

Canada

cresa 

2024 NONPROFIT BENCHMARKING REPORT

Understanding
Workplace Trends

September 2024

INTRODUCTION

Cresa's Nonprofit Practice Group provides tenant-only real estate services to nonprofit organizations around the world.

To better understand your needs in dealing with this systematic change, we continue to survey the leaders of associations, foundations, public charities, and a variety of other nonprofits. At this point in time, most organizations have worked and re-worked policies on how, when, and where people will work. Based on responses to our survey over the past several years, nonprofit organizations have set their policies and do not see significant changes moving forward. This aligns with other office-using industries that have seen a general stabilization of hybrid policies, and we are firmly established in the "new normal". We have summarized the results of the survey in this report.

The pandemic set in motion a set of events that typically do not align well with long-term commercial real estate decisions - almost overnight changes to how we work and interact with physical spaces. Leadership for nonprofit organizations have been thrust into the difficult position of making changes to the operations of an organization, particularly within a high-cost center such as real estate expenses. As the survey indicates, the ability to dispose of and/or change real estate commitments can be challenging. However, these long-term obligations provide time for future planning. Organizations are finding that preparing for the next real estate decision must be started 18-months or more prior to making an ultimate resolution. Further, it's not just decisions on locations and size, but also how the space will be utilized and designed. This requires the need to be flexible and adaptable to changes

Detailed on the following pages, our findings affirm overall industry trends, but also reveal interesting contradictions and insights into the current and future of work for nonprofit organizations. As a cloudy economic landscape comes more into focus, leadership will need to be increasingly diligent to respond to opportunities and challenges ahead. This reports sheds lights on ways organizations can adapt to sifting landscapes and react with informed and thoughtful decision-making looking ahead.



Key Takeaways

With stubborn inflation and increasing occupancy costs, nonprofit organizations must navigate between attracting and retaining talent and balancing cost considerations with the need to fulfill their mission effectively. The return-to-office debate has largely been settled, with current work requirements firmly in place for most organizations. As a result, nonprofits can now concentrate on looking forward and planning for future needs based on well understood criteria.

Flexibility Is Key

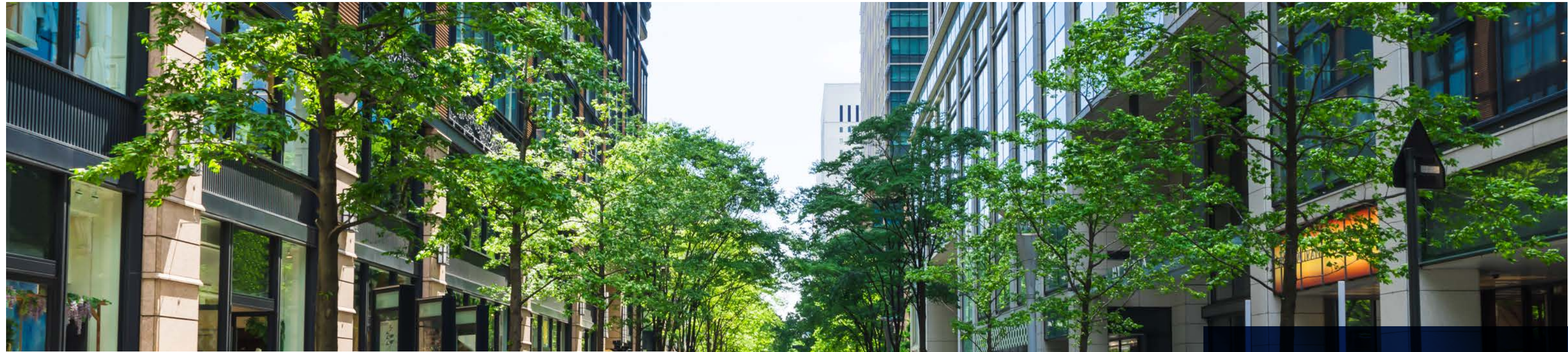
Operational flexibility and cost savings have always been important levers for nonprofit organizations, but the impact of the pandemic has made these factors even more relevant. Organizations have learned to adapt to changes in collaboration and communication both internally and with their clients and donors. Nonprofits are spending more time and money on technology to accomplish these goals and considering office configurations and working styles that propel their organizations forward. As a result, being flexible and intentional while making real estate decisions is paramount.

Challenges Ahead

Staff engagement, collaboration, and culture, while improving, are still hurdles that many nonprofit organizations still must clear. As changes in working arrangements went through a generational shift in a matter of months, organizations have gone through many trials and errors to see what works best for them. Overlaying these changes within the context of real estate decisions, which typically last for years, has been a challenge. As more time passes, organizations will need to be patient, yet bold in making the decisions that work best for the mission they are looking to fulfill.

Lessons Learned

Decision makers are facing many difficult tasks, including attracting and retaining talent in a quickly shifting landscape that requires adapting to changing trends. As the job market cools, and the economy stabilizes after several turbulent years, nonprofit organizations can use this opportunity to reevaluate capital expenditures on real estate. With softer office market conditions, the ability to renegotiate existing and future leases is historically favorable for occupiers. More flexible lease durations, renewal options, and other concessions are available for tenants willing to make commitments.



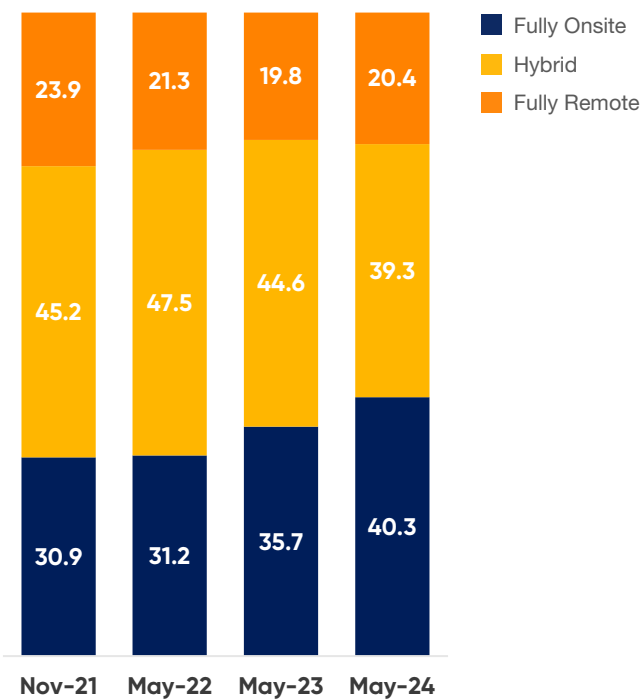
US OFFICE TRENDS

Over the past 12 months, there has been a nominal amount of movement in remote work characteristics. Despite leadership at many organizations pushing for workers to spend a larger amount of their time onsite, workers have stood firm on their preferences for flexibility.

The change that has taken place is within the margins. For example, the SWAA data shows fully-remote work levels have remained consistent for the past three years, but more people are shifting from hybrid to fully-onsite. Meanwhile, the Flex Index illustrates that organizations are offering more flexibility on work options. Transit ridership, a proxy for people commuting to work, has stalled the last four quarters after rebounding from covid-era lows. The USA Today Blueprint survey shows there are not substantial differences for remote work based on education-level, job-title, or experience. Overall, it appears a general baseline for the “new normal” has arrived given the amount of time since covid concerns alleviated.

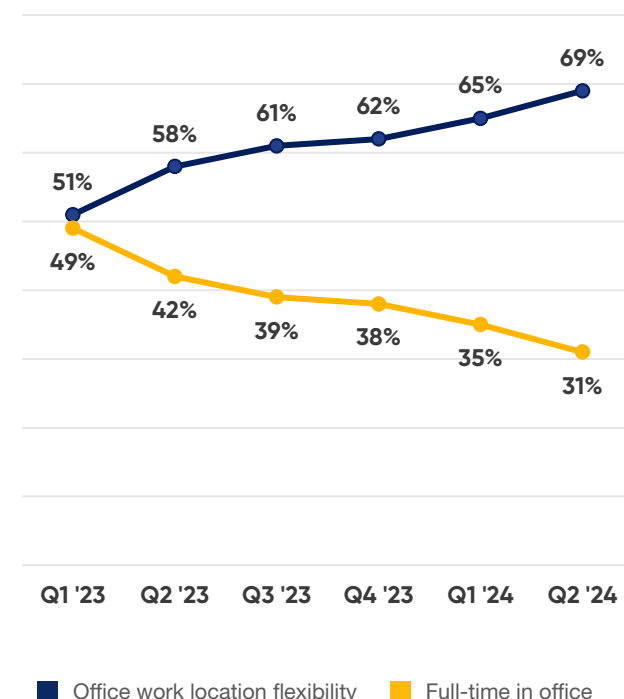
Tele-workable Jobs

SWAA Data, % of workers able to WFH, May 2024



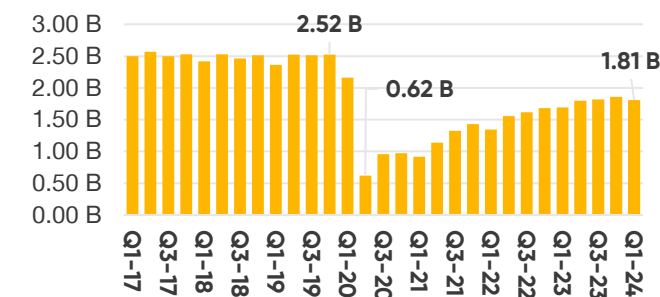
Flex Index

% of companies offering flexibility, June 2024



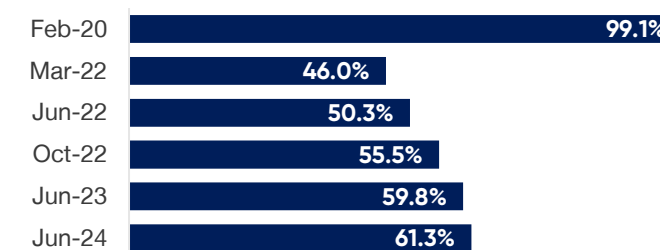
Transit Ridership

APTA Public Ridership Report, Q1 2024



Kastle Systems

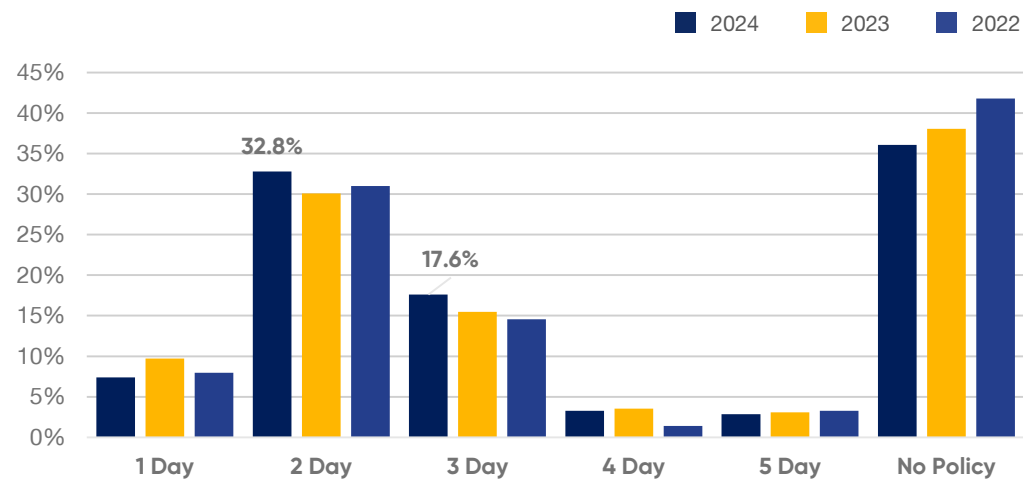
Weekly Peak Occupancy %, June 2024



NONPROFITS & REMOTE WORK

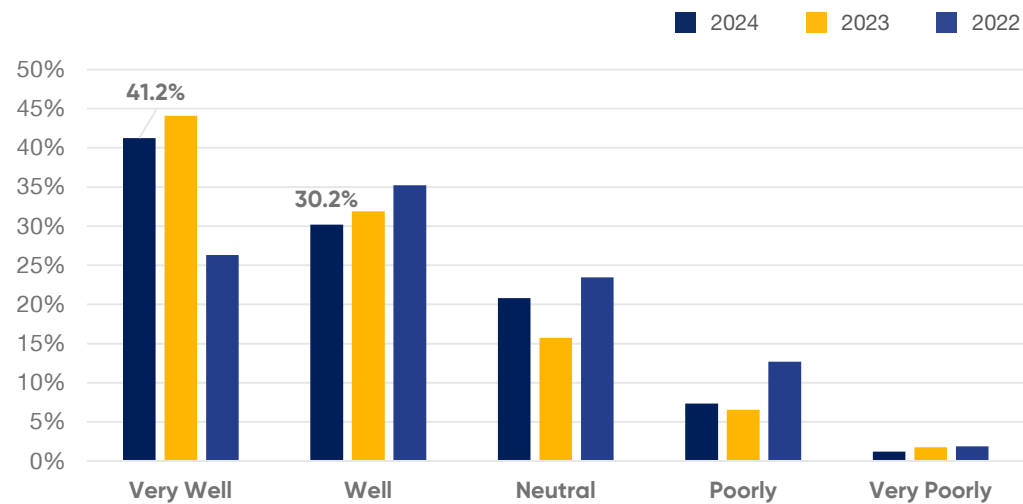
Number of days per week employees are required to be in office

Based on the past three years of survey data, remote work trends are established. If there is a policy in place for requirements to be in the office, 2 or 3 days are the most common.



How effectively do you feel your organization's current workplace supports a hybrid work environment?

In the most recent iteration of the survey, over 71 percent of nonprofits are reporting that they are either well or very well supporting a hybrid work environment, up from approximately 62 percent in 2022.



Organizations are overwhelmingly not planning to increase their requirements for returning to the office. If a standard is in place and it is working, organizations can make informed space planning decisions moving forward.

92.3%

of staff surveyed said that their organization is not planning to increase the number of days staff is expected to be at the office compared to 86.7% of staff surveyed in 2023.

With more than 4 years since the pandemic, organizations have generally made their remote work decisions. Over 90 percent of respondents reported no change in the remote work policy.

92.7%

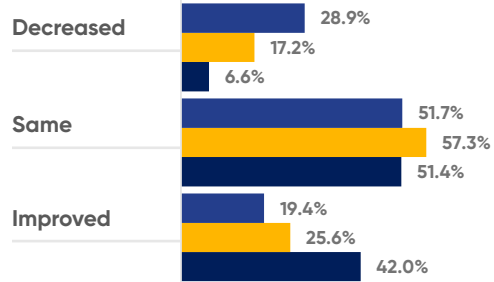
of staff surveyed said their remote work policy has not changed in 2024.



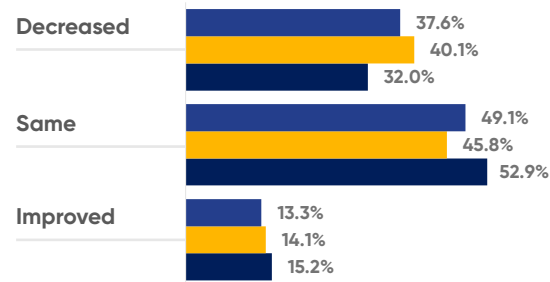
THE PAST YEAR

In terms of remote work, how have organizational issues changed since the rise of remote work?

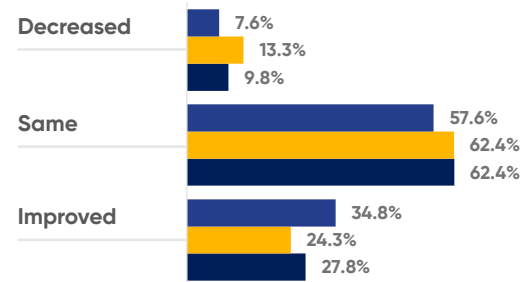
Attracting Talent



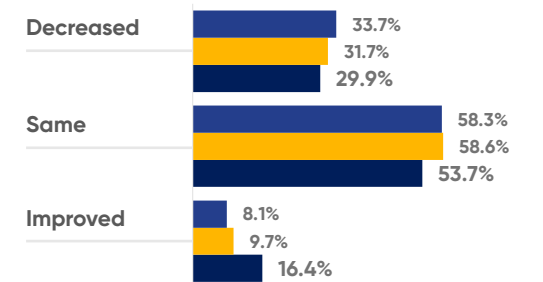
Culture



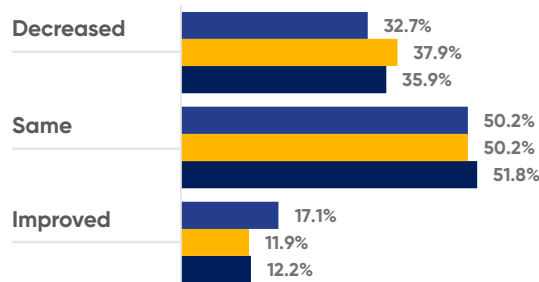
Productivity



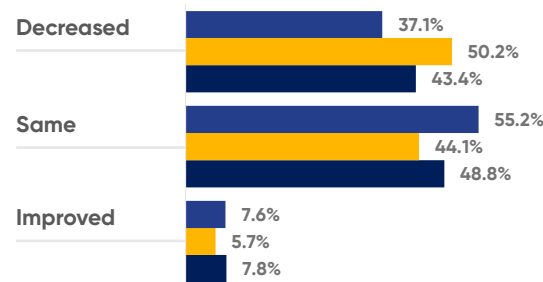
Staff Engagement



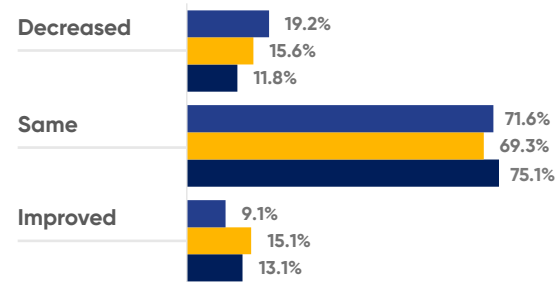
Collaboration



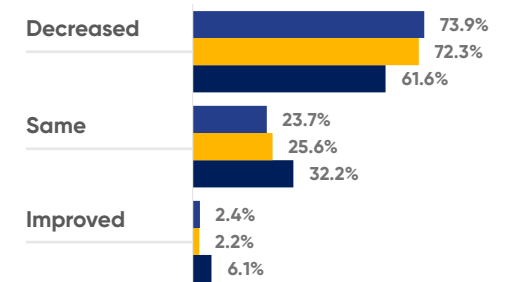
Mentoring/Training



Staff Turnover



Socialization



SPACE UTILIZATION

How are nonprofits negotiating real estate decisions?

Nearly 40% of nonprofit organizations have attempted to sell, sublease, or dispose of space since March of 2020. If organizations reported attempting to shed space, only 57% were successful. Looking ahead, if organizations had expiring leases in 2024 or 2025, a majority of respondents reported they would likely stay in the same amount of space or downsize.



Over half of organizations did not take any real estate actions in 2023. However, real estate decisions were being made, including 10.5% renewing an HQ lease, with another 8.9% relocating to a new HQ space. Long-term commitments like real estate take time to plan and execute, with 62.1% of survey respondents reporting that the last time they contemplated a real estate decision, they started planning at least 12-months in advance.

Has your organization attempted to sell, sublease or otherwise dispose of any, or all, of its space since March of 2020?

50.0%

Said yes.

If your organization attempted to sell, sublease or otherwise dispose of any, or all, of its office space since March of 2020, were you successful either completely or partially?

57.14%

Said yes.



Hypothetically, if your organization had a lease which would expire in calendar year 2024 or 2025, what course of action do you believe you will pursue regarding any future premises?



What real estate actions, if any, did your organization take in 2023?



SPACE UTILIZATION

How are nonprofits negotiating using their space?

Nonprofits are still grappling with space needs based on hybrid work models, with nearly half of respondents stating they have too much space. This matches overall office usage across the United States that has seen average lease sizes shrink nearly 11 percent since 2019.

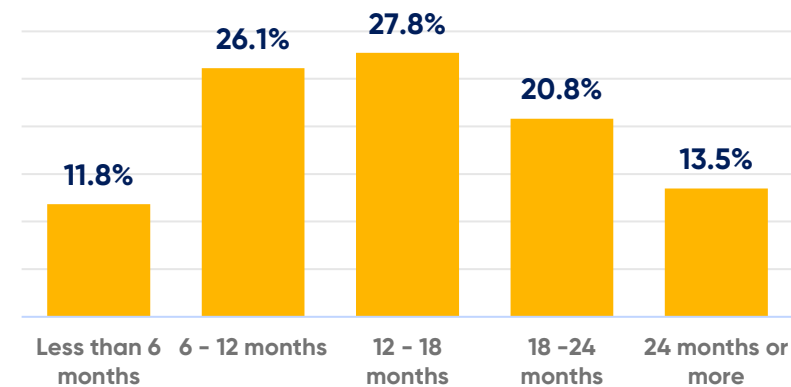
New offices or office reconfigurations are focusing on how to better utilize communication and collaboration. Over 60 percent of respondents reported a greater use of audio-visual technology within space changes, while nearly 38 percent reported changes related to dedicated vs. non-dedicated workspaces.

Do you feel that your organization has too much space based on the new hybrid work model being adapted by many organizations?

36.4%

Said no.

The last time your organization contemplated a real estate decision (lease or purchase), how long in advance did you start the project?

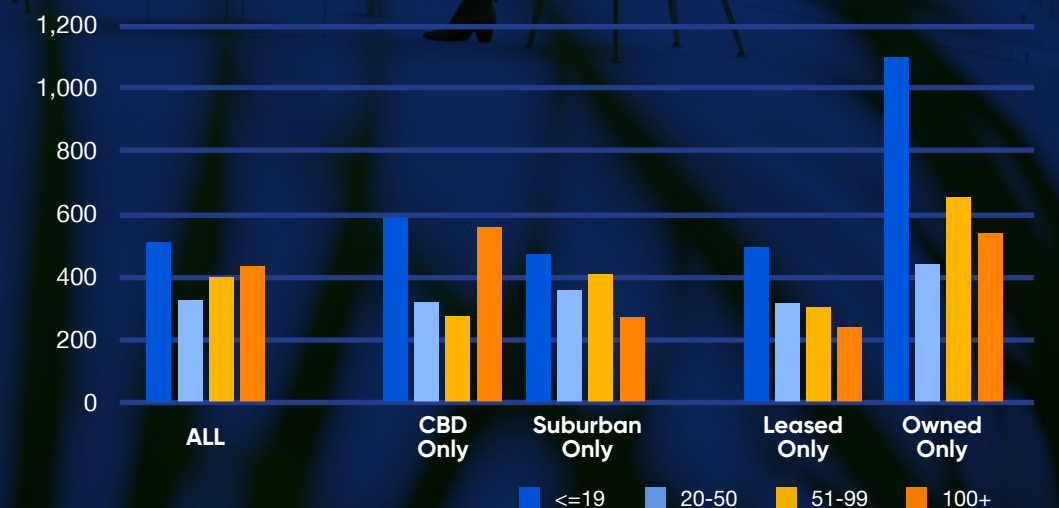


Nonprofit organizations typically have longer lease terms and have more space dedicated to conference spaces and board rooms than other office users. Larger spaces have historically been needed to serve these needs, which results in a larger square feet per employee calculation. Smaller nonprofit organizations, from an employee standpoint, that own their space have the largest allocated space per employee. The size of the organizations matters. Nonprofits with over 50 employees required the smallest amount of space in leased spaces.

As part of a relocation or redevelopment of your organization's offices, what areas of your space have seen the biggest changes?



Square feet assigned per employee by size of staff assigned to location



OFFICE SPACE TRENDS

More than 78% of nonprofits surveyed lease their space.

Traditionally, nonprofits are stable tenants and stay in their space longer compared to other occupiers. Nearly 69% of respondents have been in their location for more than five years. However, the impact of covid and workstyles has pushed decision-making for many organizations. For example, assigned seats have dropped from 74% in last years survey, compared to 64.4% this year. Further, percentage of private offices has dipped from 23.6% last year to 19.8% in the most recent survey. These indicators are showing that even traditional office environments, like nonprofit organizations are evolving with current working arrangement trends.

78.4%

of respondents **lease** their space

43.5%

of respondents have been in the **same office location for more than 10 years**

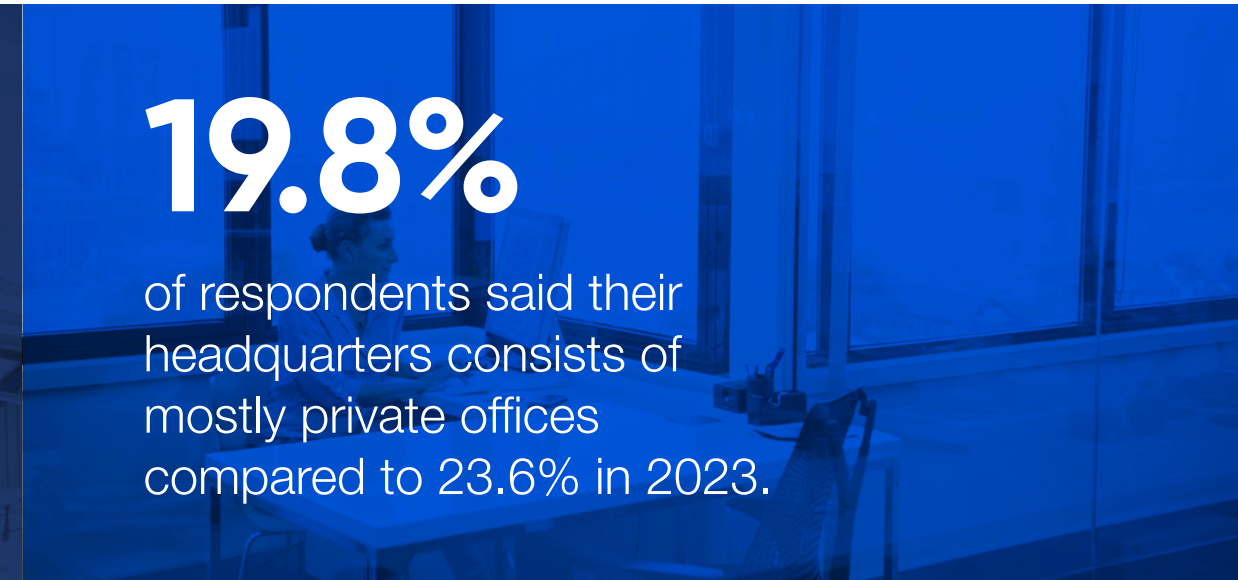
64.4%

of respondents said they **have an assigned office seat** if they go into the office as compared to 74.2% in 2023



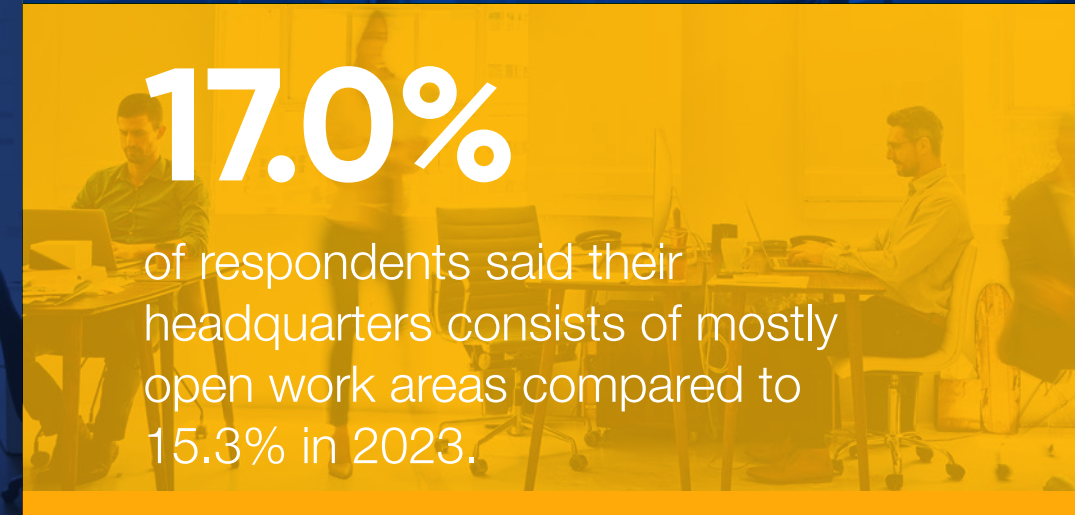
59.9%

of respondents said their headquarters is configured with a balance of private offices and open work areas as compared to 59.8% respondents in 2023.



19.8%

of respondents said their headquarters consists of mostly private offices compared to 23.6% in 2023.



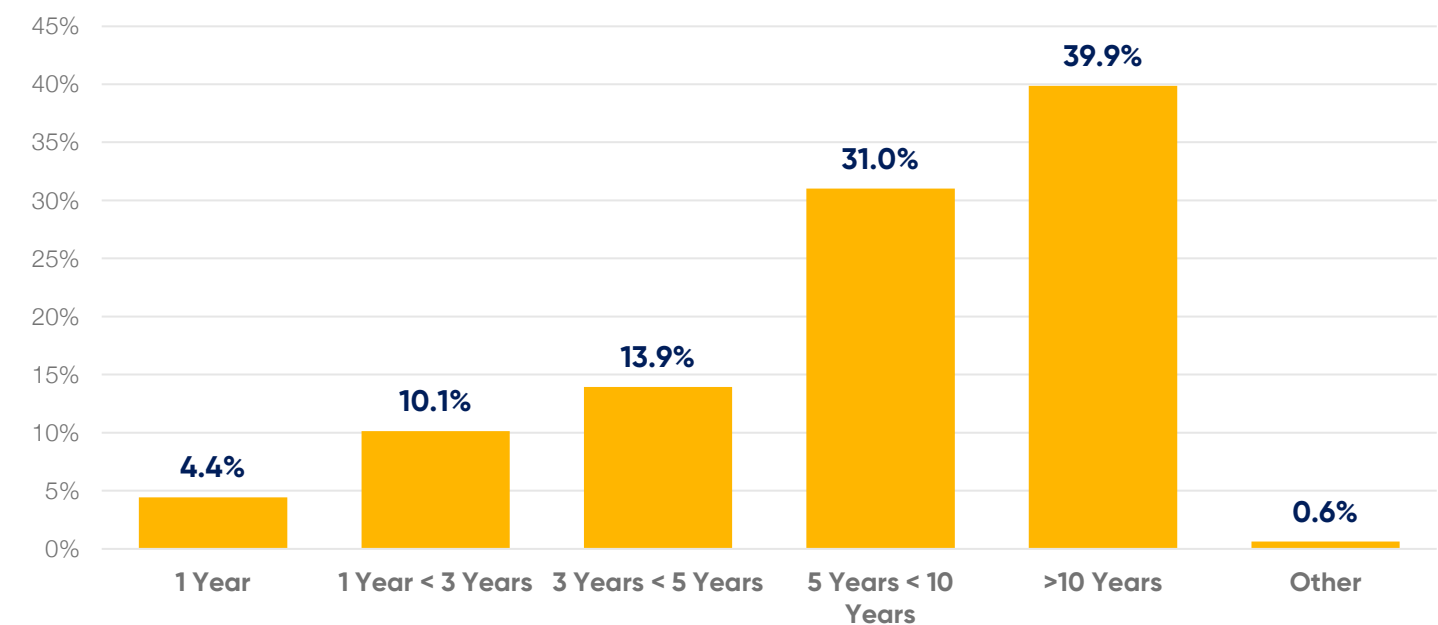
17.0%

of respondents said their headquarters consists of mostly open work areas compared to 15.3% in 2023.

3.2% other (1.3% in 2023)

In the most recent survey, 64.4% of respondents stated that have assigned seats for all staff. Notably, this percentage dropped from 74.3% during the survey from last year. Respondents that have been in their spaces for a longer period of time are far more likely to have assigned seats. Consequently, firms that have relocated to a new space are taking this opportunity to respond to changes in workplace configuration and are embracing flexibility. As nonprofits consider new spaces and/or locations, considerations about how they use this space will be critical to meeting future demand and needs.

US respondents that reported they have assigned seats, based on tenure in space





PROFILE OF SURVEY RESPONDENTS

How would you classify your nonprofit organization?

- 24.5%** Professional Society
- 21.3%** Trade Association
- 14.1%** Other
- 11.7%** Philanthropic/Cause Based
- 10.4%** Social Service Agency
- 6.4%** NGO
- 4.4%** Combined Trade Association & Professional Society
- 2.0%** Certification Board
- 3.2%** Foundation
- 1.2%** Educational Institution
- 0.8%** Chamber of Commerce / Convention / Visitor Bureau

What type of nonprofit is your organization?



Where is your office located?



Note: No respondents selected virtual as their office type.

CONCLUSION

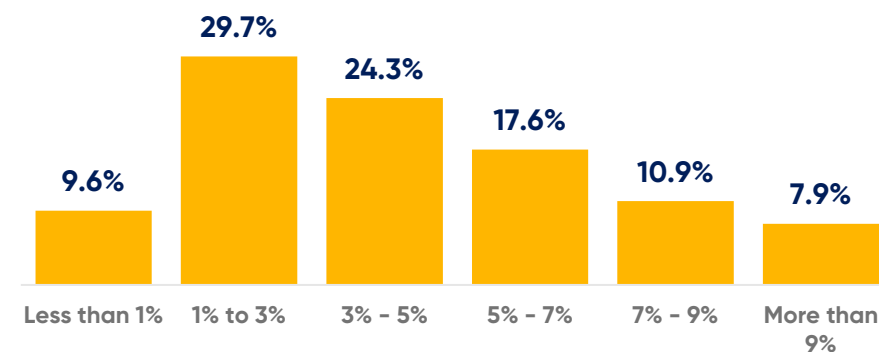
Real estate decisions are critical for nonprofit organizations as they navigate a landscape shaped by economic uncertainties, evolving work models, and shifting community needs.

Selecting the right location and space size can significantly impact an organization's financial health, mission delivery, and stakeholder engagement. With remote and hybrid work established, many nonprofits are reevaluating their physical office space, often opting for more flexible or multi-functional arrangements. These decisions not only affect operational efficiency but also play a vital role in fostering community connections and ensuring accessibility to services. Ultimately, thoughtful real estate strategies enable nonprofits to optimize resources, enhance their impact, and remain resilient in a changing environment.

Soft office demand across all sectors provides an opportunity to move into updated spaces with amenities and better locations and the ability to attain larger tenant improvement budgets. Further these cost savings can be diverted back into the organization and better serve the needs of the mission.

Inflation and rising operating costs are impacting organizations. Approximately one-third of respondents reported that more than 5 percent of their revenue was spent on occupancy costs. Effectively controlling occupancy costs through right-sizing space and other cost savings is imperative to help focus more revenue to the mission of the organization.

What percentage of organization's revenue is spent on occupancy costs?



Based on what you told us in the survey, here are some questions to consider:

- 1 Hybrid working arrangements are now firmly established, allowing organizations to plan for future space needs. With tenant favorable conditions at generational levels, how can leadership take advantage to increase cost savings and potentially upgrade their workspace?
- 2 Shared collaboration spaces have become more prevalent, not only internally but with other nonprofit organizations. Can exploring partnerships with other organizations to share office space and resources lead to cost savings and additional opportunities to grow your mission?
- 3 How can organizations effectively invest in technology to improve communication and relationships with staff, clients, and other stakeholders?

THINK
BEYOND
SPACE.

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