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## EXHIBITION PLACE

April 23, 2008

To: The Board of Governors of Exhibition Place

From: Dianne Young  
Chief Executive Officer

**ACTION REQUIRED**

Subject: **Rental Rates for 2009 and 2010**

**Summary:**

This report recommends rental rates for all facilities across the grounds for the period of 2009 and 2010. The 2009 rates for exhibit space is a change (2% increase) from the one recommended and adopted by the Board in 2007 (3% increase) as it is responding to the rates now released by other competitive venues. The rates proposed for the new Conference Centre have been developed based on industry rates in Toronto and the GTA and consultation with the Board's exclusive caterer for the venue and Toronto Tourism.

**Recommendation:**

**It is recommended that the Board approve:**

- 1. A market adjustment for 2009 rental rates, and an increase in rental rates for 2010 trade and consumer shows, and other events as outlined below; and**
- 2. New 2009/2010 rental rates for the Conference Centre.**

**Financial Impact:**

The rental rate increases set out in this report are proposed to offset a portion of the unavoidable operating cost increases, estimated to be \$375,000 in 2009 which is approximately about \$70,000 less than what was estimated with the 3.0% increase. The 2010 increase will result in estimated increased revenues of \$390,000. Increases in show services costs will result in increased revenue to cover the remaining operating cost.

**Decision History:**

At its meeting in April 2007, the Board approved a rental rate schedule for 2008 and 2009. Rental rates are adjusted on an annual basis in response to increases in operating costs and market conditions and in keeping with the practice of competitive venues.

Issue Background:

This report reconsiders the rental rates for the exhibit space for 2009 and recommends proposed rental rates for 2010. In addition to the proposed rental rates for the Direct Energy Centre and other exhibit buildings, the Sales Team is setting for the first time the rental rates for the new Conference Centre as they are actively pursuing new convention and corporate meeting bookings for 2009 and 2010. Pursuant to the LOI with Centerplate and the National Hotel Corporation for the exclusive catering in the Conference Centre (the FSP), Exhibition Place staff have met with the FSP, and reviewed and mutually agreed upon the rental rates being proposed. Staff have also discussed this matter with Toronto Tourism staff.

Comments:

As the Board is aware, Toronto is one of the most competitive markets for trade and consumer shows, as we are competing with two other major local facilities for this business, the Metro Toronto Convention Centre and the International Centre. It is vital to the success of Direct Energy Centre and Exhibition Place, that our rental rates and services rates be competitive, as clients will price each of the venues prior to signing contracts. It is our understanding that the 2009 rates for competitive venues range from 14.98 to 15.2 cents per square foot. Accordingly, at this time, staff are recommending that Exhibition Place undertake a market adjustment in the 2009 rental rate previously approved to maintain rental rate levels that represent a 2% (not 3%) increase over the 2008 rental rates.

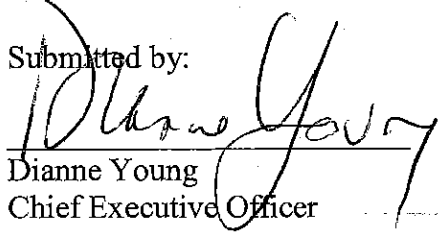
For the MICE (Meetings, Incentive, Conventions and Exhibitions) segment of the business, the Sales Team have undertaken an analysis of the competitive venues as mentioned above, and determined that the daily rental rate of meeting rooms/ballrooms range from 0.45 cents to 0.60 cents per square foot, with a surcharge of up to 40% for 24-hour holds. Accordingly, we are recommending the Board adopt a competitive rental rate package for the partial year of 2009 and the first full year of 2010 at a daily rental rate ranging from 0.50 cents to 0.55 cents per square foot, with a surcharge of up to 40% for 24-hour holds. The Board's multiple year contract policy, as previously approved for Exhibition Place venues, will now include the Conference Centre as well.

We recommend that the Board increase the rental rates as shown on the charts attached as Appendix 1 to this report.

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Submitted by:

  
Dianne Young  
Chief Executive Officer

## Appendix 1

Exhibit Halls	2008 Rental Rates/Sq. Ft.	% Increase	2009 Rental Rates/Sq. Ft.	% Increase	2010 Rental Rates/Sq. Ft.	% Increase
Hall A	14.8 cents/sq. ft.	0%	15.0 cents/sq. ft.	2%	15.45 cents/sq. ft.	3%
Hall B	14.8 cents/sq. ft.	0%	15.0 cents/sq. ft.	2%	15.45 cents/sq. ft.	3%
Hall C	14.8 cents/sq. ft.	0%	15.0 cents/sq. ft.	2%	15.45 cents/sq. ft.	3%
Hall D	14.8 cents/sq. ft.	0%	15.0 cents/sq. ft.	2%	15.45 cents/sq. ft.	3%
Heritage Court	14.0 cents/sq. ft.	0%	14.28 cents/sq. ft.	2%	14.70 cents/sq. ft.	3%
Hall E (West Annex) 1 <sup>st</sup> Floor	7.5 cents/sq. ft.	0%	7.65 cents/sq. ft.	2%	7.88 cents/sq. ft.	3%
Hall E (West Annex) 2 <sup>nd</sup> Floor	3.75 cents/sq. ft.	0%	3.82 cents/sq. ft.	2%	3.93 cents/sq. ft.	3%
Hall F (East Annex) 1 <sup>st</sup> floor	7.5 cents/sq. ft.	0%	7.65 cents/sq. ft.	2%	7.88 cents/sq. ft.	3%
Hall F (East Annex) 2 <sup>nd</sup> floor	3.75 cents/sq. ft.	0%	3.82 cents/sq. ft.	2%	3.93 cents/sq. ft.	3%
Hall G (Industry)	11.0 cents/sq. ft.	0%	11.22 cents/sq. ft.	2%	11.55 cents/sq. ft.	3%
Hall H (North Extension)	11.0 cents/sq. ft.	0%	11.22 cents/sq. ft.	2%	11.55 cents/sq. ft.	3%
Queen Elizabeth Exhibit Hall	11.0 cents/sq. ft.	0%	11.22 cents/sq. ft.	2%	11.55 cents/sq. ft.	3%
Queen Elizabeth Theatre (mat. & evg.)	\$2,650.00/day	0%	\$2,703.00/day	2%	\$2,784.09/day	3%
Queen Elizabeth Theatre (mat. or evg.)	\$2,100.00/day	0%	\$2,142.00/day	2%	\$2,206.26/day	3%
Better Living Centre - Trade/Consumer Shows	10.5 cents/sq. ft.	0%	10.71 cents/sq. ft.	2%	11.03 cents/sq. ft.	3%
Better Living Centre - Other Uses	10.0 cents/sq. ft.	0%	10.20 cents/sq. ft.	2%	10.50 cents/sq. ft.	3%
Exhibition Place Grounds and Parking Lot Uses	2 cents/sq. ft.	0%	2.04 cents/sq. ft.	2%	2.1 cents/sq. ft.	3%
<b>Conference Centre</b>						
Meeting Rooms Over 2,000 sq. ft. Daily Rate (8am - 5pm)			50 cents/sq. ft.	N/A	50 cents/sq. ft.	0%
Meeting Rooms Over 2,000 sq. ft. 24 Hour Hold Rate			daily rate plus an increase of up to 40%	N/A	daily rate plus an increase of up to 40%	0%
Meeting Rooms Under 2,000 sq. ft. Daily Rate (8am - 5pm)			55 cents/sq. ft.	N/A	55 cents/sq. ft.	0%
Meeting Rooms Under 2,000 sq. ft. 24 Hour Hold Rate			daily rate plus an increase of up to 40%.	N/A	daily rate plus an increase of up to 40%.	0%
Ballrooms Daily Rate (6 am-12 am)			55 cents/sq. ft.	N/A	55 cents/sq. ft.	0%
Prefunction Space Ballroom Space with Exhibits Daily Rate (6 am-12 am)			daily rate plus an increase of up to 40%	N/A	daily rate plus an increase of up to 40%	0%

NOTE: (1) DEC space – rent may be waived if a banquet event is exclusively Food & Beverage, and has revenue that exceeds three (3) times the daily rent.

NOTE: (2) For gala and banquet bookings that require the Conference Centre Ballroom, rent may be waived if the Food & Beverage Revenue exceeds 1.5 times the daily rent, as identified in clause 11c. of the LOI with Exhibition Place and the FSP.

NOTE: (3) Halls F, G and the Queen Elizabeth Exhibit Hall and Better Living Centre will continue to offer a 25% reduction on move-in and move-out days only.

