



January 8, 2002

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:

This report is submitted to the Board for its information.

Background:

At its meeting of January 26, 2001, the Board approved of an off-peak rental rate reduction of up to 40% for the NTC (i) during the set-up and tear-down of the Molson Indy (May 21 to July 21) and (ii) during the month of December (starting the day after the move-out of the "One of a Kind Show" to the end of December). This reduction was to act as an incentive to generate short-term business. In addition, the Board directed staff to report back to the Board at the end of 2001 on the results of this marketing initiative.

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 opening of the NTC suggested that there existed several off-peak times which, due to either seasonality or grounds-wide activity, it was difficult to rent the facility. During these off-peak times the occupancy rate was approximately 47% (including the Molson Indy and CNE occupancy).

Although several events for the 2001 off-peak period had already been contracted at full rental at the time of the Board approval, O&Y/SMG did find that this initiative was a useful marketing tool for short-notice special events, film shoots and warehouse sales. In particular, it provided a negotiating flexibility, which enabled O&Y/SMG to:

- (i) Book the Giant Fur Sale in December 2001, which had been on the grounds for several years, but had cancelled in 2000 due to increased costs to hold the event. In addition, it enabled the sale to grow from a 3-day to a 4-day term.
- (ii) Book two major film shoots in May 2001 and June 2001.

- (iii) Book Toronto Taste 2002, a new show/special charity event to be held in Heritage Court in June 2002.
- (iv) Re-book the Unity Gay Pride Celebration in June 2001, an event which had been held in the Automotive Building for the past 3 years; further, we were able to grow the event slightly and hold it in Halls C and D of the NTC and anticipate its return in 2002.
- (v) Re-book the Canadian Tamils Chamber of Commerce Consumer Show for its 2nd year in July 2002; further, we were able to negotiate a move from the Queen Elizabeth Exhibit Hall to Hall B of the NTC, in order to facilitate the extensive move-in of the World Youth Days.
- (vi) Undertake an extensive sales promotion to encourage year-end warehouse and clearance sales to move from their existing locations (which consisted primarily of store warehouses, empty store locations, and the International Centre) into the Automotive Building or the halls of the NTC. The off-peak rental rate packages was well received and five companies expressed an interest and O&Y/SMG is hopeful that these events can be booked in future years.
- (vii) The Marketing staff also quoted on other commercial and film shoot proposals and with the recently approved IATSE agreement plus this ability to negotiate rental costs, O&Y/SMG is confident that additional contracts with film shoots will be forthcoming.

This initial success of the off-peak rental rates program within the first year of implementation proves it to be a successful marketing initiative, with very good potential for increased growth, as the marketing department continues to solicit suitable shows and events that can be held within these timeframes.

Conclusion:

This report summarizes the successful results of the off-peak rental structure as an incentive for O&Y/SMG to generate additional short-term business on the grounds.

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Submitted by:


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