

## Commonly made BOMA floor area measurement mistakes

**W**hen it comes to buying, selling, or leasing commercial real estate in the United States, it is valued and traded by the square foot. Buyers and sellers use the rentable floor area to compare properties. Tenants and brokers use it to compare suites. So how can a broker or owner ensure that they are accounting for all the space they are entitled to charge for? How does a broker or owner ensure that they aren't overcharging and exposing themselves to a possible lawsuit? The following are some of the common factors that lead to inaccurate space measurement.

### Not knowing the standard

Not all measurements are the same. It is a mistake to use a surveyor's or architect's gross construction area numbers as a starting point for a BOMA standards analysis. Gross construction area and tax records are usually measured differently than rentable area numbers, especially with multi-tenant office buildings. Also just picking a measurement standard publisher is not enough. There is no such thing as a *current* BOMA floor area measurement standard. BOMA does not shelve old standards, or adopt new ones. Office buildings today are using the 1980, 1996, and the 2010 BOMA office standard. Also between 2009 and 2012 BOMA added specific standards for Retail, Multi-Unit Residential, Industrial Buildings, Gross Building Area (often used for single tenant buildings), and Mixed Use Properties (typically where no one use constitutes 50% of the building area) each crafted to reflect unique industry standards in those markets. In addition to the BOMA standards there is the ASTM *Standard Practice for Building Floor Area Measurements for Facility Management*, REBNEY *Recommended Method of Floor Measurement for Office Buildings* typically used in New York, and the CREBA *Standard Method of Measurement* / *A Formula for Calculating Rentable Office and Retail Space* sometimes used in Washington, DC.



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hand a copy of the standard for reference. I often get calls with questions and the caller doesn't have a copy of the standard. It is no wonder they have questions. Lease agreements should always sight specifically what standard they are using as a guideline in the measurements provided. A reference to a BOMA standard should include the ANSI number and look like this, "*Office Buildings: Standard Methods of Measurement (ANSI/BOMA Z65.1-2010).*"

### Omitted areas

The most overlooked building components I see in area analysis with the BOMA Office standard is not accounting for service area and storage in the parking garage and basement levels of buildings. Elevator lobbies, walled-in tenant storage rooms, and equipment rooms not dedicated to garage ventilation are typically included in the BOMA office standards. Many people have come to ignore parking levels since the 1996 and earlier BOMA office standards said that parking area is not to be included but it never meant to exclude other uses that happen to be on a parking level. The second omission I often see are in the exceptions BOMA allows for unenclosed exterior areas to be included in the rentable area. Recessed entrances can typically be included in the rentable area when they fall within the gross measured area (1996 BOMA Office Standard) or the interior gross area boundary (2010 BOMA Office Standard). The 2010 BOMA Office Standard also allows for certain service areas like loading docks to be included when

A person taking measurements must do so specifically for the standard with which they are complying. Naturally that includes having on

they are within the interior gross area boundary and are enclosed to the extent necessary to facilitate their use. Leveraging all amenity and service areas allows brokers to offer a lower cost per square foot potentially attracting more tenants or it can raise your revenue.

### Building volatility

Another reason for an inaccurate floor area accounting is that the numbers can simply be out of date with the physical building. Common reasons for building space volatility include capital improvements, additions, mezzanines, building re-programming, single tenant building versus multi-tenant leasing, lease negotiations, and even design changes if the physical building is not field audited. If these apply to your property, it is probably time to have the measurements checked for necessary updates.

### When and who should measure

If you are planning on acquiring a new building, make sure you do your due diligence in measuring the building before you are done negotiating. I cannot stress this enough. If the building turns out to be smaller than advertised, then you will find yourself with a lot of leverage in your negotiations. If it turns out to be larger, then you can rest assured that you can realize the buildings full capital value after you acquire it.

When looking for a metrologist (a person who studies the science of measurement) pick one you feel you can trust to be fair and impartial. If a rental area number gets over inflated it opens the landlord not only to a lawsuit for the overcharged rent, but also to the possibility of being sued for fraud. An impartial third party measurement goes a long ways towards fulfilling your legal obligations for due diligence as a landlord. I also recommend using a metrologist that will have the professional credentials to back you up in a dispute. Someone who will be viewed as an expert by the courts. ▲