

Introduction

Mission-driven shared spaces are growing in number, size, and impact across North America. These buildings exist to support the efforts of the nonprofit and charitable sector by sharing or outsourcing the burden of property management and back-office administrative services while creating an environment for collaboration. The Nonprofit Centers Network strives to support the development and operation of mission-driven shared space through peer-learning, technical assistance, and innovative research. The 2015 State of the Shared Space Sector builds on the tools and methodology of the 2011 Measuring Collaboration report that provided the first substantive research on the importance of shared space. As a thought leader, NCN conducted this State of the Shared Space Sector Survey to reaffirm the findings from Measuring Collaboration and maintain a current understanding of the needs of this community. Additionally, NCN wanted to develop a deeper understanding of the diverse financial models, staffing structures and staff compensation practices, while continuing to build the case for support of nonprofit centers and shared space. The following is the first of four publications intended to share our findings, and will focus on providing an overview of shared spaces in North America, their impact, and the financial viability of the model.

Methodology

For the purpose of this study, the definition of “shared space” or “nonprofit center” is a physical facility that intentionally houses more than one nonprofit organization with a social purpose.

In January 2015, The Nonprofit Centers Network sent an e-mail survey with 86 questions to 624 either known or potential nonprofit centers. NCN maintains a database of intentionally created shared spaces that contained contact information for 393 nonprofit centers at the time of the study. 140 centers responded for a response rate of 22%. Additionally, we surveyed the executive directors of tenants within 19 nonprofit centers representing a broad cross-section of buildings both in the US and Canada. This sample included a total of 260 executive directors, of whom 141 responded to the survey for a 54% response rate.

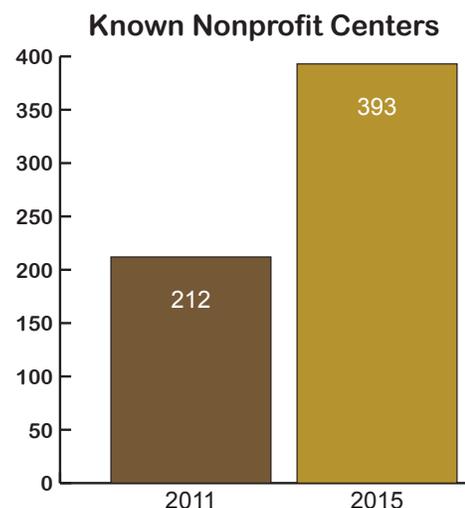
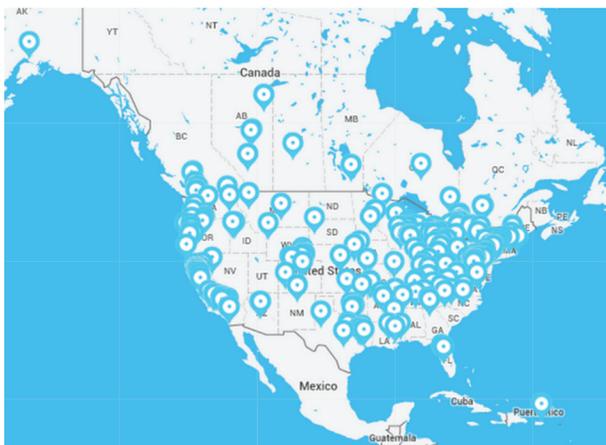
The Measuring Collaboration methodology also included focus groups, interviews with individual center directors, and five in-depth case studies of centers, which were omitted in this study due to time and resource constraints. If you are interested in learning more about the theoretical framework for this study, please refer to page four of Measuring Collaboration. The 2015 State of the Shared Space Sector Survey focused primarily on center management and operations, center benefits, and impacts.

Findings

Sector Overview

The number of organizations identifying as nonprofit centers has nearly doubled. In 2011, NCN was aware of 212 established nonprofit centers, but at the time of this research 393 nonprofit centers had been catalogued. Of the 140 shared spaces surveyed, 26 had opened after the data was collected for Measuring Collaboration. Of these 26 buildings, 22 were in the United States and four were in Canada. Additionally, many previously established centers have become aware of the efforts of The Nonprofit Centers Network and have self-identified as belonging to this movement. To see an interactive map of these centers, visit <http://www.nonprofitcenters.org/nonprofit-centers/>

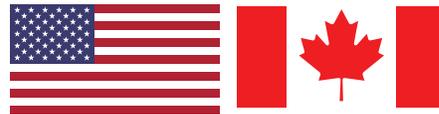
Collectively, the shared space sector encompasses approximately 13.75 million square feet of workspace, houses nearly 28,000 employees, and serves nearly 99,000 people per week.



Typical Nonprofit Centers in the USA and Canada

Nonprofit centers respond to the needs of their community and consequently take on many different shapes and sizes. A typical nonprofit center would be 35,000 square feet with 12 tenants. Between center management and tenant staff, a total of 70 people work in the building and receive 250 visitors per week. The center's gross revenues would be almost \$488,000 per year. Almost all (95%) of survey respondents employ staff for the sole purpose of managing the space, and a representative space would employ two full-time staff in various facility and partnership management functions.

When the data is broken out by country, the typical center looks very similar both in the US and Canada. The only significant difference between the two countries is that Canadian centers see approximately double the visitors on a weekly basis. This finding indicates that Canadian centers are more likely to have tenants that provide services directly to the public.



	USA	Canada
Square Footage	35,000	33,000
Number of Tenants	12	13
Total Employees in the Building	70	78
Visitors per Week	250	500
Gross Revenues	\$500,000	\$480,000
Management Staff	2	2

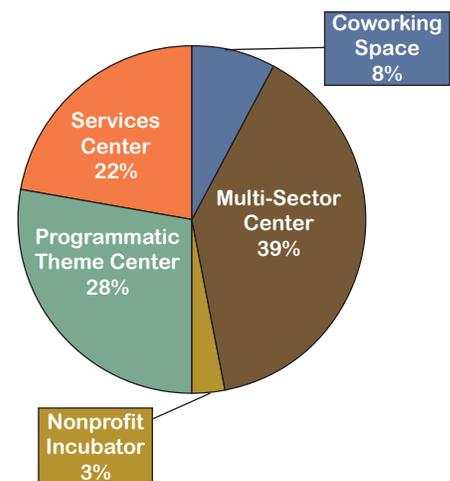
Center Typology

Since nonprofit centers are quite diverse, NCN asked center directors to classify their center in one of five categories :

- Multi-Sector Center – tenants serve a wide range of program areas and are not necessarily related along a theme or client base
- Services Center – tenants selected to provide multiple types of direct services to a specific neighborhood or population
- Programmatic Theme Center - tenants selected because they offer programs or services in a single programmatic area (such as arts or education)
- Nonprofit Incubator - tenants in formation or early stages of development
- Coworking Space – flexible workspace targeting small organizations or social entrepreneurs

The three most common kinds of centers, as consistent with the 2011 survey, are Multi-Sector Centers, Service Centers, and Programmatic Theme Centers. The data indicates that there has been a slight increase in multi-sector centers in this survey; however, it is inconclusive whether this is a sampling error or an indication of a larger trend. Coworking space was a new addition to this categorization, based on current

Nonprofit Centers by Type



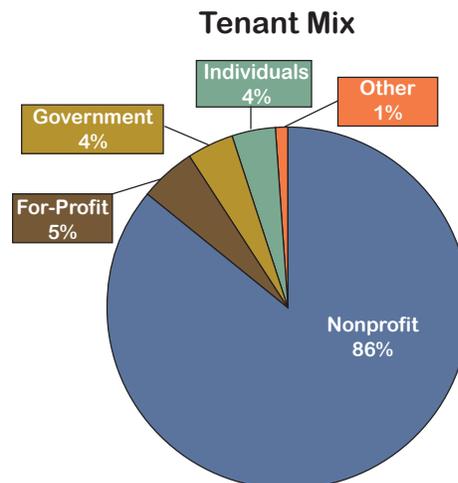
Coworking and Mission-Driven Shared Space

Coworking is a growing trend in workspace that caters to independent and remote workers needing drop-in office space ranging from a few hours a month up to full-time. Some spaces are driven more by profitability while others were formed first as a community with shared values. Building on the principles of shared office spaces, coworking facilities provide full-service office spaces for a monthly fee, typically using an open-concept floor plan. While some nonprofit centers provide coworking style facilities, relatively few of those surveyed identify with the larger coworking movement. In follow-up interviews to explore this phenomenon, most mission-driven shared space providers see their flexible, drop-in office as a means to facilitate a greater social mission, connecting both small, innovative thinkers and large organizations with strong reputations. Other respondents stated that drop-in space makes up only a fraction of their business model, providing revenue to supplement their primary mission. As both the coworking and mission-driven shared space movements continue to grow, it is likely that there will be room for much crossover and sharing of best practices between these two communities in the coming years.

trends; however few centers currently offer flexible drop-in space as an amenity. See the sidebar on “Coworking and Mission-Driven Shared Space” for more.

Tenant Mix

The shared spaces in our sample primarily house nonprofits, although there is growing diversity among partners. On average, nonprofits and charities account for 86% of the tenants in shared space. While nonprofits are the dominant presence, 52% of respondents sharing data on their tenant mix stated that they have tenants that are not from the nonprofit or charitable sector.



Impact

One of the most striking findings of Measuring Collaboration was the demonstrated impacts that nonprofit centers have on their tenants, strengthening a wide variety of organizations. The 2015 State of the Shared Space Sector survey found that mission-driven shared spaces continue to make a difference in their community in terms of quality of infrastructure, organizational capacity, and programmatic service delivery.

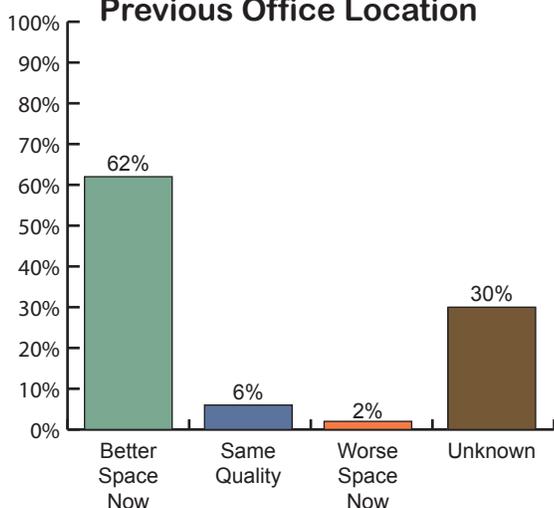
Quality of Space

Overall, moving into shared spaces improves the quality of space that organizations can access. 62% of Executive Directors of tenants in shared space report that they are in better space than before. Interestingly, 30% of respondents were not responsible for moving their organizations into shared space. As centers age, sharing space becomes the new normal for many organizations.

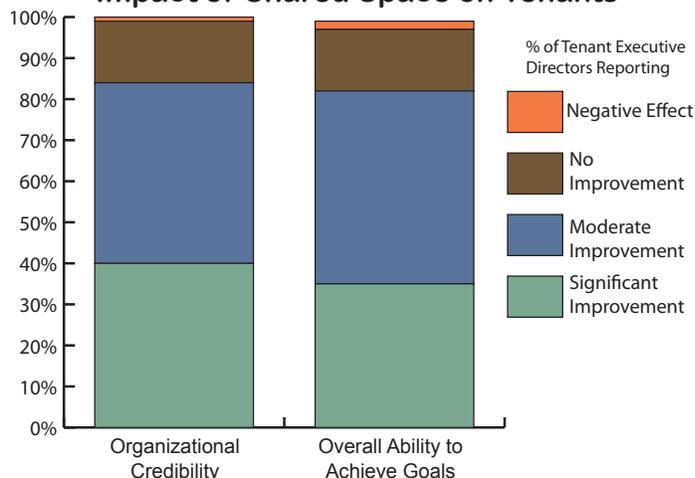
Organizational Credibility

Sector-wide, at least half of tenants indicated a significant or moderate improvement in all of the organizational capacity areas included in this survey. Overall, most organizations reported improvements in organizational credibility (83%) and overall ability to achieve goals (82%). Many respondents had previously worked out of homes or coffee shops, and having a professional location to meet with funders and other key stakeholders elevated the reputation of their organizations.

Quality of Space Compared to Previous Office Location



Impact of Shared Space on Tenants

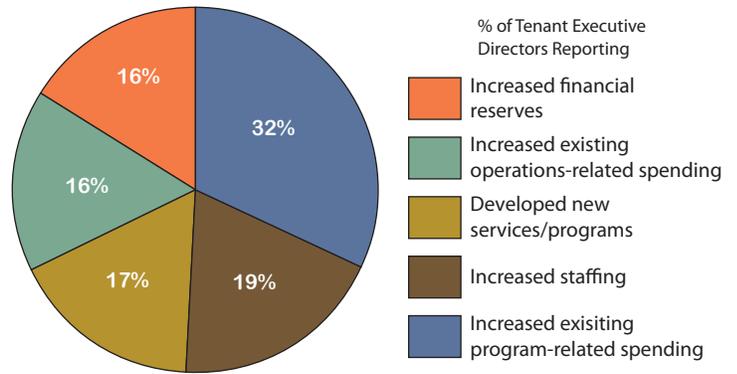


Cost Savings and Stability

Stability of costs was the area where executive directors reported the most significant improvements (43% of executive directors of tenant organizations reporting). Year to year, costs remain consistent and tenants are not subject to the extreme fluctuations of the market. While many tenants stated that reduced costs were important to their missions, many were unable to quantify the amount of

Use of Cost-Savings from Shared Space

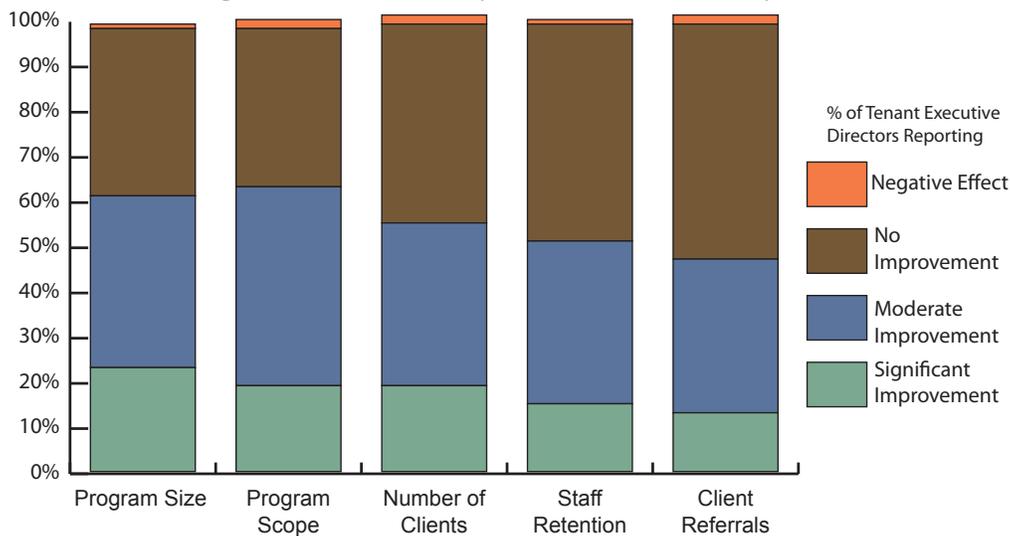
savings on a monthly basis. Of those who could quantify their savings, the average annual costs savings was nearly \$25,000. Many executive directors in shared space also recognize the savings in time to their staff, which is much more difficult to quantify. One respondent stated “For an organization of our size, it is really critical not to have any unnecessary overhead costs. The shared copy machines, phones, and conference rooms all keep our costs down and decrease staff time dedicated to dealing with these issues.” Our research found that any cost savings in occupancy costs are most commonly redirected to increase existing programs.



Programmatic Impacts

Shared space has significant impacts on its tenants’ programs. Across the sample of executive directors surveyed, 63% reported a significant to moderate improvement in program scope as a result of being in shared space. 61% reported a similar improvement in program size. While over two-thirds of executive directors surveyed were not in service-delivery-focused spaces, approximately half of this group also reported an improvement in number of clients served, and 43% reported an increase in the number of clients referred to their organizations. One respondent wrote, “As a start-up nonprofit, our office space gave us the ability to scale quickly and professionally. Rather than focus energy on where we would office, and setting up IT and phone systems, we were able to get right to work on our mission. Having the space makes us more productive.” Another respondent shared this anecdote of how being in shared space directly impacts their clients: “It is wonderful to have all of our services in one space. I once had a client who had not eaten in three days, so I was able to walk him to the food pantry and get him food. We then signed him up for employment workshops, and he is doing very well right now. The stories are endless.”

Program-Related Impacts of Shared Space



Staff Impacts

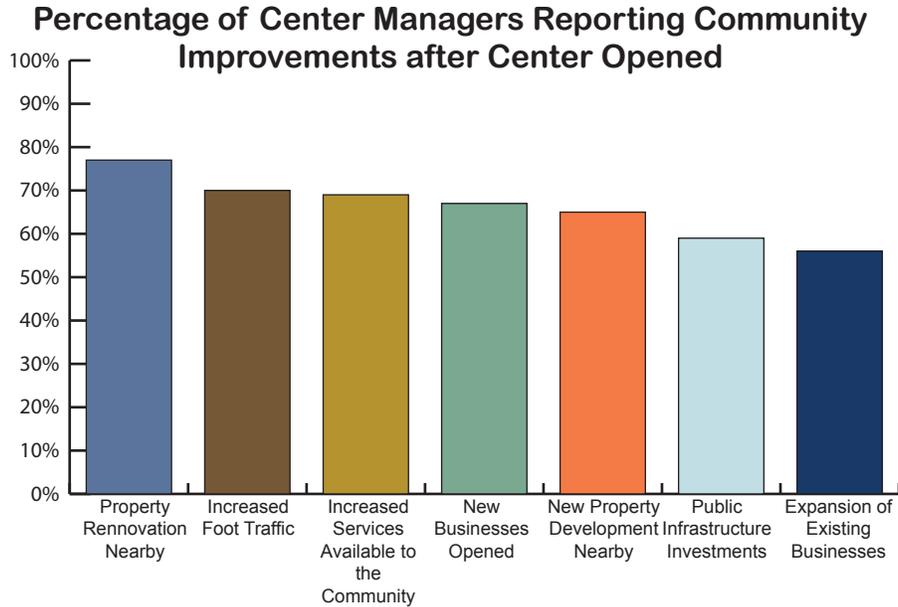
The quality of workspace, along with the culture and community fostered through sharing, has a significant impact on the people who work in nonprofit centers. 75% of executive directors in shared space have seen a moderate to significant increase in staff morale. One executive director stated: “We are able to attract and retain volunteers and staff because our office is so beautiful and pleasant to work in. Having a cafe onsite also increased the attractiveness to our employees and increased their productivity.”

The visibility provided by the center also influences staff recruitment, with 55% of respondents reporting a moderate to significant improvement in their ability to attract new staff members. A human services provider reported that “The stability of having a convenient, appropriately sized office has allowed us to move forward with our strategic plans to recruit more volunteers and serve more foster children. Our staff has doubled in size since we located in our space.”

The benefits of shared space on staff morale may also influence the length of time a staff member stays with their organization. 47% of executive directors surveyed reported an improvement in staff retention, which reduces training costs and enables more funds to be directed to service delivery.

Community Impacts

Communities are improving around nonprofit centers, although it is difficult to prove a causal relationship when neighborhoods are subject to many influences. A majority of center managers reported seeing improvement in their communities after their centers opened. Most commonly, neighborhoods with nonprofit centers saw additional property renovations, increased foot traffic, and an increase in the number of services available to the community.



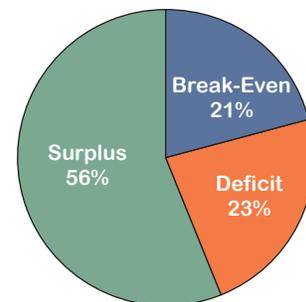
Financial Sustainability

As mission-driven shared spaces age, they continue to be financially viable operations with 77% of centers with revenues that meet or exceed their expenses. Although two-thirds of the centers that reported their revenue distributions accepted philanthropic contributions, the majority of revenues for mission-driven shared spaces come from rental and space usage fees.

Demand for this affordable commercial space remains high. 73% of nonprofit centers have less than 10% vacancy. Since centers have an average turnover rate of 6%, prospective tenants may be waiting for space for a long time. 40% of centers have organizations on a waiting list.

With demonstrated financial strength, investing in a mission-driven shared space has a significant multiplier effect on both their tenants and the communities they serve. More detailed findings on best practices for financial sustainability will be shared in a forthcoming publication.

Financial Health of Shared Spaces



Next Steps

Thanks to the generosity of the participants, the 2015 State of the Shared Space Survey provided a wealth of information, which NCN staff is continually analyzing. Further findings will be released on a quarterly basis, focusing primarily on financial best practices, staffing practices, and other significant findings as they emerge. If you are interested in learning more about NCN's findings or how to apply the latest data to your center, please contact Katie Edwards at katie@nonprofitcenters.org or 720-836-1189.