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Metropolitan Washington  
**Council of Governments**

# The Implications Of Telework On Federal Real Estate

**A joint project by the National Capital Planning Commission and  
the Metropolitan Washington Council of Governments**

December 2023

# Agenda

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## INTRODUCTIONS



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## STUDY PURPOSE

To understand the potential impacts of federal telework and hybrid workplaces on the National Capital Region (NCR).

The report analyzes the implications of federal telework across four trends:

- Federal real estate
- Federal workforce demographics
- Where federal workers live
- Public transportation & commuting patterns

*cross-cutting: environmental sustainability & equity*





## FEDERAL TELEWORKING POLICY OVERVIEW

The Administration has called for federal employees to work more in the office, but this will likely differ across agencies and facilities.

### FEDERAL TELEWORKING | 2019 - TODAY

2019

Fewer than a quarter of all employees telework. Telework was supported by agencies.

March 2023

No consistent application of telework.

*NCPC project initiated.*

August 2023

President Bidens calls for federal employees to work more in the office, although some teleworking will remain.

October 2023

Final GAO report: Agencies had excess space pre-pandemic, but post-pandemic (December - March 2023), as much as 75% of agency HQ office space unused.

2020

Federal government teleworking policies maximized due to the onset of the pandemic.

September 2023

Agencies start executing President Biden's policy, but application varies.

## EXISTING CONDITIONS IN THE NCR

Current conditions of the region across key trends.

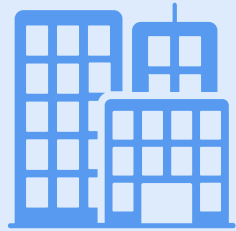


### NCR Economy

**30%**

Of the Washington region's economy accounted for by the federal government

(GRP, FY2017)



### Federal Real Estate

**> 150 M SF**

federal facilities



### Federal Workforce

**> 400,000**

federal workers



### Where Federal Workforce Live

**> 80%**

live in Suburban Maryland and Northern Virginia



### Federal Commuting

**> 50%**

Metrorail stations serve federal facilities

## FEDERAL REAL ESTATE OVERVIEW

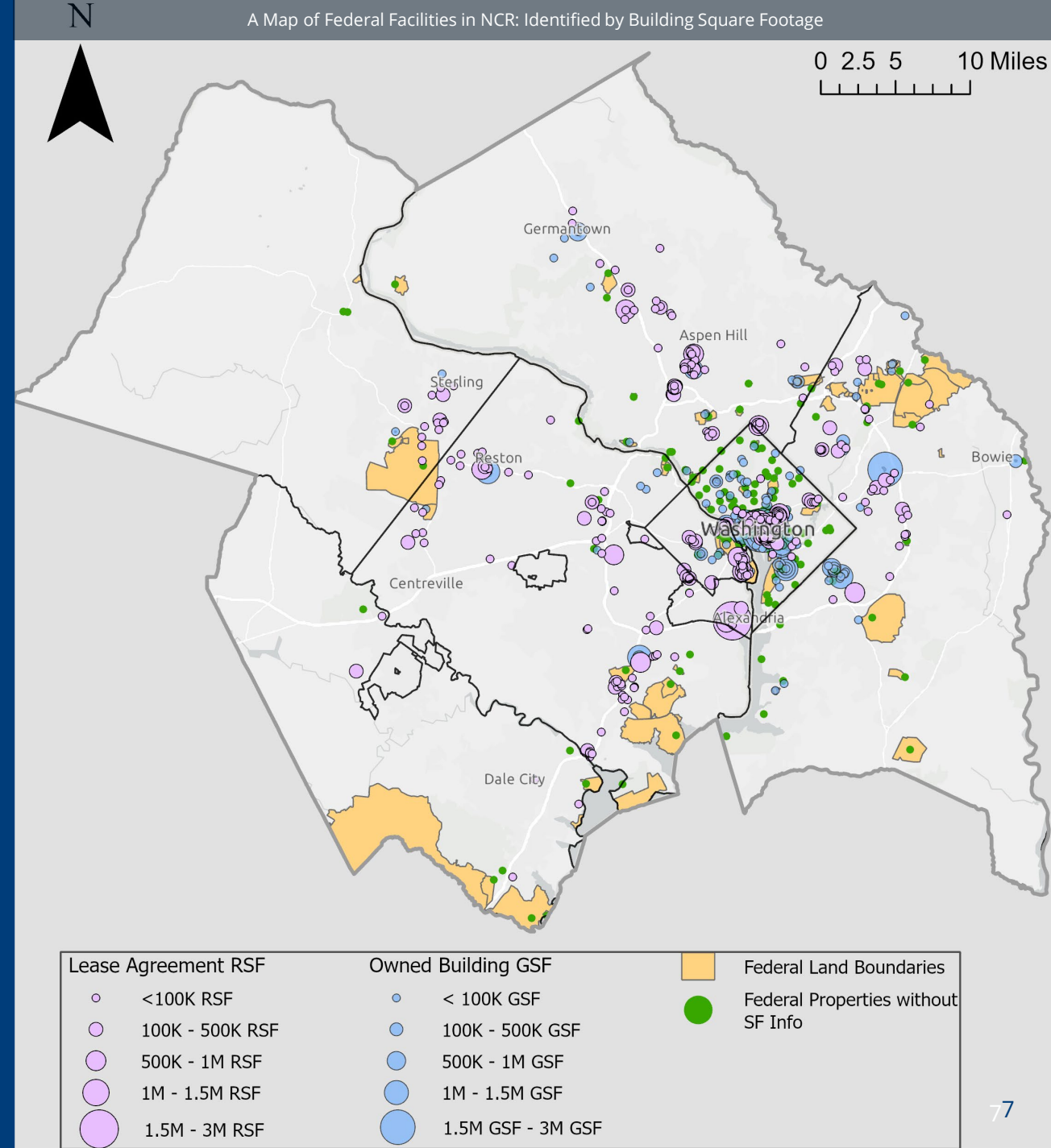
The federal government is the single largest owner and occupant of real estate in the region. It operates a wide array of spaces in the NCR, all with different footprints, locations, missions, staffing, and space requirements.

### Federal Space in the NCR

GSA owned space	47 M SF
GSA leased space	44 M SF
DOD controlled space	71 M SF

Teleworking will likely impact counties and cities differently, depending on the facilities usage. The government-wide policy to reduce the footprint continues.

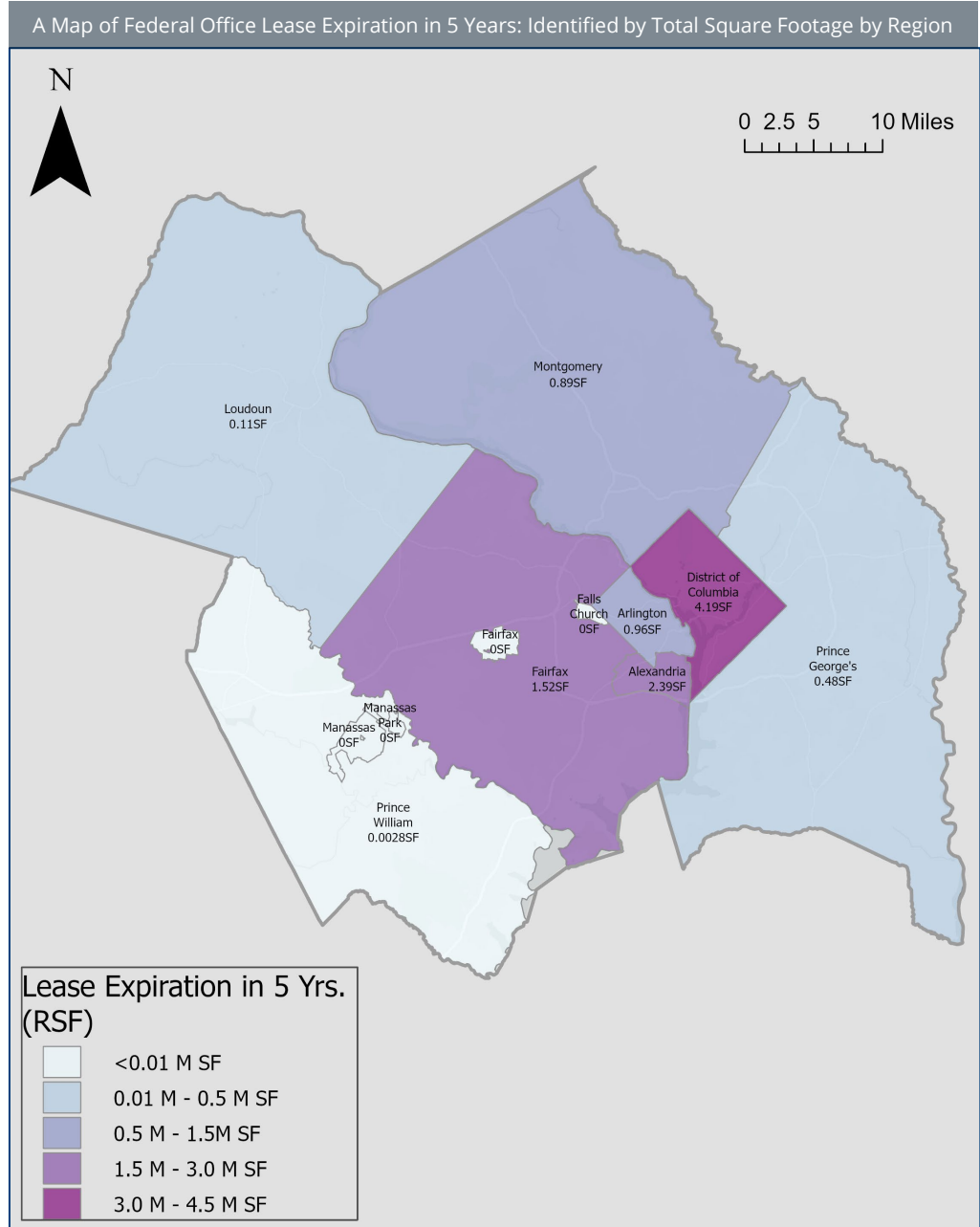
A Map of Federal Facilities in NCR: Identified by Building Square Footage



## FEDERAL LEASE ANALYSIS

58% of federal agency's total 474 leases are set to expire in the next five years.

County	Total Leased Office Space	% Leased Expiring Over the Next 5 Years
Montgomery County, MD	6.11 M SF	15%
Prince Georges County, MD	1.04 M SF	46%
Washington, DC	15.72 M SF	27 %
Alexandria City, VA	2.55 M SF	94%
Arlington County, VA	3.80 M SF	25%
Fairfax County, VA	5.69 M SF	27%
Fairfax City, VA	0.07 M SF	0%
Loudoun County, VA	0.86 M SF	13%
Prince William County, MD	0.28 M SF	1%
<b>Total</b>	<b>~40 M SF</b>	<b>29%</b>



Note: the above table is based on publicly available lease information via Costar of federal agencies, so should be used as an estimate.



## TRENDS IN THE NCR

The pandemic and adoption of teleworking policies has occurred in tandem with major shifts in regional socioeconomic trends in the NCR.

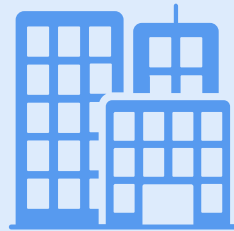


### NCR Economy

#### Slow Recovery

- NCR pandemic recovery has been slow, exacerbating existing economic challenges.

*labor shortages, high office vacancy, rising housing cost, public transit challenges*



### Federal Real Estate

#### Reduce the Footprint

- Large portion of GSA leases are set to expire.
- Regardless of teleworking policies, government-wide policy has been to reduce the government's footprint.



### Federal Workforce

#### Key Demographics

- Almost 30% of employees are over 55.
- Demographics show racial diversity, but that diversity diminishes at higher ranks, indicating barriers to advancement.
- Desire to attract young talent, with 8% of employees younger than 30.



### Where Federal Workforce Live

#### Civilian workers in MD & VA

- 16% of federal workers reside in DC, 43% in VA and 41% in MD.

#### Rising housing costs

- Average rent in the DC region has risen by 12% and average home prices have grown by 22% to \$533,000.
- During the pandemic, the city lost nearly 19,000 households (net).



### Federal Commuting

#### Metro challenges

- Public transit usage plummeted to 27% of pre-pandemic levels during the peak of the crisis and slow to recover.
- While research indicates there are some environmental gains from teleworking, this may be offset by building and energy use.

## SCENARIO PLANNING PROCESS

The scenario planning process included stakeholder meetings, interviews, and case studies.

### 1. Moderated Roundtable Discussion (May 2023)

### 2. Federal Department and Agency Interviews (July-September 2023)

Interviewed federal agencies with a variety of workspaces within different jurisdictions throughout the region.

- Administrative headquarters
- Campuses with research and lab components
- Defense with intelligence/office
- Defense with training facilities

### 3. Case Studies

## FEDERAL DEPARTMENT ENGAGEMENT

Representative facilities across the region provide insights into how different agencies and facilities are adapting to telework.

Interviews representative of different footprints, missions, staffing, space requirements, & locations across the region: from Arlington to Crystal City to PG County.

- Department of Agriculture
- Department of Defense
- Food and Drug Administration
- General Services Administration
- National Aeronautics and Space Administration
- Naval Facilities Engineering Systems Command
- National Institute of Health
- Smithsonian Institution
- US Secret Service





## CASE STUDIES OF REPRESENTATIVE REGIONAL FACILITIES

Department mission, leadership, and broader organizational policies play a pivotal role in determining telework nuances, space allocations, and approach to managing workspace.



### Key Takeaways from Case Studies

- Evolving Space Needs
- Facility Adaptability
- Talent Recruitment
- Changing Transportation Dynamics

## TELEWORKING SCENARIOS

To better understand the impacts of telework on existing conditions, we developed a scenario planning analysis.

BASE TELEWORK SCENARIOS	Guiding Assumptions
<b>Minimum Telework</b> (1-2 days of telework per two-week period)	<ul style="list-style-type: none"> <li>• Pre-pandemic era telework policies are in place. Telework eligibility for federal employees remains at 50% but is limited to 1-2 days per 2-week period.</li> <li>• Telework is assumed to be the exception rather than the norm.</li> </ul>
<b>Moderate Telework</b> (5-6 days of telework per two-week period)	<ul style="list-style-type: none"> <li>• Moderate telework policies are in place. Teleworking eligibility for federal employees remains at 50% but is limited to a specific number of days per two-week period.</li> </ul>
<b>Maximum Telework</b> (8-10 days of telework per two-week period)	<ul style="list-style-type: none"> <li>• Pandemic-era of maximum telework policies remain in place, or even expand slightly. OPM stance is to maximize telework for all eligible employees.</li> <li>• 50% of all federal employees are eligible for telework under this scenario.</li> <li>• Most federal employees eligible to telework do so 8-10 days per two-week period.</li> </ul>

## TELEWORKING SCENARIOS | MINIMUM TELEWORK

1-2 days of telework per two-week period.

TRENDS	Real Estate	Workforce Demographic	Where Federal Workers Live	Commuting Patterns
<b>Summary Implications</b>	<p><b>High office utilization.</b></p> <p>Potential to reduce leases as strategy, maximize owned facilities.</p>	<p><b>Challenges to recruitment and retainment of retirement age.</b></p>	<p><b>Proximity to federal workplaces a consideration in where federal workers choose to live.</b></p>	<p><b>Mild reduction in public transit; vehicular traffic near pre-pandemic.</b></p>
<b>Potential Outcomes</b>	<ul style="list-style-type: none"> <li>• Balance reducing footprint with needs of an in-office workforce.</li> <li>• Cutting leased spaces and better utilizing owned properties.</li> </ul>	<ul style="list-style-type: none"> <li>• Induce challenges to recruiting and retaining younger talent.</li> <li>• Retirement age workers likely to move towards retirement.</li> </ul>	<ul style="list-style-type: none"> <li>• Federal workers live in proximity to federal workplaces.</li> <li>• Employees that moved further away may move closer to the region.</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation infrastructure signaling a return to pre-pandemic levels for metro, bus, and parking.</li> </ul>



## TELEWORKING SCENARIOS | MODERATE TELEWORK

5-6 days of telework per two-week period.

TRENDS	Real Estate	Workforce Demographic	Where Federal Workers Live	Commuting Patterns
<b>Summary Implications</b>	<p>Medium office utilization.</p> <p>Reduction in leased space.</p> <p>Potential rethink of space allocation and use.</p>	<p>Support talent recruitment and retainment for talent favoring flexibility and work-life balance.</p>	<p>Could allow for geographic dispersion of where federal workers live.</p>	<p>Significant reduction in peak-hour congestion; moderate public transit reduction.</p>
<b>Potential Outcomes</b>	<ul style="list-style-type: none"> <li>Federal agencies may plan for maximum capacity and hold on to more office space than needed, impacting building energy use (cost/sustainability).</li> </ul>	<ul style="list-style-type: none"> <li>Retain and attract new talent in an age where flexibility and teleworking are highly valued (<i>i.e., working parents, caregivers</i>).</li> <li>Need to balance in-person job training.</li> </ul>	<ul style="list-style-type: none"> <li>Federal workers may live in geographically dispersed areas in the region (suburban/rural areas), could alleviate housing cost pressure in some areas.</li> </ul>	<ul style="list-style-type: none"> <li>Increase use of public transit, with daily ridership mid-week.</li> <li>Future WMATA service cuts may lead more workers to drive to work than take public transit.</li> </ul>

## TELEWORKING SCENARIOS | MAXIMUM TELEWORK

8-10 days of telework per two-week period.

TRENDS	Real Estate	Workforce Demographic	Where Federal Workers Live	Commuting Patterns
<b>Summary Implications</b>	<p>Low office utilization.</p> <p>Major reductions in office spaces; emphasis on collaborative spaces.</p>	<p>Improved recruitment and retention of younger workers; potential to broaden reach of federal job opportunities geographically.</p>	<p>Drastically reshape residential patterns of federal employees, without the need to commute.</p>	<p>Drastic reduction in public transit, with fall in ridership; major change in peak traffic hours.</p>
<b>Potential Outcomes</b>	<ul style="list-style-type: none"> <li>Transformative shift in real estate, greatly accelerating efforts to reduce footprint due to low office utilization.</li> </ul>	<ul style="list-style-type: none"> <li>Retain and attract new talent in an age where flexibility and teleworking are highly valued – allowing for recruitment across the country.</li> </ul>	<ul style="list-style-type: none"> <li>Living near an office or even within the same city might no longer be a priority.</li> <li>Could trigger migration from city centers to suburbs, distant rural areas, or even outside the region as workers seeking larger living spaces or more affordable environments.</li> </ul>	<ul style="list-style-type: none"> <li>Public transit systems, could witness a drastic fall in daily ridership.</li> <li>Transportation systems may need to reevaluate routes, frequencies, and overall operations to remain viable.</li> </ul>

## SUMMARY OF ANALYSIS IMPLICATIONS

While the Administration has called for plans for federal employees to work more in the offices, this will likely differ depending on the agency and the facilities' usage.

SCENARIO	Office Utilization	Real Estate	Workforce Demographic	Where Federal Workers Live	Commuting Patterns
<b>Minimum</b>	High (around 90%)	<ul style="list-style-type: none"> <li>↓ Leased facilities</li> <li>↑ Owned facilities</li> </ul>	<ul style="list-style-type: none"> <li>↓ Recruitment and retention</li> </ul>	<ul style="list-style-type: none"> <li>→ Proximity to workplaces remains key driver</li> </ul>	<ul style="list-style-type: none"> <li>↓ Public transit use (mild)</li> <li>→ Vehicular traffic nearly normal</li> </ul>
<b>Moderate</b>	Medium (15%-35%)	<ul style="list-style-type: none"> <li>↓ Leased facilities (partial)</li> <li>→ Potential space reallocation</li> </ul>	<ul style="list-style-type: none"> <li>↑ Recruitment and retention</li> </ul>	<ul style="list-style-type: none"> <li>↓ Housing cost pressure</li> <li>↑ Economic boost to more distant communities</li> </ul>	<ul style="list-style-type: none"> <li>↓ Public transit ridership (moderate)</li> <li>↓ Peak-hour congestion</li> </ul>
<b>Maximum</b>	Low (9%-19%)	<ul style="list-style-type: none"> <li>↓ Office spaces</li> <li>↑ Collaborative spaces</li> </ul>	<ul style="list-style-type: none"> <li>↑ Recruitment and retention</li> <li>↑ Broader federal employment reach</li> </ul>	<ul style="list-style-type: none"> <li>→ New residential patterns of federal employees</li> </ul>	<ul style="list-style-type: none"> <li>↓ Public transit ridership (drastic)</li> <li>→ Change in peak traffic hours</li> </ul>

↑ = Increase   ↓ = Decrease   → = No change/distributed impact



## DRAFT KEY FINDINGS SUMMARY

1

**Accelerating Reduce the Footprint:** Teleworking will likely accelerate the implementation of reducing the federal footprint, but the usage of facilities play a pivotal role on how this impacts the agency, county, and region.

2

**Retaining and Attracting Young Talent:** Telework is a key factor in attracting and retaining young talent. In an age where flexibility is highly valued, fresh talent can support an inclusive and innovative environment.

3

**Modifying Transportation and Commuting Patterns:** Increased telework provides flexibility in where federal workers reside and alters commuting habits. This shift encourages more non-work-related travel and can lead to a decrease in daily metro ridership, potentially impacting the regional transportation infrastructure.

4

**Changing Sustainability Implications:** The net sustainability impact of teleworking remains unclear, as building energy use may decrease, but at home energy costs and non-work-related trips may increase.

5

**Varying county implications:** Each county's unique blend of agencies, the facilities mission and usage, and lease expirations will play a role in how counties' may be impacted.

# NEXT STEPS

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- Focused Group Discussions (December 2023)
- Briefing to COG Planning Directors Meeting (December 2023)
- Finalize the Report (January 2024)
- Briefing to COG Board Meeting (Spring 2024)
- Update Federal Workplace Element (Spring 2024)
  - Additional Study Considerations (Sub area implications)