

Department of Administrative Services



DAS Portfolio Repositioning Project Update

Agenda

- 01 Project overview
- 02 What is portfolio repositioning?
- 03 Project status

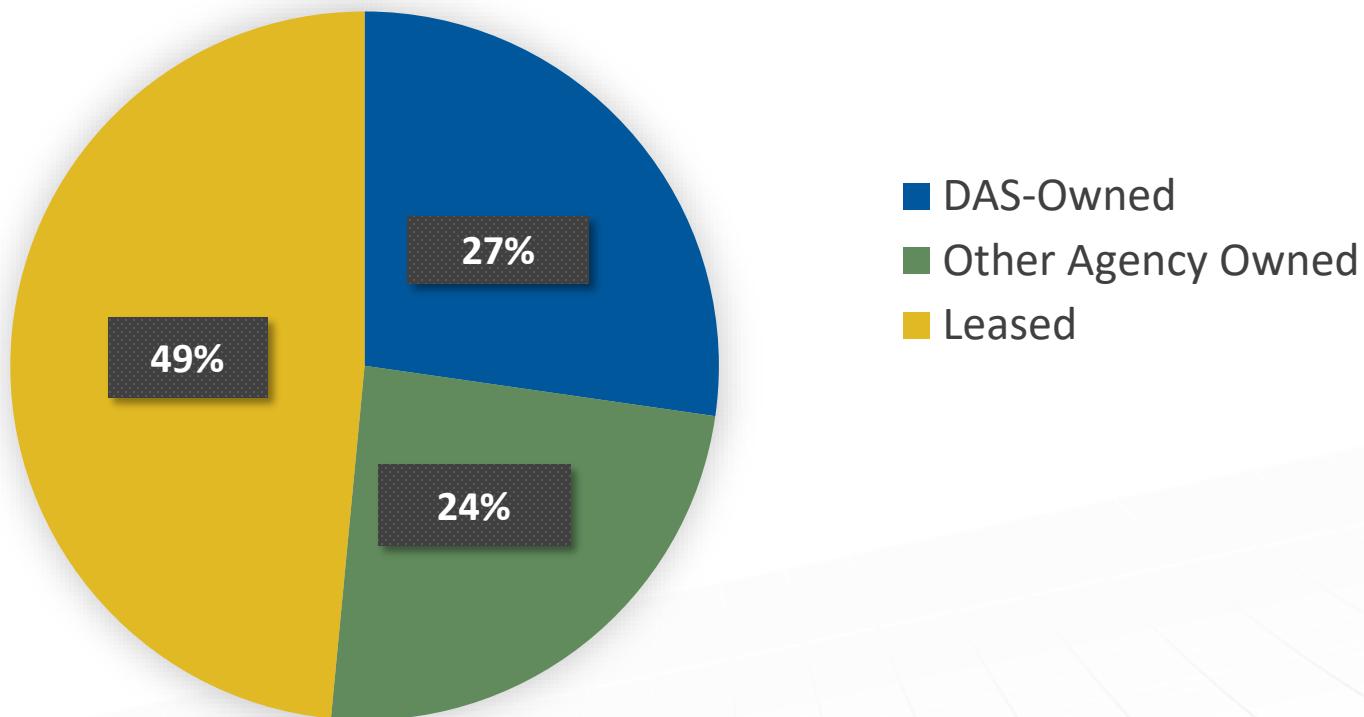


Project Overview



Current conditions

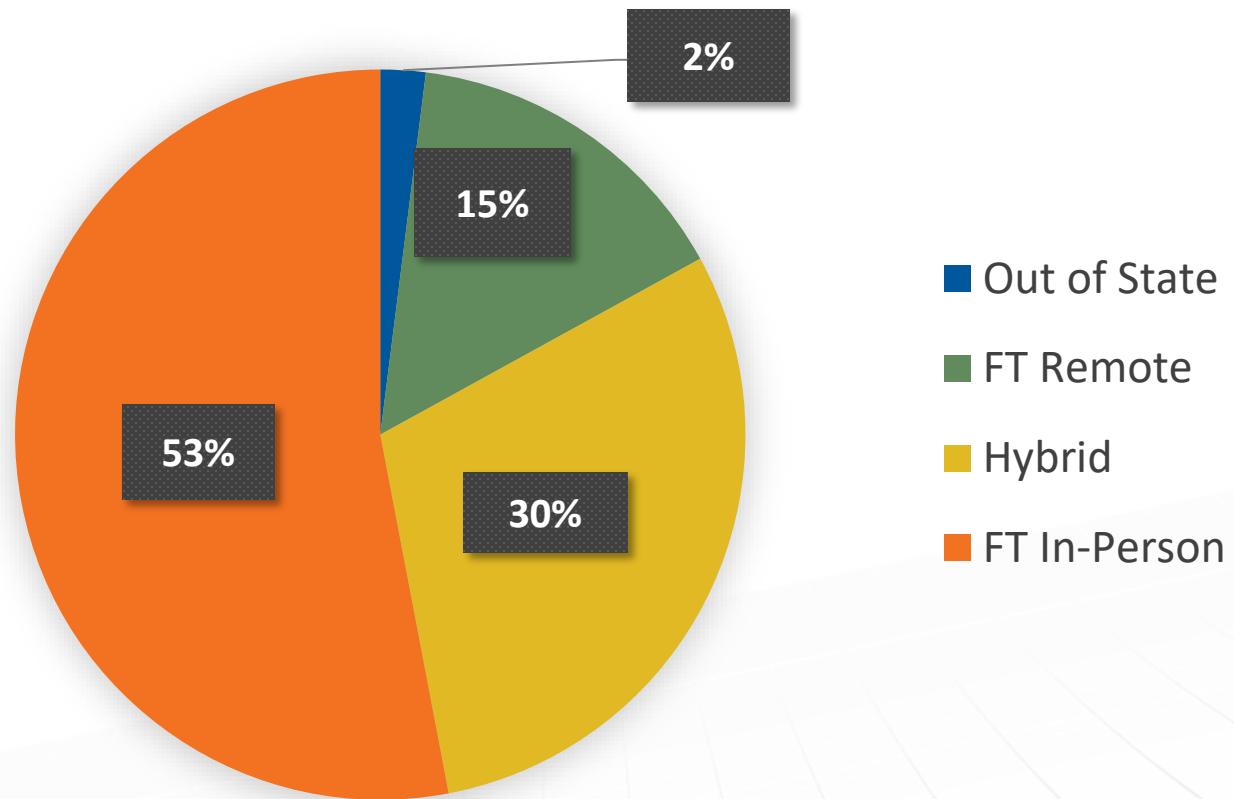
Office Footprint





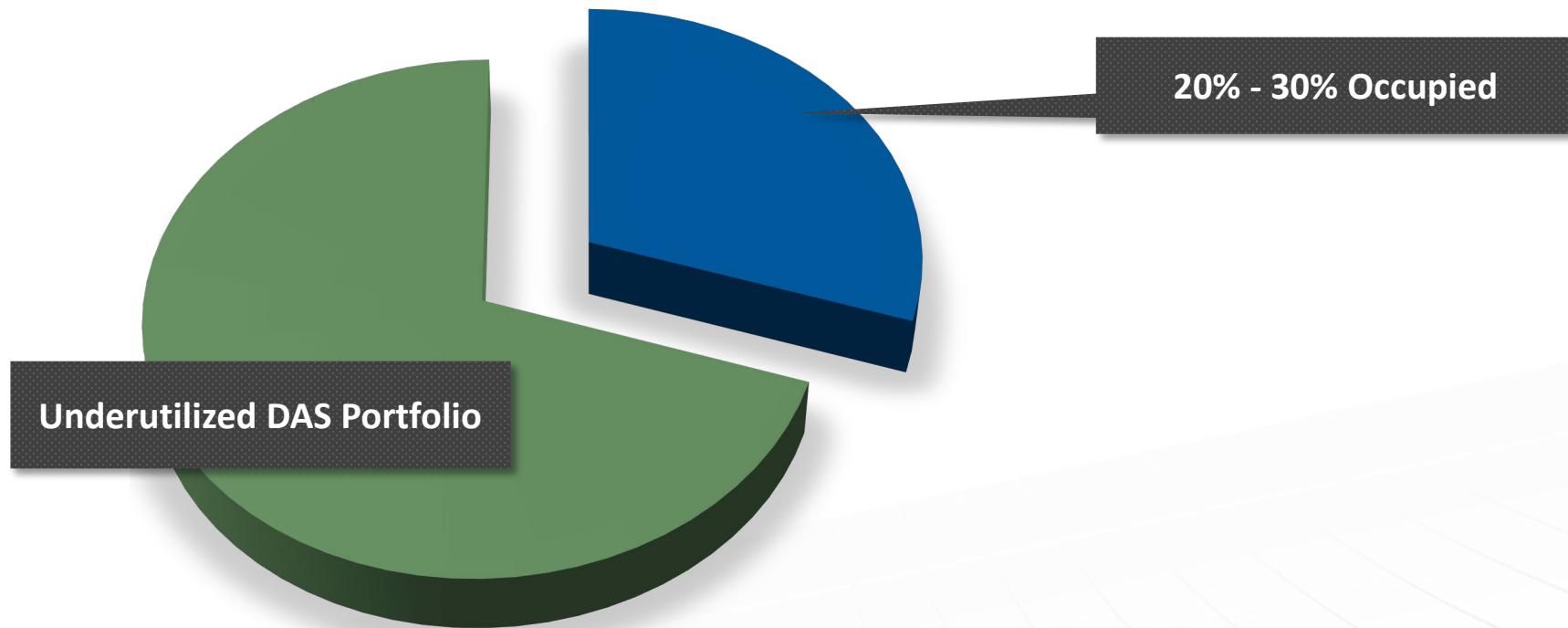
Current conditions

State Employee Work Type 2025





Occupancy in DAS buildings





Preparing the space



Agriculture Building



Project purpose

Our goal:

- Identify a 30% reduction in the state's office footprint by end of calendar year 2027 (base year 2021)

Our strategy:

- Densify state-owned buildings by collapsing private sector leases into our assets
- Co-locate agencies to the greatest extent possible regionally where we don't have assets or where state-buildings are not conducive for agency operations

Intended outcomes:

- Significant costs savings for agencies
- Modern, collaborative workspaces that support a dynamic workforce
- Opportunities for liquidation and streamlining the state's assets



Guiding principles



Reduce office footprint to the greatest extent possible.



Optimize utilization of all Executive branch-owned buildings.



Identify building liquidation opportunities.



To the greatest extent possible, avoid economic disruption to smaller markets and rural communities.



Site state offices in clusters to make it easier for Oregonians to receive services.

Timeline



PLANNING DATA COLLECTION EXECUTION REDUCTIONS IDENTIFIED NORMALIZE

Defining the project scope, objectives, and deliverables.

2021-24



DATA COLLECTION

Agency outreach with new policy, agency needs analysis completed, informs project and transaction planning

2025+



EXECUTION

Construction in state-owned buildings, agency relocations or downsizing in place begins.

2025 +



REDUCTIONS IDENTIFIED

30% sf reductions identified by year end.

2027



NORMALIZE

Moves and buildout projects wrapping up, portfolio utilization monitoring in place

2030+





ORS 276.428

DAS must approve all state office leases.

DAS supervises leases and can order relocations.

Agencies must comply and end leases early if needed.

What is Portfolio Repositioning?



Portfolio repositioning terms

Rightsizing

Balancing physical state office space to better meet current needs.

Often through reducing the overall physical square footage of the office portfolio.

Restack

Looking at the space needs of existing agencies within office buildings.

Consolidating those spaces to make room for additional tenants to fill vacant space.

Backfill

Relocating an agency office space into state owned buildings that have been restacked.

Local area private leases expire or terminate and backfill state owned.

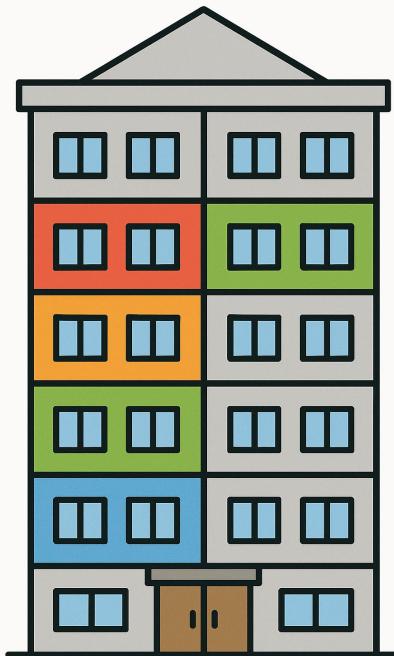
Utilization

The degree a building is occupied compared to its capacity.

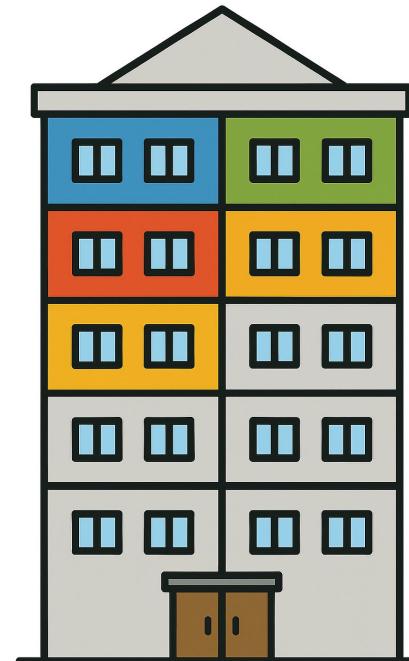


How repositioning looks

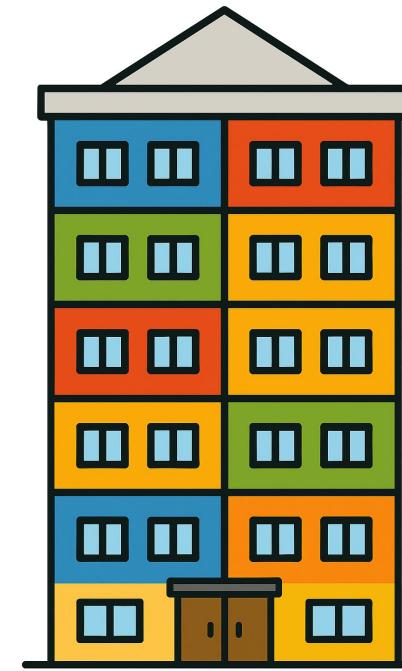
50% utilization



Building restacked



100% utilization



- Early lease terminations
- Expired leases
- All agency/shared amenities space

Project Status



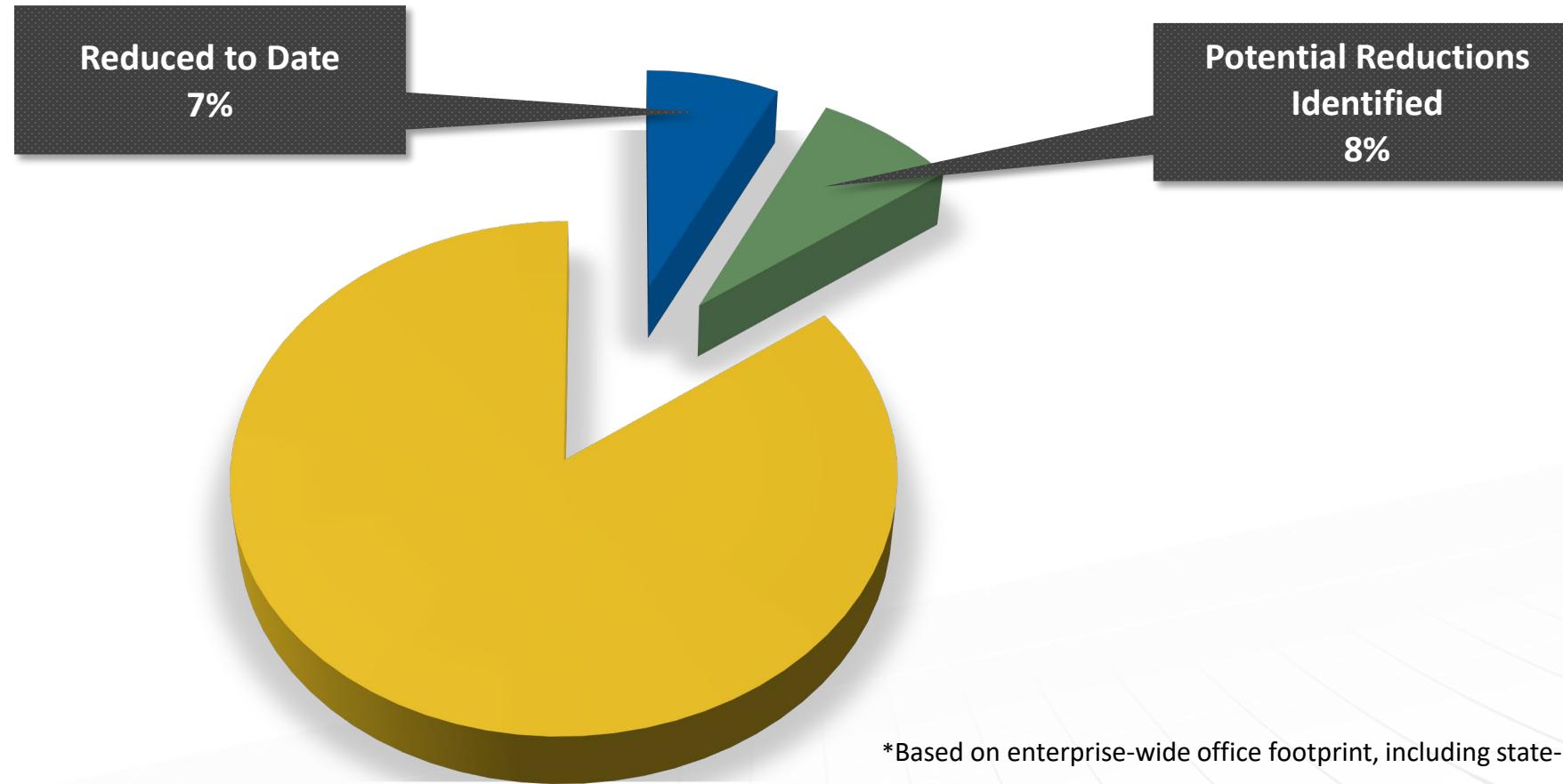
Office portfolio breakdown

Enterprise Office Portfolio

DAS owned portfolio	2,700,000 square feet
Other agency portfolio	2,400,000 square feet
Private market lease portfolio	4,800,000 square feet
Baseline	9,900,000 square feet
30% reduction goal	3,000,000 square feet

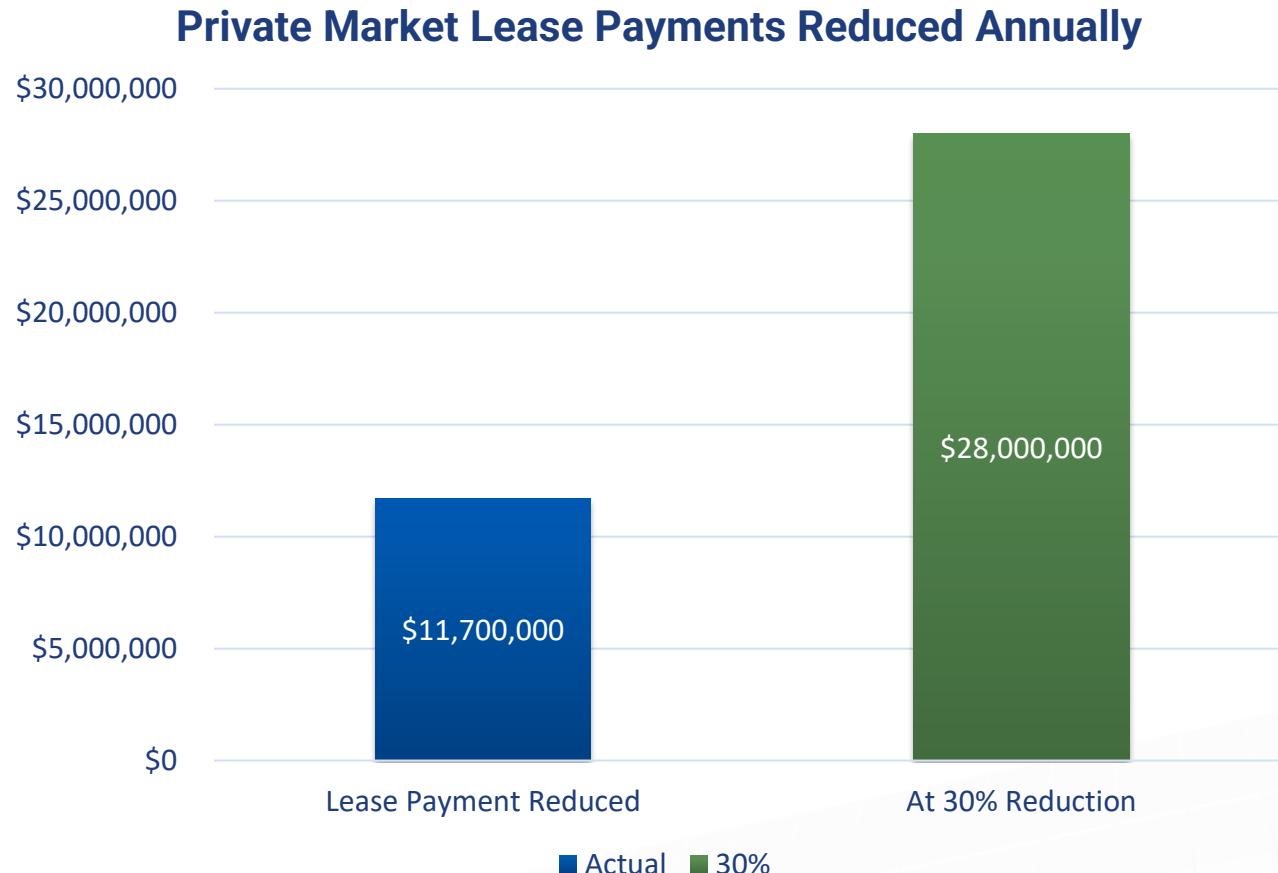


Private portfolio reductions to date





Monetary savings 2021-2025



All savings are based on reductions to the private lease portfolio only and do not include:

- Utility expenses, estimated to be approximately \$2.10/sf on average across utility providers.
- Contractual average of 2-3% increase per year in base rent.
- Early lease terminations negotiated have yielded more than \$3.7 million in savings over the remaining term.
- State owned property disposals and related avoided deferred maintenance expense.



Next steps

Continue agency partnership

Continue analysis and planning

Prepare the buildings

Stay focused

Questions?

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