

Q&A With GSA Leadership

In preparation for our webinar on March 19, 2025, Holland & Knight reached out to GSA's Public Buildings Service Commissioner, Michael Peters, to provide some of the questions that our clients are most concerned about. The Commissioner's Office provided the following answers.

Questions:

1. The most pressing issue facing our federal leasing clients is whom to contact for time-sensitive issues. For example, we have lessors with approved designs waiting for notices to proceed, and no one to reach out to. This is resulting in escalating costs for the Government. Given that many of the regional contracting officers are no longer with GSA, who should landlords be reaching out to?
2. Can you provide any insight into what structure GSA envisions to replace the regional structure?
3. Most of the lease terminations for leases in the non-firm term that we have seen have effective dates late in the summer or early fall. Is there an intention to review the tenant agency requirements in the coming months and to seek lease extensions or follow-on leases on a case-by-case basis? Or does GSA intend to have all of its cancellations take effect on schedule?
4. As an extension of the prior question, should lessors assume that in the absence of GSA reaching out prior to the early termination dates, that the tenants will vacate the premises before the early termination date?
5. Lenders are becoming increasingly uneasy about the reports of large-scale terminations and have expressed concern about the continuing funding of projects in the design and construction phase. What assurance can you provide that would address those concerns about ongoing projects and new lease procurements.
6. The production of the list of disposal properties has generated a great deal of private sector interest. We note that the list was withdrawn and any update on real property disposals will be most welcome.

Answers from GSA:

1. Lessors facing time-sensitive federal leasing issues should first reach out to their assigned GSA LCO (Lease Contracting Officer) or LAM (Lease Administration Manager). If you don't know who your point of contact is or need immediate attention, you can email leasing@gsa.gov, which is monitored by the PBS Office of Leasing.
2. PBS will implement a new centralized structure, organized by function rather than by region.

3. GSA's primary goal is to balance the needs of our tenant agencies with the operational realities of our leasing commitments. Regarding lease terminations, we are currently reviewing each situation on a case-by-case basis, taking into consideration tenant agency requirements, overall leasing portfolio and potential impact to government operations. Our goal is to ensure that the government's space needs are met while also maintaining fiscal responsibility and minimizing disruptions.
4. Lessors can assume that tenant agencies will vacate the premises as scheduled. However, we realize that unforeseen circumstances can happen and we encourage lessors to remain in close contact with GSA for any updates. If there are any issues with a tenant's move out date and additional time may be needed, lessors should reach out to their GSA Lease Contracting Officer (LCO) or Lease Administration Manager (LAM) for confirmation. If you don't know who your point of contact is or you need immediate attention, you can email leasing@gsa.gov, which is monitored by the PBS Office of Leasing.
5. First, it's important to note that while we are reviewing and managing lease terminations carefully, GSA remains committed to fulfilling our obligations for leases in the design and construction phases. Ongoing projects are critical to our overall success and we are proactively working to make sure these projects continue without interruption. We are monitoring each project carefully to ensure funding remains intact. We are also streamlining the day-to-day to make sure delays are avoided, which means consistent communication with all parties and stakeholders. At GSA, we always put transparency first, especially towards lenders. Lessors are encouraged to reach out to the PBS team directly for any questions or concerns.
6. We are aware of the overwhelming interest with regard to the list of assets that we are evaluating for disposition and seeking public and private sector feedback. PBS is currently refining our approach to address current market conditions, funding availability, and overall government spacing needs. GSA will provide timely updates and will be releasing a refreshed list when appropriate, including direction on relevant timing and specifics on future processes. Interested parties should remain in close contact with GSA for future updates. Thank you for your continued patience and understanding.