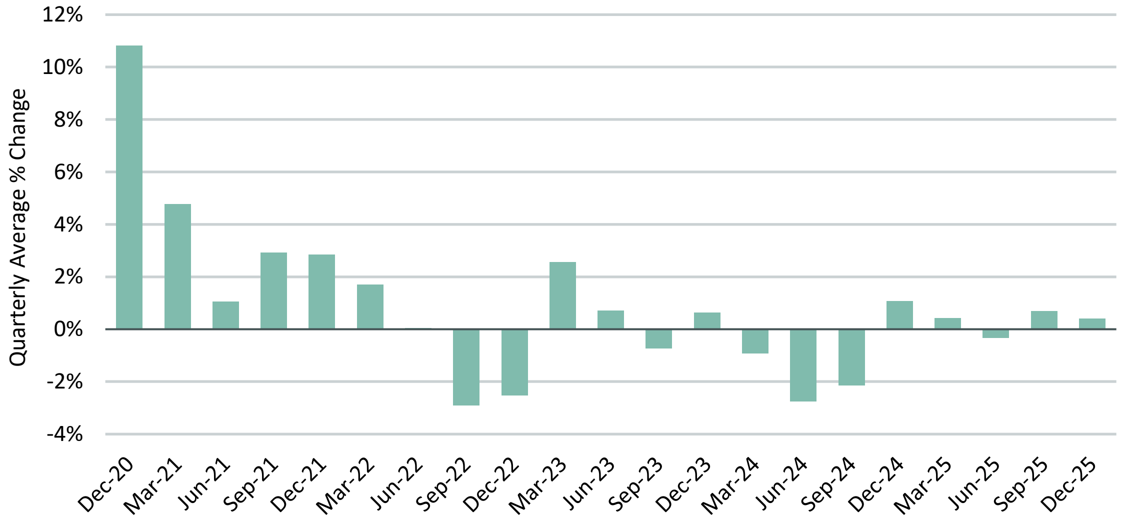
Auckland Property Market Overview

INSIGHTS

- The selective yield firming momentum we identified in Q3 has sustained into Q4 on the back of improving investment market activity. Retail centres continue to lead yield firming. Changes in the office market have been more selective and focused on some individual assets that have better occupancy and market positioning. The industrial investment market is benefiting from higher liquidity for smaller assets in the $5-$10 million range.
- Office leasing enquiries and inspections continued to lift in Q4. The drive for reducing occupancy sizes is becoming less pronounced and has contributed to CBD absorption turning positive. However, recent deals indicate flat face rents and incentives in Q4.
- The industrial leasing market had a quiet 4th quarter, reflecting the general trend for 2025. As vacancy durations lengthen, lessors are becoming more willing to offer higher incentives. Therefore, net effective rents dropped by 1.4% in Q4 and 2.7% in H2.
- Given a lower affordability base, rents have been under downward pressure in weaker retail centres to accommodate tenants. Our assessments show that subregional centers continued to experience the largest rental decline.

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	819,854	12.8%	375 - 950	8 - 25	5.15 – 8.80
Secondary CBD Office	678,704	25.2%	200 - 600	10 - 25	5.75 – 9.50
Prime Industrial	6,883,767	2.3%	180 - 260	8 – 10	4.80 - 6.00
Secondary Industrial	7,422,144	2.4%	120 - 220	5 - 8	5.40 - 7.10
Prime CBD Retail			2,500 – 6,000	1 – 3	5.35 - 6.50
Major Regional	294,628	1.3	700 – 2,900	4 – 6	6.40 - 7.00
LFR Centre	474,053	0.9	180 - 550	4 - 6	6.50 - 7.10

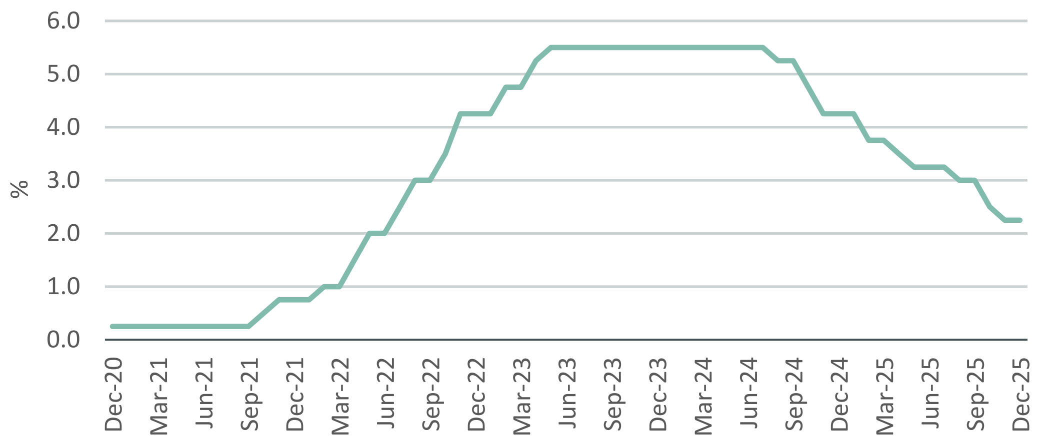
Rent data is as at December 2025. Office and Industrial stock and vacancy data is as at December 2025; Retail stock and vacancy data is as at December 2024.

Economy

New Zealand's economy rebounded in Q3 2025, with GDP increasing 1.1% compared to the previous quarter, after a 1.0% decline in Q2. In its November Monetary Policy Statement, the RBNZ had predicted a 0.4% quarterly increase for Q3, considerably lower than the actual figure. Meanwhile, during Q3, 14 out of 16 industries experienced growth, a sharp contrast to the previous quarter, when most industries contracted. Services, which comprised around 75% of the total economy, went up by 0.8% in Q3 compared to the previous quarter, whilst good-producing industries increased by 2.0% and primary industries by 1.0% in the same period. This is in contrast to Q2, where all industry groups registered negative quarterly growth. At an individual industry level, important industries such as manufacturing, construction and business services experienced positive quarterly growth in Q3 (2.2%, 1.7% and 1.6%, respectively), showing a wide-ranging improvement of the New Zealand economy. When analysed by expenditure, even though private consumption remained stable, both investment and exports registered robust growth, by 3.2% and 3.3% respectively.

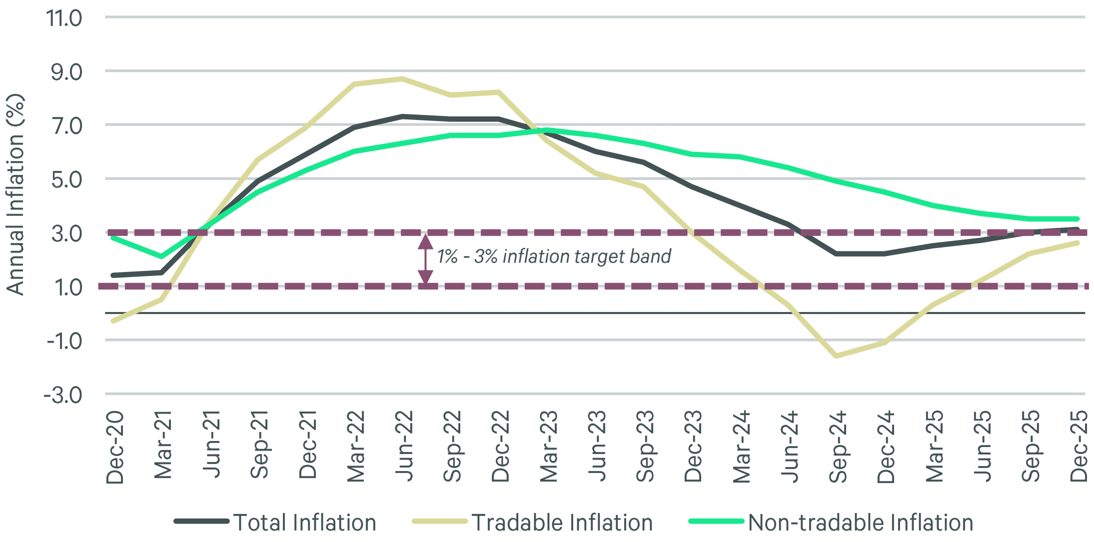
The market believes that GDP will continue to grow throughout 2026, driven by increased economic dynamism, fuelled by improved business investment and higher consumption. Although the RBNZ's monetary easing cycle has run its course, the current low interest rate environment is expected to support the New Zealand economy's recovery in 2026. Also, even though annual inflation reached 3.1% in Q4, slightly above the top end of the RBNZ's 1%-3% target band, it is expected to decrease in 2026, potentially sitting close to the midpoint by the end of the year. Analysts believe that the RBNZ's Monetary Policy Committee (MPC) will hold the OCR at 2.25% at least for the first half of 2026, but potentially until Q2 2027.

Official Cash Rate (OCR)



Source: : Reserve Bank of New Zealand

New Zealand Inflation (annual % change)



Source: Statistics New Zealand

Investment Market

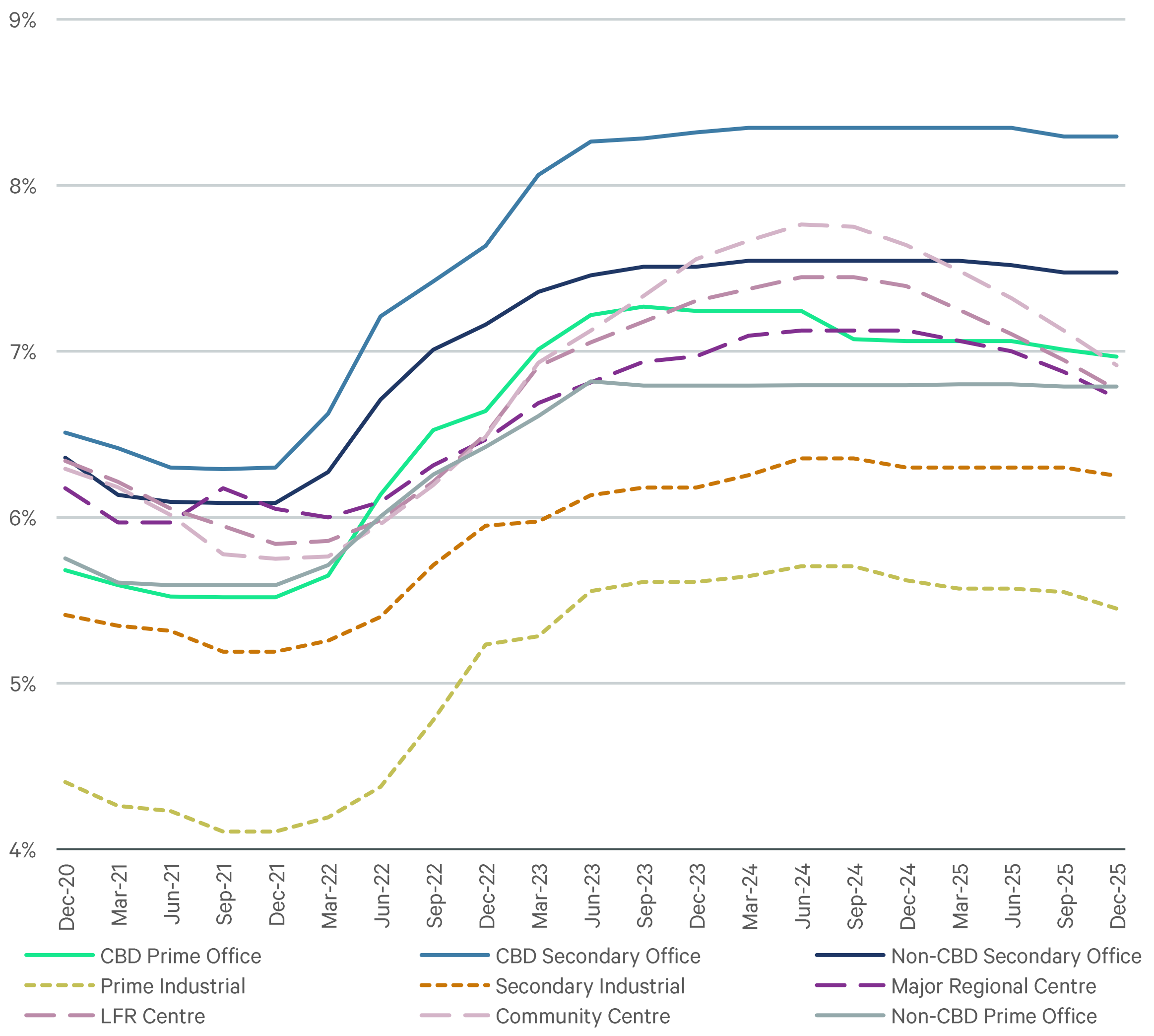
The current lower interest rate environment is shifting the market towards a more transactional focus. While the interest rate easing cycle has come to an end, and focus has shifted to when, and by how much, interest rates will be rising, (with medium term rates already up by c50 bps since Q3 last year) investors still regard the lowering of debt costs compared to 18 months ago as a major tailwind for investment.

In our Q4 assessment, changes in the office market have been more selective compared to Q3 when both Prime and Secondary office yields firmed across the CBD and non-CBD markets. We firmed yields by 10 to 25 bps for 7 of the 35 buildings in our Premium and Grade A basket. This was justified by improving occupancy and market positioning. As a result, Premium and Grade A market yields firmed by 5 and 4 bps, respectively, in Q4. Yields for Secondary CBD and Non-CBD markets were unchanged. Investor preferences show weaker demand for suburban office assets.

Retail centres continued to lead yield firming. We have firmed all centre classes by 10+ bps this quarter. The average rate for 2025 is 55 bps. Liquidity in the market is higher than in previous years. Some retail centres still have underlying challenges, but retail is viewed more favourably as a category.

The industrial investment market continues to benefit from higher liquidity for smaller assets in the $5-$10 million range, with some sales showing yields in the high 4% to low 5% range. Yields for larger institutional assets remain more stable around the mid 5% range. Higher liquidity and pricing for smaller assets have also benefited Secondary industrial yields in Q4. Overall, Prime industrial yields firmed by 10 bps and Secondary by 5 bps in 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

H2 net absorption exceeded 18,000 sqm, marking the strongest half-yearly performance in the last decade since H2 2015. A noteworthy trend has been occupiers expanding office footprints, with some of these reducing the backfill vacancy impact of relocating occupiers. Examples include Kiwibank occupying NTT's previous space at 155-167 Fanshawe Street and KPMG taking over Goodman's previous space at 18 Viaduct Harbour Avenue.

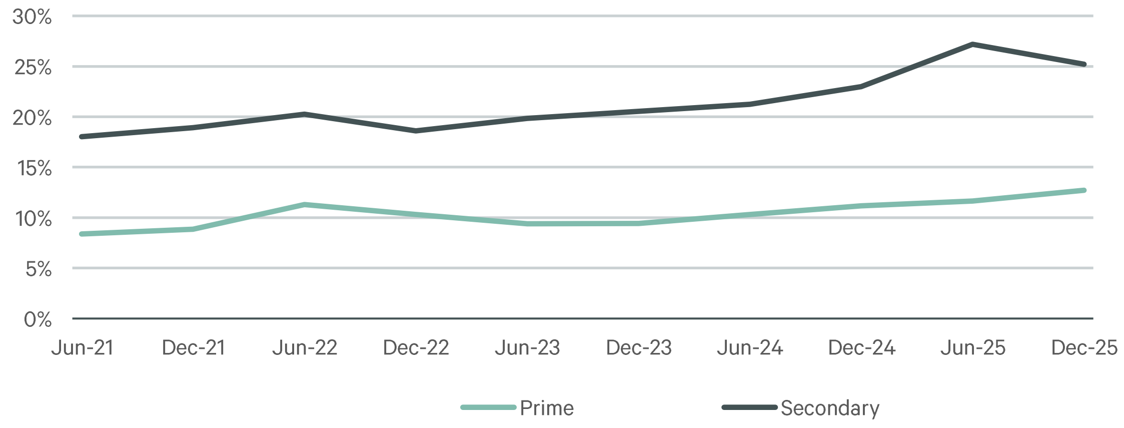
Auckland CBD office vacancy decreased by around 6,000 sqm in the second half of 2025 to sit at 275,000 sqm, or 18.4%, reflecting the interplay of occupier moves and absorption, new stock entering the market with vacancy (30 Daldy and 2-14 Wakefield), and older stock being removed from the market (21 Pitt St) all playing a role.

The biggest single change is the withdrawal of 21 Pitt Street from the current market, although we anticipate that the building will return to stock in due course as a partially owner-occupied building. This change has removed around 17,600 sqm and largely resulted in Secondary vacancy lowering from 29.8% to 26.2% in H2. On the other hand, the completion of 2-14 Wakefield Street's refurbishment added vacant space into the market, and boosted A grade vacancy to 18.2%.

30 Daldy Street added 2,200 sqm to Premium grade vacancy, so despite strong absorption in the grade, its vacancy rate remained largely stable. The stable Premium grade vacancy also reflects that a large portion of the strong absorption took place in a new Premium building (30 Daldy) rather than taking up existing vacant stock.

Grades C & D had a marginal improvement in vacancy rates. However, they remain over 30%.

Auckland CBD Office Vacancy



Auckland CBD Office Vacancy Change by Grade

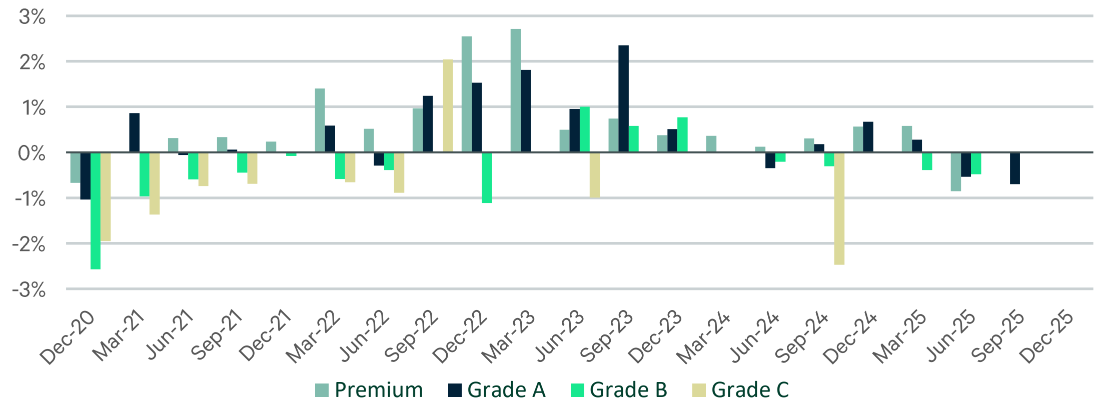
		PREMIUM	GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
VACANCY as at	percent	6.0%	18.2%	26.2%	21.7%	33.4%	18.4%
Dec 25	sqm	21,877	82,215	89,374	58,093	23,710	275,269
VACANCY as at	percent	6.1%	16.0%	29.8%	22.0%	33.5%	18.9%
Jun 25	sqm	20,996	70,904	106,748	58,811	23,630	281,090

CBD Office Rents

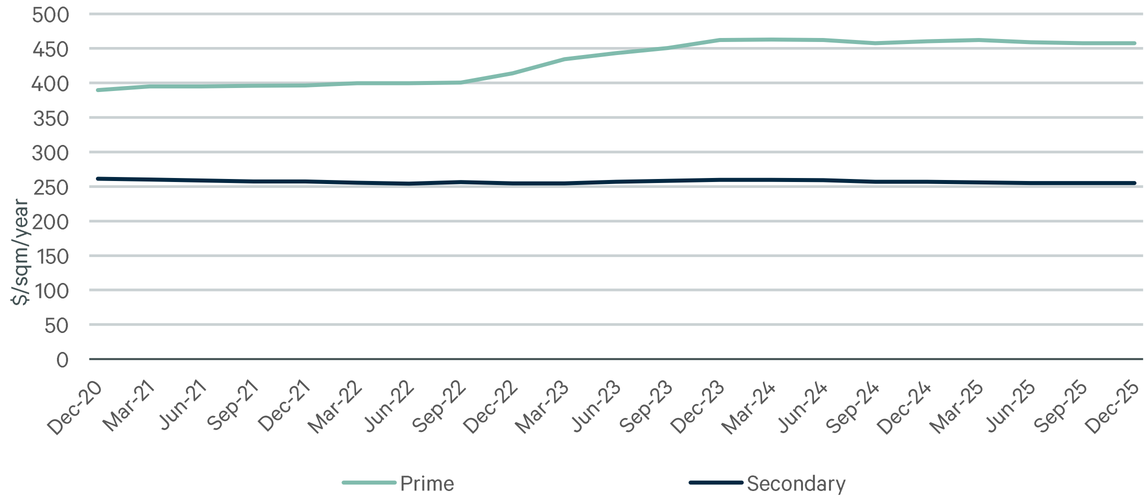
Office leasing enquiries and inspections have lifted in Q3 and Q4, and the drive for reducing occupancy sizes is becoming less pronounced in the CBD office market. However, the higher activity is very specific and narrow across locations and buildings. It is very much focused on Prime and well-presented Secondary assets where owners are able/motivated to fund fitouts. On the other hand, some Secondary buildings in less desirable locations still have a high volume of long duration vacancies.

While improving activity is a positive sign, face rents and incentives remained unchanged in Q4, although this is a positive trend after the rental falls experienced in previous quarters. On average, Prime (Premium and Grade A) net effective rents remained at $457/sqm/year while Secondary (Grades B & C) at $255.

Auckland CBD Net Effective Office Rents by Grade – Quarterly Change



Auckland CBD Net Effective Office Rents



CBD Office Market Outlook

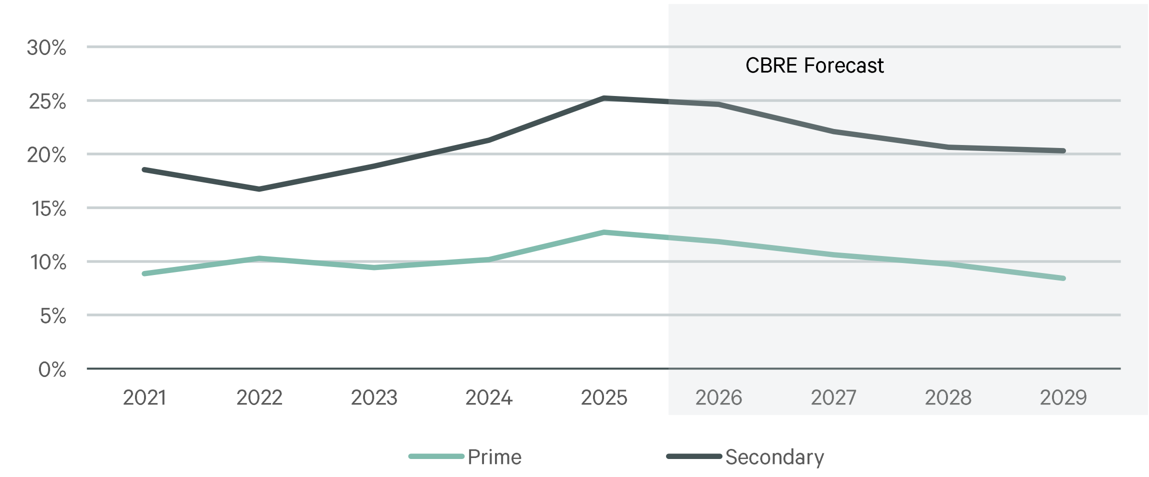
Vacancy

Elevated vacancy rates in 2025 were primarily driven by a combination of weak demand and the largest supply pipeline in eight years. However, strong net absorption and a mild vacancy decrease in H2 indicate the beginning of an occupier market recovery. Recovering leasing demand and a shrinking new supply pipeline will help vacancy rates decrease moderately by around 1.0% in Prime and 0.6% in Secondary in 2026.

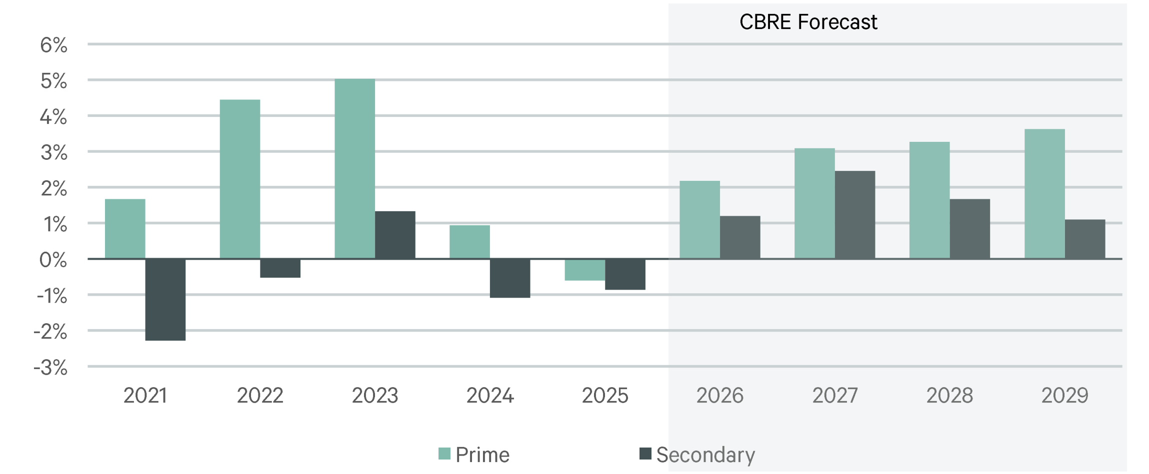
Rent

Combined with stronger demand and much less new supply entering the market, Prime effective rents are expected to increase by over 2% in 2026. Although Secondary, especially Grade B assets of higher quality and in better locations, will also benefit from the overall market cycle, elevated vacancy rates will prevent rents from increasing as strongly as Prime rents.

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 only Grade B

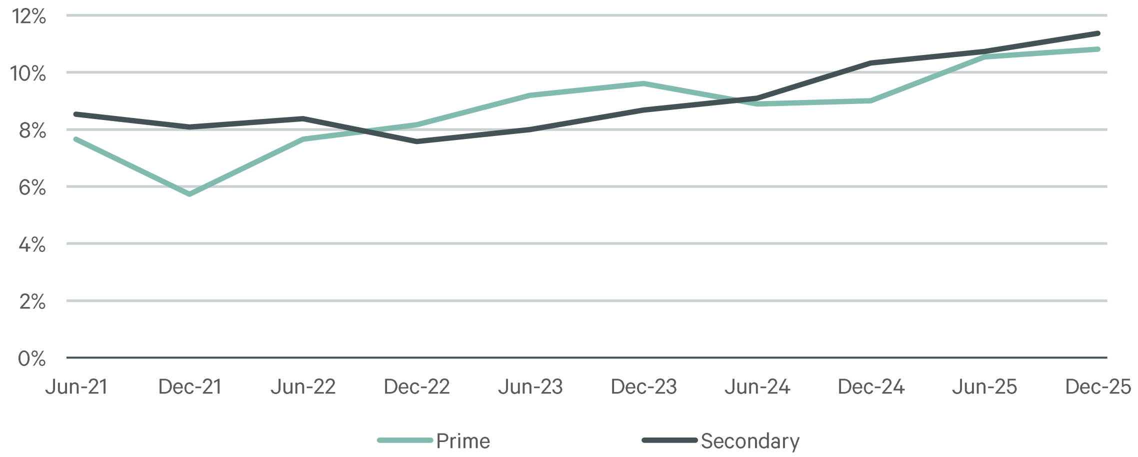
Non-CBD Office Vacancy

The non-CBD Auckland office market experienced an increase in overall vacancy, rising from 10.7% in June 2025 to 11.2% by December 2025. This upward trend was predominantly driven by the C and D Grade segments. Vacancy rates increased by around 1% in both Grades C and D, while Grades A and B saw a slight increase in vacancy rates, by 0.3% and 0.1%, respectively.

In Grade A, the majority of new vacancies originated from Smales Farm due to One NZ's relocation. An additional 1,000 sqm of vacant space was from buildings in Eden Terrace and Newmarket. There were also some large take ups keeping vacancy at a relatively low level. Notable examples include Ministry of Defence/Navy's lease at 8-14 Stanley Street and Concentrix Services' lease at 27-37 Napier Street.

While the Grade B submarket had around 9,000 sqm of new vacancies in H2, a similar amount of take up resulted in a flat vacancy rate. However, Grades C & D had a higher volume of new vacancies than take ups. A large portion of these new vacancies were on the North Shore.

Auckland Non-CBD Office Vacancy Change by Grade



Auckland Non-CBD Office Vacancy

		GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
VACANCY as at	percent	10.8%	12.8%	10.4%	10.4%	11.2%
Dec-25	sqm	40,347	67,502	67,694	15,477	191,020
VACANCY as at	percent	10.5%	12.7%	9.5%	9.3%	10.7%
Jun-25	sqm	39,321	66,745	61,828	13,956	181,850

Non-CBD Office Rents

Similarly to the CBD office market, Non CBD rents remained unchanged in Q4.

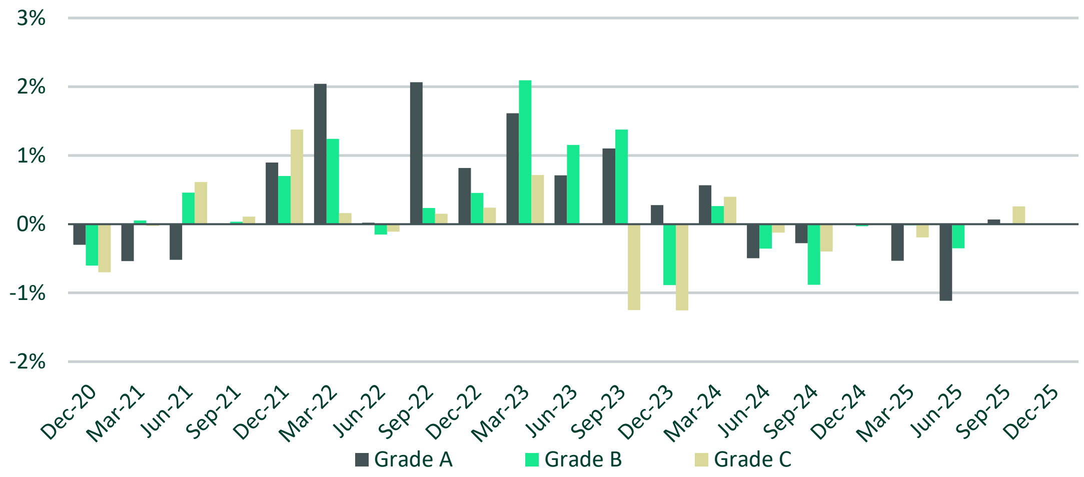
In the city fringe market, there were slightly more inspections and deals in Q4. This submarket has been more active than other submarkets such as Newmarket and North Auckland.

Greenlane also had healthy demand with a few leasing deals in Q4, while South Auckland, like Manukau, has been quiet.

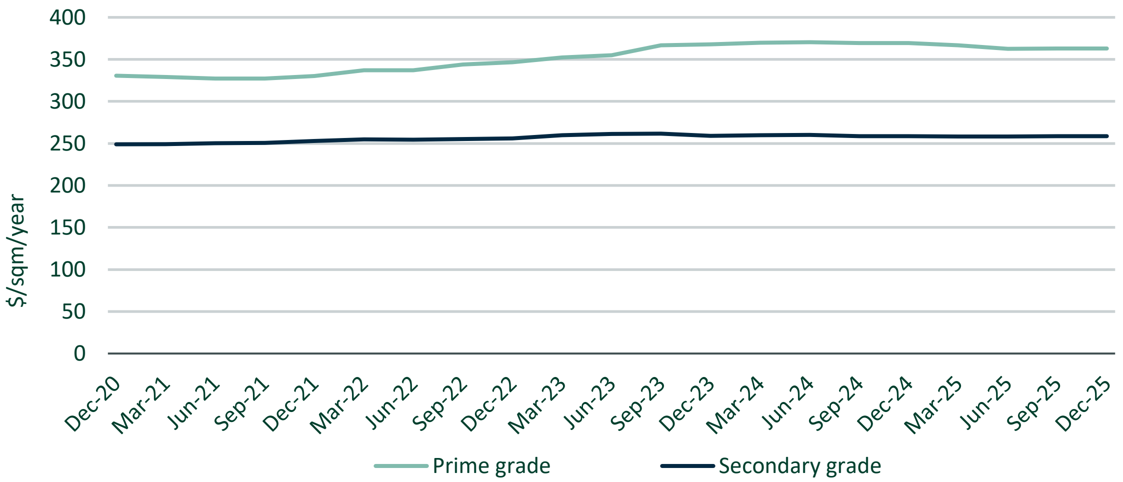
The Grade A (Prime) net effective rent across all the suburbs remained at $363/sqm/year, and the Secondary rent (Grades B & C) at $258. Rents in different suburbs can be divergent. For example, the average Grade A rent in city fringe was over $390 while in North Auckland, including Albany, Takapuna, Grade A rent was only around $320.

Newmarket still has the highest Prime rents largely due to some new and high quality buildings on Carlton Gore Road.

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



Auckland non-CBD Net Effective Office Rents



Non-CBD Office Market Outlook

Vacancy

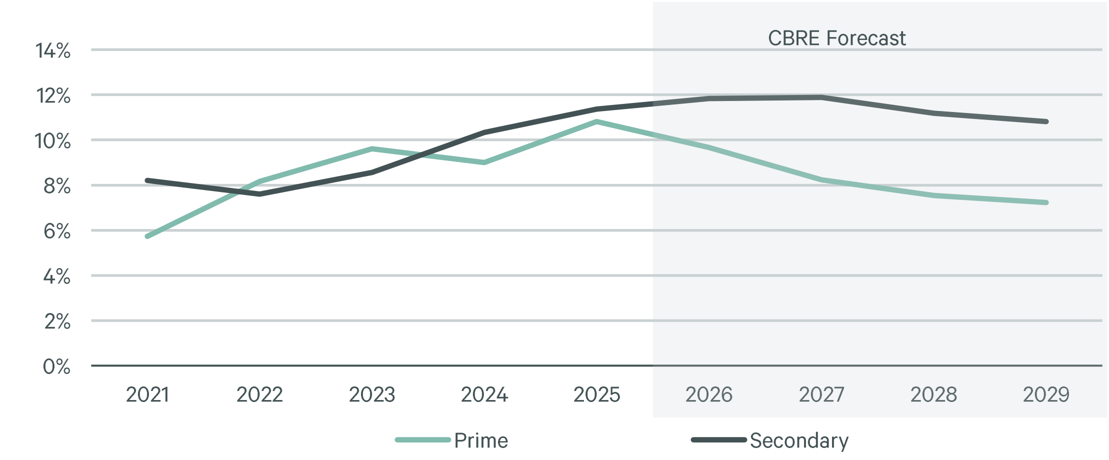
Centralisation, such as One NZ's move from Smales Farm into the CBD, remains a concern and so does relatively weak demand for Secondary satellite office space in suburban locations. In the absence of new supply and flight to quality the Prime submarket will benefit from the occupier market recovery over the next few years, while Secondary space might not see a solid improvement until 2028.

Therefore, Prime vacancy rates are expected to decline moderately from 10.8% by the end of 2025 to around 8% by the end of 2027. However, Secondary vacancy rates will be stable.

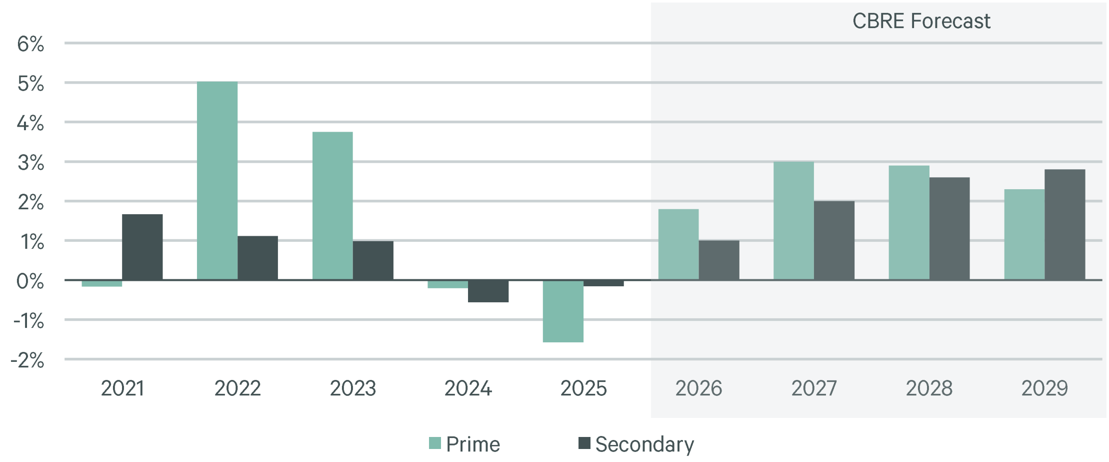
Rents

Due to a moderate vacancy decline in Prime offices, coupled with stronger net absorption compared to the past two years, we anticipate Prime net effective rents will increase in the range of 2% to 3% pa over the next four years. Secondary rents, however, are only expected to experience minor growth, primarily concentrated in well maintained and presented buildings in more sought after locations. Rents in other Secondary buildings are expected to remain largely stable for the foreseeable future.

Non-CBD Office Actual and Forecast Vacancy



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

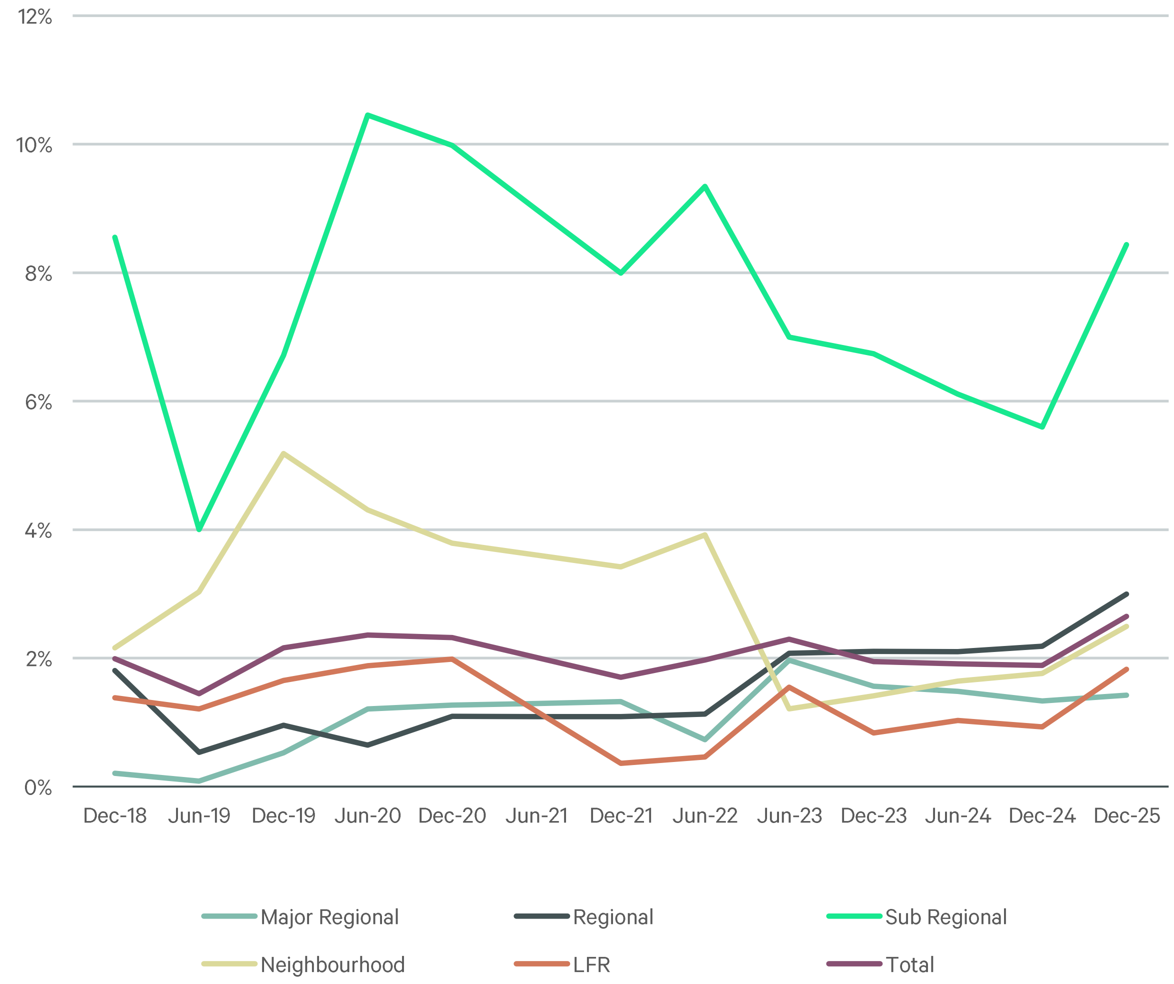


Note: CBD Prime is Premium and Grade A and Secondary is only Grade B

Retail Vacancy

Challenging conditions for retailers are reflected in vacancies. While retail centre vacancy remains low in an absolute sense at 2.7%, it has increased materially from 1.8% over the past year. The increase was broad based across centre categories but most keenly experienced amongst sub regional centres representing the squeezed middle ground of the retail format continuum, reflecting the vacancy gap between high and low quality stock as high quality centres with strong anchors are significantly outperforming.

Auckland Retail Centre Vacancy

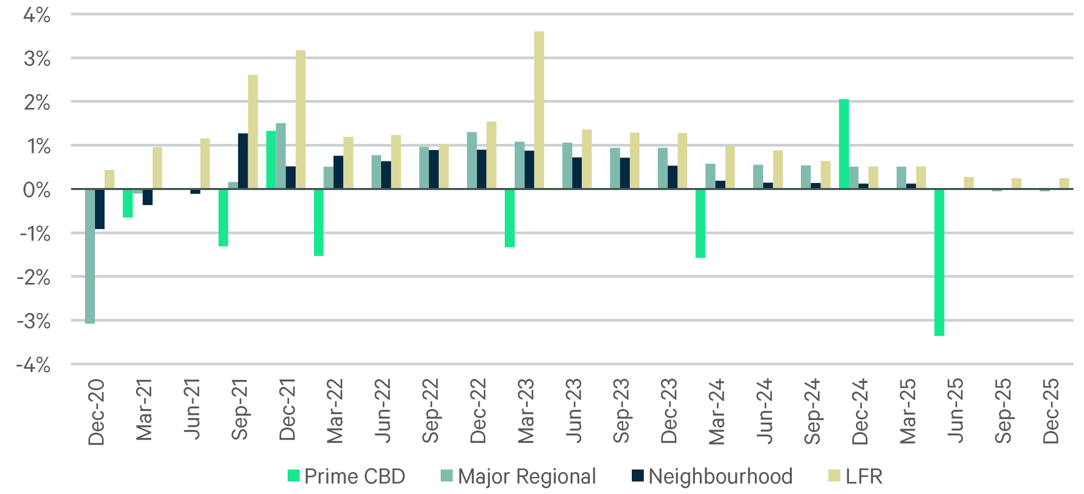


Retail Rents

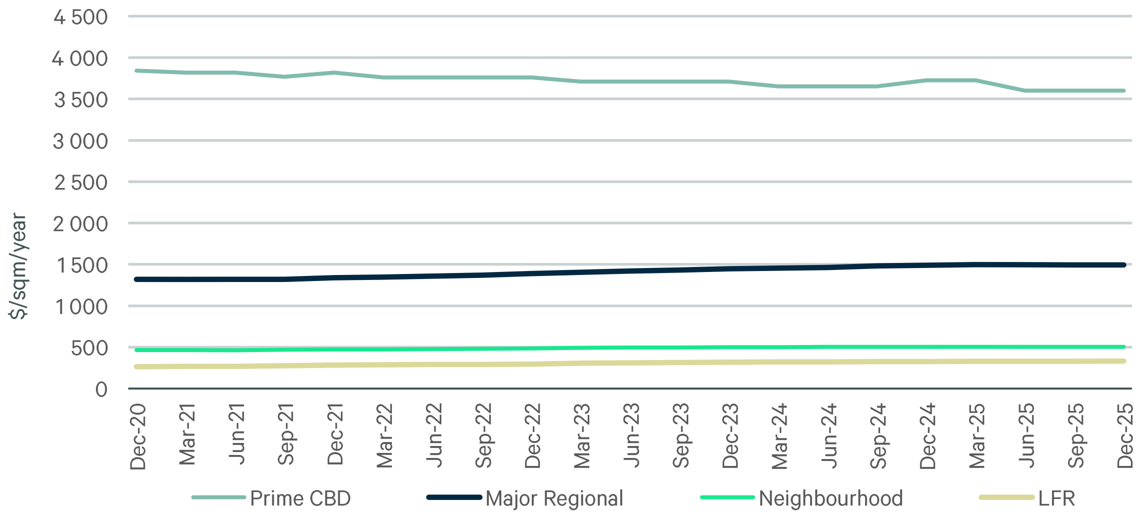
The retail leasing market has been weak overall, and many centres would have been experiencing rising vacancy pressure during the past year. Given a lower affordability base, in weaker centres, owners will need to drop rents to accommodate tenants. Our assessments show that sub-regional centers continued to experience the largest rental decline of 1.0%. Large format retail has been more resilient than other retail centres, with another minor rent increase of 0.2% in Q4. Major regional centres' rents declined by 0.1% in Q4.

For strip retail, Prime CBD rents have experienced a decline, with a notable quarterly decrease of 3.4% in June, stabilising thereafter with no further change in H2, maintaining a rent indicative of $3,600.

Auckland Retail Rents – Quarterly Change



Auckland Retail Rents

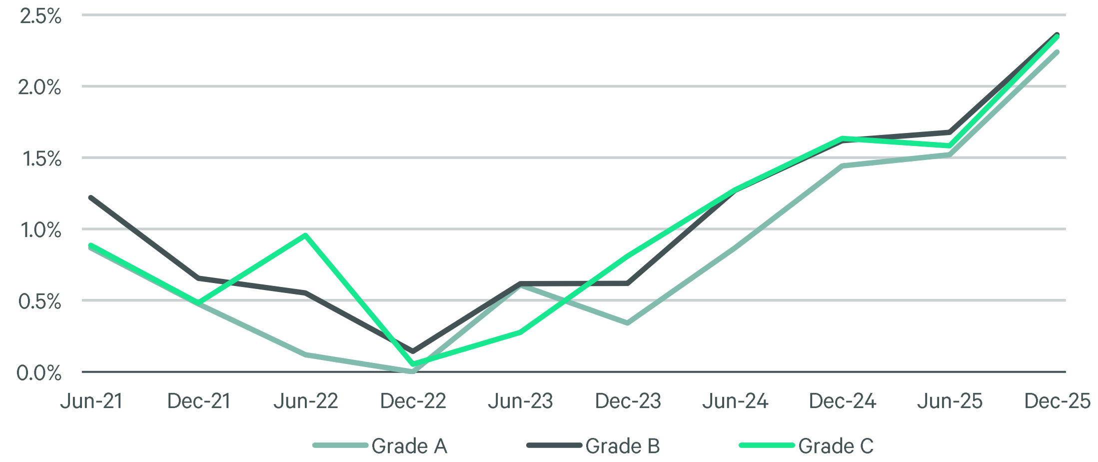


Industrial Vacancy

Vacancy in H2 2025 increased by 0.7% to 2.3%. Total vacant space increased by approximately 104,000 sqm. Grade A vacancy increased by 51,000 sqm, or 0.7%, primarily driven by speculative developments and space consolidation. Secondary vacancy increased by 53,000 sqm or 0.8%. Of note, around 7,000 sqm of vacant space at 2-6 Monahan Road was withdrawn from the stock for redevelopment, lowering total vacant space slightly. The rise in Secondary vacancy is primarily driven by tenants relocating to Grade A properties and businesses shrinking occupied space.

A key market trend of 2025 is the continued consolidation of logistics companies from older, lower-quality buildings, coupled with increasing adoption of third-party logistics (3PL) by some businesses in lieu of in-house warehousing.

Auckland Industrial Vacancy



Auckland Industrial Vacancy Change by Grade

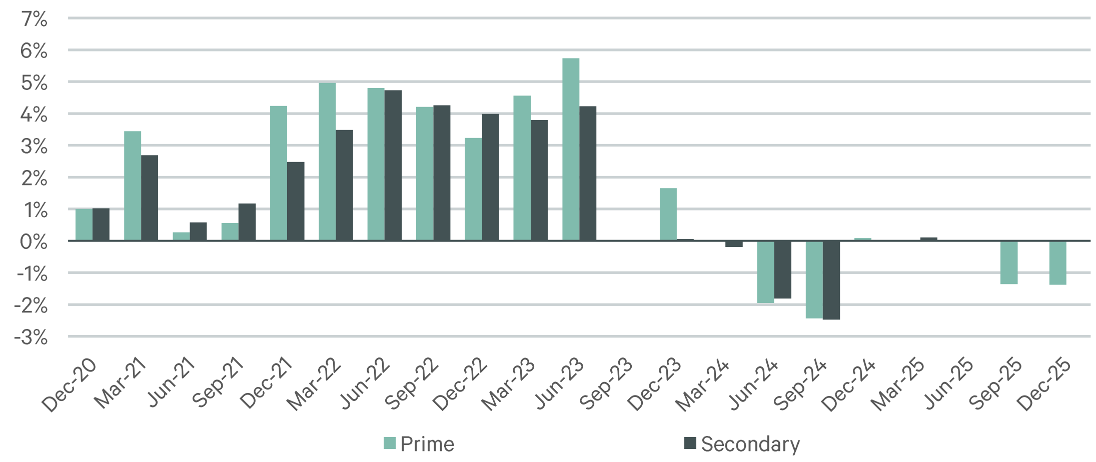
		GRADE A	GRADE B	GRADE C/D	TOTAL
VACANCY as at	percent	2.2%	2.4%	2.3%	2.3%
Dec 2025	sqm	154,200	93,511	81,287	328,998
VACANCY as at	percent	1.5%	1.7%	1.6%	1.6%
Jun 2025	sqm	103,176	66,454	55,141	224,771

Industrial Rents

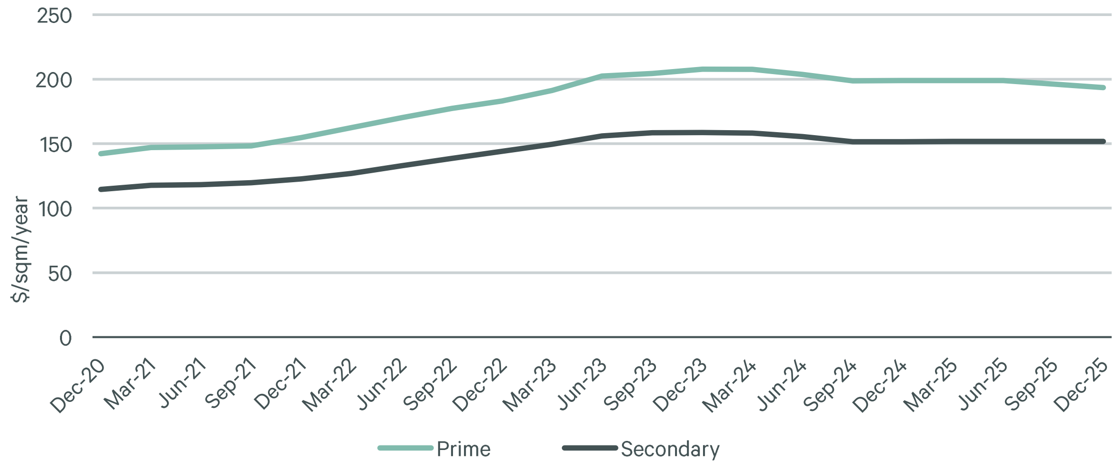
The industrial leasing market had a quiet 4th quarter, reflecting the general trend for 2025. The third-party logistics (3PL) sector had a challenging year, leading them to prioritise cost-effectiveness and reduce activity compared to previous years. This resulted in vacancy increases in lower-quality buildings that have been vacated by 3PL tenants. As vacancy durations lengthen, lessors are becoming more willing to offer higher incentives. We have also made a retrospective change to higher incentives in Q3 as well, which has resulted in net effective rents declining by 1.4% in Q4 and by 2.7% in H2.

The overall Prime net effective average industrial rent held at $193/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

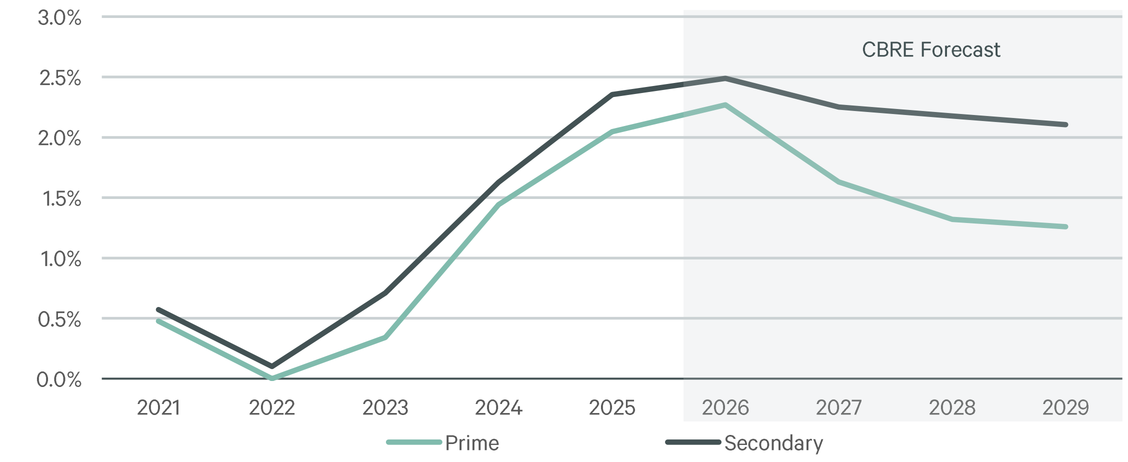
Based on the under-construction pipeline, we expect around 203,000 sqm of new buildings to be completed by the end of 2026. Only half of the new supply is pre-leased. The substantial speculative supply this year suggests developers will adopt a more cautious approach in 2027.

Although net absorption will improve, it will still lag behind supply, partially driven by 3PL tenants continuing to consolidate into higher-quality or larger spaces and vacating lower quality and/or smaller warehouses. We expect that vacancy in 2026 will continue to increase, but with a much slower rate than in 2025. In 2027, Prime vacancy is expected to decrease more dramatically, due to both higher net absorption and lower net new supply than in 2026.

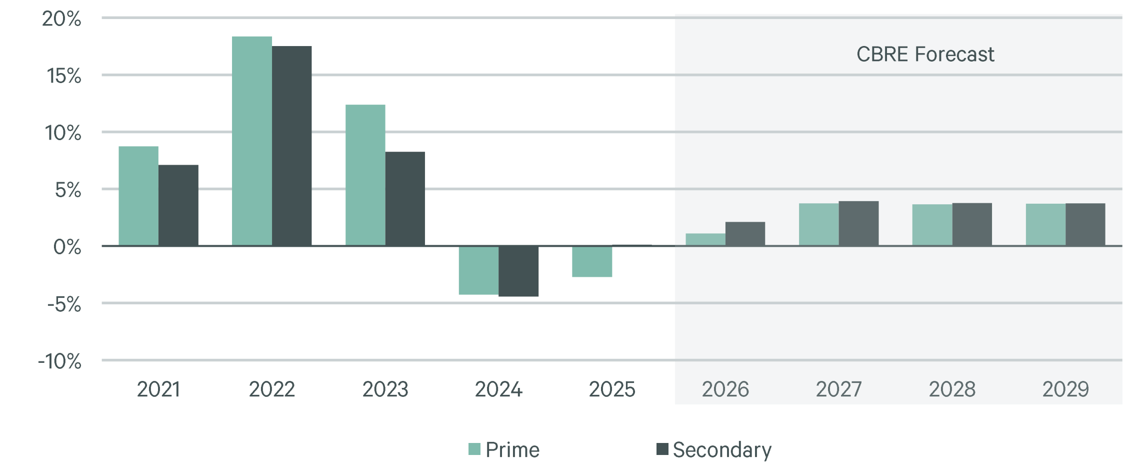
Rents

Given higher vacancy rates in both Prime and Secondary submarkets, rents will only increase by 1% in Grade A, and mostly driven by lower incentives, while face rents are unlikely to increase. Secondary rents are projected to show some reasonable growth profiles, partially due to a much lower starting base than Prime.

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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