


 YoY  
Chg
 12-Mo.  
Forecast
**2.4%**

Vacancy Rate

**125,338K**

Net Absorption, SF

**\$9.04**

Gross Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2020

 YoY  
Chg
 12-Mo.  
Forecast
**270.0K**Waterloo Region  
Employment**10.3%**Waterloo Region  
Unemployment Rate**83.8K**

Guelph Employment

**12.9%**Guelph Unemployment  
Rate**13.7%**Canada  
Unemployment Rate

## COVID-19 & ECONOMY

The COVID-19 pandemic struck Canada in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the Canadian economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The shutdown has resulted in an unprecedented shock to the labour market, including sending Waterloo Region's unemployment rate to 10.3%. The situation remains fluid.

## SUPPLY AND DEMAND

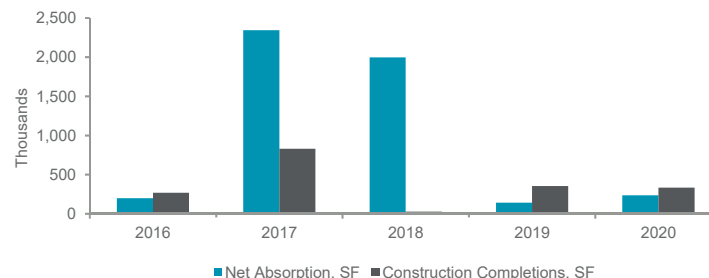
The Region has over 1.6 million square feet (msf) of industrial space under construction, with an additional 1.6 msf proposed. With the scarcity of developable industrial land in Kitchener and Waterloo, most of the proposed construction is focused in Cambridge and Guelph, primarily, in the Cambridge and Hanlon industrial parks. Pre-leasing has become a popular trend across Waterloo Region's new industrial developments due to the high demand for space and the shortage of existing inventory. Most of the square footage in the industrial developments are expected to be immediately absorbed upon completion, keeping vacancy rates low.

Waterloo Region remains an attractive alternative to the Toronto market due to a strong highway network, proximity to Toronto, and lower cost of living. With Toronto experiencing upward pressure in rental rates, paired with record low availability rates, Waterloo Region and Guelph will continue to attract both investors and occupiers looking for a greater yield on their investment.

## PRICING

While Toronto, Montreal and Ottawa continue to experience dramatic increases in rental rates for industrial space, rental rates across Waterloo Region are seeing similar trends but at a slower rate of growth. For available industrial space across the Region, the average asking rent is sitting at \$9.04 per square foot (psf). However this number fails to consider new industrial developments that are built to suit, or completely leased prior to the property being completed. The asking rent in Waterloo Region for new properties under construction exceeds \$10.00 (psf).

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & GROSS ASKING RENT



# Waterloo Region

## Industrial Q2 2020



**CUSHMAN &  
WAKEFIELD**  
Waterloo Region

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTRUCTION COMPLETIONS	DIRECT WEIGHTED AVG. NET RENT	DIRECT WIGHTED AVG. ADD. RENT	DIRECT WEIGHTED AVG. GROSS. RENT
Cambridge	10,532,071	177,428	1.7%	5,337	100,323	344,414	73,000	\$7.49	\$3.92	\$11.41
Eagle	3,810,053	434,469	11.4%	-6,971	-173,645	0	0	\$7.01	\$2.69	\$9.70
Eastern	5,149,921	64,338	1.2%	-6,860	-3,060	0	0	\$7.32	\$3.34	\$10.66
L.G. Lovell	11,569,207	68,329	0.6%	9,270	119,727	14,934	0	\$7.46	\$4.18	\$11.64
Misc.	2,279,708	47,327	2.1%	0	-47,327	0	0	\$6.50	\$3.23	\$9.73
<b>CAMBRIDGE TOTALS</b>	<b>33,340,960</b>	<b>791,891</b>	<b>2.4%</b>	<b>776</b>	<b>-3,982</b>	<b>359,348</b>	<b>73,000</b>	<b>\$7.20</b>	<b>\$3.27</b>	<b>\$10.47</b>
Bridgeport	3,169,817	194,947	6.2%	26,204	42,222	0	59,644	\$5.95	\$2.29	\$8.23
Hanson/Ardelt	1,820,276	0	0.0%	23,738	23,738	0	0	N/A	N/A	N/A
Huron	4,962,029	16,100	0.3%	140,338	148,370	25,783	154,390	\$7.49	\$3.79	\$11.28
Lancaster	1,640,783	11,927	0.7%	-11,927	-11,927	0	0	\$0.00	\$0.00	\$0.00
Manitou	2,010,691	1,875	0.1%	0	-1,875	0	0	\$7.95	\$5.88	\$13.83
Wilson	2,815,855	0	0.0%	22,293	22,293	100,000	0	N/A	N/A	N/A
Misc.	3,158,361	26,363	0.8%	36,067	39,867	0	0	\$8.10	\$3.91	\$12.01
<b>KITCHENER TOTALS</b>	<b>19,577,812</b>	<b>251,212</b>	<b>1.3%</b>	<b>236,713</b>	<b>262,688</b>	<b>125,783</b>	<b>214,034</b>	<b>\$6.00</b>	<b>\$2.47</b>	<b>\$8.48</b>
Conestoga	4,258,891	255,740	6.0%	-1,049	-8,949	0	0	\$4.43	\$2.46	\$6.89
Dearborn	637,125	50,000	7.8%	0	12,958	0	0	\$7.00	\$2.50	\$9.50
Northland	3,065,871	113,170	3.7%	-1,764	16,387	0	0	\$6.67	\$3.08	\$9.75
Misc.	979,138	0	0.0%	0	0	0	0	N/A	N/A	N/A
<b>WATERLOO TOTALS</b>	<b>8,941,025</b>	<b>418,910</b>	<b>4.7%</b>	<b>-2,813</b>	<b>20,396</b>	<b>0</b>	<b>0</b>	<b>\$5.37</b>	<b>\$2.64</b>	<b>\$8.00</b>
Hanlon	6,048,321	179,482	3.0%	-3,184	74,376	1,078,470	11,799	\$7.35	\$3.42	\$10.77
Northwest	13,817,247	266,493	1.9%	-116,154	-127,573	22,300	35,000	\$6.09	\$3.02	\$9.11
Puslinch	2,013,437	0	0.0%	0	0	0	0	N/A	N/A	N/A
York Watson	1,276,926	20,583	1.6%	0	0	22,400	0	\$7.47	\$3.84	\$11.30
Misc.	2,524,911	159,366	6.3%	10,000	10,000	20,000	0	\$4.32	\$3.04	\$7.35
<b>GUELPH TOTALS</b>	<b>25,680,842</b>	<b>625,924</b>	<b>2.4%</b>	<b>-109,338</b>	<b>-43,197</b>	<b>1,143,170</b>	<b>46,799</b>	<b>\$6.03</b>	<b>\$3.20</b>	<b>\$9.23</b>
<b>WATERLOO REGION TOTALS</b>	<b>87,540,639</b>	<b>2,087,937</b>	<b>2.4%</b>	<b>125,338</b>	<b>235,905</b>	<b>1,628,301</b>	<b>333,833</b>	<b>\$6.15</b>	<b>\$2.89</b>	<b>\$9.04</b>

\* Rental rates reflect weighted net asking \$psf/year

### KEY SALE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER/ BUYER	SF	PRICE/ \$ PSF
560 Weber St N	Waterloo/ Conestoga	Tarkett/ USA Inc/ Orangeville Nissan	31,801	\$126
55 Franklin St S	Kitchener/ Wilson	Cheng's Group Corp/ 55 Franklin GP Inc	22,293	\$161
130 Imperial Dr	Kitchener/ Hanson-Ardelt	Conax Properties Canada Ltd/ unknown	23,738	\$146

\*Renewals not included in leasing statistics

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