

## **Setting the Industrial Standard**

*By William B. Tracy, NCARB, MBA*

Compared with calculating rentable areas in office space, where the BOMA Standard has dominated measurement methodology for over 90 years, industrial buildings historically have posed few significant measurement issues for landlords and tenants. All you needed was a very long measuring tape, the dexterity to negotiate a path for your tape between piles of materials and machinery, and a modicum of mathematical mastery to multiply length by width. The introduction of laser distance measuring equipment that will accurately determine distances between walls up to 300 feet apart has made field measurement even easier and faster. CAD has eliminated even the need to know math. Then why was it necessary for BOMA to introduce a new method of measuring floor area in industrial buildings?

The driving reason is that real estate ownership changed in the 20<sup>th</sup> century. Early in the century, most real estate was held by small, local developers who focused on one building type. There was little crossover in terminology or methodology between the management domains of office and industrial buildings. It didn't matter if terms like "rentable area" or "dominant portion" meant different things in an industrial building than they did in an office building.

The rise in the 20<sup>th</sup> century of large national real estate portfolios held by private interests and public real estate investment trusts brought the divided domains of industrial and office real estate together. The diverse terminology and measurement practices that existed created confusion, not only within the organizations that owned and occupied office and industrial buildings, but also within the brokerage, financial and design professional communities.

In addition, a new hybrid building type, called flex space, arose. Flex space combines elements of both office and industrial space into a building that could be used for either activity. Although flex space can accommodate light manufacturing and warehousing of goods, the buildings are often configured as multi-tenant, multi-story buildings that have features similar to office buildings, like building lobbies, toilets, mechanical rooms, trash staging and other building common service areas. These buildings beg to be measured like office buildings although they are fundamentally industrial property.

The real estate market needed an industrial measurement standard that was fully coordinated with the BOMA Standard for measuring office space. In 1999, a BOMA committee began working along with representatives of the Society of Industrial and Office Realtors to develop an industrial floor area measurement standard. The product of their efforts, the BOMA Standard Methods for Measuring Floor Area in Industrial Buildings, was released in 2005.

Methods is plural. You read it right! There are two measurement methods – an exterior wall method and a drip line method. The first method will be familiar to those in the Colorado industrial real estate market because it measures most buildings just like they are now measured here – to the outside face of the exterior wall. The drip line method is included because it is common in the Southwestern U. S., where many warehouses lack exterior enclosing walls. The choice of which method to use is up to the landlord.

The terminology and measurement methods used in the BOMA industrial standard are fully coordinated with the office standard, making it ideal to employ for measuring entire portfolios of diverse properties spread across wide geographical areas in addition to single buildings. The provisions for allocating building and floor common areas in multi-tenant and multi-story buildings are identical to those in the BOMA Office Standard. Mezzanines, which have frequently generated discussion between tenants and landlords of industrial space, are clearly defined for both office and non-office use. A 2 percent measurement tolerance is included along with a suggested method to resolve measurement disputes. Perhaps most critically, definitions of the terms “industrial” and “office” are included.

The BOMA industrial standard meets a need in the real estate market and will become a best practice like the BOMA office standard has become since 1914. The 27-page document should be on your reference bookshelf if you are involved with industrial properties and cited in your lease if you are an industrial landlord or tenant.

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