

Commercial office

Napier

The Napier commercial office market remains steady, with good demand for A and B grade space and record low vacancy rates across all building types. We have seen strong rental growth over the past two years. Over 9000m² of additional stock will be available for lease in the next two years. There is reduced demand for investment properties, although low available supply, and yields have softened over the past 12 months.

NET YIELDS



Note: Arrows indicate change from previous report.

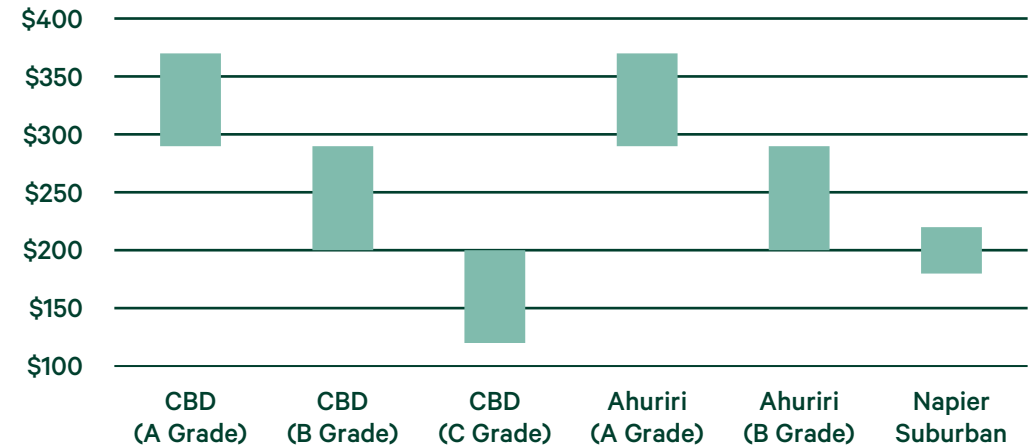
OCCUPIER MARKET

	Market direction	Supply
CBD (A Grade)	▲ Improving	Very limited
CBD (B Grade)	▲ Improving	Very limited
CBD (C Grade)	▲ Improving	Limited
Ahuriri (A Grade)	▲ Improving	Very limited
Ahuriri (B Grade)	▲ Improving	Very limited
Napier Suburban	▲ Improving	Limited

INVESTOR MARKET

	Market direction	Demand
CBD (A Grade)	▼ Weakening	Average
CBD (B Grade)	▼ Weakening	Average
CBD (C Grade)	▼ Weakening	Average
Ahuriri (A Grade)	▼ Weakening	Average
Ahuriri (B Grade)	▼ Weakening	Average
Napier Suburban	▼ Weakening	Average

FIGURE 1: Net Rents



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Industrial

Napier

The Napier industrial market remains steady, with good demand for industrial accommodation and record low vacancy rates which has resulted in an upward pressure on rents. There is reduced demand for investment properties, although low available supply, and yields have softened over the past 12 months.

NET YIELDS

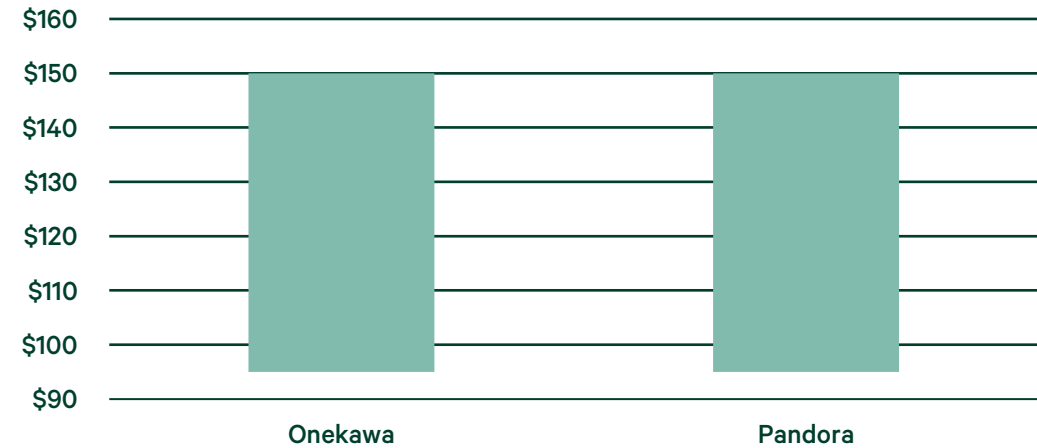


Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Onekawa	▲ Improving	Very limited
Pandora	▲ Improving	Very limited

FIGURE 1: Net Rents (Warehouse/Workshop)



INVESTOR MARKET

	Market direction	Demand
Onekawa	▼ Weakening	Average
Pandora	▼ Weakening	Average

Retail

Napier

Vacancy levels remain low within the prime retail strips in Napier CBD and average demand exists from tenants, although vacancy levels are high with the secondary lower Emerson Street block. There has been moderate rental growth over the past two years, with retail hit hardest during the COVID-19 pandemic. There is reduced investment demand compared to the office and industrial sector.

NET YIELDS

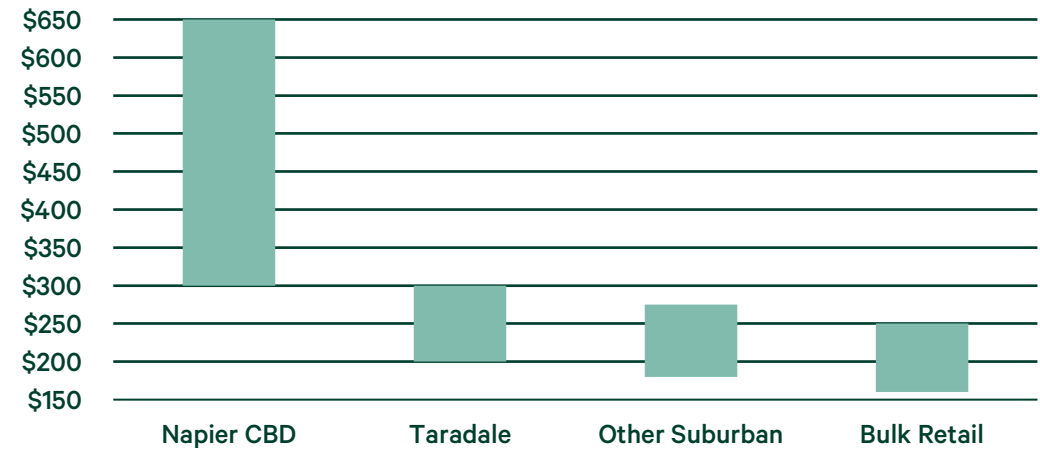


Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Napier CBD	▲ Improving	Limited
Taradale	▶ Static	Moderate
Other Suburban	▶ Static	Limited
Bulk Retail	▲ Improving	Limited

FIGURE 1: Net Rents



INVESTOR MARKET

	Market direction	Demand
Napier CBD	▼ Weakening	Average
Taradale	▼ Weakening	Average
Other Suburban	▼ Weakening	Average
Bulk Retail	▼ Weakening	Average

Commercial office

Hastings

The Hastings commercial office market remains steady, with good demand for A and B grade space and record low vacancy rates across all building types. We have seen strong rental growth over the past two years. There is reduced demand for investment properties, although low available supply and yields have softened over the past 12 months.

NET YIELDS

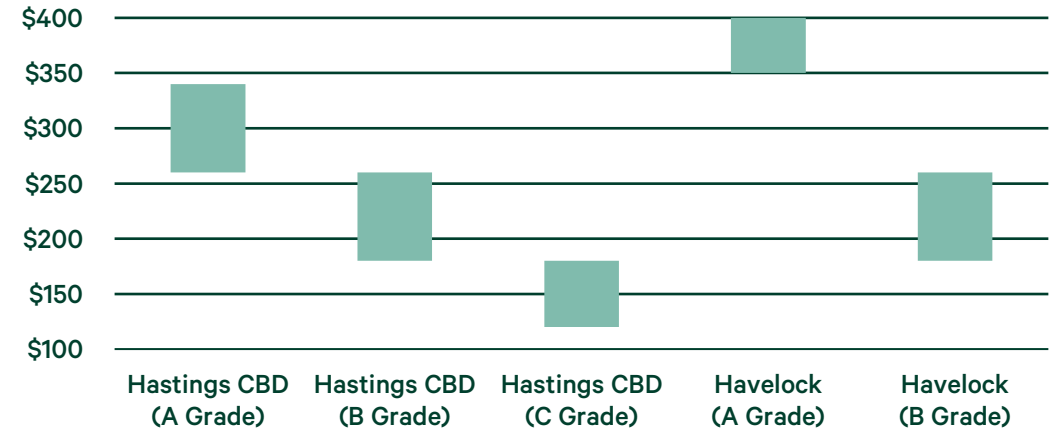


Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Hastings CBD (A Grade)	▲ Improving	Very limited
Hastings CBD (B Grade)	▲ Improving	Very limited
Hastings CBD (C Grade)	▲ Improving	Limited
Havelock (A Grade)	▲ Improving	Very limited
Havelock (B Grade)	▲ Improving	Limited

FIGURE 1: Net Rents



INVESTOR MARKET

	Market direction	Demand
Hastings CBD (A Grade)	▼ Weakening	Average
Hastings CBD (B Grade)	▼ Weakening	Average
Hastings CBD (C Grade)	▼ Weakening	Average
Havelock (A Grade)	▼ Weakening	Average
Havelock (B Grade)	▼ Weakening	Average

Industrial

Hastings

The Hastings industrial market remains steady, with good demand for industrial accommodation and record low vacancy rates which has resulted in an upward pressure on rents. There is reduced demand for investment properties, although low available supply, and yields have softened over the past 12 months.

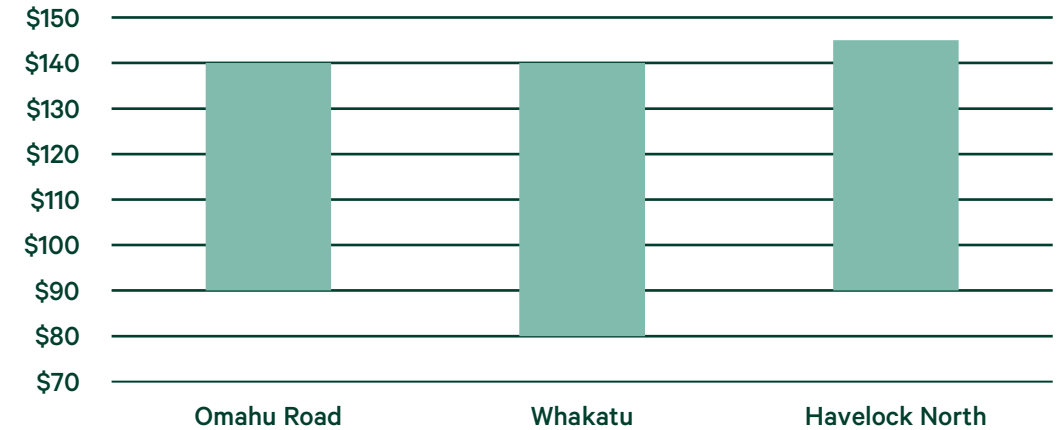
NET YIELDS



OCCUPIER MARKET

	Market direction	Supply
Omahu Road	▲ Improving	Very limited
Whakatu	▲ Improving	Very limited
Havelock North	▲ Improving	Limited

FIGURE 1: Net Rents (Warehouse/Workshop)



INVESTOR MARKET

	Market direction	Demand
Omahu Road	▼ Weakening	Average
Whakatu	▼ Weakening	Average
Havelock North	▼ Weakening	Average

Retail

Hastings

Vacancy levels remain low within the 200 West block in the Hastings CBD, with the 100 block experiencing high levels of vacancy. The Eastern end of Heretaunga Street has undergone significant redevelopment over the past three years which has enhanced the immediate locality, with further redevelopment planned and underway. There has been moderate rental growth over the past two years, with retail hit hardest during the COVID-19 pandemic.

NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Hastings CBD	▶ Static	Moderate
Hastings Other Suburban	▶ Static	Moderate
Hastings Bulk Retail	▲ Improving	Moderate
Havelock North	▲ Improving	Limited

FIGURE 1: Net Rents



INVESTOR MARKET

	Market direction	Demand
Hastings CBD	▼ Weakening	Average
Hastings Other Suburban	▼ Weakening	Average
Hastings Bulk Retail	▼ Weakening	Average
Havelock North	▼ Weakening	Average

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Commercial office

Gisborne

The overall vacancy levels for office space remains high, higher compared to retail and industrial sectors, at almost 40%. Office tenancies that have been vacant for some time include mostly first and upper-floor office spaces lacking sufficient parking. Other contributing factors for prolonged vacancy periods include the need for upgrading and seismic strengthening. Office vacancy levels continue a sideways trend, hovering around the 39-40% mark.

NET YIELDS

▶ 6.75-7.5%
CBD (A Grade)

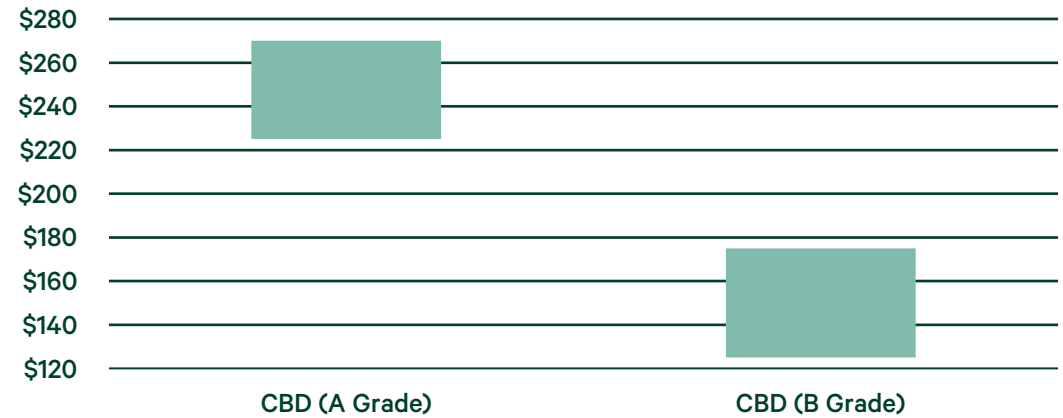
▶ 7.5-9.5%
CBD (B Grade)

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
CBD (A Grade)	▲ Improving	Limited
CBD (B Grade)	▼ Weakening	Moderate

FIGURE 1: Net Rents



INVESTOR MARKET

	Market direction	Demand
CBD (A Grade)	▼ Weakening	Average
CBD (B Grade)	▼ Weakening	Weak

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Industrial

Gisborne

Demand for industrial space continues to perform above expected levels. There is a shortage of good quality space in Gisborne. Building costs have increased significantly and industrial land values have shown strong uplift over the last four to five years. The overall vacancy rate for industrial and outer commercial areas of Gisborne is at 3.5% which is slightly higher than 1.6% during the previous year, but this is still stronger than the 4.3% measured during 2021.

NET YIELDS

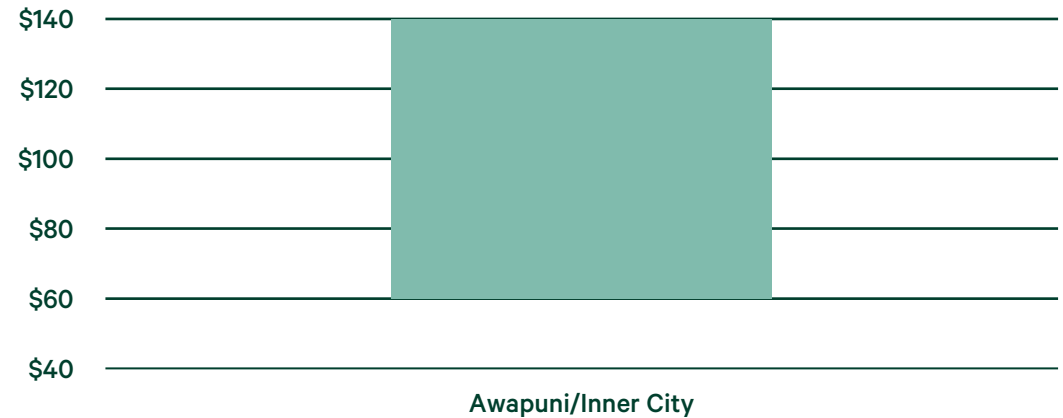
▶ **5.5-8.0%**
Awapuni/Inner City

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Awapuni/Inner City	▶ Static	Moderate

FIGURE 1: Net Rents (Warehouse/Workshop)



INVESTOR MARKET

	Market direction	Demand
Awapuni/Inner City	▼ Weakening	Average

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Retail

Gisborne

During 2019/2020, retail vacancy within the city centre was at 24% with an overall vacancy of 30%. Our most recent vacancy survey shows overall that retail vacancy levels have decreased slightly to 21% which is on a similar level of 2021 and stronger than the levels recorded during 2019. Occupancy levels in the suburban retail pockets remain strong with limited vacant spaces. It appears that in some instances, landlords would negotiate terms with tenancies to secure them on minimum terms of two to three years.

NET YIELDS

▶ 6.5-7.5%
CBD (Prime)

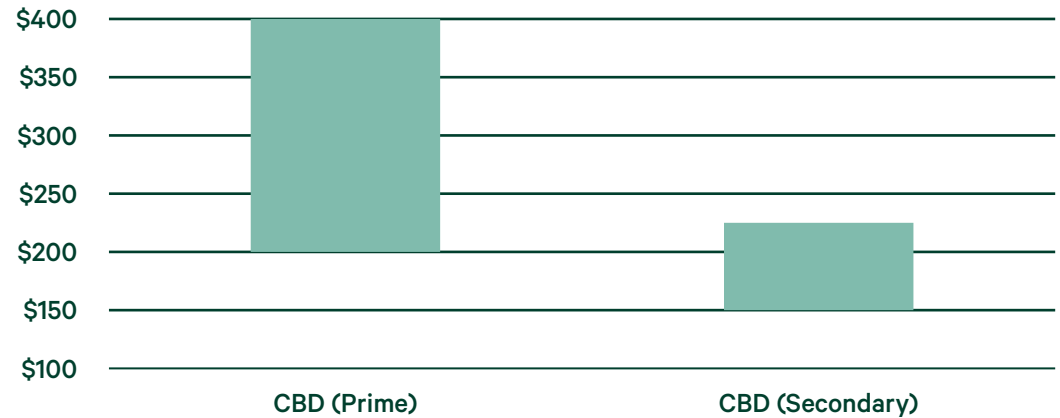
▶ 7.0-9.0%
CBD (Secondary)

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
CBD (Prime)	▶ Static	Moderate
CBD (Secondary)	▶ Static	Moderate

FIGURE 1: Net Rents



INVESTOR MARKET

	Market direction	Demand
CBD (Prime)	▼ Weakening	Average
CBD (Secondary)	▼ Weakening	Average