

MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.9% Vacancy Rate	▲	▲
-623K YTD Net Absorption, SF	▼	▼
\$13.72 Asking Rent, PSF <small>(Overall, Net Asking Rent)</small>	▼	▬

ECONOMIC INDICATORS

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

ECONOMY

Trade implications continue to impact the industrial labour market, notably vehicles and parts manufacturing as well as transportation and warehousing, as Statistics Canada has reported job losses in these sectors due to tariff implications. In times of heightened costs, many groups may be reassessing where to focus their capital. Both of these industries have a large presence in Waterloo Region, and it will be important to observe local operator behaviors in the coming months to see how this may affect the industrial market.

SUPPLY & DEMAND

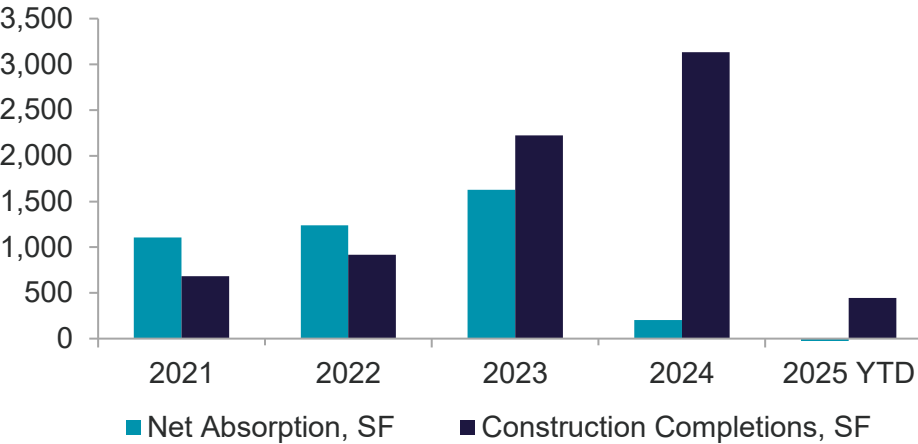
This quarter the Region had another increase in vacant inventory after the addition of two noteworthy spaces in Kitchener’s market coming available. The first was 530 Manitou Drive with over 320k square feet (sf) of vacancy in Kitchener’s Manitou business park, and the second located at 100 Wilson with 100k sf in Kitchener’s Wilson business park. These two spaces coming to market were the driving force behind the overall Q2 2025 negative absorption total of 295k sf. There was no construction completions this quarter, however there is still a notable amount in the pipeline as Cambridge is awaiting 1.2 million square feet to deliver in the coming quarters.

Although the market witnessed negative absorption this quarter, demand had a significant rebound after the lull experienced in Q1 2025. While the Region posted 88k sf of leasing activity last quarter, leasing activity this quarter was more than double that total with 217k sf. Leasing activity in Guelph was largely supported by a headlease at 540 Hanlon Creek Boulevard, absorbing 76k sf from the Hanlon Creek submarket. Sales activity also had a significant increase from Q1 2025, posting over 504k sf over Q2 2025. A large uptick in sales activity could be due to operators looking to recover capital lost during recent economic headwinds. With market uncertainties remaining heading into Q3 2025 we will have to see how demand is affected in the coming months.

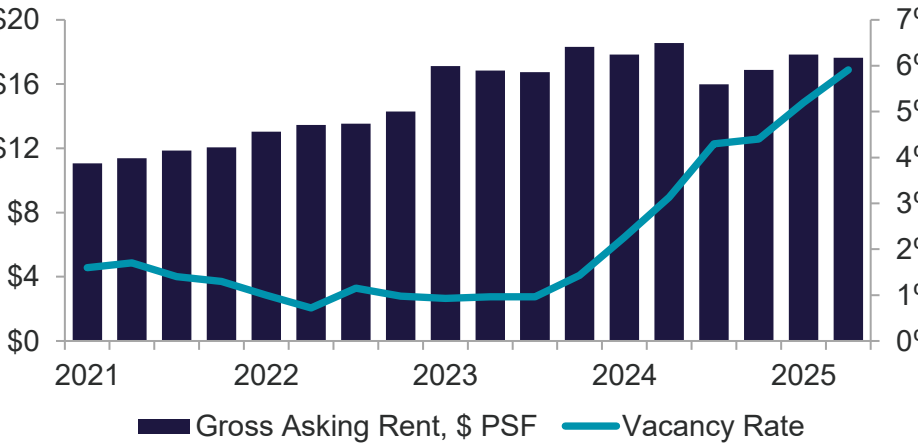
PRICING

Surplus of new Class A industrial space continues to influence the average asking rental rates in the Region. Though this quarter did experience a marginal dip in asking rates, these fluctuations are anticipated. Asking rates may be facing upward pressure from increased costs of construction and maintenance faced by landlords, as well as the completion of pending Class A space in Q3 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	1,296,489	9.6%	142,924	157,218	1,049,387	0	\$15.16	\$3.86	\$19.02
Eagle	3,999,491	158,918	4.0%	-1,154	25,071	158,742	0	\$11.95	\$4.05	\$16.00
Eastern	4,810,595	43,700	0.9%	22,105	39,142	0	0	\$12.47	\$3.08	\$15.55
L.G. Lovell	12,512,344	700,093	5.6%	-47,595	-224,961	0	0	\$13.29	\$3.65	\$16.94
Misc.	3,333,465	7,600	0.2%	-3,600	-7,600	0	0	\$9.34	\$3.73	\$13.07
CAMBRIDGE TOTAL	38,113,053	2,206,800	5.8%	112,680	-11,130	1,208,129	0	\$14.27	\$3.79	\$18.06
Bridgeport	3,664,145	305,444	8.3%	-7,700	-28,387	415,000	0	\$14.47	\$3.87	\$18.34
Hanson/Ardelt	1,871,440	37,000	2.0%	0	0	0	0	\$15.00	\$3.62	\$18.62
Huron	5,599,516	380,016	6.6%	15,476	-40,774	0	0	\$16.31	\$2.12	\$18.43
Lancaster	1,640,783	0	0.0%	0	0	0	0	N/A	N/A	N/A
Manitou	2,172,139	433,580	20.0%	-320,738	-312,326	0	0	\$11.54	\$2.45	\$13.99
Wilson	2,900,315	118,600	4.1%	-100,000	-100,000	0	0	\$12.37	\$3.55	\$15.93
Misc.	3,309,270	168,083	5.1%	-31,711	-29,566	0	0	\$11.06	\$4.17	\$15.23
KITCHENER TOTAL	21,157,608	1,442,723	6.8%	-444,673	-511,053	415,000	0	\$13.59	\$2.95	\$16.54
Conestoga	4,258,891	75,156	1.8%	28,062	64,599	0	0	\$13.08	\$5.01	\$18.09
Dearborn	637,125	75,670	11.9%	0	0	0	0	\$13.00	\$5.00	\$18.00
Northland	3,096,230	175,788	5.7%	-72,365	-104,773	0	0	\$11.61	\$5.09	\$16.70
Misc.	979,138	0	0.0%	0	0	0	0	N/A	N/A	N/A
WATERLOO TOTAL	8,971,384	326,614	3.6%	-44,303	-40,174	0	0	\$12.13	\$5.06	\$17.19
Hanlon	8,599,228	642,652	7.5%	76,000	-21,068	0	444,186	\$15.46	\$4.00	\$19.46
Northwest	13,839,547	279,437	2.0%	-2,700	-52,328	0	0	\$12.54	\$3.74	\$16.28
Puslinch	2,821,937	846,975	30.0%	-8,475	-8,475	0	0	\$14.97	\$3.76	\$18.73
York Watson	1,443,690	2,000	0.1%	15,923	21,000	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	28,955,964	1,771,064	5.0%	80,748	-60,871	0	0	\$14.90	\$3.85	\$18.75
Waterloo Region Totals	97,198,009	5,747,201	5.9%	-295,548	-623,228	1,623,129	444,186	\$13.72	\$3.91	\$17.63

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
540 Hanlon Creek Boulevard	Guelph	N/A	76,000	Headlease
145 Sheldon Drive	Cambridge	N/A	38,579	Headlease
121 Shearson Crescent	Cambridge	N/A	17,503	Headlease

KEY SALE TRANSACTIONS Q2 2025

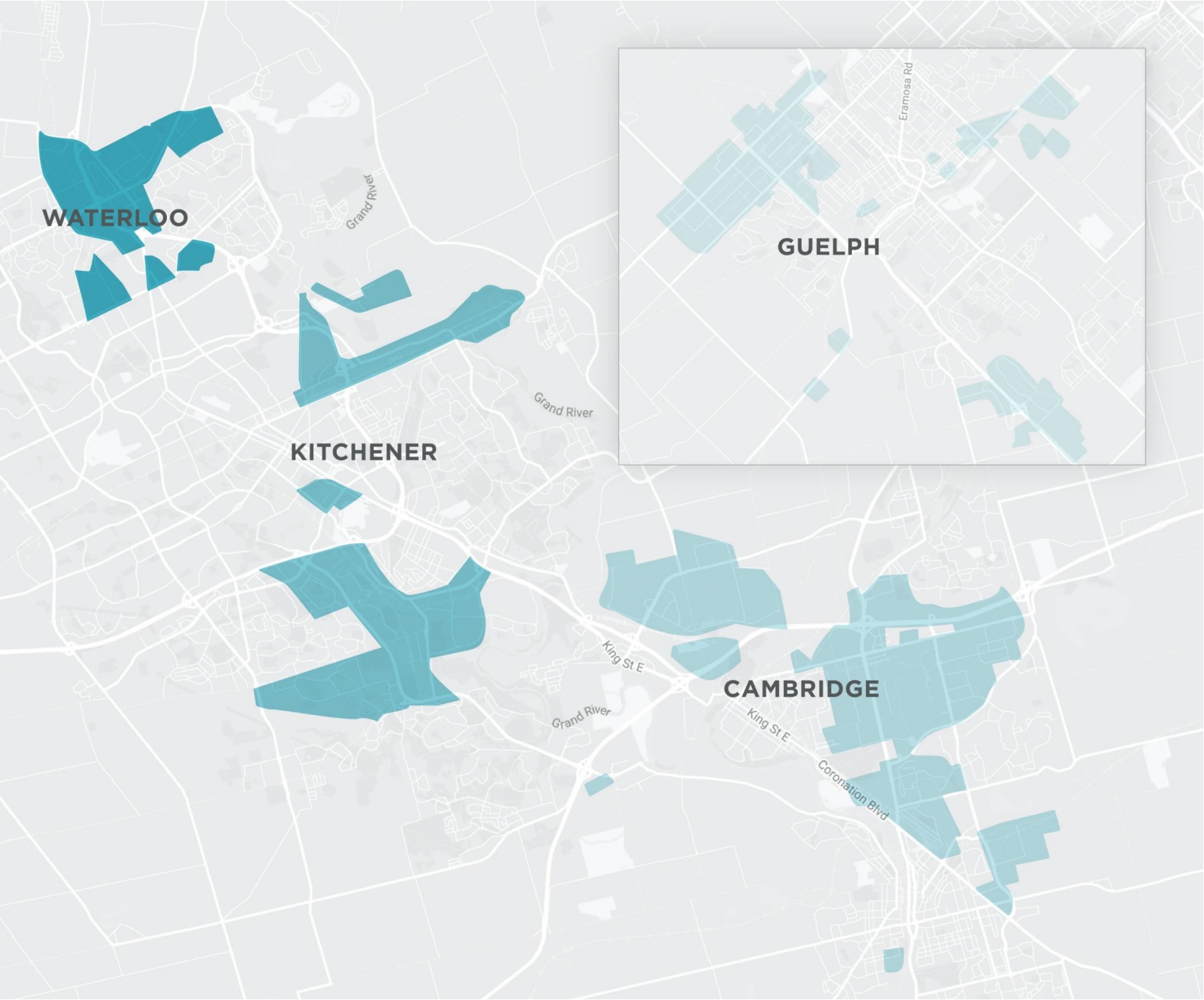
PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
115 Turnbull Court	Cambridge	SM Turnbull Ltd / 2575015 Ontario Inc	29,342	\$8M / \$397.34
40 Goddard Crescent	Cambridge	2263059 Ontario Inc / Vanguard Holdings Inc	20,134	\$6.3M / \$312.90
5 Forwell Road	Kitchener	Fiera Real Estate Investments Ltd / O'Connor Electric	30,930	\$8.2M / \$234.76

KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF
N/A			



INDUSTRIAL SUBMARKETS



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