

# New Zealand's office property trends

Assessing opportunities in New Zealand's office real estate sector



**Research**

New Zealand  
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### Population and economic growth support office sector

New Zealand's growing population and more positive economic conditions projected are significant drivers for the office sector. The growth translates directly into demand, particularly benefiting sectors such as professional services, financial institutions, and technology companies, which require space to support office-related activity. Office-related sectors currently account for approximately 30% of New Zealand's GDP, positioning the sector as a critical component of the national economy.

### Sustainability considerations on the rise

Sustainability considerations are increasingly influencing tenant decisions and investor strategies in New Zealand's office market. This shift is creating a widening gap between prime sustainable assets and older, less efficient buildings, accelerating the obsolescence of non-compliant stock. Owners who invest in sustainability upgrades are seeing stronger tenant retention, higher occupancy rates, and enhanced asset values in an increasingly competitive market.



### Transaction volumes are stabilising, and values are increasing.

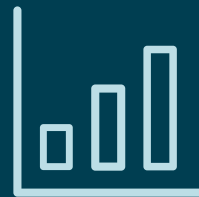
The office sector presents potential opportunities for investors looking to capitalise on the sector's projected growth prospects on better economic and business conditions ahead. With transaction volumes low and forecasts predicting cashflow uplifts, the potential for stabilized inflation to drive down cash rates further presents a compelling incentive for increased investment. Diversification opportunities abound, geographically, scale and by subsegment, each offering unique risk and return characteristics.

### Local capital remains dominant, but international interest is growing

While local investors and owner-occupiers continue to be a dominant force in the New Zealand office property market, there is a solid presence of international capital ownership and joint venture activity. This increasing investor diversity will likely lead to further investment and development activity across the country with a particular focus on Auckland.

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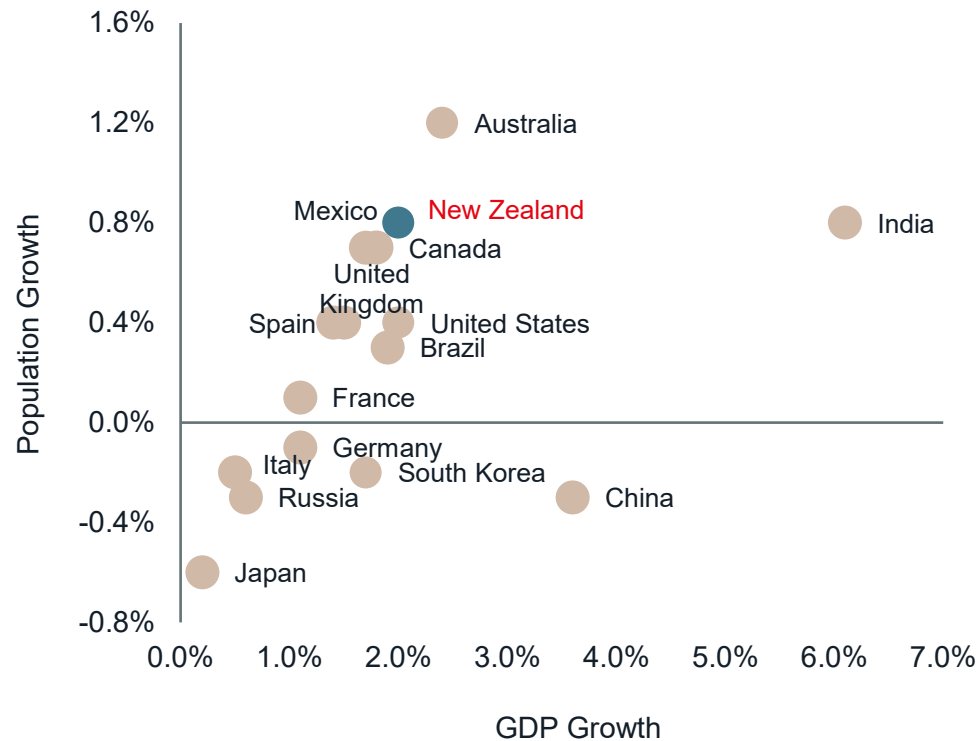
## Economic fundamentals



# Population remains a key driver for real estate

Globally, NZ population and GDP growth rates are buoyant, with new net migration growth cycle imminent

Population growth vs. GDP growth – 2024 to 2034



Annual net migration



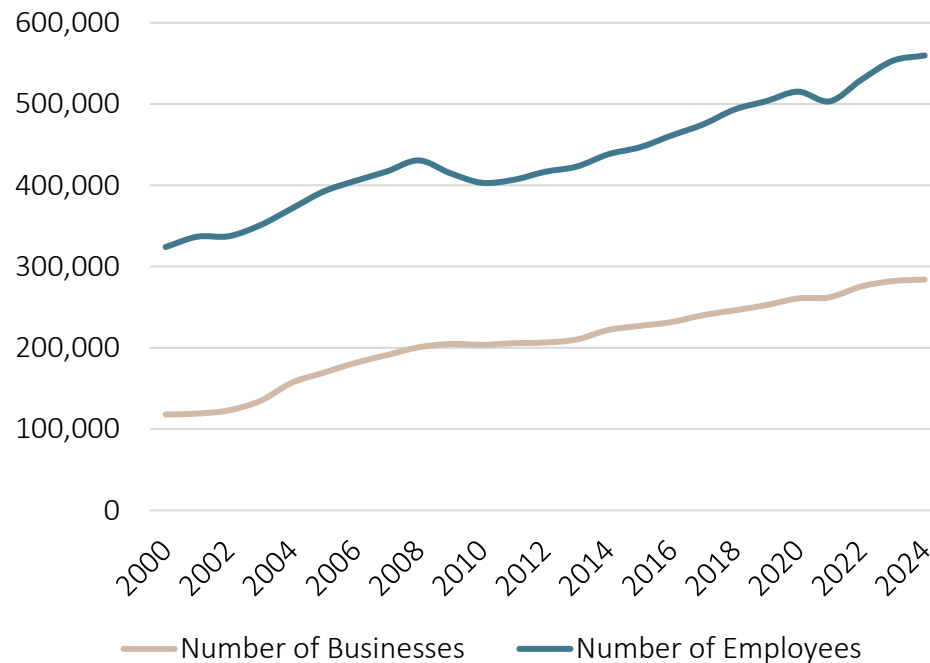
Source: JLL Research, Oxford Economics



# Office economic, business and employment trends

The office sector's solid contribution to the New Zealand economy looks set to continue

## Office sector business and employment growth continues

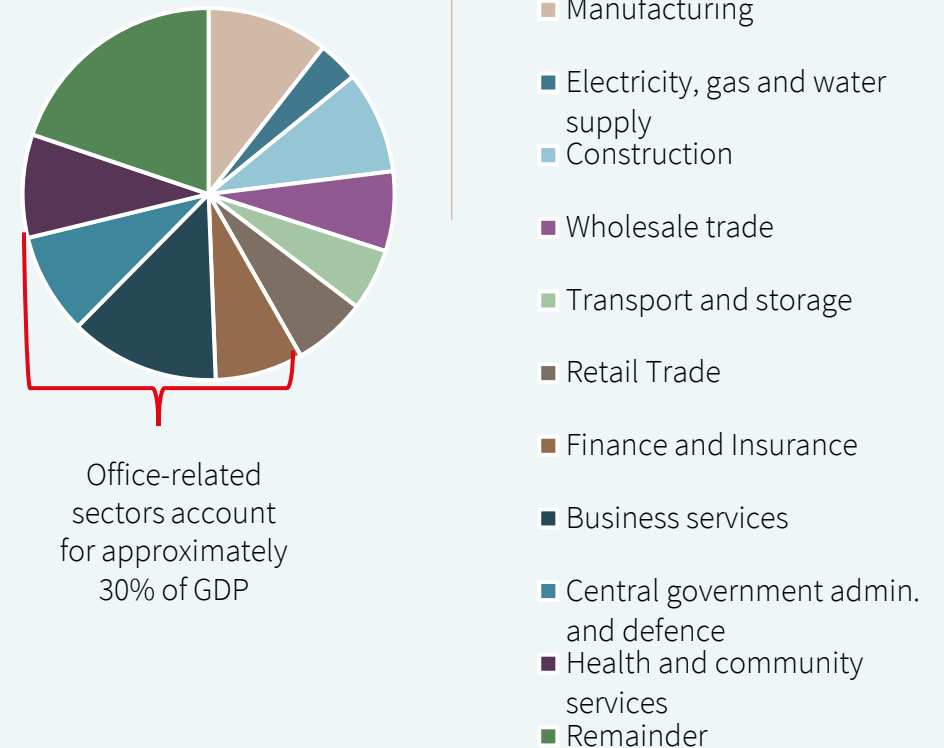


Data note: ANZSIC codes for office include Information Median & Telecommunications, Financial & Insurance, Professional, Scientific & Technical services, Rental, Hiring and Real Estate services, Administration & Support services, and Public Administration. Geographic unit counts are used for number of businesses

Source: JLL Research, StatsNZ, NZIER estimates

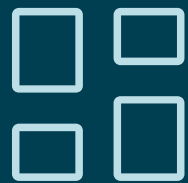
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## Share of GDP by industry



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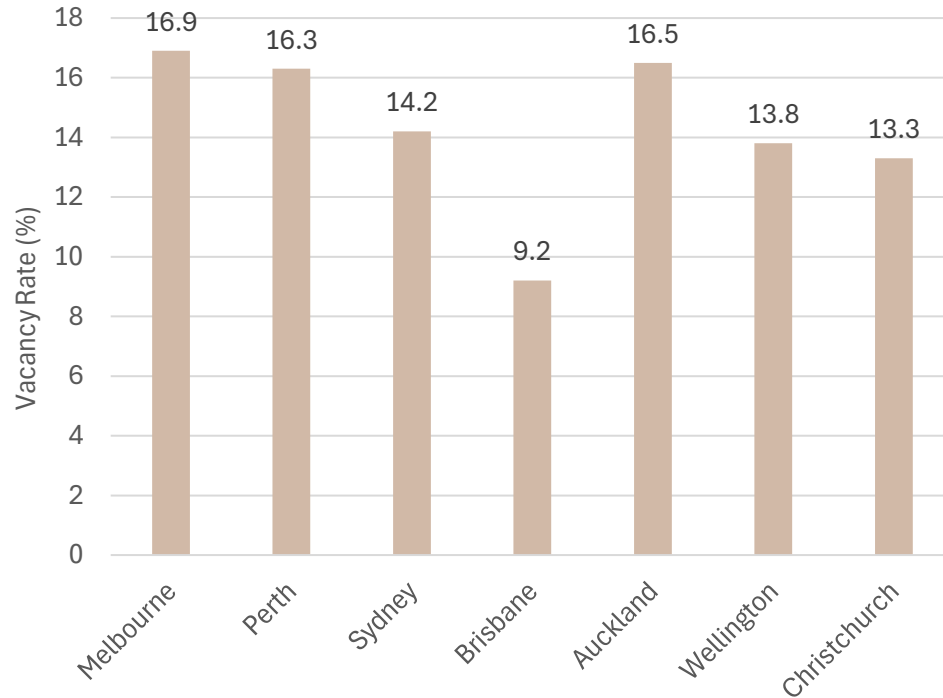
## Supply and demand trends



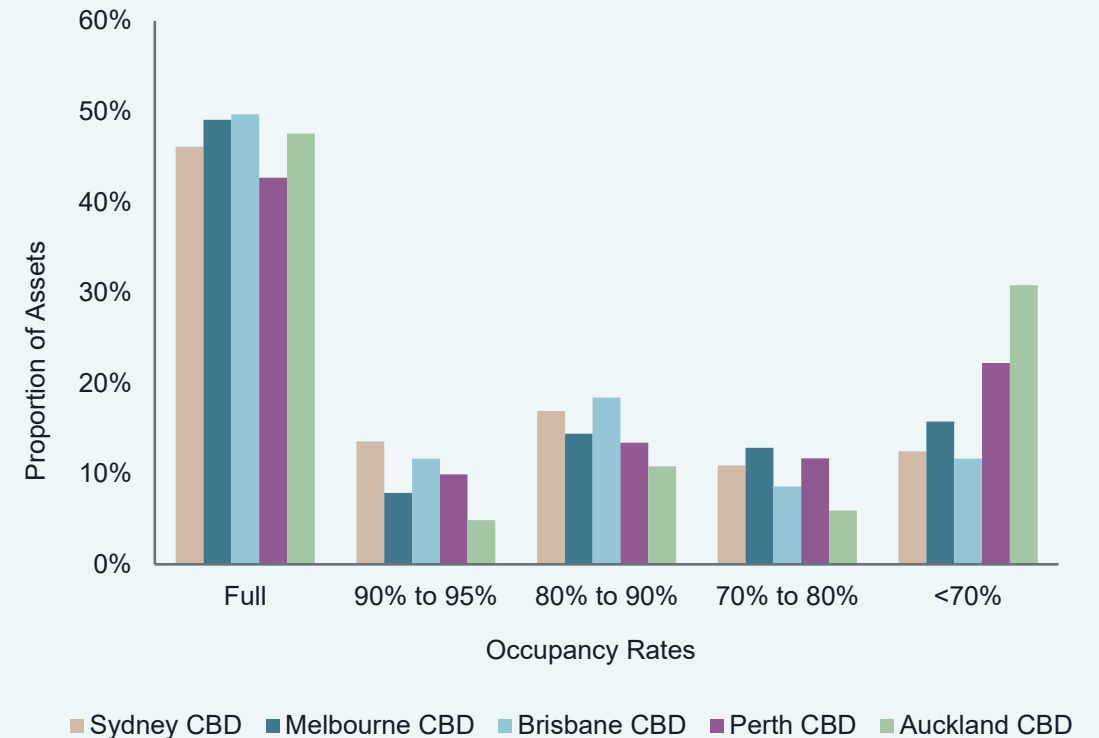
# NZ's office vacancy story and high-quality option constraints

Occupier options have increased recently comparably with Australia but predominantly of lower quality. New buildings and repositioning existing space provides developers, owners and investors options to meet future occupier demand

Overall CBD vacancy rates by major Australasian city



Proportion of CBD office assets by occupancy rates

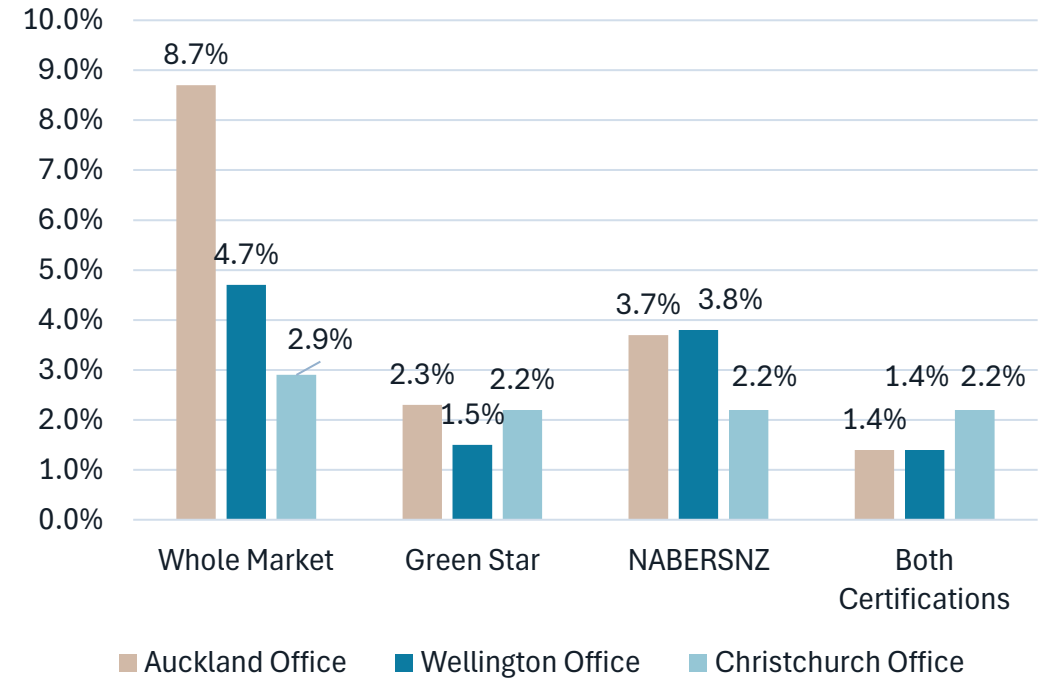


Source: JLL Research

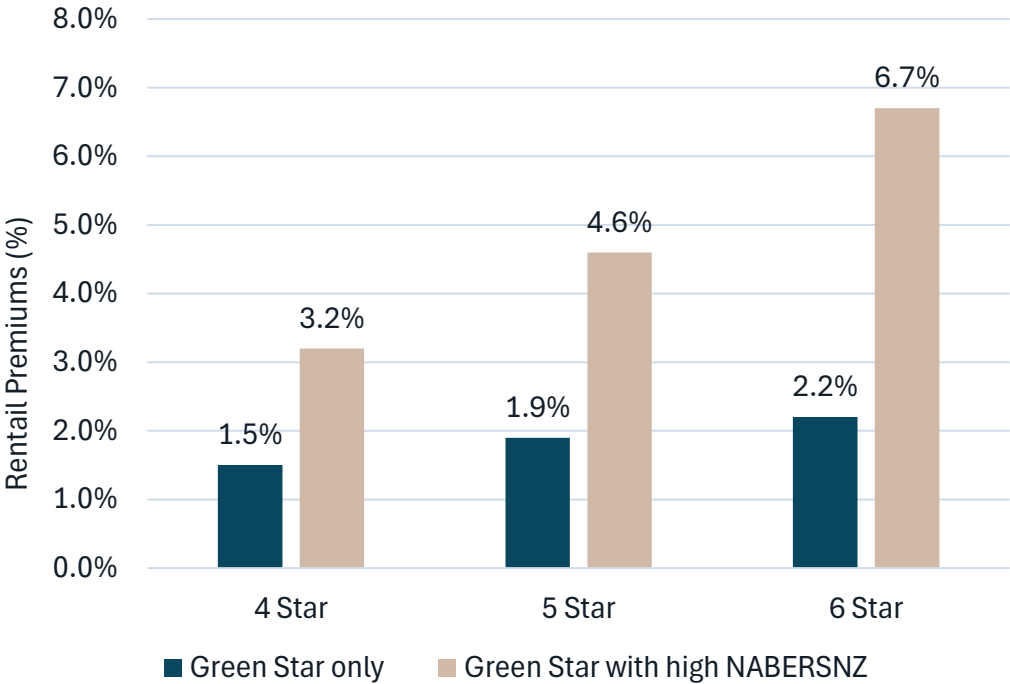
# Sustainability matters

A 2024 office analysis highlights vacancy is lower and rental premiums higher in sustainably-rated buildings

CBD office vacancy by certification



Indicative CBD office rental premiums



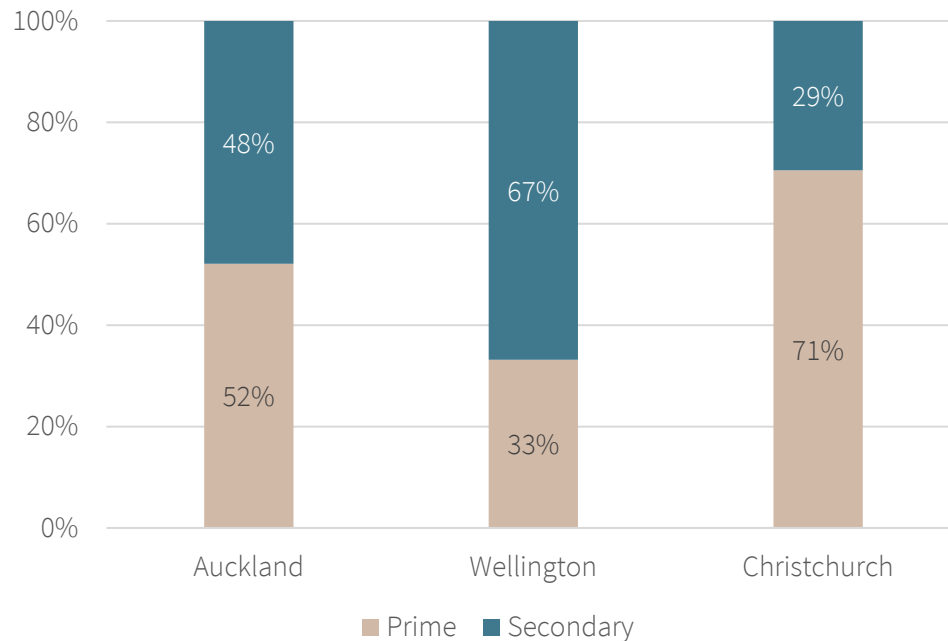
Data note: Analysis undertaken in 2024  
Source: JLL Research



# Key office hubs servicing occupiers across the country

**Auckland and Wellington's CBD office market size is similar, but higher quality stock in Auckland and Christchurch**

Proportion of office stock by quality (AKL, WGTN, CHCH)



Data note: Prime is Premium and A-grade, Secondary is B-grade and lower quality buildings  
Source: JLL Research

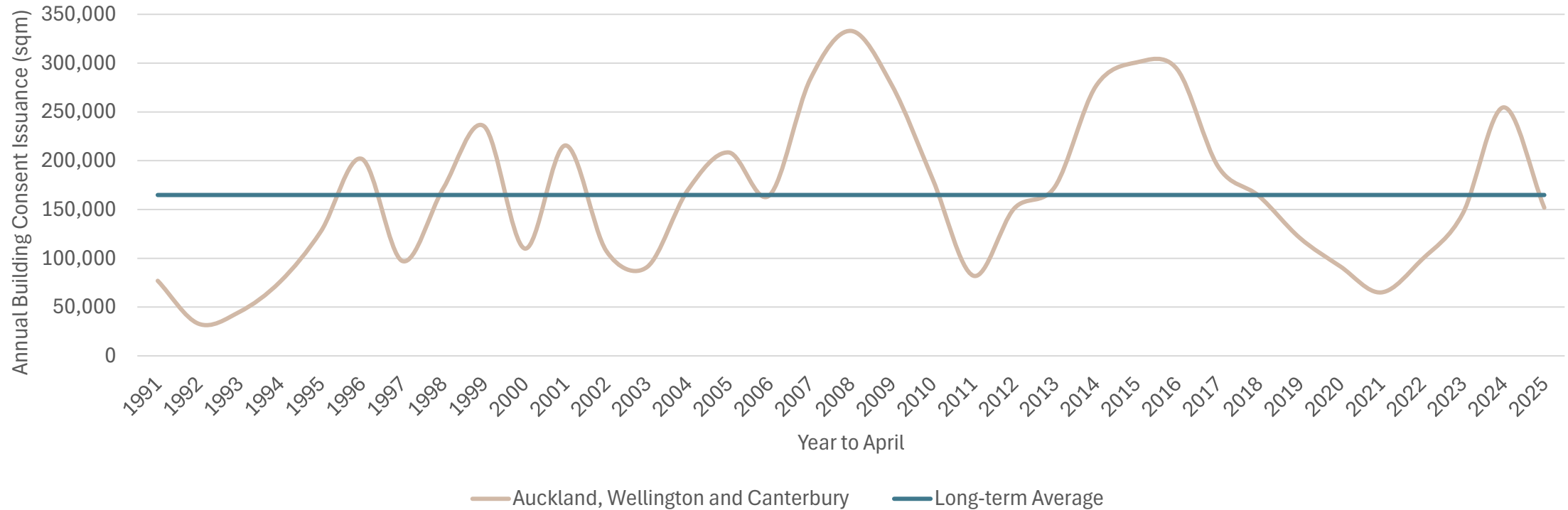
Geographical spread of major office space across New Zealand



# Building consent activity returns to long-term averages

The long-term year to April average building consent issuance for the three main office sectors is 165,000 sqm

## Office floor space building consent issuance



Data note: Regional data, Office categorisation includes StatsNZ definition of Offices, Administration and Public Transport Buildings  
Source: JLL Research, StatsNZ

# CBD major development pipeline: Recently completed



	1 Queen Street	87 Albert Street	50 Albert Street	124 Halsey Street & 117 Pakenham Street
Name	Deloitte Centre	The Formery	Fifty Albert	Beca House
Grade	A	A	Premium	Premium
NLA (sqm)	14,000	14,660	25,000	18,000
Major tenants	Deloitte, Bell Gully	Multiple tenants	Spark	Beca, Multiple tenants
Status	Completed mid-2024	Completed mid-2024	Completed late-2024	Completed early-2025

Note: Approximate Office NLA  
Source: JLL Research, Company websites  
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# CBD major development pipeline:

## Under construction and planning



Office



	30 Daldy Street	2-16 Wakefield Street	61 Molesworth Street	35 Graham Street	19 Victoria Street	52-56 Worcester Boulevard	50 Mayoral Drive	Corner Gore & Galway Streets	31 Customs Street West
<b>City</b>	Auckland	Auckland	Wellington	Auckland	Auckland	Christchurch	Auckland	Auckland	Auckland
<b>Grade</b>	Premium	A	A	Premium	A	A	A	Premium	Premium
<b>NLA (sqm)</b>	23,175	12,500	18,700	28,435	Approx. 11,650	6,000	15,000	17,275	Approx. 60,000
<b>Developer</b>	Mansons TCLM	PAG	Precinct Properties	Mansons TCLM	Alberts	Countrywide Properties	MRCB	Cooper and Company	Precinct Properties
<b>Comments</b>	Under Construction	Under Construction	Under construction Due 2025	Under Construction Due 2027	Planning	Planning	Planning	Planning	Planning

Note: Approximate Office NLA

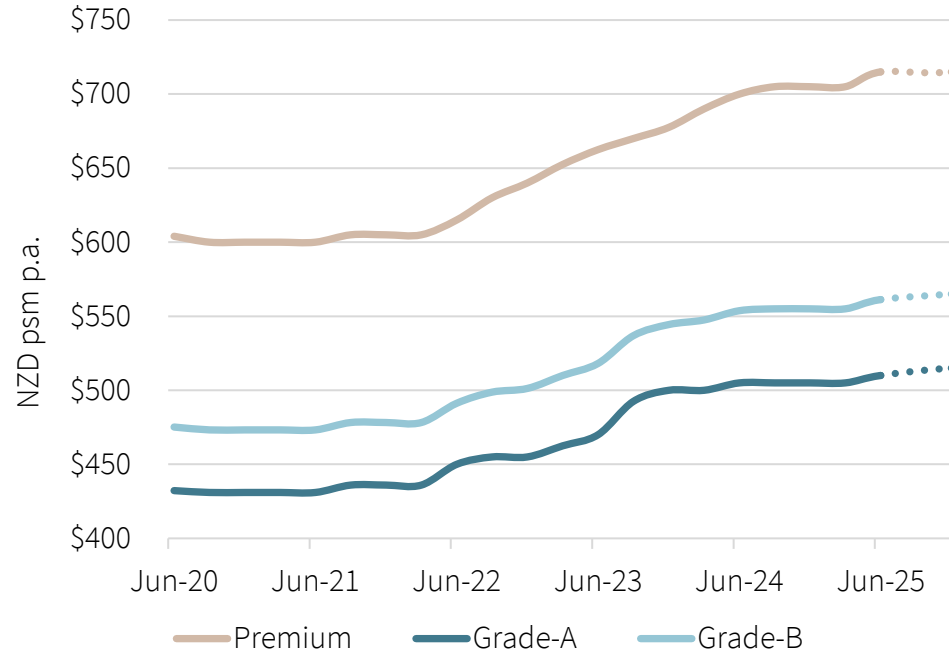
Source: JLL Research, Company websites



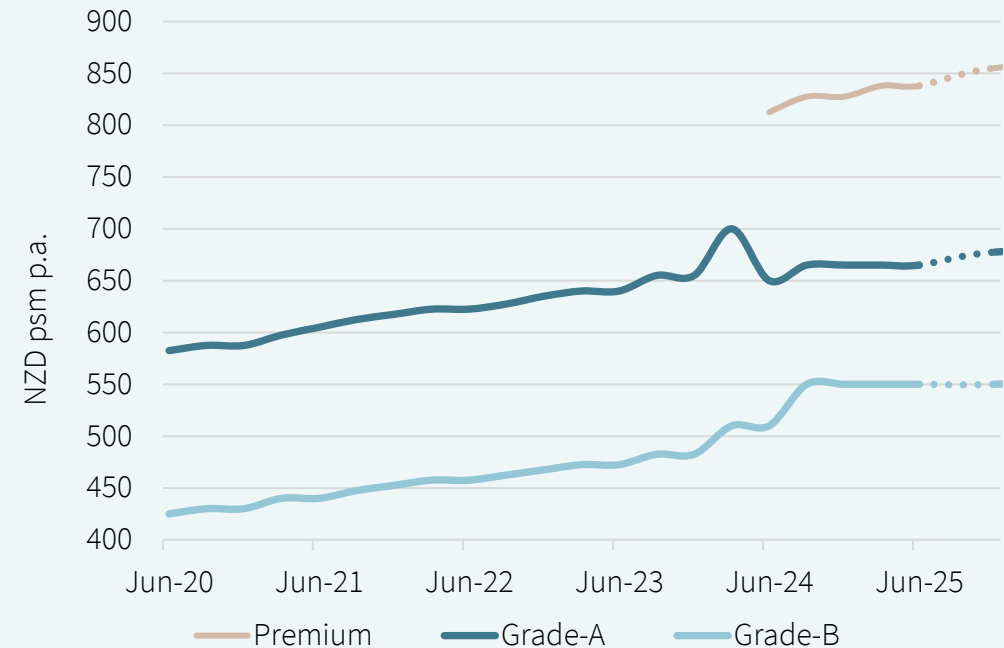
# Prime rental rates show long-term growth profile

Prime rents have stabilised recently but increased significantly over the long-term. Variances across geographies.

Auckland CBD office net face rents



Wellington CBD gross face rents



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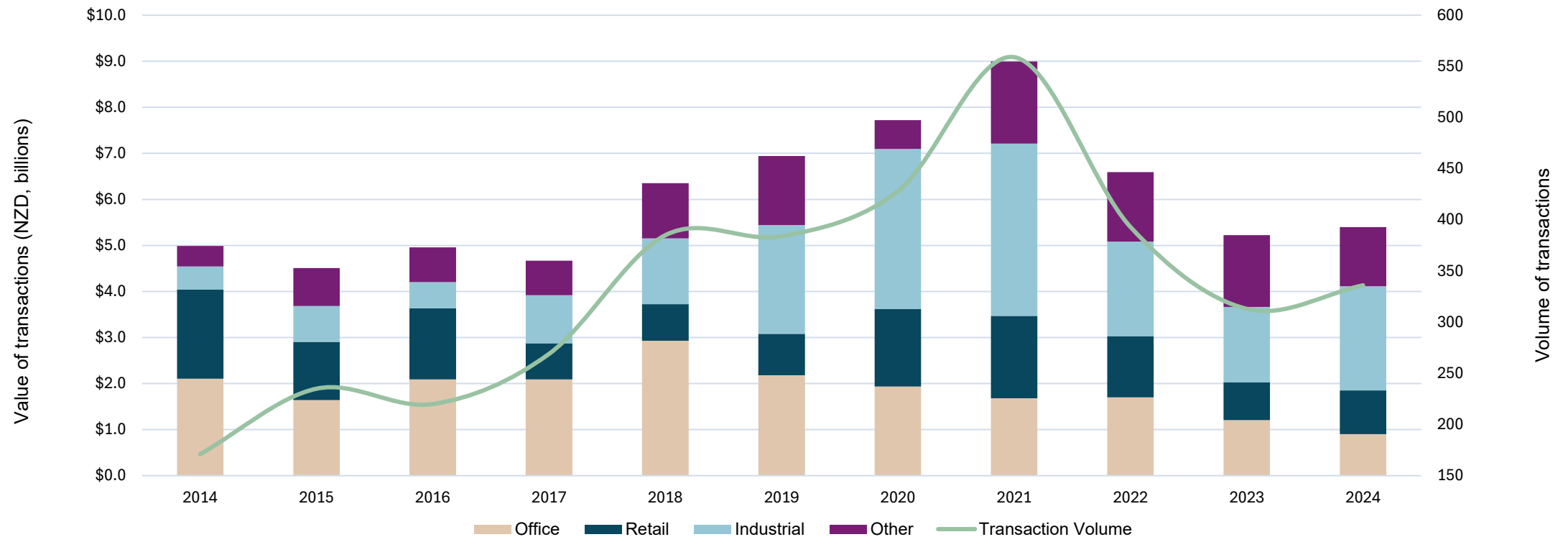
## Investment trends



# New Zealand transaction volumes stabilising, values are up

Sales activity has stabilised, but total values have increased. Projections are for higher trading volumes ahead.

Total annual sales activity by sector – NZD5m or more



Note: Transaction data is updated periodically to reflect the most current information available  
Source: JLL Research

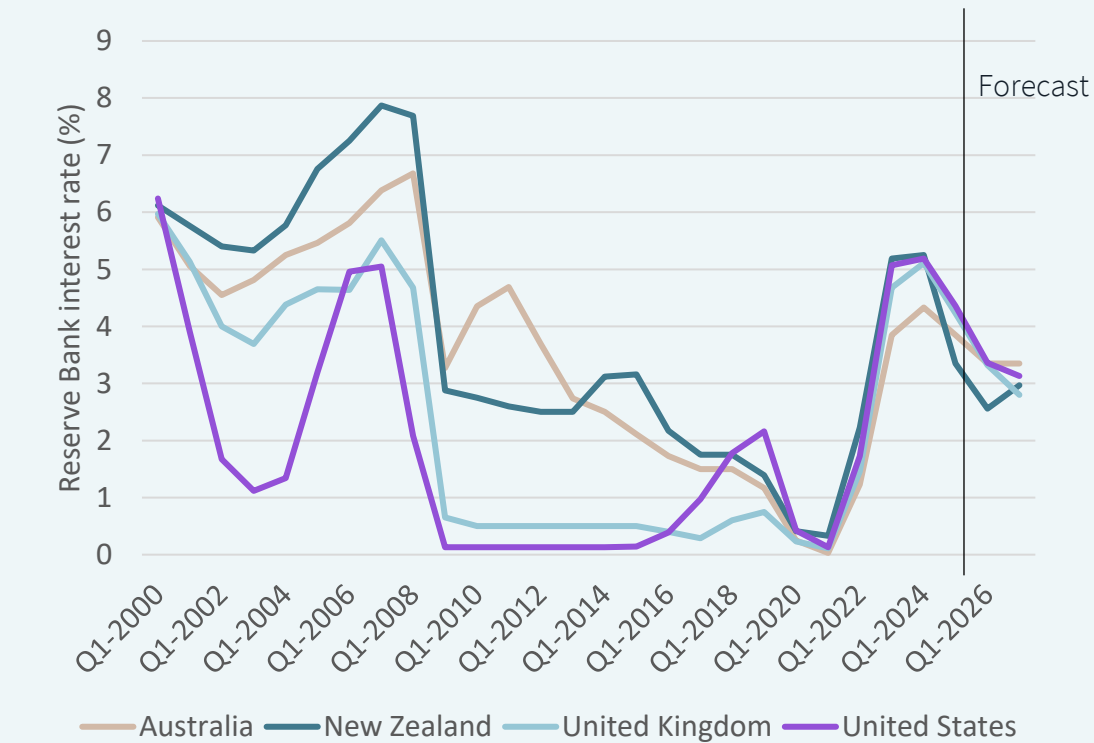
# Investment conditions point to next cyclical upswing

Lower and stable inflation is enabling lower office cash rates which are spurring investment activity

Real estate capital value changes – current and projections



Reserve Bank interest rate by select country



Source: JLL Research



# Relative value proposition to other sectors

Average yields by sector and location highlight sector resilience and risk and return opportunities

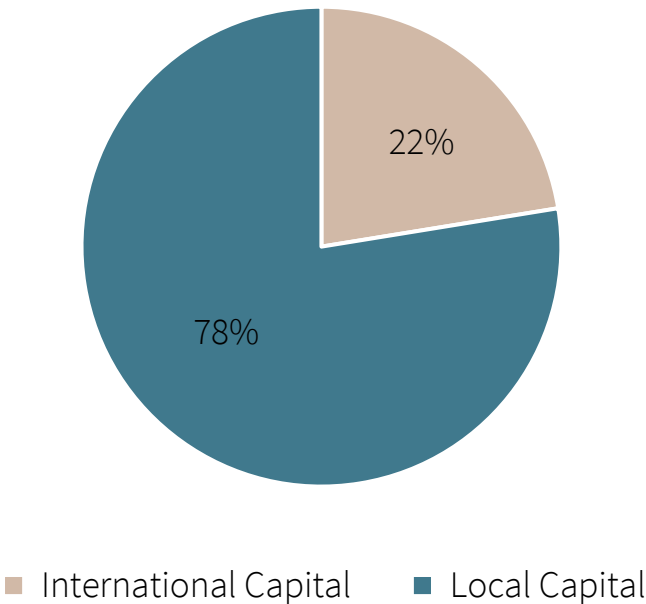
Location	Office	Industrial	CBD Retail	Shopping Centres	Large Format Retail
Auckland	5.13% to 6.50%	5.00% to 5.50%	5.13% to 7.25%	6.00% to 7.00%	6.00% to 7.00%
Hamilton	6.00% to 7.50%	5.00% to 6.00%	6.50% to 7.50%	7.00% to 8.25%	6.50% to 8.00%
Tauranga	5.50% to 7.00%	5.00% to 6.00%	6.00% to 6.50%	6.75% to 8.25%	6.50% to 7.50%
Wellington	5.65% to 7.10%	6.00% to 7.50%	7.40% to 8.38%	7.00% to 8.50%	7.00% to 8.00%
Christchurch	6.05% to 6.75%	5.85% to 6.50%	6.25% to 7.38%	7.50% to 8.50%	7.25% to 8.25%
Dunedin	7.50% to 8.00%	6.00% to 6.50%	5.75% to 7.00%	7.50% to 9.00%	7.50% to 8.50%

Source: JLL Research

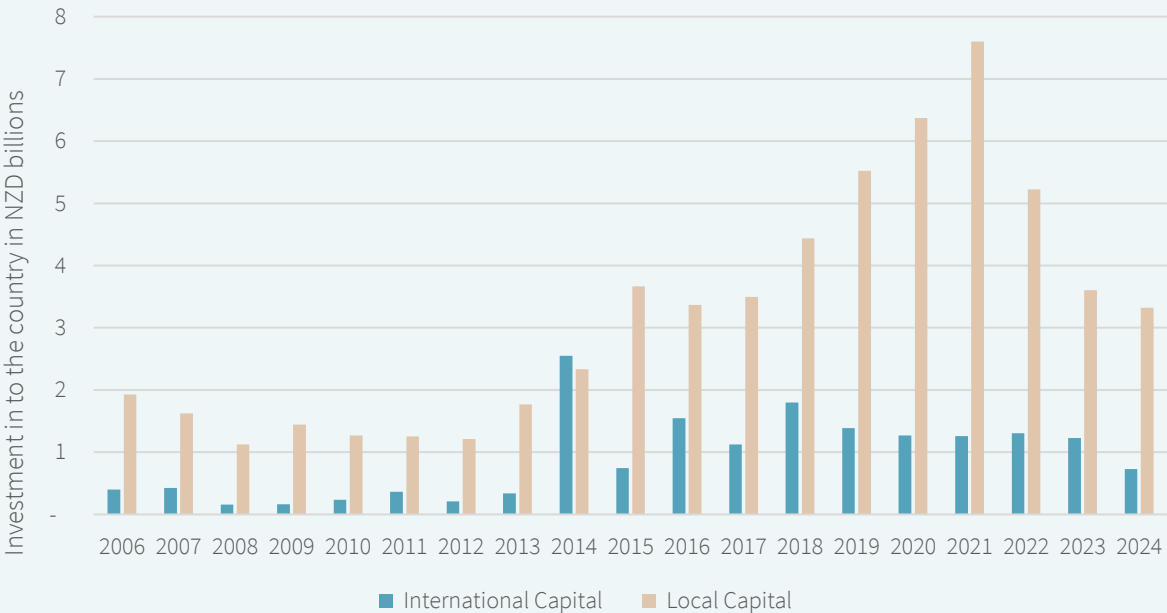
# Local capital remains a dominant force in New Zealand

Locals still dominate purchasing activity, but greater level of international capital deployed to NZ since 2014

Proportion of sales between 2006 and 2024 by purchaser capital



Source of purchaser capital by value by year



Data note: Total transactions of NZD5 million or more. Unknown purchaser capital is excluded from the analysis. Transaction data is updated periodically to reflect the most current information available.  
Source: JLL Research



# Office Transactions

<b>Address</b>	19 Victoria Street Auckland Central Auckland*	25 Teed Street Newmarket Auckland	150 Victoria Street Auckland Central Auckland	435 Khyber Pass Road Newmarket Auckland	101-019 Featherston Street Wellington Central Wellington	63 Albert Street Auckland Central Auckland	158 Gloucester Street Christchurch Central Christchurch
<b>Sale Date</b>	July 2025	September 2024	December 2024	September 2024	December 2024	June 2024	April 2024
<b>Sale Price (NZD)</b>	104,000,000	23,150,000	21,074,000	14,655,000	14,000,000	21,350,000	22,250,000
<b>NLA (sqm)</b>	17,170	4,013	2,960	3,790	15,260	5,379	2,023
<b>Initial Yield</b>	Confidential	4.07%	N/A	6.65%	N/A	6.39%	Vacant
<b>Vendor</b>	BEI Group	Mansons Teed Limited	Moka Museum Limited	Rapaki Property Group	PSPiB/CPPIB Waiheke Inc	Rapaki Property Group	RP 2023 Limited Partnership
<b>Purchaser</b>	Quattro Real Estate	Citylife Investments Eight Limited	General Hospitality NZ LP	Newmarket Properties 435 Limited	Wellington City Council	Southbourne Holdings Limited	Cristo Limited

\* Portfolio of four interconnected buildings.  
Source: JLL Research

## Research authors

### Chris Dibble

Head of Research and Strategic Consulting  
New Zealand  
Chris.Dibble@jll.com

### Hina Uqaili

Associate Director | Research  
New Zealand  
Hina.Uqaili@jll.com

## To find out more about JLL services, contact:

### Todd Lauchlan

Managing Director  
Head of Capital Markets  
New Zealand  
Todd.Lauchlan@jll.com

### Luke Billiau

Head of Capital Markets  
Australia & New Zealand  
Luke.Billiau@jll.com

### Ross Bolton

Head of Office Leasing Advisory  
New Zealand  
Ross.Bolton@jll.com

### Tim O'Connor

Head of Office Leasing Advisory  
Australia  
Tim.OConnor@jll.com

### Ben Johnson

Head of Office Valuations  
Value & Risk Advisory  
New Zealand  
Ben.Johnson@jll.com

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