Sydney Industrial State of the Market

Q3 2025

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

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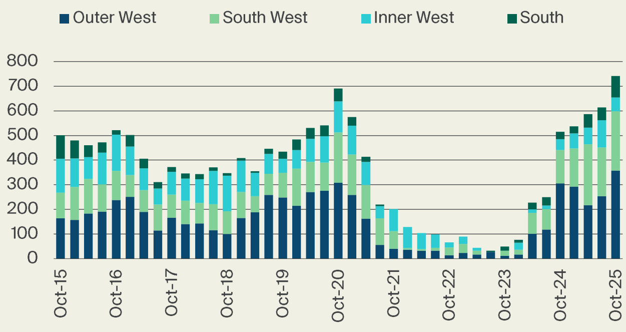
Light Horse Logistics Hub, Eastern Creek

Leasing overview

Vacancy continues to rise

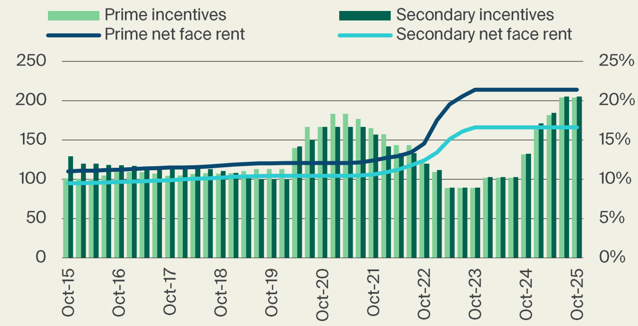
- Prime industrial net face rents held flat across all precincts in Q3. Across the Western Sydney precincts rents range between $180-240/sqm, with incentives now averaging over 20%.
- Whilst vacancy has risen there has still been a large amount of lease deal transactions, totalling over 1.1 million sqm YTD.
- Vacant space increased by 21% over the quarter to 740,761 sqm, its highest level since in a decade with the Outer West and South West accounting for 80% of the total availability.
- New development in 2025 is anticipated to reach 647,644 sqm, a slow down on the previous two years.

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



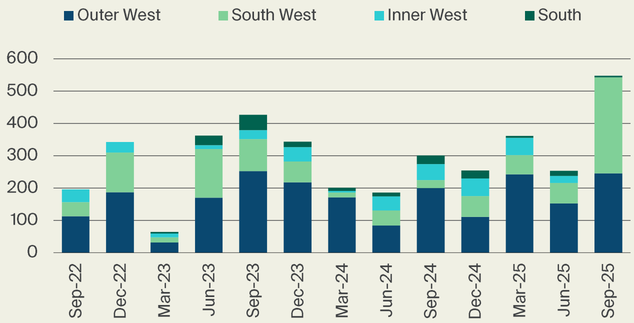
Source: Knight Frank Research

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



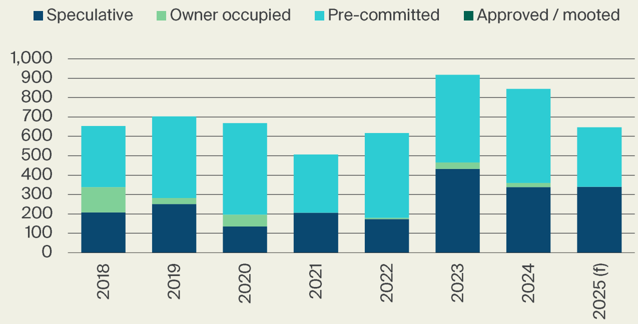
Source: Knight Frank Research

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



Source: Knight Frank Research

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



Source: Knight Frank Research

Industrial Market Indicators – Q3 2025

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	180 - 240	0.0	1,383	1,300	3.0%	5.00 - 5.75
South West	180 - 245	0.0	1,155	1,160	4.2%	5.00 – 6.00
Inner West	190 - 290	0.0	1,538	1,425	1.0%	5.00 – 5.50
South	350 - 475	0.0	4,050	3,000	2.9%	4.75 – 5.00

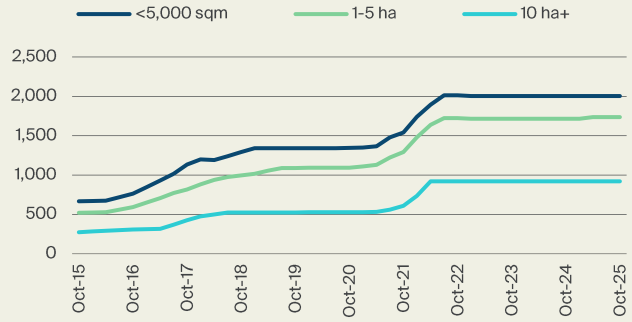
Source: Knight Frank Research

Investment overview

Yields remain unchanged

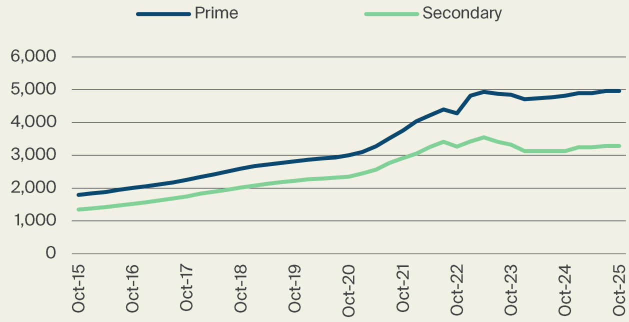
- Transaction activity totalled $529 million in Q3, bringing the year-to-date investment volumes to $2.55 billion. With several deals currently pending, an uplift in transaction volumes is expected.
- Asian private fund Link REIT acquired Dexus's 149 Orchard Road, Chester Hill, for $121 million on a 4.74% yield. Meanwhile, Wentworth Capital purchased Dexus's 38-50 South Street, Rydalmere, for $152 million on a 6.0% yield.
- Yields were steady in Q3, averaging 5.34% for prime and 6.22% for secondary in Western Sydney.

Sydney industrial land values
$/sqm



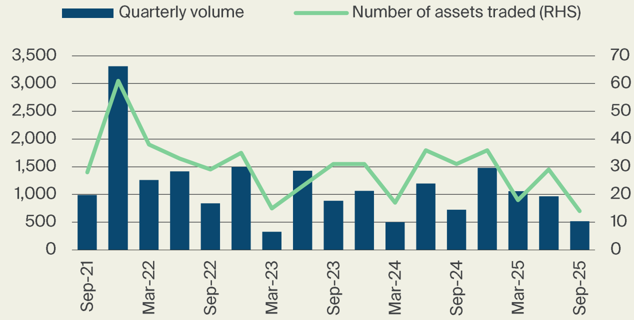
Source: Knight Frank Research

Sydney industrial capital values
Blended average, $/sqm



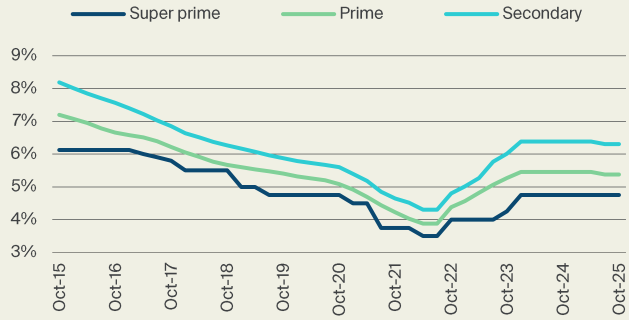
Source: Knight Frank Research

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
149 Orchard Rd, Chester Hill	Inner West	121.3	24,050	5,042	Link REIT	Dexus	4.74	VP
38-50 South St & 2-4 Park Rd, Rydalmere	Inner West	152.1	40,045	3,798	Westsworth Capital	Dexus	6.00	2.7
182 Power St, Glendenning	Outer West	39.0	11,189	3,485	U/D	Greenline	5.39	3.9
30 Clay Pl, Eastern Creek	Outer West	39.0	6,183	6,308	Premiair	FIFE Capital	4.75	0.4

Source: Knight Frank Research

Outer West

Vacancy highest level in over five years

641k

Sqm leasing take-up 2025 YTD

358k

Sqm vacancy in Q3

Share of 48% total vacancy

$213/sqm

Prime net face rent

Stable q/q

Stable y/y

21.4%

Prime incentive

Stable q/q

Up by 760 bps y/y

432k

Sqm new supply expected in 2025

66% completed YTD

5.38%

Prime yield

Stable q/q

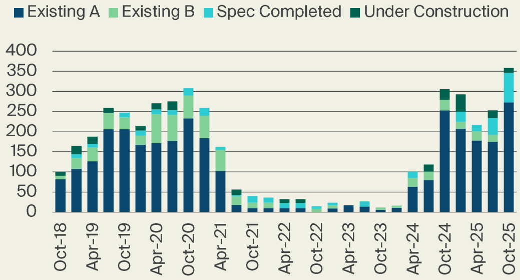
Down by 13 bps y/y

KEY TRENDS

- Leasing activity totalled 245,653 sqm in Q3, driven by 39% transport/logistics and 28% manufacturing occupiers.
- Major commitments over the quarter include Kimberly Clark preleasing c.43,000 sqm at Oakdale East; EWE taking c.36,000 sqm at 6-20 Clunies Ross St, Pemulwuy.
- Vacancy rose to a decade high of 358,083 sqm, with sublease vacancy making up half of total availability.
- Net face rents have held flat since Q4 2023, with prime rent standing at $213/sqm and secondary at $168/sqm.
- The Outer West delivered 285,135 sqm of new space YTD, with 146,985 sqm under construction for completion in 2025.
- Yields have held stable over the quarter at 5.38% for prime and 6.45% for secondary.

Outer West industrial vacancy

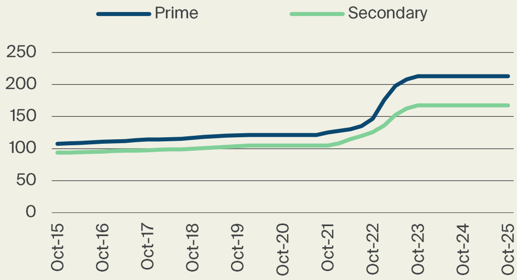
'000sqm available space



Source: Knight Frank Research

Outer West net face rents

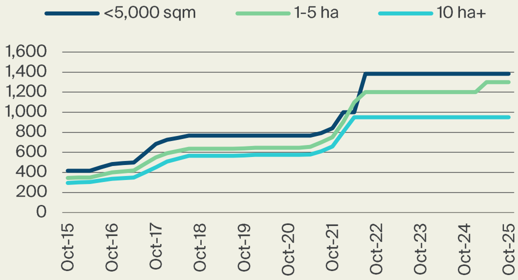
$/sqm



Source: Knight Frank Research

Outer West land values

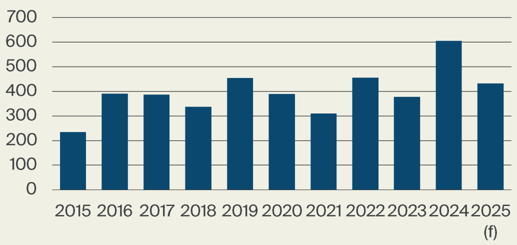
$/sqm



Source: Knight Frank Research

Outer West industrial supply

'000sqm, completed 2015-2025 (f)



Source: Knight Frank Research

South West

Solid leasing activity over Q3, despite high vacancy

420k

Sqm leasing take-up 2025 YTD

240k

Sqm vacancy in Q3

Share of 32% total vacancy

$205/sqm

Prime net face rent

Stable q/q

Stable y/y

21.7%

Prime incentive

Stable q/q

Up by 710 bps y/y

170k

Sqm new supply forecast in 2025

85% completed YTD

5.53%

Prime yield

Stable q/q

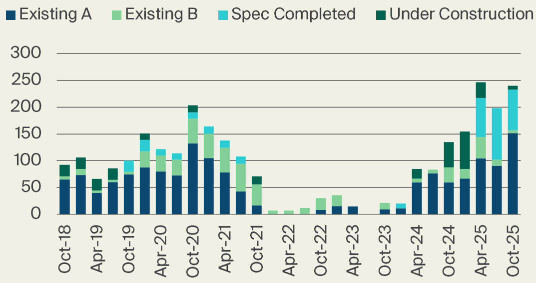
Down by 13 bps y/y

KEY TRENDS

- Leasing activity in Q3 recorded at 297,174 sqm, supported by Kmart pre-committing c. 104,000 sqm at Moorebank Intermodal and Medlog taking c.128,000 sqm at 9 Stonny Batter Rd, Minto.
- After a brief dip in Q2, vacancy rose again in Q3 to 240,168 sqm, with 35% vacant space being speculative developments.
- Average net rents remained flat at $205/sqm for prime and $155/sqm for secondary. Incentives across both prime and secondary averaged at 22%.
- While mooted in other submarkets, development activity in the South West is expected to increase by 50% in 2025.
- Yield unchanged over the quarter at 5.53% for prime and 6.25% for secondary.

South West industrial vacancy

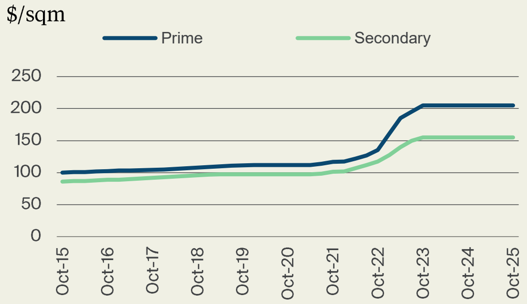
'000sqm available space



Source: Knight Frank Research

South West net face rents

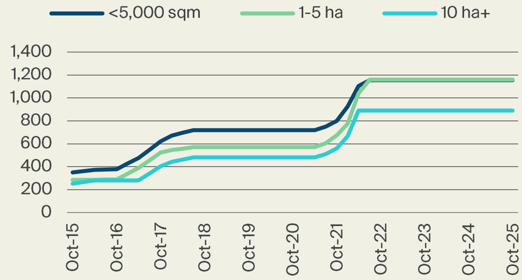
$/sqm



Source: Knight Frank Research

South West land values

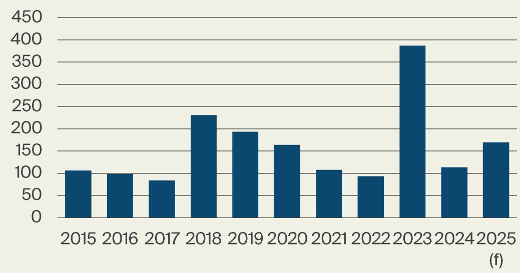
$/sqm



Source: Knight Frank Research

South West industrial supply

'000sqm, completed 2015-2025 (f)



Inner West

Lowest vacancy amongst all precincts

74k

Sqm leasing take-up 2025 YTD

56k

Sqm vacancy in Q3

Share of 8% total vacancy

$224/sqm

Prime net face rent

Stable q/q

Stable y/y

18.1%

Prime incentive

Stable q/q

Up by 700 bps y/y

22k

Sqm new supply forecast in 2025

49% completed YTD

5.13%

Prime yield

Stable q/q

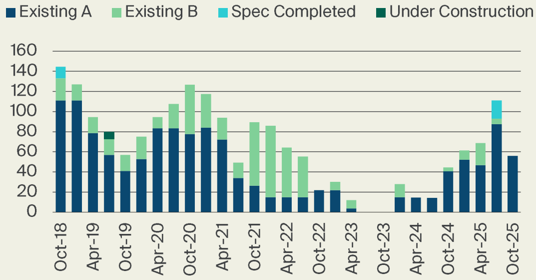
Down by 13 bps y/y

KEY TRENDS

- The only precinct to record a fall in vacancy over the quarter to now measure 55,946sqm, this is also the lowest amount of vacancy across the Sydney precincts.
- Occupier demand has been led by retail and logistic / logistics operators, contributing 61% of activity 2025YTD. This is supported by K. & S. Freighters taking c.11,200 sqm in Strathfield South and 23 Logistics occupying 7,000 sqm in Lidcombe.
- Following the trends in Western precincts, the net face rents remained steady over the quarter to average $224/sqm for prime and $179/sqm for secondary. Incentives held firm over the quarter at 18%.
- Construction is well underway for major developments in Hale Capital's Central Lidcombe (35,000sqm) and Goodman's Chullora Industrial Hub (26,600sqm).
- Prime yields were stable over the quarter to average 5.13%.

Inner West industrial vacancy

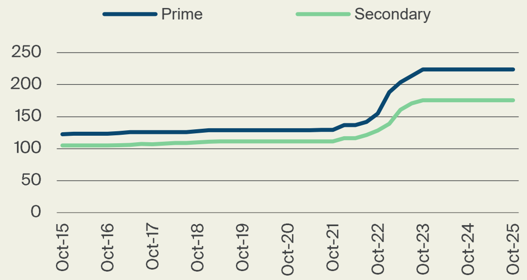
'000sqm available space



Source: Knight Frank Research

Inner West net face rents

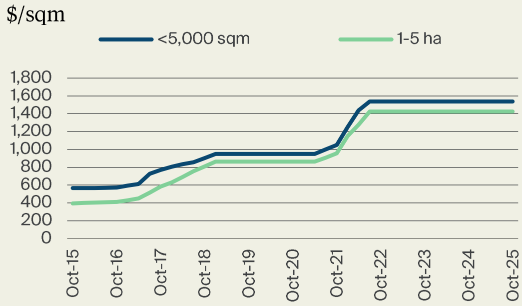
$/sqm



Source: Knight Frank Research

Inner West land values

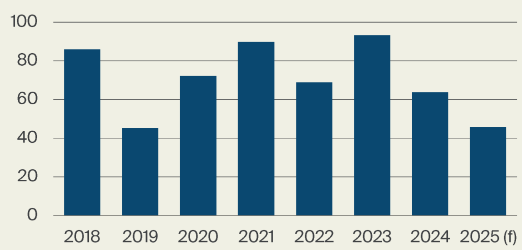
$/sqm



Source: Knight Frank Research

Inner West industrial supply

'000sqm, completed 2018-2025 (f)



Source: Knight Frank Research

South

Despite a rise in vacancy the precinct remains tight

28k

Sqm leasing take-up 2025 YTD

87k

Sqm vacancy in Q3

Share of 12% total vacancy

$405/sqm

Prime net face rent

Stable q/q

Stable y/y

12.5%

Prime incentive

Stable q/q

Up by 250 bps y/y

0k

Sqm new supply forecast in 2025

4.88%

Prime yield

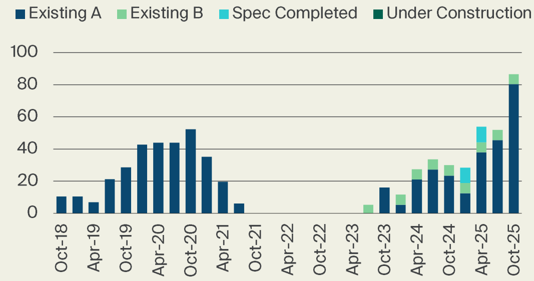
Stable q/q

Stable y/y

KEY TRENDS

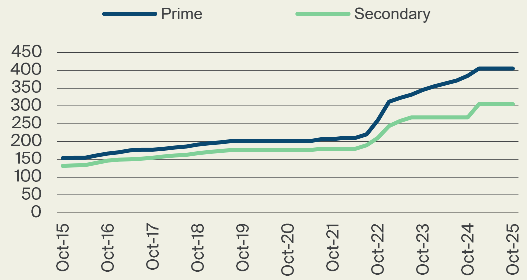
- Take-up volumes totalled 27,557 sqm so far in 2025, with 57% of leasing activity in speculative developments and 43% in existing space.
- Major tenant commitments include Glassons securing 7,700 sqm speculative space in Stockland's Momenta and Wetherden occupying Goodman's newly developed MCP28.
- Despite a rise in vacancy to 86,563 sqm in Q3, the vacancy rate remain tight at 2.9%.
- Net face rents held steady over the quarter, averaging $405/sqm for prime and $305/sqm for secondary. Incentives held flat at 12.5%.
- There are no new developments (>5,000 sqm) scheduled for delivery in 2025.
- Yields have held tightly since Q3 2023 and averaged 4.88% for prime and 5.88% for secondary.

South industrial vacancy
'000sqm available space



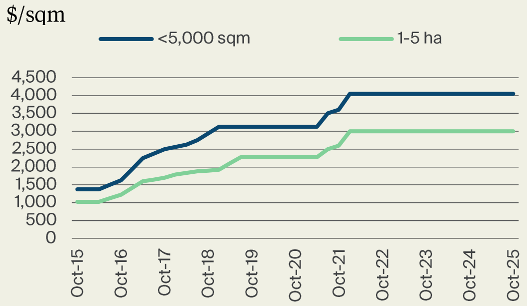
Source: Knight Frank Research

South net face rents
$/sqm



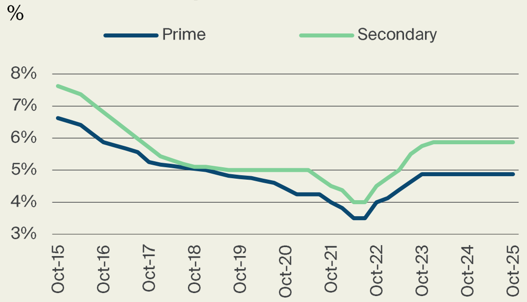
Source: Knight Frank Research

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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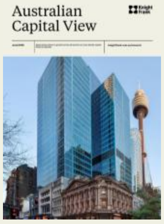

Australian Capital View

Sydney CBD Office Market

Australia Build to Rent Update

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