

The New Standard for Retail Measurement



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Some years ago, the Building Owners and Managers Association (BOMA) International realized that its Standard Method of Measuring Floor Area in Office Buildings, originally introduced in 1915, had made “The BOMA Standard” the most widely recognized brand for commercial space measurement in the United States and many other countries. The trouble was that it addressed only office buildings, not other building types such as warehouses, retail space, apartments or condominiums. To better serve the commercial real estate industry, there was an obvious need to develop additional measurement standards that addressed measurement practices that are unique to these other building types.

In addition to updating the BOMA Office Standard (see the ar-

ticle by Ken Pool in the June issue of The Network), BOMA International has now published measurement standards for the gross areas of a building, industrial buildings, multi-unit residential buildings and retail buildings. The American National Standards Institute now lists all as ANSI consensus standards. In addition, BOMA task groups are currently developing new measurement standards for mixed-use buildings and multiple buildings in a campus setting.

FILLING A NEED

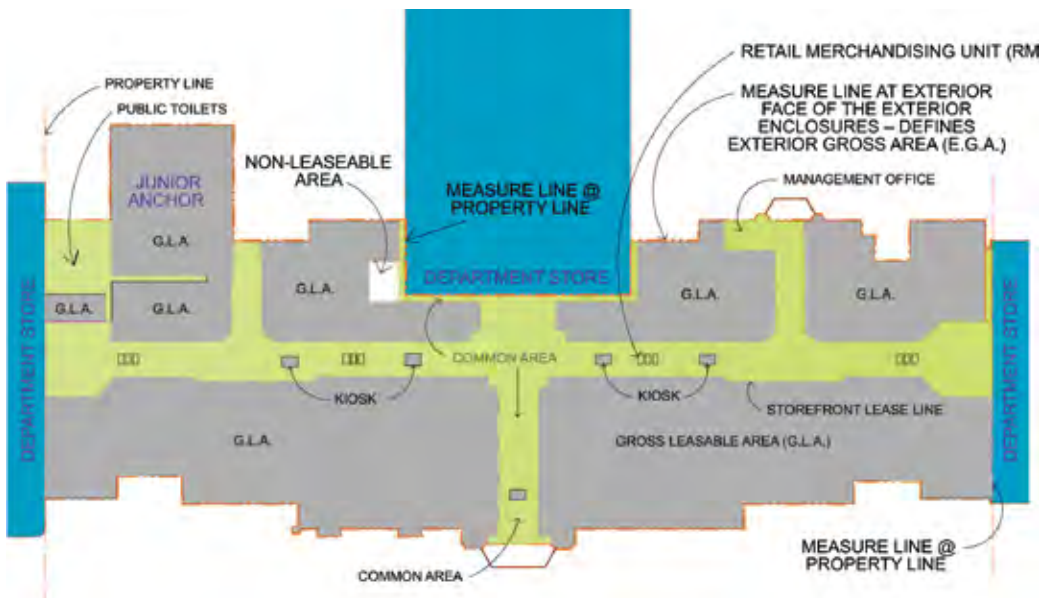
Nowhere was the need for a new measurement standard more urgent than for retail buildings. In a survey conducted by the International Council of Shopping Centers in April of 2008, 968 respondents were given four different statements

describing the measurement of retail space. Only 47% agreed that even one of the statements “closely represented” how to measure retail space. The other responses were all across the board. These survey results, and the frequency of inquiries received by BOMA International and measurement firms, clearly indicated a need for a new measurement standard addressing the unique requirements of retail buildings.

The BOMA Retail Task Force was led by two co-chairs with extensive experience in retail leasing: Richard King of Colliers International in Fort Meyers, Florida and Roger Vanderlok of the Pennsylvania Real Estate Investment Trust in Philadelphia. There were 21 other task force members from the United States and Canada who contributed their expertise to this new standard, giving it a solid foundation in retail leasing practices – and, on June 25, 2010, the publication Retail Buildings: Standard Methods of Measurement became an ANSI Consensus Standard, (ANSI/BOMA Z65.5-2010).

GROSS LEASABLE AREA

Measurement of retail space is significantly different from the measurement of office space or store area as defined by the 1996 BOMA Standard. The terminology differs as well. Instead of “rentable area” used in office leasing, retail leasing uses “gross leasable area” or GLA. In addition to GLA, the standard measures enclosed common areas such as malls, service areas, public restrooms, mechanical and electrical rooms and property management and maintenance



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To obtain the BOMA Retail Standard, go to www.BOMA.org and click on the BOMA Store.

rooms. That square footage is critical to the determination of common area maintenance (CAM) charges, but common area square footage is not allocated to tenant/occupant areas as it is in office buildings.

Retail leases often include ancillary areas, such as outdoor dining patios, garden centers, stockyards and other unenclosed spaces that are outside the perimeter enclosing walls of a building. The standard also addresses the issue of how to deal with kiosks, retail merchandising units (RMUs) and food courts that are common in shopping centers. Finally, the “dominant portion” rule used at perimeter walls in the BOMA Office standard is not applied in retail measurement, but the lease line becomes an important concept generally not found in office leasing.

IT'S DIFFERENT BUT THE SAME

As a result of these differences, the BOMA Retail Standard is not a re-work of the office standard but a whole new ‘animal’ that focuses on the retail product. It does incorporate some of the features employed by the office standard to increase clarity and ease of use. It’s distributed in electronic format that is downloadable from and can be viewed on your computer or

printed out. In its 32 pages, the standard contains 16 full-page color illustrations and 48 defined terms with a discussion of each term, as well as charts and spreadsheets. Where a defined term is used in the text, it is hyperlinked to its definition. The illustrations are linked to places in the text where they are referenced. Certain spots (points of discussion in lease negotiations) such as low headroom areas and mezzanines are dealt with explicitly. All this makes applying the standard as easy and unambiguous as possible.

The BOMA Retail Standard is coordinated with the other BOMA standards, especially the BOMA Gross Areas of a Building: Methods of Measurement, (ANSI/BOMA Z65.3-2009). In this way, managers now have coordinated set of measurement tools that meet the needs for the entire spectrum of square footage data employed in the design, construction, financing, purchase, sale, management and leasing of retail properties.

The retail standard is offered for voluntary adoption; its application may not be appropriate in all circumstances. For instance, the leasing of stores on the basis of their usable area is common in certain markets and geographic areas, but this standard does not support that practice. •