The 2026 West Industrial Market Report

Warehouse, storage and land in Melbourne's western corridor and Geelong.

If you own an industrial property in Melbourne's west, the headline you keep hearing is that rents are up. That is true. What most owners are not told is the other half of the picture: vacancy has climbed to its highest level in a decade, and landlords are handing back a large share of the lease in incentives to win tenants.

The result is a market that looks strong on the sticker and softer underneath. Reading it correctly is the difference between a confident decision and an expensive one.

THE NUMBERS THAT MATTER

~5 %
West precinct vacancy, near a decade high (10-year average is 2.6%).

~26 %
Prime incentives in the west, the highest of any Melbourne precinct.

~$140 /sqm
Prime net face rent in the west, up about 6% over the year.

210k sqm
Space leased in the west in the quarter, over half of all Melbourne.

-37 %
Forecast fall in new industrial supply in 2026 versus 2025.

2.6 %
The 10-year average vacancy, for context on how far it has moved.

The signal underneath the noise

Face rents are rising while incentives sit above 20%. The advertised rent looks healthy, but a quarter of the lease term is being given back to win the tenant. The effective rent is softer than the number on the board.

What it means if you own

Time on market is now the risk, not price. With vacancy near a decade high, an empty building carries rent, outgoings and land tax while tenants weigh up more options than a year ago. The owners getting clean results present well, price to the real market rather than the sticker, and move early rather than testing a high number for months.

The good news underneath the vacancy figure: leasing activity is running above long-term norms, and the west recorded the strongest take-up of any Melbourne precinct. Demand has not gone away. With new supply forecast to fall about 37% in 2026, that pressure is expected to ease into 2027.

What it means if you are buying

This is one of the more favourable windows for buyers in years, particularly owner occupiers and buyers using an SMSF. Sale volumes have been subdued and buyers hold more leverage than through the boom. If you have been waiting to buy your own premises rather than keep leasing, the current market rewards being ready to move on the right asset.

What is your specific property worth today?

The figures above are the market. Your building is not the market. We will give you a straight read on your address, with no lock-in and no obligation.

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SOURCES

Knight Frank, Melbourne Industrial State of the Market, Q1 2026: west precinct vacancy 5.2%, prime incentives 26.1%, prime net face rent $140/sqm (up 6.1% year on year), take-up 210,018 sqm. Melbourne-wide vacancy 4.5% against a 10-year average of 2.6%.

Knight Frank, Q2 2026 update (Melbourne-wide): vacancy near 5% at a decade high, prime incentives about 21.2%, prime net face rent about $155/sqm (up 5.6% year on year), 2026 new supply forecast about 530,000 sqm, down 37% on 2025.

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