

COVID 19 isn't Stopping Activity in 20 ..

Sept 2020

Increased uncertainty in real estate markets has led to a slowdown in activity but for those with strong investment convictions, assuming those themes were right of course, it's mostly business as usual ..



Over recent months we have been reading articles and research from around the globe about the death of the office, the rise of WFH, hub and spoke models etc, all of which are understandable observations especially in countries still struggling to control the Pandemic. Increasingly however, it seems workers are fed up with being at home and are desperate to get back to the office not just to work but to meet friends, to eat, to drink and socialise as we are hard-wired to do.

In the future the office may very well be different, but it won't be dead. And even before COVID office occupancy was changing, moving towards Flex or Space as a Service (SPaaS) and also to greatly improved design and working environments. It was these design "themes" which underpinned our first acquisition of an award-winning heritage warehouse building, themes which we believe were a key factor in recently securing a new professional tenant for over 600sqm of office space on a long lease - a significant achievement during this period - [READ MORE HERE](#)

Other recent activity demonstrating confidence in the New Zealand market, and affirming this country as the now preferred destination for capital from the Asia Pacific region, all comes from the South Island. In Christchurch CBRE's [Tim Rookes](#) has brokered the [Manawa Building](#) at 10 Oxford Terrace, to a Dutch national, which at \$80m is the largest deal ever in Christchurch.

And from newly branded Queenstown-based [Mackersy Property](#), who have acquired a \$200m portfolio of warehouse/industrial assets in Tauranga. The strength of this sector, and a clear investment strategy for the Mackersy team, is being driven by structural changes in the economy across logistics, production and retailing. Such a large portfolio within the "golden triangle" is well-placed to take advantage of this evolution and the move towards e-warehousing.

As an aside we credit our own entry into the real estate investment management world to the Mackersy group. Our founder, Toby Scott, during his career with ANZ Bank, was the principal financier for the Mackersy business. He was involved in many transactions over a period of eight years, gaining not only inspiration to enter the sector but also many invaluable insights into the strategies required for successful asset management and acquisition, as it grew from the smaller business it was to the \$1.7bn behemoth it is today.

In our [Resources](#) section this month we have included a paper from Dr Alexis Crow (PWC Lead, Global Investing). Dr Crow explores urbanisation in a post COVID world discussing, at a very high level, new investment opportunities, why the city isn't dead, and why the current crisis and uncertainty presents an ideal "moment of dislocation" for those with a long-term investment horizon.

On a related theme we have included a Special Report from CBRE Research on some of the tools and techniques that can be used to add or to retain asset value or, more pointedly, effective asset management - which maybe of interest to some of those asset managers with buildings highlighted in JLL's recent [Vertical Vacancy Review!](#)

This "value-add" space is very much on our radar at present as we look for yield and return beyond assets which, we believe, represent valuations that have been pumped by over ten years of monetary policy support, and so deserve a good degree of caution. It's worth outlining that an asset bought unlevered today at a net income yield of 5% will take twenty years to pay back the initial investment which, in the face of shortening leases, puts effective asset management at the very forefront of investment considerations.

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Tascott & Co is a full-service asset acquisition and management company providing services to their own and also to third party property investors. They take care of every aspect of ongoing property ownership and management offering a complete range of services to real estate investors across all aspects of asset, property and facilities management. Outside of general property acquisition and advisory services Tascott also provide clients with advice and assistance on new leasing, lease reviews, renewals and negotiation, tenant liaison, building maintenance and management, asset positioning, funding strategies, structuring and reviews. and ultimately sale.

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