

May 15, 2000

EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Rental Rates at NTC/Exhibition Place

Recommendation:

It is recommended that the Board approve the increase in rental rates for the NTC and other buildings on the grounds for 2002 and 2003 as outlined in this report and attached as Appendix "A".

Background:

At its meeting of November 1, 1996, the Board approved rental rates for 1997 which rates ensured that existing Exhibition Place clients received a "blended rate" for the first year of occupancy in the NTC, 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 a rate of \$.095 per square foot for Halls A, B, C, D and Heritage Court; maintained the 1997 rate increase in Hall G, the Automotive Building, Better Living Centre and Queen Elizabeth Exhibit Hall; and slightly reduced the rent for the Class C spaces of Halls E and F and the Coliseum to encourage occupancy growth.

At its meeting in March, 1999, the Board approved a rental rate schedule for 2000 and 2001, which increased the rental rate to \$0.10 per square foot for Halls A, B, C, D and Heritage Court and maintained the 1997 rates in Halls E, F, G, the Automotive Building, the Better Living Centre and the Queen Elizabeth Exhibit Hall.

Discussion:

In consultation with Mr. Ernest Vincent, General Manager, O&Y/SMG, staff is recommending that the Board adopt the following rental rate structure for the NTC and exhibit halls at Exhibition Place in 2002 and 2003:

- a) Increase the rental for the year 2002 by \$0.005 per square foot to \$0.105 per square foot in Halls A, B, C, D, and Heritage Court;
- b) Increase the rental for the year 2002 by \$0.005 per square foot to the rate structures for Halls E, F, G, the Automotive Building, the Better Living Centre and the Queen Elizabeth Exhibit Hall;

- c) Maintain the rental rates for the Queen Elizabeth Theatre, Bandshell and Horticulture Building at year 2000 levels; and
- d) Maintain these new rates for the year 2003.

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 Toronto area show that the Metro Toronto Convention Centre increased its rental rate in 1999 by \$.005 and held its rate of \$0.11 per square foot through 1999 and will remain there for 2000. The International Centre increased its rental rate by \$.005 (to \$0.105 per square foot) in the beginning of this year (2000) and will hold this rate through 2001. As the NTC continues to actively pursue U.S. and international shows to move to Canada, the competitive rental rate proposed for the NTC will assist in securing new business.

In addition, staff is recommending that the rental rate for Class B and C space also be increased by \$.005 over their existing rent structures, commencing January 1, 2002. This will be the first rental increase on these spaces since 1997. There is not only the usual increase in the cost of doing business over such an extended period to justify an increase; the Board has also undertaken several capital improvements that have been or will be completed in these venues before 2002.

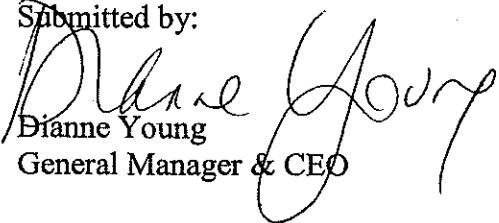
However, there are some venues such the Horticulture Building, Queen Elizabeth Theatre and Bandshell that are difficult spaces to rent because of either the conditions of the building (no heating) or competition from similar venues in the marketplace. Therefore, staff are recommending no increases in rental rates for these buildings.

At present, the NTC is negotiating contracts with clients for the year 2002 and beyond. The recommendation of a two-year rental rate will allow staff to continue to sell space in advance to the year 2003 and also allow return clients to plan their budgets and anticipate show growth. In addition, the report establishes rental rates across the grounds to assist staff with long-term marketing efforts.

Conclusion:

This report recommends a new rental structure for the NTC and Exhibition Place grounds for the years 2002 and 2003.

Submitted by:


Dianne Young
General Manager & CEO

Appendix "A"
National Trade Centre and Exhibition Place
Proposed Rental Rates

NAME OF EXHIBIT HALL	2000/2001 price per sq. ft.	2002/2003 price per sq. ft
Hall A	\$0.10	\$0.105
Hall B	\$0.10	\$0.105
Hall C	\$0.10	\$0.105
Hall D	\$0.10	\$0.105
Heritage Court	\$0.10	\$0.105
Hall E	\$0.05 – 1 st floor \$0.025 – 2 nd floor	\$0.055 \$0.03
Coliseum	Flat rate - \$4,000	*
Coliseum Concert	Flat rate - \$7,500	*
Hall F	\$0.05 – 1 st floor \$0.025 – 2 nd floor	\$0.055 \$0.093
Hall G	\$0.08	\$0.085
Automotive	\$0.08 – 1 st floor \$0.04 – 2 nd floor	\$0.085 \$0.045
Q.E. Exhibit Hall	\$0.08	\$0.085
Q.E. Theatre (mat. & eve.)	Flat rate - \$2,650	Flat rate - \$2,650
Q.E. Theatre (mat. OR eve.)	Flat rate - \$2,100	Flat rate \$2,100
Better Living Centre	\$0.075	\$0.08
Bandshell	\$2,750	\$2,750
Horticulture Building	\$2,250	\$2,250
Ontario Government Building	\$2,700	\$2,700

*2001/2002/2003 rate is subject to IHL due diligence. A separate report will follow in the Fall of 2000.

Note: Halls E, F, G, Automotive, Queen Elizabeth Exhibit and Better Living Centre will continue to offer a 25% rate reduction on move-in and move-out days only.

