Q2
2026

The Q™

Industrial Market Report

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Understanding the world of commercial real estate.

GTA Market Overview

Written by:
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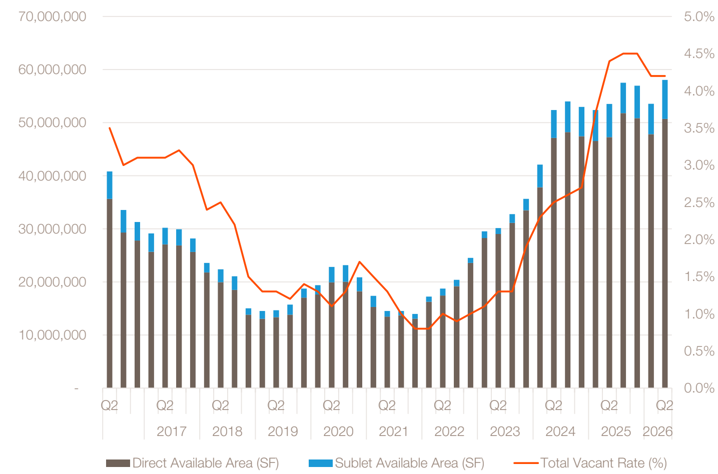
If the GTA industrial real estate market at the start of 2026 presented positive signals on the leasing front, the second quarter has provided a sobering reminder of the continued uncertainty we face. The spike in leasing activity we saw in late 2025 and throughout the first quarter of 2026 has given way to a notable quieting in Q2. The initial positive momentum has proven to be a brief blip rather than the start of a sustained recovery, and the broader geopolitical landscape presents new challenges for the economy.

Leasing

The headline number in the leasing market is that the overall GTA vacancy rate was flat in Q2 versus Q1, remaining steady at 4.2%. This is in line with what brokers are seeing in the market, which is that after a spike in leasing activity in late Q4 of 2025 and throughout Q1 of 2026, there has been a notable quieting in Q2. Anecdotally many brokers are actually seeing a dropoff in activity from Q1 rather than the flatlining that the vacancy numbers alone would indicate.

GTA Availability & Vacancy Rate



Ongoing and volatile geopolitical and economic conditions are likely to blame for this, not to mention the CUSMA renewal deadline that came and went right at the end of Q2. Time will tell whether Q3 will continue on a slowing trajectory or whether tenants start to jump back into the market again. Activity in summer traditionally tapers off naturally so it will be interesting to see what happens in the fall, which will likely be a bellwether of the true state of the market.

Average asking lease rates fell again, marking the eighth consecutive quarterly decline as rates dropped to $16.36 PSF from $16.49 PSF in the previous quarter. This reflects the softness that continues to permeate the market, despite the brief uptick in activity earlier this year. On the ground brokers and landlords continue to see downward pressure on rates due to lack of conviction and lack of urgency among tenants, resulting in fewer tours and offers. Given the lagging nature of rates relative to tenant demand, it may be a few quarters yet before we see an increase in average asking and executed rates, even if leasing activity starts to pick up in the fall.

GTA Wide Stats

Overall Vacancy Rate	Total Available Area	Average Sale Price
4.2%	57,664,560 SF	$356 PSF

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GTA Market Overview

Sales

On the sales front, there was a notable increase in sales volume this past quarter. Total transaction volume for Q2 came in at approximately $1.9 billion, a significant jump from Q1 volumes of roughly $1.19 billion. This may be reflective of the same occupier demand we saw with regard to leasing in Q1, but among buyers. In other words, the same renewed confidence that caused leasing activity to pick up in Q1 likely also translated to buyer confidence among occupiers. Though due to the longer deal cycles for sales, much of these sales were likely initiated in Q4 or Q1 but completed in Q2. It will be interesting to see if this higher sales volume trend continues going forward, but indicators on the ground are that it may not.

Sale pricing has remained flat for another quarter, hovering at $356 PSF compared to $355 PSF in Q1. Sale inventory has remained subdued as sellers wait for better market conditions while experiencing very little distress. That being said there has been a noticeable uptick in receivership sales in the industrial space the last two quarters, but these distressed sales remain a very small component of the market for this asset class.

Development

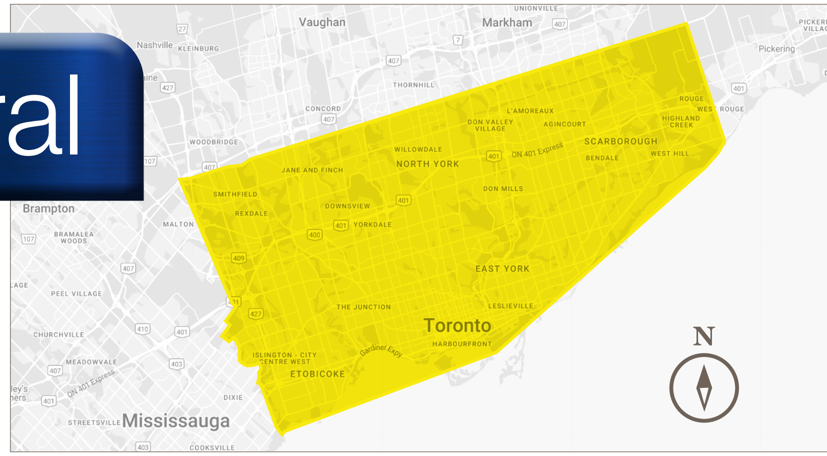
On the development side, developers continue to prioritize the leasing of in-progress or already completed projects, with very little in the way of groundbreaking for new projects. That said, we are hearing renewed interest among developers for land acquisitions and project starts as they look forward to better market conditions on the horizon. The reduction in new supply coming online should act as a tailwind for the market assuming demand stabilizes.

Looking Ahead

Going forward, as mentioned the fall will be very indicative of what the true pulse of the market is, which means we may not have more clarity of market direction until our Q4 2026 or Q1 2027 report. Views differ among industry players on which way things will go, with one camp believing that deferred decision making among tenants due to CUSMA and other external factors will result in renewed activity later this year. Others believe the market will remain in a proverbial funk until economic and geopolitical conditions improve markedly.

These external factors, not least among them the war in Iran and US tariff policy, will continue to influence not just the Canadian economy as a whole but also business sentiment and psychology within the GTA. If these events subside, we may see a new spark of recovery in the market as sentiment turns more optimistic. For now, market participants are exercising caution while navigating this flatter phase of the market.

Toronto Central



Toronto Central Stats

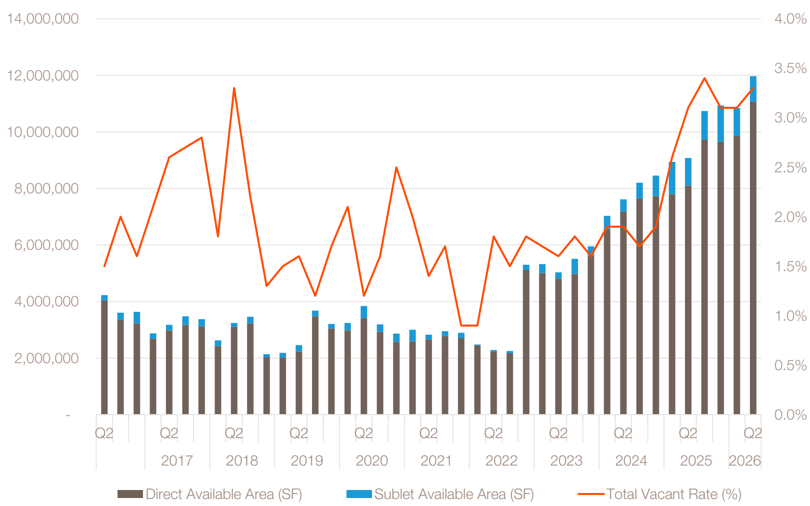
Total Building Inventory
207,102,477 SF

Total Number of Buildings
5,111

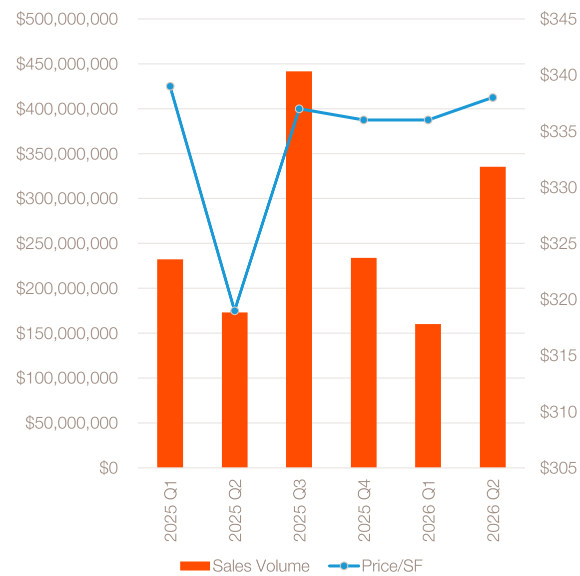
Total Available Area
11,966,575 SF

3.3%
Total Vacant Rate

Available Space (Direct vs. Sublet)



Sales Volume & Market Sale PSF



Leasing Activity

577,621 SF

Average Sale Price PSF

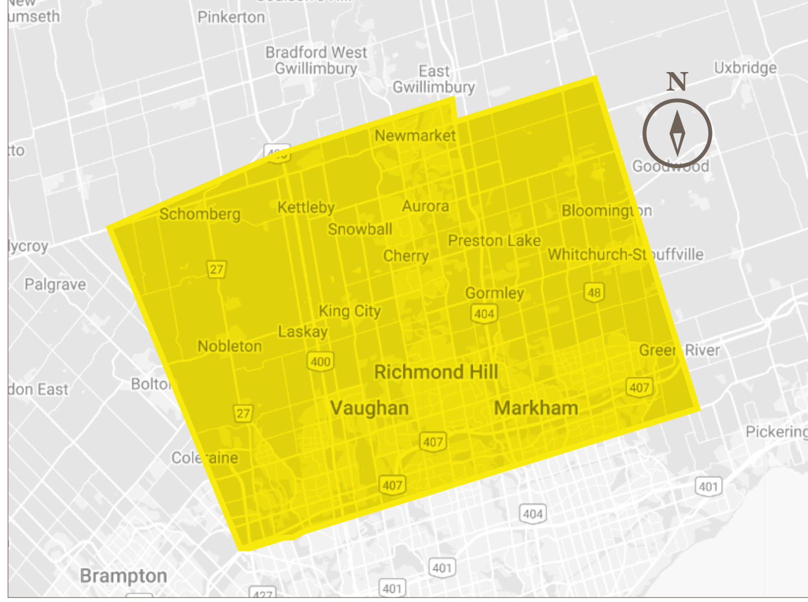
< 20k SF	$339 PSF
20k-80k SF	$342 PSF
> 80k SF	$337 PSF

Net Rent	$15.51 PSF
Additional rent	$4.35 PSF

20.8% change vs. Q1 2026

1,467,794 SF
Under Construction - 8 Buildings

GTA North



GTA North Stats

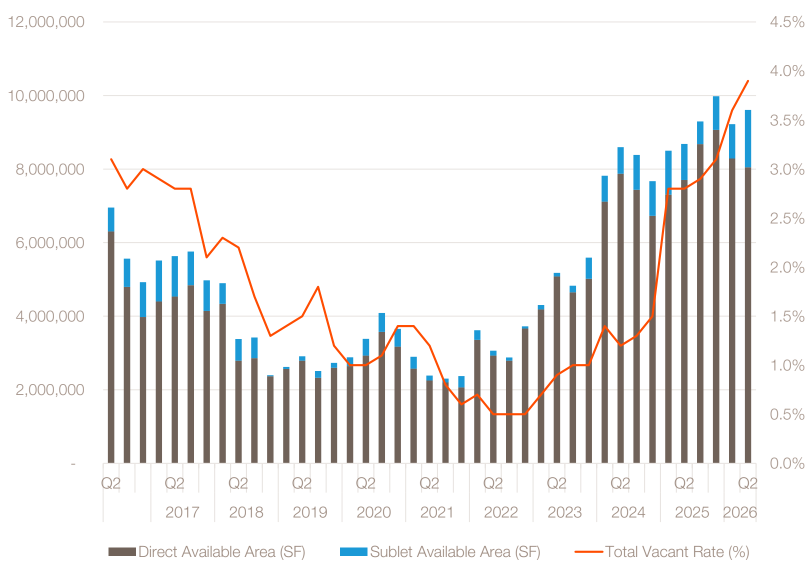
Total Building Inventory
155,257,608 SF

Total Number of Buildings
2,894

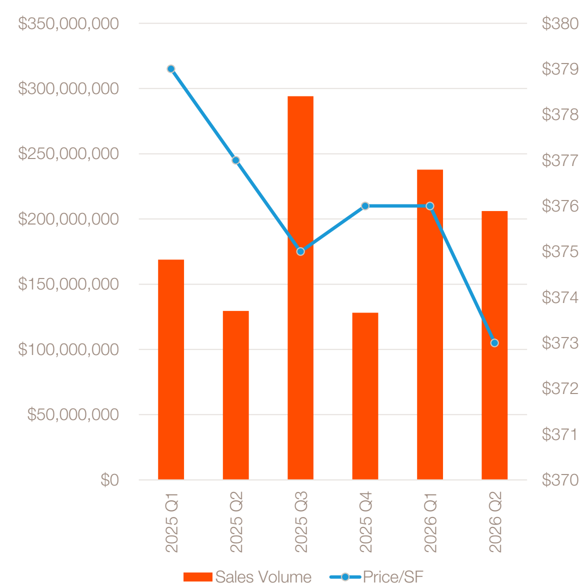
Total Available Area
9,607,877 SF

3.9% Total Vacant Rate

Available Space (Direct vs. Sublet)



Sales Volume & Market Sale PSF



Leasing Activity

1,289,514 SF

Average Sale Price PSF

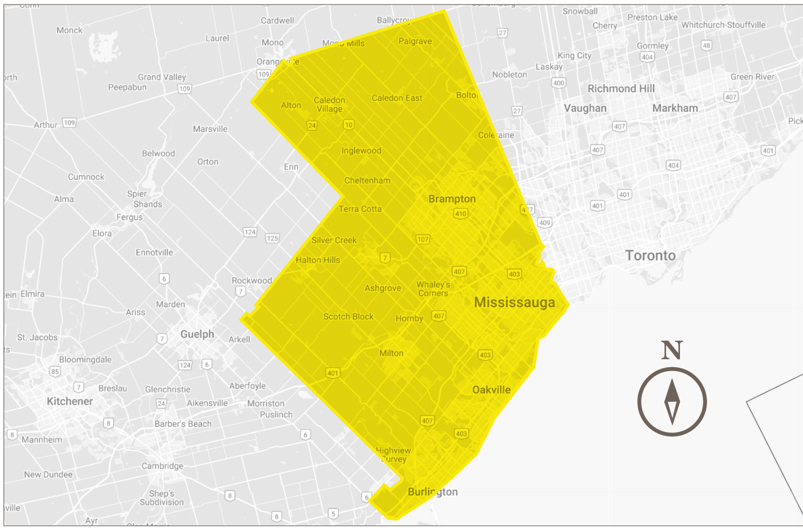
< 20k SF	$208 PSF
20k-80k SF	$414 PSF
> 80k SF	$250 PSF

Net Rent	$17.21 PSF
Additional rent	$4.34 PSF

-19.6% change vs. Q1 2026

3,351,995 SF
Under Construction - 15 Buildings

GTA West



GTA West Stats

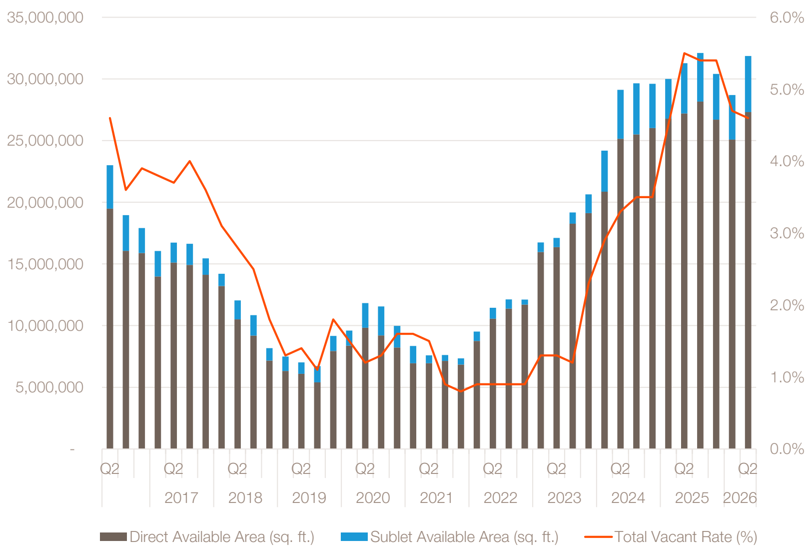
Total Building Inventory
401,816,989 SF

Total Number of Buildings
6,390

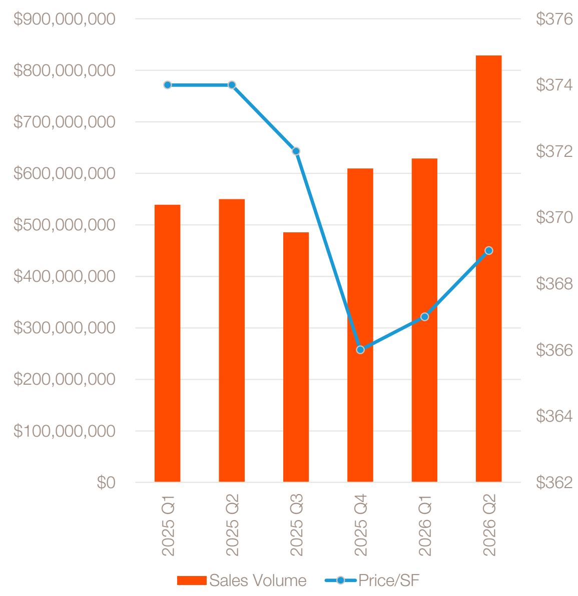
Total Available Area
31,475,324 SF

4.6%
Total Vacant Rate

Available Space (Direct vs. Sublet)



Sales Volume & Market Sale PSF



Leasing Activity

2,448,061 SF

Average Sale Price PSF

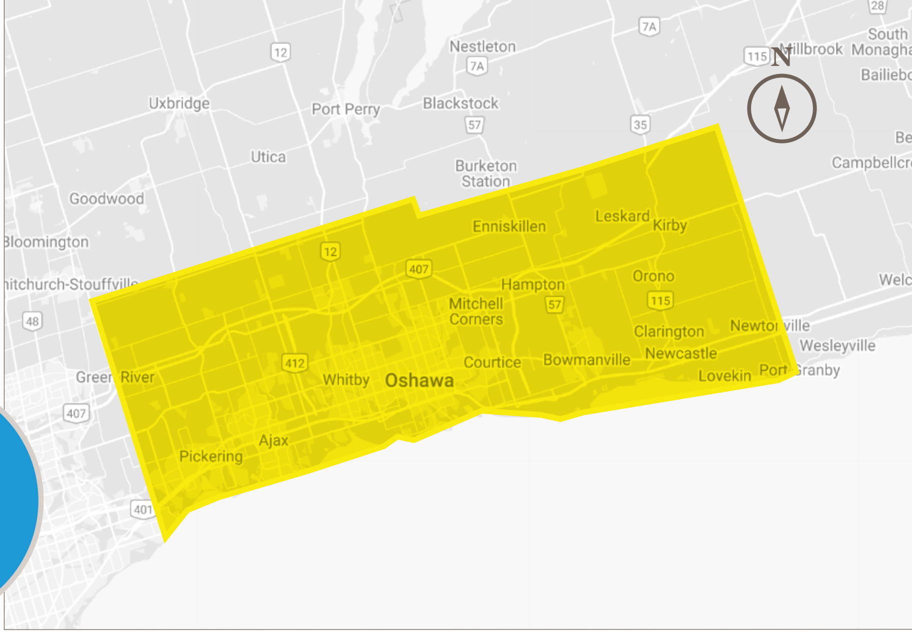
< 20k SF	$491 SF
20k-80k SF	$362 SF
> 80k SF	$284 SF

Net Rent	$16.76 PSF
Additional rent	$4.28 PSF

5.6% change vs. Q1 2026

9,585,663 SF
Under Construction - 24 Buildings

GTA East



GTA East Stats

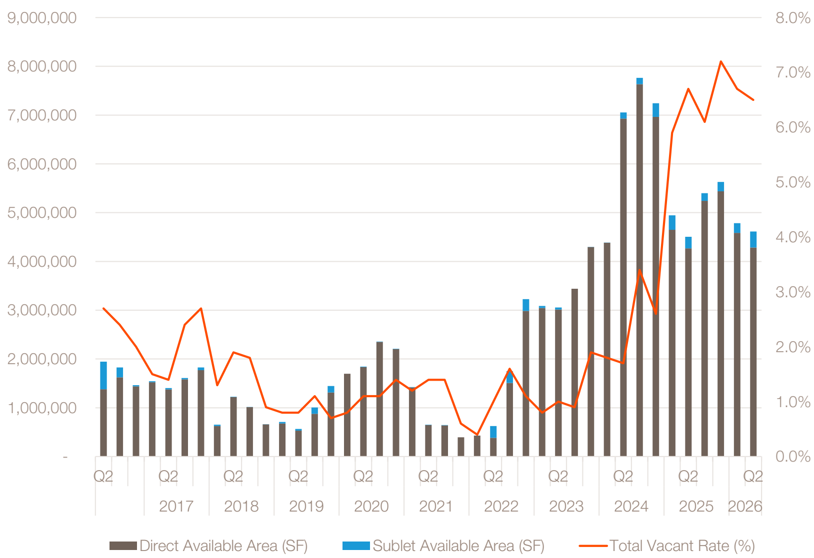
Total Building Inventory
55,017,819 SF

Total Number of Buildings
905

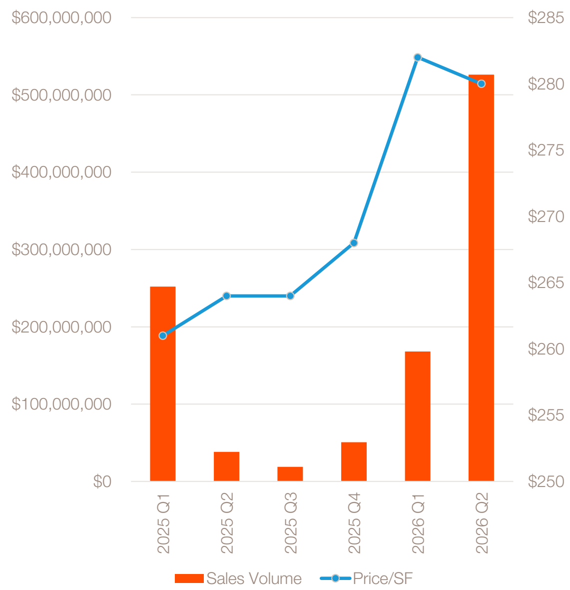
Total Available Area
4,614,784 SF

6.5%
Total Vacant Rate

Available Space (Direct vs. Sublet)



Sales Volume & Market Sale PSF



Leasing Activity

472,563 SF

Average Sale Price PSF

< 20k SF	$416 SF
20k-80k SF	$164 SF
> 80k SF	$282 SF

Net Rent	$13.09 PSF
Additional rent	$4.30 PSF

-13.8% vs. Q1 2026

1,155,548 SF
Under Construction - 9 Buildings

Q2 2026 Significant Transactions

Sales above $30 Million in the GTA

Address	City	Building Size	Clear Height (ft)	Sale Price	Price PSF	Transaction Date
1680 Thornton Road N (Part of a 2 Property Portfolio)	Oshawa	379,000	40'0"	$187,000,000	$493.40	6/4/2026
4680 Garrard Road (Part of a 3 Property Portfolio)	Whitby	650,484	40'0"	$140,206,372	$215.54	4/24/2026
8875 Torbram Road (Part of a 5 Property Portfolio)	Brampton	895,038	38'0"	$123,000,000	$274.85	6/2/2026
2750 Morningside Avenue	Toronto	333,638	36'0"	$112,350,000	$336.74	5/12/2026
89 Walker Drive	Brampton	343,704	30'0"	$100,000,000	$290.95	6/15/2026
2260 Matheson Boulevard E (Part of a 3 Property Portfolio)	Mississauga	308,545	40'0"	$96,000,000	$311.14	4/24/2026
9273 Airport Road (Part of a 5 Property Portfolio)	Brampton	704,306	30'0"	$89,536,103	$254.25	6/2/2026
186 Old Kennedy Road (Part of a 3 Property Portfolio)	Markham	64,000	37'0"	$65,213,639	$1,018.96	6/8/2026
5185 Garrard Road	Whitby	703,527	36'0"	$55,530,000	$175.40	6/2/2026
1702 Tricont Avenue	Whitby	250,143	28'0"	$53,400,000	$213.48	6/23/2026
4670 Garrard Road (Part of a 3 Property Portfolio)	Whitby	126,556	36'0"	$50,293,628	$397.40	4/24/2026
9283 Airport Road (Part of a 5 Property Portfolio)	Brampton	413,762	30'0"	$49,875,751	$241.08	6/2/2026
62 Administration Road	Concord	112,973	16'0"	$44,650,000	$395.23	6/30/2026
10862 Steeles Avenue E (Part of a 2 Property Portfolio)	Milton	87,120	20'0"	$40,775,778	$468.04	6/1/2026
7447 Bren Road	Mississauga	38,890	32'0"	$37,000,000	$951.40	4/1/2026

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Definitions

Availability Rate: The percent of space available for lease or sublease as of the last day of each quarter. It is the total available SF divided by the total Rentable Building Area (RBA).
Vacancy Rate: The percentage of space that is currently unoccupied and available for lease or sublease as of the last day of each quarter. For clarity, space that is currently available for sublease but is tenanted, would count towards the availability rate but not the vacancy rate.