Hamilton CBD Office Market Overview

Summary

The first half of 2026 saw no new additions to Hamilton CBD office stock. However, the completion of a major redevelopment at North Bloc, 193 London Street, for Fonterra, resulted in the building being reclassified to a higher grade.

Over the six months to June 2026, overall office vacancy decreased from 8.9% to 8.4%, largely driven by lower vacancy in the B Grade segment following the regrade of 193 London Street. Vacancy across other grades remained relatively stable. Grade A continued to record the lowest vacancy at 3.1%, while Grade D remained the highest at 19.5%, highlighting the ongoing flight-to-quality trend among occupiers.

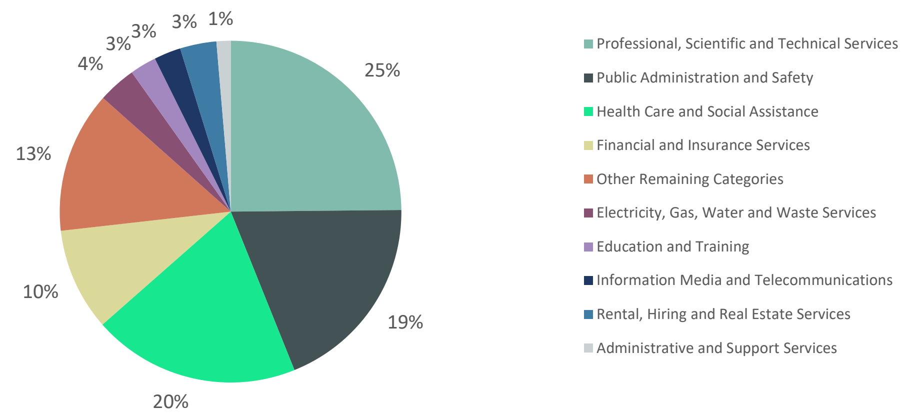
Occupied office stock increased by a net 6,003 sqm during the first half of 2026, reflecting the regrading of 193 London Street and further supported by new tenancies.

INTRODUCTION

This publication provides a summary of the Hamilton office occupier survey conducted in June 2026.

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.



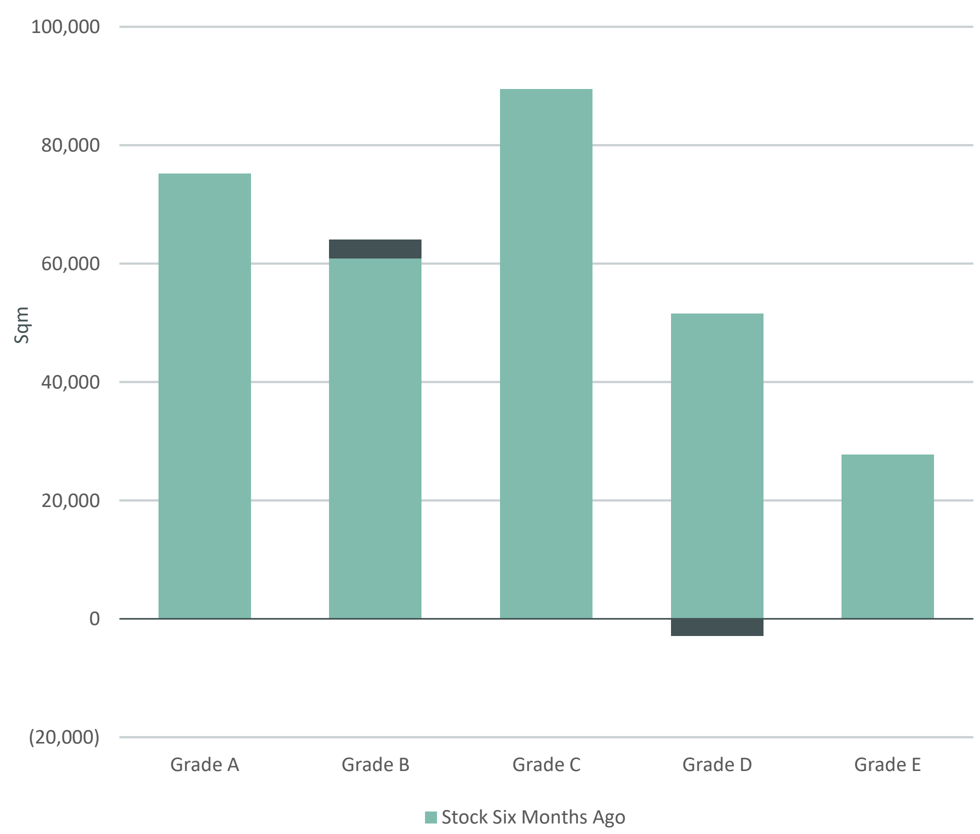
Office stock and new supply

Hamilton CBD office stock increased by 240 sqm to 305,165 sqm over the six months to June 2026, reflecting the conversion of a small restaurant tenancy into Grade B office space. In addition, 2,920 sqm at North Bloc, 193 London Street was reclassified from Grade D to Grade B following the completion of a major redevelopment, with the building now fully occupied by Fonterra.

The redevelopment of quality refurbished office space continues to provide a cost-effective alternative to new builds, particularly where projects can be delivered within shorter timeframes. However, the completion of refurbishment projects during the period reduced the volume of space under refurbishment from 25,287 sqm to 21,446 sqm. Alongside 193 London Street, completed projects included a 921 sqm floor at Anglesea Tower, which still has 653 sqm available for lease. Meanwhile, the former IRD Building on Bryce Street remains under investigation for significant refurbishment. No new refurbishment projects were identified as underway during the current survey period, suggesting new refurbishment activity may be entering a quieter phase following several recent project completions. This could limit the amount of upgraded space entering the market in the near term and place greater emphasis on existing high-quality stock as occupiers continue to prioritise quality accommodation.

One of the most significant projects currently underway is the redevelopment of the former Tower Building at 48 Ward Street. The existing office building is undergoing a significant redevelopment as part of a new $100 million mixed-use project. The site previously accommodated 10,600 sqm of office space and is being transformed to include two levels of underground parking, one level of commercial office, and a 13-level, 200+ room Pullman hotel.

FIGURE 2: CBD office stock by grade in June 2026



Vacancy

Overall office vacancy in Hamilton CBD declined from 8.9% to 8.4% over the six months to June 2026, driven by a reduction in B Grade vacancy, partially offset by small increases across Grades C and D. Total vacant stock decreased by almost 2,000 sqm.

Key drivers included the absorption of 1,007 sqm at 354 Victoria Street and 858 sqm at KPMG Tower, where 995 sqm remains vacant.

Grade A vacancy remained unchanged at 3.1% following a significant increase in late 2025 and continues to be the lowest of all grades, reinforcing the flight-to-quality trend. Major vacancies include 630 sqm at 85 Tristram Street (former Aon space), 587 sqm at Bridgewater (former BP Software space), and a total of 660 sqm within the PwC building on Ward Street.

Grade B vacancy fell from 9.5% to 5.8%, largely reflecting the reclassification and full occupancy of 193 London Street by Fonterra. Additional uptake occurred at 354 Victoria Street (1,007 sqm) and 18 London Street (703 sqm), partially offset by a new 161 sqm vacancy at Vero House.

Grade C vacancy increased from 7.8% to 8.1%, driven by a total of 1,512 sqm of newly vacant space at the Westpac Building and 176 sqm at NWM House, and 563 sqm at 660 Victoria Street outweighing leasing activity elsewhere in the grade.

Grade D vacancy rose from 18.7% to 19.5%, with total vacant stock totaling to 9,942 sqm.

Grade E vacancy decreased from 8.9% to 8.4%, supported by several smaller leases.

FIGURE 3: CBD office vacancy by grade December 2025 – June 2026

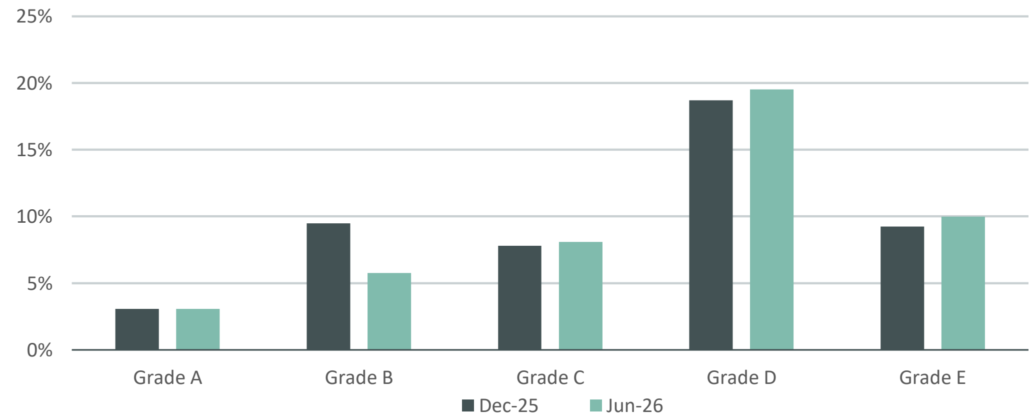
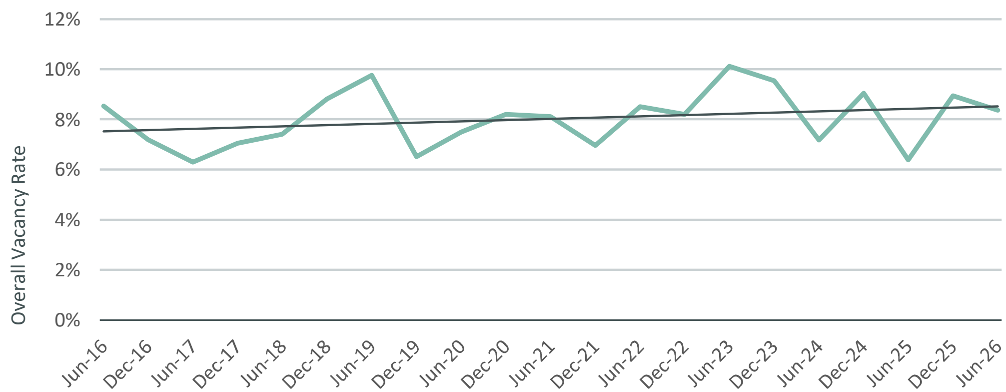


FIGURE 4: CBD total office vacancy 2016-2026



Demand

Hamilton's office market continued to expand over the six months to June 2026, with net absorption reaching 6,003 sqm, reflecting an increase in occupied office space. The result was boosted by the completion and regrading of North Bloc, 193 London Street, which added 2,920 sqm of occupied B Grade stock and is now fully leased to Fonterra. While this refurbishment significantly enhanced the absorption outcome, net absorption would have remained positive without its contribution, indicating that underlying occupier demand remained present throughout the first half of 2026.

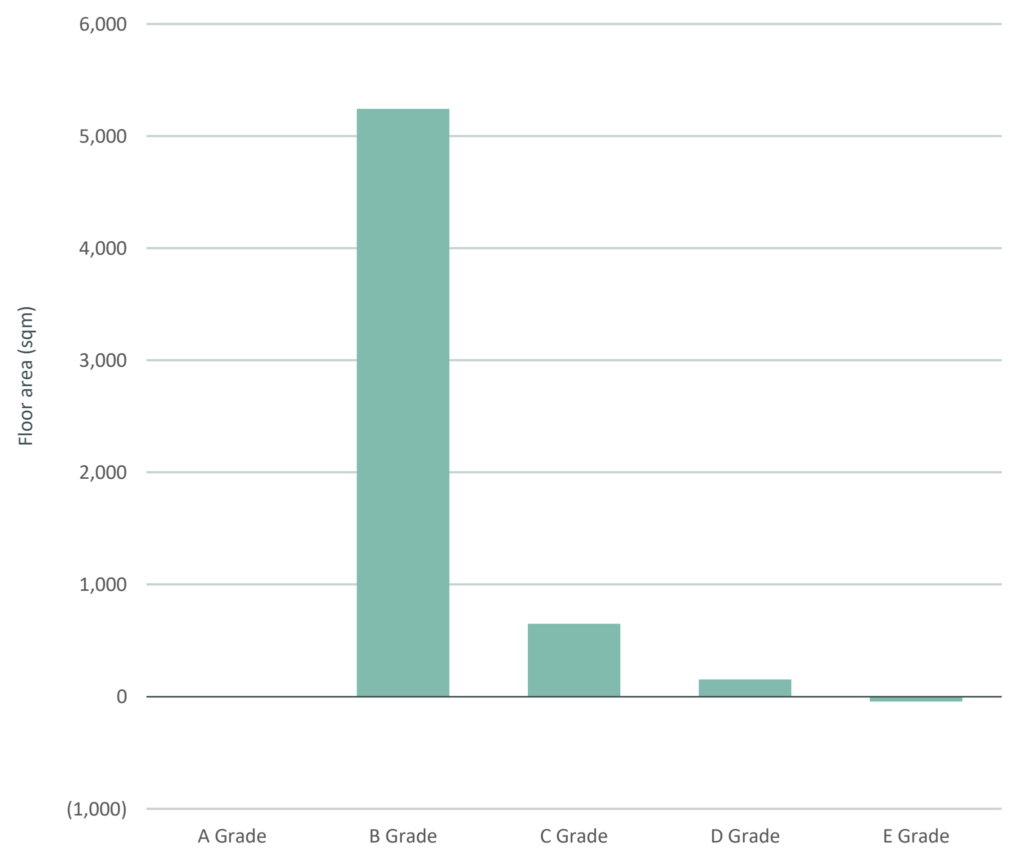
Grade A recorded no net absorption during the period, following strong leasing activity in the previous six months to December 2025. No previously vacant space was absorbed, and no new vacancies were recorded, with vacancy remaining at a low 3.1%.

B Grade recorded the strongest absorption of all grades. In addition to 193 London Street, leasing activity included 1,007 sqm at the BNZ Building to Waikato Waters, 411 sqm at the corner of London and Victoria Streets, 316 sqm at 450 Anglesea Street, and 703 sqm at 18 London Street.

Grade C achieved net absorption of 650 sqm, supported by 921 sqm leased at Anglesea Tower and 858 sqm at KPMG Tower, among other transactions. This was partially offset by 2,313 sqm of newly vacant space returning to the market.

Demand for lower-quality stock remained subdued. Grade D occupancy increased by 153 sqm, while Grade E recorded a modest decline of 43 sqm in occupied space.

FIGURE 5: Net uptake of CBD office space by grade



Conclusions and outlook

The Hamilton CBD office market recorded positive survey results in the first half of 2026, with occupied stock increasing by approximately 6,000 sqm, lifting total occupied office stock to 258,210 sqm. Occupancy growth was supported by leasing activity across a range of sectors, including a 1% increase in the volume of space occupied by businesses within the Electricity, Gas, Water and Waste Services categories. This was underpinned by a 903 sqm lease commitment from a single occupier within the sector during the first half of 2026.

Total vacant stock decreased from 27,251 sqm to 25,509 sqm over the six months to June 2026. This reduction reflects ongoing leasing activity following the increase in available space recorded in late 2025 as several refurbishment projects were completed. The completion of refurbishment projects during the period reduced the volume of space under refurbishment from 25,287 sqm to 21,446 sqm, a decrease of some 3,841 sqm. As anticipated, a portion of this recently delivered supply has since been absorbed by the market.

Occupier preference for higher-quality space continues to shape leasing activity across Hamilton's CBD office market. Of the current 25,509 sqm of vacant stock, 21,796 sqm has remained vacant for at least 12 months, while only 3,573 sqm represents new vacancies recorded during the first half of 2026. This highlights the continued challenge of leasing older or lower-grade office space, despite generally lower rental costs. In response, some building owners are pursuing refurbishment and upgrade projects to better align their assets with occupier requirements.

While hybrid working remains a feature of the workplace, many businesses continue to place value on office environments that support collaboration, productivity and employee engagement. This ongoing preference for quality office accommodation is expected to underpin future refurbishment and development activity within the Hamilton market.

Contact

Mike Neale
Managing Director – Commercial
M: 027 451 5133
E: mike.neale@naiharcourts.co.nz

Kara Gerrand
Commercial Sales & Leasing
M: 021 527 211
E: kara.gerrand@naiharcourts.co.nz

Zoltan Moricz
Executive Director - Research
M: 021 595 399
E: zoltan.moricz@cbre.co.nz