

FIGURES | ROTORUA | JUNE 2024

Commercial office

The overall vacancy level for prime office space remains low with unsatisfied demand. Demand for secondary and poor-quality space is limited. There is limited developer interest or activity at present. Yield levels have softened in the last two years with the gap between vendor and purchaser expectations causing more sale listings to sit for longer periods.

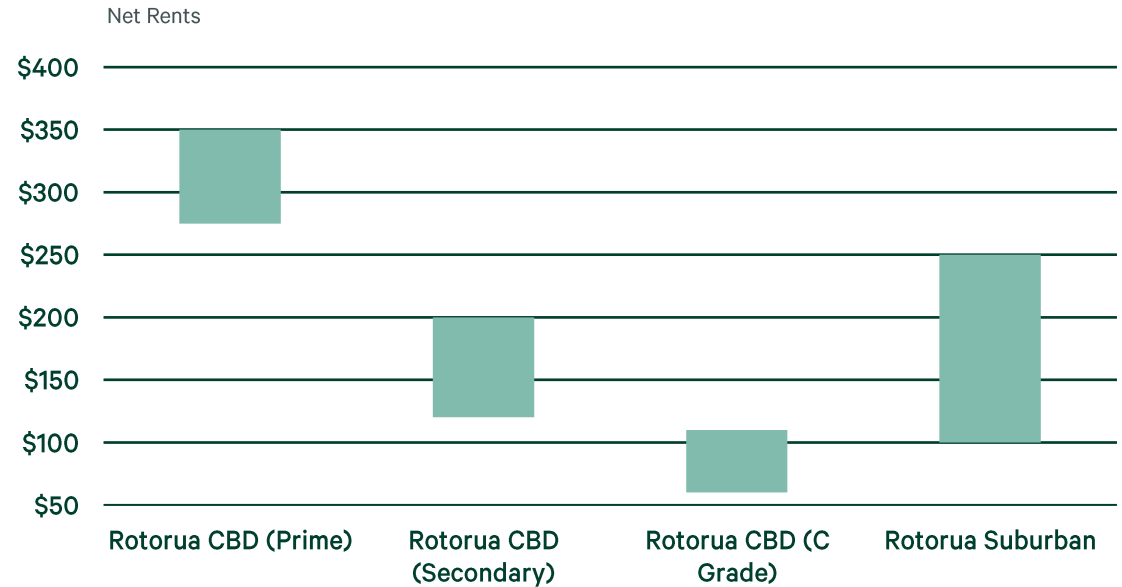
NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
CBD (Prime)	▲ Improving	Limited
CBD (Secondary)	▶ Static	Over supplied
CBD (C Grade)	▼ Weakening	Over supplied
Suburban	▶ Static	Limited



INVESTOR MARKET

	Market direction	Demand
CBD (Prime)	▼ Weakening	Average
CBD (Secondary)	▼ Weakening	Weak
CBD (C Grade)	▼ Weakening	Weak
Suburban	▼ Weakening	Average

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Industrial

A limited supply of vacant land close to the CBD underpins a relatively robust industrial market. A shortage of available space to lease with an overall vacancy level at 3.1% is keeping rent levels firm. Even with reduced market confidence in 2022, 2023 and 2024, rents across all industrial property types are showing modest increases. The sales market is showing a softening of yields, with investor interest in particular falling away.

NET YIELDS

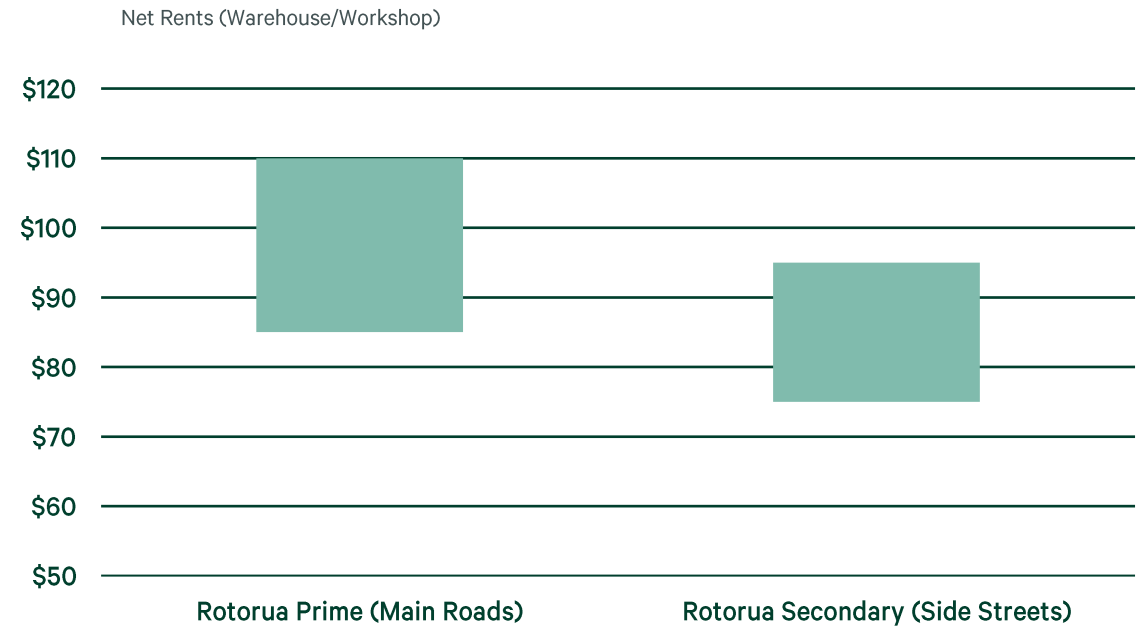
▶ **6.0-7.0%**
Prime (Main Roads)

▶ **6.5-8.0%**
Secondary (Side Streets)

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Prime (Main Roads)	▲ Improving	Limited
Secondary (Side Streets)	▲ Improving	Limited



INVESTOR MARKET

	Market direction	Demand
Prime (Main Roads)	▼ Weakening	Strong
Secondary (Side Streets)	▼ Weakening	Strong

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Retail

The retail leasing market in Rotorua remains soft with a general oversupply although CBD vacancy rates have remained static over the past two years. There has been considerable site swapping as tenants try to reduce their cost structures or move to better sites on improved rental terms. The investment market is generally quiet with limited enquiry although there are very few properties on the market. Yields are softening especially for second tier properties where there is uncertainty around tenants, vacancies and/or seismic issues.

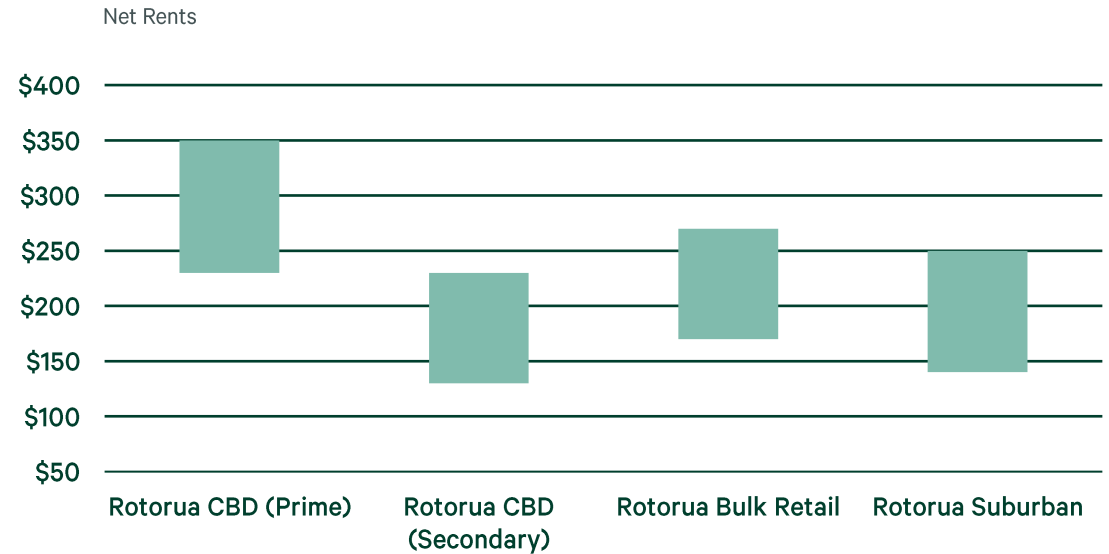
NET YIELDS



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OCCUPIER MARKET

	Market direction	Supply
CBD (Prime)	▼ Weakening	Moderate
CBD (Secondary)	▼ Weakening	Over supplied
Bulk Retail	No trend apparent	Moderate
Suburban	▶ Static	Limited



INVESTOR MARKET

	Market direction	Demand
CBD (Prime)	▼ Weakening	Average
CBD (Secondary)	▼ Weakening	Weak
Bulk Retail	▼ Weakening	Strong
Suburban	▼ Weakening	Average