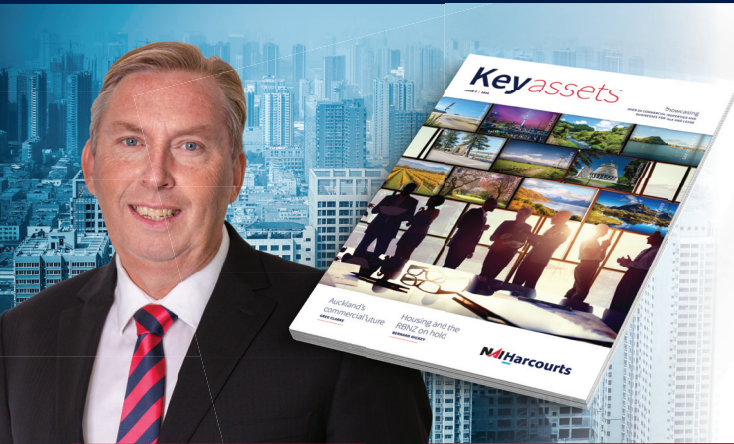


NAI Harcourts Market Leader.

Bringing you the latest news, facts and figures from the world of commercial real estate.



Key Assets reaching new heights

NAI Harcourts has released its final Key Assets portfolio for 2016, showcasing more than 50 commercial properties and businesses for sale and lease, as well as commercial property insights from a range of experts.

General Manager Greg Clarke says it's the largest issue of Key Assets ever produced, which is a great achievement in a market where stock is tight.

"Stock is low, particularly in Auckland, but there are still opportunities for investors around the country."

Clarke says while many focus on what is happening in Auckland, there is growth and commercial development happening in the regions.

"The opportunity to sell a residential property in Auckland, for what seems to be a windfall, and relocate to the regions with the ability to not only buy a home but also to enjoy a healthy bank balance, is creating change in locations that have been stagnant for long periods."

Clarke says the Unitary Plan, which sets the blueprint for the future growth of Auckland, will soon have an impact on the commercial property market in our biggest city.

The plan's emphasis on increased density of residential dwellings should inevitably

create a demand for more commercial development.

"More people equals a need for more services. Combined with this there is an increase in zoning for mixed use developments. This should hopefully see a rise in the number of developments that resemble the recent Brickworks site in Hobsonville Point – a site made up of 60 residential apartments and 11 commercial tenancies."

To view online visit www.harcourts.net/keyassets/#/1/

125-127 Wairau Road: A case study

125-127 Wairau Road is 2,734m² and comprises two attached workshop units (built circa 1970), plus a standalone purpose built mechanics workshop.

The vendor received an unsolicited offer from another real estate agency for \$2,700,000.

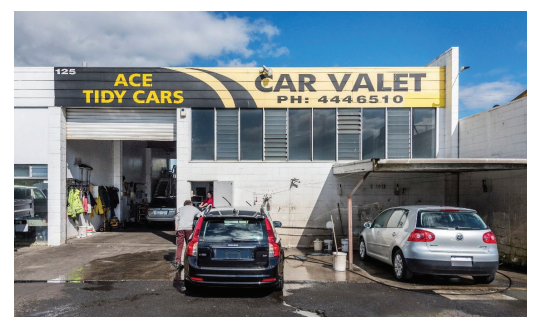
A valuer referred the owner to NAI Harcourts, and commercial specialists Peta Laery and Andrew Bruce advised an auction campaign.

"We said, when you have owned for 40+ years why would you accept the first

offer without testing the market to see if anyone else would pay more?" Bruce says.

NAI Harcourts held a four week auction campaign, and the property sold for \$3,660,000 – a record 3.74% yield.

The vendor achieved \$960,000 above the original offer and was absolutely ecstatic, Laery says.



Why engage a **commercial property manager?**

Owning a commercial investment property can provide good ongoing returns and long term capital gains, yet for many owners or potential owners, not having a clear understanding of the requirements of commercial property can be daunting.

By engaging a commercial property expert to manage your property and tenants, investing in commercial property really can create a hands off situation meaning it need not be either time-consuming or stressful.

Other reasons why having a commercial property manager makes sense include:

Market Rent

Your rent should be as close as possible to market, but a commercial property manager will seek to achieve an even better result. This enables the landlord to step back from the negotiation process. It's a fine art to achieve maximum market rent while keeping the tenants happy.

Management fee recoverability

The base management fee is a recoverable expense which commercial tenants should contribute to under recoverable outgoings in their leases. Your property manager should always seek to achieve full recovery of the management fee over time.

Achieve and maintain 100% occupancy

A commercial property manager works to maintain a good working relationship with the tenant, and will often be aware of a change of circumstances with the tenant sooner than what the landlord may have been. This can provide longer lead in times when finding a new tenant is required.

Maintenance/ outgoings recoverability

Obviously your net income is directly affected by how much you can recover from operating expenses. All recoverable outgoings should be recovered monthly, and a wash up should occur annually.

A property manager will tend to have a trusted and efficient group of

maintenance contractors they can call on for work, urgent and otherwise.

Insurance

A property manager will be able to give you advice on what insurance you need. It should include protection from material damage, business interruption, public liability and statutory liability.

A commercial property manager will often work with specialist commercial insurance advisers and may be able to achieve a significant reduction in costs due to the buying power of his management portfolio.

Statutory compliance

A property manager will eliminate the risk to owners by ensuring they all comply with current legislation and fulfil their obligations under the Building Act and other legislation. This can involve setting up and monitoring the required service contracts to ensure compliance.

Something that is often overlooked is the relationship between the property owner and the tenant. As an example it is often easier for a tenant to bring a maintenance issue to the attention of a property manager than an owner. And in many situations, the owner is more likely to have the matter taken care of when advised by the property manager. It is far easier for the owner if the issue is handled by the property manager when it is the responsibility of the tenant.

Fundamentally, a commercial property manager's role is to maximise the benefits of ownership while at the same time minimising the issues. Like many other professions, managing a commercial property is a skill that enhances the lifestyle of those they work for.

Thanks to Howard Buchanan of Christchurch City Commercial, Greg Will of Hamilton Commercial and Rob Meister of North Shore Commercial for their contributions to this article.



Key retail site sells for \$3.6m

A key Christchurch City site, located in the new retail precinct, has been sold to property developer Philip Carter.

Marketed by Harry Lim of NAI Harcourts Grenadier, 673-681 Colombo Street sold under the hammer for \$3.6 million.

Lim says there were five bidders in total, with Carter placing the winning bid.

The building, known as the former Pagoda Court building, had sat vacant since the earthquakes.

The former owners gutted the building earlier this year, so Carter will need to carry out extensive strengthening and refurbishment before it is ready for use.

Located at the corner of Cashel Mall and Colombo Street, the three-level building was designed and constructed in 1980.

No announcement has yet been made about the future of 673-691 Colombo Street. The building is next to the new BNZ Centre which is already partly open, across the road from the new ANZ Centre, and diagonally opposite the Carter Group's \$140m retail development The Crossing.