

# Greater Toronto Area Industrial Market Overview

# Newmark's Canadian Industrial Markets

Recalibration of Canada's national industrial market following the end of the COVID-19 pandemic through 2024 and into 2025 has seen both supply and demand factors driving the rebalancing of the market. Leasing volumes, particularly for logistics space, are normalizing after recording significant growth during the pandemic as distribution demand, while weakening, remains a key component of leasing activity. Threats of U.S. tariffs represent a potentially notable threat to supply chains and therefore a decline in goods flow further dampening demand. The overhang in supply of new speculative warehouse space remains a concern in Canada's major distribution markets: GTA, Southwestern Ontario and Calgary.





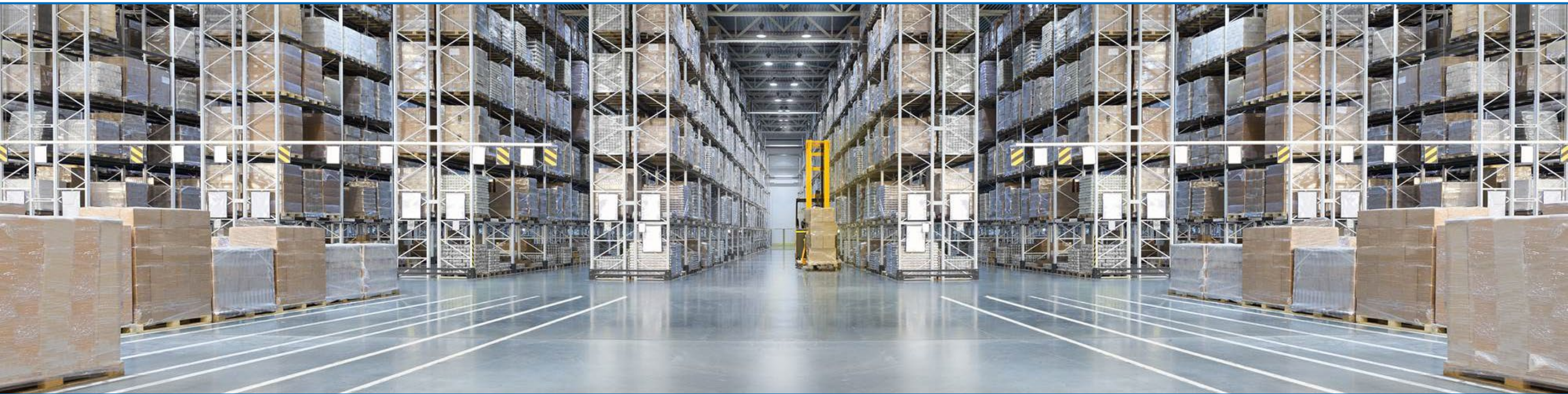
# Greater Toronto Area (GTA) Industrial Market Observations

GTA industrial vacancy was 2.8% at the first quarter of 2025, up notably from the 2.1% recorded at the start of 2024. Regional vacancy was less than 2% from mid-2017 through 2023.

Leasing activity in the first quarter of 2025 was slowed by a sense of unease and economic uncertainty unrelated to commercial real estate, but to the threat of U.S. tariffs.

Despite substantial absorption, sublease availability remained elevated in the first quarter of 2025 as tenants limited costs with U.S. tariff threats threatening growth in 2025.

Rental rate differentiation among submarkets increasingly impacting tenant decisions as occupiers in softer submarkets such as Durham and Halton renew at favourable rates.



Halton had the highest industrial vacancy rate in the GTA at 6.8%, followed by Durham (4.9%). York was the tightest submarket (1.5%) followed by Toronto at 1.8%. Peel sat at 2.6%.

More than 9.1 msf was under construction in the GTA in the first quarter of 2025, a drop from the 10.5 msf under construction at the start of 2024 and notably down from 16.7 msf at the start of 2023.

Estimated asking rates peaked mid-2023 and had been in decline, but rental rate growth returned in Toronto and Halton while rates stabilized in Peel and York. Rates fell in Durham.

Heightened uncertainty generated by threats of U.S. tariffs and their subsequent economic impact has also generated a more favourable environment for those tenants willing to transact.

Sale proceeds of ~\$1.4B for GTA industrial assets in the first quarter of 2025 was the most in the past decade outside of the Covid-inflated first-quarter sales volumes recorded in 2021-23.



1Q25

# GTA Industrial Market Metrics





# Greater Toronto Area (GTA) Industrial Submarket Statistics | 1Q25

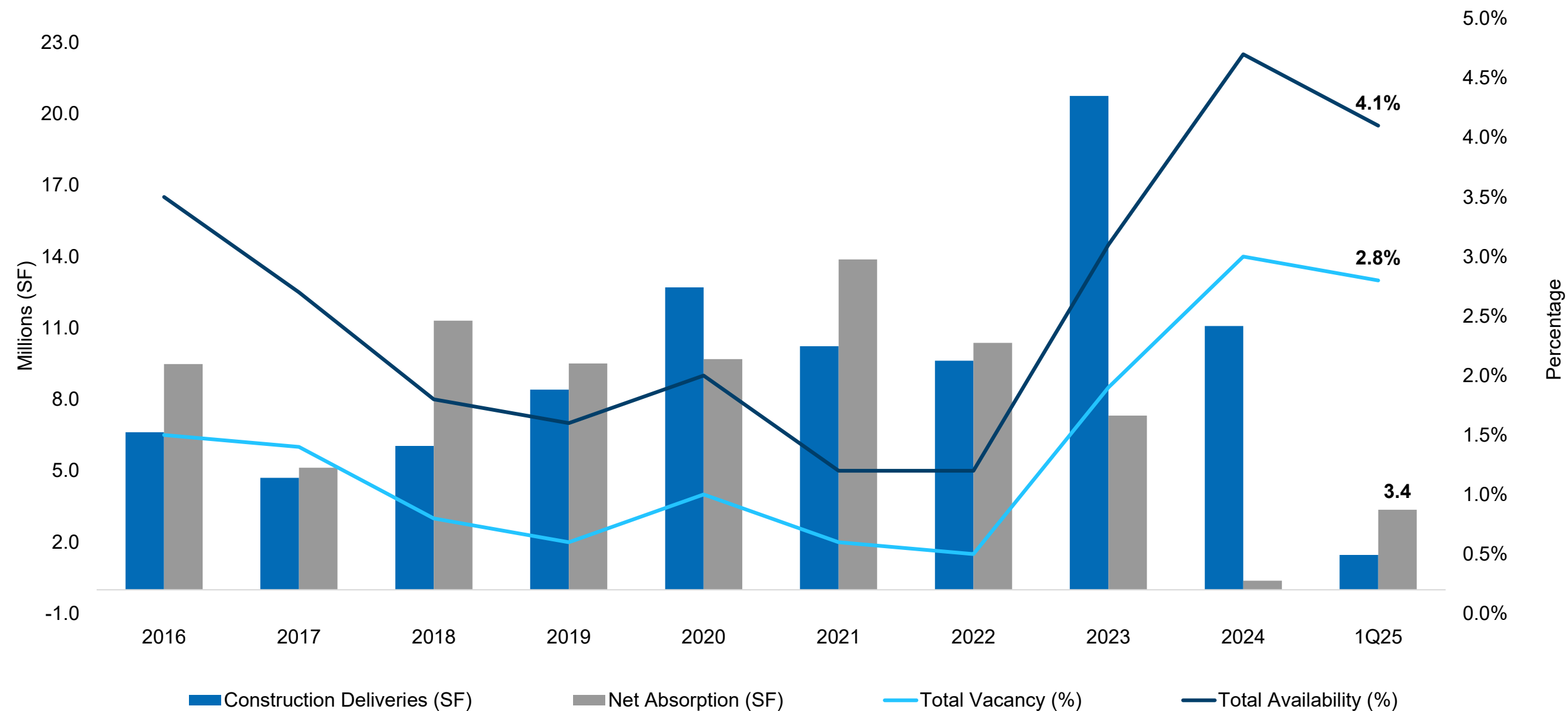
Submarket Statistics – All Classes									
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Annual Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	Estimated Asking Rate (\$/SF)	Total Additional Rent (\$/SF)
Greater Toronto Area (GTA)	947,433,771	9,130,749	2.8%	3,389,428	3,389,428	3.4%	0.6%	C\$17.0	C\$5.3
Peel Region (Mississauga, Brampton, Caledon) – GTA West	325,485,024	2,848,409	2.6%	1,320,666	1,320,666	3.7%	0.8%	C\$17.4	C\$5.1
Toronto (Toronto, Etobicoke, Scarborough, York, East York, North York) – GTA Central	260,791,624	675,170	1.8%	654,955	654,955	2.5%	0.3%	C\$17.2	C\$6.0
York Region (Vaughan, Richmond Hill, Markham, Newmarket, King, Aurora, East Gwillimbury, Georgina, Whitchurch-Stouffville) – GTA North	199,195,118	3,531,931	1.5%	1,344,079	1,344,079	1.8%	0.4%	C\$17.3	C\$5.4
Halton Region (Oakville, Burlington, Halton Hills, Milton) – GTA West	99,496,804	1,172,513	6.8%	-419,332	-419,332	6.7%	1.5%	C\$17.3	C\$4.8
Durham Region (Ajax, Oshawa, Pickering, Whitby, Brock, Clarington, Scugog, Uxbridge) – GTA East	62,465,201	902,726	4.9%	489,060	489,060	5.1%	0.5%	C\$13.0	C\$4.4

Source: Newmark Research, Altus Data Studio

# GTA Industrial Market Recalibration Likely Threatened By Threats of U.S. Tariffs

GTA's industrial market of 946 msf – Canada's largest – had been one of North America's tightest industrial markets for almost a decade. Annual absorption in the GTA had been in decline since 2021 when it peaked at ~13.9 msf. However, the start of 2025 marked a remarkable reversal of course with ~3.4 msf of regional absorption, effectively halting the upward trajectory that both vacancy and availability had been on since 2022. Dwindling new supply and threats of U.S. tariffs will likely inject the market with heightened volatility through 2025.

GTA Historical Construction Deliveries, Net Absorption, Vacancy and Availability

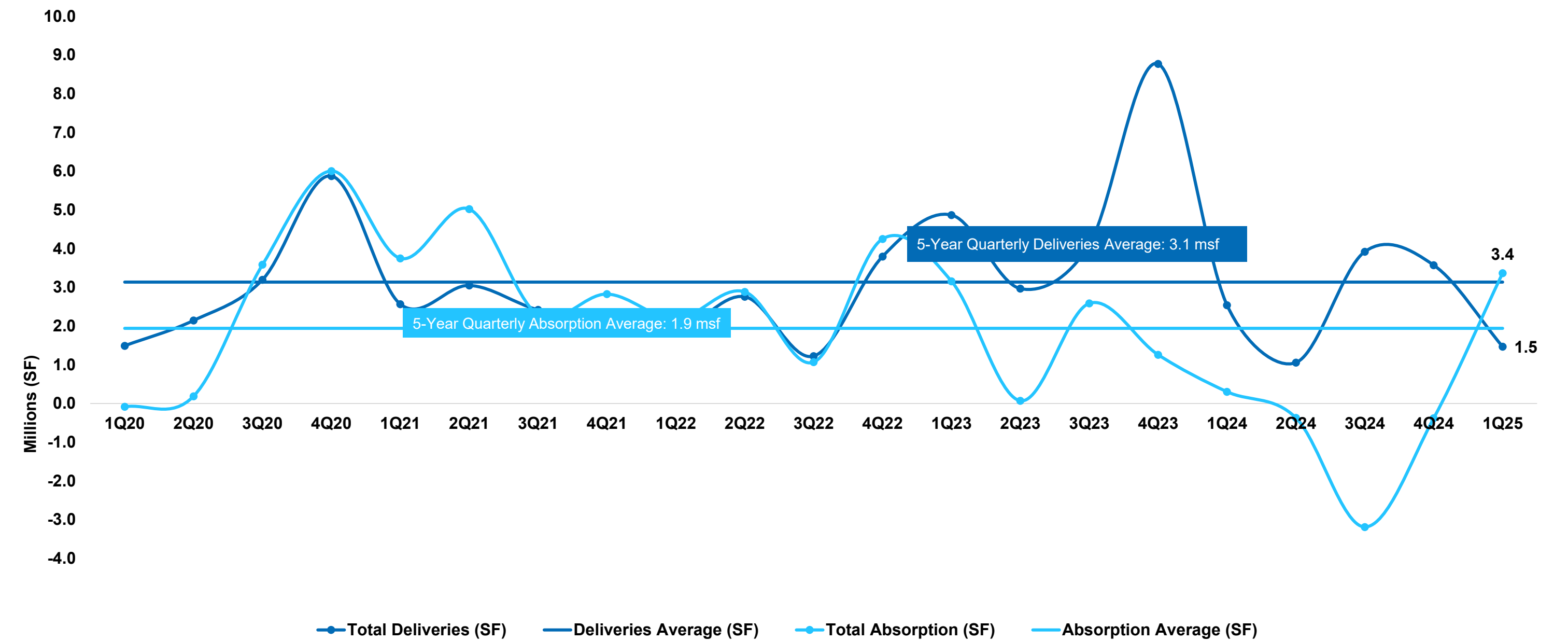


Source: Newmark Research, Altus Data Studio

# Absorption Surpassed New Supply For First Time Since 2022 Amid Rising Demand

Construction deliveries continued to slow in the first quarter of 2025 just as a significant increase in GTA industrial leasing activity pushed quarterly absorption to ~3.4 msf, significantly more than the five-year average of 1.9 msf and a complete reversal from what was otherwise an anemic 2024 in terms of leasing. While the decline in new supply may cushion a downturn in leasing activity, volatility resulting from U.S. tariff threats may trigger a drop in demand in a market that had shown signs of recovery for the first time since late 2022.

GTA Industrial Total Construction Deliveries and Absorption

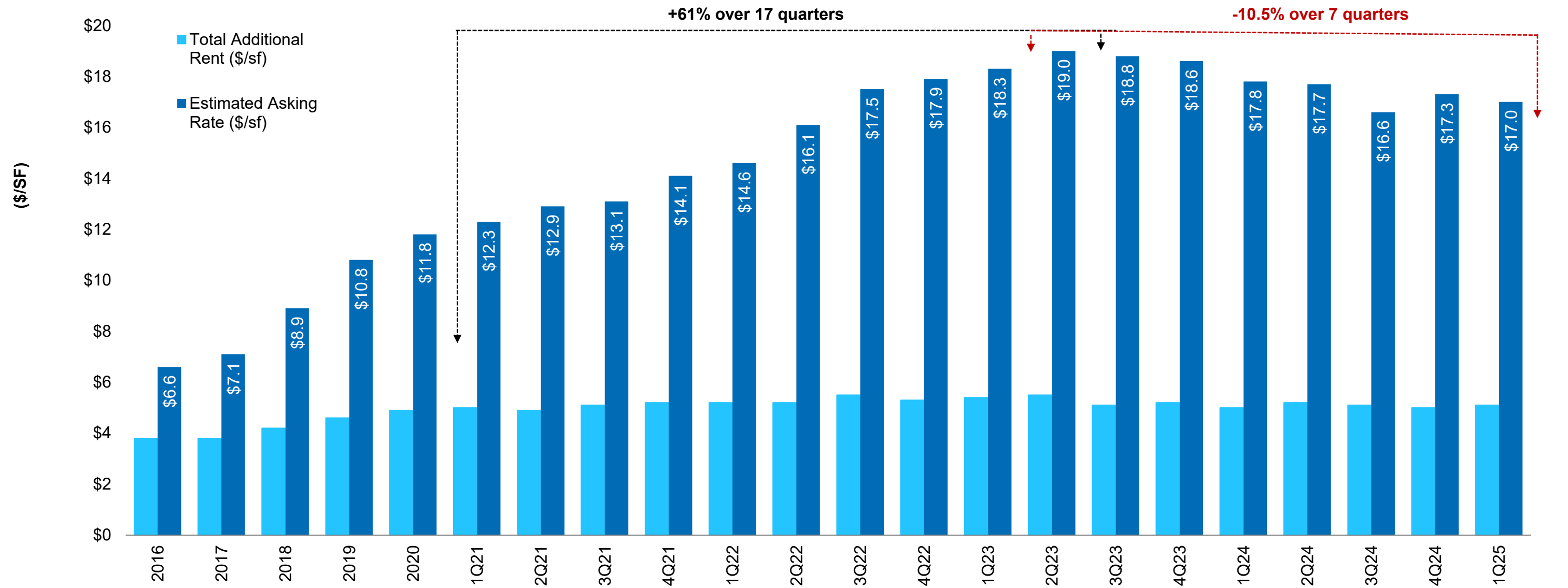


Source: Newmark Research, Altus Data Studio

# GTA Estimated Asking Rents Stabilizing Amid Market Uncertainty On U.S. Tariffs

Average estimated asking rents in the GTA industrial market have been sliding since mid-2023 as once-fervent demand for industrial space has declined. Landlords are becoming more competitive to secure tenants in the face of not only significant amounts of new supply but also substantial sublease availability. Since mid-2023, asking rents have slipped 10.5% after climbing 61% from 2021 to mid-2023. Rental rate differentiation is becoming more pronounced throughout the GTA with submarkets such as Durham notably less than others.

Historical GTA Industrial Estimated Asking Rates

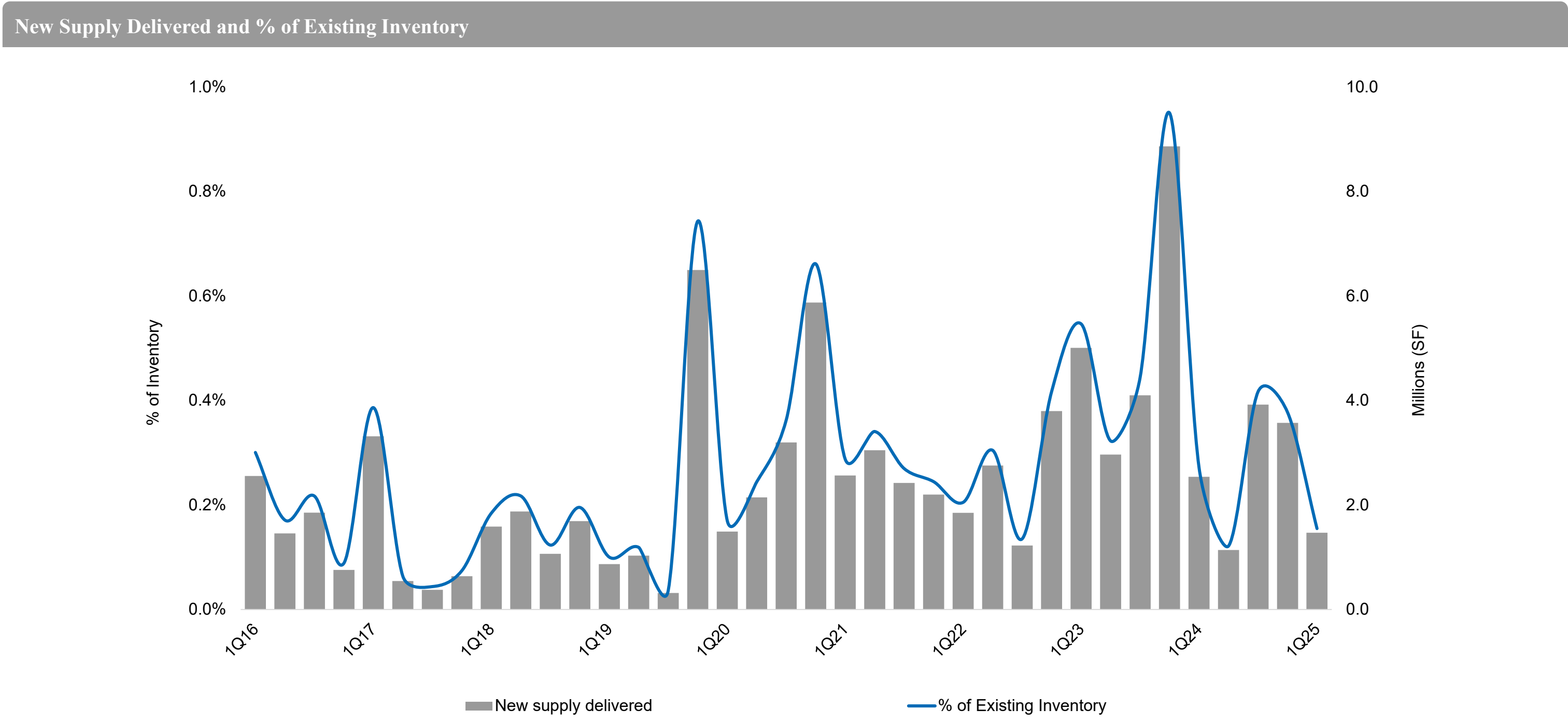


Source: Newmark Research, Altus Data Studio



# Slowing New Supply Pushes % Of Inventory Under Construction To Previous Lows

Rapid industrial development in the GTA led to the doubling of the quarterly average of new supply (delivered as a percentage of existing inventory) to 0.37% from 2019 to 2024, which marked a notable departure from the previous five-year period from 2014 to 2019 when it was 0.18%. In the first quarter of 2025, new supply as a percentage of existing inventory was 0.15%, down substantially from 0.38% at the end of 2024 and at its third lowest point since 2020, a five-year period that came to include notable oversupply in 2023 and 2024.

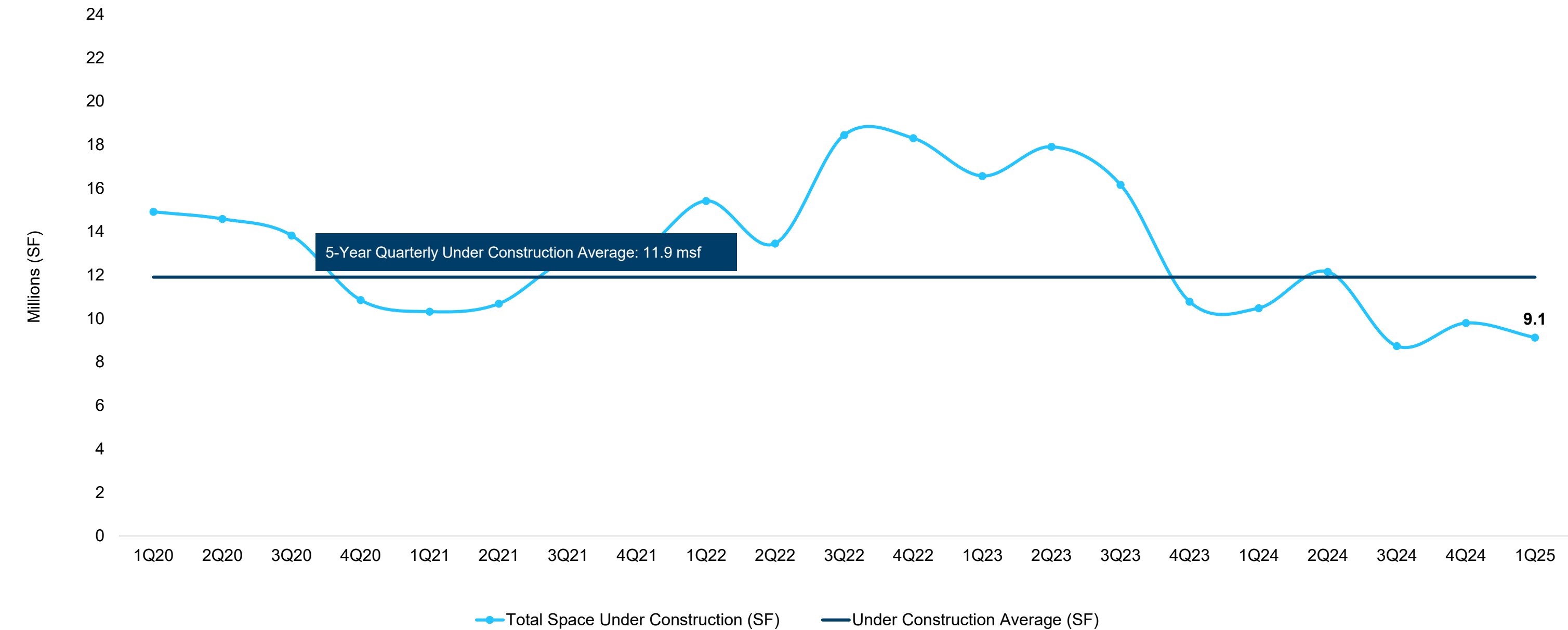


Source: Newmark Research, Altus Data Studio

# Space Under Construction Continued Slowing As Leasing Activity Accelerated in Q1

New industrial space under construction in the GTA in the first quarter of 2025 was at its second lowest point since 2018. A significant amount of new supply that was under construction from the third quarter of 2022 to the third quarter of 2023 has been delivered and, in most submarkets, contributed substantial upward pressure on vacancy and availability rates in 2024. The decline in space under construction in 2024 reduced upward pressure on vacancy and availability in 2025 and may cushion impact of potential tariffs.

GTA Industrial New Space Under Construction

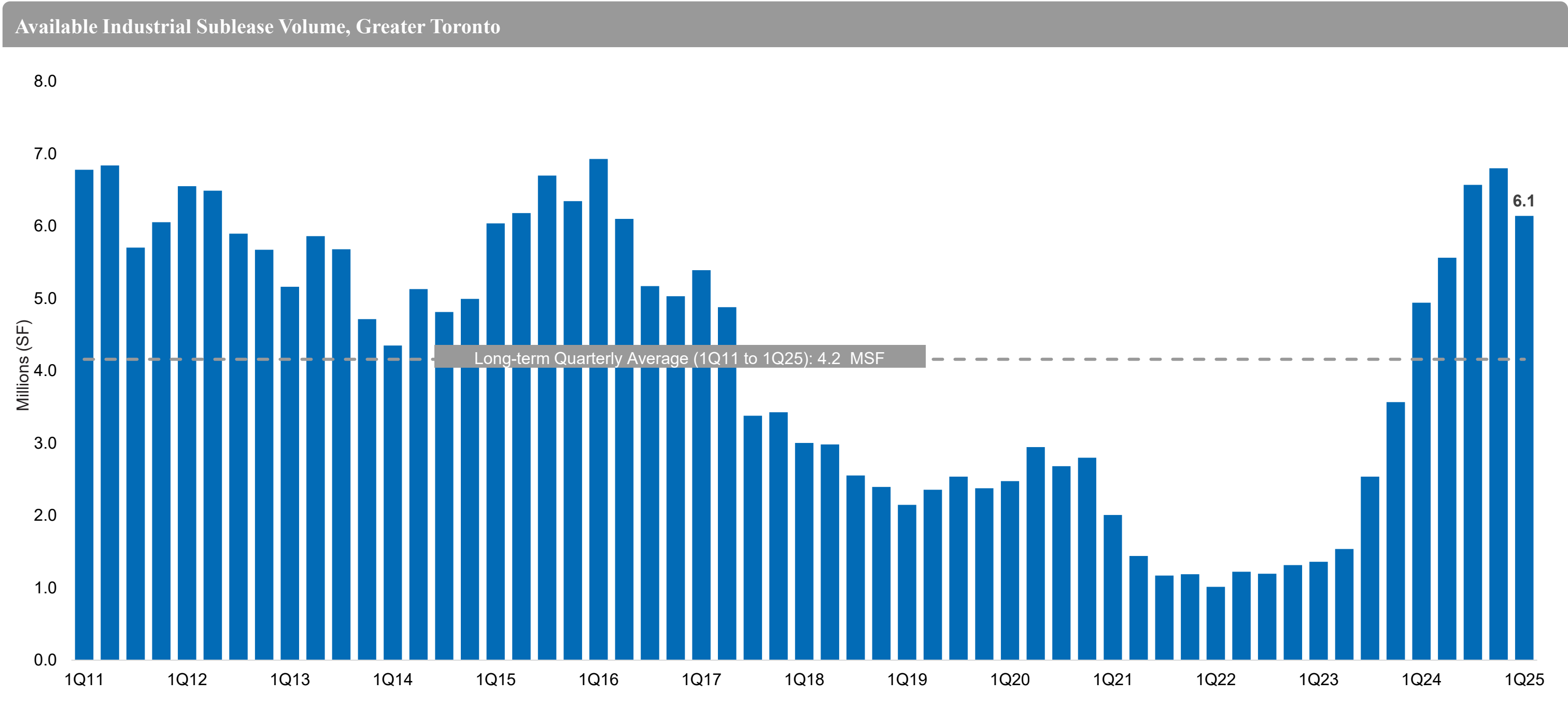


Source: Newmark Research, Altus Data Studio



# GTA Industrial Sublet Availability Continues Recalibration To Pre-2017 Market Levels

Sublease space availability has been rising rapidly since mid-2023 and surpassed the 15-year quarterly average of 4.2 msf starting in the first quarter of 2024. Sublease availability of ~6.1 msf in the first quarter of 2025 marked the first decline in sublease space since the second quarter of 2022 as tenants gravitated to core submarkets of Toronto, Peel and York. Reduced sublease availability from mid-2017 through 2023 was anomalous in a market that posted more than 4.0 msf of sublease availability on a quarterly basis from 2010 to 2017.

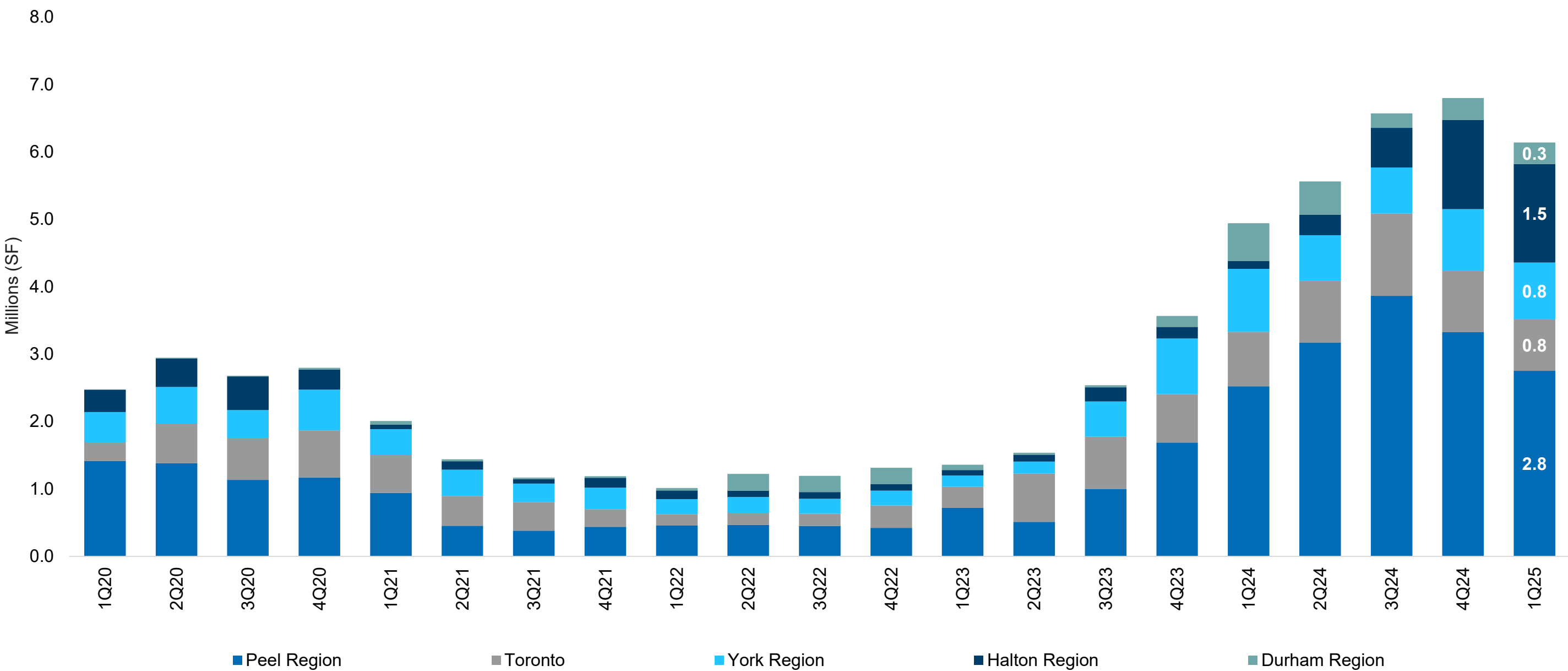


Source: Newmark Research, Altus Data Studio

# Sublease Availability Declining Or Stable In All GTA Submarkets Except Halton

Tenants are increasingly seeking sublease space in the GTA’s core industrial submarkets of Toronto, Peel and, to a lesser extent, York, and this has been reflected in declining sublease availability in those regions. Sublease availability in Peel dropped 29% in the past six months while Toronto fell 38%. Sublease space in York dropped 7.8% from the end of 2024. Sublease availability in Halton has notably increased during the past six months, rising 147% since the third quarter of 2024 as tenants relocate or reduce their requirements.

Available Industrial Sublease Space, By Region



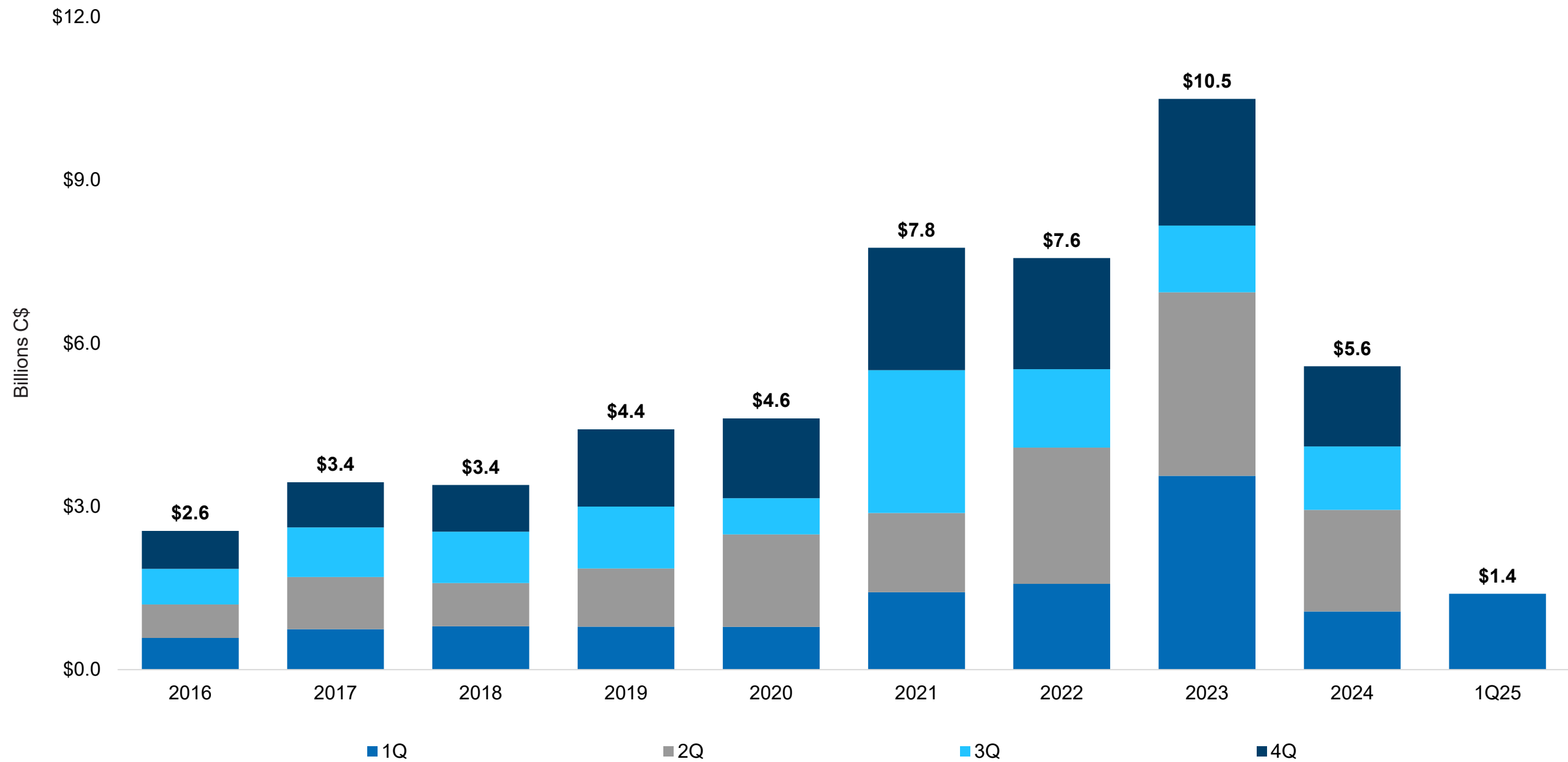
Source: Newmark Research, Altus Data Studio



# Strong Start To GTA Industrial Sales Amid Growing Threats Of U.S. Trade Dispute

Industrial sales totalled ~\$1.4 billion in the first quarter of 2025, up 31% from the first quarter of 2024, but the most in the past decade outside of the Covid-inflated sales volumes recorded from 2021 to 2023. While demand for industrial assets started strong in 2025, uncertainty arising from U.S. trade threats slowed deal velocity and resulted in transactions being delayed or dropped. The largest deal in the first quarter was the \$72.5-million sale of 297 Rutherford Road South in Brampton, one of just two transactions that surpassed \$50M.

Greater Toronto Area: Industrial Sales Volume | By Quarter



Source: Newmark Research, Altus Data Studio

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# GTA Industrial Submarket Snapshots

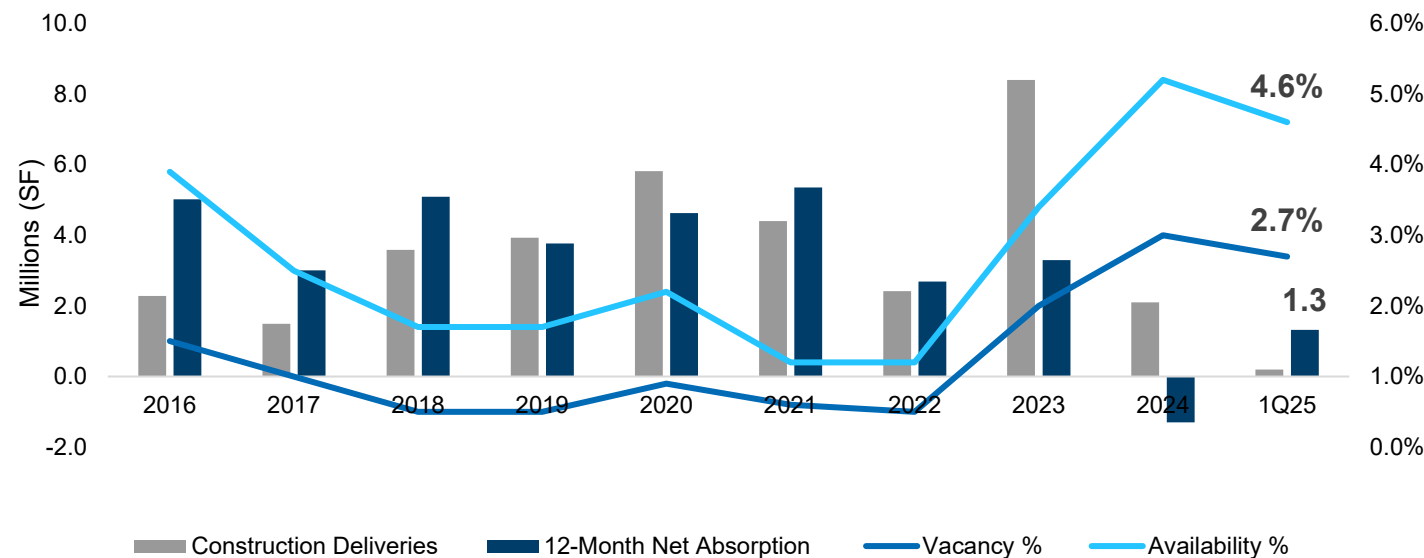




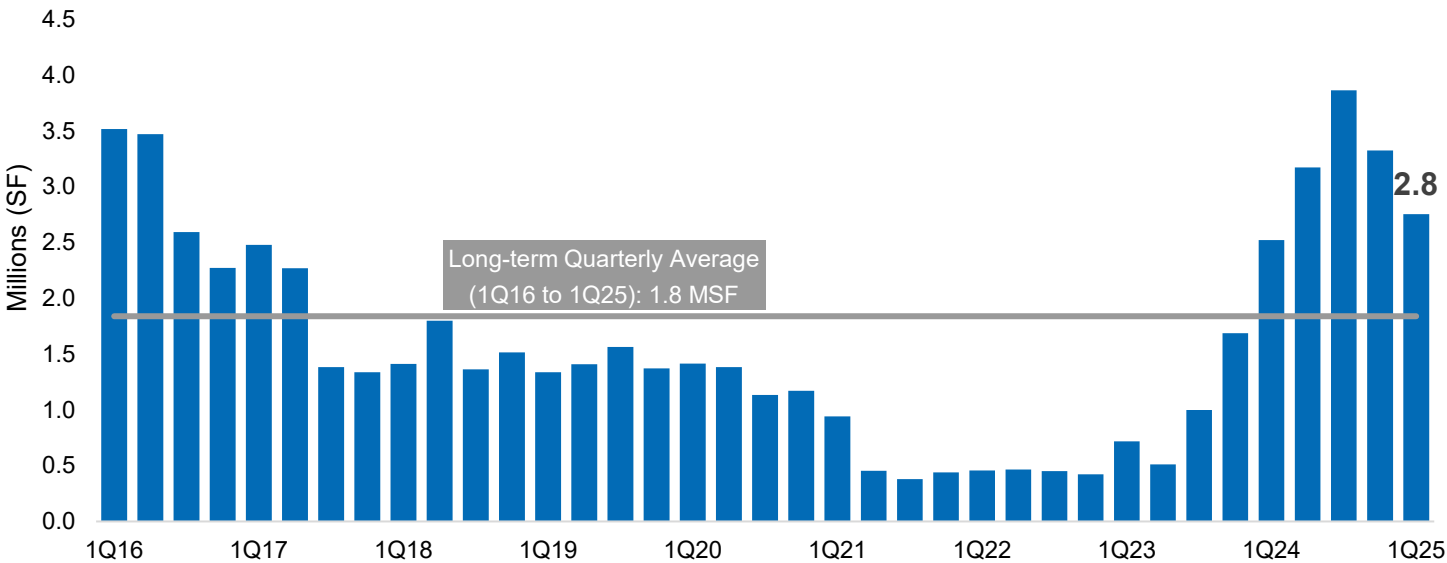
# Peel Region

Vacancy in GTA's largest industrial submarket slipped to 2.7% at the first quarter of 2025. Notable positive absorption – the second most in the GTA – had set the tone for a strong start to the year but the threat of a U.S. trade dispute will likely dampen that initially strong performance. A significant decline in the delivery of new supply in 2024 (after substantial volume came online in 2023) provided the submarket time to absorb some of the new space, but did result in elevated availability of 4.6%, higher than what was recorded in Toronto and York.

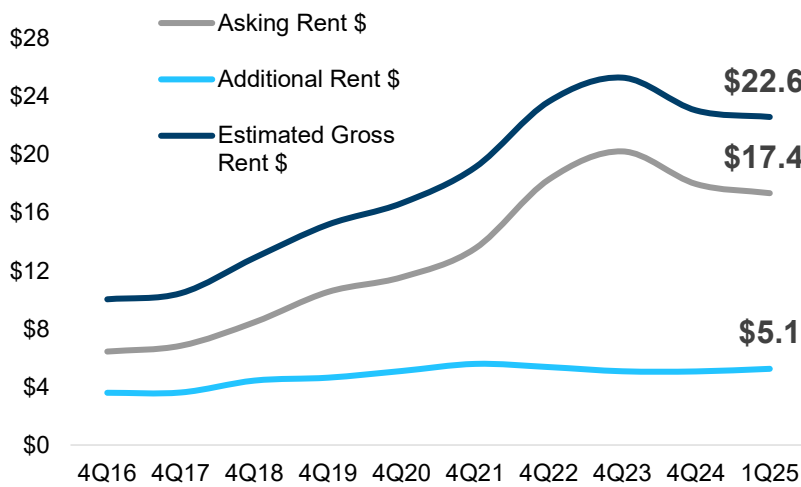
## Peel Region Industrial Submarket Fundamentals



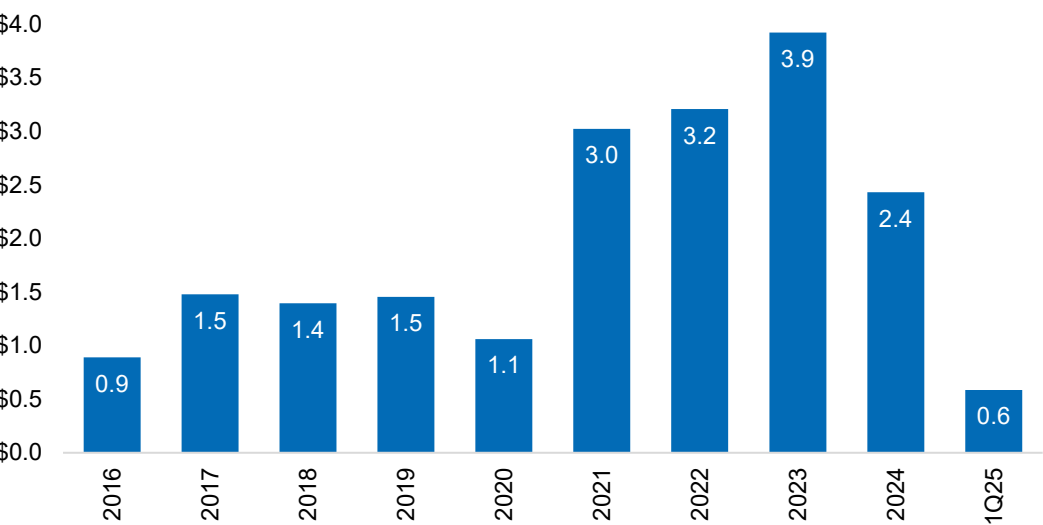
## Peel Region Historic Sublease Availability



## Peel Region Historic Industrial Rents – C\$/SF



## Peel Region Industrial Investment Volume (C\$billions)\*



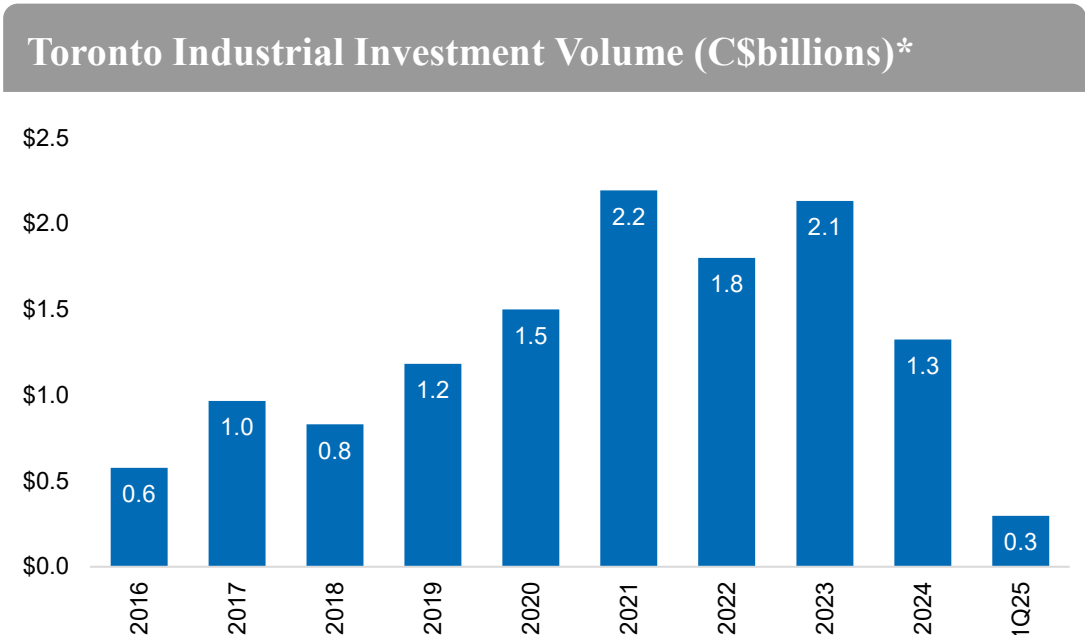
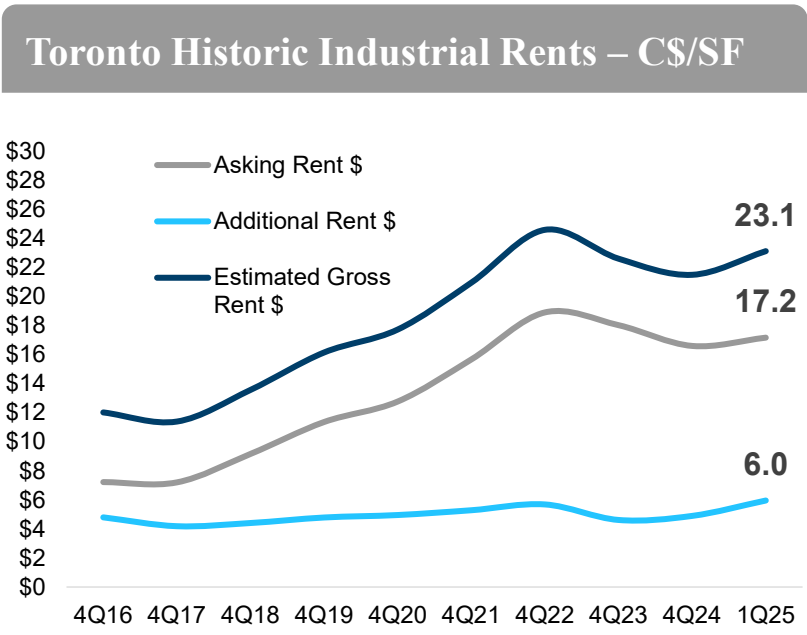
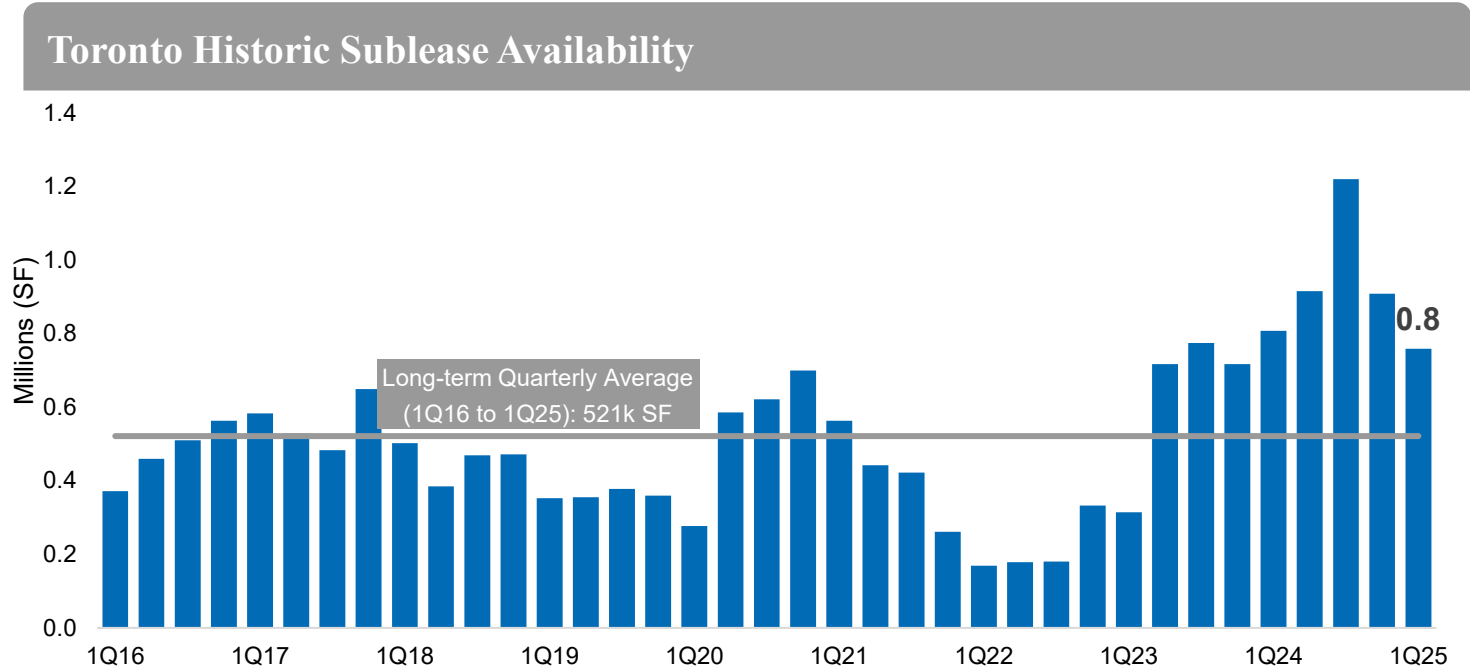
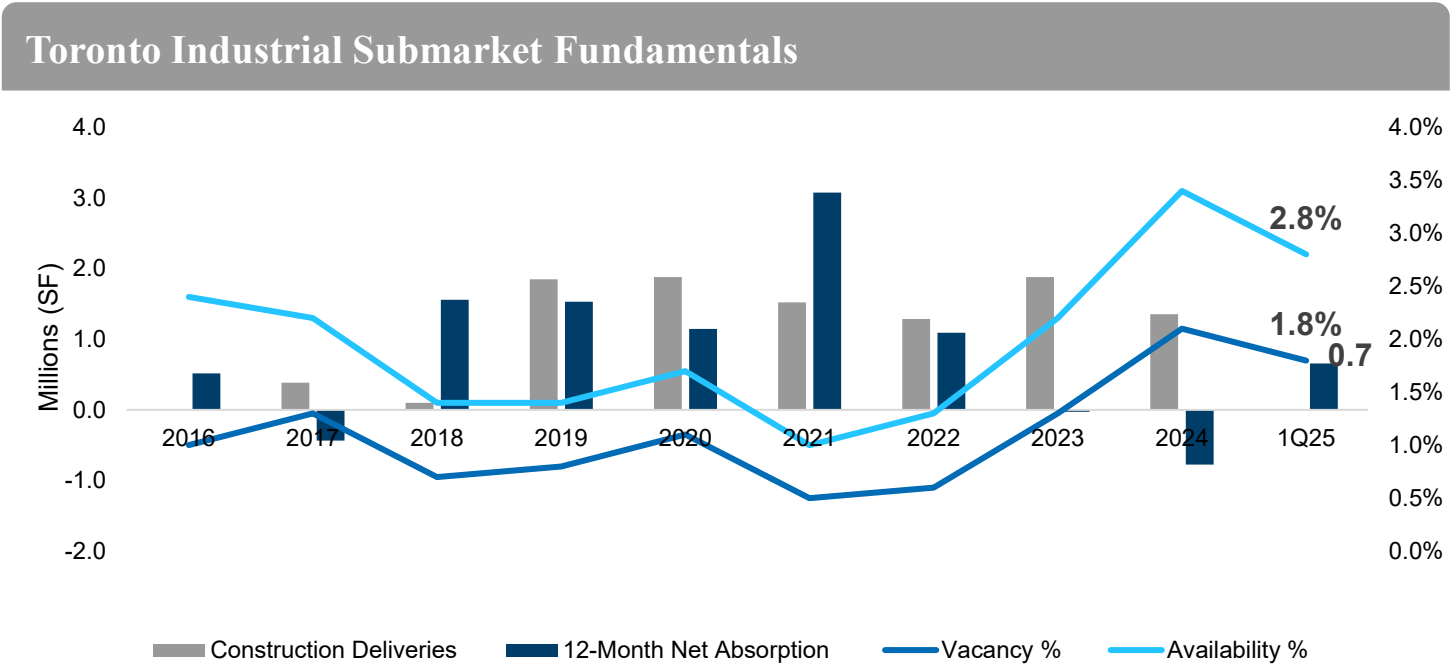
## First Quarter Deals

Tenant/Occupant	Building	Type	Square Feet
Wayfair	2020 Logistics Drive, Mississauga	Renewal	765,000
IKEA	3275 Argentia Road, Mississauga	Renewal	531,790
Metro Supply Chain Group	5900 Avebury Road, Mississauga	Lease	407,165
18 Wheels Logistics	8470 Highway 50, Brampton	Lease	230,000
G&W Canada Corporation	7965 Heritage Road, Brampton	Renewal	209,530

Source: Newmark Research, Altus Data Studio, CoStar  
\* excluding non-arms length transactions

# Toronto

Vacancy in the region’s original industrial submarket slipped to 1.8% thanks to notable positive absorption in the first quarter of 2025. As overall vacancy has remained low and new supply stable, rental rates started to rise to start 2025. Sublease availability remained slightly elevated with more than 760k sf remaining at the end of the first quarter of 2025, the lowest since the end of 2023. A positive start to 2025 in terms of absorption may be short lived due to threats of U.S. tariffs triggering a stagnation in regional leasing activity.



### First Quarter Deals

Tenant/Occupant	Building	Type	Square Feet
Undisclosed	100-110 Iron Street, Etobicoke	Lease	114,875
Unilever	121 Thirtieth Street, Etobicoke	Lease	107,270
Entera Utility	1120 Birchmount, Scarborough	Lease	67,090
Elgin Mills Sheet Metal	80 Signet Drive, North York	Lease	47,000
S.A.N. Steel Fabricating	250 Sparks Avenue, Toronto	Renewal	34,450

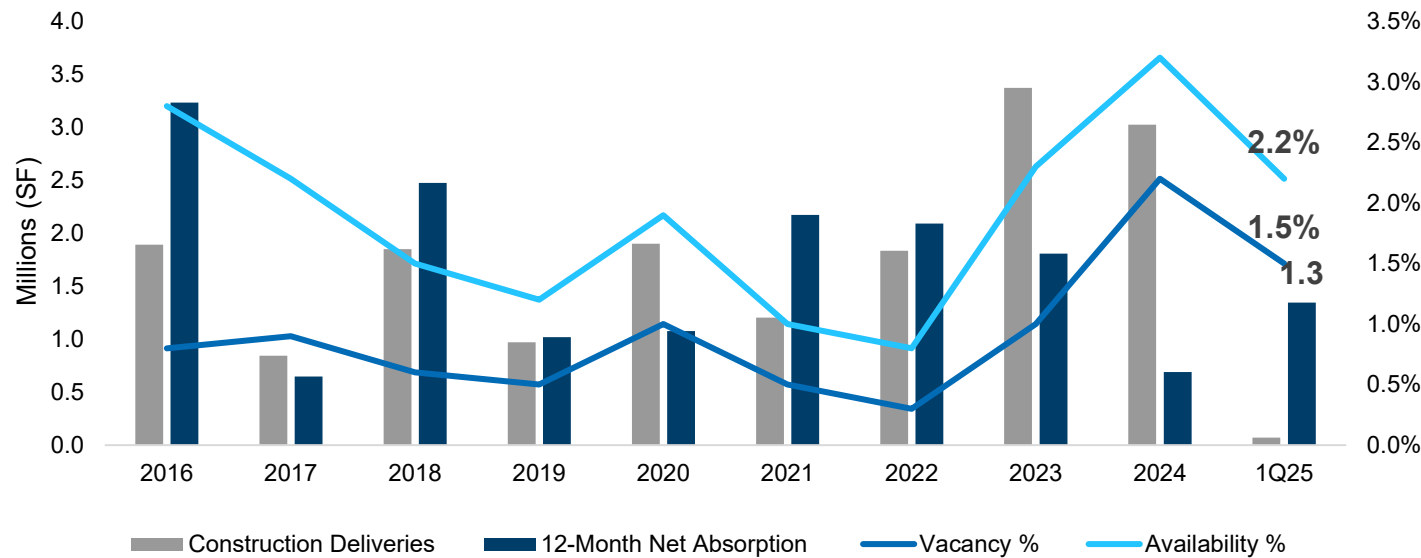
Source: Newmark Research, Altus Data Studio, CoStar  
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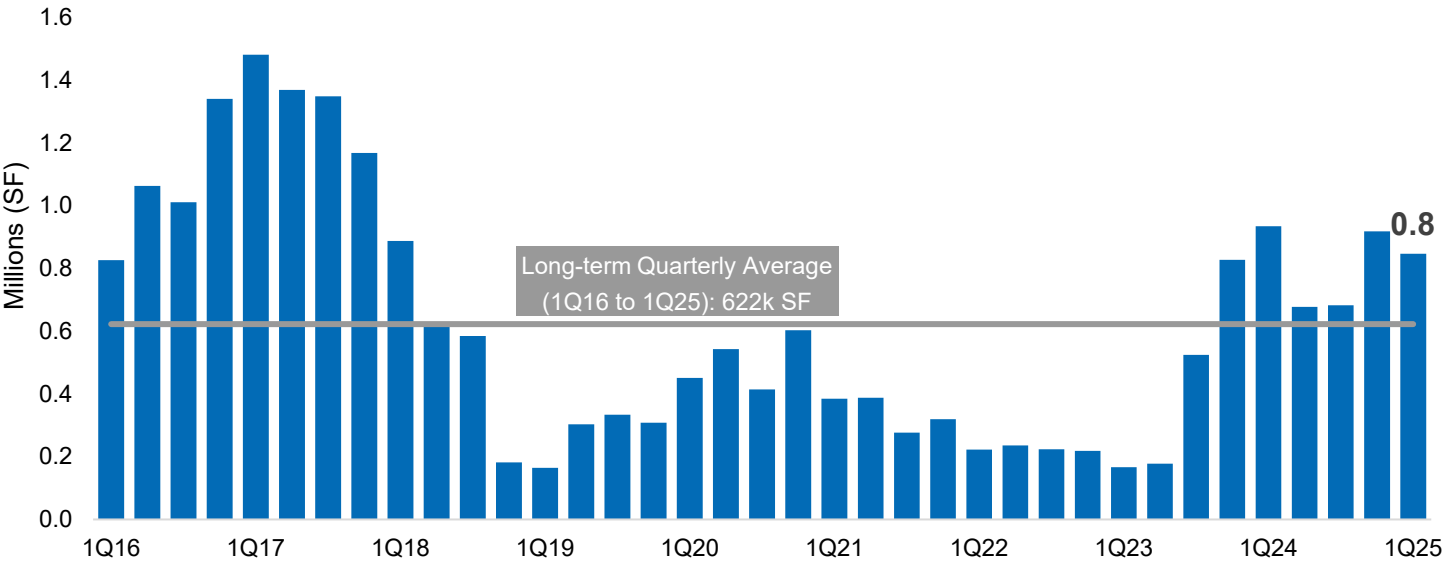
# York Region

York Region was the tightest submarket in the GTA with vacancy falling to just 1.5% while edging out Peel Region to capture the most positive annual absorption in the region during the first quarter of 2025. Sublease availability remaining limited while the region maintained some of the GTA's highest average rents. Despite more than 6.4 msf of new supply delivered in 2023 and 2024, minimal new supply has been delivered in the first three months of the year. The strong start will likely be tempered by the impact of the U.S. trade dispute.

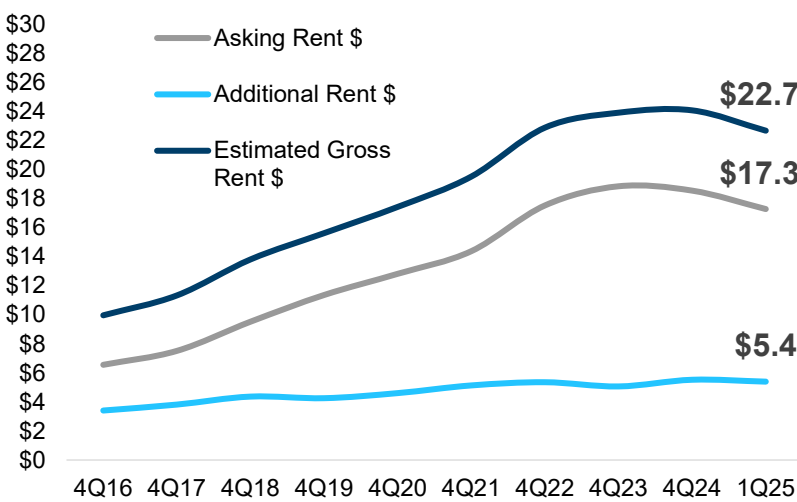
## York Region Industrial Submarket Fundamentals



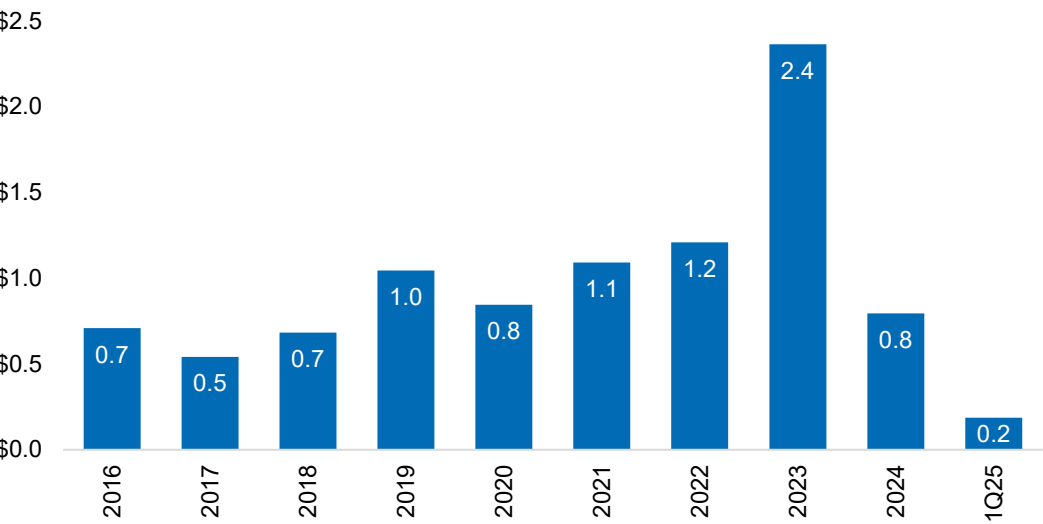
## York Region Historic Sublease Availability



## York Region Historic Industrial Rents – C\$/SF



## York Region Industrial Investment Volume (C\$billions)\*



## First Quarter Deals

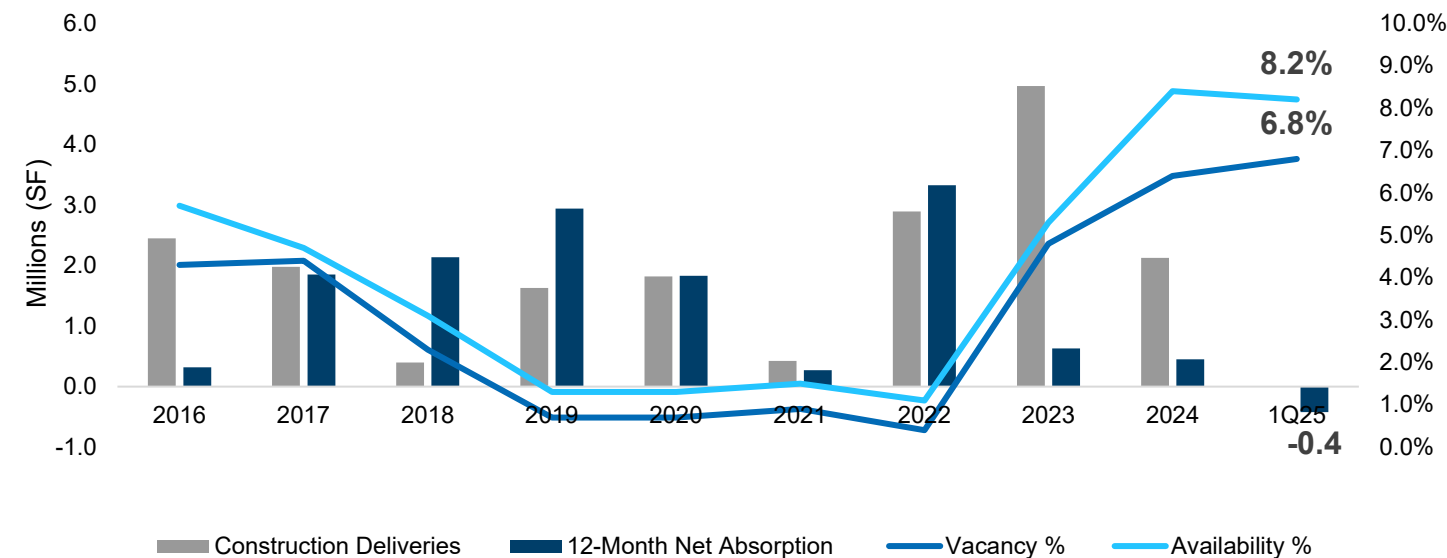
Tenant/Occupant	Building	Type	Square Feet
LSC Communications	195 Harry Walker Parkway, Newmarket	Renewal	278,910
Apps Transport Group	#2-9501 Highway 50, Vaughan	Lease	230,000
TOC Logistics	350 Hunters Valley Road, Vaughan	Lease	192,740
GLS Transportation	#1-9501 Highway 50, Vaughan	Lease	191,000
Flint Packaging Products	7200-7250 Martin Grove Road, Vaughan	Lease	151,970

Source: Newmark Research, Altus Data Studio, CoStar  
\* excluding non-arms length transactions

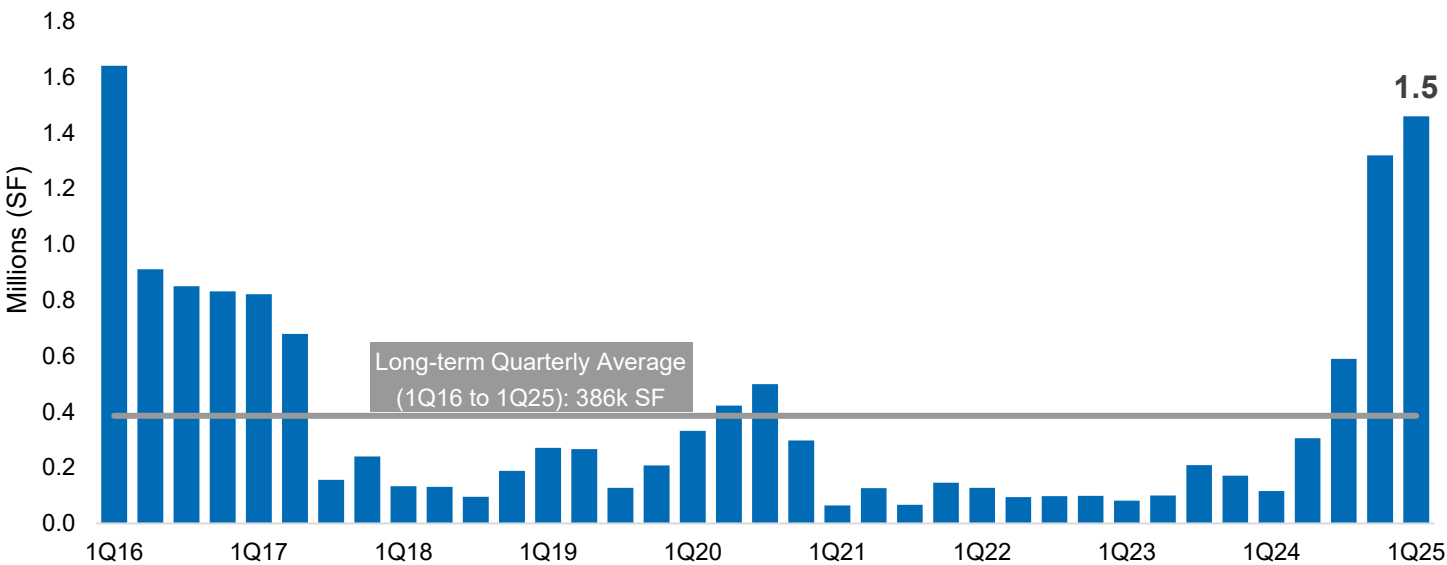
# Halton Region

Halton had the highest industrial vacancy rate in the GTA in the first quarter of 2025 accompanied by the most availability with almost 1.46 msf on the market. Halton was the only region in the GTA to record negative absorption in the first quarter of the year. Rental rates are likely to come off in 2025 with a rapid increase in sublease space contributing downward pressure on rents. Substantial new supply in 2023/24 combined with anemic levels of annual absorption the past two years generated conditions favouring tenants willing to transact.

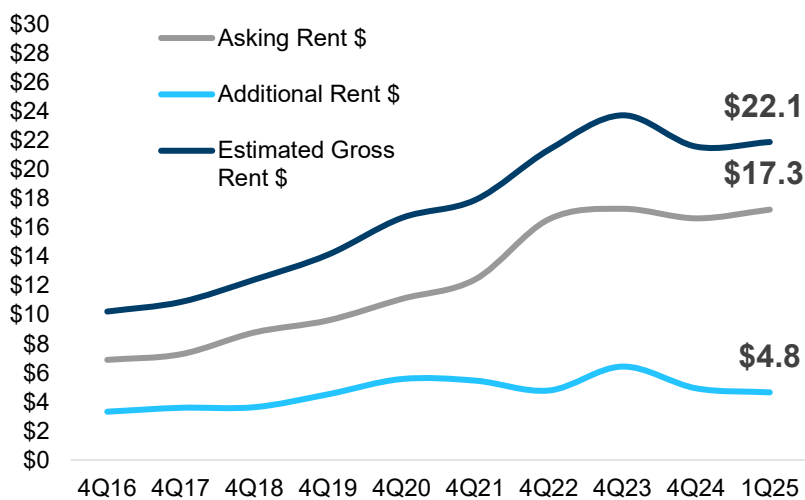
## Halton Region Industrial Submarket Fundamentals



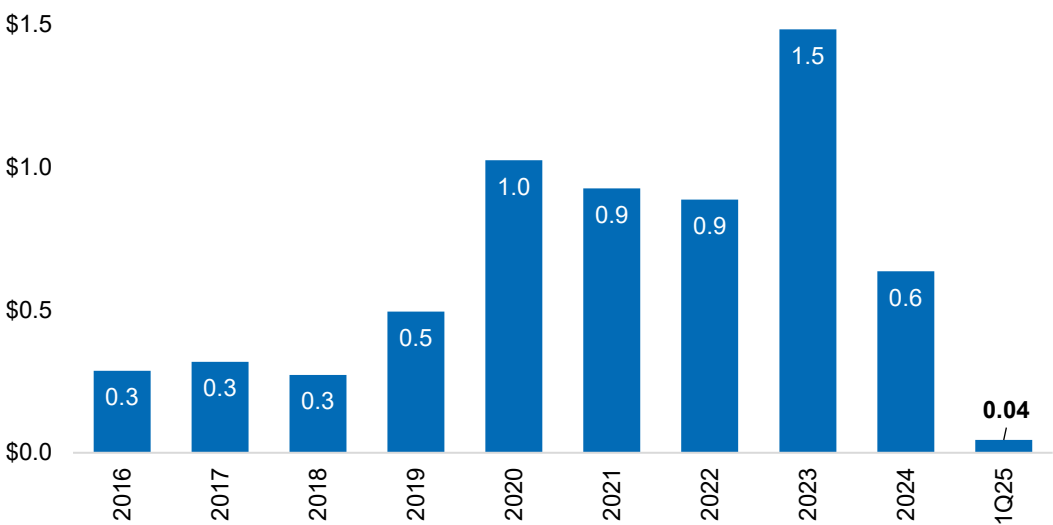
## Halton Region Historic Sublease Availability



## Halton Region Historic Industrial Rents – C\$/SF



## Halton Region Industrial Investment Volume (C\$billions)\*



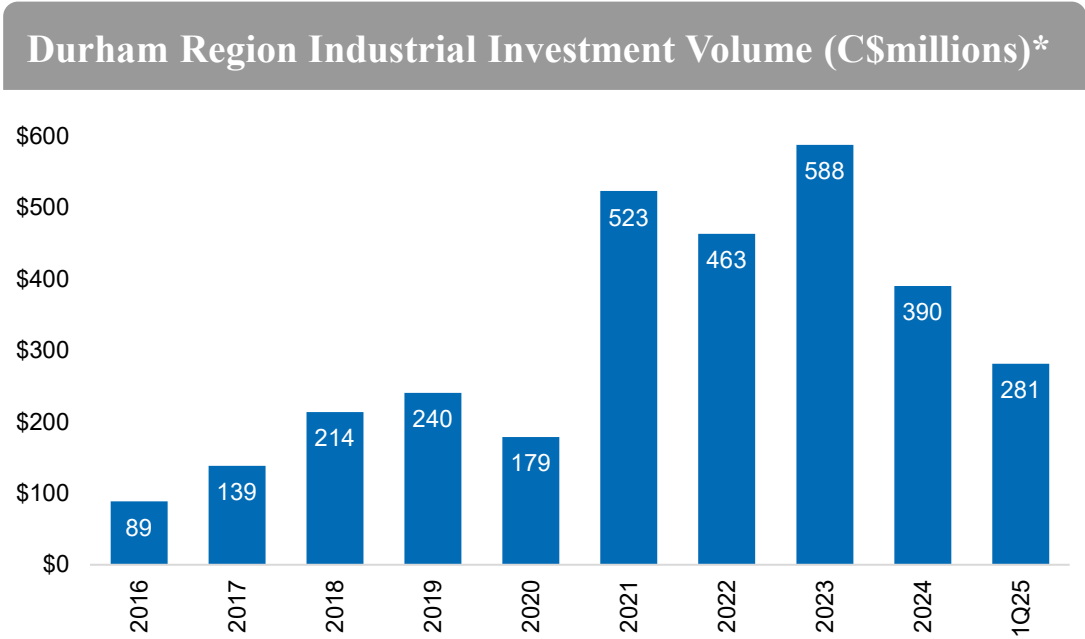
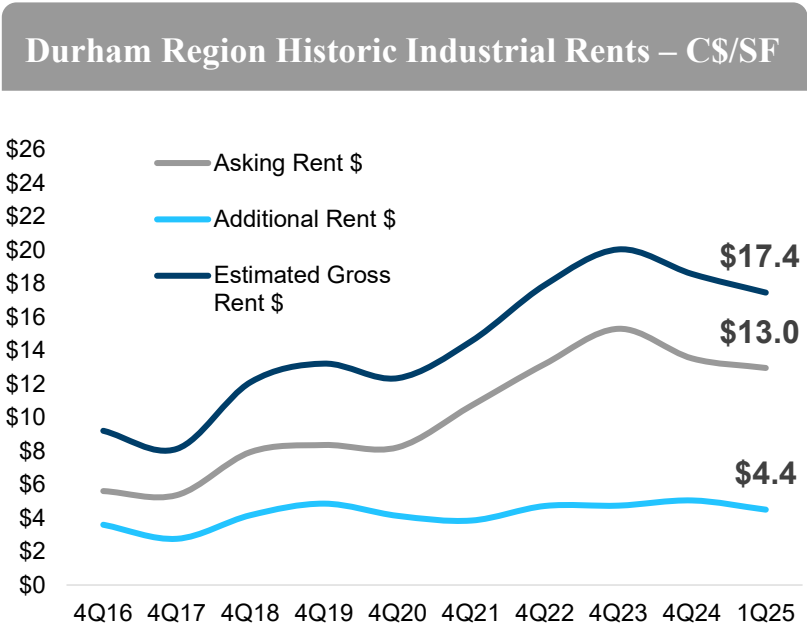
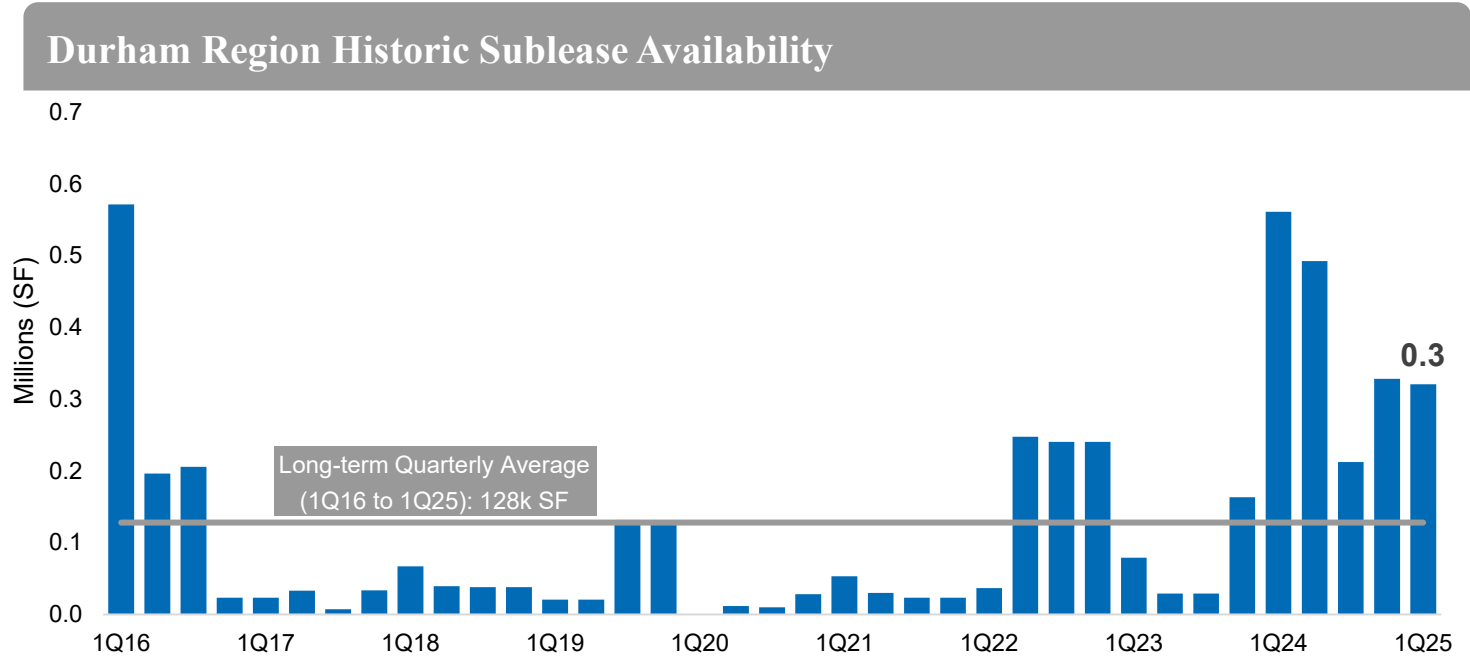
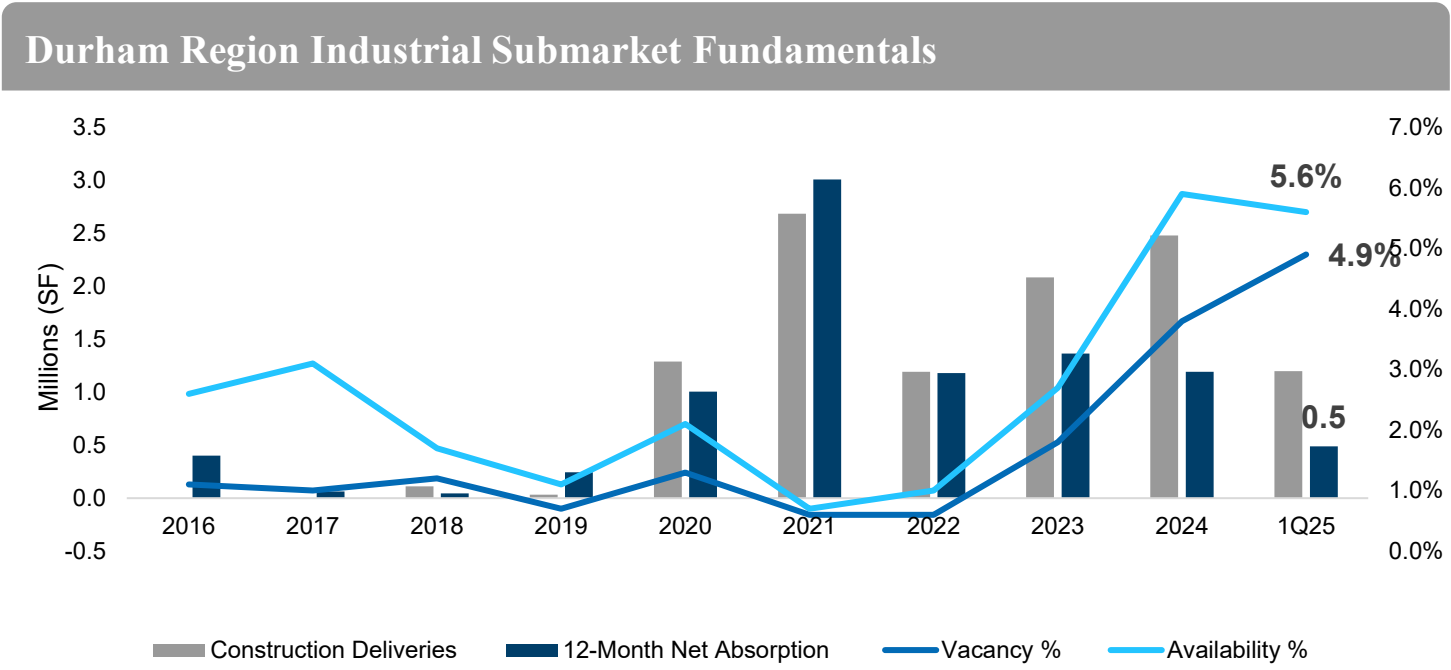
## First Quarter Deals

Tenant/Buyer	Building	Type	Square Feet
Munchkin Baby	6750 Fifth Line, Milton (Bldg. 2)	Lease	93,715
Undisclosed	8460 Mount Pleasant Way, Milton	Sublease	85,230
Cedar Planters	529 Great Lakes Boulevard, Oakville	Lease	70,400
Canam Plastics	30 Holland Drive, Caledon	Renewal	67,650
Benchmark Trade Solutions	8400 Parkhill Drive, Milton	Renewal	65,410

Source: Newmark Research, Altus Data Studio, CoStar  
\* excluding non-arms length transactions

# Durham Region

Substantial deliveries of new supply during the past 30 months in the face of declining absorption pushed vacancy up to 4.9% in the first quarter of 2025, the highest recorded since research coverage of the submarket was initiated in 2008. Availability remained near historic highs despite slipping slightly to 5.6% thanks to a notable amount of positive absorption in the first quarter in 2025. Rental rate erosion continued in the region’s least expensive submarket as vacancy and availability remain elevated. Rental rates likely to soften further in 2025.



First Quarter Deals			
Tenant/Buyer	Building	Type	Square Feet
ID Logistics	221 Church Street South, Ajax (Bldg. A)	Lease	698,300
Atlantic Packaging	1001 Thornton Road South, Oshawa	Lease	227,260
Atlantic Packaging	1001 Thornton Road South, Oshawa	Lease	142,240
Undisclosed	221 Church Street South, Ajax (Bldg. C)	Lease	50,000
Draka EHC	#9 & #10 - 1155 Boundary Road, Oshawa	Lease	27,910

Source: Newmark Research, Altus Data Studio, CoStar  
\* excluding non-arms length transactions



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