MARKETBEAT

# WATERLOO REGION

## INDUSTRIAL Q2 2026

CUSHMAN & WAKEFIELD
Waterloo Region

### MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---|---|
| **7.0%** Vacancy Rate | | |
| **114K** YTD Net Absorption, SF | | |
| **$13.63** Asking Rent, PSF *(Overall, Net Asking Rent)* | | |

### ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|---|---|---|
| **384K** Waterloo Region Employment | | |
| **8.7%** Waterloo Region Unemployment Rate | | |
| **6.6%** Canadian Unemployment Rate | | |

*Source: Statistics Canada*

### ECONOMY

The Waterloo Region industrial market navigated a stabilizing but still-fragile economy through the second quarter of 2026. Canada's national unemployment rate eased to 6.6% as employers added jobs across the services sector, though trade-exposed manufacturing continued to shed positions—down roughly 61,000 since early 2025 amid ongoing U.S.-Canada tariff pressures. Locally, the Kitchener-Cambridge-Waterloo unemployment rate stood at 8.7%, with regional employment of roughly 384,000, as the area's technology and manufacturing sectors continued to restructure. The Region's diversified economic base—spanning advanced manufacturing, technology, logistics and food processing—continues to anchor long-term industrial demand despite these near-term headwinds.

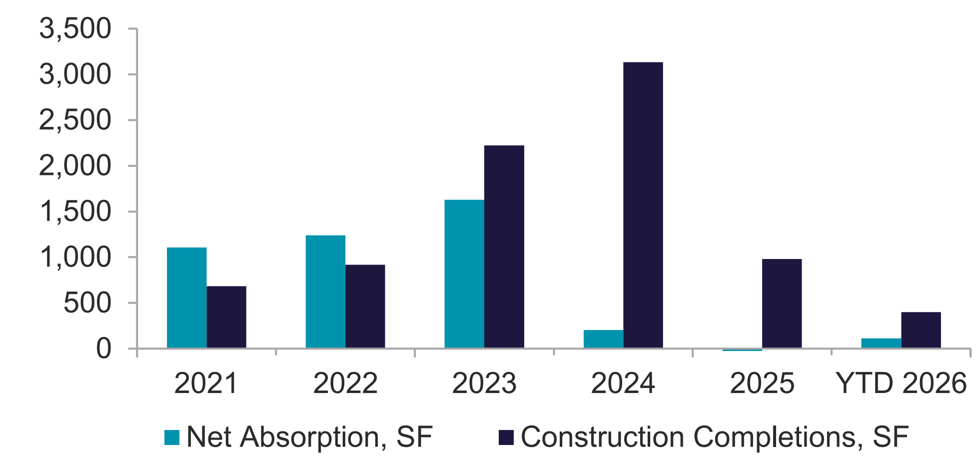
### SUPPLY & DEMAND

Market fundamentals showed renewed momentum in the second quarter of 2026 as quarterly net absorption rebounded to positive 252,003 square feet (sf), reversing the negative 138,094 sf recorded in the first quarter and lifting year-to-date net absorption to positive 113,909 sf. The turnaround was led by Kitchener and Cambridge, while Waterloo and Guelph posted modest givebacks. Overall vacancy edged up to 7.0%, from 6.8% in the first quarter, as 400,547 sf of new supply was delivered during the quarter, with a further 1.18 million square feet (msf) under construction, concentrated in Cambridge and the Kitchener Bridgeport/Northland corridors. Leasing activity totaled 115,052 sf, down from 161,727 sf the previous quarter, with deal flow weighted toward smaller-bay and mid-bay transactions.

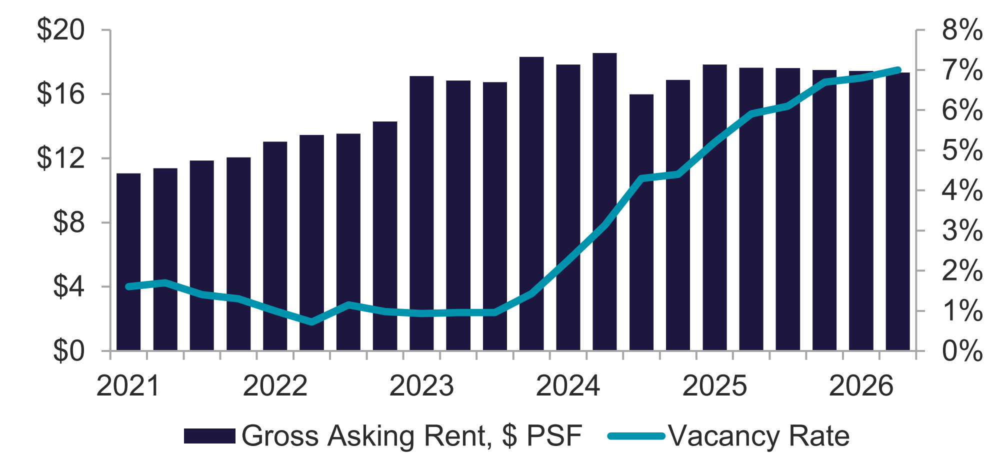
### PRICING

Average net asking rents eased modestly to $13.63 per square foot (psf) in the second quarter of 2026, from $13.74 psf in the first quarter, while average additional rents rose from $3.71 psf to $3.72 psf and the total average gross rent held essentially flat at $17.35 psf. Tenants continue to prioritize newer, well-located product, supporting premium rents for Class A space in core submarkets even as concessions and flexibility increase on older, second-generation buildings. With 1.18 msf still under construction, the Region's rent outlook will hinge on the pace of lease-up for new supply and the broader stabilization of macro conditions and trade dynamics.

### 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 | 13,995,680 | 1,603,765 | 11.5% | 103,262 | 107,582 | 492,400 | 160,547 | $14.63 | $3.53 | $18.16 |
| Eagle | 4,158,233 | 302,964 | 7.3% | 13,855 | 25,655 | 0 | 0 | $12.31 | $3.51 | $15.82 |
| Eastern | 4,810,595 | 151,619 | 3.2% | -2,352 | -2,352 | 0 | 0 | $10.96 | $3.96 | $14.92 |
| L.G. Lovell | 12,512,344 | 760,687 | 6.1% | -12,435 | -24,605 | 0 | 0 | $12.87 | $3.41 | $16.28 |
| Misc. | 3,333,465 | 17,658 | 0.5% | -825 | -825 | 0 | 0 | $8.61 | $4.02 | $12.63 |
| CAMBRIDGE TOTAL | 38,810,317 | 2,836,693 | 7.3% | 101,505 | 105,455 | 492,400 | 160,547 | $13.68 | $3.52 | $17.20 |
| Bridgeport | 3,904,145 | 424,564 | 10.9% | 128,665 | 124,980 | 355,944 | 240,000 | $14.26 | $3.99 | $18.25 |
| Hanson/Ardelt | 1,871,440 | 73,464 | 3.9% | -19,592 | 34,913 | 0 | 0 | $12.34 | $3.62 | $15.97 |
| Huron | 5,599,516 | 429,826 | 7.7% | -18,646 | -16,201 | 0 | 0 | $15.46 | $2.04 | $17.50 |
| Lancaster | 1,640,783 | 11,154 | 0.7% | 3,325 | 14,201 | 0 | 0 | $14.50 | $3.06 | $17.56 |
| Manitou | 2,172,139 | 356,456 | 16.4% | 85,874 | 85,874 | 0 | 0 | $11.88 | $2.42 | $14.30 |
| Wilson | 2,900,315 | 18,600 | 0.6% | 0 | 100,000 | 0 | 0 | $11.70 | $4.10 | $15.80 |
| Misc. | 3,309,270 | 109,257 | 3.3% | 7,931 | 44,531 | 0 | 0 | $8.80 | $3.23 | $12.03 |
| KITCHENER TOTAL | 21,397,608 | 1,423,321 | 6.7% | 187,557 | 388,298 | 355,944 | 240,000 | $13.61 | $2.91 | $16.53 |
| Conestoga | 4,258,891 | 145,639 | 3.4% | -6,191 | -48,065 | 0 | 0 | $12.59 | $4.43 | $17.02 |
| Dearborn | 637,125 | 105,670 | 16.6% | 0 | -30,000 | 0 | 0 | $13.78 | $4.65 | $18.43 |
| Northland | 3,096,230 | 177,992 | 5.7% | -17,249 | -14,331 | 240,692 | 0 | $11.86 | $4.83 | $16.69 |
| Misc. | 979,138 | 23,627 | 2.4% | 0 | 0 | 0 | 0 | $15.00 | $5.00 | $20.00 |
| WATERLOO TOTAL | 8,971,384 | 452,928 | 5.0% | -23,440 | -92,396 | 240,692 | 0 | $12.72 | $4.69 | $17.42 |
| Hanlon | 8,599,228 | 656,551 | 7.6% | 0 | -45,139 | 87,288 | 0 | $14.86 | $3.93 | $18.79 |
| Northwest | 13,839,547 | 626,241 | 4.5% | -8,519 | -252,133 | 0 | 0 | $13.28 | $3.52 | $16.80 |
| Puslinch | 2,821,937 | 846,975 | 30.0% | 0 | 0 | 0 | 0 | $14.97 | $3.76 | $18.73 |
| York Watson | 1,443,690 | 2,000 | 0.1% | 0 | 0 | 0 | 0 | $16.00 | $2.00 | $18.00 |
| Misc. | 2,251,562 | 5,100 | 0.2% | -5,100 | 9,824 | 0 | 0 | $15.00 | $3.00 | $18.00 |
| GUELPH TOTAL | 28,955,964 | 2,136,867 | 7.4% | -13,619 | -287,448 | 87,288 | 0 | $14.50 | $3.75 | $18.25 |
| **Waterloo Region Totals** | **98,135,273** | 6,849,809 | **7.0%** | **252,003** | **113,909** | **1,176,324** | **400,547** | **$13.63** | **$3.72** | **$17.35** |

## KEY LEASE TRANSACTIONS Q2 2026

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---|---|---|---|---|
| 145 Sheldon Drive | Cambridge | N/A | 38,579 | Headlease |
| 5 Washburn Drive | Kitchener | N/A | 21,036 | Headlease |
| 725 McMurray Road Unit A | Waterloo | N/A | 9,375 | Headlease |

## KEY SALE TRANSACTIONS Q2 2026

| PROPERTY | SUBMARKET | SELLER/BUYER | SF | PRICE / $ PSF |
|---|---|---|---|---|
| 171-175 Dawson Road | Guelph | N/A / 175 Dawson Road Inc. | 94,478 | $80.65 |
| 305 Arnold Street | Kitchener | 305 Arnold Street Inc. / The Arnold Collective Ltd | 54,027 | $148.07 |
| 97 Ardelt Avenue | Kitchener | 861543 Ontario Ltd / Effort Trust | 59,705 | $83.75 |

## KEY CONSTRUCTION COMPLETIONS YTD 2026

| PROPERTY | SUBMARKET | MAJOR TENANT | SF |
|---|---|---|---|
| 300 Bridge Street E | Kitchener | Golden Windows | 240,000 |
| 100 Goddard Crescent | Cambridge | N/A | 93,471 |

## INDUSTRIAL SUBMARKETS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