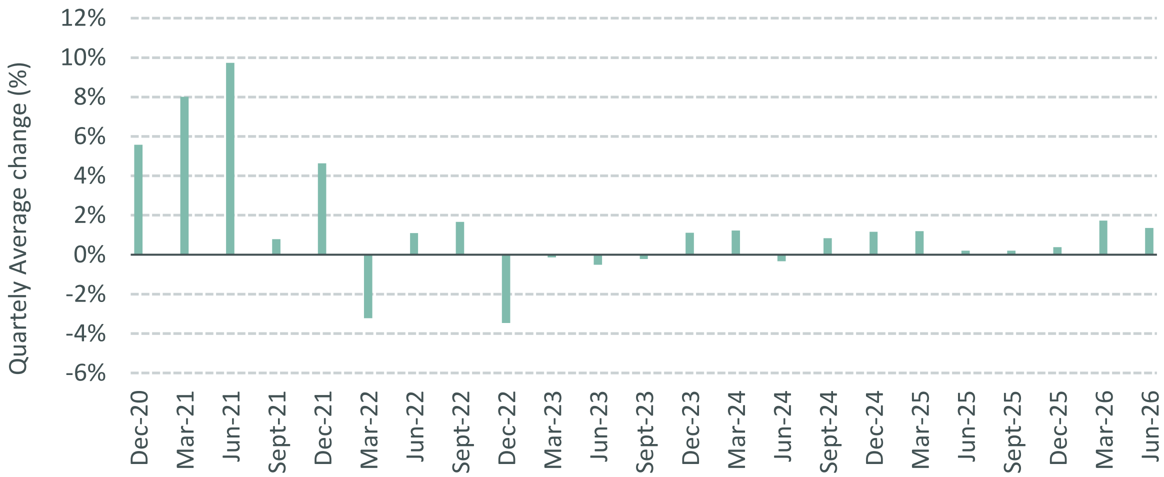
CBRE

Christchurch Property Market Overview

KEY MARKET CHANGES

- Christchurch CBD office vacancy rose across both Prime and Secondary grades in H1 2026, driven mainly by key tenants vacating space. This contrasts with previous periods, when vacancy fluctuated due to the completion of new or refurbished (committed and uncommitted) developments. No such completions occurred in the CBD during H1.
- In Q2 2026, Christchurch CBD office leasing activity was supported by suburban tenants relocating into the CBD, driven by strong demand in the Frame precinct near the new stadium. This pushed up face rents in both Prime and Secondary submarkets, though the increase was more modest than in Q1.
- Christchurch industrial vacancy decreased to 2.0% in H1 2026 (from 2.1%), close to the five-year average, with both Prime (2.7%) and Secondary (1.6%) vacancy falling despite some notable move-outs by large companies due to relocations. Also, record-high net absorption levels were driven by the addition of a large amount of new industrial stock.
- Strong agricultural performance and robust consumer confidence are helping Canterbury's retail sales. At a territorial authority level, in the year ending May 2026, retail spending in Christchurch increased by 0.9% compared to the previous year.

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



Market indicators

Market Sector	Stock (sqm)	Vacancy (%)	Net Face Rent ($/sqm/yr)	Incentive (%)	Yield Range (%)
Prime CBD Office	248,135	8.1	395 – 475	4 – 8	5.75 – 7.15
Secondary CBD Office	69,694	8.6	325 – 450	6 – 9	6.90 - 8.00
Prime Suburban Office	67,851	5.7	260 – 365	8 – 9	7.00 - 8.90
Secondary Suburban Office	339,272	10.8	165 – 345	8 – 14	8.30 - 10.30
Prime Industrial	1,849,511	2.7	111 – 168	1 – 2	5.00 - 6.50
Secondary Industrial	2,850,788	1.6	72 – 140	1 – 2	6.05 - 9.10
CBD Retail	-	-	270 - 1,700	4 – 8	-
Suburban Strip Retail	-	-	220 – 750	4 – 8	5.50 – 7.75

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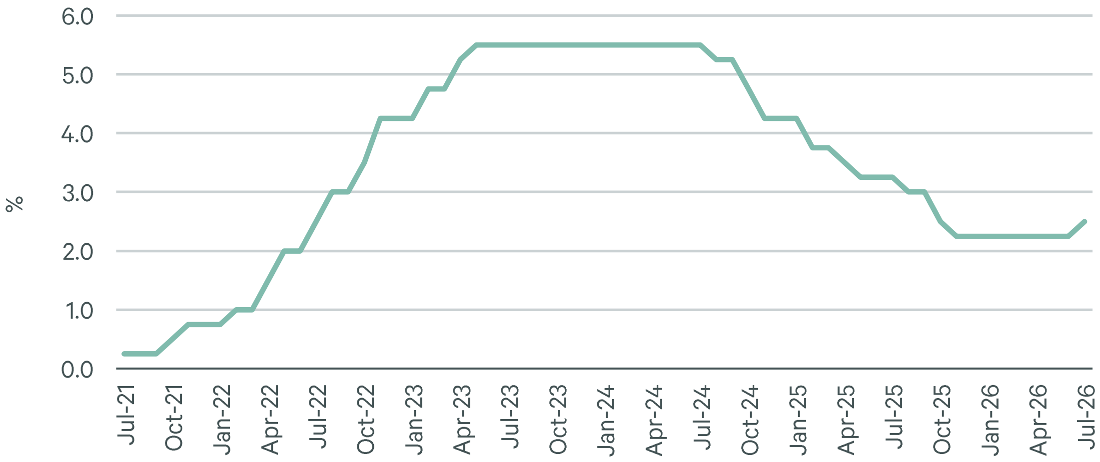
Economy

The adverse effects of the Middle East conflict on the New Zealand economy became clearer when the latest inflation figures were published some weeks ago by Statistics New Zealand. Annual inflation in Q2 2026 reached 4.1%, up from 2.5% in the previous quarter. The rise was mostly driven (not surprisingly) by a drastic increase in petrol prices, which were almost 28% higher compared to Q2 2025, due to a steep increase in global oil prices during the blockade of the Strait of Hormuz. As a result, the RBNZ increased the OCR by 25 bps to 2.50% in July. Since annual inflation in the second quarter sat above the inflation target midpoint (2.0%) and higher than what the RBNZ predicted, the market is predicting further OCR increases at upcoming meetings.

Adopting a base scenario where much of the inflationary effects of the Middle East war and its negative impact on growth abate, leading indicators show the resumption of economic recovery in 2027 through 2028. Net migration has started to improve, driven by a fall in emigration and a rise in immigration. There should be more upside due to NZ growth improving vs. Australian growth. While the downsizing of government departments is not over, government spending has started to recover. As some planned infrastructure projects progress, there should be a rise in capital spending, and as the recovery from the recession in 2024 broadens, it will spread to other areas of capital spending.

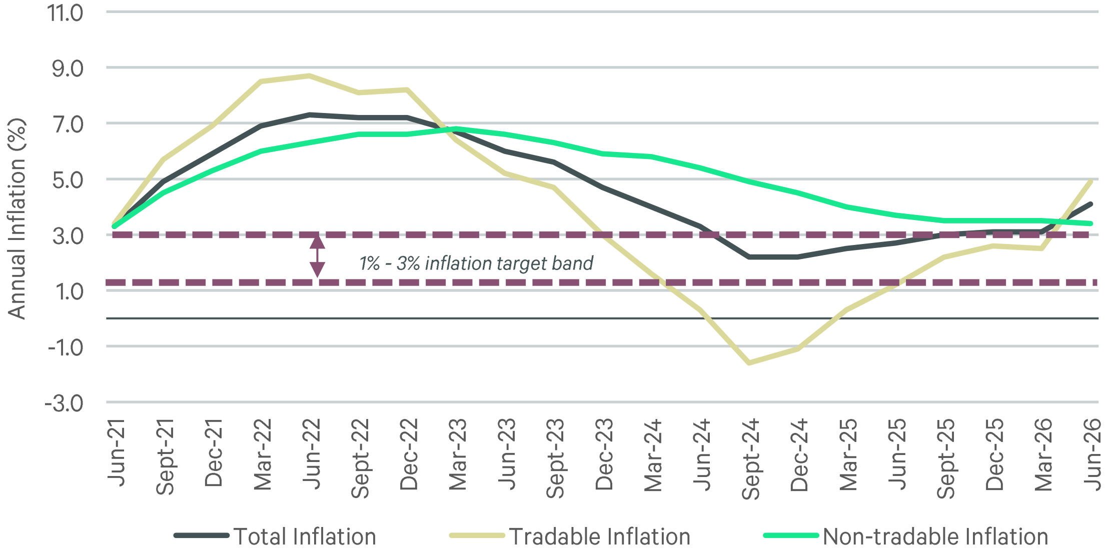
A significant degree of spare capacity in the economy is a good reason for the Reserve Bank to be reasonably relaxed about medium-term inflation. This means that the current interest rate hikes are front loading, and unlikely to result in a more substantial rise in interest rates than expected pre-conflict. In the past few months financial markets were focused on the boost to inflation from the war rather than the offsetting factors from the spare capacity prior to the war and the mild negative impact of the war on GDP growth that will prolong how long it takes to consume the spare capacity.

Official Cash Rate (OCR)



Source: : Reserve Bank of New Zealand

New Zealand Inflation (annual % change)



Source: Statistics New Zealand

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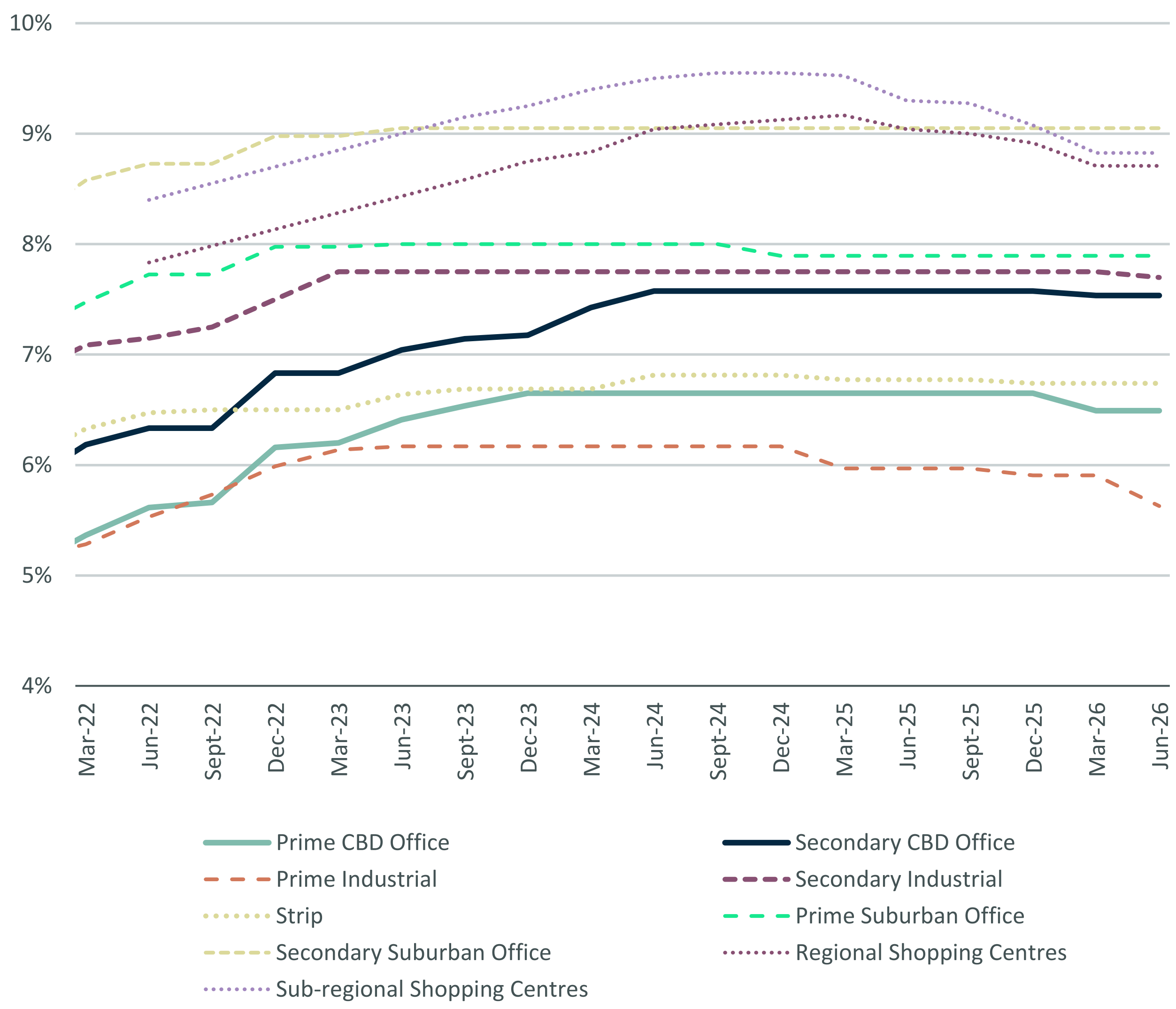
Investment market

In the Christchurch property investment market, higher investor sentiment translated to greater activity levels during Q2. Against this backdrop, CBRE's assessment of Q2 market yields showed a largely stable market, except for Prime industrial yields, which firmed by 25 bps, backed by robust transaction activity. This recent industrial yield firming follows previous downward yield adjustments during 2025. Retail has also been dynamic, and the arbitrage on offer relative to offshore markets and debt costs is benefiting yields for prime assets in the sector.

Building on activity late last year, it appears that offices are back on investors' agenda. Liquidity is returning to the sector, providing more frequent transactions and a higher degree of confidence around market pricing than we have seen over the previous couple of years. Following 25 bps of firming in Q1, we have left Prime office yields stable.

Christchurch Indicative Yields by Sector



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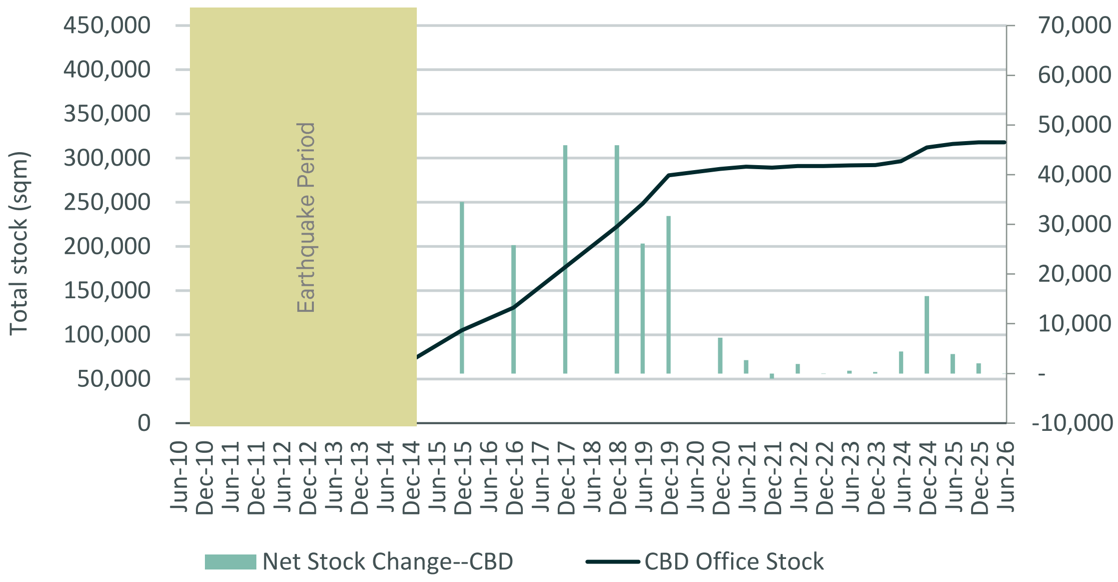
CBD Office Stock

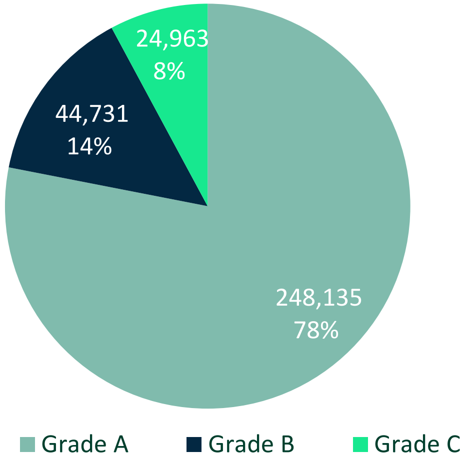
The Christchurch CBD office stock will continue to increase during 2026-2028, with a further increase in supply of approximately 33,000 sqm of Prime office space, 79% of which corresponds to new buildings and the remaining 21% to refurbished ones. The largest development that is expected to be completed this year is 107 Cambridge Terrace (Library Chambers), located in the West End, a 5,500-sqm new build. The other two are 79 Hereford Street, a 2,500-sqm refurbished building in the Core precinct, and 211 High Street, a 2,500-sqm new build located in the Frame precinct. Additionally, three new developments are planned for next year, including 116 Worcester Street, a 4,200-sqm refurbished asset, and 192 Cashel Street and 142 Tuam Street, both of which are new builds under 2,000 sqm. The largest office development planned for Christchurch in the next years is 56 Worcester Street, located in the West End, a 14,000-sqm, 14-storey building expected to be completed in 2028.

The total office stock in Christchurch CBD is approximately 318,000 sqm. During H1 2026, there was a slight net decrease of only 27 sqm, driven by the removal of 510 sqm of office space, converted into retail space, at 84 Hereford Street and 79 Lichfield Street. This decrease in stock was offset by the return of 483 sqm of refurbished office space at 149 Victoria Street. In relation to the stock's composition, 78% of the CBD office stock is Grade A, 14% is Grade B, and the remaining 8% is Grade C. This distribution has largely remained stable over the past few years.

Christchurch CBD Office Net Supply Changes



Christchurch CBD Office Quality by Composition (H1 2026)



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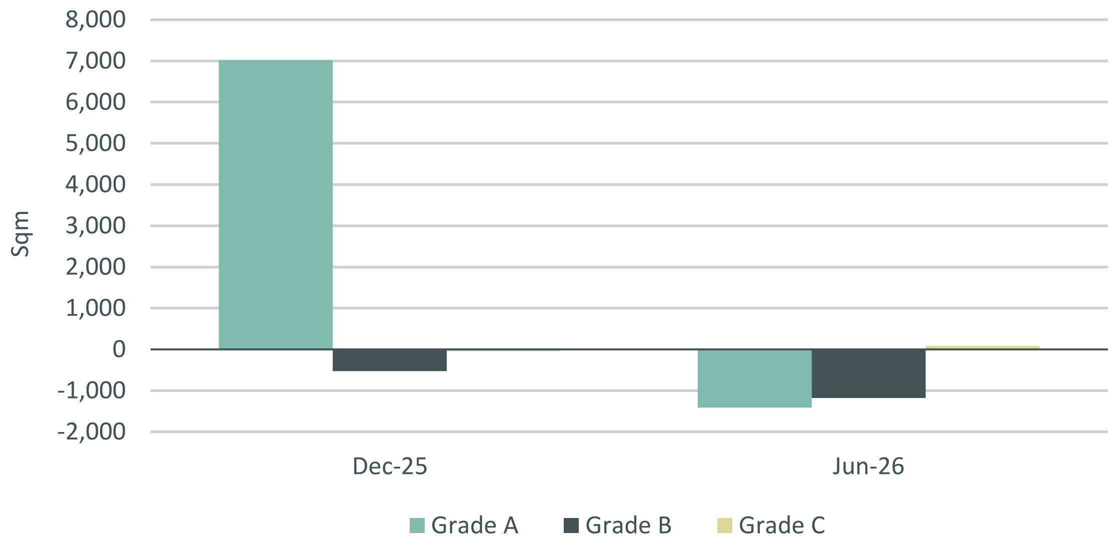
CBD Office Net Absorption

During H1 2026, the Christchurch CBD office market registered the lowest net absorption level in the last five years, reaching a negative net absorption of 2,505 sqm. Prime (Grade A) reached -1,410 sqm, the lowest level in the last three and a half years. Whilst Grade B net absorption was also in negative territory (-1,182 sqm), this was slightly offset by Grade C's positive net absorption of 87 sqm.

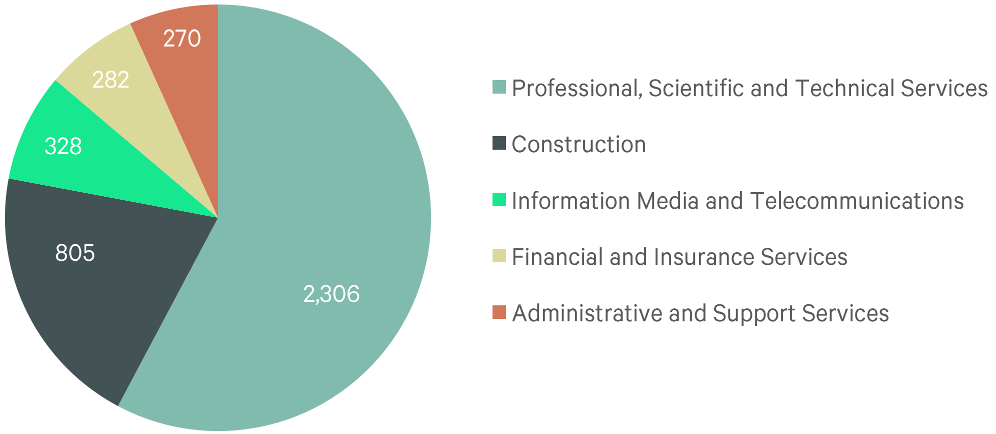
Prime net absorption was influenced by the exit of several tenants. The most important one happened at 12 Oxford Terrace, where Etu Pasifika vacated around 1,050 sqm of Prime office space. Other move involved WMS Group vacating 100 sqm at PWC Centre (56-64 Cashel Street). In terms of Secondary net absorption, the most important moves included Kiwibank leaving behind 560 sqm at 668 Colombo Street to move to 213-221 Tuam Street, and JBWere vacating over 400 sqm at Anthony Harper Tower. The positive movement in the Grade C submarket was driven by Southern Cross moving into 200 sqm at 47 Salisbury Street.

Overall, gross absorption during H1 2026 reached almost 4,300 sqm across 16 new occupancies, lower than in H2 2025. During H1, the industry that registered the highest take up of space in the CBD office market was professional, scientific, and technical services, totalling 2,306 sqm. It was followed by construction (805 sqm) and information, media, and telecommunications (328 sqm).

Christchurch CBD Office Net Absorption by Grade



New Take Up by Industry in H1 2026 (sqm of top five)



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CBD Office Vacancy

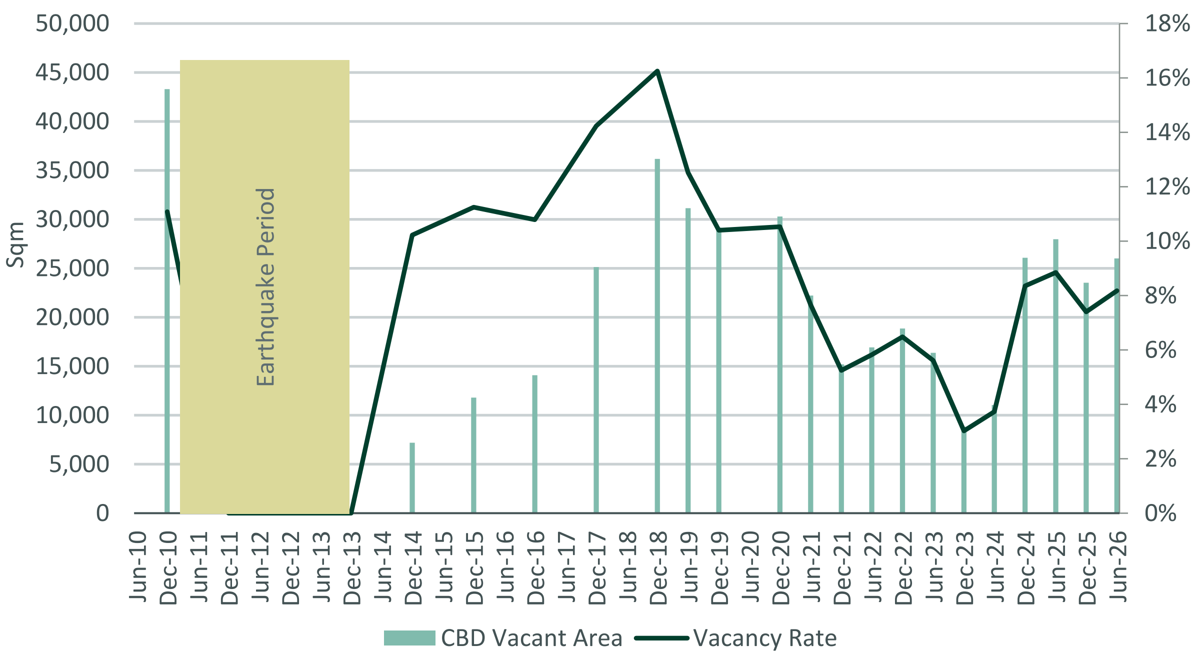
During H1 2026, Christchurch CBD office vacancy increased, moving from 7.4% to 8.2% (a 2,478 sqm increase). This was driven by a rise in vacancy across all submarkets. Prime (Grade A) vacancy increased by 1,145 sqm, whilst Secondary (Grades B and C) went up by 1,333 sqm. In previous periods, vacancy levels fluctuated due to the completion of new and refurbished committed and uncommitted developments. However, this did not impact vacancy during H1, since no building was completed or refurbished in the Christchurch CBD. CBRE's definition of vacancy encompasses space that is both physically vacant and available for lease.

Prime CBD office vacancy increased to 8.1% from 7.6% during H1. This was mainly driven by Etu Pasifika vacating 1,048 sqm of high-quality office space at 12 Oxford Terrace, leaving this building fully vacant. Without this move, Prime CBD office vacancy would have sat at 7.6%, similar to the vacancy registered during H2 2025. Half of the Prime CBD vacant stock during H1 was concentrated in 224 Cashel Street (10,000 sqm out of 19,993 sqm), a building that continues to influence Prime vacancy levels in the CBD. Secondary vacancy also increased during H1, shifting to 8.6% from 6.7%, driven primarily by Kiwibank vacating 560 sqm at 668 Colombo Street to move to 213-221 Tuam Street, JBWere leaving behind over 400 sqm at 62 Worcester Street, and the addition of 483 sqm of uncommitted refurbished office space at 149 Victoria Street.

CBD Office Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy – December 2025	%	7.6%	7.0%	6.3%	7.4%
	sqm	18,848	3,143	1,538	23,529
Vacancy – June 2026	%	8.1%	9.1%	7.7%	8.2%
	sqm	19,993	4,080	1,934	26,007

CBD Office Vacancy



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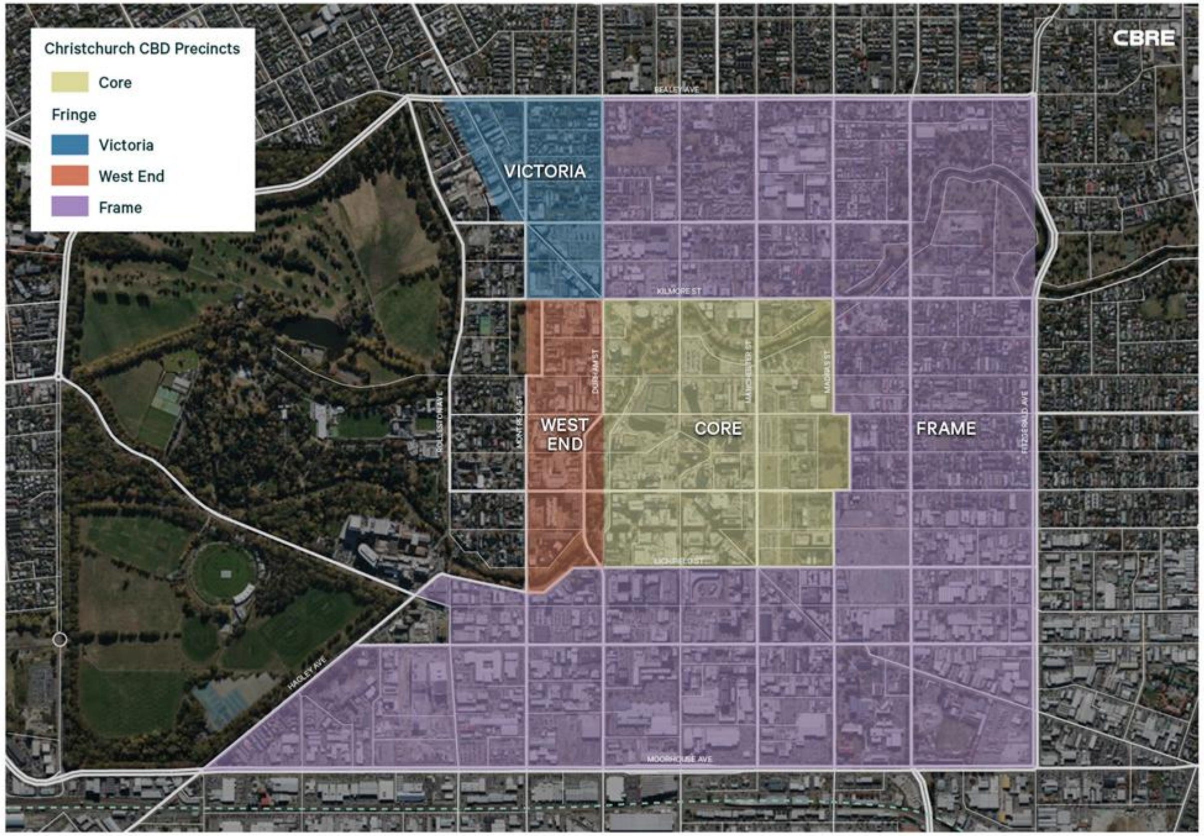
CBD Office Vacancy by Precinct

During H1 2026, office vacancy increased across all CBD precincts. Out of the total vacant stock in the Christchurch CBD office market, 54% is located in the Core precinct, followed by 18% in Frame, 16% in Victoria and 12% in West End. Despite going up compared to the previous half, the West End precinct continues to have the lowest vacancy rate in Christchurch's CBD (3.7%). This remains a sought-after precinct for professional services companies.



Core Precinct Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy – December 2025	%	15.4%	5.2%	0.0%	13.1%
	sqm	12,728	999	0	13,727
Vacancy – June 2026	%	15.0%	9.1%	0.0%	13.5%
	sqm	12,400	1,733	0	14,133

West End Precinct Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy – December 2025	%	2.4%	2.6%	6.8%	2.6%
	sqm	1,827	153	203	2,183
Vacancy – June 2026	%	3.0%	9.7%	10.5%	3.7%
	sqm	2,252	567	316	3,135

Victoria Precinct Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy – December 2025	%	4.4%	12.6%	28.0%	10.2%
	sqm	844	1,572	1,265	3,681
Vacancy – June 2026	%	4.4%	14.3%	30.9%	11.5%
	sqm	844	1,780	1,548	4,172

Frame Precinct Vacancy by Grade

		Grade A	Grade B	Grade C	Total
Vacancy – December 2025	%	5.0%	5.6%	0.5%	4.4%
	sqm	3,450	419	70	3,939
Vacancy – June 2026	%	6.5%	0.0%	0.5%	5.1%
	sqm	4,498	0	70	4,568

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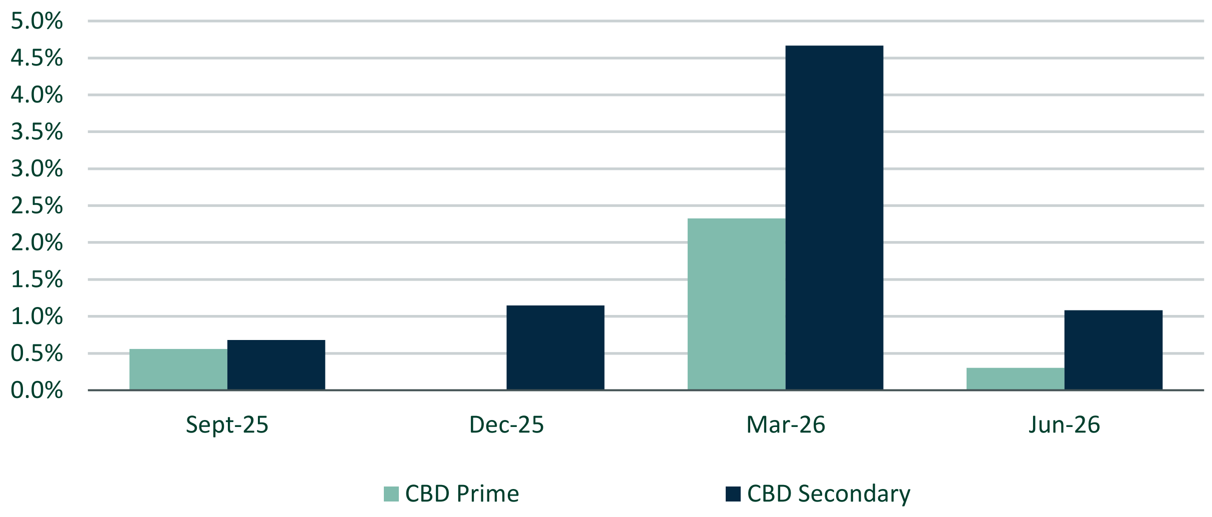
CBD Office Rents

In Q2, the Christchurch CBD office market was characterised by good leasing activity. Part of this activity was driven by tenants moving into the CBD from the suburbs, especially those that are expanding. Although not as robust as Q1, face rents increased in both the Prime and Secondary CBD office submarkets, primarily due to higher demand for office space in some buildings in the Frame precinct, especially around High Street and Tuam Street, driven by positive sentiment towards proximity to the new stadium and high-quality fitouts.

Based on CBRE's assessment, incentives in both submarkets remained unchanged. Prime indicative market incentives currently sit at 5.2% of face rents, whilst Secondary indicative market incentives sit at 8.6% of face rents.

CBD Net Effective Office Rents – Quarterly Change



CBD Net Effective Office Rents

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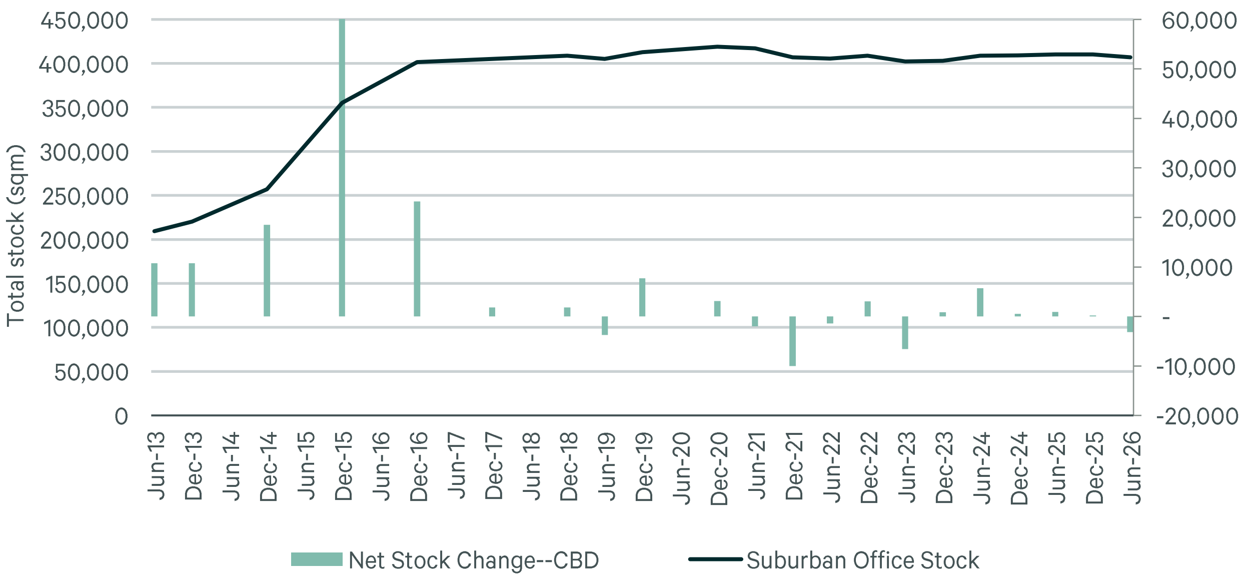
Suburban Office Stock

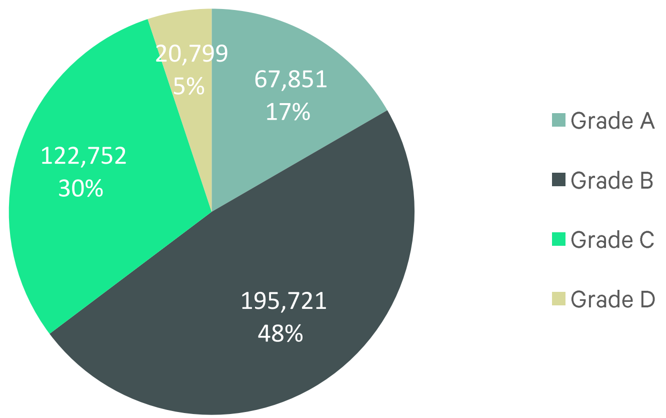
During H1 2026, there was a decrease of 3,146 sqm in the Christchurch suburban office stock, totalling 407,123 sqm, following a small increase of 176 sqm during the second half of last year. This was due to the conversion of 753 sqm of Secondary office space to retail space at 3 Picton Avenue (Addington), 322 Riccarton Road and 5 Washington Way (Sydenham). In addition, 550 sqm of Grade B stock at 63 Manchester Street was removed due to refurbishment works and 1,843 sqm were removed due to the demolition of an office building at 310 Manchester Street (City Fringe East).

During the second half of last year, 48% of the suburban office stock was Grade B, whilst 30% was Grade C, 17% was Grade A, and the remaining 5% was Grade D. This composition has shown little variation over the last years.

Christchurch Suburban Office Net Supply Changes



Christchurch Suburban Office Quality by Composition (H1 2026)



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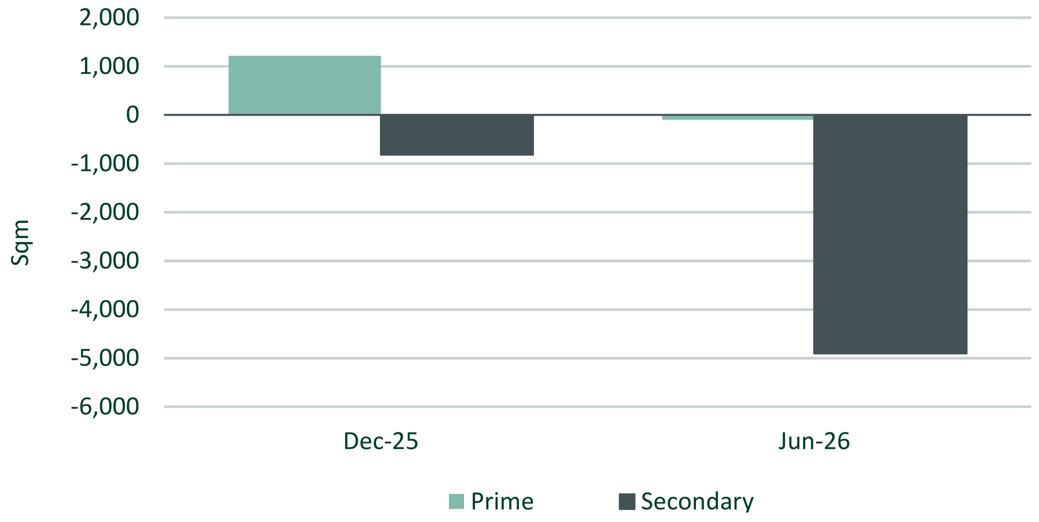
Suburban Office Net Absorption

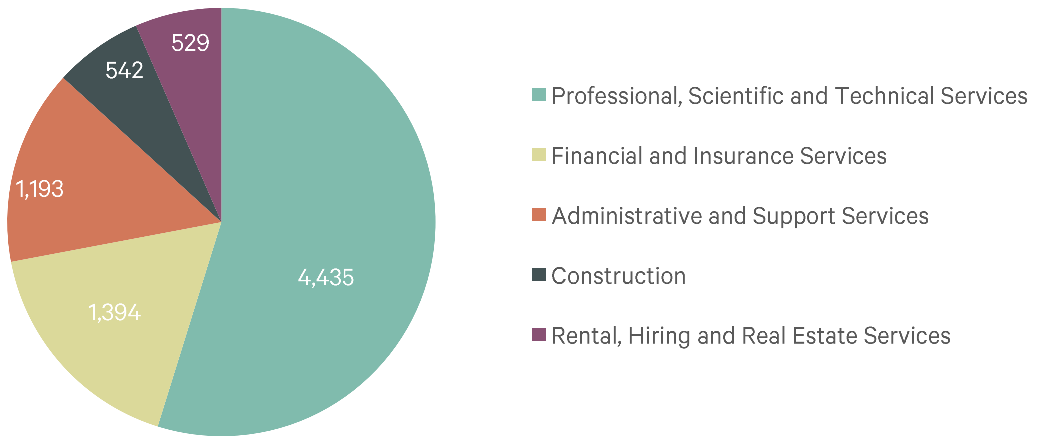
During H1 2026, net absorption in the Suburban office market returned to negative territory (close to -5,000 sqm), driven primarily by the Secondary office submarket, which experienced negative net absorption of 4,903 sqm, the lowest since H2 2024. Net absorption in Grade B and C assets reached -3,924 sqm and -1,269 sqm, respectively, which was slightly offset by positive net absorption in Grade D buildings (290 sqm). Secondary net absorption was influenced by some large vacancies, such as the space left behind by Flex Space at 19 Sheffield Crescent in Burnside (1,288 sqm). In addition, the Prime office submarket was slightly in the negative during H1 (-100 sqm), driven solely by the Grade A office space left behind by Panasonic at 112 Wrights Road.

Leasing activity during H1 was more subdued compared to the second half of last year. Gross absorption in the Christchurch suburban office market reached 14,027 sqm during H1, whilst it reached 19,506 sqm in the previous period. Regarding new take up (gross absorption) in the Prime suburban office submarket, the only move was made by Canon, which took up 339 sqm at 12 Hazeldean Road, previously occupied by Masthead Properties. Also, most of the leasing activity in the Secondary office submarket occurred in Grade B buildings (9,140 sqm), followed by Grade C assets (3,548 sqm) and Grade D buildings (1,001 sqm). The industry that recorded the highest take up of Suburban office space during H1 2026 was professional, scientific and technical services, with a total of 4,435 sqm, followed by financial and insurance services (1,394 sqm), and administrative and support services (1,193 sqm).

Christchurch Suburban Office Net Absorption by Grade



New Take Up by Industry in H1 2026 (sqm of top five)



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Suburban Office Vacancy

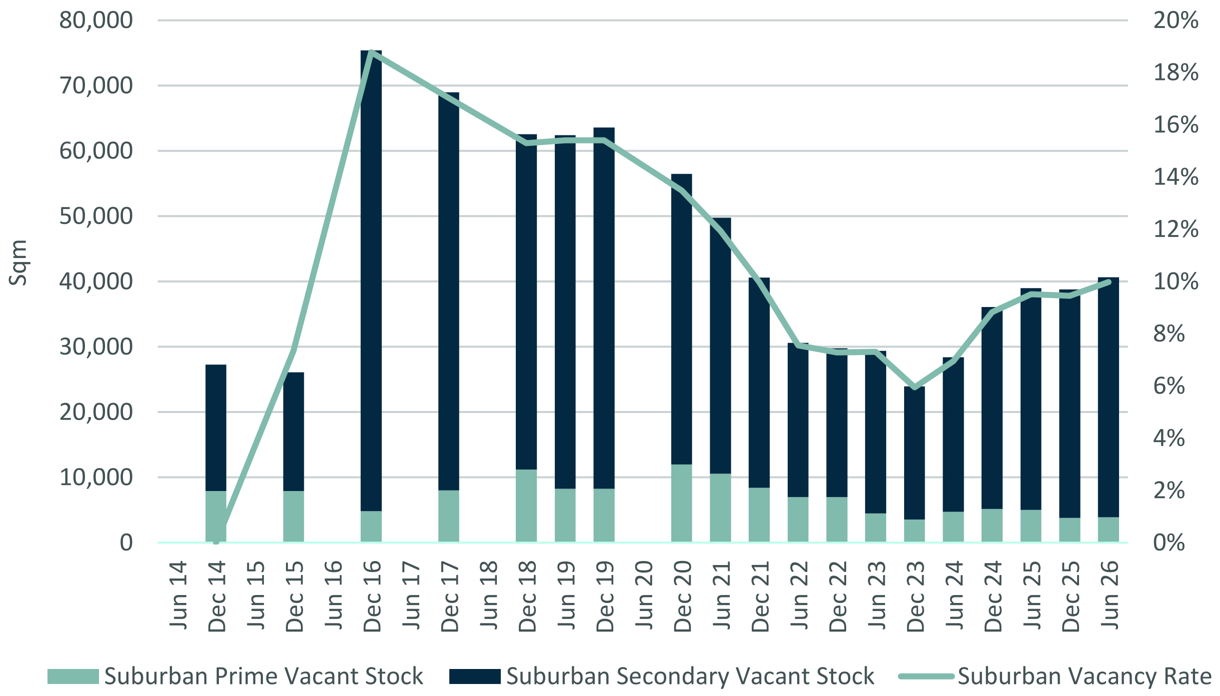
During H1 2026, suburban office vacancy increased to 10.0% from 9.5%, following the upward trend seen since H1 2024. Total vacant stock sat at 40,628 sqm during H1, higher by 1,857 sqm compared to the previous period. This was mainly driven by a rise in Grade B vacancy, which went up by almost 3,200 sqm. Prime vacancy also rose during this period, to 5.7% from 5.6%, a small increase of 100 sqm in vacant stock. This was partially offset by a decrease in both Grade C and D vacant space, which decreased by 1,084 sqm and 290 sqm, respectively. Secondary office vacancy increased to 10.8% from 10.2%.

The most relevant moves in the Secondary suburban office submarket during H1 included the space vacated by Flex Space at 19 Sheffield Crescent (1,288 sqm of Grade C space), the building vacated by Treshna Enterprises (1,146 sqm of Grade B space) at 21 Carlyle Street (Sydenham) due to relocation, and the space left behind (1,140 sqm of Grade B space) by Ryman Healthcare and Tech Care at 92 Russley Road. Also, the only Prime move during H1 was made by Panasonic, which vacated 100 sqm at 112 Wrights Road.

Suburban Office Vacancy by Grade

		Grade A	Grade B	Grade C	Grade D	Total
Vacancy – December 2025	%	5.6%	7.7%	13.4%	14.9%	9.5%
	sqm	3,797	15,158	16,724	3,092	38,771
Vacancy – June 2026	%	5.7%	9.3%	12.7%	13.5%	10.0%
	sqm	3,897	18,289	15,640	2,802	40,628

Suburban Office Vacancy



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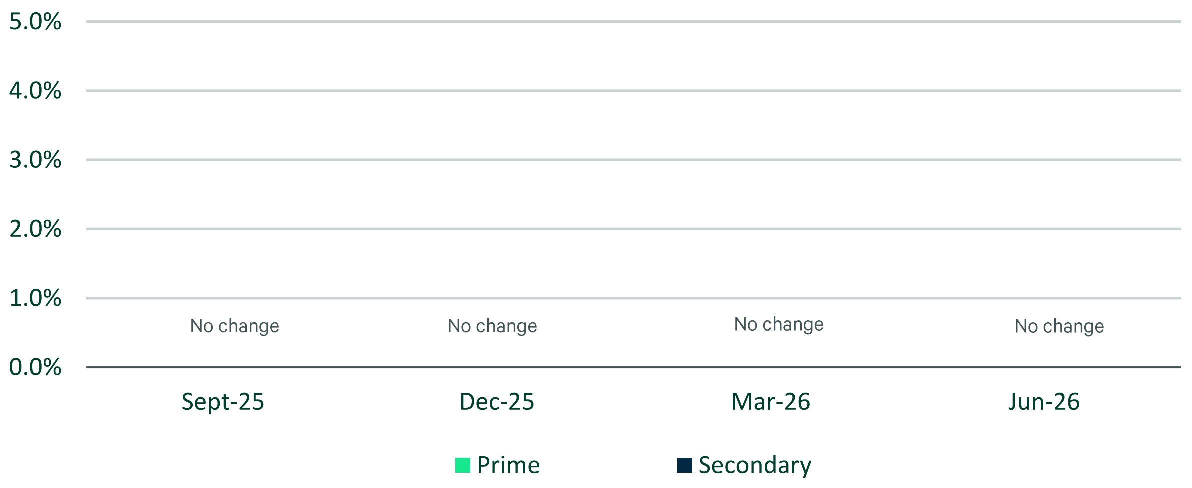
Suburban Office Rents

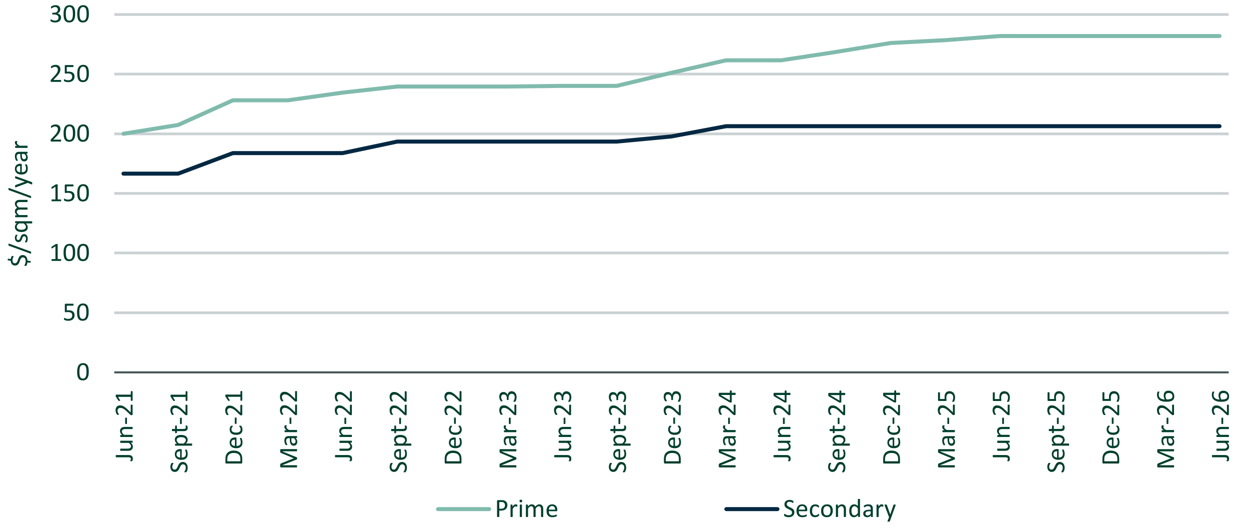
In Q2 2026, demand in the Christchurch suburban office market remained subdued, especially in the Secondary submarket. Demand for Prime office buildings was stable, even with a lack of availability of well-located buildings. Suburban office rents remained unchanged in Q2. Prime rents have held steady at $282 per sqm since Q2 2025, while Secondary rents have not grown since Q1 2024, remaining at $206 per sqm. Once strengthening works at 6 Hazeldean Road in Addington are complete and the building returns to the market, Prime suburban office rents may see an increase.

Incentives in both Prime and Secondary buildings remained unchanged in Q2. Based on CBRE's assessment, Prime indicative market incentives were 8.3% of face rents, while Secondary sat at 12.3%.

Suburban Net Effective Office Rents – Quarterly Change



Suburban Net Effective Office Rents



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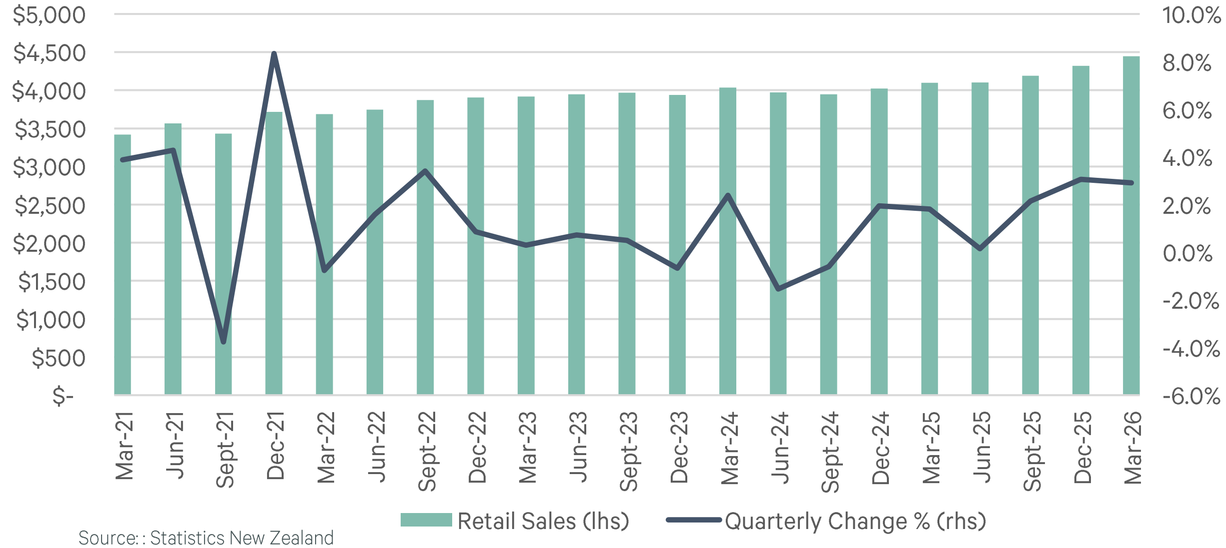
Retail Sales

In the year up to March 2026, retail sales in Canterbury increased by 6.4% compared to the previous 12-month period. The figures for Auckland and the Wellington region were also positive during this period (4.4% and 3.6%, respectively). Canterbury continued to outpace these other regions, buoyed by robust results in agriculture. That said, consumer confidence, though rising in all three regions, still sits below its long-run average.

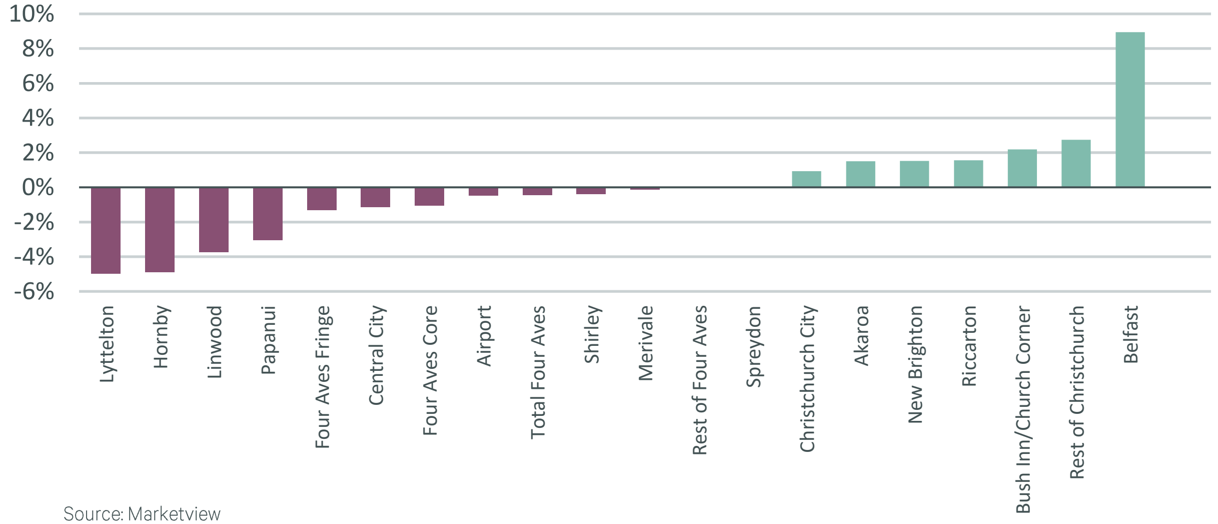
At a territorial authority level, in the year ending May 2026, retail spending in Christchurch increased by 0.9% compared to the previous year. By area, Belfast saw the highest growth rate at 9.0%, followed by Bush Inn/Church Corner (2.2%) and Riccarton (1.6%). In addition, retail spending in Christchurch's Central City declined by 1.1% over the same period.

Canterbury Retail Sales (seasonally adjusted retail sales values in million $)



Source: : Statistics New Zealand

Spending Growth by Area (YE May 2026 vs YE May 2025)



Source: Marketview

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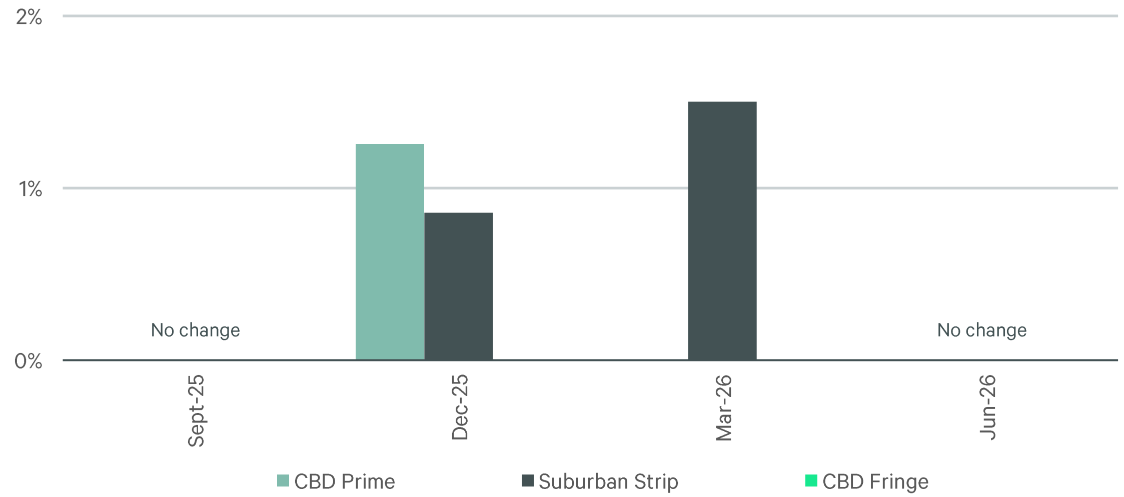
Retail Rents

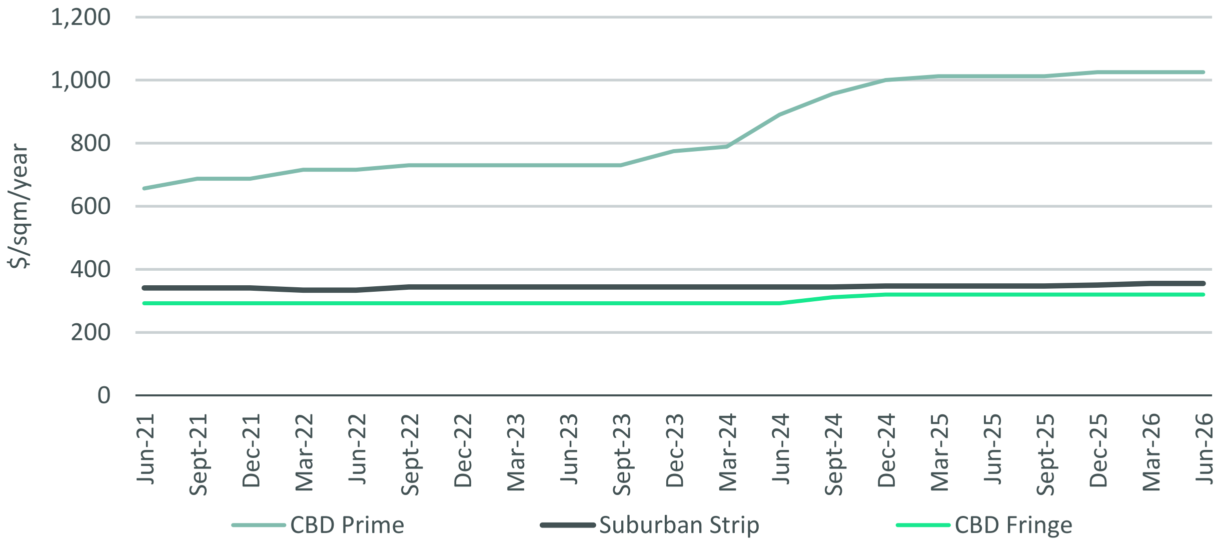
Although demand for CBD retail locations remained robust, net effective rents across the Prime CBD and Secondary CBD Fringe retail segments showed no movement in Q2 2026, at $1,026 per sqm and $320 per sqm, respectively. Similarly, even though the Suburban Strip submarket registered rental growth during Q4 2025 and Q1 2026, rents held steady during Q2, remaining at $355 per sqm.

According to CBRE's assessment, incentives remained unchanged in Q2, at 4.2% of face rents for Prime CBD retail assets, 8.3% of face rents for Fringe locations and 7.4% of face rents for Suburban Strip locations.

Retail Net Effective Rents - Quarterly Change



Retail Net Effective Rents by Precinct



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Industrial New Supply

Christchurch's industrial market added 133,870 sqm of new stock during H2 2025 and H1 2026, with 32,671 sqm introduced during the second half of last year and 101,199 sqm added during the first half of this year. This was partially offset by the demolition of four industrial assets during H1 2026: two Grade B assets located on Tuam Street with a combined size of 4,531 sqm and two small Grade D buildings, one located at 208 Lichfield Street (540 sqm) and another at 241 Moorhouse Avenue (530 sqm).

Only Hornby, Rolleston, Belfast (Northern Precincts) and the Airport precinct registered the arrival of new industrial supply in H1 2026. Consistent with trends from previous periods, Christchurch's new industrial stock continued to lack geographical diversification, with supply remaining heavily concentrated in Hornby. The precinct witnessed the arrival of circa 65,000 sqm of new industrial space during H1, spread across nine new assets., two of which were above 10,000 sqm and occupied by large companies: 23 Quadrant Drive (26,500 sqm), occupied by Mainfreight, and 13 Bruce Stewart Drive (18,210 sqm), owner-occupied by Fonterra. In addition, Rolleston's industrial stock increased by almost 30,000 sqm with the completion of eight new buildings, with the largest being 34-40 Stoneleigh Drive (8,413 sqm), occupied by Transpower, and 7 Pereita Drive (7,031 sqm) and 53 Factory Drive (6,312 sqm). The Airport precinct also saw a new large building during H1, this being 22 George Bellew Road (6,000 sqm), tenanted by Enatel.

New Industrial Supply

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Industrial Net Absorption

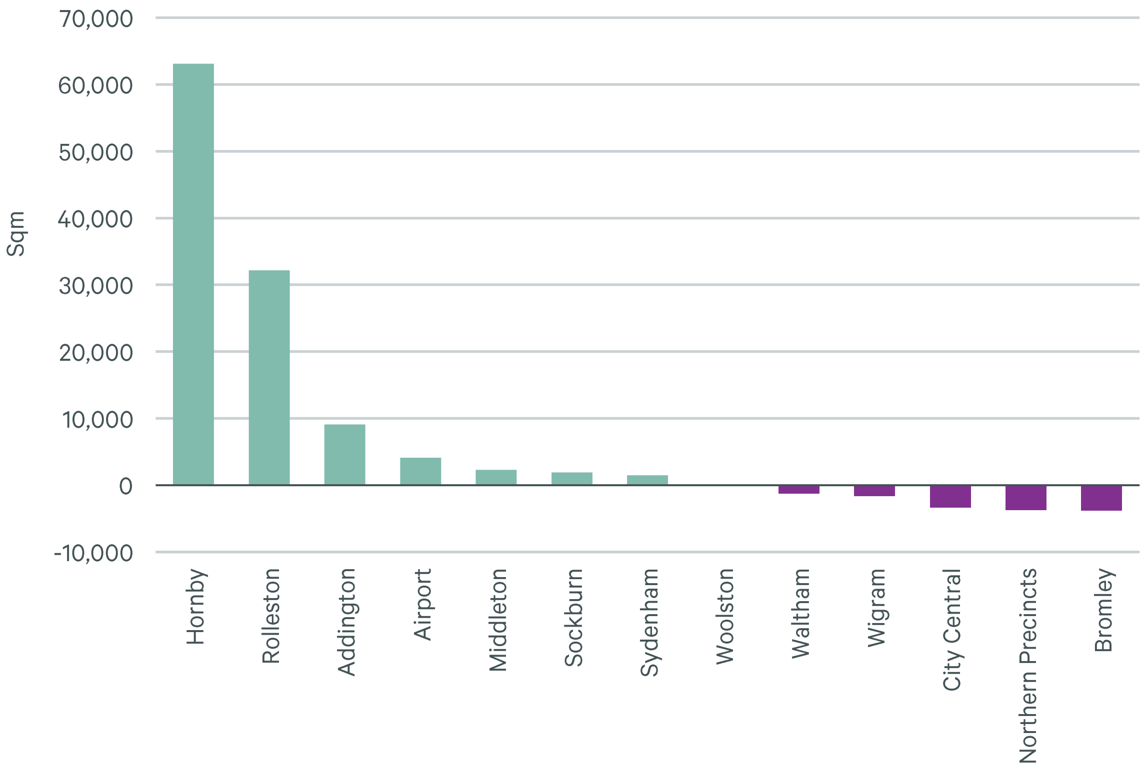
The Christchurch industrial market registered a record-high positive total net absorption during H1 2026, reaching 100,370 sqm, almost three times the net absorption experienced during H2 2025 (35,762 sqm) and more than twice the average biannual net absorption over the last five years (circa 47,000 sqm). This positive result was mainly driven by high net absorption levels in the Prime (Grade A) industrial submarket, which reached close to 102,473 sqm during H1, underpinned mainly by the addition of new industrial stock. Of the 19 completed industrial buildings during the first half of 2026, 17 were fully committed. Once again, Hornby recorded the largest positive net absorption level during H1, at 63,095 sqm, followed by Rolleston (32,192 sqm) and Addington (9,078 sqm).

Net absorption in the Grade B industrial submarket moved into positive territory during H1, reaching 2,299 sqm, after registering a negative net absorption during the second half of last year. However, this was offset by the negative net absorption experienced by the Grade C/D submarket, which reached -4,402 sqm during H1, moving into negative territory after being on the positive side in the previous period. Northern Precincts and Bromley were the suburbs that registered the lowest net absorption levels during H1 2026.

Industrial Net Absorption by Grade

	Total	Grade A	Grade B	Grade C/D
December 2025	35,762	28,346	-657	8,072
June 2026	100,370	102,473	2,299	-4,402

Industrial Net Absorption by Precinct—H1 2026



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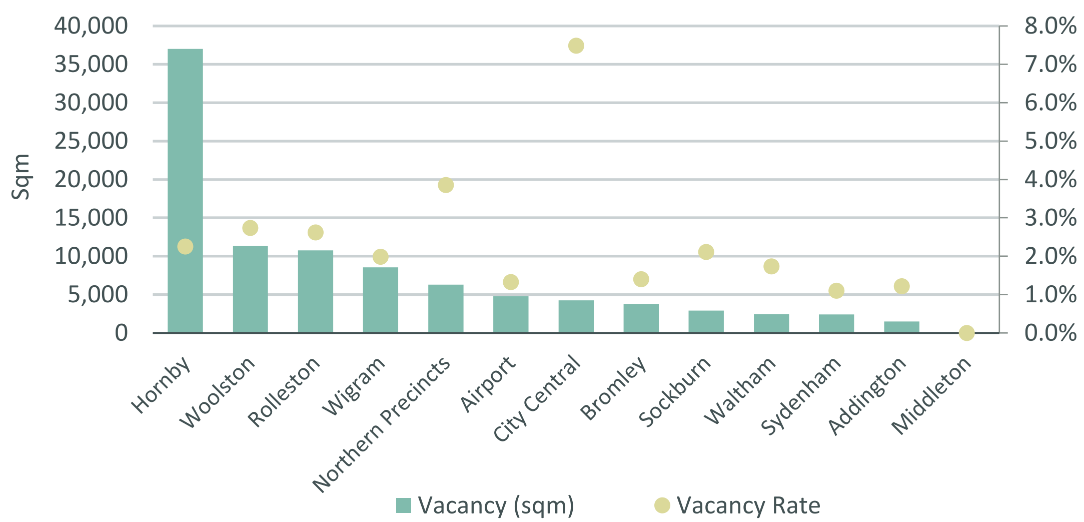
Industrial Vacancy

Following the trend of H2 2025, the Christchurch industrial vacancy decreased during H1 2026, moving to 2.0% from 2.1%, sitting almost at the same level as the average vacancy rate over the last five years (1.9%). Total industrial vacant stock decreased by 2,707 sqm during H1, mainly driven by a decrease in unoccupied buildings in Grade B buildings (down by 6,168 sqm), offset by an increase in vacant stock in Prime buildings (up by 1,467 sqm) and in Grade C/D assets (1,994 sqm). Of the 13 precincts, vacancies increased in six, remained unchanged in one, and decreased in six. The precinct with the highest vacancy rate continued to be City Central (7.5%), followed by Northern Precincts (3.9%) and Woolston (2.7%).

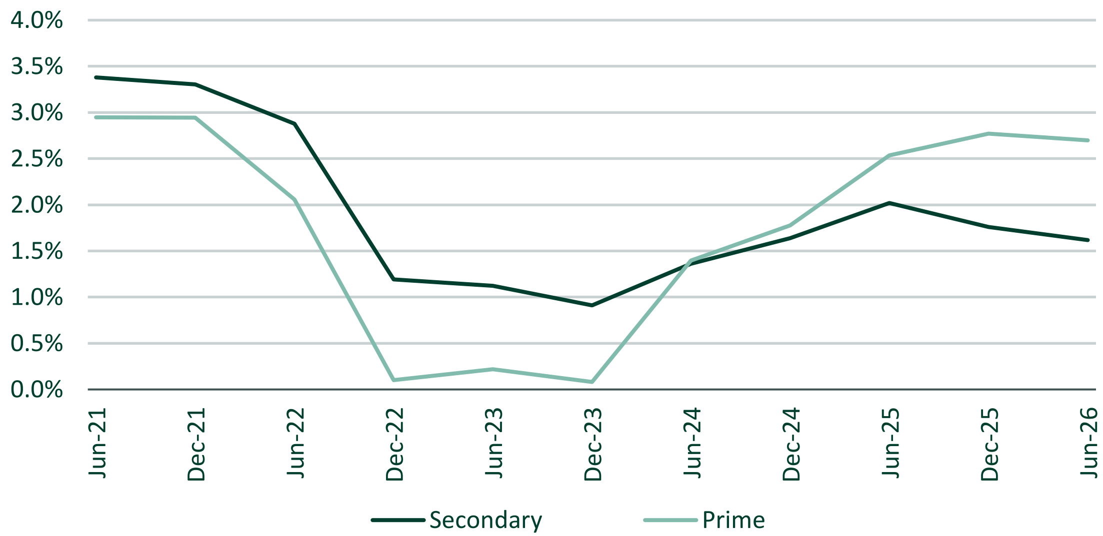
Even though Prime vacant stock increased during H1 compared to the previous period, Prime industrial vacancy decreased to 2.7% from 2.8% due to the increase in total stock. The main moves that pushed up vacant stock in the Prime industrial submarket during H1 were Mainfreight vacating two buildings in Hornby (6,716 sqm at 8 Islington Avenue and 3,885 sqm at 15 Connaught Drive) due to its relocation to Quadrant Drive (also in Hornby), followed by MoveX vacating 2,100 sqm at 230 Maces Road in Bromley and DHL leaving behind 1,782 sqm at 25C George Bellew Road in the Airport precinct. The main moves that offset this included Hutchinson Motors moving into 8,480 sqm at 3 Detroit Place in Addington, Southern Hospitality moving into 3,543 sqm at 7 Innovation Road in Hornby and Alliance Transport moving into 3,001 sqm at 2 Aruhe Road, also in Hornby.

Secondary industrial vacancy also decreased during H1, to 1.6% from 1.8%. The main move in this submarket occurred in Hornby, where Easy Auto 123 moved into 3,820 sqm at 620 Halswell Junction Road, followed by Centra Forklifts moving into 1,796 sqm at 22 Detroit Drive in Rolleston and Kea Aerospace moving into 1,720 sqm at 10 Sir William Pickering Drive in the Airport precinct.

Industrial Vacancy by Precinct – H1 2026



Industrial Vacancy



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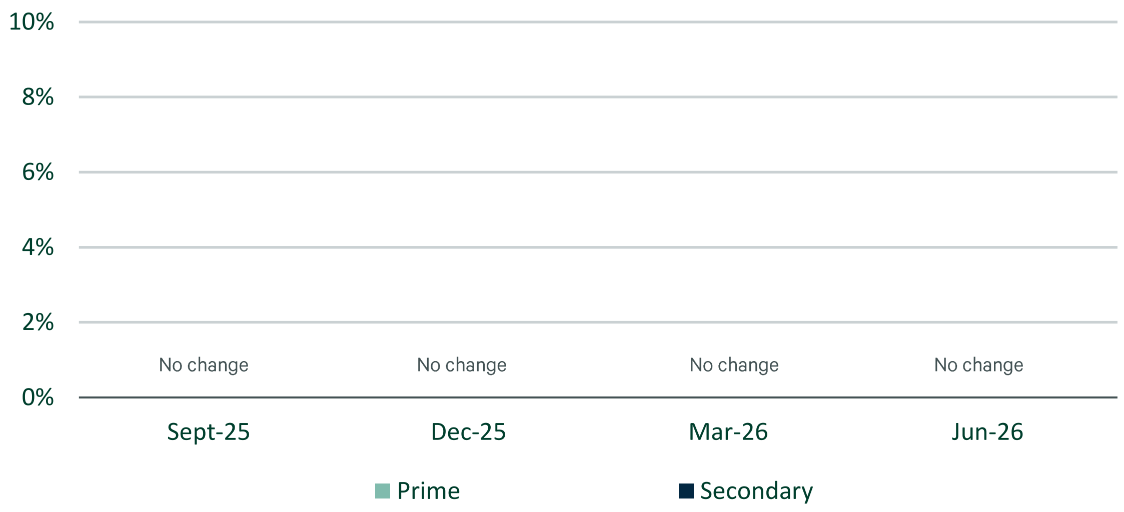
Industrial Rents

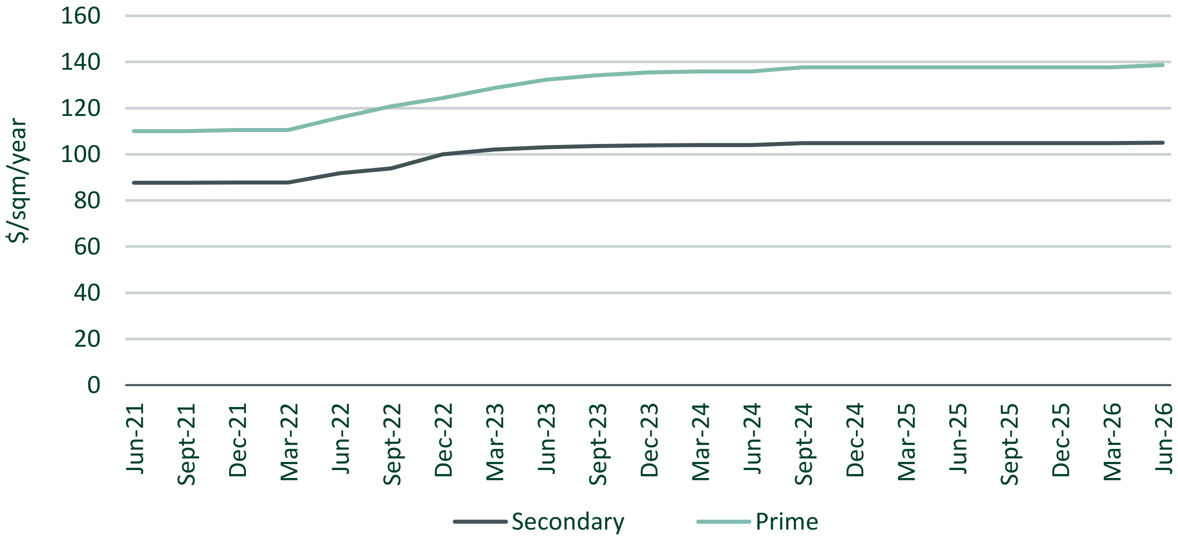
Despite a tighter vacancy, Christchurch's industrial rental market remained stable in Q2 2026, following the trend of the last 22 months. The market is still witnessing some consolidation measures by large tenants, even though there is increasing demand for buildings on the small side of the spectrum, particularly in some industrial pockets closer to Christchurch Central.

Prime net effective rents are $139 per sqm, whilst Secondary net effective rents are $105 per sqm. CBRE's assessment indicates that Prime and Secondary market incentives have remained stable at 1.4% of face rents, a level that has held consistently since H2 2022.

Industrial Net Effective Rents - Quarterly Change



Industrial Net Effective Rents



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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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