

Waterloo Region

Office Q4 2020

YoY Chg 12-Mo. Forecast

13.2%
Vacancy Rate ▲ ▲

-302,479
Net Absorption, SF ▼ ▼

\$26.26
Gross Asking Rent, PSF ▲ ▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

YoY Chg 12-Mo. Forecast

285.5K
Waterloo Region Employment ▼ ▲

8.5%
Waterloo Region Unemployment Rate ▲ ▼

88.2K
Guelph Employment ▲ ▲

5.8%
Guelph Unemployment Rate ▲ ▼

8.6%
Canada Unemployment Rate ▲ ▼

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:

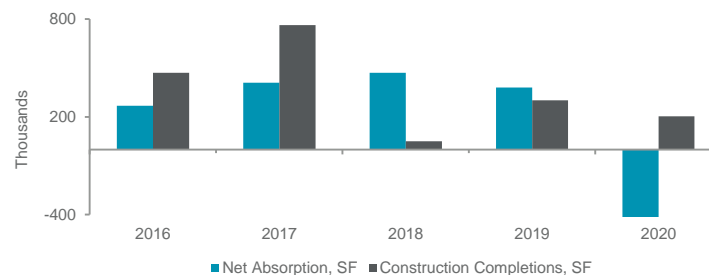
The pandemic has created a wait-and-see approach in the office leasing sector in Waterloo Region. Both direct and sublet vacant space rose in the fourth quarter of 2020, which pushed overall vacancy to 13.2%. On a more positive note, the quantity of lease transactions increased from the previous quarter, with most of the transactions occurring in spaces less than 5,000 square feet (sf).

Construction levels across Waterloo Region and Guelph have remained steady through 2020, with activity primarily focused on projects that commenced pre-Covid-19. There is 712,208 sf of Class A office space under construction, with an additional 1.7 million square feet proposed. The majority of Waterloo Region's office development remains concentrated in Kitchener's urban core.

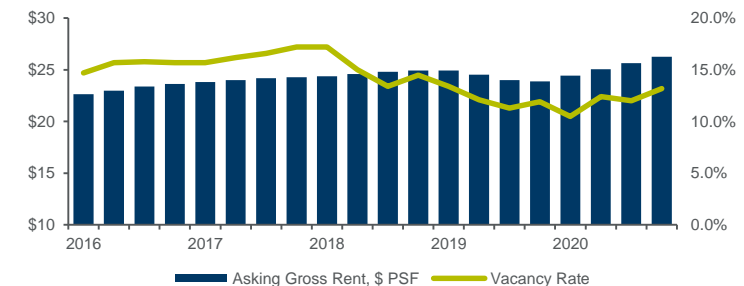
PRICING:

Asking lease rates for office space in Waterloo Region and Guelph continue to trend higher. For available office space across the Region, the average gross asking rent is \$26.26 per square foot (psf) with increases in asking rents driven by Class A rates. When looking at space in the highly sought-after downtown Class A market in Kitchener and Waterloo, current average gross asking rental rates are sitting at \$30.60 psf and \$37.65 psf respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & GROSS ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Waterloo Core	1,686,273	62,851	115,443	6.8%	-69,769	-106,353	12,120	0	\$35.24	\$37.65
Waterloo Suburb	5,692,794	122,609	532,029	9.3%	-58,327	-97,786	174,044	29,558	\$23.28	\$24.65
Waterloo Total	7,379,067	185,460	647,472	8.8%	-128,096	-204,139	186,164	29,558	\$25.94	\$28.30
Kitchener Core	2,635,843	73,223	565,656	21.5%	-91,468	-304,713	95,658	586,600	\$28.39	\$30.60
Kitchener Suburb	2,357,047	0	292,648	12.4%	-40,862	44,512	167,815	0	\$24.78	\$24.81
Kitchener Total	4,992,890	73,223	858,304	17.2%	-132,330	-260,201	263,473	586,600	\$27.31	\$28.25
Cambridge Core	398,150	0	72,138	18.1%	-7,064	42,321	21,958	0	\$20.92	N/A
Cambridge Suburb	1,066,197	32,612	64,789	6.1%	-16,336	40,521	62,723	0	\$24.67	\$24.51
Cambridge Total	1,464,347	32,612	136,927	9.4%	-23,400	82,842	84,681	0	\$23.07	\$24.55
Guelph Core	581,200	2,857	34,940	6.0%	-14,181	-26,614	0	0	\$25.78	\$26.00
Guelph Suburb	1,223,764	0	85,817	7.0%	-4,472	-11,967	41,838	96,050	\$23.14	\$26.87
Guelph Total	1,804,964	2,857	120,757	6.7%	-18,653	-38,581	41,838	96,050	\$24.02	\$26.62
WATERLOO REGION TOTALS	15,641,268	294,152	1,763,460	13.2%	-302,479	-420,079	576,156	712,208	\$26.26	\$28.05

* Rental Rates Reflect Gross Asking

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
360 Holiday Inn Dr #201	Cambridge Suburb	IFAB Engineering Partners Ltd	13,165	Direct
100 Stone Rd W #201	Guelph Suburb	N/A	7,031	Direct
100 Stone Rd W #206	Guelph Suburb	Junior Farmers Association of Ontario	7,020	Direct
508 Riverbend Dr #103	Kitchener Suburb	N/A	6,625	Direct

*Renewals not included in leasing statistics

KEY OFFICE DEVELOPMENTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
Breithaupt Block Phase 3	Kitchener Core	Google	292,000	Perimeter
120 Victoria Street South	Kitchener Core	N/A	130,000	Momentum
345 King West	Kitchener Core	Gowling	120,000	Perimeter
245 Hanlon Creek Blvd	Guelph Suburb	BDO	66,000	N/A
1 Young Street	Kitchener Core	N/A	50,000	Ridgewood Developments

Dwayne Clark

Research Analyst

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

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©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.