

East Region New Availability Sparks Large Increase in Availability Rate

▲ 5.8%
Availability Rate

▲ 240K
SF New Supply

▲ 193K
SF Under Construction

▲ \$10.74
PSF Avg. Asking Lease Rate

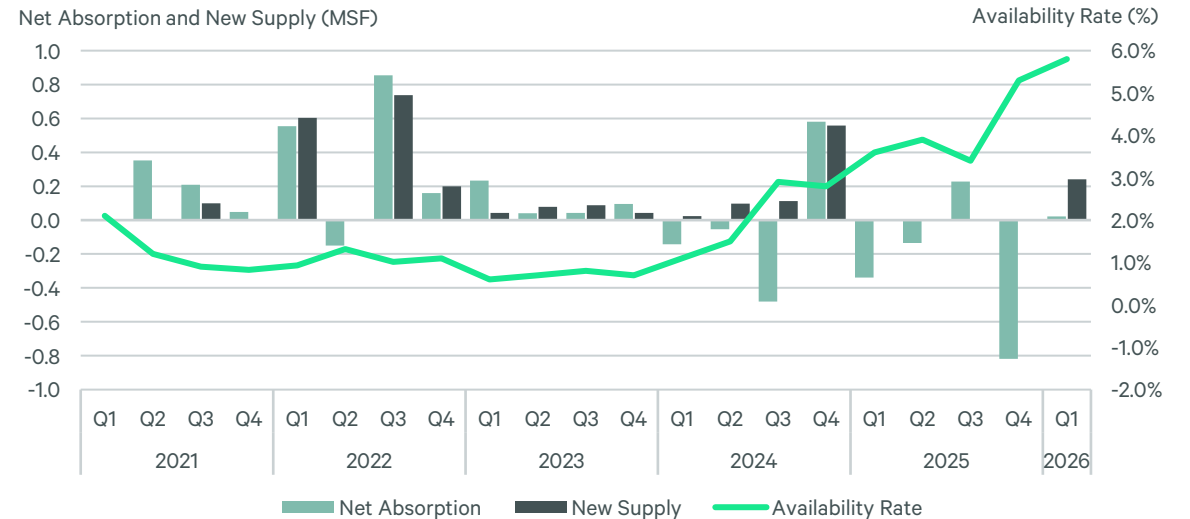
▼ \$182.38
PSF Avg. Asking Sale Price

Note: Arrows indicate change from previous quarter.

Executive Summary

- Overall vacancy rates have now climbed to 64% year-over-year caused mostly by two spaces being added to inventory last quarter. Vacancy rates continued to rise this quarter, recording a 30 bps increase to 4.1%. This increase was largely caused by the South region adding nearly 150,000 SF to vacant space this quarter. Overall availability rates also saw increases, recording a 50 bps increase to 5.8%.
- Net asking rent remained stable, rising 3.5% year-over-year caused mostly by East region Net asking rents rising 4.3% to \$10.50 per sq. ft. The East and Northwest region recorded no notable change in Net asking rents, both sitting at \$10.50 per sq. ft.
- An expansion project completed this quarter and added 240,000 sq. ft. to the South region's inventory. The space is fully occupied and did not affect quarterly numbers.

FIGURE 1: London Fundamentals – Historical Analysis



Source: CBRE Research, Q1 2026.

Availability and Vacancy Rates Remain Stable

Market uncertainty continued to slowdown activity in the London industrial market. We didn't see any large shifts in availability or vacancy rates for the overall market, but there was a notable shift in the South region which experienced a 120 bps increase in availability rate to 5.1%. Q1 2026 marks the highest overall availability rate since Q1 2018. Overall vacancy saw a small increase, up 30 bps to 4.1%. Although overall availability rates are at a 8-year high, the market is healthy at its current rates for new industrial tenants to explore London available properties.

Net Asking Rents Record Little Change

Although market activity has been slow amidst geopolitical issues continuing, overall market net rents actually recorded a small uptick. Overall Net Asking Rents rose 3.5% to \$10.74 per sq. ft., signally landlords holding firm. With London's relatively low availability rates, landlords have been maintaining their rates from a more active market, due to a lack of alternatives for London industrial users.

New Supply Slows Amidst Heightened Fees For Builders

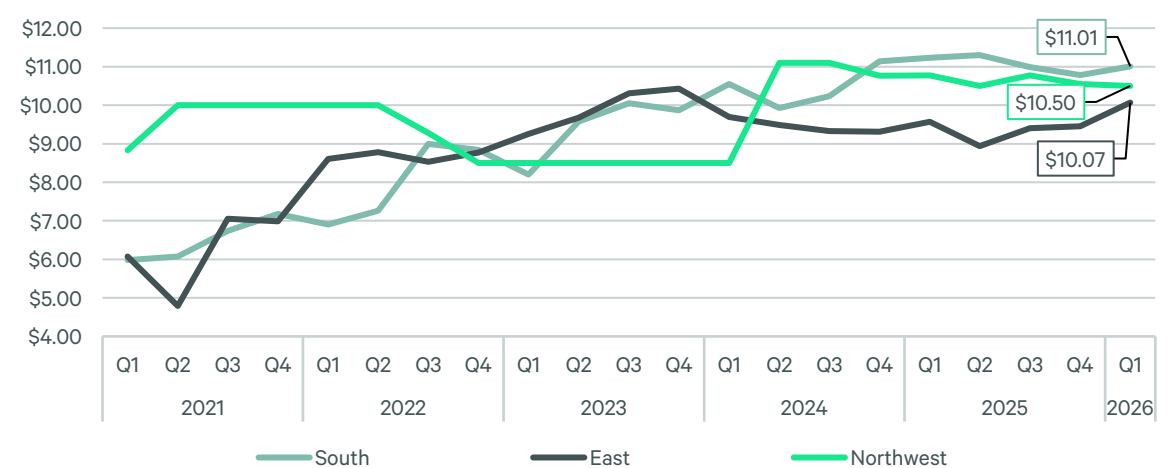
We have seen incentivization happening in the London design build space, as builders are beginning to offer reduced introductory rates to attract tenants to quality, new build sites. Neighboring cities like St Thomas, Woodstock and Ingersoll are attracting the majority of new development, both speculative and design build, due to the comparatively lower fees for industrial builders. Taking a look at development charges for the neighboring listed above, they are in the \$6-\$8 range per sq. ft., where as London development charges for industrial new build are as high as \$28 per sq. ft. for non-targeted industrial users.

FIGURE 2: Historical Industrial Availability Rate By Submarket (%)



Source: CBRE Research, Q1 2026.

FIGURE 3: Historical Rental Rates by Submarket (PSF)



Source: CBRE Research, Q1 2026.

FIGURE 4: Q1 2026 Industrial Market Statistics

| Submarket | Inventory (SF) | Availability Rate (%) | Vacancy Rate (%) | Net Absorption (SF) | YTD Net Absorption (SF) | Under Construction (SF) | Net Asking Rent (PSF) | Avg. Asking Sale Price (PSF) |
|---------------------|-------------------|-----------------------|------------------|---------------------|-------------------------|-------------------------|-----------------------|------------------------------|
| South | 19,557,628 | 5.1% | 2.9% | -20,624 | -20,624 | 0 | \$11.08 | \$195.74 |
| East | 21,915,841 | 6.6% | 5.4% | 47,828 | 47,828 | 192,686 | \$10.50 | \$179.64 |
| Northwest | 1,394,647 | 0.9% | 0.6% | -5,000 | -5,000 | 0 | \$10.50 | \$177.27 |
| London Total | 42,868,116 | 5.8% | 4.1% | 22,204 | 22,204 | 192,686 | \$10.74 | \$182.38 |

Source: CBRE Research, Q1 2026.

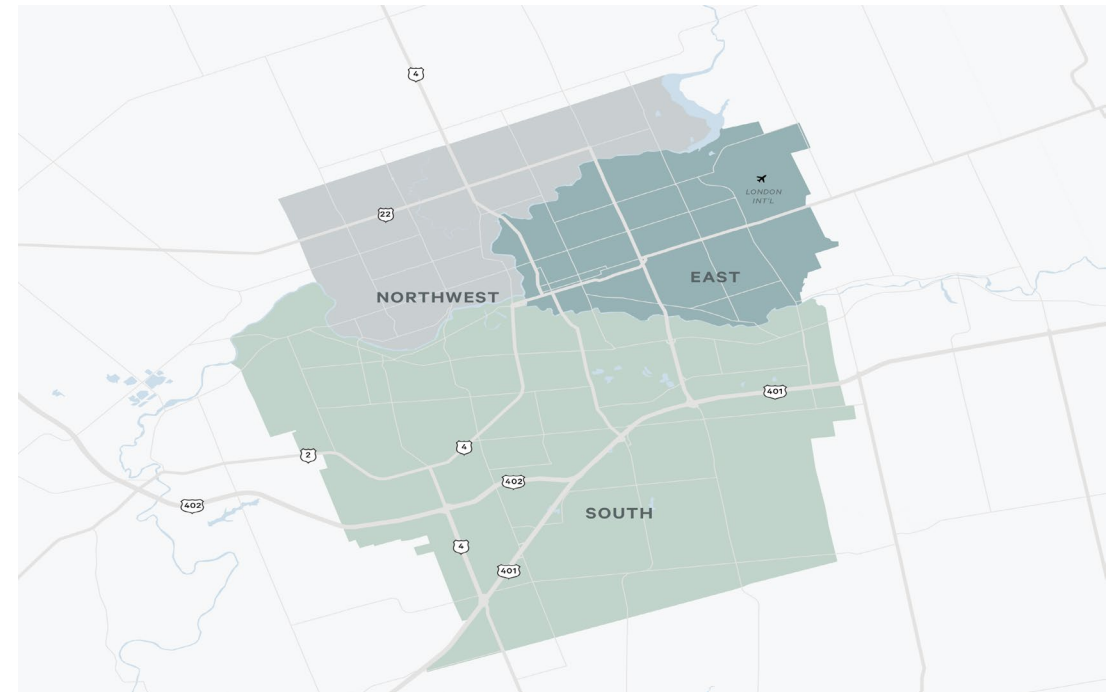
Definitions

- 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, building insurance, and maintenance.
- 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 5,000 sq. ft. and greater in size in London.
- Under construction is defined by buildings which have begun foundation work or otherwise has foundations in place.

Market Area Overview



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