

A collage of images on the left side of the slide. The top part shows three business professionals (two women and one man) in a meeting, looking at documents. Below them are several rolled-up blueprints with technical drawings and numbers. At the bottom is a low-angle shot of a modern glass skyscraper.

Federal Real Property Portfolio Optimization Lowering Costs and Improving Performance

Roundtable Policy Discussion

“Opportunities for Taxpayer Savings:
Federally Leased Office Space in the National Capitol Region”

February 11, 2015

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Portfolio Optimization Starts with...



“

...the Dynamic Alignment of an organization's work patterns with the work environment to enable peak performance and reduce costs.¹

”

Different work patterns and environments require a workplace strategy that allows for differentiated solutions based on a common approach.

Workplace Strategy...



...IS:

A business case-driven acknowledgment of, and functional and financial response to, 21st century workforce needs and behaviors:



Collaboration



Mobility



Cost/Budget Realities

Differentiated Roles



Traveler



Teamer



Independent



Resident

...IS NOT:

- A design solution, but will result in one
- A telework program, but may incorporate telework capabilities and benefits as a competency
- A blanket hoteling program, but may incorporate hoteling elements as appropriate to the organization and its workforce composition

Staff and Space Misaligned

Today's workforce uses workspace in a way that is often at odds with traditionally planned and assigned workplaces.

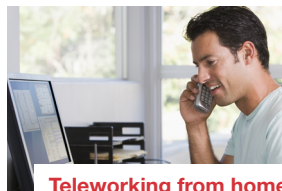
Leases are legal obligations and rent still needs to be paid even when budgets are cut or revenue is reduced.

Funding shortfalls negatively impact training, equipment, and staff – affecting mission capabilities.

CAUSE



Collaboration



Teleworking from home



Field Work



Teleworking on travel

EFFECT



Underutilized Office Space

Collaboration is how work is completed today. Staff are no longer tied to desks by phone lines and LAN cables.

Workplace Strategy 'Combined Arms' Approach:



Real Estate:

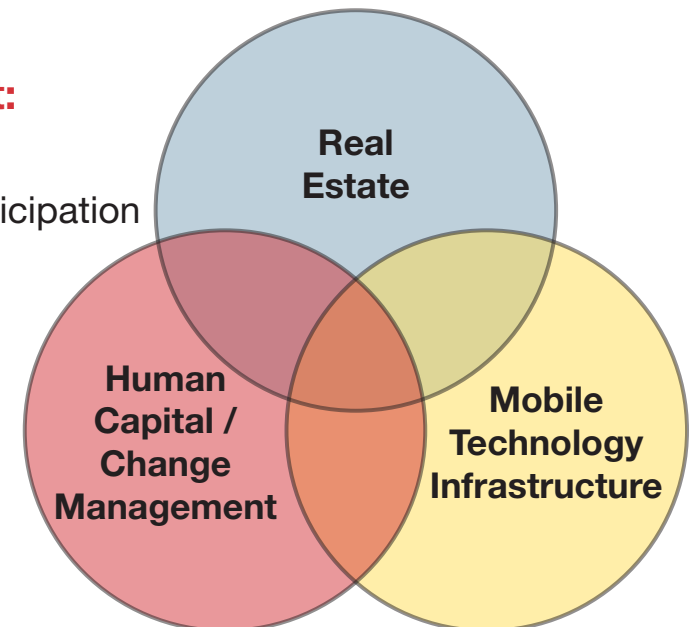
- Assessing Occupancy Agreement commitments and comparing costs to prevailing Market Rates
- Quantifying current utilization rates
- Identifying Special Purpose Space requirements per organizational unit, location, region
- Identifying opportunities in tenant-favorable markets on buildings
- Using the Market to solve many issues

Human Capital/Change Management:

- Define workforce composition
- Executive/manager/staff sponsorship/participation
- Union support
- Performance management
- Focus on accountability
- Engagement and commitment to mission

Mobile Technology Infrastructure:

- Enable mobile work
- Security considerations and connectivity issues
- Data to support insightful analysis



Business Case Assessment for Workplace Strategy



Today's Workforce Is Mobile

We spend more time in collaborative work spaces, in the field, on TDY, and teleworking and less time at individual workstations. The result is a **measurable percentage of costly under- and even un-utilized workspace.**

35%–50% of Offices Are Under-Utilized⁵

GSA states that "... the average utilization for workspace in the U.S. and in Europe between the hours of 8:00 AM and 5:00 PM is 35 to 50 percent..."

The Annual Workstation Cost Is \$10K–\$15K/FTE⁵

This same report also states that "...the cost of accommodating the average Federal associate typically runs \$10,000–\$15,000 annually per person."

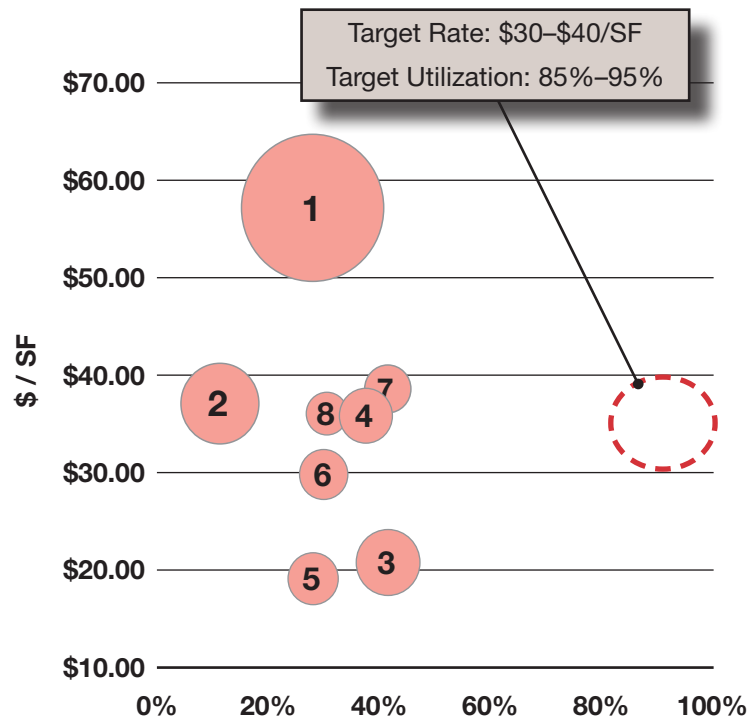
Benefits of a Workplace Assessment

- Identifies opportunities:
 - Reduce real property footprint and operating costs
 - Increase utilization and achieve USF Goals
 - Redirect funding from unnecessary rent to mission support
- Enables \$5M to \$7.5M cost reductions per 1,000 FTEs at 50% average daily utilization⁵
- Aligns the Workplace with the way employees are already working: collaboratively and where they need to be

Real Estate Assessment



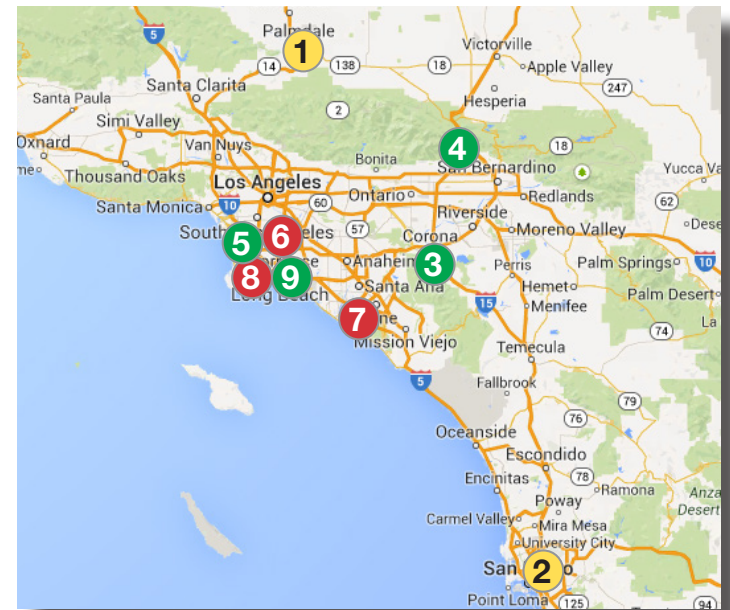
Case Study: Identified the “Realm of the Possible:” reduce Real Property operating costs by over 40% nationally for a Federal law enforcement agency



Note:

- All leases < 50% utilization
- Largest lease + \$20/SF over market

Potential LA Metro Consolidation Plan



- Keep Lease – Add FTE
- Downsize Lease
- Eliminate Lease

Note:

- Retained geographic presence
- Lease elimination and downsizing = +40% reduction
- Savings can be applied to direct mission support

Workforce Composition



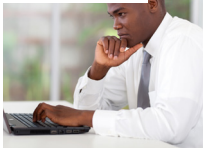
Assessing the composition of worker types is key to defining the footprint and cost reduction opportunities within a given portfolio: National, Regional, Cityscape.

Traveler



Spends the majority of time outside the office, (e.g., traveling, attending off-site meetings in customer locations)

Resident



Spends the majority of time in the office, primarily at a desk, where other employees need to access them face-to-face on a daily basis

Teamer



Spends the majority of time collaborating formally and informally with co-workers

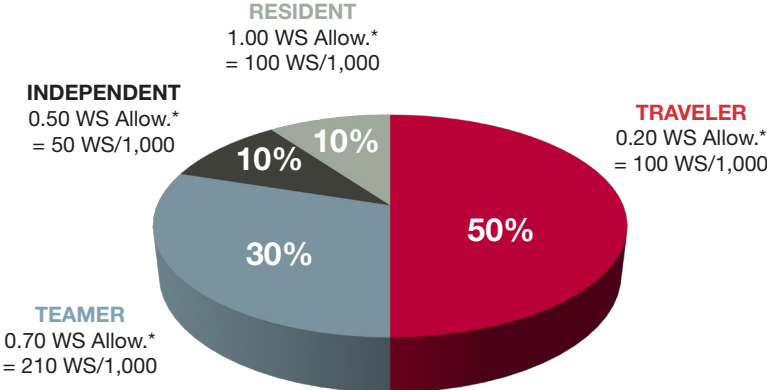
Independent



Spends the majority of time primarily at a desk, with limited face-to-face interactions with clients or co-workers

Workforce Distribution Law Enforcement Agency

Every 1,000 Staff = 460 Workstations



*WS Allow = Workstation Planning Allowance

OPPORTUNITIES:
 118 KSF Footprint Reduction/1,000 FTE* (-53%)
 \$8.1M Cost Reduction/1,000 FTE** (-54%)

* Assumes 220 USF/Person average x 540 unneeded workstations
 ** Assumes \$15K/workstation x 540 unneeded workstations⁵

Human Capital/Change Management Focus:

- Assess the workforce composition,
- Emphasis on performance-based management
- Reduce Risk to Mission

Change Management Is Critical to Success

Myth Busting: Too Costly



Leveraging daily office occupancy can produce footprint and cost reductions and mitigate budget reductions by re-directing funds to mission support

If the average daily occupancy is **60%** then you can achieve:

Staff: Workstation
Leverage Ratio

1.5:1

- Effectively achieve **145 USF/ staff***
- **30%+** space and rent reduction

If the average daily occupancy is **50%** then you can achieve:

Staff: Workstation
Leverage Ratio

2.0:1

- Effectively achieve **110 USF/ staff***
- **40%+** space and rent reduction

If the average daily occupancy is **30%** then you can achieve:

Staff: Workstation
Leverage Ratio

3.0:1

- Effectively achieve **73 USF/ staff***
- **50%+** space and rent reduction

* Assumes baseline of 220 Usable Square Footage Per Person (USF/P) within an Agency

**Without moving a single wall
or changing a stick of furniture.**



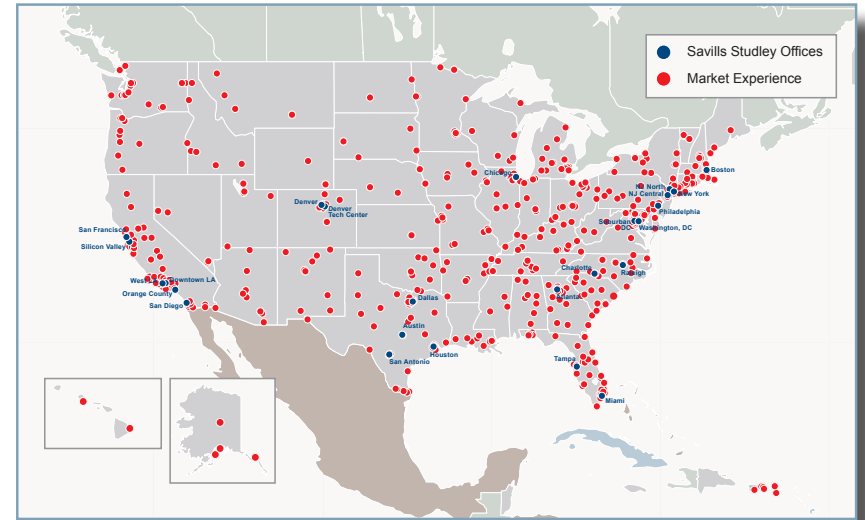
Company Profile:

Overview

- Founded in 1855
- 600 locations globally
- 25 offices in the U.S. with over 600 professionals
- Provide services to:
 - Corporations
 - Nonprofits
 - Law Firms
 - Government Agencies
 - Institutions of Higher Education

Single-Focused Firm Committed to Its Clients

- Over 27,000 professionals committed to providing innovative real estate advisory services



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