GSA Public Buildings Service

STATE *of the* portfolio fy2009

Carl T. Curtis Midwest Regional Headquarters of the National Park Service
Omaha, NE

contents

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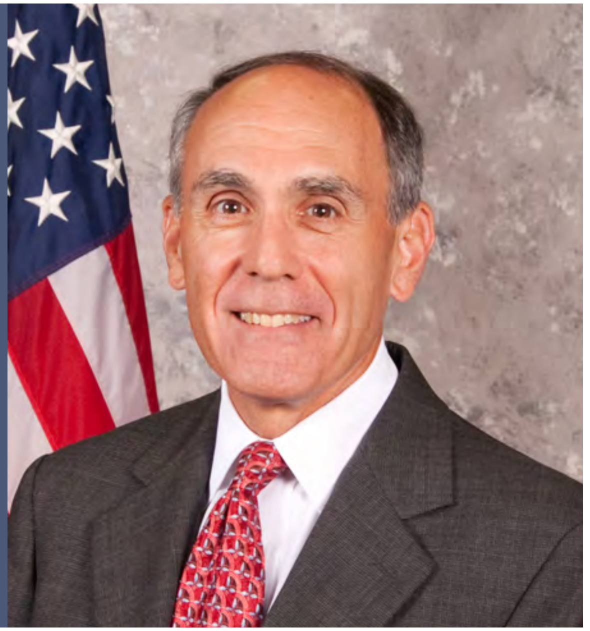


commissioner's message

robert a. peck

GSA celebrated its 60th anniversary in fiscal year 2009, a year that has been very good for the Public Buildings Service (PBS). Of course, the big news—and the focus of a great deal of our energy—is the $5.55 billion committed to us in the American Recovery and Reinvestment Act (Recovery Act). The vast majority of these funds will be invested in greening our portfolio, allowing us to implement many innovative sustainability strategies and further our presence as a "green proving ground" in the real estate industry. Recovery monies also provide for new construction projects including federal courthouses, land ports of entry and initial construction of the new 4.5 million square foot Department of Homeland Security (DHS) headquarters. The DHS headquarters is being built on the grounds of the historic St. Elizabeths campus in Washington, DC and is the single largest commission in our history. Clearly, times are busy and exciting.

Other FY 2009 PBS accomplishments include:

- Exceeding our 12 percent reduction target for energy use by operating at 14.29 percent below our FY 2005 baseline;
- Providing the Census Bureau with over 500 offices across the nation to support the 2010 census;
- Supporting the 2008-2009 presidential transition.

This year's report leads you through an overview of our major customers, discusses key markets throughout the country and describes our overall approach to managing our assets. We hope it is easy to read and proves to be a valuable reference.

Looking toward the future, we continue to face challenges as our leased portfolio grows and our funds from operations decrease. We are working to streamline our lease processes and decrease lease holdovers as well as address the $5.25 billion reinvestment backlog to modernize our aging inventory.

The value of the State of the Portfolio report in this year and every year is that it makes clear where we are succeeding in managing and improving the Federal assets entrusted to us and where there are opportunities for improvement. I have no doubt we will continue to improve the state of the portfolio and our services to our Federal customers and the American public. In this effort, I thank the entire PBS staff for their hard work and commitment to excellence.

Robert A. Peck

Robert A. Peck
PBS Commissioner

Port of Entry Naco, AZ

STATE *of the* portfolio

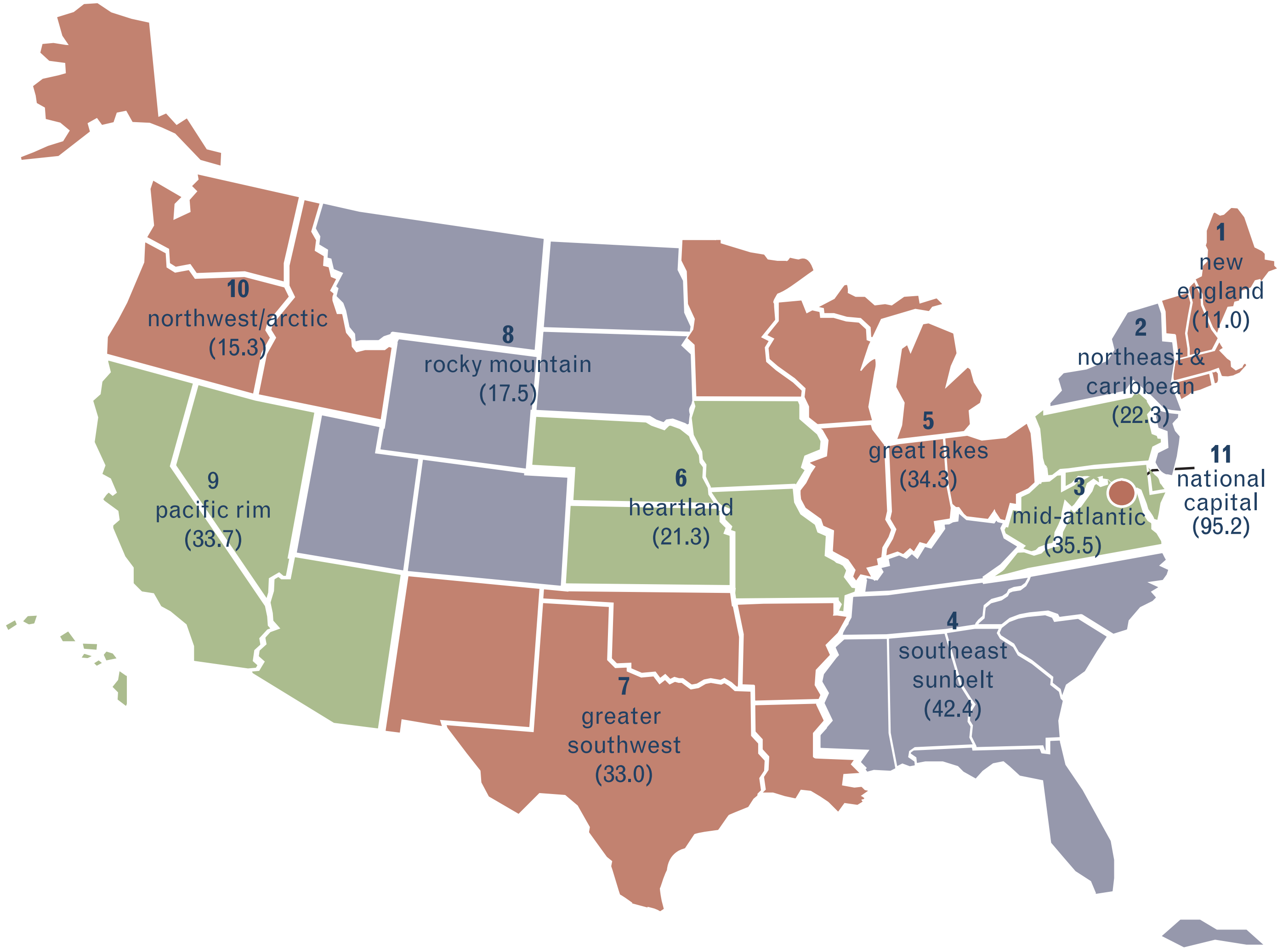
overview

fY2009

The Public Buildings Service (PBS) continues to be one of the largest and most diversified public real estate organizations in the world. PBS' portfolio consists of 362 million rentable square feet (rsf) in 9,624 assets across all 50 states, 6 U.S. territories, and the District of Columbia. The PBS inventory is managed by 11 regional offices and the Central Office located in Washington, DC. The majority of PBS' space is concentrated in large commercial markets such as New York, Chicago, Atlanta, Denver, Los Angeles, and Washington, DC. The PBS portfolio is comprised of properties under the custody and control of GSA (owned) and properties leased from the private sector (leased). Properties include such space as office buildings, courthouses, land ports of entry, warehouses, and laboratories. For the first time, in FY 2008 the leased inventory surpassed the owned to comprise more than 50 percent of PBS' rsf. In FY 2009 this trend continued with the leased inventory continuing to experience greater growth than the owned inventory.

rentable square footage by region

in millions (see table 10, page a.13)



nationwide (361.5)

portfolio strategy

PBS' goal is to maintain a portfolio of strong, self-sustaining assets that meet the long-term space needs of Federal customer agencies. To achieve this goal, PBS follows a portfolio strategy that targets reinvestment funds to assets based on customer need, market conditions, and asset characteristics. This portfolio strategy underlies all PBS' business decisions. Improving portfolio and asset performance involves understanding and balancing customer needs, market dynamics, and the condition and performance of assets in the context of building measures for operations, maintenance, utilization, energy, and sustainability.

customers

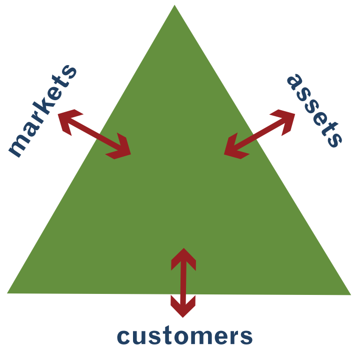
PBS partners with its customers to understand their missions, housing profiles, security needs, and space trends. This helps PBS provide workplace solutions that meet customer requirements and are cost effective for both the customer and the American taxpayer. PBS measures customer satisfaction to ensure that it is meeting customer needs. In FY 2009, customer satisfaction in both owned and leased space increased over 2008 levels – validating the work PBS continues to do to support its customers.

markets

Market analyses are used to understand the overall cost of owning space versus leasing in different real estate market areas. PBS appraises its owned inventory to establish and track asset value. This market value is used to identify the taxpayer's equity in the assets and to perform numerous analyses on the PBS inventory. PBS also uses appraisals to establish commercially equivalent Fair Annual Rental rates that are charged to tenant agencies. PBS diligently follows market trends and uses this data to take advantage of the market and secure leases at or below market rates.

assets

PBS analyzes the financial performance and condition of every asset in the portfolio. Performance metrics such as revenue, funds from operations (FFO), operating costs, percent of vacancy, net operating income (NOI), and return on equity (ROE) are reviewed on a monthly basis. PBS also conducts physical condition surveys for half of the inventory each year to assess major building systems and structural integrity. PBS also evaluates sustainability principles and asset characteristics such as historic designation and energy efficiency in an effort to target reinvestment funds to its core inventory.



accomplishments

FY 2009 was a remarkable year for PBS with many changes and opportunities that substantially revitalized and re-energized the organization.

As 2009 marked the 60th anniversary of the General Services Administration, it was only fitting that during this year PBS focused not just on fulfilling its mission and serving customers, but on improving PBS as an organization. As part of the on-going effort to improve business processes and customer service, PBS evaluated its organizational structure and focused on organizational efficiency and effectiveness. PBS standardized business processes by issuing new policies and guidance that aligned responsibilities within regional and central offices. This will enhance communication with customers and stakeholders.

But the internal PBS changes could not compete with the excitement surrounding PBS' role in implementing the Recovery Act. PBS received $5.5 billion in funding to put people back to work quickly and transform Federal buildings into high-performing green buildings (HPGBs). By the end of FY 2009 PBS had accomplished its spending target goals by obligating over $1.4 billion on the Recovery Act contracts.

Through all these changes, PBS continued to fulfill its daily mission to provide superior workplaces to its customer agencies at a value to the American taxpayer. PBS improved portfolio performance in FY 2009 and continued to demonstrate results in areas of utilization, disposal, operations and maintenance, and physical condition assessment.

In FY 2009, PBS decreased its overall vacancy for the leased and owned segment of the inventory, as compared to FY 2008. The overall vacancy for the entire portfolio was 3.8 percent at the end of FY 2009. After adjusting to account for space that is vacant due to an on-schedule prospectus level renovation project, the owned inventory was utilized at a 95.8 percent rate which successfully exceeded the goal of 95 percent. Leased inventory was utilized at 98.9 percent rate which successfully exceeded the goal of 98.5 percent.

PBS disposed of 17 assets which decreased the portfolio by almost 761 thousand rsf, reduced its reinvestment liability by $47.6 million, and generated receipts of almost $2 million into the Federal Buildings Fund. For FY 2009 PBS' operating costs were comparable to the private sector benchmarks, thus demonstrating that PBS manages the operations and maintenance of its assets efficiently and effectively.

american recovery and reinvestment act

On February 17, 2009, President Obama signed the Recovery Act into law to help stimulate the American economy in direct response to the current economic crisis. The Recovery Act provided PBS with funds for investments to improve the performance and energy efficiency of Federal assets. The $5.5 billion provided to the Federal Buildings Fund (FBF) is being used to create jobs, construct new facilities, and transform Federal buildings into high-performance green buildings while decreasing energy consumption and improving the condition of valuable aging assets. To accomplish this, PBS is carefully managing and executing hundreds of infrastructure projects located in every state.

The Recovery Act gives PBS an unprecedented and exciting opportunity to support the President's vision for a clean energy future, contribute to our nation's economic recovery, and reinvest in our public buildings.

executing the recovery act

PBS established the National Recovery Program Management Office (PMO) to oversee the implementation of Recovery Act projects. The PMO is headed by a National Recovery Program Management Office Executive and supported by Zone and Regional Recovery Executives.

The two key criteria PBS used to best accomplish the goals of the Recovery Act are:

1. Ability of the project to put people back to work quickly
2. Transformation of Federal buildings into high-performance green buildings

Architectural drawing of Peter W. Rodino Federal Building
Newark, NJ

The National office is directly accountable to the PBS Commissioner and the GSA Administrator and centrally manages, monitors, and reviews the performance of Recovery Act projects. The Zone and Regional offices are responsible for managing risks, executing the projects, and reporting back to the National PMO.

It is the responsibility of the PMO to successfully execute all Recovery Act projects with speed, transparency, and accountability to the American taxpayer. It is PBS' goal to ensure that the projects meet Recovery Act goals. The PMO is staffed with subject matter experts in both energy and sustainability, and is supported by the Office of Federal High-Performance Green Buildings (OFHPGB). PBS is also working with the Department of Energy's Solar Energy Technologies Program to maximize the opportunity for solar energy generation in roofing projects as well as solar hot water generation.

Architectural drawing of U.S. Courthouse
Austin, TX

Land Port of Entry Reconfiguration and Expansion Project
San Ysidro, CA

recovery act projects

Of the $5.5 billion, $5.3 billion will be used directly for projects. This money was divided into three main categories: New construction of Federal buildings and U.S. courthouses, land ports of entry, and high-performance green buildings.

Recovery Act projects for sustainable design were categorized into HPGB full and partial building modernizations, HPGB limited scope projects, and HPGB small projects. For full and partial building modernizations, PBS undertook a rigorous review of existing projects to meet the requirements of both the Recovery Act, Energy Independence and Security Act (EISA), and Executive Order 13423. New federal construction projects and full and partial building modernizations' design goals were changed to meet energy and sustainability goals. Recovery Act projects will continue to advance PBS' leadership in sustainability and green portfolio principles by conserving energy, improving indoor air quality, and enhancing work environments.

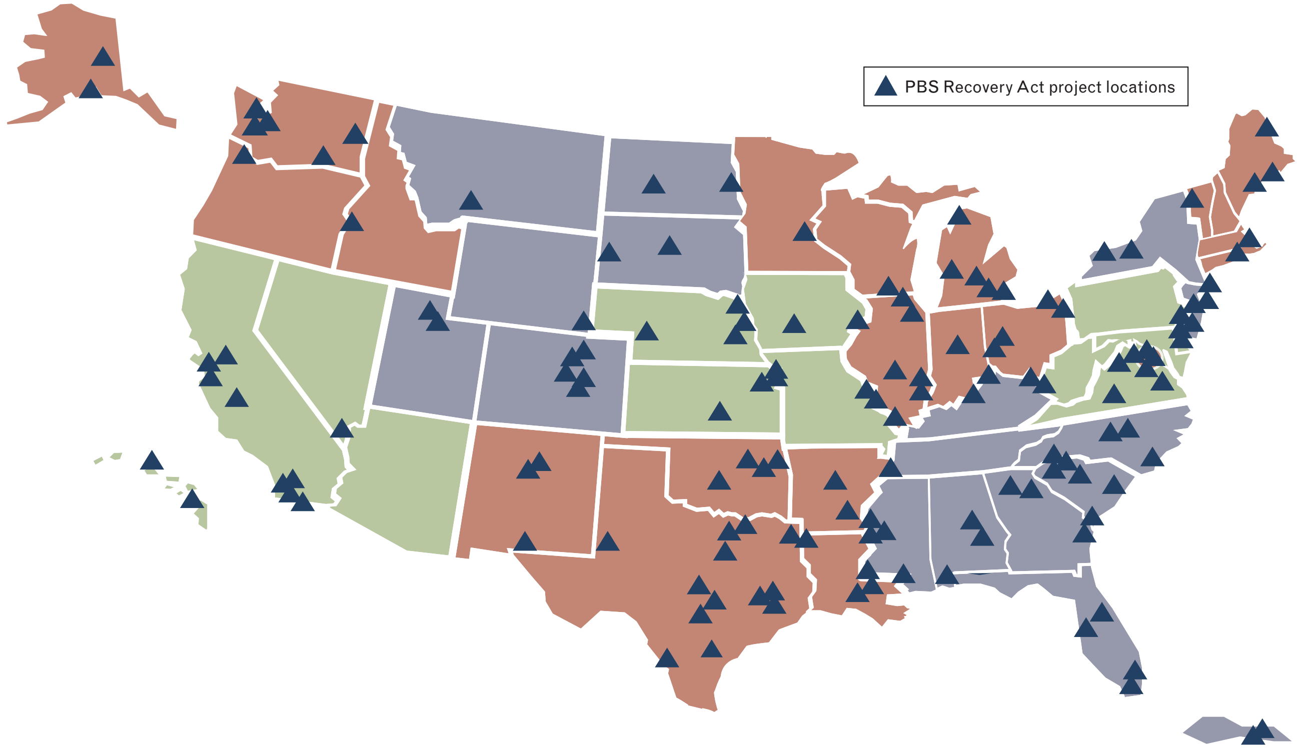
Limited scope projects were selected for the greatest impact on portfolio energy reduction, increased performance and renewable energy generation, and improving working conditions for the occupants of the buildings. Buildings will have advanced meters for both electricity and water, and steam if appropriate. Also, deteriorated roofs in the PBS inventory will be upgraded using one of four different energy saving designs:

- Integrated photovoltaic (PV) roof membrane (if flat and in the appropriate geography)
- Maximum reasonable insulation for the climatic zone
- Green roofs, if integrated PV is not warranted
- Cool roof membrane if neither integrated-PV nor planted (green) roofs are warranted

Architectural drawing of Department of Homeland Security Headquarters Washington, DC

In support of the Recovery Act's objective to put people back to work, PBS has carefully chosen projects that touch every region across the United States and the U.S. Territories. With more than 250 different projects nationwide, PBS has the ability to help save and create American jobs.

project categories	total funding
New Construction of Federal Buildings and U.S. Courthouses	$750,000
Land Ports of Entry	$300,000
High-Performance Green Buildings	$4,265,154



STATE *of the* portfolio

customers

fY2009

Bonneville Power Administration Building Portland, OR

core customers

Customers are one of the key components of the PBS portfolio. It is important that PBS work with customer agencies to utilize strategies and approaches that leverage limited federal resources, as PBS works to develop and deliver quality workplace solutions. The Department of Justice (DOJ), Department of Homeland Security (DHS), the Judiciary, and Department of the Treasury (Treasury) are PBS' four largest customers, which account for almost half of the inventory based on both rsf and rent. Three of these four customers increased their space holdings by at least 5 percent over FY 2008 levels.

Custom and Border Protection Sector Headquarters Building
McAllen, TX

owned space

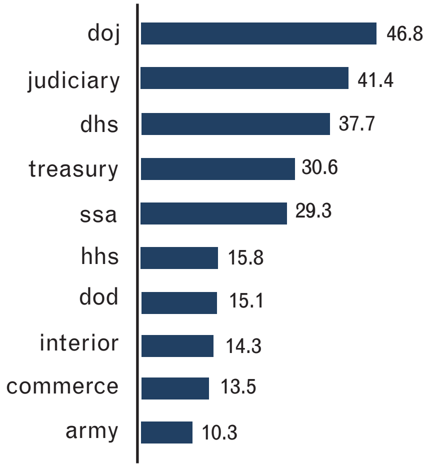
The four largest customers in the PBS owned inventory–the Judiciary, DOJ, DHS, and Treasury comprise over 50 percent of the rsf and annual rent. The Judiciary holds a strong presence in our owned inventory due to its distinct functional requirements such as circulation, courtrooms, and enhanced security. These types of space needs make owned space the best housing solution.

leased space

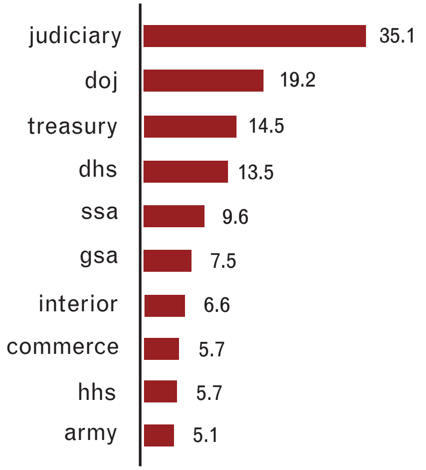
The four largest customers in the PBS leased inventory are DOJ, DHS, the Social Security Administration (SSA), and Treasury. SSA has a stronger presence in the leased inventory because of their mission. SSA maintains offices in small markets where owned buildings are not always available. They also require more flexibility because of changing demographics.

Due to the large short-term needs of the Department of Commerce for the 2010 Census, PBS provided additional rsf in leased locations. Commerce had a 25 percent increase in rsf and a 24 percent increase in their annual rent for FY 2009.

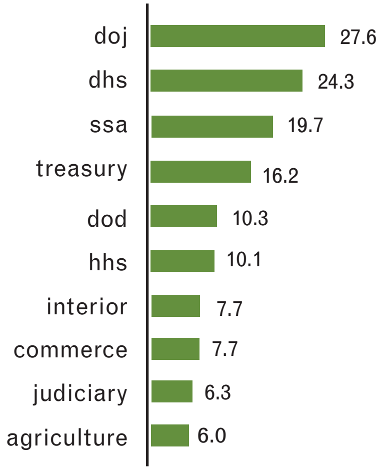
total rsf
in millions (See table 1, page a.1)



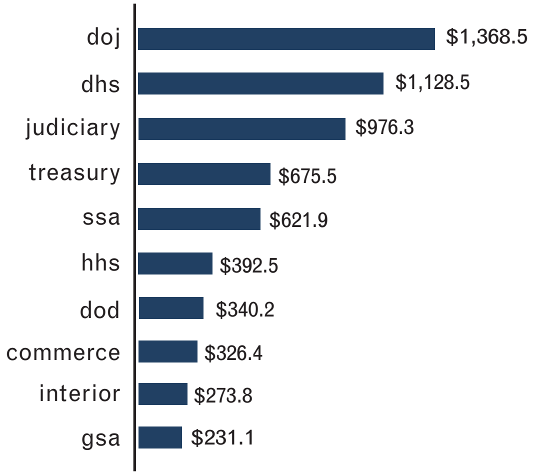
owned rsf
in millions (See table 2, page a.2)



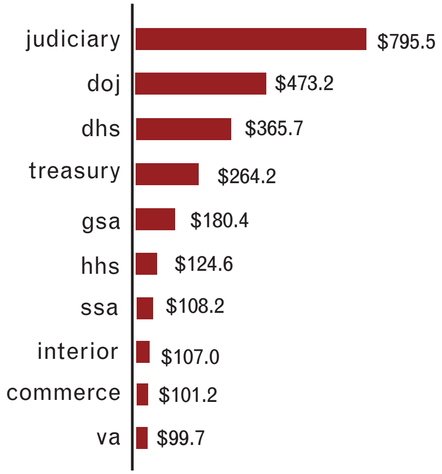
leased rsf
in millions (See table 3, page a.3)



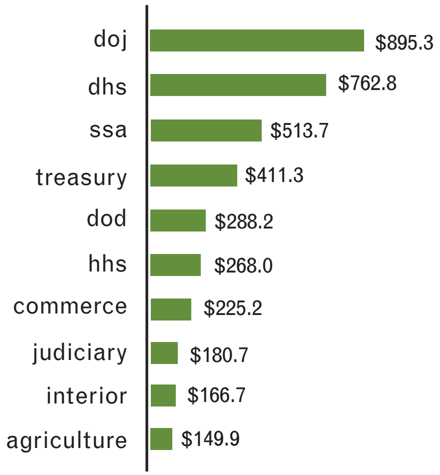
total annual rent
$ in millions (See table 1, page a.1)



owned annual rent
$ in millions (See table 2, page a.2)



leased annual rent
$ in millions (See table 3, page a.3)



STATE *of the* portfolio

markets

fY2009

FDA White Oak Federal Research Center CDRH Office Building Silver Spring, MD

key markets

PBS' owned and leased buildings are located in more than 750 key market areas. These areas include major cities across all 50 United States, 6 U.S. territories, and the District of Columbia. In addition to maintaining space in metropolitan areas, PBS houses customers in small rural areas across all regions. The location of an asset is a very important part of the portfolio strategy. Understanding real estate market dynamics is essential to negotiate lease rates, determine and track asset value, and compare operating costs to industry benchmarks. Of the more than 750 markets in which PBS owns or leases buildings, the top 10 markets represent more than 50 percent of the total rsf in the inventory. The Washington, DC area alone makes up over one quarter of the square footage in the PBS portfolio. Since Washington, DC is a large market in terms of square footage, it also creates an enormous impact on PBS' financial performance. Year after year, Washington, DC is the largest producer in direct revenue and funds from operations (FFO). New York City is PBS' second largest market and the second highest producer of direct revenue and FFO.

key markets of total portfolio (See table 5, page a.7)	rsf in millions	# of bldgs.	ffo $ in millions	direct revenue $ in millions
washington-arlington-alexandria, dc-va-md-wv	96.0	834	$489.7	$2,783.3
new york-northern new jersey-long island, ny-nj-pa	16.8	270	$118.1	$627.1
kansas city, mo-ks	10.1	78	$4.1	$145.8
baltimore-towson, md	9.7	99	$54.9	$160.7
chicago-naperville-joliet, il-in-wi	9.0	169	$61.6	$243.5
philadelphia-camden-wilmington, pa-nj-de-md	9.0	128	$25.9	$158.5
los angeles-long beach-santa ana, ca	8.9	188	$85.5	$239.2
atlanta-sandy springs-marietta, ga	8.9	111	$27.4	$178.5
denver-aurora-broomfield, co	8.5	136	$32.2	$160.8
dallas-fort worth-arlington, tx	7.4	129	$22.0	$132.8
top 10 total	184.4	2,142	$921.3	$4,830.3

key markets of owned portfolio (See table 6, page a.8)	rsf in millions	# of bldgs.	ffo $ in millions	direct revenue $ in millions
washington-arlington-alexandria, dc-va-md-wv	40.7	191	$520.4	$910.3
new york-northern new jersey-long island, ny-nj-pa	10.5	22	$117.3	$312.9
baltimore-towson, md	6.1	20	$53.8	$90.1
st. louis, mo-il	5.7	31	$33.4	$63.9
chicago-naperville-joliet, il-in-wi	5.6	19	$65.9	$128.7
los angeles-long beach-santa ana, ca	5.6	17	$87.5	$134.4
denver-aurora-broomfield, co	5.5	53	$36.6	$85.6
san francisco-oakland-fremont, ca	5.0	36	$44.2	$106.3
seattle-tacoma-bellevue, wa	4.2	25	$36.7	$61.3
kansas city, mo-ks	4.1	16	$6.5	$37.3
top 10 total	93.1	430	$1,002.2	$1,930.8

key markets of leased portfolio (See table 7, page a.9)	rsf in millions	# of bldgs.	ffo $ in millions	direct revenue $ in millions
washington-arlington-alexandria, dc-va-md-wv	55.3	643	$(30.7)	$1,872.9
new york-northern new jersey-long island, ny-nj-pa	6.6	249	$1.1	$314.6
kansas city, mo-ks	6.0	62	$(2.4)	$108.6
atlanta-sandy springs-marietta,ga	5.6	100	$1.3	$122.7
philadelphia-camden-wilmington, pa-nj-de-md	5.4	118	$0.6	$95.5
dallas-fort worth-arlington, tx	3.7	107	$(0.9)	$85.8
baltimore-towson, md	3.6	79	$1.1	$70.6
chicago-naperville-joliet, il-in-wi	3.4	150	$(4.3)	$114.7
los angeles-long beach-santa ana, ca	3.3	171	$(2.0)	$104.8
miami-fort lauderdale-pompano beach, fl	3.1	140	$0.6	$97.4
top 10 total	96.0	1,819	$(35.5)	$2,987.7

top 10 buildings

Nine of the top 10 buildings in terms of FFO in PBS' portfolio are located in Washington, DC. The top FFO producing building is housed in New York City, New York, which is the second largest market in PBS' inventory. All of the top 10 buildings are federally owned buildings, due to the pass-through pricing structure of leases. The top 10 buildings make up almost 20 percent of PBS' owned FFO, but less than 10 percent of the owned rsf. Analyses like these help to carry out strategic plans. By segmenting the inventory into managable pieces, PBS can capture trend information and use it for decision-making purposes.

region	top 10 performing federal buildings*	rsf *in millions*	ffo *$ in millions*
2	Jacob K. Javits Federal Building, NY	2.4	$52.7
11	Harry S Truman Federal Building, DC	2.0	$47.1
11	J. Edgar Hoover Building, DC	1.8	$36.0
11	Frances Perkins Federal Building, DC	1.4	$30.7
11	James Forrestal Federal Building, DC	1.4	$25.8
11	Robert C. Weaver Federal Building, DC	1.1	$22.8
11	Internal Revenue Service Building, DC	1.2	$21.2
11	Robert F. Kennedy Federal Building, DC	1.0	$21.0
11	Herbert Clark Hoover Federal Building, DC	1.6	$20.9
11	Orville Wright Federal Building, DC	0.8	$20.0
	top 10 total	14.9	$298.1

** Source: RSF from STAR as of 9/30/09; FFO from Infowizard FBF09 model*

Jacob K. Javits Federal Building New York, NY

preparing for the **census 2010**

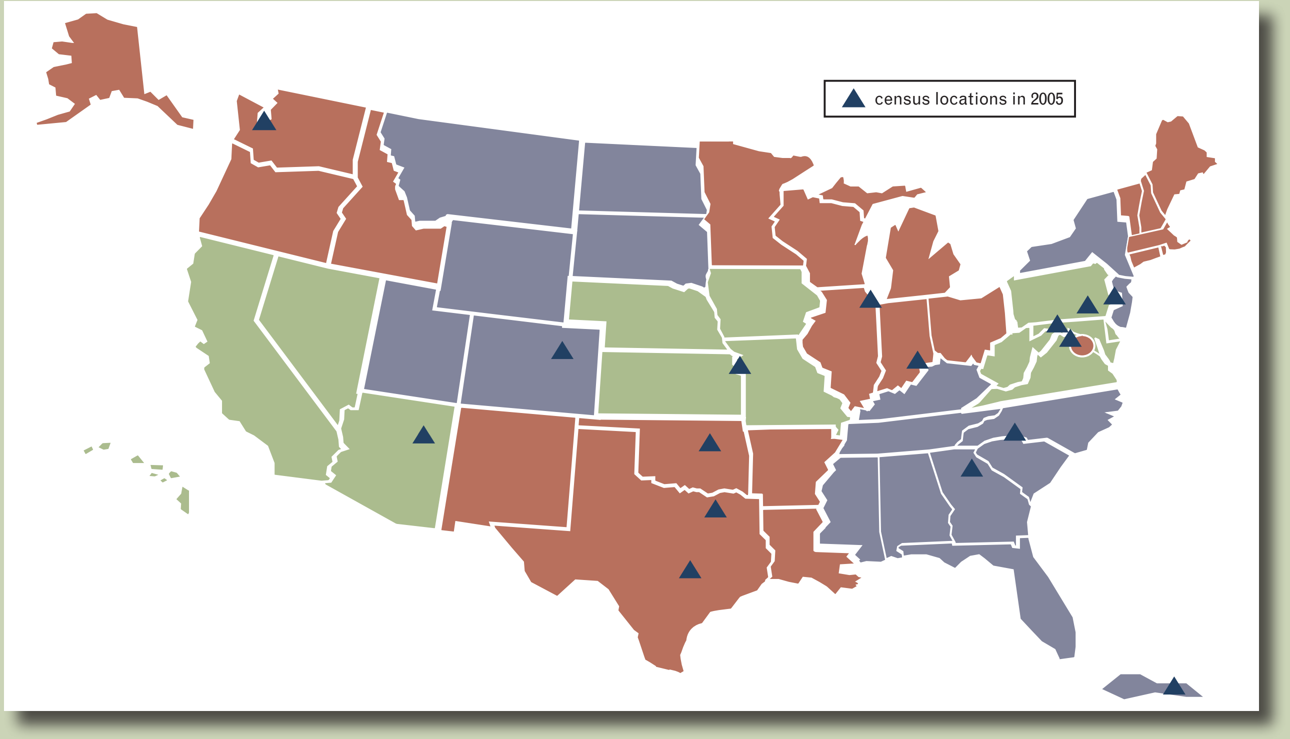
PBS has partnered with the Department of Commerce to support the Census Bureau's execution of the U.S. Census in 2010. The Constitution mandates a count of persons living in the United States every 10 years. The resulting data is used to distribute Congressional seats to states, make decisions about what community services to provide, and distribute $400 billion in Federal funds to local, state, and tribal governments each year.

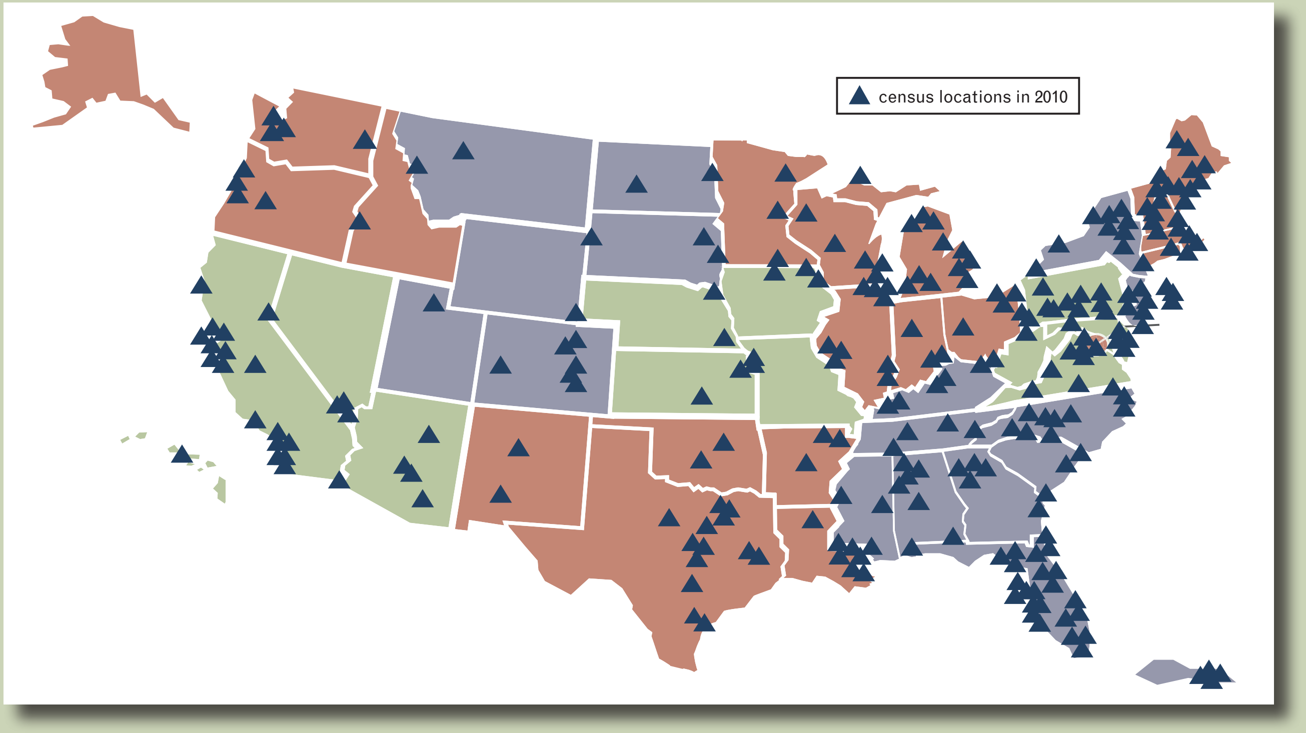
PBS' role is to support the Census Bureau mission to conduct the decennial census through the provision of space planning services, space acquisition services, buildout, management, close-out of temporary decennial census facility space, and provision of related services. Every 10 years, GSA increases its leased inventory to accommodate the short-term needs of the Census Bureau.

For the 2010 Census, GSA is providing the Census Bureau with an additional 4.3 million rsf in 512 assets. These spaces average 10,000 rsf and are located in over 225 markets located in every state, the District of Columbia, and Puerto Rico. The Census effort is a major undertaking by GSA on a cyclical basis that demands significant resources, coordination, and planning. The initial planning for the 2010 Census began in 2005; the effects of which will be felt in real estate markets throughout the country.

In addition to the decennial efforts of the Census, in 2006 and 2007 PBS provided the Census Bureau with a new headquarters building located at Suitland Federal Center in Suitland, Maryland. These GSA-owned buildings provide 1.4 million rsf of space to the Census Bureau. The strengthening of federal presence and federal facilities in Suitland, such as the Census headquarters, have had a powerful impact on the market.

The Census is an integral part of the United States system of government and PBS is excited to provide services to facilitate such a large and important initiative.





David Skaggs Federal Building Boulder, CO

STATE *of the* portfolio

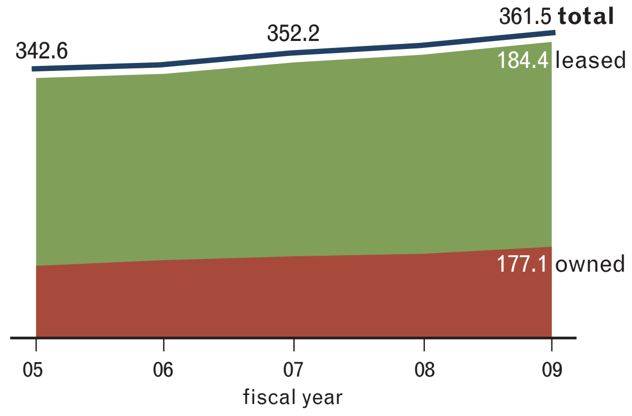
assets

fY2009

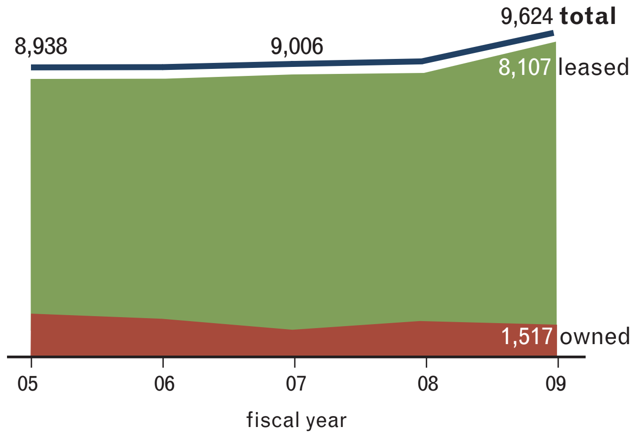
federal inventory trends

Each year PBS tracks and analyzes specific portfolio trends. These trends help PBS to determine long-term asset plans and strategic portfolio goals. While each asset plays a part in shaping the portfolio, it is the whole of the portfolio that allows PBS to support its mission. In FY 2009 the PBS portfolio continued to grow as measured in number of assets and rsf. With a 4 percent increase in rsf over FY 2008, the growth of PBS' leased inventory continued to outpace the growth in the owned inventory. The owned inventory increased slightly in terms of rsf, but decreased in number of assets. This is attributed to disposing of several smaller assets and adding a lesser number of large assets to the portfolio.

rentable square footage*
in millions



number of assignable assets*



** Source: STAR (9/30/05-09)*

NOTE: The R240 Report was not used as a source for FY 2009 data. Prior year numbers have been recalculated to represent this change.

federal inventory changes

completed new construction

In addition to the planned new construction associated with the Recovery Act, PBS continues to add state-of-the-art facilities that incorporate energy efficiency and advanced design to its inventory. In FY 2009, PBS completed multiple new construction projects. These completed projects added a total of 1.3 million gross square feet (GSF) to the PBS inventory.

region	new construction *building name and location*	gross square feet (gsf)*
2	Massena POE (4 buildings) Massena, NY	60,027
7	Ysleta POE Expansion Ysleta Paso del Norte POE Expansion El Paso, TX	3,381 23,678
7	Del Rio POE Expansion Del Rio, TX	81,378
7	Houston Federal Building Houston, TX	403,090
9	San Luis AZ II POE San Luis, AZ	76,794
11	FRC White Oak CDRH Building FRC White Oak OC/ORA Building Silver Spring, MD	608,300 113,407

**Source: Project Information Portal (PIP)*

Ysleta Port of Entry El Paso, TX

major repair and alteration

During FY 2009, PBS completed 15 major repair and alterations (R&A) projects totaling 4.2 million rsf. Renovations such as these are important for PBS to sustain the life of its existing buildings. In addition to updating building systems standards and providing new technology, R&A projects address hazardous material abatement and security issues. Strategic decisions relating to the renovation of buildings can provide sustainable housing solutions and provide a new life cycle for each asset.

major r&a*	fy05	fy06	fy07	fy08	fy09
# of projects	26	11	20	21	15
rsf *in millions*	7.1	2.1	6.8	3.5	4.2
cost *in millions*	$375.3	$422.8	$534.4	$395.2	$383.3

* *Source: PIP*

disposals

The goal of PBS' portfolio strategy is to maintain a robust portfolio of assets by investing in those that satisfy long-term customer needs, are located in strong markets, and perform well financially. PBS disposes of buildings that no longer serve a predominantly Federal use. Some assets are auctioned at public sale, public building conveyance (pbc), exchanged, or demolished. When Federal buildings are sold, the proceeds are returned to the Federal Buildings Fund (FBF) and can then be used to reinvest in core assets. Property disposal is a beneficial option when PBS determines a building no longer meets the short-term and long-term needs of customers. Disposing of an asset allows PBS to realize financial benefit and avoid future costs. In FY 2009, PBS disposed of 17 assets, generating close to $2 million in proceeds and avoiding $47.6 million in liability.

disposal results**	fy05	fy06	fy07	fy08	fy09
disposed assets	33	28	42	13	17
rsf *in millions*	2.4	2.2	0.3	0.4	0.8
liability avoided *in millions*	$184.3	$147.5	$24.0	$16.3	$47.6
proceeds *in millions*	$5.3	$51.9	$82.2	$58.5	$1.8

** *Source: Redinet as of 9/30/09*

William J. Nealon U.S. Courthouse Annex Scranton, PA

financial results

PBS tracks several indicators that are used by private sector real estate organizations to determine financial performance, such as direct revenue and FFO. Direct revenue is what PBS collects to fund operations and maintenance expenses, and rental of space. FFO is PBS' primary indicator of financial performance. It is derived by calculating the amount of revenue remaining after deducting all direct and indirect expenses, excluding depreciation, associated with operating a building. FFO provides PBS with the funds to invest in renovations, repairs, and new construction.

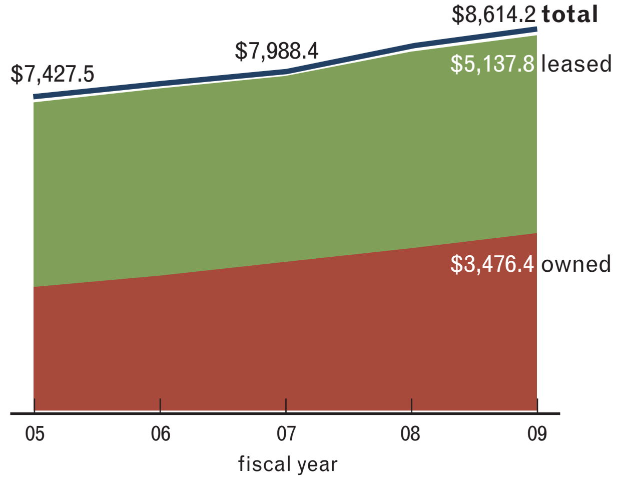
In FY 2009 direct revenue increased 3 percent over FY 2008. The majority of this growth is attributable to the FY 2009 increase in leased assets.

Driven by a large negative leased FFO, funds from operations as a whole continued to decrease in FY 2009. PBS' goal for the leased inventory is to break-even and ensure full cost recovery of contract risk, brokerage services, and property management.

A portion of the loss in the leased inventory is attributable to the accounting treatment of stepped rents, free rents, and broker commission credits, in accordance with financial statement reporting requirements. PBS records a leveled rent across the entire lease term instead of actual expenses incurred. This accounting practice affects PBS' financial statements, because the amount recorded could be larger or smaller then what is actually incurred for any given year.

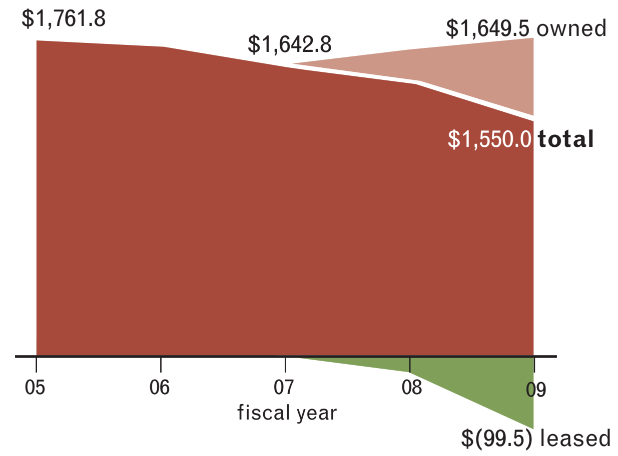
direct revenue*

$ in millions



funds from operations*

$ in millions



**Source: Infowizard FBF09 model*

Carl B. Stokes U.S. Courthouse Cleveland, OH

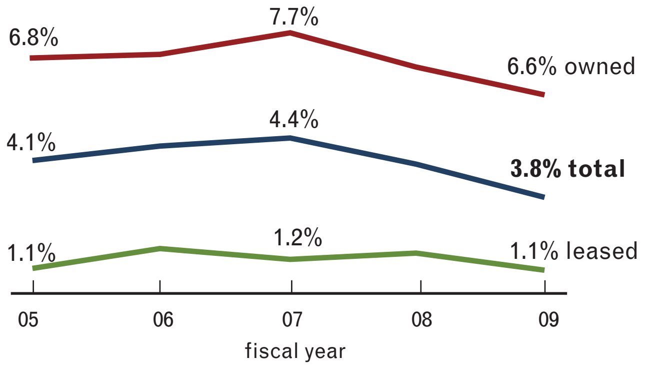
portfolio performance

vacancy

One important measure of portfolio performance is vacant space. PBS tracks the amount of vacant space in its owned and leased inventories monthly and provides incentives for all associates to reduce it. In FY 2009 vacant space in the PBS inventory continued to decrease, reaching a record low over the past 5 years. This is a significant accomplishment, especially when compared to the private sector, where vacancy grew to 15.5%. By disposing unused Federal buildings, backfilling vacant space, and bringing major projects on-line, owned vacancy decreased in FY 2009 from FY 2008. With the growing size and cost of the leased inventory, low vacancy provides evidence that PBS is accurately assigning and filling space in the leased inventory.

vacancy rates*

% of rsf



* *Source: 9/05-9/09 Vacant Space Report*

owned tiering

Annually, PBS categorizes, or tiers, its owned inventory based upon a series of diagnostics that evaluate the financial performance and physical condition of individual assets. Assets whose net operating income (NOI) does not cover 2 percent of their functional replacement value (FRV) are considered Tier 3. Tier 3 assets are considered non-performing because they do not cover their operating expenses and minimal reinvestment requirements. Assets that do not meet a minimum hurdle rate of a 6 percent return on equity (ROE) are considered under-performing assets (Tier 2b). Tier 2a assets are good financial performers that cover their operating costs and meet the 6 percent hurdle rate, but have very high reinvestment needs that exceed 10 percent of the replacement cost of the building. Tier 1 assets are solid financial performers in good condition.

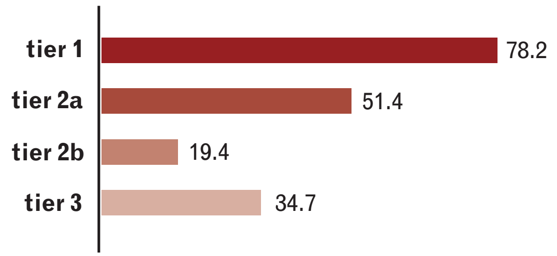
According to the FY 2009 tiering report, a majority of PBS' assets are good financial performers, however they have high capital reinvestment needs. With the Recovery Act in place, completing projects will help to alleviate some of the reinvestment need and consequently shift assets into Tier 1 status.

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

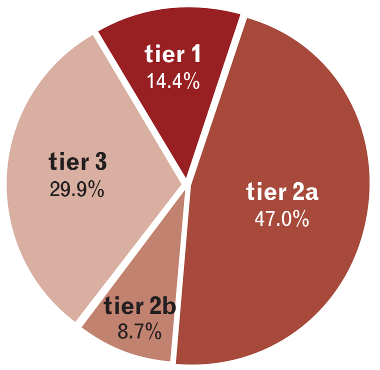
rsf by tier*

in millions



reinvestment needs by tier*

% of assets



* *Source: FY 2010 Tiering Report (FY 2009 data)*

owned core assets

In addition to tiering, PBS annually conducts a core asset analysis on its owned inventory. The core asset analysis quantifies 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 and consequently define what is core to the PBS inventory.

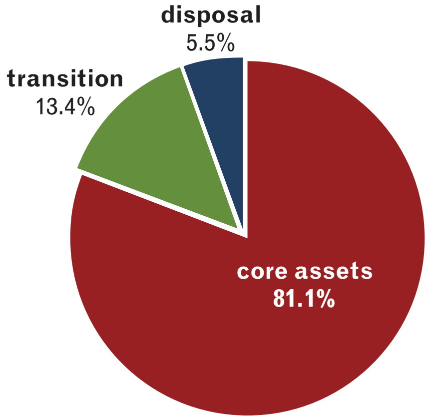
The first two tests address the customer demand in the market. By analyzing the stability of the customer base and the backfill potential in the surrounding market, PBS makes a determination of the customer demand for that asset. The third test evaluates the ability of the market rent to support the reinvestment needs. Tests four and five evaluate reinvestment levels and whether planned reinvestment prolongs the life of the asset.

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

Core assets have a long-term holding period, a solid customer base, are located in a viable real estate market, and have sustainable reinvestment needs. Assets that do not meet this description fall into one

core assets*

% of assets



* *Source: FY 2010 Core Asset Analysis (FY 2009 data)*

of two categories: transition or disposal. Assets are categorized as transition if the future need of the asset is uncertain. PBS will fund projects that meet basic needs in transition, but will avoid any major reinvestment until it is determined to be core. An asset falls into the disposal category if PBS plans to dispose of it within five years. Disposals typically receive no reinvestment other than what is necessary to maintain day-to-day operations and address building envelope deficiencies.

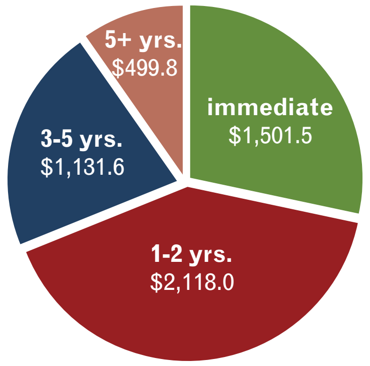
owned reinvestment needs versus available funding

PBS assesses its reinvestment needs by performing physical condition surveys (PCS) over a two year period. PBS associates physically inspect each asset to evaluate the current condition and repair needs of major building components and systems. The PCS value represents the repair or replacement of the asset's shell and infrastructure. Reinvestment needs are categorized as being an immediate need, needed in 1 to 2 years, 3 to 5 years, and more than 5 years. In FY 2009 PBS fully transitioned to an Enhanced Physical Condition Survey (ePCS). This new tool, provides more detailed assessments, segments needs into the effected portions of the building, and provides a more sophisticated method of determining repair and alterations (R&A) liability. However, even with new tools and methodologies, available R&A funding does not cover the immediate needs of the PBS portfolio.

The lack of reinvestment funding is a challenge for PBS. PBS' assets have an average age of 46 years and insufficient funds have accelerated the deterioration of an already aged portfolio. While the Recovery Act funding has provided some relief in reducing the backlog of reinvestment needs, it is not sufficient to eliminate all of PBS' R&A requirements. The large difference in available funding versus need, challenges PBS to make difficult choices in reinvestment decision-making. Tools like tiering and the core asset analysis are useful in supporting these decisions however, PBS will continually be challenged to be more innovative with its decision-making methods as reinvestment funds continue to diminish.

reinvestment needs*

$ in millions



r&a funding (ba54&55)**

$ in millions

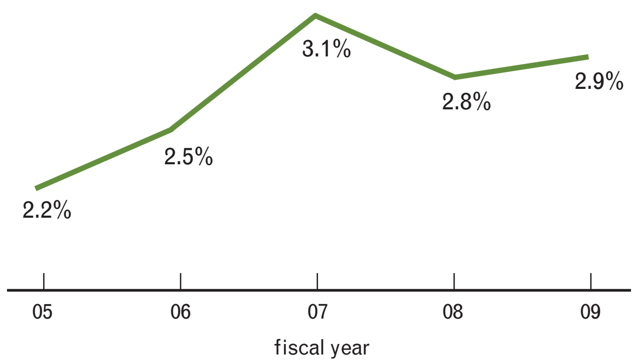
* *Source: Enhanced Physical Condition Survey (ePCS)*
** *Source: PBS Office of Budget and Financial Management*

negative net operating income

Net operating income (NOI) is used to measure the financial performance of leases. PBS uses 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, plus a PBS fee that covers the cost of managing the leased inventory. In FY 2009 negative NOI was 2.9 percent of leased direct revenue. While 2.9 percent may seem relatively small, it represents a $(146.5) million loss. With over 50 percent of the PBS inventory in leased space, a small loss in leased income creates a large impact on the total portfolio.

net negative NOI

% of direct revenue (See table 23, page a.24)



lease extensions

Managing customer requirements is an essential part of the work done by PBS. PBS is committed to working with customer agencies to formulate accurate space plans and reduce costs. Before a lease expires, it is important that PBS contact the affected customer agencies to discuss future space requirements. In situations where they are uncertain about their future space needs, many customers request lease extensions. However, lease extensions limit PBS' ability to respond appropriately to market conditions by negotiating a new contract. Lease extensions from previous years push lease expiration dates into the next fiscal year, creating a heavy workload for leasing specialists and making it difficult to prioritize the expiring lease workload. To get the best lease rate and reduce extra workload for PBS, it is important that PBS remain proactive when dealing with succeeding lease requirements.

disposition of leases expiring in fy09

(See table 24, page a.25)

Disposition	# of Leases	% of Leases
succeeded/superseded	238	12%
replaced/consolidated	152	8%
renewed	129	7%
pending *(active leases with past expiration dates)*	57	3%
holdover	264	14%
extension	904	46%

looking ahead

The excitement of FY 2009 will continue into FY 2010 as PBS successfully implements the Recovery Act. It will have a profound effect on the U.S. economy and will resonate throughout the PBS portfolio. PBS will continue its commitment to remain a leader in sustainable and green portfolio principles and practices. The coming years will see dramatic advances in the greening of the PBS portfolio.

As PBS moves forward into FY 2010, the focus of the organization will be serving its customers. PBS will emphasize a focus on portfolio plans, provide strategic guidance to customers, and make portfolio decisions that are in the best interest of the American taxpayer.

PBS will continue to focus on right-sizing its portfolio and improving portfolio performance. The agency will evolve its analytical practices and tools to accomplish this. In addition, the development of a new inventory system will greatly improve PBS inventory reporting functionality.

John W. McCormack U.S. Post Office and Courthouse
Boston, MA

Matthew J. Perry, Jr. U.S. Courthouse Columbia, SC

appendices

table 1. core customers ranked by rent – total inventory

agency	rent $ in millions	% of total	# of CBRs	% of total	rsf in millions	% of total
doj	$1,368.5	16.0%	3,165	13.9%	46.8	13.5%
dhs	$1,128.5	13.2%	3,286	14.4%	37.7	10.9%
judiciary	$976.3	11.4%	3,024	13.3%	41.4	12.0%
treasury	$675.5	7.9%	1,009	4.4%	30.6	8.9%
ssa	$621.9	7.3%	1,919	8.4%	29.3	8.5%
hhs	$392.5	4.6%	760	3.3%	15.8	4.6%
dod	$340.2	4.0%	599	2.6%	15.1	4.4%
commerce	$326.4	3.8%	599	2.6%	13.5	3.9%
interior	$273.8	3.2%	1,075	4.7%	14.3	4.1%
gsa	$231.1	2.7%	1,961	8.6%	9.9	2.9%
all others	$2,204.8	25.8%	5,350	23.5%	91.3	26.4%
total	$8,539.5	100.0%	22,747	100.0%	345.8	100.0%

Source: Rent represents total amount billed from BIS 9/30/09; # of CBRs and RSF represent billing from BIS 9/30/09 table 2. core customers ranked by rent – owned inventory

agency	rent *$ in millions*	% of total	# of CBRs	% of total	rsf *in millions*	% of total
judiciary	$795.5	23.2%	2,251	21.0%	35.1	21.3%
doj	$473.2	13.8%	1,488	13.9%	19.2	11.6%
dhs	$365.7	10.6%	1,394	13.0%	13.5	8.2%
treasury	$264.2	7.7%	334	3.1%	14.5	8.8%
gsa	$180.4	5.3%	1,739	16.2%	7.5	4.5%
hhs	$124.6	3.6%	259	2.4%	5.7	3.4%
ssa	$108.2	3.2%	316	2.9%	9.6	5.8%
interior	$107.0	3.1%	316	2.9%	6.6	4.0%
commerce	$101.2	2.9%	140	1.3%	5.7	3.5%
va	$99.7	2.9%	127	1.2%	4.4	2.6%
all others	$814.7	23.7%	2,354	22.0%	43.4	26.3%
total	$3,434.6	100.0%	10,718	100.0%	165.1	100.0%

Source: Rent represents total amount billed from BIS 9/30/09; # of CBRs and RSF represent billing from BIS 9/30/09

table 3. core customers ranked by rent – leased inventory

agency	rent *$ in millions*	% of total	# of CBRs	% of total	rsf *in millions*	% of total
doj	$895.3	17.5%	1,677	13.9%	27.6	15.3%
dhs	$762.8	14.9%	1,892	15.7%	24.3	13.4%
ssa	$513.7	10.1%	1,603	13.3%	19.7	10.9%
treasury	$411.3	8.1%	675	5.6%	16.2	8.9%
dod	$288.2	5.6%	435	3.6%	10.3	5.7%
hhs	$268.0	5.2%	501	4.2%	10.1	5.6%
commerce	$225.2	4.4%	459	3.8%	7.7	4.3%
judiciary	$180.7	3.5%	773	6.4%	6.3	3.5%
interior	$166.7	3.3%	759	6.3%	7.7	4.3%
agriculture	$149.9	2.9%	691	5.7%	6.0	3.3%
all others	$1,243.1	24.4%	2,564	21.3%	44.8	24.8%
total	$5,014.9	100.0%	12,029	100.0%	180.6	100.0%

Source: Rent represents total amount billed from BIS 9/30/09; # of CBRs and RSF represent billing from BIS 9/30/09

table 4. CBR expirations by region

fy of expiration	fy10	fy11	fy12	fy13	fy14	fy15+	total
region 1–new england							
# of CBRs	325	157	145	198	107	126	1,058
rsf *in millions*	2.4	1.4	1.5	2.3	0.9	1.7	10.1
annualized rent *$ in millions*	$64.3	$41.0	$38.9	$51.3	$19.3	$52.1	$267.1
average CBR term *in years*	9	8	9	11	11	13	10
region 2–northeast and caribbean							
# of CBRs	328	198	95	103	170	622	1,516
rsf *in millions*	3.9	2.4	1.3	1.7	2.0	9.6	20.9
annualized rent *$ in millions*	$112.0	$120.9	$40.3	$45.0	$73.5	$391.9	$783.5
average CBR term *in years*	10	8	9	11	12	15	12
region 3–mid-atlantic							
# of CBRs	246	160	286	285	307	571	1,855
rsf *in millions*	3.9	5.4	3.9	4.7	3.5	13.0	34.4
annualized rent *$ in millions*	$60.9	$74.3	$65.4	$82.9	$66.8	$256.2	$606.6
average CBR term *in years*	8	8	10	11	10	14	11
region 4–southeast sunbelt							
# of CBRs	732	591	618	531	497	847	3,816
rsf *in millions*	5.2	5.7	6.1	5.6	5.1	13.2	40.8
annualized rent *$ in millions*	$109.6	$113.5	$117.8	$120.1	$92.9	$372.1	$925.9
average CBR term *in years*	7	6	7	8	9	12	8
region 5–great lakes							
# of CBRs	610	419	309	409	341	641	2,727
rsf *in millions*	4.4	3.6	3.2	6.4	4.0	11.6	33.2
annualized rent *$ in millions*	$94.3	$77.5	$68.6	$113.4	$75.8	$313.8	$743.3
average CBR term *in years*	6	6	8	9	10	14	9
region 6–heartland							
# of CBRs	252	124	174	257	100	329	1,236
rsf *in millions*	3.4	1.3	2.7	3.0	1.4	8.0	19.9
annualized rent *$ in millions*	$46.6	$21.2	$33.2	$31.9	$18.7	$158.2	$309.8
average CBR term *in years*	9	8	10	11	11	14	11

table 4. CBR expirations by region *(continued)*

fy of expiration	fy10	fy11	fy12	fy13	fy14	fy15+	total
region 7–greater southwest							
# of CBRs	506	252	192	209	247	1,654	3,060
rsf *in millions*	3.4	1.9	1.8	2.4	2.7	19.1	31.4
annualized rent *$ in millions*	$41.2	$48.6	$36.9	$44.0	$45.7	$407.4	$623.9
average CBR term *in years*	8	10	10	11	11	15	13
region 8–rocky mountain							
# of CBRs	405	222	249	236	190	403	1,705
rsf *in millions*	2.5	1.8	2.7	2.9	1.9	5.1	16.9
annualized rent *$ in millions*	$41.9	$32.7	$47.9	$42.3	$34.9	$154.2	$353.9
average CBR term *in years*	6	6	7	8	10	14	9
region 9–pacific rim							
# of CBRs	553	337	347	237	223	726	2,423
rsf *in millions*	4.0	3.3	5.8	4.3	3.1	11.7	32.0
annualized rent *$ in millions*	$98.2	$100.4	$155.3	$119.1	$95.2	$399.9	$968.2
average CBR term *in years*	11	9	11	11	12	14	11
region 10–northwest/arctic							
# of CBRs	939	215	224	190	147	235	1,950
rsf *in millions*	3.6	1.4	2.2	2.7	1.3	3.7	14.9
annualized rent *$ in millions*	$80.1	$32.8	$53.2	$47.2	$26.1	$109.1	$347.5
average CBR term *in years*	6	8	8	10	12	14	8
region 11–national capital							
# of CBRs	377	223	250	220	149	182	1,401
rsf *in millions*	19.9	13.9	12.5	10.3	11.2	23.6	91.3
annualized rent *$ in millions*	$520.8	$451.3	$489.9	$339.5	$340.4	$1,305.1	$3,446.9
average CBR term *in years*	7	7	10	9	10	12	9
nationwide							
# of CBRs	5,273	2,898	2,888	2,874	2,478	6,336	22,747
rsf *in millions*	56.6	42.3	43.6	46.3	36.9	120.1	345.8
annualized rent *$ in millions*	$1,269.9	$1,114.3	$1,147.4	$1,036.7	$889.2	$3,919.0	$9,376.5
average CBR term *in years*	8	7	9	10	10	14	10

Source: Annualized rent represents 9/09 rent bill annualized from BIS 9/30/09; # of CBRs, RSF, and CBR term from BIS 9/30/09

U.S. Federal Building and Courthouse Fairbanks, AK

table 5. key markets ranked by direct revenue – total portfolio

metropolitan statistical area (msa)	direct revenue $ in millions	% of total	# of buildings	% of total	rsf in millions	% of total	ffo $ in millions	% of total
washington, dc-va-md-wv	$2,783.3	32.3%	834	8.7%	96.0	26.6%	$489.7	31.6%
new york, ny-nj-pa	$629.1	7.3%	270	2.8%	16.8	4.6%	$118.1	7.6%
chicago, il-in-wi	$243.5	2.8%	169	1.8%	9.0	2.5%	$61.6	4.0%
los angeles, ca	$239.2	2.8%	188	2.0%	8.9	2.5%	$85.5	5.5%
san francisco, ca	$188.5	2.2%	124	1.3%	7.3	2.0%	$41.2	2.7%
atlanta, ga	$178.5	2.1%	111	1.2%	8.9	2.5%	$27.4	1.8%
denver, co	$160.8	1.9%	136	1.4%	8.5	2.4%	$32.2	2.1%
baltimore, md	$160.7	1.9%	99	1.0%	9.7	2.7%	$54.9	3.5%
philadelphia, pa-nj-de-md	$158.5	1.8%	128	1.3%	9.0	2.5%	$25.9	1.7%
boston, ma-nh	$147.6	1.7%	99	1.0%	5.5	1.5%	$51.3	3.3%
kansas city, mo-ks	$145.8	1.7%	78	0.8%	10.1	2.8%	$4.1	0.3%
dallas, tx	$132.8	1.5%	129	1.3%	7.4	2.0%	$22.0	1.4%
seattle, wa	$129.6	1.5%	110	1.1%	6.3	1.8%	$35.1	2.3%
miami, fl	$129.2	1.5%	148	1.5%	4.6	1.3%	$19.3	1.2%
san diego, ca	$96.5	1.1%	95	1.0%	2.9	0.8%	$23.9	1.5%
detroit, mi	$89.2	1.0%	78	0.8%	3.8	1.0%	$12.7	0.8%
st. louis, mo-il	$83.6	1.0%	84	0.9%	6.5	1.8%	$32.9	2.1%
portland, or-wa	$65.5	0.8%	62	0.6%	2.9	0.8%	$11.7	0.8%
cleveland, oh	$63.7	0.7%	56	0.6%	2.8	0.8%	$20.6	1.3%
phoenix, az	$60.7	0.7%	63	0.7%	2.1	0.6%	$11.4	0.7%
top 20 totals	$5,884.4	68.3%	3,061.0	31.8%	229.1	63.4%	$1,181.5	76.2%

Source: MSAs from Office of Management and Budget; # of buildings and RSF from STAR as of 9/30/09; FFO and Direct Revenue from InfoWizard FBF09 model table 6. key markets ranked by direct revenue – owned inventory

metropolitan statistical area (msa)	direct revenue $ in millions	% of total	# of buildings	% of total	rsf in millions	% of total	ffo $ in millions	% of total
washington, dc-va-md-wv	$910.3	26.2%	191	12.6%	40.7	23.0%	$520.4	31.5%
new york, ny-nj-pa	$312.9	9.0%	22	1.5%	10.5	5.9%	$117.3	7.1%
los angeles, ca	$134.4	3.9%	17	1.1%	5.6	3.2%	$87.5	5.3%
chicago, il-in-wi	$128.7	3.7%	19	1.3%	5.6	3.2%	$65.9	4.0%
san francisco, ca	$106.3	3.1%	36	2.4%	5.0	2.9%	$44.2	2.7%
baltimore, md	$90.1	2.6%	20	1.3%	6.1	3.4%	$53.8	3.3%
denver, co	$85.6	2.5%	53	3.5%	5.5	3.1%	$36.6	2.2%
boston, ma -nh	$81.7	2.4%	9	0.6%	3.5	2.0%	$49.7	3.0%
st. louis, mo-il	$63.9	1.8%	31	2.0%	5.7	3.2%	$33.4	2.0%
philadelphia, pa-nj-de-md	$63.1	1.8%	10	0.7%	3.6	2.0%	$25.2	1.5%
seattle, wa	$61.3	1.8%	25	1.6%	4.2	2.4%	$36.7	2.2%
atlanta, ga	$55.7	1.6%	11	0.7%	3.3	1.9%	$26.1	1.6%
dallas, tx	$47.0	1.4%	22	1.5%	3.7	2.1%	$22.9	1.4%
cleveland, oh	$40.0	1.2%	4	0.3%	2.0	1.1%	$21.0	1.3%
san diego, ca	$37.5	1.1%	24	1.6%	1.3	0.7%	$24.3	1.5%
kansas city, mo-ks	$37.3	1.1%	16	1.1%	4.1	2.3%	$6.5	0.4%
portland, or-wa	$35.0	1.0%	9	0.6%	1.8	1.0%	$13.0	0.8%
sacramento, ca	$32.3	0.9%	7	0.5%	1.4	0.8%	$21.7	1.3%
miami, fl	$31.9	0.9%	8	0.5%	1.5	0.9%	$18.6	1.1%
detroit, mi	$30.6	0.9%	10	0.7%	1.7	1.0%	$15.9	1.0%
top 20 totals	$2,385.6	68.6%	544	35.9%	116.9	66.0%	$1,240.7	75.2%

Source: *MSAs from Office of Management and Budget; # of buildings and RSF from STAR as of 9/30/09; FFO and Direct Revenue from InfoWizard FBF09 model*

table 7. key markets ranked by direct revenue – leased inventory

metropolitan statistical area (msa)	direct revenue $ in millions	% of total	# of buildings	% of total	rsf in millions	% of total	ffo $ in millions	% of total
washington, dc, va-md-wv	$1,872.9	36.5%	643	7.9%	55.3	30.0%	$(30.7)	30.8%
new york, ny-nj-pa	$314.6	6.1%	249	3.1%	6.6	3.6%	$1.1	(1.1)%
atlanta, ga	$122.7	2.4%	100	1.2%	5.6	3.1%	$1.3	(1.3)%
chicago, il-in-wi	$114.7	2.2%	150	1.9%	3.4	1.8%	$(4.3)	4.3%
kansas city, mo-ks	$108.6	2.1%	62	0.8%	6.0	3.3%	$(2.4)	2.4%
los angeles, ca	$104.8	2.0%	171	2.1%	3.3	1.8%	$(2.0)	2.0%
miami, fl	$97.4	1.9%	140	1.7%	3.1	1.7%	$0.6	(0.6)%
philadelphia, pa-nj-de-md	$95.5	1.9%	118	1.5%	5.4	2.9%	$0.6	(0.6)%
dallas, tx	$85.8	1.7%	107	1.3%	3.7	2.0%	$(0.9)	0.9%
san francisco, ca	$82.1	1.6%	88	1.1%	2.2	1.2%	$(2.9)	2.9%
denver, co	$75.2	1.5%	83	1.0%	3.1	1.7%	$(4.4)	4.4%
baltimore, md	$70.6	1.4%	79	1.0%	3.6	2.0%	$1.1	(1.1)%
seattle, wa	$68.3	1.3%	85	1.0%	2.1	1.2%	$(1.6)	1.6%
boston, ma-nh	$65.9	1.3%	90	1.1%	2.0	1.1%	$1.6	(1.6)%
san diego, ca	$59.0	1.1%	71	0.9%	1.7	0.9%	$(0.4)	0.4%
detroit, mi	$58.6	1.1%	68	0.8%	2.1	1.1%	$(3.3)	3.3%
phoenix, az	$40.1	0.8%	60	0.7%	1.3	0.7%	$(2.4)	2.4%
virginia beach, va-nc	$37.7	0.7%	63	0.8%	1.9	1.1%	$(0.1)	0.1%
houston, tx	$34.6	0.7%	80	1.0%	1.6	0.8%	$(0.4)	0.4%
fresno, ca	$34.6	0.7%	32	0.4%	1.3	0.7%	$1.9	(1.9)%
top 20 totals	$3,543.8	69.0%	2,539	31.3%	115.2	62.5%	$(47.4)	47.7%

Source: *MSAs from Office of Management and Budget; # of buildings and RSF from STAR as of 9/30/09; FFO and Direct Revenue from InfoWizard FBF09 model* table 8. key markets – owned vacancy rates

metropolitan statistical area (msa)	class a market vacancy %	class b market vacancy %	class c market vacancy %	owned GSA vacancy %
washington, dc-va-md-wv	15.7%	11.3%	7.0%	5.2%
new york, ny-nj-pa	13.0%	11.3%	6.3%	10.8%
los angeles, ca	14.7%	11.4%	4.7%	9.5%
chicago, il-in-wi	17.5%	15.3%	11.1%	8.3%
san francisco, ca	13.4%	13.6%	6.2%	8.5%
baltimore, md	15.5%	11.5%	9.7%	1.3%
denver, co	15.3%	15.4%	10.4%	6.7%
boston, ma-nh	12.3%	12.3%	6.5%	16.3%
st. louis, mo-il	12.6%	12.8%	9.5%	8.8%
philadelphia, pa-nj-de-md	13.4%	13.1%	10.4%	2.3%
seattle, wa	14.4%	12.5%	6.5%	7.2%
atlanta, ga	18.2%	15.9%	15.0%	7.0%
dallas, tx	18.3%	18.3%	10.1%	4.5%
cleveland, oh	10.8%	13.1%	7.9%	3.6%
san diego, ca	20.6%	16.2%	7.6%	0.0%
kansas city, mo-ks	19.6%	11.8%	10.8%	7.5%
portland, or-wa	10.5%	13.5%	7.8%	4.0%
sacramento, ca	19.1%	17.6%	10.4%	9.4%
miami, fl	18.4%	17.1%	6.3%	14.5%
detroit, mi	14.9%	20.3%	12.9%	9.1%

Source: *MSAs from Office of Management and Budget; Class A, B, & C Vacancy Rates from CoSTAR; Owned Vacancy Rate from 9/09 Vacant Space Report*

table 9. key markets – leased vacancy rates

metropolitan statistical area (msa)	class a market vacancy %	class b market vacancy %	class c market vacancy %	leased GSA vacancy %
washington, dc-va-md-wv	15.7%	11.3%	7.0%	1.7%
new york, ny-nj-pa	13.0%	11.3%	6.3%	1.6%
atlanta, ga	18.2%	15.9%	15.0%	1.0%
chicago, il-in-wi	17.5%	15.3%	11.1%	0.5%
kansas city, mo-ks	19.6%	11.8%	10.8%	0.0%
los angeles, ca	14.7%	11.4%	4.7%	1.6%
miami, fl	18.4%	17.1%	6.3%	0.0%
philadelphia, pa-nj-de-md	13.4%	13.1%	10.4%	0.1%
dallas, tx	18.3%	18.3%	10.1%	1.2%
san francisco, ca	13.4%	13.6%	6.2%	0.6%
denver, co	15.3%	15.4%	10.4%	1.7%
baltimore, md	15.5%	11.5%	9.7%	0.8%
seattle, wa	14.4%	12.5%	6.5%	0.7%
boston, ma-nh	12.3%	12.3%	6.5%	0.5%
san diego, ca	20.6%	16.2%	7.6%	0.9%
detroit, mi	14.9%	20.3%	12.9%	0.0%
phoenix, az	24.6%	22.1%	11.8%	0.0%
virginia beach, va-nc	13.7%	11.4%	4.8%	1.9%
houston, tx	14.3%	15.0%	11.5%	2.7%
fresno, ca	15.3%	15.2%	6.0%	0.0%

Source: *MSAs from Office of Management and Budget; Class A, B, & C Vacancy Rates from CoSTAR; Leased Vacancy Rate from 9/09 Vacant Space Report*

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table 10. total portfolio composition and performance by region

region	# of buildings	rsf *in millions*	% of rsf	direct revenue *$ in millions*	ffo *$ in millions*
1 new england	488	11.0	3.0%	$266.7	$56.5
2 northeast & caribbean	558	22.3	6.2%	$780.5	$141.0
3 mid-atlantic	835	35.5	9.8%	$621.4	$127.8
4 southeast sunbelt	1,617	42.4	11.7%	$857.3	$114.0
5 great lakes	1,148	34.3	9.5%	$708.8	$127.9
6 heartland	415	21.3	5.9%	$308.2	$34.4
7 greater southwest	1,292	33.0	9.1%	$598.2	$90.6
8 rocky mountain	684	17.5	4.8%	$317.3	$43.1
9 pacific rim	1,141	33.7	9.3%	$941.1	$233.1
10 northwest/arctic	638	15.3	4.2%	$331.9	$72.7
11 national capital	809	95.2	26.3%	$2,876.4	$472.1
central office	0	0.0	0.0%	$6.5	$36.7
total	9,624	361.5	100.0%	$8,614.2	$1,550.0

Source: # of buildings and RSF from STAR as of 9/30/09; Direct Revenue from Infowizard FBF09 model

table 11. 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	96	6.1	3.5%	$130.9	$56.3
2 northeast & caribbean	54	12.5	7.0%	$368.3	$139.8
3 mid-atlantic	88	16.2	9.2%	$265.3	$124.1
4 southeast sunbelt	139	17.5	9.9%	$271.8	$121.0
5 great lakes	128	19.7	11.1%	$322.5	$146.0
6 heartland	60	12.0	6.8%	$135.2	$39.5
7 greater southwest	333	16.1	9.1%	$234.6	$101.3
8 rocky mountain	155	9.4	5.3%	$143.6	$52.2
9 pacific rim	166	17.8	10.0%	$427.8	$243.7
10 northwest/arctic	106	9.0	5.1%	$159.9	$78.7
11 national capital	192	40.7	23.0%	$1,010.0	$510.0
central office	0	0.0	0.0%	$6.5	$36.7
total	1,517	177.1	100.0%	$3,476.4	$1,649.5

Source: # of buildings and RSF from STAR as of 9/30/09; Direct Revenue from Infowizard FBF09 model

table 12. leased portfolio composition and performance by region

region	# of buildings	leased rsf *in millions*	% of leased rsf	direct revenue *$ in millions*	ffo *$ in millions*
1 new england	392	4.9	2.7%	$135.8	$0.2
2 northeast & caribbean	504	9.8	5.3%	$412.2	$1.2
3 mid-atlantic	747	19.3	10.4%	$356.1	$3.7
4 southeast sunbelt	1,478	24.9	13.5%	$585.5	$(7.0)
5 great lakes	1,020	14.6	7.9%	$386.2	$(18.1)
6 heartland	355	9.3	5.0%	$173.0	$(5.1)
7 greater southwest	959	16.9	9.2%	$363.6	$(10.7)
8 rocky mountain	529	8.0	4.4%	$173.7	$(9.0)
9 pacific rim	975	15.9	8.6%	$513.3	$(10.6)
10 northwest/arctic	532	6.3	3.4%	$171.9	$(6.0)
11 national capital	616	54.4	29.5%	$1,866.4	$(38.0)
total	8,107	184.4	100.0%	$5,137.8	$(99.5)

Source: # of buildings and RSF from STAR as of 9/30/09; Direct Revenue from Infowizard FBF09 model table 13. financials – owned vs. leased comparison

	owned				leased			
	fy06	fy07	fy08	fy09	fy06	fy07	fy08	fy09
direct revenue *$ in millions*	$3,335.4	$3,359.4	$3,454.0	$3,476.4	$4,385.1	$4,628.9	$4,870.5	$5,137.8
noi *$ in millions*	$2,194.3	$2,121.4	$2,157.8	$2,174.7	$219.5	$194.4	$191.8	$150.7
operating margin	65.8%	63.1%	62.5%	62.6%	5.0%	4.2%	3.9%	2.9%
ffo *$ in millions*	$1,645.2	$1,644.4	$1,664.0	$1,649.5	$60.3	$(1.6)	$(41.0)	$(99.5)
ffo/rsf	$9.43	$9.32	$9.43	$9.31	$0.35	$(0.01)	$(0.23)	$(0.54)
net income *$ in millions*	$810.3	$564.5	$648.9	$601.5	$33.6	$(25.5)	$(68.7)	$(123.4)
ni/rsf	$4.65	$3.20	$3.68	$3.40	$0.20	$(0.15)	$(0.39)	$(0.67)

Source: Direct Revenue, FFO, and Net Income from InfoWizard FBF09 model; NOI from Infowizard FBFn09 model

table 14. income statement – total inventory

$ in millions	fy05	fy06	fy07	fy08	fy09
direct revenue (+)	$7,427.5	$7,720.5	$7,988.4	$8,324.4	$8,614.2
operations and maintenance	$808.7	$865.9	$912.7	$964.7	$999.4
protection	$14.6	$27.2	$45.5	$50.5	$47.4
rental of space	$3,862.9	$4,080.3	$4,340.7	$4,576.3	$4,890.1
real estate	$14.6	$9.4	$8.3	$11.1	$12.2
repairs and alterations	$57.0	$88.9	$96.6	$98.0	$87.9
other	$77.3	$70.5	$90.7	$84.2	$60.0
total G&A expenses	$686.4	$731.7	$708.6	$773.9	$829.2
purchase contracts	$144.2	$141.2	$142.6	$142.6	$138.2
total funded expenses (–)	$5,665.6	$6,015.0	$6,345.6	$6,701.4	$7,064.2
funds from operations (=)	$1,761.8	$1,705.5	$1,642.8	$1,623.1	$1,550.0
depreciation (–)	$851.9	$861.6	$1,103.7	$1,042.9	$1,071.8
net income	**$910.0**	**$843.9**	**$539.0**	**$580.1**	**$478.2**

Source: InfoWizard FBF09 and FBF05 models

table 15. income statement – owned inventory

$ in millions	fy05	fy06	fy07	fy08	fy09
direct revenue (+)	$3,242.3	$3,335.4	$3,359.4	$3,454.0	$3,476.4
operations and maintenance	$758.5	$811.2	$860.0	$907.8	$945.2
protection	$14.0	$25.6	$41.5	$46.1	$43.6
rental of space	$0.4	$1.0	$3.1	$(2.2)	$(2.7)
real estate	$4.4	$2.7	$3.3	$5.6	$6.0
repairs and alterations	$52.6	$85.5	$92.5	$91.5	$81.2
other	$72.0	$64.9	$77.6	$74.2	$50.8
total G&A expenses	$525.6	$561.4	$498.0	$524.3	$565.3
purchase contracts	$140.6	$137.8	$139.2	$142.6	$137.5
total funded expenses (–)	$1,568.2	$1,690.1	$1,715.0	$1,789.9	$1,827.0
funds from operations (=)	$1,672.5	$1,645.2	$1,644.4	$1,664.0	$1,649.5
depreciation (–)	$823.7	$834.9	$1,079.9	$1,015.2	$1,047.9
net income	**$846.9**	**$810.3**	**$564.5**	**$648.9**	**$601.5**

Source: InfoWizard FBF09 and FBF05 models

table 16. income statement – leased inventory

$ in millions	fy05	fy06	fy07	fy08	fy09
direct revenue (+)	$4,185.2	$4,385.1	$4,628.9	$4,870.5	$5,137.8
operations and maintenance	$50.3	$54.7	$52.6	$56.9	$54.2
protection	$0.6	$1.6	$4.0	$4.4	$3.8
rental of space	$3,862.4	$4,079.2	$4,337.6	$4,578.6	$4,892.9
real estate	$10.2	$6.7	$5.1	$5.5	$6.1
repairs and alterations	$4.4	$3.3	$4.1	$6.5	$6.7
other	$5.2	$5.6	$13.2	$9.9	$9.1
total G&A expenses	$160.8	$170.3	$210.6	$249.6	$263.8
purchase contracts	$3.5	$3.4	$3.4	$0.0	$0.7
total funded expenses (–)	$4,097.4	$4,324.9	$4,630.6	$4,911.4	$5,237.2
funds from operations (=)	$89.3	$60.3	$(1.6)	$(41.0)	$(99.5)
depreciation (–)	$28.2	$26.6	$23.9	$27.8	$23.9
net income	**$63.1**	**$33.6**	**$(25.5)**	**$(68.7)**	**$(123.4)**

Source: InfoWizard FBF09 and FBF05 models

table 17. owned inventory by contruction era

construction era	rsf *in millions*	% of total rsf	# of buildings	fy09 ffo *$ in millions*	ffo/ rsf ($)	vacancy rate
historic (1800-1941)	45.8	25.8%	367	$341.9	$7.47	12.1%
WWII (1942-1945)	5.9	3.3%	77	$28.8	$4.92	9.8%
great sociaety (1946-1979)	80.8	45.6%	511	$738.8	$9.14	5.9%
contemporary (1980-1993)	11.7	6.6%	178	$129.6	$11.06	3.0%
design excellence (1994-present)	32.3	18.2%	339	$435.4	$13.48	1.4%

Source: # of buildings and RSF from STAR as of 9/30/09; FFO from Infowizard FBF09 model; Vacancy Rate from 9/09 Vacant Space Report

table 18. total distribution by square footage

square footage category	# of CBRs	% of total	rsf *in millions*	% of total	annualized rent *$ in millions*	% of total	$/rsf
0	2,132	9.4%	0.0	0.0%	$(96.9)	(1.0)%	$0.00
1-2,500	7,096	31.2%	7.7	2.2%	$180.5	1.9%	$23.37
2,501-5,000	3,372	14.8%	12.4	3.6%	$324.5	3.5%	$26.09
5,001-7,500	2,459	10.8%	15.2	4.4%	$437.7	4.7%	$28.70
7,501-10,000	1,517	6.7%	13.2	3.8%	$336.5	3.6%	$25.48
10,001-20,000	2,775	12.2%	38.7	11.2%	$1,025.8	10.9%	$26.48
20,001-40,000	1,738	7.6%	48.5	14.0%	$1,337.3	14.3%	$27.56
40,001-60,000	595	2.6%	28.8	8.3%	$840.2	9.0%	$29.14
60,001-100,000	492	2.2%	37.9	11.0%	$1,046.9	11.2%	$27.60
100,001+	571	2.5%	143.1	41.4%	$3,943.9	42.1%	$27.55
total	22,747	100.0%	345.8	100.0%	$9,376.5	100.0%	$27.12

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

Source: # of CBRs and RSF represent 09/09 billing from BIS 9/30/09; annualized rent represents 09/09 rent bill annualized from BIS 9/30/09

table 19. owned distribution by square footage

square footage category	# of CBRs	% of total	rsf *in millions*	% of total	annualized rent *$ in millions*	% of total	annual $/ rsf billed
0	1,510	14.1%	0.0	0.0%	$19.2	0.5%	$0.00
1-2,500	3,643	34.0%	4.0	2.4%	$78.1	2.2%	$19.48
2,501-5,000	1,500	14.0%	5.4	3.3%	$108.9	3.0%	$20.01
5,001-7,500	877	8.2%	5.4	3.3%	$109.6	3.0%	$20.39
7,501-10,000	581	5.4%	5.0	3.0%	$101.0	2.8%	$20.08
10,001-20,000	1,096	10.2%	15.6	9.4%	$315.0	8.7%	$20.24
20,001-40,000	744	6.9%	20.7	12.5%	$476.6	13.2%	$23.07
40,001-60,000	277	2.6%	13.2	8.0%	$300.3	8.3%	$22.72
60,001-100,000	209	1.9%	16.0	9.7%	$387.2	10.7%	$24.14
100,001+	281	2.6%	79.8	48.3%	$1,724.9	47.6%	$21.62
total	10,718	100.0%	165.1	100.0%	$3,620.9	100.0%	$21.93

Note: 0 sf represents parking, land, and other assets with no square footage
Source: # of CBRs and RSF represent 09/09 billing from BIS 9/30/09; annualized rent represents 09/09 rent bill annualized from BIS 9/30/09

table 20. asset performance by property type

property type	rsf *in millions*	direct revenue *$ in millions*	direct revenue *$/rsf*	ffo *$ in millions*	ffo *$/rsf*	vacancy rate *(%)*
courthouse	31.1	$660.0	$21.21	$308.0	$9.90	6.5%
laboratory	1.6	$37.3	$22.76	$26.9	$16.43	1.1%
land port of entry	4.3	$116.4	$27.19	$67.3	$15.73	1.4%
office building	128.8	$2,431.5	$18.88	$1,261.0	$9.79	7.0%
warehouse	9.8	$60.0	$6.15	$22.4	$2.30	5.1%
other	1.6	$45.2	$29.01	$(34.8)	$(22.32)	6.2%

Source: RSF from STAR as of 9/30/09; Direct Revenue and FFO from Infowizard FBF09 model; Vacancy Rate from 9/09 Vacant Space Report

table 21. leased distribution by square footage

square footage category	# of CBRs	% of total	rsf *in millions*	% of total	annualized rent *$ in millions*	% of total	annual $/ rsf billed
0	620	5.2%	0.0	0.0%	$(116.1)	(2.0)%	$0.00
1-2,500	3,455	28.7%	3.7	2.1%	$102.4	1.8%	$27.58
2,501-5,000	1,872	15.6%	7.0	3.9%	$215.6	3.7%	$30.83
5,001-7,500	1,582	13.2%	9.9	5.5%	$328.1	5.7%	$33.23
7,501-10,000	936	7.8%	8.2	4.5%	$235.5	4.1%	$28.80
10,001-20,000	1,679	14.0%	23.2	12.8%	$710.8	12.3%	$30.68
20,001-40,000	994	8.3%	27.9	15.4%	$860.7	15.0%	$30.90
40,001-60,000	318	2.6%	15.6	8.6%	$539.9	9.4%	$34.57
60,001-100,000	283	2.4%	21.9	12.1%	$659.7	11.5%	$30.13
100,001 +	290	2.4%	63.3	35.1%	$2,219.1	38.6%	$35.03
total	12,029	100.0%	180.6	100.0%	$5,755.6	100.0%	$31.86

Note: 0 sf represents parking, land, and other assets with no square footage
Source: # of CBRs and RSF represent 09/09 billing from BIS 9/30/09; annualized rent represents 09/09 rent bill annualized from BIS 9/30/09

table 22. lease performance by property type

property type	rsf *in millions*	direct revenue *$ in millions*	direct revenue *$/rsf*	ffo *$ in millions*	ffo *$/rsf*	vacancy rate *(%)*
office	1.5	$41.4	$28.13	$(2.7)	$(1.85)	1.6%
laboratory	0.9	$30.5	$34.72	$0.3	$0.32	0.0%
land port of entry	1.0	$17.8	$17.75	$(1.4)	$(1.42)	0.0%
courthouse	162.1	$4,775.2	$29.46	$(69.6)	$(0.43)	1.0%
warehouse	15.9	$164.7	$10.36	$(5.8)	$(0.36)	1.9%
other	3.0	$83.9	$27.90	$2.3	$0.75	1.6%

Source: RSF from STAR as of 9/30/09; Direct Revenue and FFO from Infowizard FBF09 model; Vacancy Rate from 9/09 Vacant Space Report

table 23. negative NOI leases as a percentage of direct revenue

region	net operating income (noi)	direct revenue	negative noi % of direct revenue
1 new england	$(2.1)	$135.8	1.5%
2 northeast & caribbean	$(6.9)	$412.2	1.7%
3 mid-atlantic	$(2.7)	$356.1	0.7%
4 southeast sunbelt	$(29.7)	$585.5	5.1%
5 great lakes	$(5.4)	$386.2	1.4%
6 heartland	$(3.2)	$173.0	1.8%
7 greater southwest	$(10.0)	$363.6	2.8%
8 rocky mountain	$(5.1)	$173.7	2.9%
9 pacific rim	$(12.0)	$513.3	2.3%
10 northwest/arctic	$(2.3)	$171.9	1.3%
11 national capital	$(67.2)	$1,866.4	3.6%
total	$(146.5)	$5,137.8	2.9%

Source: Infowizard FBF09 model

table 24. lease extensions by region

region	# of leases extended	extended rsf in millions
1 new england	43	0.4
2 northeast & caribbean	80	1.0
3 mid-atlantic	49	1.0
4 southeast sunbelt	174	1.8
5 great lakes	139	1.2
6 heartland	11	0.1
7 greater southwest	142	1.6
8 rocky mountain	48	0.5
9 pacific rim	133	1.2
10 northwest/arctic	52	0.4
11 national capital	33	1.1
total	904	10.2

Source: STAR as of 09/09 billing

table 25. lease expirations by region

fy of expiration	fy09	fy10	fy11	fy12	fy13	fy14+	total
region 1–new england							
# of leases	124	66	28	55	27	88	388
current annual rent *$ in millions*	$30.5	$27.6	$8.5	$18.6	$9.5	$40.4	$135.1
rsf (lease) *in millions*	1.2	0.7	0.3	0.7	0.5	1.5	4.9
average lease term *in years*	11	7	8	10	11	11	10
region 2–northeast and caribbean							
# of leases	164	108	60	62	55	135	584
current annual rent *$ in millions*	$48.3	$69.9	$45.5	$28.0	$43.6	$129.5	$364.8
rsf (lease) *in millions*	1.8	1.6	1.2	0.8	1.1	3.3	9.9
average lease term *in years*	11	8	9	10	11	11	10
region 3–mid-atlantic							
# of leases	138	110	98	126	96	279	847
current annual rent *$ in millions*	$28.5	$46.1	$25.2	$57.1	$32.2	$150.9	$340.0
rsf (lease) *in millions*	1.9	3.5	1.5	3.2	1.5	7.7	19.3
average lease term *in years*	10	8	11	11	12	11	11
region 4–southeast sunbelt							
# of leases	345	261	158	169	118	552	1,603
current annual rent *$ in millions*	$75.8	$60.7	$45.1	$55.5	$31.7	$286.7	$555.4
rsf (lease) *in millions*	3.6	2.7	2.2	2.9	1.5	12.1	25.0
average lease term *in years*	9	7	9	9	10	11	10
region 5–great lakes							
# of leases	231	166	100	91	71	432	1,091
current annual rent *$ in millions*	$53.2	$38.9	$28.4	$31.1	$18.3	$185.9	$355.7
rsf (lease) *in millions*	2.3	1.6	1.0	1.5	0.8	7.4	14.6
average lease term *in years*	10	9	11	9	10	13	11
region 6–heartland							
# of leases	84	44	28	39	32	161	388
current annual rent *$ in millions*	$26.2	$8.1	$11.0	$7.4	$7.6	$101.2	$161.6
rsf (lease) *in millions*	1.5	0.4	1.0	0.5	0.5	5.5	9.3
average lease term *in years*	10	7	9	10	12	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	276	178	105	101	76	333	1,069
current annual rent *$ in millions*	$47.5	$34.0	$27.4	$33.4	$24.0	$181.1	$347.4
rsf (lease) *in millions*	2.7	1.6	1.5	1.9	1.4	7.8	16.9
average lease term *in years*	10	10	10	11	11	13	11
region 8–rocky mountain							
# of leases	117	74	59	58	33	201	542
current annual rent *$ in millions*	$17.2	$16.3	$19.1	$9.9	$10.4	$100.1	$173.1
rsf (lease) *in millions*	1.1	0.7	0.9	0.6	0.5	4.3	8.0
average lease term *in years*	9	8	9	9	10	13	10
region 9–pacific rim							
# of leases	256	187	116	95	81	365	1,100
current annual rent *$ in millions*	$77.9	$63.6	$54.5	$36.4	$35.9	$228.7	$497.1
rsf (lease) *in millions*	2.6	2.0	2.0	1.2	1.2	6.9	15.9
average lease term *in years*	9	8	10	9	10	12	10
region 10-northwest/arctic							
# of leases	212	88	70	50	40	109	569
current annual rent *$ in millions*	$47.2	$21.0	$18.9	$10.9	$12.1	$48.8	$158.9
rsf (lease) *in millions*	2.0	0.8	0.7	0.5	0.5	1.7	6.3
average lease term *in years*	8	8	8	8	9	12	9
region 11–national capital							
# of leases	219	128	107	123	92	125	794
current annual rent *$ in millions*	$284.6	$176.6	$208.5	$233.7	$186.2	$597.4	$1,687.1
rsf (lease) *in millions*	10.6	6.1	6.4	7.2	6.4	17.3	54.1
average lease term *in years*	8	8	9	10	10	12	9
nationwide							
# of leases	2,166	1,410	929	969	721	2,780	8,975
current annual rent *$ in millions*	$737.1	$562.8	$492.2	$521.9	$411.5	$2,050.6	$4,776.2
rsf (lease) *in millions*	31.2	21.8	18.8	20.9	16.1	75.3	184.0
average lease term *in years*	9	8	9	10	10	12	10

Source: STAR as of 9/30/09 and represents all leases that are active or active pending change


Department of Homeland Security Headquarters Omaha, NE

STATE *of the* portfolio

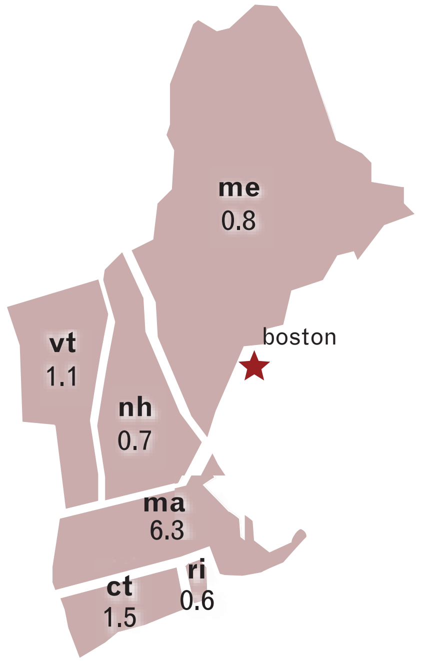
regional fact sheets

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

- # of buildings, rsf, and # of CBRs from STAR as of 9|30|09
- vacancy rates from 9|09 Vacant Space Report
- direct revenue and ffo from InfoWizard FBF09 model
- tiering results from Portfolio Analysis Division, Office of Real Estate Portfolio Management
- # of leases (total and extended) from STAR as of 9|30|09 and represent all leases that are active or active pending change
- negative NOI from InfoWizard FBF09 model

region 1. new england

rentable square footage by state
in millions



		owned	leased	total
portfolio	# of bldgs.	96	392	488
	# of CBRs	574	484	1,058
	rsf *in millions*	6.1	4.9	11.0
	% of rsf total	3.5%	2.7%	3.0%
	vacancy rate	12.8%	1.1%	7.6%
financials	ffo *$ in millions*	$56.3	$0.2	$56.5
	direct revenue *$ in millions*	$130.9	$135.8	$266.7
	% of revenue total	3.8%	2.6%	3.1%

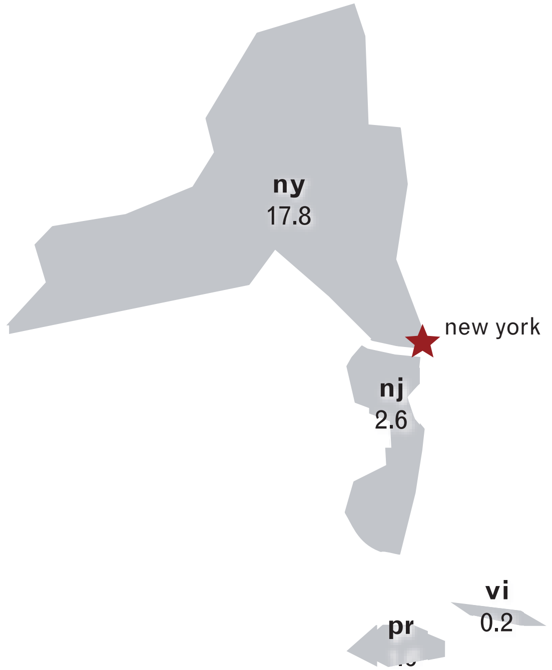
	tiering	# of bldgs.	rsf *in millions*
owned	tier 1	21	2.5
	tier 2a	16	1.6
	tier 2b	12	0.2
	tier 3	43	2.0
	core assets	% of buildings	
		69.3%	

leased	extensions	leases extended	43
		extended rsf *in millions*	0.4
	noi	negative noi *$ in millions*	$(2.1)
		direct revenue *$ in millions*	$135.8
		negative noi	1.5%

region 2. northeast and caribbean

rentable square footage by state

in millions



		owned	leased	total
portfolio	# of bldgs.	54	504	558
	# of CBRs	787	729	1,516
	rsf *in millions*	12.5	9.8	22.3
	% of rsf total	7.1%	5.3%	6.2%
	vacancy rate	10.1%	1.2%	6.2%
financials	ffo *$ in millions*	$139.8	$1.2	$141.0
	direct revenue *$ in millions*	$368.3	$412.2	$780.5
	% of revenue total	10.6%	8.0%	9.1%

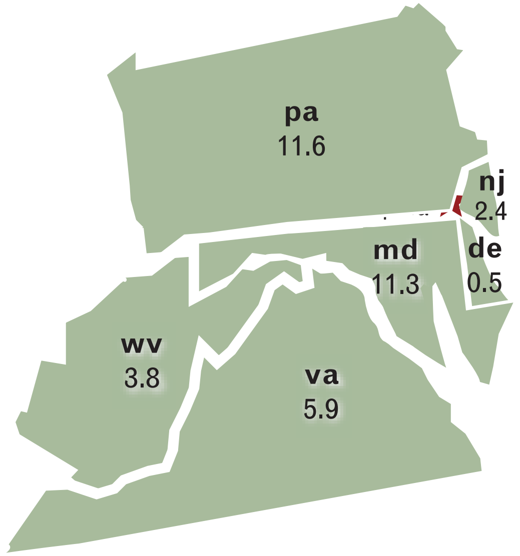
owned	tiering	# of bldgs.	rsf *in millions*
	tier 1	28	3.9
	tier 2a	12	6.0
	tier 2b	6	1.4
	tier 3	13	1.4
	core assets	% of buildings 76.6%	

leased			
extensions	leases extended	80
	extended rsf *in millions*	1.0
noi	negative noi *$ in millions*	$(6.9)
	direct revenue *$ in millions*	$412.2
	negative noi *% of direct revenue*	1.7%

region 3. mid-atlantic

rentable square footage by state

in millions



		owned	leased	total
portfolio	# of bldgs.	88	747	835
	# of CBRs	783	1,072	1,855
	rsf *in millions*	16.2	19.3	35.5
	% of rsf total	9.1%	10.5%	9.8%
	vacancy rate	4.1%	0.9%	2.4%
financials	ffo *$ in millions*	$124.1	$3.7	$127.8
	direct revenue *$ in millions*	$265.3	$356.1	$621.4
	% of revenue total	7.6%	6.9%	7.2%

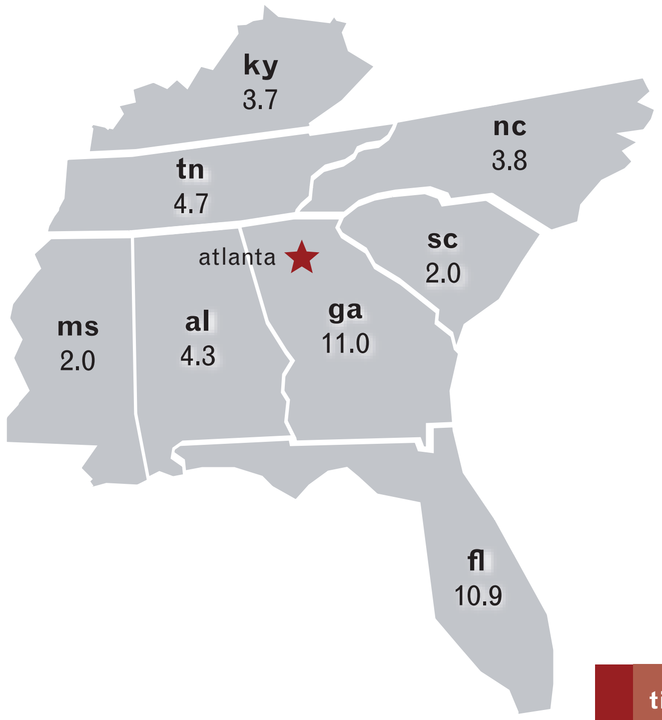
owned	tiering	# of bldgs.	rsf *in millions*
	tier 1	53	10.7
	tier 2a	11	3.3
	tier 2b	3	0.8
	tier 3	19	1.4
	core assets	% of buildings 82.1%	

leased			
extensions	leases extended	49
	extended rsf *in millions*	1.0
noi	negative noi *$ in millions*	$(2.7)
	direct revenue *$ in millions*	$356.1
	negative noi *% of direct revenue*	0.7%

region 4. southeast sunbelt

rentable square footage by state

in millions



		owned	leased	total
portfolio	# of bldgs.	139	1,478	1,617
	# of CBRs	1,668	2,148	3,816
	rsf *in millions*	17.5	24.9	42.4
	% of rsf total	9.9%	13.5%	11.7%
	vacancy rate	7.0%	0.4%	3.1%
financials	ffo *$ in millions*	$121.0	$(7.0)	$114.0
	direct revenue *$ in millions*	$271.8	$585.5	$857.3
	% of revenue total	7.8%	11.4%	10.0%

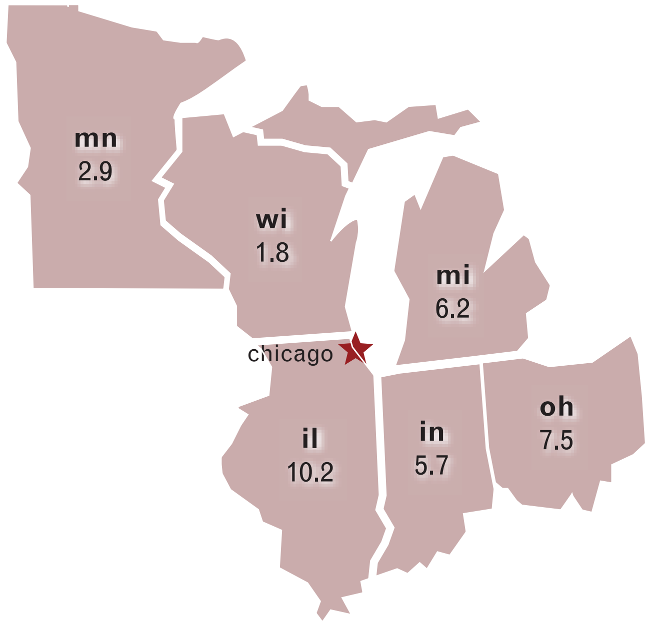
	tiering	# of bldgs.	rsf *in millions*
owned	tier 1	22	4.6
	tier 2a	46	7.5
	tier 2b	11	1.5
	tier 3	63	5.8
	core assets	% of buildings 67.6%	

leased	extensions	leases extended	174
		extended rsf *in millions*	1.8
	noi	negative noi *$ in millions*	$(29.7)
		direct revenue *$ in millions*	$585.5
		negative noi *% of direct revenue*	5.1%

region 5. great lakes

rentable square footage by state

in millions



		owned	leased	total
portfolio	# of bldgs.	128	1,020	1,148
	# of CBRs	1,386	1,341	2,727
	rsf *in millions*	19.7	14.6	34.3
	% of rsf total	11.1%	7.9%	9.5%
	vacancy rate	6.7%	0.3%	4.0%
financials	ffo *$ in millions*	$146.0	$(18.1)	$127.9
	direct revenue *$ in millions*	$322.5	$386.2	$709.8
	% of revenue total	9.3%	7.5%	8.2%

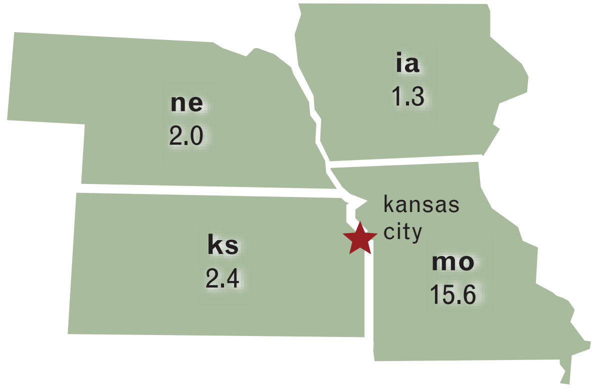
	tiering	# of bldgs.	rsf *in millions*
owned	tier 1	36	7.3
	tier 2a	18	5.8
	tier 2b	4	0.7
	tier 3	83	6.0
	core assets	% of buildings 62.8%	

leased	extensions	leases extended	139
		extended rsf *in millions*	1.2
	noi	negative noi *$ in millions*	$(5.4)
		direct revenue *$ in millions*	$386.2
		negative noi *% of direct revenue*	1.4%

region 6. heartland

rentable square footage by state

in millions



		owned	leased	total
portfolio	# of bldgs.	60	355	415
	# of CBRs	628	609	1,236
	rsf *in millions*	12.0	9.3	21.3
	% of rsf total	6.8%	5.0%	5.9%
	vacancy rate	7.8%	0.6%	4.6%
financials	ffo *$ in millions*	$39.5	$(5.1)	$34.4
	direct revenue *$ in millions*	$135.2	$173.0	$309.2
	% of revenue total	3.9%	3.4%	3.6%

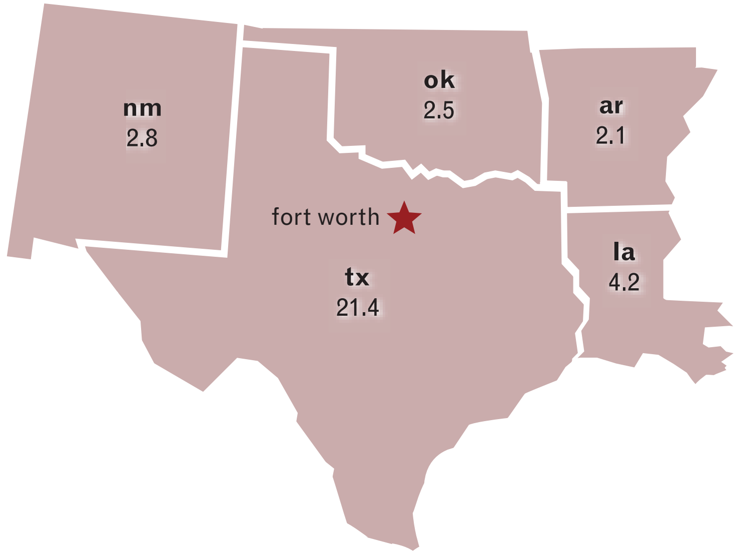
owned	tiering	# of bldgs.	rsf *in millions*
	tier 1	16	4.2
	tier 2a	1	1.0
	tier 2b	2	0.7
	tier 3	47	6.1
	core assets	% of buildings 59.4%	

leased			
extensions	leases extended	11
	extended rsf *in millions*	0.1
noi	negative noi *$ in millions*	$(3.2)
	direct revenue *$ in millions*	$173.0
	negative noi *% of direct revenue*	1.8%

region 7. greater southwest

rentable square footage by state

in millions



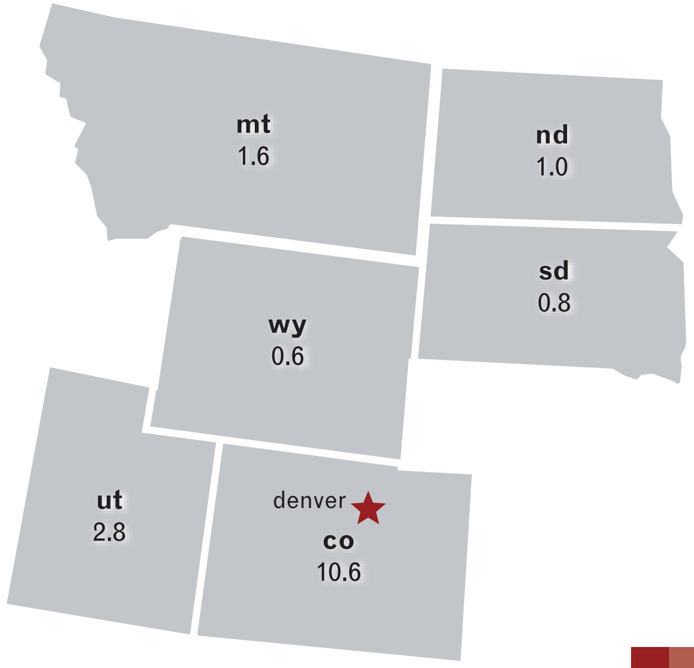
		owned	leased	total
portfolio	# of bldgs.	333	959	1,292
	# of CBRs	1,649	1,411	3,060
	rsf *in millions*	16.1	16.9	33.0
	% of rsf total	9.1%	9.2%	9.1%
	vacancy rate	7.1%	1.3%	4.2%
financials	ffo *$ in millions*	$101.3	$(10.7)	$90.6
	direct revenue *$ in millions*	$234.6	$363.6	$598.2
	% of revenue total	6.7%	7.1%	6.9%

owned	tiering	# of bldgs.	rsf *in millions*
	tier 1	256	10.4
	tier 2a	47	2.6
	tier 2b	11	0.4
	tier 3	50	3.0
	core assets	% of buildings 79.5%	

leased			
extensions	leases extended	142
	extended rsf *in millions*	1.6
noi	negative noi *$ in millions*	$(10.0)
	direct revenue *$ in millions*	$363.6
	negative noi *% of direct revenue*	2.8%

region 8. rocky mountain

rentable square footage by state
in millions



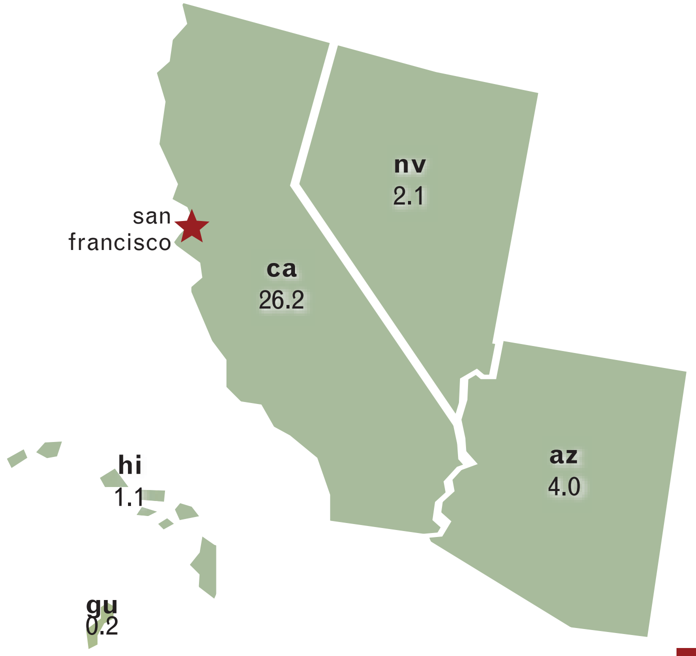
		owned	leased	total
portfolio	# of bldgs.	155	529	684
	# of CBRs	924	781	1,705
	rsf *in millions*	9.4	8.0	17.5
	% of rsf total	5.3%	4.3%	4.8%
	vacancy rate	5.4%	0.9%	3.3%
financials	ffo *$ in millions*	$52.2	$(9.0)	$43.1
	direct revenue *$ in millions*	$143.6	$173.7	$317.3
	% of revenue total	4.1%	3.4%	3.7%

	tiering	# of bldgs.	rsf *in millions*
owned	tier 1	67	2.6
	tier 2a	73	6.2
	tier 2b	4	0.0
	tier 3	19	0.6
	core assets	% of buildings 68.2%	

leased	extensions	leases extended	48
		extended rsf *in millions*	0.5
	noi	negative noi *$ in millions*	$(5.1)
		direct revenue *$ in millions*	$173.7
		negative noi *% of direct revenue*	2.9%

region 9. pacific rim

rentable square footage by state
in millions



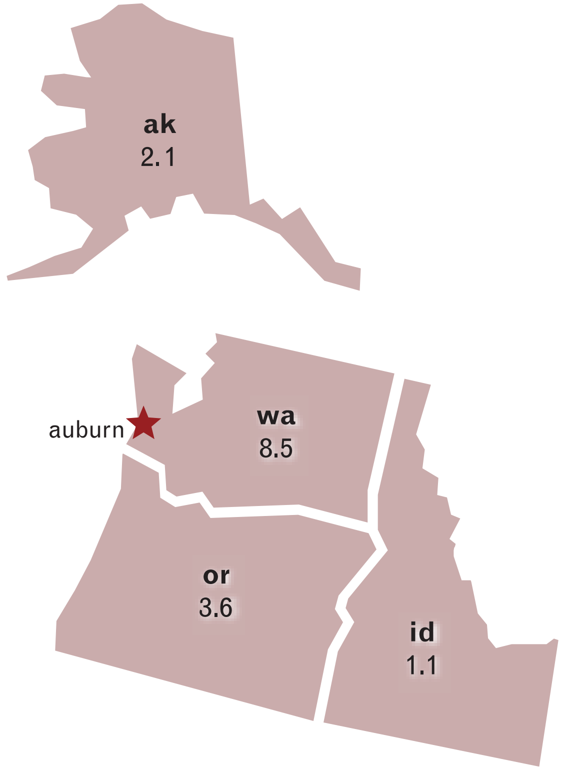
		owned	leased	total
portfolio	# of bldgs.	166	975	1,141
	# of CBRs	1,032	1,391	2,423
	rsf *in millions*	17.8	15.9	33.7
	% of rsf total	10.1%	8.6%	9.3%
	vacancy rate	7.2%	0.7%	4.1%
financials	ffo *$ in millions*	$243.7	$(10.6)	$233.1
	direct revenue *$ in millions*	$427.8	$513.3	$941.1
	% of revenue total	12.3%	10.0%	10.9%

	tiering	# of bldgs.	rsf *in millions*
owned	tier 1	117	12.6
	tier 2a	13	2.7
	tier 2b	4	0.6
	tier 3	26	1.9
	core assets	% of buildings 75.0%	

leased	extensions	leases extended	133
		extended rsf *in millions*	1.2
	noi	negative noi *$ in millions*	$(12.0)
		direct revenue *$ in millions*	$513.3
		negative noi *% of direct revenue*	2.3%

region 10. northwest arctic

rentable square footage by state
in millions



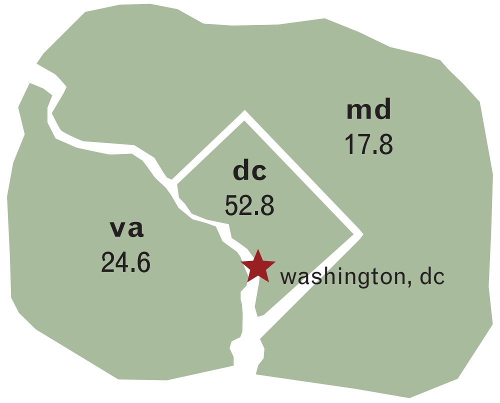
		owned	leased	total
portfolio	# of bldgs.	106	532	638
	# of CBRs	863	1,097	1,950
	rsf *in millions*	9.0	6.3	15.3
	% of rsf total	5.1%	3.4%	4.2%
	vacancy rate	5.7%	1.2%	3.8%
financials	ffo *$ in millions*	$78.7	$(6.0)	$72.7
	direct revenue *$ in millions*	$159.9	$171.9	$331.9
	% of revenue total	4.6%	3.3%	3.9%

owned	tiering	# of bldgs.	rsf *in millions*
	tier 1	29	4.2
	tier 2a	44	2.8
	tier 2b	26	1.6
	tier 3	8	0.5
	core assets	% of buildings 74.3%	

leased			
extensions	leases extended	52
	extended rsf *in millions*	0.4
noi	negative noi *$ in millions*	$(2.3)
	direct revenue *$ in millions*	$171.9
	negative noi *% of direct revenue*	1.3%

region 11. national capital

rentable square footage by state
in millions



		owned	leased	total
portfolio	# of bldgs.	192	616	809
	# of CBRs	424	977	1,401
	rsf *in millions*	40.7	54.4	95.2
	% of rsf total	23.0%	29.5%	26.3%
	vacancy rate	5.2%	1.8%	3.2%
financials	ffo *$ in millions*	$510.0	$(38.0)	$472.1
	direct revenue *$ in millions*	$1,010.0	$1,866.4	$2,876.4
	% of revenue total	29.1%	36.3%	33.4%

owned	tiering	# of bldgs.	rsf *in millions*
	tier 1	95	14.8
	tier 2a	31	12.0
	tier 2b	37	11.7
	tier 3	38	6.4
	core assets	% of buildings 66.7%	

leased			
extensions	leases extended	33
	extended rsf *in millions*	1.1
noi	negative noi *$ in millions*	$(67.2)
	direct revenue *$ in millions*	$1,866.4
	negative noi *% of direct revenue*	3.6%

acronyms

agencies and departments

Agriculture	Department of Agriculture
Army	United States Army
Commerce	Department of Commerce
DOD	Department of Defense
DHS	Department of Homeland Security
GSA	General Services Administration
HHS	Health and Human Services
Interior	Department of the Interior
Judiciary	Federal Judiciary
DOJ	Department of Justice
PMO	Program Management Office
PBS	Public Buildings Service
SSA	Social Security Administration
Treasury	Department of the Treasury
VA	Veterans Administration

portfolio terms

CAR	Current Annual Rent
CBR	Client Billing Record
CDRH	Center for Devices and Radiological Health
EISA	Energy Independence and Security Act
FBF	Federal Buildings Fund
FRC	Federal Research Center
FCI	Facility Condition Index
FFO	Funds From Operations
FRV	Functional Replacement Value
FY	Fiscal Year
G&A	General and Administrative
GSF	Gross Square Feet
HPGB	High-Performance Green Buildings
LPOE	Land Port of Entry
POE	Port of Entry
MSA	Metropolitan Statistical Area
NOI	Net Operating Income
OC	Office of Compliance
ORA	Office of Research and Analysis
O&M	Operations and Maintenance
PCS	Physical Condition Survey
R&A	Repair and Alteration
Recovery Act	American Recovery and Reinvestment Act
ROE	Return on Equity
RSF	Rentable Square Feet
STAR	System for Tracking and Administering Real Property

Modernization drawing of General Services Administration Building Washington, DC

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

www.gsa.gov