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The Hidden Cost of Delay:
Why Federal Lease Renewals Need a Proactive Strategy

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For federal agencies, lease renewals are often considered burdensome, distracting their focus from critical mission functions. That is, until delays cause real consequences with higher costs, relocation headaches, mission disruption, and political fallout. As a former Regional Commissioner for the U.S. General Services Administration (GSA) Public Buildings Service, overseeing a portfolio of nearly a thousand leases, I saw firsthand the cost of inaction and how proactive planning dramatically reduces risk.

Most federal leases, especially those managed by GSA, have firm terms of 10 to 20 years. The longer terms help the government with better rental rates as landlords prefer stability. Another added benefit is that the longer terms reduce the acquisition workload. A 20-year lease, for instance, cuts the number of future actions needed in half compared to a 10-year term. This is increasingly critical amid federal workforce reductions and tightening budgets.

Agencies often delay their lease renewal planning due to budget uncertainty, evolving workforce strategies, and new federal space utilization policies. This hesitation, understandable to an extent, comes with hidden costs: higher rental rates, costly relocations and construction, delayed renovations, operational disruption, and even political consequences when critical services are affected.

Delayed Action Narrows Options

Waiting until the final year of a lease term to begin planning severely limits the government's negotiating power. It reduces flexibility and increases the risk of accepting unfavorable terms or facing costly temporary space solutions that detract from mission needs.

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Approvals Require Time

GSA leases above an established yearly rental amount require significant time to get the necessary congressional approvals. That's not to mention the approvals, including the Office of Management and Budget or agency headquarters, before getting to Congress. Not accounting for this can lead to expensive short-term extensions and delays in needed facility modernizations that are part of a replacement lease.

Mission Disruption Is Costly

Critical government functions don't pause when a lease expires. Moving operations or delaying decisions can drain already-limited resources and shift focus away from the agency's core mission.

While future ambiguity always exists, agencies must prioritize their real estate planning efforts and work closely with their internal facility management offices and agencies like GSA. This will ensure decisions are made promptly and thoughtfully. While I was at GSA, we had a policy of starting renewal planning 36 months before lease expirations. This timeline allowed for early alignment with agency requirements, market research, budget forecasting, stakeholder approvals, and other critical steps.

While opportunities exist to shorten the three-year timeline, including leveraging artificial intelligence, the process still takes time. Starting early is the best way to mitigate the noted risks.

Our early engagement strategy worked. By focusing on early planning, data-driven decisions, and execution discipline, our region improved its lease replacement rate from the mid-40% range to over 90% by dollar value. Our end-of-year lease holdovers dropped from around 20 in any given year to just a handful, supported with clear justifications. These methods, particularly data-driven decisions, were adopted by other regions, producing similar improvements across the country.

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Ultimately, federal real estate planning shouldn't be considered a compliance effort or an administrative burden. Instead, aligning real estate to support mission delivery is a strategic opportunity. Agencies must actively engage at least three years in advance, as their missions and the American people depend on it.