Opportunity between cycles

As global forces push capital across borders, and local fundamentals tighten, investors are weighing yield, risk and timing more carefully.

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In a market defined by crosscurrents, contradictions, and the occasional curveball, reach has become one of the most valuable commodities in commercial and industrial real estate. Not just geographic reach, but relationship reach, sector reach, and the ability to connect capital with opportunity across borders, cycles and motivations. It's here that Bayleys' national scale and global partnerships are proving strategically valuable.

While the cost of debt remains historically low, the broader financial landscape is shifting. New Zealand's currency is soft against other developed markets, and that weakness is fuelling heightened offshore interest, particularly from North America, Singapore and Australia. Active Investor Plus visa applications are rising, and capital is clearly scanning for stable, income-producing assets in a country that still offers relative value.

This is where Bayleys' Private Office arm, working in partnership with Knight Frank's global Private Office network, is uniquely positioned. High-net-worth and ultra-high-net-worth individuals are not bound by borders or sectors, and Bayleys' ability to operate seamlessly across service lines is increasingly a competitive advantage when linking offshore capital with national assets.

Meanwhile the RBNZ has tightened monetary settings and signalled further moves ahead, arguably constraining growth at a time when many businesses have yet to feel anything resembling a recovery. Swap rates have been edging upward over recent weeks, and both US and NZ 10-year bond rates are on the rise. Add to that Trump's latest tariff round, including a lift to a 12.5 percent tax for Kiwi exporters, alongside the still-evolving Middle East situation, and it's clear global forces are pressing hard on our commercial real estate dynamics.

These shifts matter. They influence yield spreads, operating income assumptions, and decisions around whether to hold or release individual assets. Vendors and purchasers will increasingly transact for different reasons, yet despite some complexity, the market is far from stagnant.

Sales activity in Q1 2026 is up 21 percent year-on-year, even as listings remain flat, so committed buyers and motivated sellers are finding some common ground. Leasing is more sluggish with listings up around 30 percent while deal numbers are down roughly 11 percent which to be fair, is a pattern entirely consistent with the economic cycle we're in.

What's most striking is how regionally nuanced the market has become. Christchurch is thriving, Wellington is facing meaningful headwinds, and Auckland is – for now – kicking the can down the road. Yet even Auckland has pockets of real strength, buoyed by visitor arrivals that are almost back to pre-pandemic levels. As New Zealand's gateway city, Auckland inevitably absorbs global fallout first but on the flip side, it also benefits earliest when conditions turn.

There is also a clear lag effect from the last economic cycle. Some owners and buyers are now solidifying their intentions ahead of the 7 November general election, recognising that depending on the outcome, it may be Christmas before a new government is fully formed. The question many are asking is: "If I don't act now, what is the opportunity cost of waiting?"

But there's a powerful tailwind coming from the rural sector. Strong primary-sector performance, ongoing activity following the Fonterra–Lactalis payout, and farmgate milk returns still above $9 per kilogram of milk solids, are underpinning genuine enquiry into commercial assets.

Australian interest is also rising, spurred by upcoming federal tax changes that will reduce capital gains concessions, wind back negative gearing incentives, and increase tax on certain trust structures. With capital looking outward, Bayleys' partnership with Knight Frank and McGrath in Australia positions us exceptionally well to capture that flow into both commercial and residential real estate.

In this edition of *Total Property,* there are 107 commercial and industrial properties for sale across the country, along with a look at Auckland suburb Takapuna's growth and a current read on the industrial sector.

Bayleys' network both here and globally ensures that wherever capital wants to go around New Zealand, we can take it there. In a cycle defined as much by opportunity as by challenge, we're well placed to get deals done, so get in touch.

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 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	$3.4B	230
SALES AND LEASING TRANSACTIONS	OF PROPERTY SOLD OR LEASED	COMMERCIAL SALES AND LEASING AGENTS

For the period 1st April 2025 - 31st March 2026.