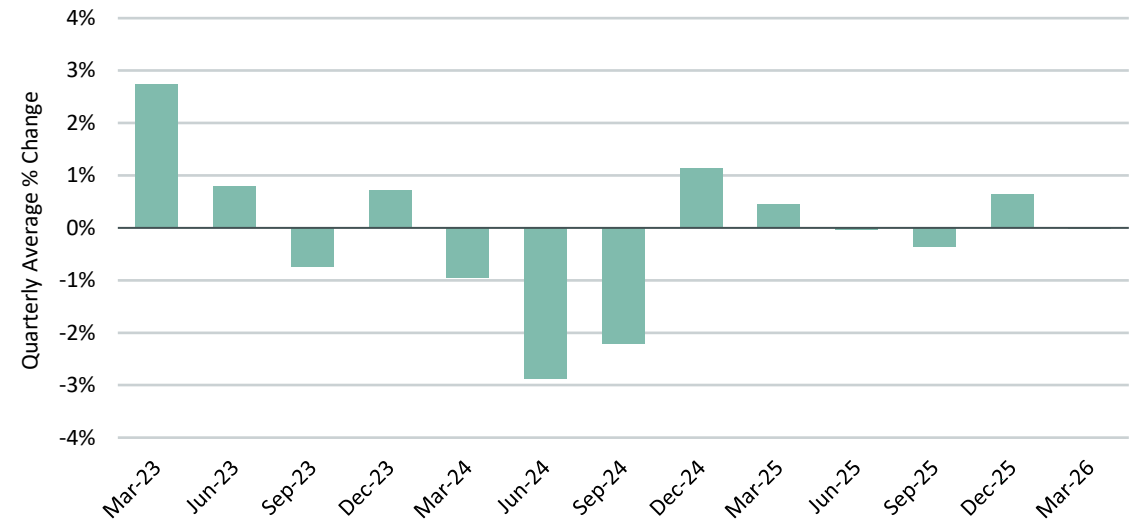


Auckland Property Market Overview

INSIGHTS

- The investment market entered 2026 on a positive momentum, but global trends have started to weigh heavily on sentiment. In this context, and combined with the recent interest rate rises, office and industrial yields were flat in Q1. Favourable investor sentiment combined with a generous cushion between debt costs and yields provided a platform for modest firming in shopping centres.
- CBD Office and industrial leasing enquiries and inspections continued to lift in Q1 before the conflict. Although the conflict has not had a significant impact on market fundamentals, it has led to increased cautiousness and reduced activity, resulting in stable rents in Q1.
- City fringe and southern non-CBD office markets have also seen a drop in leasing activity and an increase in vacancy in the last six months, leading to higher incentives in Q1.
- Weakness has also persisted in the retail leasing market, and vacancies have been lifting across the spectrum of retail centre typologies. Sub-regional centres continue to experience the largest rental decline, but weakness also persists in the Regional and Major regional categories.

Weighted Average Office, Retail, Industrial Capital Values – q-o-q % change



Market Indicators

Market Sector	Stock (sqm)	Vacancy (%)	Net Face Rent (\$/sqm)	Incentives (%)	Yield (%)
Prime CBD Office	819,854	12.8%	375 - 950	8 - 25	5.15 - 8.80
Secondary CBD Office	678,704	25.2%	200 - 600	10 - 25	5.75 - 9.50
Prime Industrial	6,883,767	2.3%	180 - 260	8 - 10	4.80 - 6.00
Secondary Industrial	7,422,144	2.4%	120 - 220	5 - 8	5.40 - 7.10
Prime CBD Retail			2,500 - 6,000	1 - 3	5.35 - 6.50
Major Regional	294,628	1.4	700 - 2,900	4 - 6	6.40 - 7.00
LFR Centre	474,053	1.8	180 - 550	4 - 6	6.50 - 7.10

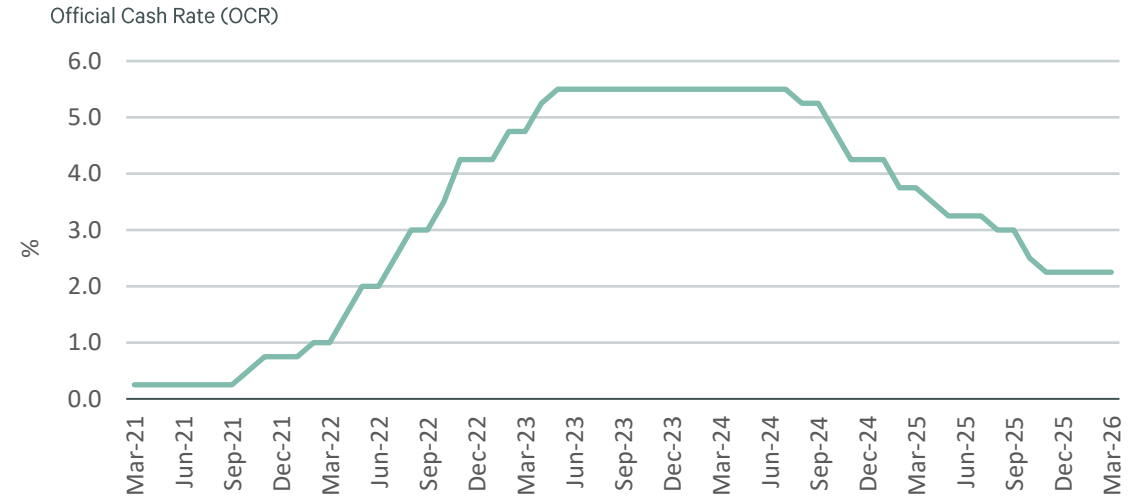
Rent data is as at March 2026. Office and Industrial stock and vacancy data is as at December 2025; Retail stock and vacancy data is as at December 2025.

Economy

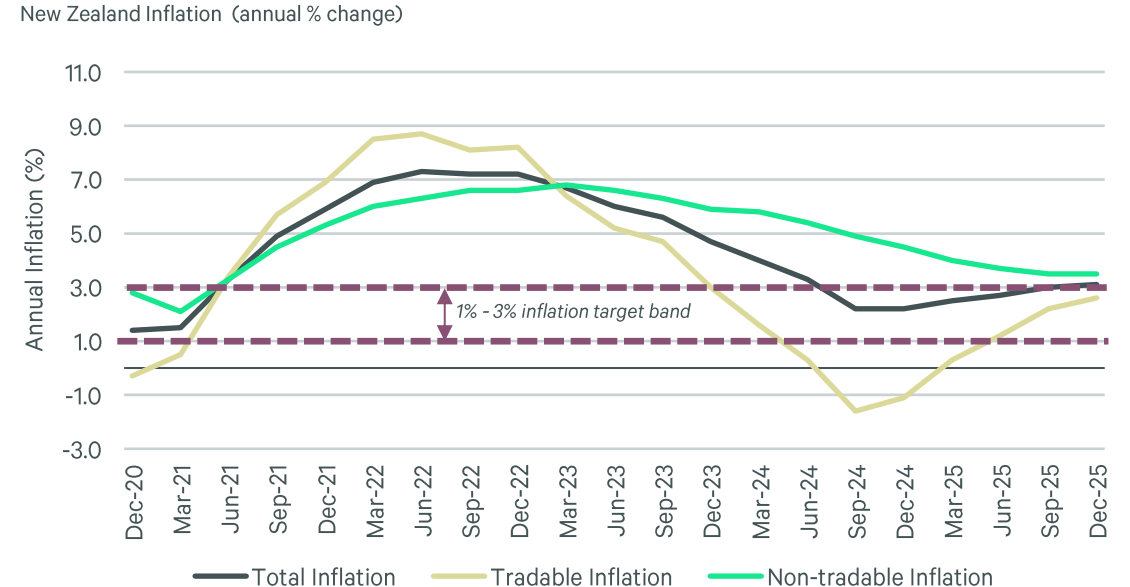
The New Zealand economy was showing signs of improvement during the first two months of this year. In its February Monetary Policy Statement, the RBNZ expected GDP growth to maintain an upward trend during 2026, with annual inflation hovering just above the inflation target midpoint (2.0%) by the end of this year. However, these predictions changed drastically in late February when the US and Israel conducted military actions against key strategic sites in Iran, prompting a regional conflict with significant global economic and financial implications. The immediate shock was the steep increase in oil and refined petroleum product prices, which reached their highest level since early 2022.

The RBNZ has made clear that the escalating Middle East conflict is set to drive consumer prices higher in New Zealand in the months ahead, potentially peaking at 4.2% during Q2 2026. In terms of economic growth, the RBNZ signalled that it had revised its growth expectations downward relative to its February forecasts. Businesses are contending with higher input costs that are eroding profitability, while households face declining real purchasing power. New Zealand's trade exposure to the Middle East leaves certain sectors vulnerable if alternative markets cannot be secured. Furthermore, since many of New Zealand's largest trading partners depend heavily on imported oil, the conflict is expected to soften their economies and, by extension, reduce their appetite for New Zealand goods and services.

Heightened uncertainty is an additional headwind, likely causing firms and consumers to hold back on spending and investment. The present situation finds New Zealand's economy still recovering, operating with spare capacity, and with consumers and businesses carrying more financial strain. These conditions may act as a natural brake on how far and how fast the current cost pressures filter through into sustained inflation. However, the RBNZ has announced that it is willing to hike the OCR in case medium and long-term inflation expectations become unanchored or second-round inflationary effects become significant.



Source: Reserve Bank of New Zealand



Source: Statistics New Zealand

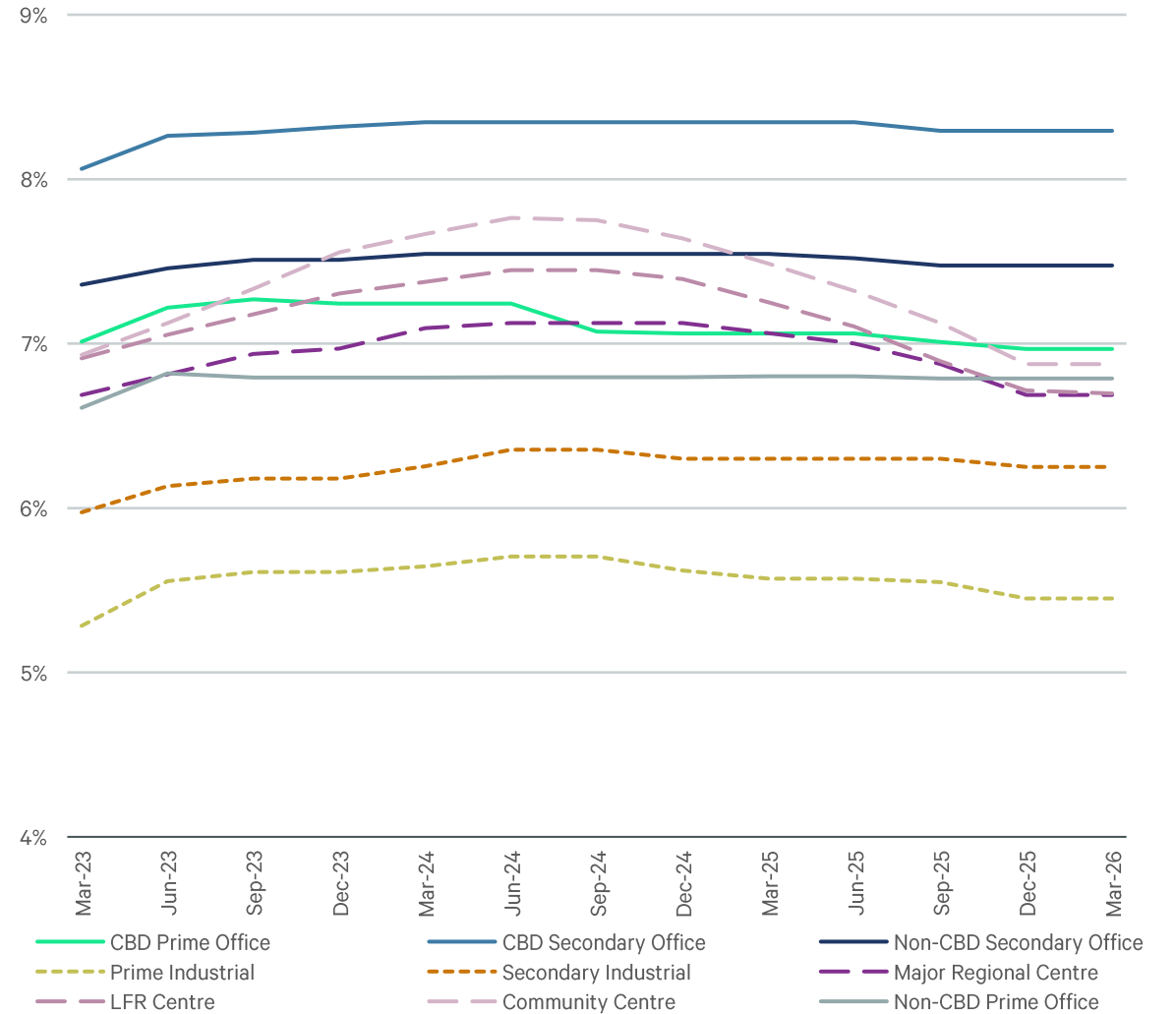
Investment Market

The investment market entered 2026 on a positive momentum, and following the holiday period, activity levels lifted further throughout February. In recent weeks, however, global trends have started to weigh increasingly heavily on sentiment, and there is less confidence that sales campaigns currently underway will conclude as anticipated.

In this context, and combined with the recent interest rate rises, the selective yield firming we identified back in Q3, which broadened further in Q4 on the back of improving investment market activity, has come to a halt in Q1.

The only exception is retail, where generally favourable investor sentiment combined with a generous cushion between debt costs and yields provided a platform for modest firming. Therefore, yields in the Large format retail sector firmed by two basis points on average, while Major regional centres remained flat.

Auckland Indicative Yields by Sector



Note: CBD Prime office and major regional shopping centre yields firmed in Q3 2024 due to some non-market or basket component changes including introducing and withdrawing a few new buildings. The market trend in Q3 was flat in these submarkets.

CBD Office Vacancy

H2 net absorption exceeded 18,000 sqm, marking the strongest half-yearly performance in the last decade since H2 2015. A noteworthy trend has been occupiers expanding office footprints, with some of these reducing the backfill vacancy impact of relocating occupiers. Examples include Kiwibank occupying NTT’s previous space at 155-167 Fanshawe Street and KPMG taking over Goodman’s previous space at 18 Viaduct Harbour Avenue.

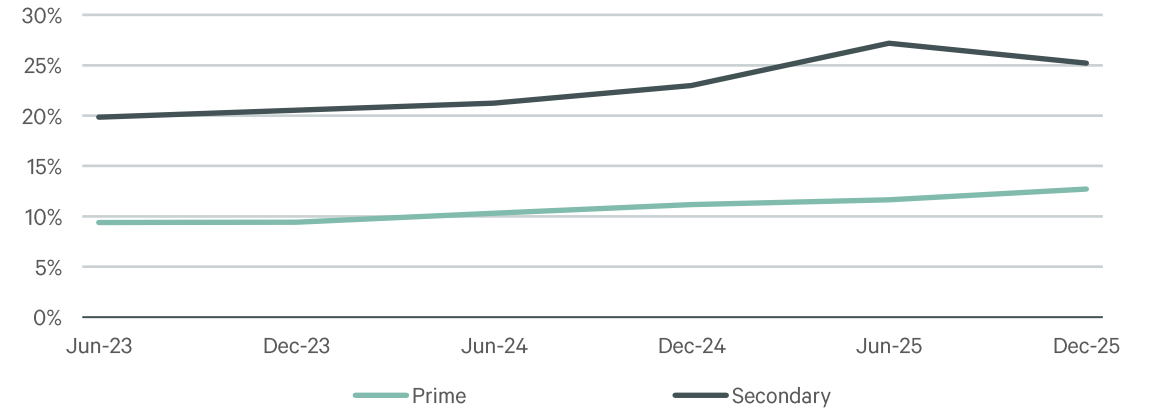
Auckland CBD office vacancy decreased by around 6,000 sqm in the second half of 2025 to sit at 275,000 sqm, or 18.4%, reflecting the interplay of occupier moves and absorption, new stock entering the market with vacancy (30 Daldy and 2-14 Wakefield), and older stock being removed from the market (21 Pitt St) all playing a role.

The biggest single change is the withdrawal of 21 Pitt Street from the current market, although we anticipate that the building will return to stock in due course as a partially owner-occupied building. This change has removed around 17,600 sqm and largely resulted in Secondary vacancy lowering from 29.8% to 26.2% in H2. On the other hand, the completion of 2-14 Wakefield Street’s refurbishment added vacant space into the market, and boosted A grade vacancy to 18.2%.

30 Daldy Street added 2,200 sqm to Premium grade vacancy, so despite strong absorption in the grade, its vacancy rate remained largely stable. The stable Premium grade vacancy also reflects that a large portion of the strong absorption took place in a new Premium building (30 Daldy) rather than taking up existing vacant stock.

Grades C & D had a marginal improvement in vacancy rates. However, they remain over 30%.

Auckland CBD Office Vacancy



Auckland CBD Office Vacancy Change by Grade

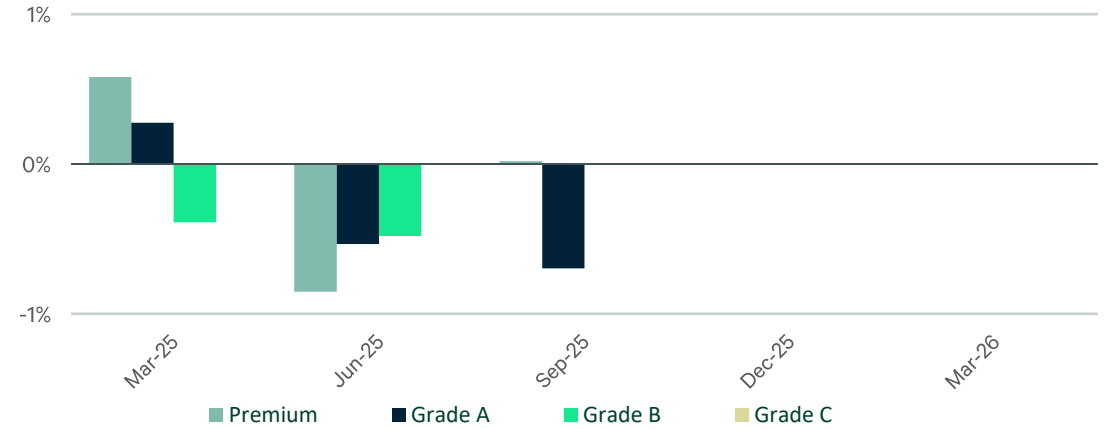
		PREMIUM	GRADE A	GRADE B	GRADE C	GRADE D	TOTAL	
VACANCY as at	percent	6.0%	18.4%	26.2%	21.7%	33.4%	18.4%	
	Dec 25	sqm	21,877	83,390	89,374	58,093	23,710	276,444
VACANCY as at	percent	6.1%	16.0%	29.8%	22.0%	33.5%	18.9%	
	Jun 25	sqm	20,996	70,904	106,748	58,811	23,630	281,090

CBD Office Rents

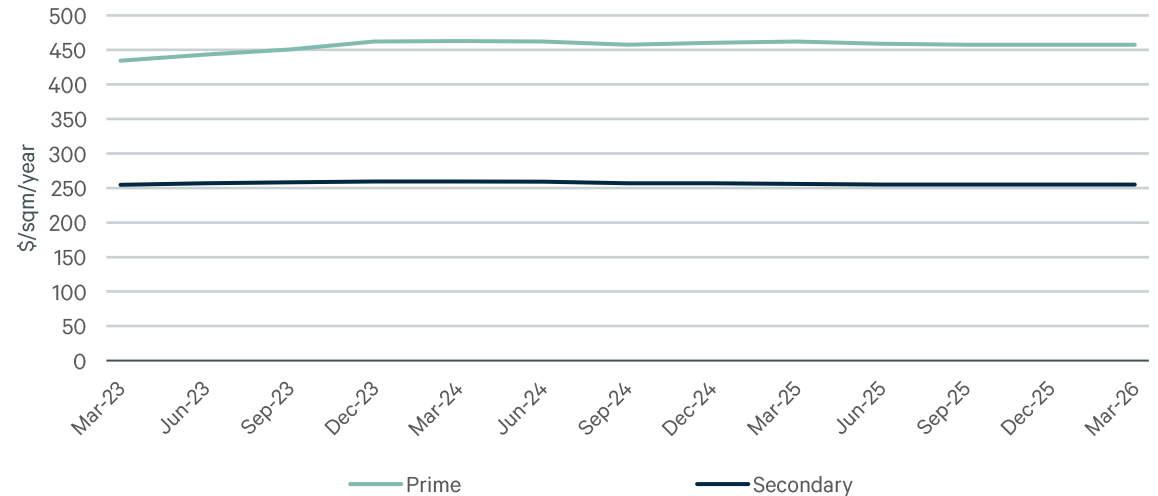
Leasing activity in the CBD office sector was robust in Q1, particularly in the Prime sector, prior to the escalation of the Middle East conflict. Many small to medium-sized occupiers sought to expand their office space to accommodate both business growth and increased office attendance. Although the conflict has not had a significant impact on market fundamentals, landlords have become less inclined to raise rents compared to the pre-conflict period. As a result, CBD office rents remained unchanged in Q1.

On average, Prime (Premium and Grade A) net effective rents are \$457/sqm/year, while Secondary (Grades B & C) are \$255/sqm/year.

Auckland CBD Net Effective Office Rents by Grade – Quarterly Change



Auckland CBD Net Effective Office Rents



CBD Office Market Outlook

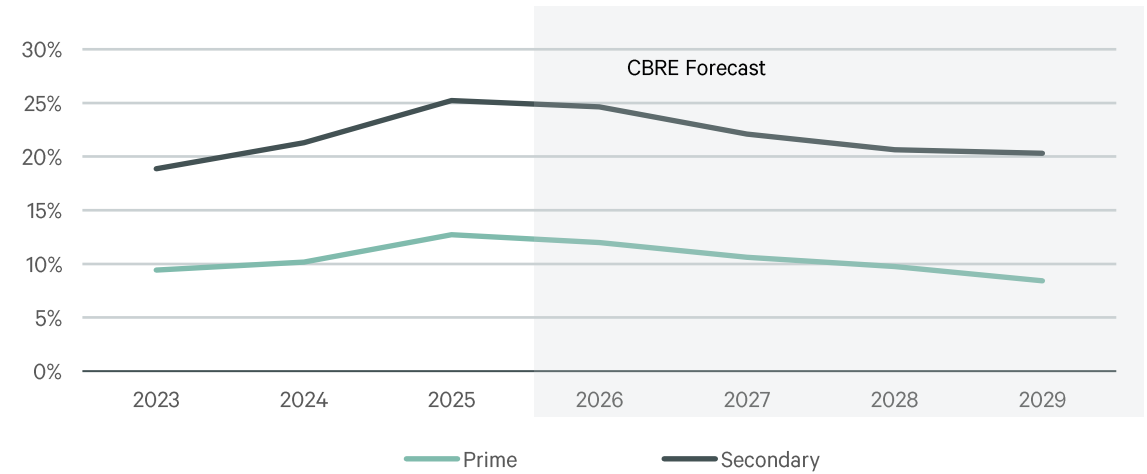
Vacancy

Elevated vacancy rates in 2025 were primarily driven by a combination of weak demand and the largest supply pipeline in eight years. However, strong net absorption and a mild vacancy decrease in H2 indicate the beginning of an occupier market recovery. Recovering leasing demand and a shrinking new supply pipeline will help vacancy rates decrease moderately by less than 1.0% in Prime and Secondary in 2026.

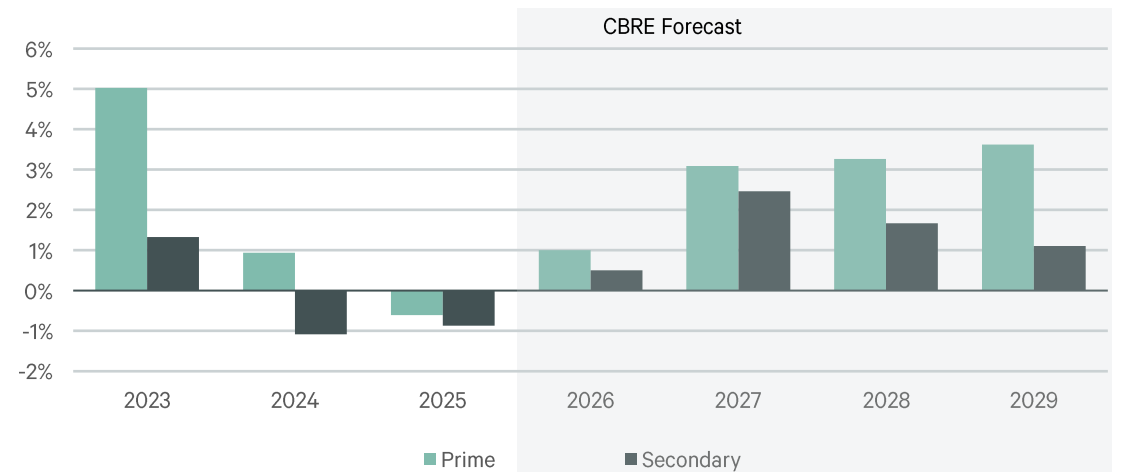
Rent

Combined with improved demand and much less new supply entering the market, Prime effective rents are expected to increase by around 1.0% in 2026. Although Secondary, especially higher quality Grade B assets in better locations, will also benefit from the overall market cycle, elevated vacancy rates will prevent rents from increasing as strongly as Prime rents.

CBD Office Actual and Forecast Vacancy



CBD Office Actual and Forecast Annual Net Effective Rental Change



Note: CBD Prime is Premium and Grade A and Secondary is only Grade B

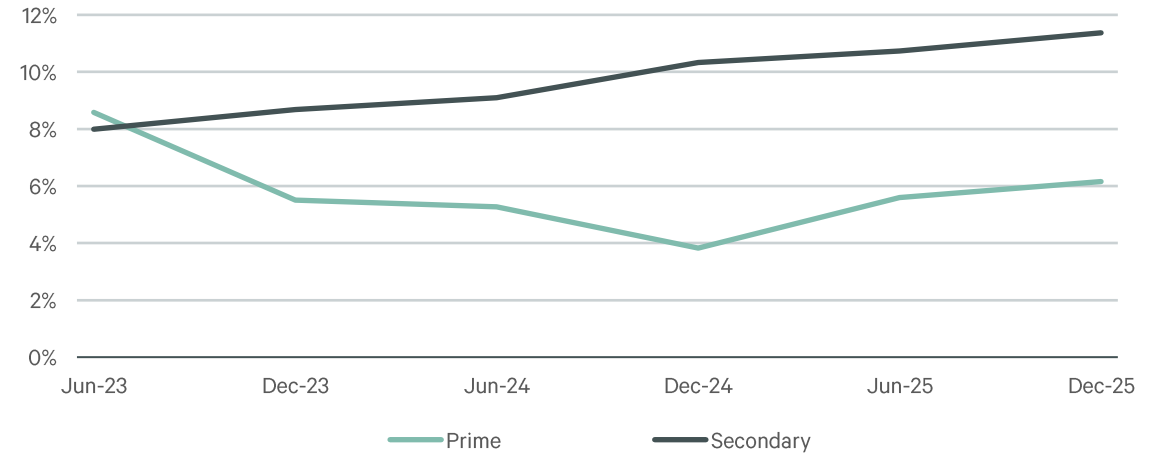
Non-CBD Office Vacancy

The non-CBD Auckland office market experienced an increase in overall vacancy, rising from 10.7% in June 2025 to 11.2% by December 2025. This upward trend was predominantly driven by the C and D Grade segments. Vacancy rates increased by around 1% in both Grades C and D, while Grades A and B saw a slight increase in vacancy rates, by 0.3% and 0.1%, respectively.

In Grade A, the majority of new vacancies originated from Smales Farm due to One NZ’s relocation. An additional 1,000 sqm of vacant space was from buildings in Eden Terrace and Newmarket. There were also some large take ups keeping vacancy at a relatively low level. Notable examples include Ministry of Defence/Navy’s lease at 8-14 Stanley Street and Concentrix Services’ lease at 27-37 Napier Street.

While the Grade B submarket had around 9,000 sqm of new vacancies in H2, a similar amount of take up resulted in a flat vacancy rate. However, Grades C & D had a higher volume of new vacancies than take ups. A large portion of these new vacancies were on the North Shore.

Auckland Non-CBD Office Vacancy Change by Grade



Auckland Non-CBD Office Vacancy

		GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
VACANCY as at	percent	10.8%	12.8%	10.4%	10.4%	11.2%
Dec-25	sqm	40,347	67,502	67,694	15,477	191,020
VACANCY as at	percent	10.5%	12.7%	9.5%	9.3%	10.7%
Jun-25	sqm	39,321	66,745	61,828	13,956	181,850

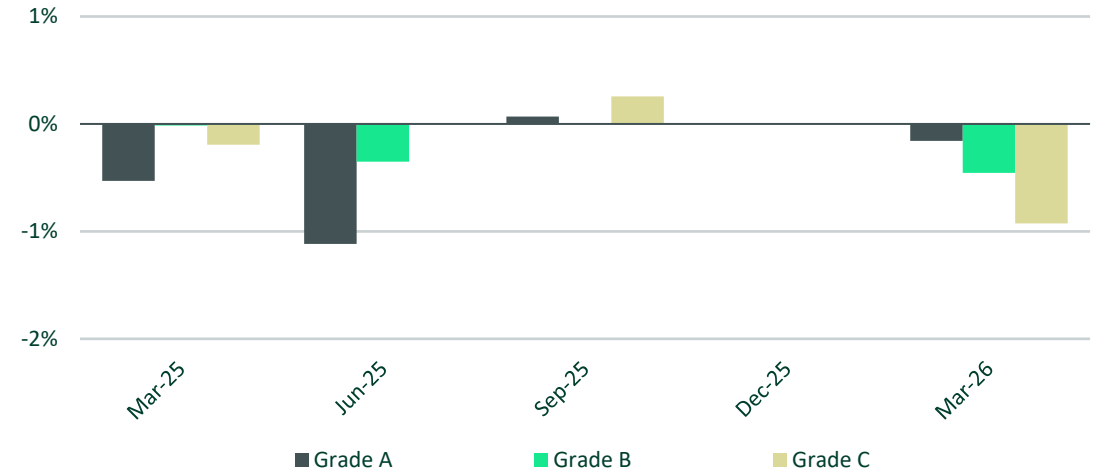
Non-CBD Office Rents

The non-CBD office market has been soft in the past year, and the trend persisted in Q1. Although the market had enquiries, leasing activity was low. While demand in the city fringe and southern suburbs was stronger than in North Auckland in the past few years, more recently, these regions have also seen a drop in demand and an increase in vacancy. Therefore, we increased incentives slightly in the city fringe and southern suburbs, bringing them closer to North Auckland’s level. At the same time, rents in North Auckland (including Northshore, Takapuna and Albany) have already softened in the last few quarters, and recent market information indicates there has been no further rent softening.

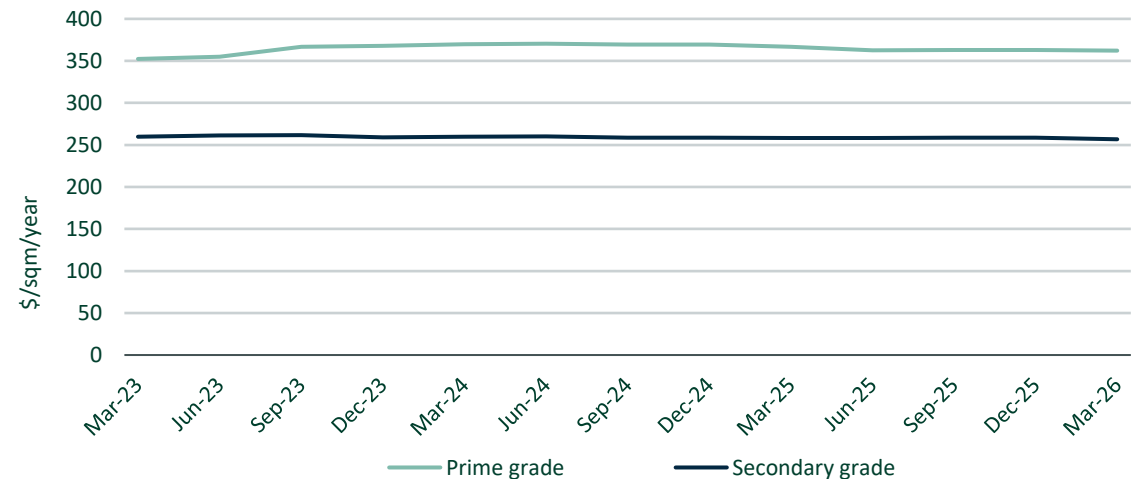
The Grade A (Prime) net effective rent across all the suburbs was at \$362/sqm/year, and the Secondary rent (Grades B & C) at \$257, each grade down by \$1. Rents in different suburbs can be divergent. For example, the average Grade A rent in city fringe was over \$390 while in North Auckland, including Albany, Takapuna, Grade A rent was only around \$320.

Newmarket still has the highest Prime rents largely due to some new and high quality buildings on Carlton Gore Road.

Auckland Non-CBD Net Effective Office Rents by Grade – Quarterly Change



Auckland non-CBD Net Effective Office Rents



Non-CBD Office Market Outlook

Vacancy

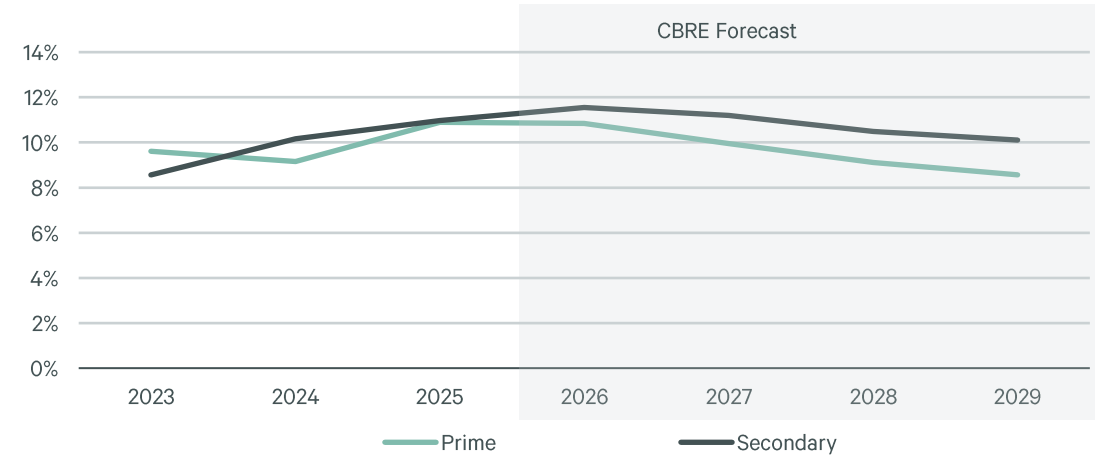
Centralisation, such as One NZ’s move from Smales Farm into the CBD, remains a concern and so does relatively weak demand for satellite office space in suburban locations. In the absence of new supply and flight to quality, the Prime submarket will benefit from the occupier market recovery over the next few years, while Secondary space might not see a solid improvement until 2028.

Therefore, Prime vacancy rates are expected to decline moderately from 10.8% by the end of 2025 to 9.9% by the end of 2027. However, Secondary vacancy rates will be largely stable.

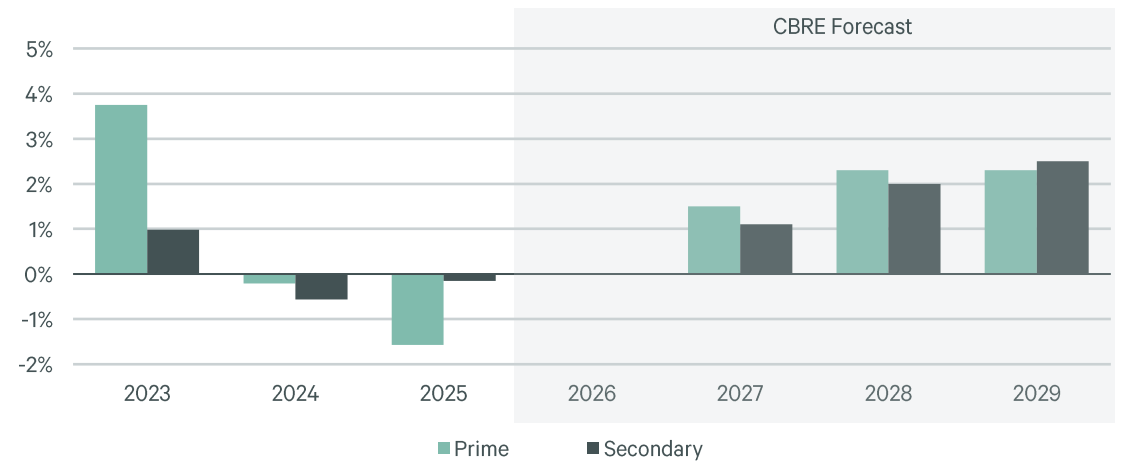
Rents

Due to a relatively stable vacancy trend in both Prime and Secondary offices, coupled with flat net absorption, we anticipate Prime and Secondary net effective rents will remain flat without reasonable growth. We expect to see a mild rent recovery in H2 2026 following a mild decline in H1. Rents in both grades are expected to increase more strongly from 2027 onwards.

Non-CBD Office Actual and Forecast Vacancy



Non-CBD Office Actual and Forecast Annual Net Effective Rental Change



Note: CBD Prime is Premium and Grade A and Secondary is only Grade B

Retail Vacancy

Challenging conditions for retailers are reflected in vacancies. While retail centre vacancy remains low in an absolute sense at 2.7%, it has increased materially from 1.8% over the past year. The increase was broad based across centre categories but most keenly experienced amongst sub regional centres representing the squeezed middle ground of the retail format continuum, reflecting the vacancy gap between high and low quality stock as high quality centres with strong anchors are significantly outperforming.



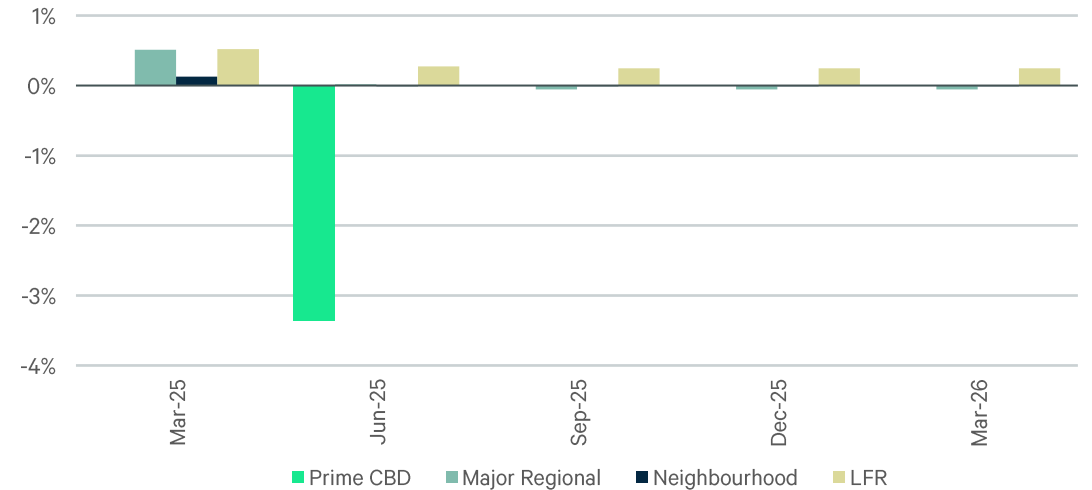
Retail Rents

The retail leasing market has remained weak, and vacancies in many centres increased in 2025. Given a lower affordability base, in weaker centres, owners need to drop rents to attract tenants.

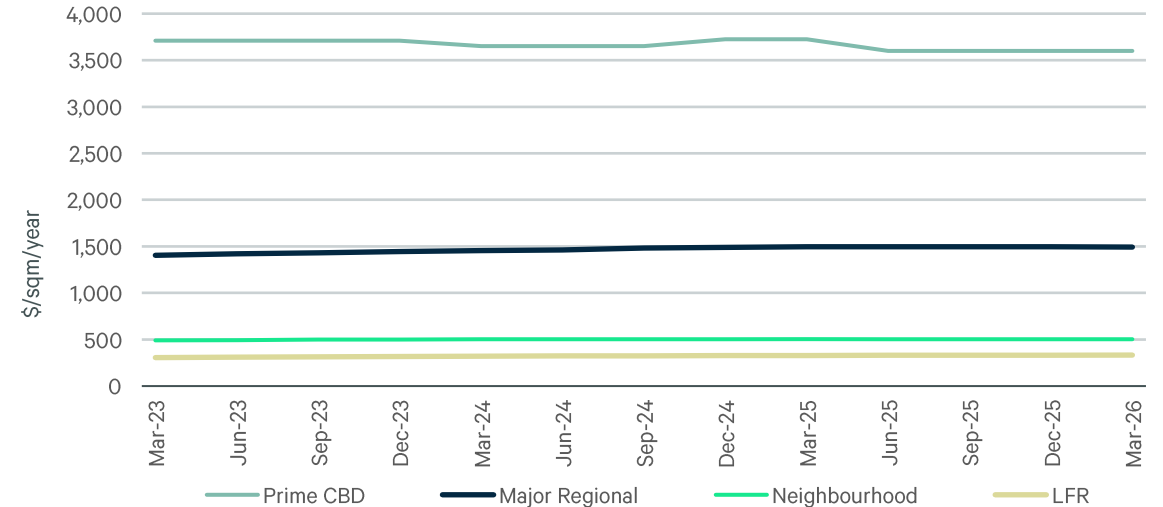
Our assessments show that sub-regional centers continued to experience the largest quarterly rental decline of 1.0% in Q1. Large format retail has been more resilient than other retail centres, with another minor rent increase of 0.2%. Major regional centres' rents declined by another 0.1%.

For strip retail, a few transactions happened in the Prime CBD submarket, with a positive trend of trading conditions in Q1. Cartier to open its first store at 66 Queen Street is one of the main transactions. Overall, Prime CBD retail rents keep stable after a 3.4% rent decline in Q2 2025.

Auckland Retail Rents – Quarterly Change



Auckland Retail Rents

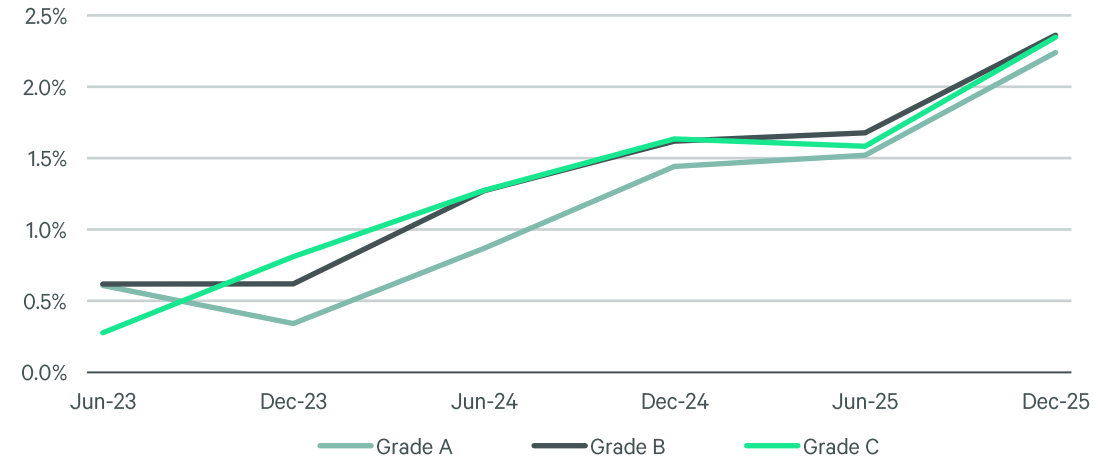


Industrial Vacancy

Vacancy in H2 2025 increased by 0.7% to 2.3%. Total vacant space increased by approximately 104,000 sqm. Grade A vacancy increased by 51,000 sqm, or 0.7%, primarily driven by speculative developments and space consolidation. Secondary vacancy increased by 53,000 sqm or 0.8%. Of note, around 7,000 sqm of vacant space at 2-6 Monahan Road was withdrawn from the stock for redevelopment, lowering total vacant space slightly. The rise in Secondary vacancy is primarily driven by tenants relocating to Grade A properties and businesses shrinking occupied space.

A key market trend of 2025 is the continued consolidation of logistics companies from older, lower-quality buildings, coupled with increasing adoption of third-party logistics (3PL) by some businesses in lieu of in-house warehousing.

Auckland Industrial Vacancy



Auckland Industrial Vacancy Change by Grade

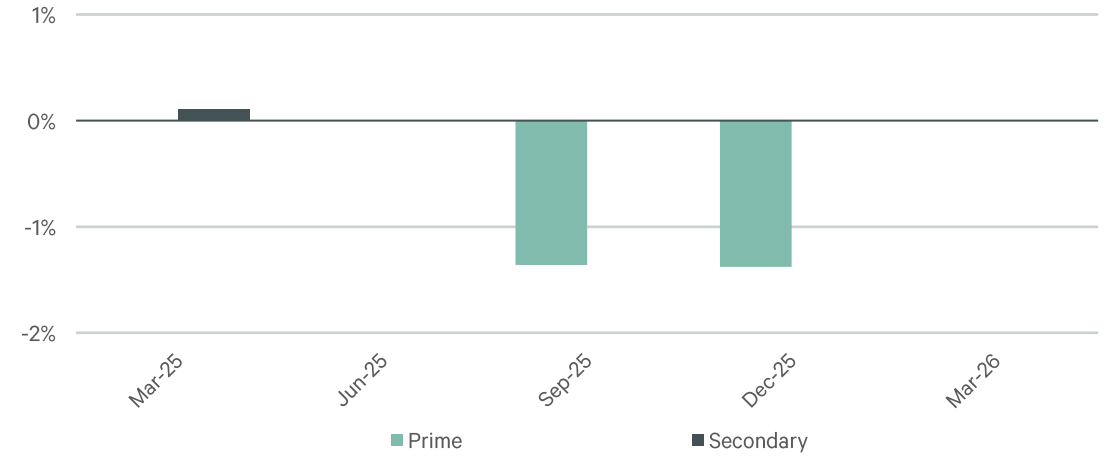
		GRADE A	GRADE B	GRADE C/D	TOTAL
VACANCY as at	percent	2.2%	2.4%	2.3%	2.3%
Dec 2025	sqm	154,200	93,511	81,287	328,998
VACANCY as at	percent	1.5%	1.7%	1.6%	1.6%
Jun 2025	sqm	103,176	66,454	55,141	224,771

Industrial Rents

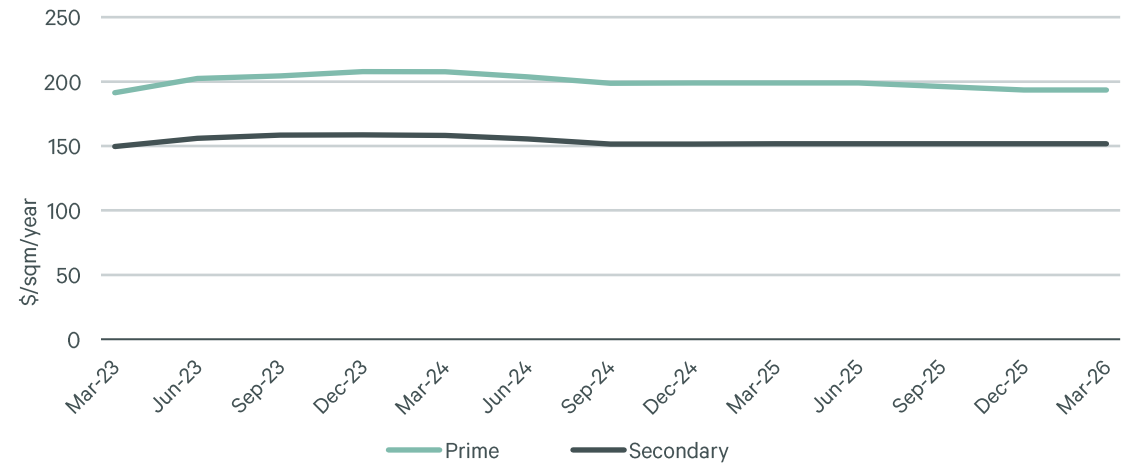
The industrial leasing market had another subdued quarter. Similarly to the CBD office market, the industrial market saw an uptick in enquiries early this year pre the Middle East conflict. Although actual leasing transactions remained limited, they indicate face rents and incentives have been stable in Q1. However, the conflict has led to increased cautiousness and reduced activity.

The overall Prime net effective average industrial rent held at \$193/sqm. Precincts such as East Tamaki, Wiri, Mt Wellington and Penrose continue to command the highest net effective rents within the Prime segment. The aggregated Secondary average remained at \$152/sqm.

Combined (office and warehouse) Net Effective Industrial Rents



Auckland Industrial Net Effective Rents – Quarterly Change



Industrial Market Outlook

Vacancy

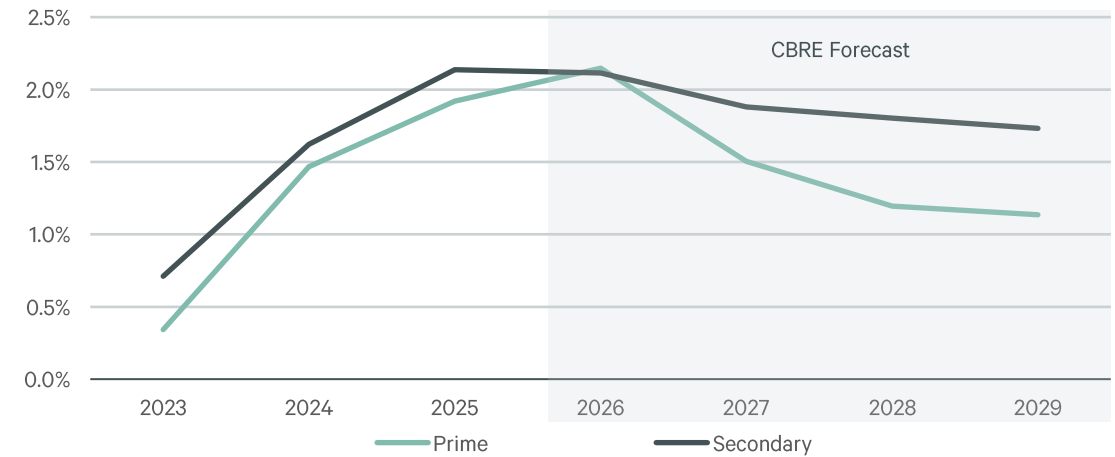
Based on the under-construction pipeline, we expect around 203,000 sqm of new buildings to be completed by the end of 2026. Only half of the new supply is pre-leased. The substantial speculative supply this year suggests developers will adopt a more cautious approach in 2027.

Although net absorption will improve, it will still lag behind supply, partially driven by 3PL tenants continuing to consolidate into higher-quality or larger spaces and vacating lower quality and/or smaller warehouses. We expect that vacancy in 2026 will continue to increase, but with a much slower rate than in 2025. In 2027, Prime vacancy is expected to decrease more dramatically, due to both higher net absorption and lower net new supply than in 2026.

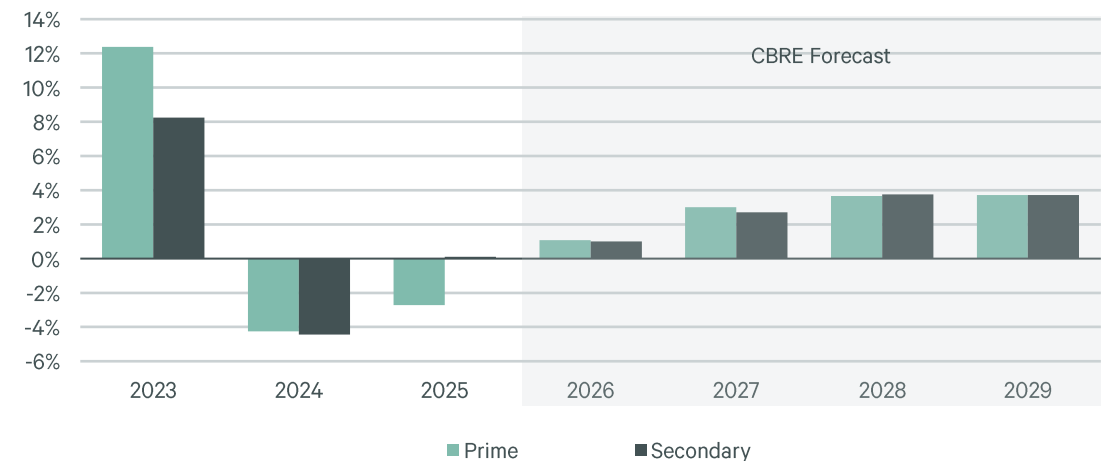
Rents

Given higher vacancy rates in both Prime and Secondary submarkets, rents will only increase by 1.1% in Grade A, and mostly driven by lower incentives, while face rents are unlikely to increase. Secondary rents are projected to show similar growth. Rents are expected to grow by around 3~4% from 2027 onwards.

Auckland Industrial Actual and Forecast Vacancy



Auckland Industrial Actual and Forecast Annual Net Effective Rental Change



Definitions

Office building grades

Premium: Top quality landmark space which is generally the pacesetter in establishing rents and includes the following general attributes: prestige lobby; high architectural merit; prominent location; prestigious occupiers; the latest or recent generation of building services; ample natural lighting; good views and outlook; quality access to and from an attractive street environment; large size - +20,000 sqm. **Grade A:** High-quality modern space including many but not all Premium features. **Grade B:** Good quality modern space with some but not all Grade A features and to a lower standard. **Grade C:** Average quality air-conditioned space. **Grade D:** Older style poor quality space. **Prime:** Combination of Premium and Grade A. **Secondary:** Combination of Grade B and C. As of Q4 2024 Auckland CBD stock, each Grade includes some of each the building typology – Tower/Standard, Campus, and Character.

Industrial building grades

Prime: Industrial space used for general warehousing or logistics with stud heights of 9 metres or more, largely column free. Lettable area will exceed 1,500 sqm. The property will be of a high specification and well maintained. The grade encompasses properties from the current generation of design build premises to buildings built over the previous cycle. **Secondary:** Industrial space generally built prior to the mid 1990s, inferior to Prime space in terms of building quality and specifications being lower stud (generally between 6 and 9 metres) and in some cases lacking Capex and having deferred maintenance issues although still providing functional industrial accommodation. Lettable area will exceed 500 sqm.

Rents and yields

CBRE uses the “basket of buildings” methodology to determine market yields and rents. For each property sector covered, a group of representative buildings are nominated and a panel containing senior members of appropriate departments within CBRE convenes to assess the market level of yields and rents for these buildings. Based on this, CBRE’s indicative average rental and yield figures reflect our view of the market after considering available appropriate evidence. Yields represent initial yields based on market rents. Rents are net effective. The industrial rents presented are a combined warehouse and office figure. As of Q4 2024 Auckland CBD each Grade’s “basket of buildings” includes examples of each building typology.

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