



New Zealand industrial market in 60 seconds

Biggest trends

Vacancies edging up



Persistently low levels of vacancies led to strong rental growth over recent years. Conditions appear to be changing in some regions with a recent rise in sublease opportunities providing greater choice for occupiers. These opportunities are often “off market” so may not be captured in the vacancy rates. Overall, the market remains relatively tight.

Tenants becoming owner occupiers



Some occupiers have been purchasing their properties to improve their security of tenure and mitigate rising rents. Trend is expected to continue given the tight supply of industrial property across most regions.

Land in short supply



Persistent shortages of industrial land have led to substantial growth in land prices over the past decade. Large scale owner-occupiers are increasingly having to extend their search perimeters out to the fringe of major cities or even into other regions to find suitable land.

Outlook for the next 12 months

Rents on the rise



Low vacancies and moderate enquiry for space mean rents are likely to continue to rise but at a more modest pace. The risk of a recession, alongside the rise in sublease opportunities, may lead to slower rates of growth compared to the past 24 months.

Yields stabilising at higher levels



Signals that inflation and long-term interest rates are peaking means yields are likely to stabilise after a period of softening. Lower numbers of sale transactions means there is less evidence available to showcase this trend. Sentiment amongst agents indicates the investment market remains relatively weak, despite having a significant correction since 2021.

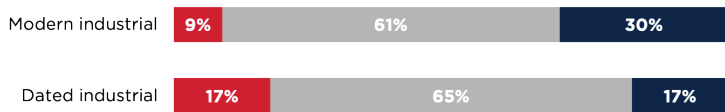
Prices stabilising for industrial land



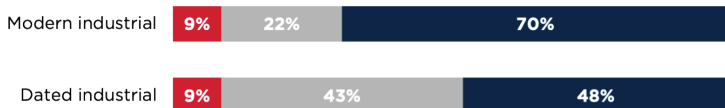
Softening yields and elevated construction costs have taken the pressure off prices for industrial land. Construction costs are also stabilising as supply chain issues are resolved and subcontractors become more readily available.

Broker sentiment across New Zealand

How is occupier demand for industrial warehousing?



How is the supply of industrial warehousing 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



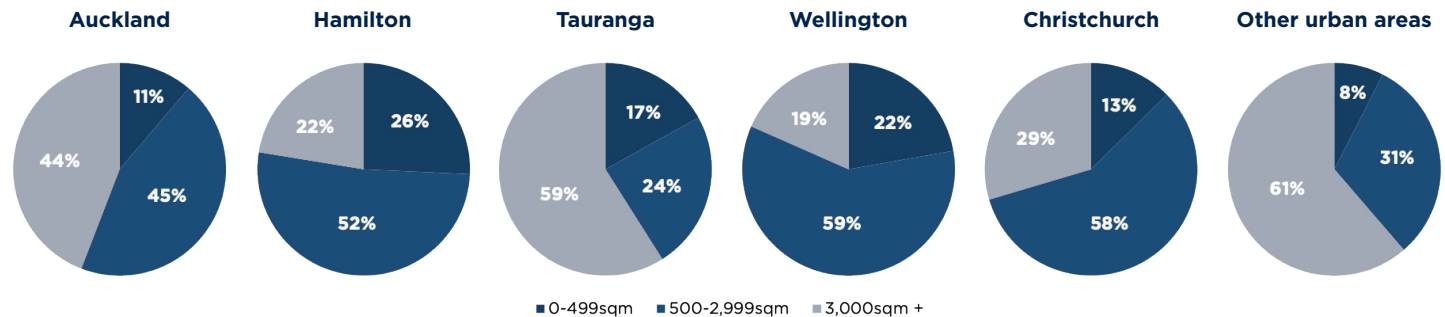
Leasing indicators

Leasing indicators by urban area

	Dated warehouse rental range	Modern warehouse rental range	Vacancy rate
Whangarei	\$120 - \$130	\$140 - \$155	1.1%
Hibiscus Coast and Warkworth	\$150 - \$170	\$170 - \$200	2.7%
Auckland North Shore	\$155 - \$175	\$170 - \$190	2.9%
West Auckland	\$125 - \$145	\$170 - \$190	3.4%
Auckland Metro	\$170 - \$190	\$215 - \$235	2.8%
South Auckland	\$155 - \$175	\$200 - \$220	2.0%
Hamilton	\$90 - \$110	\$120 - \$135	2.2%
Tauranga	\$105 - \$125	\$125 - \$140	3.1%
Rotorua	\$85 - \$100	\$155 - \$175	0.3%
Gisborne	\$90 - \$110	\$150 - \$170	0.6%
Napier and Hastings	\$100 - \$120	\$150 - \$170	2.4%
New Plymouth	\$70 - \$90	\$115 - \$135	3.2%
Whanganui	\$80 - \$100	\$140 - \$160	0.1%
Palmerston North	\$100 - \$110	\$120 - \$130	3.0%
Wellington region	\$100 - \$120	\$150 - \$170	1.6%
Richmond	\$85 - \$105	\$90 - \$110	3.5%
Nelson	\$80 - \$100	\$105 - \$125	0.7%
Blenheim	\$105 - \$125	\$195 - \$205	1.4%
Greymouth	\$80 - \$100	\$105 - \$115	0.0%
Christchurch	\$90 - \$110	\$120 - \$135	2.2%
Dunedin	\$90 - \$110	\$175 - \$195	1.3%
Queenstown	\$175 - \$195	\$215 - \$235	0.5%
Invercargill	\$80 - \$100	\$105 - \$115	0.1%

Data: Bayleys Insights & Data

Total vacant floor area by vacancy size



Benchmark properties

We use these benchmark properties for our insights:

Modern industrial: Built after 2000. Good industrial location. Warehouse 2,000sqm. 10m stud under the knee.

Dated industrial: Built before 2000. Reasonable location. Warehouse 2,000sqm. 8m stud under the knee.

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 rather than physical vacancies. All findings are indicative only.

Sample of recent transactions



SOLD

16-22 Omega Street, Albany, Auckland

Floor area 3,280sqm
 Sale price \$13,100,000
 Contact Matt Mimmack



LEASED

Boundary lines are indicative only

158 Bush Road, Albany, Auckland

Floor area 1,255sqm
 Tenant Fairview Metal Industries
 Contact Laurie Burt, Matt Mimmack



LEASED

1/14 Northside Drive, Westgate, Auckland

Land area 1,088sqm
 Tenant Proferlo Furniture
 Contact Stuart Bode, Beterly Pan



LEASED

2 Edsel Way, Manukau City, Auckland

Floor area 13,375sqm
 Tenant Recorp
 Contact Greg Hall, Scott Campbell



SOLD

72 Richard Pearse Drive, Mangere, Auckland

Floor area 2,782sqm
 Sale price \$11,200,000
 Contact Greg Hall, Sunil Bhana



LEASED

Artist's impression

The Landing Drive, Auckland Airport

Floor area 30,200sqm (incl breezeway)
 Tenant DHL
 Contact Scott Campbell, Sunil Bhana



SOLD

16 McKee Street, Te Rapa, Hamilton

Floor area 1,029sqm
 Sale price \$2,715,000
 Contact Rebecca Bruce, Jordan Metcalfe



LEASED

Artist's impression

14 Te Ipukura Street, Hamilton

Floor area 22,000sqm (ground lease)
 Tenant Sime Darby
 Contact Scott Campbell, Rebecca Bruce



SOLD

Boundary lines are indicative only

170 Totara Street, Tauranga

Floor area 1,918sqm
 Sale price \$16,650,000
 Contact Rory Brown, Christy Arundel, Lloyd Davidson



LEASED

36D Macdonald Street, Tauranga

Floor area 1,665sqm
 Tenant Topscaff
 Contact Mark Walton, Myles Addington



LEASED

39 Randwick Road, Lower Hutt

Floor area 1,745sqm
 Tenant Machirus Warehousing and Logistics
 Contact Christian Taylor, Ethan Hourigan, Fraser Press



LEASED

4-6 Victoria Street, Lower Hutt

Floor area 1,200sqm
 Tenant James Cook Joinery
 Contact Ethan Hourigan, Paul Cudby



SOLD

Lot 12, 29 Mania Road, Rolleston

Floor area 2,635sqm
 Sale price \$7,000,000
 Contact Nick O'Styke



LEASED

Artist's impression

Halswell Junction Road, Christchurch

Floor area 18,500sqm
 Tenant Sime Darby
 Contact Scott Campbell, Nick O'Styke



SOLD

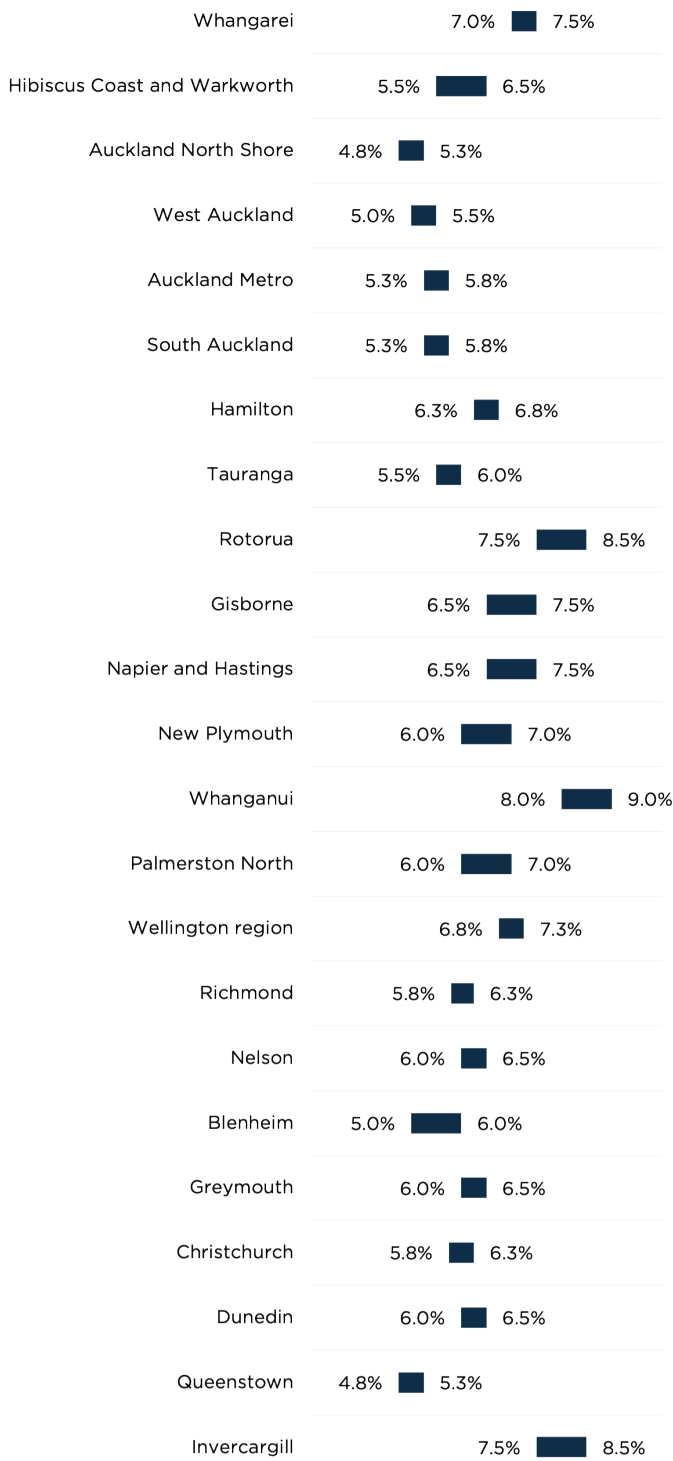
37 Buchanans Road, Christchurch

Floor area 4,946sqm
 Sale price \$6,200,000
 Contact Nick O'Styke, Sam Stone

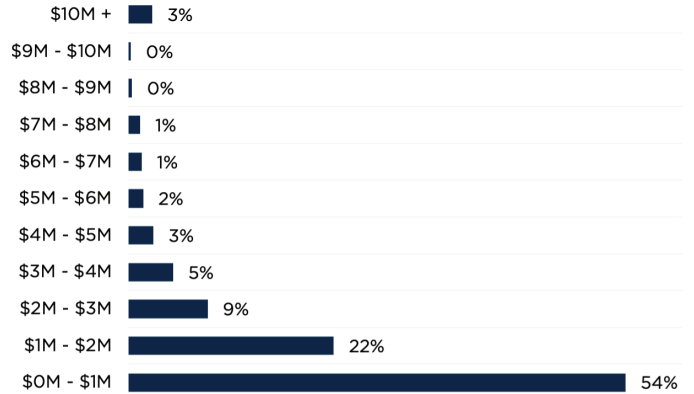
Investment indicators

Typical yields by urban area

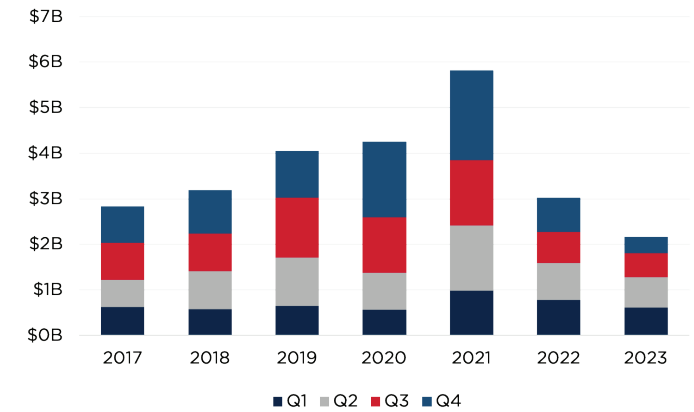
Modern industrial yield range



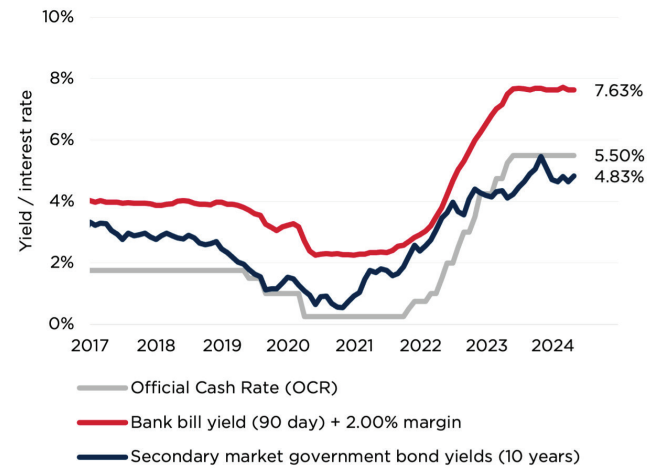
Industrial sales by price band: New Zealand (2022-2023)



Total industrial sales over time: New Zealand



Interest rates



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