NEWMARK

Greater Toronto Area

Industrial Market Overview

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Newmark's Canadian Industrial Markets

Canada's industrial vacancy rate appears to have crested. After a prolonged loosening, it has compressed for two consecutive quarters – an early signal space is being absorbed rather than given back. Large-bay warehouse demand is leading the turn. Logistics users, quiet since the pandemic-era absorption run wound down, returned in the back half of last year with the strongest leasing stretch in years. This is uneven normalization, not a return to overheating. Tenants in markets that were tight pre-pandemic are still consolidating surplus space, and sublease availability remains elevated, concentrated in older Greater Toronto distribution product. Trade tension has not derailed the logistics story. Rail and port container volumes are rising, some operators route offshore goods through Canadian centres before forwarding south, and Ottawa's restraint on consumer-import tariffs continues to support demand for modern space. Specialized manufacturing is the clear soft spot, though it is largely owner-occupied and its weakness is less contagious than sentiment suggested. Supply is correcting, construction starts have pulled back to multi-year lows, rents are easing, and expectations of cap rate compression are being pushed further out.

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

Greater Toronto Area (GTA) Industrial Market Observations

GTA industrial vacancy compressed to 2.7% at mid-year 2026 from 3.1% at year-end 2025, as ~5.3 MSF of first-half net absorption nearly tripled the ~1.9 MSF delivered – an annualized supply pace below any full year of the past decade.

Regional leasing accelerated to ~8.0 MSF in 2Q26 from ~5.6 MSF in 1Q26, the strongest second quarter of the past decade. First-half volume of ~13.6 MSF is up 8% year-over-year, tracking toward 2025's decade-high total.

Ottawa's budgetary response to U.S. tariff threats continues to layer pro-industrial investments and incentives into 2026+, a constructive policy backdrop that should reinforce the GTA's demand-led recovery.

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

York Region again posted the GTA's tightest vacancy at 2.0% at mid-year 2026, followed by Toronto at 2.3% and Peel at 2.8%. Halton improved 260 bps to 3.9% and Durham 120 bps to 4.4% on ~920K SF of first-half absorption.

Space under construction rose to ~11.3 MSF at quarter-end but remained below the five-year quarterly average of ~12.8 MSF and roughly 40% under the 2022-23 peak. Developers are re-engaging selectively.

Large-bay, institutional-grade product continues to drive deal flow, with 2Q26's largest commitments including LG's ~974K SF King City lease and renewals by Walmart and Samsung as occupiers consolidate into modern space.

Estimated asking rents were essentially flat at ~C$16.9/sf in 2Q26, easing just C$0.04 through the first half after declines of C$0.29 in 2025 and C$1.33 in 2024. York leads the GTA at C$17.8, followed by Toronto at C$17.3.

GTA industrial sales climbed to ~C$2.2B in 2Q26 from ~C$1.6B in 1Q26, the strongest quarter since 4Q23. First-half volume of ~C$3.9B already represents about 72% of 2025's full-year total as buyers underwrite the recovery.

Source: Newmark Research, Altus Data Studio

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GTA Industrial Market Metrics

Greater Toronto Area (GTA) Industrial Submarket Statistics | 2Q26

Submarket Statistics – All Classes

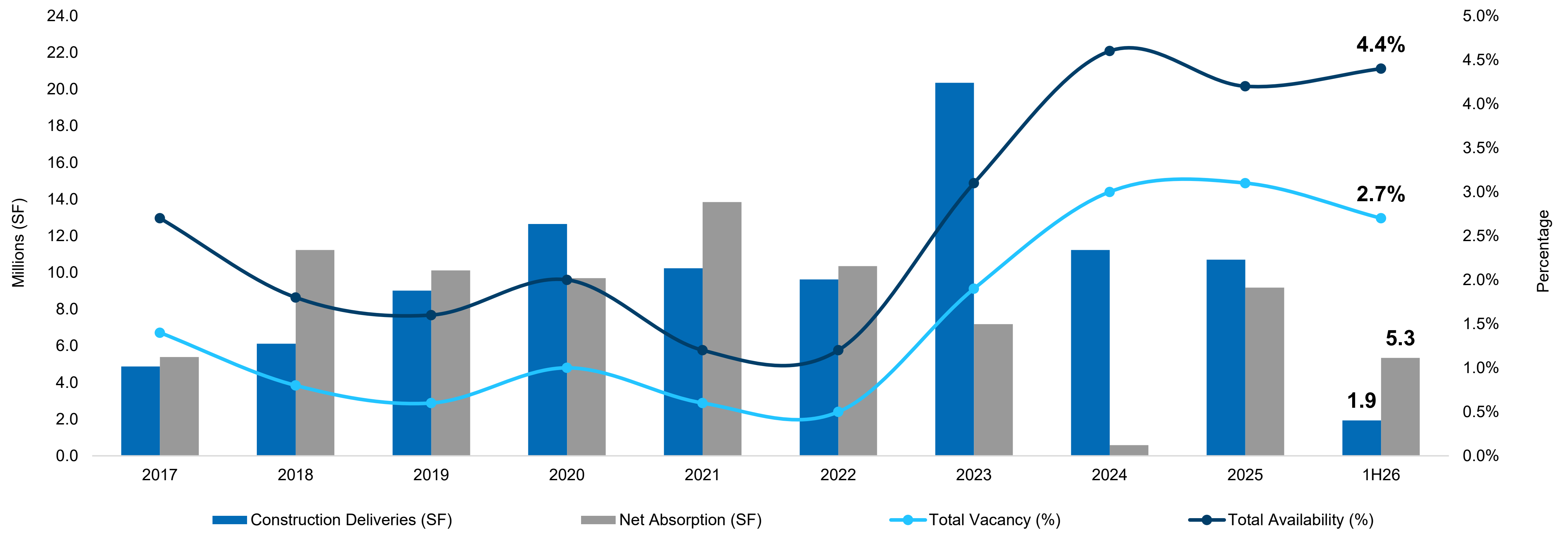
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr. Net Absorption (SF)	YTD Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	Estimated Asking Rate ($/SF)	Total Additional Rent ($/SF)
Greater Toronto Area (GTA)	**960,153,703**	**11,288,487**	**2.7%**	**3,250,035**	**5,341,129**	**3.7%**	**0.7%**	**C$16.9**	**C$5.3**
Peel Region (Mississauga, Brampton, Caledon) – GTA West	329,211,039	6,535,880	2.8%	495,841	1,392,553	4.3%	1.0%	C$16.9	C$5.3
Toronto (Toronto, Etobicoke, Scarborough, York, East York, North York) – GTA Central	261,332,703	2,264,882	2.3%	68,332	-793,049	3.1%	0.3%	C$17.3	C$4.9
York Region (Vaughan, Richmond Hill, Markham, Newmarket, King, Aurora, East Gwillimbury, Georgina, Whitchurch-Stouffville) – GTA North	204,389,277	1,828,284	2.0%	620,968	897,370	2.5%	0.6%	C$17.8	C$4.9
Halton Region (Oakville, Burlington, Halton Hills, Milton) – GTA West	101,520,155	187,116	3.9%	2,395,351	2,923,791	5.3%	0.6%	C$16.3	C$5.2
Durham Region (Ajax, Oshawa, Pickering, Whitby, Brock, Clarington, Scugog, Uxbridge) – GTA East	63,700,529	472,325	4.4%	-330,457	920,464	4.5%	0.5%	C$14.8	C$5.2

Source: Newmark Research, Altus Data Studio

GTA Industrial Vacancy Falls To 2.7% As Supply Drops To Decade Low At Mid-2026

Greater Toronto industrial fundamentals strengthened through the first half of 2026, with vacancy compressing to 2.7% from 3.1% at year-end 2025 as ~5.3 MSF of net absorption nearly tripled the ~1.9 MSF delivered – an annualized supply pace below any full year of the past decade. The half alone produced close to 60% of 2025's ~9.2 MSF annual absorption. Total availability edged up to 4.4% from 4.2%, the one metric yet to turn, but with deliveries annualizing at under a fifth of the 2023 peak, the GTA has moved decisively from a supply-led correction into a demand-led recovery.

GTA Historical Construction Deliveries, Net Absorption, Vacancy and Availability

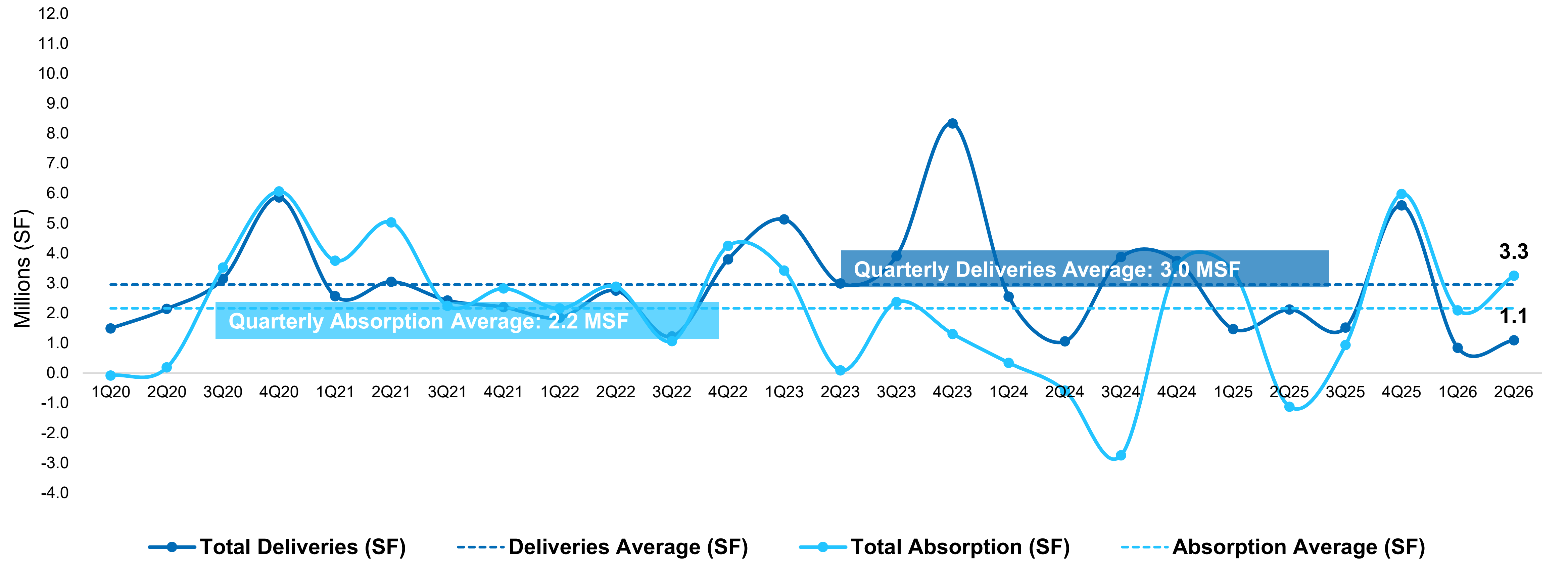


Source: Newmark Research, Altus Data Studio

GTA Industrial Occupier Demand Outpaces New Supply For Third Consecutive Quarter

Net absorption of ~3.3 MSF outpaced construction deliveries of ~1.1 MSF in the second quarter of 2026, the third consecutive quarter in which occupier demand has exceeded new supply and the strongest second-quarter result since 2021. Absorption ran roughly 50% above the long-run quarterly average of ~2.2 MSF, while deliveries came in at just over one-third of the ~3.0 MSF average as developers continue to hold back speculative starts. The supply-demand balance has clearly recalibrated, and the pace of tightening is now running ahead of the measured recovery anticipated at the start of the year.

GTA Industrial Total Construction Deliveries and Absorption Since 2020

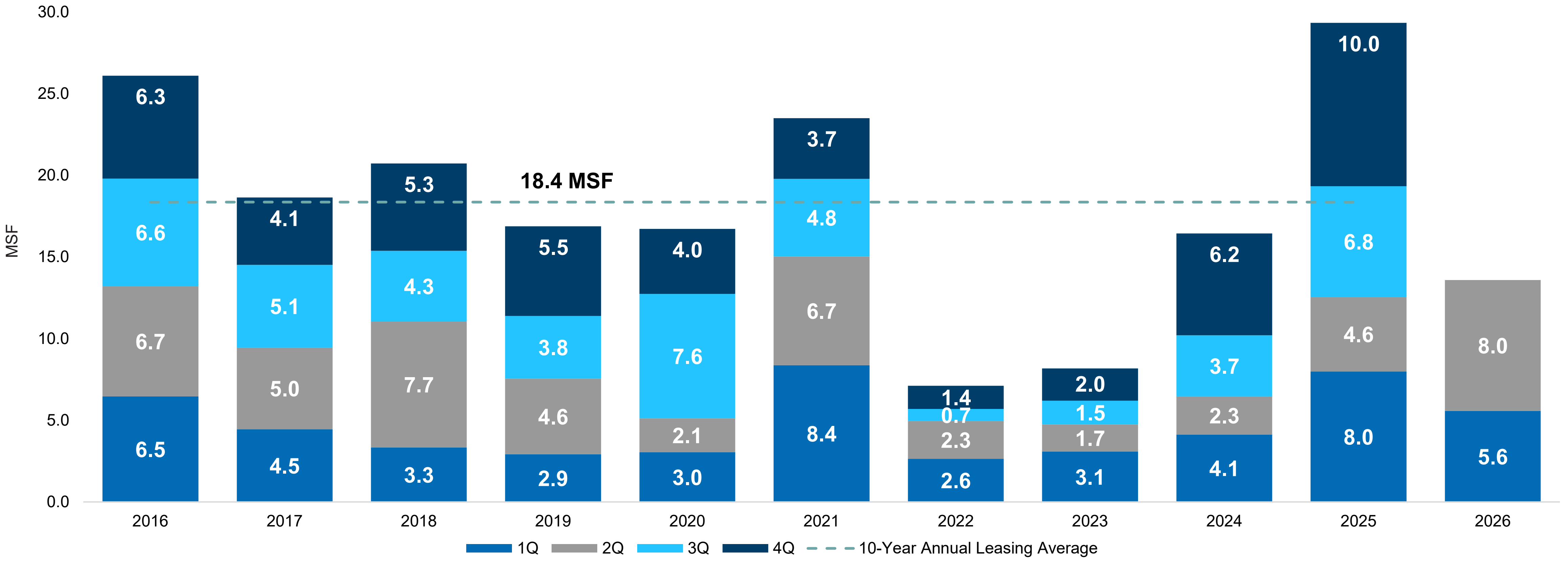


Source: Newmark Research, Altus Data Studio

GTA Industrial Leasing Activity Posts Strongest Second Quarter Of Past Decade

Regional industrial leasing accelerated to ~8.0 MSF in the second quarter of 2026 from ~5.6 MSF in the first – the strongest second quarter of the past decade and the third-largest quarter in the series, behind only 4Q25 and 1Q21. First-half leasing of ~13.6 MSF is up 8% year-over-year and already represents nearly three-quarters of the 10-year annual average of ~18.4 MSF, putting 2026 on pace to challenge 2025's decade-high ~29.3 MSF. Tenant velocity is no longer merely recovering from the 2022-23 pullback; it is running at levels that should support further vacancy compression.

Estimated Total GTA Industrial Leasing Activity By Quarter

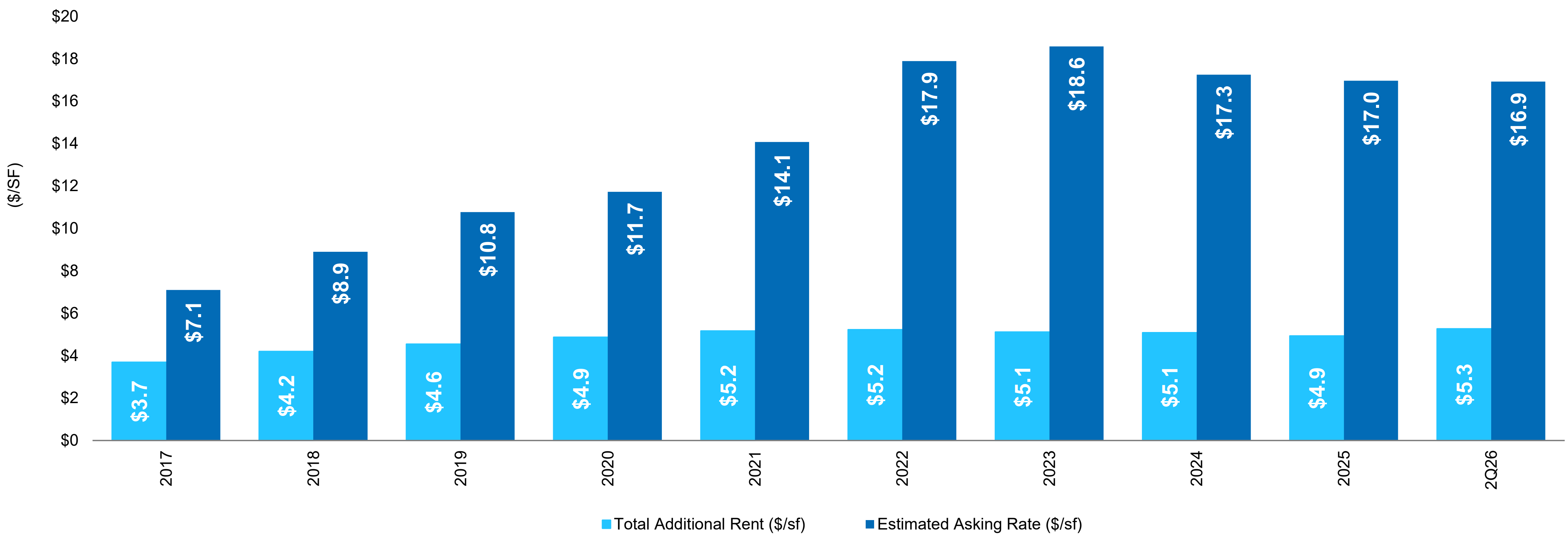


Source: Newmark Research, Altus Data Studio

GTA Industrial Rent Declines Slow To Near Zero As Gross Costs Edge Higher In 2Q26

Estimated asking rents eased again in the second quarter of 2026 to ~C$16.9/sf, roughly 9% below the 2023 cyclical peak of ~C$18.6/sf. GTA additional rents ticked up to ~C$5.3/sf from ~C$4.9/sf at year-end 2025, taking estimated gross occupancy costs up to ~C$22.2/sf and ~6% below the 2023 high of ~C$23.7/sf. The more telling signal is the rate of change: asking rents fell C$1.33/sf through 2024 and C$0.29/sf through 2025, but just C$0.04/sf over the first half of 2026. That deceleration, set against 2.7% vacancy, decade-high leasing and a construction pipeline running below its five-year average, is what a market approaching a floor looks like rather than one still repricing.

Historical GTA Industrial Estimated Asking Rates (C$)

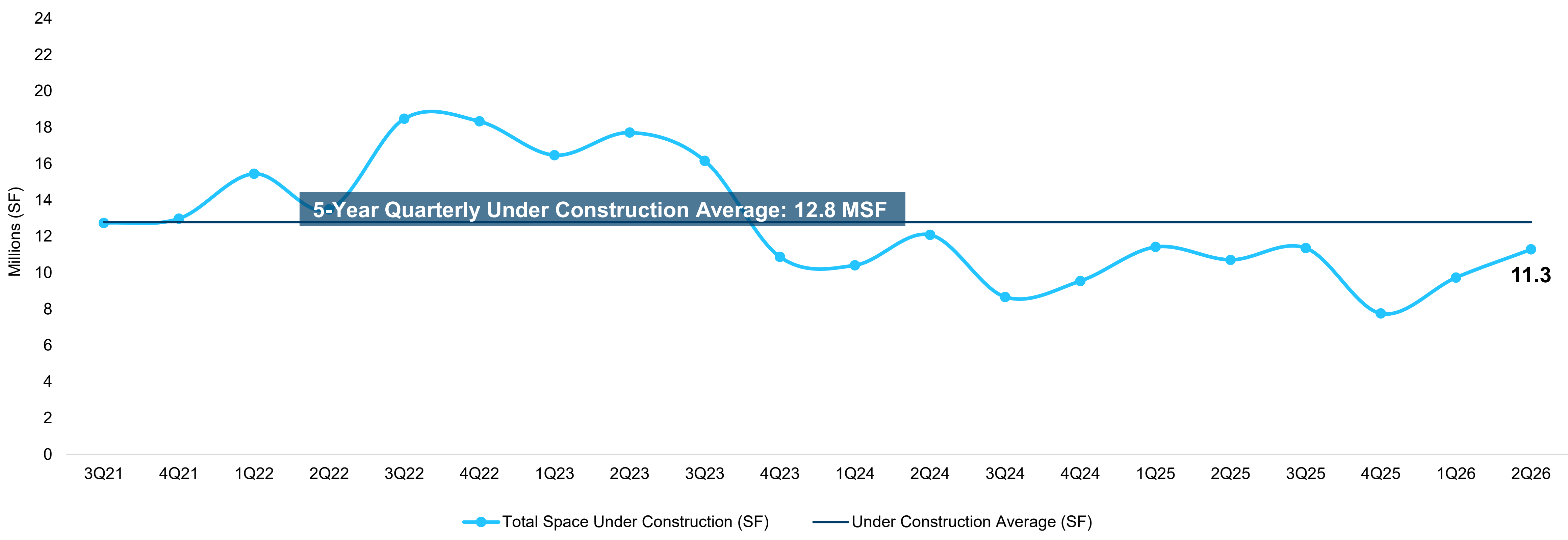


Source: Newmark Research, Altus Data Studio

Space Under Construction Rises To ~11.3 MSF But Still Well Below Five-Year Average

New GTA industrial space under construction rose to ~11.3 MSF at the end of the second quarter of 2026 from ~9.7 MSF in the first quarter and ~7.8 MSF at year-end 2025 but remains below the five-year quarterly average of ~12.8 MSF and roughly 40% under the 2022-23 peak of ~18.5 MSF. The two-quarter rebound signals that developers are cautiously re-engaging as leasing improves, though starts remain well short of the volumes that drove the last oversupply cycle. Peel accounts for ~6.5 MSF, or some 58% of the total, concentrating future supply risk in GTA West.

GTA Industrial New Space Under Construction

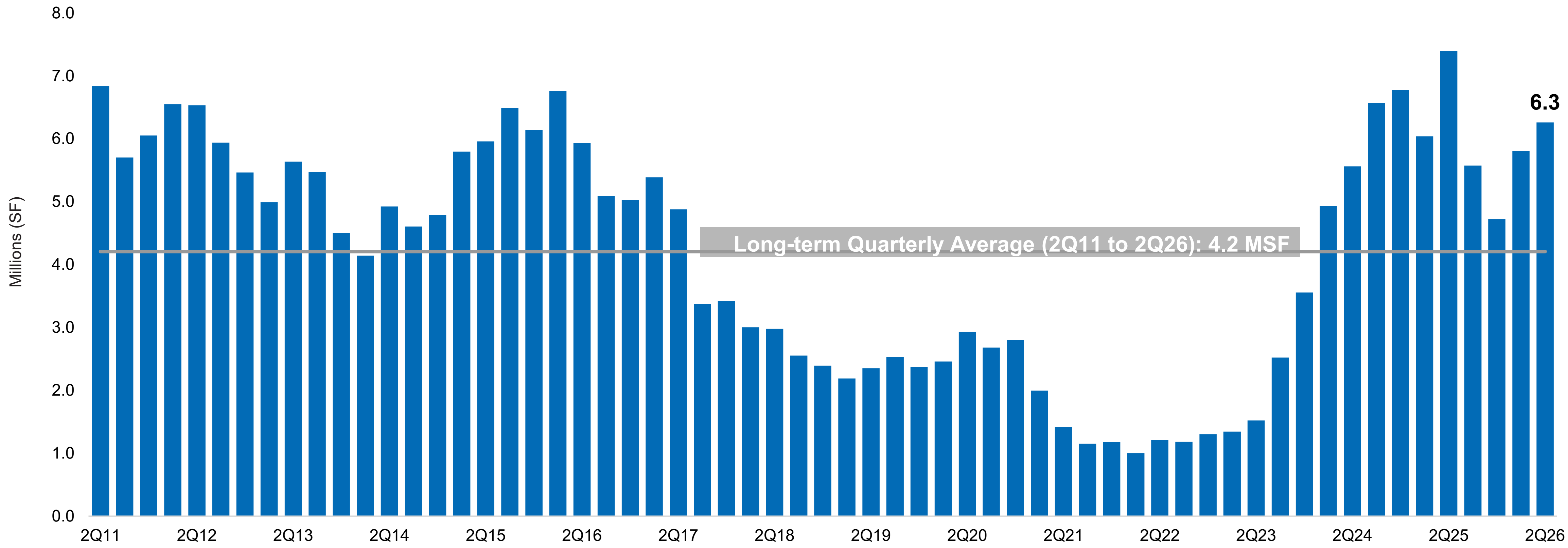


Source: Newmark Research, Altus Data Studio

GTA Industrial Sublease Availability Rises For Second Straight Quarter To ~6.3 MSF

GTA industrial sublease availability increased to ~6.3 MSF in the second quarter of 2026 from ~5.8 MSF in the first, a second consecutive quarterly rise that retraces close to 60% of the late-2025 improvement while remaining below both the mid-2025 peak of ~7.4 MSF and the 2024 highs. Volumes still sit roughly 50% above the 15-year quarterly average of ~4.2 MSF, confirming that occupier rightsizing has not fully worked through the market. Discounted rents permitted tenants to upgrade into new, higher-clear product and to sublet the remaining term on older space they vacate. This one metric is out of step with an otherwise improving picture, and it warrants attention as a forward indicator of demand confidence.

Available Industrial Sublease Volume, Greater Toronto

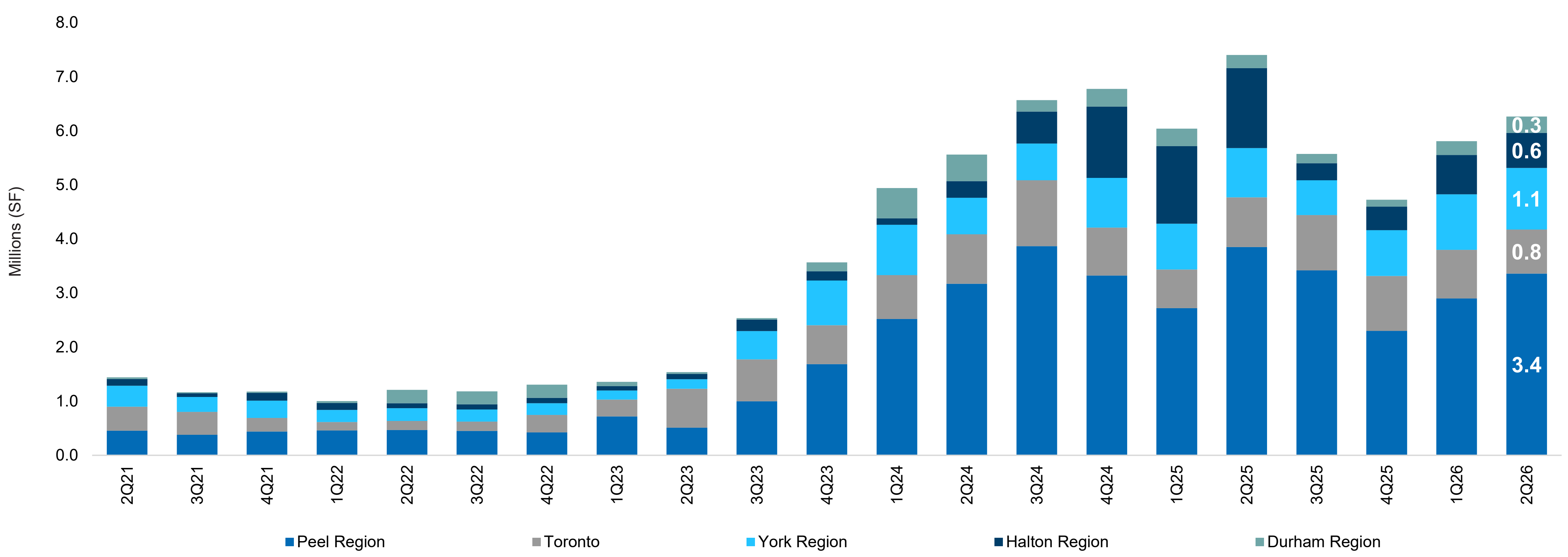


Source: Newmark Research, Altus Data Studio

Rising Peel And York Sublease Availability Masks Improvement In Toronto And Halton

Sublease availability totalled ~6.3 MSF across the GTA in the second quarter of 2026, with the quarterly increase driven by Peel and York Regions, which together added ~570K SF. Peel rose ~459K SF to ~3.4 MSF, roughly 54% of the regional total and a function of its concentration of large-bay distribution product. York Region rose to ~1.1 MSF, its highest level since 2017 and nearly double its long-term average, while Durham edged up to ~301K SF. Toronto eased for a second straight quarter to ~817K SF and Halton pulled back to ~646K SF, further evidence that the 2023-24 supply wave is being leased up.

Available Industrial Sublease Space, By Region

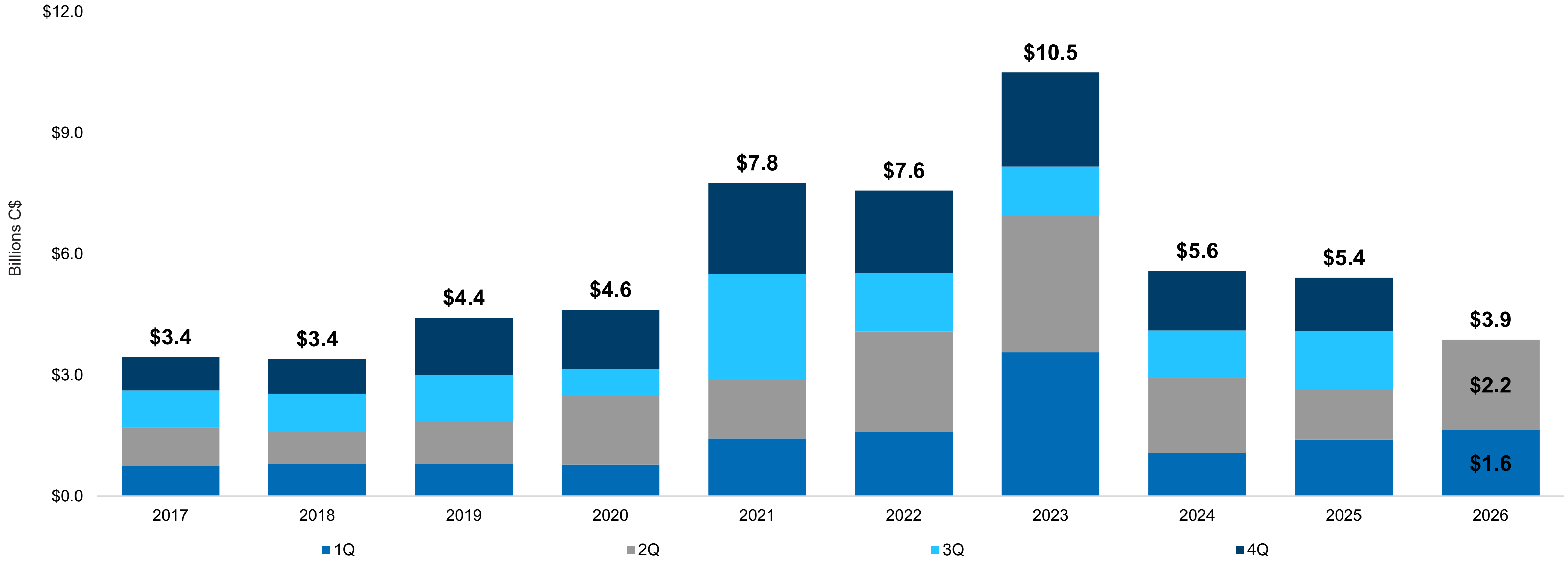


Source: Newmark Research, Altus Data Studio

GTA Industrial Sales Reach ~C$3.9B By Mid-2026 With 2Q26 Best Quarter Since 2023

GTA industrial investment volume climbed to ~C$2.2B in the second quarter of 2026 from ~C$1.6B in the first, the strongest quarterly result since 4Q23. First-half volume of ~C$3.9B already represents about 72% of the ~C$5.4B transacted in all of 2025 and puts the market on track to break decisively out of the C$5.4B-C$5.6B range that has defined the post-2023 normalization. Buyers are underwriting the recovery rather than waiting for confirmation of it, with capital continuing to favour high-quality, well-located product as leasing improves and the supply pipeline stays disciplined.

Greater Toronto Area: Industrial Sales Volume | By Quarter | C$ in Billions



Source: Newmark Research, Altus Data Studio

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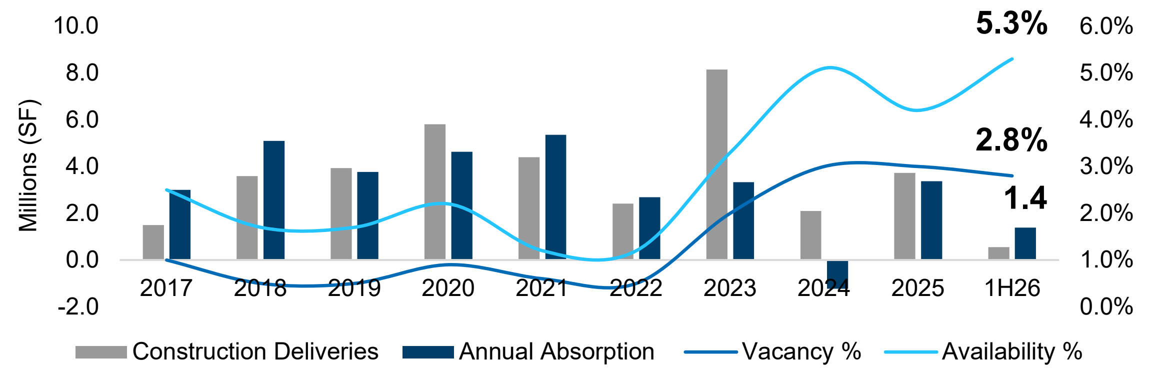
GTA Industrial Submarket Snapshots

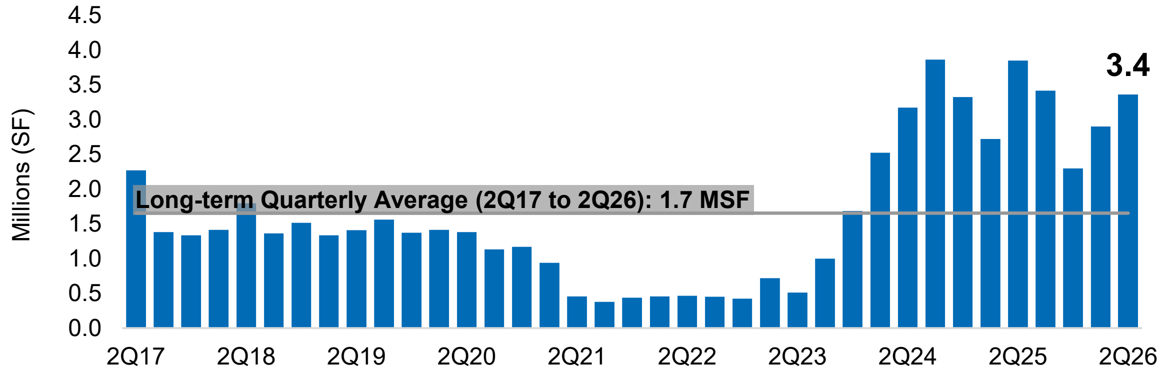
Peel Region

Peel Region – the GTA's largest industrial submarket – closed the first half of 2026 with vacancy of 2.8% as ~1.4 MSF of net absorption comfortably outpaced the ~547K SF delivered. Availability, however, widened to 5.3% from 4.2% at year-end 2025, driven by sublease space rising a second consecutive quarter to ~3.4 MSF – more than double the ~1.7 MSF long-term quarterly average. Peel appears to be increasingly becoming the region's second-generation market. It has the oldest large-format stock and 54% of the GTA's sublease space. As occupiers move up the quality curve in GTA West, the space they leave behind is typically in Mississauga and Brampton, and it is not being backfilled at the same pace.

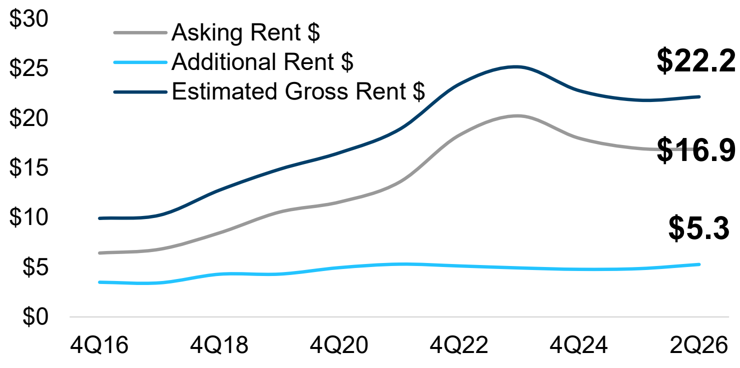
Peel Region Industrial Submarket Fundamentals



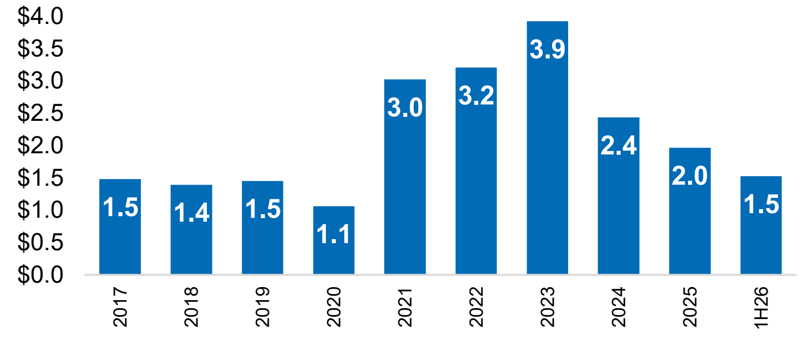
Peel Region Historic Sublease Availability



Peel Region Historic Industrial Rents – C$/SF



Peel Region Industrial Investment Volume (C$billions)*



Second Quarter Deals

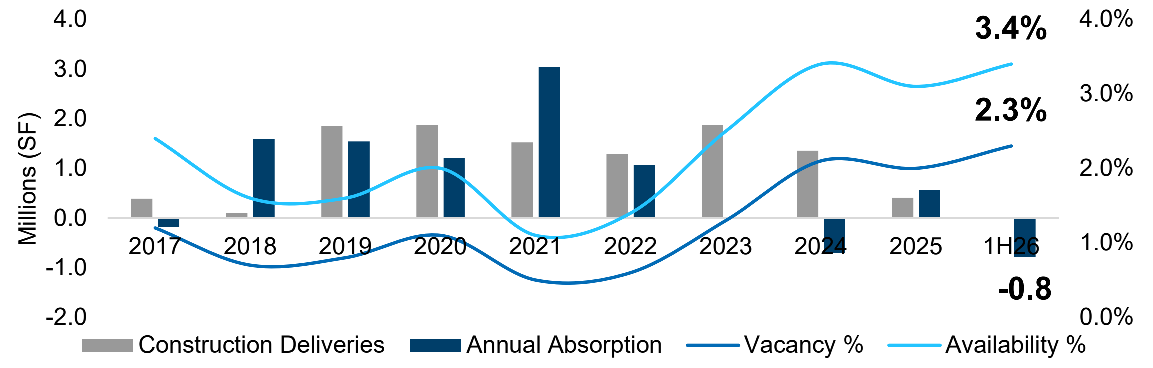
Tenant/Occupant	Building	Type	SF
Walmart	200 Courtney Park Dr. W., Mississauga	Renewal	677,050
Staples	8945 Torbram Road, Brampton	Lease	331,580
24/7 Fulfillment	2550-2562 Stanfield Road, Mississauga	Lease	135,950
GoDirect	20 Whybank Drive, Brampton	Lease	110,690
xpd global	1 Woodslea Road, Brampton	Sublease	102,000

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

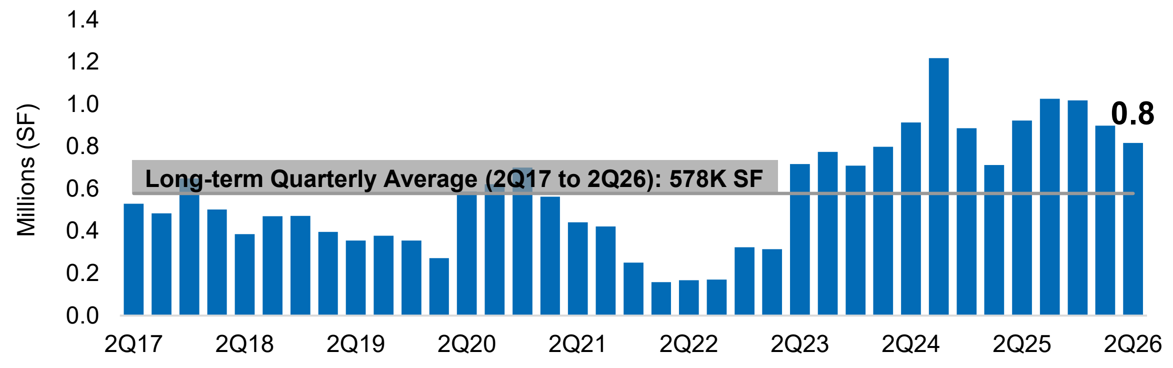
Toronto

Toronto was the only GTA submarket where vacancy rose in 1H26, edging up to 2.3% from 2.0% at year-end 2025, as net absorption of -793K SF was recorded against zero new deliveries. Availability edged up in step, to 3.4% from 3.1% at year-end 2025. Sublease availability eased a second straight quarter but stayed above the long-term average, reflecting rightsizing in older multi-tenant stock. Toronto's low vacancy is a function of constrained supply and land scarcity, not tenant demand. The flight-to-quality driving absorption in Peel, York and Halton is pulling occupiers out of Toronto's older, lower-clear stock and may represent structural obsolescence in the pre-2000 infill stock rather than a cyclical soft patch.

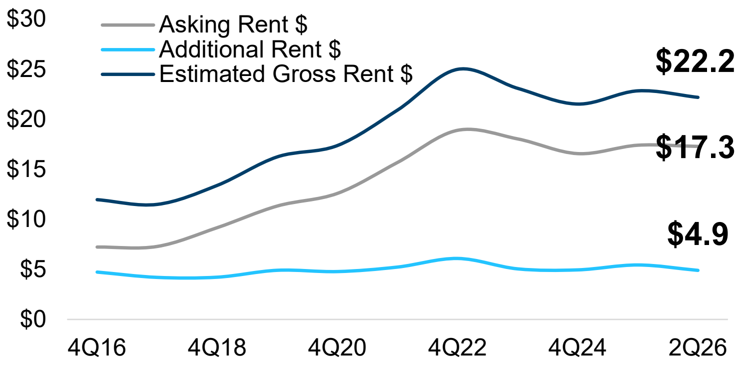
Toronto Industrial Submarket Fundamentals



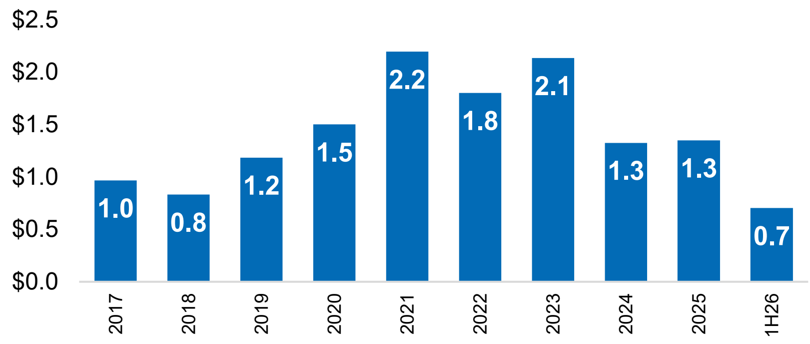
Toronto Historic Sublease Availability



Toronto Historic Industrial Rents – C$/SF



Toronto Industrial Investment Volume (C$billions)*



Second Quarter Deals

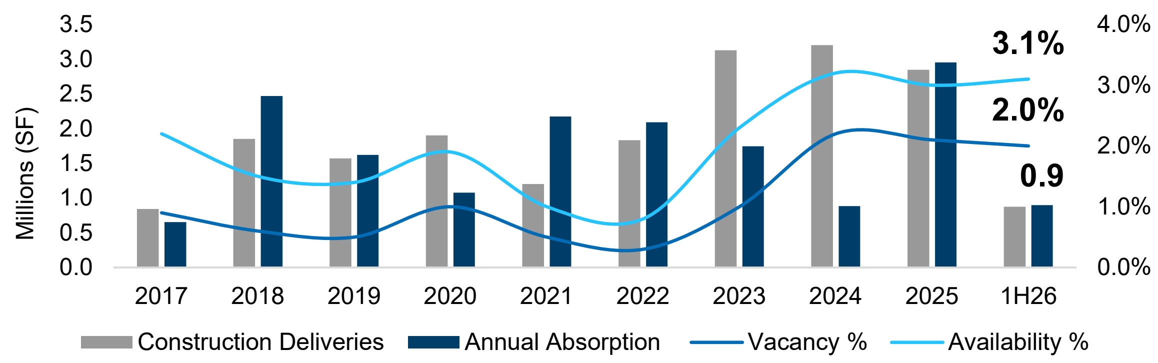
Tenant/Occupant	Building	Type	SF
Xanadu	60 Birmingham Street, Etobicoke	Lease	157,700
Mac Show Systems	125 Bermondsey Road, Scarborough	Lease	89,200
JiuFang E-commerce Logistics Canada	160 Dwight Avenue, Etobicoke	Lease	62,900
UniFirst Uniform Services	348 Rexdale Boulevard. Etobicoke	Renewal	25,000
Eighty8 Alpha	80 Toro Road, Toronto	Lease	20,100

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

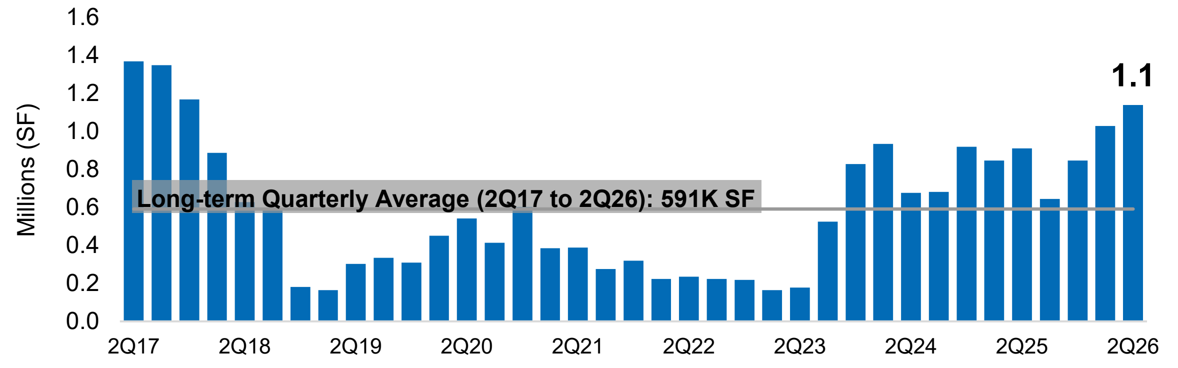
York Region

York Region again recorded the GTA's tightest industrial vacancy at 2.0% at mid-year 2026 as ~897K SF of net absorption slightly exceeded the ~876K SF delivered, though overall availability edged up. York continued to lead the region on pricing, with estimated asking rents the highest in the GTA. The offsetting concern is sublease availability, which climbed to ~1.1 MSF, its highest level since 2017 and nearly double the ~591K SF long-term average, a factor being masked by exceptional headline absorption. York Region is doing what a supply-constrained, high-quality market is supposed to do in a recovery – it absorbed large requirements, held pricing, and kept vacancy near frictional levels.

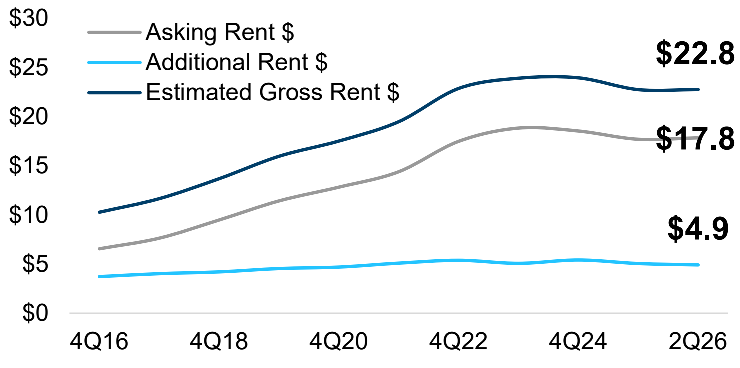
York Region Industrial Submarket Fundamentals



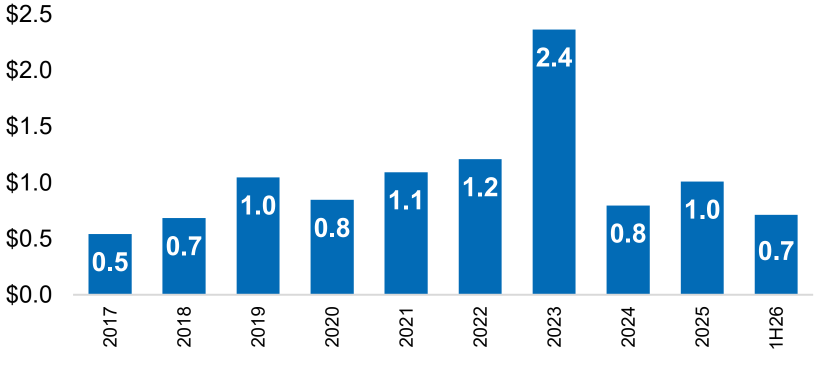
York Region Historic Sublease Availability



York Region Historic Industrial Rents – C$/SF



York Region Industrial Investment Volume (C$billions)*



Second Quarter Deals

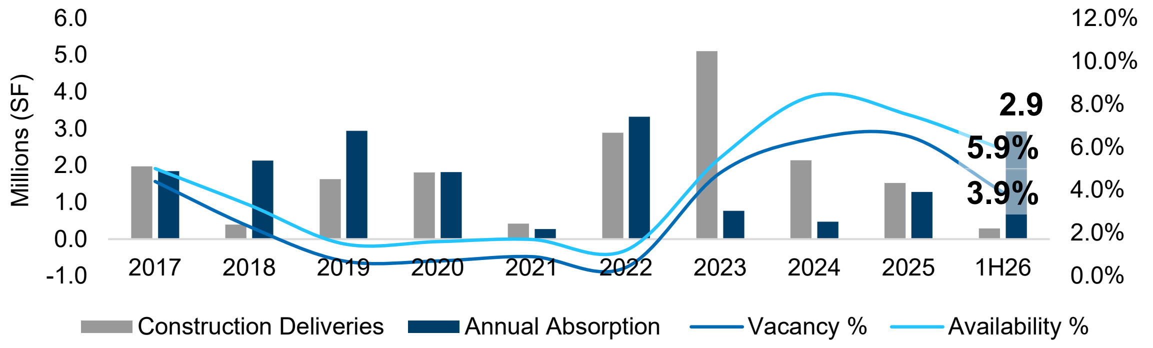
Tenant/Occupant	Building	Type	SF
LG	2955 King Road, King City (Bldg. B&C)	Lease	974,130
Signify Canada	281 Hillmount Road, Markham	Renewal	196,360
PET Power Containers	865 Gibraltar Road, Vaughan	Lease	171,000
Trulite Glass & Aluminum	20 Royal Group Crescent, Vaughan	Renewal	153,240
York Region Transit	8301 Keele Street, Concord	Lease	128,510

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

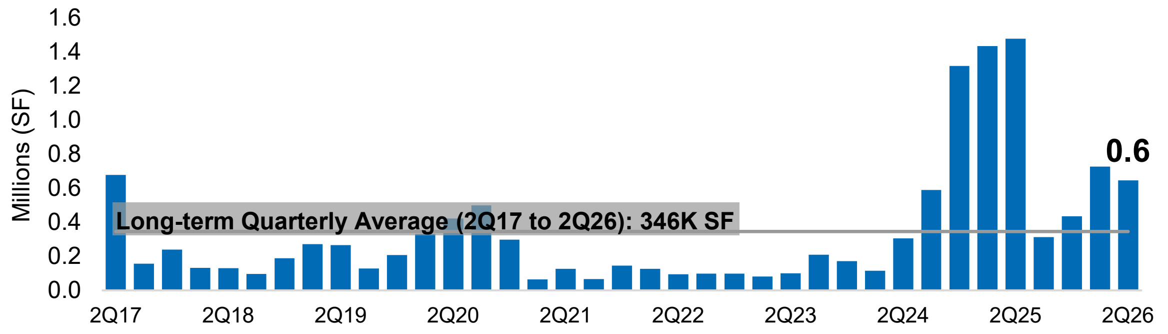
Halton Region

Halton delivered the GTA's most dramatic turnaround in the first half of 2026, with vacancy falling 260 bps to 3.9% and availability compressing to 5.9%. Net absorption of ~2.9 MSF – including ~2.4 MSF in the second quarter alone thanks to Canada's largest spec industrial lease on record (~1.1 MSF) by ID Logistics – has largely cleared the overhang from the 2023 supply wave, with only ~288K SF delivered and just ~187K SF underway, the region's smallest pipeline. Sublease availability eased to ~646K SF but remains ~87% above its long-term average, which may provide short-term relief in what is the most supply-constrained large-format node in the GTA and generate potential for upward pressure on rental rates.

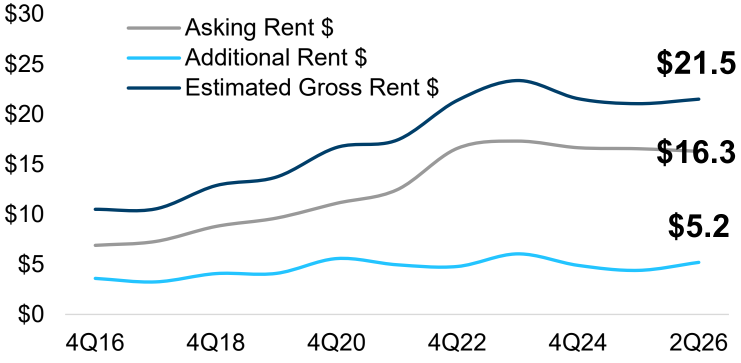
Halton Region Industrial Submarket Fundamentals



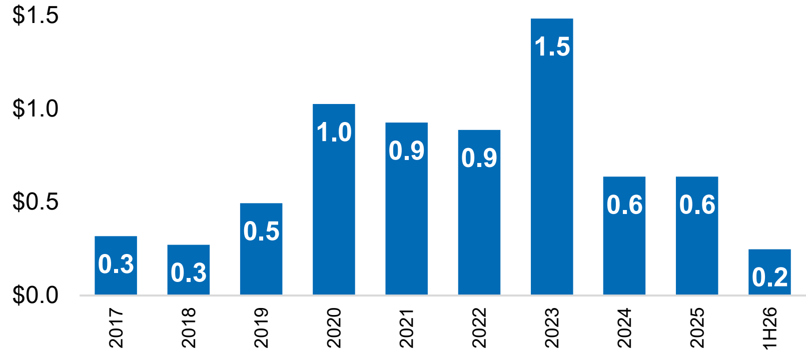
Halton Region Historic Sublease Availability



Halton Region Historic Industrial Rents – C$/SF



Halton Region Industrial Investment Volume (C$billions)*



Second Quarter Deals

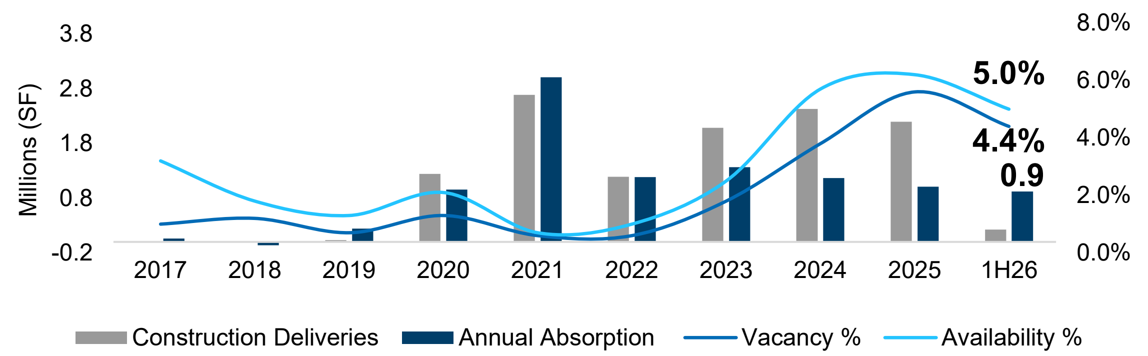
Tenant/Occupant	Building	Type	SF
ID Logistics Canada	10725 Louis St. Laurent Ave., Milton	Lease	1,092,630
Samsung	8041 Fifth Line North, Halton Hills	Renewal	435,000
CEVA Logistics	6 Cleve Court, Halton Hills	Renewal	323,840
3M Canada	2751 Peddie Road, Milton	Lease	319,700
UPS Canada	1022 Champlain Avenue, Burlington	Renewal	177,060

Source: Newmark Research, Altus Data Studio, CoStar
* excluding non-arms length transactions
Note: Halton absorption reflects occupancy of the ~1.1-MSF ID Logistics lease in Milton based on Newmark's dataset. Other brokerages may differ on the timing of this occupancy.

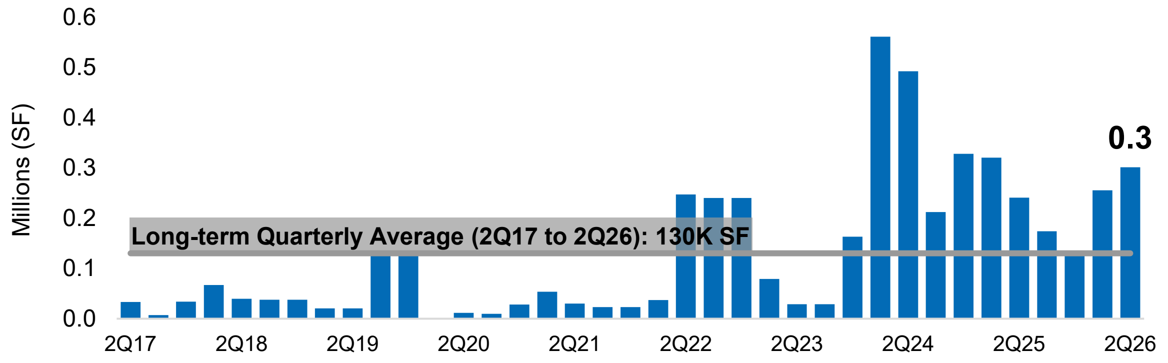
Durham Region

Durham improved through the first half of 2026, with vacancy and availability both tightening since year-end 2025 on ~920K SF of net absorption against only ~224K SF delivered, though the second quarter itself recorded -330K SF of absorption. Sublease availability edged up to ~301K SF, more than double its long-term average. Durham is a two-speed market, which is obscured by regional averages. Oshawa/Outlying Durham are tight and value-focused, while Ajax, Whitby and Pickering are working through a supply overhang that arrived as demand softened. First-half investment of ~C$688M already exceeds every full year back to 2017 due to Pontegadea’s acquisition of Lactalis’ distribution centre in Oshawa.

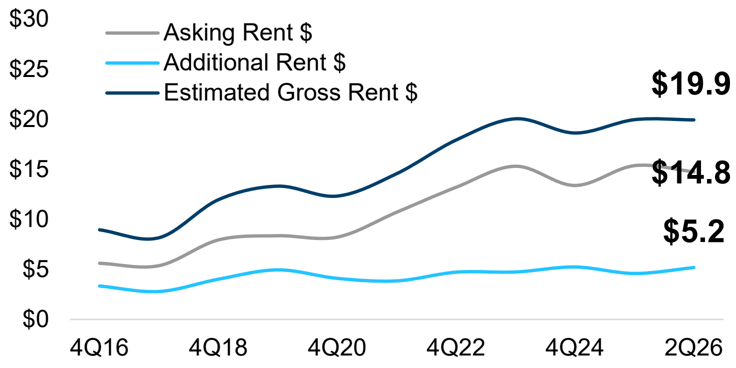
Durham Region Industrial Submarket Fundamentals



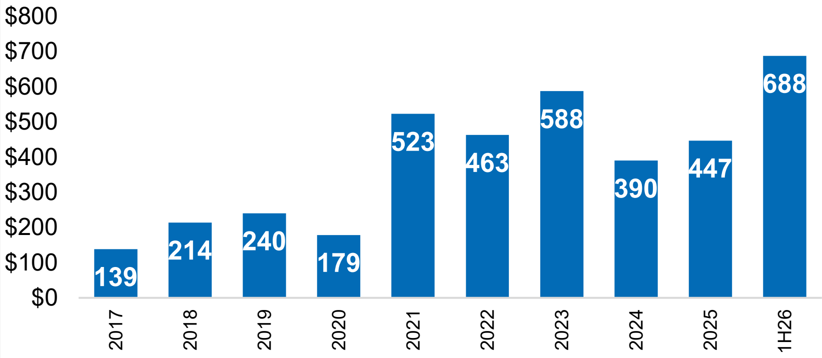
Durham Region Historic Sublease Availability



Durham Region Historic Industrial Rents – C$/SF



Durham Region Industrial Investment Volume (C$millions)*



Second Quarter Deals

Tenant/Occupant	Building	Type	SF
Ontario Power Generation	1055 Squires Beach Road, Pickering	Lease	191,080
Geodis	1565 Thorton Road North, Oshawa	Renewal	129,890
Tire Discounter Group	1701 Tricont Avenue, Whitby	Lease	60,170
A Eco Friendly Pallet	525 Finley Avenue, Ajax	Lease	53,010
Post Plastics	505 Finley Avenue, Ajax	Sublease	15,490

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

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