

Commercial office

Demand has started to ease throughout the Dunedin office market. Dunedin is classified as a low seismic risk area and although there has always been a preference for strengthened buildings, there has not been the same level of urgency for tenants to relocate from buildings that have NBS ratings <67%. This trend is now changing, the Dunedin market is made up of a large portion of Government organisations, who are now showing a clear preference for strengthened, modern buildings with larger floor plates and in many case are relocating from older buildings. This has created a two tier market and landlords who are able to provide these strengthened buildings are benefiting from much lower vacancy rates.

NET YIELDS

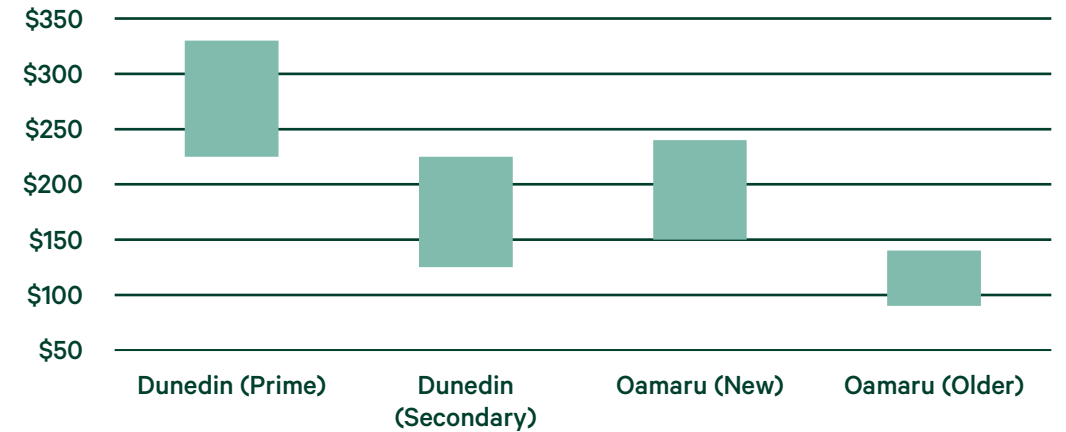


Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Dunedin (Prime)	▶ Static	Moderate
Dunedin (Secondary)	▶ Static	Moderate
Oamaru (New)	▶ Static	Very limited
Oamaru (Older)	▶ Static	Moderate

FIGURE 1: Net Rents



INVESTOR MARKET

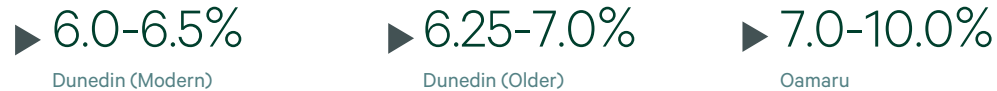
	Market direction	Demand
Dunedin (Prime)	▼ Weakening	Average
Dunedin (Secondary)	▼ Weakening	Average
Oamaru (New)	▼ Weakening	Weak
Oamaru (Older)	▼ Weakening	Weak

FIGURES | OTAGO | JUNE 2023

Industrial

The Dunedin industrial market continues to perform strongly. The geography of Dunedin contributes to a constrained industrial land supply. In the past, this has been of a sufficient size to provide for the local industrial market. This has changed over the past three years, with increased demand coupled with low interest rates resulting in rising land values and developments popping up in historically fringe areas. Vacancy rates remain at historically low levels with rentals continuing to increase. Prime yields have tracked up slightly as a result of the increased funding costs, however sharp increases in rental values have helped to maintain relatively steady values.

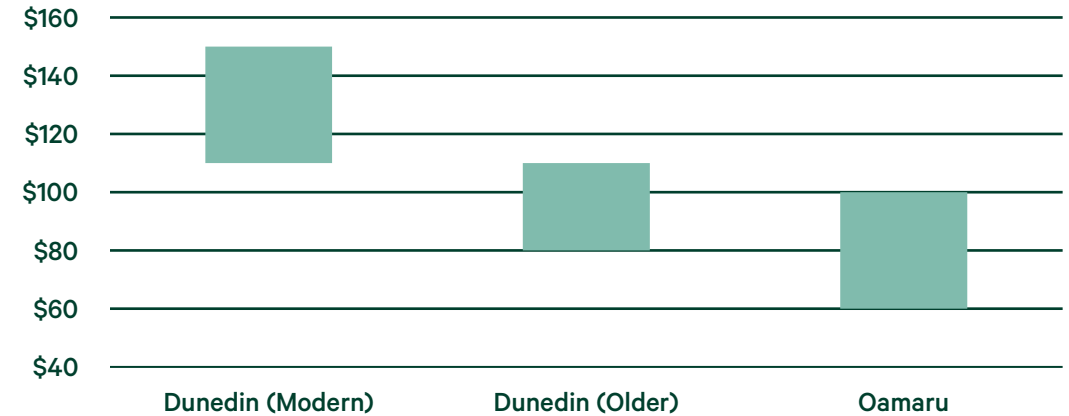
NET YIELDS



OCCUPIER MARKET

	Market direction	Supply
Dunedin (Modern)	▲ Improving	Very limited
Dunedin (Older)	▲ Improving	Very limited
Oamaru	▶ Static	Moderate

FIGURE 1: Net Rents



INVESTOR MARKET

	Market direction	Demand
Dunedin (Modern)	▼ Weakening	Average
Dunedin (Older)	▶ Static	Average
Oamaru	▶ Static	Average

Retail

Vacancy levels and rental values have remained steady across George Street. This segment of the market did not benefit from the same level of rental and capital growth experienced across the industrial and commercial property sectors over the past few years. Quality stock does remain tightly held and in instances where there are sales, these are for buildings that require large levels of capital expenditure. Large format and trade display retail has shown some rental growth and benefits from lower vacancy and tenant turnover than George Street.

NET YIELDS

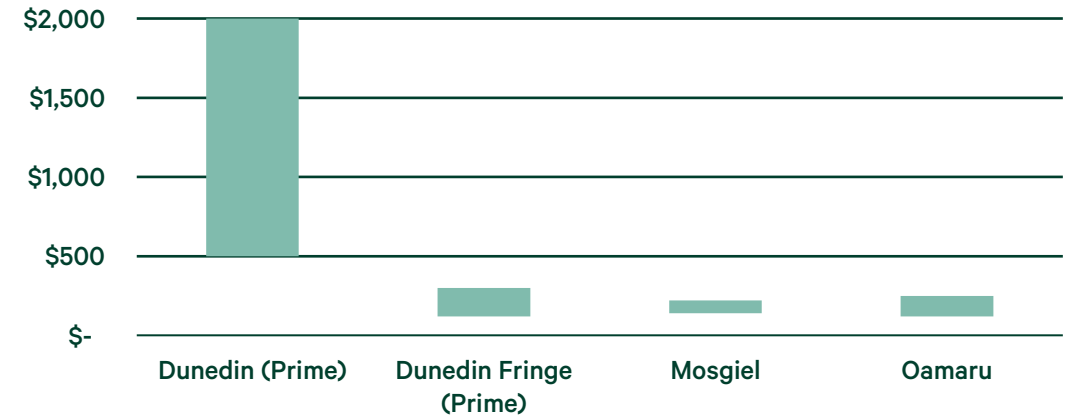


Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Dunedin (Prime)	▶ Static	Moderate
Dunedin Fringe (Prime)	▶ Static	Moderate
Mosgiel	▶ Static	Limited
Oamaru	▶ Static	Moderate

FIGURE 1: Net Rents



INVESTOR MARKET

	Market direction	Demand
Dunedin (Prime)	▶ Static	Weak
Dunedin Fringe (Prime)	▶ Static	Average
Mosgiel	▶ Static	Average
Oamaru	▶ Static	Average