

AUCKLAND INDUSTRIAL COLLIERS ESSENTIALS | 1H 2019



Market Snapshot



The number of Auckland industrial building consents reached 210 for the year to February, the highest level since 2010. New developments will assist alleviate some of the pressure on tenants to find new space, however, conditions remain tight for prime premises in areas like Rosebank/Avondale, Airport Corridor, Manukau/Wiri and North Harbour. We have approximately 312,000 sqm of space under construction or proposed. This represents 2.6% of current supply.



High levels of tenant demand pushed the overall vacancy rate to a record low 1.5% in our February survey. Secondary vacancy rates are also at all-time lows. New supply will not always alleviate the pressure on occupiers when searching for suitable space.



The limited space and the slower firming in investment yields is leading to higher levels of rental growth. Auckland experienced industrial combined office and warehouse face rental growth of 5% over the past year. We forecast rents to increase by around 3% over the next year. Some premises could see rental growth of 4% to 5% pa.



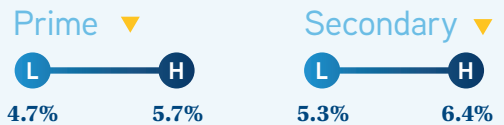
Auckland industrial investor confidence continues to remain strong. The March 2019 quarter result was the highest of all sectors with a net positive 62% (optimists minus pessimists).



AVERAGE WAREHOUSE NET FACE RENTS (\$/M²)



AVERAGE YIELDS



AVERAGE NET CAPITAL VALUES* (\$/m²)



VACANCY RATES

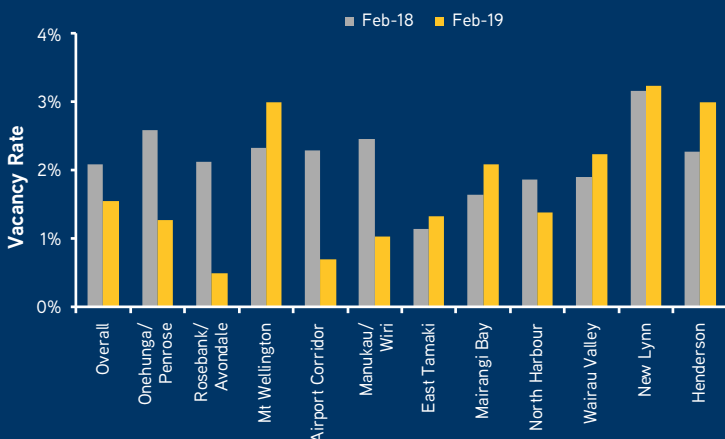


SUPPLY



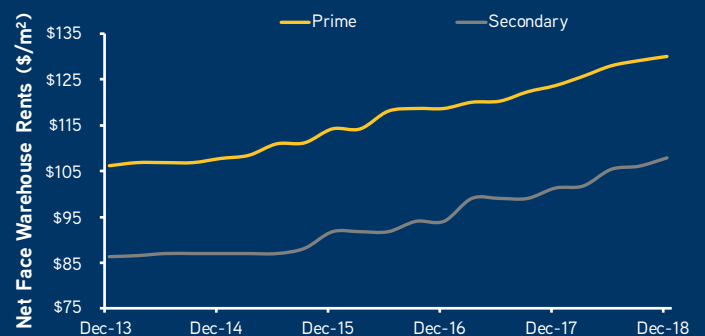
Financial data based on December 2018 and physical data based on February 2019. Face rents, yields and capital values are based on averages across all precincts. Financial figures exclude buildings in the development pipeline. *Based on net face combined rents.

Auckland Industrial Vacancy – By Precinct



Source: Colliers International Research

Auckland Industrial Net Rental



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Market Indicators by Precinct



KEY

- Overall Avg Land Values (\$/m²)
- Prime Avg Warehouse Net Face Rent (\$/m²)
- Prime Avg Market Yield (%)
- Prime Vacancy Rate (%)
- Annual Change

Source: Colliers International Research
*Overall



<p>3-5 ORACLE DRIVE, ALBANY UNDER CONSTRUCTION Q3 2019 MATVIN GROUP</p>	<p>OAK INDUSTRIAL PARK, 21 OAK ROAD, WIRI UNDER CONSTRUCTION Q1 2020 CHALMERS PROPERTIES</p>	<p>LAURENSON BUSINESS PARK, 8 LAURENSON ROAD, HOBSONVILLE UNDER CONSTRUCTION Q3 2020 PRIVATE DEVELOPER</p>	<p>27 TIMBERLY ROAD, AIRPORT CORRIDOR UNDER CONSTRUCTION Q2 2021 AUCKLAND AIRPORT</p>
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