

## Prime Rents Show Consistent Growth

➔ Warehouse Rents in Manukau average close to 5% p.a.

**Industrial rents for prime properties in Manukau have show consistent growth over the last three years, according to Darroch Research.** The factory/warehouse component of a typical prime industrial property in Manukau averaged close to **5%** growth per annum. By comparison showroom/offices averaged closer to **3.5%**.



An improvement in stud heights helps to better understand this growth. Darroch Manukau Manager, Stewart Littlejohn says "it is not uncommon now for new warehousing premises to be constructed with a stud height in excess of seven metres and in some cases as high as 10 to 12 metres. Just two decades ago, the average internal stud height of a factory was 5 to 6 metres. Now, New Zealand is manufacturing less and importing/distributing more and as such the volume capacity of warehousing has taken on greater significance".

Prime Industrial Rent Growth Per Annum – Manukau City			
<i>East Tamaki</i>	2004-05	2005-06	2006-07
Warehouse/Factory	5.0%	4.8%	4.7%
Showroom/Office	3.2%	3.2%	3.5%
<i>Wiri/Manukau Central</i>			
Warehouse/Factory	5.2%	5.2%	5.1%
Showroom/Office	3.7%	3.7%	3.3%

Source: Darroch Research, Darroch Manukau

Rent levels in excess of \$100 per square metre (net) for warehousing is becoming more common particularly where volume is better. Just six or seven years ago, prime rents were still around \$80 psm net and secondary rents hovered even lower.

Despite businesses and staff demanding more "modern" internal office accommodation, the rent returns for this part of industrial property has lagged behind a little. Average prime rents for showroom/offices have risen from around \$145 psm in 2000 to \$185-190 psm today. The secondary market for this type of space remains mixed with some rents still as low as \$120-\$130 psm - particularly space without disabled facilities - which is now mandatory in new accommodation.