AUCKLAND INDUSTRIAL OUTGOINGS BENCHMARKING REPORT

Auckland industrial outgoings benchmarks in 60 seconds

Outgoings rising
Total outgoings continue to trend upward. While there is no single lever to materially reduce operating costs, proactive management and regular review of all components remaining critical to controlling costs.

Rates have the largest share
Rates account for the largest share of outgoings and have been the key driver for total outgoings rises over the past year. Rates remain a difficult cost for landlords to manage given they have little direct control over the expense outside of challenging their property's assessed capital value at the three yearly rating revaluation.

Insurance costs stable
Insurance costs have moved into a steady state after several years of significant increases. This reflects the insurance market operating in a cyclical softer period, giving some landlords the opportunity to secure savings. While market conditions have improved, outcomes remain highly dependent on individual asset characteristics and risk profile. While the average has been stable, cost movements have varied between properties.

Scale delivers a cost advantage
Building size is one of the drivers of operating efficiency. All else being equal, larger industrial properties generally achieve lower outgoings per square metre as fixed costs are spread across a wider rentable area.

The green premium trade-off
A green building does not automatically mean lower outgoings. Green buildings typically benefit from lower utilities and lower maintenance due to being newer, but these savings are often offset by higher rates associated with the properties being more valuable. The case for green buildings continues to extend beyond operating costs into other aspects like lower emissions, access to sustainable funding, and improved occupier outcomes.

Volatility impacts the trend
Outgoings for industrial properties showed significantly higher volatility than outgoings for office properties. This is primarily duet o lumpy repairs and maintenance costs, but various examples were also noted of accounting practices introducing volatility by shifting normally steady costs into adjoining years causing peaks and troughs.

Number of buildings sampled	Overall average outgoings	Average increase from prior year
91	$36 psm	4.4%

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

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

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

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

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