



NEWMARK

*Greater Toronto Area*  
**Industrial Market Overview**

1Q26



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# Newmark's Canadian Industrial Markets

Canada's industrial market is entering a healthier, more sustainable phase, with national vacancy easing and signalling that last year's peak is now in the rear-view mirror. Leasing momentum has re-energized in the large-bay logistics segment as occupiers normalize footprints, supporting steady absorption rather than speculative excess. While trade tensions with the U.S. remain a watchpoint, the evidence on the ground is more constructive: resilient rail and port volumes, along with strategic routing of goods through Canadian gateways, continue to underpin demand for modern distribution space. Tariff-exposed manufacturing has softened, but the high share of owner-occupied facilities limits broader fallout and keeps the core logistics story intact. On the supply side, the development cycle is already self-correcting. A sharp pullback in new starts is putting a floor under fundamentals, positioning well-located, modern assets to outperform as the current wave of speculative deliveries is gradually absorbed and investors refocus on income durability.



Source: Newmark Research, Altus Data Studio, CoStar  
\*Total estimated direct gross rent

# Greater Toronto Area (GTA) Industrial Market Observations

GTA industrial vacancy edged down to 3.0% in 1Q26 from 3.1% at year-end 2025, marking the first quarterly improvement of the cycle as ~1.9 MSF of net absorption comfortably outpaced ~840K SF of new deliveries.

Regional leasing opened 2026 at ~5.2 MSF, sustaining the recovery established in 2025's ~29.3 MSF annual total – the strongest in a decade. Tenant velocity has fully re-engaged across logistics, distribution and value-oriented occupiers.

Ottawa's budgetary response to U.S. tariff threats is layering pro-industrial investments and incentives into 2026+, providing a constructive policy backdrop that should reinforce the GTA's demand recovery and support modern distribution requirements.

The federal Productivity Super-Deduction allows faster write-off of capital invested in manufacturing and processing real estate, a meaningful incentive likely to lift owner-user activity and add a second demand layer beyond the resurgent 3PL segment.



York Region posted the GTA's tightest vacancy at 2.1% in 1Q26, followed by Toronto at 2.4%. Halton remained the loosest at 6.0% and Durham improved 160 bps to 3.8% on the quarter's strongest absorption.

Space under construction stood at ~9.8 MSF at quarter-end, meaningfully below the five-year quarterly average of ~12.6 MSF and roughly half the 2022-23 peak. Disciplined pullback in starts is the most supportive factor for the recovery.

Modern, well-located product continues to capture share of 1Q26 leasing activity, with availability in higher clear-height buildings tightening fastest. Big-bay commitments underscore a preference for institutional-grade distribution space.

Estimated asking rents held flat at ~C\$17.0/sf in 1Q26, with York and Peel leading at C\$17.7 and C\$17.1. Durham's modest rate growth reflects value-seeking demand migrating east into the GTA's most competitively priced submarket.

GTA industrial sales reached ~C\$1.5B in 1Q26, the strongest opening quarter since 2023 and ahead of 1Q24 and 1Q25 prints. Composition has shifted toward single-asset and infill trades as investors prioritize high-quality, well-located product.

# 01

## GTA Industrial Market Metrics

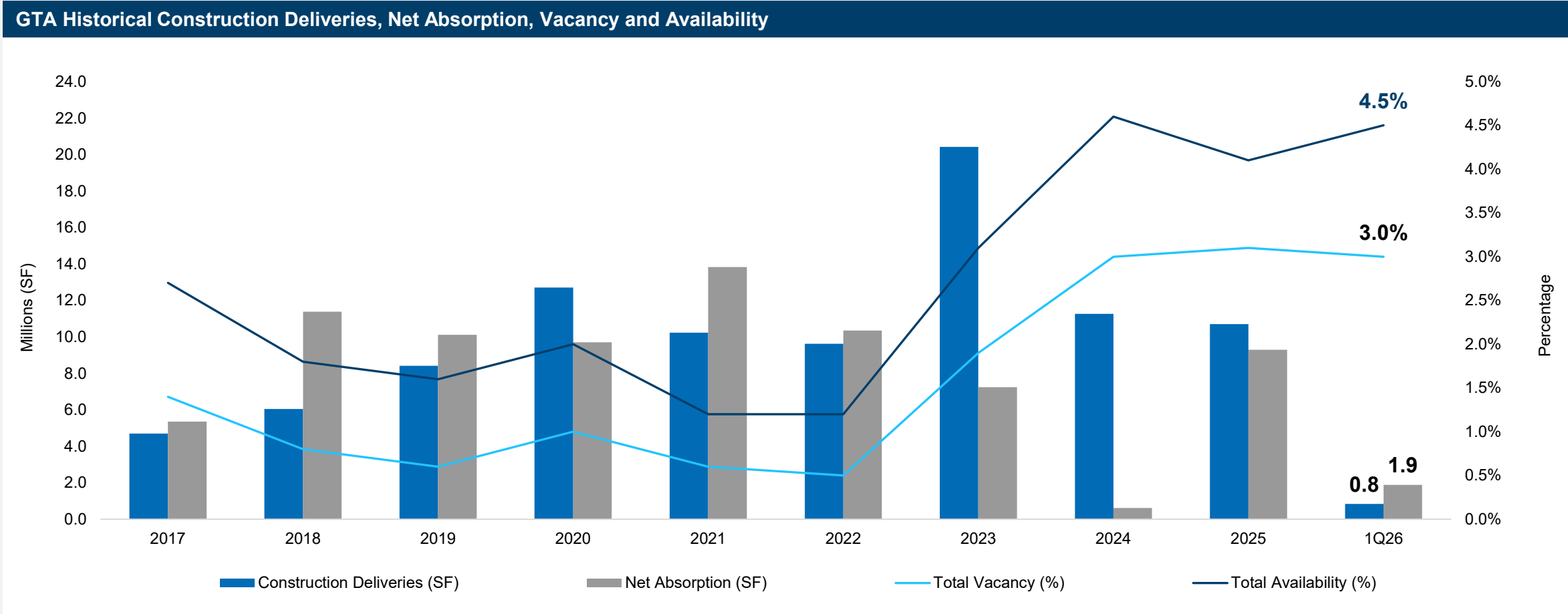


# Greater Toronto Area (GTA) Industrial Submarket Statistics | 1Q26

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)
<b>Greater Toronto Area (GTA)</b>	<b>959,576,539</b>	<b>9,807,242</b>	<b>3.0%</b>	<b>1,889,522</b>	<b>1,889,522</b>	<b>3.9%</b>	<b>0.6%</b>	<b>C\$17.0</b>	<b>C\$4.9</b>
Peel Region (Mississauga, Brampton, Caledon) – GTA West	329,305,693	5,108,908	2.9%	896,712	896,712	4.1%	0.9%	C\$17.1	C\$4.9
Toronto (Toronto, Etobicoke, Scarborough, York, East York, North York) – GTA Central	261,528,185	1,383,550	2.4%	-925,165	-925,165	2.8%	0.4%	C\$16.8	C\$5.2
York Region (Vaughan, Richmond Hill, Markham, Newmarket, King, Aurora, East Gwillimbury, Georgina, Whitchurch-Stouffville) – GTA North	204,080,136	2,236,125	2.1%	256,614	256,614	2.7%	0.5%	C\$17.7	C\$4.6
Halton Region (Oakville, Burlington, Halton Hills, Milton) – GTA West	100,998,075	546,160	6.0%	528,440	528,440	7.9%	0.7%	C\$16.3	C\$4.4
Durham Region (Ajax, Oshawa, Pickering, Whitby, Brock, Clarington, Scugog, Uxbridge) – GTA East	63,664,450	532,499	3.8%	1,132,921	1,132,921	4.5%	0.4%	C\$15.8	C\$4.9

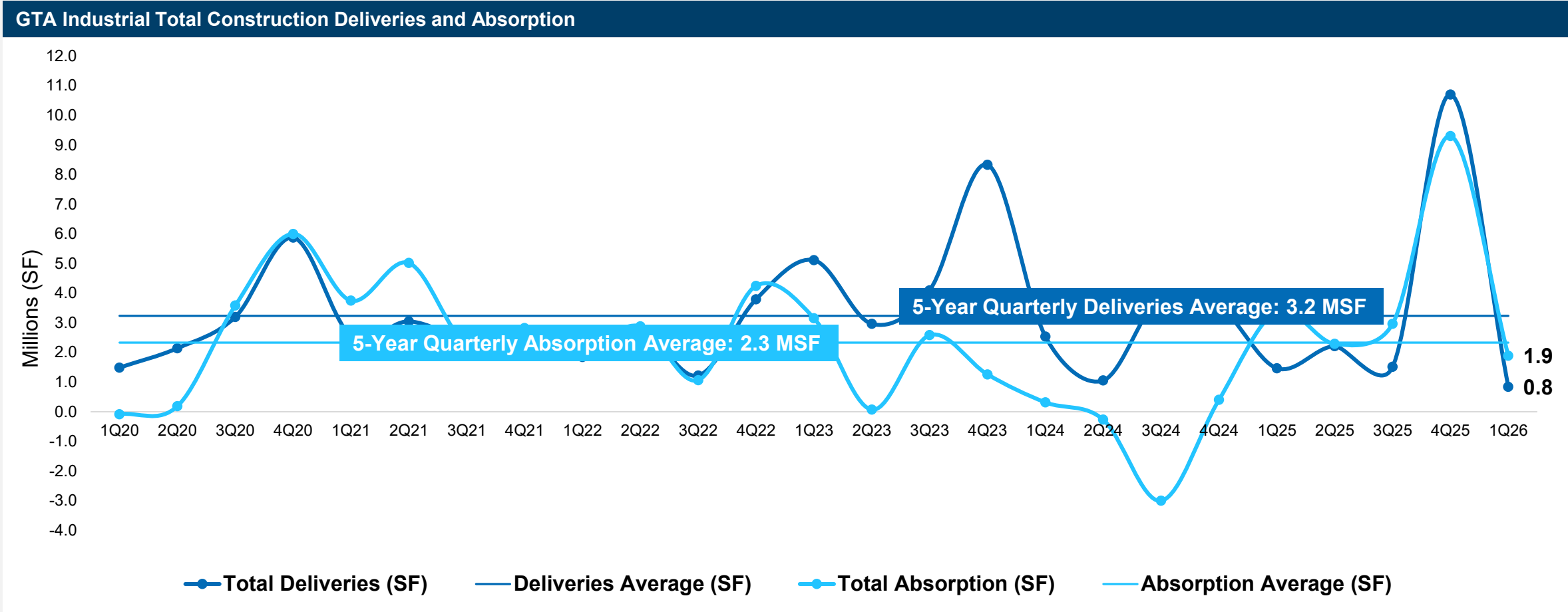
# GTA Industrial Fundamentals Stabilize As 1Q26 Absorption Outpaces New Supply

Greater Toronto industrial fundamentals turned a clearer corner in the first quarter of 2026, with vacancy edging down to 3.0% from 3.1% at year-end 2025 as quarterly net absorption of ~1.9 MSF comfortably outpaced ~841K SF of new deliveries. Demand momentum carried over from 2025, when annual absorption snapped back to ~9.3 MSF after the soft 2024 reset. Total availability held at 4.5%, elevated against the 2021-22 lows but stable quarter-over-quarter, and with deliveries now running well below the ~20 MSF 2023 peak, the GTA is transitioning from a supply-led correction to a demand-led recovery.



# Regional Quarterly Absorption Outpaces New Supply To Start 2026

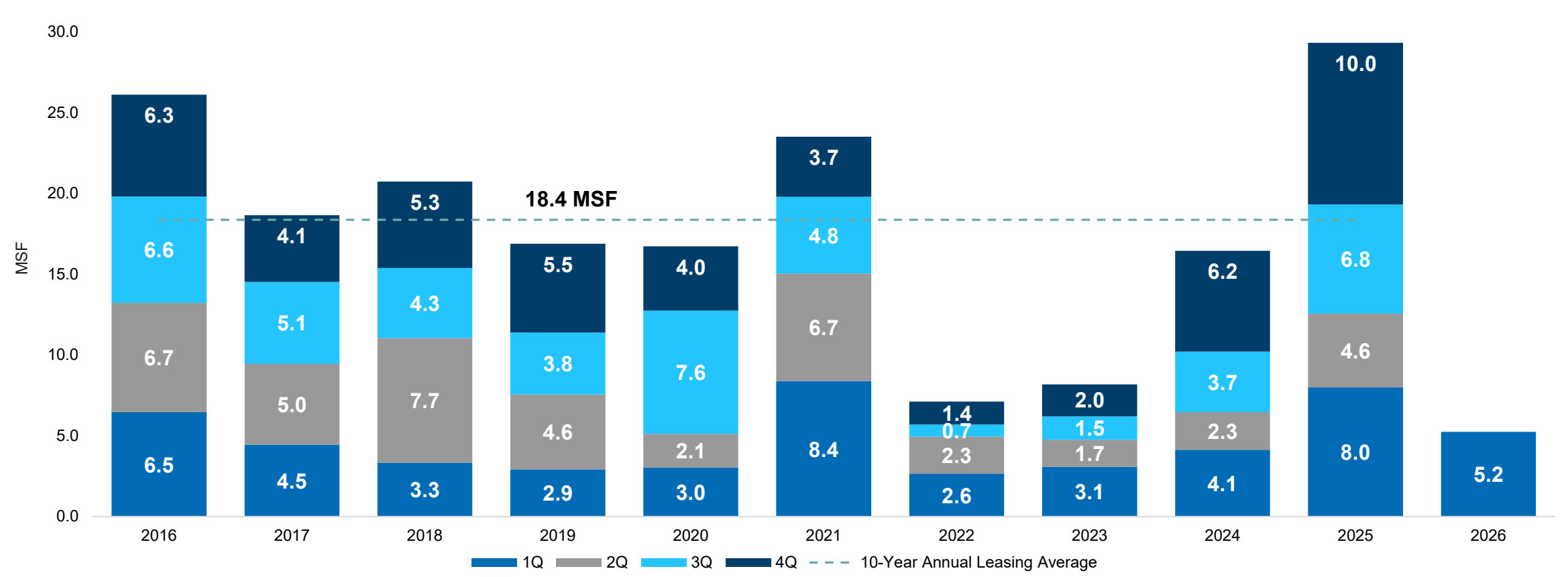
Net absorption of ~1.9 MSF outpaced construction deliveries of ~841K SF to open 2026, extending a pattern in which occupier demand has exceeded new supply in four of the past five quarters – with only the unusually large 4Q25 delivery wave temporarily breaking the trend. Quarterly deliveries fell well below the five-year average of ~3.2 MSF as developers continue to pull back on speculative starts, while absorption tracked just under the ~2.3 MSF long-run average. The supply-demand balance is recalibrating in occupiers’ favour while still pointing to a measured, durable recovery rather than an explosive rebound.



# GTA Leasing Activity Carries 2025 Momentum Into A Solid First Quarter Of 2026

Regional industrial leasing activity opened 2026 at ~5.2 MSF in the first quarter, carrying forward the recovery established through 2025, when annual leasing reached ~29.4 MSF – the strongest annual total of the past decade and well above the 10-year average of ~18.4 MSF. The first quarter alone represented more than one-quarter of that long-run benchmark, confirming that tenant velocity has fully re-engaged after the 2022-23 pullback. Activity continues to broaden across logistics, distribution and value-oriented occupiers, providing a constructive demand backdrop for landlords through 2026.

**Estimated Total GTA Industrial Leasing Activity By Quarter**

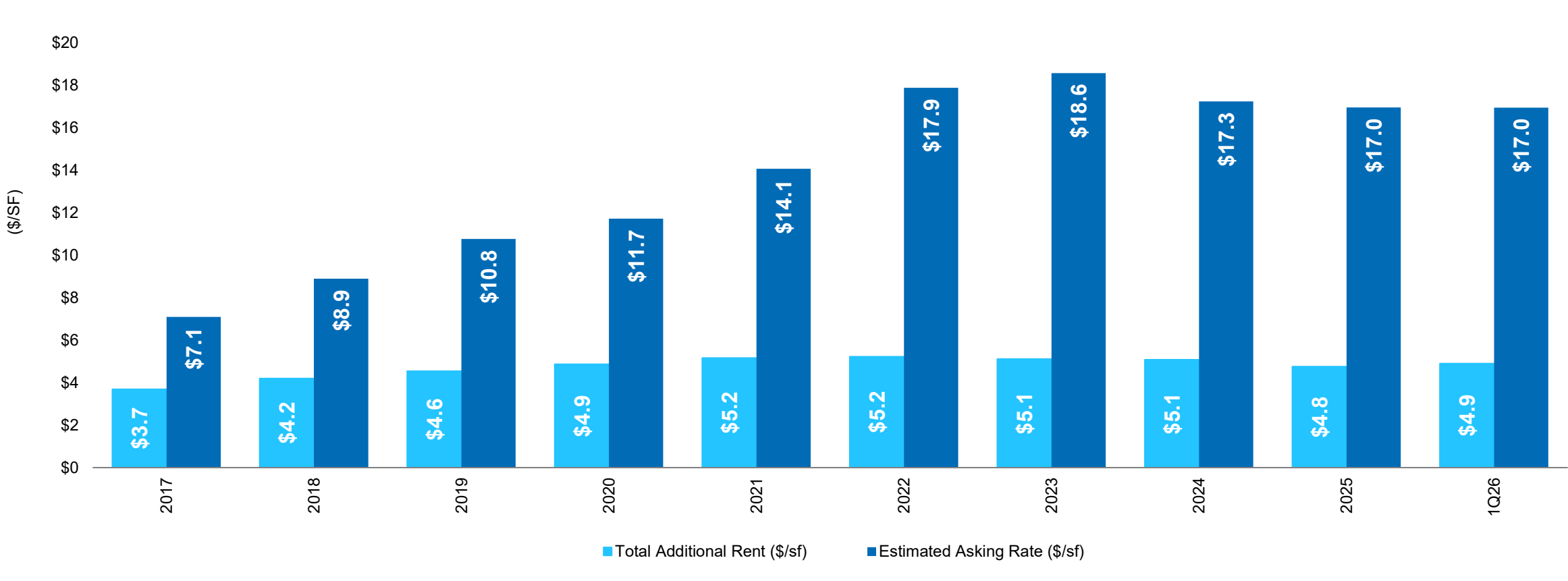


Source: Newmark Research, Altus Data Studio

# GTA Estimated Asking Rents Hold Steady At ~C\$17 PSF Through First-Quarter 2026

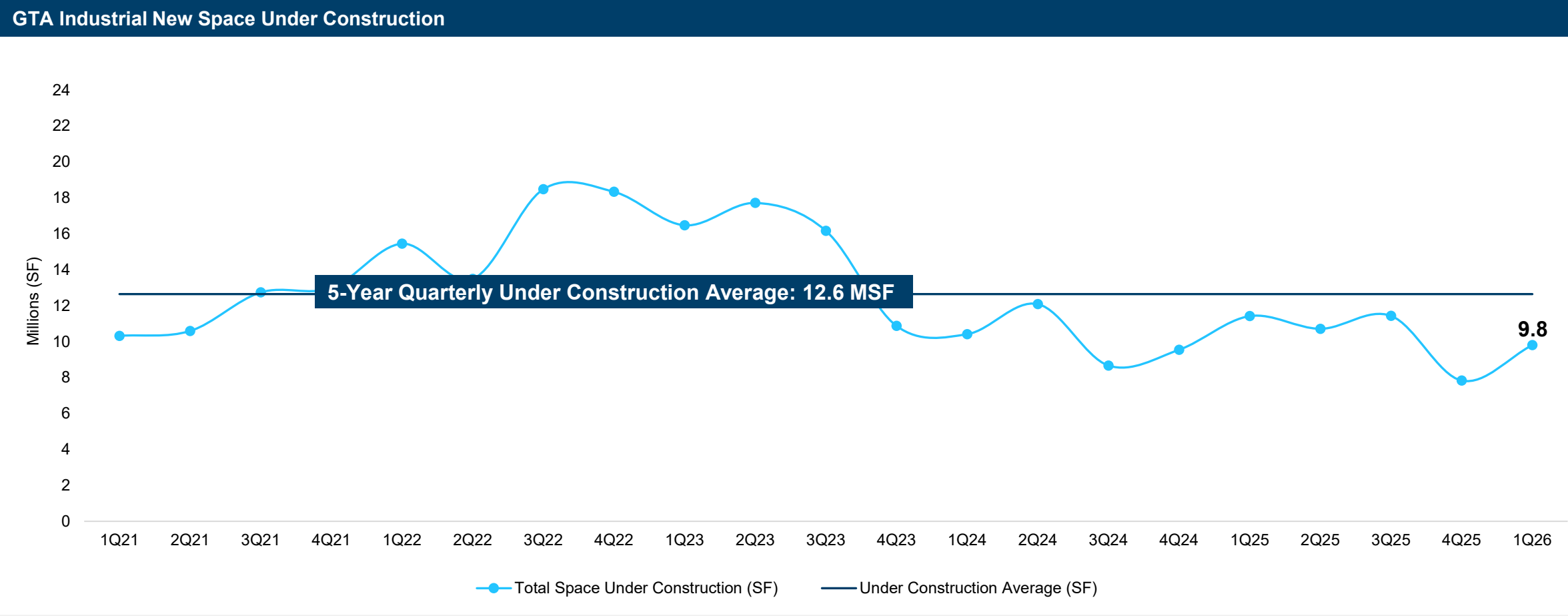
Estimated asking rents in the GTA industrial market were essentially flat in the first quarter of 2026 at ~C\$17.0/sf, mirroring the year-end 2025 level and trailing the 2023 cyclical peak of ~C\$18.6/sf by roughly 9%. Additional rent firmed modestly to ~C\$4.90/sf, lifting estimated total gross occupancy costs to the low-C\$20s/sf range. With vacancy at 3.0% and absorption recovering, landlords have re-anchored pricing rather than chased the recent peak – a reset that has helped re-engage tenants. The rent profile now looks stabilized, with pricing power gradually shifting back to ownership as the supply pipeline thins.

Historical GTA Industrial Estimated Asking Rates



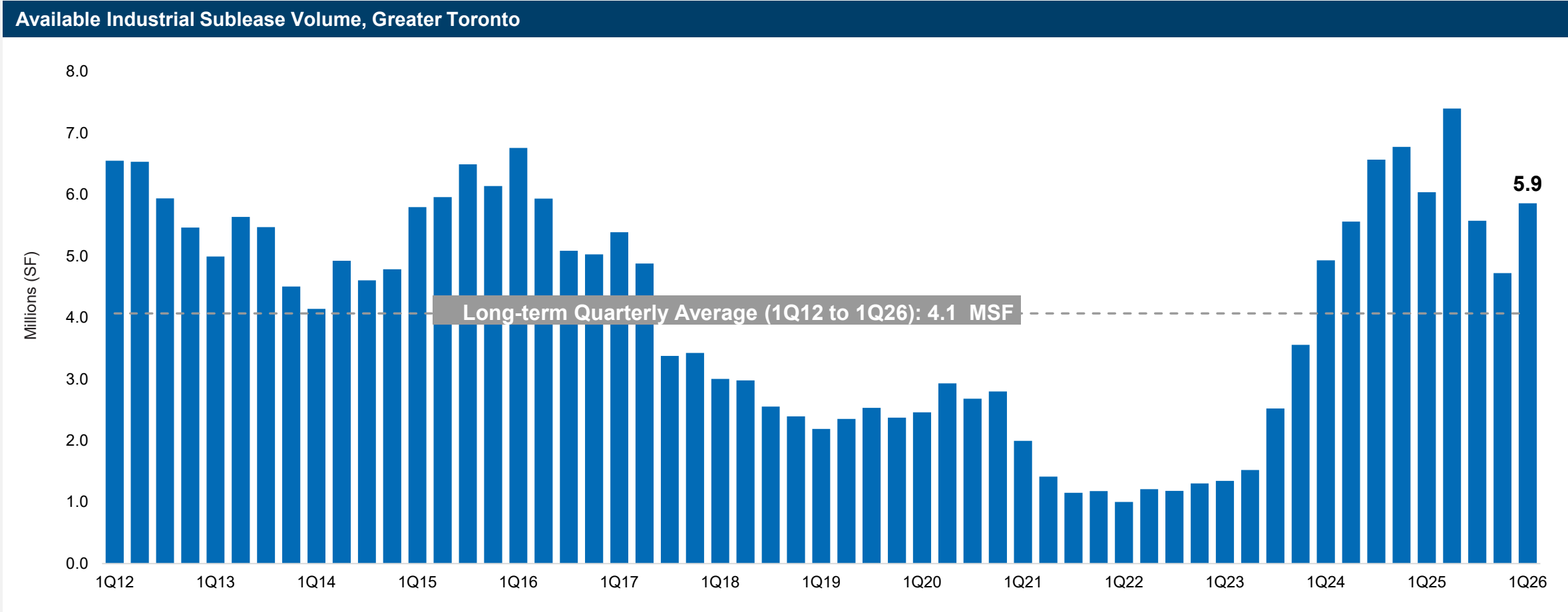
# Industrial Space Under Construction Remains Below The Five-Year Quarterly Average

New GTA industrial space under construction stood at ~9.8 MSF at the end of the first quarter of 2026, up modestly from ~7.8 MSF at year-end 2025 but still meaningfully below the five-year quarterly average of ~12.6 MSF and roughly half the 2022-23 peak of ~18 MSF. The pullback reflects two years of disciplined response to softer preleasing conditions and tighter construction financing, and it is the single most important supportive factor for the recovery. Less new supply through 2026-27 should allow recently delivered space to be absorbed without continued upward pressure on vacancy, positioning the GTA for a tightening cycle.



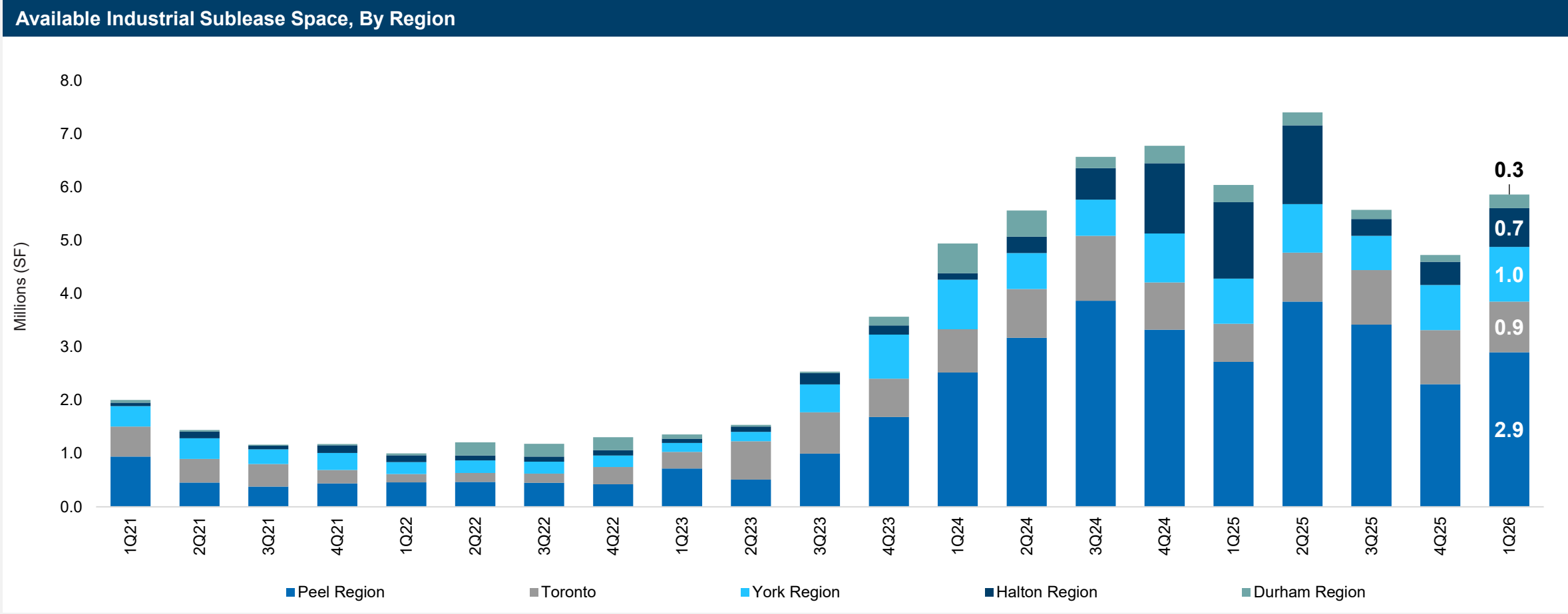
# Regional Sublease Availability Edges Higher In 1Q26 But Stays Below 2025 Peak

GTA industrial sublease availability rose to ~5.9 MSF in the first quarter of 2026 from ~4.7 MSF at year-end 2025, partially retracing the late-2025 decline but staying below the 2Q25 peak of ~7.4 MSF. The current level remains elevated against the 15-year quarterly average of ~4.1 MSF, indicating that some occupier rightsizing is still working through the market. The broader trajectory is constructive; however, sublease volumes have stayed below the 2025 high even as absorption has recovered, and the surge that began in 2023 appears to be plateauing. This metric will remain a key forward indicator of demand confidence into the balance of 2026.



# Submarket Sublease Availability Rises Across Most GTA Submarkets In First Quarter

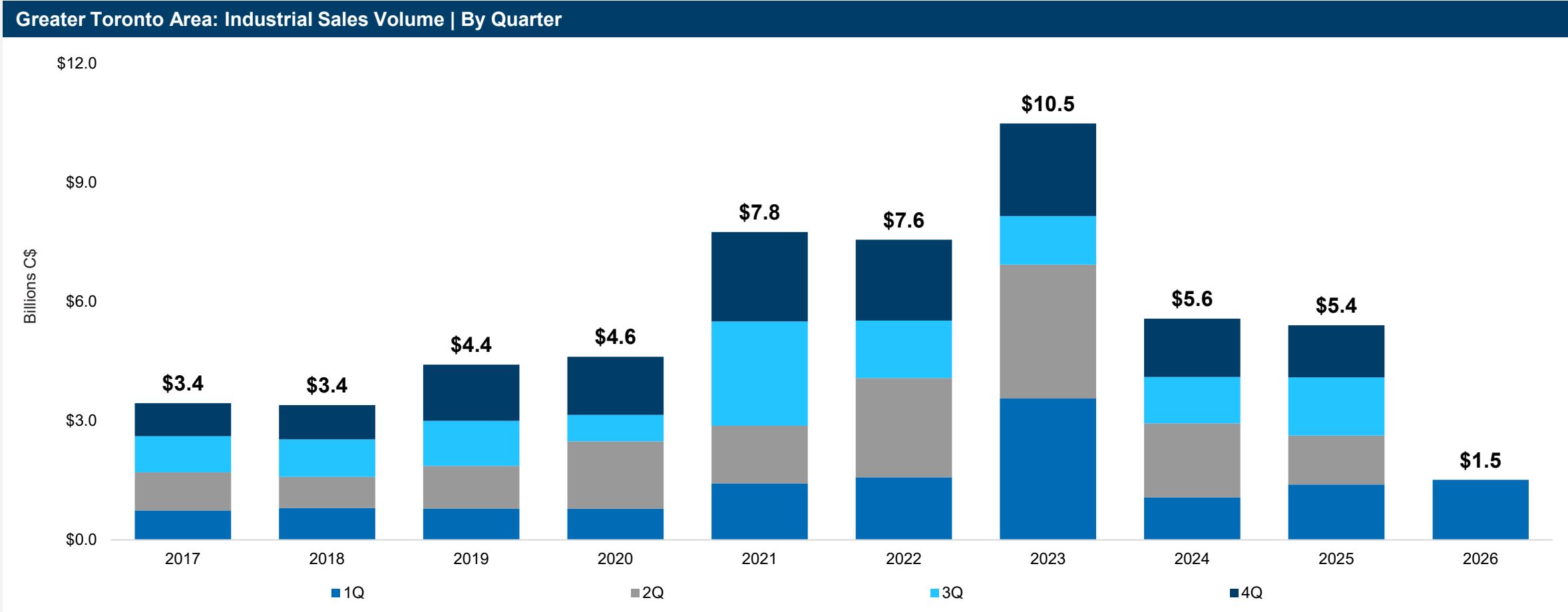
Sublease availability increased across most GTA industrial submarkets in the first quarter of 2026, totalling ~5.9 MSF region-wide. Peel Region remained the largest contributor at ~2.9 MSF – roughly half of the GTA total and a function of its concentration of large-bay distribution product – followed by York Region at ~1.0 MSF, Toronto at ~949K SF, Halton Region at ~727K SF and Durham Region at ~256K SF. The submarket pattern mirrors where the 2023-24 supply wave landed: the West GTA corridor (Peel and Halton) absorbed most of the new big-box deliveries and is where the heaviest sublease overhang now sits, making lease-up of that product a critical driver of the demand recovery.



Source: Newmark Research, Altus Data Studio

# GTA Industrial Sales Open 2026 At ~C\$1.5B, Tracking Recent Annual Pace

GTA industrial investment volume reached ~C\$1.5B in the first quarter of 2026, the strongest opening quarter since 2023 and well ahead of the ~C\$1.1B and ~C\$1.4B Q1 prints in 2024 and 2025. The result tracks the post-2023 normalization that has seen annual volumes settle in the ~C\$5.4B-C\$5.6B range after the ~C\$10.5B peak in 2023. Composition has also evolved – fewer large portfolio trades, more single-asset and infill transactions – reflecting investor preference for high-quality, well-located product as fundamentals firm. With leasing improving, the pipeline thinning and rents stabilizing, capital markets activity should continue to build through 2026.



# 02

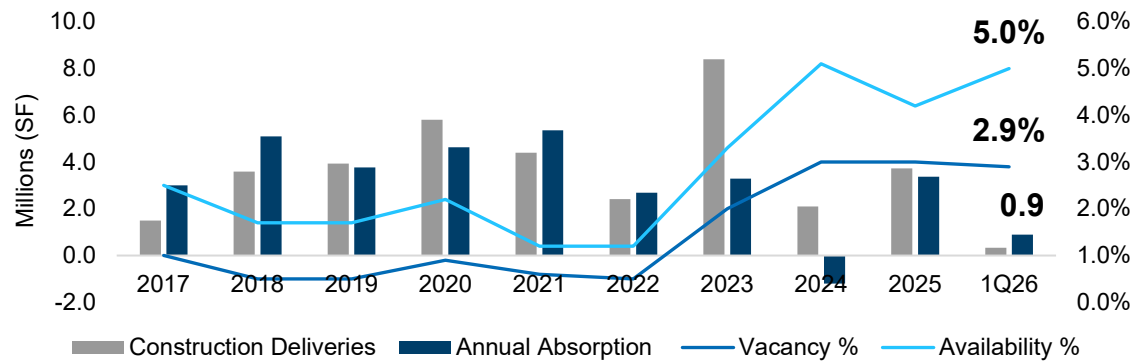
## GTA Industrial Submarket Snapshots



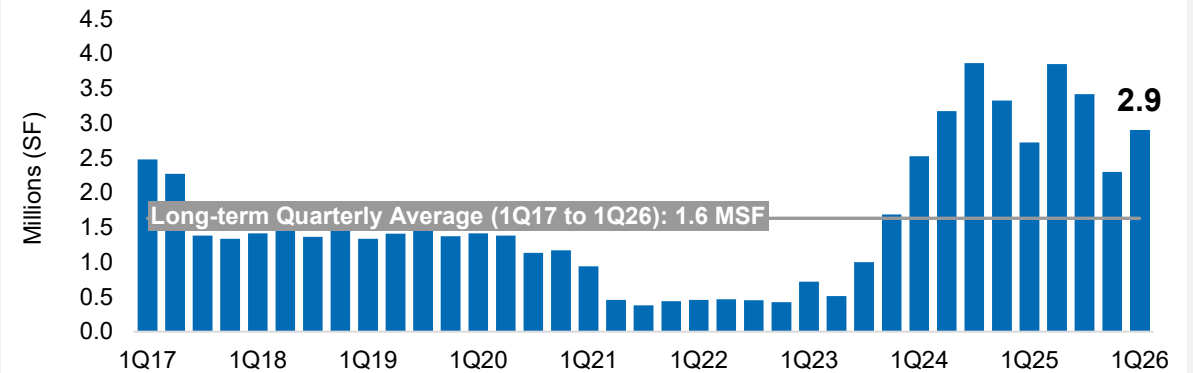
# Peel Region

Peel Region – the GTA’s largest industrial submarket – recorded vacancy of 2.9% and availability of 5.0% in the first quarter of 2026, with net absorption of ~897K SF reversing the negative result posted in 2024 as the once-heavy construction pipeline (peak ~8.4 MSF in 2023) continued to wind down. Sublease availability climbed to ~2.9 MSF – well above the 1.6 MSF long-term quarterly average – signalling that occupier rightsizing has not yet run its course, while estimated asking rents firmed slightly to ~C\$17.1/sf (gross ~C\$22.0/sf). Leasing was led by DP World, TJX Companies and Telus, reaffirming Peel’s role as the region’s preferred big-box distribution hub.

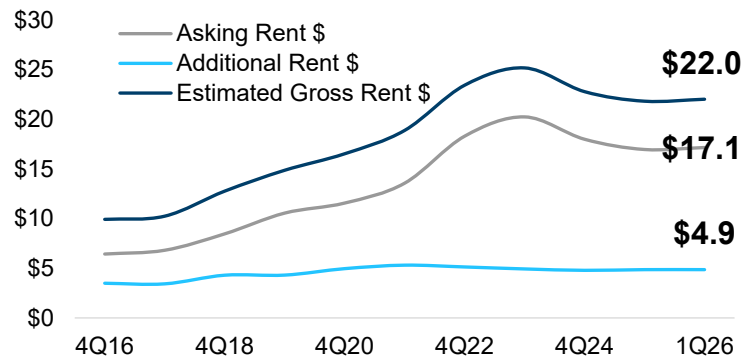
## Peel Region Industrial Submarket Fundamentals



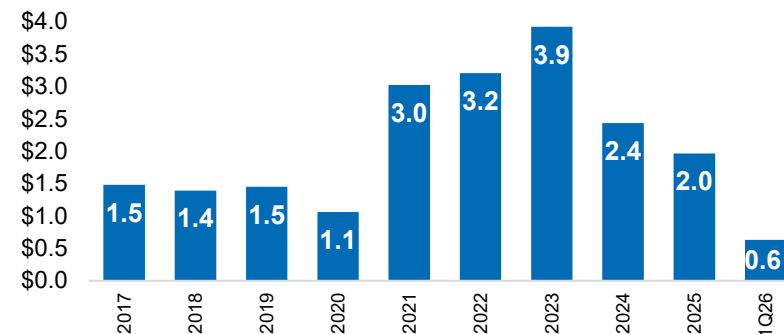
## Peel Region Historic Sublease Availability



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



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



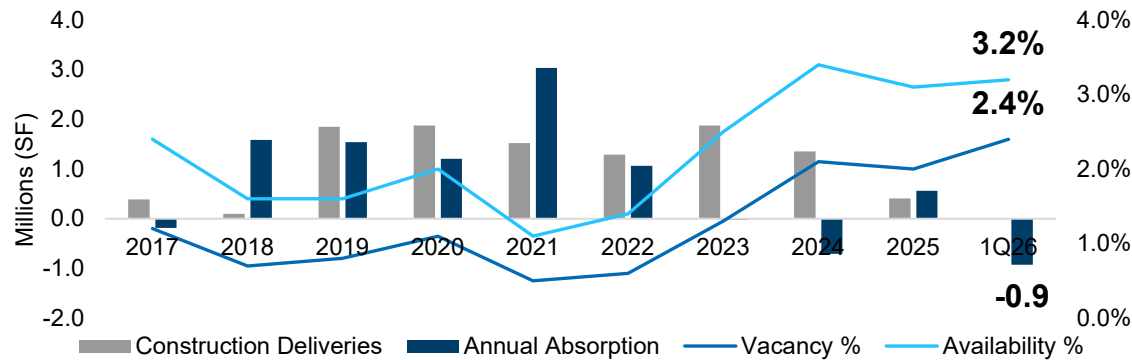
## First Quarter Deals

Tenant/Occupant	Building	Type	SF
DP World	587 Avonhead Road, Mississauga	Lease	362,250
TJX Companies	8875 Torbram Road, Brampton	Renewal	271,790
Telus	6525 Mississauga Road, Mississauga	Lease	270,740
Dart Canada	6185 Mavis Road, Mississauga	Renewal	262,010
Mainfreight	5405 Countryside Drive, Brampton	Lease	247,150

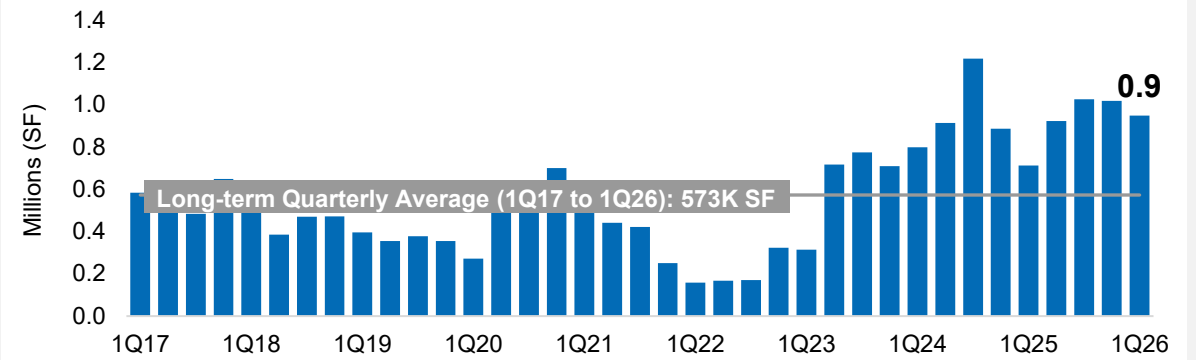
# Toronto

Toronto remained one of the GTA's tightest submarkets with vacancy at 2.4% in the first quarter of 2026 with availability of 3.2%, though net absorption swung negative at ~925K SF as no new supply was delivered. Vacancy has drifted up from the 0.5% cycle low of 2021 but remains structurally tight given near-zero deliveries through 2025-26. Sublease availability eased to ~949K SF but stayed well above the 573K SF long-term quarterly average, reflecting ongoing rightsizing in older multi-tenant inventory, and estimated asking rents held at ~C\$16.8/sf (gross ~C\$22.0/sf). First-quarter leasing was driven by mid-sized urban-logistics commitments led by Acrocargo's 127,390-sf Etobicoke renewal.

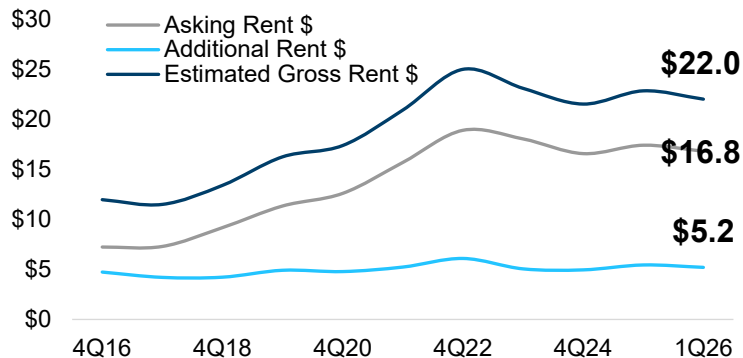
## Toronto Industrial Submarket Fundamentals



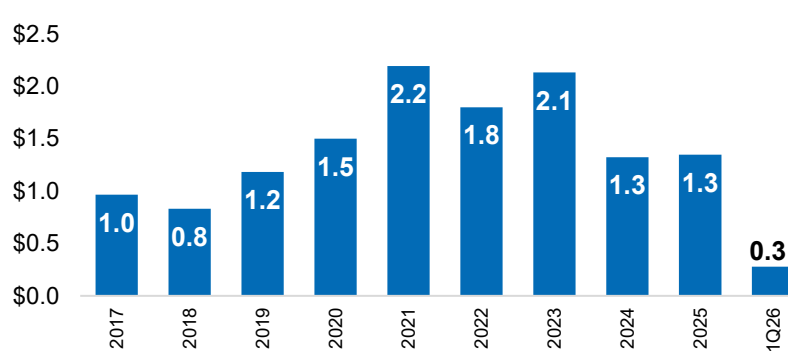
## Toronto Historic Sublease Availability



## Toronto Historic Industrial Rents – C\$/SF



## Toronto Industrial Investment Volume (C\$billions)\*



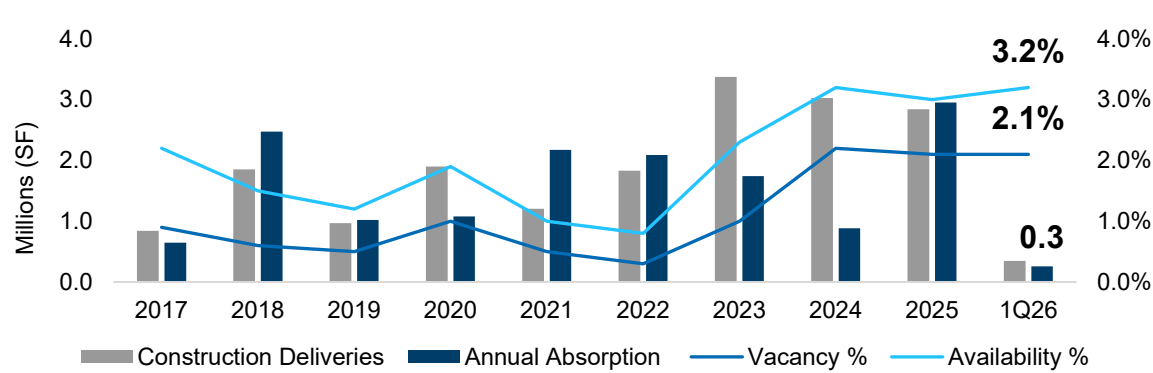
## First Quarter Deals

Tenant/Occupant	Building	Type	SF
Acrocargo	65 Skyway Avenue, Etobicoke	Renewal	127,390
Undisclosed	160 Claireville Drive, Etobicoke	Lease	86,160
Undisclosed	450 Evans Avenue, Etobicoke	Lease	63,010
Undisclosed	40 Dynamic Drive, Scarborough	Lease	59,810
Undisclosed	35 Mobile Drive, Toronto	Lease	46,720

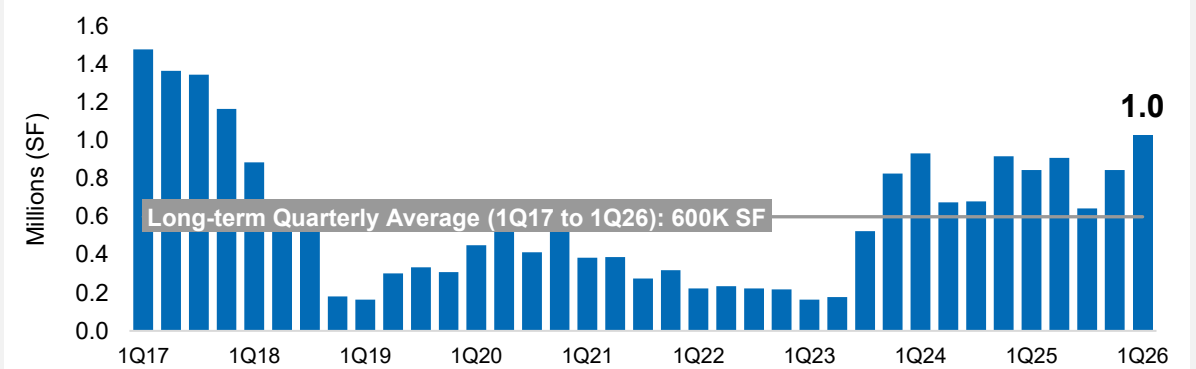
# York Region

York Region recorded the GTA's tightest industrial vacancy at 2.1% in the first quarter of 2026 with availability of 3.2% and positive net absorption of ~257K SF, as deliveries pulled back to ~345K SF following three consecutive years of 2.8-3.4 MSF additions. Sublease availability ticked up to ~1.0 MSF but tracked close to the 600K SF long-term quarterly average, indicating sublease conditions remain orderly. York continued to lead the GTA on pricing with estimated asking rents firming to ~C\$17.7/sf (gross ~C\$22.3/sf), supported by deep Highway 400/404 corridor inventory and large-bay commitments from Shein, D-Home Logistics and Johnvince Foods.

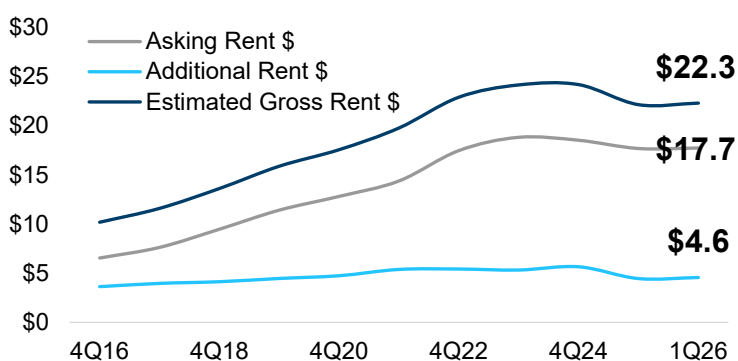
## York Region Industrial Submarket Fundamentals



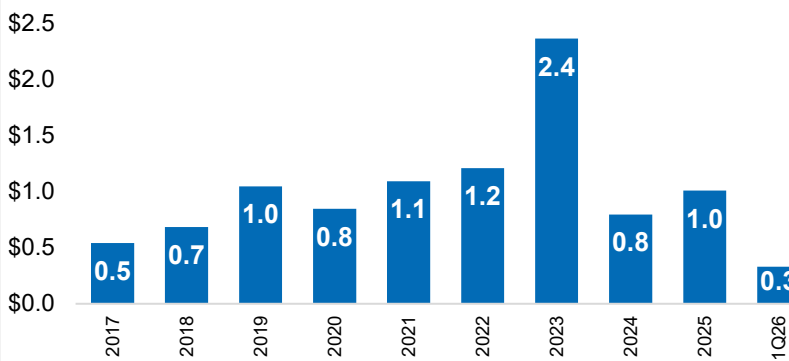
## York Region Historic Sublease Availability



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



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



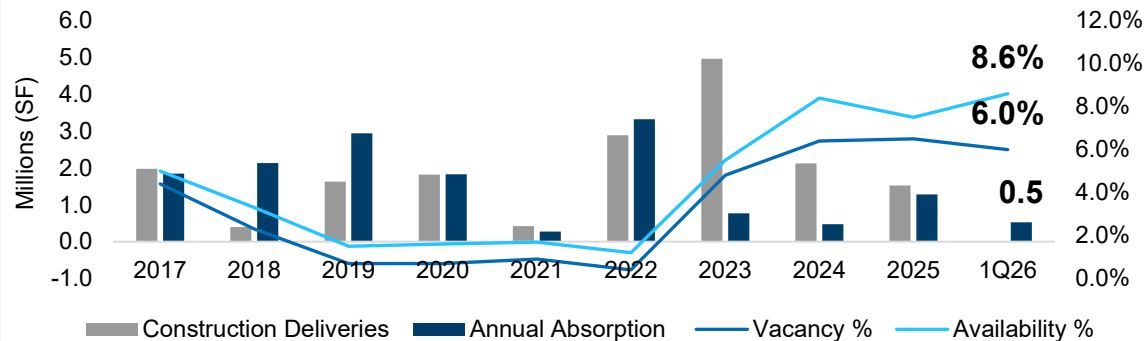
## First Quarter Deals

Tenant/Occupant	Building	Type	SF
Shein	400 Anatolian Drive, Vaughan	Lease	535,070
D-Home International Logistics	9501 Hwy. 50, Vaughan	Lease	327,295
Johnvince Foods	55 Doney Crescent, Concord	Lease	121,315
Links Warehousing & Fulfillment	120 Spinnaker Way, Vaughan	Lease	46,490
Fusion Canada	45 Connie Crescent, Concord	Lease	21,370

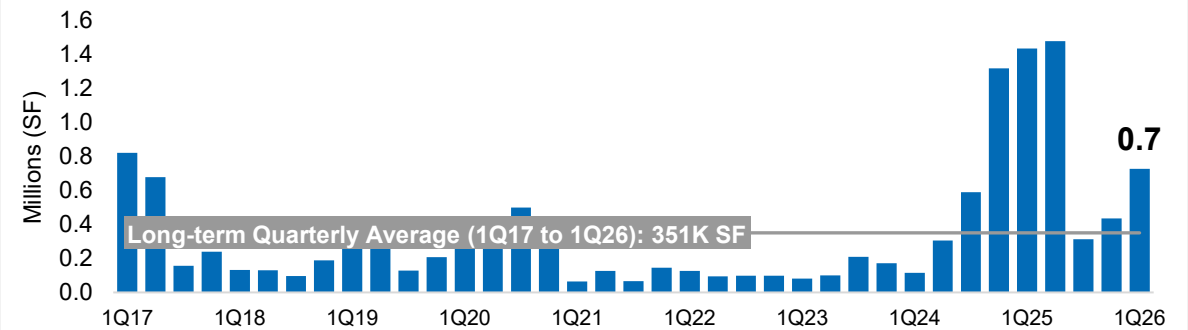
# Halton Region

Halton Region recorded the GTA's highest industrial vacancy at 6.0% in the first quarter of 2026 with availability of 8.6%, the lingering effect of the 2023 supply wave that delivered ~5.0 MSF into a still-absorbing market, though net absorption was positive at ~528K SF and no new product was delivered in the quarter – a first step toward equilibrium. Sublease availability rose to ~727K SF, more than double the 351K SF long-term quarterly average and partially reversing the late-2025 decline, while estimated asking rents eased modestly to ~C\$16.3/sf (gross ~C\$20.7/sf). The region's discount to Toronto, York and Peel is beginning to attract value-seeking tenants, with leasing led by Armour Transport in Halton Hills.

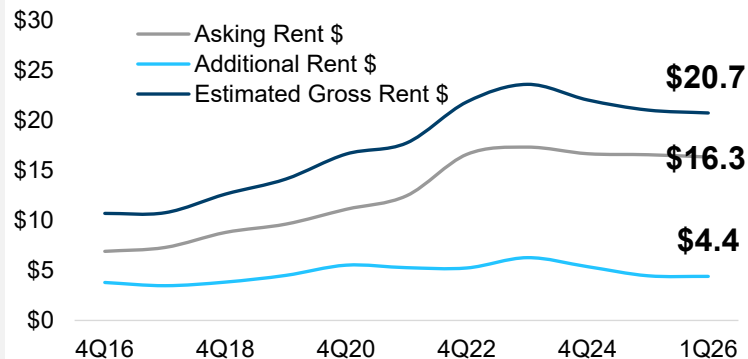
## Halton Region Industrial Submarket Fundamentals



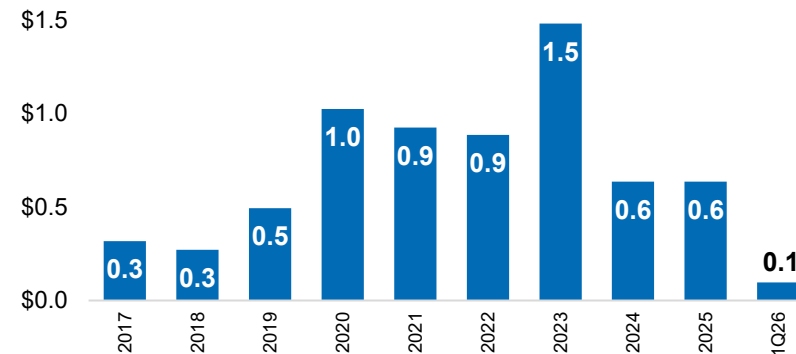
## Halton Region Historic Sublease Availability



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



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



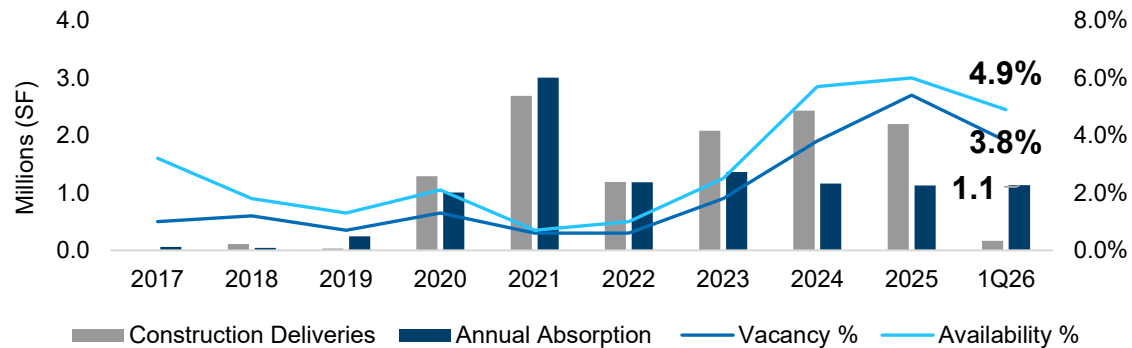
## First Quarter Deals

Tenant/Occupant	Building	Type	SF
Armour Transport	8115 Trafalgar Road, Halton Hills	Lease	327,550
Rough Country Canada	8690 Escarpment Way, Milton	Lease	165,900
El Squanto Supply	499 Great Lakes Boulevard, Oakville	Lease	54,570
Undisclosed	2360 Cornwall Road, Oakville	Lease	53,150
Network Power Solutions	2320 Bristol Circle, Oakville	Lease	10,680

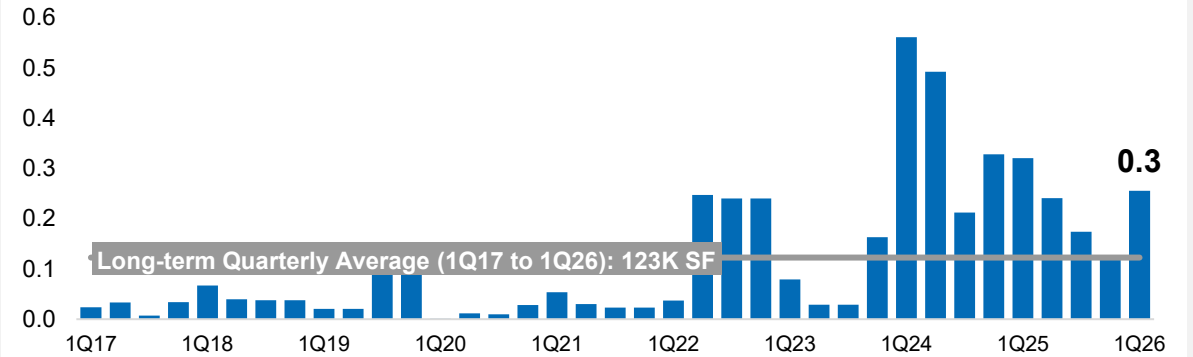
# Durham Region

Durham Region posted the GTA's strongest first-quarter net absorption at ~1.1 MSF, driving vacancy down 160 bps to 3.8% (from 5.4% at year-end 2025) and availability to 4.9%, as quarterly deliveries were limited to ~164K SF and the 2024-25 supply was steadily absorbed. Sublease availability remained low at ~256K SF, but more than double the 123K SF long-term quarterly average and estimated asking rents firmed to ~C\$15.8/sf (gross ~C\$20.7/sf) – the most competitive pricing in the GTA. Value-oriented demand drove large-bay commitments from Geodis, Sobeys and Amazon, reinforcing Durham's emergence as a strategic Eastern GTA distribution destination.

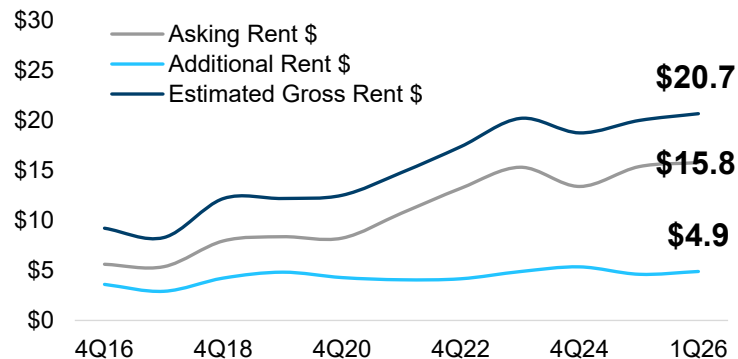
## Durham Region Industrial Submarket Fundamentals



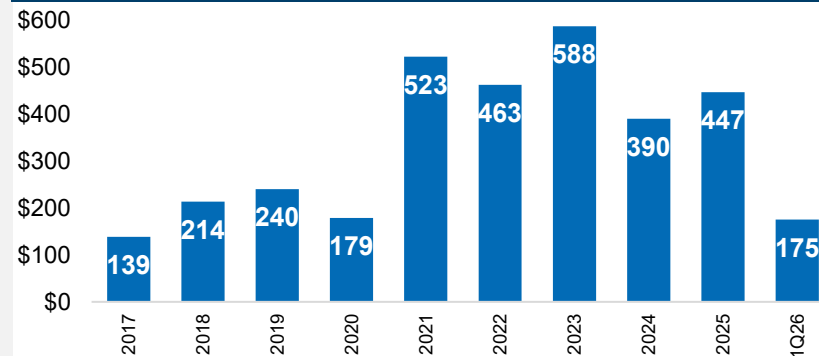
## Durham Region Historic Sublease Availability



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



## Durham Region Industrial Investment Volume (C\$millions)\*



## First Quarter Deals

Tenant/Occupant	Building	Type	SF
Geodis	537 Kingston Road East, Ajax	Lease	470,000
Sobeys	100 Nordeagle Avenue, Whitby	Lease	431,550
Amazon	1555 Wentworth Street, Whitby	Renewal	354,000
Joriki	885 Sandy Beach Road, Pickering	Lease	118,000
TYM Canada	1651 & 1655 Stellar Drive, Whitby	Lease	67,380

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