

A LANDMARK YEAR

WHILE THE YEAR HAS DISHED OUT HIGHS, LOWS AND EVERYTHING IN BETWEEN – THE PURSUIT OF VIABLE RETURN ON INVESTMENT IS DRIVING ACTIVITY IN THE COMMERCIAL AND INDUSTRIAL PROPERTY MARKET.



RYAN JOHNSON,
BAYLEYS' NATIONAL DIRECTOR
COMMERCIAL AND INDUSTRIAL

WELCOME TO THE 100TH EDITION of Bayleys Total Property. A landmark publication at the tail end of a landmark year.

This edition of *Total Property* has 126 new opportunities for sale around the country – with almost half being in the Auckland region and more than one-third of those, in South Auckland.

Everyone had high hopes for 2020 – after all, the optometry term referring to sharp vision had a good ring about it and it had the potential to be a watershed year, bringing lots of things into focus.

No amount of crystal ball gazing could've foreseen the health, social, and economic narrative that has played out.

COVID-19 swept around the world, threw life as we know it into a blender and spat out a new reality that would get zero stars on TripAdvisor – “would not recommend”.

While initially, it looked as though the real estate market would be thrown into turmoil, the way it has unfolded has actually been quite surreal.

In analysing the sales data, Bayleys' market share in the commercial and industrial space for the first half of this year is sitting at 44 percent (*DataInsights*) – reflecting our strong national coverage and specialist business lines.

There's a lot of money floating around in the system thanks to the Reserve

Bank's quantitative easing measures in an attempt to stimulate the economy, coupled with the proactive hunt for income as investors seek new depositories for the billions of dollars coming off term deposit.

“Money in the bank” doesn't cut it when woeful diminishing returns are analysed, so there's been a sugar rush of cash chasing income.

Commercial and industrial property has been held up as a shining star in investment circles for the past decade, however now, for the first time since 2009, we're seeing softening total returns across the spectrum.

Within the retail and office sectors, a two-tier market is emerging with large format retail and A-grade office being fairly well-insulated, while the “High Street” and secondary office stock showing signs of COVID-related stress.

Across the commercial and industrial market, we're starting to see evidence

of sub-4-percent yields – who would have thought it?

The crunch has come on many owners this year. There's pressure from occupiers and pressure from trading banks – where risk exposure is being scrutinised and balance sheets reweighted.

Having said that, we've witnessed a number of non-bank lenders entering the market providing options and a way forward for many investors and business owners.

The industrial sector is still performing well on the back of escalating demand and tight supply dynamics, but in the retail, hospitality and office property sectors, we're not expecting any real clarity until well into next year. There's still a lot of pandemic-related water to go under the bridge yet.

With the general election now over, it's time for the Government to follow through on its electioneering promises of investing in people, progressing

crucial infrastructure projects, helping small businesses to grow, and positioning New Zealand well within global export markets.

In this 100th edition of *Total Property*, Bayleys' business line heads give their take on the property market sector by sector and, like the Labour-led Government, discuss issues of confidence and supply.

We also delve into the hotel sector and see how it's surviving this mad year, and revisit four former New Zealand sportsgrounds that have been reimaged into commercial real estate assets.

As we elbow bump our way towards 2021, I believe Bayleys is well-positioned to offer market-relevant guidance and direction, to present and create opportunity and to move you closer to your end goals.

Whether you're in discovery or recovery mode after 2020's shenanigans, we've got your back.

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 60 markets. Our closest connections are to the Knight Frank Asia Pacific Group with 8,265 people in 154 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.



Bayleys is proud to have been recognised at the 2019 REINZ Awards for Excellence in Real Estate.
- Large Commercial and Industrial Office of the Year
- Commercial and Industrial Salesperson of the Year
- Small Business Broking Office of the Year

2,492
SALES AND LEASING
TRANSACTIONS

\$2.8B
OF PROPERTY SOLD
OR LEASED

230
COMMERCIAL SALES
AND LEASING AGENTS

*For the period 1st April 2019 - 31st March 2020.