

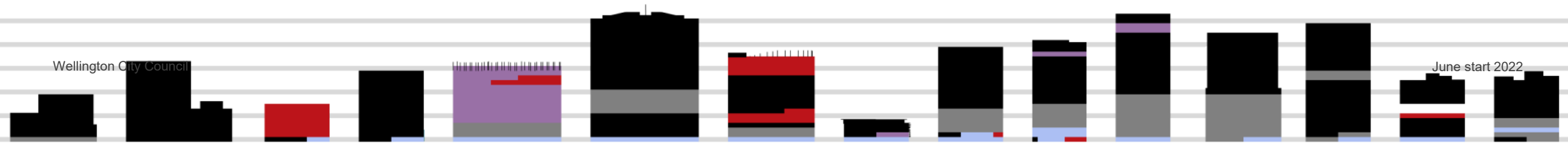


Pōneke Pulse

An economic pulse check for
Wellington businesses from
Wellington City Council

Issued for week starting 13 June 2022

Image: Glen Butler GB



Spotlight for this Report: CBD office buildings

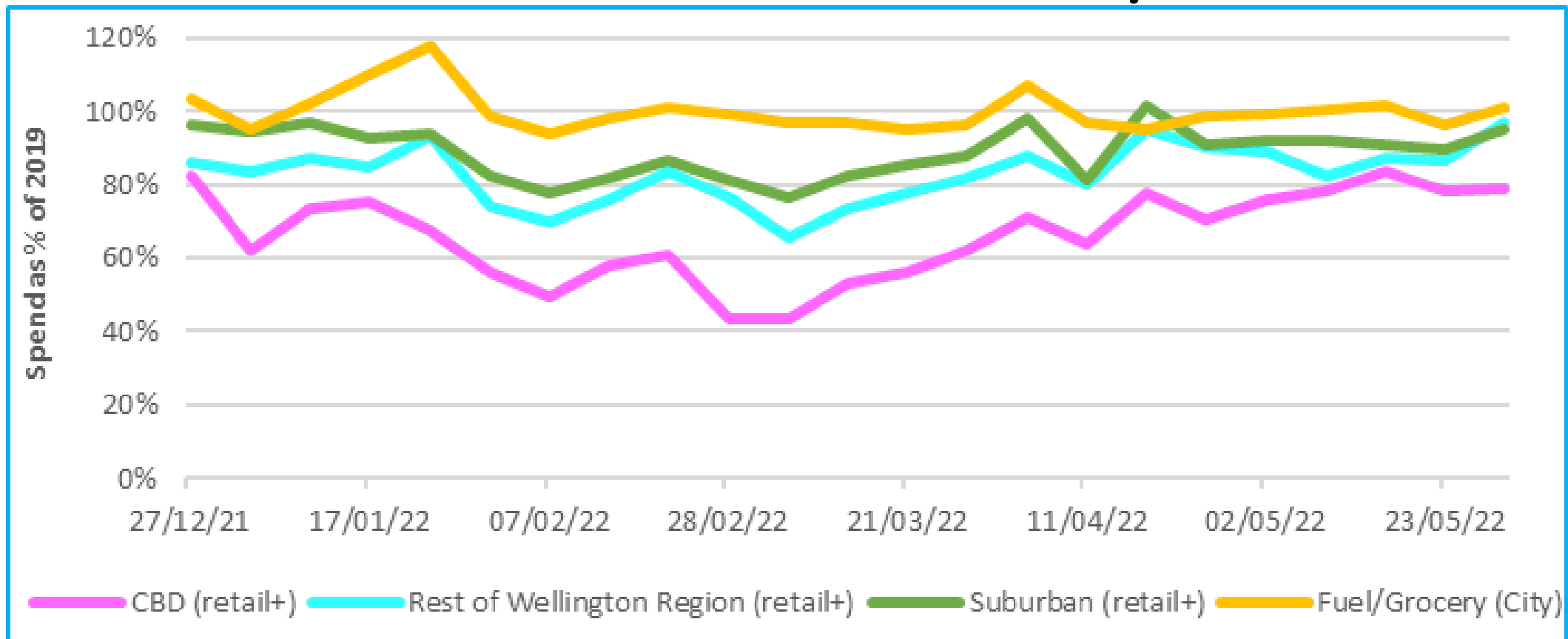
CBD health

- Better BUT not fully recovered
- Still needs rehabilitation

CBD office market

- Generally looking healthy
 - Vacancy rates are 4.2% in WLG vs 8.9% in AKL
 - Shortage of PRIME buildings
 - But vacancy rates in SECONDARY market growing

CBD health: 'better' but not fully recovered

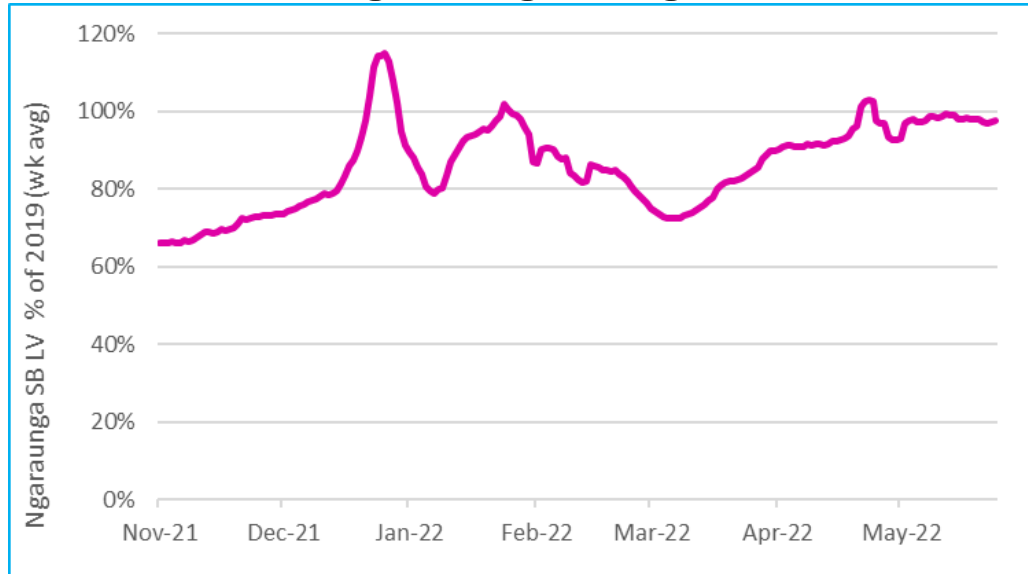


Source: AMarketView

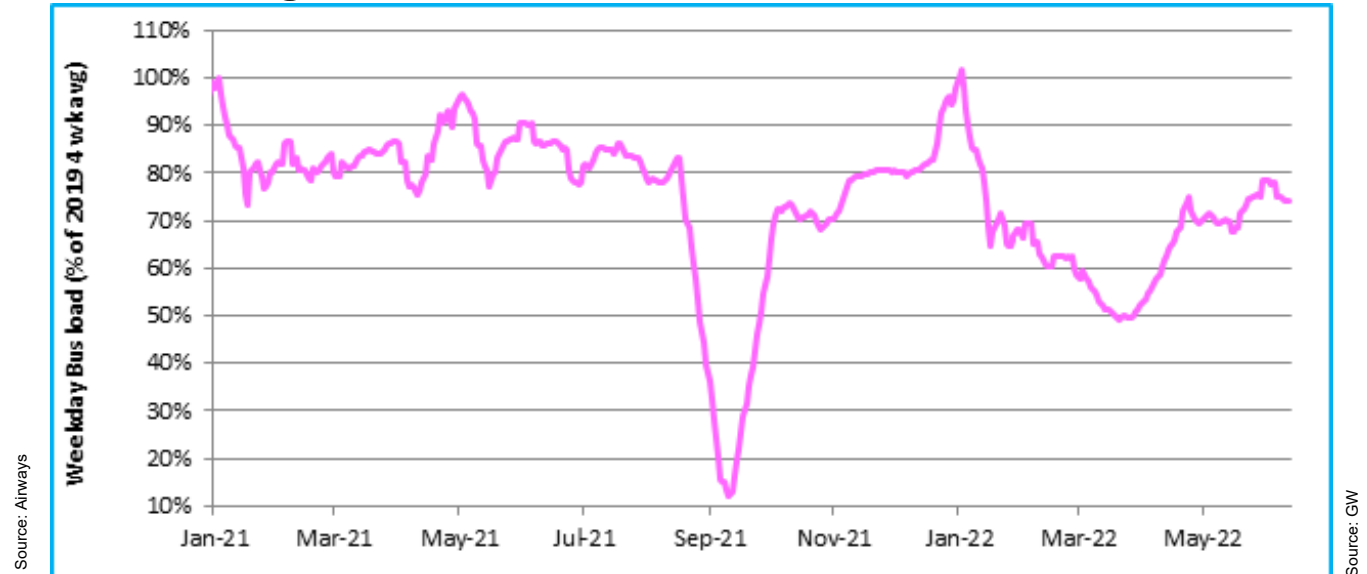
- CBD retail, hospitality spend rising
- But 20% less than 2019
- Some missing spend has shifted to suburbs and rest of Wellington (Porirua/Hutt)

CBD health: commuters return

Car counts at Ngauranga Gorge



Bus loadings



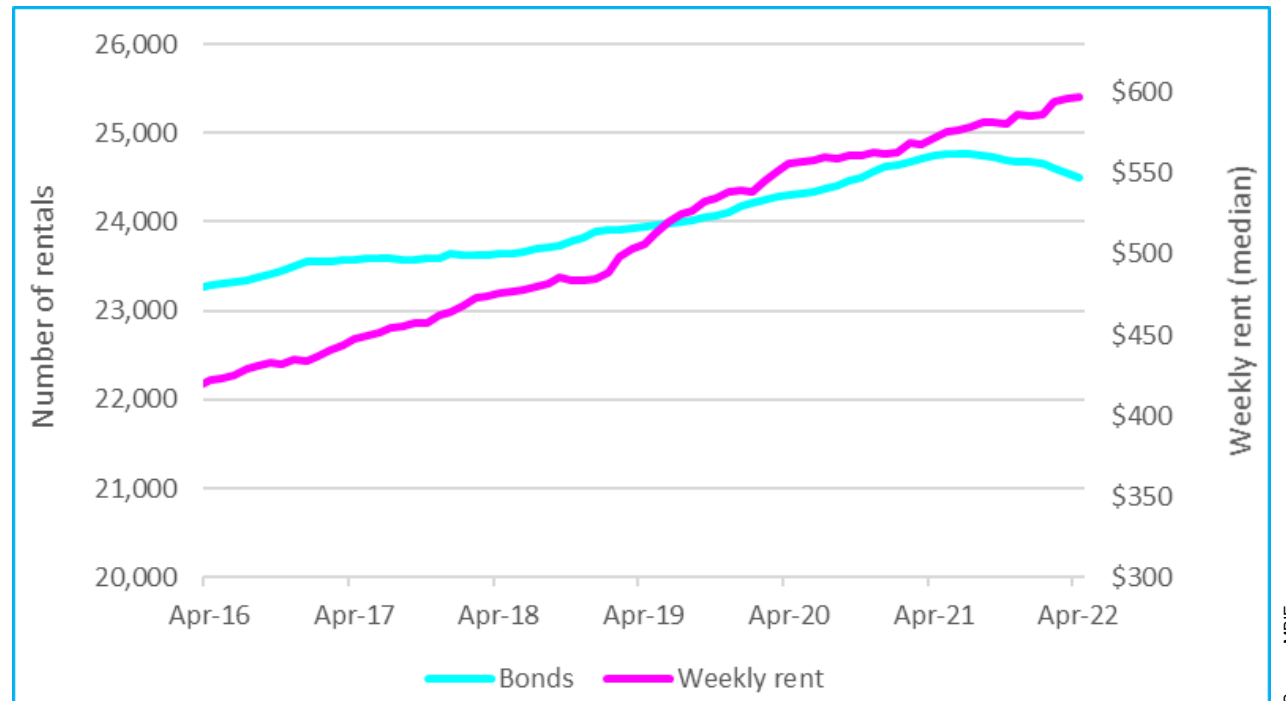
- Cars

- 100% of 2019

- Buses

- Stable(ish) at 75% of 2019
- Despite 50% fare reductions, some travellers 'wary' of close contact on Public Transport.
- WFH also having an impact

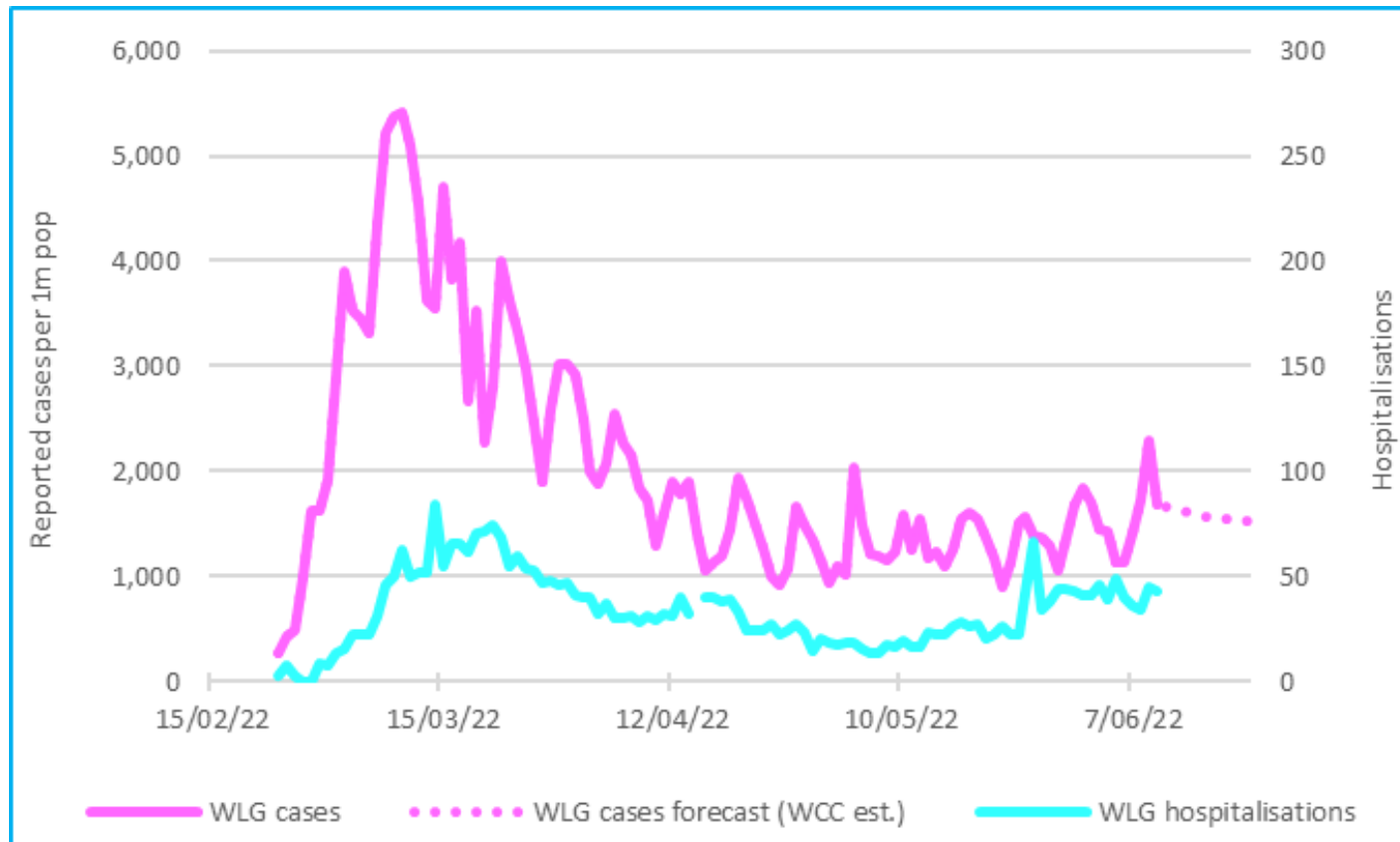
City health: residential rental market



Source: MBIE

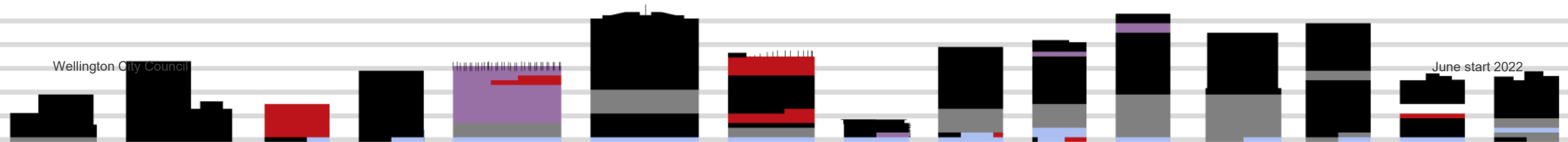
- Number of rentals falling
 - 1% over one year
 - Students priced out
- Rents continuing to rise
 - But starting to 'stutter'
- Anecdotal evidence of falling rents
 - Due to houses not selling
 - Limited to some sections of the market?

Wellington COVID-19: Winter has arrived



Source: MoH, + WCC forecast

- Infections are persistent and rising slightly
 - Driven by Winter and possibly waning immunity
 - People are mixing and defences are down
 - Influenza and other Winter viruses are added to the mix

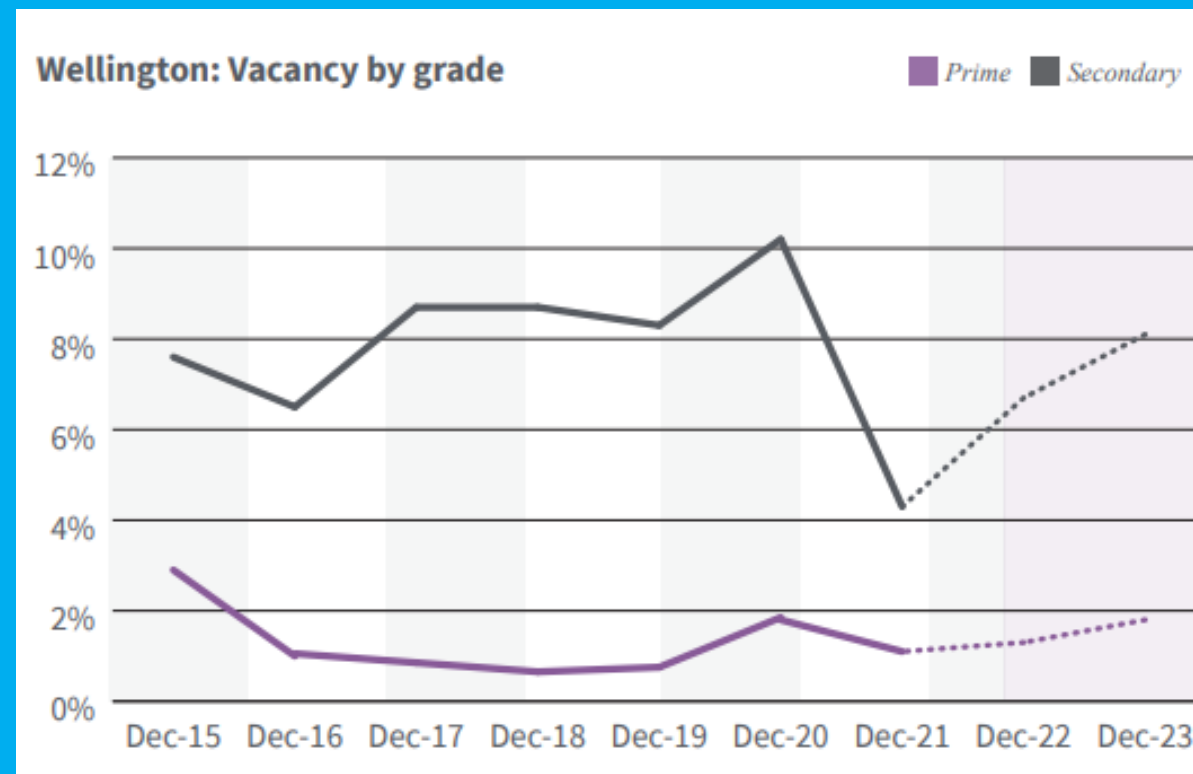


Spotlight on: CBD office buildings

Office building vacancy rates:
4.2% in WLG vs 8.9% in AKL

Wellington:

- Shortage of PRIME
 - Seismic concerns inexplicably pop-up
 - Asteron Centre
 - Ministry of Education (Mātauranga House)
 - 1,000 workers now Working from Home
 - Over-supply in SECONDARY market as vacancy rate growing



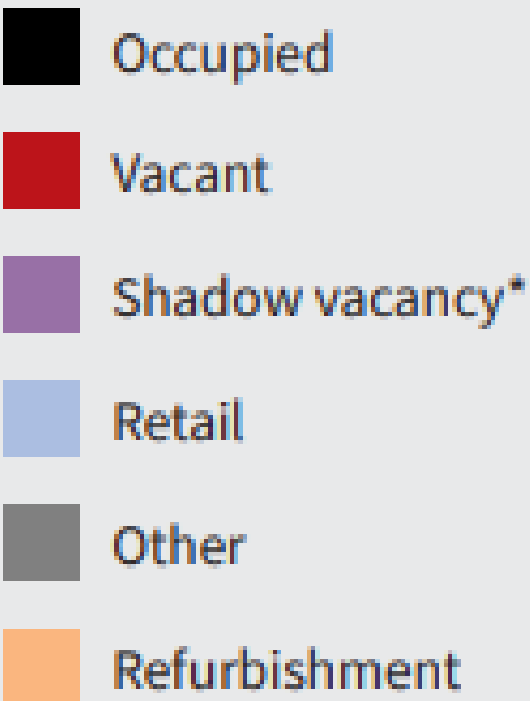
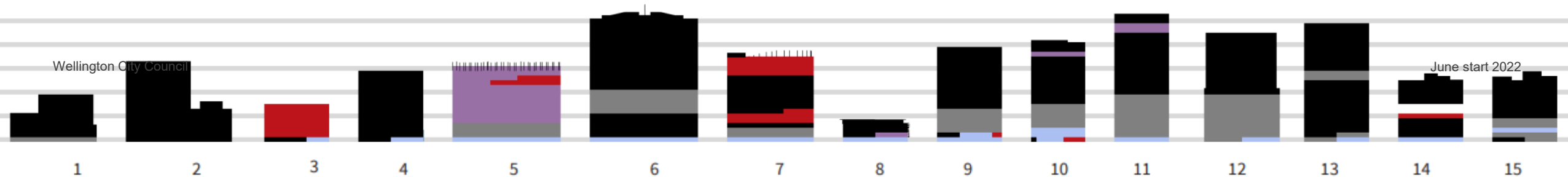
Source: JLL

Spotlight on: CBD office buildings

- Seismic evaluation uncertainty continues
(otherwise 'good' buildings deemed an earthquake risk as the seismic risk criteria is changed by the regulator)
 - Asteron Centre
 - Ministry of Education
- Government demand gives confidence despite
 - Working from Home
 - Resilience initiatives for sites in Upper Hutt and Kapiti
- New builds
 - Limited capacity from new builds expected
 - Upward pressure on PRIME rents
- Insurance costs grow
 - Market has limited capacity + reinsurance is expensive
 - Prices have been aligning to 'technical risk'
 - Risk of weak buildings on weak soils are especially impacted
 - Building cost inflation growing
 - Owners need a strong asset management plan to optimise risks



Source: JLL

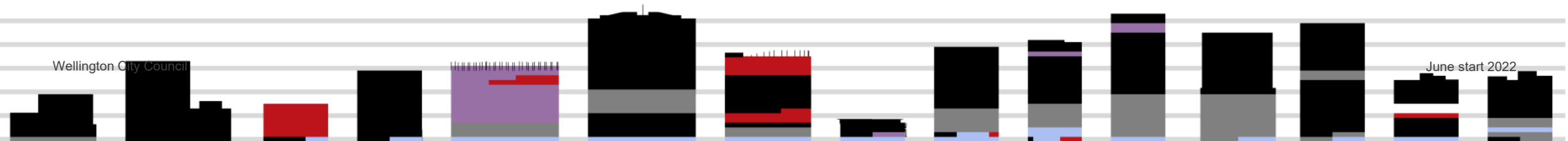


**including upcoming and sub-lease space*

Spotlight on: CBD office buildings

Skyline selection of 15 larger buildings (source JLL):

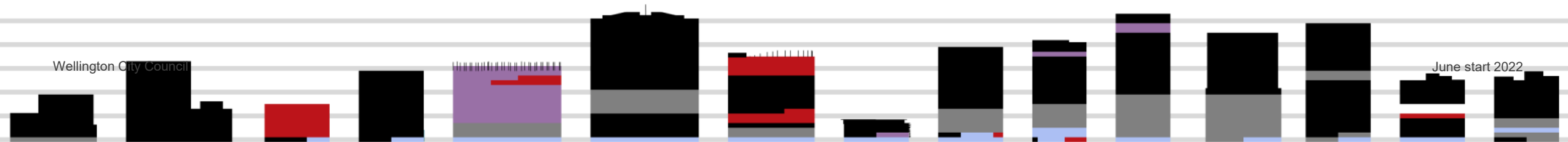
1. Pipitea Plaza 14,800m2 Vacancy: 0%	2. Vogel Centre 36,600m2 Vacancy: 0%	3. Environmental House 6,300m2 Vacancy: 87%	4. No 1 The Terrace 16,300m2 Vacancy 0%
5. Asteron Centre 45,600m2 Vacancy: 10% Shadow vacancy: 90%	6. NTT Tower 15,480m2 Vacancy: 0%	7. Maritime Tower 12,000m2 Vacancy: 39%	8. Meridian 5,600 Shadow Vacancy: 13%
9. PwC Tower 10,000m2 Vacancy: 3%	10. 126 The Terrace 10,900 m2 Vacancy: 6% Shadow Vacancy: 8%	11. HSBC Tower 27,400m2 Vacancy: 0% Shadow vacancy: 7%	12. ANZ Centre 11,350m2 Vacancy: 0%
13. AON centre 25,600m2 Vacancy: 0%	14. Spark Willis St 14,500 Vacancy: 8%	15. Spark Boulcott 12,500m2 Vacancy: 0%	



Attachment 1a: Events to note

• 6 – 29 May	Eat Drink Play	Hospitality venues across Wgtn
• 23 – 26 June	Matariki	Waterfront, Te Papa, Civic Square, Te Wharewaka, various
• 16 July	All Blacks v Ireland	Sky Stadium
• August	Wellington On a Plate	Venues across Wgtn
• 19 / 20 August	Beervana	Sky Stadium
• August	Les Miserables	St James
• 29 Sep – 16 Oct	WOW	TSB Arena
• 29 October	Six60	Sky Stadium
• October	Wellington Jazz Festival	Various
• November	Music concerts	TSB Arena
• 8 December	Guns n Roses	Sky Stadium
• December	Music concert	TSB Arena
• January	New music event	Outdoors
• February	New music event	Outdoors
• 2 February	Ed Sheeran	Sky Stadium
• March	Music concert	TSB Arena

See WellingtonNZ.com for a full list



Attachment 1b: Border re-opening schedule (provided health requirements are met)

- **4 July 2022**
 - Open to Accredited Employer Work Visa (AEWV) holders.
 - Green list makes it easier for employers to hire and attract migrants for high-skilled, hard-to-fill positions.
 - New sector agreements to provide for short-term or ongoing need to access lower-paid migrants.
- **1 Aug 2022**
 - Open to all tourists, students and visa holders
 - Cruise ships can enter New Zealand with the opening of the maritime border (season will run October – April)
 - Travellers will still need to meet all health requirements to enter New Zealand and provide proof of a negative pre-departure test.
- **From September 2022**
 - Streamlined pathways to residence for migrants in green list occupations or paid twice the median wage.'
- **October – cruise season likely to start**
- **From December 2022**
 - Most partners of temporary migrant workers will need to qualify for an Accredited Employer Work Visa in their own right, instead of automatically getting an open work visa