

CHRISTCHURCH INDUSTRIAL COLLIERS ESSENTIALS | 2H 2019



Market Snapshot



Stronger market fundamentals continue to underpin the Christchurch industrial sector. Key to this has been the ongoing recalibration of the sector that has a more balanced demand and supply profile predominantly due to local businesses expanding and absorbing existing space. Further, a slight reduction in construction activity is assisting. Total building consent issuance for the year to September 2019 was approximately 219,000 sqm compared to a recent cyclical high of around 326,000 sqm in the year to September 2016.



Given the more positive market dynamics and low interest rate environment, investor activity remains strong. Prime average yields firmed 33bp between Q3 2019 and Q3 2018. Secondary average yields firmed a further 21bp.

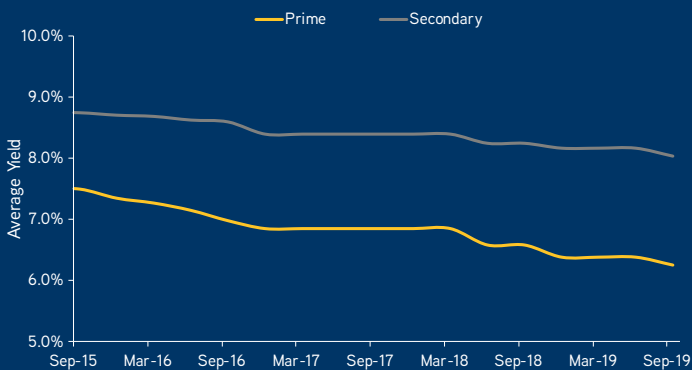


Steady rents and sharpening yields have influenced average prime capital values to rise by 3.1 per cent in the past year. Secondary capital values are up 3.6 per cent.

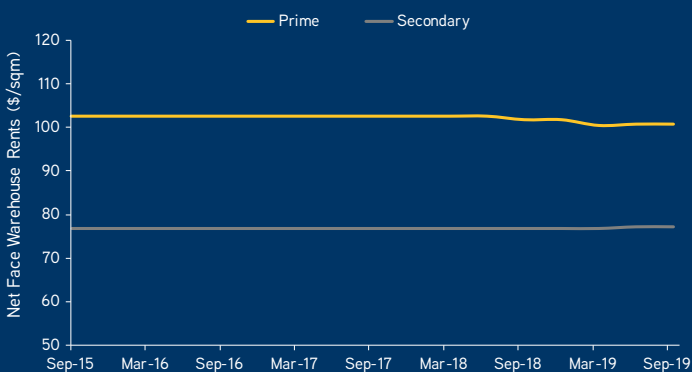


The Q3 2019 Colliers International investor confidence survey found the industrial sector to achieve a net positive (optimists minus pessimists) score of 21 per cent. This is up from a net positive 16 per cent in Q3 2018.

Christchurch Industrial Yields



Christchurch Industrial Net Rental



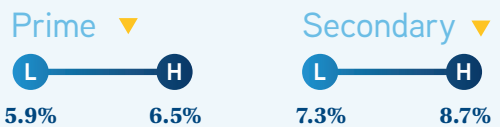
Source: Colliers International Research



AVERAGE WAREHOUSE NET FACE RENTS (\$/sqm)



AVERAGE YIELDS



AVERAGE NET CAPITAL VALUES* (\$/sqm)



Data based on September 2019. Face rents and yields are based on averages across all precincts and does not represent the minimum or maximum rates being achieved. Financial indicators exclude buildings in the development pipeline.



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