

AUCKLAND RETAIL

COLLIERS ESSENTIALS | 1H 2021



Auckland's retail vacancy rate continued to trend upwards over the second half of 2020 primarily due to movement within the strip retail sector. Overall vacancy reached 4.5% in December up from the 3.3% recorded a year earlier. Overall strip retail vacancy (incl. suburban strip) has increased to a record high of 8.5%, up almost 15,500 sqm compared to the same time last year.



Development activity within Auckland's retail sector is currently subdued reflecting the uncertainty caused by the COVID-19 pandemic and changing consumer trends. This backdrop has highlighted the importance of flexibility within retail premises encouraging property owners to refurbish and reposition their assets. Examples are the recently completed projects at 246 Queen Street and 75 Queen Street in the CBD.



While CBD retail rents are generally facing downward pressure, the opening of Commercial Bay has seen new benchmarks set at the prime end of the market. Average net face rents across suburban Auckland have declined by approximately 10% over the year to \$683 / sqm. Large format rentals however have continued their upward trend with average net face rents ending the year at \$363 / sqm.



The hospitality sector has been heavily impacted by COVID-19 enforced trading restrictions and border closures. However, experienced investors are looking through the disruption and making strategic purchases of both hospitality businesses and the properties they occupy. Recent examples are Savor Group's purchase of three restaurant operations in Britomart from Hipgroup for \$11m and the sale of the multi-tenanted premises at 204 Quay Street in the Viaduct Harbour.



Well located retail premises with strong tenant covenants continue to attract high levels of investor interest. The large format sector's reputation as a safe haven asset class has been bolstered by a lift in consumer spending for a wide range of goods primarily sold from large format stores. Notable transactions include Argosy Property's sale of the Albany Lifestyle Centre to property syndication firm Oyster Property Group for \$87.5 million.



AVERAGE NET FACE RENTS (\$/SQM)

Prime CBD ▲

Regional Centre ▼



\$1,250 \$4,500

\$618 \$1,758



AVERAGE YIELDS

Prime CBD ▲

Regional Centre ▲



5.0% 6.0%

5.5% 7.5%



AVERAGE NET CAPITAL VALUES* (\$/SQM)

Prime CBD ▼

Regional Centre ▼



\$20,833 \$90,000

\$8,240 \$31,965



VACANCY RATES

CBD Strip ▲

Regional Centre** ▲

6.3%

4.5%

SUPPLY

Under Construction

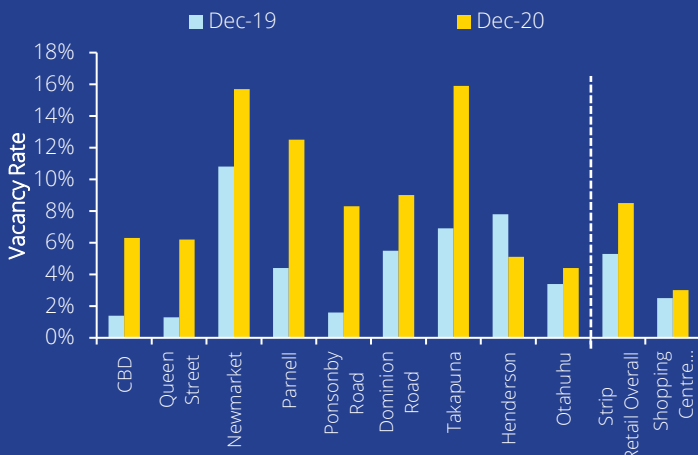
Consented

48,925 SQM ▼

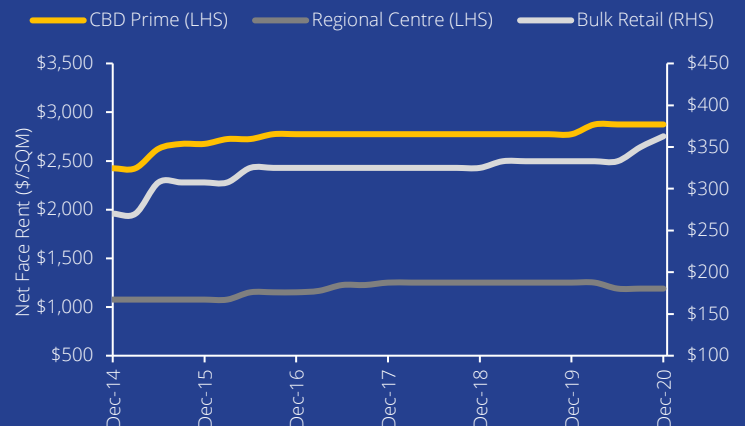
18,562 SQM ▼

Data based on December 2020. Face rents, yields and capital values are based on averages across all precincts. Financial figures exclude buildings in the development pipeline. **Based on average vacancy rates of shopping centres in Central, North, South, East and West

AUCKLAND STRIP RETAIL VACANCY RATE - BY PRECINCT



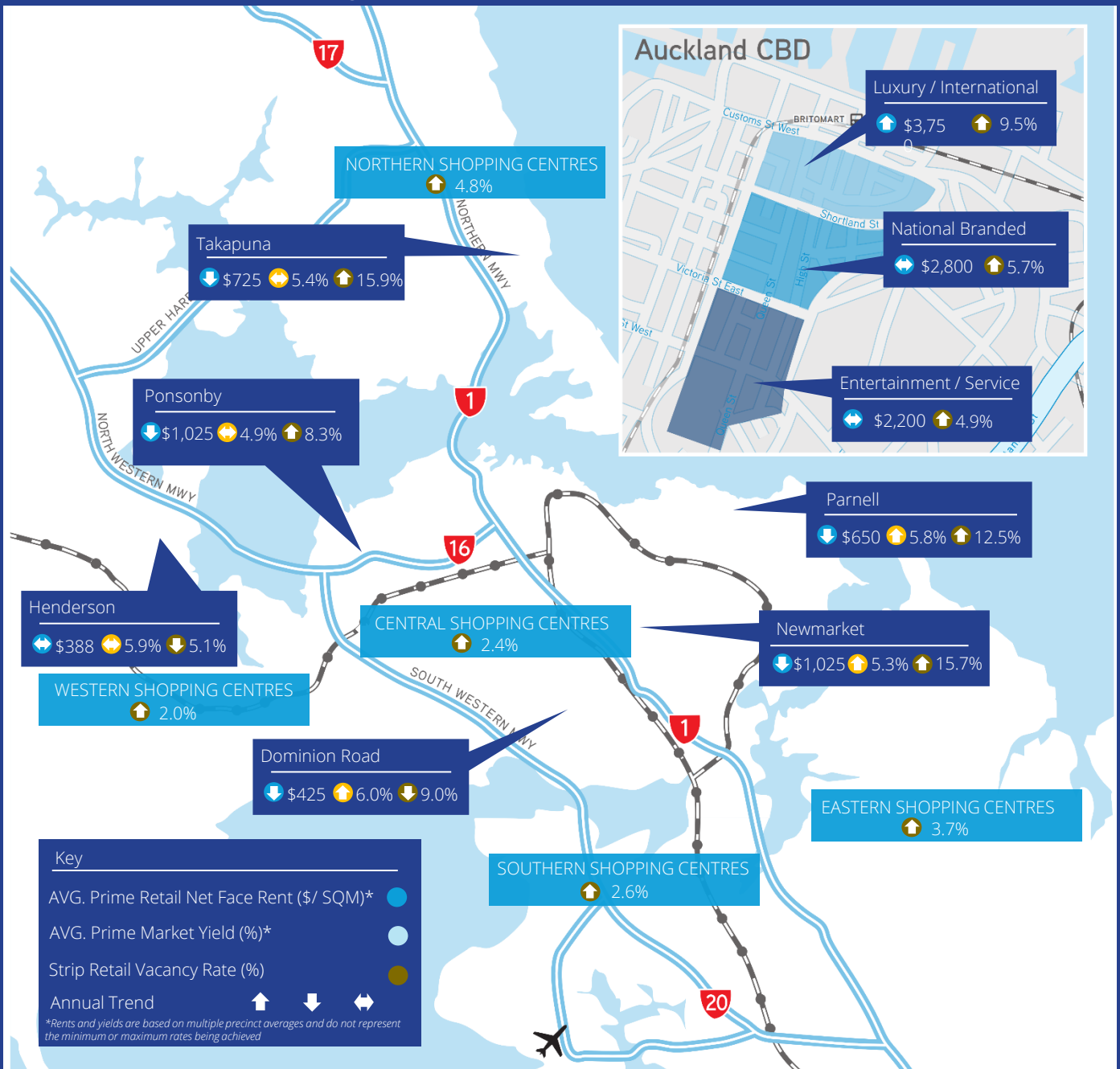
AUCKLAND RETAIL NET FACE RENTS



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Market Indicators by Precinct



COMMERCIAL BAY
COMPLETED
18,000 SQM | Q2 2020
PRECINCT PROPERTIES



SYLVIA PARK (GALLERIA)
COMPLETED
19,000 SQM | Q4 2020
KIWI PROPERTY



ORMISTON TOWN CENTRE
UNDER CONSTRUCTION
30,000 SQM | Q1 2021
TODD PROPERTY

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