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Releasing capital from Wiri Building

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A Wiri property that has been tenanted by international food ingredients companies for 40 years is now on the market for sale.

Owned by Hon Hing Construction for the past 15 years, the one hectare property at 284 Wiri Station Rd previously used as a manufacturing food ingredients factory warehouse and will be vacant by the beginning of July.

CB Richard Ellis sales brokers Claus Brewer, Derek Harries and Dominic Ong are auctioning the property on June 22 and say it offers the flexibility to redevelop or occupy.

Brewer says Hon Hing Construction had initially looked at re-leasing the site, but decided to sell it to release capital. "It is a chance for an owner occupier, who doesn't need a high stud building, to occupy the 3580sq m of older style medium warehouse and office space or to develop new purpose-built premises.

"There are fewer and fewer Wiri industrial sites available for owner occupiers to buy and then build their own premises. The majority of the available industrial zoned land is tightly held by developers or investors who are only leasing buildings they put up."

Brewer says the site could be excavated and a 5000 sq m building erected with drive-around access and a workable yard. "South Auckland is full of buildings that don't allow for manoeuvrability and are limiting for many businesses."

"This site has a lot of possibilities for a wide range of businesses. It doesn't have full site coverage and the existing building is not well positioned on the land. There are endless permutations that could be looked at to make this site work efficiently and cost-effectively."

Harries says the building is a substantial factory warehouse and office complex built about 1967 and altered at the end of the 1970s and in the early 1980s to suit the expansion of the tenant's food ingredients business. In 1984 a drying tower was installed and there were further alterations a year later.

"The property is tenantable as it is in reasonable condition." The offices over a single level are on the Wiri Station Rd frontage, while a three bay warehouse used for distribution and storage and

incorporating a blending room and four roller doors is to the southern side of the offices. The warehouse has a 3.6 metre stud, rising to four metres at the apex.

On-site parking is provided 36 vehicles. Visitor parking is at the front of the offices and staff parking in an adjacent separate sealed yard.

Located at the corner of Ash and Wiri Station Rds, the dual access, elevated property is opposite Ports of Auckland Inland Port and sits on a key arterial route with good links to the new SH20 motorway extension.

While there is no price on the property Brewer says bare land in the area has been selling for between \$220/sq m and \$260/sq m. Average land prices for quality sites in Mt Wellington and Penrose sit at above \$300/sq m.

"There is no doubt Wiri's lower industrial land prices have played a big part in some major businesses moving to the area. We are getting continual inquiry about Wiri land as the prices provide owner occupiers and developers with an economic opportunity compared to Mt Wellington, Penrose and East Tamaki."

Whilst Wiri Station Rd will lose some of its profile because of the SH20 motorway extension, Harries says it will be a good feeder route. It will change the perception of Wiri as a challenging destination. The extension will give easier access to the Southern Motorway and CBD, enhancing the movement of freight."

CBRE's research shows industrial land values increased slightly in the first quarter this year after large falls from March 2008 to September last year.

Expectations in the property sector of an increasing number of landowners quitting, or forced to quit, their vacant sites have not been realised. CBRE's figures show the bottom of cycle in land values may have passed. Interest is focused on development sites which have holding income over the short term.

Yields for prime industrial land have firmed to 8.43% over the first quarter this year. CBRE's research shows yields started to strengthen in the September quarter last year. Secondary yields remained stable over the first quarter of this year at 9.93%,

Harries says this strengthening of the market reflects the fact industrial investors are the most optimistic of the entire commercial and industrial property sector and have picked up quickly on changes in the underlying economic and monetary conditions and the low prices at which good quality property is available. "The buying has been dominated by private investors."

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