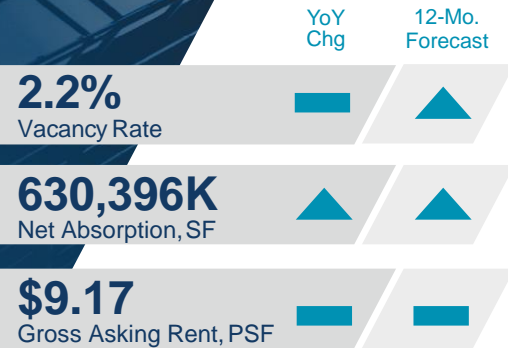


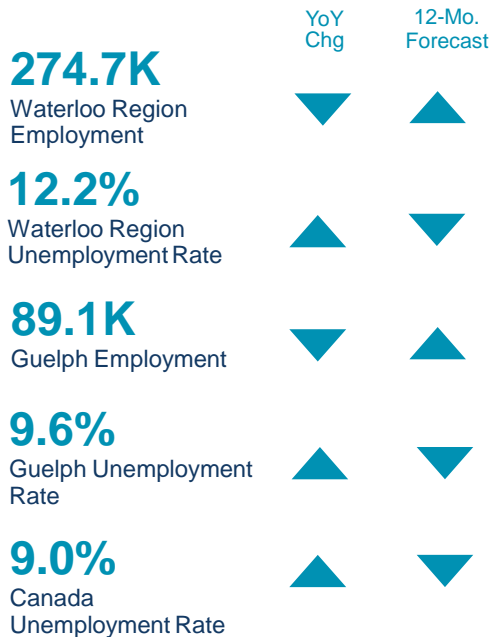
# Waterloo Region

## Industrial Q3 2020



(Overall, All Property Classes)

### ECONOMIC INDICATORS Q3 2020



### COVID-19 & ECONOMY:

Upon the arrival of COVID-19 in Canada., the economy entered a recession in March 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#)

### SUPPLY AND DEMAND:

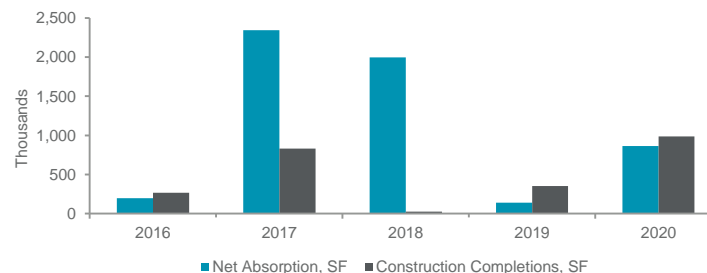
Despite the negative impact the pandemic has had on the economy, the Industrial leasing sector has remained strong. Construction completions are immediately absorbed upon completion and have driven positive absorption in 2020. The Region has 1.1 million square feet of industrial space under construction. 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.

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 on 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. Amazon secured leases for over 200,000 square feet in Q3 2020 for delivery stations in Cambridge and Kitchener, highlighting the strength of the warehousing and logistics segment.

### PRICING:

While Toronto, Montreal and Ottawa continue to experience dramatic increases in rental rates for industrial space, rental rates across Waterloo Region remain stable. For available industrial space across the Region, the gross average asking rent is sitting at \$9.17 per square foot (psf) but mostly reflects older buildings. This number fails to consider new industrial developments that are built to suit, or leased prior to the property being completed. The gross asking rent in Waterloo Region for new properties under construction exceeds \$11.00 (psf).

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & GROSS ASKING RENT



# Waterloo Region



## Industrial Q3 2020

### 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	10,794,485	39,818	0.4%	157,024	257,347	197,980	92,414	\$8.37	\$3.77	\$12.14
Eagle	3,810,053	320,942	8.4%	93,924	-79,721	0	0	\$7.15	\$2.63	\$9.79
Eastern	5,006,226	66,367	1.3%	-4,189	-7,249	0	0	\$5.94	\$2.16	\$8.10
L.G. Lovell	11,731,586	118,267	1.0%	-31,254	88,473	70,000	18,684	\$7.12	\$3.92	\$11.04
Misc.	2,279,708	29,816	1.3%	-1,016	-48,343	10,657	0	\$6.54	\$3.24	\$9.78
<b>CAMBRIDGE TOTALS</b>	<b>33,622,058</b>	<b>575,210</b>	<b>1.7%</b>	<b>214,489</b>	<b>210,507</b>	<b>278,637</b>	<b>111,098</b>	<b>\$7.05</b>	<b>\$2.88</b>	<b>\$9.93</b>
Bridgeport	3,289,037	195,427	5.9%	67,405	109,627	0	131,864	\$6.30	\$3.18	\$9.48
Hanson/Ardelt	1,820,276	47,131	2.6%	-47,131	-23,393	60,000	0	\$8.29	\$5.61	\$13.90
Huron	4,990,992	105,222	2.1%	-63,339	85,031	8,500	180,173	\$6.14	\$2.10	\$8.24
Lancaster	1,640,783	45,560	2.8%	-33,633	-45,560	0	0	\$6.61	\$3.94	\$10.55
Manitou	2,010,691	0	0.0%	1,875	0	0	0	N/A	N/A	N/A
Wilson	2,815,855	34,760	1.2%	-34,760	-12,467	100,000	0	\$5.00	\$1.52	\$6.52
Misc.	3,176,561	0	0.0%	26,363	66,230	0	0	N/A	N/A	N/A
<b>KITCHENER TOTALS</b>	<b>19,744,195</b>	<b>428,100</b>	<b>2.2%</b>	<b>-83,220</b>	<b>179,468</b>	<b>168,500</b>	<b>312,037</b>	<b>\$6.29</b>	<b>\$2.96</b>	<b>\$9.26</b>
Conestoga	4,258,891	220,613	5.2%	35,127	26,178	0	0	\$4.52	\$2.53	\$7.05
Dearborn	637,125	26,500	4.2%	23,500	36,458	0	0	\$7.00	\$2.25	\$9.25
Northland	3,065,871	55,551	1.8%	5,732	22,119	0	0	\$6.67	\$3.46	\$10.13
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>302,664</b>	<b>3.4%</b>	<b>64,359</b>	<b>84,755</b>	<b>0</b>	<b>0</b>	<b>\$5.16</b>	<b>\$2.68</b>	<b>\$7.84</b>
Hanlon	6,488,166	228,971	3.5%	358,376	432,752	638,625	451,644	\$7.67	\$3.49	\$11.16
Northwest	13,839,547	199,373	1.4%	18,355	-109,218	0	57,300	\$6.25	\$3.36	\$9.61
Puslinch	2,013,437	0	0.0%	0	0	0	0	N/A	N/A	N/A
York Watson	1,443,690	38,312	2.7%	24,671	24,671	0	42,400	\$7.22	\$3.65	\$10.87
Misc.	2,414,547	140,000	5.8%	33,366	43,366	0	14,000	\$4.00	\$3.00	\$7.00
<b>GUELPH TOTALS</b>	<b>26,199,387</b>	<b>606,656</b>	<b>2.3%</b>	<b>434,768</b>	<b>391,571</b>	<b>638,625</b>	<b>565,344</b>	<b>\$6.32</b>	<b>\$3.34</b>	<b>\$9.66</b>
<b>WATERLOO REGION TOTALS</b>	<b>88,506,665</b>	<b>1,912,630</b>	<b>2.2%</b>	<b>630,396</b>	<b>866,301</b>	<b>1,085,762</b>	<b>988,479</b>	<b>\$6.21</b>	<b>\$2.96</b>	<b>\$9.17</b>

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

### KEY SALE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE/ \$ PSF
950 Industrial Rd	Cambridge / Eagle	Samuel, Son & Co / Trade-Mark Industrial	128,775	\$98
405 Nyberg St	Kitchener / Misc	Braun's Property Management / Private Individual	18,200	\$115
55 Regal Rd	Guelph / Northwest	1123782 Ontario Inc / MSS Properties	13,650	\$152
35 Cherry Blossom Rd	Cambridge / Cambridge	Idlecreek Holdings / 2750757 Ontario Inc	8,918	\$199

\*Renewals not included in leasing statistics

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