

Auckland New Development Pipeline

May 2025

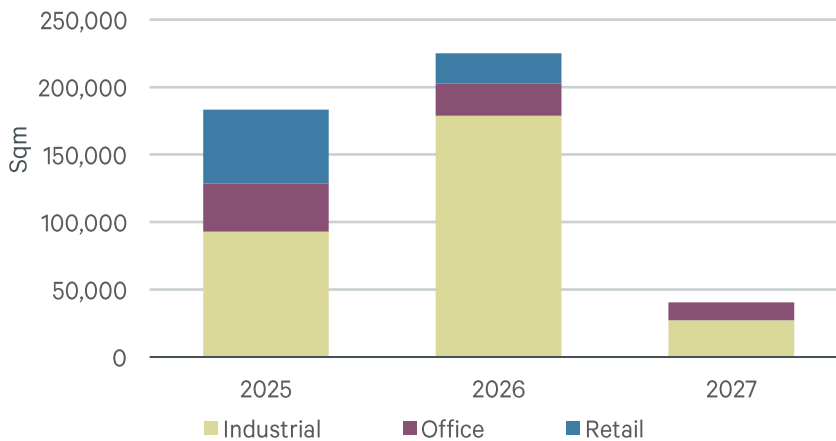
- The active development pipeline (projects where physical work has commenced or is considered imminent) across the office, retail and industrial sectors currently comprises 43 projects. The industrial market dominates, with 28 projects in the active pipeline, followed by the office market with 10 projects. Retail has five active projects.
- Wiri, Penrose and Drury are the top three most active precincts for industrial development. Five new speculative warehouses, around 65,000 sqm are being built on Puhinui Road by James Kirkpatrick Group, which is the biggest new project in Auckland. Penrose has the second biggest active pipeline including both owner-occupied redevelopments and speculative developments. In Drury, a Briscoes' new distribution centre and NZ Safety Blackwoods' new warehouse by Calder Stewart commenced the construction work while Cardinal Logistics is completing the new warehouse's fitout work.
- Pumanawa Downtown West's office component is now expected to be 62,500 sqm, larger than any single office building currently operational in New Zealand.
- Westgate precinct has the largest active retail development pipeline in Auckland, at ~42,000 sqm. The IKEA store in Mt Wellington is the largest individual project at ~34,000 sqm under construction.

FIGURE 1: Auckland New Active Supply Pipeline by Development Stage



Source: CBRE Research

FIGURE 2: Auckland New Active Supply Pipeline by Completion Year (exc. projects already completed in 2025)



Source: CBRE Research

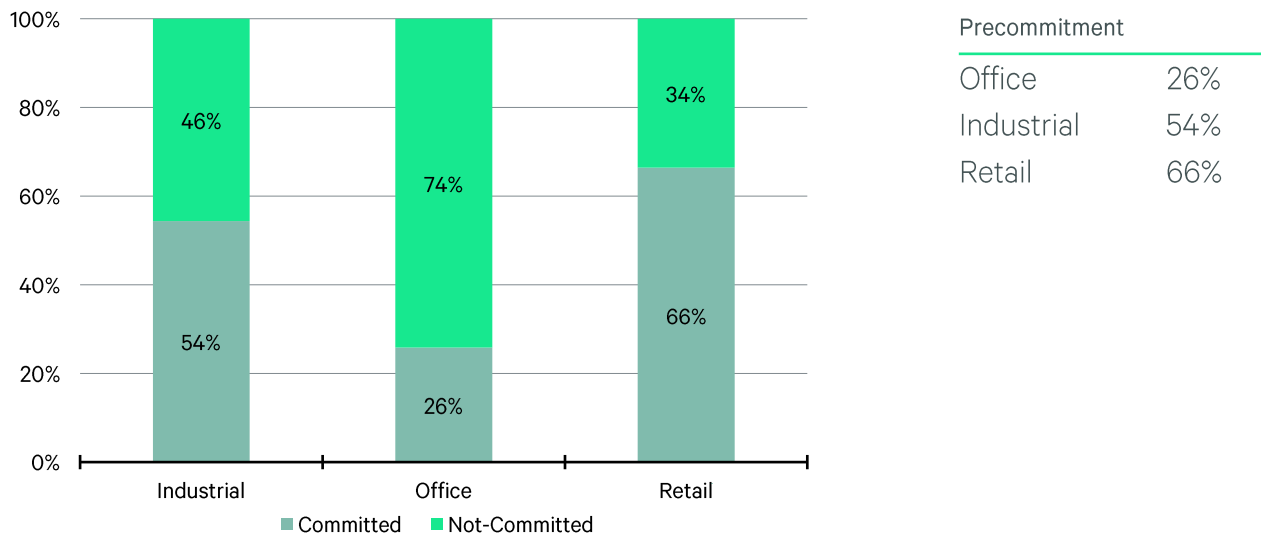
industrial new development volumes are declining compared to the last five years. In 2024, around 320,000 sqm of new stock was completed, while this year, we expect to see no more than 200,000 sqm of new stock (c107,000 sqm completed already and c90,000sqm under construction and due for completion this year) , which would be the lowest level since 2014. New stock completions in 2026 will also likely be close to this year's.

It's noteworthy that while overall industrial development volumes are down, the speculative, non precommitted, component is trending up. In November 2024, over 80% of the active industrial stock was pre-leased, compared to 54% currently. There are developers undertaking, or looking to undertake, speculative buildings, some of which is of a significant scale. This approach seems to be driven by three factors. One, it indicates a belief that demand will increase, and their spec buildings will lease up during the construction period soon after. Two, this confidence is underpinned by the low vacancy rate which, although increased in the past two years, remains below 2%. Three, the substantial (in a range of 15%-30% according to feedback from various developers) fall in construction costs since 2023 is seen as a window of opportunity for cost effective development.

H1 2025 has been quiet for office precommitment, echoing the broader office market sentiment, with generally slower demand due to both economic and geopolitical uncertainty. Currently only 26% of space in the active office pipeline has precommitment, acting as a handbrake on further development proposals in the planning stages reaching the active phase. In the current environment, most office developers won't commit to a project unless they secure a reasonably sized prior commitment. The knock-on effect is delaying projects currently in the planning phases.

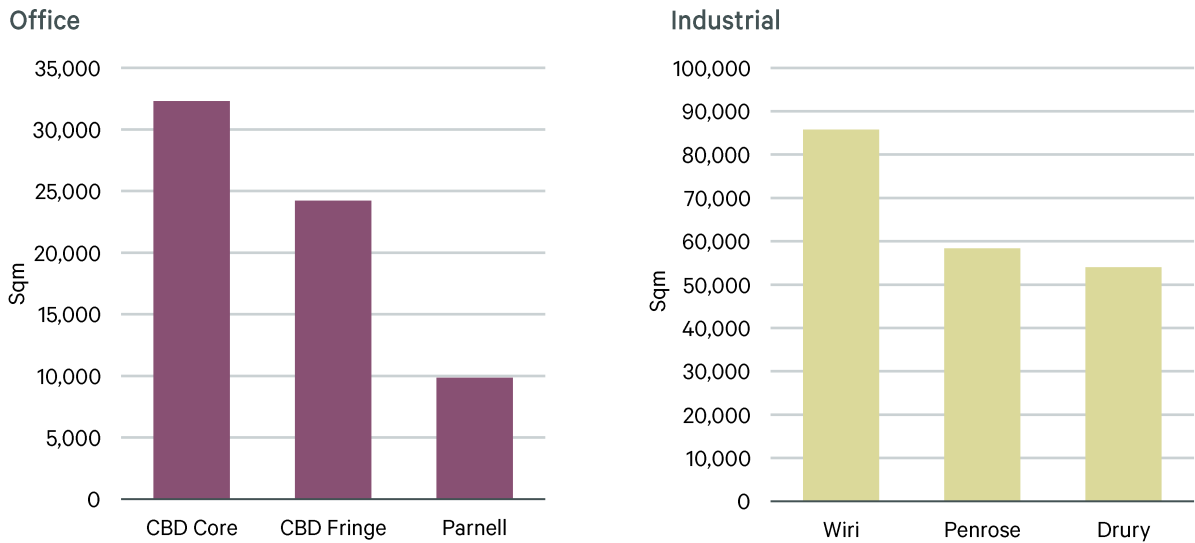
Pūmanawa Downtown West, Precinct Property's planned redevelopment of the Downtown Car Park is arguably the most significant office project the country has seen with its office element growing to 65,200 sqm. This scale of development takes time, and completion is likely to be around 2032.

FIGURE 3: Auckland New Active Supply Pipeline Precommitment



Source: CBRE Research

FIGURE 4: Top 3 Locations for Active Supply Pipeline



Source: CBRE Research

In the meantime, there are multiple opportunities for developers of comparatively smaller projects to absorb occupiers looking to shift within the next 4-5 years, providing future occupiers put ink to paper and precommit to their next Prime grade space. At present there are over 101,000 sqm of office projects in the CBD in Planned Pre Building Consent stage, indicating well positioned developers are prepared for a sea-change in economic conditions.

The retail development pipeline remains robust with plenty of activity in Westgate and by both major supermarket chains across diverse locations from Takapuna to Onehunga to Te Atatu. IKEA is expected to complete this year bringing meatballs and affordable homewares (hopefully) by Christmas.

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