

# Barfoot & Thompson Commercial Wiri Business Association

Luncheon Presentation  
March 2019

# Barfoot and Thompson - Commercial

## Introduction

## Four Commercial Offices

City, South Auckland, North Shore,  
and Commercial Property  
Management in Newmarket

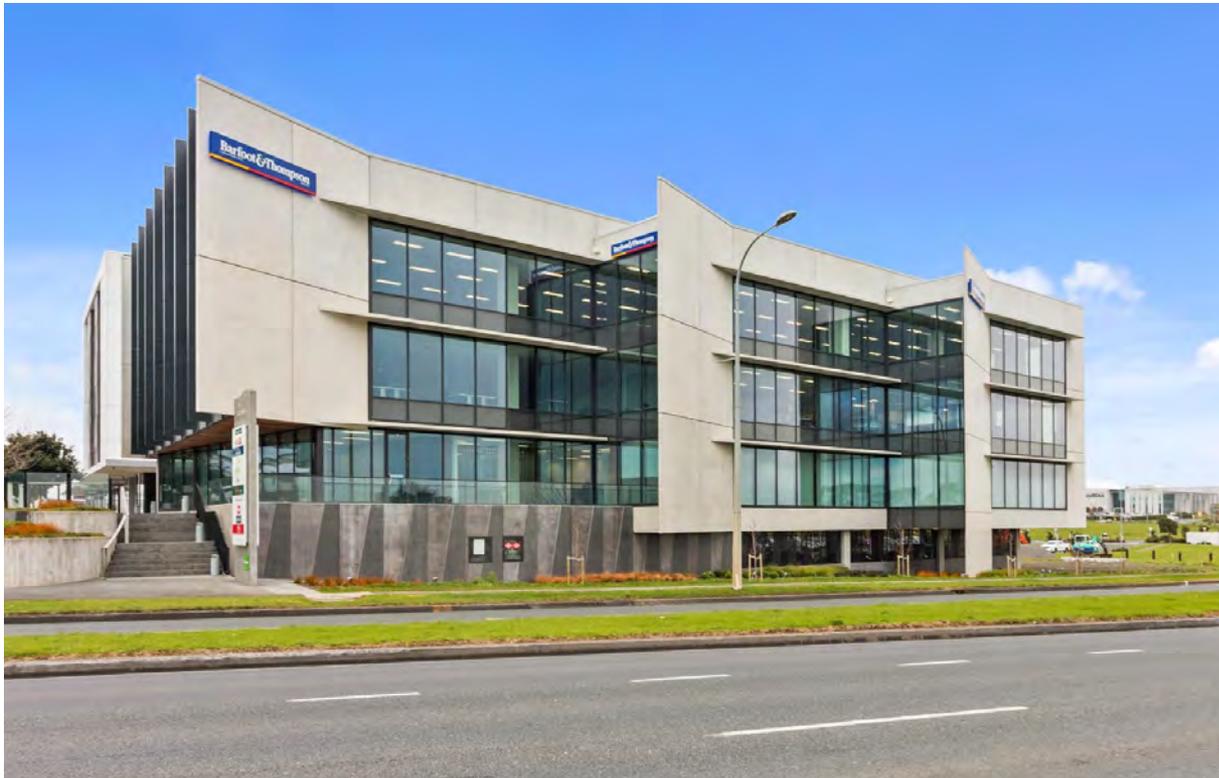
**100 Agents**

## South Auckland Commercial

20 agents with a patch (area) focus

# Barfoot and Thompson - Commercial

South Auckland Commercial together with our Auction Rooms, are located on the Ground Floor, Building 5, 60 Highbrook Drive in East Tamaki



# Our Role - Licensed

- We are professional, licensed service providers, under the Real Estate Agents Act 2008
- Our Code of Conduct
- Rules governing disclosure
- Compliance with Fair Trading Act, Consumer Guarantees Act, Contract Enforcements Act, Unitary Plan amongst others.
- The new one this year; **Anti Money Laundering and Counter Terrorism Act 2009**
- Know your rights [www.rea.govt.nz](http://www.rea.govt.nz) and [www.settled.govt.nz](http://www.settled.govt.nz)

# Macro Climate - Our World

## OCR

- (Official Cash Rate) remains unchanged at 1.75%

## NZ Population

- Currently increasing by one person every 5 minutes and 26 seconds. NZ's population will reach 5 million by 2020.

## Residential sales

- Values have flattened partly in line with new legislation mainly affecting investor/ landlords.

# Macro Climate - Our World

## Commercial Sales and Leasing

- Are heavily influenced by a low vacancy rate (1.7%) and a lack of available buildings for occupancy and sale. Returns on commercial/ industrial are now directly competing with residential.

## Unitary Plan

- Is very much underway now and we are yet to experience its full affects;
- **Light Industrial land:** no longer capable of sustaining office/showroom only development
- **Mixed Use zoning:** attracting higher density development

## Southern Industrial Growth Areas

- Puhinui Road to the airport (and probably speedway and/or stock cars) Drury & Ramarama with ground works underway, Pukekohe.

# Auckland Industrial Overview

- **Vacancy Rate** – current reports suggest 1.7%
- **Average Net Warehouse Rentals** - circa \$118 psm
- **Average Net Office Rentals** - circa \$227 psm
- **Average Land Value** - circa \$517 psm
- **Average Yield** - circa 5.8%

# Wiri – Your Market

- **Vacancy Rate** – decreased from last year now circa 1.5% - one the lowest levels we've experienced
- **Medium Land Value** – \$579/m<sup>2</sup> net
- **Rental** –

<b>Property Type</b>	<b>Rental \$/SQM</b>
Prime Warehouse	\$120/m <sup>2</sup> - \$140/m <sup>2</sup> net
Secondary Warehouse	\$90/m <sup>2</sup> - \$120/m <sup>2</sup> net
Prime Office	\$230/m <sup>2</sup> - \$250/m <sup>2</sup> net
Secondary Office	From \$155/m <sup>2</sup> - \$195/m <sup>2</sup> net

# Wiri – Your Market (continued)

- **Prime yields** – have come down to 5.4%
- **Secondary yields** – have also come down to 6.3% - 7.5%
- **Construction costs** – are still increasing
- **Wiri Industrial Sales/ Leasing** - turnover is slowing  
approx 31 Sales worth in excess of \$100M to date.

# Wiri – Your Market (continued)

- **Larger properties** – have been dominating/distorting the market
- **Leasing incentives** – are decreasing raising face rental values

# Market Trends

- **Owner Occupiers** – Remain a strong force in the market but are being restricted by bank funding.
- **Investors** – Are still very active and there is new interest from residential investors as new legislation governing residential rental properties bites. Good investments above \$4M are in short supply.
- **Tenants** – While there are plenty of tenants looking. Tenants with established businesses (10 plus years) and providing a strong covenant, are still in short supply.
- **Landlords** – Need to be mindful that there is a shortage of strong tenants available.

# Market Trends (continued)

- **Vendors** – Marketing programs are still achieving great results, while off-market sales have slowed and are taking more time for the same result.
- **Auctions** - Have flattened under the hammer but are still identifying successful purchasers for post auction negotiations. My last three Auctions sold within 48 hours after the fall of the hammer to identified purchasers.
- **Deadline Private Treaty & Tenders** - Are still providing great results and plenty of early offers.
- **Leasing Sole Agencies** - Are proving advantageous in qualifying strong tenants in a competitive leasing market.

# AML Background

**Anti Money Laundering & Counter Financing of Terrorism Act 2009 “AML”**

[Read More: https://www.barfoot.co.nz/news/2018/December/AML](https://www.barfoot.co.nz/news/2018/December/AML)

**Real Estate Agents;** became effective upon real estate transactions from 1<sup>st</sup> January 2019

**Customer Due Diligence;** vendors/landlords and purchasers/tenants need to “complete and receive verification of identity” for compliance under the “Act” regulated by the Department of Internal Affairs.

**AML Agents;** designated as Real Estate Agents (if involved) for vendors/landlords and solicitors for purchasers/tenants.

# AML Compliance

**Face to face**

Copy of a beneficial owner/s current passport or drivers licence plus a copy of your signature i.e. a credit card

Proof of your residential address which may be a correspondence addressed to you i.e. a rates bill received by email.

# AML Compliance (continued)

If the property is owned by a **Trust** a copy of the Trust Deed



If the property is owned by a **company** a copy of the company's registration



For a **club, society, co-operative, sole trader and/or partnership** – a copy of the printout and the deed/registration certificate



Your solicitors details

# AML Compliance (continued)

**“NZ long distance”**

or

**Unable to meet with your real estate agent “face to face”**

- Evidence provided must be verified in writing by a Trusted Referee i.e Justice of the Peace, Police Officer or Registered Kaumatua.



**Overseas based persons**

- A certificate of verification from a person authorised in that country to take a statutory declaration.

# AML Nature & Purpose

**1.** Why are you selling the property?

**2.** If you have sold or purchased other properties in the last 5 years?

**3.** What you intend to do with the proceeds from this particular sale?

# Thank You and Congratulations

Thank You WBA and Audrey Williams for the invitation

**Congratulations on the successes thus far and the continued growth of the association, and more especially the involvement of its members**

# Your Wiri Specialist



## About Rob Taylor

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Rob Taylor has forged a highly successful career in industrial and commercial real estate over the last 20 years in the South Auckland region. With skills refined and honed by 20 years prior involvement in the corporate sector, including owning his own business. Rob offers a wide and varied range of skills that enhance his ability to produce a successful result and create a long term partnership.