

# Toronto

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## Vacancy, while still limited, begins to loosen amidst slowed absorption

Toronto vacancy, while still sub-3.0%, has shown signs of relief and has now climbed 90 basis points (bps) year over year. One of the factors moving vacancy northward has been slowed absorption, coming in just short of 1.0 million square feet (msf) in the second quarter. Notable and large blocks of space have come available through the first half of the year, such as the former Closeout King at 2562 Stanfield Road and CNH at 190 Summerlea Road, both in the Peel submarket. Propping up the continued positive quarterly net absorption figures was the 770,000 square feet (sf) Bombardier Global Manufacturing Centre at 1890 Alstep Drive that reportedly opened its doors in April.

### Near term supply pressures do exist in the construction pipeline

The current construction pipeline, totaling 14.8 million square feet (msf), counts nearly 87.0% of projects underway as speculative developments. Of that subset, 8.5 msf remained available as of Q2 2024. Projects such as Emery Investments' Campbellville Road (975,000 sf) in the Halton submarket, Ajax Industrial On The Park (996,000 sf), and Lakeridge Logistics Centre (1.2 msf) in Toronto East are just a handful of examples that stand to provide welcome relief from the occupier perspective.

### Available subleases grow, providing occupiers newfound negotiating leverage

Available sublease space, while still making up less than 1.0% of total availability, has ballooned of late and now counts nearly 5.0 million square feet (msf) of sublets in the market, up from 1.1 msf in Q2 2023. Most intriguing about the growing sublease availability is that nearly 70.0% of the space has been brought to market in 2024. Large, modern warehouse options, such as GoTRG's availability in Halton and Traffic Tech's in Peel, will provide cost-effective options with a substantial amount of term remaining for occupiers seeking such requirements.

## Key Statistics

	Q2 2023	Q2 2024	Y-0-Y
Inventory	812.0 msf	829.1 msf	+17.1 msf
Vacancy Rate	1.4%	2.3%	+90 bps
Asking Rental Rate (Monthly)	\$16.85	\$17.48	+3.7%
Net Absorption	2.5 msf	1.0 msf	-1.5 msf
Under Construction	26.4 msf	14.8 msf	-11.6 msf
Deliveries	4.8 msf	3.2 msf	-1.6 msf

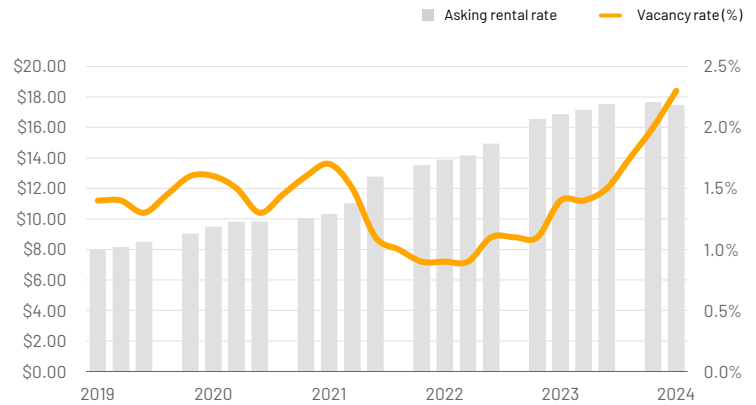
## Outlook

**01** Expect vacancy to continue upward in the near term as speculative developments deliver through the remainder of the year

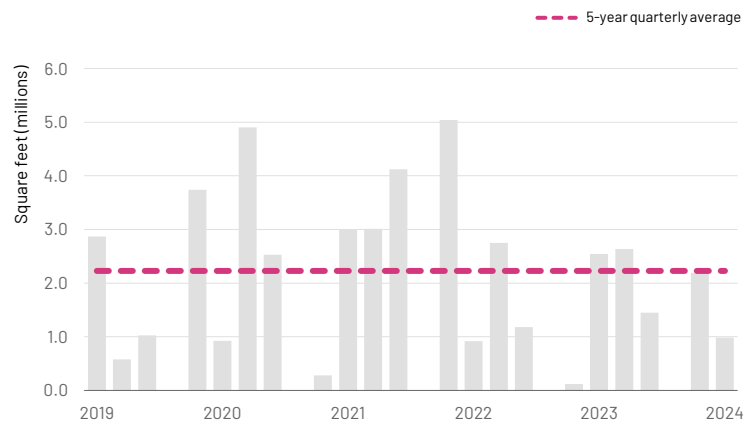
**02** Occupiers in the market will continue to gain leverage in negotiations as both direct and sublet availability continue to grow

**03** The sublet market may provide some downward pressure on market rents; however, large price cuts are unexpected

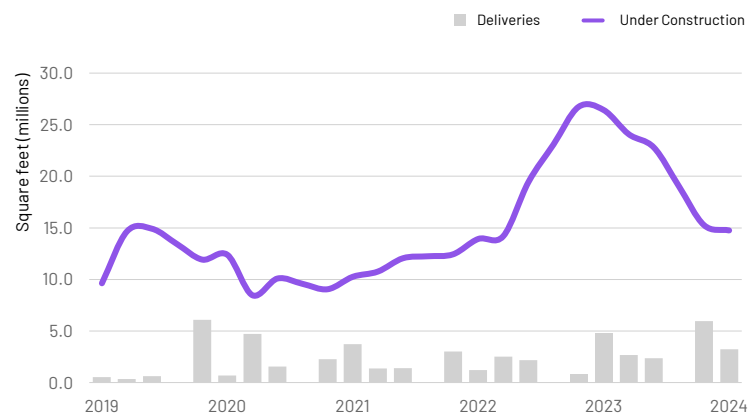
## Asking Rent and Vacancy



## Net Absorption



## Deliveries and Under Construction



## Top Leases

Source: Savills Research

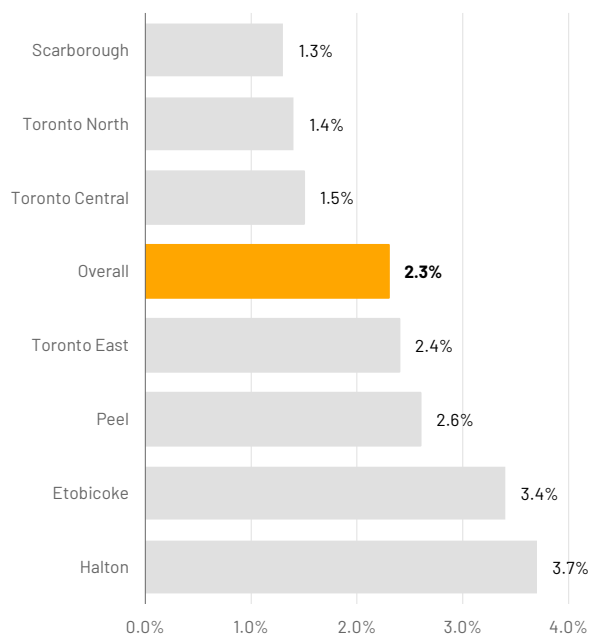
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
VF Corporation	459,139	Peel	15 Hereford Street	Renewal	Consumer Goods
Highlight Motor	247,739	Toronto North	7171 Highway 50	Sublease	Automotive
Glovis Canada, Inc.	200,519	Peel	35 Automatic Road	New Lease	Logistics & Distribution/3PLs
Agrocorp Foods, Inc.	168,747	Toronto North	865 Gibraltar Road	New Lease	Food & Beverage
TOC Logistics	163,262	Toronto North	350 Hunter's Valley Road	New Lease	Logistics & Distribution/3PLs

## Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / \$/SF	SELLER
Pure Industrial	606,445	Peel/Scarborough	AIMCo Ontario Portfolio	\$149.4 M / \$246	Alberta Investment Management Corp.
Gigg Express	331,027	Peel	2600 N Park Drive	\$110.0 M / \$332	Oxford Properties Group
KOLT Investments	187,789	Scarborough	Scarborough Small Bay Industrial Portfolio	\$60.1 M / \$320	GWL Realty Advisors
Lion Force Transport	33,715	Peel	27 Automatic Road	\$52.5 M / \$1,557	BVD Group
Dream Industrial	156,093	Peel	1000 Clark Boulevard	\$38.0 M / \$243	Triovest Capital

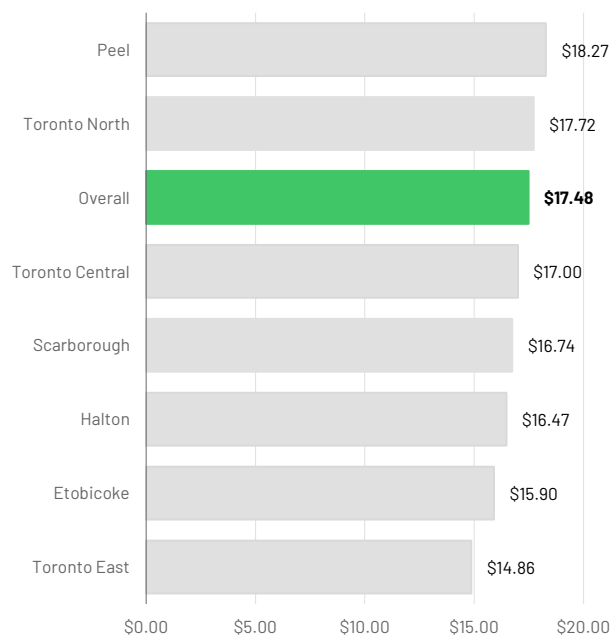
## Vacancy Rate Comparison (%)

TORONTO SUBMARKETS



## Rental Rate Comparison (\$/sf)\*

TORONTO SUBMARKETS



\*based on all classes of available inventory

## Toronto Q2 2024 - Industrial

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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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