

PHNOM PENH'S

Standard Office Lease Terms

2014

Global Research and Consulting

STANDARD OFFICE LEASE TERMS

The following terms and conditions usually apply to office leases in Cambodia, but should be used as a guide only. Professional legal and surveying advice should be sought before entering into any binding contract.

Lease Length: Generally, leases for commercial office space in Phnom Penh are for two years or longer. It is possible to have a lease term for less than two years, but landlords usually request a higher rent for the increased flexibility.

Rent psqm: As at January 2014, for respectable buildings, rents range from \$10 psqm to \$28 psqm exclusive of service charge and relevant taxes.

Service Charge/Management fee: This usually pays for all costs incurred running the building such as routine maintenance of all major plant & equipment, security, cleaning etc. Most older office buildings in Cambodia do not charge separate management

fees, but for newer buildings the management fees are between \$2-5 psqm. In more mature markets, audited accounts of the expenditure are provided to the tenant at the end of the year, but this does not happen yet in Cambodia.

Renewal provisions: There are no statutory rights of renewal in Cambodia and the landlord and tenant negotiate new terms close to lease expiry. However, the lease renewal procedure can be incorporated into the contract including maximum rent increases on renewal to protect the occupier.

Reinstatement: Upon expiry of the lease, the tenant is expected to return the office premises in the same condition as received.

Basis of Measurement: Most office landlords quote areas on a gross basis which can include a certain proportion of the common areas. This can be confusing for an occupier and it is always prudent to ask a qualified professional to measure the office to ascertain an accurate net useable area.

Deposit: Dependent upon lease term, but generally 3 months' gross rental, non-interest bearing, refundable upon expiry of the lease subject to performance of rent and repairing covenants.

Rent-free fitting out period: The amount of office space leased, the cost psqm and length of term determine the amount of rent free period. Presently, it ranges from 1 week to 3 months.

Air conditioning: Currently nearly all offices have individually controlled wall mounted units, which means the lessee is responsible for all costs associated with the air-conditioning's usage. The newer buildings in Phnom Penh have centralized air-conditioning via a central chiller system, the cost of which is borne via the service charge.

Car parking: Tenants will normally receive one designated car parking space free for every 100 square meters of office, subject to availability. However, some buildings operate a "first come, first served" basis and will not allocate set spaces.

Fitting-out costs: The capital costs of fitting out, including loose furniture but excluding office equipment, the price can range dramatically from \$80 to \$400 per square meter.

Electricity: Tenants usually have their own electrical meter, which the landlord will read at the end of the month and invoice the tenant. Electricity can be charged between \$0.25 - \$35 per kw/h.

Back-up power: There are occasional power cuts in Phnom Penh, so it is important to clarify the extent of the building's back-up power to ensure your equipment is fully protected.

For further information, please contact:

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