



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

**\$450 – \$650**

**Benchmark prime office yields**

**6.25% – 7.00%**

**Overall vacancy rate**

**6.7%**

Source: Bayleys Insights & Data

## Wellington CBD office market in 60 seconds

### Biggest trends



**Flight to quality**

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 buildings with lower seismic strength. Central government’s mandate for sustainable buildings will further cement this trend.



**Tenants recommitting to the office**

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.



**Consolidation trends**

Larger organisations have increasingly encountered seismic issues, often causing them to relocate to a series of smaller offices. This is expected to result in a renewed trend towards consolidations to improve space efficiency and ensure effective business operations.

### 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**

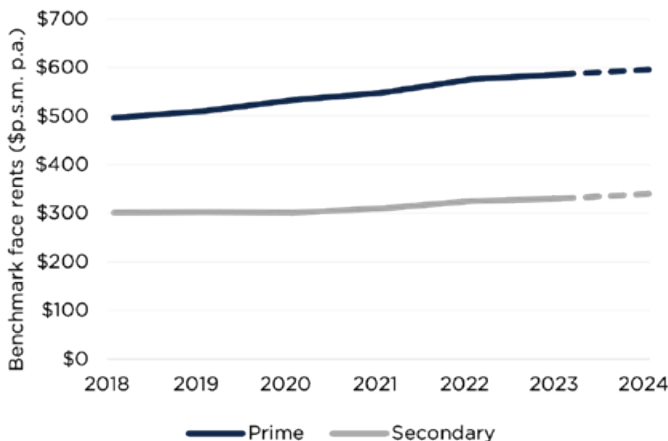
Rising interest rates have led to a softening of yields across most markets. Signals that inflation and long-term interest rates are peaking means yields are likely to stabilise at higher levels. Lower numbers of sales transactions means there is less evidence available to showcase this trend.



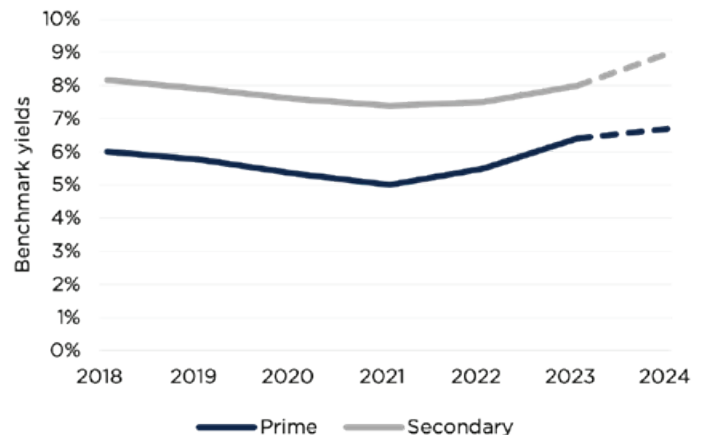
**Seismic issues remain a key challenge**

Uncertainty around the C5 seismic standards will continue to result in landlords delaying assessments and strengthening until they are confident about the resulting NBS. This will however cause them difficulties in securing funding and tenants.

Benchmark office rents



Benchmark office yields



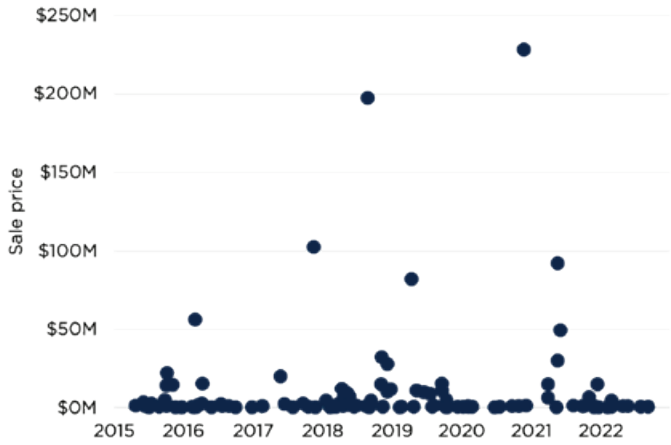
Source: Bayleys Insights & Data

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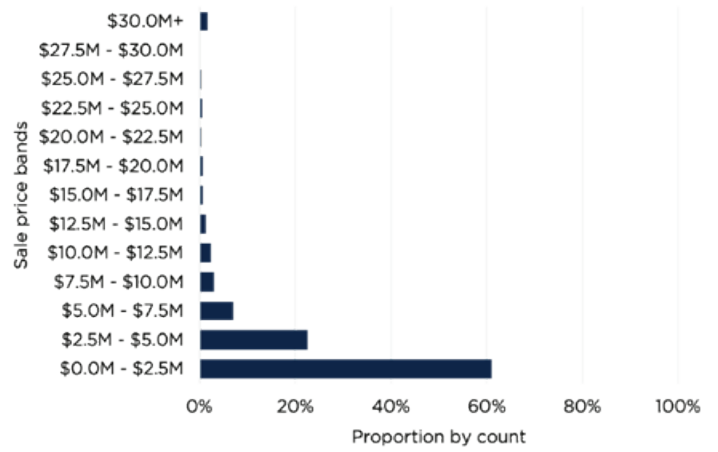
Benchmark rents and yields are based on a basket of properties that we believe reflect the asset class. The benchmarks do not represent the minimum or maximum rates in the market.

# Market indicators

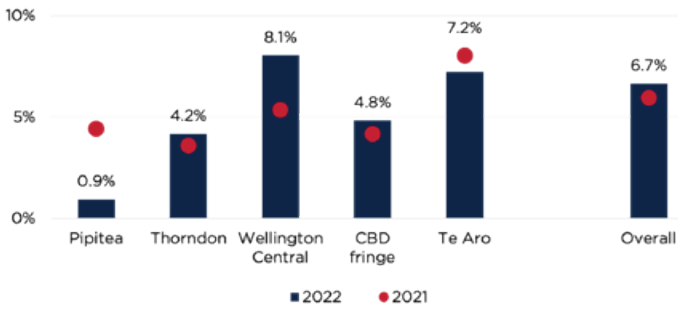
Sales transactions (2015 to 2022)



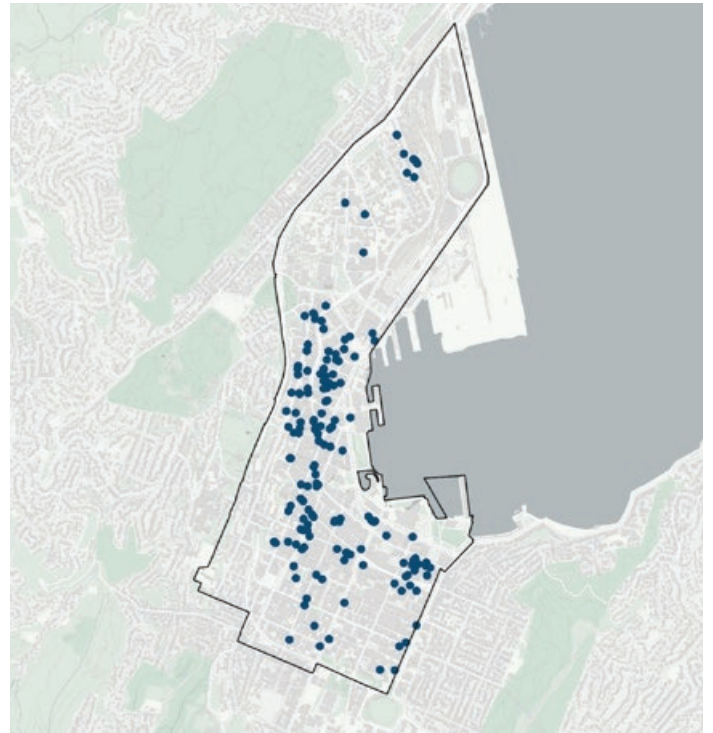
Sales transactions by price band (2021 to 2022)



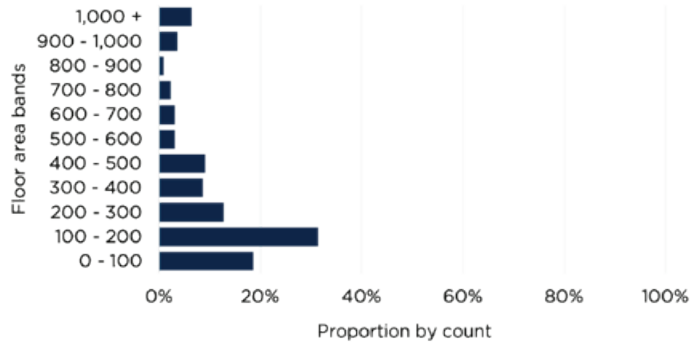
Overall vacancy rate



Advertised vacancies (November 2022)



Vacancies by floor area bands



## Notable transactions



**SOLD**

**70-72 Tory Street, Te Aro**

**Floor area** 4,760sqm  
**Sale price** \$34,000,000  
**Contact** Luke Kershaw, Mark Hourigan



**SOLD**

**1 Aglionby Street, Lower Hutt**

**Floor area** 578sqm  
**Sale price** \$4,105,000  
**Contact** Ethan Hourigan,  
 Andrew Smith



**SOLD**

**43-47 Hanson Street, Mt Cook**

**Floor area** 658sqm  
**Sale price** \$3,300,000  
**Contact** James Higgie, Mark Walker



**LEASED**

**Level 8, 2 Manners Street**

**Floor area** 624sqm  
**Tenant** Electoral Commission  
**Contact** Luke Kershaw,  
 Luke Frecklington



**LEASED**

**8 Gilmer Terrace, Wellington Central**

**Floor area** 7,651sqm  
**Tenant** Ministry of Education  
**Contact** Luke Frecklington,  
 Luke Kershaw



**LEASED**

**Level 3, 93 The Terrace**

**Floor area** 318sqm  
**Tenant** Information Leadership  
 Design Services  
**Contact** Matthew Morris



**LEASED**

**Level 4.3, 234 Wakefield Street**

**Floor area** 705sqm  
**Tenant** Magic Pulse  
**Contact** Luke Kershaw,  
 Luke Frecklington



**LEASED**

**Level 2, 2-12 Allen Street**

**Floor area** 123sqm  
**Tenant** Eight Wire  
**Contact** Matthew Morris



**LEASED**

**Part Level 2, 190 Taranaki Street**

**Floor area** 414sqm  
**Tenant** DMST Internationals  
**Contact** Mark Walker



**LEASED**

**Level 1, 74 Cambridge Terrace**

**Floor area** 743sqm  
**Tenant** The Settlement  
**Contact** Luke Frecklington,  
 Luke Kershaw, Matthew Morris



**LEASED**

**Ground Floor, 176 Victoria Street**

**Floor area** 150sqm  
**Tenant** Arabella Group  
**Contact** Sarah Lyford, Mark Walker



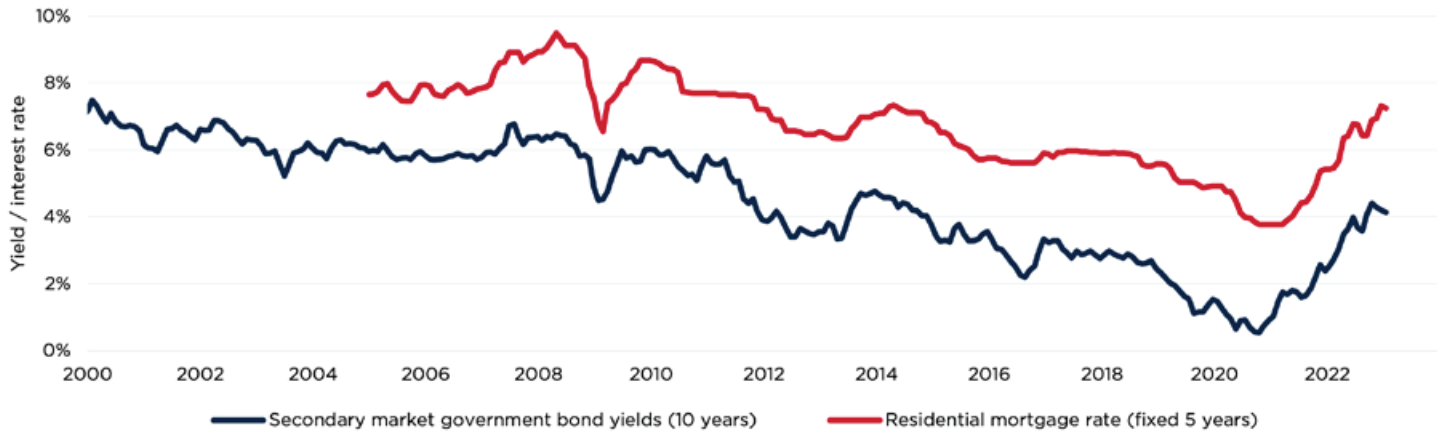
**LEASED**

**Level 9, 141 The Terrace**

**Floor area** 253sqm  
**Tenant** Sport New Zealand  
**Contact** Luke Kershaw,  
 Luke Frecklington

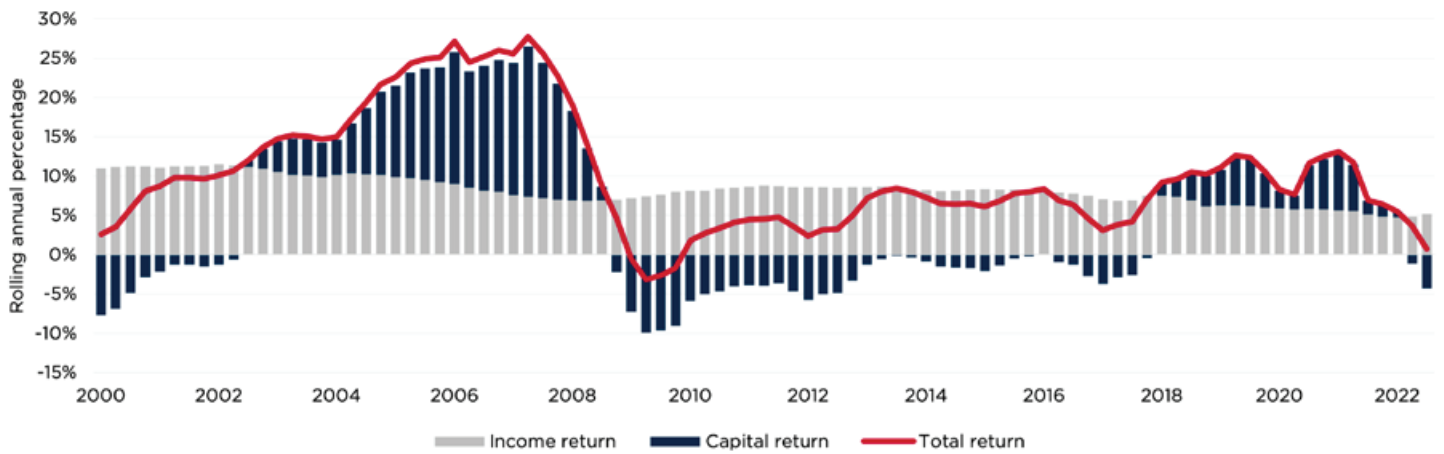
# Other indicators

## Interest rates



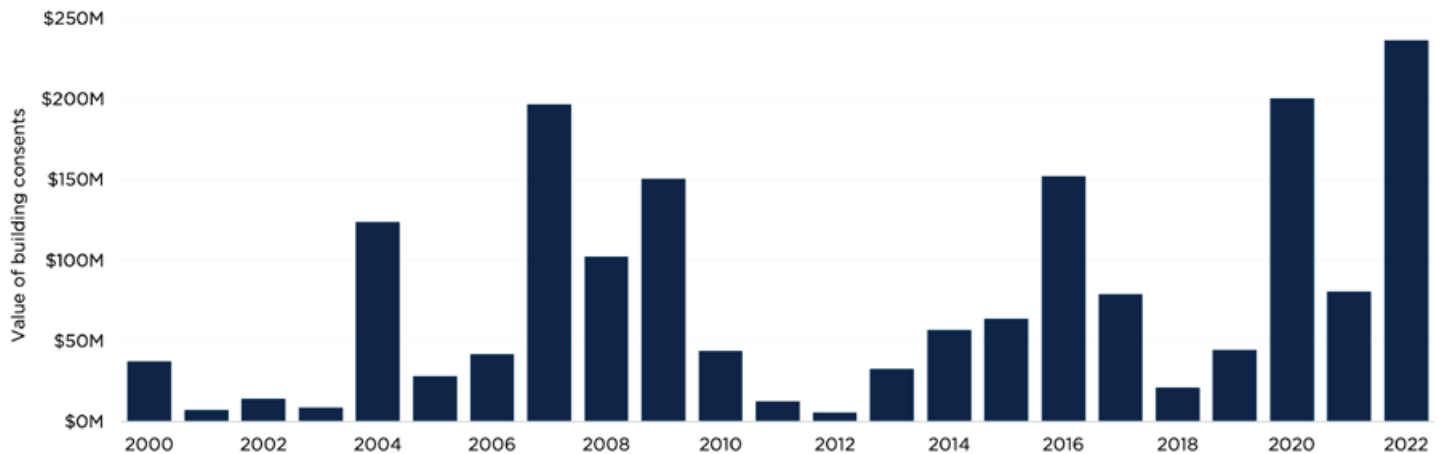
Source: RBNZ

## Property returns: Wellington CBD offices



Source: MSCI

## Building consents: Wellington region offices



Source: Stats NZ

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