

Simplifying the Arbitration Process for Renewal or Extension Rent: Achieving a Simple, Effective and Cost-Efficient Process for Determining Rent

February 16, 2012

In order for an option to renew or extend to be enforceable (as opposed to being a mere “agreement to agree”, which is unenforceable at law), there are two required elements:

- (1) a formula or reference standard to fix the new rent; and
- (2) procedural machinery to determine the new rent in the event that the parties don’t agree (i.e. an ADR process).

The formula or reference standard should specify the valuation date for the rent determination, whether it is for a restricted or unrestricted use (e.g. “market rent for a financial institution” vs. “market rent”), and any geographic restrictions (e.g. the plaza/complex, within a particular radius of the subject location, within a specified city).

This paper was written for the Law Society of Upper Canada's Six-Minute Commercial Leasing Lawyer program, Feb 15, 2012.

Your Key Contacts



Barbara L. Grossman

Partner, Toronto

D +1 416 863 4417

M +1 416 315 5751

barbara.grossman@dentons.com