TIDES | SHARED SPACES

New York Nonprofit Space Survey

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1.0 Executive Summary

1.1 Introduction

In 2007, Tides Shared Spaces completed construction of a green nonprofit center at 55 Exchange Place in Lower Manhattan. Thoreau Center New York houses 14 nonprofit tenants in quality space at stable rents. Along with the Thoreau Center San Francisco, Tides Shared Spaces green nonprofit centers promote opportunities for shared services, collaboration, and a collegial environment. And through the NonprofitCenters Network, Tides Shared Spaces is helping to build an educational network that develops these centers nationally.

During the course of creating Thoreau Center New York, Tides Shared Spaces received inquiries far in excess of the nonprofits they were able to house in the building. Given the trends they know exist in the sector, Tides Shared Spaces commissioned this report in order to better understand New York City (NYC) nonprofits' workspace needs.

Rents throughout NYC are on the rise, prospects for ownership are decreasing due to condo conversion of smaller buildings, all while the nonprofit sector is growing. Overall, half of NYC nonprofits report that their space is inadequate, and fewer than 20% own their own facilities.[1] 37% of those who responded to the Tides Shared Spaces New York Nonprofit Space Survey have looked for new space in the last two years and another 37% will need to move in the next two years. 78% of survey respondents expect their staff size to increase at least somewhat in the next five years. There is a clear need for more affordable, sustainable workspace to house the thousands of nonprofit organizations in New York City.

1.2 Major Findings

The ensuring report presents a detailed description of the Tides Shared Spaces survey respondent set and their workspace preferences. The major trends in their interest in a new green nonprofit center are outlined below and are described in more detail in the following sections.

I. *Key Features*. The number one characteristic of choosing an office space for respondents is affordable rent, followed by access to public transportation, safe and secure location, and good lease terms. Although there are very few green buildings in NYC, 43% of respondents rated green building/sustainable design important or crucial, pointing to a growing recognition in the sector of the importance of green workspace. Tides Shared Spaces and green nonprofit centers offer the necessary prerequisites for nonprofit workspace along with the shared services, green design, and community that turn a functional, affordable workspace into something much more.

II. *Shared Services and Infrastructure.* Respondents are interested in shared services like in-house technology support and fundraising support; as well as shared infrastructure like high speed internet and conference rooms. By sharing resources like conference rooms and kitchens, nonprofits can dramatically reduce their costs.

III. *Location*. Respondents overwhelmingly prefer a green nonprofit center be located in Manhattan, specifically south of 60^{th} Street. 85% of respondents identify their geographic scope of work as broader than the neighborhood level (all boroughs of NYC, statewide, regional, tri-state area, national, or international). These organizations prefer mid and Southern Manhattan for its accessibility to the NYC Metro Area and its close proximity to political, cultural, and philanthropic institutions. Respondents also see the nonprofit sector as playing a leadership role in re-developing downtown Manhattan and want to grow their presence in the area.

2.0 Background to the Report

2.1 Why New York City?

The nonprofit sector is a significant part of the NYC economy. According to *The New York City Nonprofits Project*, in the year 2000, NYC nonprofits reported assets of $65 billion and revenues of more than $48 billion, which is larger than NYC's manufacturing sector.[2] The NYC nonprofit sector is comprised of 27,474 registered 501(c)(3)s with annual revenues of $5,000 or more. Of those, 9,078 report annual revenues of $25,000 or more. These 9,078 nonprofits account directly for $43 billion in annual expenditures, more than 528,000 jobs, or 14% of New York City's employees, and an annual payroll of more than $22.8 billion.[3]

NYC nonprofits struggle to find quality, affordable workspace. According to the 2002 study, half of nonprofits in NYC feel their space is inadequate.[4] The study reports that fewer than 20% of NYC nonprofits own their facilities[5], while only 9% of survey respondents own their own space. 20% of survey respondents have moved in the past two years. Similarly, *The New York City Nonprofits Project* reports that almost 20% of NYC nonprofit organizations moved between 1997 and 2002, and of those over half said that their space needs increased.[6] Of those that moved, 42% did so because the cost of their space was too high, and 15% reported that they lost their lease.[7] Throughout the city, ownership is increasingly out of reach, high rents are rising even higher, and overall access to decent workspace is decreasing.

2.2 Why Focus on Workspace?

There is a critical need for more green, shared nonprofit workspaces. Social change organizations and nonprofits are increasingly struggling to find quality, affordable work and program space. Workspace is often the second largest budget item after salaries, and the physical location of an organization's work is as fundamental to sustained success as the people doing it—the two intertwine to create a foundation for the work. Nonprofit green buildings help tenants stabilize their rental costs and mitigate their vulnerability to swings in the commercial real estate market. Furthermore, sharing space with other nonprofit organizations exposes nonprofit leaders to new ideas, potential partners, and expanded opportunities.

2.3 Survey Methodology

The objective of the survey was to report on the characteristics of respondents' current workspace and to illuminate the broad trends in their needs for a potential new space. For ease of data collection, the survey was conducted online and was taken by 241 individuals between October 2006 and February 2007. It was accessible through the Tides Shared Spaces website and was sent out to a variety of email and mailing lists, including the New York Nonprofit Coordinating Committee and the NYC Arts Department. The ensuing analysis reports on certain characteristics and trends in the data, and is not intended to be fully statistically comprehensive of all NYC nonprofits.

3.0 Overview of Respondents

3.1 Organization Overview

Respondents work in a variety of issues areas, the key ones being: arts and culture; children, youth and family; education; community development; and a host of social justice advocacy activities. They deploy a wide mix of strategies to do their work, the most significant ones being: education and public outreach; advocate on behalf of a specific population; and technical assistance/training. 85% of respondents identify their geographic scope of work as broader than the neighborhood level (all boroughs of NYC, statewide, regional, tri-state area, national, or international). For more information on respondent interest area, strategy, and geographic scope, see Appendix One.

3.2 Staffing/Traffic

Respondents were asked to report on the numbers of people working in or coming to their space in an average week. Table A demonstrates the varied needs of the response set. Respondents varied from no staff with a few volunteers to organizations with large staffs of over 10. Almost half of respondents report 1 – 5 full time employees using their space in an average week, and 30% report 11+ full time employees. 65% report 1 – 5 part time employees and 14% report 11+ part time employees. The data reflects a broader trend of the nonprofit sector turning to volunteers and interns as effective, low-cost ways to accomplish their goals.

Most organizations have multiple constituencies coming to their space. Nonprofit centers can enhance outreach to the communities that nonprofit tenants serve (for example through communal meeting space or cafes for sharing meals). Shared space can provide the flexibility to accommodate volunteers, interns, and other constituents.

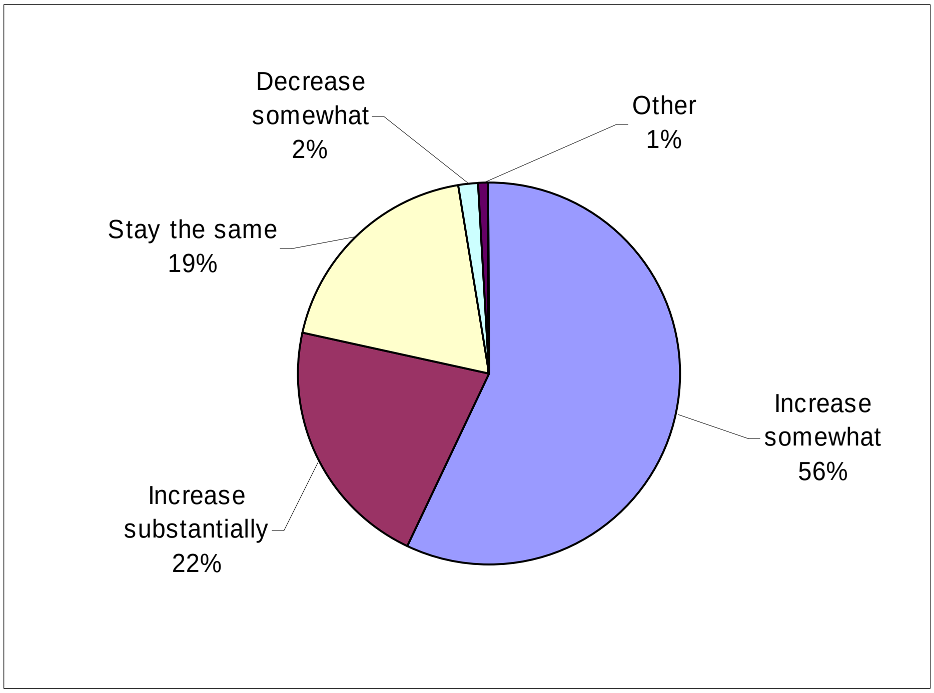
Table A: Number of Respondents with Different Staffing and Space Uses

Number of People	Full Time Employees	Part Time Employees	Interns	Volunteers	Clients/ Constituents	Other Visitors
1-2	70	88	89	62	100	42
3-5	43	48	52	31	25	27
6-10	21	21	13	22	14	19
11-20	26	11	10	16	20	20
21-50	20	11	2	15	8	13
50+	26	13	1	7	15	42
Not Applicable	35	49	74	88	1	78

3.3 Future Needs

78% of respondents expect their staff size to increase at least somewhat in the next five years (see Chart 1), which will increase their demand for workspace.

Chart 1: Projected Changes in Respondent Staff Size over the Next Five Years



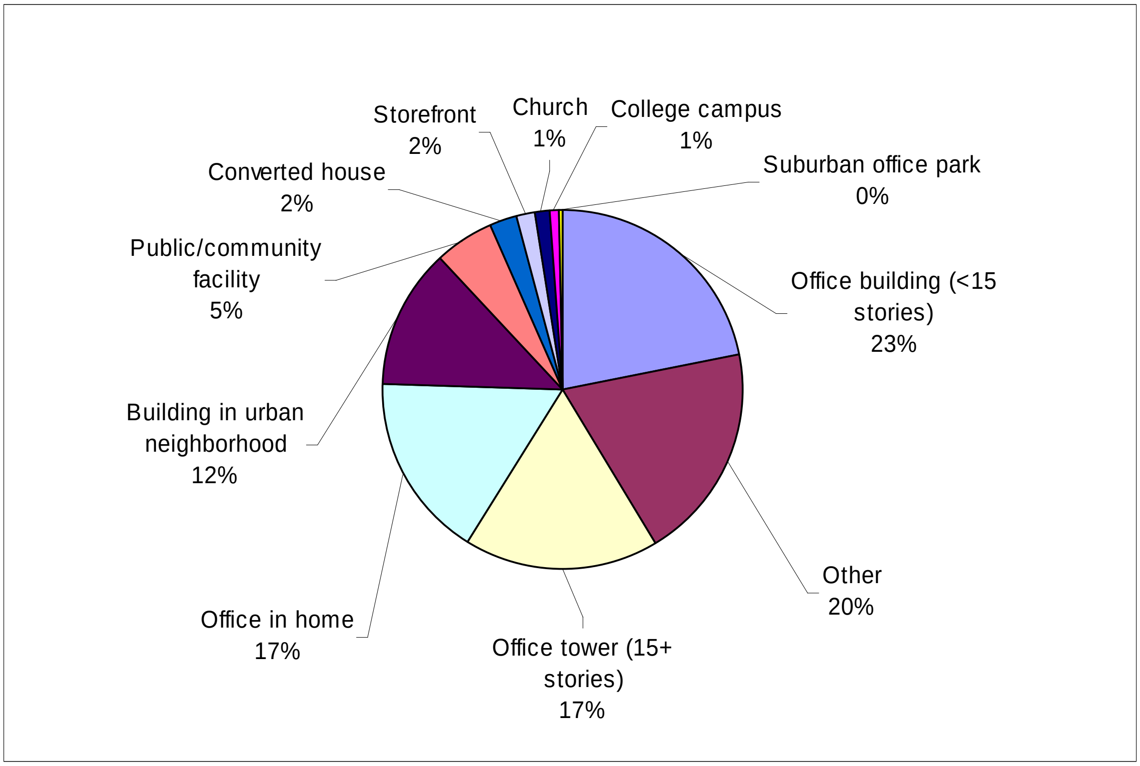
4.0 Current Workspace Conditions of Respondents

54% of respondents rent their space, and another 12% sublease their space from another organization. Only 9% actually own their own workspace directly. This creates vulnerability to the inevitable upswings of the NYC commercial real estate market. 17% of respondents rely on donated space, which often lack the facilities needed for healthy productivity.

4.1 Location

Chart 2 shows how respondents find space in a host of places—from homes to churches and public/community facilities. Only 5% of respondents have space in publicly owned buildings, while 54% pay rents to the private sector under commercial leases. Developing more affordable workspace for nonprofits, by nonprofits, is a clear opportunity to save the sector valuable resources.

Chart 2: Respondent Workspace Location



4.2 Size of Current Workspace and Rents

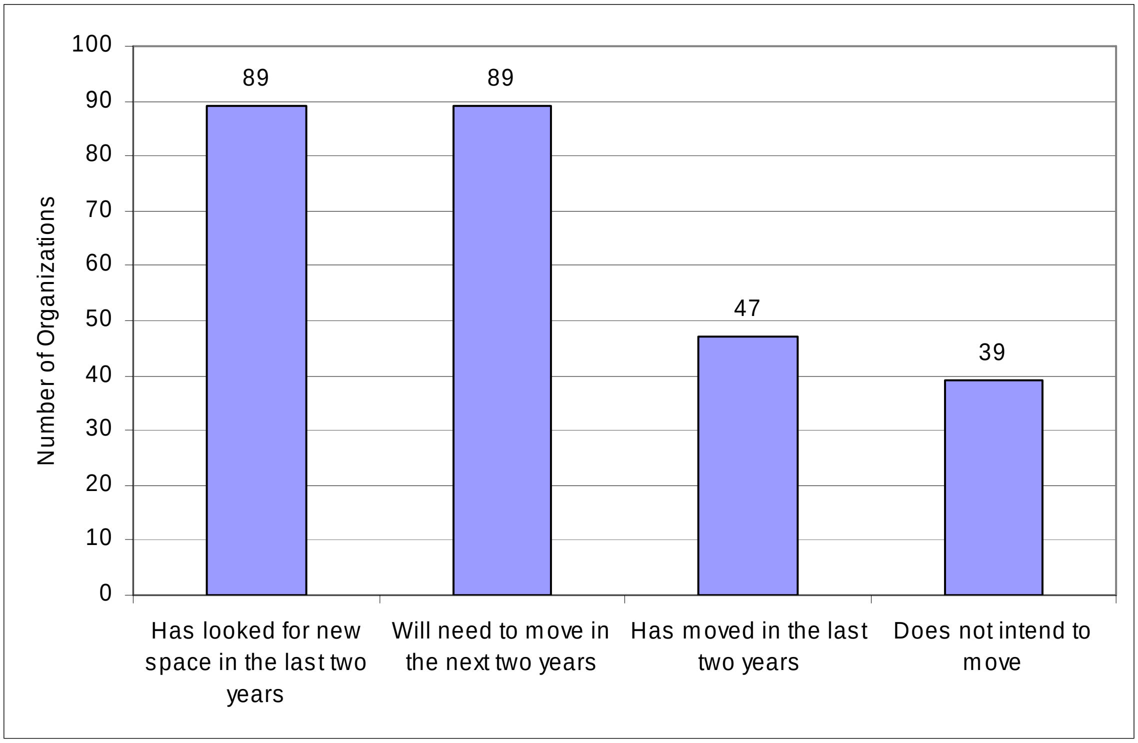
The majority of respondents are in moderate to small spaces. 44% of respondents' space is less than 1,000 square feet and another 22% are between 1,000 and 2,500 square feet. However, 18% are in spaces larger than 5,000 square feet. This coincides with Tides Shared Spaces' experience in the San Francisco Bay Area, with the more desired workspace for nonprofits being between 1,000 and 5,000 square feet. Furthermore, the sharing of kitchens and conference rooms is very cost-efficient for small tenants.

Rents vary extensively—from 14% of respondents reporting $10-15/sq. ft, to 11% paying more than $30/sq. ft and 17% getting their space free of charge.

5.0 Interest in a NYC Nonprofit Center

The survey results present a clear opportunity and need to develop more nonprofit workspace in NYC. 37% of respondents have looked for new space in the last two years and another 37% will need to move in the next two years (see Chart 3).

Chart 3: Intentions to Move Spaces

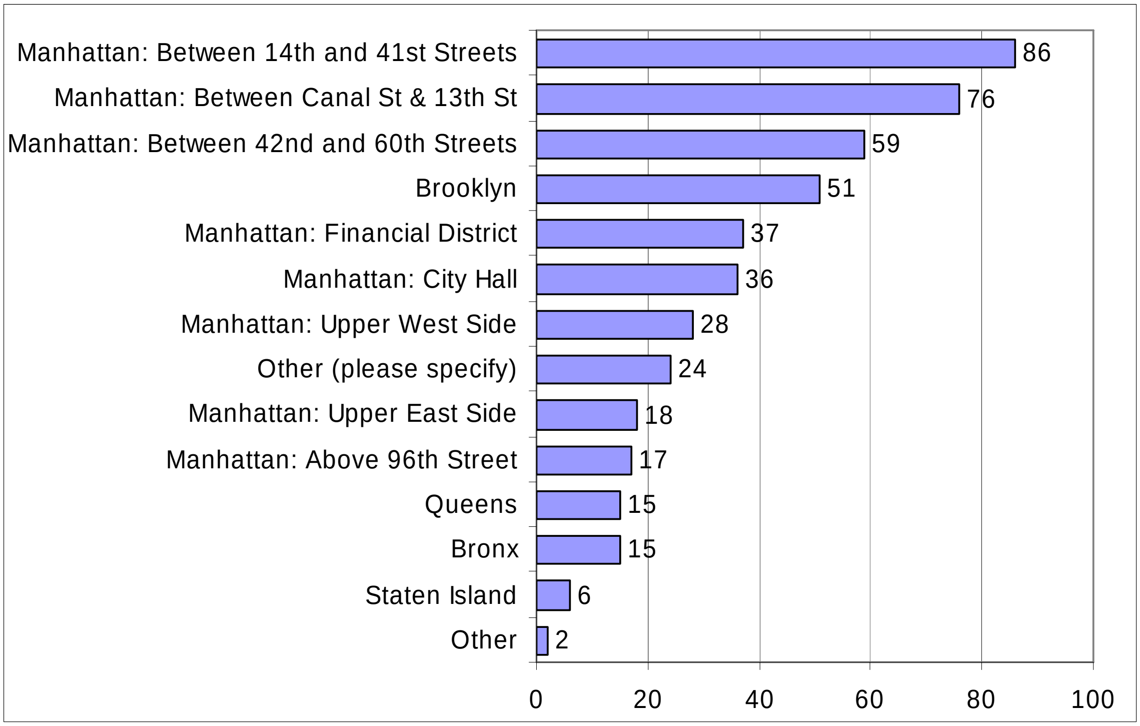


5.1 Location

Survey respondents' desired location for prospective buildings is clearly in Manhattan. Out of 470 votes, 76% were for locations in Manhattan, and 65% were for a location in Manhattan below 60th Street (see Chart 4).[8] The proximity to transportation hubs and political, financial and social institutions is crucial for the nonprofit sector. The Southern half of Manhattan is the most accessible for employees and clients from across the NYC Metro Area, and it is also closest to the majority of NYC philanthropic institutions.

Out of the outer boroughs, Brooklyn drew the most attention with 11% of the votes.

Chart 4: Ideal Location of Nonprofit Building



Survey respondents highlighted a few general themes about prospective location:

- *Locating in Manhattan*. One respondent neatly sums up the benefits of being located in this part of the city: "I like being on 29th Street because it's close to Penn Station and Grand Central, plus major subway lines, but rent is cheap and many other non-profits are located in area."

- *Nonprofits' role in rebuilding downtown NYC*. With post 9/11 development of downtown on the rise, there is an opportunity and need for nonprofits to play a leadership role. As Thoreau Center New York already shows, nonprofits belong in the development mix, bringing rich culture and community engagement into the area.

- *Lower Manhattan houses several historic arts communities*. Since over half of the respondents identified their work at least partially in arts and culture, the preference to locate in Southern Manhattan may have been weighted since it includes the Lower East Side, Greenwich Village, and several other arts communities.

5.2 Workspace Factors That Organizations Want

Respondents were asked to rate several characteristics of choosing a workspace from 1 to 5, with 5 being "most important" (see Table C). By far the four most important characteristics for the respondents are (in order of importance): Affordable rent, accessible to public transportation, safe and secure, and good lease terms. In such a competitive, expensive, and volatile real estate market it is not surprising that these four factors matter most to nonprofits working with limited resources. As one respondent noted, "Cost effectiveness is crucial. A healthy balance between comfort and bare bones essentials is key for nonprofits in NYC."

Although there are very few green buildings in NYC, 43% of respondents rated green building/sustainable design important or crucial, pointing to a growing recognition in the sector of the importance of green workspace. Tides Shared Spaces and green nonprofit centers offer the necessary prerequisites for nonprofit workspace along with the shared services, green design, and community that turn a functional, affordable workspace into something much more.

Table C: Characteristics of Choosing an Office Space—Average Scores Across All Respondents

Characteristic	Average
Affordable rent	4.72
Accessible to public transportation	4.57
Safe and secure	4.49
Good lease terms	4.40
Good heating/ventilation	4.09
Location	4.08
Secure, 24-hr access	3.99
Updated technology/communications	3.91
On-site meeting facilities	3.82
Quality building maintenance	3.71

5.3 Shared Infrastructure

Respondents were asked to indicate how often they would use several features of a building assuming they were worked into the rent (see Table D).[9] Three attributes stand out as the most desirable and would be used frequently (weekly or more). 95% of respondents said they would use high speed Internet access frequently, and 65% of said they would use storage and shared pantry/lunchroom frequently.

Four other attributes were rated “nice to have” but would be useful for respondents. 82% of respondents said they would use a small conference room (25 or less) at least monthly.[10] 67% said they would use shared audio-visual supplies at least monthly and about 60% said they would use an onsite restaurant or café and/or green space/outdoor eating.

68% of respondents said they would use a large conference room at least infrequently. It is much more effective for them to share conference space than to rent space every time they need to hold a meeting.

Table D: Shared Features Built Into Rent

Shared features by frequency of use	Weekly or more	At least monthly	Infrequently	Not Required
High speed Internet access	194	2	4	5
Storage	134	42	20	9
Shared Pantry/Lunchroom	133	28	17	27
Onsite restaurant or café	88	31	22	64
Small conference room (25 or less)	81	88	28	8
Green space/outdoor eating	74	52	38	41
Audio-visual supplies	65	72	52	16
Secure bicycle storage	61	25	51	68
Library/nonprofit resource center	59	52	52	42
Locker rooms/showers	33	28	52	92
Large Conference Room (50 or more)	11	47	81	66

5.4 Shared Facilities and Services[11]

When queried on their interest in shared facilities and infrastructure that would require additional fees, respondents showed interest in several features but seek overall flexibility and choice. As one respondent explains:

> *We are interested in many of the shared services, but only if they enable us to function more efficiently and do not conflict with our programs/policies/goals etc. and our unique individual identity. As tenants of a shared workspace, we would like the freedom to choose shared services which best suit our organization and to collaborate with other tenants as to how we may be able to contribute to the collective environment of the space.*

Respondents showed high interest in certain shared services (see Table E). 55% showed high interest in conference facilities, and 47% showed high interest in an onsite mailroom.[12]

There were several attributes that respondents showed at least some interest in:[13]

- 76% in a nonprofit resource center onsite
- 74% in shared copy/fax
- About 70% in shared purchasing and shared reception.

A state of the art training room, public gallery/exhibit space, and box office/ticket sales were shown some interest by about half of respondents. When compared to respondents that identified their work in the issue area of arts and culture, the preference for these attributes increased only a few percentage points.

Table E: Interest in Shared Facilities and Infrastructure

Shared Infrastructure by level of interest	No interest	Low interest	Some interest	High interest	High interest AND would consider paying a fee
Conference facilities	12	25	55	87	26
Onsite mailroom	23	40	46	69	27
Shared purchasing	29	40	61	59	16
Nonprofit resource center	20	30	82	57	16
Shared copy/fax	26	28	55	52	44
Shared Reception	28	39	64	49	25
State of the art training room	41	49	56	45	14
Public gallery/exhibit space	53	43	53	37	19
Box office/ticket sales	86	27	45	32	15

Respondents showed solid interest in shared programs and services (see Table F). The most interest was in in-house technology support, with 61% showing high interest, followed by fundraising assistance, with 52% showing high interest. Where a fee would be involved, there was greatest interest in paying for in-house technology support.

Between 58% and 66% of respondents showed at least some interest in social events in the building, accounting and payroll services, and staff training (in order of interest). Nonprofit infrastructure services like fiscal sponsorship, HR, and joint communications all hovered around 50% of respondents with some interest.

Table F: Interest in Shared Programs and Services

Shared Programs and Services by level of interest	No interest	Low interest	Some interest	High interest	High interest AND would consider paying a fee
In-house technology support	9	15	55	72	54
Fundraising assistance	25	22	52	63	43
Accounting and payroll services	40	35	64	40	26
Social events in the building	26	43	83	38	15
Incubator and/or fiscal sponsorship	68	38	48	38	13
Human resources services	51	48	61	29	16
Joint communications (i.e. website, newsletter)	50	52	66	27	10
Staff training	51	35	84	26	9

5.5 Future Rent and Lease Requirements

Respondents varied in what they would be willing to pay by square foot per year in a future building, and a host of respondents indicated a variety of annual rents (see Table G). Out of those that responded with a rent range per square foot, 92% indicated they would prefer to pay under $35/square foot and 64% said they would not pay above $25.[14] Note that even in the period since this data was collected, rents in NYC have increased substantially and that these thresholds will have increased.

Preferences around lease terms are guarded. Respondents are hesitant to commit to long term leases even though they tend to come with the best terms. 55% said they would not commit beyond 4 years. The clear preference, among 34% of respondents, is a 2 – 4 year lease. Unwillingness to enter more stable long term leases could be due to general uncertainty in the NYC real estate market.

Table G: Preferred Rent and Lease Commitment

Rent per square foot	# responses
Below $20.00	62
$20.01 - $25.00	32
$25.01 - $30.00	22
$30.01 - $35.00	18
$35.01 - $40.00	3
$40.01 - $45.00	6
Over $45.00	3
Annual rent range (please specify):	54

Lease Commitment	# responses
Month-to-month	9
One year	32
2-4 years	68
5-7 years	31
8-10 years	22
Lease with an Option to Buy	25

5.6 Interest in Buying

27 respondents answered yes to the question: “my organization is thinking of buying office space in the next three years,” and another 43 organizations answered maybe. Out of those that answered yes, 18 said that they have started a capital campaign to raise funds, 8 have actually raised capital funds, and another 9 are willing to also take on debt. NYC’s commercial condo laws provide a clear structure for individual nonprofits to invest in a nonprofit building that also includes tenant space. These respondents could be valuable partners in working with Tides Shared Spaces to develop a capital portfolio for developing another building in NYC.

6.0 Conclusion

The nonprofits who took this survey sent a clear message: Develop affordable, secure space that meets their basic needs, and rent it to them at fair terms. If that is all a new building accomplished, Tides Shared Spaces would be doing a huge service to the sector. Yet a solid proportion of respondents are definitely interested in shared infrastructure, services, and program once those basic needs are met.

Tides Shared Spaces offers values-based investors an opportunity to earn a strong financial return while supporting dozens of nonprofit groups to amplify their impact. By focusing nonprofit dollars into maintaining a facility created by and for nonprofits, instead of sending rent dollars to the for profit real estate market, more resources can be leveraged to increase capacity in the sector.

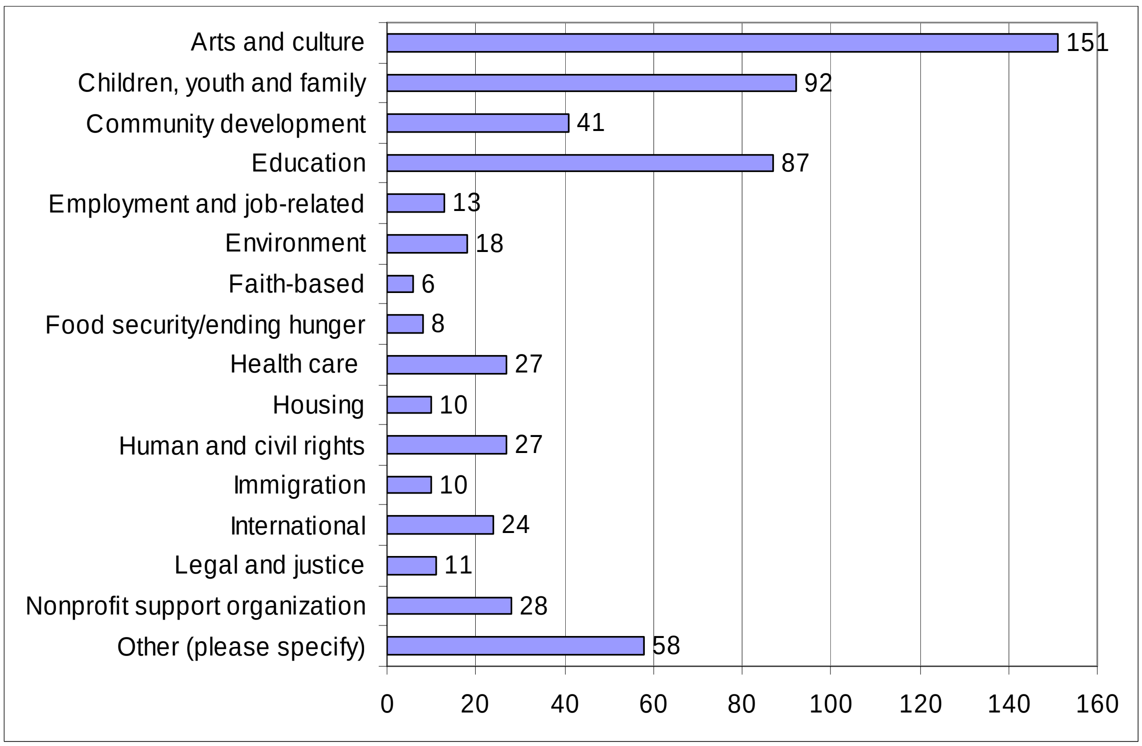
One respondent sums up the moral of this report in two simple sentences: “Sounds like if you followed through with some of these ideas you'd be taking a big step towards changing the nonprofit world. Affordability is key.” By sharing space, nonprofit groups gain access to services that may otherwise be cost prohibitive. But they also gain from several intangible benefits like a peer group, community space for collaboration, a values-based non-commercial landlord, and a physical location that they can take pride in and can share with other like minded organizations. Tides Shared Spaces’ model of developing shared green workspace for nonprofits could potentially alter the paradigm that nonprofits operate and grow in.

Appendix One: Respondent Organization Overview

1.0 Issue Area

Respondents were asked to report on the primary issues that their organization focuses on (see Chart 5). They were allowed to check all interest areas that apply to their work out of a list of 15, plus the option to define others. Many respondents checked more than three issues, some as many as fourteen. Key areas include: arts and culture; children, youth and family; education; community development; and a host of social justice advocacy activities.

Chart 5: Primary Issue Areas



2.0 Organizational Focus

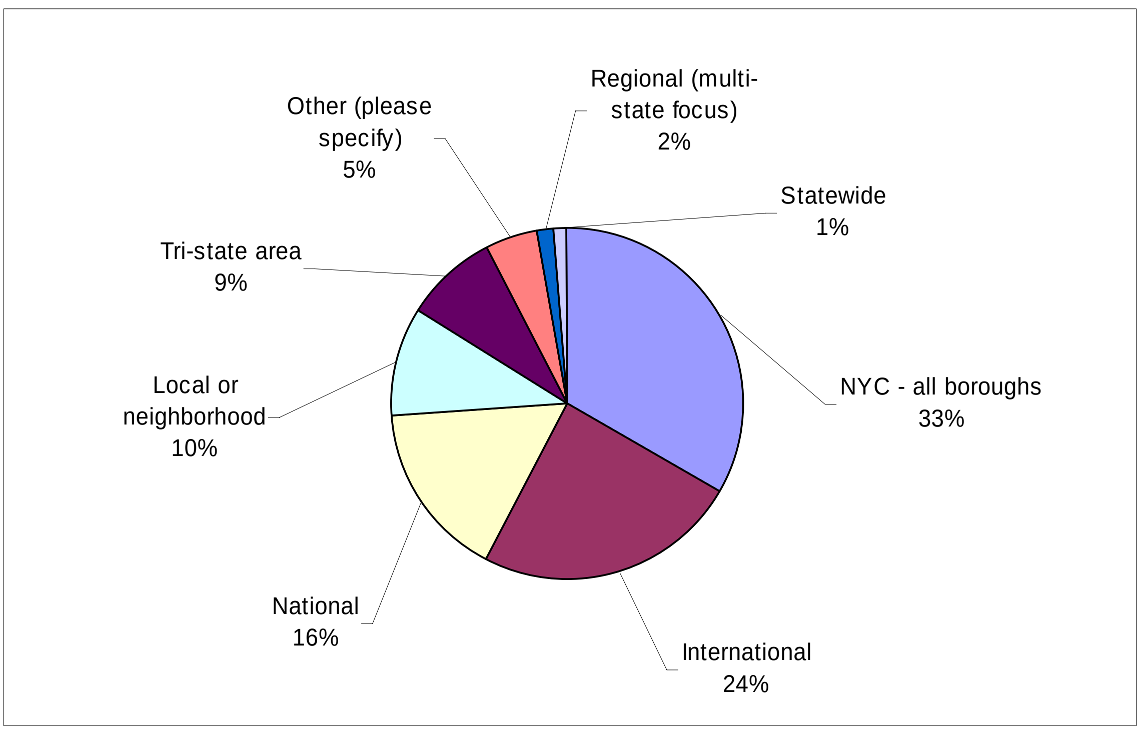
Respondents deploy a wide mix of strategies to do their work.[15] Key strategies include: education and public outreach; advocate on behalf of a specific population; and technical assistance/training. 23% of respondents provide direct services on-site. These organizations have unique workspace needs in order to serve their populations (i.e. access to a kitchen, space wired for computer labs, or space large enough for community gatherings).

60% of respondents have more than one strategy (i.e. education and public outreach; and advocate on behalf of a specific population). And by co-inhabiting space with other organizations that may specialize in a different strategy, a tenant has more opportunities to learn and collaborate with their peers.

3.0 Geographic Scope

The geographic scope of an organization's work often affects the desired location of their workspace. Only 10% of respondents said the scope of their organization is best defined at the local or neighborhood level (see Chart 6). Those servicing all of NYC, or working on the statewide, national, or international level most likely gravitate towards a location in Manhattan. Manhattan's centrality and its proximity to political, financial, and cultural institutions will be more important to these groups than those working at the neighborhood level in the outer boroughs.

Chart 6: Organizational Scope of Survey Respondents



End Notes

[1] John E. Seley and Julian Wolpert. *New York City's Nonprofit* Sector. The New York City Nonprofits Project, May 2002, page 29-42, 79.
[2] Ibid. Page 43.
[3] Ibid. Page 29-42.
[4] Ibid. Page 79.
[5] Ibid. Page 78.
[6] Ibid. Page 79.
[7] Ibid.
[8] Respondents were allowed to vote for up to three ideal locations. In addition, a large majority of the "other" votes were for locations in Manhattan, but in order to remain consistent throughout the analysis, individual "other" responses will not be adjusted and added into the other fields.
[9] At this point in the survey, only 205 respondents offered answers, reducing the sample set from 241.
[10] Counting respondents that indicated either "at least monthly" or "weekly or more."
[11] Tides Shared Spaces offers several shared facilities and services at Thoreau Center New York. Included in rent are: a security guard, shared kitchen, IT room, conference rooms, and a building coordinator who meets with tenants to ensure their needs are met and who organizes arts programs. Voice over IP telephone and high speed Internet are available for extra fees.
[12] Counting respondents that indicated either "high interest" or "high interest and would consider paying a fee."
[13] Counting respondents that indicated "some interest", but only when less than 50% of respondents indicating high interest.
[14] At this point, the sample size decreased from 205 to 200.
[15] Respondents were allowed to select up to three activities of focus.

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