

MARKET FUNDAMENTALS

	YOY Chg	Outlook
4.4% Vacancy Rate	▲	▲
202K YTD Net Absorption, SF	▼	▬
\$13.43 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

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

Source: Statistics Canada

ECONOMY

Employment in the Waterloo Region continued to rise alongside its population and was reflected in the fluctuating employment/unemployment rates in 2024. The past few years may reflect a greater appetite for industrial expansion, and the Region's proximity to Highway 401 has driven plentiful new development for warehousing and 3PL space. A downturn in online purchasing and an increase in in-person retail shopping trends may have played a role in the mid-year halt in warehousing/3PL demand. As local markets prepare for more warehousing/3PL growth, it will be worth watching how economic conditions in 2025 will impact demand.

SUPPLY & DEMAND

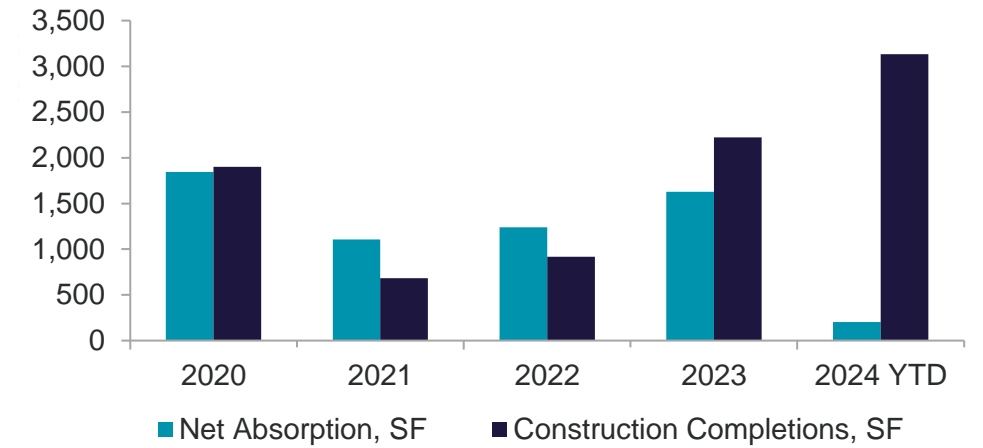
The Region's inventory witnessed growth throughout 2024, with 3.1 million square feet (msf) of new supply spread across Kitchener, Waterloo, Cambridge and Guelph by year-end. The majority of this new supply arrived to the market vacant, which was a recurring theme throughout 2024, as supply began to outpace demand; largely due to a surplus of new supply being delivered each quarter. This has resulted in the Region's vacancy rate to climb fairly rapidly since Q1 2024. In Q4 2024 the vacancy rate only rose 10 basis points - the lowest upward shift that has occurred this year.

This minimal rise in the vacancy rate this quarter may represent an uptick in demand that was lacking during the first three quarters of 2024. By the end of the year some of this year's notable construction completions that have sat vacant began to lease up. Though the Region has experienced substantial new supply in 2024 there is still over 2.0 msf in the construction pipeline with various estimated delivery dates in 2025.

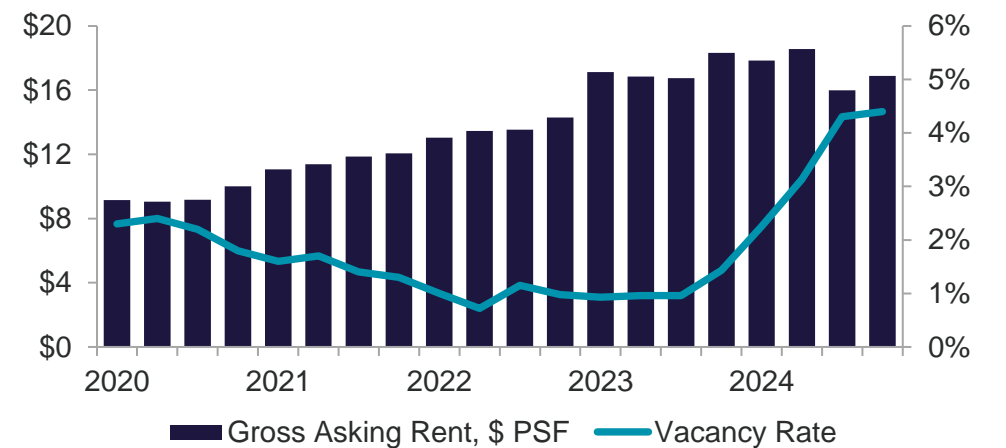
PRICING

Asking gross rental rates experienced some fluctuation in 2024, beginning the year at \$17.84 per square foot (psf), peaking in Q2 at \$18.55 psf, dropping to \$15.99 in Q3, and then finishing off the year at an average of \$16.89 psf. This fluctuation in pricing can be attributed to landlords across the Region reacting to the downward fluctuations in demand. With a steep rise in vacancy midway through the year, many landlords had reduced asking rents to combat vacancy. While the year did end on a positive note, it is to be determined how demand and leasing activity may affect pricing in 2025.

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	13,457,158	1,453,707	10.8%	111,545	629,558	1,049,387	2,134,126	\$15.14	\$3.85	\$18.98
Eagle	3,999,491	183,989	4.6%	2,579	-174,235	158,742	0	\$11.94	\$4.02	\$15.96
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	475,132	3.8%	69,972	-105,101	0	0	\$13.52	\$3.57	\$17.10
Misc.	3,333,465	0	0.0%	0	26,228	0	0	N/A	N/A	N/A
CAMBRIDGE TOTAL	38,113,053	2,195,670	5.8%	184,096	295,960	1,208,129	2,134,126	\$14.39	\$3.70	\$18.10
Bridgeport	3,664,145	277,057	7.6%	99,118	96,594	415,000	363,108	\$14.20	\$3.64	\$17.84
Hanson/Ardelt	1,871,440	37,000	2.0%	0	45,944	0	0	\$15.00	\$3.62	\$18.62
Huron	5,599,516	339,242	6.1%	1,700	-88,163	0	0	\$16.77	\$1.48	\$18.25
Lancaster	1,640,783	0	0.0%	0	18,792	0	0	N/A	N/A	N/A
Manitou	2,172,139	121,254	5.6%	0	-121,254	0	0	\$12.62	\$3.69	\$16.31
Wilson	2,900,315	18,600	0.6%	0	-18,600	0	0	\$11.70	\$4.10	\$15.80
Misc.	3,309,270	138,517	4.2%	44,501	20,282	0	0	\$11.14	\$3.65	\$14.79
KITCHENER TOTAL	21,157,608	931,670	4.4%	145,319	-46,405	415,000	363,108	\$14.56	\$2.86	\$17.42
Conestoga	4,258,891	139,755	3.3%	1,420	22,306	0	0	\$15.77	\$3.87	\$19.64
Dearborn	637,125	75,670	11.9%	0	0	0	0	\$10.95	\$5.00	\$15.95
Northland	3,096,230	71,015	2.3%	0	-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	286,440	3.2%	1,420	12,419	0	0	\$12.93	\$4.34	\$17.27
Hanlon	8,155,042	177,398	2.2%	15,083	54,107	0	216,505	\$3.05	\$0.69	\$3.74
Northwest	13,839,547	227,109	1.6%	0	-101,119	0	0	\$14.90	\$3.70	\$18.60
Puslinch	2,402,687	419,250	17.4%	0	0	419,250	419,250	\$15.00	\$3.76	\$18.76
York Watson	1,443,690	23,000	1.6%	0	-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	28,092,528	846,757	3.0%	15,083	-60,012	419,250	635,755	\$11.82	\$2.93	\$14.76
Waterloo Region Totals	96,334,573	4,260,537	4.4%	345,918	201,962	2,042,379	3,132,989	\$13.43	\$3.46	\$16.89

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
180 Boychuk Drive #Opt A	Cambridge	Karmar	102,997	New Lease
100 Allendale Road #Building A2	Cambridge	Fuchs Lubricants Canada Ltd.	50,187	New Lease
565 Boxwood Drive	Cambridge	Class1 Inc.	23,998	New Lease

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
549 Conestoga Boulevard	Cambridge	Skyline / Propak Systems Ltd	96,495	\$20M / \$207.26
753 Bishop Street N	Cambridge	Robbins Egg Corp / Pepsico Canada ULC	30,000	\$11.2M / \$373.33
125 Goddard Crescent	Cambridge	38 Goddard Developments Crop / Ripple Developments	30,857	\$7.5M / \$243.06

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF
7475 McLean Road	Guelph	N/A	419,250
115 Goddard	Cambridge	N/A	54,271

INDUSTRIAL SUBMARKETS



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