COWORKING INSIGHTS:
POST OCCUPANCY EVALUATION
OF FATPIPE ABQ’S COLLABORATIVE
COWORKING ENVIRONMENT

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FATPIPE ABQ

Coworking insights. How can we balance the needs of owners, operators, tenants, and the broader entrepreneurial community?

ABSTRACT

FatPipe ABQ is a cowork space situated in an urban innovation district. Upon opening its doors in 2014, it joined just a handful of coworking environments in Albuquerque, NM – a market that is still learning about the advantages of the coworking movement. In its first two years, FatPipe has established itself as a collaborative center for innovation and a home base for entrepreneurs. It has a solid reputation for hosting networking events and receives positive feedback from tenants. Even though it has experienced much success, FatPipe and similar coworking offices are young, and data about such spaces is only just becoming available. In an effort to better understand how design solutions can contribute to the continued evolution of cowork spaces, Dekker/Perich/Sabatini conducted interviews and surveys with FatPipe’s owners, tenants, and community partners. The resulting data has provided insights into the coworking model, especially for those entering new markets and refining operations.
ABOUT FATPIPE ABQ

As one of just a handful of coworking environments in Albuquerque, NM, FatPipe ABQ has introduced coworking to a new market. Founded as a home base for entrepreneurs and a destination for networking events, the 10,000sf cowork office combines various workspaces and a fun, casual atmosphere within an emergent downtown innovation district.

Director Lisa Adkins and founder Stuart Rose conceptualized FatPipe as a tech hub for millennials developing technology and apps and located it in an historic space which was originally a high school library. The location was slated as part of an overall renovation and downtown revitalization effort, and an adjacent property has recently been developed as Innovate ABQ, an up-and-coming community for researchers, innovators, students, and entrepreneurs.

FatPipe ABQ opened in 2014 - when very little data about coworking spaces was available - and had the financial goal of covering operational costs by achieving 75% full-time occupancy within the first two years.1 Because projections show that 45% of the workforce will be comprised of entrepreneurs, freelancers, and other independent workers by 2020 – and that percentage will continue to creep up and exceed 50% by 2030 – FatPipe ABQ and coworking environments in general are poised to grow.2 FatPipe, like 90% of coworking spaces,3 is a for-profit enterprise, but FatPipe ABQ’s bigger goal has been to put “New Mexico on the map as a place for remote, solo, and independent workers,” according to Director Lisa Adkins. To overcome New Mexico’s challenges of attracting medium and large employers, Adkins and Rose envisioned FatPipe ABQ as an opportunity to prepare for the future “solopreneur” workforce, potentially a critical component for the state’s economic success.

To bring this innovative business venture to life, Dekker/Perich/Sabatini transformed the existing library into a modern coworking space, creating an interesting dichotomy between the historic building and a new, contemporary design. FatPipe ABQ incorporates 100 workstations, a fully-stocked kitchen, one conference space, and three private offices within the two-story space.
ABOUT THE STUDY

WHY STUDY THIS NOW?
Because FatPipe ABQ was the first coworking space in downtown Albuquerque, the design team wanted to study the space to gauge how it was working for the owner and tenants. Initial feedback from FatPipe ABQ’s leadership revealed that the business did not reach the desired occupancy of 75% after the first two years of operation, so Dekker/Perich/Sabatini set out to determine how interior design changes might help improve FatPipe’s numbers. A few factors were suspected of affecting occupancy rates, including demographic and marketing misalignment, modifications of the program, and new space needs as a result.

WHAT WE DID
The design team from Dekker/Perich/Sabatini talked to the owners and user groups to glean information about how the space was being used and overall perceptions of benefits and challenges. Meeting several times over the course of four months, the team interviewed Director Lisa Adkins, surveyed existing and former tenants, and surveyed community organizations that have held events at FatPipe ABQ. Dekker/Perich/Sabatini then assessed the resulting feedback to determine what could be addressed with design solutions, and provided recommendations to the owners.

WHAT THEY SAID
The team aggregated interview and survey responses, which had a 50% response rate, to describe current conditions at FatPipe ABQ. The results focus on information pertaining to utilization, demographics, profitability, the cowork community, and performance of the space.

1. Utilization
Since FatPipe ABQ’s opening, the owner has quickly worked to attract tenants by holding contests to win free workspace and by hosting numerous networking events. However, these efforts have fallen short of the owner’s 75% full-time occupancy goal, which would cover operational costs. Instead, FatPipe ABQ experiences anywhere from 40%-50% occupancy at any given time with 30 full-time tenants and 35 part-time tenants. (*Note: Occupancy is being defined as the number of workspaces utilized by tenants at any given time.)

These averages place FatPipe well within current norms. According to a 2016 study by deskmag, 55% of co-work spaces have 49 or fewer tenants, and on average, 52% of desks are occupied at the same time. Another 30% of cowork spaces report utilization rates of 40% or lower.4

2. Demographics
One of FatPipe’s biggest surprises is that the majority of tenants are not the tech millennials originally targeted, but rather more established entrepreneurs in their thirties and forties who are launching a second career, and often, running a non-tech business. After difficulty in attracting younger users, FatPipe owners came to believe that many millennials were reluctant to pay rent, and instead, often opted to work in coffee shops with free Wi-Fi. In response, FatPipe ABQ hired a marketing consultant to help shift their branding message from millennial and technology specific to more established entrepreneurs looking for a “Community, Collaboration, Co-work” environment.5

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36.8 the mean age of cowork tenants
FatPipe’s actual tenant demographic of 30- and 40-somethings in non-tech fields is similar to national data that shows 36.8 as the mean age of cowork tenants. Furthermore, FatPipe ABQ and coworking spaces across the nation report that most tenants work in the creative industry: design, writing, research, marketing, consulting, business development, coaching, and similar.6

3. Profitability
The owner has reported that FatPipe ABQ is not meeting their financial goal of covering costs. Interestingly enough, they aren’t alone. On a national level, two in three coworking spaces are not profitable. Compared to similarly sized and aged coworking communities, FatPipe is among the roughly one in three, or 69%, of spaces that either break even or are not profitable.7

4. Community
In the interview, Director Lisa Adkins reported that the open, highly connected, and flexible environment makes the space engaging and productive for tenants, while apps like Slack further enhance the experience and invigorate the cowork community. Community organizations, like 1 Million Cups, also hold weekly events at FatPipe ABQ, inspiring lively and informative conversation for tenants and community members alike. The interview, backed by user surveys, revealed a general sentiment that FatPipe ABQ is a relaxed, fun, energized professional community. User surveys further indicate that FatPipe’s primary advantages relate to its strong sense of community:

- All respondents agreed that they benefited from being at FatPipe ABQ.
- Respondents identified that the most important benefits included connecting with other entrepreneurs and having a place to meet clients. This aligns with national studies which show that most tenants choose cowork environments for their communities and interactions with others.8

“FatPipe ABQ is my entrepreneurial home base. That means it’s not any one thing I love about it; I love it because it’s home and I am comfortable here. My family is here...When I’m away from home, I begin to miss my family...FatPipe ABQ is a great home for a powerful family of entrepreneurs.”

TJ Cook, Cause Labs, FatPipe ABQ Tenant

However, factors such as age and size of the cowork space, number of tenants, and density of the city where cowork space is located all impact profitability.

One of the many industry events held in the FatPipe ABQ living room space. Photo courtesy of FatPipe ABQ.
• Community partners indicated that they chose FatPipe as their event venue due to its collaborative concept and the opportunity to make new connections.9

5. **Workspace**

Dekker/Perich/Sabatini learned that the individual workspaces, presentation area, and lounge areas are heavily used. Amenities like Wi-Fi, flat panel monitors, phones, and mobile whiteboards support the tenants’ day-to-day operations. Most tenants at least somewhat agreed that these amenities and the other benefits available to them are in line with rent. Furthermore, community organizations that hold events at FatPipe ABQ noted they did so in part because of its creative design.

Although an overwhelming majority of tenants indicated they can concentrate on their work in FatPipe ABQ’s open office concept, several tenants commented that they needed more private space for focused work, webinars, and sensitive communications. Tenants recognized the potential conflict in their desire for networking and need for a quiet environment, but many stated that if the space were to become too crowded or noisy with increased occupancy, it may no longer meet their needs. Those who indicated they had difficulty focusing linked it to times when community events were held.10

**WHAT WE HEARD**

FatPipe ABQ has been well received and has helped connect tenants with collaborators and clients. Most survey respondents indicated an overall positive experience at FatPipe ABQ. However, one grievance was echoed by several users: more options for acoustical privacy are needed. Larger and more frequent community events, for example, were cited as being disruptive to quiet, heads down work. Tenants also noted that they would like additional private spaces for confidential phone calls.

In addition to the expressed need for supplemental quiet and private spaces, the interview with the director revealed that a single, large team has rented half the basement floor, which is where the only enclosed offices are located, thus limiting work options for other tenants. The director also noted a need for a new reception desk and full-time receptionist, which the owner intentionally omitted when FatPipe first opened. Lastly, FatPipe ABQ still struggles with communicating the real value of the coworking community to potential tenants who could, alternatively, work at a table with free Wi-Fi in any coffee shop. FatPipe ABQ continues to refine its marketing and outreach strategy to address this.

Overall, FatPipe ABQ is a typical example of a cowork community with room to grow. Over its two-year history, the owners have yet to see their desired occupancy rate of 75%. However, FatPipe has established itself as a collaborative center for innovation and a home base for many entrepreneurs. FatPipe is poised to expand its tenant base and plans to open new locations to support entrepreneurs in other parts of New Mexico.11

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**Desired Amenities Identified by Respondents**

- privacy and acoustical separation for phone calls and other independent and confidential tasks
- bicycle storage
- showers
- bottle fillers
- security cameras
- more flexible furniture
- additional whiteboards
- reception desk, which was left out of the original design at the owner’s request
RECOMMENDATIONS

ANALYSIS
The team compared interview responses with survey data to identify common themes and draw initial conclusions. To address concerns about physical and acoustical privacy and help improve operations, such as establishing a true front desk, installing more security features, and increasing the availability of whiteboards, D/P/S offered the following low- to mid-cost recommendations.

LOW COST
- Install small huddle rooms for more acoustic privacy during heads down work, meetings, and phone calls. Huddle rooms could be created using new demountable furniture walls and existing furniture.
- Install security camera in the foyer.
- Add amenities, such as a bottle-filling station, additional mobile whiteboards, and in place of underutilized lockers, wall-mounted bike racks.

HIGHER COST
- Add a shower and consider other bathroom improvements.
- Install a reception desk at the front door, and hire a full-time receptionist.
- Replace existing workstations with benching systems. Due to concerns of privacy and personal territory, paneled workstations were initially preferred so. However, with larger community events that require furniture to be temporarily moved, benching systems would be more suitable.

“We have made it our home.” FatPipe ABQ Tenant
BIG TAKEAWAYS

The interview and surveys revealed several overarching themes:

1. **Adapt your space.** People will adapt space to suit their needs. To compensate for the lack of private spaces, FatPipe tenants spread out, leaving vacant workstations. This behavior demonstrates a natural tension between the owner’s desire to maximize occupancy and tenants’ inclination to keep occupancy and noise levels down. This conflict could likely be resolved by developing additional quiet zones for tenants’ varied work styles.

2. **Know your market.** Because the coworking movement is still in its early stages, marketing and branding efforts continue to evolve and adjust to market feedback. FatPipe, for example, revised their branding strategy from targeting tech millennials to attracting the 40+ crowd in the creative industry. FatPipe continues to work to communicate the advantages of the coworking movement in a market that has been slow to adopt the model.

3. **Provide variety.** People work individually, collaboratively, in groups, side-by-side, et cetera. Each level of interaction requires its own kind of space, as described in the Four Modes of Knowledge Work published by Steelcase. While the mix of furniture selected for FatPipe ABQ was intended to provide diversity-in-place, the actual operation of FatPipe necessitates that furniture be moved for community events. Furthermore, events result in increased noise levels and activity that render partially enclosed workstations ineffective. To mitigate noise and privacy concerns, FatPipe has scaled back community events. Private huddle rooms could also prove helpful.

A final note on workspace variety. FatPipe ABQ has experienced loss of tenants who outgrew the space due to expanded teams and operations. As FatPipe ABQ continues to refine its operations, a key consideration should be scalability. Scalable options for rent structures and space could accommodate larger teams in addition to solopreneurs.

4. **Encourage face-to-face encounters.** Despite the rise of online social networks and work becoming more dependent on technology, 71% of respondents joined FatPipe to gain better access to other entrepreneurs. Coworking environments are testament to the importance of face-to-face interactions. FatPipe has been extremely successful in its networking and programming events, and should continue to structure these events in a way that minimizes disruption to other operations while still emphasizing community. The open office concept also stimulates opportunities for socializing, learning, and collaborating. A full-time receptionist will also likely elevate operations by giving a face to the company, ensuring each guest is greeted, and providing answering services for tenants.

5. **Know your client.** FatPipe ABQ serves as inspiration for how to coordinate design and operations as these types of communities continue to evolve. While not all challenges can be solved with design, a strong client-designer team can determine how operations, design, and other factors can best work together to support a strong business.

Coworking environments continue to push into new territory, with 58% of US cowork spaces planning to expand in the next year. FatPipe ABQ, for example, is expecting to introduce the brand to new cities and towns in New Mexico to continue their efforts of attracting “solopreneurs” to the state. By working together, FatPipe ABQ and Dekker/Perich/Sabatini have identified creative, inexpensive design solutions that support operations, meet the work needs of tenants, and balance monetary costs for owners. As the workforce changes over the next decade, FatPipe ABQ and other innovative cowork models will continue to evolve to meet the needs of entrepreneurs, freelancers, and other independent workers.
REFERENCES


Lisa Adkins (FatPipe ABQ Director), interview by Dekker/Perich/Sabatini, 2016.


ENDNOTES

2. Pofeldt, Elaine, “What You’ll Need to Know to Be the Boss in 2020.”