



Waterloo Investment Report September 2016



Table of Contents

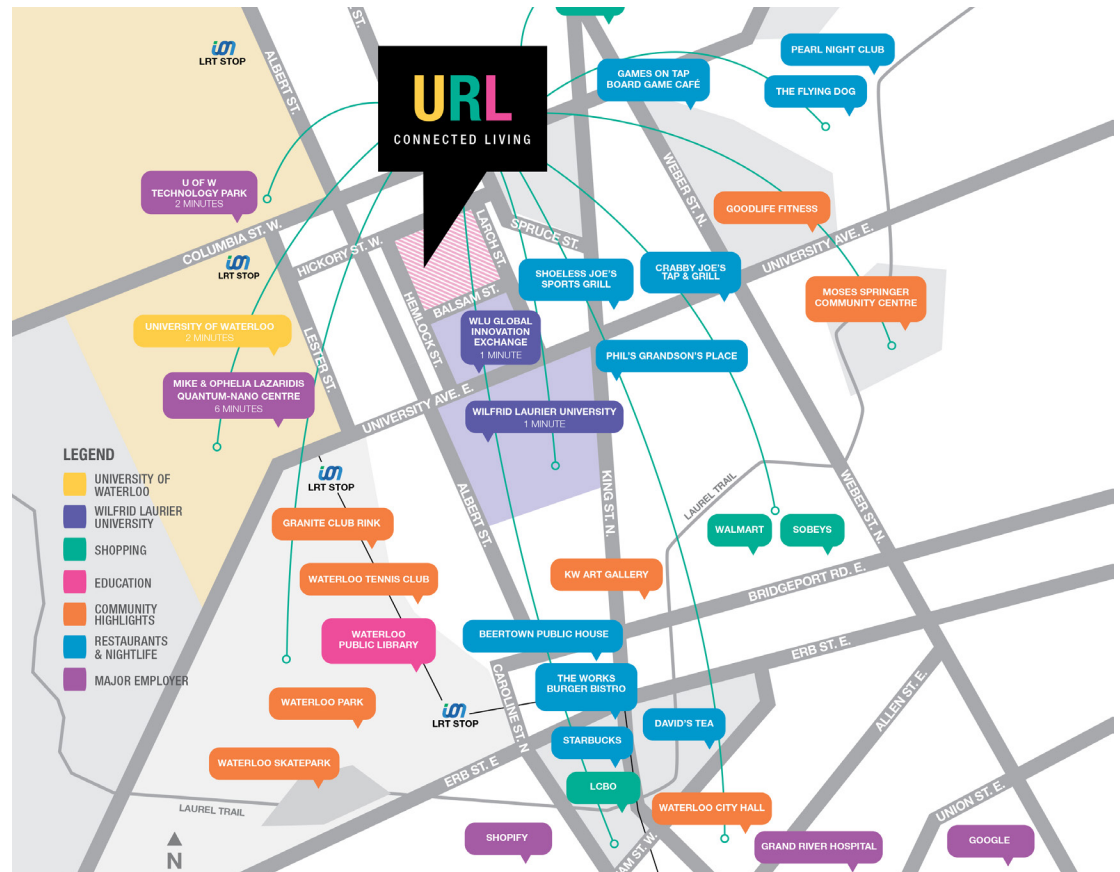
3	Overview
4	City of Waterloo & Strong Real Estate Market
5	Growth Through Innovation and Education
6	Rental Market
7	World Class Education
8 - 9	Leader in Innovation & Innovation Hubs
10	Silicon Valley North
11	Connectivity - The New LRT Line
12	Why Invest in Sage Platinum
13 - 14	References



Overview

This report focuses within the following Waterloo boundaries, from the Innovation Triangle extending from Uptown Waterloo and the Innovation district, to the University of Waterloo, Wilfrid Laurier and Technology Park. This area has been experiencing rapid growth drawing attention from individual and institutional investors. There are two highly correlated primary drivers for this growth; new technology jobs from startups and global power houses like Google, and the organic growth of the two Universities which supply those companies with co-op students, as well provide highly qualified graduates.

Waterloo has seen two major shifts in the last few years both due to the massive layoffs at Blackberry that began in 2011. Firstly, talented engineers and entrepreneurs used the influx of highly qualified workers and cheap office space to start new companies, with over 500 new companies launched in 2014 alone! Secondly, global technology companies like Microsoft, Google and Foursquare (to name just a few), which for years have been recruiting graduates have setup local offices instead of relocating them to Seattle or Silicon Valley. Even Canadian technology companies are setting up satellite offices in Waterloo focused on product development like Shopify's recent move to a 40,000 sq ft office space.



“Waterloo right now, I have to believe, is one of the best places in the world to build a technology company,” says Dave Caputo, CEO and co-founder of Sandvine Inc.

It is expected that the number of start-ups and international companies will continue to grow as infrastructure continues to develop and the schools continue to produce top candidates. With the weakening Canadian dollar and millions in available tax incentives from multiple programs, the business case for international as well as local companies investing in Waterloo will continue to strengthen..

As Waterloo continues to attract interest from angel investors and venture capitalists there will be improved access to funding capital, which will drive the demand for housing as workers and students look for housing accommodations close to their place of business.

City of Waterloo

A large temporary student population drives rental rates in the City of Waterloo

The City of Waterloo, while the smallest (home to 98,000 residents) of three municipalities in the Region, is home to the vast majority of technology office space, innovation hubs as well as two Universities, and a college campus.

The City is home to large employers such as Sun Life Financial, The University of Waterloo, Manulife Financial, Blackberry, and Wilfrid Laurier University. Additionally, three major think tanks call Waterloo home including the well-known Perimeter Institute for Theoretical Physics. These companies chose Waterloo because of the access to a well-educated, young workforce, the urban sustainable environment, and a prime location along the 401 corridor in proximity to the Greater Toronto Area.

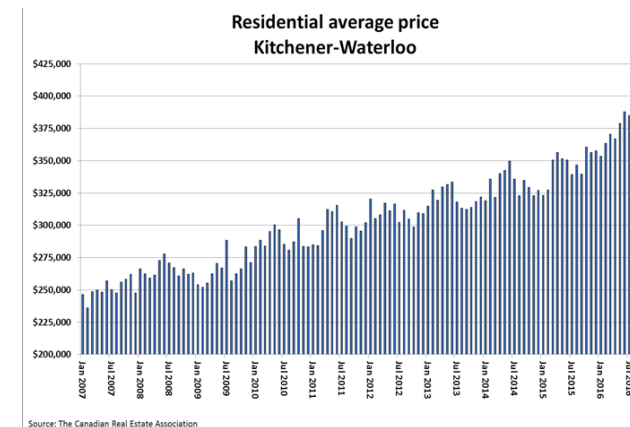
Students are also choosing Waterloo because of the Universities unique and dynamic programs providing hands-on experience, an innovative culture and the opportunity to mingle with tech and business industry leaders of today and tomorrow.

“We believe there's this future where Waterloo is one of the top cities for technology in the world,” – Ted Livingston, CEO of chat app Kik, Canada's largest homegrown social media company.

Strong Real Estate Market

Real Estate Home Sales for August 2016
Source: The Canadian Real Estate Association

Average Single Detached Homes: increased 20.9% over last year
Average Semi-Detached Homes: increased 5.5% over last year
Average Townhome: decreased 10.2% from last year
Average Condominium: increased 7.9% over last year



Growth Through Education & Innovation

The Region of Waterloo, situated just an hour west of the Greater Toronto Area, boasts world-class post-secondary institutions, technology start-ups and successful businesses, as well as a growing population and increasing household income

With over 65,000 post-secondary students attending university, investing in the Waterloo student housing market is a sustainable investment. Rental vacancy rates in the region are a low 2.4%, versus 2.9% which we see nationwide. Waterloo's luxury housing projects often have waitlists for available spots due to the shortage of high-end luxury rental properties.

Known as "Canada's Silicon Valley", the region of Waterloo continues to attract technology start-ups and well-known companies such as Microsoft, Google and Open Text. There is a demand for both residential and commercial spaces, as new residents and businesses set up and grow in the region

Construction and investments in the region have been on the rise. Last year, the total value of building permits for new construction was \$1.27 billion, \$824 million of that for residential construction, which is a staggering 65% increase from 2013,

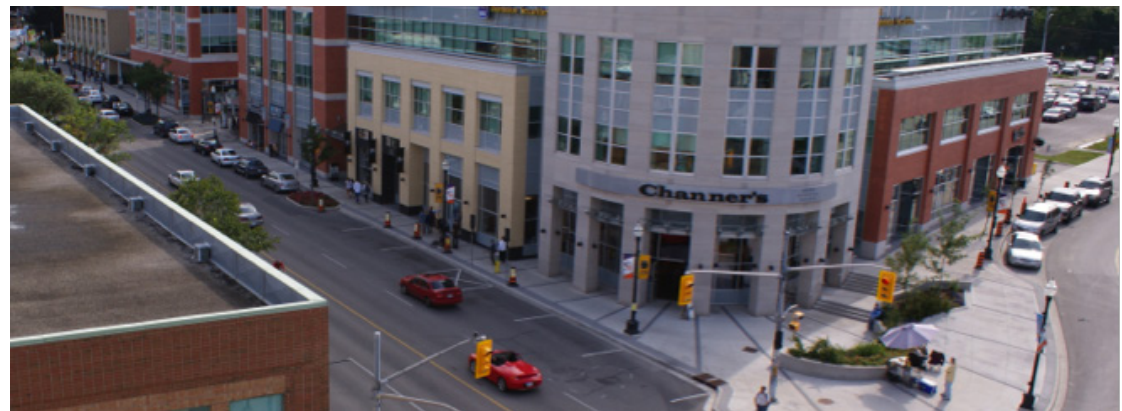
Population in 2015: 568,500

Population in 2006: 478,121

Population Growth 2006-2015: 18.90%

Annual Population Growth: 2%

Expected Population in 2031: 701,000



"Internationally, [Waterloo's] reputation is off the charts. I'm not sure Canadians understand that." – Steven Wood, Google, University of Waterloo PhD graduate.

Rental Market

Waterloo Vacancy Rates:

Source: CMHC 2014

Overall Vacancy 2.4%

Compared to London 2.9% Ottawa 3.4% Peterborough 2.9%

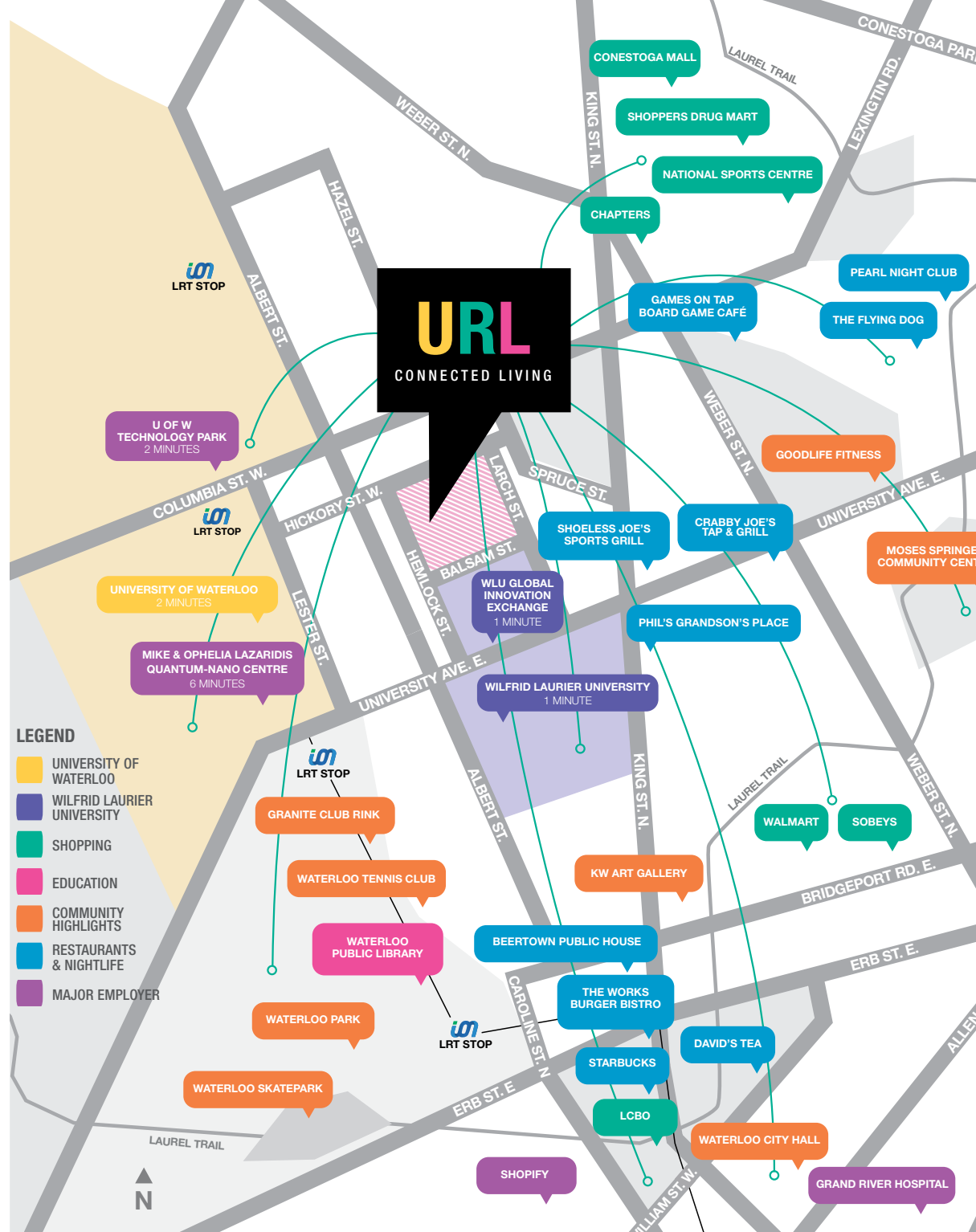
Bachelor: 1.4%

One Bedroom: 1.7%

Two Bedrooms: 2.7%

Three Bedrooms: 3.4%

These low vacancy rates suggest a strong demand for rental housing in Waterloo. Vacancy rates have gone down again in 2014 - 2015 & rents increased again by 1.0%. 689 units were brought into the rental market in 2015, suggesting new supply was welcomed and absorbed given the low vacancy rates and increasing rental rates. While not directly tracked by CMHC the more focused area of this report has seen all the new construction projects fully tenanted with waiting lists to lease prior to the buildings being fully built. Reports from the major property managers in the area noted a changing tenant composition from being over 90% students to a more balanced 50% student and 50% professional. This reflects the growth of technology jobs in the area and the demand for furnished rentals.





World-Class Education

Waterloo is home to two world-renowned Universities:
The University of Waterloo and Wilfrid Laurier University as well as the industry leading Conestoga College.

The University of Waterloo



Enrollment: 35,000
Alumni: 163,000
Residence Spaces: 5,148
Number of students living off campus: Approximately 30,000

Notable Alumni: Mike Lazaridis- Co-Founder of Research in Motion(nowBlackBerry),John Baker–FounderofDesire2Learn and Gaston Gonnet – Founder of Open Text Corporation).
Distinguishing Feature: Canada’s largest co-op program of its kind in the world. Over 17,000 students take part in a co-op program,providing them with real world experience,and paycheques before graduation. As such, 95% of grads report finding a job related to their degree compared to the provincial average of 73%.

“There is no other institution in this world that does co-op like we do,” --Feridun Hamdullahpur, President of The University of Waterloo

Wilfrid Laurier University



Enrollment: 19,000
Alumni: 88,264
Residence Spaces: 2,800
Number of students living off campus: Approximately 15,000

Distinguishing feature: Largest business degree co-op program in Canada. Enrolment at the University has jumped in the past 10 years. Expansion Plan: In 2016, the Lazardis School of Business & Economics (the largest faculty at the University, named after the co-founder of Research in Motion) will move to a new \$103 million dollar facility on University Avenue.

Home to Canada's Largest Business Degree Co-Op Program in the Country

Conestoga College



Enrollment: 11,000
Alumni: 84,000
Residence Spaces: No residence available at the Waterloo campus

Distinguishing Feature: Provides program partnerships with Universities such as McMaster and the University of Windsor. Unique programs such as Electronic Systems Engineering and International Business Management Conestoga provides a valuable counterpoint to the other two more research based institutions adding varied skill sets from Mechanical Systems Engineering, and International Business Management.

Unique programs such as Electronic Systems Engineering and International Business Management

Leader in Innovation & Innovation Hubs

Waterloo is considered a leader in technological innovation and touted as one of the best places in the world to build a technology company. While Waterloo does not possess mountains or oceans, it does possess second-to-none innovation hubs with an intelligent, highly educated population and the synergies between countless start-ups and successful companies that are leaders in their technological fields. Waterloo is home to the smartphone, the touch screen and countless other technologies used worldwide.

Waterloo is home to many innovation hubs that spur investment in company ideas and new technologies. These hubs attract investors from around the world, new businesses, motivated students and professionals bringing new residents to the city and region.



Communitech

A well-respected innovation hub that helps companies succeed. Over 1,000 companies are a part of Communitech, from small start-ups to multi-national corporations. In 2010 some 155 start-ups registered with Communitech; that figure doubled the following year, and topped 500 in 2014. By creating a collaborative and innovative space for entrepreneurs, Communitech is able to provide a home base, venture capital, career development and effectively increase idea generation for countless individuals and businesses.

CIGI

A hub of Canadian based study and research, partnering with the Balsille School of International Affairs. CIGI provides a source of policy research and is a destination for international leaders to gather and present issues effecting us globally.



Leader in Innovation & Innovation Hubs

What do all of these Innovation Hubs mean for Waterloo? It means dedicated investment, nurturing of new business start-ups and mentorship from successful companies and entrepreneurs. Success builds on success.

Accelerator Centre

Aiming to build start-up companies into household names by helping to increase revenue, attract customers and increase investment. The Centre provides an in-house mentorship program, nurturing entrepreneurs and businesses as they grow.

Global Innovation Exchange

Within Wilfrid Laurier University, the Global Innovation Exchange will house the School of Business and Economics as well as the Mathematics department. This \$103 million dollar building, slated for completion within the next few months will consist of an innovative design, enhancing synergies between the faculties. Superior technology signals the importance of Laurier as an innovator in the Waterloo region, and its prominence in the high-tech business sector.



The Mike & Ophelia Lazaridis - Quantum Nano Centre

An architectural marvel at the heart of the University of Waterloo campus. It is designed to spark conversation and collaboration between multi disciplinary researchers, attracting the world's top scientific minds to Waterloo. The building features convertible rooms that can transform into different collaborative spaces hosting conferences, public lectures and meetings.

U of W Science Complex

The University of Waterloo will also be expanding their campus with a \$95 million Science Complex with more than 215,000 square feet for classroom and innovation space in bio-based chemistry, nano-science, quantitative biology, metagenomics and synthetic biology. This building will support emerging fields in science and allow experiential learning in hands-on labs. This bold new complex is expected to be completed 2018.

Focus on Google

Google will be moving their headquarters to King Street West and Breithaupt Street, just north of Downtown Kitchener, and only a few minutes from Uptown Waterloo and the Universities. The 185,000 square foot building, signed on a 10-year lease will accommodate the 300-person workforce as well as new employees Google is expecting to hire. The restored industrial building will include accents of bold new architectural features and the well-known Google colours.

Due to the average price to lease in Mountainview, California is approximately \$90/USD per square foot, it makes the most fiscal sense to Google to set up shop in Waterloo, as the comparison per square foot \$15/CAD. Further to that, Google recruits many of its professionals from Waterloo's universities. Rather than relocating them to the USA, Google has made the smart choice to keep its employee's closer to their home and niche, most likely keeping its employee's happy with them being close to their families and friends. This is a win-win, as Google gets major tax breaks from multiple levels of Government and also pays less for the workforce.



Silicon Valley North

Waterloo is home to eight of Canada’s largest tech companies, with revenues exceeding \$15 billion including BlackBerry and Open Text Corporation. International brands have taken note of this tech cluster and have opened offices in the Region. These include Square, Netsuite, Intel, Google, 3M, and Electronic Arts.

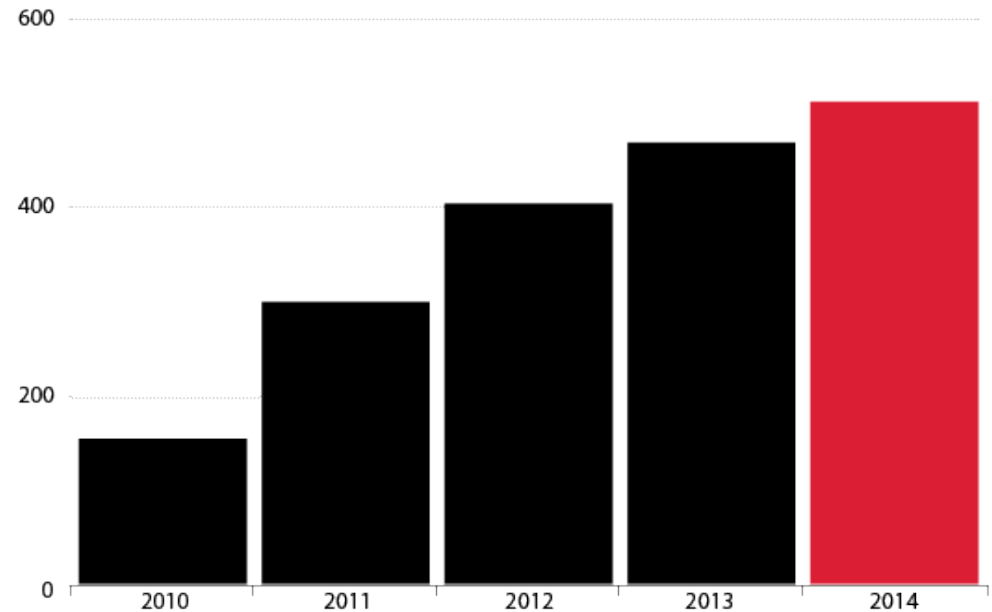
Why Waterloo? Tax credits, providing returns of up to 47% on research and development makes the area incredibly attractive. Additionally, a highly educated workforce from the local universities and the close proximity to the Greater Toronto Area. The close proximity keeps these technology hubs inclusive to the multinational corporations found in the GTA while keeping business costs down and is also close enough to an International Airport, for world-wide travel.

In the past four years, Waterloo has seen over 1,800 start-ups, with over 500 coming live in 2014 alone. In the past five years, over \$647 million dollars of capital has been invested in start-ups within Waterloo, signaling strength in the tech boom.

The Ontario Government is backing the Waterloo tech boom by showcasing top talent to savvy Silicon Valley investors. The event, Venture North, starting September 14th of 2016, will bring in 25 American investors and 30 of the region’s most innovate entrepreneurs and businesses together. The Government has also teamed up with C-100, providing a network of mentors, business leaders and investors who are all dedicated to the growth of innovation in Canada. On September 16, 2016 there is a one day seminar: “Waterloo Innovation Summit”. This day long seminar will be devoted to showcasing exclusive Waterloo talent while all other seminars are 1-2 hours.



Startups registered in the K-W region



SOURCE: COMMUNITeCH

Connectivity (The New LRT Line)

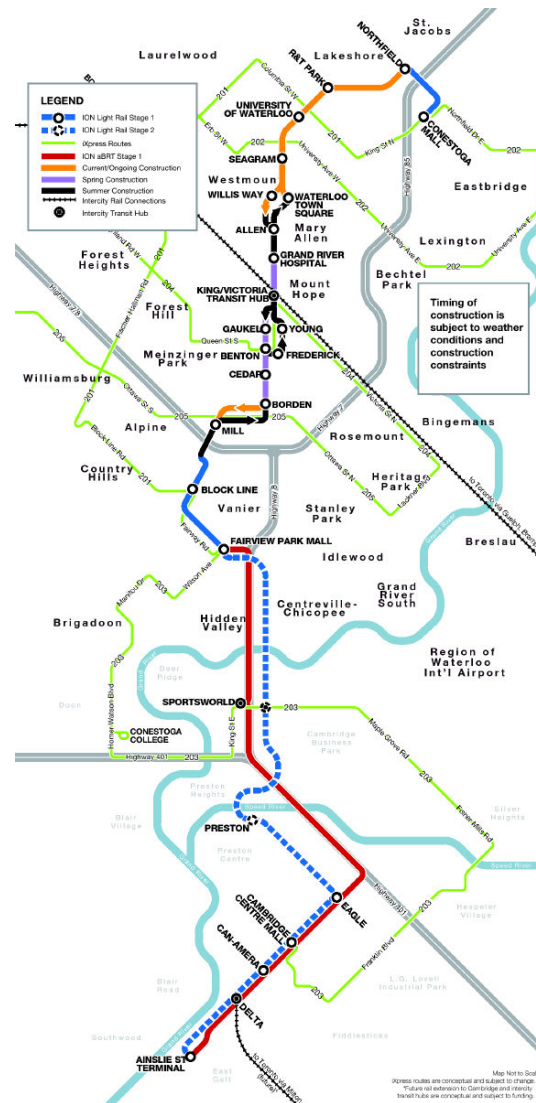
Connectivity is an integral piece of creating a livable, vibrant and desirable location. Waterloo is a great example of a growing Region that understands this principle, and is making active efforts to increase connectivity for its residents, students and businesses.

Rapid Transit

The Region of Waterloo is investing heavily in public transit infrastructure currently constructing Phase One of a light rail rapid transit line (called the ION), that will span from Conestoga Mall in Northern Waterloo, to Fairview Park Mall in South Kitchener. This 19-kilometre line is set to open in 2017, providing rapid rail transit for the first time in the Waterloo Region. In addition, bus rapid transit (BRT) infrastructure will be constructed from Fairview Park Mall to the Ainslie Street Terminal in Cambridge. In all, the project will stretch 36 kilometers (six kilometers longer than the Yonge-University-Spadina subway line in Toronto), to provide a more efficient, reliable and convenient way to travel.

Phase Two of the project will connect Kitchener to Cambridge by light rail, mostly following the BRT route, creating a seamless connection to the entire Region. In total, the project will cost \$818 million to construct, funded by all three levels of Government as they see the need for greater connectivity given strong population and employment growth in Waterloo.

The ION trains are expected to operate every eight minutes during rush hour and from every 10-15 minutes the rest of the day, providing frequent service and getting rid of the need to plan around a transit schedule.



The rapid transit line will connect the Research and Technology park to the University of Waterloo, Wilfrid Laurier University, Uptown Waterloo, the Innovation District (including Google headquarters) and the GO/VIA station, among many others. As many young millennials are ditching their cars, the ION will provide an alternative and easy connection between all the amenities, Universities, and Innovation parks the Region has to offer. Millennials, and especially students are twice as likely to take transit, and a walkable, transit accessible location is an increasing factor of where millennials choose to live says the Public Interest Research Group. Any home within an 800 meter distance from a station will see increased property value and will be able to demand higher rental rates. As Waterloo continues to attract these students and workers, connectivity and walkable neighbourhoods will be of ever increasing importance.

GO Transit

Since Labour Day of 2015, Kitchener has enjoyed increased GO train service to Downtown Toronto. There are two morning rush hour trains, leaving Kitchener at 5:49am and 7:10am, and two evening trains that depart Union station at 4:50pm and 5:50pm. This service provides easy, and seamless access to the heart of Downtown Toronto and enables business and client meetings with companies headquartered in Toronto, Brampton, Georgetown, and Guelph. In 2016, service is to increase by four more trips per weekday, with improvements to the line, including an additional track to cut 30 minutes off the commute, creating more efficient and faster connectivity to the GTA.

Why E Squared Developments?

With over 15 years of experience, E Squared Developments has pursued excellence in every aspect, specializing in high quality residential developments.

To date their under development and built projects are in the Billion Dollar range.

E Squared has a diverse portfolio of over 25 rental buildings and over 5000 units, ranging from low rise properties to an award winning 24 storey address. Consistently delivering superb quality and attention to detail. Some of their other past accomplishments include Carriage Trade Homes and Medical Buildings.

E Squared Developments, with strategically prime locations, continually strive to provide purchasers with solid quality and a sense of security, by creating the best possible product on the market.



Why Invest In URL Condos?

- Location: Next to Wilfrid Laurier & Steps to University of Waterloo & Technology Park
- Walk to LRT, shops and dining
- Home to many of the largest companies in the world
- Opportunity to Invest in high demand 1+2 Bedroom with a close to zero vacancy
- Be apart of Waterloo's first master planned community

Incentives for Insider Condo Club clients:

1. 2 Years Guaranteed Rental Income
2. FREE Property Management for 2 Years
3. 2 Years NO Maintenance Fees
4. FREE Deluxe Furniture and Appliance Package
5. FREE Assignment (\$500 value)



Development Name:	URL Condos
Location:	275 Larch
Construction Type:	Condominium
Building Type:	New Construction
Occupancy:	Summer 2018
Stories:	6
Resident Units:	380

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