



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

**\$300 – \$400**

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

**\$170 – \$200**

Benchmark prime commercial property yields

**6.0% – 7.5%**

## Hawke's Bay 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**

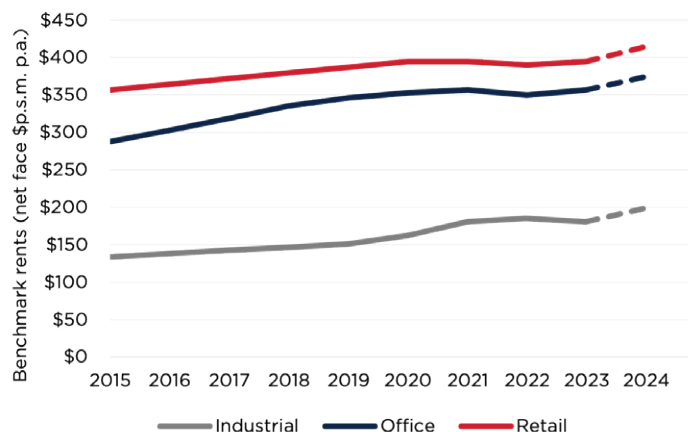
The flight to quality is resulting in low vacancies and rental growth amongst better quality properties. Lower quality properties are needing higher incentives to maintain face rents amongst weaker demand.



**Yields stabilising at higher levels**

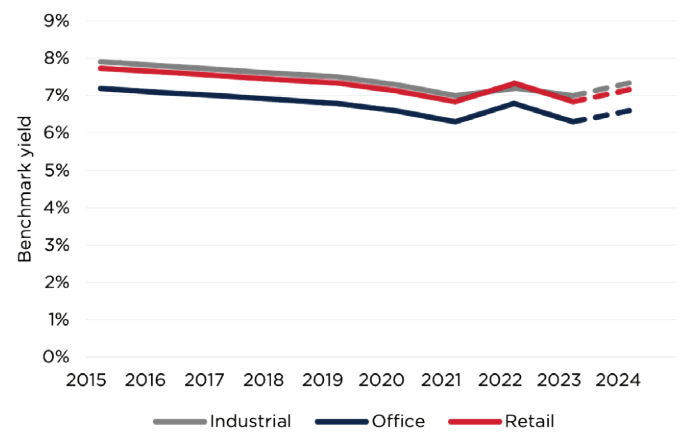
Rising interest rates have led to a softening of yields across most markets. Signals that inflation and long-term interest rates are peaking means yields are likely to stabilise at higher levels. Lower numbers of sales transactions means there is less evidence available to showcase this trend.

### Benchmark rents



Source: Bayleys

### Benchmark yields

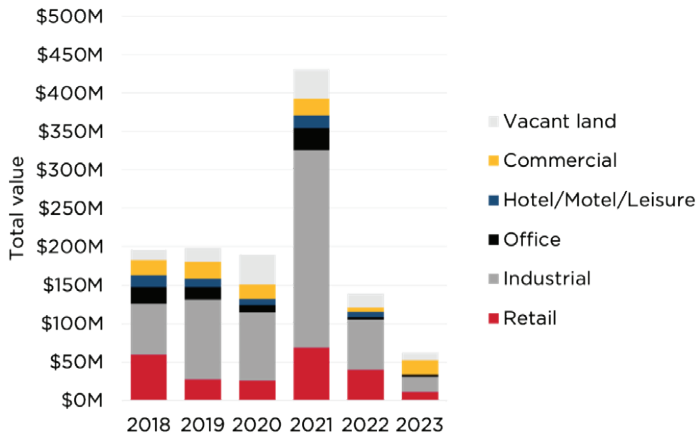


Source: Bayleys

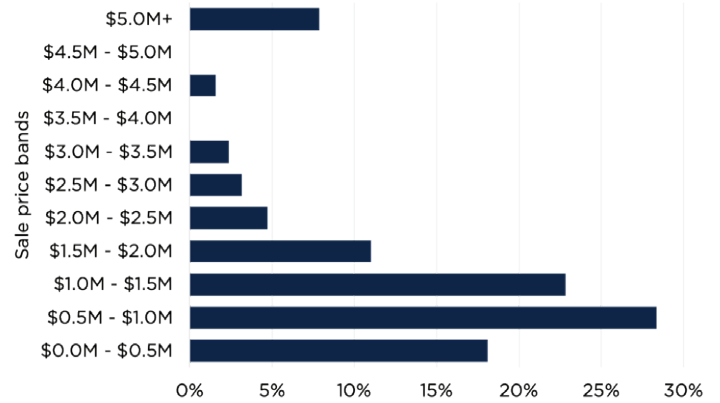
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

# Market indicators

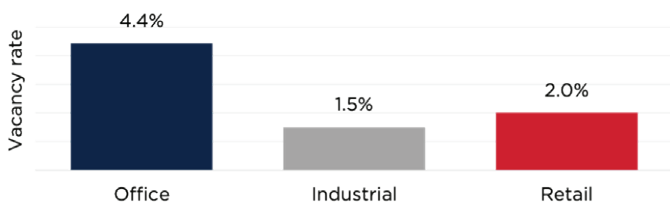
## Commercial property sales by type



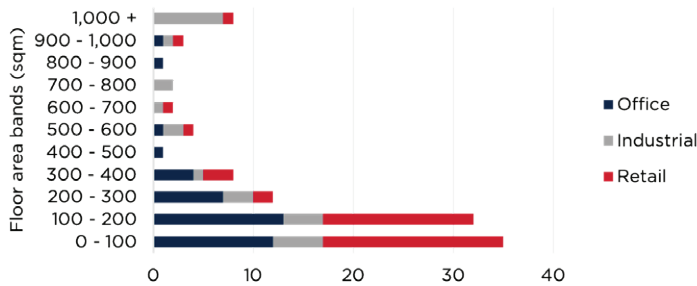
## Sales transactions by price band (2022-2023)



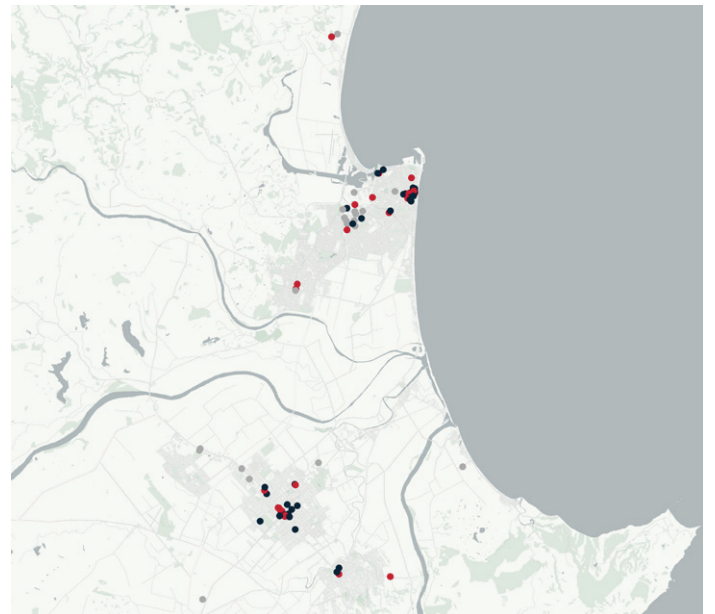
## Overall vacancy rate



## Vacancies by floor area bands



## Advertised vacancies (Sep 2023)



## Benchmarking metrics

	Benchmark rents (Net face \$p.s.m. p.a.)	Benchmark yields (%)	Availability
<b>Office</b>			
Office - modern - CBD	\$300 - \$400	6.0% - 6.8%	Scarce
Office - dated - CBD	\$180 - \$250	6.3% - 7.2%	Reasonable
<b>Industrial</b>			
Industrial - modern - warehouse	\$170 - \$200	6.5% - 7.5%	Scarce
Industrial - modern - office	\$200 - \$240	6.8% - 7.9%	Scarce
Industrial - dated - warehouse	\$100 - \$130	6.8% - 7.6%	Reasonable
Industrial - dated - office	\$150 - \$180	7.0% - 8.0%	Reasonable
<b>Retail</b>			
Retail - high street	\$310 - \$480	6.3% - 7.3%	Reasonable
Retail - large format	\$210 - \$215	6.8% - 7.4%	Scarce
<b>Development land</b>			
		<b>\$p.s.m.</b>	
City centre land		\$1,500 - \$2,500	Scarce
Industrial land		\$450 - \$550	Scarce
Residential bulk land		\$60 - \$110	Scarce
<b>Residential</b>			
Median house price		\$668,000	

## Notable transactions



**SOLD**  
**29 James Rochfort Place, Hastings**

Land area 3,183sqm  
Sale price \$7,500,000  
Contact Mark Evans



**SOLD**  
**Lot 3 and 4, 4 Twyford Road, Twyford**

Land area 13,765sqm  
Sale price \$5,000,000  
Contact Rollo Vavasour



**SOLD**  
**31 Niven Street, Napier**

Floor area 1,517sqm  
Sale price \$3,000,000  
Contact Rollo Vavasour, Mark Evans



**SOLD**  
**38-52 Barton Avenue, Napier**

Land area 5,081sqm  
Sale price \$3,000,000  
Contact Kerry Geange



**SOLD**  
**73-81 Dalton Street, Napier**

Floor area 439sqm  
Sale price \$2,000,000  
Contact Mark Evans



**SOLD**  
**103 Heretaunga Street West, Hastings**

Floor area 1,831sqm  
Sale price \$1,900,000  
Contact Rollo Vavasour



**SOLD**  
**207, 209 and 211 Street Aubyn Street East, Hastings**

Floor area 880sqm  
Sale price \$1,350,000  
Contact Rollo Vavasour



**SOLD**  
**15 Lake View Road, Waipukurau**

Land area 24,619sqm  
Sale price \$858,858  
Contact Kerry Geange, Jodie Woodfield



**SOLD**  
**3 Williamson Road, Clive**

Land area 518sqm  
Sale price \$263,000  
Contact Kerry Geange, Jodie Woodfield



**LEASED**  
**2322A Takapu Road, Waipukurau**

Floor area 1,665sqm  
Tenant sector Retail trade  
Contact Kerry Geange, Jodie Woodfield



**LEASED**  
**611 Karamu Road, Hastings**

Floor area 1,243sqm  
Tenant sector Health care and social assistance  
Contact Mark Evans, Rollo Vavasour



**LEASED**  
**8A Murray Place, Hastings**

Floor area 1,165sqm  
Tenant sector Administrative and support services  
Contact Mark Evans, Rollo Vavasour



**LEASED**  
**49 Emerson Street, Napier**

Floor area 156sqm  
Tenant sector Information media and telecommunications  
Contact Mark Evans



**LEASED**  
**29 Thames Street, Napier**

Floor area 120sqm  
Tenant sector Construction  
Contact Mark Evans, Grant Anderson

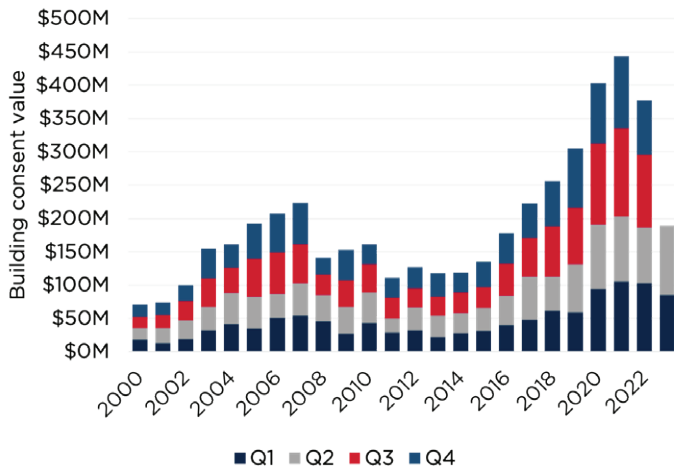


**LEASED**  
**101/70 Tennyson Street, Napier**

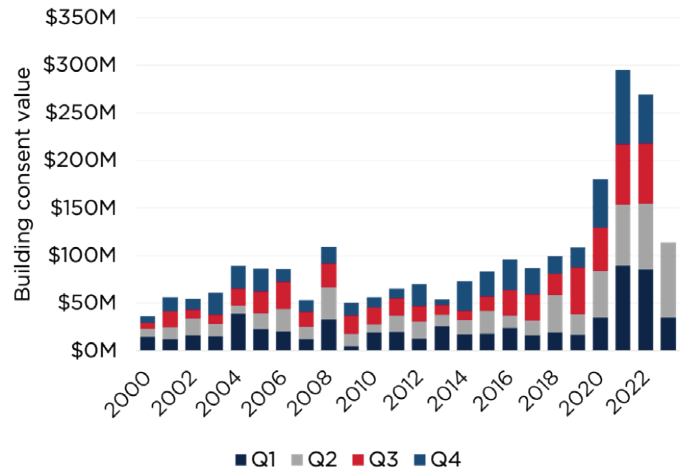
Floor area 87sqm  
Tenant sector Transport, postal and warehousing  
Contact Mark Evans, Grant Anderson

## Other indicators

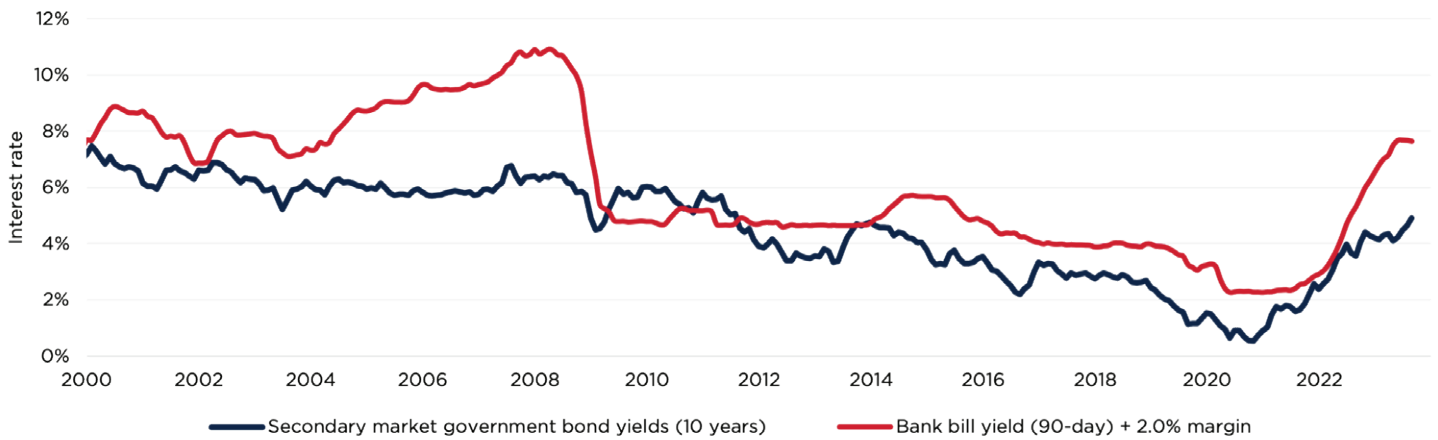
Annual commercial building consents: Hawke's Bay



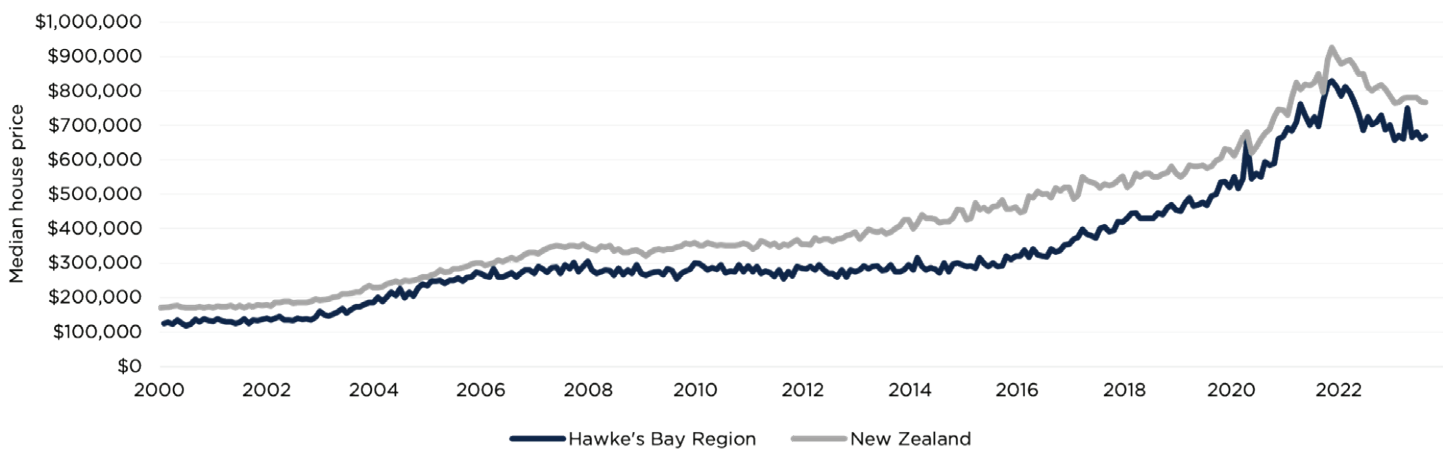
Annual residential building consents: Hawke's Bay



## Interest rates



## House prices



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