

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.5% Vacancy Rate	▲	▬
-299K YTD Net Absorption, SF	▼	▼
\$29.85 Asking Rent, PSF <small>(Overall, All Property Classes)</small>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
396K Waterloo Region Employment	▲	▼
7.3% Waterloo Region Unemployment Rate	▲	▲
7.0% Canadian Unemployment Rate <small>Source: Statistics Canada</small>	▲	▲

ECONOMY

Canada continues to navigate a complex economic environment, and the national labour market has seen some moderation, as to be anticipated in these conditions. The Canadian labour market had a 30-basis point (bps) increase in the unemployment rate from 6.7% in December to 7.0%. However, the Waterloo Region witnessed a 100 bps decrease in the unemployment rate to 7.3%, contrary to the predictions made last quarter. A significant increase in activity in Suburban Waterloo’s Class A market over the course of Q2 2025 may reflect an increase in jobs in the Region’s tech sector. Fluctuations in employment trends will likely continue and vary by sector.

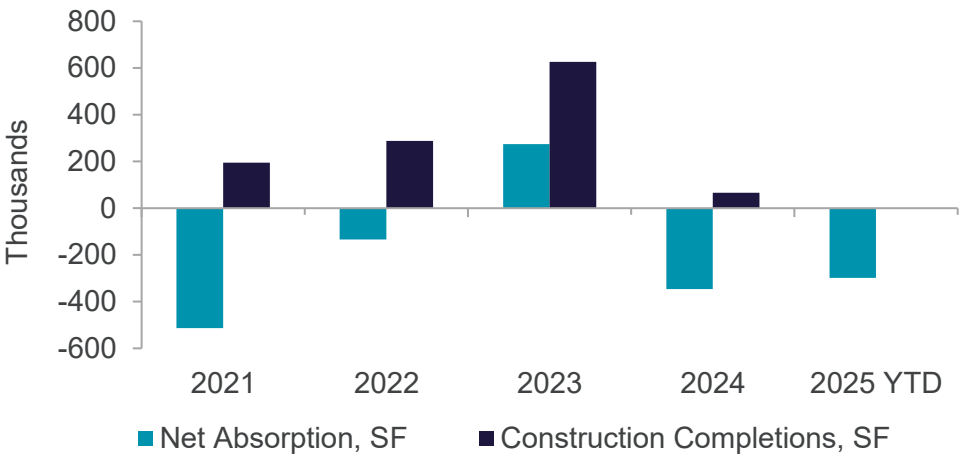
SUPPLY & DEMAND

Demand remained strong for the Regions office market over Q2 2025 amid uneasy economic conditions. Supply did continue to increase, as a notable space at 50 Westmount was brought to market as a headlease. Previously on market as a sublease vacancy, the former Sun Life space has a footprint of 192k square feet and therefore had a notable impact on direct vacancy in the Uptown Waterloo Suburban market. The market did post over double the leasing activity from a square footage perspective in comparison to Q1 2025. As lease activity continues to increase in both transaction volume and square footage, The Region has shown some resilience against market conditions that may influence tenant behaviors. As some organizations assess space requirements amid increased operation costs, this may have had an impact on recent and future vacancy. Last quarter’s impact on the vacancy will likely continue weighing on the market conditions in the near term, as the volume of space may take some time to absorb.

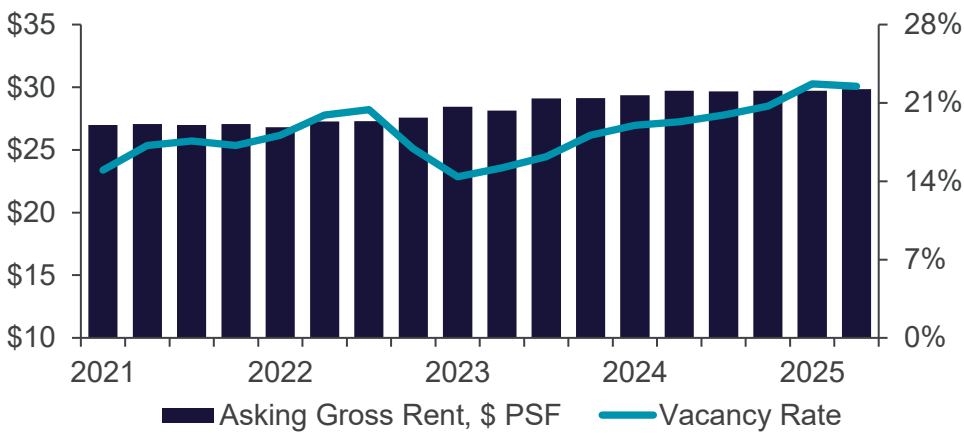
PRICING

The Region’s asking rent continued to see marginal upward pricing fluctuations. Uncertainties encountered this year continue to impact inflation rates and geopolitical instability, supply chain disruptions and sustained trade conflict have been increasing operations costs across various industries and employment sectors. Landlords may look to tenants to relieve pressures of operating costs by increasing additional rents. However past downward pressures from demand may mitigate a strong rise in rental rates and increase tenant inducement packages.

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	50,116	3.1%	4,587	4,587	2,908	0	\$35.76	\$36.77
Waterloo Suburb	5,625,924	40,389	1,277,268	22.7%	100,338	-97,760	106,571	0	\$29.64	\$30.85
WATERLOO TOTAL	7,225,788	70,066	1,327,348	18.4%	104,925	-93,173	109,479	0	\$29.99	\$31.13
Kitchener Core	2,996,461	233,299	1,016,068	33.9%	8,697	-120,201	19,358	0	\$32.04	\$34.02
Kitchener Suburb	2,392,047	10,801	389,616	16.3%	-58,781	-75,530	17,001	0	\$28.10	\$29.27
KITCHENER TOTAL	5,388,508	244,100	1,405,684	26.1%	-50,084	-195,731	36,359	0	\$31.09	\$32.52
Cambridge Core	420,630	15,346	25,252	6.0%	0	0	2,437	0	\$23.16	\$28.10
Cambridge Suburb	1,190,941	25,451	268,489	22.5%	4,708	9,639	18,605	0	\$25.76	\$31.90
CAMBRIDGE TOTAL	1,611,571	40,797	293,741	18.2%	4,708	9,639	21,042	0	\$25.44	\$31.45
Guelph Core	592,476	8,650	81,644	13.8%	0	-373	0	0	\$27.37	\$26.53
Guelph Suburb	1,563,777	18,655	192,780	12.3%	-18,970	-18,972	8,414	0	\$26.68	\$30.18
GUELPH TOTAL	2,156,253	27,305	274,242	12.7%	-18,972	-19,345	8,414	0	\$26.91	\$29.49
Waterloo Regional Total	16,382,120	382,268	3,301,233	22.5%	40,577	-298,610	175,294	0	\$29.85	\$31.72

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE*
121 – 151 Charles Street #C430	Kitchener Core	N/A	12,249	Headlease

\*Renewals not included in leasing statistics

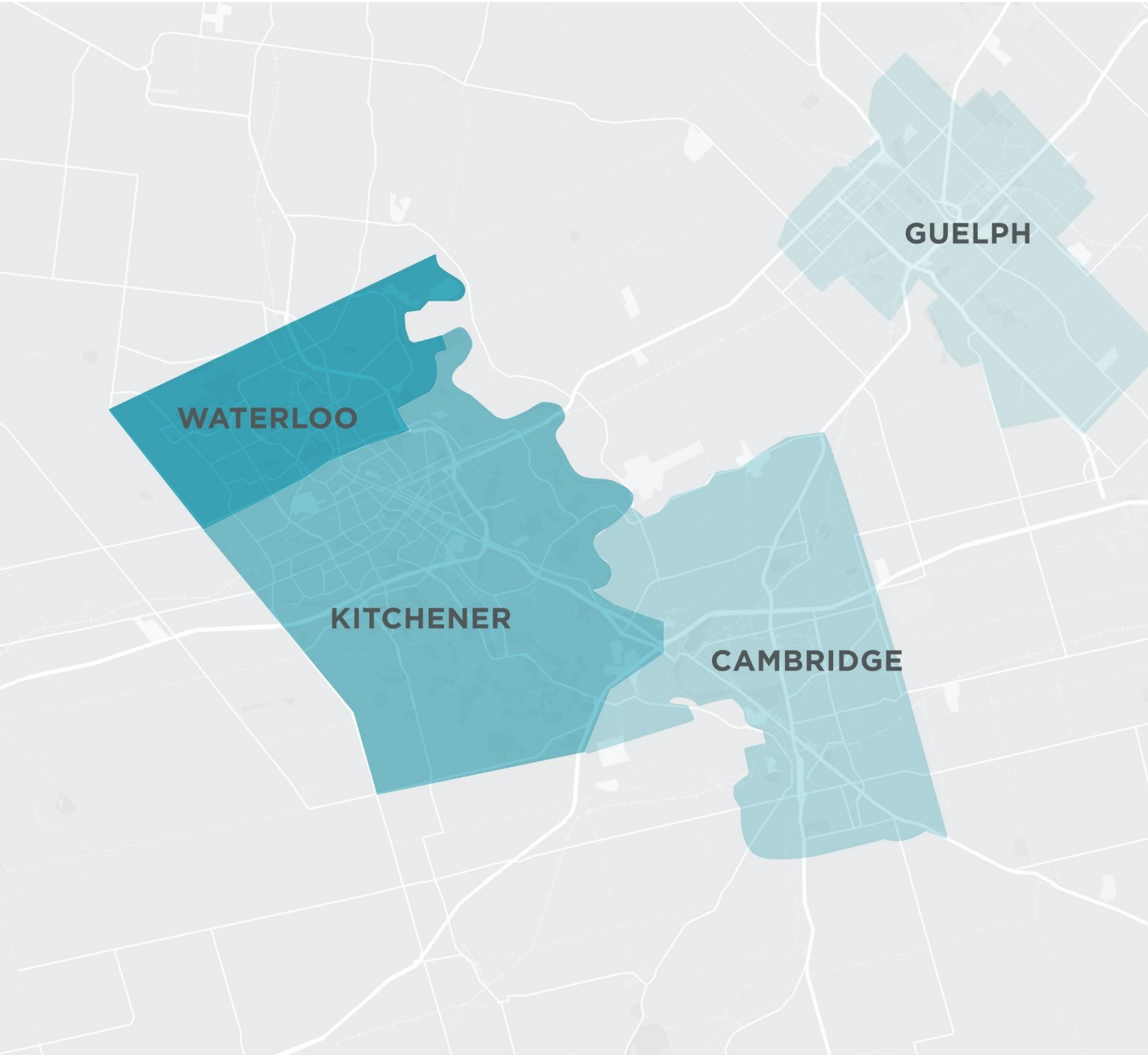
KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
590 Riverbend Drive	Kitchener Suburban	Definity Insurance Co / Heartland Mutual Inc	104,750	\$22,600,000 / \$216
209 Frobisher Drive	Waterloo Suburban	2447359 Ontario Inc / 1001166652 Ontario Inc	38,730	\$10,150,000 / \$262

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	DESCRIPTION	SQUARE FOOTAGE
N/A			

OFFICE SUBMARKETS



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