NEWMARK

Greater Toronto Area

Industrial Market Overview

4Q25

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Newmark’s Canadian Industrial Markets

Canada's industrial real estate market continued to recalibrate in 2025 from the exceptionally tight conditions that took hold after the pandemic. A meaningful share of this shift is tied to moderating demand, particularly in the large-bay warehouse segment. Leasing activity from logistics users, traditionally the dominant occupier group in these buildings, pulled back from the heightened levels seen during and immediately after the pandemic. Despite market speculation that the intensifying trade dispute with the U.S. could impose long-term limitations on Canada's logistics sector, several leading indicators suggest resilience. Rail and port container volumes have shown year-over-year improvement. Relatively healthy Canadian retail sales points to stable underlying demand for modern distribution space. Import volumes for consumer goods remained solid as well, supported by the federal government's decision not to impose broad tariffs on U.S. or other foreign consumer products. However, demand for specialized manufacturing facilities is under greater stress.

Source: Newmark Research, Altus Data Solutions, CoStar

*Total estimated direct gross rent

Greater Toronto Area (GTA) Industrial Market Observations

GTA industrial vacancy was 3.2% at year-end 2025, up slightly from 3.0% a year earlier and unchanged from the 3.2% recorded the previous quarter, but at its highest point since early 2015. Availability, particularly for sublease space, fell notably.

Strengthened leasing velocity through 2025 provided a welcome boost to GTA industrial fundamentals that resulted in improved market stabilization after two years of post-COVID recalibration amid economic turbulence arising from U.S. trade disputes.

An ongoing resurgence of the GTA industrial market will be supported in 2026+ by the federal government's budgetary response to U.S. tariff threats, which outlined investments and incentives to boost Canadian industrialization.

Federal tax incentives such as the Productivity Super-Deduction, which allows for the faster write-off of capital investment related to real estate acquisitions used for manufacturing/processing, will likely drive additional industrial activity.

Halton Region had the highest industrial vacancy rate in the GTA at 7.1%, followed by Durham (5.8%). York Region and Toronto were tied for the tightest submarket (2.1%) in the region with Peel Region at 3.2%.

Project deliveries continued to decline in 2025 as the new development pipeline narrowed to ~8.6 msf at year-end 2025, the least amount of new GTA industrial space under construction since mid-2018.

A flight-to-quality trend defined much of GTA's industrial leasing activity in 2025, particularly in core markets; however, availability in buildings with higher clear heights has declined notably as a result.

York and Toronto charged top rents at year-end 2025 with rate growth occurring in Toronto and Durham, the region's least expensive submarket, where rents rose as tenants enjoyed the GTA's lowest industrial rates.

Sale proceeds of ~C$5.4B for GTA industrial assets in 2025 marked a slight decline from 2024 (~C5.6B) and was the lowest industrial sales total since 2020 as financial institutions tighten lending criteria.

Source: Newmark Research, Altus Data Solutions

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GTA Industrial Market Metrics

Greater Toronto Area (GTA) Industrial Submarket Statistics | 4Q25

Submarket Statistics – All Classes

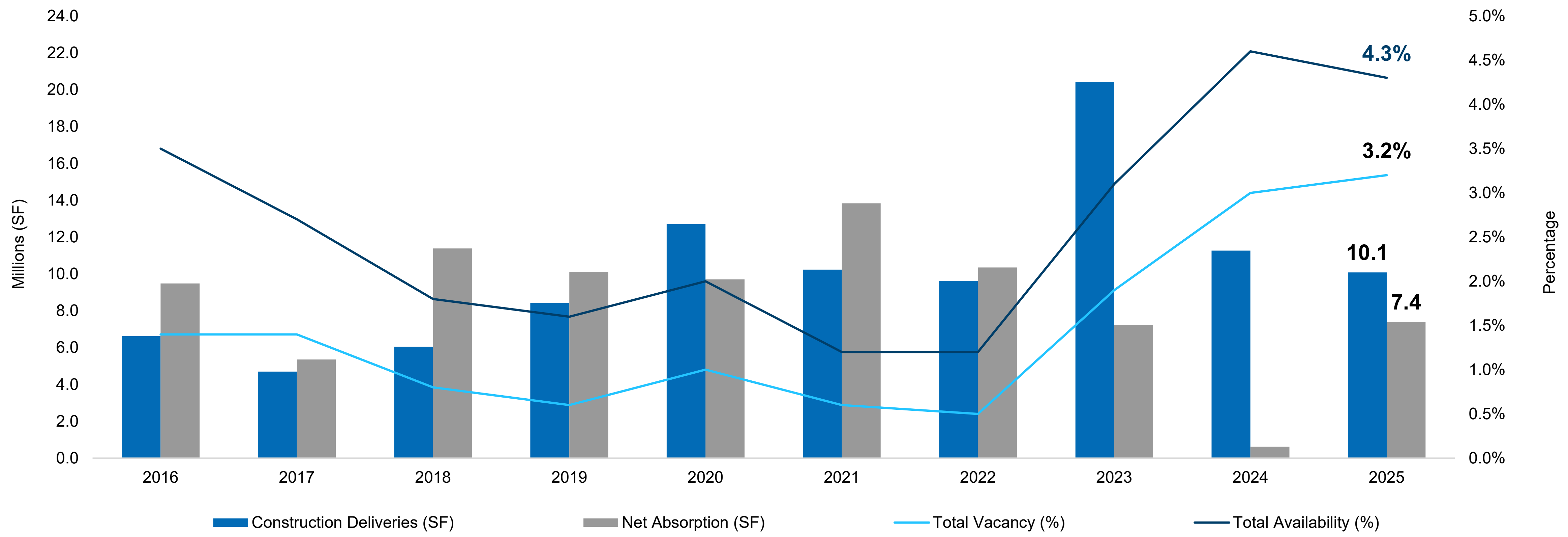
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Annual Net Absorption (SF)	Direct Available Rate	Sublet Available Rate	Estimated Asking Rate ($/SF)	Total Additional Rent ($/SF)
Greater Toronto Area (GTA)	**957,257,856**	**8,567,711**	**3.2%**	**4,148,517**	**7,116,605**	**3.8%**	**0.5%**	**C$16.9**	**C$4.8**
Peel Region (Mississauga, Brampton, Caledon) – GTA West	328,642,165	3,992,696	3.2%	1,092,388	2,321,310	3.7%	0.7%	C$16.9	C$5.0
Toronto (Toronto, Etobicoke, Scarborough, York, East York, North York) – GTA Central	260,618,939	1,009,717	2.1%	926,470	282,484	2.8%	0.5%	C$17.4	C$5.1
York Region (Vaughan, Richmond Hill, Markham, Newmarket, King, Aurora, East Gwillimbury, Georgina, Whitchurch-Stouffville) – GTA North	203,661,924	2,306,354	2.1%	1,246,802	2,893,357	2.6%	0.5%	C$17.6	C$4.8
Halton Region (Oakville, Burlington, Halton Hills, Milton) – GTA West	100,905,209	562,834	7.1%	695,393	743,307	7.7%	0.4%	C$16.5	C$4.2
Durham Region (Ajax, Oshawa, Pickering, Whitby, Brock, Clarington, Scugog, Uxbridge) – GTA East	63,429,619	696,110	5.8%	187,464	876,147	6.0%	0.2%	C$15.4	C$4.6

Source: Newmark Research, Altus Data Studio

Swelling GTA Industrial Activity Pushes Annual Absorption To Strongest Year Since 2022

GTA's industrial market of ~957 msf – Canada's largest – had been one of North America's tightest industrial markets for almost a decade. With a strong start and finish in 2025, annual absorption in the GTA reversed course after steadily declining since 2021 and recorded the strongest year since 2022 after a fourth-quarter surge captured the most quarterly absorption recorded since mid-2022. New supply continued to moderate in 2025 after peaking in 2023, which had set vacancy and availability on a rapid upward trajectory for much of the past 24 months. However, the resumption in demand in most of 2025 notably altered the trajectory of availability and moderated rising vacancy as signs of market stabilization.

GTA Historical Construction Deliveries, Net Absorption, Vacancy and Availability

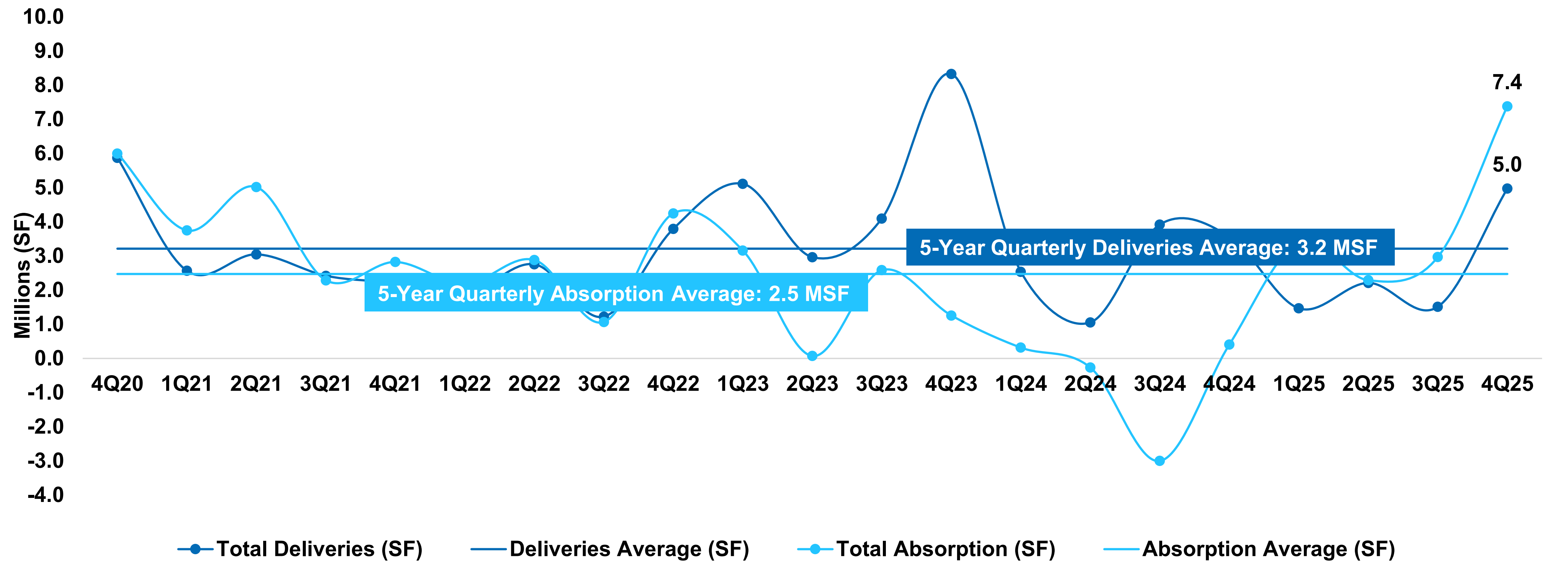


Source: Newmark Research, Altus Data Studio

Annual Absorption Surges In Back Half of ‘25 As Industrial Tenants Flood Back To Market

Annual absorption in the GTA industrial market swelled to ~7.4 msf in 2025, the most recorded since 2022 during the COVID-19 global pandemic. While industrial tenants in York and Peel Regions led the surge, tenants in Durham and Halton also occupied space at elevated levels, an increase permitted thanks to an oversupply of new construction delivered in 2023. Construction deliveries were well below the five-year quarterly average until the fourth quarter of 2025 when substantial amounts of new supply were delivered in York and Peel. Absorption has now exceeded quarterly new supply since the first quarter of 2025, a feat that had not been previously accomplished since the fourth quarter of 2022.

GTA Industrial Total Construction Deliveries and Absorption

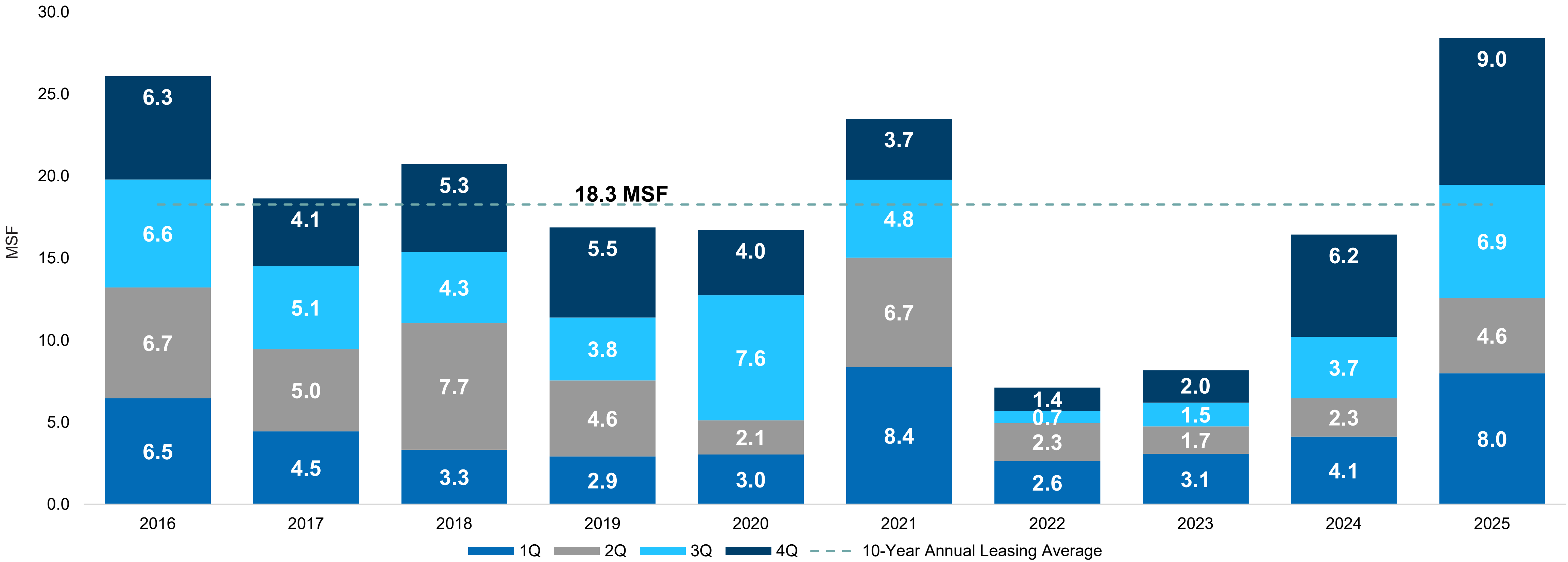


Source: Newmark Research, Altus Data Studio

Regional Industrial Leasing Activity In GTA Hit Decade High As Tenant Demand Soared

Regional industrial leasing activity in 2025 was the most recorded in the past decade surging past the 10-year average to more than ~28 msf. Leasing activity began to slowly recover in 2023 after dropping off significantly in 2022. The collapse in leasing activity in 2022 and 2023 arising from widespread uncertainty and reduced expansion by many industrial users outside of logistics/distribution would result in the subsequent declines in absorption recorded in 2023 and 2024. These declines also coincided with a surge in new supply delivered in 2023 that fuelled substantial upwards pressure on vacancy and availability through 2024. Leasing activity started improving at the end of 2024 and largely continued through 2025.

Estimated Total GTA Industrial Leasing Activity By Quarter

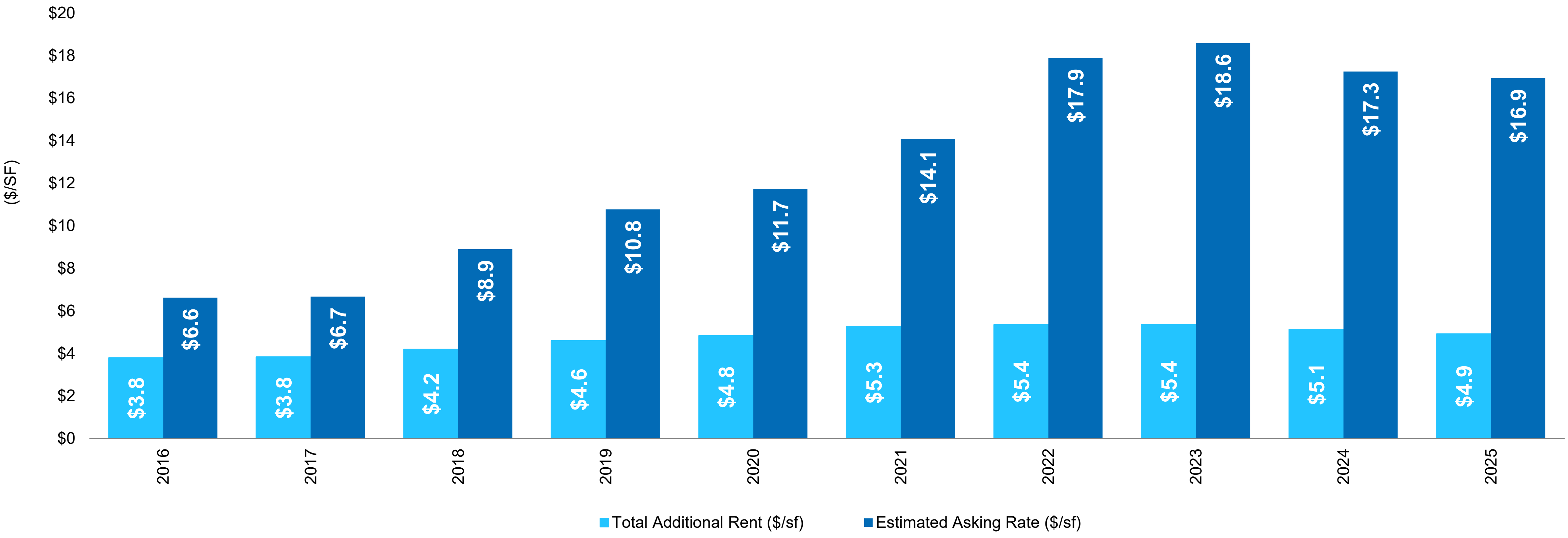


Source: Newmark Research, Altus Data Studio

Estimated Asking Rents For GTA Industrial Space Softened As Market Stabilized In 2025

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 ~C$17 psf in the GTA in 2025. Notable reductions in the availability of regional sublease space likely had a role in rental rates continuing to soften through 2025, but with less lower-cost sublease space on the market, landlords are increasingly able to achieve their estimated asking rates, a trend that is likely to accelerate in 2026 with new supply in decline and demand remaining robust. Rental rates in York lead the region followed by Toronto as Durham offered the lowest rents; however, they have risen 15% in the past year.

Historical GTA Industrial Estimated Asking Rates

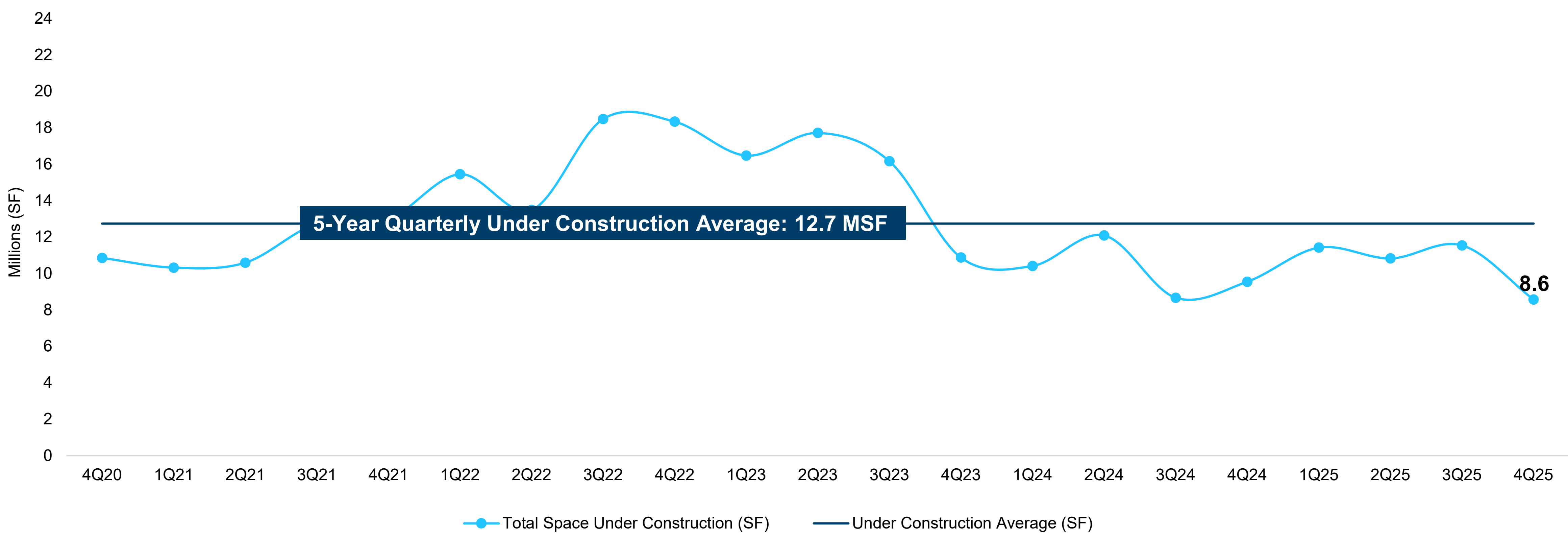


Source: Newmark Research, Altus Data Studio

Market Recalibration Results In Less GTA Industrial Space Under Construction in 2025

New GTA industrial space under construction at year-end 2025 remained well below the five-year quarterly average of ~12.7 msf. After a period of significant new supply delivered in 2022-23, the volume of new space under construction has been steadily trending downwards. That new supply had contributed to substantial upward pressure on vacancy and availability throughout the GTA for much of 2024 but had largely started to diminish by early 2025. This relatively rapid pullback in new construction has allowed the market to mostly absorb the substantial amount of new supply delivered in the previous 36 months while keeping vacancy and availability largely within Pre-COVID historical ranges.

GTA Industrial New Space Under Construction

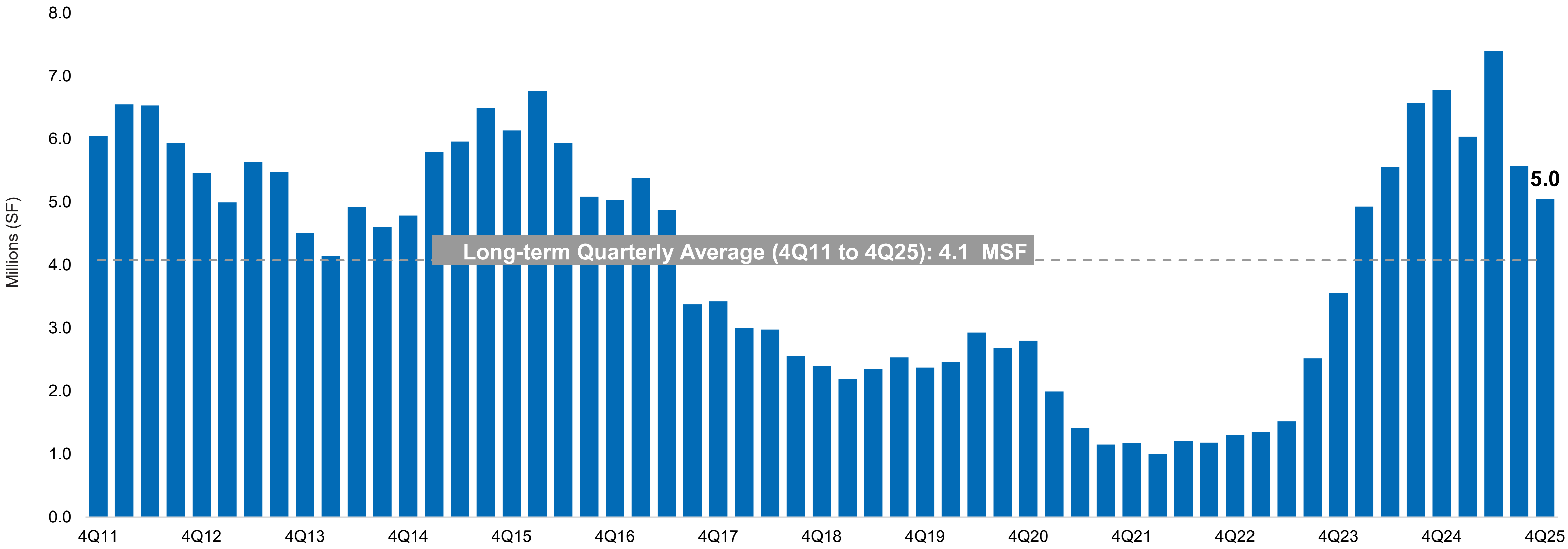


Source: Newmark Research, Altus Data Studio

GTA Industrial Sublet Availability In Slow Decline After Setting New Regional Record

Sublease space availability had been rising since early 2023, surpassing the 15-year quarterly average of 4.1 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 spiked 23% in the second quarter of 2025 to hit ~7.4 msf, a new record. Sublease availability dropped to ~5.0 msf at year-end 2025, the lowest point since early 2024 thanks primarily to a notable reduction in the regions of Halton and Durham. Toronto was the only region that recorded a notable increase in sublease space availability in 2025 likely the result of tenants offering up excess space in dated inventory.

Available Industrial Sublease Volume, Greater Toronto

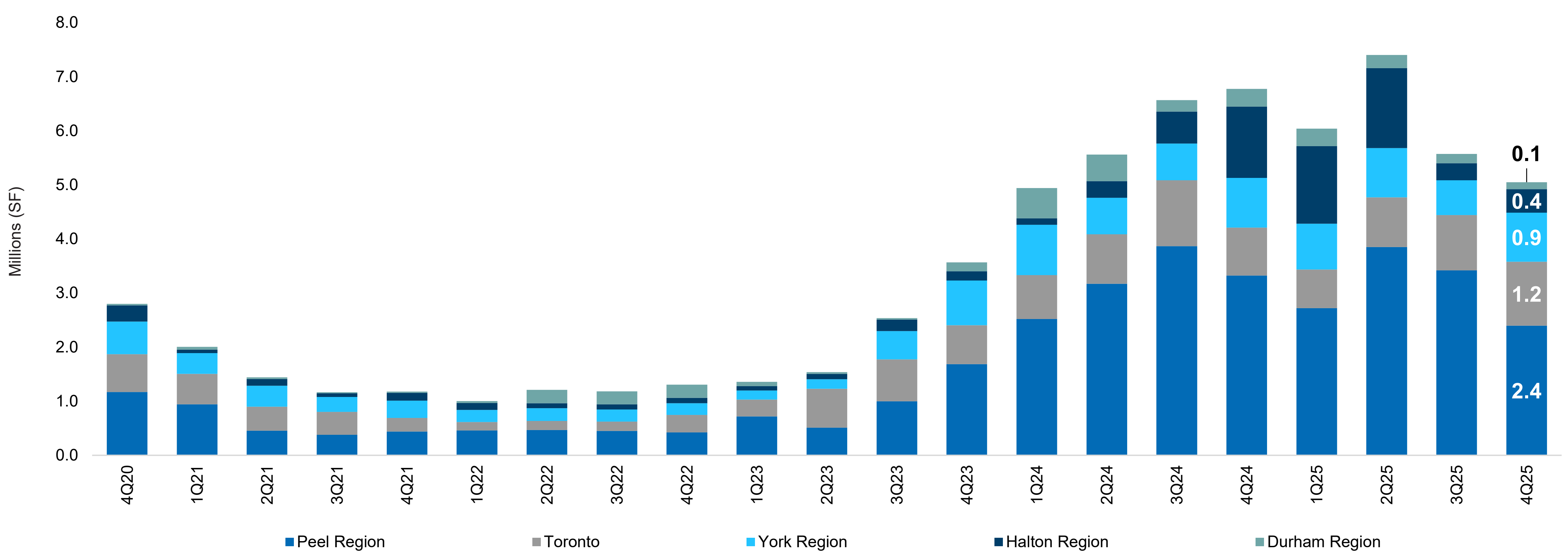


Source: Newmark Research, Altus Data Studio

Sublease Availability Elevated In Most GTA Industrial Submarkets Despite Slight Slide

Notable declines in sublease space availability in the industrial submarkets of Durham, Halton and, to a lesser extent, Peel, through 2025 helped offset the surge in sublease space availability in Toronto, which grew from ~710k sf in the first quarter of 2025 to ~1.2 msf at year's end. Overall industrial sublease availability in the GTA was in decline since mid-2025 when it achieved a decade-high ~7.4 msf to finish 2025 at ~5.0 msf, a notable 32% decline in six months. Despite decreasing throughout 2025, Peel Region still had the most available sublease space in the GTA at ~2.4 msf at year-end, which worked out to ~48% of the region's total. Sublease availability in Toronto had grown to 24% of the region's total.

Available Industrial Sublease Space, By Region

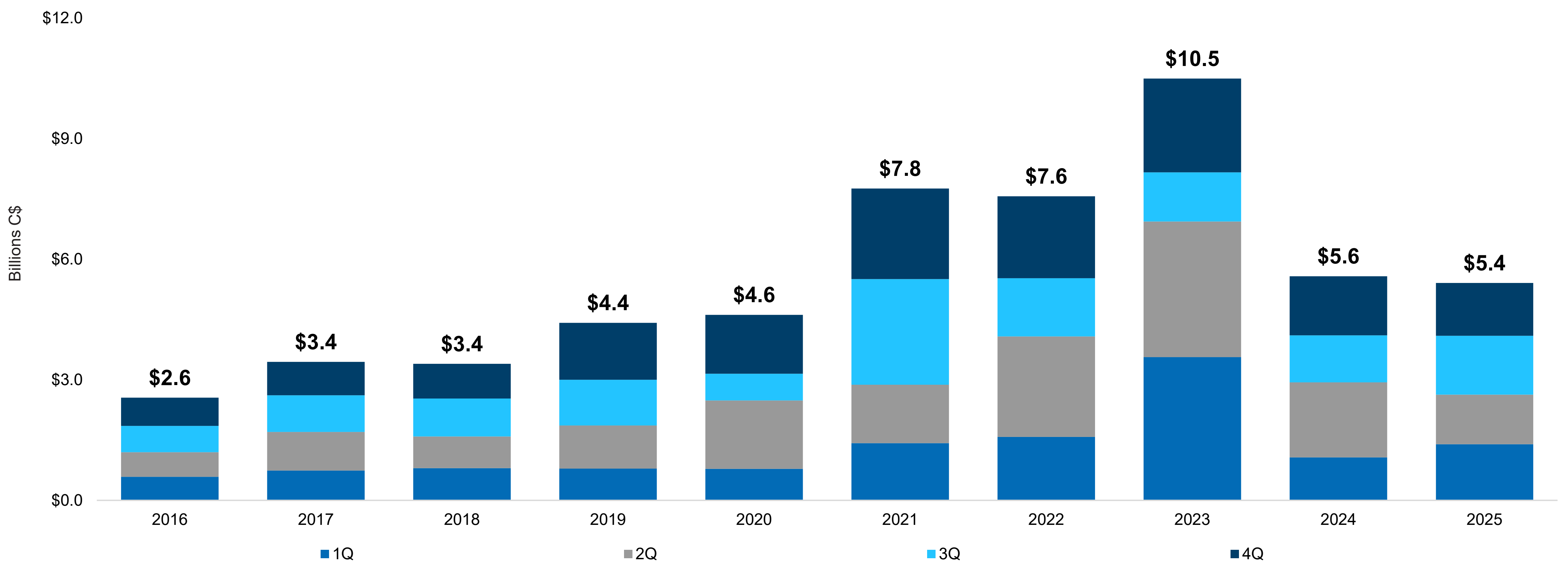


Source: Newmark Research, Altus Data Studio

GTA Industrial Sales Achieving Post-COVID Stabilization At Higher Level Of Investment

GTA industrial sales totalled ~C$5.4B in 2025 – slightly less than 2024 total of ~C$5.6B – primarily due to a second-quarter sales slump after a strong start to the year. Since the COVID-era period of 2021-23, annual industrial investment in the GTA has stabilized at ~C$5.5B as the recalibration of the region's industrial investment market settles into place. York Region captured the greatest year-over-year increase in industrial investment, joining Peel Region and Toronto as a billion-dollar industrial sales market. Peel Region led the GTA with ~C$2.0B in investment in 2025. The largest deal in 2025 was the C$253M sale of 7900 Airport Road in Brampton, one of six industrial sales greater than C$100M.

Greater Toronto Area: Industrial Sales Volume | By Quarter



Source: Newmark Research, Altus Data Studio

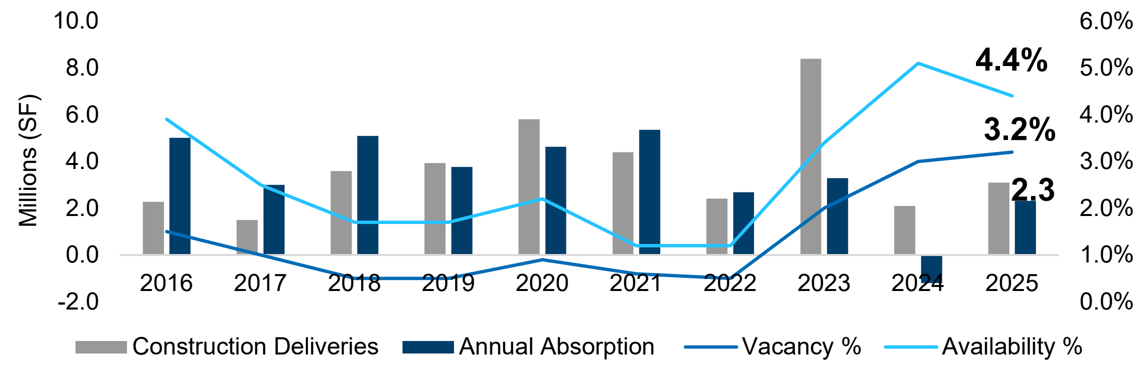
02

GTA Industrial Submarket Snapshots

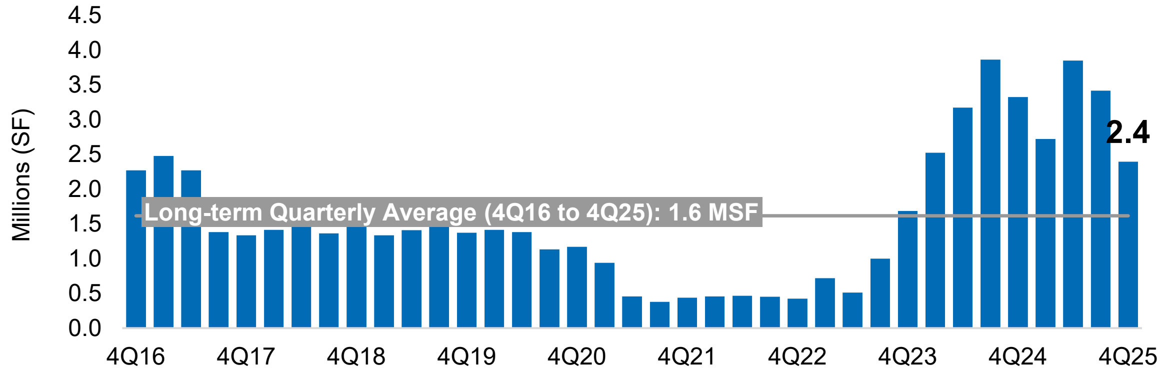
Peel Region

A sharp decline in new supply since 2023 combined with moderate annual absorption saw vacancy in the GTA's largest industrial submarket finish at 3.2% at year-end 2025, the most vacancy recorded since late 2015. Tenant demand in Peel was strong to start and finish the year and generated the second-most annual absorption in the GTA in 2025. A sharp decline in new construction deliveries since 2023 supported a notable reduction in overall availability in 2025; however, sublease availability remained historically elevated at year-end despite a 38% decline in the back half of 2025. With 10 buildings offering ~4.0 msf currently under construction, demand will need to be sustained to avoid rising vacancy in 2026.

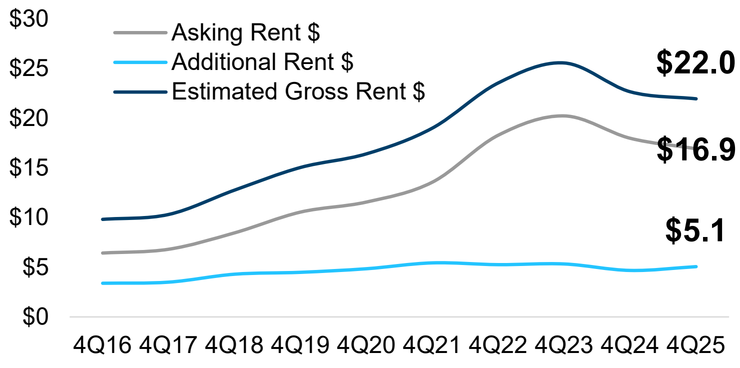
Peel Region Industrial Submarket Fundamentals



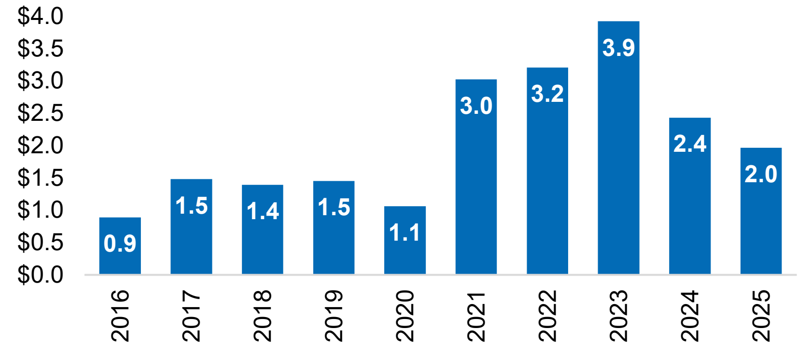
Peel Region Historic Sublease Availability



Peel Region Historic Industrial Rents – C$/SF



Peel Region Industrial Investment Volume (C$billions)*



Fourth Quarter Deals

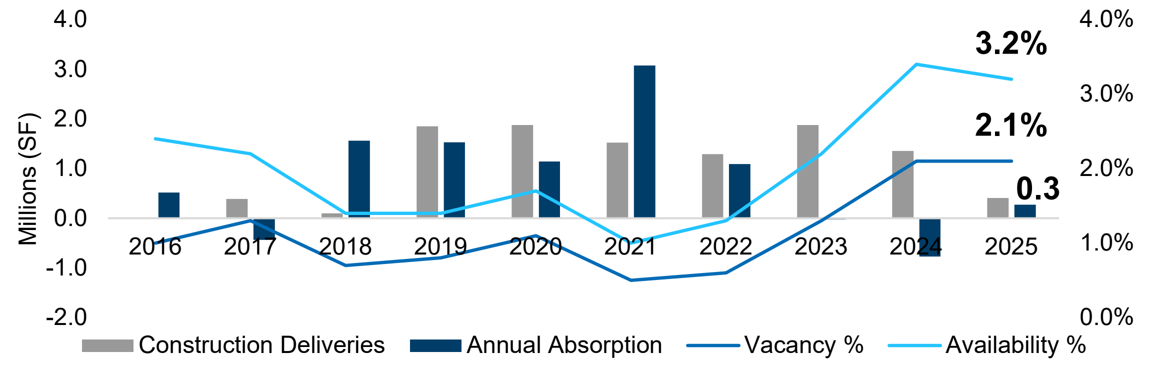
Tenant/Occupant	Building	Type	SF
TD Synnex	12173 Dixie Road, Caledon	Lease	1,120,560
PolarPak	2 Bramkay Street, Brampton	Expansion	402,520
Archway Marketing Services	2450 Stanfield Road, Mississauga	Renewal	329,130
Stelumar Advanced Manufacturing	600 Slate Drive, Mississauga	Lease	312,220
Stelumar Advanced Manufacturing	560 Slate Drive, Mississauga	Expansion	160,490

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

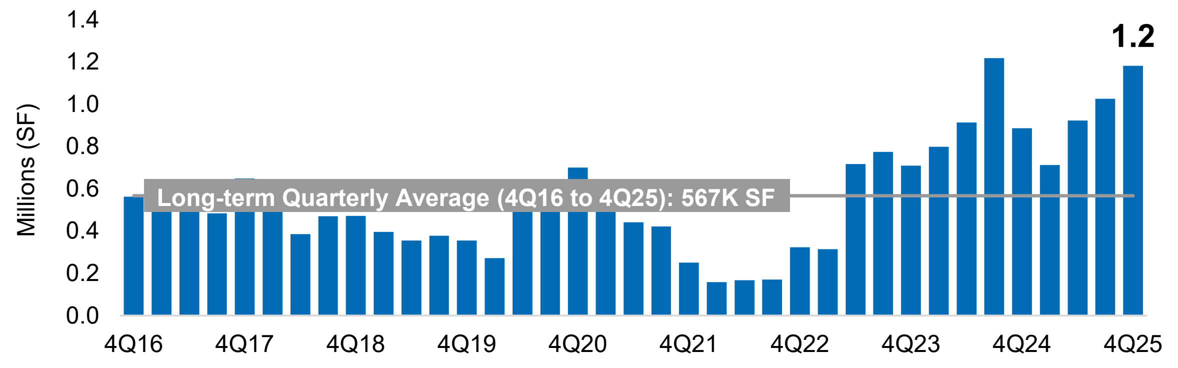
Toronto

Declining new supply accompanied by the most annual absorption recorded since 2022 resulted in vacancy remaining stable at ~2.1% in 2025 as availability fell slightly thanks to a noted improvement in tenant demand. However, sublease space availability hit its second highest total in the past decade at ~1.2 msf at year-end 2025 as an excess of dated and inefficient inventory contributed to the elevation of overall availability. New supply has been in a steady decline since 2023 with just three buildings totalling ~720k sf under construction at the end of 2025. Vacancy is likely to remain low in 2026, but availability will stay elevated until the sublease space is absorbed or removed from the market inventory.

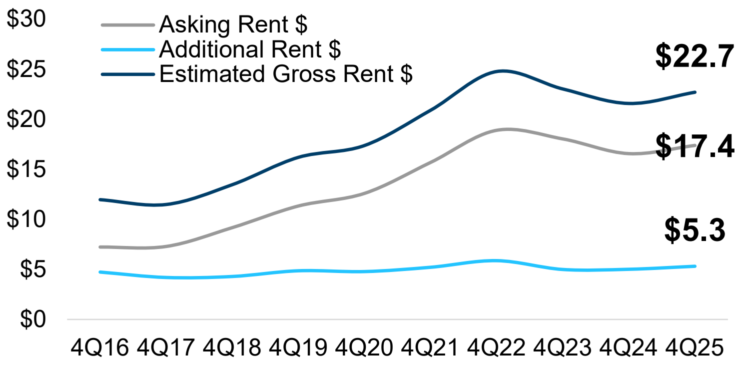
Toronto Industrial Submarket Fundamentals



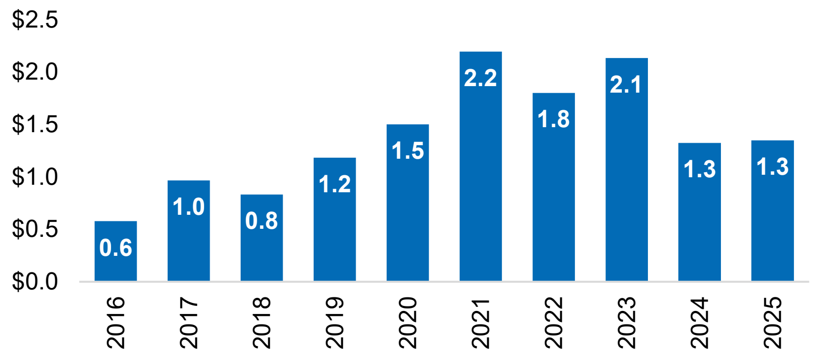
Toronto Historic Sublease Availability



Toronto Historic Industrial Rents – C$/SF



Toronto Industrial Investment Volume (C$billions)*



Fourth Quarter Deals

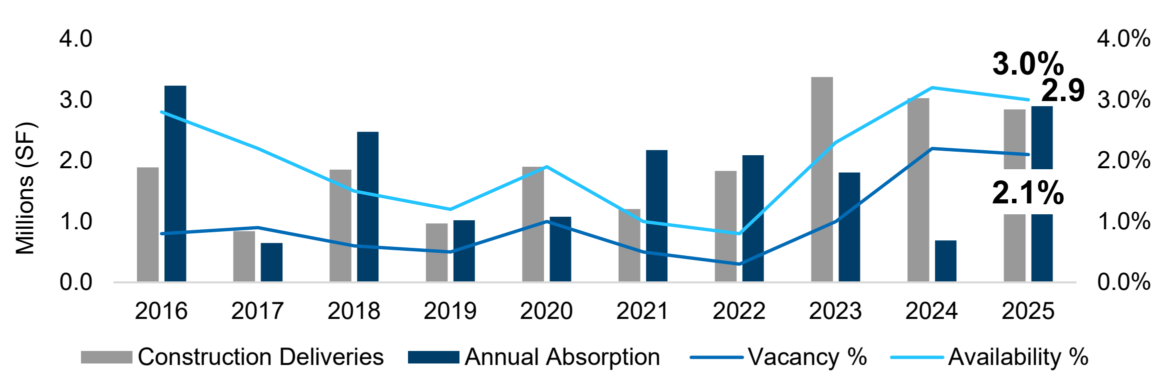
Tenant/Occupant	Building	Type	SF
Element Event Solutions	601-607 Milner Avenue, Scarborough	Lease	242,190
Undisclosed	160 Carrier Drive, Toronto	Lease	239,950
Brunswick Bierworks	454 Evans Avenue, Etobicoke	Lease	158,610
Undisclosed	105 Commander Blvd., Scarborough	Lease	80,000
Magic B.M. Trading	473-475 Garyray Drive, North York	Lease	60,000

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

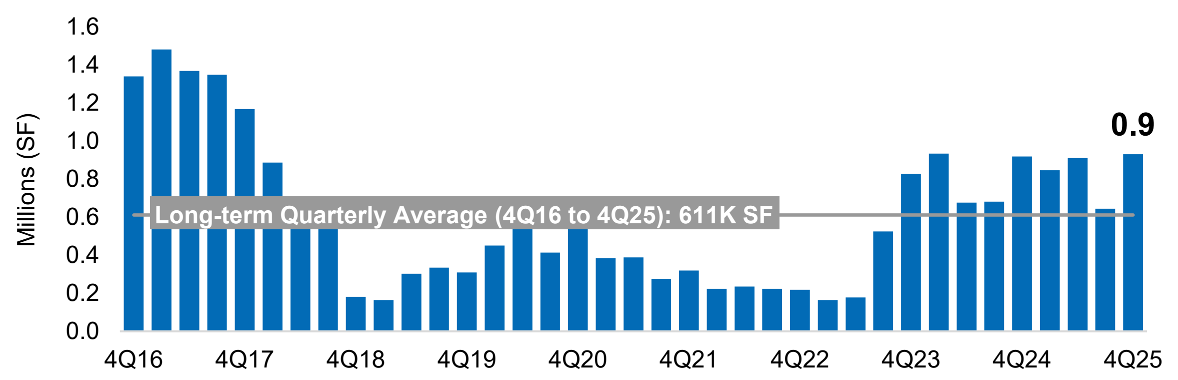
York Region

York Region was tied (with Toronto) as the tightest submarket in the GTA with vacancy at 2.1% at the end of 2025 while also dominating the region with positive annual absorption of ~2.9 msf . Sublease availability remained limited while the submarket maintained the GTA's highest average rent. A massive surge in new supply at the end of 2025 had minimal impact on market metrics due to the high levels of demand for space that saw vacancy and availability remain largely unchanged. With 10 buildings comprising ~2.2 msf still under construction and sublease availability remaining slightly elevated but stable, strong demand in York Region will likely fuel lease rate growth along with tight vacancy through 2026.

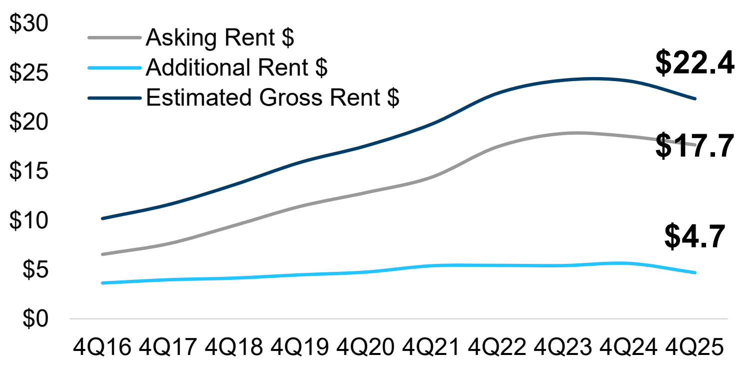
York Region Industrial Submarket Fundamentals



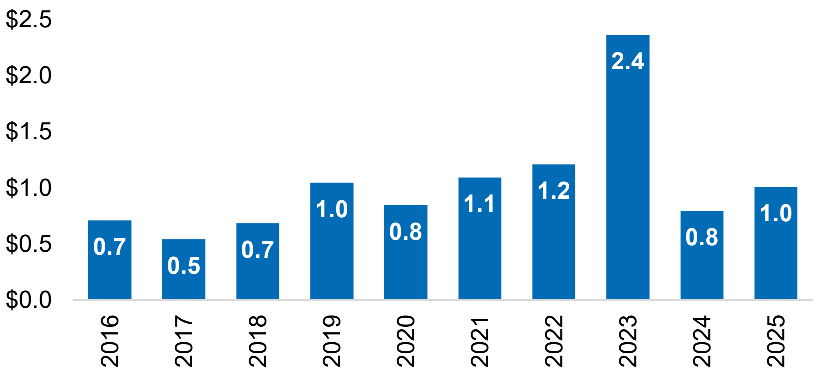
York Region Historic Sublease Availability



York Region Historic Industrial Rents – C$/SF



York Region Industrial Investment Volume (C$billions)*



Fourth Quarter Deals

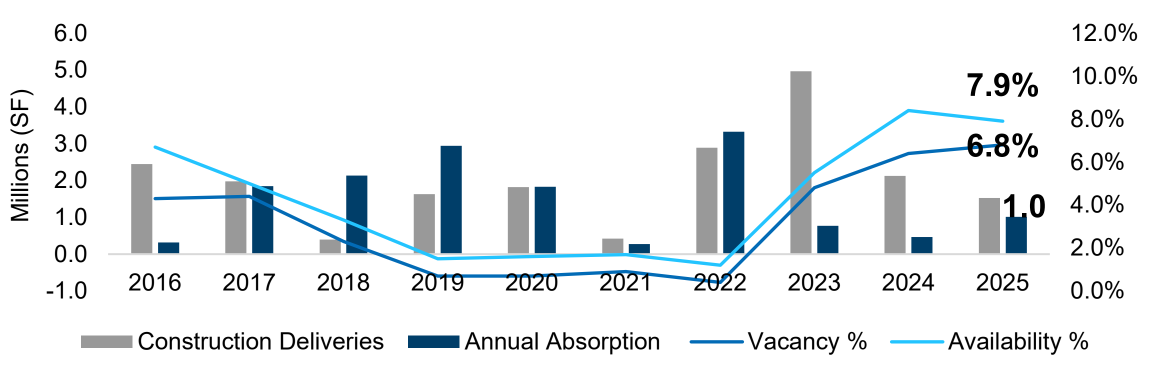
Tenant/Occupant	Building	Type	SF
Distribution Stox	8555 Huntington Road, Vaughan	Lease	288,600
Scholastic	1300 Ringwell Drive, Newmarket	Lease	204,300
V.A. Transport.	9501 Hwy. 50, Vaughan	Lease	146,120
Amico Group	112 East Beaver Creek Road, Richmond Hill	Sublease	132,150
Arrowhead Electrical Products	100 Pippin Road, Vaughan	Lease	113,440

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

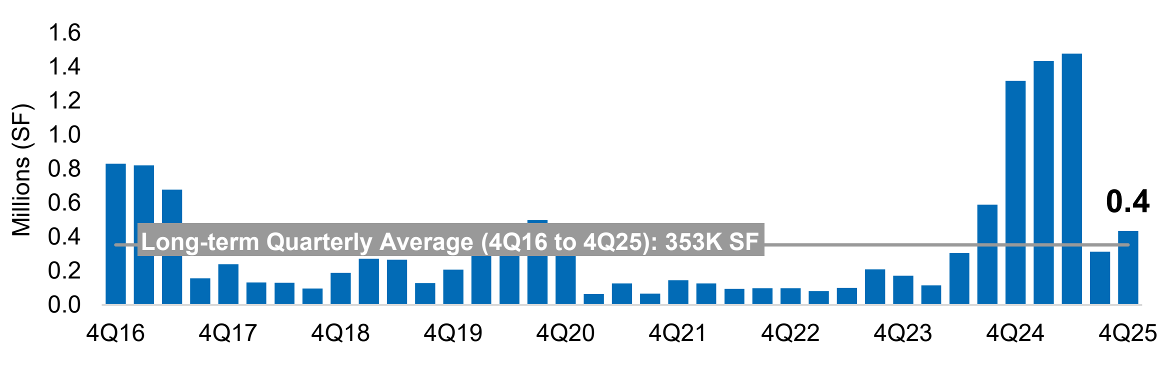
Halton Region

Halton had the highest industrial vacancy rate in the GTA at year-end 2025 due in part to significant oversupply delivered in 2023 followed by anemic annual absorption in the following 36 months that resulted in vacancy rising to a decade-high of 6.8% to finish 2025. Annual absorption in Halton Region did improve in 2025 to its highest total since 2022, which was partially the result of tenants who were keen to take up sublease space in the back half of 2025. Sublease availability dropped dramatically from 1.5% at mid-2025 to 0.4% six months later as tenants avoided head lease obligations but demonstrated that flexibility and value remained attractive in periods of economic uncertainty as rents remained stable.

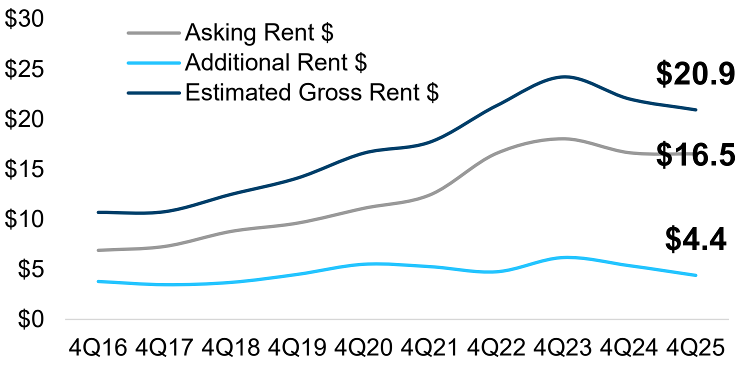
Halton Region Industrial Submarket Fundamentals



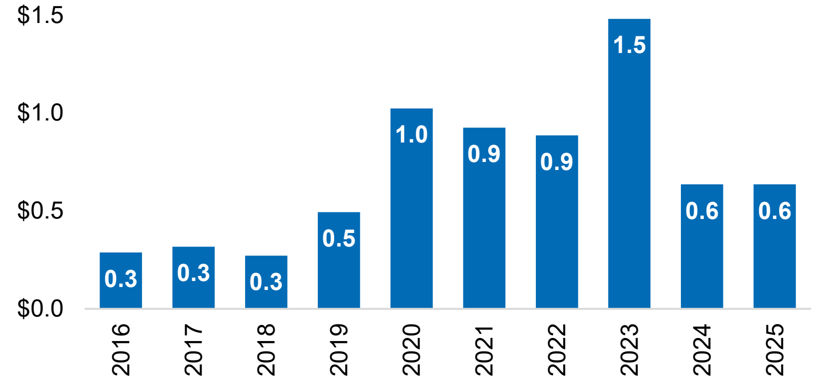
York Region Historic Sublease Availability



Halton Region Historic Industrial Rents – C$/SF



Halton Region Industrial Investment Volume (C$billions)*



Fourth Quarter Deals

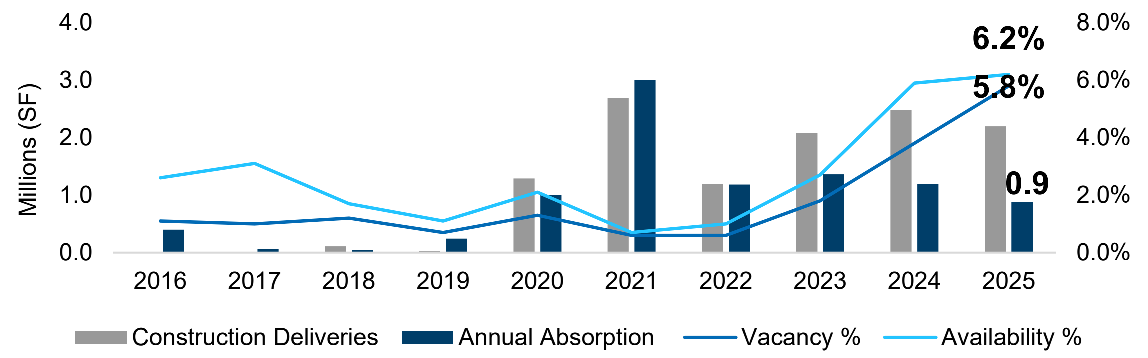
Tenant/Occupant	Building	Type	SF
Speedy Transport Group	11400 Steeles Avenue, Hornby	Renewal	439,910
Goodcang Logistics Canada	8119 Trafalgar Road, Halton Hills	Lease	364,590
DP World	625 Bronte Road, Oakville	Lease	291,325
JW Fulfillment	2100 Labrador Avenue, Milton	Lease	265,800
Uni-Select	8039 Fifth Line, Halton Hills	Expansion	140,140

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

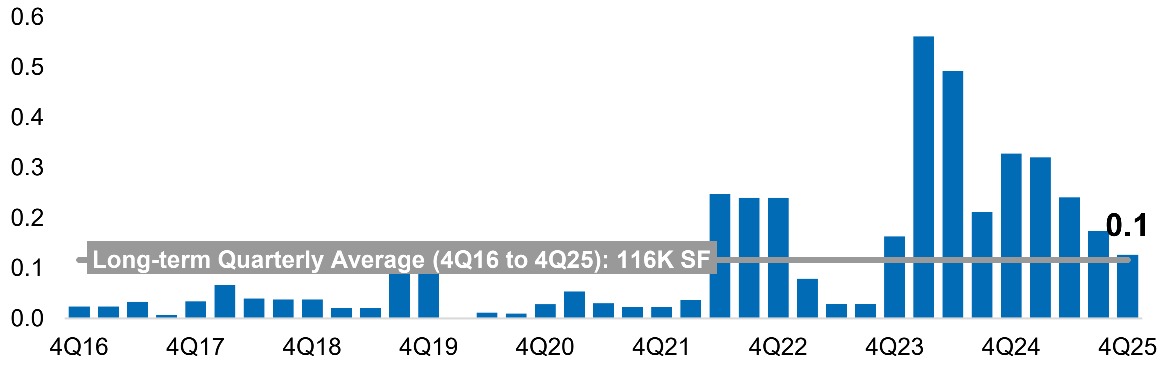
Durham Region

Delivery of new supply in 2025 (and in 2023/24) amid weakening absorption led vacancy to climb 190 basis points (bps) to 5.8%, up from 3.9% 12 months earlier. Annual absorption in 2025 slipped to its lowest level since 2019; however, value-seeking tenants continued to take advantage of Durham Region's lower rents, particularly for sublease space, which declined by more than 61% at year-end 2025 from a year previous. Sublease availability fell to lowest point since mid-2023, just slightly above the 10-year average. The delivery of new supply also likely provided upward pressure on rental rents despite rising vacancy and availability. Six buildings totalling ~610k sf were under construction at year-end 2025.

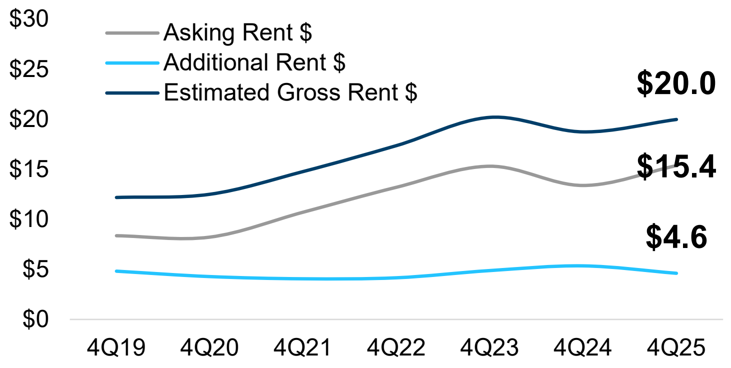
Durham Region Industrial Submarket Fundamentals



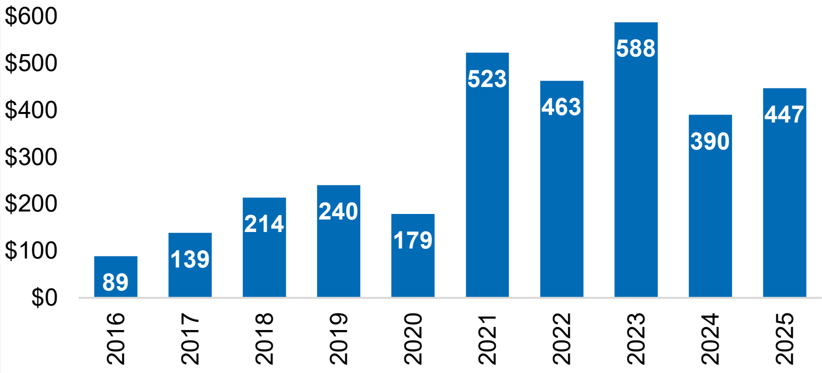
Durham Region Historic Sublease Availability



Durham Region Historic Industrial Rents – C$/SF



Durham Region Industrial Investment Volume (C$millions)*



Fourth Quarter Deals

Tenant/Occupant	Building	Type	SF
Undisclosed	1900 Boundary Road, Whitby	Lease	254,000
Promotional Products Fulfillment & Distribution	901 Hopkins Street, Whitby	Lease	146,540
Undisclosed	689 Salem Road North, Ajax	Lease	90,640
Black & McDonald	202 S. Blair Street, Whitby	Lease	16,800
Undisclosed	901 Dillingham Road, Pickering	Lease	10,220

Source: Newmark Research, Altus Data Studio, CoStar

* excluding non-arms length transactions

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