



Southern comfort

Auckland's southern corridor is fast becoming an in-demand precinct as the flight to quality evolves into a search for value.

Premium office space in Auckland's CBD has dominated demand from corporate employers in recent years, but the focus is shifting to other commercial precincts as smaller business owners place greater emphasis on getting the right bang for their buck.

One precinct likely to play a key role in meeting the shifting priorities of business owners is Auckland's southern corridor.

It is a unique commercial precinct covering a large geographical area that takes in multiple suburbs and a wide range of mixed-use spaces offering industrial, retail and residential properties as well as commercial office space.

The southern corridor runs from Market Road, just south of Newmarket, through to Papakura, following the line of Great South Road, once Auckland's main arterial route south, as well as the main trunk railway lines, and taking in Manukau City.

To the west the corridor stretches to take in areas like Onehunga, Mangere town centre, Auckland International Airport and Airport Oaks, while on the east it widens to include mixed-use suburbs like Pakuranga, Flat Bush, East Tamaki, Ormiston and Highbrook.

Bayleys Auckland director office leasing, Chris Wong says the southern corridor's diversity of zoning, and its intermingling of commercial and industrial uses within close proximity to residential zones and key transport links, means the precinct is uniquely placed to provide answers to some common office leasing questions now being asked by businesses considering a move.

Wong and Bayleys Auckland director office leasing, Sam Fitzgerald have recently joined the Bayleys Office Leasing team, as specialists in the southern corridor. They expect the precinct to attract increased interest from businesses wanting to reduce leasing costs without large sacrifices in quality, and find property in locations that will encourage staff back to the office after several years of working from home.

"With fiscal policy easing, we're anticipating a shift in leasing conditions. With the challenging economic times we've been through, business owners are more conscious about their capex spend if they're looking to move," Fitzgerald says.

"Tenant thinking is shifting more toward value. In this environment our expectation is business owners will



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BAYLEYS AUCKLAND DIRECTOR
OFFICE LEASING

be looking for good office space that still has good quality fitouts in place that won't require them to spend a truckload of money."

For most businesses, particularly in the smaller to medium size range, that means looking outside the CBD toward commercial precincts that may not offer all the premium new-build bells and whistles, but do offer a multitude of other benefits and amenities along with more cost-effective leasing.

"A key advantage of the southern corridor is that it's more suburban and closer to people's homes which makes it appealing to both employers and their people. If people are going to go back into the office after working from home, they want to work closer to where they live.

"Even with good public transport, ultimately Auckland commutes are never going to be highly efficient, just because the city is so spread out. The question then becomes: 'How do I work in suburbia, or closer to home?'

That is going to play out more and more over the next five years or so.

"Heading into an office along the southern corridor means the commute is likely to be a lot more palatable. The parking options are significantly better and the transport links are excellent, whether you're on public transport, or in your car," Fitzgerald says.

IMPROVED AMENITY

Bayleys South Auckland commercial general manager, Sunil Bhana says while the corridor has always been a part of Auckland's commercial leasing landscape, improved amenity throughout the precinct will encourage business owners to take a fresh look at the area.

"It offers some attractive options for commercial occupiers navigating the work-from-home landscape while juggling higher office costs in the Auckland CBD," Bhana says.

"If people are coming back to the office, they want somewhere that's accessible and easily connected. The motorway network along the corridor allows it to be accessed more easily, without needing to juggle the congestion all the way into the city.

"Once, moving out of the CBD meant you would lose access to amenities like places to eat, gyms or retail, but that has vastly improved. Now the southern corridor includes places like Sylvia Park, for example, which includes every amenity under the sun," he says.

"There are genuine office towers at Sylvia Park now with quality that matches what you'd find in the CBD. It's a realistic option now for businesses because they can feel comfortable putting their staff in good quality premises that don't necessarily cost the Earth."





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BAYLEYS SOUTH AUCKLAND
COMMERCIAL GENERAL MANAGER

Other southern corridor commercial centres like Central Park in Greenlane, and Ellerslie have been in place a long time but are now surrounded by thriving amenities that make them appealing places to both live and work, Bhana says.

Another key feature of the corridor that makes it a practical and appealing precinct for businesses, he adds, is the wide range of uses it incorporates. “Industrial, retail and trade retail are all prevalent throughout the southern corridor along with office space, all enjoying the benefits of profile, visibility and accessibility that it offers.”

GROWING CONFIDENCE

As a sign of confidence already growing in the South Auckland corridor, Wong and Fitzgerald point to the 8,400sqm multi-level office development being built at 15 Marewa Road, Greenlane.

“That development is going ahead with no pre-committed tenants,” Wong says. “It’s a good offering in terms of quality and still in good proximity to the CBD, and you’re getting a new-build for what will be cheaper rents than a fairly stock-standard CBD building.”

With its proximity and good transport links to the CBD office vacancy rates at the northern end of the southern corridor - Ellerslie, Penrose, and Greenlane - are relatively tight at around 5.5 to 7.5 percent.

There is more availability further south and while other development sites have been earmarked right through the southern corridor, these are looking for a level of pre-commitment from tenants before building begins, Wong says.

While those new builds are expected to come online as the advantages of the southern corridor become more apparent, some of the best opportunities for businesses may



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currently lie in the precinct’s existing stock, Fitzgerald adds.

“There is a good selection of A and B-grade buildings to choose from within the southern corridor that are of good quality and in good condition,” he says, adding that some landlords have also been doing improved fitouts to make spaces more appealing and able to compete with the work-from-home environment.

“There is something in the precinct that suits most types of business. If you’re a lawyer, for example, you might

want a high-end office space with a good fitout that will wow your clients. If you’re a small start-up you might only need 100sqm that won’t cost a fortune. The southern corridor can meet both those needs.”

As demand increases, Wong predicts that equation may start to change. “The gap between new-build rents and A-grade rents is going to slowly close as the benefits of precincts like the southern corridor that are convenient and easily accessed are realised.”

Bhana adds there is a tipping point in demand for commercial precincts where landlords are likely to feel much more confident in upgrading their properties.

“When vacancy rates in precincts like the southern corridor are higher, landlords are going to be less willing to invest. As amenity improves and interest grows, they are much more likely to upgrade those premises.”

WORKFORCE SUPPLY

Wong and Fitzgerald also point to the development and growth of residential hubs in Auckland’s southern regions, such as Manukau, Franklin and Pokeno as a driving factor in businesses seeking to lease property outside the CBD, in the near future.

“As the city moves further south with those different residential developments, that is where a large part of the workforce is going to come from for the southern corridor,” Fitzgerald says.

Eke Panuku Development Auckland, an Auckland Council-owned agency, is also promoting Manukau as a key residential and commercial hub for the future of Auckland and is intending to release significant council-owned landholdings to the market to facilitate further development.

Eke Panuku general manager development, Allan Young says: “The development of these sites will continue to add value and opportunity to this city centre making sure there are plenty of options for those who want to live and work here.”

A city in its own right prior to the Auckland supercity amalgamation in 2010, Manukau is identified in the Auckland Plan 2050 as one of the three major metropolitan centres for Auckland region; the others are Albany and the CBD.

Eke Panuku predicts the number of households in Manukau to grow from 6,000 to over 10,500 by 2050, with 56,000 jobs expected in Manukau itself, and 150,000 jobs within a 45-minute commute.

“Our role has been to encourage investment and development by making improvements to infrastructure and public amenity to support the volume of people moving to this expanding community and surrounding areas,” Young says.

“For a long time, Manukau was very business focused with little opportunity for people to live in and around the city centre. Now with new transport links, public spaces for families to enjoy on their doorstep and streetscape improvements to make it easier for people to move around their neighbourhood, it is starting to come into its own. New housing developments have allowed more people to live closer to their places of work and in return new businesses have invested in the area offering more employment opportunities.

“Manukau is a city poised for further growth, backed by substantial public investment and strategic planning. It has unrivalled connectivity, perfectly situated to support business, travel and logistics.”

Town centre development in Franklin, particularly Drury, is also expected to supply workers to the lower reaches of the southern corridor.

Christina Rogstad, Franklin economic broker for Eke Panuku Development Auckland says while the focus of town hub development in Franklin which includes 50,000 new houses, is focused on people living and working in the same area, there will inevitably be overflow.

“There is a tsunami of opportunity coming, and it will spill outside Franklin into places like Papakura.”



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GENERAL MANAGER DEVELOPMENT, EKE
PANUKU DEVELOPMENT AUCKLAND

Overall, Wong and Fitzgerald believe 2025 is shaping up as an important year for landlords and tenants in the southern corridor.

“What we expect to see this year, as people encourage staff back to the workplace, businesses, particularly in that small to medium size, will be looking to upgrade from their lower B-space to better quality. That no longer means just a straight flight to premium new-build quality, it means looking at value in terms of location and accessibility which the southern corridor is primed to offer,” Wong says.

Fitzgerald adds: “I think precincts outside the CBD, like the southern corridor will increasingly come to the forefront of people’s thinking as they start to weigh up the advantages.”

