Commercial office

Transactional evidence shows that tight investment yields are now being achieved for modern, compliant office properties with long, term-certain lease periods. Recent office development activity in the local market has typically involved the retrofitting and upgrading of existing low-rise buildings, rather than new build developments, due to shorter delivery timeframes and lower cost outlay relative to rental recovery. That said, we do note some examples of new build developments. We also note expressions of interest in the marketplace from entities seeking modern, seismically compliant office accommodation.

NET YIELDS

6.0-10.0%	7.0-9.5%	7.0-12.5%	7.0-10.5%
Palmerston North	Feilding	Whanganui	Levin

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Palmerston North	Improving	Moderate
Feilding	Static	Moderate
Whanganui	Static	Moderate
Levin	Static	Moderate

INVESTOR MARKET

	Market direction	Demand
Palmerston North	Static	Average
Feilding	Static	Average
Whanganui	Static	Average
Levin	Static	Average

Source: CBRE database

Industrial

The local industrial market experienced an influx of demand over the 2021-2023 period for Prime industrial property, with notable increases in realised rents and historically low vacancy rates. Over the past year, tenant demand has continued, albeit to a lesser degree, with the upward tick in achieved rentals now slowing. Transactional evidence showed that yields expanded during 2024 due to higher borrowing rates. Over the past twelve months, easing borrowing rates have contributed to yield compression; however, market sentiment has softened in recent months amid ongoing economic uncertainty, albeit with encouraging levels of development activity evident across the region.

NET YIELDS

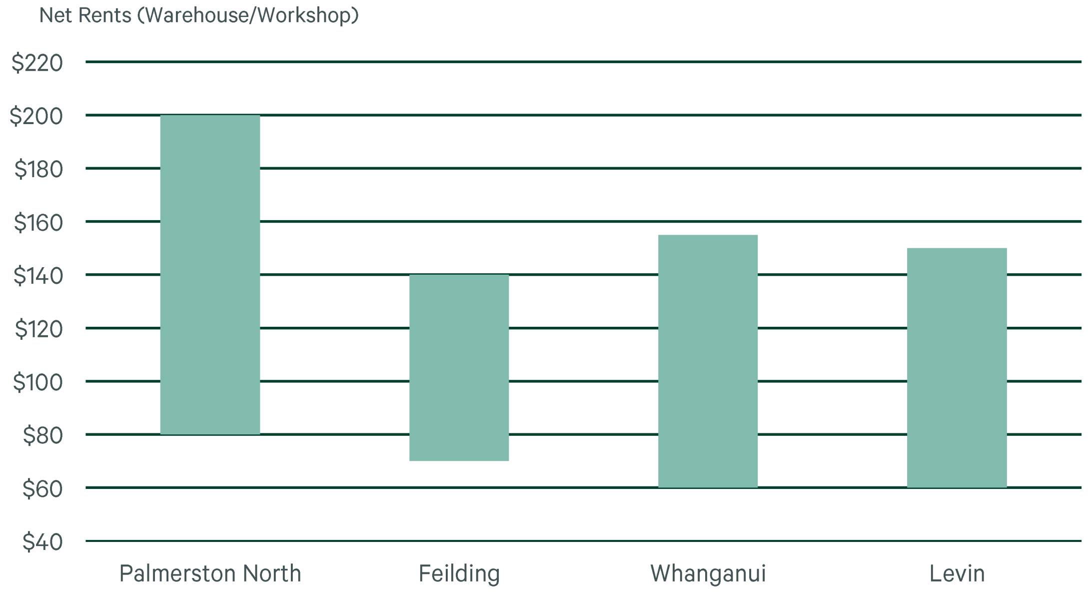
▶ 5.5-7.5%
Palmerston North

▶ 7.0-9.0%
Feilding

▶ 7.0-9.0%
Whanganui

▶ 7.0-9.0%
Levin

Note: Arrows indicate change from previous report.



OCCUPIER MARKET

	Market direction		Supply
Palmerston North	▶	Static	Limited
Feilding	▶	Static	Limited
Whanganui	▶	Static	Limited
Levin	▶	Static	Limited

INVESTOR MARKET

	Market direction		Demand
Palmerston North	▶	Static	Average
Feilding	▶	Static	Average
Whanganui	▶	Static	Average
Levin	▶	Static	Average

Source: CBRE database

Retail

The local retail market has not mirrored recent trends of the office and industrial markets. Investment sales show higher returns to compensate for the lack of rental growth and perceived higher risk, thereby resisting the yield compression seen in higher-quality assets.

NET YIELDS

Palmerston North	Feilding	Whanganui	Levin
▶ 6.0-10.0%	▶ 7.5-10.0%	▶ 7.5-12.0%	▶ 7.5-10.0%

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction		Supply
Palmerston North	▶	Static	Moderate
Feilding	▶	Static	Moderate
Whanganui	▶	Static	Moderate
Levin	▶	Static	Moderate

INVESTOR MARKET

	Market direction		Demand
Palmerston North	▶	Static	Weak
Feilding	▶	Static	Average
Whanganui	▶	Static	Average
Levin	▶	Static	Average

Source: CBRE database