

AUCKLAND METROPOLITAN OFFICE

COLLIERS ESSENTIALS | 1H 2021



Metropolitan office vacancy rates continued their upward trend over the six months to March 2021 but at a slower rate than evident over the previous six months. Overall vacancy increased to 6.9% from 6.3%. A majority of the movement was recorded within the prime sector with vacancy moving from 3.3% to 4.9%. The change is partially driven by the relocation of companies to new CBD headquarters, a notable example being Genesis Energy which has moved from Central Park to 155 Fanshawe Street. Vacancy within the secondary sector remained little changed at 7.5% compared with 7.3% in September.



Changes in office space requirements by some tenants has seen an increase in the number of sub-lease opportunities being brought to market over the last year. Across Metropolitan Auckland, Colliers is monitoring just over 20,000 sqm of sub-lease space with a minimum lease size of at least 1,000 sqm. A majority is located within the North Shore precinct where the most notable recent addition has been from Vodafone.



Development activity continues, with approximately 41,220 sqm of office space currently under construction or refurbishment. Confirmation from Kiwi Property that it is to begin development of a second office tower at Sylvia Park in October, provides further evidence of ongoing confidence in the metropolitan office market.



Investment yields have continued to firm over the last year reflecting the low interest rate environment and the high level of competition evident for a limited number of prime assets being brought to market. Average prime yields now sit at 5.8%, down from 6% recorded a year ago.



Rental values have been under pressure over the course of the year, particularly within the secondary sector. While net face rents have generally been maintained, increased incentives through rent free periods and/or fit-out contributions have been on offer.



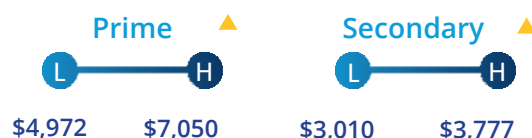
AVERAGE NET FACE RENTS (\$/SQM)



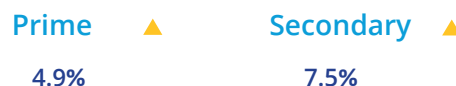
AVERAGE YIELDS



AVERAGE NET CAPITAL VALUES* (\$/SQM)



VACANCY RATES



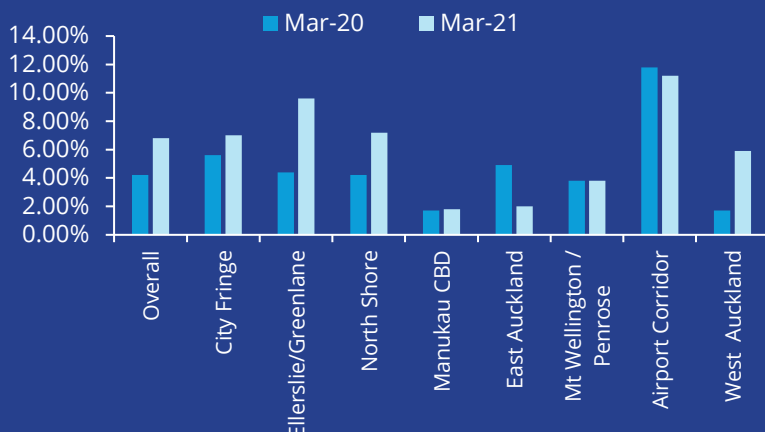
SUPPLY



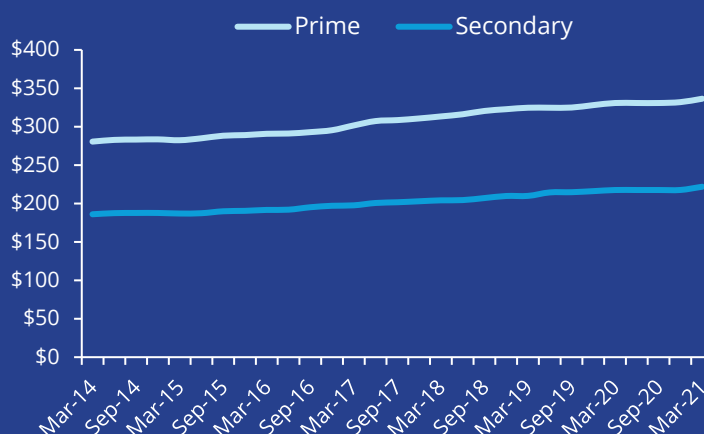
▲ ▼ ◀ ▶ Annual change

Data based on March 2021. Face rents, yields and capital values are based on averages across all precincts and do not represent the minimum or maximum rates being achieved. Financial indicators exclude buildings in the development pipeline.

AUCKLAND METROPOLITAN VACANCY RATE - BY PRECINCT



AUCKLAND CITY FRINGE OFFICE NET FACE RENTS (\$/SQM)

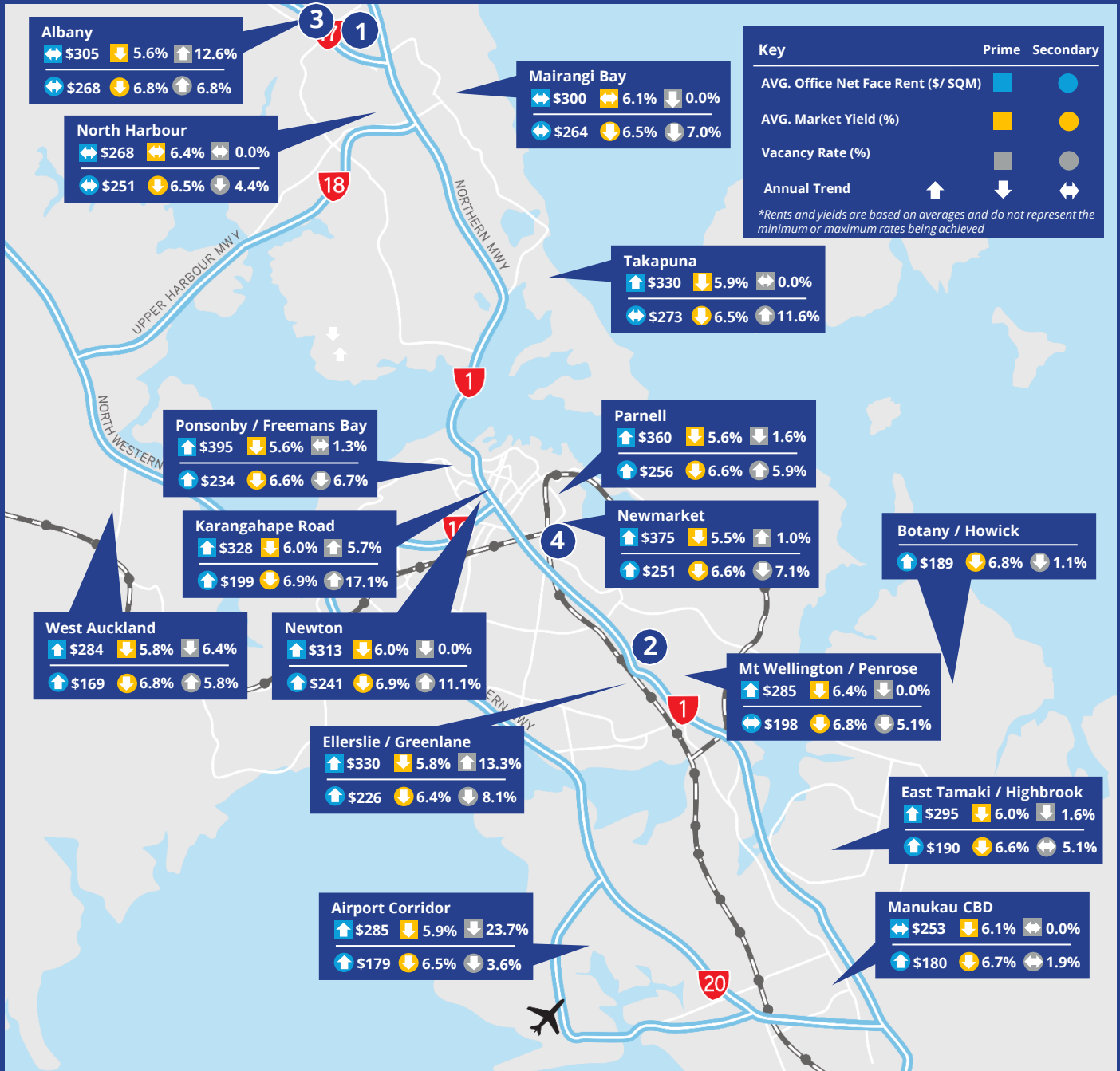


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Market Indicators by Precinct – Q1 2021



DEVELOPMENT ACTIVITY

| | | | |
|--|--|---|---|
| <p>1</p> <p>SYLVIA TOWER CONSENTED 15,000 SQM Q1 2023 KIWI PROPERTY</p> | <p>2</p> <p>656 GREAT SOUTH ROAD UNDER REFURBISHMENT 5,000 SQM Q3 2021</p> | <p>3</p> <p>9 - 15 MAREWA ROAD COMPLETED 15,000 SQM Q1 2021 KIMBERLY TRUST</p> | <p>4</p> <p>110 CARLTON GORE ROAD UNDER CONSTRUCTION 13,619 SQM Q4 2022 MANSONS TCLM</p> |
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