



MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.7% Vacancy Rate	▲	▲
-902K YTD Net Absorption, SF	▼	▼
\$13.74 Asking Rent, PSF (Overall, Net Asking Rent)	▲	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
385K Waterloo Region Employment	▲	▼
7.8% Waterloo Region Unemployment Rate	▲	▲
6.5% Canada Unemployment Rate	▼	▲

Source: Statistics Canada

ECONOMY

The Waterloo Region industrial market concluded 2025 amid persistent U.S.-Canada trade tensions and tariff uncertainty pressuring export-oriented manufacturers. Canada's economy posted modest quarterly GDP growth in Q4 2025, with the national unemployment rate improving to 6.5% by November - the lowest in 16 months. Waterloo Region employment remained near 385,000 positions, though the local unemployment rate rose to 7.8%. The Region's diversified base-spanning technology, advanced manufacturing, logistics, and food production-continues supporting underlying demand for modern industrial space despite near-term economic headwinds.

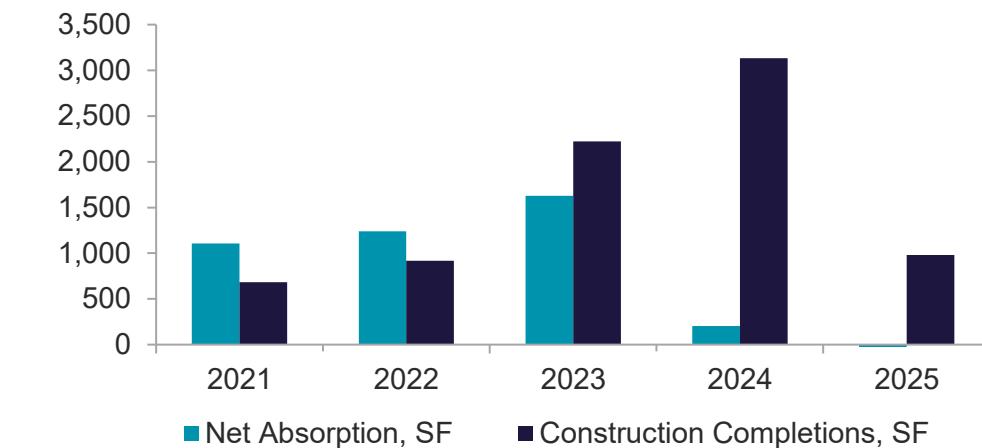
SUPPLY & DEMAND

Market fundamentals softened in Q4 2025 as vacancy rose from 6.1% to 6.7% and year-to-date net absorption declined further to approximately negative 902,000 square feet (sf), reflecting a combination of new supply, strategic right-sizing, and a slower pace of large-bay leasing. Region-wide, quarterly net absorption was negative 246,351 sf, with Kitchener and Cambridge posting aggregate move-outs while Guelph recorded modest positive demand, led by the Hanlon and Northwest submarkets. Construction activity remained elevated but more measured, with roughly 1.28 million square feet under construction-concentrated in Cambridge and Guelph-and nearly 981,000 sf of completions year-to-date, including the notable 377,975-sf delivery at 315 Allendale Road in Cambridge, bringing modern, highly efficient logistics space to market.

PRICING

Despite weaker absorption and rising vacancy, landlords largely held net rents, and the overall average net asking rent finished Q4 2025 at \$13.74 per square foot (psf), only slightly below the \$13.83 psf recorded in Q3 2025. Tenants continued to prioritize new, efficient space in core submarkets, supporting premium rents for Class A product in Cambridge, Kitchener, and Guelph even as concessions and flexibility adjusted to secure longer-term commitments. With construction focused on modern logistics and manufacturing facilities, the Region's rent profile remains structurally higher than pre-pandemic levels and is expected to stay resilient once macro conditions and trade dynamics stabilize.

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	13,835,133	1,550,800	11.1%	-3,173	280,882	623,375	377,975	\$15.22	\$3.89	\$19.11
Eagle	4,158,233	328,619	7.9%	3,298	14,112	0	158,742	\$12.88	\$3.66	\$16.54
Eastern	4,810,595	149,267	3.1%	-105,567	-66,425	0	0	\$10.90	\$3.94	\$14.84
L.G. Lovell	12,512,344	736,082	5.9%	-7,192	-260,950	0	0	\$13.28	\$3.60	\$16.88
Misc.	3,333,465	16,833	0.5%	-9,223	-16,833	0	0	\$8.47	\$3.80	\$12.27
CAMBRIDGE TOTAL	38,649,770	2,765,758	7.2%	-121,867	-49,214	623,375	158,742	\$14.16	\$3.79	\$17.95
Bridgeport	3,664,145	309,544	8.4%	-4,100	-32,487	415,000	0	\$14.28	\$3.81	\$18.10
Hanson/Ardelt	1,871,440	108,377	5.8%	-71,377	-71,377	0	0	\$11.62	\$3.03	\$14.66
Huron	5,599,516	413,625	7.4%	-44,972	-74,383	0	0	\$15.74	\$2.11	\$17.84
Lancaster	1,640,783	25,355	1.5%	-17,531	-25,355	0	0	\$14.92	\$3.88	\$18.79
Manitou	2,172,139	442,330	20.4%	-8,750	-321,076	0	0	\$11.82	\$2.30	\$14.12
Wilson	2,900,315	118,600	4.1%	0	-100,000	0	0	\$12.37	\$3.55	\$15.93
Misc.	3,309,270	113,788	5.2%	17,045	-15,271	0	0	\$9.56	\$3.34	\$12.91
KITCHENER TOTAL	21,157,608	1,531,619	7.4%	-129,685	-639,949	415,000	0	\$13.29	\$2.81	\$16.09
Conestoga	4,258,891	50,694	2.3%	-12,331	42,181	0	0	\$14.92	\$4.57	\$19.48
Dearborn	637,125	75,670	11.9%	0	0	0	0	\$13.00	\$5.00	\$18.00
Northland	3,096,230	163,661	5.3%	13,422	-92,646	240,692	0	\$11.62	\$4.68	\$16.29
Misc.	979,138	23,627	2.4%	0	-23,627	0	0	\$15.00	\$5.00	\$20.00
WATERLOO TOTAL	8,971,384	313,652	4%	1,091	-74,092	240,692	0	\$12.74	\$4.76	\$17.50
Hanlon	8,599,228	611,412	7.1%	28,499	10,172	0	444,186	\$15.46	\$3.92	\$19.38
Northwest	13,839,547	272,578	2.7%	-24,389	-146,999	0	0	\$12.71	\$3.25	\$15.96
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%	0	-14,924	0	0	\$15.00	\$0.00	\$15.00
GUELPH TOTAL	28,955,964	1,747,889	6.4%	4,110	-139,226	0	444,186	\$14.79	\$3.70	\$18.49
Waterloo Region Totals	97,734,726	6,358,918	6.7%	-246,351	-902,481	1,279,067	980,903	\$13.74	\$3.76	\$17.51

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
335 Gage Avenue #1	Kitchener	N/A	31,717	Headlease
945A Southgate Dr	Guelph	N/A	29,973	Headlease
395 Dobbie Dr	Cambridge	N/A	25,200	Headlease

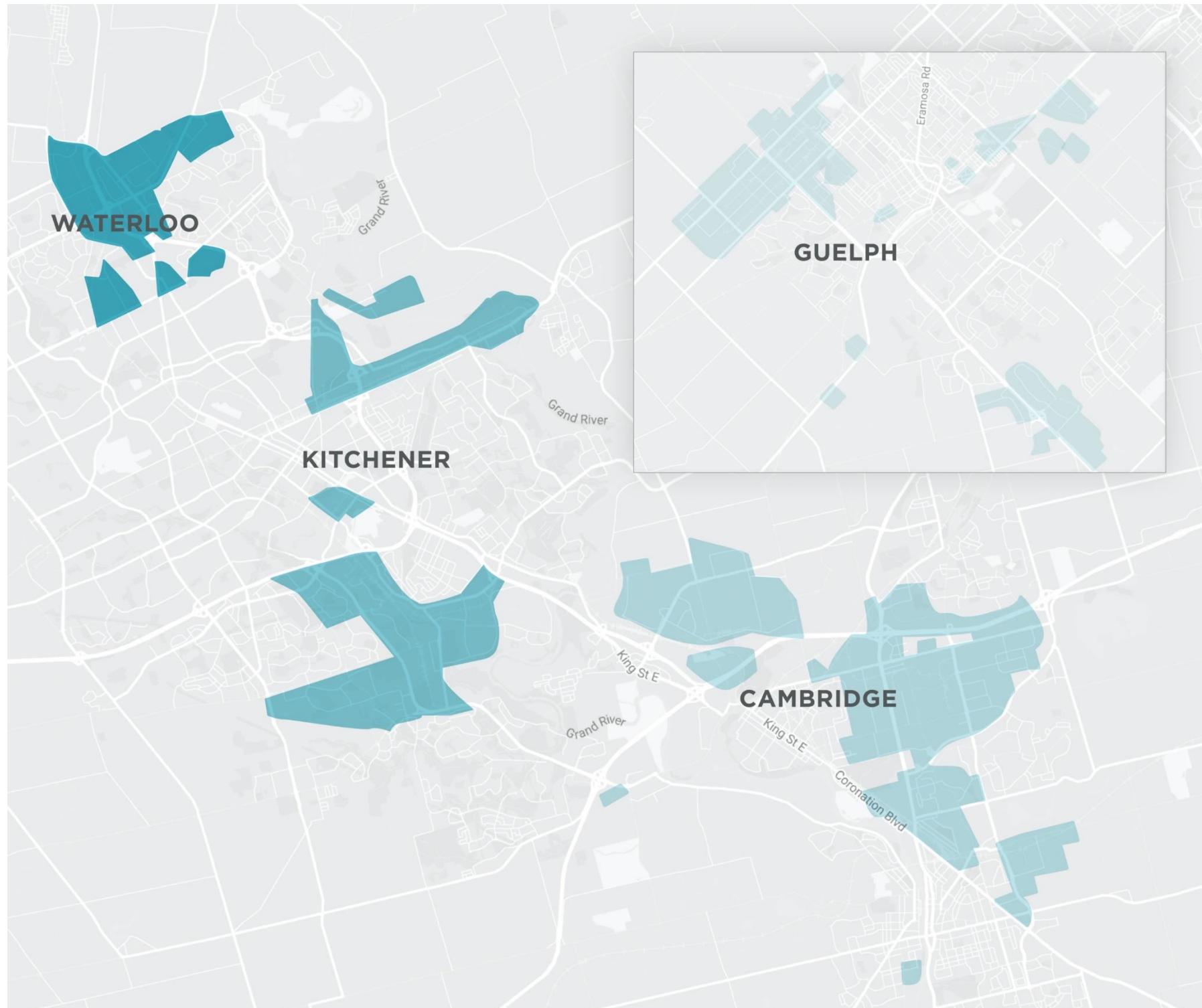
KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
55 Taggart St	Guelph	LINKS TO SUCCESS INC/FWC	100,096	\$104.90
63 McIntyre Pl	Kitchener	2433079 Ontario Inc/Mihim Inc	19,600	\$158.16
105 Northland	Waterloo	N/A/R2 11 Ltd	16,400	\$176.83

KEY CONSTRUCTION COMPLETIONS YTD 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF
1574 Eagle St	Cambridge	N/A	158,742
315 Allendale Rd	Cambridge	N/A	377,975

INDUSTRIAL SUBMARKETS

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