

**TMX**

# ACROSS THE NETWORK



**[ ANZ - EDITION 1 ]**

# Executive Summary

**2026 marks the strongest conditions for supply chain transformation in more than half a decade.**

For the first time since the pandemic's disruptive recovery cycle, volatility has eased and the foundations for long term strategic planning are firmly in place. Construction costs have corrected to sensible levels, and the cost of capital is finally predictable. In short... the noise is gone, stability is back, and with stability comes opportunity.

This is the moment for major occupiers to move beyond short-term tactical fixes and commit to a holistic review of their networks. By designing future fit supply chains that directly support business strategy, whether the goal is growth, consolidation, or diversification, organisations can position themselves for long-term success.

Automation continues to be the defining lever for high performance operations. With intensified vendor competition driving down investment thresholds, the question is no longer if automation is viable, but which automation is right for your network and how quickly you can deploy it to secure competitive advantage.

At TMX, we partner with the world's most ambitious brands to design, procure and deliver the best supply chains globally, optimising cost, unlocking performance and enabling the strategic outcomes that matter. Our commitment is simple: give our clients the competitive edge in their market.

Look forward to working with you in 2026.

– Justin Fried, Managing Director APAC, TMX Transform



# Recent Client Wins



**WALKINSHAW**  
PERFORMANCE

Designed, procured & delivered by TMX  
Location: Victoria



Procured & delivered by TMX  
Location: Western Australia



Designed, procured & delivered by TMX  
Location: Queensland



independent liquor group

Procured & delivered by TMX  
Location: Queensland



Delivered by TMX  
Location: New South Wales

# 01 SUPPLY CHAIN

Charlotte Jordan | Executive Director – Supply Chain



## Snapshot

- Shift from BAU and cost-out to more future-focused transformation
- Cost savings through optimisation redirected to automation and transformation
- Growing appetite for emerging automation markets
- Broader evaluation of brownfield and greenfield options
- Simulation evolving from one-off testing to ongoing strategic planning



## Simulation: From testing to continuous advantage

Simulation has also matured. In 2023, it was used to test last-mile strategies and facility concepts. In 2024, the focus shifted to optimising existing DCs and automation. By 2025, network strategy dominated: route-to-market analysis, scenario simulation, end-to-end modelling.

Today, the conversation has moved again. Clients are wanting living models that allow them to refresh strategic assumptions, not a one-off exercise. It's a shift from "simulate, decide, execute" to "simulate continuously, adapt constantly," enabling faster, more confident decisions in an increasingly volatile market.

The themes for 2026 are already clear:

- Continued investment in automated facilities
- Smarter supply chains powered by technology
- Consumer behaviour driving infrastructure decisions
- Greater use of "what if" scenario testing to pressure-test investment decisions before capital is committed

“The shift we are seeing is the focus on cost-out measures coming at the expense of long-term supply chain transformation. Increasingly, our clients are factoring in network strategies as part of their future, not just for change, but for the cost of inaction – including lost revenue and competitive service gaps.”

— Charlotte Jordan,  
Executive Director, Supply Chain

## Focus on future networks

Supply chain decision makers are now prioritising long term transformation over incremental change. Across Australia, organisations are shifting away from BAU initiatives and tactical cost-out, and instead re-engineering their end-to-end networks to drive sustainable advantage. Efficiency gains across distribution, procurement, and transport are no longer the end goals – they are the funding mechanism for larger strategic moves: automation, network design, and predictive logistics.

With transformation firmly back on the agenda, the top 5 areas businesses are investing within supply chain are:

- **Supply chain network strategy** – to best service customer markets
- **DC design** – to optimise operations current and future
- **Program management** – to effectively implement solutions
- **Automation expertise** – to increase throughput and manage mounting labour costs
- **Optimisation/cost-out** – quick wins

Automation investment continues as it's becoming more sophisticated and satisfying need for greater flexibility. Clients are widening their lens beyond traditional providers, exploring solutions across new markets. At the same time, leaders are taking a more rigorous approach to network design, assessing both brownfield and greenfield options to determine the most viable future footprint.

## 3PL Cost Breakdown – Q1 2026

Description	Service Type	UOM	Sydney	Melbourne	Brisbane
Unloading of pallet from FCL and LCL truck loads	Ambient	Pallet	\$2.55	\$2.50	\$2.42
Put away in rack pallet location	Ambient	Pallet	\$3.68	\$3.60	\$3.49
Order Picking	Ambient	Pallet	\$2.98	\$2.92	\$2.83
Generate Freight Labels, consignment notes and manifests. Loading pallet (s) from staging dock onto truck.	Ambient	Pallet	\$3.53	\$3.46	\$3.35
Pallet shrink wrapping	Ambient	Pallet	\$3.68	\$3.60	\$3.49
Pallet storage	Ambient	Pallet / Week	\$5.50	\$3.95	\$4.25

### Notes:

- The summary table rates are reflective of medium to large scale organisations with an annual spend of more than \$3m
- Chill warehouse activity rates are 10% higher than the ambient rate as a rule of thumb
- Add 20% on top of ambient rates for calculating chill pallet storage cost
- All rates are dependent on total client volume and contract terms.
- Rates should not be compared one to one but act as a reference to calculate total spent for a given operation
- Rates provided correspond to standard warehouse operations
- Activity rates need to incorporate an understanding of the activity that the operation in question entails, levels of automation and complexity
- For warehouse benchmarking is not about the specific rate, but for the accumulated total, having full clarity on the volumetrics is essential for a proper assessment

## Transport Cost Breakdown – Q1 2026

	Pallet Rate	Full Load - Single	Full Load - B Double
Metro – Same State	\$21.5 - \$26.5	\$380 - \$450	\$525 - \$615
Linehaul – Near State	\$67.8 - \$165.5	\$1,200 - \$3,300	\$1,570 - \$4,500
Linehaul – Distant State	\$162.8 - \$337.5	\$2,200 - \$5,500	\$3,000 - \$7,500

### Notes:

- Linehaul - Near State means linehaul between Sydney/Melbourne/Brisbane/Adelaide
- Linehaul - Distant State means linehaul from to Perth on Rail, Brisbane - Adelaide/Hobart
- Ambient Freight (Chilled is 20% higher than ambient)
- Full size pallets, i.e. 1.2 x 1.2 x 1.6m high (1 plt space) - Approx 500kgs - 800kgs per pallet
- Non DG
- Pallet Rate means rate per pallet
- Full single = 22 plts. \* Rail = 20' container
- Full B Double = 34 plts. \* Rail = 40' container
- Average benchmark rates across several major carriers
- Based on general service
- Fuel surcharge not included

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# 02 PROPERTY

Stefanie Frawley | Executive Director – Property



## Snapshot

- Market stabilisation creating negotiating confidence
- Occupiers planning 3+ years ahead of lease expiry to maximise leverage
- Victoria most active market despite land tax concerns; Brisbane attracting strong interest
- Sydney rents and available land supply pushing occupiers west, but infrastructure access remains critical
- ESG falling off priority list; occupiers rejecting landlord pass-through costs without payback



*There is a new window of opportunity in Australia’s industrial property market to begin 2026. Vacancy has increased, incentives are back on the table, and the urgency that characterised previous years has eased. Occupiers are leveraging this to interrogate their networks, optimise their property footprint, and execute long-term strategies.*

## Foresight separates winners from laggards

The most strategic occupiers are planning at least three years ahead of lease expiry, with some looking a decade or more into the future to account for procurement, construction, and approvals. With planning timeframes in New South Wales continuing to stretch, late starters are losing leverage, missing out on quality sites, and paying unnecessary premiums. Longer lead times are also prompting deeper questions about network design, including whether high cost markets like Sydney can be serviced from more affordable states or whether a lease expiry should trigger a broader rethink of fulfilment strategy.

## State dynamics

Victoria remains the most active market, with rents well below Sydney even after outgoings. For occupiers unaffected by foreign investment surcharges, it remains a resilient and cost effective option. Brisbane continues to attract interest, supported by population growth, infrastructure investment, and strong multimodal connectivity.

Sydney stands apart: South Sydney rents now rival office rents, pushing occupiers westward into areas where access to the port and major transport routes becomes more challenging. Sydney’s topography and development constraints only amplify cost pressures.

"Property costs have risen significantly. The cost of outgoings in some markets today equals what rent per square metre cost a decade ago. Rents have tripled, sometimes quadrupled, and outgoings have followed. Property is just one component of the supply chain, but it's a significant one, so the cost must be scrutinised."

— Stefanie Frawley, Executive Director, Property

## ESG rhetoric doesn't match reality

Despite the noise around ESG, it is not a key priority for many occupier discussions. Many occupiers are unwilling to fund upgrades that deliver no operational payback, and Green Star ratings are increasingly viewed as optional. The outliers remain with some ASX listed and large-scale multinational occupiers where governance, reporting obligations and stakeholder scrutiny are materially higher. Staff amenity, however, remains essential.

## Spec buildings and land availability

Spec buildings still suit occupiers with standard requirements, but those investing in automation are finding pre lease developments more cost effective than retrofits. Developers have slowed new spec supply amid rising vacancy. Looking ahead, land availability, infrastructure delivery, and power supply will be the major constraints. Ageing industrial estates are becoming inefficient, infill redevelopment is emerging as a necessity, and data centres are set to intensify competition for land and energy.

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Submarkets	Net Face (\$/sqm p.a.)		Incentives (%)		Land Values (\$/sqm)
	Low	High	Low	High	
Prime Grade	Low	High	Low	High	1-5 hectares
Sydney	250	400	10	20	1,000 – 3,000
Melbourne	135	175	15	30	750 – 1,000
Brisbane	140	180	10	20	500 – 850
Adelaide	140	200	0	15	400 – 600
Perth	150	170	10	20	400 – 600
<b>Prime National Average</b>	163	225	9	21	610 – 1,210

# 03 PROJECT SERVICES

Angus Perry | Executive Director – Project Services



## Snapshot

- Construction cost escalation moderated after years of volatility
- Business cases now supported by more stable market inputs
- Sydney tightest for development; Melbourne and Brisbane more balanced
- Fire approval complexity adding cost and program risk particularly for automated sites
- Data centres competing for land, labour, capital, and infrastructure; reshaping industrial investment



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## Construction costs have stabilised

Steel costs have dropped, materials availability has improved, labour constraints are easing selectively, and construction programs are becoming reliable again.

“Cost escalation is now far more moderate, which allows occupiers to develop business cases with confidence. After months of testing, design, and approvals, they can land on a number they trust, and that certainty is what enables long term investment decisions to proceed.”

— Angus Perry, Executive Director, Project Services

As a result, capital is beginning to move again, but it is doing so selectively and with a sharper focus on certainty of outcome.

## Market dynamics: Constraint versus certainty

Sydney remains the most constrained construction market, with infill sites largely exhausted and westward expansion the only real option. Badgerys Creek is emerging as the next hub but planning and infrastructure limitations slow development.

Melbourne and Brisbane are increasingly viewed as safer bets. Greater site flexibility and faster, lower cost construction, supported by Victoria’s flatter topography, are offsetting longer approval timelines. Occupiers are prioritising certainty: sites with existing or advanced approvals and established infrastructure are increasingly favoured and, in some cases, commanding a premium.

## Fire approvals: A growing execution risk

Approval risk is now a material constraint which is often underestimated. Occupiers pursuing bespoke or automated facilities are being caught out by extended planning timelines and declining approval certainty. Fire approvals have become a major hurdle: authorities now require access inside racking systems, adding complexity, cost, and delays.

These requirements are regularly pushing go live dates back by two to four months and add hundreds of thousands - and in some cases millions - of dollars in unplanned fire system upgrades. Too often, these risks are not fully priced into site selection or business cases until it’s too late.

## Data centres: The emerging disruption

Data centres represent the largest emerging variable in the construction market. If they're utilised at the scale being proposed, they'll compete for labour, capital, and infrastructure.

Major developers are raising billions for data centres, and if more do, capital will be pulled from industrial property and project management talent will be pulled into data centres. It's too early to say how this plays out, but it's a dynamic worth watching.

"We're going to see skills diverting into this new asset class.

Combined with the prospect of institutional industrial land owners reallocating their existing land parcels to data centres, these factors lead to potential upwards pressure on development costs for future greenfield sites."

— Angus Perry Executive Director, Project Services

## The takeaway: plan early, build in certainty

This is the most predictable construction environment in years – but only for those who plan.

Costs have stabilised, materials are available, and programs are reliable. However, approval pathways remain a risk, particularly in New South Wales.

Occupiers who allow sufficient lead time, engage specialist support early, and fully price approval complexity into site selection and business cases will be best positioned to deliver on time, on budget, and with confidence.

Type of Warehouse	VIC Rate/sqm	NSW Rate/sqm	QLD Rate/sqm	WA Rate/sqm	SA Rate/sqm
Ambient	\$1,150	\$1,150	\$1,200	\$1,200	\$1,100
Temp Control	\$1,800	\$2,250	\$2,200	\$1,900	\$1,850
Freezer	\$2,700	\$3,200	\$3,000	\$2,800	\$2,800

\* Note the rates are "blended rates" therefore they include office, canopies, fire, handstand, civil works etc.

# Where to from here?

The quarter ahead presents a clear choice: use this period of stability to build for the future or remain stuck in short-term thinking and fall behind.

Construction costs are predictable. Property markets have vacancy and occupiers have more negotiating power. These conditions won't last forever. Data centres, power constraints, and land scarcity are coming. The occupiers who act now – who invest in network transformation, secure strategic sites, and automation – will be the ones positioned to thrive when the market tightens again.

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