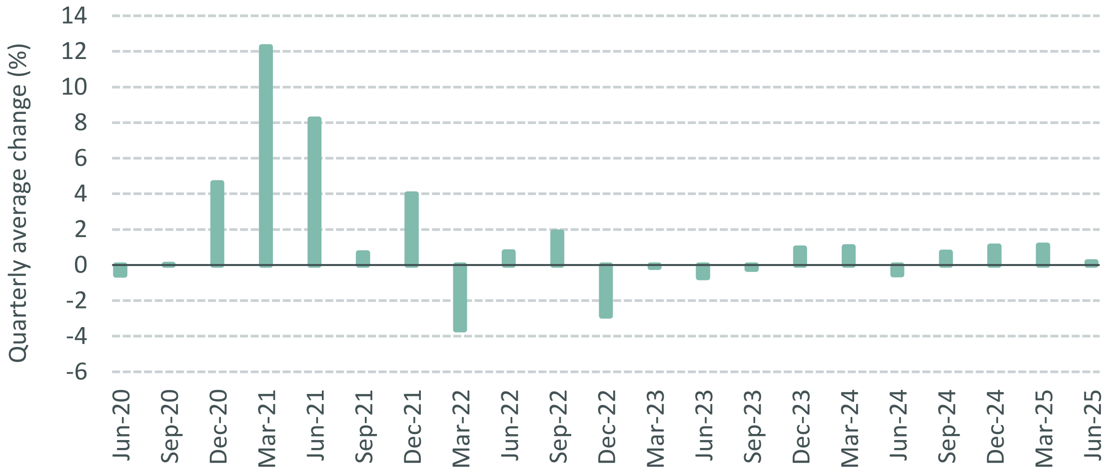
CBRE

# Christchurch Property Market Overview

## KEY MARKET CHANGES

- Ongoing development activity in the office market is creating a broader range of options for occupiers. Christchurch CBD office vacancy is 8.8%, up from 8.4% six months ago mainly due to the introduction of uncommitted space in a new office building on Cashel Street and a refurbished building on Hereford Street.
- Industrial vacancy increased during H1, reaching 2.2%, the highest in the past three years. The rise was widespread, with all industrial submarkets experiencing an increase. Prime saw the largest increase in vacancy due to large companies consolidating their space and the introduction of new spec built vacant buildings.
- In a general environment of stable rents, the Prime suburban office submarket was the only one that registered rent growth during Q2.
- Investment market activity is on the rise in the Christchurch commercial property market. After some firming in late 2024 early 2025, CBRE's evaluation showed a general pattern of stable market yields over the past quarter.
- After a promising start to the year, economic conditions have softened. A more optimistic outlook for 2026 reflects some of the main economic growth drivers turning positive. The large fall in interest rates, hint of a rise in net migration, a solid rise in export prices and the lower NZD are good reasons to expect a reasonable year-ahead GDP growth.

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




Market indicators

| Market Sector | Stock (sqm) | Vacancy (%) | Net Face Rent ($/sqm/yr) | Incentive (%) | Yield Range (%) |
|---|---|---|---|---|---|
| Prime CBD Office | 245,498 | 9.7 | 360 – 460 | 4 – 8 | 5.95 – 7.15 |
| Secondary CBD Office | 70,381 | 5.8 | 315 – 400 | 8 – 10 | 7.15 - 8.00 |
| Prime Suburban Office | 67,886 | 7.4 | 260 – 365 | 8 – 10 | 7.00 - 8.90 |
| Secondary Suburban Office | 337,844 | 9.9 | 165 – 345 | 8 – 14 | 8.30 - 10.30 |
| Prime Industrial | 1,712,873 | 2.5 | 111 – 168 | 1 – 2 | 5.50 - 6.75 |
| Secondary Industrial | 2,866,306 | 2.0 | 72 – 140 | 1 – 2 | 6.05 - 9.10 |
| Fringe & Strip Retail | - | - | 220 – 700 | 4 -8 | 5.65 – 7.75 |

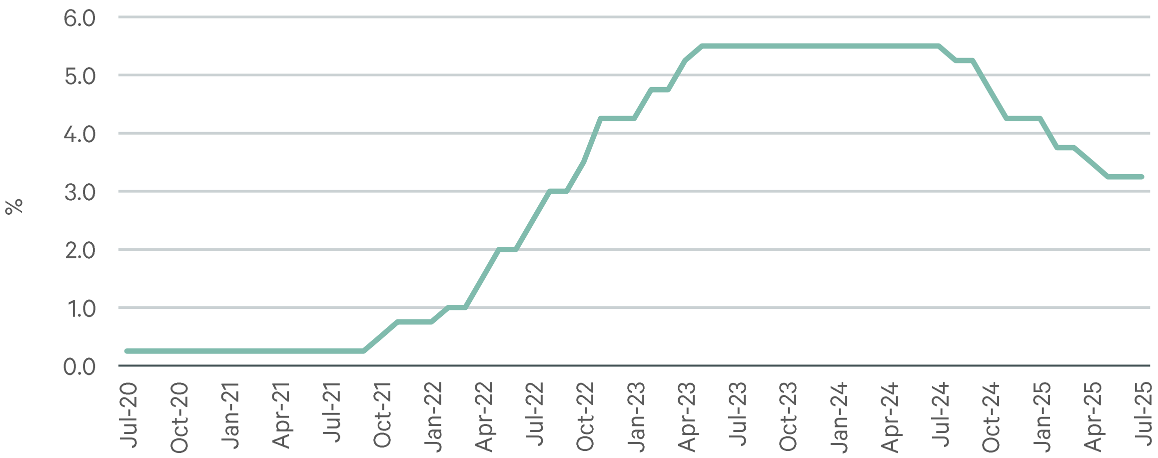
# Economy

New Zealand's economy grew by 0.8% in Q1 2025 compared to the previous quarter, registering a stronger than expected growth. After this promising start to the year, conditions have worsened and forward indicators have increasingly been pointing to a Q2 GDP contraction in recent weeks. A more optimistic outlook for 2026 reflects some of the main economic growth drivers turning positive. These main drivers of growth in order of importance are interest rates, net migration, export prices, and the NZD. The large fall in interest rates, hint of a rise in net migration, a solid rise in export prices and the lower NZD are good reasons to expect a reasonable year-ahead GDP growth.

Between August 2024 and May 2025, the RBNZ reduced the OCR by 225 basis points through a firm monetary easing policy. However, in its latest Monetary Policy Review in early July, the RBNZ's Monetary Policy Committee (MPC) agreed to pause the OCR at 3.25%. The main reason behind this decision was the expectation that headline inflation could reach the top of the target band in Q2 and Q3. The MPC also signalled during their latest meeting that before considering another OCR cut, it would wait until August to assess inflation risks and expectations once the latest inflation figures become available, and also to analyse potential external shocks due to current global events. In Q2, annual inflation climbed to 2.7%, driven by higher local authority rates, housing rents and electricity. As predicted, the latest inflation figure sat slightly below the upper level of the RBNZ's target band (1% - 3%).

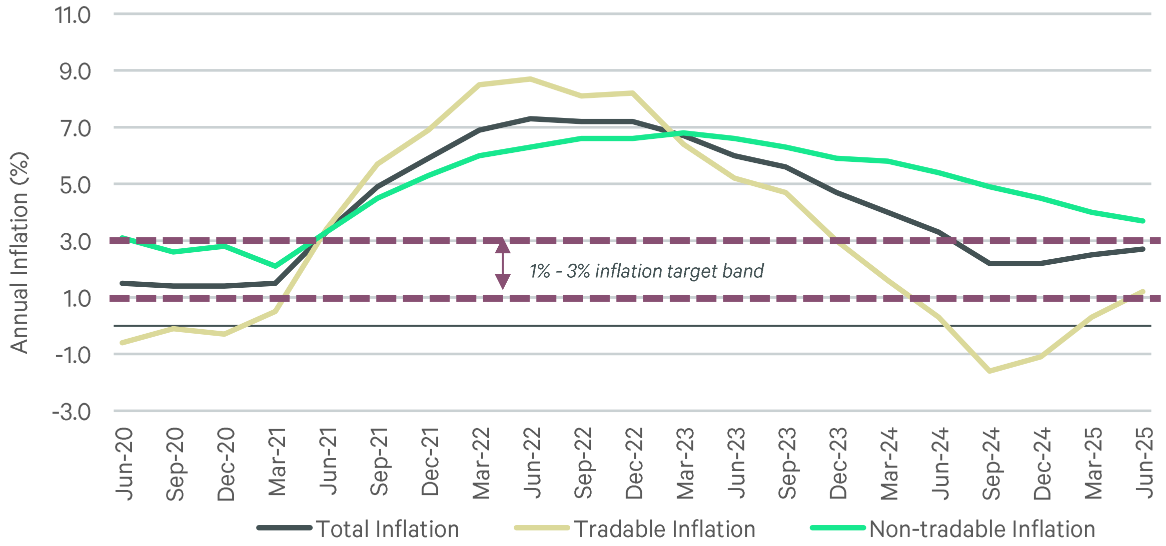
Despite the breather to the OCR in July, the RBNZ did not rule out more OCR cuts in the future decision meetings. The RBNZ expects headline inflation to decrease in Q4 2025 and to sit around the mid-point of the target band early next year. If medium-term inflation pressures were to ease as expected, the RBNZ will continue to lower the OCR, even at the August MPS meeting, eventually holding the OCR at around 2.50% - 2.75%.

Official Cash Rate (OCR) (% pa)




Source: : Reserve Bank of New Zealand

New Zealand Inflation
Annual growth (%)




Source: : Statistics New Zealand

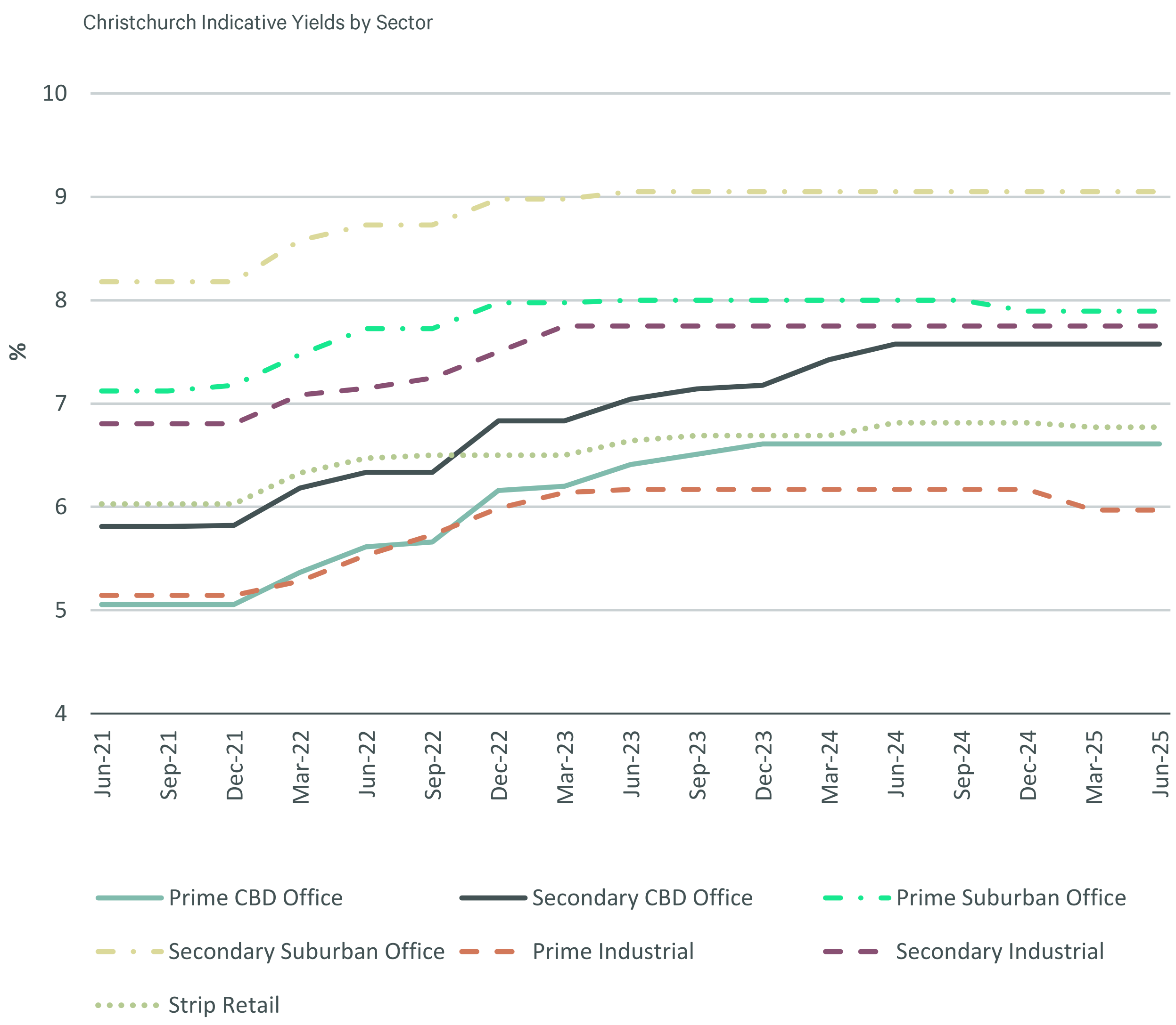
 

# Investment market

The RBNZ's monetary easing policy of the last eleven months, currently paused, drove short-term interest rates on a downturn. The 90-day bank bill yield, which correlates positively with the OCR, went down by 225 bps during this period (currently sitting close to 3.25%). Also, the two-year swap rate, which showed more fluctuations due to global events, decreased by almost 70 bps, reaching almost 3.20% by the end of June.

The RBNZ's rate cutting cycle has delivered a more positive context for the investment market, and a lift in activity (both in terms of transactions and buyer and seller engagement) also provided greater pricing clarity. Reflecting these, CBRE's assessment of market yields showed some firming taking place late last year and through Q1 this year, focused mainly on industrial and retail, especially with the type of assets where local private capital is active.

Our latest assessment of market yields indicates that, while buyers remain active, the firming momentum we have seen has diminished, reflecting greater interest rate uncertainty and a slower than expected economic recovery.



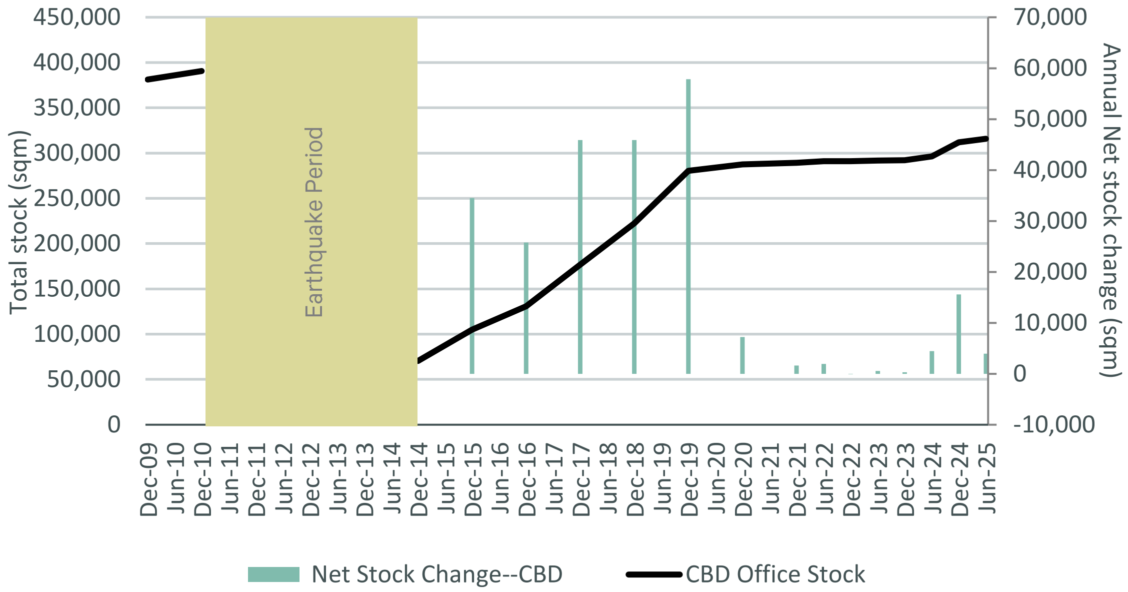

 

# CBD Office Stock

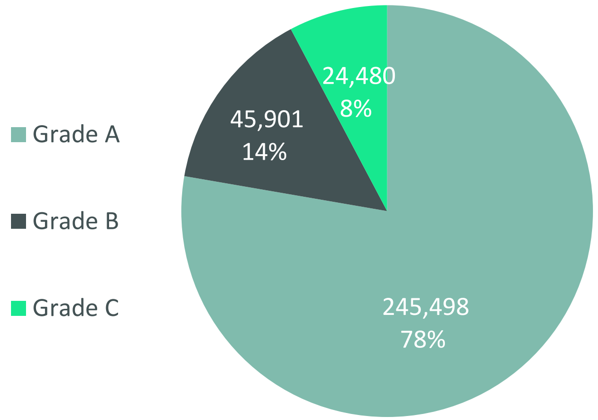
A new phase of supply is well underway in the Christchurch CBD office market. Close to 12,500 sqm of Prime office space will enter the CBD office market during 2025, out of which circa 7,200 sqm will consist of new buildings and 5,300 sqm of refurbished space. These buildings will be located in the Core precinct of Christchurch's CBD, specifically on Cashel Street, High Street and Hereford Street. In addition, close to 9,700 sqm are expected to enter the market next year due to the completion of one new building on 107 Cambridge Terrace and one refurbished building on 116 Worcester Street. However, most of the new Prime office space is forecast to come to market in 2027 (just over 13,000 sqm) through the completion of a 2,000 sqm new build on Tuam Street and a 11-storey 11,000 sqm new building on 56 Worcester Street, which represents the biggest office building planned for Christchurch in the last years. Construction for these two buildings is expected to start soon, as building consents are already in place.

Christchurch CBD's office stock totals approximately 316,000 sqm. During H1 2025, there was a net increase of almost 4,000 sqm. Three new buildings entered the market, the largest one 237 High Street, QB Studios' second stage, providing 1,100 sqm of new office space. The other two were 170 and 172 Cashel Street, both developed by the Carter Group, adding almost 1,350 sqm of space. The only refurbished building entering the market in H1 was 159 Hereford Street, a 7-storey 3,041 sqm building that underwent strengthening works. All these buildings are located in the southeastern part of the Core precinct. However, the increase in stock was offset by close to 950 sqm of office space being converted into retail space and 600 sqm of Grade C space in the Victoria precinct removed from stock due to refurbishment works. In regard to composition, 78% of the CBD office stock is Grade A, 14% is Grade B, and the remaining 8% is Grade C. This distribution has largely remained stable over the past few years.

Christchurch CBD Office Net Supply Changes




Christchurch CBD Office Quality by Composition (H1 2025)



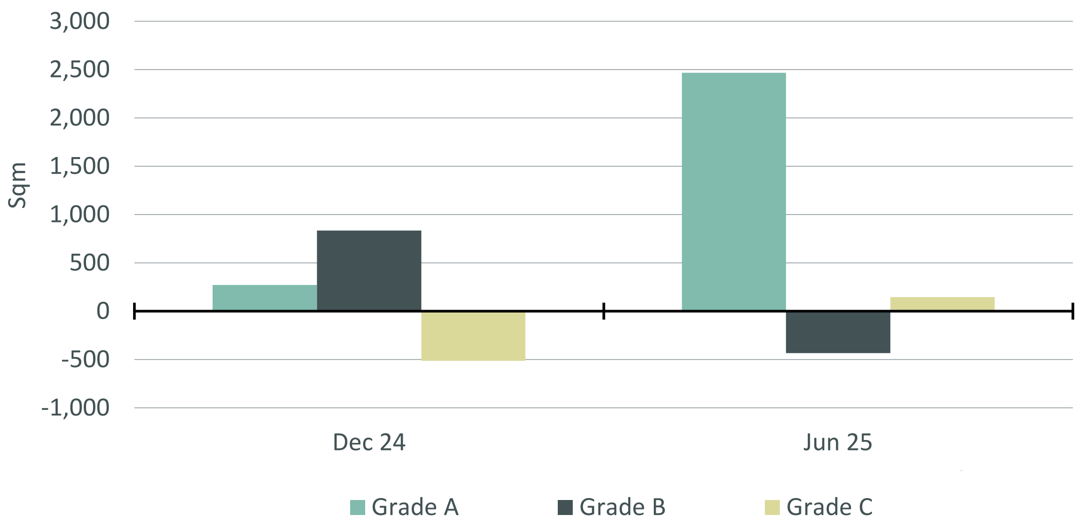
# CBD Office Net Absorption

Christchurch's CBD office market saw a higher net absorption during H1 2025 compared to the previous period. Total net absorption sat at 2,181 sqm, similar to the level registered during the first half of last year. This was primarily driven by a positive net absorption experienced in the Prime (Grade A) office submarket, which reached 2,468 sqm, followed by a modest net absorption in the Grade C submarket (147 sqm). This was slightly offset by negative net absorption in the Grade B submarket (-434 sqm). Although net absorption was in positive territory during H1, it was below the average bi-annual net absorption level registered in the last years (circa 3,400 sqm).

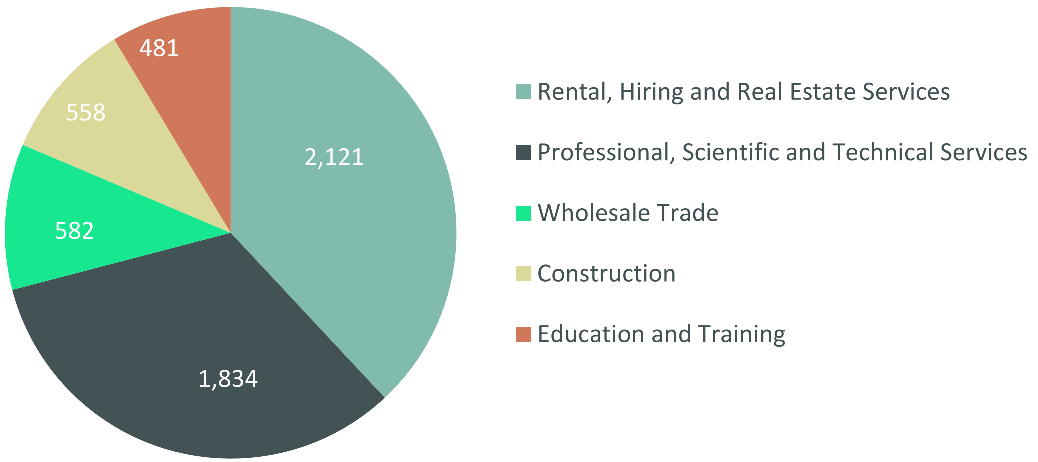
During H1, Prime net absorption was supported by the introduction of fully and partially leased new and refurbished buildings, such as 170 Cashel Street, where CBRE leased the whole upper floor (812 sqm of office space), and 159 Hereford Street, where 493 sqm were occupied by both Context Architecture and VXT. Additionally, other relevant new occupancies in Grade A buildings included Spencer Barr (a marketing agency) leasing 453 sqm at 299 Durham Street, and Lumify Work (a technology company) moving into 137 Victoria Street. In terms of Grade C net absorption, the most important moves included Total Life (a financial advisory services company), leasing 242 sqm at 307 Durham Street, and Chase Commercial occupying 209 sqm at 77 Hereford Street. Overall, gross absorption during the first half of this year reached almost 7,900 sqm across 29 new occupancies, similar to H2 2024.

During the first half of this year, the industry that registered the highest take up of space in the CBD office market was rental, hiring and real estate services, totalling 2,121 sqm. It was followed by professional, scientific, and technical services (1,834 sqm) and wholesale trade (582 sqm).

Christchurch CBD Office Net Absorption by Grade




New Take Up by Industry in H1 2025 (sqm of top five)



# CBD Office Vacancy

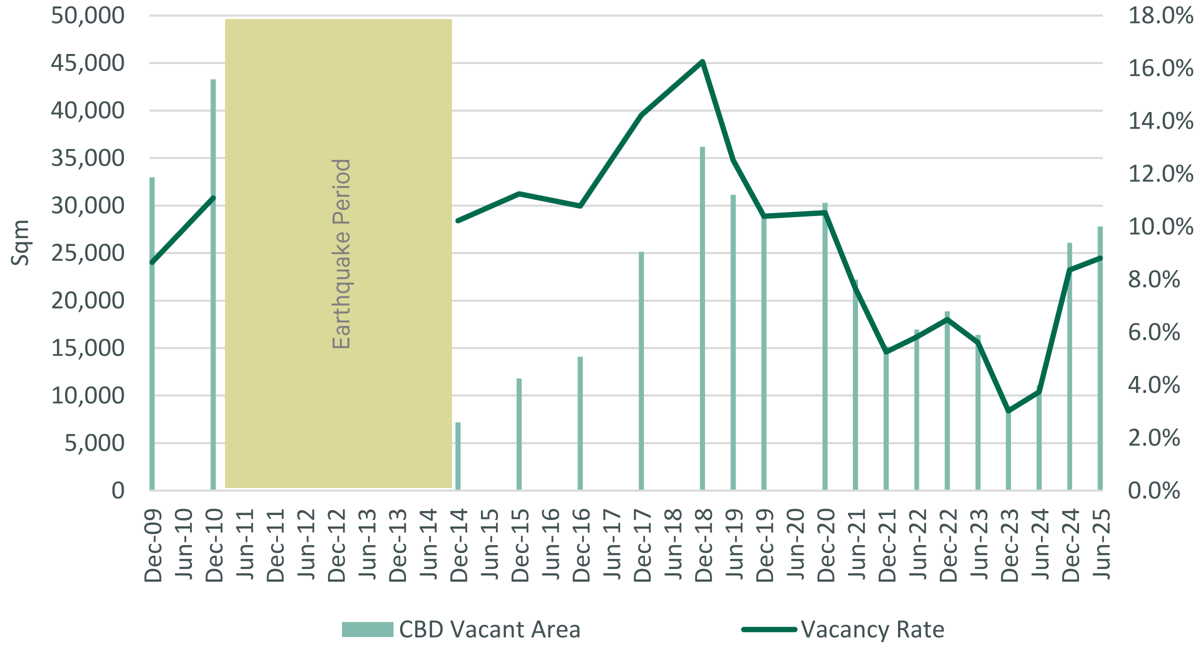
Christchurch CBD office vacancy increased during H1 2025, shifting from 8.4% to 8.8% (circa 1,750 sqm increase). Similarly to H2 2024, the introduction to the CBD office market of new and refurbished un-committed (or partially un-committed) buildings pushed vacancy up. In H2 2024, vacancy increased substantially due to the reintroduction of 224 Cashel Street (a 14,000 sqm un-committed refurbished asset), which also remained vacant in H1 2025. If this large building had not been reintroduced, CBD office vacancy would have sat at only 4.1% in the second half of last year. During H1, only 493 sqm were occupied at 159 Hereford Street (out of 3,041 sqm), adding 2,548 sqm of vacant space to the CBD office market. Also, the whole upper floor of 172 Cashel Street, a new small building, remained vacant (535 sqm). CBRE's definition of vacancy encompasses space that is both physically vacant and available for lease.

Prime office vacancy in Christchurch's CBD increased to 9.7% from 8.7%, the highest level since H2 2020. Apart from the new un-committed stock, the Prime CBD office submarket also experienced some relevant moves: Lane Neave downsized its office footprint by 386 sqm at 141 Cambridge Terrace, two tenants (Otago University and CPA Limited) vacated 300 sqm at 82 Oxford Terrace, and Hays left behind 265 sqm at 131 Victoria Street. In contrast, Secondary office vacancy decreased during H1, moving down to 5.8% from 7.1%, triggered by Intec Energy Solutions occupying 448 sqm of previously vacant space at 31 Victoria Street (Grade B building), and Hays moving into 337 sqm at 104 Victoria Street (Grade B asset).

CBD Office Vacancy by Grade

| | | Grade A | Grade B | Grade C | Total |
|---|---|---|---|---|---|
| Vacancy - December 2024 | % | 8.7% | 6.0% | 9.0% | 8.4% |
| | sqm | 21,009 | 2,812 | 2,249 | 26,070 |
| Vacancy – June 2025 | % | 9.7% | 5.6% | 6.1% | 8.8% |
| | sqm | 23,730 | 2,588 | 1,494 | 27,812 |

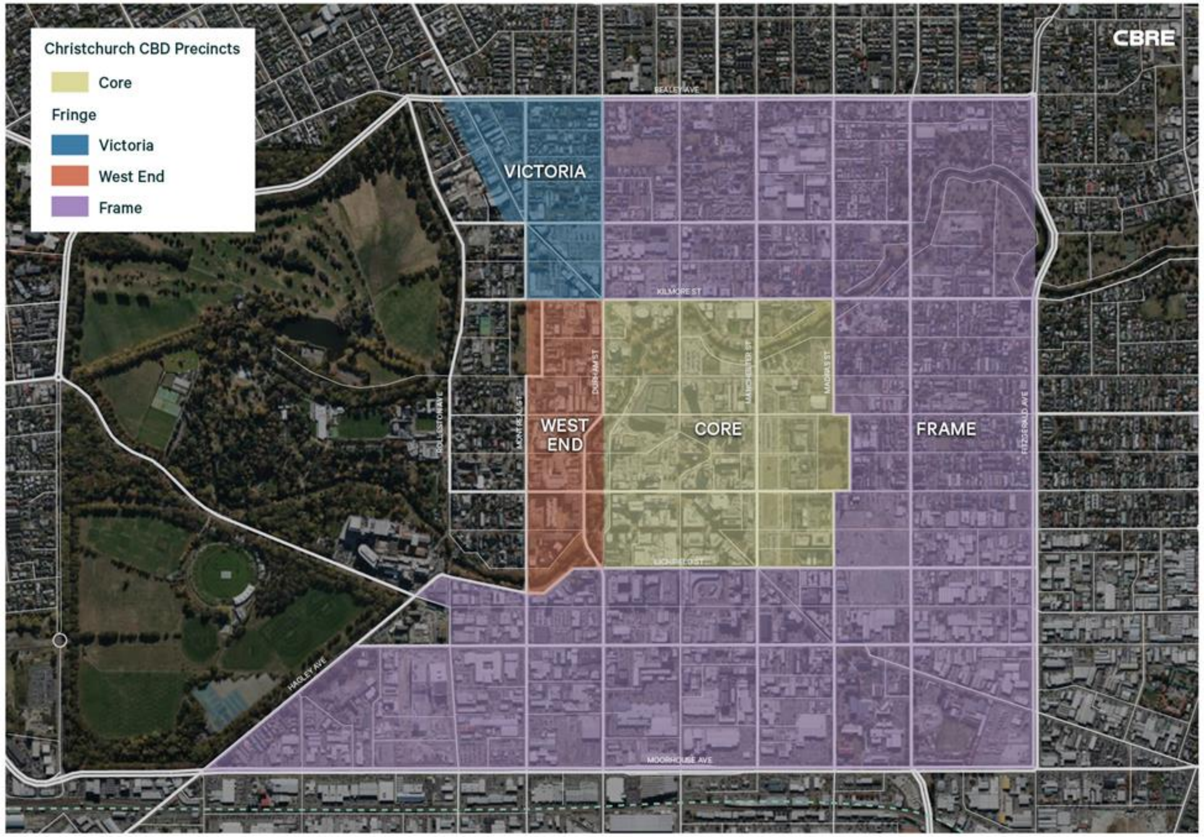
CBD Office Vacancy



# CBD Office Vacancy by Precinct

During H1 2025, office vacancy increased in the Core and Frame precincts, reaching 17% and 5.3%, respectively. Combined, the vacant stock in these two precinct ascended to circa 23,000 sqm (14,000 sqm of which correspond to 224 Cashel Street). In contract, the West End precinct continues to have the lowest vacancy rate in Christchurch's CBD, with vacancy going down to 2.0% from 2.4% during the first half of this year. This remains a sought-after precinct for professional services companies.




Core Precinct Vacancy by Grade

| | | Grade A | Grade B | Grade C | Total |
|---|---|---|---|---|---|
| Vacancy - December 2024 | % | 19.0% | 2.3% | 6.6% | 15.2% |
| | sqm | 14,638 | 483 | 209 | 15,330 |
| Vacancy – June 2025 | % | 21.2% | 2.4% | 0.0% | 17.0% |
| | sqm | 17,526 | 483 | 0 | 18,009 |

West End Precinct Vacancy by Grade

| | | Grade A | Grade B | Grade C | Total |
|---|---|---|---|---|---|
| Vacancy - December 2024 | % | 1.7% | 0.0% | 22.3% | 2.4% |
| | sqm | 1,306 | 0 | 671 | 1,977 |
| Vacancy – June 2025 | % | 1.6% | 0.0% | 14.3% | 2.0% |
| | sqm | 1,239 | 0 | 429 | 1,668 |

Victoria Precinct Vacancy by Grade

| | | Grade A | Grade B | Grade C | Total |
|---|---|---|---|---|---|
| Vacancy - December 2024 | % | 5.7% | 14.1% | 26.7% | 11.5% |
| | sqm | 1,094 | 1,796 | 1,369 | 4,259 |
| Vacancy – June 2025 | % | 3.7% | 12.3% | 23.6% | 9.2% |
| | sqm | 693 | 1,572 | 1,065 | 3,330 |

Frame Precinct Vacancy by Grade

| | | Grade A | Grade B | Grade C | Total |
|---|---|---|---|---|---|
| Vacancy - December 2024 | % | 5.8% | 7.2% | 0.0% | 5.0% |
| | sqm | 3,972 | 533 | 0 | 4,505 |
| Vacancy – June 2025 | % | 6.2% | 7.2% | 0.0% | 5.3% |
| | sqm | 4,272 | 533 | 0 | 4,805 |

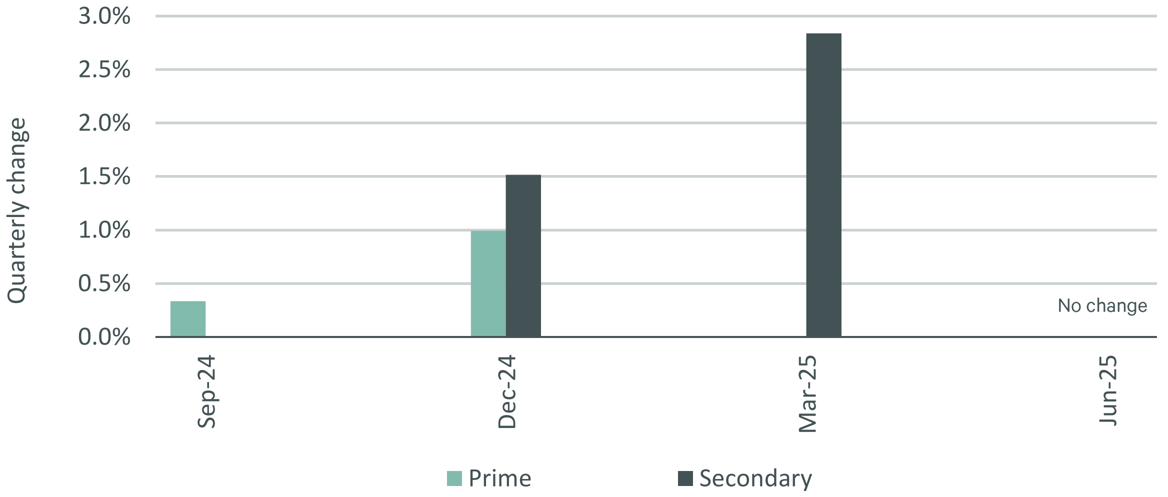
 

# CBD Office Rents

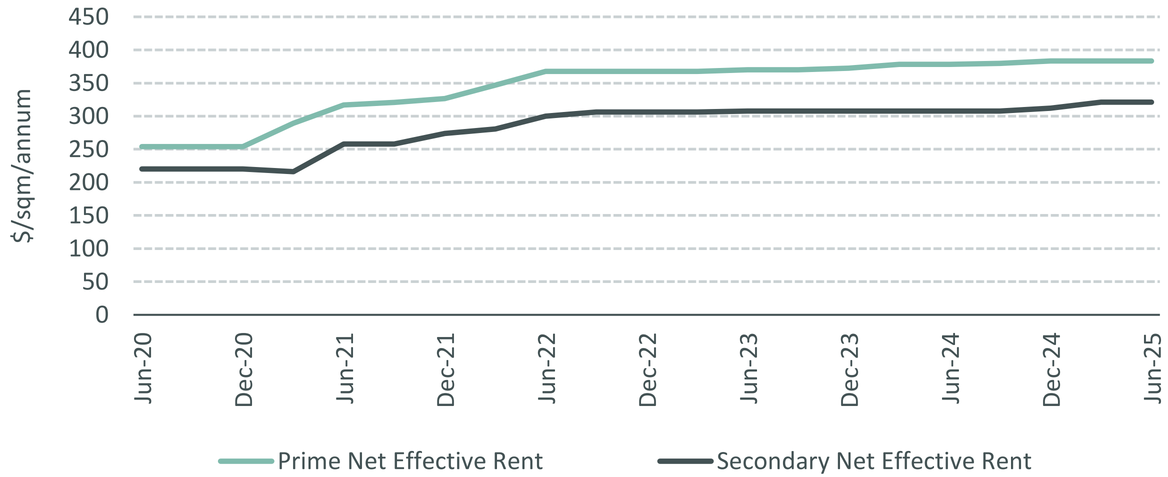
Following previous quarters that registered rental growth for both Prime and Secondary CBD office submarkets, rents remained unchanged in Q2 2025. The current market is characterized by tenants delaying new commitments due to uncertainty. Meanwhile, rising vacancy, combined with new un-committed stock, held back rental growth in Q2. However, rents are expected to increase in the coming quarters, particularly in the Prime CBD office submarket.

Incentives remained stable during Q2 2025. According to CBRE's assessment, Prime indicative market incentives remained unchanged at 5.0% of face rents, whilst Secondary indicative market incentives remained steady at 8.6% of face rents.

CBD Net Effective Office Rents – Quarterly Change




CBD Net Effective Office Rents

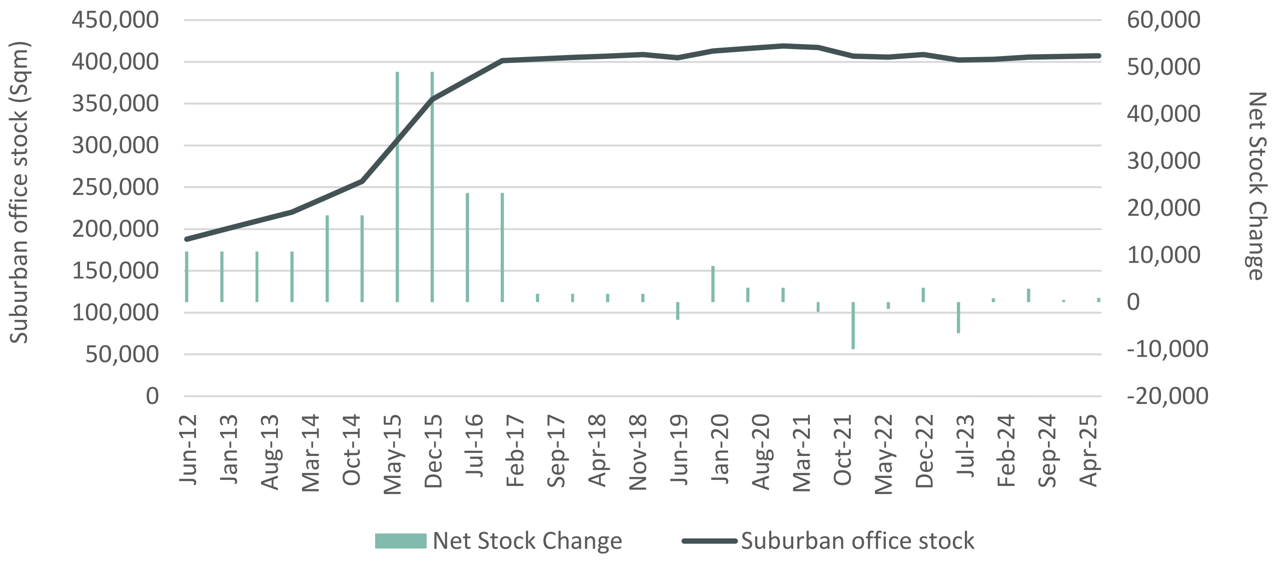


# Suburban Office Stock

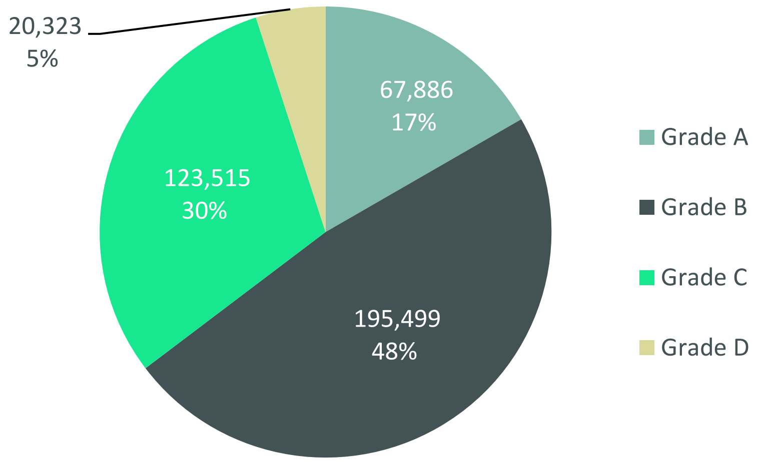
During H1 2025, there was a net increase of 924 sqm in the Christchurch suburban office stock, totalling 407,223 sqm. This follows the modest net increase in the second half of last year (518 sqm). The main driver of the increase during H1 was the return of 1,400 sqm of Grade C refurbished office space at 116 Riccarton Road. This was partially offset by the removal from stock of 476 sqm of Grade D space at 18 Winston Avenue in Papanui due to refurbishment works.

During H1 2025, 48% of the suburban office stock was Grade B, whilst 30% was Grade C, 17% was Grade A, and the remaining 5% was Grade D. This composition has shown little variation over the last three years.

Christchurch Suburban Office Net Supply Changes




Christchurch Suburban Office Quality by Composition (H1 2025)



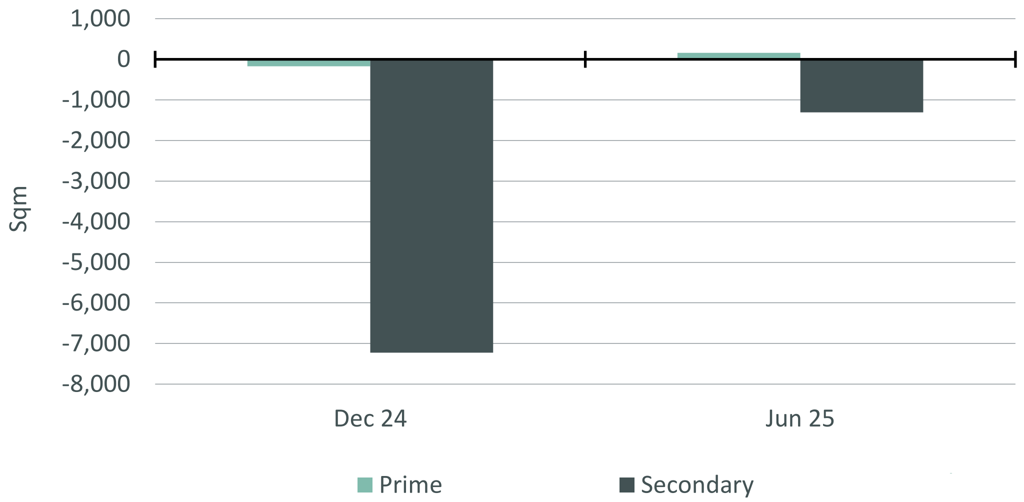
# Suburban Office Net Absorption

The suburban office market experienced robust leasing activity in the H1 2025, with circa 15,250 sqm of gross absorption, although this was below the level registered during the H2 of last year (close to 19,400 sqm). Nevertheless, total net absorption was in negative territory during H2 (-1,148 sqm), due to occupier losses in the Secondary suburban office submarket. However, compared to the second half of last year, total net absorption in H2 was less negative. Even though Prime net absorption shifted to positive territory (162 sqm), Secondary net absorption was negative across all suburban office submarkets, particularly in Grade D buildings (-868 sqm).

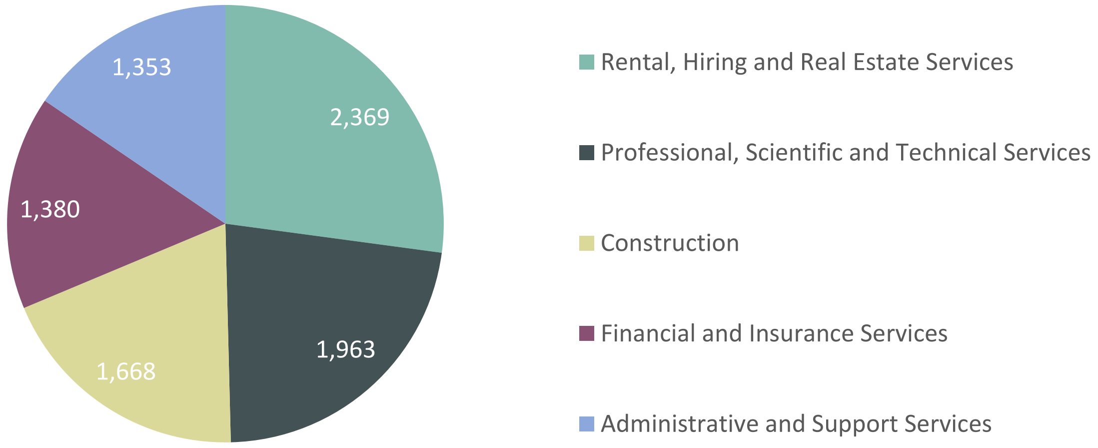
In regards to new take up (gross absorption), the most important move in the Prime suburban office submarket was done by Regus, moving into 640 sqm at 14 Hazeldean Road in Addington. In terms of relevant moves in the Secondary submarket, the most significant new occupancies included R&B Build (a construction company), occupying 800 sqm of Grade C office space at 46 Birmingham Drive in Middleton, and Zeal Consultants (an IT consulting company), moving into 300 sqm at 13 Barry Hogan Place in Addington, a Grade B building.

The industry that recorded the highest take up of space during H1 2025 in the Suburban office market was rental, hiring and real estate services, with a total of 2,369 sqm, followed by professional, scientific and technical services (1,963 sqm), and construction (1,668 sqm).

Christchurch Suburban Office Net Absorption by Grade




New Take Up by Industry in H1 2025 (sqm of top five)



# Suburban Office Vacancy

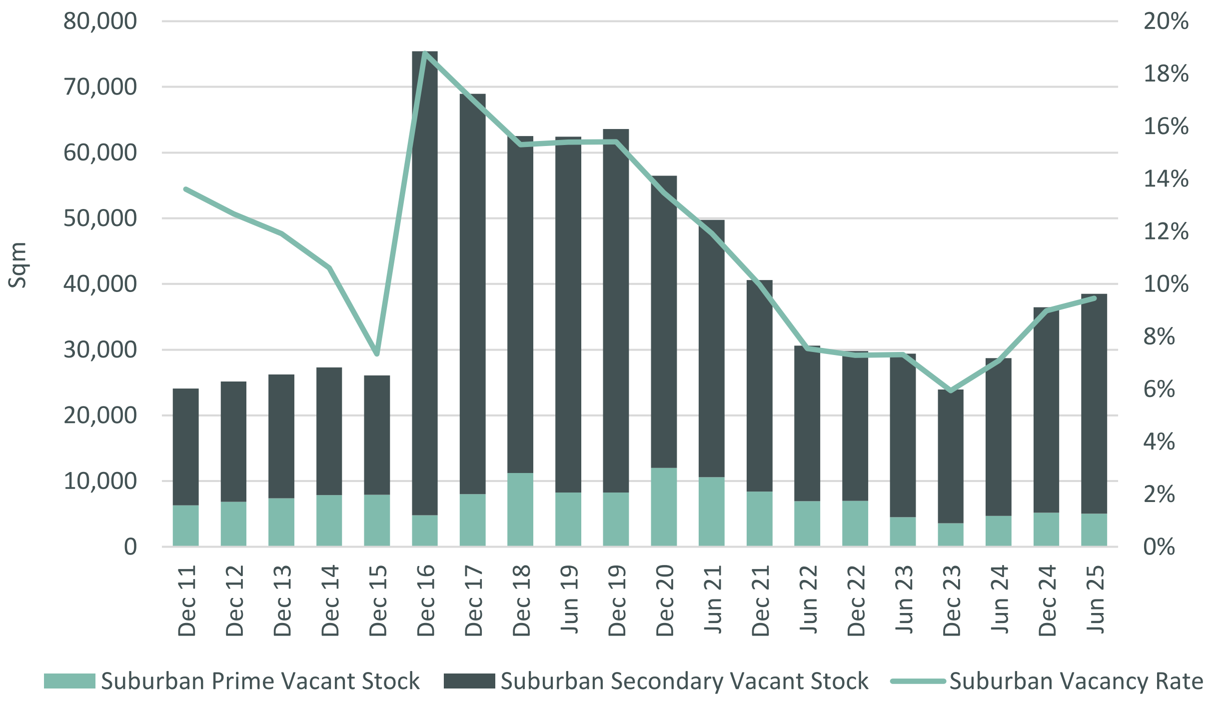
Christchurch suburban office vacancy increased during H1 2025, rising from 9.0% to 9.5% (an increase of 2,072 sqm). Total suburban office vacancy has been rising steadily since the second half of 2023. In H2, total vacant space increased by 2,072 sqm due to occupier losses in Secondary buildings, mostly in Grade C buildings, which registered an increase of 1,420 sqm, shifting vacancy to 12.3% from 11.3%. Combined, vacant stock in Grade B and D buildings increased by 814 sqm during this period.

The most relevant move in the Secondary suburban office market during H2 included a construction and home design company vacating 684 sqm of Grade B office space at 208 Barbadoes Street. In addition, Streamliners (a technical writing company) moved out of 551 sqm of Grade C space at 189 Montreal Street, and Runacres Insurance downsized their footprint at 351 Lincoln Road, shifting from 1,012 sqm to 506 sqm.

Suburban Office Vacancy by Grade

| | | Grade A | Grade B | Grade C | Grade D | Total |
|---|---|---|---|---|---|---|
| Vacancy - December 2024 | % | 7.7% | 8.0% | 11.3% | 9.1% | 9.0% |
| | sqm | 5,207 | 15,566 | 13,810 | 1,862 | 36,446 |
| Vacancy – June 2025 | % | 7.4% | 8.2% | 12.3% | 11.1% | 9.5% |
| | sqm | 5,045 | 15,988 | 15,230 | 2,254 | 38,518 |

Suburban Office Vacancy

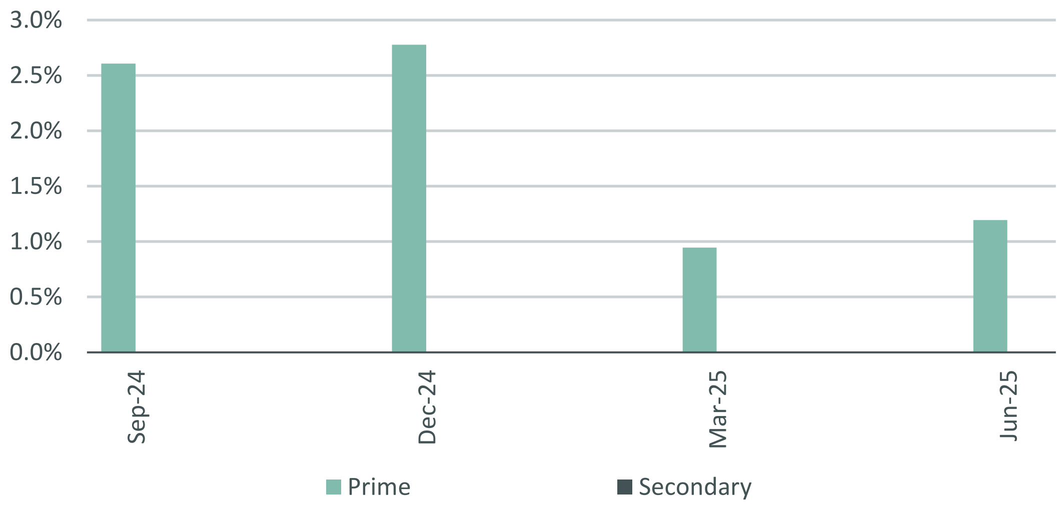


# Suburban Office Rents

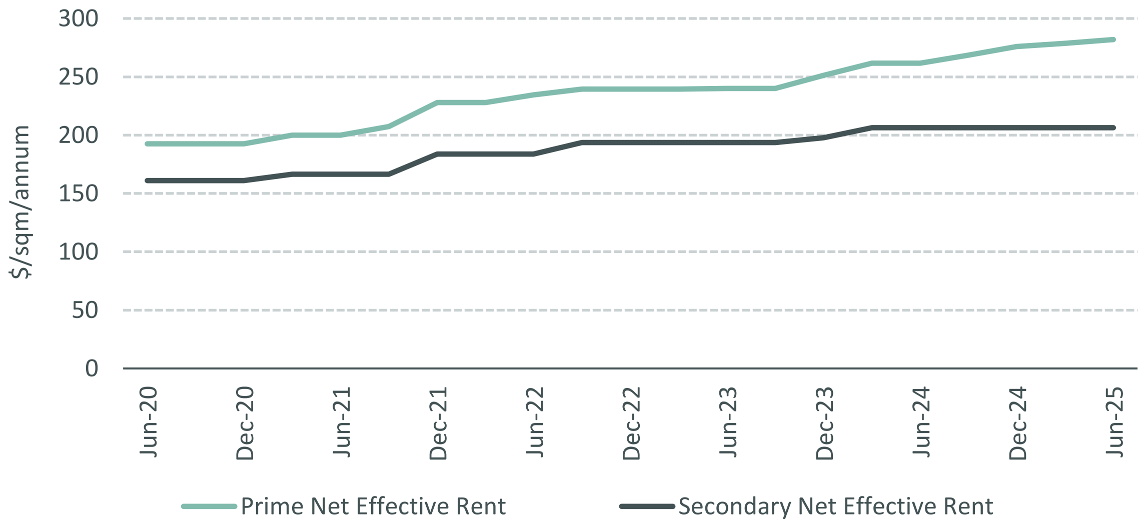
Demand for suburban office space remained high in Q2 2025, especially in Prime buildings located in Show Place and on Lincoln Road in Addington. Decreasing vacancy levels in high-quality buildings are creating upward pressure on rents. Similar to the dynamics in the Prime CBD office submarket, it is expected that rents will increase in the coming quarters once space becomes available in the Prime suburban office submarket. Also, despite rising demand for Grade B suburban office buildings, Secondary rents remained unchanged during Q2.

In Q2, Prime Suburban office face rents went up by 0.9% compared to Q1, driven by higher demand from corporates for office space in Show Place (Addington). Meanwhile, incentives were lowered for Prime buildings (from 8.53% to 8.33% of face rents), increasing net effective rents by 1.2%.

Suburban Net Effective Office Rents – Quarterly Change




Suburban Net Effective Office Rents

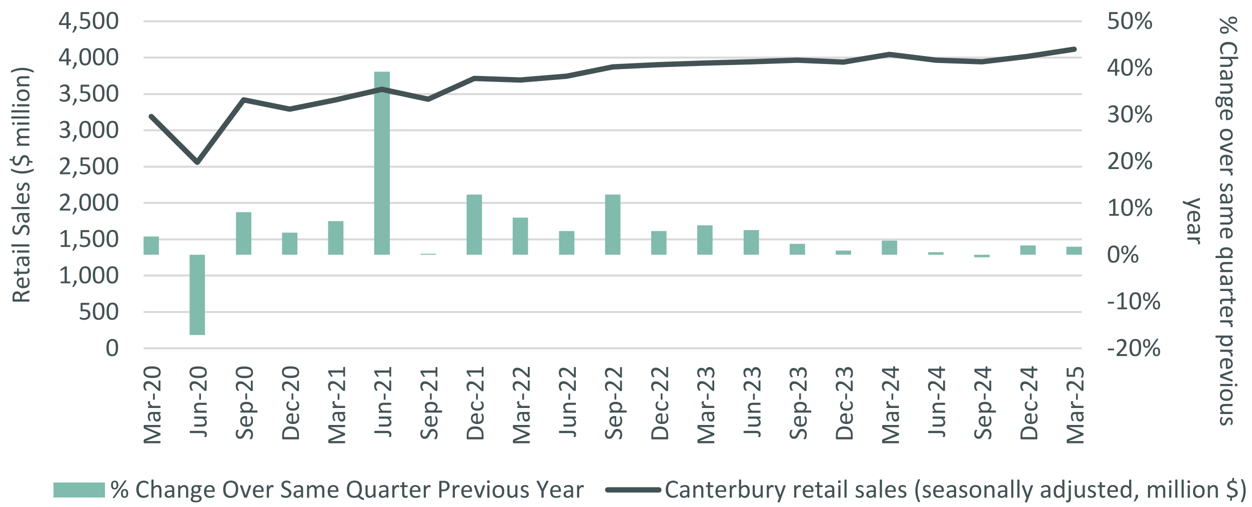


# Retail Sales

In the year leading up to March 2025, retail sales in Canterbury increased by 1.0% compared to the previous 12-month period. This contrasts with the negative figures registered in Auckland and the Wellington region during the same period (-1.3% and -2.1%, respectively). Canterbury continued to outperform these regions, driven by higher confidence levels and a good performance of its agricultural sector. Furthermore, Canterbury moved into positive territory in the last regional economic confidence survey, whilst both Auckland and Wellington remained on the negative side.

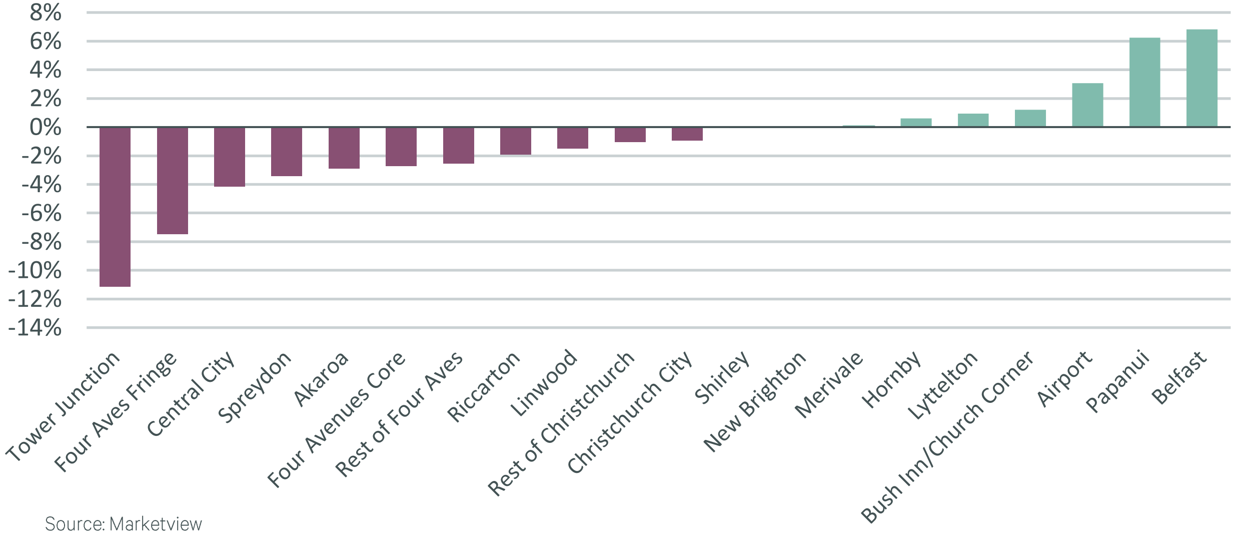
At a territorial authority level, in the year ending May 2025 retail spending in Christchurch decreased by 0.9% compared to the previous period. By area, Belfast saw the highest growth rate at 6.8%, followed by Papanui (6.2%) and the area around the Airport (3.1%). In addition, retail spending in Christchurch's Central City went down by 4.2% during this period.

Canterbury Retail Sales




Source: : Statistics New Zealand

Spending Growth by Area (YE May-25 vs YE May-24)



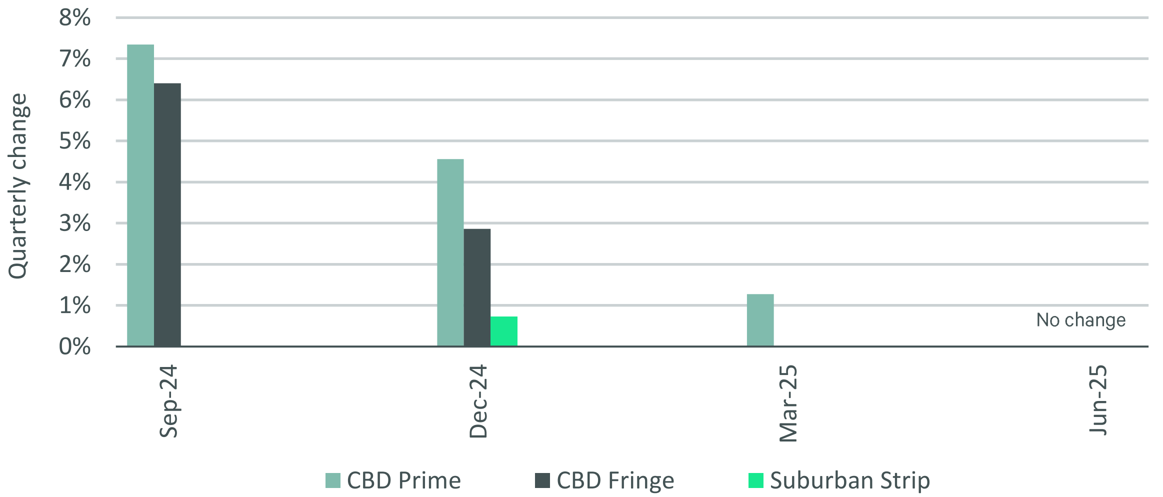

Source: Marketview

# Retail Rents

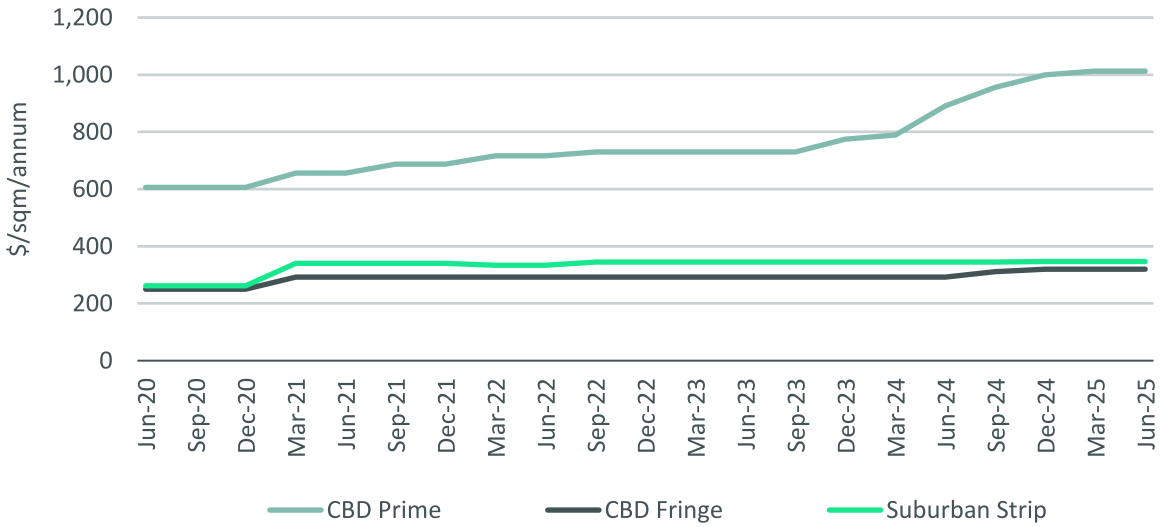
Rental growth was stable in Q2 across all retail submarkets in Christchurch. Retail rents plateaued in Q2, following robust rental growth in previous quarters, where high occupier demand for Prime retail space drove rents to record heights in locations on Cashel Street and High Street. Despite a softening in occupier demand in Q2, due to economic headwinds, the Christchurch Prime retail market has shown greater resilience than its urban peers over the past years.

According to CBRE's assessment, incentives remained stable in Q2, remaining at 4.2% of face rents for Prime CBD retail assets, 8.3% of face rents for Fringe locations and 7.4% of face rents for Strip locations.

Retail Net Effective Rents - Quarterly Change




Retail Net Effective Rents by Precinct

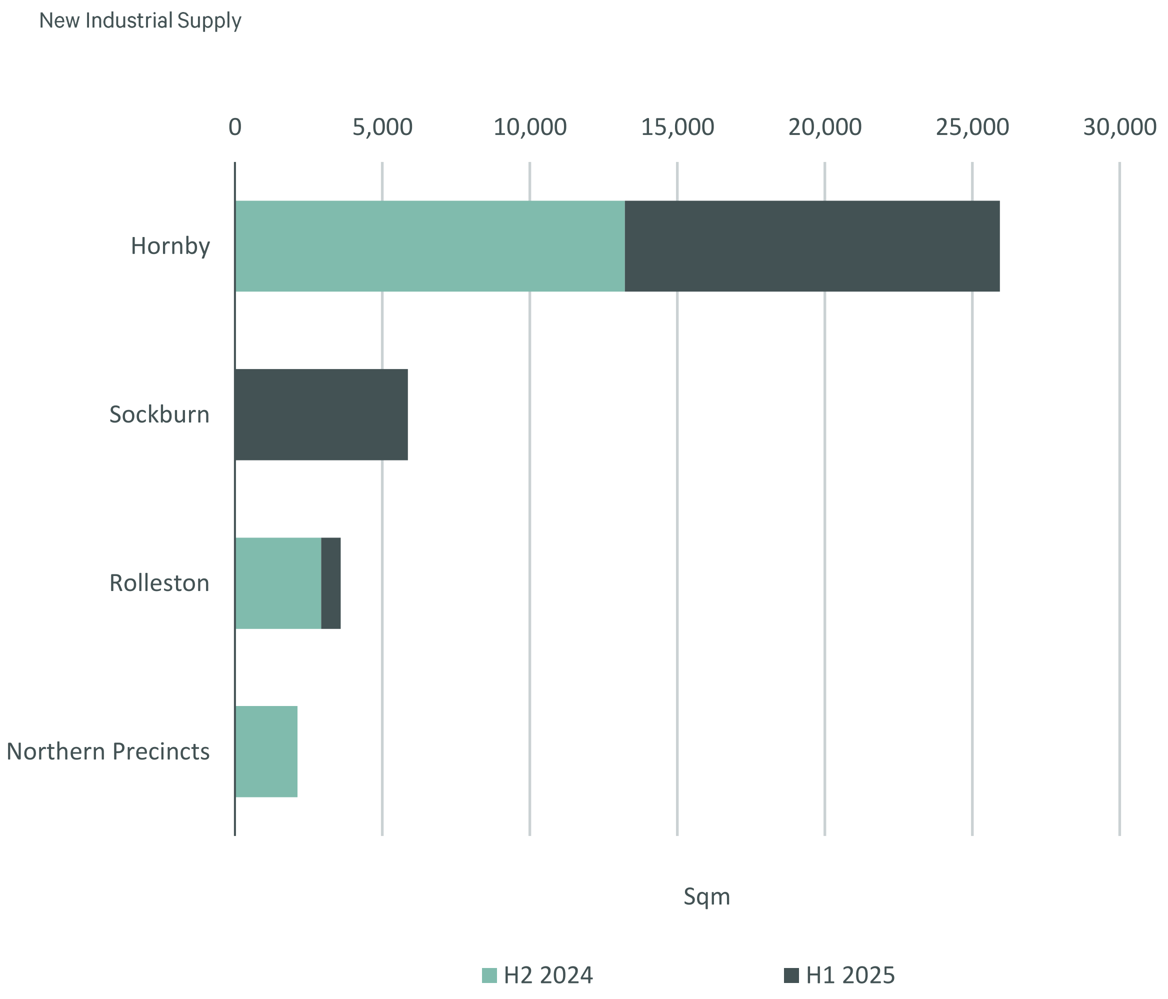


# Industrial New Supply

During H2 2024 and H1 2025, Christchurch's industrial market saw the combined addition of 37,508 sqm of new stock. In particular, 18,273 sqm were added in the second half of last year, and 19,235 sqm were introduced during the first half of this year. This was partially offset by the demolition of a 5,443 sqm Grade C industrial building in Middleton in H2 2024 and the demolition of two industrial assets during H1 2025: a 8,910 sqm Grade C light manufacturing industrial building in Waltham and a 788 sqm Grade D asset in Christchurch Central.

In the first half of this year, only Hornby, Sockburn and Rolleston experienced the arrival of new industrial space. Similar to what occurred during H2 2024, and in contrast to what happened in past years, new stock in Christchurch's industrial market in H1 continued to show lack of geographical diversification. Most of the new industrial supply continued to be concentrated in Hornby, which witnessed the arrival of 12,720 sqm of new industrial space through five new assets. Sockburn expanded its industrial stock by 5,859 sqm through two new warehouses, whilst Rolleston saw the arrival of 656 sqm of new supply through one new asset at 14 Factory Drive.

Hornby saw the completion of the largest industrial asset built in Christchurch during H1 2025, being this 374 Shands Road, a 7,600 sqm new building in Hornby South. This was the only new building exceeding 5,000 sqm. The next two largest new industrial buildings completed in H1 were two assets located on William Lewis Drive in Sockburn, occupied by PSP Limited and Steelfort. The average size of new industrial buildings completed in H1 was circa 2,400 sqm.



# Industrial Net Absorption

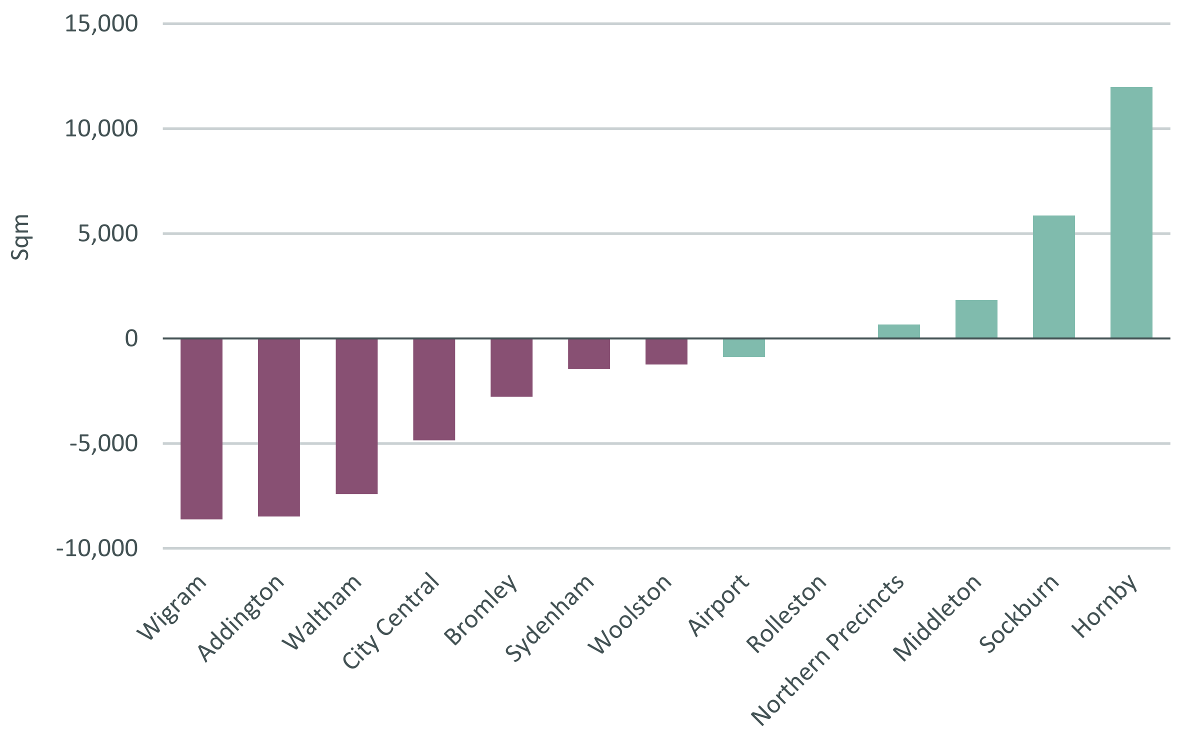
During H1 2025, total net absorption in the Christchurch industrial market moved into deeper negative territory, exposing softer conditions for industrial occupiers. Total net absorption fell to -15,388 sqm in H1, moving from -1,744 sqm in the H2 2024. This contrasts with the average biannual net absorption over the last four years, averaging around 50,000 sqm. Additionally, similar to previous periods, the adverse total net absorption level was driven by absorption losses in the Secondary industrial submarket, especially in the lowest-quality buildings. Net absorption in the Grade C/D submarket fell to almost -19,000 sqm in H1. Sydenham, characterised by low grade buildings, recorded the largest negative net absorption level, at nearly -5,700 sqm. Moreover, net absorption in this submarket was also affected by the demolition of two occupied industrial assets, with a combined area of almost 9,700 sqm.

Net absorption in the Prime industrial submarket was positive during H1, reaching 5,852 sqm. However, it showed the lowest net absorption levels in a six-monthly period since H2 2020. As is usually the case, Grade A net absorption was supported by new industrial stock. In addition, H1 also witnessed the completion of un-committed new industrial assets. Among the eight new industrial buildings completed in H1, two remained vacant: 7 Kairua Road in Hornby (754 sqm) and 14 Factory Drive in Rolleston (656 sqm). During H1, Hornby had the largest net absorption with circa 12,000 sqm, followed by Sockburn (close to 6,000 sqm) and Middleton (around 1,900 sqm).

Industrial Net Absorption by Grade

| | Total | Grade A | Grade B | Grade C/D |
|---|---|---|---|---|
| December 2024 | -1,744 | 11,556 | -5,699 | -7,601 |
| June 2025 | -15,388 | 5,852 | -2,400 | -18,840 |

Industrial Net Absorption by Precinct—H1 2025



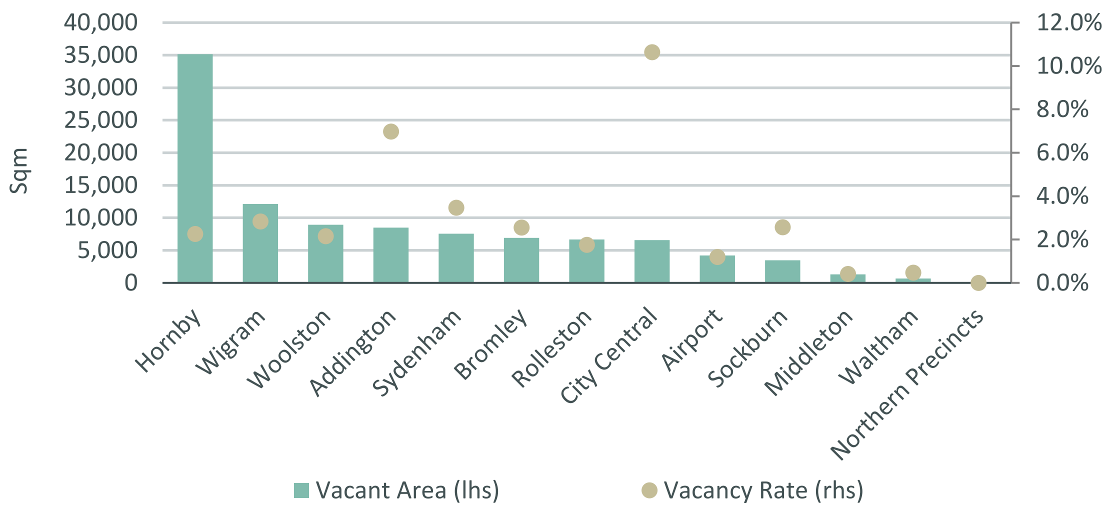
# Industrial Vacancy

Industrial vacancy increased during the first half of 2025, rising to 2.2% from 1.7%. This was the highest industrial vacancy level since H1 2022. Vacant space rose across all submarkets, especially in Grade A buildings, which saw a 13,383 sqm increase in vacant stock, out of which circa 1,500 sqm were attributed to un-committed new stock. This was followed by vacant space in Grade C/D buildings (up by 9,142 sqm) and Grade B assets (up by 2,400 sqm). The drivers behind this increase in vacancy was the consolidation of industrial space of large companies and the backfill vacancy created by significant relocations. Out of the 13 precincts, vacancies increased in nine of them and decreased in four. The precinct with the highest vacancy rate continued to be City Central (10.6%), followed by Addington (7.0%) and Sydenham (3.5%).

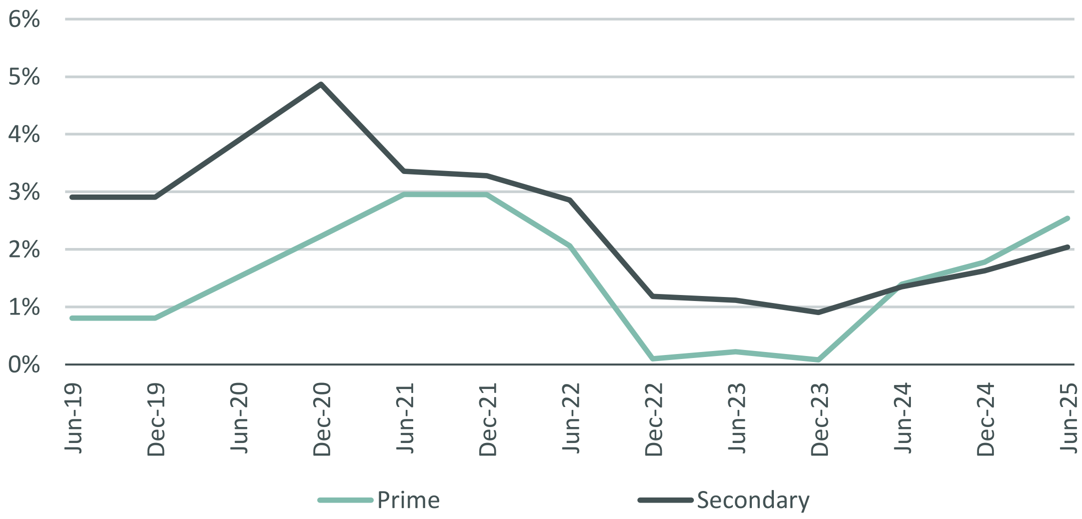
Prime industrial vacancy increased to 2.5% from 1.8% during H1. This was driven by the reduction of industrial footprint by large companies and new un-committed stock. The largest vacated building during this period was 3 Detroit Place in Addington, where Turners Automotive Group vacated almost 8,500 sqm of Grade A industrial space. Nevertheless, this company relocated to 102 Shands Road in Hornby, occupying 4,860 sqm of Grade C industrial space. Also, they still occupy around 5,000 sqm at 13 Racecourse Road in Sockburn. In addition, Move Logistics Group moved out of 75 Seymour Street in Hornby, a 8,140 sqm Prime industrial asset. They still occupy close to 20,000 sqm in several locations around Hornby and Woolston. Moreover, Summit Steel and Wire vacated close to 6,400 sqm from a Grade A industrial building at 67 Vickerys Road in Wigram to relocate to a smaller location in Hornby South.

During H1, Secondary industrial vacancy increased to 2.0% from 1.6%. Similar to what happened in the Prime industrial submarket, the main driver behind this increase in Secondary vacancy was the downsizing of industrial space. One clear example involves Supply Chain Solutions, vacating 3,820 sqm of Grade B industrial space at 620 Halswell Junction Road in Hornby. However, they still occupy 2,030 sqm at 596 Main South Road. Also, Weco Manufacturing Limited moved out of a Grade C building (2,780 sqm) in Bromley to relocate to a 780 sqm Grade B asset at 115 Orbell Street in Sydenham.

Industrial Vacancy by Precinct – H1 2025




Industrial Vacancy

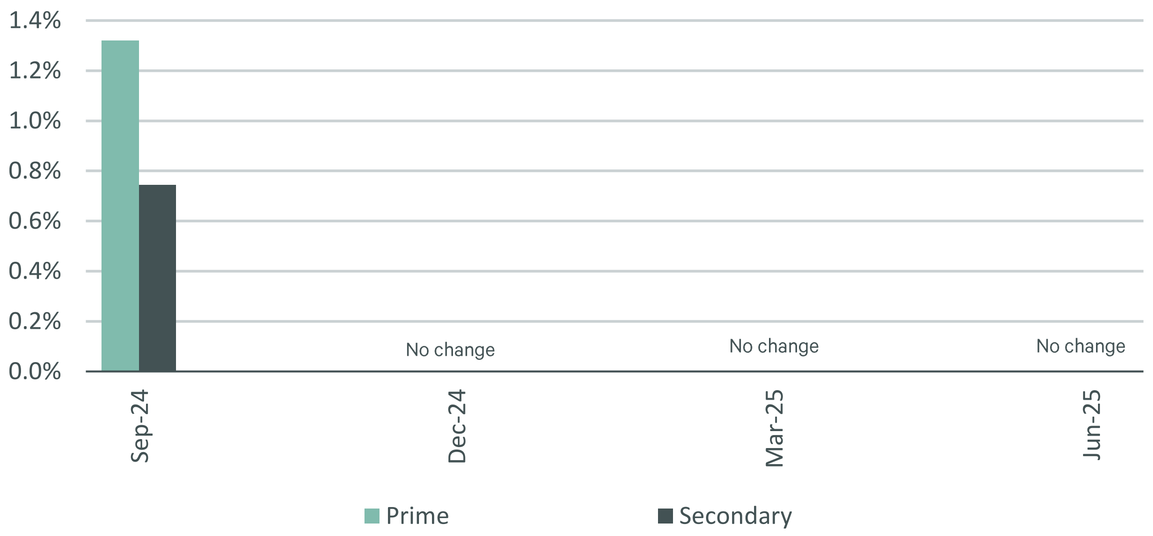


# Industrial Rents

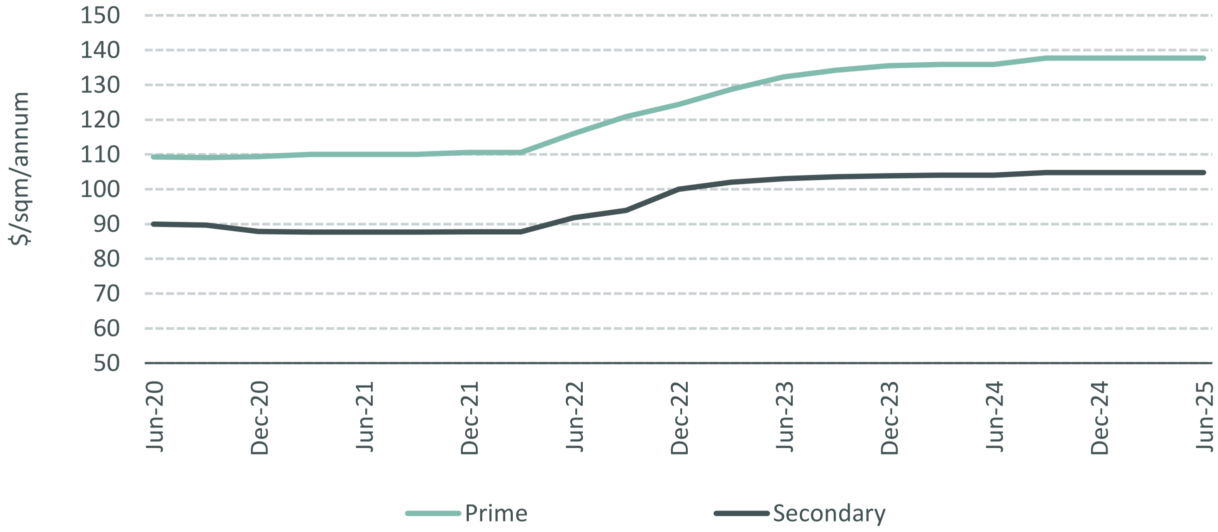
During Q2 2025, leasing activity in the Christchurch industrial market remained subdued due to the current economic challenges. Similarly to previous quarters, tenants continued looking for efficiencies and cost containment measures. In Q2, face rents across all industrial submarkets remained stable, consistent with the patterns observed in Q4 2024 and Q1 2025. CBRE forecasts stable rents in the coming quarters, given the limited new industrial developments in the pipeline, compared to previous periods.

Prime industrial net effective rents remained stable in Q2 at $138 per sqm, whilst Secondary net effective rents stayed unchanged at $105 per sqm. Over the year, Prime net effective rents went up by 1.3% and Secondary net effective rents increased by 0.7%. According to CBRE's assessment, incentives remained stable in Q2 2025, with both industrial prime and secondary market incentives holding steady at 1.4% of face rents, a level consistent since the second half of 2022.

Industrial Net Effective Rents - Quarterly Change




Industrial Net Effective Rents



## 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.

### 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.

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