

Measurement of Space



CHERRY & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Why do I pay rent on a higher square footage than what I occupy?

Your company is looking for 10,000 square-foot office space, but in order to get 10,000 square feet for your office, you need to lease 12,500 square feet. Why the discrepancy?

Many tenants don't realize two factors that make up the overall size of the property they are leasing: **Usable Square Footage (USF)**; and the **Common Area Factor (CAF)**, also known as the load factor.

USF is the actual area you use for your office space. These are the hallways, office spaces, kitchen and work areas used only by your business.

The rest of the building's common areas (lobby, public conference rooms, restrooms, etc.) are divided between all tenants, with each tenant paying for a portion of these spaces. This charge is known as the CAF. Many times, tenants aren't charged for the actual square footage of the common areas, because it would be too cost prohibitive. Instead, they are charged a rate that is in line with market standards for similar properties in the area. The rentable square footage listed on your lease is found by adding useable space to the CAF.

For example, if the actual "usable" square footage of the tenant's space is 25,000 USF, and the building CAF (common area factor) has been calculated at 10%, then the tenant will pay rent on 27,500 square feet.

Determining the square footage of a building is a long established process, with most landlords using the BOMA (Building Owners and Managers Association International) standards of measurement.

BOMA standards define how useable square footage should be calculated, listing what it includes, and what it shouldn't include. The standards also help protect you from being charged more than market standard for the CAF.

All of this explains why a 5,000 square foot space in a large building multi-tenant office building with an atrium may come at a higher price than the 5,000 square foot in a one story office building. In comparing your CAF, you also want to consider whether you are paying for common area bathrooms and hallways in a multi-tenant office building, or whether you are incorporating these in your usable space in a one-story flex space and having exclusive use. This would minimize the CAF for a one-story building, but your usable square footage might be higher. This comparison, and knowing what is included, can make a sizable difference in the overall size of the property listed on your lease, and the size of your rent payment.