

Hotel Waterpark Resort Industry Report - 2002

Lodging-entertainment concept grows beyond Midwest.

by Jeff Coy and Bill Haralson

The hotel industry measures the performance of different types of hotels including ski resorts and golf resorts. But no one tracks the performance of waterpark resorts. Recently, hotels and resorts with indoor waterparks have experienced rapid growth outside Wisconsin Dells, where the concept originated. Neither the hotel industry nor the theme park or outdoor waterpark industries provide any benchmarks or statistics for this new phenomenon, according to two consultants working together to solve that problem.

Jeff Coy and Bill Haralson have formed Hotel Waterpark Resort Research & Consulting, a collaborative effort of JLC Hospitality Consulting Inc of Rochester MN and William L. Haralson & Associates Inc of Richardson TX. Coy, a hotel consultant, and Haralson, an attractions consultant joined forces for the purpose of building an industry database for this product sector. Both were appointed co-chairs of Resort Task Force by the World Waterpark Association in October 2002. Their first industry report focuses on supply trends while future reports will incorporate demand trends, operating expense ratios and construction costs.

USA Competitive Supply

Fifty (50) hotel indoor waterparks are open and operating in the USA with a total of 7520 rooms, 750,904 square feet of indoor waterpark and 213 meeting rooms covering 300,454 square feet of meeting space.

Of these 50 hotel indoor waterparks, 30 are independent while 20 are affiliated with a national hotel brand name. Hotel brand names include Holiday Inn, Ramada, Best Western, Quality Inn, Hilton and Marriott and a few others.

These 50 hotels with indoor waterparks are located in the following states:

25	Wisconsin
10	Minnesota
2	Michigan
2	North Dakota
2	South Dakota
2	Nebraska
1	Arizona
1	California
1	Hawaii
1	Ohio
1	Missouri

1	Montana
1	Wyoming

Top 10 Largest Hotel Waterpark Resorts in the USA

The largest hotels with indoor waterparks are concentrated in Wisconsin Dells, where 18 hotels with indoor waterparks now exist.

Name	Location	Rooms	Indoor WP Square Feet	Meeting Facilities Square Feet
Wilderness Hotel & Golf	Wisconsin Dells WI	309	69,000	7,300
Kalahari Resort	Wisconsin Dells WI	272	67,500	28,699
Treasure Island	Wisconsin Dells WI	302	65,000	-
Great Wolf Lodge	Wisconsin Dells WI	309	40,000	6,000
7 Clans Casino Hotel	Thief River MN	151	40,000	-
Polynesian Resort	Wisconsin Dells WI	231	38,000	1,800
Great Bear Lodge	Sandusky OH	271	33,000	6,000
Chula Vista Resort	Wisconsin Dells WI	228	30,000	14,000
Timber Ridge Lodge	Lake Geneva WI	225	30,000	50,000
Hilton City Center	Milwaukee WI	730	20,000	30,000

Forty other hotels with indoor waterparks are located in Branson MO, Green Bay WI, Minneapolis MN, Owatonna MN, Baxter MN, Watertown SD, Fargo ND, Minocqua WI, Detroit Lakes MN, Madison WI, Casper WY, Nisswa MN, Aberdeen SD, Bismarck ND, St Cloud MN, Rochester MN and Lake du Flambeau WI.

Profile of USA Hotel Waterpark Resorts by Size of Indoor Waterpark

Among the top five mega resorts, the average indoor waterpark is 56,300 sf or 209 sf per guest room.

	Avg # Rooms	Avg SF Indoor Waterpark	Avg # Slides	Avg # Pools	Avg # Spas	Avg SF Meeting Space	Avg # Meeting Rooms
Top 5 Largest	269	56,300	7.6	2.8	1.6	8,400	6.2
Top 10 Largest	303	43,250	6.0	2.6	1.5	14,380	9.2
Top 20 Largest	226	29,275	4.6	2.2	1.7	9,825	7.1
Top 30 Largest	185	22,690	3.7	2.1	1.4	7,798	5.9
Top 40 Largest	166	18,105	3.2	2.0	1.3	6,325	4.9

Among the top ten hotel waterparks, the average waterpark size is 43,250 sf or 143 sf per guest room. Among the top 20, the rule of thumb for sizing an indoor waterpark is 130 sf per guest room. Among the top 30, the size of the indoor waterpark is 185 guest rooms times 123 sf to reach an average of 22,690 sf. Among the top 40, which reflects the overall industry, the size of the indoor waterpark is 109 sf per guest. This is only one of several methods the hotel waterpark developer should use to determine the size of a proposed indoor waterpark.

Top 10 Hotel Meeting Facilities with Indoor Waterparks in the USA

Almost all of the Top 10 largest hotel waterparks are also in the meetings business. However, the amount of meeting space drops off dramatically within the Top 10. The other forty hotel waterparks in the USA tend to be designed primarily for the individual leisure traveler segment.

Name	Location	Rooms	Meeting Facilities Square Feet	Indoor WP Square Feet
Timber Ridge Lodge	Lake Geneva WI	225	50,000	30,000
Hilton City Center	Milwaukee WI	730	30,000	20,000
Kalahari Resort	Wisconsin Dells WI	272	28,699	67,500
Ramada Plaza	Fargo ND	185	25,000	10,000
Marriott Depot Hotel	Minneapolis MN	132	16,000	15,000
Hojo Resort Conference	Wisconsin Dells WI	228	15,000	13,000
Chula Vista Resort	Wisconsin Dells WI	228	14,000	30,000
Wintergreen Resort	Wisconsin Dells WI	109	12,000	15,000
Grand View Lodge	Nisswa MN	275	10,600	7,500
Wilderness Hotel & Golf	Wisconsin Dells WI	309	7,300	69,000

Other hotel meeting facilities with indoor waterpark locations include Sandusky OH, Owatonna MN, Madison WI, Minocqua WI and Green Bay WI.

Profile of USA Hotel Waterpark Resorts by Size of Meeting Facilities

	Avg # Rooms	Avg SF Indoor Waterpark	Avg # Slides	Avg # Pools	Avg # Spas	Avg SF Meeting Space	Avg # Meeting Rooms
Top 5 Largest	309	28,500	4.4	2.2	1.6	29,940	17.2
Top 10 Largest	269	27,700	3.1	2.1	1.8	20,860	13.7
Top 20 Largest	222	22,625	3.4	2.3	1.5	12,429	8.7

Among the top five hotel meeting facilities with indoor waterparks, the average is 17.2 meeting rooms totaling 29,940 square feet. Among the top ten, the average is 13.7 meeting rooms totaling 20,860 square feet. Among the top 20, which better reflects the overall industry average, the hotel waterpark developer that wants to cater to the meetings market should consider 222 guest rooms, 22,625 sf of indoor waterpark and 12,429 sf of meeting facilities averaging 8.7 meeting rooms. This is only one of several methods a developer should consider using to estimate the size of meeting facilities.

Canadian Competitive Supply

In Canada, we have identified 82 hotels indoor waterparks, typically smaller properties such as Super 8s, averaging 3200 square feet of indoor waterpark. Often, these are hotels that

have enhanced their indoor swimming pools with the addition of play structures and waterslides with minimal theming. These hotels are located in the following provinces:

35	Alberta
19	Saskatchewan
11	British Columbia
7	Manitoba
6	Ontario
2	Quebec
1	Prince Edward Island
1	Nova Scotia

Major Canadian hotel indoor waterparks include the Ramada Hotel & Suites in Lethbridge, Alberta with 13,000 sf of indoor waterpark and two waterslides, two pools and two spas, the Sheraton in Calgary and a large independent in Edmonton.

Hotel Waterpark Resorts Under Construction in USA & Canada

Eighteen (18) hotels with indoor waterparks are currently under construction in the USA and Canada. The major projects are:

Scott Enterprises	Erie PA	Indoor waterpark	77,000 sf
Kalahari Resort	Wisconsin Dells WI	Indoor waterpark expansion	60,000 sf
Wilderness Hotel & Golf	Wisconsin Dells WI	Indoor waterpark expansion	40,000 sf
Great Wolf Lodge	Traverse City MI	Hotel indoor waterpark	38,000 sf
Radisson Arrowood	Alexandria MN	Indoor waterpark addition	30,000 sf
Cranberry Lodge	Tomah WI	Indoor waterpark addition	10,300 sf

Kalahari Resort is doubling its indoor waterpark space to 120,000 sf --- the largest in the USA. Wilderness Hotel & Golf will bring its total indoor waterpark space to approximately 109,000 sf. Great Lakes Companies expects to open its 309 room property in Traverse City in April of 2003 --- reportedly the largest log building in the world.

Other hotel indoor waterparks project of less than 10,000 sf are under construction in Dubuque IA, Boyne Falls MI, Maple Grove MN, Missoula MT in the USA and in Drumheller AB, Edmonton AB, High Level AB, Fort Nelson BC, Fort St John BC, Ottawa ON, Moose Jaw SK and Regina SK in Canada.

Hotel Waterpark Resorts In Development

Twenty eight (28) hotel indoor waterpark projects are in the planning stages for the following locations: McGregor IA, Utica IL, Kansas City KS, Toledo Bend Lake LA, Dundee MI, Escanaba MI, Grand Rapids MI, Breezy Point MN, Brooklyn Park MN, Hastings MN, Thief River Falls MN, Minot ND, Syracuse NY, Niagara Falls ON, Lake Harmony PA, Pocono Mountain Area PA, Sioux Falls SD, Tyler TX, Green Bay WI, Oconomowoc WI and Sheboygan WI.

Hotel Waterparks Out-Perform Regular Hotels

In one Wisconsin Dells survey, hotels with indoor waterparks achieved nearly 21 points higher occupancy and \$14 higher room rates annually than hotels with ordinary swimming pools.

In 2001, hotels WITH indoor waterpark performed at 26.9 points of occupancy higher than hotels WITHOUT indoor waterparks at Wisconsin Dells. The survey also revealed that hotels WITH indoor waterparks captured \$69 higher average room rates than hotels WITHOUT indoor waterparks. In 2001, the eighteen (18) hotels WITH indoor waterparks captured 85% of the total market room revenue while forty-four (44) hotels WITHOUT indoor waterparks captured only 15% of the total market room revenue.

Indoor waterparks increase hotel occupancy, increase average room rates and increase annual room revenues. Hotels with indoor waterparks extend their peak season from 100 days to 365 days. Hotels with indoor waterparks are almost filled 100% every weekend and school holiday break all year long. Hotel owners that want more visitors are thinking cars instead of airplanes. They are shifting their gears away from far away feeder markets. Instead, they are focusing on backyard marketing within 200 miles of their hotel. The drive-to regional resorts are performing much better than the fly-to resort during the current economy.

Hotel waterpark developers are focusing on new markets for new construction, while owners of existing hotels are thinking about enclosing their pools, raising their roofs to install 30 to 50 foot high structures that include waterslides, lazy river, activity pools, kiddie pools and adult spas. The indoor waterpark is a growing phenomenon what some experts think will become as common as the free continental breakfast. To find out what to do, contact a pro about your situation and ask for a proposal.

Hotel Waterpark Resort Research & Consulting is a collaboration of Jeff Coy & Bill Haralson. For more info, contact Jeff at 507-289-7404 or email jeffcoy@aol.com. Website is www.jeffcoy.com. Reach Bill at 972-231-7444 or email wharalson@aol.com.