



# Market comes alive in 2025

*Bayleys proves to be an attraction brand in the toughest real estate market this century.*



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Although 2024's clock is still winding down, there's really not much more to say about the year. Every twist and turn has been sliced, diced and spiced but we all agree on something – it was one for the books, and not in a good way!

While there are deals yet to be inked in the next two months and the foot is never, ever, off the pedal, a lot of strategic energy is being directed to the road ahead and if economic and sentiment signals are correct, the commercial property market will come alive in '25.

One thing I would like to reflect on quickly, however, is Bayleys' capacity to provide value to our clients regardless of market fractures.

With all-agency industry data showing the lowest number of sales transactions in 32 years, our eight *Total Property* portfolios in 2024 showcased the highest number of commercial and industrial asset listings in the 25-year history of the publication, in the toughest market we've seen.

This is an endorsement of the value Bayleys adds to its clients' real estate pathway, and is testament to the skills and capability of our people. To have been entrusted with that amount of listing stock is proof that Bayleys is an attraction brand for customers and that's awesome.

We're also an attraction brand for talent, with many high-level appointments made this year to further strengthen our client offering across the full-service business. The latest of these is Simon Farland,

appointed the new general manager of Bayleys' award-winning North Shore office. Simon has diverse international and national commercial property transactional and leadership experience and is an asset to our growing team.

On to activity in the market – what are we seeing right now?

There's strong evidence that the sub-\$5-million investment grade market is starting to recover, there's good off-market activity for assets over \$20 million, and the big guns are starting to get back in the game.

Recovery mode has been activated for Real Estate Investment Trusts (REITs) with balance sheets being reset and many trading back into growth territory, with this sector tipped to rev up further next year.

There's also a huge amount of dry powder in offshore capital markets. With our government opening the doors to greater institutional and commercial investment here, and

capital partnership models proving successful among some of New Zealand's largest listed property entities, we're expecting new interest in commercial real estate assets as fundamentals continue to line up.

In 2025, we'll see the cost of debt-to-yield spread revert to more normalised levels for the first time in four to five years and this is what investors, in particular those offshore, have been waiting for.

Private investors are also likely to return to the commercial and industrial property arena with conviction. That circa-\$214 billion sitting in term deposits represents a mountain of cash that's going to be seeking better return on risk adjusted investments as deposit rates tumble.

The syndication market is also showing tentative signs of recovery after several quiet years, providing another avenue for private investors looking to enter the market.

Construction costs are coming back from historic highs and while this will help new-build feasibility, it's likely to impact activity in the residential market before the commercial sector in the immediate term.

In this edition of *Total Property* we profile 127 new commercial and industrial opportunities for sale nationwide, highlight some recent sales from across our network, and feature industry insights from various quarters.

We talk to Bayleys business leaders about 2024 and how it played out in their market segments, and we take a look at Auckland's world-class Wynyard Quarter which has evolved to become New Zealand's leading sustainable business and innovation mixed-use precinct. As global travel fundamentals come back into line, we check in on the hotels, tourism and leisure market to see how the industry is responding to returning demand and the resulting uptick in the visitor economy.

For all its nuances, 2024 has shown us (yet again) the value of hard work, the importance of surrounding ourselves with driven people, the need to sometimes take a step back and let the market do its own thing, and the ability to maximise the value of our clients' real estate assets regardless of economic cycles.

Here's to all of us thriving – rather than just surviving – in 2025.

## 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.



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 61 markets. 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  
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, 2024)
- Medium Agency of the Year - All Disciplines (2022-2024)

**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.