

An essential initiative

Property measurement Peter Holland and Alexander Aronsohn size up occupiers' need for a common standard for property measurement

The development of a common space measurement standard for global use has long been an elusive, but nonetheless desirable, goal among corporate occupiers. To that end, in May 2013 the International Property Measurement Standards Coalition ("IPMSC") was formally launched in a meeting at the World Bank in Washington DC attended by more than 20 real estate associations. The agreed objective was to establish a global standard for the measurement of property.

The work started in Washington DC was introduced to the market in an effort to provide stability, clarity and transparency through a single system for measuring real property assets. An investor's ability to understand an asset and an occupier's reliance on representations of the size of a facility require trust in a uniform standard.

The initiative was recently highlighted as part of the CoreNet Global EMEA Summit in London. CoreNet Global, a 9,500-strong member association comprised of professionals who manage real estate for an organisation's own use, assembled almost 600 participants for two days of programmes, education and networking, and incorporated a session on international property measurement standards ("IPMS").

Until the creation of IPMS, property was measured through diverse and sometimes vague methods depending on the country of origin or even individual building practices. According to JLL, the result was large deviations of up to 24% in the measurement of a facility. For example, in Spain, property measurements sometimes include outdoor swimming pools, whereas in India, off-site car parks can be incorporated. India is a prime example of somewhere rife with inconsistencies from region to region and city to city.

A standard measurement will allow an occupier to more readily compare costs and occupancy levels across a global portfolio; absent such a standard, benchmarking with apples-to-apples comparisons requires time-consuming analysis.

Industry reaction

The harmonised system has been welcomed by occupiers and developers alike from around the globe, while important professional bodies and independent groups, including from



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Australia, Hong Kong, Brazil, the United States, South Africa and Dubai, have joined the IPMSC.

General Motors, for example, has responded very positively to the prospect of a standardised method of property measurement, having experienced real difficulties in comparing properties across its international portfolio. Previously the company had to convert its property portfolio into its own individual basis of common measurement, otherwise it would suffer the inadequacies of inaccurate comparisons, which would have a negative impact on its ability to make sound business decisions.

For companies operating on an international scale, a standardised method of property analysis has both financial and time-saving benefits.

Deutsche Bank has recently worked with developer BAM on a new investment property. The scheme was measured using both IPMS and the existing RICS Code of Measuring Practice, and BAM has been positive about the ease of use for IPMS, confirming that it will be looking to use the standard measurement system in future developments.

As an organisation, Deutsche Bank invests about €40bn (£26.6bn) in property and while it is possible to measure this extensive portfolio in monetary terms, the square footage is almost impossible to determine as there are different measurements used across the globe. With

the introduction of a common language for property measurement, large international firms such as Deutsche Bank will have the capacity to evaluate their portfolios from multiple approaches, enabling them to present this data to potential investors in a more accessible format.

Another global occupier, Vodafone, has been equally encouraging about the necessity for a standardised method of property measurement. Similar to General Motors, Vodafone has a large number of properties around the world for different uses and has had to develop its own means of benchmarking in order to compare property assets. The introduction of a standardised system will enable corporate occupiers to compare space between countries far more easily than today.

The future

Since the original meeting in 2013, it has become clear that the new set of standards is making waves in the corporate real estate industry, with the founding coalition of 20 growing to more than 70 members and over 150 partners.

The coalition has completed a standard for the measurement of office space (IPMS: Office Buildings) and is now working on a residential property measurement. Other property asset classes will follow. An independent body of experts from around the world known as the Standards Setting Committee has been specifically charged with this difficult task, and the acceptance of the standard speaks to their inclusiveness, care and diligence.

RICS now requires its members across the globe to conform to IPMS as they undertake their work. This endorsement from RICS and use of the methodology by its 118,000 members in 146 countries further evidences the adoption of the standard. In fact, the coalition members will be submitting the standard to the relevant governing and regulatory bodies that certify and endorse standards, such as CEN in the EU and its American counterpart ANSI.

Just over two years ago Dubai became the first government to fully back IPMS, pledging its support for this significant new system, and the IPMS for office buildings is currently available in eight languages, including Portuguese, German and Chinese. As with many shifts in the industry, IPMS can only reach its full potential if adopted worldwide, so we invite occupiers around the globe to work with us in making this essential set of measurement standards an international success.

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