Greater Toronto industrial market report

Q2 2026

AVISON YOUNG

Market key indicators

▼

2.7%

total vacancy

3.0% at Q1 2026

▼

25.5 msf

total vacancy

28.4 msf at Q1 2026

▲

10.8 msf

under construction (30% pre-leased)

10.5 msf at Q1 2026

▲

9.0 msf

net absorption (ytd)

4.5 msf at Q2 2026

▼

$16.20

average asking net rent (psf)

$16.38 psf at Q1 2026

▼

$355

average sale price (psf)

$361 psf at Q1 2026

Greater Toronto industrial market trends

01

Flight to quality continues to drive demand

A flight-to-quality trend continues to shape GTA industrial leasing activity, with occupiers prioritizing modern facilities that offer operational efficiencies, strong transportation access, higher clear heights, and enhanced logistics capabilities. This preference was evident in several of the quarter's largest lease transactions and helped drive 4.5 million sf of positive absorption in Q2, contributing to a 50-basis-point year-over-year decline in vacancy. As tenants continue to optimize supply chains and improve operational efficiency, demand remains concentrated in newer, institutional-quality assets. In contrast, older facilities with outdated specifications are experiencing longer lease-up periods and greater availability, further highlighting the widening performance gap between premium and legacy industrial product. These trends are also becoming increasingly evident in investment activity, as investors continue to favour high-quality assets with strong tenant covenants and long-term income stability.

02

Developers adopt a more disciplined approach to new supply

Project completions and new construction starts have fallen from the highs recorded a few years ago, driven by elevated development costs, heightened leasing risk, and less certainty surrounding investment returns. These market conditions have encouraged a more disciplined and selective development environment. The under-construction pipeline now consists of 31 buildings totalling 10.8 million sf, down from 74 buildings and 18.7 million sf three years ago. As market conditions normalize, developers are becoming increasingly selective, placing greater emphasis on pre-leasing, build-to-suit opportunities and projects backed by committed occupier demand. This shift away from speculative development is helping align future supply more closely with tenant requirements, reducing oversupply risk and supporting a more balanced and sustainable industrial market over the longer term.

03

AI infrastructure creates new demand drivers

The rapid expansion of artificial intelligence, cloud computing, and digital infrastructure is emerging as a new demand driver for industrial real estate across the GTA. Growing investment in data centres is increasing demand for large development sites with access to power, water, and fibre connectivity, particularly within established industrial nodes. As governments and private-sector investors expand digital infrastructure, competition for industrial land and servicing capacity is expected to intensify. At the same time, increasing AI adoption across logistics, manufacturing, and transportation sectors may influence future building specifications, with occupiers placing greater emphasis on power-intensive operations, automation, and technology-enabled facilities. As a result, access to power and utility infrastructure is becoming an increasingly important factor in industrial development and site selection decisions across the GTA.

GTA overall

Positive absorption and falling vacancy signal renewed market tightening

Positive net absorption of 4.5 million sf was recorded in Q2 2026, building on the healthy absorption seen in the first quarter. This was accompanied by a 30-bps decline in the vacancy rate during the quarter to 2.7%, bringing vacancy 50 bps below the level recorded one year earlier. Sublet vacancy totalled more than 2.7 million sf, accounting for approximately 15% of total vacant space across the GTA. Steady leasing activity supported an overall reduction in vacant area across most submarkets. Vacancy declined by 60 bps in the West to 3.0%, by 20 bps in the North to 2.0%, and 10 bps in Central to 2.2% while an increase was recorded in the East (up 60 bps to 4.4%).

Key lease transactions signed during the second quarter of 2026 included ID Logistics' 1.1-msf lease at 10725 Louis St. Laurent Ave. in Milton, Staples' 331,600-sf lease at 8945 Torbram Rd. in Brampton, and Noble House Home Furnishings' 295,300-sf lease at 8500 Mount Pleasant Way in Milton.

Tenant demand in the GTA continued to be led by logistics and distribution users, followed by manufacturing, technology and pharmaceutical firms, consumer goods and services and retail and e-commerce tenants.

The average asking net rental rate declined by $0.18 to $16.20 psf in Q2 2026. On a year-over-year basis, asking rents decreased by approximately 6.3% and were 11% lower than three years ago. Despite recent softening, average net rents have increased by 48% over the past five years. GTA North recorded the highest average net rental rates at $17.58 psf, while GTA Central remained the most economical submarket at $15.14 psf.

First-quarter completions totalled 1.9 msf across five buildings, with a combined total vacancy rate of 56% upon delivery. At quarter-end, 31 buildings totalling 10.8 million sf were under construction across the GTA. GTA West accounted for 66% of construction activity, followed by GTA North at 16% and GTA Central at 15%, and GTA East at 3.0%. An additional 175 buildings were in the pre-construction stage, representing the potential addition of approximately 62 million sf (1% pre-leased) across the GTA market.

Q2 2026	Quarter-over-quarter
961M sf inventory	↑
25M sf vacant area	↓
$16.20 psf average asking net rental rate	↓
$355 psf average sale price psf	↓
10.8M sf 31 buildings under construction	↑

GTA Central

Scarborough anchors Central market construction activity

Vacant space in the Central market decreased by 20 bps quarter-over-quarter to 2.2%, reflecting continued occupier demand and limited availability across much of the submarket. Vacancy rates ranged from a high of 3.7% in East York to a low of 1.3% in North York. Sublet vacancy totalled 579,700 sf, representing approximately 10% of total vacant space in the submarket.

The average asking net rental rate declined to $15.14 psf during the quarter, down 10.4% year-over-year and 15% over the past three years, while remaining 40% higher than levels recorded five years ago. Toronto recorded the highest average asking rents at $18.29 psf, while Scarborough reported the lowest at $14.07 psf. Leasing activity remained steady throughout the quarter, highlighted by Mac Show Systems' 89,200-sf lease at 125 Bermondsey Rd. in Scarborough, and Jiufang E-Commerce Logistics' 62,900-sf lease at 160 Dwight Ave. in Etobicoke.

On the investment sales side, 2750 Morningside Ave. in Scarborough was acquired by GWL Realty Advisors for $112.4 million, or $337 psf, while 455 Gordon Baker Rd. in North York was purchased by owner-user Korsmet for $27.9 million, or $320 psf. In addition, 921 & 931 Progress Ave. in Scarborough was acquired by Kolt Investments for $26.7 million, or $299 psf, demonstrating continued investor interest in well-located industrial assets across the Central market.

No buildings were completed during the second quarter. However, seven buildings totalling 1.6 million sf were under construction, all located in Scarborough, and comprised a mix of single-tenant, multi-tenant, and condominium projects. A further 16 buildings were in the pre-construction stage, representing approximately 4.1 million sf of potential future supply, of which 7% was preleased at quarter-end.

Q2 2026	Quarter-over-quarter
262M sf inventory	↔
5.9M sf vacant area	↓
$15.14 psf average asking net rental rate	↓
$339 psf average sale price psf	↓
1.6M sf **7 buildings** under construction	↑

GTA East

Leasing momentum continues despite rising vacancy

Overall vacancy in the East market increased by 60 basis points quarter-over-quarter to 4.4% in the second quarter, reflecting continued shifts in occupier demand and available supply. Vacancy ranged from a high of 9.2% in Ajax to a low of 0.5% in Oshawa, highlighting varying market conditions across the region. Sublet vacancy totalled 260,600 sf, accounting for approximately 9% of total vacant space.

The average asking net rental rate decreased by $0.66 quarter-over-quarter to $15.43 psf. Despite the quarterly decline, rents remain elevated relative to historical levels, with growth of 3.8% year-over-year, a decrease of 3% over the past three years, and a significant increase of 94% over the past five years.

Leasing activity during the quarter was led by Tire Discounter Group, which executed a new lease for 60,200 sf at the recently completed 1701 Tricont Ave. in Whitby. Additional notable transactions included A Eco Friendly Pallet's new lease of 52,700 sf at 525 Finley Ave. in Ajax and Post Plastics' sublease of 15,500 sf at the neighbouring 505 Finley Ave.

Notable sales activity remained concentrated in large-format assets. Pure Industrial acquired 4670 & 4680 Garrard Rd. in Whitby for $190.5 million, or $245 psf. Pontegadea purchased 1680 Thornton Rd. N. for $187 million, or $493 psf, while Brookfield acquired 5185 Garrard Rd. for $55.5 million, or $238 psf.

No buildings were completed during the quarter. However, two buildings totalling 325,700 sf remained under construction in Whitby. Looking ahead, the development pipeline remains active, with 31 buildings totalling almost 7 million sf in the pre-construction stage. No leasing commitments have been reported for these projects to date.

Q2 2026	Quarter-over-quarter
64M sf inventory	↔
2.8M sf vacant area	↑
$15.43 psf average asking net rental rate	↓
$294 psf average sale price psf	↑
325,700 sf **2 buildings** under construction	↑

GTA North

Low vacancy reinforces GTA North's industrial market strength

The vacancy rate in the GTA North industrial market decreased by 20 bps quarter-over-quarter to 2.0% in Q2, while remaining the lowest among GTA submarkets. Sublet vacancy totalled 416,300 sf, accounting for 10% of overall vacant space.

Asking net rental rates averaged $17.58 psf across the region. Average rents declined 2.6% year-over-year and were down 5.0% compared with three years ago, but 36% higher than five years ago. Within GTA North, average asking rents ranged from $17.42 psf in Vaughan to $19.01 psf in Aurora.

Leasing activity during the quarter was concentrated in Vaughan and led by PET Power Containers, which signed a new direct lease totalling 171,000 sf at 865 Gibraltar Rd. This was followed by Trulite Glass & Aluminum' 153,200-sf lease at 20 Royal Group Cres. and Johnvince Foods' 121,300-sf lease at 55 Doney Cres.

Sales activity included the acquisition of 8150 Keele St. in Vaughan by Brookfield for $33.8 million, or $282 psf. Owner-user Talize purchased 575 Bowes Rd. also in Vaughan for $15.9 million, or $112 psf, while 395 Harry Walker Pkwy. S. in Newmarket was acquired by owner-user group Curb Signs for $15.5 million, or $415 psf.

Three industrial buildings totalling 586,200 sf were completed during the quarter, all located in Vaughan and delivered vacant. At quarter-end, six buildings totalling 1.7 million sf were under construction divided between Vaughan, Richmond Hill and Newmarket (11% preleased). An additional 15 buildings remain in the pre-construction stage, representing the potential addition of 6.5 million sf to the market if completed.

Q2 2026	Quarter-over-quarter
204M sf inventory	↑
4.0M sf vacant area	↓
$17.58 psf average asking net rental rate	↑
$360 psf average sale price psf	↓
1.7M sf **6 buildings** under construction	↑

GTA West

Strong leasing demand drive vacancy lower this quarter

The GTA West industrial market tightened further in Q2 2026, with the vacancy rate declining 60 basis points quarter-over-quarter to 3.0% as strong leasing activity offset new supply. Sublet vacancy remained elevated at more than 1.4 million sf, representing nearly 12% of available space.

Average asking net rental rates decreased to $16.26 psf during the quarter. Rents were down 6.6% year-over-year and 11% from three years ago; however, they remained 48% higher than five years earlier. By municipality, average asking rents ranged from $16.81 psf in Caledon to $15.46 psf in Burlington.

Leasing activity was led by ID Logistics, which executed a full-building lease totalling nearly 1.1 million sf at 10725 Louis St. Laurent Ave. in Milton. Other notable transactions included Staples leasing 331,600 sf at 8945 Torbram Rd. in Brampton and Noble House Home Furnishings securing 295,300 sf at 8500 Mount Pleasant Way in Milton.

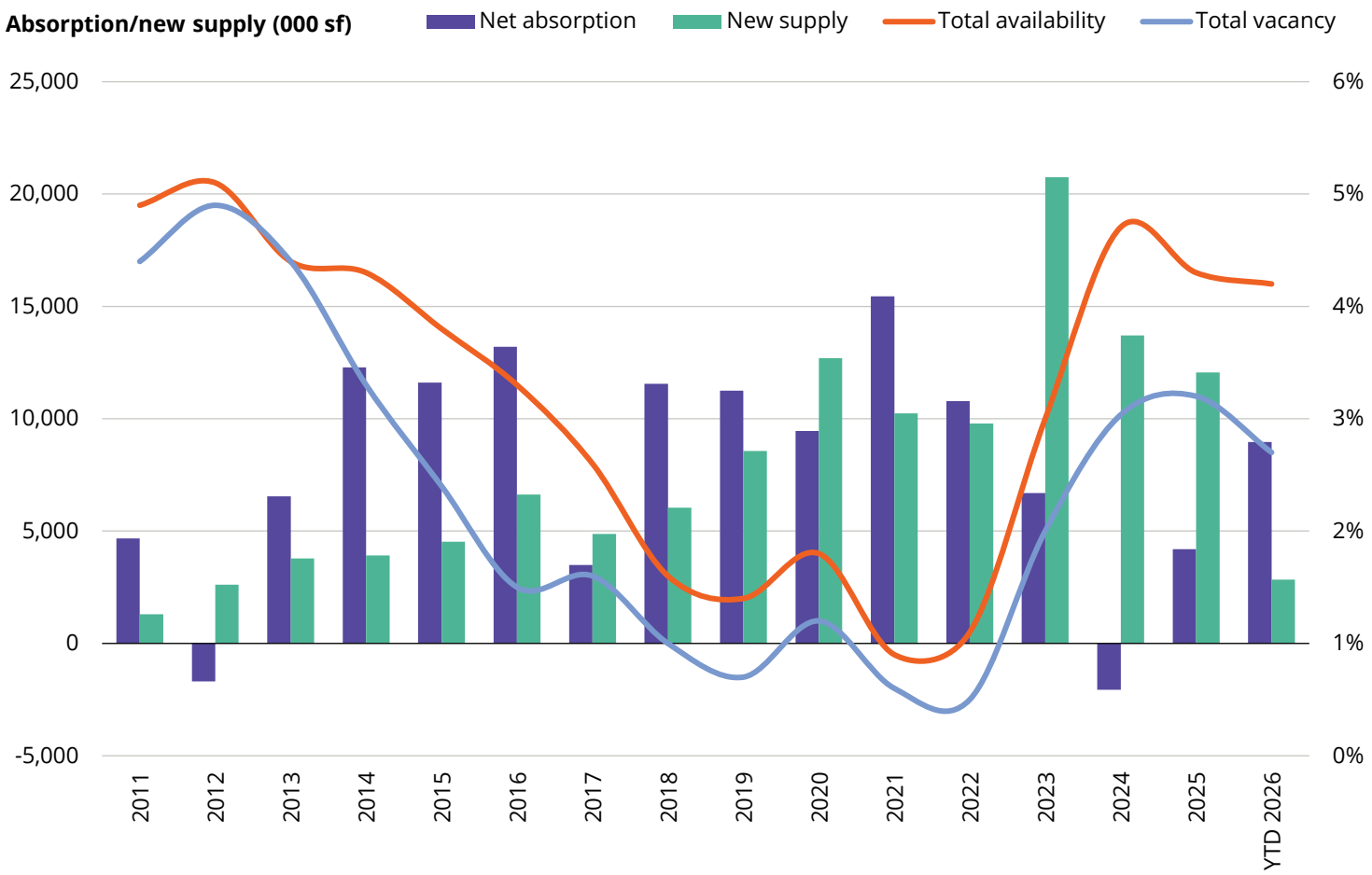
Sales activity was concentrated in Brampton. Brookfield acquired 9273 Airport Rd. for $126.8 million, or $227 psf, and purchased 8875 Torbram Rd. as part of a portfolio transaction for $123 million, or $275 psf. Mapei also acquired 89 Walker Dr. for $100 million, or $290 psf.

Two industrial buildings totalling nearly 1.4 million sf were delivered during the quarter, accounting for approximately 70% of GTA completions. Notable deliveries included 12245 Torbram Rd. in Caledon, a design-build distribution facility for Loblaws within Choice Caledon Business Park. At quarter-end, 16 buildings totalling 7.2 million sf were under construction across GTA West, representing roughly 66% of the GTA's active construction pipeline. A further 113 buildings totalling 44 million sf were in the pre-construction phase, highlighting significant future development planned for the market.

Q2 2026	Quarter-over-quarter
431M sf inventory	↑
12.8M sf vacant area	↓
$16.26 psf average asking net rental rate	↓
$390 psf average sale price psf	↑
7.2M sf **16 buildings** under construction	↓

Greater Toronto industrial market indicators

Historic industrial market trends

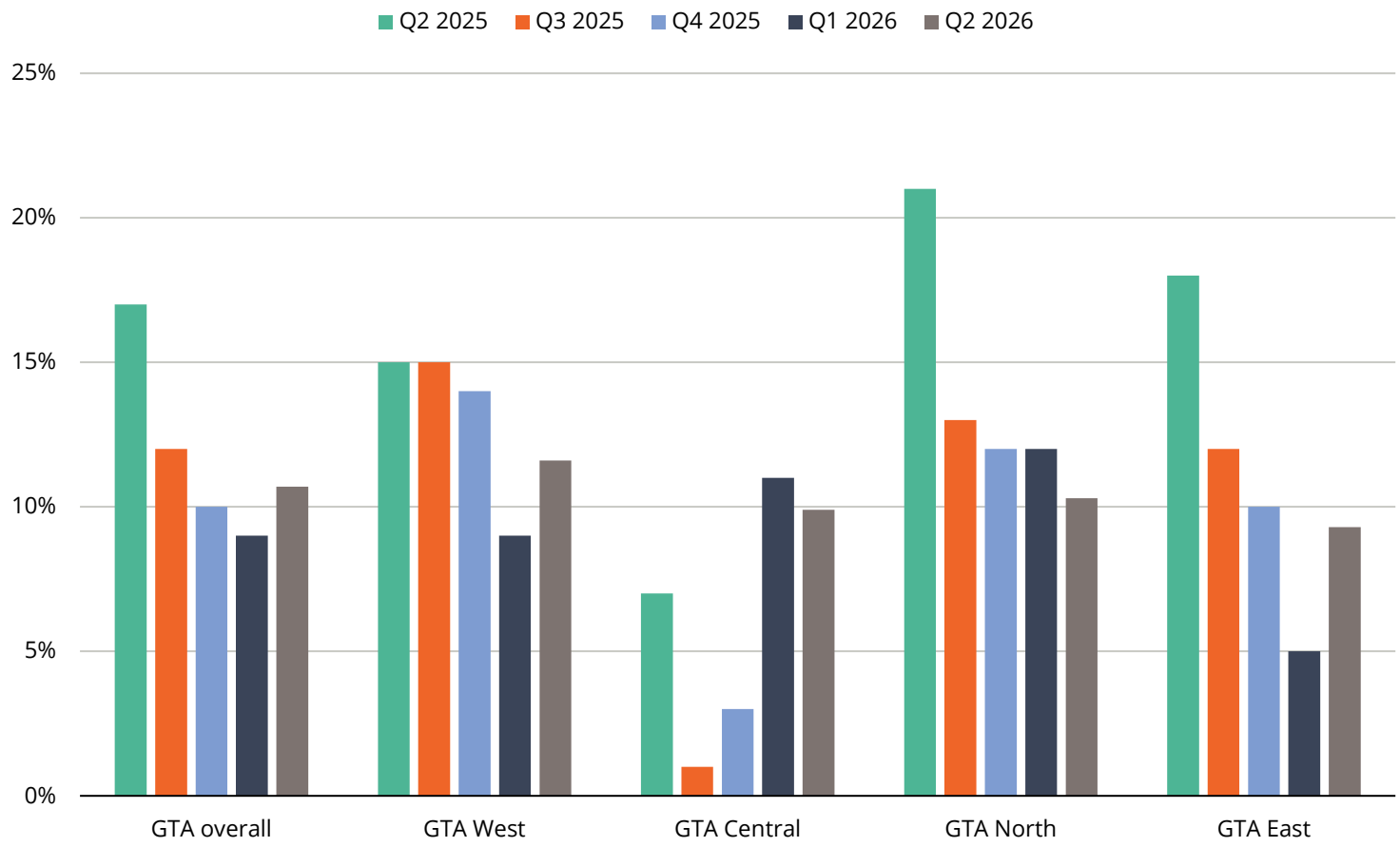


Strong leasing activity has fueled a demand rebound, driving vacancy lower and tightening market conditions despite continued new supply deliveries.

Source: Altus Data Studio and Avison Young Market Intelligence

Greater Toronto sublease market

Vacant sublet space as a percentage of total vacant space

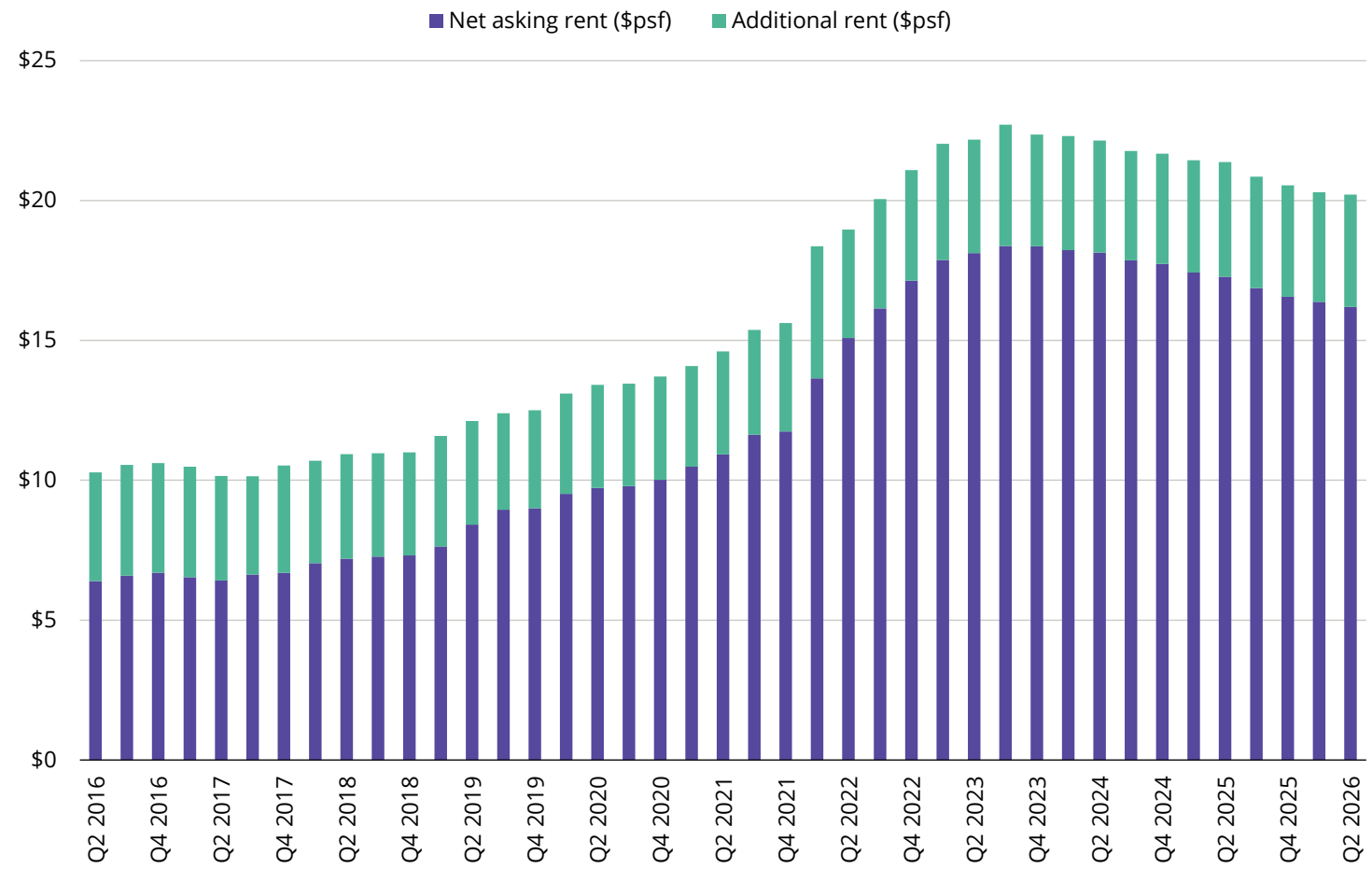


In the past five quarters, sublease space as a proportion of the GTA's total vacant space has ranged from a low of 9% (Q1 2026) to a high of 17% (Q2 2025).

Source: Altus Data Studio and Avison Young Market Intelligence

Greater Toronto industrial market indicators

Average asking rents

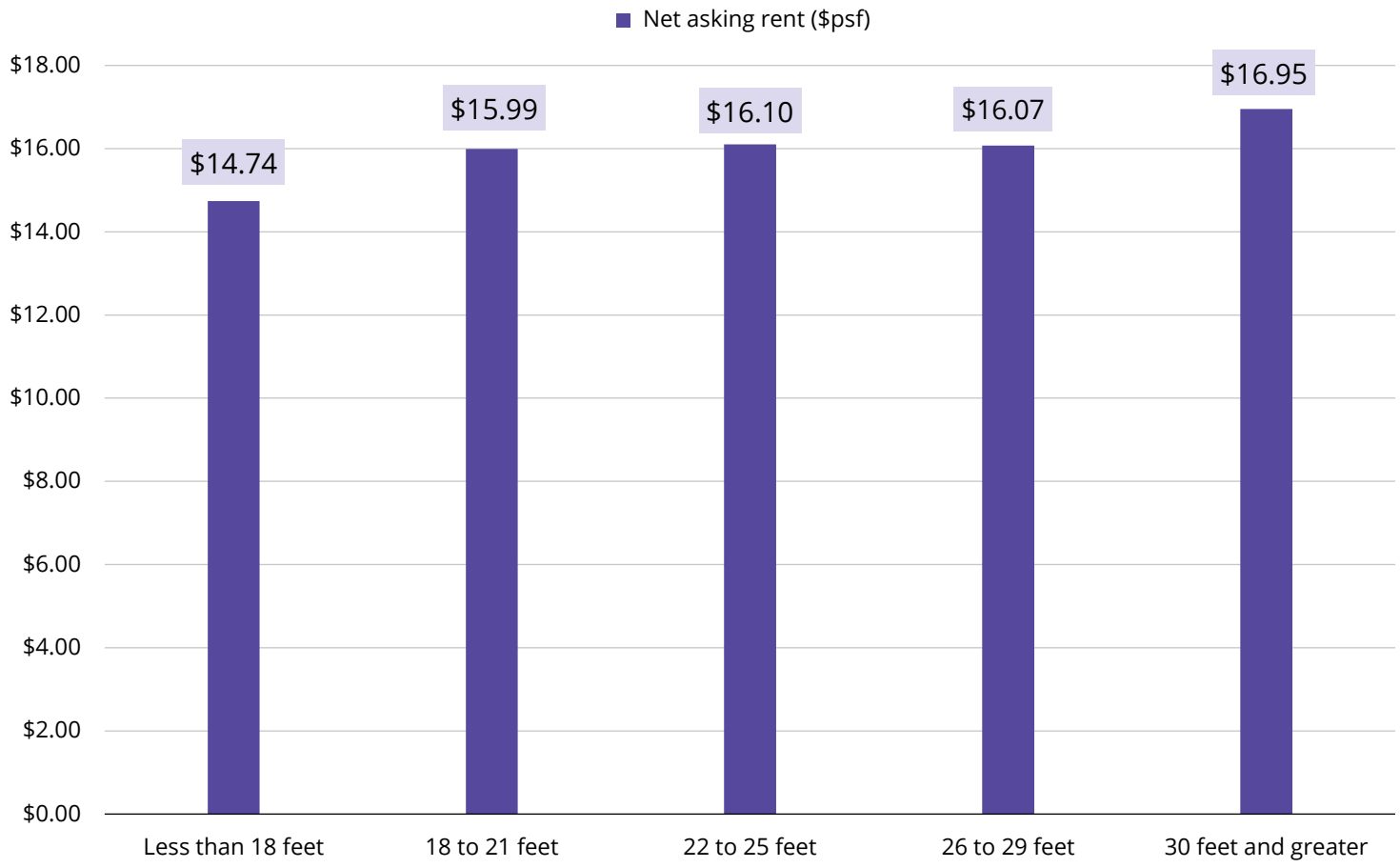


Source: Avison Young Market Intelligence

Average asking net rents declined 6% year-over-year, supporting leasing activity and potentially contributing to the recent decline in vacancy.

Greater Toronto industrial market indicators

Average net asking rents by clear height

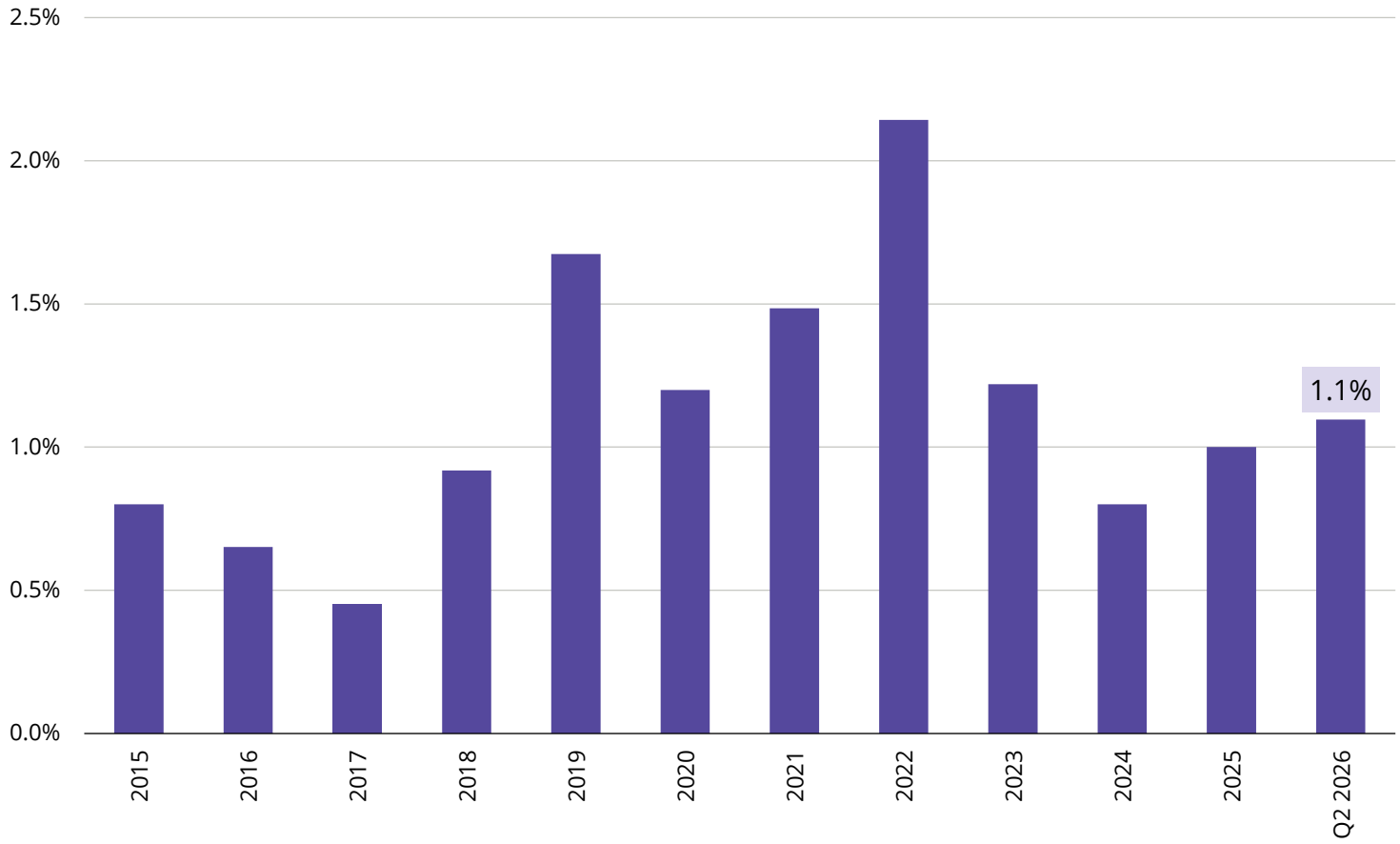


Rents continue to soften across all clear heights, with year-over-year declines persisting and only modest quarter-over-quarter stabilization.

Source: Avison Young Market Intelligence

Greater Toronto industrial market indicators

Space under construction as a percentage of existing inventory



10.5 million sf of new supply was under construction at the end of Q2 2026 – equal to 1.1% of existing GTA inventory.

Source: Avison Young Market Intelligence

Greater Toronto industrial market activity

Notable leasing transactions

Address	Tenant	Size (sf)	Lease type	Transaction type	Landlord
10725 Louis St. Laurent Ave., Milton	ID Logistics	1,000,000	Direct	New	Oxford Properties
8945 Torbram Rd., Brampton	Staples	331,600	Direct	New	QuadReal
6 Cleve Ct., Halton Hills	CEVA Logistics	323,800	Direct	Renewal	Triovest
6440 Fifth Line, Milton	Goodcang Logistics	300,000	Direct	New	Oxford Properties
8500 Mount Pleasant Way, Milton	Noble House Home Furnishings	295,300	Direct	New	Rothman Real Estate

Major industrial building transactions

Address	Buyer	Size (sf)	Sale price	Sale price (psf)	Seller
4670 Garrard Rd., Whitby	Pure Industrial	777,000	$190.5M	$245	CSPAC Industrial Garrard GP
1680 Thornton Rd. N., Oshawa	Pontegadea Group	379,000	$187.0M	$493	Broccolini
9273 Airport Rd., Brampton	Brookfield Asset Management	1,118,100	$126.8M	$227	Concert Properties
8875 Torbram Rd., Brampton	Brookfield Asset Management	895,300	$123.0M	$275	Concert Properties
2750 Morningside Ave., Scarborough	GWL Realty Advisors	333,600	$112.4M	$337	Oxford Properties

Major industrial land transactions

Location	Buyer	Size (acres)	Sale price	Sale price (per acre)	Seller
10862 Steeles Ave. E., Halton Hills	1000665021 Ontario Inc.	25.03	$49.9M	$2.0M	Ontario Superior Court of Justice
3480 Ninth Line, Oakville	HIVE Digital Technologies	4.28	$24.0M	$5.6M	Private
6039 Erin Mills Pkwy., Mississauga	Erin Mills Retail Holdings	6.35	$22.8M	$3.6M	SPHQ Holdings Inc.
Post Rd., Oakville	Halton Catholic District School Board	4.96	$20.3M	$4.1M	Emgo III Corporation
Hurontario St., Mississauga	Citigroup	7.80	$18.0M	$2.3M	Orlando Corporation

Source: Altus Data Studio

Greater Toronto industrial market statistics

Market / Submarket	Inventory (sf)	Total Vacant Area (sf)	Total Vacant Rate (%)	Total Available Area (sf)	Total Available Rate (%)	Net Absorption (sf)	Weighted Average Asking Net Rental Rate ($psf)	Weighted Average TMI ($psf)	Average Sold Price ($psf)	Total Completed Area (sf)	Total Under Const. (sf)
East York	8,702,500	319,100	3.7%	446,300	5.1%	199,300	$15.78	$3.40	$325	0	0
Etobicoke	76,855,300	2,297,400	3.0%	3,254,600	4.2%	-75,200	$16.01	$4.24	$296	0	0
North York	68,326,600	881,200	1.3%	1,812,500	2.7%	163,000	$15.43	$4.78	$375	0	0
Scarborough	69,099,000	1,738,500	2.5%	2,279,400	3.3%	104,300	$14.07	$3.57	$322	0	1,581,000
Toronto	33,700,500	593,700	1.8%	727,000	2.2%	-91,600	$18.29	$9.59	$316	0	0
GTA Central Overall	261,566,700	5,851,300	2.2%	8,550,200	3.3%	307,500	$15.14	$4.08	$339	0	1,581,000
Ajax	12,774,300	1,181,400	9.2%	1,228,800	9.6%	346,400	$15.04	$4.82	$299	0	0
Oshawa	18,686,500	99,800	0.5%	286,500	1.5%	116,500	$14.26	$2.94	$367	0	0
Pickering	12,608,000	869,000	6.9%	918,900	7.3%	-312,900	$16.19	$4.07	$313	0	0
Whitby	13,437,100	617,400	4.6%	666,900	5.0%	63,500	$15.52	$5.65	$264	0	325,700
GTA East Overall	64,030,000	2,803,100	4.4%	3,136,600	4.9%	187,200	$15.43	$4.21	$294	0	325,700
Aurora	7,077,800	37,200	0.5%	354,300	5.0%	1,800	$19.01	$5.31	$491	0	0
Markham	42,342,900	1,522,600	3.6%	1,788,200	4.2%	-369,700	$17.81	$4.73	$431	0	0
Newmarket	9,287,300	64,900	0.7%	64,900	0.7%	-40,400	$17.94	$3.56	$319	0	138,000
Richmond Hill	15,088,600	61,900	0.4%	366,200	2.4%	209,400	$17.55	$4.35	$377	0	488,400
Vaughan	122,655,100	2,257,400	1.8%	3,414,200	2.8%	972,400	$17.42	$3.69	$308	586,200	1,103,800
GTA North Overall	204,142,000	4,035,900	2.0%	6,079,800	3.0%	681,400	$17.58	$3.92	$360	586,200	1,730,300
Brampton	108,943,500	3,607,400	3.3%	6,600,800	6.1%	484,600	$16.43	$3.81	$320	276,700	1,825,400
Burlington	29,084,000	1,019,300	3.5%	1,155,200	4.0%	35,900	$15.46	$3.11	$393	0	109,000
Caledon	22,917,300	560,100	2.4%	1,327,900	5.8%	-362,100	$16.81	$3.68	$352	1,083,900	2,442,800
Halton Hills	9,951,100	229,300	2.3%	301,600	3.0%	826,300	$16.59	$3.93	$414	0	0
Milton	31,331,400	1,515,200	4.8%	3,205,900	10.2%	1,677,200	$15.89	$2.99	$413	0	1,762,200
Mississauga	198,427,600	4,764,800	2.4%	9,129,400	4.6%	507,500	$16.19	$4.77	$301	0	1,042,700
Oakville	30,616,400	1,111,200	3.6%	1,271,500	4.2%	159,200	$16.30	$4.37	$375	0	0
GTA West Overall	431,271,400	12,807,300	3.0%	22,992,300	5.3%	3,328,600	$16.26	$3.98	$390	1,360,700	7,182,100
GTA Overall	961,169,200	25,497,600	2.7%	40,758,900	4.2%	4,504,700	$16.20	$4.01	$355	1,946,900	10,819,200

All sf numbers rounded to 100 sf Source: Altus Data Studio

For more market insights and information visit **avisonyoung.ca**

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