



# Q1 2026

Market Insights Report

Toronto, ON

OFFICE

cresa 

## GTA Overview | Q1 2026



As quality space in the financial core becomes increasingly limited, the demand is now broadening beyond the core, as tenants look to secure the next available high-quality office space.

### Vacancy:

Q1 2026 marked the first quarter in which the overall vacancy rate declined after rising in every quarter since the onset of the pandemic. Across the Greater Toronto Area (GTA), vacancy dropped this quarter by 0.3 percentage points to 16.4%, as the impact of Government and major bank's return-to-office policies introduced last year begins to emerge.

### Market Rent & Lease Volume:

Average net rents continue to edge upward, driven by competition for Class A space in the financial core. The Landlords for these prime assets have been able to achieve higher Net Effective Rent (NER) than ever before as a result of this demand. These gains are balanced out by the weaker demand in secondary markets, where Landlords continue to heavily incentivize deals to attract tenants.

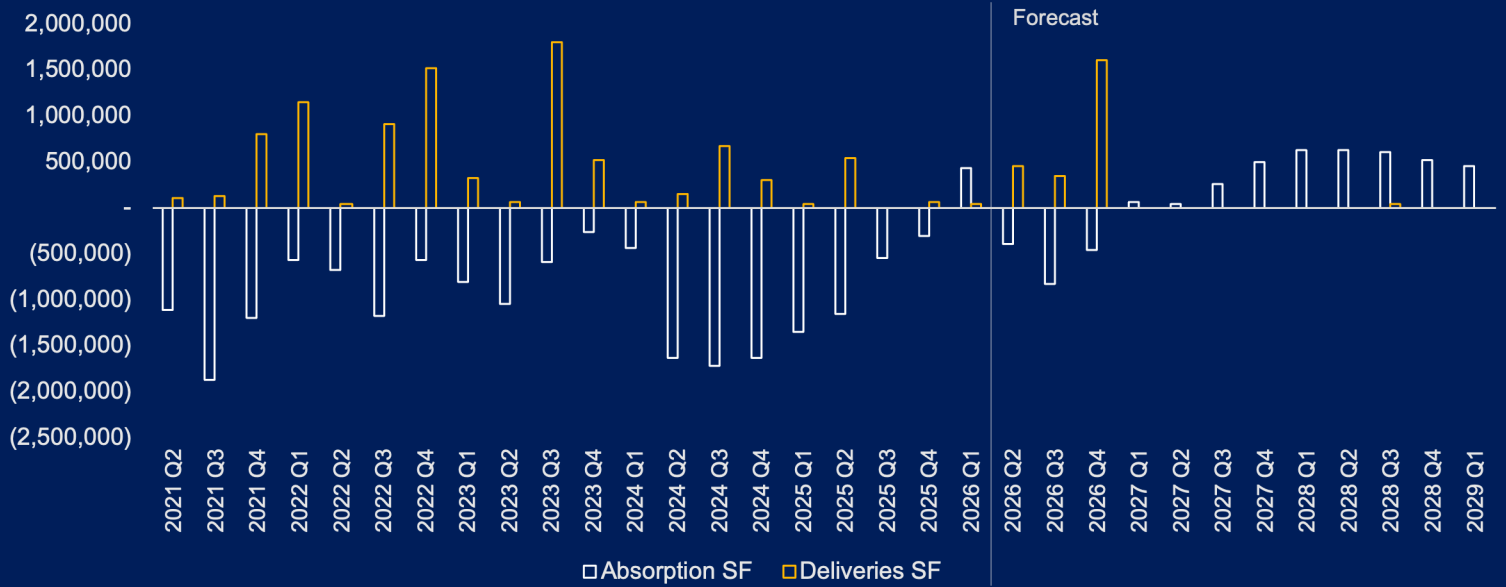
### Market Trend in Focus:

In February, it was announced that CIBC Square II (141 Bay St) was fully leased, weeks ahead of its phased occupancy. With no new large blocks of developments expected to be completed by 2030, competition for high-quality spaces in the Financial Core is set to intensify, further exacerbating the divide between downtown and suburban offices.

### Notable Cresa Transactions:

Address	Size (SF)	Market
365 Bloor Street East	19,493 SF	Midtown
468 Queen Street East	14,073 SF	Toronto East
121 King Street West	10,974 SF	Financial Core

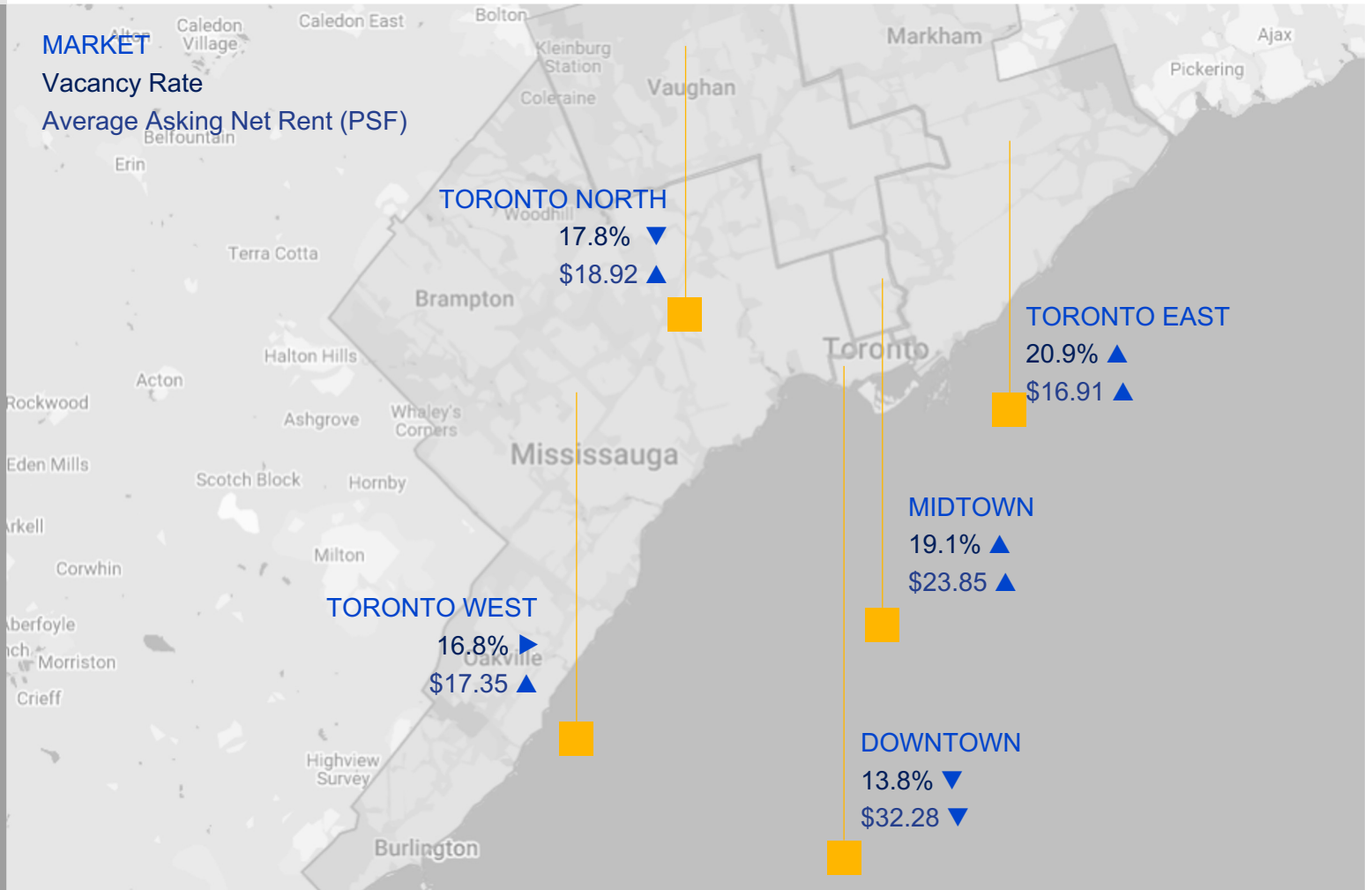
# GTA Overview | Absorption & Construction



## MARKET

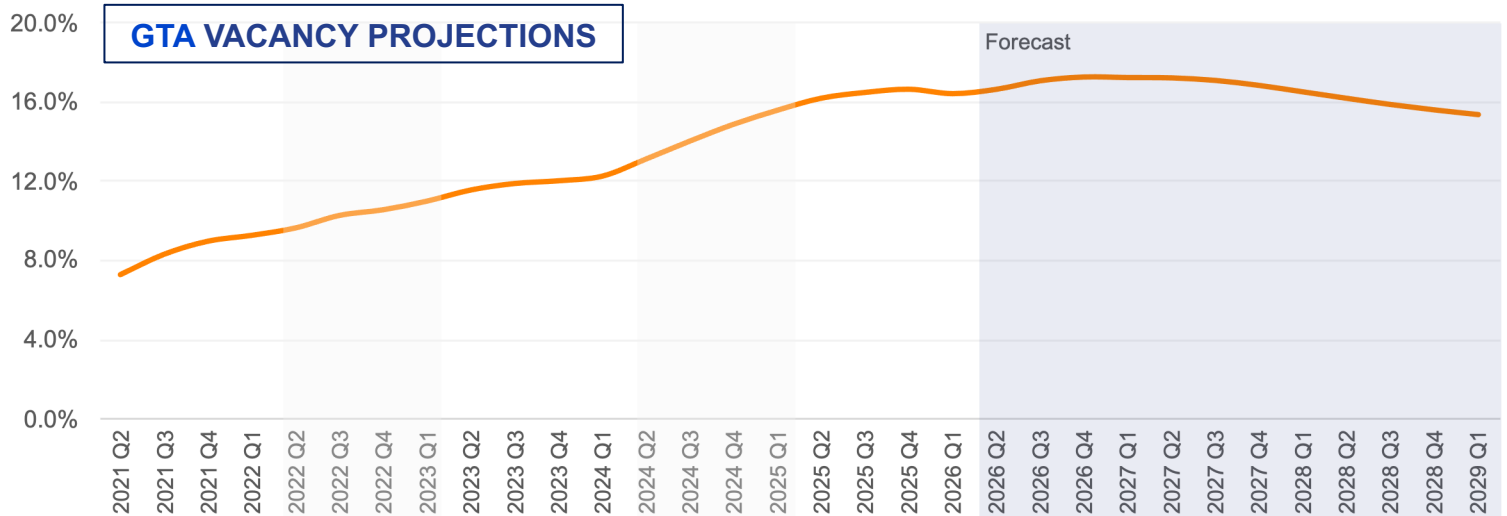
Vacancy Rate

Average Asking Net Rent (PSF)



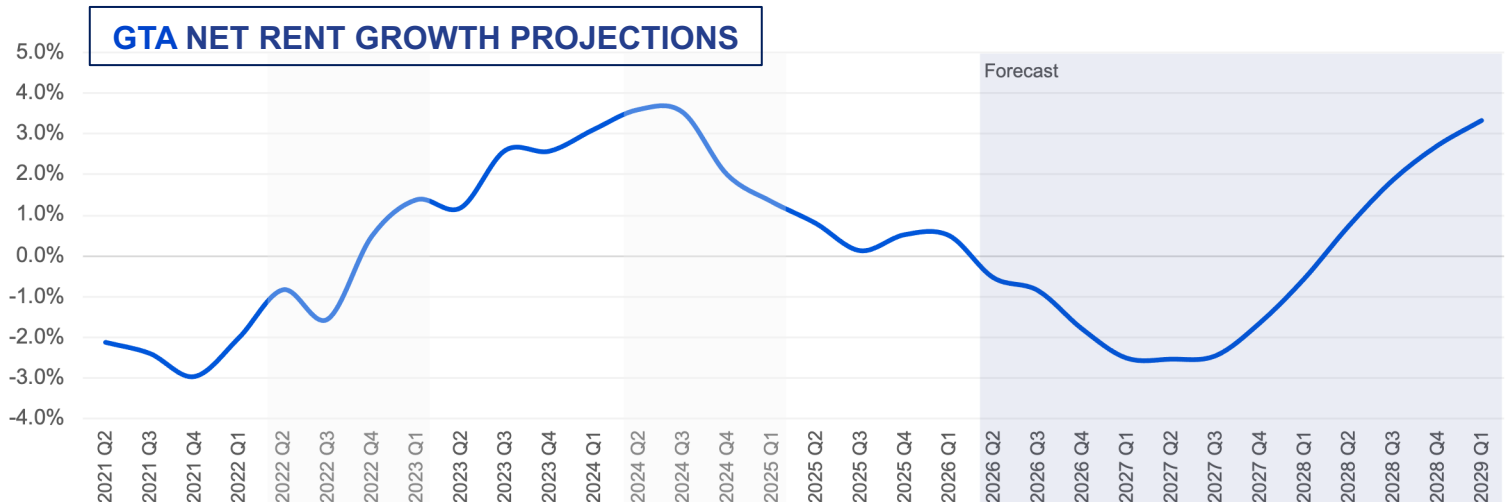
## Higher attendance does not always lead to a larger footprint.

Several companies that previously permitted flexible or mostly remote work are now increasing the number of days employees are required to be in the office. As this shift continues to evolve, there is a greater requirement for intentional space planning and optimization of collaborative areas and shared spaces.



## The problem with the real estate market is the market itself.

The system favours Landlords, not tenants. With continued economic instability the risks are high for tenants as real estate is expensive and inflexible. Cresa champions tenants' needs for improved amenities, services, and workplace experiences while advocating for flexible layouts, and shorter lease terms aligned with corporate strategies.



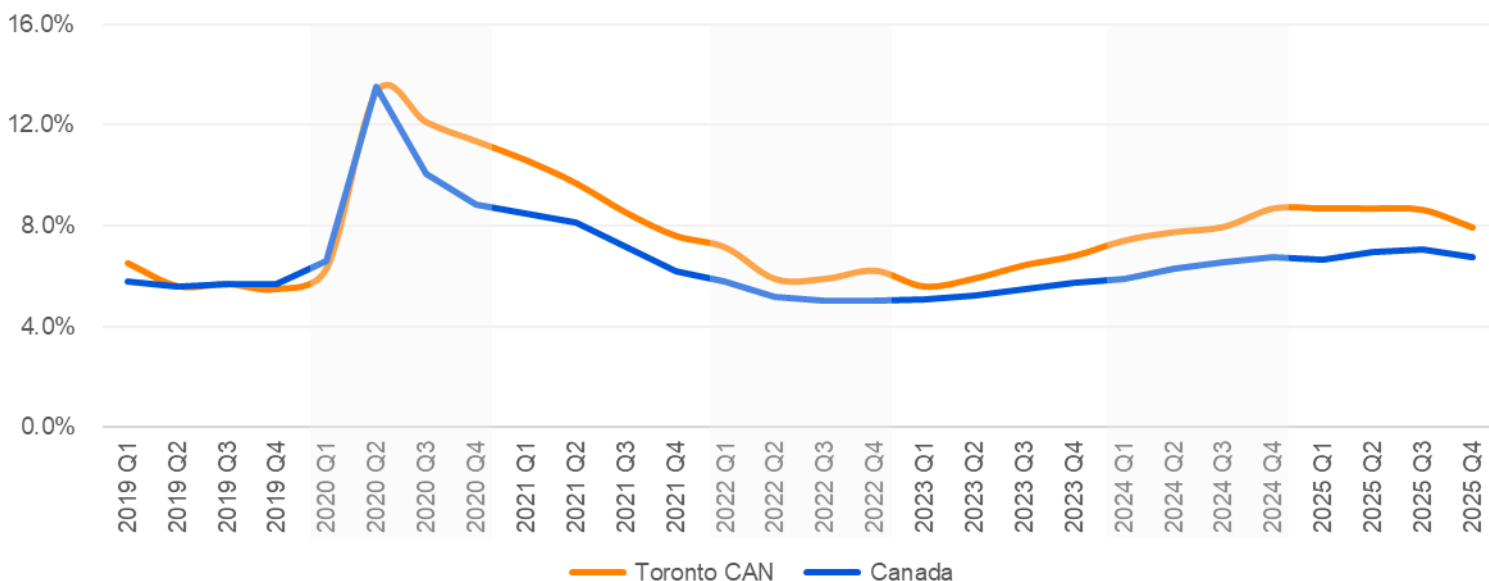
**Job Market:**

The GTA is going through a period of adjustment as the population is growing slowly and the job market is weak. The GTA had more than 7.1 million residents by mid 2024, however, the significant 3.9% population growth from 2023 to 2024 has not continued. Toronto’s job market remained relatively stable even with these demographic challenges. Employment grew by 1.5% in 2025, mostly because of growth in office-using sectors.

Industry	Current Jobs	Current Growth	10-Year Historical	5-Year Forecast
Financial Activities	457K	-0.7%	2.7%	1.1%
Government	133K	-5.1%	2.9%	0.2%
Education and Health Services	640K	-4.4%	2.2%	1.7%
Professional and Business Services	550K	5.3%	4.5%	1.5%
Information	187K	9.4%	2.2%	0.6%

**Unemployment Rate:**

The unemployment rate in Toronto was 7.9% (seasonally adjusted 3-month moving average) in January 2026, while it was 6.5% for all of Canada. According to provincial projections, the unemployment rate is expected to peak in Q1 2026 before gradually declining. This outlook supports vacancy projections, indicating that the vacancy rates may stabilize as the labour market recovers through 2026.



Market Overview

Occupier Perspective

Economic Outlook

Statistics

Market	Supply (SF)	Vacancy %	Sublet Space % of total vacancy	Avg. Asking Net Rent (PSF)	Under Construction (SF)	YoY Net Absorption (SF)
Financial Core	28,560,124	10.6%	11.5%	\$36.88	0	656,883
Outer Fin. Core	21,081,385	14.6%	11.5%	\$31.66	0	463,790
Downtown North	8,272,786	14.2%	3.8%	\$23.35	186,969	16,546
Downtown South	12,895,760	9.7%	17.3%	\$33.12	1,465,990	-25,792
Downtown West	8,742,433	23.2%	8.8%	\$29.93	0	-227,303
Downtown East	3,587,638	18.3%	26.2%	\$28.77	106,969	3,588
King/Dufferin	3,158,085	23.2%	13.8%	\$25.40	0	-53,687
<b>Downtown</b>	<b>86,298,211</b>	<b>13.8%</b>	<b>12.1%</b>	<b>\$32.28</b>	<b>1,759,928</b>	<b>834,024</b>

Bloor	8,572,269	21.7%	26.8%	\$26.03	29,703	-137,156
St. Clair	2,574,596	16.9%	1.7%	\$28.70	0	-64,365
Eglinton	4,926,583	15.7%	1.7%	\$17.52	0	14,780
<b>Midtown</b>	<b>16,073,448</b>	<b>19.1%</b>	<b>15.1%</b>	<b>\$23.85</b>	<b>29,703</b>	<b>-186,741</b>

North Yonge Corridor	8,814,902	25.7%	6.1%	\$20.54	175,000	-26,445
Vaughan	4,826,577	11.2%	6.1%	\$19.11	97,918	19,306
North Toronto Region	1,484,014	8.7%	1.6%	\$17.54	0	53,425
North York West	3,167,076	10.3%	0.9%	\$14.76	51,397	12,668
<b>Toronto North</b>	<b>18,292,569</b>	<b>17.8%</b>	<b>4.8%</b>	<b>\$18.92</b>	<b>324,315</b>	<b>58,954</b>

## Market Overview

## Occupier Perspective

## Economic Outlook

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Market	Supply (SF)	Vacancy %	Sublet Space % of total vacancy	Avg. Asking Net Rent (PSF)	Under Construction (SF)	YoY Net Absorption (SF)
427 Corr/Bloor	2,986,257	25.3%	0.5%	\$16.78	0	-38,821
Airport Corp. Centre	8,155,270	18.7%	19.1%	\$16.78	0	-48,932
Brampton	2,923,254	8.4%	15.2%	\$16.23	78,128	-93,544
Miss. City Centre	3,935,249	21.1%	0.9%	\$17.98	51,839	37,424
Hwy 10/Hwy 401	4,105,828	13.9%	4.2%	\$18.23	0	-16,423
Meadowvale	4,765,345	20.1%	3.6%	\$19.25	0	19,061
Mississauga South	1,648,038	6.4%	1.3%	\$15.22	0	-4,944
Oakville	5,808,928	13.2%	7.0%	\$17.87	0	81,325
Burlington	4,602,582	17.0%	0.5%	\$16.23	0	55,231
<b>Toronto West</b>	<b>38,930,751</b>	<b>16.8%</b>	<b>7.3%</b>	<b>\$17.35</b>	<b>129,967</b>	<b>-9,623</b>

Consumers Road	3,808,323	29.9%	6.7%	\$16.23	0	19,042
DVP North/Dunc. Mill	2,165,059	24.6%	0.0%	\$16.97	0	-162,379
DVP South/Don Mills	3,438,081	26.6%	0.0%	\$15.44	0	-116,895
G. Baker/Vic Park	2,160,197	21.9%	3.7%	\$17.21	0	8,641
Markham/Rich. Hill	9,873,879	16.6%	5.2%	\$18.42	145,861	-39,496
Scarborough	4,946,000	23.1%	2.3%	\$15.72	0	59,352
Steeles/Woodbine	4,864,874	14.4%	2.3%	\$16.45	38,508	-38,919
<b>Toronto East</b>	<b>31,256,413</b>	<b>20.9%</b>	<b>3.4%</b>	<b>\$16.91</b>	<b>184,369</b>	<b>-270,654</b>

<b>GTA Overview</b>	<b>190,851,392</b>	<b>16.4%</b>	<b>9.2%</b>	<b>\$24.73</b>	<b>2,428,282</b>	<b>425,960</b>
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## OFFICE

### About Cresa Toronto

Cresa is the world's leading global commercial real estate advisory firm that exclusively represents occupiers. The Toronto office, an employee-owned Canadian company that services clients across the province, was founded in 1989 as LNR Corporation. In 1993, LNR Corporation entered into a partnership with Cresa, recognizing the opportunity to strengthen its geographic capabilities and provide a great scope of services for present and future clients.

Our mandate is to partner with clients to deliver them the best value. We work with organizations of all sizes and industries, spanning across Canada, to align their business plans and their real estate needs, increase their productivity, and consistently save them money. Our integrated team of real estate advisors, project managers, designers, and analysts listen to occupiers' needs, meticulously researches market conditions, firmly negotiates terms, and manages the design and construction of projects to customize the best possible occupancy solutions.

To explore our latest findings and discover new strategies, please visit [cresatoronto.com](http://cresatoronto.com)

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