

Measuring Mixed Use Properties

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Mixed use properties have been around for a long time, so why are developers and architects now asking more questions about the proper measurement of their floor areas for leasing, appraisal and sale?

A very common mixed use scenario, an office building with ground level stores and restaurants, has been directly addressed since 1914 in the Building Owner's and Manager's Association's Standard Method of Measuring Floor Area in Office Buildings. However, planned unit developments are being designed that are far more complex, especially in transit-oriented designed communities. These developments are often a vigorous amalgamation of retail, residential, office, entertainment, hospitality and civic uses that present many challenges to those who need to disentangle their individual floor areas. This separation is often required by innovative financing packages, insurance requirements and sometimes the desire to spin off a portion of a building as separate common interest property, usually as condominiums.

Each type of space follows different measurement conventions, a remnant of the days when zoning codes kept them apart by segregating land uses. Retail space is often measured using a "gross leasable area" method for which there is no published measurement standard. A recent survey of 968 members of the International Council of Shopping Centers showed wide variation in how GLA is actually measured, with no one measurement method used by the majority of respondents. There is no published measurement standard for multi-family residential properties.

In response to requests by its members, BOMA has stepped up to bring some clarity and consistency to measuring mixed use properties. With office and industrial measurement standards already published, committees are currently developing standards for measuring retail and multi-family residential properties. Once these standards are completed, a mixed-use measurement standard will be created that will provide a standard method for combining measurements of office, retail and multi-family residential space in mixed use properties.

The first step in measuring mixed use properties is always segregating the uses. A property can be designed to make this either easy or difficult. Difficult situations are created by common areas such as lobbies and mechanical rooms that are shared by two or more uses. While such shared systems and spaces are encouraged by economies of scale and energy efficiency, they blur the line between uses and make it necessary to introduce an additional step into the measurement process – the allocation of space between uses. For example, in a building that contains retail, office and residential occupancies but has only one main electrical room, it would be inappropriate for that electrical room to be considered only as office building common area. So, the electrical room floor area should be allocated fairly to each use that it serves. Only a portion of it ends up as office building common area. This allocation of floor area between uses requires a detailed understanding of how a building and its service areas function, so is best done by the design professional who designed the building.

Documentation of this step is critical, especially if a portion, say the residential space, is to be spun off as condominiums. The plat that is part of the condominium declaration and is filed with the county will have to show the location not only of the units but also the common areas, which can include a portion of shared services like the electrical room in the example above. It is often important for the attorney, who drafts the condo declaration, to coordinate closely with the design professional, who generates area calculations, and the land surveyor, who prepares and seals the condo plat, to produce the right square footages for leasing and other purposes. Even if the building is not split by ownership, sophisticated tenant advisors and lease auditors may question what goes into building common areas and the resulting load factors used in calculating a tenant's rentable area.

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