



A Quick Guide to Using the BOMA Office Experience Exchange Report

I. Determining Which Table(s) to Use

The Experience Exchange Report (EER) provides readers with a diverse collection of data analyses ranging from national cross-tabulations and special building data tabulations to city analyses for over 250 cities in North America. Since the operating income and expenses for a given building are most affected by its locale, users should start with City Analyses, if available.

For each metropolitan area, the data is further broken down into location (downtown or suburban), submarket (where data permits) and size analyses. While data in size analyses eliminate the possible income and expense variations due to size, the size parameter greatly reduces the number of data points presented in the tables. One may use the “all downtown” or “all suburban” tables in order to examine a larger sample data set. A good rule of thumb for obtaining more reliable information is to use tables with at least 25 buildings; if the number is much less than 25, use the data cautiously.

To estimate income and expenses for cities where sample data is not available, there are two options presented in Section IV.

Since the sample size prohibits the age, height and occupancy analyses within a given city, these cross-tabulations are presented at the national level. In order to extrapolate the desired results, users may identify the income and expense patterns from national analyses as they relate to criteria such as age, height, occupancy or size (if a size breakout is not available).

II. Components of an *EER* Table

Terms and Definitions

Each *EER* table contains the following income, expense and occupancy line items. Please refer to the Survey Questionnaire for a more detailed description of each income/expense category.

Administrative Expenses

Expenses directly connected with administration of a building, including: payroll, taxes and fringe benefits for directly employed administrative personnel; allotted administrative fees; management fees; professional fees (such as legal fees, accounting, data processing, engineering consulting and auditing); employee expenses and general expenses of running and maintaining the Office of Building Management (such as supplies, furniture, telephone, temporary help and postage).



Building Hours

The number of regular operating hours per week including Saturdays and Sundays for the building when the HVAC is supplied without after hour charges. Total hours cannot exceed 168 hours.

Cleaning Expenses

Expenditures incurred from both daytime and nighttime cleaning of offices and common areas. Includes expense categories, such as payroll for in-house janitorial support, contract services for both routine and special cleaning (window washing, carpet cleaning), trash removal (net of recycling cost/income), supplies and miscellaneous cleaning expenses.

Capitalization Threshold

(Minimum amount for amortizing an expenditure.) Larger expenditures in property operations that (for example) address major repairs or replacements may be amortized (expensed over multiple years) for income tax reporting purposes. This threshold is the “breakpoint” level between expensing an expenditure in one year and allocating it over multiple years.

Fixed Expenses

Expenditures for total land and building real estate taxes, building insurance (fire, casualty, errors and omissions), personal property tax and other annual, periodic taxes such as excise tax, gross sales tax or leasing tax. The fixed expense category does not include any fixed expenses that are not operational-related, such as ground rent, which is treated as a financial expense and is not reported in the *Experience Exchange Report*.

Gross Parking Income

Gross income generated from parking facilities. Reported on a dollar per building rentable square foot basis.

Gross Parking Income per Stall (\$)

The average dollar amount earned per parking space. This figure is calculated by dividing the summation of gross parking income by the summation of the number of parking stalls.

Leasing Expenses

Directly expensed and amortized/depreciated expenditures directly related to the leasing of space including payroll, taxes, and fringe benefits for directly employed leasing personnel, leasing related travel and entertainment expenses, advertising, leasing commissions, legal and professional fees incurred during lease negotiations and alteration expenditures made to retain current tenants or secure new tenants. Also includes expenses incurred to buy out existing tenants and other costs associated with the execution of leases such as document preparation costs and cash advances for moving expenses.

Miscellaneous Income

Non-rental income generated from vending machines, pay telephones, signage, late charges, interest, special events, health club, recycling, concierge, etc.



Office Area Income

Income generated from leasing office space. Includes base rent and other income categories such as additional rent (pass-throughs and/or operating cost escalations), base rent escalators, lease cancellations, and rent abatements. Rent abatements, which is a contra-income account, should be interpreted as having negative values.

Office Occupancy (%)

Total occupied office square footage of the sample divided by the total office square footage.

Other Area Income

Income generated from leasing space that is neither office nor retail such as storage space or express parcel space rental, etc. grossed-up to 100% occupancy.

Parking Expenses

Expenses directly connected with administration and operation of a fee based parking facility. A facility operating on a net basis should only report the building owner's parking related expenses. Cost incurred by a "Free" parking facility should be recorded as part of the general maintenance cost under Repairs/Maintenance and/or Roads/Grounds.

Parking Ratio (Square Feet)

This is a weighted average measured as the average number of parking stalls per 1,000 gross building square feet.

Rentable/Gross Square Feet

Ratio of the total rentable square footage of the sample to the total constructed area of the sample. The closer the ratio is to 1, the greater percentage of the properties' square footage is rentable space. This ratio is designed to give the average efficiency ratio of the buildings in the sample.

Rentable to Usable Area

The rentable/usable ratio is a positive number that is greater than or equal to one, resulting from dividing the rentable area in a building by the usable area. This ratio describes the amount of space that the occupant can expect to utilize, versus the amount that is leased.

Repairs and Maintenance Expenses (Repair/Maint)

Expenditures for the general repairs and maintenance of a building including common areas and general upkeep. Includes both in-house payroll for operating engineers and maintenance personnel, and contracted services for elevator, HVAC, electrical, structural/roof, plumbing, fire and life safety expenses and other building maintenance and supplies.



Retail Area Income

Income generated from leasing retail space in office buildings grossed-up to 100% occupancy. Such income may include base rent, operating expense escalation/recovery, percentage rents, lease cancellations, rent abatements (contra-income account), merchant association dues income and tenant services income.

Retail Occupancy (%)

Total occupied retail square footage of the sample divided by the total retail square footage.

Roads/Grounds Expenses

Expenditures related to the exterior maintenance of a building (such as the landscaping, snow removal, parking lot repairs, site signage, site lighting, etc.). Includes payroll, taxes and fringe benefits for directly employed roads/grounds personnel, expenses for individuals/firms contracted to perform specified duties and supplies (fertilizer, ice melt chemicals). Parking area maintenance expenses are included in this category only for buildings that do not charge a parking fee.

Security Expenses

Expenditures related to the security of tenants and the building including payroll and fringe benefits for security personnel as well as expenses for individuals/firms contracted to perform specified duties and provide supplies. Also includes expenses of maintenance of security systems and ordinary supplies necessary to operate a security program such as security access cards, security system components, batteries and control forms as well as any other miscellaneous security expenses such as security personnel uniforms.

Square Feet per Maintenance Staff

The average number of building square feet per dedicated on-site, full-time building maintenance and engineering employee. Contract maintenance staff are included in this calculation if they work full-time at the building site.

Square Feet per Office Tenant

The average number of rentable square feet occupied by individual office leaseholders, including owners, in a building. This number is calculated by dividing the total amount of occupied rentable office square feet in the sample by the total number of tenants.

Square Feet per Office Worker

The average amount of square feet occupied by each individual office worker in a building. The average is calculated by dividing the total amount of occupied rentable office square feet in the sample by the total number of office workers. The average rentable square feet per office worker reflects the average square footage allotted to an office worker regardless of position, and includes workers at every level. The average usable square feet per worker may be estimated by dividing the rentable square feet by the Rentable/Usable SQFT ratio, shown in the Occupancy Section of the report table.



Square Feet per Retail Tenant

The average amount of rentable square feet occupied by individual retail leaseholders. This number is calculated by dividing the total amount of occupied retail square feet in the sample by the total number of retail tenants.

Telecom Income/Expenses

Income that is derived from Telecommunications within a building. There are two sources of income highlighted in the *EER*- "Wire Access" includes total income derived from telecommunications providers for wire access to the building and "Rooftop Access" includes total income telecommunications providers for rooftop access to the building.

"Telecom Expenses" include all expenses incurred by the owner/manager and are associated with the above-noted telecom income. If any telecom expenses have been amortized or depreciated, only those portions incurred in the prior calendar year have been reported.

Tenant Service Income

Income that is derived from services rendered to/for the tenants outside of the lease documents. This category would include such things as after-hour HVAC or electricity, cleaning, repair/maintenance, security and so forth.

Total BTU's (000's/RSF)

British Thermal Units (Btu) is an indication of the total energy consumption for an entire building. The following conversion factors were utilized to determine Btu's

- 1) Annual electricity (kWh) x 3413;
- 2) Annual natural gas (therms) x 100,000 or annual natural gas (ccf) x 1030;
- 3) Annual propane (gal) x 91,333;
- 4) Purchased steam (1,000 lbs.)
x 1,000,000;
- 5) Purchased chill water (1,000 tons-hrs) x 3,413,000;
- 6) Fuel oil (gal) x 91,333.

Total BTUs reported were summed, divided by 1000, and divided by the sum of the total rentable area for those buildings reporting BTUs to estimate average BTU consumption per rentable square foot, in thousands.

Total Income

Total of rental income, tenant service income, miscellaneous (non-rental) income and gross parking income.

Total Operating and Fixed Expenses

Total of all expenditures including cleaning, repairs/maintenance, utilities, roads/ grounds, security, administrative and fixed expenses.

**Total Operating Expenses**

Total of all cleaning, repairs/maintenance, utilities, roads/grounds, security and administrative expenses.

Total Rent

Total of rental income produced from office, retail and other space, if applicable.

Utility Expenses

Expenditures for all utilities including electricity, gas, fuel oil, purchased steam, purchased chilled water, coal and water/ sewer. Both directly metered and sub-metered utilities are included, even if tenants pay their utility bills directly.

Year-End Rent (\$)

The average base rent of the last space rented during the prior calendar year. The year-end base rent is calculated by first multiplying the year-end dollar per square foot base rent by the square footage of office space of each building. The dollar amounts for each building are totaled and then divided by the total square footage of office space. Average dollar rate year-end rent is not the equivalent of the current market rental rate since it averages asking rents that could have occurred any time during the year. It is, however, a strong indicator of the actual, contracted rate at which space was leased.



Types of Data Presentation

For each income and expense item listed in an *EER* table, the following data is presented and calculated as follows:

Average

An Average, presented in dollars per square foot, is the sum of all dollars reported for a particular line item divided by the sum of all square footage. The average is a weighted average because it is based on total square footage rather than the total number of data points reported. As a result, larger buildings will affect the average value more than smaller buildings.

Median

A Median measures the true midpoint of all data sets contributed. A set of dollars per square foot is sorted from the lowest value to the highest, and the Median is the figure that lies in the middle of the data set.

Mid-Range Low

A Low is the number below which 25% of the data items lie when an array of dollars per square foot is sorted from the lowest value to the highest. It is also known as the 25th percentile or the first quartile.

Mid-Range High

A High is the number above which 25% of the data items lie when an array of dollars per square foot is sorted from the lowest value to the highest. It is also known as the 75th percentile or the third quartile.

Bldgs

This figure indicates the number of buildings supplying the data for a given income or expense category. It is an indicator of data quality; the larger the number, the more reliable the calculation of summaries.

Total Square Footage

Total Building Rentable Square Footage and Total Office Rentable Footage are provided for each data table. These figures are often used for calculating average building size and the percent of office space among total space in a given table.



III. Functions of Average, Median, Mid-Range Low & Mid-Range High

For each of the income and expense items, average, median, mid-range low and mid-range high points are supplied to show the users the diversity of the underlying sample. While the low, median and high chart the mid-ranges of data points, the difference between the average value and the median value indicates the distribution of data points. If the differences are minimal, it suggests that all data points are evenly distributed; that is, there are just about an equal number of low values and high values.

Large differences between the average and median values for a given line item suggest a disparity between values reported for large versus small properties. The large properties influence the average value, and the small properties influence the median value. An average value that is much lower than a median value suggests that larger properties are experiencing lower values (expenses or income) than are (the more numerous) smaller properties for that line item.

Users with smaller properties (relative to the size ranges addressed in a given report) should consider median values more heavily. Average values based on the square footage are heavily weighted by the large buildings, so users with larger properties should use average values instead.

IV. Estimating Income and Expenses for Cities Not Available in the *EER*

While it is not possible or practical for the *Experience Exchange Report* to produce City Analyses tables for every city in North America, BOMA International recognizes that users may require income and expense information for cities not available in the publication. For cities where sample data is not available, the reader has several options. Readers may use data from a comparable city that shares similar city characteristics such as population, regional location and size of the commercial real estate market. Alternatively, readers may examine data from a neighboring city and adjust the figures for referencing purposes using information provided by ACCRA's Cost of Living Index. This adjustment method is described below.

Converting Data Using ACCRA's Cost of Living Index

ACCRA's Cost of Living Index is a widely used index designed to provide a reasonably accurate measure of living cost differences among urban areas in the United States. The Index is produced quarterly, although participating cities vary by quarter. *EER* users should be aware that while the Cost of Living Index is a useful tool in estimating office building income and expenses, the Index was designed to reflect differences in living costs among consumers. Differences in business costs that affect office building operations may not be completely reflected in the Index.

Listed below, by State, is a series of cities for which fourth quarter 2009 ACCRA Cost of Living Index data is available. Cities that are bolded represent "source cities" for which *EER* data is available. Cities that are not bolded indicate "target cities" for which no *EER* tables exist, but for which data can be generated using the following formula:



$$\text{Target City } \$ \text{ psf} = (\text{Target City Index} / \text{Source City Index}) \times \text{Source City's } \$ \text{ psf}$$

For example, in order to calculate Total Income per square foot for private sector downtown properties for Fresno, CA, a user should divide the Cost of Living Index for Fresno, 120.4, by the Cost of Living Index for neighboring San Francisco, CA, 169.5. The result, 0.71, is then multiplied by the Total Income per square foot reported in the San Francisco *EER* table for the corresponding type of properties (\$35.09, for private downtown buildings). The resulting dollar amount, \$25.07 is the estimated Total Income per square foot for all private downtown buildings in Fresno.

Total Income
 For all Buildings in
 Fresno, CA = (120.4/169.5)*\$35.09
 = 0.71* \$35.09
 = \$24.91

Users are cautioned that this procedure yields estimates only. It is not valid to treat percentage differences between areas as exact measures. Also, it is recommended that adjustments be calculated only between cities in close proximity to one another and the more buildings covered in the base reference table, the better. This method will yield the most accurate estimates of average income and expenses. In other words, attempting to calculate total operating income for Dover, DE by adjusting data found in a Los Angeles, CA table, or using a table from a near by city but with fewer than 30 buildings, may not be appropriate.

ACCRA Cost of Living Index for Selected Cities

<i>ALABAMA</i>	
Birmingham	91.7
Montgomery	93.4
<i>ALASKA</i>	
Anchorage	132.4
Juneau	130.6
<i>ARIZONA</i>	
Phoenix-Mesa-Scottsdale	95.9
Tucson	92.8
<i>ARKANSAS</i>	
Fayetteville	88.2
Little Rock	95.2
<i>CALIFORNIA</i>	
Los Angeles-Long Beach	140.3
Oakland	147.0
San Diego	144.8
San Francisco	176.4
<i>COLORADO</i>	
Colorado Springs	95.3
Denver	109.6
<i>DELAWARE</i>	
Wilmington	105.9
<i>WASHINGTON, DC</i>	
DC-MD-VA	146.8



FLORIDA

Fort Lauderdale	114.2
Gainesville	96.7
Jacksonville	99.0
Miami	112.3
Orlando	98.2
Sarasota	103.3
Tampa	91.6

GEORGIA

Atlanta	99.9
Valdosta	92.3

HAWAII

Honolulu	188.2
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IDAHO

Boise	90.8
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ILLINOIS

Champaign-Urbana	95.6
Chicago	116.2
Peoria	98.2
Springfield	88.9

INDIANA

Fort Wayne	86.2
Indianapolis	91.1
South Bend	88.7

IOWA

Cedar Rapids	94.6
Des Moines	89.8

KANSAS

Wichita	93.1
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KENTUCKY

Lexington	90.4
Louisville	92.2

LOUISIANA

Baton Rouge	92.4
New Orleans	94.3
Shreveport	88.5

MARYLAND

Baltimore	112.8
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MASSACHUSETTS

Boston	144.3
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MICHIGAN

Grand Rapids	92.4
Kalamazoo	85.3

MINNESOTA

Minneapolis	108.2
St. Cloud	96.1

MISSISSIPPI

Jackson	83.2
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MISSOURI

Columbia	95.3
Kansas City MO/KS	94.1
Saint Louis	92.5
Springfield	88.7

MONTANA

Bozeman	102.7
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NEBRASKA	
Omaha	91.3
NEVADA	
Las Vegas	108.2
Reno-Sparks	104.8
NEW JERSEY	
Newark	126.6
NEW MEXICO	
Las Cruces	102.0
NEW YORK	
Buffalo	95.3
Ithaca	105.5
New York (Manhattan)	227.4
Rochester	99.2
NORTH CAROLINA	
Charlotte	96.4
Raleigh	90.5
NORTH DAKOTA	
Bismarck	101.4
OHIO	
Akron	101.2
Cincinnati	90.9
Cleveland	101.2
Columbus	90.5
Dayton	92.8
Findlay	96.2
OKLAHOMA	
Oklahoma City	88.1
Tulsa	86.0
OREGON	
Portland	129.5
PENNSYLVANIA	
Philadelphia	119.5
Pittsburgh	98.6
York County	101.2
SOUTH CAROLINA	
Charleston	101.0
Columbia	95.1
TENNESSEE	
Chattanooga	95.1
Knoxville	86.4
Memphis	84.5
Nashville	95.2
TEXAS	
Austin	96.0
Dallas	96.1
El Paso	91.3
Fort Worth	102.8
Houston	98.2
San Antonio	87.3
UTAH	
Cedar City	88.6
Salt Lake City	96.4
VERMONT	
Burlington	123.8



<i>VIRGINIA</i>	
Richmond	94.9
Roanoke	90.0
<i>WASHINGTON</i>	
Olympia	100.1
Spokane	95.5
Tacoma	105.0
<i>WEST VIRGINIA</i>	
Morgantown	103.7
<i>WISCONSIN</i>	
Eau Claire	97.0
Madison	104.5
Milwaukee	100.3
<i>WYOMING</i>	
Laramie	92.8

For additional information on ACCRA's Cost of Living Index, contact Council for Community and Economic Research at:

P.O. Box 100127
Arlington, VA 22210
(703)522-4980 (Phone)
(703)522-4985 (FAX)
www.c2er.org

V. How to Complete the Pro Forma Worksheet

The attached Pro Forma Worksheet is designed to assist users in better understanding their building(s) performance by comparing their building(s) data with the survey data presented in the *Experience Exchange Report (EER)*.

The top portion of the worksheet allows users to record some of the basic building information including building location, building size, average annual office occupancy rate, average annual retail rate (if applicable) and the age and height of the building. It is important to report accurate building square footage as it serves as the base in deriving income and expense dollars per square foot. Please note that the *EER* data is calculated based on the rentable method of measuring space.

Record the gross annual income and expenses for a given building in the first column, "Your Bldg Data (Gross \$)." If possible, record one building's data per worksheet. It will be easier to identify explanations and/or problems when analyzing variances. Remember, it is also important to "compare apples to apples." Please allocate income and expenses into categories defined in Section II of the Quick Users' Guide and the survey instructions in Appendix A.

Column 2, "Your Bldg Data (\$/SF)," translates the gross dollars from Column 1 into dollars per square foot using the square footage provided on the top portion. Office income is calculated using the office square



footage. Retail income is calculated based on retail size, and other space rent is calculated based on other space square footage. The areas used for cleaning, repairs and maintenance, and utilities should be adjusted for whether (or how much) retail space is covered by these expenses. All other income and expense categories are calculated based on total size.

After selecting one set of *EER* data for comparison (see Section I and III of the Quick Users' Guide for insights on how to select the proper *EER* table), input the figures in Column 3. Note that the *EER* data reflects performance at an office occupancy level provided in the Occupancy Information Section in each table. In other words, the data was not adjusted to a 100% office occupancy level. Therefore, if the occupancy rate of a given building is substantially lower or higher than the occupancy rate of a certain set of *EER* data, one or the other set of data should be adjusted before proceeding with the comparison.

Columns 4 and 5 are used to compute the variance between the user's building data and the *EER* data. Record actual differences in dollars per square foot in Column 4 and percent differences in Column 5. Positive variances in the income categories and negative variances in the expense categories imply that the performance of the user's building fares better than the data reported in the table, and vice versa.

The purpose of data comparison is to identify strengths and weaknesses of building operations. If the variance is too large (either positively or negatively) for a certain income or expense item, the user should review the specific operation. Take cleaning operations as an example. If the user's cleaning expenses are \$1.60 per square foot per year, while the *EER* average is \$1.08, the cleaning routines should be examined. Is there any one-time cleaning-related cost that skews total cleaning costs? Does the building have special features such as brass/marble finishes that require expensive maintenance? Does the building offer any extra services that would increase the costs? In other words, can the expenses be justified? On the other hand, if the expenses are significantly lower than the average, consider whether the services provided for the tenants are sufficient.

In summary, users should understand the overall limitations of survey data in order to wisely apply the data in their applications. First, the *EER* data is aggregated based on actual operational behavior from buildings which may or may not be representative of the user's building(s). Secondly, the data cannot capture the qualitative features of individual buildings included in the survey. Buildings with high quality service are not necessarily being recognized. It is only assumed that most contributing buildings maintain a minimum standard service to retain their tenants. All survey data should be used with caution.



Building Name & Address:

Building Information:

Office Size: _____ Office Occupancy: _____

Retail Size: _____ Retail Occupancy: _____

Other Size: _____ Building Age: _____

Total Size: _____ Building Height: _____

	(1) Your Bldg Data (Gross \$)	(2) Your Bldg Data (\$/SF)	(3) EER Data (Pg. ___)	(4) \$/SF Variance (2)-(3)	(5) % Variance (4)/(2)*100%
Income					
Office	_____	_____	_____	_____	_____
Retail	_____	_____	_____	_____	_____
Other Space	_____	_____	_____	_____	_____
Total Rent	_____	_____	_____	_____	_____
Gross Parking Inc.	_____	_____	_____	_____	_____
Miscellaneous	_____	_____	_____	_____	_____
Tenant Service	_____	_____	_____	_____	_____
Total Income	_____	_____	_____	_____	_____
Expense					
Cleaning	_____	_____	_____	_____	_____
Repairs/Maint.	_____	_____	_____	_____	_____
Utilities	_____	_____	_____	_____	_____
Roads/Grounds	_____	_____	_____	_____	_____
Security	_____	_____	_____	_____	_____
Administrative	_____	_____	_____	_____	_____
Total Operating Exp	_____	_____	_____	_____	_____
Fixed Expenses	_____	_____	_____	_____	_____
Total Oper & Fixed	_____	_____	_____	_____	_____
Leasing	_____	_____	_____	_____	_____

Explanations of Variances:

¹EER Data is calculated based on rentable square foot