BAYLEYS | Insights & Data

OFFICE MARKET UPDATE
2025

NEW ZEALAND OFFICE MARKET UPDATE

New Zealand office market in 60 seconds

Biggest trends

Flight to quality or fight against costs?
Occupier demand for better amenities and modern buildings needs to be balanced against the drive for better cost efficiencies in response to lower business confidence. This often means footprint reductions are needed to support decisions, or on some occasions, decisions are being deferred until economic conditions improve, particularly for mid-sized tenants.

Work from home getting more controls
Organisations are increasingly reviewing their hybrid working policies, often implementing controls to increase the time that staff spend in the office. Overall, hybrid working trends have reduced the demand for individual desks, but this is often balanced by more space for collaboration.

Seismic headaches
Seismic challenges are heavily influencing some markets, most notably Wellington CBD. Poor assessment results are leading to some buildings becoming largely untenantable until resolved. This issue is further complicated by potential changes to seismic assessment standards, which are leading some landlords to pause before investing in strengthening.

Outlook for the next 12 months

Two-step rents
The flight to quality is resulting in low vacancies and rental growth among modern properties in desirable locations. Meanwhile, dated or poorly located properties need higher incentives to maintain face rents amid weaker demand.

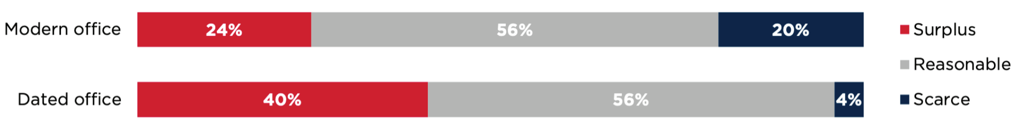
Investment market shifting into neutral
Sentiment among agents suggests that the investment market is heading into neutral territory after a period of weakness. Yields have risen since 2022 due to higher interest rates. While recent interest rate cuts should help bring yields down, long-term bond rates have remained persistently high due to lingering concerns about inflation. As a result, yields may not reduce significantly from recent levels.

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 that higher rents are needed for new developments to be feasible. Some experts perceive that construction costs are now decreasing, which may improve the viability of new developments.

Broker sentiment across New Zealand

How is tenant demand for office premises?

How is the supply of office premises for lease?



Market sentiment based on a survey of Bayleys brokers across New Zealand

Need help?

Use this form to request help from your local Bayleys team

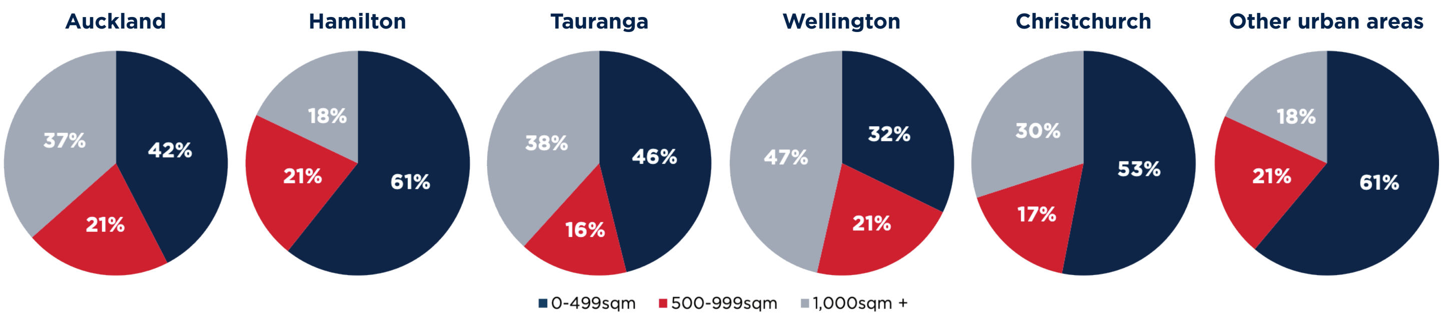
Leasing indicators

Leasing indicators by urban area

	Dated office rental range	Modern office rental range	Vacancy rate
Whangarei	$130 – $150	$200 – $250	3.4%
Hibiscus Coast and Warkworth	$220 – $270	$300 – $350	7.2%
Auckland North Shore	$300 – $450	$200 – $300	12.0%
West Auckland	$200 – $240	$320 – $450	6.1%
Auckland CBD	$300 – $400	$585 – $785	11.7%
Auckland Metro	$200 – $250	$250 – $425	10.8%
South Auckland	$220 – $250	$280 – $320	5.2%
Hamilton	$130 – $200	$225 – $325	5.6%
Tauranga	$220 – $300	$325 – $425	9.2%
Rotorua	$130 – $200	$200 – $340	2.7%
Gisborne	$150 – $180	$180 – $220	1.7%
Napier and Hastings	$175 – $250	$250 – $350	4.4%
New Plymouth	$150 – $250	$250 – $400	10.0%
Whanganui	$140 – $160	$250 – $270	3.2%
Palmerston North	$150 – $250	$300 – $400	6.8%
Hutt Valley and Porirua	$120 – $160	$180 – $260	12.6%
Wellington CBD	$300 – $400	$450 – $650	9.6%
Richmond	$220 – $240	$250 – $280	0.9%
Nelson	$220 – $240	$260 – $295	2.0%
Blenheim	$130 – $170	$200 – $290	1.6%
Greymouth	$110 – $130	$150 – $170	0.0%
Christchurch	$160 – $250	$300 – $500	7.6%
Dunedin	$150 – $180	$260 – $310	4.4%
Queenstown	$300 – $350	$350 – $425	4.2%
Invercargill	$180 – $250	$300 – $400	2.5%

Data: Bayleys Insights & Data

Total vacant floor area by vacancy size



Benchmark properties

We use these benchmark properties for our insights:

Modern office: Built after 2000 (excludes new builds). Good location. Single floor tenancy. Open-plan layout. Warm shell (no or minimal fit-out).

Dated office: Built before 2000. Reasonable location. Single floor tenancy. Open-plan layout. Warm shell (no or minimal fit-out).

We revise our methodology from time to time. Our latest results may not be fully interchangeable with historic results. The benchmarks do not represent the minimum or maximum rates in the market. Our vacancy rate is assessed on advertised vacancies (including subleases), rather than physical vacancies. Our analysis covers a wide geographic area and all property sizes, so our results may differ to those by other researchers. All findings are indicative only.

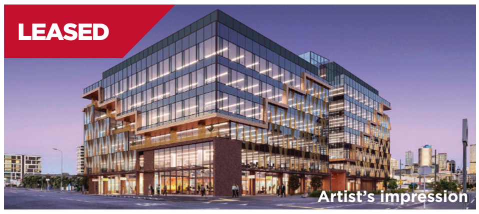
Sample of recent transactions

28 Corinthian Drive, Albany, Auckland

Floor area	182sqm
Tenant	Asset Management Solutions
Contact	Steven Liu, Dean Gilbert-Smith

2 Crummer Road, Ponsonby, Auckland

Floor area	335sqm
Tenant	Fearon Hay Architects
Contact	Ben Wallace



30 Daldy Street, Wynyard Quarter, Auckland

Floor area	10,400sqm
Tenant	One New Zealand
Contact	Chris Farhi, Steve Rendall, James Thorburn, Matt Lamb

48 Shortland Street, Auckland Central

Floor area	2,480sqm
Tenant	Craigs IP
Contact	Steve Rendall, Matt Lamb, Andre Siegert

167 Victoria Street West, Auckland Central

Floor area	3,929sqm
Tenant	Zuru
Contact	Matt Gordon, Lloyd Budd

37 Galway Street, Auckland Central

Floor area	1,170sqm
Tenant	Confidential
Contact	Matt Gordon, Polly Markus

38-40 Burleigh Street, Grafton, Auckland

Floor area	650sqm
Tenant	Red and White Cellar
Contact	Ben Wallace

35 Teed Street, Newmarket, Auckland

Floor area	2,812sqm
Sale price	$19,600,000
Contact	Alan Haydock, Damien Bullick

47 Bridge Street, City Centre, Nelson

Floor area	249sqm
Tenant	Maritime NZ
Contact	Gill Ireland

7-11 Queen Street, Upper Hutt Central

Floor area	2,323sqm
Sale price	$6,040,000
Contact	Grant Young, Ethan Hourigan, Fraser Press, Christian Taylor

10 Customhouse Quay, Wellington Central

Floor area	742sqm
Tenant	Fusion5 Limited
Contact	Luke Frecklington, Luke Kershaw

15 Willeston Street, Wellington Central

Floor area	1,277sqm
Tenant	Parts Trader Markets Limited
Contact	Luke Frecklington, Luke Kershaw

190 Taranaki Street, Te Aro, Wellington

Floor area	4,090sqm
Sale price	$5,000,000
Contact	Mark Walker, James Higgie

100 Moorhouse Avenue, Addington, Christchurch

Floor area	375sqm
Tenant	Tony Mounce Mortgages
Contact	Alex White, Stewart White

5 Moule Street, Addington, Christchurch

Floor area	1,384sqm
Sale price	$3,220,000
Contact	Graeme Donaldson, Jesse Paenga, Steven Schwalger

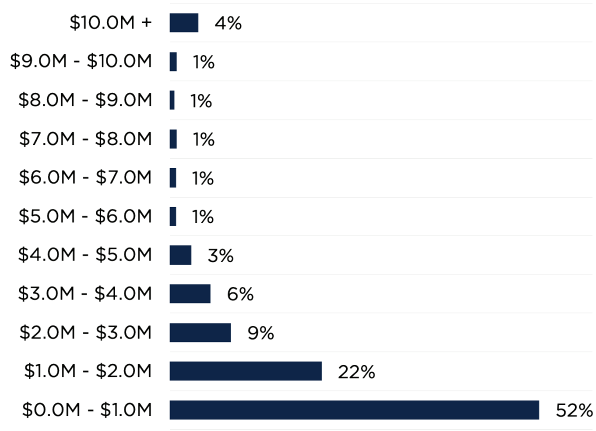
Investment indicators

Typical yields by urban area

	Dated office		Modern office	
Whangarei	7.5%	8.5%	7.0%	7.5%
Hibiscus Coast and Warkworth	6.8%	8.0%	6.0%	7.0%
Auckland North Shore	7.0%	8.0%	6.0%	7.0%
West Auckland	7.5%	8.5%	7.0%	8.0%
Auckland CBD	7.5%	9.0%	6.0%	6.5%
Auckland Metro	7.5%	8.5%	6.5%	7.5%
South Auckland	6.8%	7.8%	5.5%	6.5%
Hamilton	8.0%	10.0%	6.0%	7.5%
Tauranga	6.0%	7.0%	5.5%	6.5%
Rotorua	7.5%	8.5%	7.5%	8.0%
Gisborne	8.5%	9.5%	6.5%	7.5%
Napier and Hastings	7.5%	8.5%	6.5%	7.5%
New Plymouth	9.0%	10.0%	6.0%	7.0%
Whanganui	11.0%	12.0%	9.0%	10.0%
Palmerston North	8.5%	9.5%	6.0%	7.0%
Hutt Valley and Porirua	8.5%	9.5%	7.5%	8.5%
Wellington CBD	8.5%	9.5%	7.0%	8.0%
Richmond	7.5%	8.0%	7.3%	7.8%
Nelson	7.3%	7.8%	6.8%	7.3%
Blenheim	7.8%	8.3%	7.3%	7.8%
Greymouth	7.8%	8.3%	7.3%	7.8%
Christchurch	7.0%	8.0%	6.0%	6.5%
Dunedin	9.5%	10.5%	7.5%	8.0%
Queenstown	3.0%	3.5%	3.0%	3.5%
Invercargill	8.0%	9.0%	8.0%	9.0%

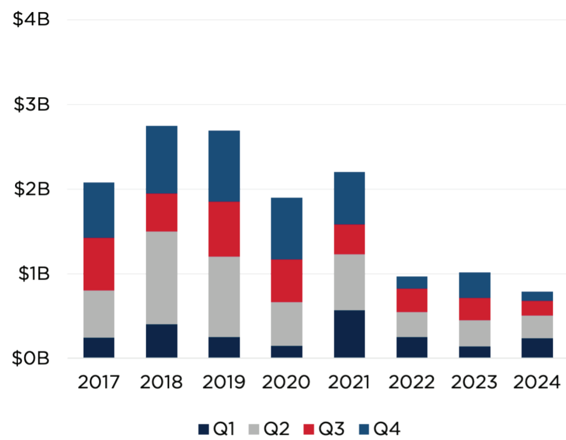
Data: Bayleys Insights & Data

Sales by price band: New Zealand (2023 to 2024)



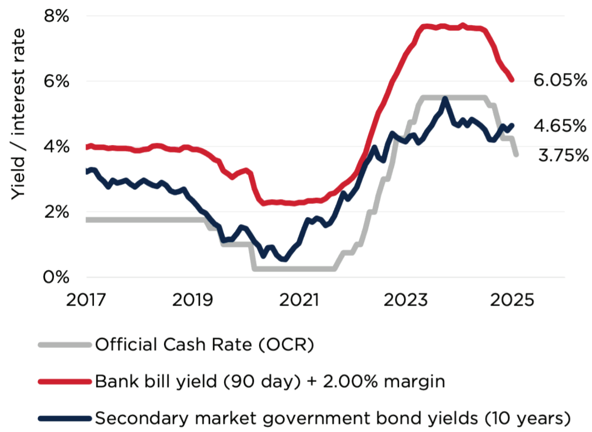
Data: Bayleys analysis of CoreLogic data

Sales over time: New Zealand



Data: Bayleys analysis of CoreLogic data

Interest rates



Data: RBNZ

Ryan Johnson
National Director
Commercial
ryan.johnson@bayleys.co.nz

Matt Lamb
National Director
Office Leasing
matt.lamb@bayleys.co.nz

INSIGHTS, DATA AND CONSULTING TEAM

Chris Farhi
Head of Insights, Data
and Consulting
chris.farhi@bayleys.co.nz

Eos Li
Analyst - Insights, Data
and Consulting
eos.li@bayleys.co.nz

Samantha Lee
Analyst - Insights, Data
and Consulting
samantha.lee@bayleys.co.nz

Bayleys believes this information is reliable but does not invite reliance on it and excludes liability for any opinions, statements, or analyses provided.

All content is copyright Bayleys Real Estate 2025 and may not be reproduced without expressed permission.

BAYLEYS REAL ESTATE LTD, AUCKLAND CENTRAL, LICENSED UNDER THE REA ACT 2008

0800 BAYLEYS
bayleys.co.nz/insightsanddata