

Watching the clock

So how's the market? It's time to take a pragmatic look at commercial real estate opportunities



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If you have your eye on the commercial and industrial property clock and are wondering what the time is, indications from the coal face suggest the pendulum is swinging wildly somewhere between four o'clock and six o'clock right now depending on asset class and location.

Attention is honed on taming that inflation genie to get the cost of borrowing down and to ease day-to-day living costs.

Deal-wise, Bayleys' commercial and industrial business closed out the financial year with its second-biggest year ever across sales and leasing, concluding 2,760 deals with a total sales value of \$2.1 billion.

Activity on the leasing front has kept our brokers busy, and there's plenty of movement still to come as larger occupiers in particular get more certainty around their space requirements.

Getting deals done is what Bayleys excels at and getting to the best buyers is our real strength.

A team from Bayleys is headed to

Sydney, Melbourne, Singapore, Hong Kong, Jakarta and Malaysia taking a portfolio of world-class quality commercial assets to an active audience of cross-border capital.

Globally, private and institutional money is circulating looking for a home and New Zealand's reputation as having a stable, open-market environment is attracting attention.

Data in from our global real estate partner Knight Frank via *The Wealth Report* confirms that private investors remained the most active buyer group in 2023, accounting for 49 percent of total investment – the highest on record. It says almost a fifth of ultra-high-net-worth individuals (UHNWI) plan to invest in commercial real estate in the next 12 months, and identifies Asia-Pacific as the world's newest wealth hub.

The number of UHNWIs is on the rise again and expected to increase by close to 30 percent by 2028, with a growing female demographic and the generational transfer of wealth being notable trends within this investor segment.

Going offshore is all about fostering relationships and finding smart solutions and partnerships to ensure that New Zealand's commercial and industrial sector remains strong, competitive and future-proofed. It also meshes with Bayleys' commitment to leave no stone unturned for our clients as we seek to optimise the value of their real estate assets.

When offshore capital partners with local entities here, big things can happen and we've seen some solid examples of this. JP Morgan Asset Management partnered with Stride Property Group on industrial investment assets; global investment company BlackRock is involved with the development of renewable energy initiatives and the industrial sector, while Precinct Properties has partnered with global private investment firms and wealth funds to help deliver commercial, mixed-use and planned residential projects.

The new coalition government is also wanting to attract the right sort of foreign investment to address New Zealand's infrastructure deficit and to support projects that benefit the public good. This will ultimately contribute to our economic growth.

At a recent presentation for Property Council New Zealand, Prime Minister Christopher Luxon stressed a commitment to streamlining the path to development with changes to the country's project consenting processes and Resource Management Act framework, and by allowing greater competition in the supply of building materials.

These initiatives – and others – will make New Zealand even more attractive to global capital and investment, and in Luxon's words "enable, not prevent, growth".

The announcement recently that Wellington City Council has confirmed NZX-listed Precinct Properties as its preferred developer for the Te Ngākau Civic Square redevelopment, is a tangible example of the private and public sector working together to achieve progress on significant community amenities.

We expect to see more of this happening around the country as partnerships and pathways to development are fostered to share risk and heighten commercial and community outcomes.

In talking to key commercial contacts within the New Zealand banking sector, it is heartening to learn that banks have a solid book of development money ready to be deployed into projects. This, coupled with indications that interest rates should decrease during 2025,

means activity in the commercial real estate sector will gather momentum and accordingly, the pointers on the clock will move forward.

In this edition of *Total Property*, we highlight 77 new commercial and industrial investment opportunities nationwide.

In our insights pieces, we look at make-good clauses in commercial leases and some of the loopholes to be aware of, drill down into the latest issue of Knight Frank's *The Wealth Report* and explore some of the wellness initiatives that are finding traction in the office and retail sectors.

Let's keep the communication going because as those hands of time start to inch further around the dial, the value equation will change yet again and Bayleys can help you crunch those numbers.

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 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



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.



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)

2,500

**SALES AND LEASING
TRANSACTIONS**

\$2.8B

**OF PROPERTY
SOLD OR LEASED**

240

**COMMERCIAL SALES
AND LEASING AGENTS**

*For the period 1st April 2022 - 31st March 2023.