

Toronto

Industrial - Q3 2026

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Industrial rents continue to decline despite lower vacancy

Toronto's industrial vacancy rate held steady at 3.9% in Q3, down 50 basis points year over year, while average asking rents declined 5.5% to \$15.95 per square foot (psf). These contrasting trends indicate that occupancy gains have yet to translate into stronger rental pricing. Since vacancy reached 4.4% in Q3 2025, asking rents have fallen for four consecutive quarters, reflecting a prolonged adjustment in rental expectations.

Strong year-to-date absorption tempered by slower third quarter

Toronto's industrial market recorded 8.8 million square feet (msf) of year-to-date net absorption, compared with 1.2 msf during the same period in 2025. However, quarterly absorption slowed to approximately 1.0 msf, below the five-year quarterly average of 2.0 msf. The Beer Store's 680,235-square-foot (sf) lease in Toronto West was the quarter's largest reported transaction, reflecting continued demand from select large occupiers despite moderating occupancy growth. The slower quarterly pace highlights uneven absorption despite substantially stronger year-to-date activity.

Construction activity accelerates despite subdued deliveries

Industrial space under construction increased to 15.1 msf in Q3, up from 13.4 msf in the previous quarter, marking the second consecutive quarterly increase. Nicola Real Estate broke ground on Buildings B and C at King Jane Business Park in Toronto North, with the two buildings comprising 984,176 sf pre-leased to LG in Q2. The project represents a substantial addition to the development pipeline without increasing future uncommitted inventory. Meanwhile, new deliveries totalled approximately 785,000 sf, bringing year-to-date completions to 4.3 msf, well below the 11.8 msf recorded during the same period in 2025. With construction volumes rising while deliveries remain limited, the timing of future completions will become increasingly important to the market's supply outlook.

KEY STATISTICS

	Q3 2025	Q3 2026	Y-O-Y
Inventory	865.2 msf	878.1 msf	+12.9 msf
Vacancy rate	4.4%	3.9%	-50 bps
Asking rental rate	\$16.88	\$15.95	-5.5%
Net absorption YTD	1.2 msf	8.8 msf	+7.6 msf
Deliveries YTD	11.8 msf	4.3 msf	-7.5 msf
Under construction	13.8 msf	15.1 msf	+1.4 msf

Outlook

01

Despite declining vacancy, lower asking rents may create opportunities for occupiers, particularly in submarkets with above-average vacancy rates.

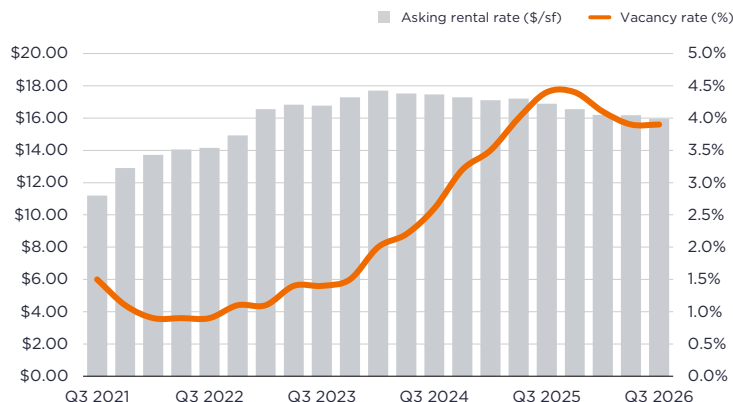
02

Slower quarterly absorption raises questions about whether strong year-to-date occupancy gains will continue through year-end.

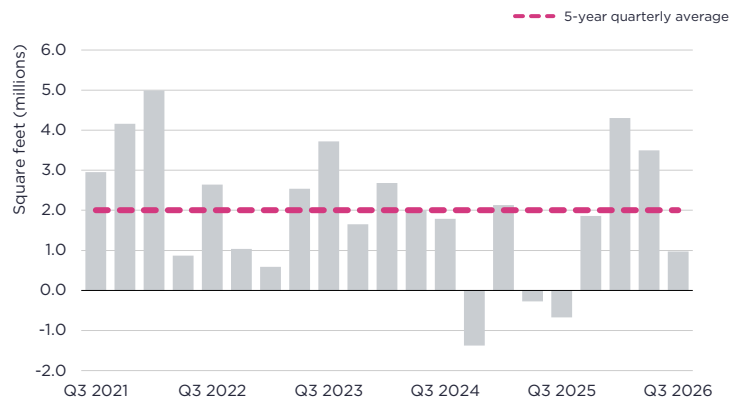
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An expanding construction pipeline could increase future leasing competition, depending on the timing of deliveries and the extent of pre-leasing activity.

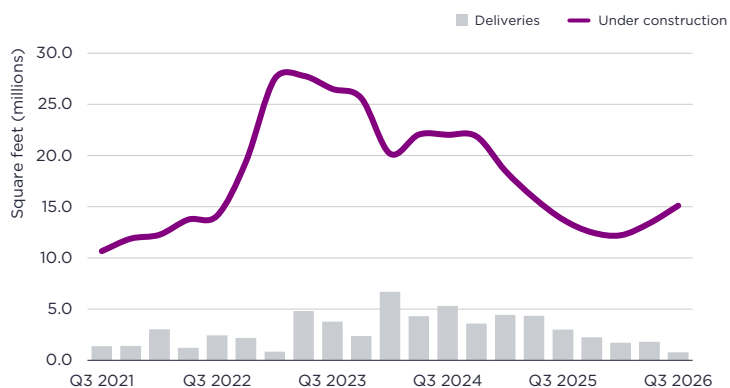
ASKING RENT AND VACANCY



NET ABSORPTION



DELIVERIES AND CONSTRUCTION



NOTABLE LEASES

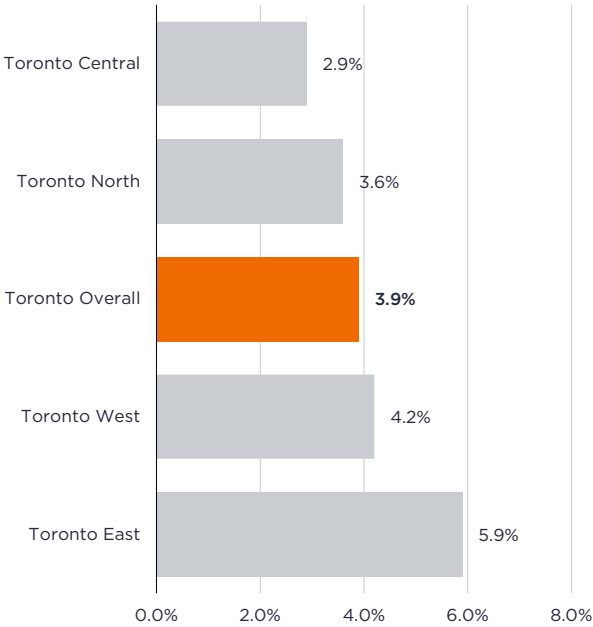
Source: Savills Research

Tenant	Size (SF)	Submarket	Address	Transaction type	Industry
The Beer Store	680,235	Toronto West	6500 Campbellville Road	New Lease	Food & Beverage
Grand & Toy	230,581	Toronto North	200 Aviva Park Drive	Renewal	Retailer (Brick & Mortar)
Niche Bakers Corp	168,476	Toronto West	165 Summerlea Road	New Lease	Food & Beverage
Xanadu	157,710	Toronto Central	175 New Toronto Street	New Lease	Communications / Media / Tech
Twelve Oaks Forest Product Inc.	134,886	Toronto North	10430 Woodbine Avenue - Building B	New Lease	Construction Materials & Building Fixtures

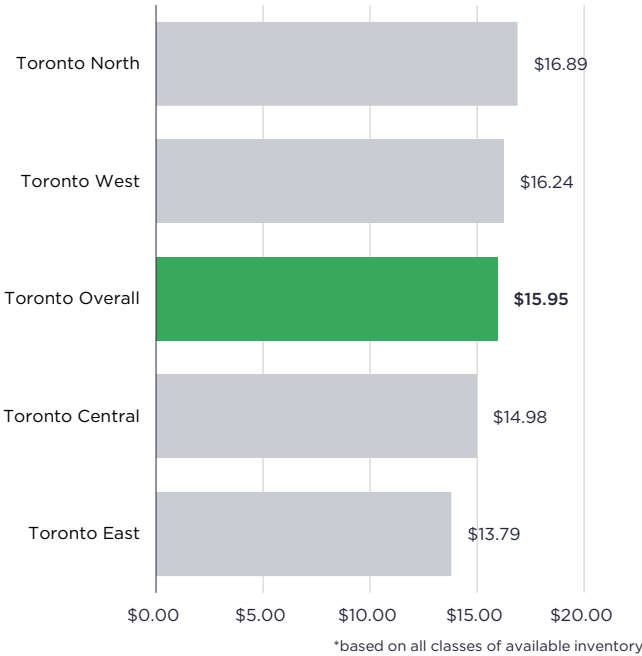
NEW DEVELOPMENTS

Developer / Tenant	Size (SF)	Submarket	Address	Development type	Status
Nicola Real Estate / LG	984,176	Toronto North	2955 King Road - Building B & C	Speculative (pre-leased)	Under Construction
Carttera	498,313	Toronto Central	5705 & 5755 Steeles Avenue East	Speculative (available)	Under Construction
OleaDev Real Estate Group & BMO Private Equity Fund	451,669	Toronto West	1724 Steeles Avenue East	Speculative (available)	Delivered Q3 2026
Jim Pattison Developments	383,332	Toronto Central	105 State Crown Boulevard / 5855 Steeles Avenue East	Speculative (available)	Under Construction
Glenshore Investments Inc.	194,300	Toronto West	5010 Castlemore Road / 5020 Old Castlemore Road	Speculative (available)	Under Construction

VACANCY RATE COMPARISON (%)
TORONTO SUBMARKETS



RENTAL RATE COMPARISON (\$/SF)*
TORONTO SUBMARKETS



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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. Copyright © 2026 Savills