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WHAT IS IPMS?

1. What is IPMS?

IPMS stands for International Property Measurement Standards. It is a new, principles-based, international standard which sets out how to measure property assets. It means that for the first time, property will be measured in a consistent way around the world. IPMS does not define the units of measurement (e.g. feet and metres) but instead what is included in the measurement of property floor space.

2. What is IPMS for Offices?

IPMS for Offices is the first in a series of International Property Measurement Standards (IPMS). It refers to a common methodology for measuring office space – that is, the space within an office property and not the units used to quote space. IPMS for Offices will set out what should, and what should not be included when measuring office floor space. It will be followed by chapters focusing on other property classes.

IPMS for Offices was identified as the first class of property to be standardised given its international application and the number of existing measurement methodologies in use.

3. What about other property classes such as residential and retail?

Following the launch of IPMS for Offices on 24 November 2014, the Coalition will launch a consultation on IPMS for Residential property, a final version of which will be published in early 2015. IPMS for Residential property will be followed by IPMS for Industrial, IPMS for Retail, IPMS for other properties (e.g. leisure centres, hotels, theatres) and IPMS for mixed use properties during 2015/16.

4. Why is IPMS being done now?

As the real estate industry becomes increasingly global in nature, the need for international consistency in something as fundamental as property measurement becomes ever more apparent. Today, property measurement practices are highly localised and do not, therefore, offer the transparency and consistency required of a global marketplace. Research has shown the difference in the measurement of floor space can be up to 24%. IPMS is being developed now in response to mounting evidence which suggests current measurement practices are leading to confusion and uncertainty in property and financial markets.

5. What is an international standard?

In the context of the work being undertaken by the IPMSC, an international standard is something which has been established and agreed at the international level and which is implemented and delivered locally. The standard itself is owned by the whole Coalition and not by any one organisation. Professional organisations subscribe to the shared international standard and commit to its use and implementation through their memberships.

6. How does an international standard work?

Developed and agreed (in coalition) at the international level, an international standard provides high-level and universal rules. Professional institutions incorporate these high-level rules within their own guidance and all participate in the implementation of the shared international standard through their respective memberships.

WHY IPMS?

7. What are the benefits of having IPMS?

Short answer - confidence and consistency in property measurement.

Broadly, 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.

Further explanation of benefits to key audiences are available in parts 1, 2, 3 and 4 of this toolkit.

WHO IS INVOLVED?

8. Who is involved in the IPMS project?

IPMS is being developed by a Coalition of professional organisations (IPMS Members) from around the world. Each Coalition organisation has nominated a Trustee to represent their organisation on the Coalition. The full list of Coalition organisations and Trustees can be found on the IPMSC website: www.ipmsc.org

IPMS Partners are organisations that have announced their intention to use/request IPMS measurements. A list of IPMS Partner organisations can also be found on the IPMSC website.

9. What is the IPMS Coalition?

The IPMS Coalition is a group of professional and not-for-profit organisations which are responsible for developing and embedding standards in land and property sectors. The Coalition was established during a meeting at the World Bank in Washington in May 2013 and has been set up to develop shared international standards for measuring floor area of property.

Places in the Coalition are available to any professional or not-for-profit organisation which has a role in developing standards within property or measurement disciplines or any non-for-profit organisation for which a standardised and consistent way of measuring is relevant.

The full list of IPMS Coalition organisations can be found on the IPMSC website:

www.ipmsc.org/members

10. What is the Standards Setting Committee?

The Standards Setting Committee (SSC) is a separate and independent entity within the IPMS Coalition, appointed to develop the new international standard. The SSC is an independent group comprised of 18 standards experts from 11 different countries. Between them, the SSC has expertise of property measurement standards in more than 50 countries. The SSC meets, virtually, on a rolling basis to discuss technical details relating to IPMS. The SSC will review consultation feedback and agree the final drafting of IPMS for Offices, followed by IPMS for different property classes.

11. What is an IPMS Partner?

An IPMS Partner is a commercial organisation which supports the approach to international standards development and commits, in principle, to the adoption of IPMS. IPMS Partners can include, for example: property advisory and consultancy firms; property industry service providers (e.g. measurement practices); corporate occupiers (e.g. multinational firms with international property portfolios); property investment firms; banks and lending institutions; property market data providers.

The latest list of IPMS Partner organisations can be found on the IPMSC website: www.ipmsc.org

WHAT WILL CHANGE?

12. 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 a 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.

13. How will IPMS work in markets with existing measurements laws?

IPMS will always be secondary to any legally mandated requirements. Where possible, the Coalition will undertake to work with governments to review and update laws to reflect IPMS.

14. What will happen to property values when IPMS comes in?

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 a 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 meter/foot will change when using a different standard to reflect the unchanged overall value.

15. Why not stick with the established measurement methods?

Whilst existing measurement methodologies may not themselves be incorrect or, at a local level, inappropriate, the lack of an internationally consistent approach is detrimental to the increasingly global nature of property markets. At present, the many 'standards' that exist only contribute to greater uncertainty and confusion. Local/regional standards are likely to remain in some markets. However, IPMS will offer those parties that are interested in cross-border markets and transactions the benefit of consistent international standards.

16. What will happen to leases agreed using other measurement standards?

The 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.

HOW WILL IPMS WORK?

17. How will IPMS be implemented?

IPMS will be implemented by all organisations of the IPMS Coalition. The standards will provide details on how measurements should be carried out by practitioners. Many of the Coalition organisations will develop additional training and guidance for professionals to use.

IPMS will be implemented around the world through proactive engagement by Coalition members with the memberships, key accounts, and relevant national stakeholders (governments, banks, associations etc.).

As with any major global initiative on this scale, it is anticipated that IPMS will become established in property markets over time, being used initially alongside existing measurement standards.

End users of property measurement data (e.g. occupiers, investors etc.) can begin to request IPMS measurements of their office properties from early 2015.

In many cases, IPMS will be used to measure properties for the first time during lease renewal periods or when a property is listed for sale. The launch of IPMS for Offices will not require all properties to be re-measured immediately.

18. Where will IPMS be used / adopted?

IPMS will be used throughout the world. Each of the Coalition organisations have committed to its adoption throughout their own professional memberships, covering more than 150 countries.

19. Who will enforce IPMS?

IPMS will be a publicly accessible standard which will be available to download online. The Intellectual Property for IPMS is owned and protected by the IPMS Board of Trustees. IPMS Coalition organisations will be responsible for ensuring their respective memberships are using IPMS appropriately.

RICS will write IPMS into their Professional Statement, which will become mandatory for members over time, and be appropriately regulated.

WHEN WILL IPMS TAKE EFFECT?

20. When will IPMS for Offices be complete?

IPMS for Offices was published on 24 November 2014. However, the work programme for the Coalition will be ongoing, with measurement practices for other property asset classes being standardised in the coming months and years. The Coalition will continue to meet, virtually, on a regular basis and will review and update IPMS at pre-determined intervals.

GETTING INVOLVED

21. How does my organisation join the Coalition?

Professional organisations for which the floor space of property is relevant are invited to put forward expressions of interest in joining the Coalition by contacting any member of the IPMS Board of Trustees, or by emailing info@ipmsc.org. Organisations that meet these criteria are asked to sign a non-legally binding declaration, which acknowledges their commitment to the development and implementation of IPMS. Once this has been submitted the Coalition Trustees are asked to approve the application. Following approval the new Coalition organisation will be invited into the Coalition, nominating a Trustee representative to participate at IPMSC meetings.

22. How does my organisation become an IPMS Partner?

Prospective IPMS Partner organisations are asked to express their interest through any member of the IPMSC Board of Trustees, or by emailing info@ipmsc.org for further information. To qualify as a Partner, organisations must provide a public statement of support and offer an in-principle commitment to adopt the new standards. Partners will be listed on the IPMS website.

23. How can I contribute my thoughts and opinions?

The Coalition is keen to engage as many interested parties as possible in the development of this new international standard. There are several ways in which you can offer your feedback and comments on the initiative:

- You can contact any member of the Coalition through their appointed Trustee member *see website*
- You can comment specifically on the detail of the emerging standards by downloading consultation documentation through the IPMSC website
- You can send general comments or request further information by emailing info@ipmsc.org
- You can follow the IPMS Coalition on Twitter at @IPMSC
- You can follow the latest news on the IPMSC website to find out about events and conferences that are being organised by IPMS Coalition organisations.

24. Where can I find a copy of IPMS for Offices?

IPMS documentation – including final published versions – will be available through the [IPMSC website](#).

25. Why hasn't my organisation been contacted by the Coalition?

The IPMS project has evolved extremely quickly since its inception at a World Bank meeting in May 2013. Over the ensuing period the Coalition has sought to contact as many professional organisations as possible, inviting them to join the growing Coalition. Despite best efforts there are likely to be many other organisations that have, as yet, not been contacted. Any organisation that would like to discuss the project, including the opportunity to participate, should contact the Coalition through Trustee members or by email to info@ipmsc.org

OTHER QUESTIONS

26. Is IPMS available in other languages?

IPMS will be published in English by the IPMS Coalition. Member organisations of the Coalition have indicated their desire to translate the standard into other languages and these are likely to be published from 2015 onwards. Background information on what IPMS is and how it will improve property markets is available in other languages on the IPMSC website.

27. Who will do IPMS measurements?

Property professionals will be supported to implement the new standard through existing and new guidance. Members of each IPMS Coalition organisation will be supported to undertake IPMS measurements, with guidance available to anyone who measures property.

28. What are the costs to me of using IPMS?

IPMS will be available, free of charge, to an individual or organisation. There are no costs incurred in requesting or using IPMS to measure property. Organisations that use IPMS can seek additional guidance and support from any of the Coalition organisations that have signed up to implement the standards.

29. Why are professional organisations leading this work?

With Coalition members covering property markets throughout the world, professional organisations are well placed to understand the existing challenges brought about through multiple measurement standards. Professional organisations have the ability to come together to develop standards which are in the public interest and which represent international best practice. These organisations are also able to support and guide their own members to deliver the new standard and thus ensure it is adopted widely and consistently.

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31. Who will do IPMS measurements?

Property professionals will be supported to implement the new standard through existing and new guidance. Members of each IPMS Coalition organisation will be supported to undertake IPMS measurements, with guidance available to anyone who measures property.

32. IPMS seeks to bring consistency and consolidation, but in practice will just be another standard/measurement for the foreseeable future, adding to cost and workload.

The industry largely understands the case for an international standard and understands it will take time to 'bed in' and they are prepared to be involved. Most measurements already taken, and a free web conversion tool will be provided to convert IPMS into other major standards, to allow for dual reporting in the near term. The market sees the potential in IPMS, and they will be asking for it from their clients. We are helping the industry get ready to deliver IPMS as the market demands it.

Technical Questions:

33. Do I need a specialist measurement qualification?

No. There is currently no requirement for a specialist measurement qualification to use IPMS.

34. Is IPMS mandatory?

No. It is up to each coalition organisation to decide the status of IPMS in respect of its members. However a number of coalition organisations are expected, in time, to make this a mandatory requirement for their members.

35. My market has existing established measurement standards so why should I be concerned with IPMS?

IPMS provides greater flexibility in measurement, allows cross border comparison, encourages international investors and simplifies benchmarking for occupiers. For these reasons IPMS will be increasingly demanded by investors and occupiers and will provide commercial advantages to both users and their advisers.

In practice IPMS incorporates all measurement via Components Areas and measurements in IPMS can be easily translated between national standards or used in parallel with them. So the real question is why would you not use IPMS alongside existing codes for measuring office buildings?

36. There are specific government measurements requirements within my market, which differ from IPMS so how can I use IPMS.

IPMS can be used in conjunction with national standards for markets that have differing measurement requirements. A dual reporting basis can be adopted.

Measurements undertaken using IPMS provide sufficient information to enable translation across national measurement standards. It is possible for a user to report measurements in both IPMS and any relevant government requirement.

Service providers need to be aware that in certain markets there may be areas in buildings that are incapable of occupation in the light of government regulation or labour legislation. Such areas and their limitations are to be identified, measured and stated separately within IPMS reported areas and are known as 'Limited Use Areas'. **(See IPMS: Office Buildings – Section 2.3 and Sample spreadsheet for IPMS 2 – Office)**

37. My Building comprises an original building with a later extension. How do I separate these measurements?

IPSM recommends that all measurements are supported by drawings and though there is no specific requirement to separately identify a later extension it may be convenient to use separate spreadsheets for clarity.

38. My property comprises a complex of buildings. How do I use IPMS?

Under IPMS buildings are to be measured individually and reported on a floor-by floor or occupier by occupier basis.

39. What is the expected level of accuracy for IPMS?

IPMS does not specify a particular level of accuracy. In respect of measurement tolerance IPMS states that this is to be specified in the scope of work and report. The service provider should provide an appropriate degree of tolerance having regard to the nature of the instruction, the equipment available and conditions at the time of measurement.

40. How can I measure a mixed use building with IPMS?

IPMS 1 applies to all building classes including office, residential, retail, industrial and mixed use. In respect of IPMS 2 and IPMS 3 these currently only apply to the measurement of office buildings, though the IPMS Standards Setting Committee is currently working on drafting standards for the other building classes.

41. IPMS measures to the Internal Dominant Face whereas I am required to measure to the inside surface of a wall. How can I use IPMS and still meet local market requirements?

IPMS can be used in conjunction with national standards for markets that have differing measurement requirements. A dual reporting basis can be adopted.

Measurements undertaken using IPMS provide sufficient information to enable translation across national measurement standards. It is possible for a user to report measurements in both IPMS and the relevant local requirement.

IPMS: Office Buildings Section 2.3 Example 1 deals with 'Area difference from Internal Dominant Face'. This states that *'there may be a need to show the difference, if any, in Floor Area between measurements taken to the Internal Dominant Face and measurements taken to the wall-floor junction.'*

Limited use areas are included in the overall IPMS 2 - Office total floor area, *'but must also be identified, measured and stated separately within IPMS reported areas'*. Moreover the sample spreadsheet for IPMS 2 – Office also states the area difference from Internal Dominant Face within each Component Area, which aids measurement and identification of these areas.

Therefore it is possible with IPMS to separately identify these areas and apply the appropriate rate in term of £/€//\$ per square metre or per square foot for measurement, valuation or other purposes.

42. IPMS does not specify restricted height areas. I need to specify restricted height areas below 1.5 meters. What should I do?

IPMS can be used in conjunction with national standards for markets that have differing measurement requirements. A dual reporting basis can be adopted.

Measurements undertaken using IPMS provide sufficient information to enable translation across national measurement standards. It is possible for a user to report measurements in both IPMS and the relevant local requirement.

IPMS: Office Buildings Section 2.3 Example 2 deals with Areas with limited height. This states that *'in various markets, areas with limited height are identified separately and this height can vary between jurisdictions'*.

Limited use areas are included in the overall IPMS 2 - Office total floor area, *'but must also be identified, measured and stated separately within IPMS reported areas.'* Moreover the sample spreadsheet for IPMS 2 – Office also states the measurement of restricted height areas within each Component Area, which aids measurement and identification of these areas.

43. There are numerous measurement requirements, which operate in my market. How can I use IPMS and comply with local legislation?

IPMS can be used in conjunction with national standards for markets that have differing measurement requirements. A dual reporting basis can be adopted.

Measurements undertaken using IPMS provide sufficient information to enable translation across national measurement standards. It is possible for a user to report measurements in both IPMS and the relevant government requirement.

Service providers need to be aware that in certain markets there may be areas in buildings that are incapable of occupation in the light of government regulation or labour legislation. Such areas and their limitations are to be identified, measured and stated separately within IPMS reported area and are known as 'Limited Use Areas'. (See IPMS: Office Buildings – Section 2.3 and sample spreadsheet for IPMS 2 – Office). Therefore it is possible with IPMS to separately identify these areas and apply the appropriate rate in term of £/€/ \$ per square metre or per square foot for measurement, valuation or other purposes.

44. How can I identify what is a Vertical Section?

A vertical section is defined as *'Each part of a window, wall or external construction feature of an office Building where the inside finished surface area varies from the inside finished surface area of the adjoining window, wall or external construction feature, ignoring the existence of any columns.'*

45. There is no Internal Dominant Face. How do I measure?

There is always an Internal Dominant Face, which is defined as *'the inside finished surface comprising 50% or more of the surface area for each Vertical Section forming an internal perimeter.'* The measurement therefore in most cases, is either to the face of the wall or the glass, depending on which is over 50% of the Vertical Section.

46. The Vertical Section is split 50/50 between glazing and wall. What do I do?

IPMS states that *'Inevitably there will be situations not directly covered by IPMS. In these circumstances the principles of IPMS should be extrapolated using a common-sense approach'*.

47. How do I identify/categorise Component Areas?

IPMS 2 - Office is divided into eight Component Areas and in most cases it should be a simple matter to categorise areas according to their use. However if an area is in multifunctional use, then it is to be categorised according to its principal use.

48. My client is asking me to measure to an unfamiliar standard what do I do?

Measurements undertaken according to IPMS 2 – Office can be translated across standards provided any relevant market restrictions are noted under Limited Use Areas.

Moreover in due course the coalition will be providing a data tool that will allow users to translate across multiple standards.

Specialisms:

Facility Managers:

49. Will IPMS help me with benchmarking?

IPMS will aid accurate benchmarking as measurements undertaken according to IPMS 2 – Office can be translated across standards provided any relevant market restrictions are noted under Limited Use Areas. Therefore through using IPMS all data can be compared on the same basis. Moreover in due course the coalition will be providing a data tool that will allow users to translate across standards.

50. How can IPMS help service providers?

IPMS will increase the flexibility of service providers to provide measurements according to both market and client requirements.

Investment & Agency:

51. Will IPMS affect transactions?

IPMS will not affect transactions as the sale price/transacted price is not determined by measurement but is determined by market forces such as demand/scarcity. The fact that a measurement of an office building may change when measured in accordance with IPMS does not change the price that an *'asset or liability should exchange on the valuation date between a willing buyer and a willing seller.'*

However IPMS may change the analysis of the m value when analysed on a £/€//\$ per square metre or per square foot basis. However through the use of Limited Use Areas (Section 2.3) and Component Area and the Component Area spreadsheet it is possible to translate the measurements and their analysis to previous bases of analysis, which will allow comparison with previous ratios and avoid market confusion.

52. How will IPMS affect agency?

IPMS will assist the agency market through encouraging international investors and tenants. Through IPMS, asking rents can be quoted according to both local market standards and IPMS, thereby allowing cross border comparison and bringing further transparency to the market.

53. How will IPMS affect my database of comparables?

IPMS will not affect databases of comparables as IPMS provides sufficient flexibility to allow measurements to be translated across all bases of measurements. Therefore in essence IPMS will improve the quality of comparables as through the use of IPMS the user will be able to ensure that he is comparing apples with apples and oranges with oranges.

Valuation Questions

54. IPMS does not specify restricted height areas. I need to specify restricted height areas below 1.5 metres. What should I do?

IPMS can be used in conjunction with national standards for markets that have differing measurement requirements. A dual reporting basis can be adopted.

Measurements undertaken using IPMS provide sufficient information to enable translation across national measurement standards. It is possible for a user to report measurements in both IPMS and the relevant government requirement.

IPMS: Office Buildings Section 2.3 Example 2 deals with Areas with limited height. This states that *'in various markets, areas with limited height are identified separately and this height can vary between jurisdictions'*.

Limited use areas are included in the overall IPMS 2 - Office total floor area, *'but must also be identified, measured and stated separately within IPMS reported areas'*. Moreover the sample spreadsheet for IPMS 2 – Office also states the measurement of restricted height areas within each Component Area, which aids measurement and identification of these areas.

55. IPMS does not specify areas with limited natural light. I need to specify these areas within the German market so what should I do?

IPMS can be used in conjunction with national standards for markets that have differing measurement requirements. A dual reporting basis can be adopted.

Measurements undertaken using IPMS provide sufficient information to enable translation across national measurement standards. It is possible for a user to report measurements in both IPMS and the relevant government requirement. IPMS: Office Buildings Section 2.3 Example 3 deals with areas with limited natural light. This states that *'in various jurisdictions, areas with limited natural light in a Building may need to be identified separately'*.

Limited use areas are included in the overall IPMS 2 - Office total floor area, *'but must also be identified, measured and stated separately within IPMS reported areas'*. Moreover the sample spreadsheet for IPMS 2 – Office also states the measurement of areas with limited natural light within each Component Area, which aids measurement and identification of these areas.

Therefore it is possible with IPMS to separately identify these areas and apply the appropriate rate in term of £/€//\$ per square metre or per square foot for measurement, valuation or other purposes.

56. IPMS does not specify areas above and below ground. I need to specify these areas within a particular market, so what should I do?

IPMS can be used in conjunction with national standards for markets that have differing measurement requirements. A dual reporting basis can be adopted.

Measurements undertaken using IPMS provide sufficient information to enable translation across national measurement standards. It is possible for a user to report measurements in both IPMS and the relevant government requirement. IPMS: Office Buildings Section 2.3 Example 3 deals with areas with limited natural light. This states that *'in various jurisdictions, areas with limited natural light in a Building may need to be identified separately'*.

IPMS: Office Buildings Section 2.3 Example 4 deals with above and below ground. This states that *'a Building is generally composed of floors above ground and floors below ground. For measuring purposes, this distinction may be important in determining the conditions under*

which the premises may be used, in compliance with labour legislation and rules on fitness for habitation or taxation.'

Limited use areas are included in the overall IPMS 2 - Office total floor area, *'but must also be identified, measured and stated separately within IPMS reported areas'*. Moreover the sample spreadsheet for IPMS 2 – Office also states the measurement and floor level within each Component Area, which aids measurement and identification of these areas.

Therefore it is possible with IPMS to separately identify these areas and apply the appropriate rate in term of £/€//\$ per square metre or per square foot for measurement, valuation or other purposes.

57. Will IPMS affect value?

No. IPMS will not affect value. According to International Valuation Standards Market Value is defined as: *'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'*.

The fact that a measurement of an office building may change when measured in accordance with IPMS does not change the price that an *'asset or liability should exchange on the valuation date between a willing buyer and a willing seller'*. However it may change the analysis of the Market Value when analysed on a £/€//\$ per square metre or per square foot basis. However through the use of Limited Use Areas (Section 2.3) and Component Area and the Component Area spreadsheet it is possible to translate the measurements and their analysis to previous bases of analysis, which will allow comparison with previous ratios and avoid market confusion.

58. How will IPMS affect my database of comparables.

IPMS will not affect databases of comparables as IPMS provides sufficient flexibility to allow measurements to be translated across all bases of measurements. Therefore in essence IPMS will improve the quality of comparables as through the use of IPMS the user will be able to ensure that he is comparing apples with apples and oranges with oranges.