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How Coworking Is Working in Portland

July 23rd, 2009 (9:00pm) Celeste LeCompte | 6 Comments

Portland, Ore., has had more than its fair share of trouble from the current recession — it's seen the biggest drop in employment of any metro area in the country, with jobless rates clocking in at a dismal 12.2 percent in June. But despite the gloomy picture, there are some sunny spots — notably the city's coworking spaces.

While it remains to be seen whether coworking spaces can be profitable, the founders I spoke with in Portland say they're up to the challenge. Many learned a valuable lesson from Portland's first coworking space, Cubespace, which closed its doors last month. The company reportedly made several business missteps, including its monthly lease, said to have been an eye-popping 15-year, personally guaranteed agreement. Its successors, meanwhile, say that by balancing real estate costs, unearthing additional revenue streams, and feeding specific communities' needs, their coworking spaces will be around for many years to come. Here's a look at three of them:

Souk: Coworking Basics



Cre8Camp attendees gather at Souk. Courtesy Aaron Hockley

While the now-defunct Cubespace was Portland's first coworking spot, Souk wasn't far behind. Opened by Julie Duryea in January 2007, the event- and meeting-friendly space caters to what Duryea describes as "varied and colorful a community" as the open-air markets from which Souk takes its name. This broad-market approach has slowly borne fruit: last year, the company broke even, with a revenue mix from memberships (\$275/month, full-time), drop-in desk use (\$35/day) and meetings. While the

economic downturn has pinched meeting revenue to the point that the company will likely slip back into the red for 2009, Duryea says she's seeing a slight rebound in meeting space use.

For workers, Souk offers the most standard services of its Portland peers. In addition to the coworking basics — power, Wi-Fi, water, coffee and snacks — Souk hosts events, workshops and classes for its members, and helps them access local resources. "I can see how it's easier in this city to start up such a thing," says Duryea. "It's more manageable size-wise, and there's a big community of creative class workers."

NedSpace: Coworking as an Incubator

Futurist Anthony Townsend told BusinessWeek in June that the explosion in web working is creating new kinds of "knowledge ecosystems," and an ecosystem is a good metaphor for the model being pursued by Josh Friedman and Mark Grimes. The founders of 6-month-old NedSpace aim to separate their coworking space from the Portland pack with a focus on fostering collaboration among high-growth, early-stage startups, rather than independent contractors and freelancers. Currently, NedSpace has 40 companies (encompassing 64 individuals) sharing one 7,500-square-foot space, with a mixture of open-area and dedicated desks (\$275-\$375/month), as well as open and closed-door offices (\$575-\$975/month).

In addition to memberships, NedSpace generates revenue from partnerships and sponsorships. As one example, Friedman says he's currently negotiating with a wireless Internet provider to sponsor free bandwidth for NedSpace; when companies "graduate" out of the coworking space into offices of their own, the provider would offer discount services for their new location. The model is an ingenious way to attract companies that hope to someday graduate, while also appealing to sponsors who want early access to future paying customers (sort of a B2B version of advertising to children).

Friedman, who says access to investment capital is a major limitation of doing business in Portland, also hopes to attract investor partners to NedSpace. Both Friedman and Grimes have experience starting and raising funding for businesses, and Friedman says they have successfully connected four member startups with angel investors. "I know who works hard," he says.

According to Friedman, the company has been profitable since its third month and will open its second Portland location in August. The company is also seeking to expand its

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efforts further, with plans to open a third Portland location and a Seattle space in the months ahead. In the future, Frideman envisions NedSpace as a YCombinator-meets-coworking arrangement, and is currently seeking an Entrepreneur-in-Residence to staff the Seattle location and provide advice to member companies.

The Hive: Coworking as Culture



Leftbank's layout encourages collaboration among both companies and contractors. Courtesy Brian Libby

The latest addition to the Portland coworking scene, the Hive, is set to open on Sept. 1, 2009. While other coworking spaces are independent businesses, the Hive is part of the [Leftbank Project](#) building in which it's located. A new green building in Portland's Rose Quarter district, it features a wide range of office spaces for sustainability-minded businesses, such as software startup [FMYI](#), [Upright Brewing Co.](#), consulting firm [Blue Tree Strategies](#) and several green design firms. The building is a

vertiable rabbit warren of likeminded businesses, and the Hive is an attempt to extend the philosophy down to the micro level, says small business consultant Christian Allen.

"It wasn't started as a business idea; it was more of, how can we feed this vision? How can we create more community?" says Allen. "I think it will definitely be challenging." Still, the Hive is well-positioned to compete in the Portland market. It provides the basic coworking amenities with a green twist and competitive rates: individual dedicated desks, which include access to community tables and conference rooms, go for \$350/month.

Allen says the community will also play a large role in establishing a long-term business model for the Hive. As needs arise, Allen — who coordinates the Hive as part of her participation in it — says members will collaborate to create self-sustaining solutions for themselves.

This article also appeared in [BusinessWeek.com](#).

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Thanks for covering the Portland coworking scene. As you've detailed, it's a vital component of the startup scene around here.

Also important to note, these coworking spaces have just been formally recognized by the City of Portland as critical components of economic development, being named in the economic development strategy the City just passed.

That might not seem like a big deal-until you realized that this is the first such strategy for Portland in 15 years.

Rick Turoczv - 10:24 PM on July 23, 2009

Reply



@Rick - actually, I think that is a very big deal, and very shrewd on the part of the people behind the strategy. Coworking spaces can drive economic development by fostering an

Behind the strategy, converting spaces can drive economic development by restoring an innovative environment that helps startups to germinate.

[Simon Mackie, WebWorkerDaily](#) - 1:28 AM on July 24, 2009

Reply

Sounds like Portland is the up-and-coming place to be right now. Shame it's about 8 time-zones away from where I live!

[Steven](#) - 1:31 AM on July 24, 2009

Reply

Celeste,

I enjoyed speaking with and thought you wrote a good article here. Just to be clear, though I did say our meeting revs were down slightly (with an upswing in the past few months), I certainly didn't say we'd slip back into the red this year - mostly because we don't expect that at all. Because membership is up, and meetings are back on track, we expect to be break even, to in the black.

And to Rick Turoczy's point about the city recognition, I think I can speak for all the spaces when I say, "Yes! These spaces are important economic development vehicles. We look forward to working with you (the city). Give us a call."

Thank you.

Julie Duryea
owner, souk

[Julie Duryea](#) - 12:47 PM on July 24, 2009

Reply



Julie, glad to hear that things are going strong. My interview notes said memberships were flat and events were down after breaking even last year, implying a slip into the red. Thanks for clarifying here!

[Celeste LeCompte, WebWorkerDaily](#) - 12:37 PM on July 31, 2009

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