

WELLINGTON CBD OFFICE

COLLIERS ESSENTIALS | 2H 2019



Market Snapshot



Strong tenant demand and limited availability of prime office stock has resulted in a further reduction in vacancy rates. The 5.9% overall vacancy rate is the lowest recorded since December 2008.



The supply pipeline is forecast to increase over the next few years through ongoing refurbishment and seismic strengthening, as well as the construction of new buildings. There is 50,000 sqm of space undergoing project works that is forecast to be reintroduced to total stock over the next 12 months.



Not all space to be introduced will be available for lease. Examples include approximately 11,800 sqm of space at 8-14 Willis which is 100% leased to Crown Entity, Statistics New Zealand. Refurbished Harbour City Centre (29 Brandon Street) will add over 3,500 sqm to the city's office stock. The building is leased to financial technology firm FNZ.



Average prime gross face rents increased to \$534 per sqm up from \$502 per sqm last year. Yields firmed 20 basis points to 6.4% compared to 6.6% a year ago. Average gross face CBD Core rents range between \$335 per sqm to \$660 per sqm. New-build activity is commanding above current benchmark rental rates.



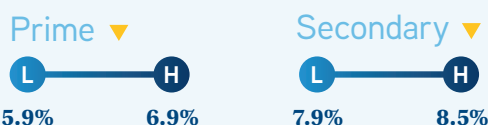
MSCI's Property Index for Wellington CBD Office properties showed a total return of 11.1% in the year to March 2019, the highest annual return since 2008.



AVERAGE GROSS FACE RENTS (\$/sqm)



AVERAGE YIELDS



AVERAGE CAPITAL VALUES* (\$/sqm)



VACANCY RATES

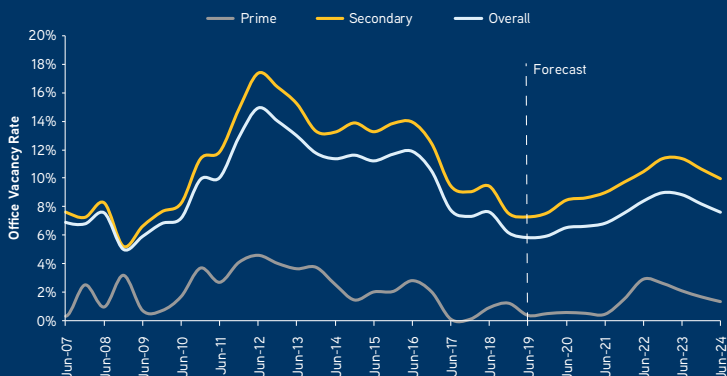


NEW SUPPLY



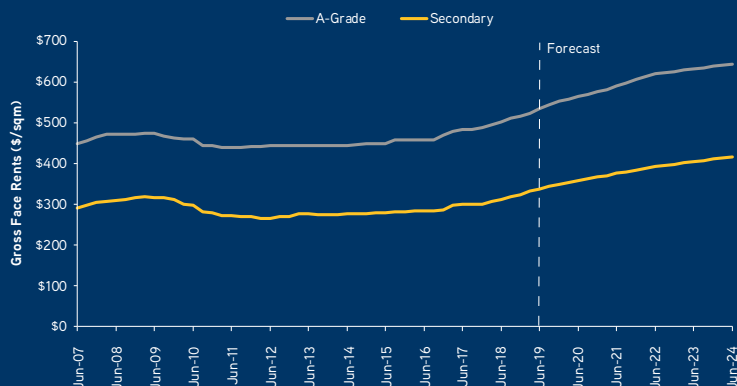
Data based on June 2019. Low and high indicators are based on averages across multiple precincts and do not represent the minimum or maximum rates being achieved. Figures above exclude buildings in the development pipeline.
*Based on gross face rents.

Wellington CBD Office Vacancy Rate



Source: Colliers International Research

Wellington CBD Office Average Gross Rents



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Market Indicators by Precinct



1

SITE 9, PROPOSED
4,000SQM | Q4 2021
WILLIS BOND & CO

2

BOWEN CAMPUS, 40-44 BOWEN ST, PROPOSED
22,083SQM | Q4 2021
PRECINCT PROPERTIES

3

1 WHITMORE STREET, PROPOSED
17,000SQM | Q2 2022
NEWCREST

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