

What is IPMS?

IPMS is the new **International Property Measurement Standard**. Over time it will become a suite of documents that will cover all the main property asset classes in an attempt to bring **uniformity** to the way that property is measured and reported on the global platform. The first standard released in November 2014 was for office buildings, with the residential standard due for release in late 2015. Standards for industrial, retail and mixed use will follow.

Following the release of **IPMS:Offices**, the RICS have redrafted the **Code of Measuring Practice (CoMP)** and have re-published this as the **Professional Statement for Property Measurement**. This document will become mandatory for all RICS members from 1 January 2016 and for SCSl members on 1 February 2016. In the first instance, the Professional Statement is for offices only with the existing CoMP still to be used for other property asset classes. As the other sections of the professional statement are published they will take over from the relevant sections of the CoMP.

Why is it needed?

Recent research undertaken by JLL, comparing five different measurement standards from leading property markets, showed that there was a **24% variance** in the reported area if the same building was reported using the different standards.

The real estate industry is becoming more global in nature. Property transactions, over the period September 2014 to June 2015, have reached £24.6bn in London alone, of which nearly 15% has been bought or sold by foreign investors.

It is estimated that **70% of global wealth** is in property, so there is a clear need for a single property measurement standard to reduce the confusion and uncertainty that exists at present through a consistent and transparent process.

What are the benefits of IPMS?

IPMS will bring greater **confidence and consistency** in the global property market and allows greater transparency. Stakeholders will be able to benchmark their property portfolios to a **recognised standard** rather than spending time and effort creating bespoke standards or calibrating and translating reports produced to current standards. IPMS will work alongside existing recognised international standards for accountancy (IFRS) and valuation (IVS).

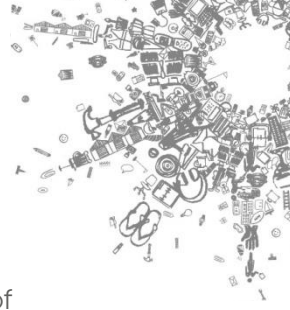
The information produced for the IPMS measurement can be used by any number of stakeholders in a property and should not be seen as the domain of the valuation surveyors.

How will it affect the area of my building?

The reported area of buildings **will change**. It doesn't mean your building has grown or shrunk, just the basis on how the areas within the building have been reported has changed.

If the area of my building changes, will it affect the value?

Although reported building areas will change, **IPMS will not directly impact property value**. Value is established by local market factors. The data that sits alongside a valuation will be consistent across property markets which will lead to a **more transparent** basis of how the valuation relates to the space from one market to the next.



What about my comparables?

Providing comparable evidence is important in valuations and rent negotiations. The RICS have acknowledged that for a period of time there will need to be an element of 'Dual Reporting'. In effect providing the area reported as per CoMP together with the IPMS reported area of the property.

How will it differ from the current measurement standard?

The Professional Statement has a good set of diagrams which help demonstrate the differences between the RICS CoMP and IPMS:Offices. In brief the differences are;

GEA vs. IPMS1 (Exterior)

The only difference between these two is the reporting of covered galleries and balconies.

GIA vs. IPMS2 - Offices (Interior)

- Perimeter measurements are taken to the '*Internal Dominant Face*'
- Covered galleries and balconies are included in the measurement and reported
- Areas can also be detailed on a component by component basis

NIA vs. IPMS3 - Offices (Occupancy)

- Perimeter measurements are taken to the '*Internal Dominant Face*'
- Columns are included within the measurement
- On floors with multiple occupants the area is taken to the midpoint of the partition wall between tenancies
- Covered galleries and balconies that are for exclusive use of one tenant are included
- Standard building facilities (i.e. corridors, toilets, lifts stairs etc.) are excluded
- There are no inclusions/exclusions like those contained in the CoMP. Limited Use Areas should be used to detail certain areas that are incapable of occupation (e.g. height restriction, areas occupied by heaters, columns, internal structural walls etc.)

What happens if the contract or lease refers to a particular measurement standard?

A chartered surveyor must advise their client that they should adopt the Professional Statement and therefore IPMS. In some instances, the **contract or lease may stipulate** a particular measurement standard to follow. This is important to note as specific clauses may be affected. It is also acknowledged that existing leases will be based on measurement figures derived from an existing standard. There is no requirement to review these leases in light of the release of IPMS, however IPMS **should be adopted for new leases**.

More queries?

If you have any further queries in regard to RICS CoMP, IPMS or the Professional Statement, contact Tom Pugh MRICS.



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