

Waterloo Region

Industrial Q3 2022

YoY
Chg 12-Mo.
Forecast**1.2%**

Vacancy Rate

**-192,236**

Net Absorption, SF

**\$13.53**

Gross Asking Rent, PSF



(Overall)

ECONOMIC INDICATORS Q3 2022

YoY
Chg 12-Mo.
Forecast**334.7K**Waterloo Region
Employment**5.7%**Waterloo Region
Unemployment Rate**95.3K**

Guelph Employment

**3.9%**Guelph
Unemployment Rate**5.2%**Canada
Unemployment RateSource: Statistics Canada
September 2022

ECONOMY

Waterloo Region experienced an increase in its unemployment rate, rising from 5.1% last quarter to 5.7% in the third quarter - despite an increase of ~6k jobs in the Region quarter-over-quarter. The rising rate environment may be casting some doubt onto industrial sectors such as logistics and shipping as consumer demand declines. However, the local industrial market remains strong as availability is still near record lows. Industrial real estate will likely remain resilient in the short term given the pent-up demand for space. Tenants operating in sectors that are prone to the effects of a recession may face difficulty, as rents continue to rise and consumer demand appears to be dwindling.

SUPPLY & DEMAND

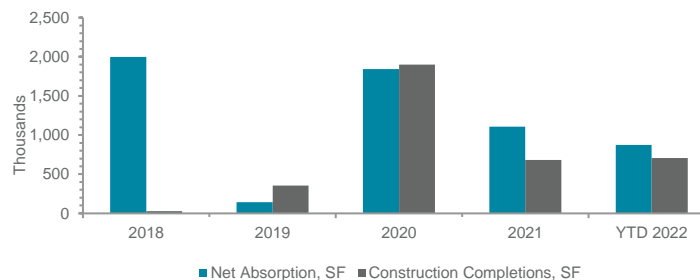
Waterloo Region's industrial sector saw a marginal increase in vacancy, rising from 0.7% to 1.2%. However, it should be noted that this increase in vacancy is largely a result of sites coming to market near the end of the quarter. While there is some evidence to suggest that demand has lowered, it is too soon to determine whether this quarter's figures are part of a larger trend or are an anomaly.

New supply has primarily been driven by developments in Cambridge and Guelph, however, the Homer Watson business park in Kitchener is poised to bring over 700k square feet to the market. The Region has over one million square feet of industrial space currently under construction, and with the 3-phase Cambridge IP park commencing soon, it is possible that supply-side shortages could be mitigated in the short/medium term. Future demand will be strong however, as the Region's access to major transit routes provides logistical benefits to firms targeting the Southwestern Ontario and Great Lakes Region.

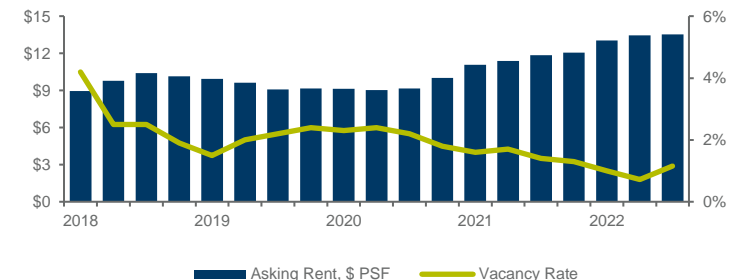
PRICING

Pricing for industrial space increased marginally from last quarter, representing the lowest quarter-over-quarter increase in over 12 months. Lease rates are likely to continue climbing as property owners refinance and renew leases to ensure adequate debt coverage. Following CPI postings and the subsequent Bank of Canada rate announcements will be integral in determining the speed at which lease rates increase. Pricing will continue to be dynamic for the foreseeable future, and pricing trends for both leases and sales will heavily depend on the Bank of Canada's future actions.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING GROSS RENT



MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY	OVERALL VACANCY (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION	YTD NET OVERALL ABSORPTION	UNDER CNSTR	YTD CNSTR COMPLETIONS	DIRECT WEIGHTED AVG. NET RENT	DIRECT WEIGHTED AVG. ADD. RENT	DIRECT WEIGHTED AVG. GROSS. RENT
Cambridge	89	11,485,289	29,495	0.3%	-24,615	396,984	107,834	379,506	n/a	n/a	n/a
Eagle	75	3,956,859	2,138	0.1%	6,784	189,517	0	0	\$8.00	\$3.75	\$11.75
Eastern	67	4,810,595	53,000	1.1%	-53,000	-53,000	0	0	\$10.50	\$3.90	\$14.40
L.G. Lovell	258	12,084,411	22,442	0.2%	94,458	254,247	0	234,000	\$13.09	\$6.12	\$19.21
Misc.	36	2,290,365	52,959	2.3%	-52,959	-45,864	0	0	\$14.25	\$2.75	\$17.00
CAMBRIDGE SUBTOTAL	525	34,627,519	160,034	0.5%	-29,332	741,884	107,834	613,506	\$12.40	\$3.74	\$16.14
Bridgeport	94	3,301,037	157,819	4.8%	-74,192	-63,246	0	0	\$10.14	\$3.24	\$13.37
Hanson/Ardelt	37	1,871,440	14,905	0.8%	-11,672	15,404	0	0	\$11.48	\$4.14	\$15.61
Huron	132	4,881,327	113,874	2.3%	59,450	76,063	718,189	0	\$6.99	\$2.18	\$9.18
Lancaster	28	1,640,783	18,792	1.1%	6,566	37,512	0	0	\$8.50	\$3.50	\$12.00
Manitou	43	2,172,139	0	0.0%	0	41,755	0	0	n/a	n/a	n/a
Wilson	37	2,898,929	0	0.0%	0	92,200	0	0	n/a	n/a	n/a
Misc.	66	3,268,487	61,108	1.9%	0	-5,500	0	0	\$10.00	\$3.00	\$13.00
KITCHENER SUBTOTAL	437	20,034,142	366,498	1.8%	-19,848	194,188	718,189	0	\$9.02	\$2.89	\$11.91
Conestoga	113	4,258,891	15,191	0.4%	-10,033	-7,367	0	0	\$11.75	\$5.32	\$17.07
Dearborn	20	637,125	77,000	12.1%	-40,000	-50,500	0	0	\$9.65	\$4.40	\$14.05
Northland	84	3,096,230	71,200	2.3%	-63,913	-66,757	0	0	\$13.59	\$4.02	\$17.60
Misc.	23	979,138	27,077	2.8%	-27,077	-27,077	0	0	\$10.00	\$1.82	\$11.82
WATERLOO SUBTOTAL	240	8,971,384	190,468	2.1%	-141,023	-151,701	0	0	\$11.21	\$3.96	\$15.17
Hanlon	85	7,621,823	12,182	0.2%	84,481	89,681	212,835	90,663	\$10.75	\$5.50	\$16.25
Northwest	199	13,839,547	158,081	1.1%	-66,514	12,018	0	0	\$13.31	\$3.16	\$16.47
Puslinch	25	2,013,437	0	0.0%	0	0	0	0	n/a	n/a	n/a
York Watson	31	1,443,690	0	0.0%	0	6,807	0	0	n/a	n/a	n/a
Misc.	39	2,414,547	160,000	6.6%	-20,000	-20,000	0	0	\$6.00	\$3.00	\$9.00
GUELPH TOTAL	379	27,333,044	330,263	1.2%	-2,033	88,506	212,835	90,663	\$7.85	\$3.06	\$10.92
WATERLOO REGION TOTALS	1,581	90,966,089	1,047,263	1.2%	-192,236	872,877	1,038,858	704,169	\$10.12	\$3.41	\$13.53

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE	PRICE \$ PSF
600 Boxwood Drive	Cambridge	The Shark Tank Ltd./Jaz Innovation Inc.	17,318	\$6,000,000	\$346.46
160 Webster Road	Kitchener	Mildco Ltd./Tri-Arc Gases & Welding Supplies Ltd.	14,995	\$3,250,000	\$216.74
45-47 Bleams Road	Kitchener	Wellington Pierpoint Inc./485 Dundas Inc.	10,000	\$2,850,000	\$285.00

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