EXPO REAL 2015: INCONSISTENT MEASURING PRACTICES POSE CHALLENGES FOR INTERNATIONAL REAL ESTATE MARKETS

Inconsistencies in the ways that buildings are measured around the world are a major challenge to the real estate industry according to BNP Paribas Real Estate's Johnny Dunford in an address to delegates at the Expo Real conference in Munich.

Speaking at the Planning and Partnership Forum, Dunford, who is director of corporate real estate at BNP Paribas Real Estate, said: "The measurement of property is fundamental to the valuation of real estate assets and underpins all decisions made by occupiers, investors and their advisers. It provides a tool for comparison but, depending on the approach used, the floor area measurement can vary dramatically from country to country."

Dunford gave several examples to illustrate the potential problems; in Spain it is routine for the floor area of residential properties to include the swimming pool, in India floor areas can include off-site car parking spaces and common areas while in Florida it is sometimes the floor area that has air conditioning that is quoted.

"With different measurement standards comes multiple outcomes," said Dunford, adding: "Depending on the method used, it has been suggested that the size of a property can deviate by as much as 30%.”

Dunford argued that the lack of transparency and inconsistent standards used across global markets made it almost impossible to compare cross-border investments, which had a huge impact on financial reporting and could lead to inaccuracies and malpractice.

He urged those attending the event to follow the lead of many property professionals and businesses, including BNP Paribas Real Estate, and sign up to the International Property Measurement Standards (IPMS) published in 2014 and which Dunford argued will improve international investor confidence.

"While today's property profession is global, our measurement standards are local and IPMS will benefit the real estate industry around the world," said Dunford.

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About BNP Paribas Real Estate

BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management. BNP Paribas Real Estate has local expertise on a global scale through its presence in 37 countries with approximately 180 offices and 3,800 employees (16 wholly owned and 21 by its Alliance network that represents today more than 3,200 people). BNP Paribas Real Estate is a subsidiary of BNP Paribas. For more information: www.realestate.bnpparibas.com

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