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The General Services Administration's Lease Acquisition Process

The General Services Administration (GSA) is often referred to as the federal government's landlord. By law, GSA handles the acquisition of space on behalf of all federal agencies unless they have independent statutory authority to do so themselves or a delegation of authority from GSA. In addition, an agency that has its own authority to acquire space may still ask GSA to do so on its behalf. According to the most recent Federal Real Property Profile Summary Report (FY2024), GSA controls 65% (180 million square feet) of all federally leased building space and 10% (224 million square feet) of all federally owned building space. The five tenants that lease the most space through GSA—the Department Justice, the Department of Homeland Security, the Judiciary, the Department of Health and Human Services, and the Social Security Administration—paid approximately \$7.3 billion in rental fees to GSA in FY2025. The steps agencies follow to acquire leased space through GSA, per GSA policy documents, are described below.

Request for Space

Agencies that have determined they need new space contact their regional GSA office and provide a broad profile of their needs, such as the number of employees to be housed, the amount of square feet required, and the type of space needed (general office, warehouse, laboratory, etc.). This information may be refined once GSA and the agency begin working together on the acquisition. Due to the length of time it takes to identify, obtain, and occupy space, GSA recommends initiating the space acquisition process several years before the space will be needed.

Feasibility Study

Once it receives the space request, GSA typically initiates a feasibility study to determine the best way to meet the client agency's space needs. A feasibility study defines the client agency's space requirements, establishes the best option for meeting the agency's space needs, and creates an initial budget for the project. The feasibility study generally takes about 25 weeks to complete. GSA and the client agency work closely throughout the feasibility study process. At the outset, GSA appoints a feasibility team leader who recruits individuals from GSA, the client agency, and the private sector to form a feasibility study team. Team members generally have expertise in real-property-related fields. For example, feasibility study team members from GSA may include property development managers, site selection specialists, contracting officers, or regional historic preservation officers. The client agency may provide experts in agency facilities or human resources. Contractors on the feasibility study team may include architects, engineers, environmental scientists, appraisers, title search specialists, or urban planners, among others.

Establishing Space Requirements

The first task of the feasibility study team is to determine the agency's space requirements. At a minimum, GSA and the client agency must establish the requirements for the following:

- square footage,
- number of personnel,
- proximity to public transportation,
- parking, and
- delineated area.

The delineated area establishes the specific boundaries within which GSA is to obtain space for the agency. When setting the delineated area, in addition to taking into account the client agency's mission and goals, GSA must consider the following:

1. local and regional planning and economic development goals,
2. sustainability and transportation infrastructure and plans,
3. new and existing infrastructure and resources, and
4. protection of the natural environment.

Determining the Preferred Option

Once the client agency's space needs have been established, the feasibility study team is to evaluate housing options. Alternatives may include a lease, new construction, alteration of existing space, a purchase, a build-to-suit lease, the status quo, or a combination of these options. To evaluate the potential for each option, the feasibility study team may develop estimates for a range of costs, such as leased space rental rates, site acquisition expenses, and the impact of environmental and historic regulations on potential sites.

The feasibility study team is to evaluate each alternative on the basis of its financial performance, ability to meet the client agency's needs, and the degree to which it fulfills GSA's technical requirements (e.g., historic preservation, environmental sustainability). Once it determines the best option—referred to as the preferred alternative—the feasibility study team documents the criteria it used to reach its decision and provides a narrative discussing the advantages and disadvantages of each option. The team also develops a budget for the preferred alternative. The budget

would include costs associated with relocating personnel during a phased move, anticipated repairs or alterations, and needed environmental studies and remediation, among other factors.

Occupancy Agreement (OA)

If leasing space has been identified as the preferred alternative, then GSA negotiates terms with the lessor, and the client agency signs the OA. The final OA establishes the full financial terms of the lease (such as rent and utilities), parking, and square footage, among other topics.

Prospectus

When the estimated annual rent for a lease exceeds a certain level—known as the prospectus threshold—GSA is required to obtain authorization for the lease from the House Committee on Transportation and Infrastructure (T&I) and the Senate Committee on Environment and Public Works (EPW). Per 40 U.S.C. §3307(a), a lease is authorized when each committee passes a resolution approving of the prospectus.

For leases above the threshold—\$3.961 million for FY2026—the GSA regional office handling the acquisition prepares a prospectus. The prospectus generally includes the following content:

- a description of the needed space,
- an estimate of the cost of rent,
- the tenant agency,
- the delineated area,
- a statement by the GSA Administrator that suitable space in federal buildings is not available,
- an estimate of the future energy performance, and
- other information that GSA chooses to provide.

The regional office submits the draft prospectus and supporting documentation to GSA's Central Office, typically two years before funding approval is needed. The Central Office reviews the draft prospectus and submits it to the Office of Management and Budget (OMB) for further vetting. Once OMB approves the prospectus, the GSA Administrator and the Public Buildings Service Commissioner sign it, and GSA submits it to the authorizing committees. On average, it takes 20 months (600 days) from the time a regional office submits a draft lease prospectus to the Central Office until the prospectus is approved by T&I and EPW.

Standard Lease Acquisition

The first step GSA takes in acquiring a private sector lease is to advertise for space, providing potential lessors with information on the amount of square feet needed and other requirements. GSA then conducts a market survey to identify all potential properties that meet the client's needs. As part of the market survey, GSA and the client agency

tour potential properties with the building owner and record information about each building's accessibility and fire safety compliance, architecture, the surrounding neighborhood, and other characteristics that are pertinent to the agency's space requirements.

GSA then drafts a request for lease proposals (RLP) and both posts it online and sends it to all of the potential lessors identified in the market survey that have acceptable locations. The RLP includes basic information about the lease award—the amount of space, the delineated area, the amount of parking needed—as well as a list of minimum requirements that must be met for a property to be considered. GSA establishes a “competitive range” for rental rates and enters negotiations with lessors that have a bid within that range. After negotiations have concluded, GSA asks lessors to submit their “best and final offer.” GSA evaluates the final proposals using the criteria established in the RLP and awards the lease on the basis of which technically acceptable offer provides the lowest cost and best value to the government. Once GSA, the lessor, and the client agency agree on the final contract terms, and the authorizing committees have each approved the prospectus, then the client agency signs the OA, and GSA executes the lease.

Design Plans

GSA and the client agency review and approve the final lease design plans. The design plans typically include a layout of furniture, electrical outlets, security, phones, doors, partitions, hardware, and other finishes. After the lessor agrees to make any modifications required by the agency, GSA and the client agency approve the plans to be included in the lease.

Build-Out

The lessor contracts with architectural and engineering (A&E) and construction firms to build out the space as agreed in the design plans and obtains any necessary permits. GSA reviews the contracts to ensure the costs are fair and reasonable and that the contracts do not include any work that it has not approved for the project. GSA and the client agency may also visit the site during the build-out phase to inspect the work and monitor progress.

Acceptance

Shortly before the completion of the build-out, the lessor contacts GSA to set up a final inspection. In addition to GSA and the lessor, the final inspection typically includes the client agency, building security experts from the Department of Homeland Security, and the A&E team hired by the lessor. If GSA agrees that the space meets the lease requirements and design plans, and a fire protection engineer has issued a certificate of occupancy, then GSA accepts the space, and the client agency may move in.

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