



# Recalibration underway

*It's not hope we need but action in 2025 and it's positioned to be a transformative year for commercial and industrial real estate.*



**RYAN JOHNSON**  
BAYLEYS NATIONAL DIRECTOR  
COMMERCIAL AND INDUSTRIAL

Out with the old and in with the new – let's get the year underway, and view it through fresh eyes.

The OCR and cost-of-debt story will loom large this year but we shouldn't muddy the waters with hopeful speculation. Hope was an underlying theme in 2024, but optimism – that sense of confidence in a positive

outcome – will get us further because let's face it, hovering from one central bank announcement to the next is not a fun time.

Last December was one of Bayleys' biggest months ever across our commercial and industrial business. That surge has rolled on through into 2025 with our teams around the country reporting heightened interest from investors, building owners and occupiers.

Sales volumes are rebounding, but value rises will be a slower burn and it's likely that an element of buyer FOMO will be needed to ignite that.

A significantly reduced cost of debt is the leading factor across the property market, with that wall of cash squeezed by declining deposit rates scurrying to find better investment

returns and encouraged by long-run cyclical patterns.

We've also witnessed some large acquisitions by offshore capital, proving the value seen here in a global context, and there's plenty of dry powder yet to be deployed by high-net-worth private investors and property fund managers who are back on the tools.

Bayleys' recent sale of the former Auckland International College (AIC) land and buildings in Blockhouse Bay, where the *Total Property*-led campaign uncovered 15 expressions of interest, is evidence that the market is mobilising. The AIC property ultimately sold unconditionally to another education provider, however the bulk of the interest came from development entities attracted by the favourable

zoning and arguably looking to get a jump on the next real estate cycle.

Promises that economic growth will drive every decision the coalition government makes in 2025, referenced in Christopher Luxon's recent state of the nation speech, will help lift confidence on the investment side. Allowing more competition and foreign capital into the New Zealand market and streamlining consenting and approval processes in the development sector could be the kickstart the developer market requires.

Work underway to give building owners more clarity around management of seismic risk and required remediation is also welcome news for a sector disrupted and often hamstrung by murky legislation and unrealistic thresholds in certain parts of the country. One size seldom fits all, and broad brushstroke approaches have created headaches for landlords trying to do the right thing by their assets and tenants.

One thing that is certain in this changing market is the need to engage the right people for the job – across the property spectrum.

Bayleys continues to reinforce its client service offering as the market flexes and recently made several key hires across our national commercial and industrial business. This will position us strongly for the cycle ahead and confirms Bayleys' position as an attraction brand for talented and successful brokers.

Additionally, our valued partnerships with global property heavyweight Knight Frank, Australian real estate stalwart McGrath, and financier MaxCap are opening up new channels of investor capital and allowing us to build cross-country and sector-wide relationships to extend our reach, profile and capacity in the broader market.

This edition of *Total Property* features 100 new commercial and industrial property opportunities nationwide, along with leading industry commentary on the return of capital to the market and the dynamics at play in Christchurch as it emerges as a best-in-class city.

So buckle up for 2025 – if the signals we're getting are on the money, this could be a breakthrough year for the sector.

## 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 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)

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