

Commercial office

Dunedin's CBD office market saw post-Covid rent growth across its precincts, driven by NBS% and renovated buildings. However, a significant supply shift is now underway. Two new A-grade buildings, ACC and Radiology, are nearing completion, offering large, premium floorplates. Their government tenants are vacating approximately 9,000 sqm of existing large office accommodation. This substantial influx, combined with current vacancy and low enquiry levels, will likely exert downward pressure on larger floorplate rents across the wider market. While smaller, modernized tenancies (150 sqm - 300 sqm) retain modest demand, these high-quality new builds elevate market standards, significantly impacting the grade of all existing office stock.

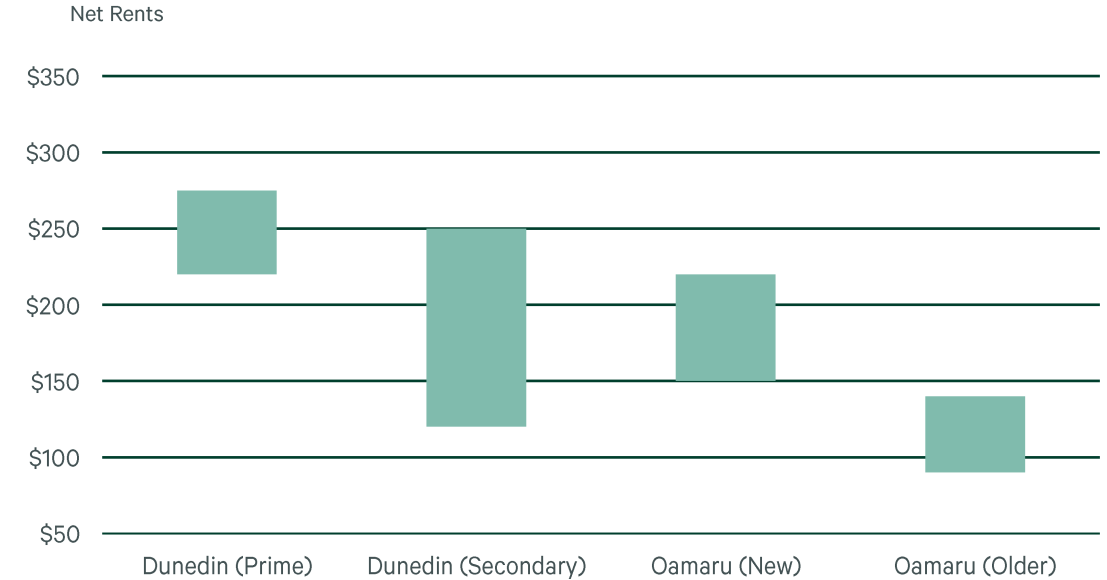
NET YIELDS



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



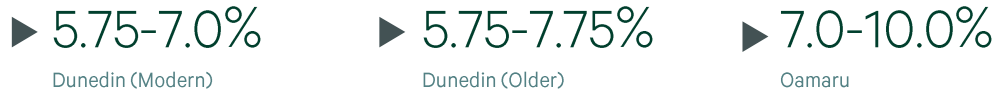
INVESTOR MARKET

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

Industrial

The Dunedin industrial market has continued to perform above expectations during more recent turbulent economic conditions. The geography of Dunedin contributes to a constrained industrial land supply, including leasehold tenure, which has historically provided a sufficient supply. This has changed over the past few years, with increased demand coupled with strong local business and public sector spending on significant projects. Rising land values and developments are now emerging in historically fringe areas. Increased inflationary pressures and high borrowing costs have slowed the industrial building expansion in Dunedin. Nonetheless, vacancy rates continue to remain at historically low levels. Prime yields have increased slightly due to higher funding costs, however, the increase in rental values over the past few years has helped to maintain relatively steady values.

NET YIELDS



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OCCUPIER MARKET

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



INVESTOR MARKET

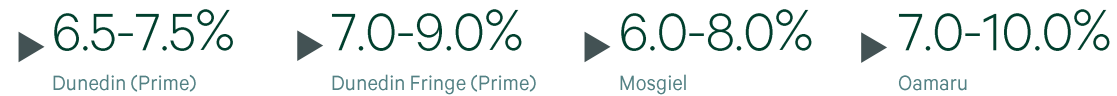
	Market direction	Demand
Dunedin (Modern)	▶ Static	Strong
Dunedin (Older)	▶ Static	Strong
Oamaru	▶ Static	Weak

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Retail

Vacancy levels and rental values have remained steady across George Street despite economic challenges. 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 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.

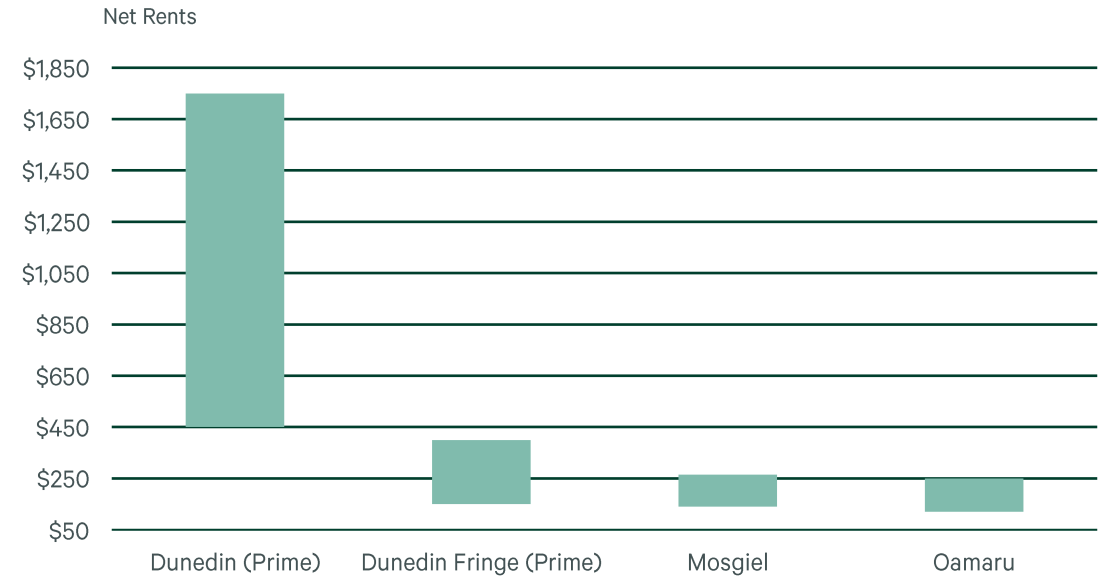
NET YIELDS



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OCCUPIER MARKET

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



INVESTOR MARKET

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