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Hamilton industrial land is hot property

JAMIE SMALL Last updated 09:48 01/07/2014

Industrial-zoned land in Hamilton is filling up fast, according to a real estate survey.

The survey, conducted by NAI Harcourts and real estate analyst CBRE, shows industrial vacancy is at a low.

"I'd say it would be very close to an all-time low. I've been in the industry 25 years and I've never seen Te Rapa as full as it is now," said NAI Harcourts agent Theo de Leeuw.

He said the findings are particularly positive because they take into account new buildings built since the last annual survey in February last year.

He said the high occupancy of industrial land is driven in part by new businesses setting up or moving to the city, and partly by expansion of existing businesses.

The report shows industrial vacancy in Hamilton is 2.5 per cent, the lowest since the survey began and one of the lowest in the country. Auckland has the highest vacancy, at 3.8 per cent.

De Leeuw said Hamilton has not necessarily performed better than Auckland in the past.

Industrial vacancy in Hamilton was 5.7 per cent in 2012 and 3.6 per cent in 2013.

The number of industrial buildings is growing. A total of 12,500 square metres of industrial property has been added to the Hamilton market in the last 18 months and another 13,100sqm is being developed.

De Leeuw said the drop in vacancy is due to manufacturers having increased business confidence - "and some of the distribution companies are noticing their services are in more demand".

Demand is high across the board, and owners of older, lower-quality buildings are seeing less vacancy as well.

"With the lower grades, the C and D grades, there have been some significant drops," said de Leeuw.

He said tenants looking for industrial space don't have a lot of options, and will take lower-grade buildings if necessary.

NAI Harcourts agent Karl van Gisbergen said some areas are running out of land for developments, and zoning in the new district plan will have an effect on supply and demand of industrial property.

"Frankton doesn't have much in the way of development land for industry."

He said Hamilton is appealing to tenants and developers because it isn't as congested as Auckland, but is close enough to the big city.

Robert Dol, president of the Waikato branch of Property Council New Zealand, said the market is "very buoyant" at the moment.

"Demand is outstripping supply," he said. "[But] I don't think there is a massive shortage of property."

He said developers are building to cater to the demand, and tenants are looking further afield from Auckland for new buildings.

Tauranga property investor Eric Clark, who has had significant property investments in Hamilton since 1987, said it is easier to find tenants now than in the last few years.

He said Hamilton is showing better returns than Tauranga or Auckland.

- Waikato