

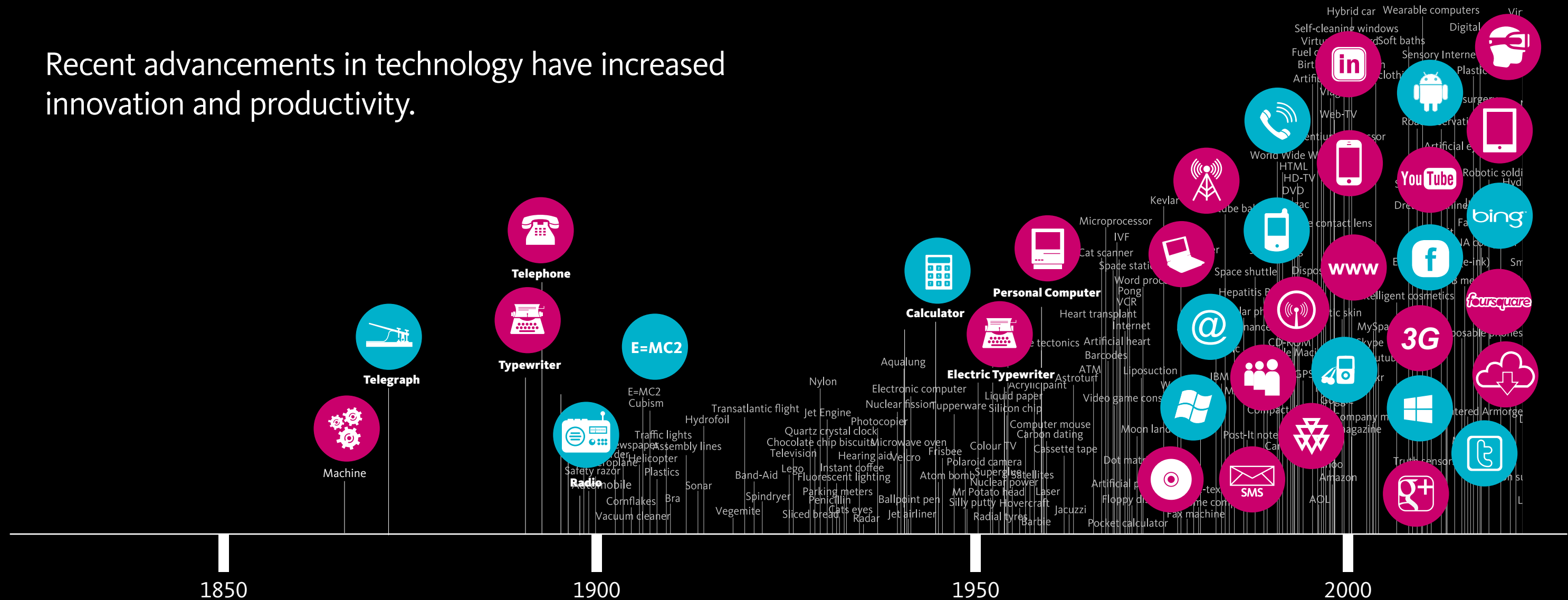


REDUCING THE FEDERAL FOOTPRINT:

WHY IT'S HAPPENING AND THE IMPACT
ON THE REGIONAL REAL ESTATE MARKET

Technology Is Driving **EXPONENTIAL CHANGE**

Recent advancements in technology have increased innovation and productivity.





WASHINGTON POST



CAPITAL ONE



GSA HEADQUARTERS, 1800 F STREET

Four Work Modes



FOCUS



COLLABORATE



LEARNING



SOCIALIZE

We must now design around work modes that allow for **balance and choice**.

FOCUS

Did you know...

Only one in four U.S. workers are in optimal workplace environments.



COLLABORATE

Time spent collaborating virtually doubled from 2013-2016, from 7% - 15% average.



LEARNING

Excluding salary, professional development training/learning **ranked in the top five most important factors in the workplace** for millennials.



SOCIALIZE

Top Innovators are more likely to...

2.5X Have specialty coffee on site

2X Use cafe/ cafeteria on site

1.8X Use conference rooms to socialize

1.4X Have/use outdoor spaces in/ near the office

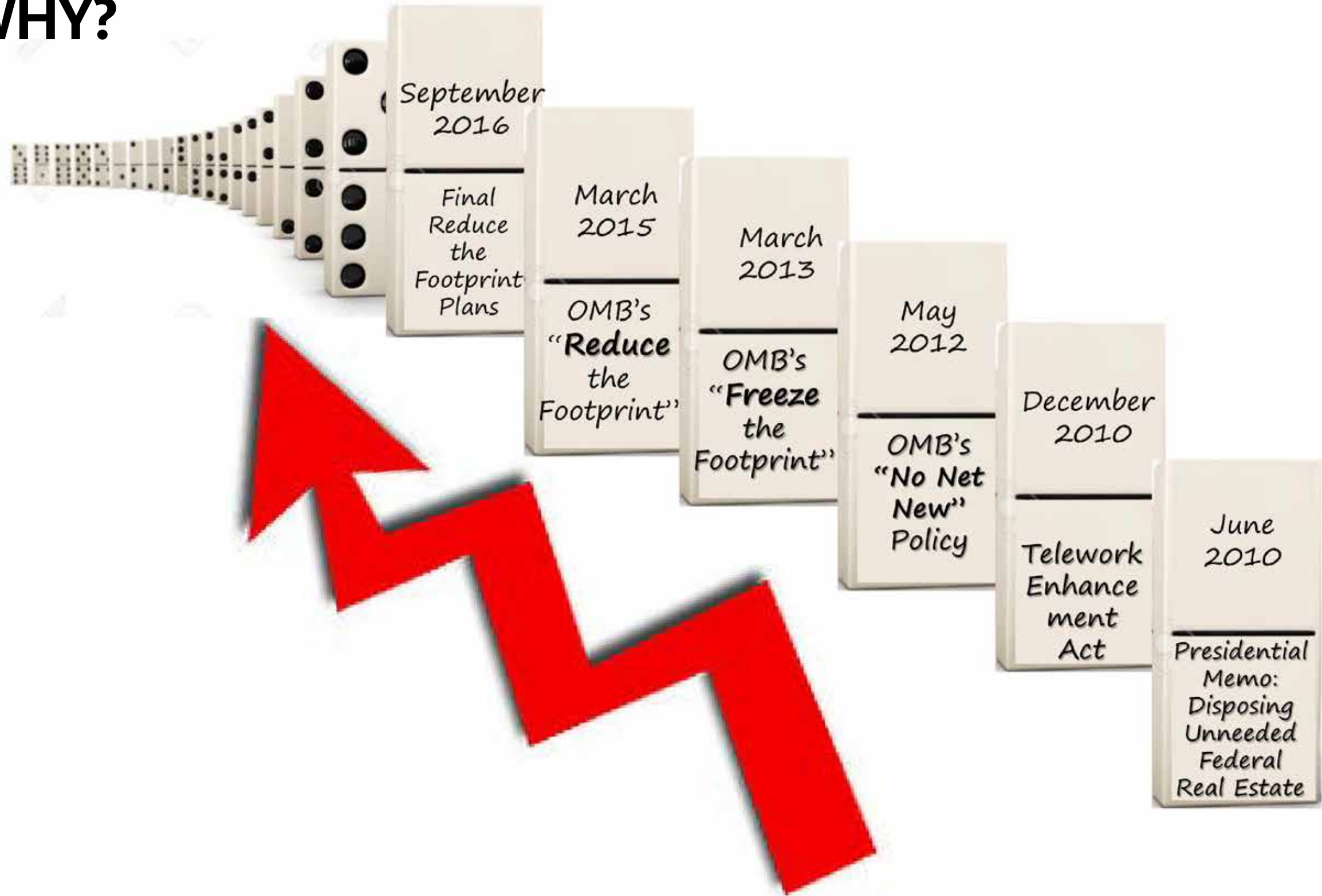


WELLNESS

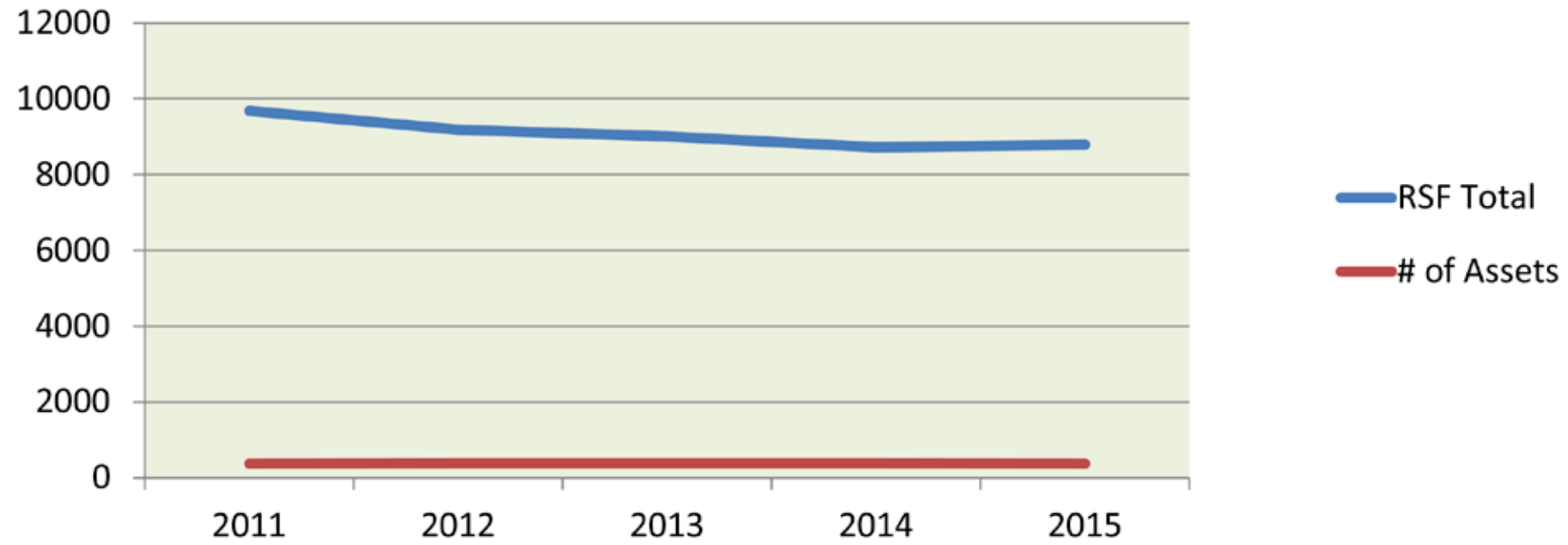
Research shows that sustainably designed buildings reduce sick time and increase productivity.



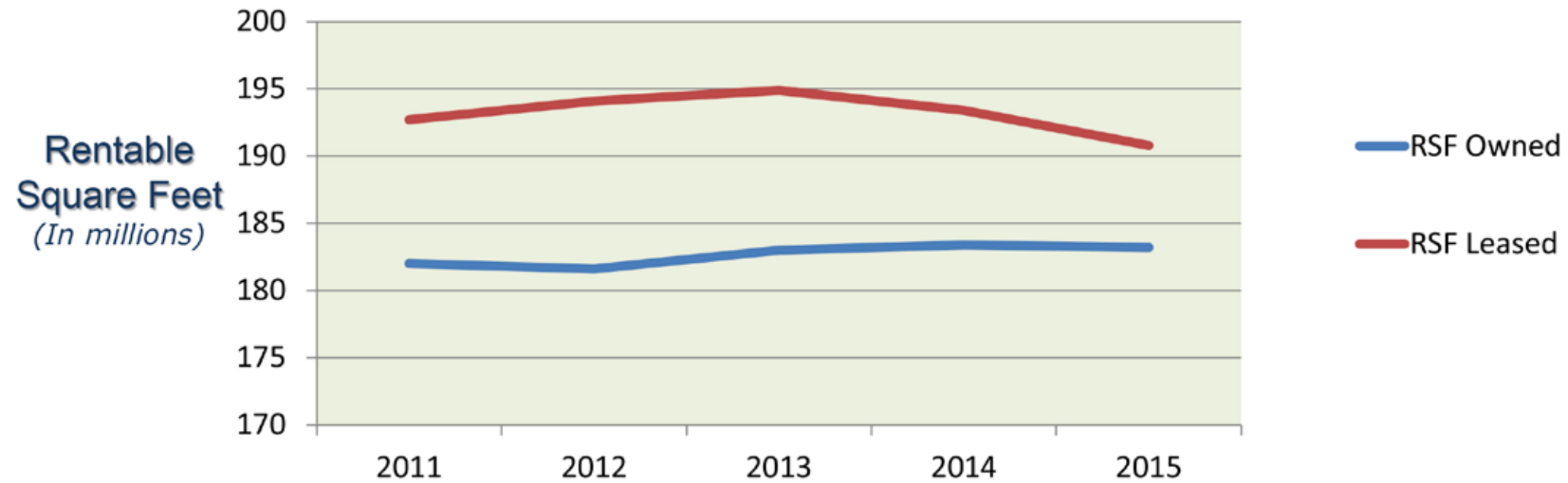
THE WHY?



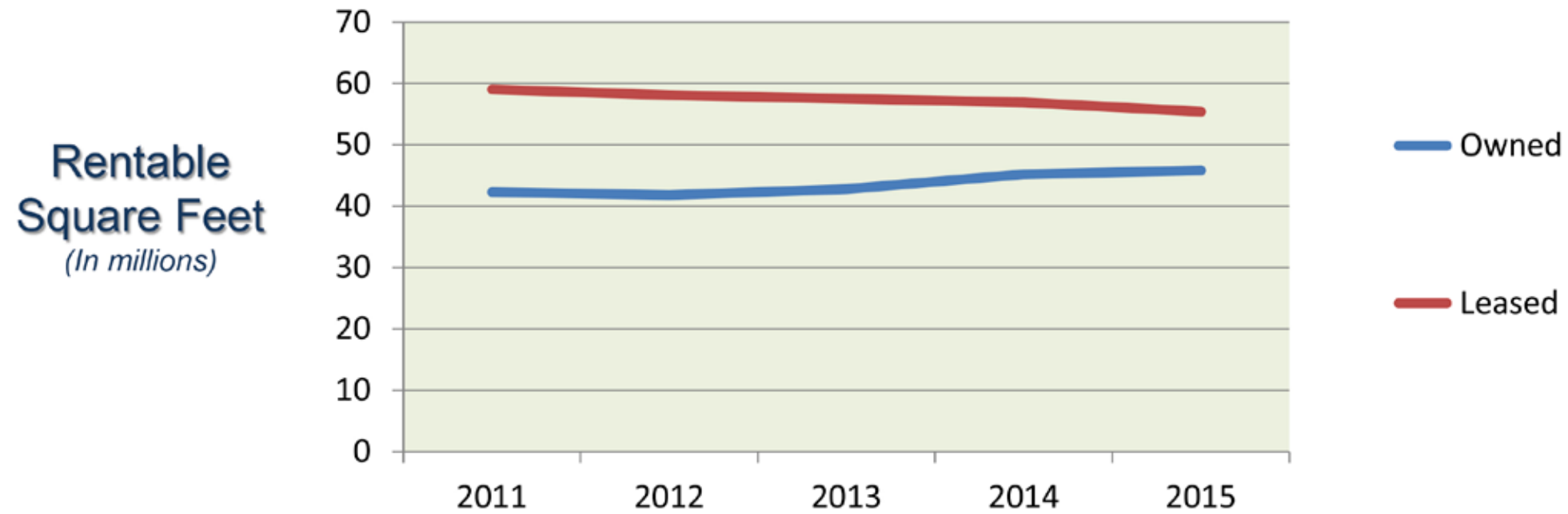
BY THE NUMBERS



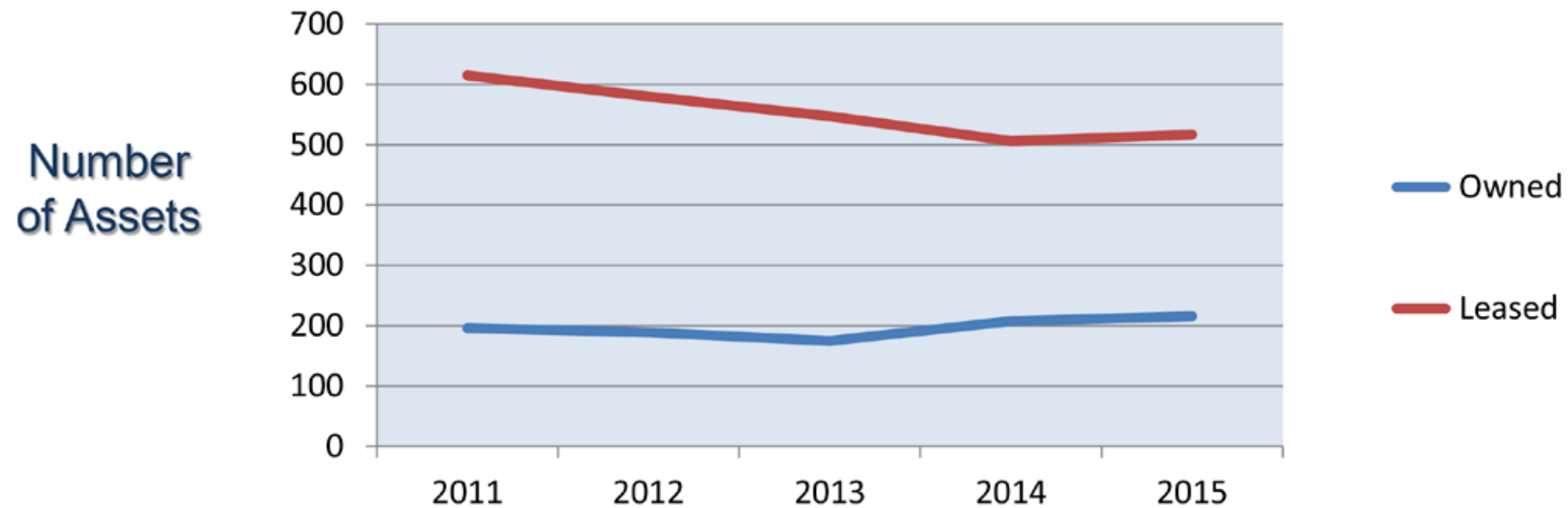
GSA Portfolio



BY THE NUMBERS LOCALLY



Washington-Arlington-Alexandria, DC-VA-MD-WV



GSA PORTFOLIO



| | RSF | # of Assets | # of Assets | | RSF (millions) | |
|---------------------------|------|-------------|-------------|--------|----------------|--------|
| | | | Owned | Leased | Owned | Leased |
| Five Year Portfolio Shift | -891 | -0.5 | 101 | -992 | 1.2 | -1.9 |
| Ten Year Portfolio Shift | 126 | 27.6 | 89 | 37 | 8.8 | 18.7 |

WHAT IT LOOKS LIKE?

Team



Individual



Community



Remote



WHAT IT LOOKS LIKE?



Federal Communication Commission

473,00 RSF

Office Utilization Rate : Current 178 Proposed 115

Reduce the RSF by 28%



EPA – Lease Extension

326,057

Office Utilization Rate: Current 178 Proposed 126

Reduce the RSF by 28%

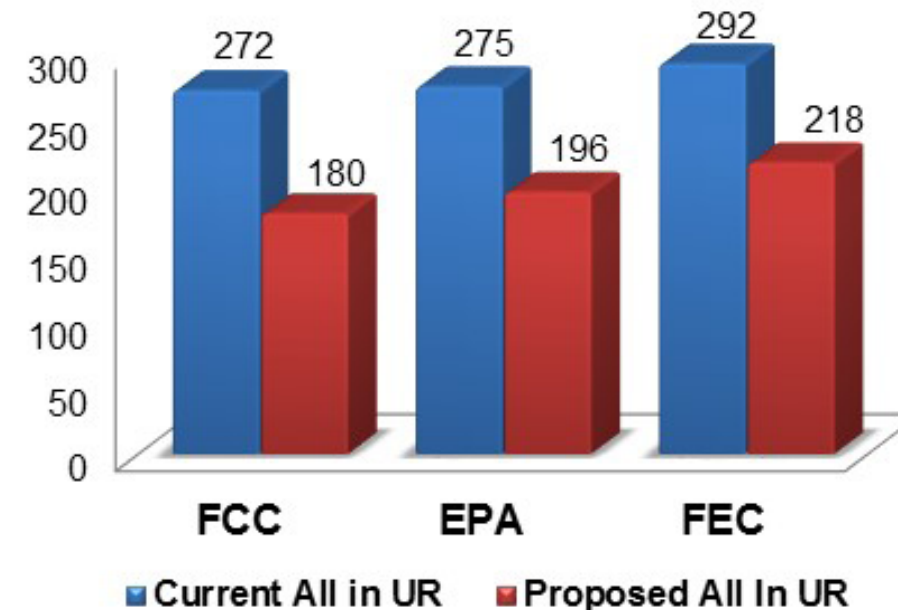
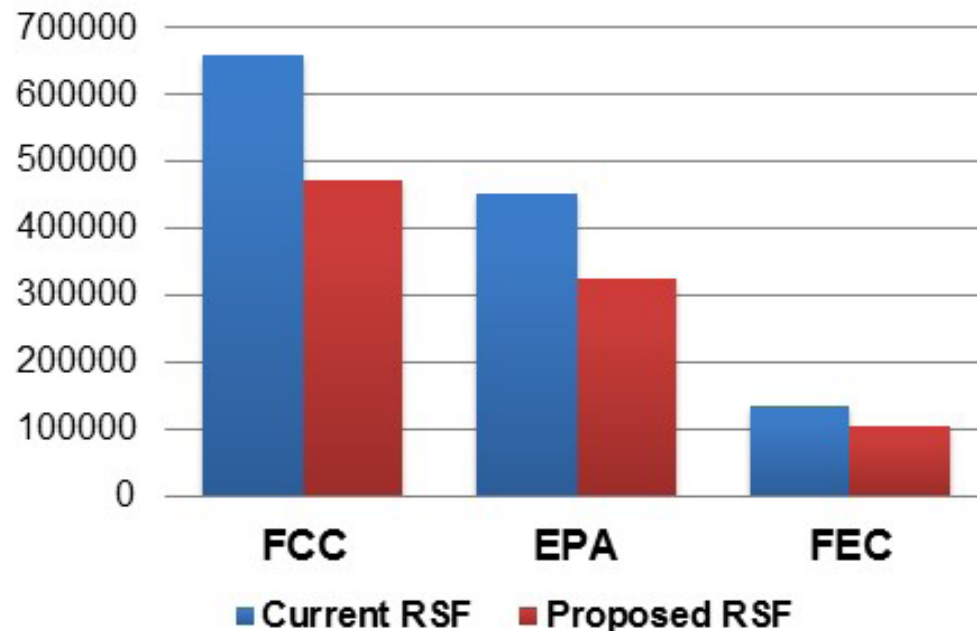


Federal Election Commission

105,000 RSF

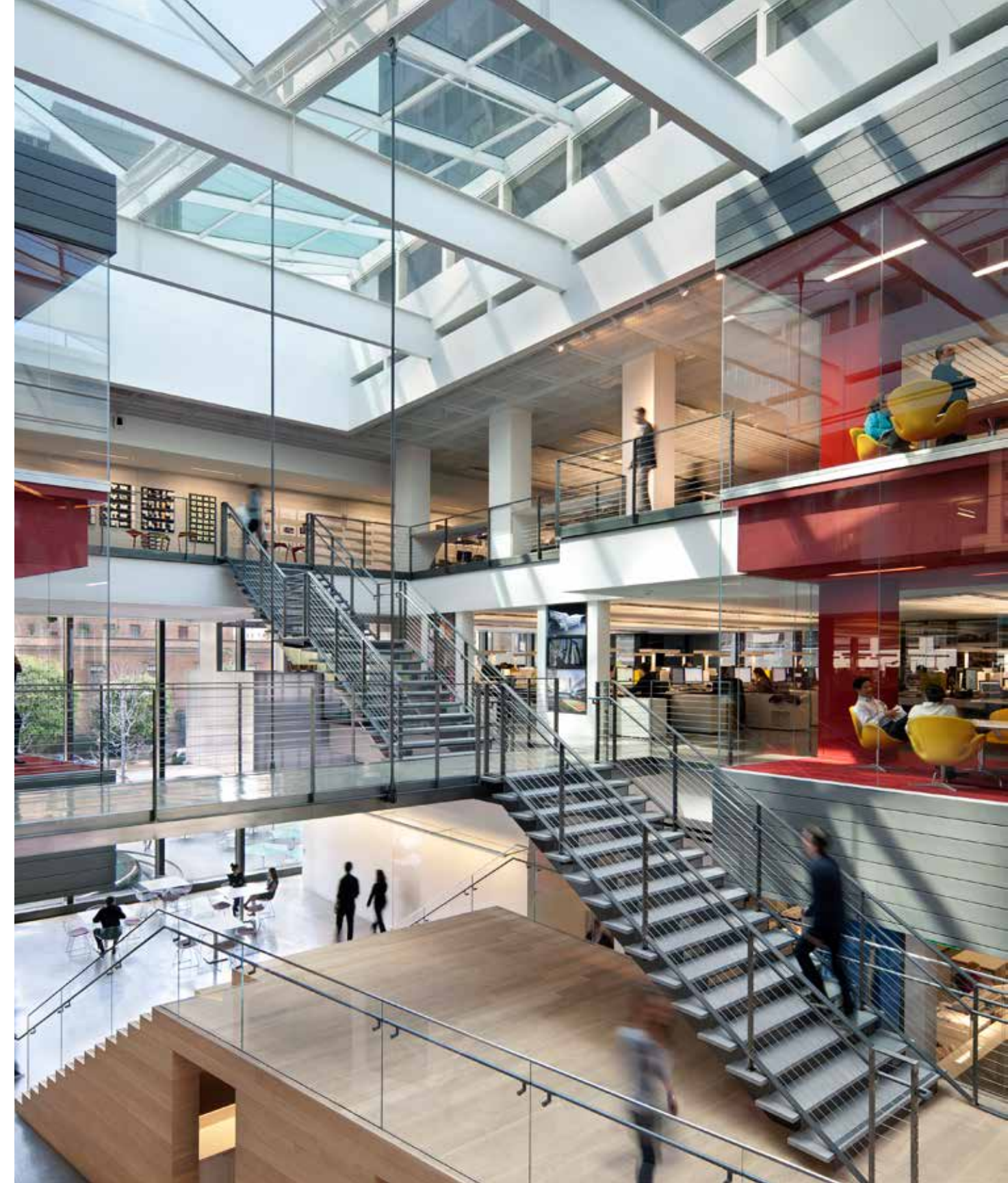
Office Utilization Rate: Current 152 Proposed 117

Reduce the RSF by 23%



INVESTOR/OWNER PERSPECTIVE

- Workplace Evolution:
Private Sector = Public Sector
- Tenant Base is Contracting, Tenant Relocations are Frequent, and there is High Competition for Tenants
- Demand for Spaces to Evolve and/or Change Use to Meet Market Demands
- The “Amenities Arms Race” is Real - and Continues
- Strong Flight to Quality, Flight to Evolved Spaces



HOW CAN LOCAL GOVERNMENT HELP?

1. Owner/Investors Need Regulatory and Zoning Support to Speed the Evolutionary Process
2. Economic Development Assistance is paramount in this Highly Competitive Marketplace
3. Asset Evolution and Tenant Growth/Retention



QUESTIONS & ANSWERS





*Thank
you*