

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.1% Vacancy Rate	▲	▲
-656K YTD Net Absorption, SF	▼	▼
\$13.83 Asking Rent, PSF (Overall, Net Asking Rent)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
388K Waterloo Region Employment	▲	▼
7.1% Waterloo Region Unemployment Rate	▲	▲
7.1% Canada Unemployment Rate	▲	▬

Source: Statistics Canada

ECONOMY

The Waterloo Region’s industrial market faced notable challenges in Q3 2025 as ongoing U.S.-Canada trade tensions and tariff implementations continued weighing on economic activity. While Canada’s GDP showed modest July recovery after three consecutive months of contraction, the broader economic outlook remained challenging with unemployment rising to 7.1% by August—the highest level since 2016 outside the pandemic period. Tariff impacts continue to pressure manufacturing and export-focused industries forming Waterloo Region’s industrial backbone.

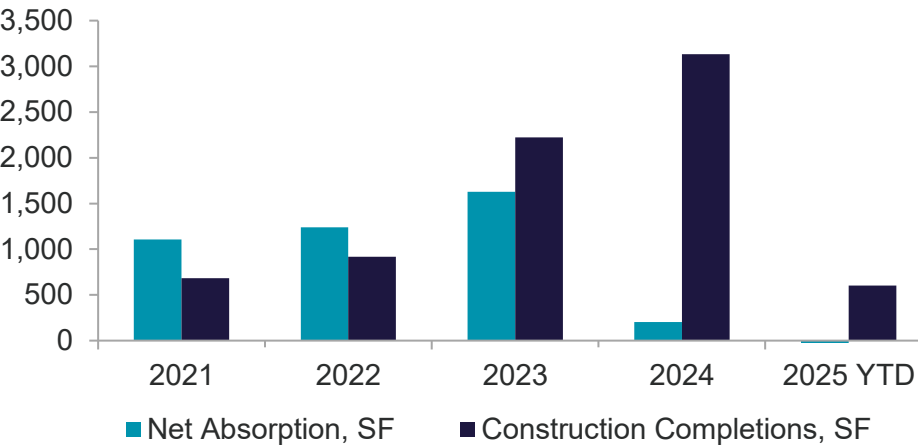
SUPPLY & DEMAND

This quarter witnessed marked improvement in market fundamentals across the Region’s industrial sectors. While the overall vacancy rate increased modestly to 6.1% from 5.9% in Q2 2025, tenant demand witnessed considerable improvement after challenging conditions last quarter, with absorption performance in Q3 2025 showing substantial improvement to reach negative 32,902 square feet (sf) compared to last quarter’s significant negative absorption of 572,274 sf. This reflected strengthening underlying demand conditions and renewed tenant confidence as businesses continued expansion and relocation activities, increasing market velocity across key submarkets. Leasing activity in Q3 2025 remained consistent quarter-over-quarter (QOQ) at 219,000 sf, demonstrating sustained occupier interest despite ongoing economic headwinds. Sales activity maintained momentum from the strong performance in Q2 2025, with operators continuing to pursue acquisition opportunities as they position for market recovery. One notable construction project was completed this quarter: 1574 Eagle Street North delivered 158,742 sf of new industrial space in Cambridge’s Eagle business park, adding modern Class A inventory. The construction pipeline has 1.5 million square feet (msf) under construction, down from 1.6 msf in Q2 2025, as projects approach completion phases. Cambridge continues to lead development activity with significant projects progressing toward delivery in Q4 2025 and early 2026.

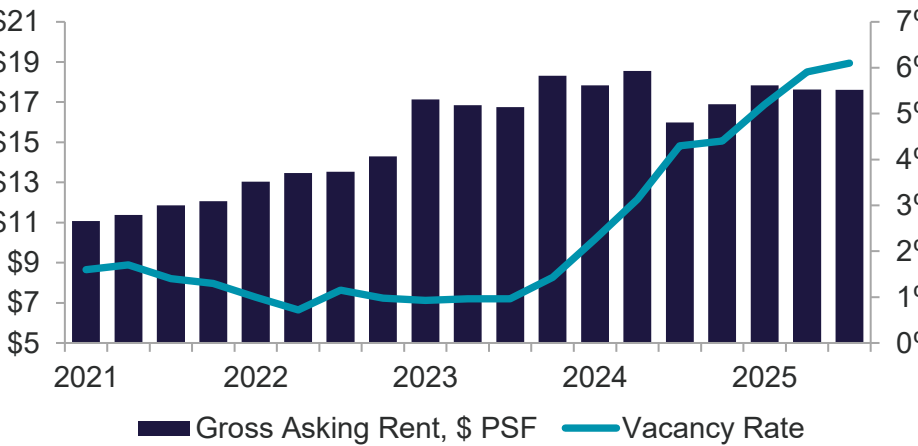
PRICING

Market rents demonstrated resilience with average asking rates reaching \$13.83 per square foot (psf), up 0.8% QOQ from \$13.72 psf. Landlords maintained pricing discipline despite trade-related uncertainties affecting expansion decisions.

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	1,169,652	8.7%	126,837	284,055	1,086,891	0	\$15.10	\$3.86	\$18.97
Eagle	4,158,233	331,917	8.0%	-14,257	10,814	0	158,742	\$12.88	\$3.65	\$16.53
Eastern	4,810,595	43,700	0.9%	0	39,142	0	0	\$12.47	\$3.08	\$15.55
L.G. Lovell	12,512,344	728,890	5.8%	-28,797	-253,758	0	0	\$13.31	\$3.74	\$17.05
Misc.	3,333,465	7,600	0.2%	0	-7,600	0	0	\$9.34	\$3.73	\$13.07
CAMBRIDGE TOTAL	38,271,795	2,281,759	6.0%	83,783	72,653	1,086,891	158,742	\$14.14	\$3.78	\$17.92
Bridgeport	3,664,145	305,444	8.3%	0	-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	368,653	6.6%	11,363	-29,411	0	0	\$16.35	\$2.01	\$18.36
Lancaster	1,640,783	7,824	0.5%	-7,824	-7,824	0	0	\$19.20	\$0.00	\$19.20
Manitou	2,172,139	433,580	20.0%	0	-312,326	0	0	\$11.76	\$2.23	\$13.99
Wilson	2,900,315	118,600	4.1%	0	-100,000	0	0	\$12.37	\$3.55	\$15.93
Misc.	3,309,270	170,833	5.2%	-2,750	-32,316	0	0	\$11.13	\$4.20	\$15.33
KITCHENER TOTAL	21,157,608	1,441,934	6.8%	789	-510,264	415,000	0	\$13.68	\$2.85	\$16.53
Conestoga	4,258,891	85,243	2.0%	-10,087	54,512	0	0	\$13.57	\$4.73	\$18.31
Dearborn	637,125	75,670	11.9%	0	0	0	0	\$13.00	\$5.00	\$18.00
Northland	3,096,230	177,083	5.7%	-1295	-106,068	0	0	\$11.67	\$4.72	\$16.39
Misc.	979,138	23,627	2.4%	-23,627	-23,627	0	0	\$15.00	\$5.00	\$20.00
WATERLOO TOTAL	8,971,384	361,623	4.0%	-35,009	-75,183	0	0	\$12.47	\$4.81	\$17.28
Hanlon	8,599,228	639,911	7.4%	2,741	-18,327	0	0	\$15.48	\$3.89	\$19.36
Northwest	13,839,547	349,719	2.5%	-70,282	-122,610	0	0	\$13.99	\$3.58	\$17.57
Puslinch	2,821,937	846,975	30.0%	0	-8,475	0	0	\$14.97	\$3.76	\$18.73
York Watson	1,443,690	2,000	0.1%	0	21,000	0	0	\$16.00	\$2.00	\$18.00
Misc.	2,251,562	14,924	0.7%	-14,924	-14,924	0	0	\$15.00	\$0.00	\$15.00
GUELPH TOTAL	28,955,964	1,853,529	6.4%	-82,465	-143,336	0	0	\$15.02	\$3.74	\$18.76
Waterloo Region Totals	97,356,751	5,938,845	6.1%	-32,902	-656,130	1,501,891	158,742	\$13.83	\$3.80	\$17.62

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
275 Intermarket Rd #Opt. 3	Cambridge	N/A	125,729	Headlease
383 Elmira Road N	Guelph	N/A	16,100	Headlease
50 Golds Court #105	Guelph	N/A	12,835	Sub-lease

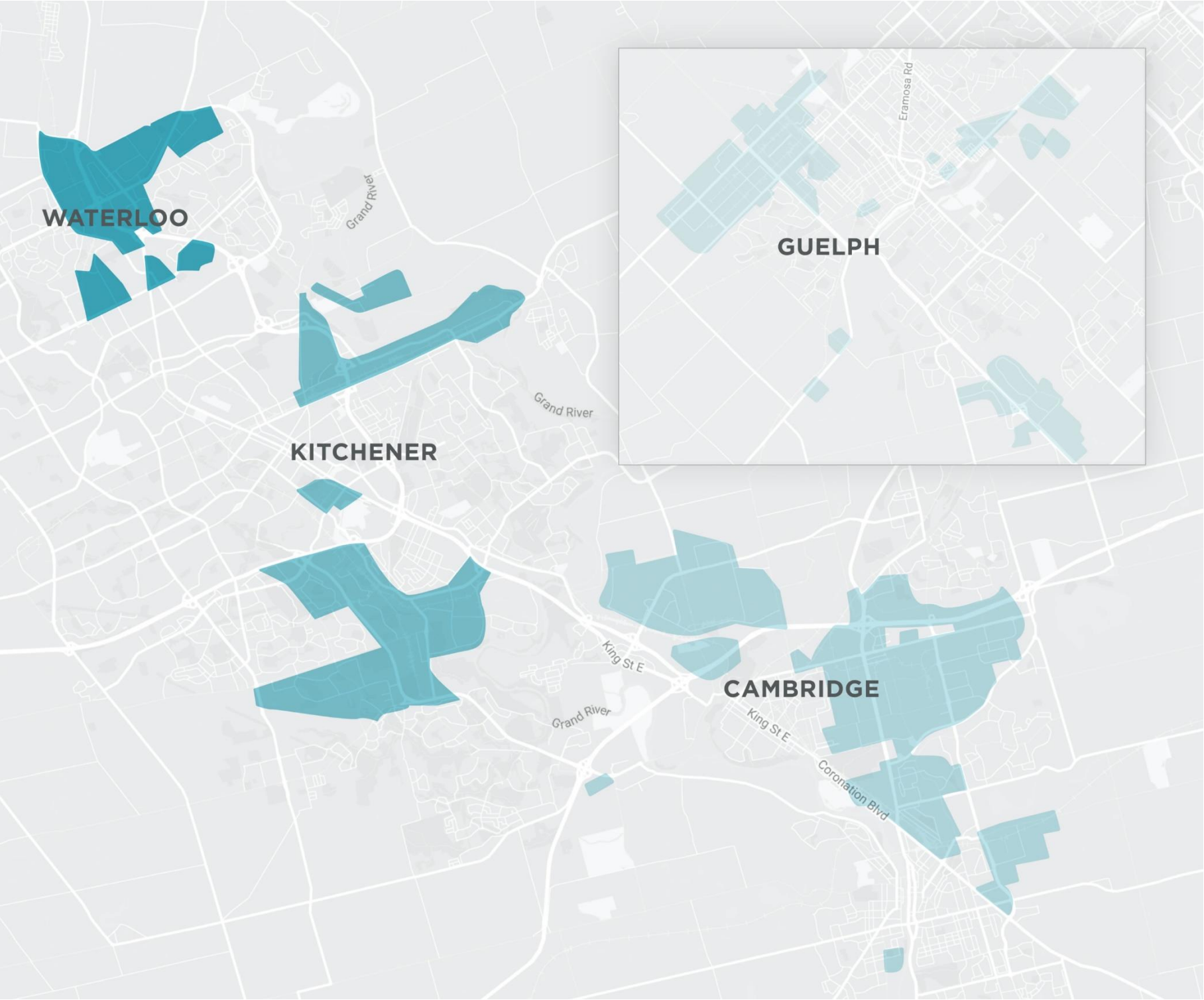
KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
550 Boxwood Dr	Cambridge	Moores The Suit People Corp / Fax Capital Corp	211,271	\$156.91
162 Savage Dr	Cambridge	Grober Nutrition Inc / 162 Savage Drive Ltd	59,500	\$317.82
140 Regal Road	Guelph	N/A / Metro Truck Group Inc	24,300	\$179.01

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF
1574 Eagle St	Cambridge	N/A	158,742

INDUSTRIAL SUBMARKETS



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