SEE A BRIGHTER WAY

Research

New Zealand

August 2025

New Zealand Market Dynamics Q2 2025

jll.nz

Research
New Zealand
August 2025

Table of Contents

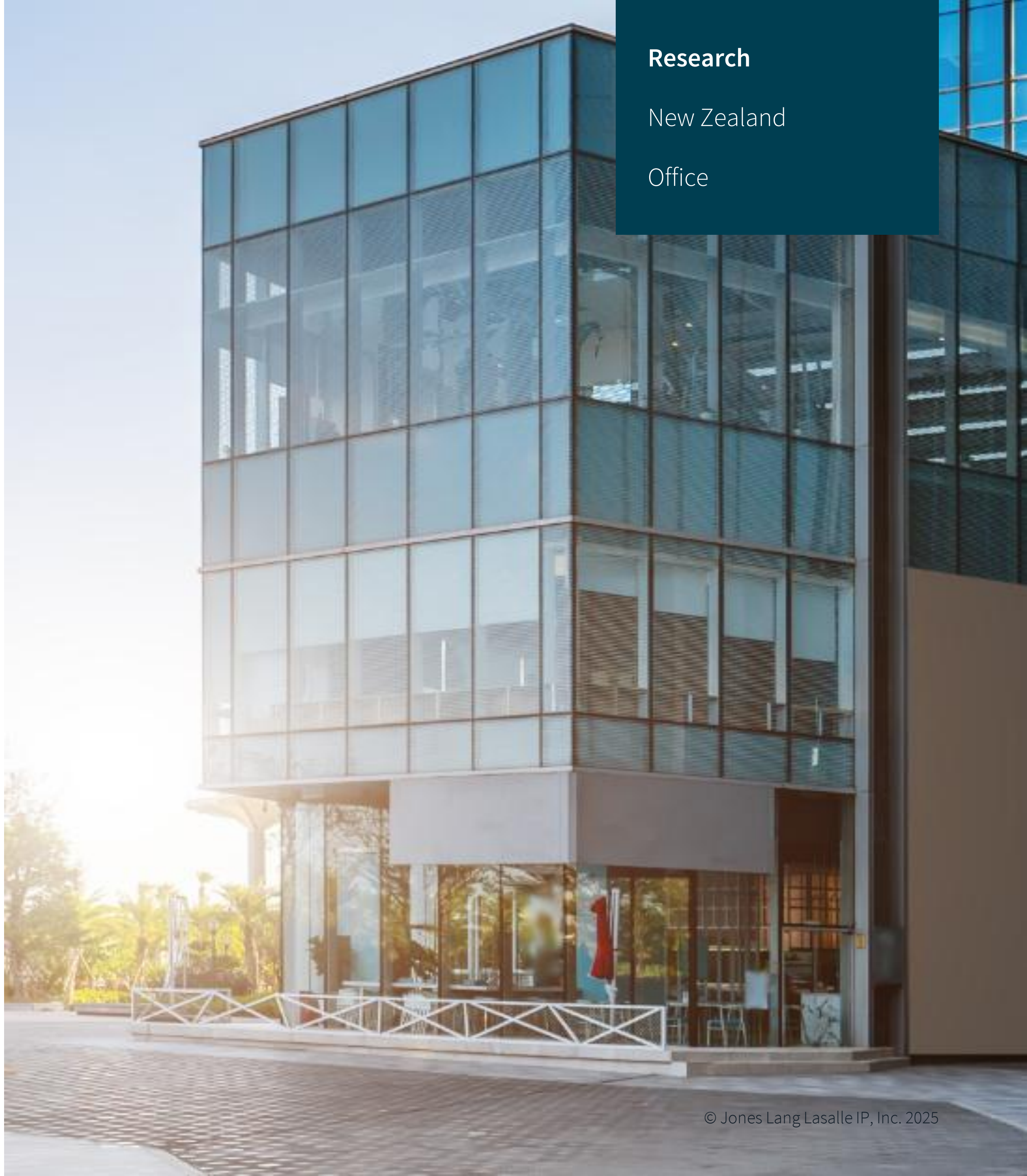
SEE A BRIGHTER WAY

Research

New Zealand

Office

Office Market Dynamics



jll.nz

SEE A BRIGHTER WAY

Research

New Zealand

Office | Q2 2025

Auckland

- Preference for quality and location continues.
- Increase in supply will provide occupier options.
- Investment activity poised to rise after dearth of activity.

Fundamentals	
YTD net absorption	-17,300 sqm
YTD completions	30,800 sqm
Vacancy rate	15.1%
CBD prime average net face rent	NZD 613 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.

The Auckland CBD vacancy rate increased by 130bps to 16.5%, representing vacant space of 225,070 sqm across all grades. The prime and secondary office vacancy rate increased to 12.7% (+250bps) and 21.7% (+120bps) respectively.

Several key themes that have been consistently present over the past few years continue to influence demand dynamics. These include adoption and ongoing refinement of hybrid working models, relocation, and right-sizing from major occupiers from outside and within the CBD, and occupiers looking for flexible working options in an uncertain business environment.

A major completion included two buildings along with an annexure at Precinct Properties' Wynyard Stage 3 development. These provide a net lettable area of 19,700sqm of prime office space in total. While new construction levels remain relatively balanced in the short-term, a number of planned large-scale projects in the medium to long-term will increase total supply and occupier options.

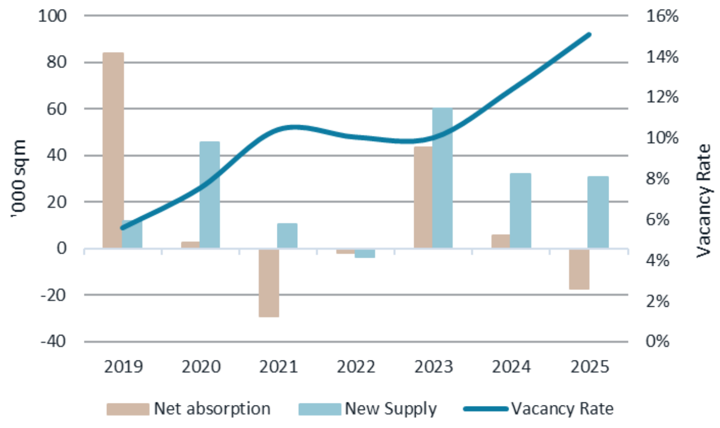
After remaining unchanged for three consecutive quarters, CBD prime average net rents increased this quarter, albeit marginally, by 1.2%, to now stand at NZD 613 per sqm p.a. CBD secondary average net rents also increased this quarter, albeit marginally, by 1.8%, to now stand at NZD 288 per sqm p.a.

Office investment volumes have remained relatively flat over the last two years. There have been a limited number of flagship office assets which have sold in the last six months as owners look to hold on to key strategic assets. While outside of this reporting period, at the time of writing, a large-scale office and retail premises at 22, 24 and 26 Durham Street West and 19 Victoria Street West was recently sold by a private investor to Quattro Group for approximately NZD 104.00 million.

Outlook

There have been a number of developments signalled for works over the next five years or so including MRCB's Symphony Centre, Precinct Properties' Downtown Car Park redevelopment of 60,000sqm+ of office space, and Manson TCLM's 35 Graham Street redevelopment as examples. This influx of premium space is a positive indicator of market confidence and future growth potential.

Historical supply and demand trends



JLL SEE A BRIGHTER WAY

Research

New Zealand

Office | Q2 2025

Wellington

- Vacancy expected to increase further as refurbishment projects complete.
- Stability in rents as occupier options rise.
- Dearth of sales transactions over the last two years.

The overall vacancy rate increased to 13.8% from 8.0% (+580bps) for 2Q25. This comprises a prime vacancy rate of 7.2% (+220bps as compared with 4Q24), and a secondary vacancy rate of 17.1% (+760bps as compared with 4Q24).

The Wellington office market has experienced approximately 16,000sqm of sublease space being introduced during the last year from the public sector, along with circa 13,000sqm from the private sector.

Rents across all grades and precincts remained unchanged during the quarter. CBD Core prime and secondary average gross rents stand at NZD 751 per sqm p.a. and at NZD 456 per sqm p.a. respectively. Average gross rents for Thorndon and Te Aro stand at NZD 460 per sqm p.a. and at NZD 360 per sqm p.a., respectively.

Precinct Properties announced in February that PAG will acquire the remaining 20% minority interest in 40 & 44 Bowen Street in the Wellington CBD for NZD 48.00 million.

Outlook

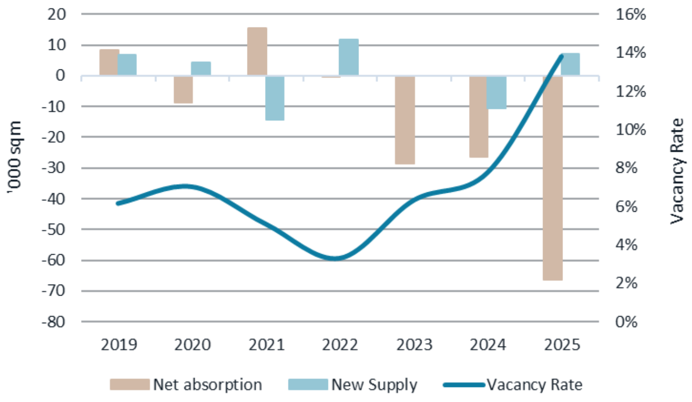
Adaptation and resilience define Wellington's commercial real estate market as we move through the year. Government sector adjustments, private sector rebalancing and the evolving needs of tenants are requiring both occupiers and investors to re-evaluate their strategies, demonstrating the market's capacity 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 a number of landlords looking to embed a net rather than gross office leasing environment, especially at the top end of the quality spectrum. Prime average gross rents in the office sector have seen a modest increase since 4Q24, while prime average net rents have remained relatively stable.

Fundamentals	
YTD net absorption	-66,200 sqm
YTD completions	7,100 sqm
Vacancy rate	13.8%
CBD prime average gross face rent	NZD 751 psm p.a.
Rent growth Y-o-Y	2.7%
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



SEE A BRIGHTER WAY

Research

New Zealand

Office | Q2 2025

Christchurch

- Vacancy rate increases across grades.
- Increase in supply will provide more occupier options.
- Investment activity remains limited.

Fundamentals	
YTD net absorption	-22,500 sqm
YTD completions	13,400 sqm
CBD vacancy rate	12.2%
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.

The overall vacancy rate increased to 12.2% from 5.4% (+670bps) for 4Q24. This comprises a CBD vacancy rate at 13.3% (+880bps as compared with 4Q24), and a Suburban vacancy rate at 9.3% (+180bps as compared with 4Q24).

The increase in CBD vacancy is partly due to refurbishment completion of a 13,392sqm ex-IRD building at 224 Cashel Street, for which leasing efforts are currently underway. Lower occupancy in secondary properties has also caused the CBD vacancy rate to increase. The CBD secondary vacancy rate increased to 9.7% from 6.7%.

Construction continues at 209-211 High Street, with Leighs Construction to lease most of the 2,400sqm of office space, and at 107 Cambridge Terrace, a 6-storey development by YYK Ltd, a Singaporean based entity, at the corner of Hereford Street and Cambridge Terrace.

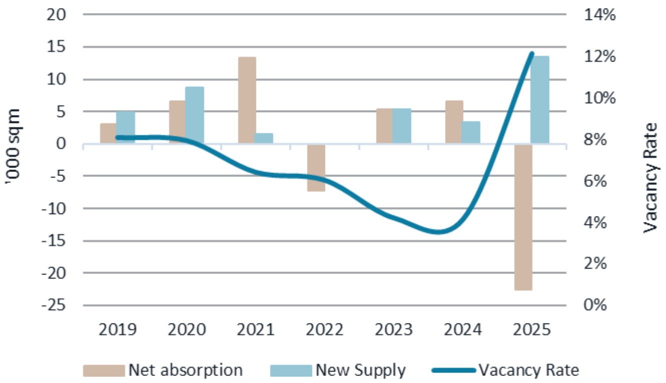
After a 4.5% increase during the first half of the year, CBD prime average net rents have not experienced growth. This is primarily because there are a few mixed-use buildings with office space expected to complete during 2025, all of which have some uncommitted space.

Investment activity remains limited, with the last notable transaction occurring in April 2024 when The Press Building at 158 Gloucester Street in the CBD sold for NZD 22.25 million. This 2,023sqm property transacted at an 8.00% yield.

Outlook

After experiencing strong demand, limited supply and low vacancy rates for several years after the rebuild, the landscape for Christchurch's office market is changing again. This is due to a number of major office development completions and a slower occupier demand environment more recently leading to a rise in the vacancy rate, which now stands at more than 10% for the first time since 2017.

Historical supply and demand trends



SEE A BRIGHTER WAY

Industrial Market Dynamics

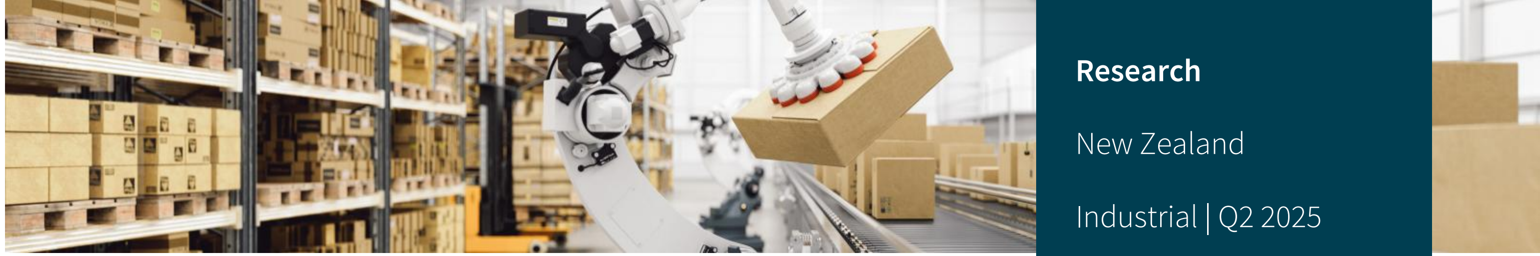
Research

New Zealand

Industrial

jll.nz

JLL SEE A BRIGHTER WAY



Research

New Zealand

Industrial | Q2 2025

Auckland

- Vacancy rate remains below 3%.
- Several large-scale projects under construction across City and South precincts.
- Frequency of sales transactions on the rise.

The overall industrial vacancy rate for the Auckland region increased to 2.9% in 2Q25 from 2.4% in 4Q24, representing a 42bps rise over the six-month period. On a precinct-by-precinct basis, vacancy rates stand at 2.3% for Auckland City (unchanged since 4Q24), at 3.8% for Manukau (+70bps since 2Q24), at 1.6% for North Shore (+30bps since 4Q24), at 4.7% for North-West (+130bps since 4Q24), and at 2.8% for Drury.

After remaining unchanged across all grades and precincts over the last four consecutive quarters, average net combined rents increased marginally this quarter, due to an increase in rents for one of the precincts, to now stand at NZD 217 per sqm p.a. Prime average net combined rents for Manukau increased by 2.8%, to now stand at NZD 224 per sqm p.a., while secondary rents here increased by 5.7%, to now stand at NZD 186 per sqm p.a.

Auckland industrial remains the most active commercial real estate sector in terms of volume and value of transactions. There have been over NZD 529.22 million of sales transactions during 2025 so far which we project will increase as a result of data reporting lags.

A significant transaction was the sale of 38-44 Dalgety Drive, Wiri, for NZD 120.00 million. This is an approximately 90,000sqm industrial site which sold to ESR Australia & New Zealand, who plan to redevelop the site in two stages over the next few years. The previous vendor of this site was also the purchaser of the NZ Post building on the North Shore which sold for approximately NZD 89.00 million. Another notable transaction was the sale of 2 Freight Place, Mangere for NZD 14.80 million.

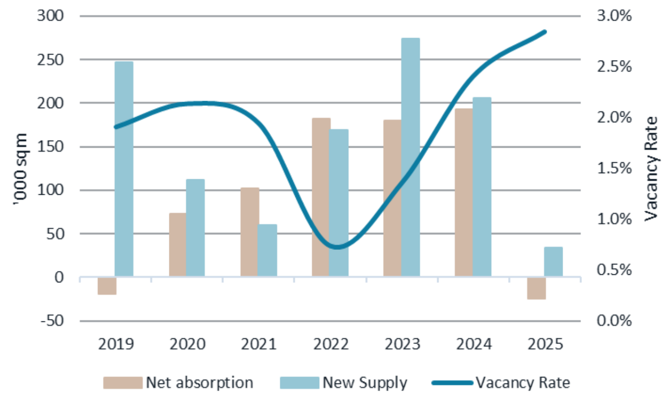
Outlook

The industrial sector continues to be a strong point in Auckland's commercial real estate market, despite economic headwinds. Activity is increasingly driven by logistics and commerce, but the sector's diversity across manufacturing and construction services play an integral component to the sector's depth, not to mention data centres and storage facilities.

Fundamentals	
YTD net absorption	-24,100 sqm
YTD completions	33,792 sqm
Vacancy rate	2.8%
Prime average net rent	NZD 217 psm p.a.
Rent growth Y-o-Y	0.9%
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



JLL SEE A BRIGHTER WAY

Research

New Zealand

Industrial | Q2 2025

Wellington

- Vacancy rate rises above 3% for the first time since 2017.
- Supply continues to be restricted due to land shortages.
- Rental growth plateaus as the industrial market finds a balance.

Demand for industrial properties in Wellington has softened marginally, which has reflected in the latest survey results. The vacancy rate for 2Q25 stood at 3.5%, which is an increase of 240bps from 4Q24. Across the various precincts monitored, the vacancy rate stands at 3.1% for Petone (+2700bps as compared with 4Q24), 2.0% for Seaview (+160bps as compared with 4Q24), 7.7% for Ngauranga (+680bps as compared with 4Q24), 7.1% for Grenada North (+360bps as compared with 4Q24), and 3.8% for Porirua (+100bps as compared with 4Q24).

Bidfood's facility at 14 Carmel Terrace in Grenada Village, a 15,000sqm complex, which includes a cool store, reached practical completion during the first half of 2025.

Similar to Auckland's industrial market, after rises each quarter since 2020, rental increases started plateauing in 4Q23. After a marginal increase during 1Q24, rents have remained unchanged across all grades and precincts over the last five consecutive quarters. This comes after a decrease in the number of enquiries across all suburbs.

Prime and secondary average gross (combined) rents stand at NZD 192 per sqm p.a. and at NZD 139 per sqm p.a., respectively.

After two years of a relatively subdued transactional market, sales activity has started to rise. One example is 33-43 Jackson Street, Petone that sold for NZD 18.4 million, at an approximate yield of 7.50%. This is a 9,990sqm property on a 1.19ha site, and is leased to Printlink.

Outlook

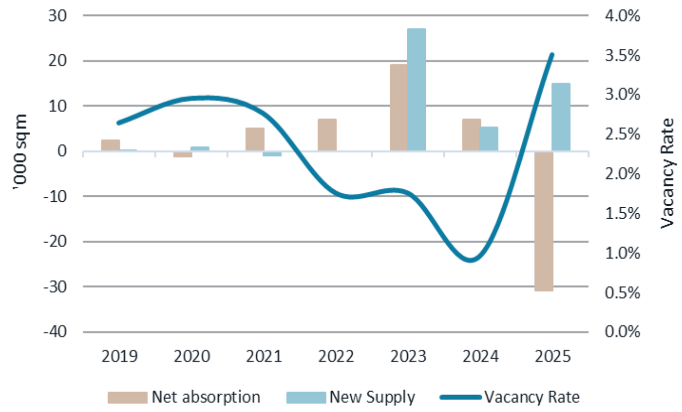
Demand for Wellington's industrial sector has softened, in line with broader economic conditions. While still low, the vacancy rate has started to edge higher in the past few months. An increase in space availability should assist industrial occupiers when negotiating terms, looking to change premises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

Fundamentals	
YTD net absorption	-30,800 sqm
YTD completions	15,000 sqm
Vacancy rate	3.5%
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



JLL SEE A BRIGHTER WAY

Research

New Zealand

Industrial | Q2 2025

Christchurch

- Occupiers looking for newer, bigger options.
- Increase in supply will provide more occupier options.
- Rental growth subsides while investment activity continues.

Fundamentals	
YTD net absorption	-118,000 sqm
YTD completions	0 sqm
Vacancy rate	5.2%
Prime average net rent	NZD 169 psm p.a.
Rent growth Y-o-Y	6.0%
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.

The vacancy rate for 2Q25 stood at 5.2%, which is a 280bps increase from 4Q24 as demand has moderated and supply has increased over the past few months. Across the precincts monitored, vacancy rates stand at 5.7% for West (+290bps as compared with 4Q24), at 2.1% for South (+210bps as compared with 4Q24), at 6.0% for East (+410bps as compared with 4Q24), and at 3.5% for Rolleston.

There is approximately 180,000 sqm of industrial space under construction. One example is 14 Gallagher Drive, Hornby that is being developed by Calder Stewart for Euro Corporation's Summit Steel & Wire and Tornado Industries Ltd NZ businesses. A 6,000sqm yard adjacent to the Complete Reinforcing business situated on Stage 1 is also being developed.

Rents across all grades remained unchanged for the third consecutive quarter. This is after prime average net combined rents increased in 4Q24 by 3.7% to NZD 169 per sqm p.a., while secondary average net combined rents increased during the same quarter by 5.1% to NZD 124 per sqm p.a.

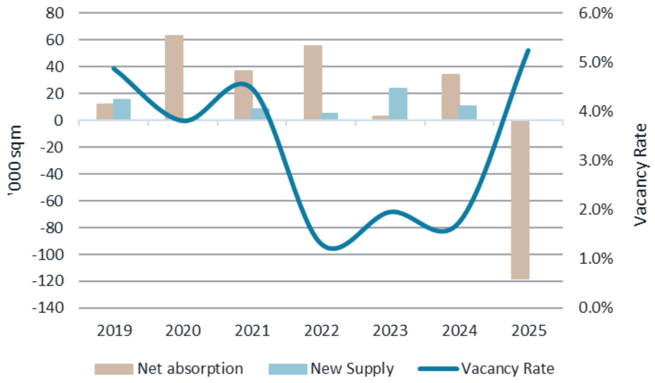
Christchurch industrial has recorded sales worth NZD 80.30 million during the first half of 2025. However, this is significantly lower than transactions recorded for the second half of 2024 at NZD 239.11 million. However, due to official data reporting lags, we do expect this to increase.

Notable transactions include sales of 11 William Lewis Road, Sockburn, for NZD 18.96 million, and 1375 Springs Road, Lincoln, for NZD 10.05 million. Another significant transaction was a portfolio of four buildings bought by Trade Depot Properties along Innovation Road, Islington, selling for approximately NZD 20.11 million.

Outlook

The industrial sector remains a strong performer, fuelled by the continued expansion of e-commerce and logistics in the South Island's most populous area. The response to long-term growth has been more development which will assist with occupier options, and relieve some pressure on rental growth, albeit the prime locations and premises will remain in demand, from occupiers and investors.

Historical supply and demand trends



SEE A BRIGHTER WAY

Retail Market Dynamics

Research

New Zealand

Retail

jll.nz

SEE A BRIGHTER WAY

Research

New Zealand

Retail | Q2 2025

Auckland

- International brands continue to eye New Zealand's largest city.
- CBD rents decrease owing to a quiet quarter.
- Transaction activity builds up for large format retail.

Fundamentals	
YTD net absorption	+5,300 sqm
YTD completions	0 sqm
Vacancy rate	12.0%
CBD prime average net rent	NZD 2,575 psm p.a.
Rent growth Y-o-Y	-1.0%
Stage in rental cycle	Decline slowing
Prime net yields	5.13% - 8.63%

Note: Data is on an NLA basis.

The overall Auckland retail vacancy rate decreased to 12.0% for 2Q25 (-140bps since 4Q24). Despite the challenging trading conditions as a result of the broader economic headwinds evident for consumers, retailer demand in the Auckland CBD showed further signs of improvement during the first half of 2025, with a vacancy rate of 7.5% (-20bps since 4Q24). Meanwhile, the Suburban vacancy rate decreased by 260bps between 4Q24 and 2Q25, to 15.9% from 18.6%.

After remaining steady for five consecutive quarters, CBD prime average net rents decreased this quarter by NZD 25 per sqm p.a., to now stand at NZD 2,575 per sqm p.a. This is an average of upper and lower end rents of NZD 3,875 per sqm p.a. and NZD 1,275 per sqm p.a., respectively. Rents are forecast to remain steady until late 2026.

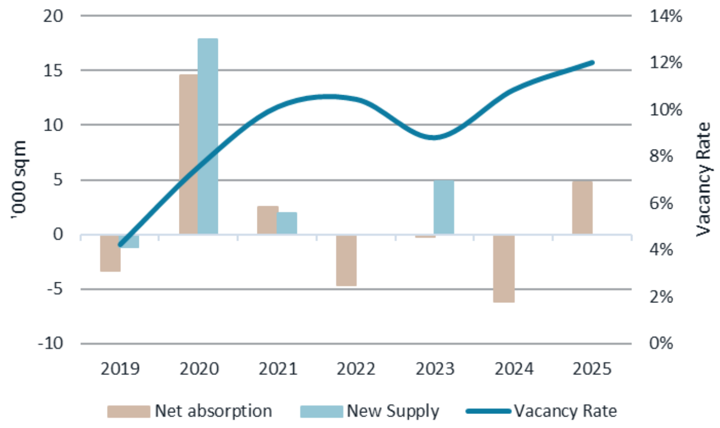
Five Woolworths properties have sold during the first quarter of 2025. These include Woolworths Mt Roskill for NZD 25.00 million and Woolworths St Johns for NZD 22.955 million. Woolworths Te Atatū, Westgate and Herne Bay have also sold during 2025 in separate transactions.

Outlook

The suburban retail market is showing signs of improvement with overall vacancy decreasing by 260bps to 15.9%, though performance remains highly location-dependent. This trend is expected to continue with prime locations and large-format retail maintaining momentum while secondary suburban locations will face ongoing challenges, creating distinct investment opportunities across different retail formats and locations.

The continued entry of international retailers highlights the opportunities in the Auckland Suburban retail market despite broader retail headwinds. 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.

Historical supply and demand trends



JLL SEE A BRIGHTER WAY

Research

New Zealand

Retail | Q2 2025

Wellington

- Vacancy rate increases but leasing activity remains moderate.
- Several international and local brands eye the capital's CBD retail market.
- Rent levels maintain stability.

Fundamentals	
YTD net absorption	-5,100 sqm
YTD completions	0 sqm
Total vacancy	9.5%
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.

Between December 2024 and June 2025, the overall vacancy rate increased to 9.5% from 5.4% (+400bps). This constitutes a CBD vacancy rate at 9.7% (+390bps as compared with 4Q24), and Suburban vacancy rate at 8.7% (+450bps as compared with 4Q24).

Despite the increase in vacant space, there have been several leasing deals during the last few months. For example, Travel Money NZ and Resonate opened stores at 50 Manners Street, Te Aro and at 69 Willis Street, CBD, respectively.

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.

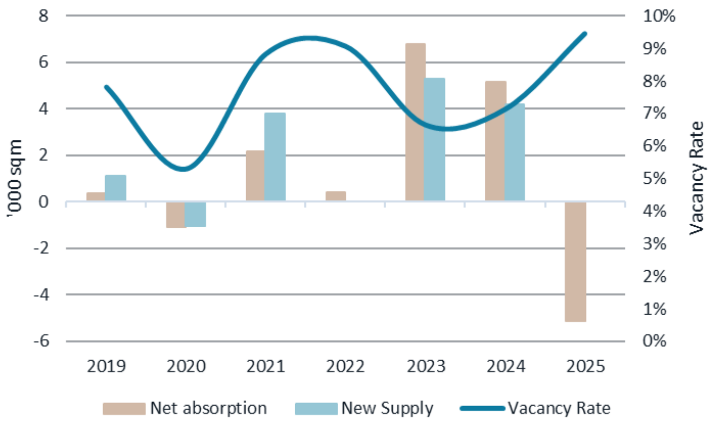
Mitre 10 will be the anchor tenant at Top of Tory (131 Tory Street, Te Aro), marking one of Wellington's most significant retail leasing deals since David Jones. Joining Mitre 10's 5,000sqm store in this project are Noel Leeming, Warehouse Stationery, Look Sharp, Commonsense, and a Health & Wellness Hub.

CBD prime average gross rents have remained unchanged over the last five consecutive quarters, after a 3.6% increase during 1Q24. This increase was 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.

Outlook

The general economic and residential sector malaise has impacted on retail spending, but signs of a recovery and pockets of increased leasing activity should help to spur momentum into the second half of the year and into 2026. Despite current trading conditions, CBD prime average gross rents have remained stable.

Historical supply and demand trends



SEE A BRIGHTER WAY

Research

New Zealand

Retail | Q2 2025

Christchurch

- Vacancy rate increases but leasing activity remains moderate.
- Most CBD retail investments a part of mixed-use properties.
- Prime CBD rental growth moderates.

Fundamentals	
YTD net absorption	-6,900 sqm
YTD completions	0 sqm
Vacancy rate	8.1%
CBD prime average net rent	NZD 925 psm p.a.
Rent growth Y-o-Y	5.7%
Stage in rental cycle	Rents rising
Prime net yields	6.25% - 7.38%

Note: Data is on an NLA basis.

The overall vacancy rate increased to 8.1% from 5.5% (+260bps) for 2Q25. This comprises a CBD vacancy rate of 5.8% (+110bps as compared with 4Q24), and a Suburban vacancy rate of 3.0% (+190bps as compared with 4Q24).

Named Downtown and being developed by Brooksfield, the 20-building complex by Peebles Group will reportedly 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 87 apartments including penthouses, 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. What used to be Bedford Row will be revived as part of the development and will be linked to One NZ Stadium a block away. Work is expected to start in April 2026 next year and finished by October 2027.

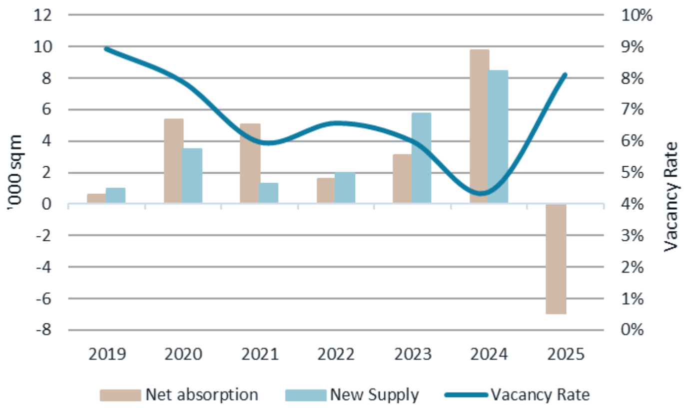
After increasing each quarter since 3Q23, CBD prime average net rents have remained unchanged since 3Q24, at NZD 925 per sqm p.a. This comprises upper and lower end rents at NZD 1,200 per sqm and at NZD 650 per sqm, respectively.

Outlook

The retail landscape in Christchurch is nuanced. CBD prime average net rents have stabilised following significant growth over the past two years. However, the upper end of CBD prime rents is still projected to increase. It is expected to reach NZD 1,225 per sqm p.a. by 4Q25, driven by continued demand from local and international retailers. This trend is particularly evident in sought-after locations like Cashel Street, where demand-supply dynamics often favour landlords.

Investment activity remains limited, albeit enquiry has started to lift as a result of more clarity in the demand and supply dynamics and the background of lower interest rates ahead. This should assist with deal volumes, albeit yields are likely to remain relatively steady over the remainder of 2025.

Historical supply and demand trends



SEE A BRIGHTER WAY

Chris Dibble
Head of Research & Strategic Consulting
+64 21 242 9447
chris.dibble@jll.com

Hina (Imran) Uqaili
Associate Director, Research
+64 22 188 0472
hina.uqaili@jll.com

Monish Khan
Research Analyst
+64 22 372 2483
monish.khan@jll.com

JLL New Zealand
Level 16, HSBC Tower
188 Quay Street
PO Box 165,
Shortland Street
Auckland
Phone: +64 9 366 1666