



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

\$525 – \$625

Benchmark prime office yields

5.75% – 6.75%

Overall vacancy rate

10.9%

Source: Bayleys Insights & Data

Auckland CBD office market in 60 seconds

Biggest trends



Flight to quality and drift to the waterfront's west

Occupiers are seeking higher amenity and modern buildings to help draw staff back to the office and to address obsolescence issues with older buildings. Trend is particularly acute for southern CBD tenants due to the loss of amenity during the City Rail Link works. Tenant mandates for sustainable buildings will further cement this trend.



Fewer desks but more collaboration space

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



Interest rate uncertainty

Tenant demand is most prevalent in the 100 to 1,000 sqm size range. Landlords are responding with the delivery of turnkey fitouts, office suites and offering greater flexibility.

Outlook for the next 12 months



Two-step rents

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



Yields stabilising at higher levels

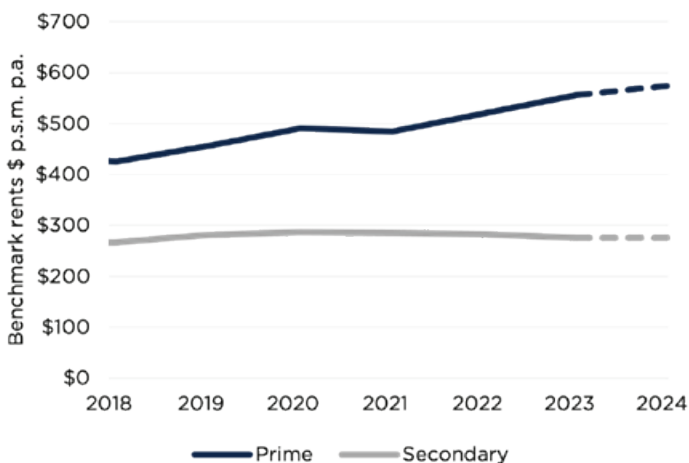
Rising interest rates have led to a softening of yields across most markets. Signals that inflation and long-term interest rates are peaking means yields are likely to stabilise at higher levels. Lower numbers of sales transactions means there is less evidence available to showcase this trend.



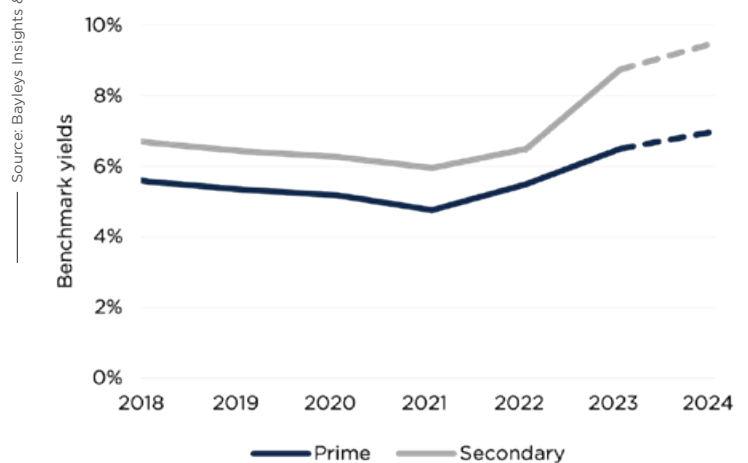
Higher rents needed for new builds to stack up

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 office rents



Benchmark office yields



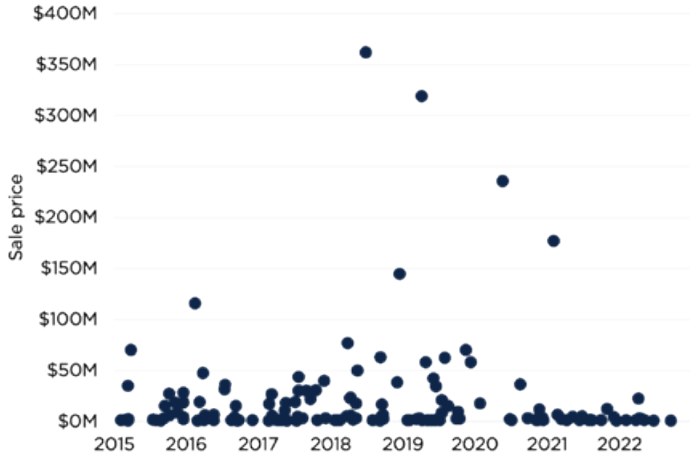
Source: Bayleys Insights & Data

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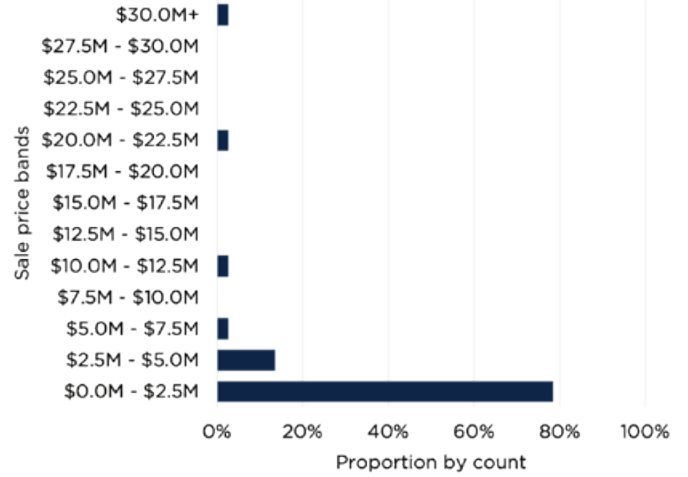
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

Market indicators

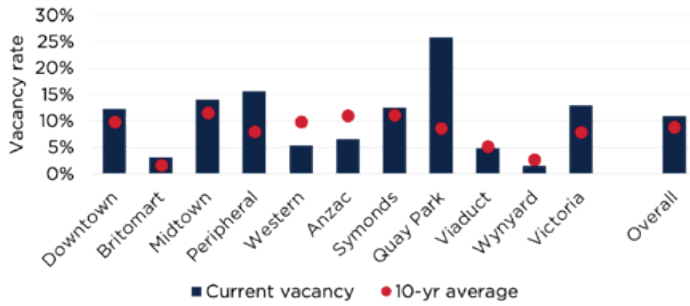
Sales transactions (2015 to 2022)



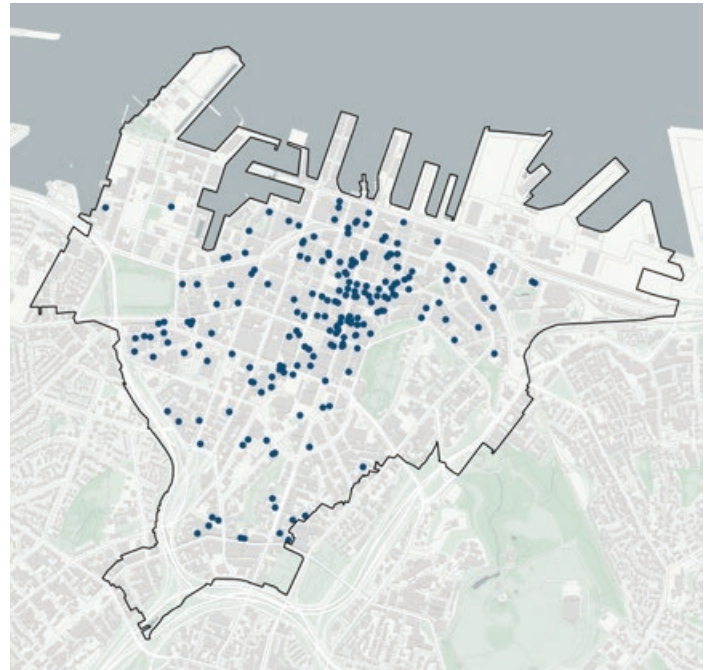
Sales transactions by price band (2021 to 2022)



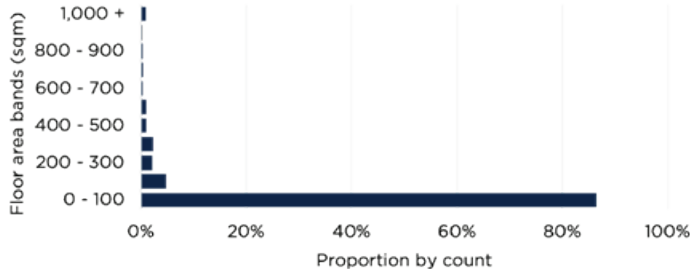
Overall vacancy rate



Advertised vacancies (November 2022)



Vacancies by floor area bands



Notable transactions



LEASED

3 Lorne Street, Auckland Central

Floor area 2,015sqm
Tenant Multiple tenants
Contact Polly Markus, Ben Laing



LEASED

31B Drake Street, Auckland Central

Floor area 277sqm
Tenant Envelope Engineering
Contact Ben Wallace, Charlie Anderson



LEASED

Ground Floor, 582 Karangahape Road

Floor area 287sqm
Tenant Manukora
Contact Ben Wallace



LEASED

Level 12, 2 Commerce Street, Auckland Central

Floor area 205sqm
Tenant Bridgewest Capital Management New Zealand
Contact Polly Markus



LEASED

Level 1B, 152 Fanshawe Street

Floor area 386sqm
Tenant Precon
Contact Ben Wallace



LEASED

Level 2, 54 Fort Street

Floor area 405sqm
Tenant Global Marketplace New Zealand
Contact Ben Wallace, Matt Gordon



LEASED

Level 9, 2 Kitchener Street

Floor area 161sqm
Tenant Childfund NZ
Contact Ben Laing, Maria Damian



LEASED

Level 3, 110 Customs Street West

Floor area 633sqm
Tenant Harmony Services
Contact Ben Wallace



LEASED

Level 5, 12 Viaduct Harbour Avenue

Floor area 450sqm
Tenant China Forestry Group New Zealand Company
Contact Andre Siegert, Ben Laing, Ken Hu



LEASED

Level 6, 48 Greys Avenue

Floor area 350sqm
Tenant Maker.Tech
Contact Ben Laing



LEASED

Level 3, 210 Federal Street

Floor area 961sqm
Tenant Independent Election Services
Contact Andre Siegert



LEASED

Level 4, 21 Queen Street

Floor area 913sqm
Tenant William Buck
Contact Paul Hain

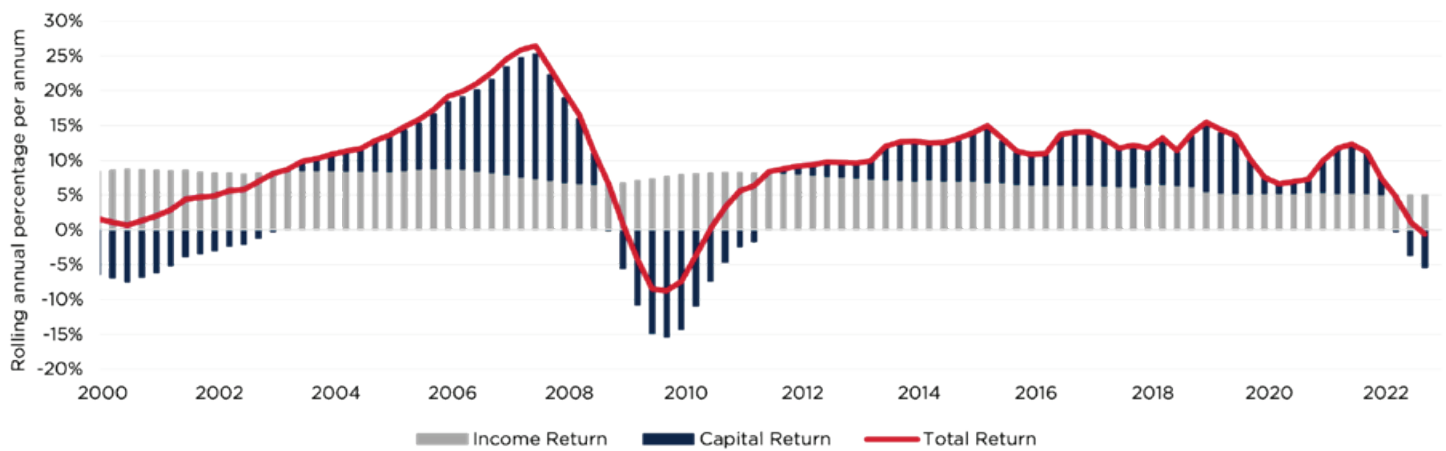
Other indicators

Interest rates



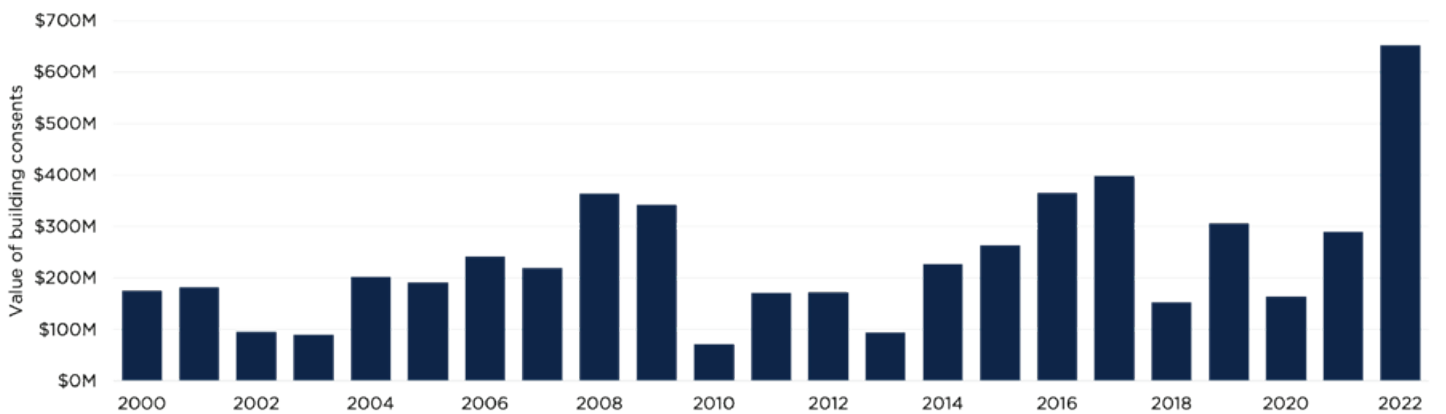
Source: RBNZ

Property returns: Auckland CBD offices



Source: MSCI

Office building consents: Auckland region



Source: Stats NZ

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