

Commercial office

Napier

The Napier commercial office market remains robust, with good demand for Grade A and B space and record low vacancy rates across all building types. We have seen strong rental growth over the past two years and very good occupation of a large office building (over 8,000 sqm) that has been redeveloped, although this has created some vacancies which may put pressure on rents. Demand remains soft for investment properties.

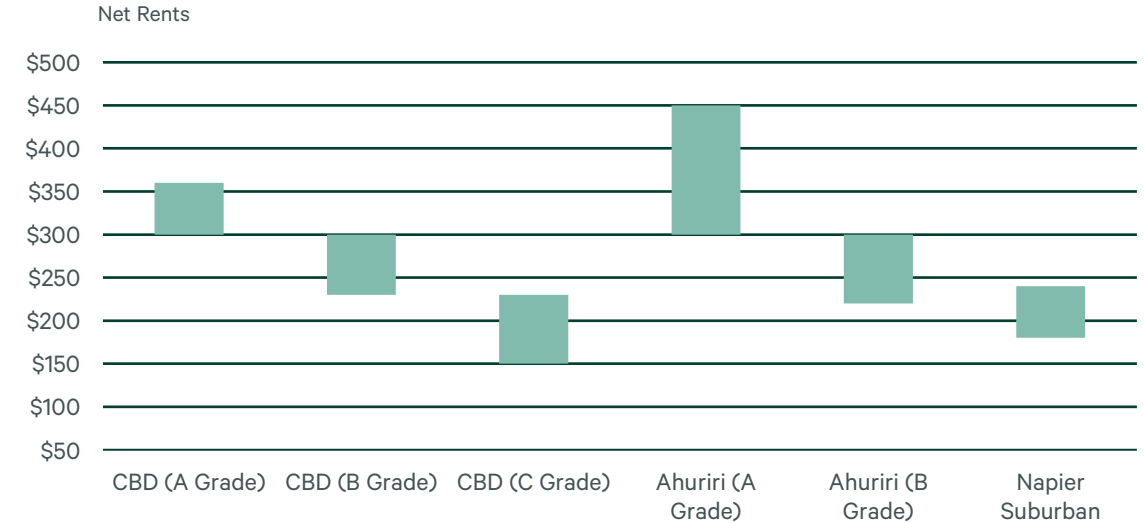
NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
CBD (A Grade)	▲ Improving	Very limited
CBD (B Grade)	▶ Static	Moderate
CBD (C Grade)	▼ Weakening	Moderate
Ahuriri (A Grade)	▲ Improving	Limited
Ahuriri (B Grade)	▶ Static	Limited
Napier Suburban	▶ Static	Limited



INVESTOR MARKET

	Market direction	Demand
CBD (A Grade)	▶ Static	Average
CBD (B Grade)	▶ Static	Average
CBD (C Grade)	▶ Static	Weak
Ahuriri (A Grade)	▶ Static	Average
Ahuriri (B Grade)	▶ Static	Average
Napier Suburban	▶ Static	Average

Retail

Napier

Vacancy rates in Napier CBD's prime retail areas continue to be relatively low, and there is moderate tenant demand, despite a recent increase in vacancy. Rental growth for high-quality, well-positioned tenancies has been limited. Additionally, investment demand is lower compared to the office and industrial sectors.

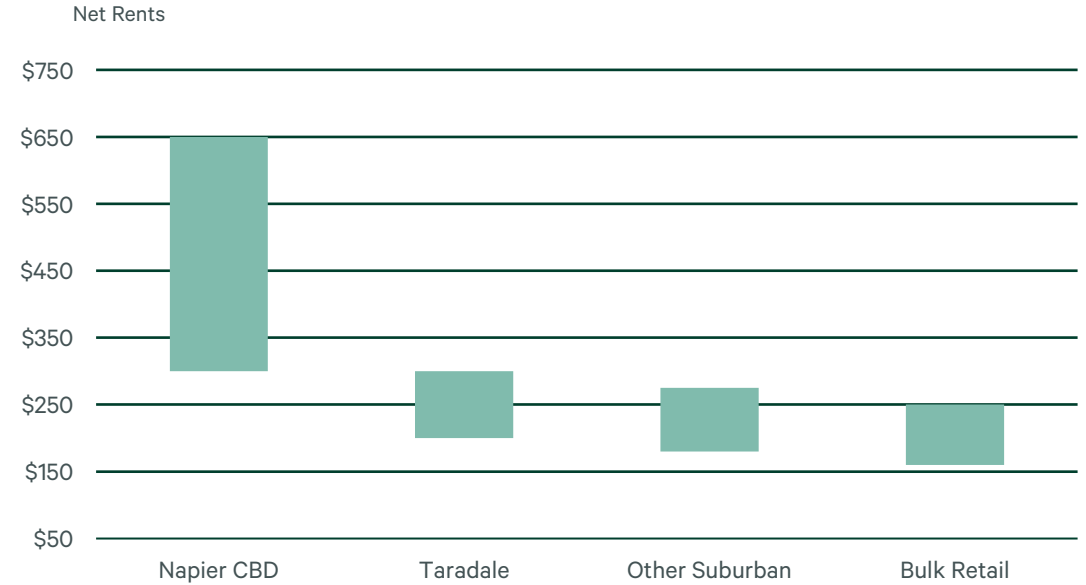
NET YIELDS



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OCCUPIER MARKET

	Market direction	Supply
Napier CBD	▶ Static	Limited
Taradale	▶ Static	Moderate
Other Suburban	▶ Static	Moderate
Bulk Retail	▶ Static	Limited



INVESTOR MARKET

	Market direction	Demand
Napier CBD	▶ Static	Average
Taradale	▶ Static	Average
Other Suburban	▶ Static	Average
Bulk Retail	▶ Static	Average

Commercial office

Hastings

The commercial office market in Hastings remains stable, experiencing strong demand for A and B grade spaces and historically low vacancy rates across all building categories. Over the last two years, there has been significant rental growth. However, the demand for investment properties continues to be weak.

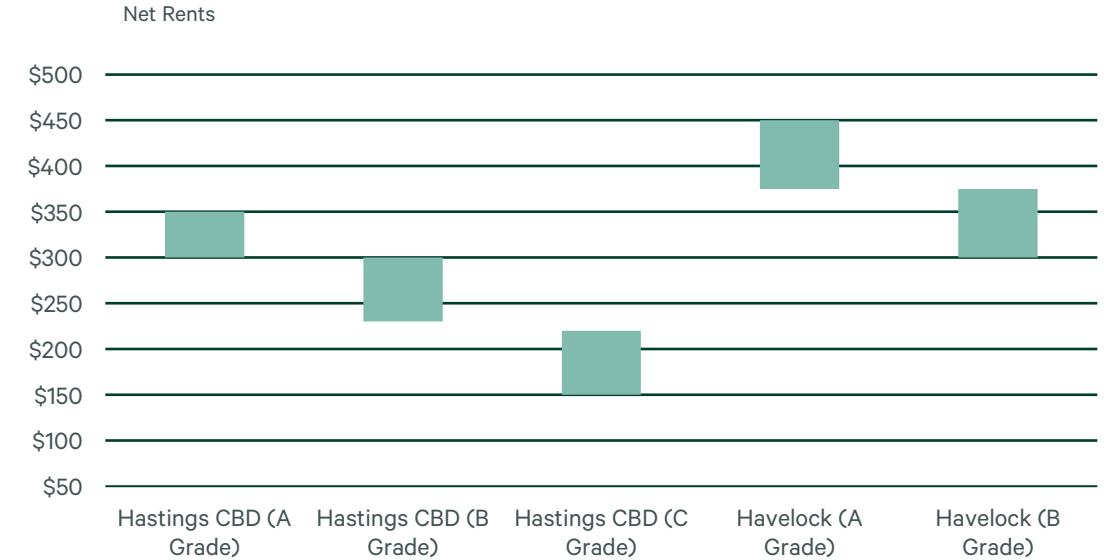
NET YIELDS



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OCCUPIER MARKET

	Market direction	Supply
Hastings CBD (A Grade)	▲ Improving	Very limited
Hastings CBD (B Grade)	▶ Static	Limited
Hastings CBD (C Grade)	▼ Weakening	Limited
Havelock (A Grade)	▲ Improving	Very limited
Havelock (B Grade)	▲ Improving	Very limited



INVESTOR MARKET

	Market direction	Demand
Hastings CBD (A Grade)	▶ Static	Very limited
Hastings CBD (B Grade)	▶ Static	Limited
Hastings CBD (C Grade)	▶ Static	Limited
Havelock (A Grade)	▶ Static	Very limited
Havelock (B Grade)	▶ Static	Very limited

Industrial Hastings

The Hastings industrial market remains steady with reasonable demand for industrial accommodation, similar to Napier. Vacancy appears to be increasing, resulting in static rental rate movement in the short term. Demand remains relatively soft for investment properties compared to the peak of the market.

NET YIELDS

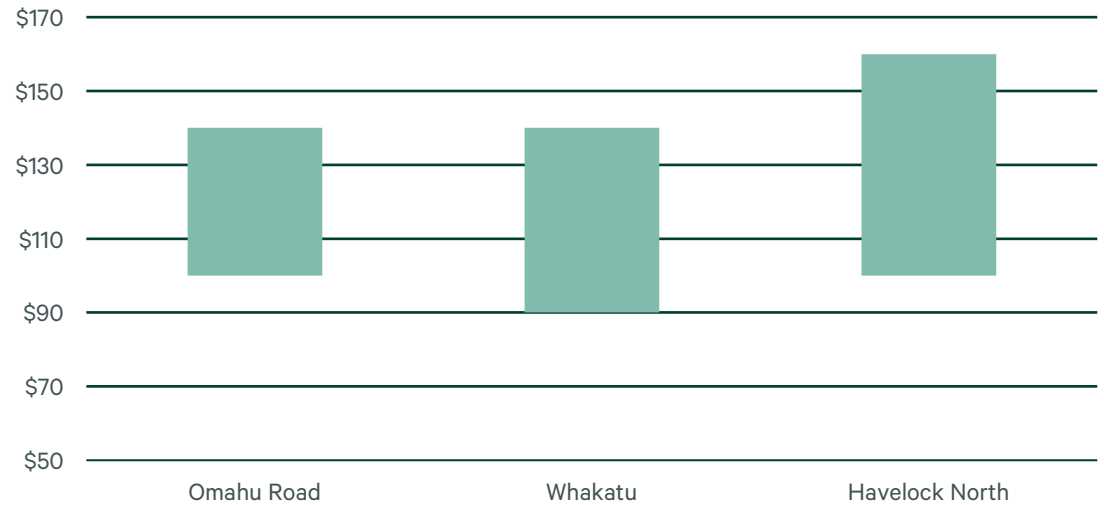


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OCCUPIER MARKET

	Market direction	Supply
Omahu Road	▶ Static	Moderate
Whakatu	▶ Static	Limited
Havelock North	▶ Static	Limited

Net Rents (Warehouse/Workshop)



INVESTOR MARKET

	Market direction	Demand
Omahu Road	▶ Static	Average
Whakatu	▶ Static	Average
Havelock North	▶ Static	Average

Retail

Hastings

Vacancy rates are still minimal in the 200 West block of Hastings CBD, whereas the 100 block is seeing higher vacancy levels. Over the last three years, the eastern end of Heretaunga Street has seen substantial redevelopment, improving the area significantly, with additional redevelopment projects in progress or planned. High-quality, well-located tenancies have experienced strong rental growth.

NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Hastings CBD	▲ Improving	Moderate
Hastings Other Suburban	▶ Static	Moderate
Hastings Bulk Retail	▶ Static	Limited
Havelock North	▲ Improving	Limited



INVESTOR MARKET

	Market direction	Demand
Hastings CBD	▶ Static	Average
Hastings Other Suburban	▶ Static	Average
Hastings Bulk Retail	▶ Static	Average
Havelock North	▶ Static	Average

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Commercial office

Gisborne

The overall vacancy levels for office space remain high (over) 40%, which is higher than those in the retail and industrial markets. Office tenancies that have been vacant for some time mostly include first-floor and upper-floor office spaces that lack sufficient parking. Other contributing factors to prolonged vacancy periods include the need for upgrades and seismic strengthening. Office vacancy levels have shown a steady increase since 2022.

NET YIELDS

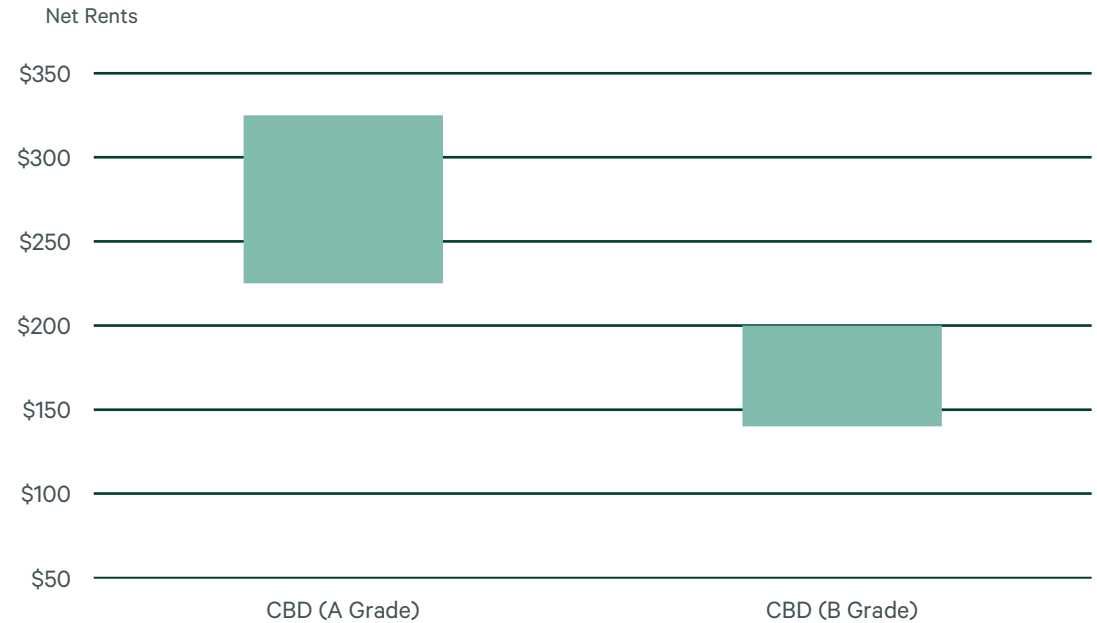
▶ 6.5-7.5%
CBD (A Grade)

▶ 7.5-9.5%
CBD (B Grade)

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
CBD (A Grade)	▶ Static	Limited
CBD (B Grade)	▶ Static	Moderate



INVESTOR MARKET

	Market direction	Demand
CBD (A Grade)	▶ Static	Average
CBD (B Grade)	▶ Static	Weak

FIGURES | HAWKES BAY | FEBRUARY 2025

Industrial

Gisborne

Several industrial assets of different quality levels have entered the market, with some remaining vacant for months while others are quickly occupied. Gisborne has faced a shortage of high-quality industrial space over the years. Currently, the overall vacancy rate for industrial and outer commercial areas in Gisborne is 3.0%, an improvement from the 3.5% rate of the previous year, although the trend remains relatively stable.

NET YIELDS

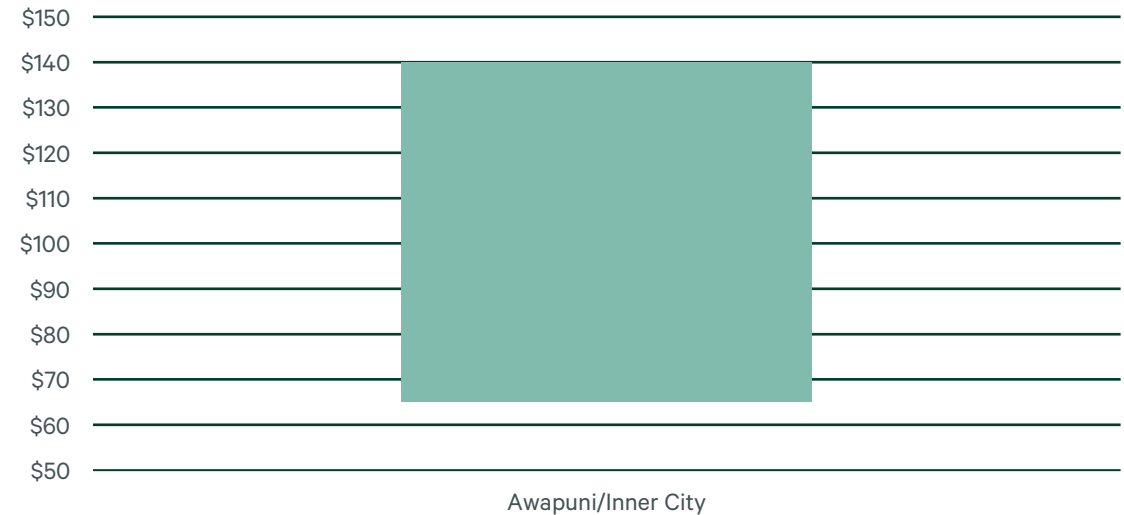
▶ **6.0-9.0%**
Awapuni/Inner City

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Awapuni/Inner City	▶ Static	Moderate

Net Rents (Warehouse/Workshop)



INVESTOR MARKET

	Market direction	Demand
Awapuni/Inner City	▶ Static	Average

FIGURES | HAWKES BAY | FEBRUARY 2025

Retail

Gisborne

The vacancy rate within the city centre reached almost 23%, higher than the one registered in January 2024. Occupancy levels in the suburban retail pockets have also declined, with an increased number of spaces becoming available due to rent increases and higher outgoings.

NET YIELDS

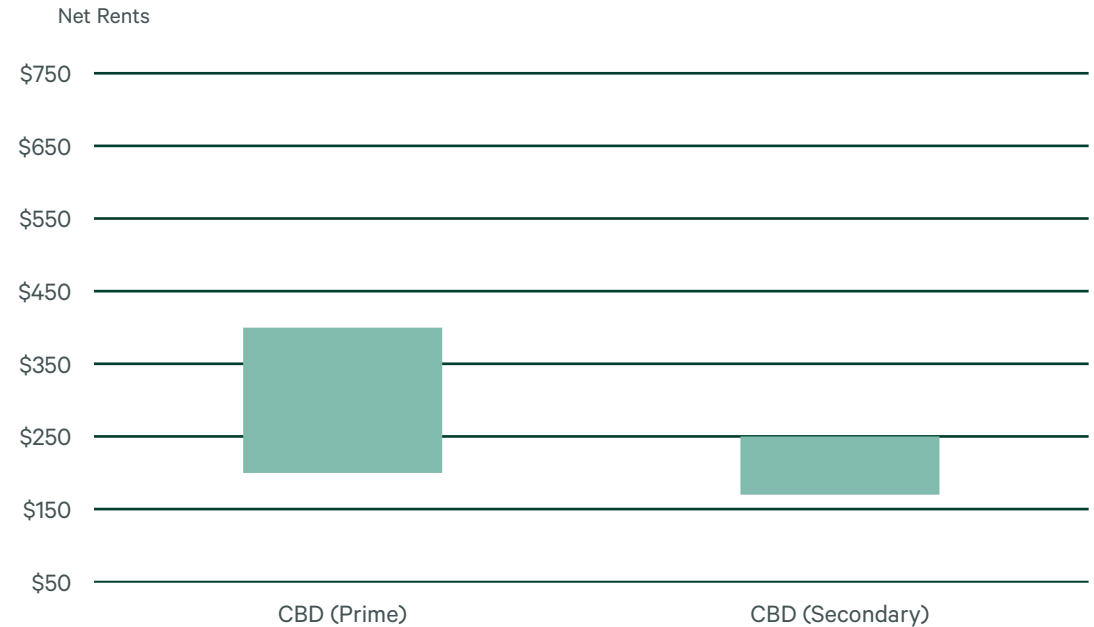
▶ 6.5-7.5%
CBD (Prime)

▶ 7.0-9.0%
CBD (Secondary)

Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
CBD (Prime)	▶ Static	Limited
CBD (Secondary)	▶ Static	Limited



INVESTOR MARKET

	Market direction	Demand
CBD (Prime)	▶ Static	Weak
CBD (Secondary)	▶ Static	Weak