

FIGURES | OTAGO | JUNE 2024

Commercial office

Office rents in the Dunedin CBD have continued to grow with three distinct locations being Prime Octagon, Exchange and The Mercantile precinct. Post Covid the market was strong - NBS % a factor on the market plus strong demand and buildings renovated have shifted base office rentals. Boutique style accommodation in older renovated buildings also showed strong demand. Supply will be impacted with the new ACC building, Otago Regional Council Office Build conversion plus new office premises in Great King Street opening large floor plates around central Dunedin. Vacancy levels will rise as a result over time which may lead to a softening in the market. Carparking is a major issue with reduced capacity around the city.

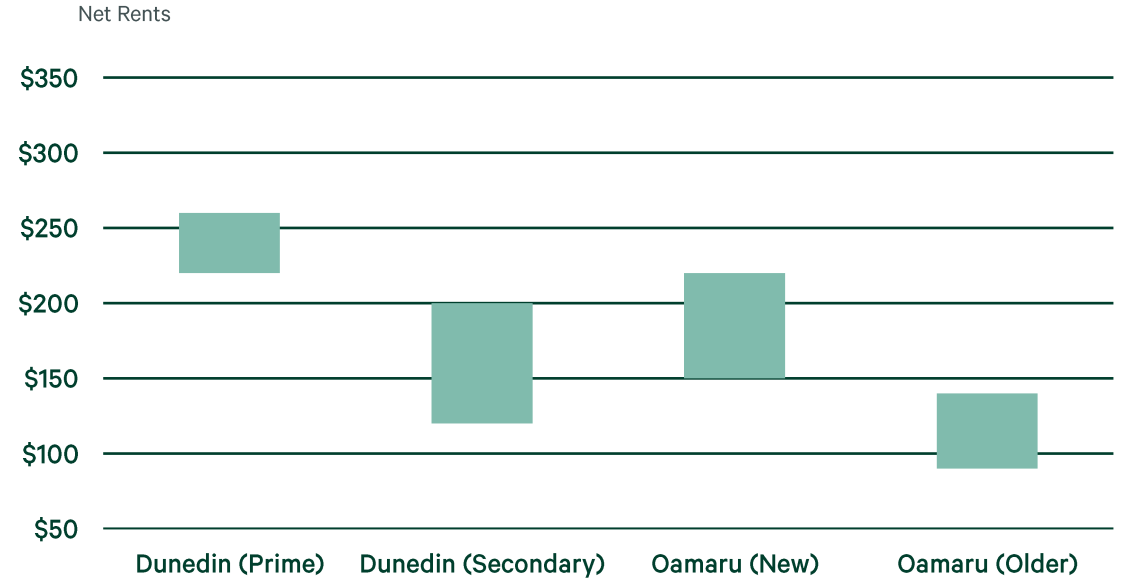
NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Dunedin (Prime)	▶ Static	Moderate
Dunedin (Secondary)	▶ Static	Moderate
Oamaru (New)	▶ Static	Moderate
Oamaru (Older)	▶ Static	Over supplied



INVESTOR MARKET

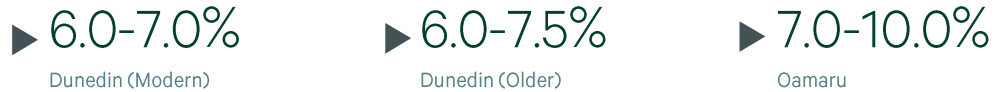
	Market direction	Demand
Dunedin (Prime)	▶ Static	Average
Dunedin (Secondary)	▶ Static	Average
Oamaru (New)	▶ Static	Weak
Oamaru (Older)	▼ Weakening	Weak

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Industrial

The Dunedin industrial market has continued to perform above expectation during more recent turbulent economic conditions. The geography of Dunedin contributes to a constrained industrial land supply as well as leasehold tenure, which in the past has been of a sufficient size to provide for the local industrial market. This has changed over the past few years, with increased demand coupled with strong local business and public sector spending on significant projects resulting in rising land values and developments popping up in historically fringe areas. Increased inflationary pressures and the high cost of borrowing has slowed the industrial building expansion in Dunedin, nonetheless, vacancy rates continue remain at historically low levels. Prime yields have tracked up slightly because of the increased funding costs, however, the increase in rental values over the past few years have helped to maintain relatively steady values.

NET YIELDS



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OCCUPIER MARKET

	Market direction	Supply
Dunedin (Modern)	▶ Static	Very limited
Dunedin (Older)	▶ Static	Very limited
Oamaru	▶ Static	Limited



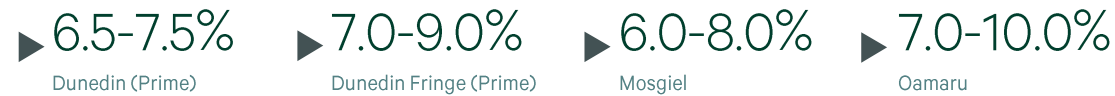
INVESTOR MARKET

	Market direction	Demand
Dunedin (Modern)	▶ Static	Strong
Dunedin (Older)	▶ Static	Strong
Oamaru	▶ Static	Weak

Retail

Vacancy levels and rental values have remained steady across George Street. This segment of the market did not benefit from the same level of rental and capital growth experienced across the industrial and commercial property sectors over the past few years. Quality stock does remain tightly held and in instances where there are sales, these are for buildings that require large levels of capital expenditure. Large format and trade display retail has shown good rental growth and benefits from lower vacancy and tenant turnover than George Street.

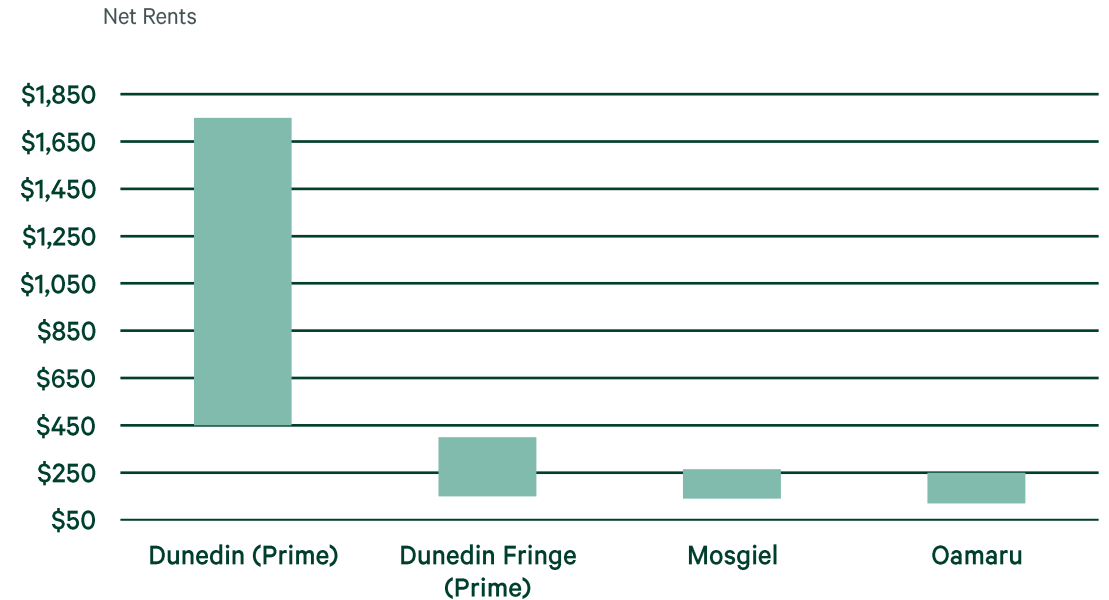
NET YIELDS



Note: Arrows indicate change from previous report.

OCCUPIER MARKET

	Market direction	Supply
Dunedin (Prime)	▶ Static	Limited
Dunedin Fringe (Prime)	▶ Static	Moderate
Mosgiel	▶ Static	Very limited
Oamaru	▶ Static	Moderate



INVESTOR MARKET

	Market direction	Demand
Dunedin (Prime)	▶ Static	Average
Dunedin Fringe (Prime)	▶ Static	Weak
Mosgiel	▶ Static	Average
Oamaru	▶ Static	Average