

# Suburban market begins year with mixed results

▲ 21.0%

Vacancy Rate

▼ -230K

SF Net Absorption

▶ 203K

SF Under Construction

▲ \$18.25

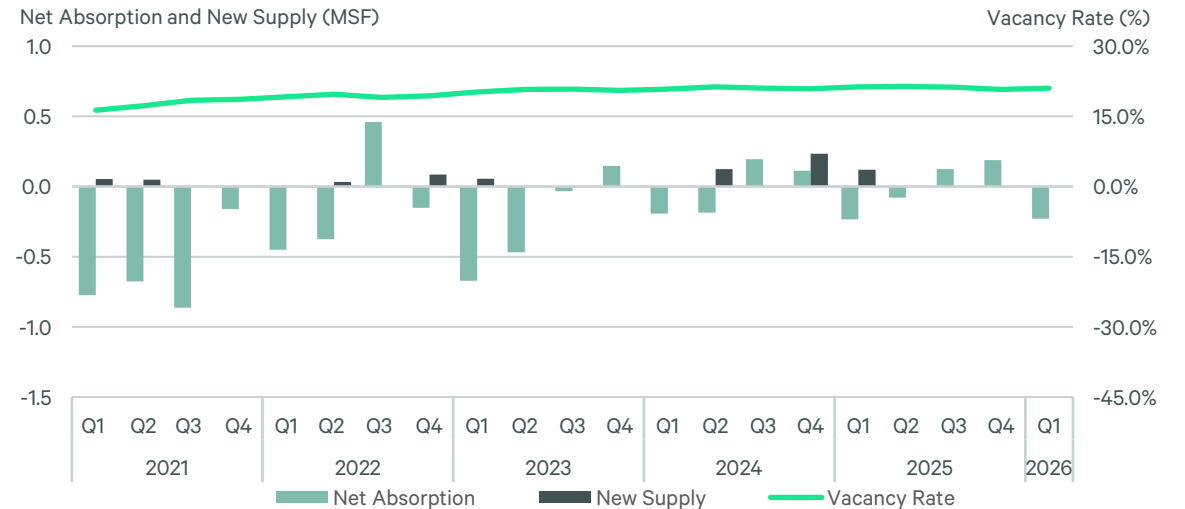
Avg. Net Asking Lease Rate (\$PSF)

Note: Arrows indicate change from previous quarter.

## Executive Summary

- The overall suburban vacancy rate grew 20 basis points (bps) quarter-over-quarter from 20.8% to 21.0%. The most significant leasing activity occurred in the Toronto North submarket, which recorded 18,000 sq. ft. of positive net absorption, while all other nodes experienced negative net absorption.
- Historically, suburban market momentum typically starts the year on a subdued note, reflecting slower decision making as occupiers reassess space needs. Leasing volume wavered across all submarkets this quarter, spreading to lower quality Class B and C assets first. However, vacancies remain relatively stable as tenants revert to a wait-and-see approach.
- Office property sale volumes saw renewed enthusiasm with preliminary 2026 numbers showing over \$180 million closed this quarter, reaching almost half of the total sales volume in the entirety of 2025. This was marked by a landmark purchase of the Yonge Corporate Centre led by Europro, totaling over 1 million sq. ft. of Class A office space.

FIGURE 1: Suburban GTA Office Supply and Demand



Source: CBRE Research, Q1 2026

## Vacancies rise as occupiers remain cautious in their commitments

The Toronto North submarket recorded a relatively mild quarter with 18,000 sq. ft. of positive net absorption, down from 177,000 sq. ft., suggesting a cooling from the rapid leasing activity seen last quarter. Subnodes across Toronto North largely broke even in terms of net absorption. As a result, the vacancy rate edged lower by 20 bps quarter-over-quarter from 21.4% to 21.2%, primarily driven by a 13,000 sq. ft. deal at 6220 Highway 7 W alongside a series of smaller deals.

The Toronto East submarket started the year off on a quiet note, with the vacancy rate rising 30 bps quarter-over-quarter from 24.0% to 24.3%. This was driven by elevated availabilities in Class B and C properties, outweighing the moderate leasing activity in Class A assets. This bifurcation was most evident in higher quality nodes such as Consumers Road and Scarborough, where more premium building typologies have continued to attract demand for space.

The Toronto West office submarket experienced marginal vacancy increases, with the vacancy rate rising 40 bps quarter-over-quarter from 18.3% to 18.7%, reversing the stable trend observed over the past five quarters. Negative net absorption was recorded across all asset classes, reflecting broader market hesitation as tenants reassess their space needs.

## Suburban rents remain flat while Downtown sees revitalization

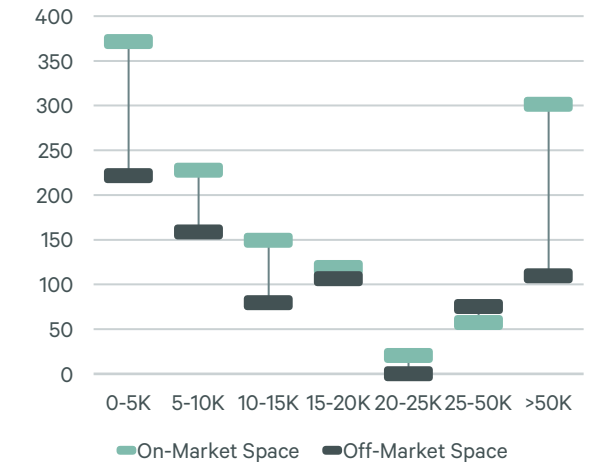
Suburban rents remained stable, posting a marginal \$0.07 per sq. ft. increase quarter-over-quarter from \$18.18 to \$18.25 per sq. ft. Rents in the West and East submarkets have gradually converged due to increasing similarities in product, while the North continues to experience a mild upward trend. Downtown rents, however, spiked amid significant leasing activity and renewed investor confidence in office assets amidst the return-to-office push.

FIGURE 2: Q1 2026 Breakdown of Net Absorption by Submarket (000s SF)



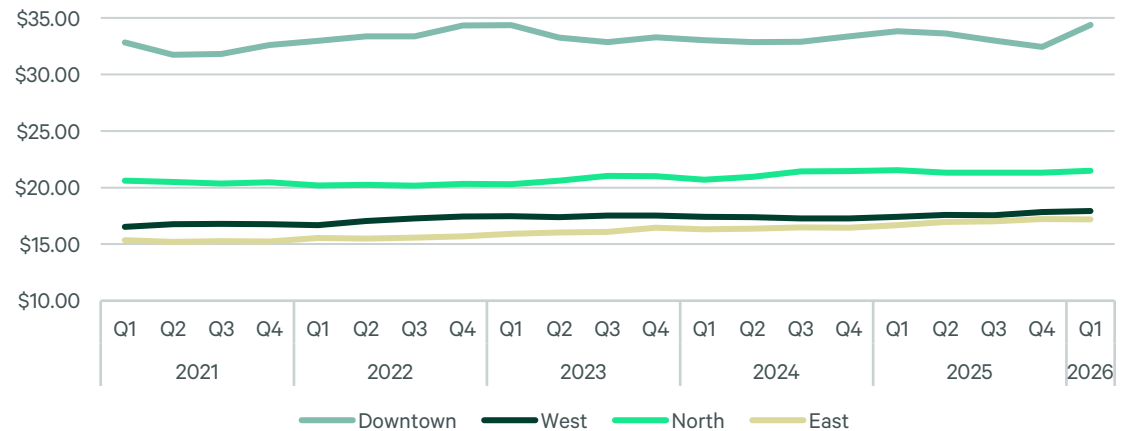
Source: CBRE Research, Q1 2026

FIGURE 3: Q1 2026 Size Distribution of Suburban Market Activity (000s SF)



Source: CBRE Research, Q1 2026

FIGURE 4: Selected Submarket Asking Rental Rates (PSF)



Source: CBRE Research, Q1 2026

## Office building sales volume sees new upwards momentum

Office investment activity in the suburban GTA increased notably this quarter, with preliminary 2026 numbers indicating a 49.9% quarter-over-quarter increase in closed sales, rising from \$120 million to \$180 million. This marks a potential revival of the suburban office market, indicating renewed investor engagement despite ongoing market uncertainty. Average price per square foot, however, continues an overall decline as higher cap rates and broader economic headwinds weigh on valuations, contributing to wider pricing discounts across assets.

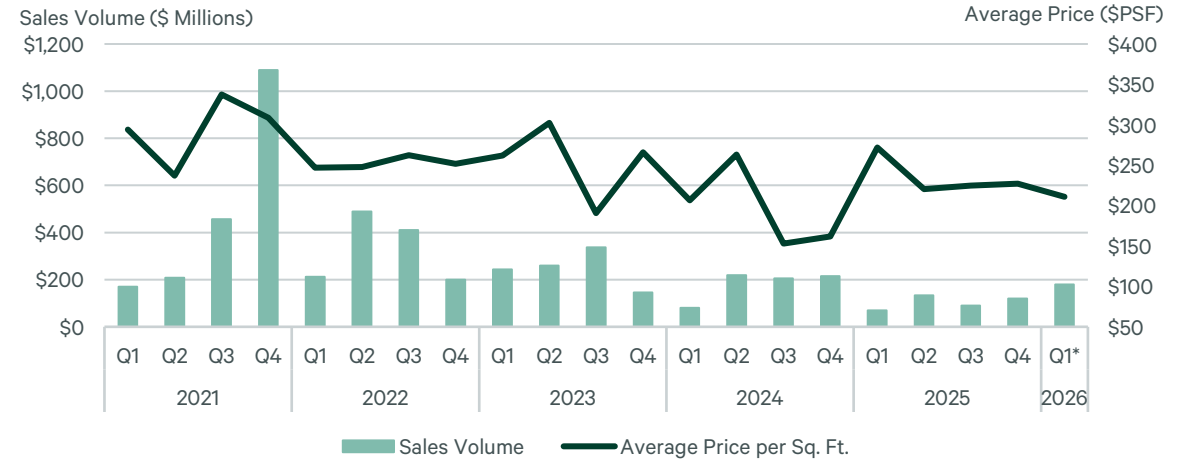
Deal volume may continue to improve gradually through 2026 as market participants gain greater clarity on asset-level fundamentals. That said, the pace of recovery is likely to remain uneven, influenced by broader macroeconomic and geopolitical conditions, including persistent global trade tensions, ongoing regional conflicts, and shifting monetary policy expectations. These factors continue to contribute to elevated uncertainty around capital flows, financing costs, and investor risk appetite.

## The West and East show highly correlated gross leasing volume

An analysis of quarterly leasing activity in the past five years highlights a strong correlation between the West and East submarkets. This relationship largely reflects similarities in product offerings, building typologies, and geography, which exposes both markets to comparable demand drivers.

In contrast, the North submarket exhibits a weak correlation with the West and a moderate correlation with the East, pointing to a more idiosyncratic leasing pattern. This divergence is largely attributable to the North submarket's closer alignment with the Downtown node, where higher-quality product offerings and more extensive transit connectivity act as a refuge for flight-to-quality. As a result, leasing activity in the North tends to have a lower variance, reducing its synchronicity with the suburban-oriented West and East markets.

FIGURE 5: Quarterly Volume of >10,000 sq. ft. Suburban GTA Office Sales



\*Preliminary  
Source: Altus Group March 20, 2026; CBRE Research, Q1 2026

FIGURE 6: Suburban Submarket Gross Leasing Volume (000s SF)



Source: CBRE Research, Q1 2026

FIGURE 7a: Q1 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	22.2%	7.5%	22.7%	-134,627	-134,627	0	0	\$20.58
427 Corridor	1,856,618	26.6%	11.0%	29.2%	-32,684	-32,684	0	0	\$16.97
Airport Strip	3,330,753	22.0%	9.5%	23.6%	-60,997	-60,997	0	0	\$12.98
Airport Corp. Centre	7,321,241	21.2%	20.6%	22.8%	10,894	10,894	0	0	\$19.13
Mississauga South	1,462,158	6.2%	30.2%	6.3%	-11,202	-11,202	0	0	\$14.80
City Centre	3,752,801	21.3%	2.4%	25.0%	69,499	69,499	0	0	\$18.28
Hwy 10 / Hwy 401	4,303,077	13.3%	11.8%	14.3%	-39,703	-39,703	0	0	\$19.72
Meadowvale	4,474,354	22.6%	7.5%	23.0%	17,664	17,664	0	0	\$19.69
Brampton	1,049,000	7.8%	41.1%	9.4%	-30,544	-30,544	0	0	\$21.63
Oakville	4,644,086	13.6%	20.5%	15.2%	66,839	66,839	0	27,662	\$17.98
Burlington	3,790,349	18.4%	12.7%	18.8%	-18,503	-18,503	0	0	\$16.06
<b>West</b>	<b>37,735,208</b>	<b>18.7%</b>	<b>13.0%</b>	<b>20.1%</b>	<b>-163,364</b>	<b>-163,364</b>	<b>0</b>	<b>27,662</b>	<b>\$17.93</b>
Scarborough	3,544,513	27.3%	21.2%	27.2%	4,843	4,843	0	0	\$15.42
Markham N. / R. Hill	8,068,046	19.4%	2.6%	19.6%	30,349	30,349	0	0	\$19.18
Markham South	4,092,334	18.1%	2.7%	18.4%	-14,431	-14,431	0	0	\$16.54
E. York / D. Mills S.	2,552,330	32.0%	2.8%	32.0%	-1,920	-1,920	0	0	\$15.95
Don Mills North	2,792,656	32.7%	0.0%	32.7%	-248,563	-248,563	0	0	\$17.28
Consumers Road	3,632,790	27.8%	12.9%	27.8%	134,175	134,175	0	0	\$15.77
G. Baker / Vic. Park	1,510,904	23.9%	2.3%	27.7%	10,738	10,738	0	0	\$17.93
<b>East</b>	<b>26,193,573</b>	<b>24.3%</b>	<b>6.7%</b>	<b>24.6%</b>	<b>-84,809</b>	<b>-84,809</b>	<b>0</b>	<b>0</b>	<b>\$17.18</b>
North Yonge	7,760,524	28.7%	6.2%	29.5%	-663	-663	0	175,000	\$22.23
North York West	2,166,759	9.8%	1.3%	9.8%	11,555	11,555	0	0	\$13.72
Vaughan	3,195,743	11.0%	18.9%	11.9%	7,768	7,768	0	0	\$19.48
<b>North</b>	<b>13,123,026</b>	<b>21.2%</b>	<b>7.4%</b>	<b>22.0%</b>	<b>18,660</b>	<b>18,660</b>	<b>0</b>	<b>175,000</b>	<b>\$21.48</b>
<b>Suburban</b>	<b>77,051,807</b>	<b>21.0%</b>	<b>9.5%</b>	<b>20.9%</b>	<b>-229,513</b>	<b>-229,513</b>	<b>0</b>	<b>202,662</b>	<b>\$18.25</b>

Source: CBRE Research, Q1 2026.

FIGURE 7b: Q1 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	8.4%	12.2%	12.3%	171,671	171,671	0	0	\$42.28
Greater Core	23,047,668	14.3%	9.6%	17.8%	1,803,760	1,803,760	1,430,000	0	\$32.05
Downtown South	9,605,714	8.2%	23.5%	10.1%	-240,962	-240,962	0	0	\$37.26
Downtown North	6,483,449	13.4%	15.0%	17.3%	-27,745	-27,745	0	211,589	\$26.44
Downtown East	3,667,656	20.7%	19.3%	22.4%	315,416	315,416	0	80,966	\$35.86
Downtown West	9,332,916	26.4%	9.8%	28.4%	67,520	67,520	0	103,334	\$32.68
Liberty Village	2,610,704	22.0%	18.2%	23.7%	43,387	43,387	0	0	\$26.45
<b>Downtown</b>	<b>82,174,839</b>	<b>13.4%</b>	<b>12.7%</b>	<b>16.6%</b>	<b>2,133,047</b>	<b>2,133,047</b>	<b>1,430,000</b>	<b>395,889</b>	<b>\$34.38</b>
Bloor / Yonge	6,726,558	24.5%	33.0%	26.9%	25,041	25,041	0	24,388	\$27.11
St. Clair / Yonge	2,194,054	15.4%	2.2%	16.0%	-45,116	-45,116	0	0	\$29.86
Eglinton / Yonge	4,537,093	16.7%	4.9%	17.6%	18,933	18,933	0	0	\$17.97
<b>Midtown</b>	<b>13,457,705</b>	<b>20.4%</b>	<b>21.5%</b>	<b>22.0%</b>	<b>-1,142</b>	<b>-1,142</b>	<b>0</b>	<b>24,388</b>	<b>\$25.16</b>
<b>Central</b>	<b>95,632,544</b>	<b>14.4%</b>	<b>14.5%</b>	<b>17.4%</b>	<b>2,131,905</b>	<b>2,131,905</b>	<b>1,430,000</b>	<b>420,277</b>	<b>\$32.44</b>
<b>GTA TOTAL</b>	<b>172,684,351</b>	<b>17.4%</b>	<b>11.8%</b>	<b>19.4%</b>	<b>1,902,392</b>	<b>1,902,392</b>	<b>1,430,000</b>	<b>622,939</b>	<b>\$26.98</b>

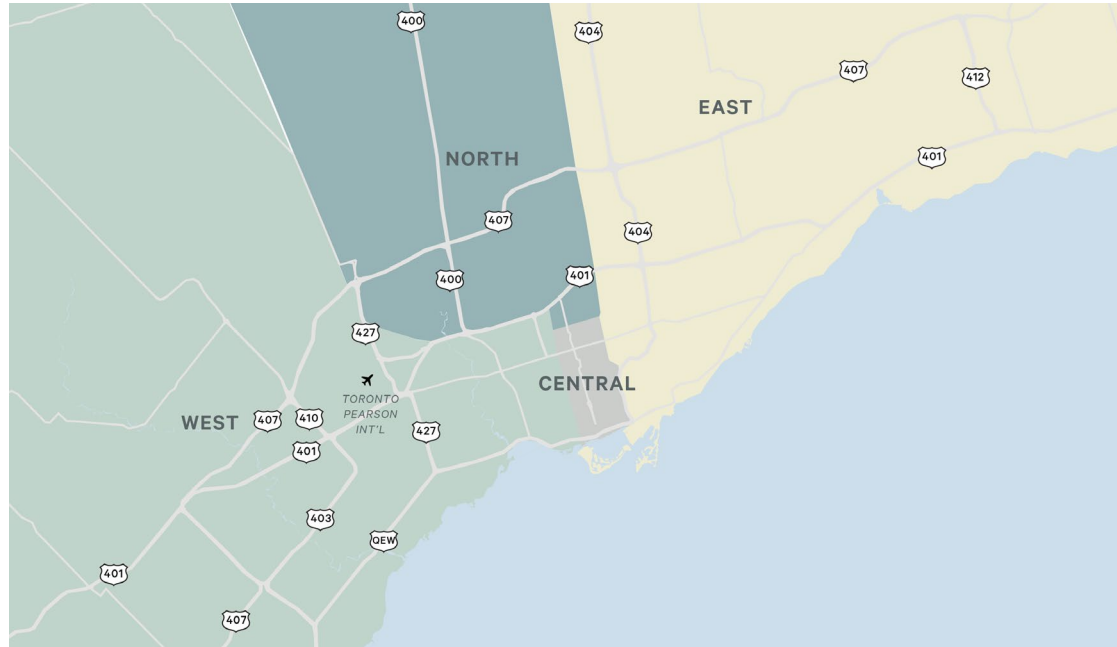
Source: CBRE Research, Q1 2026.

FIGURE 8: Q1 2026 Notable Suburban Lease Transactions

Submarket	Address	Tenant	Size (SF)	Class	Deal Type
Markham North/Richmond Hill	19 Allstate Parkway	Huawei Technologies	109,561	A	Renewal
Airport Corporate Centre	5025 Creekbank Road	Infosys	74,900	A	New
Consumers Road	2235 Sheppard Avenue East	Reliance Home Comfort	59,090	A	New
Consumers Road	255 Consumers Road	JP Morgan Chase	42,584	B	New
Consumers Road	245 Consumers Road	Metergy Solutions	36,496	B	New

Source: CBRE Research, Q1 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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