Market intel

Bayleys' data points to an industrial leasing market finding its feet again, with demand improving and vacancy gradually normalising.

Bayleys *New Zealand Industrial Market Update Q3 2026* shows that leasing demand is now improving in the sector, vacancy is starting to be absorbed, and rents are holding steady.

Samantha Lee, Bayleys insights analyst says the Middle East conflict and oil shock prompted occupiers and investors to pause and reassess conditions, rather than step back from the market altogether.

"The uncertainty created some short-term caution around business confidence, inflation and lending conditions, but confidence appears to be improving as the situation stabilises.

"Many occupiers are continuing to look through a longer-term lens, with active groups leveraging current market conditions to secure opportunities that support future business growth.

"Those who remain on the sidelines may risk missing the opportunities the current market has to offer, from greater leasing choice through to reasonable lending conditions."

Rental growth in recent years has been supported by historically low vacancy, but rising availability and a stronger pipeline of new builds have taken the pressure off giving occupiers more choice across size, building quality, and price bands.

"Incentives are nudging higher as landlords compete more actively to secure occupiers, particularly in those locations where occupiers have a wider range of options," explains Lee.

On the investor side of the industrial coin, sentiment remains somewhat cautious, keeping sales activity subdued even as yields stabilise. That said, well priced, high quality assets continue to draw competition, and with rents, yields and construction costs steady, development feasibility and land acquisition activity remain firm.

The latest Bayleys data shows Auckland's industrial vacancy is concentrated in large-format premises, with units over 3,000sqm accounting for more than half of total vacant floor area and the tightest conditions in sub 500sqm stock. Hamilton sits at the opposite end of the spectrum, with virtually no available 3,000sqm-plus options and most vacancy in the 500–2,999sqm range. In Tauranga, Wellington, Christchurch and other centres, vacancy is more evenly spread, with roughly half of available space in the mid-size bracket, around 30 percent in larger units, and the balance in smaller premises.

Lee says Auckland's high proportion of vacancy in stock above 3,000sqm reflects both the city's scale and the volume of new supply coming to market.

"In contrast, Hamilton's vacancy profile has shifted since Q1, with the share of 3,000sqm plus vacancies reducing. However, several large-format new builds are still in the pipeline which the vacancy data does not yet capture."

The latest Bayleys market update highlights a run of high profile sales and leasing transactions completed nationwide in recent months, including multiple sales above $20 million, and new leases spanning 590sqm to 7,500sqm. Leasing activity has been broad based, with occupiers drawn from across the industrial spectrum including construction, recreational, heating and ventilation providers, and general warehousing which underscores the depth of demand for quality space.

SPACE BEING SOAKED UP

Scott Campbell, Bayleys national director of industrial and logistics, notes that market data is inherently retrospective providing a snapshot in time, and conditions have already shifted again for the better.

"Indicators now coming through are pointing in a more constructive direction for the industrial leasing sector. Vacancy rates, which had started to creep upwards towards 5-percent in some regions, are once again tracking downward as available stock is steadily absorbed.

"Auckland in particular is starting to see more industrial space get soaked up, with leasing activity holding firm across all size bands. Demand is broad based rather than concentrated in any single market segment, suggesting occupiers are gradually regaining confidence and making decisions that had been deferred through the more uncertain periods of the cycle.

"While enquiry is not surging in the way it did during the peak pandemic years, it is consistent, rational, and well distributed."

Campbell is clear that the market is unlikely to return to the extraordinary conditions of 2021–2022, when supply constraints and pandemic driven logistics pressures created an exceptional spike in activity. Instead, the sector is normalising, recalibrating to more sustainable levels, and showing signs that it is coming out the other side of the slowdown.

"The fundamentals remain strong, and the industrial market appears to be settling into its next phase.

"Development feasibility across the industrial sector remains steady, supported by stable rents, consistent yields, and construction costs that have finally stopped climbing at the pace of recent years. That stability removes a lot of the guesswork for occupiers and makes it easier to plan ahead, understand when new supply might land, and what it's likely to cost."

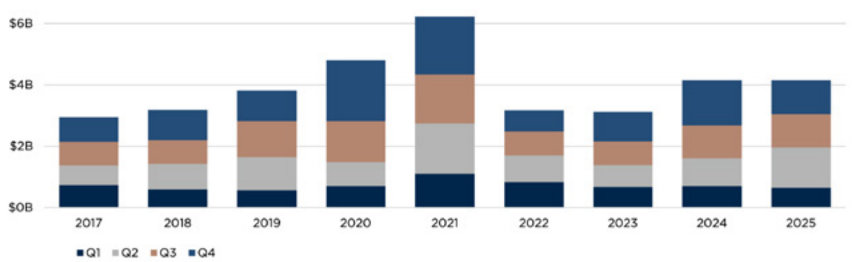
Developers are securing well located land with long term growth potential, and for occupiers that means the future pipeline is rebuilding in a more measured, sustainable way.

"Even more choice is on the way, so for occupiers thinking long-term, today's development conditions are really setting the stage for the next wave of industrial space," says Campbell.

"When occupiers take the time to think ahead around size, location, specs', and delivery timeframes they're far more likely to secure space that actually supports how their business operates.

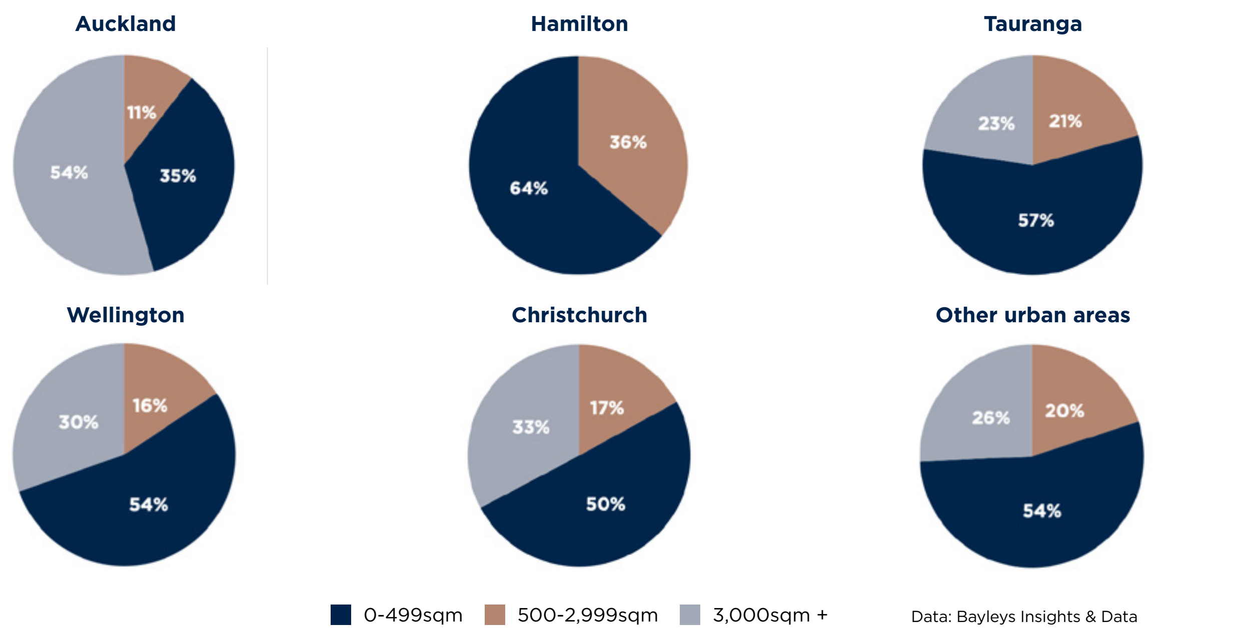
"A modern building can't be rushed as consenting, fire compliance, services design, and procurement all require long lead times meaning a design build typically runs 18–24 months. Occupiers who wait until their lease is running down inevitably face time pressure and compromise so defining a future footprint well ahead of expiry keeps options open."

SALES OVER TIME: NEW ZEALAND



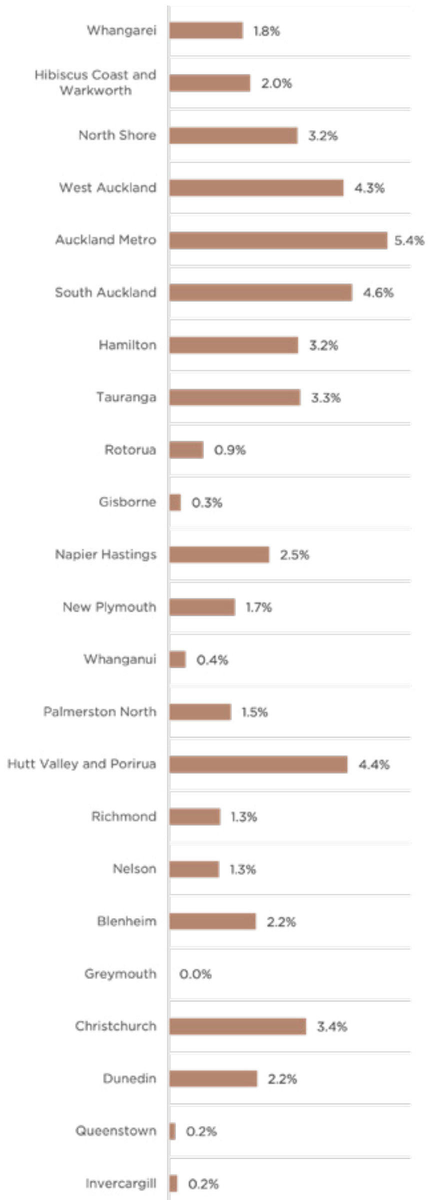
Data: Bayleys analysis of Cotality data

TOTAL VACANT FLOOR AREA BY VACANCY SIZE



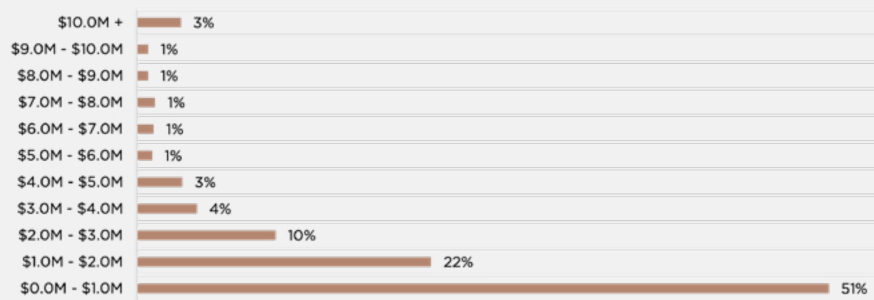
Data: Bayleys Insights & Data

VACANCY RATE



Data: Bayleys Insights & Data

SALES BY PRICE BAND: NEW ZEALAND (2024-2025)



Data: Bayleys analysis of Cotality data