



OCCUPIERS STAKE THEIR space

THE FOCUS IS FIRMLY ON TENANTS AS PROPERTY OWNERS STRIVE TO KEEP TOTAL RETURNS IN POSITIVE TERRITORY.



RYAN JOHNSON,
NATIONAL DIRECTOR COMMERCIAL
AND INDUSTRIAL

AS BUSINESSES RECALIBRATE and regroup after pandemic-related dislocations, one thing is patently clear – now, more than ever, premises must be fit-for-purpose and have pulling power for staff recruitment and retention.

The flight-to-quality continues across the office, industrial and retail sectors and discussions around lease structures and terms are multi-layered as all parties to a deal jostle to be heard.

After an extended period of flux, we're seeing significant expansion in the business domain with larger office tenants making growth decisions based on positive revenue results, and SME sectors like information technology flourishing.

Office occupiers continue to gravitate towards premium A-grade buildings, as employees seek better workplace experiences and stakeholders drive home environmental, social and governance (ESG) goals.

Industrial and logistics occupiers are hunting for modern, future-proofed premises that fit new templates for more time-sensitive and ultra-streamlined operations.

Retail leasing activity is also starting to rebound, particularly in the luxury brands, athleisure and sporting goods categories in prime locations.

With the cost of debt and business operational outgoings rising, as everything from energy bills to wages escalate, there's lots happening in the occupier space.

Landlords wishing to stay ahead of the game are changing up traditional thought patterns and being more responsive to occupier needs – especially in the secondary office market.

With net effective rents under the spotlight, and banks putting pressure on landlords around weighted average lease terms, building owners are very wary of rising vacancy levels and dwindling bottom lines.

There is also the added hurdle of rising fitout costs. Office occupiers are increasingly looking for turn-key solutions where the hard yards have been done, while landlords are battling inflationary pressures, supply chain and raw material hiccups and labour shortages.

We've always maintained that property is a people business and that's never more accurate than today as the market resets.

Occupiers seem to have the upper hand right now, requesting landlords provide longer fitout timeframes and longer rent-free periods, for example.

Landlords willing to engage with occupiers to find common ground, and prepared to be flexible, are spending money to make money and sealing leasing deals.

Business owners are evaluating their Capex columns closely and trying to find more cost-effective space solutions – particularly in markets where there is an oversupply of space.

Building owners are also doing their sums and, with banks playing hardball on loan-to-value ratios, some landlords are opting to sell rather than navigate the leasing arena.

This opens the door to owner-occupiers who, in the face of rising rental rates, are considering ownership as a hedge to inflation and with more properties coming to the market with vacant possession or passing leases, SMEs are active in the owner-occupier market currently.

It all makes for interesting times in the commercial and industrial property market and demonstrates the perpetually cyclical nature of this industry.

There are 69 new commercial and industrial property opportunities for sale in this edition of *Total Property*, our penultimate portfolio for the year.

In our commentary and insights pieces, we look at the build-to-rent sector, Bayleys' new building consultancy business arm, and the success of new-build industrial precincts catering to an SME audience.

In closing, I'd like to acknowledge the outstanding work of Bayleys' commercial and industrial teams around New Zealand as they continue to excel in a market that has seen considerable disruption and challenges since 2020.

A special shout-out goes to the team at Bayleys House in Auckland Central, for receiving the Large Commercial and Industrial Office of the Year award at the 2022 Real Estate Institute Awards for Excellence, the industry's annual national awards evening.

This accolade reflects the stellar job our brokers, managers, and administrators do to maximise the value of our clients' property assets – and we see this right around the country – it's the Bayleys Way.

You can leverage our extensive experience and award-worthy industry nous for any of your commercial and industrial property requirements, so please 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 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)

2,968
SALES AND LEASING
TRANSACTIONS

\$5.28B
OF PROPERTY SOLD
OR LEASED

240
COMMERCIAL SALES
AND LEASING AGENTS

*For the period 1st April 2021 - 31st March 2022.