

NAI Harcourts Market Leader.

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



GETTING STARTED IN commercial property investment

Commercial properties can offer substantial returns, and are often a popular option for investors who have built up a residential rental portfolio and are looking to expand. However, it's important to be armed with the right knowledge and understanding of the commercial market before making the leap.

Whether the investment is a retail space, office building, apartment complex or industrial premises, the most important first step is research. Investors need to understand the current lease situation, how tenants use the space (if occupied), potential interest in the site if it is vacant or being developed, and the scope for return on their investment.

For first-time investors, finding a property that has a long-term and stable lease arrangement with good tenants is an ideal starting place. Unlike in residential properties, tenants are liable for repairs, and usually also pay for utilities, rates and insurance, which increases the return for investors.

However, that responsibility means choosing a quality tenant who maintains the property well is a key factor. It will also hopefully help avoid major issues, as it's important to note there is no tenancy tribunal to help mediate in such an event.

It is also important to consider the location – somewhere desirable if the lease should

expire or you need to find new tenants – and the ability to add value to the property. Just like a residential property, often the best investments are those that will benefit from some minor upgrades or alterations in order to make them more appealing for future sale, or that are situated in a location that is gaining in popularity.

A LIM report on any property is essential, paying special attention to permitted uses of the land (which may stop the building being used in certain ways for future tenants), any unpaid rates, outstanding consents or requisitions affecting the land, and maintenance information such as private and public storm water and sewerage drains.

Price is also a serious consideration, especially as banks generally do not lend as much for commercial property as for a residential purchase, and the cost is much higher. It is possible to invest in NZX-listed property trusts or join a property syndicate, which doesn't require as much capital and reduces exposure to risk, although these options generally offer lower returns.

For any investor, it's important to consult an expert commercial real estate agent who can provide relevant documentation such as LIM reports, advise on potential tenants, and offer an evaluation of the current market. It's also essential that investors seek legal advice before committing to any agreement.

DOES IT ADD UP?

It's crucial for investors to ensure their sums add up before making an offer because it can prove more difficult to on-sell commercial properties than residential. However, if the right property is bought at the right price, there is a real potential for long-term and lucrative returns.

NAI Harcourts North Shore launches business broking division



If you are looking to buy or sell a small business, there is a new specialised business broking team in Auckland.

Part of NAI Harcourts North Shore, the business broking division operates out of their existing offices in Takapuna and covers the wider Auckland market.

NAI Harcourts North Shore joint managers and shareholders Andrew Bruce and Rob Meister say there is demand for skilled and experienced business broking advice and they have chosen David Wells to lead the team. David is an experienced manager and broker with more than 24 years in the

NAI Harcourts offices in Christchurch.

The plan is to bring on a team of an additional five brokers by September, making the business broking arm of NAI Harcourts North Shore a significant part of the commercial office.

NAI Harcourts North Shore is part of the Cooper & Co Real Estate Ltd group, the number one Harcourts franchise in the world, consisting of 16 offices and over 480 team members.

NAI Harcourts has released its second Key Assets portfolio for 2017

It comes at a time, when, by all reports we have passed this commercial cycle's peak. However, there are no signs of an imminent crash and our teams around the country are optimistic about the remainder of the year and beyond.

The far north is seeing a tailing off in commercial investment, but Whangarei reports increasing interest from those looking for value for money outside of Auckland.

Our Auckland team is reporting a decline in foreign investment, with the ability of buyers to get cash

out of China proving increasingly difficult. However local investors are stepping up to win auctions and tenders for properties.

The Hamilton commercial market is stable, with demand for investments below \$1m strong, and in Christchurch the post-earthquake boom continues.

You can view the latest Key Assets and a range of properties for lease and sale around the country at harcourts.net/keyassets



Did you know?

For the fifth consecutive year, New Zealanders have voted Harcourts their Most Trusted real estate brand.

Reader's Digest has announced its most trusted brands for 2017, and Harcourts has come out on top in the real estate category.

It is the fifth-time real estate has been voted on, and the fifth time Harcourts has been voted Most Trusted.



Harcourts CEO Chris Kennedy says it is incredible to be supported by the people of New Zealand, and the Most Trusted award is treasured by everyone who works for Harcourts.

"It's what we are always working towards. Our people try to give the very best service and honest advice to every client, so for New Zealanders to choose us again as their most trusted is very humbling."