

## Why GAO Did This Study

GAO has identified managing the federal government's real property portfolio—which includes warehouses—as a high-risk area, due to long-standing problems such as reliance on long-term leasing. In 2013, federal civilian agencies reported that they occupied approximately 19,000 warehouses consisting of approximately 90-million square feet of space. GAO was asked to examine the management of federal civilian warehouses.

This report examines (1) available information on the characteristics of federal warehouses held or leased by civilian agencies; (2) the challenges selected civilian agencies report in acquiring, managing, and disposing of warehouse space; and (3) the extent to which GSA has fulfilled its federal real property leadership role with respect to warehouses. GAO analyzed fiscal year 2013 FRPP data on warehouses held or leased by federal civilian agencies; visited 30 GSA, Interior, and DOE warehouses—selected to reflect a variety of uses and sizes—and interviewed officials from the three agencies about real property data, the characteristics of warehouses, challenges to warehouse management, and GSA's real-property leadership role.

## What GAO Recommends

GAO recommends that GSA take actions to (1) enhance transparency of the FRPP data, (2) develop and implement a strategy to prioritize and plan for warehouse space, and (3) develop a strategy for its government-wide policy role in relation to warehouses. GSA generally agreed with the recommendations.

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## FEDERAL REAL PROPERTY

### Strategic Focus Needed to Help Manage Vast and Diverse Warehouse Portfolio

## What GAO Found

The federal government's vast civilian warehouse inventory supports a wide range of agencies' storage needs; however, some data in the Federal Real Property Portfolio (FRPP) are not transparent for decision makers. According to the fiscal year 2013 FRPP data, three civilian agencies—the General Services Administration (GSA), the Department of the Interior (Interior), and the Department of Energy (DOE)—held or leased the most civilian warehouse space. GSA's warehouse portfolio—the largest covering about 29-million square feet—was divided across multiple agencies. This is because of GSA's landlord role to provide federal agencies with space from its government-owned inventory, as well as through leases with private companies. In the FRPP, GSA classified nearly all of this warehouse space as *utilized* and *active*. However, GAO found that among these warehouses were buildings that were vacant for extended periods of time. This discrepancy raises questions about the transparency and usefulness of FRPP warehouse data, which could be misinterpreted by decision makers, including Congress and the Office of Management and Budget.

GSA, Interior, and DOE officials reported a wide range of challenges in **acquiring, managing, and disposing** of warehouse space, for example:

- Storage specifications related to the materials being stored, such as humidity controls for paper documents, can pose challenges **acquiring** space.
- Aging and historical facilities can be difficult to **manage** because they require costly maintenance or may no longer meet agencies' storage requirements.
- Agencies are required to address contamination or environmental concerns when **disposing** of warehouses—for example through sale or demolition—which can be expensive and time consuming. Disposing of warehouses in remote or secured areas can be particularly challenging.

GSA has taken steps to fulfill its real-property leadership role for the warehouse portfolio, but its approach lacks strategic focus. As the government's landlord, GSA has applied needs assessment and alternatives evaluation—leading capital-planning practices—to help agencies acquire warehouse space. However, GSA applied these practices on an asset-by-asset basis, rather than as part of a larger strategy rooted in priorities and a long-term plan, per leading practices. A strategic approach could help GSA overcome what are often seen as intractable challenges, such as a reliance on costly, long-term leasing or taking action to dispose of aging and obsolete assets. Additionally, GSA has a leadership role as a government-wide policy maker in the real property area. As part of the *Freeze the Footprint* policy, which directs agencies not to increase the total square footage of their domestic office and warehouse inventory compared to a fiscal year 2012 baseline, GSA has a role to consult with other agencies on more effective practices and efficient use of warehouse and office space. Despite past efforts, GSA has not fulfilled this government-wide policy role by providing a strategy for efficient use of warehouse space or leveraging its landlord experience to strategically address some of the challenges facing federal agencies. Such a strategy could encourage agencies to rethink their overall storage needs, and consolidate and collocate, when possible.