

# Indoor waterparks appeal to hotels, large destination resorts

The indoor waterpark concept is demonstrating its strength as a segment of the travel industry, expanding outside its traditional Wisconsin Dells, Wis., base and spreading nationwide. The growth is occurring as an amenity to an existing hotel (typically franchised) as well as an integral part of a destination resort (typically independent).



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Two distinct trends are appearing. Additions to existing hotels, or development of franchised properties with indoor waterparks, are occurring with smaller indoor waterparks being attached to generally smaller hotel projects. These indoor waterparks are an amenity to guests but not the entire focus of a hotel.

Larger destination resorts also are under development and opening nationwide. They consist of larger themed properties with additional amenities and larger waterpark areas. These resorts focus on leisure travelers interested in the waterpark. The table summarizes the results of our supply analysis of indoor waterpark resorts. We de-

fine the category as a hotel connected to an indoor waterpark with a minimum of 10,000 square feet of indoor waterpark space, including amenities such as slides and tubes.

There are 40 indoor waterpark resorts open in the United States, with the vast majority located in Wisconsin. In addition, there are five indoor waterpark resorts open in Canada.

## New construction

Ten indoor waterpark additions or new construction projects are expected to open in 2004. Eight are expansions of existing facilities and two are new construction destination resorts. Seven indoor waterpark resorts or additions to existing hotels opened in 2003. There are 60 proposed indoor waterpark resorts with an

average of 45,750 square feet of indoor waterpark space under development in the United States.

These include expansions of existing hotels and development of new resorts. If all of these facilities are constructed, this would result in more than 2.7 million square feet of new indoor waterpark space.

The largest developer of new projects is the Great Lakes Cos. in Madison, Wis., with its branded Great Lodge resorts. This company developed the first indoor waterpark destination resort outside of Wisconsin Dells in Sandusky, Ohio, called the

Great Bear Lodge, in 2001.

Since then, it has opened Great Wolf Lodge Resorts in Traverse City, Mich., and Kansas City, Kan. The company has under construction full-service destination resorts in Williamsburg, Va.; Pocono Mountain, Pa.; Niagara Falls, Ontario; and Sheboygan, Wis.

Indoor waterpark resorts achieve strong success from leisure travelers, particularly during school vacations. The room rates at many of the larger indoor waterpark resorts range from \$150 to \$475 per night with the rate allowing access for four to six people to the indoor waterpark, which otherwise

would cost between \$15 to \$40 per person per day. These properties achieved substantial premiums over standard hotels in occupancy and average daily rate.

We project continued development of indoor waterpark resorts in the northern United States because they offer an attractive year-round leisure opportunity for families and attractive investment returns for developers.

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## Indoor waterparks in U.S. and Canadian hotels: amenities vs. destination resorts

	Indoor waterpark destination resorts	Hotels with smaller indoor waterpark areas	All indoor waterpark properties
Number of properties	17	28	45
Number of states and provinces	8	9	12
Average number of rooms	296	202	238
Average indoor waterpark square feet per resort	59,753	14,293	31,467

Note: Indoor waterparks contain a minimum of 10,000 square feet

Source: U.S. Realty Consultants, May 2004