



The omen

Did you catch a glimpse of that conspicuous aurora back in May? In ancient times, such an omen would have been taken as a sign – for or against a particular course of action. Similarly, many investors today are solemnly waiting for a harbinger of the market’s reawakening; a portent announcing that the time is right to get back in the game. Whilst I don’t profess to be an augur, here is what the economic entrails are telling me...

Let’s start with the **yield curve**. Still inverted, which is to be expected considering we are in a recession (technical or perceived or both). But there is a light flickering feebly at the end of the dark inflation tunnel. Treasury expects that RBNZ will begin to turn towards a more ‘normalised’ monetary policy in the second quarter of 2025, while banks seem a little more optimistic about commencing rate cuts as early as quarter one. In any case, the current yield curve remains inverted for another few years – indicative of the market’s foreseeing an orderly sequence of OCR cuts unfolding... the actual shape of the curve will of course be determined by our collective ability to keep inflation down and productivity up. Regardless, the u-shaped yield curve would indicate that we are bouncing along the

bottom of the market cycle right now (assuming lower interest rates, when they kick in, will stimulate the economy).

Moving on to **consumer confidence** (ANZ - Roy Morgan Index). It’s weak, with most people feeling worse off now than last year. This perception becomes reality through the significant decrease we’ve seen in household spend on durable goods and discretionary items. Job insecurity is the most likely culprit behind the latest lack of confidence, with unemployment expected to peak in 2025. Inflationary speaking, this is good news. Furthermore, a growing majority of people believe they will be better off a year from now – a leading indicator of impending economic prosperity.

What about **property construction**? Bad news, I’m afraid. Both residential and commercial construction fell further in the March quarter and construction businesses made up approximately one-fifth of all company insolvencies – which in turn were up 30% in the year to April (according to Centrix). However, the number of building consents granted in Auckland has turned a corner, which may bode well for those construction firms that survive to 2025. For now, many seasoned developers are waiting for building costs to cool down and interest rates to fall before they push play again.

Developers will also be scrutinising the impact that recent policy changes (e.g. Debt-to-Income restrictions and return of the 2-year Bright Line Test) has on demand for housing. Interestingly, the NZ House Affordability Index has shrunk back to pre-pandemic levels, making Australia less affordable than NZ for the first time in a decade. Whether that’s enough to slow



Alan Haydock
Senior Director
Auckland Metropolitan Markets

the Kiwi exodus across the Tasman remains to be seen. The Government also pulled the Overseas Investment Act lever (as part of their 100-day action plan), making it easier for foreign entities to invest in NZ Build-To-Rent. Adding it all up, I suspect we will see construction momentum build rather rapidly when the economy recovers. Not only do we still have a shortage of quality housing, but much of Auckland's older office stock requires significant redevelopment to meet the green, sustainable demand of tomorrow's businesses and likewise property purchasers' investment criteria.

Another indicator often considered leading is **PMI** (BNZ - BusinessNZ Performance of Manufacturing Index). Still contracting - for the 15th month straight. Which should be music to the ears of the RBNZ, because it points to inflationary pressures easing as demand continues to soften. That said, despite their grim situation, Manufacturing is one of the few sectors that have a positive outlook (according to the ANZ Business Outlook in May). Companies generally expect their manufacturing activity and capacity utilisation to improve, and some are even contemplating new investment and hiring over the next 12 months. This foreshadows a return of economic growth.

Last, but not least; our property market's growth is of course positively correlated with **money supply**. Alas, it appears to have run dry. Since late 2022, when RBNZ finally began to turn the LSAP (Large Scale Asset Purchases) tap off, the supply of credit has dwindled. Banks as well as many private lenders have

now tightened their purse strings to the point where even established property investors can't get finance - regardless of their risk profile. Thus, the lack of money supply is effectively strangling the market.

However, according to RBNZ, the availability of credit for commercial property loans is expected to grow over the next six months, which should be welcome news for both buyers and sellers. Banks will no doubt also feel reassured by the future prospect of stronger economic growth, a falling OCR and, consequently, reduced credit risk. Taken together, these ominous signs seem to point towards this winter as being the trough of the economic cycle. Our property market is undeniably in a dark place, but as bleak as the current situation may appear, the indicators also foretell a brighter future. The next six to 12 months could well be when providential investors lock in their greatest gains for the next decade. If you dare to heed the omens, I suggest you look out for undervalued or distressed assets and plan for growth "Fortuna Eruditis Favet".



CASE STUDY SALE

Property Details

Land area: 3,521sqm (more or less)
Tenure: Fee Simple
Zoning: Residential - THAB Zone (16m height)
Occupancy: Vacant possession

Sales Details

Method: Off Market
Sale price: \$16,500,000 + GST (if any)
Land rate: \$4,686psm + GST (if any)
Purchaser: Sold to a developer
Agents: Kate Kirby and Stephen Scott
Summary: Potential upside for vendor, built into price, based on extra height & density gained.

Remuera 273 Remuera Road

Recent sales and leases completed by the Auckland Metro team



SOLD

Newmarket
35 Teed Street

Sale price \$19,600,000 + GST (if any)
Yield 7.44%
Method Tender
Purchaser Sold to local investor
Agents Alan Haydock and Damien Bullick



SOLD

Remuera
273 Remuera Road

Sale price \$16,500,000 + GST (if any)
Land rate \$4,686/psm
Method Off Market
Purchaser Sold to developer
Agents Kate Kirby and Stephen Scott



SOLD

Ponsonby
175-179 Ponsonby Road

Sale price Confidential
Land area 438sqm
Method Tender
Purchaser Sold to investor
Agents Alan Haydock and Damien Bullick



SOLD

Ponsonby
229A Ponsonby Road

Sale price Confidential
Land area 1,220sqm
Method Private Treaty
Purchaser Sold to investor/occupier
Agents Alan Haydock and Damien Bullick



SOLD

Parnell
4A-4B Birdwood Crescent

Sale price Confidential
Land area 1,910sqm
Method Tender
Purchaser Sold to investor
Agents Mike Adams and Jean-Paul Smit



SOLD

Eden Terrace
100-106 Newton Road

Sale price \$3,646,000 + GST (if any)
Yield Part-leased
Method Tender
Purchaser Sold to investor
Agents Phil Haydock and James Were



SOLD

Epsom
193 Manukau Road

Sale price \$3,350,000 + GST (if any)
Yield 3.9%
Method Tender
Purchaser Sold to investor
Agent James Were



SOLD

Remuera
89 Greenlane East

Sale price \$3,317,000 + GST (if any)
Yield 3.8%
Method Tender
Purchaser Sold to developer
Agents James Were



SOLD

Newmarket
6 Clayton Street

Sale price \$3,250,000 + GST (if any)
Floor area 775sqm + 25 c/p
Method Tender
Purchaser Sold to the owner occupier
Agents Alan Haydock and Damien Bullick

Recent sales and leases completed by the Auckland Metro team



SOLD

Grey Lynn
27 Surrey Crescent

Sale price \$2,628,800 + GST (if any)
Yield 2.53%
Method Tender
Purchaser Sold to the neighbour
Agents James Were



SOLD

Newton
20 Newton Road

Sale price \$2,575,000 + GST (if any)
Building rate \$5,275/psm
Method Tender
Purchaser Sold to the neighbour
Agents James Were



SOLD

Grey Lynn
15 Surrey Crescent

Sale price \$2,005,000 + GST (if any)
Building rate \$8,988/psm
Method Tender
Purchaser Sold to an owner occupier
Agents Phil Haydock and James Were



SOLD

Hillsborough
150-156 Hillsborough Road

Sale price \$1,850,000 + GST (if any)
Yield 3.78%
Method Tender
Purchaser Sold to owner occupier
Agents Alan Haydock and Damien Bullick



SOLD

Avondale
103 Lansford Crescent

Sale price \$1,597,000 + GST (if any)
Yield 5.92%
Method Auction
Purchaser Sold to local owner
Agents Mike Adams and Jean-Paul Smit



SOLD

Grey Lynn
G02, 54 Surrey Crescent

Sale price \$1,150,000 + GST (if any)
Building rate \$6,884/psm
Method Deadline Private Treaty
Purchaser Sold to an owner occupier
Agents Jill Downie and James Were



LEASED

Morningside
1 Wagner Place

Annual net rental \$125,000pa + GST
Floor area 128sqm
Car parks 2 included
Agent Ken Hu



LEASED

Epsom
Level 1, 380 Manukau Road

Annual net rental \$110,000pa + GST
Floor area 99.26sqm
Car parks 40 included
Agent Ken Hu



LEASED

Grey Lynn
553 Richmond Road

Annual net rental \$54,000pa + GST
Floor area 128sqm
Car parks 2 included
Agent Ken Hu and Grant Magill

The Auckland Metropolitan Markets 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.
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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

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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)
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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

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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)
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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.

The Auckland Metropolitan Markets Team



Ian Hall
Director and Senior CRE Broker
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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.



Ward Kamo
National Director - Tu Whenua
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Since joining Bayleys in 2018, Ward Kamo has been National Director of Tu Whenua – Bayleys Maori business division. Iwi have a plethora of opportunity in front of them as a result of their treaty settlements. He has the most extensive network of fund managers, developers, property advisers, valuers, and research specialists available today.



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)
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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.
+64 21 127 2495 | natasha.sathyan@bayleys.co.nz

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.