

## Macro Indicators<sup>®</sup> | Q3-4 2020 and Q1 2021 | Issue 32

### Hawke's Bay + New Zealand Highlights Q3-4 2020 and Q1 2021

Refer to coinciding separate reports: *Retail*, *Office* and *Industrial* indicators and metrics.

- Prime characteristics investment property cap rates were remarkably low by Mar 20 and lower now (relative values high)
- Prime features investment property continues to be massively over-subscribed
- Given the uptick in long-term interest rates, the cap rates cycle is possibly starting to turn
- COVID-19 effects on building materials supply and strained construction capacity will most likely cause further building price inflation with coinciding effects for property rents and values
- HB commercial-industrial land values were tracking upwards but not universally to Mar 20, and since COVID have spiked
- Competitive new-build rents continue to be assisted by asset valuations at firmer cap rates
- Seismic performance (NBS rating) spurred considerable commercial property activity and more recently Hawke's Bay economic expansion drivers were leading a developments flurry (almost all sectors booming)
- Industrial property is widely booming in NZ

Contact us for more information [www.turley.co.nz/tcl-people/our-people](http://www.turley.co.nz/tcl-people/our-people). Refer to information below and coinciding *Retail*, *Office* and *Industrial* reports [www.turley.co.nz/news-2/current](http://www.turley.co.nz/news-2/current). And economic indicators [www.turley.co.nz/indicators](http://www.turley.co.nz/indicators)

### New Zealand Cap Rates Sample

Commercial-industrial property investment market transactions for NZ 2020-21:

Tenant	Location	Price	Date	Yield
YHI NZ Ltd	Auckland	\$18.52m	Dec-20	3.14%
ANZ	Tauranga	\$2.50m	Oct-20	3.83%
SATO NZ	Auckland	\$12.94m	Nov-20	3.91%
Waste Management	Tauranga	\$10.63m	Oct-20	4.00%
Wheels on Wairau	Auckland	\$11.50m	Dec-20	4.07%
Cirtex	Tauranga	\$2.21m	Feb-21	4.10%
Z Energy	Auckland	\$6.87m	Apr-20	4.60%
MediRay	Auckland	\$5.61m	Sep-20	4.63%
Carters	Wellington	\$3.55m	Mar-20	4.75%
Ideal Electrical	Auckland	\$5.30m	May-20	5.03%
HJ Asmuss	Taupō	\$2.70m	Jul-20	5.04%
Childcare Centre	Auckland	\$3.39m	Feb-20	5.20%
Mitre 10	Tauranga	\$9.00m	Aug-20	5.27%
Akaroa Salmon	Christchurch	\$8.65m	Nov-20	5.40%
Dept of Corrections	Palmerston Nth	\$8.42m	Sep-20	5.50%
NZ Post	Napier	\$4.32m	Aug-20	5.80%
Farmlands	Putaruru	\$2.80m	Sep-20	5.89%
Farmlands	Waipukurau	\$1.38m	Dec-20	6.12%
Tomoana Food Hub	Hastings	\$41.0m	Feb-20	6.25%
Hopkins Farming Group	Palmerston Nth	\$3.04m	Oct-20	6.25%
Bunnings	Invercargill	confidential	Jul-20	6.25%
Childcare Centre	Tuakau	\$2.20m	Dec-19	6.50%
Activated Carbon NZ	Taupō	\$3.75m	Oct-20	6.53%
PBT	Palmerston Nth	\$5.95m	Jun-20	6.64%



Farmlands, Putaruru | 5.89% Feb 20 | Bayleys Photo



PBT, Palmerston North | 6.64% Jun 20 | Harcourts Photo

Refer to coinciding Turley & Co *Retail*, *Office* and *Industrial* reports [www.turley.co.nz/news-2/current](http://www.turley.co.nz/news-2/current).

Contact Turley & Co for lease and other investment sales details and cap rates data since 1984. And for Registered Valuer/Registered Property Consultant assistance [www.turley.co.nz/tcl-people/our-people](http://www.turley.co.nz/tcl-people/our-people)

## Hawke's Bay Commercial-Industrial Development and Construction Tracking

Sample of most recent Hawke's Bay commercial-industrial **confirmed** developments:

Stage	Value	Development	Category	Details
Advanced 2020-21	\$23-31m	Opera House precinct, Hastings	Community	Reconstruction works and strengthening upgrade underway for Opera House, Plaza and Municipal buildings. Renamed 'Toitoti' Hawke's Bay Arts & Events Centre; the Opera House, Cushing Foyer and Functions centre reopened in February 2020.  Stage 2 of the refurbishment (Municipal Building) is expected to be completed by 2022 that will include laneways, retail, offices, hospitality and outdoor dining venues facing Heretaunga St.
Advanced 2020-21	\$20.2m	Hawke's Bay Airport	Infrastructure	Hawke's Bay Airport terminal expansion underway, expected to be completed by early 2021.
Underway 2020-21	\$170 - \$190m	Napier Port wharf expansion	Infrastructure	Dredging for the Napier Port 6 Wharf project has begun, expected to be completed by the end of 2022.
Underway 2021		Waiaroha water facility	Infrastructure	HDC water treatment and storage facilities cnr Southampton & Hastings Streets named Waiaroha. Resource consent granted early 2021. Expected to be completed mid-2022, weather and ground permitting.
Underway 2020-21		Frimley water facility	Infrastructure	HDC water treatment and storage facilities at Frimley Park, which includes a reservoir 38m in diameter and 9m tall to roof level, with a 6m-high domed roof and a utility building with a 480sq m floor area.
Underway 2020-21	\$70m	Kaweka Health Private Hospital	Health	Private elective surgery hospital on Canning Road, Hastings. 15,700 sqm site. Development underway and set to open early 2022.
Underway 2020-21	\$10m	Private Hospital	Health	Royston Hospital Orthopaedic Day Surgery Unit, due to be completed mid-2021.
To begin early 2021	\$20.8m	Hawke's Bay Hospital Upgrade	Health	Upgrade to Hawke's Bay hospital including construction of a new operations theatre. Construction to start early 2021, due to be completed first half of 2023. To be refurbished in accordance with NZ Building Code Importance Level 4.
Underway 2020-21	\$100m	Te Aute Rd, Havelock North	Retirement Village	Development by Ryman Healthcare on a 6-hectare site on the outskirts of Havelock North. Recently named James Wattie Retirement Village.
Underway 2020-21	\$76m	Ulyatt Rd, Napier	Retirement Village	5,795 sqm Willowbank retirement village and complex by Bupa Healthcare.
Underway 2020-21		Countdown, Hastings	Supermarket	New Countdown store underway for Hastings on the same site, old store to be demolished. Due for completion ~Sep 2021.
Underway 2020-21	\$8m	Hastings Hotel	Hotel	New 34-room, Quest apartment hotel development behind the Opera House, Municipal Building and Plaza by Wallace Development set to open in early 2022.
Complete		Ford Rd, Napier	Large Format Retail	Large format retail development opposite Mitre 10 Mega Napier – Kmart, Torpedo 7 and retail/ hospitality units.
Underway 2020-21		Taradale Rd, Napier	Trade Retail	"The Crossing" trade retail development. 1.9-hectare site will comprise three buildings with up to 16 units, mainly trade retail with potentially café/bistro and a gym.
Underway 2021		35 Kenny Rd, Te Awa, Napier	Retail	Multi-unit commercial development proposed for Te Awa including café, supermarket, medical centre, childcare facility and retail units.
Complete		70 Tennyson Street	Retail, office, residential	Redevelopment of multi-storey offices by Wallace Development. Ground floor retail, first and second floor offices and apartments on third and fourth floors.
Underway 2021		Portside Precinct Ahuriri	Retail, office, residential	Former NJ Price Engineering building demolished to make way for a new four storey mixed use development fronting West Quay and Customhouse Quay. The buildings will include restaurants, cafes, retail, an office and residential accommodation.
Underway 2021		Joll Road, Havelock North	Retail, office	Staged retail/ offices development. Multi-level buildings. Stage 1 completed 2019, Stage 2 underway.
Underway 2018-21		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 2020-21		MSD office development ~ 3,200m <sup>2</sup>	Office	MSD and OT office development corner Wellesley Rd and Tennyson St. Set to be completed mid-2021.
Underway 2020-21	\$70m	Ziwi	Industrial	State of the art 12,000 sqm pet food factory/ production kitchen proposed at Awatoto. Works expected to start August 2020.



Hastings Health Centre | HHC Photo



Mitre 10 Park Sports Hall, Hastings | TCL Photo



15 Joll Rd, Havelock North | TCL Photo

Sample of Hawke's Bay commercial-industrial **proposed** developments:

Stage	Value	Development	Category	Details
Proposed	\$1.35m	Mitre 10 Sports Park	Community	A new L-shaped 1,500sqm purpose-built community cricket and sports centre for Central Districts Cricket and Giants Boxing. Four 60m indoor cricket nets. Set to begin early 2021.
Proposed	\$45m	Napier Aquarium, Napier	Community	Proposed upgrade/ expansion for the National Aquarium – construction expected to commence 2020. Govt declined extra funding. Project uncertain.
Proposed		Proposed inner city vibrancy	Community	Hastings District Council purchased the former Briscoes site in Queen St West and plans to convert to a Council carpark, covered walkway and retail tenancies.
Proposed		Napier Library	Community	Site selection is underway for a new Napier community library after the current library building was found to be 15% of New Building Standards (NBS).
Proposed		Napier Civic Centre	Community & Commercial	Potential full demolition and redevelopment. Under consideration by NCC.
Proposed	\$32m	Olympic sized pool complex	Community	Government approval in principle for a \$32m Olympic sized pool proposed at the Mitre 10 Park Hastings.
Proposed	~\$15m	Cranford Hospice	Community	New hospice on Chesterhope Road to begin once \$10m funding is confirmed.
Proposed		Solar farm at Hawke's Bay Airport	Community	Hawke's Bay Airport has entered into a Joint Venture with Centralines to explore the potential for a commercial solar farm to the west of the airport's main runway.
Proposed	\$14.5m	Pettigrew Green Arena expansion	Community	Pettigrew Green Arena expansion with a new building proposed in the current parking lot with 8 new courts.
Proposed	\$11.5m	Regional artefact and taonga collection facility	Community	HDC has purchased the former Briscoes site in Queen St East to redevelop for a Community regional artefact and taonga collection facility.
Proposed	\$2.2m	Maraenui Community Centre (Te Pihinga)	Community	Council proposes to purchase long-vacant former state housing land in Bledisloe Road for a community centre space which would include meeting and recreation space, a splash pad and hi-tech digital technology.
Paused	\$41m	Napier aquatic centre	Community	New aquatic centre at Prebensen Drive to replace the Onekawa facility.
Paused	\$6.5m	Cancer Wellness Centre, Hastings	Community	Cancer wellness centre planned for Hastings by the Hawke's Bay Cancer Society. Project on hold.
Proposed		Inland Port	Infrastructure	Napier Port inland port on 12.1 ha industrial land at Whakatu. Government funding in principle \$20m.
Proposed		Countdown, Havelock North	Supermarket	Supermarket operator attempting to establish a Havelock North presence.
Proposed		Four-storey Hotel, Marine Parade	Hotel	Proposed four-storey hotel on Marine Parade Napier including 47 rooms and 4 top-level apartments.
Proposed		Napier CBD Hotel	Hotel	Redevelopment of the current Rebel Sport site and Kiwi Keith's Quality Backpackers into a proposed hotel with ~100 rooms.
Proposed		Hilton Hotel, Napier	Hotel	Proposed redevelopment of PwC building Napier into a luxury Hilton Hotel – 40 rooms and serviced apartments.
Proposed		Napier CBD Hotel	Hotel	Proposed boutique art deco hotel corner Emerson & Dalton Streets Napier – redevelopment of 'Hotel Central' building.
Proposed		Hastings Hotel	Hotel	Proposed new hotel development including bar and restaurant for the IMS building on the corner of Queen St West and Market St North.

Continued overleaf ...

Stage	Value	Development	Category	Details
Paused	\$20m	Munroe St, Napier	Large Format Retail	6,000 sqm large format retail development which will house Briscoes and Rebel Sport. Paused.
Proposed		Campbell Street, Havelock North	Retail/residential	Proposed mixed use residential and commercial development proposed for corner Campbell Street and Joll Road, Havelock North.
Proposed	\$18m	Food & Innovation Hub, Tomoana	Industrial	A Food & Innovation Hub Foodeast, is proposed at Tomoana with \$12m government PGF funding approved for the Hub. Construction planned to begin Jan 21.
Proposed		Turner Place Industrial Park	Industrial	Proposed Turner Place Industrial Hub -16 freehold industrial units
Proposed		Packhouse	Industrial	Cedenco plans to build 'state of the art' apple processing operations building at Tomoana Road.
Proposed		Melita Honey	Industrial	Proposed 4,750 sqm building for honey processing, packaging and storage facility at Links Rd.
Proposed		Te Mata Mushroom Farm expansion	Industrial	Expansion of the Havelock North Te Mata Mushroom Farm growing facilities and upgrade of the existing composting facility.
Proposed		Waipukurau Mushroom Farm	Industrial	Construction of composting and growing facilities at Waipukurau including construction of a dam.

Contact us for comprehensive Hawke's Bay developments tracking 2015-2021 [www.turley.co.nz/tcl-people/our-people](http://www.turley.co.nz/tcl-people/our-people)

## New Zealand & Hawke's Bay Economic Indicators

Turley & Co collated economic indicators for Hawke's Bay and New Zealand for metrics pre-COVID-19 and the latest. Refer to our website for prior and future updates [www.turley.co.nz/indicators](http://www.turley.co.nz/indicators).

## More Information

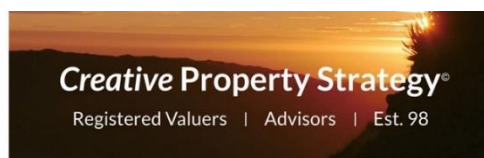
- Turley & Co news and reports [www.turley.co.nz/news-2/current](http://www.turley.co.nz/news-2/current)
- Economic indicators HB and NZ [www.turley.co.nz/indicators](http://www.turley.co.nz/indicators)
- Press [www.turley.co.nz/press/latest](http://www.turley.co.nz/press/latest)
- Articles [www.turley.co.nz/articles](http://www.turley.co.nz/articles)



Follow Turley & Co on LinkedIn [www.linkedin.com/company/tcl-turley-co-ltd](http://www.linkedin.com/company/tcl-turley-co-ltd)

Contact us [www.turley.co.nz/tcl-people/our-people](http://www.turley.co.nz/tcl-people/our-people) for specific commercial-industrial property and development land information, and other metrics (rents, yields, land values transactions, etc), property strategy and valuation advisory.

Our People [www.turley.co.nz/tcl-people/our-people](http://www.turley.co.nz/tcl-people/our-people)



Tim Whittaker Te Mata Peak Millennium Sunrise

Hawke's Bay-based premium quality valuation and *creative property strategy*® leading +\$0.5b acquisitions-disposals NZ-wide for 23-years. Valuation litigation and commercial property specialist. Development and public land specialist. Property economy analysts and commentators. Turley & Co press page [www.turley.co.nz/press/latest](http://www.turley.co.nz/press/latest)

The information in this publication is provided for general information purposes only, and is a summary based on selective information which may not be complete for your purpose. To the extent that any information or recommendations in this publication constitute financial or property advice, they do not take into account any person's particular financial or property situation or goals. Turley & Co recommends that you seek advice specific to your circumstances from your financial advisor and independent property advisor. The contents of this publication are not for reliance. Projections may not hold and may be incorrect. Neither Turley & Co nor any person involved in this publication accepts any liability for any loss or damage whatsoever that may directly or indirectly result from any advice, opinion, information, representation or omission, whether negligent or otherwise, contained in this publication. Contact Turley & Co for Registered Valuer and Registered Property Consultant property assistance and advisory.