The New RICS Property Measurement
March 2016

Making projects happen
Agenda

- The new rules
- IPMS: Office Buildings
  - Key Changes in Terminology
  - IPMS 1
  - IPMS 2
  - IPMS 3
- Worked Example
- What does it mean to our Clients?
- What does it mean to the Design Team?
- IPMS: Office Buildings and Planning
- IPMS: Office Buildings - FAQs
- Key Observations and Conclusions
- Your thoughts
The new rules – why is the change needed?

- Changes implemented to achieve consistency in the standards adopted by professionals in the global setting
- Standards relevant across the world can lead to more accurate benchmarking internationally
- Reflecting the need for a comparison tool for international portfolios
- Professionals across the world will be able to provide their Clients with advice based on consistent international standards
- Best professional practice
The new rules – what is changing?

- Effective from 1 January 2016
- Incorporates International Property Measurement Standards (IPMS: Office Buildings)
- IPMS: Office Buildings applies only to offices measurement
- Code of Measurement Practice (6th Edition) applies to all other building types

- Code of Measuring Practice is in 6th Edition
- A guidance note for Property Professionals on accurate measuring of buildings and land
- Provides core definitions with regards to building measurement
- Embodies ‘best practice’
- Previously only applied to the UK, now applies globally
IPMS: Office Buildings

<table>
<thead>
<tr>
<th>New Terminology</th>
<th>Old Terminology</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPMS 1</td>
<td>Equates closely to GEA (gross external area)</td>
</tr>
<tr>
<td>IPMS 2 - Office</td>
<td>Equates closely to GIA (gross internal area)</td>
</tr>
<tr>
<td>IPMS 3 - Office</td>
<td>Equates closely NIA (net internal area)</td>
</tr>
<tr>
<td>Internal Dominant Face</td>
<td>Internal face of the external wall</td>
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</tbody>
</table>
IPMS 1

IPMS 1 is used for measuring the area of a building including external walls. In some markets it can be used for planning purposes or the summary costing of development proposals.

IPMS 1 is defined as the sum of the areas of each floor level of a building measured to the outer perimeter of external construction features and reported on a floor by floor basis; it includes basements.

The following are included but stated separately:

- Covered galleries
- Balconies (being external to the main structure of the building) and
- Generally accessible rooftop terraces.
a) Covered gallery  

b) Balcony  
c) Open light well/upper level of void of atrium  
d) Open external stairway (not integral part of structure)

_Hatched areas to be stated separately_
IPMS 2

IPMS 2 is for measuring the interior area and categorising the use of space in an office building.

IPMS 2 is defined as the sum of the areas of each floor level of a building measured to the internal dominant face reported on a component by component basis for each floor level.

The following are included but stated separately:

- Covered galleries
- Balconies (being external to the main structure of the building) and
- Generally accessible rooftop terraces.

The following are excluded:

- Open light wells
- Upper level voids of an atrium
- Patios and decks at ground floor level not forming part of the structure
- External car parking
- Equipment yards, cooling equipment and refuse areas
IPMS 2

- a) Vertical Penetrations
- b) Structural elements
- c) Technical Services
- d) Hygiene Areas
- e) Circulation areas
- f) Amenities
- g) Workspace (with limited use areas measured separately)
- h) Other areas
Internal Dominant Face

“The internal dominant face is the inside finished surface comprising 50% or more of the surface area for each vertical section forming an internal perimeter”
Internal Dominant Face

**Internal Elevation**

- Glazing > 50%
- Glazing < 50%
- Glazing > 50%

**Measure to**

- Vertical Section 1: Wall-floor junction
- Vertical Section 2: Glazing
- Vertical Section 3: Wall-floor junction
- Vertical Section 4: Wall-floor junction
- Vertical Section 5: Wall-floor junction
- Vertical Section 6: Glazing
- Vertical Section 7: Wall-floor junction

**Plan**

- Internal Dominant Face
- Internal Dominant Face
- Internal Dominant Face
Internal Dominant Face

Oblique view
Internal Dominant Face

Cross section
IPMS 3

IPMS 3 is used for measuring the occupation of floor areas in exclusive use.

IPMS 3 is defined as the floor area available on an exclusive basis to an occupier, but excluding standard facilities and shared circulation areas, and calculated on an occupier by occupier basis or floor by floor basis for each building.

Note all internal walls and columns within an occupant’s exclusive area are included within IPMS 3. The floor area is taken to the internal dominant face and where there is a common wall with an adjacent tenant, to the centre line of the common wall.

The following are included but stated separately:

- Covered galleries
- Balconies (being external to the main structure of the building) and
- Generally accessible rooftop terraces.

IPMS 3 is not a component part of IPMS 2
IPMS 3 – Single Occupancy

IPMS 3 Single Occupancy

Net Internal Area
IPMS 3 – Multi Occupancy

Key differences
IPMS 3 Multi Occupancy

IPMS 3 Multi Occupancy

Net Internal Area
Worked Example
Worked Example

- Live project in exigere office
- Building measured in accordance with both the IPMS Office Buildings and RICS Code of Measurement Practice
- Revised Area Schedule
- Key observations – GIA/NIA “increases”
Worked Example

IPMS 2 and IPMS 3

GIA and NIA
Worked Example

IPMS 2 and IPMS 3

GIA and NIA
Worked Example
### Worked Example

#### Area Schedule

**IPMS: Office Buildings**

<table>
<thead>
<tr>
<th>Level</th>
<th>Workspaces (offices)</th>
<th>Circulation Areas</th>
<th>Huqgne Areas</th>
<th>Technical Services</th>
<th>Vertical Pavers / Matings</th>
<th>Amendments</th>
<th>Other Areas</th>
<th>Structural Elements</th>
<th>IPMS 6</th>
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### Area Schedule – RICS Code of Measuring Practice 6th Edition

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<tr>
<th>Level</th>
<th>Office</th>
<th>AG/AG/AG</th>
<th>Office</th>
<th>Total Net Internal</th>
<th>Reception / Offices</th>
<th>Circulation / Stairs</th>
<th>Return Base / Bridges</th>
<th>Toilets / Present</th>
<th>Plant</th>
<th>Back of House / TM</th>
<th>Lifts and Stairs</th>
<th>Surfacing</th>
<th>Total Gross Internal</th>
<th>Net to Gross</th>
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<td>71</td>
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</table>

**%**

- 72.20%  4.40%  4.50%  4.20%  7.20%  3.20%  4.20%  100.00%
IPMS: Office Buildings
What does it mean to our Clients?

- Changes to the way measures are being reported
- It may take time to adjust – dual reporting in the interim
- What happens to property values
- What happens to leases agreed using other measurement standards
- Is there a need to re-measure properties immediately
IPMS: Office Buildings
What does it mean to the Design Team?

- Mandatory use of IPMS Office Buildings from 1 January 2016
- Change in the way we measure Office buildings
- Changes to the core definitions used with regards to Office buildings
- Dual reporting in the interim to increase understanding
- Potential adjustments to Office Benchmarking going forward?
IPMS: Office Buildings and Planning

- GEA used for planning purposes previously
- According to the measurement standards IPMS 1 should be used
- It may take time for the transition to take place
Key Observations and Conclusions

- New IPMS applies to Office Buildings only; other types of buildings to follow
- Mandatory from 1 January 2016
- RICS advising to follow IPMS and Code of Measurement Practice to help in gaining understanding during the transition period
- Net to Gross ratio is not IPMS 3 to IPMS 2
- Internal Dominant Face
- Your Thoughts...
IPMS: Office Buildings
Frequently Asked Questions

- **What are the benefits of having IPMS?**
  
  IPMS will: provide a mechanism for benchmarking property measurement information across international markets; Provide a common and transportable method for property practitioners to use; Enable international occupiers, investors and owners to benchmark their property assets without needing to spend significant sums of money and resource calibrating space measurements; Provide greater transparency and consistency to all property users, wherever they are located; Provide consistency in the data which sits alongside valuations and financial reporting and will support property and facilities managers to better compare and utilise space.

- **How will IPMS work in markets with existing measurement standards?**
  
  IPMS will become established over time as property users come to understand the benefits of using common method for measuring property assets. In some markets it is probable that existing standards will remain in place and may at first be complemented by IPMS.
Why is RICS making the RICS Professional Statement: Property Measurement mandatory?

Until now professionals have not had the framework of a globally-adopted property measurement standard. With the introduction of IPMS: Office Buildings, professionals now have the opportunity to offer global measurement consistency to their clients. As a global professional body RICS is in a position to champion expertise and competence of our members in this area. To do so confidently, we need to ensure RICS members are following regulated international standards. The RICS Professional Statement: Property Measurement is therefore mandatory for all new measurement events and is to be the default measurement unless a client requests otherwise in writing, or if local laws specify the use of an alternative standard.

How will RICS regulate the use of the RICS Professional Statement: Property Measurement?

In accordance with our obligations to uphold standards, RICS will regulate compliance with this Professional Statement by individual members and RICS regulated firms, either during the course of investigating a complaint, or where appropriate, in the course of our wider monitoring.
IPMS: Office Buildings
Frequently Asked Questions

- How will I be able to compare IPMS measurements acquired through the use of the Professional Statement, with established local measurement methods in my market?

- RICS is developing and launching ahead of January 2016 a free online conversion tool that will allow members to compare an IPMS measurement with the Code of Measuring Practice. Members may soon also be able to convert to other major measuring methods such as the BOMA method as well as the GIF (German) standard. In order to make it more relevant to various markets, members are encouraged to put forward the local standards used in their markets to be included in the conversion tool.
IPMS: Office Buildings
Frequently Asked Questions

- **What if local regulations or my client specify that I use a standard other than IPMS?**

  - The Professional Statement provides for both these eventualities. It states that "...Any measurement used ... needs to be consistent ... unless legislation dictates or the client requires otherwise, in which case this must be clearly stated in the terms of engagement and the report." The "Principles of Measurement" in Chapter 2 of the Professional Statement are mandatory and this section stipulates the requirements for issues such as what you report and how you report it. These remain valid at all times regardless of the actual measurement standard used. In dealing with the client, you are advised to explain the benefits and encourage the use of IPMS to your client. Dual reporting (e.g. from IPMS to the COMP) is recommended in both cases and is achievable through an online conversion tool on the RICS website. See section below.

- **What will happen to property values when IPMS comes into effect?**

  - IPMS will not have a direct impact on property values, which are established by local market factors. Whilst IPMS may lead to notable differences in the quoted floor area of a property, the value of the space available will not alter – the building doesn’t change physically as result of IPMS. However, the data which sits alongside the valuation will be consistent across property markets. As a result, IPMS will mean greater transparency in the way valuations relate to space from one market to the next. Obviously, the price per square metre/foot will change when using a different standard to reflect the unchanged overall value.
IPMS: Office Buildings
Frequently Asked Questions

▪ What will happen to leases agreed using other measurement standards

▪ The IPMS Coalition anticipates that, for the most part, existing leases, which have been agreed using existing measurement methodologies, will remain in place and will not be reviewed in light of the new standard. Instead, IPMS will most likely be adopted for the first time when lease renewal periods are reached.

▪ As an investor/owner, I’ve done a recalculation on the basis of IPMS. Compared to our existing standard, I’m losing m². As the rent price is set on m², I would be losing out. Why should I use IPMS?

▪ The value of a property that is re-measured doesn’t change. This is like moving from sq/m to sq/ft or from one local currency to another. It will take time to adjust, and there will be allowances for dual reporting in the short term for this to become widely understood and used. It provides an opportunity to value add to current service offering, and demonstrate that a practitioner is keeping up with current trends.
exigere

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