

Media Release
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Bayleys concludes more than half a billion dollars worth of land and building sales

All four office buildings in Spark's head office complex in central Auckland have now been sold by Bayleys Real Estate for a total of just under \$250 million along with a commercial building in central Takapuna occupied by Auckland Council for \$70 million.

Sale prices of the four Spark (formerly Telecom) buildings ranged from just under \$50 million to close to \$70 million and were negotiated by Paul Hain of Bayleys Auckland office who said they sold to a mix of local and offshore investors.

He said three of the buildings with new 10-year leases to Spark sold at yields of 7.25-7.45 percent and the fourth building, which was sold in conjunction with Bayleys Auckland's Paul Dixon, was purchased at an 8.5 percent yield reflecting the short term nature of its lease to TVNZ, with only 18 months to run.

The Spark leases have built in annual rent increases of three percent and the developer and vendor, Mansons TCLM, also provided a 10-year defects and capital expenditure warranty.

The four 5 Green Star rated buildings range in size from 6,316 sqm to 7,944 sqm, share 300 basement car parks between them, and are linked by a large central atrium.

Paul Hain, in conjunction with Simon Aldridge of Bayleys North Shore Commercial, has also sold a 15,000 sqm office and retail building at 1-7 The Strand in Takapuna, for \$70 million which has been purchased by a New Zealand-based private investor at an 8.4 percent yield.

The building, on a 7,862 sqm high profile corner site close to Takapuna Beach, was developed in two stages. A five level building opened in mid 1991 as the former North Shore City Council's administrative headquarters, and an adjoining seven-level building was added in 2009. At that time the council entered into a 12 year lease over 86 percent of the net lettable area with the balance being retail space.

Mr Hain said the vendor had commissioned engineering reports and preliminary plans to potentially add a further level over part of the original building which would provide approximately 1,000sqm of additional accommodation.

The four sales are among 10 large commercial properties which have been sold recently by Bayleys Real Estate at a total value of over half a billion dollars.

Other properties to sell have been the Pakuranga Plaza shopping centre for \$96 million, three substantial Auckland land transactions in the CBD, Westgate and East Tamaki totaling \$117 million, and Kirkcaldie & Stains' Harbour City Centre property in Wellington for \$45.85 million

Bayleys' managing director Mike Bayley said this was the biggest run of large commercial property sales the agency has had in its 42 year history, with a number of further big land sales also close to being concluded.

He said the offshore buyers of some of the properties were from Singapore, Indonesia and China. He said the big lift in high value sales to foreign investors was expected to continue into 2015 now that a stable pro foreign investment government had been re-elected and the Kiwi dollar appeared to be heading back to more realistic levels.

Bayleys' national director commercial John Church says a big uplift in large land sales is also contributing to the increase in higher value sales. He said there had been a noticeable increase in the amount of land for sale as a number of longstanding owners had taken advantage of greater demand for development sites and their increase in value.

Bayleys Wellington director Mark Hourigan, who was involved in the sale of the Harbour City Centre, said it is one of a number of substantial sales concluded in Wellington this year and reflected a positive change in the capital city.

"Wellington has a fairly conservative investment environment and it generally takes longer for things to turn around than in Auckland. But there's definitely been an improvement in the mood of the property market here and some pent up demand is now coming to surface," Mr Hourigan said.

"We are once again getting multiple tenders on larger properties and our most recent auction portfolio drew very good bidding - with seven out of the eight properties offered selling under the hammer."

Caption: Four of Bayley's recent 'mega sales' – the Spark head office complex, Takapuna Beach commercial block, and the Pakuranga Plaza shopping complex all in Auckland, and the Harbour City Centre in Wellington.