A VANIER BIA MERCHANT GUIDE

READING A LEASE 101

Why this matters: A commercial lease is a legal contract, and most of it is written to protect the landlord, not you. You don't need a law degree to protect yourself — you need to know which sections to slow down on and what questions to ask before you sign.

01.

WHAT EXACTLY ARE YOU PAYING?

Commercial leases often list more than one number. Know the difference:

- **Base rent** — the core monthly amount for the space itself.
- **Additional rent / CAM (Common Area Maintenance)** — your share of building costs: snow removal, shared hallway cleaning, property taxes, insurance, sometimes repairs. This can add 20–40% on top of base rent.
- **HST** — commercial rent is subject to HST (13% in Ontario), charged on top of base rent + additional rent. Confirm whether quoted figures are pre- or post-HST so there's no surprise on your first invoice.

Ask for the total monthly cost, not just the base rent, before you agree to anything.

02.

HOW LONG ARE YOU ACTUALLY COMMITTED?

- Check the term (e.g., 5 years) and whether there's an option to renew, and at what rent.
- Check for an early termination clause — what happens if you need to close or move before the term ends? Some leases charge a penalty; some don't allow it at all.

03.

WHO PAYS FOR WHAT?

Look for a section on repairs and maintenance. It should clearly state who pays for:

- HVAC (heating/cooling) repairs
- Plumbing and electrical
- Storefront/window repairs
- Structural issues (roof, foundation)

If this isn't clear, ask before signing — this is one of the most common sources of disputes.

READING A LEASE 101
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04.

WHAT CAN AND CAN'T YOU DO IN THE SPACE?

- **Permitted use clause** — this defines exactly what kind of business you're allowed to run. If you might expand your offerings later (e.g., add food service to a retail shop), make sure the clause allows it.
- **Exclusivity clause** — some leases prevent the landlord from renting a nearby unit to a direct competitor. Worth asking for, rarely offered automatically.
- **Signage rights** — confirm what signage you're allowed to install, and whether landlord approval is needed.

05.

WHAT HAPPENS IF RENT INCREASES?

- Check for an **escalation clause** — does rent go up automatically each year, and by how much (fixed % vs. tied to an index)?
- Know this number before you sign, not when your rent jumps in year 2.

06.

BEFORE YOU SIGN

- Get the lease reviewed by a paralegal or lawyer — even a one-time consult (often $150–400) can catch costly clauses.
- Ask for a plain-language summary from the landlord or leasing agent if the legal language is unclear.
- Never rely on a verbal promise — if it's not in the lease, it doesn't count.

07.

QUICK QUESTIONS TO ASK BEFORE SIGNING

- ☐ What's my total monthly cost, including CAM/additional rent?
- ☐ What's the length of the term, and is there a renewal option?
- ☐ Can I get out early if I need to, and what does that cost?
- ☐ Who pays for HVAC, plumbing, and structural repairs?
- ☐ Does the permitted use clause allow for how my business might grow?
- ☐ How much can rent increase each year?