

Q3 2021

# Waterloo

## Industrial Market Report

### Net Absorption

This Quarter

321K SF

12-Month Absorption

1.2M SF

Previous Quarter

640K SF

5-Year Quarterly Avg.

198K SF

### Vacancy

This Quarter

0.9%

Year-over-Year

↓ 120 bps

### Asking Net Rent

This Quarter\*

\$8.37 PSF

Year-over-Year

↑ 24%

### Development / Sales

Under Construction

1.1M SF

New Supply

- SF

Sale Price Avg.

\$179 PSF

Year-over-Year

↑ 17%

*\*Weighted Average  
Colliers Macaulay Nicolls Inc.*

### Market Outlook

Demand continues to grow in Waterloo Region's industrial market as vacancy fell to 0.9% this quarter, dropping by 30 basis points since the previous quarter. This makes Waterloo Region one of the tightest industrial markets in Canada as it has had its vacancy fall from 3.5% by 260 bps since the start of the Pandemic.

The high level of demand has also led to record high average asking net rents in the region, with the current rent growing by \$0.55 since the previous quarter to \$8.37 per square foot in the region, an 24.0% increase in asking net rents (YoY). Lease rates and sale prices continue to achieve record highs with some transactions showing over \$11.00 per square foot and \$280 per square foot respectively. Despite the record high rents and increases in Waterloo region, it still represents a more affordable alternative to the Toronto industrial market, which has an average asking net rent of \$10.66 per square foot.

Availability in the region also fell by 30 basis points to 1.4%, another historic low.

Sublease space now makes up 28.6% of all available space in Waterloo Region with that space being found in the Kitchener submarket.

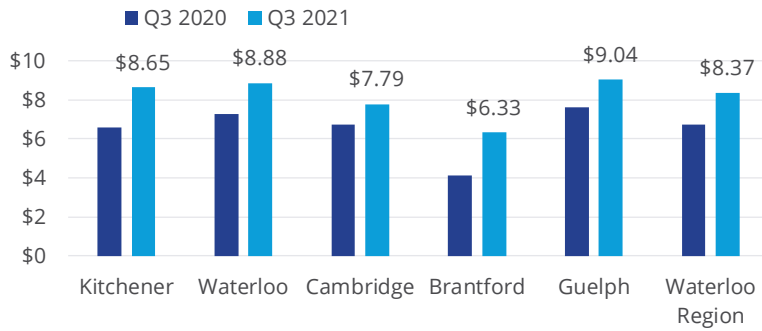
The supply in the region has not been able to keep up with the increased demand over the previous year, as no new supply entered the market in the quarter. More new builds and inventory are expected to arrive at the end of the year and the start of 2022 totaling 814,601 square feet. A majority of these builds are pre-leased or built to suit for users requiring 100,000 square feet or greater. Notable builds such as the Gateway Business Park (45 Tyler Street) in Cambridge will bring 126,917 square feet to the market by the end of Q4 2021, while planned projects like 105 Allendale Road will add an additional 500,000 square feet to the market. Based on the current rate of absorption, supply is expected to not keep up with the level of demand in the medium term.

Accelerating success.

# Market Overview

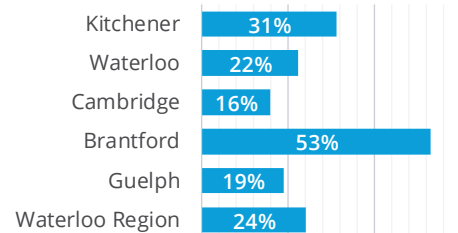
## 01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



## 02 Rental Rate Growth\*

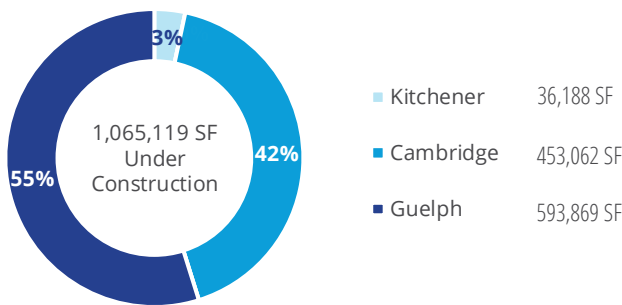
By Market | Q3 2020 – Q3 2021



\*Weighted Average Asking Net Rent, Class A, B

## 03 Under Construction by Market

By Building Area (SF)



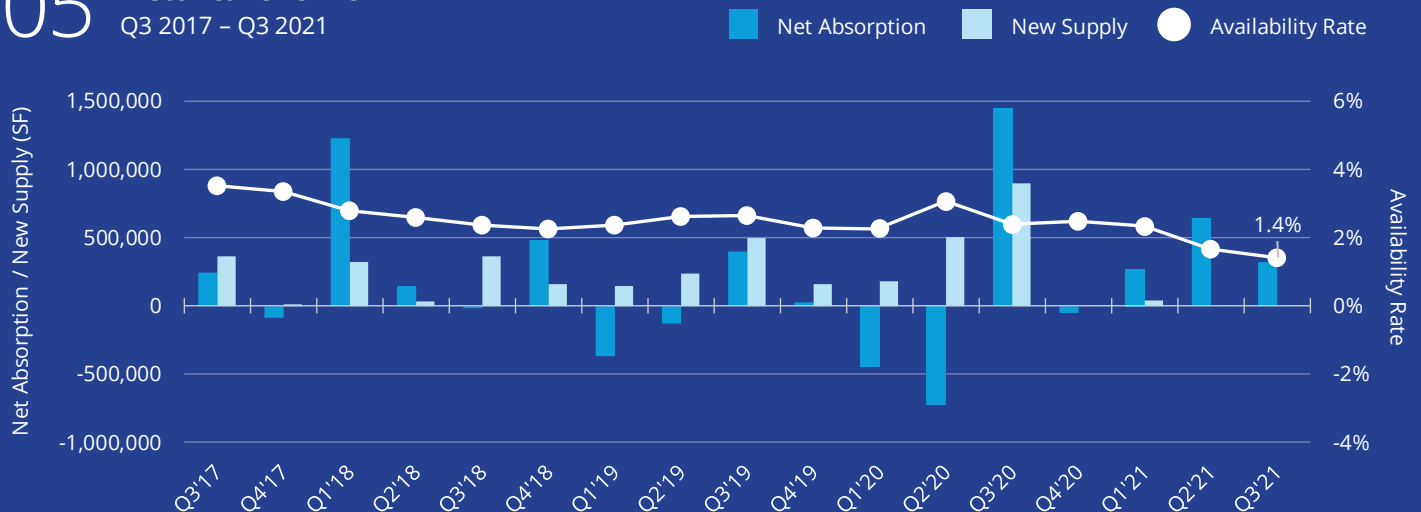
## 04 Availability Rate by Market

Q3 2020 – Q3 2021

Kitchener	<b>2.8%</b>	↓	from 2.5% Q3'20
Waterloo	<b>1.9%</b>	↔	from 2.8% Q3'20
Cambridge	<b>0.9%</b>	↓	from 2.5% Q3'20
Brantford	<b>0.7%</b>	↓	From 1.5% Q3'20
Guelph	<b>1.6%</b>	↓	From 2.8% Q3'20
<b>Waterloo Region</b>	<b>1.4%</b>	↓	from 2.4% Q3'20

## 05 Historical Overview

Q3 2017 – Q3 2021



# Market Statistics & Transaction Highlights

	Kitchener	Waterloo	Cambridge	Brantford	Guelph	Total
Total Inventory	18,794,837 SF	8,746,709 SF	31,790,589 SF	20,783,755 SF	21,603,627 SF	<b>101,687,231 SF</b>
Direct Vacancy	120,808 SF	104,600 SF	252,946 SF	183,682 SF	22,409 SF	<b>675,545 SF</b>
Sublease Vacancy	179,559 SF	-	-	-	91,254 SF	<b>270,813 SF</b>
Vacant Space for Sale	-	-	-	-	-	-
Total Vacancy	291,467 SF	104,600 SF	252,946 SF	183,682 SF	113,663 SF	<b>946,358 SF</b>
Availability Rate (Current Q)	2.8%	1.9%	0.9%	0.7%	1.6%	<b>1.4%</b>
Availability Rate (Previous Q)	3.0%	1.9%	1.2%	1.0%	1.8%	<b>1.7%</b>
Net Absorption	14,530 SF	9,099 SF	106,527 SF	66,046 SF	124,629 SF	<b>321,191 SF</b>
New Supply	-	-	-	-	-	-
Under Construction	36,188 SF	-	453,062 SF	-	593,869 SF	<b>1,065,119 SF</b>
Weighted Average Asking Net Rent (PSF)	\$8.65	\$8.88	\$7.79	\$6.33	\$9.04	<b>\$8.37</b>
Weighted Average Additional Rent (PSF)	\$3.80	\$4.65	\$4.10	\$2.05	\$4.60	<b>\$3.73</b>

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Asco Numatics Canada	17 Airport Road	Brantford	Head Lease	63,036
O'Neil Electric Supply	32 Cherry Blossom Road	Cambridge	Head Lease	47,693
Wallenstein Equipment Inc.	430 Conestogo Road	Waterloo	Head Lease	18,000
Provantage Automation	195 Savannah Oaks Drive	Brantford	Head Lease	15,279
Undisclosed	447 Dobbie Drive	Cambridge	Head Lease	12,900

## Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
501 Franklin Boulevard	Cambridge	339,086	\$48,000,000	Caplink Acquisitions Ltd.	Investor
480 Thompson Drive	Cambridge	107,000	\$20,200,000	Equitable Life of Canada	Investor
41 Ardelt Place	Kitchener	101,038	\$15,900,000	Rosewater Management Group	Investor
515 Hanlon Creek Boulevard	Guelph	44,800	\$12,900,000	1465599 Ontario Ltd.	Investor
180 Sheldon Drive	Cambridge	153,300	\$11,350,000	Dream Industrial (GP) Inc.	Investor

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