

LASERCAD® CASE STUDY DISCOUNT SHOPPING

The Challenge

If the areas shown in the leases differ from the actual areas, the accuracy of any valuation based on those leases may be impaired since rents will be under or over stated. Unfortunately fees for property valuations do not contemplate reading every lease or measuring every tenant suite. What is to be done?

Turner Drake's Approach

Our Valuation team utilise a sampling procedure. They read each anchor tenant's lease, and 10% of the remaining leases picked at random, in detail. They utilise a similar sampling procedure for measuring the tenant suites, picking 10% at random (as the initial part of our training program every Valuation team member has to build expertise in space measurement by working in our Lasercad® Division). They then compare the actual area with the area shown in each lease to determine if the discrepancy exceeds 5%. If this situation exists they recommend that the property be re-measured. Our client had retained our Valuation Division to value their shopping centre in Nova Scotia. They were unable to reconcile the lease areas with the measured dimensions. Our client agreed that the shopping centre should be re-measured in its entirety and retained our Lasercad® Space Measurement Division to undertake the work.

Our Lasercad® team completed an on-site inspection, measured every tenant space using laser equipment accurate to 1.5 mm, and prepared "Perimeter" plans for each tenant suite using our Computer Aided Design (CAD) system. They then prepared a BOMA Analysis to the BOMA Retail Standard Method of Measurement. (We work to a closing error of 2% for every discrete space e.g. office, to give us an overall margin of error of $\leq 0.5\%$ for each tenant suite).

Winning Results

A comparison of the actual rentable areas with those shown in the leases, disclosed that the property owner was not collecting rent on 10,000 ft.²... equivalent to a rental shortfall of approximately \$100,000 per year.

