

# NonProfit Financial Managers

Volume Eleven, Number Seven

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## **Mark your calendars now...**

All of our meetings take place on the last Tuesday of each month. Upcoming dates are:

**April 27, 2004**

*Web-Based Databases*

**May 25, 2004**

*Tentative... Workplace Privacy Issues*

## **Job Openings...**

The NonProfit Financial Managers group keeps a book of job listings in the nonprofit financial/administrative field. The book is brought to monthly meetings. You can also use this space to list job openings. Contact David Richardson at 617-558-8112 or e-mail [drichardson@templemanuel.com](mailto:drichardson@templemanuel.com)

### **Fiscal Manager**

City of Cambridge Traffic, Parking and Transportation Department, Contact Brad Gerratt, Deputy Director, 344 Broadway, Cambridge, MA 02139, 617-349-4722, 617-349-4747 (fax), [bgerratt@cambridgema.gov](mailto:bgerratt@cambridgema.gov), [www.cambridgema.gov/traffic](http://www.cambridgema.gov/traffic)

## **Steering Committee**

The Steering Committee is responsible for the direction of the group and organizing the monthly meetings. We welcome new members. The Steering Committee meets for lunch on the first Tuesday of each month at the office of The Medical Foundation. If you would like to join, please call Nancy Eng at (617) 451-0049 x703 or e-mail [neng@tmfnet.org](mailto:neng@tmfnet.org)

## **The Next Meeting**

**Topic: Web-Based Databases**

**Date: Tuesday, April 27, 2004**

**Location: United South End Settlements  
566 Columbus Ave., Boston**

**Time: 12:00 PM – 1:30 PM**

Feza Oktay, a management consultant and former nonprofit CFO, will present an overview of web-based databases and the various ways in which you can use them and implement them. You might already be using web-based databases, or you might be thinking that you don't know why you would. Web-based databases are being used these days for everything from client surveys to document libraries. They are also being used to manage projects, to manage volunteers and events, and pretty much any activity that involves people in more than one location.

During this presentation we'll learn about some very basic applications as well as some that are quite complex. We will also address the different ways of implementing them from building your own to using an application service provider model (ASP).

To help make the presentation address your specific needs and questions, please complete the **s u r v e y** a t [www.DovetailAssociates.com/survey427.html](http://www.DovetailAssociates.com/survey427.html). If possible, Feza will also use a real example from your survey responses to build a web-based database at the meeting.

## *Recap of March Meeting*

### **Opportunities in the Current Real Estate Market**

Seven members of the executive staff from Meredith & Grew, a Boston-based full-service real estate firm, gave a joint presentation on the Boston real estate market, from the point of view of non-profit tenants who rent office space and who are faced with a stay or move decision. Meredith & Grew is a 128 year old company which provides the following services: development and advisory services, brokerage services, counseling and valuation services, finance and capital market services and structuring, management services, and marketing and research. The staff who made the presentation were as follows: Frank Durand, Larry Epstein, Ron Perry, Mary Beth Poblocki, Kristin Blount, Roger Breslin, and Neil Hurley. Some of their nonprofit clients are the AIDS Action Committee, CEDAC, American Red Cross, and the Medical Foundation. When working with a client, Meredith & Grew will assign the number of staff required to work as a team throughout the different phases of the rental/move process.

Basically, the current Boston market is a good one for tenants. Many non-profits who currently rent office space are looking to cut their budgets, reduce their occupancy costs, and use the space that they do rent as efficiently as possible. There are several measures that are used to evaluate the office rental market: velocity or the number of leases signed in a time period; net absorption - the change in the percentage of space that is occupied during a certain time period; the vacancy rate; the amount of space that is sub-leased; and ultimately, the rental rates that building owners charge. Net absorption is the key indicator that represents the strength of the real estate market. The year 2000 was a good one for landlords, the market softened in 2001 and 2002, and in 2003, the number of lease signings was up, but the net absorption did not

improve. Net absorption was strongly positive in 2000, negative in 2001 and 2002, and positive in 2003, but not greatly improved. The vacancy rate was 2.8% in 2000, 11.8 % in 2001, 14.4% in 2002, and 15.8% in 2003. It is very much a tenants' market.

Meredith & Grew mainly deal with locations in downtown Boston. The rental rate for office space depends on several factors, including the location and age of the building. Older buildings in downtown Boston are getting a rate of \$26 per square foot; the lower floors of a "class A" tower bring \$30 per square foot; and the upper floors get from the mid \$40s and up. The mergers of some of the big players in Boston, such as Fleet and Bank of America, and Hancock and Manual Life, will only increase the vacancy rate in Boston, and bring rates down further.

When office space was at a premium in 2000, prospective tenants had to act quickly in order to acquire good space. Now tenants have the luxury of going through a methodical planning process when contemplating a move. For tenants in the 5000 square foot range, the planning time should be about 12 months; for 25,000 square feet, it should be 24 months; and for tenants in the 100,000 square foot range and above, the lead-time should be 3 years. The norm when planning is to allow for 200-225 square feet per employee.

The first thing that an office space tenant should do when faced with a stay or move decision is to meet with the current landlord. Even if you do not want to move, you should not "show your cards" to your current landlord. You can say that you would like to stay, but you have some concerns. With the vacancy rate approaching 20%, the tenant is in the driver's seat. The vacancy rate beyond Rt. 128 is actually around 28%. Even if you do not intend to move, you should check out the competition in your neighborhood. You, as a tenant, need to negotiate from strength. If you really want to stay, negotiate some improvements into your lease or a lower rental rate. For the office space landlord

these days, the number one concern is getting a tenant who can pay the rent every month. Vacant space after your move is a worst-case scenario for them. They can expect a 6 to 8-month downtime and to pay some build out costs for the new tenant.

In order to evaluate space if you do need to move, there are some factors you should consider. How many staff do you have, how many offices and cubicles do you need, and what are your support space requirements (storage, etc.)? What kind of growth do you need to plan for? You need to think about what amenities are important for your employees. From all of these factors, you can determine a square footage requirement. Then you have to do a building evaluation. Do you need to do an interior build-out? Will the landlord absorb those costs? Do you require parking?

Meredith & Grew represents both tenants and landlords. Seventy percent of their business is derived from their work with tenants and 30% with landlords. When working for a tenant, they will handle the negotiations with the current landlord and any prospective new landlord. If a move is required, they will manage the design and construction of any build out and will do the planning and implementation of any move, including voice and data, security, furniture, etc. The landlord pays for their services when they act as broker for the tenant. Meredith and Grew, through its research division is committed to keeping very current in the real estate market in Boston – they know where the market is at any point in time and where it is headed.

### ***NPFM Membership Information***

The annual membership fee of \$100 covers monthly mailing and other operating expenses and covers the period from September to August of each year. A part-year membership for \$60 is offered for those joining after January 1<sup>st</sup>, and covers membership through August. Students are welcome to join at any time at a rate of \$25.

In addition to attendance at monthly meetings, members receive a monthly newsletter and participation in the NPFM e-mail forum. Lunch is provided for all attendees at meetings. There is a \$12 meeting fee for non-members.

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