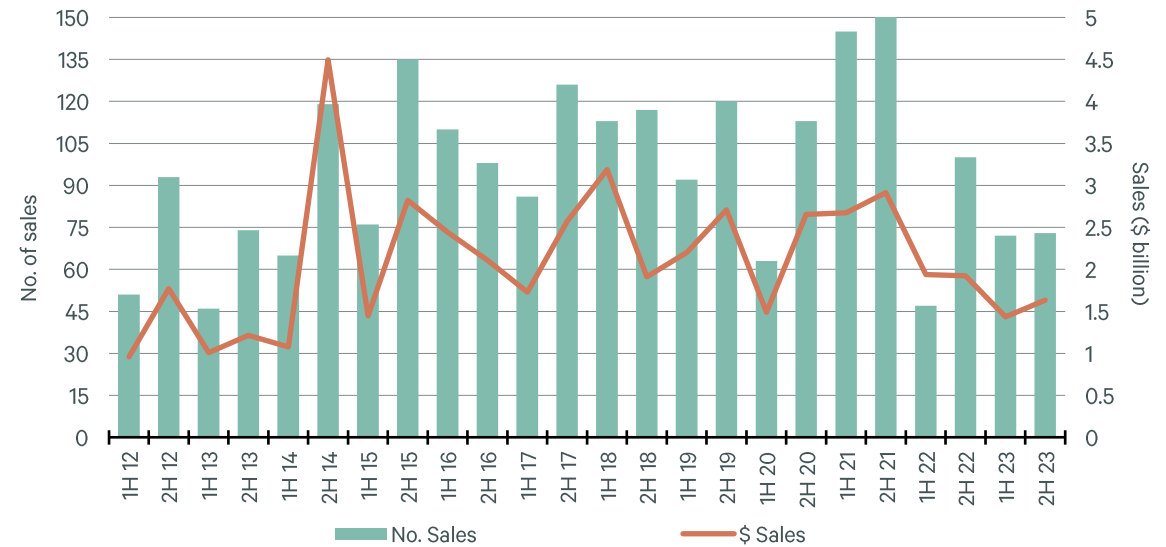


New Zealand Transaction Monitor Q1 2024

KEY MARKET CHANGES

- In H2 2023, the total value of commercial investment transactions in New Zealand reached \$1,633 million across 73 sales. This result is consistent with the first half of the year and down on the average sales volumes of the past decade, exposing an ongoing wide bid-ask gap and high cost of debt environment.
- The student accommodation sector was the most active during H2 2023 due to a portfolio transaction, followed by development site/land and office sales. Industrial sales were more subdued compared to previous periods.
- Managed fund investors, both as sellers and buyers, were the most active during H2 2023, followed by privates and listed property vehicles. However, during H2, only private investors were net buyers, breaking a six-year trend during which private investors were net sellers.
- Overseas investor activity returned to the net negative sphere in H2 (by \$12 million), the first time since the second half of 2021. Institutional investors led overseas purchasers, mainly from North America and Hong Kong SAR.

New Zealand Six Monthly Total Investment Sale Values (\$5 Million+)



City By City Sales Volume Comparison

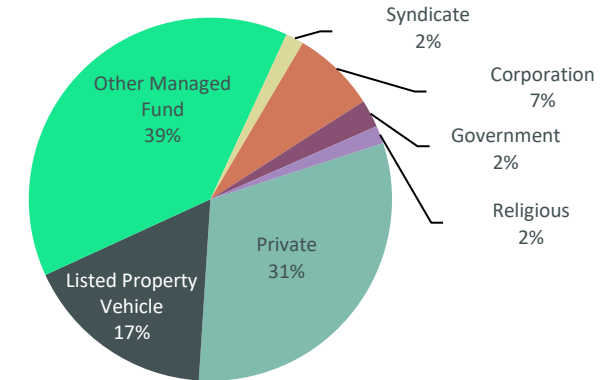
	H2 2023		H1 2023		Semi-Annual avg. over 5 years	
	Volume (\$mil)	No. Sales	Volume (\$mil)	No. Sales	Volume (\$mil)	No. Sales
Auckland	1,423	58	1,173	50	1,476	66
Wellington	111	6	58	4	297	13
Christchurch	99	9	140	13	292	17
TOTAL	1,633	73	1,371	67	2,065	96

Student accommodation sales were ahead of the pack in H2 2023 regarding transaction values, with \$413 million spread across 4 assets from the same portfolio. Student accommodation sales constituted 25% of total sales after not registering any sales during H1 2023, although this represented one transaction involving a partial stake in a large portfolio. This was followed by development site/land sales (23%), office (18%) and industrial (19%). Of all the remaining sectors, which account for the residual 14% of total sales, the most relevant were retail and the health sector. After leading the way in H1 2023 with 32 assets transacted for \$489 million, industrial sales were more modest in relation to transaction values compared to its long-term average, registering \$308 million in H2. However, in terms of number of transactions, the industrial sector remained on top of the podium, with 25 sales (22 happening in Auckland).

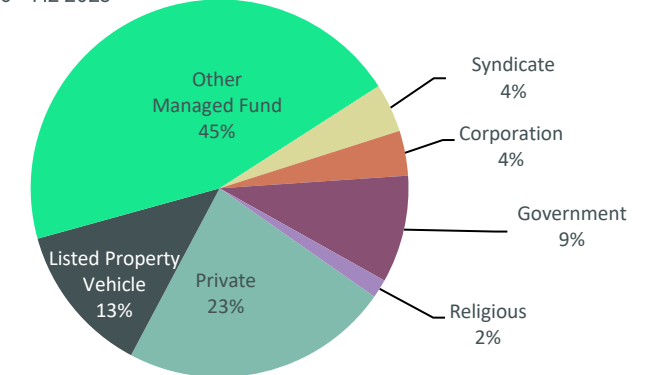
The largest transaction during H2 2023, by far, was the purchase by Canadian-based fund QuadReal of Cedar Pacific’s stake in a student accommodation fund. This purchase included nine student accommodation assets, five in Australia and four in New Zealand. The domestic ones, all in Auckland, represented a total of \$413 million: 35-39 Wakefield Street, 128 Anzac Avenue, 55 Symonds Street and 5 Whitaker. If the first two student accommodation assets were independent transactions, they would have represented the first and third largest transactions during H2 (\$158 million and \$110 million, respectively). In addition, the largest development site/land transaction was the sale of 31 Customs Street West (Downtown Carpark) in Auckland, which was sold by Auckland Council for \$122 million to Precinct Properties, which is partnering with Ngāti Whātua Ōrākei to redevelop the site.

Managed funds were the most active owner category as buyers and vendors. Assets bought by managed funds represented almost 40% of the total transaction value, followed by private investors (31% of the total) and listed property vehicles (17%). Also, assets sold by managed funds represented 45% of the total transaction value, followed by privates (23% of the total) and listed property vehicles (13%). This contrasts with what happened during H1, in which privates were the most active purchasers and vendors. Around 87% of the total value of transactions during H2 2023 happened in Auckland (\$1,423 million), followed by Christchurch (\$99 million) and Wellington (\$111 million). Auckland had 58 asset sales in this period (21 of them being above \$20 million). In contrast, Christchurch had nine sales (2 above \$20 million), and Wellington, the least liquid market, had six sales (2 above the \$20 million mark). The largest transaction in Christchurch was the sale of an office building at 224 Cashel Street for \$35 million, sold by Huadu International to Lichfield Holding Ltd.

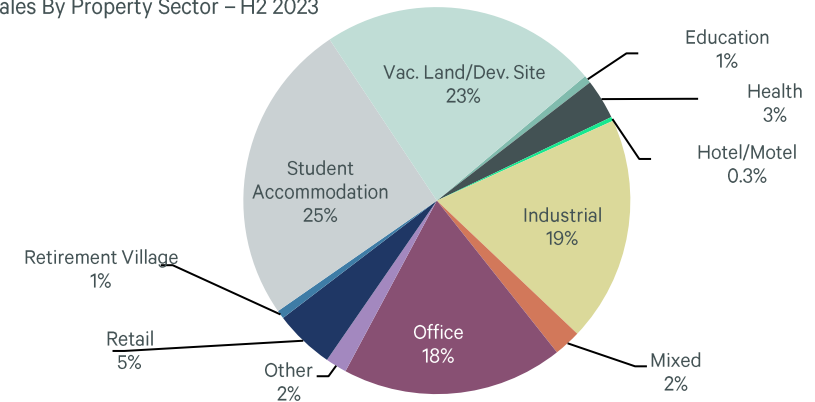
Purchaser Ownership Type – H2 2023



Vendor Ownership Type – H2 2023



Sales By Property Sector – H2 2023

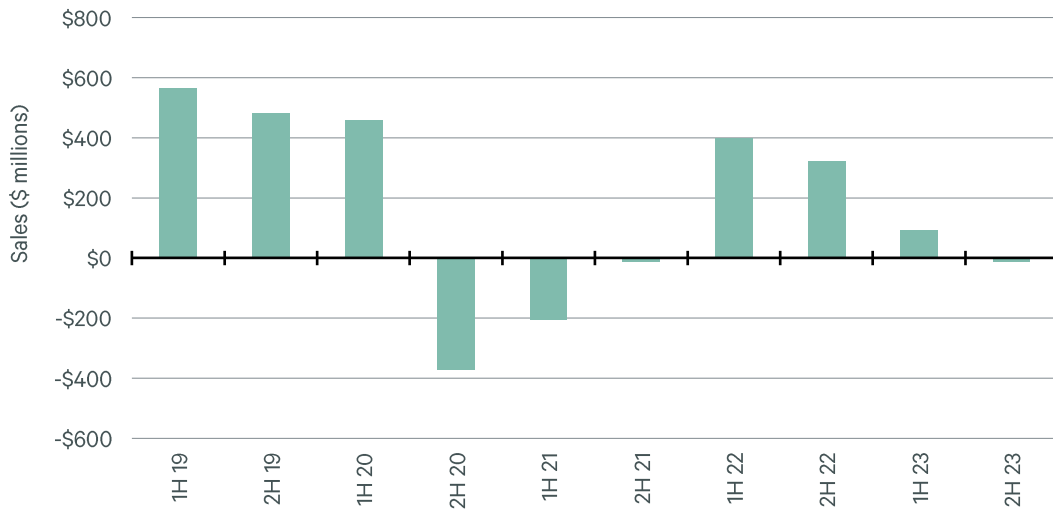


Offshore Investor Market

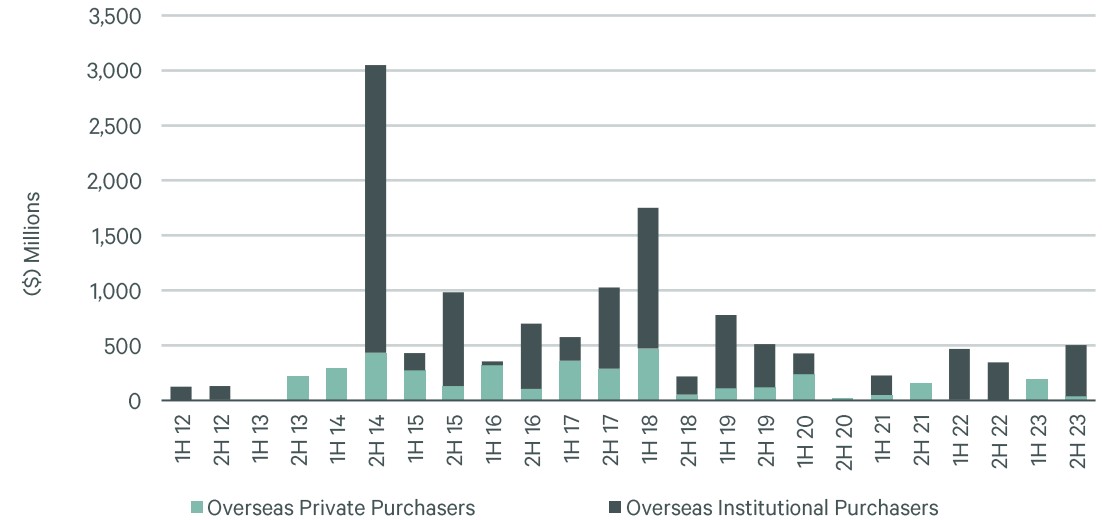
In H2 2023, overseas investment activity was net negative at \$12 million, the first time since H2 2021. It was net positive in the last three periods (\$93 million in H1 2023, \$322 million in H2 2022, and \$399 million in H1 2022).

Institutional investors were the main offshore purchasers in H2 2023, returning to the stage after being absent from the New Zealand investment market in H1. Canadians were the most active institutional purchasers, placing \$413 million into the student accommodation sector in Auckland, followed by Hong Kong SAR (\$50.3 million into an office asset in Auckland). Overseas vendors were represented by an Australian managed fund selling their stake in Auckland’s student accommodation sector for \$413 million, followed by a German managed fund selling two office assets in Auckland Central for \$60 million and a Canadian managed fund selling one office building in New Zealand’s largest city.

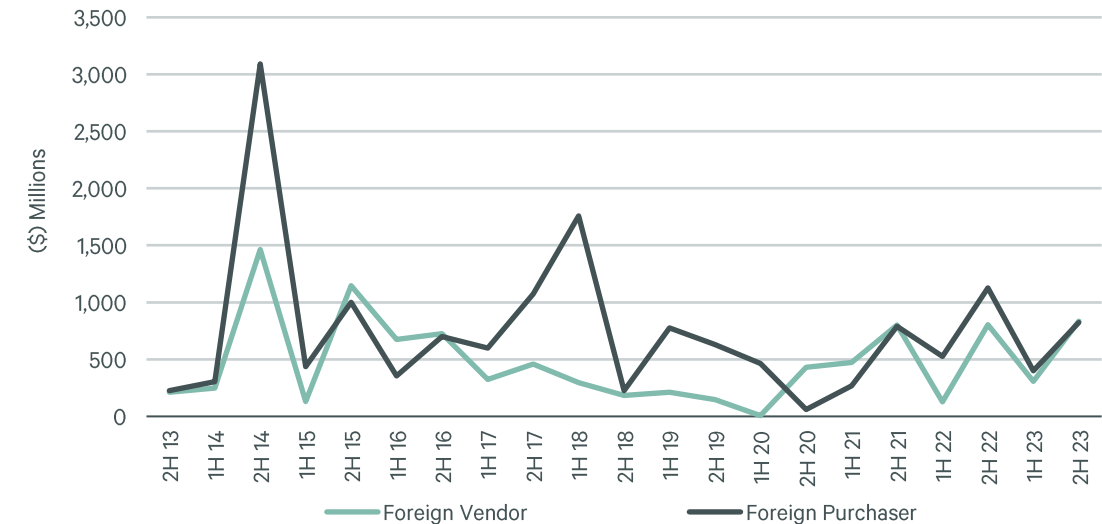
Net Flow of Overseas Funds



Overseas Purchaser Activity



Overseas Flow of Funds

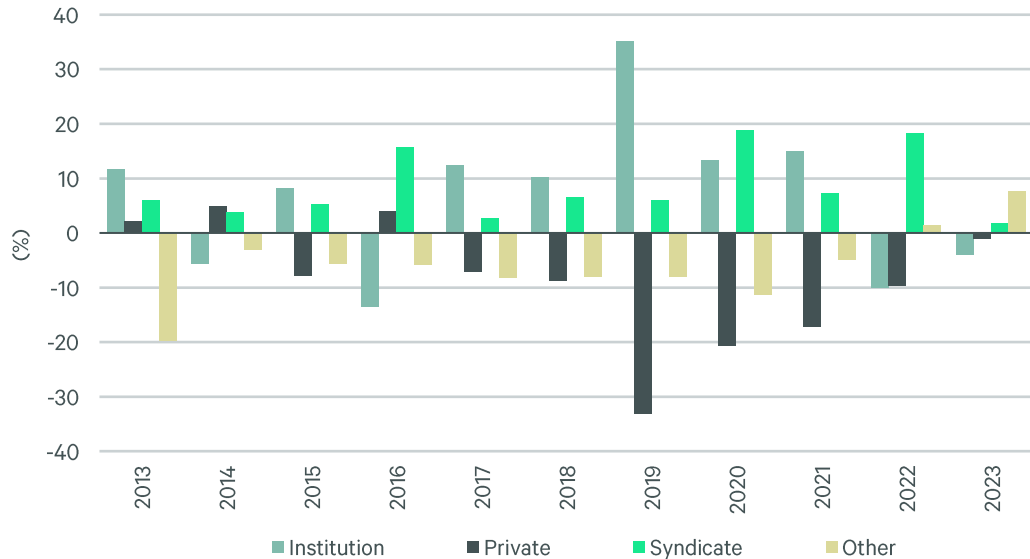


Investment Accumulation

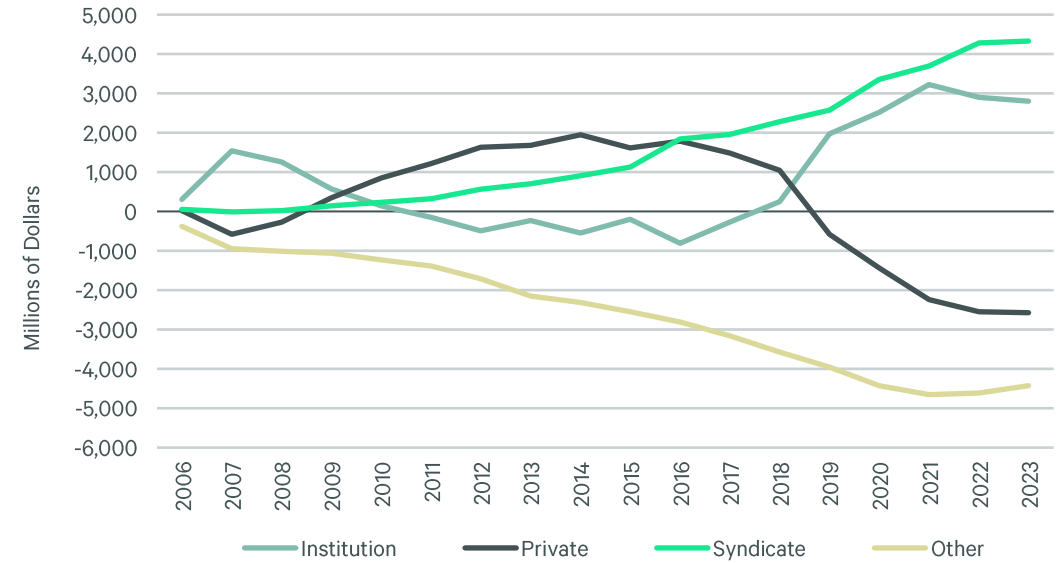
Institutional investors were the most active participants in the New Zealand investment market on both the purchaser and vendor sides during the second half of 2023. However, private investors were the only net buyers during this period, breaking a continuous trend prevalent since 2017 by purchasing \$415 million and selling \$306 million of commercial property assets (net amount of \$109 million). On an annual basis, in 2023, syndicates and investors in the ‘other’ category were the only two groups in the net buyer basket, following the same trend as in 2022.

In terms of longer-term cumulative net investment volume, syndicates remain in the lead, continuing to increase the gap to institutional purchasers during the last two years. Since 2006, they have accumulated \$4.3 billion, compared to \$2.8 billion by institutions. As buyers (gross investment volume), private investors dominated market activity, with \$28.3 billion of purchases since 2006.

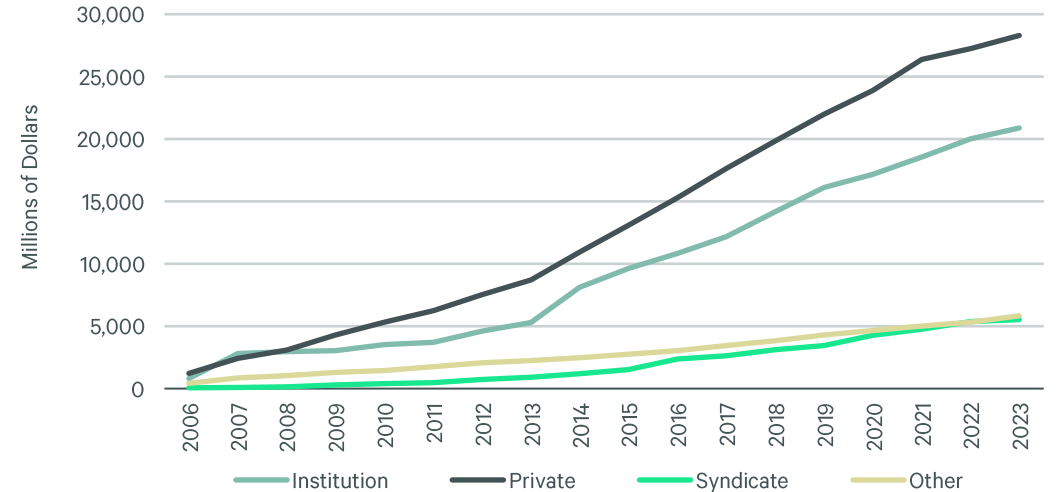
Net Annual Investment Position



Cumulative Net Investment Volume



Cumulative Gross Investment Volume



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