



Year in Review 2023

Waterloo Region

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2023

The commercial real estate market showed continued resilience in 2023. The Federal Government's rate hikes have seemingly had the desired effect in certain areas of the market such as development land sales, residential and investment. Anticipation and fear of a drop in prices has not been what has transpired, instead we have witnessed a stabilization for the time being. The industrial market continues to lead the way in the region. With the vacancy rate at 1.4%, land is selling, buildings are leasing and more are being built.

There has been positive movement in the office market for the first time in years with many companies looking to adjust their footprint instead of abandoning an in-person presence. The consensus we are hearing is CEOs want their people back in the office collaborating, but are struggling with a workforce that has become accustomed to working from home.

The investment market is surprisingly strong against the headwinds of rising interest rates. We credit this to investors belief that real estate is a more stable place to invest than the stock market as we move into uncertain times.

Although the residential market has slowed and prices are down, it is important to note that values are still significantly higher than pre-pandemic levels. The supply of new homes remains an issue our governments struggle to tackle.

We expect that 2024 will see more of the same stability, and there is no anticipation of an interest rate drop in the near term. At this point the public is more focused on their concerns about wider economic conditions.

On a more personal note, WHITNEY & Company has seen growth over the past year, filled with noteworthy transactions all over Southwestern Ontario, and growth for our company, as we opened our Toronto branch office. We are also celebrating our 85 year anniversary as a member of the Waterloo Region Association of Realtors (WRAR). We are proud to be the longest standing real estate brokerage in Waterloo Region.

Q4 2023 - Waterloo Region

Net Absorption
Q4

494K SF

Net Absorption
Q3

-72K SF

Year End Overall
Vacancy Rate

1.4% ▲ 114 bps
(YOY)

Asking Net Rent

\$14.00 / SF ▲ 10.9%
(YOY)

Under Construction

5.9M SF

INDUSTRIAL YEAR IN REVIEW

After several years of runaway values on land, buildings and lease rates, we are now seeing stabilization due to the increase in interest rates. While there was speculation of falling values and widespread opportunity, that was not reality. Let's take a look at the overall situation with a quick breakdown:

LAND

Land values have decreased by approximately 20% from their peak, with inner city lands coming in at \$1.2M/Acre+, and lands near the 401 being \$1.75M/Acre+ still being the norm.

LEASE RATES

Lease rates have not seen the same decrease due to continued lack of availability, although we are beginning to see a number of sublease opportunities coming to market. What the local market is still lacking are availabilities under 50,000 SF. All new construction is focused on units over 100,000 SF.

BUILDING SALES

Sales have remained strong, with supply continuing to be an issue. We are seeing cases of record pricing still. This is driven by growing companies wanting to own but having limited options to choose from. Until there is a larger shift in the economy, we will continue to see this happen.

Overall, the Industrial sector is certain to maintain its strength while we anticipate a decline in interest rates in 2024. Staying in tune with market conditions is important, please reach out to us to discuss these changes in the market and how they affect you.



MICHAEL LAMBERT, SIOR
Sales Representative, President



LEASED



50 Northland Rd, Waterloo

LEASED



41 Ardelt Pl, Kitchener

SOLD



551 King St / 400 Conestogo Rd, Waterloo

LEASED



501 Manitou Dr, Kitchener - Unit B

SOLD



620 Colby Dr, Waterloo

SUBLEASED



402725 Grey Rd, Durham

LEASED



565 Conestogo Rd, Waterloo - Unit 1 & Unit 2

Notable Industrial Transactions

565 Conestogo Rd, Waterloo - Unit 2
122,246 SF

402725 Grey Rd, Durham
118,475 SF

501 Manitou Dr, Kitchener - Unit B
95,000 SF

50 Northland Rd, Waterloo
83,400 SF

565 Conestogo Rd, Waterloo - Unit 1
70,658 SF

41 Ardelt Pl, Kitchener
54,784 SF

620 Colby Dr, Waterloo
16,855 SF

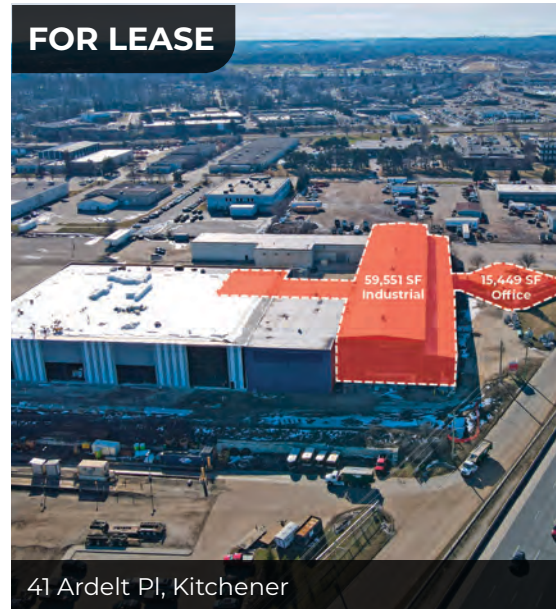
551 King St / 400 Conestogo Rd, Waterloo
3.988 Acres



50 Northland Rd, Waterloo



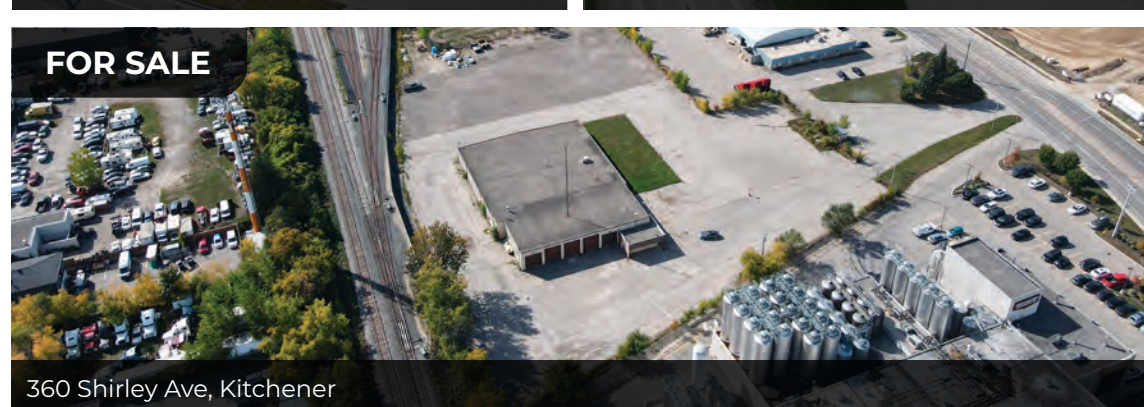
440 Phillip St, Waterloo



41 Ardelt Pl, Kitchener



612 Colby Dr, Waterloo



360 Shirley Ave, Kitchener



525 Conestogo Rd, Waterloo



30 Adam Ferrie Pl, Kitchener



402725 Grey Rd 4, Durham

Industrial Availabilities

402725 Grey Rd 4, Durham
118,475 SF

525 Conestogo Rd, Waterloo
75,000 SF

50 Northland Rd, Waterloo
54,497 SF

41 Ardelt Pl, Kitchener
15,449 - 75,000 SF

440 Phillip St, Waterloo
8,000 SF - 29,207 SF

360 Shirley Ave, Kitchener
16,201 SF

612 Colby Dr, Waterloo
14,597 SF

30 Adam Ferrie Pl, Kitchener
12,048 SF

Highbury Avenue S, St. Thomas

WHITNEY & Company and Vicano Developments Limited are pleased to announce a new state-of-the-art industrial development in St. Thomas, strategically located at the corner of Highbury Avenue S and Ron McNeil Line.

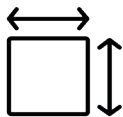
The site is adjacent to the new Volkswagen EV battery cell gigafactory currently under construction. Locate your business in a growing municipality motivated to see industrial development.

- 50,000 - 1,400,000 SF available
- Design-build opportunity
- Single or multi-building design
- Quick approval process
- Rail serviced site
- 15 KM to HWY 401
- Midway between Toronto and Detroit

[VIEW PROPERTY](#)



RAIL SERVICED SITE



67 ACRES, UP TO 1,400,000 SF



15 KM TO HWY 401



2 HRS TO DETROIT, 2.5 HRS TO BUFFALO



DESIGN-BUILD OPPORTUNITY
IN ST. THOMAS, ON

Located Beside the Future Volkswagen
EV Battery Cell Gigafactory



Q4 2023 - Waterloo Region

Net Absorption
Q4

-35K SF

Net Absorption
Q3

-27K SF

Availability

14.8% ▲ 50 bps
(YOY)

Asking Net Rent

\$16.42 / SF ▼ 2.5%
(YOY)

Sublease Space Available

481,053 SF

OFFICE YEAR IN REVIEW

The good news is the worst is over! There has been significant improvement in the office market in 2023 and the vacancy rate has moved from 17.5% to 13.2% this quarter. Businesses are migrating towards higher-quality office space. They are seeking out spaces that offer superior amenities, infrastructure, and an overall positive workplace experience with the goal of swaying employees away from the “work from home” model.

There is still far more office space available in Kitchener, specifically in the downtown core. All classes considered, the vacancy rate sits at 27.5% for Downtown Kitchener vs 3.6% for Suburban Kitchener. Waterloo is the exact opposite, but still fairing much better with Uptown vacancy at 2.2% and Suburban sitting at 13%. The flight-to-quality trend is likely part of the reason for the high vacancy in the Downtown Kitchener core.

Subleases of office space continue to come on the Market with Suburban Waterloo locations making up most of the square footage available. Approximately 65K SF more has come on the market since last quarter. We can attribute this to companies within the tech sector that have decided to scale down their space to suit a smaller employee base working from the office.

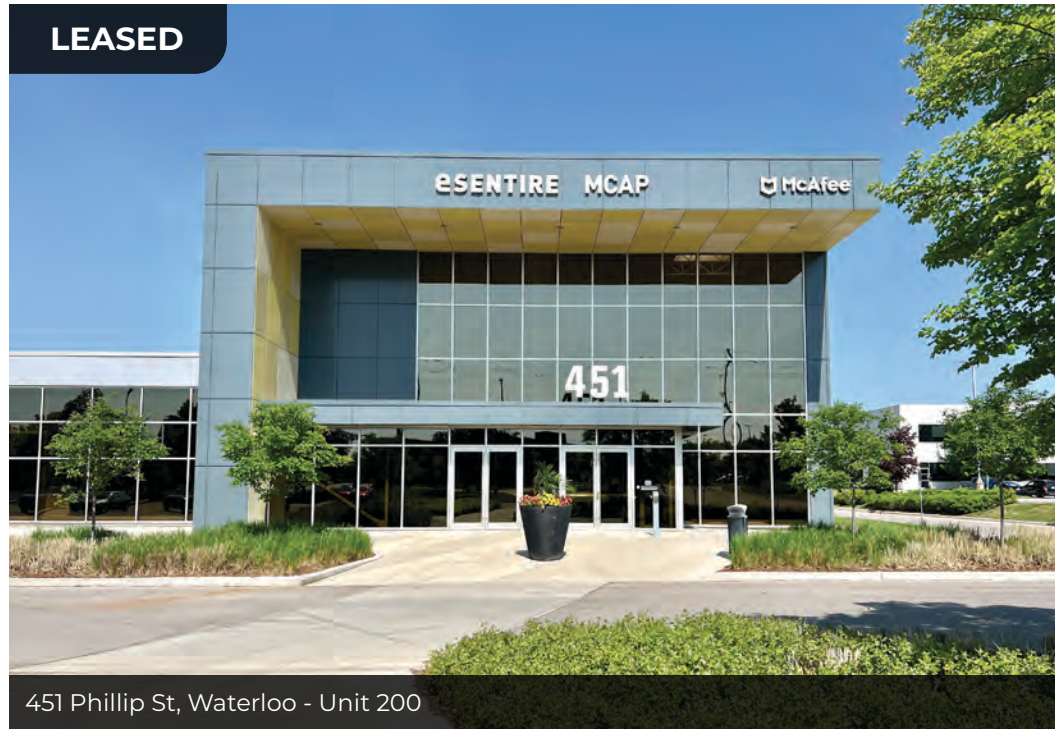
We are seeing the office real estate market continue to evolve. In order to compete, Landlords will need to adapt to Tenant preferences and changing work dynamics. Flight-to-quality and right-sizing trends are likely to remain central to the conversation surrounding office space strategy. These trends reflect the needs and priorities of businesses as they seek to create attractive and flexible workspaces that support growth, employee satisfaction and long-term success.

Ginger Whitney

GINGER WHITNEY, SIOR, CCIM
Broker, Vice President

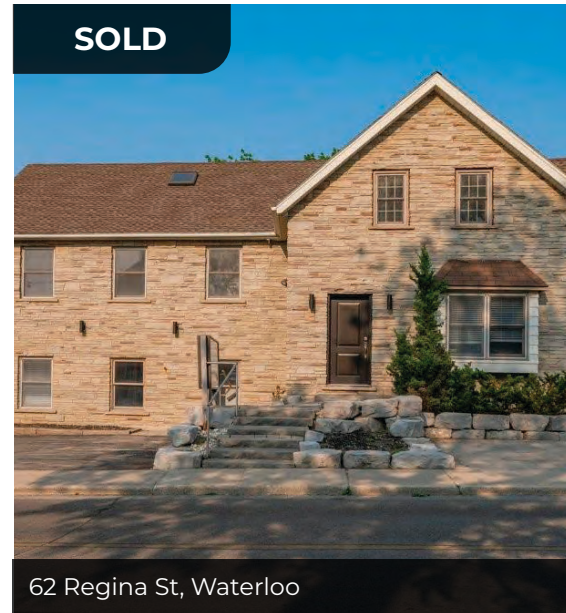


LEASED



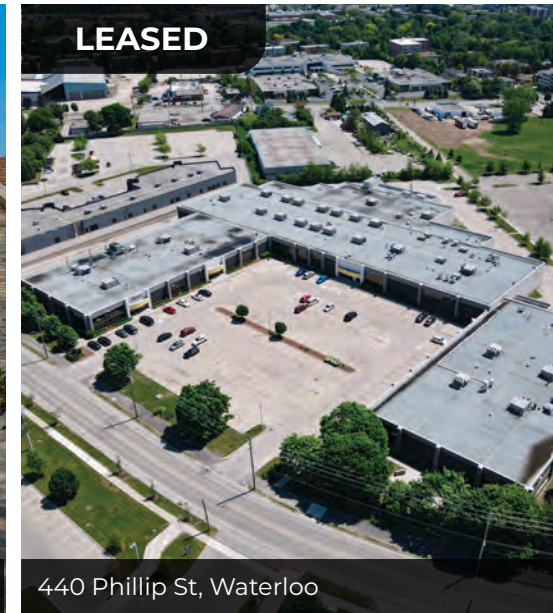
451 Phillip St, Waterloo - Unit 200

SOLD



62 Regina St, Waterloo

LEASED



440 Phillip St, Waterloo

SUBLEASED



137 Glasgow St, Kitchener

LEASED



70 Victoria St S, Kitchener

SUBLEASED



240 Duke St W, Kitchener - 2nd Floor

SUBLEASED



1440 King St N, St. Jacobs

LEASED



510 Dotzert Crt, Waterloo

Notable Office Transactions

451 Phillip St, Waterloo
29,838 SF

440 Phillip St, Waterloo
14,500 SF

137 Glasgow St, Kitchener
8,800 SF

240 Duke St, Kitchener
5,650 SF

510 Dotzert Crt, Waterloo
5,030 SF

70 Victoria St S, Kitchener
4,393 SF

1440 King St N, St. Jacobs
1,385 SF

62 Regina St, Waterloo
630 SF



Office Availabilities

420 Wes Graham Way, Waterloo
1,551 - 11,269 SF

375 Hagey Blvd, Waterloo
2,900 - 17,000 SF

410 Albert St, Waterloo
12,767 - 13,037 SF

41 King St W, Kitchener
5,514 - 12,988 SF

219 Labrador Rd, Waterloo
9,430 SF

375 Hagey Blvd, Waterloo
2,900 - 7,719 SF

1440 King St N, St. Jacobs
1,915 - 6,564 SF

451 Phillip St, Waterloo
1,768 - 4,778 SF

100 Ahrens St, Kitchener
2,669 SF

FEATURE PROPERTY | OFFICE

560 Westmount Road N, Waterloo

Premier Office / Research Facility Adjacent to the Research & Technology Park at the University of Waterloo

Completed in 2013, this three storey building has a mix of private offices and meeting rooms with generous open collaborative office areas. The building was constructed to a premier level of quality and was awarded LEED Silver certification.

The building is approximately 90,430 SF in size and is ideally suited for a variety of research and/or conventional office uses in a single tenancy configuration. With advanced technology throughout the building and a 1,180 SF data centre, this property is well suited for a variety of technology companies. Alternately, the building is well-positioned for educational purposes given its unique layout and design.

- Exceptional office / research facility with advanced infrastructure
- Ideal for a corporate head office / education / IT / research
- Institutional level of quality and finishes
- Irreplaceable location across from Laurel Creek Conservation Area and near the University of Waterloo

[VIEW PROPERTY](#)

FOR SALE | 90,430 SF | 5.3 Acres



About Us

WHITNEY & Company’s long-standing presence in the commercial real estate industry is a testament to our expertise and commitment to the community. Over the course of more than a century, WHITNEY & Company has maintained strong connections within Waterloo Region, Southwestern Ontario and beyond.

We have a deep understanding of market dynamics, property values and investment opportunities. This focus translates into a personalized and customer-centric approach to real estate services, ensuring individual attention and tailored solutions to meet your specific needs.

Our roots are in Waterloo Region and our reputation withstands the test of time.

WATERLOO OFFICE SALES TEAM



JOHN WHITNEY, SIOR
Broker of Record, CEO



MICHAEL LAMBERT, SIOR
Sales Representative, President



GINGER WHITNEY, SIOR, CCIM
Broker, Vice President



JOE ANSTETT, SIOR
Sales Representative



RICHIE EVANOFF
Sales Representative



MATTHEW HAYWARD
Sales Representative



XAVIER AYORA
Sales Representative



JACK HAYWARD
Sales Representative



JASON PALMER
Broker



PETER C. MCKENNA, SIOR
Sales Representative

TORONTO OFFICE SALES TEAM



KEVIN BEAUDRY, SIOR, MCR
Sales Representative



LINDSAY KARSAN
Sales Representative



ISABELLE NASHMI
Sales Representative

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