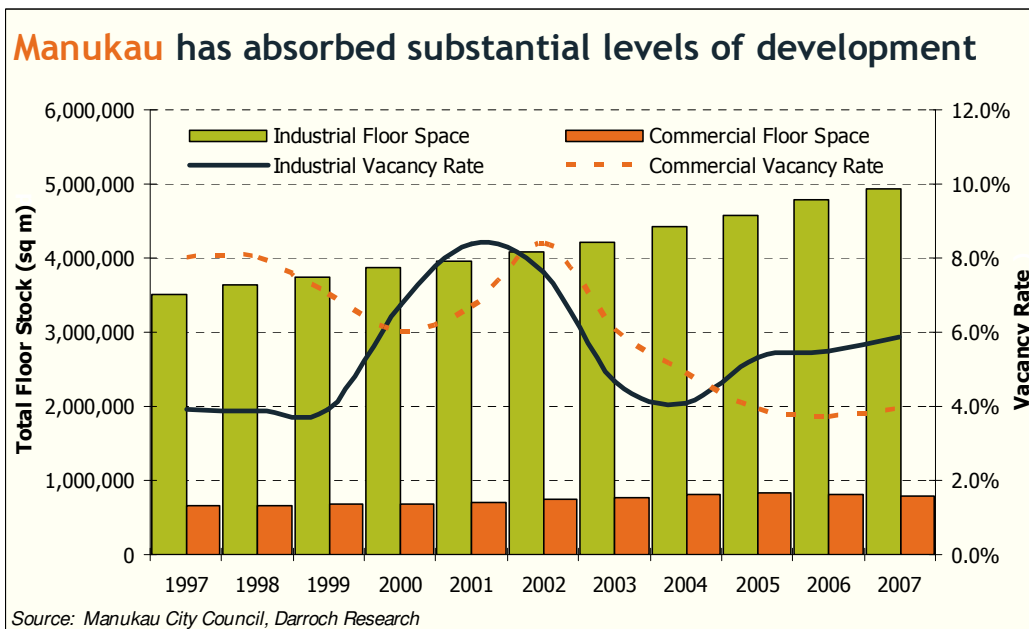


Manukau Vacancy Levels Healthy

⇒ Industrial Floor Stock Nearing Five Million Square Metres

Commercial and industrial vacancy levels across Manukau City remain at healthy levels despite substantial new construction. Industrial floor stock increased 150,000 square metres last year which saw the industrial vacancy rate settle at a healthy 5.9%. Nearly one million square metres of industrial floor space has been added since 2001 yet the vacancy rate for this sector has never exceeded 8%. For the most part it has hovered under 6%. In the commercial sector, new floor space has not been as prolific as with industrial, but vacancy rates here are very satisfactory. Combined vacancy levels for office and retail property are currently 3.9%. In fact a 3% commercial vacancy rate has been consistently achieved over the last three years which represents good news for commercial property owners.



Vacancy levels are important because they help determine prospects for rental growth. A sustained low vacancy rate indicates that the leasing cycle is moving away from a “tenants market” to more of a “landlords market” where fewer inducements, longer lease terms and opportunity for rental growth become more apparent.

Leasing stability has been a feature of Manukau over the past decade. With the exception of 2000-2002, when economic conditions were slightly tougher, Manukau has consistently been able to absorb significant new development without adversely affecting existing industrial stock. Manukau’s has grown very quickly as a desirable industrial location and its total industrial floor stock is rapidly approaching five million square metres.