

AUCKLAND INDUSTRIAL COLLIERS ESSENTIALS | 2H 2020



Market conditions eased slightly over the six months to September with vacancy rising to 2.1% from March's record low of 1.4%. Prime grade vacancy held steady at 1.2% while the secondary grade sector saw vacancy increase from 1.6% to 2.5%. Given current high demand for industrial space it seems likely that vacancy is at, or close to, peak levels.



High demand for space and tight market conditions have boosted confidence within the development sector. The value of building consents issued for industrial property development in Auckland over August and September has reached record levels totalling \$234.3 million. The spike in activity has propelled the total value of consents approved over the year to September to \$615.9 million. 213 consents were issued over the year to September for a total floor area of 329,130 sq m.



The low interest rate environment has driven heightened demand for industrial investment assets. High net wealth individuals, syndicators and property companies are all active in the market. Low interest rates have also increased the appetite from occupiers to secure their own premises. Sales turnover is currently constrained by a shortage of quality assets being brought to market. Yields are likely to firm further in 2021.



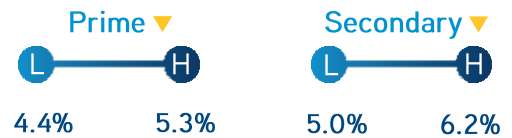
The increase in development activity and a shortage of vacant industrially zoned land have seen land values continuing to trend upwards across both established and emerging industrial precincts. Between September 2019 and September 2020 average land values increased by approximately 12.5% in the Airport corridor, Onehunga/Penrose and Mt Wellington while, in East Tamaki values rose by approximately 16.7%.



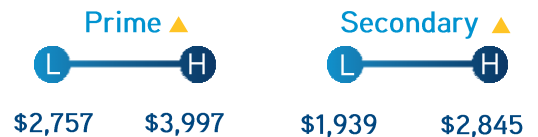
AVERAGE WAREHOUSE NET FACE RENTS (\$/SQM)



AVERAGE YIELDS



AVERAGE NET CAPITAL VALUES* (\$/SQM)



VACANCY RATES



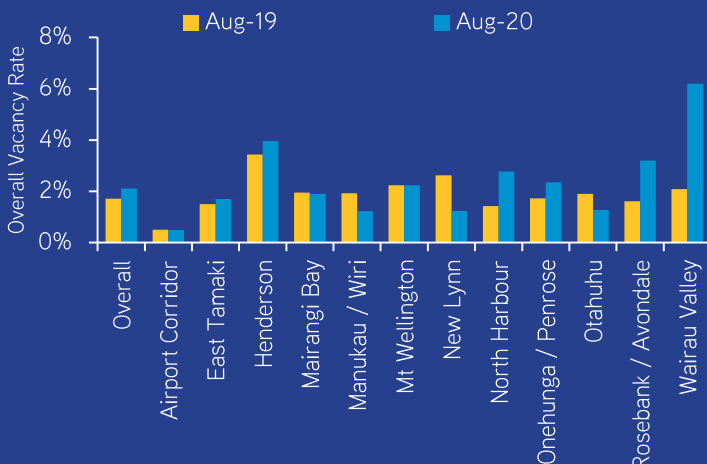
SUPPLY



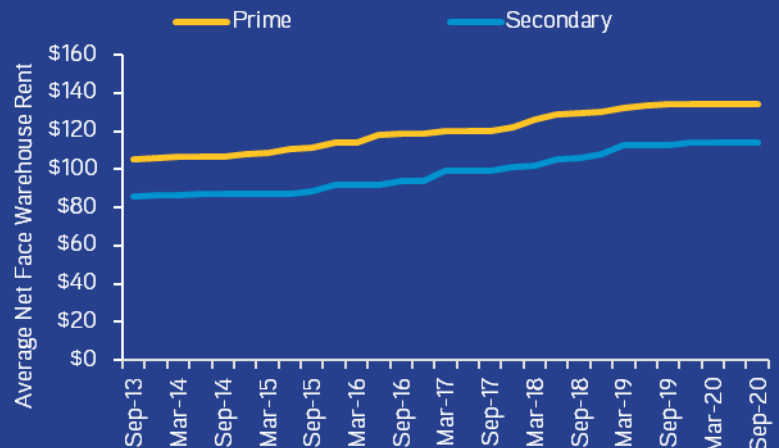
▲ ▼ ◀ ▶ Annual change

Data based on Sep 2020. Face rents, yields and capital values are based on averages across all precincts. Financial figures exclude buildings in the development pipeline.

AUCKLAND INDUSTRIAL VACANCY - BY PRECINCT



AUCKLAND INDUSTRIAL NET FACE WAREHOUSE RENTS



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MARKET INDICATORS BY PRECINCT



DEVELOPMENT ACTIVITY



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