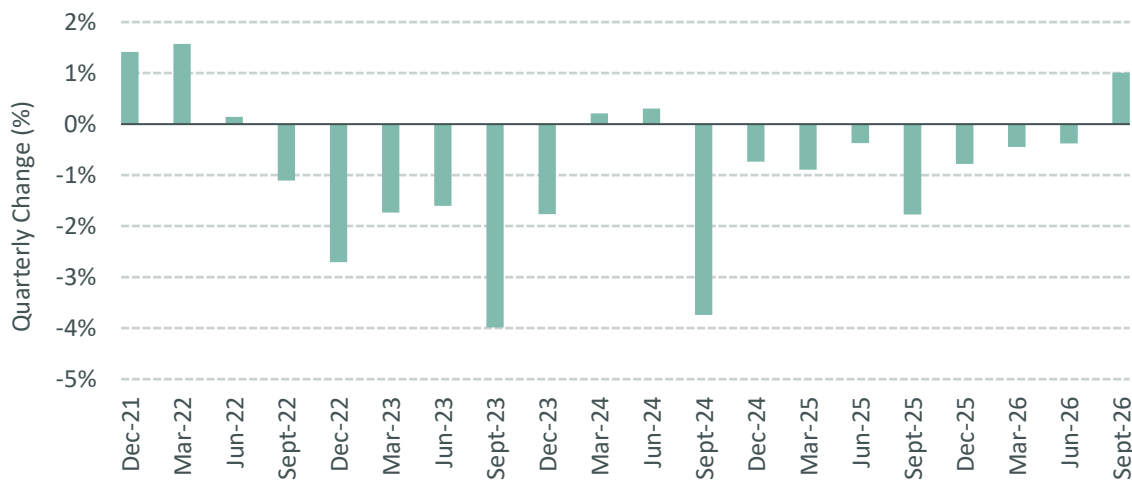


Wellington Property Market Overview

KEY MARKET CHANGES

- Office market conditions continue to favour tenants, with a few indicators, such as incentives, stabilising. Lower OPEX, mainly from a significant fall in insurance premiums had varying market impacts due to the mix of gross and net leases.
- Prime industrial gross rents rose 3.7% in Q3 2026, reflecting demand trends for high-quality assets and an upward revision of Prime warehouse face rents. Secondary gross rents rose 0.7%, solely due to higher outgoings on buildings let on net leases.
- Wellington's retail market stayed subdued in Q3 2026, with thin leasing, highly location-specific demand and gross rents unchanged across all submarkets for the third consecutive period. The western side of Lambton Quay drew stronger interest, whilst lower Cuba Street and Courtenay Place remained notably weak.
- Investor sentiment in Wellington remained subdued compared with Auckland and Christchurch, where steady capital flows have supported more regular transactions despite rising interest rates narrowing the spread between debt costs and property yields. Nonetheless, CBRE's assessment pointed to stable market yields across all Wellington sectors in Q3 2026.

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



Market indicators

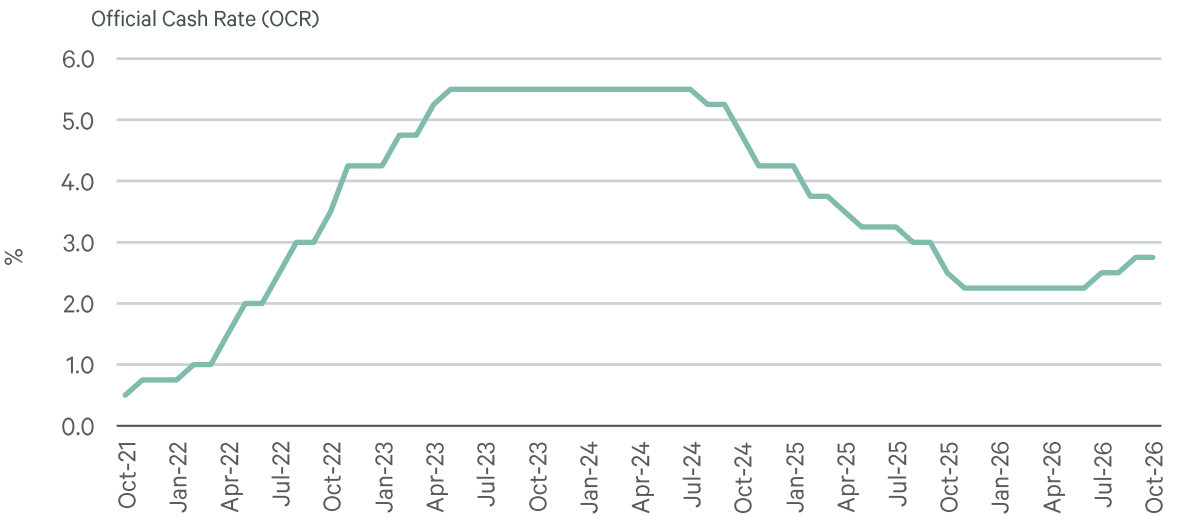
Market Sector	Stock (sqm)	Vacancy (%)	Gross Face Rent (\$/sqm/yr)	Incentives (%)	Yield Range (%)
Prime CBD Office	468,599	10.0	583 – 1,085	9 – 20	6.00 – 8.25
Secondary CBD Office	942,759	22.5	220 – 860	12 – 17	7.00 – 11.45
Prime Industrial	507,198	3.7	194 – 290	1 – 2	6.00 – 7.00
Secondary Industrial	1,716,579	4.8	126 – 197	3 – 4	6.50 – 8.50
Prime CBD Retail	23,335	4.7	1,900 – 2,650	10 – 11	6.76 – 7.61
Secondary CBD Retail	278,227	7.7	800 – 1,700	10 – 11	7.00 – 8.35

Economy

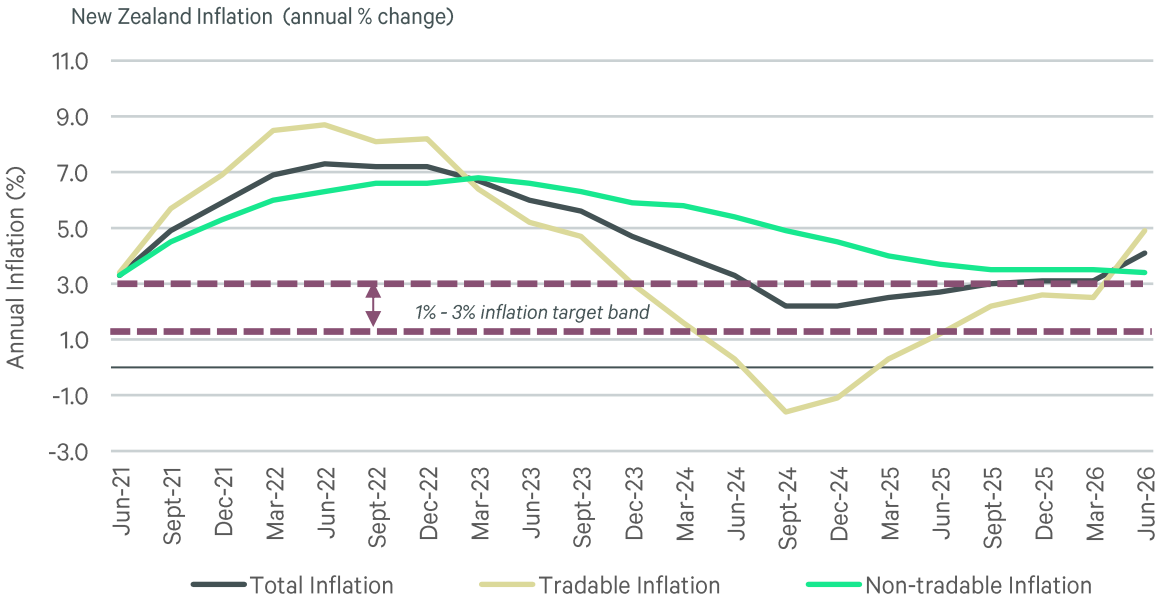
New Zealand's economy grew by 0.2% in Q2 2026 compared with the previous quarter, slightly above the 0.0% the RBNZ forecast in its most recent Monetary Policy Statement. The result reflects a quarter in which confidence was starting to rise, as international oil prices receded and the prospect of the Strait of Hormuz reopening improved. From an expenditure perspective, growth was driven by an increase in goods exports, particularly meat and dairy (helped by high international prices), and by higher investment in fixed assets.

However, inflationary pressures continue to pose risks to the economy. Annual inflation reached 4.1% in Q2, more than double the 2.0% midpoint of the inflation target. As a result, the RBNZ raised the OCR by 25 bps to 2.50% in July. At its most recent meeting in September, the Monetary Policy Committee raised the OCR by a further 25 bps to 2.75%, arguing that inflation is expected to remain elevated over the next year given the first- and second-round effects of higher fuel prices. Although the RBNZ expects economic growth to resume sometime this year on the back of the export sector's continued solid performance, it also outlined risks to the economy, such as high unemployment, subdued private consumption and slow house price growth. Despite spare capacity in the domestic economy, the market consensus is that monetary policy tightening will continue in the coming quarters, albeit at a less aggressive pace given the current negative output gap.

Overall, the outlook is mixed across the range of economic growth drivers but in net should underwrite moderate growth during the next 18-24 months.



Source: Reserve Bank of New Zealand



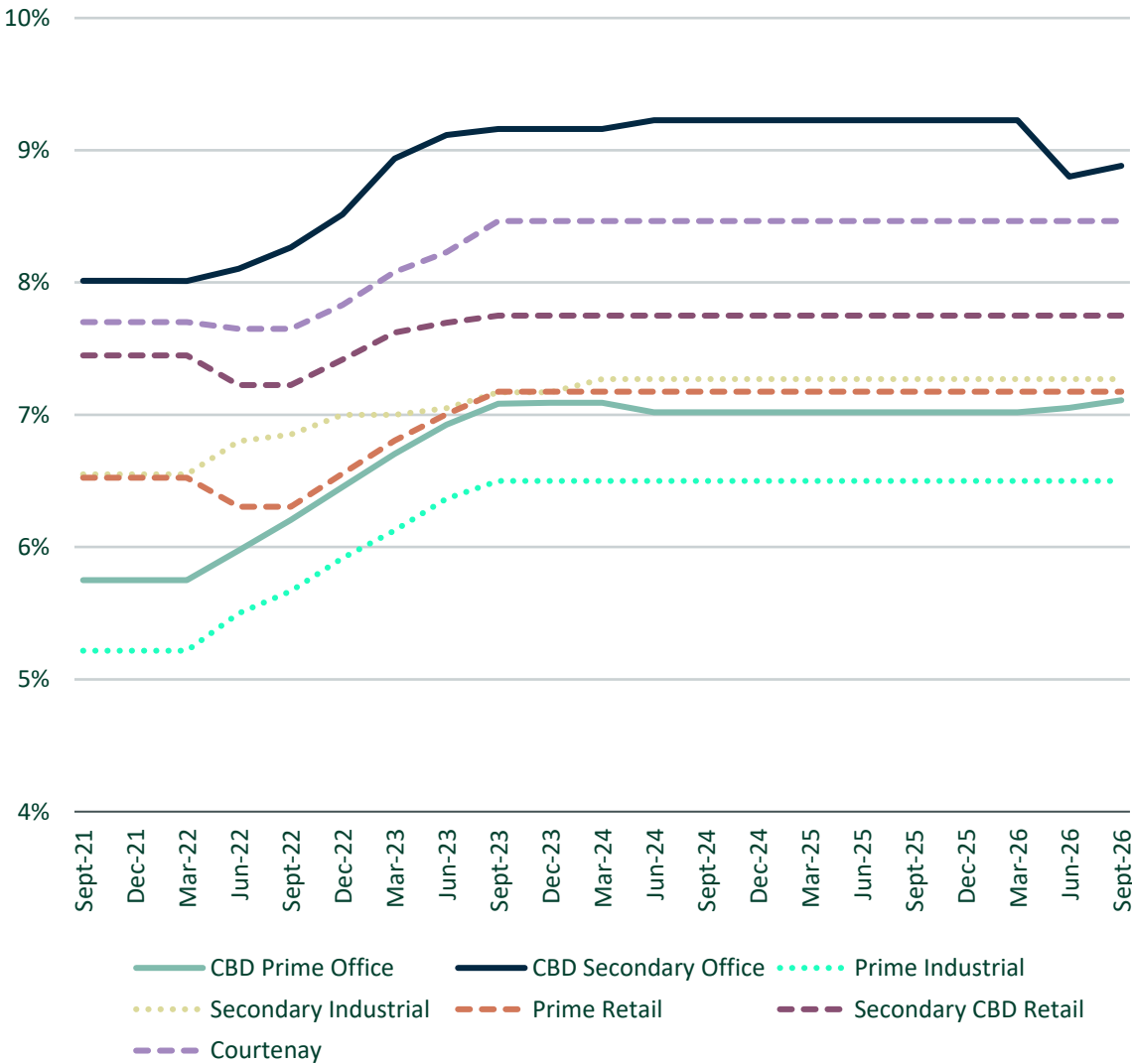
Source: Statistics New Zealand

Investment market

CBRE determines market yields and rents using a "basket of buildings" methodology, where a panel of senior CBRE staff assesses representative buildings per sector against transaction evidence and market feedback. Given the evolving Wellington CBD office market, we have regraded some buildings in both the Prime and Secondary submarkets to reflect evolving market characteristics. **As a result, CBD office yields from Q2 2026 onwards are not directly comparable with earlier quarters, as the movement at that point reflects a regrading-driven basket change rather than underlying market movements.**

Similar to Auckland, the Wellington office investment market appears to lack depth. Institutional investors seeking core assets are focused on bigger markets such as Australia, where plenty of CBD stock is also available. Overall, there is an apparent bid ask spread across most deals, and liquidity is thinner than last quarter. As a result, we have consistently softened office yields upward across the full quality spectrum. Industrial and retail yields were kept stable in Q3, given relatively positive and/or somewhat improving underlying fundamentals

Wellington Indicative Yields by Sector



CBD Office Vacancy

CBRE recently conducted a regrading process for Prime and Secondary buildings in the Wellington CBD office market to more clearly separate post-2018 new-build stock from older stock, in light of material differences in seismic design (e.g. base isolation), performance, amenities, and different investment characteristics. As a result, the difference in vacancy levels between H2 2025 and H1 2026 for Premium, Grade A and Grade B buildings is partially due to this regrading exercise rather than market-driven movements. CBRE's definition of vacancy encompasses space that is both physically vacant and available for lease.

Following the overall trend of the last four years, with the exception of the previous period, total vacancy in the Wellington CBD office market increased during H1 2026, moving to 18.4% from 17.3%. By submarket, vacancy went up in the Core submarket to 20.5% from 18.1%, a circa 20,000 sqm increase in vacant stock. It also increased in the Thorndon submarket to 7.7% from 7.2%, a rise of 2,500 sqm in unoccupied office space. Only the Te Aro submarket registered a decrease in vacancy, to 21% from 23%, a decline of around 5,100 sqm in vacant stock. The most relevant moves during H1 2026 included the Wellington City Council vacating 9,987 sqm of space at 113 The Terrace to move to 68 Jervois Quay (Grade B), and the Ministry of Education leaving 7,672 sqm of Grade C space at 8 Gilmer Terrace for 33 Bowen Street, while continuing to hold around 8,000 sqm at 1 and 3 The Terrace. Also, around 15,200 sqm of Prime vacant space at 195 Lambton Quay was removed from stock for refurbishment and strengthening works, most of which was previously occupied by MFAT before it relocated to 12,138 sqm at 55 Molesworth Street (a Premium asset).

Prime (Premium and Grade A) vacancy increased during H1 to 10.0% from 7.5%. However, some of the changes in Prime vacant stock relate to the aforementioned regrading process (e.g. former Grade B buildings now classified as Grade A assets, and vice versa). Some of the major moves that caused a market-driven uptick in Prime vacancy included NZTE and NZTA vacating around 2,900 sqm at the Majestic Centre due to downsizing, Rabobank and NTT downsizing their footprint at NTT Tower by 2,000 sqm, and 1,734 sqm of newly built uncommitted space coming onto the market on level 1 at 55 Molesworth Street.

CBD Office Vacancy Change by Grade

Vacancy		PREMIUM	GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
June 2026	%	4.4%	10.9%	16.3%	24.5%	28.9%	18.4%
	sqm	2,755	44,172	52,044	109,909	50,593	259,473
December 2025	%	7.8%	7.5%	21.1%	21.7%	28.6%	17.3%
	sqm	7,463	30,466	90,978	63,298	50,085	242,290

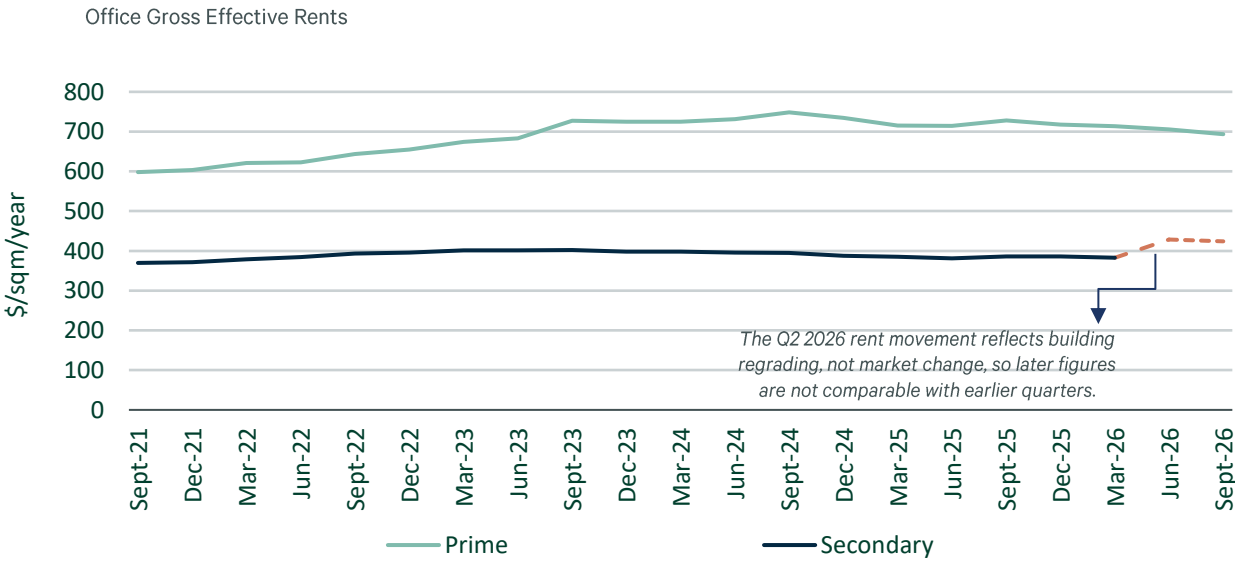
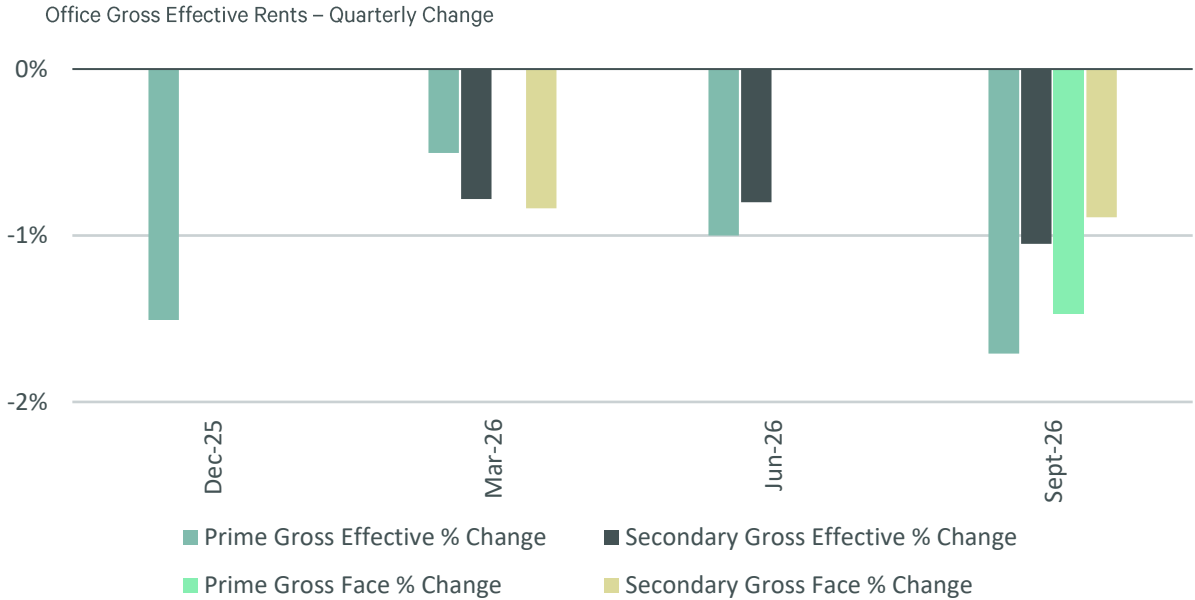
Wellington CBD Office Vacancy



CBD Office Rents

During Q3, rents in some submarkets were partly influenced by movements in outgoings. Under CBRE's methodology, the new rates regime is reflected from the third quarter of each year. This year, a significant reduction in insurance premiums in the CBD office market more than offset the rise in property rates, resulting in lower outgoings compared with last year. Our rental assessments and building baskets aim to accurately reflect the mix of net and gross leases across market sectors, as this mix influences rents. For instance, the Prime office submarket has shifted substantially towards net leases in recent years, whereas Secondary office buildings still predominantly use gross leases. As a result, when outgoings decrease, gross rents fall under net leases, whilst under gross leases the gross rent stays the same and the net rent rises, because smaller outgoings are deducted from it.

Wellington's office market remained tenant-favourable in Q3 2026, showing early signs of stabilisation rather than recovery, with leasing activity picking up as lease expiries force occupiers who had deferred decisions back into the market, often downsizing into better-quality premises, whilst incentives appear to have plateaued after rising sharply. Demand is increasingly concentrated on a small pool of well-located, new or upgraded buildings offering ready-to-occupy fitted space and strong amenity, creating a pronounced two-tier market in which high-quality stock remains resilient, and old Secondary stock is becoming effectively obsolete and a candidate for conversion. According to CBRE's assessment, Q3 indicative market incentives were unchanged, at 14.4% of face rents for Prime and 13.9% for Secondary. However, lower outgoings reduced gross effective rents in Premium and Grade A buildings, which are mostly let on net leases, by 1.6% and 1.8% respectively. Gross effective rents in Grade B and C assets, which are let on a mix of gross and net leases, fell by 1.5% and 0.2% respectively, as falling outgoings manifest themselves differently in market rents between net and gross leased space.



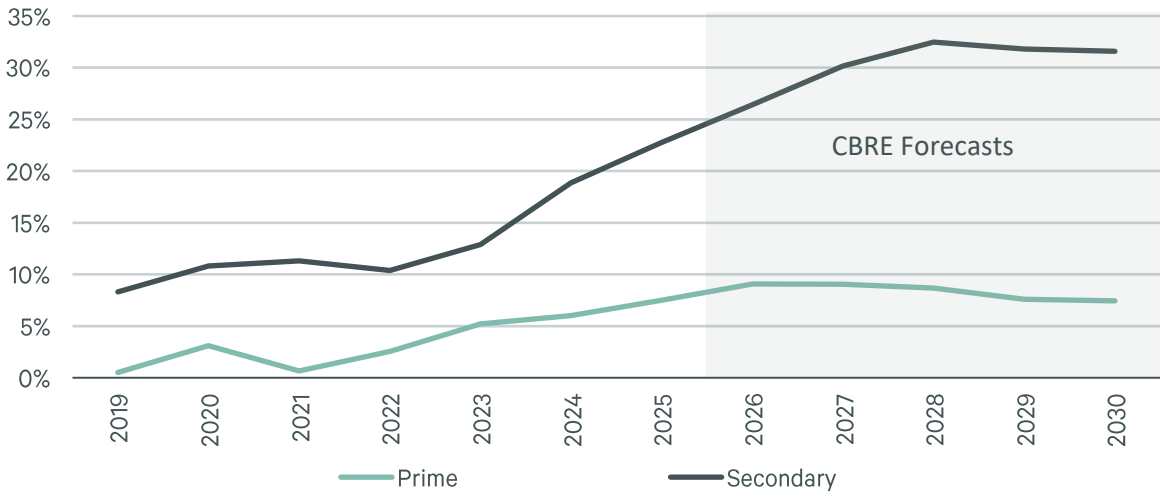
CBD Office Market Outlook

Wellington's CBD experienced a negative net absorption of 6,658 sqm during H1 2026, following a positive net absorption level of 6,540 sqm during the second half of last year. Net absorption is expected to remain in negative territory during 2026–2028, moving into the positive side of the spectrum in the last two years of the forecast period.

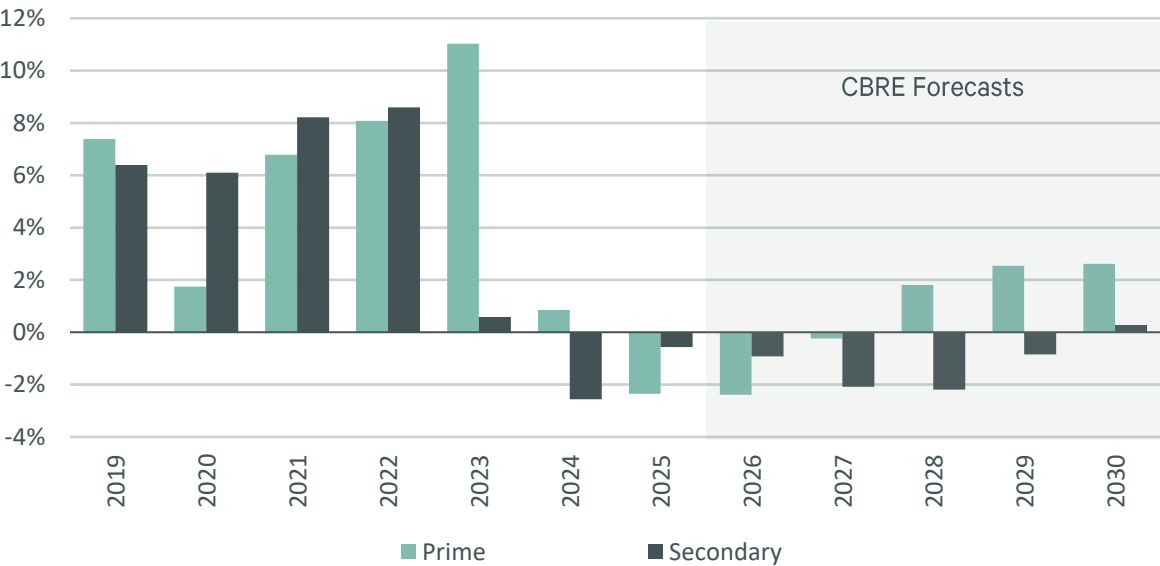
Total office stock in Wellington's CBD rose to 1,411,358 sqm in H1 2026, up 10,525 sqm from H2 2025. CBD office supply is set to grow by over 55,000 sqm this year, driven by one new Prime building and four refurbished assets spanning Prime and Secondary grades. Notably, 2026 stands out as the peak year for office space supply, delivering the most new and refurbished stock within our forecast period. Some of the buildings include 55 Molesworth Street, located in Thorndon, a newly completed 19,074 sqm Premium building developed by Precinct Properties, and 33 Bowen Street, a 13,201 sqm Grade A asset returning after undergoing refurbishment and strengthening works. The other buildings coming back are Harbour Tower (an 8,904 sqm Grade A building), 13-17 Manners Street (a 9,000 sqm Grade A asset) and 54 Cambridge Terrace (a 4,980 sqm Grade C building). This will be offset by the withdrawal from stock of 195 Lambton Quay, a 15,800 sqm Prime asset, which will undergo refurbishment and strengthening works, with its return to market anticipated in 2028. The removal of 143 Lambton Quay, a 6,220 sqm Grade C office building that is due to be converted into a hotel, also contributes to this offset. Conversion activity is anticipated to begin this year and increase over the next two years.

Vacant space is expected to increase during 2026–2028 as supply exceeds demand. The combination of the demand and supply cycles suggests vacancy peaking in 2028 (24.4%) and gradually decreasing during 2029–2030.

CBD Office Actual and Forecast Vacancy



CBD Office Actual and Forecast Annual Gross Effective Rental Change

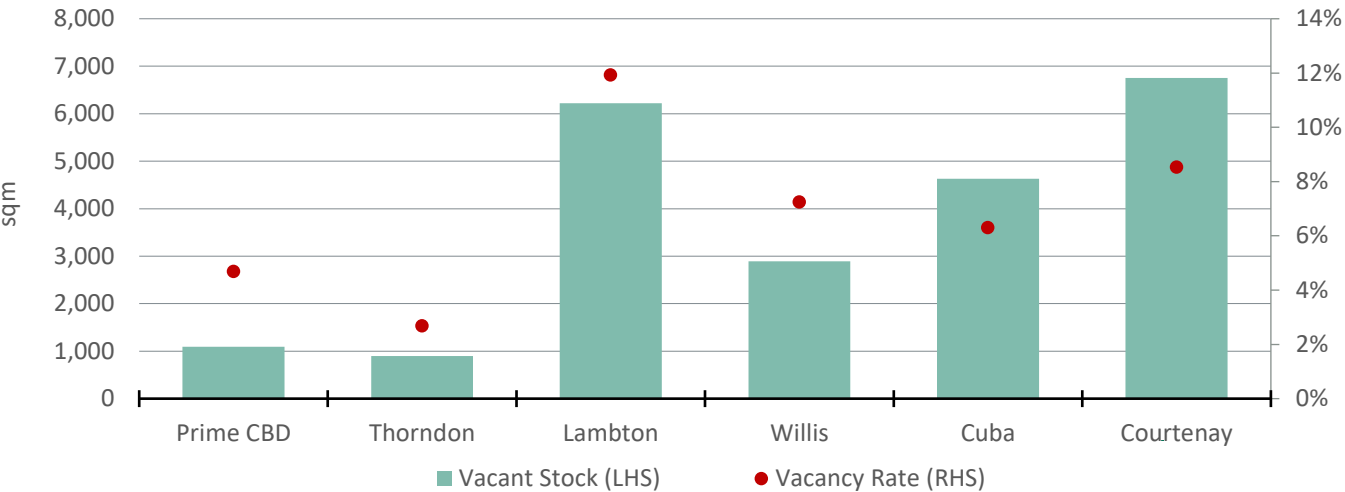


Retail Vacancy

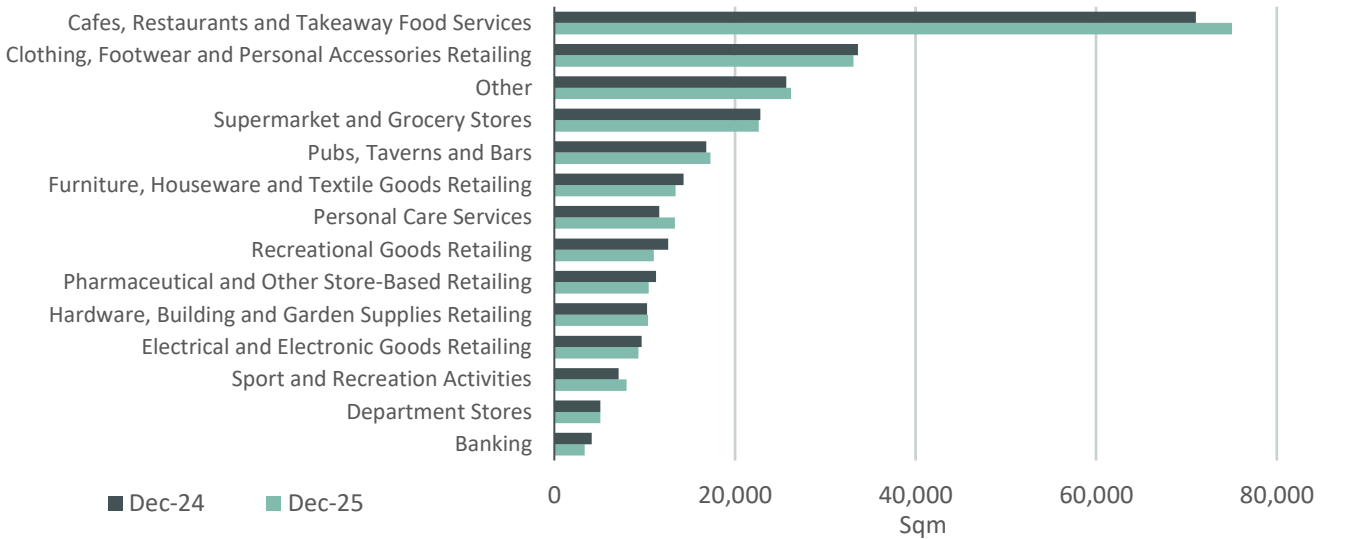
The overall vacancy rate in the Wellington CBD retail market decreased in December 2025 compared to December 2024, declining to 7.5% from 9.0%. This represents a decline of circa 4,500 sqm of vacant retail space, mostly due to a decrease in vacant stock in Courtenay, Lambton Quay, Willis Street and Cuba Street. This was partially offset by an increase in vacancy in Thorndon and in Prime CBD locations.

The industry that registered the largest increase in occupancy between December 2024 and December 2025 was ‘cafes, restaurants and takeaway food services’, expanding by circa 4,000 sqm. This was followed by ‘personal care services’ and ‘sport and recreation activities’. Out of the top five largest take-ups of previously vacant retail locations, four occurred in Courtenay Place, including a fitness centre, a restaurant and a large home improvement store on Tory Street, as well as a wellness centre on Blair Street. Outside Courtenay, the largest take-up of a previously vacant location happened close to the northern end of Lambton Quay with the opening of a new gift shop.

Wellington Retail Vacancy by Precinct - Q4 2025



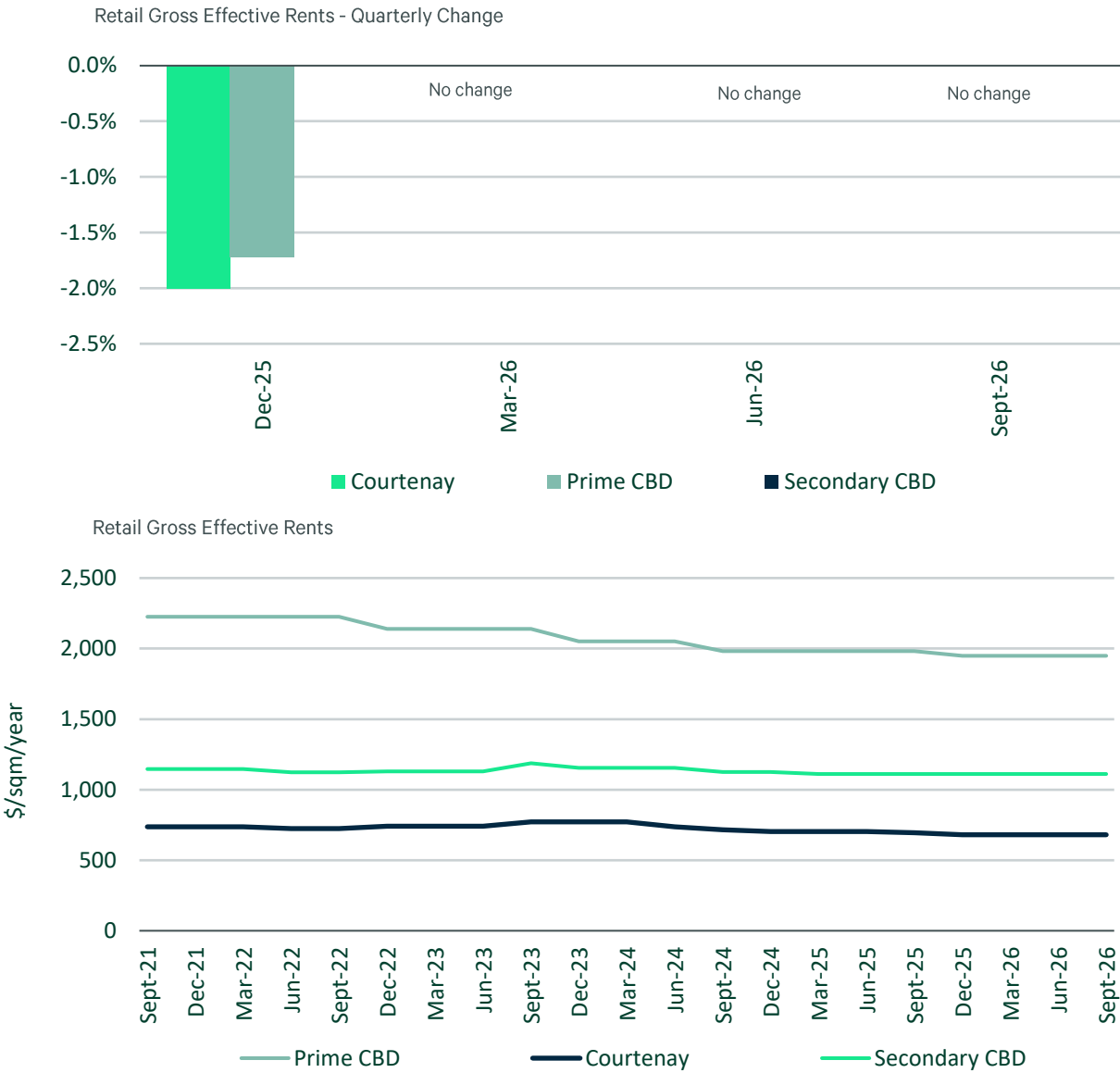
Wellington Retail Occupancy by Industry



Retail Rents

Wellington's retail market stayed subdued through Q3 2026, with thin leasing activity. The market was highly location-specific. Demand for Prime CBD locations on Lambton Quay varied considerably depending on which side of the street an asset sat on, with the western side registering higher levels of demand. In the Secondary CBD, trading and foot traffic on lower Cuba Street and Courtenay Place remained notably weak, while activity on upper Cuba Street held stable. Despite these dynamics, gross rents were unchanged across all retail submarkets during Q3 2026, consistent with the previous two periods.

Based on CBRE's assessment, incentive levels remained stable during Q3, staying at 11.1% of face rents across Prime and Secondary CBD retail locations, and 12.5% at Courtenay sites.



Industrial Vacancy

Following the trend from the previous year, industrial vacancy rose during the twelve months to December 2025, increasing to 4.1% from 3.2%. Total vacant space increased by close to 20,000 sqm during this period, marking the largest annual rise in vacant space in the past decade. Industrial vacancy went up across all submarkets, driven mainly by a rise in vacancy in Prime (Grade A) industrial buildings, up by 7,146 sqm, and in Grade B assets, up by 7,011 sqm. The most relevant moves in the Prime submarket generated backfill vacancy in large Grade A assets: Bidfood relocated to their new food store and distribution centre (6,080 sqm) at 14 Carmel Terrace in Grenada North, vacating 3,054 sqm of Grade A industrial space at 9 Matiu Close in Porirua, and HotCilly relocated to a 1,420 sqm Grade B building at 6D Broken Hill Road in Porirua, vacating a 2,500 sqm Prime industrial asset at 39 Jamaica Drive in Grenada North.

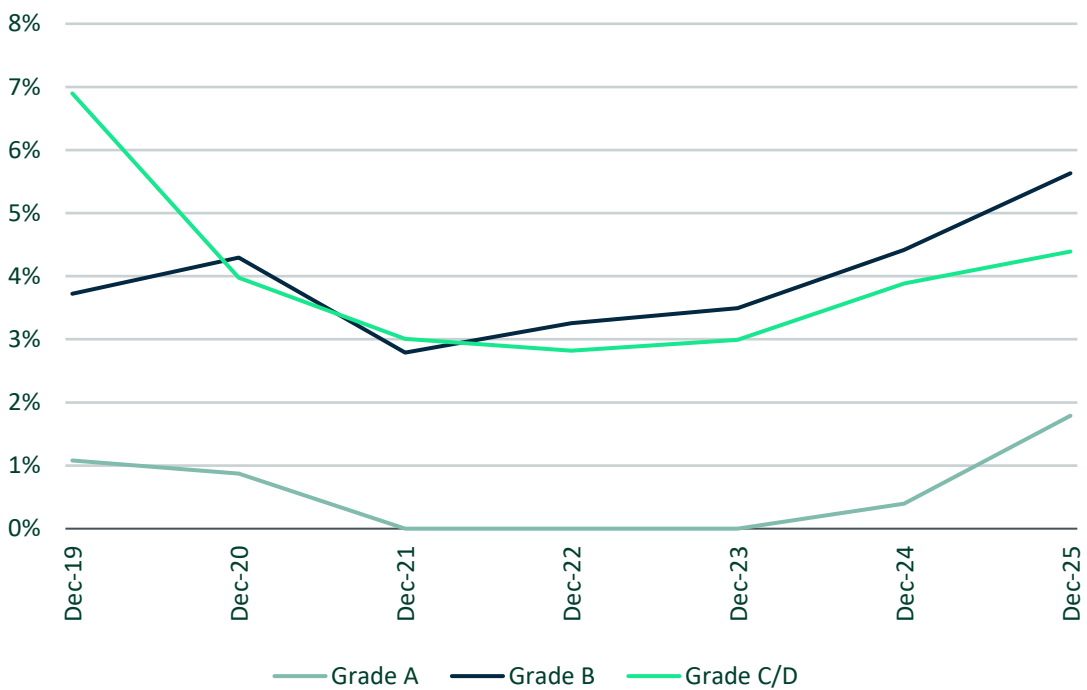
Regarding new industrial stock, circa 17,500 sqm entered the market in 2025. In addition to Bidfood’s new building in Grenada North, other assets that contributed to enlarging Wellington’s industrial stock during 2025 include five new buildings in the Hutt Valley: a new factory at 8 Thomas Neal Crescent in Trentham (4,580 sqm), an asset at 227 Cambridge Terrace in Naenae (3,770 sqm), a warehouse at 48 Seaview Road (1,528 sqm), a warehouse at 115-117 Nelson Street in Petone (776 sqm), and a new small asset at 21 Dante Road in Trentham (680 sqm).

Porirua registered the largest increase in vacant space in 2025 (by 9,466 sqm), mainly due to several tenants vacating Grade C/D assets on Prosser Street, Raiha Street and Mohuia Crescent. This was followed by Ngauranga (rising by 4,602 sqm), due to several tenants vacating Prime assets due to liquidations and relocations, and by Grenada North (rising by 4,240 sqm), due to two tenants vacating large warehouses, one Grade A asset on Jamaica Drive and one Grade B on Cashew Street.

Wellington Industrial Vacancy Change by Grade

Vacancy		GRADE A	GRADE B	GRADE C/D	TOTAL
December 2025	%	1.8%	5.6%	4.4%	4.1%
	sqm	9,076	32,553	49,993	91,622
December 2024	%	0.4%	4.4%	3.9%	3.2%
	sqm	1,930	25,542	44,226	71,698

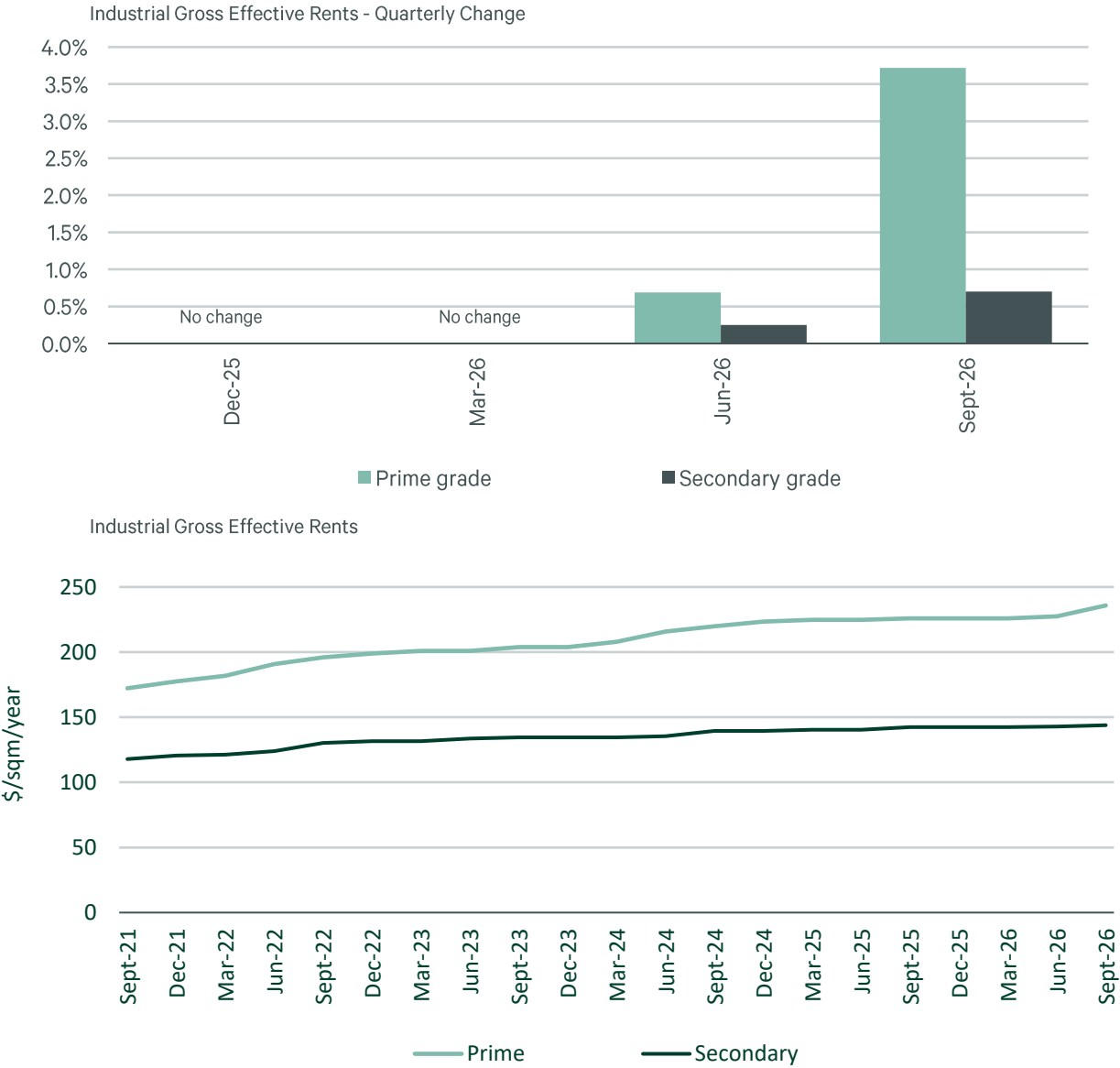
Wellington Industrial Vacancy



Industrial Rents

In the Wellington industrial market, demand for high-quality assets remained robust during Q3 2026. Gross rents in the Prime industrial submarket increased by 3.7% compared with Q2. This reflected not only non-market growth from higher outgoings on buildings with net leases, but also a rise in Prime face rents, as ongoing strong demand for good-quality, functional buildings led to an upward revision of Prime warehouse rents. Meanwhile, gross rents for Secondary industrial assets rose by 0.7% over the same period. This increase was driven solely by higher outgoings on the small proportion of buildings on net leases, as most Secondary buildings are on gross leases.

According to CBRE's assessment, indicative market incentives remained unchanged in Q3 2026. Prime incentives are currently 1.9% of face rents, while Secondary incentives are 4.2%.

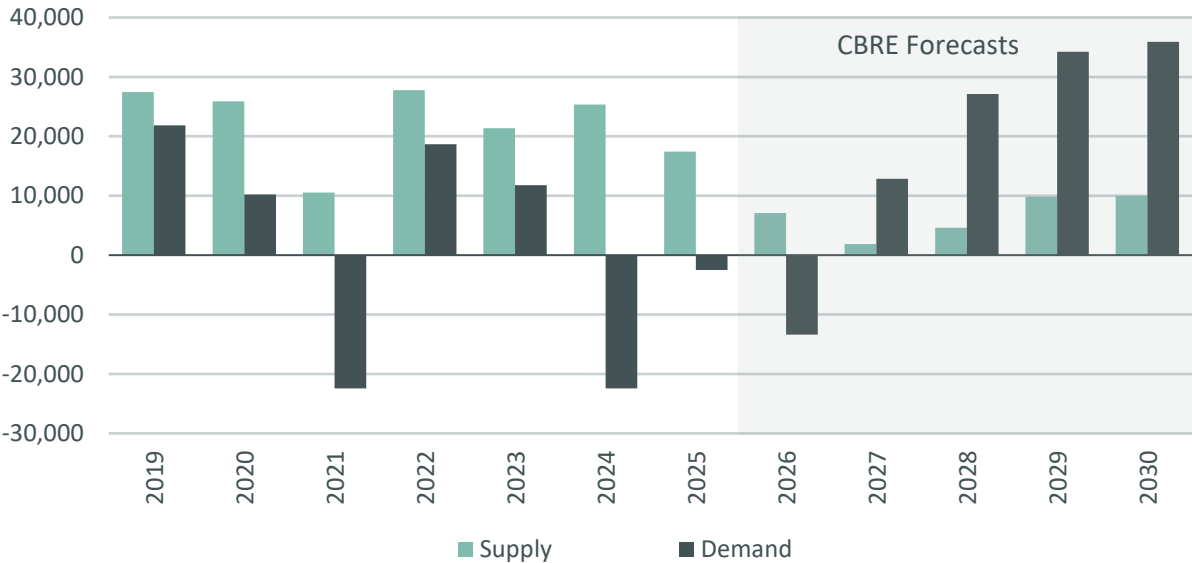


Industrial Market Outlook

The industrial supply pipeline continues to be very weak, with no new projects initiated since mid-last year. One 6,158 sqm project is under construction for completion in 2026 for Crown Worldwide in Porirua, and Centreport is expanding a workshop by 950 sqm in Pipitea. Apart from these, we expect a new 1,890 sqm building in Trentham. These three buildings comprise the 2026-2027 supply pipeline in our base and pessimistic scenarios. Beyond these, the possible pipeline includes a small handful of projects in the early feasibility stage, together with some longer term opportunities in larger estates.

While underlying demand is weak and revised down for this year and next, we are forecasting a somewhat stronger rebound than before in the wholesale and logistics sectors once the nationwide economic recovery takes hold. With Opex escalations set to moderate, when growth resumes for the Secondary sector, we expect it to exceed Prime rent growth towards the end of the forecast period.

Wellington Industrial Supply and Underlying Demand Forecasts



Wellington Industrial Gross Effective Rents Outlook



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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