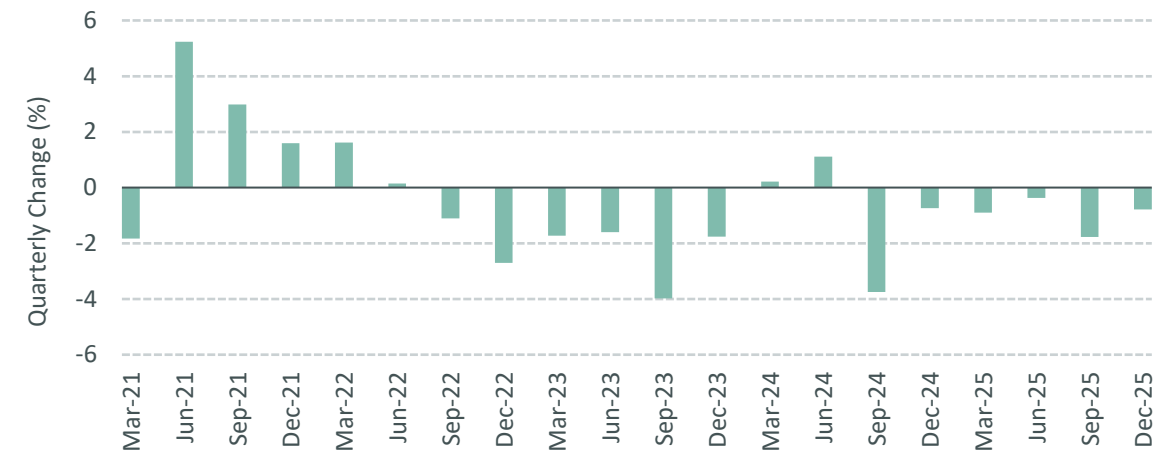


Wellington Property Market Overview

KEY MARKET CHANGES

- The Wellington CBD office vacancy rate decreased to 17.7% in H2 2025, mainly due to a decline in vacant stock in the Secondary CBD office submarket. PSA House (11 Aurora Street) added 3,109 sqm to the CBD office stock during H2.
- The CBD office market saw a decline in effective rents in the last quarter of 2025 due to landlord flexibility in offering incentives in light of lengthening vacancy durations. However, industrial rents remained unchanged, whilst retail rents in Prime CBD locations and Courtenay decreased.
- Industrial vacancy rates in the region rose to 4.1% in December 2025, a 20,000 sqm increase from the previous year, driven by a surge in vacancy in Prime (Grade A) and Grade B assets.
- The retail market saw a decline in vacant space last year due to a decrease in vacancy in Secondary retail locations. Following a period of trading obstacles that Courtenay faced, vacant retail stock in this precinct decreased in 2025 due to large take-ups of previously vacant locations.
- The economy is forecast to expand in 2026, driven by increased business investment and consumer spending. Inflation is expected to be on target by year-end. Analysts believe that the RBNZ will hold the OCR at 2.25% at least for the first half of 2026, but potentially until Q2 2027.

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



Market indicators

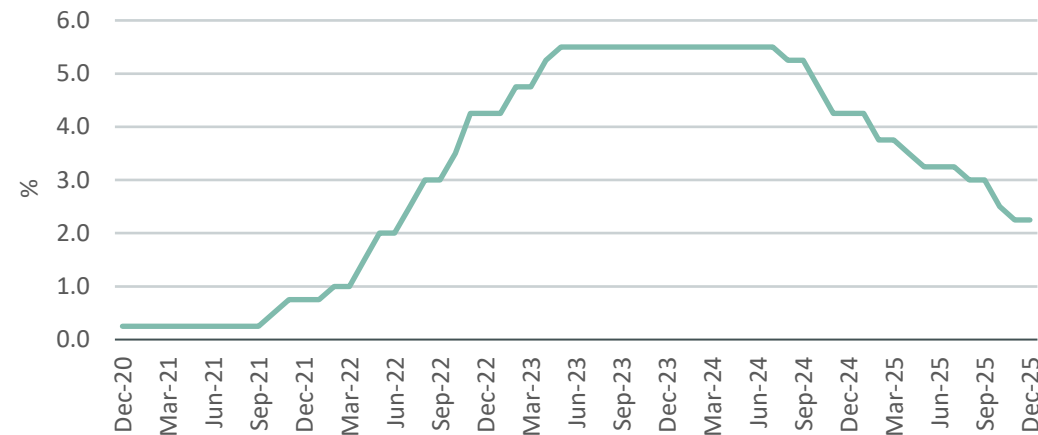
Market Sector	Stock (sqm)	Vacancy (%)	Gross Face Rent (\$/sqm/yr)	Incentives (%)	Yield Range (%)
Prime CBD Office	509,854	8.9	583 – 1,091	9 – 14	6.00 – 8.25
Secondary CBD Office	898,181	22.8	220 – 708	12 – 14	7.70 - 11.45
Prime Industrial	507,198	3.7	194 – 272	1 – 2	6.00 - 7.00
Secondary Industrial	1,716,579	4.8	126 – 191	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 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.

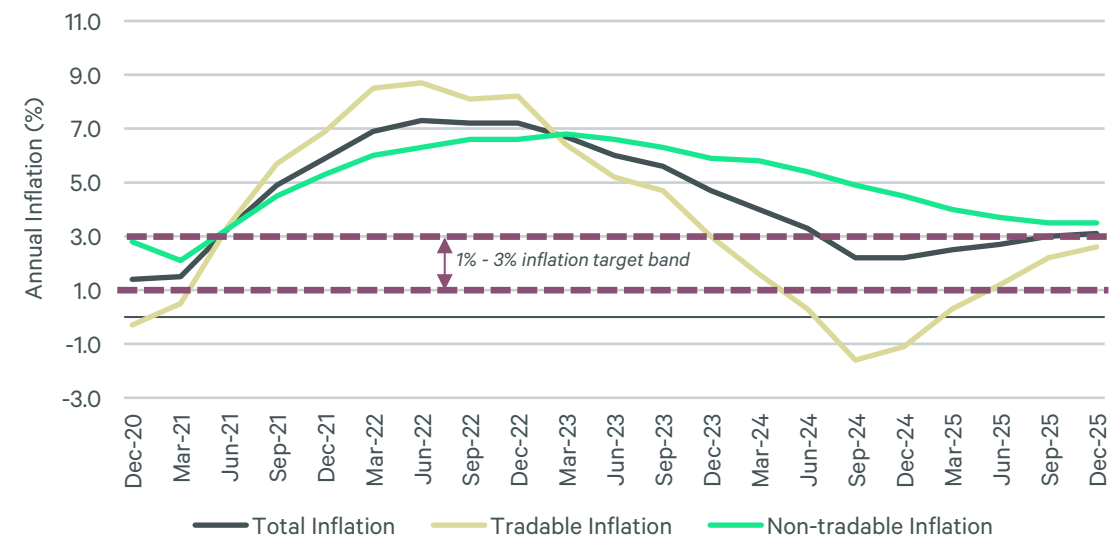
The market believes that GDP will continue to grow throughout 2026, driven by increased economic dynamism, fuelled by improved business investment and higher consumption. Although the RBNZ's monetary easing cycle has run its course, the current low interest rate environment is expected to support the 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)



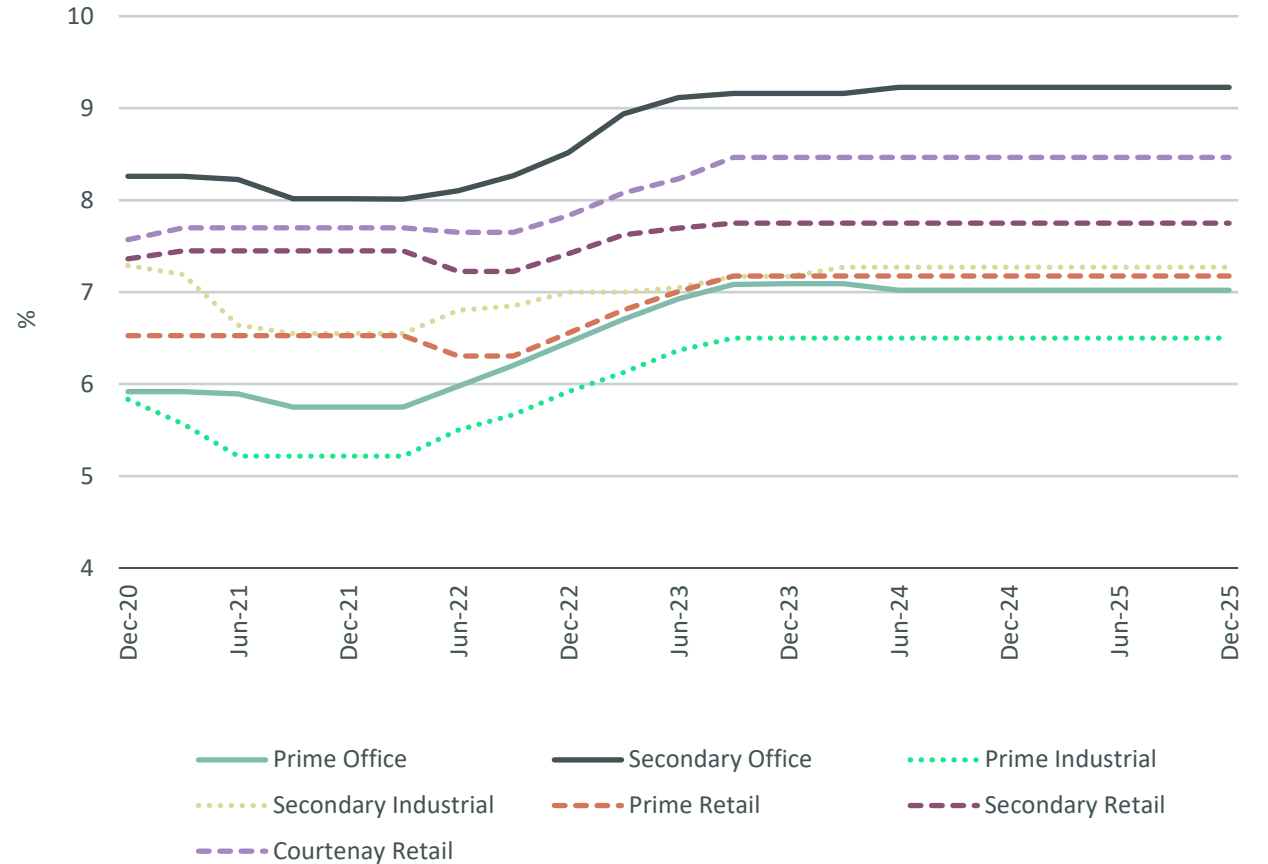
Source: Statistics New Zealand

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.

Unlike Auckland and Christchurch however, Wellington experienced less activity in Q4, with only a limited number of transactions providing clarity on current prices. Against this backdrop, CBRE's Q4 evaluation revealed stable market yields across all sectors in Wellington. However, higher investor confidence and increased liquidity are expected to drive up transactional activity in 2026, providing more transparent market pricing.

Wellington Indicative Yields by Sector



CBD Office Vacancy

In contrast to the trend of previous periods, vacancy in the Wellington CBD office market decreased during H2 2025, moving to 17.7% from 18.0%. This was mainly driven by a decline in vacant stock in the Secondary CBD office submarket, particularly in the Grade B and Grade D submarkets in the Core CBD, and in the Grade C submarket in Te Aro. Prime (Premium and Grade A) office vacancy went up to 8.9% from 7.5%, while Secondary (Grade B to D) vacancy decreased to 22.8% from 24.0%.

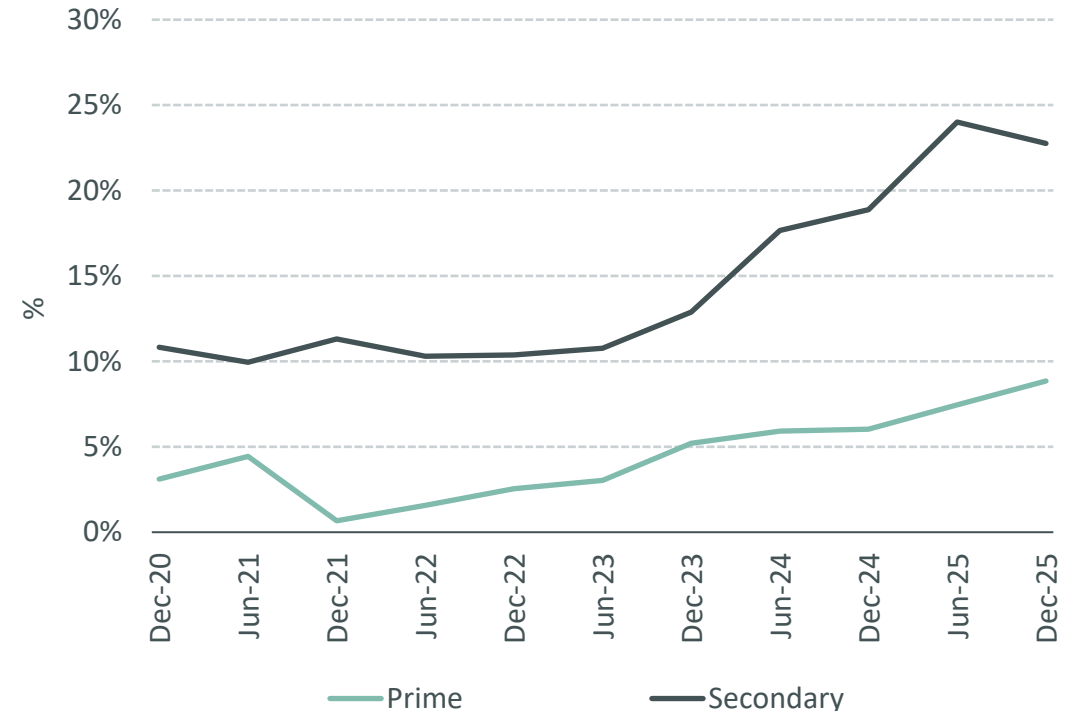
The decrease in Secondary CBD office vacancy during H2 was due to various reasons: companies relocating to larger premises within the Secondary submarket, firms expanding their office footprint in buildings in the highest and lowest spectrum of the Secondary submarket, tenants moving from the suburbs into Secondary office buildings in the CBD, and double counting of the office space occupied by some tenants. CBRE’s definition of vacancy encompasses space that is both physically vacant and available for lease. Double counting occurs when a tenant leases a new office but continues to occupy the old office due to renovations or timing. Therefore, the new space is vacant but not available for lease, whilst the old space becomes available for lease but remains physically occupied. Some of the major moves in during H2 2025 involved Duncan Cotterill Lawyers leasing 1,100 sqm (level 7) at 50-64 Customhouse Quay. Meanwhile, they have been occupying level 5 (1,100 sqm) in that same building until the fit-out works are completed on level 7. Also, the Financial Markets Authority leased circa 1,400 sqm at 215-219 Lambton Quay (Grade A), while vacating around 1,100 sqm at 1 Grey Street (Grade B asset). Meanwhile, flex space operator IWG vacated 916 sqm at 171 Featherston Street (Grade A) to move to 1,160 sqm at 86 Customhouse Quay (Grade B).

Total office stock in Wellington's CBD increased to 1,408,035 sqm in H2 2025, up 5,925 sqm from H2 2024. This increase occurred only in the Secondary CBD office submarket. This increase was driven by the re-introduction of 2,126 sqm of Grade C office space in Featherston Tower during H1 2025 after undergoing strengthening works, and conversion of 690 sqm of retail space to office space at 100 Taranaki Street. Also, during H2 of last year, PSA House (11 Aurora Street) added 3,109 sqm of refurbished office space.

CBD Office Vacancy Change by Grade

		PREMIUM	GRADE A	GRADE B	GRADE C	GRADE D	TOTAL
Vacancy –	%	7.8%	9.1%	21.1%	21.7%	28.6%	17.7%
December 2025	sqm	7,463	37,668	90,978	63,298	50,085	249,492
Vacancy –	%	6.2%	7.8%	22.1%	22.5%	31.2%	18.0%
June 2025	sqm	5,914	32,121	95,349	64,812	54,728	252,924

Wellington CBD Office Vacancy



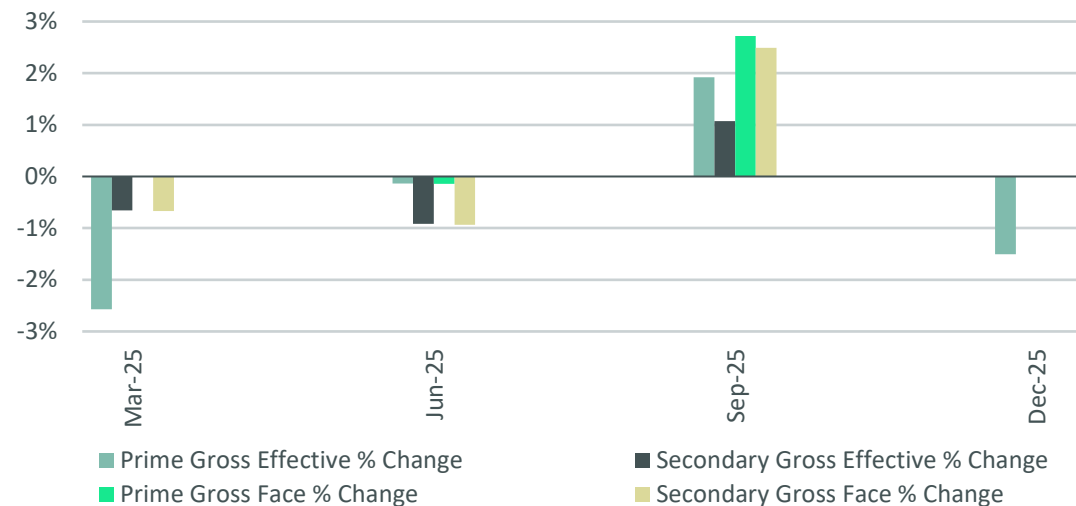
CBD Office Rents

During the last quarter of 2025, the Wellington CBD office market continued to be impacted by irregular occupier demand with an ongoing consolidation/downsizing trend by both the private sector and by Crown entities across the capital. In order to attract and retain tenants, landlords of Prime assets in the CBD showed greater flexibility with incentives.

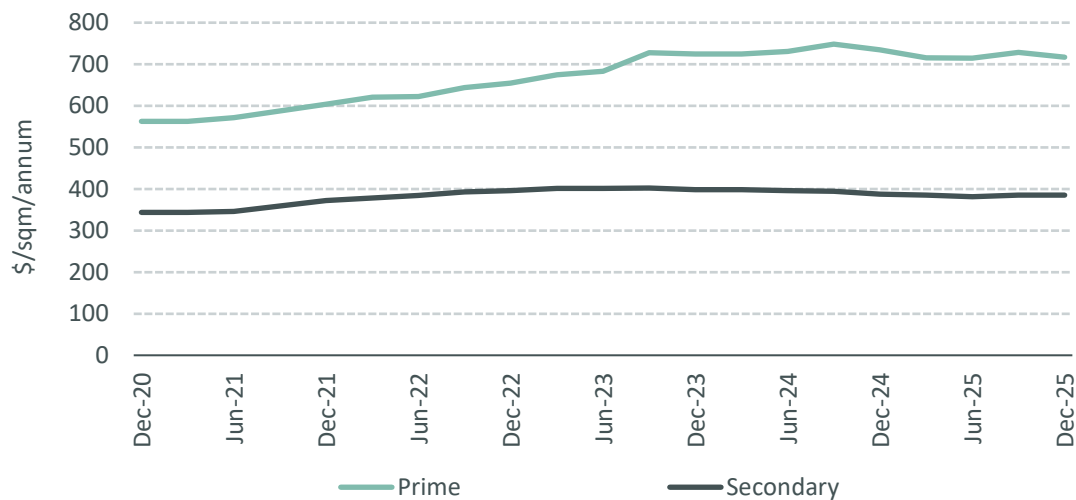
This resulted in higher incentives in both Premium and Grade A buildings, decreasing effective rents. Face rents remained unchanged. Gross effective rents in the Prime (Premium and Grade A) submarket declined during Q4. Premium gross effective rents decreased, on average, by 1.0% in Q4 compared to the previous quarter. Grade A gross effective rents went down by 2.1% during this period. Meanwhile, incentives and face rents for Secondary assets remained stable during Q4, since this submarket had already registered an increase in incentives and lower rents in previous periods.

According to CBRE’s assessment, Premium indicative market incentives increased from 10.7% in Q3 to 11.6% of face rents in Q4 2025. Also, during this period Grade A indicative market incentives went up from 13.0% to 14.8% of face rents.

Office Gross Effective Rents - Quarterly Change



Office Gross Effective Rents



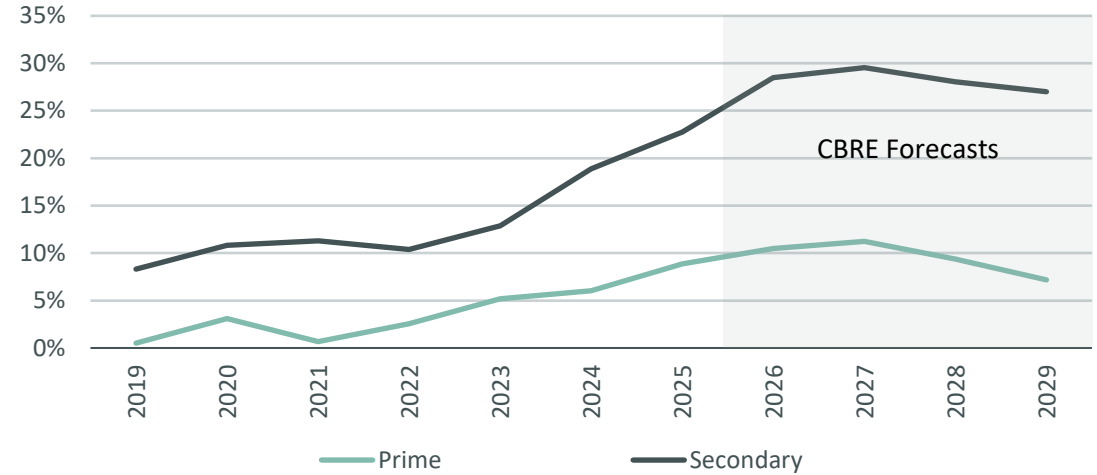
CBD Office Market Outlook

Following three consecutive periods with negative net absorption, Wellington’s CBD experienced a positive net absorption of 6,540 sqm during H2 2025. The Prime submarket (Premium and Grade A) experienced a negative absorption of -7,096 sqm, while absorption in the Secondary submarket was in positive territory during this period (close to 13,700 sqm) after six consecutive periods in the negative. Net absorption will remain in positive territory during 2026-2029, expanding more in the last two years of the forecast period.

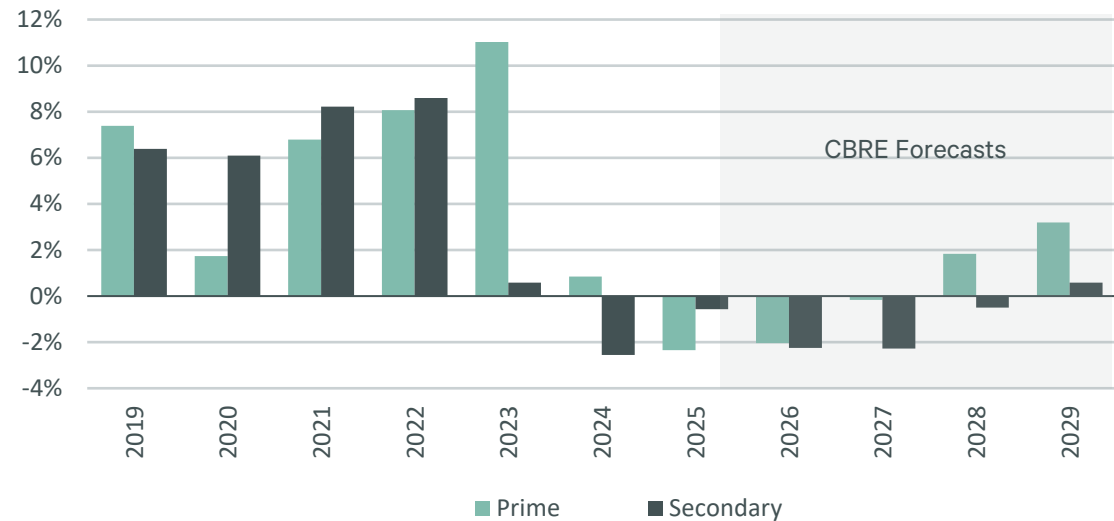
This year, CBD office stock will increase by circa 73,000 sqm due to a new Prime building and six refurbished buildings, comprising a mix of Prime and Secondary stock. Notably, 2026 will be the year with the highest number of new and refurbished office space during our forecast period. The building with the highest NLA is 61 Molesworth Street, located in Thorndon’s parliamentary precinct, a new 19,215 sqm Grade A building developed by Precinct Properties. This will be offset by the removal of 195 Lambton Quay, a Premium Grade building which will be taken out of the market this year due to refurbishment and strengthening works. Additionally, we expect the start of a new conversion phase in the Wellington office market this year, primarily for Secondary buildings. While conditions have not supported new apartment development in recent years, we expect that conversion activity will help reduce the vacancy overhang in the next few years.

Vacant space is expected to increase during 2026-2027 as supply will exceed demand. The combination of the demand and supply cycles suggests vacancy peaking in 2027 (22.5%) and gradually decreasing during 2028-2029.

CBD Office Actual and Forecast Vacancy



CBD Office Actual and Forecast Annual Gross Effective Rental Change

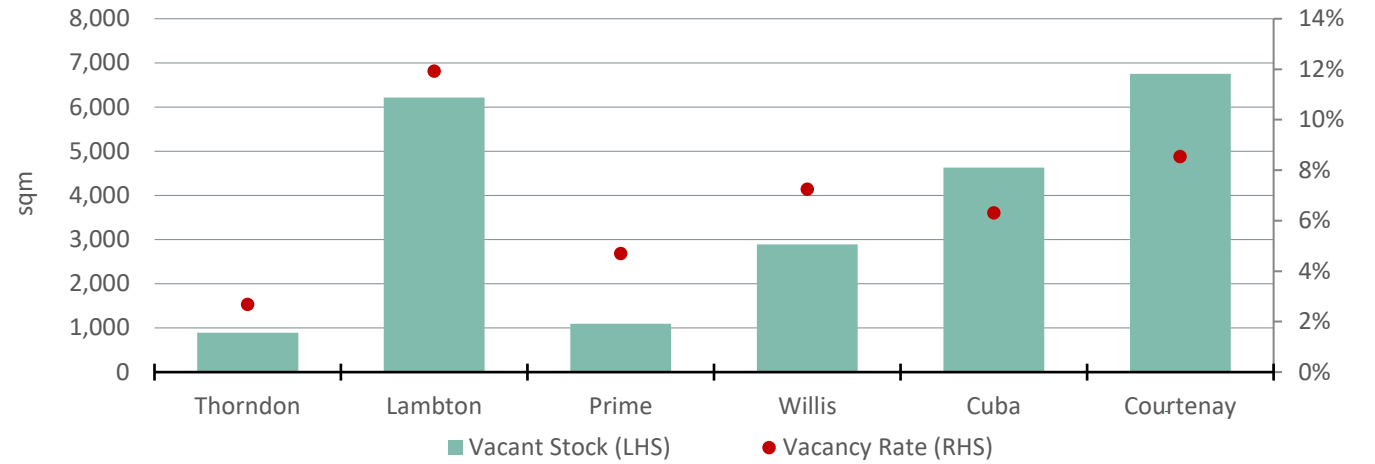


Retail Vacancy

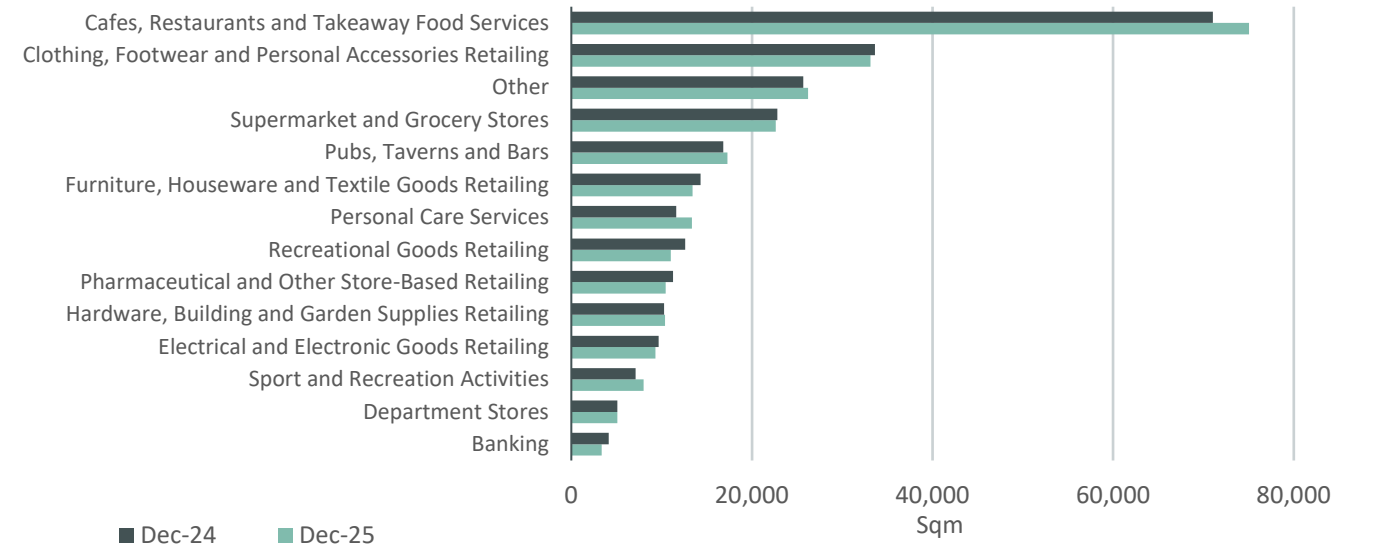
The overall vacancy rate in the Wellington CBD retail market decreased in December 2025 compared to December 2024, declining to 7.5% from 9.0%. This represents a decline of circa 4,500 sqm of vacant retail space, mostly due to a decrease in vacant stock in Courtenay, Lambton Quay, Willis Street and Cuba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

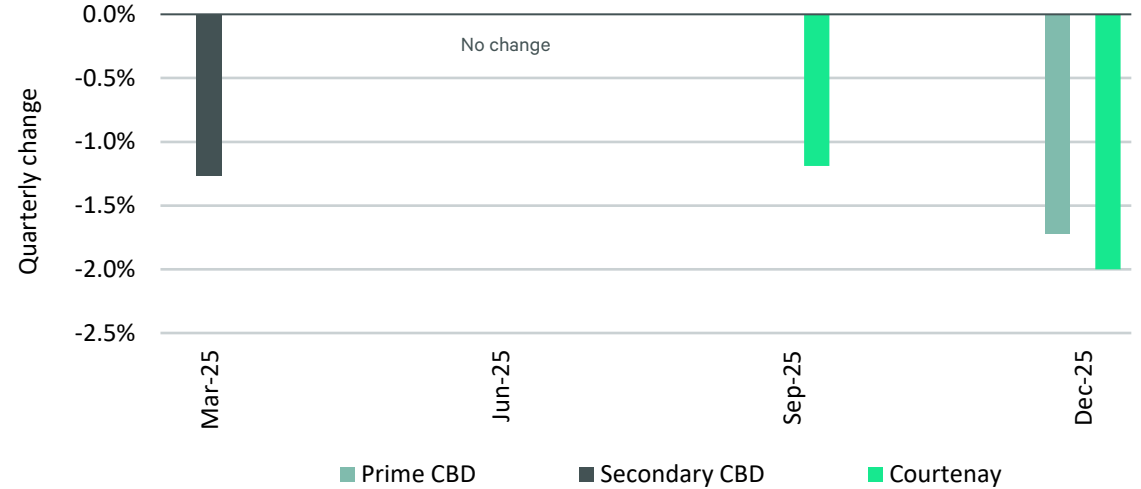


Retail Rents

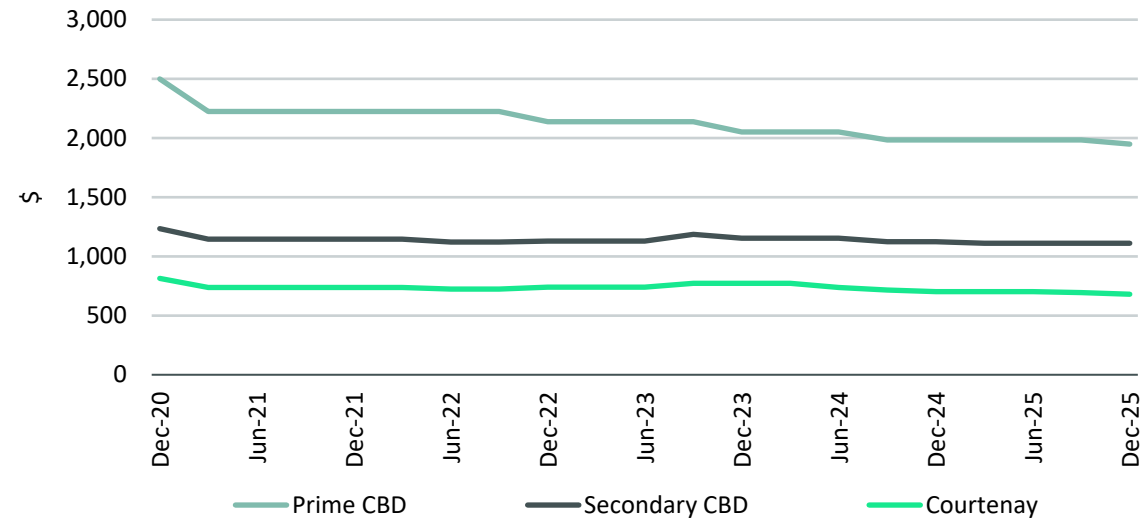
During Q4, a subdued trading environment continued to define Wellington’s CBD retail market. In relation to Prime CBD locations, sites at the northern and southern ends of Lambton Quay showed difficult trading conditions. However, pockets such as the west side of Lambton Quay benefited from low vacancy levels, boosted also by higher levels of foot traffic. Despite this, Prime gross face rents declined by 1.7% in Q4 compared to the previous quarter. Regarding Secondary CBD locations, demand on Featherston Street is improving, even though certain pockets are still struggling in terms of trading. Also, Cuba Street continued to benefit from good levels of foot traffic. Secondary gross face rents remained unchanged during Q4. In Courtenay, despite lower vacancy, gross face rents went down by 2.0% in Q4 compared to the previous quarter.

According to CBRE’s assessment, incentives remained unchanged during Q4, at 11.1% of face rents for Prime and Secondary CBD retail locations, and 12.5% for Courtenay sites.

Retail Gross Effective Rents - Quarterly Change



Retail Gross Effective Rents



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.

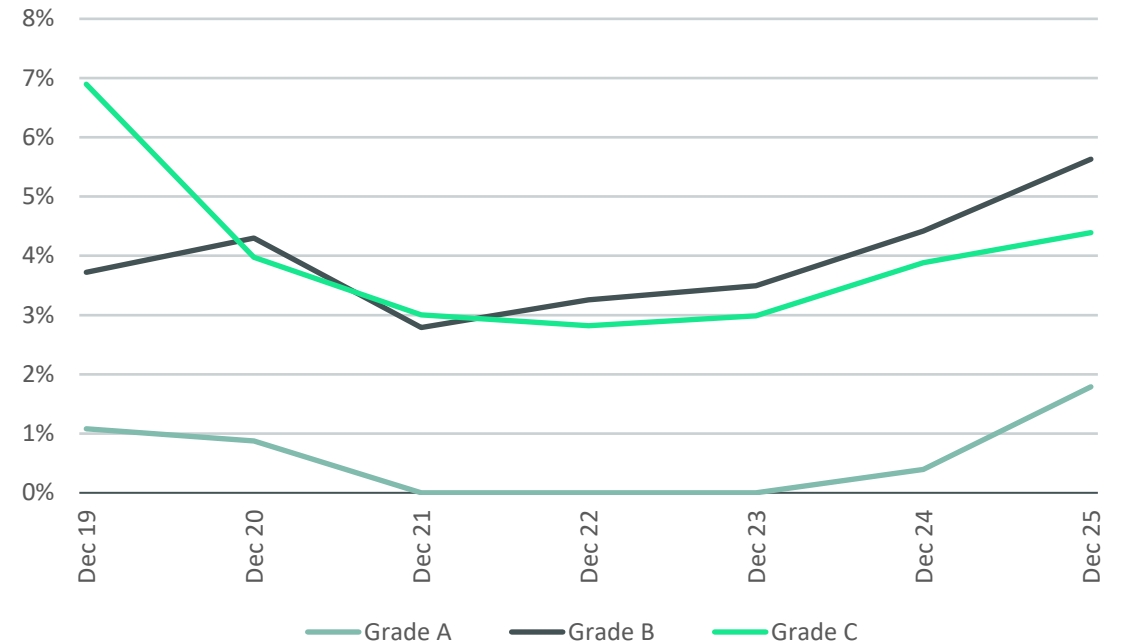
Regarding new industrial stock, circa 17,500 sqm entered the market in 2025. In addition to Bidfood’s new building in Grenada North, other assets that contributed to enlarging Wellington’s industrial stock during 2025 include five new buildings in the Hutt Valley: a new factory at 8 Thomas Neal Crescent 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 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

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

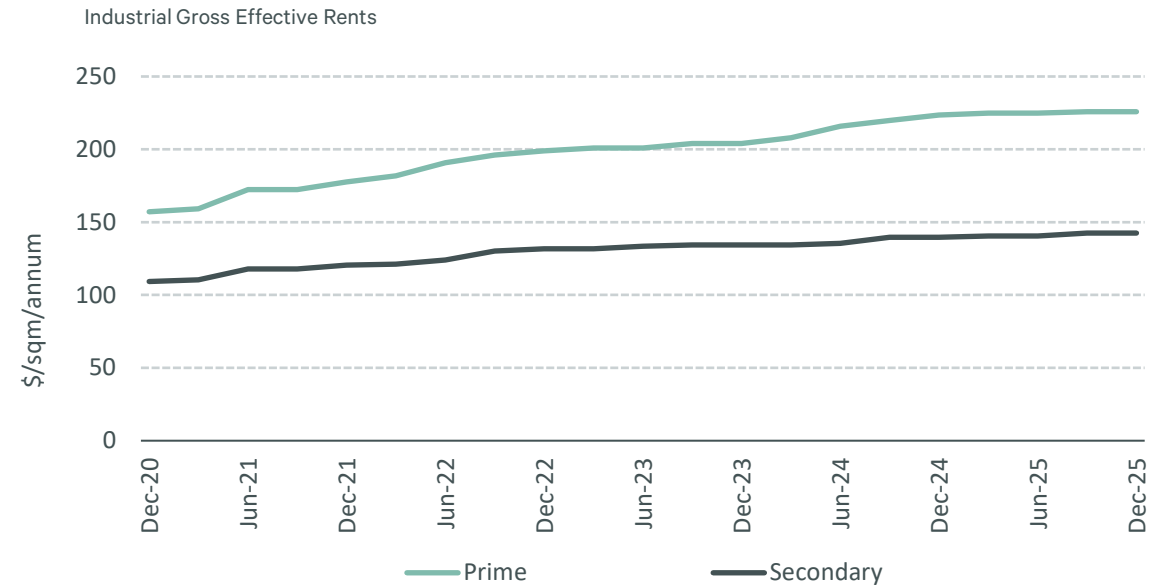
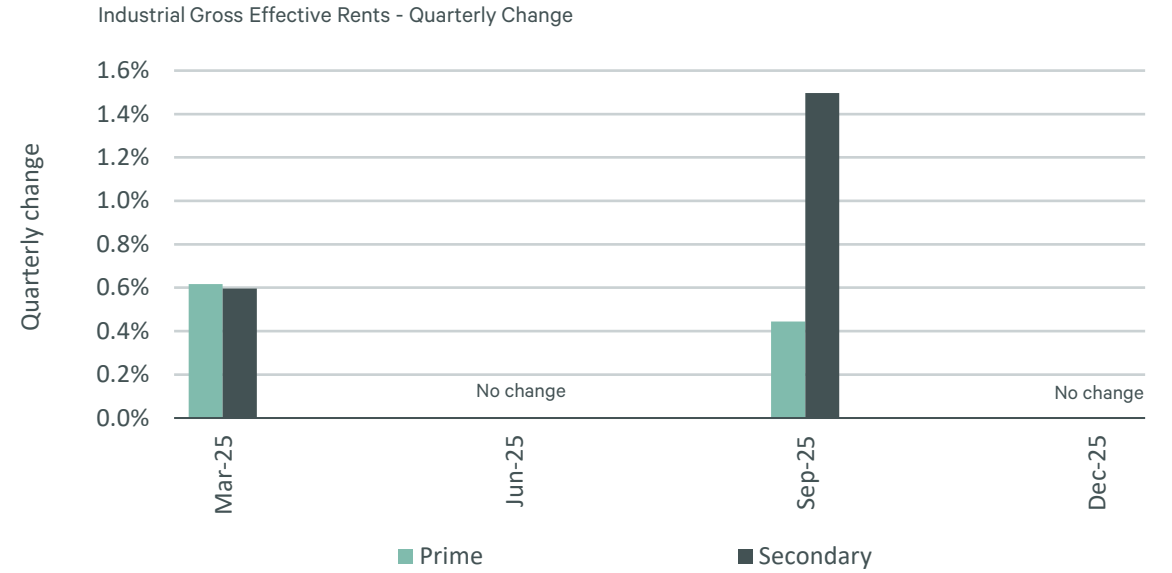
Wellington Industrial Vacancy



Industrial Rents

During Q4, the Wellington industrial rental market remained stable. This contrasts with the previous quarter, in which the Prime and Secondary industrial submarkets both experienced rental growth. In Q3, Prime assets registered non-market growth driven by higher outgoings, while Secondary buildings saw an increase in face rents due to robust demand for buildings at the high end of this submarket.

According to CBRE, indicative market incentives remained steady in Q4 2025. Prime incentives are currently 1.9% of face rents, while Secondary incentives are 4.2%.

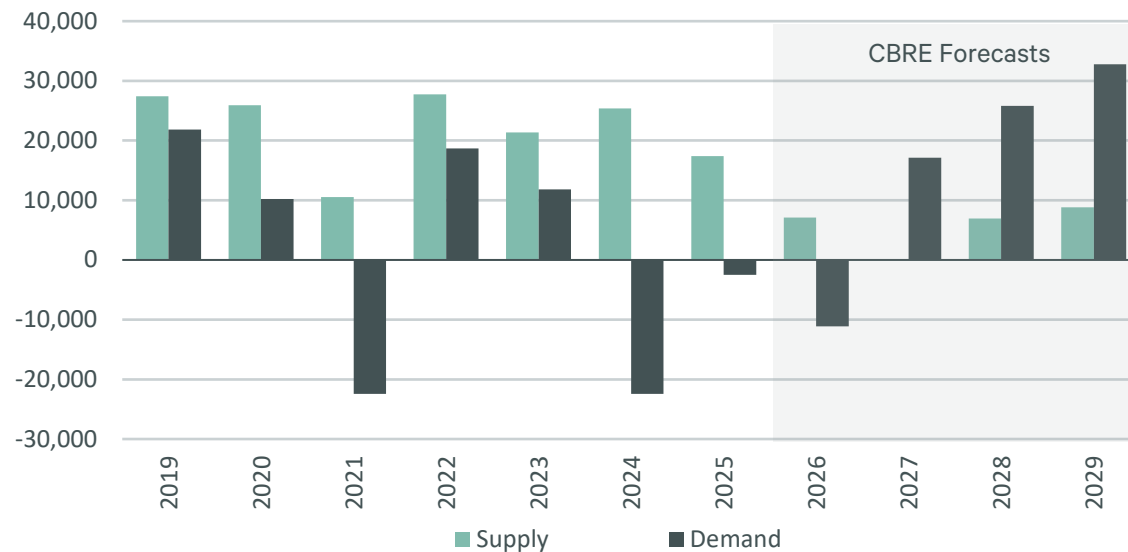


Industrial Market Outlook

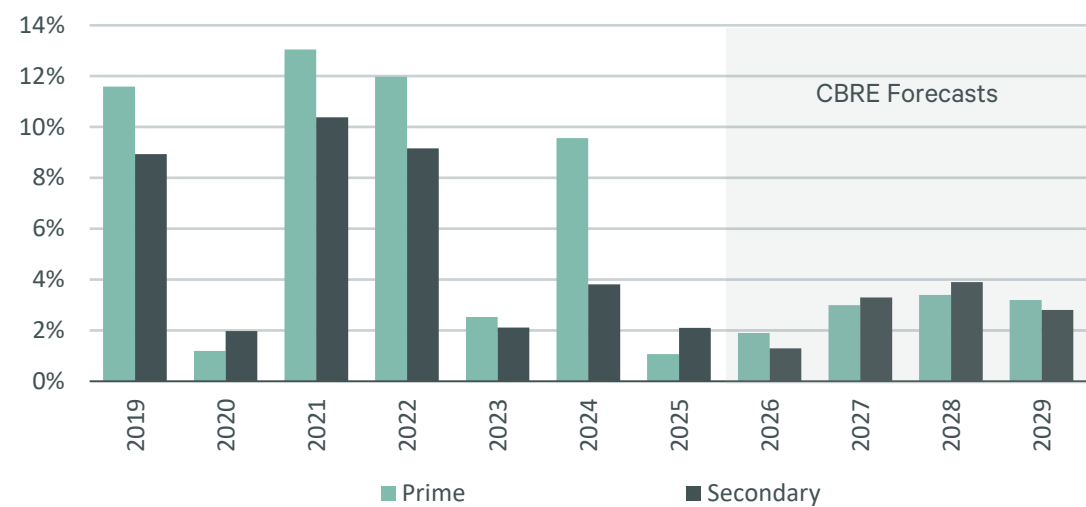
The development pipeline dropped from over 25,000 sqm annually during 2019-2024 to circa 17,500 sqm in 2025. The active development pipeline in 2026 and beyond consists of only a few projects, and new supply will be low and sporadic in the next few years. Crown Worldwide’s new storage facility is the largest confirmed/under construction building in the pipeline. This circa 6,200 sqm facility will be completed in the second half of 2026.

In relation to demand in the Wellington industrial market, we have again revised downward the underlying demand for 2026 due to the slower economic recovery nationwide and notably weak conditions in Wellington. Accordingly, we have also downgraded our short-term rental forecasts. A more subdued occupancy market, combined with diminished development cost pressures to drive new construction cost related rent increases, will have a negative impact on rental growth in the next few years. 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 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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