

# Waterloo Region & Guelph

Industrial Q4 2018



## WATERLOO REGION INDUSTRIAL

### Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Waterloo Region Employment	286k	298k	▼
Waterloo Region Unemployment	4.9%	5.1%	▲
City of Guelph Employment	92k	89k	■
City of Guelph Unemployment	6.1%	3.0%	▼
Canada Unemployment	5.7%	5.6%	■

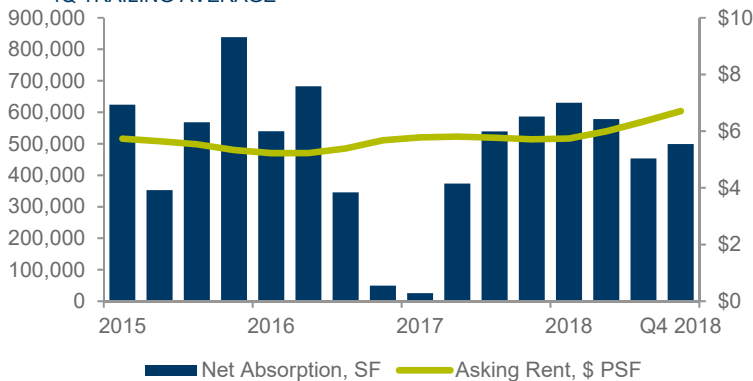
### Market Indicators (Overall, All Classes)

	Q4 17	Q4 18	12-Month Forecast
Overall Vacancy*	4.2%	1.9%	▲
Net Absorption (sf)	271,605	454,955	▼
Under Construction (sf)	179,879	204,206	■
Average Asking Rent	\$5.71	\$7.19	■

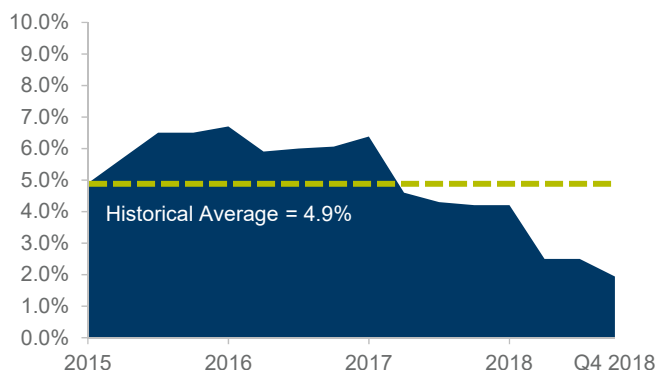
\*Numbers adjusted to include properties for sale

### Overall Net Absorption/Overall Asking Rent

#### 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

The Canadian economy experienced a steady increase in full-time employment through November 2018. As a result, the national unemployment rate has declined as the employment rate continues to remain stable. The majority of employment gains in the fourth quarter were driven by private sector advances. Employment growth was largely focused in manufacturing, transportation, and warehousing; continuing an upward trend that began in 2016. There was also a significant increase in job creation within the agriculture and non-medicinal cannabis sectors this quarter as non-medicinal cannabis was recently made legal nationwide. Waterloo Region and Guelph employment continues to remain strong as the scientific and professional services sector experienced slight employment increases.

## Market Overview

Technology and online commerce are continuing to influence the development of the industrial market in Waterloo Region. As online trade business such as Well.ca search for larger warehouse space, Waterloo Region has become an ideal location for industrial space due to its proximity to the GTA. As a result, vacancy rates in the Region have declined through 2018, now sitting at 1.9%. In addition, there has been a \$1.48 per square foot increase in the overall asking rent since the fourth quarter of 2017. In terms of demand there was a significant increase in the amount of leasing transactions in Kitchener and Cambridge over the previous quarter. Guelph experienced less leasing activity this quarter however, the vacancy rate is currently very low at only 1.1%. This strength helped push absorption to just shy of two million square feet in 2018.

## Outlook

There is some economic uncertainty pertaining to the manufacturing and industrial sectors, with trade negotiations continuing and the recent closure of the GM plant in Oshawa. At this time, it is unclear how that will affect Waterloo Region however, based on current demand for space, there is a large amount of construction underway that is due to be completed within the first half of 2019. Based on current vacancy rates and average asking rent increases, the additional inventory should be a positive contribution to the region bringing economic and job growth. There are also additional projects slated to begin construction during spring 2019. The newly proposed construction will bring expansion to previously unused greenspace within the Region. Although demand for industrial space was very strong in 2018, it is anticipated that the vacancy rate will remain steady, or increase slightly, as both additional inventory hits the market and the market having to contend with rising interest rates.

MARKETBEAT

## Waterloo Region &amp; Guelph

Industrial Q4 2018



SUBMARKET	INVENTORY (SF)	QUARTERLY LEASING ACTIVITY (SF)	QUARTERLY SALES ACTIVITY (SF)	OVERALL VACANCY (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT	OVERALL WEIGHTED AVG. ADD. RENT	OVERALL WEIGHTED AVG. GROSS RENT
Cambridge	10,267,499	28,278	9,090	11,100	0.1%	34,968	230,822	70,990	0	\$8.30	\$4.29	\$12.59
Eagle	3,810,053	18,730	0	140,670	3.7%	-2,620	-64,457	0	0	\$8.55	\$1.27	\$9.82
Eastern	5,006,226	0	74,626	490,877	9.8%	64,144	7,915	0	0	\$3.02	\$2.83	\$5.84
L.G. Lovell	11,515,512	21,785	0	320,267	2.8%	-4,291	259,325	31,595	0	\$6.46	\$1.79	\$8.24
Misc.	2,245,835	159,528	0	37,211	1.7%	159,528	165,084	0	0	\$6.91	\$3.58	\$10.49
<b>CAMBRIDGE SUBTOTAL</b>	<b>32,845,125</b>	<b>228,321</b>	<b>83,716</b>	<b>1,000,125</b>	<b>3.0%</b>	<b>251,729</b>	<b>598,689</b>	<b>102,585</b>	<b>0</b>	<b>\$5.60</b>	<b>\$2.20</b>	<b>\$7.81</b>
Bridgeport	3,121,820	4,200	0	144,940	4.6%	-9,433	-43,435	0	0	\$5.25	\$2.91	\$8.16
Hanson/Ardelt	1,820,276	0	0	15,128	0.8%	-15,128	1,827	0	0	N/A	N/A	N/A
Huron	4,756,491	18,307	0	32,620	0.7%	11,017	86,867	19,246	0	\$6.36	\$2.63	\$8.99
Lancaster	1,640,783	0	0	0	0.0%	0	3,200	0	0	N/A	N/A	N/A
Manitou	2,010,691	0	0	22,206	1.1%	-14,827	462,793	0	0	\$8.50	\$5.00	\$13.50
Wilson	2,677,855	0	22,293	0	0.0%	33,483	33,462	0	0	N/A	N/A	N/A
Misc.	3,168,409	5,686	139,788	40,970	1.3%	145,474	185,147	0	0	\$9.17	\$3.54	\$12.71
<b>KITCHENER SUBTOTAL</b>	<b>19,196,325</b>	<b>28,193</b>	<b>162,081</b>	<b>255,864</b>	<b>1.3%</b>	<b>150,586</b>	<b>729,861</b>	<b>19,246</b>	<b>0</b>	<b>\$6.26</b>	<b>\$3.01</b>	<b>\$9.26</b>
Conestoga	4,208,637	13,411	0	45,167	1.1%	37,301	136,618	0	0	\$12.25	\$4.82	\$17.06
Dearborn	637,799	0	60,184	13,588	2.1%	74,522	73,596	0	0	N/A	N/A	N/A
Northland	3,065,871	1,542	0	73,309	2.4%	-47,872	160,748	0	0	\$6.65	\$3.11	\$9.76
Misc.	1,038,300	0	0	2,400	0.2%	0	32,900	0	0	\$8.00	\$5.00	\$13.00
<b>WATERLOO SUBTOTAL</b>	<b>8,950,607</b>	<b>14,953</b>	<b>60,184</b>	<b>134,464</b>	<b>1.5%</b>	<b>63,951</b>	<b>403,862</b>	<b>45,498</b>	<b>0</b>	<b>\$8.07</b>	<b>\$3.58</b>	<b>\$11.65</b>
Hanlon	5,884,627	4,005	0	135,330	2.3%	4,005	112,425	0	0	\$7.80	\$3.57	\$11.37
Northwest	13,779,247	7,500	47,252	90,361	0.7%	14,684	169,678	36,877	0	\$5.76	\$3.61	\$9.37
Puslinch	2,013,437	0	0	30,000	1.5%	-30,000	-30,000	0	0	\$17.00	\$0.00	\$17.00
York Watson	1,274,969	0	0	4,050	0.3%	0	-4,050	0	0	\$13.33	\$3.50	\$16.83
Misc.	2,524,911	0	0	28,642	1.1%	0	16,200	0	0	N/A	N/A	N/A
<b>GUELPH TOTAL</b>	<b>25,477,191</b>	<b>11,505</b>	<b>47,252</b>	<b>288,383</b>	<b>1.1%</b>	<b>-11,311</b>	<b>264,253</b>	<b>36,877</b>	<b>0</b>	<b>\$8.85</b>	<b>\$3.05</b>	<b>\$11.90</b>
<b>WATERLOO REGION TOTALS</b>	<b>86,469,248</b>	<b>282,972</b>	<b>353,233</b>	<b>1,678,836</b>	<b>1.9%</b>	<b>454,955</b>	<b>1,996,665</b>	<b>204,206</b>	<b>0</b>	<b>\$7.19</b>	<b>\$2.96</b>	<b>\$10.15</b>

\*Rental rates reflect asking \$psf/year

## Key Sales Transactions Q4 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
329 Stirling Avenue South	139,788	French River Holdings/ Canam Self Storage Inc.	\$5,925,000 / \$31	Kitchener- Misc.
75 Moorefield Street	74,626	Wheelabrator Corp.Canada / N.S.S. Holdings Inc.	\$4,650,000 / \$62	Eastern
341 Marsland Drive	60,184	Takmarkhum Properties Ltd. / 2654300 ONTARIO INC.	\$5,930,000 / \$131	Dearborn

Cushman & Wakefield WR  
4295 King Street East, Suite 401  
Kitchener, ON N2P 0C6  
[cushwakewr.com](http://cushwakewr.com)

For more information, contact:  
Courtney Jones, Research Analyst  
Tel: +1 519 804 4386  
[courtney.jones@cushwakewr.com](mailto:courtney.jones@cushwakewr.com)

**About Cushman & Wakefield**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter..