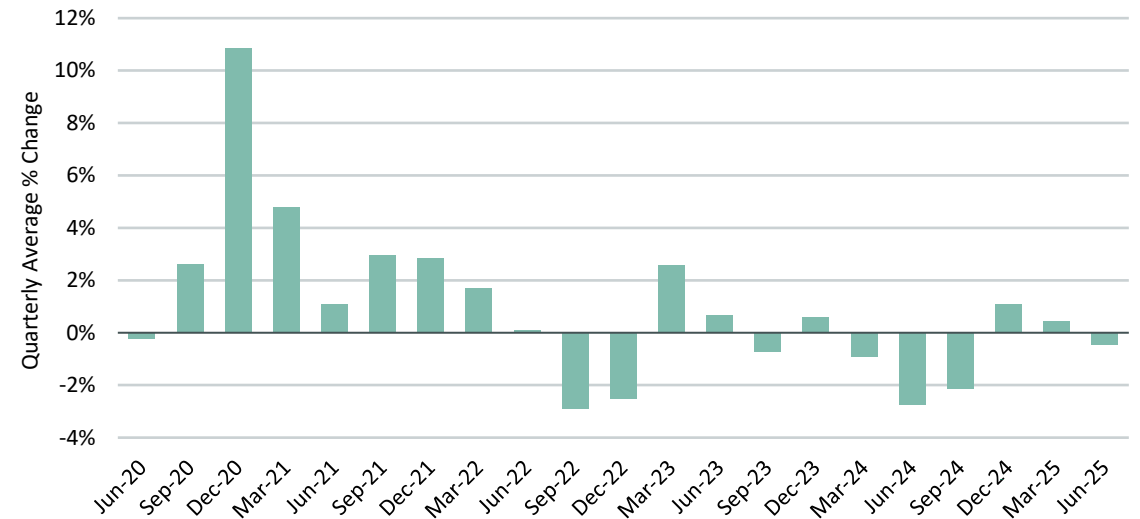


Auckland Property Market Overview

INSIGHTS

- The RBNZ will continue to lower the OCR, ultimately stabilising it around 2.50% to 2.75%. Since July 2024, the OCR has already decreased by 225 basis points, reaching 3.25%.
- Lower interest rates have created a more favourable investment market environment, leading to increased activity and greater pricing clarity. In line with this, CBRE's analysis of market yields indicates that some firming has occurred, particularly in the industrial and retail sectors, where local private capital is active.
- The leasing market is competitive, although leasing brokers are noticing more occupier activity starting to emerge. But occupiers also have high expectations of “deals”.
- The Auckland CBD office vacancy rate increased from 16.7% in December 2024 to 18.8% in June 2025. This upward trend reflects a period of significant tenant movements and the introduction of new supply.
- The industrial occupancy market was largely stable in H1 with a slight increase in its overall vacancy rate, from 1.5% to 1.6%.

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



Market Indicators

Market Sector	Stock (sqm)	Vacancy (%)	Net Face Rent (\$/sqm)	Incentives (%)	Yield (%)
Prime CBD Office	797,987	11.4%	300 - 950	8 - 25	5.15 - 8.80
Secondary CBD Office	685,540	27.4%	190 - 600	10 - 25	5.75 - 9.50
Prime Industrial	6,746,966	1.6%	170 - 260	5 - 7	4.90 - 6.20
Secondary Industrial	7,448,394	1.7%	120 - 220	5 - 8	5.45 - 7.20
Prime CBD Retail			2,500 - 6,000	1 - 3	5.35 - 6.50
Major Regional	294,628	1.3	700 - 2,900	4 - 6	6.75 - 7.40
LFR Centre	474,053	0.9	180 - 550	4 - 6	6.80 - 7.60

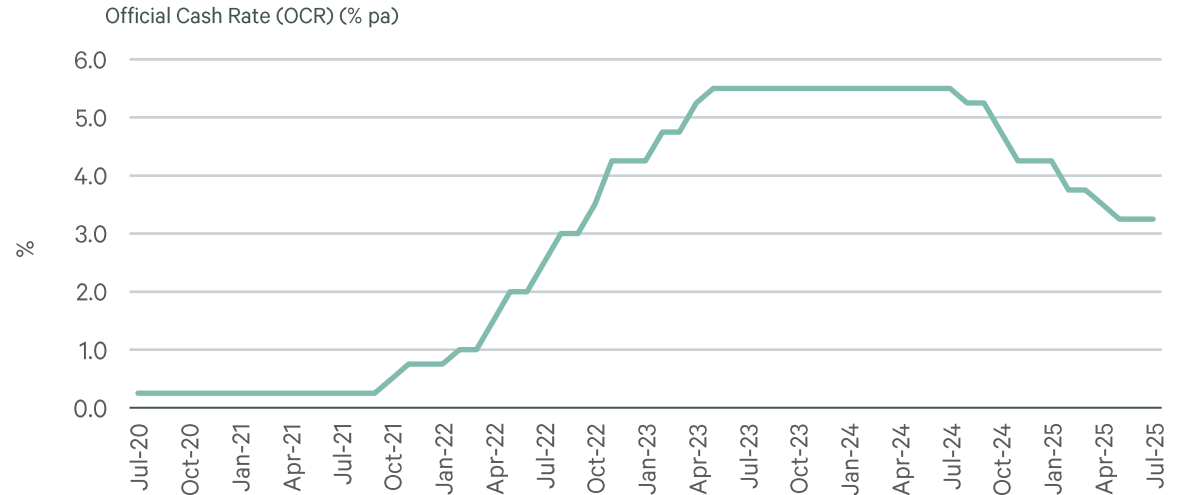
Rent data is as at June 2025. Office and Industrial stock and vacancy data is as at June 2025; Retail stock and vacancy data is as at December 2024.

Economy

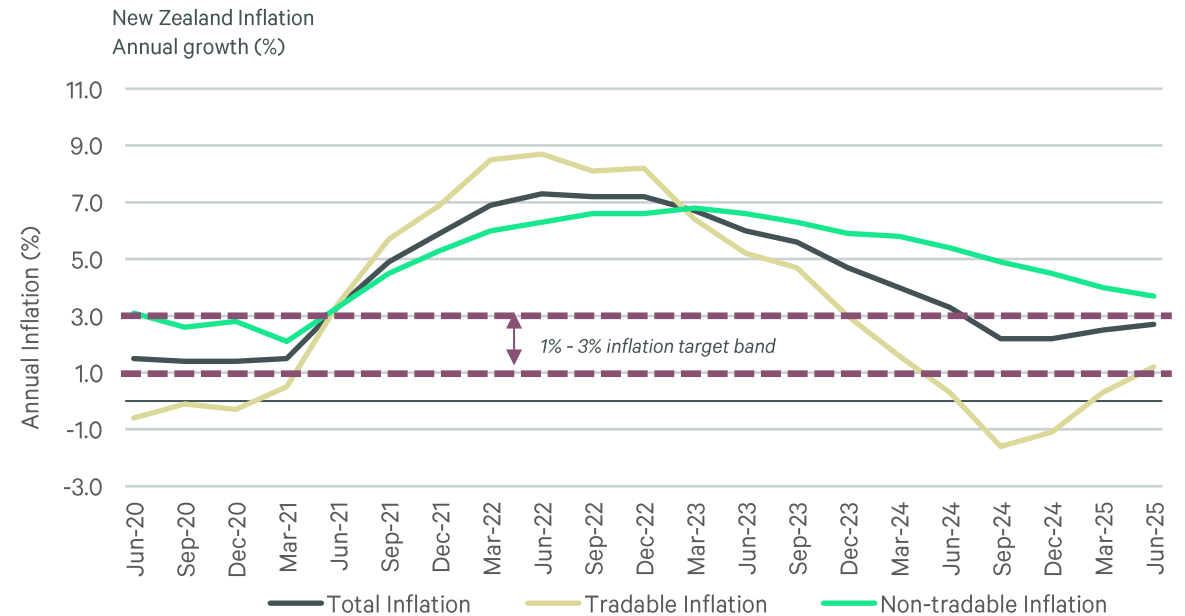
New Zealand’s economy grew by 0.8% in Q1 2025 compared to the previous quarter, registering a stronger than expected growth. After this promising start to the year, conditions have worsened and forward indicators have increasingly been pointing to a contraction. A more optimistic outlook for 2026 reflects 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 significant fall in interest rates, hint of a rise in net migration, a solid increase 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 and to sit around the mid-point of the target band by early next year. If inflation pressures ease as expected, the RBNZ will continue to lower the OCR, eventually stabilising it around 2.50% - 2.75%.



Source: Reserve Bank of New Zealand



Source: Statistics New Zealand

Investment Market

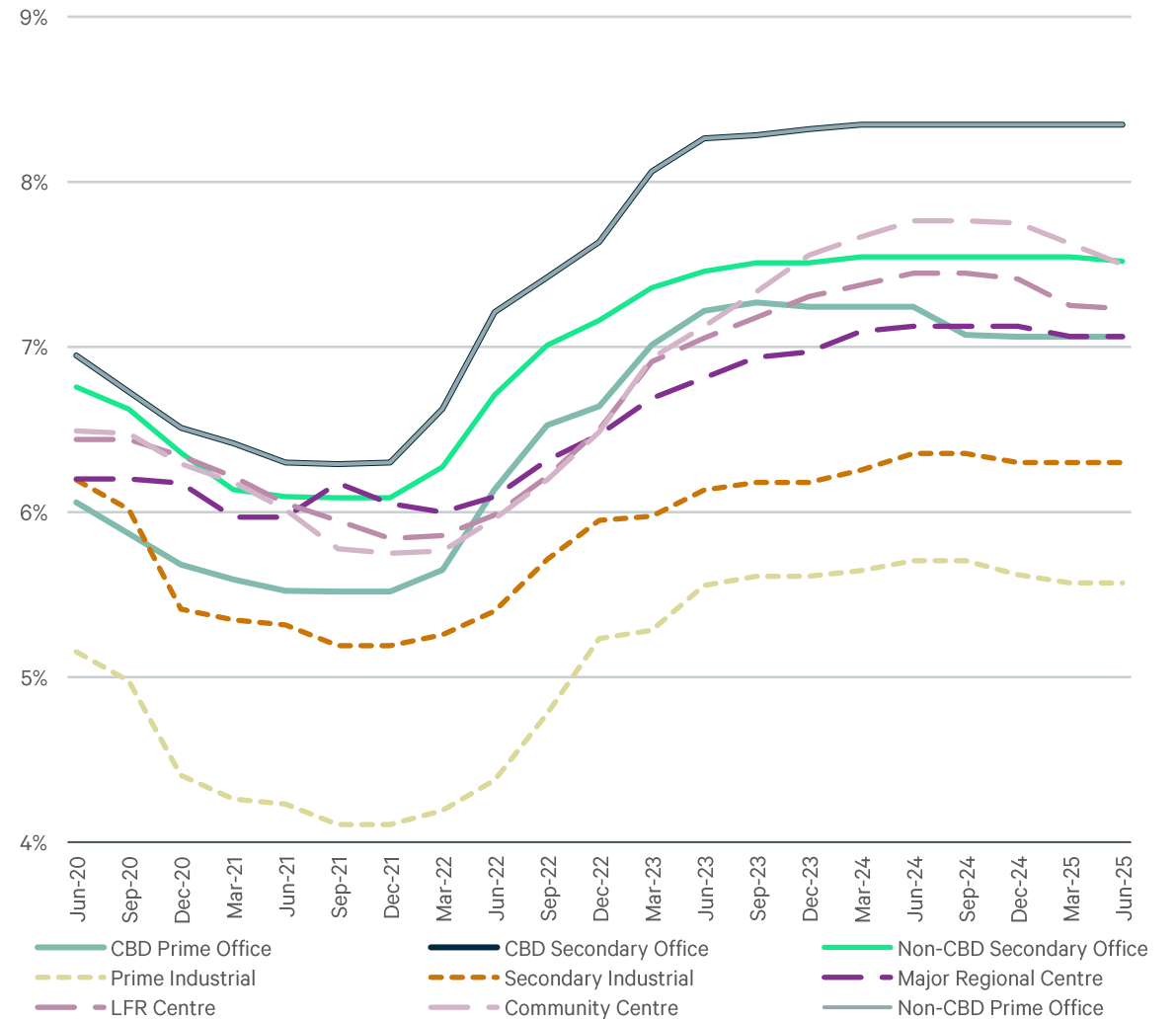
The RBNZ’s rate cutting cycle since Q3 2024 has delivered a more positive context for the investment market, and a lift in activity (both in terms of transactions and buyer and seller engagement) also provided greater pricing clarity. Reflecting these, CBRE’s assessment of market yields showed some firming taking place late last year and through Q1 this year, focused on industrial and retail centres, especially with the type of assets where local private capital is active.

As a result, Prime indicative industrial yields firmed by 14 bps and Secondary by 11 bps between September 2024 and March 2025. Retail centre yields firmed by 6 to 26 bps across the different sub-sectors. The office investment market showed less positive momentum. CBD and non-CBD office yields remained flat during the past three quarters, outside of a minor firming in the Grade A CBD sector due to building-specific operating performance improvements.

Our latest assessment of Q2 market yields indicates that the firming momentum in Q4 and Q1 has diminished, reflecting greater interest rate uncertainty and a slower than expected economic recovery. While buyers remain active, recent transaction evidence and buyer feedback on pricing indicate limited room for yields to fall further in the near term.

As a result, while in Q1 we have firmed yields across 6 property sectors (5 different retail centre typologies plus prime industrial) in Q2 yield firming was limited to 2 property sectors; community centres and LFR. Pricing for these continues to benefit from favourable investor sentiment due to resilient operating performance, and asset values that are underpinned by a relatively large underlying land component but at yields that offer a 150 bps margin to industrial.

Auckland Indicative Yields by Sector



Note: CBD Prime office and major regional shopping centre yields firmed in Q3 2024 due to some non-market or basket component changes including introducing and withdrawing a few new buildings. The market trend in Q3 was flat in these submarkets.

CBD Office Vacancy

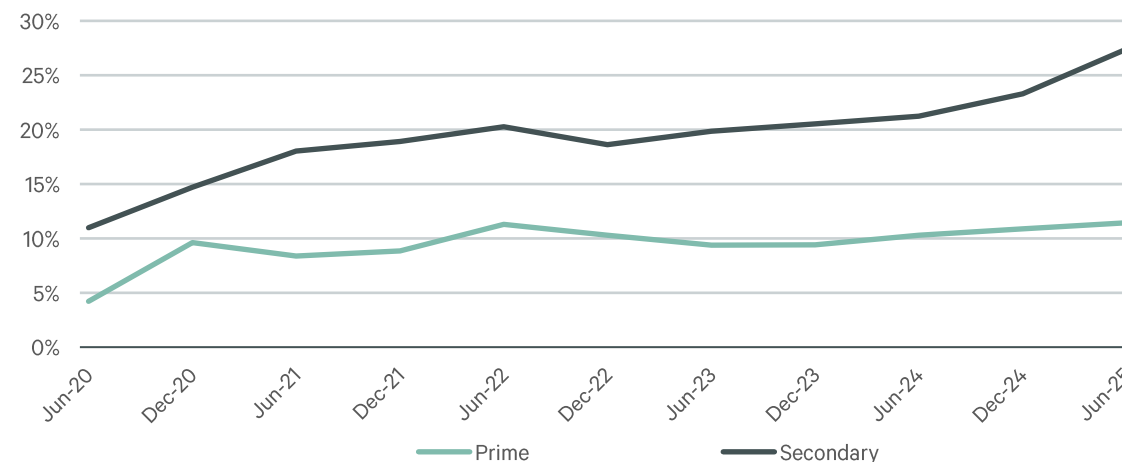
The Auckland CBD office market experienced an increase in overall vacancy, rising from 16.7% in December 2024 to 18.8% by June 2025. This upward trend reflects significant tenant movements and the introduction of new supply.

Vacancy in the Premium sector saw an increase, from 3.8% in December 2024 to 6.1% in June 2025. This rise is primarily attributed to tenant footprint contraction and the completion of new supply. Exits included FNZ Limited vacating 2,184 sqm at 50 Albert Street, and HSBC leaving 1,359 sqm in HSBC Tower. While there were some take-ups, these were insufficient to offset the increase in available space. Additionally, the new Beca House in Wynyard Quarter introduced approximately 3,800 sqm of vacancy.

A-grade vacancy decreased, moving from 16.0% in December to 15.6% in June 2025. This was driven by significant new leases and expansions. Notable take-ups include the Bank of China leasing more than 2,000 sqm at 66 Wyndham Street. Publicis Group NZ's move to Vocus (3,272 sqm) and Zuru New Zealand's expansion into 167C Victoria Street West (1,358 sqm) and 167A Victoria Street West (1,994 sqm) also absorbed considerable space.

The B-grade sector experienced a substantial rise in vacancy, from 24.1% to 30.1%. This was largely due to major tenant relocations and the re-positioning of assets. Beca's departure from 21 Pitt Street introduced approximately 13,000 sqm of vacancy, and NZ Customs Service vacated around 5,800 sqm at 50 Anzac Avenue. The re-grading of Formerly West also contributed to B-grade vacancy. Despite new leases such as Dual NZ taking 824 sqm at 34 Shortland Street and New Zealand Skills and Education College leasing over 1,400 sqm at 99 Albert Street, the sheer volume of space returned to the market by large occupiers led to a net increase in available space.

Auckland CBD Office Vacancy



Auckland CBD Office Vacancy Change by Grade

		PREMIUM	GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
Vacancy at Jun-25	%	6.1%	15.6%	30.1%	22.3%	33.4%	18.8%
	sqm	20,996	70,254	104,862	59,359	23,630	279,102
Vacancy at Dec-24	%	3.8%	16.0%	24.1%	19.9%	32.2%	16.7%
	sqm	12,409	72,135	84,250	53,294	22,806	244,895

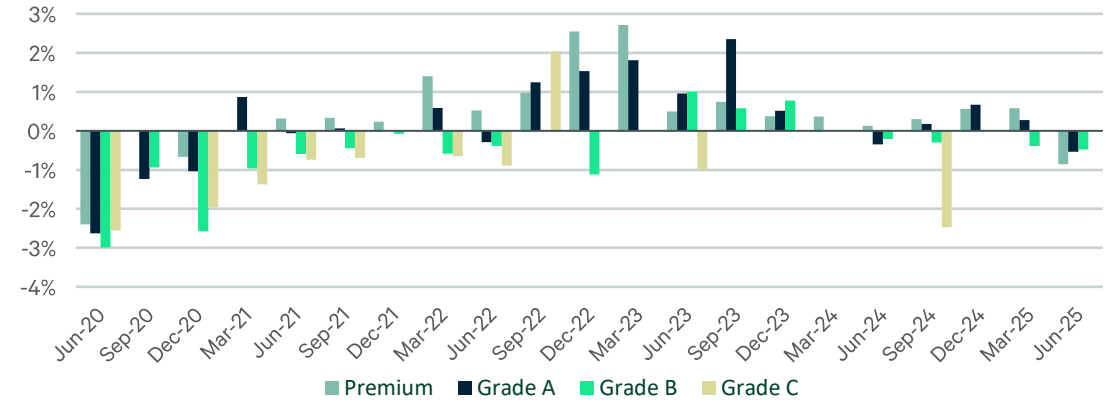
CBD Office Rents

The Auckland CBD office market experienced a modest softening in Net Effective Rents across most grades during Q2 2025. Prime rents, encompassing Premium and A-grade assets, recorded a slight decline of 0.7%.

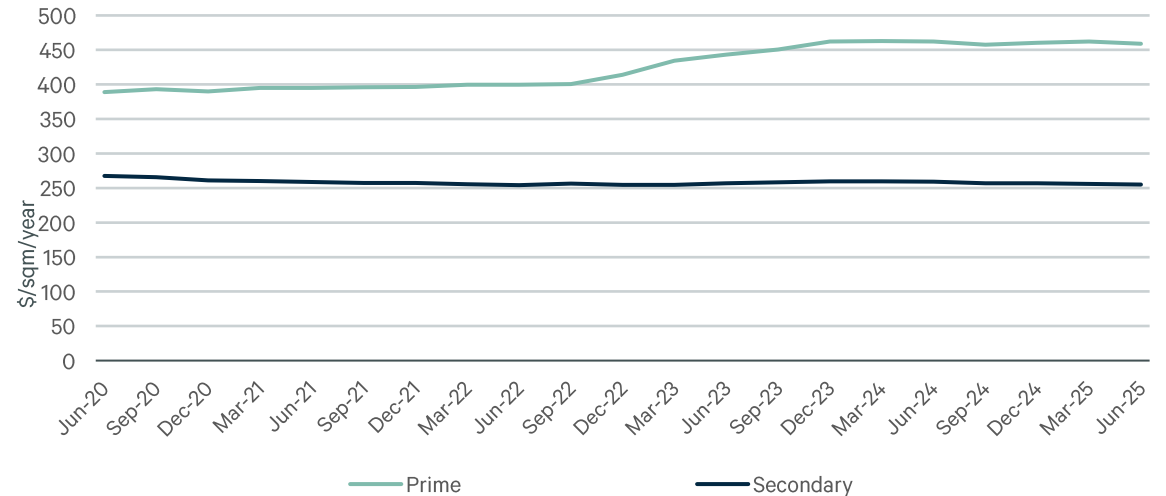
The leasing market is competitive, with some landlords adjusting rental expectations or offering slightly more attractive terms to secure tenants. This marginal decline is primarily attributed to specific buildings. The broader Prime market, however, remained relatively stable, with many assets showing no change. This indicates a continued 'flight to quality' trend, where tenants are discerning, leading to pressure on some assets that may not perfectly align with current occupier demand and/or lack effective proactive management and leasing strategies.

The C-grade rental market remained stable. This segment likely maintains its rental levels due to already low-price points and a tenant base with specific budget constraints, making it less susceptible to fluctuations seen in higher grades.

Auckland CBD Net Effective Office Rents by Grade – Quarterly Change



Auckland CBD Net Effective Office Rents



CBD Office Market Outlook

Vacancy

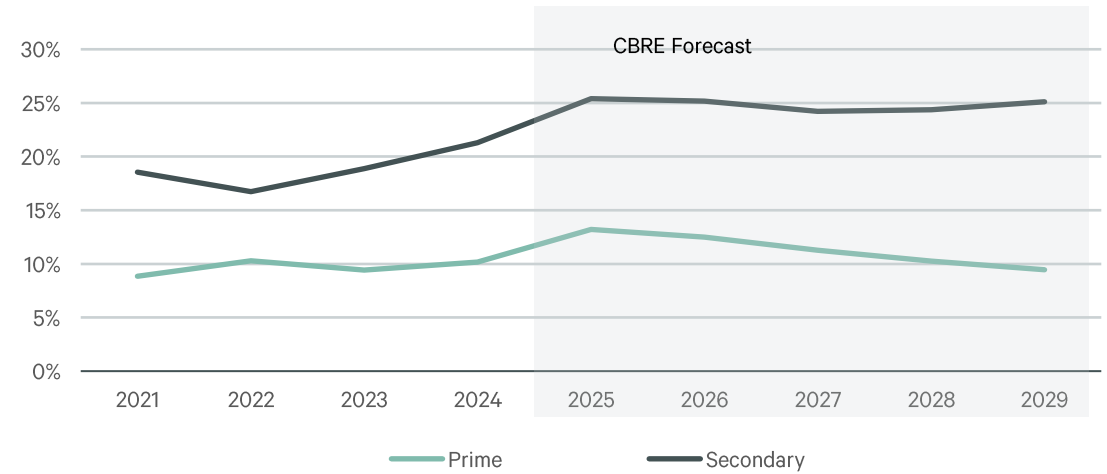
In addition to the realisation of last year’s absorption losses, the weaker than expected economic fundamentals imply negative absorption in 2025, followed by a weaker recovery in 2026 that will strengthen into 2027-2028. More positive economic and labour market conditions, combined with more focused occupier approaches to offices, with organisations emphasising employee presence in the office, will drive this recovery.

In 2025, vacancy is impacted not only by contracting demand but also by the biggest supply pipeline in 15 years. In 2024, vacancy reached a 20-year high of 15.9% and is set to rise even further in 2025. The 2025 vacancy peak and subsequent reduction vary by scenario. With new supply relatively certain, the biggest drivers of the scenario variations are the amount of secondary space that will be withdrawn, and the extent to which net absorption recovers in 2026 and beyond

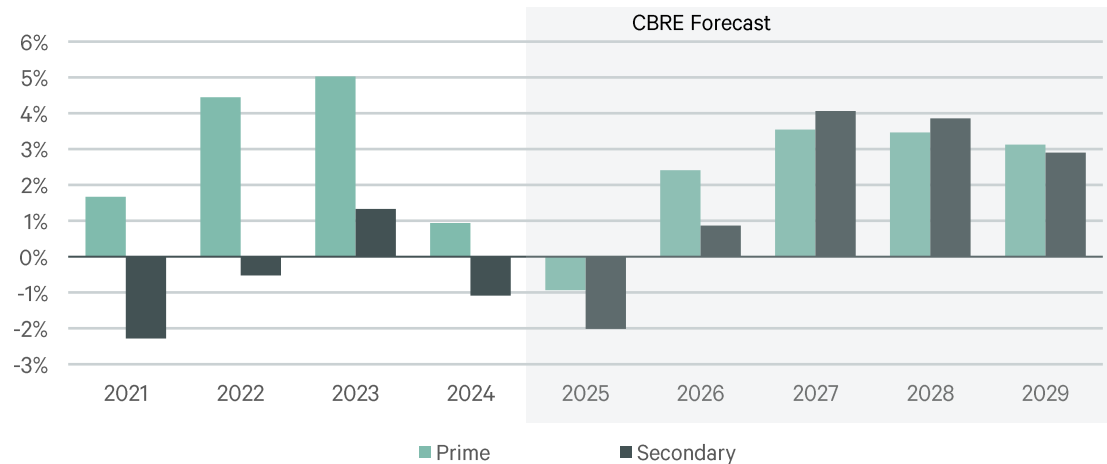
Rent

We think that face rents will remain largely stable and incentives will increase to a greater extent this year than last, driving net effective rents to fall in our base scenario. As space market conditions improve beyond 2026, incentives could be withdrawn quite rapidly which will result in effective rents bouncing back more strongly in 2027-2028.

CBD Office Actual and Forecast Vacancy



CBD Office Actual and Forecast Annual Net Effective Rental Change



Note: CBD Prime is Premium and Grade A and Secondary is Grade B

Non-CBD Office Vacancy

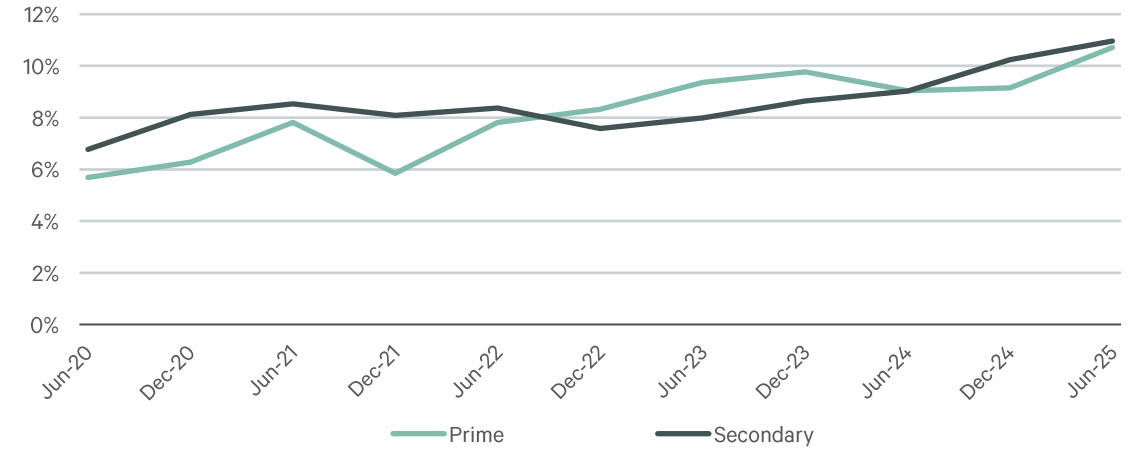
The non-CBD Auckland office market experienced an increase in overall vacancy, rising from 10% (170,033 sqm) in December 2024 to 10.9% (185,037 sqm) by June 2025. This upward trend was predominantly driven by the A and B Grade segments, while Grade D saw a slight reduction in vacancy.

There was some positive absorption, such as in Eden Terrace where APEX Advice took up 930 sqm, and FujiFilm took up 2,300 sqm. In Takapuna at 1-7 The Strand (1,069 sqm) take-ups by Devere New Zealand and Engeo also had a positive impact. This was insufficient to offset the larger new vacancies and persistent existing vacancies in buildings like 55 Corinthian Drive (1,179 sqm) and Munroe Lane (over 7,000 sqm) in Albany, and Lion’s former space (2,100 sqm) in the GHD Centre in College Hill.

Grade A vacancy increased from 9.1% to 10.7%. Zuru left ~2,800 sqm in the GHD Centre in College Hill. Another ~2,800 sqm of vacancy resulted from WDHB and Xplor both leaving 5 The Warehouse Way in North Shore, WDHB returned to their refurbished Taharoto Road space, Xplor closed their NZ office.

In Grade B, 4,000 sqm previously occupied by Network 4 Learning in Parnell returned to the market. In Greenlane over 2,500 sqm of new vacancy came about due to KiwiRail looking to sublease a floor (1,200 sqm) and Beko’s former space (1,350 sqm).

Auckland Non-CBD Office Vacancy Change by Grade



Auckland Non-CBD Office Vacancy

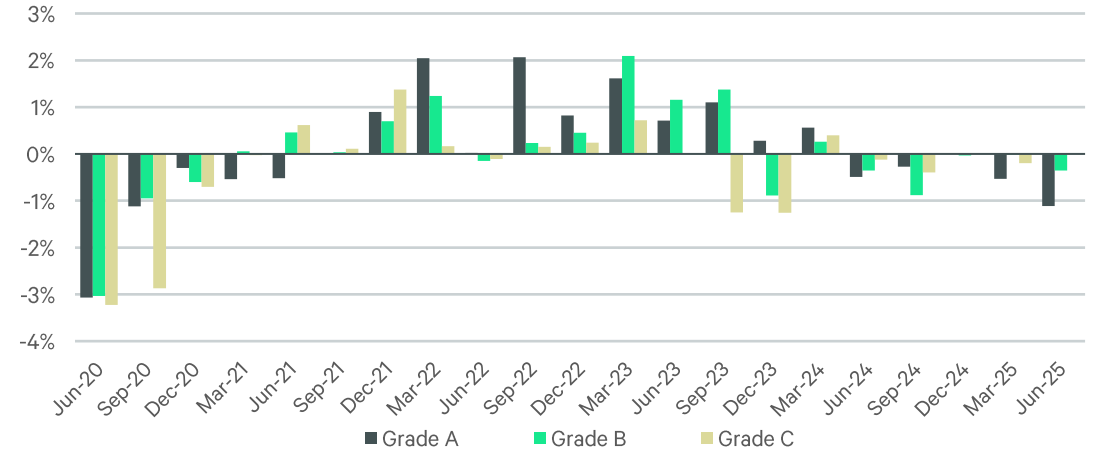
		GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
Vacancy at Jun-25	%	10.7%	12.9%	9.8%	9.3%	10.9%
	sqm	39,321	67,845	63,915	13,956	185,037
Vacancy at Dec-24	%	9.1%	11.7%	9.3%	9.4%	10.0%
	sqm	33,584	61,420	60,723	14,307	170,033

Non-CBD Office Rents

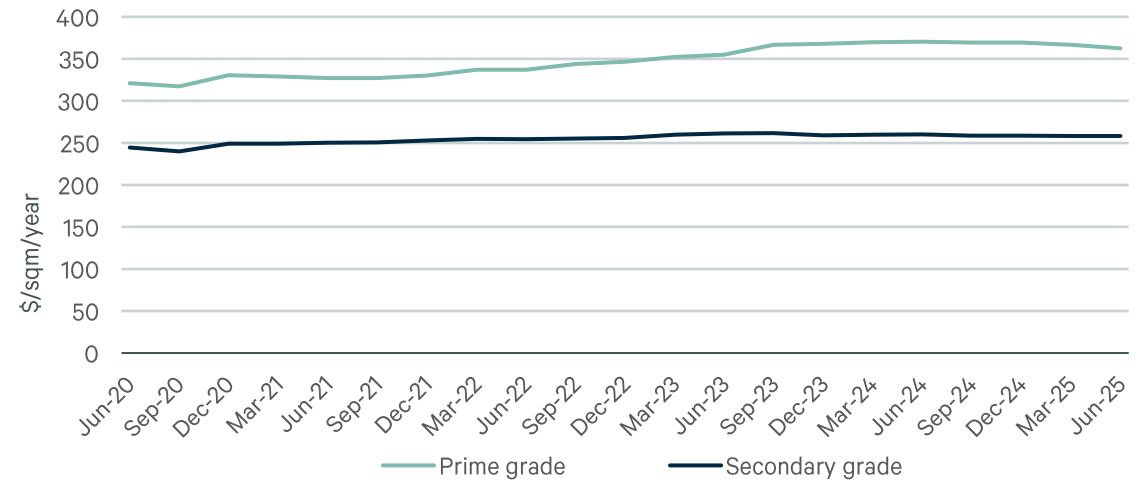
The Non-CBD Auckland office market experienced a slight decline in overall Net Effective Rent during Q2 2025. The aggregate NER for Prime (A Grade) properties decreased by 1.1%, moving from \$367/sqm/year in Q1 to \$363/sqm/year in Q2. Secondary grade properties saw a marginal decline of 0.4%, settling at \$262/sqm/year in Q2 from \$263/sqm/year in Q1.

The observed decrease in Prime NER is attributable to adjustments across the market. The widespread adjustment indicates that landlords are generally recalibrating expectations and offering more competitive terms to secure occupiers.

Auckland Non-CBD Net Effective Office Rents by Grade – Quarterly Change



Auckland non-CBD Net Effective Office Rents



Non-CBD Office Market Outlook

Vacancy

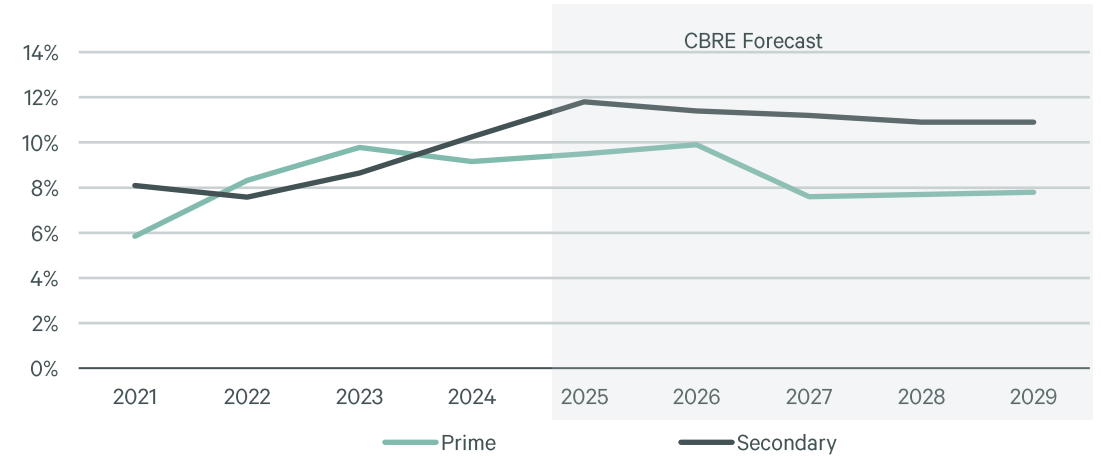
We have downgraded our 2025 net absorption forecast given weaker than anticipated economic and market conditions. Centralisation, such as One NZ's impending move from Smales Farm into the CBD, remains a concern and so does relatively weak corporate demand for satellite office space in suburban locations. We still think that larger scale corporate demand will take some years to return in strength, but stronger economic conditions should result in an overall lift in net absorption from 2027.

The vacancy outlook is relatively stable, with weak demand counterbalanced by a low supply pipeline. 2025 will be at, or close to, the cyclical vacancy peak and we expect a modest improvement by 2026 or 2027. On the other hand, we also don't see a dramatic improvement as economic conditions pick up.

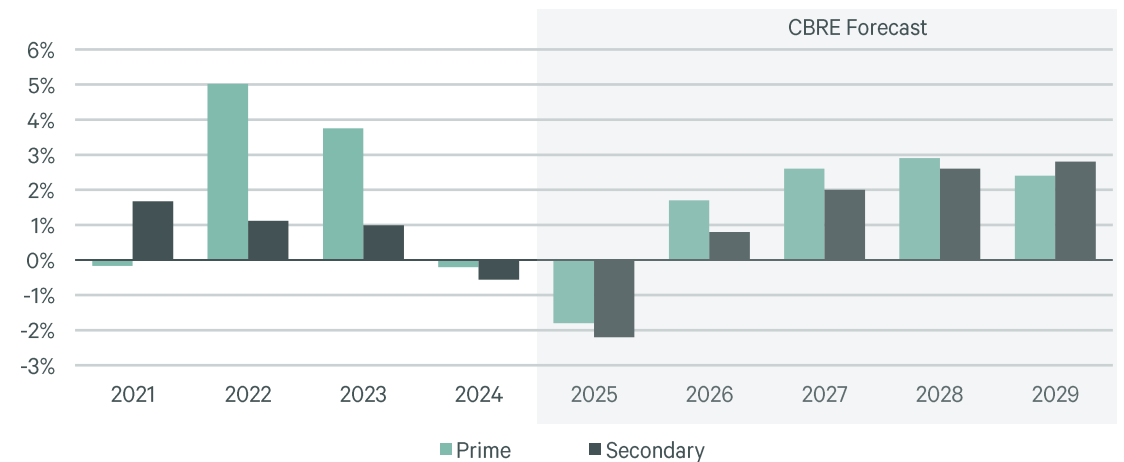
Rents

Increasing incentives will underpin falling net effective rents this year. At the same time, given that the vacancy pressure is quite localised we don't see deep market wide falls in rents as some suburban office locations will remain resilient. In the secondary market it will likely take until 2027 for rent growth to pick up stronger momentum with a more sustained improvement in demand and decline in vacancies.

Non-CBD Office Actual and Forecast Vacancy



Non-CBD Office Actual and Forecast Annual Net Effective Rental Change

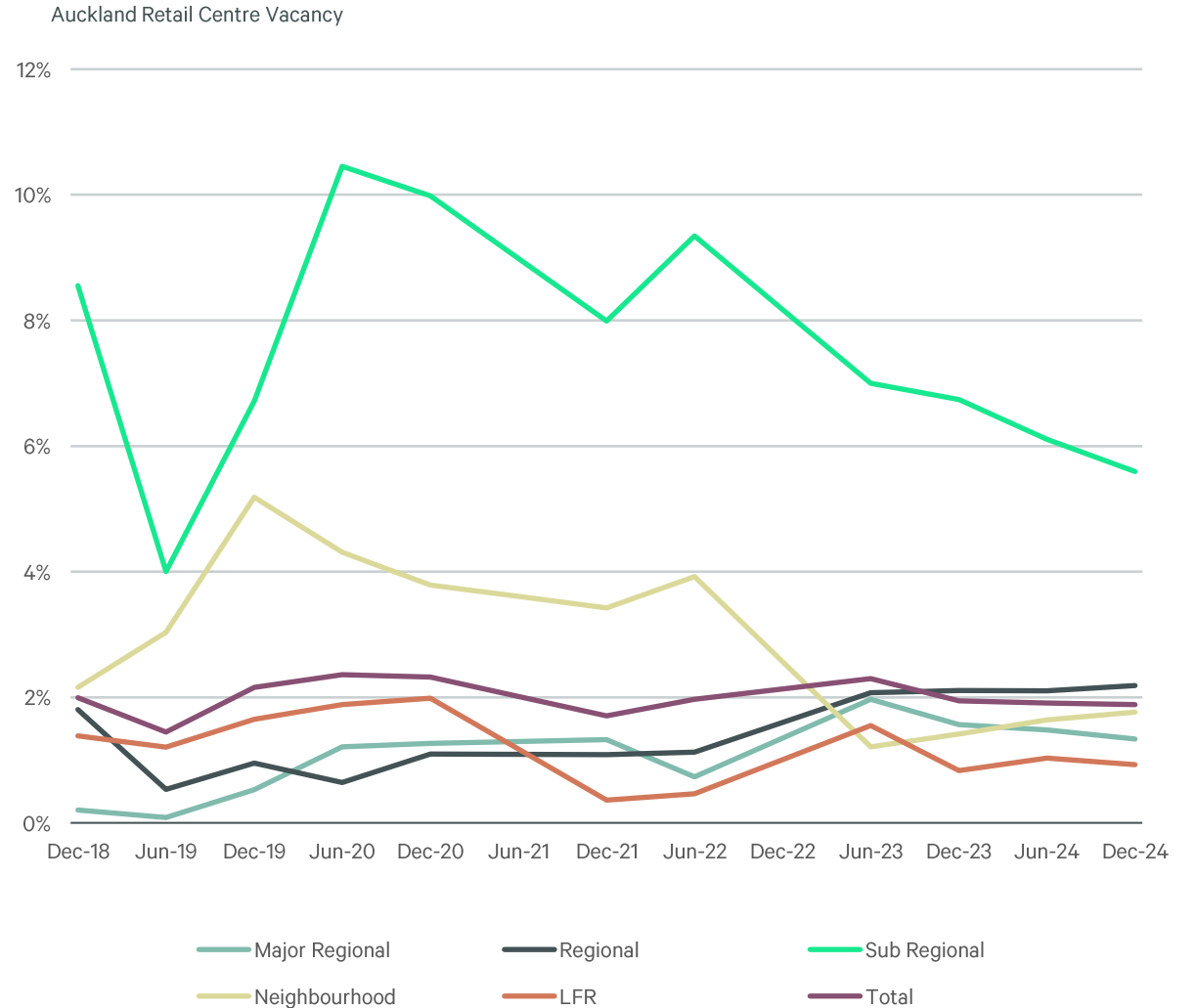


Retail Vacancy

Overall Auckland retail centre vacancy improved slightly during H2 2024 from 1.9% to 1.8% or c24,000 sqm.

Vacancy remains concentrated in a handful of locations under significant competitive pressure in the subregional centre category, reflecting the vacancy gap between high-and low-quality stock as high quality centres with strong anchors are significantly outperforming.

This is highlighted in the LFR and major regional categories not just having the lowest vacancy rates but also improving their position over the past six months. Notably however, even the worst performing sub regional category showed improving occupancy. This largely reflects the ongoing expansion of Panda Mart in Pakuranga Plaza.

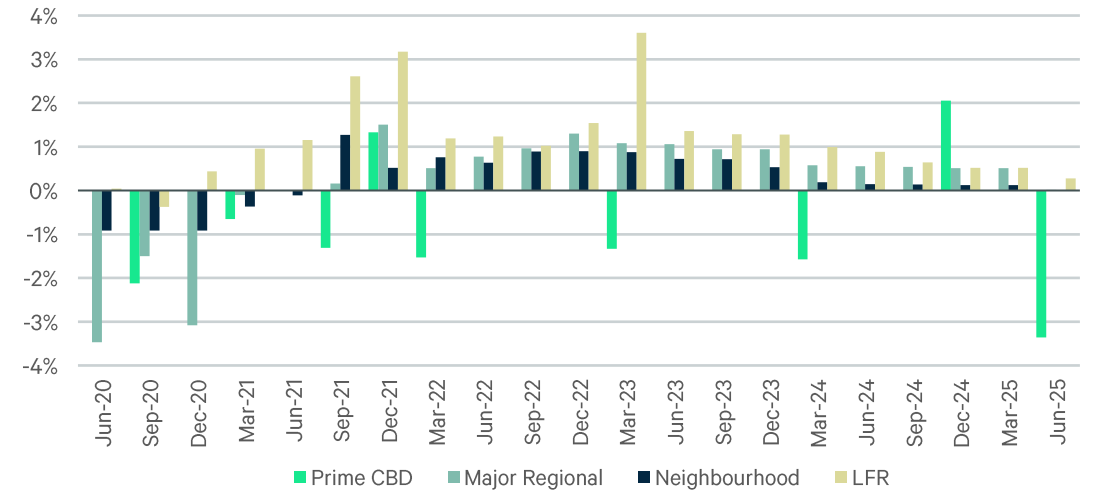


Retail Rents

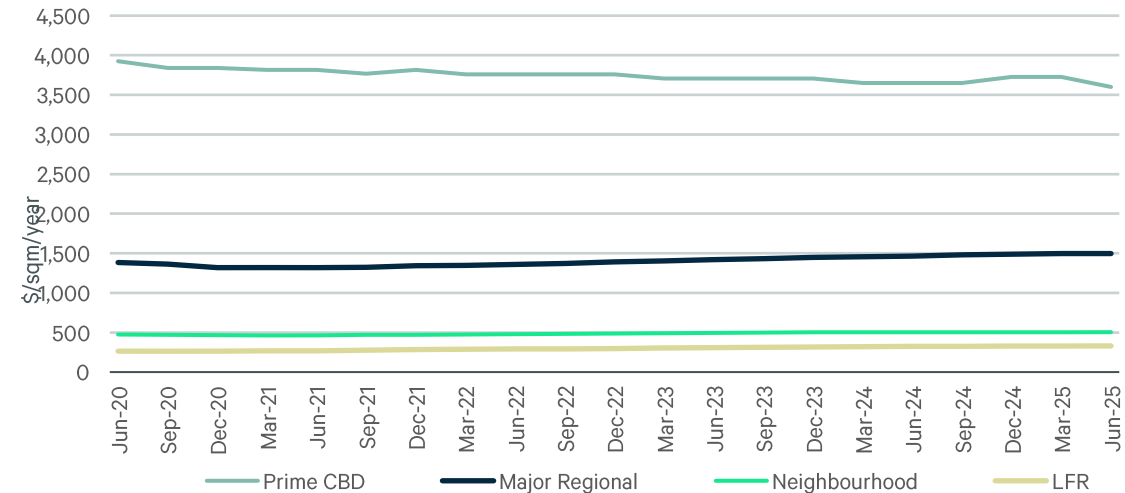
Market rents have declined in the CBD and some mid-range shopping centres, kept stable in major regional and in neighbourhood centres and increased slightly in LFR.

In the Prime CBD submarket leasing sentiment is notably stronger in the luxury precinct and upper Queen street than midtown. The view of fair market rent is resetting around Midtown, reflective of persistent high vacancy. Affordability levels are starting to pose more substantial barriers to rent growth in shopping centres. This means that while fixed CPI based rent review driven contract rent escalations generally flow through to market rents fairly directly, in the current environment this is more difficult to realise.

Auckland Retail Rents – Quarterly Change



Auckland Retail Rents



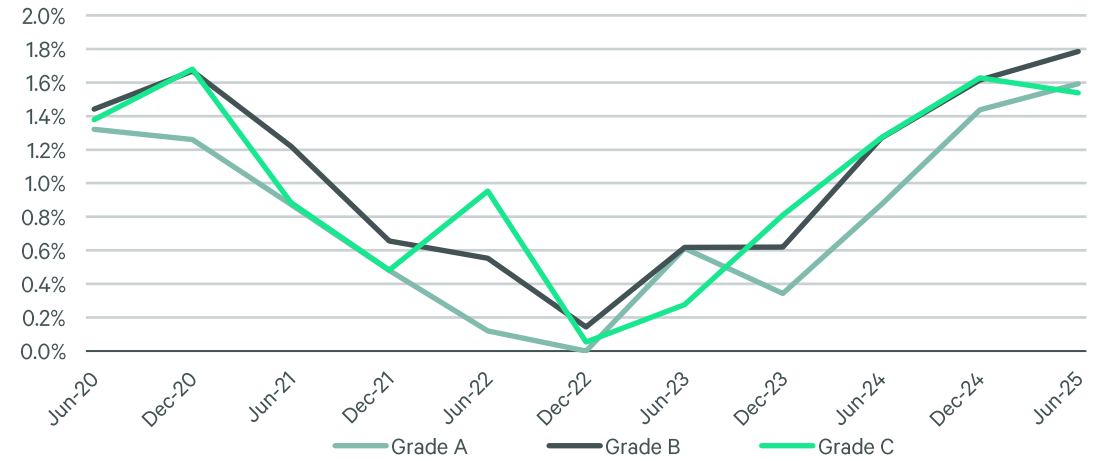
Industrial Vacancy

The Auckland industrial market experienced a slight increase in its overall vacancy rate, rising from 1.5% to 1.6% in H1 2025, representing an additional 14,779 sqm of vacant space. In the Grade A segment, notable new vacancies in H1 include a new building at 31b Bowden Road (13,000 sqm), 30 Ash Road (~12,000 sqm), and part of the new building finished in H1 at 22 Toiawaka Road (3,600 sqm). While the market did absorb some prime stock, such as two new buildings finished in 2024 at 69 McLaughlins Road, totalling over 10,000 sqm, the influx of these newly listed large-scale vacant properties has outpaced immediate absorption.

The B grade segment demonstrated robust absorption, with numerous significant take-ups indicating strong demand for well-located, quality mid-tier industrial assets. Key moves include Netlogix (10,700 sqm) securing space at 86B Plunket Avenue; Portacom Building Solutions (7,065 sqm) at 212 Cavendish Drive, and Super Steel (3,260 sqm) at 82 The Concourse. This strong activity suggests that businesses are actively seeking and securing functional spaces, leading to a tightening in the available B-grade stock.

Vacancy in Grade C decreased slightly. This was primarily attributable to short-term leases signed by tenants for several large Grade C buildings, such as VISY leasing 510 Mt Wellington and Pacificomm 3PL leasing 37 Carbine Road.

Auckland Industrial Vacancy



Auckland Industrial Vacancy Change by Grade

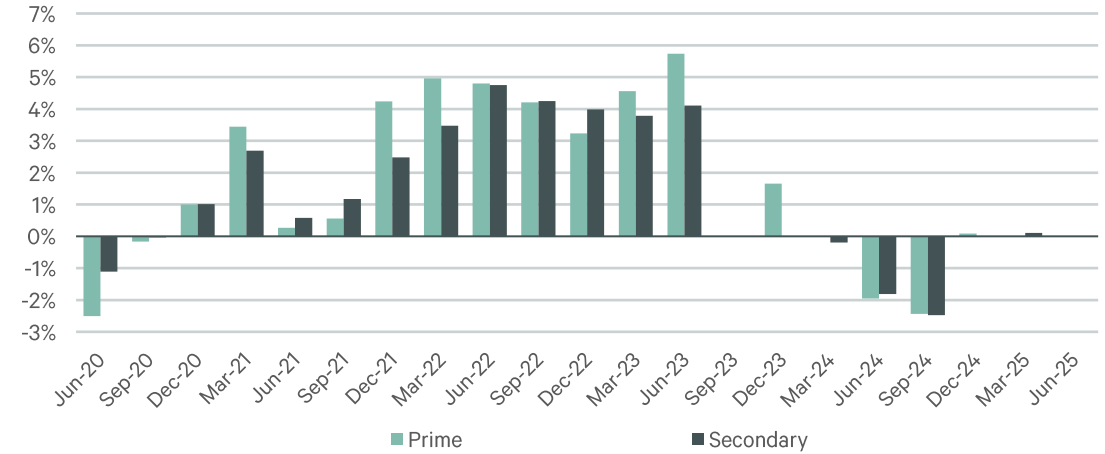
		GRADE A	GRADE B	GRADE C/D	TOTAL
Vacancy at Jun-25	%	1.6%	1.8%	1.5%	1.6%
	sqm	107,446	70,570	53,749	231,765
Vacancy at Dec-24	%	1.4%	1.6%	1.6%	1.5%
	sqm	95,582	64,332	57,072	216,986

Industrial Rents

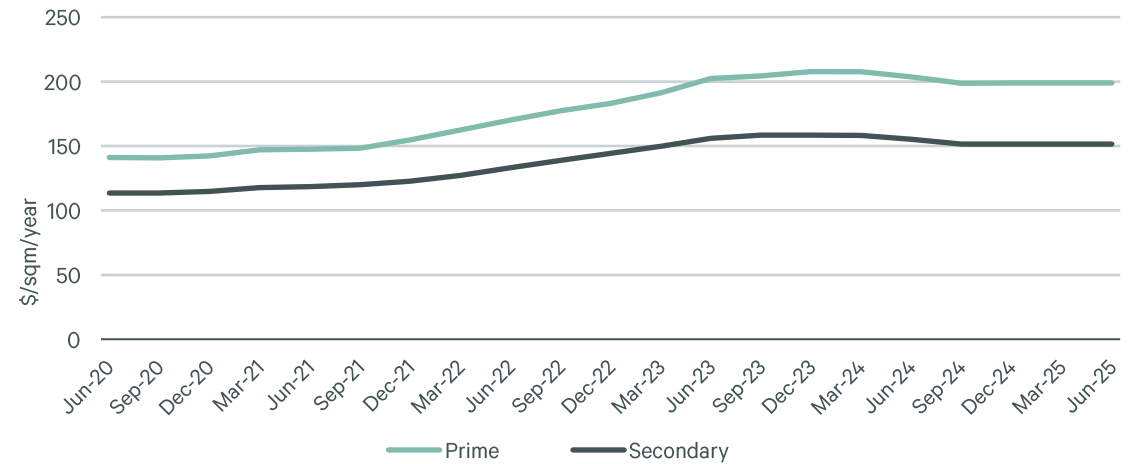
In Q1 there were indicators of an improving industrial leasing market and B grade rents were adjusted slightly upward. In Q2 leasing brokers continue to report that occupiers are getting more active in assessing space options and making leasing decisions. But occupiers also have high expectations of “deals”. As such we kept rents stable across all industrial quality grades.

The overall Prime net effective average industrial rent held at \$199/sqm. Precincts such as East Tamaki, Wiri, Mt Wellington and Penrose continue to command the highest net effective rents within the Prime segment. The aggregated Secondary average remained at \$152/sqm.

Combined (office and warehouse) Net Effective Industrial Rents



Auckland Industrial Net Effective Rents – Quarterly Change



Industrial Market Outlook

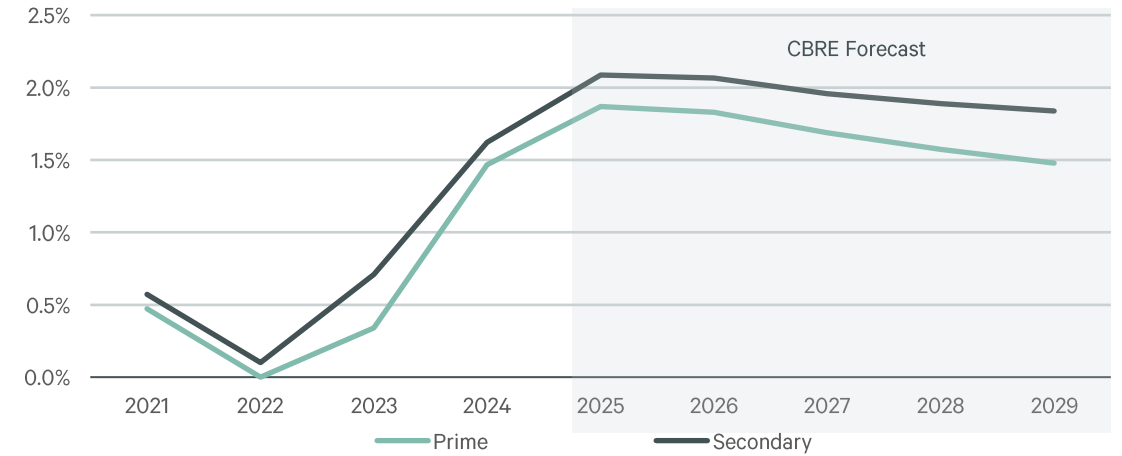
Vacancy

Based on the under-construction pipeline, we expect circa 203,000 sqm to be completed by the end of this year, with around 180,000 sqm of net supply. Given the macroeconomy and the industrial market cycle, net absorption will lag supply in 2025. We expect that from 2026 onwards, net absorption will be close to or slightly higher than the net annual supply, which means vacancy will gradually decrease from 2026. Our latest vacancy rate outlook for 2025 is 2.0%, lower than 2.2% in our previous forecast. Some well-capitalised developers remain confident in market fundamentals and feel comfortable developing ahead of the broader market, believing that their projects will be completed in time to capitalise on rising demand and falling vacancies. As such, although the spec building pipeline will not result in a jump in vacancies in the next few years, vacancies will decrease only gradually, and we do not expect the vacancy rate to fall below 1% in any scenario.

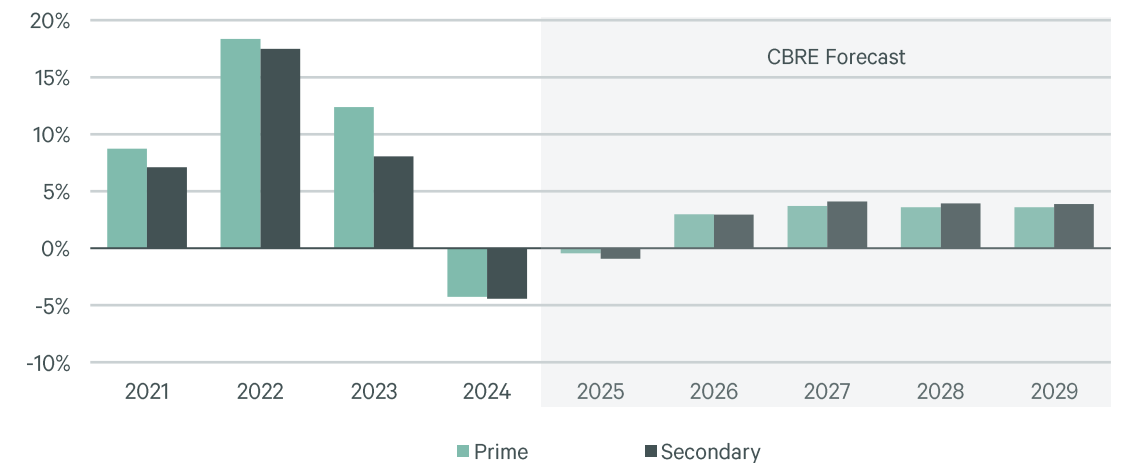
Rents

We expect little change to market rents this year. This has already been the prevailing dynamic in H1 following increasing incentives during 2024 and this steady trend is likely to prevail through H2. Looking ahead to 2026 and beyond, rents will recover to the 3-4% growth level. But given that vacancy rates will not decrease as significantly, our outlook does not have any scenarios showing the much more substantial increase that the market experienced between 2021 and 2023.

Auckland Industrial Actual and Forecast Vacancy



Auckland Industrial Actual and Forecast Annual Net Effective Rental Change



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. As of Q4 2024 Auckland CBD stock, each Grade includes some of each the building typology – Tower/Standard, Campus, and Character.

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. As of Q4 2024 Auckland CBD each Grade’s “basket of buildings” includes examples of each building typology.

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