

Moving Office 101

Tenancy Jargon (frequently used words in a tenancy and what it means)

Renovation Period

Duration given to the tenant for renovation purposes, typically at least 1 month before tenancy commencement. There is a renovation deposit payable, which shall be refunded upon conclusion of renovation.

Effective Rate

The real rental rate after taking rent free period into calculation. ie.

$$\frac{\text{Tenure} - \text{rent free period}}{\text{Tenure}} \times \text{Rental rate}$$

Tier Rate

Different rental rates at different intervals during the tenancy. eg. RM4psf for first 12 months, RM5psf for next 12 months.

Service Charge

A fee collected by the landlord for the maintenance and security of common areas, it may also include centralized aircond consumption during office hours. This fee is inclusive as a portion of the rent but may be subjected to adjustments as a result of government intervention.

Fixed Renewal

In this case, an obligation for both parties to enter agreement for another term..

Renewal Cap

A cap may be inserted into an agreement, whereby the renewal rate will be subjected to the prevailing market rate first and foremost but shall not exceed the agreed cap.

Reinstatement

A standard clause in all TA, whereby tenants are obligated to return the premises back to its original state upon expiration of tenancy.

Stamp duty

This is a tax on legal documents which will render an agreement legally binding. This amount is payable by the tenant, and is computed with a specific formulae based on several variables.

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It is the presently existing condition (ie. bare/ furnished) of the premises being rented. However, the premises should be fit for occupation and the tenant retains the right to inspect the unit thoroughly.

First refusal

A contractual right for the tenant to occupy a predetermined space before anyone else, however there is usually a validity period. The landlord would be free to entertain other offers but is subjected to the tenant's consent, the tenant would then be given a set amount of time to reply.