

The 2020 BOMA Retail Standard



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The creation and widespread adoption of Standard Methods of Measurement are hugely advantageous to property owners and their tenants because they reduce uncertainty and risk to both parties. *But they have wider global implications too.* The Building Owners and Managers Association (BOMA), have taken the lead role in North America in promulgating Standard Methods of Measurement. On May 30th 2013, during a meeting at the World Bank in Washington DC, BOMA joined with the Royal Institution of Chartered Surveyors (RICS) to create the [International Property Measurement Standards Coalition](#) (IPMSC), a group of more than 80 professional and not-for-profit organisations from around the world, charged with creating International Property Measurement Standards (IPMS). The objective? Eliminate wide variance in property measurement by ensuring that a retail, office, industrial, residential or any type of property is measured consistently irrespective of location. Research by JLL, a global property firm, showed that a property's floor area could differ by as much as 24% depending on location. *Moreover, since measurement is fundamental to the property's value, consistency in the former will improve the accuracy of the latter. Most financial crises are triggered by the collapse of the property market in a leading regional economy, the contagion from which then spreads around the globe. In most, if not all cases, the property market collapse is a consequence of reckless lending facilitated by inflated and inaccurate appraisals. Hence the interest of the World Bank in addressing the issue.* The RICS, a global professional body which covers, amongst other disciplines, space measurement and valuation, was also a founding member of the [International Valuations Standards Council](#). Most appraisal and valuation organisations throughout the world, including the Appraisal Institute of Canada, have now aligned their valuation standards with those of the Council, and have therefore adopted the International Property Measurement Standards as well.

So much for the global perspective! From the property manager and the tenant's viewpoints the importance of an accepted Standard Method of Measurement is multi-faceted because it: (1) facilitates lease negotiations by eliminating a major point of contention, the area on which the rent is based, (2) reduces the risk of future landlord-tenant disputes, (3) reduces management involvement in the measurement process by detailing how the assignment is to be conducted, (4) clearly signals that the property is professionally managed, (5) increases the accuracy and reliability of any valuation of the property.

BOMA 2020 Standard Method of Measurement

The BOMA Retail Standard, updated in 2020 and approved by the American National Standards Institute, Inc. on February 11th 2021 is compatible with the International Property Measurement Standard Retail Buildings IPMS 1 published in 2019. It builds on and adds clarity to the edition it replaces (our Mark Turner was part of the team that

produced that edition, which itself was a major advance from the original Urban Land Institute (ULI) standard, employed for many years by real estate professionals engaged in measuring retail space in shopping centres). BOMA 2020 For Retail Properties lays out two distinct levels of measurement known as “*Partial Measurement*” and “*Overall Measurement*”. In essence *Partial Measurement* is, as the name implies, measurement of something short of the entire property, typically single or multiple retail units. It can also include measurement of specific Gross Leasable Exclusions in order to perform Inter-Building Area calculations to determine Property Tax, Common Area and Maintenance charges (more on that later). *Overall Measurement*, the method recommended by BOMA, includes the entire property and the preparation of a Global Summary of Areas, a spreadsheet which can be used to calculate and apportion property tax, CAM and other maintenance related expenses. When completed the Overall Measurement will be in full compliance with IPMS 1.

BOMA 2020 Retail Standard follows the same “out to out” convention of the previous and ULI editions, Gross Leasable Area is measured to the outside face of the walls bordering the retail unit and to the centreline of walls shared with adjoining rental units. The Standard contains a wealth of plans illustrating how to locate the measurement line for mezzanines, exterior and interior door setbacks, adjacent occupant areas, building voids, service and public areas, major vertical penetrations and parking areas. It also deals with voids and building shafts in tenant spaces. Many of the foregoing were resolved by an executive decision in the past so the clarification is very useful and further improves consistency. Where the occupant area includes exterior space for the exclusive use of a single tenant and is part of the retail experience e.g. a patio utilised for dining, or where the floor height is less than 2.13 metres (7 ft), the Standard provides that the leasable area has to be shown separately but must still be included in the Gross Leasable Area. This improves transparency. *The Standard also codifies the methodology for allocating Inter-Building Areas (Parking Areas, Major Vertical Penetrations, Service and Public Areas) to the retail units that benefit from them, for property tax related expenditures, CAM charges and other maintenance related expenses. These costs are apportioned to the benefiting tenants based on their Gross Leasable Area, and are recovered by the landlord via the Service Rent.* The Standard acknowledges that the application of this type of load factor to the leasable area is not typically the way retail space is leased (unlike office space) and so avoids grossing up the Gross Leasable Area for the Base Rent calculation.

BOMA Certified Drawings

“BOMA does not certify, approve or endorse any individual, firm, device or software for the measurement of floor areas” and any claim to the contrary is bogus, so how can you be comfortable that the space certification provided by a measurement company is reliable and accurate? And what is an acceptable degree of accuracy? The Standard acknowledges that no two measurements, taken by different parties, are likely to be identical, so proposes a 2% variation as being acceptable. So how do we live up to the promise? As always, the devil is in the details.

We are regulated by the RICS and all of our operations are governed by a quality system registered to ISO 9001-2015. Every member of our Lasercad® space measurement team are recent graduates of an Atlantic Canada university. They are proceeding through our seven-year valuation training program which includes modules on each of the Standard Methods of Measurement and our CAD (Computer Aided Design) system. Before they are allowed out in the field alone they have to complete mentored space measurement training and establish proficiency by completing at least three supervised, accurate assignments. Our laser measuring instruments and digital mitres are checked quarterly for accuracy against a measuring range in our offices. The instrument numbers are recorded with each assignment so that we can notify the client, and remeasure the space, if we discover the instruments have developed an error. We calculate every leasable area twice, once using our CAD system, the second time by hand using on-site measurements. If the two areas differ by more than 2% we rectify the error before sending the result to our client. Sounds labour intensive? It is, but despite the blandishments of technology, we have not yet found an alternative that can handle the idiosyncrasies of the Standards with the same degree of accuracy.