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# BOMA 2017 Office Standard: What You Need to Know

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Measurement and allocation of square footage are critically important in the context of commercial office leasing, as many financial concepts, such as base rent, additional rent and tenant improvement allowances, are directly linked to the number of square feet in the applicable premises.

The most common measurement system for office space is the one promulgated by the Building Owners and Managers Association (“BOMA”), which has been the American National Standards Institute Secretariat for the office standard of floor measurement since 1915. BOMA revises the office standard at least once every five years to adapt to the ever-changing trends in the commercial real estate industry. The most recent revisions to the office standard, commonly referred to as “[BOMA 2017 For Office Buildings: Standard Methods of Measurement](#) (ANSI/BOMA Z65.1-2017),” occurred late last year and include five important modifications: three that may impact the measurement of square footage and two that may impact the allocation of square footage.

## Measurement of Square Footage

The following three modifications affect the measurement of square footage and, therefore, may change the number of square feet in some office buildings.

### Inclusion of Balconies, Covered Galleries and Finished Rooftop Terraces

With more and more millennials entering the workforce, office spaces are shifting from cubicle farms to collaborative havens replete with common areas (indoors and out) designed to inspire creativity. Under BOMA 2017, balconies, covered galleries and finished rooftop terraces that are designated for a particular tenant's exclusive use are included in square footage calculations. The square footage of these exterior amenity areas was not adequately accounted for in previous BOMA standards; therefore, this modification may increase the number of square feet in some existing office buildings. To maximize revenues in an office building that provides these outdoor areas, landlords may want to consider using the BOMA 2017 standard of measurement.

#### Inclusion of Major Vertical Penetrations at the Lowest Level

While not spurred by the evolution of tenants' use of office space, BOMA 2017 includes another modification that may increase the number of square feet in some office buildings. Under BOMA 2017, the lowest level of all major vertical penetrations (e.g. floor openings for stairs, elevators, escalators, flues, pipe shafts and vertical ventilation ducts) are included in square footage calculations. Under previous BOMA standards, the floor area associated with openings for flues, pipe shafts and vertical ventilation ducts was included in square footage calculations, while the floor area associated with openings for stairs, elevators and escalators was not. Therefore, this modification may increase the number of square feet in some office buildings which, as a result, may lead to increased revenues for landlords.

#### Exclusion of the Public Pedestrian Thoroughfare

The final BOMA 2017 modification that affects the measurement of square footage may actually decrease the number of square feet in some office buildings, as it removes the "public pedestrian thoroughfare boundary condition." This means that, under BOMA 2017, the square footage of street-facing, ground floor office space will be measured from the inside finished surface of the wall. Under previous BOMA standards, these spaces are measured from the outer surface of the exterior wall, which results in a slightly higher square footage. Therefore, the BOMA 2017 modification may decrease the number of square feet in some office buildings. For this reason, landlords of single-floor office buildings may not want to use BOMA 2017. However, for landlords of multiple-floor office buildings, the square footage gained by the two previous modifications may outweigh the square footage lost by this one.

These three modifications may seem small, but every square foot adds up. For example, one architect measured a building with BOMA 2010 and BOMA 2017, and the square footage measurements taken with BOMA 2017 were 3% larger than those taken with BOMA 2010. Results will vary by building, and an increase in square footage is not guaranteed; however, even a 3% increase in square footage could have a sizable impact on the landlord's and tenant's respective financial obligations (i.e., the amount of base rent and additional rent that a landlord can collect from its tenants, and

the amount of tenant improvement allowances that a landlord must provide to its tenants). Landlords will want to consider these financial impacts when determining what measurement standard to use in their office buildings.

## Allocation of Square Footage

In addition to the three measurement modifications discussed above, BOMA 2017 includes two modifications that may affect how square footage in office buildings is allocated. The total square footage of an office building is made up of private office areas and common amenity and service areas. Landlords are automatically compensated for the square footage of private office areas, however, landlords also need to be compensated for the square footage of common amenity and service areas. Landlords accomplish this by allocating a pro-rata share of the square footage of common areas to each tenant. BOMA 2017 contains the following two modifications that may affect the pro-rata share of common amenity and service areas that a landlord allocates to a particular tenant.

### Inter-Building Area

BOMA 2017 includes a concept of “Inter-Building Area,” which provides a sophisticated framework for landlords to allocate the square footage of certain building or office park amenity and service areas proportionately among only the tenants that actually derive a benefit from such areas. Let’s say there are 10 tenants and one conference room located on the sixth floor of an office building, and only five tenants actually use the conference room. Under BOMA 2017, only the five tenants that actually use the conference room will be allocated a pro rate share of the square footage of that conference room, not all 10 tenants on the floor. This concept is in contrast to previous BOMA standards that required landlords to allocate the square footage of common amenity and service areas proportionately among every single tenant in a given area (e.g., the entire floor or the entire building). While application of the Inter-Building Area concept will not change the total square footage of an office building, individual tenants may see changes in the number of square feet for which they pay. These changes are meant to provide a more equitable allocation of amenity and service areas and may help landlords attract more desirable tenants.

### Capped Load Factor

A load factor is a ratio (that accounts for all of the square footage of common amenity and service areas in an office building) that landlords apply to the square footage of a particular tenant’s private office area to ensure that the landlord is compensated for all of the square footage in the building. As office buildings evolve to meet tenants’ increased desire for collaborative environments, the load factor of some office buildings may skyrocket to unmarketable levels. A “capped load factor” is a concept that may help lower an office building’s load factor to a more competitive level while ensuring

that the landlord is still compensated for all of the square footage in the building. Previous BOMA standards have included a “capped load factor” concept. However, that concept only allowed landlords to cap the load factor for an entire building. BOMA 2017 has loosened that restriction and now allows landlords to cap load factors on a tenant-by-tenant basis. This may allow landlords the flexibility to come up with creative solutions to attract desirable tenants while still complying with BOMA.

## Conclusion

When thinking about how the BOMA 2017 modifications will affect your office building, it is important to think in terms of existing leases and future (or renewal) leases. BOMA 2017 may not impact existing leases. With that said, landlords and tenants alike may want to check the terms of their existing leases to determine (i) what standard of measurement governs the lease (if any), and (ii) whether 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 respect to renewals and future leases, landlords, and tenants with strong negotiating power, may want to have the lease explicitly provide for the measurement standard that is most beneficial to them.

BOMA is a complex and nuanced measurement system. While this alert has discussed some big picture implications that BOMA 2017 may have on commercial office leases, it does not attempt to address all of the nuances that may impact a decision to implement this measurement system in your office building. Previous BOMA standards are still acceptable standards of measurement, so please contact your architect to determine which measurement standard will be the most advantageous for your particular needs and will ultimately provide the best solution for you.

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