

Macro Property Indicators[®] | Q1-2 2021 | Issue 33

NZ Trends and Hawke's Bay Developments

Hawke's Bay + New Zealand Highlights Q1-2 2021

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

- Prime features investment property continues to be over-subscribed.
- Prime investment property asset values probably peaked about February 2021. There is potential for valuation factors/ cap rates to soften.
- Construction costs increases in Hawke's Bay for 2017-21 have been very substantial and as much as double in 4-5 years for some building assets. Most inflation occurred in 2020-21.
- COVID-19 effects on building materials supply and strained construction capacity will most likely cause further building price inflation with corresponding effects for property rents and values.
- HB commercial-industrial land values were tracking upwards and since COVID have firmed further.
- Seismic performance (NBS rating) will continue to be an influence for commercial-industrial property.
- House prices have considerably escalated since the onset of the pandemic with annualised inflation rates unprecedented.
- Overall, the property market is arguably precariously perched. Interest rates and business confidence will continue to be leading influences.

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

New Zealand Cap Rates Sample

Commercial-industrial property investment market transactions 2020-21:

Tenant	Location	Price	Date	Yield
YHI NZ Ltd	Auckland	\$18.52m	Dec-20	3.14%
Glass Corp	Auckland	\$14.95m	Mar-21	3.88%
SATO NZ	Auckland	\$12.94m	Nov-20	3.91%
Wheels on Wairau	Auckland	\$11.50m	Dec-20	4.07%
Cirtex	Tauranga	\$2.21m	Feb-21	4.10%
PGG Wrightson	Kerikeri	\$3.45m	Dec-20	4.25%
Horticulture	Gisborne	\$1.81m	Mar-21	4.69%
Countdown	Mosgiel	\$20.16m	Mar-21	4.73%
KFC	New Plymouth	\$3.05m	Apr-21	4.75%
Public Trust	Hastings	\$1.55m	Aug-21	4.78%
The Milk Kitchen	Hastings	\$7.18m	Apr-21	4.90%
BP	Lower Hutt	\$2.50m	Mar-21	5.03%
Childcare Centre	Napier	\$3.40m	Apr-21	5.14%
Fleet Partners	Christchurch	\$3.62m	Mar-21	5.24%
Grace Hospital	Tauranga	\$95.00m	Nov-20	5.25%
Countdown	Taranaki	\$13.30m	Mar-21	5.30%
Akaroa Salmon	Christchurch	\$8.65m	Nov-20	5.40%
Living Waters Medical	Whanganui	\$2.57m	Jun-21	5.46%
TDL Tyres	Auckland	\$4.20m	Jan-21	5.48%
CDC Pharmaceuticals	Christchurch	\$11.50m	Dec-20	5.66%
Noel Leeming & Crackerjacks	Palmerston North	\$8.55m	Aug-21	5.68%
EQM Industrial	Hastings	\$1.53m	Dec-20	5.72%
Farmlands	Waipukurau	\$1.38m	Dec-20	6.12%
Blue Pacific Minerals	Tokoroa	\$12.75m	Mar-21	6.47%
Canterbury DHB & NZ BRI	Christchurch	\$5.60m	Nov-20	6.54%
Furniture Now	Hamilton	\$4.50m	Dec-20	6.60%



The Milk Kitchen, Hastings | 4.90% Apr 21
Colliers Photo



Blue Pacific Minerals, Tokoroa | 6.47% Mar 21
Bayleys Photo

Refer additionally to Turley & Co *Retail*, *Office* and *Industrial* property reports www.turley.co.nz/news-2/current.

Contact Turley & Co for property metrics 1984-2021 and for Registered Valuer/ Registered Property Consultant assistance www.turley.co.nz/tcl-people/our-people.

NZ + Hawke's Bay Economic Indicators

Turley & Co collated 33 key 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. Te Matau a Māui (Hawke's Bay) has been performing very strongly.

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 continue for Opera House, Plaza and Municipal buildings. Renamed 'Toitōi' Hawke's Bay Arts & Events Centre; the Opera House, Cushing Foyer and Functions centre reopened in February 2020. Strengthening upgrades are now complete. 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.
Underway 2021		Hawke's Bay Sports Park	Community	Various development at the HB Sports Park including Hawkes Bay regional aquatic centre, the extension to the EIT institute building and accommodation, 2,000 sqm sports centre for Central District Cricket and Giants Boxing and olympic sized 50m pool and a 25m pool.
Underway 2021	\$20m	Pettigrew Green Arena expansion	Community	Pettigrew Green Arena expansion with a new 5,900 sqm Hawke's Bay Community Indoor Court Facility being built in the current parking lot with 8 new courts. Set to be completed July 2022.
Advanced 2020-21	\$25m	Hawke's Bay Airport	Infrastructure	Hawke's Bay Airport terminal expansion is almost complete, with only cladding and landscaping works to complete.
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.
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 480 sqm floor area.
Underway 2020-21	+\$100m	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 early 2022.
Underway 2021	\$20.8m	Hawke's Bay Hospital Upgrade	Health	Upgrade to Hawke's Bay hospital including construction of a new operations theatre. Due to be completed first half of 2023. To be refurbished in accordance with NZ Building Code Importance Level 4.
Advanced 2020-21	\$100m	Te Aute Rd, Havelock North	Retirement Village	James Wattie Retirement Village development by Ryman Healthcare on a 6-hectare site on the outskirts of Havelock North.
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 3,860 sqm 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.
Underway		Hilton Hotel, Napier	Hotel	Redevelopment of PwC building Napier into a luxury Hilton Hotel – 40 rooms and serviced apartments. Due to open November 2021.

Stage	Value	Development	Category	Details
Underway		Napier CBD Hotel	Hotel	Refurbishment of the Kiwi Keith's Quality Backpackers into a new motel development to be known as Marine Parade Motel. Exterior maintained but refurbished throughout.
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.
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 Customs Quay. The buildings will include restaurants, cafes, retail, an office and residential accommodation. Completion expected in 2023.
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	Office	MSD and OT 3,200 sqm office development corner Wellesley Rd and Tennyson St. Set to be completed mid-2021.
Complete		Rockit Irongate	Industrial	~21,000 sqm coolstore/ packhouse for Rockit Apples at Irongate. Completed May 2021.
Underway 2020-21	\$70m	Ziwi	Industrial	State of the art 12,000 sqm pet food factory/ production kitchen underway at Awatoto.
Underway 2021		BBI	Industrial	~5,000 sqm, 45m clear span warehouse from engineered timber being built at Irongate for BBI.
Underway 2021		Waipukurau	Industrial	~2,600 sqm fit-for-purpose depot in Waipukurau underway for Centralines, expected to be completed late 2021.



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 **proposed** commercial-industrial community and infrastructure developments:

Stage	Value	Development	Category	Details
Proposed May 21		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	~\$15m	Cranford Hospice	Community	New hospice on Chesterhope Road proposed 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	\$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.

Stage	Value	Development	Category	Details
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	\$395m	Harapaki Wind Farm	Infrastructure	The wind farm by Meridian Energy set to get underway 2H21 – estimated 3 yrs to completion. The farm will cover 1,235 ha in the Maungahauru Range and will create 260 jobs.
Deferred		Inland Port	Infrastructure	Napier Port inland port on 12.1 ha industrial land at Whakatu. Now deferred.
Proposed	\$125m	Metlife retirement village, Havelock North	Retirement	Planning underway for a new retirement village in Arataki. Construction wouldn't begin until 2024, but it is expected to include about 120 independent living units – a mix of villas and apartments - and a premium care centre with about 40 beds.
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 (cnr Albion St) including 47 rooms, three top-level apartments and one commercial unit. Resource consent granted.
Proposed		Napier CBD Hotel	Hotel	Proposed boutique art deco hotel corner Emerson & Dalton Streets Napier – redevelopment of 'Hotel Central' building.
Paused	\$20m	Munroe St, Napier	Large Format Retail	6,000 sqm large format retail development which will house Briscoes and Rebel Sport. Paused.
Proposed		Kenny Rd, Te Awa, Napier	Retail	Multi-unit commercial development proposed for Te Awa including supermarket, café, medical centre, childcare facility and retail units.
Proposed		Campbell Street, Havelock North	Retail/ residential	Proposed mixed use residential and commercial development proposed for corner Campbell Street and Joll Road, Havelock North. Completion expected 2022.
Proposed		Prebensen Dr, Napier	Industrial	Development of Mana Ahuriri land at Prebensen Drive for multiple occupiers.
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 Sep 21.
Proposed	\$5m	DGL chemicals warehouse	Industrial	New \$5 million chemicals warehouse, distribution and manufacturing centre proposed at Irongate.
Proposed		Foodstuffs Distribution Centre + Other Indus	Industrial	Resource Consent has been granted for 5 lot subdivision of 1337 Omahu Rd, apparently housing a Foodstuffs Distribution Centre.
Proposed		Warehouse and office units	Industrial	4 Twyford Rd (corner Omahu Rd) proposed subdivision into 5 lots. Lot 4 proposed to contain 26 freehold warehouse and office units.
Proposed		Tumu Havelock North	Industrial	Tumu ITM 3,210 sqm development proposed at 4-6 Martin Place Havelock North.
Proposed		Ahuriri Aeropark	Industrial	Hawke's Bay Airport has 10 hectares of land to develop with design builds available for commercial and industrial tenants.
Proposed		Rockit Irongate expansion	Industrial	Further expansion earmarked for 2023 by Rockit of the ~21,000 sqm coolstore/ packhouse named Te Ipu at Irongate.
Proposed		Turner Place Industrial Park	Industrial	Proposed Turner Place Industrial Hub - 16 freehold industrial units.
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 Hawke's Bay comprehensive developments tracking 2015-2021 www.turley.co.nz/tcl-people/our-people

More Information

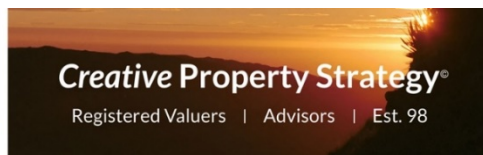
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