Steady absorption supports Waterloo Region industrial market

▼ 6.6% Availability Rate

▼ 208K SF New Supply

▼ 1.0M SF Under Construction

▲ $12.97 PSF Avg. Asking Lease Rate

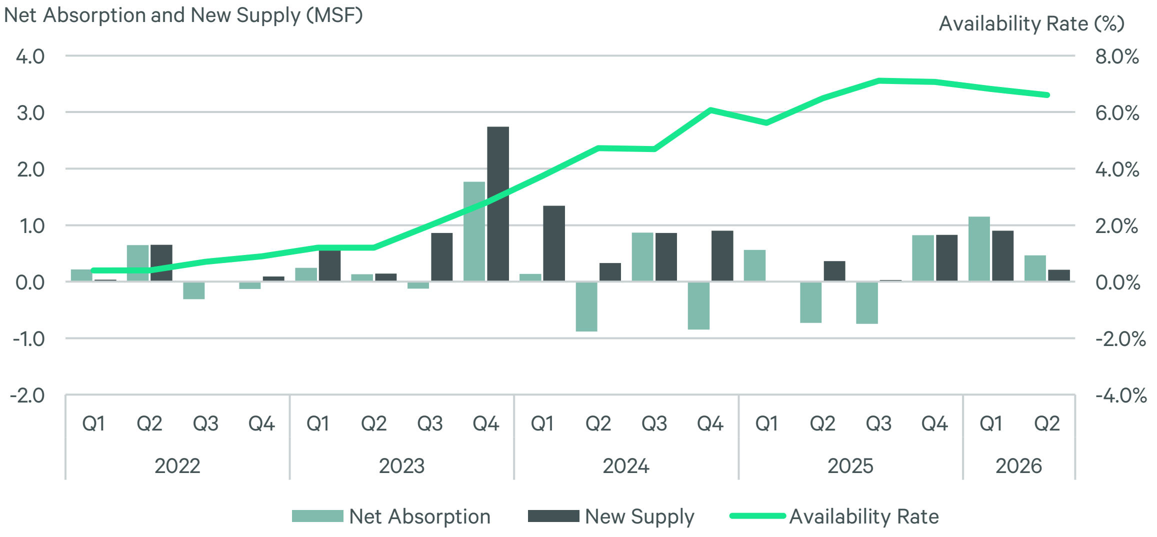
▲ $261.97 PSF Avg. Asking Sale Price

Note: Arrows indicate change from previous quarter.

Executive Summary

- The Waterloo Region recorded 463,000 sq. ft. of positive net absorption in Q2 2026, bringing the year-to-date total to 1.6 million sq. ft. Demand remains steady despite leasing activity moderating from recent peak levels.
- Market conditions tightened during the quarter, with availability declining 20 basis points (bps) to 6.6%.
- Approximately 1.0 million sq. ft. of industrial space remains under construction, although development activity has become more measured than in previous years.
- Asking sale prices remained stable at $261.97 per sq. ft. during the quarter. Limited price movement reflects balanced market conditions and a continued period of normalization.

FIGURE 1: Midwestern Ontario Industrial Supply & Demand Fundamentals



Source: CBRE Research, Q2 2026.

Net absorption and leasing activity

Waterloo Region's industrial market recorded 463,000 sq. ft. of positive net absorption in Q2 2026, bringing the year-to-date total to 1.6 million sq. ft. Positive cumulative net absorption was recorded through the first half of 2026, a notable improvement over 2024 and 2025, when net absorption remained in negative territory at the mid-year mark.

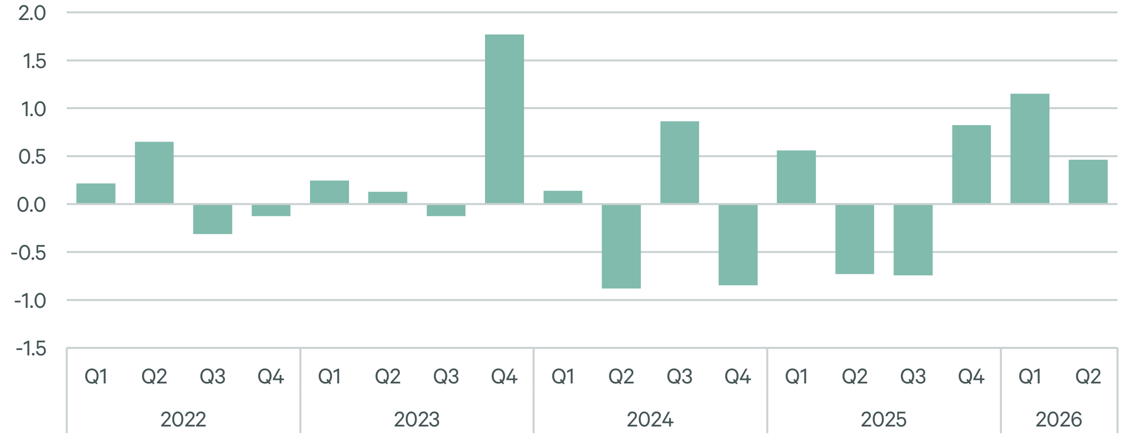
Market conditions tightened this quarter as the availability rate declined 20 bps to 6.6%. Although availability remains above the 5.6% recorded at the start of 2025, the recent downward trend indicates that demand is continuing to absorb existing inventory, supporting stable occupancy fundamentals across the region.

Under construction activity moderates while sale prices remain stable

The development pipeline has moderated in recent quarters, with 1.0 million sq. ft. of industrial space under construction. Notably, the majority of projects underway are design build developments, reflecting continued caution toward speculative construction. Additionally, asking sale prices remain virtually unchanged at $261.97 per sq. ft. this quarter and have remained largely stagnant year-over-year.

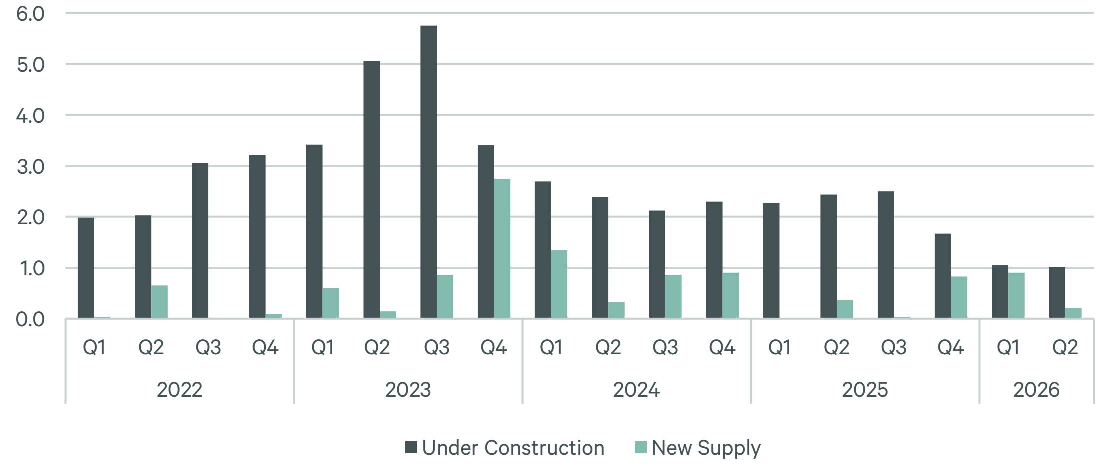
Development completions have slowed considerably from the elevated levels recorded in 2023, when more than 3.4 million sq. ft. of industrial product was delivered to the market. In comparison, year-to-date completions total 1.1 million sq. ft. in 2026, reflecting a more measured pace of development as builders respond to evolving market conditions.

FIGURE 2: Historical Net Absorption (MSF)



Source: CBRE Research, Q2 2026.

FIGURE 3: Under Construction and New Supply (MSF)



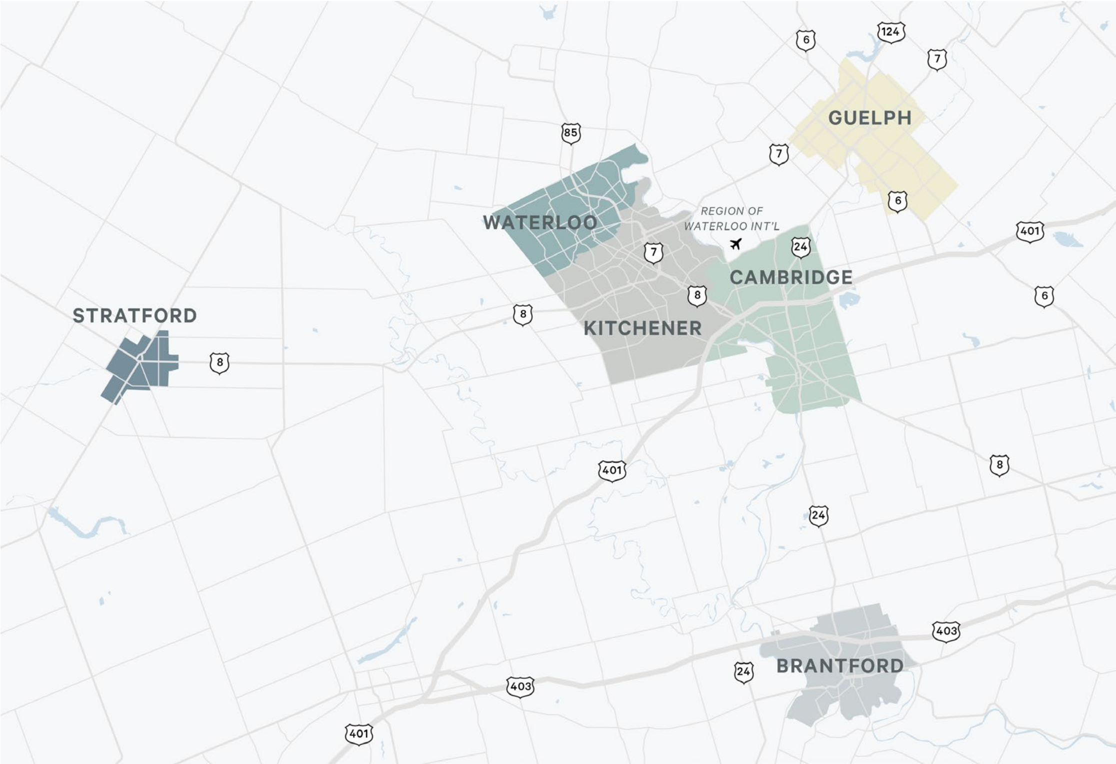
Source: CBRE Research, Q2 2026.

FIGURE 4: Industrial Market Statistics Summary

Submarket	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	Quarterly Net Absorption (SF)	Yearly Net Absorption YTD (SF)	Under Construction (SF)	Net Asking Rent (PSF)	Avg. Asking Sale Price (PSF)
Kitchener	24,483,559	7.0%	4.1%	72,096	325,314	0	$12.84	$318.24
Waterloo	8,711,405	5.8%	0.7%	-54,716	61,025	240,692	$12.27	$334.93
Cambridge	37,317,031	8.0%	5.3%	187,710	527,490	93,471	$13.13	$296.20
Waterloo Region Total	**70,511,995**	**7.4%**	**4.3%**	**205,090**	**913,829**	**334,163**	**$12.95**	**$308.64**
Guelph	22,392,020	7.4%	4.1%	-13,448	-213,299	0	$14.28	$262.31
Brantford	25,528,341	5.1%	2.0%	191,838	843,752	503,219	$11.66	$165.59
Stratford	7,104,191	2.0%	0.0%	79,953	70,891	176,586	$10.41	$144.06
Overall Total	**125,536,547**	**6.6%**	**3.6%**	**463,433**	**1,615,173**	**1,013,968**	**$12.97**	**$261.97**

Source: CBRE Research, Q2 2026.

Market Area Overview



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