

GAO Highlights

Highlights of [GAO-14-14](#), a report to congressional requesters

Why GAO Did This Study

For fiscal year 2013, GSA expected to lease approximately 197 million square feet at a cost of about \$5.2 billion. Since 2005, GSA has acquired some leased space using its NBC program to enlist commercial real estate brokerage firms to negotiate with building owners on behalf of the government. In 2012, GSA relied on this contract to replace approximately 33 percent of its expiring leases.

GAO was asked to review GSA's NBC program. This report examines (1) NBC's program goals and the extent to which they are being realized and (2) the changes GSA has made to the program and what challenges and suggestions for improvement, if any, key stakeholders identified. GAO reviewed NBC contract documentation, agency documents, relevant legislation and regulations, and available data on leasing tasks assigned to brokers. GAO interviewed officials from GSA headquarters, all 11 GSA regions, and representatives of all 4 brokers currently participating in the program.

What GAO Recommends

GAO recommends that GSA ensure the program's goals are linked to cost savings achieved through the use of NBC brokers, and develop and implement a means of evaluating and reporting results. GSA concurred with the recommendation.

View [GAO-14-14](#). For more information, contact David Wise at (202) 512-2834 or wised@gao.gov.

October 2013

FEDERAL REAL PROPERTY

GSA Should Clarify Savings Goals for the National Broker Contract Program

What GAO Found

While the General Services Administration (GSA) has used the National Broker Contract (NBC) program to assist with the agency's lease portfolio, it is unclear whether the program has resulted in the rental rate cost savings that GSA anticipated when proposing the program. GSA officials have stated that brokers should be able to obtain lower rental rates than in-house staff because brokers have greater market expertise and in addition are able to credit a portion of the broker's commission to the rental rate. In 2012, when GSA attempted to compare rental rates negotiated by brokers with those negotiated by in-house staff, the agency not only found little difference between the two, but also stated that the data were insufficient to conduct a meaningful comparison. In April 2013, GSA began requiring the use of a different market rent data report—"Bullseye"—which includes market information, analysis, and insight regarding the local submarket. Officials said this new data would improve their ability to compare rental rates negotiated by brokers to market rental rates, but will likely not allow officials to determine whether brokers are negotiating better deals than in-house staff. Beginning in fiscal year 2013, GSA also deemphasized previous annual goals for broker use and began identifying and assigning leases to brokers based on where agency officials believe the brokers provide the greatest value.

GSA's goals and metrics for evaluating the NBC program have not been linked to the anticipated cost savings in rental rates. As a result, GSA has no means of evaluating and reporting on this aspect of the program and the value of the NBC program in terms of cost savings continues to be unclear. Clarifying goals and linking them to cost savings would also serve as a way to be transparent with Congress and other stakeholders about the program's purpose and how GSA plans to monitor and achieve its objectives. Clear, linked goals are especially important given that GSA is planning to seek a third generation of broker contracts in 2015.

Officials from all 11 GSA regional offices and representatives from all 4 broker firms identified challenges and made suggestions to improve the program. Two areas frequently cited are: the broker evaluation process and greater flexibility using brokers.

- **Broker evaluation process:** Both GSA regional officials and brokers expressed dissatisfaction with the current broker performance evaluation system and brokers suggested additional guidance and training would help. Both groups also suggested that GSA officials be allowed to use region-specific performance evaluation data to award tasks.
- **Greater flexibility using brokers:** Regional officials suggested that greater flexibility in applying the NBC program would allow them to make better use of brokers. Regional officials described a preferred "menu of services" that would allow them to use the brokers more selectively for the specific tasks where GSA wants assistance as opposed to working with the broker throughout the entire lease procurement.

GSA has begun identifying potential changes to the structure and administration of the NBC program as the agency develops a strategy for the third generation of NBCs. For example, officials told GAO they are examining alternatives to the current commission and rent structure.