



January 10, 2001

EXHIBITION PLACE

TO: The Board of Governors of Exhibition Place

FROM: Dianne Young
General Manager & CEO

SUBJECT: Off-Peak Rental Rates in the NTC

Recommendation:

It is recommended that the Board approve the off-peak rental rates for the NTC as set out in this report and staff report back to the Board at the end of 2001 as to the results of this marketing initiative.

Background:

At its meetings of November 1, 1996, March 1999 and October 20, 2000, the Board approved increases to rental rates for the NTC which rates were competitive with other trade and consumer show venues in the GTA.

Discussion:

Since the opening of the NTC, O&Y/SMG Canada has been successful in booking peak and shoulder periods for trade/consumer shows and special events. Generally, during these peak periods (September to May) the NTC is booked approximately 60% of the available show days. However, the trending analysis conducted since the NTC's opening suggest that there exists several off-peak times during the course of each calendar year, which, due to either seasonality or grounds-wide activity, it is difficult to rent the facility. During these off-peak times (June to August) the occupancy rate is approximately 47% (inclusive of the Molson Indy and CNE occupancy of the NTC).

Off-peak rental rates have been used successfully in facilities around the world to attract short-term business as an incentive to business in traditionally dark periods. Facilities such as the Hong Kong Convention and Exhibition Centre and The National Exhibition Centre, UK have successfully utilized off-peak rates to generate short-term business, typically reductions of 45-50%. Southern facilities in the US such as Fort Lauderdale and Miami Beach offer off-peak rates of 50% during the late spring and summer months. Due to the slowing of the economy and the need to book short-term business in the NTC to meet 2001 revenue targets, it is recommended that the Board adopt an off-peak rental rate reduction of 40% for the NTC only during the following periods.

- a) During the set-up and tear-down of the Molson Indy (May 21st to July 21st): The site construction of the bleachers and roadwork, beginning the third week of May and

extending to the third week of July, has a negative effect on the ability to book business for the NTC. Visually the bleacher and roadwork construction impedes the ability to access the NTC and prospective clients have often commented on the "prison-like" atmosphere of the grounds during this time.

- b) During the month of December (starting the day after the move out of the "One of a Kind Show" to the end of December). With the exception of Food & Beverage catered events and the existing One of a Kind Show, the NTC has always been dark during the month of December.

The rental rate reduction will be the only discount offered to proposed show/event producers. In other words, show services will be billed out at full cost with mark-up and parking will be charged at posted rates without reductions. Based on the type of business and its ability to generate additional services revenue as stated above, any rate reduction must be approved by the General Manager, NTC in consultation with the General Manager & CEO.

Based on the rental rates approved by the Board in October, 2000, the following Reduced Rates Schedule would be as follows:

	New Business Only 2001 Price Per Sq. Ft.		2002 Price Per Sq. Ft.		2003 Price Per Sq. Ft.	
	Regular Rate	Reduced Rate	Regular Rate	Reduced Rate	Regular Rate	Reduced Rate
Hall A	\$0.105	\$0.063	\$0.11	\$0.066	\$0.115	\$0.069
Hall B	\$0.105	\$0.063	\$0.11	\$0.066	\$0.115	\$0.069
Hall C	\$0.105	\$0.063	\$0.11	\$0.066	\$0.115	\$0.069
Hall D	\$0.105	\$0.063	\$0.11	\$0.066	\$0.115	\$0.069
Heritage Court	\$0.105	\$0.063	\$0.11	\$0.066	\$0.115	\$0.069
Hall E	\$0.055 – 1 st fl. \$0.03 – 2 nd fl.	\$0.033 \$0.018	\$0.06 – 1 st fl. \$0.035 – 2 nd fl.	\$0.036 \$0.021	\$0.06 – 1 st fl. \$0.035 – 2 nd fl.	\$0.036 \$0.021
Coliseum	Flat rate - \$5000	\$3000	Flat rate - \$5000	\$3000	Flat rate - \$5000	\$3000
Coliseum Concert	Flat rate - \$8000	\$4800	Flat rate - \$8000	\$4800	Flat rate - \$8000	\$4800
Hall F	\$0.055 – 1 st fl. \$0.03 – 2 nd fl.	\$0.033 \$0.018	\$0.06 – 1 st fl. \$0.035 – 2 nd fl.	\$0.036 \$0.021	\$0.06 – 1 st fl. \$0.035 – 2 nd fl.	\$0.036 \$0.021
Hall G	\$0.085	\$0.051	\$0.09	\$0.054	\$0.09	\$0.054
Automotive	\$0.085 – 1 st fl. \$0.045 – 2 nd fl.	\$0.051 \$0.027	\$0.09 – 1 st fl. \$0.045 – 2 nd fl.	\$0.054 \$0.027	\$0.095 – 1 st fl. \$0.05 – 2 nd fl.	\$0.057 \$0.03

Conclusion:

This report recommends an off-peak rental structure for the NTC as an incentive to generate short-term business on the grounds.


Dianne Young
General Manager & CEO