

## Measuring Practice Changes

### What are the IPMS?

The International Property Measurement Standards Coalition, an international group of professional and not-for-profit organisations, are working together to develop a single “international property measurement standard” or IPMS. By having an IPMS we can ensure that property assets are measured in a consistent way, creating a more transparent global marketplace.

So far IPMS has been launched for Office Buildings (2014) and Residential Buildings (2016) and Industrial Buildings (2018) and consultation is underway for IPMS for Retail Buildings.

### Do the IPMS apply in the UK?

The measuring standards we use in the UK are usually those advocated by The Royal Institute of Chartered Surveyors (“RICS”).

The most up-to-date standard is RICS Property Measurement 2nd edition which incorporates the IPMS for offices and residential buildings. Industrial and retail buildings are still dealt with under the principles set out in the old RICS Code of Measuring Practice 6th edition (“CoMP”), although RICS intends to use the IPMS for all building classes eventually.

The 2<sup>nd</sup> edition details what reports must include to comply with the IPMS, including the measurement date, the measurement basis, the reference and scale on plans and details of the person and basis used to carry out the measurements. These standards are now the default standard for office and residential buildings unless the surveyor undertaking the measurements has received direct client instruction to use a different standard.

Despite RICS commitment to move to the IPMS, established market practice is currently prevailing and developers are tending to instruct surveyors to use the CoMP rather than the IPMS or use dual reporting using both systems.

### What are the key differences between the IPMS and the CoMP measuring standards?

The main change with the IPMS is the replacement of the terminology Gross Internal/External Floor Area (GIA/GEA) and Net Internal Floor Area (NIA) with IPMS1, IPMS2 and IPMS3.

IPMS 1-3 vary slightly depending on which type class of building you are measuring but generally:

- IPMS 1 – is equivalent to the old measurement of GEA and is the same for all building classes (office, residential, retail industrial and mixed use). It measures the area of a building, including external walls and can be used by parties for planning purposes and the summary costings of development proposals.
- IPMS 2 – is intended to be equivalent to the old measurement of GIA and is used for measuring the internal area of a building.
- IPMS 3 – is intended to be equivalent to the old measurement of NIA or Net Sales Area for residential buildings.

### What is the impact of the change?

Under the IPMS, all areas of the building are included in the measurement process, not just the directly useable areas. As a separate process, the different types of area

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## Measuring Practice Changes

Continued

are then valued. This can lead to measurement calculations under IPMS being higher than comparable calculations carried out under the GIA/GEA and NIA system. Depending on the age of the building, some commentators in the industry have suggested that IPMS 3 measurements for an office building could be 2-5% larger than an equivalent NIA measurement, once internal walls and columns are included.

### Key issues relating to the impact of IPMS on office buildings

- When measuring the internal area of a building in exclusive occupation (IPMS 3), internal walls and columns are now included (previously excluded from NIA).
- Measurements are now made for items such as balconies, covered galleries and rooftop terraces, although they must be separately detailed.

### Key issues relating to the impact of IPMS on residential buildings

- While retaining the concepts introduced for office buildings, the IPMS 3 for residential buildings has 3 separate versions for measuring the areas used exclusively by an occupier. The version to be used must be specified:
  - IPMS 3A – for external areas
  - IPMS 3B – for internal areas including internal walls; and
  - IPMS 3C – for internal areas excluding internal walls.
- The IPMS for residential buildings pays special attention to identifying and reporting on features/spaces common to residential dwellings rather than other types of buildings; such as hallways, attics, parking spaces, external open-

sided balconies and accessible roof terraces, patios and verandas. The aim is to provide measurements, but to state them separately so there is a common approach to useable floor space measurements.

### Drafting issues

The terminology in development agreements requiring planning permission for minimum areas needs to be considered carefully to identify which standard is to be used and to ensure the standard selected will be compatible with any measurement references in planning applications, planning permissions, s106 agreements and overage agreements.

You may need to update provisions in precedents you use or maintain that contain measuring references. As the IPMS standards currently only cover office and residential buildings you will need to have the option to follow either the IPMS terminology for these buildings or the old GIA/NIA terminology for all other classes of building until the IPMS are fully adopted and used as standard.

### Further information

This Information Sheet has been prepared to highlight some of the key issues relating to the IPMS based on our understanding of the IPMS as at February 2019. It may be affected by subsequent changes to RICS measurement practices. For more information, please contact Kate Turnham on 01892 510000 or email at: [kate.turnham@ts-p.co.uk](mailto:kate.turnham@ts-p.co.uk)