

AUCKLAND RETAIL

COLLIERS ESSENTIALS | 2H 2019



Market Snapshot



Retail spending nationally rose modestly in both March and June quarters. Auckland experienced the largest rise, up 1.2 per cent in the June 2019 quarter, showing sustained growth over the past four years. Grocery, food and beverage continue to be the sectors providing the most growth.



Retail sales performance is dictating the type and extent of retailer demand, influencing vacancy rates. Strip Retail and Shopping Centre vacancy rates rose from 4.0 per cent to 6.5 per cent and 2.2 per cent to 3.3 per cent respectively. Large format retailing continues to remain popular amongst retailers and investors.



The development pipeline is rising. Total forecast supply is 251,281 sqm. Along with Westfield Newmarket and Commercial Bay, other major developments include Nido, in Henderson with 27,275 sqm and New Zealand Retail Property Group's Westgate development, where an estimated 55,000 sqm of trade-based retail and 47,000 sqm of bulk retail space is forecast to be completed by 2021. This is likely to include New Zealand's first Costco.



Net face rents remained stable over the past year. Average CBD Prime rents are forecast to rise upon the completion of Precinct Properties' new Commercial Bay retail precinct. Large format retail rents are also expected to rise over the next year. Locations experiencing significant increases in supply and rising vacancy rates are experiencing decreasing average rents.



There is a wide variation in average prime retail yield performance. Auckland suburban yields have firmed, regional centre yields have softened and CBD Prime and large format retail yields have remained flat. Investors are focussed on quality assets.



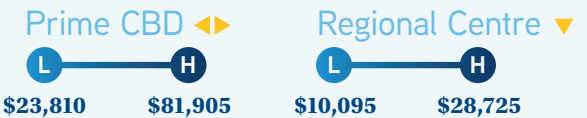
AVERAGE NET FACE RENTS (\$/sqm)



AVERAGE YIELDS



AVERAGE NET CAPITAL VALUES* (\$/sqm)



VACANCY RATES

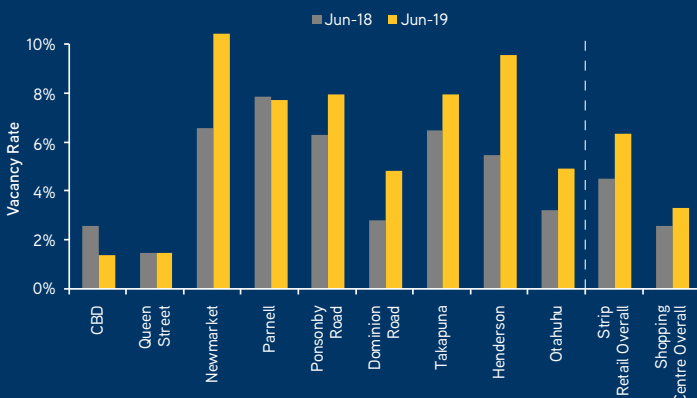


NEW SUPPLY



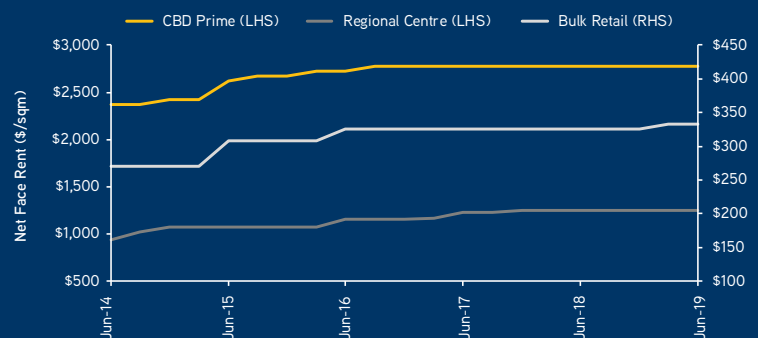
Data based on June 2019. Low and high face rents, yields and capital values are averages across all precincts. Financial figures exclude buildings in the development pipeline. *Based on net face rents. ** Based on average vacancy rates of shopping centres in Central, North, South, East and West.

Auckland Strip Retail Vacancy – by Precinct



Source: Colliers International Research

Auckland Retail Net Face Rents



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Market Indicators by Precinct



NIDO LIVING AUCKLAND.
27,275 SQM | MAGSONS GROUP & NIDO LIVING
EXPECTED COMPLETION: Q4 2019



STONERIDGE ON LUNN.
10,380 SQM | GP INVESTMENTS LTD
EXPECTED COMPLETION: Q2 2020



WESTHAVEN MARINE VILLAGE.
1,125 SQM | PANUKU DEVELOPMENT AUCKLAND
EXPECTED COMPLETION: Q4 2020

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