Intelligent Investment

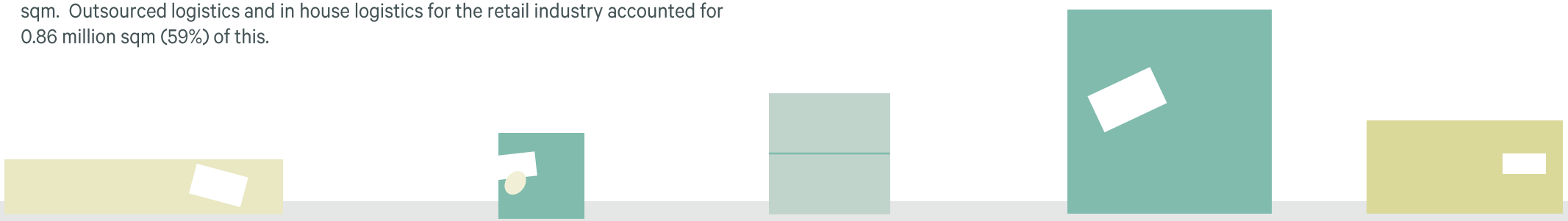
E-Commerce Impacts on the New Zealand Industrial Property Market Outlook

REPORT

CBRE Research
November 2025

Key Insights

- In a global CBRE study of e-commerce drivers to better understand factors linked with the growth of e-commerce, New Zealand is placed relatively high, at 9th of the 48 countries studied.
- At the same time, the country's e-commerce penetration remains comparatively low, with different industry estimates placing it between 10.6% and 12.3%, with circa $6 to $8 billion of sales in 2024. This compares to 18.2% penetration and $66.8 billion of sales in Australia.
- E-commerce preparedness and the macroeconomic outlook will be driving e-commerce growth in New Zealand and the logistics sector's demand for space. Within this framework, New Zealand's above average presence of e-commerce drivers and its impact on lifting penetration rates will provide an additional boost, in addition to improving economic conditions, to e-commerce sales volumes and logistics space demand.
- Logistics has been a major growth driver of the industrial market. Outsourced logistics and in-house logistics for the retail industry has a 40% share of total Auckland Prime industrial market occupancy at 2.6 million sqm in 2024. These sectors have grown their market share of the Prime industrial occupier market from 34% in 2019. During the 2020 to 2024 period, the Prime industrial occupier market expanded by 1.46 million sqm. Outsourced logistics and in house logistics for the retail industry accounted for 0.86 million sqm (59%) of this.
- CBRE research established two scenarios of online spending outlook in New Zealand for the next five years to 2029. Taking NZ Post's 2024 baseline figure of 10.6% e-commerce penetration, under the base scenario, by 2029 the e-commerce penetration rate is expected to be 14%, while the optimistic scenario will result in a 16% penetration rate.
- We implemented an econometric model to gauge the impact of e-commerce's growth on future industrial space demand. Our forecasts for total net absorption and e-commerce influenced logistics net absorption indicate that logistics will contribute between 65% and 70% to total industrial space absorption to 2029.
- Boosted by e-commerce driven logistics demand, Auckland industrial net absorption is forecast to approach 1.1 million sqm over the five years between 2025 and 2029. Over the same period, net Prime supply is expected to be also around 1.1 million sqm. Although vacant space will increase in 2025 and 2026, this will result in the total Prime vacant space to around 93,000 sqm, slightly lower than the 2024 level.
- Omnichannel commerce provides an evolving role for both retail and industrial space as e-commerce's evolution towards q-commerce (or quick commerce) has implications for physical space needs. Some q-commerce and logistics focused research indicates that, as last-mile delivery develops, retail storefronts and backrooms will play a larger role in improving efficiency.



01

E-commerce & its Drivers

CBRE undertook a global study of e-commerce drivers to better understand factors linked with the growth of e-commerce.

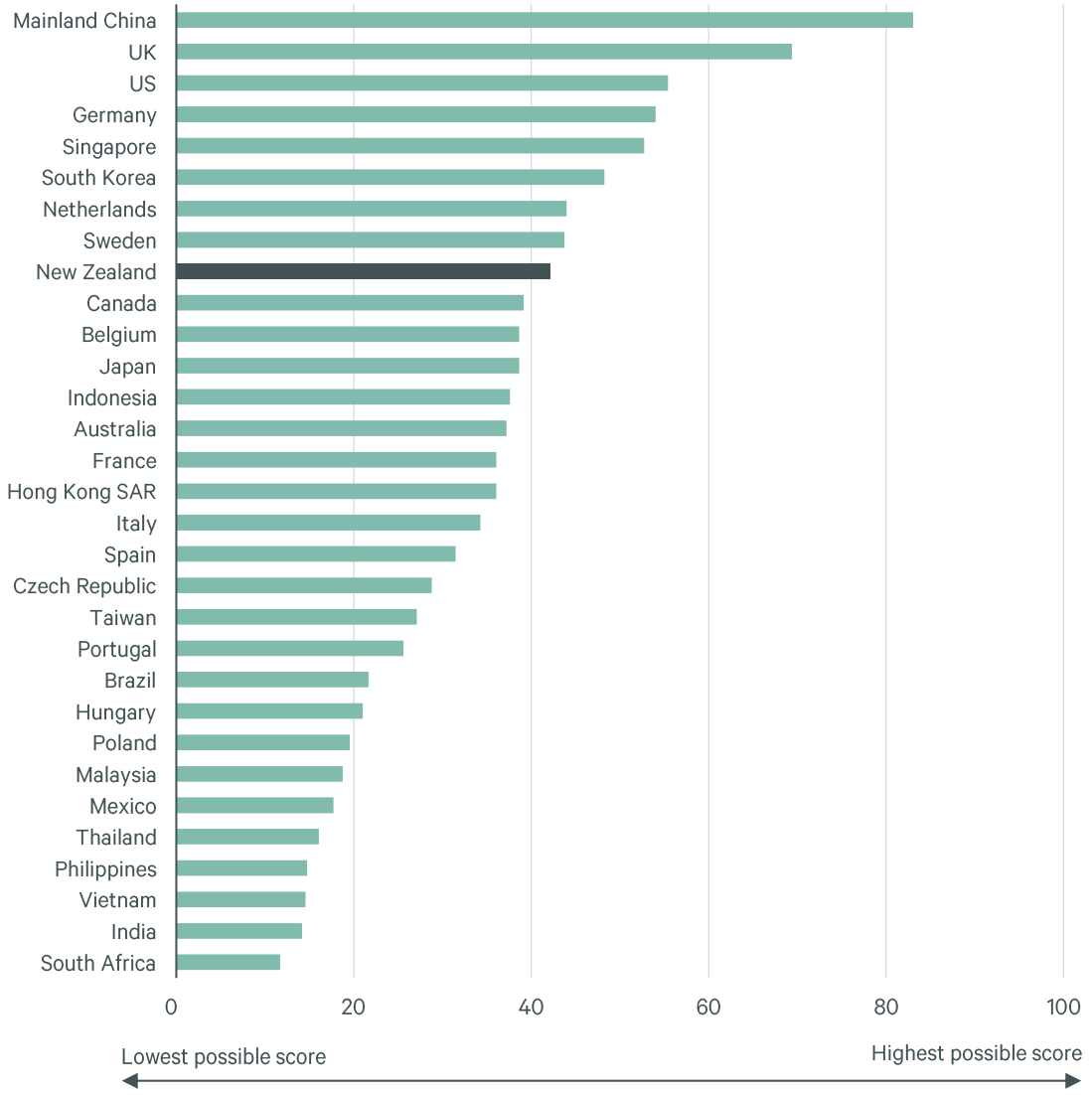
Of the 28 factors explored, six were identified that best explain e-commerce penetration in markets.

- The rate of urbanisation.
- Mobile internet sales ratio.
- Debit and credit card usage.
- Digital skills of the population.
- The presence of a dominant e-commerce player.
- The rate of broadband subscriptions.

Based on these factors, 48 geographic markets were analysed by CBRE to create an index that measures the strength of the presence of these six key e-commerce drivers. This index shows the level of preparedness of an economy/country to support e-commerce.

New Zealand is placed relatively high, at 9th of the 48 countries.

FIGURE 1: Global e-commerce drivers' index

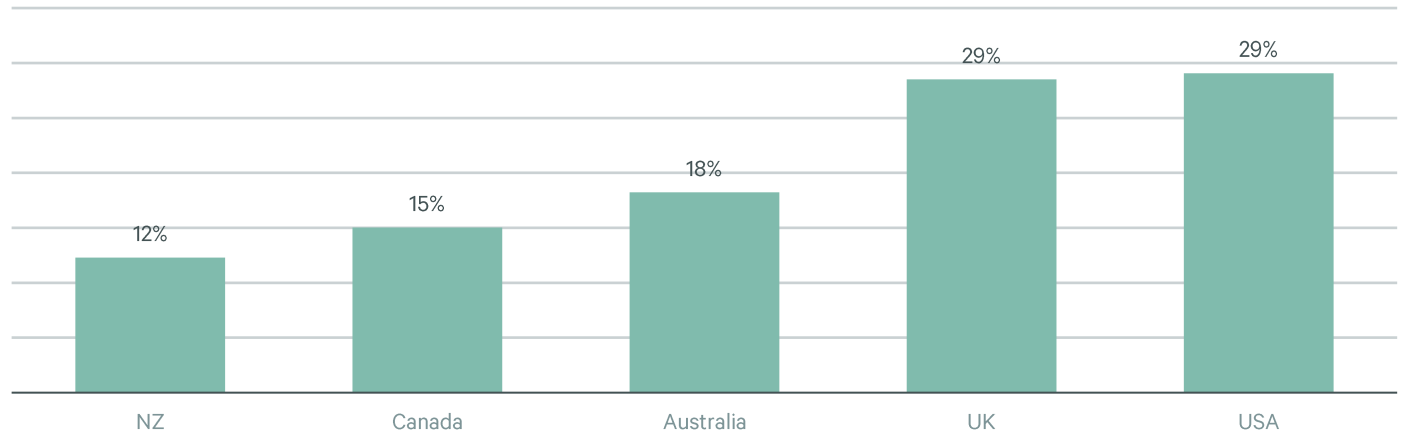


New Zealand's e commerce penetration rate is estimated at between 10.6% (NZ Post) and 12.3% (Euromonitor). Both datasets show it rebuilding last year following the post Covid lockdown moderation during 2022-2023.

According to NZ Post data, online sales increased by $200 million in 2024, to $6.01 billion, providing a 10.6% penetration rate. Euromonitor shows a 12.3% penetration rate with online sales of $8.22 billion.

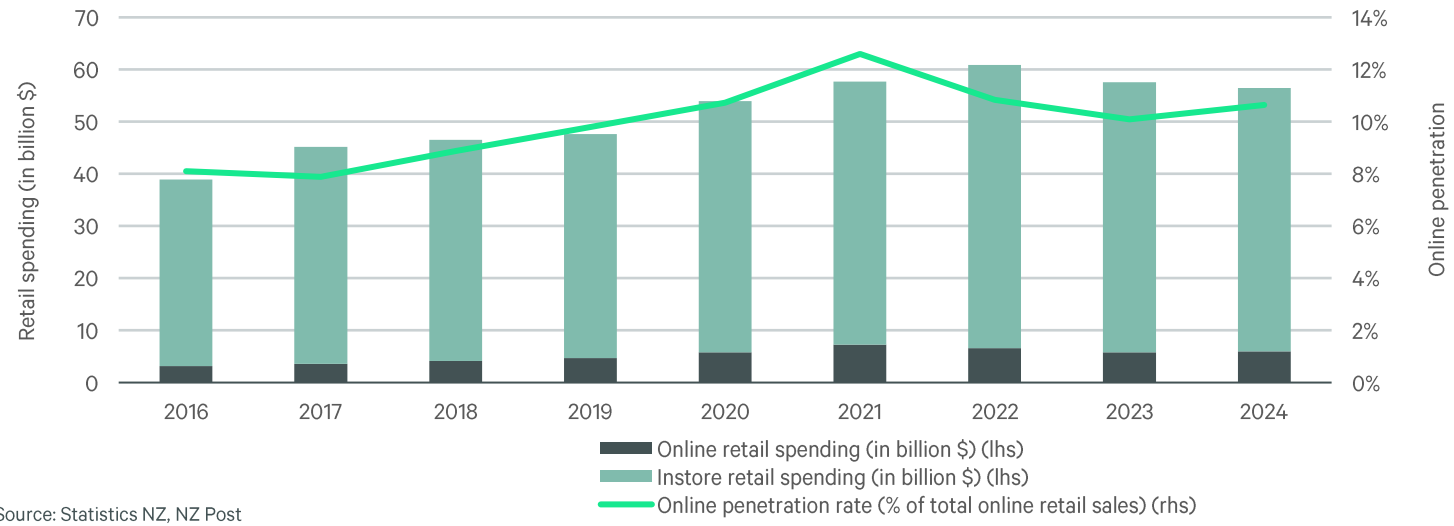
For a scale comparison, according to Euromonitor, Australia's online sales reached $66.86 billion in 2024, at an 18.2% penetration rate.

FIGURE 2: E-commerce penetration



Source: Euromonitor

FIGURE 3: Online and instore retail spending in New Zealand (annual)



Source: Statistics NZ, NZ Post

Macroeconomic outlook and e-commerce preparedness are driving the logistics sector's performance and demand for space.

CBRE's methodology to understand these factors, and their impact, incorporates an analysis of the way individual markets sit relative to global average GDP and their e-commerce preparedness score. The overall spread of these across the markets is segmented into four distinct quadrants that underscore property market impacts.

Whitin this framework, New Zealand straddles between Quadrants 2 and 4. Both quadrants indicate a stronger than average presence of e-commerce drivers. Their main difference is in economic growth, with Quadrant 4 being below average and Quadrant 2 above it. New Zealand's economic growth is at the global average. More specifically, in relation to property impacts:

QUADRANT 2 INDICATES:

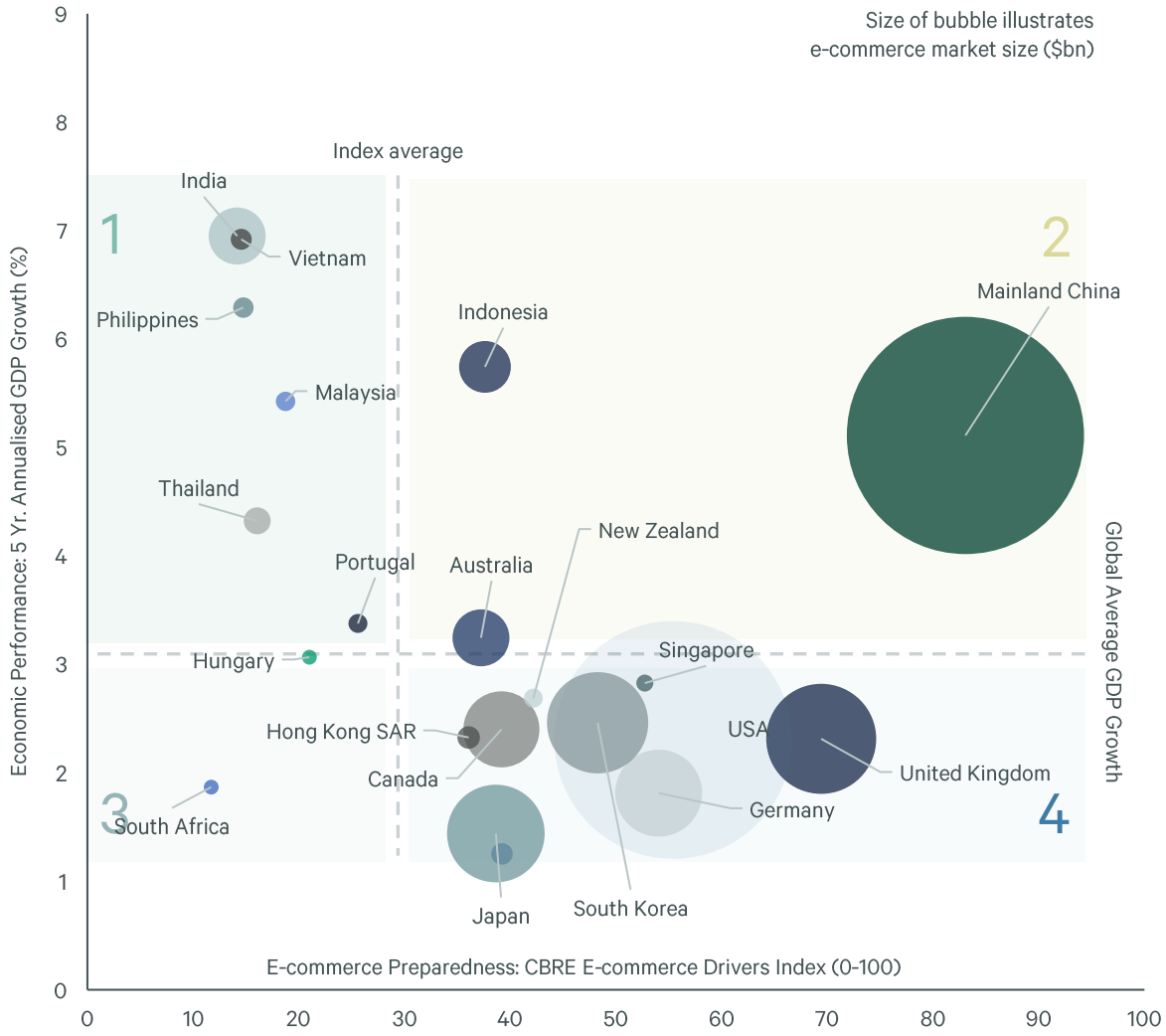
- Demand for physical retail still supported by economic growth and specific market and asset characteristics.
- Retailers still developing brand awareness through physical space.
- Strong demand for logistics space. Urban logistics becoming a trend.
- Increased investment activity in the logistics sector.

COMPARED TO QUADRANT 2, LOWER ECONOMIC GROWTH IMPLIES THAT IN QUADRANT 4:

- There is a somewhat faster transition to online, creating less demand for retail space.
- Retailers are restructuring portfolios, resulting in rising vacancy rates.
- Retail conversions to other uses becoming a trend – leading to limited new shopping centre development activity and experiential upgrades of retail spaces becoming increasingly important.

Overall, while Quadrant 2 continues to support both retail and logistics property, Quadrant 4 is less supportive of physical retail space.

FIGURE 4: Logistics property sector performance drivers

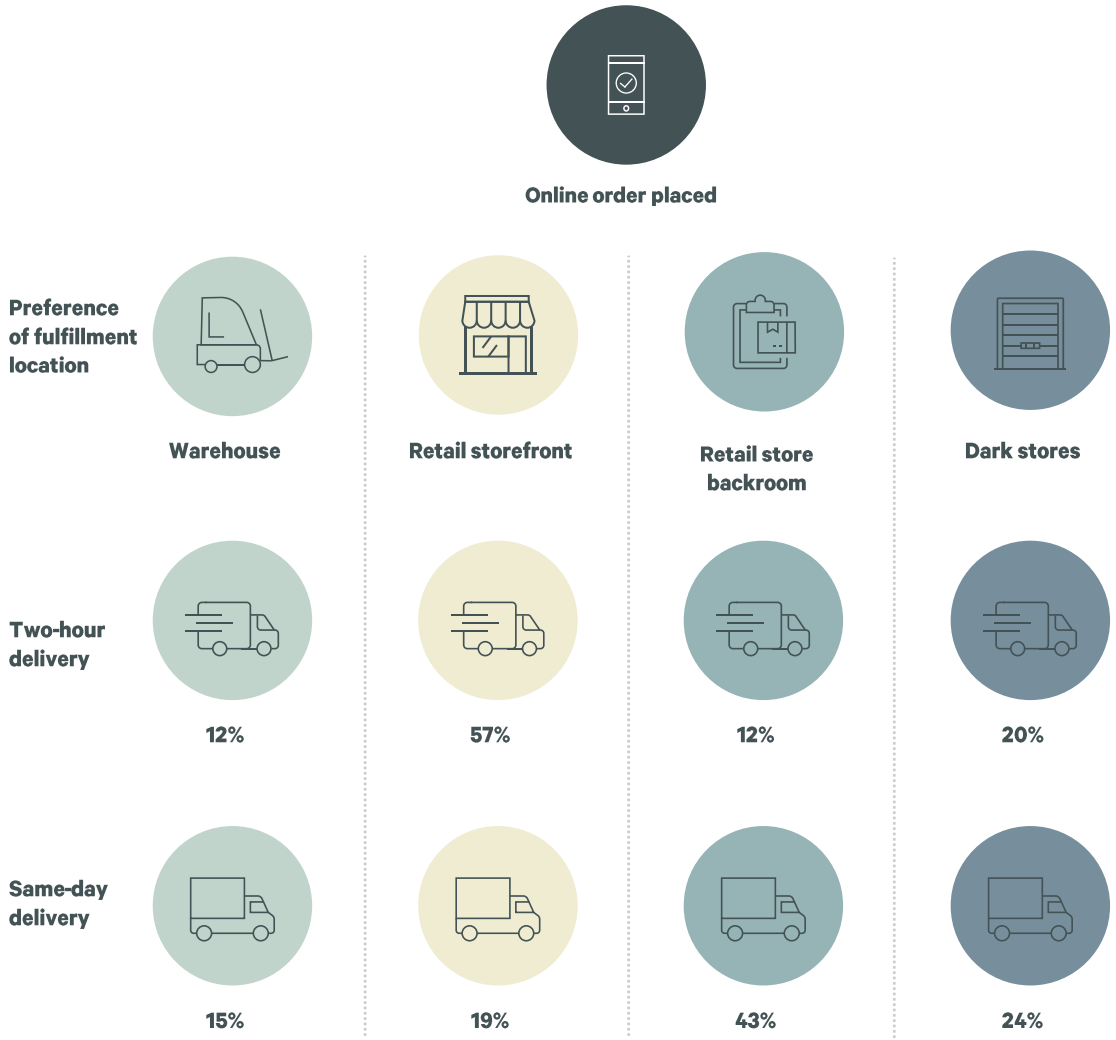


Source: Oxford Economics, CBRE Research, selection of markets illustrated.

Omnichannel commerce provides an evolving, and growing, role for both retail and industrial space.

E-commerce's evolution towards what is referred to as q-commerce (or quick commerce) has implications for physical space needs. Some q-commerce and logistics focused research indicates that a range of property types play a role in quick response last mile delivery[1].

FIGURE 13: Q-commerce last-mile delivery's impact on property



[1] Source: Capgemini Research Institute, Last Mile Delivery Executive Survey

02

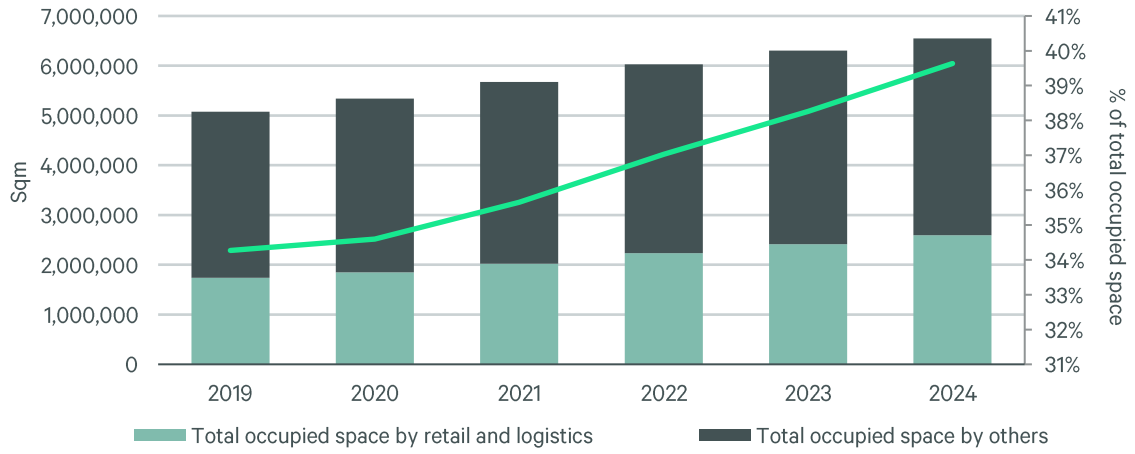
E-commerce & Industrial Market Occupancy and Take up

Outsourced logistics and in-house logistics for the retail industry has a 40% share of total Auckland Prime industrial market occupancy at 2.6 million sqm in 2024.

These sectors have grown their market share of the Prime industrial occupier market from 34% in 2019.

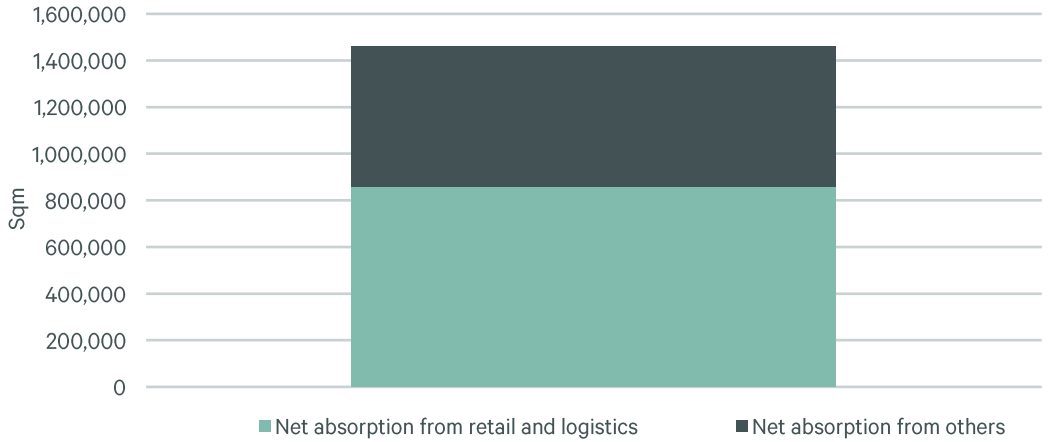
These two sectors accounted for a combined 59% of Auckland industrial market net absorption during the past five years. During the 2019 to 2024 period, the Prime industrial occupier market expanded by 1.46 million sqm. Outsourced logistics and in house logistics for the retail industry accounted for 0.86 million sqm (59%) of this.

FIGURE 5: Retail and logistics' share of total Auckland Prime industrial market occupancy



Source: CBRE Research

FIGURE 6: Retail and logistics' share of total Auckland Prime industrial market net absorption (2019~2024)



Source: CBRE Research

03

E-commerce Forecasts

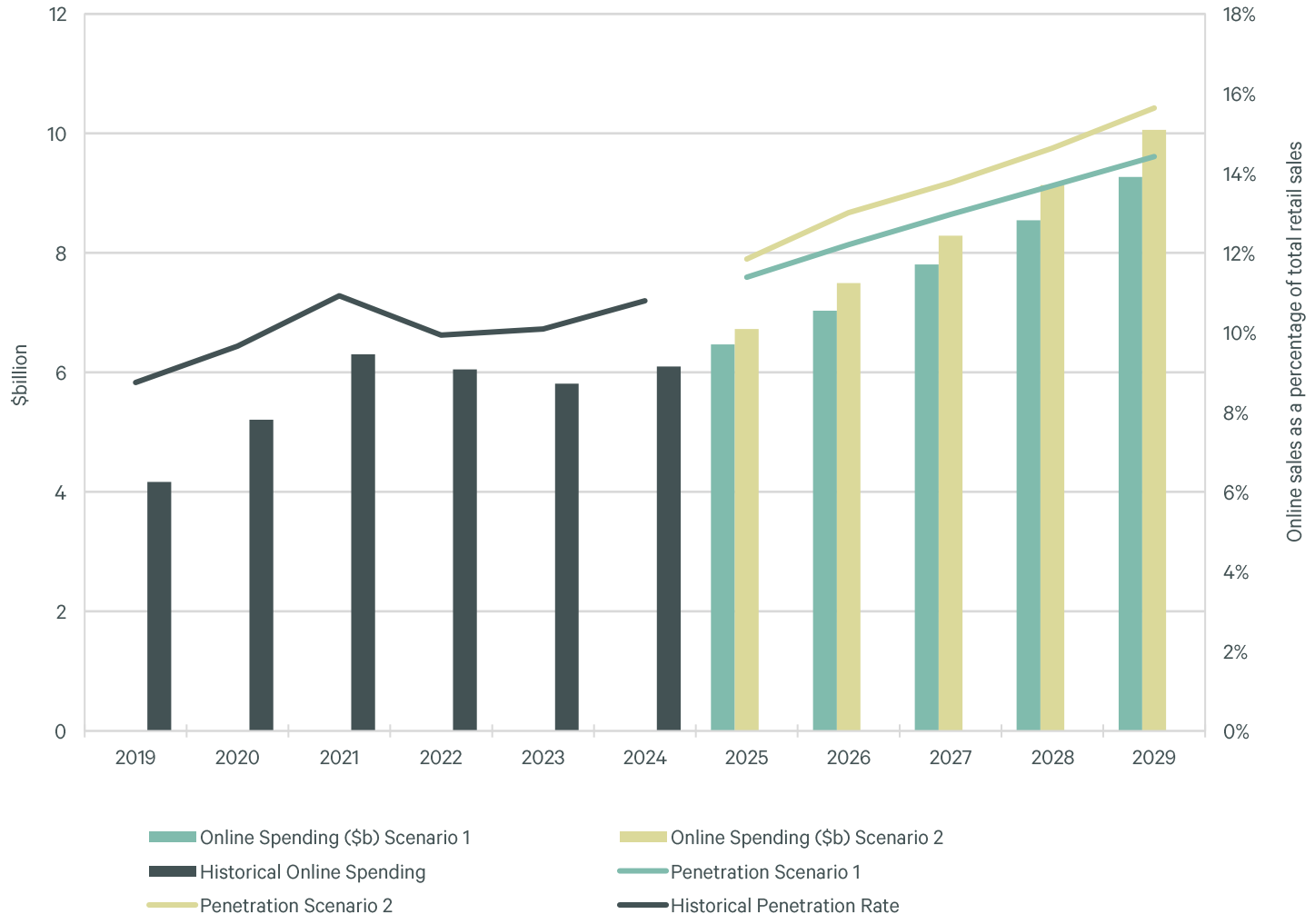
We have established two scenarios of online spending outlook in New Zealand for the next five years to 2029.

The base scenario from CBRE's in-house view, shows an 8%~9% annual increase in online spending in the next five years, close to the annual average of the last seven years of around 8.7%. Based on this, online spending in 2029 is expected to reach $9.3 billion. This conclusion is also supported by DHL and Mordor Intelligence. They forecast New Zealand e-commerce growth in the next five years at an 8.7% and a 9.4% compound annual growth rate, respectively.

The optimistic scenario, modelled by Euromonitor, shows a higher prediction that annual average growth can reach 11%, and the 5-year growth is 65%. This forecasts that online spending in 2029 will be $10.1 billion.

Taking NZ Post's 2024 baseline figure of 10.6% e-commerce penetration, under the base scenario, by 2029 the e-commerce penetration rate is expected to be 14%, while the optimistic scenario will result in a 16% penetration rate.

FIGURE 7: New Zealand online spending outlook



Source: NZ Post, Euromonitor, CBRE Research

04

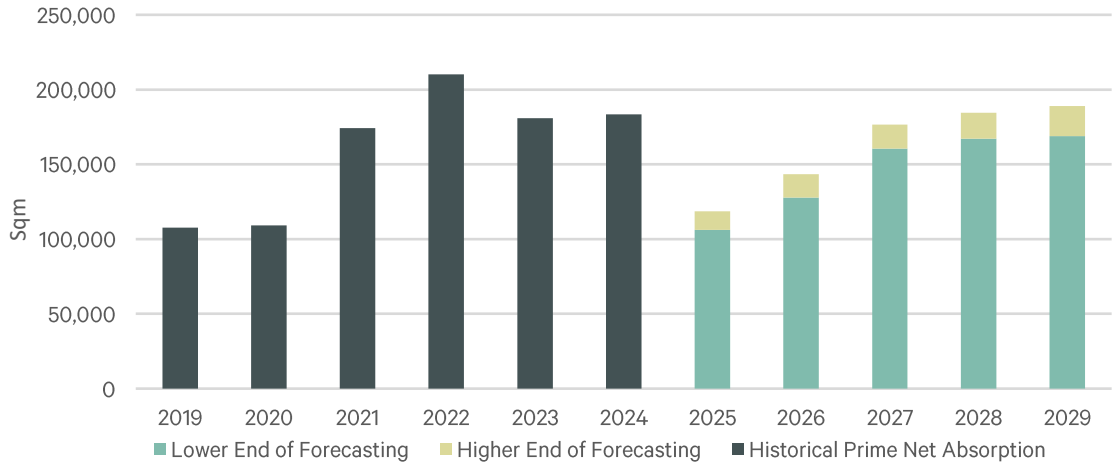
Forecast industrial demand impact from E-commerce

We implemented an econometric model with two scenarios of online spending growth (see page 11) and total retail trade, to forecast warehousing demand (forecasting the logistics and retail sector occupancy and demand data from Figures 5 and 6 on page 9). The model uses online spending annual growth (%), the ratio of retail trade ($) and real expenditure GDP ($), and wage inflation (%). The three variables are statistically significant. While online spending growth is the most direct driver of warehousing demand, the broader economic context of retail activity and the cost of labour can also influence warehousing demand in a more indirect way.

The ratio of retail trade to expenditure-based GDP represents the proportion of overall economic output that is generated by retail sales. The ratio can show whether retail is growing faster or slower than the overall economy and can also capture efficiency when comparing retail industry's growth to the overall economy. Higher wage inflation can lead to higher consumer spending, which in turn can lead to increased demand for goods and warehousing. Figure 8 shows the impact of faster e-commerce growth on retail and logistics net absorption.

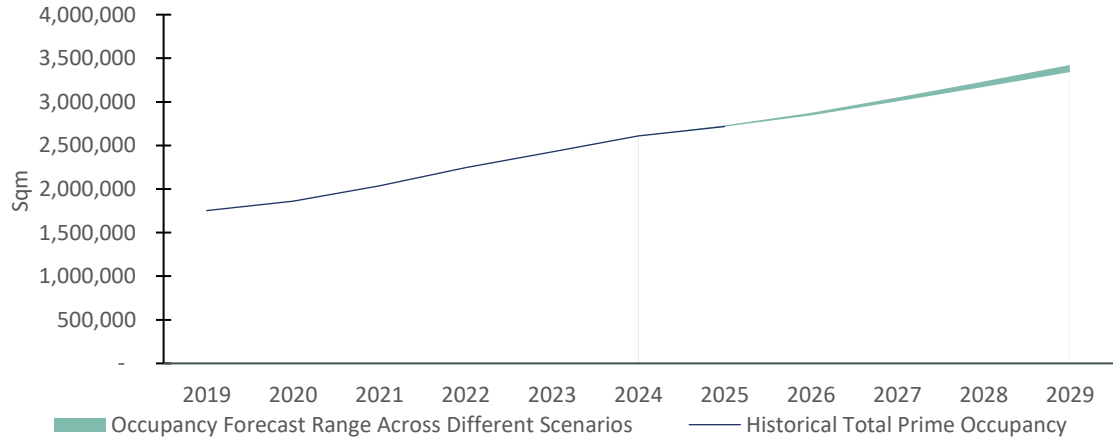
Given the outlook for online spending and the other variables that form part of our model, Prime net absorption by the logistics and retail sectors will lift from c.106,000 sqm in 2025 to c.160,000 – 169,000sqm between 2027 and 2029.

FIGURE 8: Retail and logistics' Prime net absorption outlook scenarios



Source: CBRE Research

FIGURE 9: Total Prime occupancy outlook based on retail and logistics' net absorption scenarios



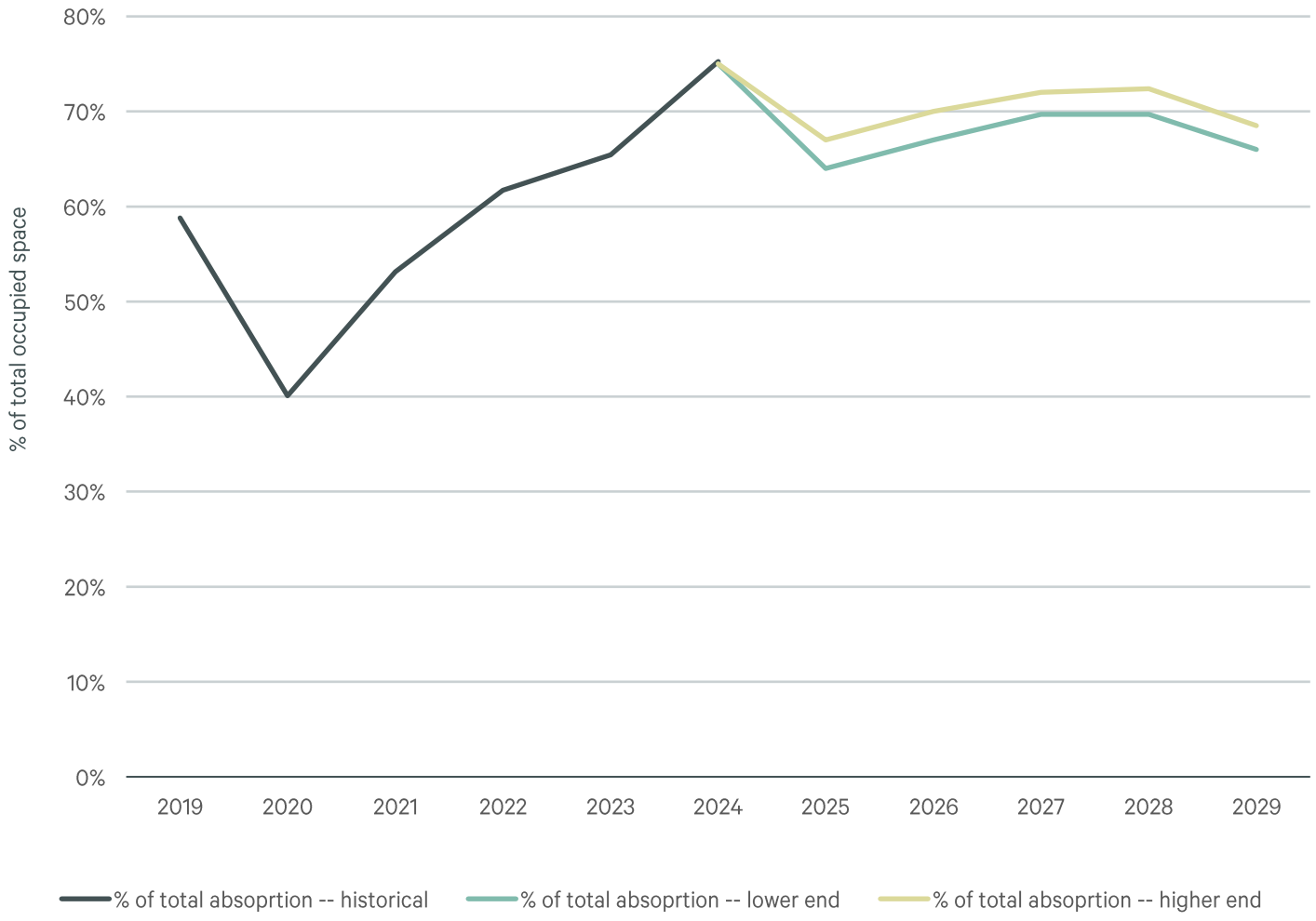
Source: CBRE Research

In the last five years, the proportion of net absorption from logistics was volatile, between 40% and 75%, largely due to supply chain disruptions during Covid-19 and fluctuations in supply and take up related to other sectors.

Our forecasts for total net absorption and e-commerce influenced logistics net absorption indicate that logistics will continue to dominate total industrial demand, at between 65% and 70% share of total absorption to 2029.

The reduction in retail and logistics' market share in 2025 is borne out by some recent occupier moves. Based on our June 2025 vacancy survey results, we found several logistics companies consolidating their warehousing space. This occupancy situation is likely to improve in H2 2025 given some owner-occupied new developments from major 3PL companies like Cardinal Logistics in Drury and Mainfreight in Penrose.

FIGURE 10: Retail and logistics' share of total Auckland Prime industrial market net absorption-outlook



Source: CBRE Research

05

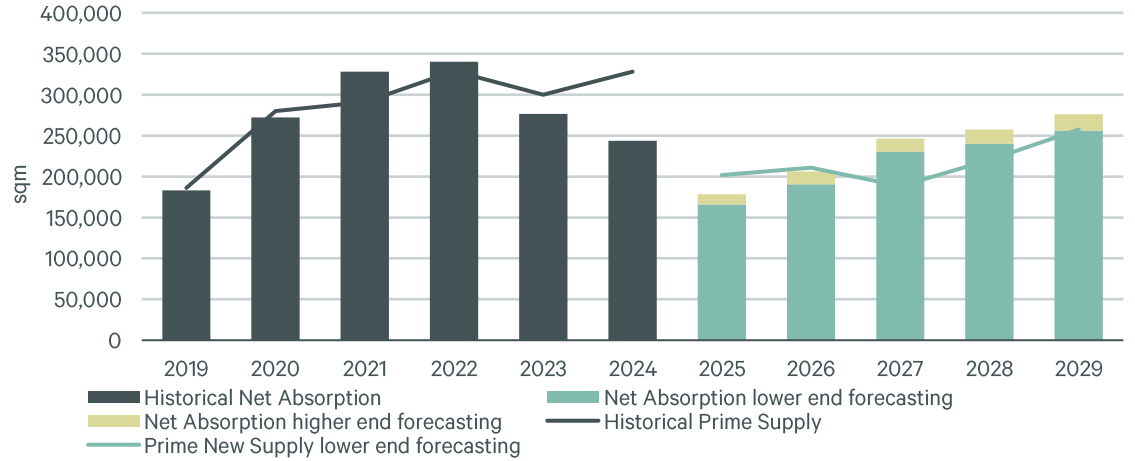
Demand for industrial space vs forecast supply–vacancy impacts

Figure 11 contrasts total Prime net absorption (combining logistics and retail industry demand with demand from other industries such as manufacturing, construction etc.) with Prime net new supply.

In the five years to 2029, Prime new supply is expected to be around 1.1 million sqm. We expect that net absorption will surpass net supply from 2027 onwards, and lower vacancy is expected.

Figure 12 shows our total Prime vacancy forecasts. Following a rise in 2025, we anticipate a further increase in the vacancy rate in 2026, to 2.2%. This is primarily driven by a high volume of speculative supply scheduled for completion in 2026. However, Prime net absorption is also projected to improve in 2026, rising to approximately 190,000 sqm from an estimated 166,000 sqm in 2025. In 2027, we expect the vacancy rate to decrease by 0.7% to 1.5%, supported by both stronger absorption and a lower volume of new supply following the high volume of speculative supply in 2026. The vacancy rate is then expected to stabilise at around 1.2% in both 2028 and 2029, reflecting the continued demand growth from e-commerce and other sectors, balanced by a more demand-driven approach to new supply.

FIGURE 11: Total Prime net absorption outlook



Source: CBRE Research

FIGURE 12: Total Prime vacancy outlook

Source: CBRE Research

Contact

Zoltan Moricz
Head of Research, New Zealand
zoltan.moricz@cbre.com

Shang (Roger) Du
Senior Analyst, Research
roger.du@cbre.com