2Q25

# Greater Toronto Area Industrial Market Overview

NEWMARK

# Newmark's Canadian Industrial Markets

Recalibration of Canada's national industrial market following the end of the COVID-19 pandemic has seen both supply and demand factors driving a rebalancing of the market during the past 18 months. Leasing volumes, particularly for logistics space, had been normalizing after recording significant growth during the pandemic as distribution demand, while weakening, remained a key leasing driver. Threats of U.S. tariffs represent an outsized risk to Canadian supply chains (and range of industry sectors) and therefore a decline in goods flow and/or manufacturing activity would further dampen leasing demand. An overhang in supply of new speculative warehouse space remained a concern in Canada's major distribution markets.

**Greater Vancouver Area 2Q25**

254 MSF
3.1% Vacancy
4.9% Availability
C$27.00 PSF*


**Greater Toronto Area 2Q25**

951 MSF
3.1% Vacancy
4.3% Availability
C$21.87 PSF*

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

# Greater Toronto Area (GTA) Industrial Market Observations

GTA industrial vacancy was 3.1% at mid-2025, up notably from the 2.3% recorded at mid-2024. Regional vacancy was less than 2% from mid-2017 through 2023.

Leasing velocity in the first half of 2025 – particularly the second quarter – was hampered by a sense of economic unease and uncertainty related to the threat of U.S. tariffs.

Sublease availability hit a record high at mid-2025 due to a combination of new supply, rightsizing and cautious trade-exposed tenants limiting costs by reducing future space requirements.

Rent differentiation among submarkets impacting some tenant decisions as occupiers seek lower rents as found in submarkets such as Durham/Halton as the floor for rates firms up in GTA.

Halton had the highest industrial vacancy rate in the GTA at 7.5%, followed by Durham (5.2%). York was the tightest submarket (1.7%) followed by Toronto at 2.1%. Peel sat at 3.1%.

More than 9.5 msf was under construction in the GTA at mid-2025, a drop from the 12.1 msf under construction at mid-2024 and substantially down from 16.7 msf at the start of 2023.

Ongoing reform of supply chains in GTA's post-Covid industrial market is being exacerbated by uncertainty from U.S. tariff threats resulting in a range of evolving tenant requests.

Some tenants are seeking shorter terms of one year or less and/or reduced rent to remain flexible and mitigate uncertainty as business impacts of U.S. tariff threats vary among industries.

Sale proceeds of ~$2.6B for GTA industrial assets in the first half of 2025 was the lowest dollar volume recorded in the first half since 2019 and was down 11% from the first half of 2024.



Source: Newmark Research, Altus Data Solutions

2Q25

# GTA Industrial Market Metrics

# Greater Toronto Area (GTA) Industrial Submarket Statistics | 2Q25

## Submarket Statistics – All Classes

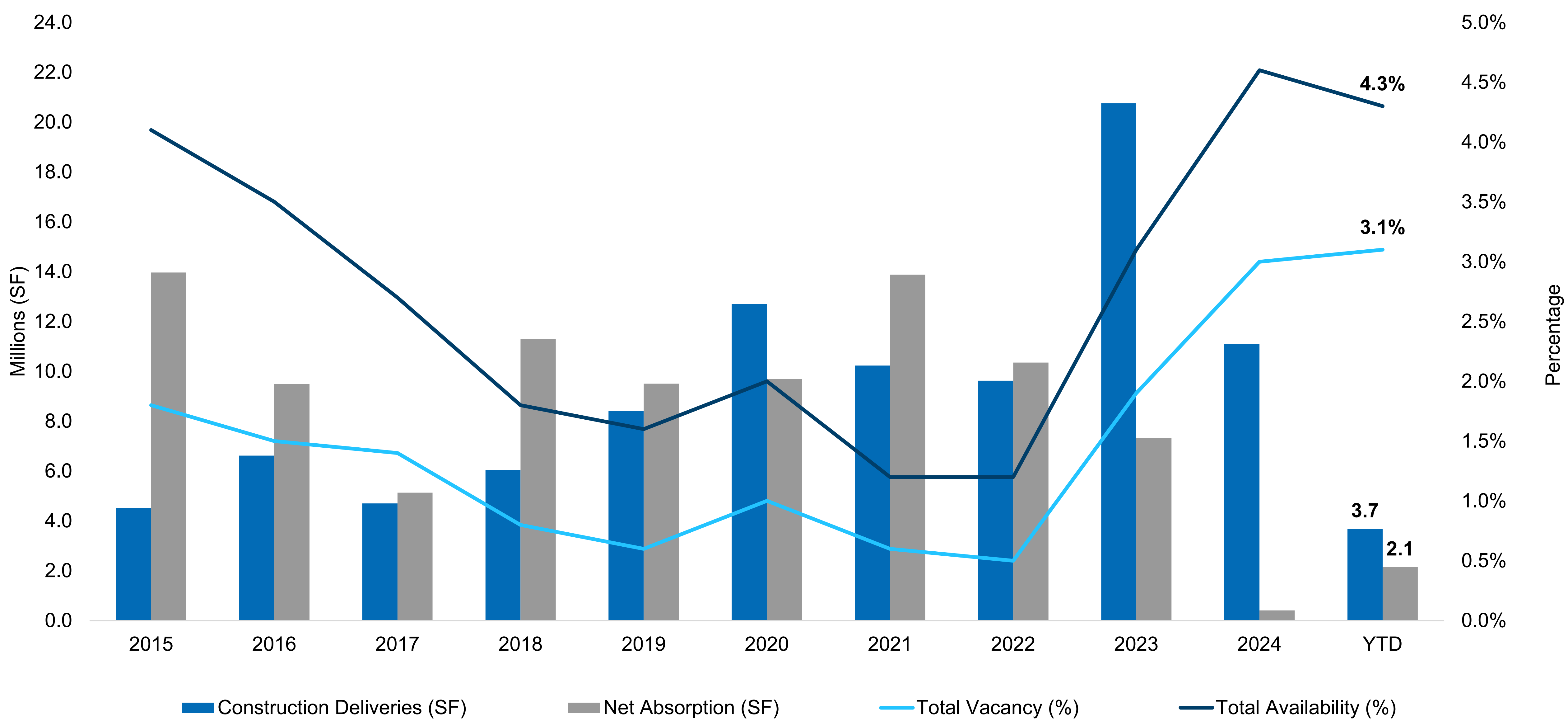
| | Total Inventory (SF) | Under Construction (SF) | Total Vacancy Rate | Qtr Net Absorption (SF) | Annual Net Absorption (SF) | Direct Available Rate | Sublet Available Rate | Estimated Asking Rate ($/SF) | Total Additional Rent ($/SF) |
|---|---|---|---|---|---|---|---|---|---|
| **Greater Toronto Area (GTA)** | **950,665,214** | **9,544,185** | **3.1%** | **-1,249,628** | **2,143,754** | **3.6%** | **0.8%** | **C$16.9** | **C$5.0** |
| Peel Region (Mississauga, Brampton, Caledon) – GTA West | 326,461,499 | 3,262,031 | 3.1% | -672,482 | 648,184 | 3.9% | 1.2% | C$17.0 | C$5.0 |
| Toronto (Toronto, Etobicoke, Scarborough, York, East York, North York) – GTA Central | 261,244,284 | 630,008 | 2.1% | -340,075 | 318,834 | 2.5% | 0.4% | C$16.2 | C$5.5 |
| York Region (Vaughan, Richmond Hill, Markham, Newmarket, King, Aurora, East Gwillimbury, Georgina, Whitchurch-Stouffville) – GTA North | 200,493,420 | 3,476,251 | 1.7% | 183,099 | 1,527,178 | 1.8% | 0.5% | C$17.8 | C$5.0 |
| Halton Region (Oakville, Burlington, Halton Hills, Milton) – GTA West | 99,961,947 | 723,995 | 7.5% | -257,216 | -676,548 | 7.8% | 1.5% | C$17.3 | C$4.5 |
| Durham Region (Ajax, Oshawa, Pickering, Whitby, Brock, Clarington, Scugog, Uxbridge) – GTA East | 62,504,064 | 1,451,900 | 5.2% | -162,954 | 326,106 | 5.0% | 0.4% | C$14.8 | C$4.1 |

Source: Newmark Research, Altus Data Studio

# GTA Industrial Market Slowdown Exacerbated By Uncertainty From U.S. Tariff Threats

GTA's industrial market of 951 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 before fading to ~400k sf by the end of 2024. A strong start to 2025 was offset by a substantially weakened performance in the second quarter of the year that was likely related to economic uncertainty arising from U.S. tariff threats amidst the market's ongoing recalibration and unwinding in a post-Covid economy.

## GTA Historical Construction Deliveries, Net Absorption, Vacancy and Availability

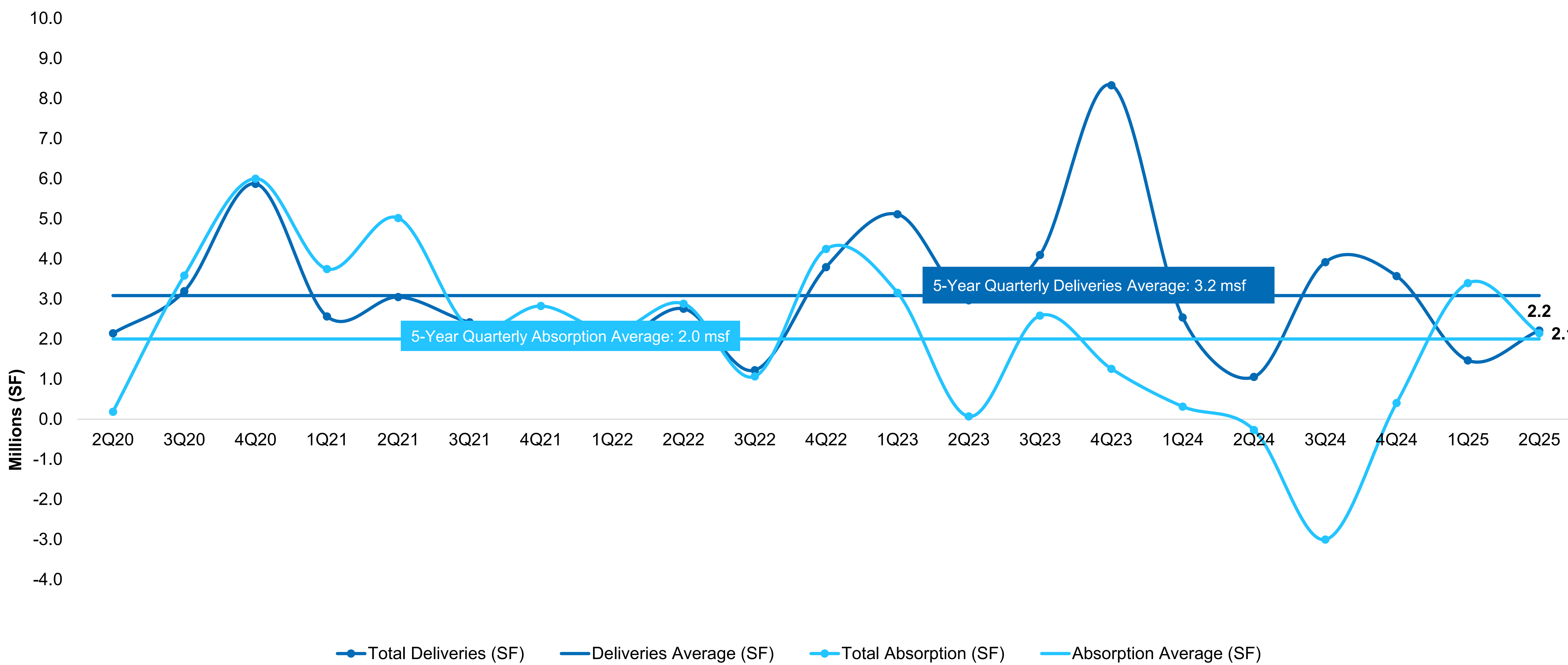



Source: Newmark Research, Altus Data Studio

# Absorption Slows At Mid-2025 As New Supply Remains Well Below 5-Year Average

Construction deliveries were well below the five-year quarterly average of 3.2 msf at mid-2025 as momentum from a strong start gave way to negative absorption in the second quarter that brought first-half absorption closer to the five-year quarterly average. Quarterly deliveries of new supply had exceeded quarterly absorption since the start of 2023 through the end of 2024. Quarterly absorption surpassed new supply for the first time in 30 months to start 2025 but subsequently weakened while still slightly exceeding new deliveries at mid-year.

## GTA Industrial Total Construction Deliveries and Absorption

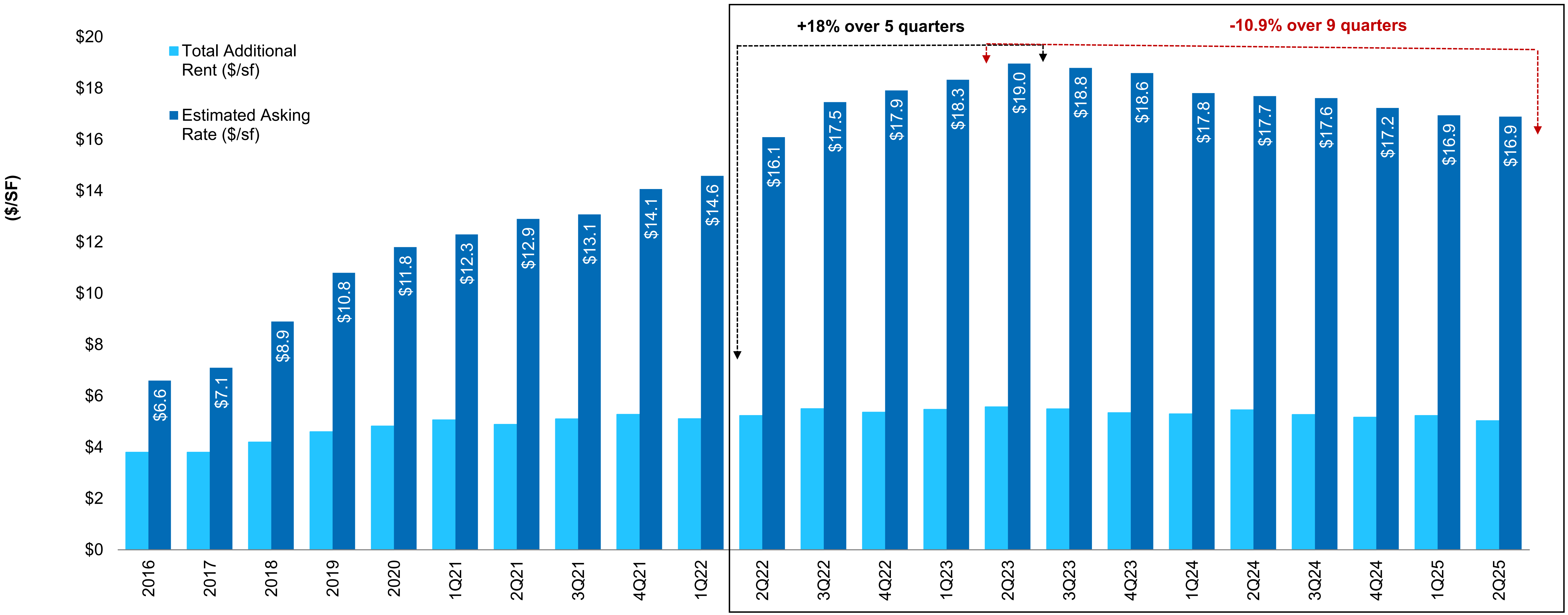



Source: Newmark Research, Altus Data Studio

# GTA Estimated Asking Rents Remained Flat At Mid-Year 2025 As Activity Diminished

While average estimated asking rents in the GTA industrial market have been sliding since mid-2023 as demand slackened, the pace of rate decline has slowed and appears to have stabilized at ~$17 psf in the GTA. Landlords had to remain competitive to secure tenants in the face of new supply and substantial sublease availability but may have hit a floor – at least for the time being – on rates softening further. Rental rate differentiation remained pronounced throughout the GTA with submarkets such as Durham notably less than others.

## Historical GTA Industrial Estimated Asking Rates

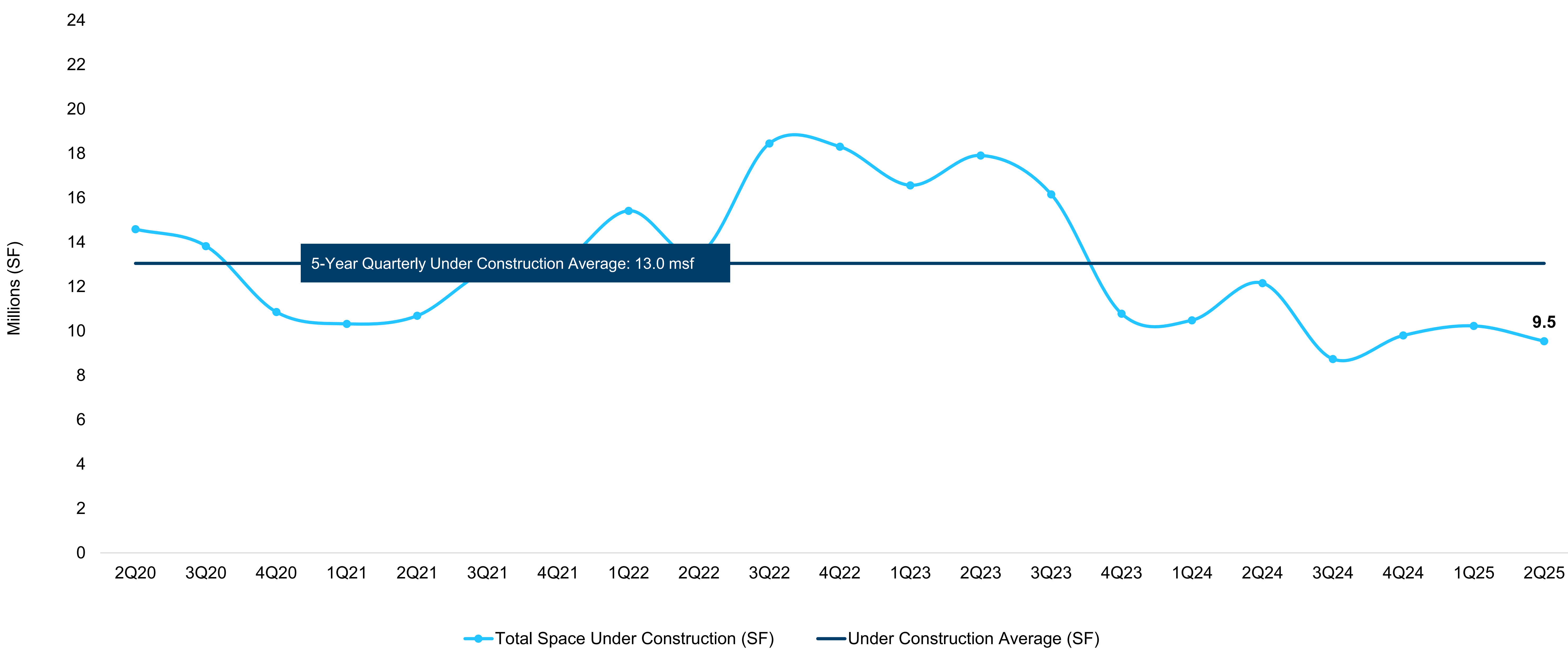



Source: Newmark Research, Altus Data Studio

# GTA Industrial Space Under Construction Stabilizing Well Under Five-Year Average

New industrial space under construction in the GTA in the first half of 2025 was at its second lowest point since 2018. After a period of significant new supply delivered from 2022 to 2023, the volume of new space under construction has been steadily trending downwards. That new supply had served to contribute substantial upward pressure on vacancy and availability rates for much of 2024 but had largely started to diminish by late 2024. With sublease availability at a record high at mid-2025, demand for new space is likely to wane.

## GTA Industrial New Space Under Construction

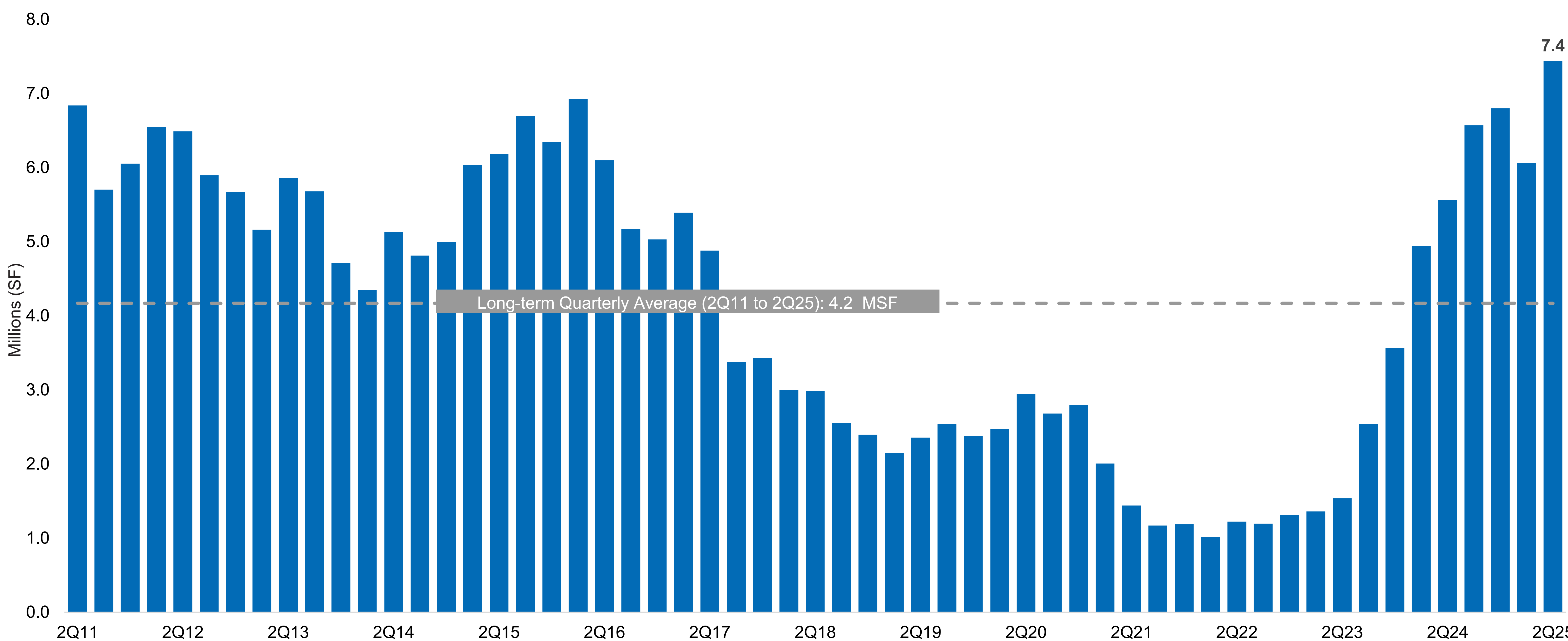



Source: Newmark Research, Altus Data Studio

# GTA Industrial Sublet Availability Surges In Single Quarter To New Regional Record

Sublease space availability had been rising since mid-2023, surpassing the 15-year quarterly average of 4.2 msf in the first quarter of 2024 then peaking at the end of 2024 before dropping in the first quarter of 2025, the first decline since the third quarter of 2022. However, sublease space availability then spiked 23% in the second quarter of 2025 to hit ~7.4 msf, a new record. While the GTA's quarterly industrial sublease availability surpassed 4.2 msf from 2010 to 2017, rightsizing and lower demand has kept it elevated since the start of 2024.

**Available Industrial Sublease Volume, Greater Toronto**

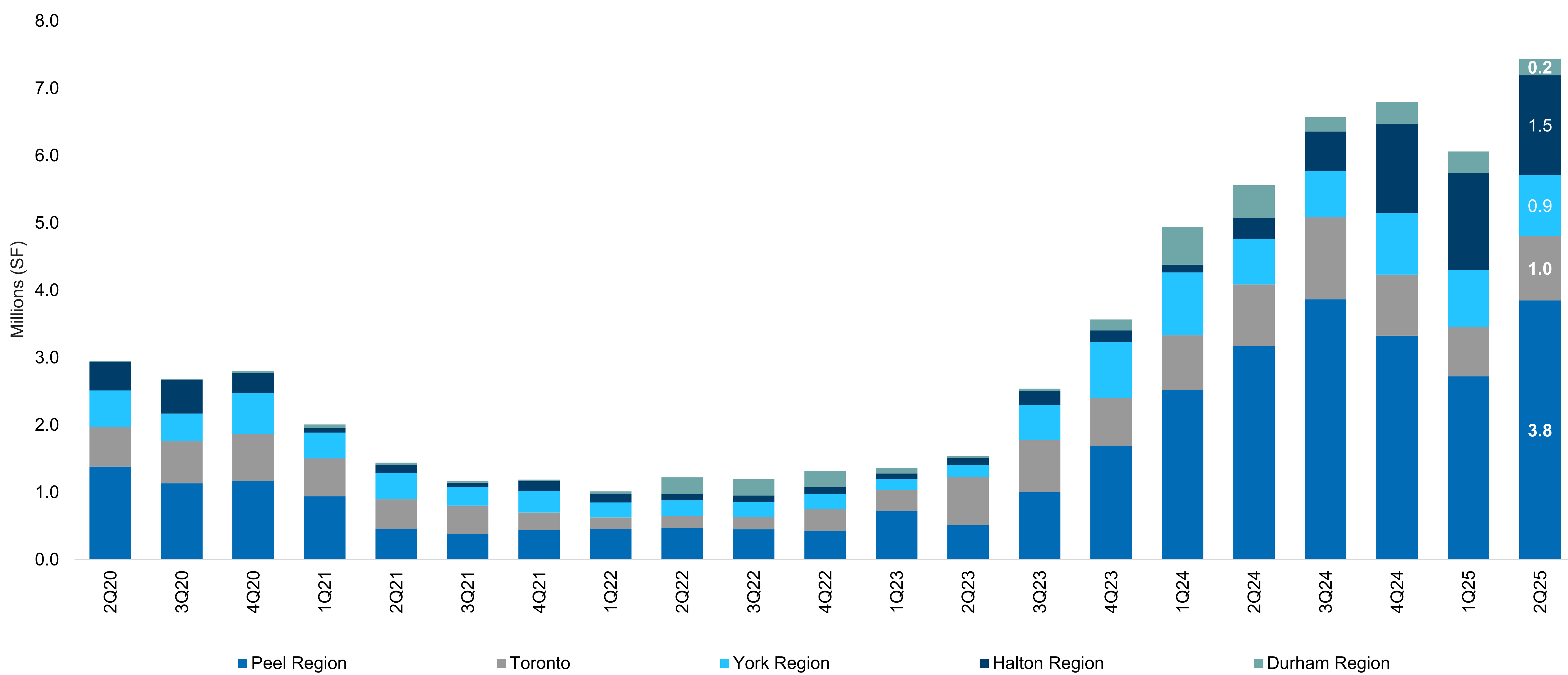



Source: Newmark Research, Altus Data Studio

# Sublease Availability Rose Rapidly In GTA Industrial Submarkets To Hit Record High

Sublease space availability in the industrial submarkets of Peel, Halton, Toronto and, to a lesser extent, York, in the second quarter of 2025 all recorded notable increases quarter-over-quarter which helped set a new regional record of more than ~7.4 msf at mid-2025. Durham was the only submarket that posted a decline in sublease availability between the first and second quarters of the year. More than ~51% of the region's available sublease space was in Peel at mid-2025, while Halton – a much smaller submarket than Peel – contained ~20%.

**Available Industrial Sublease Space, By Region**

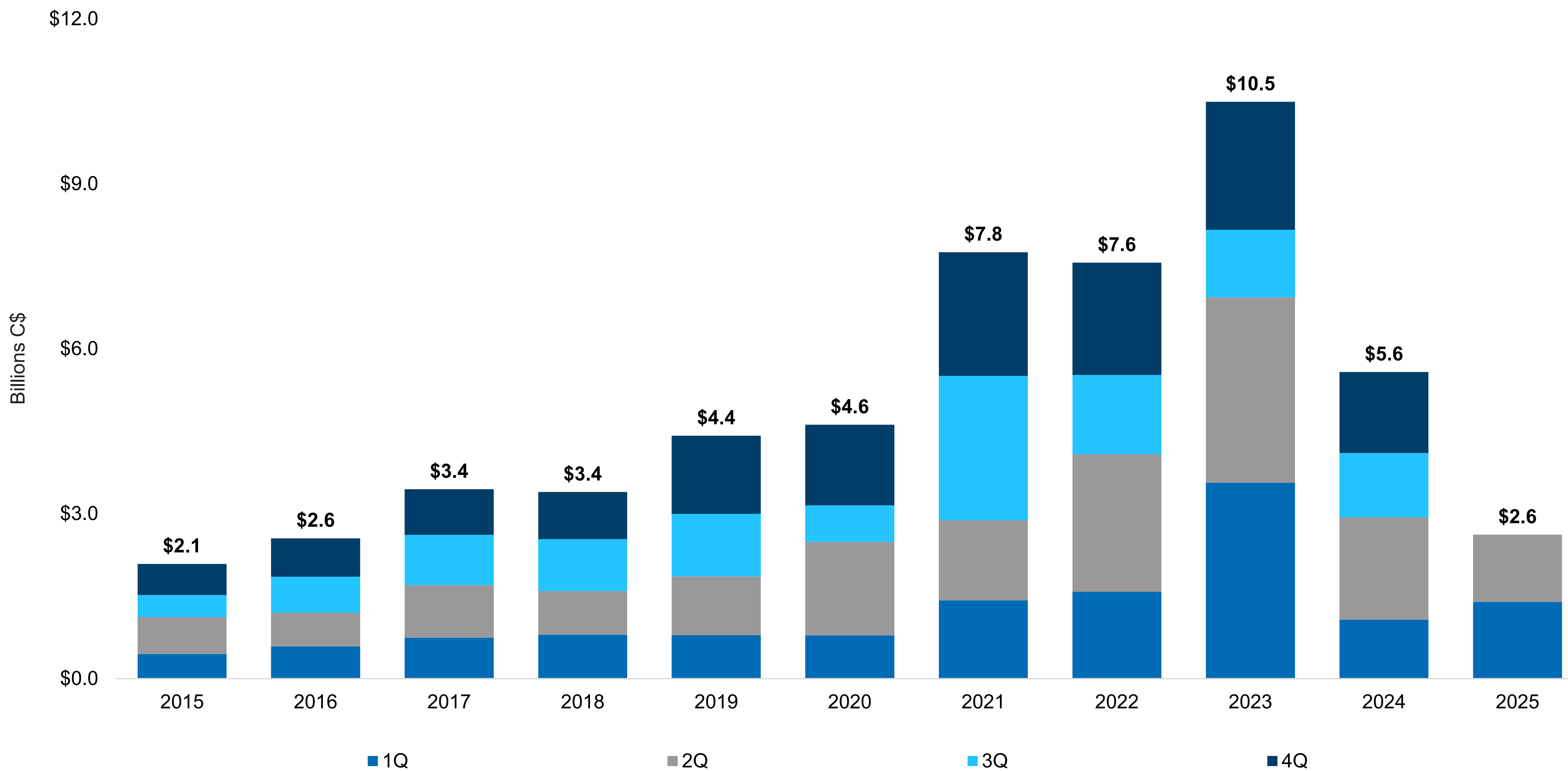



Source: Newmark Research, Altus Data Studio

# GTA Industrial Sales Total At Mid-Year Declined To Lowest Level Since First-Half 2019

Industrial sales totalled ~$2.6 billion in the first half of 2025, down 11% from the first half of 2024, and represented the lowest sales total since the first half of 2019. While first-half sales dollar volume was notably lower in Toronto, Peel, York and Halton – at least 50% less – when compared with the same six-month period last year, first-half sales in Durham already surpassed 88% of that submarket's annual total for 2024. The largest first-half deal was the $253M sale of 7900 Airport Road in Brampton, one of three transactions exceeding $100M+.

**Greater Toronto Area: Industrial Sales Volume | By Quarter**




Source: Newmark Research, Altus Data Studio

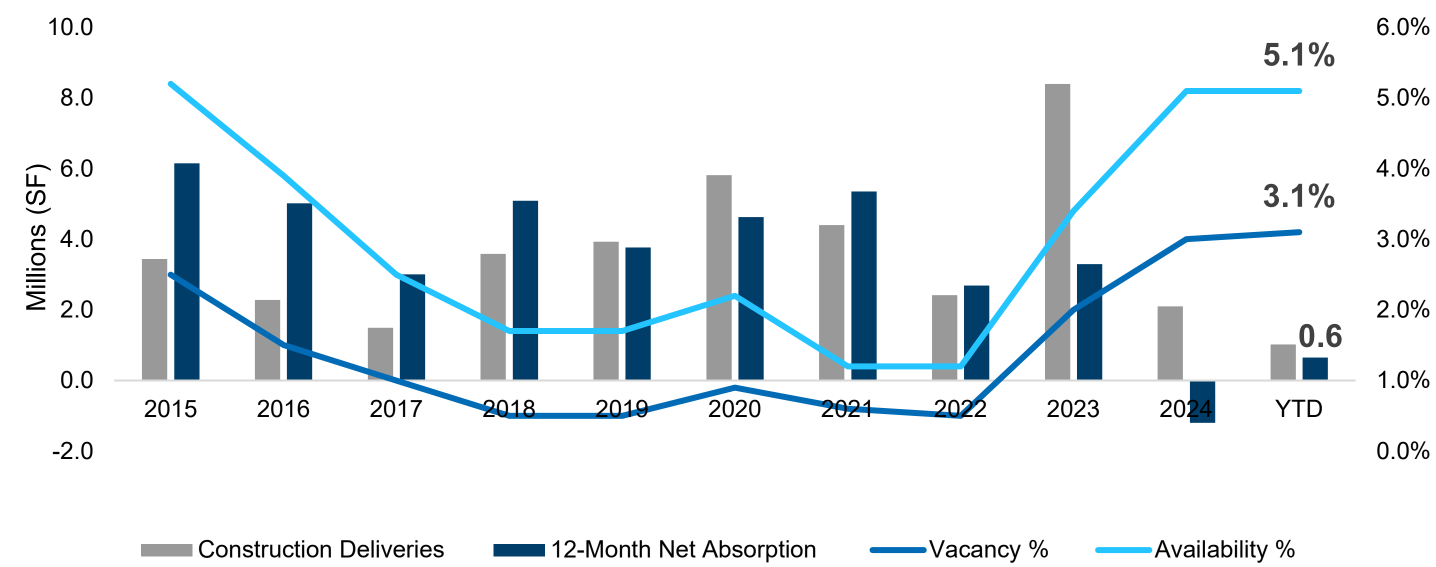
2Q25

# GTA Industrial Submarket Snapshots

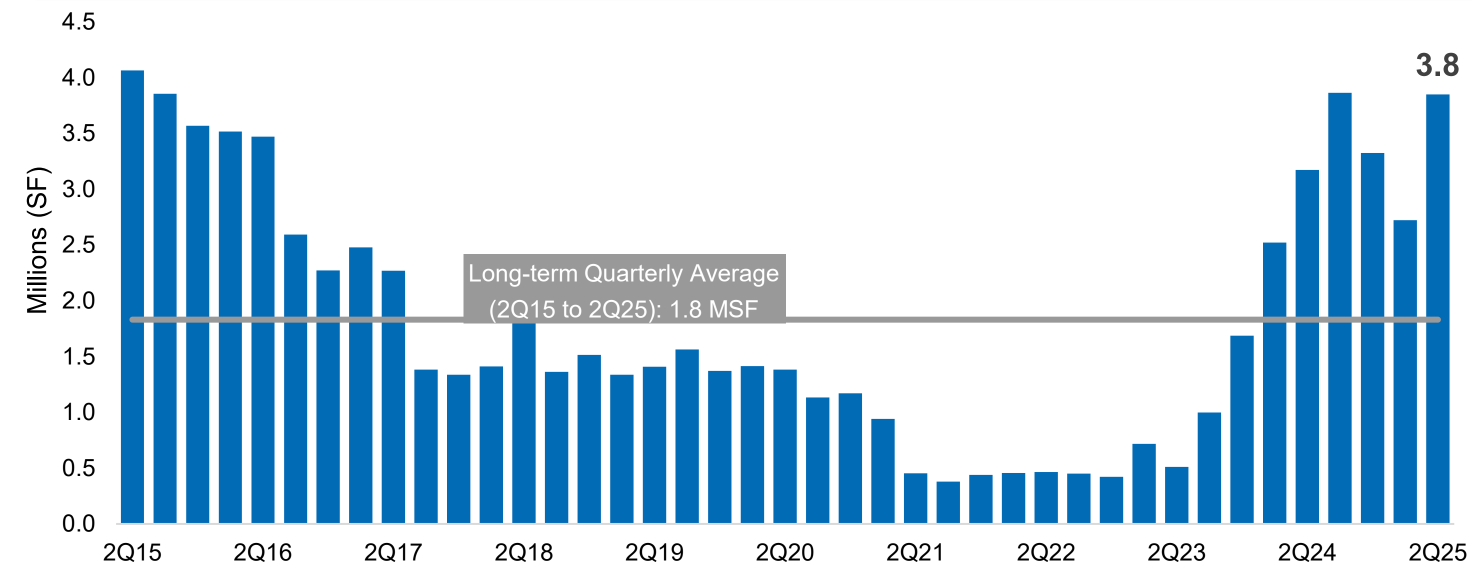
# Peel Region

Vacancy in the GTA's largest industrial submarket rose to 3.1% at mid-2025. Notable negative absorption in the second quarter – the most in the GTA – applied a substantial brake on a strong start to the year with the threat of a U.S. trade dispute likely dampening activity. After significant new supply was delivered in 2023, there has been notable reductions in new supply delivered in 2024 and the first half of 2025. Overall availability rose to 5.1% and remained there due in part to near-record levels of sublease availability in the second quarter.

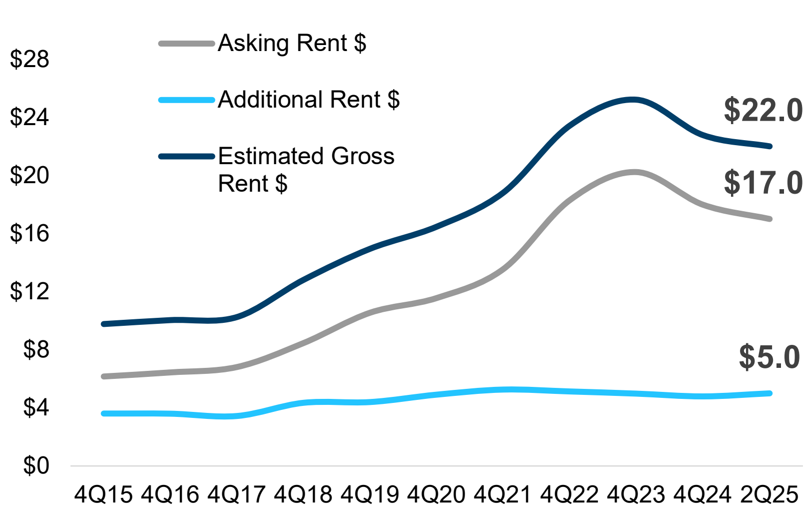
## Peel Region Industrial Submarket Fundamentals



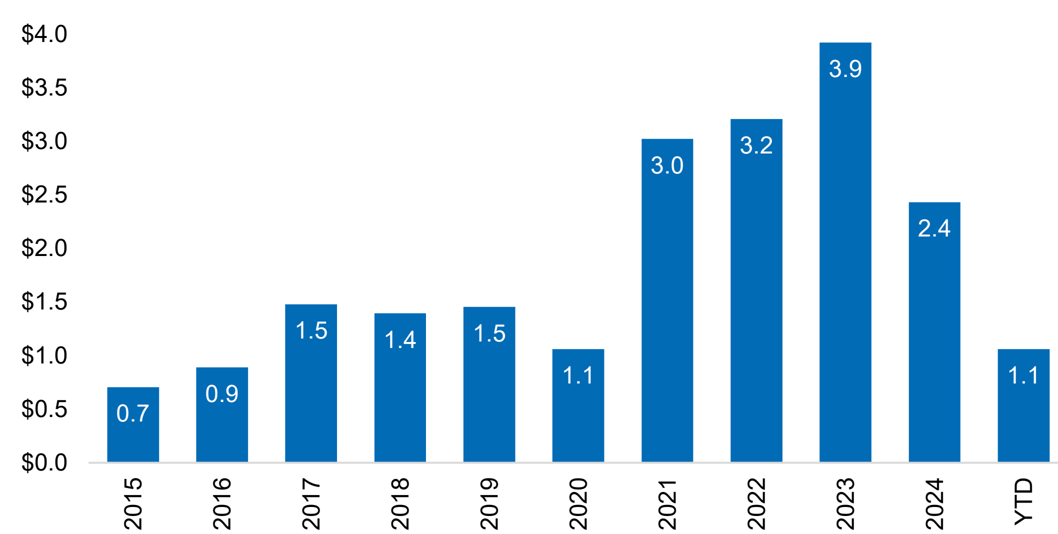

## Peel Region Historic Sublease Availability




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




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




## Second Quarter Deals

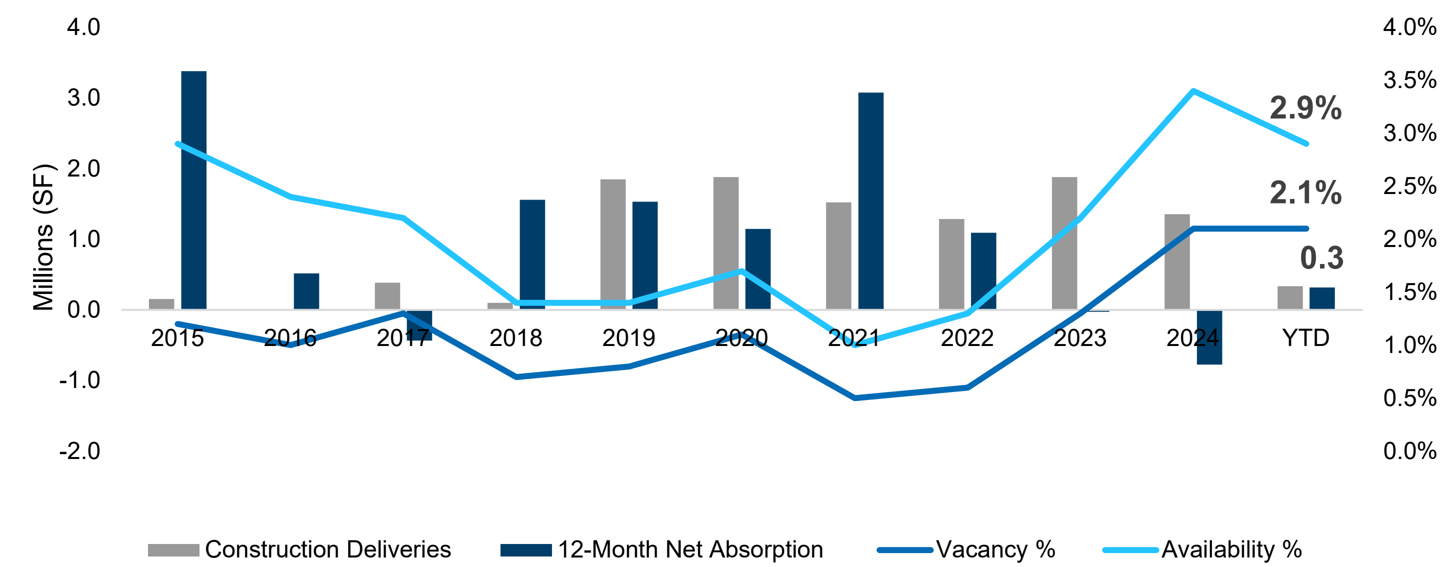
| Tenant/Occupant | Building | Type | Square Feet |
|---|---|---|---|
| Kruger Packaging | 10 Pedigree Court, Brampton | Renewal | 310,000 |
| CJ Group of Companies | 560 Hensall Circle, Mississauga | Renewal | 211,590 |
| Powersmiths | 201 Westcreek Boulevard, Brampton | Lease | 147,000 |
| EDA Cloud Canada | 1362 Tonolli Road, Mississauga | Lease | 133,590 |
| EB Games Canada | 8995 Airport Road, Brampton | Renewal | 126,650 |

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

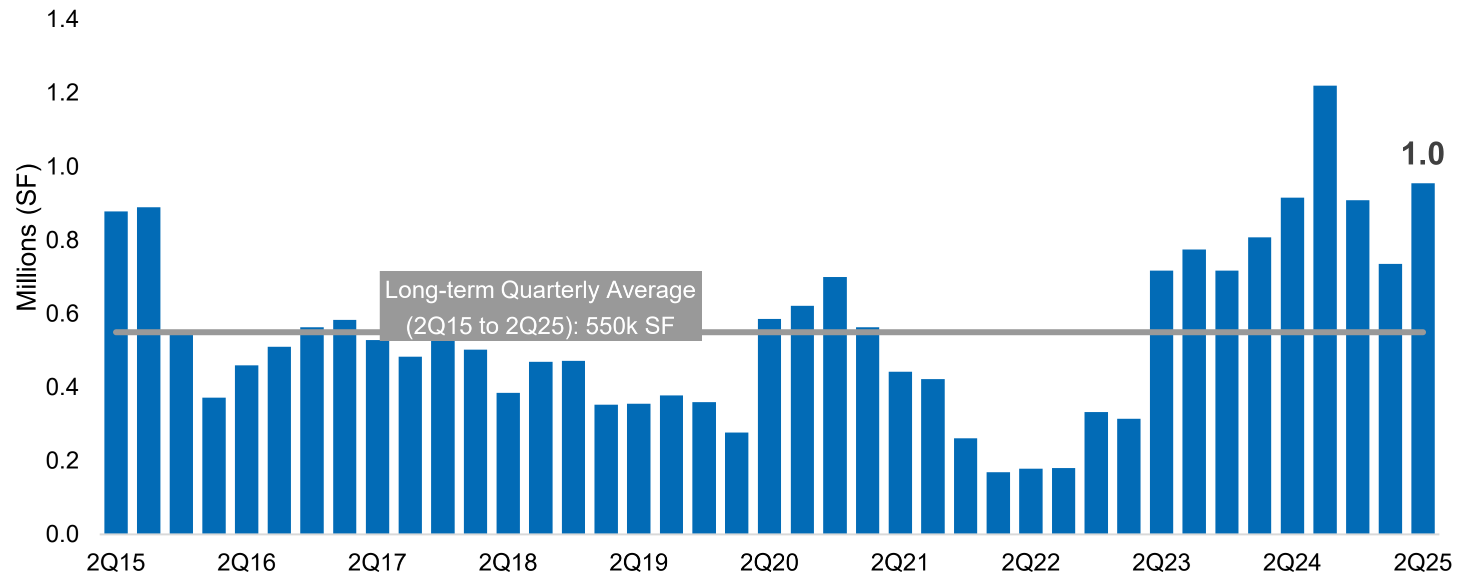
# Toronto

Vacancy in the region's original industrial submarket remained stable at 2.1% thanks to slight positive absorption in the first half of 2025 offsetting minimal new supply. Vacancy in the GTA's core industrial market was the second lowest in the region with overall availability on the decline despite ongoing elevated sublease availability. Rental rates were stable through to mid-2025 thanks to low but stable vacancy and declining overall availability.The positive start to 2025 was short lived as second-quarter negative absorption offset first-quarter gains.

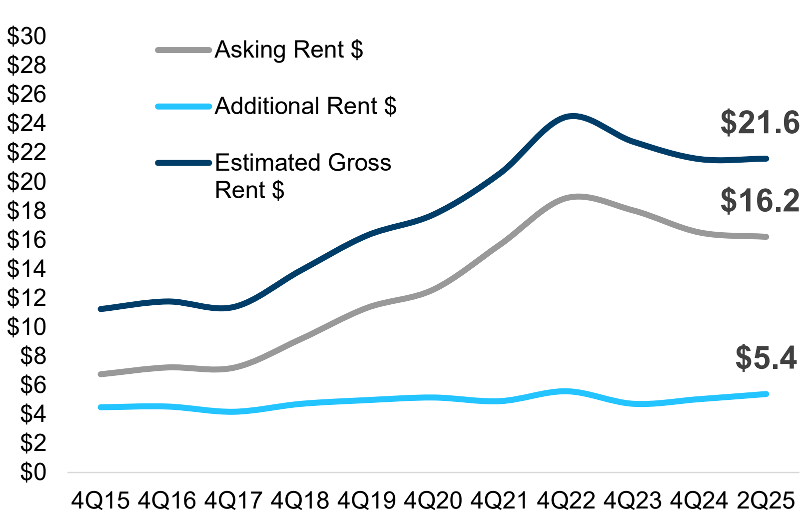
## Toronto Industrial Submarket Fundamentals



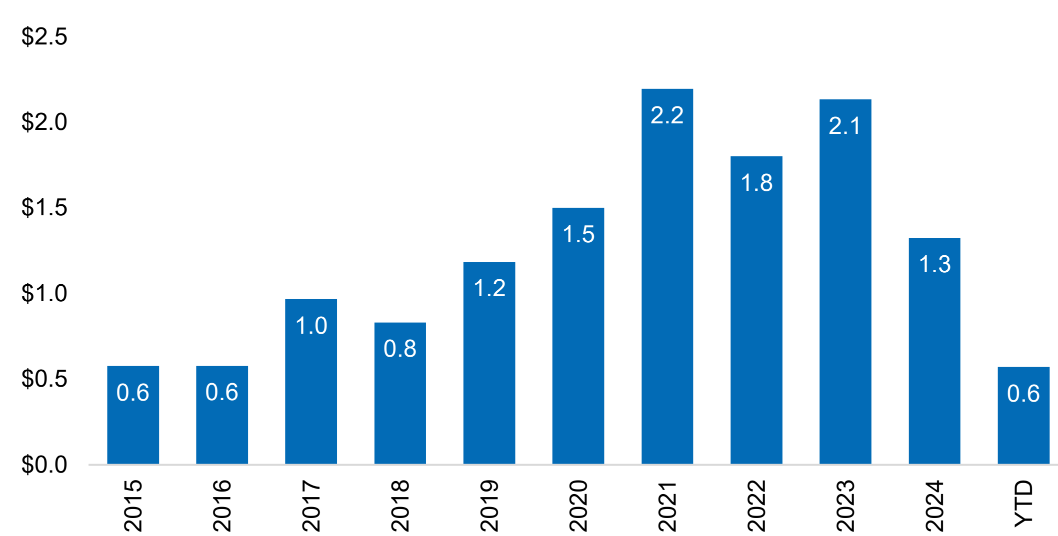

## Toronto Historic Sublease Availability




## Toronto Historic Industrial Rents – C$/SF




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




## Second Quarter Deals

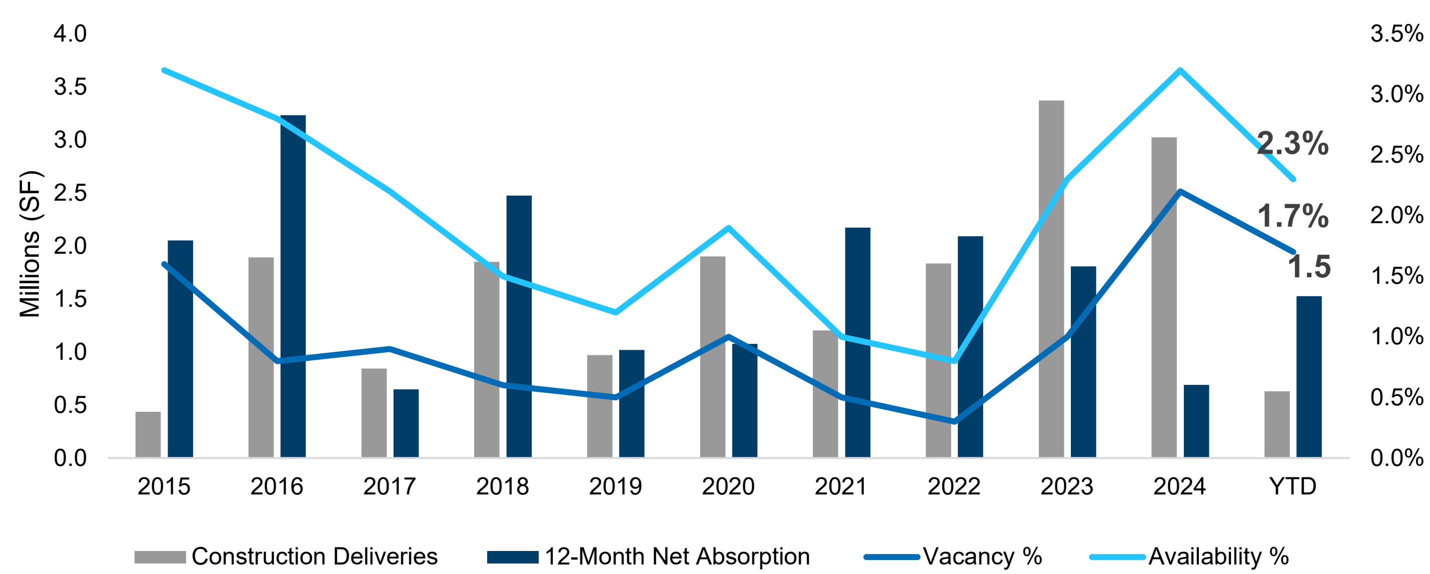
| Tenant/Occupant | Building | Type | Square Feet |
|---|---|---|---|
| SmartStop Self Storage | 494 Gilbert Avenue, Toronto | Lease | 120,000 |
| Habitat for Humanity | 101-103 Alexdon Road, Toronto | Lease | 60,430 |
| National Dry Beverage | 3636 Weston Road, Toronto | Lease | 52,150 |
| Real Form Technologies | 25 Worcester Road, Toronto | Lease | 45,620 |
| PragerNuform | 77 Browns Line, Toronto | Lease | 31,540 |

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

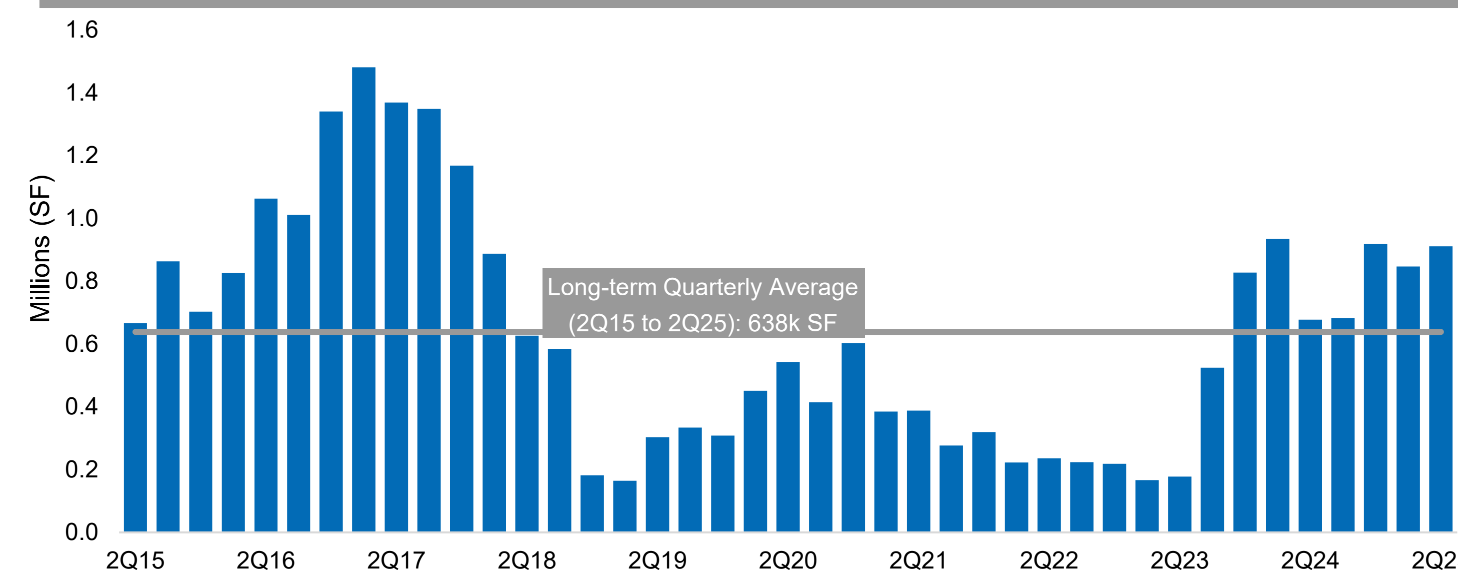
# York Region

York Region was the tightest submarket in the GTA with vacancy at 1.7% at mid-2025 while also dominating the region with positive absorption of ~1.5 msf in the first half of 2025. Sublease availability remained limited while the submarket maintained the GTA's highest average rent. Despite more than 6.4 msf of new supply delivered in 2023 and 2024, minimal new supply in the first half of 2025 has moderated upward pressure on vacancy and availability. York remained popular with tenants despite potential concerns about U.S. tariff threats.

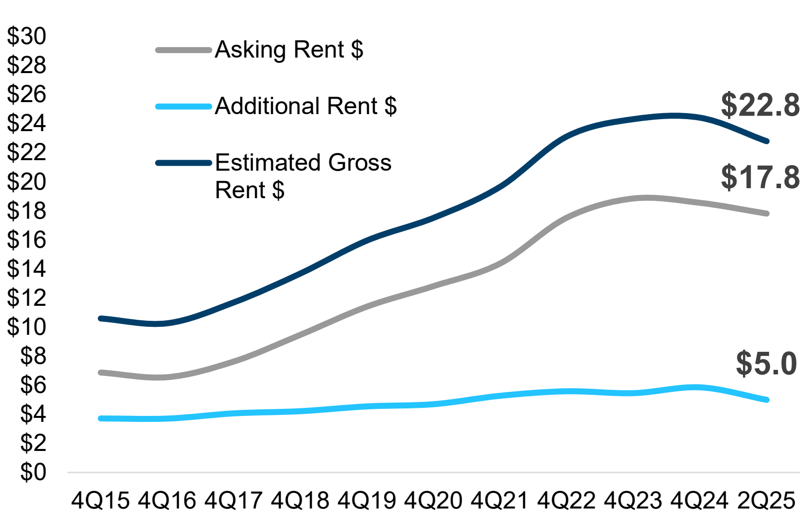
## York Region Industrial Submarket Fundamentals



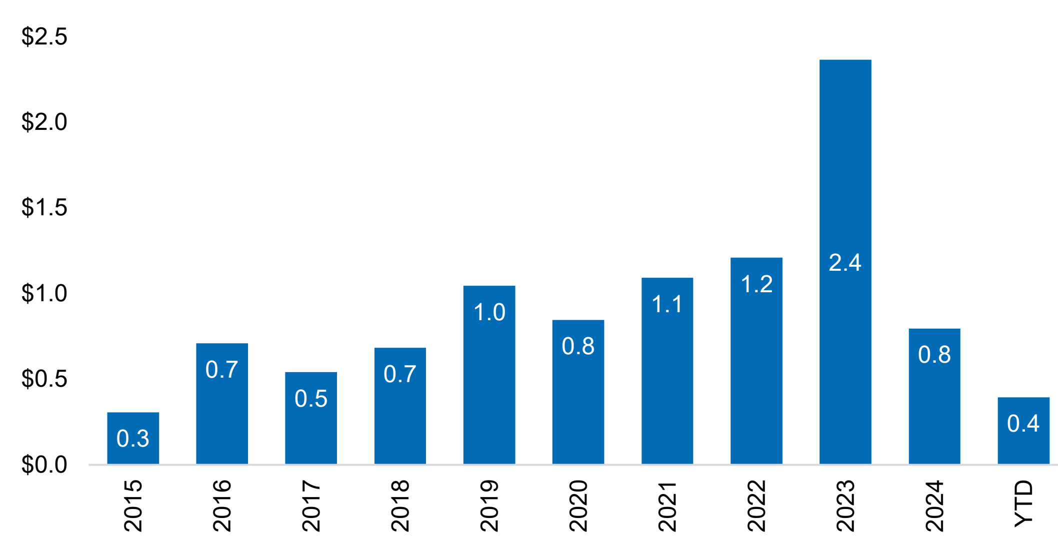

## York Region Historic Sublease Availability




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




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




## Second Quarter Deals

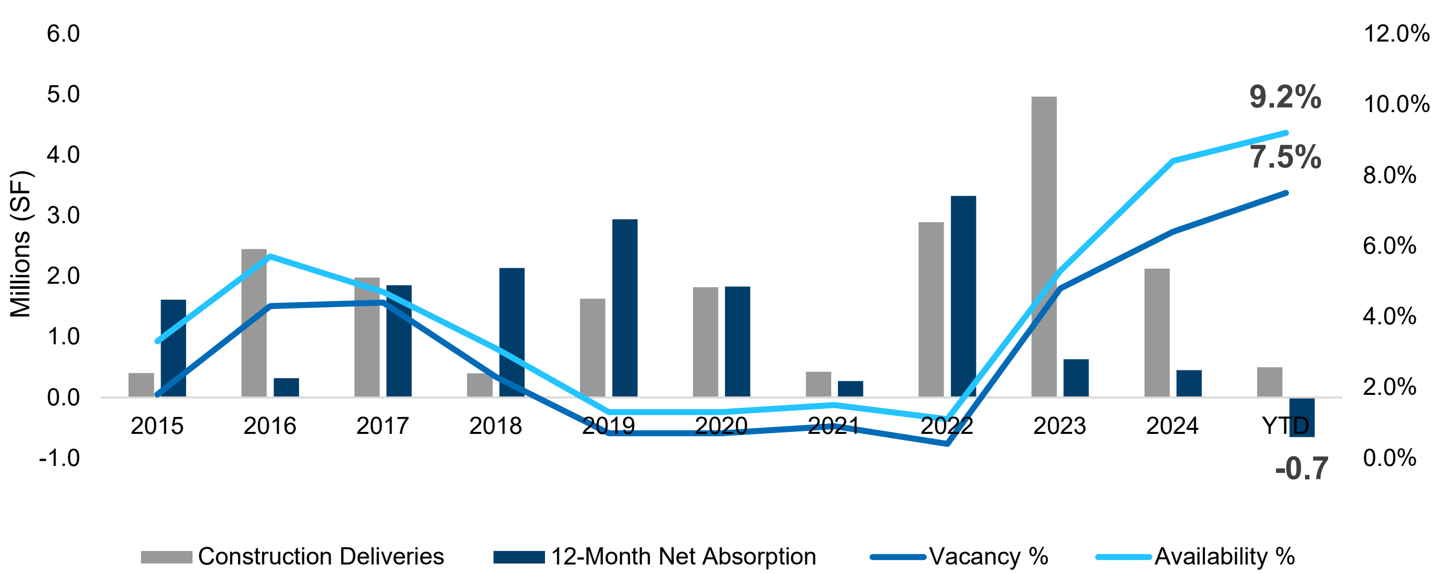
| Tenant/Occupant | Building | Type | Square Feet |
|---|---|---|---|
| Vinyl Pro Window | 30 Labourer's Way, Vaughan | Lease | 192,470 |
| Cube Packing Solutions | 200 Industrial Parkway North, Aurora | Renewal | 167,890 |
| Undisclosed | 635 Westburne Drive, Concord | Lease | 89,210 |
| Undisclosed | 101 Macintosh Boulevard, Vaughan | Sublease | 71,500 |
| Tesco Building Supplies | 4175 14th Avenue, Markham | Lease | 48,900 |

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

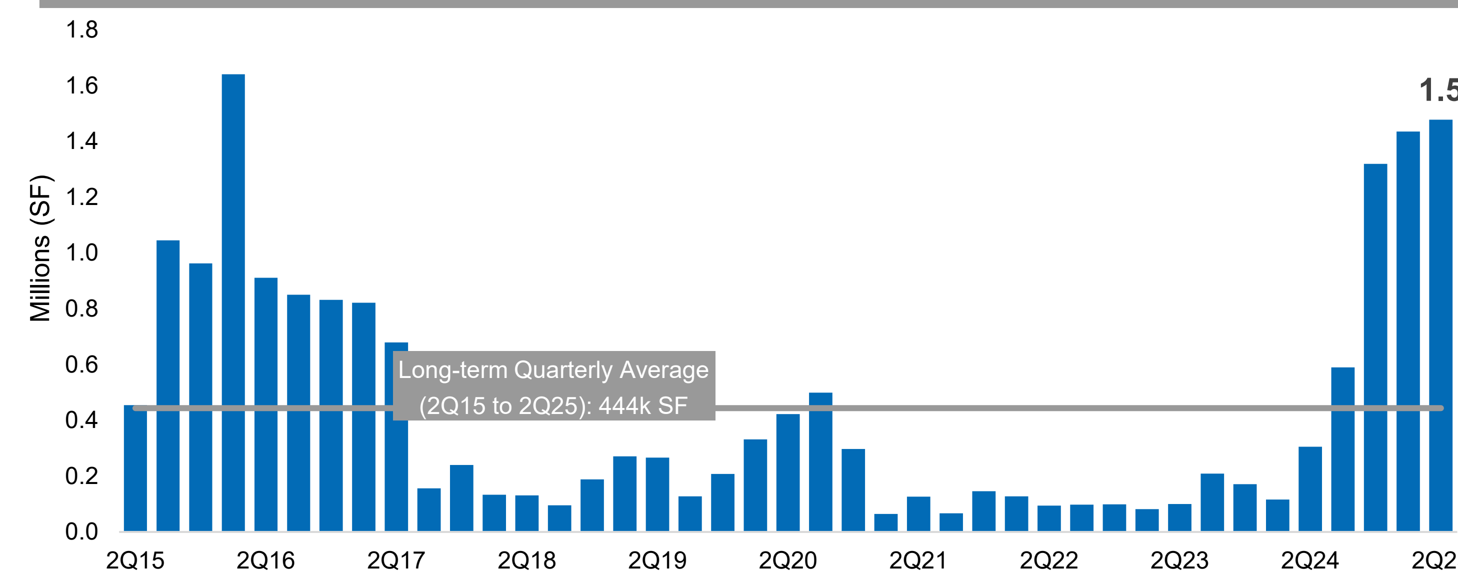
# Halton Region

Halton had the highest industrial vacancy rate in the GTA at mid-2025 accompanied by the most sublease availability with ~1.47 msf on the market. Halton was the only region in the GTA to record negative absorption in the first half of the year. Rental rates, which have resisted downward pressure to date, are likely to come off in late 2025 with record-high availability and rising vacancy likely to exert downward pressure on rents. A decline in rates may trigger heightened tenant engagement in the region's most challenged submarket.

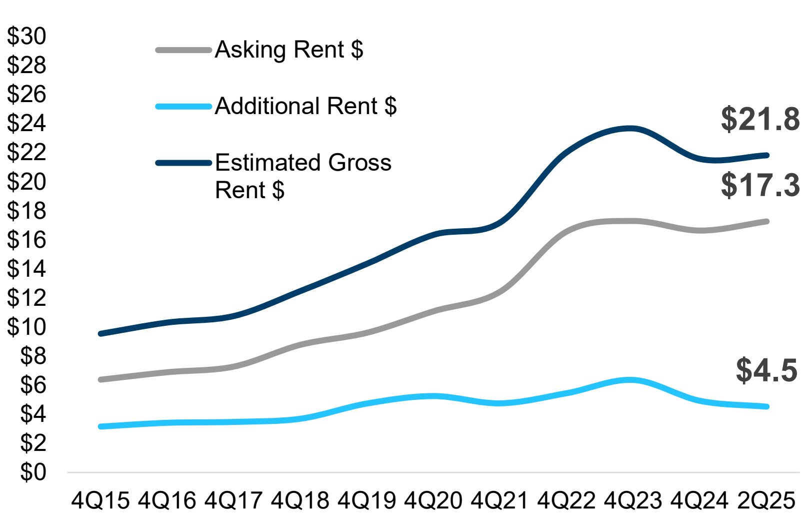
## Halton Region Industrial Submarket Fundamentals



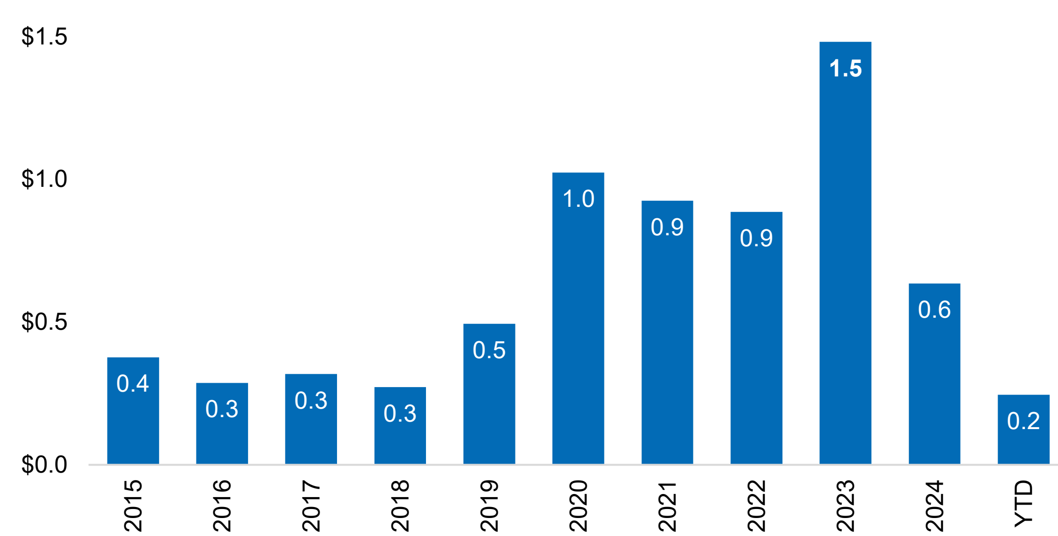

## Halton Region Historic Sublease Availability




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




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




## Second Quarter Deals

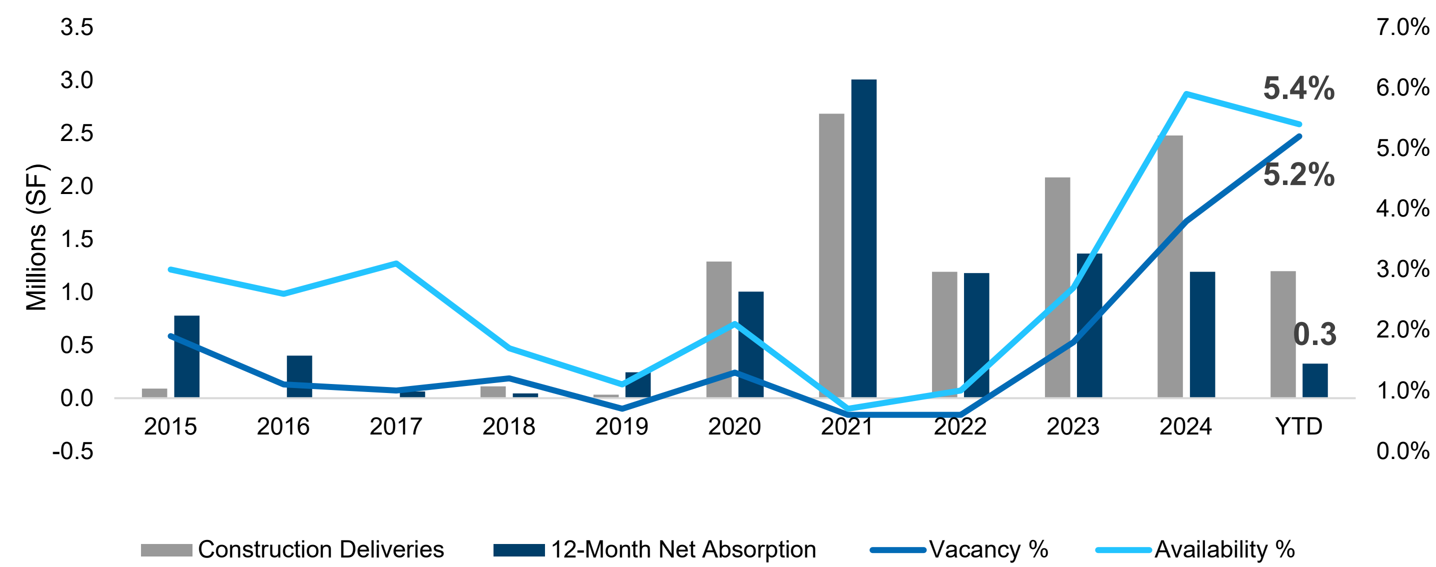
| Tenant/Buyer | Building | Type | Square Feet |
|---|---|---|---|
| 3M | 2751 Peddie Road, Milton | Renewal | 319,700 |
| Angelcare Group | 6750 Campbellville Road, Milton | Lease | 130,195 |
| Harman Investments | 2951 Bristol Circle, Oakville | Sublease | 59,260 |
| EATON | 9620 Escarpment Way, Milton | Lease | 44,140 |
| Undisclosed | 4240 Harvester Road, Burlington | Lease | 39,580 |

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

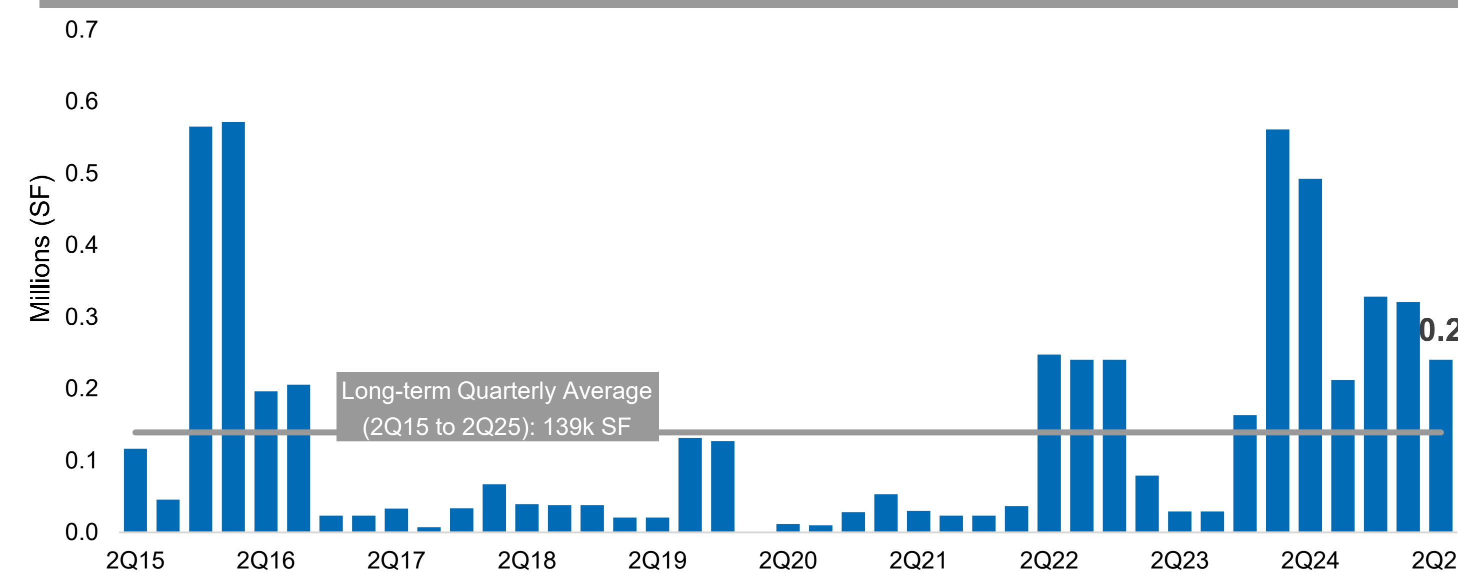
# Durham Region

Substantial deliveries of new supply during the past 30 months in the face of falling absorption pushed vacancy up to 5.2% at mid-2025, the highest recorded since research coverage of the submarket was initiated in 2008. Availability remained near historic highs despite slipping slightly to 5.4% thanks to a notable amount of positive absorption in the first half of 2025. Rental rates have regained ground somewhat as tenants – perhaps drawn by low rents – have settled on the region's least expensive submarket. What is available is what is vacant..

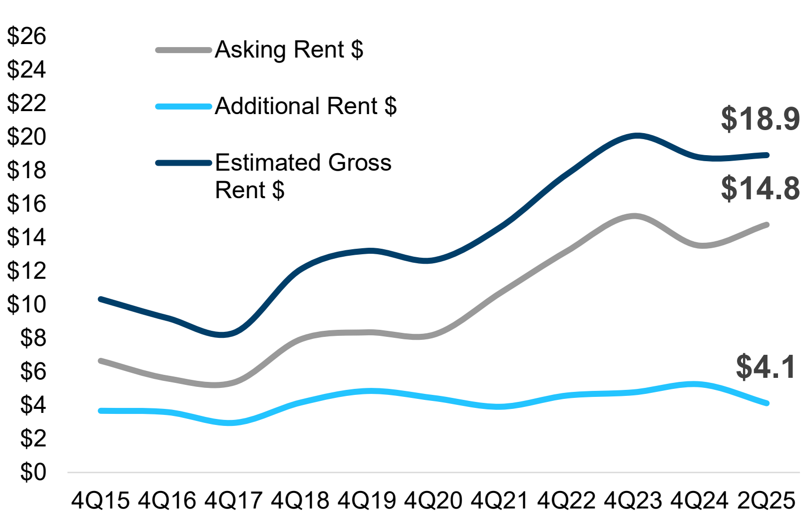
## Durham Region Industrial Submarket Fundamentals



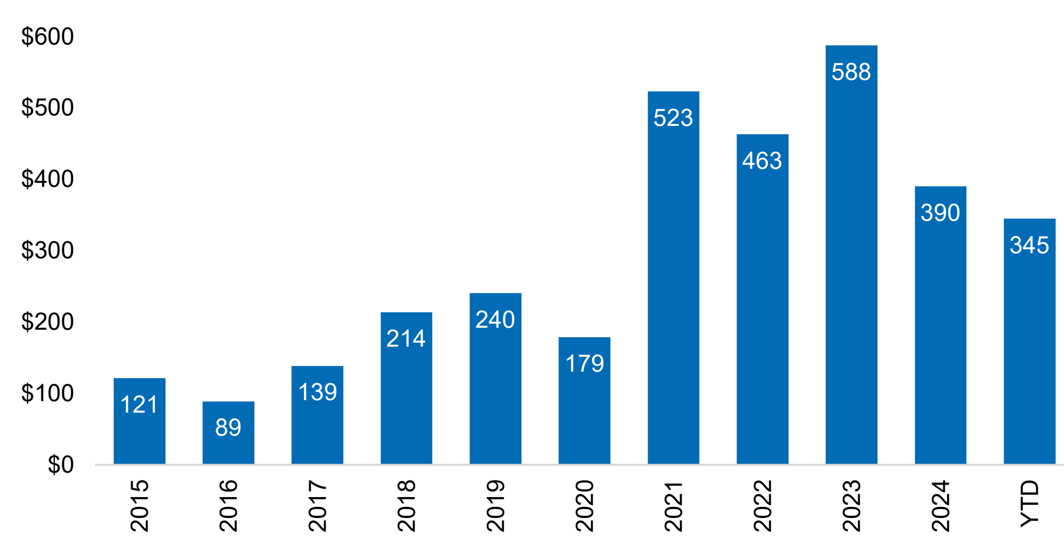

## Durham Region Historic Sublease Availability




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




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




## Second Quarter Deals

| Tenant/Buyer | Building | Type | Square Feet |
|---|---|---|---|
| Volkswagen Group Canada | 777 Bayly Street West, Ajax | Renewal | 462,830 |
| Geodis Logistics (Canada) Inc. | 1565 Thornton Road North, Oshawa | Renewal | 369,655 |
| Atlantic Packaging | 1001 Thornton Road South, Oshawa | Lease | 142.240 |
| EAM-MOSCO | 202 South Blair Street, Whitby | Sublease | 29,780 |
| Lawrcon Electric & Machining Corp. | 1165 Squires Beach Road, Pickering | Lease | 22,000 |

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

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.



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