

Macro Indicators[©] Report | Q3-4 2019 | Report 30

Hawke's Bay + New Zealand Highlights Q3-4 2019

Refer to separate same date reports: *Retail, Office and Industrial*.

- Very prime characteristics investment property cap rates remain remarkably and stubbornly low
- Modern construction prime tenant property investments are hotly contested
- Commercial-industrial land values are tracking upwards but not universally
- Developers can offer very competitive new-build rents with asset valuations maintained by firmer cap rates (higher values)
- Some new development rents are lower than leaseings in the mid 2000s
- Seismic performance (NBS rating) was a lead factor spurring considerable commercial property activity since 2012. Hawke's Bay economic expansion drivers are since leading.
- Hawke's Bay is experiencing some commercial-industrial premises rent growth, however generally commercial-industrial rents are steady (or reduced). New builds are the main exception given cost-led rents.
- Office rent growth is newly emerging for Hastings, with good calibre premises vacancy lowered in 2017-19 by substantial take-up though offset by some new building
- Coronavirus is now having major effects for the global economy. New Zealand Chinese imports, exports, tourism and retail are feeling the effects. Economists expect possibly a quick recovery once contained.

New Zealand Cap Rates Sample

Tenant	Location	Price	Date	Yield
Tile Warehouse	Auckland	\$4.33m	Jul-19	4.15%
Brother International Ltd	Tauranga	\$15.50m	Apr-19	4.54%
Bridgestone	Te Rapa	\$2.80m	Aug-19	4.76%
PlaceMakers	Tauranga	\$8.80m	Jun-19	4.77%
Carters	Auckland	\$11.60m	Oct-19	4.77%
Visy	Hamilton	\$71.02m	Jul-19	4.93%
Holden	Wellington	\$5.20m	Oct-19	4.99%
Fastway Couriers	Taupō	\$3.50m	Aug-19	5.34%
Best Start	Auckland	\$4.50m	Nov-19	5.36%
Asmuss	New Plymouth	\$3.13m	Oct-19	5.54%
Westpac	Masterton	\$1.86m	Jun-19	5.94%
ANZ	Matamata	\$1.65m	Jul-19	6.04%
Burger King	Blenheim	\$2.80m	Aug-19	6.31%
Spotlight	Nelson	\$8.60m	May-19	6.40%
Kathmandu & Decjuba	Palmerston Nth	\$4.10m	Jul-19	7.00%
Asmuss	Wellington	\$8.10m	Oct-19	7.02%
Mainland Minerals	Timaru	\$3.90m	Jul-19	7.18%
Harcourts Grenadier	Christchurch	\$1.90m	Jun-19	7.63%
Heinz Watties Distrib. Ctr	Hastings	\$29.10m	Jul-19	7.83%
Noel Leeming	Gore	\$1.10m	Jun-19	8.18%
Burger King	Napier	\$1.17m	Aug-19	8.32%



Asmuss, New Plymouth | 5.54% Oct 19 | Photo Colliers



Burger King, Napier | 8.32% Aug 19 | Photo Baylees

Contact Turley & Co for lease duration and other investment sales details. Refer to us for NZ cap rates data back to 1984.

Refer to Turley & Co *Retail, Office and Industrial* reports for category indicators.

Please contact Turley & Co for specific property advisory, and for Registered Valuer/ Registered Property Consultant valuation or property strategy assistance www.turley.co.nz

Hawke's Bay Commercial-Industrial Developments Tracking 2019

Refer overleaf ...

A Sample of 2019 Hawke’s Bay commercial-industrial developments follows:

Completed	Hastings Health Centre	Health	\$20m plus integrated primary health centre corner St Aubyn Street West and King Street Hastings.
Completed	Mitre 10 Sports Park	Recreational	\$25m development of community health and sports centre at the Mitre 10/ Hawke’s Bay Regional Sports Park.
Completed	Joll Road, Havelock North	Retail, office	Multi-level retail/ hospitality/ offices development. Stage 2 is proposed.
Advanced 2019	Opera House precinct, Hastings	Community	\$23-31m reconstruction works and strengthening upgrade underway for Opera House, Plaza and Municipal buildings.
Underway 2019	Munroe St, Napier	Large Format Retail	Construction of \$20m 6,000 sqm large format retail development which will house Briscoes and Rebel Sport.
Underway 2019	Ford Rd, Napier	Large Format Retail	Wallace Development large format retail development opposite Mitre 10 Mega Napier – proposed Kmart and retail/ hospitality units.
Underway 2019	Former HBT building, Hastings	Retail, office	Two levels of modern high-end office accommodation with retail and hospitality units fronting both Queen St East and Karamu Rd North.
Underway 2019	MSD office development	Office	MSD and OT office development corner Wellesley Rd and Tennyson St. Set to be completed mid-2021.
Underway 2019	Rockit Coolstore/ Packhouse	Industrial	~25,000 sqm coolstore/ packhouse for Rockit Apples at Irongate.
Underway 2019	Te Aute Rd, Havelock North	Retirement Village	\$100m development by Ryman Healthcare on a 6-hectare site on the outskirts of Havelock North.
Proposed	Private Hospital	Health	\$70m elective surgery hospital on Canning Road, Hastings. Works are said to begin March 2020.

Refer to us for fuller developments tracking 2015-2020.



Hastings Health Centre | Photo HHC



Mitre 10 Park Sports Hall, Hastings | Photo TCL



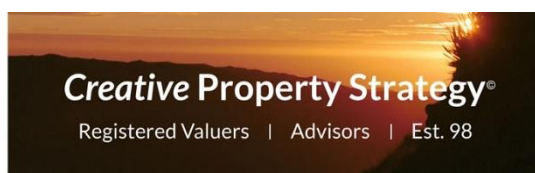
15 Joll Rd, Havelock North | Photo TCL

More Information

Turley & Co press – www.turley.co.nz/press/latest Recent reports – www.turley.co.nz/news-2/current

Contact Team Turley www.turley.co.nz/tcl-people/our-people for comprehensive commercial-industrial property information and metrics (rents, yields, land values transactions, etc). And developments tracking 2015-20.

Our People www.turley.co.nz/tcl-people/our-people



Tim Whittaker Te Mata Peak Millennium Sunrise

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