

FIVE FAST FACTS

GREATER TORONTO AREA/ INDUSTRIAL / Q2 2024

1. VACANCY CONTINUED TO POINT UPWARD AMID SURGE IN LARGE BLOCK OPTIONS



The upward vacancy trend in GTA's industrial market, which began in Q1 2023, continued to dominate headlines. Increased sublets and sluggish pre-leasing of new supply were key factors propelling vacancy to an eight-year high of 3.7%. Opportunities surfaced across all size ranges, most notably in the 100,000 sf+ cohort, where 19 new blocks added 4.0 msf of new space to the vacancy pool.



2. RENT DIPS AFTER EIGHT-YEAR RUN



Over the past year, as vacancy rates edged up steadily, the overall average asking rent defied historical trends by remaining on an upward trajectory until this quarter. For the first time in eight years, rent fell, dipping by 2.9% QOQ to \$18.07 psf. The decline was primarily concentrated in older buildings, while newer buildings maintained stable rents thanks to modern amenities and efficiency standards.



3. GTA MARKET FEELS THE PINCH AS ACTIVITY FALLS SHORT



With demand softening, the strong leasing activity of the past five years remained elusive in the first half of 2024. Leasing activity ticked up slightly this quarter to 4.3 msf, yet it fell nearly 25% short of the historic quarterly average of 5.7 msf. Sales activity also took a hit plummeting by 64.7% to 3.0 msf from 8.5 msf in Q1 2024.



4. EASING DEMAND KEEPS ABSORPTION NEGATIVE IN Q2 2024



Amid easing demand, absorption remained firmly in negative territory for the fourth consecutive quarter, hitting a 14-year low of -2.9 msf. The GTA West market, the largest region across the GTA, posted the sharpest downturn with absorption plunging to a 15-year low of -1.4 msf, accounting for 49.1% of the GTA total in Q2 2024.



5. GTA WEST: VACANCY HOTSPOT



The GTA West market registered a notable increase in vacancy, accounting for 3.7 msf or 44.3% of the total 8.4 msf of new space added this quarter. This market now holds the highest vacancy rate among the GTA's major markets, reaching an eight-year high of 4.8%, a significant rise from the three-year average of 1.5%. Submarkets within this region led in highest vacancy rates across the GTA, notably Milton/Halton Hills with a vacancy rate of 10.3%.

