



The deal-makers

Despite residual economic niggles, Bayleys is proactively working with clients to optimise opportunities and seeing glimmer points ahead.



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COMMERCIAL AND INDUSTRIAL

We're past the halfway point of the year, so the only way is up - right?

Speaking of up, there's more stock in the market and we're completing more transactions as the bid-ask spread narrows. Vendors are being more realistic and accepting of the current market. We're now two-and-a-half years through the down cycle and while operating cashflows have propped up assets for landlords, there are some overarching pressures coming to a head.

Rents are softening, the cost of debt is still high, and valuation resets have provided evidence that the market has mellowed. More deals are still required to truly test valuations and while we haven't seen many distressed sales, investors that bought at the top of the market may be facing tough-love from lenders, particularly as interest rates remain gnarly.

There is still plenty of capital waiting on the sidelines and sales over-\$10m are starting to ramp up now which is a sign of confidence in the commercial and industrial market.

Bayleys successfully negotiated the sale of a high-profile site occupied by Heartland Bank in Teed Street, Newmarket recently. The sale price of \$19.6m plus GST (if any) on a net 7.44-percent yield, shows that there is money hovering for a home, and sites like this with favourable and intensive Business - Metropolitan Centre zoning, are a magnet.

Activity is still strong in the leasing side of our business, however the "power" in the market has shifted more in the tenants' favour as super-low interest rates and rampant rental growth are firmly in the rear view mirror now, and the market is recalibrating accordingly.

Bayleys' office leasing team has just completed lease negotiations for One New Zealand (formerly Vodafone) to retrace its steps back to the CBD side of the harbour bridge after seven years at Smales Farm on the North Shore. One New Zealand will move its Auckland support office to Mansons TCLM's new

flagship building at 30 Daldy Street in Wynyard Quarter in late 2025.

This is a prime example of an occupier looking for quality place-making premises that support new ways of working, foster connection and prioritise sustainability - and it's a vote of confidence in the broader Auckland CBD.

The radical overhaul of the public sector workforce has yet to make an impact on the government's existing real estate footprint, with a rationalisation of property requirements still being worked through. Expect to see inventory filter into the Wellington market as the nuts and bolts are worked out.

Hats off to the South Island market because off the back of the transformational reset of Christchurch, the mainland is humming. Not only is there an internal migration story with Kiwis heading south to take advantage of more affordable housing, lifestyle advantages and an active job market, construction activity is pumping.

In ranking the country's top 50 builders by total value of commercial, community, industrial,

and multi-residential development activity under construction in 2023, sector analysts BCI Central found 43 percent of new work was taking place in the South Island.

In this edition of *Total Property*, we bring you 64 new commercial and industrial property opportunities for sale nationwide. In our editorial insights, we check out progress on new stadiums around the country with a couple of potential options tabled for Auckland, and consider the flow-on effects for the economy.

We delve into some of the key industrial sector trends, talking to a proactive NZX-listed developer for their take on automation and sustainability, and also look at property dynamics in the country's alpine resort towns, reporting on increased development activity in our snow hotspots.

Just as we extend hospitality on our ski fields to Australian visitors (they make up around 45 percent of the market at The Remarkables and Coronet Peak), Bayleys and our global real estate partner Knight Frank welcome one of Australia's largest and most successful residential real estate groups, McGrath, to the fold.

This new strategic partnership will allow Bayleys to better service markets on both sides of the Tasman, across asset classes. It's yet another strand to our Altogether Better approach to real estate as we strive to optimise opportunities for our clients.

The days are getting longer, interest rates will hopefully start to thaw soon, and Bayleys is primed for deal-making so connect with us and the team will click into gear.

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 have 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 51 markets. Our closest connections are to the Knight Frank Asia Pacific Group with 9,625 people in 146 offices all working collaboratively to find the right buyer for your property.

OUR INDUSTRY RECOGNITION

#1 RICS **Agency Team of the Year NZ 2020 & 2017**
As awarded by the Royal Institute of Chartered Surveyors (RICS) at the RICS Awards.

Industrial Agency Team of the Year NZ 2018
As awarded by the Royal Institute of Chartered Surveyors (RICS) at the 2018 Sales Awards.

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

- Large Commercial and Industrial Office of the Year (2018-2022)
- Medium Agency of the Year - All Disciplines (2022-2023)
- Commercial and Industrial Salesperson of the Year (2018-2019)
- Small Business Broking Office of the Year (2019)
- Best Multi-Media Marketing Campaign of the Year (2018 & 2020)

2,772 SALES AND LEASING TRANSACTIONS	\$3B OF PROPERTY SOLD OR LEASED	238 COMMERCIAL SALES AND LEASING AGENTS
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*For the period 1st April 2023 - 31st March 2024).