

SUPPLIED CONTENT

Why now is a good time to sell

The consensus amongst most observers of the commercial and industrial property market is that it is close to the top of the current cycle.

John Church, Bayleys Real Estate's National Director Commercial, has seen a number of market peaks and troughs over the years and says there are many signals that suggest the current market is nearing its peak which makes now a good time to be considering selling.

He says the best time to sell is when there is still something in the market for buyers as there clearly is at the moment:

- Interest rates are at historically low levels and are likely to decline slightly again making borrowing to buy even cheaper.

- While yields have followed interest down to very low levels, the return on equity from a leveraged commercial property investment remains at very attractive levels compared to the

income return from bank deposits and bonds.

- Buyers are flocking to property as a more stable investment choice than more volatile equity markets.

- Low vacancy rates across most market segments have removed much of the tenancy risk usually associated with purchasing commercial property.

- A strongly performing economy, right across the country, means there is a high level of investor confidence at present.

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“Commercial property buyer demand therefore continues to



UNDER THE HAMMER: Bayleys Investment team manager Chris Bayley, right, and Bayleys national auctioneer Richard Valintine take bids

grow and remain unsatisfied,” says Mr Church. “There is a clear buyer preference for Auckland. However, because of a shortage

investment locations in the regions and at alternative investment options such as syndications.

“Underlying the strong current buyer demand is clearance rates at auction of over 70% with an even higher overall percentage if you also consider those selling post auction.”

However, Mr Church says there have been indications over the past few weeks that the supply of properties for sale may be increasing, with a lift in auction listings in Bayleys' latest Total Property portfolio and more mar-

keting campaigns on the horizon for later this year.

“Part of this may be vendors realising that while selling ‘off market’ will generally find a buyer in the buoyant market, it won't necessarily be the best buyer and the optimum outcome is likely to be achieved by going through a competitive sales process.

“However, there are also definite signs that an increasing number of owners are looking to make the most of the strong market conditions to take some capital gain. A decision to sell will result in considerable gains for many vendors, especially those who bought at the bottom of the market five or six years ago.

“Astute vendors also know selling now at or near the top of the cycle allows the reinvestment of their capital when the market changes, as it inevitably will, and more attractive opportunities present themselves.”

of available stock there, buyers are now looking at alternative