

New Zealand Market Dynamics Q4 2025

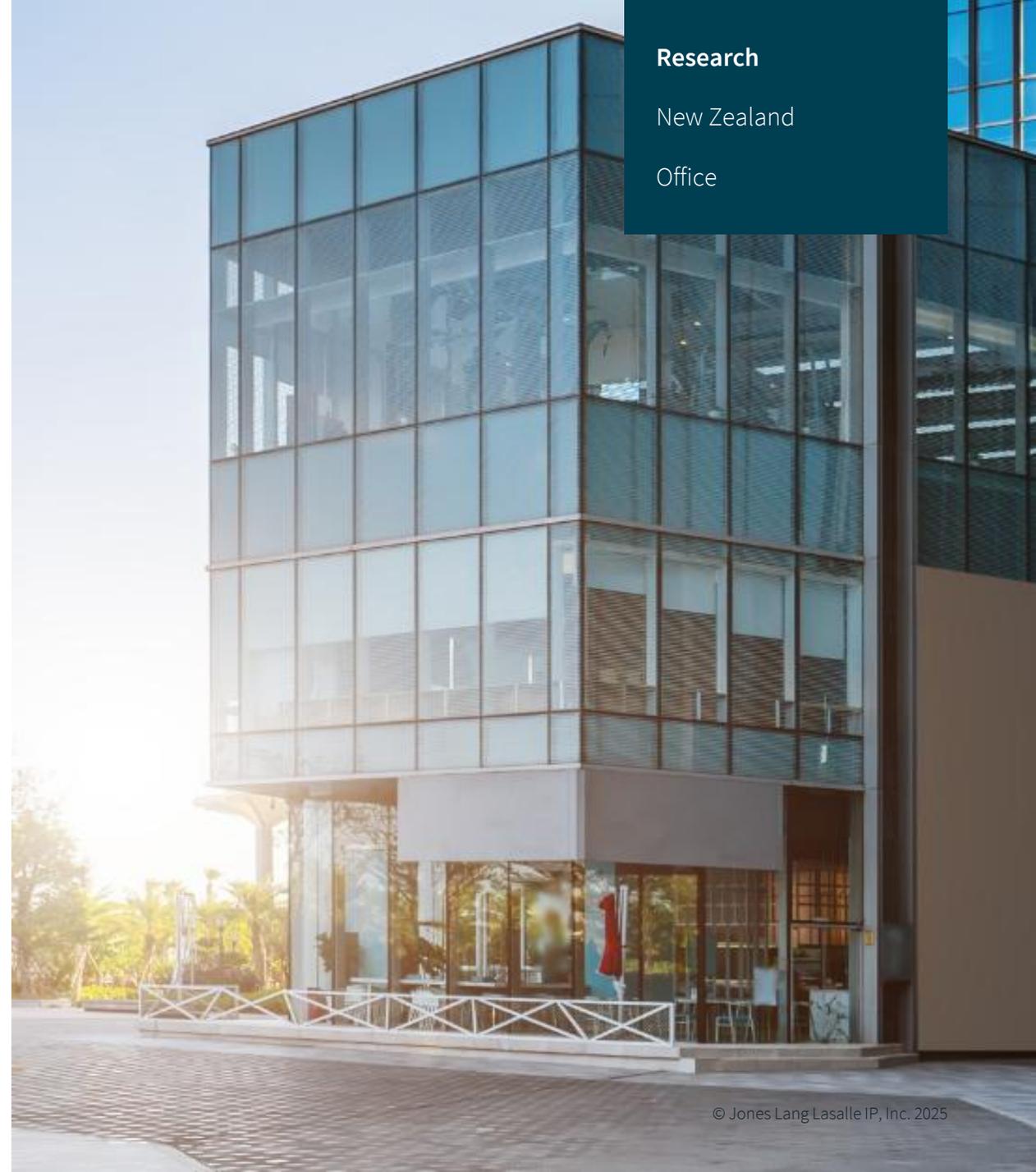


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Office Market Dynamics





Auckland

- Sustained flight to quality.
- A major completion this quarter.
- Quality commands premium rents.

For 4Q25, the Auckland overall vacancy rate stood at 14.3%, while the CBD vacancy rate decreased by 50bps to 16.0%, representing vacant space of 220,109sqm across all grades. The prime and secondary office vacancy rates decreased to 10.8% (-90bps since 2Q25) and increased to 22.1% (+30bps since 2Q25), respectively. Supply constraints at the top end of the market were evidenced recently by ASB renewing and extending its lease early at 12 Jellicoe Street

The supply pipeline for 2025 was also active, reinforcing demand for prime assets, with a major development completion during 4Q25. This was 30 Daldy Street by Mansons TCLM, with OneNZ as its anchor tenant.

Longer term supply includes the Mansons TCLM 35 Graham Street project, a significant new central building proposed for Britomart by Cooper and Company, and Precinct Properties' Pūmanawa Downtown West (Downtown Car Park site).

CBD prime average net rents increased marginally this quarter, by 0.2%, to now stand at NZD 615 per sqm p.a. This constitutes premium

average net rents at NZD 718 per sqm p.a. (+NZD3 per sqm p.a.) and A-grade average net rents at NZD 513 per sqm p.a. (unchanged from last quarter). The marginal increase came from an increase in the upper end of premium rents, which now stand at NZD 865 per sqm p.a.

The sale of a large-scale office and retail premises at 22, 24 and 26 Durham Street West and 19 Victoria Street West for NZD 104.60 million in December 2024 highlights underlying demand for well-positioned assets. Another notable transaction during 4Q25 was the sale of 124 Nelson Street for NZD 5.50 million.

Outlook

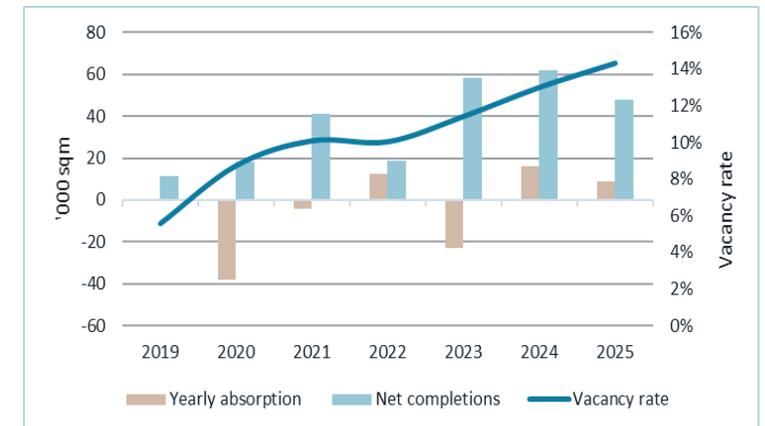
The Auckland CBD office market is navigating a complex period characterised by both cyclical and structural changes. The improving economic backdrop is energising various sectors, prompting investors and tenants to take more proactive steps. The 'flight to quality' theme remains paramount, with occupiers prioritising high-performance spaces that support modern work practices, sustainability objectives, and employee well-being.

Fundamentals

YTD net absorption	+8,693 sqm
YTD completions	47,924 sqm
Vacancy rate	14.3%
CBD prime average net face rent	NZD 615 psm p.a.
Rent growth Y-o-Y	1.7%
Stage in rental cycle	Growth slowing
CBD prime net yields	5.13% - 6.50%

Note: Data is on an NLA basis.

Historical supply and demand trends





Wellington

- Vacancy expected to increase considerably as refurbishment projects complete.
- Significant increase in supply expected over the next two years.
- Net rents negatively impacted by OPEX increases.

The overall vacancy rate increased to 15.8% for 4Q25 from 13.8% (+200bps) for 2Q25. This comprises a prime vacancy rate of 8.5% (+130bps as compared with 2Q25), and a secondary vacancy rate of 19.8% (+270bps as compared with 2Q25).

Approximately 147,100sqm of office space is under construction, refurbishment, seismic strengthening or in planning stages in the capital's CBD, with only 18,700sqm of this space known to be pre-committed at this stage.

Prime average gross rents increased marginally by 0.7% to now stand at NZD 756 per sqm p.a. However, there is a difference in the movements of premium and A-grade rents which constitutes this figure. Premium average gross rents increased by 1.8%, while A-grade average gross rents decreased by 0.8%. The former is due to an increase in OPEX driving gross rents up, while the latter is due to a continuing uptick in vacancy in this grade.

Yields have not moved since December 2023, with prime yields stable at 6.35%, and secondary yields at 8.69%, with no major expected

during 2026.

Outlook

Adaptation and resilience define Wellington's commercial real estate market as we move through the year. Government sector adjustments, private sector rebalancing and the evolving needs of tenants are requiring both occupiers and investors to re-evaluate their strategies, demonstrating the market's capacity to adapt while navigating shifting priorities.

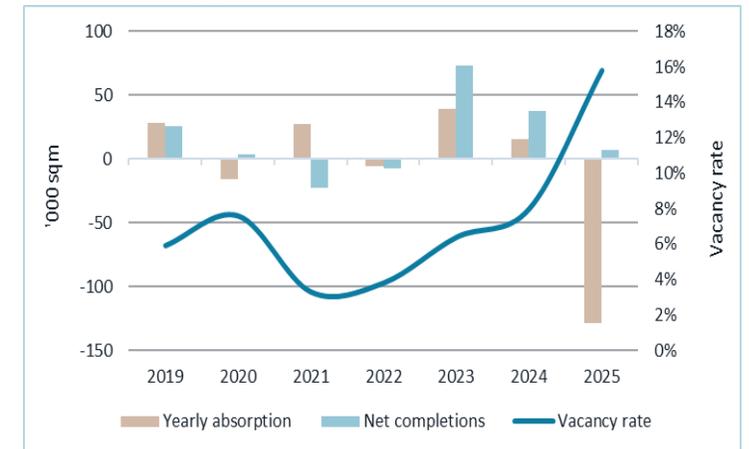
An ongoing focus is on operating expenses, especially with rising insurance and local council rate increases in recent years. This is leading to landlords looking to embed a net rather than gross office leasing environment where available, especially at the top end of the quality spectrum. Prime average gross rents in the office sector have seen a modest increase since 2Q24, while prime average net rents had remained relatively stable until now, with a decrease experienced during 4Q25. This decrease in net rents is expected to continue during 2026.

Fundamentals

YTD net absorption	-128,490 sqm
YTD completions	7,100 sqm
Vacancy rate	15.8%
CBD prime average gross face rent	NZD 756 psm p.a.
Rent growth Y-o-Y	1.3%
Stage in rental cycle	Growth slowing
Prime net yields	5.63% - 7.08%

Note: Data is on an NLA basis.

Historical supply and demand trends





Christchurch

- Vacancy rate starts decreasing after an increase during the year.
- Continued increase in supply will provide more occupier options.
- Rents remain unchanged during the last quarter of 2025.

The overall vacancy rate decreased to 10.2% in 4Q25 from 12.2% in 2Q25. This comprises a CBD vacancy rate at 10.8% (-250bps as compared with 2Q25), and a Suburban vacancy rate at 8.8% (-60bps as compared with 2Q25).

However, assisting in reducing the vacancy rate for the next survey, a leasing deal finalised after the compilation of the December data is the lease to Seequent of 4,400sqm of space at the newly refurbished ex-IRD building at 224 Cashel Street in the CBD. This is a 13,392sqm building, with leasing efforts underway for the remaining space available here.

The Christchurch CBD office market is expected to have 38,756sqm of new or refurbished office space during the next three years, in addition to approximately 50,000sqm of existing vacant space. This is expected to put upward pressure on vacancy rates, especially for secondary properties.

After a 4.5% increase during the first half of the year, CBD prime average net rents have remained steady, currently at NZD 420 per

sqm p.a. However, as momentum starts building, CBD prime average net rents are expected to increase by 3.0% by 4Q26, with the upper ends reaching NZD 475 per sqm p.a., and the lower end remaining at NZD 390 per sqm p.a.

Outlook

The office market has seen a shift in dynamics. The June 2025 CBD vacancy rate rose to 13.3% from 3.8% a year prior but has decreased slightly to 10.8% in the latest December 2025 survey. This reflects a combination of new supply entering the market and the ongoing 'flight to quality' trend. As major tenants relocate to newly completed or refurbished buildings, they often leave behind vacancies in older, secondary stock. This tenant musical chairs, coupled with some businesses consolidating their spatial footprint, has been a key contributor.

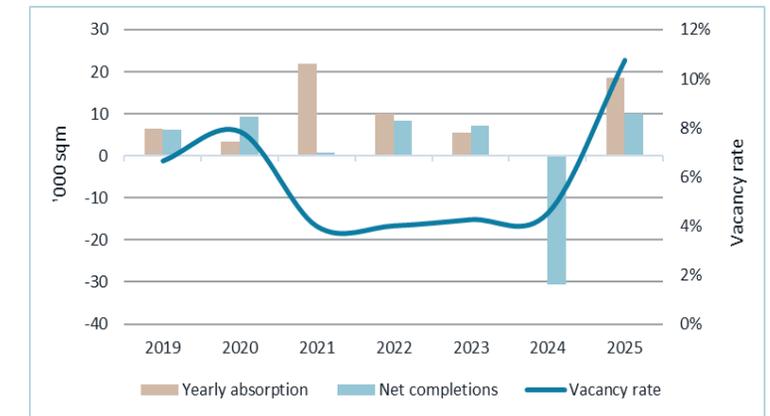
Despite this supply-driven increase in vacancy, prime average net rents have held firm at NZD 420 per sqm p.a., reflecting demand at the top-end for efficient, sustainable, and well-located office space. The recent lease of approximately 4,000sqm of space at 224 Cashel Street is an example of this trend.

Fundamentals

YTD net absorption	18,522 sqm
YTD completions	10,070 sqm
Vacancy rate	10.2%
CBD prime average net face rent	NZD 420 psm p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Growth slowing
Prime net yields	6.05% - 6.75%

Note: Data is on an NLA basis.

Historical supply and demand trends



Industrial Market Dynamics



Research
New Zealand
Industrial



Auckland

- Vacancy rate increases, but still sub-4%.
- Several large-scale projects underway.
- Marginal rental growth over the quarter.

The overall industrial vacancy rate for the Auckland region increased to 3.7% in 4Q25 from 2.8% in 2Q25, representing an 80bps rise over the six-month period.

Prime rents increased for two out of five precincts, comprising Auckland City and the North Shore. Prime average net combined rents stand at NZD 221 per sqm p.a.

James Kirkpatrick’s Puhinui Road site of approximately 110,000sqm, with a combination of six warehouses, is planned to be delivered during 2026. This will add circa 60,000sqm of industrial warehouse supply to the market. (or 85,000sqm lettable area if we include canopies).

Auckland industrial remains the most active commercial real estate sector in terms of volume and value of transactions. We have currently identified NZD 352.99 million of sales transactions reported for the second half of 2025, which we project will increase as a result of data reporting lags.

A notable transaction was the sale of 136 Cryers Road, East Tamaki

for NZD 10.00 million. Ngāti Whātua Ōrākei Whai Rawa entered into a partnership with Trust Management NZ and the Trust Management Property Fund to acquire a 1.4ha industrial property on Wiri Station Road, marking their first industrial investment.

In November 2025, PFI acquired two properties at 505 and 507 Mt Wellington Highway, Mt Wellington for a combined price of NZD 36.00 million. The properties are leased to J.A. Russell Limited and Johnson & Johnson.

Outlook

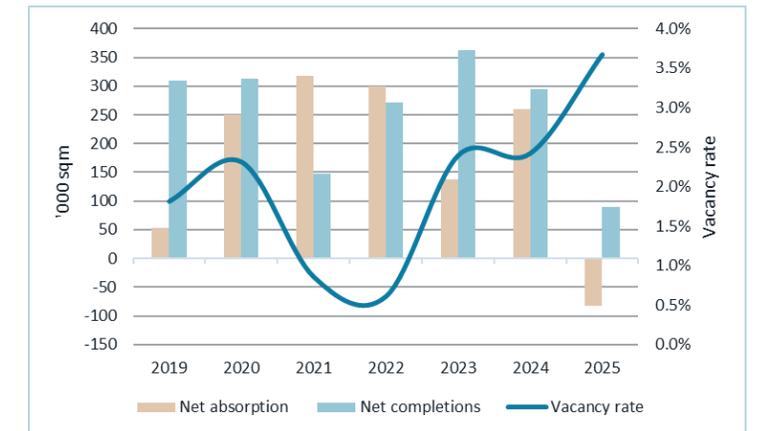
The industrial sector is increasingly driven by logistics and e-commerce demand, yet its diversity across manufacturing, construction services, data centres, and storage facilities provides crucial depth and resilience to the market. Rising business confidence, which is at its highest level since March 2014, and an expanding manufacturing sector, indicated by a PMI of 56.1, suggest an increase in order volumes for logistics, e-commerce, and supply chain occupiers. This will likely drive demand for larger storage spaces.

Fundamentals

YTD net absorption	-82,814 sqm
YTD completions	90,002 sqm
Vacancy rate	3.7%
Prime average net rent	NZD 221 psm p.a.
Rent growth Y-o-Y	2.8%
Stage in rental cycle	Growth slowing
Prime net yields	5.00% - 5.50%

Note: Data is on an NLA basis. Rents are combined for warehouse and industrial office at a ratio of 80:20. Only transactions above NZD 5.00 million are recorded.

Historical supply and demand trends





Wellington

- Vacancy rate rises above 4% for the first time since 2017.
- Supply restricted due to land shortages.
- Rental growth plateaus as the industrial market finds a balance.

Demand for industrial properties in Wellington softened over 2025, which has reflected in the latest survey results. The vacancy rate for 4Q25 stood at 4.2%, which is an increase of 240bps from 2Q25.

Across the various precincts monitored, vacancy rates stand at 4.2% for Petone (+100bps as compared with 2Q25), at 2.1% for Seaview (+10bps as compared with 2Q25), at 10.5% for Ngauranga (+280bps as compared with 2Q25), at 7.2% for Grenada North (+10bps as compared with 2Q25), and at 4.7% for Porirua (+90bps as compared with 4Q25).

Wellington’s industrial market development pipeline remains limited, with less than 30,000sqm currently under construction.

Prime and secondary average gross rents stand at NZD 192 per sqm p.a. and NZD 139 per sqm p.a., respectively. Prime warehouse rents range between NZD 152 per sqm p.a. and NZD 216 per sqm p.a., while secondary warehouse rents range between NZD 110 per sqm p.a. and NZD 168 per sqm p.a.

Rental growth is projected to be modest in the coming years. Prime average gross combined rents are anticipated to rise by 2.1% (equivalent to +NZD 4 per sqm p.a. annually) through 4Q26, whereas secondary rents are expected to stay flat until 2026. The upward pressure on prime rents is reportedly being driven by increases in OPEX costs, rather than market demand and supply fundamentals.

Outlook

Demand for Wellington’s industrial sector has moderated, in line with broader economic conditions. While still low, the vacancy rate has started to edge higher in the past few months. An increase in space availability should assist industrial occupiers when negotiating terms, looking to change premises or find new space.

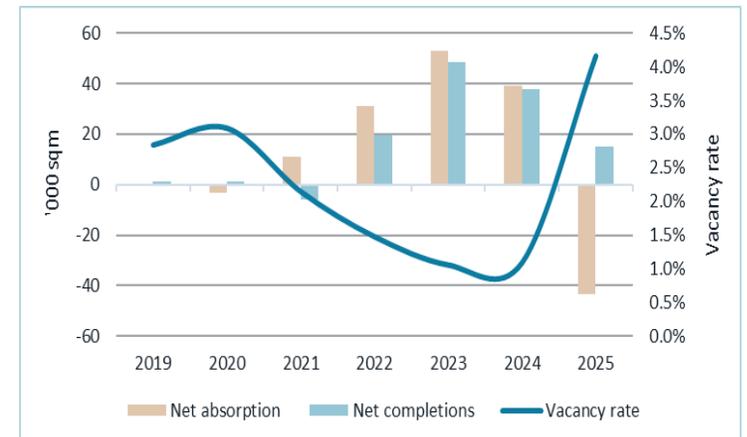
Limiting the impact on the current demand and supply dynamics is that there is a limited development supply pipeline. This should help to avoid/manage any oversupply situation.

Fundamentals

YTD net absorption	-43,352 sqm
YTD completions	15,000 sqm
Vacancy rate	4.2%
Prime average gross rent	NZD 192 psm p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Growth slowing
Prime net yields	6.00% - 7.50%

Note: Data is on an NLA basis. Rents are combined for warehouse and industrial office at a ratio of 80:20.

Historical supply and demand trends





Christchurch

- Occupiers looking for newer, bigger options.
- Increase in supply will provide more occupier options.
- Rental growth expected to subside.

The vacancy rate for 4Q25 stood at 5.9%, which is a 70bps increase from 2Q25, as demand has moderated and supply has increased over the past few months.

Across the precincts monitored, vacancy rates stand at 6.1% for West (+50bps as compared with 2Q25), at 4.9% for South (+160bps as compared with 2Q25), at 6.7% for East (+70bps as compared with 2Q25), and at 4.1% for Rolleston (+60bps as compared with 2Q25).

There was approximately 26,000sqm of warehouse space completed in Hornby and Islington during the last six months. There is approximately 180,000sqm of industrial space under construction.

For the sixth consecutive quarter, rents across all property grades held steady. This follows growth in a previous quarter (4Q24), where prime average net combined rents rose 3.7% to NZD 169 per sqm p.a., and secondary average net rents climbed 5.1% to NZD 124 per sqm p.a.

Prime warehouse rents range between NZD 135 per sqm p.a. and

NZD 150 per sqm p.a., while secondary warehouse rents range between NZD 105 per sqm p.a. and NZD 125 per sqm p.a.

Fully leased across six tenancies, including Mainfreight subsidiary Owens Group, a portfolio of four properties located at Baigent Way, Middleton, was sold to a private investor in August 2025, for approximately NZD 40.44 million. Another notable transaction was the sale of 6-8 Jipcho Road, Wigram, for NZD 12.15 million.

Outlook

The industrial sector, a consistently resilient sector, is experiencing a period of moderation after a phase of rapid rental growth. Prime average net rents have remained at NZD 169 per sqm p.a. for the sixth consecutive quarter.

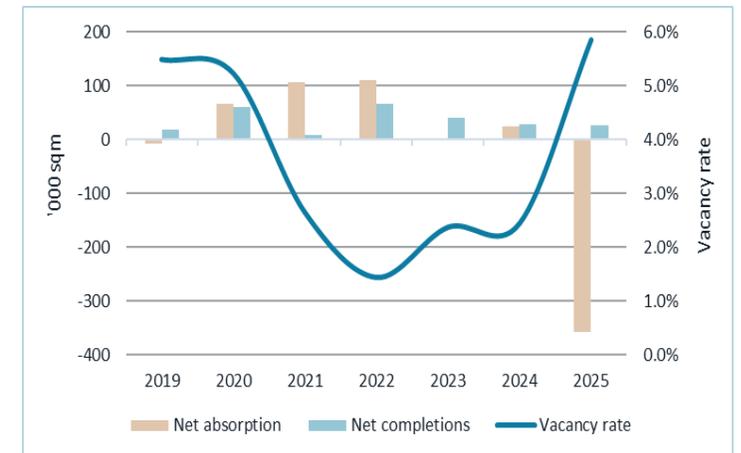
A slight increase in vacancy to around 5.9%, partly due to new supply in growth precincts like Rolleston, has provided tenants with more choice and eased some of the urgency seen in previous years. This allows for more strategic decision-making, with ongoing land development helping to further ease constraints.

Fundamentals

YTD net absorption	-357,015 sqm
YTD completions	25,690 sqm
Vacancy rate	5.9%
Prime average net rent	NZD 169 psm p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Growth slowing
Prime net yields	5.85% - 6.50%

Note: Data is on an NLA basis. Rents are combined for warehouse and industrial office at a ratio of 80:20.

Historical supply and demand trends



Retail Market Dynamics

Research

New Zealand

Retail





Auckland

- CBD midtown retail regeneration expected during 2026.
- A positive flow of new store openings in key precincts.
- Investment activity picks up during 2025.

The CBD vacancy rate increased to 13.1% for 4Q25 from 7.5% in 2Q25. Suburban vacancy for 4Q25 stood at 14.3%. This comprises Newmarket at 14.1%, Takapuna at 17.9%, Ponsonby at 8.1% and South at 15.2%. The overall vacancy rate stands at 14.0%.

While CBD vacancy remains elevated in comparison to pre-COVID rates, there continues to be pockets of leasing activity across the CBD. During 2025, this included Sargeant Coffee Bar at The Formerly, Oh Acai in Commercial Bay, Chemist Warehouse in Victoria Street West, and Mojo Café in Wakefield Street.

A notable supply addition expected is 131 Queen Street, which is set to become a new department store, a three-level, 3,000sqm store, to open mid-2026, as luxury brand Faradays prepares for its next evolution.

Kiwi Property has signed a (conditional) agreement with Costco Wholesale for 6.4ha at their Drury development, paving the way for New Zealand's second Costco store, with Costco's first store, which opened in 2022, being located at Auckland's North-West.

New Zealand Retail Property Group is developing five new buildings at its Westgate site on the city's northwest fringe, including a 6,700sqm Kmart.

A significant transaction was the sale of Silverdale Centre, located at 61 Silverdale Street, Silverdale, for NZD 114.00 million, at an initial yield of 6.80%. It was sold by Stride Property and was purchased by Investore. Another notable transaction was the sale of 32 Arawa Street, New Lynn for NZD 6.20 million.

Outlook

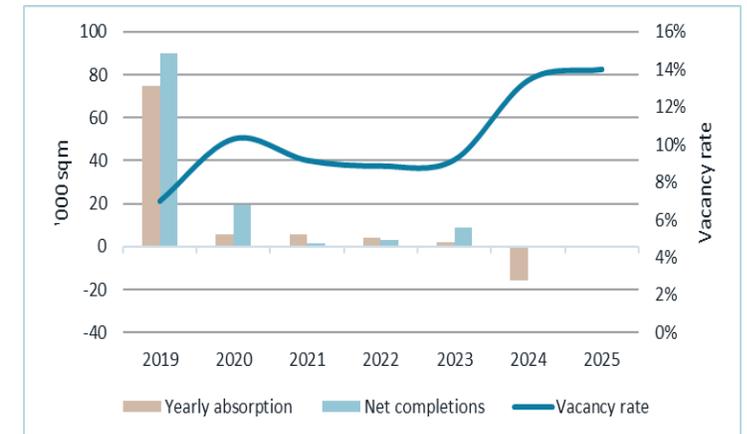
The continued entry of international retailers highlights the opportunities in the Auckland Suburban retail market despite broader retail headwinds. This influx of new brands combined with the resilience demonstrated by large format retail and regional centres suggests Suburban retail is evolving toward experience-focused and destination shopping concepts, which will increasingly drive foot traffic and support rental stability for well-positioned assets.

Fundamentals

YTD net absorption	+248 sqm
YTD completions	0 sqm
Vacancy rate	14.0%
CBD prime average net rent	NZD 2,475 psm p.a.
Rent growth Y-o-Y	-4.8%
Stage in rental cycle	Rents falling
Prime net yields	5.13% - 8.63%

Note: Data is on an NLA basis.

Historical supply and demand trends





Wellington

- Vacancy rate marginally increases.
- New retail hotspots emerging.
- Rent levels maintain stability.

The overall vacancy rate increased marginally, to 9.6% in 4Q25 from 9.5% in 2Q25. This constitutes a CBD vacancy rate at 9.8% (+10bps as compared with 2Q25), and a Suburban vacancy rate at 9.2% (+50bps as compared with 2Q25).

There is a divergence in leasing activity across different streets in the CBD. Increased pedestrian activity and growing retailer interest in Lambton Quay have improved leasing momentum, though rents are currently holding steady as a result of overall market conditions. Manners and Cuba Streets show positive momentum.

The Exchange, a 10,000sqm building located between Blair and Allen Streets, off Courtenay Place, has been revived and reimagined by Willis Bond and LT McGuinness. Home to 20 of Wellington’s leading creative organisations and hospitality enterprises, a number of new shops have opened here.

CBD prime average gross rents have remained unchanged over the last six consecutive quarters, after a 3.6% increase during 1Q24. This increase was primarily due to a rise in upper-end rents at Willis Street, which increased from NZD 1,350 per sqm p.a. to NZD 1,500 per sqm

p.a. at the start of the year.

Due to limited transaction activity, yields have deemed to have held steady, though a compression of roughly 15bps is anticipated by 4Q26 following the effects of recent interest rate cuts. Prime CBD average net yields are currently at 7.80%. Secondary CBD net yields begin at 11.50% on the lower end, reflecting limited demand for lower-grade properties.

Outlook

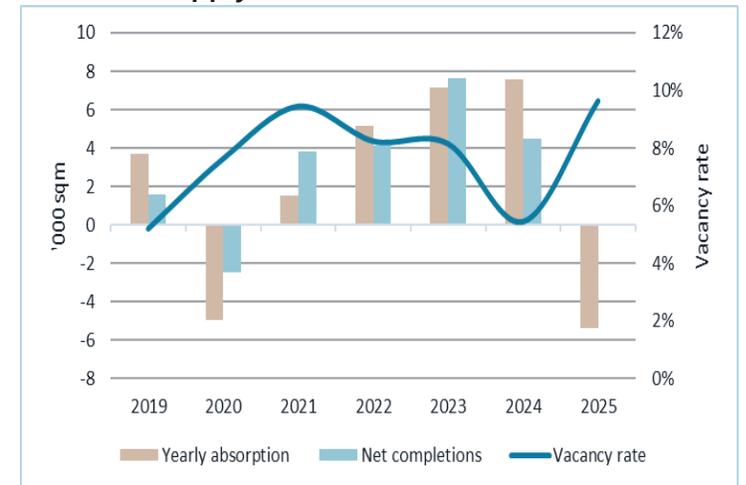
The market is expected to be defined by opportunity born from adjustment, with national policy shifts in an election year likely to be a key consideration for businesses and investors. Proposed changes, including council rate caps and potential regional council restructuring, offer the promise of greater policy implementation and OPEX certainty in the future, though clarity will be needed on how critical infrastructure upgrades will be funded. Alongside this, ongoing discussions around changes to seismic building standards remain a key consideration that informs investment decisions and reinforces the market’s ongoing preference for quality.

Fundamentals

YTD net absorption	-5,361 sqm
YTD completions	0 sqm
Total vacancy	9.6%
CBD prime average gross rent	NZD 1,425 psm p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Decline slowing
Prime net yields	7.25% - 8.35%

Note: Data is on an NLA basis.

Historical supply and demand trends





Christchurch

- Demand supported by both local and international brands.
- Several mixed-use projects in the CBD expected to have a retail component.
- Prime CBD rental growth moderates.

The overall vacancy rate decreased to 6.7% for 4Q25 from 8.1% for 2Q25. This comprises a CBD vacancy rate of 5.7% (-10bps as compared with 2Q25), and a Suburban vacancy rate of 3.3% (+30bps as compared with 2Q25). Despite increases in vacancy rates, road frontage shops around Cashel Street in the CBD continue to attract new tenants of various sizes, with both international and national brands showing interest.

Named Downtown, a 20-building complex by Peebles Group will be the first large-scale mixed-use development for Christchurch. Its collection of three to five storey buildings will contain hospitality outlets, shops, offices and apartments, all built around laneways and green spaces on a 4,800sqm city block. The site for the project is bordered by Cashel, Manchester, Lichfield streets and Huanui Lane.

Following consecutive quarterly increases since 3Q23, CBD prime average net rents have stabilised at NZD 925 per sqm p.a. since 3Q24. This rate spans from NZD 1,200 per sqm p.a. at the premium end to

NZD 650 per sqm p.a. at the lower end. The upper end of CBD prime rents is expected to reach NZD 1,225 per sqm p.a. by 4Q26, mainly due to continuing demand from local, national and international retailers. This has assisted to keep incentives at 8.3%, after decreasing from 12.5% in 2Q24.

A significant transaction was the sale of 196 Roydvale Avenue, Burnside for NZD 10.60 million. This 2,000sqm property was purchased by Breachjet at an initial yield of 6.26%. Another notable transaction was the sale of The Welder, located at 20 Welles Street in the CBD, for NZD 8.70 million.

Outlook

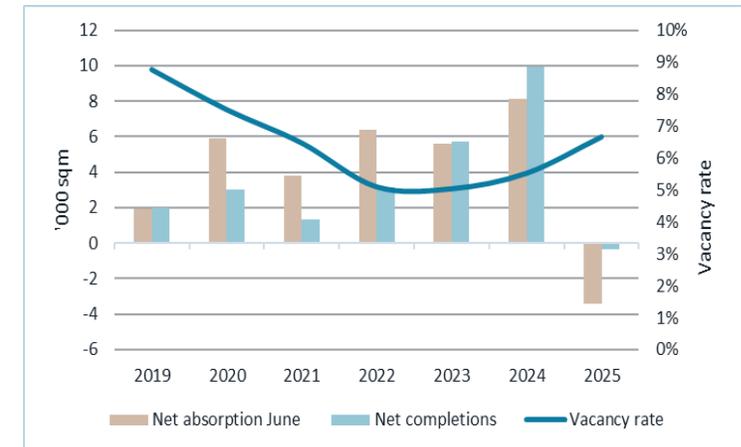
Despite ongoing pressure on retail as a sector from low consumer confidence and low discretionary spend, the retail sector in certain locations in the Christchurch CBD is facing a demand and supply imbalance, especially in sought-after street-frontage premises such as Cashel Street.

Fundamentals

YTD net absorption	-3,389 sqm
YTD completions	-346 sqm
Vacancy rate	6.7%
CBD prime average net rent	NZD 925 psm p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Growth slowing
Prime net yields	6.25% - 7.38%

Note: Data is on an NLA basis.

Historical supply and demand trends





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