

Unlocking the cube

Efficiency, height, and early decision making are now the real drivers of success in the industrial sector.

The industrial market is moving toward buildings that deliver greater capacity, more height, and stronger operational performance. Early, independent expertise is now the key to securing assets that support the business, control cost, and future-proof operations.

Efficiency has become the defining theme in occupier conversations, with occupiers now scrutinising every square metre for performance, says Scott Campbell, Bayleys national director industrial and logistics.

"All discussions come back to less footprint, more capacity. Occupiers want industrial buildings that work harder for them with higher studs, smarter layouts, and infrastructure that supports automation."

He notes that while some market fundamentals remain challenging,

development costs have eased from their peak, and speculative development has been reignited in recent months.

"There is still a decisive flight to quality and even with higher headline rents, the total cost of occupation is often lower because these new generation buildings deliver far stronger performance," Campbell says.

CERTAINTY AND CONFIDENCE

RDT Pacific is an independent project and cost management consultancy that has been advocating for New Zealand clients since 1943. The firm sits squarely on the occupier's side of the table, not the contractor's, ensuring every decision is driven by what the business actually needs.

Michael Hutchings, director RDT Pacific says by honing the brief, setting a realistic budget, and



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SCOTT CAMPBELL
BAYLEYS NATIONAL DIRECTOR
INDUSTRIAL AND LOGISTICS

delivering a building that performs, it can provide the clarity and discipline needed to turn complex projects into facilities that genuinely support operational success.

"Our job is to take the risk and the guesswork out of building, so an occupier ends up with the right asset, at the right cost, delivered with certainty."

For industrial clients that comes down to three things. Cost predictability with quantity surveyors pricing the project properly up front and managing it so there are no surprises at the end, timeline certainty by running the consenting, procurement and delivery programme so the occupier can plan their move with confidence, and fit.

"That means making sure the building supports the operation inside it by addressing clear height, floor loading, power, yard and truck

movements, and automation, rather than being a box that simply looks good on a plan," says Hutchings.

LAND FUNDAMENTALS DRIVE CHANGE

Construction cost growth has finally stabilised after the post pandemic spike, settling back into low single digits, with Hutchings saying another surge looks unlikely in the near term creating a genuinely favourable window to commit to a new-build.

"Tendering is competitive, lead times have eased, and pricing can be locked in with far more confidence than was possible two or three years ago."

The Building (Overseas Building Products, Standards and Certification Schemes) Amendment Act, passed in 2025, is quite a significant shift. Hutchings says it opens new pathways such as the Building Product Specifications framework and the recognition of products already certified overseas, allowing quality international materials to be used here without re-clearing every local hurdle.

"Over time, that should mean more competition, more choice, and less exposure to single supplier pricing and lead time risk on key materials."

"It's still early days, with the first tranche covering plumbing and drainage, but the direction is unmistakable with more options for clients and tighter control over project costs."

"So, while build-cost inflation has come back to earth, the bigger constraint now isn't the building, it's the land."

Prime Auckland industrial land now sits at around \$950-\$1,200 per square metre and quality sites are increasingly rare, so smart operators are maximising cubic capacity and building upward instead of spreading outward.

Performance based fire design and





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MICHAEL HUTCHINGS
DIRECTOR RDT PACIFIC

updated sprinkler standards, including in rack and ESFR systems under NZS 4541, now allow occupiers to store far higher than the old rules of thumb ever permitted. Clear stud heights that were once limited to 7 or 8 metres are now routinely 12 metres or more in new builds, and modern racking systems can finally take full advantage of that volume.

“Modern fire engineering has unlocked the cube and, in a market, where land is the expensive part, height is the cheapest space you can buy,” says Hutchings.

He says the opportunity many occupiers are sitting on is the gap between their stud height and how high they actually rack. New Zealand warehouses often have 8-12m of clear height but rack to only 4-5m. Reconfiguring to taller racking, with the right materials-handling equipment, can recover the equivalent of 20-30 percent more pallet positions from the same footprint and the same lease, which is far cheaper than taking on more floor area.

The trade-off is that height brings more demanding fire requirements. The transition to high-stud, high-piled storage triggers a far more stringent sprinkler and fire engineering regime, which has to be designed in from day one, not retrofitted. That's why getting the design and cost team involved early pays for itself, explains Hutchings.

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FUTURE EFFICIENCY

Once a design is finished and consented, most of the cost is already locked in. Bringing cost and construction expertise in at the concept stage is the single biggest lever an occupier has over the final price and programme.



It does three things. It tests buildability and cost while the design can still move, which avoids the expensive redesign loop. It de-risks the long lead items such as consent, fire engineering, power supply and structural steel, which are usually what blow-out a programme rather than the construction itself. And it aligns the building with the operation before decisions are fixed. Half a metre of extra stud, a thicker slab or a deeper yard costs little on paper and a fortune to add later.

For an occupier weighing a relocation or a design build, early independent advice is often the difference between a building shaped around the business and a business squeezed into someone else's building, says Hutchings.

“The biggest mistakes all come from treating a new facility as a property decision, when it's really an operational one.”

The most common mistake is underestimating time. Consenting, fire engineering, services and procurement lead times mean a design-build typically takes 18 to 24 months. Occupiers who start once their lease is already running down end up making compromises under pressure.

The second is failing to future-proof. Businesses design for what they do today, then run out of power capacity, floor loading, clear height or yard depth long before the lease expires. Building headroom into those structural items is cheap at design stage and almost impossible to add later.

The third is underestimating automation. Automated storage and materials handling are advancing quickly and place real demands on slab flatness, loading, power density and clear height. Even if automation is not planned for day one, the building

should be ready for it. Get this wrong and you lock the business out of future efficiency, says Hutchings.

“The common thread is that these decisions get made on rent per square metre and a moving date when they should be made on what the operation needs to run efficiently for the next fifteen years.”

LOOKING AHEAD

New Zealand has some world class industrial assets, but the biggest offshore trend yet to land here at scale is true automation density. High-bay automated storage and retrieval systems stack goods 20 to 40 metres high and can cut floor space by up to 85 percent. In the most land-constrained markets globally, they sit alongside multi level warehouses with truck ramps to upper floors.

“The shed is becoming a machine – taller, far more automated, and judged on how well it runs, not just where it sits,” says Hutchings, identifying this as one of three structural shifts that will shape the next 10-20 years.

“Alongside the shift toward automation, where value moves from the real estate to what is engineered inside it, sustainability is set to become standard rather than a premium. Rooftop solar, all electric plant, EV fleet charging and a hard focus on embodied carbon will simply be expected, with 5 Green Star rating a sign of where the whole market is heading.

“And logistics will move closer to the customer, with smaller automated urban fulfilment sites complementing the big distribution hubs.

The occupiers who win will be the ones building cubic capacity, power and automation-readiness into their facilities today, rather than retrofitting later.



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JACK BOXALL
NATIONAL SALES MANAGER
AUCKLAND RACKING & SHELVING SOLUTIONS

RACKING UP THE WINS

Jack Boxall, national sales manager for Auckland Racking & Shelving Solutions says before occupiers start looking for a building, it pays to understand the business's true operational and compliance requirements with support from specialists.

“Due diligence goes well beyond the lease contract as the real risks sit in the fire systems, slab capacity, and seismic performance that determine what a warehouse can actually support.

“Too many occupiers only discover these constraints after signing, and that's when the remediation bills arrive. Working with professionals upfront smooths the entire path to compliance and removes those surprises.”

With 23-plus years of nationwide experience, the Auckland Racking & Shelving Solutions team helps occupiers de-risk warehouse operations by delivering engineered, fully-compliant storage systems backed by a turnkey installation model without operational disruption.

Modern logistics, retail, and e-commerce operations demand smarter use of warehouse space, and well-designed racking systems have become essential to storing more product, improving inventory flow, and maintaining a safe, organised environment.

“Partnering with market leading fire, seismic, structural, and slab engineering specialists, we can deliver layouts that maximise cubic capacity, improve warehouse flow, and maintain a strong safety culture,” says Boxall.

“From new installations to repairs and re-profiling of existing racking, occupiers receive reliable, documented, and future-proof solutions that enhance efficiency and protect both people and product.”

