

CBIZE Tips for Expats Renting Office in Shanghai

Firstly, the rental fee for the office is quoted and negotiated in the form of xx RMB per day per square meter. For example, the quotation for the rental fee of some office building is 5 RMB per day per square meter. Usually an office building is included in a big house ownership certificate, so the ownership of the building does not split to floors or rooms. You may negotiate with the developer about the area you want to rent. Therefore, the rental fee shall be based on the rental area, which leads to the way of quotation as mentioned above. Expats who rent office for the first time shall pay attention to the price factor, figure out the cost accordingly and then make the decision.

Secondly, except for the rental fee, the property management fee is the most important expense for office rental as the environment and service quality of the office building are directly related to the management level of the property management company. As the charging standard of different property management companies varies within a large span, you'd better get to know the property management level of the building as well as the charge for it. In addition, you should know the services provided by the property management company. Usually the services shall include the cleaning work of the public areas and the outer wall, the maintenance of public facilities (such as the elevator), the water and electricity of public area, the central air-conditioning in working hours, and the security management. Notice that the central air-condition is only for working hours (9 am to 6 pm). If you want to use it in non-working hours, you shall negotiate with the property management company. It's very important for companies which have different working hours such as IT companies.

Thirdly, pay attention to the nature of your company. Foreign-related office buildings may be leased to enterprises registered in China (Chinese enterprises, foreign-funded enterprises, Chinese-foreign Joint Venture) as well as organizations without corporate capacity set up by foreign companies (RO). Non-foreign-related office buildings shall not be leased to RO set up by overseas organizations. Whether the office building is foreign-related or not shall be decided by Shanghai Foreign Economic Relation and Trade Commission.

Fourthly, upon delivery, the office is usually not decorated. Thus the lessor will give a period of time for the lessee to do the decoration. As the lessee cannot actually use the office in the period of decoration, there is usually no rental fee for the period. However, the property management fee as well as the fees for used the water and electricity shall be paid. However, the free rental period is not a legal liability of the lessor. Therefore, there shall be an item in the lease contract about the decoration period otherwise there is no constraint for both the two parties.

Last but not least, there are other questions for you to consider: the lessor shall provide related materials for you to handle the procedures for Business License. You shall confirm with the lessor about the parking lot---whether the parking lot is provided, and whether it is charged additionally. Confirm the capacity of telephone especially if you have large demand for it. Decide the payment of the leasing tax. Normally the leasing tax is paid by the lessor and the lessor shall issue invoice about

the rental fee paid by you.

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