Hamilton CBD Office Market Overview

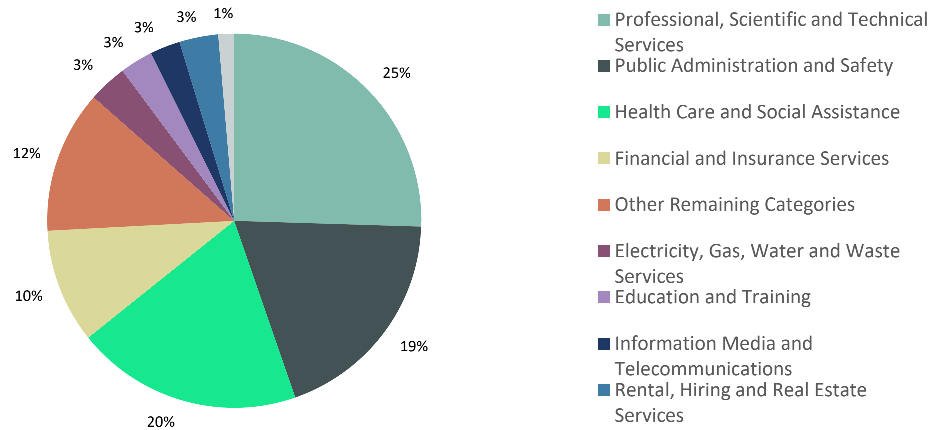
Summary

There were no brand new additions to Hamilton CBD office stock in the second half of 2025, however the completion of an extensive refurbishment at 18 London Street has moved this building up to a higher grade.

Over the six months to December 2025, overall office vacancy increased from 6.4% to 8.9%. While largely driven by increases in D grade, most grades experienced a vacancy rate increase, although Grade A vacancy is the lowest, a result in line with the 'flight to quality' that many occupiers aim for.

The overall net change in occupied office stock was positive 4,300 sqm in the second half of 2025. New occupancies in recently completed refurbishments were a major driver of this.

FIGURE 1: Hamilton CBD office occupancy composition by business type



INTRODUCTION

This publication provides a summary of the Hamilton office occupier survey conducted in December 2025.

The survey is based on comprehensive building by building analysis of the Hamilton CBD area, reporting on stock volumes, vacancy rates, absorption rates and floor space use by business type.

This study is undertaken on a bi-annual basis by CBRE Research and NAI Harcourts.

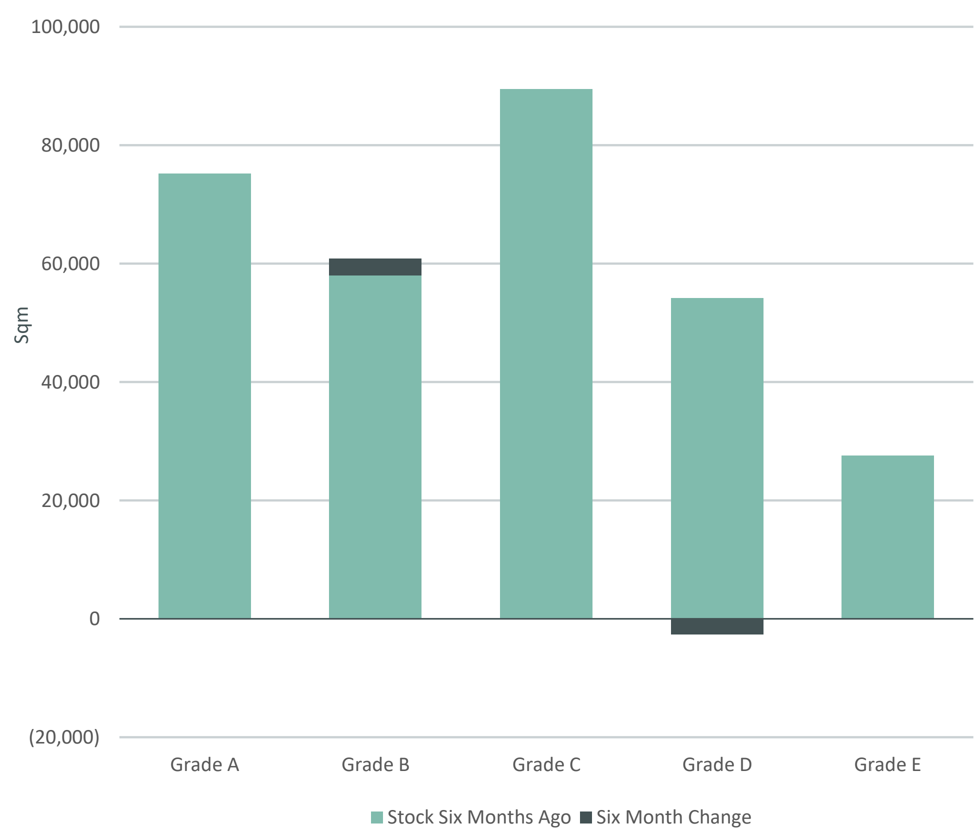
Office stock and new supply

Hamilton CBD office stock increased by 188 sqm to 304,745 sqm over the six months to December 2025. There have been sizeable swings in the B and D grades due to the now fully completed refurbishment and extension of 18 London Street. During the second half of 2025, this project resulted in the loss of 2,776 sqm of Grade D space and its transfer to Grade B upon completion which added 2,813 sqm of space to this grade. This NLA adds to the 1,345 sqm of ground floor and Level 2 space in this building, that had already moved into Grade B stock during the first half of 2025.

Redevelopment of cost-effective quality refurbished space is an attractive alternative to brand new builds, especially when it can be done quickly. However, the completion of several projects has reduced the total amount of space under refurbishment, with the figure reducing from 37,201 sqm to 25,287 sqm over past six months. Recently completed refurbishments aside from 18 London Street, include half of the space in Anglesea Tower (2,762 sqm, of which 653 sqm is vacant), more than half of the space in ASB Building (3,017 sqm, all of which has government occupancy), the remainder of 11 Garden Place (533 sqm, vacant as at time of survey), 16 Clarence Street (2,141 sqm, vacant as at time of survey), and the remainder of Federated Farmers building on London Street (686 sqm, now occupied by Gilmour Studios).

In terms of developments in the pipeline, a sod turning ceremony for the $20 million Building B at Union Square was held in July 2025, for the next stage in this precinct.

FIGURE 2: CBD office stock by grade in December 2025



Vacancy

Overall office vacancy in Hamilton CBD increased by 2.5% to 8.9% in December 2025, largely driven by increases in poorer D grade. Vacant stock volumes have also increased over the past six months.

Several recently completed refurbishments have added space to the market that was vacant at the time of the survey. These include 11 Garden Place (533 sqm of vacant stock) and 16 Clarence Street (2,141 of vacant stock).

Vacancy in Grade A has almost tripled, but remains the lowest of all the grades, at only 3.1%. New vacancies in this grade include former Aon space at 85 Tristram Street (630 sqm), former BP Software at Bridgewater (587 sqm), and a law firms departure from the PWC building on Ward Street (235 sqm).

In B Grade, vacancy has increased from 7.0% to 9.5% in the six months to December 2025. The addition of 1,163 sqm of vacant space at the recently completed 18 London Street was a major driver of this, however there were also three new vacancies, each in the 150 sqm to 250 sqm range.

Grade C vacancy increased from 7.2% to 7.8% between June and December 2025. Like Grade B, the addition of 1,186 sqm of vacant space at the recently completed refurbishments at Anglesea Tower and 11 Garden Place were a major driver.

Grade D experienced a significant increase in vacancy rate, moving from 10.0% to 18.7% in the six months to December 2025. Aside from 16 Clarence Street, there were 11 new vacancies, the largest being 91 Victoria Street (970 sqm).

Finally, Grade E was the only grade to record a decrease in vacancy, going from 9.8% in June to 9.2% in December 2025.

FIGURE 3: CBD office vacancy by grade June 2025 – December 2025

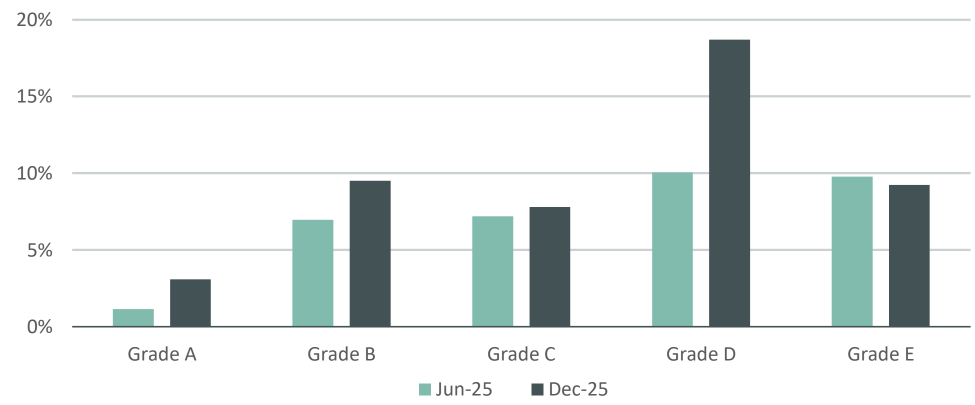
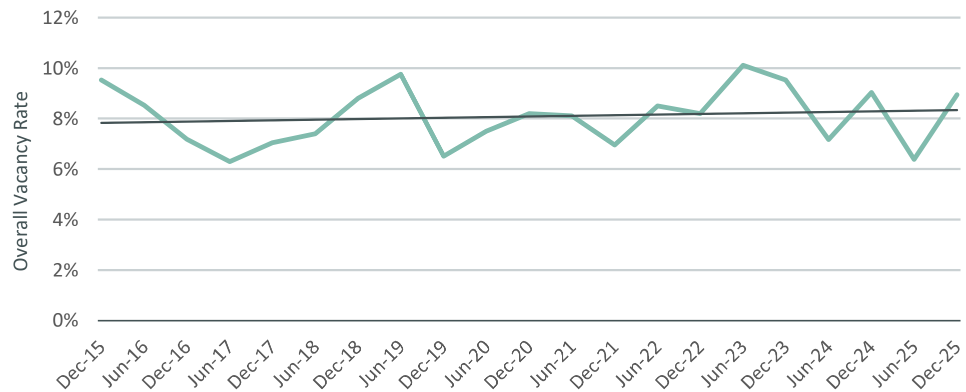


FIGURE 4: CBD total office vacancy 2015-2025



Demand

The Hamilton office market experienced an expansion during the last 6 months, and the overall net change in the amount of occupied office stock was 4,303 sqm. This positive result stems from significant leasing activity in newly completed refurbishments, however when viewed in conjunction with the increase in vacant stock detailed on the previous page, it appears that refurbished supply may have temporarily overshot the immediate level of demand and further absorption of available space will be required in 2026.

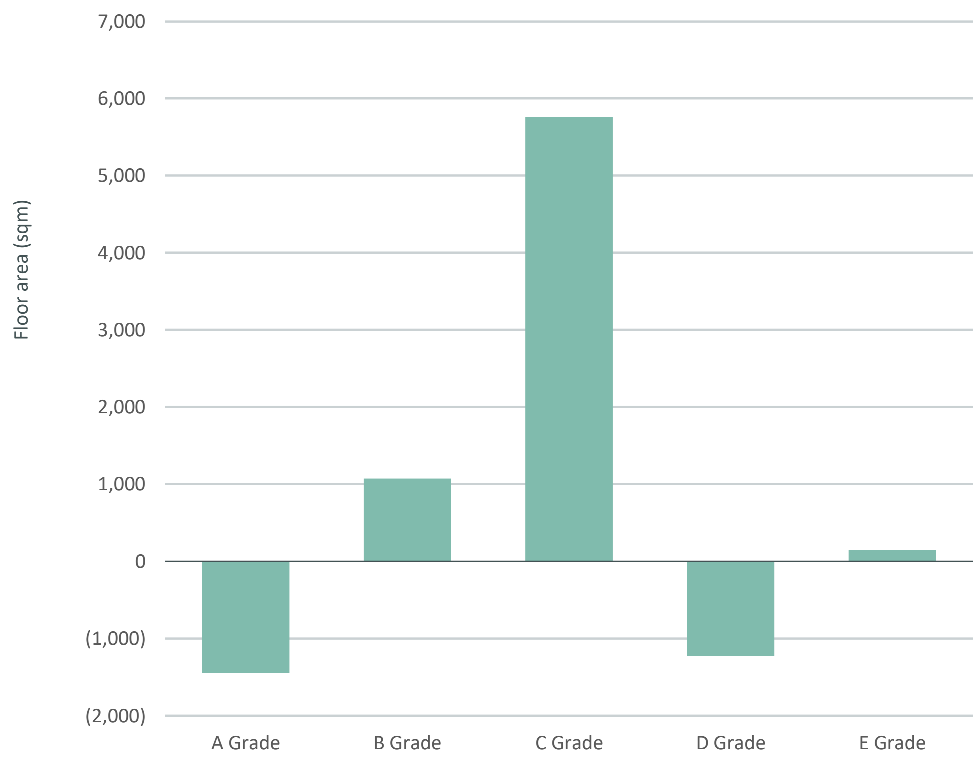
Our absorption data shows that occupiers continue to have interest in existing Grade A quality stock. Two occupiers (Naylor Love and NZTA) have secured new Grade A space in the 600-700 sqm range each, however three new vacancies combined with no take ups of existing vacant space have led to negative net absorption during the second half of 2025.

Grade B saw occupied stock increase by 1,072 sqm over the past six months due to new occupancies in 18 London Street by Panama Suites (704 sqm), Smart Loyalty (473 sqm), and CKL Planning Surveying Engineering (473 sqm).

Grade C net absorption was 5,762 sqm. At the ASB Building, MBIE took 1,437 sqm and the Electoral Commission took 1,580 sqm. MEA Mobile took 921 sqm at Anglesea Tower, with multiple further tenancies put in place.

Demand has typically been low for space in the bottom two quality grades. Grade D occupancies contracted by 1,225 sqm however Grade E experienced a very slight lift during this survey period.

FIGURE 5: Net uptake of CBD office space by grade



Conclusions and outlook

The Hamilton CBD office market's most recent survey results were positive, with H2 2025 recording a sizeable increase in occupied stock of around 4,300 sqm to bring the total occupied office stock in Hamilton well over the quarter of a million sqm threshold to 252,207 sqm. Some of this occupancy boost will eventually prove to be temporary (the Electoral Commission took 1,580 sqm of recently refurbished space in preparation for the general election at the end of 2026) but there has been a 2% increase in the volume of space occupied by businesses in the Professional, Scientific, and Technical Services categories, which bodes well for both the health of businesses in these sectors and the appeal of Hamilton CBD.

Interestingly, vacant space has also increased. In December 2025 it totalled 27,251 sqm, around 7,800 sqm more than what was recorded in June 2025. A wave of refurbishment completions totalling almost 12,000 sqm has impacted by bringing such a high volume of stock to market that it has temporarily exceeded demand. While over half of recently completed space has been taken up by occupiers, supply availability remains and we expect further absorption of recently completed refurbishments over the course of 2026 as businesses leases expire and they reassess their space requirements in favour of more modernised options.

Subpar quality of office accommodation in Hamilton is a problem because it is not what occupiers want. Even with a lower rental cost, stock in the lowest quality grades has limited appeal and can be very difficult to lease up. Over the past few years, investors that have struggled to lease lower grade space have seen opportunity in building upgrades and have taken action to commission refurbishments, however the recent surge in completions including some with vacancy, have stalled any new major refurbishments from commencing for now.

While hybrid working has been and will continue to be a feature of the workplace, employers are shifting their focus back to the office as a primary place of work, and for businesses to attract high performing individuals, they need a high performing workplace. This market led demand for quality office space will help to generate Hamilton office projects going forward.

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