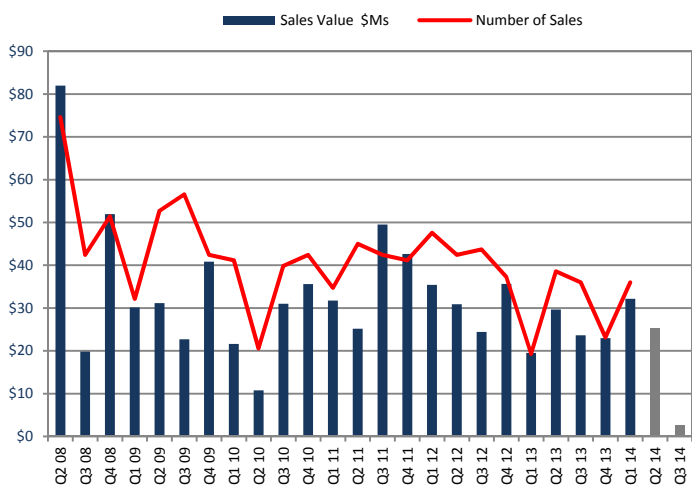
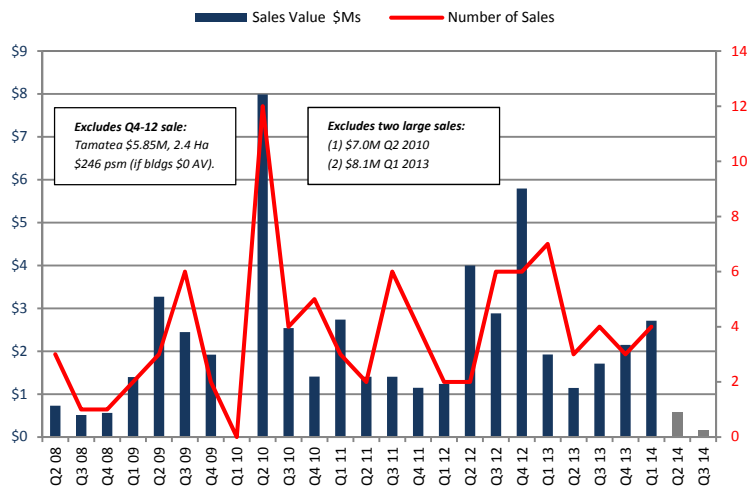


"Confidence is much improved on 2013 and NZ economic metrics are bolstering the outlook for most commercial-industrial property."

Built Commercial & Industrial Sales 6.25 Years



Freehold Commercial & Industrial Land Sales 6.25 Years



Two quarters are provisional due to transaction data lag which will be confirmed in the next report. Land-development site sales exclude ground leasehold tenure.

Investment Sales Sample [refer to TCL for more]

| Agent | Date↓ | Locality St | Price | Tenant | Yield |
|-----------------------|--------|---------------|-------------|-------------------|-------|
| J. Haggerty Bayleys | Feb-14 | Hastings St | \$597,500 | AMI + pt vacant | 8.8% |
| Colliers | Apr-14 | Nelson St | \$2,450,000 | Carls Jr. | 6.7% |
| Bayleys | Jun-14 | Napier CBD | \$725,000 | EC Credit Control | 9.7% |
| Colliers | Oct-14 | Havelock Nth | \$890,000 | The Mill | 7.4% |

Land Sales Sample

| Agent | Date↓ | Locality St | Cat. | Area (ha) | Price | \$/m ² |
|----------------------|--------|---------------|-------|-----------|-------------|-------------------|
| Colliers | Mar-14 | Omahu Rd | Indus | 1.3 | \$1,800,000 | \$140 |
| D. Moffitt Bayleys | Apr-14 | Karamu Rd | LFR | 0.2 | \$975,000 | \$510 |
| Unconfirmed | Jul-14 | Whakatu | Indus | 0.2 | \$150,000 | \$77 |

Rent | Leasing Sample

| Agent | Date↓ | Locality St | Category | Tenant | \$/m ² Gross* |
|-------------------------------|--------|---------------|---------------|--------------|--------------------------|
| Off-market | Mar-14 | Market St N | Retail | Refer to TCL | \$265 |
| Harcourts Commercial Team | Jun-14 | Warren St | Industrial | Refer to TCL | \$65 |
| L.Kennedy Property Brokers | Sep-14 | Dickens St | Retail-office | Refer to TCL | \$212 |
| P.Stephens Property Brokers | Oct-14 | King St N | Retail-office | Refer to TCL | \$90 |

* Parking or yard, fitout and corner added values excluded from building rent rate analysis. Gross (TOC) rent rate includes rates and insurance. All values exclude GST. Information sources public sales records, agency firms and Turley & Co Property Research¹⁹⁹⁸.

Observations Q3-14 | Report 6

- The charted commercial-industrial property sales peak Q2-08 at \$82M was 61% lower 5.75 years later at \$32M Q1-14 (transaction numbers peaked at 58 in Q2-08 and reduced 52% to 28 by Q1-14).
- Considerable new commercial-industrial development has occurred for Hawke's Bay 2010-14, particularly Napier's Hastings Street revitalisation. This is good for Napier-Hastings and the province.
- NZ Post/ Kiwibank have returned along with new tenants Vodafone, Beloved Kids and Business Results into Napier's redeveloped Central Post Office Building. Eight remaining spaces are offered to lease.
- Large Format Retail activity has spiked: Napier has seen Harvey Norman open at the Balmoral Centre and Noel Leeming expand its footprint into the adjoining Godfreys premises. In Hastings, Noel Leeming is expected to relocate to The Park, The Clearance Shed has leased up a large portion of the former The Warehouse, and PK Furniture is moving into premises adjoining Warehouse Stationery.
- Prime quality investment properties remain scarce and sought after. Yields for these are firm.

Full market report Q1-2 2014 www.turley.co.nz/news

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Development Snapshot



Hastings' CBD landscape appears set to change with the Albert Hotel site being marketed as container-retail alongside green space. This inspired use is proposed to be temporary until market conditions allow feasible full-scale redevelopment.



Foodstuffs has re-applied for resource consent for its upsized Tamatea Pak'nSave redevelopment that includes 3 proposed additional shops. If approved, construction is to commence in 2015.

2009-14 as non-agency principal property strategist TCL project led property disposals of plus \$27M and acquisitions plus \$84M for private (corporate) clients and Council and Crown clients – since 1998 acquisitions-disposals nationally \$455M.

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