Presented To:	Finance and Administration Committee
Presented:	Tuesday, Sep 15, 2020
Report Date	Friday, Aug 21, 2020
Type:	Managers' Reports

For Information Only

World Trade Center Greater Sudbury Proposal Review

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report includes information on how this project may align with Council's strategic priorities related to Business Attraction, Development and Retention as well as Economic Capacity and Investment Readiness.

Report Summary

The City's Finance & Administration Committee received a presentation at the February 11, 2020 meeting from the World Trade Center Greater Sudbury (WTCGS) group on their project proposal for a World Trade Center to be located downtown. Following the presentation and discussion, the Committee approved Resolution FA2020-06 directing staff to undertake additional due diligence regarding the initiative. This report will provide an overview of that effort and includes both the Final Report developed by the consultants as well as additional information provided by the project proponents.

Financial Implications

There are no financial implications to this report at this time.

Signed By

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Digitally Signed Aug 21, 20

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World Trade Center Greater Sudbury

Presented to Council: September 15, 2020
Report Date: August 21, 2020

Summary

This report responds to the direction provided at the February 11, 2020 meeting of Finance & Administration Committee regarding a proposed development that would be associated with Council's Junction West Conference and Performance Centre project. Council directed staff, with support from a third party, to undertake additional research that could inform further deliberations.

This research has been completed in alignment with Council's direction; any additional work on this initiative would require further Council direction beyond that previously provided.

Background

Following the presentation and discussion, the Committee approved Resolution FA2020-06 directing staff to undertake additional due diligence regarding the initiative. The work was focused on a) reviewing the role of municipalities in supporting other World Trade Centers as well as b) preparing a Concept Development and Local Market Analysis with the assistance of CBRE in order to leverage work that firm had previously done on the Junction West project.

The CBRE report has been developed as an independent analysis as per Council direction; this work has been completed with the expertise of the consultants as well as with the input of the World Trade Center Greater Sudbury proponents themselves. The findings of the report are outlined below.

While the report produced by CBRE provides an initial overview of the concept of the WTCGS and potential synergy with the Junction West, this does not represent the depth that a full Feasibility Study would bring to bear. The Business Plan developed for Junction West in 2018 would need to be updated in order to reflect the integration of the World Trade Center Greater Sudbury concept; similarly, the WTCGS would require a detailed business plan/feasibility study that contemplates its location and operation as part of the larger Junction West facility.

Also included is a Supplemental report from the World Trade Center Greater Sudbury team with additional details on their proposal to ensure the information they have provided on the project is available for Council's understanding. As this information was developed following the production of CBRE's report, it was not reviewed by CBRE and is not reflected in its conclusions.

Municipal Roles in Other World Trade Center Developments

As part of the research into comparable WTC facilities, CBRE reviewed those operations in Winnipeg, MB, Saskatoon, SK, Halifax, NS, Delaware, ME, Buffalo/Niagara Falls ON/NY, and Savannah, GA. These were chosen as examples as they are similar to Greater Sudbury in terms of travel markets, economic base and demographics, and enabled CBRE to conduct a comparison of operating models, facility programs and performance indicators. The review includes the following insights:

- None of the other examples receive direct capital or operating funding from their municipal governments

- Most of them have business relationships with provincial/state and federal governments, and all of them rely at least in part on various forms of provincial/state and federal funding programs for operating costs

- Of the six examples, three lease their office space while the other three own their buildings
    - Five out of six offer temporary office space;
    - Four offer conference or exhibition space;
    - One has an auditorium
    - Two include adjacent hotels
    - None of the comparable locations offer corporate apartments

- In the case of Winnipeg WTC, the municipality provides them with office space at a discount, and that organization also works closely with their City's Economic Development and Tourism offices within the same building

- The Halifax WTC works closely with that city's Chamber of Commerce, but other examples did not include formal relationships with their Chambers

- Saskatoon WTC was the only one to qualify for property tax incentives comprised of a five-year property tax abatement program, but this was not available once the final facility location was selected outside of the qualifying area in the downtown core

- All the Canadian comparable WTC organizations noted the federal Trade Accelerator Program (TAP) as a key resource and excellent service for their members. This program is available to companies fitting criteria related to exporting experience

- The Saskatoon WTC has also begun work with the Western Economic Development Authority, a regional agency, to support the promotion of the Supercluster (related to agricultural innovation)

With or without direct funding or relationships with their host municipalities, all of the comparable WTC organizations noted their work to bring investment opportunities and business support to their regions.

CBRE's Report

CBRE was originally retained by the City in 2018 to complete the Business Plan for the Greater Sudbury Convention and Performance Centre, now known as the Junction West project. Given this previous work, the company was in a unique position to conduct this initial, timely analysis of the World Trade Center Greater Sudbury initiative. As stated in the attached report (page 5), the objectives of the study were:

- To determine if there is a market and economic opportunity to develop a World Trade Center in Greater Sudbury, with consideration for the needs of the community and of the Junction West project; and
- To determine if its development will strengthen the business case for the Convention & Performance Centre/Junction West

In order to complete this work, CBRE completed a review of background documents and strategic plans, consulted with six comparable World Trade Center facilities in Canada and in US border communities as well as the Regional Director North America for WTC, conducted 30 consultation interviews with local and provincial stakeholders to discuss the concept, and completed an assessment of current economic climate, community demographics and tourism infrastructure projects in Greater Sudbury. The firm also prepared a market overview of office space in downtown Sudbury with a focus on "Class A" spaces as well as date on 2019 and 2020 performance for the local accommodation and corporate housing sectors.

CBRE also reviewed their previous work on the Junction West facility program and compared the information that of the proposed WTCGS to ascertain possible points of collaborations and implications of accommodating both projects as part of Junction West.

Caution Noted – Covid-19 Virus

It is worth noting that CBRE encourages caution when reviewing their projections given the high degree of uncertainty the COVID-19 context has created on many sectors, including business travel, hospitality and accommodations, commercial property and others. Market conditions can change quickly and projections will need more frequent review.

CBRE's Observations

The final report includes the following observations and preliminary recommendations, summarized here:

- The World Trade Center Greater Sudbury has strong potential synergies with the Junction West Convention & Performance Centre facility for both physical shared spaces and sustainability of operations if the two facilities are consolidated

- Class A office space comprises 36% of downtown Sudbury's office supply, with the newest building constructed in 1999 (over two decades ago). While the overall commercial market is currently soft, all A-class assets have remained competitive, while B- and C-class spaces remain vacant; all key Class-A locations are leased with very little vacancy due to the fact that they are largely leased to institutional agencies (such as HSN, federal agencies, and so on). Given this, there may be a need for more Class A office space in the downtown core, and new space could act as a catalyst to attract further development and investment in the downtown as well; however, a market study would be required to determine appropriate levels and lease rates for Class A space that the local market can support

- The WTCGS business plan includes commercial apartments as a key component in revenue generation – that is, the concept considers residential units that would be leased for long-term rentals (i.e. one year or more), targeting corporate business and securing pre-lease agreements prior to construction. Further study would be required in order to ascertain market support for corporate apartments and to differentiate this offering from that of a Junction West hotel development and its preferred clientele

- A downtown parking study is also required to determine the required number of parking stalls to support plans for both Junction East and Junction West together with the WTCGS development

- The consultants have suggested that the competitive advantages of the World Trade Center Greater Sudbury should be clearly articulated in terms of facilities and services available to members, particularly as pertains to in-bound and out-bound trade missions, to distinguish these offerings from other sector associations and agencies involved in international trade

- While the local Mining Supply & Services sector has established a strong global presence, more work is required to increase the market-readiness of other sectors for international trade opportunities and to strengthen the business case for the WTCGS

- Research on comparable WTC operations and stakeholder interviews indicates that the addition of a WTCGS would not drive significant increases in business to the Convention & Performance Centre facilities of the Junction West project.

    - The 2018 Business Plan for the Greater Sudbury Convention & Performance Centre included projections for 14 to 16 conferences/conventions, two to four trade/consumer shows and 140 to 160 meeting attracting 39,000 to 50,000 delegates annually

    - While Greater Sudbury may benefit over time from more incoming and outgoing trade missions, CBRE states that the data reviewed does not change their original projections of 14 to 16 conferences annually associated with Junction West, along with their projections for associated hotel room nights

Based on these findings as well as discussions with the City and the project proponents, CBRE recommends that a Business Plan would need to be developed specifically for a World Trade Center Greater Sudbury project located within the Junction West facility, including functional program, member benefits, capital plans as well as governance structure and operational plans.

This work would also be required in order to determine capital cost implications of a potential joint development incorporating the WTCGS into the Junction West facility. The City could then consider the most appropriate form of municipal support for the WTCGS, such as capital contributions, deferred property tax payments and so on. This support would be important to leveraging additional funding from senior levels of government and other partners.

Conclusion

This report responds to Council's direction for more information. CBRE noted several requirements for additional due diligence before concluding the municipal role in such a development would represent an appropriate level of alignment with Council's strategic priorities and manages risk to the taxpayer. It noted several possible benefits, subject to further due diligence that would be typically associated with a development of this scale and cost. CBRE identified several additional steps.

These next steps would be required to further develop the Business Plan for the World Trade Center Greater Sudbury as a proprietary process and in the interest of their business model.

- First, for the completion of market studies for two key components of the WTCGS Business Plan:

    - Class A Office space: how much more/new premium office space is required for Downtown Sudbury, what is the market demand, and what are the most appropriate lease rates for such space? What are the prospects for office space in the current COVID context?
    - Corporate housing/multi-residential: what is the demand for apartments that can be pre-leased to businesses for leasing at least one year at a time? What is the demand for existing Greater Sudbury residents to fill these spaces as well? What are the most appropriate and competitive lease rates for these apartments?

- This work could likely be completed for around $30,000 or less. This work is not currently included in City work plans or budgets.

- Following the outcomes of this work, the World Trade Center Greater Sudbury could then develop a new Business Plan that takes into account the market opportunities for office rentals and corporate apartment leases, and also incorporates the WTCGS as a tenant within a larger Junction West facility. What does the new business plan need to include for the success of the WTCGS with a location within Junction West?

- The answer to this question is integral for the WTCGS organization to determine its own viability and would need to be addressed before any decisions could follow regarding its possible integration into the Junction West facility

- Pending the successful indications resulting from these two steps, the Concept Design for Junction West would need to be revised and updated to accommodate the inclusion of the World Trade Center Greater Sudbury as a tenant and component of the Junction West facility given current market realities and opportunities. This would include business plans and functional programs for the initiative.

These steps ensure that the business model and approach are feasible, and the conceptual functional program and preliminary design for Junction West would require revisions in order to integrate WTCGS components into the facility concept. Expenses for the original concept design work completed for the City were approximately $110,000.

However, further Council direction would be required in order to continue the work associated with these steps, and staff time and additional financial resources would need to be sourced. This work is not currently included in the City's work plan or budget. In the absence of further direction, staff will continue to pursue the Junction West project as conceptually approved by Council. Updates on this project will continue to be provided on a regular basis.

The WTCGS proposal outlines a specific request for $10 million as a municipal contribution to capital costs. The proposal also notes a potential revenue source for the municipality in the form of property taxes as a way to recover the cost of the capital contribution to the project, along with benefits from collaboration with the Junction West conference facilities. The proposal notes that by projecting an annual property tax payment of one million dollars, the City could recover its initial contribution by 2033, with subsequent property tax payment representing additional revenue for the municipality.

That said, each new development that takes place in the city also results in a potential increase in municipal tax revenue that brings new dollars into the economy, whether or not City funding is provided.

The contribution of the City is also cited as an important indication of support required to secure funding from senior levels of government.

The WTCGS submitted their original application to the World Trade Center Association on February 28, 2019 and received a positive response on April 1, 2019 indicating the WTCA support for Greater Sudbury as a viable site for its own World Trade Center.

References

1. Staff Report – World Trade Center Proposal, Finance & Administration, February 11, 2020: https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1507&itemid=18189&lang=en

CBRE TOURISM & LEISURE GROUP
VALUATION & ADVISORY SERVICES

FINAL REPORT

ASSESSMENT OF PROPOSED WORLD TRADE CENTER GREATER SUDBURY IMPACTS FOR THE JUNCTION WEST PROJECT

FILE NO. 20-APPRHOTELS-0039

DATE: JULY 10, 2020

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July 10, 2020

Ms. Meredith Armstrong and Ms. Eleethea Savage
Economic Development
City of Greater Sudbury
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RE: Assessment of Proposed World Trade Center Greater Sudbury Impacts for the Junction West Project

Dear Meredith and Eleethea,

In accordance with the terms of our engagement, CBRE Tourism & Leisure ("CBRE") is pleased to submit the attached Final Report in conjunction with a study to assess the impacts of developing a proposed World Trade Center Greater Sudbury (WTCGS) for the Junction West Project, on behalf of the City of Greater Sudbury.

This report summarizes the results of CBRE's stakeholder consultation with representatives of 30 public entities and private sector businesses and organizations; our research and analysis on 6 comparable World Trade Centers in Canada and the USA; a market overview of Greater Sudbury's office and accommodation sectors; and the implications of the proposed WTCGS on the facility program and business case for the Junction West development.

As of the date of value and the date of this report, the nation, region, and market area are impacted by the COVID-19 pandemic. This could have a prolonged effect on macroeconomic conditions, though at this time the length of duration is unknown. The perceived impact on real estate varies on several factors including asset class, use, tenancy, and location. Our analysis considers available information as of the date of this report.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis or implications, please contact us at your convenience.

Respectfully submitted,

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INTRODUCTION

INTRODUCTION

Project Background

In August 2019, the City of Greater Sudbury's Economic Development team was presented with an unsolicited development proposal on the concept of a World Trade Center for Greater Sudbury (WTCGS). Following that meeting, Economic Development staff prepared a report for Council to better explain the concept in relation to the Junction West project, incorporating convention centre facilities with hotel, parking and other services. The ultimate goal of running the facility as a member of the World Trade Center Association ("WTCA") would be to connect Sudbury with a global association of more than 325 trade centres in 89 countries and expose local businesses to more than 750,000 potential partners. The WTCGS would be structured as a not-for-profit organization reporting to a Board of Directors within the Junction West complex. The development partnership who presented the idea to the City have a 6-month option to access the WTC brand in order to elicit support of City Council. Project proponents have requested municipal support of $10 million, based on a contribution of $1 million per annum over 10 years, commencing in 2021, with the project proponents suggesting the form of repayment could be the incremental property taxes generated by the WTCGS office complex over 10 years. After 10 years, the City of Greater Sudbury will continue receiving an estimated $1 million in tax revenue per year.

Study Objective

In March 2020, CBRE was retained by the City of Greater Sudbury to assess the proposed impacts of the WTCGS on the Junction West project. CBRE was in a unique position to conduct this analysis, having completed the Business Plan for the Greater Sudbury Convention and Performance Centre in 2018. The primary objectives of the subject study are:

- To determine if there is a **market and economic opportunity** to develop a World Trade Center in Greater Sudbury, looking at the needs of the city today and upon development of Junction West; and
- To determine if its **development will strengthen the business case for the proposed Greater Sudbury Convention and Performance Centre (Junction West).**

Study Tasks

In meeting the study objective, CBRE has undertaken the following tasks to date:

- Reviewed background pertaining to the Junction West site and the proposed WTCGS.
- Met with proponents responsible for presenting the WTCGS concept to the City's Economic Development staff.
- Researched and conducted stakeholder consultations with 6 comparable World Trade Centers in the US and Canada, in addition to interviewing the Regional Director North America, World Trade Centers.

- Conducted 30 stakeholder consultation interviews with local and provincial stakeholders to discuss the WTC concept for Greater Sudbury.
- Assessed the current economic climate, resident and visitor demographics, and tourism infrastructure developments in Greater Sudbury.
- Undertook a market overview of downtown Sudbury's office sector, with a focus on Class A office space.
- Updated Sudbury's competitive accommodation sector performance to include 2019 year-end performance, as well as year-to-date 2020 performance given current COVID-19 conditions and provided an overview of the Canadian corporate housing market.
- Reviewed the recommended facility program for the GSCPC and the proposed facility program for the WTCGS to ascertain potential synergies and implications of accommodating both projects on the West Junction site.
- Reviewed our original demand projections for the GSCPC and the potential impact of the proposed WTCGS on hotel occupancy and meeting and conference business for the City.
- Prepared the subject Final Report, detailing our conclusions, recommendations and considerations for the City to determine whether development of the WTCGS would strengthen the business case for the Junction West development.

Limiting Conditions

This report is subject to the Assumptions and Limiting Conditions contained in Addendum "A", in addition to specific assumptions, which may be stated in the body of the report.

Important Caveat - Market Uncertainty from Novel Coronavirus

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a Global Pandemic on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Originating in Wuhan, China, the pandemic continues to develop, and since January 2020 cases have progressively and often aggressively been detected around the world. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. Many countries globally have implemented additional border control measures, strict travel restrictions and a range of quarantine measures.

The effect COVID-19 will have on the real estate market in the region is currently unknown and will largely depend on both the scale and longevity of the pandemic. At this stage Tourism, Food & Beverage and Retail sectors are likely to be the first impacted, due to the increased response by local and global authorities including home quarantine, restriction of travel and growing international concern. A prolonged pandemic could have a significant (and yet unknown or quantifiable) impact on other sectors of the property market. Our valuation is based on the information available to us at the date of valuation.

Given the heightened uncertainty, a degree of caution should be exercised when relying upon our projections. Market conditions and incomes may change more rapidly and significantly than during typical market conditions and we recommend that you keep the analysis of this project under frequent review.

WTC CONCEPT, SITE, & FACILITY REVIEW

WTC CONCEPT, SITE, & FACILITY REVIEW

The World Trade Center Association

The World Trade Center Association (WTCA) is a global network of more than 325 mutually supportive businesses and organizations spanning over 90 countries. As the owner of the "World Trade Center" and "WTC" trademarks, the WTCA licenses exclusive rights to these brands for members to use in conjunction with their independently owned, iconic properties, facilities and trade service offerings.

The history of the WTC trademark started approximately 75 years ago in New Orleans, when a developer wanted to build an office tower off the coast. They decided to target an industry cluster and chose International Trade to attract tenants (i.e. International bankers, real estate, trading companies, etc.) instead of just putting up a "for lease" sign. The developer also added a club on the top floor for networking and started offering events to attract tenants. The idea caught the attention of the New Jersey Port Authority, and the four WTCs in New York got together and created a larger group. Guy Tozzoli, who was director of the World Trade Department of the Port of New York Authority was the driving force behind the development and building of the World Trade Center towers, and also led the WTC effort in Tokyo and New Orleans. Tozzoli was instrumental in establishing the World Trade Centers Association and remained as President from 1970 to 2011. During his tenure, he sold licenses to the WTC brand, primarily in the US, with 89 countries represented today. In Canada, there are currently 7 WTC licenses including: Edmonton, Halifax, Montreal, Saskatoon, Toronto, Vancouver and Winnipeg; and 2 bi-national licenses in Buffalo-Niagara and Detroit-Windsor.

When an organization joins the WTCA, they do not become a franchise, they receive a license. As a result, none of the WTCs are the same, with licensees working within the WTC guidelines to fit with the needs of each city or province/state. Licenses must be approved by the WTCA based on the merits of the applicant's business plan. The bylaw states that the license must be within a municipal boundary. If the proponents do not live up to their business plan and achieve operating status within 3 years, the WTCA has the right to pull the license. This is at the discretion of the WTCA, as there may be extenuating circumstances that delay construction of the building.

A WTC license usually comes in as either a real estate development that uses the WTC brand to attract tenants and offer services to the community and tenants; or is a service-based organization similar to a Chamber of Commerce. The WTCA prefers that there is a building associated with the WTC name. Access to WTCA branding and resources is granted through a licensing fee, which is subject to annual accreditation. The WTC license is $250,000 USD, and annual membership dues are $12,500 USD.

Each member Center is considered an independent organization that works to foster economic growth at the local level and in collaboration with other WTCA members world-wide with a "globally integrated network" representing approximately 750,000 businesses and individuals.

According to the WTCA, cities with integrated World Trade Center networks draw **Foreign Direct Investment per capita at twice the rate of their countries and export goods at 1.55 times the rate of their national average.**[1]

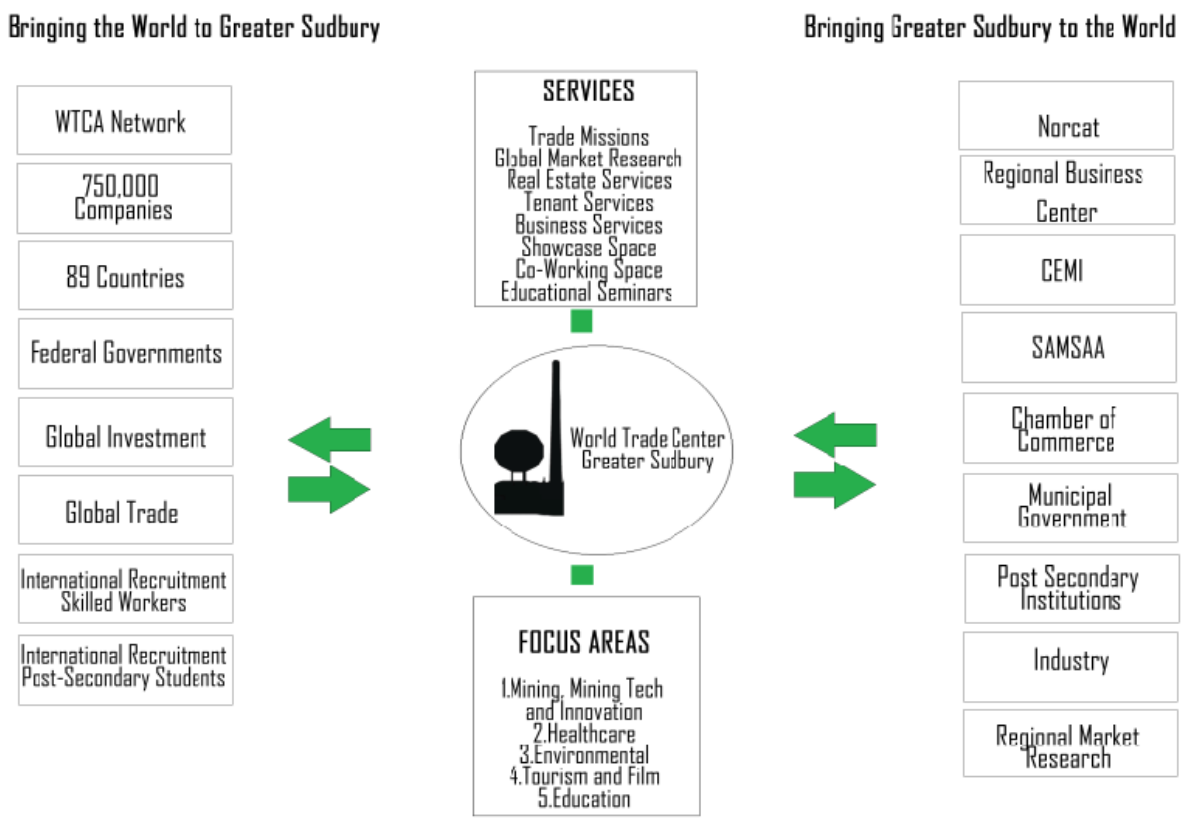
World Trade Center Greater Sudbury Concept Overview

The following concept for a proposed World Trade Center in Greater Sudbury has been provided by the project proponents.

> *The World Trade Center Greater Sudbury (WTCGS) will be the premier location to connect Greater Sudbury to the world and the world to Greater Sudbury. The WTCGS will foster a vibrant community of like-minded companies, entrepreneurs, support services, government and non-governmental agencies. Together, members of this local organization will share a common purpose:* ***To build prosperity in the region through international commerce.***
>
> *The WTCGS will follow the tradition of World Trade Center properties around the globe with distinctive architectural design and an environmentally sustainable building that makes it an immediately recognizable landmark. Established in 89 countries, World Trade Centers are much-coveted addresses for business and organizations devoted to international trade.*
>
> *The WTCGS will be established in the heart of the city – strategically located in proximity to the head offices of global companies and Greater Sudbury's business leaders, as well as a broad scope of business support services ranging from legal to financial.*
>
> *For visitors, downtown Greater Sudbury offers plentiful accommodation, shopping, dining and entertainment options. The Bridge of Nations and the Ramsey Lake board walk system, located on beautiful Ramsey Lake in the centre of the city, are a short walk away.*
>
> *The WTCGS will be guided by advisory boards that support the areas of focus for the WTCGS ensuring that key partners operating within the sectors have the opportunity for input and consultation with regard to how the WTCGS can best serve its members. Those sectors include:*
>
> - *1. Mining, Mining Technology & Innovation – Exploration, Development, Extraction, Processing, Distribution, Utilization and Remediation.*
> - *2. Healthcare – Northern and Rural Healthcare, Research*
> - *3. Environmental – Rehabilitation, Assessment & Planning, Remediation*
> - *4. Tourism and Film – Arts & Culture, Innovation and Product Development*
> - *5. Education – Regional Areas of Expertise, Skill Development, Course Development, International Recruitment.*

According to the project proponents and discussions with the Regional Director North America, World Trade Centers, the option to establish a WTC site locally in Greater Sudbury was approved by the World Trade Centers' Board of Directors in April 2019.

[1] World Trade Centers Association



Source: WTCGS Executive Summary, Project Proponents

WTCGS Facility Program Review

The project proponents' original plans for the WTCGS envisioned an independent entity in the City of Greater Sudbury's downtown core, with the design encompassing an integrated parking structure and potential hotel development. Based on preliminary discussion with the City of Greater Sudbury, it was agreed that there would be a mutual benefit to exploring a joint build, whereby the WTCGS could be co-located with the City of Greater Sudbury's proposed Convention and Performance Centre as part of the Junction West project.

Based on discussions with the project proponents, preliminary plans for the proposed WTCGS call for a building in the range of 200,000 SF. While the project proponents have not undertaken any market analysis to date, they stress that the facility program is flexible at this stage, with preliminary plans calling for 50,000 SF of office space, with ground floor retail; 60,000 SF of corporate apartments for long-term lease; 5,500 SF for a product launch area, 5,000 SF for WTC office and meeting/club space, 14,500 SF of common area and back of house and 65,000 SF for a parking garage. Based on the following assumptions, the preliminary program equates to approximately 42 offices (assuming 1,200 SF per office); 40 corporate apartments (assuming 1,500 SF per unit) and 163 parking spaces (assuming 400 SF per stall).

Greater Sudbury World Trade Centre
Proposed Facility Program

Size Range	SF	%	Units*
Class A Office	50,000	25%	42
Corporate Apartments	60,000	30%	40
Product Launch Area	5,500	3%	
WTC Office	5,000	3%	
Common Area/BOH	14,500	7%	
Parking	65,000	33%	163
Total	**200,000**	**100%**	
Estimated Capital Cost	**$65,000,000**		**$325 per SF**

Source: Preliminary Estimates based on discussions with Project Proponents, April 2020
**CBRE Estimates*

Based on the project proponent's capital construction cost estimate of $325 per SF, order of magnitude capital costs for the independent entity are in the order of $65 Million. Project proponents are seeking support from all three levels of government including:

- Municipal support – 15% of capital costs or $1 Million per year over 10 years
- Provincial – 31% of capital costs
- Federal – 31% of capital costs
- Private Sector – WTCGS earned revenue – 23% of capital costs

Greater Sudbury World Trade Centre
Source of Capital Funding

SF	200,000	% Funding Support
Municipality	$10,000,000	15%
Province	$20,000,000	31%
Federal	$20,000,000	31%
Private Sector	$15,000,000	23%
Total Capital Costs	**$65,000,000**	**100%**

Source: Preliminary Estimates based on discussions with Project Proponents, April 2020

Project proponents have requested municipal support of $10 million, based on a contribution of $1 million per annum over 10 years, commencing in 2021, with the project proponents suggesting the form of repayment could be the incremental property taxes generated by the WTCGS office complex over 10 years, estimated at $1 million per annum commencing in 2024. After the 10 years, the City would continue to receive property taxes from the WTCGS.

Year	City of GS Contribution to WTCGS	Incremental Property Tax Collected on WTCGS
2021	$1,000,000	
2022	$1,000,000	
2023	$1,000,000	
2024	$1,000,000	$1,000,000
2025	$1,000,000	$1,000,000
2026	$1,000,000	$1,000,000
2027	$1,000,000	$1,000,000
2028	$1,000,000	$1,000,000
2029	$1,000,000	$1,000,000
2030	$1,000,000	$1,000,000
2031		$1,000,000
2032		$1,000,000
2033		$1,000,000
TOTAL	**$10,000,000**	**$10,000,000**

Source: WTCGS Project Proponents

Based on discussions with the Project proponents, WTCGS earned revenues would be generated through tenant leases and the provision of the following strategic services:

- Office space tenant leases & short-term office rentals
- Retail space tenant leases
- Corporate Apartment long-term lease income
- Parking revenues
- Meeting Room/Product Launch rentals
- Trade Missions – Inbound & Outbound
- Trade Services
- Sky Bar Atrium – World Trade Center Club
- Seminars & Educational Sessions
- Sponsorship & Memberships
- Advertising Opportunities

The WTCGS also intends to reinvest any profits generated by the facility into the sectors it supports in the form of funding to help with business expansion and job creation.

To date, the WTCGS project proponents have collected 40 letters of support from key industry stakeholders and have held several meetings with FedNor to discuss the project (Refer to Appendix A).



Source: WTCGS Executive Summary, Project Proponents

The Junction in Greater Sudbury

Concept Overview

The Junction a development currently underway in the South District of downtown Greater Sudbury is comprised of two components. The Junction East development is a Library/Art Gallery (LAG) shared facility, and Junction West component is the Greater Sudbury Convention/Performance Centre (GSCPC). The one site will integrate these two projects, as both projects strive to be gathering places.



Source: City of Greater Sudbury

RSM Canada (RSM) was retained by the City to identify and assess potential private sector interest and participation in the City-owned properties within the South District. The intent was to provide the City market feedback on the development of the properties with particular regard to the Greater Sudbury Convention and Performance Centre (GSCPC). From the interviews and responses received, RSM deduced that there was strong and significant interest in the South District, particularly from local developers. Participants commented that the proposed Junction Projects would be a key component to invigorate the downtown core due to their potential to increase foot traffic in the downtown, which is currently limited. Furthermore, developers located outside of the local region generally acknowledged the potential for the proposed developments, the City's existing commitment to the area, and the likely positive impact to the downtown – particularly the South District. Moving forward, parking remains a major concern and RSM noted that incentives will be a key factor for any development within the South District.

Site & Project Overview

The South District is part of the City of Greater Sudbury's downtown and is bounded by Paris Street, Brady Street East and Elgin Street including the land and VIA rail train station abutting the CP rail line. The area currently includes a mix of retail, low-income residential, commercial, surface parking as well some City-owned properties.



Source: City of Greater Sudbury

The Junction East LAG will be built on the Shaughnessy Street East City-owned parking lot. The new development is intended to resolve the current building deficiencies for the two existing facilities. As co-located facilities they are expected to encourage crossover visits and joint programming initiatives to help establish a community hub. The expected capital cost of the LAG is $46.5 million at an estimate size of 92,700 SF ($502 per SF).

The Junction West GSCPC is to be located on the existing Minto Street City-owned parking lot and aims to attract large conventions and other live performances to the city. It is expected to be a significant new demand

generator by increasing meeting and convention business by 25% over what is currently available. The expected capital cost of the GSCPC is $65.5 million at an estimated size of 60,500 SF ($1,082 per SF).

The City has committed to 60% of funding for both GSCPC and LAG, with a targeted 2021 construction date.

Junction West – GSCPC

The GSCPC proposed facility plan is for a 60,500 SF building, with 4 meeting rooms ranging from 250 SF to 3,500 SF, and one large 13,000 SF main hall. The main hall will function as both a ballroom and theatre space, using retractable seating technology. The following chart provides a breakdown of the proposed facility program.

RENTABLE SPACE	Sq.Ft.	Divisibility	Capacity M&C	Capacity Fixed Seats
Flat Floor Area (Ballroom / Main Hall / Main Theatre)	13,000	3	867	750
Balcony				200
Subtotal - Main Hall	**13,000**	**3**	**867**	**950**
Meeting/Breakout Rooms				
Meeting Room 1	3,500	2	292	
Meeting Room 2	2,500	3	208	
Meeting Room 3	250	1	21	
Meeting Room 4	250	1	21	
Subtotal - Breakout Rooms	**6,500**		**542**	-
TOTAL RENTABLE SPACE	**19,500**		**1,408**	**950**
SUPPORT SPACE				
Public Areas	11,500			
Administration	1,300			
Live Performance Support	1,200			
Convention Meeting Support	5,400			
Common Support Space	1,600			
Building Technology and Services	2,700			
Sutotal - Support Space	**23,700**			
NET BUILDING	**43,200**			
Gross up (40%)	17,300			
TOTAL BUILDING	**60,500**			

Notes: M&C Banquet capacity based on 15 sq.ft. per person; Meeting room capacity based on 12 sq.ft. per person
Source: CBRE Limited and Novita Interpares

As of November 12, 2019, the City released the Large Projects Update #18, which stated that the Junction West project would consist of three components:

- The GSCPC,
- A privately-operated hotel,
- With the potential for associated retail/residential.

Market sounding completed by RSM, indicated a strong interest in the project and an independent hotel development, along with a desire to see the City's "investment package". Concerns were also raised about parking inventory.

As of March 2020, the Junction East project was declared a priority, with funding currently in the works. As such, the Junction West design RFP was put on hold until Q3 2020 as the City needs to determine the best orientation of the site for the Junction East development and the best approach to private sector attraction.

Alignment with the City's Strategic Plans

The WTCGS proposal seeks to aid in the City's "Everest Goal" of generating 10,000 net new jobs by 2025 as detailed in the City's *From the Ground Up 2015 – 2025: Community Economic Development Strategic Plan*. The Strategic Plan identifies 10 goals and 10 subsets of required actions to grow Greater Sudbury by creating 10,000 new jobs and attraction 3,000 new small-medium enterprises by 2025. The WTCGS proposal is aligned with the City's strategic plan and aims to specifically address the following five of its ten goals:

- Goal 1: A robust entrepreneurial ecosystem
    - The WTCGS will further expand on the entrepreneurial spirit of Greater Sudbury, by broadening international trade opportunities in the mining sector, while developing opportunities in other sectors including healthcare, environmental, tourism and film sectors and education.
- Goal 3: A highly skilled and creative workforce
    - The WTCGS will provide a forum to embrace opportunities to expand the local labour force through both internal and external tactics.
- Goal 4: A quality of lifestyle second to none
    - The WTCGS together with the Junction West project will improve the quality of the downtown for residents by providing Class A office space, quality multi-residential housing stock, and a gathering place for meeting/conference/social functions as well as a performing arts centre.
- Goal 5: A global leader in mining supply and services industry
    - The WTCGS will work with the mining supply and services industry in its continued pursuit of export markets and its application of new technology on other sectors.
- Goal 7: One of Ontario's top tourism attractions
    - The WTCGS together with the Junction West project will provide Greater Sudbury with a state-of-the-art gathering venue for the City for meetings, conferences and product launches.

In addition, the proponents specifically highlight that the WTC model would bring a larger network (through the WTCA network) and entrepreneurial spirit and infrastructure to the city—vital building blocks of the plan. In consultations during the creation of the strategic plan, one of the main challenges identified is that international companies see little difference between Greater Sudbury and other Northern Ontario locations, therefore making it difficult to attract international companies. The WTCGS proposal would greatly differentiate Sudbury and set it apart from other centres in Northern Ontario.

Since the *From the Ground Up* plan, the City has released a new *2019 – 2027 Strategic Plan*. The WTCGS proposal remains in alignment with this new plan and directly supports the following five priorities of seven total priorities through relationship building, infrastructure, business development/attraction, and promotion of Greater Sudbury:

- 1. **Asset management and service excellence**
    - The WTCGS will seek to unlock Provincial and Federal funding support for the facility, bringing new infrastructure and development into the community and Sudbury's downtown.
- 2. **Business attraction, development, and retention**
    - The WTCGS will assist in supporting existing businesses, attracting new businesses to Greater Sudbury, and will promote entrepreneurship.
    - In addition, the WTCGS will aim to further position Greater Sudbury as a global leader in the mining sector and strengthen the other four sectors (healthcare, environmental, tourism & film, and education) through business growth.
- 4. **Economic capacity and investment readiness**
    - WTCGS will aim to strengthen and build on existing opportunities resulting from the clustered network of health and education institutions.
    - Through the new facility, the WTCGS will be an investment in transformative facilities and infrastructure to support Greater Sudbury's economic activities.
    - The WTCGS goal of connecting existing industry associations and municipal organizations to the WTCA network, the WTCGS will aim to leverage Greater Sudbury's public sector assets and intergovernmental partnerships to generate new economic activity, in addition to attracting, integrating, and retaining a skilled workforce.
- 6. **Creation of a healthier community**
    - The WTCGS will build community pride by promoting the city both internally (to Greater Sudbury) and externally (regionally, nationally, and globally).
- 7. **Strengthening community vibrancy**
    - The WTCGS will aid in bringing community vibrancy to the downtown core through new facilities and infrastructure.

Summary and Implications

All 325 World Trade Centres located in 89 countries worldwide, share the same goal: to build prosperity in their respective regions through international commerce. The WTC proposal for Greater Sudbury aligns with the City's strategic plans and directives, and aims to improve opportunities for the following 5 key economic sectors of Greater Sudbury to better connect with the world:

- 1. *Mining, Mining Technology & Innovation – Exploration, Development, Extraction, Processing, Distribution, Utilization and Remediation.*

- *2. Healthcare – Northern and Rural Healthcare, Research*
- *3. Environmental – Rehabilitation, Assessment & Planning, Remediation*
- *4. Tourism and Film – Arts & Culture, Innovation and Product Development*
- *5. Education – Regional Areas of Expertise, Skill Development, Course Development, International Recruitment*.

The project proponents and the City have agreed to explore a joint build, whereby the WTCGS could be co-located with the City of Greater Sudbury's proposed Convention and Performance Centre as part of the Junction West project.

Preliminary plans for the proposed WTCGS in the downtown core call for a 200,000 SF building, estimated at a capital cost of $65 million (based on $325 per SF). However, the proponents have indicated that they are flexible to amending the building design to work with the City.

While the proposed WTCGS development is in its early stages, we offer the following observations and considerations, which will require further clarification in order to advance the project:

- Confirm market support for the size and type of commercial and residential development proposed for downtown Sudbury.
    - A market study will be required to determine the level of Class A office space and corporate apartments that can be supported in the downtown Sudbury market in order to verify the proposed facility program for the WTCGS.
- Confirm synergies between the Junction West project and the WTCGS and the potential for shared spaces (i.e. parking, retail, meeting/conference, product launch spaces).
- Confirm potential synergies between the WTCGS and plans for a potential private-sector hotel development as part of the GSCPC development (i.e. shared services and amenities).
- Refine the capital estimate of $325 per SF to build the subject WTCGS and parking structure in downtown Sudbury.
    - Discussions with local stakeholders suggest that construction costs for new builds in Sudbury tend to be higher at $400 to $500 per SF, due to higher local labour rates.
    - Capital cost estimates for the LAG are in the order of $500 per SF, with the GSCPC in the order of $1,000 per SF.
    - Based on a capital cost estimate $50,000 per stall for the parking garage, the remaining 135,000 SF allocation for the WTCGS building equates to approximately $420 per SF ($57 million) for a total capital budget of $65 million.

As part of the study process, CBRE conducted interviews with local stakeholders, researched comparable WTC operations, updated market factors, and reviewed facility programs of both the WTCGS and GSCPC in order to provide input into a mutually beneficial joint facility program for the Junction West site.

ECONOMIC & TOURISM
OVERVIEW

ECONOMIC & TOURISM OVERVIEW

Introduction

The following section provides an overview of Sudbury's economic climate, resident and visitor demographics, tourism infrastructure developments.

Economic Overview

Note: Given the radical change in global economic conditions from the Coronavirus, the pre-COVID-19 economic projections commentary has been removed. These outlooks have been replaced with recent consensus comments about the potential Canadian economic outlook from the major Canadian banks.

Canada

- The median annualized forecasts from the latest available revisions by the Big 6 banks are:
    - GDP to decline by 3.4% in Q1 with a sharp decrease of 24.8% in Q2 2020.
    - Growth is expected to return in Q3 and Q4 (9.9% and 8.0%, respectively), but at a slower pace compared to the U.S.
    - For the full year 2020, real GDP is expected to fall by 3.0%. Growth is expected to return in 2021 with real GDP rising 3.6%.
    - The unemployment rate is forecast to spike to 10% in Q2 2020 before declining to 8.3% by the end of the year and 7.0% by the end of 2021.
- Canada's economy faces the dual stresses of COVID-19 as well as the ongoing oil price war that further impacts Alberta's energy sector.
- The Bank of Canada and the Federal Government have responded swiftly and decisively, launching massive stimulus programs to mitigate the economic damage.
    - The Bank of Canada has cut interest rates to its effective lower bound of 0.25%. In addition, the central bank has implemented its first-ever quantitative easing program alongside various other measures to ensure the banks and financial markets remain liquid.
    - The Federal Government's fiscal stimulus package currently totals approximately $227 billion, or approximately 10% of GDP. Within these measures, over $77 billion will be in the form of direct fiscal stimulus and $150 billion will take place in the form of liquidity or loan measures.
        - In comparison to the 2009 fiscal response to the global financial crisis, the current level of direct fiscal stimulus in response to COVID-19 is nearly 2.5 times as large.
        - Additional stimulus measures are still expected, in particular with regards to Canada's airline and energy sectors.

Greater Sudbury Economic Overview

Greater Sudbury operates 9 mines, 2 mills, 2 smelters and a nickel refinery for a combined employment of approximately 5,500 persons. With 3 postsecondary education institutions in the area, Greater Sudbury produces well-educated, bilingual graduates that work in the community and beyond. In addition to the mining and mineral processing industries, Sudbury also has a diversified mining supply and services sector. The top 5 employment industries in Greater Sudbury are presented in the chart below.

Top 5 Employment Industries	Labour Force	% of Total
Health Care and Social Assistance	12,315	14.2%
Retail Trade	10,533	12.1%
Educational Services	7,130	8.2%
Mining, Quarrying, and Oil and Gas Extraction	7,027	8.1%
Public Administration	6,505	7.5%

Source: Environics, 2020

Notable highlights regarding Greater Sudbury's economic environment are provided below and have been sourced from The Conference Board of Canada's Winter 2020 Metropolitan Outlook II report. The Conference Board of Canada prefaces this report to note that this forecast was prepared on January 2, before the coronavirus outbreak and the commodity price crash. **CBRE has included only the historic years' economic indicators as an overview of Greater Sudbury's normalized economic market, before the COVID-19 impacts.**

Greater Sudbury Economic Indicators

	2017	2018	2019
Real GDP at Basic Price (2012 $Millions)	8,489	8,625	8,731
Annual % Change	1.3%	1.6%	1.2%
Population (Thousands)	170	171	173
Annual % Change	0.3%	1.1%	0.7%
Employment (Thousands)	81	81	85
Annual % Change	-0.7%	0.4%	4.9%
Unemployment Rate	6.7%	6.5%	5.7%
Household Income Per Capita ($)	$48,583	$50,089	$52,063
Retail Sales ($ Millions)	$2,270	$2,355	$2,416
Annual % Change	7.3%	3.7%	2.6%
CPI (Annual Change)	1.7%	2.4%	1.9%

Source: Conference Board of Canada, Metropolitan Outlook II, Winter 2020

- Real GDP grew 1.6% in 2018 and 1.2% in 2019. Though moderate, these growth levels are healthy increases over the near-zero growth rates Greater Sudbury experienced in the 10 years prior.

- Despite GDP growth, the services sector's growth is slowing, which will act as a cap on total GDP. Prior to the COVID-19 outbreak, real estate—Sudbury's largest services industry—in addition to finance and insurance were projected to cool sharply. Furthermore, public administration, healthcare, and education, three key economic contributors in Sudbury's service sector, were projected to grow at or below 1%.
- After four years of decline between 2014, and 2017, Greater Sudbury's utilities sector – it's primary sector which includes mining – grew 2.6% in 2019. This was a further growth over 2018's 1.6% growth and marked the largest increase since 2013. Healthy nickel pricing has been a key contributor to this growth. Nickel's use has become widespread as a key component of electric vehicle's batteries – an industry which production is projected to increase.
- Population growth increased by 0.7% in 2019, up to 173,000 from 171,000 in 2018. In 2018, Sudbury experienced a surge of in-migration, the highest level since 1991, with Cambrian College and Laurentian University's growing international enrollments acting as key players.
- With stronger GDP growth, employment received a boost in 2018 and 2019 with almost 4,000 new jobs created in 2019 alone. This was a new record high for Sudbury since the 2009 recession. In relation, the unemployment rate fell to 5.7% in 2019.
- Retail Sales in Sudbury continue to grow, though at slower rates than 2017's spike of 7.3%. Retail sales grew 2.6% in 2019, increasing to $2.4 billion in 2019.
- Given that this forecast was completed before the coronavirus outbreak and the commodities crash, overall GDP growth will be lower than expected, with social distancing policies, travel bans, and lower commodity prices affecting multiple sectors of the economy.

Greater Sudbury Resident Demographics

Greater Sudbury's demographic profile has been prepared based on Sitewise Environics Analytics 2019 data and is summarized in the table below.

Greater Sudbury Economic Profile Demographics

Population 2019 Estimate	% of Canadian Total	% Change 2014 - 2019	Average Annual Growth Rate 2014 - 2019	
168,509	0.4%	0.2%	0.0%	
Household Income – 2019 Average				
% Above National Average	**Total Income**	**% Canadian Total**	**Per Capita**	**Hhlds. $100,000+**
2.0%	$7,609,992,000	0.5%	$45,161	35.4%
Household Spending – 2019 Average				
% Above National Average	**Household Spending**	**% Canadian Total**	**Per Capita**	**Per Household**
0.1%	$8,190,305,067	0.5%	$48,605	$112,281

Source: Sitewise Environics, 2020

- As Northern Ontario's largest centre, Greater Sudbury was home to an estimated 168,500 residents in 2019, achieving 0.2% growth over 2014 levels and accounting for 0.4% of the Canadian

population. Sudbury's population is expected reach 169,025 by 2024, an increase of 0.3% over 2019.

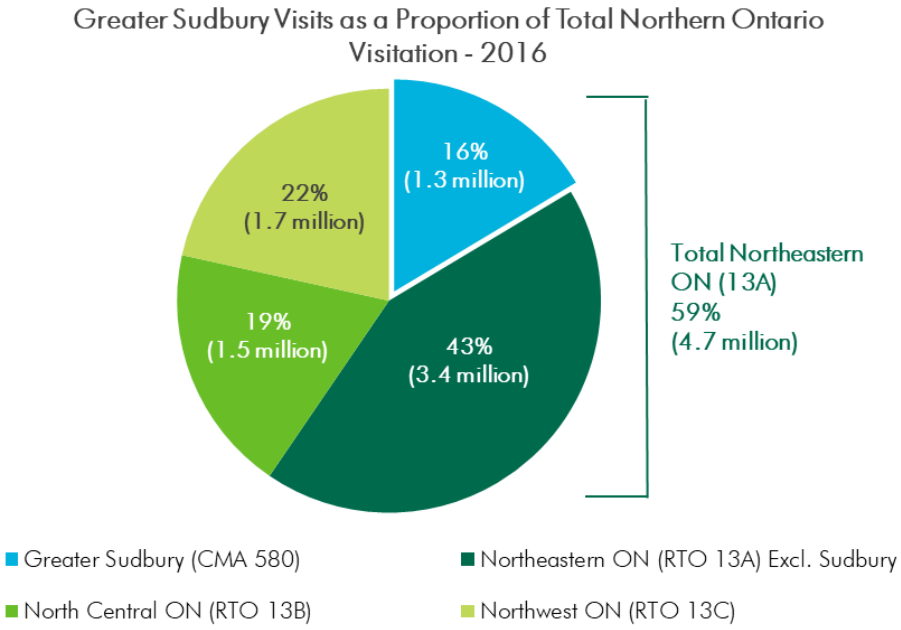
- Greater Sudbury residents made up about 72,900 households, at an estimated 2.27 persons per household. The median age in Greater Sudbury was 43.1 years in 2019.
- In 2019, the average household income in Greater Sudbury was estimated to be $104,325, 2% above the national average. Per capita income was $45,160, with about 35.4% of households making more than $100,000 per year.
- Household spending in Greater Sudbury is only 0.1% above the national average; with a per capita spend of approximately $48,605.

Sudbury Visitor Demographics

In 2018, CBRE analyzed the Northern Ontario and Greater Sudbury visitation markets as part of the Greater Sudbury Convention/Performance Centre Business Plan. At that time, the latest statistics available were from the 2016 visitation year. Statistics Canada has not released new statistics for the years 2017 through 2019 since the publication of the Business Plan. CBRE has therefore included a brief summary of visitation within this section based on our previous analysis as part of the GSCPC Business Plan in 2018.

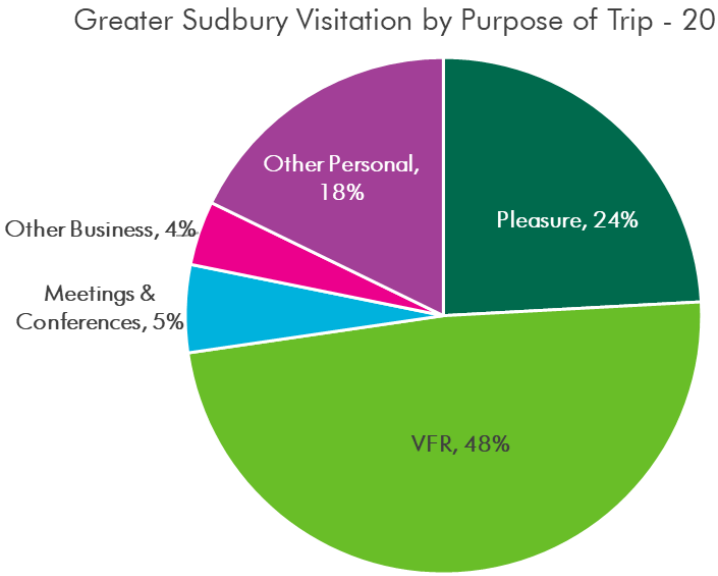
In 2016, there were approximately 8 million visits to Northern Ontario, of which Northeastern Ontario comprised approximately 59%. Specifically, an estimated 16% of Northern Ontario's person visits were made to Greater Sudbury, while 43% were made to other Northeastern Ontario areas.

Approximately half of the total trips to Greater Sudbury were from overnight visitors (51% or 654,600 visits), while same-day visits accounted for the remaining 49% (624,200 visits). Northeastern Ontario residents travelling to Greater Sudbury comprise 43% of overall visitation (554,500 trips), while visitors from other parts of Ontario accounted for 52% (664,600 trips) and residents from Quebec and Manitoba made up 1% (15,900) of total visits. Visitation from the U.S. and overseas generated 2% of the total (25,700 visits), while other Canadian provinces constituted approximately 1% of visits (8,200).



Source: *TSRC 2016 and ITS 2014 Statistics Canada, MTCS*

As a regional hub for many Northeastern Ontario residents, the majority of trips to Greater Sudbury are made to visit friends and relatives (VFR, 48%), followed by trips made for other personal reasons such as shopping (18%) and those made for pleasure purposes (24%). The remaining trips are made for the primary purpose of business (9%), comprised of 5% of trips made for meetings, conventions and meetings, and 4% for other business matters.



Source: 2016 *TSRC/ITS 2014, Statistics Canada, MTCS*

In 2016, there were 121,000 business visitors to Greater Sudbury, of which 70,000 were convention delegates. This represents just under one-quarter of the total business volumes to Northeastern Ontario, and

19% of business volumes to Northern Ontario. Given that the City of Greater Sudbury is the largest centre in Northern Ontario and home to approximately 25% of Northern Ontario's population, the city is currently attracting less than its fair share of business travellers and meeting/convention delegates at 19% of total demand.

Of the total 1.3 million visits made to Greater Sudbury, about 6% (71,400 visits) included a cultural activity component. Specifically, 1% of visits to Greater Sudbury (14,300 person visits) included trips to cultural performances. This represents about 20% of the total visitor volume that frequented cultural performances as part of their trip to Northeastern Ontario, and 9% to Northern Ontario.

Northern Ontario Person Visits by Those that Participated in Cultural Activities - 2016

	Person Visits			Greater Sudbury Share %		
	N ON	NE ON	Greater Sudbury	Total Person Visits	N ON	NE ON
Festivals/Fairs	74,300	22,800	12,300	1%	17%	54%
Cultural Performances	94,400	39,000	14,300	1%	15%	37%
Museums/Art Galleries	163,800	86,400	44,800	4%	27%	52%
Total Visits W Cultural Activity Participation	**332,500**	**148,200**	**71,400**	**6%**	**21%**	**48%**

Source: 2016 TSRC/ITS 2014, Statistics Canada, MTCS

Downtown Tourism Infrastructure Projects

As at the time of this report, there is one major tourism infrastructure projects underway in downtown Greater Sudbury, in addition to the Junction project. The $30 million **Place des Arts** project is a francophone arts and culture facility. The building will include a 299-seat theatre, a bookstore, an art gallery, and a daycare centre.

Conclusion

Sudbury's economic outlook has improved since the low point in 2014, with GDP growing between 1% and 1.6% for the last 3 years. The city has seen moderate growth in population—with significant gains in student populations and temporary workforce—and was estimated at 173,000 at year-end 2019. The top employment sectors in the city are health care and social assistance and retail trade, followed by educational services, mining/quarrying/oil and gas extraction, and public administration.

From a tourism perspective, Sudbury is a regional hub for many Northeastern Ontario residents. In 2016, the city received 1.3 million visitors, which is approximately 16% of all Northern Ontario visitation. Visitation is approximately half from overnight (51%) and half from day visitors (49%). Sudbury receives the vast majority of its visitors from within the province of Ontario (95%), of which Northern Ontario visitors make up 43%. The majority of trips to Greater Sudbury are made to visit friends and relatives (VFR, 48%), followed by pleasure and personal trips. Business visitation accounted for only 4% and meeting and conference visitation accounted for 5%.

The goal of the WTCGS and the Junction West (GSCPC) projects is to revitalize the downtown core of Sudbury, increase jobs, and generate investment. The WTCGS's objective of building prosperity in the region through international commerce, along with the improved business and group travel generated by the GSCPC, will serve to improve the economic prospects for Greater Sudbury.

The ongoing uncertainties surrounding the COVID-19 pandemic will certainly impact visitation and economies, however the impacts are currently unquantifiable.

SUDBURY OFFICE MARKET
OVERVIEW

SUDBURY OFFICE MARKET OVERVIEW

Introduction

Preliminary plans for the WTCGS project call for the development of an iconic building in Sudbury's downtown core, offering 50,000 SF of prime Class A office space. Class A office buildings generally possess high-quality building infrastructure, are well located, have good access and are professionally managed, and as a result attract the highest quality tenants and command the highest rents. The office space would be targeted at tenants interested in pursuing investment and trade on a global scale, as well as new services such as Global Affairs Canada Office. Based on discussions with the City of Greater Sudbury's Investment and Business Development team, several local commercial realtors, and commercial property owners in downtown Sudbury, together with an inventory of Class A office in the downtown market, the following section provides an overview of the current office market in Sudbury.

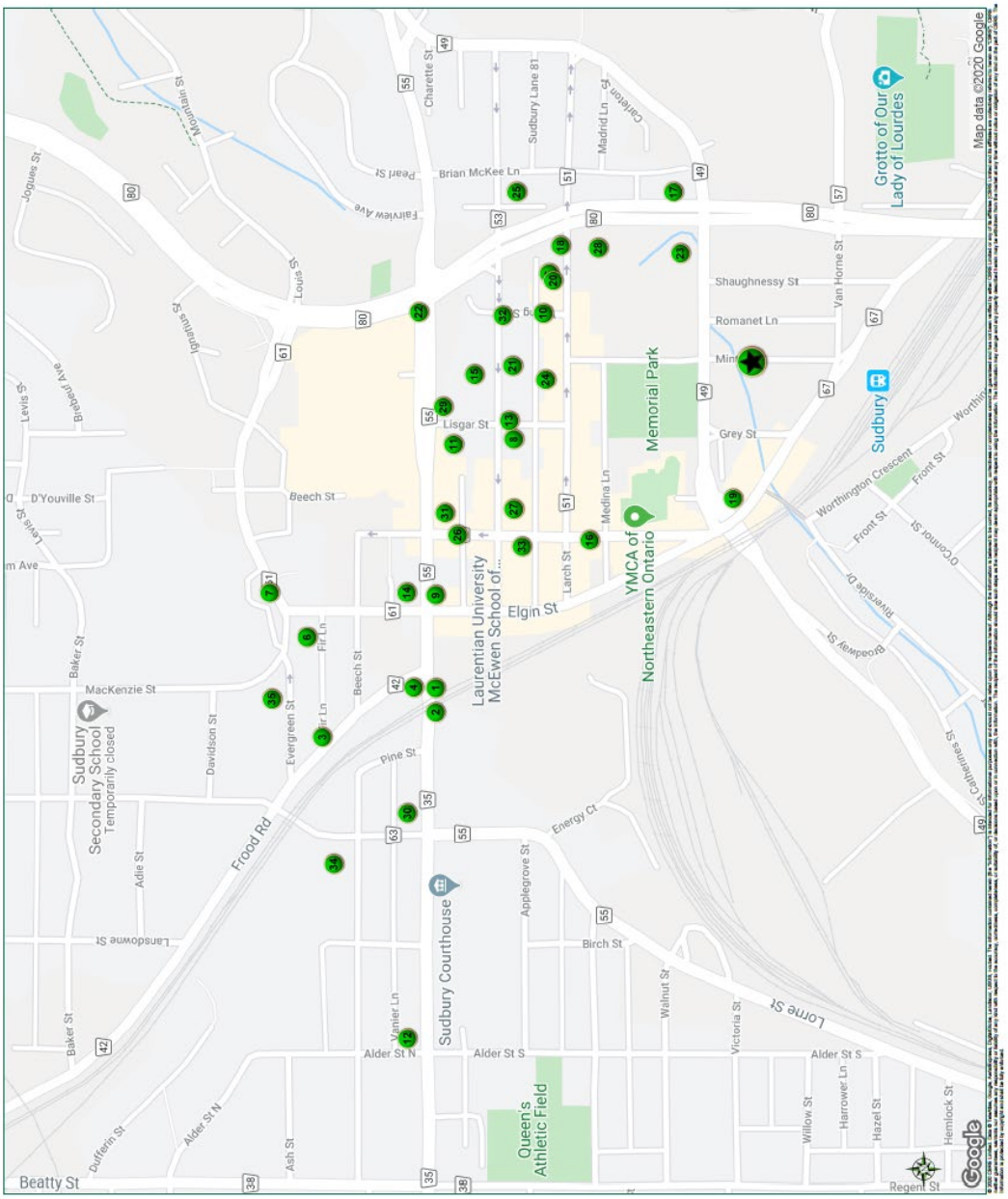
Downtown Sudbury Office Market

The downtown Sudbury office market is comprised of approximately 34 buildings, offering just under 1.5 million square feet of commercial office space. Seven buildings in the downtown market, ranging in size from 2 to 8 stories, are considered Class A office space, while 4 buildings, ranging in size from 3 to 13 stories are classified as Institutional office buildings. At just under 545,000 SF, Class A office space makes up 36% of Downtown Sudbury's office supply, with the newest building constructed 21 years ago in 1999. Institutional office space comprises a further one-third of the downtown's office inventory at 503,000 SF, with the last building entering the market 29 years ago in 1991.

Downtown Greater Sudbury Office Space Inventory

	Address	Year Built	Storeys	Gross Leasable Area	Class A Office	Institutional Office Building	Parking Spots
1	101 - 105 Elm St	1928	2	22,304			135
2	109 - 111 Elm St	1935	2	33,711			70
3	62 Frood Rd	1938	3	49,982			-
4	100 Elm St	1945	2	26,554			-
5	176 Larch St	1945	3	9,039			10
6	15 Mackenzie St	1950	2	9,093			6
7	30 Ste. Anne Rd	1950	6	25,007			10
8	93 Cedar St	1950	3	25,030			-
9	75 Elm St	1955	2	11,104			70
10	69 Young St	1957	2	12,339			16
11	19 Lisgar Street	1958	3	68,168		X	-
12	238 Elm St	1960	2	5,896			8
13	58 Lisgar St	1960	3	5,839			21
14	76 Elm St	1960	2	23,763			20
15	124 Cedar St	1965	4	23,776			35
16	105 - 107 Durham St	1966	4	9,323			60
17	130 Paris St	1966	2	7,241			35
18	200 Larch St	1967	2	16,708			30
19	158 Elgin St	1970	2	10,060			-
20	190 Larch St	1970	2	8,177			4
21	127 Cedar St	1970	8	37,747			12
22	10 Elm St	1971	6	350,000	X		950
23	200 Brady Street	1976	6	151,120		X	-
24	128 Larch St	1976	8	40,140			25
25	235 Cedar St	1979	2	18,134			15
26	57 Durham Street	1980	8	85,771	X		17
27	72 Durham Street	1980	2	15,514	X		-
28	199 Larch Street	1980	13	159,640		X	842
29	2 Lisgar Street	1983	2	8,569	X		-
30	130 Elm Street	1986	2	19,746			14
31	43 - 51 Elm Street	1986	2	881	X		30
32	159 Cedar St	1991	7	124,259		X	12
33	79 Durham Street	1992	4	21,688	X		-
34	128 & 144 Pine Street	1999	6	61,916	X		150
Total				**1,498,239**			**2,597**
Class A Office				***544,339***	***7***		***1,147***
Institutional Office				***503,187***		***4***	***854***

Source: Compiled by CBRE Tourism & Leisure Group, City of Greater Sudbury Office Property Code Classification 402 of buildings within 100 metres of BIA, Municipal Property Assessment Corporation



1 101 - 105 Elm St
2 109 - 111 Elm St
3 62 Frood Rd
4 100 Elm St
5 176 Larch St
6 15 Mackenzie St
7 30 Ste. Anne Rd
8 93 Cedar St
9 75 Elm St
10 69 Young St
11 19 Lisgar Street
12 238 Elm St
13 58 Lisgar St
14 76 Elm St
15 124 Cedar St
16 105 - 107 Durham St
17 130 Paris St
18 200 Larch St
19 158 Elgin St
20 190 Larch St
21 127 Cedar St
22 10 Elm St
23 200 Brady Street
24 128 Larch St
25 235 Cedar St
26 57 Durham Street
27 72 Durham Street
28 199 Larch Street
29 2 Lisgar Street
30 130 Elm Street
31 43 - 51 Elm Street
32 159 Cedar St
33 79 Durham Street
34 128 & 144 Pine Street
35 33 Mackenzie St
Junction West

In May 2019, the City of Greater Sudbury conducted a vacancy study on the City of Greater Sudbury's commercial and industrial space. It should be noted that the 2019 vacancy study provided a "snapshot in time" for an otherwise dynamic sector. Based on data collected from a sample size of 112 property owners/managers, business and/or real estate brokers, Greater Sudbury reported a vacancy rate of 14.73% across the city as summarized below:

Greater Sudbury	Commercial	Industrial
Total Space (SF)	6,051,815	2,173,810
Total Vacant Space (SF)	891,662	299,379
Vacancy Rate	14.73%	13.77%

Source: All data collected and supplied by Oracle Poll Research in May 2019 on behalf of the City of Greater Sudbury.
Note: Based on data collected from sample size of 112 property owners/managers, business and/or real estate brokers

It should be noted that the commercial vacancy rate of 14.73% pertains to the overall City of Greater Sudbury, as the results could not be broken down for the downtown Sudbury market. It has been suggested that if the City were to undertake a follow up vacancy study, they would consider analyzing the data by submarket.

The average net lease rates ranged from $8 to $20 per SF:

- Downtown Average: $18 to $20 per SF
- New Sudbury/South-End Average: $12 to $17 per SF
- Other & Outlying: $8 to $12 per SF

The commercial office market has also been soft of late in Greater Sudbury, with a fair amount of vacancy throughout the city. Overall, the city has seen very little volume of leasing transactions of late, with little demand for office space. In Q1 2020, the City of Greater Sudbury's Investment and Business Development team noted a slight uptake in downtown commercial vacancies and have been working with landlords to fill spaces. Typically, tenants are looking for commercial spaces ranging from 1,000 to 1,500 SF, with larger floorplates more difficult to lease. Businesses often request parking on site, which is a challenge in the downtown market.

The largest office buildings in downtown Sudbury are the adjacent Rainbow Centre and 10 Elm complexes, which offer 350,000 SF of commercial space. This 12-acre complex includes a retail shopping mall and food court on the ground level, with a four-story office tower above the 2 mall levels on the south east corner (total of six stories in height), and the Radisson Hotel Sudbury located on the northwest corner of the complex. Based on interviews with representatives of several real estate firms in the Sudbury market, the Rainbow Centre currently has a vacancy rate in the order of 20% and offers gross rents in the range of $20 to $25.

While there are a number of owners of commercial/office space in the downtown Sudbury market, Rainbow Centre/10 Elm and Dalron are 2 of the largest commercial property owners. Both the Rainbow Centre/10 Elm and Dalron have been strong supporters of the Downtown community having made significant investments in their respective real estate assets. Specifically, Dalron has invested heavily in the downtown

core, buying and acquiring 16 properties in the downtown, many of which are commercial properties and Rainbow Centre/10 Elm have also invested extensively in improvements to their assets.

In general, there is some demand for Class A space in downtown Sudbury, and A-class assets have managed to maintain a healthy overall vacancy as they remain competitive, while older B and C-class space remain vacant. All "key" industrial properties are leased with little or no vacancy. According to discussions with local realtors, historically vacancy rates have been less than 5% in industrial properties. However, results of the Oracle Poll indicate a 13.77% vacancy rate in industrial space. The difference maybe in how industrial properties have been defined.

In comparison to other Ontario markets, commercial net rents for the Greater Sudbury market are in line with North Bay, SSM, Thunder Bay and Kawartha Lakes, but approximately $2 to $5 below commercial rents in the larger centres of Hamilton, Guelph, and London.

Greater Sudbury Vacancy Comparison – Ontario Markets*

	Commercial Net Rents/Vacancy Rates	Industrial Net Rents/Vacancy Rates
Greater Sudbury**	$8-$20 / 14.73%	N/A / 13.77%
Hamilton	$23.56 / 10% - 20%	$9.65 / <5%
Guelph	$22.50 / <10.0%	$9.50 / <5%
London	$25.19 / 20.3%	$9.37 / 3.8%
Thunder Bay	$12.00 - $32.00 / 10% - 20%	$12.00 - $18.00 / <5%
Sault Ste. Marie	$21.00 - $23.00 / 9.0%	$8.50 - $10.50 / 10% - 12%
North Bay	$14.00 - $20.00 / Moderate	N/A / Low
Kawartha Lakes	$12.00 - $15.00/10% - 15%	$6.00 - $8.00 / 5% - 10%
Kingston	$18.00 - $25.00 / 5% - 10%	$9.00 - $15.00 / 5% - 10%

*Source: * CBRE Ontario Local Market Overviews, February 2019*
*** Oracle Poll Research in May 2019 on behalf of the City of Greater Sudbury*

Parking

Discussions with local commercial realtors and City representatives confirm that the current availability of parking in downtown Sudbury is a detriment for potential commercial tenants. In the RSM Report, parking was flagged as a significant challenge particularly given the existing use of many of the properties as surface parking lots. It was considered that direction on new parking was critical component to the development of the South District and especially the GSCPC.[2]

The WTCGS proponents have indicated that they plan to incorporate a parking structure into the facility. Though the current plan calls for approximately 160 - 165 parking spaces, the WTCGS is willing to flex their facility plan and work with the City towards a mutually beneficial solution for the downtown core.

[2] RSM Canada, City of Greater Sudbury: South District Market Findings Report – updated September 2019, pg, 25.

Summary and Implications

Demand for office space in downtown Sudbury is fairly weak, with the last built commercial office tower constructed in 1991. In general, there is some demand for Class A space in downtown Sudbury, and A-class assets have managed to maintain a healthier overall vacancy as they remain competitive, while older B and C-class space remain vacant. To date, the main driver for Class A office space in Sudbury's downtown has been in the Financial and Insurance sectors, rather than from businesses garnering for international trade. However, while the financial and insurance sectors have historically driven demand for office space in the downtown, there has been increased interest from the technology sector in relocating to the downtown core in order to be easily accessible to its younger workforce, with a number of these businesses in the mining sector.

Given that project proponents are asking for public sector dollars to be invested in the WTCGS, concerns have been raised by local private sector developers that this will create an unfair competitive advantage, especially given current vacancy rates in the downtown market. At the same time, the addition of an iconic WTC building offering Class A office space in the downtown market together with additional parking, could be the catalyst to maintain and attract additional office commercial activity in the downtown core.

We offer the following observations and considerations, which will require further clarification in order to advance the project:

- Consider soliciting a follow up office vacancy study on behalf of the City of Greater Sudbury, with results analyzed by submarket, including Class A office space in the downtown core.
- Confirm market support for Class A office space in the downtown core and lease rates required to achieve expected developer returns, in order to better define the level of Class A office space which could be supported by the WTCGS project.

ACCOMMODATION MARKET
OVERVIEW

ACCOMMODATION MARKET OVERVIEW

Introduction

Plans for the Junction West project include attracting a private-sector hotel development to the downtown market which will support the GSCPC. As such, the following section provides an overview of historic and current performance of Sudbury's accommodation market in light of the current global pandemic.

At this time, there remains considerable uncertainty around the impacts on the economy and more specifically the accommodation sector resulting from COVID-19. While there is an expectation of immediate market impact in 2020 on the local accommodation sector from both a demand and average daily rate perspective, the degree of impact is difficult to determine and will vary across markets.

Sudbury Historic Accommodation Market Overview

As of year-end 2019, the Sudbury accommodation market was comprised of 19 properties offering a total of 1,666 rooms. This list takes into account the closing of the Ambassador Hotel in mid-2019.

Competitive Facilities

No.	Name	Rooms	Type	Total Meeting Space (SF)	Meeting Space per Room (SF)	Restaurant/ Lounge	Breakfast	Pool	Fitness Centre	Business Centre
1	Super 8 Sudbury	85	Limited Service	240	2.8		x			x
2	Radisson Hotel Sudbury	146	Full Service	15,890	108.8	x		x	x	x
3	Comfort Inn East Sudbury	79	Limited Service	0	N/A		x			
4	Comfort Inn Sudbury	78	Limited Service	0	N/A		x			
5	Travelodge Sudbury	140	Focused Service	1,872	13.4	x		x		x
6	Quality Inn & Conf Ctr Sudbury	84	Full Service	5,318	63.3	x		x	x	x
7	Travelway Inn Sudbury	84	Limited Service	0	N/A		x			
8	Holiday Inn Sudbury	138	Full Service	10,556	76.5	x		x	x	x
9	Clarion Hotel Sudbury	99	Focused Service	5,618	56.7		x	x	x	
10	Best Western Downtown Sudbury Centreville	45	Limited Service	550	12.2	x	x		x	x
11	Northbury Hotel & Conference Centre	77	Full Service	9,776	127.0	x				
12	Econo Lodge Sudbury	34	Limited Service	3,375	99.3		x			x
13	Fairfield Inn & Suites Sudbury	81	Focused Service	538	6.6		x	x	x	x
14	Hampton Inn Sudbury	121	Focused Service	874	7.2		x	x	x	x
15	Homewood Suites Sudbury	85	Extended Stay	635	7.5		x	x	x	
16	TownePlace Suites Sudbury	105	Extended Stay	1,938	18.5		x	x	x	x
17	Belmont Inn	35	Limited Service	0	N/A		x			
18	Ambassador Hotel Sudbury (Closed)									
19	Microtel Inn & Suites Sudbury	100	Limited Service	750	7.5		x	x	x	x
20	Motel 6 Sudbury	50	Limited Service	0	N/A					
Total		**1,666**								

Source: Compiled by CBRE Hotels

As shown, the hotel market represents a range of property types, inclusive of full service, limited service, focused service and extended stay-properties in Sudbury, Ontario. The majority of room product is limited service (35% or 590 rooms), followed by Full Service and focused service properties, both with about one-quarter of the room product each, and extended stay product with the remaining 11% (190 rooms).

Based on CBRE Hotels' research, the Greater Sudbury hotel market has achieved the following results in recent years:

HISTORIC MARKET PERFORMANCE SUMMARY

	2015	2016	2017	2018	2019
Rooms	1,570	1,615	1,702	1,719	1,696
Annual Occupancy	67.2%	65.7%	64.6%	68.7%	67.0%
Average Daily Rate	$114.58	$113.95	$115.10	$119.96	$123.85
RevPAR	$76.96	$74.90	$74.39	$82.44	$82.99
Available Room Nights	573,050	591,090	621,230	627,435	619,040
Occupied Room Nights	384,915	388,567	401,474	431,194	414,801
Room Revenues (000s)	$44,105	$44,275	$46,211	$51,728	$51,373

Total Market Growth

	2015	2016	2017	2018	2019
Available Room Nights	-	3.1%	5.1%	1.0%	-1.3%
Occupied Room Nights	-	0.9%	3.3%	7.4%	-3.8%
Average Daily Rate	-	-0.6%	1.0%	4.2%	3.2%
RevPAR	-	-2.7%	-0.7%	10.8%	0.7%

Market Segmentation

Segement	ORN	%
Corporate	181,046	43.7%
Meeting/Conference	35,244	8.5%
Leisure	128,514	31.0%
Government/Other	69,996	16.9%

5-Year Market Growth

	CAGR	Total Growth
Available Room Nights	1.9%	8.0%
Occupied Room Nights	1.9%	7.8%
Average Daily Rate	2.0%	8.1%
RevPAR	1.9%	7.8%

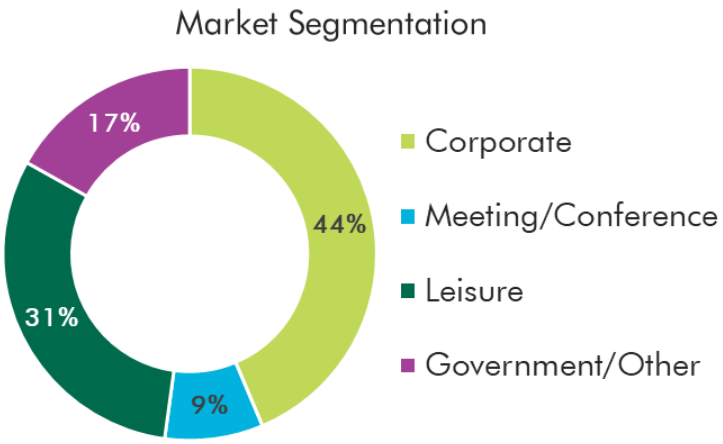
Source: CBRE Hotels

- Over the past five years, room supply has fluctuated. The Holiday Inn Sudbury's renovations in decreased room supply in 2015, with the rooms coming back into the market in 2016, increasing supply again. In 2016, the opening of the new 100-room Microtel Inn & Suites Sudbury in July further increased. Supply increased 5.1% in 2017 with the opening of the Motel 6 in July. The Ambassador Hotel's closing in August 2019 slightly decreased Sudbury's supply by -1.3%.
- Despite the increase in supply, demand growth grew steadily over the five-year period, peaking at 7.4% growth in 2018 before declining slightly in 2019 by -3.8%.
- Market Average Daily Rate ("ADR") increased at a compounded annual rate (CAGR) of 2% over the historic period, increasing from $114.58 in 2015 to $123.85 in 2019.
- As a result of increased room night demand and ADR growth, Revenue Per Available Room ("RevPAR") growth reached a high of 10.8% in 2018 at $82.44 and maintained similar levels in 2019 at $82.99.

Market Segmentation

In most markets, overall demand varies based on the nature of travel. Lodging demand is typically generated from four different segments: Corporate, Group/Meeting, Leisure travelers, and Other which includes government, contract, and/or crew business.

On the basis of CBRE Hotels market research, and discussions with local hoteliers, the estimated market segmentation for the Sudbury hotel market in 2019 is presented below:



- With approximately 181,000 occupied room nights, or 44% of total nights, the corporate segment made up the largest proportion of demand within the market in 2019.
- The leisure segment accounted for about 128,500 occupied room nights, comprising 31% of market demand.
- The government/other segment generated about 70,000 occupied room nights or 17% of demand within the competitive market.
- The meeting/convention segment generated the least amount of demand at approximately 35,200 room nights, or 9% of demand within the market.

The Canadian Accommodation Market and Covid-19: Lessons Learned from Previous Demand Shocks

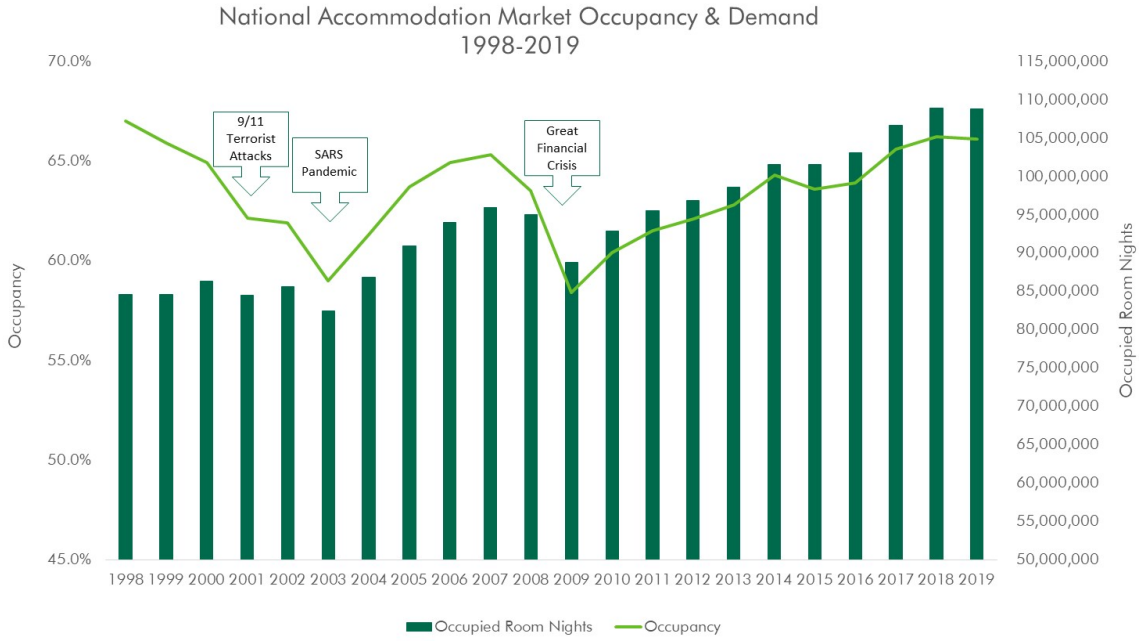
The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. Many countries globally have implemented strict travel restrictions and a range of quarantine and "social distancing" measures.

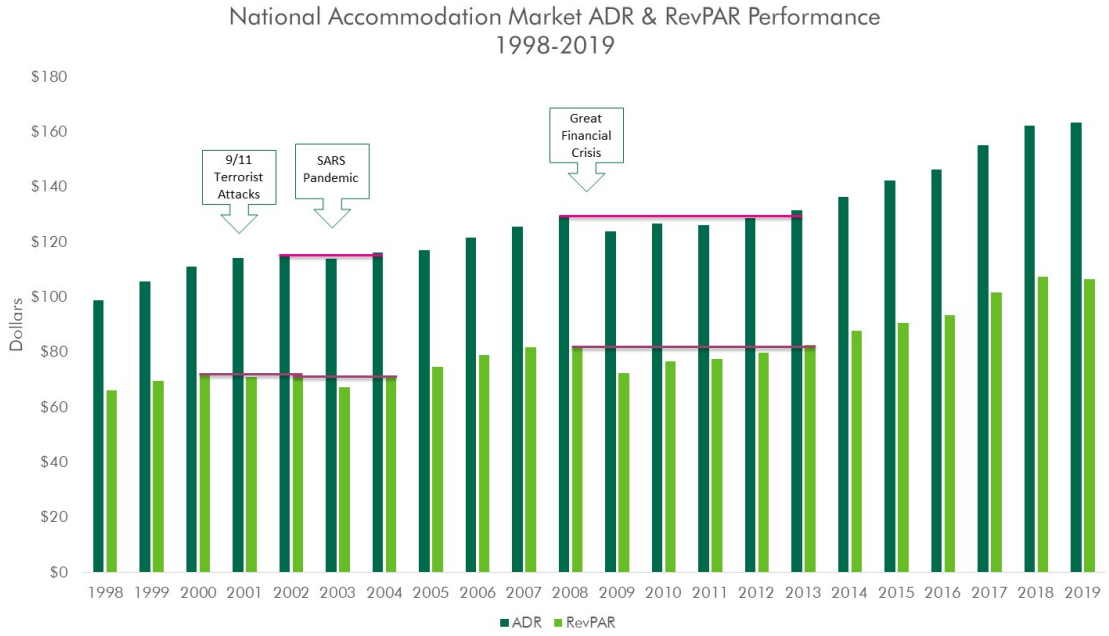
In Canada, on March 18, 2020, the Federal government implemented a ban on the entry to Canada of foreign nationals from all countries, except the United States. At the same time, it was announced that the Canada-U.S. border would be closed to all non-essential travel.

The accommodation market in Canada has been impacted significantly as nearly all demand segments have heavily restricted or completely stopped all domestic and international travel. As a result, in many markets hotel operators have closed their hotels and laid off most of their staff in an effort to mitigate the financial impacts of severely limited occupancy levels which are well below 20% nationally.

While it is too early to forecast the trajectory of the recovery in Canada, looking at the accommodation market's recovery from similar demand shocks since 1998 may provide an indication of how things could

play out. The following graph presents the demand change percentage, Average Daily Rate ("ADR") and Revenue per Available Room ("RevPAR") for the Canadian Accommodation market going back to 1998.

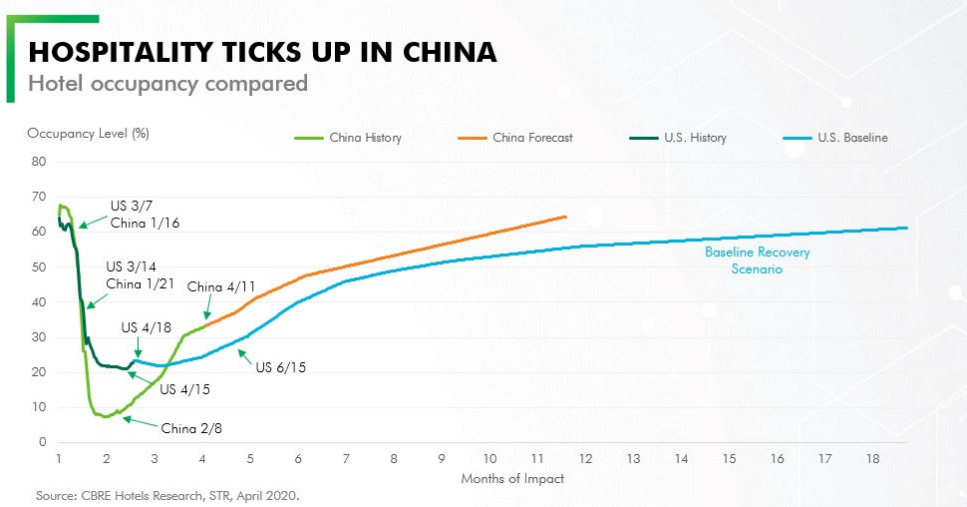




In 2001 after the demand shock created by the 9/11 terror attacks demand declined by just over 2% and demand returned to pre-incident levels the following year. Similarly, in 2003 the SARS pandemic which was largely concentrated in Toronto demand declined by almost 4% with occupied room nights more than recovering in 2004. In 2008/2009, the most recent demand shock, the Great Financial Crisis (GFC) saw demand decline by a combined 7.5% over the two-year period. While demand came back strongly in 2010, it took until 2011 for occupied room night levels to return to pre-downturn levels.

In general, the rebound on ADR and RevPAR has lagged the demand recovery as demonstrated above. Post 9/11 and SARS, the ADR and RevPAR levels returned to pre-impact levels within 1-2 years. Following the GFC it took more than 4 years for the national ADR and RevPAR levels to return to 2008 levels.

CBRE Hotels Research group has considered a number of potential recovery scenarios for the US accommodation market, and updated the baseline scenario, relying in part on improvement in China's hospitality market as an indicator, which is presented on the following page.



In Canada, CBRE Hotels believes that the industry is now crossing from the initial Impact and Short-term Relief Phase with the assistance of the federal government and lenders into the Survival Phase. In the Survival phase, owners and operators need to map out a business plan to get past the next 12 to 18 months. This will be the minimum time required before one can look forward with some confidence. Recovery will necessitate innovation to address social distancing protocols, enhanced sanitation measures, and revised operating procedures. It is critical that one anticipates what it will be like to operate through a COVID-19 era. We should anticipate that the recovery period will be protracted before we get to a New Normal and we still don't know what that will entail.

With both demand and ADR levels declining significantly this year, RevPAR is forecast to be down by approximately 50% in 2020, with 2021 RevPAR performance still expected to be off 20% from 2019 levels. Relative to historic events, our current forecasts are suggesting a more protracted recovery post COVID-19, with the industry taking upwards of 36 months to recover to 2019 levels of RevPAR performance by 2023.

CBRE Original Canadian Forecasts 1/1/2020

	Occ	ADR	RevPAR	Supply	Demand	Occ Pts	ADR	RevPAR
2019	65.1%	$163.52	$106.52	1.8%	0.2%	-1.1	0.8%	-0.8%
2020	65.3%	$167.44	$109.39	1.9%	2.5%	0.2	2.4%	2.7%

Canadian Forecasts Based on CBRE US Forecasts 5/5/2020

	Occ	ADR	RevPAR	Supply	Demand	Occ Pts	ADR	RevPAR
2020	38.2%	$138.99	$53.15	1.9%	-40.0%	-27.1	-15.0%	-50.1%
2021	57.0%	$152.89	$87.09	0.7%	50.0%	18.7	10.0%	63.8%
2022	63.5%	$159.01	$100.94	0.5%	12.0%	6.5	4.0%	15.9%
2023	65.1%	$163.78	$106.55	0.5%	3.0%	1.6	3.0%	5.6%
2024	65.1%	$167.87	$109.22	1.5%	1.5%	0.0	2.5%	2.5%
2025	65.1%	$172.07	$111.95	1.5%	1.5%	0.0	2.5%	2.5%

Source: CBRE Hotels Canada

With the heavy dependence on resource industries, such as mining and forestry, Greater Sudbury's hotel sector is quite vulnerable to economic crises; however, the city is also the hub for many regional businesses in Northeastern Ontario. As such, the impact may be somewhat lesser than some other smaller Northern Ontario communities.

Sudbury Accommodation Market Supply and Demand Changes

With respect to recent and upcoming changes in the accommodation market, CBRE's review of the market indicates that further to the closure of the Ambassador Hotel in August 2019, after being sold to the Sandman Hotel Group, there are no immediate plans for redevelopment or timing. In terms of confirmed new supply, the Hilton Garden Inn is currently under construction, and the website indicates that the hotel is taking online reservations beginning January 2021. The Kingsway project plans also included a 150-room focused-service as part of the Entertainment District. However, with this project's delays due to planning and policy issues, CBRE has not included this property in the projected supply.

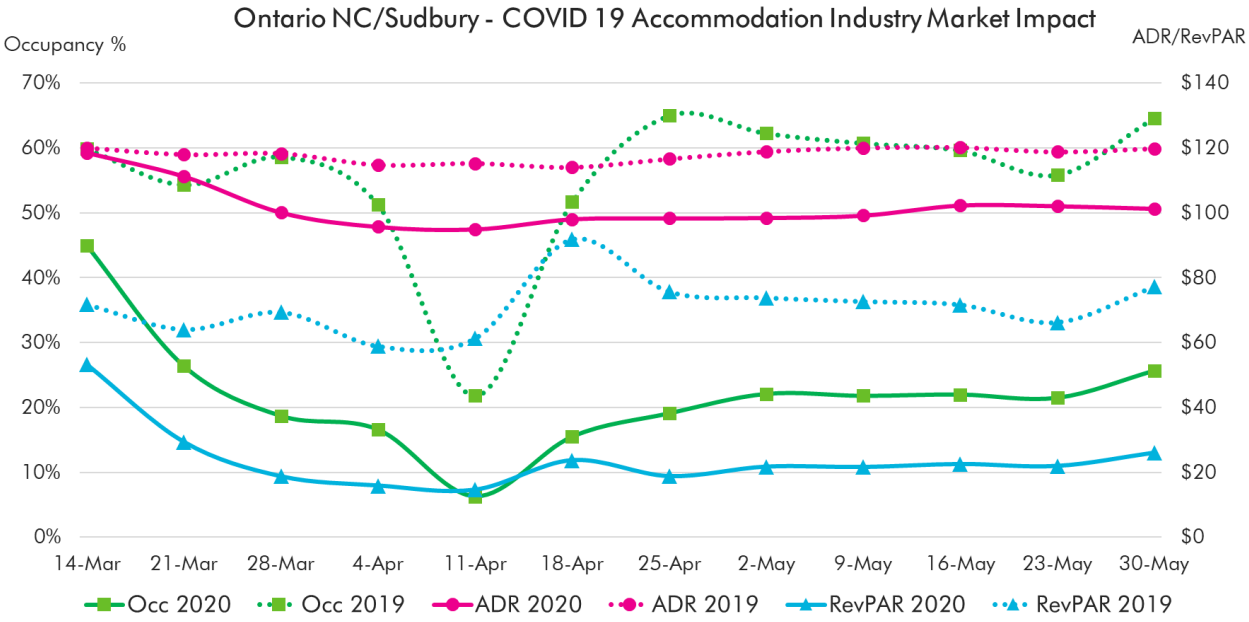
Summary of Proposed Supply Changes

No.	Name	Rooms	Probability	Type	Opening Date	Status
1	Ambassador Hotel Sudbury (Balance of Closing)	-15	100%	Full Service	1-Jan-20	Closure
2	Hilton Garden Inn	120	100%	Focused Service	1-Jan-21	Under Construction
	Total	*105*				

Source: CBRE Hotels

These changes are expected to collectively increase Sudbury's rooms supply by 6.2%.

From a demand perspective, Sudbury's hotel market began to feel the negative effects of the COVID-19 crisis and market repercussions by mid-March. From the week of March 28 to the week of May 30, 2020, Sudbury's accommodation market RevPAR dropped approximately 70% in comparison to the same period last year. While ADR fell approximately 15%, occupancy levels were significantly impacted and dropped roughly 40% over the same period in 2019. It should be noted Easter dates shifted from April 21 in 2019 to April 12 in 2020, which have impacted week over week performance comparisons.



Source: STR, 2020

Glossary

The following three key performance indicators are the standard measures used in the accommodation industry.

Occupancy: The number of occupied rooms as a percent of all available rooms.

ADR: Average Daily Rate is calculated by dividing room revenue by the number of occupied rooms.

RevPAR: Revenue Per Available Room combines occupancy and ADR and is calculated by dividing room revenue by available rooms.

Implications of Adjacent Hotel Development and Parking Considerations

The Greater Sudbury area offers approximately 2,000 hotel rooms in a range of property types, and both supply and demand grew by approximately 8% by over the last 5 years. The majority of room product is limited service (35% or 590 rooms), followed by Full Service and focused service properties, both with about one-quarter of the room product each, and extended stay product with the remaining 11% (190 rooms).

Relevant to both the WTCGS and GSCPC projects, corporate and meeting/conference business comprised a total of 44% and 9% respectively of overall demand in the Sudbury market in 2019.

The opening of the new GSCPC has the potential to be a significant new accommodation demand generator, with a potential to increase Meeting/Convention demand levels by 25% over current levels, which equates to about 8,000 room nights. In addition, the WTCGS and the live entertainment and other events at the GSCPC and WTCGS will attract additional overnight accommodation demand into the downtown core.

While a further market study will be required, it is suggested that the development of a branded focused-service hotel, in the range of 150 rooms, may be the most appropriate for development as part of the Junction

West project. Focused service properties are typically recommended in relation to convention / public facility development for the following primary factors:

- This level of hotel can appeal to a broad range of guests and types of travelers.
- The design prototypes for these brands are of strong quality.
- This level of hotel is more cost effective to develop relative to full-service level hotels.
- This level of hotel is more cost effective to operate relative to full-service hotels.

The development will require dedicated parking to support the hotel and the GSCPC in the range of 250 – 300 parking stalls. The viability of a private-sector hotel development will be contingent on stronger market conditions but will also likely require that the incremental parking costs related to the hotel (100-150 stalls) be absorbed by the balance of the Junction West project and/or proposed WTCGS project.

As previously noted, original plans for both the Junction West project and WTCGS both envisioned support from both a hotel and parking onsite. The question remains as to how each of these elements can be accommodated on the Junction West site with or without combining elements of the WTCGS and GSCPC programs.

CORPORATE HOUSING OVERVIEW

CORPORATE HOUSING OVERVIEW

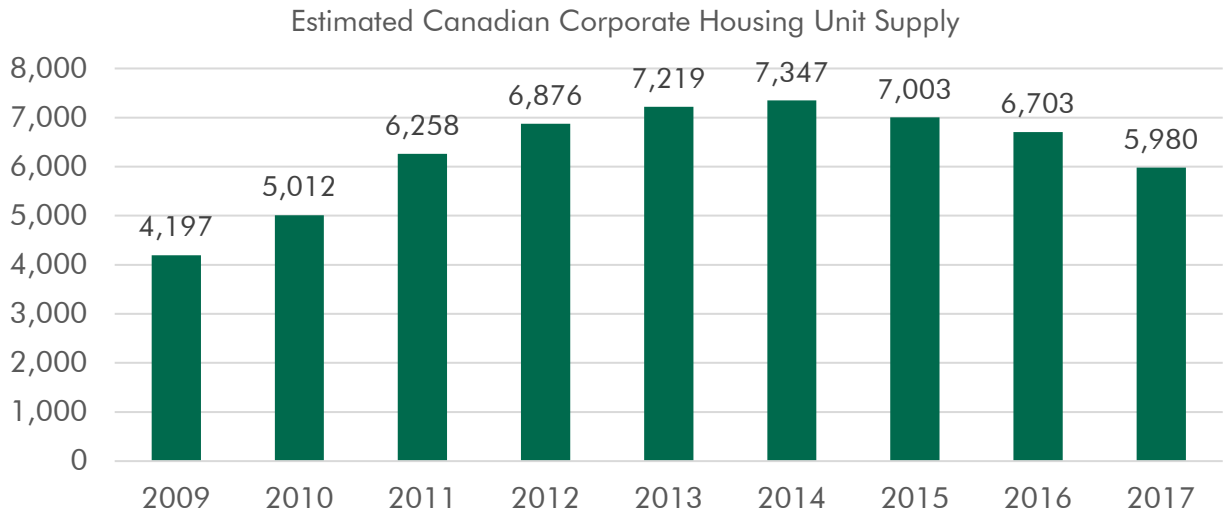
Introduction

Corporate housing offers guests an alternative to staying in a hotel or with friends and family. These furnished units can be apartments, condos, or homes and are rented out on a temporary basis, but typically for longer periods of time than a hotel product (i.e. extended stay or all suite properties). Corporate housing providers typically own multiple units within a building, or an entire building, and rent out units either to a company or an individual, often those waiting to move into new homes or working on contract in another community. According to the Corporate Housing Providers Association, professional providers coordinate these units to include furniture, house wares, amenities, cable, phone, electric, water, etc., usually at one inclusive cost.

Canadian Corporate Housing Market Overview

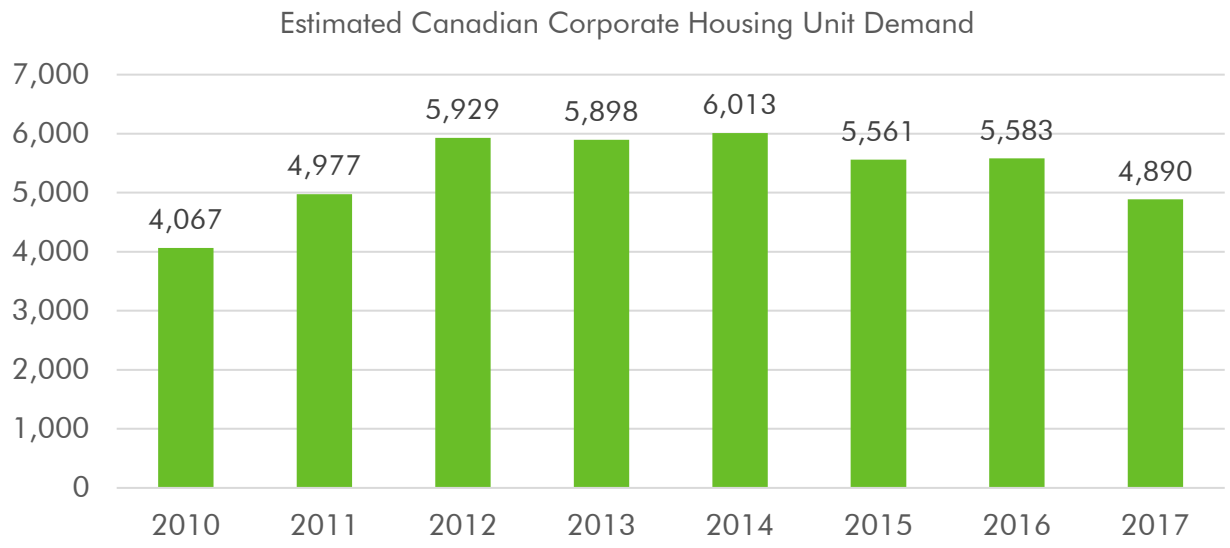
The Corporate Housing Providers Association partnered with The Highland Group to publish a report on Corporate Housing in North America. The 2018 Corporate Housing Industry Report is currently the most recent presentation of data for the corporate housing industry and uses data from 2009 to 2017. Canadian statistics in the report included surveys from Toronto, Calgary and Vancouver.

According to the report, the corporate housing unit supply in 2017 was just under 6,000 units, down 10.8% from 6,700 in 2016. Supply has been decreasing since 2014, when supply peaked with almost 7,350 units.



Source: The Highland Group, 2018 Corporate Housing Industry Report

Demand for corporate housing units follows a similar trend line, with a peak in 2014 of just over 6,000 booked units. In 2017, there were approximately 4,900 units booked, down from 5,600 in 2016. In terms of occupancy rates, the Canadian market reached 82% occupancy in 2017, down from 83% in 2016. The Highland Group notes that while suburban Toronto markets' occupancy grew, declines in other parts of the country – especially Calgary and Vancouver—were large enough to drag overall occupancy down in 2017.



Source: The Highland Group, 2018 Corporate Housing Industry Report

The Highland Group notes that because the majority of corporate apartment units in Canada are leased, the **providers can adjust their inventories based on perceived demand changes**. This may be the reason for the closely mirrored demand and supply trendlines.

The unit mix of corporate housing in Canada is largely made up of 1-bedroom units, followed by 2-bedroom units. Larger units, such as 3-bedroom units, or smaller units, such as studio apartments, make up a marginal amount of available supply. Three-bedroom apartments have the highest rent however at $187 in 2017, followed by 2-bedroom apartments at an average of $154. One-bedroom and studio apartments are very similarly priced, and both experienced a healthy average rate increase in 2017 to $126 for 1-bedroom units and $129 for studio apartments.

Corporate Housing Unit Mix & Average Rental Rates in Canada

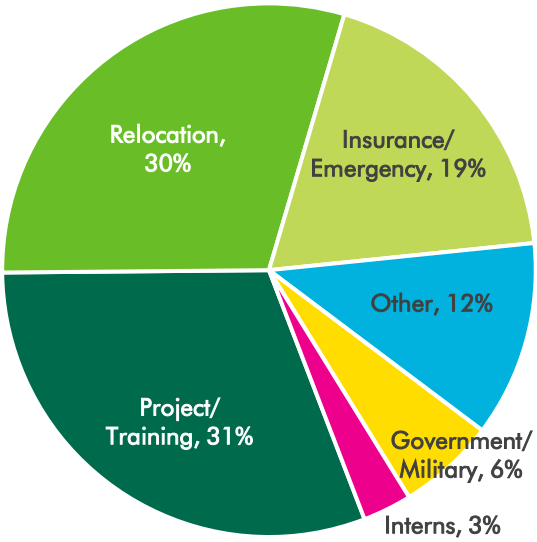
Unit Type	% of Supply	2016 Avg Rate	2017 Avg Rate	% Rate Growth
1-Bedroom	55%	$119	$126	6%
2-Bedroom	35%	$158	$154	-3%
3-Bedroom & Other	6%	$182	$187	3%
Studio Apartment	4%	$118	$129	9%

Source: The Highland Group, 2018 Corporate Housing Industry Report

According to the report, the average length of stay in Canadian corporate housing units decreased by two nights in 2017, mainly due to significant declines in the downtown Toronto and Calgary markets. The average length of stay has declined historically, from a high of 80 nights in 2010 to 54 nights in 2017.

When analyzing why guests used corporate apartments, the most common trip purposes were project/training (31%) and relocation (30%), followed by insurance/emergency (19%) in 2017. This trend was similar in the prior two years as well. Taking a look at guest's industries, the insurance and entertainment sectors were the largest generators, excluding the "other" category. The oil/gas industry generates approximately 6% of demand.

Trip Purpose: Canadian Corporate Housing



Source: The Highland Group, 2018 Corporate Housing Industry Report

Guest Profile by Industry Segment

Industry	%
Insurance	18%
Entertainment	12%
Finance/Banking	7%
Technology	7%
Oil/Gas	6%
Govt/Military/Defense	5%
Education	5%
Professional Services	4%
Retail	3%
Construction	3%
Healthcare	3%
Manufacturing	2%
Hospitality	1%
Other/Individual	25%

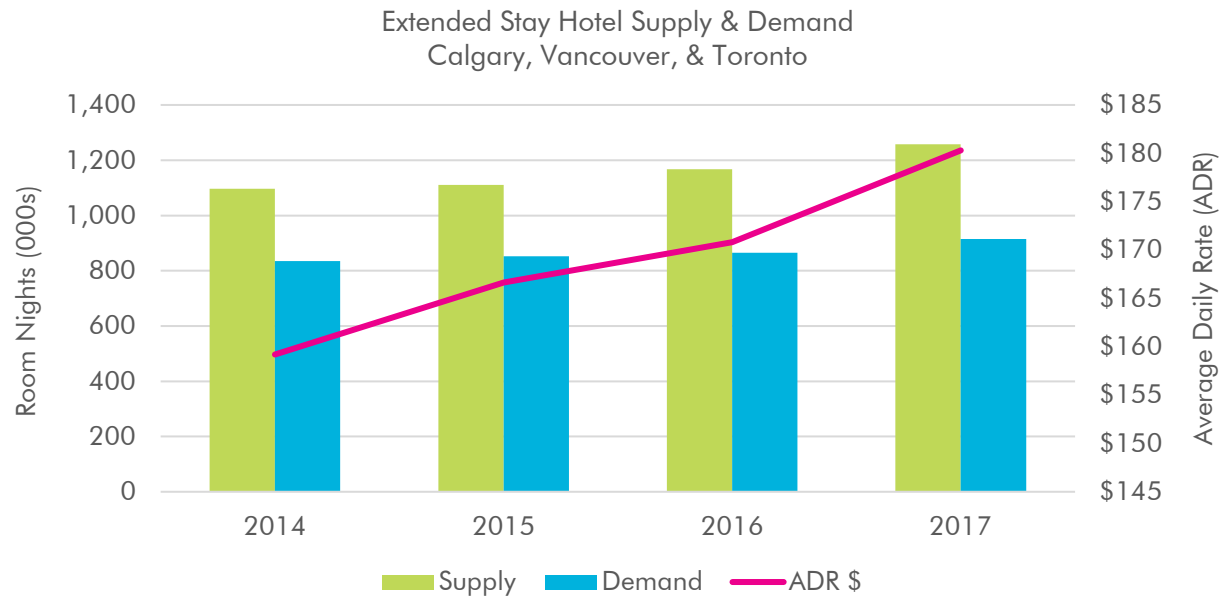
Source: The Highland Group, 2018 Corporate Housing Industry Report

Influencing Factors

In the last 10 years, the Canadian hotel supply has seen significant growth in extended stay units, which negatively affects the corporate housing sector. CBRE's *Trends in the Hotel Industry* database collects topline performance of over 2,000 properties representing just under 60% of the Canadian industry's 458,000 rooms. We have utilized the sample of properties in Vancouver, Toronto, and Calgary from the database to illustrate this trend in extended stay units.

As shown in the graph below, in 2014 there were approximately 1 million available units in the sample. By 2017, the available units had grown to over 1.2 million, with demand keeping pace at approximately 75% over all 4 years. The average daily rates have also grown at a rapid pace from just under $160 in 2014 to $180 by 2017.

This increase in both supply and demand of extended stay hotel units, is the direct inverse of corporate housing units' decline in both supply and demand. However, the increasing corporate housing rates likely benefited from the increase in average daily hotel room rates.



The corporate housing industry has also suffered lost business due to competitors such as Airbnb and other vacation rental platforms. These platforms also came into popularity at roughly the same time as the decline in corporate housing units supply and demand.

Greater Sudbury Rental Housing Market

As of October 2019, there were approximately 11,700 apartment units for rent in Greater Sudbury, of which 55% were 2-bedroom units (6,424), followed by 1-bedroom units at 33% of the supply (3,891). Approximately one-half of the apartment rental units are within buildings of less than 19 units, with 22% in larger buildings ranging in size from 100-199 units. The overall vacancy rate for Greater Sudbury is 2.1%, and the average rental rate for a 2-bedroom unit is $1,114.

Rental Market Indicators - Greater Sudbury - October 2019

		Bachelor Suites	1 Bdrm	2 Bdrm	3 Bdrm	TOTAL	
Structure Size	3-5	163	873	1,019	233	2,288	*20%*
	6-19	237	1,162	2,054	117	3,570	*31%*
	20-49	120	467	975	45	1,607	*14%*
	50-99	195	498	816	117	1,626	*14%*
	100-199	30	891	1,560	122	2,603	*22%*
	200+	-	-	-	-	-	*0%*
# of Apts & Other for Rent	Total	745	3,891	6,424	634	11,694	*100%*
		6%	*33%*	*55%*	*5%*	*100%*	
Vacancy Rate		3.1%	2.5%	1.9%	0.6%	2.1%	
Average Rent by Bedroom Type		$676	$904	$1,114	$1,183	$1,024	

Source: CMHC Housing Time Series Database; Published March 4, 2020
Data in this series is updated every 5 years in advance of each Census year.

Over the past 5 years, the City of Greater Sudbury has completed construction of 240 new apartment units, for an average of 48 units per year (2015-2019). The addition of new apartment supply was highest in 2016 and 2017, when 204 units entered the market, followed by very limited supply in 2018 and 2019 (13 units). As of May 2020, a further 67 apartment units have completed construction in Greater Sudbury, as compared to 0 units over the same period in 2019. On average, apartment units comprise approximately 18% of the 1,300 housing completions in Greater Sudbury over the past five years (2015-2019).

Housing Completions - Greater Sudbury (2015-ytd May 2020)

Construction	2015	2016	2017	2018	2019	Jan-May 2019	Jan-May 2020
Multi-Residential							
Apartment	23	132	72	9	4	0	67
Row Housing	42	33	80	12	12	0	16
Semi-Detached	30	32	20	33	44	0	6
Single-Detached							
Single-Detached	152	162	153	120	135	5	53
TOTAL	**247**	**359**	**325**	**174**	**195**	**5**	**142**

Source: CHHC (Housing Starts and Completions by CMA)

Implications

Supply and demand in the Corporate Housing market is currently tracked only in major Canadian urban centres, like Calgary, Vancouver and Toronto, as these centres offer critical mass of product. While rental housing and apartments are available for rent by business travellers and relocating employees with their families, these are not as prevalent, and as mentioned – typically compete with both extended stay / all-suite hotels and Airbnb options. Furthermore, in the last 10 years, the Canadian hotel market has seen significant growth in both supply and demand for extended stay units, which negatively affects the corporate housing sector. Extended stay hotels provide amenities / perks associated with the brand, and there is no minimum stay, which would be attractive to corporate travellers that would be visiting the WTCGS or other local operations.

The Greater Sudbury area offers approximately 2,000 hotel rooms, of which just under 200 rooms are from extended stay properties. As of the time of this report, there were also an estimated 150 "entire home" units (comparable to corporate housing units) available on the Airbnb platform for the Greater Sudbury area. Anecdotally, Greater Sudbury offers available and affordable rental housing in the downtown core, yet visitors seeking corporate housing are typically looking for more upscale detached housing units, with a preference for waterfront locations.

While the proposed WTCGS development is in its early stages, we offer the following observations and considerations, which will require further clarification in order to advance the project:

- Confirm long-term lease objective of proposed residential units for the WTCGS.
    - It is our understanding that the project proponents are only interested in providing residential units based on rental lease terms of 1+years – either through corporations, or potentially for residents interested in living in downtown Sudbury.

  - Ensuring that the corporate apartments for the subject WTCGS development are geared to long term rentals will be key to differentiating between the type of clientele sought for the proposed Junction West hotel development versus the corporate apartment/residential rental market.

- Confirm market support for the size and type of residential development proposed for downtown Sudbury.
  - A market study will be required to determine the level of corporate and residential apartments, which can be supported in the downtown Sudbury market in order to verify the proposed facility program for the WTCGS. The units would be pre-leased prior to construction.

COMPARABLE ANALYSIS & BENCHMARK OPERATIONS

COMPARABLE ANALYSIS & BENCHMARK OPERATIONS

Introduction

With input from the Regional Director North America, World Trade Centers, CBRE conducted interviews with 6 comparable WTC facilities in North America – 3 Canadian organizations and 3 U.S. based organizations that are similar to the proposed WTC Greater Sudbury in terms of travel markets, economic base and demographics, in order to compare operating models, facility programs and performance indicators.

Comparable World Trade Centers

Description and Business Models

1. World Trade Center Winnipeg



Source: World Trade Center Winnipeg

Prior to its inception as a World Trade Center, its founding partner, Manitoba's Bilingual Trade Agency – ANIM – was a private-sector bilingual agency, which used bilingualism to attract immigrants, trade, and business investment. ANIM and the Winnipeg Chamber of Commerce discovered and attended an International Business Forum, which was part of Quebec City's 400-year celebration in 2008, and in turn hosted a very successful international BTB trade show in Winnipeg in 2010 and 2012 – known as Centralia. Building on the success of this event, the Chamber suggested that they purchase a WTC license in partnership with the agency, as they were aware that Vancouver, Toronto, Montreal, and Edmonton all had WTC licenses attached to a Chamber of Commerce. Because the private-sector agency was already doing trade and business investment, they went to the Business Development Bank of Canada (BDC), which provided them with a $100,000 start-up loan, and in return, the BDC has sponsor naming right for the building. The City of Winnipeg leases office space (at a very favourable rate) to the WTC Winnipeg on the 3rd floor of the former Saint Boniface City Hall building, the Province of Manitoba provides operating funding, and project funding is received at the Federal level through sponsorships, since the WTC Winnipeg organizes bilingual seminars and events. Thus, it remains a privately-owned operation, but programs are offered through public investment. From a physical space perspective, the WTC Winnipeg leases approximately 10,000 square feet, featuring 2 small meeting rooms, and offices for 21 staff.

The agency applied for its WTC license in 2011, received approval in 2012 and started operations in 2013. Since its opening in 2013, the World Trade Center Winnipeg has worked to strengthen Manitoba's economic vitality and cultural diversity and helps French-speaking immigrants integrate into Manitoba's society by providing a free program to help them with the administrative process.

Mission:

To be the leading place where companies are inspired to grow and connect to the world. We bring the world to your business, one connection at a time.

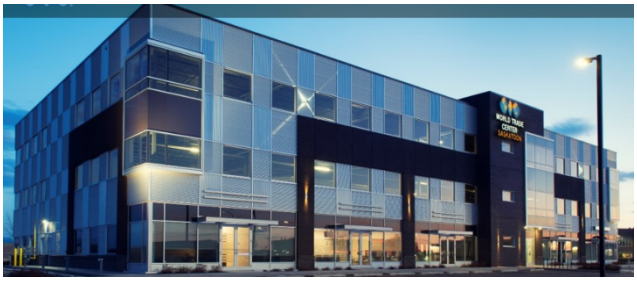
Services Include:

- Identifying targeted trade opportunities, using tailored solutions which serve local companies and partner organizations by matching their specific needs or strengths with parties in other markets.
- Access to international trade and market information, by utilizing WTC connections to answer trade-related questions and complete market studies.
- Training, mentorship and trade events, by offering learning opportunities to Manitoba SMEs needing assistance to become export-ready or explore new markets. Winnipeg WTC also hosts Centralia, the global business-to-business forum.

WTC Winnipeg is private sector owned, with operations and programs supported through public sector investment. The organization reports to a 12-member Board of Directors, of which 2 are observers; one being the Chamber of Commerce and the other is ANIM.

2. World Trade Center Saskatoon

Saskatchewan is similar to Sudbury, in that it is known for mining, as the world's leading producer of potash and second leading producer of uranium. There are over 25 different mine operations that stretch across the province, from coal mines in the south, uranium and gold mines in the north to potash mines that run across the central-southern belt from Saskatoon to Manitoba border. Most major mining companies in the world have an office in Saskatoon, including BHP Billiton, RioTinto, Cameco, PotashCorp, and Rare Earth. Agriculture is another key driver of the province's economy, as the world's leading exporter of canola seed, lentils, canola oil, and peas. Recognizing the importance of international trade to Saskatchewan, a private-sector company, Canwest CLC, applied for a WTC license in 2016, and was granted its full license in June 2017. Founders of Canwest CLC, asked Saskatoon's former mayor (2003 – 2016), to join WTC Saskatoon as a Senior Business Consultant in December 2016. Canwest CLC developed a 3-storey WTC office building in the south end of Saskatoon, which opened in 2017 and subsequently entered into a MOU with Prairieland Park, an events centre with 240,000 SF of trade/exhibition space in the south-eastern portion of Saskatoon to designate Prairieland Park as a World Trade Center in 2018.



Source: World Trade Center Saskatoon



Source: World Trade Center Saskatoon Trade & Convention Center, Prairieland Park

Goals:

- To create, retain and expand jobs, hope and the future by raising the world profile of Saskatoon and province through the WTCA.
- To simplify and partner with NGO's and the private sector in order to do business with on the world scene both inbound and outbound.
- To attract foreign direct investment to Saskatchewan through increased world recognition as a destination for international business and investment.

Since its inception, World Trade Center Harbin and World Trade Center Saskatoon signed a MOU in January 2018 to work together to grow agricultural trade between Heilongjiang in China and Saskatchewan. Together, both WTCs anticipate working closely with the Ministries of Economy and Agriculture as well as the Saskatchewan Trade and Export Partnership and all the Regional, Economic and Development Authorities. A delegation from WTC Harbin attended the Western Canadian Crop Production Show and spoke to local agribusinesses about potential trade and investment opportunities with China.

In November 2018, the Las Vegas Convention and Visitors Authority and the Consumer Technology Association, owner and producer of Consumer Electronics Show (CES), signed an MOU between the WTC Las Vegas and WTC Saskatoon. Through the agreement, Las Vegas and Saskatoon will co-market under the World Trade Center brand in mutually promoting each other's world trade center facilities. As a result of this arrangement, WTC Saskatoon Trade & Convention Center has agreed to take Saskatoon-based delegations to the Consumer Electronic Show hosted in Las Vegas, and in turn WTC Saskatoon Trade & Convention Center will host smaller shows in off years, or as "teasers" to the larger shows held in Las Vegas. It is anticipated that similar arrangements will be made with Agricultural and Mining tradeshows. In 2018, the WTC Saskatoon Trade & Convention Center hosted 432 events over 1,310 event days.

3. World Trade and Convention Center Halifax

The World Trade and Convention Center Halifax is a provincial Crown corporation and government agency. Under Nova Scotia's Department of Business, there are 5 Crown corporations, including:

1. Nova Scotia Business Inc. – focusing on industry sectors such as oceans, seafood, information communications, technology, agri-food, advanced manufacturing, naval defense, financial services, digital media, film & television production, clean technology, and life sciences,
2. Events East Group - Convention Centre & Services (previously Trade Centre Ltd.),
3. Develop Nova Scotia – responsible for leading sustainable development of high potential property and infrastructure, i.e. waterfront, harbour, and broad band initiatives,
4. Tourism Nova Scotia, and
5. Innovacorp – early stage venture capital organization for startup businesses.



New Halifax Convention Centre *Source: WTCA.org*



Former Convention Centre site, Current WTC Halifax Office

WTC Halifax was first granted its license in 1982, through the Province of Nova Scotia's crown corporation which had responsibility for trade missions and education. In 2001, when Nova Scotia Business Inc. (NSBI) was developed, NSBI took over responsibility for the province's trade and investment attraction. However, at that time, the WTC license did not transfer to NSBI, so the organization began to focus more on Convention services and attracting events. Events Event Group was established in 2014 through legislation to operate, maintain and manage the activities of the Halifax Convention Centre, and in April 2017, the mandate was expanded to include the continued management and operations of Scotiabank Centre and Ticket Atlantic.

Over the years, Events East Group became inactive with the WTC and indicating the license was not a good fit for their practice and suggested that it would be better for NSBI to use the brand for trade and investment attraction. In March 2019, NSBI took over the WTC license.

In speaking with the WTC Halifax, separating the trade and investment elements of the WTCA from the convention element was detrimental. Due to the nature of the crown corporation's organization, only the Events East Group were licensed with the WTCA, excluding the NSBI's trade and investment sectors, and therefore not allowing for cross-promotion or access to the WTCA network. The WTC Halifax noted that being able to make use of all the WTCA's network streams (including convention, trade, real estate, etc.) would be the best way to make use of the WTCA license.

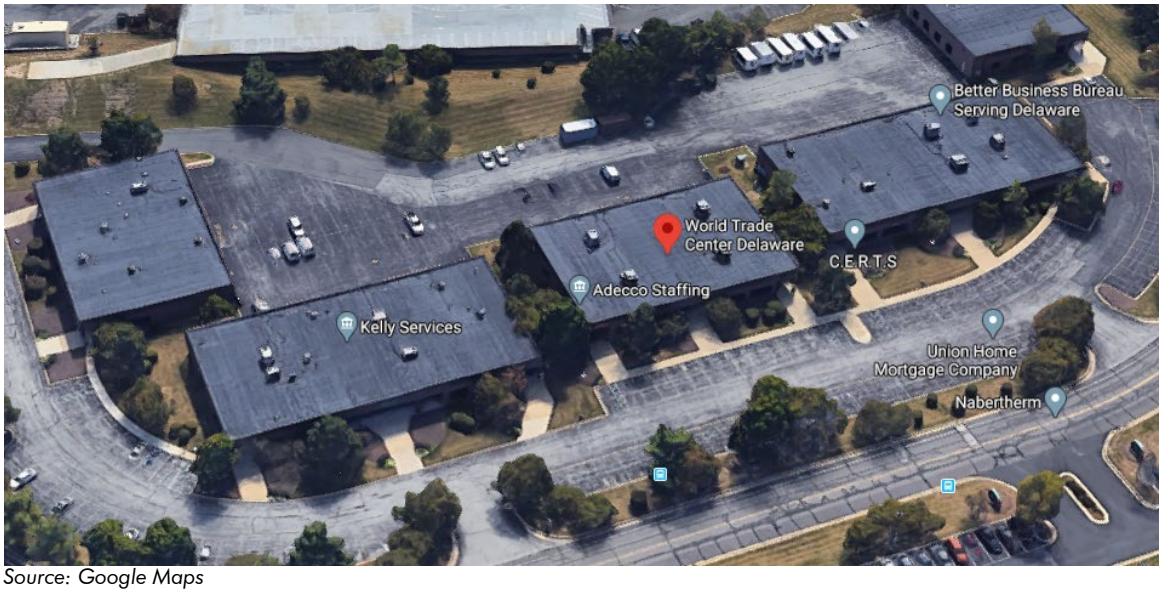
As a provincial crown corporation, WTC Halifax does not have any members, with all programs funded through the provincial government. WTC Halifax has clients and runs programs that exporter companies can access. All exporters tend to work with them in order to access programs, export education, learn how to reach new markets, and build plans to do so. They offer trade education, trade missions, and investment attraction.

The new Halifax Convention Centre opened in December 2017 in downtown Halifax as part of the $500-million Nova Centre project, replacing the older World Trade and Convention Centre and renaming the convention centre to exclude the WTC name. The WTC Halifax now leases office space in the former World Trade and Convention Centre building, which is adjacent to the new Nova Centre project.

4. World Trade Center Delaware

The World Trade Center Delaware was originally set up in 1987 as a not-for-profit corporation. Originally, its founders wanted to develop an office building, convention centre and hotel in Wilmington, Delaware (population 71,000). However, since its inception, there have been a number of changes, and today WTC Delaware offers Trade services for the entire State. As a small state, Delaware does not have a Department of Commerce, and instead, the WTC Delaware fulfills that function for the state. The WTC Delaware partners with the Federal government to communicate and provide resources within the state, but also for new federal international development corporations. Though the WTC is not part of the state, they do receive funding from the government. The WTC works with development organizations, often times public-private-partnerships, that attract businesses to the state.

The WTC Delaware also offers memberships, which include overseas corporate members. As Delaware is known as the "corporate capital of the world" with many companies incorporated in Delaware, these companies want a foothold in the US; the WTC Delaware becomes that foothold.



Source: Google Maps

Goals:

- To help companies, especially small, medium-sized or emerging, to grow their international business.
- To provide trade leads, training programs, job leads and networking and matchmaking opportunities for Delaware companies.
- To serve all types of companies, in sectors as varied as agriculture, environmental remediation, IT, medical equipment manufacturing and biopharmaceuticals, and financial, legal, and real estate services.

5. World Trade Center Buffalo Niagara

The World Trade Center Buffalo Niagara received its license in 2000 as a not-for-profit corporation, registered as 501 C6 NFP WTC Buffalo Niagara. As a real estate development, the organization uses the WTC as a brand to attract tenants (higher rents) and offer services to the community and tenants. Ultimately, its purpose is to help companies in the binational region of Buffalo-Niagara to expand their international reach. The WTC Buffalo Niagara has a four-prong revenue approach: membership, events/sponsorship, programs and grants. They also do consulting, which brings in some revenue, and when the need arises, they look for grants to support their mission.

WTC Buffalo Niagara has approximately 90 members evenly split between manufacturing and service sectors, which rely on the organization for its global network, expertise and ability to help companies with international business promotion. WTC Buffalo Niagara is one of only 2 binational organizations in the WTCA network. In its early years, approximately 17 to 18 years ago, they met with the Board and inquired about having their own building next to the International Bridge. At that time, Board members were skeptical on the building idea, keeping the organization small with 2 staff and leasing office space.

Under this operating model, the organization is largely reliant on events, memberships and grants with limited growth opportunities. Current management and the Board are now creating a business plan to develop their own building in partnership with a developer, whereby they will give rights to brand the building as a WTC in exchange for space and revenue. The building they are looking at is 25,000 square feet, and they currently lease 3,500 square feet at their existing location. The new building will be part of a larger multi-use campus, which will provide numerous opportunities for grants and recognition across both sides of the Canada-US border.



Source: Google Maps

Mission:

To assist companies in Western New York and Southern Ontario in finding success and growth beyond their domestic markets.

Services Include:

- Providing consulting including market research, Export Toolkit, Low Cost Market Entry assistance and other customized trade services.
- Offering year-round seminars and networking opportunities
- Offering local and international member benefits through its worldwide membership affiliation with the World Trade Centers Association.

6. World Trade Center Savannah

WTC Savannah received its license in October 2011 and is owned by Savannah Economic Development Authority for Chatham County, including the City of Savannah. With its economic development partners throughout the region, WTC Savannah offers professional services and support to companies interested in conducting business in the United States. WTC Savannah only focuses on manufacturing and warehouse distribution, film and other emerging technologies. Emerging from the Great Financial Crisis of 2008, the Chatham Economic Development Agency (CEDA) was proactively investigating international trade models. One such model was the WTCA, and the CEO of CEDA had experience with WTC San Diego. One of the other models under consideration was to create an international arm and hire a professional who already had connections. They chose to become a WTC, based on the CEO's real knowledge of the San Diego model, which did not rely on one person's contacts, but rather provided access to a world side network.



Source: World Trade Center Savannah

The WTC Savannah and CEDA own their building, which is a 4-story – 40,000 square foot building. WTC and CEDA occupy the 4th floor. There is an international shipping company leasing the second & third floor (25,000 SF), and film tenants on the main floor. The building provides opportunities for companies coming to Savannah and use office space, as a "landing spot." The WTC Savannah also has 60-70 partners (as opposed to members), so that they do not compete with the Chamber of Commerce, which has a membership model. The benefits to partners are a listing on their website (live link) and on the WTCA website, monthly briefings where they highlight one of their partners, and the WTC recognizes partners on Social Media.

Selection of World Trade Centres - WTCGS Comparables

WTC Location	Metro Population (2019 Est*)	Interviewee	Building/Location
Winnipeg, MB	850,000	Mariette Mulaire, President and CEO	Saint-Boniface City Hall, Downtown
Saskatoon, SK	340,000	Don Atchison, Sr Business Consultant (Former Mayor City of Saskatoon)	World Trade Center Sask., Downtown/South
Halifax, NS	440,000	Angela Ralph, Director, Corporate Projects & Partnerships	Former WTC Atlantic Canada & Convention Centre building
Delaware, Maine	1,342,000	Carla Sydney Stone, President	World Trade Center Delaware 42 Reads Way, Suite B, New Castle, DE 19720
Buffalo Niagara, NY	1,130,000	Craig Turner, President	World Trade Center Buffalo Niagara, 683 Northland Avenue, Buffalo, NY 14211
Savannah, Georgia	146,000	Leigh Ryan, Vice President	World Trade Center Savannah, 4th Floor 1131 Hutchinson Island Road, Savannah, GA 31421

Source: CBRE Tourism & Leisure Group, WTC Interviews, April 2020, *Sitewise, 2020

Selection of World Trade Centres - WTCGS Comparables

WTC Location	Building Location	Inception	Who Owns WTC License?	Established in Partnership?
Winnipeg, MB	Downtown	2012	Private Sector	ANIM, Manitoba's Bilingual Trade Agency in partnership with Winnipeg Chamber of Commerce
Saskatoon, SK	Industrial Park	2017	Private Sector	No
Halifax, NS	Downtown	1982	Provincial Crown Corporation	Nova Scotia Business Inc., a crown corporation
Delaware, Maine	Industrial Park	1987	Not for Profit Corp.	No
Buffalo Niagara, NY	Northland Beltline Redevelopment Area	2000	Not for Profit Corp.	Binational Organizaiton
Savannah, Georgia	Close to Dtwn/ Georgia Ports	2011	Savannah Economic Development Authority	No

Source: CBRE Tourism & Leisure Group, WTC Interviews, April 2020, *Sitewise, 2020

Building Ownership/Lease and Facilities

Of the six comparable WTC's, 4 lease office space and 2 are located in WTC-branded buildings. As mentioned previously, WTC Buffalo Niagara is currently working towards building ownership. The model would see the developer build a multi-use campus, including 25,000 SF office building, conference/meeting space, amphitheater, on-site parking and residential uses. WTC Buffalo Niagara will give the developer rights to brand the office space/campus as a WTC, in exchange for 3,500 SF of office space and an annual licensing fee. Based on discussions with WTC Buffalo Niagara, they will soon be drafting an MOU with the developer to announce the project to the community, which allows WTCBN to promote it, and the developer to seek incentive grants from the state. In their current location, WTC Buffalo Niagara shares office space with Phyllips Lytle LLP, which has expertise in international business law and supports companies based in the U.S. pursue opportunities in Canada, Europe, Asia and other parts of the world, and foreign companies looking to establish U.S. operations.

The developer of WTC Saskatoon's building currently has leased office space on the 1st floor, but is waiting for the right tenants before leasing Floors 2 and 3. The tenant mix for WTC Savannah is comprised of their focused sector cluster including Distribution Services International; Savannah Regional Film Commission, Savannah/Hilton Head International Airport; Wallenius Wilhelmsen Logistics.

In terms of building facilities, 5 of the 6 comparables offer temporary office space, 4-in-6 have conference/exhibition space, 3-in-6 have seminar/meeting rooms, 1 has an auditorium, and 2 have adjacent hotels. None of these comparable facilities offer corporate apartments.

Comparable WTC's - Facilities

Facilities	Winnipeg, MB	Saskatoon, SK	Halifax, NS	Delaware, ME	Buffalo Niagara, NY	Savannah, GA
Temporary Office Space	x	x		x	x	x
Conference / Exhibition Centre	x	x	x			x
Seminar/Meeting Rooms	x	x	x			
Office Building/Tower		x	x			x
Auditorium	x					x
Hotel			x			x
# Tenants	0	1st Floor	0	0	1	4
WTC Own/Lease	Lease	Own	Lease	Lease	Lease but intent is to Own	Own
Building	WTC on 2 Floors - 8,000 - 10,000 SF	3-storey office building	18,000 SF	1,000 SF	25,000 SF	4-storey office building 40,000 SF

Source: Comparable WTC's Facilities: Management Interviews, April 2020 and wtca.org

Trade Services

In terms of Trade Services, all of the comparable WTC's offer Trade Information and Market Research, with 5-in-6 providing Trade Education services and 4-in-6 offering Group Trade Missions. One-half of the comparables provide Business Management & Professional Services and Trade Counseling. One-third list Referrals and Event Management amongst their trade service offerings. WTC Delaware also offers Business Services and WTC Saskatoon has a Private Equity branch, where local investors with equity come together to consider "pitches" from local businesses/entrepreneurs, similar to Dragon's Den or Shark Tank.

WTC Saskatoon noted that WTC Toronto hosts Trade Missions on a regular basis, which Sudbury could take benefit from in targeted sectors such as mining.

The Canadian comparables also cited the Trade Accelerator Program (TAP) program as an excellent service offering for WTCs. TAP Canada is aimed at helping SMEs to overcome barriers to exporting. Through its Expert Partners, TAP Canada gives companies access to Canada's top exporting advisors, resources and contacts. WTC Toronto and Toronto Board of Trade started the Trade Accelerator Program and then extended it to WTC Winnipeg to try as a "guinea pig". It was met with such success that WTC Toronto then took the program to WTC's in Vancouver and Montreal, and it is now a Federal program which offers funding to eligible companies. TAP Canada program partners include Export Development Canada (EDC), Royal Bank of Canada, WTC Toronto and Toronto Board of Trade.

Companies must meet the following criteria to be eligible for TAP Canada:

- Located in Canada
- Is already exporting a product, service or technology, but wishes to diversify its export markets – OR – has taken exploratory steps to develop their business abroad
- Generates more than $500,000 in annual revenue
- Is willing to dedicate senior representatives to participate in all stages of the program
- Has a product, service or technology with a strong competitive advantage as a result of quality or patent protection
- Is a good corporate citizen devoid of corruption and environment and human rights violations
- Can share two years of financial statements with its application to demonstrate its solvency.

WTC Halifax learned about the TAP program through other Canadian WTCs. Nova Scotia Business Inc. partnered with the Chamber of Commerce to fund the program, with NSBI now delivering it across Nova Scotia. NSBI also does investment attraction, attracting new companies to Canada and also getting Canadian companies to export. They also offer a Film fund, largely for films made in Nova Scotia.

Comparable WTC's - Trade Services

Trade Services	Winnipeg, MB	Saskatoon, SK	Halifax, NS	Delaware, ME	Buffalo Niagara, NY	Savannah, GA
Trade Information/Market Research	x	x	x	x	x	x
Trade Education & Knowledge Creation	x		x	x	x	x
Group Trade Mission	x		x	x		x
Business Management & Professional Services	x	x				x
Trade Counseling	x				x	x
Referrals	x				x	
Event Management	x		x			
Private Equity		x				
Business Service				x		

Source: Comparable WTC's Trade Services: Management Interviews, April 2020 and wtca.org

Member Benefits

Member benefits vary at each of the comparable WTCs, with the most popular benefits being access to a global network of international trading partners, identifying and facilitating introductions to international business opportunities, and providing business consultation services and local expertise in key sectors. Other member benefits range from office and real estate services to convention and trade services, training and education forums and providing duty deferrals on imported merchandise.

Of the 3 comparables which have memberships as part of their operating model, the number of members range from 60 to 100 members, while the WTC Winnipeg lists 2,000 clients. In addition to individual members, WTC Savannah have partners ranging from EDOs at the County and State level, colleges and universities, ports, Chamber of Commerce and major industries, which pay an average of $3,000 per year in partnership fees.

WTC Winnipeg also noted that members benefit from sponsorship opportunities for World Trade Day and Small Business Week.

Comparable WTC's - Member Benefits

Member Services	Winnipeg, MB	Saskatoon, SK	Halifax, NS	Delaware, ME	Buffalo Niagara, NY	Savannah, GA
Global Network with reciprocal privilidges	x				x	x
Access to International Trade and Market Information	x					x
Identify International business opportunities				x		x
Business consultation services				x	x	
Facilitates Introductions			x			x
Local expertise in ICT, life science & ocean tech			x			x
Office and Real Estate Services		x				
Project Consulting Services		x				
Private Equity		x				
Convention and Trade Services		x				
Increased Targeted Trade Opportunities	x					
Training, mentorship & trade events	x					
In-depth focus on export/import of services				x		
Education forums and workshops				x		
Located in the heart of downtown			x			
Trade Missions			x			
Access to top international trade consultants					x	
Invitations to International Events					x	
Benefits of duty deferral on imported merchandise						x
# Members	0	0	0	100	90	60-70
# Clients	2,000				5	Partners

Source: Comparable WTC's Member Benefits: Management Interviews, April 2020 and wtca.org

Business Relationships

The majority of comparable WTC organizations have business relationships at the Federal, Provincial/State, and County level, through delivering such programs as Canada's TAP, attracting businesses to the state/province/city, and assisting with local companies looking to grow internationally.

In terms of hosting events, WTC Winnipeg brought in Centralia Global Business Forum – an international business-to-business forum focused on generating trade opportunities for small and medium sized businesses for Manitoba. The event, which has been described as "speed dating" for businesses, was held in Winnipeg in 2010, 2012, 2014, and 2016, but has not been held in the province since the Conservatives were elected in 2016. WTC Saskatoon does not generate events for its sister property, WTC Prairieland Park, however Prairieland Park has generated leads and hosted events through its MOU with WTC Las Vegas. Nova Scotia's Events East Group provides convention services for the Halifax Convention Centre, but found they were not

attracting most of their conventions through the WTC network, and hence its WTC license was transferred to its sister agency – Nova Scotia Business Inc. However, WTC Halifax stated that if Sudbury were to have the WTC and Convention Centre in the same building it could work well, as it would be meeting all 3 of WTCA's business streams (Commercial Real Estate, Trade and Conventions). WTC Delaware was going to host SelectUSA Investment Summit this year, however, it was cancelled due to COVID-19. Last year's event, which was held in Washington DC, attracted 1,200 business investors from 79 international markets and 49 states and territories.

In the case of WTC Winnipeg, the City provides the organization with office space at a discounted rate, and they also work with the City's Economic Development Committee and the Tourism Office (French services) on the buildings main floor. The City of Winnipeg has also noted that having a WTC and working with the Economic Development Committee has helped the city gain recognition, as most potential clients/trading partners do not know Winnipeg. WTC Halifax works with the Halifax Chamber of Commerce to deliver its TAP program, and WTC Saskatoon is beginning to work with Western Economic Development Authority on promoting its super cluster. Because they are a relatively new organization, WTC Saskatoon is still building trust with Saskatoon's EDC and Chamber of Commerce. WTC Saskatoon's developer was originally going to build its office building downtown, however ownership selected a different site because the City approved a 13-storey office tower as part of a $300 million megaproject that also includes a 20-storey condominium tower, and a 15-storey Alt Hotel, which is expected to be completed by 2022. As an incentive to build in the downtown core, the City of Saskatoon offered a 5-year property tax abatement program, however, the incentive was not realized because they chose to build outside the downtown core.

Comparable WTC's - Business Relationships

Business Relationships	Winnipeg, MB	Saskatoon, SK	Halifax, NS	Delaware, ME	Buffalo Niagara, NY	Savannah, GA
Federal Government Programs	x	x	x	x	x	
Provincial /County /State Departments			x	x	x	x
Host events at Convention/Trade Centre	x	x	x	x		
City Departments, including EDO	x		x			x
Work with City Tourism Office	x					
Chamber of Commerce			x			
Western Economic Development Authority		x				
Favourable Office Space Lease Terms	x					
Property Tax Incentives		x				

Source: Comparable WTC's Business Relationships: Management Interviews, April 2020 and wtca.org

Operating Models

All of the comparable WTCs rely on some form of provincial/state and/or federal government funding, ranging from 33% to 100%. One of the comparables reported that 66% of their operating revenue was from earned revenue and sponsorship support, while another comparable reported that 25% of their operating funds was sourced through sponsorship and registration fees. Only one of the comparables provided their annual operating budget at approximately $2.5 Million.

Advantages/Disadvantages of Having a WTC in your City

The following section draws on quotes and anecdotes from interviews with comparable WTC locations.

Advantages

- Main advantage is having an organization focused on trade – both on storytelling perspective, and for direct assistance (someone to call).
- Playing on a global stage.
- Connection to the WTCA – day to day, they can call other WTCs to get information on industries from different markets.
- They have interconnective binational regional economy, and Economic Development officials are trying to force people together to do business/share ideas. There is no other agency that deals with both sides of the border – very important for whole region.
- The brand – including the network and the name recognition. Provides the city or town with an iconic building or iconic-named organization.
- For smaller communities, it's a tie that community has globally, puts a city on the map.
- As one person put it "from someone who has had the Kool-Aid but also understands the economics of it," it's a good thing for any region – and the whole world hears about your city, with the WTCA AGMs and materials the association sends out.
- Having a WTC license tied into a Greater Sudbury Convention Centre, with member companies participating in conventions, will in turn support the Convention Centre and the hotel sector.

Disadvantages

- Only disadvantage is cost – maintaining memberships, but they have a definitive value proposition.
- From a developer/municipality perspective, it was mentioned that "if you look at the price of the license and the annual fees it's pennies on the additional cost of the iconic building and that building would become a community hub. So, when you amortize the cost of the license, it's such a small cost for the benefit to your community…" (a building, conventions, etc.)

Best Practices/Lessons Learned/Advice

The following section is a collection of excerpts from interviews CBRE conducted with advice for the WTCGS, best practices on running a WTC, and lessons learned.

Take Advantage of WTC Network

- There's a lot of work to do with the WTC network, you have to build your own relationships and find those people that are active and helpful in your space. Not everyone is active or helpful or aligned with your goals. The WTC has 3 different streams of what they focus on (commercial real estate, trade, and conventions) so you have to find the right partners, but there are lots of people who are connected and helpful.

- The comradery they have developed with leaders in WTCA is great; anyone they've reached out to has been very willing to share and makes for a very positive experience.
- Take advantage of the network! One interviewee stated, "If I were a mining company and exporting their product, the WTC would be a place that could facilitate the invite to the embassies to Canada, place to have meetings (how can we have it faster, better, cheaper?)."
- The best advice would be to very be engaged with the network. The value of a WTC license is in the people and connections. You have to put the time in and show up at the events that they put on. They'll follow up with information and people will do favours, but you still have to build those relationships.
- It gives you this family that's right there. One person walked into her first WTC event and everyone was so engaging and so helpful, asking "how can we help and work together?" People were serious about doing business.

Business Plan

- If you are starting from scratch, it must be well planned.
- The faster you can make the building a part of your building, the better. The service model works, but it's hard without the building.
- Definitely check out Trade Accelerator Program (TAP). It is a well-run organization that can assist in leads, etc.
- TAP program – everyone is taking part on Ontario side – Toronto Board of Trade, EDOs, Chamber of Commerce.
- First thing is to get the TAP program running. At a minimum WTC Buffalo Niagara is making $25,000 CAD on this program.
- Sudbury should build on its bilingual capacity and make it known as a key asset. This model will facilitate funding from different levels of services.
- Toronto WTC brings in a lot of Trade Missions – but they tend to be very sector specific to Toronto. Sudbury could partner with them on setting up Trade Missions related to Sudbury's key sectors.
- Assess all opportunities: does it fulfill mission, add members, generate revenue?
- Spending the time to lay the groundwork and then benefitting in the long run. You do have to spend time letting everyone in the community know what you do.
- Look at ways you can help your members funnel provincial funding to you. Are there programs where government export funding can go to education – have the government fund your program.
- For memberships: you have to have a strong attraction and engagement strategy. What are you going to offer members that's valuable? Get involved with the WTC business clubs, (Sudbury may be a good place to have a business centre), offer a happy hour, and find a way to keep members engaged. There are also many ideas that get shared at the WTC global level that Sudbury can tap into.

- It's all about engagement and making sure that your members are getting value.

Downtown Location

- A World Trade Center should be developed in the downtown, which in turn will draw people and businesses to the downtown core. Build an outside plaza for people to meet, with an opportunity for advertising to help pay for the Centre and its programs.
- If you can build it in downtown – will have a beneficial impact with a Convention Centre – rejuvenate the downtown. The goal is to create a vibrant downtown.
- Best investment that you can make, as it's able to bring other corporations into downtown. You are part of an international network, 330 cities, 90 countries around the world and that has a significant impact. It also plays a major role in economic development and the WTC branding helps with exports for the host city.

Instills Community Pride

- A WTC instills pride into a community – you can't buy that.
- Because WTCA has standards of their brand, you have to work to meet them. There's a level of quality control. If they open one in Sudbury, the rest of the world would know about Sudbury.

Garner Community Support

- Get as many people to be on board as possible – to be proud, buy a share, sponsored by them. This demonstrates a real effort of the business community coming behind the new structure; it shows that even the coffee shop, for example, is sponsoring this. It gives small business a name.
- It's very easy to get people to rally around a WTC because of the value proposition and if you strive to find mutual value through collaboration, it'll be easy to energize people around trade. Every membership group out there is chasing the dollar, treat it as a collaborative environment not a competitive one and you'll get a lot more done.
- Companies are typically willing to help each other, so make as many connections for people as you can.

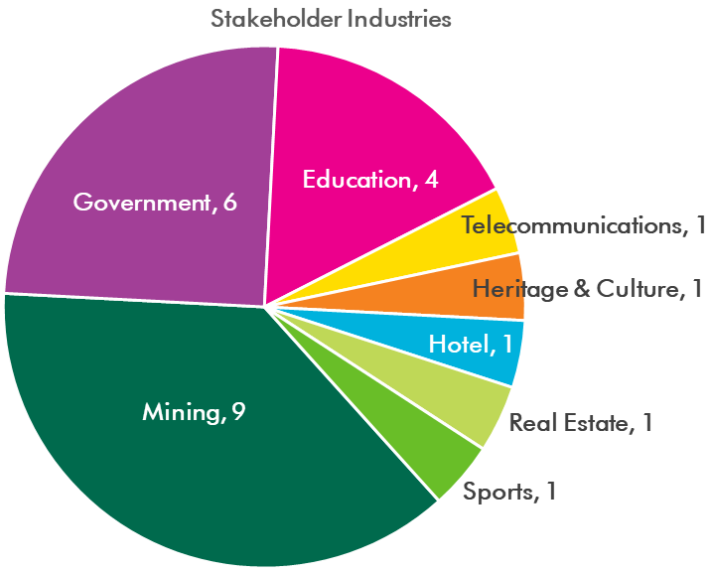
Takes a Focused Effort

- As a WTC, you get to be part of a larger corporation, but you only get out of it what you put into it.
- If you aren't going to be active, do not bother.

LOCAL STAKEHOLDER CONSULTATION

LOCAL STAKEHOLDER CONSULTATION

Introduction



CBRE completed 26 interviews with 30 local and provincial stakeholders that represent a range of public entities and private sector businesses and organizations. The list of stakeholders was consolidated from lists prepared by both the City of Greater Sudbury and the WTCGS proponents. As such, some of the entities were familiar with the WTC concept and supportive of the proposal at a high-level. Others were recommended based on their understanding of trade and export industries in the Greater Sudbury market and/or involved with those industries. One of the more important industries involved in international trade is the mining industry. As such, about one-third of the discussions were directly related to mining and the associations or other resources that support that industry. Two of the interviewees were City employees and were therefore excluded from the stakeholder results, bringing the total interviews to 24. A copy of the questionnaires can be found in Appendix B.

It should be noted that these stakeholder interviews were meant to garner input from a cross-section of Sudbury's industries and services. While the proposed WTCGS named five industry sectors that would benefit from a WTC, the stakeholders provided were mainly from the mining sector. These interviews are neither an indication of feasibility nor a "focus group" for the proposed WTCGS program elements, but rather represent a broad overview of opinions in the current climate.

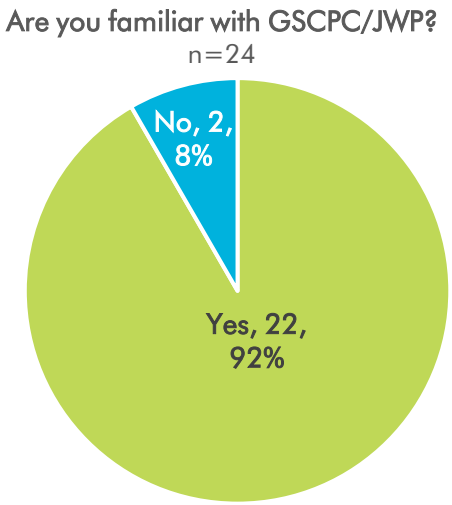
Local Stakeholder Input

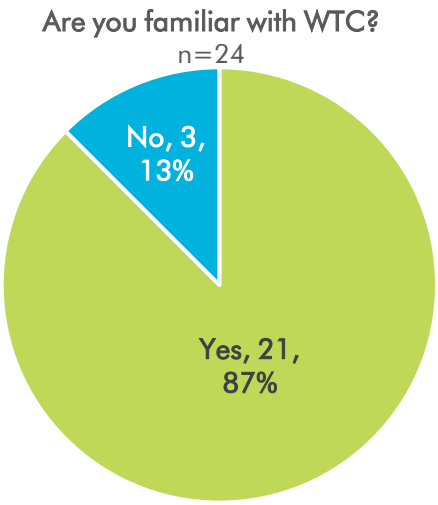
Questions posed of local stakeholders ranged from their understanding of Junction West and the WTC concept, and the benefit that a WTC might bring, to the individual's potential use of and interest in supporting a WTC facility in Greater Sudbury.

Familiarity with Junction West Project & WTC Concept

During the interviews, the following description of a WTC was provided for reference:

> *The World Trade Centers Association stimulates trade and investment opportunities for commercial property developers, economic development agencies, and international businesses looking to connect globally and prosper locally. The focus is specifically on to build on trade opportunities at an international level, with WTC facilities in 90 countries worldwide. The proponents of the WTC for Greater Sudbury are looking to develop a building that will offer office space for tenants, and will also provide trade services to members, along with product launch space for large trade show presentations.*





The majority of respondents had some level of familiarity with both the Junction West Project (92%) and the WTC concept (87%). There was strong perception across the board of the importance of revitalizing the Downtown core of Greater Sudbury, and the need for capitalizing on Sudbury's strengths, and that a convention centre and/or WTC venue could help to put Sudbury on the world stage.

Basis for Support of a WTC in Sudbury

Those respondents that had been identified by the WTC proponents as having been supportive of the concept were asked on what basis they might support a WTC facility in the city.

On the whole, respondents were clear that the mandate of the WTCA is to stimulate trade and international business. Those who expressed support of the WTC indicated, that there were a lot of good things to offer in the Greater Sudbury community, and a WTC could raise Sudbury's visibility globally, and connect international developers to their services and products. A WTC could "demonstrate that Sudbury is open to investment and business" and "anything new that involves world exposure for Sudbury is worthwhile considering, and the possibility of growth is exciting". The WTCA's cross-cultural dynamic could also help local businesses understand how to work at a global level within specific sectors. Furthermore, Sudbury's universities produce talented young people that want to stay in Sudbury and get jobs, but they need networking assistance.

From a locational perspective, a downtown venue with the potential of bringing in talent and good quality jobs could help to solidify the downtown revitalization prospects. Furthermore, there is a need to have a dedicated place to showcase local products and/or research innovations, while attracting international visitors. Many local businesses and municipal partners want to beautify and re-inhabit the downtown and bring people for an urban experience. Furthermore, a location in Sudbury would be advantageous as it is already considered a central hub of Northeastern Ontario, and is well-known for Science North and Dynamic Earth, the mining industry, sports, and health science. At the same time, with a population of 168,500 people, Greater Sudbury is a small WTC destination in comparison to others that were analyzed, so adapting the size of the building and its location will be critical. For example, the city of Savannah, GA is very close in population size to Sudbury with 146,000 residents, and the WTC owns a 4-storey office building with 40,000 SF, leasing 25,000 SF to tenants.

In terms of concerns, there was confusion as to the advantages of the WTC member benefits, as the City and Province organize inbound trade missions. Within Sudbury, in addition to the City's Business Development Office and the Northern Ontario Export Program, there are local trade-networking associations like MineConnect (Ontario's Mining Supply and Services Association), and both are involved in inbound and outbound trade missions. Provincially, the Ministry of Economic Development and Job Creation, and the Chambers are heavily involved in trade. At the national level, Global Affairs Canada, Export Development Canada, Prospectors & Developers Association of Canada (PDAC), Mining Suppliers Trade Association (Canada), as well as funding providers like the BDC and FedNor also provide assistance, through programs like the Northern Ontario Exports Project.

Although regional development agencies of the government like FedDev work with the Toronto Board of Trade and the WTC's TAP program, concern was voiced about limited awareness of the WTC concept amongst Sudbury's current trade partners, associations, and service providers. Yes, other municipalities have been successful in partnering with local service providers in a coordinated role – so there could be an opportunity for the City to work with the WTC. Another consideration that emerged was a perceived need to consolidate trade initiatives under one roof, since many trade initiatives for Sudbury are being done on an ad hoc basis or are very sector specific. "It would be a no-brainer to have just one organization/umbrella and the WTC could be that centralized path." A WTC could become a "one-stop-shop" for international agencies, assisting with Export Development Canada or BDC documentation and connections.

A number of stakeholders suggested that a WTC could help to broaden trade beyond the mining sector to other sectors and broaden WTCGS membership to geographic regions beyond Greater Sudbury. It could also provide a venue to showcase the role Greater Sudbury might begin to play in growing its trade opportunities worldwide in all sectors. Furthermore, the WTC would provide Sudbury with global recognition, much more so than a new arena or casino, and would give Sudbury more recognition for innovation in local economic sectors.

Potential Economic Benefits of a WTC in Sudbury

Respondents were asked to consider what economic sectors might benefit from a WTC in Greater Sudbury. **Mining** was identified as the primary sector that would benefit from trade services and international business networking. One comment was made that a WTC could help solidify Sudbury as a mining centre. Other sectors mentioned were:

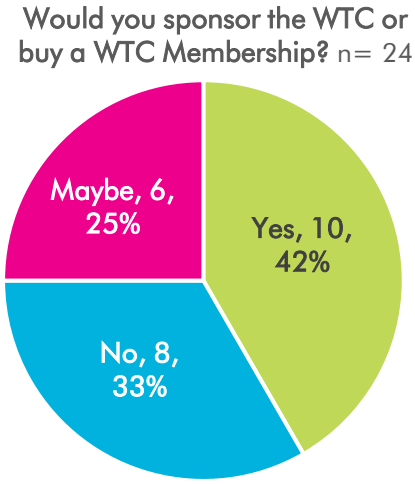
- Healthcare (including med-tech, rural healthcare, medical research)
- Education,
- Forestry,
- Environment (including research in reusing ore and re-greening of abandoned mines),
- Advanced manufacturing (mining and industrial),
- Innovation, Science & Technology,
- Government,
- Film, and
- Tourism.

In those sectors that focus on advanced technology and research (e.g., education, healthcare, mining supplies, biotech, etc.), there is a need to commercialize their innovations and make products that are market-ready into packaged products. A WTC could potentially act as a great networking tool for connecting innovation with commercial expertise. More sector-specific comments include:

- A WTC could help to make Sudbury a medical hub in Northern Ontario – Northern Ontario School of Medicine, established in 2005, has been a top medical school for many years in Ontario;
- Companies working on innovation in advanced technology, mining / healthcare development, environmental remediation, etc. are typically great at what they do, but don't know how to get product out. A WTC tenant that could commercialize and grow the new technologies and promote them through trade shows, etc.;
- Forestry and wood innovation - McEwan School of Architecture is looking to establish themselves for innovative design in wood for northern communities, and build a Northern Ontario Wood Innovation Centre, producing innovative design wood products. If there were things that could have more industry led assistance with partners (i.e. forestry companies), the University could showcase what they're doing;
- Tourism – an iconic building might bring people to see the city; plus, a WTC would bring trade, and anytime people come, it means more money spent, and future tourism, with benefits to the entire region;
- The environmental community is rallying around building a biotech industry to clean up abandoned mine sites. If WTC and financing associated with it could take creation of their products to market, that would help a lot of international locations;
- A WTC could provide potential for local universities/colleges to provide professional development, and raise both professor and student skills to international standards;
- Advanced research and innovation with hubs that include: SnoLab, Laurentian University's Innovation Centre and Vale Living with Lakes Centre, etc.; and
- Any sectors interested in export markets and sourcing with international locations.

Many respondents agreed that Greater Sudbury has significant expertise and is in a strong position to expand and grow internationally. The comment was made in order to expand internationally, there would need to be more of a Northeastern Ontario focus. Through soliciting WTCGS memberships, the subject WTCGS may benefit from the engineering expertise out of North Bay, forestry from Timmins, mining in Greater Sudbury, etc.

WTC Memberships and Sponsorship



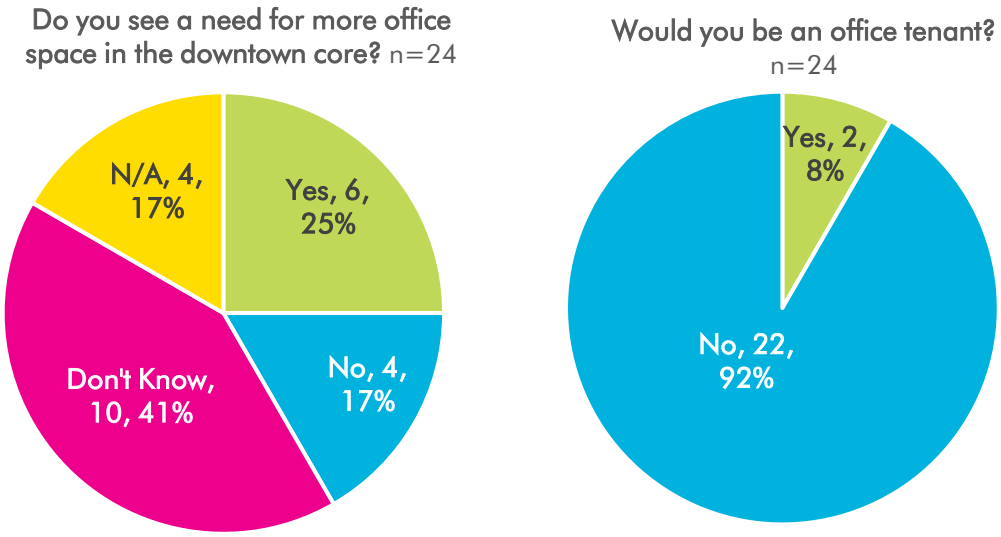
Given the initial indications of support and potential benefits to the Sudbury economy, respondents were asked whether they would consider supporting a WTC in Greater Sudbury financially, through either purchase of a membership fee or sponsorship in some format. As shown in the pie chart, just over 40% of respondents said that they would be interested in that kind of support, while one-third said no, and one-quarter remained undecided.

For many, particularly representatives of the Mining Supply & Service sector, there was concern about the value proposition that a membership would hold – given the dedicated associations already in Sudbury (i.e. MineConnect, Chamber of Commerce) and associations at the Provincial and Federal level – many of which charge an annual fee. It was mentioned that the business case would need to identify a cost benefit and a real need that would be supported by local businesses. The mining community, for instance, has a widespread network that is extremely tight with relationships and contacts, as "business comes from your reputation." If the WTC could fit into the ecosystem of all these other associations, it would make sense. Others indicated that they would be interested, and would like to have input, particularly if these other network associations were involved.

Two or three delegations from environmental groups come to work with Laurentian University annually and the school trains students in international business, so there may be opportunities for sponsorship of some type, i.e. through internships and experiential learning opportunities, which would be reciprocated with young minds interested in business to assist the WTC.

Downtown Office Space

As the WTCGS proposal calls for 50,000 SF of Class A office space at the venue, respondents were asked whether they saw a need for more office space in the Downtown core and whether the organization they represent would be interested in becoming a tenant of a WTC building. As shown in the following charts, one-quarter of respondents agreed that there was a need for more office space, and less than 10% of respondents would consider being a tenant in the new WTC building. On the topic of office space in the Downtown, about 58% of respondents either felt they were not qualified to answer the question or did not have enough knowledge of the market to answer.



Some respondents that indicated that there was not a need for more office space indicated that the issue was less about vacancy, and more about quality. The general consensus was that there appeared to be vacancy at buildings like the Rainbow Centre, but that in general more Class A space might be required. One respondent indicated that was some nice office space in Downtown Sudbury, but rents were relatively high for those, parking is extremely limited (or unavailable in some buildings), and there are "a lot of undesirables" in the area. One stakeholder suggested that new office space at a Class A level would need to yield $25 to $35 PSF net in market rents to be viable. Thus, both rent and demand could be a challenge for a new office building in Sudbury.

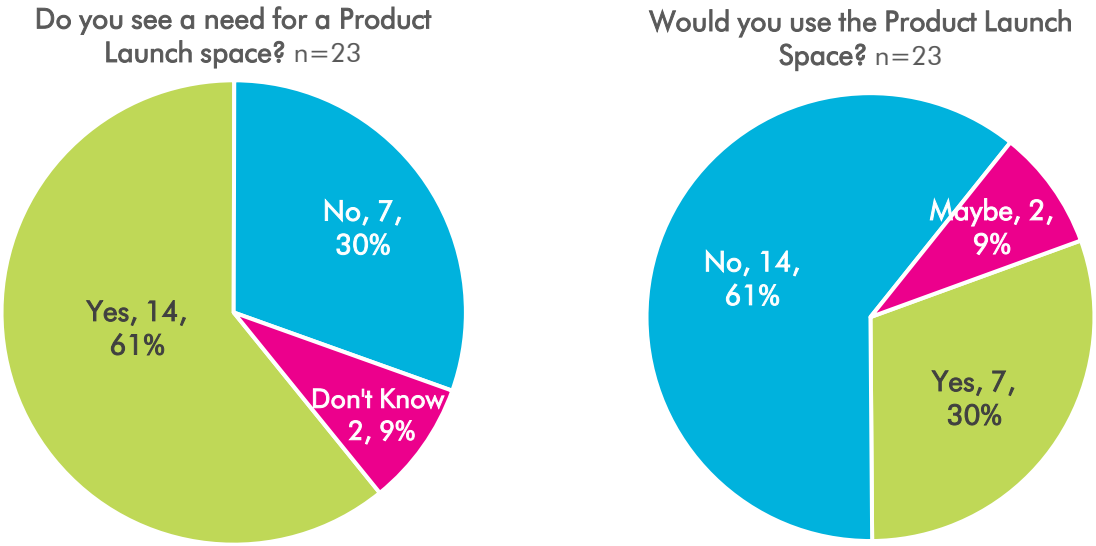
One of the mining companies recently bought an older building Downtown to revitalize, as their main office is in the suburbs, and indicated that young employees (i.e. programmers, mathematicians, etc.) did not want to travel outside the city. This company also wanted to be close to students because of its affiliation with the University. Another respondent indicated that if the WTC is looking to develop a building, they would recommend redevelopment of an existing building. A new or refurbished building may attract people to come downtown, especially young people. However, parking would continue to be a concern from many respondents, which is a large part of the reason many companies are choosing to locate outside the core.

A WTC building with office space could accommodate companies that only need space on a temporary basis, either for visiting executives at existing businesses or delegations coming from other countries. One respondent suggested that if it was a government building that focused on international trade there could be synergies, yet that would not necessarily bring the rents required. It is understood that real estate is important to the WTCGS proposal, and that currently the city is not well equipped to host delegations coming to see local products and innovations, particularly if they are considering staying for longer periods of time. Furthermore, there could be an opportunity to "piggyback" on the GSCPC as opposed to building a separate development, with an iconic "jewel box" space for the WTC licensee that could potentially be expanded in phases, if a business case could support additional office space. Parking would be part of the consideration as well. **Consequently, a number of stakeholder discussions did not support the need for 50,000 SF of office space in a dedicated WTC building, but did support some level of space for WTC and temporary office usage.**

It should be noted that the WTCGS also proposes to include a Consul Corps Office, Passport Office, EDC Office, Global Affairs Office, and other community beneficial service offices. In addition, not all of the office space would be leased to long-term tenants, small meeting rooms and boardrooms within WTC's office space would be used as temporary office space for out-of-town companies, delegations, etc. **It is our understanding that the inclusion of office space, product launch space and corporate apartments are integral to the business plan for the WTCGS.**

Product Launch Space

In the preliminary plans for the WTCGS, the proponents suggested that 5,500 SF of common area could be utilized for a product showcase area. In CBRE's survey, respondents were asked whether they saw a need for product launch space at the proposed WTC and if they would make use of that space. Over 60% of respondents agreed that there was a need for product launch space in Sudbury, yet 60% also said that they would not use it themselves.



Those in support of product launch space at the WTCGS indicated that it would be helpful to have a dedicated, technologically advanced space for video conferences and large-scale exhibits, "something world stage worthy." As part of the Junction West project, the city could host a mining symposium and showcase large mining equipment in a dedicated space, or even auction such equipment. Dynamic Earth is currently being used for that purpose but according to some that space was "under-spec'd" for large-scale equipment. From an educational perspective, there could also be an opportunity to showcase student developments and innovations in a dedicated gallery space at the WTC. Such an opportunity could help commercialize the research and innovative technologies being produced by the universities and colleges in Sudbury. A number of respondents also said they would be interested in seeing the product launches, even if they didn't participate themselves.

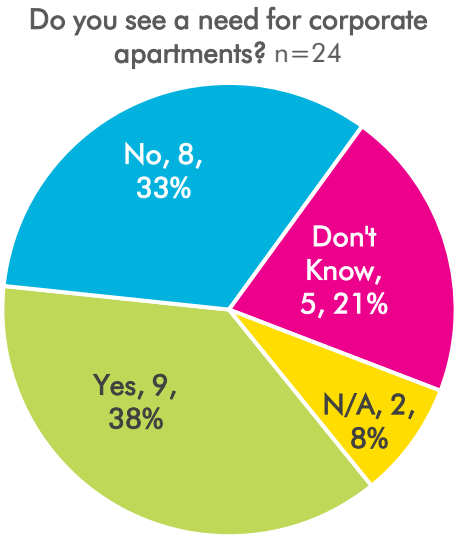
Concerns raised were that there are already spaces in Sudbury being used for demonstrations of new products and technology, and that the GSCPC is planning to provide space for trade shows and exhibitions. As such the WTCGS could potentially be in direct conflict by providing such space. For example, there are mining companies that use space to demo new products at NORCAT's building on Maley Drive, and

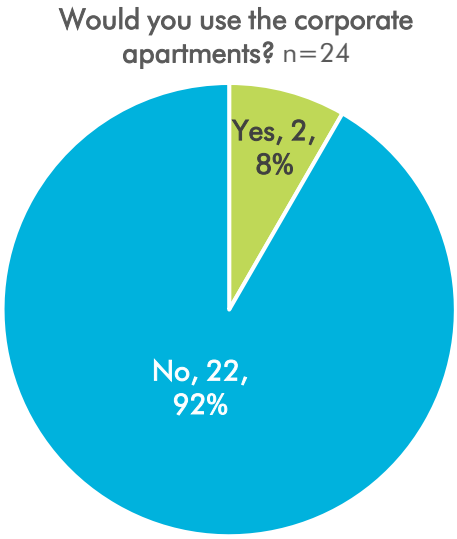
NORCAT's underground mine is used for testing and development work. NORCAT is also planning a new building, and Rock-Tech does product launches at their existing facility, as does the e-Dome at Cambrian College.

There could be opportunity downtown, as long as the companies that undertake product launches would be interested and able to use a space downtown. There may be an opportunity to work with NORCAT and other companies that are already involved in product launches, as they have the capacity to show delegations the environment where the equipment is being produced. A large challenge for Sudbury is the lack of opportunity to host large shows without a facility like the GSCPC. **If product launch space could be in close proximity to the convention and/or trade show space, in the same or an attached capacity, that might offer the greatest opportunity.**

Corporate Apartments

The WTCGS proponents identified preliminary plans for an estimated 60,000 SF of corporate apartments for long-term lease at the facility (which translates to 40 corporate apartments, assuming 1,500 SF per unit). Respondents were therefore asked whether they saw a need for corporate apartments at the proposed WTC and if they would make use of them. Just under 40% of respondents agreed that there was a need for corporate apartments, but only 8% said they would make use of such apartments.





Those in support indicated that the main requirement was to be able to host international visitors and have a product that matched their needs. Visitors requiring long-term accommodation often prefer an apartment with amenities to a hotel, and most of the hotels offering suite products are located outside the Downtown core. Furthermore, one respondent indicated that "…when you have your own place it's easier to entertain guests pre/post events, and the space feels like your own as opposed to just a hotel room."

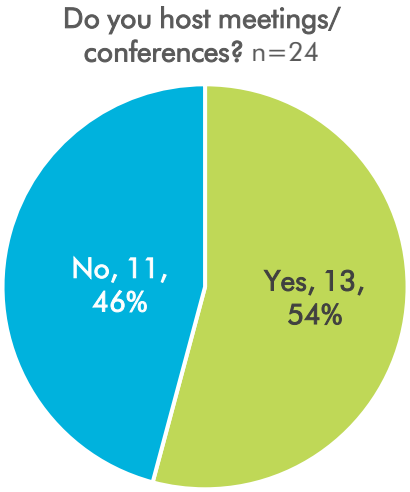
For trade delegations coming to Sudbury, of which there are typically 10 to 12 annually, they tend to stay between 3 and 7 days. A WTC office could assist the city in organizing meetings and host the delegates in a common space, with local hotels and/or the proposed hotel development at Junction West providing

overnight accommodation for the delegates. Project proponents plan to assist with organizing the existing trade missions, while also hosting additional inbound/outbound missions.

Concerns voiced in relation to this feature were that the City of Greater Sudbury already offers a range of corporate apartments and other types of housing for visiting executives, professors, and other professionals, as well as families relocating or requiring temporary housing. This type of demand is very difficult to track, as it crosses various sectors, and often people using the existing product in Sudbury are looking for detached houses or residences in more scenic areas, i.e. lakefront. Also, given that the Junction West project was intended to include a hotel, there was concern that corporate apartments would compete with demand for that property, and potential cannibalize other demand for downtown hotels. Furthermore, convention guests are more apt to use hotels – thus a hotel would be more important to the Junction West project. It should be noted that the project proponents have indicated that the proposed WTCGS corporate apartments would only be available for long-term lease (not short-term rental).

Several stakeholders noted there may be a need for some level of corporate apartments downtown, and they could help to bring more people to stay Downtown as opposed to staying in existing extended stay product outside of the Downtown, but there is also a need to revitalize the area in the meantime.

Meetings and Conferences



As a means of understanding how the respondents might frequent Junction West once the project is complete, they were asked whether the organizations/companies they represent host large meetings and conferences. The results were almost 50/50, indicating good support from the small selection of respondents interviewed.

It would be helpful to have a new convention centre to showcase the city. For those that host and might consider hosting at the GSCPC, such as the McEwan School of Architecture, there was significant interest in hosting new events. It was mentioned that mid-size meeting space in particular has been at a premium space in Sudbury, especially for technology related trade shows. Many of the smaller events hosted by the Chamber and other organizations could continue to be hosted at local hotels and banquet halls. As described in the CBRE 2018 Report – the GSCPC would be used primarily for larger events and performances. The only limit on the size and types of meetings/conferences that could be hosted is the amount of hotel accommodation available.

A concern posed by some stakeholders is how a WTC might add to the Junction West's ability to host meetings and conferences or drive more business that has not already be considered in the business plan for the GSCPC. It is our understanding that the WTCGS plans to organize and host 5 new conferences each year that are not currently in the market, representing one conference per industry sector.

Benefits/Synergies of WTC connection to the GSCPC

Respondents were asked to comment on the potential benefits of having the WTCGS connected to the GSCPC, and how it could complement the Junction West Project. There was a general consensus that there

is a lot of innovation in Sudbury. Entities like MineConnect, Cambrian College, College Boreal, Laurentian, Centre for Excellence in Mining Innovation, Dynamic Earth and Science North, are all involved in research and innovation that would benefit from a venue that could host meetings & conferences. Furthermore, when delegations come, they want to understand technology and visit operations, which is a service that could be provided by the WTC. The WTC could also feature product launch space, as discussed. The issue raised was whether the two entities need to be mutually exclusive from a facility standpoint.

The following section provides some more general advantages and concerns voiced by respondents about locating the WTC within the Junction West project and draws on quotes and anecdotes from interviews with local stakeholders.

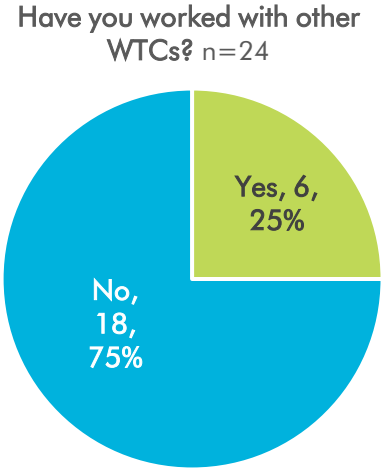
Advantages of developing the WTC as proposed in Junction West:

- There are potential synergies for tourism by providing two new facilities for the city to showcase (i.e. the WTCGS and GSCPC).
- It's a wise approach to look at WTCGS in conjunction with Junction West project, as synergies within a larger project could add to the WTC's overall long-term viability. Multi-use purpose capabilities = better viability.
- The WTC has the ability to tap into network of bringing in other organizations into the city. Together the buildings could provide international exposure for the city and convention business.
- An iconic building helps to build prestige, and hopefully by adding it to a convention centre, synergies can develop, along with cost savings in construction.
- Two buildings being connected would be a benefit if there are connections within their programming, i.e. If there's a delegation coming in through the WTC and having meetings at the convention centre, there's a value in being connected to where you're meeting and going to the convention and having a corporate apartment or hotel room in the same spot.
- Meeting planners and organizations that are considering a location for a conference look for amenities around the convention centre, as would delegations connecting through the WTCA. If the buildings are in a central location, it's a huge plus (i.e. art gallery, library, pubs, restaurants, hotels, etc.).

Concerns / Alternatives to the current proposal:

- There are already lots of major developments planned for the Downtown.
- The Junction West project does not need a big building for office space.
- The idea behind the WTC could be accomplished without it being as grandiose, i.e. just meeting business product launch needs.
- The WTC should be downtown but does not have to be connected to Junction West. They could refurbish an existing building instead.

Experiences with other WTCs and Benefits to their Economies



Respondents were asked to comment on whether they had experience with WTC facilities prior to learning about it through the WTCGS proposal, and what kinds of economic benefits were being experienced in other jurisdictions. As shown, one-quarter of respondents had in fact worked with other WTCs, while three-quarters had not.

For those that had, one respondent commented that his company preferred to "go direct to existing mining sector contacts and skip the middleman (i.e. WTC)." In addition, the respondent stated that approximately half of his US counterparts didn't see the value in WTCs, while the other half "say it's the greatest thing since sliced bread." In cases where the WTC has been successful, it appears that success is really dependent on trade content and management style and competency, as opposed to the real estate component.

In cases where the WTC is managed by Chambers of Commerce in Canada, there are often great synergies. Typically, the Chamber of Commerce has the relationship with business community, and there is often an opportunity to share office space, i.e. the Toronto WTC is within the Toronto Region Board of Trade. It was identified that in general, companies looking at international travel from a business point of view tend to look to Chamber of Commerce as their central business point. The Winnipeg model was also identified as a strong one, wherein the WTC leases space from the City of Winnipeg, but remains a privately-owned operation, with programs offered through public investment.

For those that had not heard of or worked with a WTC, respondents from various sectors indicated that in all their experience with international trade, they had "never come across a WTC." The main concern with the concept is that Sudbury already has some success with international trade, particularly in the mining sector, and respondents do not want to see duplication, but rather some form of "consolidation." There were also questions raised as to whether Sudbury has the population density to support a WTC.

Additional Comments

The interview process yielded some great discussion overall with respect to international trade, the future of Greater Sudbury's economy, and revitalization of the Downtown core. The following is a sample of some of those related comments from stakeholders:

- Considering the long-term longevity of the community, a sports entertainment centre should come first, as it could be used for conferences and multiple events, concerts etc.
- You need to have revenue coming in for setting up downtown, because there's nothing there now. Most people spend minimal time downtown. Parking is a pain. The Downtown needs some "TLC" – perhaps a strategy is required to attract banks that are spread around, post office, small vendors, and get them to consolidate downtown.

- The city needs to connect with Global Affairs Canada - they do trade on an international basis.
- Junction West is a priority for the community. Happy to see this research is being done and that local stakeholders are being contacted.
- Junction West would require a "good hotel" to accommodate increased international demand.
- Sudbury needs to get past just mining. There are so many other things here that people don't see.
- Companies try to recruit good professionals, but it's lifestyle that's going to attract them and Sudbury needs a good way to compete with other cities, give people a reason to not just go to Toronto/Vancouver.
- There's a tendency to want to focus on what services are duplicated. This WTC project will probably fall victim to the same assumptions. Someone will have to do an honest and thorough job of what services actually exist. Some people "assume" that things are getting done or services are offered, but they're actually not.
- The WTC does not necessarily have to be a content provider, it could be a place-based thing where all the partners come to actually DO their parts. This is an opportunity where people could be more inclusionary. There are currently overlapping organizations that could be brought under the same tent. This could be a place where these organizations live, whereas right now the organizations kind of live online or someone's second job at their primary job's desk.
- In Sudbury, you can't assume that the WTC brand name will be enough, you will still need to rely on the existing organizations and the weight they pull in industries. I.e. don't need to hire a Chilean representative for the WTC, because we already have those ties through other companies in Sudbury
- At the end of the day, we'll always be interested in everything that would benefit our clients. So, if this is meaningful and powerful for our clients, then we'll use it.
- The ones that didn't work out, were mismanaged with programmatic nature. You license the playbook, you get access to memberships, have that soft landing, etc. It was cool 10 years ago, it's a bit oversaturated now. But in a city like Sudbury, it could be a huge benefit, as long as the programming side was worked out well. Would really like to know more about the buy and sell side!
- There is a high level of skepticism - we need a lot more information to understand whether it is viable. At this point there more questions than answers relative to the WTC. We have not done enough due diligence at this point.
- Local proponents see the success of WTC being really critical in terms of management and operation of Centre – you need to have the right people leading it.
- This is a "make work project" for someone who has an idea.
- If this is a not for profit organization, how would the WTC make money? What is the motivation?
- MineConnect is a main driver in the community, this group will be the pre-cursor to the appetite for the project.

- Sudbury has access to everything that Toronto has access to through Global Affairs, except the 3.5-hour drive to get there.
- TAP Program is open to companies from Sudbury, but there is a cost to be part of the program. Other organizations (i.e. Global Affairs Canada) could provide access at no cost.
- If the objective of the WTC is global connections and to facilitate the connections, then we see a benefit, but we do not want to build additional office space in the Downtown. Hopefully this can be accommodated through WTC services connected physically to the GSCPC.

Conclusions & Implications

CBRE's discussions with local stakeholders yielded some helpful feedback in terms of what advantages a WTC could bring for Greater Sudbury, and both what benefits and facilities would be of most use to local businesses and organizations. The following is a summary of the key topics and discussion points that have helped form the basis of our study findings and recommendations.

Potential Benefits of a WTC to Sudbury

- The WTCA network could assist to connect research and innovation with commercial expertise, particularly in the areas of advanced technology and research.
- A location in Sudbury's downtown could help to solidify downtown revitalization projects.
- A WTC could help to consolidate trade initiatives under one roof to showcase local product/research and bring international visitors to an urban experience that is also close to the developers.
- A WTC could act as a one-stop-shop for international agencies, assisting other trade networks.
- A WTC could help solidify Sudbury as a mining sector, but it could also help to broaden trade beyond mining, i.e. Healthcare, Education, Forestry, Environment, Advanced manufacturing (mining and industrial), Innovation, Science & Technology, Government, Film, and Tourism.
- Putting a WTC in Sudbury is advantageous for the region, as it is already a hub for Northeastern Ontario, and could lead with a regional membership focus (if possible).

Concerns & Queries about WTC and Member Benefits

- Sudbury has a relatively small population compared to other WTC destinations – could the WTCGS memberships focus on trade for all of Northeastern Ontario?
- What are the competitive advantages of WTC inbound and outbound trade missions?
- How do WTC operations differ from what is currently being offered at the local, provincial and federal level?
- Success of a WTC is typically dependent on trade content, and management style / competency, as opposed to the real estate component - who will manage the WTC?
- There is limited awareness of the WTC concept amongst Sudbury's existing trade partners and local associations – why do businesses need to join and pay fees to another organization?

Membership Benefits Need Clarity

- Over 40% of respondents indicated that they would be interested in providing some level of support while another 25% remained undecided and were primarily interested in more specific information, i.e. confirmation that WTC benefits do not duplicate existing trade efforts rather may offer an opportunity for consolidation.
- A business case would need to identify a cost benefit of membership, and a real need that would be supported by local businesses.
    - Sectors such as the Mining Supply & Service sector already have widespread networks, so the WTC would need to find a way to fit into the ecosystem of these other associations.

Limited Demand for Downtown Office Space

- The issue of office space downtown is less about vacancy, and more about quality – there is a perception that more Class A space might be required downtown.
    - A new Class A office building might act as a catalyst to bring people downtown, but less than 8% of business/organizations surveyed would be interested in tenanting.
- Stakeholder consultation suggests that it would be difficult to justify 50,000 SF of dedicated office space in one building.

Product Launch Space

- Sudbury could use a dedicated, technologically advanced space for video conferences and large-scale exhibits, including innovations that require commercialization.
    - There is concern that spaces used for these kinds of demonstrations already exist or have been proposed and that WTCGS could be in conflict.
- If product launch space could be in close proximity to convention and/or trade show space at GSCPC, in the same or an attached capacity, that might offer the greatest opportunity.
- It should be noted that the WTCGS has identified that the product launch space will be one of its main revenue generators, and therefore the WTCGS would need to be able to maintain control of the space.

Corporate Apartments

- Corporate apartments, extended stay hotel suites, and other temporary accommodations catering to visiting and/or relocating professionals (i.e. Airbnb) are already available in Sudbury, and demand is difficult to track; but anecdotally, people seeking this type of product are looking for upscale facilities and locations.

Support for Physical Connection to GSCPC

- A WTC office could assist the city in organizing meetings and entertainment space for trade delegations coming to Sudbury.

- There is an evident need for large event / performance space in the city that would be accommodated by the proposed GSCPC.
- Entities that focus on research and innovation would benefit form a venue that hosts meetings & conventions, as well as product launch space.
- Good support exists for merging the WTC licensee office with the GSCPC, if there is enough demand for WTC member benefits exclusive of what a dedicated building might provide (i.e. office space, corporate apartments, dedicated product launch space, etc.).

IMPLICATIONS FOR JUNCTION WEST

IMPLICATIONS FOR JUNCTION WEST

Introduction

The primary objectives of the subject study were to determine if there is a market and economic opportunity to develop a World Trade Center in Greater Sudbury, looking at the needs of the city today and upon development of Junction West, and to determine if its development will strengthen the business case for the proposed Greater Sudbury Convention and Performance Centre (Junction West). The following section summarizes our conclusions and preliminary recommendations, in order to provide insight for the City to determine whether development of the WTCGS would strengthen the business case for the Junction West development.

Junction West Project and WTCGS Facility Program Comparison

Junction West Facility Program

As of November 12, 2019, the City released the Large Projects Update #18, which stated that the Junction West project would consist of three components:

- The GSCPC,
- A privately-operated hotel,
- With the potential for associated retail/residential.

The GSCPC proposed facility plan is for a 60,500 SF building, with 4 meeting rooms ranging from 250 SF to 3,500 SF, and one large 13,000 SF main hall. The main hall will function as both a ballroom and theatre space, using retractable seating technology.

WTCGS Preliminary Facility Program

Preliminary plans for the WTCGS call for a commercial tower with 50,000 SF of Class A office space, 60,000 SF of corporate apartments (40 units), a product launch area of 5,500 SF, World Trade Center offices including meeting rooms and a club sky bar and a parking garage for approximately 160 to 165 stalls.

Facility Comparisons

The following chart provides a comparison of the 2 proposed facility programs.

Potential Junction West & WTCGS Facility Comparison

	GSCPC	WTCGS
	SF	SF
Main Hall	13,000	
Meeting Rooms	6,500	
Prefunction/Product Launch Space	11,500	5,500
WTC/GSCPC Office & Support	2,500	14,500
GSCPC Hospitality/WTC SkyBar	5,400	5,000
Retail/Support	1,600	Ground Floor Retail
Building Technology and Services	2,700	Building Tech & Services
Commercial Office Tower		50,000
Corporate Apartments		60,000
Parking	2 acres	65,000
Subtotal	**43,200**	**200,000**
Gross Up (40%)	17,300	TBD (incl loading docks)
Building Total	**60,500**	**200,000**
Capital Cost Estimate (Excl Land)	**$65 Million**	**$65 Million**
Proposed GSCPC Hotel		
Adjacent Hotel	150 rooms	$22.5 - $27 Million
Hotel Parking	100-150 stalls	$4 - $5 Million
Potential for shared space btwn 2 facility programs		

Source: GSCPC Business Plan (CBRE) & WTCGS Proponents

In reviewing the two facility programs, we offer the following observations relative to potential synergies and concerns

- **Meeting Rooms:**
  - Meeting / break out rooms in the GSCPC could also be utilized by the WTCGS for corporate meetings/trade missions, etc.
  - Three-in-six of the comparable WTCs interviewed offer seminar/meeting rooms and four-in-six have conference/exhibition space.
- **Product Launch Area:**
  - The downtown core does not currently have a facility of this nature, and outside the mining facilities, stakeholders have communicated this space would be unmatched in Sudbury. Stakeholders emphasized that this space would need to be very large, have the highest level of internet and AV capabilities, and be able to withstand heavy equipment and use. This space could be built with adjacencies to the GSCPC space and lends itself well to synergies in facility use.

- The proposed WTCGS facility's product launch space is designed to be able to house large mining equipment (i.e. a scoop tram) for live showcases and demonstrations. This in turn requires large loading docks with heavy load-bearing capabilities. This may pose a potential challenge due to the size of the site and current plans for the loading docks.
- Proponents would also need to work with sector associations, such as MineConnect, to ensure delegates also have the opportunity to see where these products are produced and tested where applicable.
- The product launch space could also be an opportunity for community involvement in showcasing local innovations (from the education or private sectors) within a space that is publicly accessible and inviting.

- **Office & Support:**
  - This is a potential synergy opportunity. Both programs require office support for GSCPC and WTC staff, which could be accommodated in one building. For example, the GSCPC sales and marketing offices could be located within the WTCGS office tower.
- **Hospitality Support / Food & Beverage / Retail:**
  - The GSPC in-house food & beverage services/catering staff could support any hospitality requirements of the WTCGS (ie. WTC SkyBar, meeting and social functions, etc).
  - Both programs call for some ground floor retail and/or coffee shop.
- **Building Technology & Services:**
  - Both programs will require building technology and services, maintenance staff, etc.
  - Potential cost savings from having one team to manage both facility programs.
- **Parking:**
  - The WTCGS has indicated that while the current plans call for approximately 160 - 165 parking spots, they are willing to work with the City on a mutually beneficial solution. In future feasibility work, this element will need further analysis.
  - This is a potential synergy opportunity, so long as there is sufficient parking for the GSCPC, WTCGS, and the potential private-sector hotel.
- **Proposed Hotel:**
  - Corporate/residential apartments could share amenities with a proposed hotel (i.e. fitness centre, pool, and restaurant/catering, etc.)

- **Site Size / Capacity:**
    - Consideration will need to be given to the site size, to determine if both programs can be accommodated on the site, and at what building height.
- **Commercial Office Tower:**
    - Without understanding the requirement for Class A office space in the downtown, it is difficult to determine what level of office demand may be warranted at the WTCGS.
    - Project proponents should undertake a market study to determine if there is a need and appetite for Class A office space in the downtown core. Discussions with local realtors suggest that new office space at a Class A level would need to yield $25 to $35 PSF net in market rents to be viable. The project would need to determine the level of demand warranted and do 30 to 50% in pre-leasing in order to take the risk out of the equation. Concerns were also expressed around putting public dollars towards an office complex which would compete with private-sector developers, who are currently striving to fill vacant space in Sudbury's downtown. At the same time, an iconic office building in downtown Sudbury may act as a catalyst to attract and retain corporate demand for office space.
    - Of the six comparable WTC's: three currently lease office space, two are located in WTC-branded buildings, and one is leasing but looking to invest in a branded building within a private sector development.
- **Corporate Housing:**
    - None of the comparable WTCs interviewed offer corporate apartments.
    - The WTCGS proponents propose to prelease any corporate apartments before construction begins.
    - A full feasibility study is recommended to determine demand for long-term leased corporate apartments and/or the appetite for residential rental apartments in this location.
    - It will be important to ensure that plans for WTCGS's corporate housing component do not conflict with plans for a proposed hotel on the Junction West site, by ensuring that the market is geared to long term rentals only.

Municipal Contribution and Support

Preliminary plans for the proposed WTCGS in the downtown core call for a 200,000 SF building, estimated at a capital cost of $65 million (based on $325 per SF), with the project proponents requesting municipal support of $10 million, based on a contribution of $1 million per annum over 10 years. Project proponents suggest that the form of repayment could be in the incremental property taxes generated by the new development over its first 10 years of operation.

- What are the capital cost implications of a potential joint development with the GSCPC and its implication on the municipal contribution for the WTCGS?

  - Clarification on the size of the development that the proponents have based the $1 million in incremental property taxes per annum on, and implications of a potential joint development with GSCPC. WTCGS has indicated require $10 million in monetary support from the City (as opposed to tax relief, for example) in order to unlock provincial and federal funding. In return, the WTCGS would provide monetary repayment, however the WTCGS is willing to work with the City on what forms the funding and repayment take.

- In the case of WTC Winnipeg, the City provides the organization with office space at a discounted rate, and they also work with the City's Economic Development Committee and the Tourism Office. WTC Halifax works with the Halifax Chamber of Commerce to deliver its TAP program, and WTC Saskatoon is beginning to work with Western Economic Development Authority on promoting its super cluster and building relationships with Saskatoon's EDC and Chamber of Commerce.

- As an incentive to build in the downtown core, the City of Saskatoon offered a 5-year property tax abatement program, however, the incentive was not realized because they chose to build outside the downtown core.

WTCGS License and Member Benefits

- Project proponents have confirmed that the application for a WTC license for a Greater Sudbury location must be within a municipal boundary. In order to benefit all businesses interested in international trade within Northeastern Ontario or potentially Northern Ontario, businesses would be encouraged to become members of the WTCGS. There are economic and funding benefits to broadening the trade opportunities to a more regional level through memberships.

- Project proponents should clarify if the WTCA license can be used for both trade and investment initiatives, as well as assisting the GSCPC in soliciting meetings and conventions. If WTCGS and GSCPC were located in the same building, it would meet all 3 of WTCA's business streams – Commercial Real Estate, Trade and Conventions.

- Vancouver, Toronto, Edmonton, Winnipeg and Montreal all have WTC licenses attached to a Chamber of Commerce or Board of Trade. Consideration will need to be given to the potential role of the Sudbury Chamber of Commerce, as well as other organizations which are already doing trade and business investment in the proposed WTCGS concept.

- Member benefits at comparable WTCs ranged from access to a global network, international trade and market information, identification of business opportunities, business consultation services, local expertise, and facilitating introductions to access to private equity funds and office, real estate and convention and trade services.

- It will be imperative that the WTCGS has the support of Sudbury's mining sector first and foremost, as this sector will continue to benefit the most from international trade opportunities, before expanding to include other sectors such as:

  - Healthcare (including med-tech, rural healthcare, medical research)
  - Education,
  - Forestry,

  - Environment (including research in reusing ore and re-greening of abandoned mines),
  - Advanced manufacturing (mining and industrial),
  - Innovation, Science & Technology,
  - Government,
  - Film, and
  - Tourism.
- In order to advance the project, further consultation will be required on the WTCGS program elements from all 5 sectors.

WTCGS Programming & Operational Considerations

From speaking with comparable WTCs in North America and Sudbury's local stakeholders, the programming and operational elements of a WTC are more important that the call for an iconic WTC building. The following is a summary of best practices relative to programs and operations from our comparable research:

- Trade services and education, such as the Trade Accelerator Program, are offered by all comparable WTCs and is a vital part of the model.
- All of the 6 comparable WTCs offer Trade Information and Market Research, with 5-in-6 providing Trade Education services and 4-in-6 offering Group Trade Missions.
- It is important to maintain strong coordination with Municipal/Provincial efforts.
- Leverage the WTCA network in conjunction with existing local/provincial/national networks.
- The WTC Buffalo Niagara has achieved success using a four-prong revenue approach: membership, events/sponsorship, programs and grants

GSCPC Market & Operating Projections

As part of the subject study, we revisited CBRE's 2018 market and operating projections for meetings and convention demand to the proposed Greater Sudbury Convention and Performance Centre, in order to determine if the addition of a WTC in Sudbury would strengthen the business case for the Junction West Project.

Based on CBRE's 2018 Business Plan, the GSPCC is projected to host between 14 to 16 Conventions, 2 to 4 Trade/Consumer Shows and 130 to 140 meetings, attracting 39,000 to 50,000 delegates per annum once the Convention Centre reaches its stabilized utilization.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE DEMAND PROJECTIONS	
MEETINGS & CONFERENCE EVENTS	**Projected Events**
Conventions	14 - 16
Trade Shows / Consumer Shows	2 - 4
Meetings	130 - 141
Social Banquets	20 - 30
Other	21 - 30
SUBTOTAL M&C EVENTS	**188 - 221**
LIVE PERFORMANCES	**Projected Events**
Touring Shows	20 - 24
Sudbury Symphony	10 - 11
Sudbury Theatre Centre	2 - 3
Convention-related / Private Events	2 - 4
Other Sudbury Produced Events	11 - 13
SUBTOTAL LIVE PERFORMANCES	**45 - 55**
TOTAL PROJECTED EVENTS	**233 - 276**
TOTAL PROJECTED EVENT DAYS	**291 - 344**
M&C Delegate Days	39,000-50,000
Peforming Arts Centre Attendees	37,000-47,000
Total Attendance	**76,000 - 97,000**

Source: CBRE Tourism & Leisure Group

It is our understanding that the WTCGS plans to organize and host 5 new conferences each year that are not currently in the market, representing one conference per industry sector, and also increase the number of trade missions to the City.

Based on the research findings of comparable WTC operations and stakeholder interviews, it is not evident that the addition of the WTCGS would drive significant additional demand to the GSCPC. Through existing programs, the City has steadily increased the number of mining-related trade missions to Greater Sudbury from approximately 4 to 6 trade missions in 2008 to 10 to 12 trade missions in 2019. Through the consolidated efforts of the WTCGS, the City may benefit from a slight uptick in trade missions, however, the addition of the WTCGS in our opinion will not substantially alter our original projections of 14 to 16 Conventions, as the various economic sectors, including mining were considered as part of our meeting and convention projections and associated hotel room night demand. While the project proponents have plans to add 5 new annual conferences to Greater Sudbury, representing one from each of the sectors (Mining, Mining Technology & Innovation; Healthcare, Environmental, Tourism and Film and Education), this is seen as a long term initiative that will take organizational, marketing and financial support from numerous levels, including key champions of each of the sectors, member organizations, City of Greater Sudbury, the hospitality and tourism sector, and the GSCPC.

Conclusions

Based on CBRE's assessment of the proposed World Trade Center Greater Sudbury, and its impact on the Junction West Project, we offer the following conclusions:

- The WTCGS concept has strong potential synergies with the GSCPC from a physical and sustainable perspective, if the two venues are consolidated to some extent.
- There is a need for Class A office space in Downtown Sudbury, and offering that space could act as a catalyst for revitalizing the Downtown core; however, a market study would be required to ascertain the level of Class A office space warranted.
- A market study will be required to determine the level of corporate and residential apartments that can be supported in the downtown Sudbury market in order to verify the proposed facility program for the WTCGS. The units would be pre-leased prior to construction.
    - It is our understanding that the project proponents are only interested in providing residential units based on rental lease terms of 1+years – either through corporations, or potentially for residents interested in living in downtown Sudbury. Ensuring that the corporate apartments for the subject WTCGS development are geared to long term rentals, will be key to differentiating between the type of clientele sought for the proposed Junction West hotel development versus the corporate apartment/residential rental market.
- A downtown parking study will be required to determine the amount of parking stalls required to support plans for the full development of the GSCPC, WTCGS, proposed hotel and Library and Art Gallery.
- When consulting stakeholders in future feasibility work, we suggest the WTCGS provide a clear business case regarding the competitive advantage of the WTC's facilities and member benefits, particularly with respect to inbound and outbound trade missions, to distinguish their offerings from other sector associations involved in international trade.
- Sudbury has a strong global presence in terms of mining, but more work needs to be done in terms of market-readiness for international trade opportunities in other local sectors, in order to make a stronger business case for the WTCGS concept.

Based on these study findings and in consultation with the City, a business plan would need to be developed specifically for a WTCGS project located within the Junction West development, outlining a full facility program, member benefits, capital plan, governance and operating plan.

APPENDIX A: LETTERS OF SUPPORT

APPENDIX A: LETTERS OF SUPPORT



APPENDIX B: LOCAL STAKEHOLDER QUESTIONNAIRES

APPENDIX B: LOCAL STAKEHOLDER QUESTIONNAIRES

ASSESSMENT OF PROPOSED WORLD TRADE CENTER GREATER SUDBURY IMPACTS FOR JUNCTION WEST PROJECT
QUESTIONS FOR LOCAL STAKEHOLDERS
April 13, 2020

- Please describe the business/organization that you represent.
- Based on your understanding of the proposed World Trade Center (WTC) development for Greater Sudbury, what motivated you to support it?
- What do you see as the primary benefits of having a WTC in the City of Greater Sudbury for the overall local economy?
- Would you anticipate being a tenant in the WTC GS space? If so, what would you need in terms of square footage?
- The Business Plan for the WTC GS calls for corporate furnished apartments. Is this a benefit you would use? Please explain why and how frequently you might use said apartment.
- The proposed WTC GS would also offer space for product launches. Is this a feature you would use? Please explain why and how frequently you might have product launches.
- Does your business/organization host meetings and conferences? Do you see the WTC GS being connected to the proposed Greater Sudbury Convention Centre and Performance Centre at Junction West as a benefit to you? Please describe.
- Through your business, are you familiar with any WTC tenants in other destinations? What have they cited as benefits?

ASSESSMENT OF PROPOSED WORLD TRADE CENTER GREATER SUDBURY IMPACTS FOR JUNCTION WEST PROJECT
Stakeholder Questionnaire
May 2020

- Please describe the business/organization that you represent.
- Are you familiar with the Junction West Project and the feasibility work completed for the Greater Sudbury Convention and Performance Centre?
- Are you familiar with the World Trade Center concept and the World Trade Centers Association (WTCA)?

  The World Trade Centers Association stimulates trade and investment opportunities for commercial property developers, economic development agencies, and international businesses looking to connect globally and prosper locally. The focus is specifically on to build on trade opportunities at an international level, with WTC facilities in 90 countries worldwide. The proponents of the WTC for Greater Sudbury are looking to develop a building that will offer office space for tenants, and will also provide trade services to members, along with product launch space for large trade show presentations.

- Based on your understanding of the WTCA, what economic sectors would you see benefitting from membership with the association in Greater Sudbury?
- Again, based on what you know about the WTCA, would your organization be interested in obtaining a membership or otherwise sponsoring a potential World Trade Center in Greater Sudbury?
- Do you see a need for more office space in the downtown core?
  - How much office space would you estimate is necessary?
  - Is more office space something that your organization might want to take advantage of?
- The proposed WTC GS would offer space for product launches. Is this a feature you would use, or see as a benefit to Greater Sudbury businesses?
- The Business Plan for the WT GS calls for corporate furnished apartments. Is this a benefit you would use or see other local businesses requiring?
- Does your business/organization host meetings and conferences? Do you see the WTC GS being connected to the proposed Greater Sudbury Convention Centre and Performance Centre at Junction West as a benefit to you? Please describe.
- Based on your understanding of the WTC for Greater Sudbury, do you see it as a development that would complement the Junction West Project?
- Are you familiar with any WTC licensees or tenants in other destinations? What have they cited as benefits of joining the WTCA?

ADDENDUM A: ASSUMPTIONS & LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

1. CBRE Limited. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the Canadian Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
   (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
   (ii) Existing improvements on the subject property conform to applicable local, provincial, and national federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
   (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
   (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
   (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
   (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
   (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.

(viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently nor super-efficiently.

(ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, provincial, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.

(x) The subject property is in full compliance with the Disabilities Act of the province. CBRE is not qualified to assess the subject property's compliance with the Province's Disabilities Act, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

(xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's

independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.

9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

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CBRE

THE WORLD TRADE CENTER GREATER SUDBURY

Response Report to Accompany
the CBRE Report to Council

Opening Remark

The World Trade Center Greater Sudbury (WTCGS) would like to thank CBRE for its research efforts and for composing a report that, in the opinion of the World Trade Center Greater Sudbury, further validates the case for the establishment of a World Trade Center in Greater Sudbury in conjunction with the proposed Greater Sudbury Convention and Performance Centre (GSCPC). Below, the WTCGS has summarized several talking points from the report that it would like to emphasize.

Development at No Cost to the Taxpayer

The WTCGS is an opportunity that will not cost the local tax payer. It is a net-neutral model. The commitment of the City of Greater Sudbury will help to unlock additional funding opportunities from upper levels of government as well as investment from the private sector. A commitment to support the WTCGS is an investment in the businesses and people of Greater Sudbury and will show the confidence of council to grow this city. The World Trade Center Greater Sudbury will generate revenue, $1 million per year, create new jobs and attract international business and recognition for the City of Greater Sudbury.

The World Trade Center Greater Sudbury is requesting $1 million / year for ten years. This investment will be repaid to the city through the collection of property tax. Once the initial investment has been repaid, the annual property tax will become a revenue stream for the City of Greater Sudbury.

As a value added, the World Trade Center Greater Sudbury, as a not-for-profit entity, will be re-investing any profits into supporting the growth of the five priority sectors it has identified.

The WTCGS Model

The WTCGS understands that there was some concern expressed in the report by CBRE regarding the operating model proposed for a World Trade Center (WTC) in Greater Sudbury. This operating model follows World Trade Center guidelines and was approved by the World Trade Centers Association (WTCA) board of directors when it granted the option to Greater Sudbury.

World Trade Centers are as unique as the cities in which they are established. When an organization joins the World Trade Centers Association, it does not become a franchise but rather, it receives a license. As a result, no two World Trade Centers are the same. Each WTC is granted the ability to operate within the guidelines of the WTCA to best serve the needs of its community.

Residential Space (Corporate Apartments)

The incorporation of a residential component is not a new concept to a World Trade Center operation. There are a number of World Trade Center's that have incorporated residential units into its operating model. Amsterdam has one of the most successful residential models offering more than 650 units and expects that number to climb as high as 8,400 by the year 2040.

The WTCGS is proposing a much more modest residential offering in the range of 20-60 units. To clarify, the corporate apartments are simply apartments. They will operate on lease agreements and will not compete with hotel offerings on the site. The units will be pre-leased prior to construction.

This component aligns directly with the City of Greater Sudbury's strategic plan, *From the Ground Up* as well as the *Sudbury Downtown Master Plan*. The WTCGS will help address a priority that was identified by the City of Greater Sudbury. The City of Greater Sudbury has asked for the development of residential space in the downtown core.

According to the Downtown Master Plan, "people living downtown bring life to its streets and shops, creating activity and buzz. This level of activity makes people feel that the Downtown is a safe place to be. However, with only 600 people living in Greater Sudbury's Downtown, the local residential population is under-represented and insufficient to generate an urban buzz. Downtown Sudbury has the opportunity to become a new residential destination through intensification."

The incorporation of the residential component in the proposed WTCGS site is located adjacent to the Elgin Street corridor. The completion of the Elgin Street Greenway will provide residents with a direct route to Bell Park and the shores of Lake Ramsey.

Commercial Office Space

The offering of Class A commercial office space within the WTCGS will help the City of Greater Sudbury to attract new businesses and amenities to the community. The majority of vacancies appear to reside in the Class B and C level offerings.

While there may be local entities who wish to relocate to the WTCGS, the World Trade Center Greater Sudbury will also be seeking opportunities to recruit international businesses to take up residency as they look to establish themselves. The WTCGS will also be pursuing several public sector opportunities such as a passport office, Export Development Canada offices and a Consul Corps office to name a few.

The WTCGS would agree with CBRE that "the addition of an iconic WTC building offering Class A office space in the downtown market together with additional parking, could be the catalyst to maintain and attract additional office commercial activity in the downtown core."

Launch Area

The ability to launch a new product in a state-of-the-art center and have the event broadcast through World Trade Center networks would grant Greater Sudbury businesses an incredible opportunity to prosper locally and connect globally. The launch of new, innovative products could be shared through an extensive World Trade Center network comprising 750,000 businesses connected through 325 World Trade Centers located in 91 countries.

While there are spaces locally that could host product launches, many of them have their limitations. The proposed launch space at the WTCGS would be capable of supporting products of any size including full size mining vehicles. The space would also be an incredible compliment for the Greater Sudbury Convention and Performance Center (GSCPC) for industry who would like to display product when the convention floor is otherwise occupied.

Greater Sudbury is home to a number of world-class technology incubators and innovative companies. The World Trade Center Greater Sudbury's launch area will provide them with an unmatched opportunity to market and commercialize their products on the world stage.

Trade Missions

Currently, the City of Greater Sudbury averages close to twelve trade missions annually. In order to grow business, the number of trade missions conducted needs to increase. By representing the five priority sectors, the WTCGS has the opportunity to increase that number by upwards of 100% through WTCA trade channels.

The World Trade Center Greater Sudbury will work collectively with local organizations to enhance existing trade missions and to attract additional missions to the City of Greater Sudbury. The World Trade Center has the capability to help attract C-Suite executives and dignitaries which could result in new opportunities for the City of Greater Sudbury, similar to when the Governor of Nevada, Brian Sandoval, visited Canada as part of a trade mission, hosted by WTCs across Canada.

Lastly, the World Trade Center Greater Sudbury will also facilitate outgoing trade missions in an effort to connect local companies and dignitaries to new opportunities all across the globe. Through the World Trade Center network, the WTCGS will have knowledge of active trade missions that are of strategic importance to the City of Greater Sudbury and its businesses.

Memberships

The World Trade Center Greater Sudbury will have a membership structure and understands that most companies and business individuals will hold multiple memberships if it provides them with value and a competitive advantage. While the WTCGS' membership offerings are competitive with other memberships from a cost perspective, they will be quite unique from a benefits perspective.

Growth Potential

The model for the World Trade Center Greater Sudbury was developed with consultation from several of Greater Sudbury's guiding documents such as the *Downtown Master Plan*, *From the Ground Up 2015-2025* and the *City of Greater Sudbury Strategic Plan 2019-2027* in mind. In doing so, the WTCGS could ensure that the WTCA was approving an option on a business plan that was looking to address several of the city's strategic goals. The WTCGS's mandate is to work collaboratively with all of the City of Greater Sudbury's priority sector to grow opportunities, attract new investment and further diversify the local economy. The World Trade Center Sudbury is committed to helping the City of Greater Sudbury achieve its Everest Goal of 10,000 new net jobs by 2025, especially under current conditions.

The World Trade Center Greater Sudbury understands that the mining and mining supply sector is a vital piece to the local economy and will work collectively with businesses and organizations that occupy that space. The WTCGS has held a number of conversations with strategic mining partners and that commitment to work collectively with the mining sector is reflected strongly in the letters of support that have been provided.

There is also an incredible amount of growth potential that exists within the other priority sectors that could result in significant gains for the City of Greater Sudbury. These sectors are Healthcare, Environmental Rehabilitation, Tourism and Film and Education, to start. Only through the promotion of all of the local sectors will Greater Sudbury realize its true potential. Integrating Greater Sudbury into a well established global network, like the World Trade Centers Association, will facilitate that objective. The World Trade Center Greater Sudbury will be a game changer for the city.

CBRE determined that only 9% of visitors frequenting Greater Sudbury are travelling for business purposes. It should also be noted that 95% of all out of town visitation is from Ontario, meaning that most business conducted in Greater Sudbury in inter-provincial. There is an incredible opportunity through the establishment of a World Trade Center to significantly enhance Greater Sudbury's national, and international profile. This will help attract new opportunities, bring new visitors increasing tourist spending and investment.

Synergies with the Greater Sudbury Convention and Performance Center (GSCPC)

The World Trade Center Greater Sudbury was approached by the City of Sudbury to partner with the GSCPC. The WTCGS is open to pursuing a partnership with the GSCPC. There are a number of key synergies identified in the report that are mutually beneficial to both the WTCGS and the City of Greater Sudbury with regard to physical infrastructure such as parking and office space, operational costs and shared services. The co-existence of the two entities will provide the opportunity for greater collaboration.

According to the CBRE report, the GSCPC was expected to host between 14-16 events on an annual basis prior to the study with the WTCGS. The World Trade Center will be hosting five signature events on an annual basis that would require the use of the GSCPC. The addition of those events would account for a 30% increase in convention revenues. There is also the potential to host special, one-off events such as the World Trade Centers Association AGM that would require the use of the GSCPC.

Lastly, the WTCGS would be able to seek out strategic partnerships that would drive additional activity to the GSCPC, and the City of Greater Sudbury as a whole. The WTCGS will be looking to foster strategic partnerships such as the MOU developed between the WTC Las Vegas and the WTC Saskatoon where the two entities will co-market under the WTC brand creating access to key trade information, market research and facilitating business trade opportunities.

Why Establish a WTC in Sudbury?

Proven Model

Although each World Trade Center is unique to its community, the model is successful. The World Trade Centers Association has been in existence for more than 75 years and there are now over 320 World Trade Centers across the globe. Each World Trade Center is governed by a strict set of operating principles that it must adhere to. Investing in the establishment of a World Trade Center is an investment in growing the economy and participating in an integrated business community focused on international trade.

Job Creation

While the World Trade Center Greater Sudbury anticipates the creation of 20 direct jobs and 160 temporary construction jobs, there exists incredible growth potential for local small and medium enterprises (SMEs). The World Trade Center Greater Sudbury wants to assist with the creation of good-paying jobs for the citizens of Greater Sudbury.

SMEs are vastly under-represented in global markets. The share of SMEs engaged in international trade is typically under 10 percent, underscoring the importance of trade-related support services, like those that would be offered by a local World Trade Center.

A World Trade Center provide a means for SMEs to enter the international marketplace and to grow beyond the city limits where they are located, ultimately unlocking their potential and making them an economic force multiplier for the cities in which they reside.

According to From the Ground Up, there are over 8,000 SMEs operating in Greater Sudbury. If roughly 10% are engaged in international trade, there are more than 7,000 local businesses that could benefit from the establishment of a World Trade Center, which could assist them in expanding their business through exposure to international markets.

Attract New Investment and Growth Opportunities

Cities invested in international trade, on average, draw Foreign Direct Investment, at twice the rate of the national average and export goods at 1.55 times the national level, per capita. These cities are also associated with a 1.5% higher workforce participation. World Trade Centers become an important piece of a city's economic ecosystem and play a vital role in connecting local businesses and investors to global opportunities. By leveraging the WTCA network, local World Trade Centers work to integrate their home cities into the international marketplace. As a result, this process as a profound effect on establishing the building blocks of a strong and resilient economy, namely Foreign Direct Investment, export and job creation.

According to the WTCA, for every 1,000 passengers transitioning through an airport, one can expect a USD $7.3 million increase to local GDP as well as a USD $30,000 increase in FDI inflow. If only 5% of Greater Sudbury's visitation is from out of province, there is a significant growth opportunity by encouraging greater visitation from both national and international audiences.

Return on Investment for the City of Greater Sudbury

The World Trade Center Greater Sudbury will be a revenue generator for the City of Greater Sudbury which can be used to offset the operating costs of the Greater Sudbury Convention and Performance Center through the collection of property tax. An investment from the City of Greater Sudbury will also help to unlock capital funding from upper levels of government and investment from the private sector.

A partnership between the WTCGS and the GSCPC will also result in a number of potential cost saving opportunities which include capital infrastructure as well as operational costs.

Joint marketing ventures with the WTCGS will help drive additional traffic to GSCPC events and significantly enhance the facilities marketing reach with regard to event and convention audiences.

Greater Sudbury is a Viable Option

Despite some concerns that the City of Greater Sudbury is too small to support a WTC, The World Trade Centers Association sees value in establishing a WTC in Greater Sudbury. It has expressed its intent through the approval of an option for the WTCGS in the spring of 2019.

As reflected in *From the Ground Up*, "Greater Sudbury is seen as a community that is large enough to support projects of scale yet small enough to provide a 'local feel' and a high quality of life." One of the main challenges identified during the creation of the report was that international companies see little difference between Greater Sudbury and other northern Ontario locations, making it difficult to attract them to the city. CBRE agrees that the WTCGS proposal would greatly differentiate Greater Sudbury and set it apart. The World Trade Centers Association is ready to bring the world to Greater Sudbury. It is now up to council to bring Greater Sudbury to the world.

Finance and Administration Committee Resolutions

Moved By _____ No. FA2020-06

Seconded By _____ Date Tuesday, February 11, 2020

THAT as part of the development of the Junction West project (Convention and Performance Centre), the City of Greater Sudbury directs staff to undertake additional due diligence regarding the World Trade Center Greater Sudbury proposal to:

1. Learn about the role the municipal government has played in the creation and/or operation of World Trade Center locations in other Canadian cities;

2. Prepare a Concept Development and Local Market Analysis with support provided by CBRE on a single-source basis in order to leverage the work the firm has done on Greater Sudbury's conference market for the Junction West project, at a cost not to exceed $35,000, to further build Council's understanding of the World Trade Center Greater Sudbury Business Proposal as presented at the February 11, 2020 meeting of the Finance and Administration Committee; and

THAT the results of this analysis are presented to Council through the Finance & Administration Committee by Q3 of 2020.

to be funded from the GSDC budget or the Economic Development budget,

Tuesday, February 11, 2020

Councillor Jakubo, Chair

Committee Resolutions are not ratified until approved by City Council.

Only the original of the motion is an official document