Sydney Industrial State of the Market

Q2 2026

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

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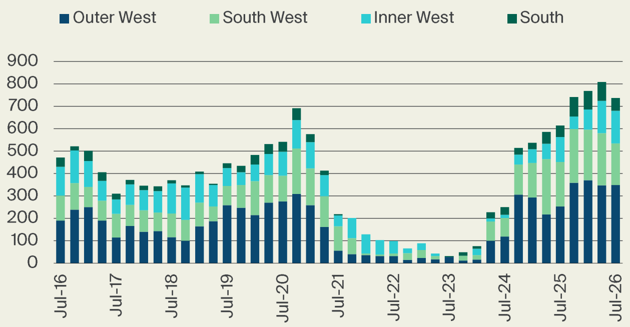
Stockland Momenta, Banksmeadow

Leasing overview

Rents unchanged as demand concentrated in Western Sydney

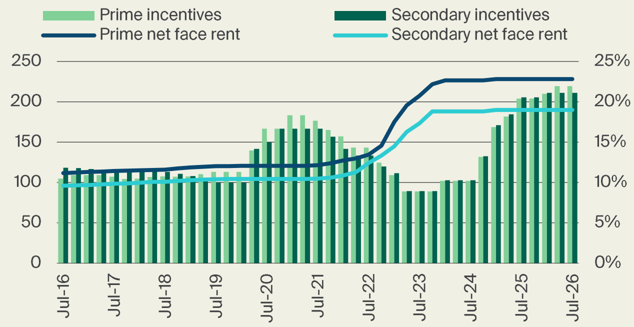
- Prime industrial rents held flat across all precincts in Q2 2026, with Western Sydney net face rents ranging between $200 - $300/sqm.
- Tenant demand was supported by Outer West and South West, accounting for 82% of total take-up.
- Vacancy dropped slightly to c.738,000 sqm, with speculative developments making up 42% of total availability.
- New supply in 2026 is expected to reach c.650,000 sqm, with 43% delivered in H1 2026.

Sydney industrial vacancy
By precincts, floorspace in '000sqm, 5,000sqm+



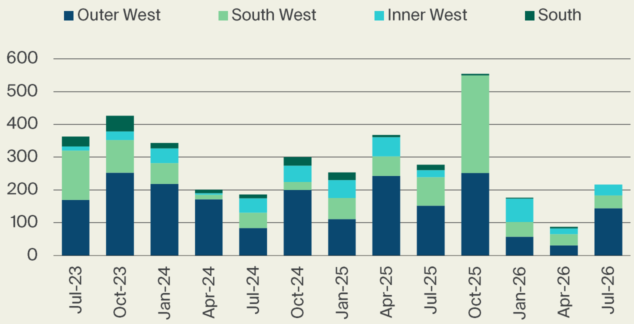
Source: Knight Frank Research

Western Sydney net face rents and incentives
$/sqm (LHS), %(RHS)



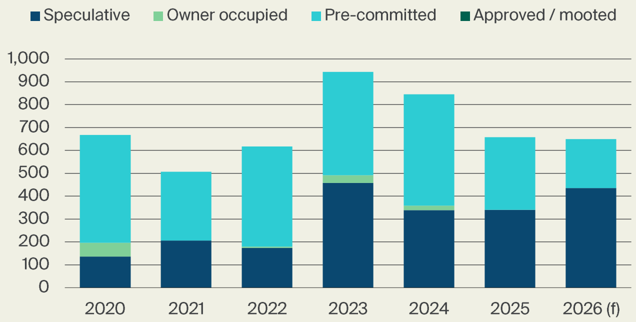
Source: Knight Frank Research

Sydney leasing take-up by precinct
By quarter, '000 sqm



Source: Knight Frank Research

Sydney industrial supply
By types, '000sqm, completed 2020-2026 (f)



Source: Knight Frank Research

Industrial Market Indicators – Q2 2026

Precinct	Prime net face rent range ($/sqm)	% change q/q	Land values <5,000 sqm ($/sqm)	Land values 1-5 ha ($/sqm)	Vacancy (%)	Core market yield
Outer West	200 - 250	0.0	1,383	1,300	2.8	4.75 – 5.75
South West	200 - 250	0.0	1,155	1,160	3.1	4.75 – 5.75
Inner West	220 - 300	0.0	1,538	1,425	2.7	4.75 – 5.50
South	350 - 475	0.0	4,050	3,000	1.9	4.50 – 5.00

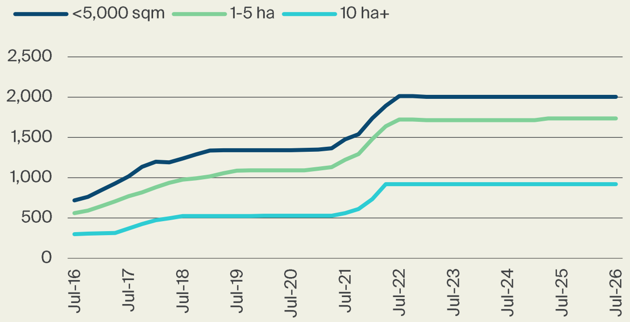
Source: Knight Frank Research

Investment overview

Yields hold firm

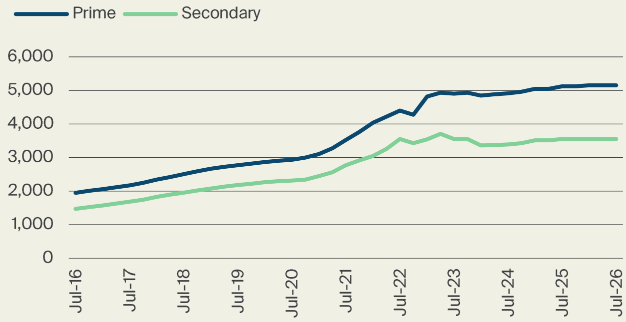
- Transaction volumes totalled $1.12 billion in H1 2026, whilst transaction volumes are lower than previous years, confidence is strong and a pick up in deal volumes is expected over H2 2026.
- Major transactions include Aliro Group acquiring two Goodman assets (77-85 Roberts Road, Greenacre; 2 Foundation Place, Prospect) for $438 million, and Centuria selling a cold storage facility at 67-69 Mandoon Road, Girraween for $98 million.
- Prime yields are ranging between 4.75%-5.75% across Western Sydney.

Sydney industrial land values
$/sqm



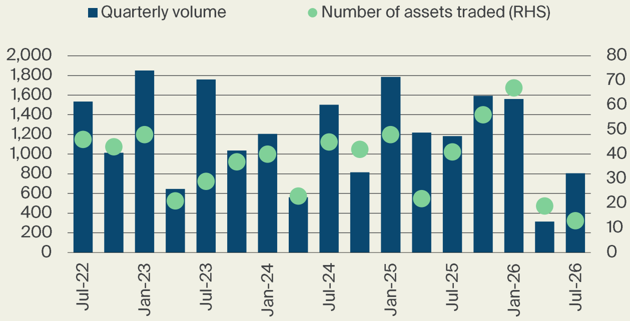
Source: Knight Frank Research

Sydney industrial capital values
Blended average, $/sqm



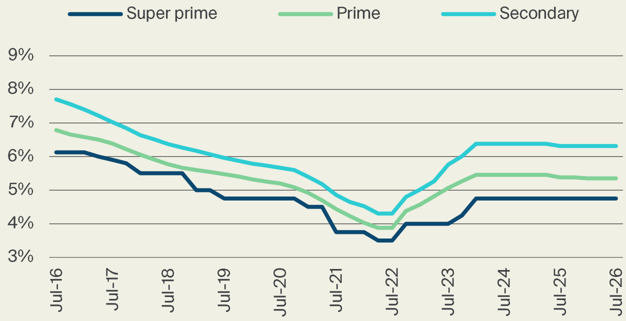
Source: Knight Frank Research

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



Source: Knight Frank Research

Sydney industrial yields
By grade, average %



Source: Knight Frank Research

Recent Significant Sales

Property	Precinct	Price ($m)	Size (sqm)	$/sqm	Purchaser	Vendor	Yield (%)	WALE
78 Templar Rd, Erskine Park	Outer West	85.0	22,488	3,780	Fife Capital	Blackstone	5.62	3.8
12 Delarue St, Marsden Park	Outer West	17.5	3,217	5,440	Private	Better Construct	5.06	VP
1-3 Herbert Pl & 146-156 Warren Rd, Smithfield	Outer West	127.5	28,737	4,437	BK Capital	Goodman	4.84	4.1
511 Victoria St, Wetherill Park	Outer West	24.8	6,145	4,028	Maralex Pty Ltd	Private	5.51	1.6

Source: Knight Frank Research

Outer West

Vacancy remains elevated

175k

Sqm leasing take-up 2026 YTD

349k

Sqm vacancy in Q2

Share of 43% total vacancy

$220/m²

Prime net face rent

Stable q/q

Stable y/y

23%

Prime incentive

Stable q/q

Up 160 bps y/y

367k

Sqm new supply forecast in 2026

41% completed YTD

5.3%

Prime yield

Stable q/q

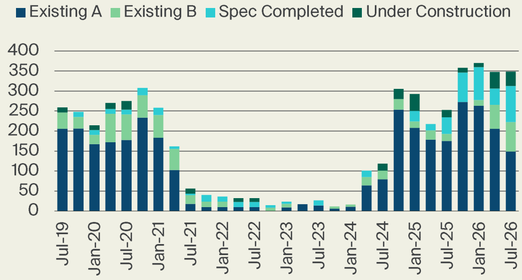
Tightening 6 bps y/y

KEY TRENDS

- Leasing take-up in Outer West totalled 175,475 sqm over the first half of the year, supported by take up of existing space (74%) and speculative take up accounting for 16%.
- Transport/logistics and manufacturing occupiers accounted for 56% of leasing activity in 2026 YTD. Major commitments include Parratech Group taking c.24,500 sqm in Wetherill Park and Tate Products Australia securing c.23,100 sqm in Eastern Creek.
- Vacancy remains at a similar level to Q1, with speculative developments accounting for 36% of total availability.
- Net face rents have remained stable since Q4 2023, with prime rents holding between $200-$250/sqm.
- New developments in Outer West is expected to reach 367,493sqm in 2026, of which 76% is speculative space.
- The average prime yield was unchanged over Q2 to range between 4.75-5.75% as at Q2 2026.

Outer West industrial vacancy

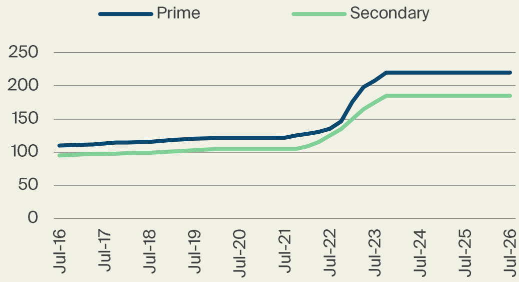
'000sqm available space



Source: Knight Frank Research

Outer West net face rents

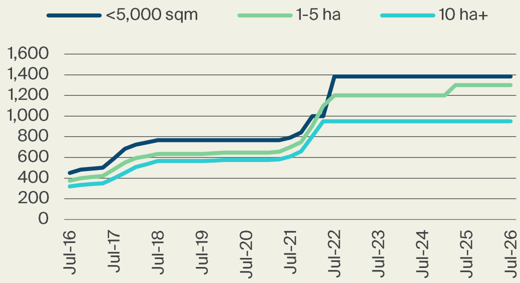
$/sqm



Source: Knight Frank Research

Outer West land values

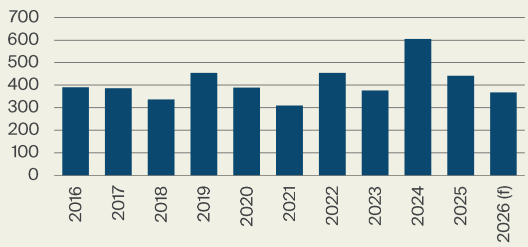
$/sqm



Source: Knight Frank Research

Outer West industrial supply

'000sqm, completed 2016-2026(f)



Source: Knight Frank Research

South West

Vacancy declines to sub 200,00sqm

72k
Sqm leasing take-up 2026 YTD

186k
Sqm vacancy in Q2
Share of 23% total vacancy

$220/m²
Prime net face rent
Stable q/q
Stable y/y

23%
Prime incentive
Stable q/q
Up 130 bps y/y

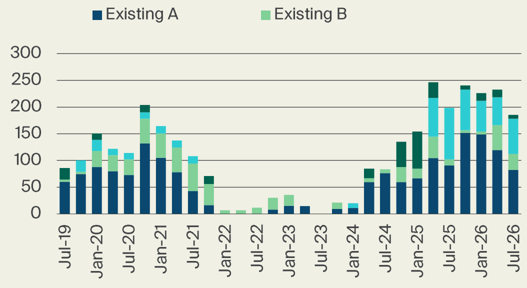
166k
Sqm new supply forecast in 2026
9% completed YTD

5.4%
Prime yield
Stable q/q
Tightening 10 bps y/y

KEY TRENDS

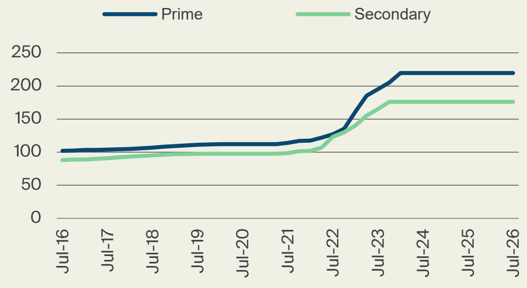
- Leasing volumes in H1 2026 totalled 72,708 sqm, driven by existing space (56%) and pre-commitments accounting for 35%.
- Total available space declined to sub 200,000 sqm, with speculative developments accounting for 40% of vacancy.
- Major deals include Refresco pre-committing c. 25,600 sqm in Gateway Capital's Revesby Rise and Jamestrong Packaging taking c. 13,400 sqm in Milperra.
- Average net rents remained flat, holding between $200-250/sqm and secondary at $176/sqm. Incentives average 23% across both prime and secondary assets.
- New supply is expected to reach 165,600 sqm by year end.
- Prime yields held steady over the quarter, ranging between 4.75%-5.75%.

South West industrial vacancy
'000sqm available space



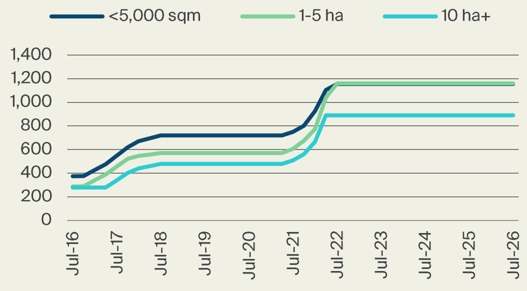
Source: Knight Frank Research

South West net face rents
$/sqm



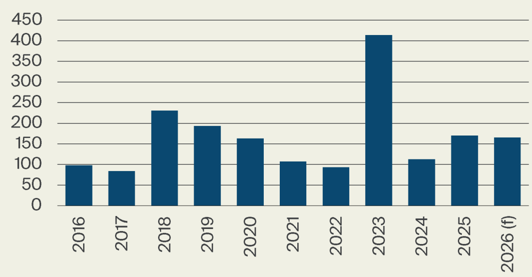
Source: Knight Frank Research

South West land values
$/sqm



Source: Knight Frank Research

South West industrial supply
'000sqm, completed 2016-2026(f)



Inner West

Vacancy driven by the completion of speculative stock

51k
Sqm leasing take-up 2026 YTD

145k
Sqm vacancy in Q2
Share of 18% total vacancy

$245/m²
Prime net face rent
Stable q/q
Stable y/y

20%
Prime incentive
Stable q/q
Up by 175 bps y/y

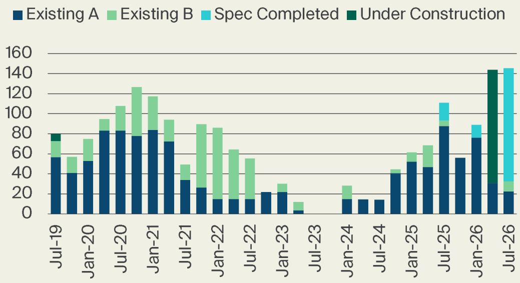
105k
Sqm new supply forecast in 2026
All completed

5.1%
Prime yield
Stable q/q
Stable y/y

KEY TRENDS

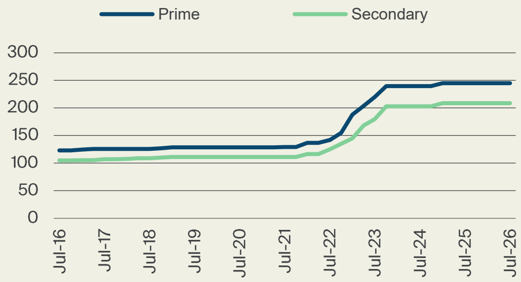
- Leasing activity totalled c. 51,000 sqm over the first half of the year, driven by take up of speculative stock.
- Retailers and logistics occupiers accounted for 59% of take up in H1 2026. Notable deals include Parcel Freight Logistics taking c.9,600 sqm at Goodman's Chullora Industrial Hub and JD.com occupying c. 8,200 sqm at Dexus's Regents Park Estate.
- Vacancy was reported at 145,947 sqm as at Q2 2026, with the majority being speculative space.
- Prime net face rents are steady, averaging $220-300/sqm. Incentives average 20% for both prime and secondary space.
- Major development completions include ESR's Birmingham Industrial Park, Hale Capital's Evolve, Rosehill and Central, Lidcombe.
- Yields held firm of the Q2 to average between 4.75%-5.50% for prime and 5.50%-6.50% for secondary.

Inner West industrial vacancy
'000sqm available space



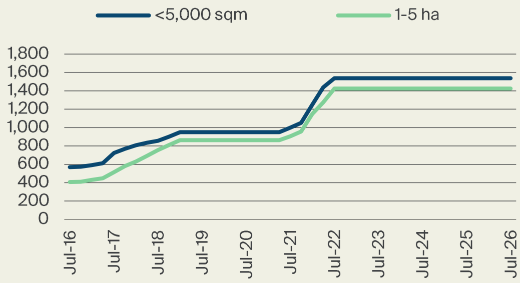
Source: Knight Frank Research

Inner West net face rents
$/sqm



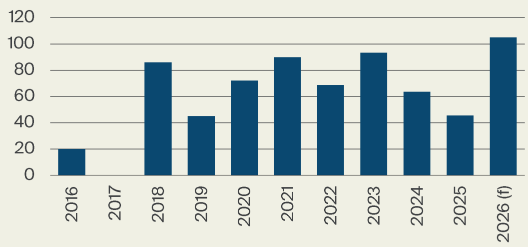
Source: Knight Frank Research

Inner West land values
$/sqm



Source: Knight Frank Research

Inner West industrial supply
'000sqm, completed 2016-2026 (f)



Source: Knight Frank Research

South

Tenant demand moderates

5k

Sqm leasing take-up 2026 YTD

57k

Sqm vacancy in Q1

$405/m²

Prime net face rent

Stable q/q

Stable y/y

17.5%

Prime incentive

Stable q/q

Up 500 bps y/y

12k

New developments in 2026

All completed

4.9%

Prime yield

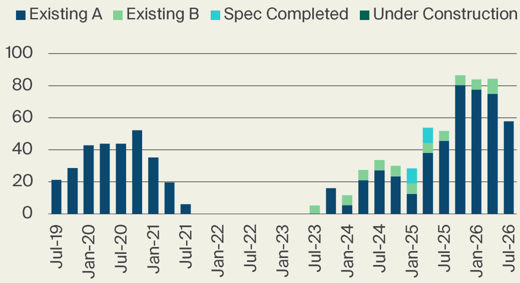
Stable q/q

Stable y/y

KEY TRENDS

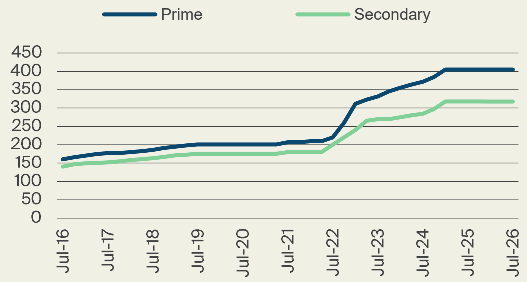
- Leasing demand has moderated over H1 2026 with no notable leasing transactions, this is reflective of the tightly held precinct and limited availability.
- The last major lease deals were in 2025 which include Glassons securing a c.7,800 sqm speculative facility in Banksmeadow and Avion Australia leasing c.5,000 sqm in Matraville.
- Net face rents have held steady since 2025, averaging $405/sqm for prime and $318/sqm for secondary, with incentives averaging 17.5%.
- Notable development to complete in 2026 is Stockland's Momenta, which is 50% pre-leased.
- Prime yields are unchanged this year to average between 4.50%-5.0%.

South industrial vacancy
'000sqm available space



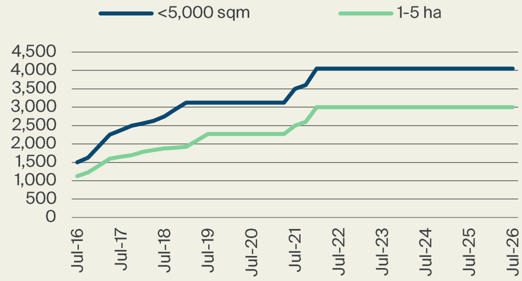
Source: Knight Frank Research

South net face rents
$/sqm



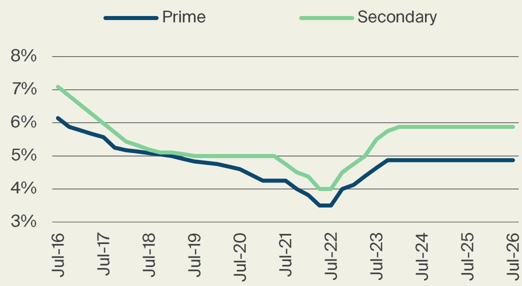
Source: Knight Frank Research

South land values
$/sqm



Source: Knight Frank Research

South industrial yields
%



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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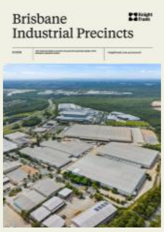
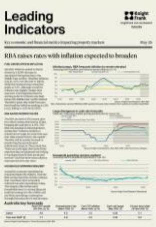


Brisbane Industrial Precincts
Q1 2026



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