



Playing a waiting game

It seems like the country has been in a holding pattern for too long, but astute buyers are recognising that a real window of opportunity is still wide open.



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The phrase being bandied around in business circles to describe the economic state of the nation is “survive to ‘25” and the Reserve Bank of New Zealand’s latest Official Cash Rate (OCR) announcement did nothing to dispel this.

The central bank’s hawkish monetary policy statement off the back of an unchanged OCR of 5.5 percent, cautioned that interest rates will likely remain higher for even longer in the quest to return inflation back to the desired band of one to three percent.

So while the broader property market waits for that seemingly elusive low inflation to return, it’s also holding out for clarity around which government policy settings will change – especially relating to prioritised projects, infrastructure and immigration thresholds – and, as we go to print, awaiting the first coalition budget.

The infrastructure piece is important for the economic well-being and growth of regional New Zealand. Transport Minister Simeon Brown recently announced a new Roads of Regional Significance programme to abut the already established Roads of National Significance scheme.

The regional projects announced are Penlink, Waihoehoe Road, State Highway 1 Papakura to Drury, the State Highway 1 and 29 intersection, State Highway 58 improvements, Melling, a Queenstown package and three Canterbury packages.

These initiatives would ignite interest in landholdings and development already underway in some of the

country’s most progressive cities and towns.

It feels like 2023 was the trough in terms of transactional volumes and values for commercial and industrial property.

The various property sectors are re-rating, and valuations will follow off the back of market sales evidence. This will give property owners and prospective buyers more clarity around pricing.

Anecdotally, building owners are not resorting to distressed exits from the market, however, there could be some quintessential duck action going on with calm at the surface and some frenetic paddling underwater.

The banking sector is well-capitalised and working with borrowers to strategise for flexibility, however, loan-to-value weightings will become more relevant and significant among both mainstream banks and non-bank lenders.

Activity-wise, Bayleys’ commercial and industrial division has clocked

up higher sales volumes year-to-date than the comparable period last year, and we’re starting to see stronger transactional evidence for sales in the over-\$20 million bracket as well-capitalised private investors get the leap on institutional buyers.

In this edition of *Total Property*, we feature 77 new commercial and industrial property opportunities and raise some great topics of conversation in our insights pieces.

We consider the impact that private active wealth is having in the commercial property market both in New Zealand and globally, with input from our global real estate partners Knight Frank in Australia and the wider Asia-Pacific region.

Then we deep dive into the dynamics of the non-bank lending

market, to find out what sort of projects are being funded and how the broader commercial property sector can get financial backing given the current economic and development headwinds.

Having sat in on the recent New Zealand Green Building Council Housing Summit, we also hear from industry leaders about how ESG principles are being embedded into build-to-rent (BTR) developments and how BTR could ease housing supply and affordability issues.

To uncover where opportunities lie in the current market, talk to us and let’s keep the conversations going. The waiting game can only go on for so long, so get match-ready with us to take advantage of the market before it enters the next real estate cycle.

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)

2,766
SALES AND LEASING TRANSACTIONS

\$3.1B
OF PROPERTY SOLD OR LEASED

235
COMMERCIAL SALES AND LEASING AGENTS

*For the period 1st April 2023 - 31st March 2024 (unaudited).