Property Council Benchmarks Methodology

Introduction

The handbook is designed to provide building owners and managers with a reliable tool for evaluating the performance of buildings and preparing operating budgets.

Information is presented in two formats:

– tables relating to individual cost items; and

– cost data summarised graphically.

Please note, all expense data is exclusive of GST and is for the budget year ending 30 June of the reported year.

Frequently Asked Questions

How are the statistics presented?

Data is presented in dollars per square metre of Net Lettable Area per annum. Area calculations are based on the Property Council's revised Method of Measurement.

What is the accounting basis for collecting and collating the statistics?

Expenses are collected on the basis of the Property Council's revised Chart of Accounts for Commercial, Industrial and Retail properties. Each expense item has a numbered code that corresponds to the Chart of Accounts.

How is GST reflected in the statistics?

All statistics are exclusive of GST.

Why don't the numbers in each category always add up?

Totals and sub-totals may not equal the exact sum of their components. The reason for this is that not all buildings incur the full range of costs published.

For instance, many buildings do not provide car parking facilities. Each statistic, whether an individual category or a total of categories, stands on its ownand is an accurate summary of performance within each building category.

What is a median?

The median is the exact midpoint of the cost distribution where 50% of buildings incurred a higher result and 50% incurred a lower result.

What are the operating performance ranges?

The lower range corresponds to the lower 25th percentile and the upper range to the 75th percentile of a confidence band around the median. The upper range figure indicates that 25 per cent of the buildings of similar characteristics are expected to incur a higher income (or cost); the lower range figure indicates that 25 per cent of the buildings of similar characteristics are expected to incur a lower income (or cost).

Why are there no Land Tax charges for the Canberra profiles?

The Land Tax charge in Canberra under the Statutory Charges subheading has now been moved. The charge has now been incorporated into the Municipal / Council Rates charge. Therefore the Land Tax field for all Canberra profiles will now show as 'n.a.'. As the Land Tax charges have now been incorporated, the Municipal / Council Rates charges have increased in comparison to previous reports. Users are cautioned to take care when benchmarking the Statutory Charges for the Canberra profiles against previous years.

OFFICE BENCHMARKS
Where is the Quality Grade Matrix?

The Quality Grade Matrix was withdrawn from public circulation in July 2003.

On 24 May 2019 the Property Council of Australia was proud to release A Guide to Office Building Quality Third Edition. The Guide provides a design specification for new office buildings and an easy to use matrix for existing buildings for classifying office building quality.

A Guide to Office Building Quality can be ordered from the Property Council's Research & Data page.

Methodology

The Data Collection Process

This survey was conducted between February and August of the reported year.

All information collected is for the budget year ending 30 June of the reported year. Respondents were asked to provide statistics exclusive of GST.

Establishing a Working Party

The Property Council's National Research Team oversaw the survey process.

Design Questionnaire

The National Research Team completed the task in consultation with property managers who were targeted to supply information in the data collection phase. The design objective was to ensure user friendliness and therefore maximise response potential.

Sample Selection

A cross section of buildings were targeted for inclusion in the survey. Property owners and managers were targeted to supply operating cost data.

Data Inputting and Anomaly Correction

"The data was subjected to the following error checking stages before detailed statistical analysis. These stages included:

– checking the database for entry error;

– checking the survey data for obvious anomalies, such as mistakes in totalling;

– identifying extreme building performance figures under each cost heading by comparing actual costs basic descriptive statistics; and

– contacting survey respondents to correct anomalies."

Analysis

All expense information was converted to dollars per square metre per annum using Net Lettable Area (office buildings) or Gross Lettable Area – Retail (shopping centres) as the denominator.

The median for each expense item was calculated – the median being the most appropriate summary statistic for samples with skewed distributions. The median is the exact midpoint of the cost distribution where 50% of buildings incurred a higher result and 50% incurred a lower result.

Range Values

The lower range corresponds to the lower 25th percentile and the upper range to the 75th percentile of a confidence band around the median. The upper range figure indicates that 25 per cent of the buildings of similar characteristics are expected to incur a higher income (or cost); the lower range figure indicates that 25 per cent of the buildings of similar characteristics are expected to incur a lower income (or cost).

Interpretation

Users of this handbook may note expenses do not always equal the sum of the component costs. The reason for this is that not all buildings incur the full range of costs published. For instance, many buildings do not provide car parking facilities.

Each statistic, whether an individual category or a total of categories, stands on its own and is an accurate summary of performance within each building category.

It should be noted that these calculations take no account of the quality of services being provided in a building.

RETAIL BENCHMARKS
Classifications

The following shopping centre classifications as endorsed by the Shopping Centre Council of Australia are used in this handbook.

City Centres

Retail premises within an arcade or mall development owned by one company, firm or person and promoted as an entity within a major Central Business District.

Total GLAR exceeds 1,000 square metres.

Key features:

– dominated by specialty shops;

– likely to have frontage on a mall or major CBD street;

– generally do not include supermarkets; and

– often co-exists with large department stores.

Super Regional Centres

"A major shopping centre typically incorporating two full line department stores, one or more full line discount department stores, two supermarkets and around 250 or more specialty shops.

Total GLAR exceeds 85,000 square metres.

Key features:

– one-stop shopping for all needs;

– comprehensive coverage of the full range of retail needs (including specialised retail), containing a combination of full line department stores, supermarkets, services, chain and other specialty retailers;

– typically include a number of entertainment and leisure attractions such as cinemas, game arcades and soft play centres; and

– provide a broad range of shopper facilities (car parking, food court) and amenities (rest rooms, seating).

Major Regional Centres

A major shopping centre typically incorporating at least one full line department store, one or more full line discount department stores, one or more supermarkets and around 150 specialty shops.

Total GLAR generally ranges between 50,000 and 85,000 square metres.

Key features:

– one-stop shopping for all needs;

– extensive coverage of the full range of retail needs (including specialised retail), containing a combination of full line department stores, full line discount department stores, supermarkets, services, chain and other specialty retailers;

– typically include a number of entertainment and leisure attractions such as cinemas, game arcades and soft play centres; and

– provide a broad range of shopper facilities (car parking, food court) and amenities (rest rooms, seating).

Regional Centres

A shopping centre typically incorporating one full line department store, a full line discount department store, one or more supermarkets and around 100 or more specialty shops.

Total GLAR typically ranges between 30,000 and 50,000 square metres.

In some instances, all other characteristics being equal, a centre with two full discount department stores, without a department store, can serve as a regional centre.

Key features:

– extensive coverage of a broad range of retail needs (including specialised retail), however, not as exhaustive as major regional centres;

– contain a combination of full line department stores, full line discount department stores, supermarkets, banks, chain and other specialty retailers; and

– provide a broad range of shopper facilities and amenities

Sub Regional Centres

A medium-sized shopping centre typically incorporating at least one full line discount department store, a major supermarket and approximately 40 or more specialty shops.

Total GLAR will typically range between 10,000 and 30,000 square metres.

Key features:

– provide a broad range of sub regional retail needs; and

– typically dominated by a full line discount department store or major supermarket"

Neighbourhood Centres

A local shopping centre comprising a supermarket and approximately 35 specialty shops.

Total GLAR will typically be less than 10,000 square metres

Key features:

– typically located in residential areas;

– service immediate residential neighbourhood;

– usually have extended trading hours; and

– cater for basic day-to-day retail needs.

Bulky Goods Centres

A medium to large sized shopping centre dominated by bulky goods retailers (furniture, white goods and other homewares), occupying large areas to display merchandise. Typically contain a small number of specialty shops.

Total GLAR will typically be greater than 5,000 square metres.

Key features:

– generally located adjacent to large regional centres or in non-traditional retail locations (i.e. greenfield sites and industrial areas); and

– purpose designed, built and operated, generally with a layout of outlets around a central, landscaped area and an overall design and colour theme to promote the appearance of an integrated development.

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