

In Review: BOMA 2017 Office Standards

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It has been one year since the release of BOMA 2017 Office Standard, the dominant standard that defines how to measure and calculate the rentable area in office buildings in Canada. Today, we'll go over the various changes made in the 2017 edition and the overall impact it has on the calculation of rentable square footage in office buildings.

Quick overview: *BOMA Standard for Office Buildings*

The Building Owners and Managers Association Standard Methods of Measurement (BOMA Standard) are a set of guidelines widely adopted by practitioners in the commercial real estate sector in order to consistently measure and describe the areas of a wide array of properties. First published in 1915, the Office Standard is the oldest and most recognized of the various measurement standards. The foundation of the Office Standard is that tenants draw a benefit from building amenity areas and building service areas, and for this reason, these areas should be allocated back to tenants on a proportionate basis. As a result, a tenant will have an Occupant Area (the space that the tenant physically occupies) as well as a Rentable Area (the Occupant Area plus the tenant's pro-rata share of common space). Below, we're focusing on the major revisions of BOMA Standard Methods of Measurement for office buildings made in 2017.

Five Key Changes: BOMA 2010 vs BOMA 2017

After recalculations, most office buildings gained additional rentable square footage under the new standard. The following are the five major changes in BOMA 2017 for office buildings.

Inclusion of Major Vertical Penetrations at the Lowest Level

Major Vertical Penetrations at the lowest levels are no longer excluded from the rentable area and are now classified as Building Service Area. Previously, vertical service areas such as pipes or mechanical shafts were included in the rentable area, but not the vertical circulation areas such as elevator shafts or stairwells. This change is in support of one of the basic rules of the standard—physical floor space is rentable, and openings in the floor are not.

Inclusion of Balconies, Terraces, Finished Rooftop Terraces

With an increasing demand for exterior amenity areas such as balconies, covered galleries and finished rooftop terraces, the BOMA 2017 Office Standards is catching up to the

modern tenant experience. These exterior amenities that are for exclusive use by a tenant are now included in the rentable square footage calculation.

Introduction of Inter-Building Area

In the previous standards, common areas had to be classified as either floor or building common. The new concept of Inter-Building Area allows service and amenity areas to be allotted specifically to the occupants that derive a benefit from the areas. This introduces a greater level of customization and fairness to the standard. An example of the inter-building area would be a loading dock that only services a specific group of occupants. This concept can also be used to allocate areas shared by multiple buildings in an office park.

Removal of the Public Pedestrian Thoroughfare Condition

The Public Pedestrian Thoroughfare condition has been removed from the BOMA 2017 Office Standard. Previously, the Public Pedestrian Thoroughfare boundary condition allows for ground floor tenants with street frontage to be measured to the outer surface of the exterior walls, rather than the inside finished surface. This change facilitates unity in measuring rentable square footage on all floors.

Application of Capped Load Factor

In the previous standards, BOMA only allowed landlords to cap the load factor for an entire building. Now, it can be applied on a tenant-by-tenant basis, which would allow landlords more flexibility in negotiating with tenants while still complying with BOMA.

The overall impact of the changes under the BOMA 2017 Office Standard is a gain in rentable square footage and a fairer allocation of common area amenities to a specific tenant or group of tenants, rather than lumping such areas to an entire floor or the entire building. So how will the new standards affect your current lease? The short answer is: They won't, unless there is a clause where the landlord and/or the tenant has the right to re-measure the premises or the building (and to adjust any terms that are dependent upon the rentable square footage) as a result of a change in the BOMA standard. With regards to renewals and future leases, landlords, and tenants may want to have the lease explicitly adopt the measurement standard that is most beneficial to them.

If you're a tenant hoping to learn more about your current lease, our office leasing team would be happy to review your lease on a case-by-case basis.