



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

\$330 – \$400

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

\$130 – \$150

Benchmark modern commercial property yields

6.0% – 7.0%

Source: Bayleys Insights & Data

Hamilton 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

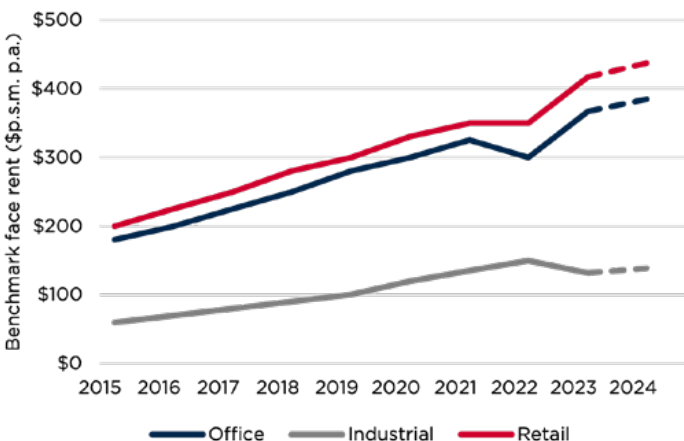
The flight to quality is resulting in low vacancies and rental growth amongst better-quality properties. Lower-quality properties are needing higher incentives to maintain face rents amongst weaker demand.



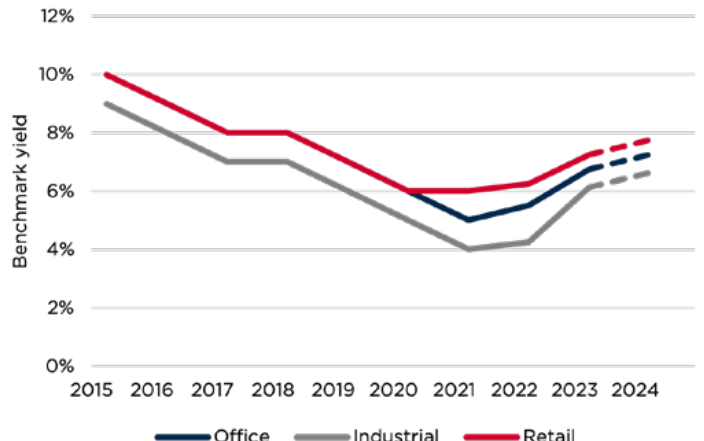
Yields stabilising at higher levels

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



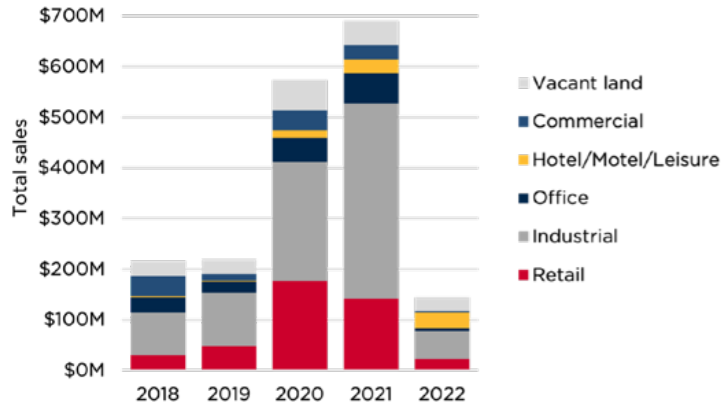
Source: Bayleys Insights & Data

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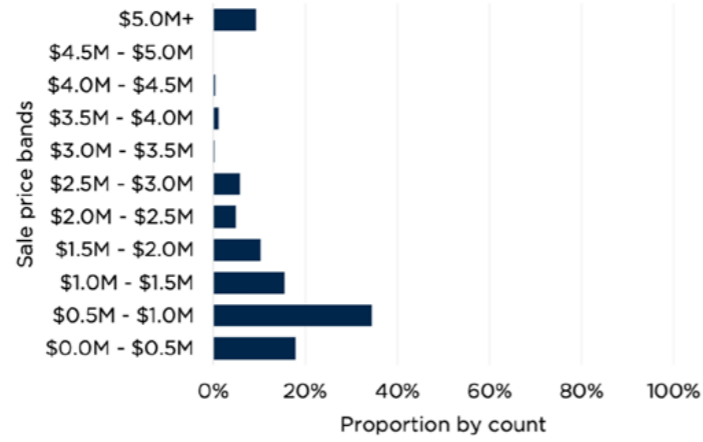
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

Market indicators

Commercial property sales by type

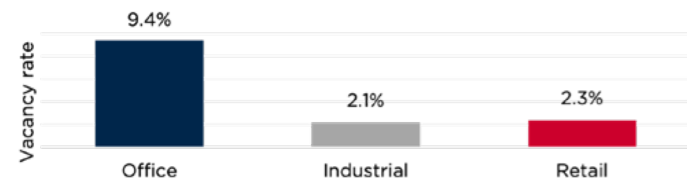


Sales transactions by price band (2021 to 2022)

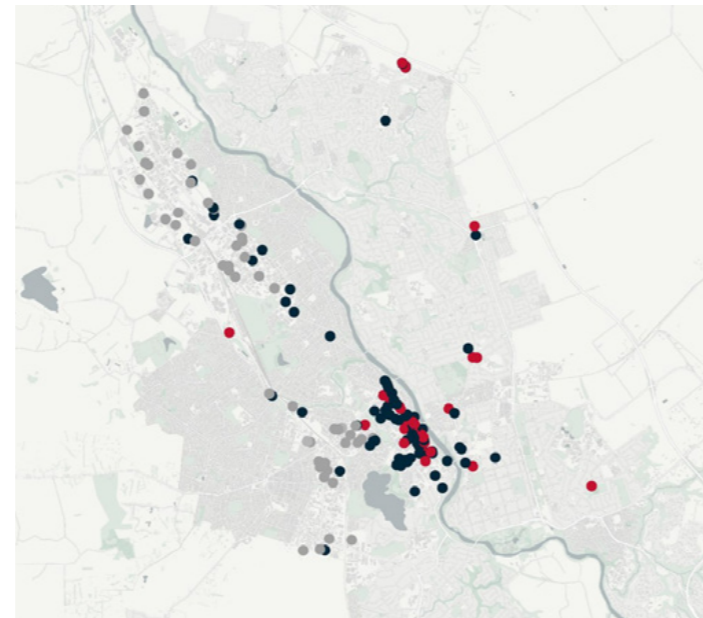


Source: Corelogic

Overall vacancy rate

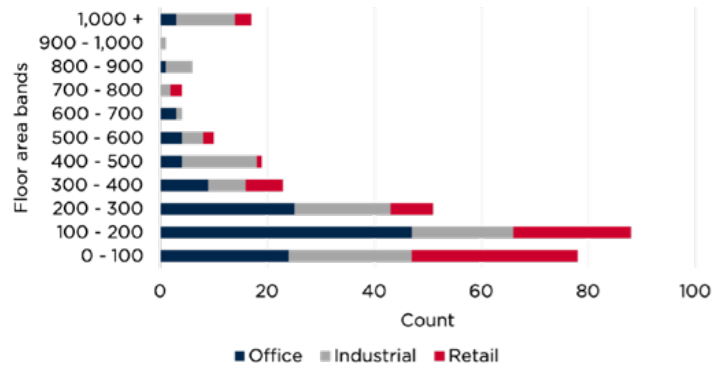


Advertised vacancies (March 2023)



Source: realestate.co.nz

Vacancies by floor area bands



Benchmarking metrics

	Benchmark rents (Net face \$p.s.m. p.a.)	Benchmark yields (%)	Availability
Office			
Office - modern - CBD	\$330 - \$400	6.5% - 7.0%	Reasonable
Office - dated - CBD	\$170 - \$190	8.0% - 10.0%	Surplus
Industrial			
Industrial - modern - warehouse	\$130 - \$150	6.0% - 6.5%	Scarce
Industrial - modern - office	\$240 - \$275	6.0% - 6.5%	Scarce
Industrial - dated - warehouse	\$120 - \$140	7.0% - 8.0%	Scarce
Industrial - dated - office	\$140 - \$160	7.0% - 8.0%	Scarce
Retail			
Retail - high street	\$380 - \$450	6.5% - 8.0%	Reasonable
Retail - large format	\$130 - \$160	8.0% - 10.0%	Reasonable
Development land			
	\$p.s.m. p.a.		
City Centre	\$2,400 - \$2,800		Scarce
Industrial	\$450 - \$600		Reasonable
Residential bulk land	\$150 - \$350		Reasonable
Residential			
Median house price	\$750,000		Reasonable

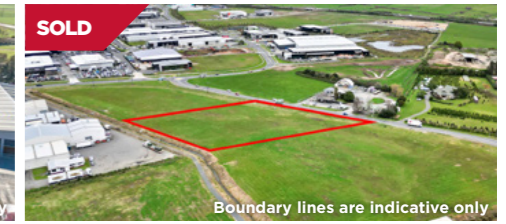
Notable transactions



SOLD
540 Wallace Terrace, Te Awamutu
 Land area 89,973sqm
 Sale price \$5,525,000
 Contact Alex ten Hove, Luke ten Hove



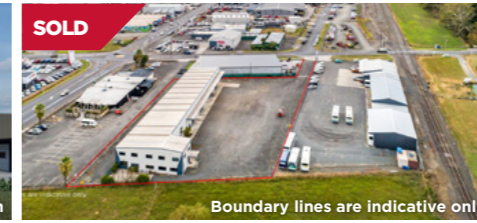
SOLD
27-31 Reta Crescent, Kerepehi
 Floor area 2,520sqm
 Sale price \$5,000,000
 Contact Josh Smith



SOLD
Lot 57, Te Kowhai East Road, Te Rapa
 Land area 7,942sqm
 Sale price \$3,670,000
 Contact Jordan Metcalfe, Rebecca Bruce



SOLD
Lot 7, Earthmover Crescent, Te Rapa
 Floor area 1,196sqm
 Sale price \$3,965,500
 Contact Rebecca Bruce, Jordan Metcalfe



SOLD
71 Avenue Road North, Morrinsville
 Floor area 1,196sqm
 Sale price \$3,110,000
 Contact Josh Smith



SOLD
55 Arawata Street, Te Awamutu
 Floor area 1,566sqm
 Sale price \$2,794,500
 Contact Willem Brown



SOLD
1 Mueller Street, Waihi
 Floor area 443sqm
 Sale price \$2,700,000
 Contact Josh Smith



SOLD
43 George Drive, Huntly
 Floor area 650sqm
 Sale price \$2,000,000
 Contact Alex ten Hove, Luke ten Hove



SOLD
380-382 Ngati Maru Highway, Thames
 Floor area 495sqm
 Sale price \$1,750,000
 Contact Josh Smith



SOLD
30 Alexandra Street, Te Awamutu
 Floor area 1,080sqm
 Sale price \$1,100,000
 Contact Josh Smith



LEASED
3/161 Hannon Road, Cambridge
 Floor area 4,198sqm
 Tenant Mainfreight
 Contact Willem Brown



LEASED
1 Karaka Street, Nawton
 Floor area 841sqm
 Tenant Traffic Management Waikato
 Contact Jordan Metcalfe, Rebecca Bruce



LEASED
1 Railway Street, Paeroa
 Floor area 2,500sqm
 Tenant My Feed
 Contact Josh Smith



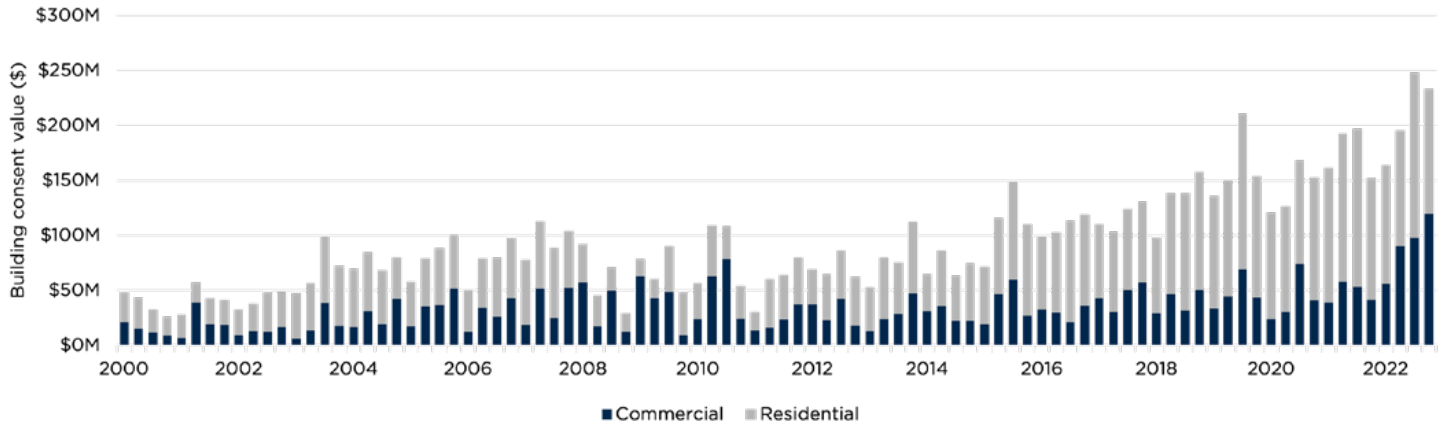
LEASED
4/34b Lake Street, Cambridge
 Floor area 578sqm
 Tenant Westpac
 Contact Willem Brown, Jordan Metcalfe, Rebecca Bruce



LEASED
20 Herschel Street, Ngaruawahia
 Floor area 1,125sqm
 Tenant Pact Steel
 Contact Rebecca Bruce, Jordan Metcalfe

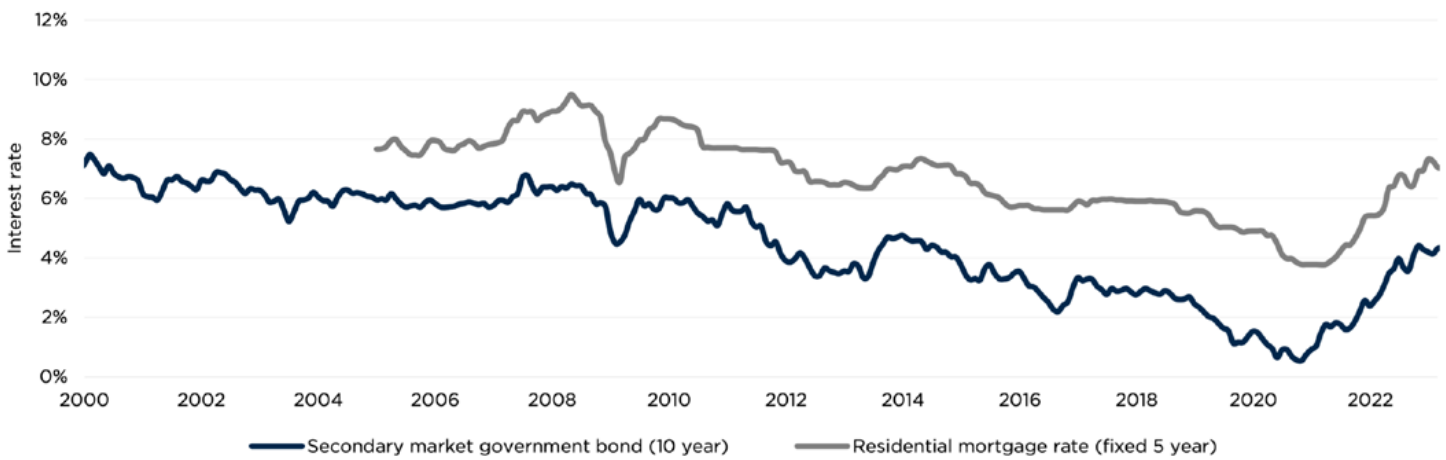
Other indicators

Building consents: Hamilton City territorial authority (quarterly)



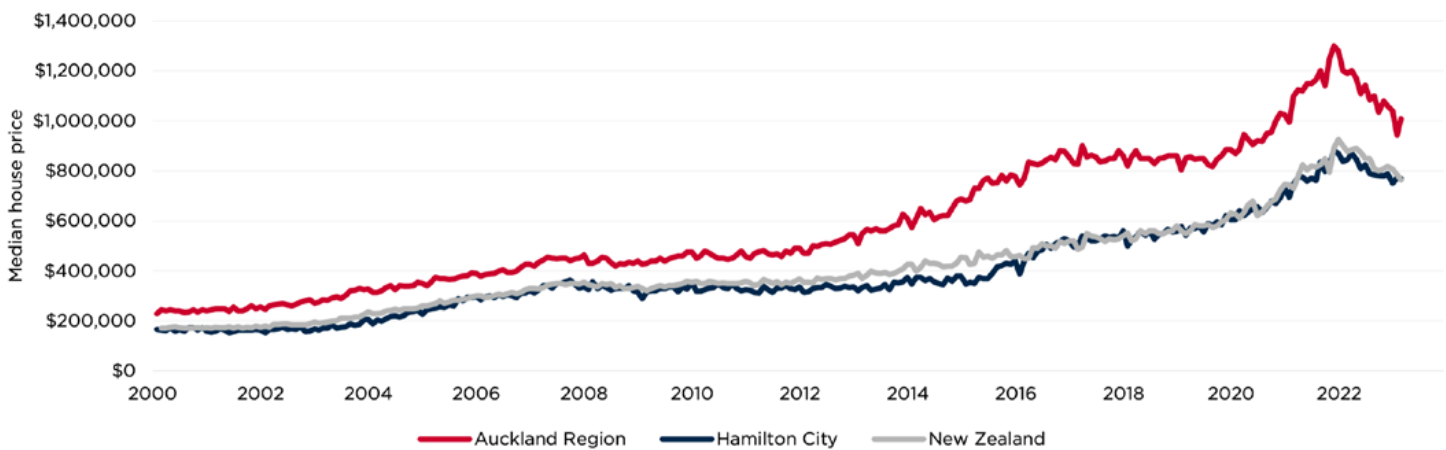
Source: Stats NZ

Interest rates



Source: RBNZ

House Prices: Hamilton City territorial authority



Source: REINZ

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