

# International Property Measurement: One Standard for All





# Why is property measurement so important?

- Measurement is a fundamental basis for valuation
- It underpins decisions made by all property users
- It provides a tool for comparison





## The Existing Challenge

- Property is measured in many different ways around the world
- Depending on the standard used, the floor area measurement can vary dramatically...

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# The Challenge

- In Spain, floor area measurements of residential properties often include outdoor swimming pools.







## The Challenge

- In parts of the Middle East, floor measurements can include actual and hypothetical areas.



# The Existing Challenge

- In India, floor measurements can include off-site car parks or parking spaces as well as common areas.





# The Existing Challenge


- It is not always the floor area that is used to measure a property. Sometimes the *air-conditioned space* is used instead.



# The Challenge

- Different measurement standards; multiple outcomes.
- Research suggests that, depending on the method used, the size of the same property can deviate by as much as 24%\*





## The Existing Challenge

- Difficult to compare like-with-like.
- Lack of transparency
- Difficult to compare cross-border transactions.
- Huge impact on Financial Reporting
- Can lead to inaccuracies poor measurement.



## **The Developer**

*“Inconsistencies in property measurement methodology have been responsible for confusion in the minds of space users, developers and investors. Such discrepancies can only further the distortions in values and overall definition of “space”.*

**Ramsey Trados,  
Director  
Westfields Shopping Consortia,**





## **The Real Estate Investment Adviser**

*“With the exception of language, it would not be an exaggeration to characterize global measurement protocols as the most urgent outstanding issue in the pursuit of global market transparency and performance comparability.”*

**Steve Williams,  
Managing Director,  
Real Capital Analytics, New York**

A silhouette of a person stands in a high-rise office, looking out a large window at a sprawling city skyline under a hazy sky. The person is positioned on the right side of the frame, with their arms resting on the window sill. The city below is filled with various buildings, including a prominent skyscraper on the left, and a highway with traffic is visible in the lower right. The overall atmosphere is contemplative and professional.

## The Corporate Occupier

*“Varying measuring practices create issues and inconsistencies. It makes it difficult to compare across markets and countries on a like for like basis, impacting the ability to make business decisions.”*

**Chris Bennetts,  
Senior Manager, Real Estate  
Yahoo!**



# The Property Adviser

*“The use of different methodologies to measure a property leads to inconsistency of data that negatively impacts our market.”*

**Walter L M Cardoso,  
President,  
CBRE, Brazil**







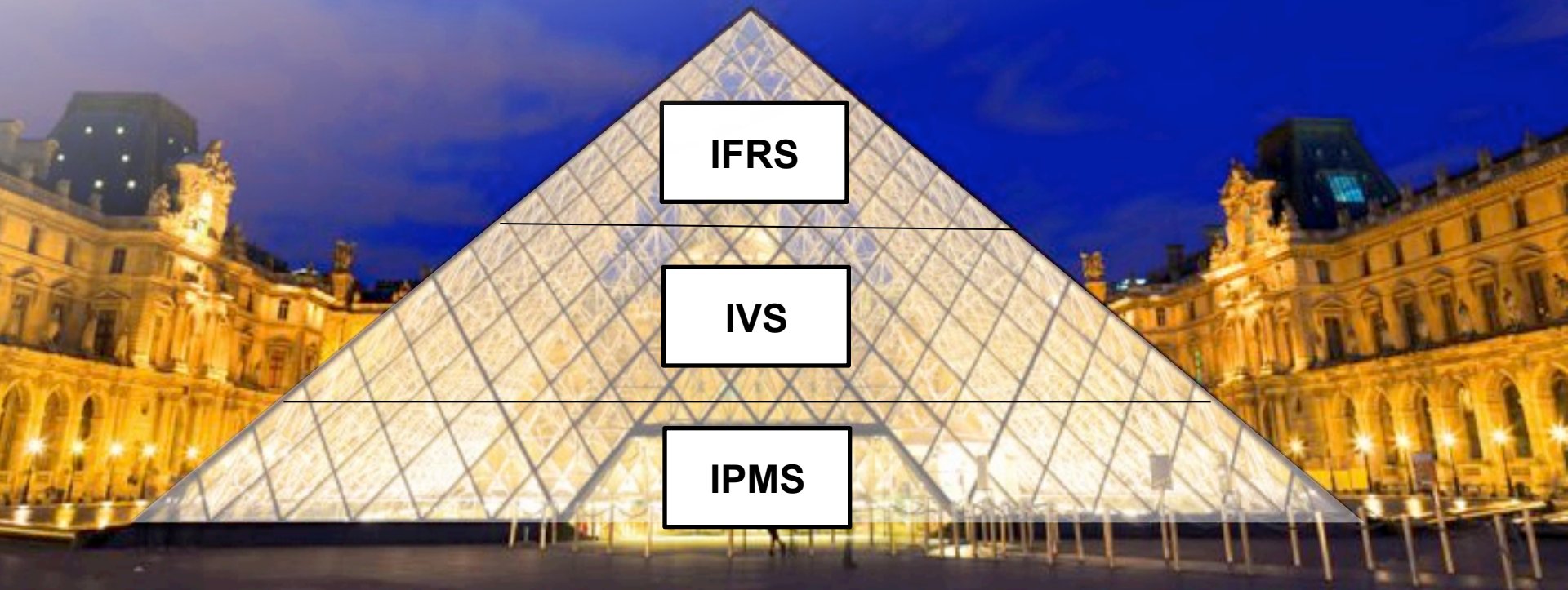
*Today's property profession is international. However, our measurement standards are localised.*



# IPMS, IVS and IFRS

- 70% of global wealth is in real estate
- International Financial Reporting Standards used in 120 countries
- Provides a common global language for business
- International Valuation Standards are used globally to inform financial reporting

# International Property Measurement Standards are the missing link





WORLD BANK GROUP



# Washington 2013: The birth of IPMS





The Wall Street Journal news department was not involved in the creation of this content.

PRESS RELEASE | May 1, 2013, 2:51 p.m. ET

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## Common ground for global properties

By Ed Hammond, Property Correspondent

Global differences in how things are measured, such as whether to include parking spaces or leisure facilities to be ironed out by this week real estate regulators, promise significant cost savings for folio managers.

An International Property Measurement Standard expected to be established by trade associations represents millions of landlords and property investors on Wednesday under the auspices of the Bank in Washington.

The accord, supported by the intended to end disputes over measurement under the current system.

MIPIM: Which country includes outdoor pools in gross floor area?

09.2013

ilding may look the same from any standard perspective, actually, the floor area can differ depending on the way you are measuring it. It's a story often heard in the real estate industry. Looking forward, this may become a more common occurrence.

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# International Property Measurement Standard Coalition (IPMSC):

- 20 professional organisations
- By the profession; for the profession
- Professional members in more than 150 countries
- Public interest mandate
- Nominated Standards Setting Committee
- Guardians of IPMS



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# Standard Setting Committee

19 Experts; 12 Countries

- 
- Alexander Aronsohn, RICS (UK)
  - Will Chen, China Development Bank (China)
  - Allen Crawford, Australian Property Institute (Australia) – Vice Chair
  - Max Crofts, Commonwealth Association of Surveying & Land Economy (UK) - Chair
  - Anthony Gebhardt, South African Property Owners Association (South Africa)
  - Kent Gibson, Capstone Property Management (USA)
  - Prof. Marc Grief, Society of Property Researchers (Germany)
  - Liu Hongyu, China Institute of Real Estate Appraisers and Agents (China)
  - Prof. Sr Ting Kien Hwa, Centre of Real Estate Research, University Teknologi (Malaysia)
  - Luke Macintosh, APREA (Singapore)
  - Scott McMillan, International Monetary Fund (USA)
  - Howard Morley, NZ Realtors LTD (New Zealand)
  - Frederic Mortier, Council of European Geodetic Surveyors (Belgium)
  - Sara Stephens, Appraisal Institute (USA)
  - Peter L. Stevenson, Stevenson Systems, Inc (USA)
  - Nicholas Stolatis, TIAA-CREF (USA)
  - V. Suresh, HIRCO Developments (India)
  - Koji Tanaka, Mitsui Fudosan (Japan)
  - Dr. Piyush Tiwari, RICS School of Built Environment, Amity University (India)



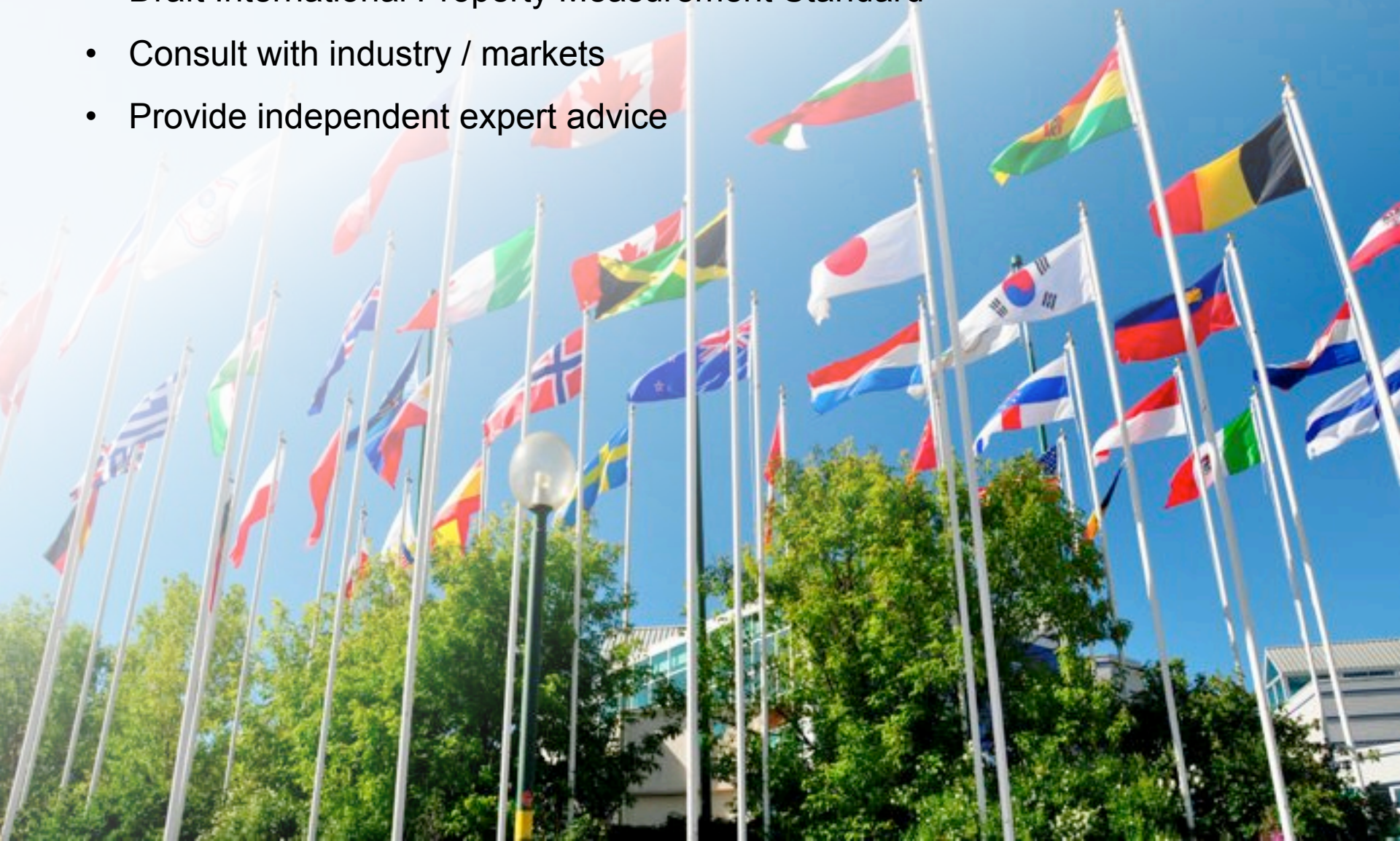
## Standard Setting Committee

## Experience in 47 countries



# Role and Remit of the Standard Setting Committee

- Draft International Property Measurement Standard
- Consult with industry / markets
- Provide independent expert advice





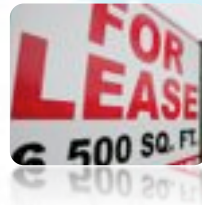
# Implementation / Adoption

- Governments & Regulators
- NGOs
- Professional organisations
- Industry
- Public

- Press and media
- Industry events
- Membership
- Meetings and education
- Support for practitioners



# Implementation / Adoption





# Getting involved

- “Supporters” and Coalition Partners
- Tell us what you think?
- Join the consultation process
- Sign up for more information
- Tell other professionals and peers



Thank you.

Questions?

