



Economical Impacts of Guggenheim Helsinki according to the Concept and Development Study

ESTIMATE OF ANNUAL OPERATING BUDGET

(figures based on mid-range scenario: 530 000 visitors per annum)

Guggenheim Helsinki operating costs	€ 14.5 million
- Exhibition costs	€ 5.0 million
- Salaries and benefits	€ 4.8 million
- Operating, marketing etc.	€ 2.7 million
- Management and programming services from Guggenheim Foundation	€ 2.0 million
Guggenheim Helsinki revenues	€ 7,7 million
- Admissions (530 000 visitors, 20 % free admission)	€ 4.5 million
- Museum store, corporate events etc.	€ 1.5 million
- Corporate sponsorship	€ 1.0 million
- Government funding (negotiations in process)	€ 0.7 million

Based on the cost and revenue calculation the needed city operating support would be € 6.8 million ('funding gap').

Current Helsinki Art Museum net expenditure	€ 4.3 million
- Gross expenditure € 6.1 million (includes internal rent € 0.9 million and government funding € 0.9 million)	

Net expenditure for Helsinki's art museum operations (after the inauguration of a Guggenheim) € 8.0 million.

- Operating support for the Guggenheim Helsinki Museum	€ 6.8 million
- Remaining art museum's collections and exhibitions management	€ 1.2 million

Growth of net expenditure of Helsinki's art museum operations after the inauguration of a Guggenheim € 3.7 million.

Helsinki Art Museum has 67 permanent employees, the number of permanent staff at Guggenheim Helsinki is estimated to be approximately 100 -120.

INVESTMENT BUDGET

Total estimated costs of a museum building € 130 – 140 million, excluding VAT

- Actual construction cost approximately € 100 million. Architecture and design costs € 30– 40 million. Annual investment funding costs approximately € 8 million.

Implementation model: A loan drawn by a City-founded real estate company, and guaranteed by the City

- The VAT deduction (€ 28–30 million) included in the building investment may still influence the realization model.
- The City will start negotiations regarding the State's participation in the investment.
- The City will assign the premises to the Guggenheim Helsinki with a long-term lease agreement.

GUGGENHEIM LICENSING FEE

The Guggenheim Helsinki Foundation would enter into a license agreement with the Solomon R. Guggenheim Foundation.

- The agreement would be for 20 years (with an option for an additional 5 years). The licensing fee for the 20 year period would be \$ 30 million.

The licensing fee would be covered by private or other third-party funding.

THE COSTS OF THE PLANNING AND FOUNDING PHASE OF THE MUSEUM

Costs of the planning and founding phase to the City of Helsinki (incl. architectural competition) for the years 2011- 2017 together € 11.2 million assuming that the museum will open in the autumn 2018.

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| - Concept and Development Study phase | € 1.2 million |
| - Development phase 2012-2015 | € 5.3 million (*) |
| - Operative founding phase | € 4.1 million |
| - Establishment of the foundation (founding capital) | € 0.5 million |
| - Founding costs of real estate company | € 0.1 million |

(*) This figure includes the architectural competition cost € 1.2 million, to be included in the investment budget.

ESTIMATE ON IMPACT ON TAX REVENUE (based on mid-range scenario)

Total tax revenue impact (if museum is realized)	€ 4.5 million / annum
- City of Helsinki	€ 0.75 million
- Other municipalities in Uusimaa region	€ 0.85 million
- Other Finnish municipalities	€ 0.2 million
- State	€ 2.7 million
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If realized the museum would have a significant positive impact on the Helsinki region and Finnish economic life, the extent of which is difficult to forecast.