

FROM BOOM TO BALANCE

Raising the Doors

on Toronto's Industrial Market Reset

CUSHMAN & WAKEFIELD

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F R O M B O O M T O B A L A N C E

Raising the Doors on Toronto's Industrial Market Reset

The Greater Toronto Area (GTA) industrial market has been gradually emerging from an intense growth cycle that spanned 2021 and 2022. During this period, annual absorption surged to its highest levels in nearly three decades, while supply struggled to keep pace. For six straight quarters, vacancy rates held below 1.0%, creating a virtual no-vacancy environment. This space crunch drove annual net rent growth rates as high as 49.3%.

Over the past two years, new supply surged in response to the heightened demand of the prior period, reaching a 24-year high of 14.4 million square feet (msf) in both 2023 and 2024. At the same time, demand began to level off, gradually pushing supply ahead. By 2024, new deliveries outpaced demand, reshaping the industrial market and accelerating change throughout the year. As a result, the market has begun to rebalance, offering occupiers increased availability and greater leasing flexibility.

By the end of 2024, the lease vacancy rose to a near 11-year high of 4.4%, though the impact has been far from uniform. Building performance has varied depending on factors like ceiling height, size, and location, with some properties adjusting more rapidly than others. This report explores the key fundamentals driving these shifts and how different buildings have adapted to the evolving market landscape.

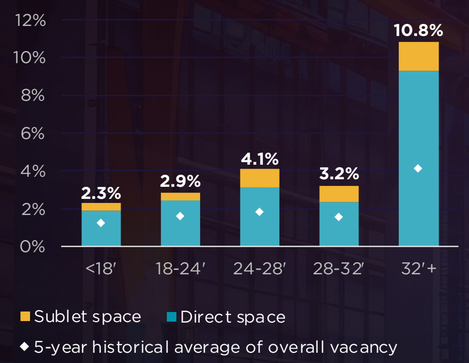
Greater Toronto Area Statistics	Q4 2024	YOY Change	
Inventory	834.3 MSF	14.4 MSF	▲
Vacancy Rate for Lease	4.4%	1.9%	▲
New Leasing Activity (2024)*	20.2 MSF	1.3 MSF	▼
Direct Net Asking Rent	$17.33 PSF	$1.10 PSF	▼

*New Leasing Activity defined as new direct leases and subleases since January 2024. Excludes renewals.
Direct is defined as space available directly through the landlord that is free and clear of any lease obligations. Excludes sublease space.
Million square feet (msf)
Per square foot (psf)

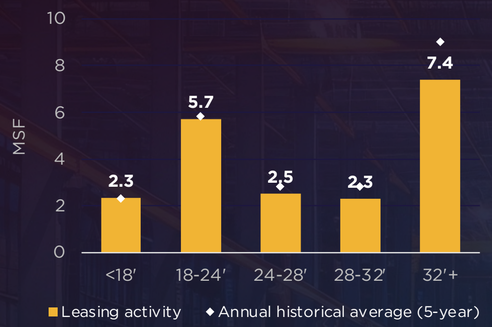
Ceiling Height Comparison /// GTA Overall

MARKET FUNDAMENTALS SEGMENTED BY **CEILING HEIGHT**

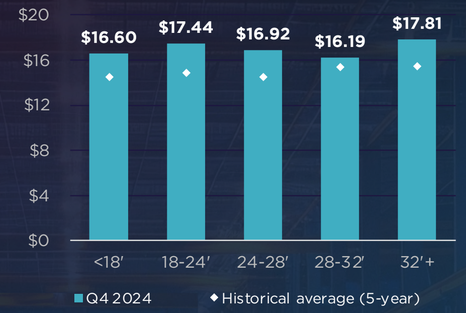
VACANCY RATE – FOR LEASE



NEW LEASING ACTIVITY - 2024



AVG. ASKING RENT (PSF) - 2024



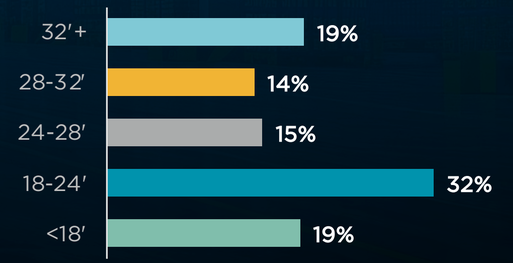


Vacancy in the 32'+ ceiling height category—which includes the market's larger buildings, averaging 270,000 square feet (sf) in size—rose to a five-year high of 10.8% in Q4 2024. Of the 571 buildings tracked, 183 (32.0%) were delivered in the past five years, with more than half (98) completed in 2023 and 2024. By year-end 2024, total vacancy reached 16.8 msf as preleasing rates since mid-2023 in new builds fell to an average of 37.0%. These recent deliveries now account for 12.7 msf (67.4%) of vacant space in this category. After averaging just 1.2% from 2020 to 2022, vacancy increased by 4.7% year-over-year (YOY) in 2023, followed by an additional 4.5% rise in 2024 as demand softened. The upside? As supply gradually outpaced demand, increased availability in newer buildings has started to ease space constraints for larger occupiers.

The evolving market landscape is reflected in the 32'+ segment. Although it led with 7.4 msf of new leasing, surpassing the 18'-24' category which recorded the second highest level of 5.7 msf, activity in the 32'+ segment still fell 21.9% (1.6 msf) below the five-year annual average of 9.0 msf. Meanwhile, the segments under 24'—which make up more than half of the total inventory—accounted for 396 (69.2%) of all lease transactions. Despite recent market shifts, these segments have shown resilience, with leasing activity falling modestly below their five-year averages.

After two years of record-breaking growth that propelled rents to an all-time high in 2023 across all ceiling height categories, net asking rents declined by an average of 6.5% in 2024. Despite this pullback, rents stayed well above the five-year average, exceeding it by an average of 13.3% across five categories. The 32'+ category, which experienced a surge in new supply and had rents more than double between 2020 and 2023, continued to command the highest asking rate at $17.81 per square foot (psf).

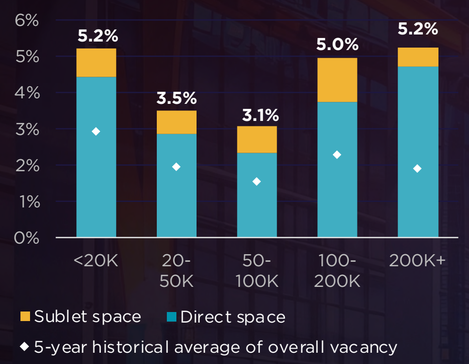
SHARE OF INVENTORY



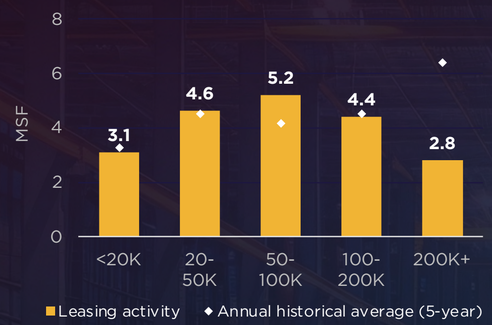
Size Range Comparison /// GTA Overall

MARKET FUNDAMENTALS SEGMENTED BY **SIZE RANGE**

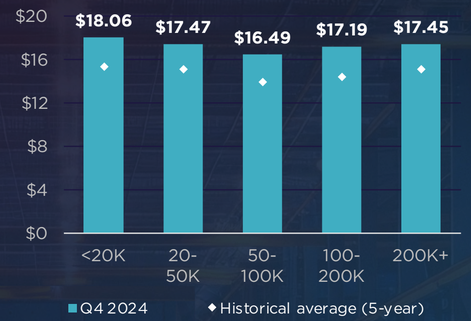
VACANCY RATE – FOR LEASE

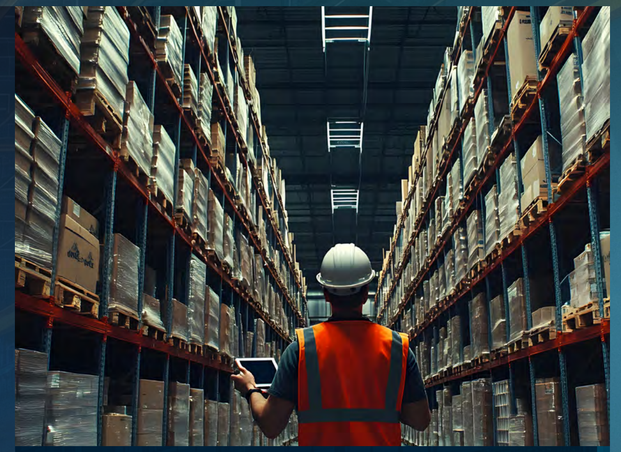


NEW LEASING ACTIVITY - 2024



AVG. ASKING RENT (PSF) - 2024





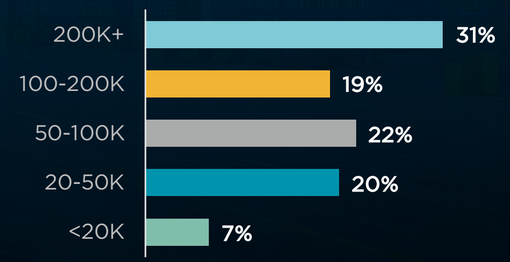
Buildings in the 50,000–100,000-sf category have been the GTA's most stable and in-demand industrial segment. Vacancy remained tight over the past five years, averaging 1.5%, edging up to 3.1% by Q4 2024 as demand cooled. Although this represented a 130-basis-point (-bp) increase in vacancy from 2020, it was the smallest rise among all size categories. Even at a five-year high, this segment still holds the lowest vacancy rate across size ranges. At the lower end of the scale, the <20,000-sf category—more vulnerable to economic shifts due to its base of smaller companies—registered a 350-bp increase, rising from a low watermark of 1.7% in 2022 to 5.2% by Q4 2024.

Large bay properties registered a sharp rise in vacancy, driven by the dominance of big-box buildings in new developments. Between 2020 and 2024, buildings greater than 100,000 sf made up 90.2% (55.6 msf) of the new inventory added across the GTA. As demand cooled in 2023, vacancy rates began to rise, especially in the 200,000-plus-sf segment, reaching 5.2% (13.7 msf)—a 490-bp increase since 2020. This uptick can largely be attributed to an influx of vacancies from buildings completed since 2022, which accounted for 8.9 msf, or 63.5% of the total vacancy in the 200,000-plus-sf category.

Demand from larger users cooled, with leasing activity in the 200,000-plus-sf category sharply declining. After averaging 7.9 msf annually from 2020 to 2024, leasing dropped to a five-year low of 2.8 msf, the lowest of all size categories. Meanwhile, leasing in the 50,000–100,000-sf category registered a significant boost, rising by 1.9 msf YOY to reach 5.2 msf, making it the most active size range.

Although asking net rents remain 16.6% above historic levels across all size categories, rents have softened, falling by an average of 5.1% since 2023. The first declines appeared in 2023 in the larger segments (100,000-plus sf), with the 200,000-plus--sf category posting the sharpest annual drop of 9.1% by 2024. Alternatively, the <20,000-sf category recorded the smallest YOY dip at 1.1%, keeping its rent the highest among all size groups at $18.06 psf.

SHARE OF INVENTORY

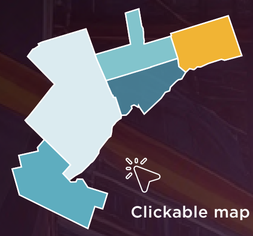




MOUSE OVER EACH SUBMARKET BUTTON FOR REGIONAL INSIGHTS

CONTINUE

GTA EAST



INVENTORY
54.9 MSF

VACANCY FOR LEASE
7.6% (4.2 MSF)

NEW LEASING ACTIVITY (2024)
1.7 MSF

AVG. ASKING NET RENT PSF
$15.36

GTA EAST IN FOCUS

The GTA East market is the smallest in the region, representing 58.9 msf (17.9%) of total inventory. Since 2020, 11.2 msf across 32 buildings have been added, with another 1.7 msf set for completion by year-end 2025. Of these 32 new buildings, 29 exceeded 100,000 sf with 28'+ ceiling heights. As demand softened and preleasing levels fell below historical averages, vacancy surged to 7.6% by the end of 2024.

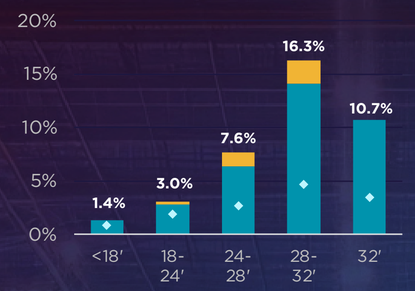
Between 2020 and 2023, overall market vacancy stayed below the 2.0%-mark, a trend consistent across all size ranges—except in 2020, when vacancy in 100,000–200,000-sf buildings spiked to 11.8%. By Q4 2024, vacancy in larger buildings with ceiling heights above 28' reached 2.2 msf, making up 53.7% of the total 4.2 msf available for lease. The sharpest increase was in the 28'-32' ceiling height category, where vacancy surged to 16.3%, driven largely by new supply.

Over the past five years, new leasing activity peaked in 2021 with 36 deals totaling 3.7 msf. As demand softened, leasing declined to 24 deals totaling 1.6 msf in 2024. Of the 128 leases tracked from 2020 to 2024, 60 were primarily for spaces in the <50,000-sf categories with ceiling heights <24'. In terms of total leased area, new supply dominated, accounting for 6.7 msf—69.7% of the 9.7 msf leased in the GTA East market.

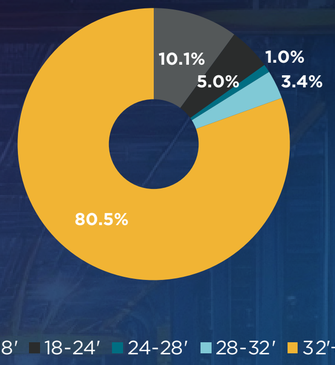
Overall, asking net rents in GTA East have historically trended lower than other regions, ending 2024 at $15.36 psf, 11.4% below the overall GTA average. This pattern holds across all size ranges and ceiling heights, except for the 32'+ category, which consists mostly of new builds. This segment commands the highest rents in the region, averaging $17.18 psf—just 3.5% below the GTA average.

BY CEILING HEIGHT

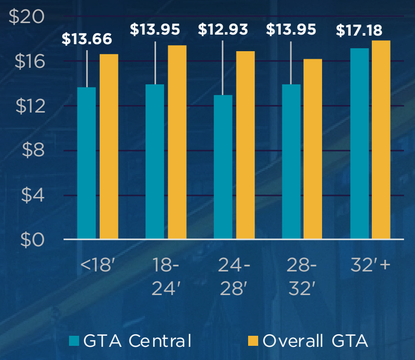
VACANCY RATE – FOR LEASE



NEW LEASING ACTIVITY - 2024

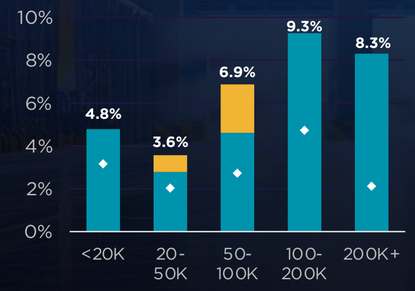


AVG. ASKING RENT (PSF)

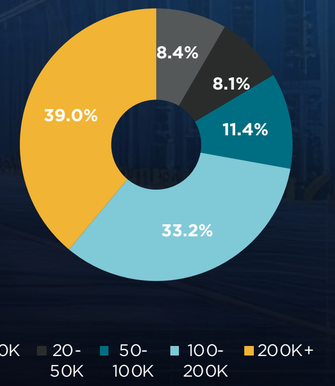


BY SIZE RANGE

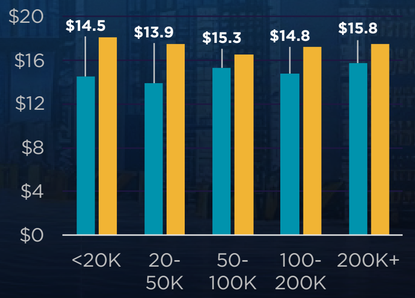
VACANCY RATE – FOR LEASE



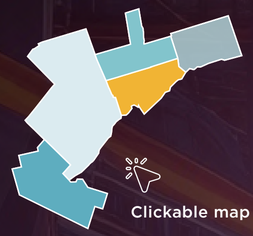
NEW LEASING ACTIVITY - 2024



AVG. ASKING RENT (PSF)



GTA CENTRAL



INVENTORY
223.3 MSF

VACANCY FOR LEASE
2.9% (6.5 MSF)

NEW LEASING ACTIVITY (2024)
3.6 MSF

AVG. ASKING NET RENT PSF
$16.91

GTA CENTRAL IN FOCUS

The GTA Central market is the second-largest region in the GTA, comprising 223.4 msf or 26.8% of the city-wide total inventory. Over the past five years, however, it has recorded the lowest influx of new supply—just 6.7 msf, or 10.6% of the GTA's overall total of 63.4 msf—while also recording the lowest year-end lease vacancy rate at 2.9%.

Viewed through the lens of ceiling height, vacancy is highest in buildings within the 32'+ category reaching 6.9%, up from the average of 2.1% between 2020–2023 and more than double the five-year average of 3.0%. The 400-bp surge YOY was fueled primarily by new supply as four of seven buildings offering options in this ceiling height category, all built in 2024, entered the market vacant, accounting for 78.4% (827,000 sf) of the 1.1 msf of vacant space.

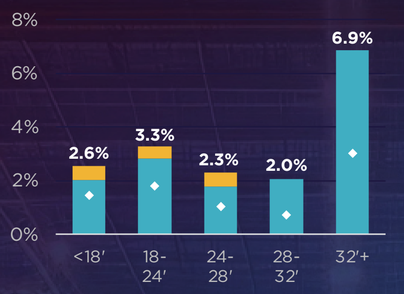
The Central region, with its inventory largely consisting of older stock, exhibits distinct vacancy trends, particularly when analyzed by size range. The vacancy rate is highest in the <20,000-sf category at 5.0%, with most of these spaces located in buildings constructed pre-2000. The 20,000-50,000-sf category leads all size ranges for total vacant space at 2.1 msf. Nearly all available options in this segment are within older buildings completed before 2000, except for two buildings.

In 2024, buildings in the 18'–24' category made up nearly half of new leases, with an average deal size of 28,252 sf . Buildings with <18' ceilings accounted for 31.9% of leasing. Together, these segments drove demand, totaling 2.9 msf of the 3.6 msf leased. By size range, small- to mid-bay properties under 50,000 sf were the most active, with 2.1 msf leased, or 60.2% of the total.

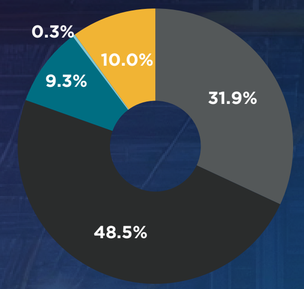
Asking rents across ceiling height and building size segments stayed close to the GTA average of $17.33 psf, with the Central region average trailing by 2.4% at $16.91 psf. After soaring 74.6% since 2020, rents have eased back by 4.2% in 2024 from their peak of $17.65 psf in 2022. The sharpest drop was in the 200,000-plus-sf large-bay category, down 15.9% from its $22.00 psf peak to $18.50 psf. Newly built properties continued to command premium rents, averaging $18.18 psf—4.6% higher than the $17.34 psf average for properties built before 2022.

BY CEILING HEIGHT

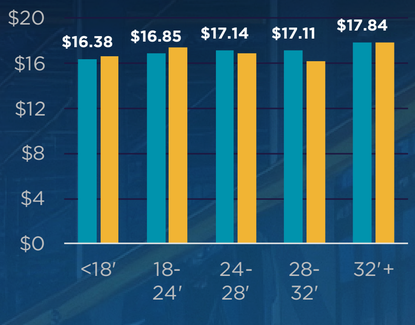
VACANCY RATE – FOR LEASE



NEW LEASING ACTIVITY - 2024

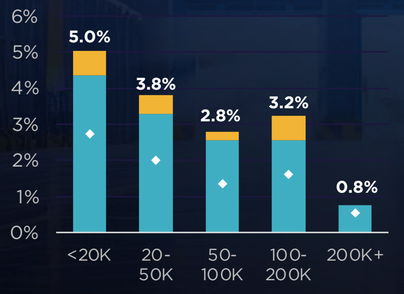


AVG. ASKING RENT (PSF)

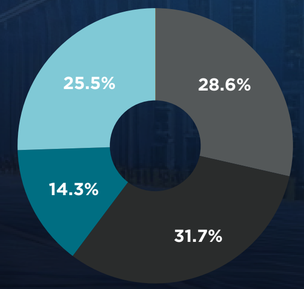


BY SIZE RANGE

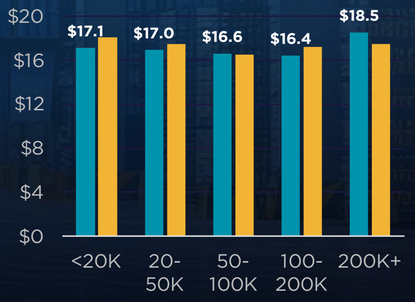
VACANCY RATE – FOR LEASE



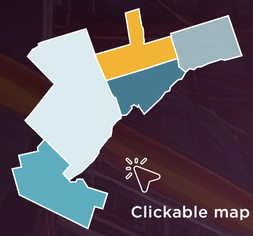
NEW LEASING ACTIVITY - 2024



AVG. ASKING RENT (PSF)



GTA NORTH



Clickable map

INVENTORY
163.3 MSF

VACANCY FOR LEASE
3.0% (4.9 MSF)

NEW LEASING ACTIVITY (2024)
5.5 MSF

AVG. ASKING NET RENT PSF
$17.59

GTA NORTH IN FOCUS

The GTA North market represents 163.3 msf (19.6%) of the GTA's total inventory. Over the past five years, this market grew by 6.0%, adding 9.7 msf of new supply, making up 15.4% of the GTA's new supply total of 63.4 msf. Another 3.0 msf is under construction, expected by the end of 2025. After three years of tight market conditions, with a 1.2% average for-lease vacancy rate, vacancy rose to a 10-year high of 3.0% by the end of 2024.

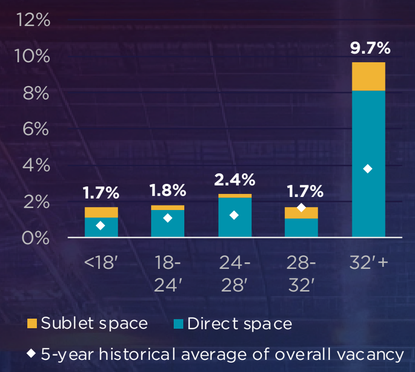
From 2020 to 2023, vacancy rates remained below 3.0% across all size and ceiling height categories. In 2023, vacancy in the 32'+ segment began to rise, and by the end of 2024, it surged to 9.7%, a 4.3% YOY increase, making up 44.9% of total market vacancy. This was mainly driven by buildings completed in the past five years, which added 1.1 msf, or 52.3% of the segment's vacancy. Vacancy in both the smallest and largest size ranges also increased slightly, crossing the 4.0% mark in 2024. While new supply has contributed to the sharp rise in vacancy within the 32'+ ceiling height facilities, it represents only 23.8% (1.2 msf) of total market vacancy. The bulk of the upward pressure continues to come from older, existing buildings.

Demand for new, modern buildings in GTA North has been strong, with a 71.6% average preleasing rate since 2020, second only to GTA Central. Although average preleasing rates have now dropped to 54.5% since 2023, the region still had the second-highest rate. Over the past five years, a third of all new leases (86 deals totaling 7.6 msf) were signed in recently delivered buildings, half of which were in 32'+ facilities. Small—to mid—size bays and lower ceiling height categories recorded the highest deal volume. In 2024, 162 new leases totaling 6.6 msf were signed, with 120 of those (2.0 msf) for transactions <50,000 sf.

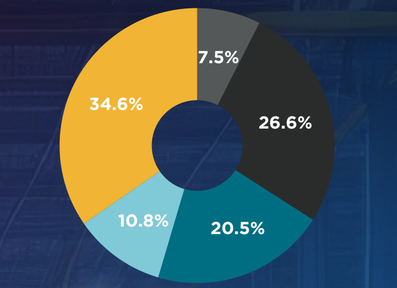
After near-record annual rent increases in late 2022 and early 2023, the pace has slowed, bringing the average quoted net rent to a two-year low of $17.59 psf in Q4 2024, a 7.0% YOY decline—the largest slowdown in 15 years. While most asset categories remain above the GTA average, the biggest decrease—over 10%—occurred in properties with 32'+ ceilings and those over 100,000 sf.

BY CEILING HEIGHT

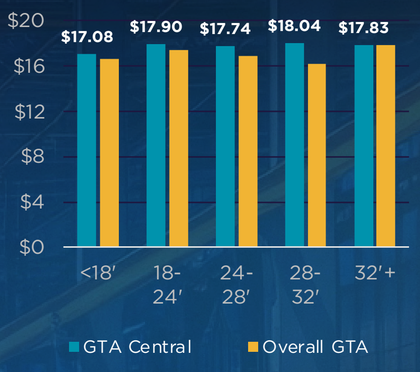
VACANCY RATE – FOR LEASE



NEW LEASING ACTIVITY - 2024

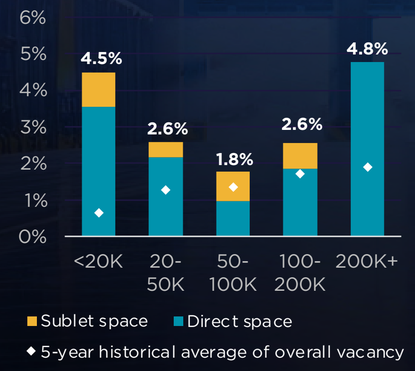


AVG. ASKING RENT (PSF)

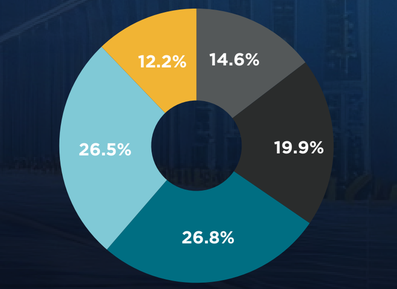


BY SIZE RANGE

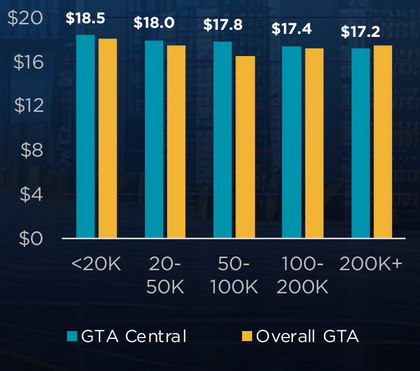
VACANCY RATE – FOR LEASE



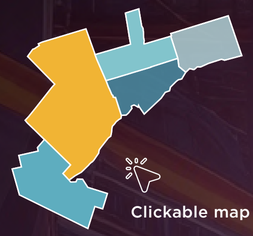
NEW LEASING ACTIVITY - 2024



AVG. ASKING RENT (PSF)



GTA WEST



INVENTORY
392.8 MSF

VACANCY FOR LEASE
5.3% (20.8 MSF)

NEW LEASING ACTIVITY (2024)
9.5 MSF

AVG. ASKING NET RENT PSF
$17.71

GTA WEST IN FOCUS

GTA West is the largest and most influential industrial region, with 393 msf of inventory, representing 47.1% of the total across the GTA. Over the past five years, 35.5 msf of new supply was added to the inventory, more than half of the GTA's 63.4-msf total. By year-end 2024, lease vacancy reached a 10-year high of 5.3%.

By Q4 2024, lease vacancy in GTA West was largely concentrated in buildings with 32'+ ceilings, reaching 10.8 msf—more than half of the region's total. A shift in demand dynamics in 2023, combined with a steady influx of new supply, drove vacancy higher. Of this total, 76.8% (8.3 msf) came from 37 developments completed between 2022 and 2024, pushing vacancy to 11.8% by Q4 2024—more than double the five-year average—after averaging just 1.2% from 2020 to 2022.

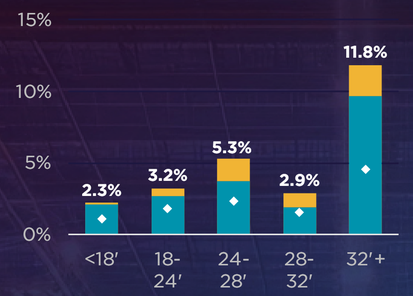
Size range analysis highlighted a similar trend, with the largest bay segments (100,000-200,000 sf and 200,000-plus sf) recording the highest vacancy rates at 6.7% and 6.1%, respectively, by year-end 2024. These segments include 61 buildings with available space, totaling 14.0 msf. Of this, 7.8 msf (55.8%) is spread across 27 buildings completed between 2022 and 2024. Notably, Rona's 750,000 sf facility in Milton and DSV's 230,000 sf facility in Caledon, both completed in 2022, are on the market for sublease. Together, they total 980,000 sf, adding 1.7% to vacancy.

The medium—to large-bay segments (50,000–200,000 sf) dominated demand, accounting for 48.1% of new leasing activity. While rising supply has put upward pressure on vacancy, interest in these properties remained strong. Of the 4.6 msf leased in these segments, 2.4 msf (52.2%) was in buildings completed within the past three years.

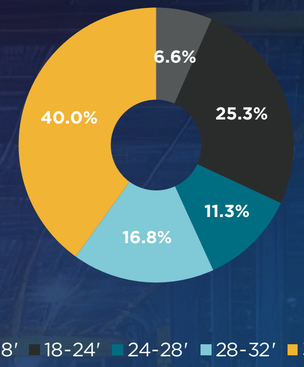
While average quoted net rents across all ceiling height categories declined from the peaks of 2022 and 2023, they remained slightly ahead of GTA averages in Q4 2024, ranging from 1.0% to 4.2% higher. Rent trends across size ranges followed a similar pattern. The exception was the 50,000–100,000-sf range, where the average rent dropped to $16.20 psf, 1.5% below the GTA average. All other categories remained slightly above the GTA average, with rents exceeding that figure by 1.8% to 4.5%. New builds continued to command higher rents, averaging $18.18 psf—5.0% higher than the $17.34 psf average for properties delivered since 2022.

BY CEILING HEIGHT

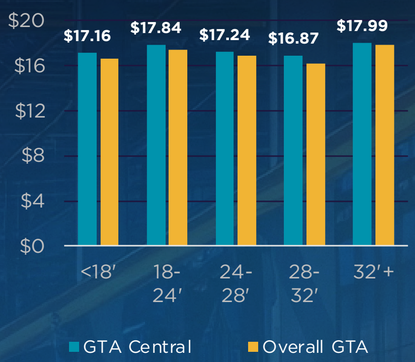
VACANCY RATE – FOR LEASE



NEW LEASING ACTIVITY - 2024

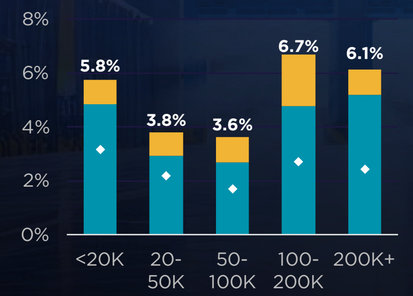


AVG. ASKING RENT (PSF)

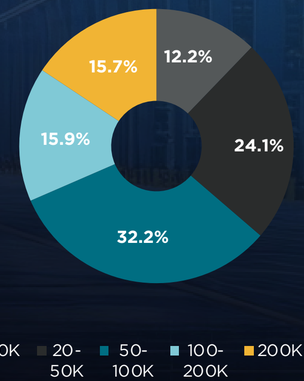


BY SIZE RANGE

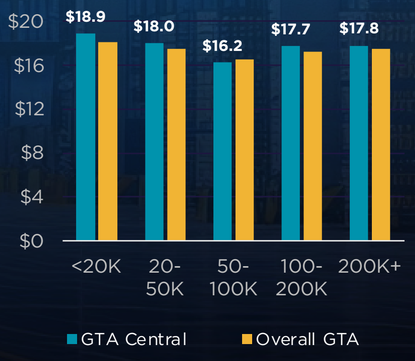
VACANCY RATE – FOR LEASE



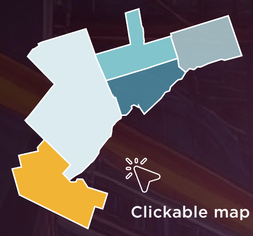
NEW LEASING ACTIVITY - 2024



AVG. ASKING RENT (PSF)



HAMILTON



INVENTORY
55.9 MSF

VACANCY FOR LEASE
2.6% (1.4 MSF)

NEW LEASING ACTIVITY (2024)
456,000 SF

AVG. ASKING NET RENT PSF
$14.18

HAMILTON IN FOCUS

The 32'+ ceiling height buildings have the highest vacancy rate at 3.8%, 230-bp higher than the five-year average. Notably, 85.3% (772,000 sf) of the vacant space is in buildings delivered in 2024, underscoring the impact of new supply in a cooling demand environment.

The new supply impact is also highlighted when looking at the vacancy levels by size category. New supply in size range categories above 100,000 sf accounted for more than half (771,000 sf) of the total market vacancy of 1.4 msf.

After a strong run in 2023 of 1.5 msf, new leasing activity in Hamilton dropped to a six-year low of 456,000 sf in 2024. Facilities with ceiling heights below 24' accounted for 248,000 sf (54.4%) of the total. By size, mid—to—small bay categories led the market, capturing 61.3% (279,000 sf) of leasing. The <20,000-sf segment was a bright spot, with activity climbing 30.4% above its five-year average.

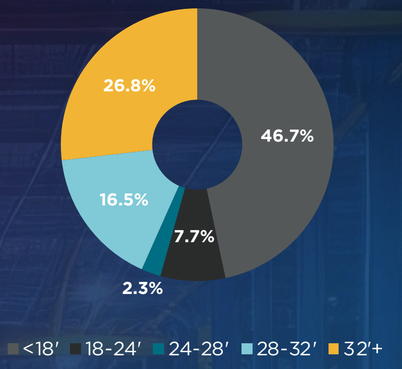
Hamilton's average quoted net rent has consistently trailed GTA regions. While GTA rents declined steadily over the past year, Hamilton's rents fluctuated more, beginning in early 2023. By size range, the 100,000–200,000-sf segment—comprised entirely of new 2024 developments—had the highest rent at $15.97 psf in Q4 2024, 12.6% above the market average of $14.18 psf. At the other end of the range, the <20,000-sf category, dominated by older stock, recorded the lowest rent at $11.78 psf, 17.0% below the market average.

BY CEILING HEIGHT

VACANCY RATE – FOR LEASE



NEW LEASING ACTIVITY - 2024

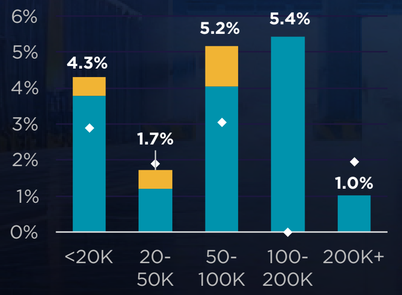


AVG. ASKING RENT (PSF)

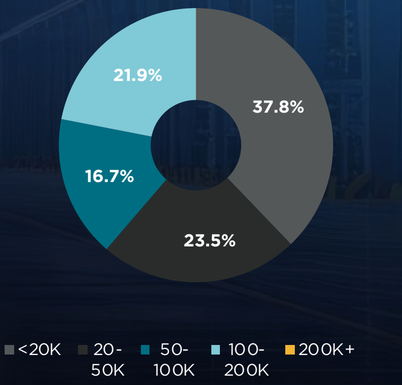


BY SIZE RANGE

VACANCY RATE – FOR LEASE



NEW LEASING ACTIVITY - 2024



AVG. ASKING RENT (PSF)



OUTLOOK

Vacancy has steadily climbed since 2023, particularly in large bay and high-ceiling segments, as supply outpaced demand—a trend that gained momentum in 2024. While performance varies across size categories, the 50,000-100,000 sf range has become the most active, while demand for larger buildings has slowed. As a result, developers may increasingly focus on subdividing larger spaces to meet the demand for mid-sized units. This shift is expected to lead to a more dynamic leasing market, providing tenants with greater flexibility and more options to secure spaces that meet their needs.

With developers taking a more cautious stance, the record-setting inventory growth of 2023 and 2024 is likely behind us. In 2025, new supply is projected to be nearly half of prior years, and many planned developments have been pushed out by two to three years as developers wait out economic uncertainty. While lower supply growth should help ease some vacancy pressure, only 13.9% of the 4.8 msf expected in the first half of 2025 was preleased at year-end 2024, suggesting continued upward pressure on vacancy in the coming year, particularly in the most affected market segments.

The unfolding trade war with the U.S. introduces a wildcard that could disrupt the market in unexpected ways. With conditions evolving rapidly, its full impact remains uncertain. If higher tariffs are enacted, the industrial real estate sector will likely be among the first to feel the strain, potentially prolonging softer demand and extending high vacancy rates.



FROM BOOM TO BALANCE

Raising the Doors

on Toronto's Industrial Market Reset

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