



ROTORUA CENTRAL BUSINESS DISTRICT VACANCY SURVEY

The 2009 Rotorua Central Business District vacancy survey covers office and retail space in the central business district. This survey was undertaken in December 2009. The previous survey was undertaken in December 2008.

SUMMARY

The 2009 Rotorua Central Business District vacancy survey indicates that the number of vacant shops has continued to increase over the last 12 months, with 55 vacant shops which is up by 3.7% from 2008. This is the highest vacancy rate since 2003. The amount of vacant office accommodation has increased over the past year and is now the highest vacancy level on record since the Reid and Reynolds survey was first undertaken in 1989.

In retail, there continues to be an upward trend in the number of vacant shops in Rotorua since 2005. There were 55 vacant shops in 2009, compared to 53 in the previous year, with some 10.9% of the number of available shops being unoccupied. In the middle of 2009 it would have been expected that this vacancy rate would have been higher. However the results showed an improvement by year end due largely to a number of new leasings especially on Tutanekai Street in the later half of 2009.

The majority of vacancies continue to occur in side street locations away from the highest pedestrian count areas which are found in the Rotorua Central Mall and along Tutanekai Street south of Pukuatua Street.

The total amount of vacant retail space has actually decreased slightly from 15,993m² in 2008 to 14,868m² in 2009. This would suggest there has been a partial take up of larger shops over the past 12 months

Results from the latest survey show that the uses of retail shops have not changed dramatically in the last 12 months. There has been an increase in recreational shops and slight decrease in personal and household services tenancies.

In the office sector the upward trend of increasing vacancy rates since 2003 which came to a halt in 2008 has re-commenced once again. The total vacant office area has increased from 21,324m² in 2008 to 23,363m² in 2009 which is now the highest amount of vacant space on record. The overall vacancy rate is now 21.6%.

At the same time, the number of vacant office tenancies has risen from 67 to 72 in 2009. It is very clear that tenants of office space are preferring to occupy high quality space, with the amount of vacant good quality space remaining unchanged from 2008 at 10.0%. The amount of vacant space in the average quality category has decreased from 18.5% in 2008 to 16.7% in 2009. However poor quality office vacancies have increased significantly to 54.6%

The office leasing market continues to be slow. Over the past four years there has been an increase in demand for good quality office accommodation; however this demand continues to be unsatisfied. The weakest demand is for the leasing of dated, older style or below average quality office accommodation as evidenced by the increasing vacancy rates in both of these categories.

Further details on both office and retail vacancies are outlined over the page or available by contacting Reid and Reynolds Limited.

The Central Business District Vacancy Survey has been undertaken annually since 1989 by Reid and Reynolds and Property Strategies (Rotorua) Ltd. The survey does not include accommodation, residential or service station properties.



RETAIL

- Overall vacancy rate increased from 10.5% in 2008 to 10.9% in 2009
- The total vacant retail area has decreased from 15,993m² to 14,868m²
- There were 55 vacant stores, an increase of 2 from 2008; this is the highest number of vacant shops since 2003, but is still lower than the number of vacant shops recorded between 1997 and 2003
- The percentage of vacant good quality shops has increased from 8.9% in 2008 to 9.4%
- The percentage of vacant average quality shops is up from 10.1% to 10.9%
- The percentage of vacant poor quality shops decreased from 19.1% to 16.7% however this is a relatively small sample
- There has been an increase by 5 in the number of recreational goods tenancies; cafés and restaurants have remained static at 89; there has been a decrease in the number of personal household services shops from 107 down to 97

OFFICE

- The vacancy rate has increased from 19.9% in 2008 to 21.5% in 2009
- The amount of total vacancy space is 23,363m² compared to 21,324m² in 2008
- There was an increase in the number of vacant offices from 67 in 2008 up to 72 in 2009
- The vacancy for good quality space is down very slightly from 10.2% in 2008 to 10.0%
- The vacancy for average quality space is down from 18.5% to 16.7%
- The amount of vacant poor quality space continues to climb from 45.1% to 54.6% but this is a smallest sample of the 3 quality categories.



