



Benchmark modern city centre office rents (net face \$p.s.m. p.a.)

\$250 – \$300

Benchmark modern warehouse rents (net face \$p.s.m. p.a.)

\$130 – \$140

Benchmark modern commercial property yields

5.5% – 7.0%

Nelson and Tasman’s commercial property market in 60 seconds

Biggest trends



Tight industrial markets

Industrial markets are facing low vacancies due to ongoing demand for warehousing. Industrial rental rates have been growing across the region, with tenants increasingly interested in design-build opportunities.



Tenants recommitting to the office

Post-pandemic ways of working have changed the nature of demand for space. Hybrid work has led to occupiers using less space for desks but more space for collaboration.



Prices stabilising for development land

Softening yields and higher construction costs have taken the pressure off prices for development land. Construction costs are starting to stabilise as supply chain issues are resolved and subcontractors become more readily available.

Outlook for the next 12 months



The commercial property market subdued

The local market is experiencing similar trends to those seen nationally, with generally lower sales volumes and some sub-sectors experiencing downward prices. Leasing activity is expected to remain reasonably buoyant.



Yields stabilising at higher levels

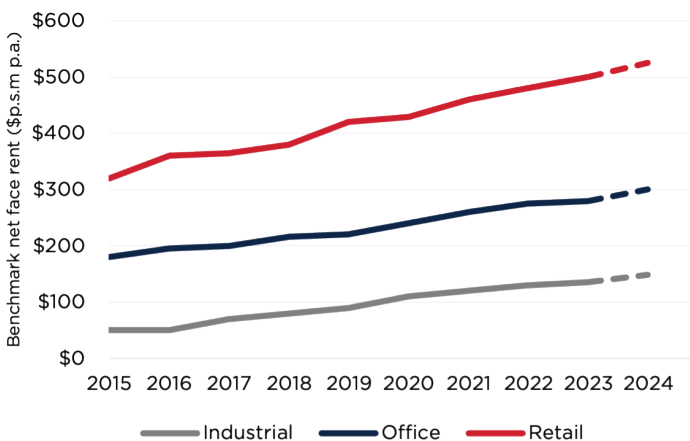
Rising interest rates have led to a softening of yields across most markets. Signals that inflation and long-term interest rates have peaked mean yields are likely to stabilise at higher levels. Lower numbers of sales transactions mean there is less evidence available to showcase this trend.



Higher rents are needed for new builds to stack up

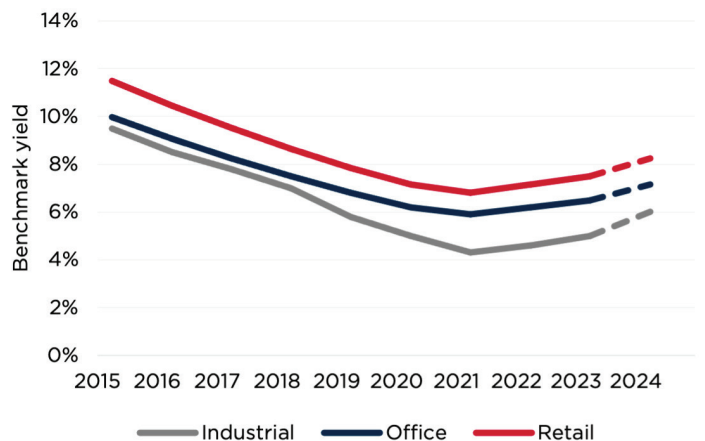
Reducing yields largely offset the impact of higher construction costs during 2020-2021. Softer yields and persistently high construction costs mean higher rents are needed for new developments to be feasible.

Benchmark rents



Source: Bayleys

Benchmark yields

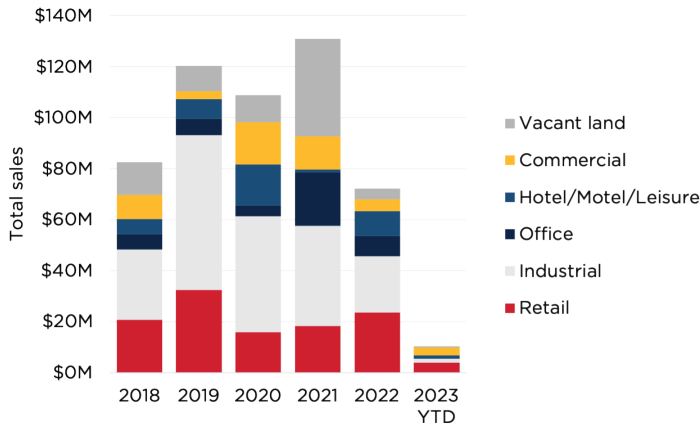


Source: Bayleys

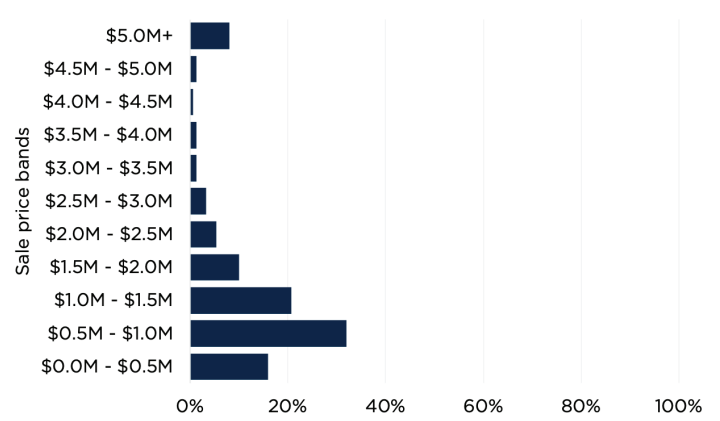
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

Market indicators

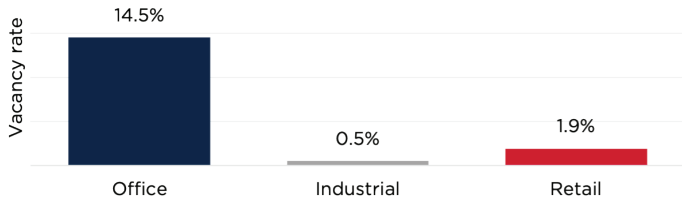
Commercial property sales by type



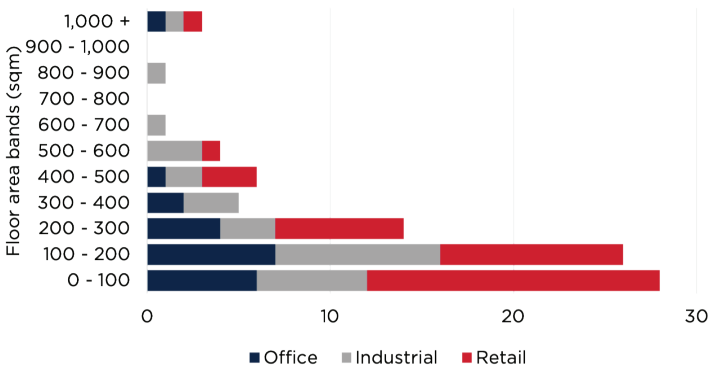
Sales transactions by price band (2021 to 2022)



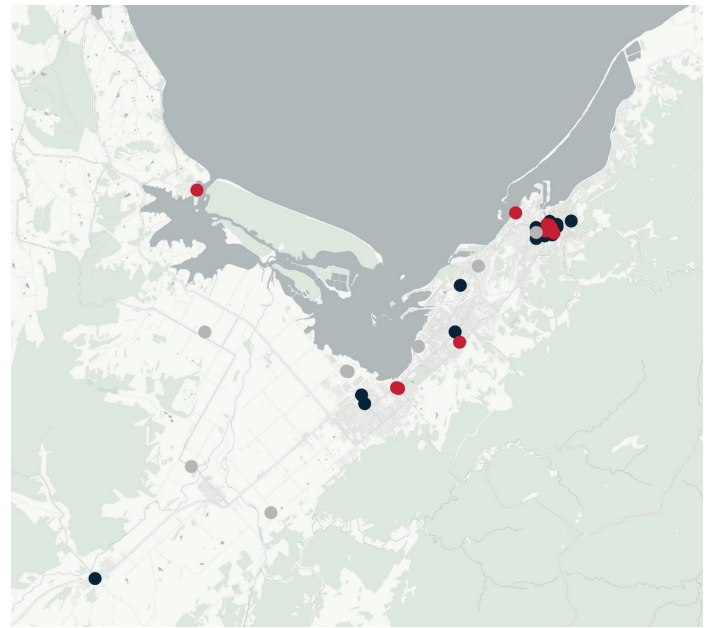
Overall vacancy rate



Vacancies by floor area bands



Advertised vacancies (June 2023)



Benchmarking metrics

	Benchmark rents (Net face \$p.s.m. p.a.)	Benchmark yields (%)	Availability
Office			
Office - modern - city centre	\$250 - \$300	6.0% - 7.0%	Scarce
Office - dated - city centre	\$170 - \$200	8.0% - 8.5%	Scarce
Industrial			
Industrial - modern - warehouse	\$130 - \$140	5.5% - 6.5%	Scarce
Industrial - modern - office	\$180 - \$220	5.5% - 6.5%	Scarce
Industrial - dated - warehouse	\$90 - \$110	6.5% - 7.5%	Scarce
Industrial - dated - office	\$120 - \$160	6.5% - 7.5%	Scarce
Retail			
Retail - high street	\$400 - \$600	6.0% - 7.0%	Scarce
Retail - large format	\$250 - \$350	6.5% - 7.0%	Scarce
Development land			
		\$p.s.m.	
City centre land		\$1,000 - \$1,200	Scarce
Industrial land		\$350 - \$450	Scarce
Residential bulk land		\$250 - \$350	Reasonable
Residential			
Median house price (Nelson region)		\$650,000	
Median house price (Tasman region)		\$800,000	

Notable transactions



SOLD
11 Findlay Place, Stoke

Floor area 720sqm
Sale price \$2,400,000
Contact Paul Vining



SOLD
341 Wakefield Quay, Stepneyville

Floor area 290sqm
Sale price \$1,300,000
Contact Dennis Christian



SOLD
305 Redwood Road, Appleby

Land area 91,960sqm
Sale price \$4,200,000
Contact Gill Ireland



SOLD
103 Saxton Road, Stoke

Floor area 5,834sqm
Sale price \$6,900,000
Contact Gill Ireland, Wayne Keene



SOLD
6 Barros Place, Richmond

Land area 1,300sqm
Sale price \$1,150,000
Contact Paul Vining



SOLD
308 Queen Street, Richmond

Floor area 340sqm
Sale price \$865,000
Contact Gill Ireland



SOLD
41 Halifax Street, City Fringe

Floor area 380sqm
Sale price \$970,000
Contact Paul Vining



SOLD
152 Bridge Street, City Centre

Floor area 577sqm
Sale price \$480,000
Contact Paul Vining



LEASED
47E Bridge Street, Nelson

Floor area 453sqm
Tenant Sector Professional, Scientific and Technical Services
Contact Gill Ireland



LEASED
56 Buxton Square, Nelson

Floor area 53sqm
Tenant Sector Retail Trade
Contact Gill Ireland



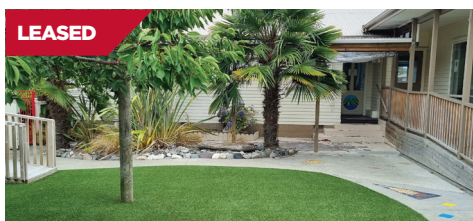
LEASED
4A Forests Road, Stoke

Floor area 229sqm
Tenant Sector Wholesale Trade
Contact Paul Vining



LEASED
Part 148 Clover Road East, Hope

Floor area 400sqm
Tenant Sector Manufacturing
Contact Paul Vining



LEASED
21 Titoki Street, Stoke

Floor area 190sqm
Tenant Sector Retail Trade
Contact Dennis Christian



LEASED
2201 The Coastal Highway, Tasman

Floor area 451sqm
Tenant Sector Agriculture, Forestry and Fishing
Contact Dennis Christian, Gill Ireland

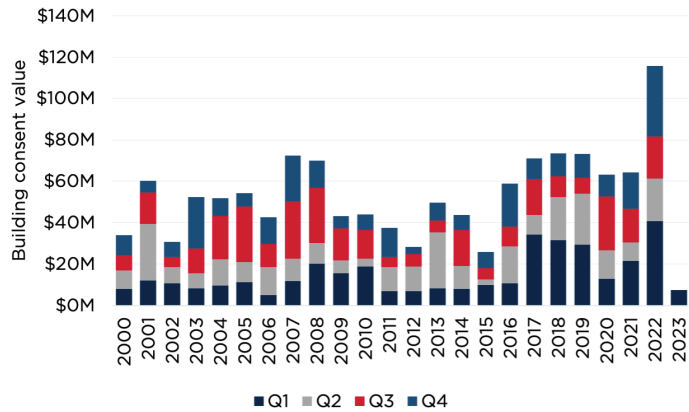


LEASED
Tenancy 2, 126 Trafalgar Street, Nelson

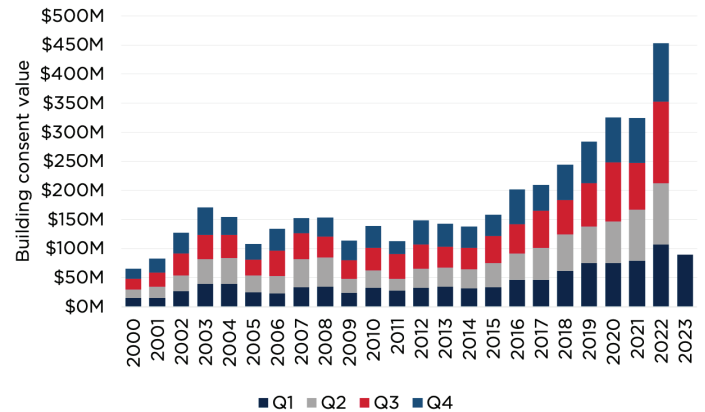
Floor area 155sqm
Tenant Sector Financial and Insurance Services
Contact Gill Ireland

Other indicators

Annual commercial building consents:
Nelson and Tasman

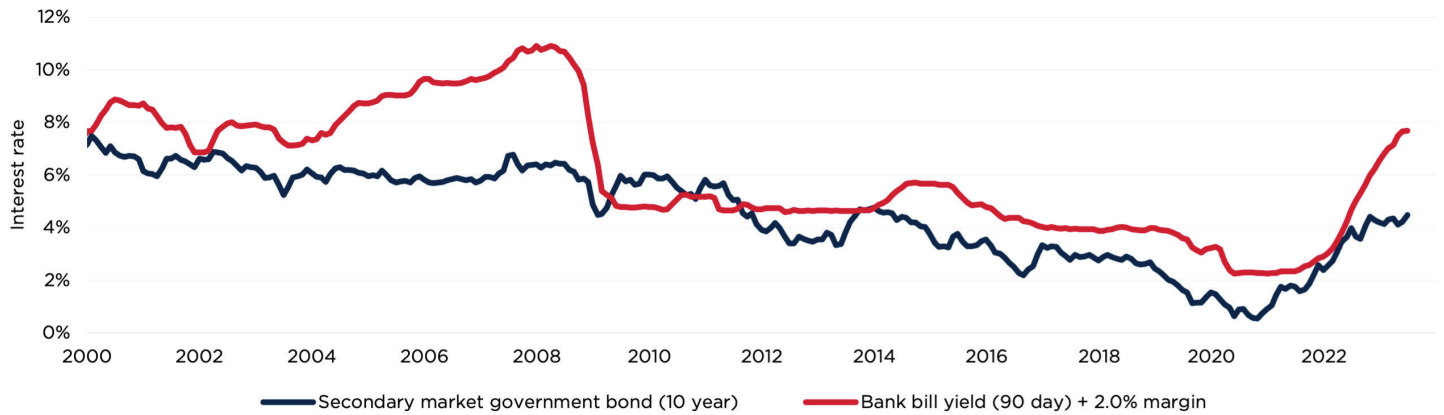


Annual residential building consents:
Nelson and Tasman



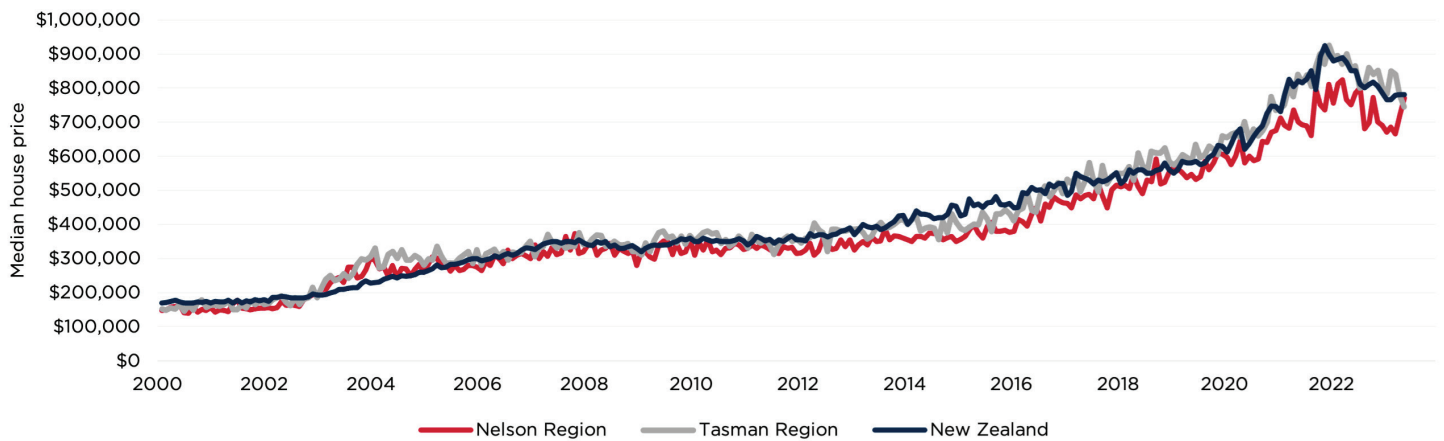
Source: Stats NZ

Interest rates



Source: RBNZ

House prices



Source: REINZ

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