

2022 Additional Rent Estimates Are On the Rise – Could This Be A Sign of Things to Come?

While it will be some time before we can compare actual 2022 Additional Rents to 2021 costs, most landlords have provided their 2022 estimates – and compared to 2021, Operating Costs have increased across the GTA. Could this be a sign of what to expect in a post-pandemic world?

What are we seeing so far?



Costs for a landlord with single buildings or smaller portfolios are more challenging from an allocation perspective compared to landlords with a portfolio of larger buildings. For example, where the cleaning, labour and insurance costs may be on the rise, spreading these costs over a higher gross rentable area or across a portfolio of buildings, has a lower impact on a per square foot basis.

Why may your Additional Rent estimate change?

The 2022 estimates that your landlord provides are just that, estimates. It is the landlord's reasonable guess as to if and how costs will change for the following year. These estimates are provided at the beginning of the year to help tenants plan their own budgets, and a reconciliation statement that reflects actual costs is sent at the end of the year.

Normally, landlords try to send out their year-end statements to tenants in Q1 of the following year. If you still have not received your statements, you are not alone – this year, many landlords are delayed and anticipate sending out their statements late. Whether you receive a refund or face additional costs will depend on your landlord's practices.

With the delayed response from landlords submitting their statements, we expect to have a clearer picture of how costs may be changing across the GTA sometime in Q2. However, it is safe to assume, based on what we are seeing so far, that costs are on the rise.

For more information, please visit: cresatoronto.com/lease-expense-review