

## ROTORUA CENTRAL BUSINESS DISTRICT 2021 VACANCY SURVEY

The 2021 Rotorua commercial vacancy survey covers office and retail space in the Central Business District. This latest survey was undertaken in December 2021. The previous survey was carried out in December 2020.

### OVERVIEW

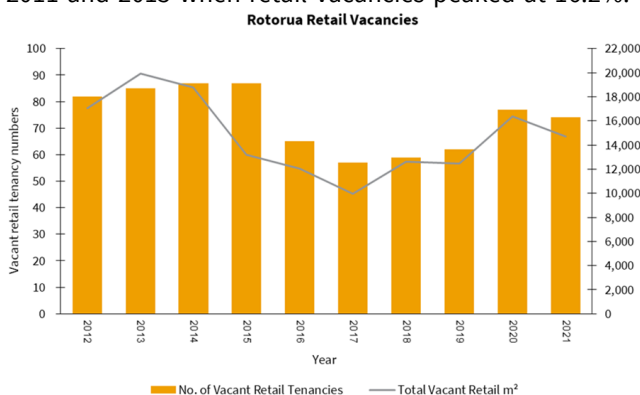
The latest Rotorua Central Business District vacancy survey has shown decreases in vacancy levels for both office space and retail space since 2020. The office sector vacancy rate has decreased to 14.6% from 19.3% in 2020. There is now 14,469m<sup>2</sup> of vacant office space compared to 2020 when the vacancies were 19,070m<sup>2</sup>.

Within the retail sector, there has been only a slight decrease in both the number of vacant retail shops and the amount of vacant retail space. The retail vacancy rate is now 14.3% with 74 vacant shops, only 3 less than 2020. There is now 14,716m<sup>2</sup> of vacant retail space compared to 16,402m<sup>2</sup> in 2020.

### RETAIL

After the initial lockdown in 2020 when the Covid-19 pandemic started, the leasing market weakened and vacancies increased, however in the last 12 to 18 months vacancy levels have slightly improved although not by much.

This shows that immediately after the pandemic vacancy rates rose but have now slightly decreased. There are now 74 vacant shops at a vacancy rate percentage of 14.3%, down slightly from 14.5% in 2020. This is still lower than the highest vacancy rates on record between 2011 and 2015 when retail vacancies peaked at 16.2%.



The highest concentration of vacancy measured in area is centred mainly around Fenton Street. Fenton Street has seen an increase from 7 shops in 2020 to 10 in 2021 largely due to the closing of direct tourist related businesses.

The highest level of vacancy measured in number of tenancies is located on Hinemoa Street and Pukuatua Street where a large number of vacancies are located in the Royal Court Hinemoa Arcade.

Location	No. of Vacant Shop	Vacant Tenancies (m <sup>2</sup> )
Fenton Street	10	3,512m <sup>2</sup>
Eruera Street	10	2,777m <sup>2</sup>
Tutanekai Street	11	2,209m <sup>2</sup>
Hinemoa Street	17	2,679m <sup>2</sup>
Pukuatua Street	12	1,829m <sup>2</sup>

Vacancy rates in the Rotorua Central Mall on Tutanekai Street have been relatively low with only 1 vacant shop compared to 3 in 2020.

Tenancies at Rotorua Trade Central are not included in the survey. We have analysed the premises presently occupied based on the type of shops operating. The highest number of retail shops measured in tenancy numbers is for personal goods and household services being 24.8% of the total number of tenancies. This is followed by cafes, restaurants, and takeaways at 21%.

Type of shops	No. of Tenants	%
Accommodation, Hotels and Liquor	18	3.4%
Personal Goods & Household Services	130	24.8%
Cafes, Restaurants and Takeaways	110	21%
Clothing, Footwear and Soft goods	50	9.5%
Department / Bulk Retail	15	2.9%
Educational services/facilities	23	4.4%
Food Retailing	26	5%
Furniture and Floorcoverings	19	3.6%
Health Services & Chemist	43	8.2%
Other general shops	30	5.7%
Recreational Goods & Services	41	7.8%
Souvenirs and Tourist	20	3.8%

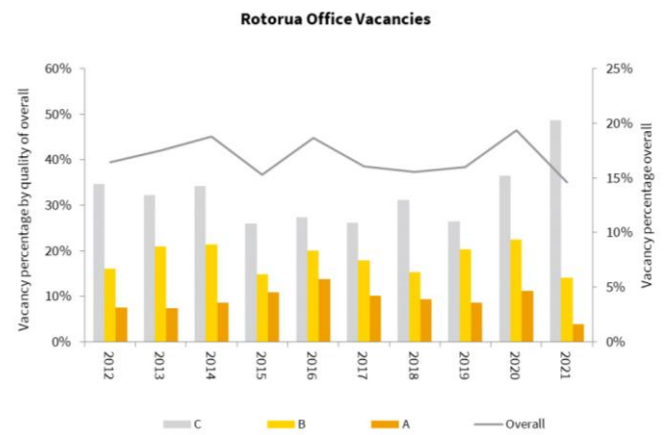
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## OFFICES

The impact of the pandemic is not as pronounced in the office sector. This market is now showing moderate activity with the economy slowly picking up after the initial slump due to the Covid-19 pandemic. Supply is short for good quality, new space but all other sectors are oversupplied.

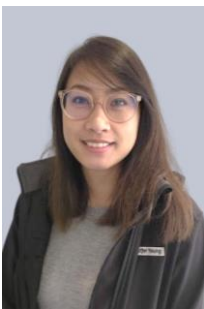
The overarching trend is an increase in demand for good quality premises and very little, if any, demand for low quality or low seismic strength properties. Since the Covid 19 lockdowns leasing activity in the office market has been sparse and vacancies have increased in 2020, however in 2021 leasing activity resumed with demand for good quality surpassing the pre-Covid levels.

The vacancy rate for offices decreased to 14.6% from 19.3% in December 2020. There were 66 vacant offices out of the 350 offices surveyed. The total amount of vacant office space decreased to 14,469m<sup>2</sup> from 19,070m<sup>2</sup> in 2020. Of note it is apparent that there is a flight to quality with reductions in vacancy levels for Category A (good quality) space and Category B (average quality) space and a significant increase in vacancy for Category C (poor quality) space. As illustrated in the graph below:



A full survey will be conducted again in December 2022.

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