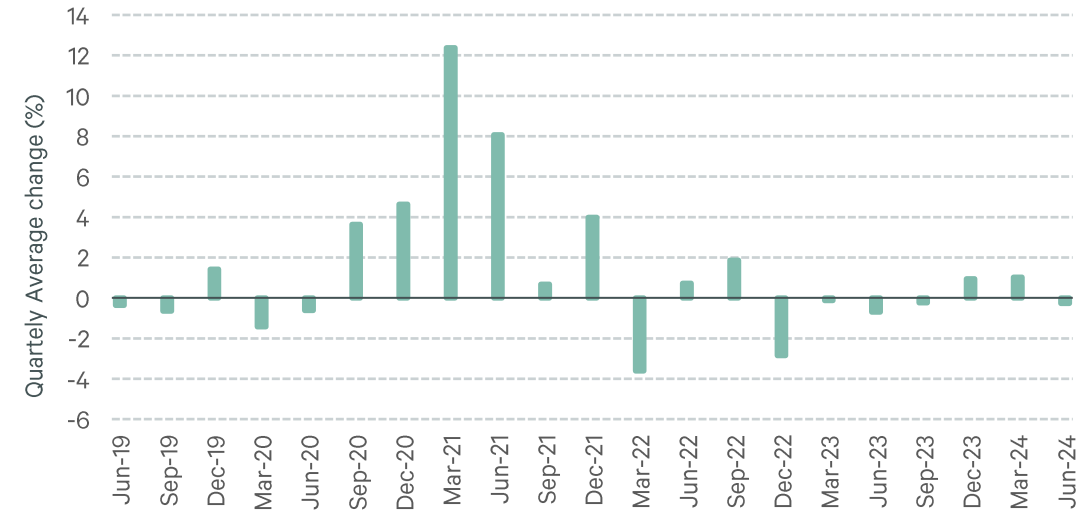


# Christchurch Property Market Overview

## KEY MARKET CHANGES

- While the impact of interest rates on cap rates is beginning to lessen, buyers are also considering more than just interest rates in their pricing decisions. Shifts in supply and demand conditions, as well as the effects of vacancy rates and rental growth, are increasingly shaping investor perspectives.
- Even though there was an increase in vacant stock in both the CBD and Suburban office markets during the first half of 2024, the leasing market was very active with 108 new occupancies recorded in H1 in both markets. The office market in the CBD is transitioning into a new phase of supply. A considerable volume of Prime office space, roughly 37,000 sqm, is projected to become available between 2024 and 2026; most of it this year.
- Industrial vacancy began to rise in H1 2024 across all submarkets, following a period of extremely low levels over the past year and a half. In H1, the industrial market was tainted by downsizing of industrial footprint by several tenants because of diminished demand and consolidation.
- Prime retail rents experienced record high rental growth during Q2 (q-o-q growth of 12.0%), highlighting the strong demand for key retail locations in the CBD. This comes after a period of rental stability.

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



Market indicators

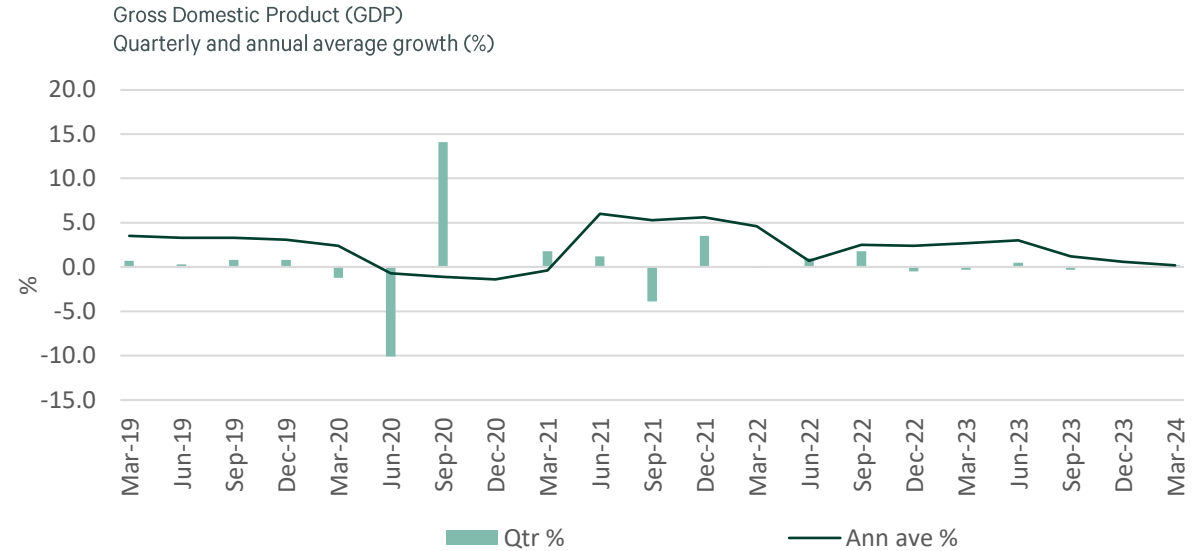
Market Sector	Stock (sqm)*	Vacancy (%)*	Net Face Rent (\$/sqm/yr)	Incentive (%)	Yield Range (%)
Prime CBD	225,498	2.9	330 – 460	4 – 8	5.95 – 7.15
Secondary CBD	70,859	6.5	300 – 400	8 – 10	7.00 - 7.85
Prime Suburban	67,547	7.0	260 – 335	5 – 11	7.30 - 8.90
Secondary Suburban	337,840	7.1	165 – 345	8 – 14	8.30 - 10.30
Prime Industrial	1,652,582	1.4	111 – 168	1 – 2	5.50 - 7.00
Secondary Industrial	2,915,749	1.3	72 – 136	1 – 2	6.05 - 9.10
Fringe & Strip Retail	-	-	220 – 700	4 -8.	5.65 – 7.80

# Economy

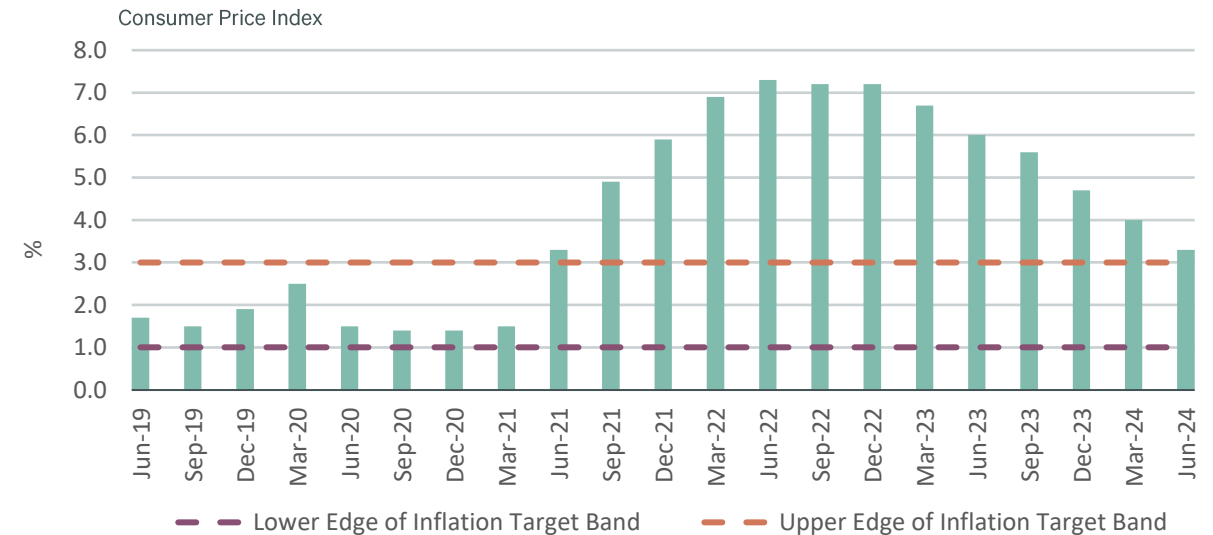
Major business surveys and activity indicators are at recessionary levels, indicating challenging economic conditions for the next few quarters. The Reserve Bank of New Zealand (RBNZ) revised its annual average GDP growth for 2024 to 0.4%.

However, there may be a silver lining, as the sluggish economy could lead to a quicker than previously anticipated dissipation of domestic inflation pressures and bring forward interest rate cuts. Although OCR cuts were expected to commence in Q2/Q3 2025 a couple of months ago, they have now been cut in response to inflation returning to within the 1-3% target band. The June 2024 quarter inflation rate was weaker than the RBNZ predicted in May (3.3% vs 3.6%). Even the domestic-generated (non-tradable) inflation during Q2 was almost on par with the figure that the RBNZ predicted (5.4% vs. 5.3%).

Some economists believe that a recession this year could potentially pave the way for a stronger economic rebound. Subdued or negative economic growth throughout the year and rising unemployment are the precursors of economic hardship. However, we can also expect a faster and more significant decrease in interest rates. As a result, there is a higher likelihood of a more dynamic economic recovery starting from mid-2025 onwards.



Source: Statistics New Zealand



Source: Statistics New Zealand

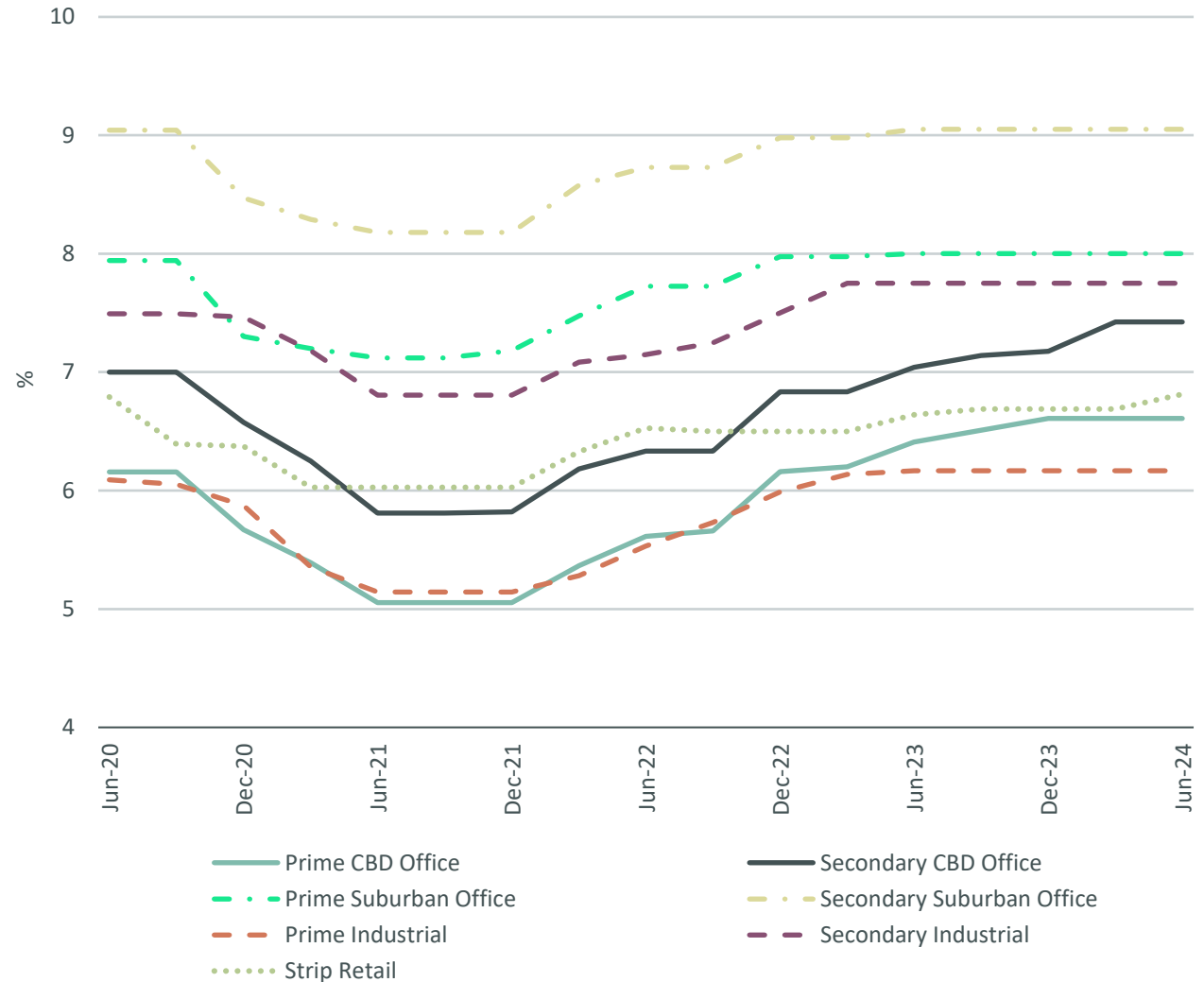
# Investment market

The rate of yield increases in the last quarters were the lowest since we commenced the easing cycle in early 2022. While interest rate pressures on cap rates are starting to dissipate, purchasers’ pricing considerations are also moving beyond interest rates, with changes in supply-demand conditions and their vacancy and rental growth impacts increasingly influencing investor attitudes.

We anticipate that some vendors will face intensifying selling pressure in coming months. The subsequent transactions will offer insight into where the remaining difference between seller and buyer price expectations will eventually balance out.

CBRE's evaluation for Q2 showed a general pattern of stable market yields. From the market peak in 2021 up to the first quarter of 2024, CBD office assets witnessed more yield softening than the other market sectors. During this period, Prime CBD office yields increased by 155 bps, whilst Secondary CBD office yields went up by 160 bps. Suburban office yields, characterised by the highest absolute yield levels, increased by 85 bps. Also, Industrial yields softened by 99 bps.

Christchurch Indicative Yields by Sector



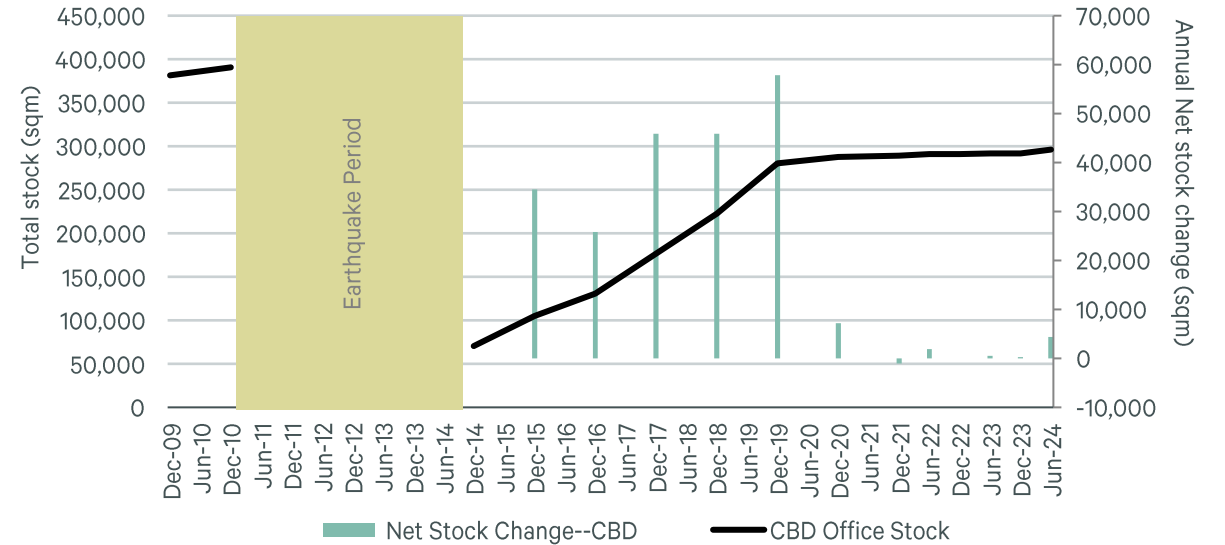
## CBD Office Stock

The Christchurch CBD office market is entering a new phase of supply this year, following the end of the post-earthquake reconstruction supply wave in 2019. A substantial amount of Prime office space, approximately 37,000 sqm, is anticipated to become available between 2024 and 2026. Most of this space is expected to be released later this year.

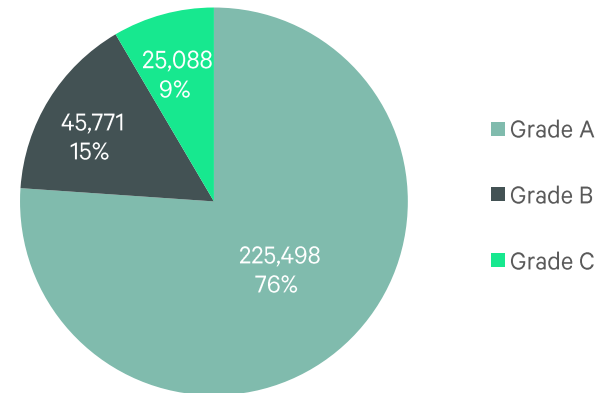
Approximately 50% of the new office space (measured in sqm) over the next three years will consist of new construction, while the remaining 50% will be renovated buildings. Among the 12 new developments planned for this period, only three are redevelopments. Once completed, all will become members of the Prime CBD submarket family. All, except 107 Cambridge Terrace, are under construction, with some nearing completion.

The Christchurch CBD office stock is 296,357 sqm. At a net level, it increased by 4,420 sqm during H1 2024, due to the completion of two new builds: The Regent (33 Cathedral Square), a 3,309 sqm building situated in an iconic area in the Core precinct of Christchurch's CBD, and 6 Acton Street, a 1,011 sqm asset located in the Frame precinct. By composition, 76% of the CBD office stock is Grade A, 15% Grade B, and the remaining 9% Grade C. This composition has remained mostly unchanged throughout the last year.

Christchurch CBD Office Net Supply Changes



Christchurch CBD Office Quality by Composition (H1 2024)



## CBD Office Net Absorption

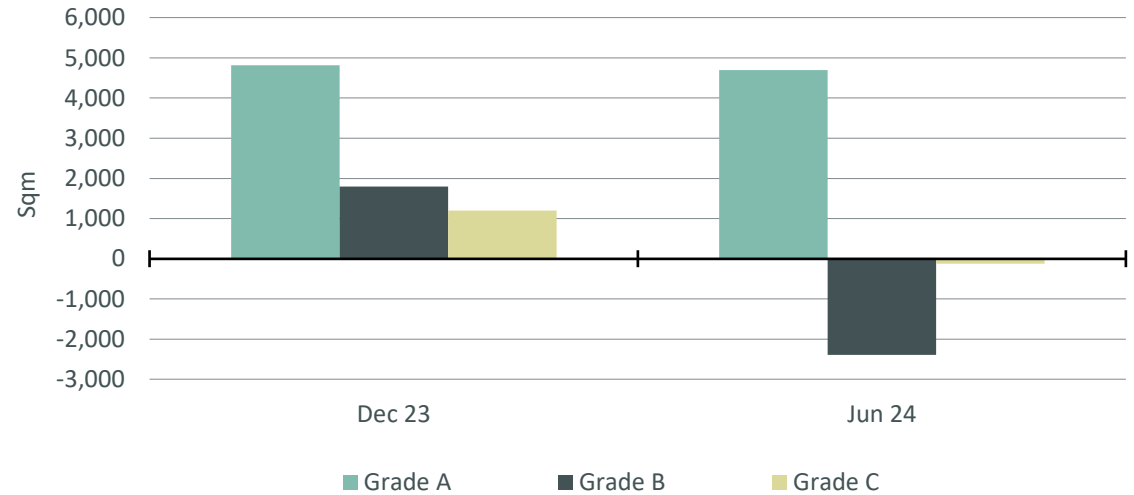
The Christchurch CBD office market maintained positive net absorption during H1 (approximately 2,181 sqm), driven mainly by the high net absorption registered in the Prime (Grade A) office submarket (4,695 sqm). In contrast, Secondary (Grade B and C) CBD office buildings witnessed negative net absorption levels (-2,393 sqm and -121 sqm, respectively).

Net absorption in the Prime submarket was primarily driven by high occupancy levels in two new buildings that entered the market during H1. Specifically, at The Regent (33 Cathedral Square), 2,866 sqm out of 3,309 sqm of new office space were occupied by three law firms (Anderson Lloyd, Buddle Findlay, and Malley & Co). Additionally, all 1,011 sqm of 6 Acton Street became owner-occupied by Streamliners. Furthermore, 450 sqm were occupied at the Deloitte Building (151 Cambridge Terrace) by Christchurch City Holdings and First Capital Financial Services.

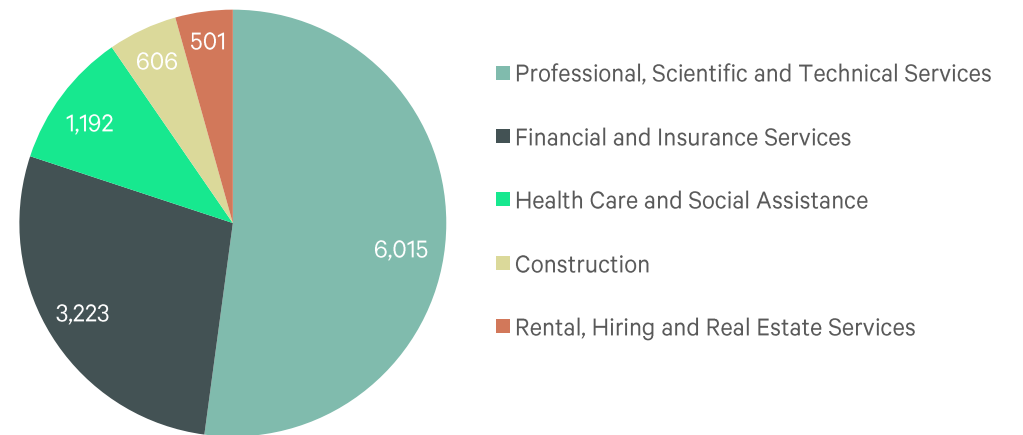
Excluding the three law firms, the most significant new occupancies included 1,737 sqm at the PWC Centre (56-64 Cashel Street) leased by Gallagher Insurance, 631 sqm at the Anderson Lloyd Building (70 Gloucester Street) occupied by White Fox & Jones, and 606 sqm at 2 Cathedral Square taken up by a construction company. Overall, gross absorption amounted to approximately 13,500 sqm during the first half of the year across 31 new occupancies.

The industry that recorded the highest take up of space during H1 in the CBD office market was professional, scientific, and technical services, totalling 6,015 sqm. It was followed by financial and insurance services (3,223 sqm) and health care and social assistance (1,192 sqm). Professional services office-based employment is the second largest industry in the CBD after healthcare with nearly 9,000 employees. This underscores the market’s strong preference for a central CBD office location.

Christchurch CBD Office Net Absorption by Grade



New Take Up by Industry in H1 2024 (sqm of top five)



# CBD Office Vacancy

Christchurch CBD office vacancy increased during H1 2024, climbing from 3.0% to 3.7% (a 2,239 sqm increase). However, in the overall scheme of things, this level of vacancy is still historically low (the second lowest on record), lower than the vacancy level registered during H1 2023 (5.6%). CBRE’s definition of vacancy encompasses space that is both physically vacant and is available for lease.

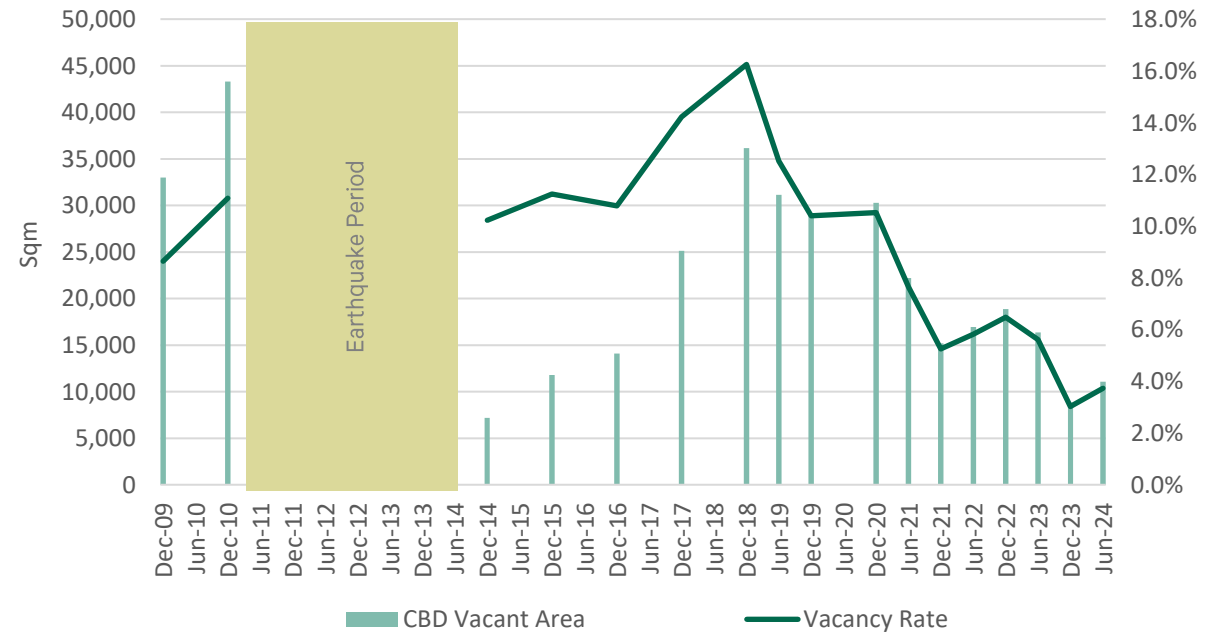
This rise was mainly driven by an uplift in Secondary (Grade B and C) vacancy, which increased from 2.9% to 6.5% (a 2,514 sqm increase). This was more widespread in Grade B buildings, which experienced an increase of 2,393 sqm of vacant space, moving from 1.0% to 6.2%. The main cause of this was the downsizing of office footprint of two tenants: Verizon Connect vacated 1,348 sqm (dropped Levels 1-2) at 104 Victoria Street (they still occupy Levels 3-4) and The Press moved out of Level 7 (483 sqm) at 158 Gloucester Street (while still occupying 1,400 sqm at that address).

In addition, Prime vacancy decreased slightly due to some previously vacant space (450 sqm) taken up at the Deloitte Building and 232 sqm occupied at 81-95 Cashel Street. In contract, Grade C buildings registered a slight increase in vacancy (only by 121 sqm), shifting the vacancy rate from 6.4% to 6.9%. The Grade C submarket comprises less than 10% of the Christchurch CBD office market, which makes its vacancy rates more volatile in the face of changes in vacancy/occupancy. The only tenant leaving a Grade C building was Resource Management Group, which left behind 226 sqm at 65-69 Cambridge Terrace.

CBD Office Vacancy by Grade

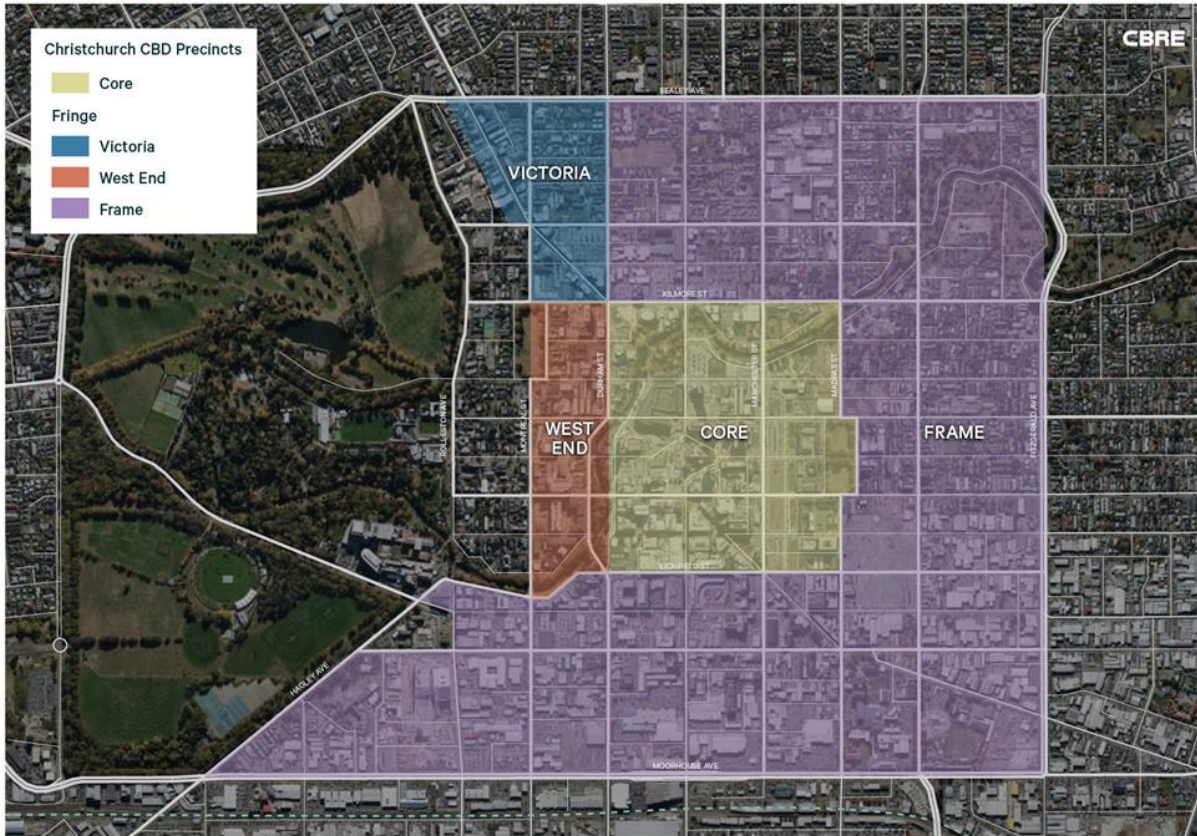
		Grade A	Grade B	Grade C	Total
Vacancy - December 2023	%	3.1%	1.0%	6.4%	3.0%
	sqm	6,743	465	1,615	8,822
Vacancy - June 2024	%	2.9%	6.2%	6.9%	3.7%
	sqm	6,468	2,858	1,736	11,061

CBD Office Vacancy



# CBD Office Vacancy by Precinct

During H1, office vacancy increased across all CBD’s precincts, except for the West End (the area within Kilmore St, Durham St, Montreal St and the Avon River). The West End continues to be a desirable area for tenants looking for good quality assets, which is reflected in its low vacancy rate (2.4% in the first half of the year). In contrast, both the Victoria and Core precincts experienced higher increases in vacancy (by 1,796 sqm and 1,744 sqm, respectively).



Core Precinct Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy - December 2023	%	0.4%	1.0%	0.0%	0.5%
	sqm	232	190	0	422
Vacancy - June 2024	%	0.7%	8.7%	0.0%	2.5%
	sqm	443	1,723	0	2,166

West End Precinct Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy - December 2023	%	2.4%	0.0%	18.3%	2.8%
	sqm	1,792	0	550	2,342
Vacancy - June 2024	%	1.7%	0.0%	22.3%	2.4%
	sqm	1,306	0	672	1,978

Victoria Precinct Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy - December 2023	%	5.7%	2.1%	20.8%	6.6%
	sqm	1,094	275	1,065	2,434
Vacancy - June 2024	%	5.7%	16.2%	20.8%	11.4%
	sqm	1,094	2,071	1,065	4,230

Frame Precinct Vacancy by Grade

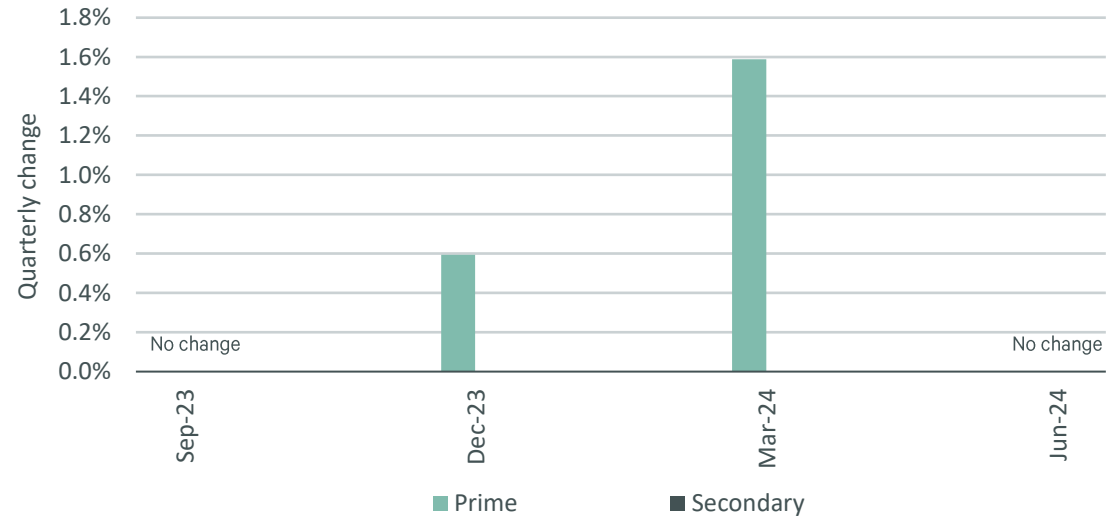
		Grade A	Grade B	Grade C	Total
Vacancy - December 2023	%	5.4%	0.0%	0.0%	4.1%
	sqm	3,625	0	0	3,625
Vacancy - June 2024	%	5.3%	1.5%	0.0%	4.2%
	sqm	3,625	114	0	3,739

# CBD Office Rents

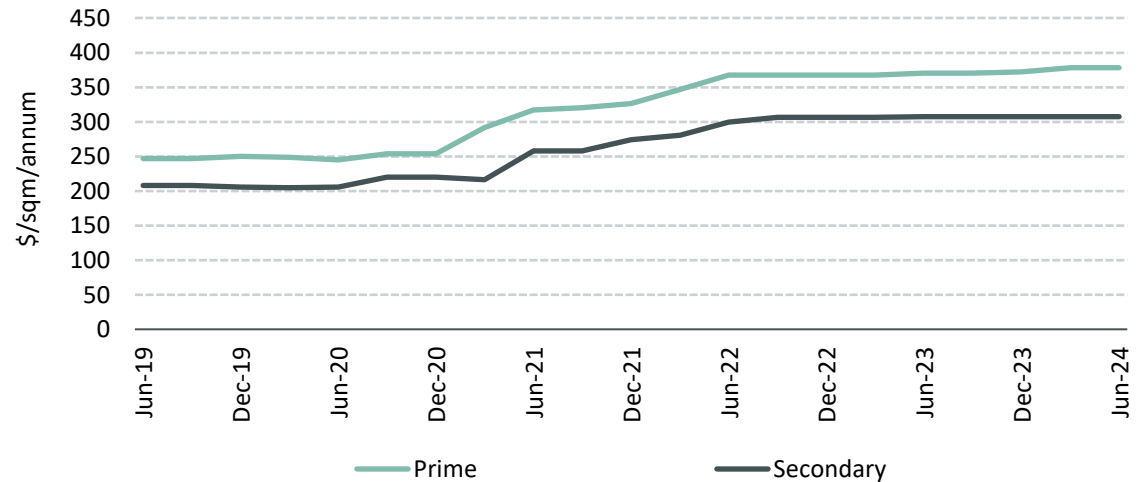
Even though the Prime CBD office submarket benefited from good rental growth in previous periods, primarily driven by low vacancy, in Q2 2024 this submarket registered no change in rents. In Q2 2024, CBD Prime net effective office rents stood at \$378 per sqm, up by 2.2% compared to Q2 2023. In contrast, Secondary rents continued to remain stable since their last increase in Q2 2023.

Contrary to what was experienced in H2 2023, incentives remained stable during H1. Based on CBRE’s assessment, Prime indicative market incentives remained unchanged at 5.0% of face rents, whilst Secondary indicative market incentives sat at 8.8% of face rents.

CBD Net Effective Office Rents – Quarterly Change



CBD Net Effective Office Rents

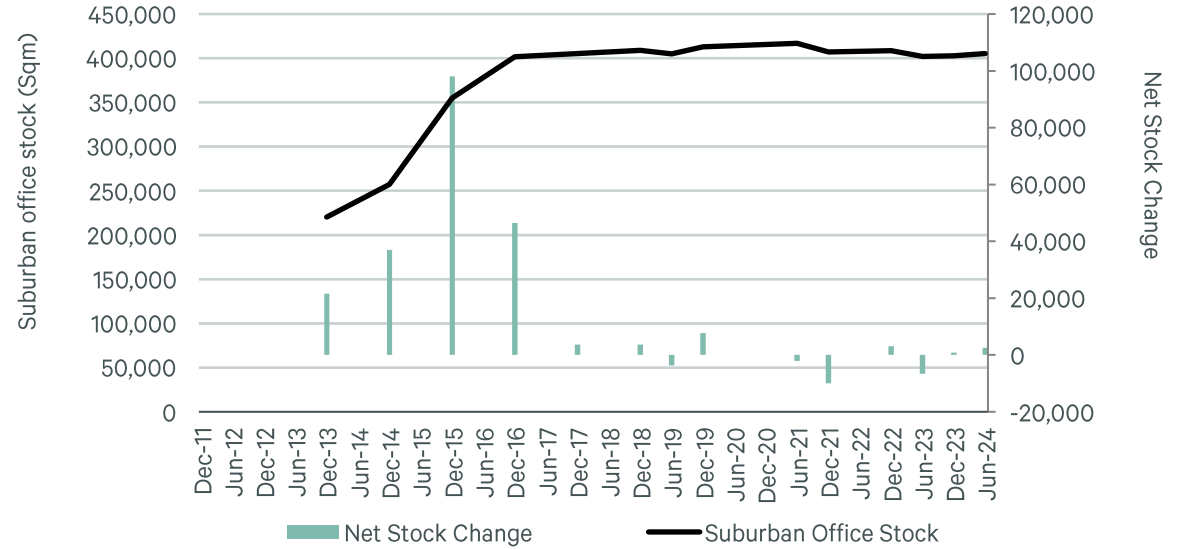


# Suburban Office Stock

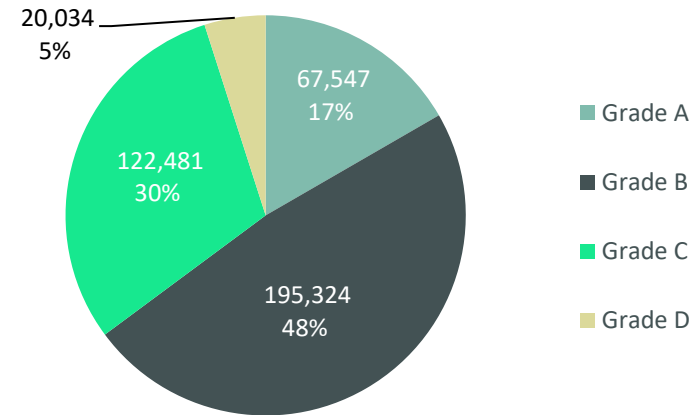
The Christchurch suburban office stock increased by 2,489 sqm during H1 2024, reaching a total of 405,386 sqm. This represents the largest increase in new suburban office supply since the second half of 2022. The growth was primarily driven by the return of a refurbished building to the market: 11 Deans Avenue, a fully occupied Grade B building with an office space of 1,789 sqm.

During H1 2024, 48% of the suburban office stock was Grade B, whilst 30% was Grade C, 17% was Grade A, and the remaining 5% was Grade D. This composition has remained mostly unchanged throughout the last two years and a half.

Christchurch Suburban Office Net Supply Changes



Christchurch Suburban Office Quality by Composition (H1 2024)



## Suburban Office Net Absorption

In contrast with H2 2023, during H1 2024 the suburban office market was more dynamic in terms of leasing activity but less active in terms of net absorption. Total net absorption moved to negative territory in H1 (-2,295 sqm), contrasting with the positive absorption experienced during H2 of last year (6,303 sqm).

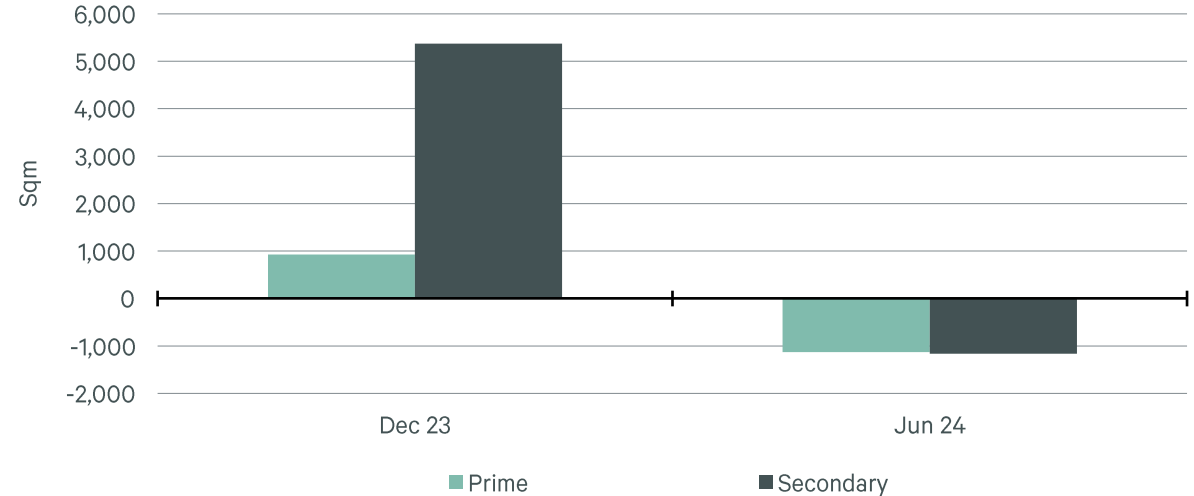
The negative net absorption during H1 was prevalent across all suburban office submarkets, but more evident in Prime and high-quality Secondary (Grade B) office buildings, which together recorded a negative net absorption level of 2,303 sqm. One of the most notorious moves happened at 14 Dundas Street, where Malley & Co vacated 700 sqm to relocate to 33 Cathedral Square, one of the new buildings in the CBD.

However, Grade D buildings were the only outlier in terms of net absorption, since it was the only submarket that registered positive net absorption in H1, albeit modest (577 sqm).

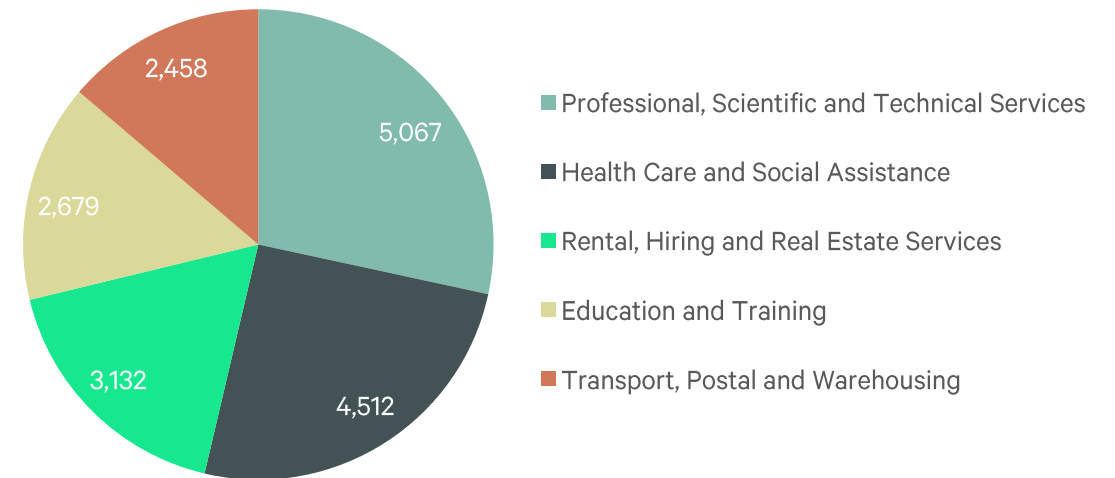
Regarding new take up (gross absorption), the Grade B submarket showed good leasing activity. The most significant new occupancies included TREC moving into 1,789 sqm in 11 Deans Avenue, Bathurst Resources occupying 974 sqm in 5 Sir William Pickering Drive, and Tony Mounce Mortgages moving into 862 sqm in 100 Moorhouse Avenue. Gross absorption reached 26,446 sqm in the first half of 2024 through 77 new occupancies, higher than the gross absorption in the previous period (circa 7,872 sqm through 30 new occupancies).

The industry that recorded the highest take up of space during H1 2024 in the Suburban office market was professional, scientific and technical services, with a total of 5,067 sqm, followed by health care and social assistance (4,512 sqm), and rental, hiring and real estate services (3,132 sqm).

Christchurch Suburban Office Net Absorption by Grade



New Take Up by Industry in H1 2024 (sqm of top five)



# Suburban Office Vacancy

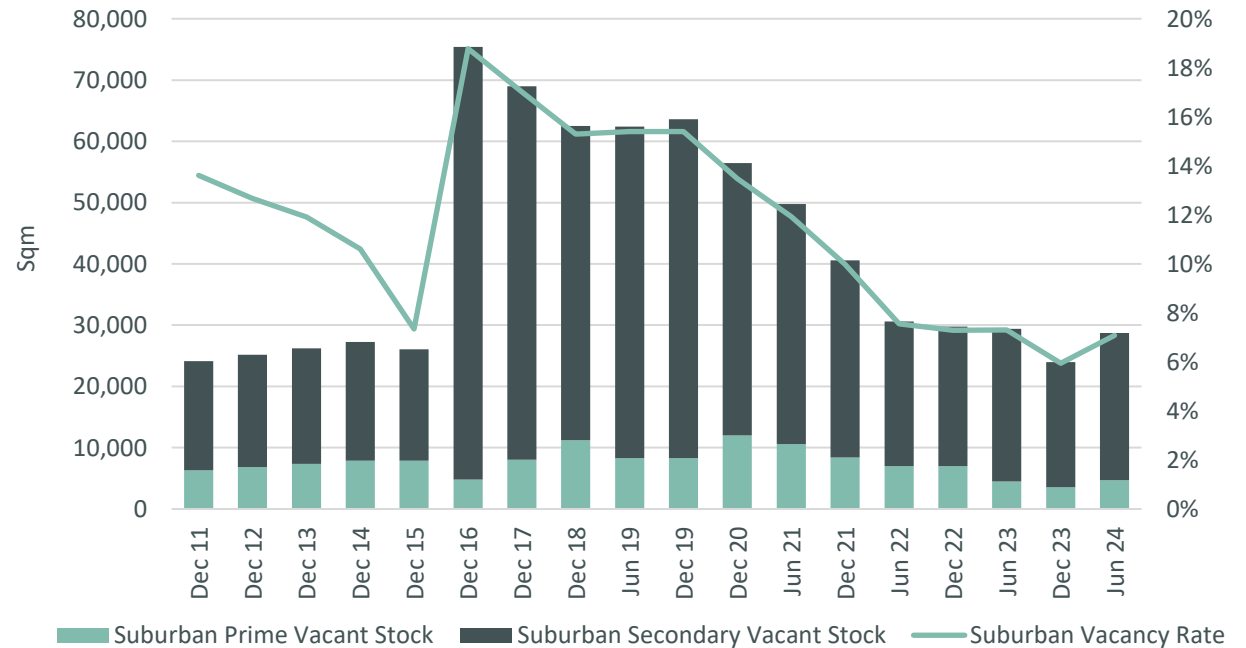
After a steady decline since 2017, suburban office vacancy increased during H1 2024, rising from 5.9% to 7.1% (a 4,764 sqm increase in vacant space). This increase was palpable across all suburban office submarkets, except for the Grade D submarket. The rise was primarily driven by an increase in vacant stock in Grade B buildings, which saw a 3,639 sqm uplift (moving from 4.8% to 6.6%). Grade A assets also contributed with a 1,133 sqm lift, followed by Grade C buildings, which experienced a 569 sqm increase.

The main suburban office locations that were vacated during H1 are: 1,843 sqm left behind by CDHB at 310 Manchester Street (a Grade C building) due to downsizing measures, 1,500 sqm vacated by Whitebait Media at 41 Princess Street (Grade B building) to relocate to 64 Gloucester Street, 1,150 sqm of Grade B office space left behind by four different tenants at 410-418 Colombo Street, and 1,030 sqm vacated by both the Catholic Diocese of Christchurch and Family Planning at 9 Washington Way in Sydenham.

Suburban Office Vacancy by Grade

		Grade A	Grade B	Grade C	Grade D	Total
Vacancy - December 2023	%	5.3%	4.8%	8.3%	4.6%	5.9%
	sqm	3,566	9,305	10,153	918	23,942
Vacancy - June 2024	%	7.0%	6.6%	8.8%	1.7%	7.1%
	sqm	4,699	12,944	10,722	341	28,706

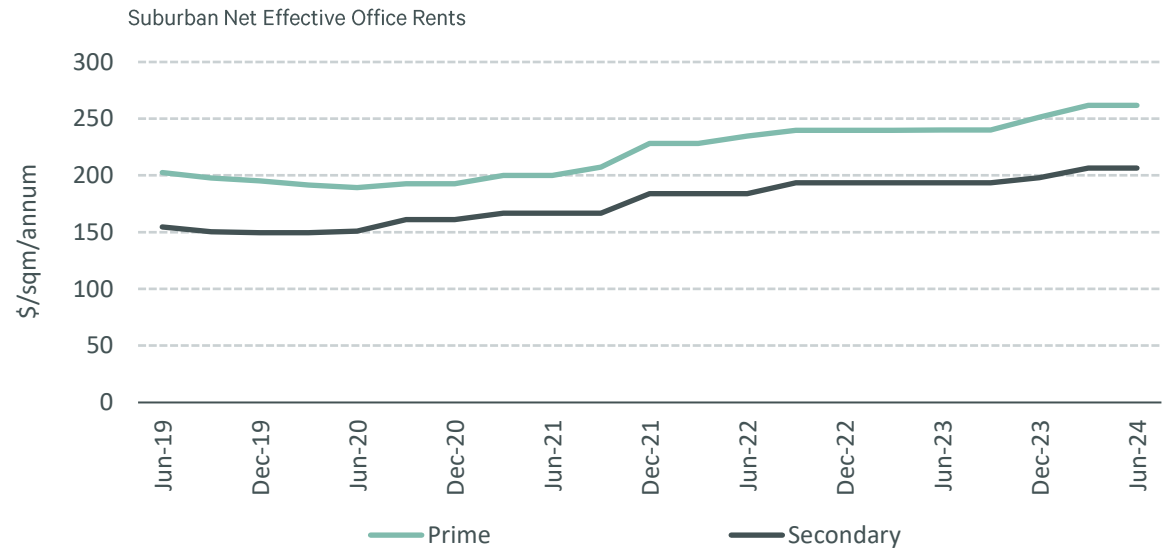
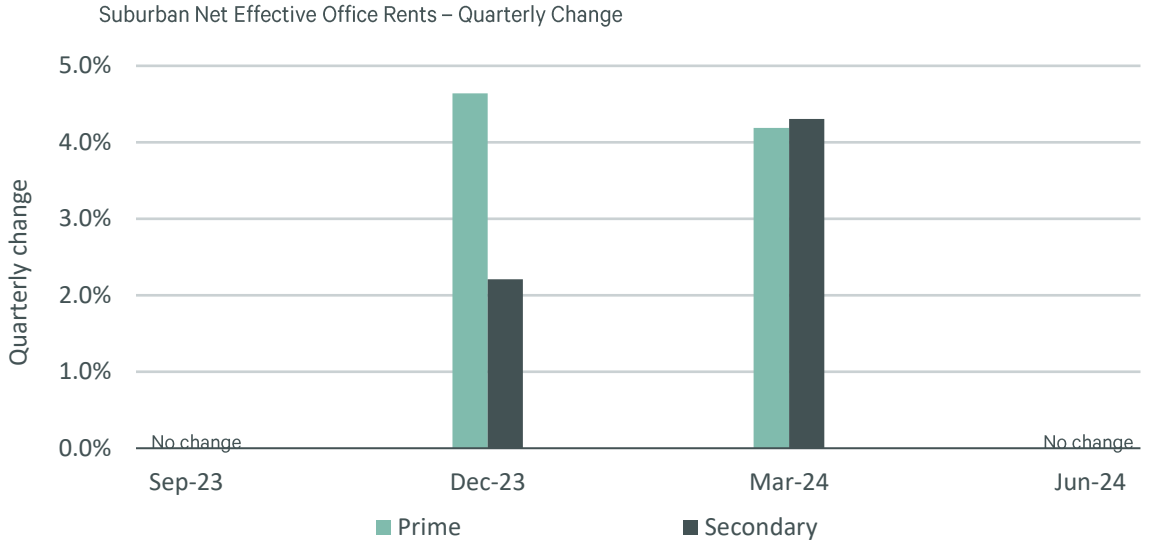
Suburban Office Vacancy



# Suburban Office Rents

After benefitting from a robust increase in rents during the previous two quarters, in Q2 the suburban office market did not register any rental growth. This was mainly due to a less active market and softening demand. However, during the last year the Suburban office market experienced higher rental growth than other markets (such as CBD office, industrial and retail), reaching a y-o-y growth of 7.8%. When divided by submarkets, Prime suburban buildings experienced a 9.0% annual uplift in rents and Secondary assets reached an annual growth of 6.6%.

Net effective rents in the Prime suburban office market remained unchanged at \$262 per sqm, while suburban Secondary net effective office rents sat at \$206 per sqm. Incentives also remained unchanged in Q2 2024 for both Prime and Secondary buildings. According to CBRE’s assessment, Prime indicative market incentives were 7.9% of face rents, while Secondary indicative market incentives remained at 12.3% of face rents.

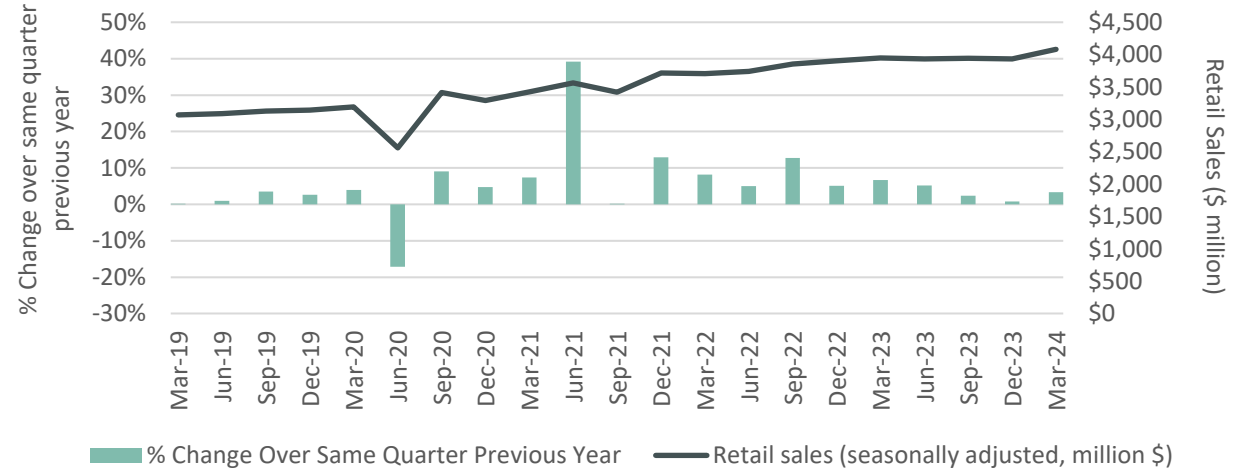


# Retail Sales

In the 12 months leading up to March 2024, Canterbury saw a 2.9% increase in retail sales compared to the preceding year, outperforming the growth rates recorded in Auckland and the Wellington region over the same period, which were 1.9% and -1.9%, respectively.

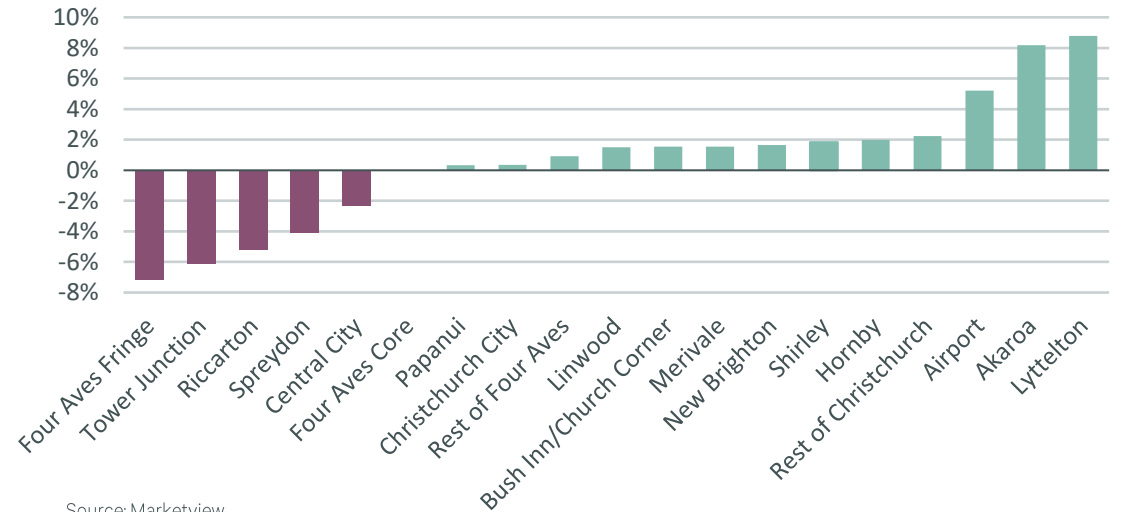
At a territorial authority level, in the year ending June 2024 retail spending in Christchurch increased by a mere 0.3% from the previous period. By area, Lyttelton saw the highest growth rate at 8.8%, trailed by Akaroa at 8.2% and the Airport area at 5.2%. This surge was primarily fuelled by international tourists. Conversely, retail spending in Christchurch’s Central City experienced a downturn during this period, with a decline of 2.3%.

Canterbury Retail Sales



Source: Statistics New Zealand

Spending Growth by Area (YE Jun-24 vs YE Jun-23)



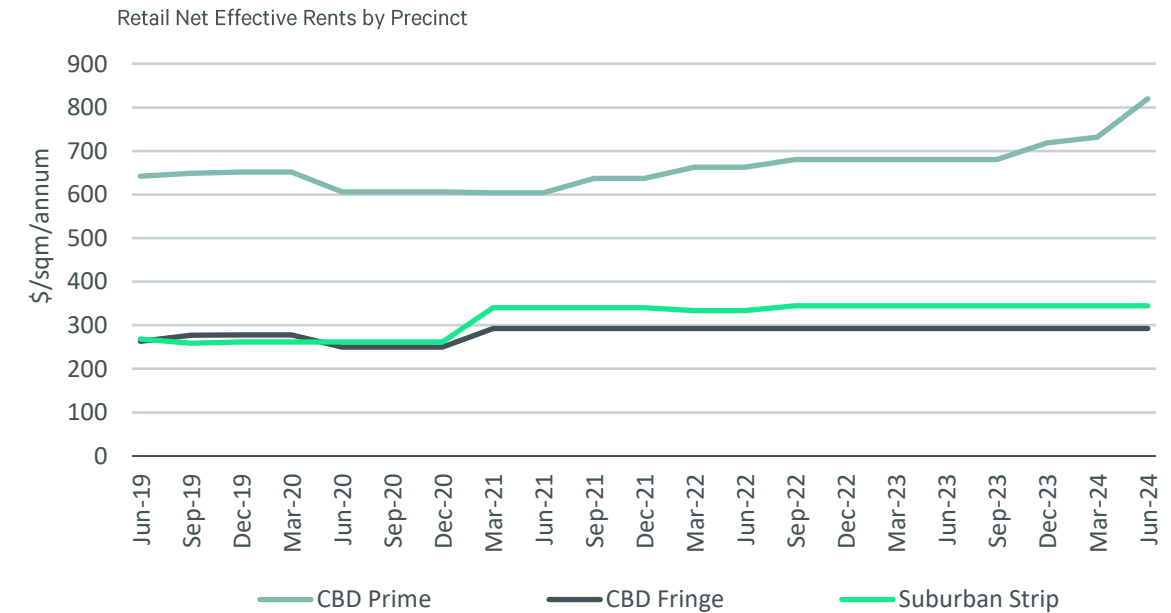
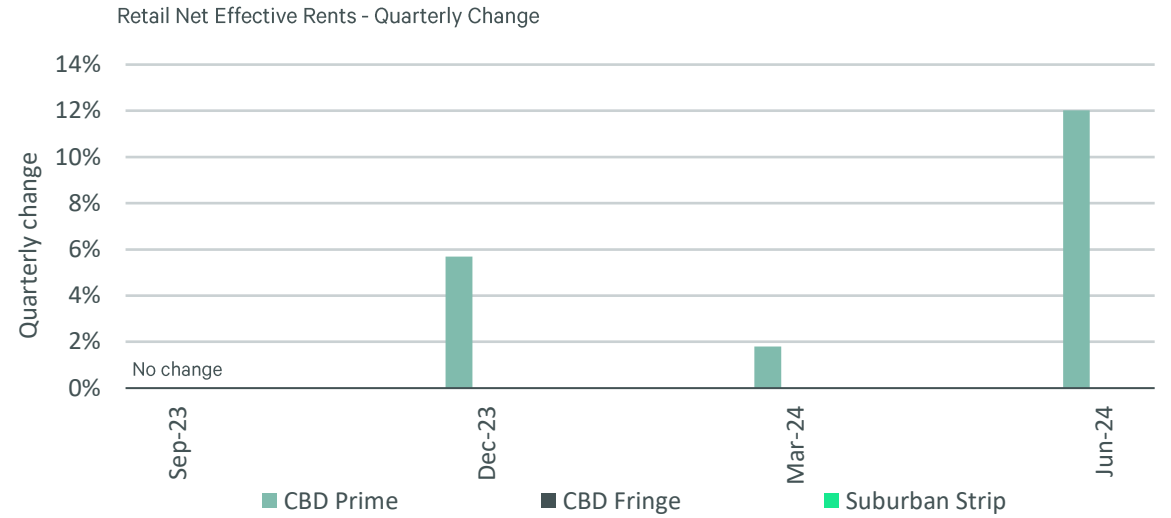
Source: Marketview

# Retail Rents

The CBD Prime retail submarket continued to benefit from high demand and extremely low vacancy (especially on Cashel Street and High Street), which derived in robust rental growth in Q2. Face rents in this submarket grew by 14% compared to Q1. Demand for CBD locations in this submarket continued to be strong from both local and overseas retailers. On the contrary, demand for CBD Fringe and Suburban Strip locations remained weak. However, some pockets in this submarkets continued to have good demand and low vacancy, such as Merivale in Suburban Strip.

In Q2, CBD Prime retail net effective rents sat at \$820 per sqm, up by 12.0% compared to Q1. As for CBD Fringe retail net effective rents, they remained stable at \$292 per sqm since March 2021. In addition, the Suburban Strip retail net effective rents have been steady at \$344 per sqm since September 2022.

According to CBRE’s Q2 assessment, CBD Prime indicative market incentives are 4.2% of face rents, up from 2.8% in Q1. Incentives went up in CBD Prime retail locations despite robust demand, due to landlords wanting to secure high-quality tenants. Incentives in both CBD Fringe and Suburban Strip remained unchanged in Q2 (sitting at 8.3% and 7.4%, respectively).



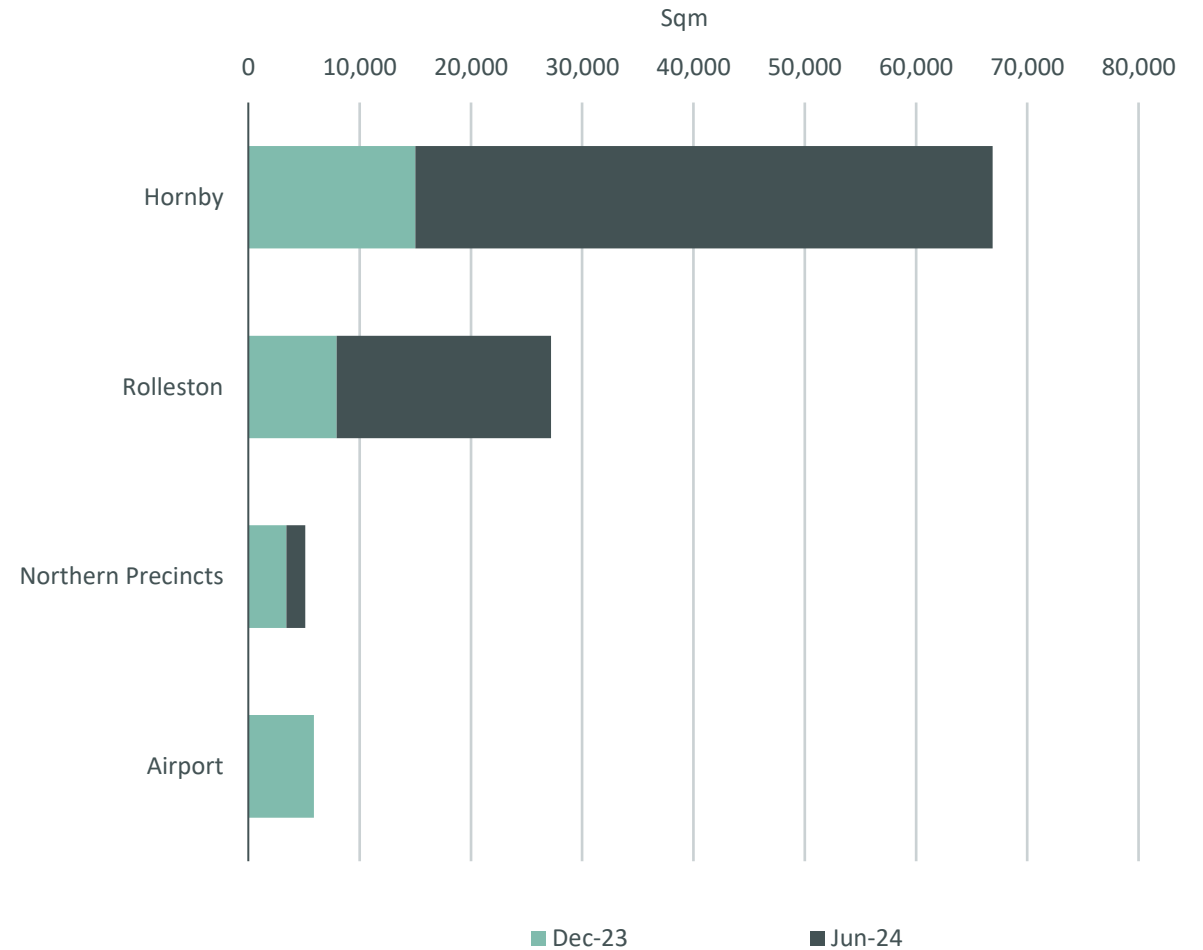
# Industrial New Supply

Between H2 2023 and H1 2024, Christchurch’s industrial market received a total of 105,102 sqm of new stock. Specifically, 32,252 sqm were added in H2 2023, and 72,850 sqm in H1 2024. Notably, the lack of geographic diversification for new industrial supply persisted during H1 2024, with only three suburbs—Hornby, Rolleston, and, to a lesser extent, Northern Precincts—welcoming new industrial space. In contrast, during H2 2023, four suburbs experienced an increase in industrial supply, whereas in previous periods, the average number of suburbs involved was between eight and ten.

Hornby continues to lead in terms of new industrial supply. In the second half of last year, it received 10,267 sqm of new stock, followed by Rolleston (7,936 sqm) and Airport (5,890 sqm). Additionally, in the first half of this year, Hornby received 51,880 sqm, with Rolleston (19,255 sqm) and Northern Precincts (1,715 sqm) following suit.

Hornby and Rolleston remained the preferred locations for developers building large industrial assets. Notably, the largest industrial building completed in Christchurch during H1 was 415 Waterloo Road in Hornby (a 14,672 sqm building), occupied by Sorted Logistics. Following closely was 60 Pereira Drive in Rolleston (11,500 sqm), housing Woolworth’s purpose-built fresh distribution centre. During this period, the average size of new industrial buildings increased to 3,642 sqm, surpassing the average size during H2 2023 (2,304 sqm). Additionally, out of the total 20 new buildings completed in the last six months, four exceeded 5,000 sqm, with three of them located in Hornby.

H2 2023 – H1 2024 New Industrial Supply



# Industrial Net Absorption

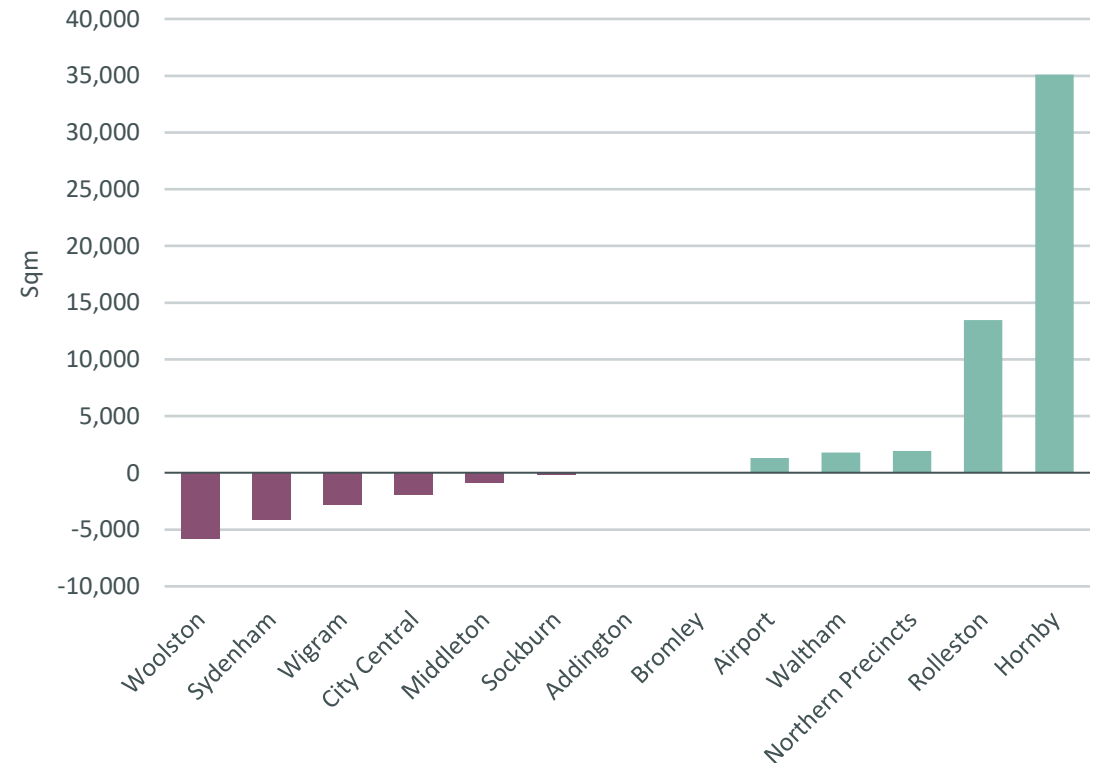
Even though demand in the industrial market is starting to show some signs of softening, net absorption is still holding up. Total net absorption during H1 2024 was 37,760 sqm, not too dissimilar to the level achieved in H2 of last year (circa 39,000 sqm). Net absorption continued to be supported by high levels of new industrial stock. Out of the total 72,850 sqm of new supply that hit the market in H1, circa 69,000 sqm were occupied. This helped to push up the net absorption in the Grade A submarket in this period, which reached 50,740 sqm, tracking above the historical average level for this submarket. In contrast, the Secondary industrial market (Grades B, C and D) registered a negative net absorption of -12,980 sqm.

During H1, Hornby had the largest net absorption with circa 35,100 sqm, followed by Rolleston (13,452 sqm) and Northern Precincts (1,917 sqm). However, this was partially offset by negative net absorption in Woolston (-5,829 sqm), Sydenham (-4,132 sqm) and Wigram (-2,816 sqm).

Industrial Net Absorption by Grade

	Total	Grade A	Grade B	Grade C/D
Dec-23	39,009	32,888	-5,067	11,188
Jun-24	37,760	50,740	-12,126	-854

Industrial Net Absorption by Precinct—H1 2024



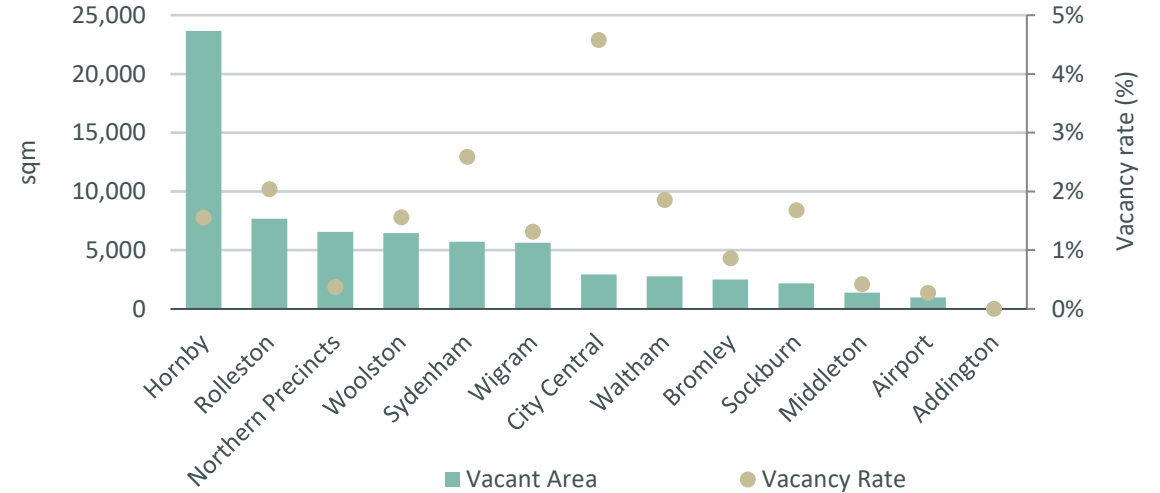
# Industrial Vacancy

After experiencing extremely low levels in the previous 12 months, industrial vacancy started to increase during H1 2024 across all submarkets. During this period, it sat at 1.4%, up from 0.6% in H2 2023. The Christchurch industrial market is experiencing shifts in supply and demand dynamics. Notably, there’s subdued demand for industrial space, combined with an emergence of occupiers subleasing part of their leased footprint and large companies downsizing. Additionally, vacant space may become more noticeable in the second half of the year as some companies relocate to purpose-built assets

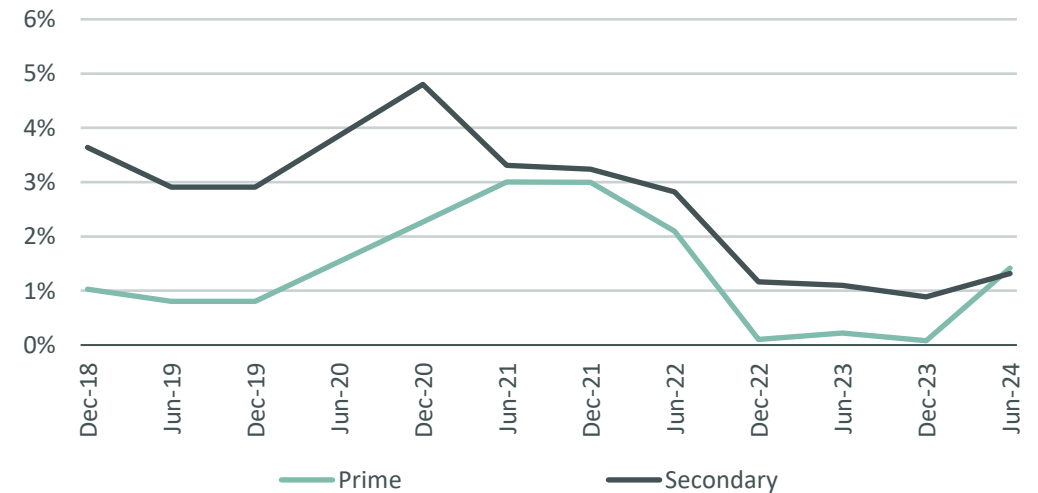
During H1, Grade A buildings experienced a significant increase in vacancy, rising by 22,110 sqm, moving from 0.1% to 1.4%. This was primarily driven by tenants downsizing their industrial footprint and companies vacating the Christchurch market. Notably, the largest vacated building was 15 Sir James Wattie Drive in Hornby, where Maxwell Logistics left behind approximately 7,000 sqm of prime industrial space. However, it still occupies around 13,000 sqm on the same street. Additionally, Tekplas vacated 2,509 sqm at 8 Hannover Place in Rolleston after shutting down operations in the city. Furthermore, some of the new supply that entered the industrial market in H1 remained vacant, such as 3,000 sqm at 2 Aruhe Road in Hornby, constituting half of the industrial space at that address.

Grade B buildings also experienced an increase in vacancy, rising from 1.00% to 1.79% (approximately 12,000 sqm). The primary reason behind this shift is companies downsizing their industrial space. Notable examples include Fabrum Solutions, which vacated 4,300 sqm at 15 Mary Muller Drive in Woolston to relocate to a smaller asset on Waterloo Road. Additionally, United Steel left behind 2,770 sqm at 1 McAlpine Street in Wigram (while still occupying 4,334 sqm on the same street), and Vehicle Safety Systems vacated 2,164 sqm at 12 Lock Crescent in Woolston (while still occupying 1,380 sqm at 79 Orbell Street in Sydenham).

Industrial Vacancy by Precinct – H1 2024



Industrial Vacancy

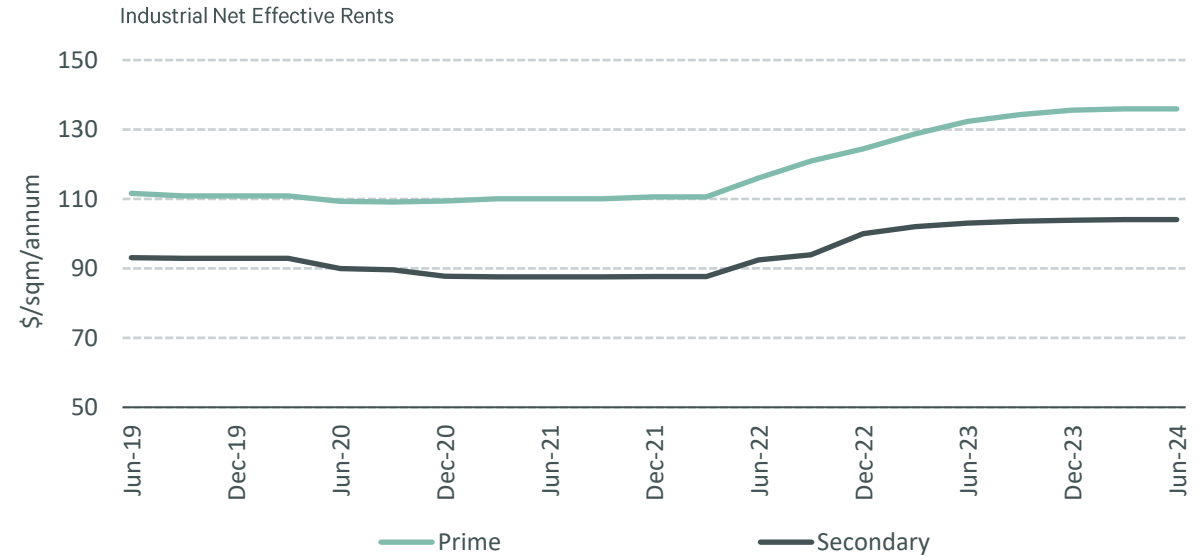
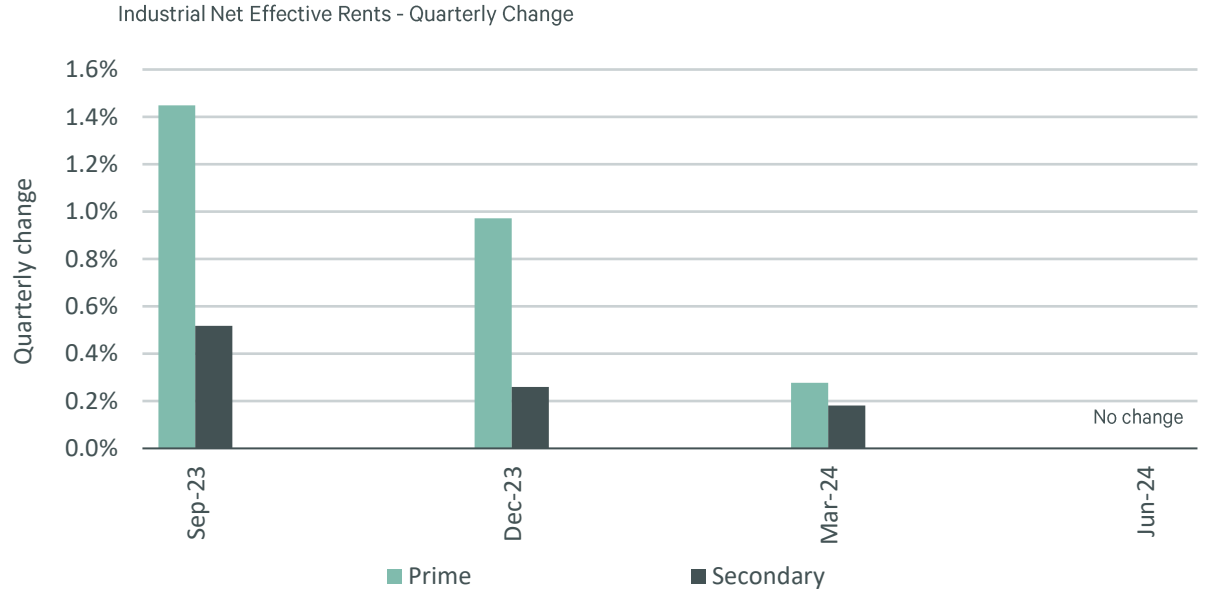


# Industrial Rents

After benefiting from gradual rental growth between Q4 2021 and Q1 2024, the Christchurch industrial market experienced stable rents in Q2 2024. Notably, the market exhibited softening trends, including more moderate occupier demand and an increase in vacant space.

Industrial Prime net effective rents remained unchanged in Q1 at \$136 per sqm, whilst Secondary net effective rents remained at \$104 per sqm. On an annual basis, Prime net effective rents increased by 2.7% and Secondary net effective rents rose by 1.0%.

Incentives remained stable in Q2 2024. Based on CBRE’s assessment, both industrial Prime and Secondary indicative market incentives remained at 1.4% of face rents. This levels of incentives have been consistent since the second half of 2022.



## 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.

### 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.

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