

Commercial office

Dunedin's CBD office market saw post-Covid rental growth across its precincts, driven by demand for higher NBS-rated and refurbished buildings. However, a significant supply shift is now underway. Two new A-grade buildings, ACC House and Radiology House, have entered the market, providing large, premium floorplates. As tenants relocate to these new buildings, they have vacated approximately 13,000 sqm of existing office accommodation. This is expected to increase B- and C-grade office vacancy rates to around 17%. This substantial influx of supply, combined with elevated vacancy and subdued enquiry levels, is likely to place downward pressure on rents for larger floorplates across the wider market. While smaller, modernised tenancies (150–300 sqm) continue to attract modest demand, these high-quality developments have raised market benchmarks and materially impacted the relative grading and competitiveness of existing office stock.

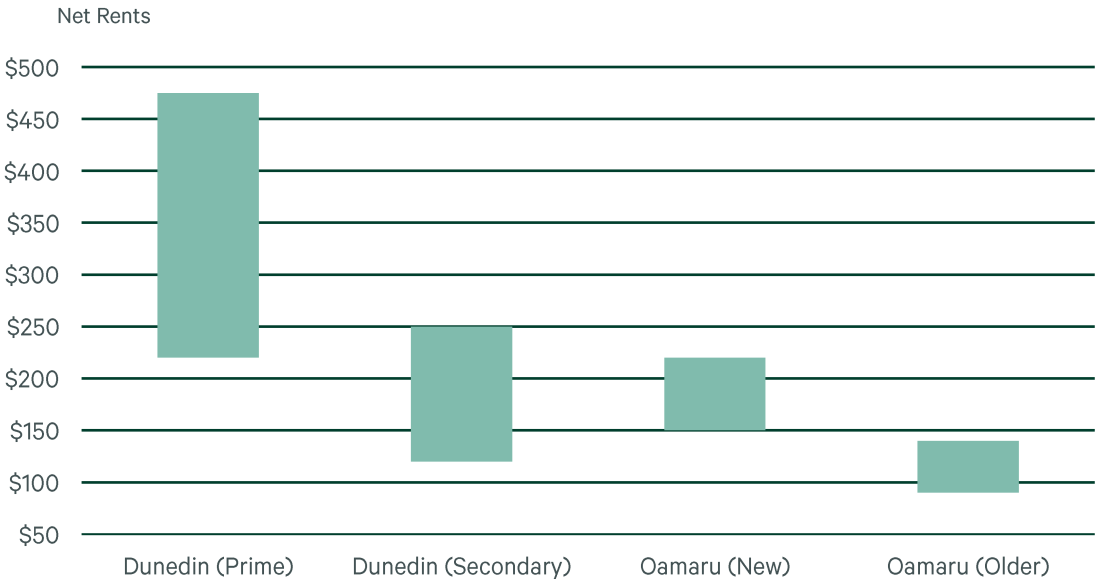
NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

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



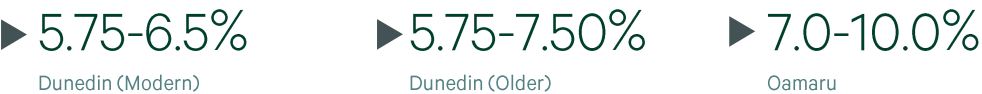
INVESTOR MARKET

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

Industrial

The Dunedin industrial market has continued to perform above expectations during recent turbulent economic conditions. The city's geography contributes to a constrained industrial land supply, while the historically abundant supply of leasehold land is no longer meeting demand to the same extent. Increased occupier demand, strong local business activity and significant public-sector investment have contributed to industrial development extending into areas previously considered fringe locations. Despite broader economic uncertainty, industrial vacancy remains at relatively low levels. Further evidence of the sector's strength is reflected in recent industrial land freeholding transactions, with former leasehold sites transacting between approximately \$525 per sqm and \$750 per sqm. A number of these properties are now being redeveloped, or proposed for redevelopment, following freeholding, reflecting ongoing confidence in the industrial market.

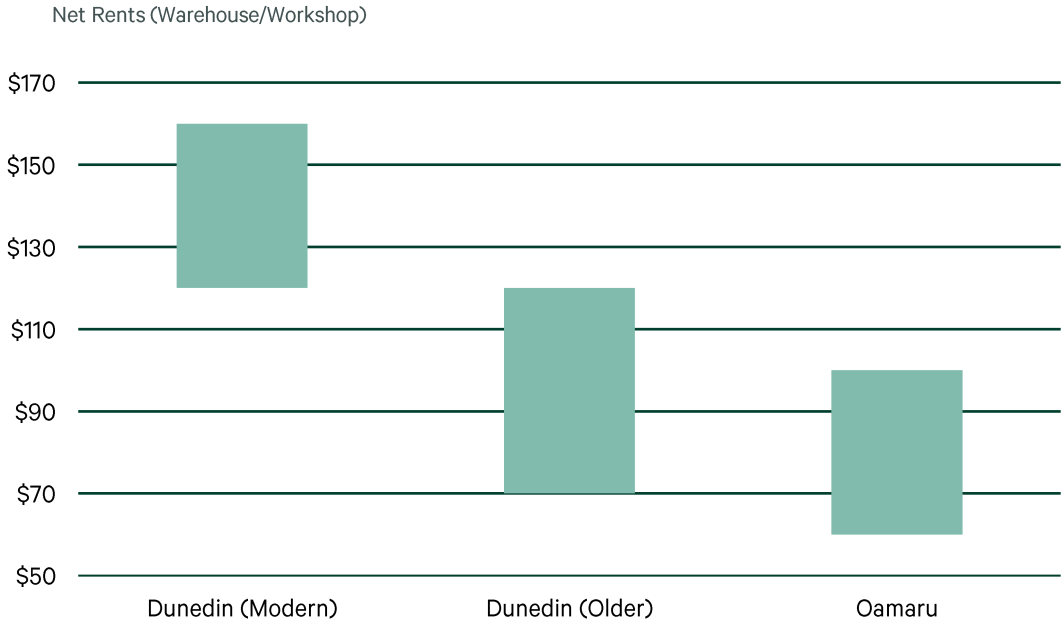
NET YIELDS



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OCCUPIER MARKET

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



INVESTOR MARKET

	Market direction	Demand
Dunedin (Modern)	▲ Improving	Strong
Dunedin (Older)	► Static	Average
Oamaru	► Static	Weak

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 half decade. Quality stock remains tightly held, and sales, when they occur, are typically for buildings requiring significant capital expenditure. In contrast, large-format and trade display retail has shown good rental growth and benefits from lower vacancy and tenant turnover compared to the George Street retail segment.

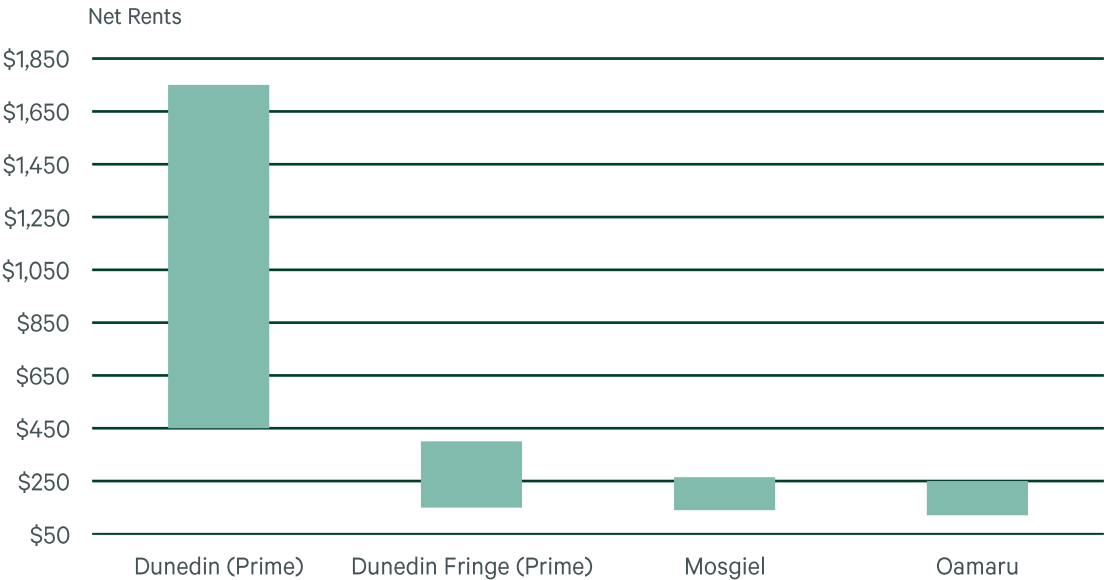
NET YIELDS



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OCCUPIER MARKET

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



INVESTOR MARKET

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