



Benchmark modern CBD office rents (net face \$ psm)

\$185 - \$240

Benchmark modern industrial rents (net face \$ psm)

\$110 - \$135

Benchmark modern commercial property yields

5.5% - 7.5%

Source: Bayleys Insights & Data

Palmerston North and Manawatū commercial property market in 60 seconds

Biggest trends



Infrastructural investment boosts region

Large infrastructural investment by local and national governments are making the region attractive to occupiers, tenants and investors. These include roading projects to reduce travel times to other major cities.



Flight-to-quality not yet satisfied

Occupiers increasingly wanting higher quality spaces. Supply is not yet available, so many occupiers are preferring shorter lease terms so they can retain flexibility to move in the future.



Retail remains tough but domestic travelers helping

The pandemic continues to impact high street retailers. Large format retail has been largely resilient due to essential goods and e-commerce platforms.

Outlook for the next 12 months



Land values up

Strong demand for land over the last 12 months has resulted in land values increasing across the region. Price growth is likely to continue, but rising construction costs may slow the rate of growth.



Yields soften as interest rates rise

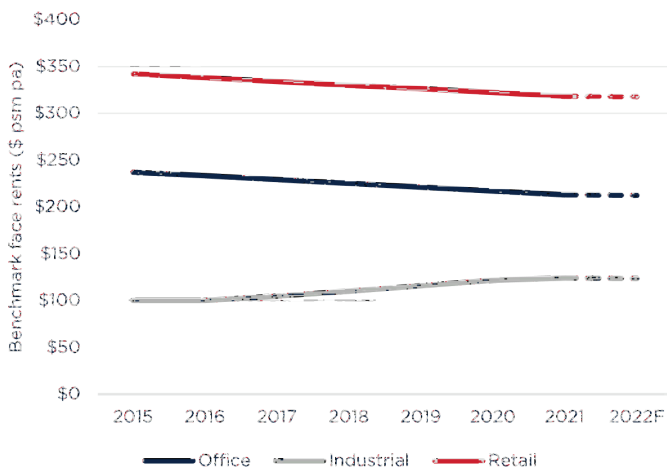
Rises in wholesale interest rates during 2021 are expected to result in a softening of yields during 2022. Weight of capital seeking placement likely to balance some of the impact of interest rates.



Development focused on smaller units

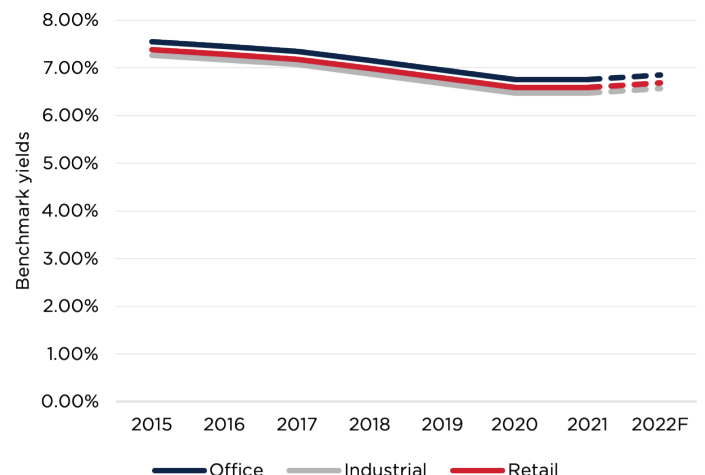
Development has been primarily focused on smaller commercial units (100sqm to 250sqm). This is expected to continue over 2022 due to their wide appeal across owner-occupiers, investors and tenants.

Benchmark rents



Source: Bayleys Insights & Data

Benchmark yields

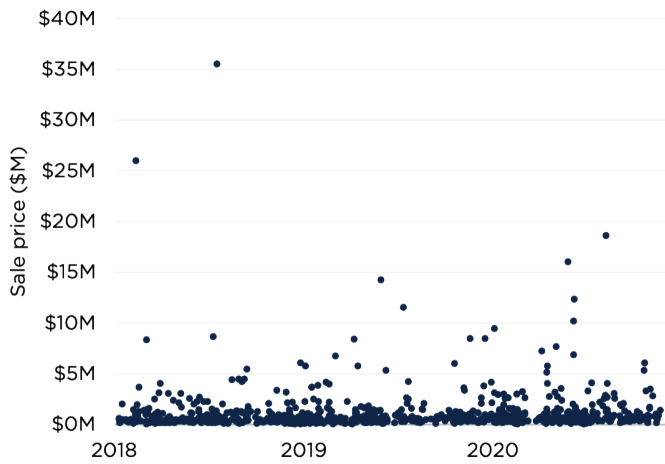


Source: Bayleys Insights & Data

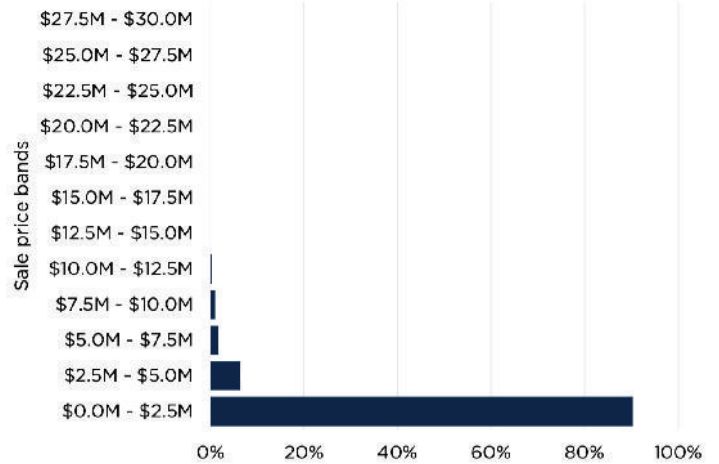
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

Market indicators

Commercial property sales transactions

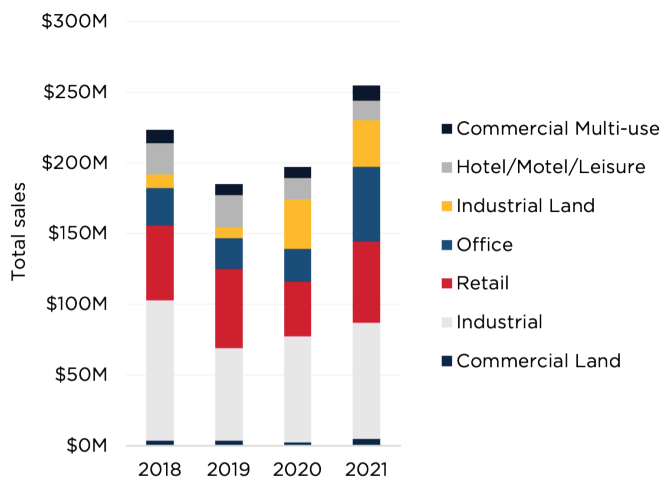


Distribution by price band (2018 - 2021, excl >\$30M)

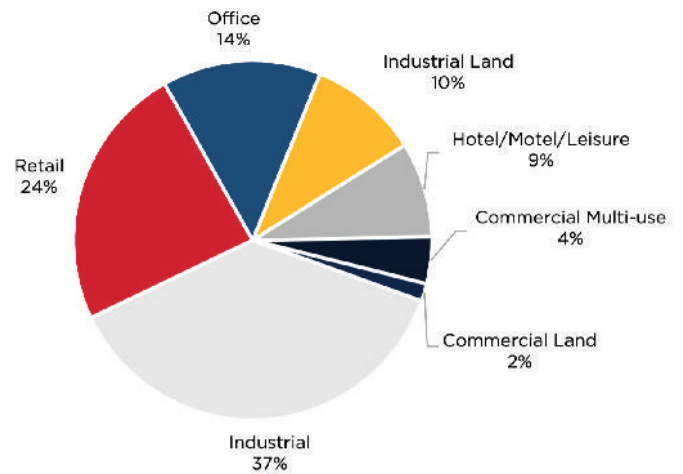


Source: Bayleys Insights & Data

Total commercial property sales by type



Commercial property sales by type (2018 - 2021)



Total commercial property sales by type

	Benchmark rents (Net face \$ psm pa)	Benchmark yields (%)	Availability
Office			
Office - modern - CBD	\$185 - \$240	6.0% - 7.5%	Reasonable
Office - dated - CBD	\$110 - \$140	7.5% - 9.5%	Surplus
Industrial			
Industrial - modern - blended rate*	\$110 - \$135	5.5% - 7.2%	Shortage
Industrial - dated - blended rate*	\$105 - \$125	7.0% - 8.0%	Reasonable
Retail			
Retail - high street	\$300 - \$335	6.0% - 7.2%	Reasonable
Retail - large format	\$225 - \$260	5.8% - 7.5%	Scarce
Development land		\$ psm pa	
Industrial		\$300 - \$380	Scarce

*Blended rate includes office and warehouse component

Notable transactions



109-111 Fergusson Street, Feilding

Floor area 170sqm
 Sale price \$330,000
 Contact Karl Cameron, Mitchell Boddy



1 Reserve Road, Longburn

Floor area 16,500sqm
 Sale price \$11,000,000
 Contact Karl Cameron, Gerald Rundle, Chris Bayley



48 Makomako Road, Kelvin Grove

Land area 2,526sqm
 Sale price \$850,000
 Contact Karl Cameron



94-100 Broadway Avenue, Palmerston North

Floor area 834sqm
 Sale price \$1,670,000
 Contact Karl Cameron, Mitchell Boddy



32-36 Broadway Avenue, Palmerston North

Floor area 673sqm
 Sale price \$550,000
 Contact Karl Cameron



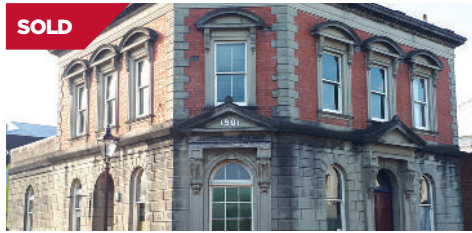
26 North Street, Palmerston North

Floor area 1,431sqm
 Sale price \$4,000,000
 Contact Karl Cameron



Cnr Rangitikei and Wellesbourne, Palmerston North

Floor area 1,035sqm
 Sale price \$3,500,000
 Contact Karl Cameron



1 Macarthur Street, Feilding

Floor area 307sqm
 Sale price \$275,000
 Contact Michael Ford



38 Fitzherbert Avenue, Palmerston North

Floor area 1,106sqm
 Tenant MidCentral District Health Board
 Contact Lewis Townshend



47 Queen Street, Palmerston North

Floor area 490sqm
 Tenant Horizons Regional Council
 Contact Mitchell Boddy, William Wood



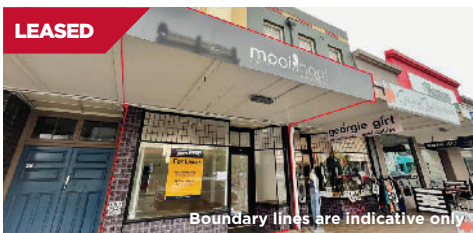
17-21 Broadway Avenue, Palmerston North

Floor area 126sqm
 Tenant Franchised Vape Store
 Contact Mitchell Boddy, Angus Findlay



92 Princes Street, Palmerston North

Floor area 177sqm
 Tenant Splatter Ltd
 Contact Mitchell Boddy, Angus Findlay



36 George Street, Palmerston North

Floor area 65sqm
 Tenant Flava Nutrition Studio
 Contact William Wood, Mitchell Boddy



84 Bourke Street, Palmerston North

Floor area 318sqm
 Tenant St Johns Regional Trust Board
 Contact Mitchell Boddy

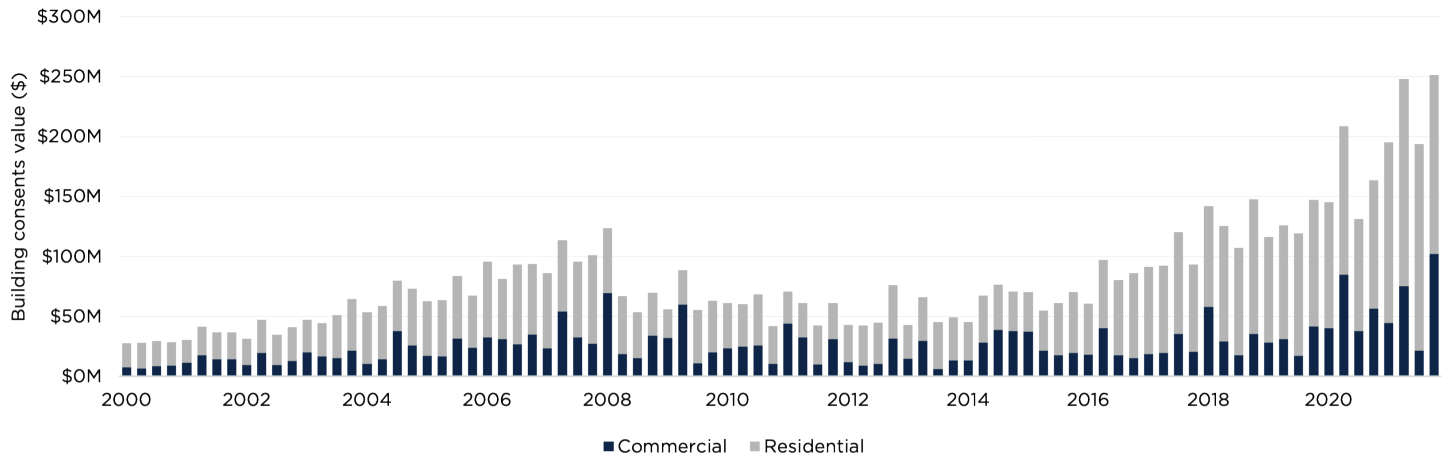


38 George Street, Palmerston North

Floor area 65sqm
 Tenant Dress to Impress
 Contact William Wood, Mitchell Boddy

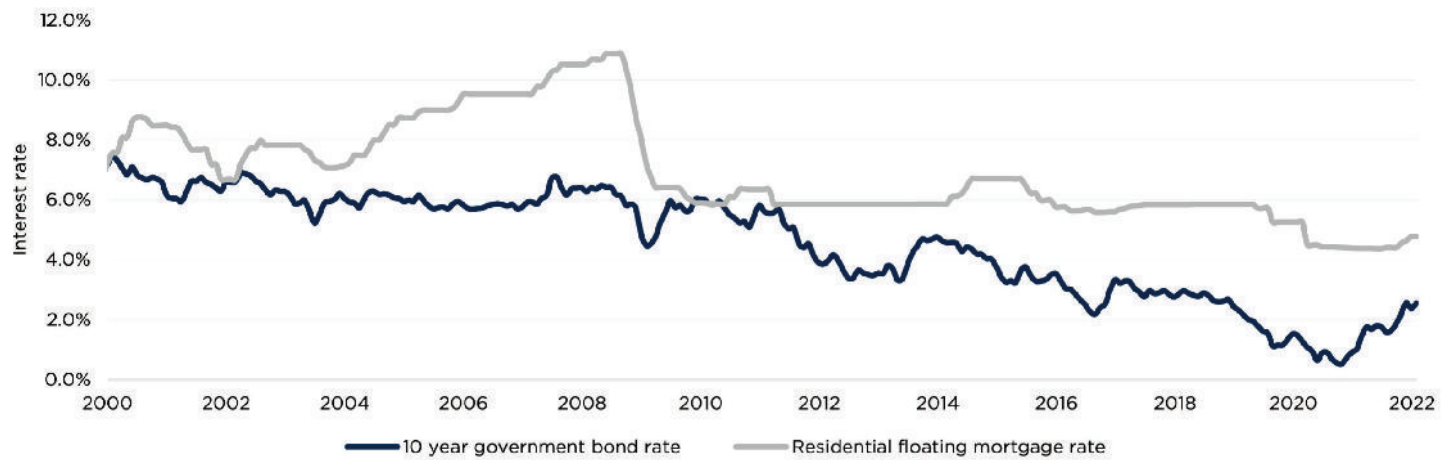
Other indicators

Building consents - Manawatū-Whanganui region



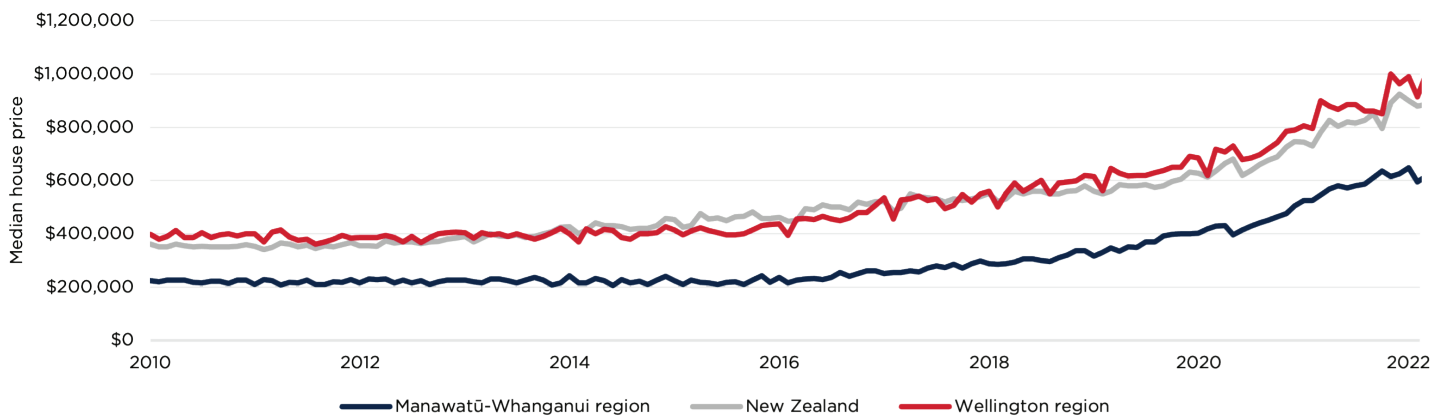
Source: Stats NZ

Interest rates



Source: RBNZ

House prices - Manawatū-Whanganui region



Source: REINZ

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