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## Yes, Size Matters: Inaccurate Square Footage Invites Trouble

Be careful about what numbers you use in your real estate marketing and MLS data. Measurement errors, even small ones, can mean thousands of dollars and are landing real estate professionals in court.

By [D. Hampton "Hamp" Thomas](#) September 2008

Square footage is one of the most basic tools of real estate. Salespeople often use it as they add listings to the MLS or write advertising copy.

Yet, few real estate practitioners are likely to have ever questioned a property's square footage as they copied it from the tax records, the developer's floor plan, or the listing in the MLS.

Do you think size—square footage—really matters? After all, if buyers love a property, do they really care if it's 2,700 square feet or 2,560 square feet? When the housing market is strong, people generally don't care much about precision, but in a soft market, people become more demanding.

Size affects everything from whether the couch will fit in the living room to whether the HVAC's capacity is large enough to cool the space. Also, consumers are conscious of square footage and its impact on value.

Measurement errors, even small ones, can mean thousands of dollars, so it's not surprising that square footage disputes are making news—and landing some real estate professionals in court. For example, in *Brown v. Brown* (N.C. Ct. App. 1999), the court held that a broker who provided inaccurate data might be liable for a breach of fiduciary duty or negligence unless he “exercised reasonable care in obtaining the square footage information and communicating it to the buyer.”

### Whose Numbers Can You Trust?

Part of the challenge in supplying accurate square footage to clients is finding a reliable source of data. Real estate practitioners rely on the square footage contained in the tax assessor's records. Those records are a common source, but public records were never intended to be used by the real estate industry as a source of square footage. These estimates were created by and for a mass appraisal system.

After comparing appraisals, MLS listings, and public records for more than four years, I found both the percentage and the size of some errors alarming.

One way to avoid liability is to simply avoid the question of square footage, a strategy the NATIONAL



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ASSOCIATION OF REALTORS® recommends. Almost all MLSs contain a general disclaimer indicating that although information is believed accurate, it's not guaranteed.

The courts have generally held that these disclaimers protect real estate practitioners from liability for inaccurate square footage numbers—but do they serve the consumer? I don't think so.

Another way to reduce liability is to give buyers a disclosure form that explains the source of the square footage information. Colorado has adopted such a standardized form for all residential property. Although this doesn't settle on one true measurement standard, it's a big step in the right direction.

### **In Search of a Standard**

So how do we get more accurate square footage data? One national standard sounds wonderful, but creating a single, widely accepted standard is an extremely complex challenge, and no one system can account for every possible scenario.

The only formal national measurement standard currently available is the American National Standards Institute (ANSI Z765-2003) method. It has been in circulation for more than a decade but is still not widely used.

To claim adherence to this standard, however, you must follow it completely, and not enough practitioners are doing so to consider it a universal standard.

A standard that I believe is closer to the measurement practices used in the field today is the American Measurement Standard. The AMS is not new; in fact, it was first used in the early 1900s. Until recently, however, it was never formalized in writing. Many real estate practitioners and builders already use it, and it makes sense to me that it become the universal standard.

Square footage—along with location—is one of the foundations of real estate valuation. A national standard, whatever its basis, will serve us and our customers well.

### **Disclosure form**

View Colorado's new form at [www.dora.state.co.us/Real-Estate/contracts/writable/SF94-05-04.pdf](http://www.dora.state.co.us/Real-Estate/contracts/writable/SF94-05-04.pdf).

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