

Federal Government Continues to Drive Leasing in Region

2.9 MSF

YTD Leasing Activity

26.1%

YTD Leasing Market Share

Note: 2023 data as of November, Source: CBRE

The federal government is the largest employer and largest office user in the Washington, D.C. metro region, and remains the largest driver of leasing activity in 2023. Despite fewer leases signed relative to previous years, federal government tenants leased 2.9 million sq. ft. across the region, accounting for 26% of all activity year-to-date. While policies vary, many federal agencies continue to offer work-from-home practices elevated from pre-pandemic levels. A report produced in July 2023 by the Government Accountability Office (GAO) found that office utilization levels for 17 of 24 federal agency headquarters were below 25%, per GAO metrics of 170 sq. ft. per person for the space. This underutilization, though not necessarily consistent across all agencies, makes rightsizing a prudent strategy with regards to leasing.

As rightsizing trends amongst federal agencies continue, the GSA has placed a priority on utilizing space the government already owns or leases. As a result, federal government tenants in the D.C. region have largely signed renewals in 2023, with just four relocations among 18 government leases.

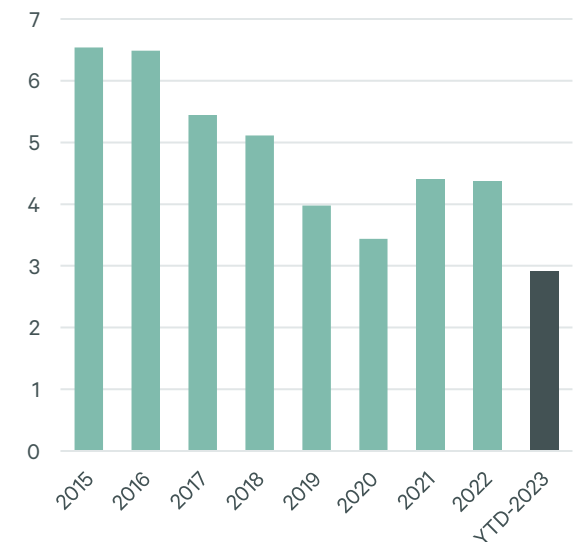
The GSA signed the largest relocation lease year-to-date on behalf of the Drug Enforcement Administration (DEA). The 175,000 sq. ft. lease at 15010 Conference Center Drive in Chantilly, VA spans the top five floors of a six-story building that was previously fully occupied by the building's owner, UNICOM. Separately, the DEA renewed its 76,000 sq. ft. footprint at 22400 Shaw Road in Sterling, VA.

By Kevin Gold, Senior Research Analyst
kevin.gold@cbre.com

Erin Janacek, Research Manager
erin.janacek@cbre.com

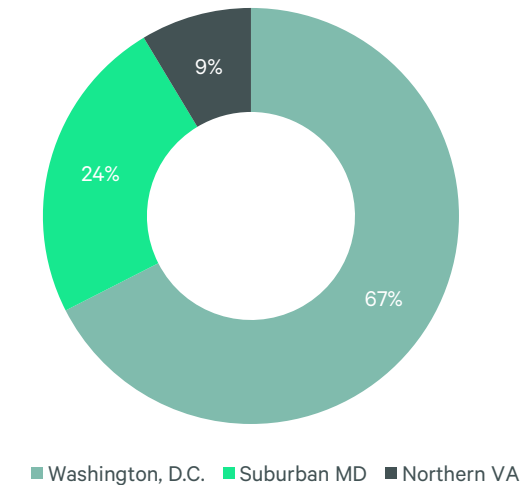
Stephanie Jennings, Research Director
stephanie.jennings@cbre.com

FIGURE 1: Federal Government Leasing by Year (MSF)



Source: CBRE

FIGURE 2: YTD Federal Government Leasing by Market (% by SF)



Source: CBRE

FBI Headquarters Relocation Announcement

In November 2023, the FBI announced that it plans to relocate its headquarters to Greenbelt, MD. The FBI will vacate the J. Edgar Hoover Building in Washington, D.C.—which served as the FBI HQ since 1975—and will consolidate other locations across the region. The long-awaited decision has pitted Maryland against Virginia for more than a decade, as both jurisdictions vied for the large government requirement.

With the move to Prince George’s County, the Bureau would occupy a 40-acre portion of land that is currently owned by WMATA. Plans include a new headquarters building to hold 7,500 employees in a mixed-use development that is expected to cost more than \$4 billion to build out.

This story continues to develop as FBI Director Christopher Wray and Virginia officials are disputing the decision.

Looking Ahead

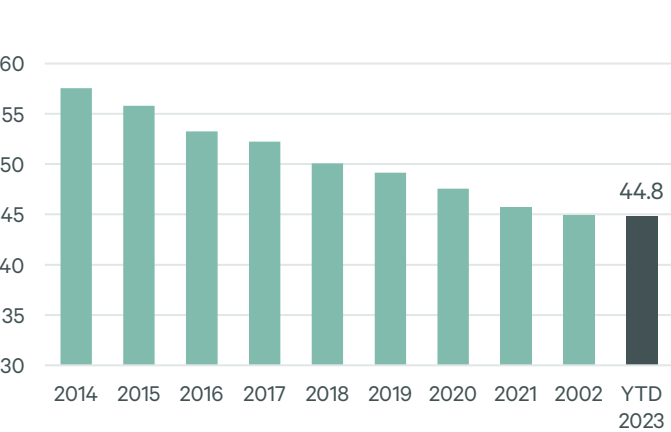
- Changes are afoot for agencies with major leases, including NOAA, SEC, FTC and DHS.
- NOAA currently leases more than 1 million sq. ft. in Silver Spring, MD that expires at the end 2028.
 - The SEC renewed its current D.C. locations through 2028, as the status of its new HQ at 64 New York Avenue NE remains unclear.
 - The FTC recently sought the approval of Congress to reduce its footprint by 25% of its existing space at 400 7th Street SW.
 - GSA plans to list the DHS campus off Nebraska Avenue NW for sale as the Department will move to the 4.1 million sq. ft. development at St. Elizabeth’s West in 2027.

FIGURE 3: Select Notable YTD Lease Transactions

Tenant	Address	Submarket	Market	Lease Type	SF	Market Effect
Securities and Exchange Commission	100 F St NE & 600 2nd St NE	NoMA	DC	Renewal	1,071,236	Flat
National Cancer Institute	9609 Medical Center Dr	N. Rockville	MD	Renewal	574,614	Flat
FBI	9325 Discovery Blvd	Rt. 29/I-66	VA	Renewal	225,000	Flat
Federal Reserve Board	1801 K St NW	CBD	DC	Renewal	210,636	Flat
Customs & Border Protection	1331 Pennsylvania Ave NW	East End	DC	Renewal	194,730	Flat
Drug Enforcement Administration	15010 Conference Center Dr	Rt 28 South	VA	New Lease	174,913	Growth
Court Services & Offender Supervision Agency	633 Indiana Ave NW	East End	DC	Renewal	151,300	Flat
U.S. International Development Finance Corp.	1100 New York Ave NW	East End	DC	Expansion	88,000	Growth
U.S. Secret Service	1100 L St NW	East End	DC	Renewal	78,722	Flat
Drug Enforcement Administration	22400 Shaw Rd	Rt 28 North	VA	Renewal	75,963	Flat

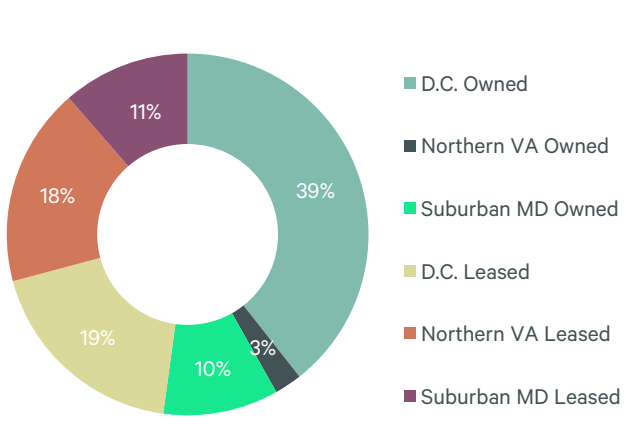
Source: CBRE

FIGURE 4: Regional GSA Leased Footprint by Year (MSF)



Source: GSA

FIGURE 5: GSA Footprint by Market (% by SF)



Source: GSA

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