

AUCKLAND CBD OFFICE

COLLIERS ESSENTIALS | 2H 2019



Market Snapshot



Auckland CBD's overall vacancy rate tightened once more to an all-time low of 5.0%, the lowest since we commenced the survey over 20 years ago. The prime vacancy rate fell to 2.8% and the secondary vacancy rate fell to 6.6% compared to 3.5% and 8.1% recorded respectively last year.



Some of the immediate supply constraints for selected high-end office premises of scale are expected to ease with the addition of approximately 63,000 sqm of new premium office stock when Commercial Bay, One 55 Fanshawe and 10 Madden Street complete next year. However, spaces to lease will not suit every tenant meaning supply constraints in certain sectors and precincts are likely to remain.



Average net face rent for both prime and secondary buildings are increasing with the gap between the two decreasing. Secondary rents have increased by 7.1% over the past year, reducing the gap to just around \$200 per sqm.



Average prime leasing incentives are rising marginally to counter vacancies occurring in some prime premises. Also influencing the average rate of incentives will be the completion of some new CBD premises that have high face rents, but net effective rents at market rates.



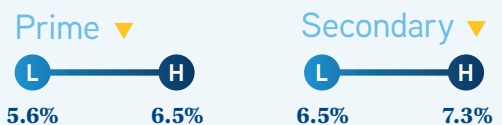
Investment activity remains buoyant for 2019 driven by strong market fundamentals and low interest rates. Notable transaction include the sale of Chorus House at 66 Wyndham Street which is likely to settle later this year. The property was sold to a US based investor for \$144.5 million representing a yield in the low 5.0% range.



AVERAGE NET FACE RENTS (\$/sqm)



AVERAGE YIELDS



AVERAGE NET CAPITAL VALUES* (\$/sqm)



VACANCY RATES

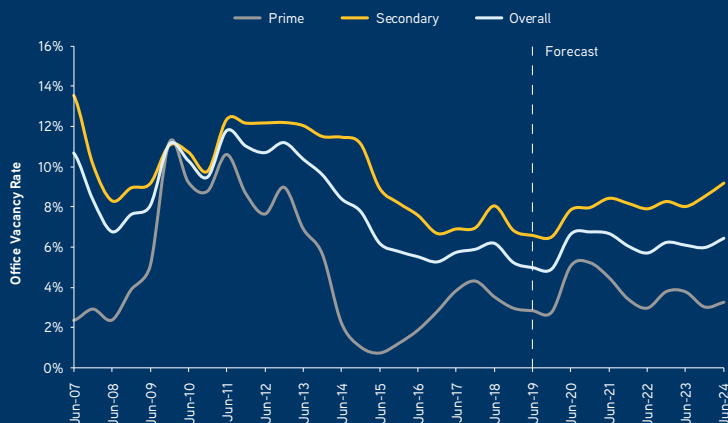


NEW SUPPLY



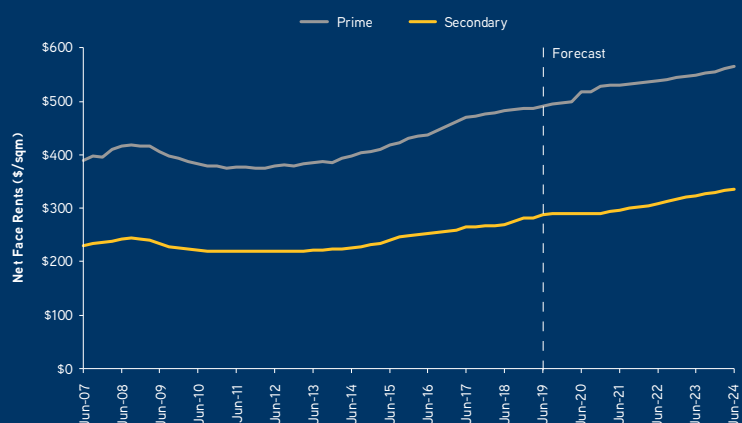
Data based on June 2019. Low and high indicators are based on averages across multiple precincts and do not represent the minimum or maximum rates being achieved. Financial figures above exclude buildings in the development pipeline.

Auckland CBD Office Vacancy Rate



Source: Colliers International Research

Auckland CBD Office Average Net Rents

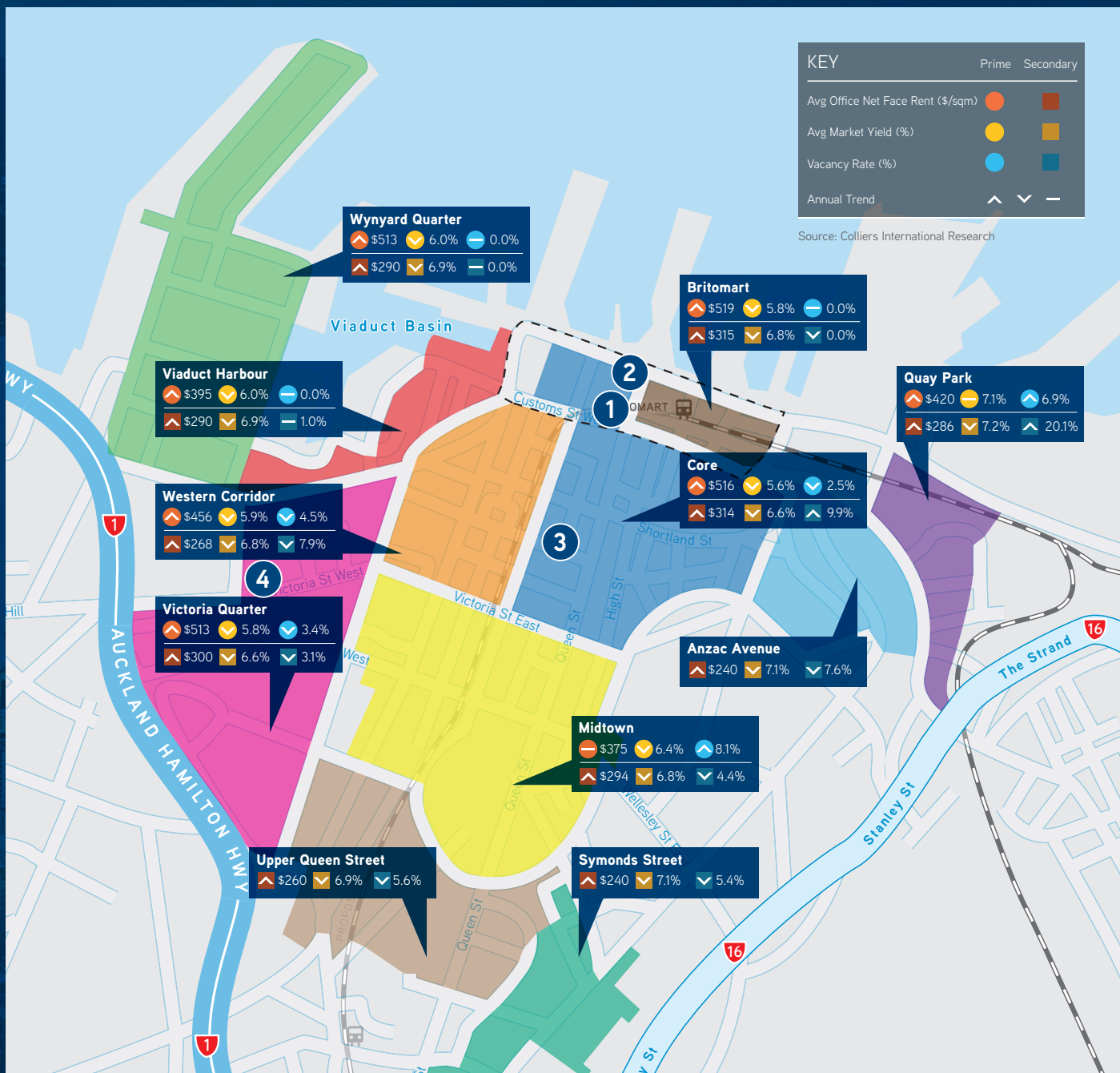


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Market Indicators by Precinct



KEY

	Prime	Secondary
Avg Office Net Face Rent (\$/sqm)	Orange	Brown
Avg Market Yield (%)	Yellow	Gold
Vacancy Rate (%)	Blue	Dark Blue
Annual Trend	↑	↓

Source: Colliers International Research

<p>1</p> <p>PWC TOWER. UNDER CONSTRUCTION 39,000SQM Q2 2020 PRECINCT PROPERTIES</p>	<p>2</p> <p>ONE QUEEN. CONSTRUCTION IMMINENT 8,700SQM Q3 2022 PRECINCT PROPERTIES</p>	<p>3</p> <p>246 QUEEN STREET. COMPLETE REFURBISHMENT 6,115SQM Q1 2020 WILSHIRE PROPERTIES</p>	<p>4</p> <p>136 FANSHAWE ST. UNDER CONSTRUCTION APPROX. 20,000SQM Q2 2021 MANSONS TCLM LIMITED</p>
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FOR MORE INFORMATION:

Rob Bird
National Director
Commercial Leasing

Chris Dibble
Director
Research & Communications

Anna Sizova
Research Analyst

Peter Herdson
National Director
Capital Markets

Adrian Goh
Research Analyst

Emily Duncan
Research Analyst

Colliers International
Level 27, SAP Tower
151 Queen St, Auckland
+64 9 358 1888

