



It's darkest before the dawn

Greetings from the Auckland Metro team. We've hit the ground running this year and concluded a significant number of sale and lease transactions. We invite you to view a selection of the Q1 2024 deals in the current brochure and please feel free to contact one of the team if you would like more specific information on any of the transactions.

It's encouraging to see the Auckland commercial real estate market become more active again, after a sluggish post-COVID interlude. The state of our economy (now formally in recession) combined with stubbornly high interest rates are finally prompting some owners to divest. Others see 2024 as the year the market bottoms out and are finally ready to get back in, before the OCR starts to trend down again. Whichever category you find yourself in, we are here to help you make the best decision. In turbulent times, such as these, an expert negotiator with superior market intelligence can make a real difference to the asset value you are able to realise.

So, what do we expect from the market this year? My educated guess is that interest rates are unlikely to come down before late 2024. In other words, I expect property prices to remain



Alan Haydock
Senior Director
Auckland Metropolitan

subdued for now, until RBNZ decides to lower the OCR. And the timing of this decision, of course, depends on inflation. Despite New Zealand's headline inflation trending down, our non-tradable inflation (i.e. the price changes related to goods and services that are impacted by NZ rates) is still much too high and thus warrants a continued restrictive OCR. In contrast to North America and Europe where inflation is already nudging the three percent upper target boundary, our CPI remains well above four percent. Why? The lavish spending habits of our previous Government and a shortage of skilled labour since the COVID lockdown, combined with New Zealand's recent migration boom have all put upward pressure on prices, e.g. construction cost, wages, and rent.

Hang on, I hear you say, it's been nearly a year since RBNZ increased the OCR to five and a half percent – the highest rate since 2008 when the GFC struck. Yes, and we are seeing the economic impact play out in the form of reduced contributions to GDP from wholesale, retail, accommodation, manufacturing, warehousing and transportation. Going forward, we will also have the new Government's tightening of fiscal policies and a migration-driven increase in labour supply to help further soften that price pressure. Hopefully, the overall effect of this wider economic slowdown will put a dampener on inflation, but it won't happen overnight.

On a positive note, one area of the economy that has held up well is services. Staff are returning to the office and the old work from home (WFH) model has morphed into a flexible approach to working. We are pleased to see so many businesses trialling and refining their office strategies to improve productivity ▶

and staff satisfaction. There is an opportunity here for landlords to partner with occupiers, to help them adapt their office spaces in line with the new business environment. Environmental, social, governance (ESG) will play an increasingly important role in this process. Investing in modernisation, as far as it is feasible in this high interest environment, can be a way for investors to retain good tenants and add value to their portfolios while the market waits for the next economic cycle to commence.

When it comes to successful deal making this year, creativity is king. For example, there are numerous ways for a purchaser to circumvent the high cost of borrowing, such as delaying settlement. On the other side of the deal, a seller can increase the buyer pool by offering to leave money in for a time. Talk to us in the Metro Markets team about what might be the right option for you, depending on your personal circumstance and requirements. We are available to help you strategise and work through various sale or purchase scenarios, until you find one that is right for you. This is our kind of market!

Before I sign off, let's briefly touch on risk. As I see it, one of the primary risks to property values near-term is RBNZ leaving the OCR elevated for too long (inflation is a lagging indicator after all), which may lead to our economy taking a more serious nose-dive. To complicate matters further, most developed countries globally are expecting their economies to soften over the next year

or so, especially China. Hence, our exporters and tourism companies could be in for a rough ride – in other words, we cannot rely on them to save our national economy. Other external risks to New Zealand's GDP that are outside of our control include wars, de-globalisation and geo-political turmoil, which could all push up our prices (inflation) and prolong the economic slump.

In summary, the 2024 outlook for the Auckland commercial real estate market is far from fantastic. However, when there is turbulence, opportunities can often present themselves to those who are well prepared. We recommend you manage the elevated risks by taking special care when doing due diligence this year, not just with regards to property value but also the counterparts and tenants involved in the deal.

On a more positive note, I believe there will be an activation in the market when the OCR inevitably starts to drop, and this will be the dawning of a new property cycle. Please give us a call to get fresh market insights and trusted advice.



Greenlane 302-308 Great South Road

Property Details

- Land area:** 5,240sqm (more or less)
- Floor area:** 3,458sqm (approximately) + 116 carparks
- Tenure:** Fee Simple
- Zoning:** Business - Town Centre (24m height)
- Seismic Rating:** A+ (100% NBS) - 1980s building
- Net rental:** \$1,309,509pa + GST (fully leased)

Sales Details

- Method:** Deadline Private Treaty
- Sale price:** \$19,900,000 + GST (if any)
- Land rate:** \$3,797/sqm + GST (if any)
- Yield:** 6.49%
- Building rate:** \$5,754/sqm + GST (if any)
- Purchaser:** Sold to a corporate investor
- Agents:** Ian Hall and Layne Harwood

Recent sales and leases completed by the Auckland Metro team



SOLD

Greenlane
302-308 Great South Road

Sale price \$19,900,000 + GST (if any)
Yield 6.49%
Method Deadline Private Treaty
Purchaser Private
Agents Ian Hall and Layne Harwood



SOLD

Morningside
41B Leslie Avenue

Sale price \$11,900,000 + GST (if any)
Yield 8.33%
Method Off Market
Purchaser Investor
Agents Alan Haydock and Damien Bullick



SOLD

Morningside
6-8 Taylors Road and 2-4 Gordon Road

Sale price \$9,660,000 + GST (if any)
Yield 5.45%
Method Tender
Purchaser Investor
Agents Alan Haydock and Damien Bullick



SOLD

Epsom
31-33 Great South Road

Sale price \$6,150,000 + GST (if any)
Land rate \$4,380/sqm + GST (if any)
Method Tender
Purchaser Developer
Agents Alan Haydock and Damien Bullick



SOLD

Ellerslie
6 Sultan Street

Sale price \$4,250,000 + GST (if any)
Building rate \$3,459/sqm + GST (if any)
Method Tender
Purchaser Owner occupier
Agents James Were and Damien Bullick



SOLD

Mount Eden
18 Burleigh Street

Sale price \$2,900,000 + GST (if any)
Building rate \$4,934/sqm + GST (if any)
Method Pre-Tender
Purchaser Owner occupier
Agents Jean-Paul Smit, James Were and Phil Haydock



SOLD

Remuera
58 Remuera Road

Sale price Confidential
Land rate Confidential
Method Tender
Purchaser Owner occupier
Agents Mike Adams and Jean-Paul Smit



SOLD

Ponsonby
27 Jervois Road

Sale price \$2,500,000 incl GST
Building rate \$9,205/sqm incl GST
Method Pre-Tender
Purchaser Owner occupier
Agents Alan Haydock and Damien Bullick



SOLD

Mount Eden
177A Mount Eden Road

Sale price \$1,600,000 incl GST
Land rate \$2,022/sqm + GST (if any)
Method Tender
Purchaser Investor
Agents Damien Bullick and Phil Haydock

Recent sales and leases completed by the Auckland Metro team



SOLD

Parnell
46D Stanley Street

Sale price \$570,000 + GST (if any)
Building rate \$6,024/sqm + GST (if any)
Method Off Market
Purchaser Local owner
Agents Jean-Paul Smit and Mike Adams



SOLD

Ellerslie
Unit 125, 20 Park Avenue

Sale price Confidential
Building rate Confidential
Method Deadline Private Treaty
Purchaser Investor
Agent Jill Downie



LEASED

Epsom
Level 1, 380 Manukau Road

Annual net rental \$110,000pa + GST
Floor area 490sqm
Car parks 40 included
Agent Ken Hu



LEASED

Takapuna
61 Hurstmere Road

Annual net rental \$90,000pa + GST
Floor area 163sqm
Car parks 2 included
Agent Ken Hu



LEASED

Avondale
Unit D, 303 Rosebank Road

Annual net rental \$50,800pa + GST
Floor area 368sqm
Car parks 4 included
Agents Ken Hu and Grant Magill



LEASED

Newmarket
Level 1, 104 Carlton Gore Road

Annual net rental \$65,000pa + GST
Floor area 834sqm
Car parks 8 included
Agent Ken Hu



LEASED

Onehunga
Retail 1, 359 Onehunga Mall Road

Annual net rental \$46,500pa + GST
Floor area 127sqm
Car parks N/A
Agent Ken Hu



LEASED

Mount Albert
Unit 7, 43A Linwood Avenue

Annual net rental \$45,000pa + GST
Floor area 245sqm
Car parks 5 included
Agent Jean-Paul Smit



LEASED

Mount Eden
Unit 4, 27 Mount Eden Road

Annual net rental \$27,398pa + GST
Floor area 90sqm
Car parks 2 @ \$55pw
Agent Kate Kirby

Bayleys Auckland Metro team

The Bayleys Auckland Metro team has an unrivalled track record amongst all agencies in the Auckland CBD and City Fringe.

Together, this vastly experienced team has completed numerous transactions across a variety of asset classes, including investment property, add value assets, development land and mixed use opportunities.

The team brings over 200 years combined experience in the commercial real estate industry and have been involved in over \$5 billion of sales and leasing transactions in the last 10 years.



Alan Haydock

Senior Director and Senior CRE Broker

BSc. (Chemistry, Mathematics) Dip Tchg.
+64 21 532 121 | alan.haydock@bayleys.co.nz

A market-leading CRE sales agent at Bayleys for more than two decades, Alan has completed transactions worth over one billion dollars. He is an exceptional negotiator, and creative deal maker and has a passion for servicing his loyal client base. Alan leads the dedicated Auckland Metropolitan Markets team of agents with expertise in all facets of the Auckland CRE market.



Layne Harwood

Director and Senior CRE Broker

+64 278 060 868 | layne.harwood@bayleys.co.nz

Layne joined Bayleys in 2018 after having the previous role of owner and Managing Director of Knight Frank New Zealand for 8 years. With strong relationships, Layne's primary focus includes key client liaison, capital market asset sales, structured transactions and hotel advisory.



Damien Bullick

Associate Director and Senior CRE Broker

BMS (Finance)
+64 22 420 6845 | damien.bullick@bayleys.co.nz

After more than a decade in the CRE sector, Damien ranks regularly in the Top 10% of Bayleys salespeople. He is a skilled networker who uses his professional background in marketing, including a stint at renowned Christie's Auction House, to deliver exceptional campaign results for clients.



James Were

Associate Director and Senior CRE Broker

+64 21 740 032 | james.were@bayleys.co.nz

James has over 16 years experience in the CRE industry. James' knowledge and experience gained in negotiating various sale transactions in both buoyant and difficult markets has seen him become an invaluable resource and trusted advisor to long term repeat clients. Getting James involved early in a potential transaction has proven to ensure maximum values are achieved.



Mike Adams

Associate Director and Senior CRE Broker

+64 21 977 527 | mike.adams@bayleys.co.nz

Mike joined Bayleys in 2005 after 20 plus years in the motor industry, including as a general manager for Giltrap Group. Mike has a substantial and diverse client base and specializes in successful auctions and tender campaigns across a wide range of properties and locations.



Kate Kirby

Senior CRE Broker

+64 21 469 479 | kate.kirby@bayleys.co.nz

With over 17 years of experience in the CRE industry, Kate has cemented relationships with a wide range of asset classes and offers a complete range of commercial property services. Kate has strong negotiating skills and has an extensive knowledge of commercial property throughout Auckland. She possesses a strong work ethic and places a strong emphasis on a team approach in order to achieve the best results for her clients.



Ken Hu

Senior CRE Broker, MFin, BEcon

+64 21 117 7288 | ken.hu@bayleys.co.nz

Since joining Bayleys after a career as corporate analyst, Ken has successfully translated his qualified financial, economic and analytical expertise into value for his CRE clients. A fluent Mandarin speaker, Ken also has a strong grasp of both the Chinese and Auckland CRE markets.



Phil Haydock

Associate Director and Senior CRE Broker

BCom (Marketing, Information Systems)
+64 21 192 2233 | phil.haydock@bayleys.co.nz

During Phil's more than 19 years in the CRE sector, he has been involved with over \$400 million of transactions. Phil is respected by clients for his professionalism and strong work ethic, traits which he refined in London, UK, and is now bringing to bear on the Auckland market.



Tova Haydock

CRE Broker, MSc. (Physics), MBA (Strategy, Finance) London BS

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Tova joined Bayleys in 2017 after more than a decade working as management consultant across Europe, the US and New Zealand. She specialises in strategy, project management and marketing, having worked with government and large corporates at an executive level.



Tommy Zhang

Director and Senior CRE Broker, MBA

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With over 7 years industry experience, Tommy has concluded numerous Kiwi-Chinese property transactions. Having worked with law firms, property development, business broking, banking and the wider Asian marketing channels/database, Tommy ensures continuity and maximum values are achieved for local and foreign property investors.

Bayleys Auckland Metro team



Ian Hall

Director and Senior CRE Broker

+64 21 451 411 | ian.hall@bayleys.co.nz

Having joined Bayleys in 2022, Ian has worked in commercial property since he was 19, and now specialises in larger city and city fringe assets, institutional grade investments, complex transactions and development sites in Auckland.



Jean-Paul Smit

Senior CRE Broker, BCom (Finance, Economics)

+64 21 021 61616 | jean-paul.smit@bayleys.co.nz

Since joining Bayleys in 2014, Jean-Paul's passion for property has allowed him to develop many trusted relationships with customers, vendors and landlords across Auckland. Jean-Paul is well respected for his client focus, empathy and drive to deliver value.

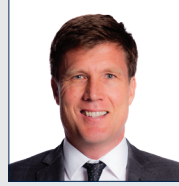


Jill Downie

CRE Broker

+64 21 448 777 | jill.downie@bayleys.co.nz

Jill Downie boasts an impressive 25-year plus career working in residential and commercial real estate across New Zealand and Australia. Jill has established many long-term client relationships due to her professionalism, and strong work ethic.



Stephen Scott

Director and Senior CRE Broker

+64 27 406 0298 | stephen.scott@bayleys.co.nz

Since joining Bayleys in 2009, Stephen is a trusted adviser having gained many real estate accolades throughout his career. Stephen works with the Bayleys network of colleagues to maximise opportunities for clients, and he is adept at juggling various stakeholder interests.



Grant Magill

Senior CRE Broker

+64 21 664 345 | grant.magill@bayleys.co.nz

With more than 26 years in Auckland's CRE market, Grant joined Bayleys in 2022. His deep knowledge, passion for property and dedicated approach has earned Grant a loyal client base who value his advice and consistent results.



Rick Kermode

Senior CRE Broker

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Rick joined Bayleys after previously working for international affiliate Knight Frank, with a background in a range of sectors within commercial sales and leasing.



Paul Dixon

Director and Senior CRE Broker

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Having worked in commercial property for 18 plus years, Paul holds huge success in focusing on the selling of hotel, tourism, waterfront and business sale properties with a committed NZ-wide client base, building a strong reputation in the marketplace.



Jack Kiely

CRE Broker, BCom (Economics, Management)

+64 21 124 3730 | jack.kiely@bayleys.co.nz

Joining Bayleys in 2022, Jack works collaboratively with market-leading agents in his team, harnessing the extensive expertise in his office, to facilitate highly successful commercial property transactions for his clients and brings a positive point of difference generating better than expected results.



Natasha Sathyan

Executive Assistant, BProp.

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Natasha joined Bayleys in 2018, after completing her property degree. She uses her knowledge of the CRE industry and marketing skills to support the Auckland Metropolitan team in all aspects of the business, including communications, marketing collateral and campaigns.



Alesha Pulevaka

Sales and Marketing Administrator

+64 21 136 8289 | alesha.pulevaka@bayleys.co.nz

Since joining Bayleys in October 2022, Alesha has worked across three divisions in the company, she uses her wide knowledge of the business to help her best support the agents in all aspects.



Amber Rees

Sales and Marketing Administrator

BA (Event Management)

+64 21 154 4560 | amber.rees@bayleys.co.nz

Joining Bayleys Head office in 2023, Amber uses her skills gained from an events and marketing degree to support the Auckland Metropolitan team, assisting with the sales and marketing campaigns.



Chloe Hoi

Sales and Marketing Administrator

+64 21 120 1649 | chloe.hoi@bayleys.co.nz

Chloe joined the Bayleys Head office at the end of December 2023 after working in the yachting industry. She is well-travelled and has experienced living life overseas in the UK. Chloe's brings a high level of drive and enthusiasm to her Sales and Marketing role.