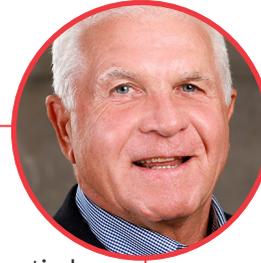


WHITNEY *Insights*

A Report on the Waterloo Region
with a Commercial Real Estate Perspective



Q3 | 2020



MESSAGE FROM THE CEO

It was mid March when the pandemic settled into Waterloo Region. The streets of KW emptied quickly and our population of 618,000 people did an amazing job socially isolating.

Four months later, we've had 119 deaths with 81% of those in long term care homes. Even with these losses, our region faired extremely well compared to other areas.

Naturally, the shutdown has affected the Real Estate Business. The Retail market has been struck a major blow! The restaurant industry is suffering a serious hit and many have announced they won't be reopening. It's good to see most patios open but let's all stay safe!

The office market started 2020 very active. Q2 and into Q3 showed a quieting of the office market as people were not occupying their existing space. We are seeing encouraging signs as tours once again are a regular occurrence...albeit this time with masks and physical distancing.

The strongest part of the market has been the Industrial business. Leasing and sales activity were extremely busy throughout the pandemic. The combination of supply-chain disruption due to tighter borders and more online shopping is driving "Last Mile" warehousing across Southwestern Ontario.

Our big concern is we haven't seen the "distress" hit the market as yet and we know this is just around the corner. This is unfortunately a by-product of a recession.

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INDUSTRIAL MARKET STILL GOING STRONG DESPITE PANDEMIC

The Industrial market has all but shocked many people in the industry. Pre-COVID we were experiencing the lowest vacancy rates and the largest rental rate increases of any asset class in the Region. Since the beginning of March, we have continued to see very strong leasing activity and rates that have largely held the course trajectory of 6 months ago. In fact, our industrial team at Whitney has leased over 200,000 SF in the past 90 days. Industrial sales have also continued to support pre-COVID pricing with off and on market deals still drawing interest and competition.

Though leasing and sales have continued to thrive in the Industrial market, we have seen a slowdown in the Investment sector. The sales and leases occurring are being driven by users who are still storing and producing products, however investors looking to buy leased Industrial assets are displaying their concerns about the economy by putting the deployment of capital on pause.

We still believe it will take time and the termination of the widespread stimulus packages supported by the Federal Government for us to see the true effects on all sectors of the Commercial Real Estate Market.

Whitney and Company has recently Leased the remaining 100,000 SF of vacant space on the main floor at the former Kraus Carpet manufacturing facility in Waterloo. The space was leased by a local warehouse group who is expanding their operations.



ISABELLA RESIDENCES IN UPTOWN WATERLOO

The Isabella Residences will be located at the corner of Princess St W and Dorset St in Uptown Waterloo. This landmark building will be heritage inspired with classic stone and Juliet-style balconies. The building has echoes of the Huether Hotel along its roofline, as well as Art Deco inspiration.

Originally, the design called for a modern contemporary look with brick, lots of glass and large balconies (left photo) It was completely redesigned to reflect a more heritage-type European and early New York style. The current plan calls for 45 units, a mix of suites and a retail aspect on the ground floor.

COMMUNITECH

COMMUNITECH CONFIRMS LEASE THROUGH 2025

Communitech announced that it has renewed its lease at the historic Lang Tannery building and will be continuing to occupy office, meeting and event space at this city landmark through to at least 2025. Communitech has operated an Innovation Hub at the Lang Tannery, at 151 Charles St. W. since 2010. Once the largest producer of sole leather in the British Commonwealth, the Tannery is now home to a clubhouse for the Region's tech community.

Communitech occupies just over 112,000 square feet in the Tannery. In addition to providing work and event space for tech companies and community organizations, the Communitech Hub is home to innovation teams from some of the biggest companies in Canada and from around the world. The Corporate Innovation Partners include TD, Manulife, Rogers, Thomson Reuters and Sonova – as well as public sector innovators like LCBO, the Province of Ontario Digital Service and the Royal Canadian Air Force.

FARM BOY COMES TO WATERLOO

Congratulations to Farm Boy as they continue building their new grocery store in Waterloo. The building is just rising out of the ground at the high-profile corner of King and Weber Street.

The store will open in late 2020 and will be 25,240 SF in size. This location will create 120 new jobs and will continue to offer their farm fresh produce and locally sourced foods.

NORTH ACQUIRED BY GOOGLE

North, formally Thalmic Labs, has been acquired by Google. As part of the deal, North and its team are set to remain in Kitchener-Waterloo and become part of the Google Team. The company will not be shipping Focals 2.0 as previously planned and Focals 1.0 is winding down.

Google committed earlier this year to hire an additional 1,500 employees, on top of the existing 1,000, at its Kitchener-Waterloo office. The Google commitment was part of its plan to build the three new Canadian offices, which would collectively house up to 5,000 employees.



GLOVEBOX DEVELOPMENT UPDATE - 120 VICTORIA ST S KITCHENER

GloveBox in the heart of Kitchener's Innovation District is becoming a reality.

The GloveBox development and surrounding Garment Street Condos continue to evolve. The transformation of the historic and culturally significant brick and beam Huck Glove building to include a state-of-the-art addition has been incredible to watch. With KPMG as the anchor tenant, there is still plenty of room for companies wishing to be at "Center Ice" in Downtown Kitchener.

A new website and brochure for the development have also been created to showcase the latest floor plans, renderings and construction updates. Visit www.gloveboxkw.ca or visit the [Whitney & Company website](#) for more information.

TECH MOVES & HIGHLIGHTS

- **InkSmith** pivoted to become a PPE manufacturer and now has 300 employees and occupies 43,000 SF in Waterloo
- **Monogram** moved to 305 King St W
- **Conexiom** expanded within The Galleria (Frederick at Weber)
- **Client Outlook** was acquired by Mach7 for \$38.5M
- **Vidyard** added 2.8M new users, a 400% increase in the growth rate from the previous quarter
- **Bridgit** raised \$9.4M in a round led by Autodesk that included EDC and others
- **Rapid Novor** raised US\$5M in a round led by Co-Win Ventures. They're also receiving funding/support from the NRC
- **TextNow** hired Ken Willner as Chief Growth Officer - the brains behind the vote by text feature on American Idol
- **Miovision** won deals with the Region of Waterloo (\$2.7M) and Peterborough
- **Axonify** (\$7.2M), **Dejero Labs** (\$5M), **SSIIMWAVE** (\$4.2M), **Intellijoint** (\$4.8M), **KA Imaging** (\$1M), **TeTechS** (\$700k) all received grant funds from FedDev



HISTORIC BRICK & BEAM BUILDING IN DTK, 137 KING ST E

This historic property in Downtown Kitchener is currently getting a new lease on life. Built in 1922, it is an example of early 20th century main street commercial architecture and is a rare survivor of this style of building in Downtown Kitchener. It features a high degree of detail and craftsmanship including a pre-cast storefront, brick and masonry detailing, heavy cornice, and multiple light transoms. From the 1940s through to the 1970s, the building was the location of the Kitchener Conservatory of Music. The property also has a long relationship with various trade unions and labour associations from the 1950s through to 2010, serving as the headquarters of the KW Labour Association.

The building boasts high beamed ceilings, exposed brick walls and all of the charm one would expect from that era. With beautiful new architectural windows, new washrooms and 38 parking spaces (a rare find in the area) you will enjoy going to the office!

Contact Whitney today to view this Exclusive listing. [Read more >](#)

INTERESTED IN DTK PROPERTIES?

There is so much revitalization going on in Downtown Kitchener. Thanks in part to the LRT project, new condos and the many tech companies and world-class international firms such as Google, KPMG, Deloitte, Faire, Communitech, Conestoga College, University of Waterloo and ApplyBoard, the area is now the place to be!

Whitney & Company has many properties available in the area and we would love to show you around one (or two) of them.



FOR LEASE - 1 Queen St N



FOR LEASE - 151 Frederick St



FOR LEASE - 93 King St W



FOR SALE - 541 Queen St N



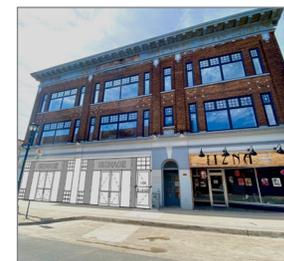
FOR SALE - 17 Benton St



FOR LEASE - 44 Queen St S



FOR LEASE - 165 King St W



FOR LEASE - 137 King St E



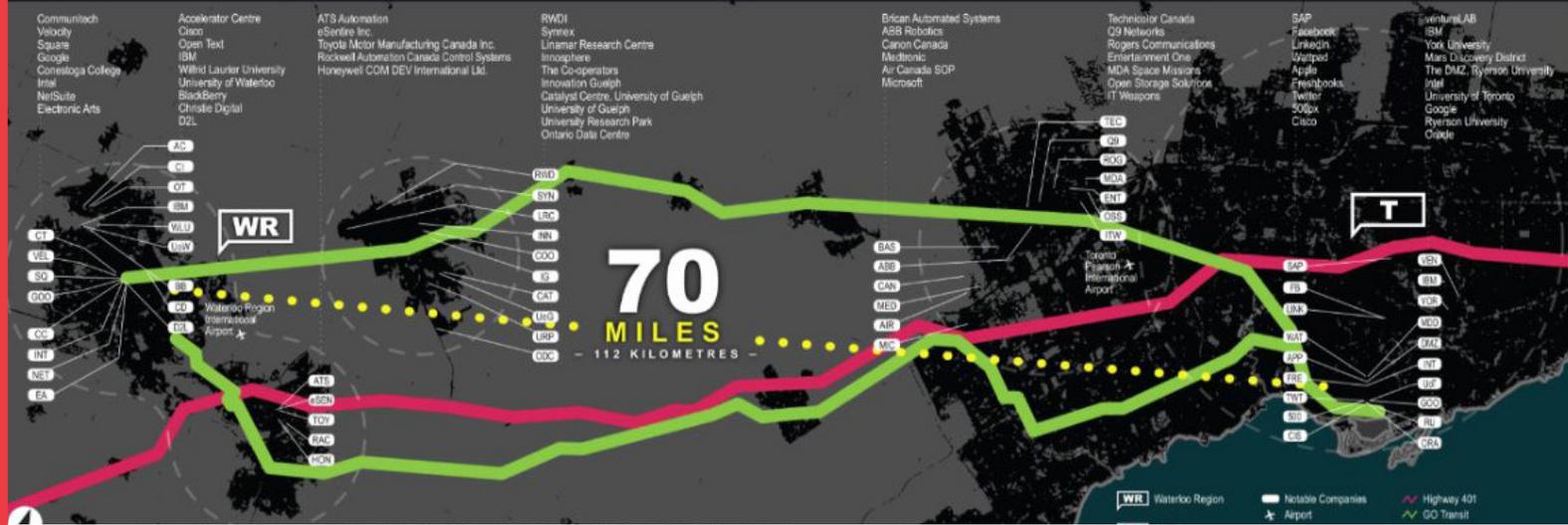
SOLD - 42 College St

\$104M NORTHFIELD TRANSIT FACILITY

The \$104,330,000 GRT maintenance facility on Northfield Drive is under construction and slated to be finished in the spring of 2022.

The over 300,000 SF facility will be used for storage and maintenance of the growing fleet. In coming years, GRT is expected to add articulating and electric buses. The facility will have enough room to house over 200 buses and a dozen repair bays.

The facility's location in North Waterloo is also significant to allow expanded service to the Townships.



WHAT IS THE TORONTO-WATERLOO CORRIDOR?

When you put Toronto, Waterloo region and all of the surrounding communities together, you get the Toronto-Waterloo Corridor. It is not only one of the primary drivers of Canada's economy, but it compares favourably to some of the world's biggest economic regions. All together, we have a population of more than 7 million people, which equals the Bay Area in California.

5 Things to Know about the Toronto-Waterloo Corridor

One of the world's largest tech clusters - The Toronto-Waterloo Corridor is the largest tech cluster in North America outside of Silicon Valley. The area is home to more than 15,000 tech companies, including 5,000+ start-ups, and nearly 300,000 employees in the technology industry.

Talent for growing businesses - The Toronto-Waterloo Corridor has an exceptional talent pipeline, with 423,000 students across 16 post-secondary institutions. Our talent pipeline and ability to attract experienced talent from around the world are the reasons why major tech companies like Google, Shopify, IBM, SAP, Ubisoft and Oracle have chosen to locate here

A perfect location for B2B and B2C - The Corridor is almost directly in the middle of America's Eastern Seaboard and Midwest with Toronto's Pearson Int. Airport located right in the middle of the corridor. For B2C companies that means access to 150+ million consumers within one day of driving and only hours to many major cities.

Diversity that makes us stronger - This is one factor that really sets the Corridor apart. Toronto is well-known as one of the most diverse cities on the planet and Canada has one of the world's best tech-related work permit/visa programs. As a result, more than 40% of the Corridor's residents are foreign-born.

Opportunities for businesses of all shapes and sizes - The biggest differentiator between the Toronto-Waterloo Corridor and similar ecosystems across North America is our business diversity. The diversity in terms of business types, sizes, industries and costs is unmatched in North America. Whatever your business does, one of the Corridor's communities is likely the perfect landing spot for an expansion.

Original article by the Waterloo EDC

last word

SUPPORT LOCAL

As we move through the phases of reopening and settle into our “new normal”, remember to support local! Many of our local businesses are finding creative ways to continue to provide excellent products & services while prioritizing safe spaces and the communities’ health. Whether its groceries, coffee, alcohol/beer or takeout, think local and try out some of the awesome businesses located in Waterloo Region (most offer delivery and/or curbside pick-up).

NEW BUSINESS

[UpMarket](#) has opened at 703 Belmont Ave. W. in Belmont Village.

[Revive Game Bar](#) is moving into the old Harmony Lunch building in Waterloo.

[F45 Training](#) opened at 620 Davenport and also at 2840 Homer Watson Blvd.

[Browns Social House](#) will be the anchor restaurant at Blackstone Condos, 255 Northfield Dr.

[Loft106](#) has opened at the Bauer Shops in Uptown Waterloo.

[Four All Scoop Shop](#) has opened in Uptown Waterloo at 75 King St S (Willis Way).

[Wilhelm's](#) in Belmont Village has reopened.

[Bud and Sally Cannabis Co](#) opened in Uptown Waterloo at 32 King St S.

[Dogtopia](#) dog daycare opened at 73 King St W in Kitchener.

[Phlippens](#) handcrafted sauce opened a shop at 341 King St E in Kitchener.

[The Princess Bottle Shop](#) sidewalk beer shop is opened at the Princess Cafe 46 King St N.

[Three Tides Wellness](#) opened at 160 King St S in Waterloo.

Amazon is opening a 136,000 SF distribution centre at 125 Maple Grove Rd in Cambridge.

Front cover image: Tomasz Adamski Photography, www.adamskitom.com



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