

# S.T.E.A.M. GARDEN MARKET ANALYSIS

*May 2015*

Prepared for:

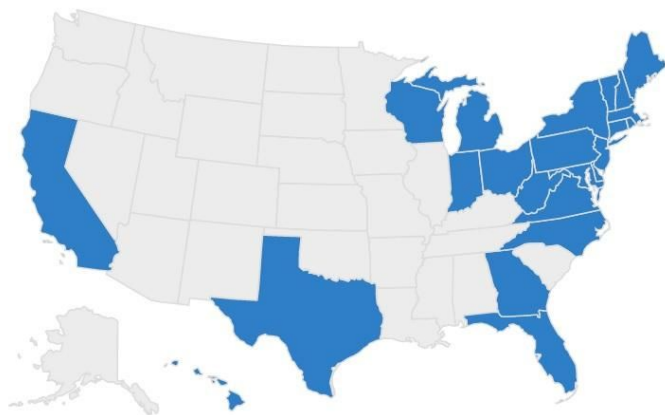
Central Avenue Business Improvement District

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## About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to Texas; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in twenty states and garnered attention from national media outlets including *Marketplace (NPR)*, *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at [www.camoinassociates.com](http://www.camoinassociates.com). You can also find us on Twitter @camoinassociate and on Facebook.



# Key Findings

As part of the Central Avenue Business Improvement District’s (CBID) redevelopment efforts in the City of Albany’s Cultural District, Camoin Associates completed a market analysis of the site at 279–285 Central Avenue with respect to CBID’s intentions to transform the property into a multi-use incubator space.

CBID plans to redevelop this vacant building into an innovative space that aggregates entrepreneurs, creative technology professionals, higher education students, and arts organizations in a hybrid facility blending business, educational, laboratory, and short-term residential spaces for employees in a live-work environment. This “S.T.E.A.M. Garden” will be an innovation center focused on industries and disciplines commonly referred to as STEM or STEAM—science, technology, engineering, arts + design, and math.

The key feature of the planned renovation is affordable work spaces for small technology companies and entrepreneurial tenants, for example freelance web design or other technology professionals who benefit from clustering in proximity to one another. Camoin Associates analyzed the market conditions for such incubator space in the eight-county Capital Region. It is anticipated that between 2015 and 2025, there will be a growth of 3,779 Capital Region jobs in industries that this incubator can expect to serve, which translates into a need for roughly 661,000 square feet of office space. Camoin Associates projects that the incubator-type office space to be offered by the S.T.E.A.M. Garden—in a central economic location and with the benefits of being a tax-free START-UP NY site—will readily be absorbed by the demand associated with those new jobs.

This report summarizes that analysis as well as information from other sources relating to the market for the S.T.E.A.M. Garden’s secondary and complementary functions as educational space and short-term residences.

# Incubator Space

Currently, the Capital Region is home to twelve active incubators that offer leased space to tenants as the S.T.E.A.M. Garden plans to. Those incubators are listed below. The list does not include technology parks that are not targeted to entrepreneurs, freelancers, and early-stage startups.

NY Capital Region Incubators Providing Leased Space	
County	Incubator
Albany	Harriman Business Center Incubator
Albany	I-Clean Incubator, E2TAC, CNSE
Albany	Albany Center for Economic Success
Albany	Biomedical Acceleration and Commercialization Center (Albany Medical College)
Rensselaer	RPI Emerging Ventures Ecosystem (EVE) and the Rensselaer Technology Park
Rensselaer	Sage College Incubator for New Ventures in Emerging Sciences and Technologies (INVEST)
Rensselaer	East Campus Biotech Business Incubator (RPI)
Rensselaer	Tech Valley Center of Gravity
Saratoga	Lighting Cultivator (LINC)
Saratoga	Saratoga Technology Accelerator
Schenectady	New York BizLab
Schenectady	Schenectady County Community Business Center

Additionally, there are currently three active co-working spaces in the Capital Region.

Co-Working Spaces in the Capital Region	
County	Name
Albany	90 State Street Executive Suites
Albany	Beahive
Rensselaer	The Collar Collective

Reliable data is not available regarding vacancy rates in these existing incubators, as many are more heavily focused on providing entrepreneurial support services and shared equipment and other resources more so than on housing the companies through leasing arrangements. However, Camoin Associates' research revealed that none of the existing incubators target the unique mix of tenants and industries prioritized by the S.T.E.A.M. Garden.

To evaluate the potential for new incubation and co-working space at the S.T.E.A.M. Garden site, we analyze the future demand for such space in the eight-county New York Capital Region.

Tenants of the incubator/office space will likely operate within a variety of industries. To facilitate this analysis, Camoin Associates assumed that incubator tenants would be drawn from the following industries, consistent with the S.T.E.A.M. Garden vision. Most are components of NAICS code 51—the information sector—and NAICS code 54—professional, scientific, and technical services. Additionally, the NAICS code for art galleries is included on the basis of CBID's prior discussions with prospective tenants, and the NAICS code for social advocacy organizations is included on the assumption that the partnership with the University at Albany's entrepreneurial programs and its School of Social Welfare may lead to synergies with and direct spinoffs into that industry.

Incubator-Utilizing Industries	
NAICS	Description
5112	Software Publishers
5121	Motion Picture and Video Industries
5191	Other Information Services
5414	Specialized Design Services
5415	Computer Systems Design and Related Services
5416	Management, Scientific, and Technical Consulting Services
5417	Scientific Research and Development Services
5418	Advertising, Public Relations, and Related Services
5419	Other Professional, Scientific, and Technical Services
7115	Independent Artists, Writers and Performers
7121	Museums, Historical Sites, and Similar Institutions (e.g. art gallery)
8133	Social Advocacy Organizations

The following table shows projected employment for the NAICS industries listed above in the Capital Region. Job growth is expected in all industries excepted for one, for a total of 3,779 new jobs between 2015 and 2025. Job creation is projected to be strongest for the Computer Systems Design and Related Services; Management, Scientific, and Technical Consulting Services; and Scientific Research and Development Services industries.

Employment Growth Incubator Space-Utilizing Industries, NY Capital Region					
NAICS	Description	2015 Jobs	2025 Jobs	2015 - 2025 Change	2015 - 2025 % Change
5112	Software Publishers	662	810	148	22%
5121	Motion Picture and Video Industries	519	528	9	2%
5191	Other Information Services	1,214	1,308	94	8%
5414	Specialized Design Services	603	662	59	10%
5415	Computer Systems Design and Related Services	5,518	6,972	1,454	26%
5416	Management, Scientific, and Technical Consulting Services	3,238	4,020	782	24%
5417	Scientific Research and Development Services	9,231	9,734	503	5%
5418	Advertising, Public Relations, and Related Services	1,276	1,514	238	19%
5419	Other Professional, Scientific, and Technical Services	2,459	2,810	351	14%
7115	Independent Artists, Writers, and Performers	1,140	1,100	(40)	(4%)
7121	Museums, Historical Sites, and Similar Institutions	339	347	8	2%
8133	Social Advocacy Organizations	827	1,000	173	21%
Total for All Industries		27,025	30,803	3,779	13%

Source: *Economic Modeling Specialists Intl., Camoin Associates*

It is worth noting that several of the knowledge-based industries above are characterized by high levels of self-employment, particularly Other Professional, Scientific, and Technical Services; Management, Scientific, and Technical Consulting Services; Other Information Services; and Specialized Design Services. Incubator space and co-working space is often demanded by these self-employed workers, who may be sole proprietors, freelancers, and individuals launching startup companies.

The projected employment increase in incubator-utilizing industries can be used to estimate the increase in demand for incubator space in the eight-county Capital Region. If on average, each new job requires approximately 175 rentable square feet (RSF) of office space,<sup>1</sup> by 2025 the 3,779 new jobs in these industries in the Capital Region will require roughly 661,000 square feet of new office space.

Incubator-type space will be a desirable choice for a significant portion of the firms and freelancers associated with that job growth. Furthermore, the S.T.E.A.M. Garden's forthcoming designation as a tax-free START-UP NY site can be expected to shift demand in its favor over traditional office space for entrepreneurs and start-up companies seeking a business or work location. According to the START-UP NY 2014 annual report, approved START-UP sites in the Capital Region total 427,402 square feet, only a fraction of which is space suited to startup businesses and entrepreneurs in the NAICS codes studied here.

Another competitive advantage of this site is the University at Albany's partnership in the S.T.E.A.M. Garden's development. Tenants will be able to take advantage of a direct line to incubation and entrepreneurship resources affiliated with the university, for example its Small Enterprise Economic Development loan program and the Small Business Development Center.

We therefore project that 9,000 square feet of incubator-type office space in this central economic location would readily be absorbed by the demand associated with the 3,779 new jobs.

<sup>1</sup> A 2010 report from the U.S. General Services Administration, "Workspace Utilization and Allocation Benchmark," found average rentable office space per employee to be 230 square feet. As a result of efforts to implement more efficient design standards, the typical office standard has declined from around 250 square feet per workstation in the early 2000s to around 190 square feet or less. In addition, a trend toward less personal workspace in favor of larger group space, as well as an increase in teleworking will likely contribute to continued declines in office space per employee. Given the nature of the S.T.E.A.M. Garden vision and its target market of freelancers and entrepreneurs in a shared live-work environment, Camoin Associates assumes a conservative figure of 175 square feet per worker.

## Educational Space

We understand from the CBID's meetings with the Hudson Valley Community College Workforce Development Institute and with two departments at the University at Albany that those educational institutions are seeking classroom space in this diverse, transit-accessible downtown corridor that does not currently exist. We understand that those institutions' partnerships with the CBID will ensure regular use of the facility's classroom space and "learning labs" for educational purposes.

## Short-Term Residential Space

A December 2010 market assessment for the reuse of this property determined that there is a deficit of safe, affordable, convenient, and modern housing opportunities within close proximity of the several institutions of higher learning near the Central Avenue corridor—in particular, for domestic and international students of those institutions. CBID's plans for the S.T.E.A.M. Garden to include short-term residential spaces for employees in a live-work environment are aligned with this demand and with the preferences of freelancers and entrepreneurs in the knowledge-based economy for blended live-work environments.



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