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Quebec Commercial Rent Increases 2026: Rules and Calculation

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Executive summary

The commercial lease in Quebec falls **entirely within freedom of contract**: there is no statutory mechanism for capping or automatically indexing rent as there is in the residential system. Everything is negotiated between landlord and tenant. Common practices include incorporating **indexation clauses** (fixed, linked to the CPI, a percentage of sales, contributions to operating costs, etc.), or predetermined rent steps (landager.com). For example, a lease may provide for a flat increase of 3% per year, indexation to the CPI (Statistics Canada, Quebec or the Montreal CMA), or “percentage rent” in retail (base rent plus X% of sales above a threshold)

([landager.com](#)) ([landager.com](#)). Many “triple net” or modified leases also provide for the tenant to reimburse its share of taxes, insurance, maintenance, etc. (known as “additional rent”), resulting in an automatic rent increase in practice based on inflation or rising expenses ([landager.com](#)) ([landager.com](#)).

In practice, for [renegotiation](#) (or renewal), landlords often rely on recent inflation to justify their requests. For example, Quebec’s CPI peaked at around 6–7% in 2022, then stabilized at ~2–3% in 2024 ([inflationcalculator.ca](#)). Bank of Canada projections anticipate inflation returning to close to 2% around 2026 ([www.banqueducanada.ca](#)). These figures serve as an “anchor”: if inflation remains low (as forecast at ~2% in 2026 ([www.banqueducanada.ca](#))), actual rent increases will generally be limited (often 1–4% net of inflation for quality locations ([2727coworking.com](#))). Conversely, in a very tight market (a shortage of space), rents may outpace inflation, while in a market with excess supply ([high vacancy](#)), rents will need to be set cautiously (as shown by vacancy rates of ~17–19% in Montreal’s downtown office market in 2025 ([2727coworking.com](#))).

From a legal standpoint, **there is no right to renewal or eviction compensation under a Quebec commercial lease** ([2727coworking.com](#)) ([2727coworking.com](#)). At expiry, the lease ends by operation of law (without any formal notice to terminate being required ([www.oaciq.com](#)) ([2727coworking.com](#))), unless the parties have agreed otherwise (an option clause or tacit renewal). Under art. 1879 of the Civil Code of Québec, however, the lease is tacitly renewed for 1 year (or the original term if < 1 year) if the tenant remains on the premises for more than 10 days after expiry, without objection from the landlord ([www.oaciq.com](#)) ([www.legisquebec.gouv.qc.ca](#)). In practice, leases often include an **extension option** (e.g., a right to renew for X additional years, subject to 6–9 months’ notice before expiry) ([landager.com](#)) ([landager.com](#)). The renewal rent is then not set in advance: it is generally specified that it will reflect “fair market rent”, often determined by arbitrators (each party appoints an expert) in the event of disagreement ([landager.com](#)).

Among recent practical cases, the COVID-19 pandemic highlighted disputes over [commercial rent](#). For example, in the **Hudson’s Bay/Cominar (2020–24)** case, the Court initially ordered HBC to pay 100% of future rent (six months) to avoid arrears, despite mandatory closures: the lease provided for rent “without deduction” ([2727coworking.com](#)). On the merits, the judge found that if the landlord is released from its obligation to provide peaceful enjoyment by an event of force majeure (public health measures), the tenant is also released from its obligation to pay ([2727coworking.com](#)). Similarly, the **Ilqueau (2021–23)** dispute strictly applied the obligations of good faith and mitigation: the landlord was faulted for failing to seek a new tenant after the tenant had left early ([2727coworking.com](#)). These decisions illustrate that courts require each party to mitigate the effects of a lease ending (enforcing an abusive penal clause may be sanctioned) ([2727coworking.com](#)).

This in-depth report examines these aspects and other issues related to **commercial rent increases in Quebec in 2026**. It details calculation methods (use of the CPI and contractual clauses), the economic context and relevant indices, the rules governing lease renewals and endings, numerical examples, conflicting perspectives (landlords versus tenants) and future implications ([macroeconomic environment](#), transformation of the real estate market). All points presented are supported by legislation, case law and recent data (market studies, [stat.gouv](#), expert analyses) ([landager.com](#)) ([2727coworking.com](#)) ([2727coworking.com](#)).

Context and legal framework for commercial leases in Quebec

A commercial lease (or business lease) is defined in Quebec by the Civil Code (art. 1851 CCQ) as a contract under which an owner (“landlord”) rents a property for commercial, industrial or professional use to a lessee (“tenant”). Unlike a residential lease, this contract falls entirely under civil law and offers **almost complete freedom of contract** (2727coworking.com) (landager.com). The applicable provisions of the Civil Code (articles 1851 to 1891 CCQ) primarily govern basic obligations – delivery of premises in good condition, payment of rent, compliance with the intended use, etc. – but **many provisions are default rules** and may be modified by agreement between the parties (2727coworking.com) (2727coworking.com). For example, article 1854 CCQ requires the landlord to provide premises in good condition and guarantee peaceful enjoyment, while article 1855 requires the tenant to pay the agreed rent and use the premises diligently (2727coworking.com). These principles apply by default, unless a valid clause provides otherwise (freedom of contract) (2727coworking.com).

No statutory rent control. Quebec imposes no statutory controls on commercial rent (no legislation comparable to a “commercial rental board”). As Landager notes (April 2026): “Unlike residential properties, there is absolutely no government control over [commercial] rents” (landager.com). The Administrative Housing Tribunal (TAL) does not rule on commercial leases and does not publish a rent adjustment schedule. It can even be said that **there is no legal ceiling**: a commercial landlord could, in theory, propose any increase (even 5%, 50% or 500% (landager.com)) during renegotiation, subject to the tenant’s agreement and the contractual good faith required by law (art. 6, 7 CCQ) (2727coworking.com). In practice, however, rents are set according to local market conditions, the owner’s operating costs (taxes, insurance, amortization of improvements, etc.) and inflation.

Recent developments in the legal framework. Unlike residential leases (which underwent a major reform in 2024–2026 with Bill 31, newly applied by the TAL), **the legal framework for commercial leases has seen no significant legislative change since the 1994 Civil Code reform** (2727coworking.com). Its core remains the general law: freedom of the parties, good faith, the obligation to ensure enjoyment as a result, etc. The legislature imposes only a few rules of public order, such as the requirement to write the lease in French (Bill 101) and the prohibition on restricting the registration of hypothecary rights related to the lease (art. 2936 CCQ) (2727coworking.com). In the absence of specific legislative reform, the main recent changes have come through case law or procedure (decisions on COVID force majeure, use of renewal options, mitigation cases, etc., analysed below) (2727coworking.com) (2727coworking.com).

Distinction from the residential sector. While residential tenants benefit from a protective framework (mandatory laws, the right to remain in their dwelling, a dedicated administrative tribunal, semi-mandatory ceilings), commercial tenants have **far fewer legal safeguards**. In particular, there is no automatic right to remain on the premises (the residential tenant’s *right to maintain occupancy* has no commercial equivalent) (2727coworking.com). Nor is there eviction compensation when the landlord gives notice to terminate (as

exists under French law) (2727coworking.com). The contract and negotiation therefore determine most of the outcome. Courts intervene only to resolve disputes (non-payment, breaches of clauses, etc.) according to CCQ principles (good faith, force majeure, etc.).

Methods for calculating a commercial rent increase

Freedom of the parties and contractual methods

In the absence of applicable legislation, the way a new rent (or an increase) is calculated and agreed upon depends entirely on what the original lease provides or what will be negotiated at renewal. **The indexation formulas incorporated into the lease are key.** In practice, four main categories of rent increase clauses appear in Quebec commercial leases:

- **Fixed step increases.** The lease details the base rent for each year or period. For example, in a 5-year lease, it is common to see a clause such as “Year 1: \$20.00/sq. ft., Year 2: \$21.00/sq. ft., Year 3: \$22.00/sq. ft.,...” (landager.com). This “stepped” system eliminates unpredictability by setting each increase in advance. In return, it is not adjusted to actual inflation: if inflation exceeds the planned step, the tenant's rent may rise by less than the cost of living, and vice versa.
- **Indexation to the CPI (Consumer Price Index).** Here, rent increases annually according to an inflation index. The lease specifies the reference CPI (for example, the provincial CPI for Quebec, the CPI for the Montreal metropolitan area, or even a specific sub-index). The clause may state “rent will be increased each year by an amount equivalent to the increase in the CPI for [Quebec/Montreal]”. Thus, if the Quebec CPI rises by +3% over the year, rent rises by +3%. This is a common method of protecting the landlord against monetary erosion (landager.com) (landager.com). It is important to specify the exact index: an ambiguous reference (“all-items CPI”) may lead to a dispute (landager.com).
- **Percentage of sales (variable rent).** Particularly in retail or franchises, clauses also provide for base rent plus a percentage of sales above a threshold (the natural *break-even point*). For example, the tenant pays 15% of annual sales exceeding \$X. Thus, if the business prospers, the owner shares in the increased revenue. Landager notes that this type of clause is “common in retail spaces” (landager.com). Implementation requires rigorous tracking of the tenant's sales (often governed by an annual audit right).
- **Additional rent clause (including operating costs).** In net, net-net or triple-net leases, the tenant bears a proportionate share of the building's actual expenses (municipal and school taxes, insurance, maintenance, services, etc.). These expenses mechanically increase the tenant's “payment schedule” each year. For example, if municipal taxes rise by 5%, the “additional rent” charged to the tenant rises by 5%. Landager points out that this “creates an automatic rent increase each year” linked to higher expenses (landager.com). Often, for shared-cost (modified) leases, a **base year** is established (often the first year), during which the owner pays all expenses up to a ceiling. If total expenses increase during the lease, the tenant pays only its share of the increase over that base (the *Base Year* concept (landager.com)). This prevents certain major one-time expenses from leading to perpetual payments if they are allocated.

These types of clauses can be combined. For example, a lease with a CPI clause could also be triple net (base rent adjusted for inflation + a share of new expenses). The article below provides an overview of common formulas:

Type of clause	Principle/description	Practical example
Fixed steps	Predetermined increase each year (% , \$ or a combination), independent of inflation.	Year 1: \$20.00/sq. ft.; Year 2: \$21.00/sq. ft.... (landager.com)
CPI indexation	Rent adjusted for inflation. The index (Quebec, Montreal, etc.) is specified in the lease.	New rent = Old rent × (Quebec CPI at end versus start).
Percentage of sales (retail)	Rent = base rent + X% of annual sales above a threshold.	Base rent + 5% of sales > \$1,000,000.
Additional rent (NNN)	Recovery of operating costs (taxes, insurance, maintenance). The tenant reimburses its share if expenses ↑ (landager.com).	If taxes +5%, supplement = 5% of the base cost.

Table 1 – Common types of indexation clauses in commercial leases ([landager.com](#)) ([landager.com](#)).

Procedure for setting the new rent. In practice, the final increase results from negotiation based on these formulas. The landlord calculates what it considers “fair” (generally inflation + a share of its costs, or renewal at market rent). The tenant reviews everything to ensure it is reasonable. If they agree, the amendment is concluded (generally as a written addendum). If the tenant refuses the proposed increase, the commercial landlord has no mandatory right to give notice to terminate as in the residential sector ([www.justice-quebec.ca](#)). In Quebec, in the absence of a binding mechanism, the landlord can then require the tenant to leave at expiry, or bring an action to have the lease terms ratified by a court (Court of Québec or Superior Court). In reality, few tenants challenge increases in court; very often, a compromise is renegotiated (an inflation baseline + compromise on certain charges). The TAL reiterates in its official bulletin that **landlords and tenants can freely agree on an increase**” (the criterion of “satisfactory to both”, in a TAL article) ([www.quebec.ca](#)).

TAL calculation tool (residential). Note that since 2023, the Administrative Housing Tribunal (TAL) has provided a simplified calculation tool *for residential housing* (reference site [tal.gouv.qc.ca](#)). In 2025, for example, preliminary tables were published (electricity, gas, maintenance, etc.) to help calculate rent adjustments ([www.quebec.ca](#)). In January 2026, the TAL also established a *base rate of 3.1%* for the April 2026–April 2027 period (based on the 3-year moving average of Quebec’s CPI) ([www.justice-quebec.ca](#)). However, these percentages apply only to residential housing: the Tribunal specifies that they are not “mandatory ceilings”, merely indicative references for assessing whether an increase is “reasonable”. In a commercial context, these figures serve at most as reference points (e.g., +3% underlying inflation), but the law imposes nothing similar. A commercial landlord could legally ask for more, provided the tenant accepts.

Adjustments beyond inflation (improvements, taxes, insurance)

Leases may also explicitly provide for other adjustments related to the owner’s expenses or changes in the law:

- **Improvements/capital expenditures (CAPEX):** Some leases include a clause for partial recovery of the costs of significant renovations or improvements to the building (for example, roof replacement, major upgrades, additional equipment). For example, a clause sometimes stipulates that future rents will be increased by X% (generally low, around 5%) to amortize the landlord's investment in major work (www.justice-quebec.ca). The TAL specifically mentions that, with revenues held constant, an additional increase of up to 5% *may* be granted to finance “capital expenditures” (www.justice-quebec.ca). Under a commercial lease, a tenant may negotiate or object to such charges based on good faith and the agreed allocation.
- **Taxes and insurance:** In the absence of an explicit clause, this matter is subject to negotiation: if the lease is gross (expenses included), the landlord could implicitly recalculate them in a new rent; if the lease is net, these costs are passed on to the tenant (annually or on a prorated basis), automatically producing an actual increase in the total rental cost. In TAL calculations (for housing), any unexpected increase in taxes or insurance must be added to the base adjustment (www.quebec.ca). By analogy, in commercial leases, additional costs are often recovered on top of base rent, either through a contractual adjustment at renewal or as monthly “additional rent” instalments. Landager illustrates that a simple increase in municipal taxes or insurance mechanically raises total tenant payments (landager.com).

Rent increase simulation. As a calculation example, assume base rent of \$10,000/month and two owner expense categories (municipal taxes +5% and insurance +10%). If the lease provides for a CPI indexation clause + recovery of taxes and insurance, the increase could be calculated as follows: Base rent × (1 + CPI change) + proportion of tax/insurance costs. If CPI = +2% over one year, the adjusted base rent is \$10,200. Next, the tenant's share of the tax increase is added (e.g., +5% on the current \$1000/month → +\$50) along with insurance (+10% on \$200/month → +\$20). The new rent would be 10,200 + 50 + 20 = \$10,270/month, or +2.7%. Of course, depending on the lease, some of these charges may not be passed on or may be accounted for differently.

Role of the CPI and inflation trends

The Consumer Price Index (CPI) – measured by Statistics Canada – is central to many lease clauses and to the general assessment of rent increases. In Quebec, the provincial CPI (all-items, Canada) or the CPI for metropolitan centres such as Montreal is often used. According to the Statistics Canada website, **average annual inflation in Quebec in 2024 was around +2.8%** (inflationcalculator.ca). The Bank of Canada **projects inflation returning to ~2%** by 2026 (nationally) (www.banqueducanada.ca) – for example, 2.3% in 2025 and 2.1% in 2026 (www.banqueducanada.ca). These figures indicate that inflation is slowing in line with monetary targets.

In practice, **calculating a rent increase using the CPI** follows the year-over-year change in the average basket. For example, comparing Quebec's average CPI for 2025 and 2026 yields an annual inflation rate. To simplify matters, in 2026 the TAL even introduced a “base rate” of +3.1% calculated using the CPI's three-year rolling median (www.justice-quebec.ca). This follows a smoothing approach to avoid sudden jumps (such as the +5.9% peak in 2022). Of course, this TAL method (3-year average) is reserved for residential housing, but

it illustrates an issue: generally, increases are not based on a single year of unusually high or low inflation. In the commercial sector, the landlord may decide to use a particular index (e.g., the average five-year change) if it can secure acceptance of this clause.

Recent **economic data** influence commercial rent negotiations. According to real estate reports (Colliers, CBRE, Cushman & Wakefield, etc.), following the pandemic and supply chain crisis, office and retail markets recovered cautiously in 2024–2025, with **moderate rent inflation**. For example, in Montreal at the end of 2025, downtown office vacancy rates were around 17–19% (2727coworking.com), with Class A rents around \$18–23/sq. ft./year. The industrial market remained very competitive (vacancy ~4–5%, average rents ~\$14–15/sq. ft./year) (2727coworking.com). In retail, rents remained broadly stable, perhaps ranging between \$40–60/sq. ft./year on sought-after streets. Market experts stress that without a major surge in inflation, agreed increases rarely exceed +5% net of inflation (2727coworking.com). However, declining sublease rates are being observed (a sign of recovery), limiting downward pressure on rents.

Finally, Statistics Canada also publishes a **Commercial Rents Services Price Index**, which measures changes in average “net effective rent” (excluding taxes) in several key regions (Montreal, Toronto, etc.) (www150.statcan.gc.ca). Canada’s overall CRSPI showed a moderate upward trend over the long term; in Q4 2025, it confirms steady growth (detailed city-level data are available in the associated table (www150.statcan.gc.ca)). This index can serve as a comparison: if Montreal’s CRSPI increases by X% over the year, this means that actual commercial rents have risen by X% on average (across all types), providing a sense of the overall situation.

Rules for lease renewal and termination

In Quebec, a **fixed-term commercial lease ends automatically at expiry**, without any official step (delivery of a notice to terminate, etc.) being legally necessary (www.oaciq.com) (2727coworking.com). The tenant does not have to “leave by administrative order”: if the landlord takes no action and the tenant leaves voluntarily on the agreed date, the contract simply ends. However, if the tenant wished to remain and no renewal was provided for, its mere presence after that date would tacitly revive a lease (as explained below).

Under articles 1877–1879 CCQ (which notably codify a rule originating in the French Civil Code), **automatic renewal depends on conduct after expiry**. Article 1878 CCQ permits renewal of the lease, but specifies: “Such a renewal shall be express, unless the lease is of an immovable, in which case it may be tacit” (www.legisquebec.gouv.qc.ca). More clearly, art. 1879 stipulates that the lease is *tacitly renewed* if the tenant continues “to occupy the premises for more than 10 days after the expiry of the lease”, without objection from the landlord (www.legisquebec.gouv.qc.ca). In that case, the lease is renewed for one year (or for the original term if it was less than one year), **on the same terms as before** (www.oaciq.com) (www.legisquebec.gouv.qc.ca). In other words, if it was a 5-year lease, one could imagine it becoming a lease for one additional year at the same rent. This tacit renewal ends as soon as either party expresses disagreement (for example, the landlord initiates eviction proceedings or negotiates a new lease), which breaks the presumption of consent (www.oaciq.com).

In practice, commercial lease renewal essentially occurs in three ways:

1. **Formal option in the contract.** Many leases provide for one or more renewal options at specified times (for example, midway through the lease or at the end), with a notice requirement (often 6–9 months before the end) (landager.com) (landager.com). To exercise the option, the tenant (or landlord, depending on the clause) must give written notice within that period. The contract may then set parameters for the new lease (additional term, indexed rent or rent to be renegotiated).
2. **Contractual tacit renewal.** Article 1878 CCQ implicitly allows silent renewal to be valid for certain types of leases (particularly if the contract covers the entire *immovable*). In that case, if neither the tenant nor the landlord acts and the tenant remains in occupation after 10 days, the lease will be tacitly renewed for one year (www.oaciq.com) (www.legisquebec.gouv.qc.ca). This remains rare in practice, because the parties usually include clear options or actively negotiate renewal. Moreover, if the landlord has clearly expressed its refusal (through a court action to recover the premises or discussions of a new agreement), renewal is presumed not to apply (www.oaciq.com).
3. **Free renegotiation.** Where no option or applicable tacit renewal exists, and the tenant wants to remain, the parties must **renegotiate a new lease**. They then freely agree on the rent and terms, subject to any binding provisions in the original lease. The new rent will often be set by reference to “fair market rent”: “Fair Market Rent” (FMR) in English. To avoid an impasse, a settlement clause is generally provided for disagreements over FMR, for example by choosing two appraisers (one per party), whose average will determine the binding rent (landager.com).

In all cases, **the tenant has no statutory right to renewal**. As legal commentary explains, “there is no right to automatic renewal in Quebec for commercial leases” (2727coworking.com). “The landlord is not required to offer a new lease” and the tenant has “no right to compensation or continued occupancy” in the event of non-renewal (2727coworking.com). In concrete terms, if the tenant refuses the proposed new terms and leaves, the lease ends. If the landlord wishes to part ways with the tenant at expiry, it does not have to pay compensation (unless a clause provides otherwise), and the tenant has no specific recourse beyond the obligation to return the premises and pay until the end.

Specified notice periods and usual practices

Although there is no specific statutory notice period for commercial lease renewal (this depends on the contract), residential rules are used by analogy as a guide. The TAL website (residential guide) reiterates that a notice of lease modification (for housing) must be given 3–6 months before the end of a lease of one year or more, and at least 1 month before for an indeterminate-term lease (www.justice-quebec.ca). These figures, even though they do not formally apply to commercial leases, often serve as a practical standard:

approximately 6 months’ notice is recommended for any major proposal (rent increase, clause change) under a lease of one year or more. In leases where tacit renewal is permitted, failure to give notice of non-renewal was historically penalized (the tenant could remain). However, legal commentary suggests clearly setting out renewal or termination conditions in the contract to avoid ambiguity (2727coworking.com) (www.oaciq.com). In short, to avoid surprises, landlords and tenants usually set out their intentions in writing several months before expiry.

Special case: indeterminate-term lease

If a commercial lease is concluded **for an indeterminate term** (rare, but possible), it may be terminated according to the contractual terms. In the absence of a clause, either party is considered able to give notice to terminate within a reasonable period. By analogy with residential leases, at least 1 month's notice is often used (www.justice-quebec.ca). This means that a landlord wishing to end an indeterminate-term lease must send written notice to the tenant at least one month before the chosen date, and vice versa.

Obligations at the end of the lease

At the end of a commercial lease, the tenant must return the premises in the condition in which they were received, subject to normal wear and tear (art. 1890 CCQ) (www.legisquebec.gouv.qc.ca). The tenant is required to vacate the premises, remove personal belongings and non-permanent improvements, and leave the building "free of all movable property other than that belonging to the landlord" (2727coworking.com). In the event of an early departure, case law requires the tenant to **mitigate its impact**: at a minimum, it must promptly vacate the premises and allow the landlord to re-let them (2727coworking.com). The landlord, for its part, must continue to act in good faith (seek to re-let the vacant premises **if possible**), or risk having any penal clause (for unpaid rent) reduced or annulled (2727coworking.com). These general principles (good faith, duty to mitigate) receive particular attention in litigation (notably the Ilqueau case (2727coworking.com)).

Perspectives and additional analyses

Landlord and tenant perspectives

Landlords' demands and tenants' resistance naturally diverge:

- **Landlords' (owners') perspective:** They seek to preserve the profitability of their buildings. In an inflationary environment, they often want to index rents to offset rising costs (maintenance, taxes, insurance...). They may aim for at least an adjustment matching the recent CPI (e.g., +2–3%). In a tight market (low vacancy), they may seek more (5–8%) to move closer to the "fair market price". Landlords also insist on including or retaining additional payment clauses (NNN) and extension options in the lease to secure their future income (landager.com) (landager.com). However, they are aware of the following points: (i) high vacancy in certain segments (e.g., urban offices) makes them concerned that excessive increases could prompt the tenant to leave or not renew (2727coworking.com); (ii) comparable market rents (accommodation of the same quality, competing areas) serve as an external reference. Thus, an informed owner will consider market studies (vacancy rates, average rents in Quebec versus Montreal) before setting an increase.
- **Tenants' perspective:** Tenant businesses naturally seek to limit their space costs. They examine the indexation clause and compare it with actual inflation. A prudent tenant will reject any excessive increase or one that does not match the agreed formulas. It is common for tenants to challenge landlords' offers during negotiation, or invoke the "FMR" clause to renegotiate downward from the initial asking price. Sometimes, the tenant negotiates "free" periods (rent-free occupancy) or deferrals when entering any new lease. On a technical point, a tenant will examine any discrepancy in the proposed

calculation (e.g., excessive reimbursement of taxes/staff costs) and may demand verification (e.g., a right to audit operating expenses). Furthermore, when faced with tacit renewal, a tenant who wishes to leave does not have to pay penalties: it simply needs not to object to tacit renewal (10-day)** or, conversely, not delay leaving beyond the deadline if renewal is absent (to avoid automatically extending the lease) (www.oaciq.com) (www.oaciq.com). In other words, both sides act to minimize their subsequent obligations.

In short, the final negotiation balances these interests. Recent market studies (vacancy rates, rental values by type) and economic forecasts (inflation, interest rates, economic outlook) serve as **objective criteria** for both sides. For example, if forecast inflation is close to 2% (www.banqueducanada.ca), a tenant can make a sustained argument that a 6% increase is excessive in a stable environment. Conversely, a landlord can provide data (e.g., taxes +10% or insurance +15%) to justify an increase covered by the contract. Cost-benefit analysis then determines whether the tenant stays, negotiates or leaves at expiry.

Future consequences and implications

Several trends and upcoming developments deserve mention when considering the future:

- **Macroeconomic context:** Global and Canadian inflation show signs of stabilizing: according to the Bank of Canada, the 2% target should be approached around 2026 (www.banqueducanada.ca). In Quebec, provincial forecasts (e.g., IMF) do not predict a major resurgence of inflation by 2026. This supports moderate rent increases (probably < 5% before indexation) in 2026. Interest rates, if they remain high, may slow demand for real estate investment, marginally affecting rents**. But because commercial leases are long term, the immediate impact on the commercial CPI is more limited than on the residential CPI.
- **New contractual practices:** Commercial parties increasingly use online calculators to estimate their rents (such as those offered by the TAL, although geared towards residential housing). Experts also recommend drafting clear rent renegotiation and review clauses from the outset (2727coworking.com) (2727coworking.com). The growing “use of AI” in real estate can also be noted: for example, the TAL guide suggests using AI to check that a rent increase notice meets formal requirements (www.justice-quebec.ca) (although this is generic advice, it illustrates the parties’ growing familiarity with technology). In the future, automated tools could be envisaged to apply contractual formulas (rent simulators, indexation checks, etc.) to reduce disputes.
- **Sector impacts (COVID and societal changes):** Even if rents increase moderately, the **hybrid work market** and e-commerce influence demand for certain premises. For example, a half-empty office or a store with less foot traffic may justify a limited increase or even stable rent at renewal despite inflation. Conversely, tight segments (logistics, warehouses, large retail spaces in outlying areas) could see increases above the CPI. Environmental regulations (eco-renovations, energy standards) could also lead to new real estate costs, prompting some of them to be passed on to tenants through additional rent (e.g., carbon tax, insulation standards).

- **Interprovincial comparison:** While Quebec has no ceilings, other Canadian provinces do not impose any for commercial leases either (B.C., Alberta and Ontario have similar markets). Our conclusions therefore apply nationally. However, the province can influence matters through its taxation (e.g., changes in the school tax rate, which affects rent). For example, a provincial reform expanding housing exemptions or adjusting municipal taxes could affect rent calculations.

In conclusion, **the year 2026 falls** within a transition phase for commercial rents in Quebec: the country is emerging from the record inflation of 2022, and the post-COVID market is stabilizing. Abrupt increases are unlikely (the indices forecast a return to ~2% inflation (www.banqueducanada.ca)), but tenants will nevertheless need to account for any erosion in rental value. For landlords, the focus will be on recovering costs (amortization, repairs, taxes) and on the rent's competitiveness relative to the market (which remains cautious in certain niches). Both parties will need to favour compromise: a lease revised too strictly in line with the CPI could discourage renewal (especially if the premises are oversized relative to post-pandemic needs), while an offer that is too low would hurt the owner's return.

Significant collateral damage also includes the impact of planned regulatory reforms (the CAQ had promised a "Bill 34" for offices in 2022, which was quickly abandoned) and reputational aspects: a sound lease must remain realistic and suffers if the indexation or audit clauses are vague. In its recent analysis, Landager reiterates that landlords must avoid "contractual pitfalls" (vague CPI clauses, no negotiated ceiling, etc.) to prevent their increases from being challenged (landager.com).

Conclusion

In summary, **commercial rent increases in Quebec in 2026** rest on a subtle balance between freedom of contract and economic reality. Legally, nothing prevents substantial increases (no statutory ceiling) (landager.com) – but contractual good faith provides oversight. Formal calculations stem almost exclusively from lease clauses: fixed steps, CPI indexation, contributions to costs, etc. (landager.com) (landager.com). The CPI's role is central but non-binding: it serves as a reference (to cite the TAL: a base rate of ~3.1% for 2026 (www.justice-quebec.ca)), while allowing actual expenses to be added. Lease renewal is freely negotiated: in the absence of a contractual option, tacit renewal (± 10 days) or negotiation prevails, with "fair market rent" as the "newspeak" and its expert assessment mechanisms in the event of a dispute (landager.com).

In 2026, the context suggests moderate increases, aligned with controlled inflation (a few percentage points per year net of CPI) rather than spectacular jumps. Montreal's market shows moderate resilience (vacancy still high in office real estate, strong industrial demand) (2727coworking.com), tempering landlords' optimism.

Future effects will depend on the broader economy: a prolonged slowdown would probably reduce real rents, while a rebound triggering renewed cost inflation would lead to higher standardized demands.

This comprehensive report – built on current law (Civil Code), industry practices and recent case law – demonstrates that **CPI (Consumer Price Index) indexation** is a major, but not exclusive, tool for calculating increases. It also highlights the importance of **contractual robustness**: clear renewal, indexation and cost allocation clauses can prevent many disputes. Finally, it sheds light on negotiation strategies and case examples (Hudson's Bay, Ilqueau) that mark the current landscape. For any business, mastering these rules

and using the data (inflation, market studies, official indices) is crucial to setting a reasonable rent, whether for the legislator, business leader, owner or prospective tenant (landager.com) (2727coworking.com) (2727coworking.com).

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. <https://2727coworking.com/articles/commercial-leases-quebec-civil-code-obligations>
2. <https://landager.com/en/property-compliance/canada/quebec/commercial-rent-increases>
3. <https://landager.com/fr/property-compliance/canada/quebec/commercial-rent-increases>
4. <https://2727coworking.com/articles/negotiate-commercial-lease-canada>
5. <https://inflationcalculator.ca/2024-cpi-and-inflation-rates-for-quebec/>
6. <https://www.banqueducanada.ca/publication/rpm/rpm-2025-01-29/projections/>
7. <https://2727coworking.com/articles/quebec-commercial-rent-increases-2026-legal-framework>
8. <https://2727coworking.com/articles/montreal-office-vacancy-rate-2026>
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