

Commercial office

Through the years immediately following the pandemic, office rents in the Dunedin CBD grew across three distinct locations: Prime Octagon, Exchange, and The Mercantile precinct. The NBS percentage has been a strong factor in the market, alongside the high demand for renovated buildings, which has shifted base office rentals. However, rental supply will be impacted in 2025 with three new office buildings currently under construction, all due for completion in that year. This will significantly increase the floor area of Grade A office space. Dunedin ACC's new build will likely oversupply the market with large floor plates, as they will occupy three different buildings in the city. As a result, it is likely that office rents for larger floor plates could soften in 2025. Investment yields have increased due to the imminent rise in rental supply and the increased cost of borrowing.

NET YIELDS

▲ 6.5-7.75% ▼ 7.0-9.5% ► 7.5-10.0% ► 9.0-10.5%

Dunedin (Prime) Dunedin (Secondary) Oamaru (New) Oamaru (Older)

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Dunedin (Prime)	▼ Weakening	Moderate
Dunedin (Secondary)	► Static	Moderate
Oamaru (New)	► Static	Moderate
Oamaru (Older)	► Static	Over supplied



INVESTOR MARKET

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

Industrial

The industrial market in Dunedin has surpassed expectations despite recent economic challenges. Dunedin's geographic constraints limit the availability of industrial land and leasehold properties, which traditionally met the local market needs. However, over recent years, demand has surged, driven by strong local business activity and substantial public sector investments in key projects. This has led to rising land values and development in previously outlying areas. While inflation and high borrowing costs have slowed industrial construction growth, vacancy rates have remained historically low. Although prime yields have increased slightly due to higher funding costs, the rise in rental values in recent years has helped maintain relatively stable property values.

NET YIELDS

▶ 6.0-7.0%

Dunedin (Modern)

▲ 6.0-7.75%

Dunedin (Older)

▶ 7.0-10.0%

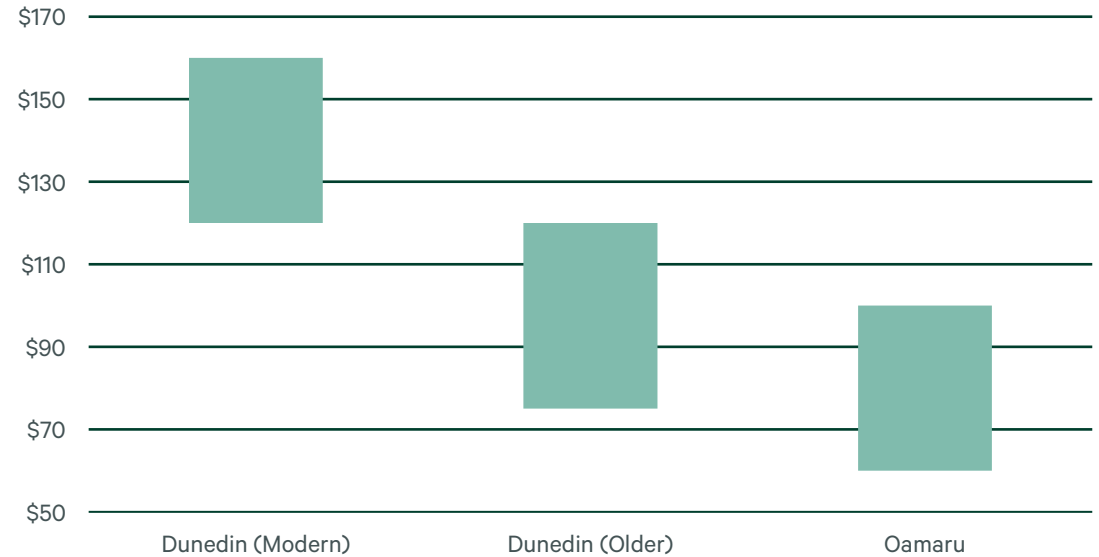
Oamaru

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Dunedin (Modern)	▶ Static	Very limited
Dunedin (Older)	▶ Static	Very limited
Oamaru	▶ Static	Limited

Net Rents (Warehouse/Workshop)



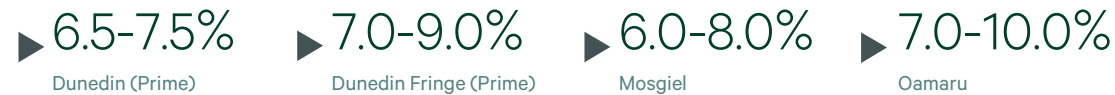
INVESTOR MARKET

	Market direction	Demand
Dunedin (Modern)	▶ Static	Strong
Dunedin (Older)	▶ Static	Strong
Oamaru	▶ Static	Weak

Retail

Rental prices and vacancy rates have remained consistent along George Street. Unlike the industrial and commercial property sectors, which have seen significant rental and capital appreciation in recent years, this area has not experienced the same growth. High-quality properties are scarce and, when they do come up for sale, they often require substantial investment for improvements. In contrast, large format and trade display retail properties have experienced strong rental growth and enjoy lower vacancy rates and tenant turnover compared to George Street.

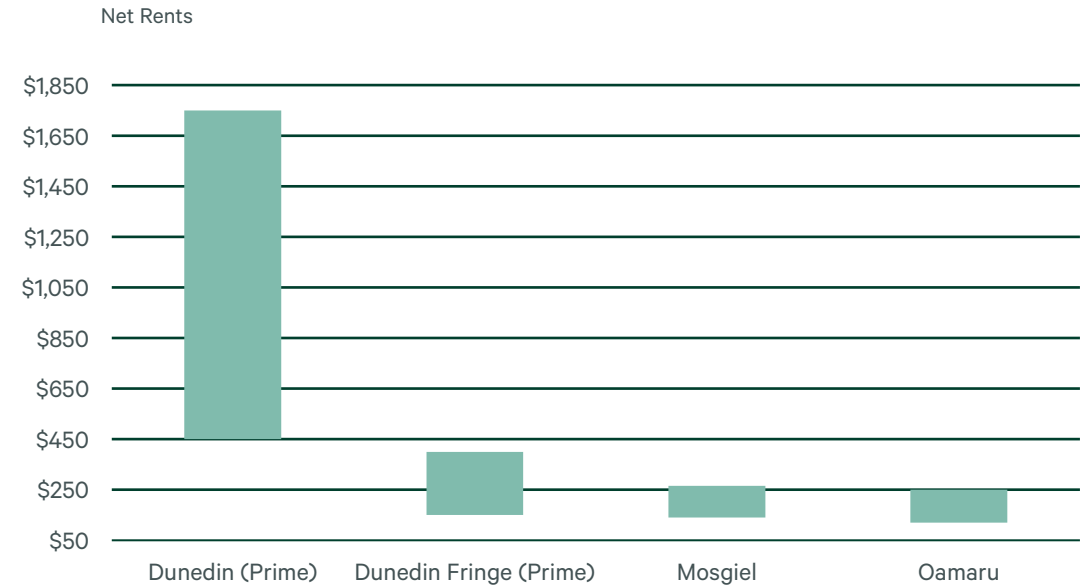
NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

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



INVESTOR MARKET

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