

GSA Leasing in the Greater Washington Metropolitan Region

A Report by
The National Center for Smart Growth Research and Education
and the
Master's of Real Estate Development Program
at the University of Maryland

for the
Prince George's County Economic Development Corporation

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UNIVERSITY OF
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Executive Summary 1

Introduction and Context 2

 Federal Government Reliance on Commercial Leasing 2

 Benefits of Federal Government Community Presence 2

Data Analysis..... 3

 Bases of Comparison 4

 Number of Leases 6

 Rentable Square Feet 7

 Total Rents and Rental Rates..... 8

 Federal Job Locations 11

 Commercial Space Availability..... 12

Conclusions..... 13

APPENDIX A: Crosstab of Leases - Property Use by Jurisdiction 16

APPENDIX B: Relative Share of Leased Space by Jurisdiction and Property Use..... 17

APPENDIX C: GSA Rents Paid in the Washington DC Metropolitan Area 18

APPENDIX D: Total GSA Rents by Jurisdiction 19

APPENDIX E: Total GSA Rents per Square Foot by Jurisdiction and Property Use..... 20

APPENDIX F: Commercial Space Availability..... 21

APPENDIX G: Additional Graphs and Charts..... 22

Executive Summary

The U.S. General Services Administration (GSA) makes an enormous investment in the greater Washington metropolitan region in the form of real estate property leases. These leases, in turn, provide a multitude of financial benefits to the region, including the employment of local residents, the cash value of the dollars spent by the federal workforce, and the value of lease payments to land owners. Through 765 leases, GSA's interest in the Washington region includes 53.8 million square feet and \$1.563 billion in rent annually. This report presents the findings of an analysis of the region's GSA leases. *The analysis finds that Prince George's County, when compared with the other jurisdictions in the region, does not receive its proportionate share of GSA real property leasing.*

Prince George's contains 32.7 percent of the region's land area and 22.5 percent of the region's population. More specifically, 25.7 percent of the region's federal workforce resides in Prince George's County. However, by raw numbers only 10.1 percent of GSA's leases are within the county's borders. Moreover, these leases represent only 7.6 percent of the square feet leased through GSA in the region and only 4.1 percent of the total rent. Even more striking is the fact that **only 3.9 percent of the office space (measured in square feet) leased by GSA in the region is in Prince George's County.** Within the greater Washington metropolitan region, for those leases categorized as offices, only 3.0 percent of GSA's rent dollars are spent in Prince George's.

GSA's overall rental investment amounts to a rate of \$15.73 per square foot in Prince George's compared to \$30.16 throughout the rest of the greater Washington region. Part, though not all, of this difference is due to Prince George's County hosting more than its proportionate share of the region's GSA warehouse leases, which produce lower rents and fewer job opportunities. Across the region, 11.8 percent of GSA's leases are warehouses. However, **in Prince George's, warehouses make up 49.4 percent of the GSA leases.**

A per capita look at the rental investment highlights even greater disparity. GSA's total rent in Prince George's amounts to more than \$76 per county resident. Throughout the rest of the greater Washington region, **GSA invests** at a rate of \$518 per person – or nearly **seven times more per capita in the region's other jurisdictions.** With respect to federal civilian jobs in the region, the analysis shows that Prince George's has 0.353 jobs per federal employee resident, compared to a ratio of 1.117 in the region overall.

Introduction and Context

At the request of the Prince George's County Economic Development Corporation, the National Center for Smart Growth Research and Education and the University of Maryland's Real Estate Development Program have undertaken an analysis of the federal government's leasing presence in the greater Washington metropolitan region.

Federal Government Reliance on Commercial Leasing

Federal funds for new construction of buildings are relatively limited and the capital allocation process used by the federal government compels the reliance on leasing to satisfy emerging needs.¹ The U.S. General Services Administration serves as the landlord for the federal government, conducting the majority of federal office leasing.² GSA has indicated commercial leases are used to meet the majority of new space requirements for traditional office space,³ and leasing represents an increasing portion of the federal government's real estate portfolio.⁴ GSA has seen an almost four-fold increase in its leasing portfolio over the last four decades.⁵ Based on these facts, the analysis that follows focuses on the distribution and value of leases administered through GSA in the greater Washington, D.C. metropolitan region, contrasting the federal leases in Prince George's County with federal leases in other local jurisdictions.

Benefits of Federal Government Community Presence

The federal government's presence in a community brings with it a multitude of financial benefits including the employment of local residents, the cash value of the dollars spent by the federal workforce, and in the case of leased space, the value of lease payments to land owners and property taxes to state and local governments. In addition to these benefits, because of the federal government's heavy reliance on contractors, the federal government's presence in a community brings with it substantial contracting and procurement dollars, as well as significant private sector employment. In 2006 alone, it was estimated that the federal procurement dollars spent in the region totaled \$53.6 billion.⁶

¹ Government Accountability Office (GAO) Testimony before the Subcommittee on Federal Financial Management, Government Information, and International Security, Senate Committee on Homeland Security and Governmental Affairs "Reliance on Costly Leasing to Meet New Space Needs Is an Ongoing Problem." Statement of Mark L. Goldstein, GAO Director of Physical Infrastructure Issues. October 6, 2005.

² The General Services Administration is not the largest landholding agency of the Government, but serves as the Government's primary lessor.

³ Remarks of GSA Public Buildings Service Commissioner David Winstead before the District of Columbia Business Industry Association (DCBIA) March Meeting, Washington, DC (March 15, 2007).

⁴ Id.

⁵ Id.

⁶ Center for Regional Analysis, George Mason University presentation dated May 18, 2007 "The Washington Region Economy and Residential Real Estate Market in 2007."

There has been some quantification of the benefit the federal government's presence can bring to a community. The National Trust for Historic Preservation has estimated that the average visitor to a federal office spends \$18.58 while visiting the agency.⁷ That same study estimated that federal workers spend an average of \$5,041 annually on retail goods and services in the community in which they work. The value of the presence of the federal workforce is magnified in metropolitan Washington where federal government workers comprise 12.4 percent⁸ of the workforce as a whole, and the federal government serves as a very significant anchor and driver of the local economy. Hence, where in this region those leases are located has an outsized impact on the local economy.

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Data Analysis

GSA publishes an updated inventory of its leased properties monthly on its website. The inventory used in this analysis was released by GSA on June 15, 2007. For the purposes of this effort, we refer to the greater Washington metropolitan region as including the District of Columbia and the other jurisdictions immediately surrounding the District. These other counties and municipalities include: Prince George's and Montgomery Counties in Maryland, Arlington and Fairfax Counties in Virginia, and the Virginian cities of Alexandria, Fairfax, and Falls Church. At the time of this report, the current inventory shows a total of 776 GSA leases in the region. Of these, 11 lease records show no rentable square footage and thus we have excluded those records from our analysis.⁹

Not surprisingly, the remaining 765 leases underscore the massive investment the federal government makes (and as a result, its impact) in the region. In total, GSA leases 53,780,281 square feet of space in the region. This space is equivalent to 1,235 acres, 934 football fields, or alternatively, nearly two square miles of rented space. Moreover, it represents more than 30 percent of the total space leased through GSA in the entire country. The total rent paid for these Washington area leases is nearly \$1.6 billion, or 37% of the total paid on all GSA leases nationwide. The gross GSA rental rate

⁷ "Measuring the Economic Impact of Federal facilities on Central Business Districts", Final Report, National Main Street Center, National Trust for Historic Preservation, July 2002 (rev. March 2004).

⁸ Bureau of Labor Statistics, Monthly Labor Review, December 2006, "Industry Dynamics in the Washington, D. C Area: Has a Second Job Core Emerged?" identifying 337,221 federal Government employees and 2.8 million workers in the Washington metropolitan area (page 3).

⁹ Such leases are typically for parking structures or spaces. Collectively, these 11 records represent \$4.8 million in GSA rental investment, or approximately 0.3 percent of the GSA total rental investment in the region of nearly \$1.6 billion. Less than 1/10 of the rent from these excluded records is from Prince George's County.

is higher in the Nation's capital area as well - the \$29.06 paid per square foot of space in the greater Washington region is 22 percent higher than the \$23.77 nationwide rate.

This report focuses on an analysis of these GSA leasing data for the greater Washington metropolitan region. It evaluates the distribution of GSA commercial leases across the region, comparing Prince George's County to other jurisdictions with regard to the number of leases, the amount of rented space, relative rent values, and commercial office space availability.

	Land Area (sq. mi.)	Percent of Region Total
Alexandria	15.18	1.0%
Arlington County	25.87	1.7%
Fairfax City	6.31	0.4%
Fairfax County	395.04	26.6%
Falls Church	1.99	0.1%
<i>Northern Virginia Total</i>	<i>444.39</i>	<i>29.9%</i>
Montgomery County	495.52	33.3%
Prince George's County	485.43	32.7%
<i>Suburban Maryland Total</i>	<i>980.95</i>	<i>66.0%</i>
<i>District of Columbia</i>	<i>61.40</i>	<i>4.1%</i>
ENTIRE REGION	1486.74	100.0%

TABLE 1: Land area of jurisdictions in the Greater Washington Region.

Source: U.S. Census Bureau, 2000 Decennial Census.

Bases of Comparison

We began our analysis by establishing some points of reference. There are several bases against which we could compare the region's jurisdictions. For this study, we have chosen to distinguish the jurisdictions by their relative land area, population, and residential federal workforce.

Land Area. As Table 1 shows, the entire region consists of 1,487 square miles. Prince George's County (485 square miles) and Montgomery County (496 square miles)

	2006 Population (000)	Population Density (per square mile)	Percent of Region Total
Alexandria	137.0	9,023	3.7%
Arlington County	199.8	7,722	5.3%
Fairfax City	22.4	3,553	0.6%
Fairfax County	1,010.4	2,558	27.1%
Falls Church	10.8	5,427	0.3%
<i>Northern Virginia Total</i>	<i>1,380.4</i>	<i>3,106</i>	<i>37.0%</i>
Montgomery County	932.1	1,881	25.0%
Prince George's County	841.3	1,733	22.5%
<i>Suburban Maryland Total</i>	<i>1,773.4</i>	<i>1,808</i>	<i>47.5%</i>
<i>District of Columbia</i>	<i>581.5</i>	<i>9,471</i>	<i>15.6%</i>
ENTIRE REGION	3,735.4	2,512	100.0%

TABLE 2: Population estimates for July 1, 2006.

Source: Adapted from U.S. Census Bureau Population Estimates released June 28, 2007 (<http://www.census.gov/popest/estimates.php>).

each make up approximately 33 percent of the region's land area. As a point of reference, Arlington County represents a far smaller land area with less than 2 percent (26 square miles) of the region's total. At 444 square miles, the entire Northern Virginia area represents 30 percent of the region's total, the vast majority of which is Fairfax County at 395 square miles or slightly less than 27 percent of the region's total.

Population. Another starting point for comparing the region's jurisdictions can be based on the distribution of the region's population. Estimates released by the U.S. Census Bureau in June 2007 indicate that more than 3.7 million people resided in the greater Washington region in 2006. Table 2 shows the distribution of the population across the region's jurisdictions. Prince George's County's 841,315 people make it the third largest jurisdiction in the region, behind Fairfax (1,010,443) and Montgomery (932,131) Counties. Prince Georgians make up 22.5 percent of the region's total population.

Federal Government Civilian Employees by Place-of-Residence. Consistent with land area and population, the percentage of the region's federal government civilian employees residing in Prince George's County demonstrates the county's relative importance to the region. According to the U.S. Census Bureau, more than one quarter of the region's federal civilian workforce resides in Prince George's County (25.7 percent), as shown in Figure 1. By comparison, Arlington County and the City of Alexandria are home to 7.1 percent and 4.2 percent of the region's federal civilian workforce, respectively.

Geography.

Throughout our analysis, we draw contrasts between Prince George's County and Montgomery

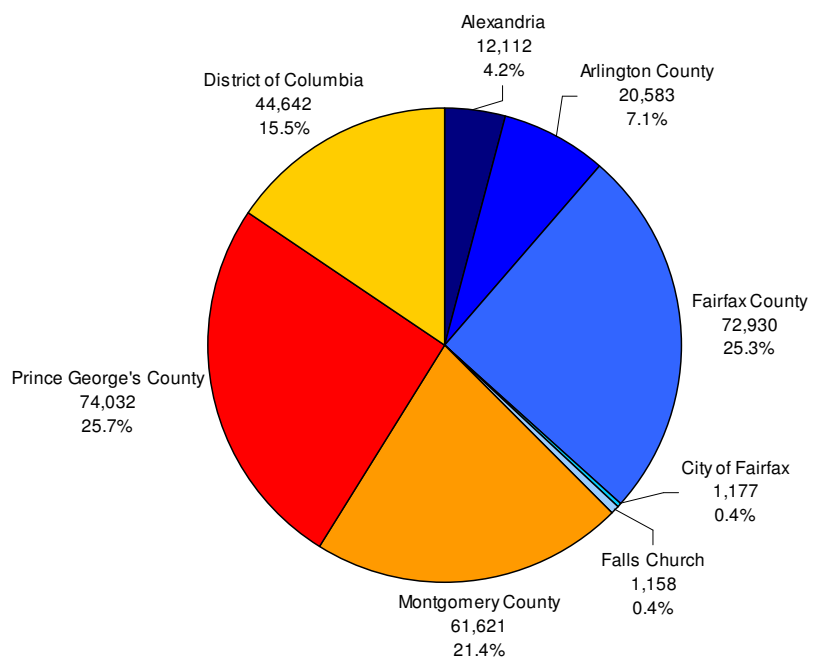


FIGURE 1: The region's federal civilian workforce by place of residence.
Source: 2000 U.S. Census Summary File 3.

County or one of the five individual jurisdictions in Northern Virginia. Some areas in Prince George's County are comparable to the more urban Arlington County or the City of Alexandria. Other parts are similar to more suburban and rural areas in Northern Virginia. These diverse land uses in Prince George's County have led us to compare the county to Northern Virginia collectively at times. Generally, however, we have not drawn comparisons between Northern Virginia and a collective Suburban Maryland, as combining Prince George's and Montgomery Counties would create a subregion that contained nearly two-thirds of the entire region's land area. When we have compared the two Maryland counties separately with the Northern Virginia jurisdictions collectively, we have compared three nearly equally sized subregions, each with a variety of land uses and densities. Occasionally, we have also made comparisons between Prince George's County and the remainder of the region collectively.

Number of Leases

The first and most basic comparison we have made is with respect to the raw number of GSA leases in each of the region's jurisdictions. This initial review indicates that Prince George's has a disproportionately low share of GSA leases. Despite having 32.7 percent of the region's land area and 22.5 percent of the population, Prince George's County's 77 leases represent only 10.1 percent of the region's total number of GSA leases.

On a per capita basis across the entire region, there are 4,883 people per GSA lease. In Alexandria there is one lease for every 2,795 people, while Arlington County has one lease for every 1,350 residents. Northern Virginia collectively carries a relatively proportionate number of GSA leases per capita, with one lease for every 4,424 people. However, the corresponding number in Prince George's is 2.5 times larger, at 10,926 people per lease.

These differences in the number of leases become even more noteworthy when we look at the property uses or functions. Of the 765 GSA leases in the entire Washington metropolitan region, 655 or 85.6 percent were categorized as office space,

Despite having 10.1 percent of the region's overall GSA leases, Prince George's has 42.2 percent of the region's GSA leased warehouses and only 5.2 percent of the region's GSA leased offices.

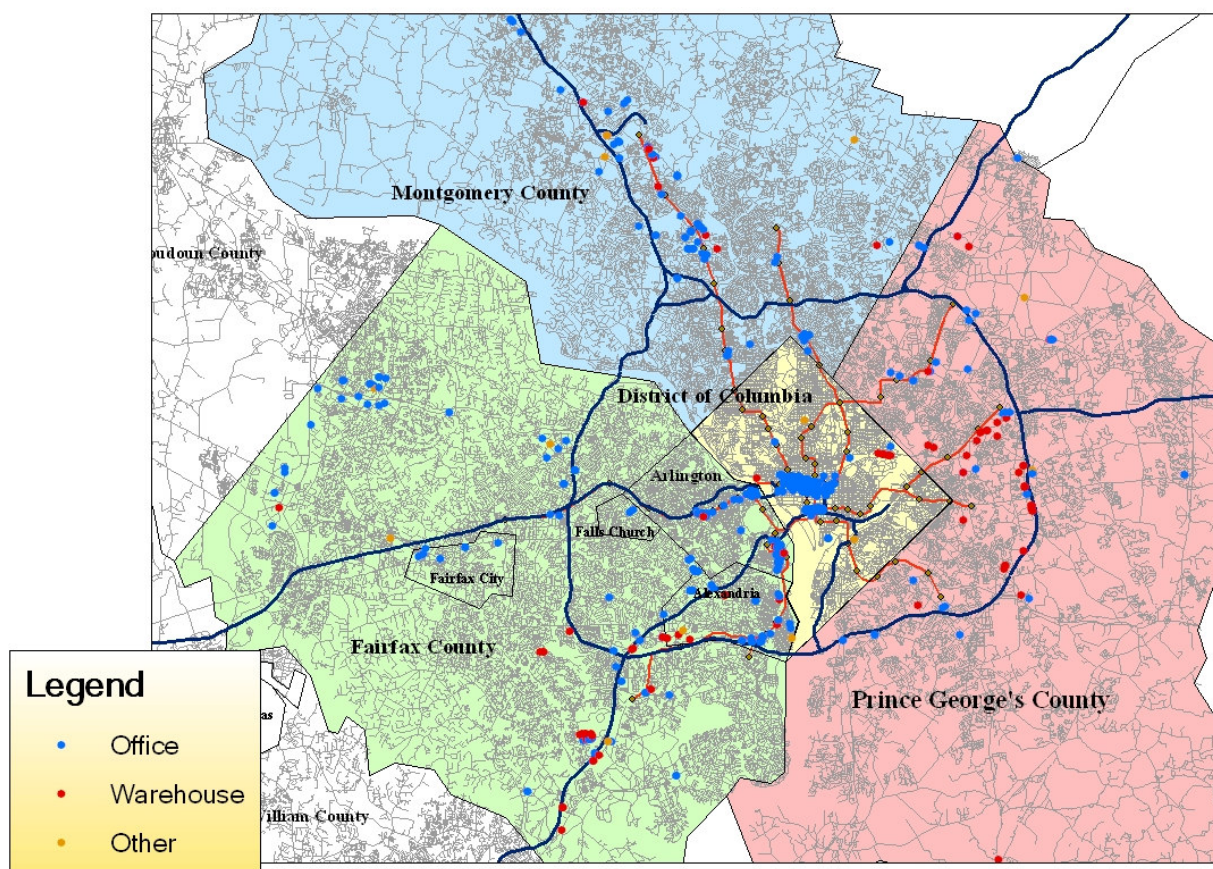


FIGURE 2: Function and location of GSA leases in the greater Washington metropolitan region.

90 or 11.8 percent were warehouse, and 17 or 2.2 percent were identified as serving some other use.¹⁰ However, in Prince George's County, only 44.2 percent of the GSA leases were categorized as office leases, and 49.4 percent of the properties were categorized as warehouses (see Appendix A for a complete breakdown of property use by jurisdiction). In this respect, Prince George's is distinguished as having an even lower share of GSA's leased offices, which garner higher rent and employ more people than warehouses.

In a snapshot of the region as a whole, despite having 10.1 percent of the region's overall GSA leases, Prince George's has 42.2 percent of the region's GSA leased warehouses and only 5.2 percent of the region's GSA leased offices. The map in Figure 2 shows the categorized function and location of GSA leased facilities in the greater Washington metropolitan region.

Rentable Square Feet¹¹

The vast majority of GSA leases in the greater Washington region includes leases for less than 50,000 square feet. In fact, the median space size is 33,301 square feet, meaning that 50 percent of all GSA leases in the region are for 33,301 square feet or less. The average GSA rentable space in the region is 70,301 square feet. Leased GSA properties in Prince George's County tend to be smaller than those in the other jurisdictions across the greater Washington metropolitan region. In Prince George's, the

Only 3.9 percent of GSA's total leased office space in the region is located in Prince George's County.

median size is 27,366 square feet, which is 6,071 square feet smaller than the median lease size in the rest of the region. The average GSA lease size in Prince George's is 53,137 square feet, compared to 72,222 throughout the rest of the region. Once again, this discrepancy is further

demonstrated by analyzing the rentable space by use. Among those leases categorized as office, the average GSA leased space in Prince George's is 59,544 or 21.1 percent lower than the average rentable office space in the rest of the region (75,454 square feet).

The combination of fewer leases and smaller rentable spaces has the effect of further minimizing Prince George's share of GSA's overall rentable square feet in the region. Of the region's nearly 53.8 million square feet of GSA rentable space, Prince George's only has 4.1 million, or 7.6 percent. Meanwhile, Northern Virginia has 20.4 million rentable square feet, or 37.8 percent of the regional total.

¹⁰ The GSA inventory dataset provided the percentage of square feet at each property that is identified as office, warehouse, or special (or rather, "other"). 84.6 percent of the leases are identified as being completely one use or another. The remainder of the inventory includes leases identified as serving a combination of functions. We categorized these leases based on the use with the largest percentage of square footage. In most instances, the categorized use represented 90 percent or more of the square footage, but in every case was at least 50 percent of the leased space. Note also that there were three records for which no use was indicated in the GSA inventory.

¹¹ "Rentable square feet" is a term GSA uses in its monthly lease inventory to reflect the total amount of space GSA rents on behalf of the federal government at a particular location.

As shown in Figure 3 and in Appendix B, only 3.9 percent of GSA's total leased office space in the region is located in Prince George's County.¹² GSA leases 1.8 million square feet of office space in Prince George's County and nearly just as much in Falls Church (1.7 million square feet), despite Prince George's being 244 times larger than Falls Church in land area and 78 times larger in population. In further

comparison to Prince George's County, GSA leases 2.3 times as much office space in Alexandria, 5.2 times as much in Arlington, and 3.3 times as much in Montgomery. By contrast, GSA leases more warehouse space (1.8 million square feet, or 45.6 percent of the region total) in Prince George's County than any other jurisdiction in the region (Fairfax County is second with 725,897 square feet or 18.2 percent of the region total).

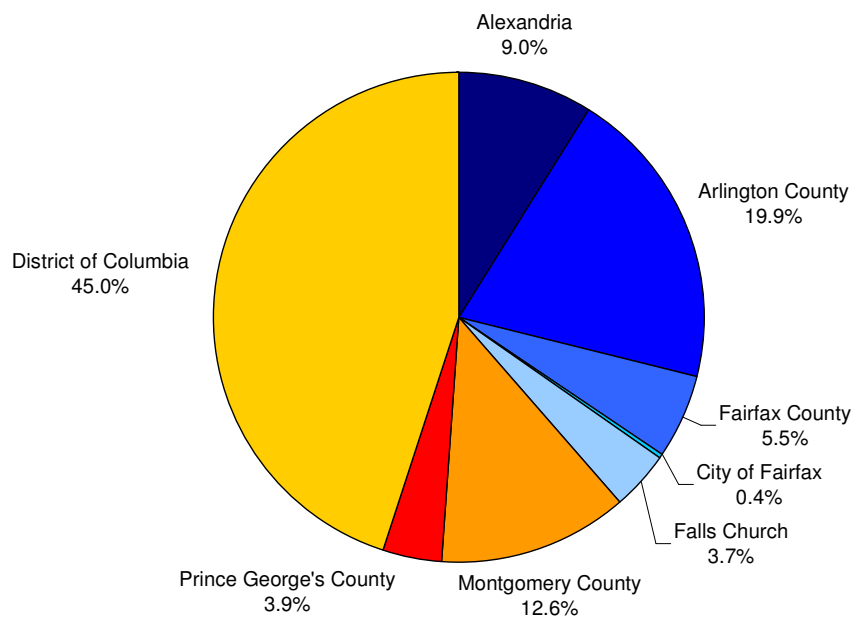


FIGURE 3: Each jurisdiction's relative share of the GSA's leased office space in the region (measured in square feet).

Total Rents and Rental Rates

Total GSA rental expenditures in the greater Washington metropolitan region equal approximately \$1.563 billion. A little more than half of that, or \$789 million, is for leases in the seat of the U.S. federal government – the District of Columbia. Of the \$774 million invested in leases in the D.C. suburbs, 70.9 percent is in Northern Virginia, 20.8 percent is in Montgomery County, and only 8.3 percent is in Prince George's County. With respect to the region as a whole, Prince George's only sees a 4.1 percent share of the total GSA leasing dollars. By contrast, Arlington's share is 18.7 percent and Montgomery's share is 10.3 percent. Stated

The federal Government through GSA spends 4.6 times more leasing dollars in Arlington County and 2.5 times more leasing dollars in Montgomery County than it spends in Prince George's County.

¹² In this instance, because the GSA inventory indicated the specific percentage of each property's square footage that was attributable to each use, we were able to calculate exact area square footage totals. For example a 100,000 square foot property that is 95 percent office space and 5 percent warehouse was noted as contributing 95,000 square feet of office and 5,000 square feet of warehouse as opposed to designating the entire square footage as office.

more simply, the federal government through GSA spends 4.6 times more leasing dollars in Arlington County and 2.5 times more leasing dollars in Montgomery County than it spends in Prince George’s County. Figure 4 and the map in Appendix C further demonstrate the distribution of GSA rent across the region.

Of all the region’s individual jurisdictions, the City of Falls Church has the largest proportional share of GSA rental expenditures, with nearly \$45 million in rent for just under two square miles (\$22.6 million per square mile). The city’s share also corresponds to \$4,163 per resident. Prince George’s County’s GSA rental investment equates to \$132,545 per square mile and \$76.48 per county resident (as shown in Figure 5). By contrast, the total rents for GSA leases throughout the rest of the region equate to \$1.5 million per square mile (11.3 times that of Prince George’s) and \$517.81 per person (6.8 times that of Prince George’s). Appendix D provides a complete breakdown of rent dollars by jurisdiction.

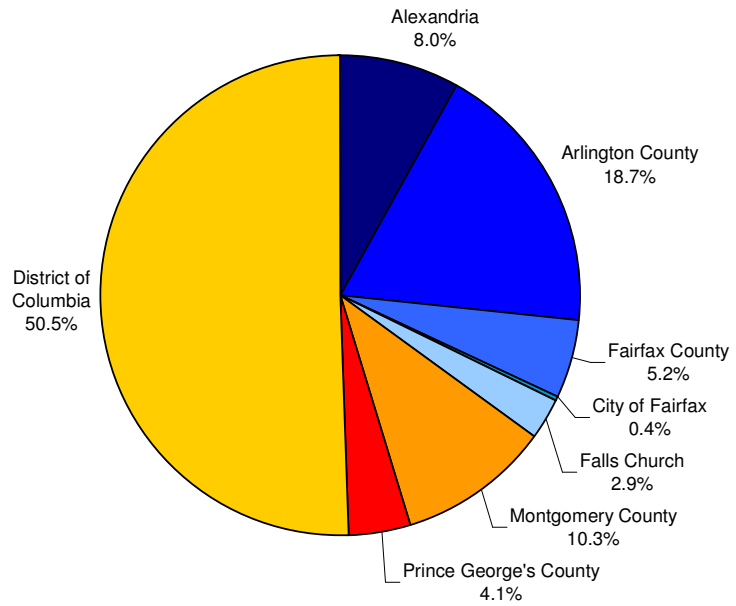


FIGURE 4: Percentage of total GSA leasing dollars by jurisdiction

When looking solely at GSA leases categorized as offices, rent paid out on leases in Prince George’s totals \$45.4 million, which is only 3.0 percent of the total GSA office

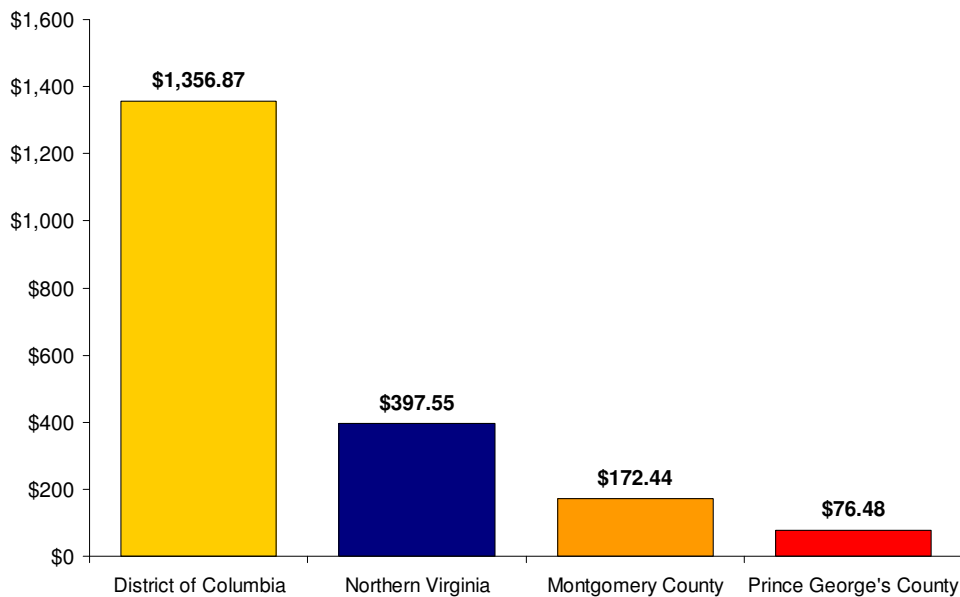


FIGURE 5: Per capita GSA leasing dollars across the Greater Washington metropolitan region.

lease rents in the region. Meanwhile, in Arlington County, which only contains 5.3 percent of the region's population and 1.7 percent of the land area (compared to Prince George's 22.5 percent and 32.7 percent, respectively) leases categorized as offices total \$288.9 million in rent, or 19.1 percent of region's GSA office lease total. This is 6.4 times the corresponding amount in the larger and more populous Prince George's.

The total average GSA rental rate per square foot (total GSA rent divided by total GSA rentable square feet) for the region is \$29.06. The Prince George's rate of \$15.73 per square foot is nearly half the \$30.16 per square foot received outside the county. For additional analysis on this data, we performed a statistical test to compare the GSA's average rent per square foot received in Prince George's to that of the rest of the region. The difference was found to be statistically significant,¹³ suggesting that GSA rental rates in Prince George's for the type of space GSA leases is considerably less than elsewhere in the region.

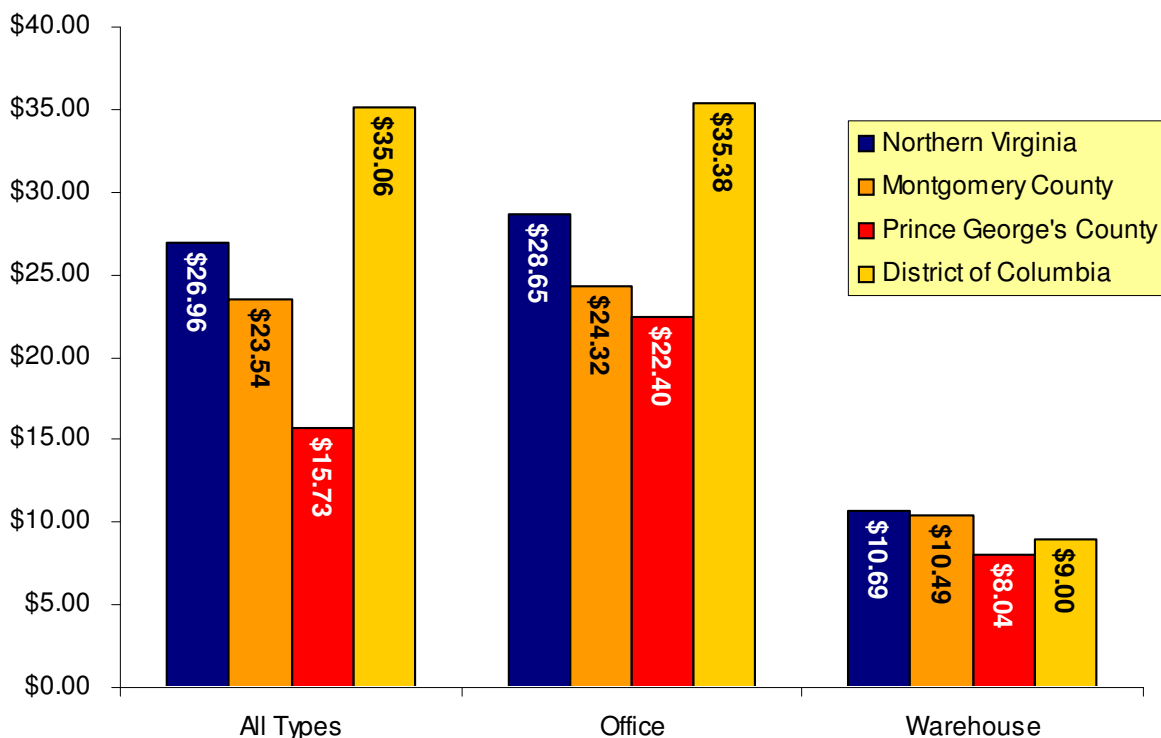


FIGURE 6: GSA rent per square foot across the region, by property use category.

Further breakdown of the GSA data reveals that the lower rental rates in Prince George's is not solely due to the larger percentage of warehouse uses in the county (the total regional rental rate for leases categorized as warehouse use is \$9.38 compared to \$30.88 for office uses). In fact, as Figure 6 and Appendix E show, GSA rental rates in Prince George's County are lower than all other communities in the region for both office and warehouse uses, which is indicative of lower market rates in Prince George's

¹³ The difference between two means test produced a t-statistic of 2.407, which is well beyond the critical value of 1.963 at an alpha of 0.05.

County. (Note that Appendix E shows these data disaggregated by individual jurisdictions.)

Federal Job Locations

In contrast to the residential distribution of the region's federal workforce, the distribution of federal jobs in the region demonstrates a general jobs-housing imbalance. Despite having 25.7 percent of the region's federal civilian workforce residing in the county, only 8.1 percent of the region's federal government civilian jobs were located in Prince George's County in 2000 according to the U.S. Department of Commerce's Bureau of Economic Analysis. As would be expected, the District of Columbia hosted the greatest share of federal jobs, with 55.7 percent of the region's total. In comparison to other Washington suburbs, Arlington County had 10.0 percent and Montgomery County 13.1 percent of the region's federal civilian jobs.

Fairfax County, Fairfax City and Falls Church combined for 10.8 percent.¹⁴ The regional disparities become more apparent when looking at the ratio of federal government jobs to the number of federal employees

	Federal Civilian Jobs	Federal Employee Residents	Ratio of Jobs to Residents
Alexandria	7,612	12,112	0.628
Arlington County	32,140	20,583	1.561
Fairfax County, Fairfax City & Falls Church	34,859	75,265	0.463
<i>Northern Virginia Total</i>	<i>74,611</i>	<i>107,960</i>	<i>0.691</i>
Montgomery County	42,134	61,621	0.684
Prince George's County	26,105	74,032	0.353
<i>Suburban Maryland Total</i>	<i>68,239</i>	<i>135,653</i>	<i>0.503</i>
<i>District of Columbia</i>	<i>179,262</i>	<i>44,642</i>	<i>4.016</i>
ENTIRE REGION	322,112	288,255	1.117

TABLE 3: The ratio of federal civilian jobs to federal civilian employee residents.
Source: Bureau of Economic Analysis, U.S. Department of Commerce and 2000 U.S. Census Summary File 3

residing in each jurisdiction. Table 3 demonstrates that Prince George's County's ratio of federal jobs to federal employee residents is the lowest in the region at 0.353. In general, the lower the ratio, the more likely a federal employee living in a given jurisdiction is to commute to another jurisdiction for work. Other than D.C., Arlington County is the only jurisdiction in the region that has more federal jobs than federal employee residents (56.1 percent more). Overall, the region has 11.7 percent more federal jobs than federal employee residents, suggesting that there are many federal employees that commute from outside the immediate Washington region.

More recent data from the Bureau of Economic Analysis suggest that Prince George's may even be losing some of its already small share of federal jobs. Between 2000 and 2005, the region saw a 5.9 percent growth in federal jobs, from 322,112 to

¹⁴ The U.S. Bureau of Economic Analysis combines these three Virginia jurisdictions when reporting employment figures. Source: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce (<http://www.bea.gov/regional/reis/CA25fn.cfm>).

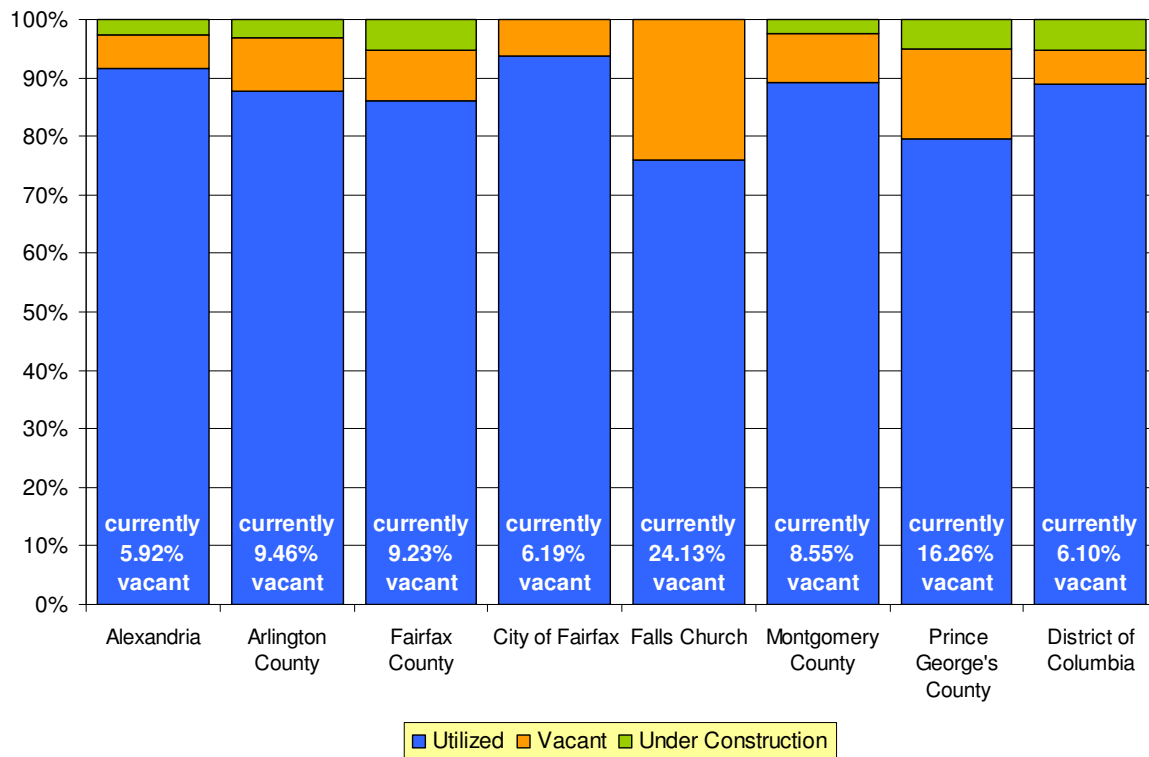


FIGURE 7: Percent of existing and pipeline (under construction) commercial office space in each jurisdiction. The indicated current vacancies are percentages of the current supply of commercial office space (i.e. not including pipeline space).
Source: Jones Lang LaSalle IP, Inc., "Market Smart: Washington, D.C. Office Market Statistics," 2nd quarter 2007.

341,174. Prince George's County, however, did not keep pace with the rest of the region. Over that same five year period, Prince George's gained only 209 federal jobs (0.8 percent increase) and saw its relative share of federal jobs fall from 8.1 percent in 2000 to only 7.7 percent in 2005.

Commercial Space Availability

In connection with this study we also undertook a review of available commercial space in the region to determine if the lack of GSA office leasing in Prince George's could be linked to absence of supply. Figure 7 and the table in Appendix F highlight the current supply, vacancy and pipeline construction of commercial lease space in each of the region's jurisdictions. At 16.26 percent, the Prince George's vacancy rate is second highest in the region, behind only Falls Church at 24.13 percent. However at \$22.86, the average commercial office asking rent in Prince George's is lowest in the region (by contrast, the average commercial office asking rent in Alexandria is \$31.24 and in Arlington is \$34.52).¹⁵ The 2.9 million square feet of vacant or pipeline commercial office space in Prince George's is equivalent to 71.1 percent of the space currently leased through GSA in the county. On their face, these data suggest

¹⁵ Source: Jones Lang LaSalle IP, Inc., "Market Smart: Washington, D.C. Office Market Statistics," 2nd quarter 2007.

there is sufficient opportunity for a growing federal presence in Prince George's and that a lack of available commercial office space is not a likely explanation for the federal government's currently limited presence in Prince George's County.

Conclusions

GSA occupies 765 leases throughout the greater Washington metropolitan area. Generally, our analysis of that data has found that Prince George's County's share of these leases is not at par with the rest of the region.¹⁶ More specifically, we have shown that:

- Despite making up 32.7 percent of the land area in the region and 22.5 percent of the local population, the 34 GSA office leases in Prince George's County correspond to only 5.2 percent of the offices leased through the GSA (overall, the 77 leases in Prince George's only represent 10.1 percent of the GSA regional lease count).
- When measured in terms of the square footage of lease space occupied by GSA in the region, only 7.6 percent of the GSA's square footage is located in Prince George's County. The county's share of GSA leased office space is even lower at 3.9 percent.
- Prince George's leases categorized as office rented at a total of \$45.4 million, or only 3.0 percent of the total GSA office lease rents in the region.
- Prince George's County attracts only 4.1 percent of the federal leasing dollars spent through GSA in the greater Washington metropolitan region. By comparison, Arlington County, which only contains 5.3 percent of the region's population and 1.7 percent of the land area, attracts 18.7 percent of the GSA leasing dollars. Prince George's neighbor in Maryland, Montgomery County, is similar to Prince George's in land area and population, however the federal government spends 2.5 times more GSA leasing dollars in Montgomery than in Prince George's.

¹⁶ Note that the figures and analyses in this report are not intended to conclude anything about total federal real estate investment in Prince George's, since this analysis does not take into account GSA-owned properties in the region, nor does it review property leased or owned by other federal agencies, including those with a major local presence in the region such as the U.S. Postal Service and the U.S. Department of Defense. This analysis also does not review the regional distribution of federal investment and expenditures in general. To do so would require a much more extensive look at federal agency budgets and contracts. What this study has done is review GSA leasing presence in the region. As the nation's largest public real estate organization, GSA provides acquisition and real estate services for the benefit of many federal agencies, and leases more than 7,100 properties across the country. These properties provide workspace for approximately 600,000 federal employees according to GSA's website (www.gsa.gov).

- Fully 49.4 percent of the GSA leases in Prince George's County are classified as warehouse leases, which command lower rents and employ far fewer people than traditional office space. These represent 42.2 percent of GSA's leased warehouses in the region. Furthermore, 45.6 percent of the region's GSA leased warehouse space (measured in square feet) is in Prince George's.
- Average GSA rental rates in Prince George's County are significantly lower in Prince George's than they are in the rest of the region. The overall price per square foot of \$15.73 in Prince George's is nearly half the \$30.16 spent through GSA in the rest of the region.
- Despite having 25.7 of the region's federal workforce residing in the county, only 8.1 percent of the region's federal government jobs were located in Prince George's County in 2000. By 2005, the percentage had fallen to 7.7 percent as the county's federal job growth (0.8 percent) did not keep pace with the region's growth in federal jobs (5.9 percent).
- Prince George's County's ratio of federal jobs to federal employee residents is the lowest in the region at 0.353. The ratio for the region overall is 1.117 federal civilian jobs for every federal employee resident.
- A review of the commercial office space in the region revealed a relatively large amount of vacant commercial office space in Prince George's County, along with significant development of commercially leased space in the pipeline.

While the lower rental rates in Prince George's County are an indicator of the lower federal investment in the county, they also present an opportunity to the federal government as the lowest cost alternative in the metropolitan Washington commercial leasing market. The relative affordability of acquiring commercial lease space makes the relative lack of federal leasing presence in Prince George's County all the more remarkable as the U.S. General Services Administration seeks to acquire leases on the most favorable basis for the government and must follow competitive procurement practices.¹⁷ Although GSA is directed in most cases to procure leased space at the best value to the government, Prince George's County is a remarkable anomaly as it attracts

¹⁷ Federal Management Regulations direct acquisition of leases on the most favorable terms to the government. In addition, lease procurements are subject to the Competition in Contracting Act which directs full and open competition. GSA indicates on its website that in lease procurements it "solicits offers on a competitive basis, negotiates with offerors, and, for most acquisitions, makes awards to the lowest priced acceptable offer." See: http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentId=8317&contentType=GSA_OVERVIEW

the lowest relative share of GSA leasing dollars in the Washington metropolitan region despite being the region's lowest cost alternative.

From a "smart growth" perspective, the federal job location data and the current GSA leasing pattern demonstrate an imbalance between federal jobs and where federal employees reside. This imbalance places a burden on federal employees in terms of their commute. In making its siting decisions, the federal government can help reduce this burden and the corresponding costs (such as fuel consumption, air pollution and time lost in congestion) to the region as a whole, by leasing more space in Prince George's County where more employees live.

APPENDIX A: Crosstab of Leases – Property Use by Jurisdiction

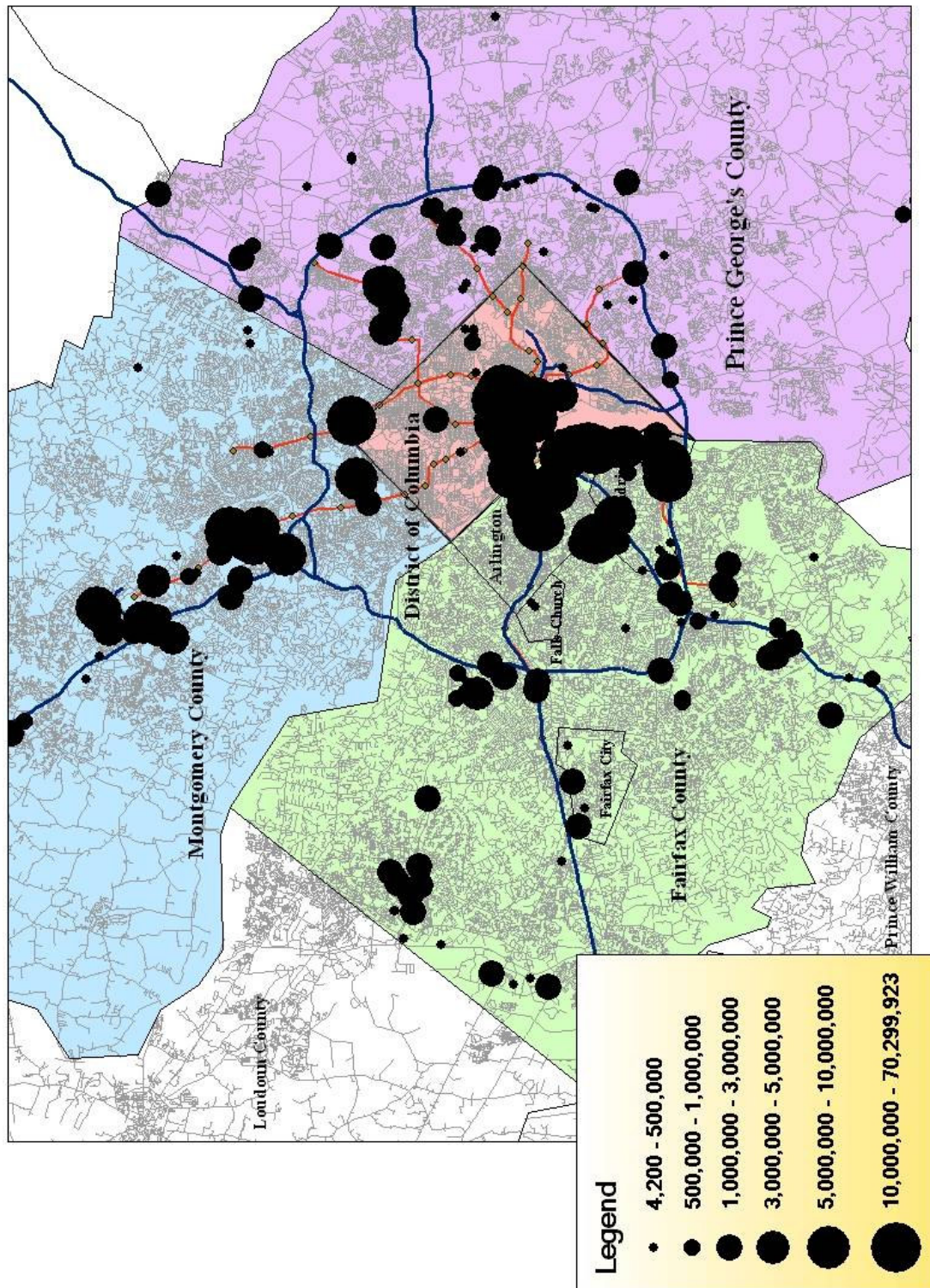
		Office	Warehouse	Other	Unknown	All Uses
City of Alexandria	# of Leases	35	10	2	2	49
	% of Column	5.3%	11.1%	11.8%	66.7%	6.4%
	% of Row	71.4%	20.4%	4.1%	4.1%	100.0%
Arlington County	# of Leases	142	4	2	0	148
	% of Column	21.7%	4.4%	11.8%	0.0%	19.3%
	% of Row	95.9%	2.7%	1.4%	0.0%	100.0%
Fairfax County	# of Leases	54	20	2	0	76
	% of Column	8.2%	22.2%	11.8%	0.0%	9.9%
	% of Row	71.1%	26.3%	2.6%	0.0%	100.0%
City of Fairfax	# of Leases	8	1	1	0	10
	% of Column	1.2%	1.1%	5.9%	0.0%	1.3%
	% of Row	80.0%	10.0%	10.0%	0.0%	100.0%
City of Falls Church	# of Leases	29	0	0	0	29
	% of Column	4.4%	0.0%	0.0%	0.0%	3.8%
	% of Row	100.0%	0.0%	0.0%	0.0%	100.0%
Montgomery County	# of Leases	77	8	3	0	88
	% of Column	11.8%	8.9%	17.6%	0.0%	11.5%
	% of Row	87.5%	9.1%	3.4%	0.0%	100.0%
Prince George's County	# of Leases	34	38	4	1	77
	% of Column	5.2%	42.2%	23.5%	33.3%	10.1%
	% of Row	44.2%	49.4%	5.2%	1.3%	100.0%
District of Columbia	# of Leases	276	9	3	0	288
	% of Column	42.1%	10.0%	17.6%	0.0%	37.6%
	% of Row	95.8%	3.1%	1.0%	0.0%	100.0%
Entire Region	# of Leases	655	90	17	3	765
	% of Column	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Row	85.6%	11.8%	2.2%	0.4%	100.0%

APPENDIX B: Relative Share of Leased Space by Jurisdiction and Property Use

The table below shows each jurisdiction's relative share of the GSA's leased space in the region by property use, in comparison to their relative share of the region's population and land area. (Values shown are percentages of the region's totals.)

	Population	Land Area	Total GSA Leased Square Footage	GSA Leased Office Square Footage	GSA Leased Warehouse Square Footage
Alexandria	3.7%	1.0%	9.1%	9.0%	14.1%
Arlington County	5.3%	1.7%	18.3%	19.9%	5.8%
Fairfax City	0.6%	0.4%	0.6%	0.4%	2.9%
Fairfax County	27.1%	26.6%	6.6%	5.5%	18.2%
Falls Church	0.3%	0.1%	3.4%	3.7%	0.0%
<i>Northern Virginia Total</i>	<i>37.0%</i>	<i>29.9%</i>	<i>37.8%</i>	<i>38.5%</i>	<i>40.9%</i>
Montgomery County	25.0%	33.3%	12.7%	12.6%	8.0%
Prince George's County	22.5%	32.7%	7.6%	3.9%	45.6%
<i>Suburban Maryland Total</i>	<i>47.5%</i>	<i>66.0%</i>	<i>20.3%</i>	<i>16.5%</i>	<i>53.6%</i>
<i>District of Columbia</i>	<i>15.6%</i>	<i>4.1%</i>	<i>41.8%</i>	<i>45.0%</i>	<i>5.5%</i>
ENTIRE REGION	100.0%	100.0%	100.0%	100.0%	100.0%

APPENDIX C: GSA Rents Paid in the Washington DC Metropolitan Area



APPENDIX D: Total GSA Rents by Jurisdiction

	Total Rent (millions)	Percent of Region Total	Average Lease Total (millions)	Per Capita Rental Expenditure	Per Sq. Mile of Land Area (millions)
Alexandria	\$124.4	8.0%	\$2.538	\$907.88	\$8.192
Arlington County	\$292.8	18.7%	\$1.978	\$1,465.41	\$11.316
Fairfax City	\$6.2	0.4%	\$0.621	\$277.18	\$0.984
Fairfax County	\$80.5	5.2%	\$1.059	\$79.68	\$0.204
Falls Church	\$45.0	2.9%	\$1.550	\$4,162.64	\$22.589
<i>Northern Virginia Total</i>	<i>\$548.8</i>	<i>35.1%</i>	<i>\$1.759</i>	<i>\$397.55</i>	<i>\$1.235</i>
Montgomery County	\$160.7	10.3%	\$1.827	\$172.44	\$0.324
Prince George's County	\$64.3	4.1%	\$0.836	\$76.48	\$0.133
<i>Suburban Maryland Total</i>	<i>\$225.1</i>	<i>14.4%</i>	<i>\$1.364</i>	<i>\$126.92</i>	<i>\$0.229</i>
<i>District of Columbia</i>	<i>\$789.1</i>	<i>50.5%</i>	<i>\$2.740</i>	<i>\$1,356.87</i>	<i>\$12.851</i>
Excl. Prince George's*	\$1,498.6	95.9%	\$2.178	\$517.81	\$1.497
ENTIRE REGION	\$1,562.9	100.0%	\$2.043	\$418.41	\$1.051

* Totals for all jurisdictions in the region, excluding Prince George's County.

APPENDIX E: Total GSA Rents per Square Foot by Jurisdiction and Property Use

The table below provides the total average rent per square foot for each jurisdiction by property use. This is not the average of the rental rates paid on the GSA leases in each jurisdiction, but rather the total GSA rent paid in each jurisdiction divided by the total GSA lease square footage in the jurisdiction. The resulting number is the cumulative rental rate paid in the jurisdiction.

	Total Average Rent per Square Foot		
	All Leases	Office Leases	Warehouse Leases
Alexandria	\$25.54	\$27.91	\$9.69
Arlington County	\$29.77	\$30.29	\$11.41
Fairfax City	\$20.77	\$28.93	\$9.06
Fairfax County	\$22.76	\$26.56	\$11.45
Falls Church	\$24.79	\$24.79	N/A
<i>Northern Virginia Total</i>	<i>\$26.96</i>	<i>\$28.65</i>	<i>\$10.69</i>
Montgomery County	\$23.54	\$24.32	\$10.49
Prince George's County	\$15.73	\$22.40	\$8.04
<i>Suburban Maryland Total</i>	<i>\$20.61</i>	<i>\$23.85</i>	<i>\$8.42</i>
<i>District of Columbia</i>	<i>\$35.06</i>	<i>\$35.38</i>	<i>\$9.00</i>
Excl. Prince George's*	\$30.16	\$31.24	\$10.50
ENTIRE REGION	\$29.06	\$30.88	\$9.38

* Totals for all jurisdictions in the region, excluding Prince George's County.

APPENDIX F: Commercial Space Availability

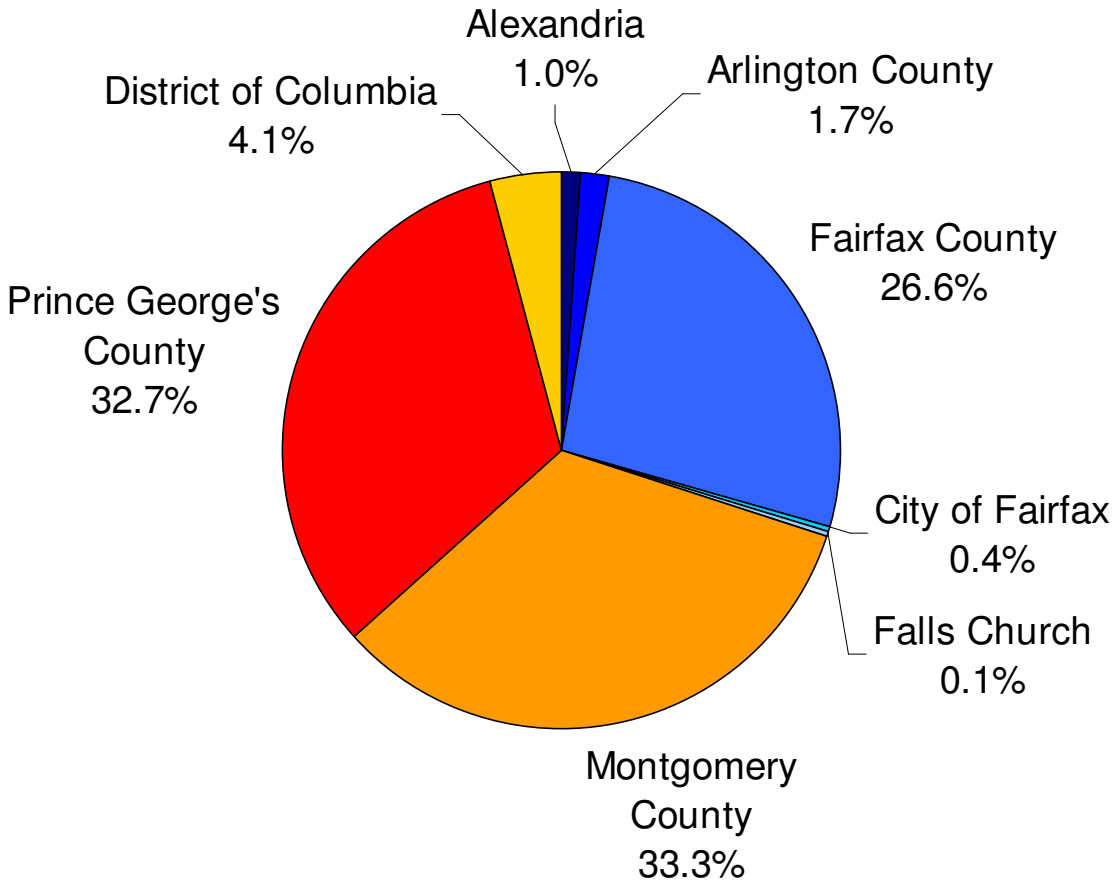
Source: Jones Lang LaSalle IP, Inc., "Market Smart: Washington, D.C. Office Market Statistics," 2nd quarter 2007.

	Supply (sf)	Vacancy (sf)	Vacancy Rate	Under Construction (sf)
Alexandria	12,788,433	757,240	5.92%	348,000
Arlington County	32,095,903	3,034,762	9.46%	1,012,280
Fairfax City	2,098,176	129,821	6.19%	0
Fairfax County	82,524,782	7,619,047	9.23%	4,610,024
Falls Church	1,201,130	289,832	24.13%	0
<i>Northern Virginia Total</i>	<i>130,708,424</i>	<i>11,830,702</i>	<i>9.05%</i>	<i>5,970,304</i>
Montgomery County	46,380,533	3,966,920	8.55%	1,192,358
Prince George's County	13,489,663	2,193,873	16.26%	715,213
<i>Suburban Maryland Total</i>	<i>59,870,196</i>	<i>6,160,793</i>	<i>10.29%</i>	<i>1,907,571</i>
<i>District of Columbia</i>	<i>101,740,728</i>	<i>6,205,320</i>	<i>6.10%</i>	<i>5,759,920</i>
Excl. Prince George's*	278,829,685	22,002,942	7.89%	12,922,582
ENTIRE REGION	292,319,348	24,196,815	8.28%	13,637,795

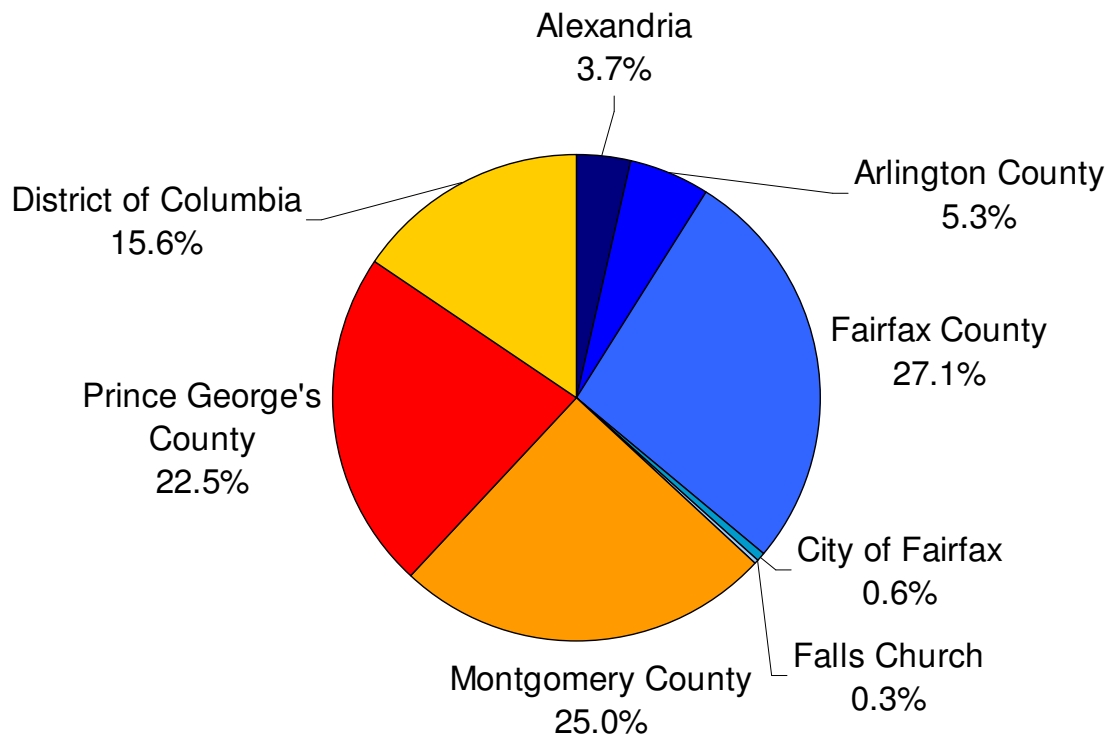
* Totals for all jurisdictions in the region, excluding Prince George's County.

APPENDIX G: Additional Graphs and Charts

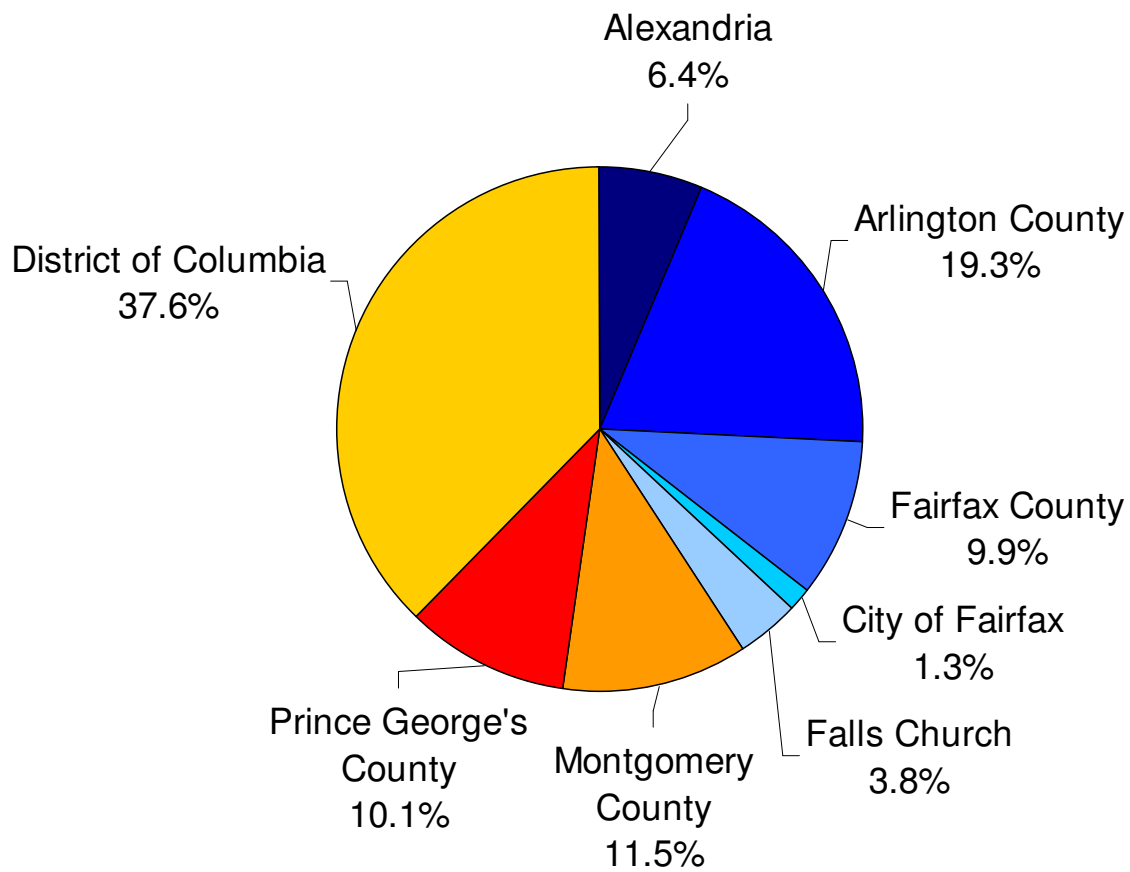
Percentage of Region's Land Area



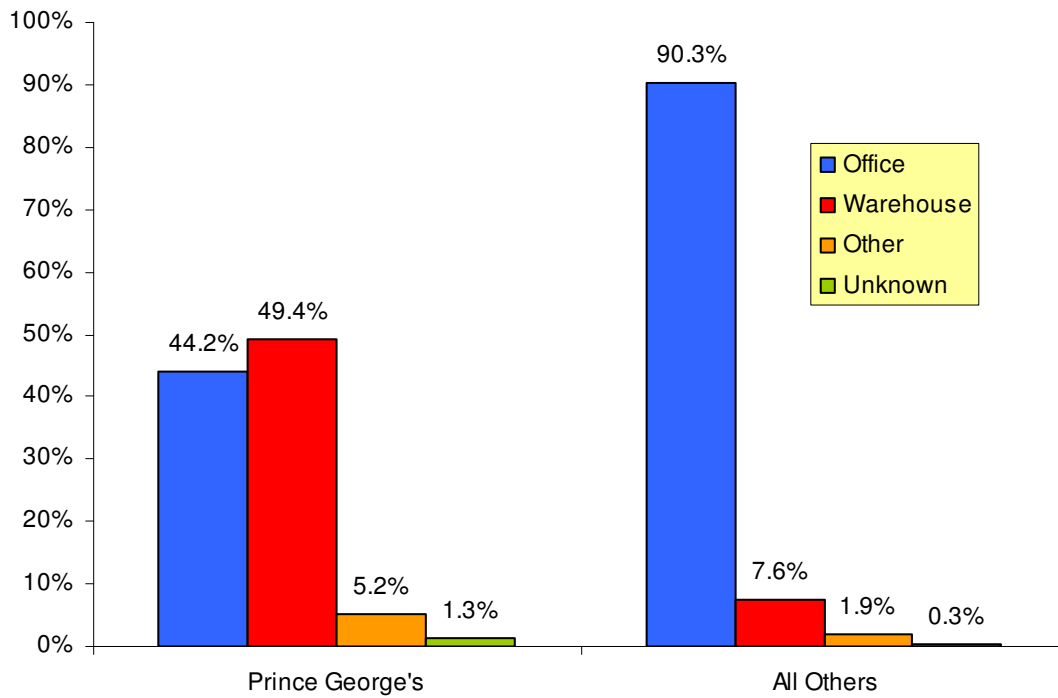
Percentage of Region's Population



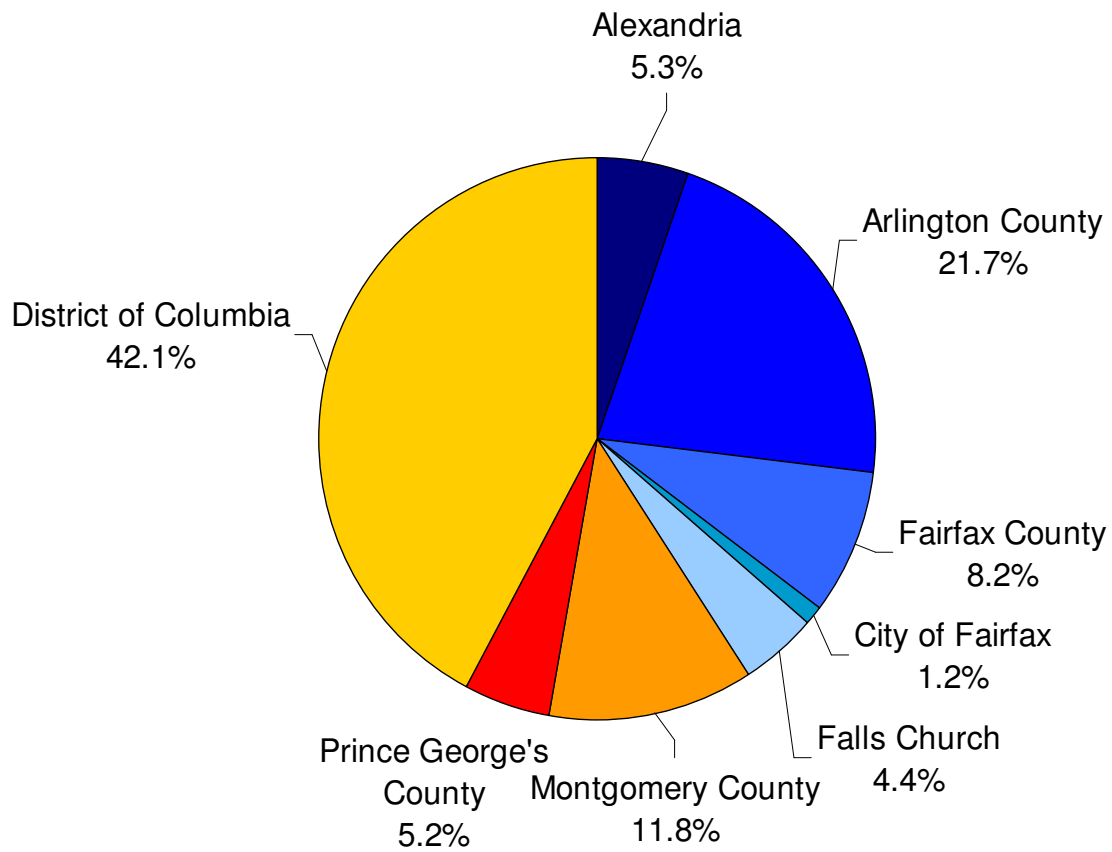
Percentage of GSA Leases in the Region



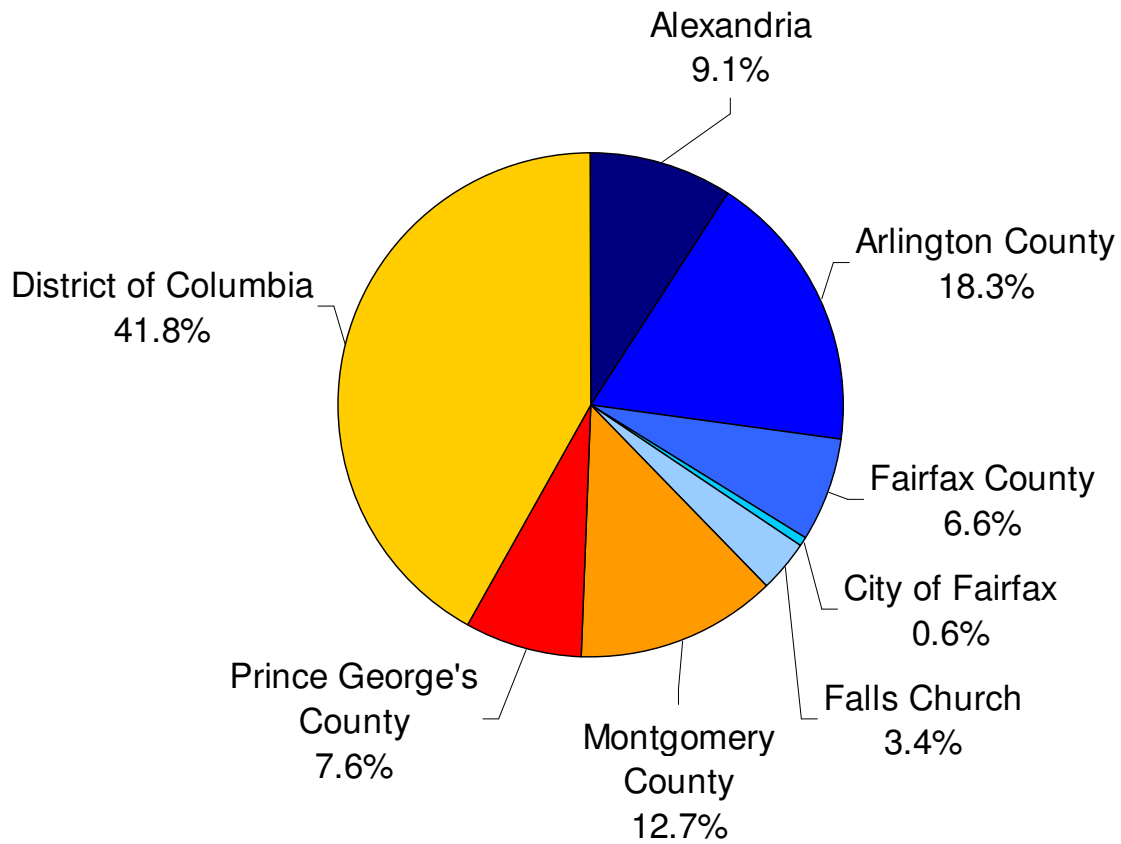
Distribution of GSA Leases by Type



Percentage of Region's GSA Office Leases



Percentage of Region's GSA Rentable Space



Rentable Square Feet per Square Mile of Land Area

