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U.S. Hits Pause on Huge Commercial Real-Estate Sale

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The U.S. government on Tuesday was gearing up for one of the largest sales ever of commercial real estate. By Wednesday morning, that sales process was suddenly in limbo.

In an extraordinary reversal, the General Services Administration removed from its website about 440 federal buildings representing nearly 80 million square feet of space that only hours earlier it had listed for sale.

That followed stinging criticism from workers in the buildings, elected officials and others opposed to the mass property sale that led the GSA to pause.

A spokesman for the GSA, which manages federal real estate, said a list of specific properties for sale will be republished in the near future "after we evaluate this initial input and determine how we can make it easier for stakeholders to understand the nuances of the assets listed."

The Trump administration has been aiming to sell scores of federal buildings throughout the country as part of President Trump's effort to shrink the government and slash federal spending.

While many of the properties are aging, shabby buildings that wouldn't fetch much, some better-known properties were also up for sale. The list the GSA made public Tuesday included the Washington, D.C., headquarters of the Federal Bureau of Investigation, the Department of Health and Human Services, and the Labor Department.

But later Tuesday, the GSA reduced the list to 330 properties and removed many of the higher-profile buildings. On Wednesday morning, the GSA website no longer listed any properties. It said that the list of "non-core properties for disposal" was "coming soon" The shift by the federal agency represented a rare setback for the government overhaul efforts by the Trump administration, which has moved swiftly through the Elon Muskled Department of Government Efficiency to shed costs by urging federal workers to take buyouts and firing thousands of newly hired workers.

At a House Committee on Transportation and Infrastructure hearing on Capitol Hill on Wednesday, lawmakers discussed slowing the process down. Rep. John Larson (D., Conn.) blasted the GSA plan to sell so many buildings when agencies are shrinking their workforce.

"It's flummoxing to me why there's this headlong rush from the GSA to do these things that they're having to pull back on anyway," he said.

Even a member of the GOP pushed back at the hearing. Rep. Rob Bresnahan (R., Pa.) said he knew nothing of the cuts, which would affect multiple buildings in his district, until the press release came out. Whenever it resumes, the government's sales process could still hit cities in dozens of states. It will likely put new pressure on office- building values during one of the worst downturns for the industry since World War II.

The federal government for years has been aware that dozens of its properties are underused and badly in need of upgrade.

The GSA was taking steps to dispose of many properties when President Trump started his second term. *

But the Trump administration is poised to accelerate the plan to sell properties as well as terminate millions of square feet of federal leases on space in private buildings. DOGE has included more than 740 leases on the list of cutbacks it has targeted as part of its money-saving efforts, up from around 100 leases just a week ago.

A couple of DOGE staffers have been working with consultants to determine which buildings to dispose of and how best to do it, said Darrell Crate, chief executive of Easterly Government Properties, a real-estate investment trust that leases office space to the federal government. "They are identifying buildings with significant deferred maintenance and trying to figure out what those buildings would be worth to a private buyer," he said.

The initial list of 440 properties primarily targeted the more than 150 buildings in the Washington, D.C. area, where the office market has experienced one of the highest increases in vacancy and lowest return-to-office rates in the U.S. The list also included numerous offices, labs and other properties in dozens of other states that are used by a range of agencies.

Some commercial property investors are already eyeing federal buildings that are on the block or privately owned buildings where the government has plans to cancel leases.

U.S. office-vacancy rates have soared and values have plummeted in recent years because of high interest rates and the increase in remote work.

The hardest-hit buildings are those that have high vacancies and are badly in need of upgrades, problems facing many of the properties the GSA is targeting for sale.

440

The approximate number of federal buildings that had been listed for sale

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