

An aerial photograph of Auckland, New Zealand, showing the city's dense urban landscape and the harbor. The Sky Tower is prominent in the background. The harbor is filled with buildings, piers, and boats. The water is a deep blue-green color. The overall scene is a high-angle, wide shot of the city and its waterfront.

RayWhite

Commercial Research

BETWEEN THE LINES

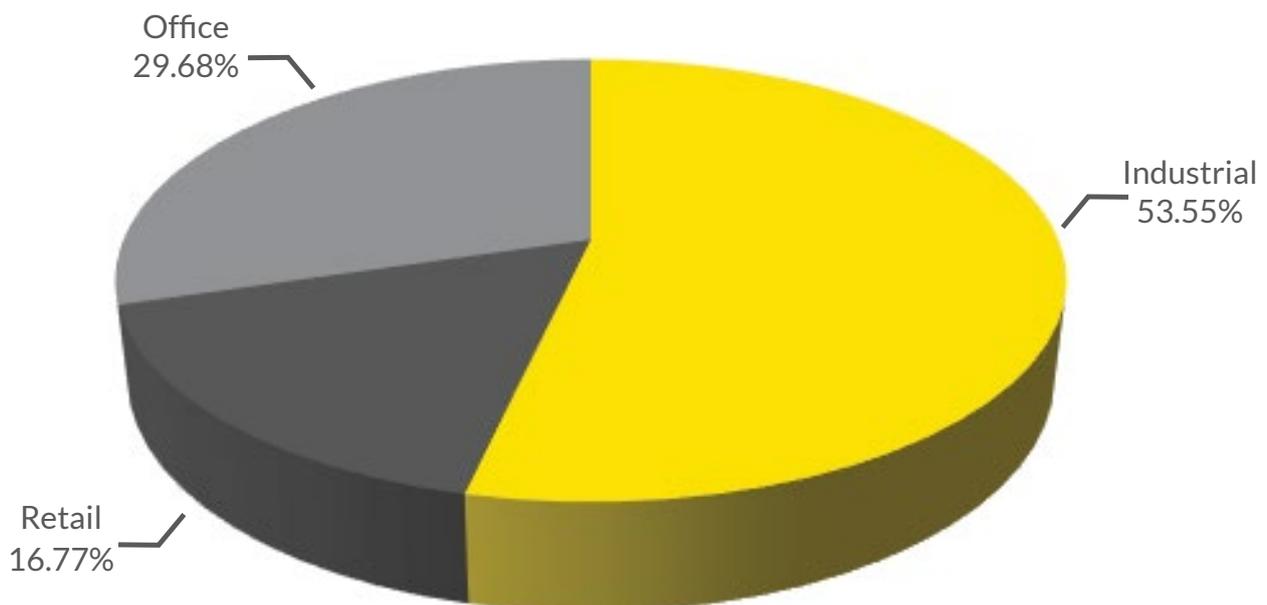
Auckland Commercial
Tenant Survey Results
During COVID-19 Lockdown
April 2020

As the COVID-19 pandemic puts the international economy in turmoil, New Zealand has been quick to act rapidly closing borders and implementing lockdowns. Moving from level 2, 3 then level 4 lockdown on the 25th March 2020, this saw an immediate halt to trade for many businesses sending most employees home.

The recent announcement highlights the end of level 4 lockdowns is looming with the 28th April 2020 the day which some businesses can resume trading, albeit in a new way. During this time, the Ray White Commercial team in Auckland has taken this time to keep ahead of the market by reaching out to over 500 landlords and tenants to understand the way forward for their businesses post COVID-19.

The team has had a receptive response, both assisting landlords with the way through the uncertainty surrounding the implications of lockdowns on their assets as well as tenants who have had their businesses halt trade. These survey results centre on feedback from tenants in the region across all asset classes and their opinions on staffing levels and commercial space requirements post COVID-19 lockdowns.

Survey Responses by Asset Class



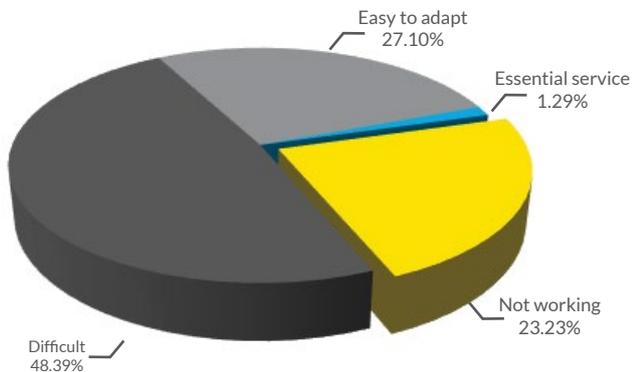
Source: Ray White Commercial

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*A number of tenants who had older leases in place with no clause 27.5, were feeling hard done by as their landlords had not returned their phone calls and they didn't feel there was anything legally they could do about getting a rental abatement. It's a frustrating situation and one we hope they're able to work through but on the whole it was really encouraging to hear the vast majority of tenants and landlords had worked through mutually acceptable terms. We hope we've assisted a few to reach that point. - **Conrad Traill***

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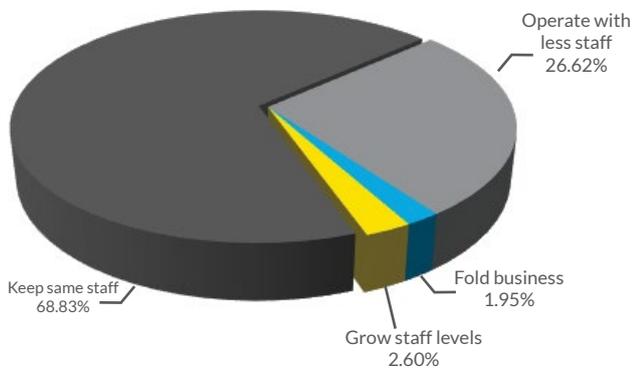
How are you finding working from home?



Source: Ray White Commercial

- Of our respondents we saw that 27.10% found it easy to adapt to working from home. Looking more closely we found those which occupy Office space being the majority of these with 74.47% of office users responding it was easy;
- Close to half of our survey found working from home difficult with Industrial users making up the bulk being 65.06% of this use;
- Nearly a quarter of the survey were not working, this representing 27.71% of all Industrial respondents and 46.16% retail space users.

What do you expect will happen with your staffing levels post lockdown?



Source: Ray White Commercial

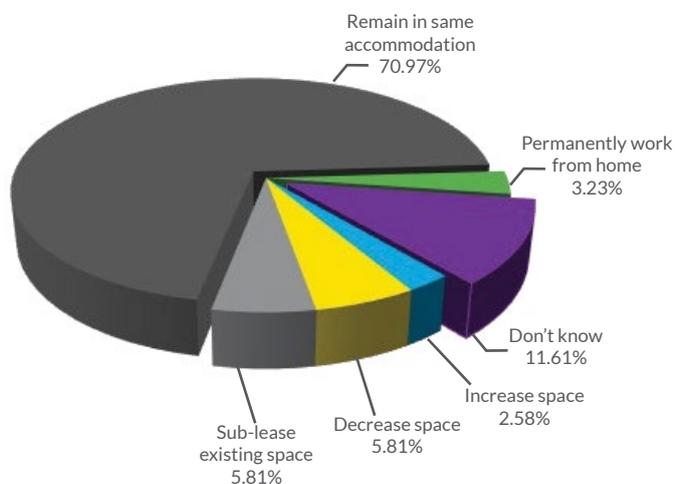
- Encouraging signs when talking with our tenants as 68.83% anticipate keeping staffing levels the same post lockdown, most of these coming from our office occupiers;
- Of our Industrial space users 65.06% expected to keep the same staffing levels, however 32.53% did project they would reduce their staff numbers and operate with a skeleton staff;
- These were similar outcomes for our Retail space users who even saw 5.56% of respondents want to increase their staff levels.

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Whilst we have seen pain and struggle within the market, it has been very encouraging to see the willingness between landlords and tenants to work together and strategise plans to ensure both parties make it through and keep their doors open for business. Reflecting upon such discussions has shown a great deal of optimism for the near future. - Ben Walker

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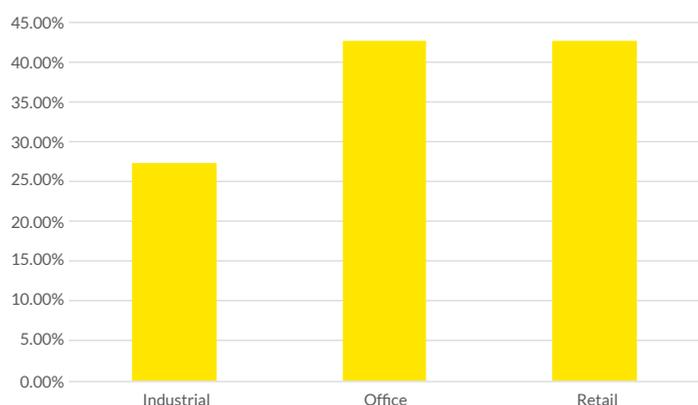
What will be your accommodation requirements post lockdown?



Source: Ray White Commercial

- We were delighted to encounter such optimism from our tenants with more than 70% of all respondents saying they expect to remain in the same accommodation post lockdown, with a further 2.58% suggesting they may even grow;
- Regardless of asset type, there is a large amount of uncertainty in the market which has seen 11.61% of all occupiers unsure of what their business and space requirements will be post lockdown;
- We saw 5.81% comment on sub-leasing existing space while others did discuss it may be time to revise their accommodation for smaller, different or cheaper options;
- Surprisingly 3.23% highlighted that they may now work from home permanently removing the need for accommodation, which is a trend we may see more rampant in the office market.

What sort of rental abatement have you agreed on with your landlord?



Source: Ray White Commercial

- When asking our occupiers about rent, we found that only 51.67% had asked their landlord about rent relief mostly in the office and retail space, while a further 18.06% responded that the landlord contacted them;
- It was also found that across asset types the rent abatement averaged just over 35%, with industrial being offered the least at 27.42% followed by office and retail both at 42.71%;
- Most of these discounts offered on a month by month basis with some more prescriptive around change to lockdown laws;
- Encouragingly 74.17% of tenants said they did pay their rent on time with 11.26% paying late and a further 13.91% still working through arrangements.

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I have found that in some instances, this event has been the catalyst for landlords and tenants to improve their relationship with each other. There is compromise occurring on both sides and often without undue influence from external advisers. - Danny Guise

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OUR TEAM

RAY WHITE COMMERCIAL AUCKLAND

Ray White Commercial Auckland have clear and simple ambitions: 'To provide the finest quality commercial real estate services in the Auckland market.

Driven by constant determination for improvement, the team at Ray White Commercial Auckland share the same drive that has seen Ray White evolve over 4 generations to being Australasia's largest real estate group with annual turnover exceeding \$44B and over 1,100 offices globally.

Ray White Commercial Auckland offer professional commercial agency advice and services across the Auckland market. Our combined team offer expert experience in all sectors of the commercial market including; office, industrial, retail, investment, development and asset management. Our business is built on developing long term relationships based on trust and integrity.



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