



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

\$350 – \$400

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

\$150 – \$160

Benchmark modern commercial property yield

5.0% – 6.1%

Source: Bayleys Insights & Data

Tauranga 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, particularly for prime properties.

Flight to quality driving activity in the office market



Tenants are seeking higher quality offices to improve the working experience for staff, particularly as offices compete with work from home. New office developments in the CBD are expected to add to the revitalisation of the area.

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

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.

Two-step rents



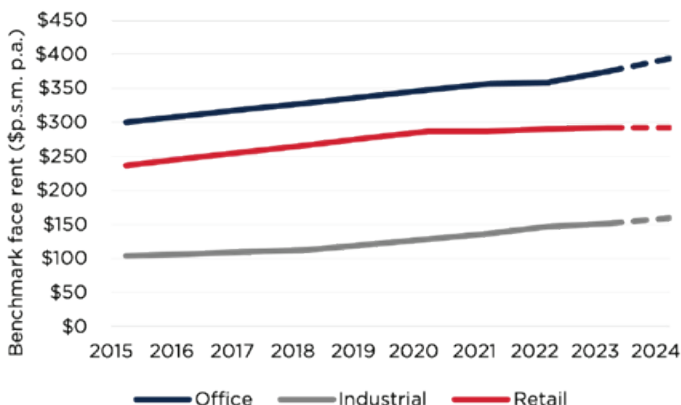
The flight to quality is resulting in low vacancies and rental growth amongst better quality properties. Lower quality properties are needing higher incentives to maintain face rents amongst weaker demand.

Yields stabilising at higher levels

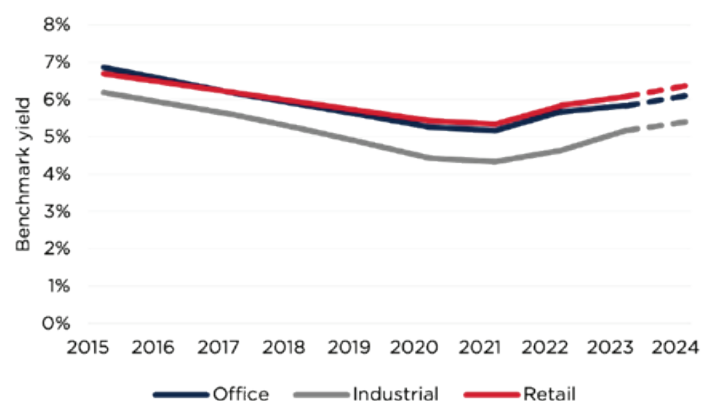


Rising interest rates have led to a softening of yields across most markets. Signals that inflation and long-term interest rates are peaking means yields are likely to stabilise at higher levels. Lower numbers of sales transactions means there is less evidence available to showcase this trend.

Benchmark rents



Benchmark yields



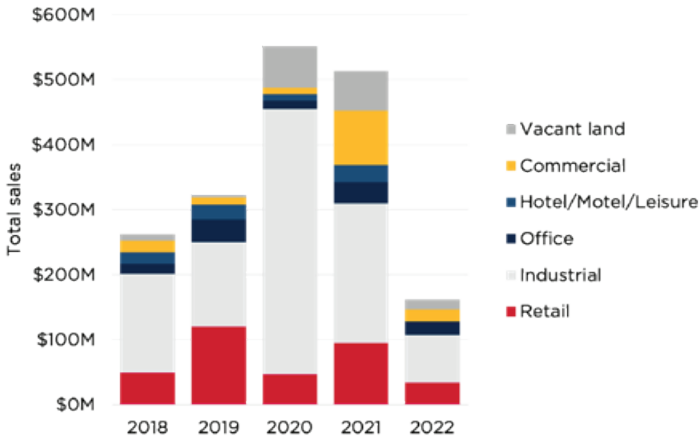
Source: Bayleys Insights & Data

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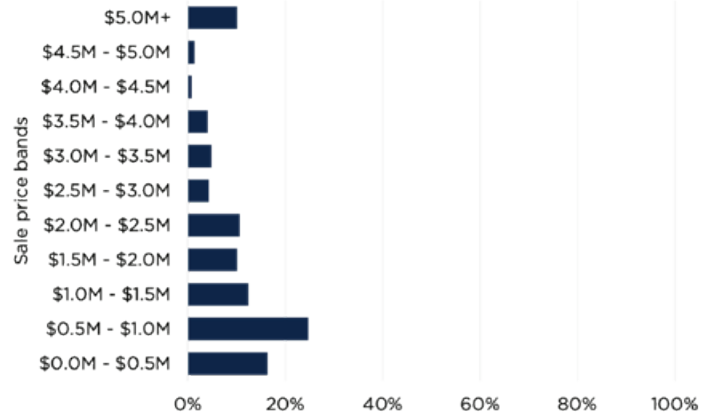
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

Market indicators

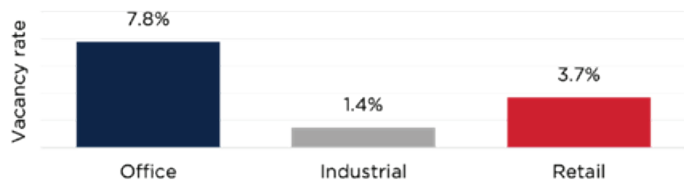
Commercial property sales by type



Sales transactions by price band (2021 to 2022)



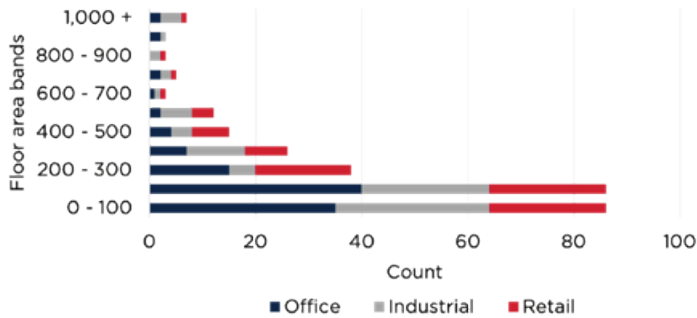
Overall vacancy rate



Advertised vacancies (January 2023)



Vacancies by floor area bands



Benchmarking metrics

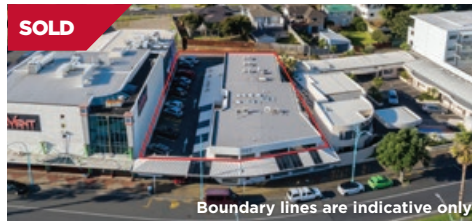
	Benchmark rents (Net face \$p.s.m. p.a.)	Benchmark yields (%)	Availability
Office			
Office - modern - CBD	\$350 - \$400	5.6% - 6.1%	Scarce
Office - dated - CBD	\$225 - \$250	6.2% - 6.7%	Reasonable
Industrial			
Industrial - modern - warehouse	\$150 - \$160	5.0% - 5.4%	Scarce
Industrial - modern - office	\$260 - \$280	5.0% - 5.4%	Scarce
Industrial - dated - warehouse	\$120 - \$130	5.3% - 5.8%	Scarce
Industrial - dated - office	\$170 - \$190	5.3% - 5.8%	Scarce
Retail			
Retail - high street	\$270 - \$320	5.8% - 6.3%	Surplus
Retail - large format	\$270 - \$320	6.3% - 7.0%	Scarce
Development land			
		\$p.s.m.	
City Centre land		\$2,900 - \$3,100	Reasonable
Industrial land		\$700 - \$800	Reasonable
Residential bulk land		\$900 - \$1,100	Reasonable
Residential			
Median house price		\$875,000	Reasonable

Notable transactions



Lot 1, 351 Matakokiri Drive, Tauriko

Floor area 1,960sqm
Sale price \$10,500,000
Contact Mark Walton



257 Maunganui Road, Mount Maunganui

Floor area 1,333sqm
Sale price \$6,000,000
Contact Brendon Bradley,
 Lynn Bradley, Ryan Bradley



389 Cameron Road, Tauranga

Floor area 1,012sqm
Sale price \$3,800,000
Contact Lloyd Davidson, Rory Brown



107-111 Maunganui Road, Mount Maunganui

Floor area 388sqm
Sale price \$3,500,000
Contact Jim McKinlay, Lloyd Davidson,
 Rory Brown, Christy Arundel



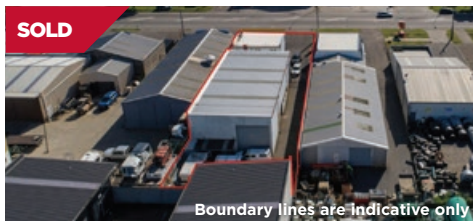
79 Grey Street, Tauranga Central

Floor area 600sqm
Sale price \$3,100,000
Contact Brendon Bradley,
 Lynn Bradley, Ryan Bradley



58 Devonport Road, Tauranga Central

Floor area 459sqm
Sale price \$2,425,000
Contact Lloyd Davidson, Rory Brown



71 Hull Road, Mount Maunganui

Floor area 888sqm
Sale price \$2,000,000
Contact Lloyd Davidson, Mark Walton,
 Rory Brown



156 Newton Road, Mount Maunganui

Floor area 1,163sqm
Sale price \$1,850,000
Contact Lloyd Davidson, Rory Brown,
 Christy Arundel



89 Newton Street, Mount Maunganui

Floor area 581sqm
Sale price \$2,000,000
Contact Brendon Bradley,
 Lynn Bradley, Ryan Bradley



115 Kaweroa Drive, Tauriko

Floor area 3,758sqm
Tenant Penske New Zealand
Contact Lloyd Davidson, Rory Brown



66-68 Portside Drive, Mount Maunganui

Floor area 3,100sqm
Tenant Store Rite Logistics
Contact Myles Addington, Mark Walton



1/31 Whakakake Street, Tauriko

Floor area 1,165sqm
Tenant Heilala Vanilla
Contact Graeme Coleman



55 Kaweroa Drive, Tauriko

Floor area 1,050sqm
Tenant RJP BOP Properties
Contact Lloyd Davidson, Ryan Bradley,
 James Ross, Rory Brown



100 First Avenue, Tauranga Central

Floor area 767sqm
Tenant Bay of Plenty District Health Board
Contact Brendon Bradley,
 Lynn Bradley, Ryan Bradley

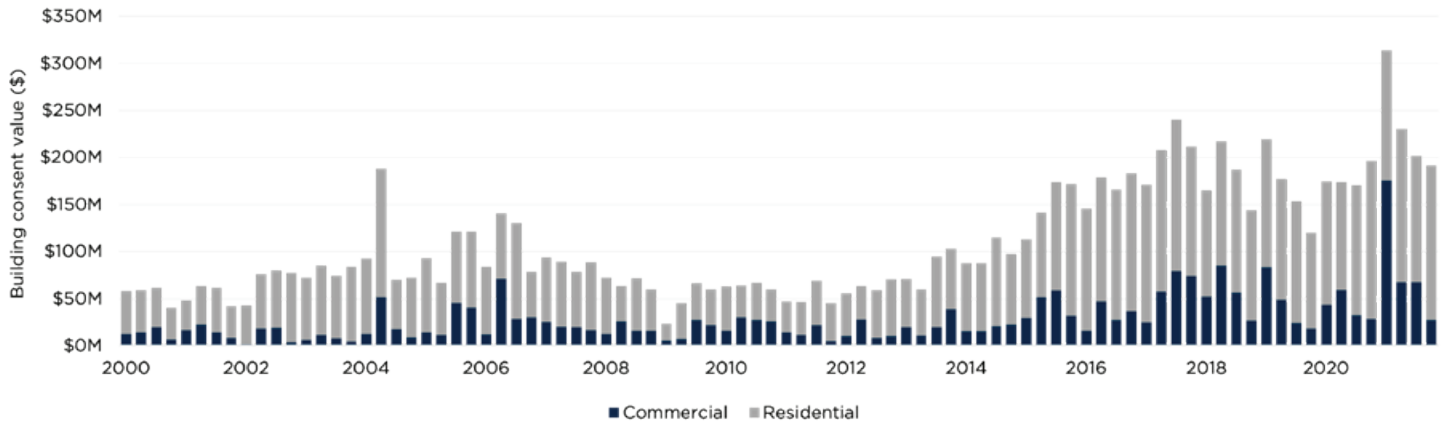


2 Rata Street, Mount Maunganui

Floor area 916sqm
Tenant McKenzie & Willis
Contact Brendon Bradley,
 Lynn Bradley, Ryan Bradley

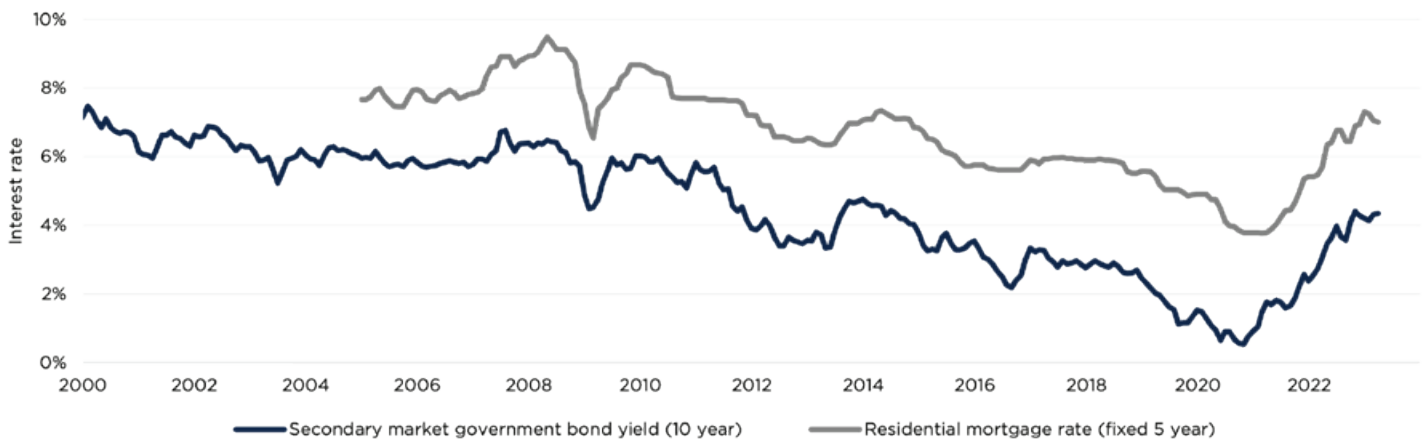
Other indicators

Building Consents: Tauranga City territorial authority (quarterly)



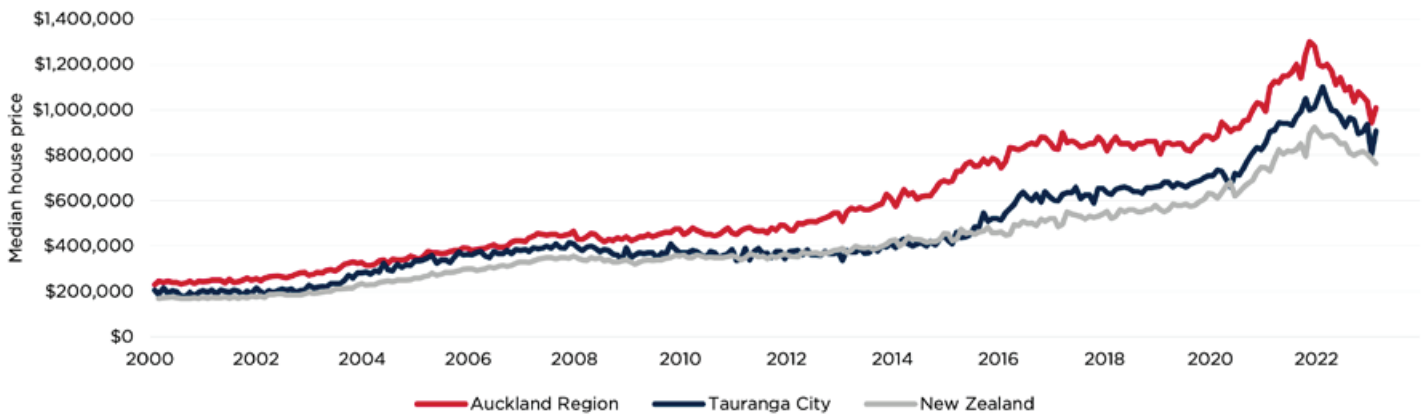
Source: Stats NZ

Interest rates



Source: RBNZ

House prices: Tauranga City territorial authority



Source: REINZ

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