

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
19.9% Vacancy Rate	▲	▬
-246K YTD Net Absorption, SF	▼	▼
\$29.67 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

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

Source: Statistics Canada

ECONOMY

Waterloo's economic factors continue to be strongly impacted by fast paced growth within the Region. With an increasing population the Region will likely keep seeing an upward trajectory of both employment and unemployment rates. Rising employment rates could have potential to absorb some of this vacancy in Core markets set out by hybrid and work from home models. Kitchener's Core has begun addressing this population hike with the conversion of an office property to residential at 30 Duke St West (Setman Property Management) and 22 Frederick St (Conestoga College).

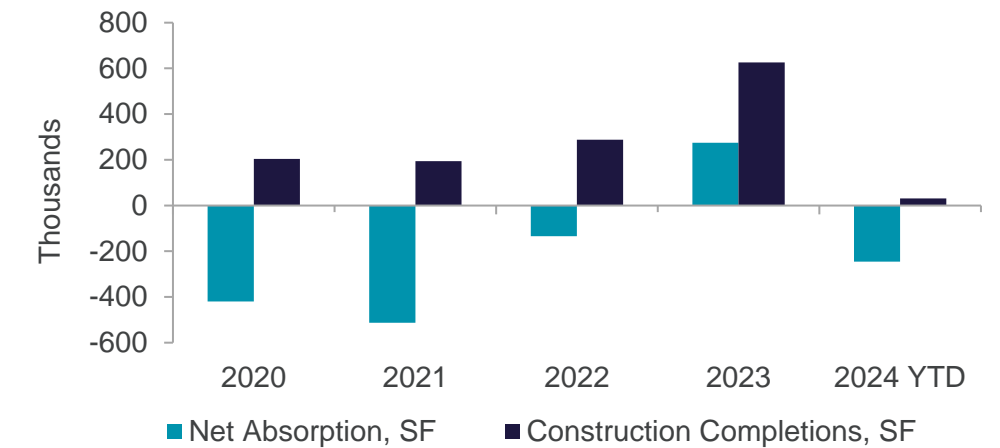
SUPPLY & DEMAND

The office inventory has remained relatively unchanged over the past few quarters with little new additions to the market and plenty of space available. However, demand appears to be accelerating. It has been anticipated that Core markets would continue to soften in comparison to the Suburban market given the Suburban market's discounted rates. However leasing activity totals in Q3 2024 across all submarkets, Core and Suburban, are more than double than totals from both Q1 & Q2 2024. For the first time in recent quarters, Kitchener's Core has begun to compete with the Kitchener Suburban office market. In Q3 2024, Kitchener was home to some of the larger transactions on a square foot basis. Looking ahead approximately 35k square feet (sf) of construction is projected to be completed in Q4 2024.

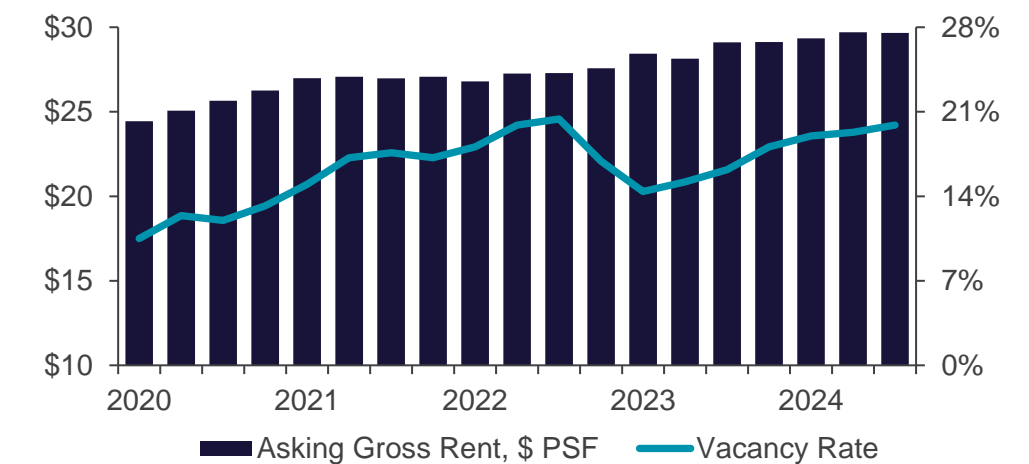
PRICING

Pricing trends remain similar to past quarters, though the overall market did witness a marginal drop in gross rents throughout the Region to reach \$29.67 per square foot. Waterloo's Core asking net rates across all classes are averaging in the low-twenties, whereas Kitchener Core net rates are averaging in the high-teens, like the Suburban market. This reflects a solid demand comparison between the two submarkets.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & 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	1,599,864	29,677	58,411	3.7%	1,294	-5,928	5,312	0	\$35.58	\$36.97
Waterloo Suburb	5,625,924	330,617	772,602	13.7%	-23,798	-67,044	37,010	0	\$29.07	\$31.57
WATERLOO TOTAL	7,225,788	360,294	831,043	11.5%	-22,504	-72,972	42,322	0	\$29.55	\$31.88
Kitchener Core	2,996,461	239,783	906,945	28.8%	1,551	-7,299	14,724	0	\$31.93	\$34.38
Kitchener Suburb	2,357,047	11,448	318,217	13.5%	-12,700	-67,428	46,692	35,000	\$28.57	\$29.12
KITCHENER TOTAL	5,353,508	251,231	1,255,162	22.3%	-11,149	-74,727	61,416	0	\$31.19	\$33.19
Cambridge Core	420,630	15,346	25,252	6.0%	-15,346	1,267	3,304	0	\$23.16	\$28.10
Cambridge Suburb	1,190,941	25,451	273,628	23.0%	2,648	-42,702	23,052	0	\$24.60	\$30.16
CAMBRIDGE TOTAL	1,611,571	40,797	298,880	18.5%	-12,698	-41,435	26,356	0	\$24.43	\$29.92
Guelph Core	592,476	8,650	61,351	10.4%	-6,800	-19,700	3,400	0	\$28.06	\$26.53
Guelph Suburb	1,563,777	19,496	171,909	11.0%	-33,325	-36,925	11,981	0	\$27.63	\$30.23
GUELPH TOTAL	2,156,253	28,146	233,260	10.8%	-40,125	-56,625	15,381	0	\$27.77	\$29.52
Waterloo Regional Total	16,347,120	680,468	2,575,130	19.9%	-86,476	-245,759	145,475	35,000	\$29.67	\$32.15

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
72 Victoria Street S #102	Kitchener Core	N/A	9,658	Sub-Lease
550 Bingemans Centre Drive	Kitchener Suburb	CUPE	6,486	Headlease
55 Victoria Street N #A	Kitchener Core	N/A	6,105	Headlease
255 King Street N #400	Waterloo Suburb	N/A	6,000	Headlease
848 Gordon Street #201	Guelph Suburb	Ian McPhee Medicine Corp.	5,970	Headlease

*Renewals not included in leasing statistics

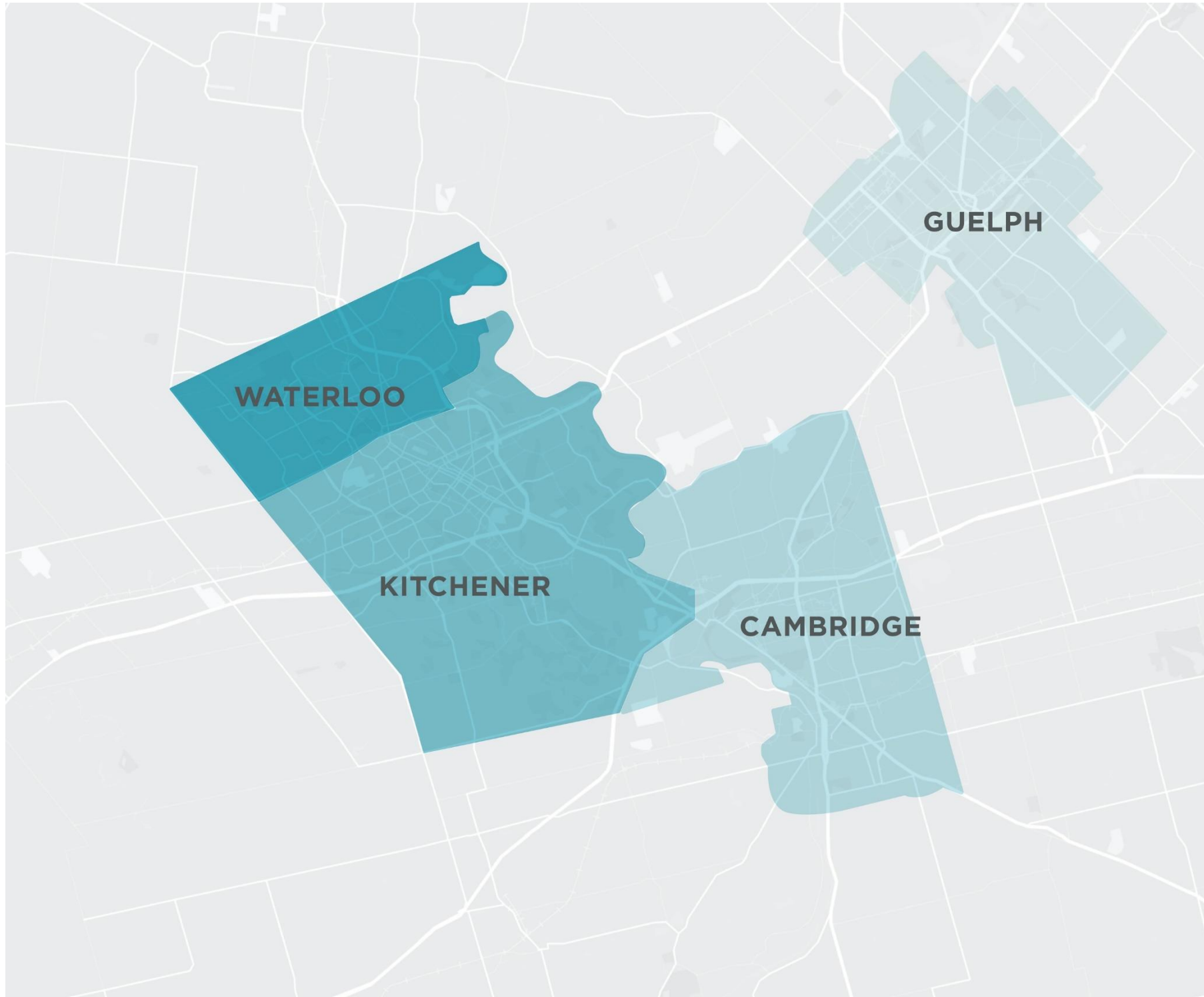
KEY SALE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
219 Labrador	Waterloo Suburb	22673105 Ontario Inc / Coppertree Investments Inc	25,000	\$6,075,000 / \$243.00
1030 Gordon	Kitchener Suburb	1555091 Ontario Ltd / Mar-Coat Investments Inc	19,661	\$3,200,000 / \$162.76

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF
167 Hespeler Road	Cambridge Suburb	Grandview Medical Office	30,892

OFFICE SUBMARKETS



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