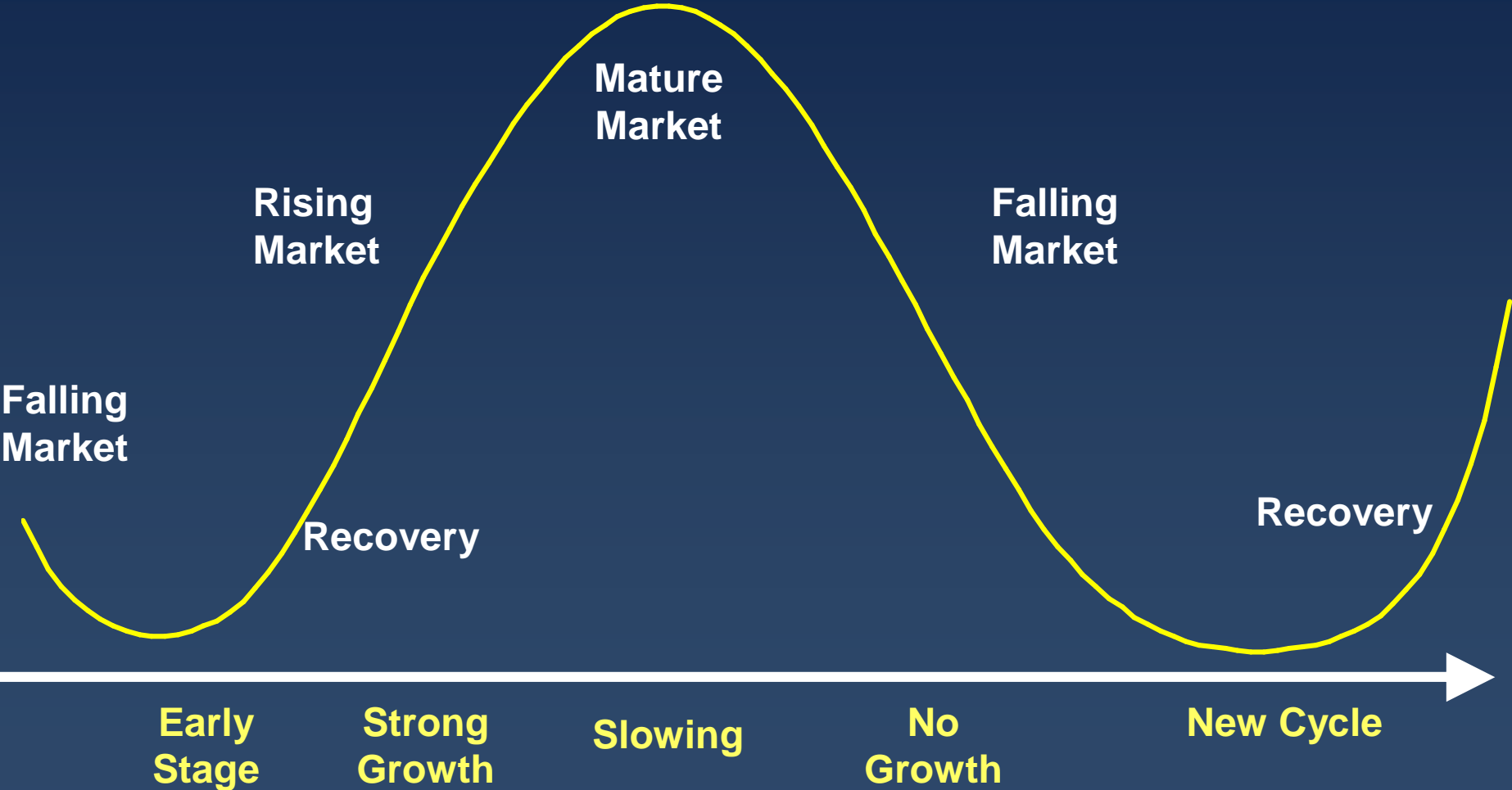


BAYLEYS

Property Cycles





Commercial and Industrial

BAYLEYS



Market Conditions

BAYLEYS

- **Vacancy Up**
- **Tenants Downsized & No Growth Sector**
- **Tenant Retention & Rentals Down**
- **Construction Limited = Cap on New Space**
- **Finance Tight**
- **Investors Tenant Focused**
- **Risk Aversion**
- **Mid-range Investors Strong**

Market Conditions

BAYLEYS

- **Vacancy & Construction**
- **Risk Aversion**
- **Who are the Buyers?**

Vacancy



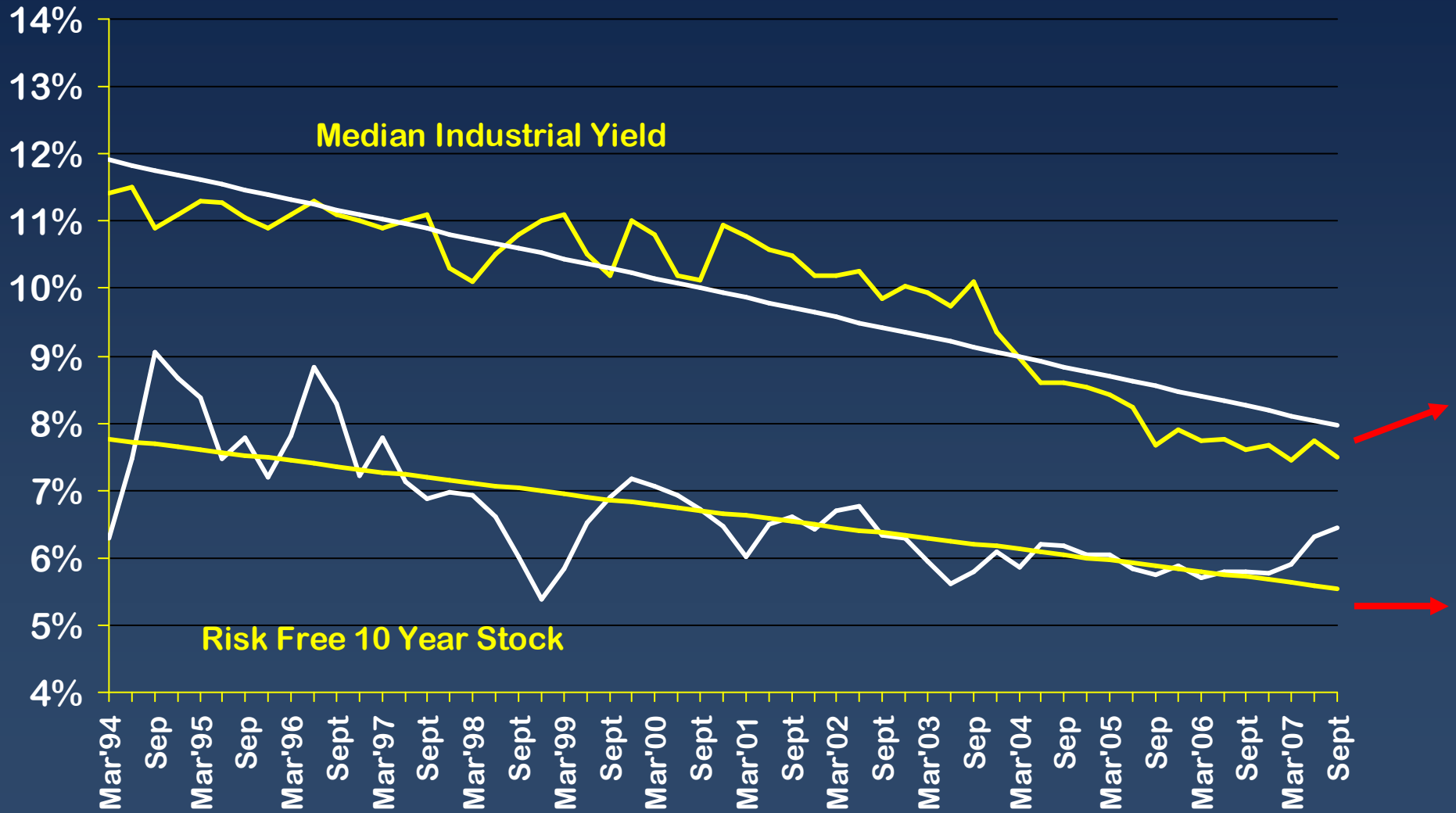
(Jan 09 – Jan 10)

↑ CBD Office	14.1%
↑ CBD Fringe Office	13.0%
↑ North Shore Office	13.3%
↑ Greater Auckland Retail	3.5%
↓ North Shore Industrial	8.6%
↑ Manukau Industrial	8.0%

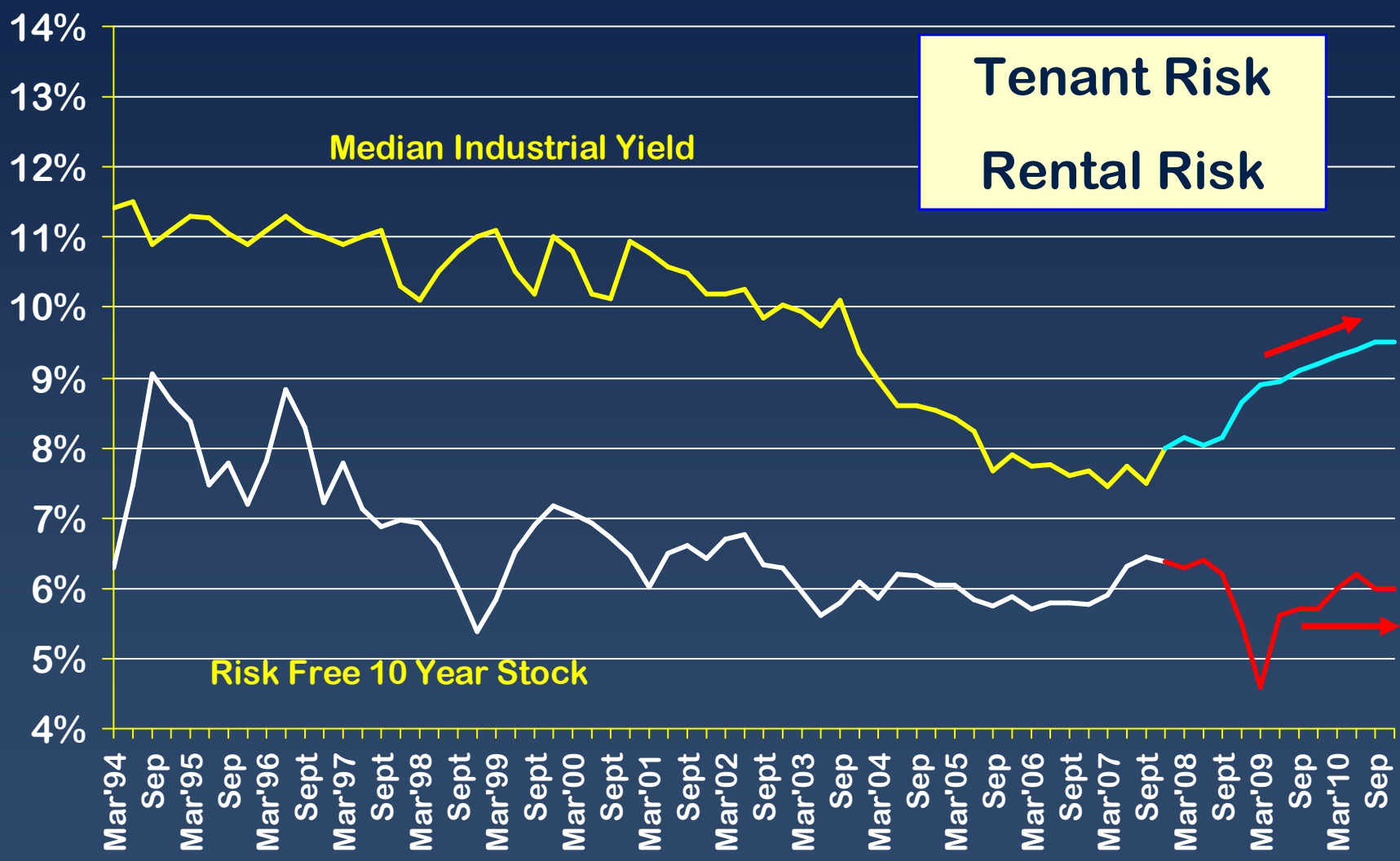
(Jun 08 – Jun 09)

↑ Wellington Office	10.1%
↑ Wellington Industrial	5.1%
↑ Wellington Retail	6.7%

Risk Reassessment



Risk Reassessment



Who are the Buyers?

- Strong Activity Up to \$5m
- Market Thin Plus \$30m
- Domestic:
 - Public Syndicators
 - Private Syndicates
 - High Wealth Individuals
- International = Asia (Singapore, China, Hong Kong)
 - Yield
 - Growth and New Sectors
 - All Price Ranges

Commercial & Industrial 2010

BAYLEYS

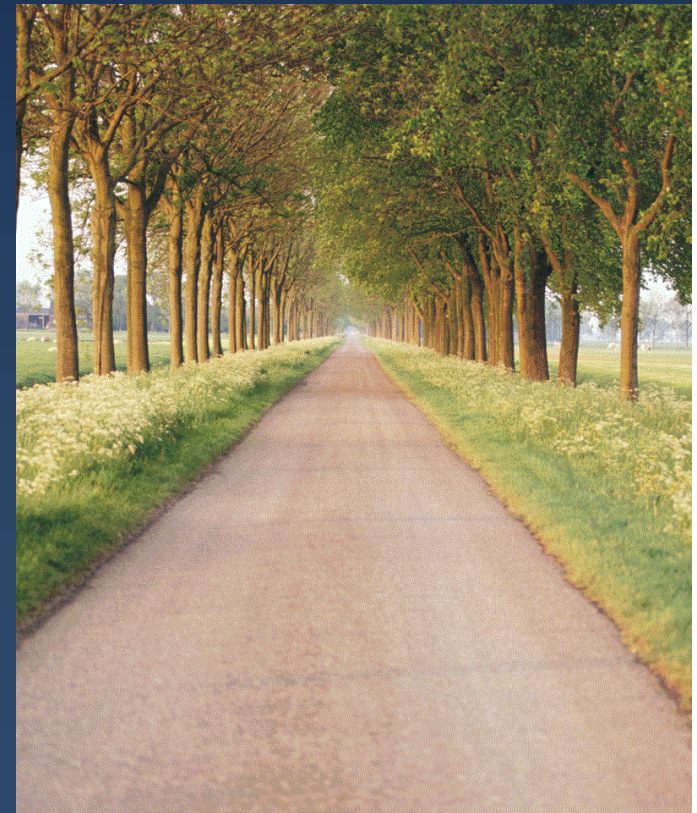
- Sales Activity: Improving
- Forced Sales: More to Come
- Effective Rents: Continue to Decline
- Avoiding Risk: Remains Top of Mind
- Prime Yields: Hold
- Secondary Yields: Soften
- Development: Subdued



Commercial & Industrial 2011

BAYLEYS

- Economic Recovery Well Underway
- GDP Forecast 3% Plus
- Business & Employment Growth
- Tenant Uptake
- Effective Rents: Stabilise
- Yields: Stabilise
- Development: Subdued



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