GSA Public Buildings Service

STATE *of the* portfolio

FY2008

contents

U.S. Courthouse Natchez, MS

STATE *of the* portfolio

FY2008

commissioner's message

anthony e. costa

As Acting Commissioner of the Public Buildings Service (PBS), my goal—and the heart of the PBS mission—is to deliver quality facilities and services to our customer agencies at prices they can afford and at the best value to the taxpayer. Accomplishing this is no easy task. It takes a talented team. Proudly, I can say that the many specialists and experts responsible for managing our portfolio and responding to our customers' space needs have done a commendable job meeting our commitment to quality and value.

This document strives to provide the facts behind the efforts of our dedicated workforce and highlight our many accomplishments. In fiscal year 2008 alone, our combined efforts, hard work and dedication have helped PBS to:

- Implement a consistent organizational structure in all regions,
- Deliver 2.2 million rentable square feet of space in 16 new construction projects,
- Maintain vacancy rates at record low levels, and
- Dispose of 13 assets generating $58.5 million in proceeds for the Federal Buildings Fund.

As we close another year, we must continue to focus on our mission. It is important to celebrate our accomplishments and recent achievements while at the same time striving each year to reach even greater heights. Every day there is some experience that confirms the fact that our people are our greatest assets. Because of them, PBS is a high performing organization, a recognized leader among all asset-holding agencies. As we move forward into fiscal year 2009, we will face new challenges, and I look forward to meeting those challenges and reaching new heights together.

Anthony E. Costa
Acting PBS Commissioner

Springfield Federal Courthouse Springfield, MA

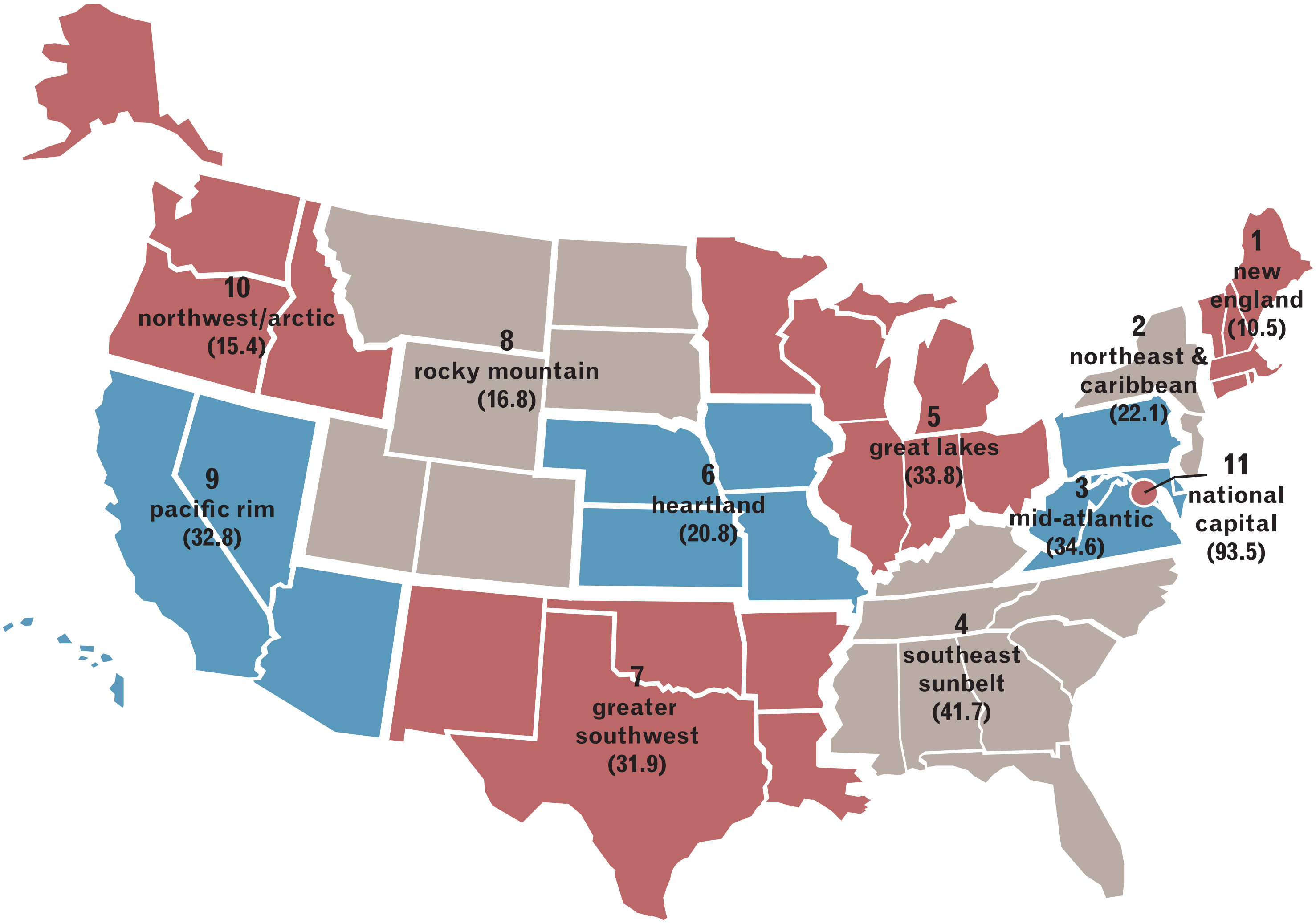
STATE *of the* portfolio overview

overview

The Public Buildings Service (PBS) is one of the largest and most diversified public real estate organizations in the world. Our portfolio consists of 354 million rentable square feet (rsf) in 8,603 assets across all 50 states, 6 U.S. territories, and the District of Columbia. The majority of our space is concentrated in large commercial markets such as Atlanta, Chicago, Los Angeles, New York, and Washington, DC. Our portfolio is comprised of properties under the custody and control of GSA (owned) and properties leased from the private sector (leased) which includes office buildings, courthouses, land ports of entry (border stations), and warehouses. Over the last ten years, the majority of the growth in the PBS inventory has been through leasing. In FY2008, our leased inventory surpassed our owned and now makes up over 50 percent of PBS's total rentable square footage. Our inventory is managed by 11 regional offices and the Central Office located in Washington, DC. The following map shows our regions and their associated rsf.

rentable square footage by region

in millions (see table 1, page a.1)



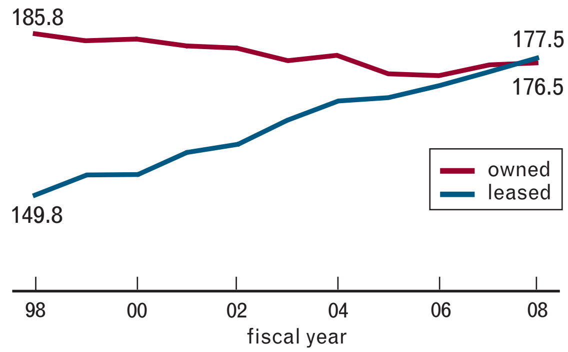
nationwide (353.9)

The PBS mission is to provide superior workplaces for Federal agencies at good economies to the American taxpayers. To achieve this mission, PBS focuses on delivering quality space in both owned and leased properties in a timely manner, managing ongoing occupancies to offer the best possible work environment for our tenants and providing outstanding customer service. In FY2008, driven by an increased customer demand for space, the size of our portfolio continued to grow while vacancy remained at record low levels. PBS also continued its efforts to right-size the portfolio by disposing of unneeded federally-owned assets and investing its limited reinvestment capital in core properties. While PBS delivered several new construction projects, the majority of the space increase was concentrated in the leased inventory. As customer space needs changed and lease terms ended, a trend toward consolidating locations continued and can be observed in the slight decrease in the number of assignable assets in the portfolio.

In addition, PBS was challenged this year to employ new practices and techniques to manage our leased inventory, such as the creation and implementation of quarterly leasing reports. With limited Federal funding focused on real property, creative efforts were used to find private sector space for our customer agencies. And, for the first time since the inception of PBS, our leased inventory surpassed our owned in rentable square footage. With over 50 percent of our rentable square footage now being concentrated in leased space, new challenges will arise. In the next few years a new focus will be on leased space to ensure that PBS is investing in a portfolio strategy for leases that is as strong as our owned. This will mean an increased focus on customer's needs and market trends. PBS will be challenged to capitalize on changing market conditions to ensure customers achieve maximum value. Additionally, PBS will be asked to focus on the financial side of leasing to ensure leases are recovering all expenses.

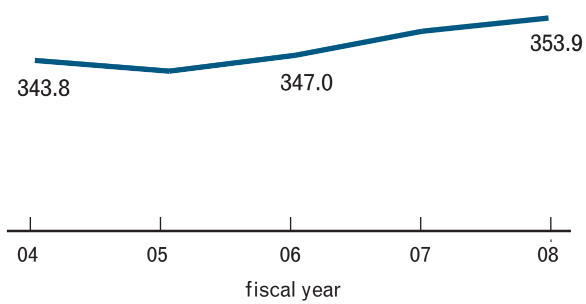
square footage trends*

in millions



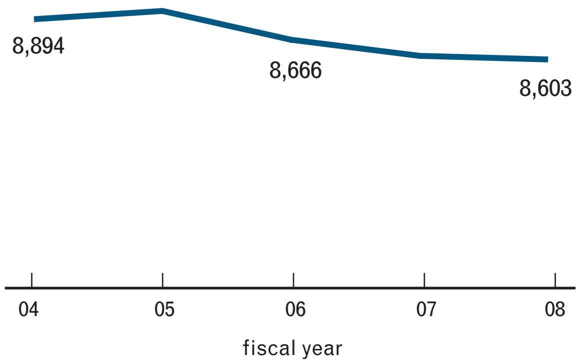
rentable square footage*

in millions



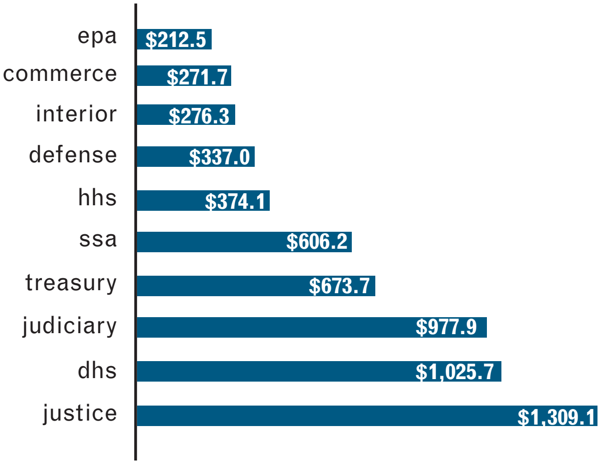
**Source: September R240 report.*

number of assignable assets*



core customers – total annual rent

$ in millions (see table 7, page a.8)



**Source: September R240 report (2004-2008)*

looking ahead

In FY2009, the results of the core asset analysis will be used to guide investment, holding period, and disposal decisions. These asset assessments will build the foundation for a portfolio-wide capital reinvestment plan.

The current funding environment for Federal construction projects makes it very difficult for GSA to meet its customer needs through traditional Federal ownership of real estate. As a result, PBS has been relying much more on leases with the private sector to deliver space to our customer agencies, as evidenced by the growth in square footage of the leased inventory. With such growth in the leased inventory, it is important that PBS monitor the performance of these assets to ensure that taxpayers are getting the best deal for their dollars.

In FY2009, PBS will use several tools to help improve the performance of the leased inventory. These tools include:

- Continued publication of the quarterly lease portfolio report, highlighting trends in lease performance and avenues for improvement;
- Enhanced use of the Lease Business Plan website to track and analyze performance of specific leased assets;
- Development of a lease performance measure that will be included in senior executive's performance plans.

green buildings

Sustainable design describes the use of an integrated team approach to design, construction, and operation: considers impacts to the natural environment; uses natural resources efficiently; improves building performance; and addresses the health and comfort of the occupants. Sustainability commitments mandated by Energy Independence and Security Act (EISA) in 2007 include:

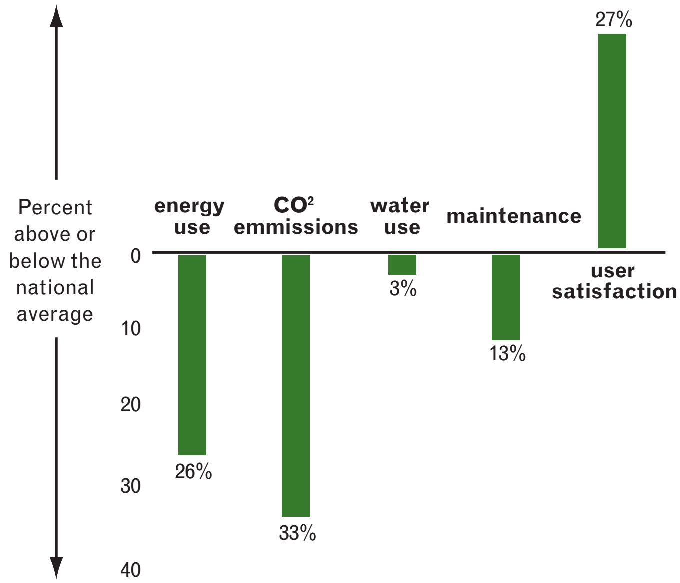
- Reducing the total ownership cost of facilities;
- Improving energy efficiency and water conservation;
- Providing safe, healthy, and productive built environments; and
- Promoting sustainable environmental stewardship.

Recognizing that opportunities for sustainable practices exist in all building types, GSA incorporates sustainable design principles into all aspects of its business processes. GSA provides leasing language which includes green strategies and concepts, encourages repair and alteration projects of all sizes to adopt sustainable design principles, and continually revises standard guidance and building processes to include sustainability requirements.

In order to objectively measure the success of sustainable design implementation, GSA assesses its buildings using the U.S. Green Building Council's

performance of GSA buildings*

national average of studied buildings



Commercial buildings account for:*

39% – total energy use

12% – total water consumption

68% – total electricity consumption

38% – all CO_2 emissions

60% – total non-industrial waste

**Source: PBS Sustainability Program, Office of Federal High-Performance Green Buildings.*

Leadership in Energy and Environmental Design (LEED®) green building rating system. All GSA new construction and major renovation projects started after FY2003 are required to achieve LEED Certification. Beginning in FY2008, all lease construction projects are required to achieve a minimum LEED silver rating. At the end of FY2008, GSA had 29 LEED certified projects in 13 government-owned buildings and 16 leased facilities.

To help project teams meet or exceed sustainability goals, GSA published *Sustainability Matters* which chronicles the progress toward environmental stewardship in GSA buildings. This book is the first comprehensive overview by a Federal agency related to the issues of building, operating, and maintaining facilities sustainability.

Denver Federal Solar Park Denver, CO

In FY2008, GSA completed a comprehensive post-occupancy evaluation of 12 sustainable design buildings in order to answer the question, "Does sustainable design deliver?" The study compared the energy performance, operating cost, and water use of the GSA buildings against the average performance of U.S. commercial buildings.

The results indicate that a fully integrated approach to sustainable design is helping GSA meet its mandates by delivering buildings that use substantially less energy, cost less to operate and maintain, and lead to greater occupant satisfaction. Taken together, the GSA buildings in the study produce 33 percent lower carbon emissions than the national average. They use 26 percent less energy and 3 percent less domestic water. On average, their occupants are 27 percent more satisfied than U.S. commercial building occupants.

San Francisco Federal Building San Francisco, CA

historic buildings

GSA has a significant stewardship responsibility to preserve historic buildings and legal obligations under the National Historic Preservation Act (NHPA) and Executive Order 13006. Both the law and Executive Order call on the Federal government to make every effort to restore, maintain, and plan for the long-term care of historic buildings.

Under the NHPA, we are required to give these buildings special consideration: first preference for Federal use, and rehabilitate them according to Department of Interior (DOI) standards.

Under NHPA, "historic buildings" are those buildings that meet the criteria for listing in the National Register of Historic Places. The primary criterion is age (50 years or older) and architectural and historic significance. NHPA gives equal consideration to properties that have already been included in the National Register as well as those that have not been included, but meet the National Register criteria.

GSA fy2008 owned portfolio **facts**

- **569** buildings are over 50-years old.
- **482** buildings meet basic National Register eligibility criteria.
- **301** buildings are listed on the National Register of Historic Places and 181 are National Register eligible.
- **107** buildings are National Historic Landmarks, districts, and sites.
- **228** buildings are considered monumental or legacy buildings.

Based on GSA reporting requirements for the Federal Real Property Council (FRPC), buildings that are listed on the National Register of Historic Places, have formally been determined eligible, or appear to meet National Registry eligibility criteria are ranked as follows:

1. National Historic Landmark
2. National Register listed – national significance
3. Determined eligible for the National Register
4. Non-contributing resource in a historic district
5. Not evaluated

6 Evaluated, not historic

Legacy buildings is a term used within GSA to describe the subset of GSA's historic building inventory that we consider most worthy of preservation and retention efforts because they represent the Federal government's monumental public buildings legacy.

Although this group has no special legal standing under Federal preservation law, it is consistent with the law to establish preservation priorities that weigh the relative significance of our buildings.

John Minor Wisdom U.S. Court of Appeals Building,
New Orleans, LA

Interior detail, Secretary of War Office, Dwight D. Eisenhower Executive Office Building, Washington, DC

Legacy buildings are generally characterized by imposing and formal exteriors, often embellished with architectural ornament; use of quality materials and monumental entrance treatments designed to make an impression on visitors; inclusion of ceremonial public space; and usually, generous lobbies and circulation space. Major types include custom houses, courthouses, and agency headquarters.

legacy buildings and reinvestment

- large repair and alteration needs
- buildings in need of systems replacement, safety and security compliance, and energy upgrades to meet current standards

benefits of reinvesting in legacy buildings

- long life cycle; building envelope and ceremonial spaces require infrequent repair and maintenance
- operating costs are lower then the inventory average
- reinforces customer commitment to federally-owned space

overview

fy08 results

ATF National Headquarters Washington, DC

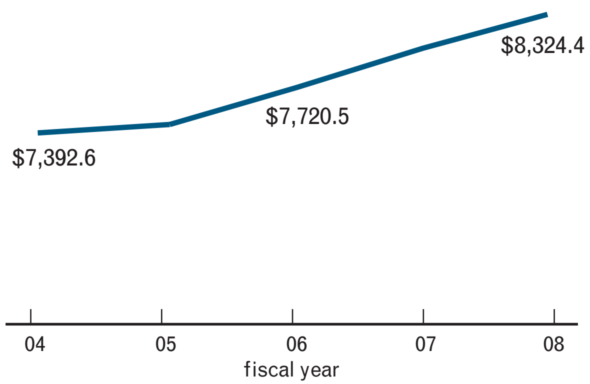
financial results

As an agency, GSA is designed with the intent to be financially self-sustaining. PBS achieves this by collecting revenue through renting space to Federal agencies and using this revenue to fund operations and maintenance expenses, renovations, new construction, rental of space , and the salaries of its employees. PBS tracks several indicators that are used by private sector real estate organizations. Funds From Operations (FFO) is our primary indicator of financial performance and it is derived by calculating the amount of revenue remaining after deducting all direct and indirect expenses associated with operating owned and leased buildings. Vacancy is also an important measure to emphasize in order to minimize costs to taxpayers and is tracked monthly through PBS's linking budget to performance program.

In FY2008 direct revenue continued to increase driven by the growth of the leased inventory. However there was a decrease in FFO for the third year in a row; a concern that cannot be easily remedied without access to capital to build new Federal buildings. On a positive note, vacant space remained well below the private sector nationwide average at 4.2 percent.

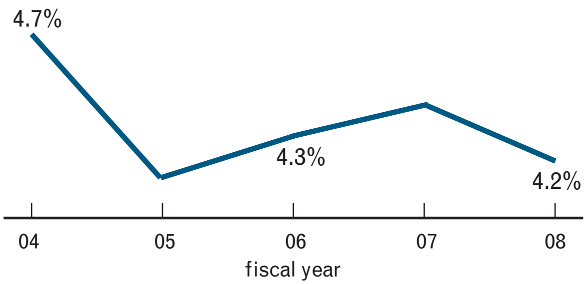
direct revenue

$ in millions (see table 8, page a.9)



vacancy rates*

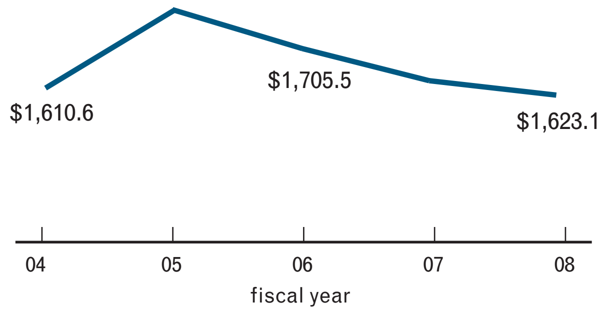
% of rsf



*Source: 9/04-9/08 Vacant Space Report

funds from operations (ffo)

$ in millions (see table 8, page a.9)




N. 7th St
ONE WAY
SERIOUS FUN

Spottswood W. Robinson III and Robert R. Merhige, Jr. U.S. Courthouse Richmond, VA

STATE *of the* **owned** portfolio

owned

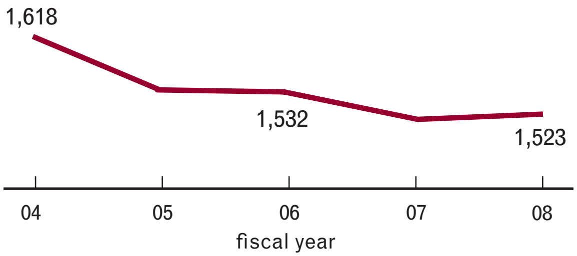
PBS's owned inventory is comprised of Federal buildings that PBS receives budget authority to operate, maintain, and repair, but which are ultimately owned by the U.S. Government. Each year our goal is to maintain a portfolio of high quality federally-owned assets that provide maximum utility to our customers in a cost-effective manner. To achieve this goal, PBS continues to employ a portfolio strategy based on customer needs, market dynamics, and the financial performance, condition, and other strategic considerations of our assets.

The PBS owned inventory is made up of 1,523 buildings totaling 176.5 million rentable square feet of space. The increase in number of owned assets from FY2007 is a result of the completion of new construction projects added to our inventory.

In FY2008, 16 federally-owned assets were added to our portfolio. These assets included: four additions to the Food and Drug Administration (FDA) at the White Oak Federal Research Center in Silver Spring, MD; five new courthouses in Springfield, MA, Richmond, VA, Miami, FL, Cape Girardeau, MO, and Natchez, MS; six additions to the Champlain, NY Land Port of Entry; and the African Burial Ground Memorial in New York, NY.

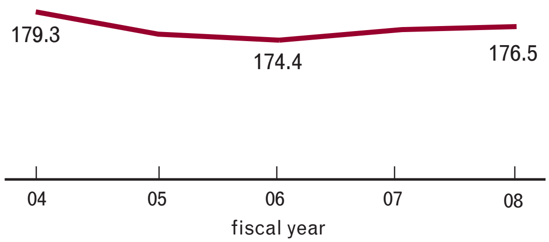
Rush Hudson Limbaugh, Sr. U.S. Courthouse
Cape Girardeau, MO

number of assignable assets*



rentable square footage*

in millions



**Source: September R240 report (2004-2008)*

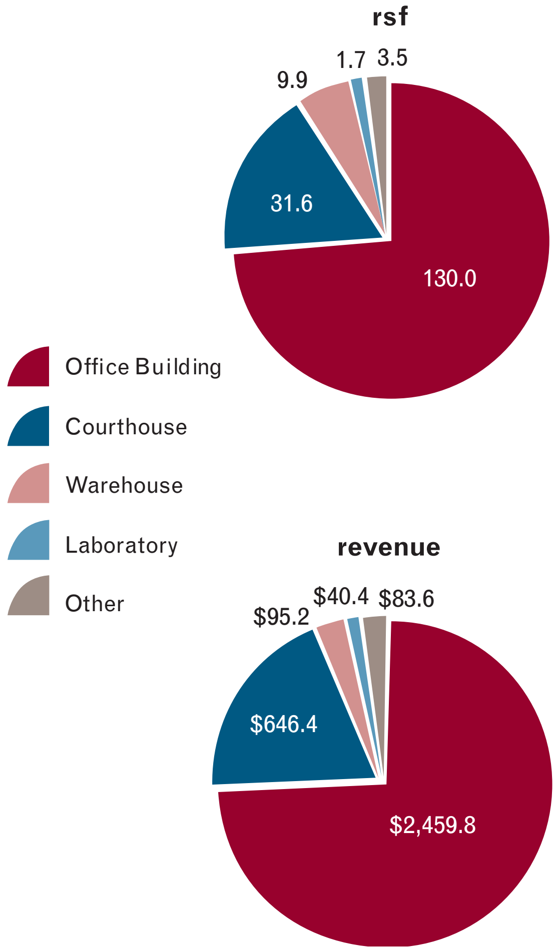
property type segmentation

PBS divides its portfolio into four primary property types: courthouses, laboratories, office buildings, and warehouses. Compared to FY2007, rsf in the owned portfolio remained stable although the mix of property types changed slightly; revenue associated with the owned rsf increased slightly in FY2008.

PBS's efforts to remove under-utilized space from its portfolio resulted in the slight decrease of both warehouse and office rsf. However, the addition of five new courthouses to the portfolio increased both the rsf and the direct revenue for the courthouse segment. Laboratory space remained stable compared to FY2007. In FY2008, office space and courthouses continue to dominate the owned portfolio. These two property types account for over 90 percent of the owned rsf and revenue. A significant increase was seen this year in revenue from the warehouse segment. A large contribution to this increase was the Army's occupation of several warehouses in Auburn, WA.

rsf and revenue by property type

in millions (see table 11, page a.11)



customer segmentation

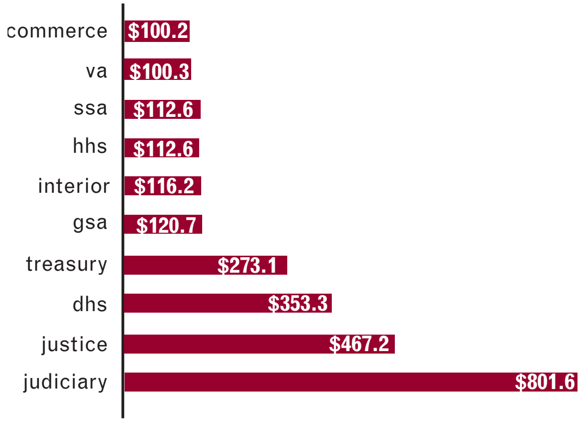
The four largest customers in the PBS inventory are the Judiciary, the Department of Justice, the Department of Homeland Security, and the Department of Treasury both in terms of rsf and annual rent. These four agencies comprise over 50 percent of the rsf in the owned inventory and 56 percent of the annual rent.

The Judiciary again is the largest customer, increasing both their rsf and annual rent as compared to FY2007. The rsf of the other core customers has remained relatively stable, with most of the core customers slightly increasing their space holdings. The exception is the Department of Defense which has increased the use of their own land-holding authority and decreased their use of GSA space.

In contrast, analyzing the core customers in terms of annual rent shows more volatility as compared to FY2007. The Department of Veterans Affairs (VA) has increased their occupancy of Federal space due to increased military activity. Because of this, the VA made the top ten list in FY2008. The Environmental Protection Agency (EPA) however, fell from our top ten list this year.

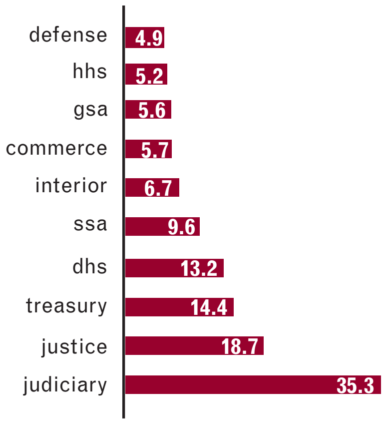
core customers – owned annual rent

$ in millions (see table 14, page a.14)



core customers – owned rsf

in millions (see table 14, page a.14)



owned inventory

*by construction era**

The diversity of the PBS portfolio in terms of age, type, and location presents PBS with a challenge in the way we conduct business. An aging infrastructure requires constant reinvestment in order to maintain productive workplaces for our tenants. At the same time, new design techniques provide PBS with innovative ways to reinvest in and build new-age workspaces.

Sidney L. Christie Federal Building and U.S. Courthouse *Huntington, WV*

Federal Center- Building 101 *St. Louis, MO*

Major General Emmit J. Bean Federal Center *Indianapolis, IN*

Columbus Land Port of Entry Initial Vehicle Inspection Area *Columbus, NM*

Sandra Day O' Connor U.S. Courthouse *Phoenix, AZ*

	historic 1800-1941	world war II 1942-1945	great society 1946-1979	contemporary 1980-1993	design excellence 1994-present
rsf *in millions*	45.8	6.0	80.9	11.7	30.3
% of total rsf	26.0%	3.4%	45.9%	6.6%	17.2%
assets	370	77	532	180	311
fy08 ffo *in millions*	$343.0	$26.1	$766.7	$140.2	$386.0
ffo/rsf	$7.50	$4.40	$9.50	$12.00	$12.70
vacancy rate	11.1%	11.4%	6.8%	3.4%	1.5%

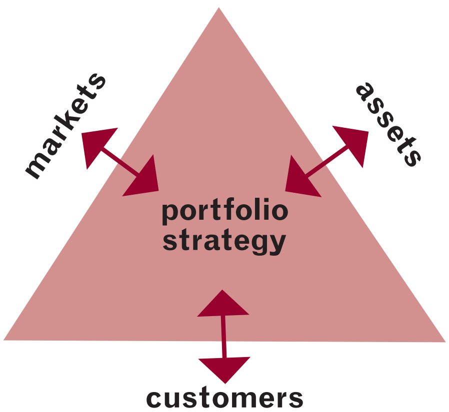
**Source: # of assets and RSF from STAR 9/30/08, FFO from InfoWizard FBF08, Vacancy Rate from 9/08 Vacant Space Report*

portfolio strategy

PBS's goal is to have a robust portfolio of strong, income-producing assets that support the long-term space needs of its customer agencies. To achieve this goal, the PBS portfolio strategy targets reinvestment dollars to assets based on customer need, market conditions, financial performance, cumulative reinvestment needs, and historical and architectural significance. Additionally, GSA disposes of under-utilized assets that no longer meet customer needs, thereby avoiding high capital reinvestment requirements and operating expenses. Removing excess properties and poorly performing assets improves PBS's ability to meet the reinvestment requirements of the remaining assets, thus improving the condition of the PBS portfolio.

customers

PBS partners with our customers to understand their mission, housing profile, security needs, and space trends to provide smart solutions. We develop customer portfolio strategies to gain an in-depth knowledge of our customers' mission, organization, and real estate needs. The ultimate goal is to provide workplace solutions that meet housing requirements and are cost effective for our customers and PBS.



markets

Market analysis is used to better understand the overall cost of owning space versus leasing comparable space in different market areas. PBS appraises its owned inventory of assets on a planned five-year cycle to determine and track asset value. This market value is used to identify the taxpayer's equity in the assets and also used to perform numerous private sector analyses on its inventory. PBS also appraises its inventory to establish the Fair Annual Rental rates that are charged to tenant agencies. In addition, market benchmarks are used to compare PBS's operating costs and physical condition to the industry.

assets

PBS analyzes the financial performance and the condition of every asset in the portfolio. We monitor and analyze performance metrics such as revenue, funds from operations, operating costs, vacancy, net operating income, and return on equity on a monthly basis. We conduct surveys evaluating major building systems and structural integrity to determine the physical condition of each asset every two years. PBS also takes into account other asset considerations such as historic designations to ensure that our portfolio strategy is targeting our core assets.

Wilkie D. Ferguson, Jr. U.S. Courthouse Miami, FL

tiering

On an annual basis PBS categorizes, or tiers, its owned inventory based upon a series of private sector diagnostics that evaluate the physical condition and financial performance of its inventory.

Assets where the Net Operating Income (NOI) does not cover two percent of the Functional Replacement Value (FRV) of the asset are considered Tier 3 because they do not cover their operating expenses and reinvestment. Tier 3 are considered non-performing assets. Assets that do not meet a minimum hurdle rate of a six percent Return on Equity (ROE) are considered Tier 2b. These assets are classified as under-performing assets. Tier 2a assets cover their operating costs and reinvestment and meet the six percent hurdle rate, but have high reinvestment needs that exceed ten percent of the replacement cost of the building. This check on asset condition was changed from 30 percent to ten percent in FY2008 to align PBS with Federal Real Property Council (FRPC) standards. Tier 1 assets are good financial performers in relatively good condition.

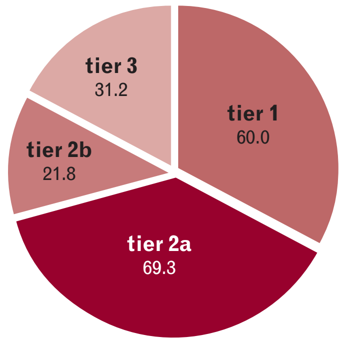
The tiering analysis demonstrates that a vast majority of assets in the PBS portfolio are good financial performers accounting for 71 percent of the rsf in the owned portfolio. With the change to a ten percent condition threshold, the tier 2a assets grew in FY2008 highlighting the high capital reinvestment need in the portfolio.

tiering categories*

	tier	conditions
performing	1	Solid financial performance: satisfies long-term customer needs. FCI<0.1; ROE>6%; (NOI-2%FRV)>0
	2A	Good financial performance: large capital reinvestment required. FCI>0.1; ROE>6%; (NOI-2%FRV)>0
under-performing	2B	Poor financial performance: ROE<6%; (NOI-2%FRV)>0
non-performing	3	Poor financial performance: assets w/negative cash flow. (NOI-2%FRV)<0

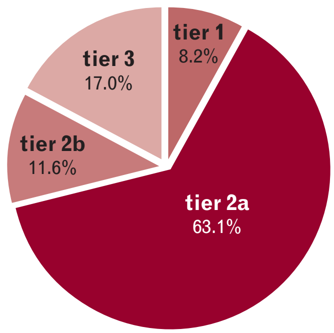
rsf by tier*

in millions



capital reinvestment by tier (BA54/55)*

% of assets



**Source: Portfolio Analysis Division, Office of Real Property Asset Management*

core assets

Over five years ago, PBS began to restructure the portfolio. The main component of the portfolio restructuring was the tiering exercise which gauges the financial performance of each asset. This was an effective and instrumental tool in changing the way PBS manages its portfolio. However, due to challenges of large reinvestment liability and limited funding, the need to right-size the portfolio still exists. This requires that PBS incorporate more sophisticated analytical tools and become more strategic in its decision making.

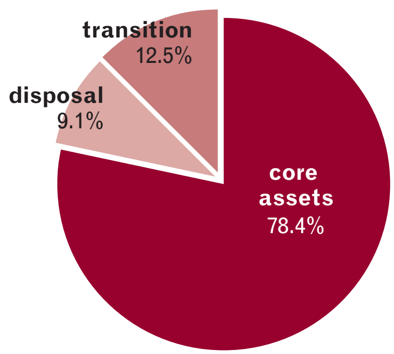
To address this need, PBS implemented a new portfolio analysis strategy in FY2008 . This diagnostic approach, called the Core Asset Analysis, moves beyond tiering by quantifying the facets of the PBS portfolio strategy: customer demand, market viability, and asset considerations. Through a series of five tests and a validation process, PBS evaluates every owned asset on all three components of the PBS portfolio strategy to determine holding periods for each asset and consequentially, define which assets are core to the PBS portfolio.

The first two tests address the customer demand in the market. By analyzing the stability of the customer base and the backfill potential in the surrounding market, the tool makes a determination of the customer demand for that asset. The third test analyzes the market viability by evaluating the ability of the market rent to support the reinvestment needs of the asset and maintain the asset in good condition. Tests four and five evaluate the reinvestment needed in the asset. These tests analyze the acceptable reinvestment level for the asset and whether planned reinvestments prolong the life and reduce the backlog of the asset.

The core asset analysis also has a mechanism to account for non-quantifiable asset characteristics. Assets that do not pass the core asset tests can be validated using the core asset justification worksheet. Asset managers answer a series of questions which substantiate the need to retain an asset as a core asset, despite the results of the five tests.

core asset holding periods*

% of assets



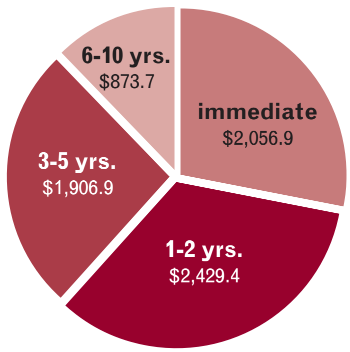
**Source: Portfolio Analysis Division, Office of Real Property Asset Management*

Based on the results of the core asset tests, a holding period is established. Core assets will remain in GSA's inventory for at least 15 years, have a solid customer base, stable real estate market, and sustainable reinvestment needs. There are two classes of core assets: performing and non-performing. An asset with consistently positive financial performance is classified as performing and these assets receive priority for reinvestment ahead of non-performing assets. Assets with a holding period less than 15 years fall into one of two categories: transition or disposal. A transition asset typically has a 6-15 year holding period due to uncertainty surrounding the asset. This is typically driven by an undecided customer demand or uncertain reinvestment funding. PBS will fund projects in transition assets that meet basic needs, but will avoid any major reinvestment until a determination is made as to whether or not the asset is core. Assets fall into the disposal category if PBS plans to dispose of them within 5 years. These assets typically receive no reinvestment other than what is necessary to maintain day-to-day operations and address building envelope issues.

Every owned asset underwent the core asset analysis and a determination was made as to the holding period. Asset managers are now translating this holding period into asset strategies and documenting this in the Asset Business Plan. The asset strategies will then be used to guide business decisions on the asset throughout the year.

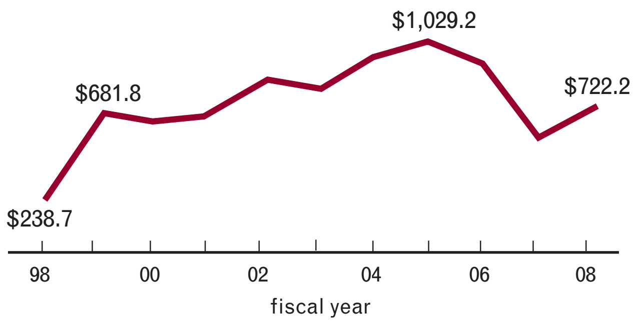
reinvestment needs*

$ in millions



available reinvestment funding (BA54/BA55)**

$ in millions



** Source: Physical Condition Survey (PCS)*
*** Source: Office of Budget and Financial Management*

delegations

In 1983, GSA initiated an Operations and Maintenance (O&M) delegations program in order to allow customers in GSA-controlled space to operate and manage their headquarter buildings. The current O&M delegations portfolio consists of 33.5 million rsf in 123 owned assets, housing 18 customer agencies. Delegated buildings are 19 percent of PBS's owned portfolio in terms of rsf.

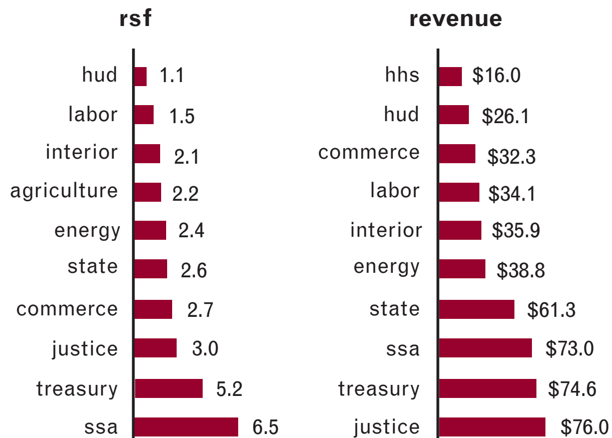
Blair House Washington, DC

customer segmentation

The Social Security Administration (SSA), Department of Treasury, Department of Justice, and the Department of Commerce are the largest tenants in delegated buildings based on rsf. In FY2008, these agencies occupied 17.4 million rsf or 52 percent of our delegated space. They also generated 51 percent of the overall revenue in delegated buildings.

delegations customer rsf vs. revenue*

in millions



**Source: Portfolio Analysis Division, Office of Real Property Asset Management*

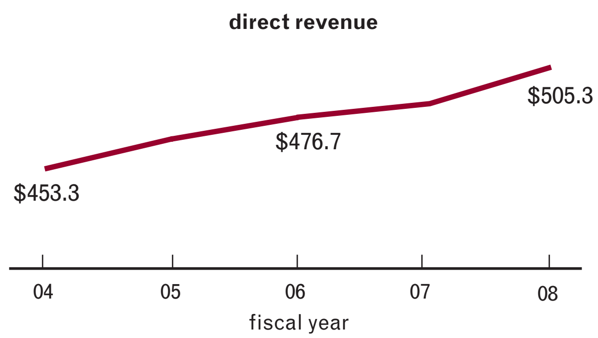
financial results

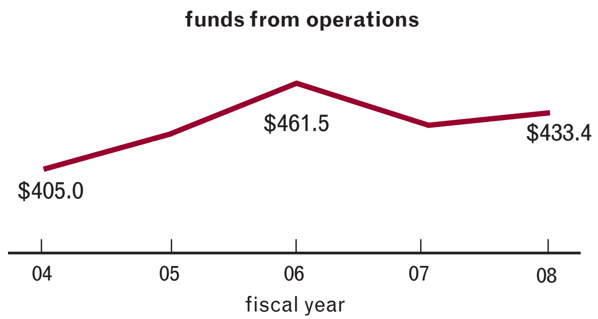
Direct revenue in delegated buildings increased by $18 million between FY2007 and FY2008. It grew an average rate of 2.8 percent over the last five years.

Funds from operations (FFO) also increased by $11.8 million between FY2007 and FY2008.

delegations direct revenue vs. ffo*

in millions





**Source: Portfolio Analysis Division, Office of Real Property Asset Management*

looking ahead

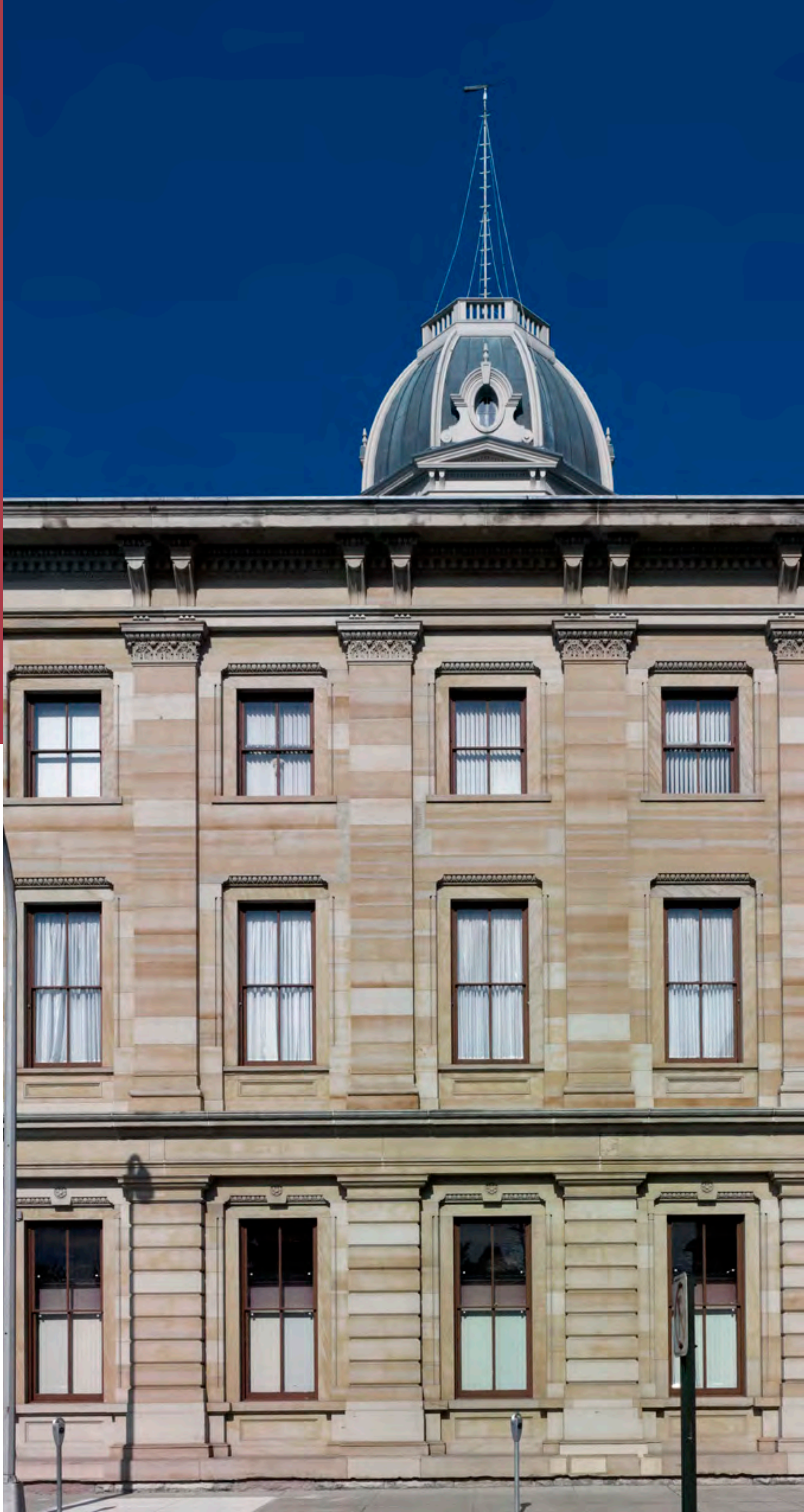
The delegations segment of the overall PBS owned portfolio consists of strong financial performers; however the average age of these assets is 47 years and requires significant capital reinvestments. Between FY2006 and FY2008, PBS spent $298 million in reinvestments for delegated buildings and these buildings continue to require more funds.

In FY2009, GSA will update the Standard Operating Procedures (SOP) to be issued to all agencies. PBS will also work to update a delegations desk guide as a source of information for our regional offices. These two documents will be the foundation for updating the overall O&M delegations program and will help address GAO concerns.

Herbert C. Hoover Federal Building Washington, DC

owned

fY08 results



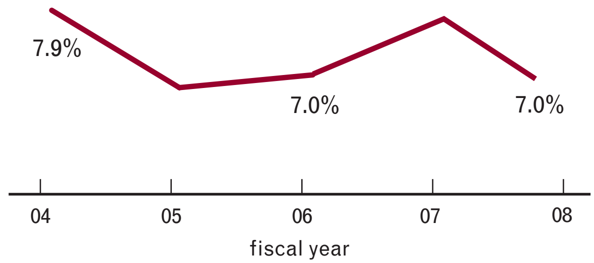
Federal Building and U.S. Courthouse Port Huron, MI

financial results

Direct revenue continued to increase in FY2008 by $95 million due primarily to the completion of 16 new assets. In addition, FFO also increased by $20 million. Vacant space decreased and returned to the vacancy level achieved in FY2006, well below private sector benchmarks.

vacancy rates*

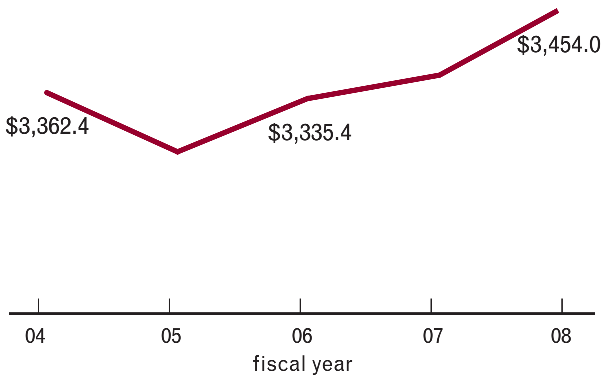
% of rsf



**Source: 9/04-9/08 Vacant Space Report*

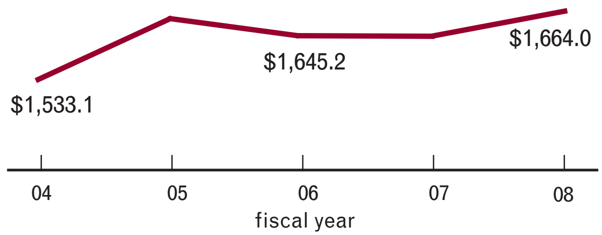
direct revenue

$ in millions (see table 15, page a.15)



funds from operations (ffo)

$ in millions (see table 15, page a.15)

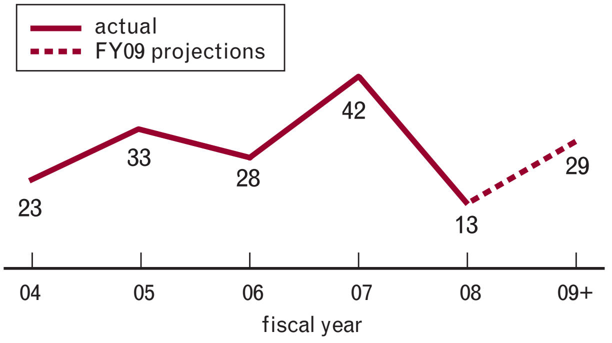


disposal results

In FY2005, PBS was granted the authority to retain the sales and proceeds from property disposals. Since then nearly $198 million has been returned to the Federal Buildings Fund (FBF) from the sale of PBS properties. In FY2008 alone, PBS disposed of 13 assets returning $58.5 million to the FBF. When PBS is confident that an asset no longer meets the short and long-term needs of our customers, we realize financial benefits and future cost avoidance by disposing of such assets.

This year PBS also declared 34 more assets excess. Excess assets are those that no longer meet a customer's mission or need. In FY2009 and beyond, PBS will move forward with the disposal of these assets.

disposals*



major repair & alterations results

In FY2008, 21 major Repair and Alterations (R&A) projects were completed in 3.5 million rentable square feet. Such renovations included the incorporation of new technologies, systems, electrical, and plumbing upgrades, hazardous material abatement, and more. Strategic modernization resets the clock and provides sustainable housing solutions for a new life cycle of the asset.

major r&a*	FY04	FY05	FY06	FY07	FY08
# of projects	15	26	11	20	21
rsf *in millions*	2.4	7.1	2.1	6.8	3.5
cost *in millions*	$197.3	$375.3	$422.8	$534.4	$395.2

disposal results*	FY04	FY05	FY06	FY07	FY08
liability avoided *in millions*	$8.8	$184.3	$147.5	$24.0	$16.3
proceeds *$ in millions*	n/a	$5.3	$51.9	$82.2	$58.5

**Source: Portfolio Analysis Division, Office of Real Property Asset Management*

new inventory results

PBS continues to add state of the art facilities which incorporate energy efficiency and sustainable design into our inventory. In FY2008, PBS completed: the African Burial Ground Memorial in New York, NY; four additional buildings on the FDA White Oak Federal Research Center (FRC) in Silver Spring, MD; five new courthouses in Springfield, MA, Richmond, VA, Miami, FL, Natchez, MS, and Cape Girardeau, MO; and six additional buildings at the Champlain, NY Land Port of Entry.

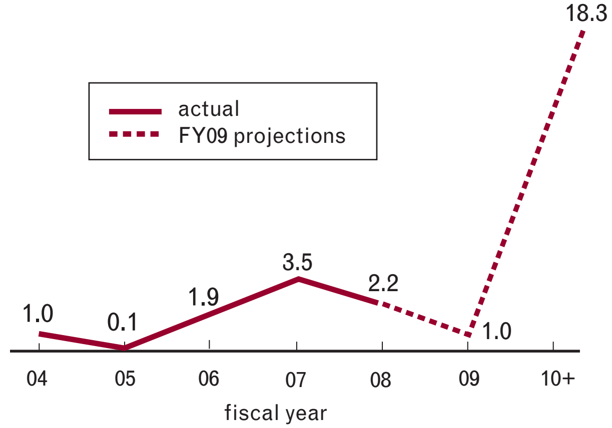
new construction FY08*

region	building	state	gross square footage (gsf)*
1	Springfield Courthouse	MA	160,000
2	African Burial Ground Memorial	NY	n/a
2	Champlain Land Port of Entry (6 new buildings)	NY	106,000
3	Richmond Courthouse	VA	346,000
4	Natchez Courthouse	MS	24,000
4	Miami Federal Building and Courthouse	FL	606,000
6	Cape Girardeau Courthouse	MO	173,000
11	FDA White Oak FRC (4 new buildings)	MD	830,000

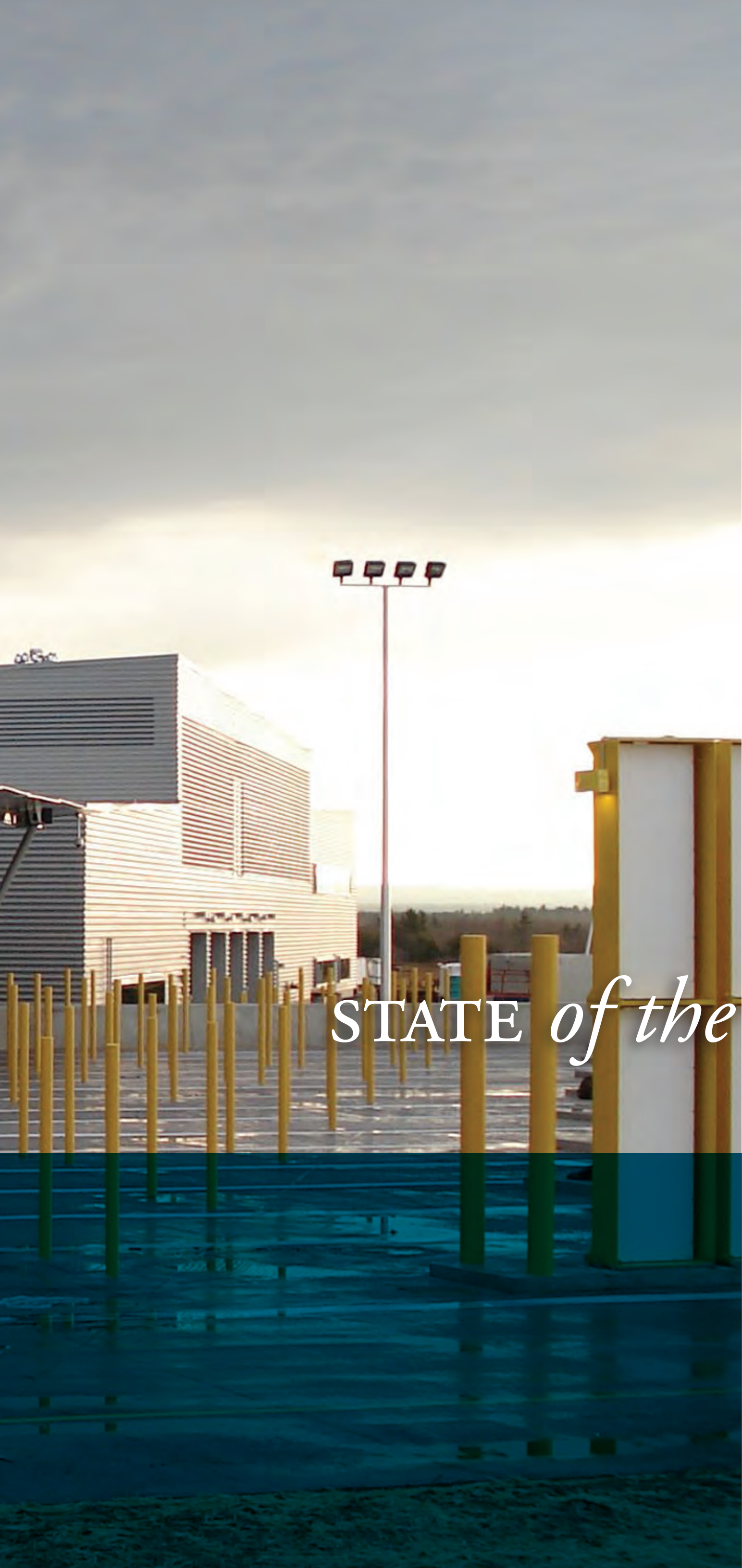
Source: Office of the Chief Architect/PIP

owned new inventory*

gsf in millions



FDA White Oak Federal Research Center Silver Spring, MD



Champlain Land Port of Entry Champlain, NY

STATE *of the* leased portfolio

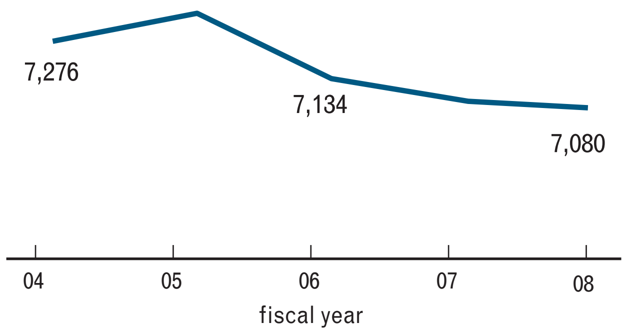
leased

The leasing program is a flexible alternative if there is no available federally-owned space and construction is not a viable option. Leasing from the private sector offers PBS the ability to meet our customers' space requirements in situations where space needs cannot be met by the existing PBS portfolio. The goal of the leasing program is to meet the needs of our customers at or below market prices while maintaining low vacancy rates. As our leased portfolio grows, PBS continues to take proactive approaches to manage it effectively.

PBS's space acquisitions are driven by customer agency requirements. When a request is received, PBS determines the acquisition method by determining the amount of space needed, how quickly and for how long the space is needed, and the complexity of the necessary build-out. PBS first looks to use existing federally-owned space and then to vacant leased space already under contract from the private sector. If there are no suitable locations and if Federal construction is not feasible, PBS can lease new space from the private sector. Leases are an attractive option for many agencies because they can provide flexibility in space acquisition and can accommodate short-term requirements.

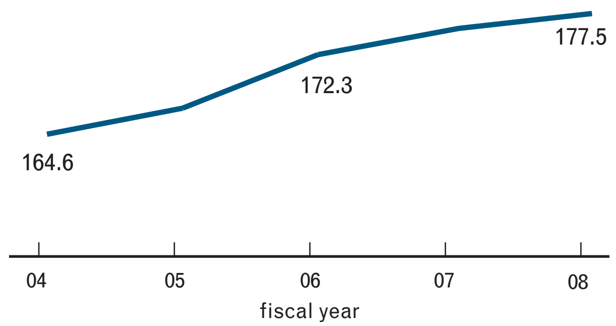
While the number of leased assets declined slightly in FY2008, the overall number of leases increased to 8,596. More importantly, the rentable square footage continued its annual upward trend, increasing to 177.5 million. In fact, FY2008 was a bellwether year because it was the first time that the square footage in the leased inventory was larger than the square footage in the owned inventory. Without the injection of capital to fund major new construction projects, we expect this trend to continue.

number of assignable assets*



rentable square footage*

in millions



**Source: September R240 report (2004-2008)*

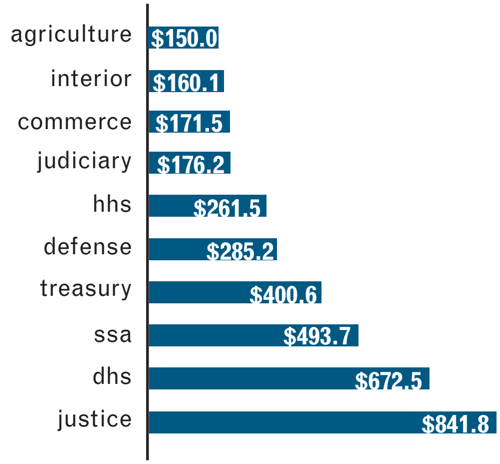
customer segmentation

As a fiduciary agent, it is incumbent that PBS work with customer agencies to utilize strategies and approaches that leverage limited Federal resources and develop and deliver quality workplace solutions. The Department of Justice, Department of Homeland Security, Social Security Administration, and the Department of Treasury continue to be our largest tenants in leased space. These top four agencies occupy almost 50 percent of the leased square footage and generate 50 percent of rent. The top ten core customers listed in the graph to the right occupy 130.9 million rentable square feet, which represents 75 percent of the leased rsf and 75 percent of lease rent revenue.

GSA Warehouse Facility Auburn, WA

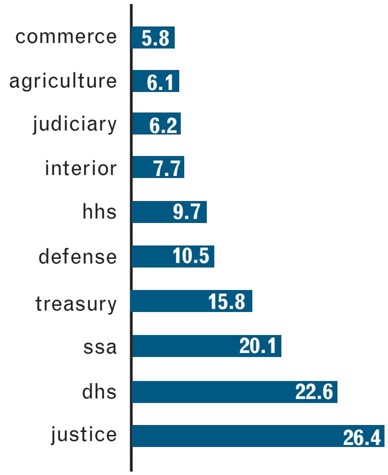
core customers – leased annual rent

$ in millions (see table 21, page a.20)



core customers – leased rsf

in millions (see table 21, page a.20)



portfolio strategy

PBS manages the leased portfolio by focusing on four primary areas: reducing vacancy, managing lease administration expenses, managing customer requirements, and analyzing market trends. Reducing vacancy ensures that taxpayer money is spent effectively. The leased inventory continued to hold very low vacancy rates in FY2008, measuring only 1.4 percent. Exercising termination rights, backfilling vacant space, and buying out lease contracts ensures efficient use of leased space. Lease administration focuses on how well PBS administers and monitors contract costs and obligations. This includes accurate billing processing of taxes, stepped rents, and operating cost escalations.

PBS generates a quarterly lease report that analyzes the performance of the leased portfolio. The financial performance is scrutinized, leases that extend beyond their original lease term are examined, and market data projections are provided.

Managing customer requirements is essential in our commitment to helping agencies formulate more accurate space plans and reduce their cost. If uncertain about their future space needs, many agencies request lease extensions. However, lease extensions limit PBS's ability to respond appropriately to market conditions through negotiating a new contract. Lease extensions from previous years push lease expiration dates into the next fiscal year, generating a heavy workload making it difficult to prioritize the expiring lease workload.

lease extensions

In FY2008 PBS began capturing the drivers behind each lease extension throughout its inventory, using reasons cited most by the regions. In addition, PBS broke out the numbers of lease extensions by customer agency so that specific customer strategies could be developed. By capturing this information, PBS will be able to provide guidance to realty specialists and customers on the initiatives and changes necessary to reduce lease extensions to ensure all leases are procured in the most effective manner.

reasons for lease extensions	# of times cited	% of reasons cited
lack of agency requirements	271	22%
lessor delay	178	14%
construction delay	145	12%
market conditions	86	7%
other	439	36%

market analysis

The crisis in the U.S. financial markets during FY2008 and the downturn in the overall economy, is creating greater opportunities in GSA's leasing program. Rent growth estimates have trended downward over the past seven quarters. In fact, the number of metropolitan markets categorized as flat-to-declining in projected rent growth has more than doubled. This creates opportunities where GSA can enter into long-term leases at rental rates that are depressed, giving the taxpayers good value for their dollars. Further, with financial markets still reluctant to lend and little private sector growth in new construction, GSA has a strong negotiating position in the market.

presidential transition

president-elect and vice president-elect transition space

GSA PBS has the unique opportunity to support the office needs of the incoming President-elect. Preparing the Presidential transition space allows GSA to provide the President-elect with a positive first impression of the government. In FY2008 the Presidential Transition Team (PTT) focused on identifying and preparing 120,000 square feet of office space for the 77 days between the election and inauguration. After researching the National Capital Region's (NCR's) vast inventory, the team negotiated with the Department of Justice (DOJ) to secure recently renovated leased space at 450 5th Street, NW. While the DOJ space was in excellent condition, it still required additional modifications to support the Presidential Transition Team's needs. From July 2008 to October 2008, PBS NCR managed the ongoing construction on two executive suites, a visitor's center, press room, a GSA office, and a secure work room.

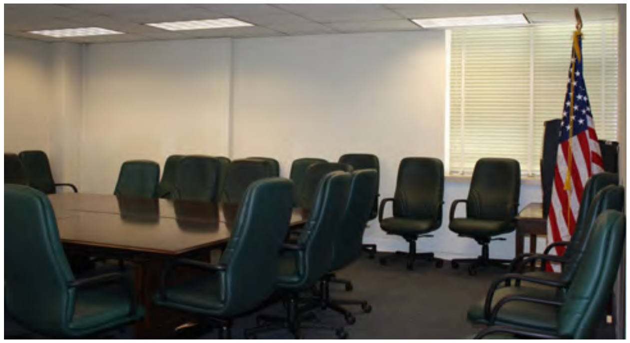
Left: Media room; top: PTT main security entrance; bottom: GSA PTT supply store

presidential inaugural committee space

The GSA Inaugural Support Team (GSA IST) consisted of GSA employees from various regions. The various GSA organizations involved included: Public Buildings Service (PBS), Federal Acquisition Service (FAS), Office of General Counsel (OGC) and Office of the Chief Information Officer (OCIO).

The GSA team prepared over 130,000 square feet of space within the Mary E. Switzer Federal Building to support the 2009 Presidential Inaugural Committee (PIC), Armed Forces Inaugural Committee (AFIC), and other Inaugural partners (National Park Service, District of Columbia Government, and Federal Protective Service).

The combined efforts saved taxpayer money by furnishing both AFIC and PIC space with excess government property sourced through GSA's Mid-Atlantic Region Personal Property team. Additional GSA support included an on-site supply store stocked with items from GSA's general supplies. The store opened in May 2008 and was serviced by the Burlington, New Jersey Distribution Center. By the end of FY2008, the store had processed close to $40,000 of supplies. In addition, GSA offered contracting and procurement assistance to the Inaugural Committee and helped find additional space in the Washington, DC area for PIC's parade staging activities and parking for a fleet of vehicles.



Top: conference room; middle: call center; bottom: team office

leased
fy08 results

Charles R. Jonas Federal Building and U.S. Courthouse Charlotte, NC

financial results

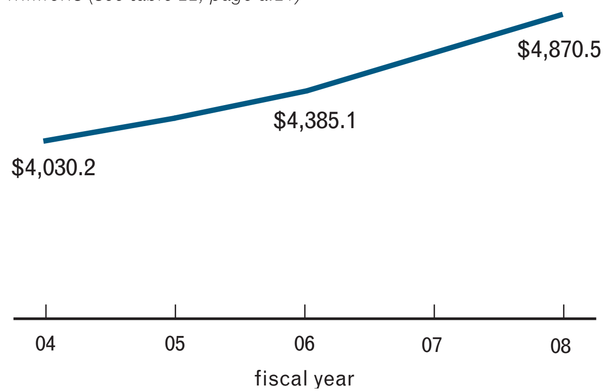
PBS's goal for the leased inventory is to generate FFO between zero and two percent of leased revenue to ensure full cost recovery of contract risk, brokerage services, and property management. In FY2008, for the second straight year, FFO for the leased inventory was negative; FFO decreased to $41 million.

Much of the loss in leased FFO ($31 million) was the result of a change in the accounting treatment of stepped rents in our lease contracts and how they are expensed. Due to an audit of PBS's financial statements, PBS records a leveled rent across the entire lease terms instead of actual expenses incurred. This affects financial statements in the case of stepped rents because the amount recorded could be larger then incurred in the first years of the lease. The additional expense from this change, which was more than $31 million, accounts for the difference between the contract rent in FY2008 and what the leveled rent rate would have been.

On a positive note, leased vacancy remained at historically low levels at 1.4 percent. With the growing size and cost of the leased inventory, this is evidence that PBS is accurately assigning and doing a good job of filling space within the leased inventory.

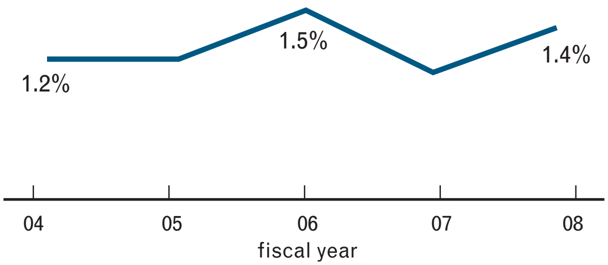
direct revenue

$ in millions (see table 22, page a.21)



vacancy rates*

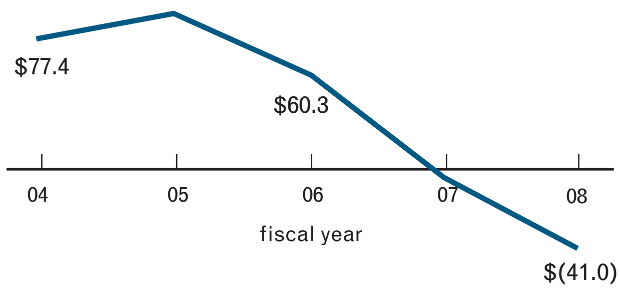
% of rsf



*Source: 9/04-9/08 Vacant Space Report

funds from operations (ffo)

$ in millions (see table 22, page a.21)



net operating income (noi)

PBS looks at NOI to determine the financial performance of its leases. We use this measure because it accounts for all of the financial transactions that are recorded directly against each property, without including the impact of regional or national overhead.

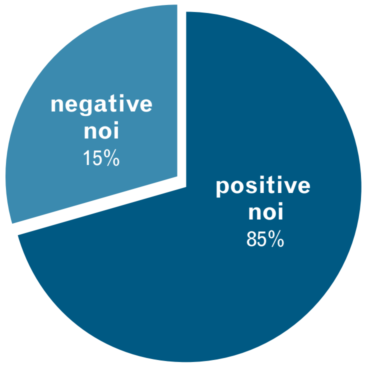
The leased inventory is designed to be a pass-through of all contract costs, and an additional PBS fee that stands at seven percent to cover the costs of managing the leased inventory. Almost 85 percent of the leased locations across the PBS leased inventory return positive NOI. In FY2008, almost 6,600 locations returned $328 million in positive NOI to PBS.

Counteracting the positive financial performance of the leased inventory is a relatively small number of leased locations that return negative NOI. The remaining 15 percent of the leased portfolio (1,175 leased locations) generated significant losses, totaling more than $135 million. Factoring both the positive and negative NOI leases together across the PBS leased inventory, NOI at the end of FY2008 was $191 million.

A bright spot within these negative NOI leases is that most of the losses come from a relatively small number of leased locations. In fact, only 191 leased locations (about 2.5 percent of the leased inventory) accounted for almost 80 percent of the total negative NOI in FY2008 By correcting the issues in these 191 leased locations, PBS would be able to recover most of its financial losses in the leased inventory.

net operating income

% of noi



**Source: Infowizard FBF08 model*

STATE *of the* portfolio appendices

table 1: snapshot of the portfolio

region	funds from operations (ffo)		rsf *in millions*	# of buildings
	$ *in millions*	% of total		
1 new england	$67.7	4.2%	10.5	405
2 northeast & caribbean	$113.5	7.0%	22.1	496
3 mid-atlantic	$124.5	7.7%	34.6	749
4 southeast sunbelt	$137.3	8.5%	41.7	1,441
5 great lakes	$140.9	8.7%	33.8	979
6 heartland	$41.5	2.6%	20.8	389
7 greater southwest	$99.7	6.1%	31.9	1,188
8 rocky mountain	$51.8	3.2%	16.8	623
9 pacific rim	$284.2	17.5%	32.8	1,047
10 northwest/arctic	$82.6	5.1%	15.4	598
11 national capital	$472.6	29.1%	93.5	688
central office	$6.8	0.4%	0.0	0
total	**$1,623.1**	**100.0%**	**353.9**	**8,603**

Source: FFO from InfoWizard FBF08 model; RSF and # of buildings from 9/08 R240 Report of active buildings with assignable space

table 2. total portfolio composition and performance

region	# of bldgs.	rsf *in millions*	% of rsf	% occupied	direct revenue *$ in millions*	% of direct revenue
1 new england	405	10.5	3.0%	91.7%	$258.3	3.1%
2 northeast & caribbean	496	22.1	6.2%	93.9%	$744.0	8.9%
3 mid-atlantic	749	34.6	9.8%	97.5%	$597.8	7.2%
4 southeast sunbelt	1,441	41.7	11.8%	96.2%	$807.7	9.7%
5 great lakes	979	33.8	9.6%	94.9%	$682.3	8.2%
6 heartland	389	20.8	5.9%	94.7%	$301.3	3.6%
7 greater southwest	1,188	31.9	9.0%	95.3%	$566.1	6.8%
8 rocky mountain	623	16.8	4.7%	97.4%	$313.4	3.8%
9 pacific rim	1,047	32.8	9.3%	96.4%	$950.0	11.4%
10 northwest/arctic	598	15.4	4.4%	95.2%	$322.9	3.9%
11 national capital	688	93.5	26.4%	96.3%	$2,782.3	33.4%
central office	0	0.0	0.0%	0.0%	$(1.5)	0.0%
total	**8,603**	**353.9**	**100.0%**	**95.8%**	**$8,324.4**	**100.0%**

Source: *# of buildings and RSF from 9/08 R240 Report of active buildings with assignable space; % Occupied from 9/08 Vacant Space Report; Direct Revenue from infowizard FBF08 model*

table 3. owned vs. leased comparison

	owned				leased			
	fy05	fy06	fy07	fy08	fy05	fy06	fy07	fy08
direct revenue *$ in millions*	$3,242.0	$3,335.4	$3,359.4	$3,454.0	$4,185.0	$4,385.1	$4,628.9	$4,870.5
noi *$ in millions*	$2,194.0	$2,194.3	$2,121.4	$2,157.8	$238.0	$219.5	$194.4	$191.8
operating margin	67.6%	65.8%	63.1%	62.5%	5.8%	5.0%	4.2%	3.9%
ffo *$ in millions*	$1,672.5	$1,645.2	$1,644.4	$1,664.0	$89.3	$60.3	$(1.6)	$(41.0)
ffo/rsf	$9.51	$9.43	$9.32	$9.43	$0.54	$0.35	$(0.01)	$(0.23)
net income *$ in millions*	$846.9	$810.3	$564.5	$648.9	$63.1	$33.6	$(25.5)	$(68.7)
ni/rsf	$4.82	$4.65	$3.20	$3.68	$0.38	$0.20	$(0.15)	$(0.39)

Source: Direct Revenue, FFO, and Net Income from InfoWizard FBF08 model; NOI from Infowizard FBFn08 model

table 4. key markets ranked by direct revenue – total portfolio

metropolitan statistical area (msa)	# of bldgs.	% of total	rsf *in millions*	% of total	ffo *$ in millions*	% of total	direct revenue *$ in millions*	% of total
dc-arlington-alexandria, va-md-wv	793	9.2%	87.6	24.8%	$464.6	28.6%	$2,472.2	29.7%
new york-wayne-white plains, ny-nj	160	1.9%	12.6	3.6%	$68.4	4.2%	$471.0	5.7%
bethesda-frederick-gaithersburg, md	130	1.5%	9.4	2.7%	$29.2	1.8%	$233.1	2.8%
chicago-naperville-joliet, il	126	1.5%	8.5	2.4%	$58.9	3.6%	$228.8	2.7%
atlanta-sandy springs-marietta, ga	113	1.3%	8.8	2.5%	$35.6	2.2%	$177.6	2.1%
los angeles-long beach-glendale, ca	139	1.6%	6.4	1.8%	$61.5	3.8%	$171.9	2.1%
san fran-san mateo-redwood city, ca	75	0.9%	4.9	1.4%	$79.5	4.9%	$167.9	2.0%
denver aurora, co	148	1.7%	8.3	2.4%	$29.2	1.8%	$158.6	1.9%
baltimore-towson, md	97	1.1%	9.0	2.5%	$47.5	2.9%	$152.0	1.8%
kansas city, mo-ks	76	0.9%	10.3	2.9%	$9.3	0.6%	$144.0	1.7%
philadelphia, pa	73	0.8%	6.8	1.9%	$28.6	1.8%	$126.9	1.5%
seattle-bellevue-everett, wa	94	1.1%	6.0	1.7%	$35.6	2.2%	$118.7	1.4%
boston-quincy, ma	42	0.5%	3.7	1.1%	$55.6	3.4%	$116.0	1.4%
san diego-carlsbad-san marcos, ca	98	1.1%	2.9	0.8%	$21.9	1.4%	$91.1	1.1%
dallas-plano-irving, tx	73	0.8%	4.5	1.3%	$13.7	0.8%	$88.4	1.1%
st. louis, mo-il	89	1.0%	6.8	1.9%	$30.5	1.9%	$83.5	1.0%
detroit-livonia-dearborn, mi	47	0.5%	3.3	0.9%	$14.7	0.9%	$78.2	0.9%
miami-miami beach-kendall, fl	80	0.9%	3.2	0.9%	$10.7	0.7%	$77.2	0.9%
newark-union, nj-pa	38	0.4%	2.2	0.6%	$11.7	0.7%	$74.7	0.9%
portland-vancouver-beaverton, or-wa	63	0.7%	3.0	0.9%	$22.6	1.4%	$63.9	0.8%
top 20 totals	2,554	29.7%	208.4	58.9%	$1,129.3	69.6%	$5,295.8	63.6%

Source: MSAs from Office of Management and Budget; # of buildings and RSF from STAR as of 9/30/08; FFO and Direct Revenue from InfoWizard FBF08 model

table 5. client billing records (CBRs) – total portfolio

square footage category	# of CBRs	% of total	rsf *in millions*	% of total	annualized rent *$ in millions*	% of total	$/rsf
0	1,745	8.1%	0.0	0.0%	$30.8	0.4%	$0.00
1-2,500	6,970	32.3%	7.5	2.2%	$54.7	0.6%	$7.31
2,501-5,000	3,265	15.1%	12.1	3.6%	$121.4	1.4%	$10.06
5,001-7,500	2,167	10.0%	13.4	4.0%	$149.3	1.7%	$11.17
7,501-10,000	1,446	6.7%	12.6	3.8%	$160.9	1.8%	$12.77
10,001-20,000	2,682	12.4%	37.4	11.1%	$516.6	5.9%	$13.81
20,001-40,000	1,684	7.8%	46.9	14.0%	$666.4	7.6%	$14.22
40,001-60,000	578	2.7%	28.1	8.4%	$485.6	5.5%	$17.27
60,001-100,000	475	2.2%	36.6	10.9%	$798.5	9.1%	$21.80
100,001+	562	2.6%	141.3	42.1%	$5,799.0	66.0%	$41.05
total	**21,574**	**100.0%**	**335.8**	**100.0%**	**$8,783.2**	**100.0%**	**$26.16**

0 sf represents parking, land, and other assets with no square footage

Source: # of CBRs and RSF represent September 2008 billing from BIS 9/30/08; annualized rent represents September 2008 rent bill annualized from BIS 9/30/08

table 6. CBR expirations by region

fy of expiration	fy09	fy10	fy11	fy12	fy13	fy14+	total
region 1–new england							
# of CBRs	273	158	132	157	115	114	949
rsf *in millions*	2.8	1.1	1.3	1.6	1.2	1.6	9.7
annualized rent *$ in millions*	$65.8	$29.4	$39.7	$49.5	$32.9	$53.7	$271.1
average CBR term *in years*	9	12	8	11	13	13	11
region 2–northeast and caribbean							
# of CBRs	376	181	138	100	87	571	1,453
rsf *in millions*	3.9	2.8	2.0	1.6	1.3	9.1	20.7
annualized rent *$ in millions*	$129.9	$81.8	$90.7	$55.7	$41.0	$344.9	$744.1
average CBR term *in years*	9	10	10	10	11	15	12
region 3–mid-atlantic							
# of CBRs	269	139	112	327	305	645	1,797
rsf *in millions*	3.7	5.4	2.4	4.4	4.4	13.4	33.7
annualized rent *$ in millions*	$38.4	$71.9	$59.1	$79.5	$79.1	$304.8	$632.9
average CBR term *in years*	8	9	10	10	11	13	11
region 4–southeast sunbelt							
# of CBRs	902	479	434	626	351	737	3,529
rsf *in millions*	9.0	3.3	4.5	6.9	3.5	12.3	39.4
annualized rent *$ in millions*	$188.4	$64.2	$62.3	$167.9	$70.8	$346.0	$899.7
average CBR term *in years*	7	7	7	7	9	12	8
region 5–great lakes							
# of CBRs	793	356	298	316	322	539	2,624
rsf *in millions*	7.5	2.6	2.8	4.0	4.7	10.5	32.2
annualized rent *$ in millions*	$87.1	$58.5	$55.5	$104.1	$92.9	$348.9	$747.0
average CBR term *in years*	5	6	6	9	10	14	8
region 6–heartland							
# of CBRs	222	152	108	202	194	261	1,139
rsf *in millions*	2.9	2.8	1.1	3.1	1.7	7.7	19.2
annualized rent *$ in millions*	$41.7	$38.5	$17.0	$35.4	$ 21.9	$155.0	$309.4
average CBR term *in years*	9	9	11	11	11	14	11

table 6. CBR expirations by region *(continued)*

fy of expiration	fy09	fy10	fy11	fy12	fy13	fy14+	total
region 7–greater southwest							
# of CBRs	646	201	167	202	185	1,529	2,930
rsf *in millions*	4.8	1.5	1.6	2.5	2.4	17.4	30.2
annualized rent *$ in millions*	$29.0	$26.5	$41.9	$41.6	$41.7	$458.2	$638.9
average CBR term *in years*	8	9	10	11	11	15	12
region 8–rocky mountain							
# of CBRs	455	263	172	219	172	376	1,657
rsf *in millions*	3.8	2.1	0.9	3.2	1.7	4.7	16.4
annualized rent *$ in millions*	$72.0	$ 32.6	$13.1	$63.6	$43.6	$117.3	$342.1
average CBR term *in years*	6	7	6	7	9	14	8
region 9–pacific rim							
# of CBRs	583	323	233	305	201	673	2,318
rsf *in millions*	5.8	2.6	3.0	5.3	4.1	10.7	31.5
annualized rent *$ in millions*	$165.0	$70.9	$ 84.1	$262.7	$143.6	$362.0	$1,088.3
average CBR term *in years*	9	12	10	12	12	13	11
region 10–northwest/arctic							
# of CBRs	488	232	311	196	134	489	1,850
rsf *in millions*	2.9	2.3	1.7	2.3	1.5	3.4	14.2
annualized rent *$ in millions*	$60.8	$47.7	$42.5	$53.2	$36.8	$104.9	$345.9
average CBR term *in years*	8	8	9	8	11	13	10
region 11–national capital							
# of CBRs	401	211	199	220	108	189	1,328
rsf *in millions*	22.7	12.4	12.8	12.2	7.0	21.5	88.6
annualized rent *$ in millions*	$483.4	$348.4	$303.4	$468.1	$428.5	$731.8	$2,763.7
average CBR term *in years*	7	7	9	10	10	13	9
nationwide							
# of CBRs	5,408	2,695	2,304	2,870	2,174	6,123	21,574
rsf *in millions*	69.8	38.9	34.1	47.2	33.6	112.3	335.8
annualized rent *$ in millions*	$1,361.5	$870.4	$809.5	$1,381.3	$1,032.9	$3,327.6	$8,783.2
average CBR term *in years*	8	8	8	9	10	14	10

Source: Annualized rent represents September 2008 rent bill annualized from BIS 9/30/08; # of CBRs, RSF, and CBR term from BIS 9/30/08

table 7. core customers ranked by rent – total inventory

agency	rent *$ in millions*	% of total	# of CBRs	% of total	rsf *in millions*	% of total
justice	$1,309.1	16.0%	3,130	14.5%	45.1	13.4%
dhs	$1,025.7	12.5%	3,153	14.6%	35.7	10.6%
judiciary	$977.9	12.0%	2,943	13.6%	41.5	12.3%
treasury	$673.7	8.2%	1,011	4.7%	30.2	9.0%
ssa	$606.2	7.4%	1,912	8.9%	29.8	8.9%
hhs	$374.1	4.6%	749	3.5%	14.9	4.4%
defense	$337.0	4.1%	603	2.8%	15.4	4.6%
interior	$276.3	3.4%	1,086	5.0%	14.4	4.3%
commerce	$271.7	3.3%	344	1.6%	11.5	3.4%
epa	$212.5	2.6%	172	0.8%	6.9	2.0%
all others	$2,109.5	25.8%	6,471	30.0%	90.4	26.9%
total	**$8,173.8**	**100.0%**	**21,574**	**100.0%**	**335.8**	**100.0%**

Source: Rent represents total amount billed in FY08 from BIS 9/30/08; # of CBRs and RSF represent September 2008 billing from BIS 9/30/08

table 8. income statement – total inventory

$ in millions	fy04	fy05	fy06	fy07	fy08
direct revenue (+)	$7,392.6	$7,427.5	$7,720.5	$7,988.4	$8,324.4
operations and maintenance	$785.2	$808.7	$865.9	$912.7	$964.7
protection	$442.9	$14.6	$27.2	$45.5	$50.5
rental of space	$3,634.8	$3,862.9	$4,080.3	$4,340.7	$4,576.3
real estate	$17.9	$14.6	$9.4	$8.3	$11.1
repairs and alterations	$36.4	$57.0	$88.9	$96.6	$98.0
other	$56.9	$77.3	$70.5	$90.7	$84.2
total G&A expenses	$656.8	$686.4	$731.7	$708.6	$773.9
purchase contracts	$151.1	$144.2	$141.2	$142.6	$142.6
total funded expenses (–)	$5,782.0	$5,665.6	$6,015.0	$6,345.6	$6,701.4
funds from operations (=)	$1,610.6	$1,761.8	$1,705.5	$1,642.8	$1,623.1
depreciation (–)	$1,009.5	$851.9	$861.6	$1,103.7	$1,042.9
net income	**$601.1**	**$910.0**	**$843.9**	**$539.0**	**$580.1**

Source: InfoWizard FBF08 and FBF05 models

table 9. owned portfolio composition and performance by region

region	# of buildings	owned rsf *in millions*	% of owned rsf	direct revenue *$ in millions*	ffo *$ in millions*
1 new england	92	6.1	3.5%	$133.6	$65.8
2 northeast & caribbean	56	12.5	7.1%	$355.2	$130.7
3 mid-atlantic	94	16.1	9.1%	$258.4	$123.6
4 southeast sunbelt	142	17.6	10.0%	$276.3	$123.2
5 great lakes	127	19.7	11.2%	$315.5	$153.5
6 heartland	61	12.1	6.9%	$139.6	$48.1
7 greater southwest	319	15.8	9.0%	$230.6	$105.4
8 rocky mountain	160	9.4	5.3%	$148.1	$55.6
9 pacific rim	168	17.4	9.9%	$463.9	$284.9
10 northwest/arctic	109	9.2	5.2%	$160.3	$89.5
11 national capital	195	40.6	23.0%	$974.1	$477.0
central office	0	0.0	0.0%	$(1.5)	$6.8
total	**1,523**	**176.5**	**100.0%**	**$3,454.0**	**$1,664.0**

Source: # of buildings and RSF from 9/08 R240 Report of active buildings with assignable space; Direct Revenue and FFO from InfoWizard FBF08 model

table 10. owned distribution by square footage

square footage category	# of bldgs.	% of total	rsf *in millions*	% of total	direct revenue *$ in millions*	% of total	$/rsf
0	112	7.4%	0.0	0.0%	52.7	1.6%	$0.00
1-2,500	220	14.5%	0.2	0.1%	4.9	0.1%	$19.91
2,501-5,000	153	10.1%	0.6	0.3%	13.2	0.4%	$23.29
5,001-7,500	90	5.9%	0.6	0.3%	11.4	0.3%	$20.64
7,501-10,000	64	4.2%	0.6	0.3%	11.6	0.3%	$20.77
10,001-20,000	136	8.9%	1.9	1.1%	32.9	1.0%	$17.03
20,001-40,000	120	7.9%	3.5	2.0%	55.4	1.7%	$15.73
40,001-60,000	97	6.4%	4.8	2.7%	77.0	2.3%	$16.07
60,001-100,000	105	6.9%	8.3	4.7%	123.5	3.7%	$14.96
100,001+	425	27.9%	156.2	88.4%	2,942.9	88.5%	$18.84
total	**1,522**	**100.0%**	**176.6**	**100.0%**	**3,325.5**	**100.0%**	**$18.83**

0 sf represents parking, land, and other assets with no square footage

Source: # of buildings and RSF from STAR as of 9/30/08; Direct Revenue from Infowizard FBF08 model

table 11. asset performance by property type

property type	rsf *in millions*	direct revenue *$ in millions*	direct revenue *$/rsf*	ffo *$ in millions*	ffo *$/rsf*	vacancy rate *(%)*
office building	130.0	$2,459.8	$18.93	$1,275.8	$9.82	7.4%
courthouse	31.6	$646.4	$20.43	$309.8	$9.79	6.1%
warehouse	9.9	$95.2	$9.61	$57.9	$5.85	5.6%
laboratory	1.7	$40.4	$24.39	$31.1	$18.78	0.9%
other	3.5	$83.6	$24.16	$4.7	$1.36	3.8%
total	**176.6**	**$3,325.5**	**$18.83**	**$1,679.3**	**$9.51**	**7.0%**

Source: RSF from STAR as of 9/30/08; Direct Revenue and FFO from Infowizard FBF08 model; Vacancy Rate from 9/08 Vacant Space Report

table 12. key markets ranked by direct revenue – owned inventory

metropolitan statistical area (msa)	# of bldgs.	% of total	rsf *in millions*	% of total	ffo *$ in millions*	% of total	direct revenue *$ in millions*	% of total
dc-arlington-alexandria, va-md-wv	232	15.2%	41.1	23.3%	$476.1	28.6%	$845.1	24.5%
new york-wayne-white plains, ny-nj	14	0.9%	8.2	4.6%	$85.9	5.2%	$252.1	7.3%
chicago-naperville-joliet, il	19	1.2%	5.4	3.1%	$63.2	3.8%	$120.3	3.5%
san fran-san mateo-redwood city, ca	26	1.7%	3.5	2.0%	$79.3	4.8%	$116.5	3.4%
los angeles-long beach-glendale, ca	13	0.9%	3.9	2.2%	$59.7	3.6%	$92.3	2.7%
denver aurora, co	65	4.3%	5.5	3.1%	$31.5	1.9%	$88.5	2.6%
baltimore-towson, md	21	1.4%	5.9	3.3%	$47.6	2.9%	$83.6	2.4%
boston-quincy, ma	5	0.3%	2.9	1.7%	$53.1	3.2%	$79.4	2.3%
st. louis, mo-il	39	2.6%	6.0	3.4%	$30.5	1.8%	$63.2	1.8%
seattle-bellevue-everett, wa	25	1.6%	4.2	2.4%	$37.3	2.2%	$60.9	1.8%
philadelphia, pa	9	0.6%	3.2	1.8%	$28.5	1.7%	$58.4	1.7%
atlanta-sandy springs-marietta, ga	11	0.7%	3.3	1.9%	$22.1	1.3%	$55.8	1.6%
bethesda-frederick-gaithersburg, md	34	2.2%	2.3	1.3%	$25.7	1.5%	$48.8	1.4%
kansas city, mo-ks	19	1.2%	4.5	2.5%	$14.2	0.9%	$46.0	1.3%
santa ana-anaheim-irvine, ca	9	0.6%	1.7	1.0%	$26.5	1.6%	$40.3	1.2%
san diego-carlsbad-san marcos, ca	29	1.9%	1.3	0.7%	$23.1	1.4%	$36.5	1.1%
portland-vancouver-beaverton, or-wa	10	0.7%	1.9	1.1%	$24.0	1.4%	$34.8	1.0%
sacramento-arden-arcade-roseville, ca	7	0.5%	1.4	0.8%	$24.0	1.4%	$34.2	1.0%
oakland-fremont-hayward, ca	10	0.7%	1.5	0.9%	$12.5	0.8%	$30.6	0.9%
detroit-livonia-dearborn, mi	10	0.7%	1.7	0.9%	$17.2	1.0%	$30.5	0.9%
top 20 totals	**607**	**39.9%**	**109.4**	**62.0%**	**$1,182.0**	**71.0%**	**$2,218.0**	**64.2%**

Source: MSAs from Office of Management and Budget; # of Buildings and RSF from STAR as of 9/30/08; FFO and Direct Revenue from InfoWizard FBF08 model

table 13. key markets – market vacancy rates vs. GSA vacancy rate

metropolitan statistical area (msa)	class a market vacancy %	class b market vacancy %	class c market vacancy %	owned GSA vacancy %
dc-arlington-alexandria, va-md-wv	13.1%	10.4%	6.6%	5.1%
new york-wayne-white plains, ny-nj	11.5%	12.1%	6.7%	12.1%
chicago-naperville-joliet, il	13.6%	14.2%	8.6%	8.7%
san fran-san mateo-redwood city, ca	10.8%	10.5%	5.1%	3.8%
los angeles-long beach-glendale, ca	11.3%	9.3%	4.4%	7.9%
denver aurora, co	12.9%	14.0%	8.8%	4.0%
baltimore-towson, md	15.1%	11.4%	8.8%	2.1%
boston-quincy, ma	10.4%	11.8%	6.4%	20.0%
st. louis, mo-il	11.4%	11.0%	7.9%	8.3%
seattle-bellevue-everett, wa	9.2%	10.3%	4.8%	9.3%
philadelphia, pa	12.5%	12.9%	10.2%	1.9%
atlanta-sandy springs-marietta, ga	16.3%	14.2%	12.1%	8.2%
bethesda-frederick-gaithersburg, md	n/a	n/a	n/a	5.3%
kansas city, mo-ks	17.1%	11.6%	12.2%	5.4%
santa ana-anaheim-irvine, ca	18.4%	11.8%	5.5%	13.8%
san diego-carlsbad-san marcos, ca	19.7%	13.9%	7.0%	0.1%
portland-vancouver-beaverton, or-wa	8.7%	12.4%	6.2%	8.0%
sacramento-arden-arcade-roseville, ca	14.1%	16.3%	11.2%	8.4%
oakland-fremont-hayward, ca	n/a	n/a	n/a	5.5%
detroit-livonia-dearborn, mi	14.2%	20.3%	12.9%	8.1%

Source: MSAs from Office of Management and Budget; Class A, B, & C Vacancy Rates from CoSTAR; Owned Vacancy Rate from 9/08 Vacant Space Report

table 14. core customers ranked by rent – owned inventory

agency	rent *$ in millions*	% of total	# of CBRs	% of total	rsf *in millions*	% of total
judiciary	$801.6	23.8%	2,183	21.8%	35.3	21.9%
justice	$467.2	13.9%	1,488	14.9%	18.7	11.6%
dhs	$353.3	10.5%	1,349	13.5%	13.2	8.2%
treasury	$273.1	8.1%	340	3.4%	14.4	8.9%
gsa	$120.7	3.6%	1,130	11.3%	5.6	3.5%
interior	$116.2	3.5%	319	3.2%	6.7	4.2%
hhs	$112.6	3.3%	254	2.5%	5.2	3.2%
ssa	$112.6	3.3%	321	3.2%	9.6	6.0%
va	$100.3	3.0%	115	1.2%	4.2	2.6%
commerce	$100.2	3.0%	134	1.3%	5.7	3.5%
all others	$803.6	23.9%	2,366	23.7%	42.8	26.5%
total	**$3,361.6**	**100.0%**	**9,999**	**100.0%**	**161.4**	**100.0%**

Source: # of CBRs and RSF represent September 2008 billing from BIS 9/30/2008; Rent represents total amount billed in FY08 from BIS 9/30/2008

table 15. income statement – owned inventory

$ in millions	fy04	fy05	fy06	fy07	fy08
direct revenue (+)	$3,362.4	$3,242.3	$3,335.4	$3,359.4	$3,454.0
operations and maintenance	$739.7	$758.5	$811.2	$860.0	$907.8
protection	$342.9	$14.0	$25.6	$41.5	$46.1
rental of space	$0.0	$0.4	$1.0	$3.1	$(2.2)
real estate	$6.1	$4.4	$2.7	$3.3	$5.6
repairs and alterations	$34.6	$52.6	$85.5	$92.5	$91.5
other	$53.0	$72.0	$64.9	$77.6	$74.2
total G&A expenses	$505.5	$525.6	$561.4	$498.0	$524.3
purchase contracts	$147.4	$140.6	$137.8	$139.2	$142.6
total funded expenses (–)	$1,829.2	$1,568.2	$1,690.1	$1,715.0	$1,789.9
funds from operations (=)	$1,533.1	$1,672.5	$1,645.2	$1,644.4	$1,664.0
depreciation (–)	$963.7	$823.7	$834.9	$1,079.9	$1,015.2
net income	$569.4	$846.9	$810.3	$564.5	$648.9

Source: InfoWizard FBF08 and FBF05 models

table 16. leased portfolio composition and performance

region	# of bldgs.	leased rsf *in millions*	% of leased rsf	direct revenue *$ in millions*	ffo *$ in millions*
1 new england	313	4.5	2.5%	$124.7	$1.8
2 northeast & caribbean	440	9.6	5.4%	$388.8	$(17.3)
3 mid-atlantic	655	18.5	10.4%	$339.4	$0.9
4 southeast sunbelt	1,299	24.1	13.6%	$531.4	$14.2
5 great lakes	852	14.1	7.9%	$366.8	$(12.6)
6 heartland	328	8.7	4.9%	$161.7	$(6.5)
7 greater southwest	869	16.1	9.1%	$335.4	$(5.7)
8 rocky mountain	463	7.3	4.1%	$165.2	$(3.7)
9 pacific rim	879	15.4	8.7%	$486.1	$(0.7)
10 northwest/arctic	489	6.3	3.5%	$162.7	$(6.9)
11 national capital	493	52.9	29.8%	$1,808.2	$(4.5)
total	**7,080**	**177.5**	**100.0%**	**$4,870.5**	**$(41.0)**

Source: # of buildings and RSF from 9/08 R240 Report of active buildings with assignable space; Direct Revenue and FFO from InfoWizard FBF08 model

table 17. leased distribution by square footage

square footage category	# of leases	% of total	rsf *in millions*	% of total	current annual rent* (car) *$ in millions*	% of total	car/rsf *($)*
0	179	2.1%	0.0	0.0%	$22.6	0.5%	$0.00
1-2,500	1,777	20.7%	2.3	1.3%	$49.1	1.1%	$21.72
2,501-5,000	1,432	16.7%	5.4	3.0%	$125.9	2.8%	$23.26
5,001-7,500	1,152	13.4%	7.1	4.0%	$157.8	3.6%	$22.17
7,501-10,000	767	8.9%	6.7	3.8%	$158.3	3.6%	$23.68
10,001-20,000	1,435	16.7%	20.1	11.3%	$492.6	11.1%	$24.56
20,001-40,000	914	10.6%	25.6	14.4%	$654.4	14.8%	$25.52
40,001-60,000	338	3.9%	16.8	9.4%	$465.4	10.5%	$27.74
60,001-100,000	288	3.4%	22.3	12.5%	$566.6	12.8%	$25.46
100,001 +	314	3.7%	71.8	40.3%	$1,727.3	39.1%	$24.05
total	**8,596**	**100.0%**	**178.0**	**100.0%**	**$4,420.0**	**100.0%**	**$24.83**

**Current Annual Rent represents payments to lessors*
Source: # of Leases, RSF, and Current Annual Rent from STAR as of 9/30/08 and represent all leases that are active or active pending change

table 18. lease performance by property type

property type	rsf *in millions*	direct revenue *$ in millions*	ffo *$ in millions*	vacancy rate *(%)*	car *$ in millions*
office	157.5	$4,542.0	$(38.8)	1.3%	$4,156.2
courthouse	1.4	$40.0	$(1.6)	1.7%	$33.7
warehouse	15.2	$153.9	$(6.7)	1.5%	$140.3
laboratory	0.8	$28.9	$(2.4)	0.0%	$26.6
other	3.1	$85.2	$8.3	6.4%	$63.1
total	**178.0**	**$4,850.0**	**$(41.1)**	**1.4%**	**$4,420.0**

Source: RSF and Current Annual Rent from STAR as of 9/30/08 and represent all leases that are active or active pending change; Direct Revenue and FFO from InfoWizard FBF08 model; Vacancy Rate from 9/08 Vacant Space Report

table 19. key markets ranked by direct revenue – leased inventory

metropolitan statistical area (msa)	# of bldgs.	% of total	rsf *in millions*	% of total	ffo *$ in millions*	% of total	direct revenue *$ in millions*	% of total
dc-arlington-alexandria, va-md-wv	561	7.9%	46.5	26.2%	$(11.5)	28.1%	$1,627.1	33.4%
new york-wayne-white plains, ny-nj	146	2.1%	4.4	2.5%	$(17.6)	42.9%	$218.9	4.5%
bethesda-frederick-gaithersburg, md	96	1.4%	7.2	4.0%	$3.6	(8.7)%	$184.3	3.8%
atlanta-sandy springs-marietta, ga	102	1.4%	5.5	3.1%	$13.5	(33.0)%	$121.9	2.5%
chicago-naperville-joliet, il	107	1.5%	3.1	1.8%	$(4.2)	10.4%	$108.4	2.2%
kansas city, mo-ks	57	0.8%	5.8	3.3%	$(4.9)	12.0%	$98.0	2.0%
los angeles-long beach-glendale, ca	126	1.8%	2.5	1.4%	$1.9	(4.5)%	$79.6	1.6%
denver aurora, co	83	1.2%	2.8	1.6%	$(2.3)	5.6%	$70.1	1.4%
philadelphia, pa	64	0.9%	3.6	2.0%	0.1	(0.2)%	$68.4	1.4%
baltimore-towson, md	76	1.1%	3.1	1.8%	$(0.1)	0.3%	$68.4	1.4%
dallas-plano-irving, tx	67	0.9%	2.6	1.4%	$(1.7)	4.1%	$59.2	1.2%
seattle-bellevue-everett, wa	69	1.0%	1.8	1.0%	$(1.6)	4.0%	$57.7	1.2%
miami-miami beach-kendall, fl	75	1.1%	2.0	1.1%	1.2	(2.9)%	$57.1	1.2%
san diego-carlsbad-san marcos, ca	69	1.0%	1.6	0.9%	$(1.1)	2.8%	$54.6	1.1%
san fran-san mateo-redwood city, ca	49	0.7%	1.4	0.8%	0.2	(0.5)%	$51.4	1.1%
newark-union, nj-pa	34	0.5%	1.3	0.7%	0.0	(0.1)%	$50.7	1.0%
detroit-livonia-dearborn, mi	37	0.5%	1.6	0.9%	$(2.5)	6.2%	$47.6	1.0%
phoenix-mesa-scottsdale, az	61	0.9%	1.4	0.8%	$1.1	(2.6)%	$38.9	0.8%
boston-quincy, ma	37	0.5%	0.8	0.5%	$2.5	(6.1)%	$36.6	0.8%
va beach-norfolk-newport news, va-nc	61	0.9%	1.9	1.1%	$0.8	(2.0)%	$36.2	0.7%
top 20 totals	**1,977**	**27.9%**	**101.0**	**56.9%**	**$(22.9)**	**55.9%**	**$3,135.3**	**64.4%**

Source: MSAs from Office of Management and Budget; # of Buildings and RSF from STAR as of 9/30/08; FFO and Direct Revenue from InfoWizard FBF08 model

table 20. key markets – market vacancy rates vs. GSA vacancy rate

metropolitan statistical area (msa)	class a market vacancy %	class b market vacancy %	class c market vacancy %	leased GSA vacancy %
dc-arlington-alexandria, va-md-wv	13.1%	10.4%	6.6%	2.5%
new york-wayne-white plains, ny-nj	11.5%	12.1%	6.7%	1.3%
bethesda-frederick-gaithersburg, md	n/a	n/a	n/a	1.4%
atlanta-sandy springs-marietta, ga	16.3%	14.2%	12.1%	3.4%
chicago-naperville-joliet, il	13.6%	14.2%	8.6%	0.9%
kansas city, mo-ks	17.1%	11.6%	12.2%	0.5%
los angeles-long beach-glendale, ca	11.3%	9.3%	4.4%	1.0%
denver aurora, co	12.9%	14.0%	8.8%	2.8%
philadelphia, pa	12.5%	12.9%	10.2%	0.2%
baltimore-towson, md	15.1%	11.4%	8.8%	1.8%
dallas-plano-irving, tx	16.2%	18.6%	10.0%	0.4%
seattle-bellevue-everett, wa	9.2%	10.3%	4.8%	0.8%
miami-miami beach-kendall, fl	11.0%	13.2%	5.5%	0.3%
san diego-carlsbad-san marcos, ca	19.7%	13.9%	7.0%	0.7%
san fran-san mateo-redwood city, ca	10.8%	10.5%	5.1%	0.5%
newark-union, nj-pa	16.0%	12.7%	7.1%	0.9%
detroit-livonia-dearborn, mi	14.2%	20.3%	12.9%	0.0%
phoenix-mesa-scottsdale, az	19.3%	18.5%	9.5%	0.7%
boston-quincy, ma	10.4%	11.8%	6.4%	0.6%
va beach-norfolk-newport news, va-nc	10.4%	8.4%	5.6%	0.3%

Source: MSAs from Office of Management and Budget; Class A, B, & C Vacancy Rates from CoSTAR; Leased Vacancy Rate from 9/08 Vacant Space Report

table 21. core customers ranked by rent – leased inventory

agency	rent *$ in millions*	% of total	# of CBRs	% of total	rsf *in millions*	% of total
justice	$841.8	17.5%	1,642	14.2%	26.4	15.2%
dhs	$672.5	14.0%	1,804	15.6%	22.6	13.0%
ssa	$493.7	10.3%	1,591	13.7%	20.1	11.5%
treasury	$400.6	8.3%	671	5.9%	15.8	9.1%
defense	$285.2	5.9%	440	3.8%	10.5	6.0%
hhs	$261.5	5.4%	495	4.3%	9.7	5.6%
judiciary	$176.2	3.7%	760	6.6%	6.2	3.5%
commerce	$171.5	3.6%	210	1.8%	5.8	3.3%
interior	$160.1	3.3%	767	6.6%	7.7	4.4%
agriculture	$150.0	3.1%	681	5.9%	6.1	3.5%
all others	$1,199.2	24.9%	4,172	36.0%	43.5	24.9%
total	**$4,812.2**	**100.0%**	**11,575**	**100.0%**	**174.4**	**100.0%**

Source: # of CBRs and RSF represent September 2008 billing from BIS 9/30/2008; Rent represents total amount billed in FY08 from BIS 9/30/2008

table 22. income statement – leased inventory

$ in millions	fy04	fy05	fy06	fy07	fy08
direct revenue (+)	$4,030.2	$4,185.2	$4,385.1	$4,628.9	$4,870.5
operations and maintenance	$45.5	$50.3	$54.7	$52.6	$56.9
protection	$100.0	$0.6	$1.6	$4.0	$4.4
rental of space	$3,634.7	$3,862.4	$4,079.2	$4,337.6	$4,578.6
real estate	$11.9	$10.2	$6.7	$5.1	$5.5
repairs and alterations	$1.8	$4.4	$3.3	$4.1	$6.5
other	$3.9	$5.2	$5.6	$13.2	$9.9
total G&A expenses	$151.3	$160.8	$170.3	$210.6	$249.6
purchase contracts	$3.6	$3.5	$3.4	$3.4	$0.0
total funded expenses (–)	$3,952.7	$4,097.4	$4,324.9	$4,630.6	$4,911.4
funds from operations (=)	$77.4	$89.3	$60.3	$(1.6)	$(41.0)
depreciation (–)	$45.8	$28.2	$26.6	$23.9	$27.8
net income	$31.7	$63.1	$33.6	$(25.5)	$(68.7)

Source: InfoWizard FBF08 and FBF05 models

table 23. positive and negative NOI leases

region	total regional leased buildings	total regional buildings		% regional buildings		total regional $ in millions	
		+ noi	- noi	+ noi	- noi	+ noi	- noi
1 new england	337	279	58	82.3%	17.2%	$9.6	$(1.7)
2 northeast & caribbean	480	411	69	85.6%	14.4%	$18.4	$(16.5)
3 mid-atlantic	712	647	65	90.9%	9.1%	$20.4	$(3.7)
4 southeast sunbelt	1,439	1,206	233	83.8%	16.2%	$47.2	$(12.5)
5 great lakes	950	829	121	87.3%	12.7%	$22.6	$(4.3)
6 heartland	367	313	54	85.3%	14.7%	$8.8	$(4.4)
7 greater southwest	943	744	199	78.9%	21.1%	$24.6	$(8.3)
8 rocky mountain	498	441	57	88.6%	11.5%	$10.8	$(5.6)
9 pacific rim	952	858	94	90.1%	9.9%	$33.3	$(7.5)
10 northwest/arctic	515	445	70	86.4%	13.6%	$11.5	$(3.2)
11 national capital	562	407	155	72.4%	27.6%	$120.4	$(68.2)
total	**7,755**	**6,580**	1,175	**84.9%**	15.2%	**$327.6**	$(135.9)

Source: InfoWizard FBF08 model

table 24. lease extensions - top 10 agencies

agency	total agency leases	# of lease extensions	% of GSA's extensions
ssa	1,469	270	16%
dhs-tsa	577	196	12%
justice-fbi	472	108	6%
treasury-irs	505	103	6%
dhs-ice	226	58	3%
justice-dea	242	55	3%
interior	208	45	3%
dhs-border	257	43	3%
hhs-fda	139	31	2%
agriculture	118	26	2%

Source: STAR as of 9/30/08

table 25. lease expirations by region

fy of expiration	fy09	fy10	fy11	fy12	fy13	fy14+	total
region 1–new england							
# of leases	133	43	23	43	39	76	357
current annual rent *$ in millions*	$23.1	$19.1	$13.8	$12.9	$14.8	$32.7	$116.4
rsf (lease) *in millions*	1.0	0.7	0.4	0.4	0.5	1.4	4.5
average lease term *in years*	12	9	9	9	11	12	11
region 2–northeast and caribbean							
# of leases	169	67	69	54	55	145	559
current annual rent *$ in millions*	$54.4	$31.3	$47.7	$41.1	$36.2	$136.1	$346.9
rsf (lease) *in millions*	2.0	1.0	1.1	1.1	1.0	3.5	9.6
average lease term *in years*	12	11	11	10	11	11	11
region 3–mid-atlantic							
# of leases	184	73	75	113	85	276	806
current annual rent *$ in millions*	$37.1	$33.5	$17.6	$36.2	$36.2	$153.0	$313.6
rsf (lease) *in millions*	2.7	3.1	1.1	2.0	1.9	7.8	18.5
average lease term *in years*	10	11	11	12	12	11	11
region 4–southeast sunbelt							
# of leases	403	167	125	170	150	514	1,529
current annual rent *$ in millions*	$94.4	$38.7	$24.5	$55.9	$39.8	$238.1	$491.4
rsf (lease) *in millions*	4.7	2.0	1.3	2.6	2.1	11.4	24.2
average lease term *in years*	10	9	9	9	10	12	10
region 5–great lakes							
# of leases	267	138	75	84	71	405	1,040
current annual rent *$ in millions*	$55.0	$29.0	$16.0	$32.4	$21.7	$179.6	$333.6
rsf (lease) *in millions*	3.1	1.3	0.7	1.0	0.9	7.2	14.3
average lease term *in years*	10	10	10	11	9	13	11
region 6–heartland							
# of leases	93	43	26	25	45	140	372
current annual rent *$ in millions*	$16.8	$13.8	$4.9	$10.8	$7.7	$92.2	$146.2
rsf (lease) *in millions*	1.0	0.8	0.3	1.0	0.5	5.3	8.8
average lease term *in years*	10	10	9	12	10	12	11

table 25. lease expirations by region *(continued)*

fy of expiration	fy09	fy10	fy11	fy12	fy13	fy14+	total
region 7–greater southwest							
# of leases	309	129	85	106	84	318	1,031
current annual rent *$ in millions*	$52.2	$18.6	$23.0	$28.1	$33.4	$156.9	$312.2
rsf (lease) *in millions*	3.1	1.1	1.3	1.7	1.9	7.1	16.1
average lease term *in years*	10	10	11	10	11	13	11
region 8–rocky mountain							
# of leases	136	69	34	48	51	182	520
current annual rent *$ in millions*	$23.2	$9.6	$4.1	$18.9	$10.7	$84.4	$151.0
rsf (lease) *in millions*	1.3	0.5	0.2	0.9	0.6	3.9	7.4
average lease term *in years*	9	9	9	10	10	13	11
region 9–pacific rim							
# of leases	310	110	94	88	82	343	1,027
current annual rent *$ in millions*	$94.2	$33.8	$39.7	$40.4	$36.6	$217.0	$461.8
rsf (lease) *in millions*	3.4	1.2	1.6	1.3	1.2	6.7	15.4
average lease term *in years*	9	9	9	9	10	12	10
region 10-northwest/arctic							
# of leases	247	85	48	74	22	100	576
current annual rent *$ in millions*	$39.4	$24.5	$16.4	$19.1	$4.8	$48.1	$152.2
rsf (lease) *in millions*	1.8	1.0	0.7	0.8	0.2	1.8	6.3
average lease term *in years*	9	9	9	8	10	12	10
region 11–national capital							
# of leases	257	109	113	102	71	127	779
current annual rent *$ in millions*	$346.9	$159.0	$138.7	$209.7	$182.7	$557.7	$1,594.7
rsf (lease) *in millions*	12.0	6.5	4.9	6.5	5.9	17.3	53.0
average lease term *in years*	9	8	9	10	11	12	10
nationwide							
# of leases	2,508	1,033	767	907	755	2,626	8,596
current annual rent *$ in millions*	$836.7	$410.8	$346.2	$505.6	$424.8	$1,895.9	$4,420.0
rsf (lease) *in millions*	36.1	19.2	13.4	19.3	16.8	73.2	178.0
average lease term *in years*	10	10	10	10	11	12	11

Source: STAR as of 9/30/08

regional
fy08 fact sheets

Census National Headquarters Suitland, MD

Sources for all regional fact sheets (a.31-a.41)

- *# of buildings from 9/08 R240 Report of active buildings with assignable space*
- *# of CBRs from STAR as of 9/30/08*
- *RSF from 9/08 R240 Report of active buildings with assignable space*
- *vacancy rates from 9/08 Vacant Space Report*
- *direct revenue and ffo from InfoWizard FBF08 model*
- *core assets represent assets with a holding period of 15 years or greater, non-core assets include those in both transition and disposal categories from Portfolio Analysis Division, Office of Real Property Asset Management*
- *tiering results from Portfolio Analysis Division, Office of Real Property Asset Management*
- *# of leases (total, expiring, extended) from STAR as of 9/30/08 and represent all leases that are active or active pending change*
- *negative NOI and positive NOI from InfoWizard FBF08 model*

region 1. new england

		owned	leased	total
portfolio	# of bldgs.	92	313	405
	# of CBRs	463	464	927
	rsf *in millions*	6.1	4.5	10.6
	% of rsf total	3.5%	2.5%	3.0%
	vacancy rate	13.5%	1.3%	8.3%
financials	ffo *$ in millions*	$65.8	$ 1.8	$67.6
	direct revenue *$ in millions*	$133.6	$124.7	$258.3
	% of revenue total	3.9%	2.6%	3.1%

owned

core assets		% of bldgs.
	core	57.3%
	non-core	42.7%

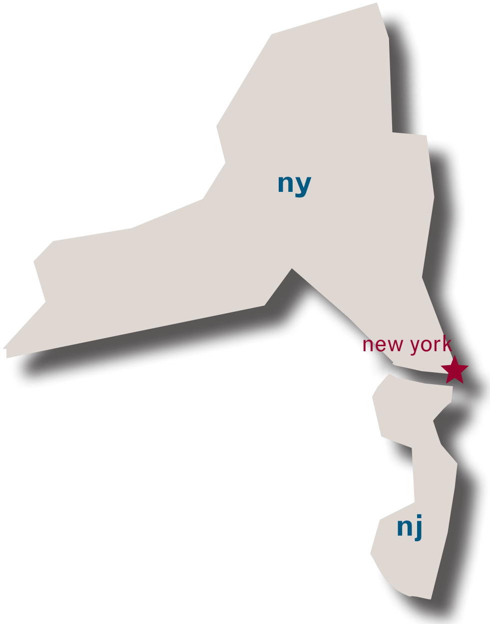
tiering	# of bldgs.	rsf *in millions*
tier 1	23	3.2
tier 2a	25	1.1
tier 2b	7	0.3
tier 3	37	1.4

leased

	# of leases
region total	357
extended	71

	# of leased locations
negative NOI	58
% of region total	17.2%
positive NOI	279
% of region total	82.3%

region 2. northeast and caribbean



		owned	leased	total
portfolio	# of bldgs.	56	440	496
	# of CBRs	759	720	1,479
	rsf *in millions*	12.5	9.6	22.1
	% of rsf total	7.1%	5.4%	6.2%
	vacancy rate	10.2%	0.8%	6.1%
financials	ffo *$ in millions*	$130.7	$(17.3)	$113.5
	direct revenue *$ in millions*	$355.2	$388.8	$744.0
	% of revenue total	10.3%	8.0%	8.9%

owned			% of bldgs.	
	core assets	core	58.8%	
		non-core	41.2%	
	tiering		# of bldgs.	rsf *in millions*
		tier 1	15	3.0
		tier 2a	15	6.3
		tier 2b	14	2.0
		tier 3	13	1.2

leased		# of leases
	region total	559
	extended	145
		# of leased locations
	negative NOI	69
	% of region total	14.4%
	positive NOI	411
	% of region total	85.6%

region 3. mid-atlantic

		owned	leased	total
portfolio	# of bldgs.	94	655	749
	# of CBRs	778	1,018	1,796
	rsf *in millions*	16.1	18.5	34.6
	% of rsf total	9.1%	10.4%	9.8%
	vacancy rate	4.7%	0.6%	2.5%
financials	ffo *$ in millions*	$123.6	$0.9	$124.5
	direct revenue *$ in millions*	$258.4	$339.4	$597.8
	% of revenue total	7.5%	7.0%	7.2%

owned			% of bldgs.	
	core assets	core	65.4%	
		non-core	34.6%	
	tiering		# of bldgs.	rsf *in millions*
		tier 1	30	5.7
		tier 2a	37	8.6
		tier 2b	4	0.6
		tier 3	16	0.9

leased		# of leases
	region total	807
	extended	103
		# of leased locations
	negative NOI	65
	% of region total	9.1%
	positive NOI	647
	% of region total	90.9%

region 4. southeast sunbelt

		owned	leased	total
portfolio	# of bldgs.	142	1,299	1,441
	# of CBRs	1,550	1,995	3,545
	rsf *in millions*	17.6	24.1	41.7
	% of rsf total	10.0%	13.6%	11.8%
	vacancy rate	7.0%	1.5%	3.8%
financials	ffo *$ in millions*	$123.2	$14.2	$137.3
	direct revenue *$ in millions*	$276.3	$531.4	$807.7
	% of revenue total	8.0%	10.9%	9.7%

owned			% of bldgs.	
	core assets	core	73.9%	
		non-core	26.1%	
			# of bldgs.	rsf *in millions*
	tiering	tier 1	23	4.1
		tier 2a	39	7.3
		tier 2b	25	4.5
		tier 3	52	3.1

leased		# of leases
	region total	1,530
	extended	290
		# of leased locations
	negative NOI	233
	% of region total	16.2%
	positive NOI	1,206
	% of region total	83.8%

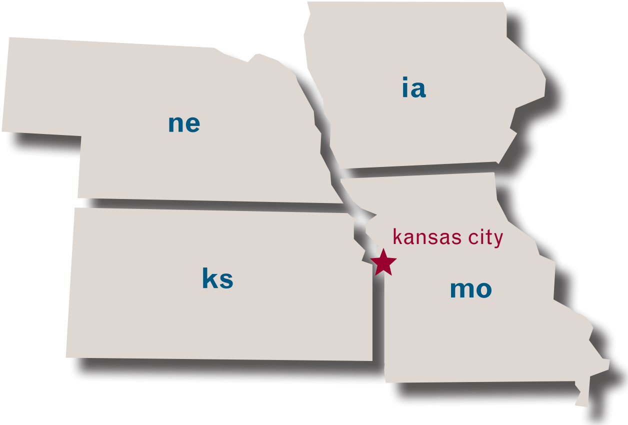
region 5. great lakes

		owned	leased	total
portfolio	# of bldgs.	127	852	979
	# of CBRs	1,342	1,292	2,634
	rsf *in millions*	19.7	14.1	33.8
	% of rsf total	11.2%	7.9%	9.6%
	vacancy rate	8.4%	0.3%	5.1%
financials	ffo *$ in millions*	$153.5	$(12.6)	$140.9
	direct revenue *$ in millions*	$315.5	$366.8	$682.3
	% of revenue total	9.1%	7.5%	8.2%

owned		% of bldgs.	
core assets	core	92.8%	
	non-core	7.2%	
tiering		# of bldgs.	rsf *in millions*
	tier 1	24	5.4
	tier 2a	30	8.2
	tier 2b	7	1.0
	tier 3	76	5.7

leased	# of leases
region total	1,040
extended	235
	# of leased locations
negative NOI	121
% of region total	12.7%
positive NOI	829
% of region total	87.3%

region 6. heartland



		owned	leased	total
portfolio	# of bldgs.	61	328	389
	# of CBRs	637	540	1,177
	rsf *in millions*	12.1	8.7	20.8
	% of rsf total	6.9%	4.9%	5.9%
	vacancy rate	8.0%	1.6%	5.3%
financials	ffo *$ in millions*	$48.1	$(6.5)	$41.5
	direct revenue *$ in millions*	$139.6	$161.7	$301.3
	% of revenue total	4.0%	3.3%	3.6%

owned		% of bldgs.	
core assets	core	65.6%	
	non-core	34.4%	
		# of bldgs.	rsf *in millions*
tiering	tier 1	9	2.7
	tier 2a	9	3.4
	tier 2b	1	0.2
	tier 3	49	5.8

leased	# of leases
region total	365
extended	81
	# of leased locations
negative NOI	54
% of region total	14.7%
positive NOI	313
% of region total	85.3%

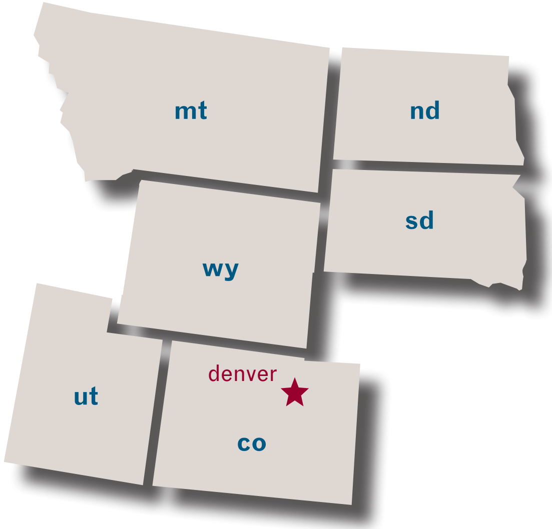
region 7. greater southwest

		owned	leased	total
portfolio	# of bldgs.	319	869	1,188
	# of CBRs	1,632	1,381	3,013
	rsf *in millions*	15.8	16.1	31.9
	% of rsf total	9.0%	9.1%	9.0%
	vacancy rate	8.3%	1.2%	4.7%
financials	ffo *$ in millions*	$105.4	$(5.7)	$99.7
	direct revenue *$ in millions*	$230.6	$335.4	$566.1
	% of revenue total	6.7%	6.9%	6.8%

owned			% of bldgs.	
	core assets	core	88.2%	
		non-core	11.8%	
	tiering		# of bldgs.	rsf *in millions*
		tier 1	286	12.3
		tier 2a	32	0.8
		tier 2b	9	0.3
		tier 3	35	2.8

leased		# of leases
	region total	1,034
	extended	250
		# of leased locations
	negative NOI	199
	% of region total	21.1%
	positive NOI	744
	% of region total	78.9%

region 8. rocky mountain



		owned	leased	total
portfolio	# of bldgs.	160	463	623
	# of CBRs	918	766	1,684
	rsf *in millions*	9.4	7.3	16.7
	% of rsf total	5.3%	4.1%	4.7%
	vacancy rate	3.7%	1.3%	2.6%
financials	ffo *$ in millions*	$55.5	$(3.7)	$51.8
	direct revenue *$ in millions*	$148.1	$165.2	$313.4
	% of revenue total	4.3%	3.4%	3.8%

owned			% of bldgs.	
	core assets	core	59.4%	
		non-core	40.6%	
			# of bldgs.	rsf *in millions*
	tiering	tier 1	117	6.4
		tier 2a	16	2.1
		tier 2b	8	0.1
		tier 3	23	0.9

leased		# of leases
	region total	518
	extended	104
		# of leased locations
	negative NOI	57
	% of region total	11.5%
	positive NOI	441
	% of region total	88.6%

region 9. pacific rim

		owned	leased	total
portfolio	# of bldgs.	168	879	1,047
	# of CBRs	1,042	1,300	2,342
	rsf *in millions*	17.4	15.4	32.8
	% of rsf total	9.9%	8.7%	9.3%
	vacancy rate	5.9%	0.9%	3.6%
financials	ffo *$ in millions*	$284.9	$(0.7)	$284.2
	direct revenue *$ in millions*	$463.9	$486.1	$950.0
	% of revenue total	13.4%	10.0%	11.4%

owned			
core assets		% of bldgs.	
	core	92.0%	
	non-core	8.0%	
tiering		# of bldgs.	rsf *in millions*
	tier 1	70	9.7
	tier 2a	44	5.1
	tier 2b	8	1.6
	tier 3	30	1.0

leased	
	# of leases
region total	1,023
extended	256
	# of leased locations
negative NOI	94
% of region total	9.9%
positive NOI	858
% of region total	90.1%

region 10. northwest arctic

		owned	leased	total
portfolio	# of bldgs.	109	489	598
	# of CBRs	900	1,107	2,007
	rsf *in millions*	9.2	6.3	15.5
	% of rsf total	5.2%	3.5%	4.4%
	vacancy rate	7.2%	1.5%	4.8%
financials	ffo *$ in millions*	$89.5	$(6.9)	$82.3
	direct revenue *$ in millions*	$160.3	$162.7	$322.9
	% of revenue total	4.6%	3.3%	3.9%

owned			
core assets		% of bldgs.	
	core	69.9%	
	non-core	30.1%	
tiering		# of bldgs.	rsf *in millions*
	tier 1	22	2.9
	tier 2a	44	3.9
	tier 2b	29	1.6
	tier 3	13	0.6

leased	
	# of leases
region total	578
extended	116
	# of leased locations
negative NOI	70
% of region total	13.6%
positive NOI	445
% of region total	86.4%

region 11. national capital

		owned	leased	total
portfolio	# of bldgs.	195	493	688
	# of CBRs	397	963	1,360
	rsf *in millions*	40.6	52.9	93.5
	% of rsf total	23.0%	29.8%	26.4%
	vacancy rate	5.4%	2.3%	3.7%
financials	ffo *$ in millions*	$477.0	$(4.5)	$472.6
	direct revenue *$ in millions*	$974.1	$1,808.2	$2,782.3
	% of revenue total	27.5%	37.1%	33.4%

owned			% of bldgs.	
	core assets	core	92.5%	
		non-core	7.5%	
	tiering		# of bldgs.	rsf *in millions*
		tier 1	43	4.6
		tier 2a	50	22.5
		tier 2b	65	9.5
		tier 3	42	7.8

leased		# of leases
	region total	781
	extended	46
		# of leased locations
	negative NOI	155
	% of region total	27.6%
	positive NOI	407
	% of region total	72.4%

acronyms

agencies and departments

Agriculture	Department of Agriculture
Commerce	Department of Commerce
Defense	Department of Defense
DHS	Department of Homeland Security
EPA	Environmental Protection Agency
FAS	Federal Acquistion Service
FDA	Food and Drug Administration
GAO	Government Accountability Office
GSA	General Services Administration
GSA IST	GSA Inaugural Support Team
HHS	Health and Human Services
Interior	Department of the Interior
Judiciary	Federal Judiciary
Justice	Justice Department
PTT	Presidential Transition Team
PBS	Public Buildings Service
SSA	Social Security Administration
Treasury	Department of the Treasury
VA	Veterans Administration

terms

CAR	Current Annual Rent
CBR	Client Billing Record
FBF	Federal Buildings Fund
FCI	Facility Condition Index
FFO	Funds From Operations
FRPC	Federal Real Property Council
FRV	Functional Replacement Value
FY	Fiscal Year
G&A	General and Administrative
GSF	Gross Square Footage
LEED	Leadership in Energy and Environmental Design
MSA	Metropolitan Statistical Area
NOI	Net Operating Income
PCS	Physical Condition Survey
O&M	Operations and Maintenance
R&A	Repair and Alterations
ROE	Return on Equity
RSF	Rentable Square Feet
STAR	System for Tracking and Administering Real Property

African Burial Ground Memorial New York, NY

photo credits

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Timothy Hursley	4-5
Peter Aaron/ESTO	16-17
Robert Benson	33
Henry Smith-Miller	34-35


For all those who were lost
For all those who were stolen
For all those who were left behind
For all those who were not forgotten

U.S. General Services Administration
Public Buildings Service
1800 F Street, NW
Washington, DC 20405

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