

Toronto

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Repricing continues as vacancy rises amid market uncertainty

The Toronto industrial market continued its recalibration in Q2 2025. The average asking rent decreased to \$17.18 per square foot (psf), marking a 2.0% drop year over year. Vacancy rose to 4.1%, up 190 basis points (bps) from Q2 2024, extending the steady upward trend observed in recent quarters. Much of this increase came from recently completed speculative buildings entering the market without full pre-leasing. The combination of new supply and softening demand has improved tenant leverage, shifting conditions toward a more balanced market.

Steady absorption amid slow leasing activity signals market caution

Net absorption totaled 1.3 million square feet (msf) in the first half of 2025, reflecting stable but subdued leasing activity. Tenants are taking more time to finalize commitments, contributing to longer deal cycles. Ongoing construction measured 12.6 msf, while quarterly deliveries totaled 5.2 msf. In response to a more cautious leasing environment, characterized by selective and price-focused tenants, developers are scaling back speculative construction. This shift reflects a broader recalibration, with future development expected to focus more heavily on build-to-suit commitments.

Trade uncertainty continues, tenant leverage grows

The second half of 2025 is expected to bring continued normalization in the market. Rising vacancy, stable-to-softening rents and expanded sublease options will benefit tenants. Economic and trade policy uncertainty—including the upcoming USMCA review—is expected to weigh on long-term planning. Despite these headwinds, demand fundamentals remain relatively healthy. Tenant expansion remains most active in the logistics, retail fulfillment and advanced manufacturing sectors. Developers are expected to maintain a conservative pace, contributing to a more stable supply-demand dynamic. As vacancy rates rise and tenant inducement packages increase, the shift away from the landlord-dominated environment of prior years is likely to continue.

Key Statistics

	Q2 2024	Q2 2025	Y-O-Y
Inventory	841.0 msf	868.4 msf	+27.4 msf
Vacancy Rate	2.2%	4.1%	+190 bps
Asking Rental Rate	\$17.52	\$17.18	-2.0%
Net Absorption YTD	3.6 msf	1.3 msf	-2.3 msf
Deliveries YTD	9.4 msf	7.9 msf	-1.5 msf
Under Construction	22.1 msf	12.6 msf	-9.4 msf

Outlook

- 01

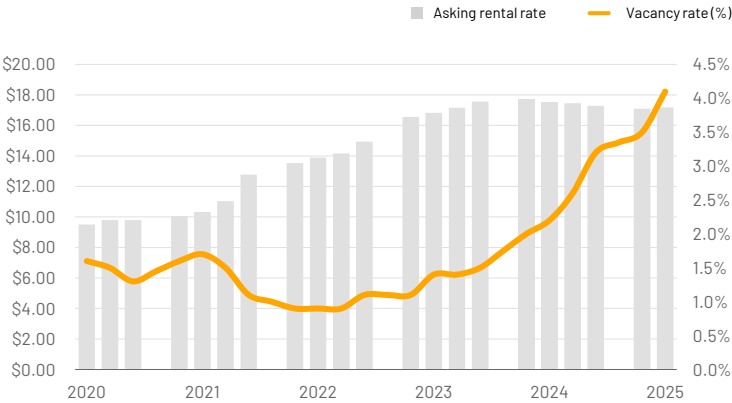
Rising vacancy and easing demand will continue to apply downward pressure on rental rates, further shifting leverage toward tenants
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Slower leasing velocity and cautious tenant behavior are expected to limit speculative development and extend deal timelines

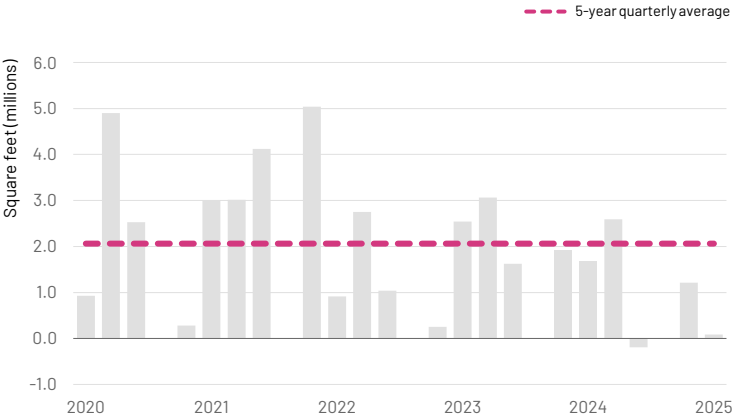
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Trade and economic uncertainty—particularly surrounding the USMCA review—will remain a headwind for long-term industrial planning

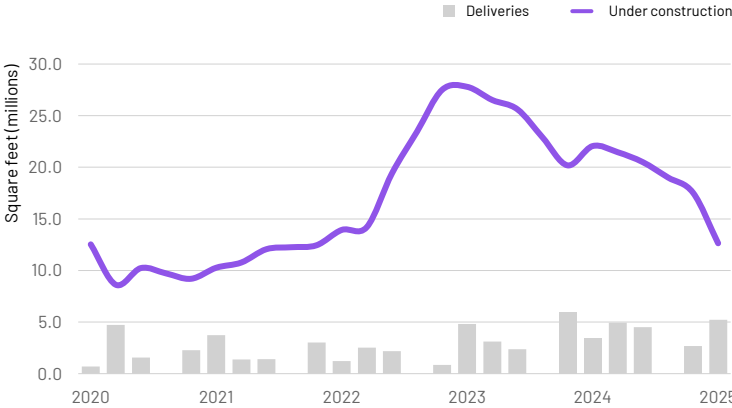
Asking Rent and Vacancy



Net Absorption



Deliveries and Under Construction



Top Leases

Source: Savills Research

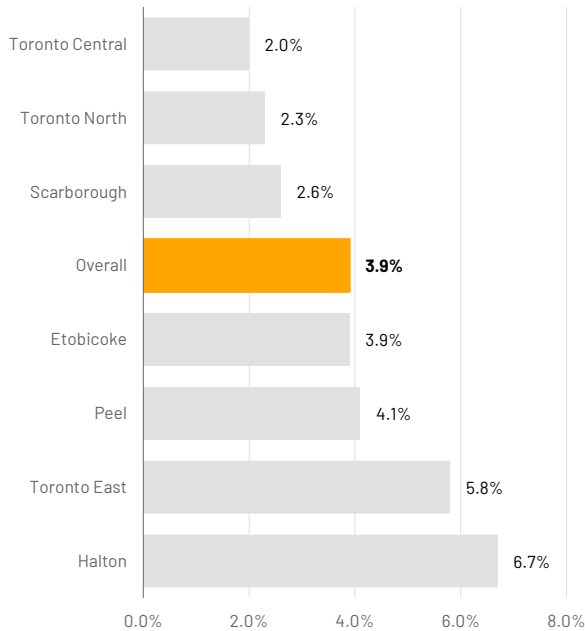
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
Geodis	370,000	Oshawa	1565 Thornton Road North	New Lease	Logistics & Distribution/3PLs
CJ Graphics	211,592	Mississauga	560 Hensall Circle	Renewal	Paper & Packaging
Vinyl Pro Window	192,471	Vaughan	30 Labourer's Road	New Lease	Construction Materials & Building Fixtures
Angelcare Group	130,194	Milton	6750 Campbellville Road	New Lease	Biosciences / Medical / Pharmaceuticals
Carrier Enterprise	116,609	Brampton	30 Resolution Drive	New Lease	Construction Materials & Building Fixtures

New Developments

OWNER/DEVELOPER	SIZE (SF)	SUBMARKET	ADDRESS	DEVELOPMENT TYPE	STATUS
Orlando Corporation	574,687	Brampton	5405 Countryside Drive	Speculative (available)	Under Construction
Prologis	496,192	Halton Hills	8119 Trafalgar Road	Speculative (available)	Delivered Q2 2025
Triovest	479,976	Markham	10490 Woodbine Avenue	Speculative (available)	Under Construction
Prologis	474,945	Halton Hills	8115 Trafalgar Road	Speculative (available)	Delivered Q2 2025
OleaDev Real Estate Group	451,669	Markham	1724 Steeles Avenue East	Speculative (available)	Under Construction

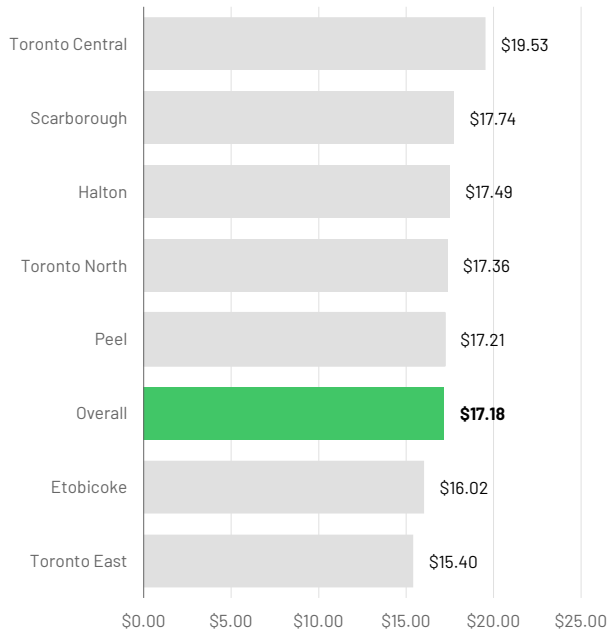
Vacancy Rate Comparison (%)

TORONTO SUBMARKETS



Rental Rate Comparison (\$/sf)*

TORONTO SUBMARKETS



*based on all classes of available inventory

Toronto Q2 2025 - 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.

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