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**darroch**

## Quality Offices Preferred in Hamilton

### ➔ Demand for A-Grade Accommodation Still Strong

**The prime office market in Hamilton's CBD remains in strong shape despite new floor stock coming on line.** According to Darroch Waikato's latest survey, prime vacancies are just 3.5% but secondary vacancies (B & C Grade buildings) have jumped 7% to 15.7% in the past 6 months. The jump is largely attributable to Diagnostic Medlab vacating its 3,000 sq metre premises in London Street in the wake of the Waikato District Health Board (WDHB) contract being tendered out and awarded to Australian competitor Pathlab. Now, the former Medlab building is undergoing a full refurbishment to high market standard.

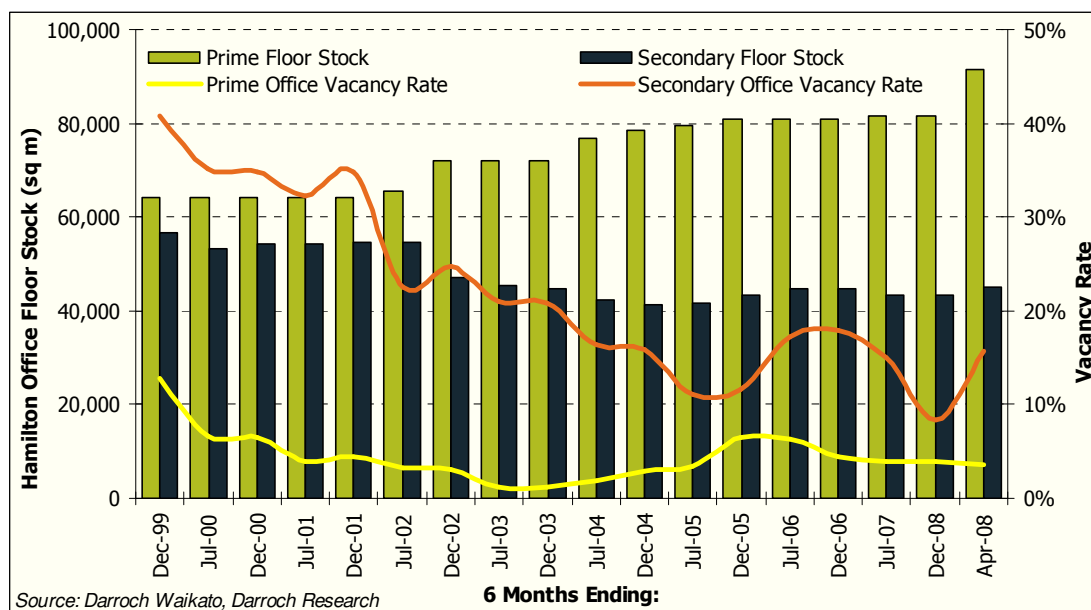
Pathlab itself has moved into Symmans House - brand new accommodation in Anglesea & Tristram Streets. This 2008 building has approximately 5,000 sq metres of floor space over two levels and is also tenanted by other medical users.

Along with the new Deloitte's building in Bridge Street, A-Grade office space in Hamilton has grown almost 9,000 sq metres in the past year. Darroch Waikato's Peter Smith says there is a clear preference for quality accommodation amongst office users. "We continue to see new developments being constructed in the central area and a corresponding take up in this new space. The demand is there and so far the market has been able to absorb most new supply" says Mr Smith.



*Pathlab have moved into the brand new Symmans House*

Darroch Waikato's current and historic survey of the Hamilton CBD Office market is shown over:



Overall the survey results are also a wake up call for landlords of lower grade space to refurbish their premises to current market standard or risk long term vacancy. This recommendation is particularly prudent given the current slowdown in the New Zealand economy. If sustained a climbing vacancy rate could have some repercussions for the leasing market. Darroch's Research Manager Peter Sluyter says "historically when vacancy rates rise above 10%-12% the chances of achieving consistent rental growth reduces. Market conditions tend to favour the tenant over the landlord as the tenant has alternative accommodation options. In fact when vacancy rates are very high, landlords sometimes have to offer inducements to attract tenants".