
4Q24

Greater Toronto Area Industrial Market Overview

NEWMARK

Newmark's Canadian Industrial Markets

While Canada's industrial vacancy of 3.1% remained low at the conclusion of 2024 compared with long-term historical averages, the market appeared to be plateauing as weakening economic performance and threat of U.S. tariffs weigh on market participants. Demand has moderated from pandemic-era highs when new supply, particularly in the warehousing and storage sector, had come online at a pace that inflated vacancy and availability, particularly in Canadian distribution hubs. However, the new supply of warehouse space has moderated as the market adjusts to evolving supply and demand conditions as rents come off pandemic peaks. Threats of U.S. tariffs represent a potentially notable but unclear challenge in 2025.



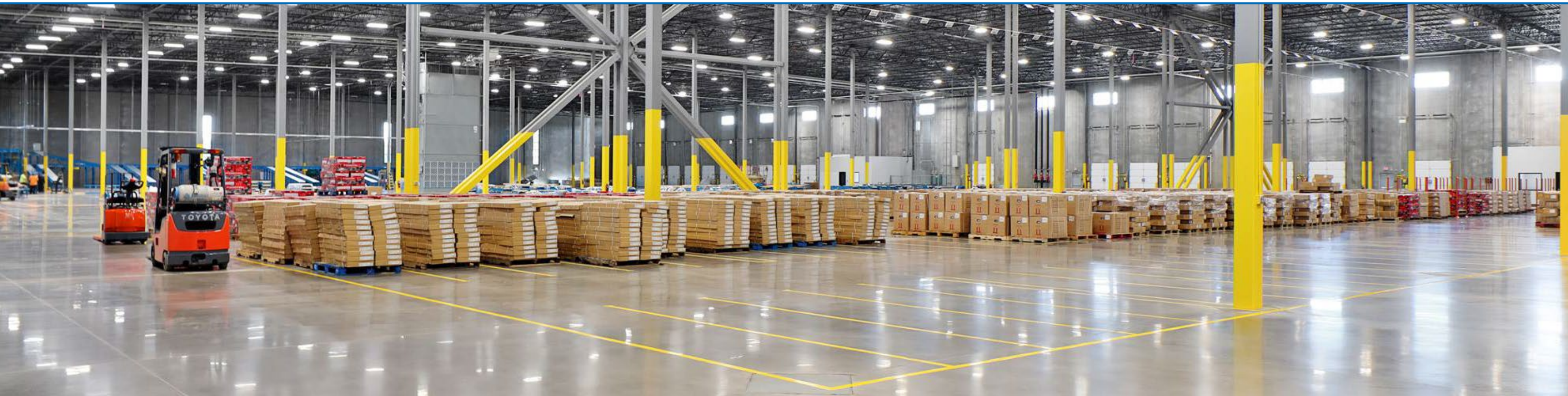
Greater Toronto Area (GTA) Industrial Market Observations

GTA industrial vacancy rose to 3.1% at the end of 2024, the most vacancy recorded in the GTA since early 2015. Regional vacancy was less than 2% from mid-2017 through 2023.

GTA industrial leasing in 2024 was muted with little speculative leasing, but the activity that occurred has been very balanced among consumer goods and third-party logistics tenants.

Sublease space availability spiked to its highest level since 2016 at the end of 2024 as tenants right-size and limit costs with U.S. tariff threats looming on the horizon 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 6.4%, followed by Durham (4.9%) and Peel (3.1%). Toronto was the tightest submarket (2.1%) followed by York at 2.2%.

Almost 10.1 msf was under construction in the GTA at the end of 2024, a drop from the 11.6 msf under construction at the end of 2023 and a massive decline from 18.5 msf at the end of 2022.

Estimated asking rates peaked at mid-2023 and have been declining since with rents in Peel and Durham down the most in the past 12 months. Rents only rose in York Region in 2024.

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.

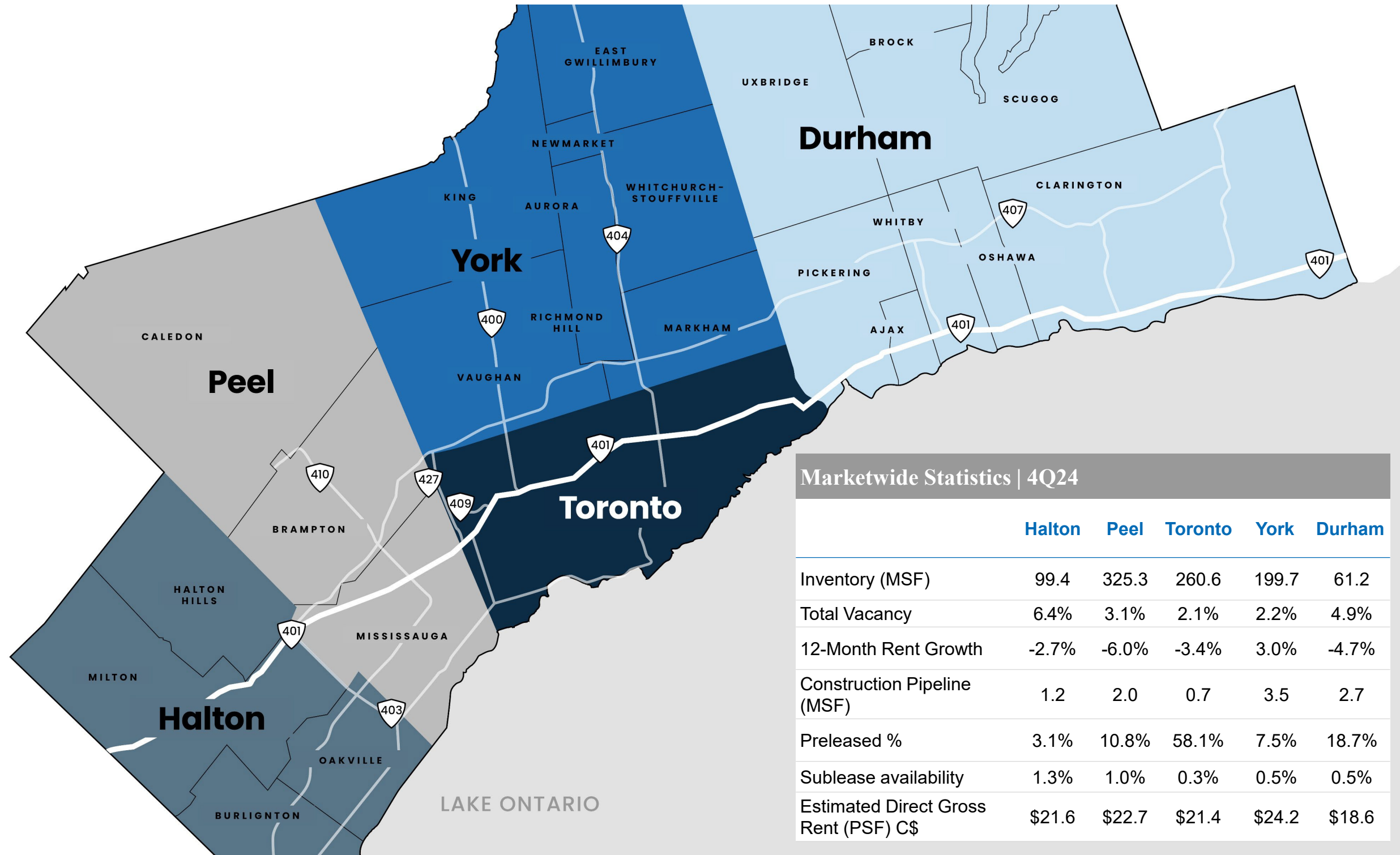
Sale proceeds of \$5.6B for GTA industrial assets in 2024 were the fourth highest in history following the extraordinary dollar volumes of 2021 (\$7.8B), 2022 (\$7.6B) and 2023 (\$10.5B).

4Q24

GTA Industrial Market Metrics



GTA Industrial Metrics | 4Q24



Source: Newmark Research, Altus Data Studio

Greater Toronto Area (GTA) Industrial Submarket Statistics | 4Q24

Submarket Statistics – All Classes

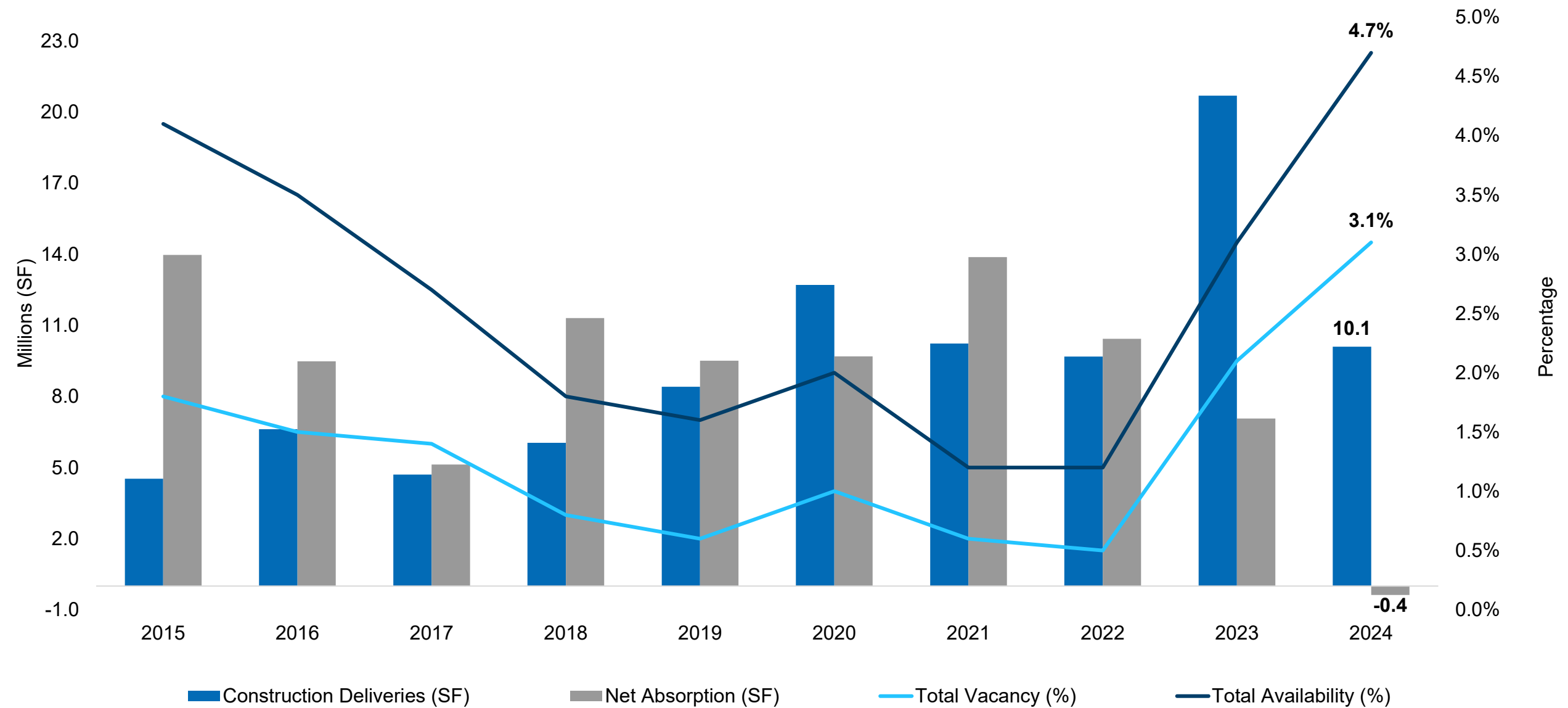
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Annual Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	Total Est. Direct Gross Rent (\$/SF)
Greater Toronto Area (GTA)	946,182,609	10,098,090	3.1%	2,808,337	-378,311	4.0%	0.7%	C\$22.3
Peel Region (Mississauga, Brampton, Caledon) – GTA West	325,270,620	2,037,569	3.1%	871,705	-1,297,905	4.2%	1.0%	C\$22.7
Toronto (Toronto, Etobicoke, Scarborough, York, East York, North York) – GTA Central	260,585,998	675,170	2.1%	371,062	-772,885	3.1%	0.3%	C\$21.4
York Region (Vaughan, Richmond Hill, Markham, Newmarket, King, Aurora, East Gwillimbury, Georgina, Whitchurch-Stouffville) – GTA North	199,712,682	3,517,231	2.2%	120,164	695,478	2.7%	0.5%	C\$24.2
Halton Region (Oakville, Burlington, Halton Hills, Milton) – GTA West	99,411,536	1,172,513	6.4%	617,867	452,901	7.1%	1.3%	C\$21.6
Durham Region (Ajax, Oshawa, Pickering, Whitby, Brock, Clarington, Scugog, Uxbridge) – GTA East	61,201,773	2,695,607	4.9%	827,539	544,100	6.4%	0.5%	C\$18.6

Source: Newmark Research, Altus Data Studio

GTA Industrial Market Softening After Nearly Decade Long Period Of Strong Demand

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 has been in decline since 2021 when it peaked at ~13.9 msf, dropping to negative annual absorption of ~378k sf in 2024, the first time the GTA has recorded negative annual absorption since 2012. With availability at its highest point since 2015 and moderate demand forecasted in light of volatile trade and economic conditions, the market will likely soften further in 2025.

GTA Historical Construction Deliveries, Net Absorption, Vacancy and Availability

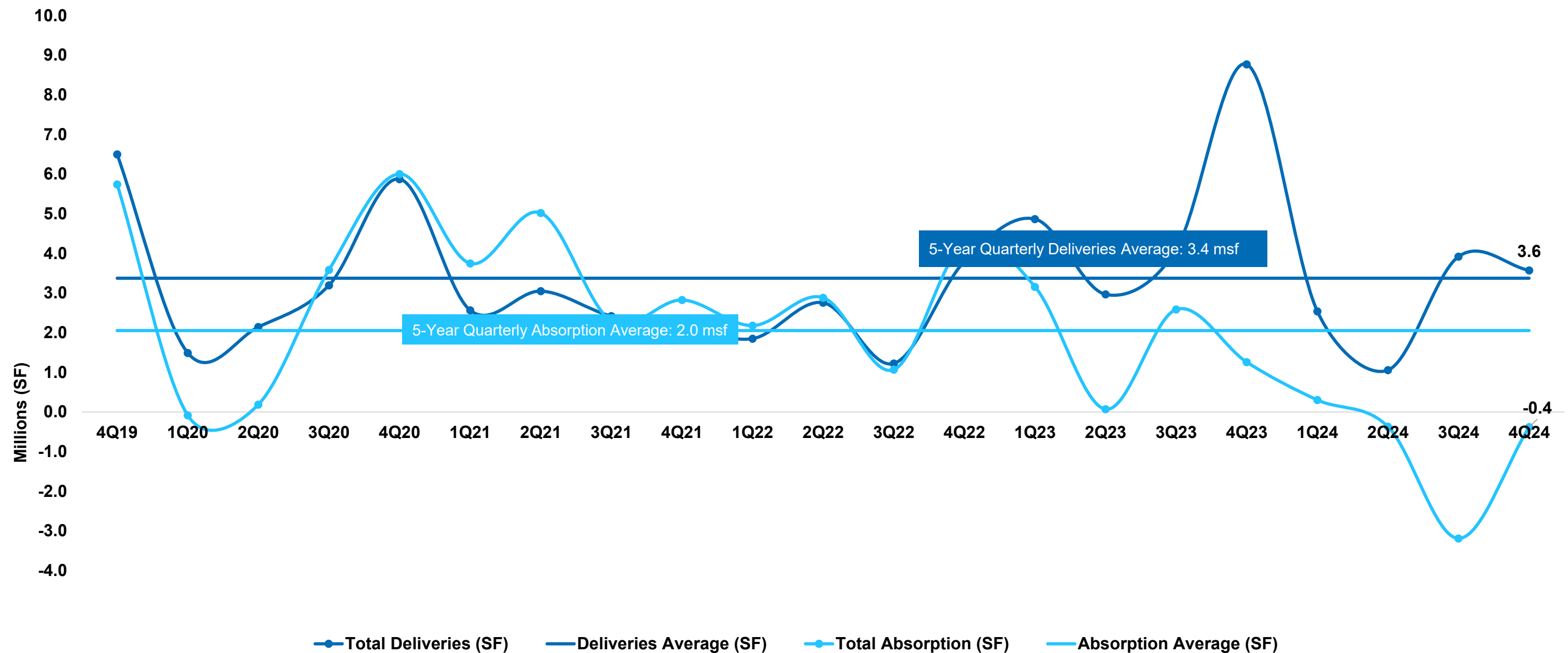


Source: Newmark Research, Altus Data Studio

Moderating Construction Combined With Strong Q4 Absorption Sets Up Uncertain 2025

Construction deliveries returned to a more normalized pace in 2024 after a record-setting 2023 that saw vacancy and availability climb in the face of fading demand. Absorption recovered somewhat at the end of 2024 (despite still finishing the year negative) due to a strong fourth quarter that helped offset what had otherwise been an anemic 2024. Economic and trade volatility in 2025 resulting from the threat of U.S. tariffs may trigger a decline 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

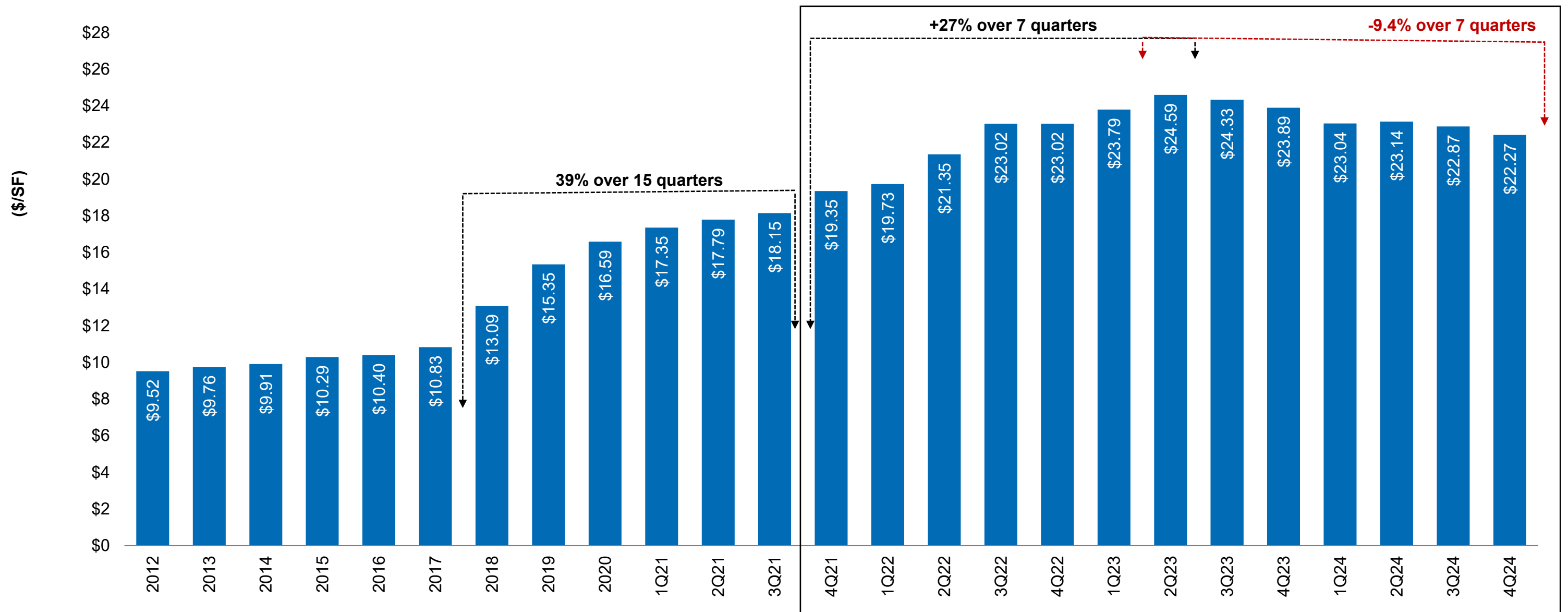


Source: Newmark Research, Altus Data Studio

GTA Asking Gross Rents Falling Amid Ongoing Increases In Vacancy And Availability

Average asking gross 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 9.4% after climbing 27% from late 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

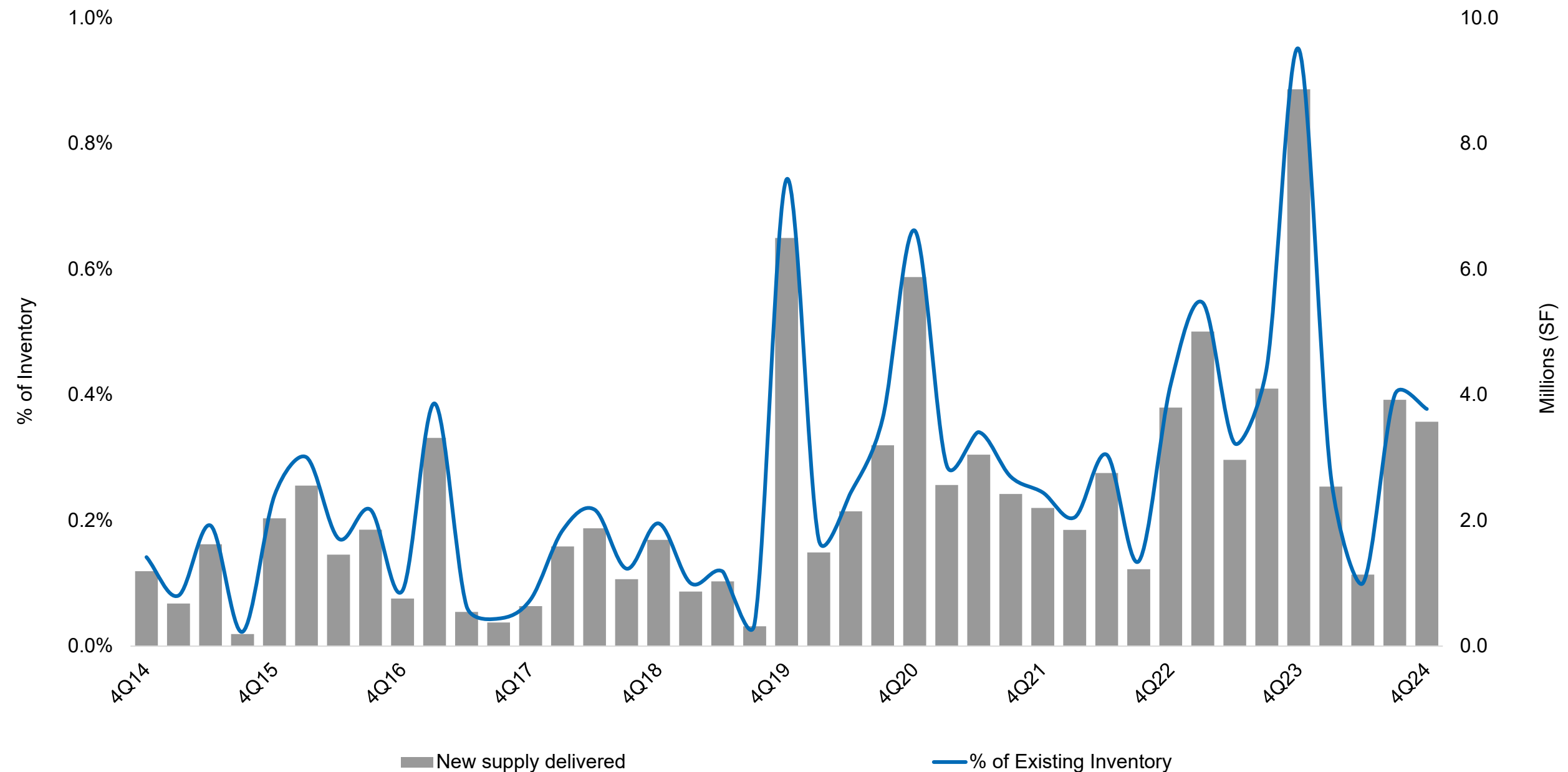


Source: Newmark Research, Altus Data Studio

Ratio Of New Supply To Inventory in 2024 Drops By Almost Half Compared To 2023

The acceleration of new industrial development in the GTA led to the doubling of the quarterly average of new supply delivered as a percentage of existing inventory in the five-year period from 2019 to 2024 (0.37%) when compared with the previous five-year period from 2014 to 2019 (0.18%). In 2024, new supply as a percentage of existing inventory was 0.29%, down substantially from 0.57% in 2023. That percentage should abate further in 2025 as vacancy and availability rise further in the face of an overhang in supply and fading demand.

New Supply Delivered and % of Existing Inventory

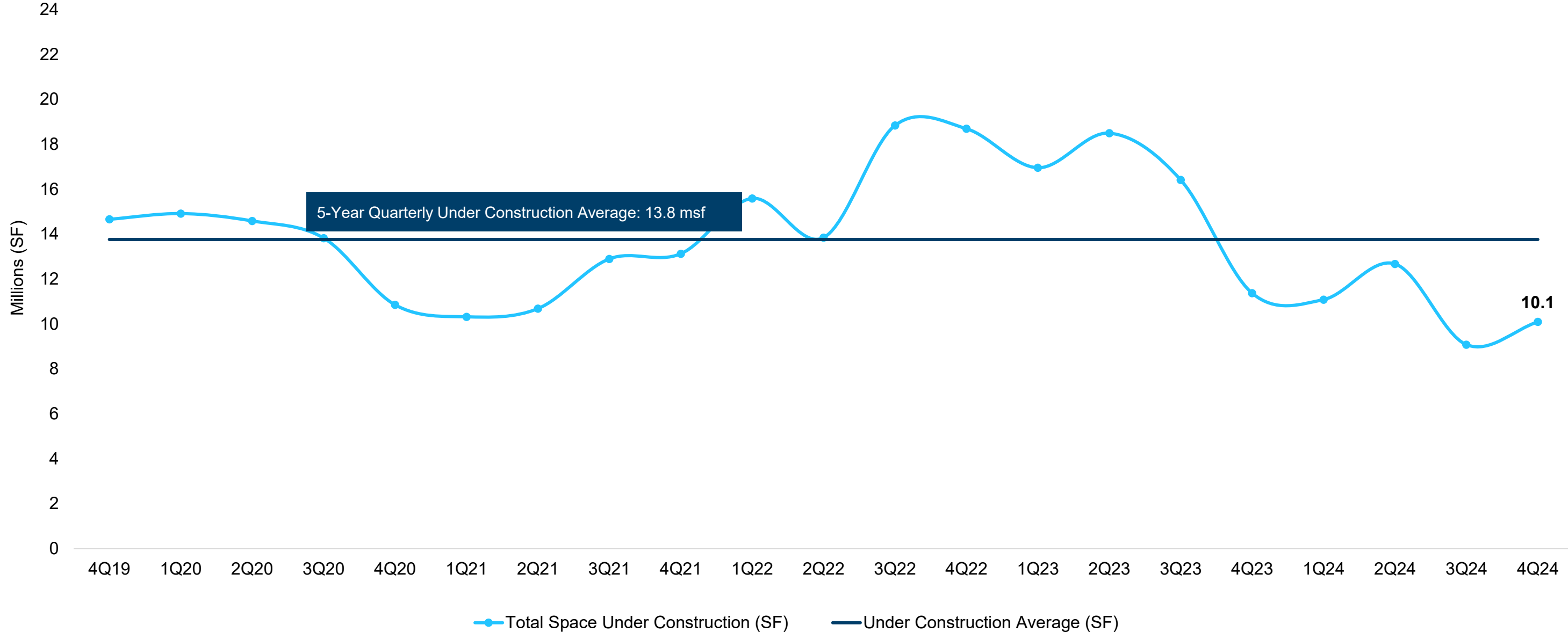


Source: Newmark Research, Altus Data Studio

Space Under Construction Stabilizing At Less Than 5-Year Average After Overbuilding

The amount of new industrial space under construction in the GTA at the end of 2024 was at its lowest point since 2019. The 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. A reduction in space under construction through 2024 should reduce that upward pressure on vacancy and availability in 2025 providing demand recovers.

GTA Industrial New Space Under Construction

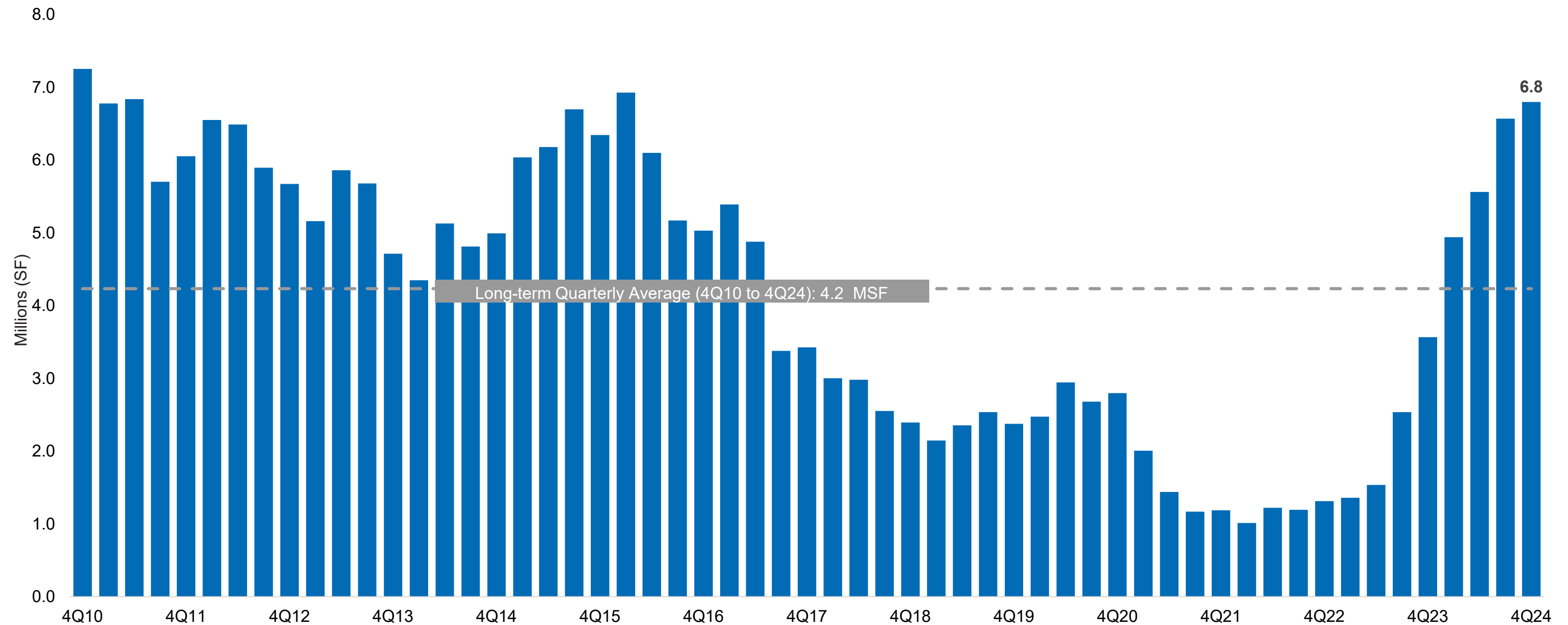


Source: Newmark Research, Altus Data Studio

GTA Industrial Sublet Availability Continues Return To Market Conditions Pre-2017

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. While sublease availability of ~6.8 msf at the end of 2024 marked the most available sublease space in the GTA since early 2016, it only represented 0.7% of GTA industrial inventory. The limited nature of 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.

Available Industrial Sublease Volume, Greater Toronto

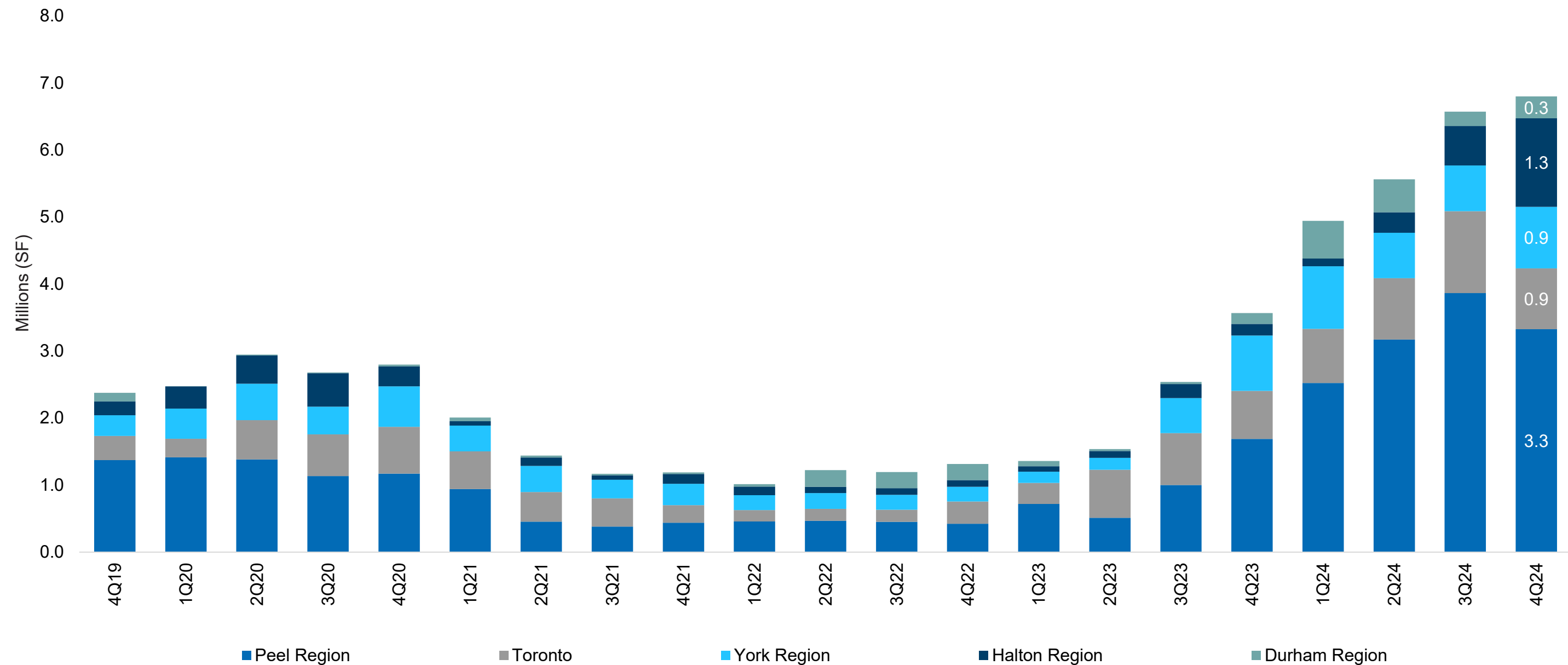


Source: Newmark Research, Altus Data Studio

Industrial Sublease Availability Declining Or Stabilizing In Most GTA Submarkets

Despite comprising more than one-third of the GTA's 946-msf industrial market, Peel Region held about half of the GTA's sublease availability at the end of 2024. While sublease availability notably increased in 2024 in Halton, a tertiary submarket on the western edge of the GTA, the area's two largest submarkets, Peel and Toronto, recorded a decline or stabilization in sublease availability despite steadily increasing vacancy. Overall sublease availability hit a five-year high of 6.8 msf at year-end 2024 due largely to increases in Halton.

Available Industrial Sublease Space, By Region

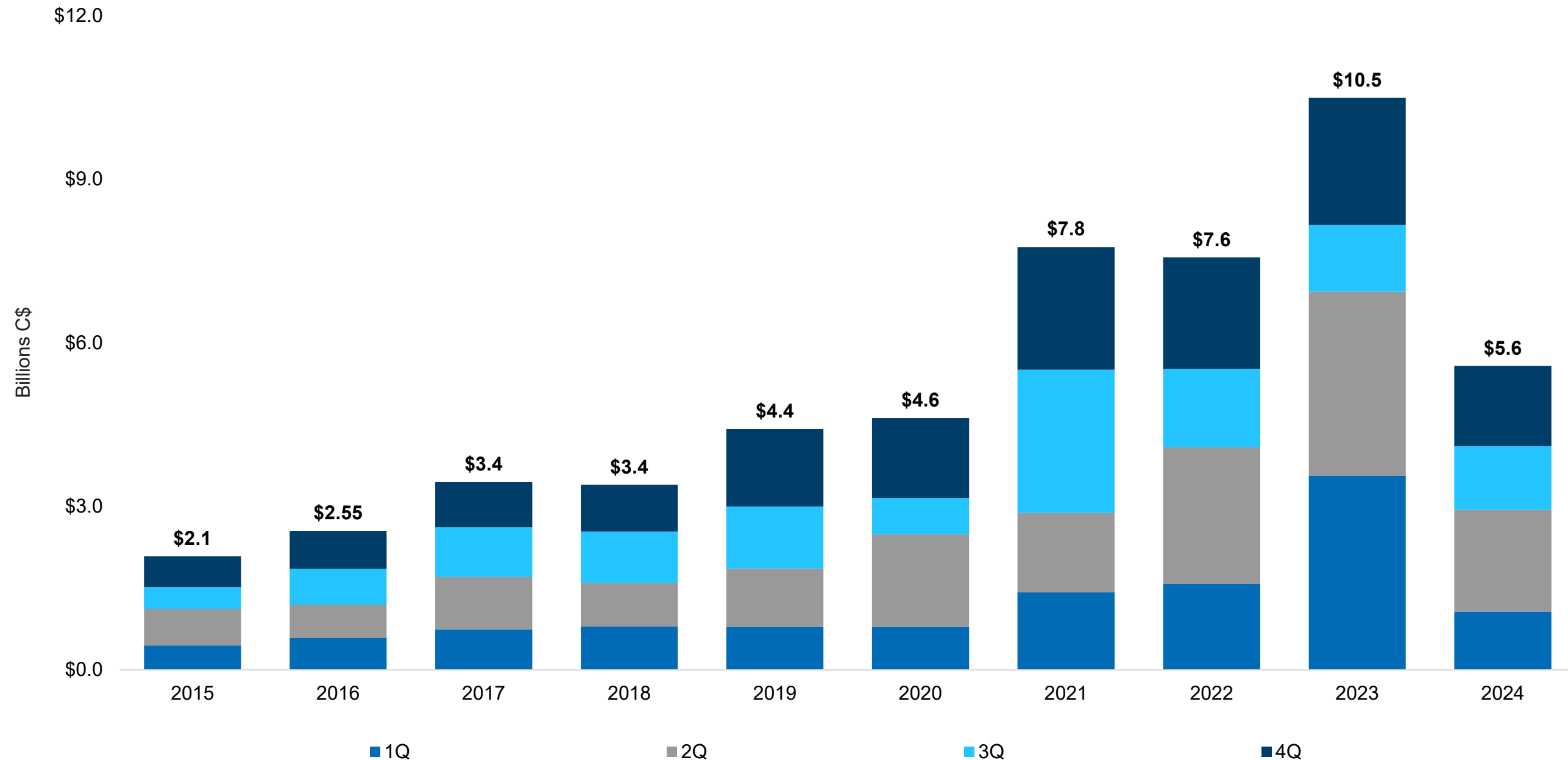


Source: Newmark Research, Altus Data Studio

GTA Industrial Sales Annual Volume Strongest In Decade Outside of 3-Year Covid Surge

Industrial sales totalled ~\$5.6 billion in 2024, down 47% from 2023, but the highest in the past decade outside of the Covid-inflated sales volumes recorded from 2021 to 2023. While demand for industrial assets remained strong in 2024, purchases in the second quarter of 2024 alone totalled more than \$1.86B, notably more than what was acquired in any other quarter during the year. While five deals surpassed \$100M, just two surpassed \$125M: 8450 Boston Church Rd. in Milton (\$361M) and 2021 Steeles Ave. in Brampton (\$258.1M).

Greater Toronto Area: Industrial Sales Volume | By Quarter



Source: Newmark Research, Altus Data Studio

4Q24

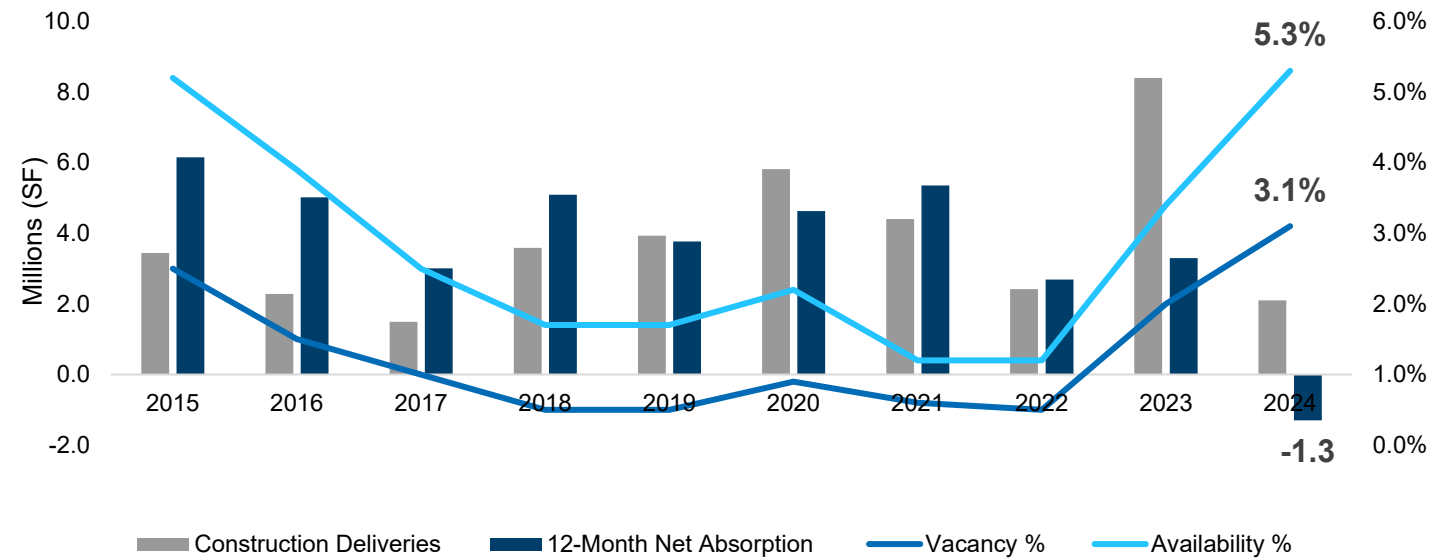
GTA Industrial Submarket Snapshots



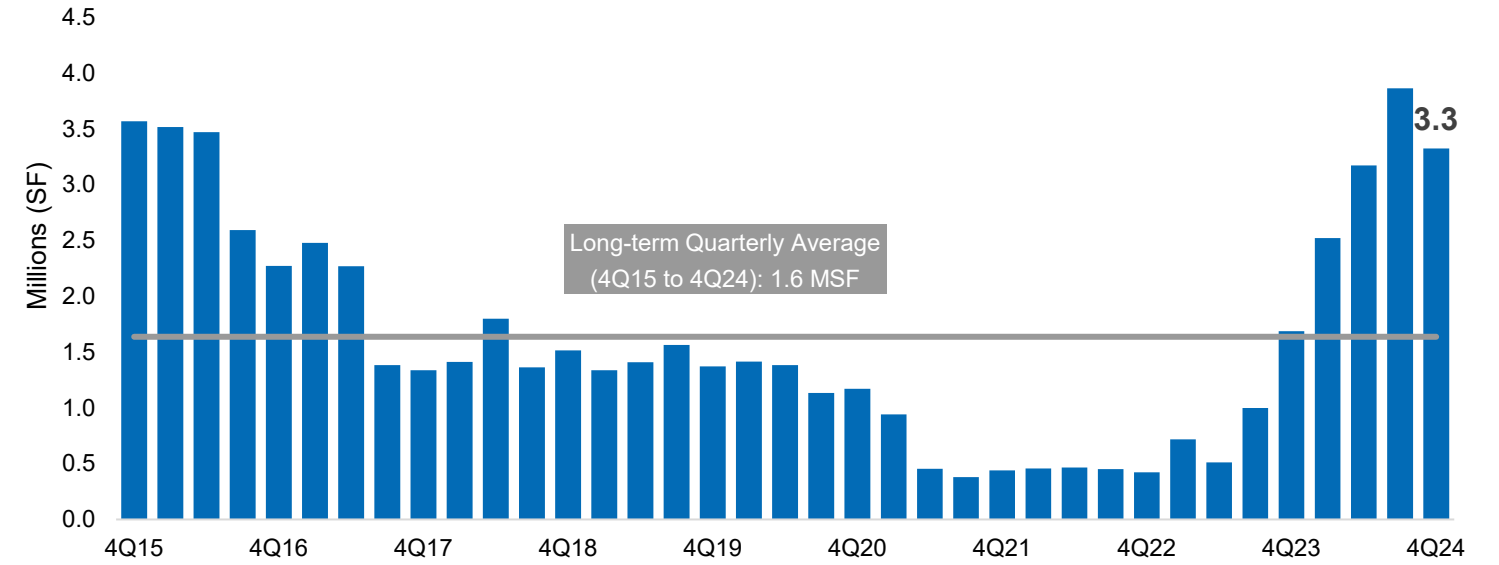
Peel Region

Vacancy in GTA's largest industrial submarket finished 2024 at 3.1%, a notable increase from 2% at year-end 2023. The rapid increase was largely the result of significant negative absorption through the first nine months of 2024 combined with a massive overbuild in 2023. A strong fourth quarter in 2024 avoided what would have been one of the worst years for negative annual absorption in Peel in recent memory. The notable decline in new supply in 2024 should lead to a reduction in upward pressure on vacancy and availability in 2025.

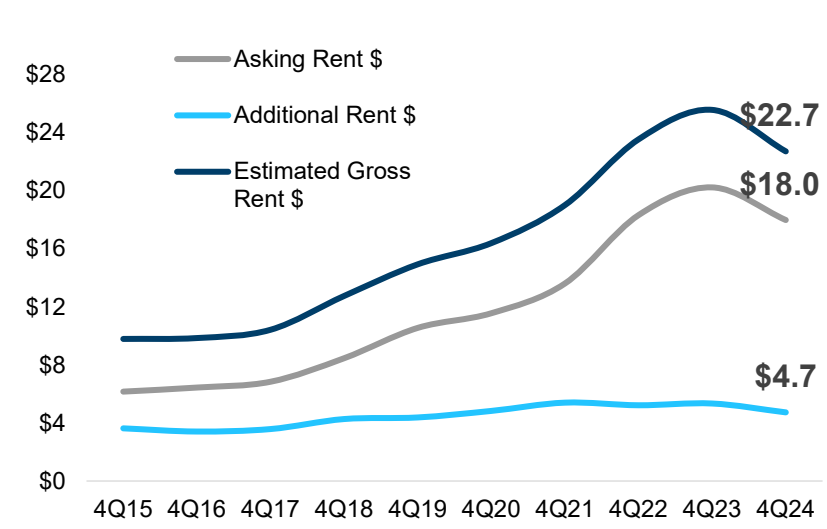
Peel Region Industrial Submarket Fundamentals



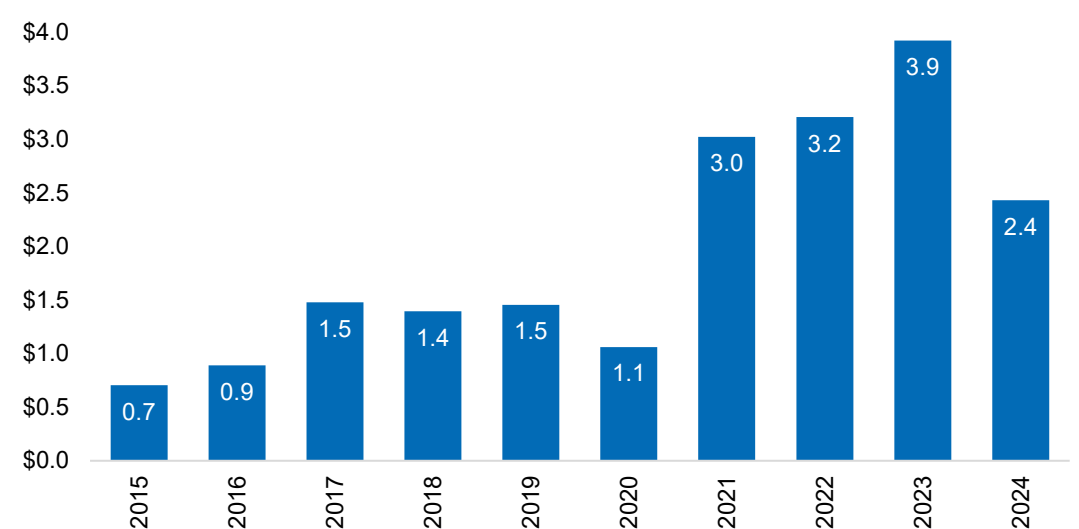
Peel Region Historic Sublease Availability



Peel Region Historic Industrial Rents – C\$/SF



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



Fourth Quarter Deals

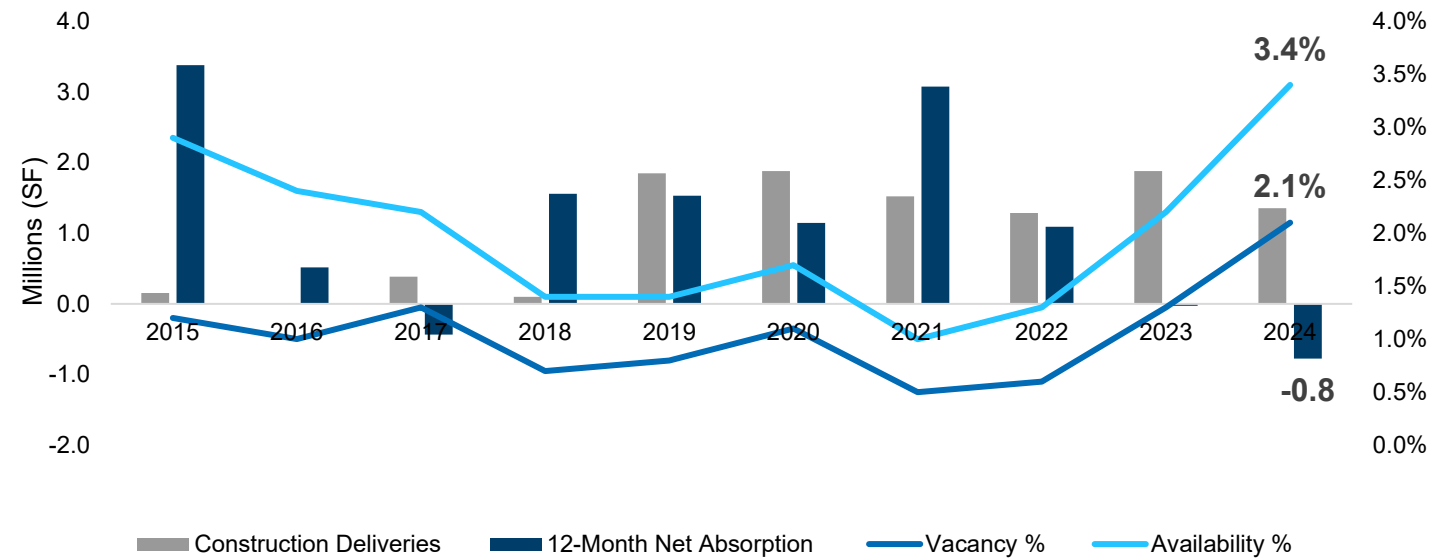
Tenant/Occupant	Building	Type	Square Feet
Winners	3185 American Drive, Mississauga	Renewal	678,140
LECANGS	10 Newkirk Court, Brampton	Lease	316,450
HelloFresh	20 Ironside Drive, Brampton	Lease	279,240
Novacap o/a Alliance Labeling	20 Hereford Street, Brampton	Sublease	240,120
Magna International	26 Kenview Boulevard, Brampton	Renewal	204,910

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

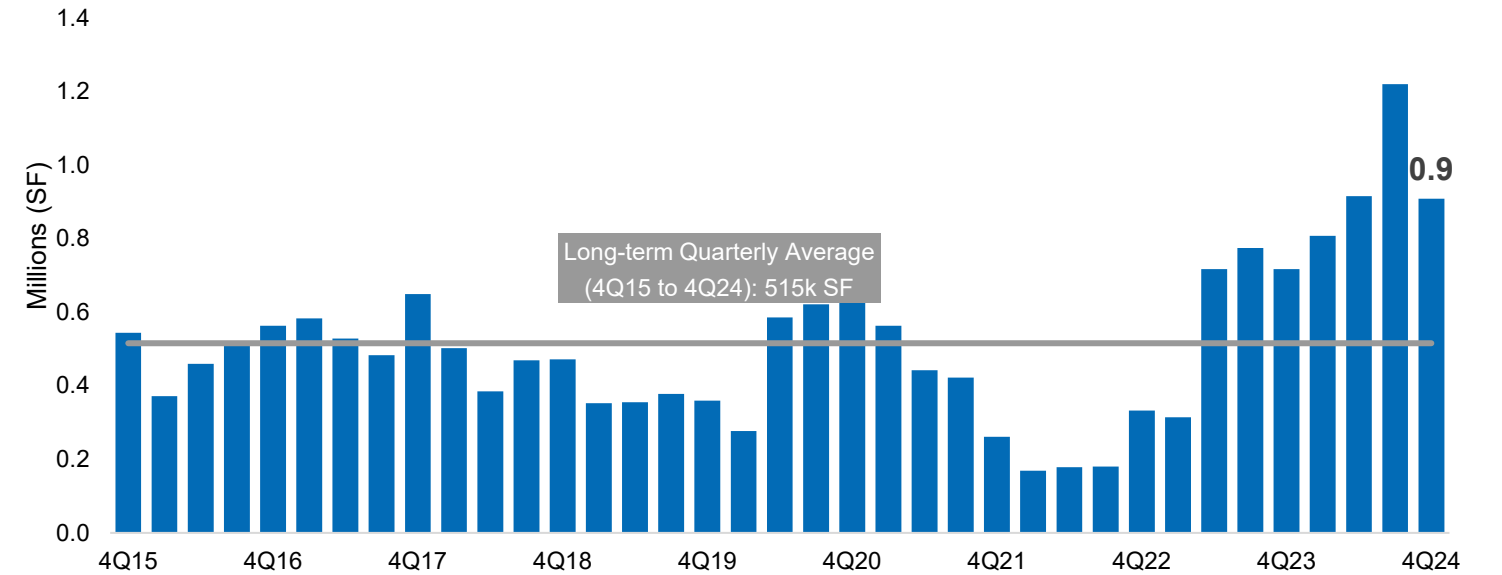
Toronto

Vacancy in the region's original industrial submarket rose to 2.1% amid the second-most negative annual absorption recorded in the GTA in 2024. While overall vacancy remained low and new supply stable, rental rates have come off rapidly since peaking in 2022. Sublease availability also remained elevated throughout 2024 with more than 900k sf remaining at the end of the year. Faltering demand since 2022 may contribute to rising vacancy and availability in 2025 with threats of U.S. tariffs further contributing to a stagnation in leasing activity.

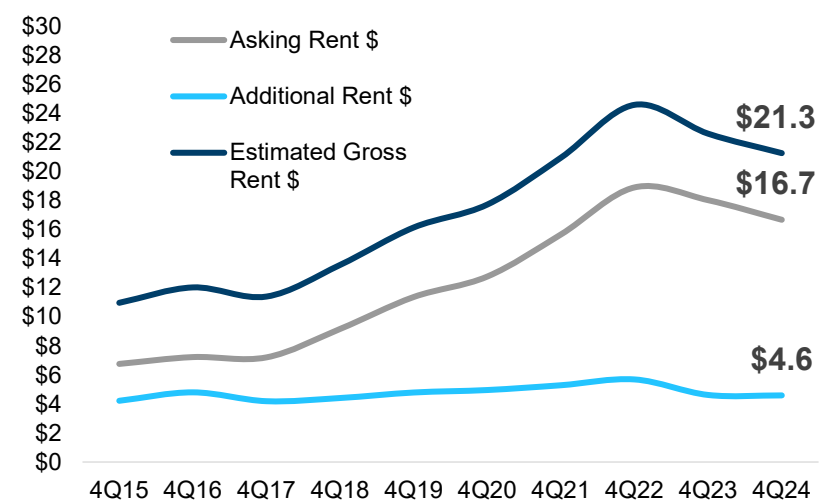
Toronto Industrial Submarket Fundamentals



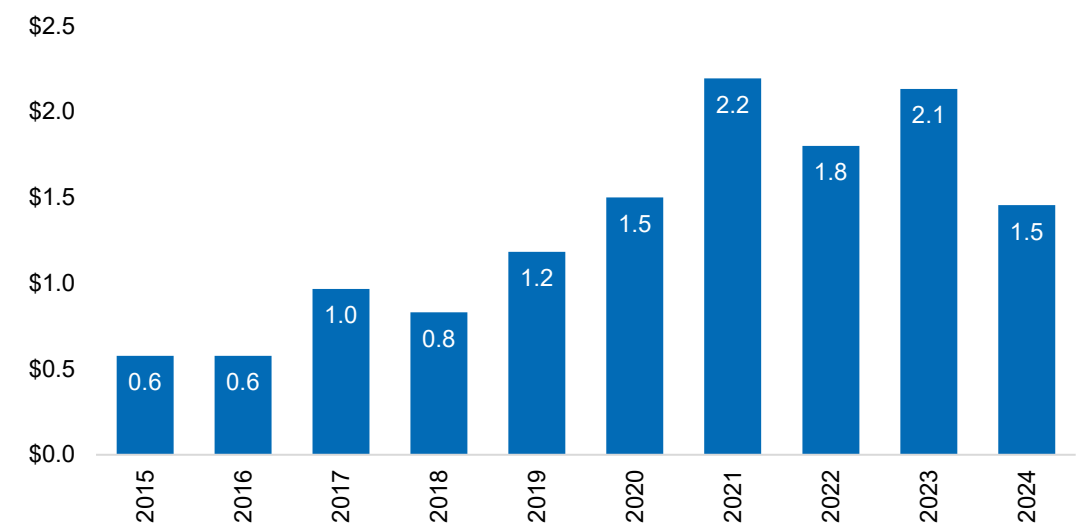
Toronto Historic Sublease Availability



Toronto Historic Industrial Rents – C\$/SF



Toronto Industrial Investment Volume (C\$billions)*



Fourth Quarter Deals

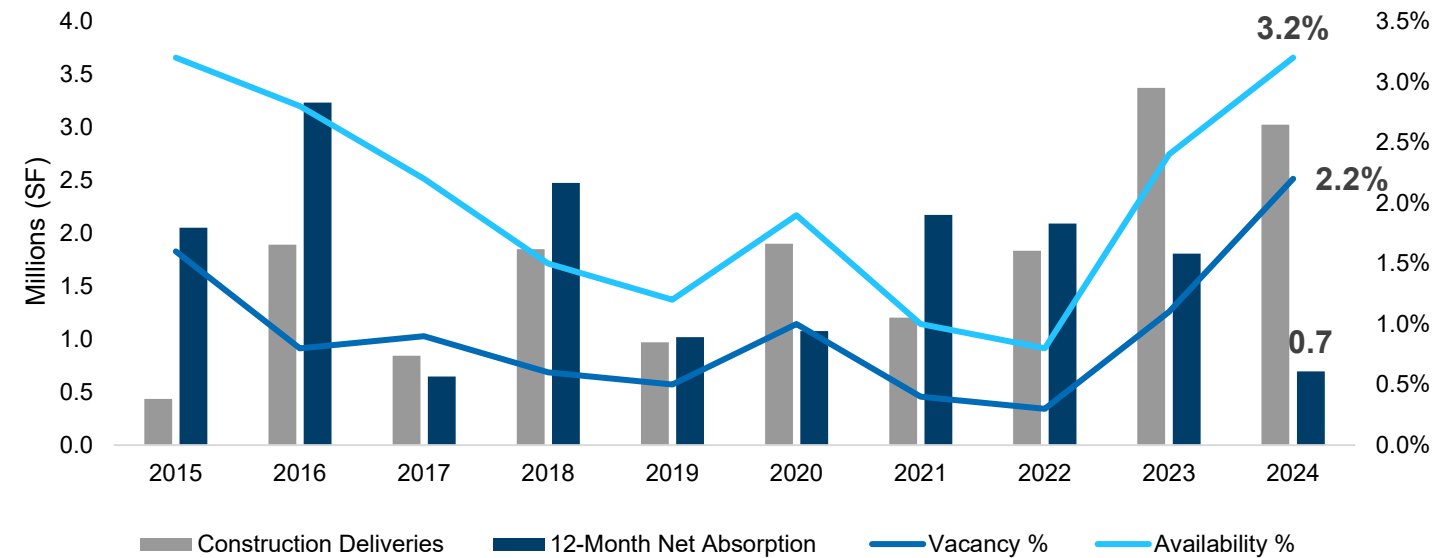
Tenant/Occupant	Building	Type	Square Feet
Motorcade Industries	95 Bridgeland Avenue, Toronto	Lease	185,850
ABCOR Filters	41 City View Drive, Toronto	Renewal	87,840
Dorplex	100 Norfinch Drive, Toronto	Renewal	65,220
Undisclosed	112 Oakdale Road, Toronto	Lease	34,450
Accurate Repairs	30 Rolark Drive, Toronto	Lease	30,760

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

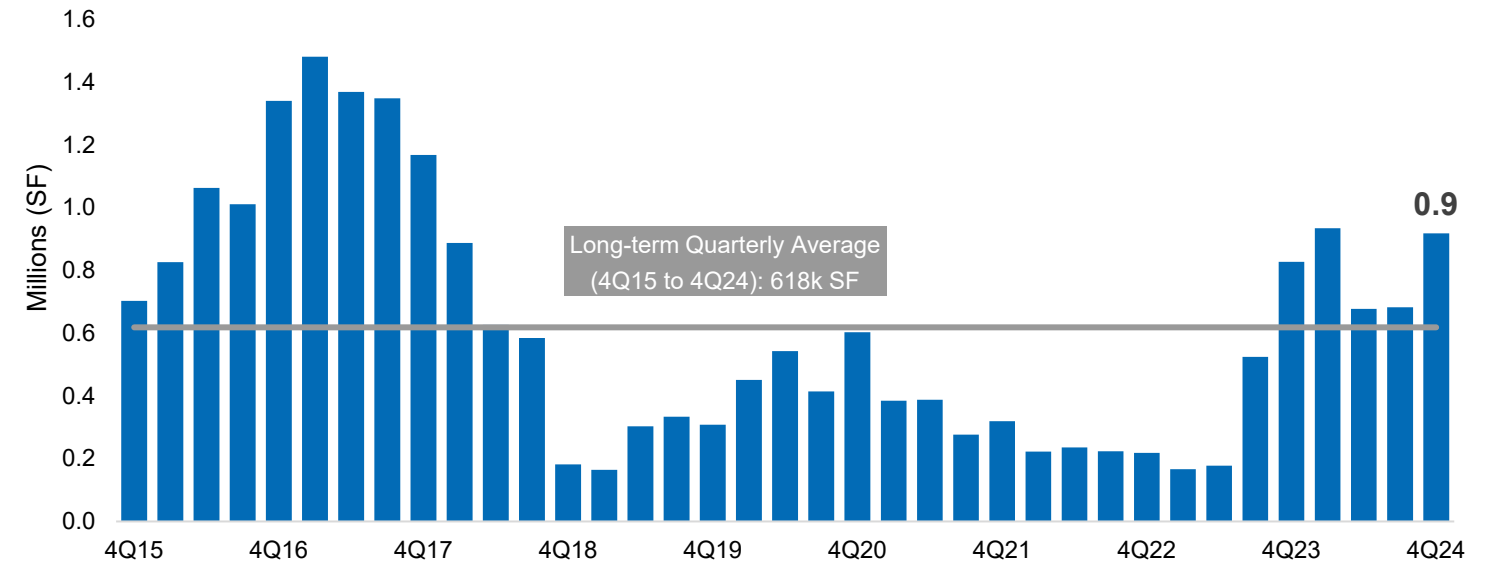
York Region

York Region was the most stable industrial submarket in the GTA with vacancy rising to just 2.2% while capturing the most positive annual absorption in the region in 2024. York's ongoing popularity resulted in sublease availability remaining limited while maintaining the GTA's highest average rents. While York's positive annual absorption led the GTA in 2024, it was the least amount of absorption recorded in the submarket since 2017. With annual absorption declining since 2021, weakening demand may translate into rising vacancy in 2025.

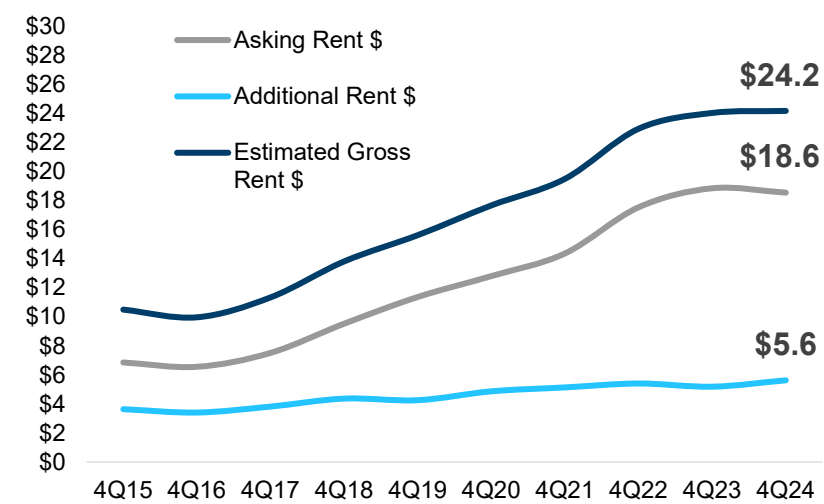
York Region Industrial Submarket Fundamentals



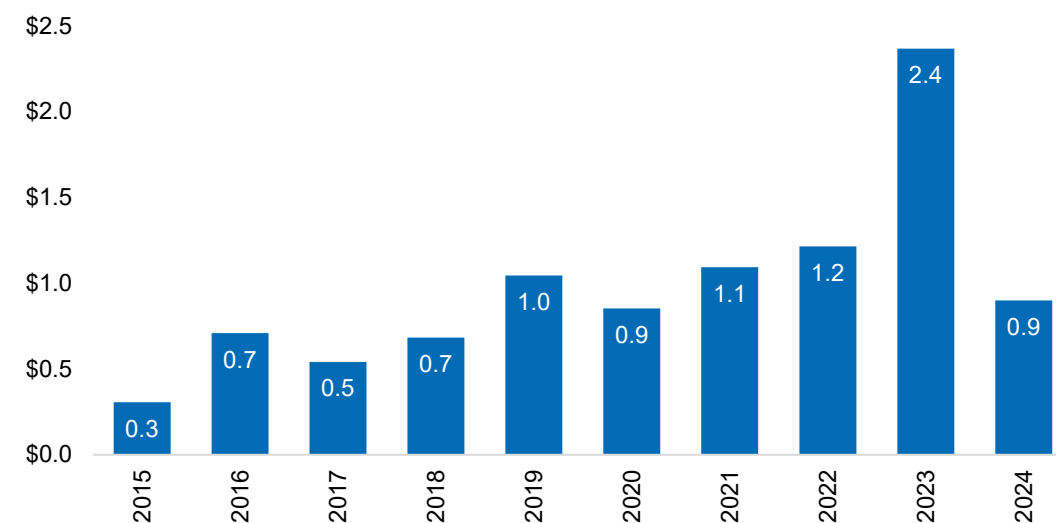
York Region Historic Sublease Availability



York Region Historic Industrial Rents – C\$/SF



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



Fourth Quarter Deals

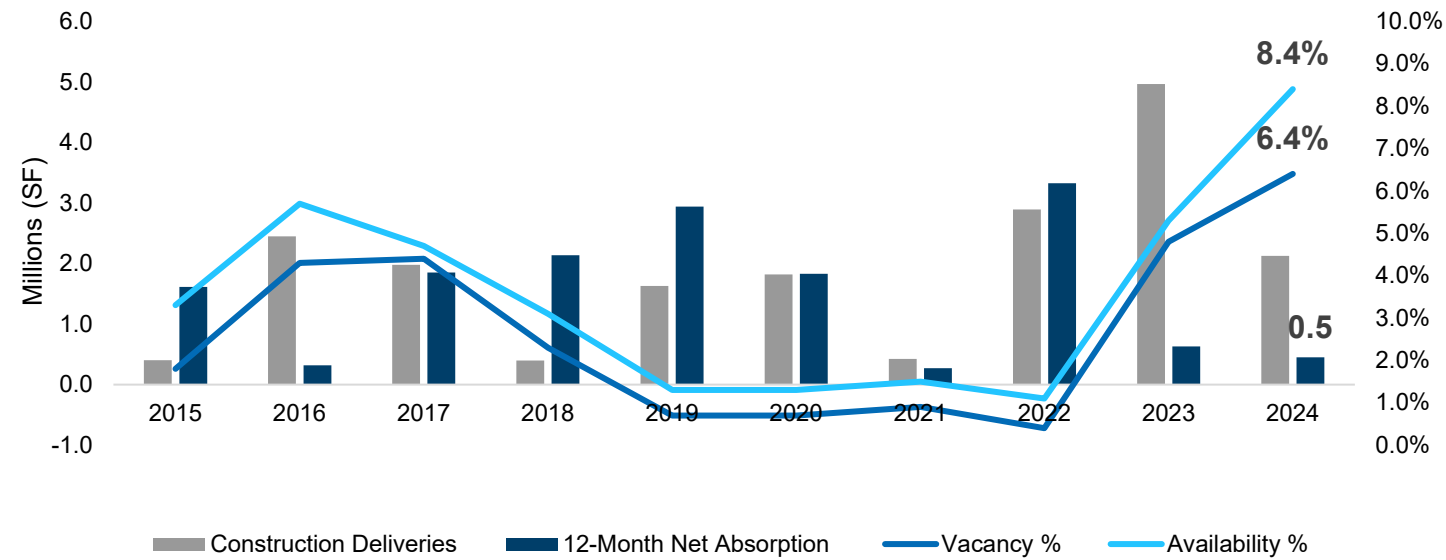
Tenant/Occupant	Building	Type	Square Feet
F Jackets	5900 14th Avenue, Markham	Lease	174,810
Undisclosed	100 Edgeley Boulevard, Vaughan	Lease	136,700
Global Plus	6685 Langstaff Road, Woodbridge	Lease	109,100
Stage Windows & Doors	140 Great Gulf Drive, Concord	Renewal	108,000
Allcard	460 Applewood Crescent, Vaughan	Renewal	67,340

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

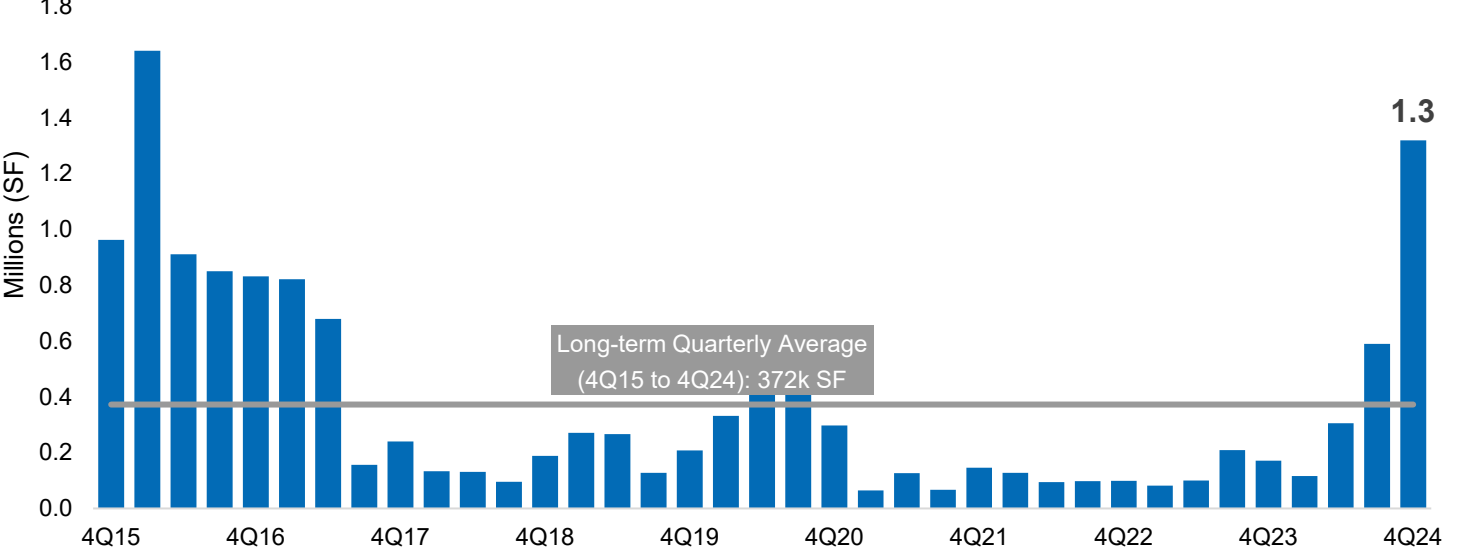
Halton Region

Halton had the highest industrial vacancy rate in the GTA in 2024. However, it was the surge of more than 1.3 msf of available sublease space at the end of the year that pushed overall availability to a record 8.4% and will likely lead to the acceleration of rental rate erosion in 2025. Substantial new supply in 2023/24 combined with anemic levels of annual absorption the past two years generated conditions favouring tenants willing to transact in 2025 as landlords find themselves in a position that seemed unlikely just 24 months earlier.

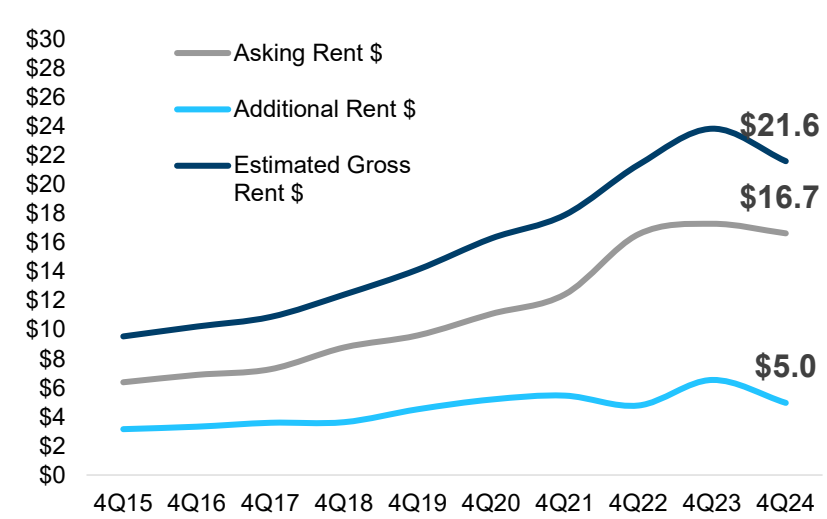
Halton Region Industrial Submarket Fundamentals



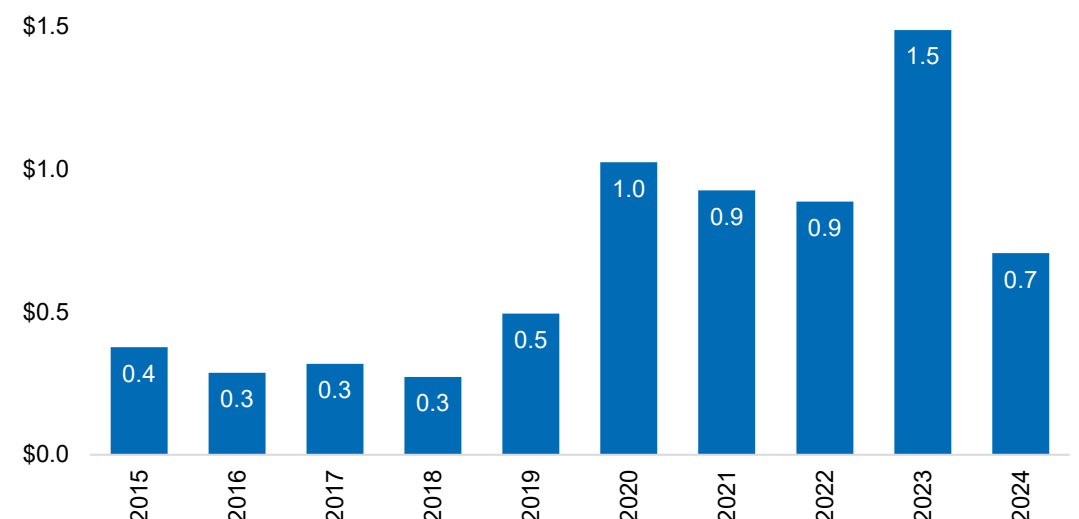
Halton Region Historic Sublease Availability



Halton Region Historic Industrial Rents – C\$/SF



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



Fourth Quarter Deals

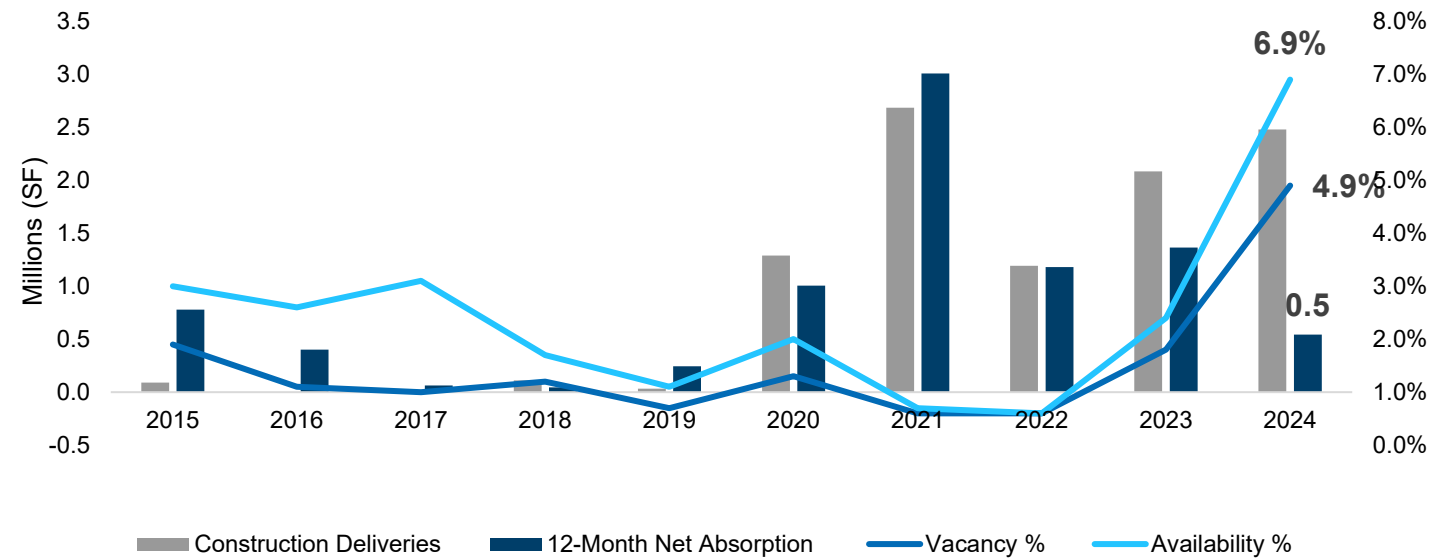
Tenant/Buyer	Building	Type	Square Feet
Kimberly-Clark	2994 Peddie Road, Milton	Renewal	514,345
Aquiform Distribution	3100 Mainway, Burlington	Lease	100,000
Vital Bio	400 Iroquois Shore Road, Oakville	Lease	100,000
Border Bound Warehousing	499 Great Lakes Boulevard, Oakville	Lease	88,830
Globe Commercial Products	4216 S. Service Road, Burlington	Lease	74,490

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

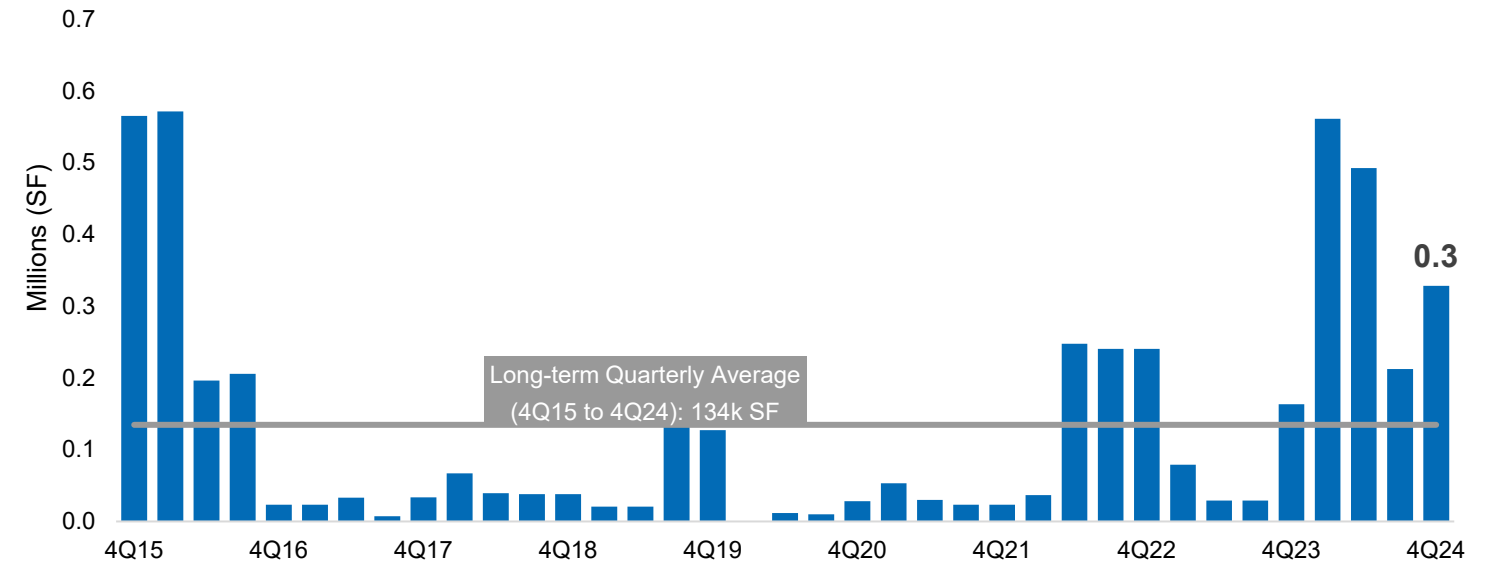
Durham Region

An overhang of new supply delivered in 2024 (and 2023) combined with the least amount of positive annual absorption since 2019 pushed vacancy to 4.9% at the end of 2024, the highest recorded since research coverage of the submarket was initiated in 2008. Availability, which reached 6.9%, was also at a historic high. Rental rate erosion continued in the region's least expensive submarket as vacancy and availability remain elevated. Rental rates are likely to continue falling in 2025 as sublease space abounds with muted demand.

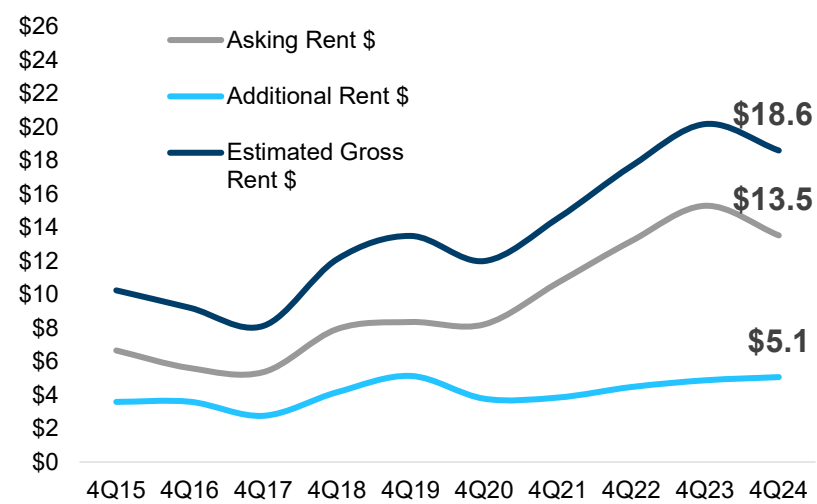
Durham Region Industrial Submarket Fundamentals



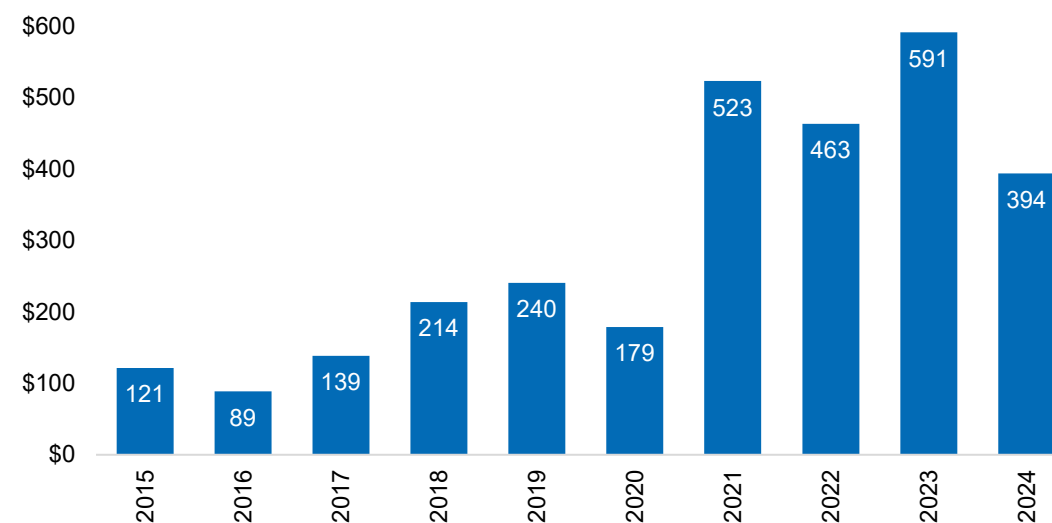
Durham Region Historic Sublease Availability



Durham Region Historic Industrial Rents – C\$/SF



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



Fourth Quarter Deals

Tenant/Buyer	Building	Type	Square Feet
Atlantic Packaging	1001 Thornton Road South, Oshawa	Lease	227,260
Ontario Power Generation	221 Church Street South, Ajax	Lease	198,950
SoftMoc	901 Hopkins Street, Whitby	Lease	145,600
Undisclosed	#1-#3 - 1651 Stellar Drive, Whitby	Lease	109,900
Mapart Publishing Corp.	901 Dillingham Road, Pickering	Lease	18,610

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

For more information:

Andrew Petrozzi

Director & Head of Canada Research

andrew.petrozzi@nmrk.com

Newmark Canada Headquarters

#710 – 320 Bay Street

Toronto, ON M5H 4A6

t 416-599-3700

nmrk.com

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.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

NEWMARK

NEWMARK