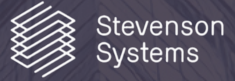


Measurement Intelligence



How Load Factor Interpretation Impacts Portfolio Revenue & Valuation

An informed market view of how load factor implementation influences leasing outcomes.

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JANUARY
2026

Table of Contents

- 1 ——— **Executive Overview**
The revenue implications of load factor interpretation
- 2 ——— **Why Load Factor Interpretation Deserves More Attention**
Standards define the framework — markets determine the outcome
- 3 ——— **How Final Load Factors Are Shaped in Practice**
The forces that influence compliant yet divergent results
- 4 ——— **Where the Gap Emerges**
When reasonable assumptions quietly compound over time
- 5 ——— **Evaluating Alignment at the Portfolio Level**
Questions that surface opportunity without assigning fault
- 6 ——— **Market Reality: How Load Factors Actually Perform**
Observed outcomes across major U.S. office markets
- 7 ——— **A Market-Specific, Asset-Specific Discipline**
Why meaningful analysis resists generalization
- 8 ——— **Closing Perspective**
Clarity precedes correction



Executive Overview

Load factors play a quiet but critical role in office leasing. While most commercial real estate professionals are familiar with measurement standards/compliance requirements, and have a general knowledge of their application to lease practices, fewer recognize **how those standards directly impact revenue over the life of a lease.**

Across U.S. office markets, load factor outcomes vary tangibly by geography, building configuration, and local leasing norms. In practice, many leases operate at load factors that reflect deal dynamics or legacy assumptions rather than current market-supported standards.

Based on decades of independent measurement work across major office markets, Stevenson Systems consistently observes leases operating below achievable, market-supported load factors — **often without owners realizing the cumulative revenue impact at the asset or portfolio level.**

This Paper Outlines:

- **Why** load factor interpretation matters more than compliance alone
- **How** market behavior differs across major U.S. office markets
- **Where** revenue is commonly left unrecognized
- **How** owners can assess whether their portfolios align with market reality
- **How** owners can evaluate alignment between their portfolios and market reality

Why Load Factor Interpretation Deserves More Attention

Standards define the framework —
markets determine the outcome

Load factors are designed to distribute common area costs in a consistent and defensible manner. Measurement standards provide the methodologies that support this goal, but they also allow professional judgment based on building configuration, use, and conditions.

That flexibility is intentional.

In practice, final load factor outcomes are shaped by a combination of:

Compliance defines the rules.
Interpretation defines the result.



**Local market
behavior**



**Tenant mix and
leasing momentum**



**Building design
and efficiency**



**Timing and
transaction dynamics**

As a result, two measurements can **still produce materially different load factors.**

Over time, those differences translate directly into **variations in recoverable area and portfolio revenue.**

Market Reality: How Load Factors Actually Perform

Observed outcomes across major U.S. office markets

Based on observed results in multi-tenant office environments, Stevenson Systems has identified market-supported load factor caps across major U.S. office markets. These figures reflect achieved outcomes informed by consistent patterns across assets—**not** theoretical maximums or isolated transactions.



What becomes clear across these markets is that load factor behavior is not universal.

Applying assumptions from one geography to another often results in outcomes that are conservative relative to local market norms.

Where the Gap Emerges

When reasonable assumptions quietly compound over time

In many portfolios, load factors are established during leasing or repositioning activity and remain unchanged for extended periods.

Over time, this can create a widening gap between **what remains compliant** and **what reflects current market behavior**.

Continued Reliance on Legacy Measurements

Conservative Assumptions Made to Support Transactions

Inconsistent Treatment Across Comparable Assets

Limited Visibility Into Peer Building Performance

Individually, these decisions often appear immaterial. Collectively, they can **materially influence recoverable area and long-term revenue**—without triggering concern during standard lease reviews.

Evaluating Alignment at the Portfolio Level

Questions that surface opportunity without assigning fault

Owners and managers assessing alignment with market reality often begin with a small set of questions

These questions are not about identifying mistakes.

They are about **establishing clarity**.

- 01 When was each asset last independently measured?
- 02 Were market-specific conditions considered at that time?
- 03 Are similar assets treated consistently across the portfolio?
- 04 Do current load factors reflect market behavior or transaction context?
- 05 Have assumptions been revisited as market conditions evolved?



A Market-Specific, Asset-Specific Discipline

Why Load Factor Analysis Resists Generalization

Load factor outcomes are inherently situational. Market conditions, asset configuration, tenancy, and leasing strategy all influence results. As such, meaningful analysis requires a market-specific and asset-specific approach grounded in independent measurement.

Stevenson Systems works with owners and managers to evaluate load factor performance within the context of local market behavior and portfolio objectives. The focus is not optimization for its own sake, but alignment—ensuring measurement outcomes reflect both **standards compliance and market reality**.

Closing Perspective

Clarity Precedes Correction

Most portfolios operate below market-supported load factor outcomes unintentionally. In many cases, the gap exists simply because interpretation has not been revisited through a current, market-specific lens.

Understanding how standards interact with market behavior is the **first step toward informed decision-making.**

About Stevenson Systems

Stevenson Systems provides independent building measurement services for commercial real estate portfolios across the United States. For more than 40 years, the firm has supported owners, managers, and investors with accurate, standards-aligned measurement data designed to inform leasing, acquisitions, and long-term asset strategy.

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