

13

EXHIBITION PLACE

March 10, 1999

TO: The Board of Governors of Exhibition Place

FROM: Dianne Young
Interim General Manager

Arlene Campbell, O&Y/SMG Canada
Interim General Manager, NTC

SUBJECT: Rental Rates at Exhibition Place

Recommendation:

It is recommended that the Board approve the rental rates for the NTC for 2000 and 2001 as outlined in this report.

Background:

In the October 24, 1996 meeting of the Shows & Events Committee a rental rate increase was recommended and, at its meeting of November 1, 1996, was approved by the Board of Governors of Exhibition Place for 1997 rates. This rental rate structure ensured that existing Exhibition Place clients received a "blended rate" for the first year of occupancy in The National Trade Centre, to encourage show growth, and ease shows into a rental increase.

At its meeting of February 28, 1997, the Board approved a rental rate schedule for 1998 and 1999, which moved from the "blended rate" to the regular rate of \$.095 per square foot for Halls A, B, C, D, and Heritage Court; maintained the 1997 rate increase in Hall G, Automotive, Better Living Centre and QE Hall; and slightly reduced the Class C space of Halls E and F and Coliseum to encourage occupancy growth.

Discussion:

Staff is recommending that the Board adopt the following rental rate structure for the NTC Complex and exhibit halls at Exhibition Place in 2000 and 2001:

- a) Increase the rental rate for the year 2000 in Halls A, B, C, D, and Heritage Court by \$0.005 per square foot to \$0.10 per square foot.
- b) Maintain the 1999 rate structure for all class B and C exhibit halls (E, F, G, Coliseum, Automotive, QE Exhibit and Better Living Centre).
- c) Maintain these new rates for the year 2001.

The NTC must stay competitive in the GTA marketplace. Generally, industry standards follow a \$.005 increment for increases in rental rates. A survey of rental rates in the Metro area show that the Metro Toronto Convention Centre has increased its rental rate in 1999 by \$.005 and will hold their rate of \$.11 per square foot through 1999 and 2000. The International Centre will be increasing their rental rate by \$.005 (to \$.105 per square foot) in the year 2000, and will hold their rate through 2001. Although The International Centre's rental rate has always been higher than the NTC, the International Centre continues to offer free parking with over 5000 spots onsite. Consequently, in an increasingly competitive marketplace, the NTC Complex must continue to market our slightly lower rental rate as our competitive advantage.

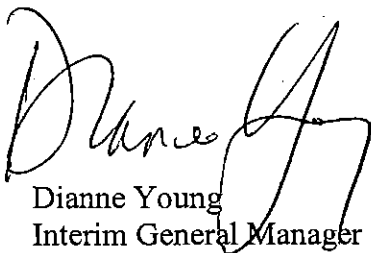
However, staff is recommending that the rental rate for Class B and C space remain at 1999 rates. The Class B and C spaces have not been upgraded since the construction of the NTC and have been maintained to operable standards. The clients who occupy these spaces are generally small to medium size consumer shows, or community or not-for-profit events, and operate on a small operating budget. In order to retain existing clients, and encourage an increase in occupancy, staff is recommending we maintain the 1999 rental rates within these spaces.

At present, the NTC is negotiating contracts with clients for the year 2000. The recommendation of a two-year rental rate will allow staff to continue to sale space in advance to the year 2001 and also allow return clients to plan their budgets and anticipate show growth. As O&Y/SMG continue to actively pursue US and international shows to move to Canada, this attractive and competitive rental rate will assist in securing new business.

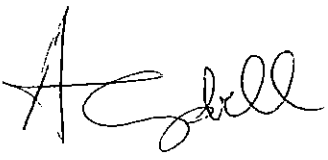
It is estimated that the new rental structure in proposed in this report will result in an increase in rental revenues of approximately \$40,000 in the year 2000.

Conclusion:

This report recommends a new rental structure for the NTC Complex and Exhibition Place grounds for the years 2000 and 2001.



Dianne Young
Interim General Manager



Arlene Campbell
Interim General Manager, NTC