

NZ Property Performance Index

SUMMARY This publication tracks the current and historic rent and yield performance of selected prime office, retail and industrial property submarkets in Auckland, Wellington, Hamilton and Christchurch. Its purpose is to provide a handy summary enabling comparison between the property market performances of the cities and sectors as assessed by CB Richard Ellis. The data is based on CBRE's quarterly survey of market rents and yields. Please refer to the back page for the definitions and methodology used to determine the data.

COMPARATIVE RENT PERFORMANCE

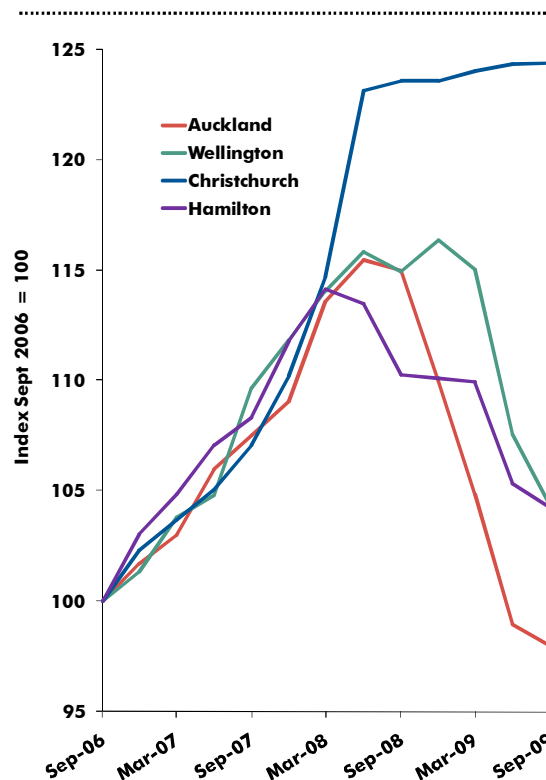
The Auckland property market has been the most severely impacted in the downturn. Auckland composite net effective market rents have fallen sharply since mid 2008 and have now fallen below the levels seen three years ago. Wellington and Hamilton has followed Auckland, however to a lesser extent. Christchurch on the other hand is clearly the outstanding performer in terms of growth over the past three years and rents continue to remain at the levels built up from growth over 2006/2007. The Christchurch rental index shows stable rents over the quarter and a 0.6% increase in the index over the year.

Over a three year period to September 2009, in aggregate, the office sector leads prime rental growth followed by CBD retail and industrial. However, the office sector experienced the largest decline over the past year, with its rental index falling 12.2%. CBD retail and industrial rents have also fallen, and have dropped below levels seen three years ago.

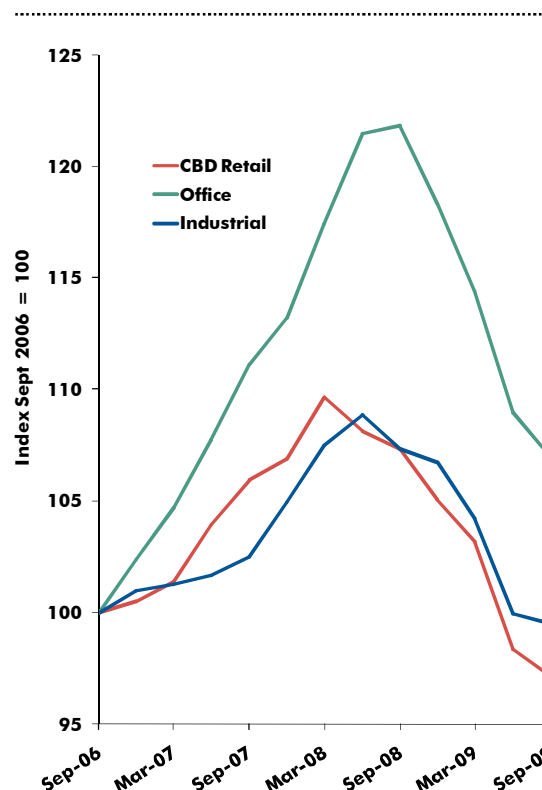
Comparative Composite Market Rent Index (Sept '06 = 100)

	Index Q3 09	Quarterly Change	Annual Change
Auckland	98.0	-1.0%	-14.8%
Wellington	104.4	-2.9%	-9.2%
Christchurch	124.4	0.0%	0.6%
Hamilton	104.3	-1.0%	-5.4%
Office	107.0	-1.8%	-12.2%
CBD Retail	97.2	-1.2%	-9.5%
Industrial	99.5	-0.4%	-7.3%

Comparative Composite Market Rent Index by City



Comparative Composite Market Rent Index by Sector



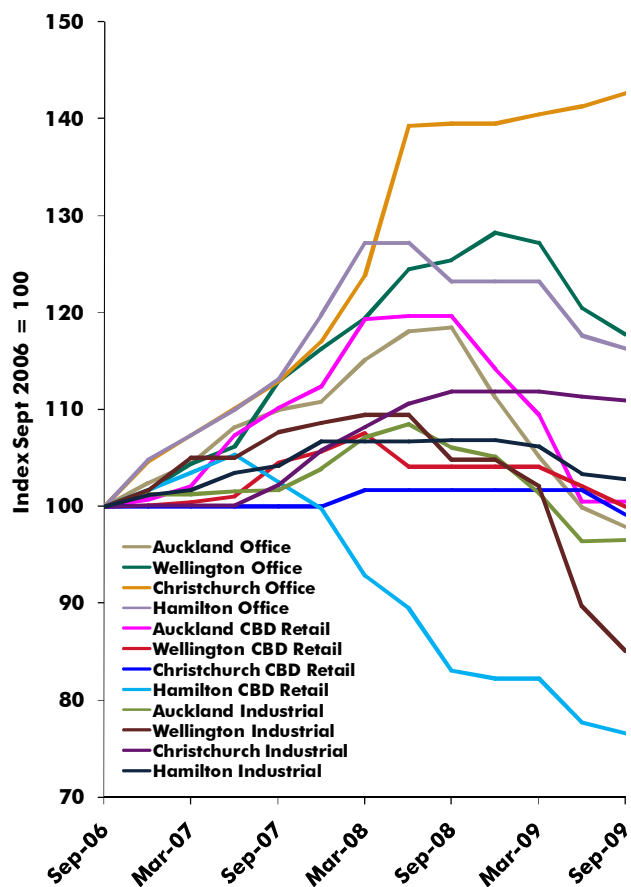
COMPARATIVE SECTORAL RENT PERFORMANCE

Over the last three years, Christchurch prime office rents have posted the highest growth, with a 42.6% increase. During this period, high demand and low vacancy resulted in continued rent increases. Contrasting this, the Auckland prime office market decreased by 2.1% over this period, and 17.4% over the year. Wellington and Hamilton office rents have shown softer falls over the past year, however show growth of 17.8% and 16.2% respectively in the past three years.

Prime CBD retail rents have continued to fall in each city apart from Auckland in the latest quarter. Over the past three years, Hamilton CBD retail has fallen the most out of all sectors, with a 42.6% decline. In comparison, CBD retail in other cities have fallen to around the level of three years ago.

In the industrial sector, Wellington has suffered the most, with a 18.9% annual decline and a 5.2% quarterly decline, the largest quarterly change of all property sectors. Other industrial sectors have remained relatively stable in the latest quarter.

Comparative Market Rent Index By Sector



Comparative Sectoral Net Market Rent

	Rent at Q3 2009	Quarterly change	Annual change	3 year change
Auckland Office	\$284	-2.0%	-17.4%	-2.1%
Wellington Office	\$327	-2.2%	-6.1%	17.8%
Christchurch Office	\$259	0.9%	2.2%	42.6%
Hamilton Office	\$230	-1.2%	-5.7%	16.2%
Auckland CBD Retail	\$1,920	0.0%	-16.0%	0.5%
Wellington CBD Retail	\$2,146	-2.1%	-3.9%	-0.1%
Christchurch CBD Retail	\$605	-2.4%	-2.4%	-0.8%
Hamilton CBD Retail	\$447	-1.4%	-7.8%	-23.4%
Auckland Industrial	\$104	0.1%	-9.0%	-3.5%
Wellington Industrial	\$89	-5.2%	-18.9%	-14.9%
Christchurch Industrial	\$92	-0.4%	-0.8%	10.9%
Hamilton Industrial	\$86	-0.6%	-3.7%	2.8%

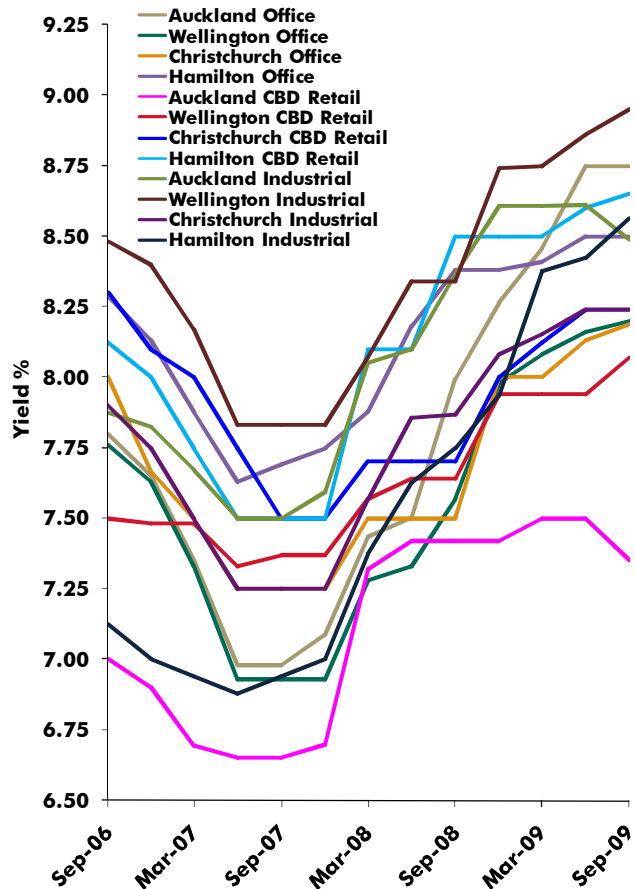
COMPARATIVE SECTORAL YIELD PERFORMANCE

From the start of the decade, yields firmed dramatically throughout each sector until bottoming out in mid 2007. During this time the Auckland CBD retail sector reached the firmest yield of 6.65%. Since then, all yields apart from Christchurch CBD retail have softened back to a level higher than they were at three years ago.

The largest change over the past year has been in the Hamilton industrial market which has softened by 106 basis points. In the most recent quarter, yields are showing signs of stabilising, with some sectors even showing a slight firming of yields. Auckland CBD retail and industrial have firmed 15 and 12 basis points respectively.

In the third quarter of 2009 yields range from 7.35% (Auckland CBD retail) to 8.95% (Wellington industrial), with a spread of 160 basis points. In terms of cities, Auckland has the firmest yields, while Hamilton has the softest. In terms of sectors, CBD retail has the firmest yields, while industrial has the softest.

Comparative Market Yield By Sector



Comparative Sectoral Net Market Yield

	Yield at Q3 2009	Quarterly change	Annual change	3 year change
Auckland Office	8.75%	0.00%	0.76%	0.95%
Wellington Office	8.20%	0.04%	0.63%	0.44%
Christchurch Office	8.19%	0.06%	0.69%	0.19%
Hamilton Office	8.50%	0.00%	0.12%	0.21%
Auckland CBD Retail	7.35%	-0.15%	-0.07%	0.35%
Wellington CBD Retail	8.07%	0.13%	0.43%	0.57%
Christchurch CBD Retail	8.24%	0.00%	0.54%	-0.06%
Hamilton CBD Retail	8.65%	0.05%	0.15%	0.53%
Auckland Industrial	8.49%	-0.12%	0.13%	0.62%
Wellington Industrial	8.95%	0.09%	0.61%	0.47%
Christchurch Industrial	8.24%	0.00%	0.37%	0.34%
Hamilton Industrial	8.56%	0.14%	0.81%	0.53%

DEFINITIONS AND METHODOLOGY

The rent and yield data are an indicative assessment of net market rents and yields based on our view of the market. The rents and yields represent indicative averages for the various market sectors. The data does not reflect the full range of values or market evidence for any market sector and is not necessarily applicable to actual leases or properties. The range of actual rents and yields around the averages shown can be considerable.

The report contains data for Prime properties only in each sector.

The office and retail sectors reflect properties in the CBD's of each city. The industrial sector reflects the main industrial precincts of each city.

Rents are net effective. Please note that when the quarterly change in effective rents is minor (i.e. 0.1%), face rents and incentives are likely to be unchanged but changes in interest rates means that effective rents can change slightly.

Yields are initial yields based on market rent levels.

The composite city rental index reflects an amalgamation of the office, industrial and retail sectors weighted at 50%, 30% and 20% respectively and the composite Sector rental index reflects an amalgamation of all cities weighted by stock size.

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