Q2 2026

Market Insights Report | Toronto, ON

OFFICE

GTA Overview | Q2 2026

SUPPLY	VACANCY	AVG. NET RENT	NET ABSORPTION
192,145,951 SF	16.1%	$25.34 PSF	612,271 SF

Net absorption of office space kept its momentum, staying positive for the first half of 2026, driven primarily by Class A space in the Financial Core. The overall office market recovery is fragile though, undercut by hybrid work, contracting knowledge sector jobs and corporate review of facility costs.

Vacancy:

Overall vacancy in the Greater Toronto Area (GTA) continued to decline in Q2 2026 after the first decline reported last quarter since the onset of the pandemic. Across the GTA, vacancy dropped by 0.3 percentage points this quarter, to 16.1%.

Market Rent & Lease Volume:

Leasing activity has improved modestly compared to 2023-2024 levels, but much of it consists of renewals and relocations to higher-quality buildings, not net new absorption. To attract and retain tenants, especially in struggling submarkets, landlords continue to offer incentives such as free rent and robust tenant improvement allowances.

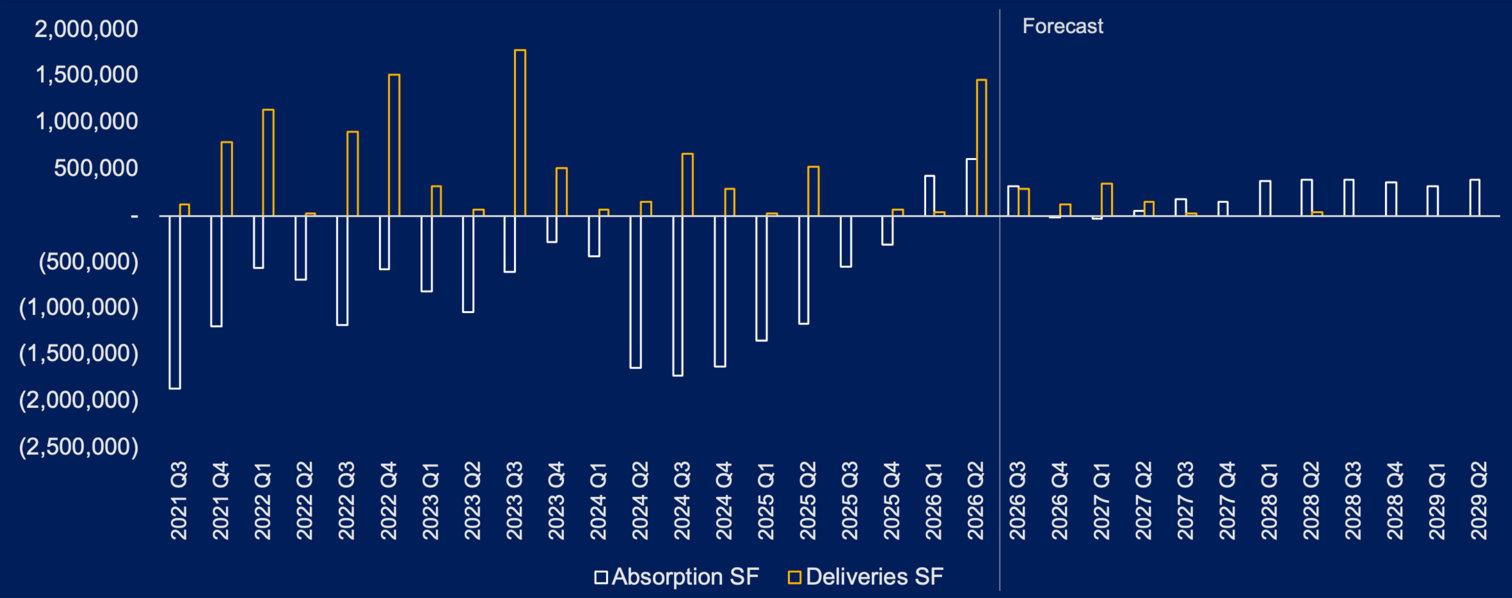
Market Trend in Focus:

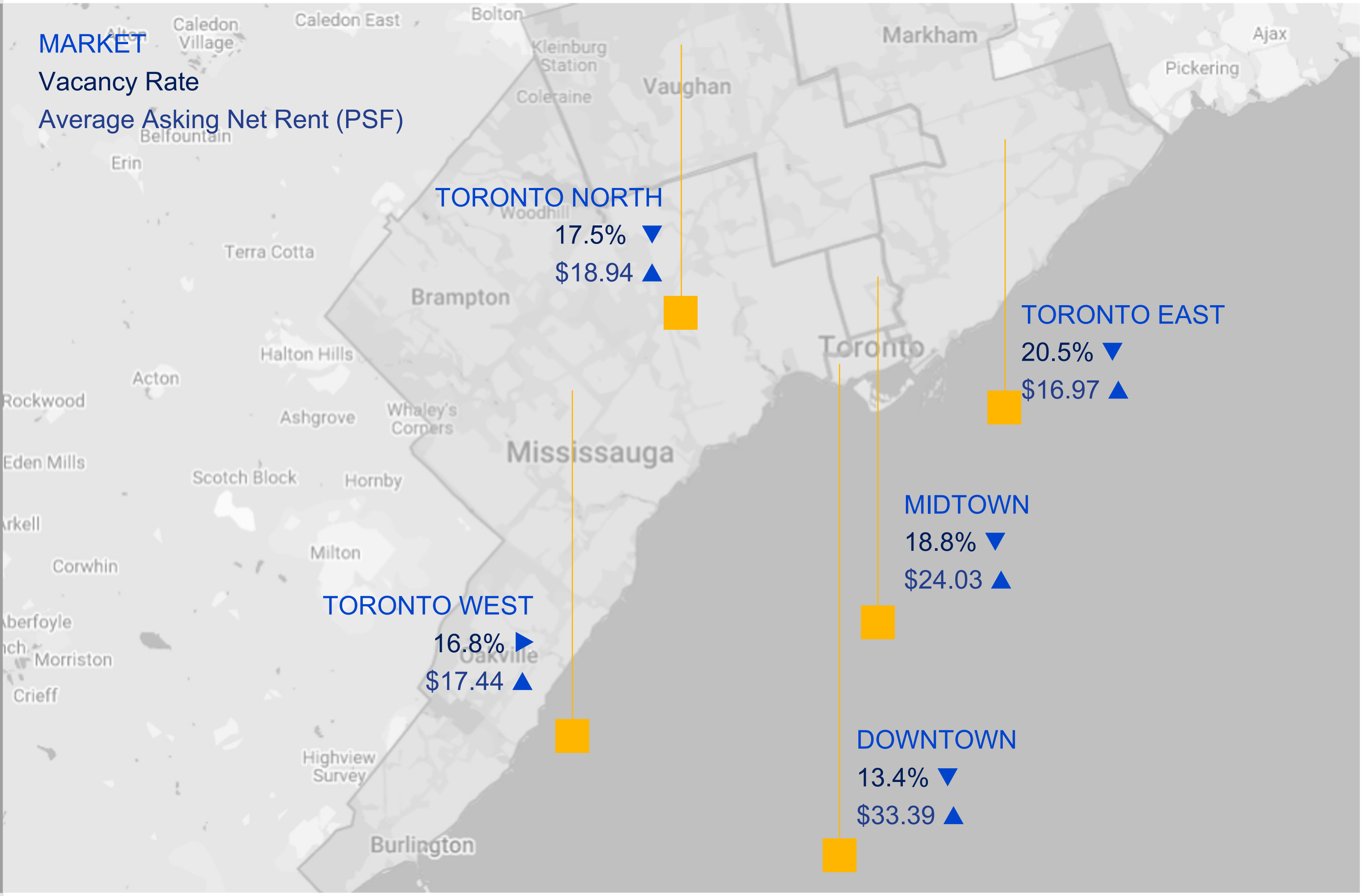
Downtown West's office market is stabilizing on the back of sustained fintech demand. Wealthsimple leased the entire 460 Front St W building at The Well, roughly 120,000 SF, while Stripe took 220,000 SF and Nvidia signed for 32,000 SF, both at Portland Commons. Fintech and finance-linked operators are chasing collaboration-focused space, strong amenities, and cost efficiency over trophy pricing, and Downtown West's leasing volume shows it delivers on all three.

Notable Cresa Transactions:

Address	Size (SF)	Market
145 East Liberty Street	38,010 SF	King/Dufferin
5015 Spectrum Way	25,366 SF	Airport Corp. Centre
526 Richmond Street East	8,311 SF	Downtown East

GTA Overview | Absorption & Construction

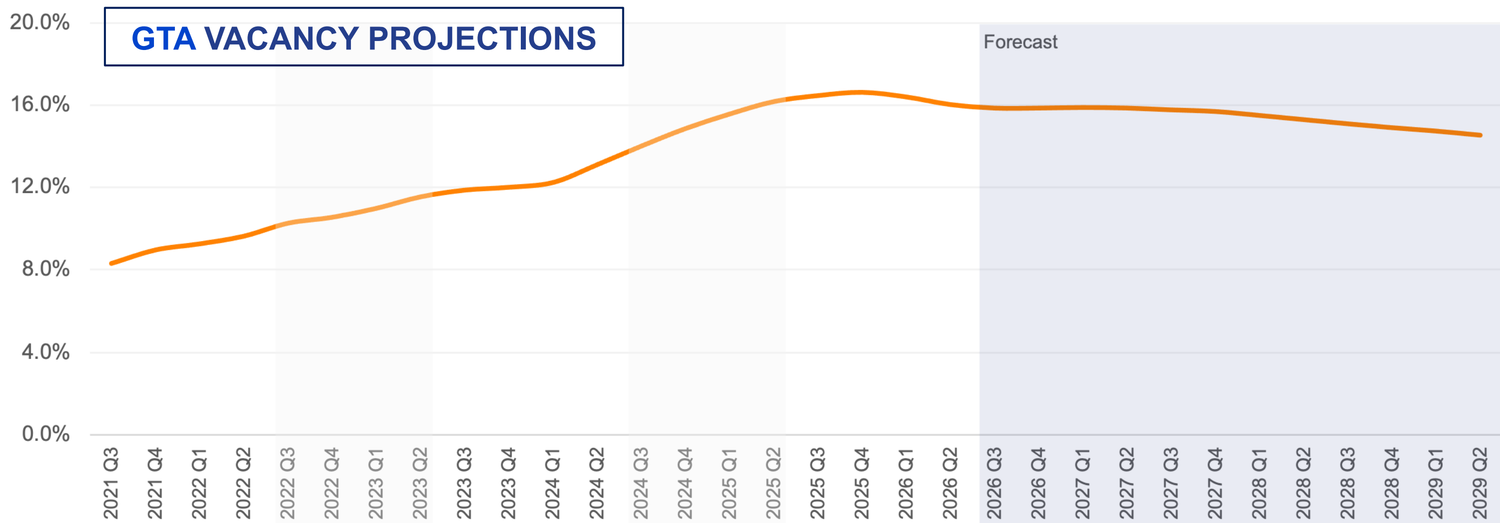




Source: Cresa Research, CoStar

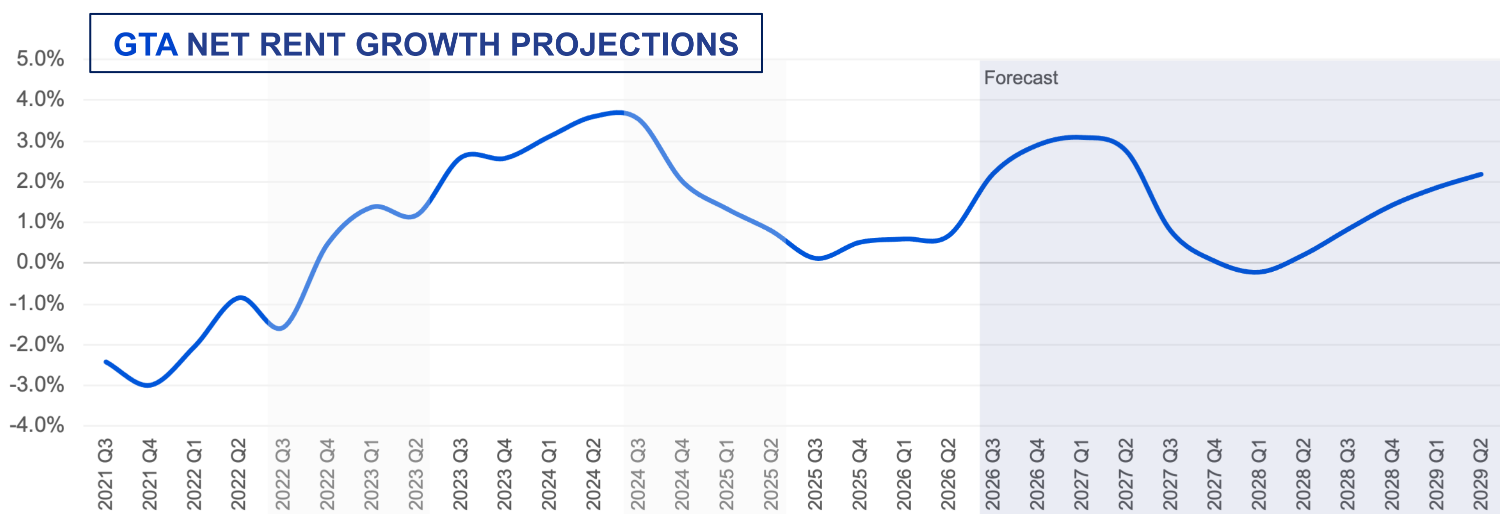
Flight to quality reaches its limits.

The flight to quality that has defined leasing activity over the past two years is running out of runway. AAA space in the Financial Core is thinning out fast. Demand is now spilling into Core-adjacent markets and suburban nodes. Tenants are finding that their first choice no longer exists, and those negotiating from a position of strength are already treating adjacent markets as a legitimate option rather than a fallback.



What is your Landlord not telling you?

The commercial real estate market is short-term and reactive. As conditions shift in landlords' favour it does not mean tenants are out of options. Landlords rarely disclose vacancy trends, upcoming capital costs, or comparable deals signed elsewhere in the building, and that gap is where tenants lose value at the table. Cresa's role is to close that gap and put tenants back on equal footing.



Source: Cresa Research, CoStar

GDP Growth:

Ontario's real GDP grew an estimated 1.2% in 2025, outperforming the province's own 2025 Budget expectation of 0.8%, and the private-sector consensus now points to roughly 1.1% growth for 2026. That is not a strong number. It is, however, a stable one, and stability is what leasing decisions have been starved of since 2020. This stability gives tenants the confidence to sign longer-term deals.

SUMMARY OF ONTARIO'S ECONOMIC OUTLOOK

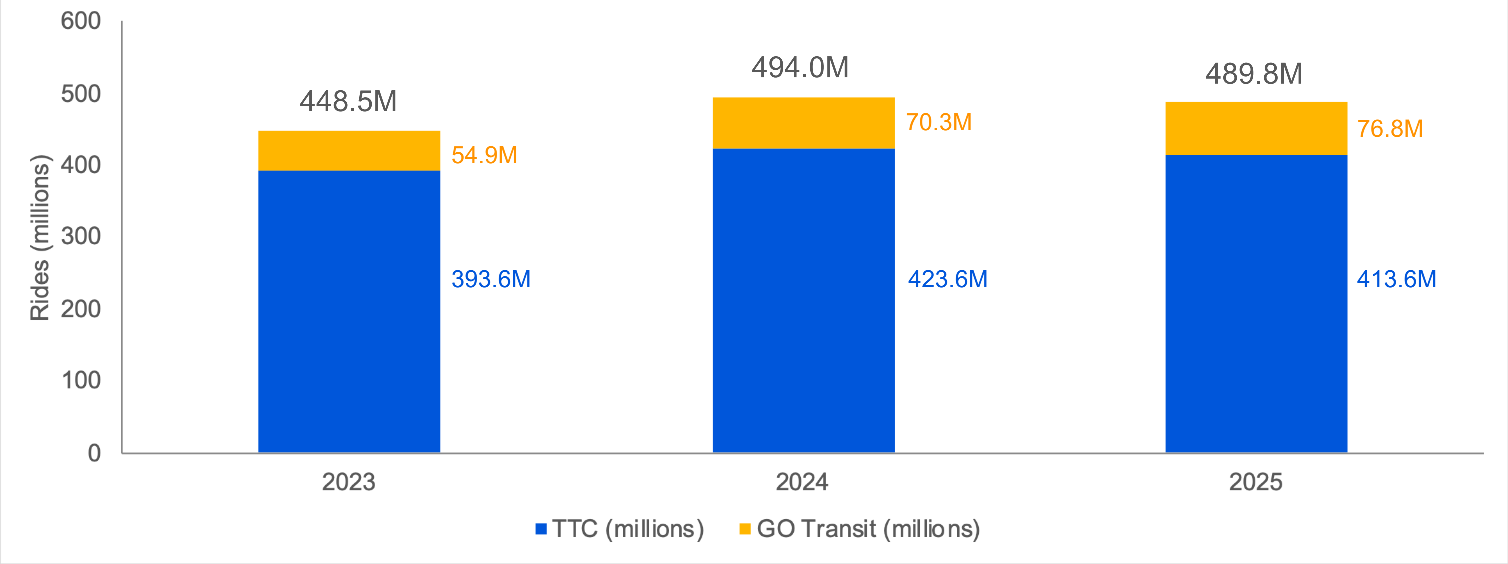
(Per Cent)

Item	2025	2026p	2027p	2028p	2029p
Real GDP Growth	1.2e	1.0	1.7	1.8	2.0
Nominal GDP Growth	4.2e	3.2	3.9	3.7	3.9
Employment Growth	1.0	0.5	0.7	0.8	1.1
CPI Inflation	1.9	2.1	2.0	2.0	2.0

e = estimate.
p = Ontario Ministry of Finance planning projection based on external sources as of January 16, 2026

Transit Ridership:

GO transit ridership jumped 40% from 2023 to 2025 (54.9M to 76.8M trips) while TTC ridership slipped over the same span, pushing GO transit's share of combined GTA transit trips from 12.2% to 15.7%. That shift reflects where the workforce now lives relative to where they work: households pushed to the outer suburbs by housing costs and the pandemic are relying more on GO transit relative to the TTC, reinforcing demand for well-connected suburban and near-Union station office properties, as TTC-only buildings face a tougher commuter draw.



Source: Ontario Ministry of Finance, Statistics Canada

Market	Supply (SF)	Vacancy %	Sublet Space % of total vacancy	Avg. Asking Net Rent (PSF)	Under Construction (SF)	YoY Net Absorption (SF)
Financial Core	28,560,124	9.7%	5.7%	$39.44	0	257,041
Outer Fin. Core	21,081,385	14.4%	10.0%	$31.92	0	42,163
Downtown North	8,272,786	14.4%	3.5%	$23.99	186,969	-16,546
Downtown South	14,361,750	9.6%	14.4%	$33.45	0	14,362
Downtown West	8,742,433	22.8%	10.2%	$30.61	0	34,970
Downtown East	3,587,638	18.9%	25.0%	$28.82	106,969	-21,526
King/Dufferin	3,158,085	21.4%	9.3%	$25.72	0	56,846
Downtown	**87,764,201**	**13.4%**	**9.3%**	**$33.39**	**293,938**	**367,309**

Bloor	8,400,838	21.5%	27.3%	$26.22	29,703	16,802
St. Clair	2,574,596	16.2%	2.3%	$28.63	0	18,022
Eglinton	4,926,583	15.5%	2.4%	$17.88	0	9,853
Midtown	**15,902,017**	**18.8%**	**15.5%**	**$24.03**	**29,703**	**44,677**

North Yonge Corridor	8,814,902	26.0%	3.6%	$20.60	175,000	-26,445
Vaughan	4,826,577	10.1%	4.7%	$19.16	97,918	53,092
North Toronto Region	1,484,014	9.2%	3.0%	$17.12	0	-7,420
North York West	3,167,076	9.2%	0.0%	$14.85	51,397	34,838
Toronto North	**18,292,569**	**17.5%**	**3.2%**	**$18.94**	**324,315**	**54,065**

Source: Cresa Research, CoStar

Market	Supply (SF)	Vacancy %	Sublet Space % of total vacancy	Avg. Asking Net Rent (PSF)	Under Construction (SF)	YoY Net Absorption (SF)
427 Corr/Bloor	2,986,257	25.0%	1.5%	$16.79	0	8,959
Airport Corp. Centre	8,155,270	19.0%	18.5%	$17.02	0	-24,466
Brampton	2,923,254	8.2%	15.0%	$16.65	140,990	5,847
Miss. City Centre	3,935,249	21.8%	0.2%	$17.96	51,839	-27,547
Hwy 10/Hwy 401	4,105,828	13.2%	4.4%	$18.75	0	28,741
Meadowvale	4,765,345	18.9%	4.1%	$18.97	0	57,184
Mississauga South	1,648,038	6.0%	1.4%	$14.96	0	6,592
Oakville	5,808,928	12.9%	7.2%	$17.96	0	17,427
Burlington	4,602,582	18.6%	7.1%	$16.11	0	-73,641
Toronto West	**38,930,751**	**16.8%**	**8.1%**	**$17.44**	**192,829**	**-905**
Consumers Road	3,808,323	28.1%	7.5%	$16.20	0	68,550
DVP North/Dunc. Mill	2,165,059	26.5%	0.0%	$16.99	0	-41,136
DVP South/Don Mills	3,438,081	27.8%	0.0%	$15.41	0	-41,257
G. Baker/Vic Park	2,160,197	21.1%	3.9%	$17.45	0	17,282
Markham/Rich. Hill	9,873,879	15.3%	5.0%	$18.41	145,861	128,360
Scarborough	4,946,000	22.2%	2.4%	$15.95	0	44,514
Steeles/Woodbine	4,864,874	15.0%	1.9%	$16.54	41,439	-29,189
Toronto East	**31,256,413**	**20.5%**	**3.4%**	**$16.97**	**187,300**	**147,123**
GTA Overview	**192,145,951**	**16.1%**	**8.0%**	**$25.34**	**1,028,085**	**612,271**

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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