



Storm before the calm

Clients are leveraging Bayleys' network superpower to get results in a complicated and sometimes confronting market.



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As we launch this penultimate edition of *Total Property* for 2024, the broader real estate market and the economy remain in a very dynamic phase.

To use a weather analogy, the economic isobars are still packed quite closely together so there will be bumpy times ahead, despite promises of more settled conditions next year.

While welcome, the recent OCR cut and subsequent downward movement on interest rates is not a panacea because it's not a binary situation, and there are multiple factors at play.

The commercial property market is more complicated right now – but then, so is the world. It's noisy out there – with AI and tech disruption, job market disruption, ESG and seismic disruption, geopolitical disruption and on it goes.

Our unemployment rate is rising – across industries and sectors. Company liquidations are in the spotlight, supply chain resilience is still gnarly, and hospitality and retail are in flux.

Business models and balance sheets are being tested, and in some cases, quite sorely. Rent is a major factor in any profit and loss statement, and real estate is a major factor on balance sheets.

But it's not all bad out there. This is not another GFC – there's liquidity in the debt market and plenty of capital sitting in term deposits. As money-in-the-bank returns start to decline, commercial and industrial property yields will start to look very appealing.

With Interest rates coming down, business, consumer, and homeowner confidence should start to rebound. New Zealand's yield curve is now on the up for the first time in around two years hinting at more stable economic conditions and some normalisation of the cycle.

On the deal side, commercial sales remain soft, with Bayleys' analysis of CoreLogic data showing that on an annually adjusted basis at 30 June 2024, deal value is down 62 percent on 2023 which was a muted year in itself. There's also a widening gulf between the prime and secondary asset markets.

Leasing-wise, shadow space is very apparent in the office, industrial and hospitality sectors. Seeing growing vacant industrial space after very tight fundamentals for the best part of seven years, is indicative of shifting demand and wider consumer sentiment.

Sector-wide, tenants have loads more options and hold more transactional power in the leasing market today, and landlords want deals.

Those landlords and occupiers that engage early with us, rather than taking a head-in-the-sand stance, are finding clever solutions. Conversations are happening, wheels are set in motion, and deals are being done.

A shout out here to Bayleys' nationwide land development and corporate projects team, headed by Gerald Rundle out of the Auckland office and acting for a wide range of vendors including private owners, corporates and local and central government. This requires next-level engagement and way-finding and it's an exciting strand of Bayleys' full-service agency business.

When our people talk to you and your people, momentum is gained and solutions are found. Powerful on-market and off-market

opportunities are being discussed, finetuned, and negotiated.

Bayleys' superpower springboards from our customer-driven ethos and our operational scale. We are talking to so many people on any given day, in any given market – right around the country and offshore. Our market share is increasing because of that reach, connection and capacity to stitch deals together.

That market cut-through, our ability to transact across economic cycles, our knowledge and professionalism has been recognised by the industry, with Bayleys Auckland receiving the prestigious Large Commercial & Industrial Office of the Year award at the recent 2024 REINZ Awards for Excellence.

This issue of *Total Property* showcases 77 new commercial and industrial

property opportunities for sale nationwide, while our insights pieces delve into some of the market's hot topics.

We take a look at the government's 'Going for Housing Growth' strategy, and examine how reforms could boost land availability, upgrade infrastructure, and drive affordable housing development nationwide. Leading financial and economic analysts give their take on OCR cuts and how the economy could respond, and we look at the industrial sector through an occupier lens.

The economic storm can't last forever and better times are forecast.

Let us help you sort the property side of things with clear heads, open minds, a good dose of innovation, and that Bayleys teamwork that our clients and the wider industry acknowledge we excel at.

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**
REAL ESTATE INSTITUTE OF NEW ZEALAND

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

*For the period 1st April 2023 – 31st March 2024.