



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

\$200 – \$250

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

\$55 – \$80

Benchmark modern commercial property yields

6.5% – 7.5%

Source: Bayleys Insights & Data

Whanganui commercial property market in 60 seconds

National trends



Tight industrial markets driven growth in e-commerce and stockpiling

Industrial markets are facing very low vacancies due to demand for warehousing to support e-commerce and stockpiling by businesses to mitigate supply chain issues. Industrial rental rates are growing quickly in most locations.



Flight to quality creating two step office markets

Tenants are seeking higher quality offices to improve the working experience for staff, particularly as offices compete with work-from-home. Mitigation of seismic risk is also driving relocations in higher risk locations. Modern office spaces have low vacancies in most locations, whereas dated buildings are less competitive.



Bulk retail hits the sweet spot

Bulk retail has been resilient during the pandemic with low vacancies and strong rental growth, underpinned by retailers that are essential services and/or connected with strong performing sectors (e.g. home improvement). High street retail has remained subdued.

Outlook for the local market



Yields soften as interest rates rise

Increases in interest rates are translating to a softening of yields. Sale processes are often taking longer due to differences in price expectations between vendors and purchasers. Yields for good quality assets remain more resilient due to the weight of capital seeking quality investments.



Quake strengthened buildings will attract

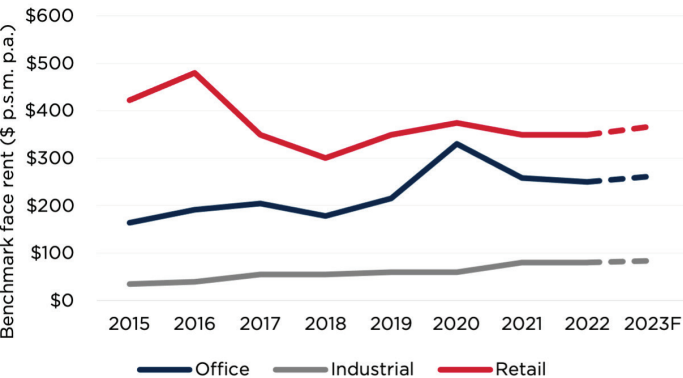
Properties that have high NBS ratings are preferred by occupiers and investors. Seismic strengthening remains a priority for owners of seismically vulnerable buildings, but careful value management needed to ensure strengthening is financially sensible. Heritage covenants introduce additional complications.



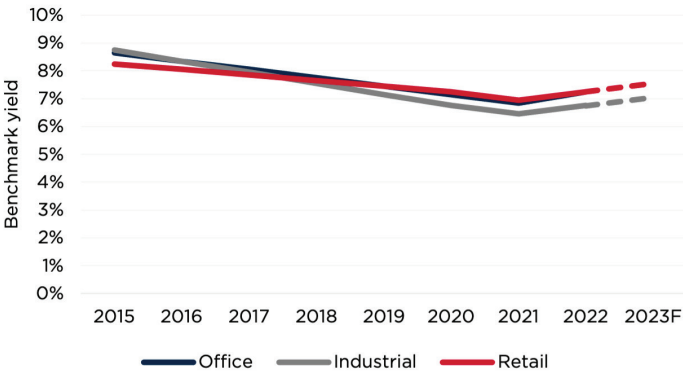
Price increase in ready industrial land

Development of industrial land with a restricted supply is putting upward pressure on land rates. Owner occupiers were attracted to the region as it was cheaper, but now the land rates are competing with surrounding regions.

Benchmark rents



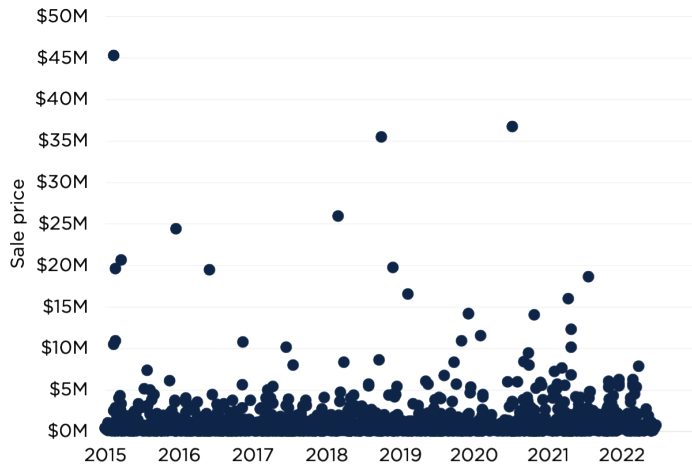
Benchmark yields



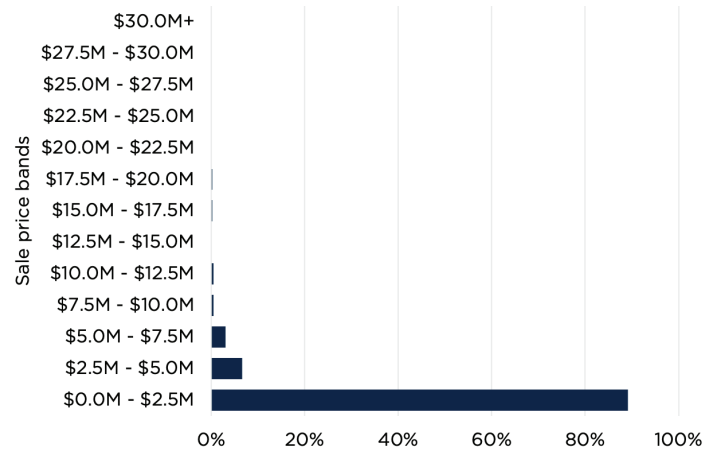
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

Market indicators

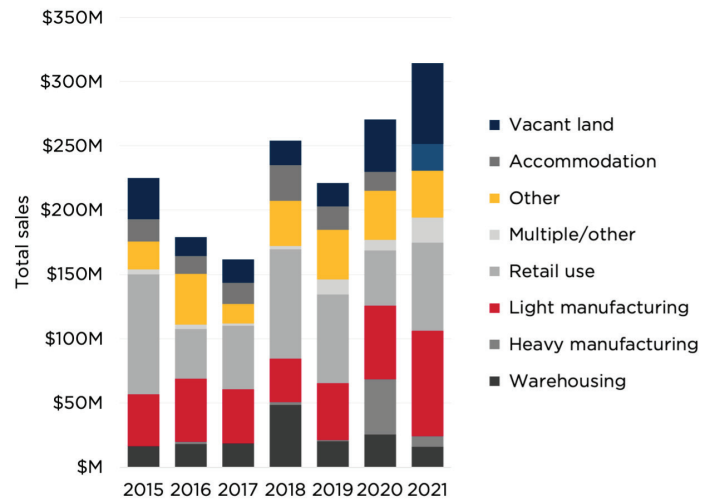
Commercial property sales transactions



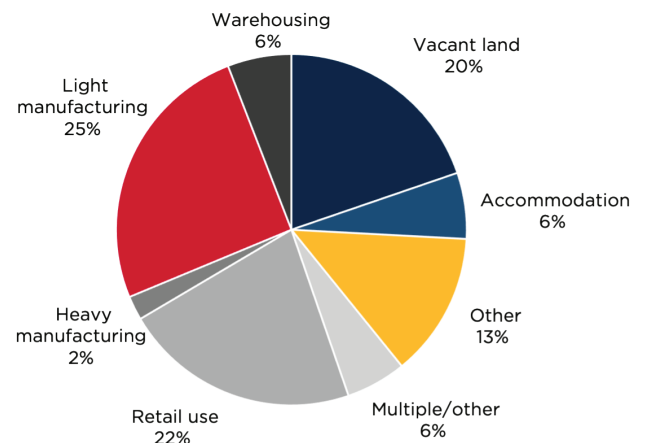
Distribution by price band (2021-2022)



Total commercial property sales by type



Commercial property sales by type (2021 - 2022)



Benchmarking metrics

	Benchmark rents (Net face \$ p.s.m. p.a.)	Benchmark yields (%)	Availability
Office			
Office - modern - CBD	\$200 - \$250	7.0% - 7.5%	Scarce
Office - dated - CBD	\$120 - \$140	8.3% - 8.8%	Surplus
Industrial			
Industrial - modern - warehouse	\$55 - \$80	6.5% - 7.0%	Scarce
Industrial - modern - office	\$110 - \$120	6.5% - 7.0%	Scarce
Industrial - dated - warehouse	\$50 - \$55	6.5% - 7.0%	Scarce
Industrial - dated - office	\$80 - \$100	6.5% - 7.0%	Scarce
Retail			
Retail - high street	\$330 - \$350	7.0% - 7.5%	Scarce
Retail - large format	\$160 - \$180	8.2% - 8.8%	Scarce
Development land		\$ p.s.m.	
City centre		\$570 - \$630	Scarce
Industrial		\$110 - \$140	Scarce
Residential bulk land		\$500 - \$600	Scarce
Residential		\$	
Median house price		\$575,000	

Notable transactions



23-25 Wilson Street, Whanganui

Floor area 1,736sqm
Sale price \$1,400,000



5 Rakau Road, Castlecliff

Floor area 2,367sqm
Sale price \$2,566,000



24 Somme Parade, Whanganui

Land area 1,172sqm
Sale price \$970,000



26 Pauls Road, Whanganui East

Floor area 6,070sqm
Sale price \$875,000



60A Guyton Street, Whanganui

Floor area 321sqm
Sale price \$850,000



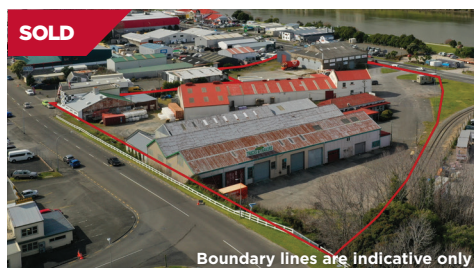
Lindsay's Lotto Post & More, Whanganui East

Floor area 140sqm
Sale price \$45,000



44 Dublin Street, Whanganui

Floor area 618sqm
Sale price \$2,200,000



152 Taupo Quay, Whanganui

Floor area 5,598sqm
Sale price \$3,800,000



15 Putiki Drive, Durie Hill

Floor area 1,860sqm
Sale price \$3,150,000



61 Victoria Avenue, Whanganui

Floor area 150sqm
Tenant The Gallery



260 Victoria Avenue, Castlecliff

Floor area 604sqm
Tenant Hart Financial Services



Shed 2, 18 Rakau Road, Castlecliff

Floor area 981sqm
Tenant WSP New Zealand



8 Bell Street, Whanganui

Floor area 185sqm
Tenant Whanau Manaaki KA



360 Heads Road, Castlecliff

Floor area 2,250sqm
Tenant Choice Auto Parts

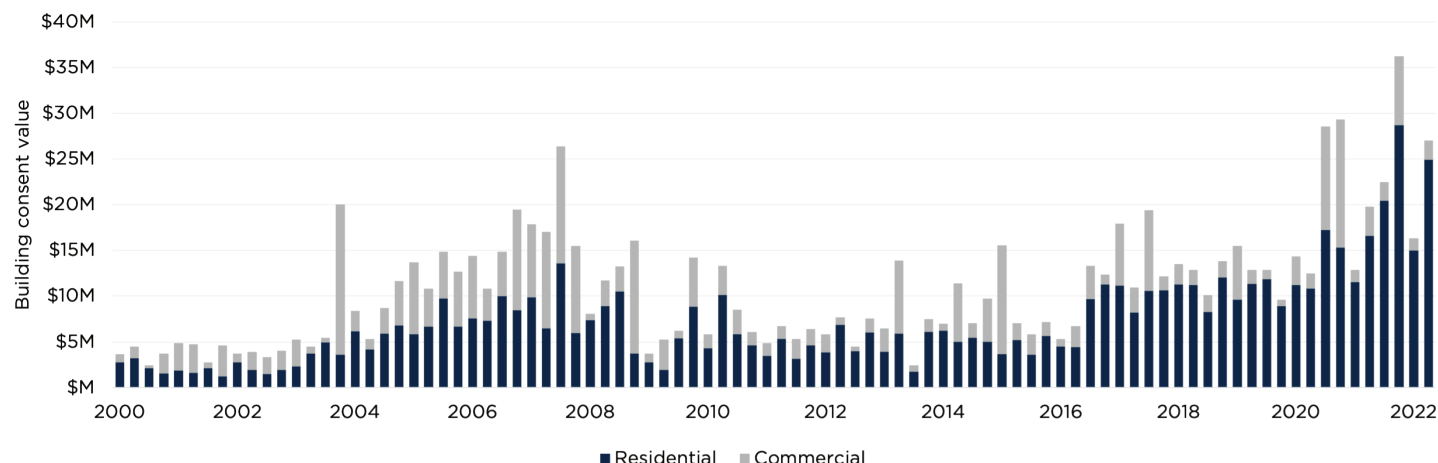


156 Victoria Avenue, Whanganui

Floor area 809sqm
Tenant Tait Pearce & Co

Other indicators

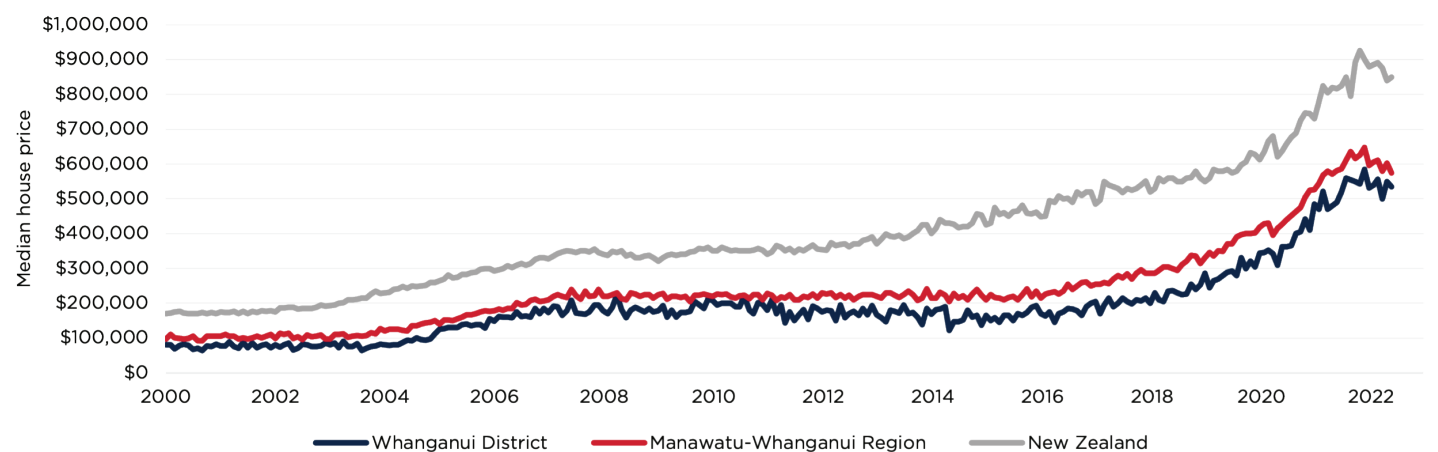
Building consents (Whanganui District)



Interest rates



House prices



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