

State Building Division Real Estate Strategy

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At the Department of Administrative Services, we are committed to delivering on Governor Ricketts' mission of an effective, efficient, and customer focused state government. That mission is reflected in our State Building Division strategy for real estate portfolio management. Our strategy has three prongs:

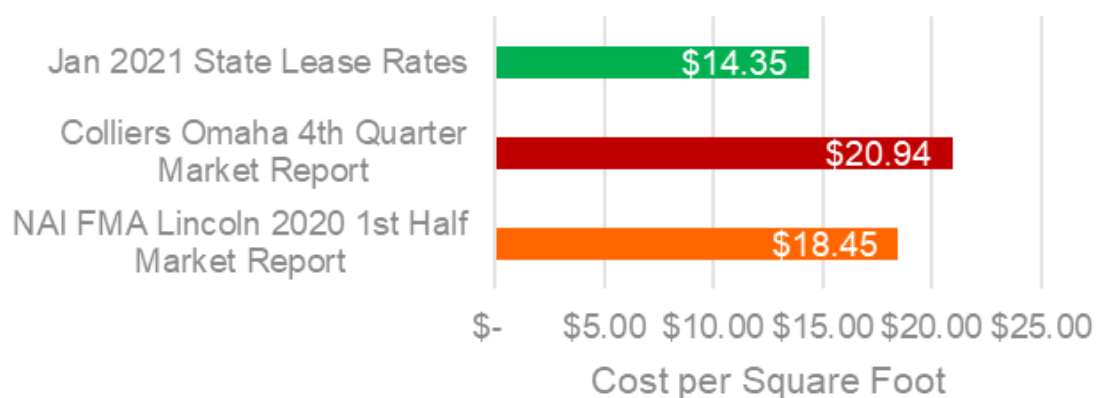
- Maximizing state-owned office space
- Co-location of teams and people doing similar work
- Creating "one-stop-shops" for our customers

Collectively, these approaches allow us to reduce taxpayer cost, create engaging workspaces for our teammates, and maximize the accessibility of services for Nebraskans.

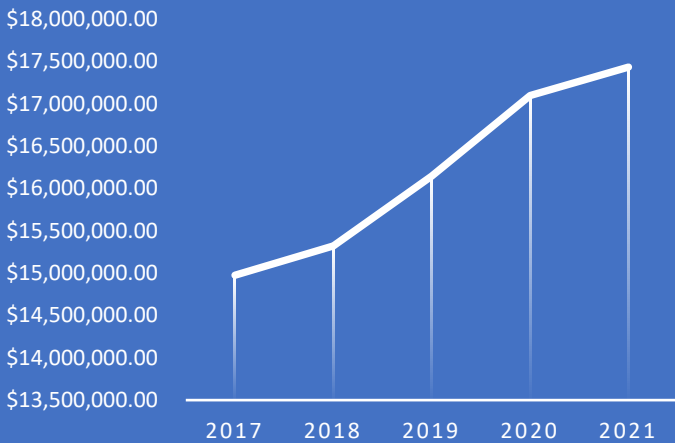
Maximize Occupancy of State Buildings

The State's first objective in real estate policy is to maximize state-owned space. DAS has consistently provided office space at lower rates than commercial counterparts. As of January 2021, DAS is currently leasing space at \$14.35 per square foot, well below the market averages of private spaces in Lincoln and Omaha.

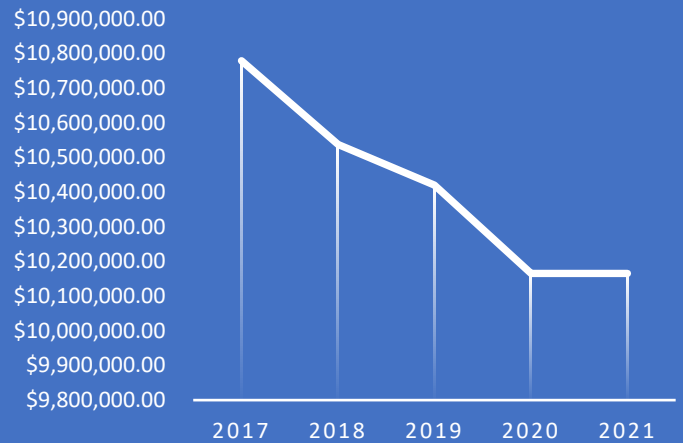
Market Averages vs. State Lease Rate



INFLATION ADJUSTED LEASE COSTS FY17-21



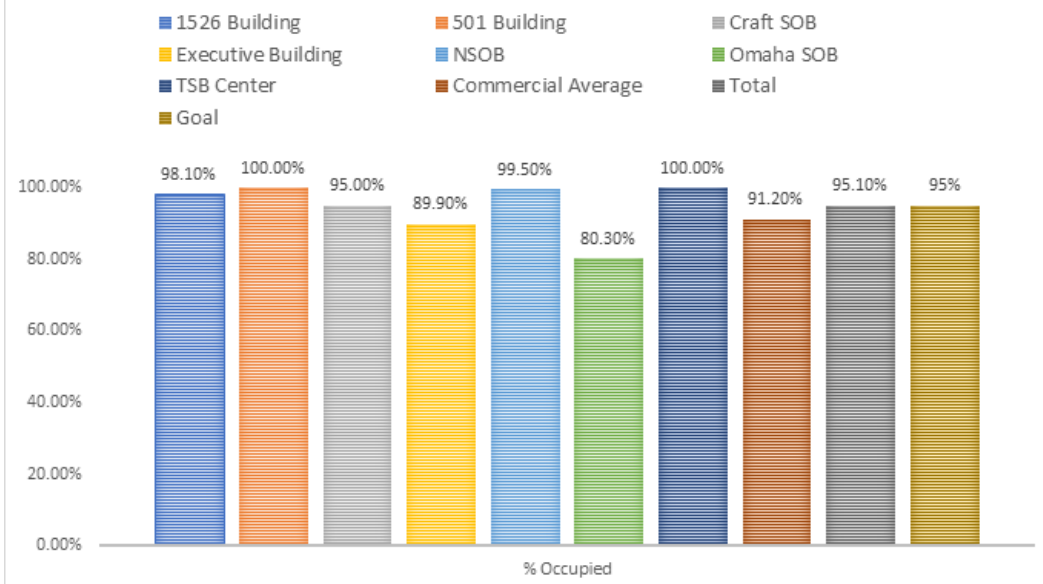
INFLATION ADJUSTED STATE RENT FY17-21



- Lease costs have increased \$669,184.87 per year.
- State space costs have decreased \$160,006.70 per year.
- State is collecting less revenue on state owned space than in 2005.

While state-owned space is more cost-effective than commercial space, the State is nearing capacity in all of its major office buildings. State-owned space has about a 4% higher occupancy than industry benchmarks.

OFFICE OCCUPANCY RATES OF STATE-OWNED BUILDINGS



Co-locate teams doing similar work.

Teammates benefit from a more engaging workplace and greater operational support when they work alongside others doing similar work. There are also lower administrative costs and greater collaboration opportunities associated with co-location. Whether leveraging state-owned space or commercial real estate, we always aspire to maximize the co-location potential of our portfolio.

Create one-stop-shops for government services.

Accessibility to government services is an important component of customer experience. Where it is foreseeable that different teams serve the same customers, State Building Division makes the experience of our customers easier by co-locating those teams to create “one-stop-shop” experiences.