



Definitions

Alphabetical Order

Agency Agreement

Agreement signed between the real estate agent and an owner to act on the owner's behalf in leasing or selling a particular property.

Assignment

Liabilities under original contract can be assigned to a third party if the parties to the original contract agree to the assignment. The contract between the original parties is rescinded in consideration of a new contract between one of the original parties and the third party.

Base Year/Date

Refer Outgoings (Base Year) below.

Brokerage

Refers to service where real estate agent has introduced tenant to stock controlled by another agent. Control of negotiations with owner can be more difficult under brokerage as opposed to where an agent both controls the stock and introduces the tenant.

Cap and Collar

A term and method used in some market review clauses. It is a mechanism that puts a nominated "cap" and maximum amount by which the rent can be increased; or a "collar", the maximum the rent can decrease, on the nominated market review date.

Car Parking Levy

This is a levy imposed by the State Government in defined areas. The levy is applied to car parking spaces leased. The cost is not normally included in the quoted cost of car parking by the Lessor as increases in the levy are beyond the control of the Lessor.

Cleaning

Common for premises to have a cleaner supplied by the Lessor and the cost charged on under the terms of the Lease as a \$value pm².

Co-agents

Common for an owner to appoint more than one agent to act on their behalf in leasing or selling a particular property.

Construction Certificate

Formerly known as Building Approval, this is the approval required from the relevant Authorities for carrying out building work on the premises, including fitout.



Controlled Stock	Terms used by a real estate agent to refer to premises for which the agent holds an agency agreement.
Density Ratios	Term used to refer to number of people who could fit into particular premises. Expressed as x persons pm ² .
Fitout	Cost of furnishing an office of items such as painting, carpet, wiring and cabling, partitioning etc.
Gross Rent	Term used to indicate that a Lessee pays a determined amount without any requirement to contribute to the Lessor for a share of the Total Outgoings based on area leased. However there may be a requirement to share in any increase in Outgoings over a base year, usually the year prior to commencement of the lease.
Gross Effective Rent	The rent payable under the lease plus outgoings and after deduction of any incentives.
Gross Face Rent	The rent payable under the lease plus outgoings.
GST	When referring to rent, outgoings or any other monetary charges, GST is always excluded.
Guarantee	Common for Leases to require a guarantee of usually three to six months rent to be in possession of the Lessor should the Lessee default. This can be in the form of cash, held either by the Lessor or a real estate agent (in Trust), bank guarantee, rent paid in advance. This deposit is separate to the Trust Deposit.
Heads of Agreement	Document of agreed major terms between two parties for the lease of property from which a draft legal contract will be drawn up to finalise negotiations prior to execution of the lease.
Incentive	As an inducement to attract tenants a Lessor may provide incentives to a tenant in the form of cash, contribution to the cost of fitouts, or a rent free period.
Insurance	Leases usually require the Lessee to hold public liability cover over the premises and for the insurance details to be provided to the Lessor. Sometimes leases will require additional insurance, such as plate glass etc depending on the type of premises.
Introducing Agent	Term used to refer to the third party agent who may introduce a tenant to stock controlled by another real estate agent.



Lease	A conveyance or grant of the possession of property to last for a period of time as defined in the contract.
Lease Commencement Date	The date of the commencement of the lease. As part of the agreement between a Lessor and a Lessee, a tenant may have the right of access prior to the Lease Commencement Date to commence work of fitout.
Lessee	The person to whom a lease is granted (ie Tenant).
Lessor	The person granting the Lease (ie Owner).
Make Good	Term used in a lease to refer to the obligation by the Lessee to reinstate premises at the expiry of the lease to the condition the premises was in when initially occupied by Lessee.
Net Lettable Area (NLA)	Is the tenancy area (measured in m ²) of premises, ie excludes common areas and areas that cannot be let. It usually includes the floor space between the internal finished surfaces of permanent internal walls and the internal finished surfaces of dominant portions of the permanent outer building walls.
Net Rent	Term used to indicate that a Lessee pays a determined amount plus a requirement to contribute to the Lessor for a share of Total Outgoings based on area leased.
Offer	Terms put forward by a party to an owner or Head Lessee seeking agreement to lease property.
Option	A Lease may include a right available to the Lessee to continue leasing the premises for an agreed period after the expiry date of the initial Lease.
Outgoings (Base Year)	Term given to costs of operating and maintaining a building, but not capital improvements to the building. A lease can include an obligation by the Lessee to contribute a share of the Total Outgoings, based on the area occupied. This refers to the situation where a Net Rent is paid. In the case where a Gross Rent is paid there may be a contribution to outgoings but only in relation to an increase over the value of outgoings of a particular year, referred to as the base year.
Per Car Space Per Annum (pcspa)	The cost of car parking is usually referred to as the cost, excluding all government levies, per car space per annum (or in some case per month). For instance \$4,800 pcspa.



Per Square Metre (pm²)	Rent, cleaning, outgoings are referred to as costing \$value per square metre, being the annual rent, cleaning, outgoings divided by the area of floor space occupied. For instance \$400 pm ² .
Periodic Tenancy	Where term is for a period less than 1 year eg week to week, month to month.
Proposal	Terms put forward by Lessor to a potential tenant for the lease of property.
Ratchet Clause	The mechanism whereby the rent upon review cannot decrease.
Registration	Fixed term leases of Torrens Title for more than 3 years must be registered.
Rent	Amount payable for the right to occupy under terms of the lease, including net rent and outgoings.
Rent Commencement Date	Should there exist an incentive in the form of a rent free period, the date rent is payable from is referred to as the Rent Commencement Date.
Rent Review	Leases commonly include a right by the Lessor to review of rental charges. These can be predetermined as a fixed amount as disclosed in the lease, a review based on movements in the consumer price index, or a market review. Common for a market review to occur should a right to continue to lease the premises be taken up.
Standard REI Lease	The Real Estate Institute provides standard documents, including leases. Instead of instructing solicitors to draft a lease it is common in relation to small area or short term leases to use a Standard REI Lease.
Sub-Lease	Where a Lessee, with the approval of the Lessor enters into a lease with a third party for the property, or part of the property subject to the contract between the Lessor and Lessee.
Tenancy Agreement	An agreement between a tenant and a real estate agent whereby the tenant agrees to only deal with that particular agent in locating premises.
Tenancy at Will	Where either party can terminate lease at any time.
Tenancy of Sufferance	Where Lessee has continued occupation after the expiration of lease term.



Tenant Advocates or Representatives

These are agents/professionals who only deal with tenants and who act on a tenant's behalf in dealing with agents to locate space or to negotiate any market reviews.

Term

Period of duration of lease agreement. Usually a fixed term but can be otherwise.

Trust Deposit

At the time of signing the Heads of Agreement and included as part of the Heads of Agreement is the requirement for the Lessee to pay into the real estate agents Trust account an amount in good faith. This is to show intention but also should the transaction not be completed the Lessor has the ability to recover any legal costs incurred in drawing up the Lease. Such recovery rights are included in the Heads of Agreement.

Work Space Ratio

A common ratio used to measure tenant efficiency of net lettable area. This ratio is calculated by dividing the total net lettable area divided by the number of people who occupy the space. Average work space ratios vary between 1:10 – 1:22m².