

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
4.3% Vacancy Rate	▲	▲
-144K YTD Net Absorption, SF	▼	—
\$15.99 Gross Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
355.3K Waterloo Region Employment	▲	▲
7.6% Waterloo Region Unemployment Rate	▲	▲
6.5% Canadian Unemployment Rate	▲	—

Source: Statistics Canada

ECONOMY

Waterloo Region’s employment continues to rise, alongside Canada’s, as Waterloo continues to be one of the fastest growing Region’s in the country. The overall unemployment rate in Canada climbed 30 basis points (bps) from Q2 2024. Waterloo’s unemployment experienced a larger upward shift of 140 bps. With multiple industrial hubs spread throughout Kitchener, Waterloo & Cambridge (KWC), this surplus of industry in the Region may help to absorb the quickly rising unemployment. While there remains a possibility that the warehousing/distribution sector may still slow, we will have to see how the Regions decline in average rents impacts that sector.

SUPPLY & DEMAND

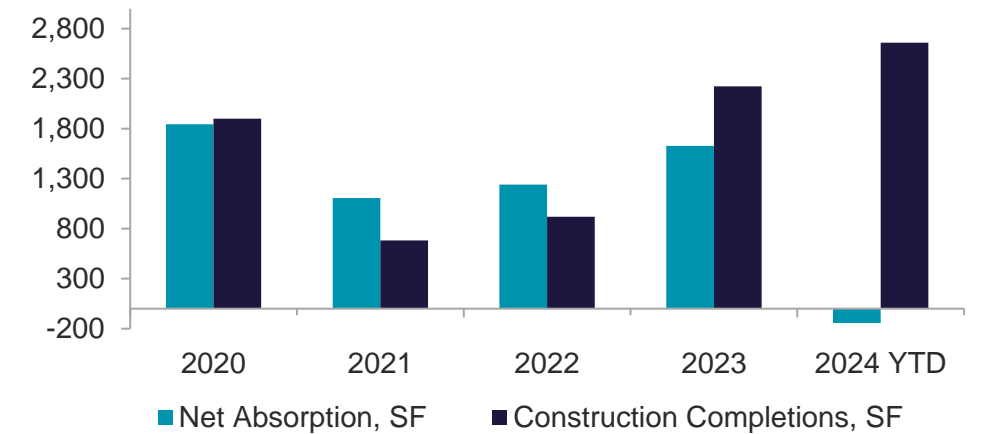
Demand for third party logistics (3PL) and warehousing space continues to soften in the Region. A vast majority of the new industrial space that has come to market through Q1 and Q2 2024 remains vacant alongside the newly completed builds in Q3 2024. It certainly feels like the market is changing as inventory is beginning to witness metrics that closely align with a more balanced market.

Though the majority of construction completions came to market vacant, the Region still experienced positive absorption this quarter. Highlighting a current appetite for industrial space this quarter. With a year-to-date completion total of 2.6 million square feet (msf) and another 2.5 msf under construction, time will tell if demand will accelerate enough to absorb this surplus of space in the pipeline.

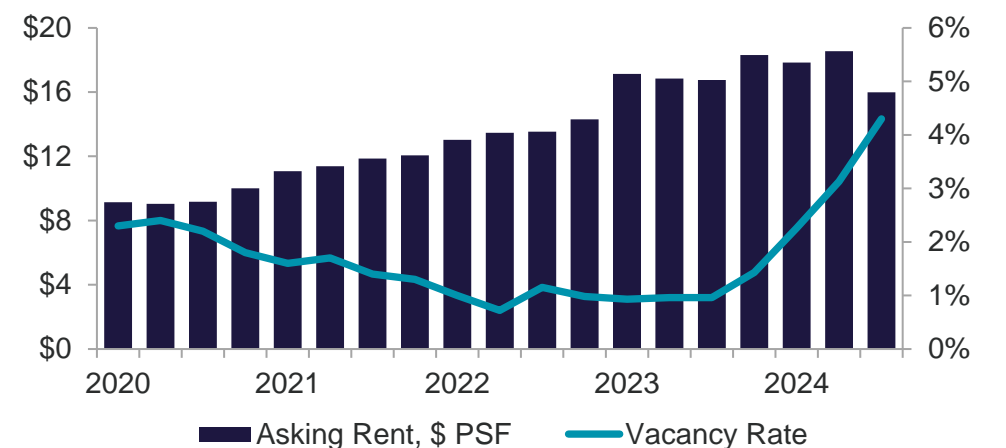
PRICING

Asking rates are down \$2.56 per square foot (psf) from last quarter, which may be an early indicator of the deceleration in demand the Region has been witnessing. Asking rates are averaging around \$12.80 psf, \$2.12 psf below last quarter’s average asking rates, which may reflect the landlords attempt to match rates to be closer to that of a balanced market. We may see this strategy begin to even out some of the increasing vacancy the market has been seeing over this fiscal year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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)	CONSTR COMPLETIONS (SF)	DIRECT WEIGHTED AVG NET RENT	DIRECT WEIGHTED AVG ADD. RENT	DIRECT WEIGHTED AVG GROSS RENT
Cambridge	13,402,887	1,510,981	11.3%	310,544	518,013	1,103,658	2,079,855	\$15.06	\$3.85	\$18.90
Eagle	3,999,491	186,568	4.7%	-12,181	-176,814	158,742	0	\$11.96	\$4.02	\$15.98
Eastern	4,810,595	82,842	1.7%	0	-80,490	0	0	\$10.50	\$0.66	\$11.16
L.G. Lovell	12,512,344	545,104	4.4%	5,805	-175,073	0	0	\$13.70	\$3.76	\$11.16
Misc.	3,333,465	0	0.0%	10,222	26,228	0	0	n/a	n/a	n/a
CAMBRIDGE TOTAL	38,058,782	2,325,495	6.1%	314,390	111,864	1,262,400	2,079,855	\$14.37	\$3.75	\$18.12
Bridgeport	3,635,097	376,175	10.3%	33,868	-2,524	415,000	363,108	\$15.89	\$3.65	\$19.54
Hanson/Ardelt	1,871,440	37,000	2.0%	38,000	45,944	0	0	\$15.00	\$3.62	\$18.62
Huron	5,599,516	340,942	6.1%	-69,613	-89,863	0	0	\$16.77	\$1.49	\$18.26
Lancaster	1,640,783	0	0.0%	18,792	18,792	0	0	n/a	n/a	n/a
Manitou	2,172,139	121,254	5.6%	-111,904	-121,254	0	0	\$12.62	\$3.69	\$16.31
Wilson	2,898,929	18,600	0.6%	-18,600	-18,600	0	0	\$11.70	\$4.10	\$15.80
Misc.	3,309,270	183,018	5.5%	8,679	-24,219	0	0	\$12.61	\$4.06	\$16.67
KITCHENER TOTAL	21,156,222	1,076,989	5.1%	-100,778	-191,724	415,000	363,108	\$15.21	\$3.03	\$16.67
Conestoga	4,258,891	141,175	3.3%	-69,511	20,886	0	0	\$15.87	\$3.92	\$19.79
Dearborn	637,125	75,670	11.9%	0	0	0	0	\$15.00	\$5.00	\$20.00
Northland	3,096,230	71,015	2.3%	7,500	-9,887	0	0	\$12.40	\$4.08	\$16.48
Misc.	979,138	0	0.0%	0	0	0	0	n/a	n/a	n/a
WATERLOO TOTAL	8,971,384	287,860	3.2%	-62,011	10,999	0	0	\$14.41	\$4.35	\$18.77
Hanlon	8,155,042	192,481	2.4%	65,997	39,024	0	216,505	\$4.24	\$0.94	\$5.18
Northwest	13,839,547	227,109	1.6%	-61,014	-101,119	0	0	\$14.90	\$3.70	\$18.60
Puslinch	1,983,437	0	0.0%	28,472	0	838,500	0	n/a	n/a	n/a
York Watson	1,443,690	23,000	1.6%	11,035	-13,000	0	0	\$16.00	\$2.00	\$18.00
Misc.	2,251,562	0	0.0%	0	0	0	0	n/a	n/a	n/a
GUELPH TOTAL	27,673,278	442,590	1.6%	44,490	-75,095	838,500	216,505	\$7.15	\$1.67	\$8.82
Waterloo Region Totals	95,859,666	4,132,934	4.3%	196,091	-128,203	2,515,900	2,659,468	\$12.79	\$3.20	\$15.99

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
50 Goodrich Street	Kitchener	Cascades	255,897	New Lease
231 Speedvale Avenue W	Guelph	Hammond Manufacturing	30,000	New Lease
100 McGovern Drive	Cambridge	Strong Foam Insulation	14,165	New Lease

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
415 Thompson Drive	Cambridge	Canada Life Assurance / Hazelview Investments	139,237	\$25.8M / 185.65
2255 Shirley Avenue	Kitchener	1614021 Ontario Inc / 2255 Holdings	101,693	\$16M / \$157.34
201 Woodlawn Road W	Guelph	ABB Inc / Group Dumont	390,991	\$18M / \$46.04

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF
475 Allendale Road	Cambridge	N/A	440,479
255 & 275 Intermarket Road	Cambridge	N/A	559,617
100 & 120 Allendale Road	Cambridge	N/A	444,186

INDUSTRIAL SUBMARKETS



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