

Buyer Be Wet

By LISA KEYS, New York Times

October 12, 2007 --- WHEN Scott and Sarah Freedman of North Potomac, Md., began to shop for a vacation home three years ago, they envisioned a house near the shore and lazy days at the beach.



WET AND MILD Tubing on the “river” at the waterpark at the Ginn Reunion Resort in Kissimmee, Fla.

They found what they were looking for in a house at the Peninsula on the Indian River Bay, a 1,400-unit development near [Rehoboth Beach](#), Del., for which they paid in the high \$500,000s. But something funny happened this past season: the Freedmans didn’t hit the beach all that much.

It wasn’t the weather that kept them away — it was the 14,000-square-foot wave lagoon. Instead of slogging to the shore, the Freedmans — including Ariel, 16, Benny, 9, and Brent, 7 — spent most days at the wave pool, swimming in the rhythmic waves, relaxing at the surrounding faux beach and taking breaks at the nearby snack bar.

“It’s the beach and the sand without the beach and the sand,” Dr. Freedman, an emergency physician, said of the Peninsula, which will

add water slides, fountains and water cannons by next summer. “Unlike being at the ocean, where both eyes are on your kids, here, one eye can be on the kids, while the other is looking at someone else, knowing your kids’ safety is assured.” Plus, Ms. Freedman added: “You don’t have the beach traffic. It’s a five-minute [bike](#) ride.”

In the competitive market for second homes, developers are increasingly using water parks to attract buyers. Over the last few years, vacation



homes with, or near, water parks — indoor and outdoor — have opened at a steady pace. And the trend shows little sign of slowing. Properties currently under construction include the 106-unit Hope Lake Lodge at Greek Peak, a [ski](#) resort in Cortland, N.Y., which will have an indoor water park with more than 500 feet of slides, and Silverline, a 90-unit luxury condominium development near [Telluride](#), Colo., that will have a 40,000-square-foot \$18 million community recreation center with an indoor water park.

In Kissimmee, Fla., near [Orlando](#), the Ginn Reunion Resort has a 650-person-capacity outdoor water park, which opened in 2005, in addition to three [golf](#) courses. About half of the planned 6,000 residences there — condos and single-family homes and home sites — have been built. They start at \$350,000 for a one-bedroom.



“The water park moves kids and teenagers to the forefront,” said Chad Turnbull, vice president of sales for real estate at Ginn Reunion Resort. “It brings a new life to the resort, keeps it from being pretentious and stuffy.”

By far the most common type of residence offered at indoor water parks is the condo-hotel. In the Wisconsin Dells alone, which calls itself “the

water park capital of the world,” more than 1,000 condo-hotel units have opened over the last few years at five parks. Similar developments are rising in Pigeon Forge, Tenn., and [Reno](#), Nev.

The boom can be attributed, in part, to the increased popularity of water park vacations at hotels. In 2002, according to **Jeff Coy, president of JLC Hospitality Consulting in [Phoenix](#)**, there were 50 hotels with indoor water parks. By the end of this year, there will be 184.

“The old hotel swimming pool is a thing of the past,” **Mr. Coy** said.

According to **Mr. Coy**, of the 36 indoor water park resorts scheduled to open in 2008, 24 are considering adding a condominium element to the property. For many of these developments, condos, a number of which are sold before construction starts, help provide advance financing for a project.

In Reno, the recently renovated Grand Sierra Resort has 10 restaurants and bars and a large casino and plans a 150,000-square-foot indoor water park. The resort also has 2,000 hotel rooms — 825 of which are part of a luxury condo-hotel within the hotel called the Summit at the Grand Sierra, with prices starting at \$265,000.

“For a property to be successful in Reno, you have to be multifaceted,” said Richard Langlois, the vice president for sales and marketing, noting that nearly 500 units have been sold. “You have to be able to attract and satisfy all demographics. There’s not enough casino business, not enough convention business. We feel with the addition of the water park, there’s something to attract independent and family travelers.”

The condo-hotel arrangement allows owners to put their residences into a rental program, garnering a share (typically 50 percent) of a room’s nightly revenue. According to statistics from the Condo Hotel Center, a [Miami](#)-based real estate company, a resort with an indoor water park typically has a 26 percent higher occupancy rate than a resort without one and has room rates that are, on average, \$69 higher.

After selling some real estate in her hometown of [San Francisco](#), Mary Kossick, a registered nurse, looked for a real estate investment that she could enjoy herself. She bought a unit at the Summit in June 2006, and subsequently bought four more. “I thought it was a great concept — we don’t have anything like that in this area,” she said. “I thought it would be good for families; it’s something different, with the water park. I see myself using it, too.”

At the Peninsula in [Delaware](#), the idea for a water park evolved from the development’s less-than-prime location, eight miles from Rehoboth Beach. “Why would someone want to live eight miles from the beach?” said the developer, Larry Goldstein. “What can we do to create a beach environment? We felt by offering a wave lagoon and water toys, we’d expand our market.”

Developers are hoping that the water parks can transform seasonal destinations into year-round vacation options. A ski resort with a water park, for example, can extend its season well after the snow stops. And since many water parks are built indoors, a condo hotel complex can remain a destination year round.

That’s what attracted Stan Prodes, a nurse who lives in Bethlehem, Pa., and his wife, Jane, a teacher, to spend \$78,000 for quarter-ownership of a room that sleeps six at Hope Lake Lodge in Cortland. “We have young kids, so the water park thing is great,” said Mr. Prodes, an avid skier. “I see a lot of potential for the future. The prices were great. It was something we could, without any difficulty, pay for and enjoy throughout the year.”

What most water park developments have in common is that they are within driving distance of a metropolitan area.

“Frequently I talk to developers who say, ‘I have a project I’m building in McGregor, [Iowa](#), or the Wisconsin Dells.’ I think, ‘Who in the world would want to go there?’” said Joel Greene, president of Condo Hotel Center. “But if you’re in [Chicago](#), it’s a three- or four-hour drive away. If

you can rest in the pool and the kids can have a great day on the slides, and it's 74 degrees inside and 12 degrees outside, it makes sense."

As part of a \$200 million expansion project that began in the summer of 2005, Chula Vista Resort in the Wisconsin Dells added 182 condo units connected by a tunnel to a new indoor water park. (There are an additional 103 condos on the resort's golf course, with the finishing touches expected by the end of this month.)

"Having watched the trend over the last 5, 10 years, especially in the Wisconsin Dells, I'm seeing more families, regardless of income, gravitating toward water parks," said Mark Natzke, a [Milwaukee](#)-based account executive at Clear Channel, who closed on a three-bedroom unit in July 2006. "It's convenient for them to vacation year round and, knowing that families like easy, convenient destinations, the Dells seemed like a good area to invest in." (Mr. Natzke declined to say how much he paid, though prices are \$300,000 to \$500,000.)

Todd and Anke Stimac and their 3-year-old daughter, Annika, are one such family. The Dells are only 45 minutes from their [Madison](#), Wis.,



home, so they're able to visit their condo at Chula Vista every few weeks. Though the Stimacs initially wanted a lake house for a second home, "I figured my daughter would want to go to the water park, and I'd go to the water

park anyway," said Mr. Stimac, the owner of a vending company, who paid \$330,000 for a unit that sleeps eight. "On top of that, I didn't want to do the maintenance. I don't have time to take care of the lawn and all that stuff."

In Pigeon Forge, Tenn., like many vacation areas, “Condos are a dime a dozen,” said Mike Dionas, principal of DionasWhelchel, the developers of the 336-unit Water Resort at Pigeon Forge. “Our concept is to create a destination place within a destination area.”

But in a town like Pigeon Forge — already packed with tourist attractions, including Dollywood and [Great Smoky Mountains National Park](#), is an indoor water park really in demand? “If you had asked me when we started two years ago, I would have said, ‘I think so, but I’m not sure,’” Mr. Dionas said. “After being 85 percent sold, without a water park even running yet, I think the answer is yes, we need one.”

For more information regarding feasibility of condos as part of hotel waterpark resorts, contact Jeff Coy, president of JLC Hospitality Consulting of Phoenix-Cave Creek AZ. Phone him at 480-488-3382 or email jeffcoy@jeffcoy.com. Website is www.jeffcoy.com.