Steady leasing activity supports market stabilization

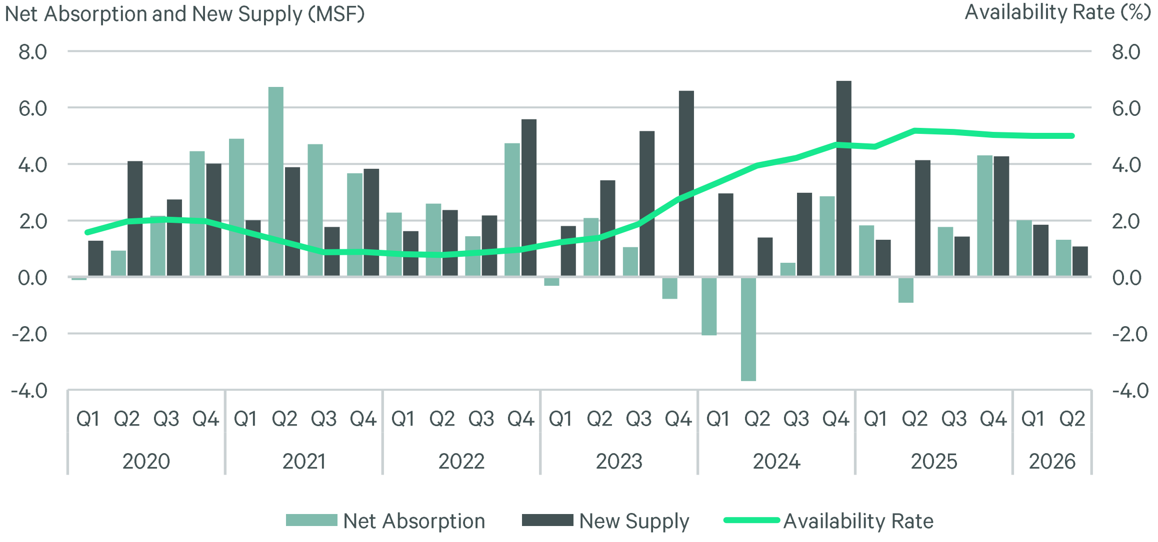
▶ 5.0%	▼ 1.1M	▲ 9.3M	▼ $16.11	▲ $374.53
Availability Rate	SF New Supply	SF Under Construction	PSF Avg. Asking Lease Rate	PSF Avg. Asking Sale Price

Note: Arrows indicate change from previous quarter.

Summary

- Continued leasing activity and a pullback in speculative construction have kept demand in pace with supply, with industrial availability holding at 5.0% for a third consecutive quarter.
- The Greater Toronto Area (GTA) recorded 1.3 million sq. ft. of net absorption in Q2 2026, marking a fourth straight quarter of positive absorption.
- Asking rents fell for an 11th consecutive quarter, though the rate of decline has moderated in recent quarters.
- Approximately 1.1 million sq. ft. of new supply was delivered in Q2, of which 803,000 sq. ft. was speculative.
- Six buildings broke ground in Q2, all on a speculative basis, totaling 2.1 million sq. ft.
- A total of 8.2 million sq. ft. of new supply is projected to be delivered in 2026, followed by 7.8 million sq. ft. in 2027.

FIGURE 1: Greater Toronto Area Fundamentals – Historical Analysis



Source: CBRE Research, Q2 2026.

Availability and Demand

Steady leasing activity and a pullback in speculative construction have kept demand in pace with supply, with industrial availability holding at 5.0% for a third consecutive quarter. Renewal activity remains strong, with a substantial number of renewals exceeding 100,000 sq. ft. completed in Q2.

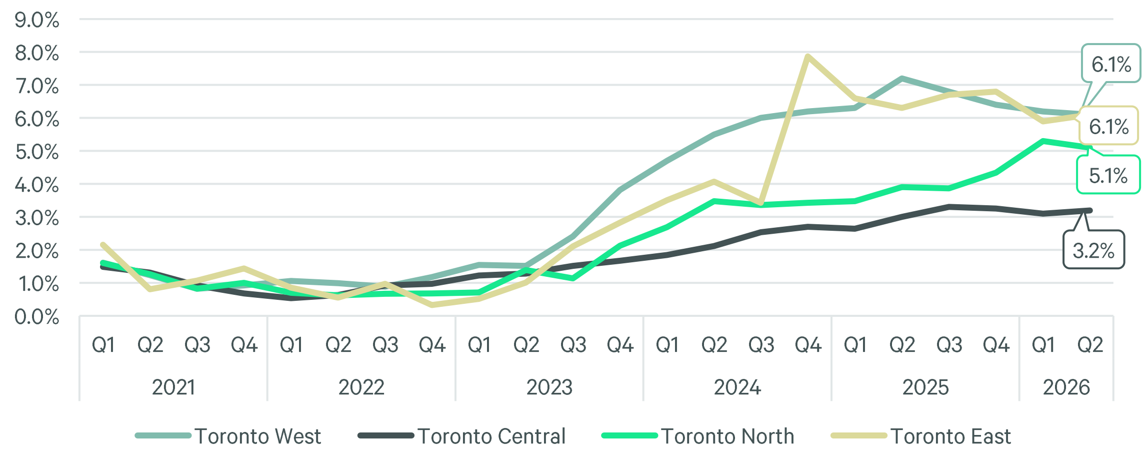
The GTA recorded 1.3 million sq. ft. of net absorption in Q2, marking a fourth straight quarter of positive absorption. Year-to-date absorption now totals 3.3 million sq. ft., surpassing first-half performance in each of the previous three years.

Availability rates in Toronto West and Toronto North decreased by 10 basis points (bps) and 20 bps to 6.1% and 5.1%, respectively, while Toronto East and Central increased by 20 bps and 10 bps to 6.1% and 3.2%, respectively. Over-supplied markets are gradually being absorbed, with landlords becoming increasingly willing to transact on reasonable, market-aligned terms.

Additionally, sublet availability declined considerably by the end of 2025 but saw a notable resurgence in 2026. Sublet availability remains elevated near record highs, with the GTA recording 6.5 million sq. ft. of sublet availability in Q2.

The market continues to exhibit a strong flight to quality, as positive absorption persists in spaces with clear heights 26' and above, primarily in new builds, while spaces with clear heights below 26' experienced an increase in available square footage. Although leasing activity remains healthy, a portion reflects the redistribution of occupancy rather than net absorption. Tenants are increasingly leveraging favorable pricing in newly completed assets to upgrade their space, often leaving behind existing premises that re-enter the market as direct or sublease availability.

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



Source: CBRE Research, Q2 2026.

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

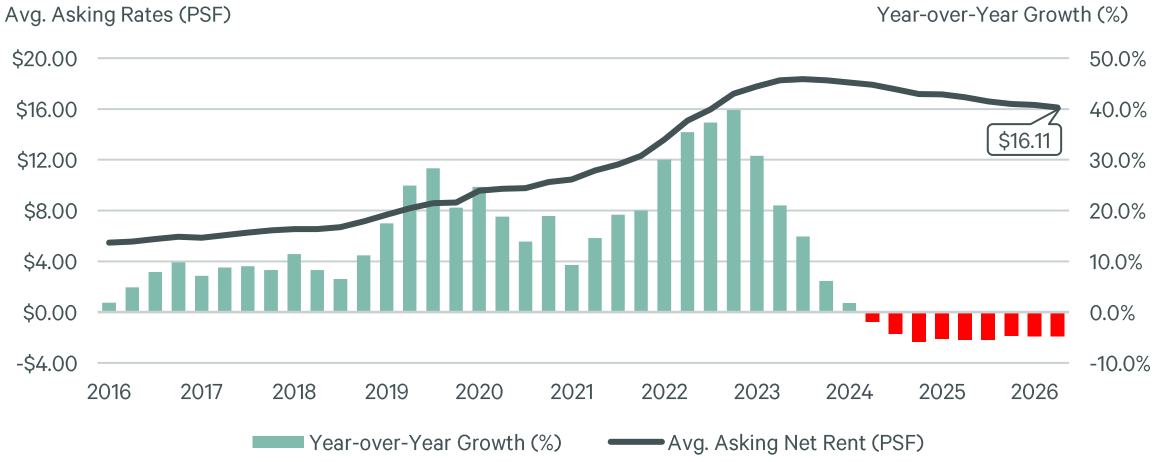
Total Available Sq. Ft.	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
<50,000 sq. ft.	12.3	12.0	11.6	11.9	12.1
>50,000 sq. ft. - <100,000 sq. ft.	7.1	7.0	7.2	6.7	7.9
>100,000 sq. ft.	24.7	24.8	24.1	24.1	22.9

Source: CBRE Research, Q2 2026.

Rent Trends

Asking rents fell for an 11th consecutive quarter, though the rate of decline has moderated in recent quarters. Leasing activity has stabilized for properly priced industrial product across all classes, thereby driving transaction activity as tenants become comfortable with revised pricing levels. With repricing less common, the continued decline in average rents is now increasingly attributable to the lease-up of newer product, as older stock represents a larger share of available inventory. In Q2 2025, buildings built in 2023 and onwards accounted for 41.0% of the weighting in the overall average net rent. Notably, the weighting attributable to buildings built in 2023 and later has now fallen considerably from 41.0% to 24.0% due to strong leasing activity in the asset class.

FIGURE 4: Average Asking Rents and Net Rental Rate Growth



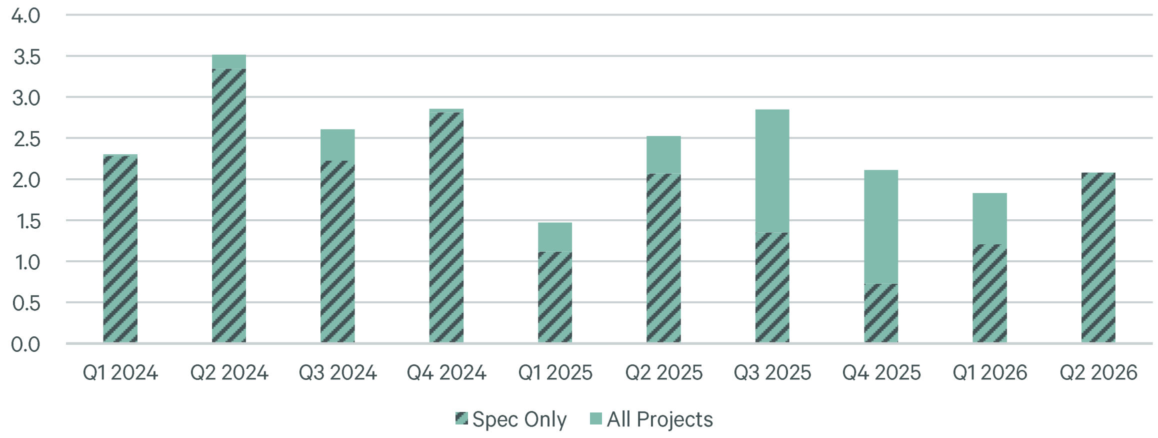
Source: CBRE Research, Q2 2026.

Construction Activity

Approximately 1.1 million sq. ft. of new supply was delivered in Q2, of which 803,000 sq. ft. was speculative. None of these speculative projects were pre-leased upon completion, a trend consistent with the prior quarter's negligible pre-leasing of speculative deliveries. Design-build activity, meanwhile, continues to support overall pre-leasing levels. While speculative new supply remains largely uncommitted at delivery, demand for high-quality space remains evident, with leasing activity increasingly occurring after completion rather than before delivery.

Six buildings broke ground in Q2, all on a speculative basis, totaling 2.1 million sq. ft. While relatively few projects commenced construction during the quarter, their scale was substantial, including a speculative build of nearly 1.0 million sq. ft. Coupled with limited new supply deliveries, this increased the under construction pipeline to 9.3 million sq. ft., its highest level since Q3 2025.

FIGURE 5: Greater Toronto Area Construction Starts (MSF)



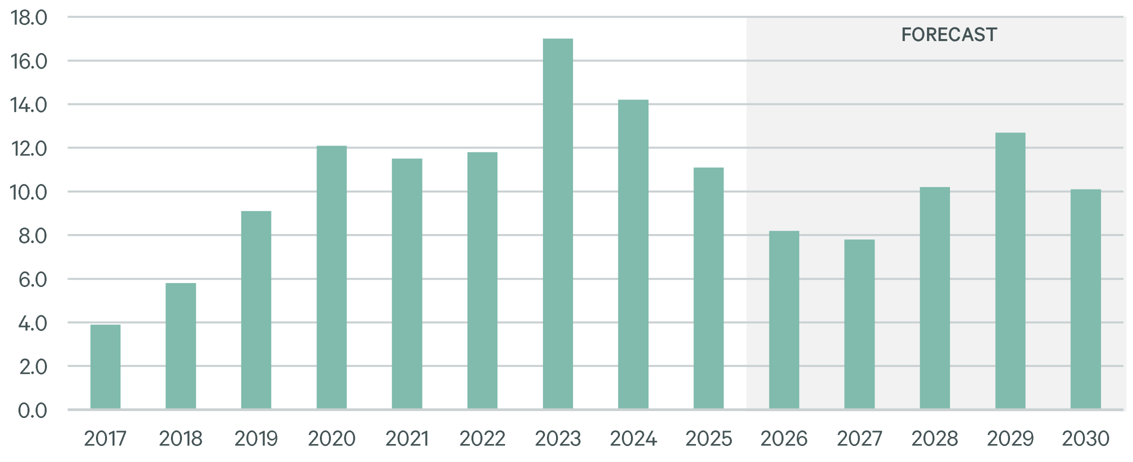
Source: CBRE Research, Q2 2026.

Forecasted New Supply

While targeted pockets are emerging across select submarkets, including several speculative projects on which developers had previously deferred construction, the limited groundbreakings suggest that 2027 delivery volumes will be lower than anticipated. Q2 forecasts revise 2027 deliveries downward from 9.2 million sq. ft. to 7.8 million sq. ft., while the 2026 forecast remains largely unchanged at 8.2 million sq. ft., inclusive of product already delivered this year.

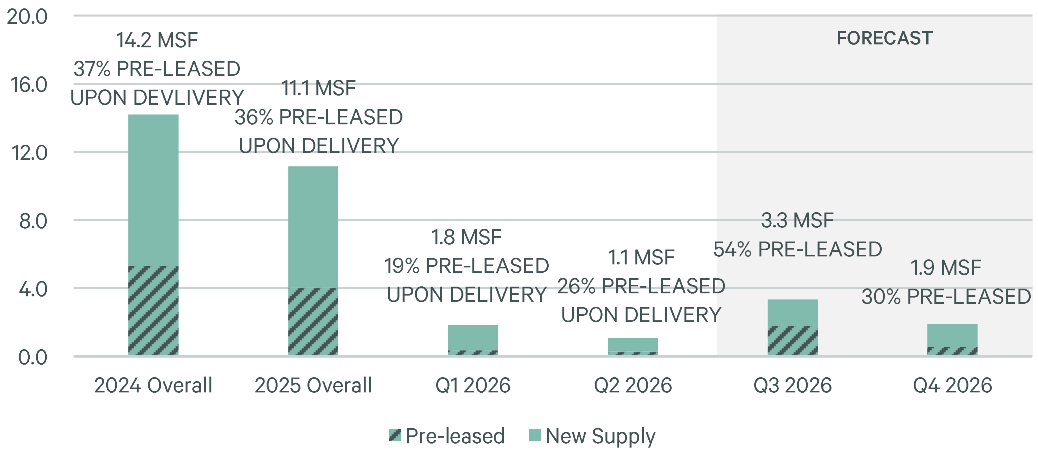
While construction levels are expected to increase in 2028 and beyond, actual activity will ultimately be dictated by market conditions, as the future supply outlook has become increasingly uncertain amid developer indecision. Although no design builds broke ground in Q2, pad-ready sites and built-to-suits remain a strong factor in new supply and a viable option for tenants looking for alternatives.

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



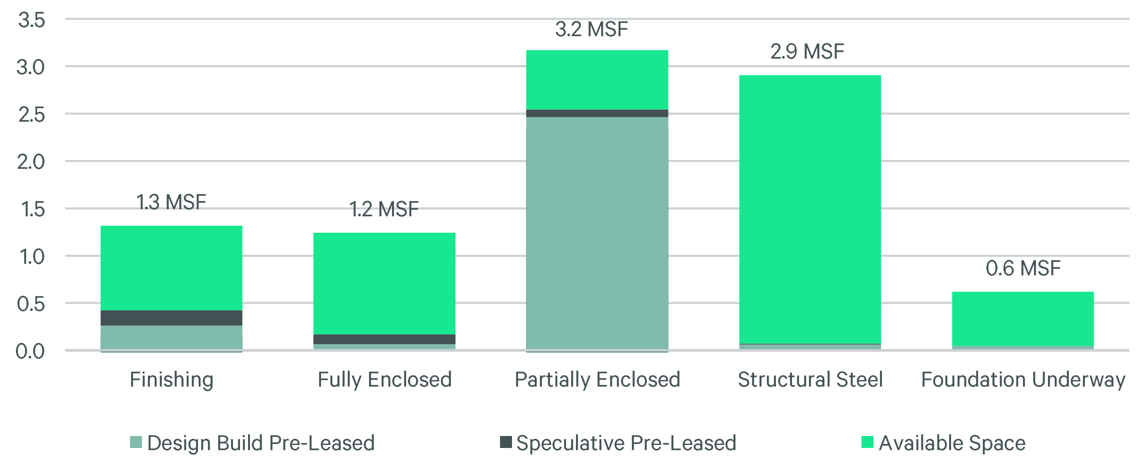
Source: CBRE Research, Q2 2026.

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



Source: CBRE Research, Q2 2026.

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



Source: CBRE Research, Q2 2026.

FIGURE 9a: Q2 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	8.8%	8.0%	76,503	-88,988	190,464	$15.25	$296.68
Ajax	12,616,175	9.7%	7.6%	19,541	495,209	0	$15.50	$236.35
Whitby	9,731,442	11.2%	8.2%	103,237	196,414	108,837	$14.60	$276.88
Oshawa	29,530,224	1.9%	0.8%	-127,788	39,584	0	$12.67	$269.03
Toronto East	**63,060,019**	**6.1%**	**4.6%**	**71,493**	**642,219**	**299,301**	**$14.77**	**$267.92**
Toronto	23,064,534	0.6%	0.6%	11,600	-1,354	0	$10.85	$381.03
North York	87,980,868	2.8%	1.5%	-338,381	229,019	0	$15.41	$357.20
Scarborough	72,258,985	3.4%	2.7%	-246,999	-78,433	1,663,684	$14.56	$376.36
Etobicoke	81,158,344	4.3%	3.1%	176,883	-23,908	0	$15.73	$317.99
East York	8,006,896	4.5%	2.7%	62,050	-66,683	0	$15.53	$277.19
York	7,179,602	0.4%	0.4%	0	91,871	0	$17.96	$268.84
Toronto Central	**279,649,229**	**3.2%**	**2.2%**	**-334,847**	**150,512**	**1,663,684**	**$15.24**	**$344.20**
Markham	38,995,860	5.8%	4.8%	271,783	-116,045	125,242	$17.07	$471.85
Richmond Hill	13,980,269	3.7%	1.1%	-44,211	-130,187	367,948	$17.03	$497.29
Vaughan	83,505,910	4.7%	2.8%	546,693	629,347	691,971	$17.21	$492.95
Aurora	6,982,808	6.2%	1.9%	-150,996	-216,547	0	$18.43	$429.41
Newmarket	5,905,713	10.1%	6.0%	282,284	90,362	0	$18.48	$392.73
Stouffville	1,062,119	0.0%	0.0%	0	0	0	$12.00	$301.97
Toronto North	**150,432,679**	**5.1%**	**3.2%**	**905,553**	**256,930**	**1,185,161**	**$17.32**	**$475.71**

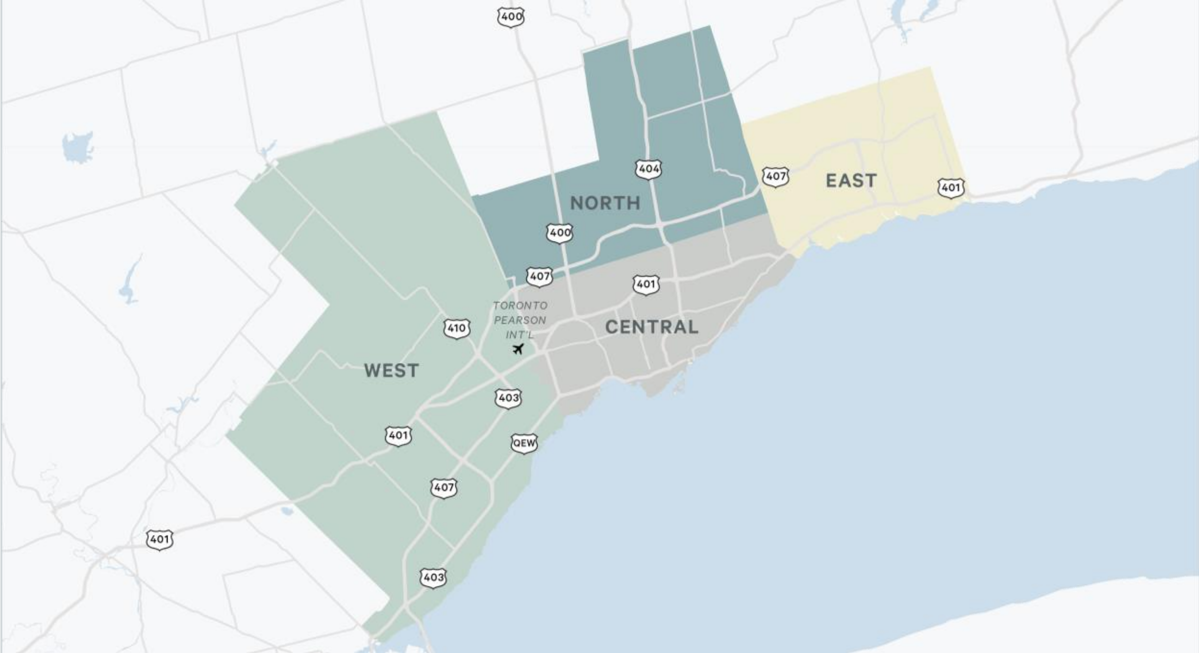
Source: CBRE Research, Q2 2026.

FIGURE 9b: Q2 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	5.0%	2.4%	-1,185,707	-742,096	774,538	$16.32	$398.35
Brampton	94,614,568	6.9%	5.1%	80,362	113,959	1,542,575	$16.59	$358.23
Caledon	21,664,674	5.0%	2.6%	-12,846	-345,174	3,610,467	$16.37	$412.86
Oakville	20,558,443	7.5%	6.7%	325,046	709,786	0	$16.85	$383.31
Burlington	22,900,639	6.4%	5.3%	78,845	309,381	175,764	$14.62	$224.93
Milton	28,603,973	9.3%	8.4%	1,453,551	1,557,225	0	$15.90	$389.90
Halton Hills	7,470,991	5.8%	3.8%	-70,781	660,712	0	$16.65	$226.73
Toronto West	**363,576,418**	**6.1%**	**4.1%**	**668,470**	**2,263,793**	**6,103,344**	**$16.28**	**$370.24**
GTA Total	**856,718,345**	**5.0%**	**3.4%**	**1,310,669**	**3,313,454**	**9,251,490**	**$16.11**	**$374.53**

Source: CBRE Research, Q2 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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