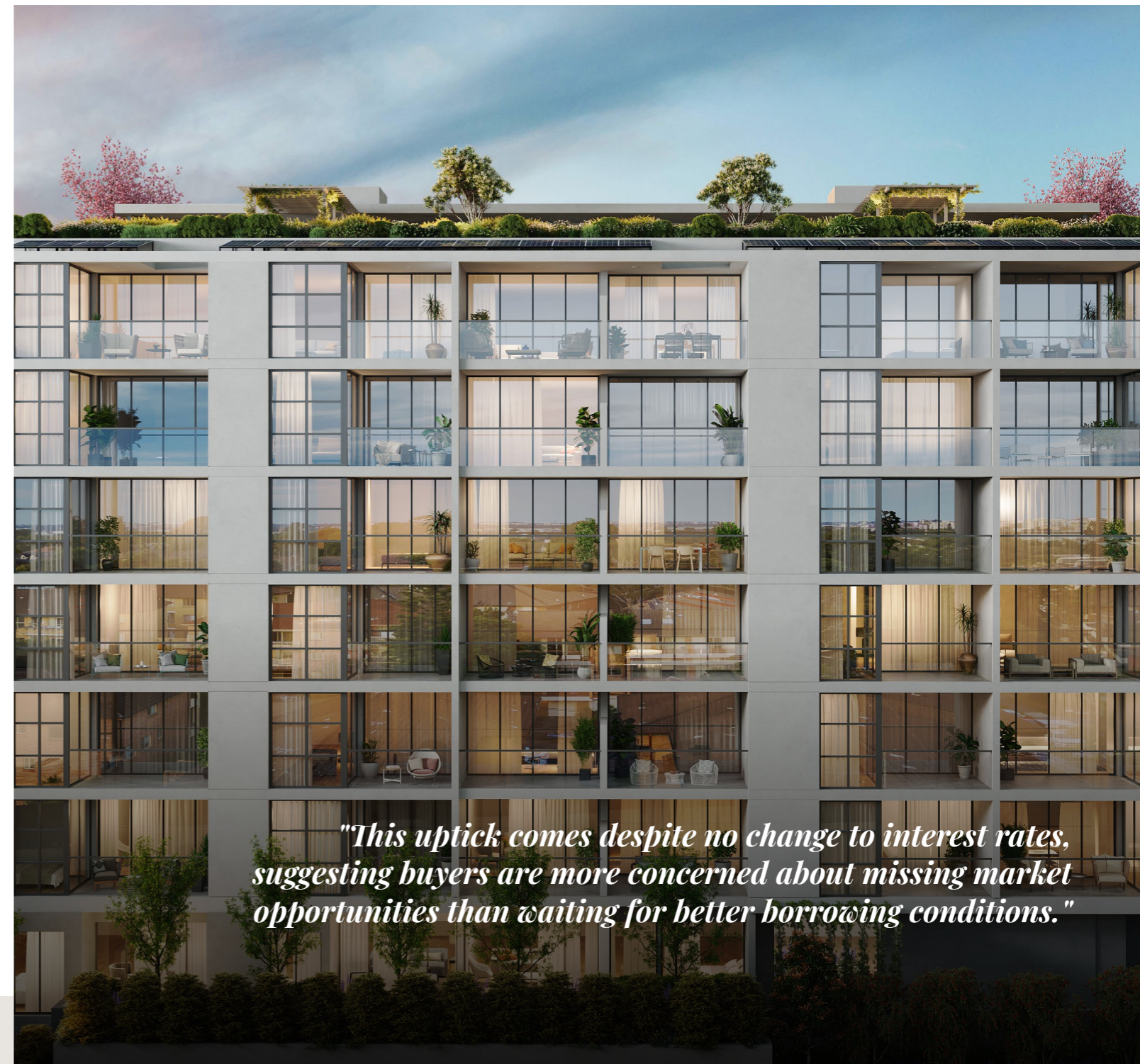
Despite challenging market conditions, first home buyer activity has shown remarkable resilience, with new lending commitments reaching 28,358 in the year to September - a significant increase from 25,561 in the previous period.

This uptick comes despite no change to interest rates, suggesting buyers are more concerned about missing market opportunities than waiting for better borrowing conditions.

Western Sydney has emerged as a key focus for first home buyers, with its relatively accessible

price points and developing infrastructure making it an attractive entry point to the market. The region's diverse housing stock, from apartments to townhouses, particularly aligns with first home buyer budgets and the requirements of government assistance schemes.

The NSW government's support mechanisms continue to play a crucial role, with the First Home Buyers Assistance Scheme providing stamp duty relief and the First Home Owners Grant offering \$10,000 for new builds under \$600,000. These initiatives are particularly relevant in Western Sydney's growth corridors, where new developments offer eligible properties within the scheme's price thresholds, simultaneously supporting both first home buyers and the construction sector's recovery.



"This uptick comes despite no change to interest rates, suggesting buyers are more concerned about missing market opportunities than waiting for better borrowing conditions."

Average loan size analysis

AVERAGE OWNER OCCUPIER LOAN SIZE
NSW V AUSTRALIA



SOURCE: ABS CAT. 5601

Recent lending data reveals significant insights into NSW's housing market dynamics, with the average owner-occupier loan size in the state consistently tracking above the national average of \$642,000.

Most notably, NSW loan sizes are hovering around the \$800,000 mark - a critical threshold that aligns with the state's First Home Buyer stamp duty exemption limit.

This clustering of loan sizes near the \$800,000 mark suggests strategic borrowing behaviour, particularly among first home buyers who represent 31.5% of all housing commitments in NSW. The data indicates buyers are carefully structuring their purchases to maximize available government incentives, with many potentially limiting their borrowing to remain within the stamp duty exemption threshold.



The latest figures show NSW maintaining the highest average loan sizes nationally, reflecting the state's elevated property values, particularly in metropolitan areas. However, this concentration of loans near the stamp duty threshold presents both opportunities

and challenges. While it enables first home buyers to enter the market with significant tax savings, it may also be artificially constraining some buyers from considering properties above this threshold, particularly in Western Sydney where property values often align with these borrowing patterns.

Development Pipeline Analysis

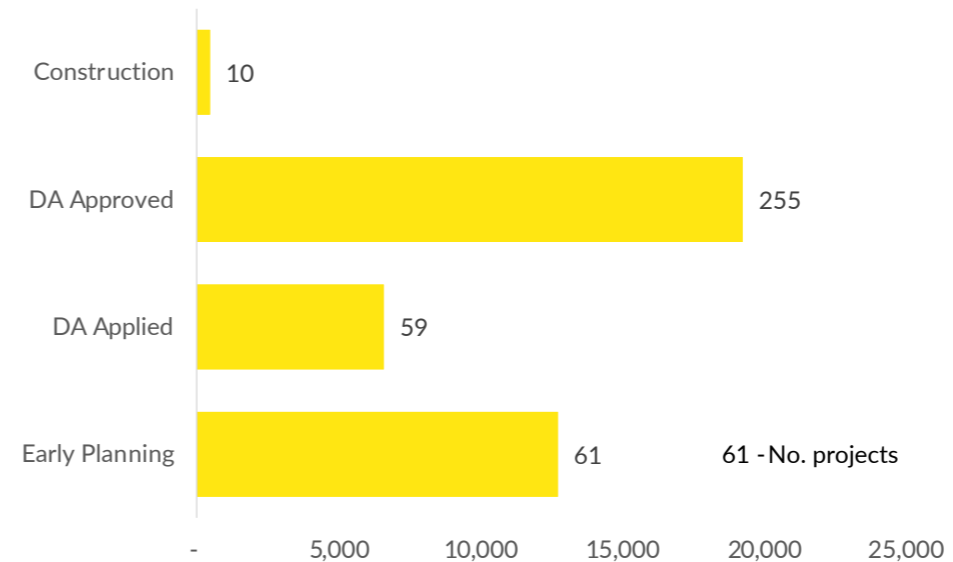
Sydney's West Precinct

The Western Sydney development landscape presents a stark contrast between future potential and current delivery, with 385 active projects promising 39,305 dwellings over the coming years.

However, the immediate reality is concerning - only 467 units are currently under construction, drastically short of the 5,465 units needed to meet this year's population growth demands.

A promising sign emerges in the DA Approved segment, which has grown by over 5,000 units in the past six months to reach 19,242 approved dwellings. Yet the path from approval to completion remains challenging, with high labour costs, construction expenses, and financing hurdles creating significant barriers to project commencement despite Sydney's rising property values.

RESIDENTIAL MULTI-DWELLING PIPELINE
SYDNEY WEST



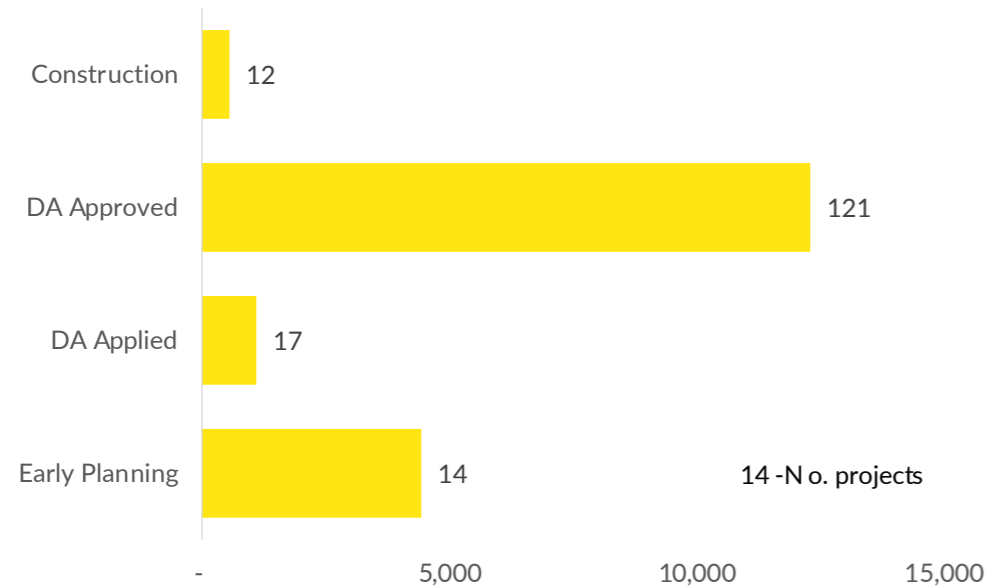
SOURCE: CORDELL CONNECT, RWCWS

Parramatta LGA continues to lead future supply with 21,371 units in the pipeline, emphasizing high-rise and build-to-rent developments. Canterbury and Cumberland LGAs follow with 6,273 and 4,600 units respectively, while smaller-scale townhouse developments characterise infill areas like Strathfield, Fairfield, and George's River. This development pattern aligns with the region's established infrastructure and amenities, though the significant gap between approved projects and actual construction starts raises concerns about meeting near-term housing demands.

"The immediate reality is concerning - only 467 units are currently under construction, drastically short of the 5,465 units needed to meet this year's population growth demands."

Sydney's Outer West Precinct

RESIDENTIAL MULTI-DWELLING PIPELINE SYDNEY OUTER WEST



SOURCE: CORDELL CONNECT, RWCVS

The Outer West's development story reflects a market in transition, with 164 active projects promising 18,379 future dwellings.

However, immediate supply remains critically low with just 557 units under construction, significantly below the region's annual requirement of 2,940 dwellings. Blacktown LGA dominates current construction activity, accounting for 84% of ongoing projects, primarily concentrated in the Marsden Park/Schofields corridor.

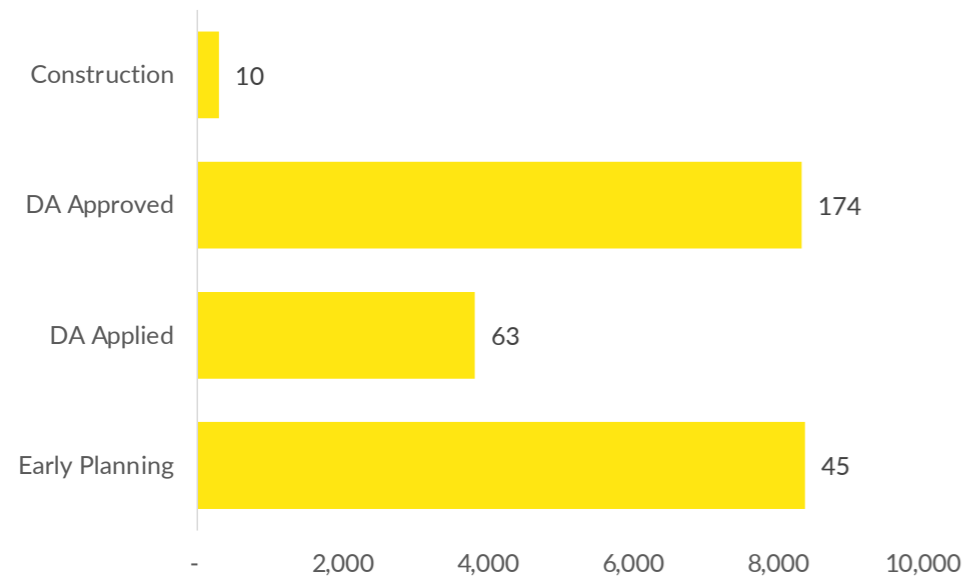
While 12,291 dwellings hold DA approval, a notable trend is emerging in established areas like Seven Hills and Mount Druitt, where developers are pivoting towards smaller-scale projects in response to high construction costs. Penrith's development pattern is also evolving, with increased planning activity for higher-density projects in the city centre, complemented by infill developments in suburbs such as Kingswood and Werrington.

Looking ahead, the region's role in housing supply is expected to maintain especially as infrastructure investment continues. Positionally, outer west is poised to benefit from jobs growth off the back of the Western Sydney Airport which has already driven substantial value appreciation across the region. A greater mix of housing stock is needed in this region and encouragingly the current planning pipeline has identified this need.



Sydney's *South West* Precinct

RESIDENTIAL MULTI-DWELLING PIPELINE SYDNEY SOUTH WEST



SOURCE: CORDELL CONNECT, RWCWS

The South West continues to emerge as Western Sydney's key growth frontier, with a notable 25% increase in planning activity since the last report - now reaching 292 projects with potential for 20,529 dwellings.

This surge aligns with the region's position as Sydney's fastest-growing precinct, though the timeline for delivery extends beyond five years for many projects.

A significant policy shift has occurred with the state government's review of Housing and Productivity contributions, addressing a key barrier to project viability. This reform, coupled with the region's strategic advantages - proximity to Western Sydney Airport, expanding transport infrastructure, and the thriving M5 industrial corridor - strengthens its development prospects.



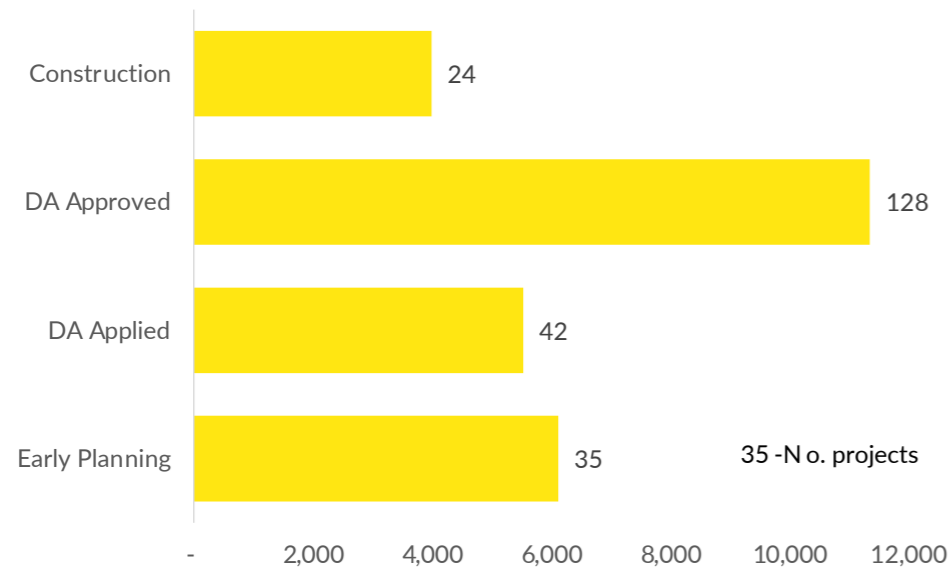
However, the immediate supply remains critical, with only 298 units under construction. The development pipeline shows promising depth across key LGAs: Liverpool leads with 3,096 approved dwellings and 4,982 in early planning, while Campbelltown and Camden contribute 5,635 and 3,609 units respectively. These areas are adopting diverse housing approaches, from

lower-density developments in Austral and Leppington to higher density offerings in major centres.

This robust planning pipeline, supported by regulatory reforms and infrastructure investment, positions the South West to fulfill its role as Sydney's premier growth corridor.

Sydney's North West Precinct

RESIDENTIAL MULTI-DWELLING PIPELINE SYDNEY NORTH WEST



SOURCE: CORDELL CONNECT, RWCWS

The North West region demonstrates a significant shift in development patterns, currently leading new supply with 3,988 dwellings under construction across 229 active projects promising 26,976 future units.

This surge in construction activity is particularly pronounced to the west in The Hills Shire and infill LGA of Ryde, notably including build-to-rent developments in the Macquarie Park precinct.

The August opening of the metro has catalysed development, with Ryde and Lane Cove LGAs together accounting for 12,479 units in the

pipeline. This infrastructure enhancement, combined with existing amenities and walkability, has strengthened the appeal of infill development opportunities.

While established areas to the west like Kellyville and Castle Hill showcase the region's development history, emerging precincts in Box

Hill and Gables represent the next frontier. The pipeline includes 11,345 DA-approved dwellings, with project advancement likely given strong housing demand and improved market conditions supporting developer confidence.

However, the region faces a transition point, with population projections expected to moderate post-2030, many of these suburbs will reach development capacity. This evolution marks the end of an era for a region that has been pivotal in Western Sydney's growth, though its legacy of infrastructure investment continues to drive value appreciation.



"However, the region faces a transition point, with population projections expected to moderate post-2030, many of these suburbs will reach development capacity."

Outlook

The Western Sydney residential market is at a pivotal point heading into 2025. While the region's fundamentals remain strong – backed by infrastructure delivery, employment growth, and sustained population increases – the critical undersupply of housing presents both challenges and opportunities.

Near-term challenges persist through construction costs and labour pressures, though material cost moderation offers some optimism. The significant gap between current construction (5,310 units) and annual demand (24,178 dwellings) suggests continued pressure on housing availability and affordability through 2025.

However, positive indicators emerge in the substantial DA-approved pipeline, particularly in the South West growth corridor, and the market's response to infrastructure.

The anticipated interest rate easing cycle in 2025 could provide the catalyst needed to activate this latent pipeline.

The region's evolution continues to follow infrastructure investment, with the Western Sydney Airport precinct emerging as a new focal point for development. This, combined with government policy reforms and growing institutional interest in build-to-rent, suggests a market adapting to meet its challenges through diverse housing solutions.



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Hawkesbury (C)	NW	Blacktown (C)	OW
Hornsby (A)	NW	Blue Mountains (C)	OW
Ku-ring-gai (A)	NW	Penrith (C)	OW
Lane Cove (A)	NW	Burwood(C)	W
Ryde (C)	NW	Canterbury-Bankstown (A)	W
The Hills Shire (A)	NW	Cumberland (A)	W
Camden (A)	SW	Fairfield (C)	W
Campbelltown (C) (NSW)	SW	Georges River (A)	W
Liverpool (C)	SW	Parramatta (C)	W
Sutherland Shire (A)	SW	Strathfield (A)	W
Wollondilly (A)	SW		

Our Projects Team

Our selling methodology is based on blending the best aspects of both traditional and technology-centric approaches. We believe that using cutting-edge technology helps us gather more context, information, and data, which in turn enables us to understand our prospects better. This information-driven approach leads to more meaningful and personalised face-to-face interactions with clients, enhancing the overall engagement.

Our approach is more bespoke, as we tailor our communication and sales strategies to each client's specific needs. This reduces the need for us to "chase" prospects and shifts the focus towards understanding them deeply, allowing us to lead the conversation in a way that is relevant and valuable to them.

Ultimately, this blend of traditional and tech-driven sales allows us to create a more meaningful, customer-centric journey, ensuring that our interactions feel less like a pursuit and more like a thoughtful, informed engagement that fosters trust and strong relationships.

The outcome - more sales!



MARK BERNBERG
Managing Director



LIAM SIMPSON
Senior Sales Executive



NATASHA SANDERS
Sales Associate



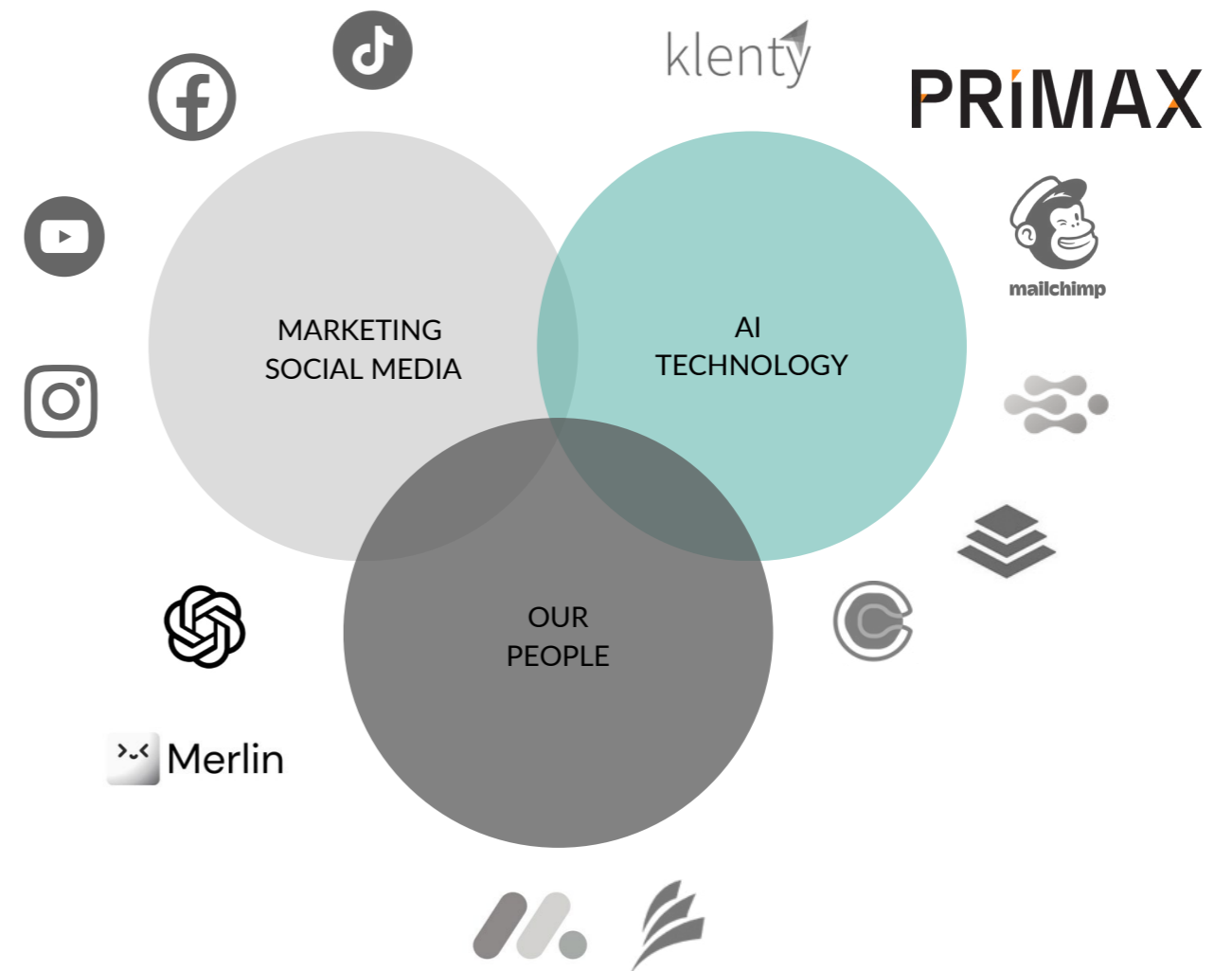
SHANI FERDMAN
Sales Assistant



BETTY NGUYEN
Marketing Coordinator

"Any sufficiently advanced technology is equivalent to magic"

– Sir Arthur C. Clarke



OUR OFFICE

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

Our People are *Your Advantage.*

SALES



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Managing Director



JOSEPH ASSAF
Director



VICTOR SHEU
Director



JAI SETHI
Associate Director



TROY WANG
Sales Executive



OWEN WHITE
Sales Executive



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Sales - AIS



TAO SHI
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SAMUEL GONG
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ASSET MANAGEMENT



JOYCE ELKOUBERCI
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SUZIE NIU
Asset Manager



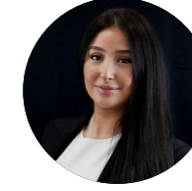
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Director of Operations



PAULINE WATERFORD
Finance Manager



CHRISTIAN BRILLANTES
Office Assistant

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



The logo consists of a white square containing the letters 'RWC' in a bold, black, sans-serif font.

RWC

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