

AUCKLAND CBD OFFICE

COLLIERS ESSENTIALS | 1H 2019



Market Snapshot



Occupier demand for CBD office space continues to grow with vacancy the lowest rate recorded since surveys began two decades ago. Both prime and secondary rates are low.



There is 63,000 sqm of office space in the Auckland CBD currently under construction and an additional 8,000 sqm under refurbishment. These projects are expected to be completed by 2021. Approximately 72% is pre-committed.



Strong tenant demand and limited space has pushed rents higher for Premium grade assets. Prime rental rates are forecast to increase by 3% to 4% p.a. over the next few years until additional supply enters the market over the next two years.



Low interest rates and investment activity fuelled by local and offshore activity will see pressure on prime yields to edge down further over 2019.



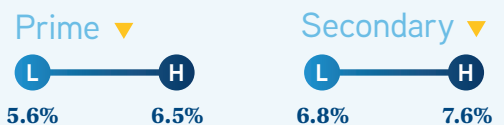
Increased rents and a firm yield outlook bode well for investors and total return profiles. MSCI's Property Index for September 2018 shows a total return of 12.6% for CBD office, the highest annual return since pre-GFC.



AVERAGE NET FACE RENTS (\$/m²)



AVERAGE YIELDS



AVERAGE NET CAPITAL VALUES (\$/m²)



VACANCY RATES

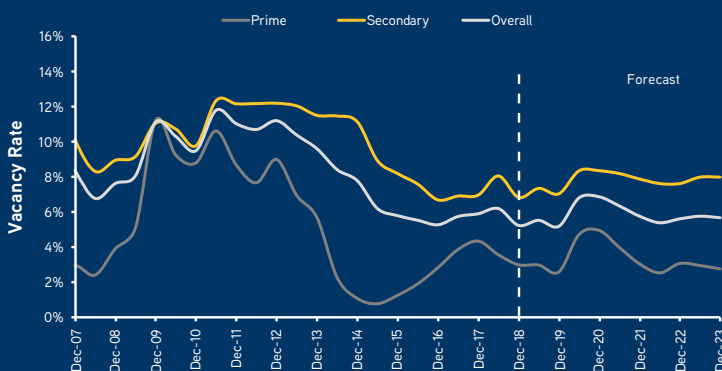


NEW SUPPLY



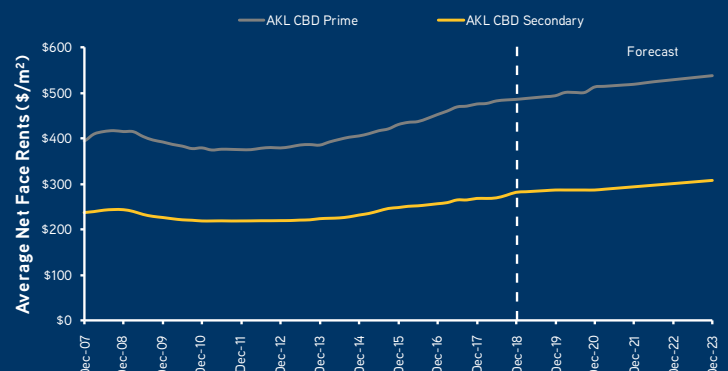
Data based on December 2018. Face rents, yields and capital values are based on averages across all precincts. Financial figures exclude buildings in the development pipeline.

Auckland CBD Office Vacancy Rate



Source: Colliers International Research

Auckland CBD Office Average Net Rents

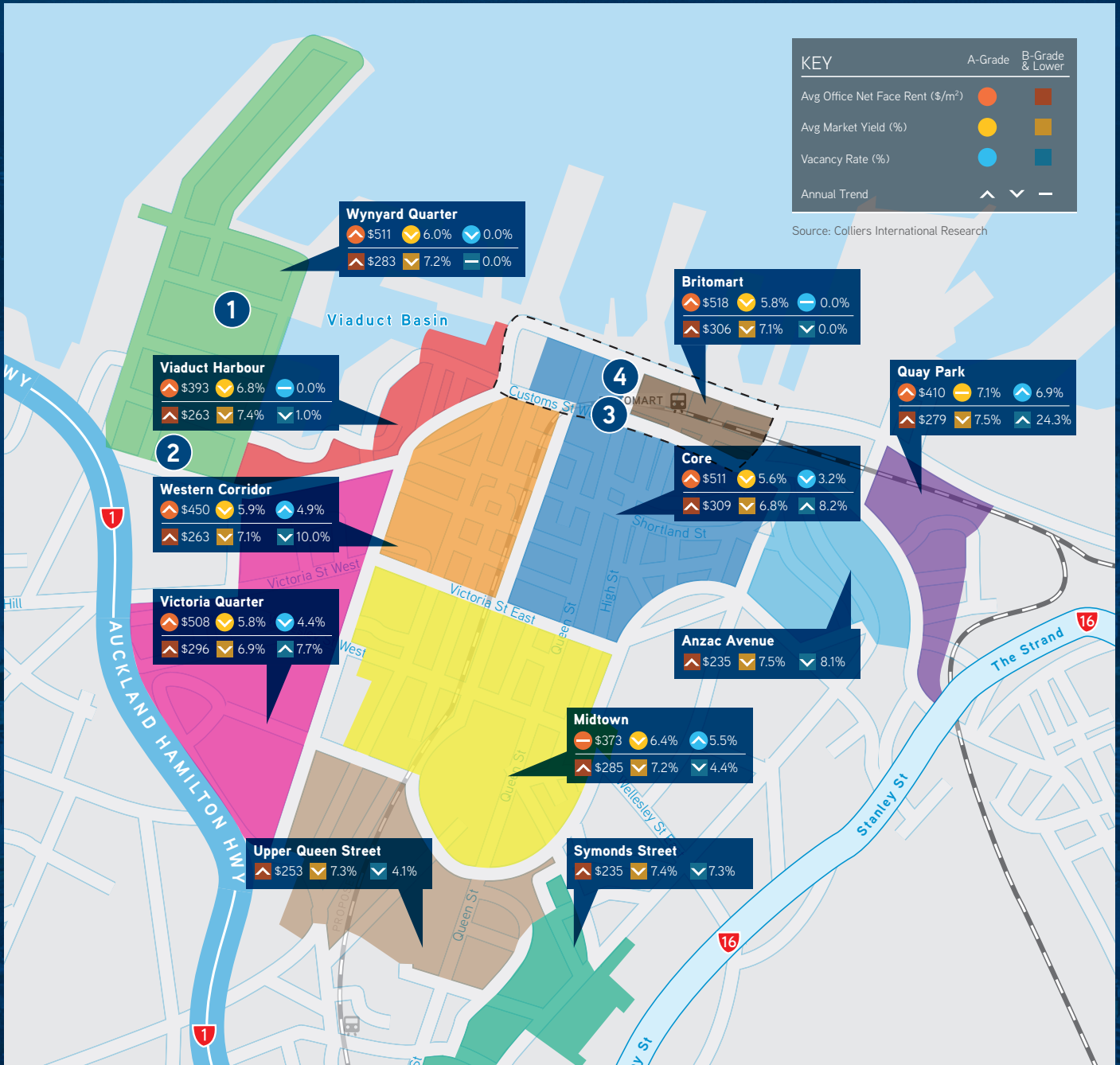


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Market Indicators by Precinct



<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>
<p>10 MADDEN ST. PROPOSED 8,181M² Q4 2020 PRECINCT PROPERTIES</p>	<p>ONE 55 FANSHAWE. UNDER CONSTRUCTION 15,000M² Q3 2020 MANSONS TCLM</p>	<p>PWC TOWER. UNDER CONSTRUCTION 39,000M² Q1 2020 PRECINCT PROPERTIES</p>	<p>ONE QUEEN STREET. PROPOSED 8,700M² Q3 2022 PRECINCT PROPERTIES</p>

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