



New Zealand industrial market in 60 seconds

Biggest trends

Vacancies edging up

Persistently low vacancy levels have led to strong rental growth in recent years. Conditions appear to be changing in some regions with a recent rise in spaces for lease providing greater choice for occupiers. Many of these opportunities are “off-market” and may not be reflected in vacancy rates. Overall, the market remains relatively tight compared to other asset classes.



Leasing headwinds

Rental budgets are tightening for tenants, making it harder to meet landlord expectations. Many occupiers are moving cautiously as economic conditions impact business confidence.



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 to the fringes 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 rising but at a more modest pace. The risk of a recession, alongside a modest rise in vacancies, may lead to slower rates of growth compared to recent years.



Investment market shifting into neutral

Sentiment among agents suggests that the investment market is heading into neutral territory after a period of weakness. Yields have risen since 2022 due to higher interest rates. While recent interest rate cuts should help bring yields down, long-term bond rates have remained persistently high due to lingering concerns about inflation. As a result, yields may not reduce significantly from recent levels.



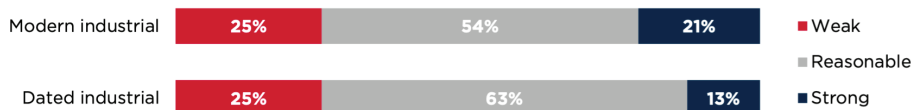
Confidence up but sales volumes still light

Reductions in interest rates have boosted confidence across the market with a growing view that the worst has passed and a new cycle is emerging. Sales volumes remain relatively light due to persistent gaps in price expectations between buyers and sellers, but these are closing over time.



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

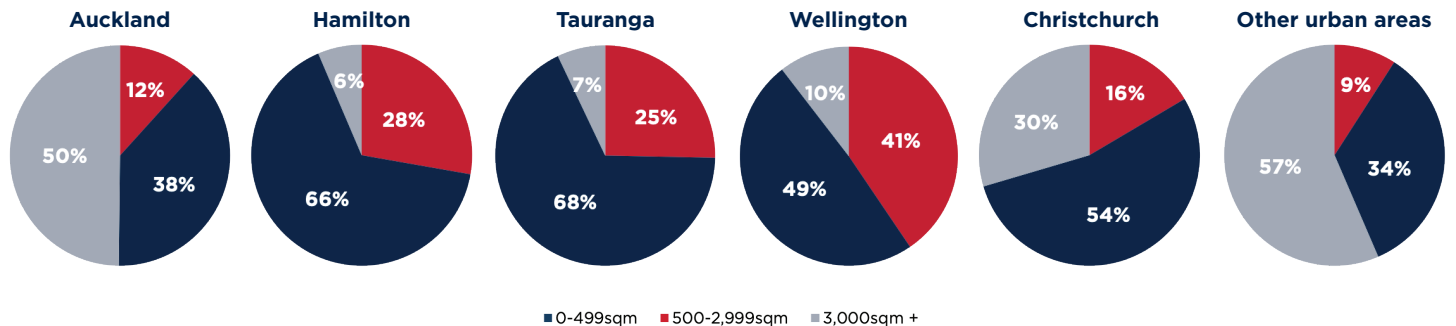


Leasing indicators

Leasing indicators by urban area

	Dated warehouse rental range	Modern warehouse rental range	Vacancy rate
Whangarei	\$120 ■ \$130	\$140 ■ \$155	1.4%
Hibiscus Coast and Warkworth	\$150 ■ \$170	\$170 ■ \$200	3.1%
Auckland North Shore	\$170 ■ \$190	\$210 ■ \$240	3.1%
West Auckland	\$140 ■ \$170	\$180 ■ \$220	4.0%
Auckland Metro	\$170 ■ \$190	\$210 ■ \$230	2.7%
South Auckland	\$165 ■ \$185	\$200 ■ \$230	2.6%
Hamilton	\$100 ■ \$120	\$130 ■ \$150	2.6%
Tauranga	\$100 ■ \$120	\$125 ■ \$140	3.0%
Rotorua	\$85 ■ \$100	\$155 ■ \$175	0.7%
Gisborne	\$90 ■ \$110	\$150 ■ \$170	0.8%
Napier and Hastings	\$100 ■ \$120	\$150 ■ \$170	3.0%
New Plymouth	\$70 ■ \$90	\$115 ■ \$135	2.6%
Whanganui	\$80 ■ \$100	\$140 ■ \$160	0.6%
Palmerston North	\$100 ■ \$110	\$120 ■ \$130	3.3%
Wellington region	\$120 ■ \$140	\$170 ■ \$200	3.1%
Richmond	\$85 ■ \$105	\$90 ■ \$110	0.4%
Nelson	\$80 ■ \$100	\$105 ■ \$125	1.8%
Blenheim	\$105 ■ \$125	\$195 ■ \$205	1.1%
Greymouth	\$80 ■ \$100	\$105 ■ \$115	0.0%
Christchurch	\$90 ■ \$110	\$140 ■ \$150	3.4%
Dunedin	\$90 ■ \$110	\$175 ■ \$195	0.8%
Queenstown	\$175 ■ \$195	\$215 ■ \$235	0.8%
Invercargill	\$80 ■ \$100	\$105 ■ \$115	0.6%

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



LEASED

54 Diana Drive, Wairau Valley, Auckland

Floor area 2,398sqm
Tenant Total Floating Systems
Contact Trevor Duffin, Laurie Burt



SOLD

414-416 Rosebank Road, Avondale, Auckland

Floor area 2,900sqm
Sale price \$6,200,000
Contact Alister Hitchcock, Craig Smith, Mark Preston, Sunil Bhana



LEASED

42 Sir William Avenue, East Tamaki, Auckland

Floor area 4,445sqm
Tenant Chemical Packers Limited
Contact James Hill, Tim Bull



SOLD

6 Hautu Drive, Wiri, Auckland

Floor area 5,746sqm
Sale price \$17,350,000
Contact Stephen Scott, Greg Hall



SOLD

21 Bill Stevenson Drive, Drury, Auckland

Floor area 4,280sqm
Sale price \$14,800,000
Contact James Hill, Scott Campbell, Greg Hall



SOLD

13 Sheffield Street, Te Rapa, Hamilton

Floor area 766sqm
Sale price \$2,045,000
Contact Jordan Metcalfe, Rebecca Bruce



SOLD

41 Albert Street, Waipa, Cambridge

Floor area 2,068sqm
Sale price \$5,230,000
Contact Willem Brown



LEASED

88 Portside Drive, Mount Maunganui

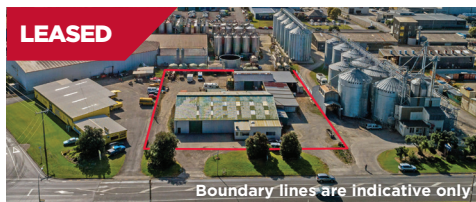
Floor area 4,495sqm
Tenant McAlpine Hussman
Contact Myles Addington



LEASED

60B Maleme Street, Greerton, Tauranga

Floor area 893sqm
Tenant JRL Limited, Chaytor Fencing
Contact Brendon Bradley, Ryan Bradley



LEASED

277 Awapuni Road, Awapuni, Gisborne

Floor area 1,200sqm
Tenant Gisborne Towing Services
Contact Mike Florance



LEASED

6 Franklin Road, Bay View, Napier

Floor area 2,150sqm
Tenant Harrison Storage Limited
Contact Rollo Vavasour



SOLD

18-26 Jamaica Drive, Grenada North, Wellington

Floor area 6,497sqm
Sale price \$16,200,000
Contact Fraser Press, Mark Hourigan, Ethan Hourigan



LEASED

7A Peterkin Street, Wingate, Lower Hutt

Floor area 2,181sqm
Tenant Proquip NZ Limited
Contact Richard Faisandier, Christian Taylor



SOLD

54 Waterloo Road, Hornby, Christchurch

Floor area 1,147sqm
Sale price \$3,650,000
Contact Nick O'Styke, Terry Connolly



SOLD

32 Hammersmith Drive, Wigram, Christchurch

Floor area 3,633sqm
Sale price \$7,950,000
Contact Nick O'Styke

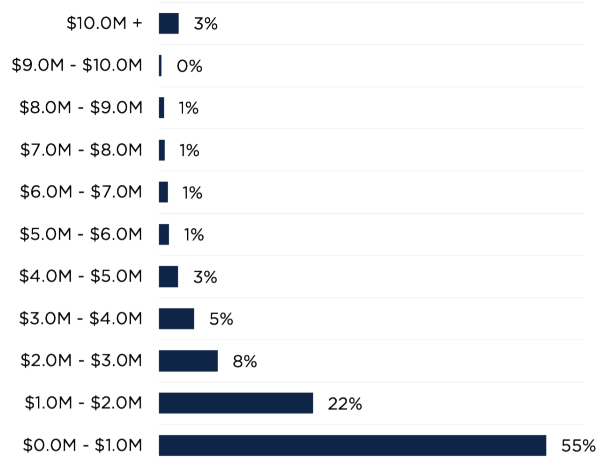
Investment indicators

Typical yields by urban area

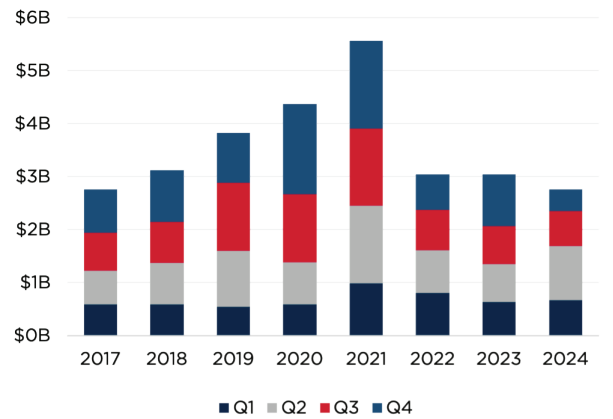
	Dated industrial	Modern industrial
Whangarei	8.0% 8.5%	7.0% 7.5%
Hibiscus Coast and Warkworth	6.5% 7.0%	5.5% 6.5%
Auckland North Shore	5.0% 6.0%	4.3% 5.3%
West Auckland	5.5% 6.0%	5.0% 5.5%
Auckland Metro	6.0% 6.8%	5.0% 5.5%
South Auckland	5.5% 6.3%	5.0% 5.5%
Hamilton	6.3% 7.0%	5.0% 6.0%
Tauranga	5.5% 6.5%	5.0% 6.0%
Rotorua	8.5% 9.5%	7.5% 8.5%
Gisborne	8.5% 9.5%	6.5% 7.5%
Napier and Hastings	7.0% 8.0%	6.5% 7.5%
New Plymouth	8.0% 9.0%	6.0% 7.0%
Whanganui	9.0% 10.0%	8.0% 9.0%
Palmerston North	7.0% 8.0%	6.0% 7.0%
Wellington region	7.5% 8.5%	6.8% 7.3%
Richmond	6.5% 7.0%	5.8% 6.3%
Nelson	7.0% 7.5%	6.0% 6.5%
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	5.8% 6.3%	4.8% 5.3%
Invercargill	7.5% 8.5%	7.5% 8.5%

Data: Bayleys Insights & Data

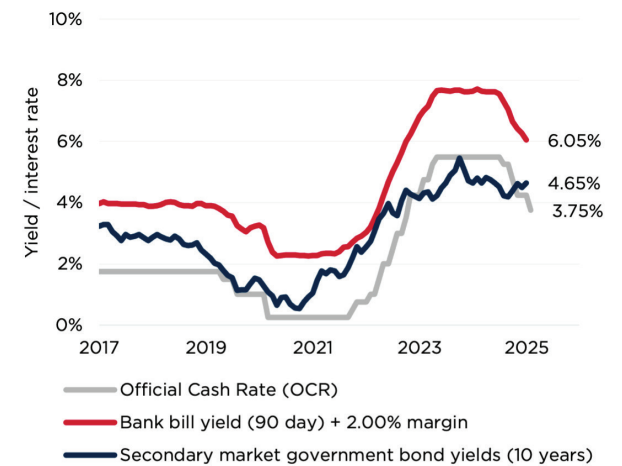
Sales by price band: New Zealand (2023 to 2024)



Sales over time: New Zealand



Interest rates



Data: Bayleys analysis of CoreLogic data

Data: Bayleys analysis of CoreLogic data

Data: RBNZ

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