



Draft FY 2020-2021 Agency Priority Goal Action Plan

Leased Building Operations

Goal Leaders:

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Theme: General Government

Overview

Goal Statement

- GSA will achieve savings for the taxpayer by negotiating leases below average market rates by engaging in longer lease terms when they allow GSA to obtain more favorable rates and conditions; increasing the use of force multiplier tools, both the Automated Advanced Acquisition Program (AAAP) and the GSA Leasing Support (GLS) services contract; and, timely replacement of expiring leases.

Challenge

- GSA strives to negotiate commercial office space leases below market rates for every transaction, yet it can be difficult to do so with the complexities of the Government marketplace. Additional Government lease standards and requirements can increase the cost of a lease transaction compared to the commercial market.
- In the current environment with COVID-19, some agencies may not be able to commit to longer term leases and the National Hiring Initiative may be extended beyond FY 2020.

Opportunity

- Negotiating leases below market costs results in cost savings for customer agencies and the American taxpayer.
- Cost avoidance in rent can potentially be reallocated to mission delivery services to the public.

Goal Structure & Strategies

GSA will achieve lease cost savings for the American taxpayer by successfully executing the following strategies:

- Engage in longer lease terms when they allow GSA to obtain more favorable rates and conditions.
- Increase the use of force multiplier tools, both the Automated Advanced Acquisition Program (AAAP) and the GSA Leasing Support (GLS) services contract, to maximize staff resources, increase competitive advantage, and ultimately, to increase expiring lease replacement.
- Improve the planning process to ensure timely replacement of expiring leases. Timely replacement increases GSA's leverage, which means more favorable rental rates and fewer costly lease extensions.
- Implement a National Hiring Initiative to address GSA's leasing workload, enabling GSA to improve the timely replacement of expiring leases in accordance with available resources.

Summary of Progress – Q4 FY 2020

- Through the fourth quarter of FY 2020, the total aggregated GSA lease costs were 12.6 percent below market lease rates. This exceeds the GSA goal of negotiating leases seven percent below market rates.
- GSA continues to focus on increasing usage of longer lease terms, reducing the number of extensions, increasing the use of workforce-multiplier tools such as AAAP and GLS, and implementing training on tools and policies which contribute to cost avoidance.

Key Milestones

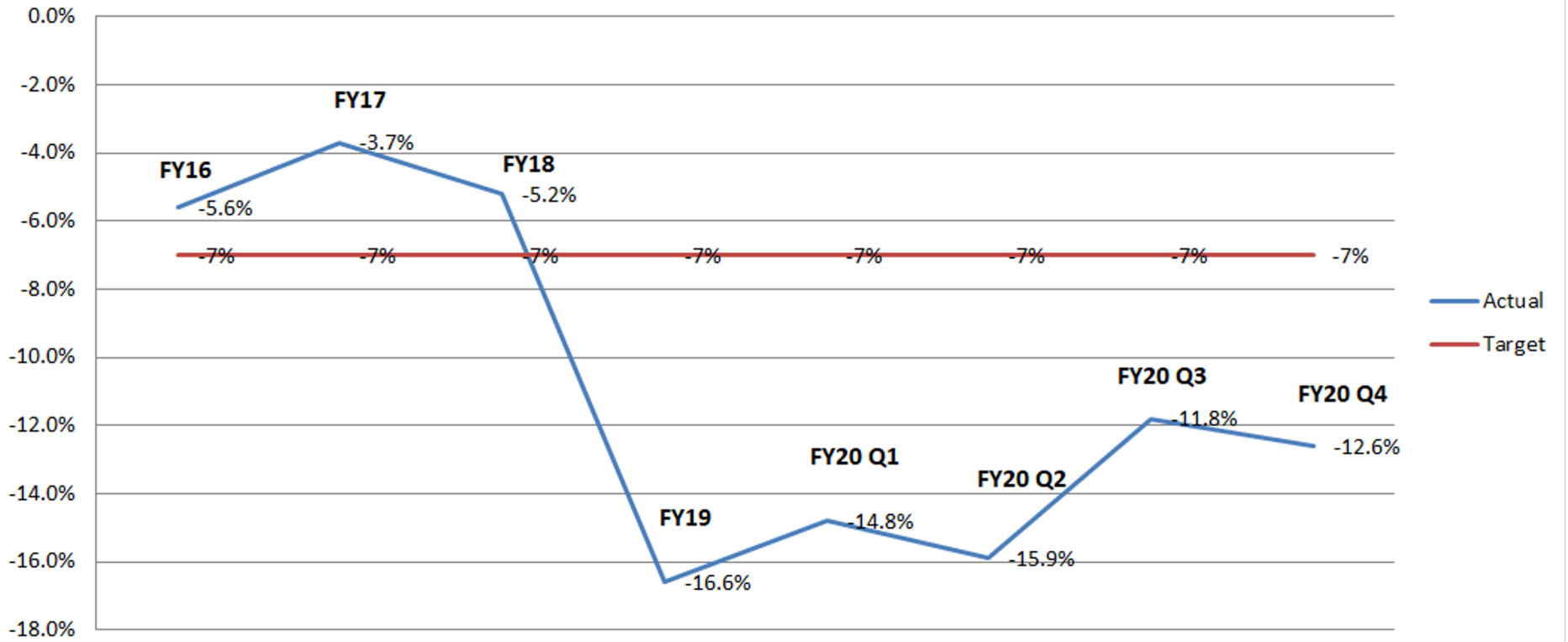
Fostering, developing, and implementing our core strategies will require process re-engineering, change management, and knowledge management projects and initiatives. Below are the key milestones that will enable us to achieve our goal of reducing leasing costs.

Milestone Summary

Key Milestone	Milestone Due Date	Milestone Status	Comments
Set utilization targets for AAAP and GLS	Q1 FY 2020	Complete	Established FY 2020 regional targets based on projected lease workload.
Review regional lease cost avoidance plans	Q4 FY 2020	Complete	Schedule monthly LCAP meetings with regions to review their active lease projects to ensure lease cost avoidance.
Set targets for lease cost savings for FY 2020	Q2 FY 2020	Complete	Establish FY 2020 regional targets based on the projected lease workload.
Set lease replacement value targets for FY 2020	Q1 FY 2020	Complete	Established FY 2020 national target based on the projected lease expirations and implementation of National Hiring Plan.
Measure AAAP and GLS usage against targets	Q4 FY 2020	Complete	Tracking monthly progress.
Measure lease replacement value against targets	Q4 FY 2020	Complete	Tracking monthly progress.
Complete a National Hiring Plan	Q1 FY 2020	Complete	Established a National Hiring Plan based on projected lease workload.
Execute National Hiring Plan	Q4 FY 2021	In progress	Tracking monthly progress.

Key Indicators

GSA strives to negotiate leases below average market rates, with a goal for the aggregate GSA negotiated rent to be at least seven percent below the aggregate market rate, as tracked below. Being below the red target line of negative seven percent demonstrates that GSA is negotiating good leasing deals on behalf of taxpayers.



	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4
Market Rent	\$2.059 B	\$1.859 B	\$2.330 B	\$2.990 B	\$1.060 B	\$1.773 B	\$2.576 B	\$3.916 B
GSA Rent	\$1.944 B	\$1.790 B	\$2.210 B	\$2.494 B	\$903.2 M	\$1.492 B	\$2.272 B	\$3.421 B
Percent Difference	-5.6%	-3.7%	-5.2%	-16.6%	-14.8%	-15.9%	-11.8%	-12.6%

Data Accuracy and Reliability

Method

GSA will compare the Net Present Value (NPV) of GSA negotiated leases to the NPV of leases in the commercial real estate market. Market rates will be based on the GSA-produced Bullseye Report, which incorporates reliable real estate market data. GSA calculates total lease cost savings achieved on all new leases by comparing the aggregate NPV of the total cost of newly awarded leases to the aggregate NPV of the market rates for equivalent leased office space. To be included in this metric, a transaction must be primarily office space and in a major market. Currently about 50 percent of lease transactions are covered under this metric.

Data Sources

- ❑ Real Estate Across the United States (REXUS): PBS Real Property Inventory System
- ❑ GSA Real Estate Exchange (G-REX): PBS Lease Acquisition System
- ❑ Occupancy Agreement Tool (OA Tool): Web-based application for creating occupancy agreements for client agencies
- ❑ Bullseye: A market analysis report for a specific requirement
- ❑ Market data sources from commercial real estate companies

Additional Information

Contributing Programs

Customer agencies that are housed in space leased by GSA contribute to the success of this measure. By providing timely requirements with lease terms and delineated areas that encourage competition, they enable GSA to be in a position to negotiate the most favorable rates compared to market.