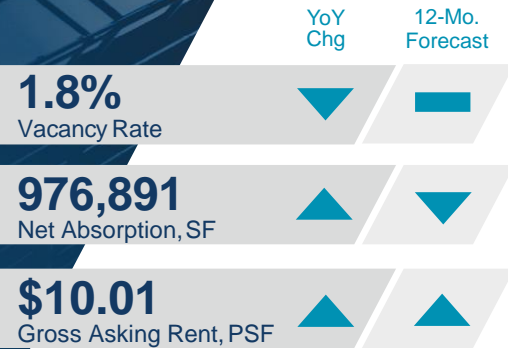


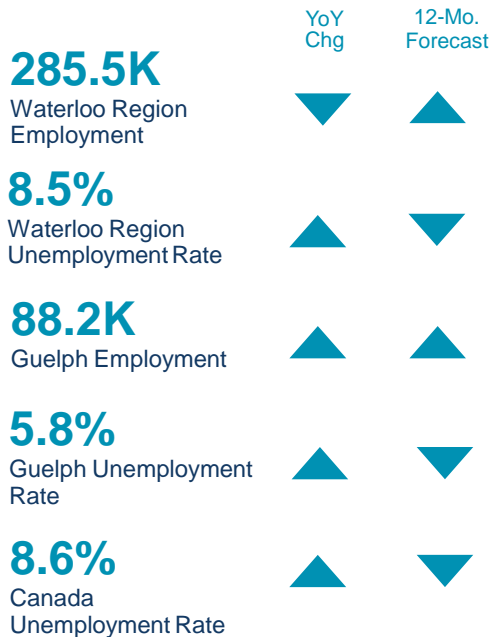
Waterloo Region

Industrial Q4 2020



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020



COVID-19 & ECONOMY:

The rapid global spread of COVID-19 in 2020 has sent shockwaves through the global economy, disrupted financial markets and produced economic and social hardships for families, businesses, workers and communities across Ontario. With the vaccine rollout still in the very early stages, the recovery is likely to remain uncertain and gradual. Access the most recent research on CRE and the state of economy [here](#)

SUPPLY AND DEMAND:

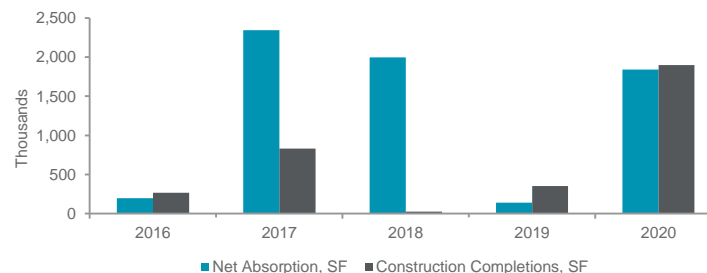
The industrial market thrived in 2020 driven by demand in the logistics, warehousing and light manufacturing sectors. The vacancy rate has dropped to a near 5-year low despite the 1.9 million square feet (msf) of new space that came to the market in 2020 as construction completions have been immediately absorbed upon completion. The Region has 0.3 msf of industrial space in development but will need to quickly bring more space to market to keep up with the high demand. With the scarcity of developable industrial land in Kitchener and Waterloo, much 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.

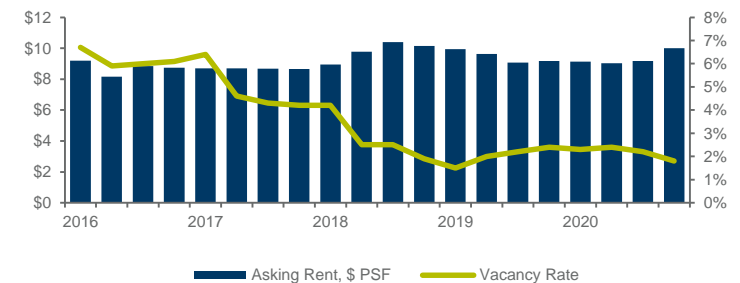
PRICING:

With the vacancy rate falling throughout 2020, asking rents started to rise in the fourth quarter of 2020 for Waterloo Region. For available industrial space across the Region, the gross average asking rent is sitting at \$10.01 per square foot (psf). This number fails to consider new industrial developments that are either built-to-suit or have been 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 Q4 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	10,952,465	69,154	0.6%	128,644	385,991	211,600	250,394	\$8.18	\$3.62	\$11.81
Eagle	3,956,859	332,707	8.4%	-20,606	-100,327	0	0	\$7.15	\$2.70	\$9.85
Eastern	4,810,595	61,667	1.3%	4,700	-2,549	0	0	\$5.95	\$2.15	\$8.10
L.G. Lovell	11,780,411	148,916	1.3%	-35,092	53,381	70,000	18,684	\$8.17	\$4.46	\$12.63
Misc.	2,279,708	0	0.0%	1,016	-47,327	10,657	0	N/A	N/A	N/A
CAMBRIDGE TOTALS	33,780,038	612,444	1.8%	78,662	289,169	292,257	269,078	\$7.34	\$3.09	\$10.43
Bridgeport	3,289,037	175,020	5.3%	19,687	129,314	12,000	131,864	\$6.27	\$3.00	\$9.27
Hanson/Ardelt	1,859,878	47,131	2.5%	39,602	16,209	0	39,602	\$8.29	\$5.61	\$13.90
Huron	4,839,544	125,558	2.6%	-20,336	64,695	8,500	180,173	\$6.67	\$2.46	\$9.13
Lancaster	1,640,783	32,960	2.0%	3,000	-42,560	0	0	\$6.61	\$3.94	\$10.55
Manitou	2,162,139	2,300	0.1%	-2,300	-2,300	0	0	\$20.00	\$5.20	\$25.20
Wilson	2,898,929	126,960	4.4%	7,800	-4,667	0	100,000	\$10.19	\$3.06	\$13.25
Misc.	3,268,487	31,641	1.0%	-31,641	34,589	0	0	\$11.39	\$1.42	\$12.81
KITCHENER TOTALS	19,958,797	541,570	2.7%	15,812	195,280	20,500	451,639	\$7.43	\$2.97	\$10.40
Conestoga	4,258,891	97,394	2.3%	118,317	144,495	0	0	\$4.90	\$2.67	\$7.58
Dearborn	637,125	26,500	4.2%	0	36,458	0	0	\$7.00	\$2.25	\$9.25
Northland	3,096,230	43,404	1.4%	12,147	34,266	0	0	\$9.24	\$4.25	\$13.48
Misc.	979,138	0	0.0%	0	0	0	0	N/A	N/A	N/A
WATERLOO TOTALS	8,971,384	167,298	1.9%	130,464	215,219	0	0	\$6.36	\$3.01	\$9.38
Hanlon	7,121,666	79,318	1.1%	763,153	1,195,905	27,762	1,065,144	\$8.96	\$3.51	\$12.47
Northwest	13,839,547	51,219	0.4%	-1,200	-110,418	0	57,300	\$9.48	\$6.41	\$15.89
Puslinch	2,013,437	0	0.0%	0	0	0	0	N/A	N/A	N/A
York Watson	1,443,690	48,312	3.3%	-10,000	14,671	0	42,400	\$7.27	\$3.62	\$10.89
Misc.	2,414,547	140,000	5.8%	0	43,366	0	14,000	\$4.00	\$3.00	\$7.00
GUELPH TOTALS	26,832,887	318,849	1.2%	751,953	1,143,524	27,762	1,178,844	\$6.31	\$3.50	\$9.81
WATERLOO REGION TOTALS	89,543,106	1,640,161	1.8%	976,891	1,843,192	340,519	1,899,561	\$6.86	\$3.14	\$10.01

* Rental rates reflect weighted asking \$psf/year

KEY SALE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
49 Cutten Place	Guelph / Hanlon	Woerner Holdings / Venture With Blessing Holding	53,500	\$155
400 Elizabeth St	Guelph / Misc	Goetz Properties / 400 Elizabeth Street Holdings	19,159	\$137
15 McBrine Place	Kitchener / Huron	BLM Specialized Division / ML Investments Inc	17,960	\$209
44 Durward Place	Waterloo / Conestoa	Uni-Spray Systems / 12280671 Canada Inc	11,225	\$133

*Renewals not included in leasing statistics

Dwayne Clark

Research Analyst

+1 519 804 4399 / dwayne.clark@cushwakewr.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com