

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.7% Vacancy Rate	▲	▬
-347K YTD Net Absorption, SF	▼	▼
\$29.72 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
370K Waterloo Region Employment	▲	▲
7.6% Waterloo Region Unemployment Rate	▲	▬
6.7% Canadian Unemployment Rate	▲	▬

Source: Statistics Canada

ECONOMY

Kitchener Waterloo Cambridge was one of the fastest growing communities in the country over the course of 2024. With a burgeoning tech and manufacturing industry, Waterloo Region has become a highly sought after location for new Canadians. Employment has increased 413 basis points (bps) since Q3 2024, a sizable change in comparison to years past. Unemployment has managed to stay flat since Q3 2024, which is notable considering the population increasing at such a rate. As the Region anticipates more growth in population these numbers are likely to continue growing as well

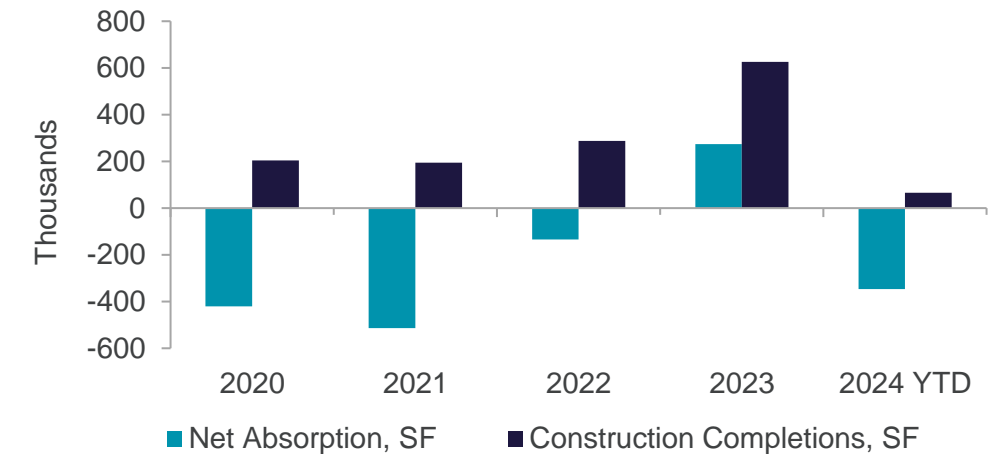
SUPPLY & DEMAND

As the fiscal year ends, Waterloo Region's office statistics have remained relatively consistent over the course of 2024, with demand witnessing a subtle but sure acceleration. In a year-over-year (YOY) comparison of leasing activity, overall leasing activity in 2024 was 4,816 bps higher than overall leasing activity in 2023. This occurred despite the anticipated softening of the Core markets that were made earlier this year. Kitchener's Central Business District (CBD) leasing activity in Q4 2024 alone nearly exceeded the CBD's leasing activity for all of 2023. With Suburban leasing activity doubling their Core counterparts in respective submarkets, it does feel like demand for office space in the Region is slowly but surely returning. Kitchener's Suburban market had a 35k-square foot addition to the inventory with the completion of 15 Pearson, located in the Homer Watson Business Park.

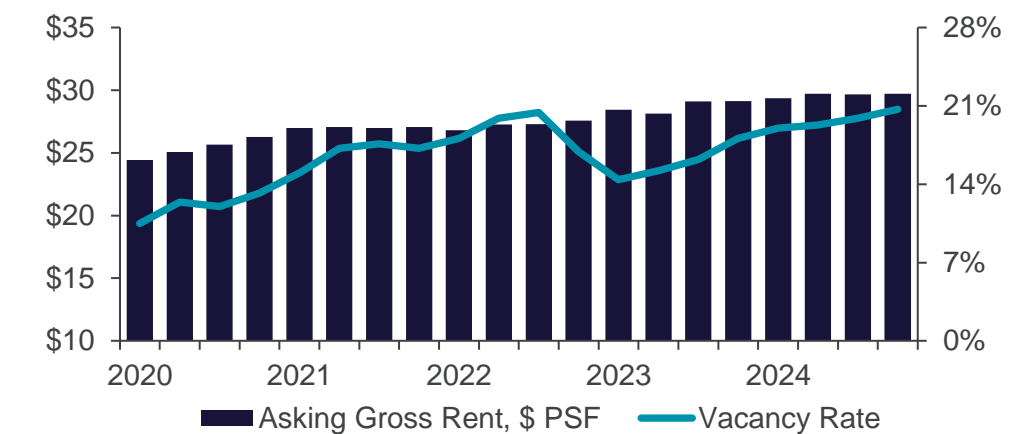
PRICING

The overall pricing trend throughout 2024 has been reflective of the economic conditions witnessed this year. The prices of goods and services continue to climb, bringing additional rents up, while the "lack" of demand lead the majority of asking rents to remain stagnant with minor fluctuation between quarters. It is not anticipated that pricing trends will see much change in the Region. It is likely rents will stay relatively flat with minor variations quarter-to-quarter until the market has more measurable changes in demand and continues to be impacted by economic conditions.

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	54,703	3.4%	3,738	-2,190	9,050	0	\$35.74	\$36.97
Waterloo Suburb	5,625,924	335,129	884,768	15.7%	-116,678	-183,722	54,859	0	\$29.46	\$31.39
WATERLOO TOTAL	7,225,788	364,806	939,471	13.0%	-112,940	-185,912	63,909	0	\$29.87	\$32.67
Kitchener Core	2,996,461	239,783	889,383	29.7%	4,347	-2,952	29,511	0	\$31.84	\$34.17
Kitchener Suburb	2,392,047	11,448	318,439	13.1%	39,778	-27,650	67,421	0	\$28.67	\$29.27
KITCHENER TOTAL	5,388,508	251,231	1,202,822	22.3%	-44,125	-30,602	96,932	0	\$31.14	\$32.94
Cambridge Core	420,630	15,346	25,252	6.0%	0	1,267	3,804	0	\$23.16	\$28.10
Cambridge Suburb	1,190,941	25,451	278,128	23.4%	-4,500	-42,702	38,230	0	\$24.70	\$30.16
CAMBRIDGE TOTAL	1,611,571	40,797	303,380	18.8%	-4,500	-45,935	42,034	0	\$24.52	\$29.92
Guelph Core	592,476	8,650	81,271	13.7%	-26,720	-46,420	3,400	0	\$28.38	\$26.53
Guelph Suburb	1,563,777	18,655	173,808	11.1%	-1,058	-37,983	15,660	0	\$27.87	\$30.23
GUELPH TOTAL	2,156,253	27,305	255,079	11.8%	-27,778	-84,403	19,060	0	\$27.69	\$29.52
Waterloo Regional Total	16,382,120	684,139	2,700,752	20.7%	-101,093	-346,852	221,935	0	\$29.72	\$32.40

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
72 Victoria Street S #300	Kitchener Core	CollabHive	13,121	Headlease
675 Queen Street S #115	Kitchener Suburb	N/A	7,000	Headlease
375 Hagey Boulevard #300	Waterloo Suburb	Applied Materials	6,324	Headlease

*Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
560 Westmount Road N	Waterloo Suburb	2423046 Ontario Ltd / 560 Westmount North Inc	90,430	\$24,000,000 / \$265.40
630 Weber Street	Waterloo Suburb	630 Weber Street North Ltd / Ontario Culvert and Metal Products Ltd	67,360	\$13,500,000 / \$200.42
420 Sheldon Drive	Cambridge Suburb	Hero's fountain International / Shoush Inc	34,540	\$6,600,000 / \$191.08
1030 Gordon Street	Guelph Suburb	1555091 Ontario Ltd / Mar-Cot Investments Inc	19,661	\$3,200,000 / \$162.76

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	DESCRIPTION	SQUARE FOOTAGE
15 Pearson Street	Kitchener Suburb	Homer Watson Medical Centre	30,500

OFFICE SUBMARKETS



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