



No room for complacency

It's time like these that building owners, investors, and occupiers need commercial real estate professionals on their side and Bayleys' Altogether Better focus is proving its worth.



RYAN JOHNSON
BAYLEYS NATIONAL DIRECTOR
COMMERCIAL AND INDUSTRIAL

We all hoped 2025 would be the year the economy would thrive, and businesses could start to exhale. However, while there is some optimism creeping back into the market with an uptick in corporate sentiment and downwards movement on interest rates, banks and economists have been quietly downgrading their expectations around property values and GDP growth – all while keeping one eye on the geopolitical hotbed.

Balance sheets are being scrutinised and tested right across the market.

No-one is immune and everyone is finding it tough from government, councils, listed entities and multi-nationals to the private sector.

As one of the largest contributors to a business's bottom line, real estate footprints are under the spotlight and there's been a lot of movement and discourse around the traps. There's a tranche of commercial space kicking around – with some of it hiding in plain sight as occupiers grapple with underutilised square meterage.

As the country's largest full-service agency, Bayleys is privy to the intricate mechanics of the commercial and industrial real estate sector behind the street-facing lobbies, retail storefronts and roller doors. Across asset classes, our occupier/client strategy and solutions teams are highly engaged with corporate occupiers needing lease workarounds in these variable times. Given the rising costs of doing business and underlying market uncertainty, getting the real estate part

of the business equation right has never been more important.

Bayleys' valuations team has also been very busy fielding enquiries from clients off the back of Auckland Council's three-yearly property revaluations which determine rates apportionment. The feedback we've been getting from clients, and supported by research we've done into values, confirms that a broad-brush approach has been taken to commercial property, with rates liability seemingly having no correlation to the value of the assets. Those with large portfolios are facing massive rate hikes and looking to lodge objections to address this – our valuations team anticipates a further surge of enquiry from building owners as offshore entities digest the financial implications of re-rated property.

On the agency front, leasing activity is picking up around the country with regional nuances becoming very apparent. Our

Christchurch, North Shore, Wellington (surprising, given government retrenchment), Tauranga and South Auckland offices have recorded relatively high leasing transaction numbers despite market headwinds.

Confidence within the Auckland corporate occupier market has taken the biggest hit following Trump liberation day which caused global markets to dive. Many corporates are waiting for more clarity and consistency around U.S. policy, often guided by offshore stakeholder interests.

Consumer spending and goods flow are stressed under current market conditions, meaning the retail and distribution/logistics sectors have been recalibrating – resulting in increased retail and industrial vacancy in some regions.

On the sales side, we're seeing some subtle, positive shifts and although volumes are still fairly subdued, industrial markets have held up well in areas like Christchurch and the Golden Triangle, with encouraging developer appetite and national occupier demand.

Better wholesale interest rates, falling term deposit returns and the impact of rising geopolitical risk on financial markets means investors have more confidence to invest in bricks and mortar. Certain segments of the market are pushing ahead regardless of economic uncertainty, with reports that Foodstuffs has a \$380 million-plus pipeline of work in progress or planned, with new projects in Auckland and Christchurch slated.

In this edition of *Total Property*, there are 91 new commercial and industrial property sale opportunities to consider, spanning most of the country.

In our insights pieces, we look at the office market through the lens of the latest *(Y)our Space* Australia and New Zealand report from our global real estate partner, Knight Frank, as occupiers seek to balance growth and innovation with cost control. We also explore the dynamics at play in the alpine property market, where investor and developer interest is ramping up.

As world tensions escalate and the level of crazy goes to new heights, New Zealand is looking more and more attractive to investors. If the volume of offshore interest we're noting through our website and fielding daily is anything to go by, this is the place to be – and Bayleys is primed to help you navigate your next move.

WHO ARE WE?

Bayleys is New Zealand's largest commercial and industrial real estate agency and is the only significant national real estate business in this sector of the market that is New Zealand owned and operated.

We operate in a family-founded and values based corporate environment that demands integrity, excellence and results. In today's changing world we continue to innovate and focus on strong working relationships to deliver results that exceed our clients' expectations.

Knight Frank Bayleys has developed a true global partnership with Knight Frank, through our acquisition of their local business and their representation globally. This gives our clients access to a globally-connected network spanning 50 territories. Our closest connections are to the Knight Frank Asia Pacific Group with over 11,000 people in 299 offices all working collaboratively to find the right buyer for your property.

OUR INDUSTRY RECOGNITION

#1 REINZ Bayleys is proud to have been recognised at the REINZ Awards for Excellence in Real Estate.

REAL ESTATE INSTITUTE OF NEW ZEALAND

- Large Commercial and Industrial Office of the Year (2018-2022, 2024)
- Medium Agency of the Year - All Disciplines (2022-2024)

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| 2,550 SALES AND LEASING TRANSACTIONS | \$3B OF PROPERTY SOLD OR LEASED | 225 COMMERCIAL SALES AND LEASING AGENTS |
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*For the period 1st April 2024 - 31st March 2025.