Canadian Arena Funding

Recent Examples of Private Financing

Three of the four Canadian NHL arenas that were either largely or entirely privately funded failed. In these three cases the developers, in relatively short order, were forced to sell both the arenas and their respective teams at substantial losses.

Montreal, QC

The Molson family funded construction of the $270 million Bell Centre, which opened in 1996. After sustaining significant and ongoing operational losses, the family was forced to sell both the arena and the Canadiens in 2001. The arena was sold at a $170 million loss.

Ottawa, ON

Rod Bryden built the Corel Centre (now Scotia Bank Place) for $170 million. With the exception of a $26.8 million loan from the Province of Ontario, the cost of the arena was financed with private money. The Corel Centre opened in 1996. In 2003, both the arena and the team were sold in bankruptcy. The arena was sold for $27.5 million, a $143.5 million loss relative to the cost of construction.

Vancouver, BC

Arthur Griffiths built GM Place (now Rogers Arena), which opened in 1995, for $160 million. The arena, the Canucks and the NBA's Grizzlies were all sold in bankruptcy in 1997. The arena was sold for a loss of approximately $90 million.

City/Arena	100% Private Financing	Cost to Build (1)	Subsequent Sale Price	Years Opened/Sold
Montreal/Bell Centre	Yes	$270M	$100M (3)	1996/2001
Ottawa/Corel Centre	No (2)	$170M	$27.5M (3)	1996/2003
Vancouver/Rogers Arena	Yes	$160M	$70M (4)	1995/1997

Notes:

1) *Source: www.hockey.ballparks.com*
2) *Financing included a loan from the Province of Ontario for $26.8M*
3) *Per NHL documents*
4) *Estimated portion of total sale price related to arena (based on total sale price that included the arena, hockey team and basketball team)*

In Toronto, the Air Canada Centre serves as the only example of a successful privately funded NHL arena development in Canada. However, the size of the Toronto media market and the revenues produced by the arena operations are far greater than those in Edmonton, making the Air Canada Centre an inappropriate comparison.

These recent Canadian experiences make it clear that the revenue streams stemming from arena operations are insufficient to sustain the capital investment of a private developer who either largely or entirely funds construction.

The Case for Public Investment

A mix of public and private investment in sports arenas is viable for two principal reasons:

1. A new arena will generate a significant increase in local employment during <u>and</u> after construction.

2. If the arena is built as part of an urban revitalization, the uplift in municipal tax revenues that is created from private sector development around the arena can be used to repay the public investment.

In Edmonton's case, the construction of a new downtown arena has the potential to be a major catalyst in the ongoing revitalization of downtown, creating jobs, expanding the City's tax base, helping drive the economy, retaining our best and brightest people and creating a positive sense of momentum in Edmonton, the Capital Region and Northern Alberta, all while ensuring the long-term sustainability of the Oilers in Edmonton.