



## Tenants and investors snap up retail premises

Strong demand from tenants and investors is steadily soaking up space in new North Shore retail developments and pushing up rentals in some instances.

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Bayleys North Shore Commercial's specialist retail division is marketing a variety of new projects in Albany, Browns Bay and Hobsonville which are meeting with a good response from the market, says manager Michael Block.

Mr Block says much of the development is taking place in Albany where most of the North Shore's future residential and commercial growth is expected to occur.

"There has been a significant amount of sales and leasing activity following the freeholding of some large former leasehold Albany land holdings and now that the economy is gathering a decent head of steam again.

"Goodman Group is leading the development of Orchard Park near the Westfield Shopping Centre into a mix of office, light industrial and retail buildings and the Chinese funded \$300 million, 800-apartment Rose Garden complex is underway in Albany's town centre. A number of retail convenience complexes such as the Corinthian Retail Centre, the Rosedale Retail Centre and The Foundation have taken shape over the past two years and we have been involved in the leasing and sale to both owner occupiers and investors of most of the units in these centres."

Mr Block says both tenants and investors are looking for opportunities in Albany because of its long-term growth prospects and the new complexes have attracted a mix of international, national and local retailers. A number of units also have occupants targeting the substantial Asian community in Albany such as leading Chinese supermarket chain Tai Ping which anchors the Rosedale Retail Centre.

"These occupants add ethnic diversity to the centres and attract Kiwi shoppers as well because of the variety of goods they offer. We have also sold a number of units, both vacant and tenanted, to local Asian investors because they have a strong preference for smaller retail units."

Bayleys North Shore retail specialist Damian Stephen says one of the most successful of the retail complexes has been the Corinthian Retail Centre which is part of the 12 hectare Orchid business park development located between State Highway One and the Albany Expressway.

Goodman Group selected well known North Shore developers Northbridge Properties, which developed the Interplex Business Park in Albany, to undertake the Corinthian development and sold them a block of land to facilitate this.

Mr Stephen says 12 out of 14 of the units in the complex, ranging in size from 66-115m<sup>2</sup>, have been sold to owner occupiers or investors and are occupied by a mix of food and beverage businesses and essential service retailers. Only three units are still available for lease, ranging in size from 84 to 141m<sup>2</sup>, and two tenanted investments are available for sale individually by auction on 20th May 2015 (unless sold prior) through Bayleys' latest Total Property portfolio.

Northbridge Properties has now started on Stage 2 of the development known as the Orchard Park Retail Centre, a three-building complex encompassing 15 units. Mr Stephen says a boutique supermarket and/or a bulk retail tenant are being sought for one of the buildings totalling 995m<sup>2</sup> with the other tenancies ranging in

size from 71m<sup>2</sup> to 321m<sup>2</sup>. The units are available for lease or purchase and Mr Stephen says the combination of strong demand for the Stage One units and an increase in construction costs has resulted in rentals being increased from \$450/m<sup>2</sup> to \$550/m<sup>2</sup>.

Michael Block says the retail centres were included in the Orchard Park mix to enhance the amenity value of the park for its business occupants and for this reason a childcare facility, licensed for 125 children, is also being developed on an adjacent piece of land. He has this up for sale with a new 12-year lease to experienced childcare operator Kids Cove which will produce initial annual net rental income of \$325,000 plus GST. A covenant restricts the development of other childcare facilities at Orchard Park.

The sold up sign has also gone up on stage one of another retail development that Northbridge Properties is involved in, the Rosedale Retail Centre in the Interplex Business Park. All of the 17 units, which are anchored by the 1,800m<sup>2</sup> Tai Ping supermarket, have sold and only three are left for lease ranging from 78m<sup>2</sup> to 83m<sup>2</sup>.

Sixteen units in the 20-unit second stage of this development have been sold off the plans as well. It encompasses units from 65m<sup>2</sup> to 229m<sup>2</sup> targeted at retail or service sector occupants with rentals set at \$450/m<sup>2</sup> for the retail and showroom space. The four units left for purchase range from 101m<sup>2</sup> to 240m<sup>2</sup>. "The development is north facing and ideally located on the fringe of both a commercial and industrial business park and close to modern residential housing subdivisions," says Eddie Zhong.

Other retail units which Bayleys is marketing in Albany include:

- Three units from 110-119m<sup>2</sup> on the ground floor of the 41-unit Tenor Apartments complex nearing completion at 40-42 Library Lane, for lease only. They are located on a high profile site on the corner with Dairy Flat Highway, one of Albany's most used thoroughfare roads.
- A new development on the island corner opposite North Harbour Stadium at 287 Oteha Valley Road has two units of 73m<sup>2</sup> and 100m<sup>2</sup> for lease, one of which may suit a medical tenant. Undertaken by Wallace Developments, the complex is anchored by a Z service station.
- A recently completed retail convenience centre – The Foundation – at 270 Oteha Valley Road, which has a number of national and international brand tenants, has 96.5m<sup>2</sup>, 193m<sup>2</sup> and 396.5m<sup>2</sup> units for lease and a 128m<sup>2</sup> unit for sale or lease.

Further east, a six-unit development at 38-42 Clyde Road, Browns Bay, involving a redevelopment of the former Farmers building, is being fitted out for tenancy occupation. It is located opposite a just opened New World supermarket. Michael Block says Browns Bay is undergoing a revitalisation with both of the big supermarket chains plus an Asian supermarket having recently opened new or redeveloped stores. He says the new Clyde Road development, on the corner with Inverness Road, which is for lease only, has met with strong response from tenants with global cafe brand Coffee Club the first to move in. Other tenants to sign up include a restaurant, beauty salon and a toy store with a Lotto outlet. Mr Block says the remaining 187m<sup>2</sup> tenancy still to be leased could suit another complementary bar or restaurant or a national tenant looking to establish a presence in Browns Bay.

Mr Block says retail developments are also appearing in north west Auckland to service growing populations and business activity in these areas. In Hobsonville, two units are all that are left of seven units for lease on the corner of Hobsonville Point Road and De Havilland Road East in the midst of the huge residential development that is taking place. Hobsonville Point Primary school is directly opposite with the popular Catalina Café just around the corner. Mr Block says the retail units are targeted at food and beverage, a general practice medical centre, pharmacy, a café and general retail tenants which are complementary to the area and the apartments above.