

# RELOVICTION



For the business owners who rent their office suite - here is yet another new Landemic™ term to digest; **‘Reloviction’™** (pending).

Some may think I am starting to sound like a conspiracy theorist with all these puns and Trademark applications, but I am in the unique position to have access to a wealth of live data and I assure you all my assertions are based on fact.

“Renoviction” is a term most often used in the residential real estate industry, referring to a situation where a landlord claims they are going to renovate a unit, when they just want to evict the tenant. The Landlord and Tenant Act allows a landlord to ask existing tenants to leave prematurely for several reasons, even when a lease is in place. Provision of safe housing for a family member is one reason commonly provided. Unfortunately, many landlords fraudulently claim they are planning to move a family member in when they really just want the tenant out so they can renovate the unit and substantially raise the rent.



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The recent housing market has put extreme pressure on the limited number of rental units available, causing rental prices in many areas to double over the last 3-5 years. Add to that the proliferation of short-term rentals that were traditionally occupied as long-term residential leases, and it’s clear why we have a rental housing shortage in Canada. This is in addition to the half a million or so newcomers coming into Canada, most of whom need affordable rental accommodation for their first few years here.

Commercial real estate is not immune to this strain of greed. We now see similar tact amongst commercial landlords planning a complete disruption or massive redesign of their properties for modernization, seeking higher rents once their properties have been refurbished and renovated.

Not to be confused with the demolition clause; I speak of the relocation clause, which is also often buried in a commercial lease. RELO is when the landlord has the right to move you somewhere else in the plaza or the building. I call this a Reloviction.

Commercial landlords can do this with short notice, and they can also dictate the amount of time left before you must move.

For medical doctors and business offices like mine this is not so important – we can move our contents easily.

### **For a dental practice, it is disastrous.**

We see leases with relocation clauses that allow the landlord to give less than six months of notice, yet it is exceedingly difficult to design, build and secure the permits necessary to put up a dental practice in under one year. The clause in question must place full responsibility for the expense and associated time involved on the landlord. Many of the RELO clauses we see require that the replacement space offered cannot be smaller or inferior to the space you presently occupy. These are reasonable RELO clauses.

There are also financial incentives and allowances the landlord must pay the tenant to accommodate the inconvenience, but those amounts rarely make up for the cost of building a brand-new dental practice. It costs at least \$300 to \$350 per square foot for leaseholds, and that number does not include cabinetry and millwork.

Plus, when moving, people are tempted to upgrade their equipment, and most people do not take all their old dental equipment with them. So many dentists end up building a brand-new dental office with brand new cabinetry and a lot of new equipment, increasing the budget to at least \$750,000. It ends up looking like a forced refinancing in many cases.

### **If you have a RELO clause in your lease, read it carefully.**

If you do not understand it, send it to me and I will have it properly interpreted so we can estimate the horrific cost of being relocated should this happen to you.

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Record



**NEED TO CHAT ABOUT YOUR LEASE?**  
**Text me at (416) 520-7420**



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