

FOOT VOTERS



PEOPLE ARE VOTING WITH THEIR FEET AND DRIVING ACTIVITY IN THE COMMERCIAL AND INDUSTRIAL SALES AND LEASING MARKET.



RYAN JOHNSON,
NATIONAL DIRECTOR COMMERCIAL
AND INDUSTRIAL

YOU'RE NOT ALONE IF YOU THINK THAT the country's economic landscape is an ever-moving target and, if you're bemused by the changing dynamics – the rises, the falls and the forecasts – join the club.

Just when you think you have a grip on what's happening in macro-world, another curve ball opinion or analysis is tossed into the mix.

So let's leave talk of inflationary pressure, speculation about interest rates, and funding challenges aside for now – and look at the positive fundamentals of the commercial real estate landscape we're currently seeing.

There's phenomenal strength in the leasing market with Bayleys' lease deal numbers escalating to record highs, underpinned by an uptick in people movements and trends driven by the power of mounting headcounts.

There's some normality returning post-pandemic with net migration figures improving, long-term migrant arrivals close to a 10-year peak and supporting our workforce, overseas visitor numbers rapidly returning to pre-2020 levels, international students back on the study timetable, and office workers gravitating back to their CBD desks en masse.

The work-from-home social experiment has turned a corner, with business owners pushing the reset button and encouraging workers to reactivate their swipe cards and work-from-work, instead.

Month-on-month, CBD office occupancy levels are picking up, evidenced by an upswing in public transport usage figures, motorway and arterial movements, office access control data/swipe card activity, and high street pedestrian counts.

Office occupiers are committing to better premises, tills are ringing in retail and hospitality businesses once again, and tourist operations are ticking over well.

And while there are still consumer headwinds and business challenges, increased activity is supporting leasing momentum, and gradually stoking the sales fire.

There have been some tangible improvements to deal activity between recent quarters and we're expecting to see more encouraging change in the September quarter.

In terms of office sales values, we are noting the impact of the first wave of valuations coming through, and it will take a few rounds of office market revaluations to get a real handle on the numbers.

It is said that in the stock market, valuations go up by the stairs and down on the elevator, however with commercial and industrial real estate in the past several years, we've seen the reverse.

Fair to say there has been some recent pricing tension, but we're starting to see a change in the bid-ask spread as transactional evidence starts to paint a more representative picture of the market.

At the time of print, and across our wider commercial business, all our metrics are up for the first time in the past 12 months and in the last eight weeks, the data suggests the market might decide to cancel winter and head straight for spring green shoots.

Buyers are tired of trying to out-guess the market, and those that want to sell are having their motivation tested.

Confidence is being demonstrated by investor and owner-occupier acceptance that they need to make their own judgement calls based on individual equity levels, cost of debt

and what they want and expect from the market now – and ahead.

In this edition of *Total Property*, we bring you 54 new commercial and industrial property opportunities for sale and some market insights to get you thinking.

We discuss the strength of New Zealand's alpine property market against findings from our global real estate partner Knight Frank, look at ways landlords can add value to their commercial and industrial assets to support occupancy and future capital value, and see how international retailers are impacting the market.

If there's something we can help you with property-wise, hot foot it and contact one of the Bayleys team – we're across the country and up with the play.

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)
- 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.