



Rentable vs. Usable Square Footage

When looking at commercial office space for your business, you are likely to run into references to square footage. Square footage is a measurement used to quantify the amount of space in the building or the unit that you are looking to lease. Square footage can be gross, usable, rentable, and lot size.

When measuring a building, look to see if the measurements are from the inside or outside walls of the building. When measuring a building, it's common to use the outside walls for the measurement. When measuring office or retail space, the measurements are typically taken from the inside walls.

Almost all commercial buildings include space that is not usable by tenants but is required for the operation of the building. Examples of this are storage and janitorial closets, stairways, elevator shafts, enclosures for ducts, hallways, shared washrooms and electrical rooms. Some of these spaces are considered 'common areas'. Examples of common areas include: hallways, shared washrooms, electrical rooms, fitness centers, etc. Stairways and elevator shafts are not typically included in 'common area' space but all other common area space is added up and allocated to tenants based on their percentage of square footage in the building.

For example, if a building is 10,000 sq ft and your unit is 1,000 sq ft (40 x 25 ft), you are occupying 10% of the gross square footage, therefore the landlord will typically allocate 10% of the common space to your rentable square feet. In this example, you would be charged for 100 sq feet of common space in addition to your usable 1000 sq foot unit. You are entitled to use all of the common space, not just the 10% that you are charged for.

Usable square footage is the total area unique to a tenant. Once you enter your suite, the area inside is considered usable square feet. Calculating usable square feet will be slightly different for tenants leasing a full floor vs tenants leasing a partial floor. A partial floor lease should include all office space plus any storage areas or private restrooms in your suite as well as any space taken up by columns or recessed entries.

Full-floor tenants calculate the usable square footage by including everything inside the boundaries of the floor, including non-usable areas like janitorial closets, mechanical and electrical rooms. It also includes floor common areas such as reception areas, kitchenettes, hallways, or other areas on the floor. The usable square feet will not include spaces like elevator shafts or stairwells, as these are not considered unique to a single tenant.

Rentable square feet is the usable square feet plus a portion of the building's common space. Rentable square feet is used to calculate your monthly lease costs. To do this, multiple the rentable square feet by the sum of your base rent plus net additional rent. Net additional rent includes things like electricity, water, heating and air conditioning and the gas used for those mechanical systems, garbage removal, cleaning services, building maintenance, security and real estate taxes.

Not typically included in net additional rent or TMI are; tenant insurance, internet, telephone and in suite security or alarm services.