

Sydney Industrial State of the Market



Q4 2025

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

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Leasing overview

Moderate rental growth amid high incentives and vacancy

- Prime industrial rents across Western Sydney increased by 2.4% over 2025, ranging between \$180 - \$290/sqm across the different precincts.
- Incentives continued to rise, reaching a historical high of 21%, which resulted in net effective rents declining by 2.6% in 2025 in Western Sydney.
- Leasing volumes were strong, lifting 34% y/y to total 1.3 million sqm in 2025, driven by some large pre-commitments. The Outer West and South West accounting for 88% of take up.
- Vacancy climbed to a new high in Q4 2025, reaching 768,874sqm, with sublease space making up 23% of total availability.

Sydney industrial vacancy

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



Western Sydney net face rents and incentives

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



Sydney industrial take-ups

By precinct, '000 sqm



Sydney industrial supply

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



Industrial Market Indicators - Q4 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	3.1%	5.00 - 5.75
South West	180 - 245	0.0	1,155	1,160	3.8%	5.00 - 6.00
Inner West	195 - 290	3.8	1,538	1,425	1.7%	4.75 - 5.50
South	350 - 475	0.0	4,050	3,000	2.8%	4.75 - 5.00

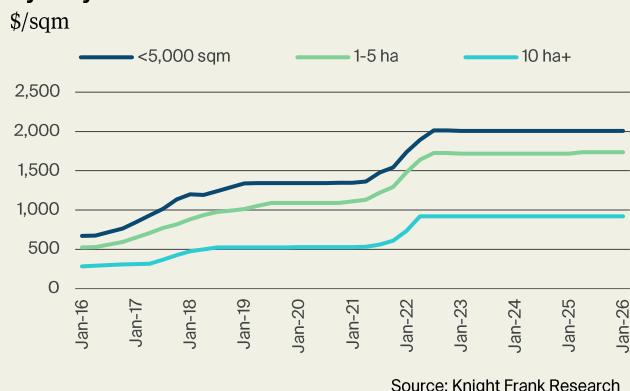
Source: Knight Frank Research

Investment overview

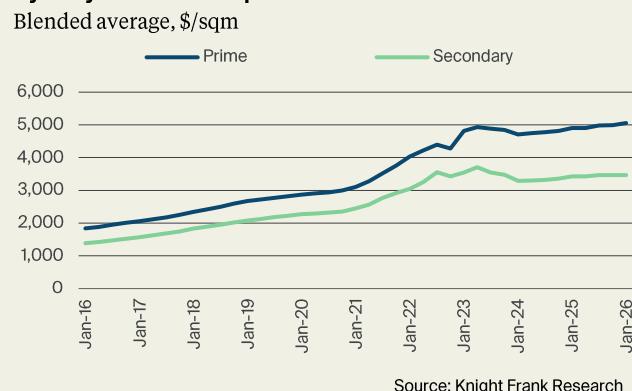
Strong offshore capital participation in 2025

- Investment activity totalled \$4billion in 2025, marking a slight uplift from 2024. Cross-border investors were the most active buyer group, contributing around half of total transaction volume.
- Notable transactions included BGO, in partnership with Centuria, acquiring three warehouses in the Outer West from Goodman for \$201 million. PGIM Real Estate and Cadence Property purchasing the St Mary's Intermodal Facility from Pacific National for \$145 million; Wentworth Capital acquiring Rydalmerre Metro Centre from Dexus for \$152 million.
- Prime yields compressed by 13bps over the year, averaging 5.39% across Western Sydney.

Sydney industrial land values



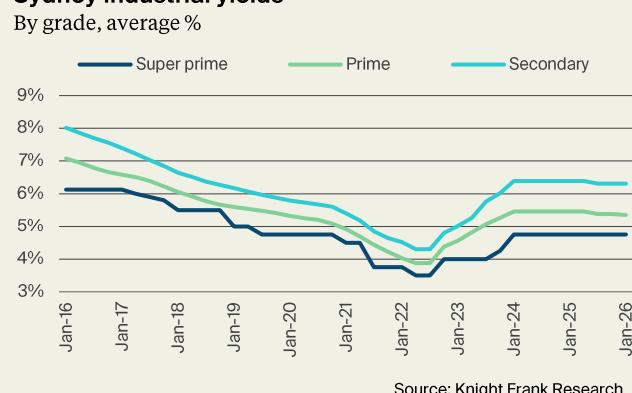
Sydney industrial capital values



Sydney industrial investment volumes



Sydney industrial yields



Recent Significant Sales

Property	Precinct	Price (\$m)	Size (sqm)	\$/sqm	Purchaser	Vendor	Yield (%)	WALE
63 Jeddah Rd, Prestons	South West	108.0	22,492	4,802	Aliro Group	Blackstone	5.13	9.7
5-9 Lancaster St, Ingleburn	South West	39.8	10,900	3,651	Realterm	Oakvill Property	5.14	2.6
32 Sargents Rd, Minchinbury	Outer West	77.5	20,059	3,864	Busways	Dexus	5.13	1.1
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 reaches new high

682k

Sqm leased in 2025

370k

Sqm vacancy in Q4

► \$213/sqm

Prime net face rent

Stable q/q

Stable y/y

► 21.4%

Prime incentive

Stable q/q

Up 430 bps y/y

▼ 442k

Sqm new supply completed in 2025

67% total new supply

▼ 5.31%

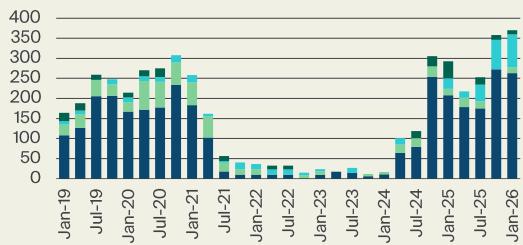
Prime yield

Tightening 19 bps y/y

Outer West industrial vacancy

'000sqm available space

■ Existing A ■ Existing B ■ Spec Completed ■ Under Construction



Source: Knight Frank Research

Outer West net face rents

\$/sqm

— Prime — Secondary

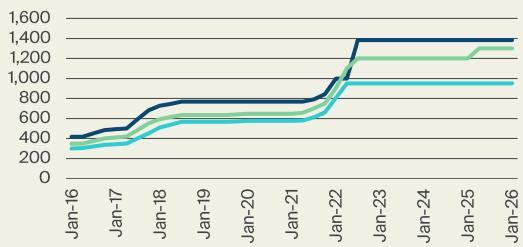


Source: Knight Frank Research

Outer West land values

\$/sqm

— <5,000 sqm — 1-5 ha — 10 ha+



Source: Knight Frank Research

Outer West industrial supply

'000sqm, completed 2016-2026(f)



Source: Knight Frank Research

KEY TRENDS

- Leasing activity in Outer West totalled 641,000 sqm in 2025, sitting 14% above the 2025 volume. This is supported by 63% existing space and 30% pre-commitments.
- Transport/logistics (29%), retailers (22%) and manufacturers (21%) led the annual take-up. Major commitments include Aldi's prelease of c.87,000 sqm in Bradfield, Kimberly Clark securing c.43,000 sqm in Horsley Park and IVE Group taking c.42,000 sqm in Kemps Creek.
- Vacancy continues to rise in Q4, with sublease vacancy accounting for 40% of total availability.
- Net face rents remained stable since Q4 2023, prime rents held between \$180-\$240/sqm.
- A total of 442,000 sqm of new space was delivered in 2025, comprising 59% pre-committed space and 41% speculative developments.
- The average prime yield tightened 19bps to 5.31% in 2025.

South West

Solid leasing activity throughout 2025

430k

Sqm leasing take-up
in 2025

226k

Sqm vacancy in Q4
Share of 29% total
vacancy

\$205/sqm 21.7%

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

Prime incentive
Stable q/q
Up 400 bps y/y

170k

Sqm new supply
completed in 2025
Share of 26% total new
supply

5.43%

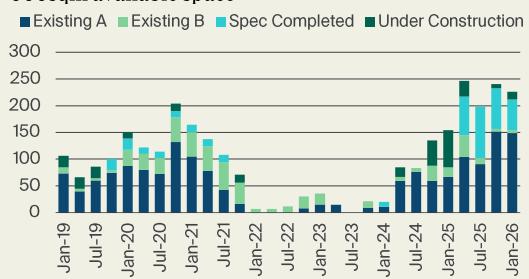
Prime yield
Tightening 23 bps y/y

KEY TRENDS

- Occupier activity strengthened in the South West in 2025, with 420,370 sqm of take-up, accounting for 36% of total leasing volumes across Sydney.
- Transport/logistics occupiers led the demand (34%), followed by manufacturers (31%) and retailers (26%). Significant deals include Kmart preleasing c.104,000 sqm in Moorebank and Jennmar committing c.31,000 sqm in Smeaton Grange.
- Vacancy edged down to 226,030 sqm in Q4 2025, with speculative developments representing 35% of available space.
- Average net rents remained flat, with prime holding at \$205/sqm and secondary at \$170/sqm. Incentives averaged 22% across both prime and secondary assets.
- New supply totalled 170,000 sqm, with speculative developments driving 80% of completions.
- Prime yields compressed by 23bps over the year to 5.43%.

South West industrial vacancy

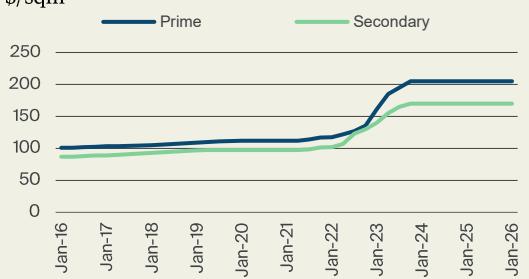
'000sqm available space



Source: Knight Frank Research

South West net face rents

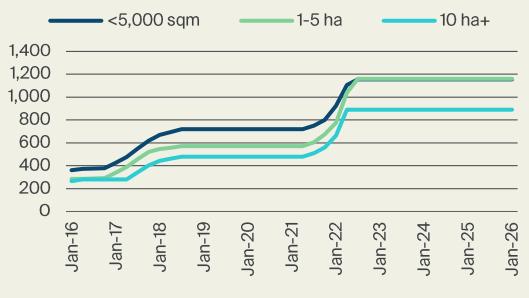
\$/sqm



Source: Knight Frank Research

South West land values

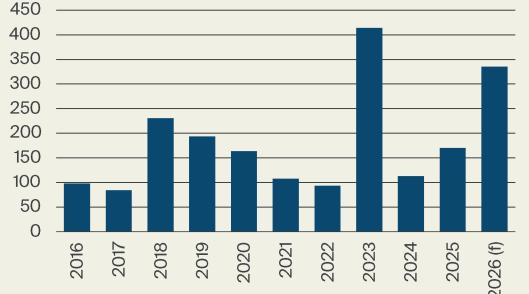
\$/sqm



Source: Knight Frank Research

South West industrial supply

'000sqm, completed 2016-2026(f)



Inner West

Precinct remains tightly held

118k

Sqm leasing take-up
in 2025

89k

Sqm vacancy in Q4
Share of 12% total
vacancy

\$241/sqm

Prime net face rent
Up by 3.8% q/q
Up by 6.9% y/y

19.9%

Prime incentive
Up by 175 bps q/q
Up by 413 bps y/y

46k

Sqm new supply
completed in 2025
Share of 7% total new
supply

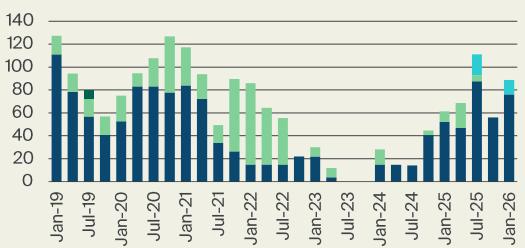
5.13%

Prime yield
Stable q/q
Down by 13 bps y/y

Inner West industrial vacancy

'000sqm available space

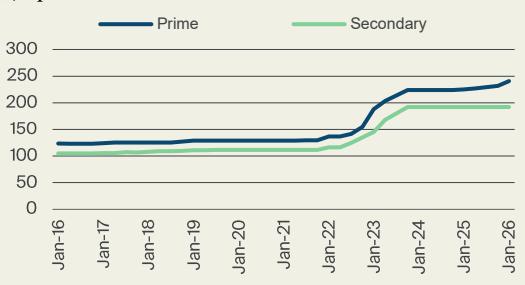
■ Existing A ■ Existing B ■ Spec Completed ■ Under Construction



Source: Knight Frank Research

Inner West net face rents

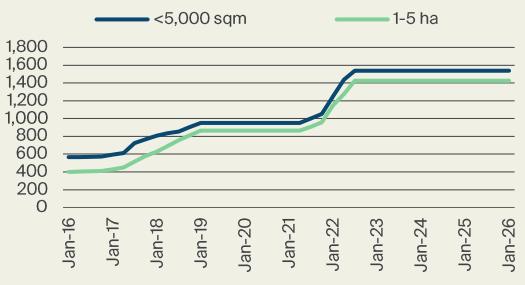
\$/sqm



Source: Knight Frank Research

Inner West land values

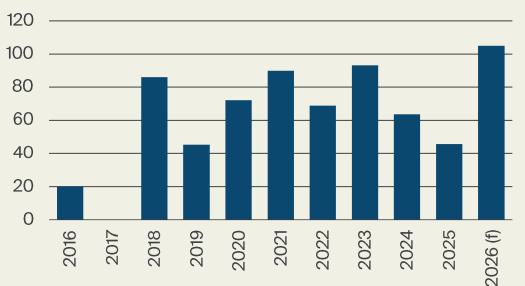
\$/sqm



Source: Knight Frank Research

Inner West industrial supply

'000sqm, completed 2016-2026 (f)



Source: Knight Frank Research

South

Rental growth has moderated

30k

Sqm leasing take-up
in 2025

84k

Sqm vacancy in Q4

► \$405/sqm

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

► 15.0%

Prime incentive
Up 250 bps q/q
Up 500 bps y/y

0k

No new major supply
in 2025

► 4.88%

Prime yield
Stable q/q
Stable y/y

South industrial vacancy

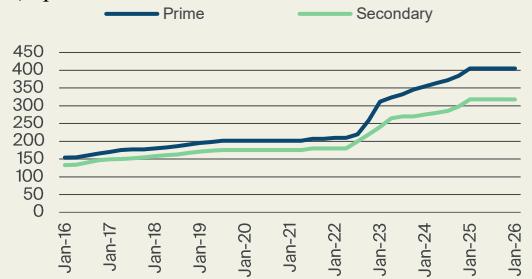
'000sqm available space



Source: Knight Frank Research

South net face rents

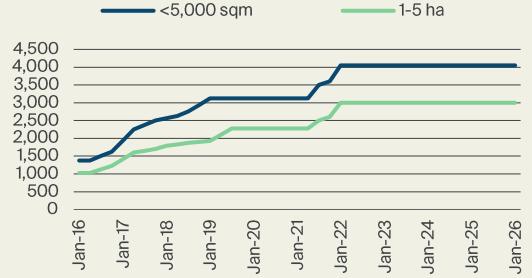
\$/sqm



Source: Knight Frank Research

South land values

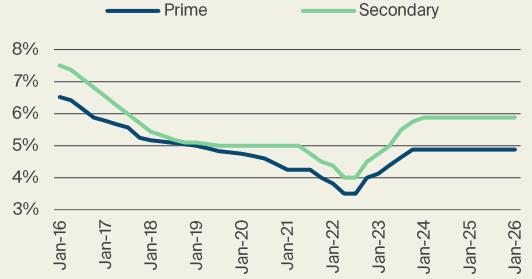
\$/sqm



Source: Knight Frank Research

South industrial yields

%



Source: Knight Frank Research

KEY TRENDS

- Leasing demand subdued in 2025, with 29,937 sqm of activity recorded, 55% below the three-year average.
- Major tenant commitments include Glassons securing a c.7,800 sqm speculative facility in Banksmeadow and CSR leasing c.3,200 sqm in Alexandria.
- Net face rents held steady over the year, averaging \$405/sqm for prime and \$318/sqm for secondary, while incentives increased to 15%.
- There were no new completions (>5,000 sqm) added to the market in 2025.
- Yields have remained tight since Q3 2023, averaging 4.88% for prime and 5.88% for secondary.

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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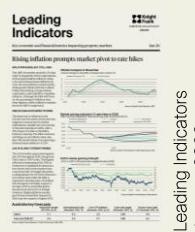
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