

**ECONOMIC BENEFITS  
AND SPIN-OFFS:  
HARD ROCK OTTAWA  
EXPANSION  
OTTAWA, ON  
FINAL REPORT**

Prepared for:  
**National Public Relations**

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## I. EXECUTIVE SUMMARY

This study has been carried out by Shore-Tanner & Associates on behalf of National Public Relations. Its purpose is to identify the various one-time and ongoing economic benefits and spin-offs expected to be generated from an investment of \$318 million to renovate and expand the existing Rideau-Carleton Casino and Raceway in the City of Ottawa.

The study's main findings are presented below, followed by detailed analysis and tables of data in the main body of the report.

### A. Subject Site

The Subject Site is the Rideau-Carleton Raceway at 4837 Albion Road, in the southern part of the City of Ottawa. **It is currently undergoing renovations, including the addition of 35 gaming table. It is planned to be expanded with the addition of a 200-room hotel, a 2,000-seat performing arts theatre, 750 more slot machines, a total of 55 gaming tables, and other upgrades. The proposed expansion will turn the existing facility into a super-regional entertainment, amusement, gaming, and horse-racing venue.**

### B. Summary of Major Findings

1. Hard Rock Ottawa (HR Ottawa) is expected to attract customers from at least the following defined Market Area:

*As far east as Hawkesbury, south to Saint Lawrence  
Seaway, west to Kingston and north to the Ottawa River.*

We believe that HR Ottawa would also attract customers from northern New York and Vermont States in the U.S.<sup>1</sup>

2. The estimated total population of the Market Area in 2018 is 1.65 million, and forecast to increase to 1.845 million by 2028 (Table 3.2).

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<sup>1</sup> The Gatineau (Quebec part of the National Capital Region (NCR) is not included due to the existence of Lac Leamy Casino there.

3. On average, each Ontario household spent \$11,105 in 2016 on various leisure, entertainment, sports, recreation and fun activities and games of chance (Table 4.1). This expenditure is estimated to increase to \$14,388 by 2028 (Table 4.2).
4. The Market Area consists of an estimated 717,700 households in 2018, and this is forecast to increase to 880,000 by the year 2028, or an average annual increase of 16,230 (Table 4.3).
5. **The total spending of the Market Area households on leisure, fun, entertainment, and amusement activities is estimated at \$8.580 billion in 2018, and growing to \$12.617 billion by 2028 (Table 4.3). The spending of tourists, especially from the U.S., would be additional.**
6. Just on Games of Chance alone, the 2018 spending is estimated at \$251.2 million, and for Restaurant Meals, \$2.014 **billion** (Table 4.3).

**Spending on the overall category of leisure and entertainment is estimated at \$8.58 billion in 2018, and is estimated to increase annually by \$403.7 million in the next 10 years. Many of the leisure and entertainment activities listed in Table 4.3 will be offered at the renovated and expanded HR Ottawa, and it has to compete with other such facilities for a share of this large and growing expenditure.**

## **C. Economic Benefits and Spin-Offs**

The renovation and expansion of the existing Raceway at a cost of \$318 million will generate numerous economic benefits and spin-offs. Some of these benefits are generated once, will last for the duration of construction, and are referred to as one-time benefits. Others occur year after year, are dependent on the continued operation of the facility, and are referred to as ongoing or permanent benefits. The quantitative<sup>2</sup> aspects of the benefits are identified below.

### **C.1. One-Time Benefits**

A summary of the one-time benefits generated from the \$318 planned renovations and expansions of the Rideau-Carleton Raceway into HR Ottawa is as follows:

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<sup>2</sup> There are also qualitative benefits which cannot be measured, but which enhance the experience of customers and add to the quantitative benefits.

1. A total of 3,578 construction jobs on-site, with a payroll of \$161 million.
2. A total of \$5.3 million additional sales (and 36 more jobs at nearby retail and service businesses).
3. A total of 1,310 jobs and payroll of \$39.3 million in the manufacturing, sales, and transportation industries, some of which could be in Ottawa.
4. Spending of approximately \$60 million at Ottawa retail and service businesses.
5. Fiscal benefits of over \$20 million for the municipal, Ontario and Federal Governments.
6. Up to \$7 million in HST payments.
7. Spending of \$26 million on non-construction supplies, products and services, some of which could be in Ottawa.

## C.2. Ongoing Benefits

Once all renovations and expansions have been completed and the new facility is fully operational,<sup>3</sup> we estimate its year-after-year/ongoing benefits to be as follows (in part based on employment and casino-related figures provided by Hard Rock International):

1. Total number of new jobs created	<b>500</b>
2. Total payroll for the 500 employees	<b>\$20 million/year</b>
3. Expenditures of the 500 employees	<b>\$11.2 million/year</b>
a. All retail and service business	<b>\$8 million/year</b>
b. Various income taxes	<b>\$2.2 million/year</b>
c. Property taxes	<b>\$1 million/year</b>
4. Additional food purchase by its restaurants	<b>\$1.5 million/year</b>
5. Transfer from Casino Lac Leamy	<b>Up to \$62 million/year<sup>4</sup></b>

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<sup>3</sup> The renovations were started almost a year ago, and both the one-time and the ongoing benefits have started to be realized.

<sup>4</sup> An approximate and anecdotal estimate.

### **C.3. Direct Benefits For The City of Ottawa**

1- Until 2018, the City of Ottawa's share from the Rideau-Carleton Raceway operations was between \$5.5 and \$6 million per annum.

2- Ottawa's share began to increase from 2018, and the increase will continue until 2022.

3- In 2022, the HR Ottawa is scheduled to be fully expanded, including a total of 55 gaming tables and 2,000 slot machines. The City of Ottawa's share will then be increased to \$12 million annually from 2022.

4- HR Ottawa conservatively estimates that Ottawa's share will increase by at 3% annually from 2023.

The above figures which were provided by Hard Rock International, are the direct payments to the City of Ottawa from the operations of the HR Ottawa. There are of course, many indirect benefits generated from the retail and housing expenditures of the employees of this large facility, the associated spin-off businesses created, the increased tourism and tourist expenditures. The total net benefits for the City of Ottawa from HR Ottawa will thus be much more than the above direct payments, in our estimation.

### **D. Public Consultations**

We attended two public open house meetings, and also interviewed a number of economic and tourism officials. The investment of \$318 million in Ottawa has been well received, based on these public consultations. The new job opportunities and the creation of a world-class entertainment centre to be operated by Hard Rock International seem to have created much excitement and optimism in Ottawa. The various economic, hospitality, and tourism officials we interviewed believe that HR Ottawa will generate many economic and tourism benefits, and will also contribute to the attraction of new companies, especially Artificial Intelligence firms most of whose employees are millennials and demand entertainment, sports, recreation, and other positive quality-of-

life features. They also tend to be in high-income jobs, and spend generously on themselves. Another positive aspect of the planned HR Ottawa is that it would trigger more development in the southern parts of Ottawa which has been needed for a long time. While most of the future development is likely to be residential, related and spin-off businesses would prefer to be close to HR Ottawa, and the jobs they would create would be quite welcomed by the residents in the southern parts of Ottawa (this point was frequently mentioned in the public open house meetings).

## II. SUBJECT SITE AND ENVIRONS

### A. Subject Site

The Subject Site is the existing Rideau-Carleton Raceway, its large outdoor surface parking lots, and its vacant lands. It is located at 4837 Albion Road, which is in the southern part of the City of Ottawa.

HR Ottawa is undergoing the first phase of renovations at Rideau-Carleton. By the time the proposed phases two and three have been completed in 2026, HR Ottawa will be much larger, multi-functional, and a super-regional entertainment facility. In addition to the renovation of the existing facility (some of which have already been completed), the following features are planned for Phases 2 and 3 of the expansion:

1. A 200-room hotel
2. A 2,000-seat performing arts theatre
3. Four additional restaurants and bars
4. Addition of 750 more slot machines to a total of 2,000
5. Addition of more gaming tables to a total of 55
6. Addition of a parking garage.

### B. Environs

At the Raceway, Albion Road is a two-lane roadway with a signalized intersection. The existing developments along Albion Road are primarily land-intensive industrial businesses, including warehouses, automobile-related, and repair shops. There are, as well, scattered housing units, some on farms, and others stand-alone.

OC Transpo bus number 93 runs on Albion Road. However, its last stop is about 2 kilometres north of the Raceway at present.

**The fact that the Raceway is located in a rural environment, surrounded by vast areas of open space, farm land, and forest, provides it with a high level of identity**

**and accessibility. With the planned renovations, expansions, and addition of the new complementary uses, we expect Hard Rock Ottawa to become a super-regional, multi-activity entertainment complex serving Eastern Ontario and the northern states of New York and Vermont.**

### **III. SOCIO-DEMOGRAPHIC ANALYSIS**

#### **A. Capture or Market Area**

To address economic benefits for HR Ottawa, its potential capture or market area, and the level of spending of its residents, employees, and tourists have to be first identified. In this chapter, we have addressed market area and demographic issues.

The National Capital Region (NCR) has a current population of over 1.5 million and is thus the fourth largest region in Canada after the Greater Toronto Area (GTA), the Montreal and the Vancouver Regions. There are major sports, entertainment, cultural, and recreational facilities in these areas, each with its own effective area of influence, also called capture or market area.

Facilities such as a community centre or an arena typically serve the residents of one or two parts of a city/region. A symphony hall is often a city or region-wide facility. A major sports facility can have a regional or larger capture area. Those unique facilities which offer a variety of services, such as Toronto's Wonderland, are super-regional in their capture or market area.

Within the NCR, the most popular/visited facilities are:

- Museums of Nature, and Civilization
- The National Gallery of Canada
- The National Arts Centre
- Casino Lac Leamy
- The Canadian Tire Centre
- The Parliamentary Precinct.

For some special events and shows, each of these facilities attracts customers from areas within several hours drive, including from the U.S., and international tourists. These are all regional facilities normally, but function as super-regional attractions during special events, shows, exhibits, etc.

Prior to the involvement of Hard Rock International, the Rideau-Carleton Raceway was a specialized gaming and horse-racing facility. The involvement of Hard Rock

International, the changes already undertaken, and **especially the \$318 million planned renovations and expansions, are expected to turn Rideau-Carleton into a super-regional facility.** Gaming, entertainment, cultural, sports, and leisure facilities and services proposed would make it a multi-activity centre for the residents of the NCR, areas within at least a couple of hours driving distance, and the approximately 11 million annual tourists to the Ottawa area. **The diversity of the planned facilities and services as well as the name, reputation, and success of Hard Rock International are the main reasons for the expectation of a super-regional facility at HR Ottawa.**

It should also be acknowledged that a super-regional facility for a city of one million (Ottawa) or a region of 1.5 million (NCR), might be questioned as being too ambitious. However, there are five counties adjacent to or within up to 2 hours drive from the City of Ottawa. As well, being the Capital of Canada, Ottawa attracts about 12 million tourists annually. Therefore, the actual and the potential market base for the proposed facility is much larger than a city of one million, or a region of 1.5 million population.

Our approach to studies of this nature is generally to be conservative. In this regard, we are aware that the City of Montreal (about 2 hours) and the City of Toronto (about 5 hours) already offer a number of super-regional facilities. As a result, the subject proposed facility would have to compete partially with Montreal and Toronto. **Based on these considerations, we have defined the following as an effective Market Area for the renovated and expanded Hard Rock Ottawa.**

**The area bound by the Ottawa River to the north,  
Hawkesbury to the east, Saint Lawrence Seaway to the  
south, and Kingston to the west.**

Casino Lac Leamy is in the City of Gatineau. While we expect some of the Gatineau residents to come to the subject facility, to be conservative, we have assumed they would not. Hawkesbury is about half-way between Ottawa and Montreal. We have assumed that those living east of Hawkesbury would be more likely to go to Montreal than to Ottawa for entertainment, gaming, etc. As well, Kingston<sup>5</sup> is about half-way between Ottawa and Toronto, and again we have assumed that those living west of Kingston are more likely to

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<sup>5</sup> There is also a casino at Gananoque. However, it is dated, small, and does not offer any services other than gaming.

go to Toronto than to Ottawa. **The defined Market Area for the proposed Hard Rock Ottawa is thus believed to be conservative.**

## **B. Total Population**

1. The total population and households of the Market Area and its components are presented in Table 3.1 for the census years 2011 and 2016.
2. As demonstrated in Table 3.1:
  - a) The total population increased from 1.542 million from 2011, to 1.616 million in 2016, reflecting an average annual increase of 14,851 or 0.96%.
  - b) The total number of households increased from 624,925 to 689,399 reflecting an average annual increase of 12,895 or 2.06%.<sup>6</sup>
3. The largest component of the Market Area is the Ottawa Region. Its total population increased by an average of 10,964 or 1.17% from 936,908 in 2011, to 991,726 in 2016.

It should also be noted that there are likely up to 50,000 students from the rest of Canada and other countries, embassy and consular staff, various foreign government attachés (cultural, military, economic, etc.), members of the Parliament and the Senate, as well as refugees and immigrants whose cases have not yet been finalized as residents of Ottawa. These groups are not counted in the census data for the Ottawa Region. **In terms of the actual number of people who live in the Ottawa Region, the total population was already more than one million in 2016 (and, of course, higher now).**

Another factor which significantly influences people's lifestyles, values, shopping, and spending habits is ethnicity. In the Ottawa Region, the mother tongues of over 20%<sup>7</sup> (i.e., more than 1 in 5 residents) is neither English nor French. English is the mother tongue of 63.2%, and French is the mother tongue of 14.3% of the Ottawa Region's residents. Based on observations and knowledge, many patrons of Casino Lac Leamy and the existing Rideau-Carleton facility are Chinese, Lebanese, Egyptians and other minorities.

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<sup>6</sup> Due to the declining trend in household sizes, the growth in the number of households is typically at a higher rate than population growth in most places in North America.

<sup>7</sup> Arabic, Chinese, Italian and Spanish are the top four.

## C. Population and Household Forecasts

In Table 3.2 we have presented population and household forecasts for the Market Area to the year 2028.<sup>8</sup> As demonstrated:

1. The total population of the Market Area is estimated at 1.65 million in 2018.
2. The average annual growth of this population is estimated at 19,430 or 1.18% to a total of 1.845 million by 2028.
3. The total number of households in 2018 is estimated at 717,000 and forecast to increase by an average of 16,230 or 2.26% annually to 880,000 by 2028.

**In each of the next 10 years, therefore, the Market Area is estimated to grow by an average of 19,430 residents, and 16,230 households.**

## D. Incomes

The Ottawa Region is often among the top three areas in Canada in terms of household incomes. Federal Government, Health and Education, and High Technology are this region's economic engines. More than half of the Region's labour force work in these high-paying industries directly, and most of the rest are dependent on these industries indirectly.

The median incomes, as well as the proportions of the households with incomes of over \$80,000 are presented in Table 3.3.

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<sup>8</sup> Based on communication with each area's planning staff, as well as recent studies.

<b>Table 3.1 Population and Households</b>				
<b>Area</b>	<b>2011</b>		<b>2016</b>	
	<b>Population</b>	<b>Households</b>	<b>Population</b>	<b>Households</b>
Ottawa Region	936,908	373,715	991,726	418,188
Lanark County	65,667	26,830	68,698	32,695
Leeds & Grenville United Counties	99,306	46,075	100,546	48,226
Renfrew County	98,565	41,770	102,394	42,775
Frontenac County	149,753	62,390	150,475	64,295
Stormont, Dundas & Glengarry United Counties	108,660	46,015	113,429	47,830
Prescott & Russel United Counties	83,485	33,130	89,333	35,390
<b>Total</b>	<b>1,542,344</b>	<b>624,925</b>	<b>1,616,601</b>	<b>689,399</b>

Note: The above includes the area as far east as Hawkesbury (end of Prescott & Russell United Counties), as far west as Kingston (end of Frontenac County), and as far south as the Saint Lawrence Seaway.

Source: Shore-Tanner & Associates based on Statistics Canada's Census Data.

<b>Table 3.2</b>			
<b>Market Area's Population and Household Forecasts</b>			
<b>Year</b>	<b>Population</b>	<b>Households</b>	<b>Average Size (Persons)</b>
2011 (actual)	1,542,344	624,925	2.47
2016 (actual)	1,616,601	689,399	2.34
<b>Average Annual Change: 2011-2016:</b>			
Numeric	14,851	12,895	-0.026
%	0.96	2.06	-1.05
2018	1,650,700	717,700	2.30
2019	1,668,900	732,000	2.28
2021	1,703,000	763,700	2.23
2023	1,740,000	798,200	2.18
2026	1,799,000	848,600	2.12
2028	1,845,000	880,000	2.10
<b>Average Annual Change: 2018-2028:</b>			
Numeric	19,430	16,230	-0.020
%	1.18	2.26	-0.87

Source: Shore-Tanner & Associates

<b>Table 3.3 Selected Income Characteristics: 2016</b>		
<b>Area</b>	<b>Median Income (\$)</b>	<b>Percentage of Households with over \$80,000 Income</b>
Ottawa Region	85,981	53.7
Lanark County	71,481	43.9
Leeds & Grenville United Counties	68,305	41.4
Renfrew County	67,683	40.3
Frontenac County	69,432	42.8
Stormont, Dundas & Glengarry United Counties	59,526	34.9
Prescott & Russel United Counties	78,748	49.1
Province of Ontario	74,287	46.3
Canada	70,336	43.7

Source: Shore-Tanner & Associates based on Statistics Canada's Census Data.

#### IV. RELEVANT EXPENDITURE VOLUMES

The typical household purchases dozens of products and services annually. A significant number of these products and services are in the categories of leisure, recreation, sports, culture, hobbies, and other enjoyments of life. **These expenditures are addressed in this chapter in order to identify the available pool of expenditures from which HR Ottawa has to capture its share.**

We have reviewed all available information regarding household expenditures for the period 2012-2016 (more recent data are not available). On a per household basis, this information is presented by Statistics Canada in the CANSIM Table 203-0022 for Canada, and separately for the Provinces and Territories.

The vast majority of the expenditures in this multi-page table are for basic necessities such as food, shelter, health care, transportation, etc. For the leisure, fun, enjoyment of life categories, we have presented the relevant figures in Table 4.1.

As demonstrated in Table 4.1:

1. On an average basis, each household in Ontario spent \$9,330 in 2012, and \$11,105 in 2016 on leisure-type products and services.
2. **The average annual increase in these spending categories was \$443.75 or 4.7% per household.**
3. The top 5 spending items in 2016 were:

• Recreation	\$4,042
• Restaurant Meals	\$2,486
• Entertainment	\$984
• Package Trips	\$744
• Hotels/Motels	\$724
<hr/>	
Total	\$8,980 or 81% of the total

The figures in Table 4.1 are provincial averages. Depending on income, lifestyle, values, and priorities, these figures can be quite different from one household to another. **For high-income households, especially single and two-person households, professionals and empty-nesters, these expenditures can be higher than the overall averages. In**

the Market Area, incomes are generally high, and 60% to 85% of the households (i.e., 6.0 to 8.5 in 10) consist of only one or two persons. These factors would indicate that the Market Area household spending is likely to be higher than the averages in Table 4.1 (the corresponding data are not available for cities or counties).

Another important factor is the availability of leisure, entertainment, recreational facilities and services. Where there are, for example, more performing arts theatres, gaming facilities, and hockey arenas, the residents use them more than where their availability is more limited. **With the proposed 2,000-seat theatre, more gaming tables, and more restaurants at HR Ottawa, it is reasonable to expect the Ottawa households to spend more at this facility, and less at similar or competitive facilities in Montreal, Toronto, etc.**

## **B. Forecasts of Household Expenditures**

As shown in Table 4.1, the average household expenditures declined from 2012 to 2016 for entertainment (0.2%), movie theatres (3.4%), and museums (0.9%). For the remaining 9 items, they increased from as low as 2.7% (air fares) to as high as 15.7% (sports & performing arts) on an average annual basis. We have taken these and other related data into account and have provided forecasts of spending to the year 2028.

**As demonstrated in Table 4.2, the total spending per household is estimated to increase by at least<sup>9</sup> an average of \$238.30 or 2.0% annually, from \$11,955 in 2018 to \$14,338 in 2028.**

The largest annual increase is 3.4% for the period 2018-2028, whereas the actual was 15.7% during the period 2012-2016 (Table 4.1). The figures in Table 4.2, however, are expressed in **constant** value of the Canadian dollar in 2018 (i.e., inflation is not included in Table 4.2, whereas it is in Table 4.1).

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<sup>9</sup> We have been quite conservative to avoid over-estimating these expenditures.

### C. Total Spending Potentials

Based on the household forecasts in Table 3.2 and the spending forecasts in Table 4.2, we have provided estimates of the total potential expenditures by the Market Area households to the year 2028 in Table 4.3. As demonstrated in Table 4.3:

1. **The Market Area households are estimated to spend a total of \$8.58 billion in 2018** at all entertainment, leisure, recreation, fun, and pastime products and services within, but also outside this area.
2. By the year 2028, the total spending potential is estimated to increase to **\$12.617 billion**.

**In summary, during the period 2018-2028, the Market Area is estimated to generate the following growths on an average annual basis:**

- **Population**                      **19,430 or 1.18%**
- **Households**                      **16,230 or 2.26%**
- **Leisure Spending (\$M)**      **403.7 or 4.7%**

**HR Ottawa would thus have to compete with similar facilities for a share of the \$8.58 billion spending in 2018, as well as part of the average annual increased spending of \$403.7 million.**

<b>Table 4.1</b>				
<b>Average Expenditures Per Household: Ontario</b>				
<b>Expenditure Items</b>	<b>2012 (\$)</b>	<b>2016 (\$)</b>	<b>Average Annual Change: 2012-2016</b>	
			<b>Dollar</b>	<b>%</b>
1. Recreation, Sports, Athletic & Related Services	3,604	4,042	109.5	3.0
2. Entertainment	992	984	-2.00	-0.2
3. Movie Theatres	75	65	-2.50	-3.4
4. Sports & Performing Arts	132	215	20.75	15.7
5. Museums & Zoos <sup>1</sup>	80	77	-0.75	-0.9
6. Dues & Fees for Recreation & Sports Facilities	323	463	35.00	10.8
7. Package Trips	614	744	32.50	5.3
8. Hotels & Motels	584	727	35.75	6.1
9. Airplane Fares	653	724	17.75	2.7
10. Restaurant Meals	1,844	2,486	160.5	8.7
11. Alcoholic Beverages in Restaurants	219	275	14.00	6.4
12. Games of Chance (Lotteries, Casinos, Bingo & Gaming Machines)	210	303	23.5	11.1
<b>Total</b>	<b>9,330</b>	<b>11,105</b>	<b>443.75</b>	<b>4.7</b>

<sup>1</sup> Refers to Canada (not available for Ontario for the period 2012-2016).

Source: Shore-Tanner & Associates based on CANSIM Table 203-022 for Ontario.

<b>Table 4.2</b>								
<b>Estimates of the Average Expenditures Per Household: Ontario</b>								
Expenditure Items	2018	2019	2021	2023	2026	2028	Average Annual Change: 2018-2028	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	Dollar	%
1. Recreation, Sports, Athletic & Related Services	4,288	4,331	4,418	4,507	4,643	4,737	44.9	1.0
2. Entertainment	980	979	978	976	973	970	-1.00	-0.1
3. Movie Theatres	60	58	55	52	50	48	-1.20	-2.0
4. Sports & Performing Arts	255	263	279	296	323	342	8.70	3.4
5. Museums & Zoos	79	78	77	76	75	74	-0.50	-0.6
6. Dues & Fees for Recreation & Sports Facilities	533	550	572	595	632	657	12.40	2.3
7. Package Trips	778	793	826	860	911	948	17.00	2.2
8. Hotels & Motels	762	778	810	842	894	930	16.80	2.2
9. Airplane Fares	760	782	830	881	963	1,021	26.10	3.4
10. Restaurant Meals	2,807	2,891	3,067	3,254	3,556	3,772	96.50	3.4
11. Alcoholic Beverages in Restaurants	303	309	321	334	355	369	6.60	2.2
12. Games of Chance (Lotteries, Casinos, Bingo & Gaming Machines)	350	360	382	406	443	470	12.00	3.4
<b>Total</b>	<b>11,955</b>	<b>12,172</b>	<b>12,615</b>	<b>13,079</b>	<b>13,818</b>	<b>14,388</b>	<b>238.30</b>	<b>2.0</b>

Note: All figures in this table refer to the **constant** value of the Canadian dollar in 2018 (i.e., inflation is **not** included).

Source: Shore-Tanner & Associates.

Expenditure Items	2018 (\$M)	2019 (\$M)	2021 (\$M)	2023 (\$M)	2026 (\$M)	2028 (\$M)	Average Annual Change: 2018-2028	
							\$M	%
Number of Households	717,700	732,000	763,700	798,200	848,600	880,000	16,230	2.26
1. Recreation, Sports, Athletic & Related Services	3,077.5	3,170.3	3,374.0	3,597.3	3,940.0	4,168.6	109.1	3.5
2. Entertainment	703.3	716.6	746.9	779.0	825.7	853.6	15.0	2.1
3. Movie Theatres	43.1	42.4	42.0	41.5	42.4	42.2	-0.09	-0.2
4. Sports & Performing Arts	183.0	192.5	210.3	236.3	274.1	301.0	11.8	6.4
5. Museums & Zoos	56.7	57.1	58.8	60.7	63.6	65.1	0.8	1.5
6. Dues & Fees for Recreation & Sports Facilities	382.5	402.6	436.8	474.9	536.3	578.2	19.6	5.1
7. Package Trips	558.4	580.5	630.8	686.4	773.1	834.2	27.6	4.9
8. Hotels & Motels	546.9	569.5	618.6	672.1	758.6	818.4	27.1	5.0
9. Airplane Fares	545.4	572.4	633.9	703.2	817.2	897.6	35.2	6.5
10. Restaurant Meals	2,014.6	2,116.2	2,342.3	2,597.3	3,017.6	3,319.4	130.5	6.5
11. Alcoholic Beverages in Restaurants	217.5	226.2	245.1	266.6	301.2	324.7	10.7	4.9
12. Games of Chance (Lotteries, Casinos, Bingo & Gaming Machines)	251.2	263.5	291.7	324.1	375.9	413.6	16.2	6.5
<b>Total</b>	<b>8,580.1</b>	<b>8,909.9</b>	<b>9,634.1</b>	<b>10,439.7</b>	<b>11,725.9</b>	<b>12,617.4</b>	<b>403.7</b>	<b>4.7</b>

Note: All figures in this table refer to the **constant** value of the Canadian dollar in 2018 (i.e., inflation is **not** included).

Source: Shore-Tanner & Associates.

## **V. ONE-TIME BENEFITS**

In this chapter, we have first described the existing Rideau-Carleton Raceway, then addressed issues related to estimating one-time benefits resulting from the investment of \$318 million for the renovation and expansion of the existing Raceway by Hard Rock International.

### **A. Existing Rideau-Carleton Raceway**

On March 5, 2018, we carried out a tour of this Raceway along with the Manager, Mr. Richard Gardner. The key observations, facts and information from this tour include the following:

1. Albion Road south of Hunt Club Road and past the Raceway is a two-lane roadway with speed limits of 50 and 80 kilometres per hour.
2. There is ample surface parking at the Raceway. One of the large parking lots closest to the Raceway was about 70% occupied between 1:30 and 3:30 pm on the day of our visit.
3. HR Ottawa is spending \$40 million for the phase one renovations and expansions of the Raceway. As of late March 2018:
  - a) The large hall where the slot machines are located had been fully renovated (new carpets, lighting fixtures, wall and ceiling, equipment, and machines had been added).
  - b) Construction of a new high-limit casino area and lounge.
  - c) Renovated casino bar.
  - d) A new Rock Shop.
  - e) Fully renovated casino rotunda.
  - f) Three new food outlets, including a Constant Grind (Grab-n-Go), a noodle bar, and Plum Lounge (high-limit area).
  - g) The bathrooms in this hall had been completely replaced, expanded, and renovated.
  - h) Some offices had been renovated, and new ones were under construction.

- i) The main dining room, overlooking the horse-racing area, had been completely renovated, and now provides 550 seats. It is known for its buffet offering which has been expanded.
  - j) Other parts of the Raceway are being renovated and were thus not operational on the day of our visit.
4. HR Ottawa has a long-term lease for this facility. The phase one construction and renovations are expected to be completed by May 2018, and phase two by 2020.
  5. The Raceway is open 24 hours, 7 days a week. Its restaurants, however, are open from 7:00 am to 11:00 pm.
  6. The Raceway offers 72 horse races per year. These races will continue to be offered with the renovated and expanded facility.
  7. The maintenance of the horse-racing and related operations depends on the continued existence and improvement of the rest of the facilities. The horse-racing operations are complex, require a wide variety of expertise and heavy costs, and can rarely survive without the other components of the Rideau-Carleton Raceway facility.
  8. The Raceway's performance and profits have been increasing in recent years. Since the beginning of the renovations, approximately 100 more people have been hired. The total number of employees at the Raceway is now over 650 (mostly full-time). Within the next few weeks, the Manager plans to hire another 50 employees (the horse-racing-related employees are not included in the 650).
  9. The total annual payroll for the 650 employees is approximately \$20 million or an overall average of \$30,800 annually per employee (tips are not included).
  10. After payroll, the next largest expense for the Raceway is marketing and promotion.
  11. Planned major additions to the Raceway include the following in phases two and three:
    - a) Expansion of the existing facility.
    - b) Addition of approximately 750 slot machines.
    - c) Addition of more tables to a total of 55.
    - d) Four new food outlets consisting of: Hard Rock Café, Steakhouse, Noodle Bar and Constant Grind.

- e) A Comedy Club and Lounge.
  - f) Development of a 2,000-seat theatre.
  - g) Development of a 200-room hotel.
  - h) Development of a parking garage.
  - i) Addition of several more restaurants and bars.
  - j) Overall expansion of public places, gaming areas, leisure and entertainment venues.
12. The entire renovated and expanded facility, especially the functions of the tables and other games, will become more sophisticated with more new games, and its hours of operation will be extended.<sup>10</sup>

## **B. Estimates of One-Time Benefits**

An expenditure of \$318 million in a city of one million residents generates numerous economic benefits and spin-offs. The construction portion of this spending would generate the largest one-time benefit. It is a one-time benefit, because once construction has been completed, all related employment (designers, architects, supervisors, bricklayers, plumbers, etc.) and their associated spending would come to an end. Each of these benefits is estimated below, in part based on employment and specific casino-operational figures provided to us by Hard Rock International.

## **C. Direct Construction Employment**

Of the total planned investment of \$318 million, we understand that \$292 million would be for the construction (renovations, replacements, expansion) of the existing Rideau-Carleton Raceway. Based on past studies, as well as discussions with a number of our development and construction company clients, the labour portion of large construction projects is between 50% and 60% of the total. At 55%, the labour part of the \$292 million would be \$161 million.

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<sup>10</sup> For example, for 35 tables, the required number of employees is 150 or 4.3 per table. When increased to 55, using tables with more features, it is likely to require at least 5 employees per table.

The pay scale in the construction industry varies significantly based on specific tasks and skills. At one end, there are those who are paid between minimum wage and up to about \$25 per hour for most basic tasks. The rate of pay for the numerous trades involved can be up to \$75 per hour, and, of course, engineers, architects, and managers are paid still more.

The nature of construction work, however, is that it is rarely year-round. Many in this industry do not or cannot work for a few months due to weather conditions, different phases of construction, and other limitations. On an overall average basis, in any case, **we understand that the total annual wages and salaries per employee are \$40,000 to \$50,000 in the construction industry.** At \$45,000 per employee, the \$161 million would support 3,578 construction employees. The 3,578 is actually person-year of work. In other words, an estimated 3,578 employees would work for one year, half of them (i.e., 1,789) for two years, and one-quarter of them (i.e., 895) for four years, to complete all construction and renovations. **The direct construction jobs created at the Rideau-Carleton Raceway is estimated to be 3,578.<sup>11</sup>**

#### **D. Indirect Employment and Benefits**

Construction workers spend money at gasoline stations, coffee shops, restaurants, banks, retail (e.g., boots) and other businesses. The Urban Land Institute, a well-known American research company, estimates that each employee supports up to 10 sq. ft. of retail and service businesses at and near their places of work. If we conservatively use 5 sq. ft. per employee, the above 3,578 construction employees would support (create demand for) a total of 17,890 sq. ft. of retail and services businesses. At approximately 500 sq. ft. per employee, the 17,890 sq. ft. would support (create demand for) an estimated 36 employees. As well, at a conservative sales per sq. ft. estimate of \$300, the 17,890 sq. ft. would generate/capture \$5.4 million in sales (i.e., spending of \$1,509, or \$29 per week per employee). **Therefore, the indirect benefits created by the 3,578 construction employees would be:**

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<sup>11</sup> These 3,578 employees would be new and additional in Ottawa, i.e., they would work for one year to carry out all of the construction and renovations, and would generate many other one-time benefits. However, instead of 3,578 employees working for one year, fewer would work for several years, and therefore, all of the benefits would be spread out into several years.

- **Total retail employment of 36.**
- **Total retail sales of \$5.4 million.**

## **E. Induced Employment and Benefits**

The construction industry is one of the most intensive users of products. Some products, like bricks or lumber, are relatively simple to produce. Others, such as HVAC and electrical systems, are complex and expensive in terms of design, manufacturing, delivery, sale, and installments. For example, it takes approximately three employees in the manufacturing industries to keep one construction employee working full-time.<sup>12</sup>

The 3,578 construction employees above, and the \$131 million balance of the construction budget of \$292 million (i.e., \$292 million less \$161 million) create thousands of jobs in manufacturing, sales, and delivery in Ottawa, Ontario, Canada, and/or elsewhere. Wages in manufacturing, sales and some of the transportation industries are lower than in construction. Assuming conservatively that 30% of the \$131 million (i.e., \$39.3 million) would be for labour, and the average annual labour cost would be \$30,000, leads to the conclusion that **the 3,578 construction workers at the Rideau-Carleton Raceway would induce (i.e., create demand for) an estimated 1,310 employees in manufacturing, sales and transportation industries, some of which would be in Ottawa.**

## **F. Employment-Generated Fiscal Benefits**

The total of the above employees is 5,224 and their total wages and salaries is over \$200 million per year. There are several income and other payroll taxes and deductions payable from this total, the main ones being the following:

1. Federal and Provincial income taxes
2. Canada Pension Plan contributions
3. Provincial health care contributions

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<sup>12</sup> As an illustration, it takes about half a day for one worker to install a heating-cooling system in a house. The design, manufacture, sale and delivery of it, however, takes several days.

**Assuming that all of these 5,224 employees would be in the minimum tax brackets, their total one-time income tax payments is estimated to be over \$20 million.**

### **G. Other One-Time Benefits**

1. The 3,578 construction employees' housing costs include a portion for municipal property taxes. These taxes would be paid directly by the employees if they own their dwelling units, or by their landlords if they rent.
2. The overall average per capita spending at all retail and service businesses combined is approximately \$17,000 per year in Ontario (higher in Ottawa). The 3,578 construction employees can thus be expected to spend approximately \$60 million at these businesses in one year (or \$30 million per year for two years, or \$15 million per year for four years).
3. In addition to supporting (creating the demand for) up to 400 retail sector employees for one year, up to \$7 million of the \$60 million would go to the Federal and Ontario Governments in the form of HST.
4. The total investment of \$318 million consists of \$292 million for construction employees and construction supplies, equipment, etc. The balance of \$26 million would be for the purchase of products and services other than for construction. Furniture, other supplies, and services for the planned hotel, the 2,500-seat theatre, and the new and expanded facility would account for this \$26 million. Some of these products, supplies and services would be available at businesses in Ottawa, and the rest elsewhere. **In any case, another one-time benefit of the planned new facility is the expenditure of \$26 million in the Ottawa, Ontario, and/or Canadian economies.**

### **H. Summary of One-Time Benefits**

**The investment of \$318 million to renovate and expand the Rideau-Carleton Raceway is estimated to generate:**

1. **A total of 3,578 construction jobs on-site, with a payroll of \$161 million.**
2. **A total of \$5.3 million additional sales, and 36 more jobs at nearby retail and service businesses.**

- 3. A total of 1,310 jobs and payroll of \$39.3 million in the manufacturing, sales, and transportation industries, some of which could be in Ottawa.**
- 4. Spending of approximately \$60 million at Ottawa retail and service businesses.**
- 5. Fiscal benefits of over \$20 million for the municipal, Ontario and Federal Governments.**
- 6. Up to \$7 million in HST payments.**
- 7. Spending of \$26 million on non-construction supplies, products and services, some of which could be in Ottawa.**

## VI. ONGOING BENEFITS

The renovated and expanded HR Ottawa will generate numerous economic benefits and spin-offs on an ongoing (i.e., permanent) basis. In part based on employment and specific casino-operational figures provided by Hard Rock International, we have estimated these benefits as identified below:

### A. Direct Additional Employment

1. The planned 8-storey hotel with 200 rooms and ancillary functions including a lobby, bar, and spa would normally need approximately 130 full-time equivalent employees (a combination of full and part-time). Due to the casino, the theatre, and other components of the expanded HR Ottawa, there is likely to be some savings in labour for all of its components. **Therefore, we conservatively estimate a total full-time equivalent employees of 80 at the hotel.**
2. The performing arts have a large multiplier effect in terms of employment. There are producers, artists, marketers, set designers, set builders, costume makers, and others involved from inception to actual performance.

As we understand, the 2,000-seat theatre would be leased to various performing arts companies for a couple of days to several weeks.<sup>13</sup> The companies involved hire/provide the artistic, technical, marketing, and other needed personnel. Some of the performances and events are likely to be local, and others from outside the National Capital Region.

The year-round cleaning, normal maintenance and repairs of the planned theatre require a number of employees. For some events, theatres have to hire additional staff and/or specialists before and during the shows. Based on discussions with the staff of GCTC and a number of artistic production companies, we estimate that the planned theatre would require the hiring of at least **20 full-time equivalent employees on an ongoing basis.**

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<sup>13</sup> Based on direct experience with actors, musicians, directors, and other related professionals, for a play, for example, which would be offered for three weeks at the National Arts Centre, the entire cast must train and rehearse up to six weeks or longer.

3. There are four new restaurants planned for the expanded Raceway. Eating-drinking establishments are highly labour intensive. A coffee shop, such as Starbucks, rarely has fewer than 5 employees. Tim Horton's, which also offers sandwiches and baking on-site, has 10 or more employees. Table service restaurants and bars, such as Moxie's, have a large number of kitchen, supervisory, and serving staff.

In view of the long opening hours of HR Ottawa and its restaurants, **we estimate a total of 120 full-time equivalent employees at the planned four new restaurants including support staff.**

4. The number of slot machines is planned to be increased by 750 and the number of the gaming tables by approximately 35 in the expanded casino. A variety of new games and amusements is also planned to be added. These, the cleaning, maintenance, repairs of the equipment, machines, larger corridors, the underground parking, etc., require additional employees.

At present, there are approximately 500 mostly full-time employees at the Raceway. By the time the third phase of the construction is completed (i.e., 2026), **we estimate that at least 250 more employees (i.e., 50% more) would be needed for the operation of the expanded facility.**

5. Based on the estimates provided by HR Ottawa, at the end of phase 2, there will be a total of 1,095, and by the end of phase 3, a total of 1,243 employees at the expanded facility. The 1,243 consists of 492 part-time, and 751 full-time employees. Assuming 2 part-time equals one full-time employment, at full, built-out operation, HR Ottawa will have 1,000 full-time equivalent employees, or 500 more than now.

**In summary, the planned renovations and expansion of HR Ottawa is estimated to generate a total of 500 new full-time equivalent jobs on a permanent basis.**

## **B. Indirect Benefits Generated by the Above**

Most of the estimated 500 additional employees would be in the low to middle pay scale in terms of wages and salaries. The restaurant and bar servers, operators of the gaming tables, supervisors, managers, and others, however, would be making much more. As we understand, it is not unusual for servers and some others in casinos to make \$300 to \$500 in one shift from tips. Conservatively, therefore, **we estimate an overall average**

**employment income of \$40,000 per year for each of the additional 500 employees, or an average annual payroll of \$20 million (i.e., an average of \$23 per hour).**

The 500 additional employees have many normal expenses such as housing, food and other retail spending, and transportation. Those who own their housing units will pay municipal taxes directly, otherwise their landlords will pay them. The estimated annual income of \$40,000 per employee is about 6% lower than the overall Ottawa average income on a per capita basis: the overall average household income in Ottawa is estimated to be no more than \$105,000 in 2018 (it was actually \$96,815 in 2011). With an average household size of 2.47, the average per capita income is almost \$42,500 in the City of Ottawa. For the estimation of the following indirect benefits, we have reduced the average spending of the 500 employees by at least 6%:

1. The overall average spending at all retail and service businesses is \$17,000 per capita in the City of Ottawa. Using \$15,980, which is 6% lower for the 500 employees, indicates that **they would spend a total of \$8 million at all retail and service businesses combined, on an annual basis.**
2. At a very conservative estimate of \$20,000 for taxable income per employee (i.e., 50% of the gross income of \$40,000), and income tax rate of 22% for the Federal and Ontario governments combined, **the total annual income taxes payable by the 500 employees is estimated to be \$2.2 million.**
3. In the City of Ottawa, the overall average property tax per household is estimated to be approximately \$4,000 annually. At a conservative estimate of \$2,000 for each of the 500 employees (owned and rented units combined), **the total annual property taxes payable would be approximately \$1 million.**
4. The ongoing benefits in 1-3 above generate other economic benefits, including the following:
  - a) The total additional monies spent/entered into the local economy would be \$8 million (#1) + \$2.2 million (#2) + \$1 million (#3), or \$11.2 million per year.
  - b) More job creation, profits, and/or efficiencies can be expected from this additional \$11.2 million annual spending in Ottawa.
  - c) There are other expenses associated with the 500 new employees, which are, in fact, parts of their economic benefit generation year after year. Items in this group

include spending on travel, sports, recreation, education, housing, telephone, internet, hydro, etc.

### **C. Induced Benefits and Spin-Offs**

As an expanded facility, HR Ottawa will require more products and services. These supplies would be manufactured/produced by businesses in Ottawa, the rest of Ontario, the rest of Canada, and/or elsewhere. The major new benefits and expenses would be:

1. Expenditures on additional uses of hydro, water and other municipal services, which will, in turn, require additional employees and generate increased revenues for the municipal organizations.
2. The four new restaurants will require additional food items, paper, cleaning supplies, etc. At an estimated total annual sales of \$5 million for these restaurants, and 30% for supplies, the additional benefits generated would be \$1.5 million for the food industries annually.
3. The cleaning, upkeep, maintenance, and repairs of the new slot machines, equipment (e.g., heating systems), computers, the hotel, the underground garage, and the other expansions will require additional employees, specialists, tools, and supplies. Some of these are likely to be available locally, and the rest will have to be sourced from outside Ottawa.

### **D. Potential Transfer From Casino Lac Leamy**

Based on field research over the years, approximately 60% to 80% of the cars parked at the Casino Lac Leamy in Hull have Ontario license plates. We have also spoken with several individuals who have been going to this casino regularly or several times per year for gambling, restaurants and/or cultural events. They have also confirmed that at these events a minimum of 50% of the attendees are usually from Ottawa or elsewhere in Ontario.

Information regarding Casino Lac Leamy revenues, especially by customer origin, are not available. However, we have frequently heard that Ottawans spend at least \$62 million annually at Casino Lac Leamy.

We realize that the above points are not based on any factual or official information. **Nevertheless, it is entirely reasonable to believe that a significant number of Casino Lac Leamy's customers and revenues have historically been from Ottawa.<sup>14</sup>**

Casino Lac Leamy is now over 20 years old. The renovations, planned expansions, and new components of HR Ottawa, on the one hand, and the financial, management, and reputation of Hard Rock International, which is investing the \$318 million and managing it, on the other hand, indicate to us that Casino Lac Leamy may lose some of its Ottawa customers to this new facility. **In any case, we are confident that HR Ottawa will re-capture millions of dollars from Casino Lac Leamy annually.** The amount of the transfer from Casino Lac Leamy to HR Ottawa may be about \$62 million annually, more or less. What is not, in our view, questionable, is the direction of the transfer from Casino Lac Leamy to HR Ottawa.

#### **E. Direct Benefits For the City of Ottawa**

**A wide variety of direct and indirect benefits would be generated for the City of Ottawa from the operations of HR Ottawa** (some have actually started since the beginning of 2018). The direct benefits/payments are the City's share of the operations which are as follows as provided by Hard Rock International:

- 1- Until 2018, between \$5.5 and \$6 million annually.
- 2-Increases to Ottawa's share which started in 2018, and will continue to 2022.
- 3- Increase of Ottawa's share to a total of \$12 million annually from 2022 which is the expected date of full expansion of HR Ottawa, including a total of 55 gaming tables and 2,000 slot machines.
- 4- Annual increases of at least 3.0% to the \$12 million from 2023.

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<sup>14</sup> Ottawa's current population of one million is three times larger than Gatineau's of approximately 330,000.

The employees of HR Ottawa, and associated spin-off businesses will spend tens of millions of dollars per year at retail and service businesses, and housing. These expenditures in turn, generate a few million dollars annually in property taxes and fees. As planned, the completed HR Ottawa will also be a new and significant tourism attraction. The spending of the additional tourists, and also of those who would stay longer, will also generate additional economic growth, and of course the City of Ottawa will be another beneficiary of such growth.

#### **F- Summary of Ongoing Benefits**

In addition to the increase in the City of Ottawa's share of HR Ottawa operations from \$5.5 to \$6 million to \$12 million annually, the major total ongoing/permanent benefits generated are estimated as follows once all its planned renovations and expansions have been completed by 2026:<sup>15</sup>

<b>1. Total number of new jobs created</b>	<b>500</b>
<b>2. Total payroll for the 500 employees</b>	<b>\$20 million/year</b>
<b>3. Expenditures of the 500 employees</b>	<b>\$11.2 million/year</b>
<b>a. All retail and service business</b>	<b>\$8 million/year</b>
<b>b. Various income taxes</b>	<b>\$2.2 million/year</b>
<b>c. Property taxes</b>	<b>\$1 million/year</b>
<b>4. Additional food purchase by its restaurants</b>	<b>\$1.5 million/year</b>
<b>5. Transfer from Lac Leamy Casino</b>	<b>Up to \$62 million/year<sup>16</sup></b>

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<sup>15</sup> These benefits have already started to be realized partially, and they will increase until 2026 when they will be fully realized on an annual basis.

<sup>16</sup> A very approximate and anecdotal estimate.

## VII. CONSULTATIONS

We participated in two public open house meetings, and interviewed several economic and tourism professionals regarding HR Ottawa. Our findings are briefly described below.

### 1. First Public Open House Meeting

This meeting was held on March 7, at Orchard View Event Centre at 6346 Deermeadow Drive, Greely.

There were more than 200 people, mostly residents of Greely and the nearby areas, who came to this Open House meeting, including about 20% in their late teens and 20s. At the Economic Benefits booth, we spoke with at least 30 of the attendees. **The comments about the renovations, expansions, and participation of Hard Rock International were entirely positive.** What seemed most attractive to these 30 people was the number of jobs, especially part-time, at the expanded facility. Several men and women who seemed to be in their late 50s expressed optimism about finding part-time jobs at the expanded raceway.

One farmer was very concerned about the future of the races, and he asked why there was no specific commitment to increase the number of these races, rather than maintaining the current 72 per year (we referred him to Mr. Richard Gardner, the Raceway manager).

At least four of the 30 persons we spoke with had concerns regarding transportation. In their view, the current 2-lane Albion Road would become too congested due to the new facility (we referred them to the transportation booth for further discussions).

Compared to dozens of other public open house meetings we have attended in the last 20 years, we found the attendees in this one quite interested to know more, optimistic about the benefits, and generally happy regarding such a large (\$318 million) investment in their community.

## **2. Second Public Open House Meeting**

This meeting was held at the RA Centre on March 19, 2018, again from 7:00 pm to 9:00 pm. Approximately 150 persons came to this meeting, and again 20% or more of them were in their 20s or younger.

This group was more interested than the first group in the economic aspects of the Hard Rock International investment. At the economic benefits booth, we spoke with at least 25 people, and discussed the one-time and the ongoing benefits of the renovations and expansions. They generally seemed pleased to learn of these benefits, and quite a few mentioned that the southern part of the City of Ottawa needed a boost like the Hard Rock development. There were questions regarding the capacity of Albion Road, and we referred them to the transportation booth.

Three of the 25 who were in favour of this development, nevertheless expressed concerns and regrets about the inevitability of addiction gambling. We referred them to the Play Smart booth to learn more about the available preventive and mitigating information and services regarding excessive gambling.

## **3. Ottawa Chamber of Commerce**

The President and CEO of the Ottawa Chamber of Commerce, Mr. Ian Faris, was interviewed. He indicated that the Board of Directors of the Chamber had considered the matter, has been supportive, and sent a letter of support in May 2017 to the Rideau-Carleton Raceway.

In Mr. Faris's opinion, the investment is quite large for Ottawa, will generate many benefits for the City of Ottawa, and will especially revitalize the southern parts of Ottawa.

## **4. EY Centre**

We also interviewed Mr. Kevin McCrann of the EY Centre. This facility, which was built in 2010-2011, has had an overall average of 300,000 attendants annually for various commercial, cultural and entertainment events.

Mr. McCrann indicated that the proposed Hard Rock development will be very positive for the Ottawa South area in general, and highly complementary with the EY

Centre. He expects that many delegates and attendees at the EY Centre would also go to HR Ottawa for its restaurants, gaming, shows, recreation and entertainment.

When asked about possible traffic challenges, he mentioned that the EY Centre has not had any problems in this regard, even during the most popular and crowded events. This is due to the fact that the morning and afternoon employment peak hour traffic rarely coincide with EY Centre-bound traffic. Overall, he thinks that an investment of \$318 million is a major boost to the local economy, and will significantly increase tourism to Ottawa.

## **5. Invest Ottawa**

From Invest Ottawa, we interviewed Mr. Blair Patacairk who is the Vice President of Global Expansion. In addition to the many economic benefits of the \$318 million investments mentioned by others as well, he added the following:

- a- His main responsibilities at Invest Ottawa revolve around attracting new companies, especially those in the High-Technology/Artificial Intelligence fields. The majority of the employees of these companies are millennials, and they pay much attention to the quality-of-life factors, such as sports, entertainment, recreations, and socializing after work. For them, the planned Hard Rock Ottawa will be a major attraction, and this is expected to help Invest Ottawa in its efforts to attract new companies.
- b- He has stayed in many Hard Rock International's facilities in different cities and countries, finds them very attractive, exciting, and "cool" for millennials, and believes that the reputation of Hard Rock International will make this one quite successful.
- c- Based on his experience and knowledge of the industry, he believes that a modern facility, such as HR Ottawa, should have been developed here many years ago as it would have contributed to increased tourism, economic prosperity, and the attraction of new businesses into Ottawa.

## **6. Shaw Centre**

The General Manager of the Shaw Centre in Ottawa Ms. Nina Kressler was also interviewed. Similar to the others, she indicated that any investment of this magnitude is always good for Ottawa and will create many economic and tourism benefits. She

believes that HR Ottawa will have a positive impact on Shaw Centre as it provides additional leisure and recreation opportunities which will help in attracting more delegates and company events to the Shaw Centre, and also enticing them to stay longer.

## **7. Other Officials**

We also contacted senior officials at Ottawa Tourism, and the Ottawa Macdonald-Cartier International Airport.

These officials indicated that an investment of \$318 million is quite significant and very positive for the economy of the National Capital Region. They expect thousands of construction and other jobs to be created, which will help other sectors of the economy as well.

The impacts of the planned HR Ottawa on specific sectors, such as tourism or the airport, would be difficult to quantify. However, the consensus was that HR Ottawa would provide one more reason (add-on) to attract visitors to Ottawa, and to keep them longer once here.

Another point mentioned is the future developments in the southern parts of Ottawa which will be triggered by the full development of HR Ottawa.

# SHORE·TANNER & ASSOCIATES

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## COMPANY PROFILE: MARKET RESEARCH DIVISION

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Our principals and most of staff have each been working in the National Capital Region for over 30 years. We have provided consulting services to the municipalities in the capital area, most local developers, many independent businesses, developers in other Ontario and Quebec municipalities, the Federal Government, as well as interprovincial and national organizations, such as **Metro Richelieu, Canadian Wood Council, Canada Lands Company, and Canada Border Services Agency.**

## SERVICES PROVIDED BY OUR MARKET RESEARCH DIVISION

Public Consultations	Sales Forecasting
Focus Group Research	Financial Analysis
Executive Interviews	Feasibility Analysis
Consumer Surveys	Economic Studies
Mystery Shopping	Strategic Studies
OMB Services	Business Plan Development

## SAMPLE OF PRIVATE SECTOR CLIENTS

### **Business Community**

Ottawa Congress Centre (now Shaw)  
Metro Richelieu (Montreal)  
Panera Bread (U.S.A.)

### **High Technology Companies**

Corel Corporation  
JDS Uniphase  
Cognos (now IBM)

### **Developers**

GreatWise (Toronto)  
DCR Phoenix Homes  
Junic Homes (Gatineau)

### **Retail Sector**

Rideau Centre  
Glebe BIA  
Sparks Street BIA

### **Legal Firms**

Gowlings  
Soloway-Wright  
GIBSONS LLP

### **Professional Groups**

FoTenn Planning  
SamCon Inc. (Montreal)  
Colliza Architects

## SAMPLE OF PUBLIC SECTOR CLIENTS

Municipalities of Ottawa, Clarence-Rockland, Carleton Place, Arnprior, Gananoque, and Brockville; Infrastructure ON, Salvation Army, University of Ottawa, Carleton University, Royal Ottawa Hospital; PWGSC, and NCC.

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**MEMBER : OTTAWA CHAMBER OF COMMERCE.**

**CHAMBER'S ECONOMIC DEVELOPMENT COMMITTEE.**

## **SECURITY CLEARANCE AUTHORIZATION: RELIABILITY STATUS**

## **SPECIALTY OVERVIEW**

**Barry Nabatian specializes in consulting regarding demand, feasibility, impact, and financial viability studies; retail, economic, tourism, amusement markets, and business plan developments; consumer research, lifestyle trends and impact of social change on residential, commercial and industrial markets. He is an urban economist and a financial advisor with over 40 years of experience serving a wide variety of private, public and non-profit organizations in Ontario, Quebec, and elsewhere in Canada. He has appeared before the Ontario Municipal Board (OMB), and Assessment Review Board as an expert witness dozens of times regarding various real estate, Official Plans, property taxes and assessment matters. He is frequently interviewed by various media on real estate developments, economics and social trends.**

## **CAREER SUMMARY**

July 2010 - present	<b>Director</b> , Shore-Tanner & Associates
1997 - June 2010	<b>General Manager</b> , Market Research Corporation

1985-1997	<b>Vice-President</b> , Corporate Research Group Limited
1974-1985	<b>Senior Market Analyst</b> , Planning Branch, City of Ottawa
1973-1974	<b>Market Analyst</b> , Decision Sciences Corporation, Philadelphia, U.S.A

## **CAREER PROFILE**

### **July 2010 – Present: Director, Market Research Division**

Under Barry's direction and full participation, major studies have been completed regarding the impacts of the City of Ottawa's planned Light Rail Transit (LRT) system on real estate developments; market demand and feasibility of various types of residential, retail, office and industrial development proposals, adaptive re-uses of very large government-owned former health care and industrial properties; business improvement areas, the University of Ottawa's future space needs; and OMB testimony. These studies have involved sites in the Cities of Ottawa, Brockville, Thunder Bay, and Kingston; Towns of Perth, Kemptville, Pembroke, Petawawa and Casselman (Ontario); Gatineau, Lacolle, St. Bernard (Quebec), Aldergrove, and Osoyoos (B.C.). A wide variety of quantitative forecasting as well as qualitative research techniques form the basis of these studies which have dealt with vacant land, as well as brown field developments, demand for built space by type, value, and return-on-investment.

### **SEPTEMBER 1997 – JUNE 2010: GENERAL MANAGER, MARKET RESEARCH CORPORATION**

Barry Nabatian directed and participated in the completion of numerous studies involving market analysis, surveys, economic research, sales forecasting, public consultation, preparation of strategic plans, and policy documentation. These services were provided for a wide variety of private sector, municipal, provincial, federal and crown corporation clients, as well as for educational and health care institutions. As an experienced witness at different court levels, he appeared dozens of times at Ontario Municipal Board hearings, municipal councils, Assessment Review Board, and other public bodies. His approach to problem solving has been based on consensus building, strategic thinking and innovative solutions.

### **September 1985 – April 1997: Vice-President, Corporate Research Group Limited**

Barry directed and contributed to the completion of hundreds of marketing, feasibility, financial and official plan studies related to the office, retail, industrial, and residential markets in Canada and Northeastern USA. Estimation of demand by market segments and time frame, absorption, rental rates, tenant inducements, and pricing strategies were one group of major studies. Another one was site analysis, evaluation and selection, review and/or critique of planning, strategy, and policy documents on behalf of both public and private sector clients. He also developed a number of econometric, simulation, and sales forecasting models for the commercial sector. As well, he appeared as an expert witness before numerous courts, panels of the OMB, the Québec Régie, municipal councils, and other governmental boards and commissions.

### **Nov. 1974 – Sept. 1985: Senior Market Analyst, Planning Branch, City of Ottawa**

Barry was responsible for the design and implementation of a wide variety of commercial studies (e.g., Rideau Centre), research programs, development of property information systems, policy analysis, and positions for Ottawa City Council. He carried out numerous major office, shopping centre, housing studies and development strategies, with emphasis on the downtown core, including the development of a major database for the Ottawa Greater Central Area. Economic analysis and

forecasting for the City were also his responsibilities, and he assisted in the creation of the City's Economic Development Department.

**April 1973 – November 1974: Market Analyst, Decision Sciences Corp., Philadelphia, USA**

Barry carried out market feasibility analyses for proposed new satellite communities for the US Department of Housing and Urban Development (HUD). Another major project was the determination of impacts of specific departmental renovations and expansions on total sales of a major supermarket chain with operations in several Northeastern States.

**PERSONAL INFORMATION**

Citizenship: Canadian since 1976

Languages: Fluent in English, Persian, plus some French and Russian

**Education:**

May 1973 **Master's of Science**, Urban Economics and Policy Planning  
State University of New York at Stony Brook, U.S.A.  
Master's thesis: Truck Routing

May 1971 **Bachelor of Science**, Physics  
State University of New York at Stony Brook, U.S.A.

May 1969 **Associate of Applied Sciences**  
New York City Community College  
Brooklyn, NY, U.S.A.

As well, Barry has completed numerous courses, special training, and attended seminars in the fields of economics and statistics related to real estate markets, lifestyle trends, various consumer products and services, financial and wealth management. He has made numerous presentations and given lectures on these topics to various groups, including at the Real Estate Forum of 2011 in Ottawa with well over 500 attendees.

**Interests**

**Cooking, swimming, hiking, yoga, dancing, and philosophy.**