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Confidence in Auckland's office market points to a broader reassessment of New Zealand real estate

NEW ZEALAND

What is behind a surge in major real estate deals in Auckland? Florence Chong reports on how global investors are reassessing New Zealand while domestic capital is gaining critical mass

KIWI MARKET TAKES FLIGHT

In June, Singapore's sovereign wealth fund, GIC, quietly concluded its latest investment in New Zealand, acquiring ASB North Wharf, a premium office building in Auckland's revitalised Wynyard Quarter waterfront precinct, for NZ\$205m (€105m).

The acquisition was made through the Precinct Pacific Investment Partnership, the investment vehicle GIC established with Precinct Properties in 2022. Since then, the partnership has assembled a portfolio worth almost NZ\$900m, with GIC holding a 75.1% equity stake.

The purchase is notable because GIC has become far more selective about office investment globally since the pandemic. Besides India, where it launched a US\$1bn (€861m) office partnership with Brookfield last year, New Zealand remains one of the few office markets where the sovereign wealth fund continues to commit fresh capital.

This reflects GIC's assessment of the potential of New Zealand's office sector. The Singapore fund now ranks as possibly the single largest foreign investor across office and retail in joint ventures, owning five key shopping centres in the country with Australia's Scentre Group, and logistics assets with fellow Singapore-based ESR Group.

But GIC's confidence in the Auckland office market also points to a broader reassessment of New Zealand by global institutional investors.

Other Singapore-based investors have been active, including hotel owner HPL, which acquired Auckland's InterContinental Hotel for NZ\$180m in early 2025. Keppel is partnering with Precinct Properties on a NZ\$290m student accommodation project for the University of Auckland, and SC Capital, now owned by CapitaLand Investment, has expanded beyond student housing into renewable energy.

International partnerships

Singapore investors have been active in New Zealand for more than a decade, but they are increasingly being joined by institutional investors from North America, Europe and elsewhere in Asia.

Industry observers say Auckland is beginning to emerge from Australia's shadow as an investment destination in its own right. International property consultants like JLL believe some global investors now compare Auckland with Sydney and Brisbane when evaluating opportunities in Asia-Pacific.

That shift was reinforced this year when Hong Kong-based PAG acquired a 50% interest in Auckland's landmark PwC Tower from developer Precinct for around NZ\$600m, setting a record valuation for a New Zealand office transaction.

In June, Brookfield expanded its New Zealand portfolio by purchasing two hotels – in Wellington and Queenstown – for NZ\$250m. The Canadian investor last year formed a long-term partnership

with Tainui Group Holdings, the commercial investment arm of the Waikato-Tainui iwi (Māori tribe), to develop a 70-hectare site in Hamilton, a regional city south of Auckland.

Phase 1 of the 610-hectare project, known as Ruakura Superhub, has an estimated end value of NZ\$1bn. It is part of New Zealand's largest industrial development, anchored by an inland port connected by rail to Auckland and Tauranga, another growing regional city.

Property consultants say commercial real estate transactions of larger, institutional-quality assets, involving offshore capital, have increased noticeably over the past year.

Several factors are supporting the recovery. Interest rates have begun to ease, commercial property values have largely reset after the downturn, and New Zealand has become more welcoming to international investment. Amendments to the Overseas Investment Act, which came into effect in March 2026, are designed to better recognise the economic benefits of foreign investment while streamlining approval processes.

Larger domestic capital base

Yet perhaps the most significant change is happening within New Zealand itself.

Behind the renewed interest from offshore investors lies the rapid expansion of the country's domestic institutional capital base, creating both new investment opportunities and an increasing supply of assets that can ultimately be recycled to international investors.

New Zealand's institutional investment market is now underpinned by three growing pools of capital: sovereign entities like the New Zealand Superannuation Fund and KiwiSaver, workplace pension schemes, and iwi investment organisations. Together they are reshaping the country's commercial property market.

New Zealand sovereign capital remains the country's largest institutional investor with collective assets of around NZ\$158bn. KiwiSaver, introduced less than two decades ago, now manages around NZ\$140bn and is projected to exceed NZ\$1trn by 2050. Most KiwiSaver assets remain invested in listed securities, particularly global equities. However, some of its investment managers are beginning to diversify into real assets.

Simplicity, one of six government-mandated default fund management companies, has established a growing build-to-rent residential portfolio, while Mercer New Zealand recently entered the living sector through a partnership with New Ground Capital.

The third, and perhaps most distinctive, pool of capital is Māori iwi investment. Unlike many institutional investors, iwi typically have perpetual



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investment horizons, intergenerational mandates and substantial land ownership. According to TDB Advisory, a Wellington-based consultancy, settlement-derived iwi assets total approximately NZ\$12.5bn, with the top 10 iwi accounting for almost 70% of those assets.

The broader Māori economy contributes around NZ\$32bn annually to New Zealand's GDP and is supported by an asset base estimated at NZ\$126bn, according to the OECD, in its paper on New Zealand published in March.

For many iwi, property remains the cornerstone of their investment strategy. Their substantial land holdings provide natural opportunities to develop commercial, industrial, retail and residential projects. Increasingly, rather than developing assets solely for long-term ownership, iwi are also bringing in institutional partners, recycling capital and creating investment opportunities for both domestic and international investors.

No organisation illustrates that evolution better than Tainui Group Holdings. With a portfolio valued at around NZ\$2.4bn, it is now the leading New Zealand property investor. John Bartley, Tainui's chief investment officer, says under the partnership with Brookfield, Tainui is doing more than property development. "As the asset manager at Ruakura Superhub, we are actually managing the capital for Brookfield. As far as I'm aware, we are the only iwi managing international institutional capital."

Beyond its logistics partnership with Brookfield, Tainui teamed up with Auckland Airport to develop Te Arikini Pullman Auckland Airport Hotel, operated by Accor, and co-owns major retail assets such as The Base with Kiwi Property, the largest shopping centre developer in New Zealand.

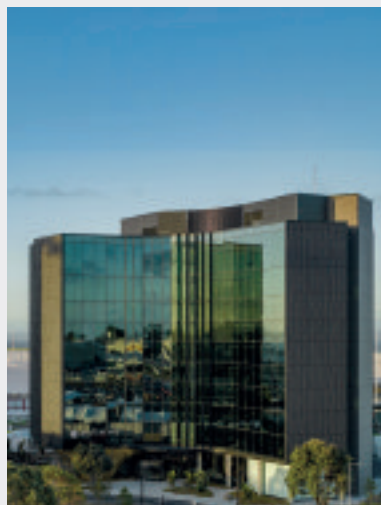
In 2020, Tainui and Ngāi Tahu, a fellow iwi based in Christchurch, sold their long-held investment in Go Bus, New Zealand's largest passenger transport operator, to Australian private equity firm Next Capital. The transaction demonstrated the growing maturity of iwi investment portfolios, with long-held assets being recycled into new opportunities.

Māori investment model matures

Historically, iwi tended to work alongside domestic institutions such as NZ Super Fund and major listed property companies. Today they are also attracting international capital.

Auckland-based Ngāti Whātua Ōrākei, one of the country's largest hapū (sub-tribe), which makes up part of the Ngāti Whātua iwi, is partnering with Precinct Properties on the next large urban regeneration project in the city centre. The NZ\$2bn project will transform a prominent waterfront council-owned car park into a mixed-use development with an office tower with 72,000sqm and a second tower with residential apartments and a hotel.

DOMESTIC CAPITAL BASE EXPANDS



Tainui co-developed Te Arikini Pullman Auckland Airport Hotel

New Zealand's institutional investment market is now underpinned by three growing pools of capital, which are reshaping the country's commercial property market.

- Sovereign entities like NZ Super Fund and KiwiSaver, which collectively manage around NZ\$158bn of assets
- Workplace savings schemes like Simplicity, which manages over NZ\$12bn in total funds and assets
- Iwi (Māori) investment organisations, whose settlement-derived assets are estimated to total approximately NZ\$12.5bn



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Grant Kemble, chief executive of Whai Rawa, the commercial arm of the Ngāti Whātua Ōrākei group, says the project also represents a new model for Māori investment. "We are bringing a number of other Māori entities with us as investors. At the moment about 10 have expressed interest in participating."

For Precinct Properties, the development potentially deepens its role as a conduit between Māori landowners and global institutional investors.

Precinct's director of capital partnerships, Pádraig Brown, says the iwi are expected to be a significant investment partner alongside Precinct, but additional offshore capital is also expected to participate.

"We'll be looking at other, probably offshore, development partners or post-completion a similar structure to what we did with PAG," Brown says. Precinct's principal capital partners – including GIC and PAG – are based in Asia. Today, Precinct manages more than NZ\$2.5bn of third-party capital on behalf of domestic and international investors.

The latest project builds on the company's long-standing relationship with Ngāti Whātua Ōrākei. In a 2023 joint venture, Precinct and PAG acquired two leasehold buildings near Auckland's waterfront and formed a joint venture with the iwi to convert their freehold land interest into an equity stake. The JV also provides social benefits.

Deals such as this exemplify the changing face of the investment market in New Zealand – from one where investors primarily acquired assets to one where they can partner with the nation's own long-term institutions to create them. ●