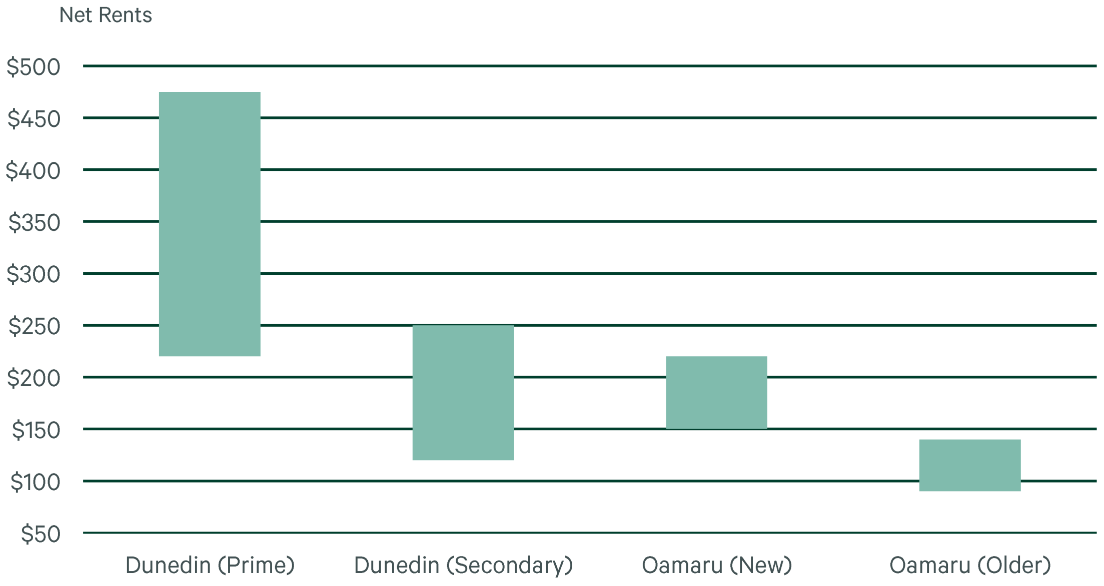
Commercial office

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 entering the market, offering large, premium floorplates. Their government tenants are vacating approximately 13,000 sqm of existing large office accommodation. This is expected to increase Grade B and C office vacancy rates to approximately 17%. This substantial influx, combined with vacancy and low enquiry levels, will likely exert downward pressure on larger floorplate rents across the wider market. While smaller, modernized tenancies (150-300 sqm) retain modest demand, these high-quality new builds elevate market standards, significantly impacting the grade of all existing office stock.



NET YIELDS

▶ 6.5-8.0%	▶ 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	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

Source: CBRE database

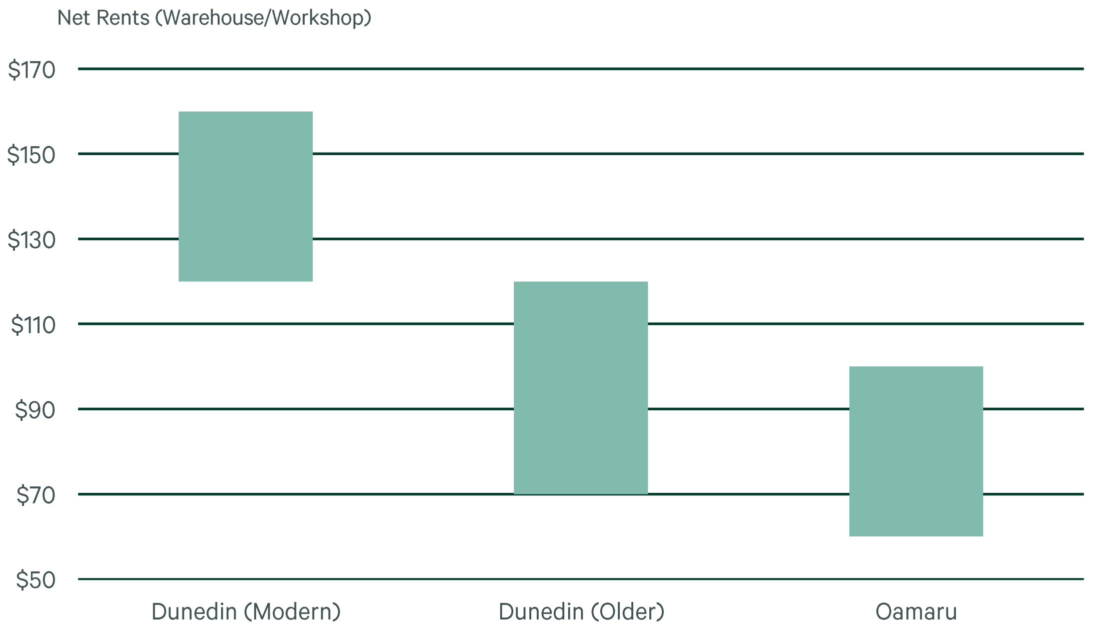
Industrial

The Dunedin industrial market has continued to perform above expectation during more recent turbulent economic conditions. The geography of Dunedin contributes to a constrained industrial land supply as well as leasehold tenure, which in the past has been of a sufficient size to provide for the local industrial market. This has changed over the past few years, with increased demand coupled with strong local business and public sector spending on significant projects resulting in rising land values and developments popping up in historically fringe areas. The surge in inflationary pressures, coupled with elevated borrowing costs, has slowed industrial development in Dunedin. Recent reductions in the Reserve Bank's Official Cash Rate have driven some yield compression and modest value growth; however, persistent geopolitical uncertainty continues to cast a shadow over business confidence and the investment market. Despite these challenges, industrial vacancy rates remain at historically low levels.

NET YIELDS

▼ 5.75-6.5%	▼ 5.75-7.50%	▶ 7.0-10.0%
Dunedin (Modern)	Dunedin (Older)	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

INVESTOR MARKET

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

Source: CBRE database

Retail

Vacancy levels and rental values have remained steady across George Street even during the economic recession. 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

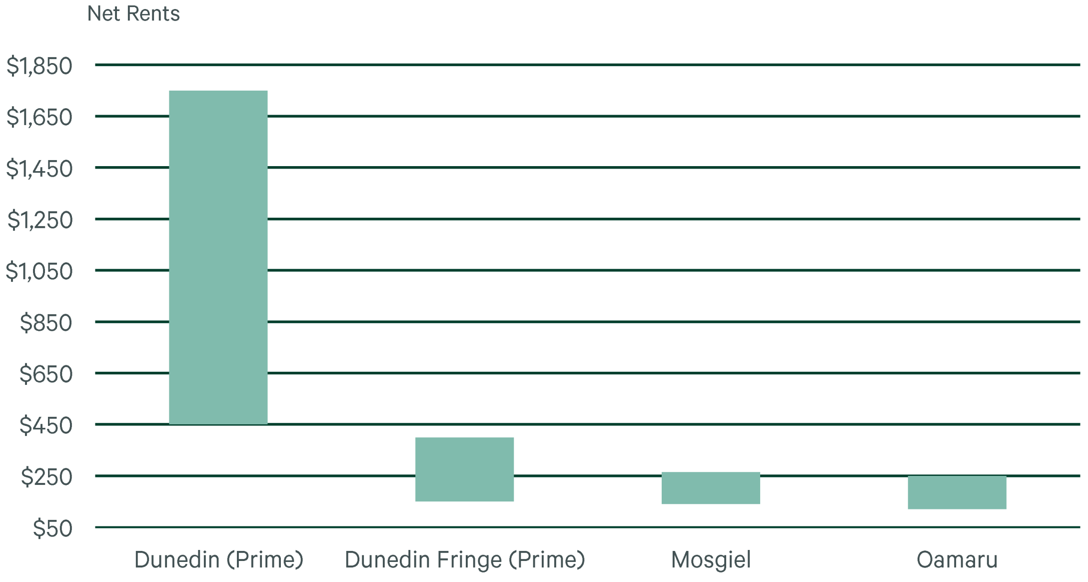
▼ 6.0-7.0%
Dunedin (Prime)

▶ 7.0-9.0%
Dunedin Fringe (Prime)

▶ 6.0-8.0%
Mosgiel

▶ 7.0-10.0%
Oamaru

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

Source: CBRE database