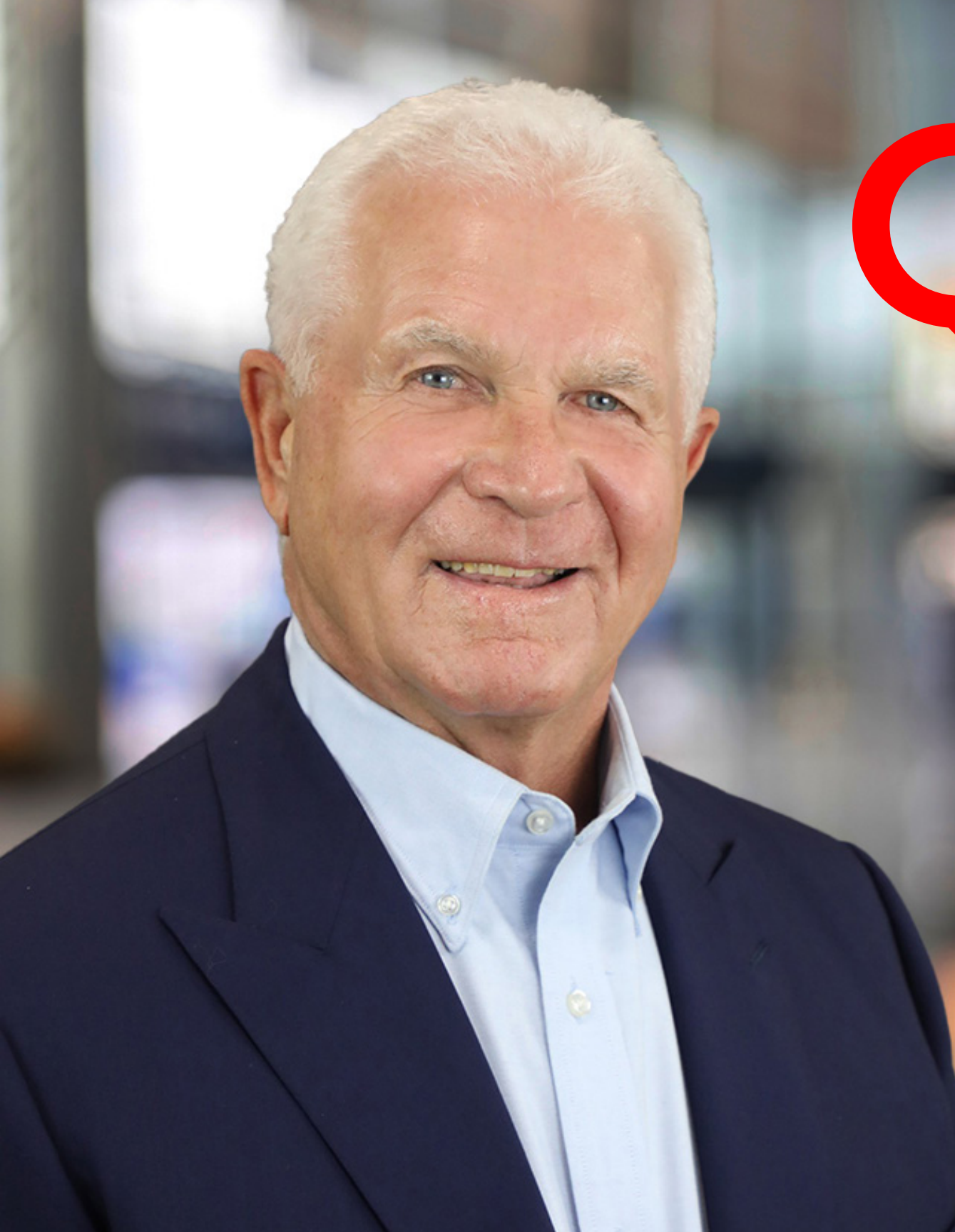




WHITNEY
Commercial Real Estate Services

**Year in Review
Industrial / Office**

**Waterloo Region
Q4 | 2022**



Q4

We are loving what's going on in the Waterloo Region real estate market! Strong demand is trumping the rate hikes we have seen through 2022. Lack of supply of industrial space continues to drive the rental rates.

Office activity is finally waking up and companies are figuring out what their midterm office requirements look like.

There remains strong interest from investors to purchase, although CAP rates have to accommodate for rising interest rates. Many of the large companies are looking at this as a good time for asset sales.

Rate increases have effected the residential market with buyers and sellers just a little unsure of what the future holds.

Our tech and financial service sectors continue to grow and expand and that is driving companies' space needs. As we enter 2023, we feel that stability will return to the market as the frenzy of the past 3 years comes to a close. We are extremely lucky to live and work in such a dynamic region.

Thank you, Waterloo Region, for a strong ending to 2022 and hello 2023. We love the direction we are going.

12 Month
Absorption

441K SF

This Quarter
(Q4)

-89K SF

Year End Overall
Vacancy Rate

0.3%

Asking Net Rent

\$12.62 / SF

Under Construction

2.7M SF



INDUSTRIAL YEAR IN REVIEW

LACK OF SUPPLY AND RISING RATES

The end of 2022 saw activity in the industrial market that has largely defied overall sentiments in the investment and real estate market - stable and even rising pricing. It is important to note, it is not the industrial market as a whole that is experiencing continued strength and growth. Lets speak to a few of the sectors themselves:

Large Scale Land Purchases - Over the past several years this sector has been dominated by groups with “institutional” buying power. Competition was intense, and the underlying business plan always seems to be Spec warehouse space. This is one sector we see wavering with groups that had large mortgages on land, facing increasing construction costs and rising rates. While it will take time to see if there is real fallout, we hear of these groups daily, that are looking to divest positions taken only 12-18 months ago.

Investment Sales - Interest from investors remains strong, however rising rates have put more pressure on CAP rates. It is important to note this effect is combated by rental rates continuing to climb. We believe it will be Q3 2023 until we know if inflation has slowed and there is a new normal for the investment market

Owner/Occupier Sales - This is one sector of the market that has defied the interest rate increases. With the manufacturing, warehousing and servicing sectors of the economy still going strong, the pressure on supply is as intense as ever. Waterloo Region and Toronto are tied for the third lowest vacancy rate in the country, following Victoria and Vancouver.

MICHAEL LAMBERT, SIOR
Sales Representative, President,
2x Olympian


50 NORTHLAND RD, WATERLOO

50 Northland Road, Waterloo is a 220,979 SF building situated on 11.48 Acres in North Waterloo. The property benefits from the most flexible and desirable industrial zoning in Waterloo, E3-27. E3-27 zoning is the only zoning in Waterloo to allow for outdoor storage.

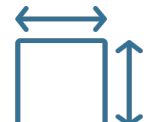
50 Northland is the largest multi-tenant, E3-27 zoned property in Waterloo, offering larger scale unit sizes ranging from 30,000 - 83,400 SF, as well as heavy power supply of 2,700 Amps and a clear height of 17'11".

All units are in a modern and updated condition, with a strong history of leasing success. The building's location benefits from proximity to amenities and transit such as the Conestoga & Northfield LRT stations, Conestoga Mall and abundant convenience retail.


Email Laurie Thomson for access to the CIM and data room, at laurie.thomson@whitneyre.com




Located in North Waterloo




220,979 SF
11.48 Acres




Desirable/flexible E3-27 Zoning



Drive-in and Dock-level loading



1.8 KM from HWY 85



Secure outdoor storage

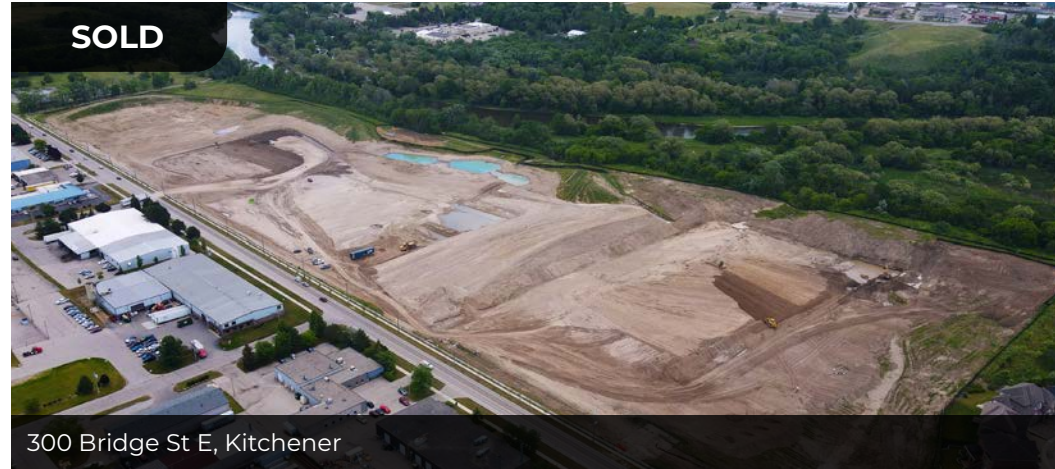


SOLD



100 Hollinger Cres, Kitchener

SOLD



300 Bridge St E, Kitchener

SOLD



41 Drayton Industrial Dr, Drayton

CONDITIONALLY SOLD



319 Bridge St E, Waterloo

SOLD



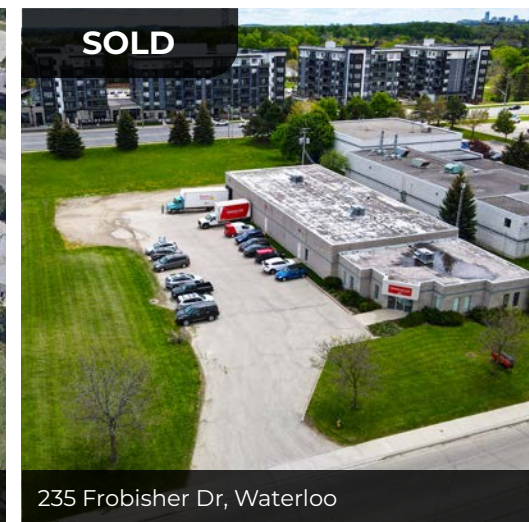
65 Northfield Dr, Waterloo

SOLD



1254 Union St, Kitchener

SOLD



235 Frobisher Dr, Waterloo

Notable Industrial Transactions

300 Bridge St E, Kitchener

18.772 Acres
\$23M

100 Hollinger Cres, Kitchener

7.17 Acres
\$23M

65 Northfield Dr, Waterloo

26.5 Acres | 783,477 SF

41 Drayton Industrial Dr, Drayton

10.076 Acres
\$7.5M

1254 Union St, Kitchener

5.66 Acres | 23,883 SF
\$6M

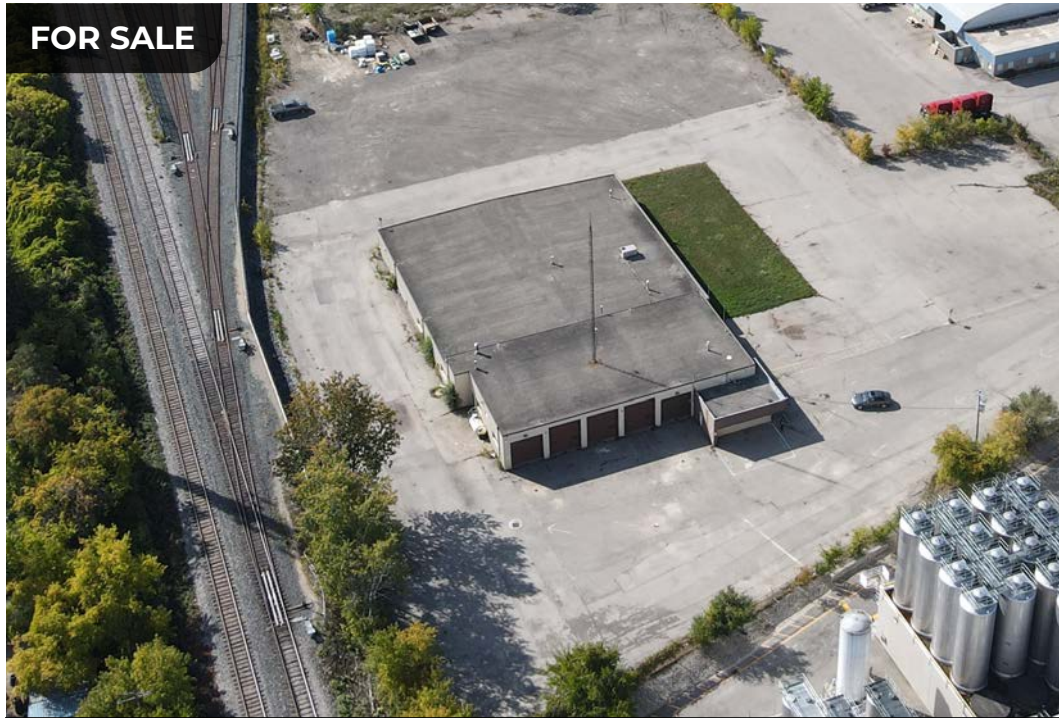
319 Bridge St E, Waterloo

1.13 Acres | 14,722 SF

235 Frobisher Dr, Waterloo

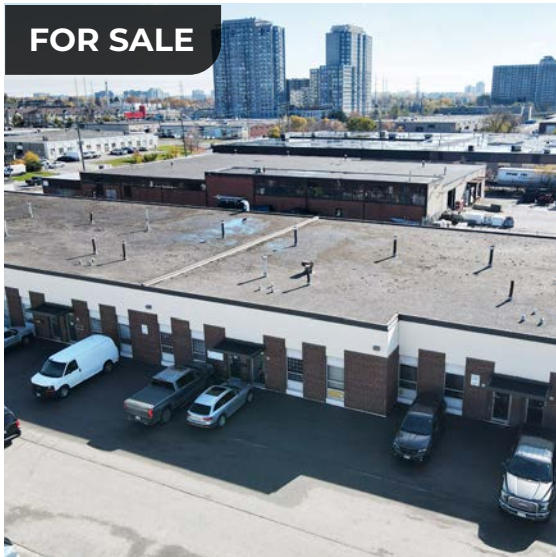
1.91 Acres | 10,125 SF
\$2.9M

FOR SALE



360 Shirley Ave, Kitchener

FOR SALE



120 Midwest Rd, Scarborough

FOR LEASE



557 Massey Rd, Guelph

FOR LEASE



85 Northland Rd, Waterloo - Unit 3

FOR LEASE



640 Bridge St W, Waterloo

FOR LEASE



35 Trillium Dr, Kitchener - Unit 2 & 3

FOR SALE



600 Boxwood Dr, Cambridge

FOR LEASE



525 Conestogo Rd, Waterloo - Unit 1 & 4

Industrial Availabilities

360 Shirley Ave, Kitchener
4.202 Acres | 16,201 SF

600 Boxwood Dr, Cambridge
2.44 Acres | 17,318 SF

525 Conestogo Rd, Waterloo - Unit 1
67,950 SF

525 Conestogo Rd, Waterloo - Unit 4
51,744 SF

640 Bridge St W, Waterloo
53,605 SF

120 Midwest Rd, Scarborough
10,002 SF

557 Massey Rd, Guelph
5,500 SF

35 Trillium Dr, Kitchener - Unit 2 & 3
4,630 SF

85 Northland Rd, Waterloo - Unit 3
3,850 SF

12 Month
Absorption

589,291 SF

This Quarter
(Q4)

253K SF

Year End Overall
Vacancy Rate

13.7%

Asking Net Rent

\$16.38 / SF

Sublease Space Available

369,785 SF

OFFICE YEAR IN REVIEW

Employees are slowly returning to the office in Waterloo Region, but things are far from robust. Companies are right sizing their office spaces and many are renovating to entice their employees to spend more time in the office.

Two local office buildings are being converted to residential: Allen Square and 22 Frederick Street, a sign of the times.

Activity is brisk for medical and fitness groups to move to more traditional office space. MKS Medical is now occupying 35,000 SF at 435 King St N and Depth Training is renovating 408 Albert St, Waterloo.

Better times are ahead for the local office market!



VACANCY RATE DOWN

Good news! Overall, Region of Waterloo office vacancy fell to 14%, a steady decrease from 19% in Q1 2022



OFFICES STILL RELEVANT

Strong absorption in the second half of 2022 shows offices are still relevant



ASKING RENTS INCREASING

Average net rental rates are around \$16.00 / SF and landlords are holding firm



MORE RENOVATIONS

We are seeing less “hot desking” and more meeting rooms and amenity spaces in offices that are being re-purposed and renovated



CONSTRUCTION SLOWS

New office construction will not happen given building costs have increased by 20% and the high vacancy rates

NOTABLE LEASE ACTIVITY - OFFICE 2022

ADDRESS	TENANT	SF
137 Glasgow St, Kitchener (Catalyst137)	D2L	93,059 SF
120 Victoria St S, Kitchener (GloveBox)	Richardson Wealth	6,562 SF
345 King St W, Kitchener	Insight Global	7,000 SF
410 Albert St, Waterloo	Mappedin (Sublease)	14,969 SF
115 King St S, Waterloo	Miller Thomson	24,325 SF
57 Erb St W, Waterloo	RideCo / Tangam	38,603 SF
435 King St N, Waterloo	MSK Centre	30,810 SF

NOTABLE SALE ACTIVITY - OFFICE 2022

ADDRESS	SF
440, 441, 451 Phillip St, Waterloo (Factory Square)	526,235 SF
450 & 460 Phillip St, Waterloo	68,905 SF
140 Columbia St W, Waterloo	54,525 SF
156 Columbia St W, Waterloo	44,707 SF
180 Columbia St W, Waterloo	53,285 SF
180 King St S, Waterloo	110,300 SF
7 Duke St W, Kitchener	45,785 SF
1 Blue Springs Dr, Waterloo	33,855 SF
14 Erb St W, Waterloo	27,728 SF
539 Riverbend Dr, Kitchener	23,638 SF
100 Rankin St, Waterloo	15,156 SF
675 Riverbend Dr, Kitchener	10,000 SF

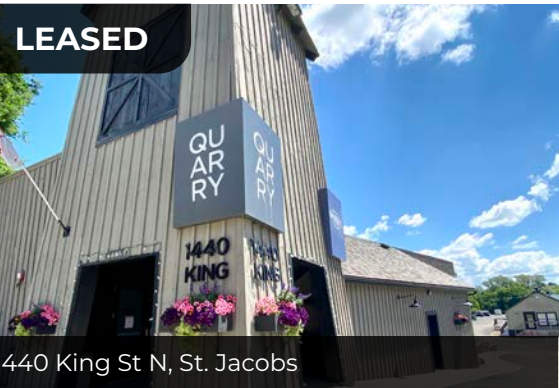
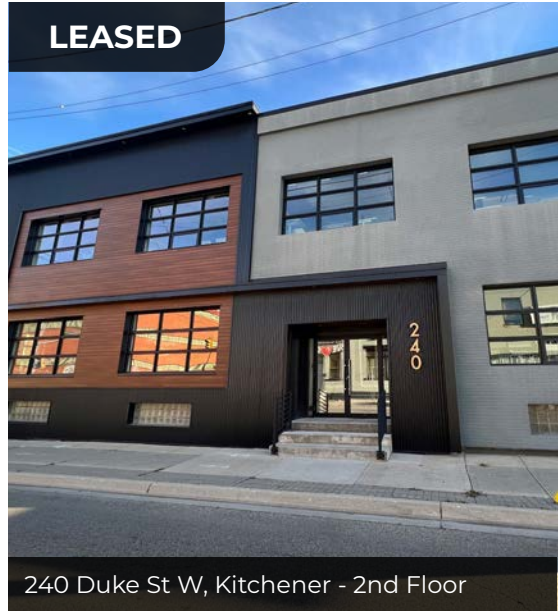
OFFICE NOTES

Catalyst Commons co-working space located at 137 Glasgow St, Kitchener is now fully operational.

Gowling WLG is now operating out of their new space at 345 King St W, Kitchener.

Europo is converting 22 Frederick St, Kitchener to residential (95,855 SF).

Allen Square at 180 King St S, Waterloo has been sold and will be converted to residential.



Notable Office Transactions

57 Erb St W, Waterloo
38,603 SF

435 King St N, Waterloo
30,810 SF

412 Albert St, Waterloo
15,928 SF

410 Albert St, Waterloo
14,969 SF

440 Philip St, Waterloo
14,499 SF

408 Albert St, Waterloo
14,458 SF

675 Riverbend Dr, Kitchener
10,000 SF

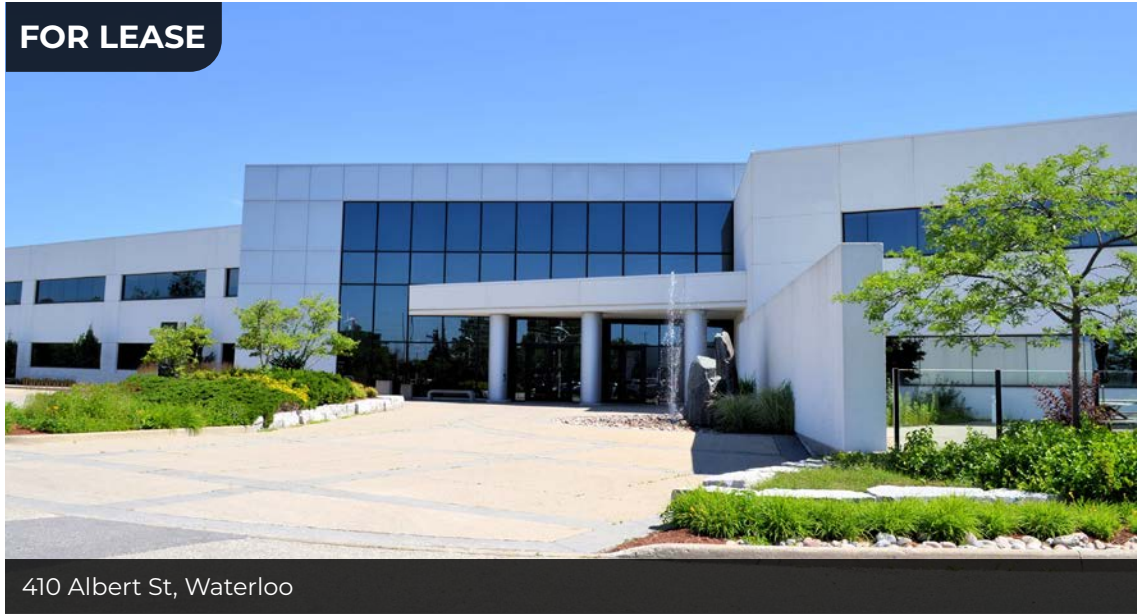
240 Duke St W, Kitchener, 2nd Floor
5,650 SF

619 Kumpf Dr, Waterloo
5,568 SF

1440 King St N, St. Jacobs
4,137 SF

41 King St W, Kitchener, 2nd Floor
3,737 SF

180 Columbia St, Waterloo
2,050 SF



Office Availabilities

440, 441, 451 Philip St, Waterloo
1,700 - 30,000 SF

410 Albert St, Waterloo
13,037 SF

375 Hagey Blvd, Waterloo
7,719 SF

420 Wes Graham Way, Waterloo
2,500 - 6,500 SF

1440 King St N, St. Jacobs
2,000 - 6,000 SF

41 King St W, Kitchener
5,514 SF

510 Dotzert Crt, Waterloo
2,190 - 4,994 SF

55 King St W, Kitchener
3,980 SF

About Us

For over 100 years, WHITNEY & Company has been providing commercial and residential real estate expertise and services to our community and beyond. We are a locally owned and operated brokerage based in Waterloo, Ontario.

As your real estate partner, we will provide you with extensive commercial real estate services such as in-depth market knowledge, investment solutions and advisory services. We will navigate through any market condition to give you the information required to make sound, effective, real estate decisions. At WHITNEY, we offer more than just real estate advice, we go above and beyond for all of our clients.

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

WHITNEY & Company specializes in Leasing and Sales within these sectors:

- Industrial
- Office
- Investment
- Land
- Multi-family
- Retail
- Residential



JOHN WHITNEY, SIOR
Broker of Record, CEO



MICHAEL LAMBERT, SIOR
Sales Representative, President, 2x Olympian



GINGER WHITNEY, SIOR, CCIM
Broker, Vice President



JOE ANSTETT
Sales Representative



RICHIE EVANOFF
Sales Representative



MATTHEW HAYWARD
Sales Representative



**FIND YOUR
PERFECT
PROPERTY**



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