

Year-to-date absorption reaches pre-pandemic levels in suburbs

▼ 19.6%
Vacancy Rate

▼ 237K
SF Net Absorption

► 203K
SF Under Construction

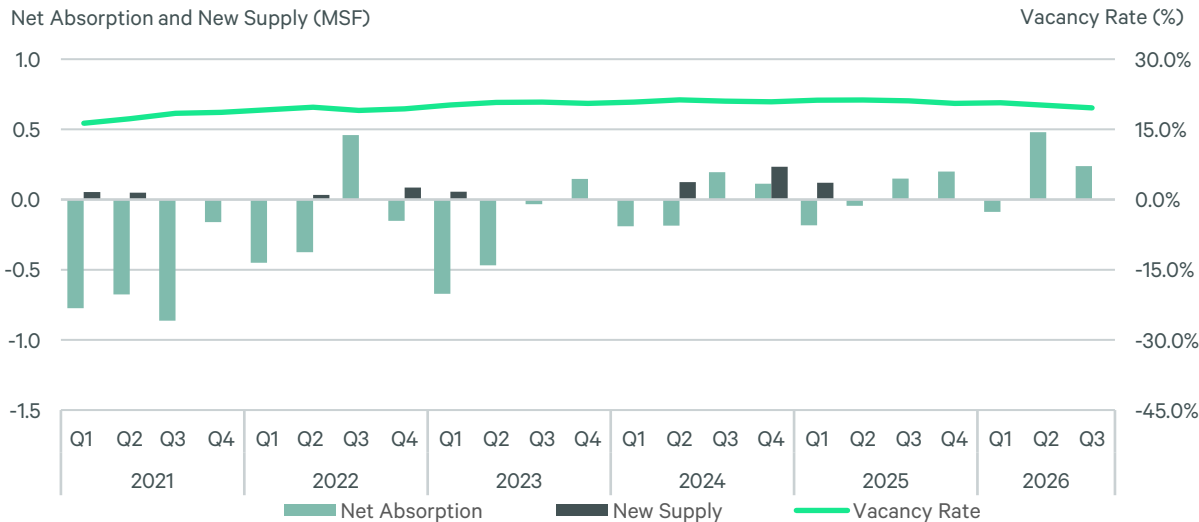
▼ \$18.25
Avg. Net Asking Lease Rate (\$PSF)

Note: Arrows indicate change from previous quarter.

Executive Summary

- The overall vacancy rate fell 50 basis points (bps) quarter-over-quarter to 19.6% as continued leasing activity drove absorption.
- The suburban market recorded approximately 237,000 sq. ft. of net absorption in Q3 2026, marking another quarter of strong positive absorption.
- Net asking rents in the suburban market decreased by \$0.11 per sq. ft. to \$18.25 per sq. ft., representing the first decline in a year, as absorption slowed compared to Q2 2026.
- Sublease vacancy increased 110 bps quarter-over-quarter, diverging from broader national trends. Despite the quarterly uptick, the year-over-year trend remains downward.
- Class B positive absorption outpaced Class A positive absorption as occupiers sought lower-cost office space.

FIGURE 1: Suburban GTA Office Supply and Demand
Net Absorption and New Supply (MSF)



Source: CBRE Research, Q3 2026

Suburban markets see continued strong leasing activity

The Toronto North submarket recorded more than 61,000 sq. ft. of positive quarterly absorption, up from approximately 48,000 sq. ft. in Q2 2026. This represents the sixth consecutive quarter of positive absorption since Q2 2025. Leasing activity improved across all Toronto North submarkets, except Vaughan, where more than 55,000 sq. ft. of new sublease space became available at 7777 Weston Road. The overall vacancy rate declined 50 bps to 20.0% quarter-over-quarter, primarily due to strong leasing activity in the North Yonge Corridor, including nearly 76,000 sq. ft. leased at the North American Centre and more than 40,000 sq. ft. at the North York Centre.

The Toronto East submarket recorded approximately 5,500 sq. ft. of negative quarterly net absorption, marking its weakest quarter since Q2 2025. This was driven by new vacancies at Consilium Place outpacing otherwise healthy leasing activity. Despite negative quarterly net absorption, the overall vacancy rate declined 80 bps to 21.7% quarter-over-quarter, as approximately 165,000 sq. ft. of office space at 95 Moatfield Road was removed from the market for conversion to a hotel. The share of vacant space available for sublet increased 330 bps to 8.8% quarter-over-quarter, primarily driven by approximately 225,000 sq. ft. of sublease space coming to market at 200 Consilium place.

The Toronto West office submarket recorded approximately 181,000 sq. ft. of positive net absorption, marking another quarter of significant leasing activity, with the vacancy rate declining 40 bps to 18.0% quarter-over-quarter. This marks the lowest overall vacancy rate recorded since Q1 2021 and reflects continued recovery in leasing activity following the pandemic.

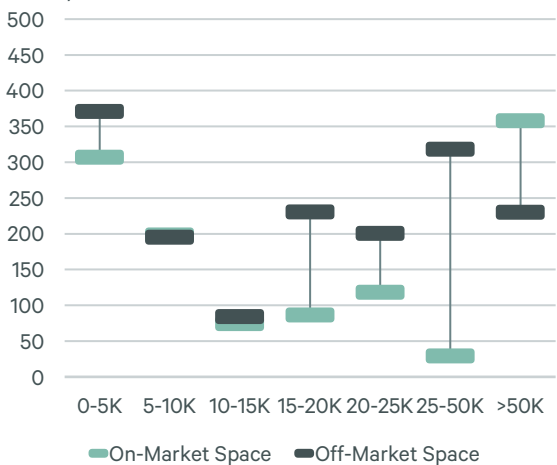
Despite varying absorption levels and recent changes in vacancy, the reduction in vacancy from post-2019 highs has been relatively consistent across all three suburban submarkets. Toronto West has recorded a 290 bps decrease since Q1 2023, while the Toronto North market has recorded a 320 bps reduction from Q2 2025, and Toronto East has recorded a 300 bps reduction from Q1 2025.

FIGURE 2: Q3 2026 Breakdown of Net Absorption by Submarket (000s SF)



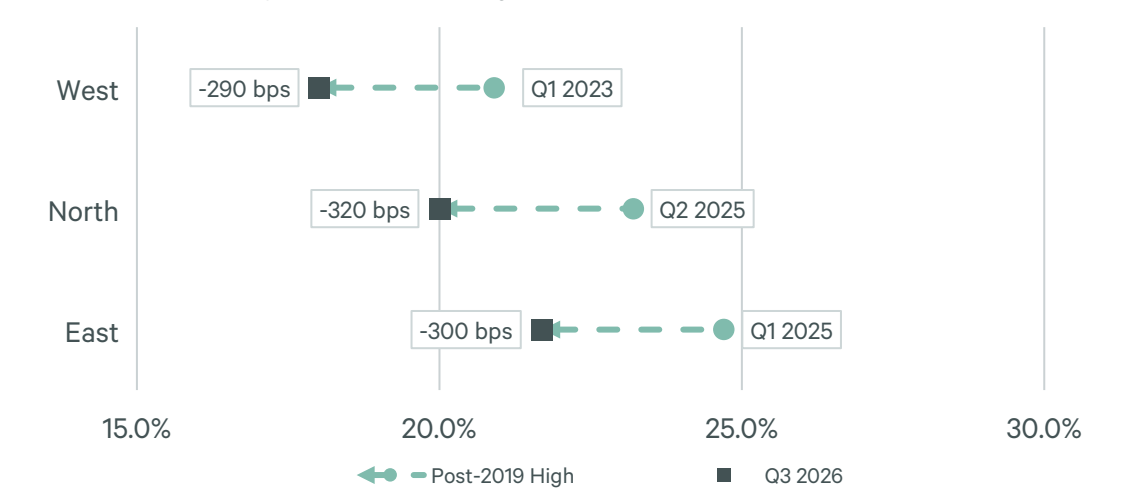
Source: CBRE Research, Q3 2026

FIGURE 3: Q3 2026 Size Distribution of Suburban Market Activity (000s SF)



Source: CBRE Research, Q3 2026

FIGURE 4: Decline in Vacancy Rate from Post-2019 High (%)



Source: CBRE Research, Q3 2026

Downtown rents show volatility while suburban rents remain stable

Suburban rents remained relatively stable, declining by \$0.11 per sq. ft., or 0.6%, quarter-over-quarter to \$18.25 per sq. ft. The decrease was driven primarily by lower asking rents within Class A and Class B assets as leasing activity moderated amid ongoing economic uncertainty and global trade tensions. Rental rates in the Toronto East and Toronto West submarkets continued to diverge modestly following several years of closely tracking one another.

Meanwhile, Downtown asking rents increased \$0.75 per sq. ft., or 2.1% quarter-over-quarter to \$35.87 per sq. ft. driven primarily from gains in Class A and AAA assets, which increased \$0.74 per sq. ft. and \$1.43 per sq. ft. respectively. This growth reflects strong leasing activity and renewed confidence in premium office assets amid ongoing return-to-office initiatives.

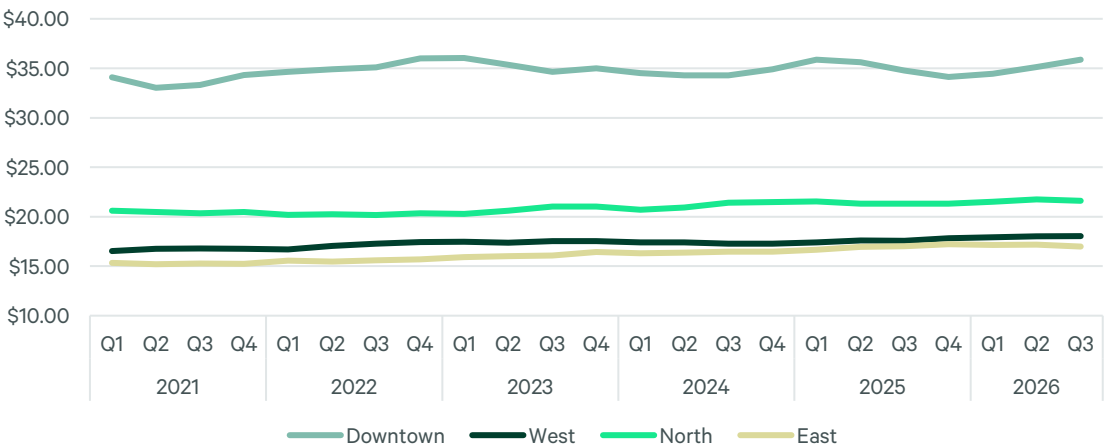
Suburban sublease vacancy records first increase since Q3 2023

Sublease levels as a percent of vacant space in the suburban market increased 110 bps quarter-over-quarter to 10.1% primarily driven by new availabilities in Toronto North and Toronto East submarkets. Notably, more than 225,000 sq. ft. of sublease space came to market in Scarborough, while an additional 55,000 sq. ft. became available in Vaughan.

In contrast, the Toronto West submarket recorded a 100 bps decline in sublease vacancy quarter-over-quarter to 11.6% due to a combination of sublease expiries, completed transactions, and tenants electing to retain previously marketed space. This decrease was concentrated in the Oakville and Airport Corporate Centre submarkets.

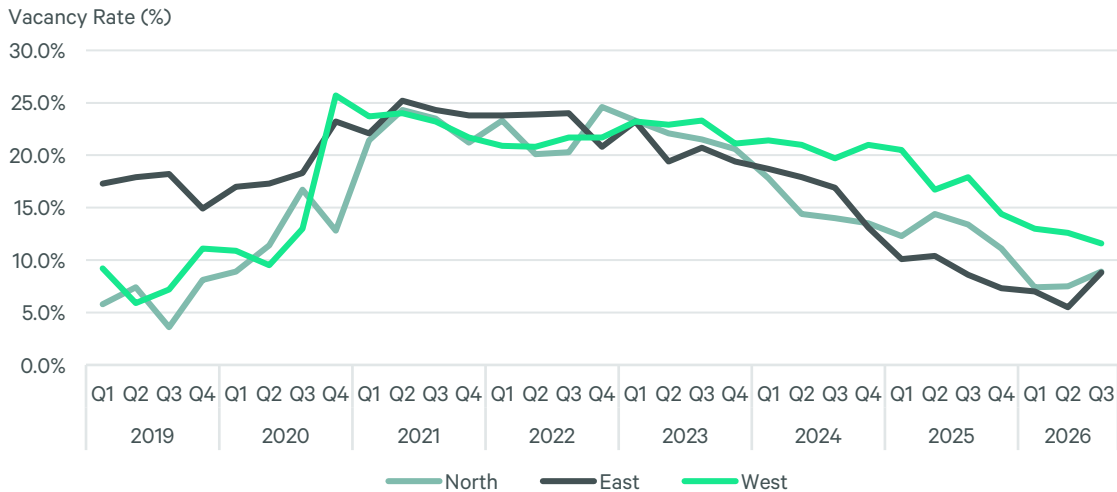
Despite the quarterly increase, suburban sublease vacancy declined 330 bps year-over-year to 10.1%. This was primarily driven by a 630 bps decrease in Toronto West and a 450 bps decrease in Toronto North, while Toronto East recorded a modest 20 bps increase over the same period. Although Q3 2026 marks the first increase in suburban sublease vacancy since Q2 2023, overall market fundamentals remain positive. Strong leasing activity, sustained positive net absorption, and substantially lower sublease availability compared with year-ago levels continue to support the ongoing recovery of the suburban office market.

FIGURE 5: Selected Submarket Asking Rental Rates (PSF)



Source: CBRE Research, Q3 2026

FIGURE 6: GTA Sublease Vacancy Rates



Source: CBRE Research, Q3 2026

FIGURE 7a: Q3 2026 Office Market Statistics

Submarket	Inventory (SF)	Vacancy Rate (%)	Sublet Space (% of Vacancy)	Availability Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Asking Net Rent (PSF)
Bloor / Islington	1,750,771	20.7%	10.1%	22.6%	15,384	-108,291	0	0	\$20.82
427 Corridor	1,856,618	25.3%	4.9%	27.5%	6,565	-8,693	0	0	\$17.04
Airport Strip	3,443,255	22.9%	2.9%	24.0%	-7,952	-6,290	0	0	\$14.23
Airport Corp. Centre	7,082,265	19.0%	19.4%	20.7%	179,905	202,723	0	0	\$19.23
Mississauga South	1,462,158	6.3%	20.0%	6.4%	-11,034	-12,980	0	0	\$16.51
City Centre	3,752,801	23.5%	3.2%	25.7%	-52,008	-14,855	0	0	\$18.44
Hwy 10 / Hwy 401	4,303,077	12.1%	15.8%	13.8%	2,374	15,496	0	0	\$20.33
Meadowvale	4,474,354	19.4%	8.2%	20.3%	28,855	162,340	0	0	\$19.33
Brampton	1,049,000	8.5%	34.6%	10.2%	-10,943	-38,393	0	0	\$21.89
Oakville	4,644,086	12.5%	14.5%	13.4%	31,799	114,538	0	27,662	\$18.22
Burlington	3,791,691	19.8%	16.9%	20.1%	-1,815	-72,787	0	0	\$16.06
West	37,610,076	18.0%	11.6%	19.3%	181,130	232,808	0	27,662	\$18.04
Scarborough	3,544,513	28.9%	27.2%	32.3%	-167,111	-60,144	0	0	\$15.61
Markham N. / R. Hill	8,068,046	15.6%	5.5%	16.9%	131,736	319,350	0	0	\$18.76
Markham South	4,092,334	17.0%	3.5%	17.6%	8,706	-4,098	0	0	\$16.23
E. York / D. Mills S.	2,416,961	28.3%	1.4%	28.8%	-18,931	-34,051	0	0	\$15.73
Don Mills North	2,636,230	28.7%	2.8%	29.0%	-11,163	-239,708	0	0	\$17.22
Consumers Road	3,632,790	24.0%	10.6%	26.1%	43,752	246,688	0	0	\$15.68
G. Baker / Vic. Park	1,510,904	21.3%	0.0%	26.1%	7,615	33,244	0	0	\$18.15
East	25,901,778	21.7%	8.8%	23.3%	-5,396	261,281	0	0	\$16.99
North Yonge	7,760,524	27.2%	5.3%	27.9%	113,381	104,026	0	175,000	\$22.36
North York West	2,166,759	8.1%	1.0%	8.1%	1,602	36,561	0	0	\$13.39
Vaughan	3,195,743	10.8%	34.9%	11.6%	-53,576	-4,811	0	0	\$19.71
North	13,123,026	20.0%	8.9%	20.8%	61,407	135,776	0	175,000	\$21.61
Suburban	76,634,880	19.6%	10.1%	20.9%	237,141	629,865	0	202,662	\$18.25

Source: CBRE Research, Q3 2026.

FIGURE 7b: Q3 2026 Office Market Statistics, con't

Submarket	Inventory (SF)	Vacancy Rate (%)	Sublet Space (% of Vacancy)	Availability Rate (%)	Net Absorption (SF)	YTD Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Asking Net Rent (PSF)
Financial Core	27,426,732	7.7%	9.9%	11.5%	40,512	239,869	0	0	\$45.42
Greater Core	22,973,838	13.6%	8.5%	16.8%	80,228	1,886,799	0	0	\$34.04
Downtown South	9,605,714	8.2%	20.8%	10.1%	21,858	-246,102	0	0	\$37.08
Downtown North	6,483,449	12.1%	15.1%	15.6%	22,449	-28,180	0	211,589	\$27.24
Downtown East	3,667,656	19.6%	22.4%	20.3%	51,397	358,680	0	80,966	\$34.61
Downtown West	9,342,843	25.0%	9.6%	27.2%	15,443	195,682	0	103,334	\$33.35
Liberty Village	2,610,704	20.2%	13.4%	26.6%	-1,280	89,013	0	0	\$27.14
Downtown	82,110,936	12.6%	11.7%	15.8%	230,607	2,495,761	0	395,889	\$35.87
Bloor / Yonge	6,668,925	16.8%	7.9%	19.6%	535,772	524,689	0	24,388	\$31.28
St. Clair / Yonge	2,194,054	13.5%	2.0%	15.8%	21,310	-4,400	0	0	\$29.74
Eglinton / Yonge	4,392,093	15.8%	9.0%	16.9%	3,414	-3,230	0	0	\$18.42
Midtown	13,255,072	15.9%	7.4%	18.1%	560,496	517,059	0	24,388	\$27.45
Central	95,366,008	13.1%	11.0%	16.1%	791,103	3,012,820	0	420,277	\$34.40
GTA TOTAL	172,000,888	16.0%	10.5%	18.2%	1,028,244	3,642,685	0	622,939	\$28.25

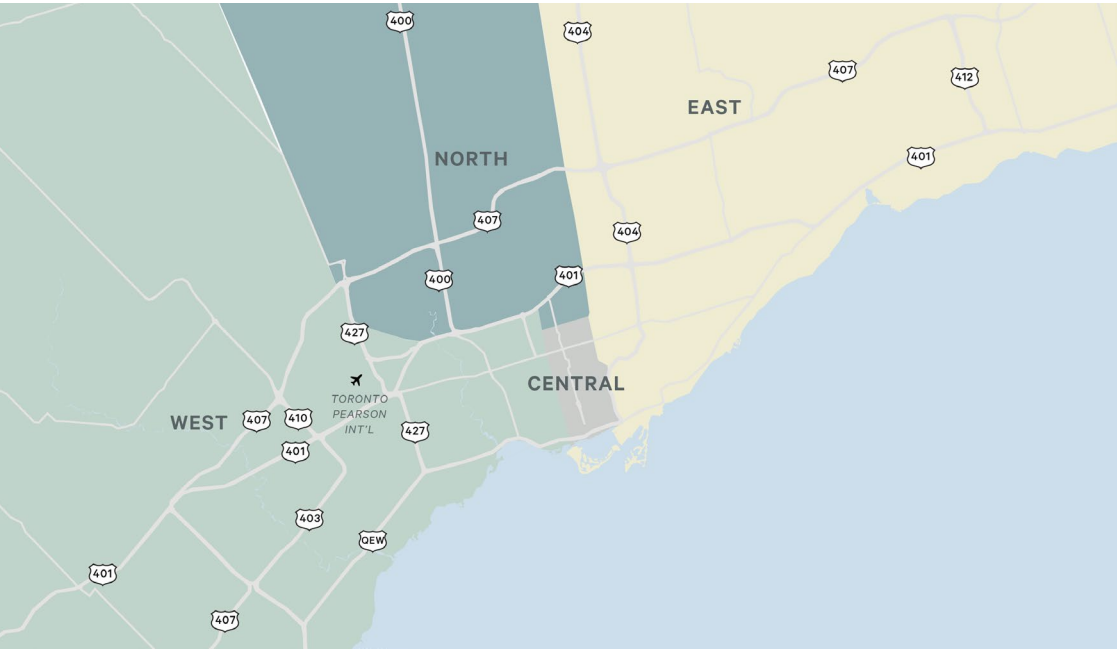
Source: CBRE Research, Q3 2026.

FIGURE 8: Q3 2026 Notable Suburban Lease Transactions

Submarket	Address	Tenant	Size (SF)	Class	Deal Type
North Yonge Corridor	5650 Yonge Street	WSIB	75,957	A	New
City Centre	4 Robert Speck	WSIB	74,466	A	New
Scarborough	300 Consilium Place	WSIB	62,156	A	New
North Yonge Corridor	5140 Yonge Street	Eckler Ltd.	49,900	A	Renewal

Source: CBRE Research, Q3 2026.

Market Area Overview



Definitions

Inventory: A complete list of office assets, displayed by total sq. ft., tracked by CBRE in the Greater Toronto Area. Submarket: A subdivision of the Greater Toronto Area submarket with defined boundaries representing various nodes and regions. Net Absorption: A measure of the net change in occupied space over a given period of time expressed in sq. ft. Net Rental Rate: The asking rental rate not including taxes and operating costs expressed on a dollars per sq. ft. per annum basis weighted by currently available sq. ft. Additional Rental Rate: A share of operating expenses including taxes maintenance and insurance expressed on a dollars per sq. ft. per annum basis weighted by currently available sq. ft. Vacancy Rate: The percentage of total office space in a given area that is currently vacant and available for occupancy calculated by dividing total vacant sq. ft. by the total building area. Vacant sq. ft.: Space which can be occupied within 30 days. Available sq. ft.: All available space on market regardless of occupancy date.

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