AUCKLAND OFFICE OUTGOINGS BENCHMARKING REPORT PREVIEW

Auckland office outgoings benchmarking in 60 seconds

Outgoings on the rise
Total outgoings continue to rise. Proactive management of costs remains essential in the prevailing market conditions, particularly given tenants are becoming increasingly sensitive to total occupancy costs due to challenging economic conditions.

Rates the largest component
Rates remain the largest component of outgoings for most properties and have risen sharply in recent years. This is challenging for landlords given the limited influence over this cost, other than attempting to lower the assessed capital value of their property at the three yearly rating revaluation.

Utilities the fastest rising category
Utilities have shown a notable increase over the past two years. Rises in electricity costs have been partially driven by the Commerce Commission's increasing of revenue limits for network providers. Proactive landlords have taken steps to reduce utilities costs through targeted investments in more efficient building services, typically in conjunction with seeking enhanced NABERS NZ ratings.

Insurance seeing mixed signals
The market often cites rising insurance as a key driver for rising outgoings. The latest results provide less support for this anecdote, however property-specific risk factors (e.g. flood risk, seismic, etc) may contribute towards rising premiums for some buildings, particularly after the 2023 Anniversary Floods.

Green advantage lies beyond the bills
Green buildings are often described as having lower outgoings. All else being equal, green buildings will typically have lower utility costs due to more efficient systems. The real world comparison is more complex because green buildings are usually more modern and valuable than nongreen buildings, leading to higher rates which balance out the savings from lower utilities. Irrespective, the opportunity for lower cost green funding, lower emissions, and improved wellbeing outcomes remain attractive to the market.

Broad control needed to ensure value for money
Effective property and facilities management is crucial for controlling operating expenses. No single cost category is likely to unlock major savings by itself so careful management is needed across all categories to ensure that value for money is being delivered.

Number of buildings sampled	Overall average outgoings	Average increase from prior year
51	$137 psm	6.8%

This is a preview of our full report.
Further information is available for contributors to the benchmarks.
To learn more about how to contribute, please contact our experts

Stuart Bent
National Director
Professional Services
stuart.bent@bayleys.co.nz

Michael Thornton
General Manager
Bayleys Property Services
michael.thornton@bayleys.co.nz

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

Chris Farhi MRICS
Head of Insights
Data & Consulting
chris.farhi@bayleys.co.nz

Eos Li CFA
Analyst
Insights, Data & Consulting
eos.li@bayleys.co.nz

0800 BAYLEYS
bayleys.co.nz/insightsanddata
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