

AH 21 036

13 May 2021

Minister of Housing
Cc Board Chair, Vui Mark Gosche

Meeting with Bayleys

Purpose

1. This paper provides background information for your meeting with Mike Bayley and Paula Bennett at 4:30pm Tuesday 18 May 2021.
2. Caroline McDowall (General Manager Commercial) will attend from Kāinga Ora – Homes and Communities.

Background

Views of Bayleys

3. The following is a summary of views from the briefing sent to your office by Bayleys on 22 April 2021. A short profile of Mike Bayley (Director) and Paula Bennett (Director of Strategic Advisory) is included in Attachment One.
4. In summary, Bayleys:
 - share the Governments ambitions for safe warm, dry houses and spaces, by complementing rather than competing with the private market
 - is New Zealand's largest full-service real estate company and can provide direct, clear and up to date market analysis to the Government regularly in this ever-changing world
 - has the knowledge and capability to pull together complicated, multi-party deals
 - have a successful relationship with Kāinga Ora providing advice around development and regeneration opportunities and undertaking the marketing of real estate assets
 - believe they have expertise to help facilitate Government to achieve their ambitious housing goals so that all New Zealanders can thrive.

Summary of Bayleys and Kāinga Ora relationship

5. Bayleys is a professional company that Kāinga Ora has engaged to assist in attracting development partners with specific requirements to purchase superlots of land.
6. Bayleys was engaged for the Hobsonville Point project in 2013, and has continued to assist Kāinga Ora in their ongoing development projects in Northcote, and Ōwairaka.
7. Bayleys has introduced development partners for the following Kāinga Ora projects:
 - Hobsonville Point – 9 superlots sold, 5 development partners
 - Northcote – 5 superlots sold, 3 development partners with a further 3 superlots currently under negotiation
 - Ōwairaka - 1 superlot under contract.

8. To support superlot sales, Kāinga Ora runs an Invitation to Participate process direct to prequalified developer partners. This includes production of an Information Memorandum, a detailed document outlining the density, urban design and community outcomes required to be delivered on the land as part of the purchase, and an online Due Diligence page.
9. Bayleys ran the subsequent Registration of Interest campaigns for Kāinga Ora (then HLC) across Hobsonville Point and the initial Northcote release and more recently for apartment developers for Northcote.
10. The Registration of Interest process used by Bayleys attracted interest from a wide range of parties who provided details around price, design, capability and financial viability for Kāinga Ora to gauge the quality of the entities and their ability to meet outcomes.
11. Bayleys maintained an active role throughout the campaigns working alongside Kāinga Ora to manage the Registration of Interest process and liaising with the purchasers on their behalf.
12. Bayleys was also engaged on a sole agency agreement to sell down ex Kiwibuild homes in Lakeside Te Kauwhata and Northlake in Wanaka, both of which are now completed.
13. Kāinga Ora large scale development team also has a good relationship with other agencies and tend to work on a 'what's best for project' basis.

Discussion points for meeting on Thursday 6 May 2021

14. The paper from Bayleys does not mention any specific topics of discussion, although it focuses on their role across the market and in superlot sales.
15. The discussion is likely to be wide ranging, considering the scope of Bayleys business activities (Bayleys Realty Group, Bayleys Property Services, and Bayleys Real Estate Limited).
16. Bayleys letter of 22 April 2021 notes that they have expertise to help facilitate Government to achieve their ambitious housing goals. You may wish to ask Bayleys' views on what other initiatives they could help with, as their view is that the private and public sector can complement each other in this area.
17. Their view on the relative supply and demand attributes of the current housing market could be a useful discussion.



Rachel Kelly
Manager Government Relations

Attachment One – Profiles

Mike Bayley

Mike is Managing Director for Bayley Corporation Limited and has ultimate responsibility for overseeing the operations of Bayleys Realty Group, Bayleys Property Services and Bayleys Real Estate Limited. The Bayleys Group is New Zealand's largest, private full service property company concluding in excess of \$11 billion in transactions annually and employing over 1,800 people operating out of 83 offices throughout New Zealand and the Pacific Islands.

Mike is a graduate of Auckland University, an associate of the Real Estate Institute of New Zealand and has in excess of 30 years' experience in the property industry both within New Zealand and internationally.

Prior to taking on his current areas of responsibility Mike was General Manager for the real estate operations of the Bayleys Group responsible for overseeing the agency and transaction side of the business. Mike has also spent time working in the property sector offshore including positions managing Bayleys operations in Asia and Australia.

Mike's agency background has been predominately in the Commercial and Industrial sector where he has worked alongside many of Australasia's largest corporations as well as private individuals. Transactions are the key to our business and Mike, together with his fellow Directors and Senior Executives, are never far from the deal action and remain actively involved in dealing with Vendors and Purchasers on a daily basis.

Paula Bennett

Paula Bennett is Director of Strategic Advisory in Bayley's national commercial team. She provides advice across both the private and public sector and works on a full spectrum of commercial property transactions, both in relation to leasing and the acquisition and divestment of commercial property.

Paula has a wealth of experience having been a senior Government minister for 9 years across 14 portfolios, including State Services, Social Housing and Associate Finance, as well as Deputy Prime Minister and Deputy Leader. She has a strong interest in bringing the private and public sector together, in order to ensure that each can benefit from their respective strengths, and that diverse property portfolios and requirements can be aligned, while providing the best service and value.