

Office Indicators[®] Report | Q1-2 2020 | Report 31

Office Property Indicators for Napier, Hastings and Havelock North

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

Offices Category	Rental Range Gross TOC (\$/m ²)	Forecast Rental Growth Next 24 Months (%)	Yield Range (%)	Forecast Yield Change Next 24 Months (%)
Prime	\$200 - \$325	-5 to 0%	6.0-8.0%	0 to 0.5%
Secondary	\$85 - \$200	-10 to -5%	8.0-11.0%	0.5 to 1.5%

Vacancy	Prime Office Secondary Office	5% - 7% estimate 20% plus est. incl tertiary Many occupied office premises are underutilised
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Hastings Health Centre | Photo HHC

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

Contact Turley & Co for lease and investment sales details and cap rates data since 1984. And for Registered Valuer/ Registered Property Consultant valuation or property strategy assistance www.turley.co.nz/tcl-people/our-people

Hawke's Bay Office Property Highlights Q1-2 2020

- Developers were generally offering very competitive new-build rents, with asset valuations maintained by firmer cap rates
- Some very high new premises rents applied (some with undisclosed inducements)
- Seismic performance remains a relative value consideration
- Napier witnessed office occupier's migration to Ahuriri – includes the Tech Collective and other tech hubs at Havelock North and Hastings established
- Investment yields/ cap rates for office properties were by early 2020 historically low (relative values high)
- Havelock North was increasingly a significant office location alternative to Hastings – successfully for The Exchange and Joll Road with further developments proposed (possibly currently paused)
- Hawke's Bays' economic boom was starting to pull the previously challenged existing buildings office rents upward
- Hastings office market conditions had improved to late 2019 given prior vacancy take-up (supply contraction), and CBD fringes vibrancy improvements, including the new Business HQ quarter (Queen Street) and former HBT building redevelopment underway
- The large office premises market was more challenged by early 2020 with prolonged vacancies
- HDC and its tenants exit from Heretaunga House for seismic reasons has temporarily removed supply and displaced occupiers
- COVID-19 challenges obviously substantially impact office property including a new working from home (WFH) phenomenon

Refer to our Macro report for Hawke's Bay office developments further reporting.



CPO Building, Napier | Photo TCL



Farming House, Hastings | Photo TCL



Village Exchange, Havelock North | Photo TCL

More Information

- Turley & Co news and reports www.turley.co.nz/news-2/current
- Economic indicators www.turley.co.nz/indicators
- Articles www.turley.co.nz/articles
- Press www.turley.co.nz/press/latest
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Contact Team Turley www.turley.co.nz/tcl-people/our-people for specific commercial-industrial property and development land information, and further metrics (rents, yields, land values transactions, etc), and Hawke’s Bay developments tracking 2015-20.

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



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