



GSA Public Buildings Service

May 7, 2021

MEMORANDUM FOR: PBS REGIONAL COMMISSIONERS  
PBS REGIONAL LEASING DIRECTORS  
PBS REGIONAL LEASE ACQUISITION OFFICERS  
PBS REGIONAL PORTFOLIO DIRECTORS

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Subject: LEASING ALERT (LA-21-06) - Strategic Direction on Lease Terms  
During and Following the COVID-19 Pandemic

This memorandum issues enhanced guidance to PBS offices engaged in planning, negotiating and awarding U.S. General Services Administration (GSA) leases during the COVID-19 pandemic. This guidance is intended to provide high level guidance on setting lease terms when many of GSA's occupant agencies are trying to determine their long term space requirements during and following the COVID-19 pandemic and are considering expanding telework. This guidance is in addition to the Leasing Alert issued April 20, 2016 entitled "Lease Term Strategy."

In March 2020, because of the onset of the COVID-19 pandemic, much of the Federal Government moved to a mandatory, full-time telework status. Because the Government is still largely in a full-time telework status, many agencies are unsure of their future space requirements. GSA is concerned about a potential surge in short term lease extensions. These short term extensions would result in an anticipated increased cost to the taxpayers, and an associated increase in the number of leases expiring concurrently, complicating GSA's ability to best manage its workload.

Therefore, in response to the uncertainty of GSA's occupant agencies' long-term space needs and the potential vacancy risk, GSA is adjusting its suggested approach when determining the length of lease terms. First, GSA must continue to consider how a particular lease transaction aligns with the portfolio strategies of the local market and the customer agency and the degree of financial risk the Public Buildings Service (PBS) is prepared to assume when entering into leases on behalf of a customer agency. Second, the following lease term strategies should be considered:

- For agencies that submit their long term lease requirements, longer term leases (greater than 10 years) should be considered particularly when the agency requires a specialized facility, to perform their mission critical work (e.g., the judiciary, federal inspection agencies operating at land ports of entry, law enforcement components and those agencies using laboratory spaces).
- For agencies that submit their short term lease requirements but are still determining their long term space requirements, short term leases (4-6 years) should be considered. This 4-6 year term will allow agencies time to finalize their long term space requirements, while providing GSA time to procure and build out the space.