

# Minimal changes recorded in key market indicators

▶ 5.0%  
Availability Rate

▼ 1.8M  
SF New Supply

▼ 8.0M  
SF Under Construction

▼ \$16.32  
PSF Avg. Asking Lease Rate

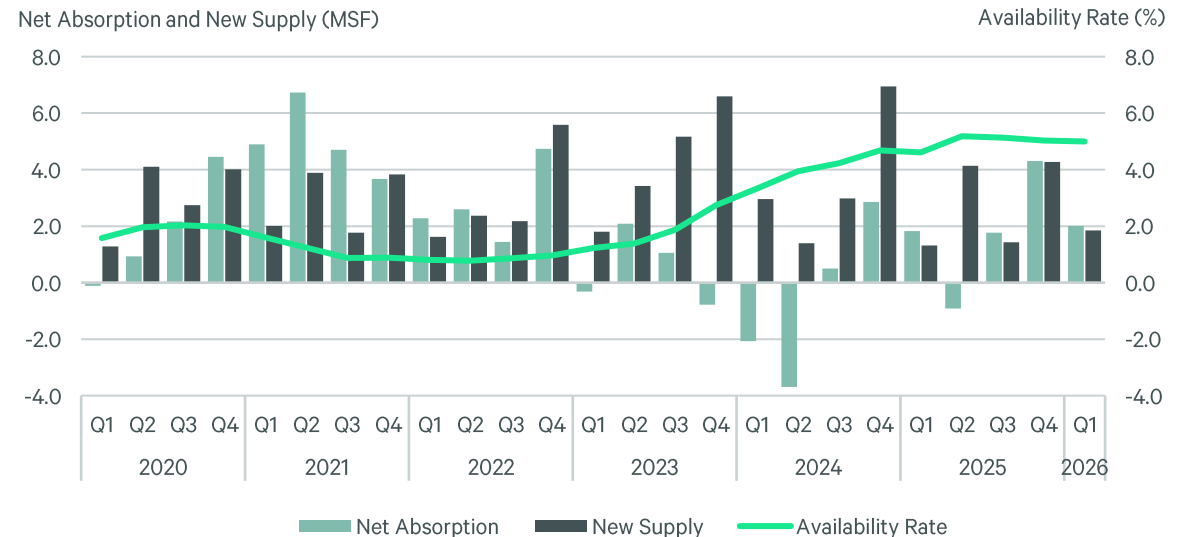
▲ \$372.43  
PSF Avg. Asking Sale Price

Note: Arrows indicate change from previous quarter.

## Summary

- Following a strong finish to 2025, Q1's momentum continued, with 2.0 million sq. ft. of positive absorption, equating to a combined 8.1 million sq. ft. across the last three quarters.
- The Greater Toronto Area (GTA) continues to demonstrate resilience, with its availability rate holding steady at 5.0% after two consecutive decreases.
- Rental rate decreases continue to slow, falling by only \$0.06 per sq. ft. quarter-over-quarter to \$16.32 per sq. ft.
- The GTA under construction pipeline has fallen to its lowest levels since 2018.
- The new supply pipeline increased slightly to a total 8.0 million sq. ft. anticipated in 2026, including projects already delivered in Q1, and 9.2 million sq. ft. in 2027.
- Design build projects, which continue to represent a significant portion of the pipeline, account for one third of the forecasted new supply in 2026 and one fourth in 2027.

FIGURE 1: Greater Toronto Area Fundamentals – Historical Analysis



Source: CBRE Research, Q1 2026.

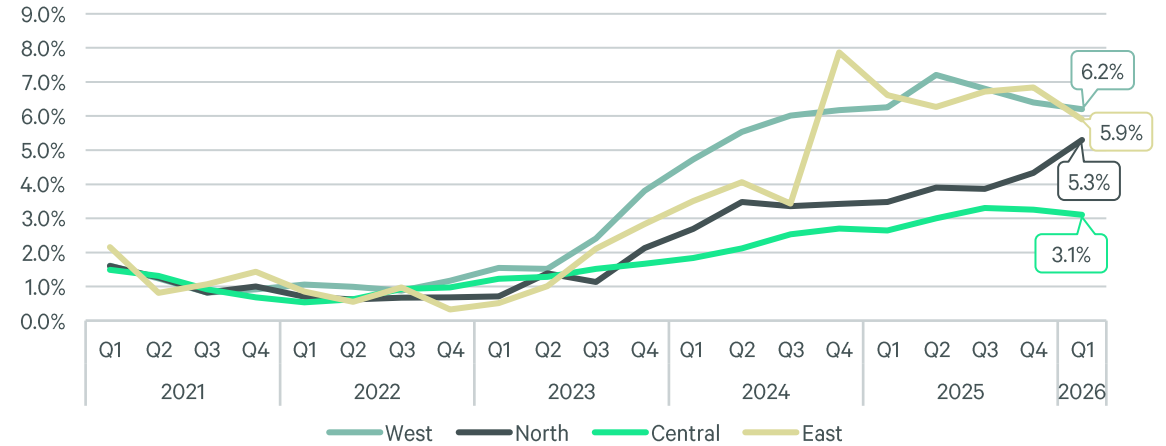
## Availability and Demand

Following a strong finish to 2025, Q1’s momentum continued, with 2.0 million sq. ft. of positive absorption, equating to a combined 8.1 million sq. ft. across the last three quarters. Despite Canada’s persistently dampened economic outlook, the GTA continues to demonstrate resilience, with its availability rate holding steady at 5.0% after two consecutive decreases. Similarly, the vacancy rate held at 3.7% after recording a 30 basis points decrease from the previous quarter.

Toronto West, Toronto Central, and Toronto East all recorded quarterly decreases in available sq. ft. Meanwhile, Toronto North continued its upward trend from the previous quarter, with availability increasing by 100 basis points to 5.3%.

Q1 saw several notable new leases of 100,000 sq. ft. and above signed. However, new to market availabilities and newly delivered vacant supply were sufficient to offset the leased space, leaving the space for lease virtually unchanged from the previous quarter. In contrast, space for sale declined significantly by 1.1 million sq. ft. to its lowest level since 2024, falling from 7.5 million to 6.4 million sq. ft. Sublease space also showed a slight resurgence, rising by 796,000 sq. ft. quarter-over-quarter to 6.0 million sq. ft., its highest level since Q2 2025.

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



Source: CBRE Research, Q1 2026.

FIGURE 3: Notable Lease Transactions, Q1 2026

Tenant	Activity Type	Size (SF)	Address	City
Shein	New Lease	535,071	400 Anatolian Drive	Vaughan
Geodis	New Lease	470,226	537 Kingston Road East	Ajax
DP World	New Lease	362,248	587 Avonhead Road	Mississauga
Armour Transport	New Lease	327,550	8115 Trafalgar Road	Halton Hills

Source: CBRE Research, Q1 2026.

## Rent Trends

Rental rate decreases continue to slow, falling by only \$0.06 per sq. ft. quarter-over-quarter. Additionally, rental rates for spaces with a clear height greater than 26' have shown more pronounced resilience, remaining virtually unchanged over the past two quarters. This moderation further underscores the growing bifurcation in rental rates. Spaces with a clear height greater than 26' continue to show notable resilience, with rents declining only marginally over the last two quarters from \$16.72 per sq. ft. to \$16.68 per sq. ft. By comparison, properties in the 18–26' clear height range experienced a more substantial decline, falling from \$16.40 per sq. ft. to \$15.76 per sq. ft. over the same period.

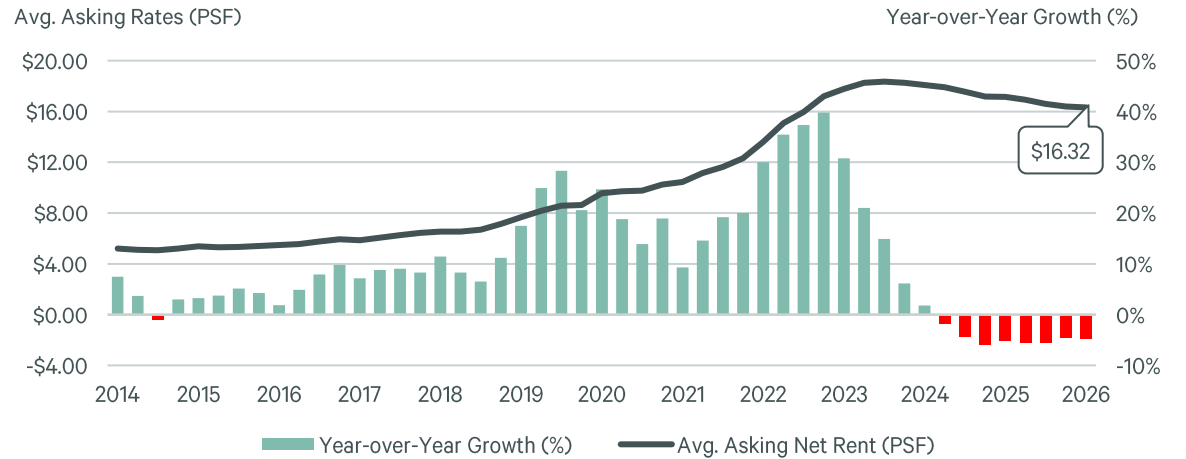
The market continues to exhibit a strong flight-to-quality. Much of the recent absorption has been concentrated in new, modern buildings, while the slowing pipeline of new construction indicates future rental rates will increasingly be influenced by older, lower-quality inventory. These market conditions could place additional downward pressure on average rental rates where further decreases are a byproduct of lower overall quality of space on the market, rather than actual rental rate reductions on properties. Concurrently, this could create an eventual opportunity for Class A rents to recover, however a meaningful increase is not anticipated in the near term.

## Construction Activity

In Q1, the GTA delivered 2.0 million sq. ft., of which 17.9% was pre-leased. This activity was driven primarily by design build projects. Of the 1.5 million sq. ft. of speculatively built projects delivered this quarter, only 2.2% was pre-leased.

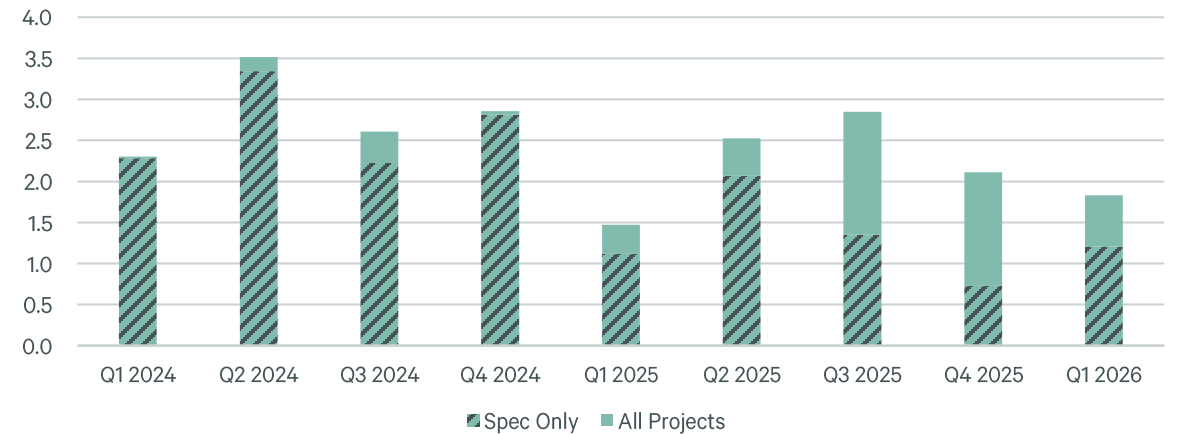
Space under construction has fallen to 8.0 million sq. ft., its lowest level since 2018. At the same time, many tenants have shown a preference for new facilities, as evidenced by the declining share of first-generation space on the market. This trend has prompted renewed optimism among select developers, leading them to move forward with construction in targeted pockets of the GTA. Meanwhile, the development pipeline continues to shift toward a greater proportion of design-build projects. Currently, 43.0% of projects under construction are design builds, compared with only 5.0% a year ago.

FIGURE 4: Average Asking Rents and Net Rental Rate Growth



Source: CBRE Research, Q1 2026.

FIGURE 5: Greater Toronto Area Construction Starts (MSF)



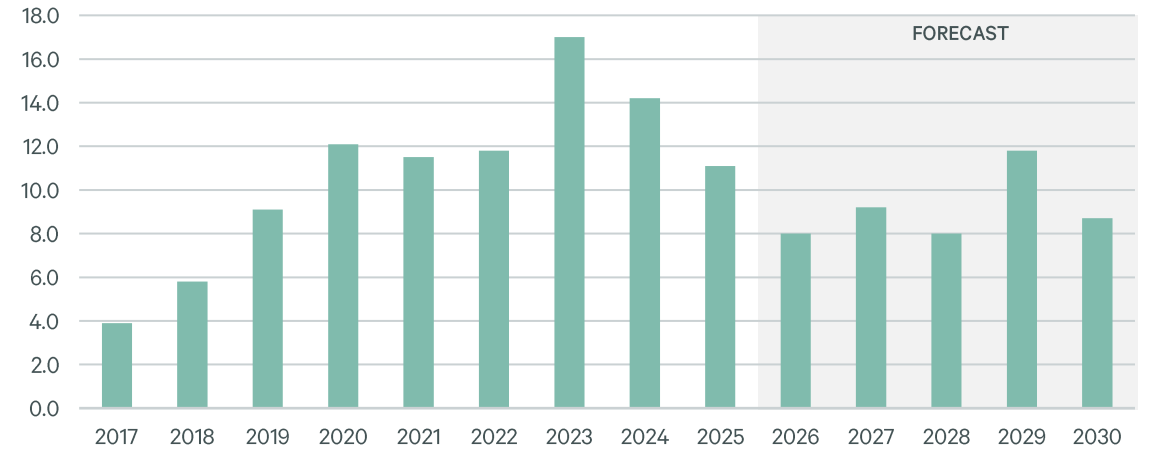
Source: CBRE Research, Q1 2026.

## Forecasted New Supply

Q1 saw a rise in speculative projects announced for near-term delivery. As a result, the new supply pipeline increased slightly to 8.0 million sq. ft. in 2026, including projects already delivered in Q1, and 9.2 million sq. ft. in 2027. Design build projects, which continue to represent a significant portion of the pipeline, account for one third of the forecasted new supply in 2026 and one fourth in 2027.

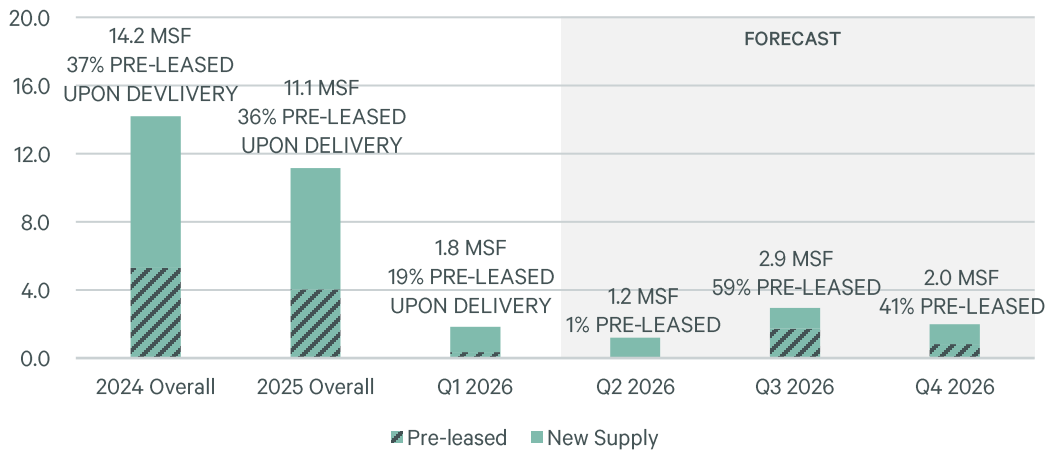
Despite the increase in the 2026 forecast, new supply levels are expected to be the lowest since 2018. Muted activity is projected to continue in 2027 and 2028, with total new supply remaining lower than in any year between 2020 and 2025.

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



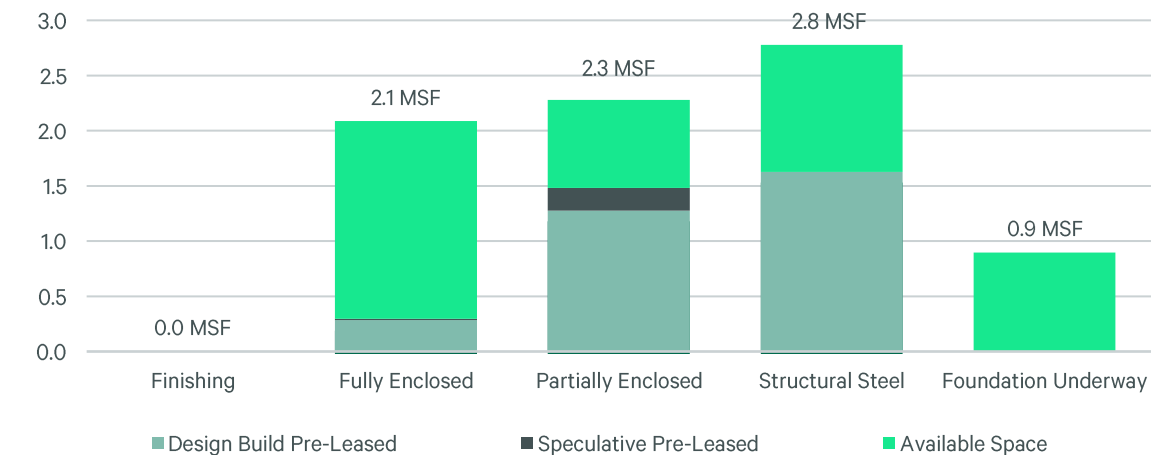
Source: CBRE Research, Q1 2026.

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



Source: CBRE Research, Q1 2026.

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



Source: CBRE Research, Q1 2026.

FIGURE 9a: Q1 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	9.4%	6.2%	-165,491	-165,491	190,464	\$15.58	\$296.68
Ajax	12,616,175	9.8%	7.5%	475,668	475,668	0	\$15.58	\$272.51
Whitby	9,529,703	10.4%	10.2%	93,177	93,177	310,576	\$14.43	\$296.68
Oshawa	29,530,224	1.5%	1.3%	167,372	167,372	0	\$13.96	\$279.27
<b>Toronto East</b>	<b>62,858,280</b>	<b>5.9%</b>	<b>4.8%</b>	<b>570,726</b>	<b>570,726</b>	<b>501,040</b>	<b>\$15.08</b>	<b>\$286.59</b>
Toronto	23,064,534	0.7%	0.6%	-12,954	-12,954	0	\$10.85	\$381.03
North York	87,980,868	2.4%	1.4%	567,400	567,400	0	\$15.03	\$363.43
Scarborough	72,258,985	3.1%	2.5%	168,566	168,566	1,249,308	\$14.67	\$375.76
Etobicoke	81,158,344	4.5%	3.3%	-200,791	-200,791	0	\$16.18	\$309.78
East York	7,991,140	5.1%	4.0%	-128,733	-128,733	0	\$13.56	\$263.94
York	7,179,602	0.4%	0.2%	91,871	91,871	0	\$17.96	\$268.84
<b>Toronto Central</b>	<b>279,633,473</b>	<b>3.1%</b>	<b>2.2%</b>	<b>485,359</b>	<b>485,359</b>	<b>1,249,308</b>	<b>\$15.29</b>	<b>\$339.20</b>
Markham	38,995,860	6.5%	5.6%	-387,828	-387,828	141,458	\$17.05	\$477.00
Richmond Hill	13,980,269	3.4%	1.2%	-85,976	-85,976	367,948	\$16.96	\$497.29
Vaughan	83,436,482	5.2%	3.8%	82,654	82,654	759,004	\$17.50	\$483.65
Aurora	6,982,808	4.1%	2.6%	-65,551	-65,551	0	\$17.84	\$433.42
Newmarket	5,390,413	6.7%	1.6%	-191,922	-191,922	515,300	\$16.51	\$382.09
Stouffville	1,062,119	0.0%	0.0%	0	0	0	\$12.00	\$301.97
<b>Toronto North</b>	<b>149,847,951</b>	<b>5.3%</b>	<b>3.9%</b>	<b>-648,623</b>	<b>-648,623</b>	<b>1,783,710</b>	<b>\$17.29</b>	<b>\$476.00</b>

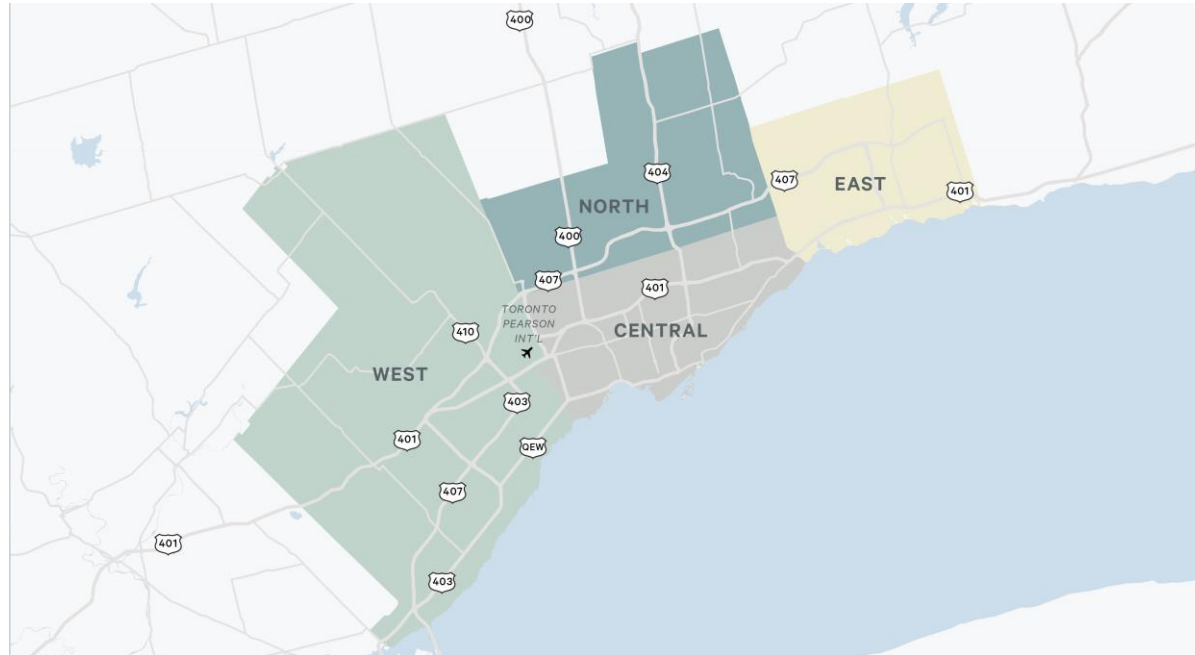
Source: CBRE Research, Q1 2026.

FIGURE 9b: Q1 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	167,763,130	4.3%	2.7%	443,611	443,611	396,340	\$16.62	\$394.31
Brampton	94,337,838	6.7%	5.1%	33,597	33,597	1,312,663	\$16.95	\$337.66
Caledon	21,664,674	4.9%	3.2%	-332,328	-332,328	2,621,570	\$16.31	\$370.06
Oakville	20,558,443	9.0%	7.1%	384,740	384,740	0	\$16.94	\$407.84
Burlington	22,900,639	6.7%	5.4%	230,536	230,536	175,764	\$14.19	\$209.76
Milton	28,603,973	14.4%	11.8%	103,674	103,674	0	\$16.68	\$392.10
Halton Hills	7,470,991	4.9%	3.8%	731,493	731,493	0	\$16.65	\$226.73
<b>Toronto West</b>	<b>363,299,688</b>	<b>6.2%</b>	<b>4.5%</b>	<b>1,595,323</b>	<b>1,595,323</b>	<b>4,506,337</b>	<b>\$16.57</b>	<b>\$362.49</b>
<b>GTA Total</b>	<b>855,639,392</b>	<b>5.0%</b>	<b>3.7%</b>	<b>2,002,785</b>	<b>2,002,785</b>	<b>8,040,395</b>	<b>\$16.32</b>	<b>\$372.43</b>

Source: CBRE Research, Q1 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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