



Leading the next cycle

A year marked by repricing, legislative reform and the early signals of a strengthening market.



RYAN JOHNSON
BAYLEYS NATIONAL DIRECTOR
COMMERCIAL AND INDUSTRIAL

Welcome to the final edition of *Total Property* for 2026, a portfolio that continues to lead the way in commercial real estate insight and opportunity throughout New Zealand.

The past year has been a transition year for the sector. 2026 marked the continuation of the recovery that began in 2024 and it has underscored how a market carrying debt across roughly 65 percent of commercial assets is recalibrating to a new funding reality. Moving from historically low interest rates to a more normalised cost of capital has demanded repricing, sharper discipline and a

renewed focus on fundamentals. This is backdropped by an environment where the OCR is still moving toward neutral, reinforcing tighter funding conditions as the Reserve Bank continues its inflation-control cycle.

Even so, the commercial sector has continued to find opportunity. Transaction volumes have remained strong, and Bayleys has tracked ahead of 2025, supported by offshore enquiry from Australia, Singapore and other markets where buyers see value in New Zealand's relative stability.

The broader economic story has also been encouraging. Tourism has delivered one of the standout narratives of the year, with international arrivals rising and new venues strengthening the country's visitor proposition. Separately, the primary sector has remained a pillar of economic strength, underpinning regional performance and supporting sentiment nationwide. The South Island has led much of this momentum, while confidence in the North Island

has continued to lift. Together, these two engines have anchored the commercial market and will remain influential as we move into 2027.

Across the occupier market, net effective rents have shown where the real pressure sits. Incentives have surfaced in response to softer conditions in secondary-grade stock and in regions with elevated vacancy, allowing landlords to preserve face rents while still securing tenants. Net effective rents have therefore adjusted even as headline rates hold. The divide between prime and secondary assets has become more pronounced, underscoring the importance of functionality, efficiency and amenity.

For Bayleys, 2026 has been a year that demonstrated the strength of our full-service capability. Our ability to connect capital across sectors, regions and asset classes has been a defining advantage. Partnerships with Knight Frank globally, and McGrath in Australia, have extended our reach,

while our national teams have provided insight and visibility across every part of the market. The world is becoming more connected, and Bayleys has leaned into that reality, strategically linking capital with opportunity in ways that reflect both global trends and local performance.

The legislative environment has also shifted. New earthquake-prone building legislation has sharpened the focus on compliance, cost and future use, while RMA and development levy reforms mark a major shift in New Zealand's planning and infrastructure funding landscape, strengthening the foundations for commercial property investment. It is hoped that a more streamlined planning framework, clearer thresholds and a new Planning Tribunal will support faster and more predictable development pathways. Updated development levy rules, including independent oversight and standardised methodologies, will reduce cost volatility and ensure charges are reinvested locally. Collectively, these reforms should unlock land supply, improve feasibility and lift investor confidence in future delivery, and Bayleys' national land

development team is ready to support the projects that will follow.

This edition of *Total Property* showcases 116 new commercial and industrial opportunities for sale across New Zealand. It also brings together industry perspectives on the new earthquake-prone building legislation and a detailed review of the year from Bayleys' business line leaders.

The commercial property growth story is expected to gather pace in 2027. It will be a different kind of environment, led by improving productivity, the growing influence of AI, and the ongoing strength of tourism and the primary sector.

Bayleys enters this next chapter with a clear mandate to deliver great outcomes. The *Total Property* portfolio has just recorded its best year on record, a milestone that reflects the trust clients place in Bayleys and the leadership role we hold in New Zealand's commercial real estate market.

With the next cycle taking shape, now is the time to assess your position, explore the opportunities in this edition, and connect with Bayleys' specialists to drive your strategy forward.

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 50 territories. Our closest connections are to the Knight Frank Asia Pacific Group with over 9,950 people in 175 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, 2024-2025)
- Medium Agency of the Year - All Disciplines (2022-2025)

2,770 SALES AND LEASING TRANSACTIONS	\$3.4B OF PROPERTY SOLD OR LEASED	230 COMMERCIAL SALES AND LEASING AGENTS
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For the period 1st April 2025 - 31st March 2026.