

Sydney Industrial State of the Market



Q1 2025

This report provides a precinct-by-precinct quarterly update of the Sydney industrial market

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Oakdale West Industrial Estate, Kemps Creek

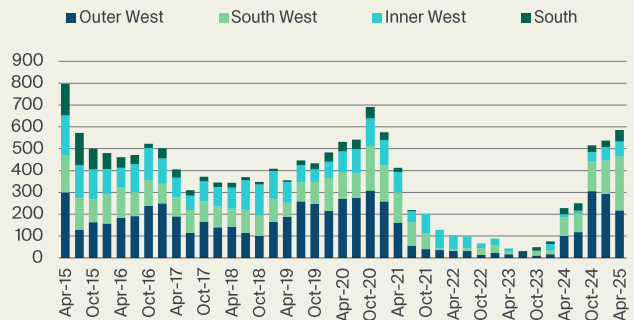
Leasing overview

Rising vacancy leads to higher incentives

- Prime industrial net face rents held flat across all precinct in Q1, averaging \$267/sqm. Incentives continued to edge higher, averaging over 15%.
- Easing tenant demand saw annual leasing volume drop by 30% to 818,100 sqm in 2024.
- Vacant space increased by 9% over the quarter to 586,243 sqm, with the Outer West and South West accounting for 79% of the total availability.
- New development in 2025 is anticipated to reach 842,278 sqm, with 8% completed in Q1.

Sydney industrial vacancy

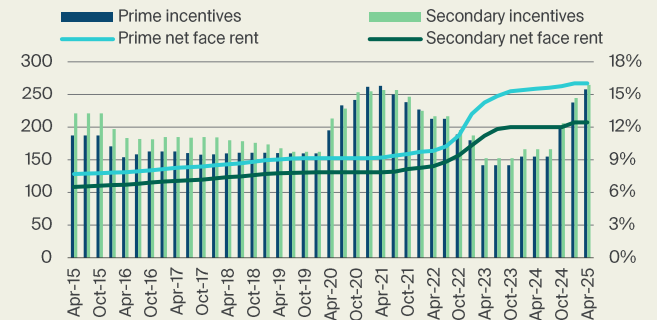
By precincts, floorspace in '000sqm, 5,000sqm+



Source: Knight Frank Research

Sydney industrial net face rents and incentives

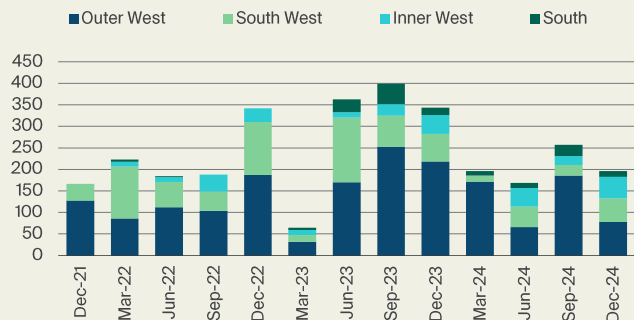
\$/sqm (LHS), % (RHS)



Source: Knight Frank Research

Sydney leasing take-up by precinct

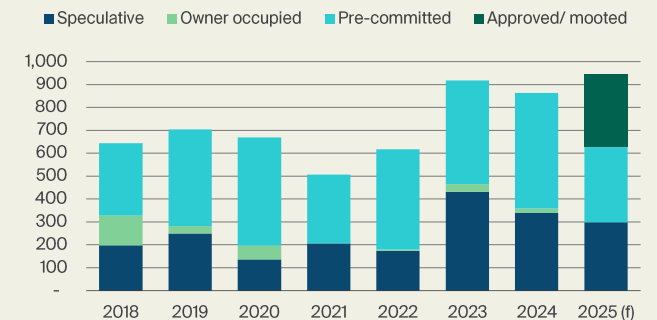
By quarter, '000 sqm



Source: Knight Frank Research

Sydney industrial supply

By types, '000sqm, completed 2018-2025(f)



Source: Knight Frank Research

Industrial Market Indicators – Q1 2025

Precinct	Prime net face rent (\$/sqm)	% change q/q	Land values <5,000 sqm (\$/sqm)	Land values 1-5 ha (\$/sqm)	Vacancy (sqm)	Core market yield
Outer West	213	0.0	1,383	1,300	217,195	5.25 - 5.75
South West	205	0.0	1,155	1,160	246,559	5.25 - 5.75
Inner West	224	0.0	1,538	1,425	68,615	5.00 - 5.50
South	405	0.0	4,050	3,000	53,874	4.75 - 5.00

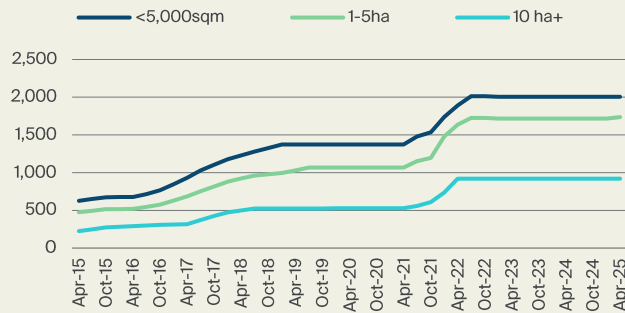
Source: Knight Frank Research

Investment overview

Institutional investors and owner occupiers drive transaction activity

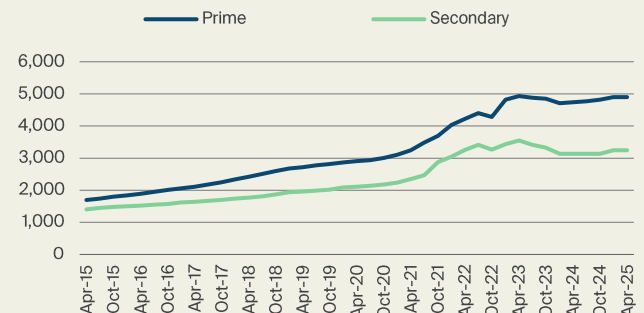
- Transaction volumes were \$476 million in Q1, following the trend of low activity in first quarters.
- Institutional investors and owner occupiers supported the investment activity over the quarter. Goodman acquired Minto Intermodal Facility from Qube for \$200 million. This facility with rail siding is adjacent to Goodman's existing Keylink Industrial Estate.
- Major owner occupier transactions include Baker & Co Ingredients buying 15 Healey Cct, Huntingwood for occupancy; Superior PAK Holding purchasing 4-6 Squill Place, Arndell Park for occupying.
- Yields remained stable over the quarter at 5.46% for prime and 6.38% for secondary.

Sydney industrial land values
\$/sqm



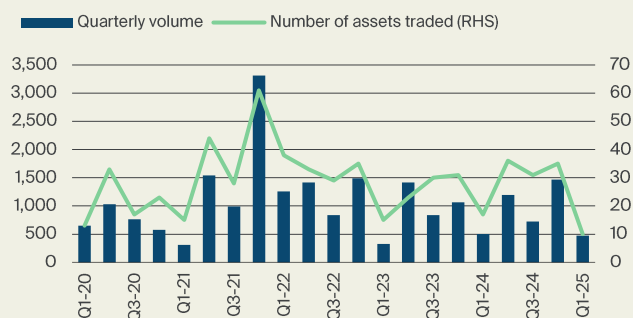
Source: Knight Frank Research

Sydney industrial capital values
Blended average \$/sqm



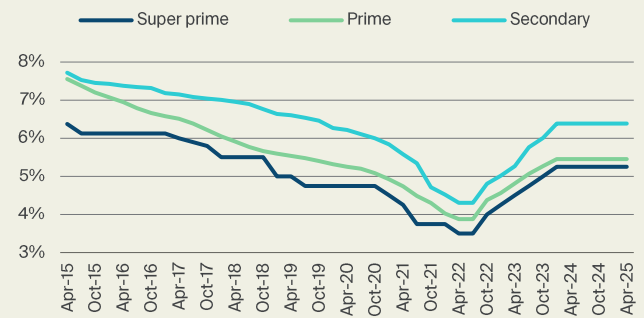
Source: Knight Frank Research

Sydney industrial investment volumes
A\$ million (sales, A\$10m+)



Source: Knight Frank Research, RCA

Sydney industrial yields
By grade, average %



Source: Knight Frank Research

Recent Significant Sales

Property	Precinct	Price (\$m)	Size (sqm)	\$/sqm	Purchaser	Vendor	Yield (%)	WALE
9 Stonny Batter Rd, Minto	South West	200.0	22,342	8,952	Goodman	QUBE Holdings	5.27	0.5
53-65 Mandoon Rd and 104 & 108 Mangrowar Rd, Girraween	Outer West	103.5	19,669	5,262	U/D	U/D	5.68	25.0
243 Forrester Rd, North St Marys	Outer West	56.0	14,980	3,738	Manulife Financial	Centennial Property Group	5.69	5.7
118-124 Bourke Rd, Alexandria	South	76.0	10,019	7,586	Goodman	Private	4.99	6.4

Source: Knight Frank Research

Outer West

The new development to reach a record high in 2025

502k

Sqm leasing take-up in 2024

217k

Sqm vacancy in Q1
Share of 37% total vacancy

\$213/sqm

Prime net face rent
Stable q/q
Stable y/y

19.1%

Prime incentive
Up by 200 bps q/q

632k

Sqm new supply expected in 2025
8% completed in Q1

5.50%

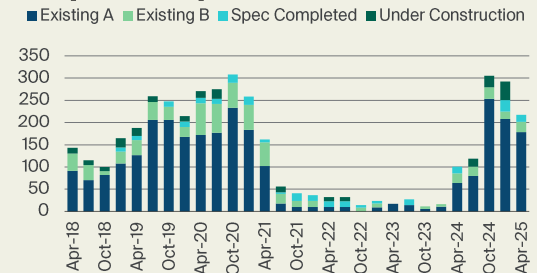
Prime yield
Stable q/q
Stable y/y

KEY TRENDS

- Leasing activity has slowed in 2024 with 78,93 sqm reported. Outer West accounted for 61% of lease volumes across Sydney in 2024.
- Transport/logistics and manufacturing occupiers accounted for 62% of activity in 2024, including CTDI Australia securing c.57,000 sqm in Eastern Creek and Kemps Creek.
- Vacancy dropped to 217,195 sqm in Q1 2025, where sublease vacancy accounted for 57% of the overall availability.
- Net face rents are unchanged since Q4 2023 for both prime and secondary space, whilst incentives are rising close to 20%.
- New development in the Outer West is expected to reach a record of 632,216 sqm in 2025, with 48% being pre-committed space and 25% speculative facilities.
- Yields have stabilised at 5.50% for prime and 6.45% for secondary.

Outer West industrial vacancy

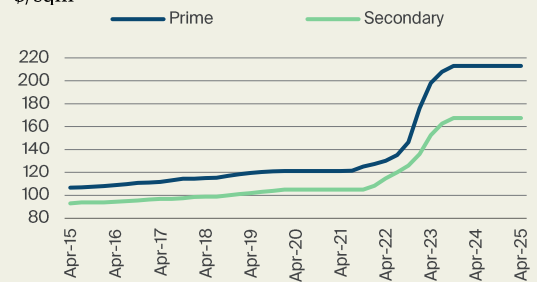
'000sqm available space



Source: Knight Frank Research

Outer West net face rents

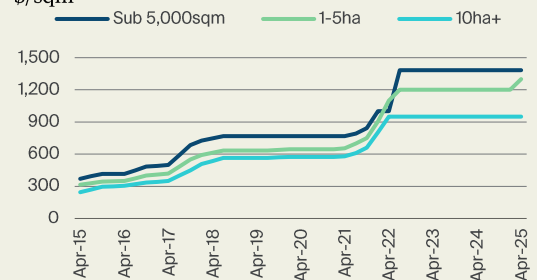
\$/sqm



Source: Knight Frank Research

Outer West land values

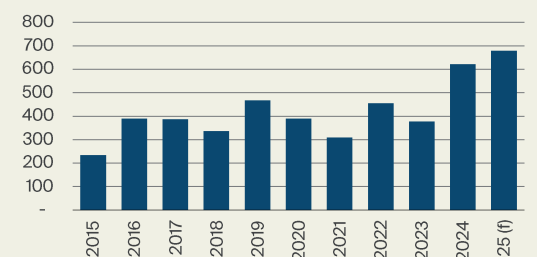
\$/sqm



Source: Knight Frank Research

Outer West industrial supply

By precincts, '000sqm, completed 2015-2025(f)



Source: Knight Frank Research

South West

Vacancy on the rise

140k

Sqm leasing take-up
in 2024

247k

Sqm vacancy in Q1
Share of 42% total
vacancy

\$205/sqm

Prime net face rent
Stable q/q
Stable y/y

19.7%

Prime incentive
Up by 200 bps q/q

135k

Sqm new supply
forecast in 2025
14% completed in Q1

5.65%

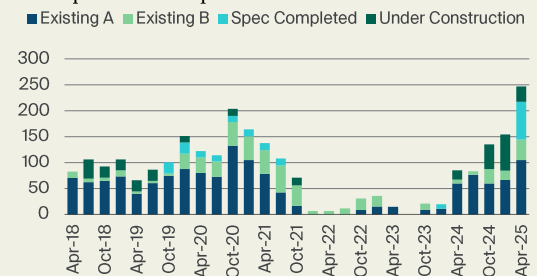
Prime yield
Stable q/q
Stable y/y

KEY TRENDS

- Occupier activity subdued in the South West in 2024, accounting for 17% of the leasing volumes across Sydney.
- Manufacturing, as the most active industry in the South West, represented 41% of tenant demand over the year. This is supported by Signify Australia taking 14,569 sqm in Moorebank and Apex Building Products leasing 11,400 sqm in Campbelltown.
- Vacancy lifted to 246,559 sqm in Q1, with 41% vacant space being speculative developments.
- Net rents remained flat at \$165/sqm for prime and \$155/sqm for secondary. Incentives continued to rise to 20%.
- Supply additions in 2025 are anticipated to reach 134,964 sqm. This includes Pittwater Industrial's 373 Horsley Road, Milperra (18,311 sqm) which is completed in Q1.
- Yields have held stable over the quarter at 5.65% for prime and 6.38% for secondary.

South West industrial vacancy

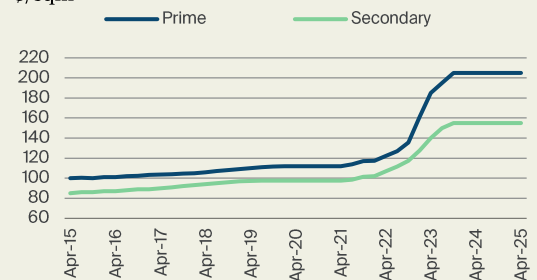
'000sqm available space



Source: Knight Frank Research

South West net face rents

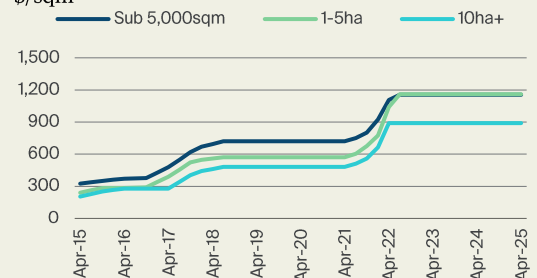
\$/sqm



Source: Knight Frank Research

South West land values

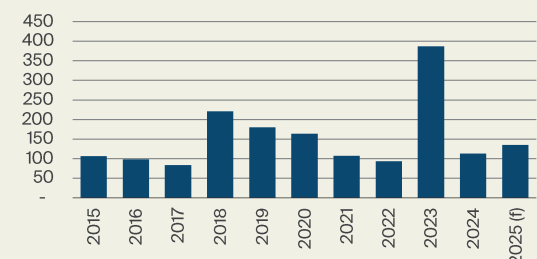
\$/sqm



Source: Knight Frank Research

South West industrial supply

By precincts, '000sqm, completed 2015-2025(f)



Source: Knight Frank Research

Inner West

Incentives and rents held firm for Q1

114k

Sqm leasing take-up in 2024

69k

Sqm vacancy in Q1
Share of 12% total vacancy

\$224/sqm

Prime net face rent
Stable q/q
Stable y/y

15.8%

Prime incentive
Stable q/q

75k

Sqm new supply forecast in 2025

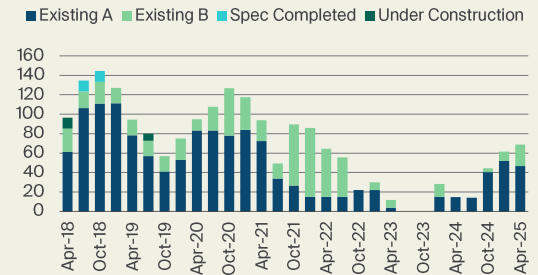
5.25%

Prime yield
Stable q/q
Stable y/y

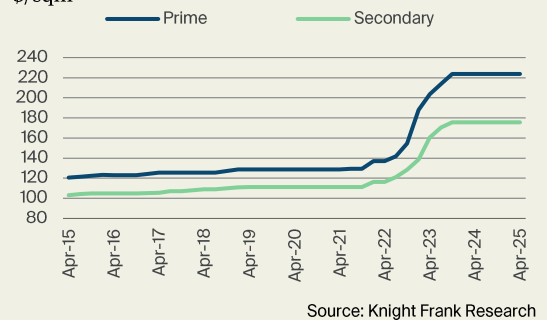
KEY TRENDS

- While leasing momentum has eased in other precincts, leasing volume in the Inner West was up by 20% y/y and totalled 114,379 sqm in 2024. This was aided by strong leasing activity in Brookfield's new Connect Central Sydney Logistics Estate development.
- Increasing vacancy has also been observed in the Inner West in Q1, with available space up 12% over the quarter to 68,615 sqm.
- Net face rents were steady over the quarter, averaging \$224/sqm for prime and \$179/sqm for secondary. Incentives were also unchanged at 15.8% for both prime and secondary space in Q1.
- The Inner West is expected to bring 75,098 sqm of new space to the market in 2025. Constructions are well underway at Hale Capital's 42-44 Boorea St, Lidcombe (35,000 sqm) and Dexus's 149 Orchard Road, Chester Hill (22,250 sqm)
- Yields remain steady at 5.25% for prime and 6.22% for secondary.

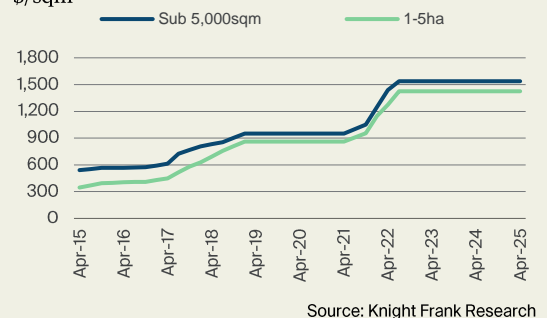
Inner West industrial vacancy



Inner West net face rents

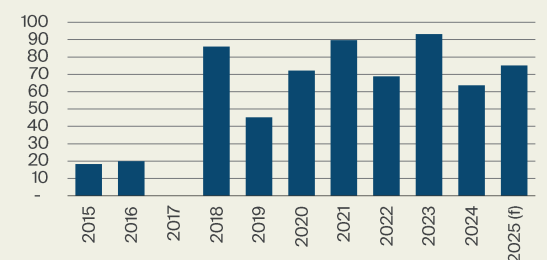


Inner West land values



Inner West industrial supply

By precincts, '000sqm, completed 2015-2025(f)



South

Rents have paused for the first time since mid-2022

62k

Sqm leasing take-up in 2024

54k

Sqm vacancy in Q4
Share of 9% total vacancy

\$405/sqm

Prime net face rent
Stable q/q
+11.4% y/y

10.0%

Prime incentive
Stable q/q

0k

Sqm new supply forecast in 2025

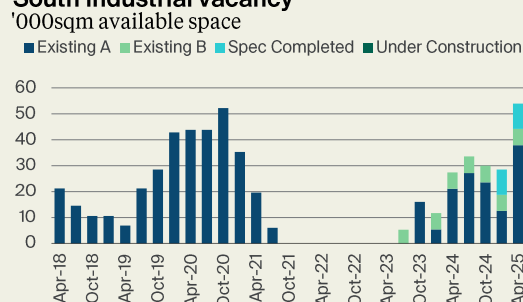
4.88%

Prime yield
Stable q/q
Stable y/y

KEY TRENDS

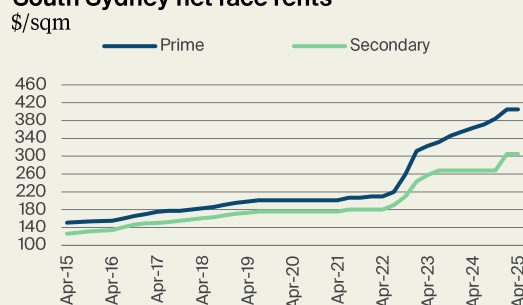
- Despite the moderating occupier demand in 2024, take-up volumes in the South remains well above the historical average levels, totalling c.62,000 sqm.
- Vacancy increased in the South in Q1, with available space reported at 53,874 sqm, of which 82% is existing space and 18% is speculative facilities.
- Net face rents held flat over the quarter for the first time since the rental hiking cycle started in mid-2022. Incentives have remained firm at 10% since Q3 2024.
- There are no new developments (>5,000 sqm) scheduled in 2025 in the South, which is expected to keep rents at high levels and incentives firm in the near future.
- Yields are steady and average 4.88% for prime and 5.88% for secondary.

South industrial vacancy



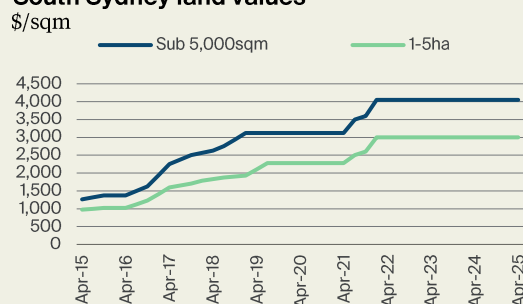
Source: Knight Frank Research

South Sydney net face rents



Source: Knight Frank Research

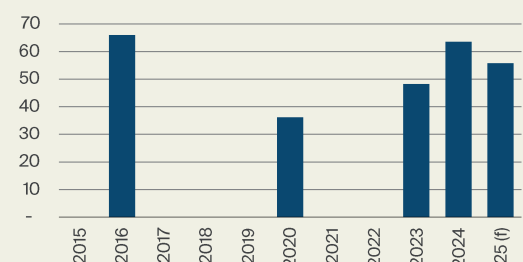
South Sydney land values



Source: Knight Frank Research

South industrial supply

By precincts, '000sqm, completed 2015-2025(f)



Source: Knight Frank Research

Data Digest

Prime Grade: Asset with modern design, good condition & utility with an office component 10-30%. Located in an established industrial precinct with good access.

Secondary Grade: Asset with an older design, in reasonable/poor condition, inferior to prime stock, with an office component between 10-20%.

Take-up: Take-up represents the absorption of existing assets, speculative developments, or pre-commitments

Vacancy Methodology:

This analysis collects and tabulates data detailing vacancies (5,000m²+) within industrial properties across all of the Sydney Industrial Property Market. The buildings are categorised into 1) Existing Buildings – existing buildings for lease. 2) Speculative Buildings – buildings for lease which have been speculatively constructed and although have reached practical completion, still remain vacant. 3) Spec. Under Construction – buildings for lease which are being speculatively constructed and will be available for occupation within 12 months.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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