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October 7, 2000

EXHIBITION PLACE

TO: The Board of Governors of Exhibition Place

FROM: Dianne Young
General Manager & CEO

SUBJECT: Rental Rates at Exhibition Place

Recommendation:

It is recommended that the Board approve the increase in rental rates for the NTC and other buildings for 2001, 2002 and 2003 as outlined in this report.

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:

At its meeting of May 26, 2000, staff presented an initial report to the Board recommending increases to the rental rates for 2002 and 2003. However, the Board decided to withdraw that report and requested staff to resubmit it after addressing the issue of rising utility costs.

In consultation with Mr. Ernest Vincent, General Manager, O&Y/SMG, staff is now recommending that the Board adopt the following rental rate structure for the NTC and other buildings at Exhibition Place in 2001, 2002, and 2003:

- a) For all 2001 new business only, increase the rental by \$0.005 per square foot in all Halls.
- b) Increase Coliseum arena to \$5000 for flat floor, and \$8000 for concerts.
- c) Increase the rental for the year 2002 by \$0.01 per square foot to \$0.11 per square foot in Halls A, B, C, D, and Heritage Court;
- d) 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; maintain Coliseum rates (pending IHL results) .
- e) Increase the rental for the year 2003 by \$0.005 in Halls A, B, C, D, Automotive and Heritage Court, and maintain the year 2002 rental rates for Better Living Centre, Coliseum (pending IHL) and the Queen Elizabeth Exhibit Hall.
- f) Maintain the rental rate for the QE Theatre, Bandshell and Horticulture Building at year 2000 level

While addressing the rising utility costs, it is also necessary for the NTC to stay competitive in the GTA marketplace. A survey of rental rates in the Toronto area show that the Metro Toronto Convention Centre increased its rental rate in 1999 by \$0.005 and held its rate of \$0.11 per square foot through 2000 and will increase to \$0.115 for 2001. The International Centre increased its rental rate by \$.005 (to \$0.105 per square foot) in the beginning of this year (2000) and will increase its rental rate to \$0.11 for 2001.

However, to address the rising utility cost, this report recommends an increase of \$0.005 for new business in 2001 only. In addition, staff is recommending that the rental rate for Class B and C space also be increased by \$0.005 over their existing rent structures, commencing January 1, 2001. 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 utility costs have increased in these older buildings and the Board has undertaken several capital improvements that have been or will be completed in these venues.

At present, the NTC is negotiating contracts with clients for the year 2002 and beyond. The recommendation of a three-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. As the NTC continues to actively pursue U.S. and international shows to move to Canada, this attractive and competitive rental rate will assist in securing new business.

The utility increases in 2001 for the NTC will cost approximately \$170,000 over 2000 costs. The increases in rent for 2001 recommended above will raise an additional \$60,000 because these increases can only apply to new business and not to recurring clients who have already negotiated and executed licence agreements. However, the rent increases in 2002 are estimated to increase rent revenues by \$600,000.

Conclusion:

This report recommends a new rental structure for the NTC and Exhibition Place grounds for the years 2001, 2002 and 2003.


 Dianne Young
 General Manager & CEO

Appendix "A"

Name of Exhibit Hall	New business only 2001 Price per sq. ft.	2002 Price per sq. ft.	2003 Price per sq. ft.
Hall A	\$0.105	\$0.11	\$0.115
Hall B	\$0.105	\$0.11	\$0.115
Hall C	\$0.105	\$0.11	\$0.115
Hall D	\$0.105	\$0.11	\$0.115
Heritage Court	\$0.105	\$0.11	\$0.115
Hall E	\$0.055 - 1 st Floor \$0.03 - 2 nd Floor	\$0.06 - 1 st Floor \$0.035 - 2 nd Floor	\$0.06 - 1 st Floor \$0.035 - 2 nd Floor
Coliseum	Flat rate - \$5000.00	Flat rate - \$5000.00	Flat rate - \$5000.00
Coliseum Concert	Flat rate - \$8000.00	Flat rate - \$8000.00	Flat rate - \$8000.00
Hall F	\$0.055 - 1 st Floor \$0.03 - 2 nd Floor	\$0.06 - 1 st Floor \$0.035 - 2 nd Floor	\$0.06 - 1 st Floor \$0.035 - 2 nd Floor
Hall G	\$0.085	\$0.09	\$0.09
Automotive	\$0.085 - 1 st Floor \$0.045 - 2 nd Floor	\$0.09 - 1 st Floor \$0.045 - 2 nd Floor	\$0.095 - 1 st Floor \$0.05 - 2 nd Floor
QE Exhibit Hall	\$0.085	\$0.09	\$0.09
QE Theatre (mat & eve)	Flat rate - \$2650.00	Flat rate - \$2650.00	Flat rate - \$2650.00
QE Theatre (mat or eve)	Flat rate - \$2100.00	Flat rate - \$2100.00	Flat rate - \$2100.00
Better Living Centre	\$0.08	\$0.085	\$0.085
Bandshell	Flat rate - \$2,750.00	Flat rate - \$2,750.00	Flat rate - \$2,750.00
Horticulture Building	Flat rate - \$2,250.00	Flat rate - \$2,250.00	Flat rate - \$2,250.00

* 2002/2003 rate is subject to IHL due diligence. A separate report will be filed following the completion of this due diligence.

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

