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Research

New Zealand

August 2026

New Zealand Market Dynamics Q2 2026

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Foreword

New Zealand's commercial property sector carried solid momentum into 2026, building on the recovery that took hold in late 2025. Global economic uncertainty in March and April tempered sentiment. Even so, property market performance over the first half of 2026 has proven more resilient than sentiment alone would suggest, with conditions increasingly diverging by quality, location and asset grade.

Office activity illustrates this well. Auckland's overall CBD vacancy eased to 15.8% in the first half, down from 16.0% in the second half of 2025. Premium-grade vacancy fell further still, to just 2.1%, underlining a clear flight to quality that is also lifting rents at the top end. Investor interest is following the same trend, underlined by the conditional sale of the PwC Tower. Prime-grade space, now around 52% of the Auckland CBD's total office stock compared with roughly a third a decade ago, continues to capture a growing share of tenant demand. Wellington moved the other way, with vacancy rising as government and private occupiers rationalised space. New supply, including Precinct Properties' development at 55-61 Molesworth Street, has reinforced that trend. Christchurch vacancy eased to 9.8%. A supply pipeline of more than 40,000 sqm of new and refurbished space over the coming years is likely to put renewed pressure on vacancy, particularly for secondary stock.

Industrial and retail tell a similar story of divergence rather than a single national trend. Industrial vacancy remains low by historical standards, though Auckland edged up to 4.0% this half while Wellington and Christchurch both tightened further. The sector continues to attract strong investor interest nationally, supported by a broadening occupier base spanning manufacturing, construction and data centres alongside traditional logistics and e-commerce users. In retail, Auckland and Christchurch both saw vacancy tighten on continued demand for well-located space. Premium international retailers, including Cartier, are committing to flagship space in Auckland's CBD, while Christchurch's Cashel Street continues to outperform other major retail precincts nationally. Wellington's suburban vacancy rose even as its CBD improved slightly. Shopping Centre vacancy remains sub-2%.

Investment activity remains supportive. Transaction volumes totalled NZ$4.50 billion in 2025, up 9.2% on the previous year, with 1Q26 shaping up to be a strong quarter. This is underpinned by an active local market, and increased offshore activity. New Zealand's sovereign credit ratings, regulatory transparency and recent Overseas Investment Act reforms are assisting on this front.

The Reserve Bank held the OCR at 2.25% through to May before lifting it to 2.50% in July. Forecasters now expect a steeper path, toward roughly 4% by late 2027. Attention is also turning to the general election on 7 November 2026, which is shaping debate on infrastructure, planning and tax.

Against this backdrop, New Zealand's transparency, supply constraints and supportive tax settings remain key pillars of investor confidence. For the rest of 2026, we expect the market to favour quality, disciplined asset selection and patience, themes that carry through each of the sector updates in this report.

Chris Dibble
Head of Research & Strategic Consulting

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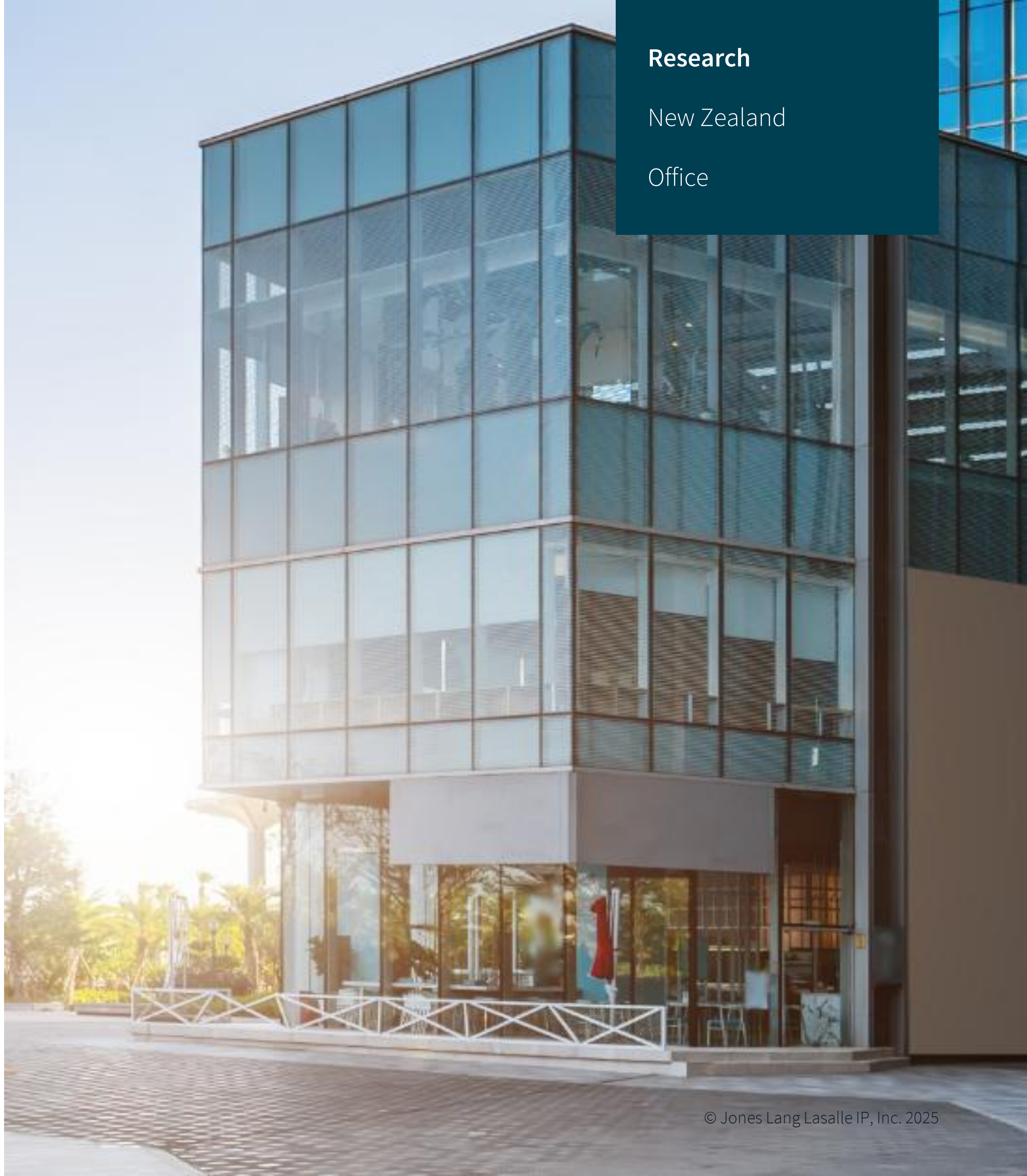
Office Market Dynamics



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Auckland

- The Auckland CBD office market is experiencing a clear divergence. While overall vacancy has decreased to 15.8%, premium-grade vacancy fell to an exceptionally low 2.1%, highlighting a strong tenant "flight to quality."
- Reflecting this demand, prime rents are increasing, with premium space now at NZD 725 per sqm p.a. and forecast to continue rising through 2026.
- Investor momentum is building, underscored by the conditional sale of the premium office PwC Tower. This transaction signals renewed confidence in top-tier office assets.

The Auckland CBD office market continues to tell a story of divergence that has sharpened this quarter. The overall CBD office vacancy rate has decreased to 15.8%. Secondary-grade vacancy is now at 21.7%. The prime vacancy rate (Premium and A-grade) edged up by 30bps to 11.1% primarily due to the introduction of new uncommitted supply, but premium-grade vacancy fell by 60bps to just 2.1%.Prime office space, comprising Premium and A-grade buildings, now accounts for approximately 52% of the CBD's total office stock. This represents a significant rise from roughly one-third of the market a decade ago, highlighting the substantial uplift in the overall quality of the CBD office inventory.

CBD prime average net rents edged up by NZD 5 per sqm p.a. this quarter to reach NZD 620 per sqm p.a. Concurrently, Premium rents increased by NZD 7 per sqm p.a. to NZD 725 per sqm p.a., while A-grade space saw a modest NZD 2 per sqm p.a. increase to NZD 515 per sqm p.a. With growing tenant demand, Premium average rents are forecast to rise by NZD 8 per sqm p.a. in 2026, and A-grade average rents are anticipated to increase by NZD 5 per sqm p.a. over the same timeframe. Investor momentum in the Auckland CBD office market is building, highlighted by the conditional sale of Precinct Properties' PwC Tower to a new JV including investment firm PAG and Precinct Properties. Subject to OIO approval, the deal values the asset at approximately NZD 600 million with an equivalent yield of 5.7%-5.8%, underscoring renewed confidence in premium office assets.

Outlook

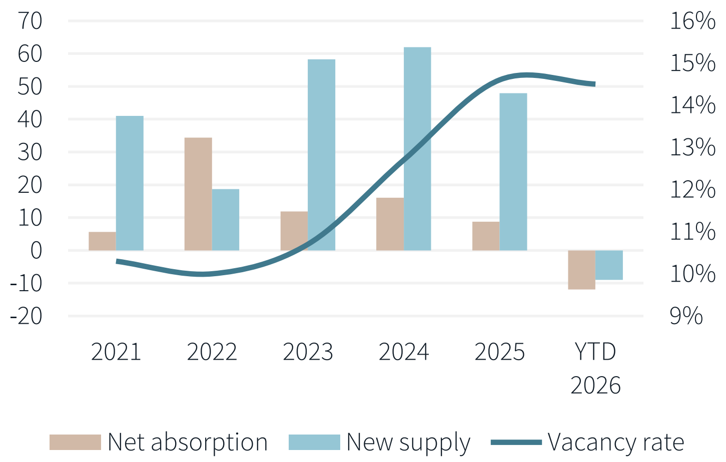
Despite a soft economy, the Auckland CBD office market is showing renewed momentum from strategic investors and occupiers. Demand is driven by a "flight to quality," as tenants prioritise premium, sustainable, and wellness-focused environments that meet modern workplace expectations.

Fundamentals	
YTD net absorption	−11,893 sq.m.
YTD completions	−8,955 sq.m.
Vacancy rate	14.5%
CBD prime average net face rent	NZD 620 p.sq.m. p.a.
Rent growth Y-o-Y	1.1%
Stage in rental cycle	Rents rising

Note: Data is on an NLA basis.

Historical supply and demand trends

sq.m. (thousands)



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Office | Q2 2026

Wellington

- Wellington's office vacancy has increased as tenants from both the government and private sectors look to rationalise space, giving occupiers greater choice and stronger negotiating power in the current market.
- A clear gap in performance has emerged, with rents for top-tier buildings holding firm while rents for older, secondary properties decline. Investors, meanwhile, have become more cautious and selective.
- The market is in a phase of adaptation, with both occupiers and landlords actively reassessing their strategies in response to changing work patterns, priorities, and costs.

Fundamentals	
YTD net absorption	9,460 sq.m.
YTD completions	12,154 sq.m.
Vacancy rate	15.9%
CBD prime average gross face rent	NZD 756 p.sq.m. p.a.
Rent growth Y-o-Y	0.6%
Stage in rental cycle	Rents stable

Note: Data is on an NLA basis.

Office vacancy in Wellington increased to 18.4% in 1H26, up from 17.1% a year earlier, largely reflecting continued space rationalisation across both government and private sector occupiers. While this has placed upward pressure on vacancy levels, it has also created favourable conditions for tenants seeking higher-quality accommodation or improved leasing terms. Precinct Properties has recently delivered a new 11-level office development at 55-61 Molesworth Street within Wellington's parliamentary precinct. The building will be primarily occupied by the Ministry of Foreign Affairs and Trade (MFAT), alongside MetService and Beca.

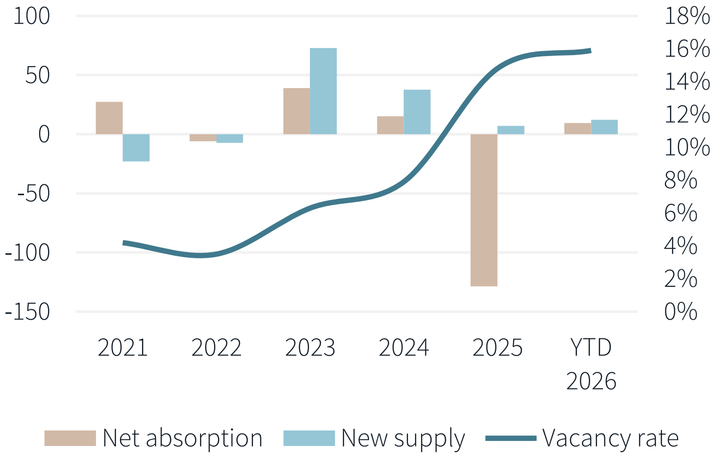
Prime average gross rents stayed flat this quarter at NZD 756 per sqm p.a., while secondary average gross rents declined by 2.2% to NZD 440 per sqm p.a. Prime gross rents are projected to rise to NZD 759 per sqm p.a. by year-end, an increase of around 0.4%, mainly due to higher operating expenses. Prime average net yields softened to 6.45%, while secondary average net yields softened to 8.75%, up 10bps and 6bps respectively on the previous quarter. This reflects continued cautious investor sentiment, subdued transaction volumes, and stable income expectations across both prime and secondary assets. A notable transaction this quarter was the sale of a 7,000sqm mixed-use property at 143 Lambton Quay, which transacted for NZD 6.0 million.

Outlook:

Wellington's commercial property market continues to evolve in response to shifting occupier requirements, government sector changes, broader private sector adjustments, and rising operating costs. These conditions are prompting both tenants and investors to reassess their accommodation strategies, reflecting the sector's ongoing ability to adapt to changing priorities.

Historical supply and demand trends

sq.m. (thousands)



Christchurch

- The Christchurch office market tightened, with overall vacancy falling to 9.8%. However, this improvement is likely temporary, as a significant pipeline of over 40,000 sqm of new and refurbished space is expected to push vacancy back up, especially for secondary-grade assets.
- Rents remained stable this quarter, with prime CBD at NZD 420 per sqm p.a. and secondary at NZD 295 per sqm p.a. While modest rental growth is forecast, investment yields have softened, rising slightly across both prime and secondary properties.
- The outlook is one of gradual, cautious recovery. Although the market is in a better position than previously expected, the combination of a large future supply and economic uncertainty means tenants are expected to remain highly selective, leading to longer negotiation times.

Fundamentals	
YTD net absorption	5,475 sq.m.
YTD completions	3,900 sq.m.
Vacancy rate	9.8%
CBD prime average net face rent	NZD 420 p.sq.m. p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Rents stable

Note: Data is on an NLA basis.

The overall Christchurch office vacancy rate declined to 9.8% in 1H26, down from 10.2% in 2H25. CBD vacancy eased to 10.4% (down 40bps), while suburban vacancy fell to 8.3% (down 50bps), indicating modest tightening across the market. Over the next three years, Christchurch's CBD office market is expected to see approximately 40,692 sqm of newly developed or refurbished office space delivered, in addition to the existing 51,382sqm of vacant stock currently available. The addition of this supply is anticipated to place upward pressure on vacancy levels, particularly across secondary-grade office assets.

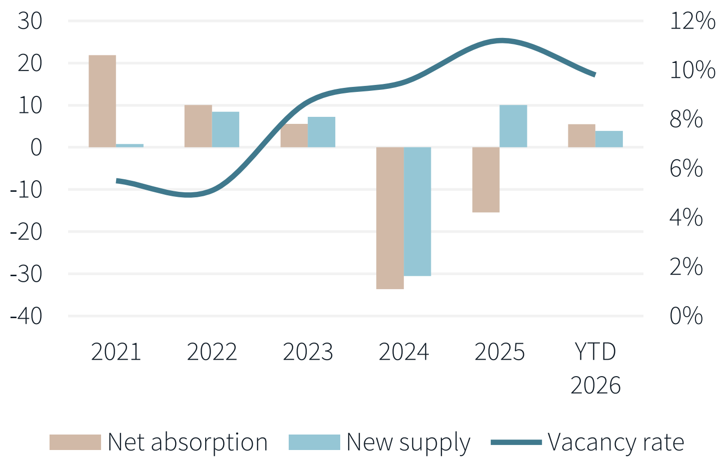
Prime CBD and Secondary CBD average net rents remained stable this quarter at NZD 420 per sqm p.a. and NZD 295 per sqm p.a., respectively. Prime CBD average net rents are projected to rise by NZD 10 per sqm p.a. by the end of 2026, when it is expected to reach NZD 430 per sqm p.a. Secondary CBD rents are anticipated to strengthen modestly in the coming years, with average net rents rising from NZD 295 to NZD 300 per sqm p.a. by 2027, primarily due to landlords seeking to offset higher operating costs. Prime and Secondary CBD average net yields softened this quarter, rising by 5bps to 6.45% for Prime CBD and by 6bps to 7.19% for Secondary CBD.

Outlook:

Although the upcoming development pipeline is expected to contribute to higher vacancy levels over the short to medium term, the recent improvement in occupancy has positioned the market more favourably than earlier forecasts suggested. Leasing momentum is anticipated to strengthen gradually; however, occupiers are expected to maintain a cautious and selective approach, potential resulting in extended negotiation and transaction timeframes.

Historical supply and demand trends

sq.m. (thousands)



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Industrial Market Dynamics

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Industrial

Auckland

- Despite a slight softening in occupier demand that saw Auckland's vacancy rate rise to 4.0% in the first half of 2026, the market added over 42,000 sqm of net industrial space, including a high-quality, 6 Star Green Star targeted facility for tenant Viatris in Mt Richmond.
- Modest rental growth continued, with prime warehouse rents increasing by 1.5% in Q2 2026 as yields remained stable.
- The industrial sector's outlook remains resilient and highly sought-after by investors, supported by a diverse occupier base spanning manufacturing, construction, and data centres, in addition to traditional logistics.

Fundamentals	
YTD net absorption	23,314 sq.m.
YTD completions	41,635 sq.m.
Vacancy rate	4.0%
Prime average net rent	NZD 225 p.sq.m. p.a.
Rent growth Y-o-Y	3.6%
Stage in rental cycle	Rents stable

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

Occupier demand in Auckland's industrial market in 1H26 softened slightly, with the regional vacancy rate increasing by 30bps from 3.7% to 4.0%. During the first half of 2026, approximately 42,415sqm of net industrial space was completed across Auckland, taking the region's total industrial inventory to nearly 13.7 million sqm. Key completions included 8–14 Mt Richmond Drive and 2 Doraval Place within Argosy's Mt Richmond Industrial Park, where Viatris has already been confirmed as a tenant for the 5,882sqm facility, which is targeting a 6 Star Green Star rating.

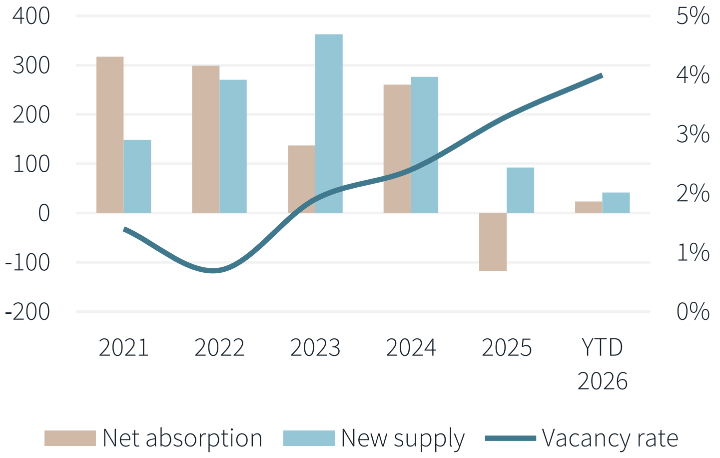
Prime average net warehouse rents rose from NZD 200 to NZD 203 per sqm p.a. in 2Q26, a 1.5% increase. Secondary average net warehouse rents increased by 1.2%, moving from NZD 165 to NZD 167 per sqm p.a. Meanwhile, prime average net combined rents climbed from NZD 222 to NZD 225 per sqm p.a., up 1.4%. Average net prime yields are stable at 5.25%, and secondary yields continue at 6.00%, with both expected to persist at these levels until year-end. Recent notable industrial transactions include the sale of 37 Felix Street in Onehunga for NZD 53.5 million and 10 Te Ahurea Street in Hobsonville for NZD 51.2 million.

Outlook:

Auckland's industrial sector continues to demonstrate resilience and remains one of the more sought-after asset classes within the commercial property market, despite ongoing economic and financial pressures. Although logistics and e-commerce demand remain a key driver, the sector's strength is also underpinned by a diverse occupier base spanning manufacturing, construction-related businesses, data centres, and storage operators.

Historical supply and demand trends

sq.m. (thousands)



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Industrial | Q2 2026

Wellington

- The Wellington industrial market is tightening slightly, with overall vacancy easing to 4.1%, supported by limited development activity.
- Rental rates for both prime and secondary properties were stable this quarter. Only modest rental growth is forecast for prime buildings by the end of the year, while rents for secondary stock are expected to remain flat.
- The outlook is one of measured demand due to softer economic conditions. Despite relatively low vacancy, tenants are in a better position, benefiting from more flexibility and choice when negotiating leases or considering a move.

Fundamentals	
YTD net absorption	3,799 sq.m.
YTD completions	2,976 sq.m.
Vacancy rate	4.1%
Prime average gross rent	NZD 192 p.sq.m. p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Rents stable

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

Industrial property demand in Wellington showed early signs of tightening in the first half of 2026, with overall vacancy edging down from 4.2% to 4.1%, a 10bps decline. Industrial vacancy across Wellington's key precincts was mixed, with Petone recording a vacancy rate of 4.7% (an increase of 50bps from 2H25), Seaview holding steady at 2.1%, Ngauranga tightening to 9.7% (down 80bps), Grenada North easing to 7.2% (down 20bps), and Porirua decreasing to 4.2% (down 50bps relative to 2H25). Development activity across Wellington's industrial sector remains subdued, with less than 25,000sqm of new industrial space currently under construction. The relatively limited pipeline highlights the continued constraints affecting the delivery of new supply to the market.

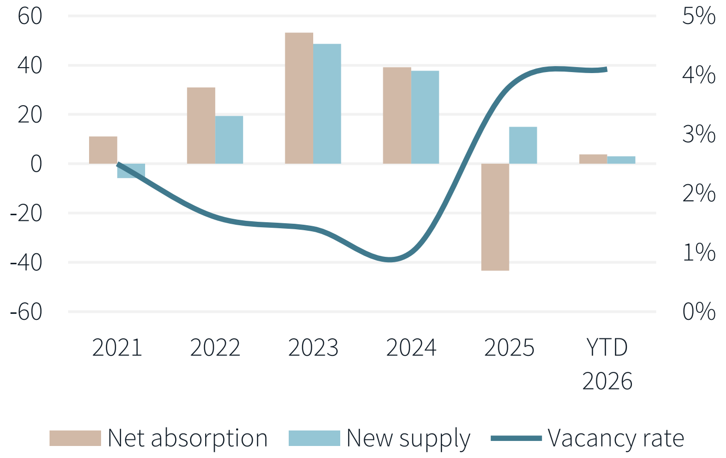
Prime and secondary average gross rents remained steady this quarter at NZD 192 per sqm p.a. and NZD 139 per sqm p.a., respectively. Prime warehouse rents continued to range from NZD 152 to NZD 216 per sqm p.a., while secondary warehouse rents also stayed within the NZD 110 to NZD 168 per sqm p.a. range. Looking forward, rental growth is expected to be modest. Prime average gross combined rents are projected to rise by about 2.1% by 4Q26, which equates to an annual increase of roughly NZD 4 per sqm p.a., while secondary rents are anticipated to stay flat through 2026.

Outlook:

Occupier demand across Wellington's industrial market remains measured, reflecting softer economic conditions and the sector's predominantly localised nature relative to larger industrial centres. While vacancy levels are still comparatively low, tenants are benefiting from greater flexibility when negotiating lease terms, relocating operations, or assessing alternative accommodation options.

Historical supply and demand trends

sq.m. (thousands)



Christchurch

- Christchurch's industrial market is strengthening, with vacancy rates declining as recently completed buildings are absorbed, even as a significant volume of new construction remains underway.
- The market has been in a prolonged period of stability, with both rental rates and investment yields holding steady, and little change expected in the near term.
- The outlook points to a gradual improvement in tenant activity, though occupiers are likely to remain cautious with expansion plans. This may result in longer negotiation periods.

Fundamentals

Fundamentals	
YTD net absorption	61,804 sq.m.
YTD completions	52,867 sq.m.
Vacancy rate	5.4%
Prime average net rent	NZD 169 p.sq.m. p.a.
Rent growth Y-o-Y	0.0%
Stage in rental cycle	Rents stable

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

The overall vacancy rate for Christchurch reached 5.4% in 1H26, reflecting a 50bps decrease from 2H25. This tightening indicates that the market is starting to absorb the recent influx of warehouse completions across major industrial hubs. Movement in vacancy rates across Christchurch's key precincts was varied in 1H26, with the West recording 6.1% (down 70bps from 2H25), the East reaching 6.0% (down 70bps), the South rising to 5.1% (up 20bps), and Rolleston increasing to 4.3% (up 20bps). Christchurch's industrial market continues to experience ongoing growth, with approximately 26,472sqm of new warehouse accommodation delivered across Hornby and Islington during the past six months. In addition, around 88,129sqm of industrial space remains under construction, including major developments such as 14 Gallagher Drive in Hornby and a neighbouring 6,000sqm yard facility.

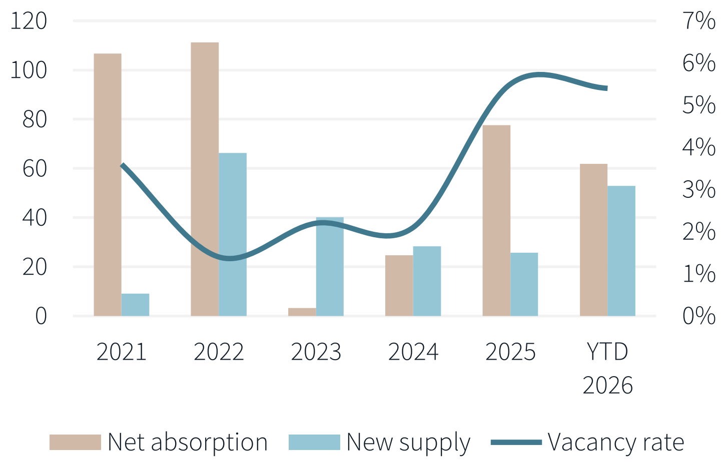
The market is experiencing a prolonged phase of rental stability, with rents remaining unchanged across all grades. The last notable change was in the fourth quarter of 2024, when prime average net combined rents increased by 3.7% to NZD 169 per sqm p.a., and secondary rents climbed by 5.1% to NZD 124 per sqm p.a. Prime average net yields remained unchanged this quarter at 6.13%, while secondary average net yields held at 7.25%; both are expected to stay stable through the end of 2026.

Outlook:

Occupier activity is anticipated to track at moderate levels in the short term before strengthening progressively alongside improving economic sentiment and business conditions. Despite this, many tenants are still expected to adopt a measured approach to expansion decisions, potentially resulting in extended negotiation periods and floor space rationalisation in some sectors.

Historical supply and demand trends

sq.m. (thousands)



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Auckland

- Retail vacancy tightened slightly across Auckland, while supply remained relatively stable. Premium international brands continue to target high-profile flagship locations in core precincts.
- Prime CBD rents were steady during the quarter, with modest rental growth expected ahead. Incentives are likely to remain elevated as some areas continue to face leasing pressure.
- A continued "flight to quality" is expected to support stronger retail precincts with high foot traffic and connectivity, although weak consumer confidence is likely to keep broader retail conditions challenging through 2026.

Fundamentals	
YTD net absorption	3,977 sq.m.
YTD completions	-1,443 sq.m.
Vacancy rate	13.4%
CBD prime average net rent	NZD 2,475 p.sq.m. p.a.
Rent growth Y-o-Y	-3.9%
Stage in rental cycle	Rents Falling

Note: Data is on an NLA basis.

Over the past six months, vacancy has tightened slightly across Auckland's retail markets. CBD retail vacancy declined to 12.9%, representing a reduction of 20bps, while suburban retail vacancy also eased, falling to 13.5%, a decline of 80bps. Luxury jewellery brand Cartier is scheduled to open its first New Zealand flagship store later this year at the prominent corner of Queen and Fort Streets. The boutique is housed within the restored Imperial Hotel, a Category 2 heritage building redeveloped into an upscale two-storey store. Overall retail supply remains relatively stable, with new additions primarily being delivered through ground-floor retail tenancies incorporated within mixed-use office, hotel, and residential developments.

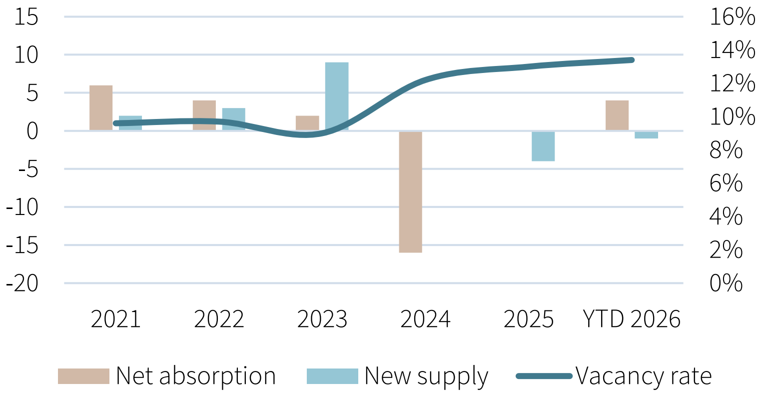
CBD prime average net rents held steady in 2Q26 at NZD 2,475 per sqm p.a., unchanged from the prior quarter. This figure sits midway between the upper end of NZD 3,775 per sqm p.a. and the lower end of NZD 1,175 per sqm p.a. An increase in CBD prime average net rents is anticipated by year-end. Incentives for prime CBD have been unchanged at 7.8% since early 2023, while prime suburban incentives have consistently been 9.0%. Vacancies, notably away from waterfront areas, are expected to push prime CBD incentives to 8.0% in 2026. Average prime CBD and suburban retail yields softened by 25bps over the quarter, moving from 6.88% to 7.13%, and are expected to remain stable throughout 2026.

Outlook

A distinct "flight to quality" is expected to continue, where well-capitalised brands take advantage of softer market conditions to secure prime, flagship locations. As a result, precincts with superior connectivity and high foot traffic are anticipated to lead a recovery in occupancy rates. However, the near-term outlook for the broader sector remains challenging. Weak consumer confidence, driven by persistent high living costs, is dampening discretionary spending. This is expected to create a cautious retail environment throughout the remainder of 2026.

Historical supply and demand trends

sq.m. (thousands)



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Wellington

- Wellington's retail market remains mixed, with improving conditions in parts of the CBD offset by weaker suburban performance. Leasing activity has strengthened in key CBD precincts with higher pedestrian activity and improving tenant demand.
- Prime CBD rents remained stable, while leasing conditions continue to vary by precinct and asset quality. Some secondary retail locations are still experiencing longer vacancy periods and slower leasing activity.
- The outlook for 2026 is cautiously improving, supported by stronger enquiry from food, beverage, and service-based operators, although some CBD precincts are expected to continue facing slower leasing conditions.

Fundamentals	
YTD net absorption	-1,146 sq.m.
YTD completions	0 sq.m.
Vacancy rate	10.7%
CBD prime average gross rent	NZD 1,425 p.sq.m. p.a.
Rent growth Y-o-Y	0%
Stage in rental cycle	Decline Slowing

Note: Data is on an NLA basis.

In 1H26, the overall Wellington retail vacancy rate increased to 10.7%, up from 9.6% in 2H25. This overall movement reflects a bifurcated market, with CBD vacancy tightening to 9.2% (down 60bps), while suburban vacancy experienced a significant increase to 15.2% (up 600bps). Leasing conditions across Wellington's CBD retail precincts remain mixed depending on location and asset quality. Increased pedestrian activity and improving retailer demand have supported leasing enquiry along Lambton Quay, although rental growth remains limited amid wider market conditions. Manners Street and Cuba Street are also showing improving market momentum, while Willis Street — particularly secondary retail space — continues to experience extended vacancy periods and slower leasing activity.

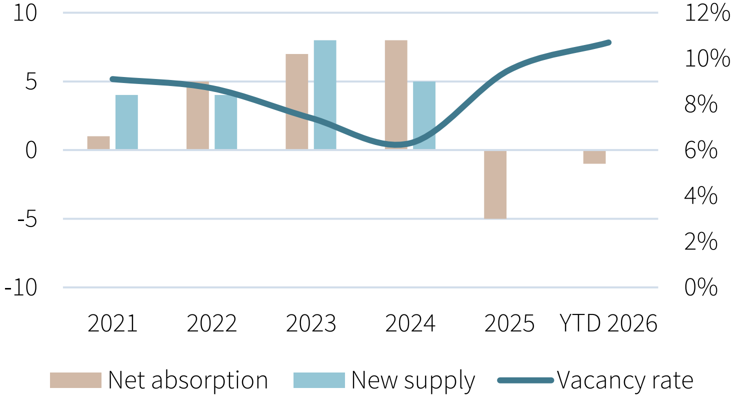
CBD prime average gross rents have remained unchanged for eight straight quarters, after experiencing a 3.6% rise in the first quarter of 2024. This earlier growth was mainly fuelled by higher rents at the premium end of the market, especially along Willis Street, where rates increased from NZD 1,350 to NZD 1,500 per square meter per year at the start of the year. Looking ahead, average gross rents across precincts are anticipated to remain stable throughout 2026, with prime CBD average gross rents expected to stay at NZD 1,800 per sqm p.a., prime CBD Willis Street at NZD 1,050 per sqm p.a., and prime Southern CBD at NZD 750 per sqm p.a. Prime CBD average net yields softened by 13bps this quarter, moving from 7.80% to 7.93%, while secondary CBD and prime suburban average net yields remained steady at 10.19% and 9.56%, respectively. 11A–C Courtenay Place in Te Aro, part of a portfolio of three retail properties, transacted this quarter for NZD 6.3 million, comprising a combined retail floor area of 482sqm.

Outlook

Wellington's retail market is starting to display tentative signs of improvement, with prime gross rents holding firm at NZD 1,425 per sqm p.a. Leasing conditions across the CBD remain varied by precinct, with stronger enquiry and tenant demand emerging along Lambton Quay due to increased pedestrian activity, particularly from food, beverage, and service-based operators. Meanwhile, leasing campaigns in locations such as Willis Street and parts of the Golden Mile continue to require longer lead times, while Cuba Street's distinctive boutique and lifestyle offering allows it to perform differently from the broader market.

Historical supply and demand trends

sq.m. (thousands)



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Christchurch

- Christchurch retail vacancy tightened across both CBD and suburban markets, supported by improving occupier demand and leasing activity. Cashel Street continues to perform strongly as a key retail precinct.
- Prime CBD rents remained stable following earlier growth, with Christchurch continuing to outperform other major CBD retail markets nationally. Development activity and recent transactions reflect ongoing market confidence.
- The outlook remains positive, with stronger retail and hospitality demand expected to support gradual rental growth in well-located, high-quality retail space.

Fundamentals	
YTD net absorption	9,253 sq.m.
YTD completions	8,176 sq.m.
Vacancy rate	6.1%
CBD prime average net rent	NZD 925 p.sq.m. p.a.
Rent growth Y-o-Y	0%
Stage in rental cycle	Growth Slowing

Note: Data is on an NLA basis.

The total Christchurch retail vacancy rate declined to 6.1% in 1H26, down from 6.7% in 2H25, signalling a slight tightening in market conditions. CBD vacancy fell to 5.2% (down 50bps), while suburban vacancy also tightened, declining by 130bps to 2.0%. Retail vacancy across the CBD tightened over the quarter, reflecting improving occupier demand and leasing conditions. Cashel Street continued to perform strongly as a prime retail destination, building on leasing momentum established last year when several new tenants, including both local and international brands, committed to frontage space. This included ASICS opening its Christchurch flagship store at 88 Cashel Street during the second half of 2025. A NZD 130 million mixed-use development planned for 192 Cashel Street will deliver approximately 650sqm of boutique retail accommodation across a 4,800sqm site positioned between Cashel, Manchester, and Lichfield Streets. The project is set to comprise 18 individually designed buildings, contributing further retail and hospitality activation to the CBD.

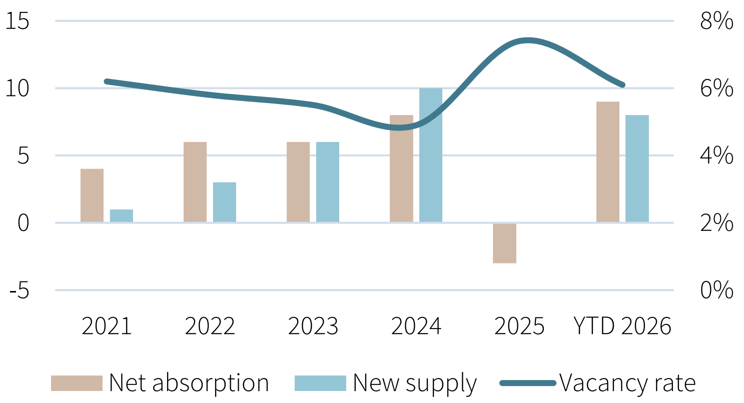
Following a series of consecutive quarterly increases beginning in 2Q23, CBD prime average net rents have held steady at NZD 925 per sqm p.a. this quarter, a rate sustained since 3Q24. Current rents span from about NZD 1,200 per sqm p.a. at the high end to NZD 650 per sqm p.a. at the low end. Overall, the CBD retail sector has experienced a robust recovery since 2022, outperforming major CBD retail markets nationally, where rental rates have mostly either declined or stabilised. Two notable transactions that occurred within the Christchurch retail sector during the quarter include the sale of the popular Dress-Smart Hornby outlet centre, which is home to several well-known international brands such as PUMA, Calvin Klein, and Tommy Hilfiger, with details of the transaction remaining confidential at this stage. In addition, Antonio Hall at 265 Riccarton Road in Riccarton transacted for NZD 20.0 million during the quarter.

Outlook

Occupier demand for retail and hospitality premises within the CBD remains relatively buoyant and is anticipated to improve progressively. The opening of Te Kaha stadium will provide a consistent hub for major events and entertainment activity that boosts visitations and potential customers in the area. Retail rental levels are forecast to remain relatively steady over the short term, with stronger growth expected to emerge gradually and primarily within high-quality, strategically positioned retail space as market conditions strengthen.

Historical supply and demand trends

sq.m. (thousands)



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