



NEW ZEALAND

INDUSTRIAL

MARKET UPDATE

New Zealand industrial market in 60 seconds

Leasing market

Leasing conditions stabilising

Demand is generally more selective with fewer requirements from major occupiers, particularly in the design-build space. Stock available for lease has increased and leasing timeframes have extended. Vacancy is expected to edge higher as new large-scale developments are completed. Conditions are stabilising and improvement is expected as the economy recovers over the next year.

Rental growth flat with incentives nudging higher

Market rental levels are broadly stable in most locations. Elevated stock levels, including space delivered from recent developments, are limiting the upward pressure on rent. Latest deals suggest higher incentives are being offered to secure tenants and maintain face rents. Given significant rent growth in recent years, tenants who have leased premises with long periods of fixed or indexed rent increases may still incur significant rises when they catch up to market at their next market rent review.

Opportunity for smaller format premises

The past development cycle mainly focused on large-scale premises or micro industrial. The market has seen persistent demand and arguably under-development of smaller-scale premises (500 to 1,000sqm) in well-located areas, so this may prove to be an opportunity for developers in the coming cycle.

Investment market

Investment market back to neutral with yields stabilising

Broker sentiment points to the industrial market sitting in neutral, with a significant recovery from the weak period experienced in recent years. Listings are seeing higher levels of enquiries and competitive bidding for realistically priced assets. Yields are currently favourable compared with term deposits, so the market is likely to see a rise in smaller investors attracted to the relatively higher returns.

Transaction volumes limited by stock and pricing alignment

Sales volumes are improving from their lows but still remain subdued. Primary reasons are a limited supply of quality assets for sale, alongside cases in the wider market of vendors holding off on transacting due to their price expectations exceeding market. Buyers still remain highly selective, with a focus on location, building quality and lease quality. More activity is expected in the first half of the year, with potential that the Election could slow volumes in the second half.

Development feasibility improving, supply risk remains

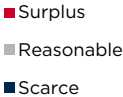
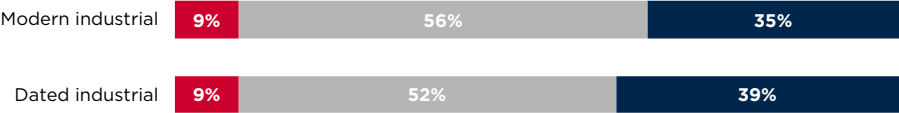
Development feasibilities are improving, primarily through lower construction costs. Leasing demand is likely to be the key constraint on projects. A solid pipeline of speculative builds is progressing, with the developers confident that supply shortfalls will persist in the long term.

Market 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



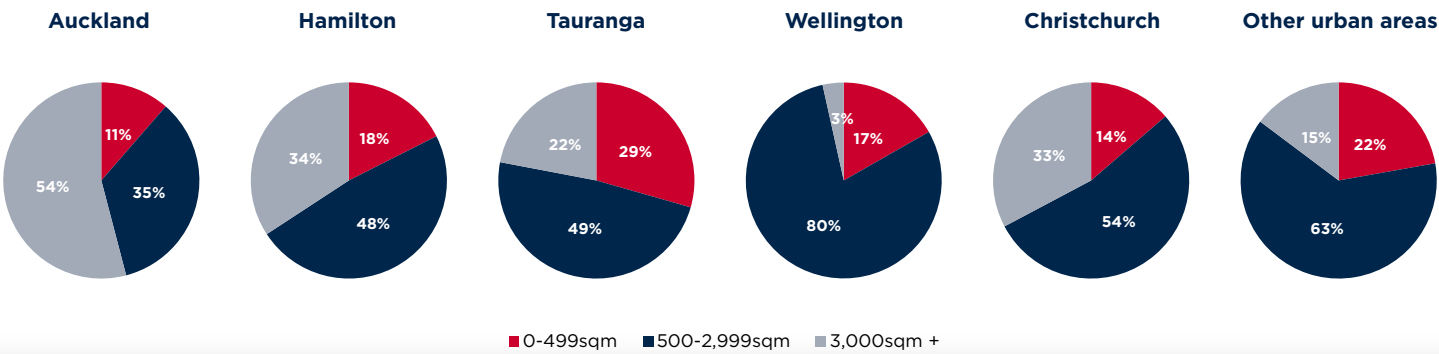
Leasing indicators

Leasing indicators by urban area

	Dated warehouse rental range	Modern warehouse rental range	Vacancy rate
Whangarei	\$120 - \$140	\$150 - \$165	1.4%
Hibiscus Coast and Warkworth	\$150 - \$170	\$180 - \$220	2.5%
Auckland North Shore	\$180 - \$190	\$200 - \$230	2.4%
West Auckland	\$150 - \$170	\$200 - \$230	2.9%
Auckland Metro	\$170 - \$190	\$210 - \$230	5.2%
South Auckland	\$165 - \$185	\$205 - \$235	4.5%
Hamilton	\$90 - \$120	\$120 - \$140	3.9%
Tauranga	\$100 - \$120	\$125 - \$140	3.7%
Rotorua	\$85 - \$100	\$155 - \$175	1.3%
Gisborne	\$90 - \$110	\$170 - \$190	0.3%
Napier and Hastings	\$100 - \$120	\$150 - \$170	1.9%
New Plymouth	\$70 - \$80	\$100 - \$120	1.7%
Whanganui	\$80 - \$100	\$140 - \$160	1.2%
Palmerston North	\$100 - \$110	\$120 - \$170	2.1%
Wellington region	\$120 - \$140	\$170 - \$200	3.4%
Richmond	\$80 - \$100	\$120 - \$150	0.4%
Nelson	\$80 - \$100	\$120 - \$150	1.3%
Blenheim	\$105 - \$125	\$195 - \$205	1.2%
Greymouth	\$80 - \$100	\$105 - \$115	0.0%
Christchurch	\$90 - \$110	\$140 - \$150	3.4%
Dunedin	\$90 - \$110	\$175 - \$195	1.7%
Queenstown	\$175 - \$195	\$215 - \$235	0.5%
Invercargill	\$80 - \$100	\$105 - \$115	0.4%

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 (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



3 Woods Road, Whangarei, Northland

Floor area 1,043sqm
Tenant Rahaus Living
Contact Daniel Sloper, Henry Napier



17/64 Matakana Valley Road, Matakana

Floor area 75sqm
Tenant In the Bag
Contact Chris Blair, Dahnne Burton



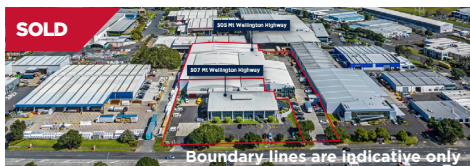
414-416 Rosebank Road, Avondale, Auckland

Floor area 8,679sqm
Sale price \$6,200,000
Contact Alister Hitchcock, Craig Smith, Mark Preston



6 Copsey Place, Avondale, Auckland

Floor area 1,120sqm
Tenant Mediaworks Outdoor
Contact Alister Hitchcock, Mark Preston



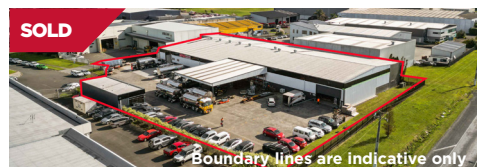
505-507 Mt Wellington Highway, Auckland

Floor area 8,860sqm
Sale price \$36,000,000
Contact James Hill, James Valintine, Sunil Bhana



1 Stonehill Drive, Wiri, Manukau, Auckland

Floor area 2,107sqm
Tenant Vending Direct
Contact Greg Hall, Paul Steele



5 Barnett Place, Te Rapa, Hamilton City

Floor area 5,924sqm
Sale price \$7,000,000
Contact Alex ten Hove, Luke ten Hove



8 Paerangi Place, Tauriko, Tauranga

Floor area 3,558sqm
Tenant Blueprint Global NZ
Contact Rory Brown, Christy Arundel



14 Birch Avenue, Judea, Tauranga

Floor area 4,637sqm
Sale price \$11,100,000
Contact Brendon Bradley, Ryan Bradley, Mike Houliker, Sunil Bhana



14 Groome Place, Hastings, Hawke's Bay

Floor area 6,996sqm
Sale price \$24,000,000
Contact Kerry Geange, Stephen Scott, Layne Harwood



15 Auster Place, Bell Block, New Plymouth

Floor area 2,400sqm
Sale price \$2,300,000
Contact Iain Taylor, Darryl Taylor



3-5 Peter Robb Lane, Whanganui

Floor area 3,127sqm
Sale price \$10,500,000
Contact Karl Cameron, Amie Rowan, John Bartley



89 Port Road, Seaview, Lower Hutt

Floor area 4,598sqm
Sale price \$10,250,000
Contact Christian Taylor, Grant Young



3/24 Railway Avenue, Upper Hutt

Floor area 12,026sqm
Tenant Carters Building Supplies
Contact Ethan Hourigan



1C/750 Lower Queen Street, Richmond

Floor area 486sqm
Tenant MYPOD
Contact Gill Ireland, Seb Hickman



67 Vickerys Road, Wigram, Christchurch

Floor area 6,421sqm
Sale price \$11,000,000
Contact Greg O'Brien, Sam Stone, Steven Schwalger, Scott Bentley



75 Seymour Street, Hornby, Christchurch

Floor area 5,817sqm
Tenant Trade Depot
Contact Benji Andrews, Greg O'Brien, Sam Stone, Alex White, Stewart White



5/4a Ree Crescent, Cromwell, Otago

Floor area 210sqm
Sale price \$830,000
Contact William Gubb, Steven Kirk

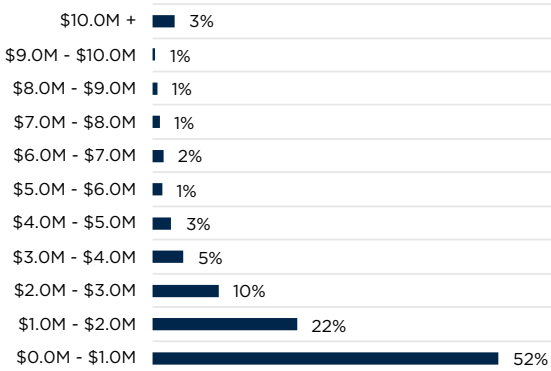
Investment indicators

Typical yields by urban area

Sales by price band: New Zealand (2024 to 2025)

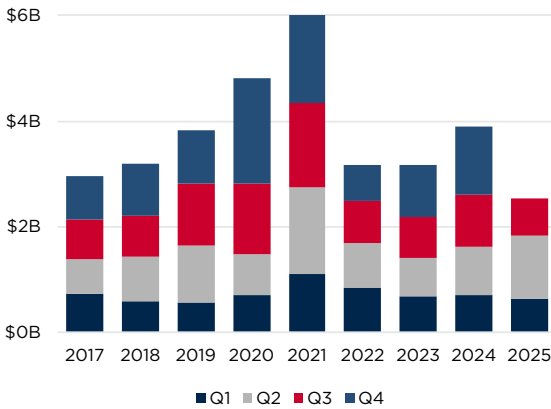
	Dated industrial		Modern industrial	
Whangarei	7.3%	8.3%	6.0%	6.8%
Hibiscus Coast and Warkworth	5.5%	6.0%	5.0%	5.5%
Auckland North Shore	5.0%	6.0%	4.5%	5.3%
West Auckland	5.5%	6.0%	5.0%	5.5%
Auckland Metro	6.0%	6.8%	5.0%	5.5%
South Auckland	5.5%	6.3%	5.0%	5.5%
Hamilton	6.3%	7.8%	4.8%	6.0%
Tauranga	5.5%	6.5%	5.0%	6.0%
Rotorua	7.0%	8.0%	6.5%	7.5%
Gisborne	7.0%	8.5%	5.5%	6.5%
Napier and Hastings	7.0%	8.0%	6.5%	7.5%
New Plymouth	7.0%	8.0%	6.0%	6.5%
Whanganui	7.5%	8.5%	7.0%	8.0%
Palmerston North	7.0%	8.0%	6.0%	7.0%
Wellington region	7.5%	8.5%	6.0%	7.0%
Richmond	6.0%	6.5%	5.4%	5.8%
Nelson	6.5%	7.0%	5.8%	6.0%
Blenheim	7.5%	8.0%	5.0%	6.0%
Greymouth	7.0%	7.5%	6.0%	6.5%
Christchurch	6.0%	7.0%	5.0%	5.8%
Dunedin	7.5%	8.0%	6.0%	6.5%
Queenstown	5.2%	5.5%	4.5%	5.0%
Invercargill	7.5%	8.5%	7.5%	8.5%

Data: Bayleys Insights & Data



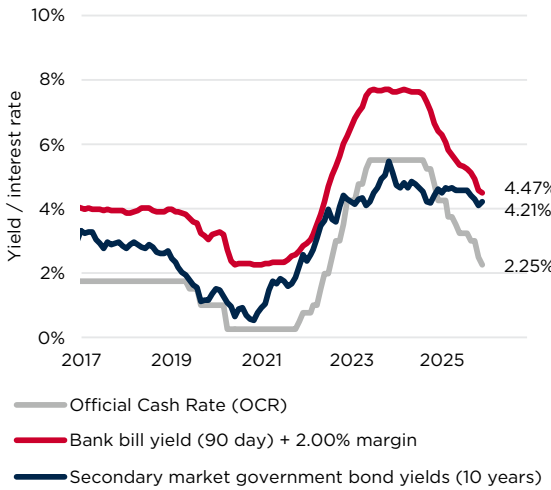
Data: Bayleys analysis of Cotality data

Sales over time: New Zealand



Data: Bayleys analysis of Cotality data

Interest rates



Data: RBNZ

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