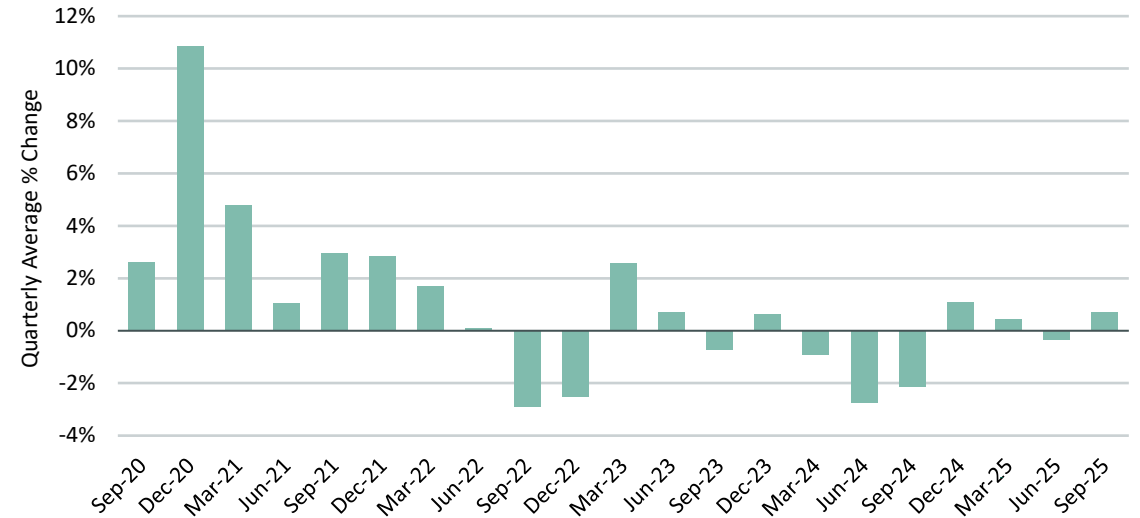


Auckland Property Market Overview

INSIGHTS

- Investors have become more constructive on the back of interest rate trends, and increased investment market activity is aiding the price discovery process. As a result, in Q3 we have firmed yields across 11 property sectors in the Auckland market. This helped the weighted average capital value increase in Q3 after a small drop in Q2.
- Office leasing enquiries and inspections have lifted in Q3. However, the higher activity is very specific and focused on well-located prime assets. Overall, rents remained essentially flat.
- Industrial occupier demand remains weak for larger warehouses as the logistics sector continues to operate with excess capacity, but it is picking up at the smaller end of the market. Overall, there is no evidence pointing to an increase in market rents.
- The retail leasing market is also weak. General occupier sentiment indicates a reluctance to rush into deals but compared to earlier in the year, enquiries from potential tenants have increased in Q3. Given a lower affordability base, in weaker centres, owners need to drop rents to accommodate tenants.

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



Market Indicators

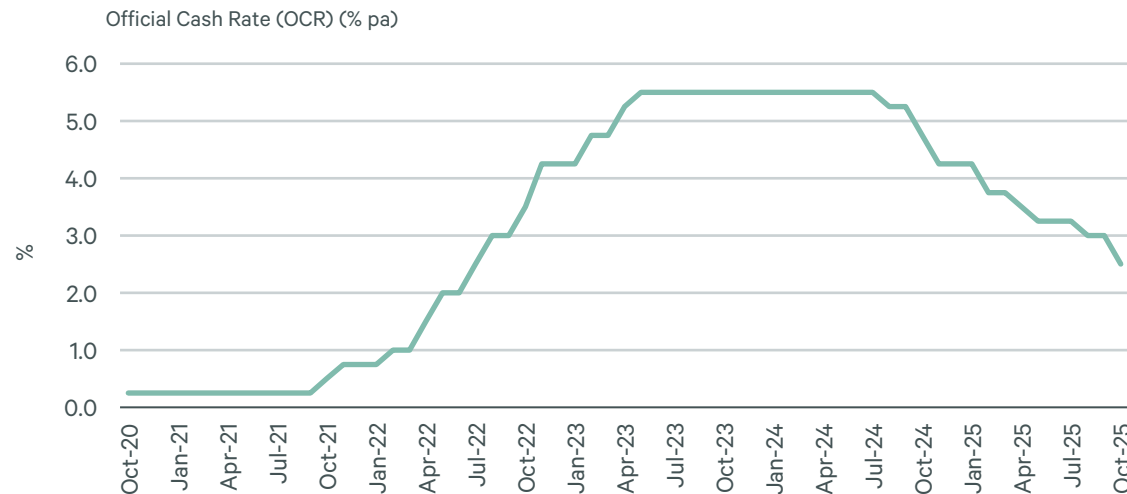
Market Sector	Stock (sqm)	Vacancy (%)	Net Face Rent (\$/sqm)	Incentives (%)	Yield (%)
Prime CBD Office	797,987	11.4%	300 - 950	8 - 25	5.15 - 8.80
Secondary CBD Office	685,540	27.4%	190 - 600	10 - 25	5.75 - 9.50
Prime Industrial	6,746,966	1.6%	170 - 260	5 - 7	4.90 - 6.20
Secondary Industrial	7,448,394	1.7%	120 - 220	5 - 8	5.45 - 7.20
Prime CBD Retail			2,500 - 6,000	1 - 3	5.35 - 6.50
Major Regional	294,628	1.3	700 - 2,900	4 - 6	6.50 - 7.25
LFR Centre	474,053	0.9	180 - 550	4 - 6	6.60 - 7.40

Rent data is as at September 2025. Office and Industrial stock and vacancy data is as at June 2025; Retail stock and vacancy data is as at December 2024.

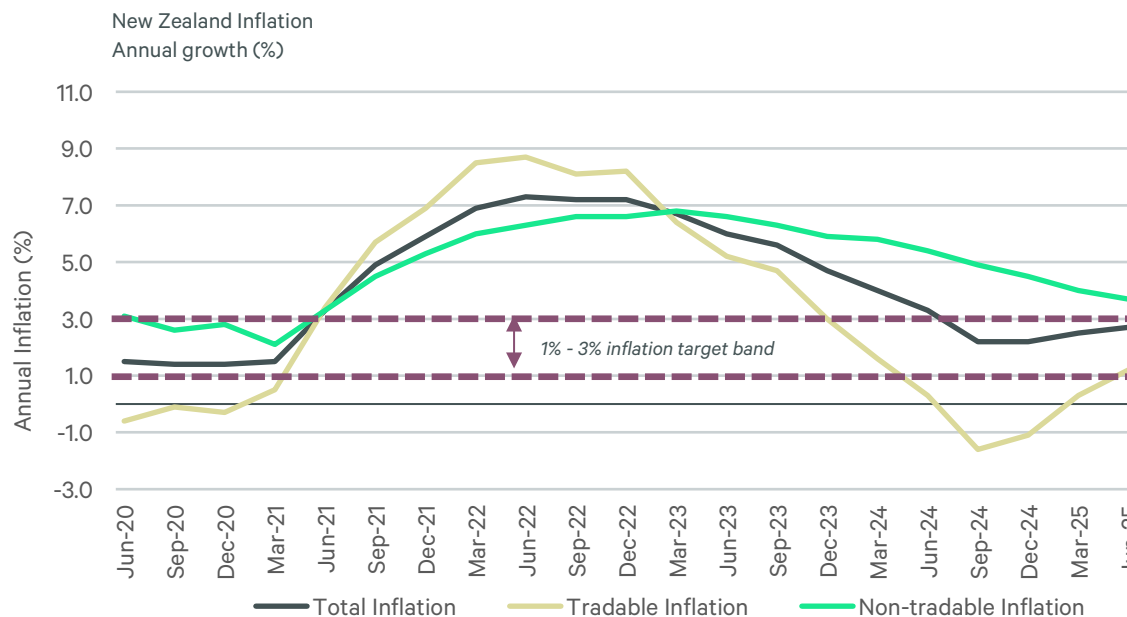
Economy

New Zealand's economy continues to be impacted by sluggish levels of aggregate demand. GDP decreased by 0.9% in Q2 2025 compared to the previous quarter, registering a greater decline than what the economic consensus and RBNZ predicted (-0.3%). During Q2, goods-producing industries, which account for approximately 21% of the total economy, contracted by 2.3%, followed by primary industries (down by -0.7%). Meanwhile, service industries, which make up close to 74% of the economy, remained stable. At a more granular level, manufacturing and construction, the second and fourth largest industries in the country, saw the greatest declines in the June 2025 quarter, with activity decreasing by 3.5% and 1.8%, respectively. When analysed by expenditure, in Q2 private consumption increased by only 0.4% compared to Q1, whilst exports went down by 1.2%, investment decreased by 1.1%, and central government spending reduced by 0.1%.

GDP growth is forecast to improve from Q4 2025 onwards through 2026. Easing monetary policy is characterised by a lagged effect on aggregate demand, which will help uplift GDP supported by favourable terms of trade, rebounding consumption and business investment. In its latest Monetary Policy Review in early October, the RBNZ's Monetary Policy Committee (MPC) reduced the OCR by 50 bps to 2.50%. Over the past 15 months, the OCR has been reduced by 300 basis points. Even though annual inflation reached the top end of its 1% to 3% target band in Q3, it is forecast to decline gradually in forthcoming quarters paving the way for at least one more rate cut.



Source: Reserve Bank of New Zealand



Source: Statistics New Zealand

Investment Market

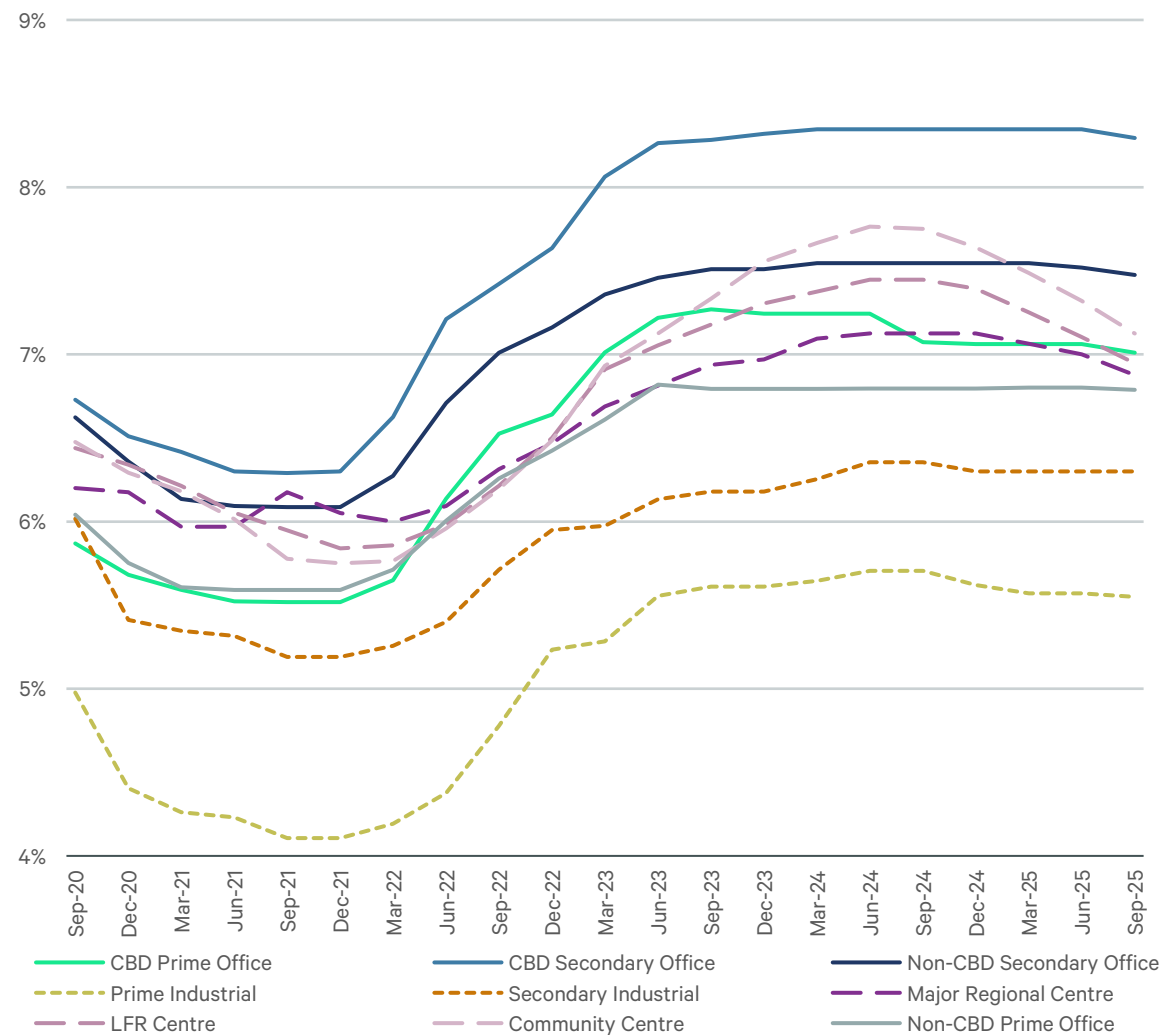
The RBNZ’s rate cutting cycle has delivered a more positive context for the investment market, and a lift in activity (both in terms of transactions and buyer and seller engagement) is also providing greater pricing clarity. Reflecting these, CBRE’s assessment of market trends shows renewed yield firming momentum that is also starting to become more widespread across market sectors.

In our Q3 assessment, this has resulted in c10 bps firming for CBD A and B grade assets; generally traditional tower and character typologies for well located core CBD properties. These tend to be properties more likely to offer medium term value growth through higher occupancy and rents. Similarly, we firmed yields for Non CBD office, mainly for B and C grade assets. At the top end of the market, where liquidity currently relies on international capital, we consider yields remaining stable for now.

Retail is also an improving investment market. Local private and wholesale investors are active and Australian investors are back after a hiatus. Seismic concerns have hurt shopping centre transactions and the recent government policy announcement to ease seismic building code and remedial requirements is helping to boost interest in the sector. Combined with the relatively high absolute yields on offer, the turn in sentiment towards the sector helped deliver a double digit Q3 yield firming for retail centres.

Industrial is the most liquid market, accounting for nearly half of New Zealand’s transaction volumes in 2025. However, buyers seem reluctant to go below current market yield levels, resulting in only a modest yield firming in Q3. It’s possible that diverging sentiment will broaden the gap between vendor and purchaser expectations and may result in falling liquidity during Q4.

Auckland Indicative Yields by Sector



Note: CBD Prime office and major regional shopping centre yields firmed in Q3 2024 due to some non-market or basket component changes including introducing and withdrawing a few new buildings. The market trend in Q3 was flat in these submarkets.

CBD Office Vacancy

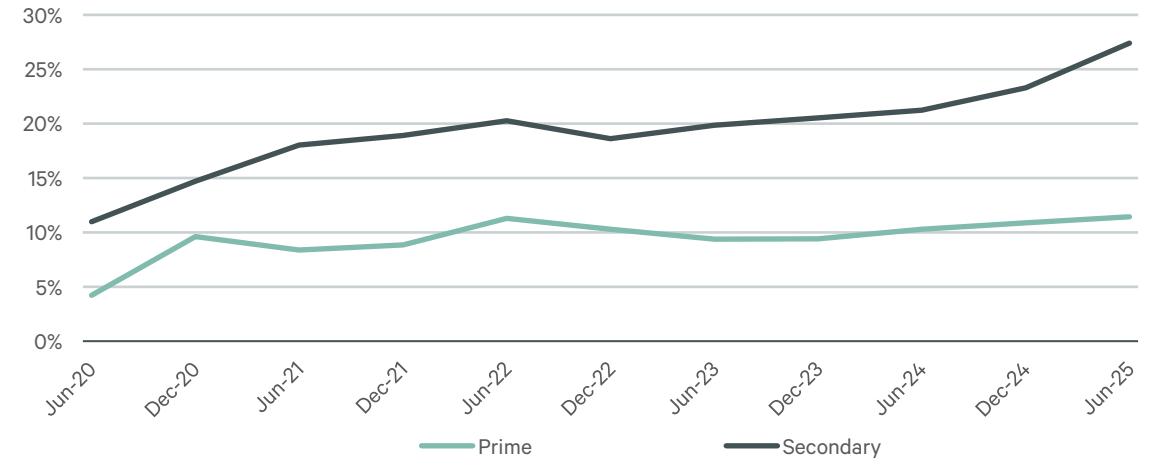
The Auckland CBD office market experienced an increase in overall vacancy, rising from 16.7% in December 2024 to 18.8% by June 2025. This upward trend reflects significant tenant movements and the introduction of new supply.

Vacancy in the Premium sector saw an increase, from 3.8% in December 2024 to 6.1% in June 2025. This rise is primarily attributed to tenant footprint contraction and the completion of new supply. Exits included FNZ Limited vacating 2,184 sqm at 50 Albert Street, and HSBC leaving 1,359 sqm in HSBC Tower. While there were some take-ups, these were insufficient to offset the increase in available space. Additionally, the new Beca House in Wynyard Quarter introduced approximately 3,800 sqm of vacancy.

A-grade vacancy decreased, moving from 16.0% in December to 15.6% in June 2025. This was driven by significant new leases and expansions. Notable take-ups include the Bank of China leasing more than 2,000 sqm at 66 Wyndham Street. Publicis Group NZ's move to Vocus (3,272 sqm) and Zuru New Zealand's expansion into 167C Victoria Street West (1,358 sqm) and 167A Victoria Street West (1,994 sqm) also absorbed considerable space.

The B-grade sector experienced a substantial rise in vacancy, from 24.1% to 30.1%. This was largely due to major tenant relocations and the re-positioning of assets. Beca's departure from 21 Pitt Street introduced approximately 13,000 sqm of vacancy, and NZ Customs Service vacated around 5,800 sqm at 50 Anzac Avenue. The re-grading of Formery West also contributed to B-grade vacancy. Despite new leases such as Dual NZ taking 824 sqm at 34 Shortland Street and New Zealand Skills and Education College leasing over 1,400 sqm at 99 Albert Street, the sheer volume of space returned to the market by large occupiers led to a net increase in available space.

Auckland CBD Office Vacancy



Auckland CBD Office Vacancy Change by Grade

		PREMIUM	GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
Vacancy at Jun-25	%	6.1%	15.6%	30.1%	22.3%	33.4%	18.8%
	sqm	20,996	70,254	104,862	59,359	23,630	279,102
Vacancy at Dec-24	%	3.8%	16.0%	24.1%	19.9%	32.2%	16.7%
	sqm	12,409	72,135	84,250	53,294	22,806	244,895

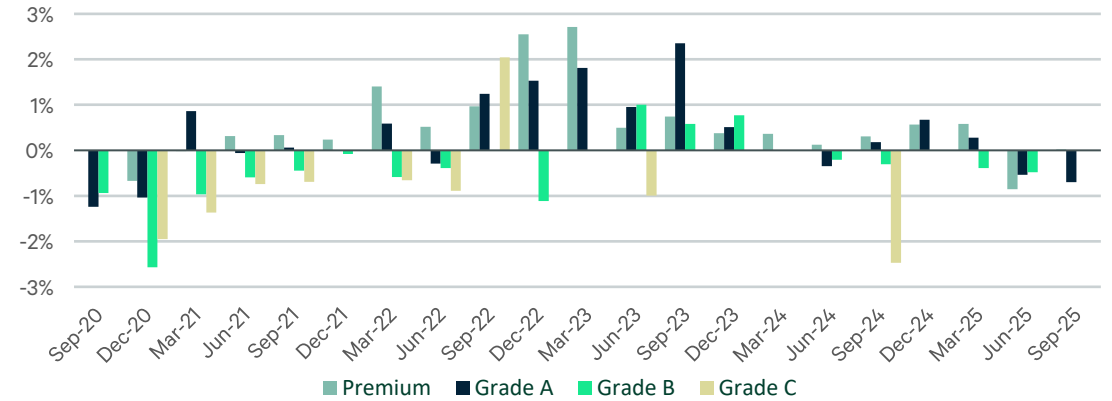
CBD Office Rents

Office leasing enquiries and inspections have lifted in Q3, but the higher activity is very specific and narrow across locations and buildings. It is very much focused on well-located Prime assets where owners are able/motivated to fund fitouts. Rents remained essentially flat in Q3. Adjustments in a few buildings for higher incentives resulted in slight net effective rent declines in some submarkets, offset by rental uplifts due to some capex/repositioning in a few other buildings.

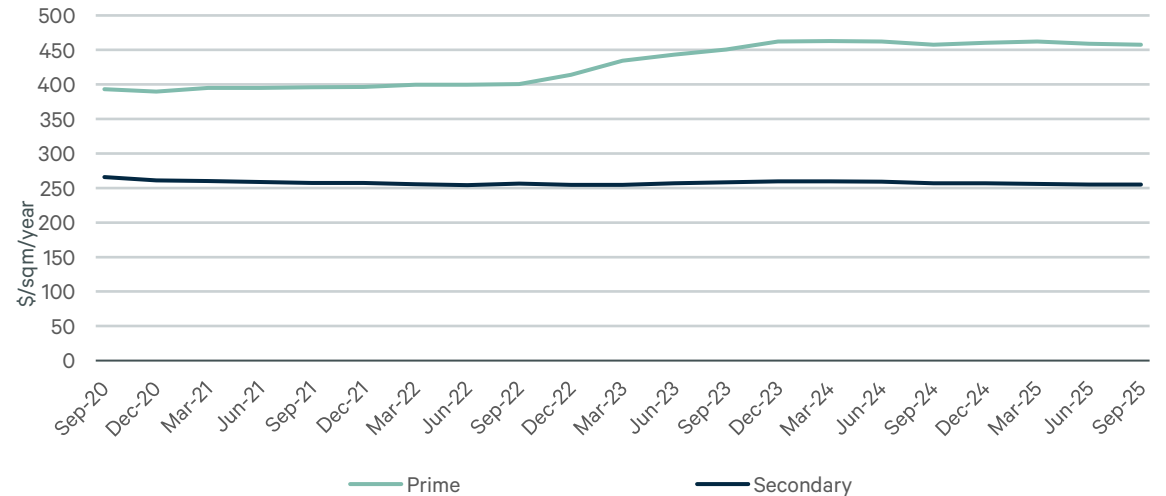
Premium properties in the core CBD experienced a slight increase in net effective rent, with a quarterly change of 0.5%, reaching an indicative value of \$562. This positive trend contrasts with the CBD fringe area, where Premium grade rents had a decline of 1.2%, resulting in a net effective rent of \$537. In the CBD overall, Premium rents remained relatively stable at \$555/sqm.

For A Grade properties, the core CBD saw a decline in net effective rent by 1.5%, dropping to \$387, while the CBD fringe remained stable at \$398. Therefore, Grade A CBD rent experienced a decrease of 0.7%, with net effective rent at \$392. The decrease in CBD core rents is building-specific - a small number of landlords lifted their incentives to address sticky vacancies. Grades B & C properties showed stability across all areas.

Auckland CBD Net Effective Office Rents by Grade – Quarterly Change



Auckland CBD Net Effective Office Rents



CBD Office Market Outlook

Vacancy

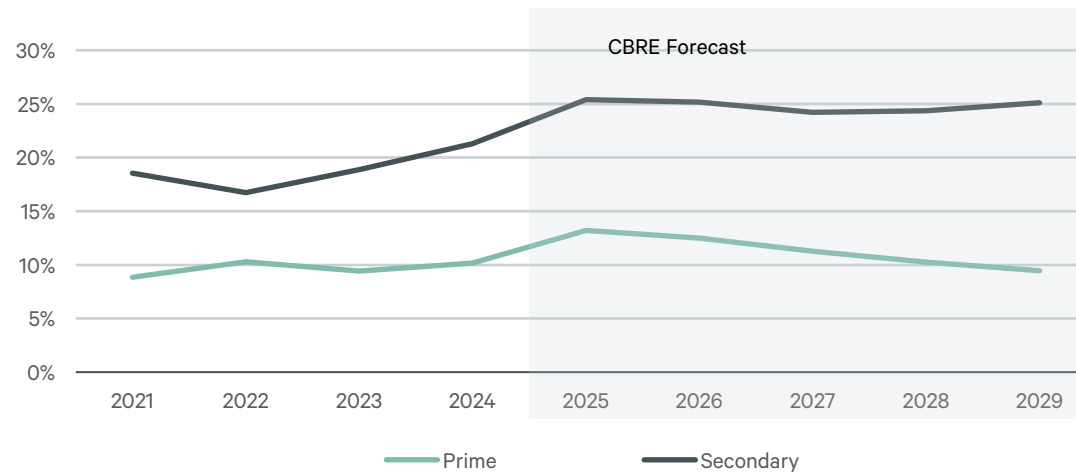
In addition to the realisation of last year’s absorption losses, the weaker than expected economic fundamentals imply negative absorption in 2025, followed by a weaker recovery in 2026 that will strengthen into 2027-2028. More positive economic and labour market conditions, combined with more focused occupier approaches to offices, with organisations emphasising employee presence in the office, will drive this recovery.

In 2025, vacancy is impacted not only by contracting demand but also by the biggest supply pipeline in 15 years. In 2024, vacancy reached a 20-year high of 15.9% and is set to rise even further in 2025. The 2025 vacancy peak and subsequent reduction vary by scenario. With new supply relatively certain, the biggest drivers of the scenario variations are the amount of secondary space that will be withdrawn, and the extent to which net absorption recovers in 2026 and beyond

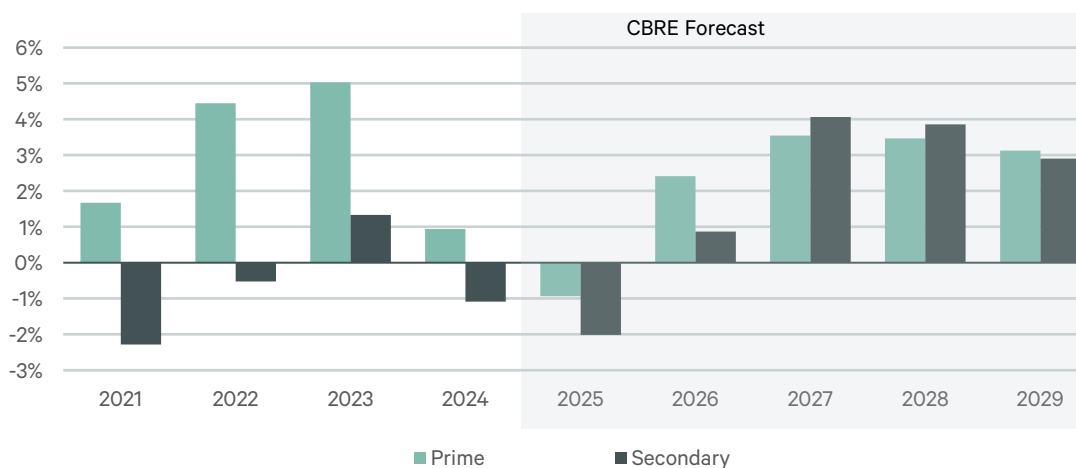
Rent

We think that face rents will remain largely stable and incentives will increase to a greater extent this year than last, driving net effective rents to fall in our base scenario. As space market conditions improve beyond 2026, incentives could be withdrawn quite rapidly which will result in effective rents bouncing back more strongly in 2027-2028.

CBD Office Actual and Forecast Vacancy



CBD Office Actual and Forecast Annual Net Effective Rental Change



Note: CBD Prime is Premium and Grade A and Secondary is Grade B

Non-CBD Office Vacancy

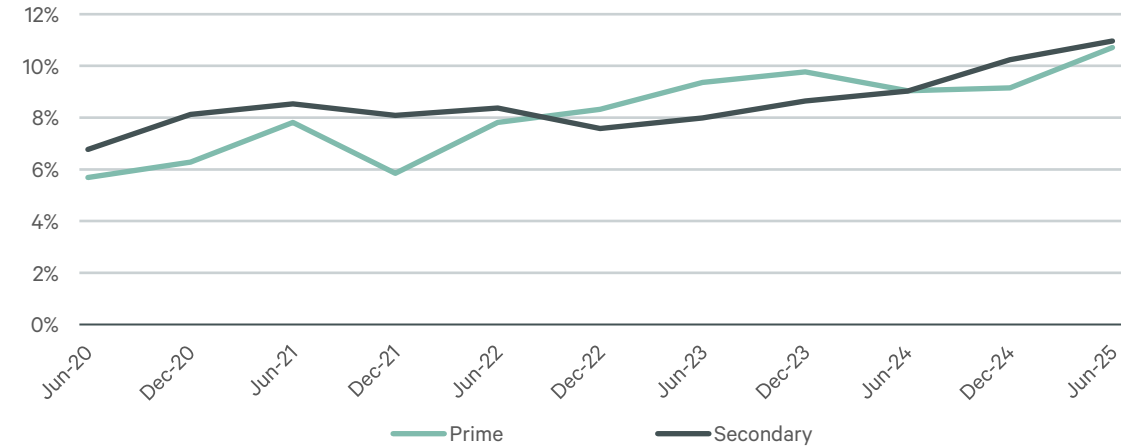
The non-CBD Auckland office market experienced an increase in overall vacancy, rising from 10% (170,033 sqm) in December 2024 to 10.9% (185,037 sqm) by June 2025. This upward trend was predominantly driven by the A and B Grade segments, while Grade D saw a slight reduction in vacancy.

There was some positive absorption, such as in Eden Terrace where APEX Advice took up 930 sqm, and FujiFilm took up 2,300 sqm. In Takapuna at 1-7 The Strand (1,069 sqm) take-ups by Devere New Zealand and Engeo also had a positive impact. This was insufficient to offset the larger new vacancies and persistent existing vacancies in buildings like 55 Corinthian Drive (1,179 sqm) and Munroe Lane (over 7,000 sqm) in Albany, and Lion’s former space (2,100 sqm) in the GHD Centre in College Hill.

Grade A vacancy increased from 9.1% to 10.7%. Zuru left ~2,800 sqm in the GHD Centre in College Hill. Another ~2,800 sqm of vacancy resulted from WDHB and Xplor both leaving 5 The Warehouse Way in North Shore, WDHB returned to their refurbished Taharoto Road space, Xplor closed their NZ office.

In Grade B, 4,000 sqm previously occupied by Network 4 Learning in Parnell returned to the market. In Greenlane over 2,500 sqm of new vacancy came about due to KiwiRail looking to sublease a floor (1,200 sqm) and Beko’s former space (1,350 sqm).

Auckland Non-CBD Office Vacancy Change by Grade



Auckland Non-CBD Office Vacancy

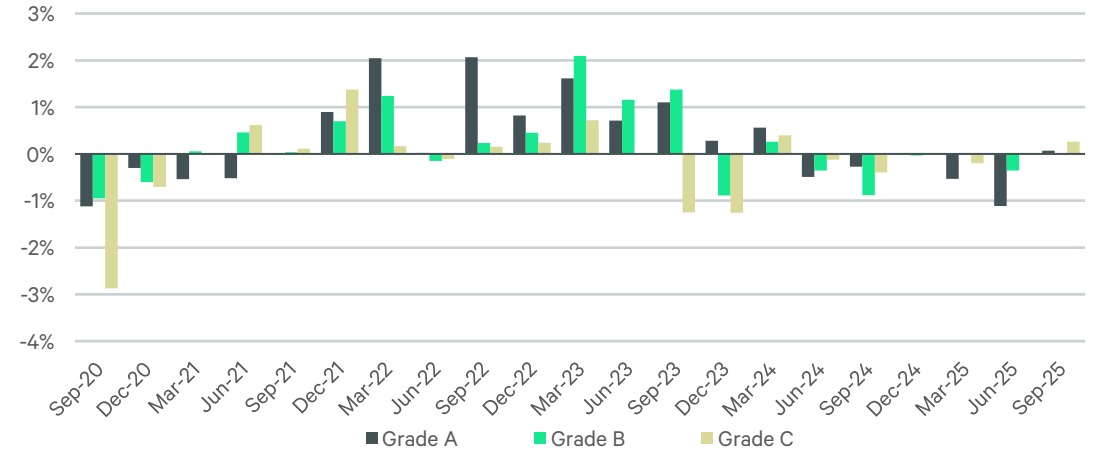
			GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
Vacancy at Jun-25	%		10.7%	12.9%	9.8%	9.3%	10.9%
	sqm		39,321	67,845	63,915	13,956	185,037
Vacancy at Dec-24	%		9.1%	11.7%	9.3%	9.4%	10.0%
	sqm		33,584	61,420	60,723	14,307	170,033

Non-CBD Office Rents

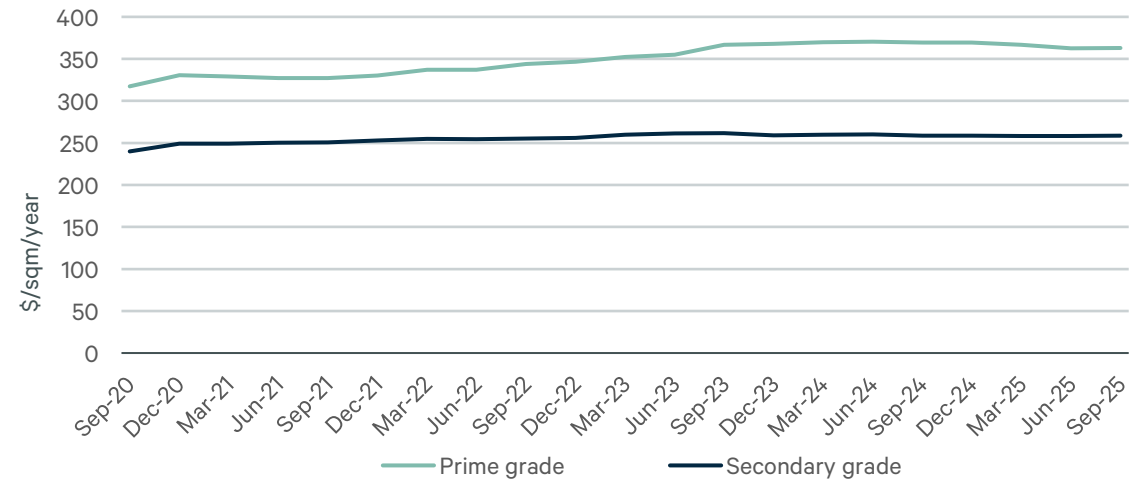
Overall, Prime net effective rent went up by 0.1% in the third quarter after a decrease of 1.6% in H1, resulting in a net effective rent of \$363/sqm. Similarly to CBD office, net effective rents for non-CBD Prime and Secondary grades have shown varied trends across different suburbs. For example, prime rents in Greenlane increased by 0.8% year to date, while Albany experienced a significant decline of 3.6%, bringing its rent down to \$318/sqm.

For Secondary grade, the overall net effective rent decreased by 0.5% in H1, before a slight increase of 0.1% in Q3, leading to a net effective rent of \$258. Albany's Secondary rents kept relatively stable in Q3 after a notable decrease of 2.4% in Q2. Meanwhile, Parnell's rents experienced a positive trend with a 1.3% increase in Q2, reaching \$330, and were unchanged in Q3. These fluctuations in net effective rents across various suburbs highlight the heterogeneity of the non-CBD office market.

Auckland Non-CBD Net Effective Office Rents by Grade – Quarterly Change



Auckland non-CBD Net Effective Office Rents



Non-CBD Office Market Outlook

Vacancy

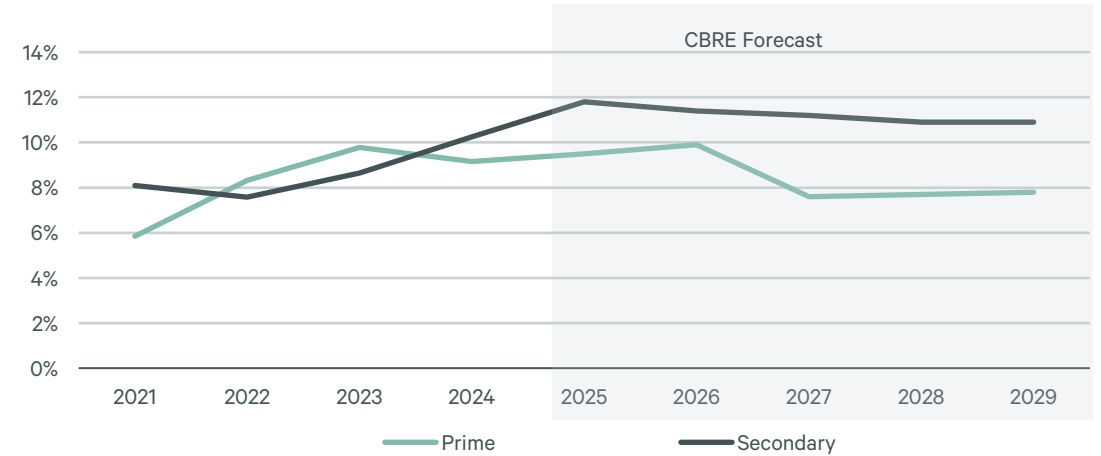
We have downgraded our 2025 net absorption forecast given weaker than anticipated economic and market conditions. Centralisation, such as One NZ's impending move from Smales Farm into the CBD, remains a concern and so does relatively weak corporate demand for satellite office space in suburban locations. We still think that larger scale corporate demand will take some years to return in strength, but stronger economic conditions should result in an overall lift in net absorption from 2027.

The vacancy outlook is relatively stable, with weak demand counterbalanced by a low supply pipeline. 2025 will be at, or close to, the cyclical vacancy peak and we expect a modest improvement by 2026 or 2027. On the other hand, we also don't see a dramatic improvement as economic conditions pick up.

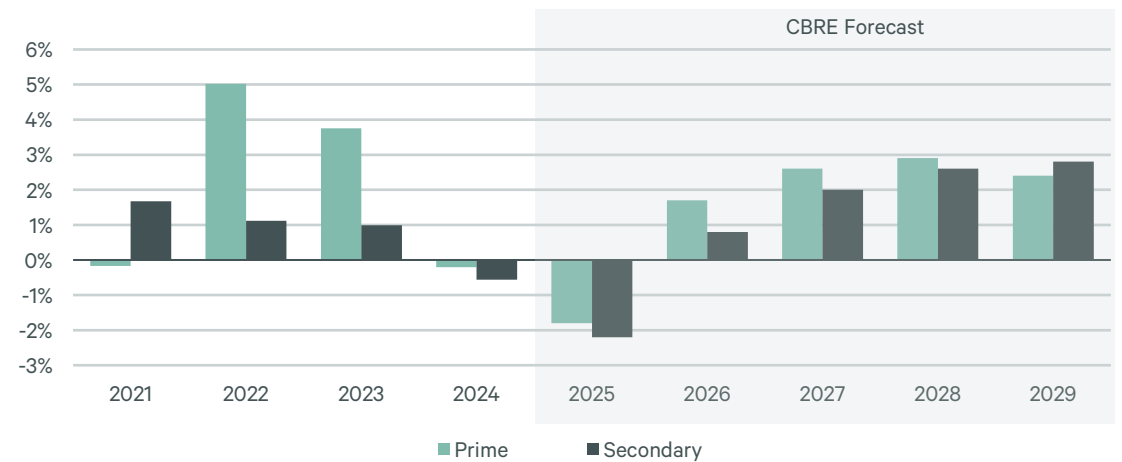
Rents

Increasing incentives will underpin falling net effective rents this year. At the same time, given that the vacancy pressure is quite localised we don't see deep market wide falls in rents as some suburban office locations will remain resilient. In the secondary market it will likely take until 2027 for rent growth to pick up stronger momentum with a more sustained improvement in demand and decline in vacancies.

Non-CBD Office Actual and Forecast Vacancy



Non-CBD Office Actual and Forecast Annual Net Effective Rental Change

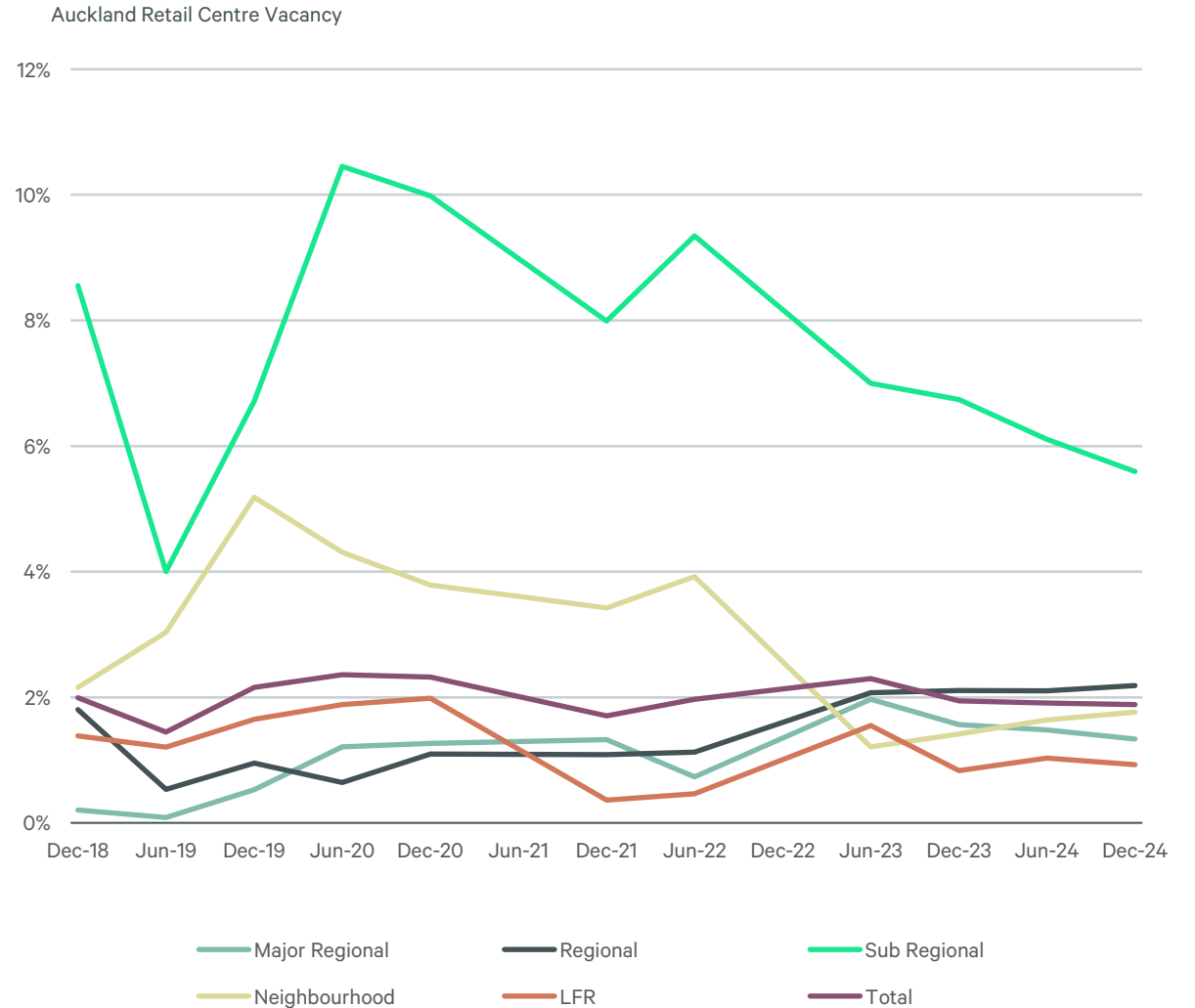


Retail Vacancy

Overall Auckland retail centre vacancy improved slightly during H2 2024 from 1.9% to 1.8% or c24,000 sqm.

Vacancy remains concentrated in a handful of locations under significant competitive pressure in the subregional centre category, reflecting the vacancy gap between high-and low-quality stock as high quality centres with strong anchors are significantly outperforming.

This is highlighted in the LFR and major regional categories not just having the lowest vacancy rates but also improving their position over the past six months. Notably however, even the worst performing sub regional category showed improving occupancy. This largely reflects the ongoing expansion of Panda Mart in Pakuranga Plaza.

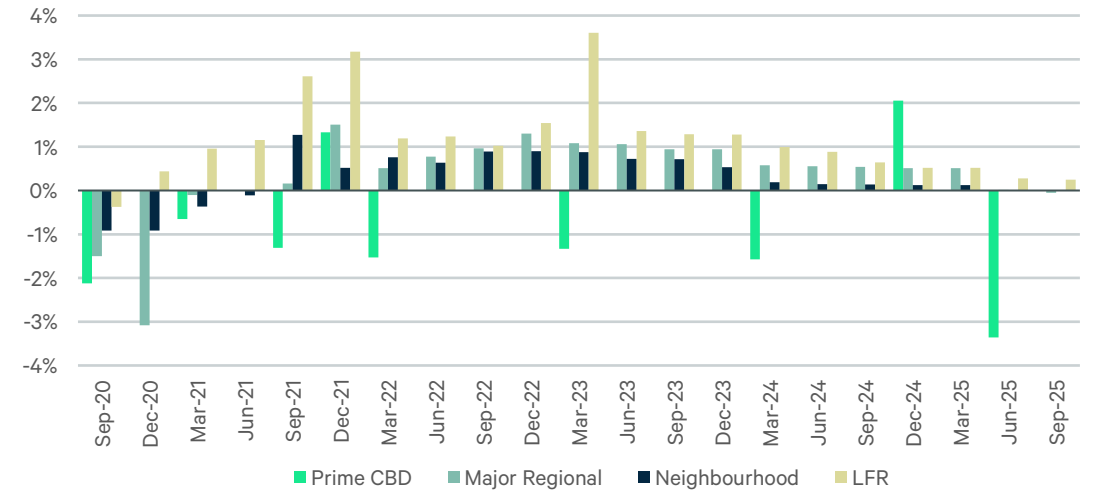


Retail Rents

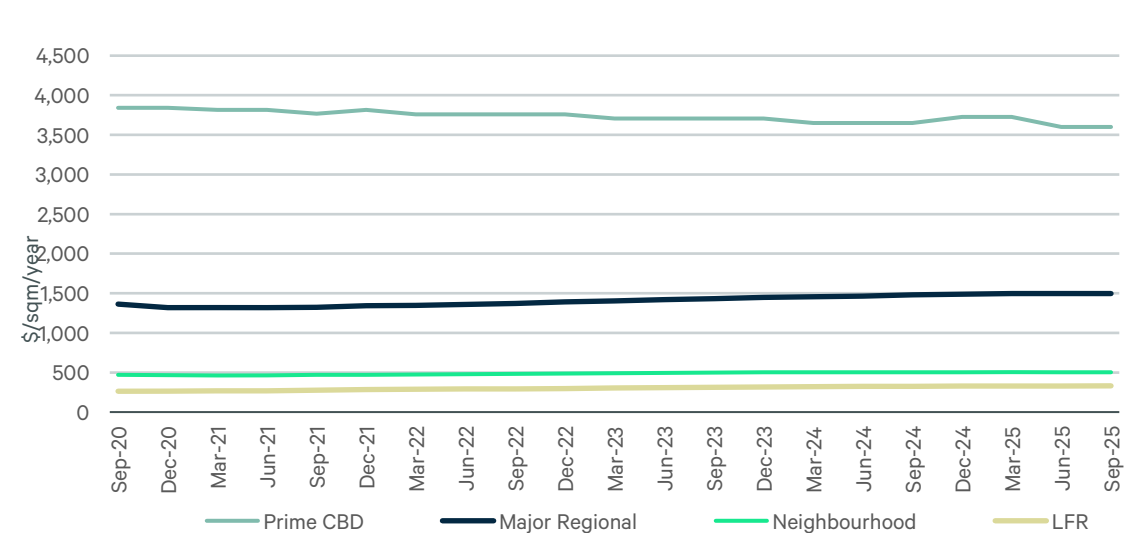
The retail leasing market is slow and many centres have been experiencing rising vacancy pressure during the year. General occupier sentiment indicates a reluctance to rush into deals but compared to earlier in the year, enquiries from potential tenants have increased in Q3. A significant portion of the inquiry is coming from smaller local retailers, some of whom new to the industry, and lessors are showing some reluctance to take a punt on new businesses given the expectation of landlord funded fitouts and/or leasing incentives.

For strip retail, Prime CBD rents have experienced a decline, with a notable quarterly decrease of 3.4% in June, stabilizing thereafter with no further change by September, maintaining a rent indicative of \$3,600. Given a lower affordability base, in weaker locations and centres owners still need to drop rents to accommodate tenants. Our assessments show that subregional centres experienced the largest rental decline in Q3. Major regional centres also experienced some minor rent decreases, while large format retail centres' rents increased by only 0.2%.

Auckland Retail Rents – Quarterly Change



Auckland Retail Rents



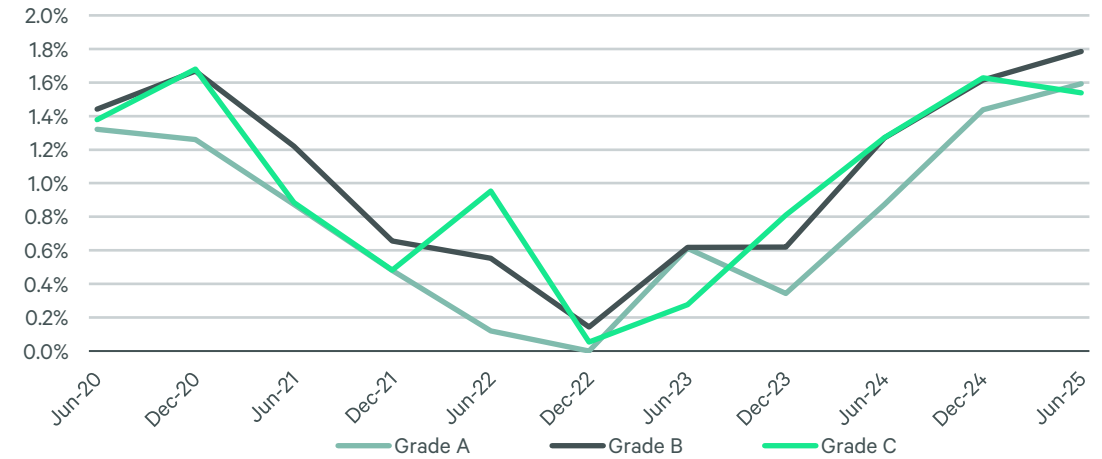
Industrial Vacancy

The Auckland industrial market experienced a slight increase in its overall vacancy rate, rising from 1.5% to 1.6% in H1 2025, representing an additional 14,779 sqm of vacant space. In the Grade A segment, notable new vacancies in H1 include a new building at 31b Bowden Road (13,000 sqm), 30 Ash Road (~12,000 sqm), and part of the new building finished in H1 at 22 Toiawaka Road (3,600 sqm). While the market did absorb some prime stock, such as two new buildings finished in 2024 at 69 McLaughlins Road, totalling over 10,000 sqm, the influx of these newly listed large-scale vacant properties has outpaced immediate absorption.

The B grade segment demonstrated robust absorption, with numerous significant take-ups indicating strong demand for well-located, quality mid-tier industrial assets. Key moves include Netlogix (10,700 sqm) securing space at 86B Plunket Avenue; Portacom Building Solutions (7,065 sqm) at 212 Cavendish Drive, and Super Steel (3,260 sqm) at 82 The Concourse. This strong activity suggests that businesses are actively seeking and securing functional spaces, leading to a tightening in the available B-grade stock.

Vacancy in Grade C decreased slightly. This was primarily attributable to short-term leases signed by tenants for several large Grade C buildings, such as VISY leasing 510 Mt Wellington and Pacificomm 3PL leasing 37 Carbine Road.

Auckland Industrial Vacancy



Auckland Industrial Vacancy Change by Grade

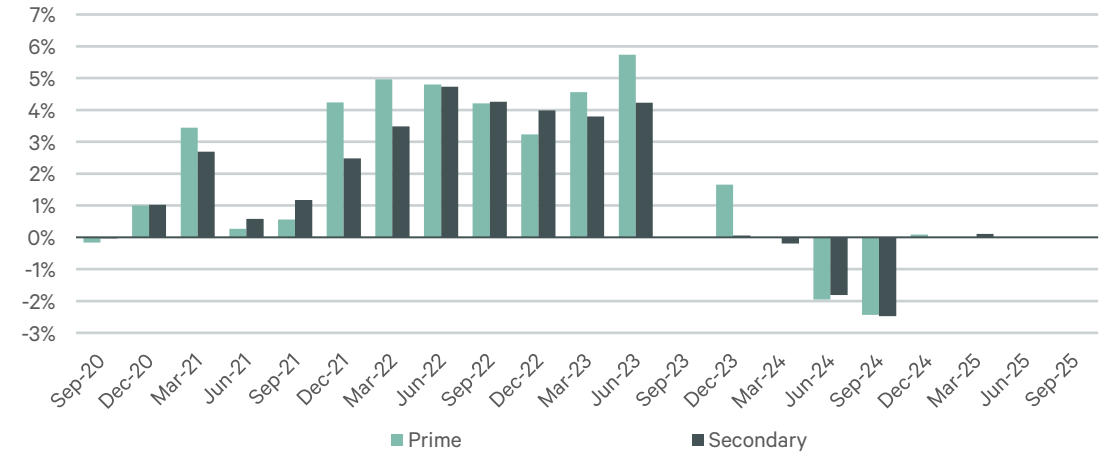
		GRADE A	GRADE B	GRADE C/D	TOTAL
Vacancy at Jun-25	%	1.6%	1.8%	1.5%	1.6%
	sqm	107,446	70,570	53,749	231,765
Vacancy at Dec-24	%	1.4%	1.6%	1.6%	1.5%
	sqm	95,582	64,332	57,072	216,986

Industrial Rents

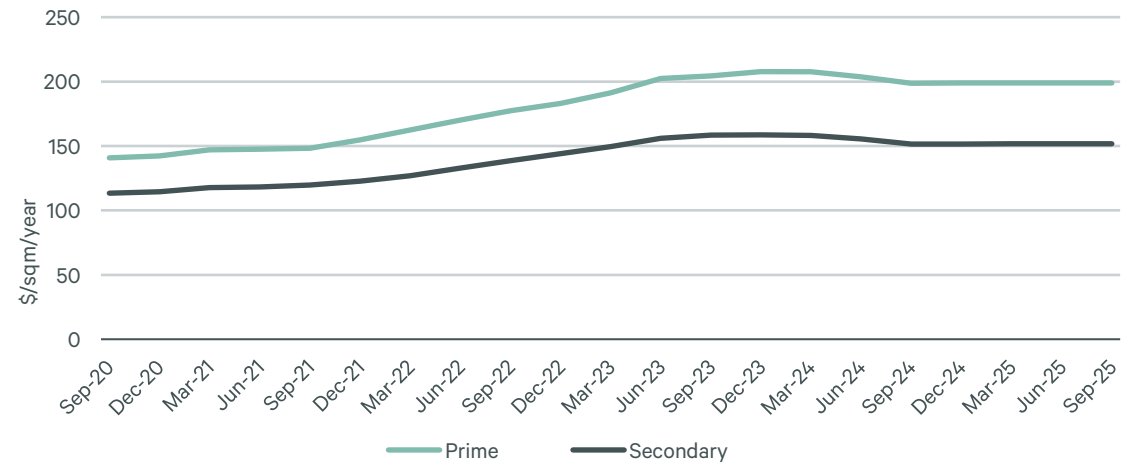
In Q1 there were indicators of an improving industrial leasing market and B grade rents were adjusted slightly upward. Although in Q3, brokers continued to report improving levels of occupier engagement with leasing options, demand for larger warehouses remains weak. However, demand started picking up at the smaller end of the market. Overall, we kept rents and incentives stable across all industrial quality grades in Q3.

The overall Prime net effective average industrial rent held at \$199/sqm. Precincts such as East Tamaki, Wiri, Mt Wellington and Penrose continue to command the highest net effective rents within the Prime segment. The aggregated Secondary average remained at \$152/sqm.

Combined (office and warehouse) Net Effective Industrial Rents



Auckland Industrial Net Effective Rents – Quarterly Change



Industrial Market Outlook

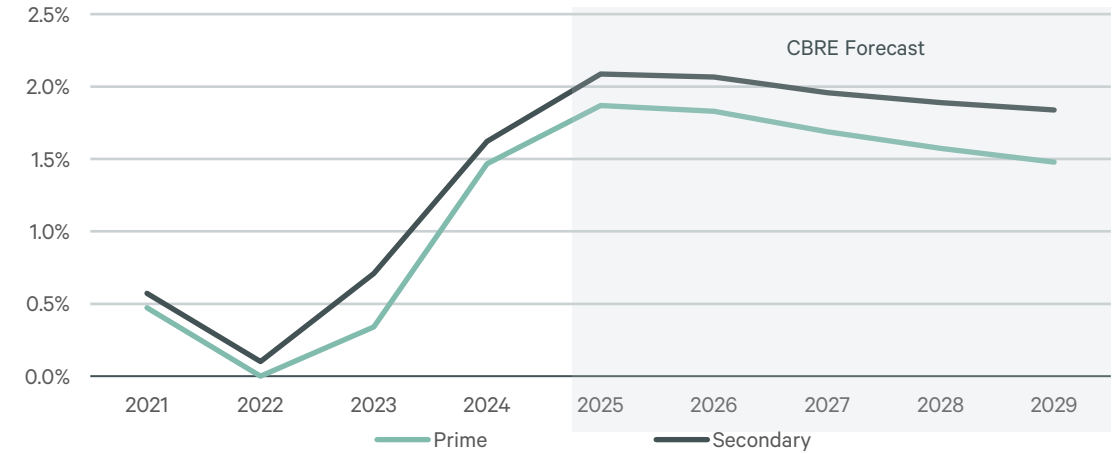
Vacancy

Based on the under-construction pipeline, we expect circa 203,000 sqm to be completed by the end of this year, with around 180,000 sqm of net supply. Given the macroeconomy and the industrial market cycle, net absorption will lag supply in 2025. We expect that from 2026 onwards, net absorption will be close to or slightly higher than the net annual supply, which means vacancy will gradually decrease from 2026. Our latest vacancy rate outlook for 2025 is 2.0%, lower than 2.2% in our previous forecast. Some well-capitalised developers remain confident in market fundamentals and feel comfortable developing ahead of the broader market, believing that their projects will be completed in time to capitalise on rising demand and falling vacancies. As such, although the spec building pipeline will not result in a jump in vacancies in the next few years, vacancies will decrease only gradually, and we do not expect the vacancy rate to fall below 1% in any scenario.

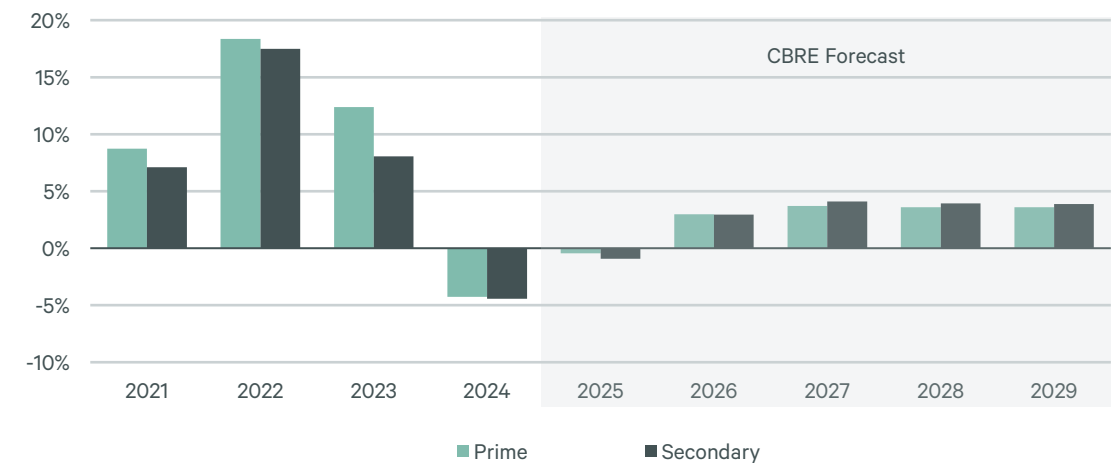
Rents

We expect little change to market rents this year. This has already been the prevailing dynamic in H1 following increasing incentives during 2024 and this steady trend is likely to prevail through H2. Looking ahead to 2026 and beyond, rents will recover to the 3-4% growth level. But given that vacancy rates will not decrease as significantly, our outlook does not have any scenarios showing the much more substantial increase that the market experienced between 2021 and 2023.

Auckland Industrial Actual and Forecast Vacancy



Auckland Industrial Actual and Forecast Annual Net Effective Rental Change



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. As of Q4 2024 Auckland CBD stock, each Grade includes some of each the building typology – Tower/Standard, Campus, and Character.

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. As of Q4 2024 Auckland CBD each Grade’s “basket of buildings” includes examples of each building typology.

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