Q2 2026

Market Insights Report | Toronto, ON

INDUSTRIAL

cresa

GTA Overview | Q2 2026

SUPPLY
752,906,418 SF

VACANCY
3.8%

AVG. NET RENT
$16.23 PSF

NET ABSORPTION
2,233,804 SF

The market is showing clear signs of stabilization after several quarters of rising vacancy rates. Boosted by absorption of significantly sized blocks of space, this is likely a prelude to rising rental rates and shrinking inducements.

Vacancy:

Overall vacancy and availability in the Greater Toronto Area (GTA) declined to 3.8% and 5.5% respectively in Q2 2026, as development pipelines continued to shrink and leasing activity picked up in key markets such as Mississauga, Vaughan and Milton, leading to tighter vacancy. In the coming quarters, this downward pressure will begin to be felt in other sub-markets as well.

Market Rent & Lease Volume:

Rental rates have seen a modest decline, with the average net rent rates across the GTA at $16.23 PSF, a decrease of less than 1% from the previous quarter. This is driven primarily by demand for large blocks of warehouse space from 3PL companies.

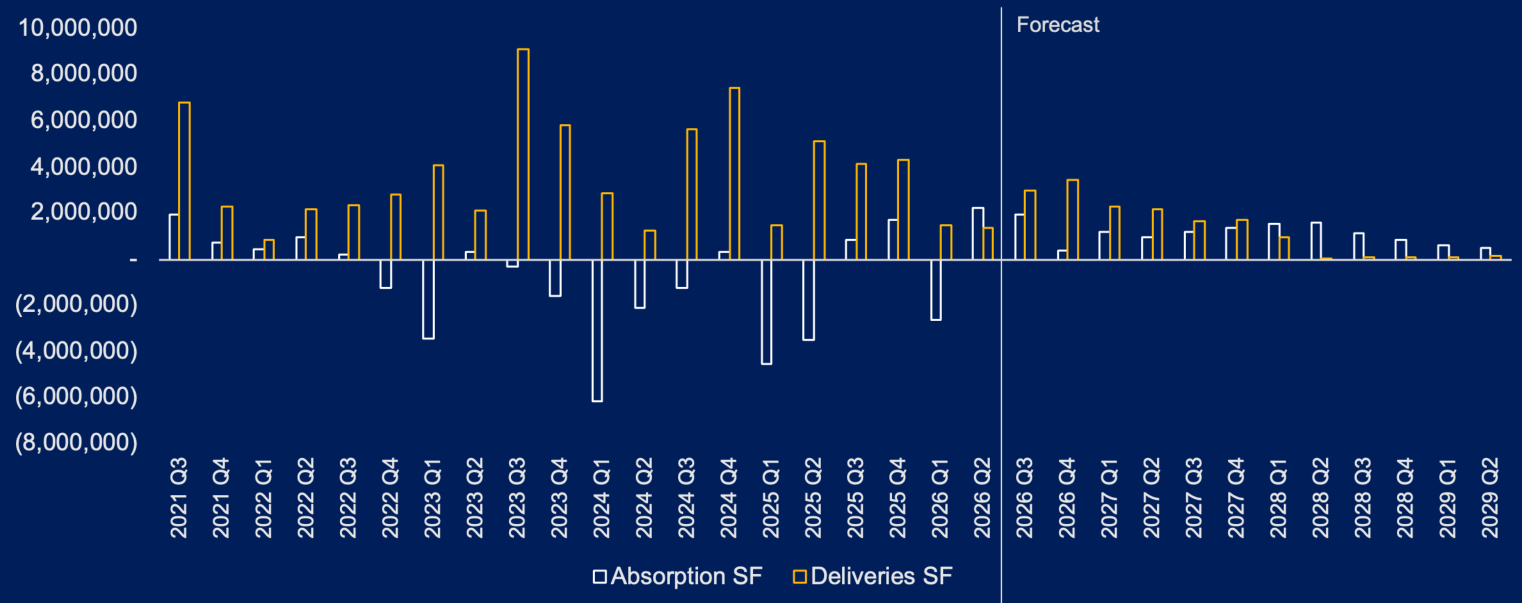
Market Trend in Focus:

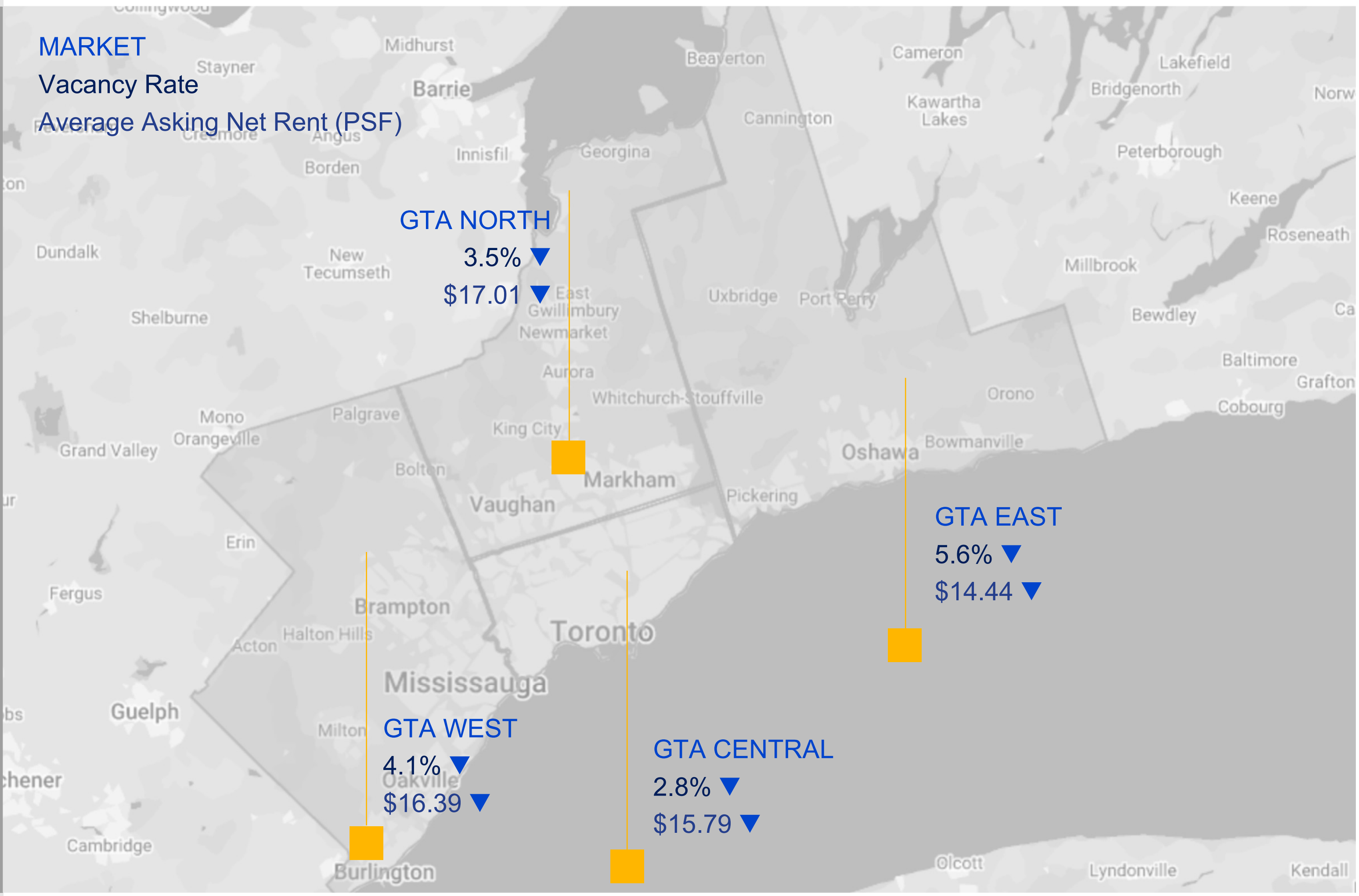
Demand that was pent up through the first half of last year is now working its way back through the pipeline. Requirements did not disappear, they went on hold, held back by tenants waiting for clearer signals before committing to space decisions. Tenants have stopped expecting the trade uncertainty to resolve anytime soon and are now making decisions within that instability rather than waiting further.

Notable Cresa Transactions:

Address	Size (SF)	Market
20 Can-Ar Gate	76,213 SF	Vaughan
4299 14th Avenue	54,400 SF	Markham
1218 South Service Road West	51,145 SF	Oakville

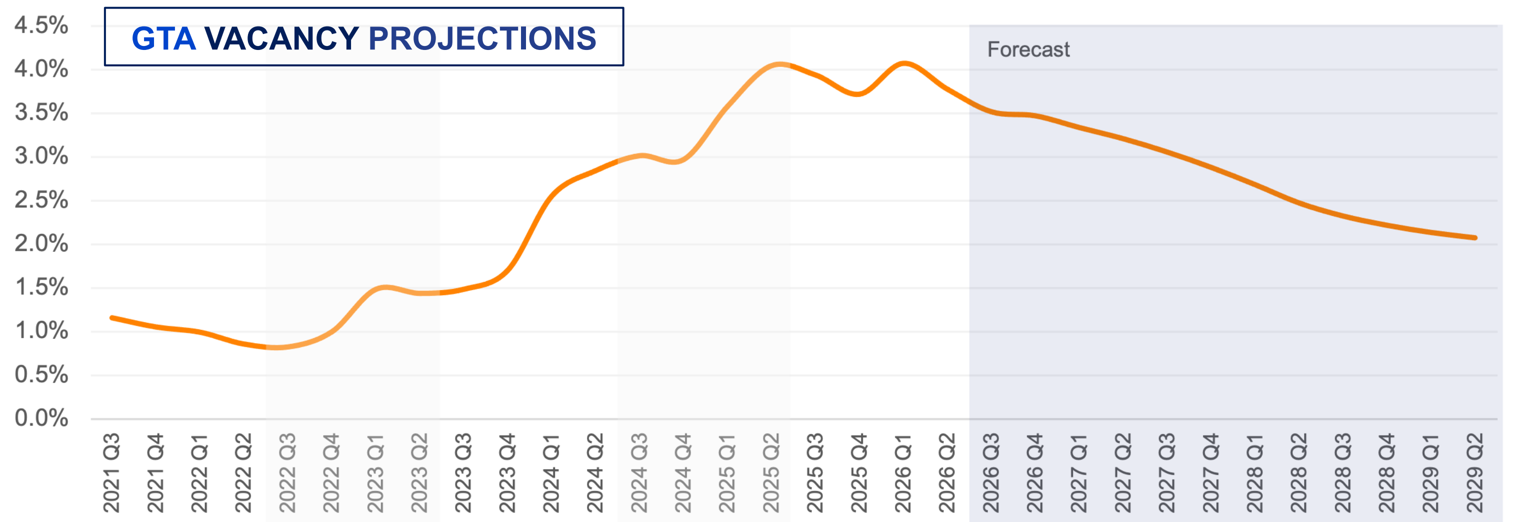
GTA Overview | Absorption & Construction





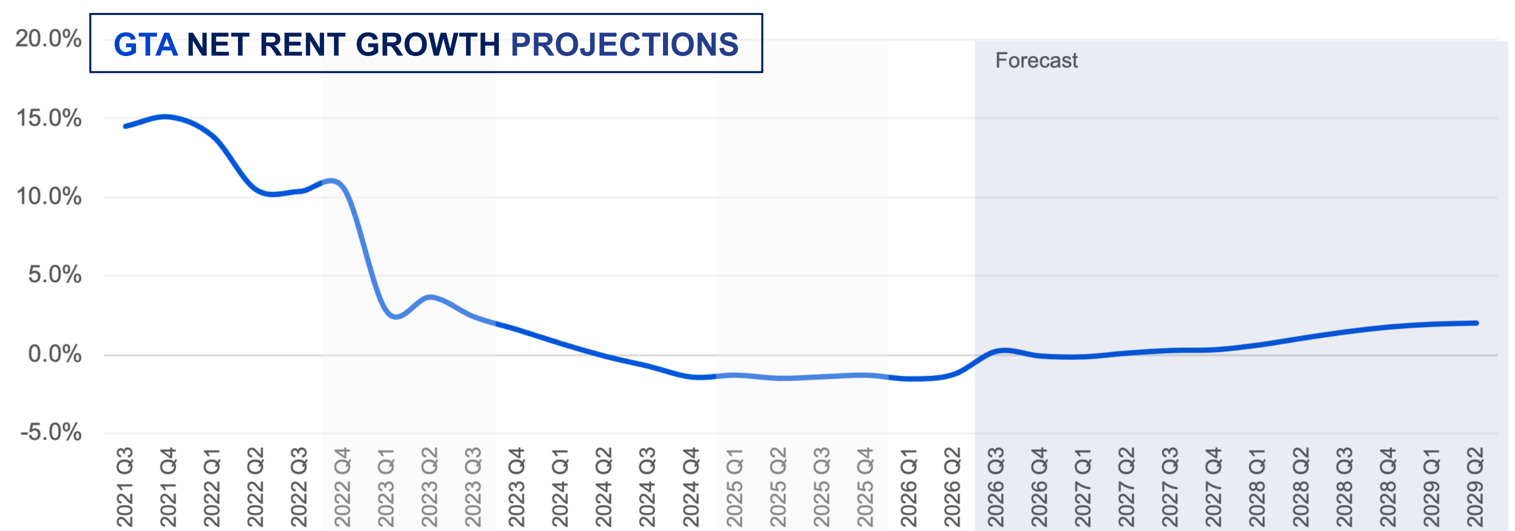
Widening gap between second-gen and new space.

When vacancy was at its lowest, quality made little difference to tenants making space decisions, as there was simply no available space to be selective about. As space returned to the market, tenants gravitated towards facilities with higher clear heights, greater density, and more loading doors. This flight to quality continues to widen the gap between new space and secondary product.



Take control of your occupancy costs.

As building systems age, a roof replacement or an HVAC overhaul can push TMI sharply higher, and that increase lands directly on the tenant's side of the ledger. Negotiating a cap on increases to Additional Rent at the lease negotiation stage gives tenants a ceiling on these costs, protecting against the kind of capital expenditure surprises that erode the value of an otherwise favourable deal.



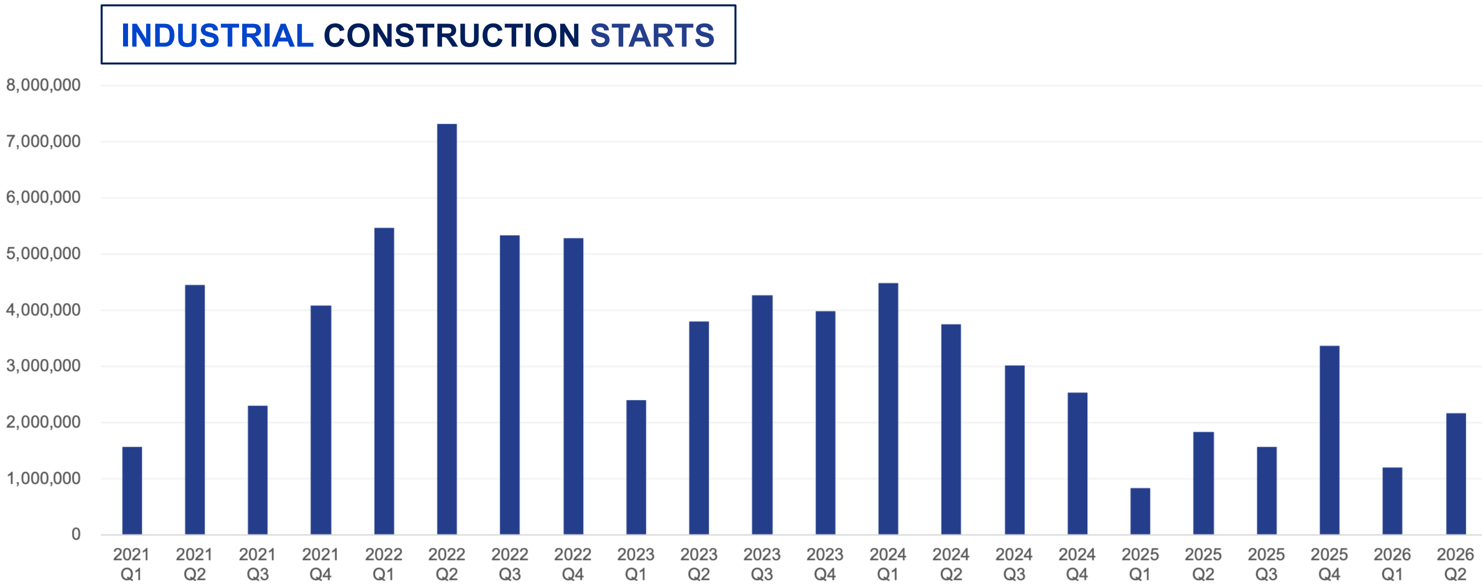
Source: Cresa Research, CoStar

Inflation:

Inflation continues to temper investment appetite across the industrial sector. Persistent geopolitical conflict and a cooling labour market pushed the Bank of Canada to hold rates steady, a pause continuing through the July 2026 meeting. Economists still expect inflation to ease gradually, though the timing and magnitude of future cuts remain uncertain. Canada's economy, by contrast, has held up as resilient through this period, giving industrial occupiers and investors a steadier backdrop despite that uncertainty.

Construction:

The industrial construction cycle in the GTA is winding down. Development activity peaked in mid-2022, right before interest rates began their rapid climb. That pipeline surge worked its way through to a delivery peak in Q4 2024. Completions have moderated steadily since, on a quarter over quarter basis. Deliveries are forecasted to be nearly 2 million SF per quarter through 2026, then drop off sharply, falling below 1 million SF per quarter by late 2027.



Source: CoStar, StatsCan

Market	Supply (SF)	Vacancy %	Availability %	Avg. Asking Net Rent (PSF)	Under Construction (SF)	YoY Net Absorption (SF)
Brampton	101,488,466	4.7%	7.0%	$16.63	3,924,916	101,488
Burlington	22,525,380	5.1%	6.8%	$14.48	111,925	18,020
Caledon	17,791,821	2.7%	4.5%	$16.09	4,573,532	71,167
Halton Hills	9,452,936	4.2%	6.8%	$16.40	0	116,271
Milton	30,344,039	8.0%	10.2%	$16.33	0	606,881
Mississauga	162,322,073	2.6%	4.5%	$16.52	1,021,778	324,644
Oakville	25,283,033	6.5%	9.0%	$16.54	0	75,849
GTA West	**369,207,748**	**4.1%**	**6.2%**	**$16.39**	**9,632,151**	**1,314,321**

Aurora	6,541,948	2.6%	4.2%	$17.46	0	13,084
Markham	25,428,244	4.6%	6.1%	$16.99	1,002,362	152,569
Newmarket	7,119,127	3.5%	6.2%	$16.59	578,120	-121,025
Whitchurch-Stouffville	2,145,943	0.1%	0.2%	$13.25	566,861	0
Richmond Hill	11,149,675	2.6%	3.8%	$16.89	455,606	22,299
Vaughan	97,083,027	3.5%	4.8%	$17.12	1,595,815	582,498
GTA North	**149,467,964**	**3.5%**	**4.9%**	**$17.01**	**4,198,764**	**649,426**

Source: Cresa Research, CoStar

Market	Supply (SF)	Vacancy %	Availability %	Avg. Asking Net Rent (PSF)	Under Construction (SF)	YoY Net Absorption (SF)
Ajax	12,405,972	7.6%	10.0%	$15.22	0	-24,812
Oshawa	13,696,569	1.6%	2.1%	$13.92	0	68,483
Pickering	10,157,667	7.6%	9.4%	$14.92	903,666	-60,946
Outlying Durham	5,734,007	2.4%	3.9%	$12.95	29,500	-45,872
Whitby	12,071,008	7.8%	10.4%	$14.54	224,787	120,710
GTA East	**54,065,223**	**5.6%**	**7.3%**	**$14.44**	**1,157,953**	**57,563**
East York	5,401,025	2.5%	4.6%	$16.11	0	37,807
Etobicoke	57,024,874	3.1%	4.5%	$15.82	50,000	114,050
North York	52,236,062	2.6%	3.6%	$15.77	0	104,472
Scarborough	53,398,082	3.2%	4.3%	$15.61	946,619	-53,398
Toronto	4,237,324	0.7%	0.9%	$16.97	0	1,695
York	7,868,116	1.0%	1.8%	$16.11	-31,636	7,868
GTA Central	**180,165,483**	**2.8%**	**4.0%**	**$15.79**	**964,983**	**212,494**
GTA Overview	**752,906,418**	**3.8%**	**5.5%**	**$16.23**	**15,953,851**	**2,233,804**

Source: Cresa Research, CoStar

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About Cresa Toronto

Cresa is the world's leading global commercial real estate advisory firm that exclusively represents occupiers. The Toronto office, an employee-owned Canadian company that services clients across the province, was founded in 1989 as LNR Corporation. In 1993, LNR Corporation entered into a partnership with Cresa, recognizing the opportunity to strengthen its geographic capabilities and provide a great scope of services for present and future clients.

Our mandate is to partner with clients to deliver them the best value. We work with organizations of all sizes and industries, spanning across Canada, to align their business plans and their real estate needs, increase their productivity, and consistently save them money. Our integrated team of real estate advisors, project managers, designers, and analysts listen to occupiers' needs, meticulously researches market conditions, firmly negotiates terms, and manages the design and construction of projects to customize the best possible occupancy solutions.

To explore our latest findings and discover new strategies, please visit cresatoronto.com

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