

BOMA REVAMPS MEASUREMENT METHODOLOGY

If you are a tenant in a medical office building and do not appreciate the difference between “rentable” area and “usable” area you may be paying more (or less) rent for the space than what is fair and reasonable. In May, the Building Owners and Managers Association (“BOMA”) updated its measurement methodology for office buildings. This is an important development for all landlords and tenants of multi-occupant office buildings, including medical office buildings. The prior version was initially published in 1996. The new standard, referred to as ANSI/BOMA Z65.1-2010, is a substantial improvement over its predecessor. I believe that the use of the new standard will result in better measurement practices and a higher degree of accuracy in determining rentable areas for tenants.

Here is a summary of some of the more noteworthy changes and improvements:

1. The standard, which can be purchased from BOMA, is available in electronic format and contains hyperlinks to all defined terms. This is a handy way to become familiar with the terminology and its application.
2. There are two (2) methods - the “A” or “Legacy” method and the “B” method. The A Method determines the common area and associated “load factor” for each floor while the B Method determines a load factor that is the same for all floors (even if the amount of common area on the floors differs). I expect that most medical office buildings will utilize the A method given that many such buildings have more than a nominal variance of common area floor to floor. Note, when citing to the new standard in your lease documents, it will now be necessary to indicate whether the A or B method is applicable.
3. More terms are defined and the definitions are generally good and understandable increasing, hopefully, the degree of consistency going forward.
4. The examples are better and enhanced with better and more relevant illustrations. The new standard has 45 illustrations.
5. The new standard includes an Excel adaptable worksheet for each of the A and B methods. Most architects created Excel worksheets for use with the prior standard, but there were significant variations. The new standard should improve consistency and standardization through the widespread adoption of these worksheets. The worksheets also incorporate the ability to make non-standard adjustments. For example, it is not at all unusual to change the load factor for a building or a floor so that the building is competitive with other buildings in its relevant market.

For those who represent tenants, consider as a part of the lease transaction diligence, a requirement that landlord provide its BOMA measurement worksheet (in Excel format) for review by the tenant’s design professional. For new construction where no worksheet yet exists, the lease will ideally contain a covenant that requires landlord to prepare and deliver the worksheet following substantial completion of the building with a requirement for adjusting the rentable area by amendment. BOMA suggests that a variance of 2% or less is within tolerable limits. This recognizes the reality that even with the new standard, there remains some inherent subjectivity in the application of the measurement methodology.