

Demand remains resilient as availability holds steady

► 5.0%

Availability Rate

▲ 2.4M

SF New Supply

▼ 9.0M

SF Under Construction

▼ \$16.07

PSF Avg. Asking Lease Rate

▼ \$372.26

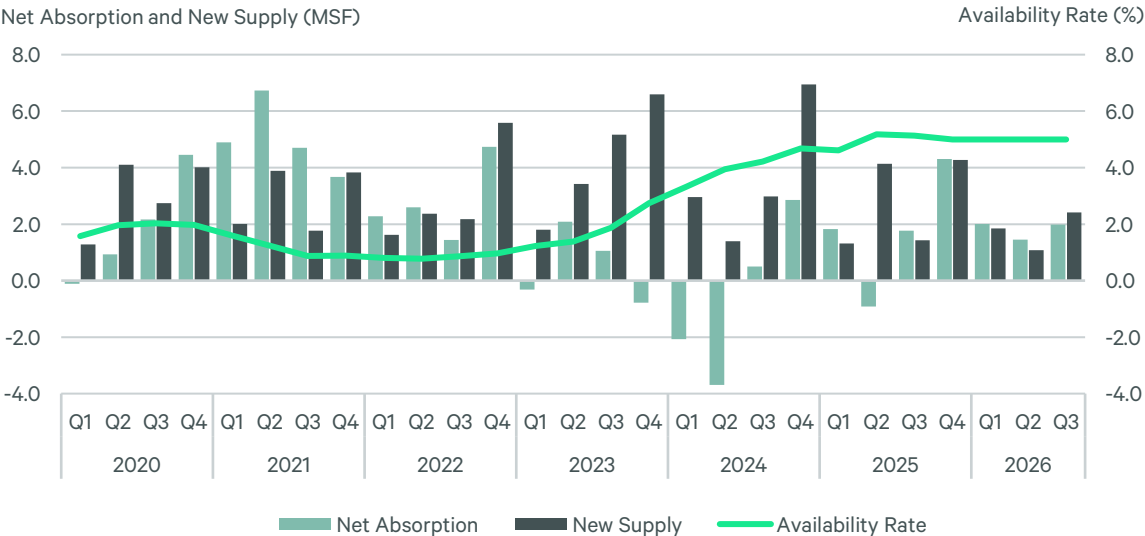
PSF Avg. Asking Sale Price

Note: Arrows indicate change from previous quarter.

Summary

- Market conditions remained resilient as tenant demand absorbed both existing and recently delivered new supply, keeping the availability rate unchanged at 5.0% for a fourth consecutive quarter.
- The Greater Toronto Area (GTA) recorded 2.0 million sq. ft. of net absorption in Q3 2026, extending its run of positive net absorption to five straight quarters.
- At 5.4 million sq. ft., year-to-date net absorption has exceeded totals recorded over the same period in each of the previous three years.
- Despite a 12th consecutive quarter of declining asking rents, the quarterly decrease was relatively minor.
- A notable 24 buildings, totaling 2.2 million sq. ft., broke ground in Q3 2026, including 23 speculative projects.
- The 2026 new supply forecast remains largely unchanged at 8.4 million sq. ft., inclusive of product already delivered this year.

FIGURE 1: Greater Toronto Area Fundamentals – Historical Analysis



Source: CBRE Research, Q3 2026.

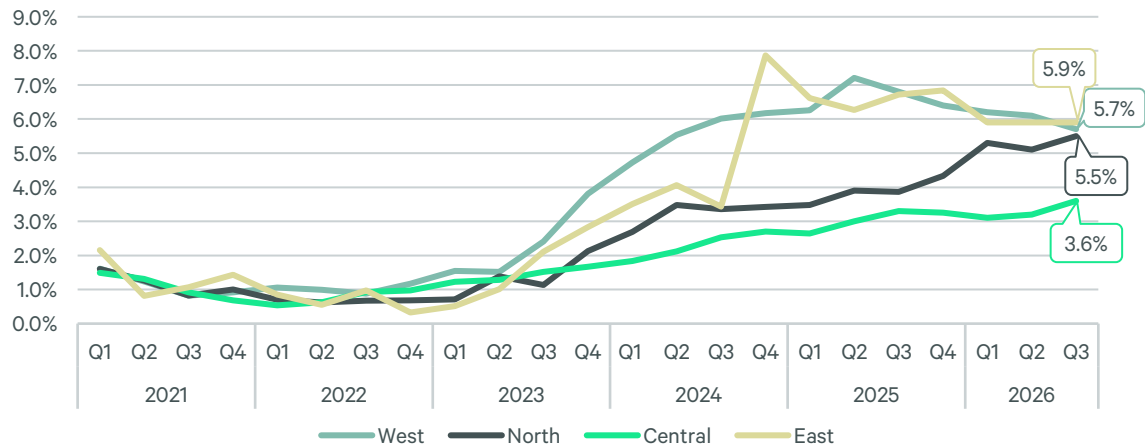
Availability and Demand

Market conditions remained resilient as tenant demand absorbed both existing and recently delivered new supply, keeping the availability rate unchanged at 5.0% for a fourth consecutive quarter. The GTA recorded 2.0 million sq. ft. of net absorption in Q3, extending its run of positive absorption to five straight quarters. At 5.4 million sq. ft., year-to-date absorption has exceeded totals recorded over the same period in each of the previous three years. For larger tenants, renewals are performing well, while competition for new deals has intensified, leading to significant leasing velocity that may be understated by absorption metrics. Tenants have largely adapted to the post-tariff environment and are increasingly active in markets where leasing opportunities remain below peak pricing. The market continues to exhibit a strong flight-to-quality trend, supporting demand for modern logistics facilities in core GTA West nodes. Oversupplied markets are increasingly being absorbed, while primary locations are demonstrating greater stability than secondary markets. Limited new construction starts in certain size segments are beginning to create tighter market conditions.

Sublet availabilities saw a 305,000 sq. ft. quarterly decline to 6.2 million sq. ft. but remain elevated relative to historical levels. Meanwhile, direct lease availabilities above 100,000 sq. ft. continue to dwindle, declining by 3.2 million sq. ft. year-over-year to 18.8 million sq. ft.

Toronto West was the only market to post a decline in availability, with the rate decreasing by 40 basis points (bps) quarter-over-quarter to 5.7%, marking its lowest level since Q2 2024. Meanwhile, Toronto East's availability rate remained unchanged at 5.9% for the third consecutive quarter. Toronto North and Toronto Central both experienced a 40 bps increase, reaching 5.5% and 3.6%, respectively.

FIGURE 2: Availability Rate by Region of Toronto (%)



Source: CBRE Research, Q3 2026.

FIGURE 3: Total Existing Available Space by Size Range (MSF)

Total Available Sq. Ft.	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
10,000 to 49,999 sq. ft.	12.0	11.6	11.9	12.0	13.1
50,000 sq. ft. to 99,999 sq. ft.	7.0	7.2	6.7	7.6	6.7
≥100,000 sq. ft.	24.8	24.1	24.1	22.9	23.1

Source: CBRE Research, Q3 2026.

Rent Trends

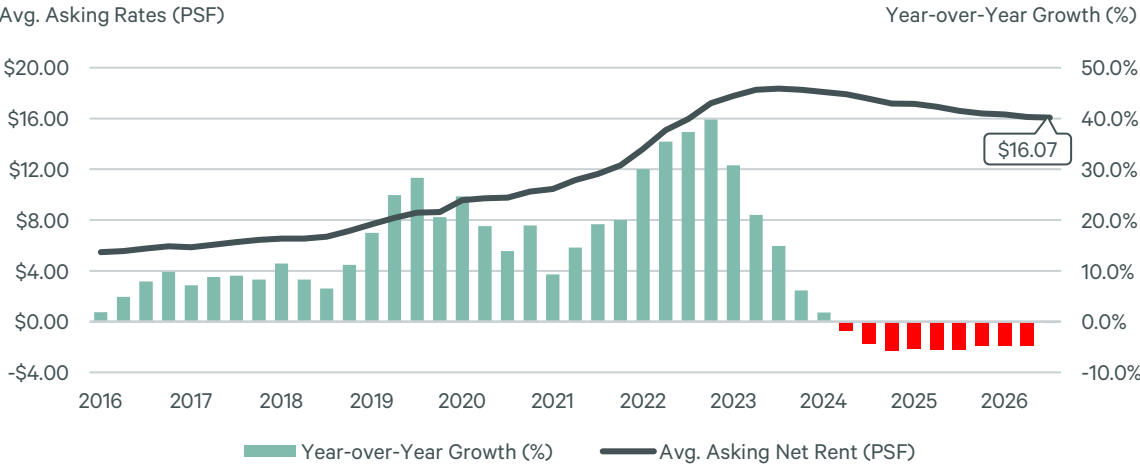
Despite a 12th consecutive quarter of declining asking rents, the quarterly decrease was relatively minor. The shift away from widespread repricing remained evident, with a growing concentration of older vacant space continuing to weigh on average rental rates. Notably, asking rents for listings with high clear heights have largely stabilized. Incentives remain elevated across older assets and secondary markets as rental rates continue to face downward pressure, while top-tier assets in core markets have generally seen concessions stabilize, with some signs of decreases due to tight supply. Depending on absorption through the balance of 2026, further softening may continue, albeit concentrated in lower tier product and oversupplied markets.

Construction Activity

A notable 24 buildings, totaling 2.2 million sq. ft., broke ground in Q3 2026, including 23 speculative projects. While construction activity accelerated significantly on a building count basis, the overall volume remained relatively modest, with an average project size of just 90,000 sq. ft. By comparison, Q2 generated a similar 2.1 million sq. ft. of construction starts despite only six projects breaking ground. Q3 marked a departure from the large speculative projects that have characterized recent years, as only six of the 23 speculative developments that broke ground exceeded 100,000 sq. ft. in size.

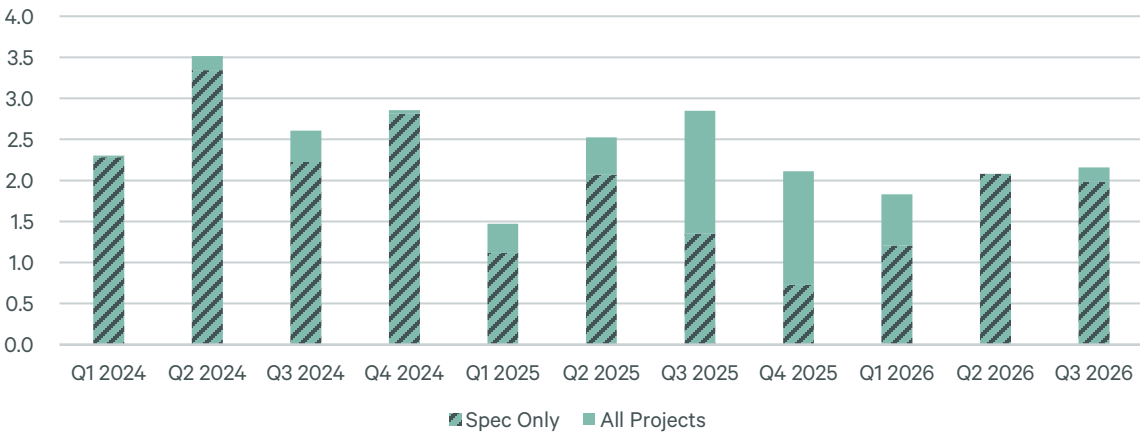
Approximately 2.4 million sq. ft. was delivered in Q3, of which 2.0 million sq. ft. was built on a speculative basis. Including design-build projects, only 30.5% of the space delivered was committed upon delivery, consistent with the lower levels of pre-leasing activity seen in recent quarters. Despite limited pre-leasing activity, newly completed construction continues to attract tenants following delivery, leaving a growing concentration of availability among older product. Slightly more new supply was delivered than broke ground in Q3, resulting in a minor decrease in the under construction pipeline to 9.0 million sq. ft.

FIGURE 4: Average Asking Rents and Net Rental Rate Growth



Source: CBRE Research, Q3 2026.

FIGURE 5: Greater Toronto Area Construction Starts (MSF)

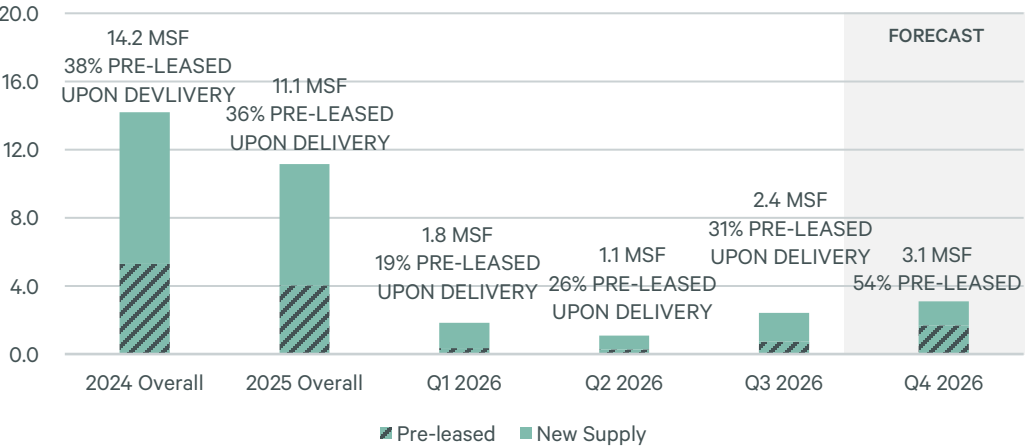


Source: CBRE Research, Q3 2026.

Forecasted New Supply

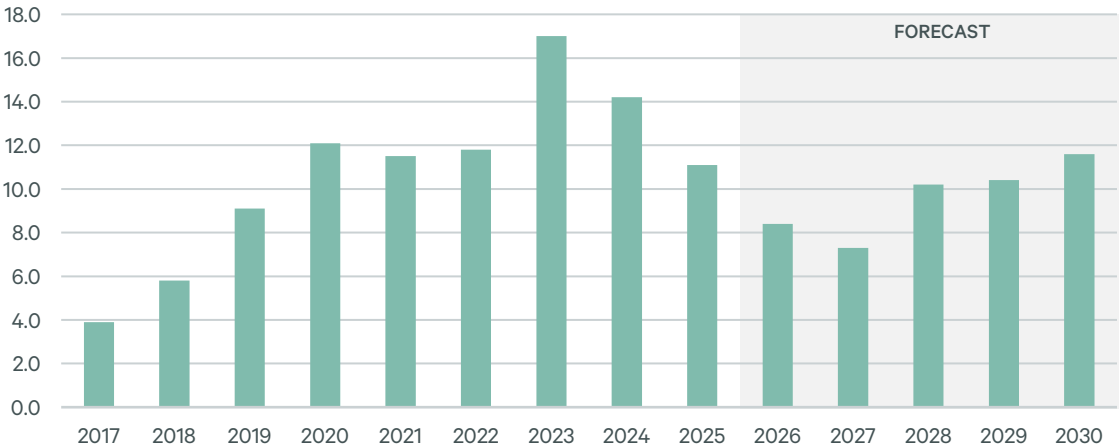
Mixed developer and investor sentiment toward the market has resulted in a continued shift toward construction deferrals for large-bay speculative projects, while recent groundbreakings have indicated a shift toward smaller product, including small-bay infill, industrial condominiums and multi-unit leasehold projects. The 2026 forecast remains largely unchanged at 8.4 million sq. ft., inclusive of product already delivered this year. Forecasted 2027 deliveries, which were already significantly reduced last quarter, continue to trend downward, declining by roughly 500,000 sq. ft. to 7.3 million sq. ft., of which only 5.8 million sq. ft. is available for sale or lease. Although construction volumes are anticipated to increase in 2028, the longer-term supply outlook remains uncertain as developers assess evolving market conditions. Land sales remain significantly low; however, there has been renewed interest in taking advantage of repriced sites, albeit primarily for core, entitled, shovel-ready opportunities.

FIGURE 6: Greater Toronto Area Historical and Forecasted Pre-leased New Supply (MSF)



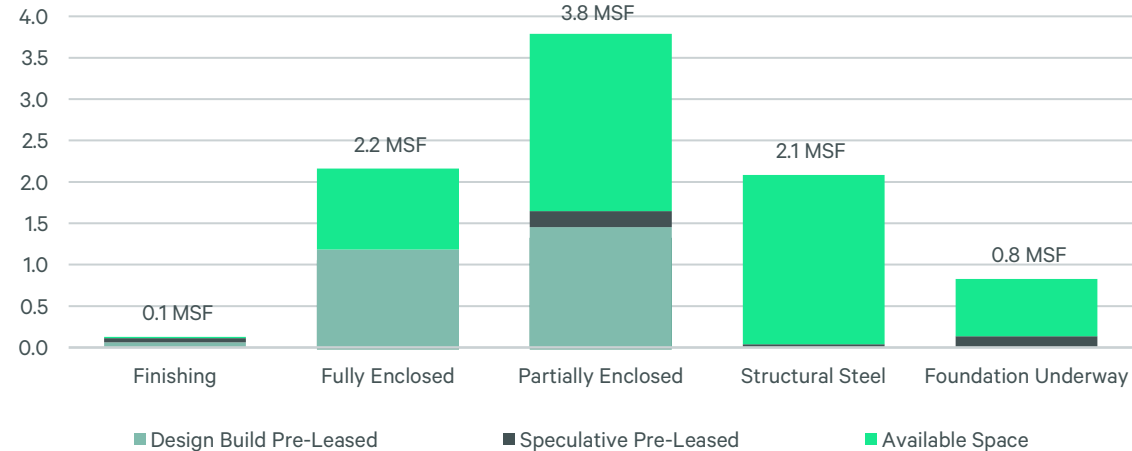
Source: CBRE Research, Q3 2026.

FIGURE 7: Greater Toronto Area Historical and Forecasted Annual New Supply (MSF)



Source: CBRE Research, Q3 2026.

FIGURE 8: Greater Toronto Area Preleasing Activity by Construction Status (MSF)



Source: CBRE Research, Q3 2026.

FIGURE 9a: Q3 2026 Industrial Market Statistics

Submarket	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	Quarterly Net Absorption (SF)	Net Absorption YTD (SF)	Under Construction (SF)	Avg. Net Asking Lease Rate (PSF)	Avg. Asking Sale Price (PSF)
Pickering	11,182,178	9.3%	8.3%	-60,695	-149,683	190,464	\$15.30	\$297.62
Ajax	12,616,175	10.2%	8.0%	-63,357	431,852	0	\$15.40	\$227.28
Whitby	9,731,442	11.0%	8.7%	19,845	216,259	108,837	\$14.85	\$209.25
Oshawa	29,530,224	1.0%	0.9%	131,910	312,816	0	\$10.56	\$277.51
Toronto East	63,060,019	5.9%	4.8%	27,703	811,244	299,301	\$14.83	\$245.82
Toronto	23,022,811	0.7%	0.6%	-10,000	-11,354	0	\$10.85	\$464.54
North York	87,980,868	3.1%	1.5%	-228,660	359	0	\$15.27	\$354.79
Scarborough	72,710,654	4.1%	3.5%	-38,261	-116,694	1,850,946	\$14.62	\$332.78
Etobicoke	81,158,344	4.7%	3.6%	-354,540	-378,448	0	\$15.19	\$301.83
East York	8,006,896	3.5%	3.3%	77,691	11,008	0	\$15.72	\$277.19
York	7,179,602	1.7%	1.1%	-91,852	19	0	\$12.96	\$441.01
Toronto Central	280,059,175	3.6%	2.6%	-645,622	-495,110	1,850,946	\$14.96	\$328.65
Markham	39,121,102	5.1%	4.5%	370,714	254,669	210,568	\$17.15	\$479.25
Richmond Hill	13,980,269	3.5%	1.2%	24,965	-105,222	488,794	\$16.84	\$497.78
Vaughan	84,197,881	5.7%	4.6%	-206,394	422,953	385,243	\$17.22	\$476.67
Aurora	6,982,808	6.9%	1.7%	-47,007	-263,554	89,017	\$16.86	\$429.41
Newmarket	5,905,713	8.9%	5.6%	65,543	155,905	0	\$18.47	\$383.38
Stouffville	1,062,119	7.9%	4.7%	-84,287	-84,287	75,509	\$15.21	\$301.97
Toronto North	151,249,892	5.5%	4.2%	123,534	380,464	1,249,131	\$17.22	\$468.18

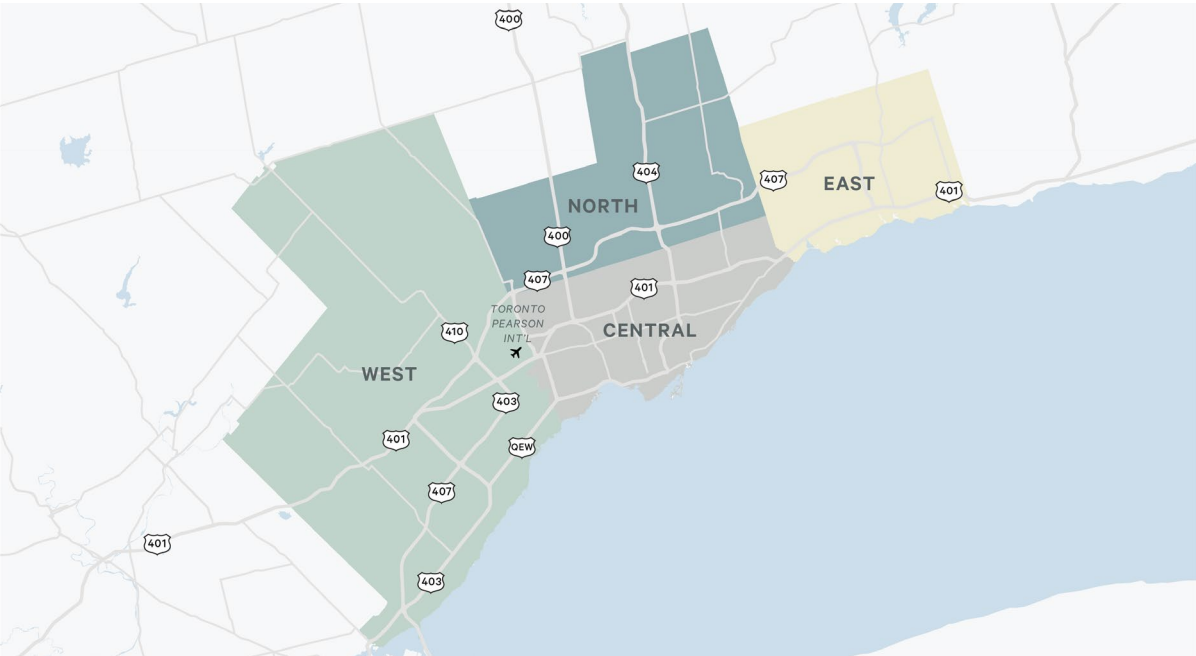
Source: CBRE Research, Q3 2026.

FIGURE 9b: Q3 2026 Industrial Market Statistics

Submarket	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	Quarterly Net Absorption (SF)	Net Absorption YTD (SF)	Under Construction (SF)	Avg. Net Asking Lease Rate (PSF)	Avg. Asking Sale Price (PSF)
Mississauga	167,837,225	4.6%	2.7%	1,071,600	329,504	820,755	\$16.48	\$404.02
Brampton	95,286,351	6.7%	4.7%	779,009	892,968	1,035,652	\$16.72	\$368.21
Caledon	21,664,674	4.8%	4.5%	45,235	-299,939	3,610,467	\$16.35	\$389.07
Oakville	20,558,443	7.0%	5.8%	85,904	795,690	0	\$16.90	\$377.85
Burlington	23,012,564	6.2%	5.2%	141,550	450,931	95,307	\$15.00	\$277.48
Milton	28,603,973	8.9%	7.4%	119,812	1,677,037	33,337	\$15.93	\$381.85
Halton Hills	7,470,991	2.7%	2.7%	231,364	892,076	0	\$13.00	\$226.73
Toronto West	364,434,221	5.7%	4.0%	2,474,474	4,738,267	5,595,518	\$16.37	\$377.14
GTA Total	858,803,307	5.0%	3.7%	1,980,089	5,434,865	8,994,896	\$16.07	\$372.26

Source: CBRE Research, Q3 2026.

Market Area Overview



Definitions

- Vacant Sq. Ft.: Space that can be occupied within 30 days.
- Vacancy Rate: Total vacant sq. ft. divided by the total building area.
- Available Sq. Ft.: Existing space in a building, ready for occupancy within three months; can be occupied or vacant.
- Availability Rate: Total available sq. ft. divided by the total building area.
- Average Net Asking Lease Rate: A calculated average of the net lease rate weighted by its corresponding available square footage; building must be existing, not under construction or planned.
- Gross Lease Rate: Average asking lease rate in addition to real property taxes, maintenance and building insurance.
- Net Absorption: The change in occupied sq. ft. from one period to the next.
- Occupied Sq. Ft.: Inventory subtracted by total available sq. ft.

Survey Criteria

- Includes all existing industrial availabilities 10,000 sq. ft. and greater in size.
- Under construction is defined by buildings which have begun foundation work or otherwise has foundations in place.

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