

# Hotel Waterpark Resort Industry Report 2005

## 23 New Hotel Waterparks Open, 52 Under Construction

By Jeff Coy and Bill Haralson

October 18, 2005. The USA hotel industry reached 64.3% for the first eight months of 2005, up almost two points over a year ago and nearly one point higher than benchmark Year 2000. Hotel room rates averaged \$90.59, which is more than \$4 higher than the last several years.

USA HOTEL INDUSTRY TRENDS						
	2005	2004	2003	2002	2001	2000
Occupancy	64.3%	62.7%	60.8%	61.2%	60.1%	63.7%
Average Room Rate	\$90.59	\$86.55	\$83.60	\$84.01	\$84.85	\$86.04
Source: Smith Travel Research. YTD August						

### USA Hotel Industry Performance

Revenues, supply and demand all showed positive growth for YTD August 2005 compared to a year ago. Revenues per available hotel room were up 7.8% over 2004. New hotel construction rose only 0.7% while demand for lodging increased 2.8% --- allowing both occupancies and room prices to rise.

Summer of 2005 was better than last summer for the hotel industry despite \$3.00 per gallon gasoline prices and the impact of several hurricanes. In August 2005, occupancy reached 68.5% --- up 2.1% from 67.1% in 2004. Hotel room revenues were up 8.6% over 2004.

USA HOTEL INDUSTRY TRENDS			
	YTD Aug 2005 Vs YTD Aug 2004	Jun-Aug 2005 Vs Jun-Aug 2004	August 2005 Vs August 2004
Supply	Up 0.7%	Up 0.6%	Up 0.4%
Demand	Up 2.8%	Up 2.9 %	Up 3.1%
Occupancy	Up 2.1%	Up 2.3%	Up 2.6%
Average Room Rate	Up 5.6%	Up 5.1%	Up 4.9%
Rev Per Available Room	Up 7.8%	Up 7.4%	Up 7.6%
Source: Smith Travel Research			

In the first eight months of 2005, luxury and midscale hotels showed the most improvement in occupancy while luxury, upscale and midscale hotels among the chains showed equal improvement in average room rates compared to a year ago. Upper upscale hotels ran the highest occupancy at 72.2% among the price tiers followed by upscale-priced hotels at 71.5% compared to a year ago.

Resorts and airport hotels ran higher occupancies in 2005 than 2004 and achieved higher occupancies than all other types of lodging --- urban, suburban interstate and small towns. USA Resorts achieved 69.6% occupancy for 2005 through August, up from 69.1% during the same period a year ago while airport hotels reached 69.8%, urban hotels reached 68.6%, suburban hotels ran 64.8% and interstate and small towns hotels peaked near 58%. Resorts produced average room rates of \$129 for 2005 through August, which is higher than all other types of lodging.

<b>TOP PRODUCING HOTELS BY LOCATION</b>				
	<b>Occupancy</b>		<b>Average Room Rate</b>	
	<b>Percent</b>	<b>% Chg</b>	<b>Amount</b>	<b>% Chg</b>
Urban	68.6	3.8	\$120.17	6.2
Suburban	64.8	3.2	\$78.83	5.2
Airport	69.8	2.6	\$84.84	7.3
Interstate	58.1	1.8	\$60.28	1.8
Resort	69.6	1.3	\$128.76	4.9
Small Town	57.8	2.1	\$71.83	3.2

Source: Smith Travel Research, YTD August 2005.

Families in the USA bit the bullet on higher gasoline prices and refused to abandon their vacation plans. Many vacationed closer to home and escaped for weekends at nearby regional resorts --- a growing number of which now offer indoor waterparks and family entertainment centers. The leisure traveler segment continues to breathe life into the hotel and travel industries. In addition, business travelers have now returned to hotels in greater numbers.

Currently, the most lucrative states for hotel investment are Hawaii, New York and Florida where the revenues and their growth rates are the highest in the nation. Nevada, Rhode Island and Alaska, while posting high revenues per available room, slipped a bit from last year. Hotel revenue per available room (RevPAR) is the key indicator that takes into account supply, demand, occupancy, scarcity and pricing.

<b>HIGHEST REVENUE PRODUCING HOTELS BY STATE</b>		
	<b>RevPAR Amount \$</b>	<b>% Chg</b>
Hawaii	137.73	12.4
New York	102.60	12.1
Florida	75.02	12.5
Nevada	74.82	-2.1
Rhode Island	74.64	-2.7
California	72.05	9.3
Massachusetts	71.73	3.8
Maryland	69.63	7.1
Alaska	69.29	-2.8
New Jersey	64.78	5.0
USA Average	58.28	7.6

Source: Smith Travel Research. YTD August 2005.  
RevPAR is Revenue Per Available Room.

RevPAR is a measure of asset productivity that often points developers to the most attractive locations for new construction, although many of these desirable locations also have high barriers to entry.

In 2005, the most desirable hotel markets, in terms of their ability to generate the highest revenues per available room as well as double-digit growth rates, are New York City, Oahu, Miami, Washington DC and Los Angeles. Some of the leisure destinations like Tampa, Anaheim, Denver and Phoenix recorded 12% to 13% improvement in revpar compared to last year.

<b>HIGHEST REVENUE PRODUCING HOTELS BY MARKET</b>		
	<b>RevPAR</b>	
	<b>Amount \$</b>	<b>% Chg</b>
New York City	156.20	15.6
Oahu	118.17	19.4
Miami	98.02	18.0
Washington DC	94.59	11.5
San Diego	94.52	9.3
San Francisco	87.38	8.7
Boston	81.25	4.9
Los Angeles	78.81	11.6
New Orleans	74.79	4.3
Top 25 Market Average	74.61	10.5
USA Average	58.28	7.6
Source: Smith Travel Research. YTD August 2005. RevPAR is Revenue Per Available Room.		

In sum, the USA Lodging Outlook reveals:

- Hotel room revenues supply & demand all showing positive growth over last year.
- Room revenue up 8.1% over last year.
- Summer 2005 better than Summer 2004.
- Industry near pre-9/11 levels of Year 2000.
- Resorts did better than last year and better than other types of lodging.

## **USA Resort Performance**

Hawaii is the leading resort destination with 82.9% occupancy (up 4.0%) and \$166 average room rate, up 8.0% over last year. This compares to the national hotel occupancy of 64.3% and average room rate of \$90 in the USA.

Florida and Nevada are trailing close behind with 72.7% and 72.5% occupancies, respectively. Arizona and Florida recorded the biggest gains in occupancy improvement over last year.

The highest resort room prices were found in Hawaii at \$166, Nevada and Florida at \$103 and California at \$102. Hawaii and Florida recorded price jumps of more than 8% in 2005 compared to last year.

<b>HOT &amp; COLD RESORT DESTINATIONS</b>				
	2005 Occupancy	Percent Change	2005 ADR	Percent Change
USA	64.3	2.6	90.59	4.9
Florida	72.7	3.7	103.13	8.4
Arizona	67.6	4.6	91.75	7.2
California	70.5	3.4	102.20	5.7
Nevada	72.5	-0.3	103.18	-1.8
Hawaii	82.9	4.0	166.20	8.0
Wisconsin	55.8	0.2	72.66	3.2
Minnesota	61.8	2.1	79.31	6.1
Source: Smith Travel Research. YTD August 2005.				

Wisconsin and Minnesota achieved statewide occupancy under the national average in both occupancy and average room rates. However, these two states have the highest number of hotel indoor waterpark resorts, and the top hotel waterpark resort properties recorded occupancies and room rates far above the national averages and equal to many of the Sunbelt resort destination states.

In fact, due to the double-digit growth of indoor waterparks over the last several years, Coy and Haralson formulated 17 predictions on the future of resort development.

- Regional drive-to resorts will attract more guests than national fly-to resorts.
- Business travel will become more an elective and less a requirement.
- More Americans will telecommute.
- Mixing business & leisure 24/7 will lead to greater stress.
- Never disconnecting will cause greater stress.
- Lodging and entertainment concepts will continue to merge.
- Resorts will become more like theme parks.
- Resorts will grow faster than other types of lodging.
- More resorts will become part of mixed-use developments.
- Future resorts will focus more on guest participation and interaction.
- Theme parks and resorts will use more simulators to create virtual reality.
- Resorts will increasingly become a teacher.
- Seasonal resorts will become year round operations.
- Resorts will build more and more indoor recreation facilities.
- Resorts will increasingly incorporate water into their designs.

For more information, see *17 Predictions on Future of Resort Development*.

## ***USA Hotel Waterpark Resort Performance***

In 1994, Stan Anderson, owner of the Polynesian Resort in Wisconsin Dells WI and pioneer of the hotel indoor waterpark resort installed some water gizmo in his indoor pool and weekend occupancy skyrocketed. That started the 11-year trend of building more than 100

hotel waterpark resorts that extend from the Midwest to the Northeast and Pacific Northwest. During 2005, twenty-three (23) new additions and expansion projects are expected to open by year end, bringing the total to 104 hotel waterpark resorts open and operating in the USA. Fifty-two (52) projects are under construction or will break ground during 2005.

Clearly, hotel waterpark resorts are not a fad but here to stay. About 121 projects are in the development pipeline, up from 69 in 2004, 46 in 2003 and only 19 in 2002. The waterpark sector of the resort industry has experienced rapid growth in the last several years.

Jeff Coy and Bill Haralson formed Hotel Waterpark Resort Research & Consulting, a collaborative effort of JLC Hospitality Consulting of Rochester MN and William L. Haralson & Associates 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 chair the Resort Committee of the World Waterpark Association and produce the annual Waterpark Development & Expansion Workshop, where they present their latest research and a variety of expert speakers. Go to [www.waterparks.org](http://www.waterparks.org). This Fourth Annual Industry Report includes supply trends, sizing components, construction costs and operating expense ratios with a focus on Wisconsin Dells where the concept originated and numerous hotel waterpark resorts are clustered in one market.

In 1990, before indoor waterparks, Wisconsin Dells ran a 40% annually hotel occupancy and had a 100-day peak season. Today, it has 18 hotels with indoor waterparks and has a 365-day peak season. The largest hotel waterpark resorts are running occupancies in the high 70s and low 80s --- 15 to 20 points above the national hotel average.

## ***Wisconsin Dells Hotel Performance***

In 2002, hotels WITH indoor waterparks achieved 26 points higher occupancy and \$69 higher average room rates than hotels WITHOUT indoor waterparks in Wisconsin Dells.

In 2004, we updated that research survey to determine the impact of 9/11, the economic recovery and what happened to the *haves and have-nots* in Wisconsin Dells over the last three years. Eighteen (18) hotels WITH indoor waterparks captured 85% of the total market hotel revenue in Wisconsin Dells while forty-four (44) hotels WITHOUT indoor waterparks were left with only 15% of the total market hotel revenue. As a result, we referred to Wisconsin Dells as "*the land of haves and have-nots.*"

In 2005, the top two hotel waterpark resorts achieved average room rates above \$200. The 18 *haves* achieved average room rates of \$130, while the 44 *have-nots* achieved \$65. Hotels WITH indoor waterparks recorded ADRs that are 2X that of hotels WITHOUT indoor waterparks. And the ADR trend over the last three years is getting higher for the *haves* and lower for the *have-nots*! This trend begs the question, "How long can you succeed in Wisconsin Dells as a hotel without an indoor waterpark?" The biggest properties are getting bigger while the smaller properties continue to lose market share.

# USA Competitive Supply of Hotel Waterparks

One hundred and four (104) hotel indoor waterparks are open and operating in the USA, including six properties scheduled to open in the final months of 2005. Hotel waterpark resorts opened over the last three years in the following states:

HOTEL WATERPARK RESORTS OPEN				
2005	2004	2003	2002	State
35	32	28	25	Wisconsin
20	15	14	10	Minnesota
7	5	3	2	Michigan
4	4	3	3	South Dakota
4	3	2	2	North Dakota
4	2	1	1	Ohio
3	2	1	1	Iowa
3	2	2	0	Pennsylvania
2	2	1	0	Kansas
2	1	0	0	Indiana
2	2	2	1	Montana
2	1	0	0	Washington
2	2	2	1	Massachusetts
2	2	2	1	Missouri
2	0	0	0	Virginia
1	1	1	0	Wyoming
1	1	1	0	Alaska
1	1	1	0	Colorado
1	1	1	1	Nebraska
1	1	0	0	Kentucky
1	0	0	0	Illinois
1	0	0	0	New York
1	0	0	0	Florida
1	0	0	0	Idaho
104	81	65	50	Total

Source: HWRRRC, Coy & Haralson.

These properties have a total of 17,574 rooms, nearly 2.4 million square feet of indoor waterpark space and 397 meeting rooms covering 935,000 square feet of meeting space. The following chart illustrates the growth over the last three years.

HOTEL WATERPARK RESORT INDUSTRY GROWTH TRENDS				
	2005	2004	2003	2002
	Amount	Amount	Amount	Amount
Hotel Indoor Waterparks	104	81	65	50
Rooms	17,574	12,470	10,132	8193
Indoor Waterpark Sq Ft	2,377,269	1,645,069	1,313,769	989,904
Meeting Rooms	397	373	352	322
Meeting Space Sq Ft	935,935	780,585	679,435	626,955
Affiliated with a Brand	44	34	26	20
Independent	60	42	35	28

Source: Hotel Waterpark Resort Research & Consulting, Coy & Haralson.

## ***Independent Versus National Branding***

Of these 104 hotels, 60 are independent while 44 are affiliated with a national hotel brand. We counted the six Great Wolf Lodges and two Kalahari Resorts as independents, although these familiar names are two emerging national brands. Properties in resort locations tend to be independent while properties in urban, suburban and highway locations tend to be franchised.

Brand names include AmericInn, Baymont, Best Western, Comfort Suites, Country Inn & Suites, Days Inn Hawthorn Suites, Hilton, Hojo, Holiday Inn, Marriott, Microtel, Nickelodeon, Quality Inn, Ramada, Sleep Inn, Super 8 and Wingate.

Whether or not to affiliate with a brand is a major issue in this product sector of the hotel industry. Two companies, Great Lakes Companies and Kalahari Resort, are reproducing their prototypes in multiple locations --- in effect, starting their own brand. Great Lakes Companies signed a license agreement with Ripley's Entertainment for its Great Wolf Lodge in Niagara Falls, Ontario --- which is a first step in becoming a franchisor in the hotel waterpark resort industry.

While several hotel chains, like Marriott and Holiday Inn, are creating indoor waterpark prototypes, two entertainment companies, Six Flags Inc and Nickelodeon have recently opened hotels.

## ***Top 25 Largest Hotel Waterpark Resorts in the USA***

Hotels with the largest indoor waterparks are concentrated in Wisconsin Dells WI where 18 waterpark resorts now exist. The Polynesian Resort in Wisconsin Dells is generally acknowledged as the first hotel indoor waterpark in 1994.

<b>TOP 25 LARGEST HOTEL WATERPARK RESORTS IN USA</b>					
<b><i>Name</i></b>	<b><i>Location</i></b>		<b><i>Rooms</i></b>	<b><i>Indoor WP Sq Ft</i></b>	<b><i>Opened</i></b>
Wilderness Hotel & Golf Resort	Wisconsin Dells	WI	593	161,000	1995
Kalahari Resort & Convention Center	Wisconsin Dells	WI	738	125,000	2000
Scotts Hotels & Splash Lagoon	Erie	PA	270	102,000	2003
Great Wolf Lodge	Pocono Mountains	PA	401	90,000	2005
Kalahari Resort	Sandusky	OH	596	80,000	2005
Treasure Island	Wisconsin, Dells	WI	302	65,000	1999
Great Wolf Lodge	Williamsburg	VA	301	64,000	2005
Mountain Grand & Avalanche Bay	Boyne Falls	MI	220	83,000	2005
H2Oasis Indoor Waterpark	Anchorage	AK	0	56,000	2003
Lodge at Cedar Creek Resort	Wausau	WI	140	50,000	2004
Grand Rios Waterpark Resort	Brooklyn Park	MN	224	46,000	2004
Great Wolf Lodge	Wisconsin Dells	WI	309	44,000	1997
Massanutten Resort IWP Addition	McGaheysville	VA	0	42,000	2005
Blue Harbor Resort	Sheboygan	WI	183	40,000	2004
7 Clans Casino Hotel	Thief River Falls	MN	151	40,000	2001

Country Springs Hotel IWP Addition	Waukasha	WI	187	40,000	2005
Great Wolf Lodge	Traverse City	MI	281	38,000	2003
Great Wolf Lodge	Kansas City	KS	281	38,000	2003
Castaway Bay Resort	Sandusky	OH	237	38,000	2004
Polynesian Resort	Wisconsin Dells	WI	230	38,000	1994
Arrowwood Resort & Conference Center	Alexandria	MN	200	38,000	2003
Great Escapes Hotel & Waterpark	Lake George	NY	200	38,000	2005
Great Wolf Lodge	Sandusky	OH	271	33,000	2001
BW Sterling Inn & Conference Center	Sterling Heights	MI	250	31,769	2001
Bavarian Inn & Lodge	Frankenmuth	MI	357	30,000	1986

Source: Hotel Waterpark Resort Research & Consulting, Coy & Haralson. \*Bavarian Inn has no waterslides.

Other hotels with indoor waterparks are concentrated in Wisconsin, Minnesota, Michigan, South Dakota, North Dakota, Ohio, Iowa and Pennsylvania. In Wisconsin, other hotel waterparks are located in Wisconsin Dells, Lake Geneva, Milwaukee, Green Bay, Tomah, Minocqua, Madison, Prairie du Chien, Waupaca, Neenah, Ashland and Lac du Flambeau. In Minnesota, other hotel waterparks are located in Otsego, Baxter, Duluth, Shoreview, Owatonna, Ottertail, Minneapolis, Detroit Lakes, Nisswa, Moorhead, Rochester, St Cloud, Thief River Falls and Orr. In Michigan, other hotel waterparks are located in Frankenmuth, Grand Rapids and Mackinaw City. In South Dakota: Watertown, Aberdeen and Sioux Falls. In North Dakota: Minot, Fargo, Grand Forks and Bismarck. In Ohio: Belleville-Mansfield. In Iowa: Dubuque, Burlington and Amana. In Pennsylvania: Butler.

## ***Profile of USA Hotel Waterpark Resorts by Number of Rooms***

Among the Top 5 largest resorts by room count, the average number of hotel rooms is 651 with an indoor waterpark of 95,200 sf or 146 sf per guest room. The Top 5 resorts have an average of 6.8 waterslides, 2.0 pools and 1.6 hot tubs. All of them have one or more lazy rivers, 60% have a wave pool and 40% have a water coaster. The Top 5 resorts average 43,760 sf of meeting space and 20.4 meeting rooms. The Top 5 hotel waterpark resorts in 2005 have more rooms, bigger waterparks, more water features and more meeting space than the Top 5 resorts in 2004 --- and the race to be the biggest continues!

<b>PROFILE OF LARGEST HOTEL WATERPARKS BY ROOMS</b>										
	<i>Avg # Rooms</i>	<i>Avg Sq Ft Indoor WP</i>	<i>Avg # Slides</i>	<i>Avg # Pools</i>	<i>Avg # HTubs</i>	<i>Lazy River</i>	<i>Wave Pool</i>	<i>Water Coaster</i>	<i>Meeting Sq Ft</i>	<i>Number Mtg Rms</i>
Top 5	651	95,200	6.8	2.0	1.6	1.2	0.6	0.4	43,760	20.4
Top 6-15	308	38,200	5.3	3.3	1.8	0.8	0.1	0.0	8,856	3.1
Top 16-25	245	31,697	4.0	2.5	1.6	0.4	0.2	0.1	19,371	6.8
Top 26-50	173	22,476	2.8	2.3	1.0	0.3	0.1	0.0	12,082	4.3
Top 51-100	88	12,118	1.8	1.7	1.0	0.2	0.1	0.0	2,656	1.8

Source: Hotel Waterpark Resort Research & Consulting. Coy & Haralson, October 2005.

Among the next ten largest (Top 6-15) hotel waterpark resorts, the average number of rooms is 308 with an indoor waterpark of 38,200 sf or 124 sf per guest room. Among the top resorts ranked 16-25 by room count, the average number of rooms is 245 with an indoor



waterpark of 31,697 sf or 129 sf per guest room. Using the chart above, the waterpark developer can estimate the size of his hotel, indoor waterpark and its components. Depending upon size, all hotel waterpark resorts average from 2-7 waterslides, 2-3 pools and 1-2 hot tubs.

Almost all of the Top 25 Largest Hotel Waterpark Resorts have a lazy river while less than 30% of the smaller resorts have them.

About 60% of the Top 5 Largest Hotel Waterpark Resorts have a wave pool and less than 10% of the smaller resorts have them. Wave pools, while very attractive to surfers, take up a lot of space for the smaller number of guests who can use them. However, they generate a lot of entertainment value for spectators, and ski resorts seem to love them.

The Top 25 Largest Hotel Waterpark Resorts are clearly in the meetings & convention business to balance their seasonal and weekend-weekday mix of business.

### ***Profile of USA Hotel Waterpark Resorts by Size of Waterpark***

Feasibility consultants face the difficult task of sizing their client's hotel waterpark projects. Hotels with the highest number of rooms don't always have the largest waterparks. And vice versa. While there are many factors that determine sizing, a rule of thumb is the rooms to waterpark ratio. A direct relationship exists between the number of hotel rooms and the size of the indoor waterparks.

<b>PROFILE OF LARGEST HOTEL WATERPARKS BY SIZE OF WATERPARK</b>				
<b><i>Hotels With An Indoor Waterpark</i></b>	<b><i>Avg # Rooms</i></b>	<b><i>Avg Indoor Waterpark Sq Ft</i></b>	<b><i>Indoor Waterpark Sq Ft Per Room</i></b>	<b><i>Rooms Per 1000 Sq Ft Of Indoor Waterpark</i></b>
Over 50,000 sf	354	87,600	247	4.0
40,000 to 49,999	175	42,000	240	4.2
30,000 to 39,999	235	33,298	142	7.1
20,000 to 29,999	226	21,615	95	10.5
10,000 to 19,999	107	12,215	114	8.8
5,000 to 9,999	114	6,534	57	17.4
Under 5,000	97	2,430	25	39.9

Source: Hotel Waterpark Resort Research & Consulting. Coy & Haralson, October 2005.

Hotels with indoor waterparks more than 50,000 square feet average 354 rooms and 87,600 square feet of indoor waterpark --- a ratio of 247 sf of waterpark per guest room. That ratio decelerates as waterparks get smaller.

To illustrate, hotels with waterparks 40,000 to 49,999 sf average 175 rooms and 42,000 sf of indoor waterpark --- a ratio of 240 sf per guest room. Notice that hotels with about 100 rooms and 10,000 sf of indoor waterpark tend to vary widely in their sizing.

Hotel owners and developers can use the chart above to help size their projects.

## Top Hotel Meeting Facilities with Indoor Waterparks in the USA

Among the Top 15 Hotel Meeting Facilities with an indoor waterpark, the number of rooms varies from 98 to 738 and the meeting facilities vary from 15,000 to 125,000 square feet.

Several of the largest hotel waterpark resorts are in the meetings & convention business. The 738-room Kalahari Resort & Convention Center in Wisconsin Dells WI is clearly the largest meeting facility (125,000 sf) with the largest indoor waterpark (125,000 sf). The 194-room Grand Harbor Resort in Dubuque IA, with 25,000 sf indoor waterpark, is connected to a 120,000 sf convention center that it operates for the city.

TOP 15 HOTEL MEETING FACILITIES WITH INDOOR WATERPARKS					
Name	Location		Rooms	Indoor Waterpark Sq Ft	Meeting Sq Ft
Kalahari Resort & Convention Center	Wisconsin Dells	WI	738	125,000	125,000
Grand Harbor Resort & Waterpark	Dubuque	IA	194	25,000	120,000
Kalahari Resort	Sandusky	OH	596	80,000	80,000
BW Ramkota Hotel & Conference	Sioux Falls	SD	226	3,000	60,000
Grand Prairie Hotel & KS Splashdown	Hutchinson	KS	218	20,000	50,000
Timber Ridge Lodge	Lake Geneva	WI	225	30,000	50,000
Chula Vista Resort	Wisconsin Dells	WI	300	30,000	40,000
Hilton Center City (730)	Milwaukee	WI	250	20,000	30,000
Arrowood Resort & Conference Ctr	Alexandria	MN	200	38,000	28,000
Ramada Plaza	Fargo	ND	185	10,000	25,000
Blue Harbor Resort	Sheboygan	WI	183	40,000	20,000
Bavarian Inn & Lodge	Frankenmuth	MI	357	30,000	17,000
Marriott Depot Hotel	Minneapolis	MN	132	10,000	16,000
BW Sterling Inn & Conference Center	Sterling Heights	MI	250	31,769	15,905
Hojo Resort Conference Center	Wisconsin Dells	WI	230	13,000	15,000

Source: Hotel Waterpark Resort Research & Consulting. Coy & Haralson, October 2005.  
Hilton Center City is a 250 room waterpark hotel inside a 730 room convention hotel.

Hotel waterpark resorts obviously target the individual leisure traveler segment. But these properties have the advantage of targeting another customer segment --- the group market -- to fill in hotel low periods and weekdays when kids are in school. Hotel waterpark resorts with substantial amounts of meeting space run higher annual occupancies than those with little or no meeting space.

PROFILE OF LARGEST MEETING FACILITIES WITH AN INDOOR WATERPARKS										
	Avg # Rooms	Meeting Sq Ft	Number Mtg Rms	Indoor WP Sq Ft	# of Slides	# of Pools	# of HTubs	Lazy River	Wave Pool	Water Coaster
Top 5	396	87,000	43.7	52600	4.4	2.3	1.8	0.8	0.3	0.4
Top 6-10	231	34,600	15.3	25600	3.5	2.3	1.0	0.3	0.0	0.0
Top 11-15	230	18,781	10.5	24954	2.0	3.0	2.4	0.0	0.0	0.0

Source: Hotel Waterpark Resort Research & Consulting.

The Top 5 Largest Meeting Facilities with an indoor waterpark average 396 guest rooms, 87,000 sf of meeting space, 44 meeting rooms and a 52,600 sf waterpark. Components average 4.4 waterslides, 2.3 pools and 1.8 hot tubs. Eighty percent of these properties have a lazy river, 30% have a wave pool and 40% have a water coaster.

Among the meeting facilities ranked 6 through 10 in size, these properties averaged 231 guest rooms, 34,600 sf of meeting space, 15 meeting rooms and a 25,600 sf indoor waterpark. Among those ranked 11 through 15, the number of guest rooms averaged 230 with 18,781 sf of meeting space, 10.5 meeting rooms and an 24,954 sf indoor waterpark. This is only one of several methods a developer and his consultant should use to estimate the size of meeting facilities in a hotel waterpark resort.

### ***Hotel Waterpark Resorts Under Construction in USA***

Hotels with indoor waterparks are growing from 28% to 36% annually while the overall hotel industry expects new supply to grow less than 1.0% in 2005 and 2006. In 2000, there were only 18 hotel waterpark resorts. Today, over 100 are open nationwide. Twenty-three new additions and expansion projects are expected to open by year end. Hotel waterpark projects under construction have grown from 8 in 2000 to 52 that are under construction or will break ground during 2005.

<b>CONSTRUCTION PROEJCT GROWTH</b>							
<b>Hotel Waterpark Resorts USA</b>							
	<i>2006F</i>	<i>2005F</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
Open at beginning of year	104	81	65	50	41	32	18
Openings during year	37	23	16	15	9	9	14
Total Open at end of year	141	104	81	65	50	41	32
Percent Change	35.6%	28.4%	24.6%	30.0%	22.0%	28.1%	
Under Construction		52	32	9	10	9	8
In Development		121	69	46	19		
Source: Hotel Waterpark Resort Research & Consulting, Coy & Haralson, October 2005							

Clearly, hotel waterpark resorts are a fad but here to stay. Projects in the development phase grew from 19 in 2002 to 46 in 2003, 69 in 2004 to 121 in 2005. The number of hotel rooms attached to indoor waterparks is expected to grow from 5,400 in 2000 to a forecast of over 24,000 in 2006, which is an increase of 4.4 times over six years.

<b>ROOM SUPPLY GROWTH</b>							
<b>Hotel Waterpark Resorts USA</b>							
	<i>2006F</i>	<i>2005F</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
Open at beginning of year	17,574	13,851	11,464	8,510	7,452	5,487	3,545
Openings during year	6,330	3,723	2,387	2,954	1,058	1,965	1,942
Total Open at end of year	23,904	17,574	13,851	11,464	8,510	7,452	5,487
Percent Change	36.0%	26.9%	20.8%	34.7%	14.2%	35.8%	
Under Construction		9,038	4,432	1,144	1,366	1,058	1,704
In Development		26,747	15,864	13,268	4,630		
Source: Hotel Waterpark Resort Research & Consulting, Coy & Haralson, October 2005							

The total square footage of indoor waterparks attached to hotels was 732,100 in Year 2000. That number grew to more than 2.3 million square feet in 2005 and is expected to grow to nearly 3.6 million square feet by the end of 2006. The supply of hotel indoor waterpark space grew 24% in 2004, 38% in 2005 and a forecasted 51% in 2006.

<b>INDOOR WATERPARK SQUARE FOOTAGE GROWTH</b>							
<b>Hotel Waterpark Resorts USA</b>							
	<i>2006F</i>	<i>2005F</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
Open at beginning of year	2,377,269	1,721,269	1,385,969	1,019,104	935,069	732,100	487,000
Openings during year	1,217,739	656,000	335,300	366,865	84,035	202,969	245,100
Total Open at end of year	3,595,008	2,377,269	1,721,269	1,385,969	1,019,104	935,069	732,100
Percent Change	51.2%	38.1%	24.2%	36.0%	9.0%	27.7%	
Under Construction		1,721,269	868,851				
In Development		4,687,027	2,980,293				
Source: Hotel Waterpark Resort Research & Consulting, Coy & Haralson, October 2005							

Hotel waterpark resorts grew out of Wisconsin during the 1990s, and then spread to adjacent states in the Upper Midwest. The growth pattern is spreading across the northern tier of the USA, with new properties stretching from Michigan and Ohio to Pennsylvania and new construction activity in the Pacific Northwest and New England. Many seasonal hotels and resorts now have or will soon open indoor-outdoor waterparks to build revenues on a year round basis. In the future, indoor waterparks will spread to the Sunbelt where desert resort guests and their kids will look for protection from the sun, hot temps and humidity. New dome structures and polycarbonate enclosures will let the light in and keep the weather out.

## ***Future of Hotel Waterpark Resorts in the USA***

Based on our research of industry trends, this is the future we see:

- Hotel waterpark resorts are not a fad. The growth trends, consumer acceptance and impact on resort occupancy, room rates and revenues are too strong to ignore.
- Hotels with indoor waterparks will continue to grow faster than the hotel industry. Hotels with indoor waterparks are growing from 23% to 29% annually, while the overall hotel industry room supply grew 1.2% in 2004 and is expected to grow 1.3% in 2005. In 2000, there were only 18 hotel waterpark resorts. Today, 79 are open nationwide. Eighteen new additions and expansion projects opened during 2004.
- Hotel waterpark resorts under construction will accelerate rapidly over the next few years. Construction projects grew from 8 in 2000 to 32 in 2004. Projects in the planning stages numbered 19 in 2002, 46 in 2003 and 69 in 2004.
- Hotels with indoor waterparks will continue to extend peak seasons from 100 days to 365 days. Seasonal properties will find it increasingly difficult to open for three months and pay expenses for twelve months.

- Hotels with indoor waterparks will fill rooms almost 100% every weekend and school break all year long. For hotels that typically go empty on weekends, the indoor waterpark is the best thing to come along since sliced bread. In some cases, indoor waterparks will add up to 26 points of occupancy.
- Indoor waterparks will increase hotel occupancy, increase average room rates and increase annual room revenue over typical hotels without indoor waterparks. The incremental boost in both occupancy and room rate will result in a big jump in hotel revenues.
- Resort destinations are excellent candidates for hotel indoor waterparks. Ski resorts, golf resorts, beach & lake resorts and resort conference centers all will consider adding indoor waterparks --- to extend their short peak seasons to year round.
- Urban centers nationwide will attract large hotel waterpark resorts as part of convention centers. Starting with cold weather markets across the top tier of the USA, cities and downtown convention hotels will investigate the impact of indoor waterparks on reviving downtowns. Urban entertainment centers will become more popular.
- Recreational locations with interstate highway access within 200 miles of a major metro area are excellent targets for hotel waterpark development. Families are willing to drive 200 miles in the middle of January to spend a weekend at an indoor waterpark, but the highway must be clear of snow and safe to travel.
- The first hotel with an indoor waterpark to open in a new market will become first choice among leisure travelers. Especially families with children. Children will greatly influence the lodging decision. Mom will actually make the decision.
- Hotel waterpark resorts are a long term investment and development opportunity. The industry is still in the birth stage and near ready to enter the growth stage. Leader Great Lakes Companies, which issued an IPO in 2004 with its Great Wolf Lodges, will emerge as a national brand over the next few years. However, many markets will remain unserved --- providing opportunity for local developers. It will be 5 to 10 years or longer before the hotel waterpark resort industry matures.
- Hotel waterpark resorts will grow nationally from cold to hot markets in the next few years. Originating in Wisconsin Dells WI in 1994, the lodging-entertainment concept spread throughout Wisconsin and neighboring states by Year 2000, when growth started to accelerate throughout Minnesota, Iowa, Illinois, Michigan, Ohio and Pennsylvania. Eventually, indoor waterparks will expand to the sunbelt. More and more projects will become indoor-outdoor combinations.
- Ski resorts will continue to be prime candidates for indoor waterpark development. Hotel waterpark resorts started in cold weather resort destinations where the peak summer season is only 100 days. In 2004, growth spread across the northern tier of the USA with new projects scheduled for the Pacific Northwest. Camelback Ski Resort in

Pennsylvania was the first ski resort to open an outdoor waterpark in 1998. Boyne Mountain in northwestern Michigan was the first ski resort to construct an indoor waterpark (opening in May 2005). Silver Mountain Resort in Idaho is the first western ski resort to start construction on an indoor waterpark. Similar projects are underway in Virginia and New England. New indoor waterparks will be built at ski resorts that want to become four-season resorts.

- Hotel waterpark resorts will spread more slowly to hot weather resort destinations. Indoor waterparks will eventually be built in San Diego, Palm Springs, Phoenix, Tucson, Corpus Christie, South Padre Island, Houston, New Orleans, Biloxi, Savannah, Charleston, Panama City and other Florida markets. Outdoor waterparks already exist across the southern tier of the USA. Why would anyone build an indoor waterpark in a hot weather market? Reason: Momma doesn't want her little children outside in direct sunlight when the temperature is 90 to 120 degrees. Therefore, shade becomes very important. Designing an adequate amount of shade per person is a critical factor when building an outdoor waterpark. Take it to the next logical level: more and more shade becomes a totally covered facility. In fact, many future projects will be indoor-outdoor combinations.
- Regional resort destinations with a history of attracting families will expand to include hotel waterpark resorts. Destinations, such as the White Mountains of New Hampshire, the Berkshires in western Massachusetts, the Poconos of Pennsylvania and the Finger Lakes Region of upstate New York, are all target locations for hotel waterpark resort development.
- Almost all major markets will attract a hotel waterpark developer in the next few years. Major indoor waterpark projects will be announced in the top 25 markets. The largest indoor waterparks will be part of major resorts or will be connected to downtown hotels and convention centers while smaller waterparks will become part of suburban hotels.
- Almost all future hotel waterpark resorts will be designed as indoor-outdoor combinations. Facilities will combine both indoor and outdoor spaces that open up and blend together --- using clear domed structures and movable glass walls. In the future, many large outdoor entertainment venues, such as amusement parks and waterparks, will be covered with dome structures that will control the temperature and weather inside while letting in a maximum amount of daylight from the outside. We presently have the technology to cover a 7-acre outdoor waterpark with a translucent domed structure. What's the advantage? Eliminate the weather factor. Extend peak season from 100 days to 365 days and collect revenues all year long.
- Every hotel owner and developer will DO SOMETHING with water. Projects will come in all sizes and shapes --- ranging from enclosing the outdoor pool to raising the roof for waterslide towers and adding water play equipment to existing pools. Not all pool enhancements will compete on the resort level. New hotel waterpark resort developments will have high entertainment value to attract families willing to drive 200

miles and pay \$200 a night for a room. The first and biggest hotel indoor waterpark to enter a new market will create a high barrier to entry for other competitors to follow.

## ***Recent Openings: USA***

In January 2005, Holiday Inn Grand Forks ND opened a 7,000 sf indoor waterpark which was converted from a pool in its atrium. GM Deb Steding said the waterpark conversion cost \$1 million plus another \$600,000 was spent on hotel renovations. United Management of Grand Forks purchased the hotel two years and wanted a indoor waterpark to keep up with national trends. Steding said many Holiday Inn franchisees have embraced the indoor waterpark concept with little help from parent company, InterContinental Hotel Group. However, InterContinental has recently received so many requests for waterpark exemptions from franchise holders that it has had to develop several waterpark conversion prototypes for its old holidome concept.

In March 2005, Great Wolf Lodge in Williamsburg VA opened with 301 rooms, 6,500 sf of meeting space and a 64,000 sf indoor waterpark. The waterpark consists of 8 waterslides, 6 pools, 2 hot tubs, lazy river and a wave pool. The 48-foot Fort MacKenzie has over 60 interactive geysers and sprays and tipping bucket that drenches everyone gathered below with 1,000 gallons of water. Total cost was \$48 million. Contact General Manager Curtis Brown at 757-229-9700.

In April 2005, Grand Bear Lodge near Starved Rock State Park in Utica IL with 92 lodging units and a 24,000 sf indoor waterpark.

In May 2005, seven new hotel waterpark resorts opened:

- Kalahari Resort Sandusky OH opened 596 rooms, a conference center and 80,000 sf indoor waterpark with 5 waterslides and an uphill watercoaster. Total project cost was \$60 million. Kalahari Resort is owned by three Wisconsin Dells resort owners who have been competitors for decades --- Todd Nelson, owner of the Kalahari Resort, Tom Lucke, owner of Wilderness Hotel & Golf Resort and Jim Mattei, owner of Treasure Island Resort & Bay of Dreams --- but who have formed a partnership, LMN Development LLC, to build the Kalahari Resort in Sandusky. Contact management at 877-253-5466.
- Mountain Grand Hotel & Avalanche Bay indoor waterpark at Boyne Mountain Ski Area in northwest Michigan opened its 220 unit condo-hotel and 83,000 sf indoor waterpark during a Memorial Weekend Grand Opening. The indoor waterpark features 6 waterslides including a cannonbowl tube slide, 4 pools with a lazy river, 2 whirlpools, a Flowrider water coaster and climbing structure with tipping water bucket. The facility also has an arcade, food & beverage and retail areas. Water Technology Inc of Beaver Dam WI provided the design concept and engineering. Steve Kircher, owner-operator of Boyne Mountain Resort, hopes the new hotel indoor waterpark will help the resort regain its footing as the No. 1 ski resort in the Midwest, a Ski magazine ranking it held for many years. Reach Steve at 231-549-6005 or go to [www.boyne.com](http://www.boyne.com).

- Country Springs Hotel's waterpark addition in Waukesha WI. Owner Dick Richards has always been innovative when it comes to promoting his hotel in Waukesha WI, a suburb of Milwaukee. But with increased competition and lost business over the last three years, Richards decided to build a \$25.6 million, 40,000 sf indoor waterpark addition to his 187-room hotel. He says the indoor waterpark will draw more people to the hotel and the surrounding area year round. The indoor waterpark includes 3 waterslides, 4 pools and a hot tub along with a 15,000 sf family entertainment center. Richards joined with Real-Cap LLC owners Mark Flaherty and Ed Carow to form a separate entity for the project, CIP Equity LLC. The project will be financed through a loan with First Bank of Illinois. Architectural Design Consultants of Lake Delton WI designed the project.
- Holiday Inn Express & Waterpark in Hayden ID opened 96 rooms and a 25,000 sf indoor waterpark in connection with the Triple Play family entertainment center. The indoor waterpark has 3 slides, 2 pools, a wave pool and 2 conference rooms. You can reach the hotel by calling 208-772-7900.
- Holiday Inn Express & Waterpark in the Milwaukee suburb of Oak Creek WI opened 115 rooms and a 6,000 sf indoor waterpark consisting one slide and hot tub. The hotel was has two meeting rooms totaling 1,500 sf. Telephone is 414-563-4000.
- Bridgewood Conference & Aquatic Center in Neenah WI opened 95 rooms and 5,500 sf indoor waterpark plus 10,000 sf of conference rooms. The property is owned by Rich Batley, Gary Laeyendecker and Jim Geertz.
- Nickelodeon Family Suites by Holiday Inn opened in Orlando FL with its outdoor waterpark. This is the first-ever Nickelodeon hotel waterpark which cost \$110 million. This is a destination hotel featuring two interactive waterparks, 3,000 sf arcade, a kid's spa, KidSuites, a Nick at Nite lounge for adults and a state of the art theater. You can even have breakfast in the Nicktoons Café and be greeted by SpongeBob SquarePants and Dora the Explorer. For more information, call Angela Richmond at 407-423-8006.

In June 2006, two hotels with indoor waterparks opened:

- Zehnder's Splash Village Hotel in Frankenmuth MI opened with 152 new and renovated rooms and 30,000 sf indoor waterpark. The waterpark includes two 4-story tube slides, one body slide, lazy river, multiple level play structure and a tipping water bucket. The project was a conversion and expansion of the former Bavarian Haus. Owner Al Zehnder says the property is located adjacent to Bronner's, the largest Christmas store in the world. Frankenmuth is 90 north of Detroit and is one of Michigan's top tourist destinations. You can go to [www.zehnders.com](http://www.zehnders.com) for more info or talk to Al Zehnder at 989-652-0430.
- Holiday Inn Suites & Waterpark in Baxter MN opened 98 rooms and 18,000 sf indoor waterpark consisting of 2 waterslides, 1 pool, 2 hot tubs and a lazy river. You can reach owner Bob Sullivan at 218-824-3232.



In July 2005, three more properties opened with indoor waterparks:

- Massanutten Resort in McGaheysville VA opened a 42,000 sf indoor waterpark that will feature 12 waterslides, 2 pools, spa, lazy river and a wave pool. Massanutten is a thriving four season resort and community of over 600 single-family homes, 900 timeshare units and a multi-million dollar ski business. Massanutten was the second ski resort in the nation to build an indoor waterpark; the first was Boyne Mountain MI which opened Memorial Day 2005. Aquatics Development Group of Cohoes NY was the design-engineering firm. For more information, contact Clay Rice, director of resort operations at 540-289-4977. Website is [www.massresort.com](http://www.massresort.com).
- A Condo-Hotel & Indoor Waterpark Project in Ocean Shores WA opened with 60 units and a 8,000 sf waterpark.
- Comfort Inn & Splash Harbor in Bellville-Mansfield OH 100 rooms and a 6,500 sf indoor waterpark consisting of one waterslide, 2 pools and a hot tub. For more information, call Sharon Cox at 419-886-4000.

In August 2005, Holiday Inn & Wild Woods Waterpark in Otsego MN opened with 135 rooms and a 30,000 sf indoor waterpark. The waterpark features 3 waterslides, 3 pools, 1 hot tub, and a lazy river. Landcor Development of Osseo MN did the project. You can talk to Landcor president Bob Fields at 763-315-0818 or call general manager Jackie Olson at 763-656-4400. ...

Developers Doug Rohde and Joel Cairry opened their Lodge at Brainerd Lakes & Paul Bunyan Waterpark in Baxter MN in August. The lodge has 102 units and 10,000 sf of meeting and convention space for groups of 12 to 500. The 30,000 sf waterpark is state of the art. It is the first in Minnesota and second in the nation to use advanced interactive virtual reality technology. The VR provides slide-riders with a variety of lights, sounds, videos and holographic images that simulate log jams, thunderstorms and Paul Bunyan swinging his ax. Go to [www.lodgehotels.com](http://www.lodgehotels.com).

## ***Under Construction & Opening in 2005: USA***

As of September 29, 2005, we identified six properties that are still under construction which we expect to open before the year ends:

- Great Wolf Lodge Pocono Mountains PA
- Best Western Edgewater Duluth MN
- Best Western Pzzazz in Burlington IA
- Thumper Pond Golf Resort in Ottertail MN
- Great Escapes Hotel & Waterpark in Lake George NY
- Condo-Hotel & Indoor Waterpark in Auburn IN

Great Wolf Lodge Pocono Mountains PA is expected to open its 401 rooms and 90,000 sf indoor waterpark in October 2005. The indoor waterpark will include 10 waterslides, 4

pools, 2 hot tubs, lazy river, wave pool, 6,000 sf arcade and 6,500 sf of conference rooms. The Pocono Mountain location in Pennsylvania will draw leisure families from New Jersey and New York City. Owner is Great Wolf Resorts Inc of Madison WI.

Best Western Edgewater Duluth MN with 282 rooms will open its indoor waterpark addition within the next 30 days. The 23,000 sf waterpark has two waterslides and a lazy river. The property is owned and managed by ZMC Hospitality. Contact Ken and John Goldfine at 218-723-8433 for more information.

The 171-room Best Western Pzzazz in Burlington IA is expected to open its 20,000 sf indoor waterpark, Fun City, in November 2005. Owner Randy Winegard built the indoor waterpark for about \$10 million. The waterpark features 2 slides, 3 pools, 1 hot tub, climbing wall and tipping bucket. You can talk to Allison Hanson, director of aquatics, by dialing 319-753-2223. The indoor space also features a family entertainment center with bowling, arcades and electric go-karts. Winegard also negotiated with the city to build a 50,000 sf outdoor waterpark, which will open near his hotel in June in 2006. The outdoor waterpark will feature 4 pools, including a wave pool.

The 78-room Thumper Pond Golf Resort in Ottertail MN will open its 11,000 sf indoor waterpark in November 2005. The owner is Doug Balaha. Phone is 218-367-2431.

Great Escapes Hotel & Waterpark in Lake George NY is expected to open with 200 rooms and a 38,000 sf indoor waterpark in December 2005.

Plan B Development Inc expects to open a yet unnamed 150-unit Condo-Hotel & Indoor Waterpark in Auburn IN before the year ends.

Jeff Henry and the NBGS Group own the Schlitterbahn on South Padre Island TX, voted the Best Waterpark in America by The Travel Channel. On December 10, 2005, Henry plans to open the Schlitterbahn Indoor-Outdoor Waterpark on Galveston Island TX. The \$28 million project will feature a retractable roof that can be closed in winter and opened in summer. Sherry Bramson said Hurricane Katrina caused minimal damage and slowed them down only a few days --- the project still plans to open on schedule. The outdoor portion of the project will open in Summer of 2006.

### ***Under Construction & Scheduled to Open in 2006: USA***

Twenty-seven hotel waterpark resort projects are currently under construction with scheduled opening dates throughout 2006:

- Holiday Inn East Columbus OH
- Canad Inn's Destination Center in Grand Forks ND
- Big Horn Resort & Waterpark in Billings MT
- Lake Lawn Resort's condo expansion. Waterpark later
- Grand Lodge & Waterpark of America in Bloomington MN
- Great Wolf Lodge waterpark expansion in Wisconsin Dells WI

- Mt Olympus Themed Waterpark's addition of indoor waterpark and lodging facilities
- Chula Vista Resort's expansion in Wisconsin Dells
- A yet unnamed Hotel & Splash Universe indoor waterpark in Shipshewana IN
- Holiday Inn Holidome Conversion in Elmhurst IL
- River Bluff Resort in McGregor IA
- Randall's Island Indoor Aquatic Center in NYC
- Sheraton Resort in Danvers MA
- An unnamed Hotel Waterpark Resort in Belvedere NY
- Ron Jon Surfpark at Festival Bay Mall in Orlando FL
- Great Wolf Lodge at Paramount's Kings Island in Cincinnati OH
- Great Wolf Lodge's expansion in Williamsburg VA
- Jellystone Park in Warrens-Tomah WI
- Sheraton Chicago Northwest's indoor waterpark addition in Arlington Heights IL
- A yet unnamed Hotel Waterpark Resort in Wausau WI
- Double JJ Ranch & New Frontiers indoor waterpark in Rothbury MI
- Holiday Inn & Suites in Maple Grove MN
- Hawthorn Suites' indoor waterpark addition at Midlane Golf Resort in Wadsworth IL
- Northern Bay Golf Resort & Water on Castle Rock Lake in Arkdale WI
- A yet unnamed Condo-Hotel & Indoor Waterpark in Kent IN
- Scott's Hotels & Splash Lagoon Expansion in Erie PA

For more detailed information on what's under construction, see the article *Hotel Waterpark Resorts: Construction Report 2005*.

## ***USA Hotel Waterpark Resorts In Development***

Hotel waterpark developers are focusing on new markets for new construction. Owners of existing hotels are thinking about enclosing their outdoor pools with new-technology thin-shell domes, aluminum & glass and light-weight polycarbonate structures that let in the light and keep out the weather --- for year round operation.

Other hotel owners are raising the roofs of their pool buildings to install 30 to 50-foot high waterslide towers. Some owners of existing hotels are tearing up their pool decking to install lazy rivers, activity pools, kiddie pools and adult spas.

One hundred and twenty-one (121) hotel indoor waterpark projects are in the planning stages as of October 12, 2005 compared to 69 projects in the pipeline this same time last year and 46 projects the year prior.

While 104 hotel waterpark resorts are now open and operating in the USA, 52 projects are under construction and 121 more are on the drawing boards nationwide.

Minnesota, Wisconsin, Illinois and Michigan are leading the way in new developments with Indiana following close behind.

Here are the numbers of projects on the drawing boards for the following states:

<b>HOTEL WATERPARK RESORTS IN DEVELOPMENT</b>			
<b>Planned Projects</b>	<b>States</b>	<b>Planned Projects</b>	<b>States</b>
15	Minnesota	2	New Hampshire
14	Wisconsin	2	New Jersey
12	Illinois	2	Ohio
11	Michigan	2	Washington
7	Indiana	1	Connecticut
6	New York	1	Idaho
6	Pennsylvania	1	Kansas
6	Washington	1	Maryland
5	Iowa	1	Mississippi
3	California	1	Montana
3	Colorado	1	Nevada
3	Missouri	1	Oregon
3	South Dakota	1	Virginia
3	Massachusetts	1	West Virginia
3	North Dakota		
3	Texas		

Source: Hotel Waterpark Resort Research & Consulting, Coy & Haralson, October 2005

These 121 planned projects comprise 26,747 hotel guest rooms and indoor waterpark space totaling 4,687,027 square feet in 30 states. This compares with 69 projects and 15,864 rooms that were in development last year in 27 states.

The hotel indoor waterpark resort is a growing phenomenon that is impacting all levels of hotel development and investment.

See related article, *What Are the Risk Factors of a Hotel Waterpark Investment?*

## **Canadian Supply of Hotel Waterparks**

In Canada, we have identified 108 hotel indoor waterpark that are open and operating in 2004, compared to 99 properties in 2003 and 82 in 2002. Most are located in the western provinces.

<b>HOTEL WATERPARKS OPEN IN CANADA</b>				
<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>Province</b>
41	41	38	35	Alberta
22	22	20	19	Saskatchewan
15	15	13	11	British Columbia
10	11	9	6	Ontario
11	9	9	7	Manitoba
6	6	6	2	Quebec
2	2	2	1	Prince Edward Island
3	2	2	1	Nova Scotia

## **Top 15 Canadian Hotel Waterparks by Number of Rooms**

World Waterpark at the West Edmonton Mall in Alberta is the largest indoor waterpark in the world. The Mall is the largest shopping center in the world, according the Guinness Book of World Records.

<b>TOP 15 CANADIAN HOTEL WATERPARK RESORTS BY ROOMS</b>				
<b>Name</b>	<b>Location</b>		<b>Rooms</b>	<b>Indoor Waterpark Sq Ft</b>
Fantasyland Hotel at West Edmonton Mall	Edmonton	AB	355	217,800
Sheraton Suites	Calgary	AB	325	4,100
Grand Okanagan Resort	Kelowna	BC	320	
Sheraton Cavalier Hotel	Calgary	AB	306	
Travelodge Hotel	Saskatoon	SK	268	4,000
Best Western Hospitality Inn	Calgary	AB	261	5,400
Sheraton Cavalier Hotel	Saskatoon	SK	249	4,400
Remai Regina Hotel & Convention Center	Regina	SK	235	4,600
Howard Johnson Inn	Canmore	AB	202	3,300
Imperial 400 Hotel	Regina	SK	199	3,600
Medicine Hat Lodge Hotel	Medicine Hat	AB	193	6,000
Landmark Inn	Regina	SK	188	3,600
Victoria Inn	Thunder Bay	ON	182	3,300
Service Plus Inn	Grand Prairie	AB	180	3,300
Travelodge World Hotel	Ottawa	ON	177	13,000

Source: Hotel Waterpark Resort Research & Consulting. Coy & Haralson, October 2005.

The Fantasyland Hotel at West Edmonton Mall was built in 1986 with 355 rooms. Technically, the Fantasyland Hotel is not a hotel waterpark, but it is closely connected. You can walk from the hotel through the mall to the 217,800 sf World Waterpark without going outside. So, the largest hotel in Canada associated with an indoor waterpark is the Fantasyland Hotel in West Edmonton.

In Canada, hotel waterparks are different than in the USA. Many are really indoor pools that have been enlarged and enhanced with waterslides and water playthings. Many of the indoor waterparks in Canada are under 10,000 sf while many in the USA are over 10,000 sf.

## **Top 15 Canadian Hotel Waterparks by Size of Waterpark**

While the 217,800 sf World Waterpark is not really a hotel waterpark, it is situated very closely to hotel rooms located at the West Edmonton Mall. And the 355-room Fantasyland Hotel is part of that same mall --- making a connection between the hotel and the waterpark.

The second largest hotel waterpark in Canada is the Ameri-Cana Resort & Conference Center, which opened its 19,100 sf indoor waterpark in 2004 --- attached to its 160 guest rooms and 16,000 sf conference center in Niagara Falls ON.

Third largest is Travelodge World Hotel in Ottawa, which also opened its 13,000 sf indoor waterpark in 2004 --- connecting with its 177 guest rooms.

<b>TOP 15 CANADIAN HOTEL WATERPARK RESORTS BY SIZE OF WATERPARK</b>				
<b>Name</b>	<b>Location</b>		<b>Rooms</b>	<b>Indoor Waterpark Sq Ft</b>
World Waterpark West Edmonton Mall	Edmonton	AB	0	217,800
Ameri-Cana Resort	Niagara Falls	ON	160	19,100
Travelodge World Hotel	Ottawa	ON	177	13,000
Ramada Hotel & Suites	Lethbridge	AB	119	13,000
Best Western Jurassic Inn	Drumheller	AB	49	6,200
Medicine Hat Lodge Hotel	Medicine Hat	AB	193	6,000
Travelodge Hotel	Medicine Hat	AB	92	5,600
Riviera Hotel near West Edmonton Mall	Edmonton	AB		5,500
Best Western Hospitality Inn	Calgary	AB	261	5,400
Douglas Fir Condo Resort	Banff	AB	133	5,000
Ramada Renaissance Hotel	Saskatoon	SK	144	4,800
Remai Regina Hotel & Convention Center	Regina	SK	235	4,600
Sheraton Cavalier Hotel	Saskatoon	SK	249	4,400
Sheraton Suites	Calgary	AB	325	4,100
Travelodge Hotel	Saskatoon	SK	268	4,000

Source: Hotel Waterpark Resort Research & Consulting. Coy & Haralson, October 2004

In Canada, the biggest concentration of hotel indoor waterparks is in the Economy Hotel sector, where room counts are typically under 100 rooms and indoor waterparks are less than 5,000 sf.

However, when you look at what is under construction and in the planning stages, bigger hotel waterparks are coming to Canada.

### ***Canadian Hotel Waterpark Resorts Under Construction***

Great Wolf Lodge in Niagara Falls, Ontario, is under construction with a planned opening in Spring 2006. Ripley Entertainment Inc, a Jim Pattison Company, is spending \$200 million on the family resort destination that will include a Ripley-owned Great Wolf Lodge and a state of the art 115,000 sf Ripley's Aquarium of Canada on a 25-acre parcel along the Niagara River, just north of downtown Niagara Falls, Canada.

Ripley's is the first license ever granted for a Great Wolf Lodge by the Great Lakes Companies of Madison WI. Ripley's Aquarium of Canada will be the third sea life attraction following Ripley's Aquariums in Myrtle Beach SC and Gatlinburg TN. The northwoods-style hotel will have 404 rooms and 90,000 sf of indoor waterpark. Other features include a themed family restaurant, huge arcade, gift shop, confectionery, Aveda Spa, meeting rooms and fitness center along with outdoor pool and recreation area. Contact Ripley Entertainment at 615-646-7465.

## **Canadian Hotel Waterpark Resorts In Development**

Nine (9) major hotel waterpark resorts are in the planning stages for Canada, 3 in Alberta, 2 in Ontario, 2 in British Columbia and one each in New Brunswick and Saskatchewan.

## **Mexican Supply of Hotel Waterpark Resorts**

While most waterparks in Mexico tend to be outdoor waterparks, we have identified a few that are indoor-outdoor combinations and onsite, adjacent or nearby lodging that would tend to classify them as hotel waterpark resorts. We are in the process of surveying owners, consultants and suppliers in Mexico to gather more data and develop a better profile of hotel waterpark resorts in Mexico.

<b>MEXICAN HOTEL WATERPARK RESORTS</b>		
<b>Name</b>	<b>Location</b>	
Hotel Balneario de Lourdes	Sta Maria SLP	Mexico
Hotel Balneario Spa La Caldera	Abasolo GTO	Mexico
CICI Acapulco Magico Waterpark	Acapulco	Mexico
Wet n Wild	Cancun	Mexico
Splash Hotel Parque Acuatico Nayrit	Mexico City	Mexico
Balneario Ixtapan Waterpark	Mexico City	Mexico
Persaventura Waterpark	Piedras Negras COA	Mexico
Balneario San Jose Waterpark	Quiroga MICH	Mexico
Balneario El Rollo	Morelos	Mexico
Tangamanga Splash	San Luis Potosi	Mexico
Parque Acuatico El Rollo	Tlaquiltenango	Mexico
Source: Hotel Waterpark Resort Research & Consulting.		

## **Rest of the World Supply of Waterpark Resorts**

There are about 1,000 waterparks open & operating worldwide --- a combination of public and private outdoor waterparks and indoor waterparks that may or may not be connected to lodging. Only about 400 are park members of the World Waterpark Association based in Overland Park, KS. Therefore, data is incomplete regarding many of the waterparks around the world. Since waterpark developments are growing rapidly in many parts of the world, hospitality & leisure consultants Jeff Coy and Bill Haralson have commissioned a team of people around the world to assist in data collection for the Annual Waterpark Industry Report. The group includes:

<b>Territory</b>	<b>Name</b>	<b>Organization/Location</b>	<b>Email</b>
Canada	Steve Nunn	Amusement Leisure Worldwide Calgary, Alberta	<a href="mailto:snunn@alwcanada.com">snunn@alwcanada.com</a>
Mexico	James Jordan	Aquakita Miami, Florida	<a href="mailto:Jjordan116@aol.com">Jjordan116@aol.com</a>
UK & Europe	Roger Currie	Aqua Leisure International England	<a href="mailto:Roger@aqua-leisure.co.uk">Roger@aqua-leisure.co.uk</a>

UK & Europe	Mike Walls	Center Parcs England	<a href="mailto:Mike.walls@centerparc.co.uk">Mike.walls@centerparc.co.uk</a>
Europe, Mideast & Asia	Paco Caudet	Action Park Valencia, Spain	<a href="mailto:Paco.caudet@actionpark.es">Paco.caudet@actionpark.es</a>

We have identified fifteen (15) properties in the rest of the world that have a combination of hotel rooms, indoor waterparks and outdoor waterparks. Our team continues to survey owners and managers to build a profile of outdoor waterparks, indoor waterparks and hotel waterpark resorts around the world.

<b>REST OF THE WORLD HOTEL WATERPARK RESORTS</b>				
<b>Name</b>	<b>Location</b>		<b>Rooms</b>	<b>Indoor Waterpark Sq Ft</b>
Butch Kerzner's Atlantis the Palm	Dubai	UAE	1000	
Jumeirah Beach Resort & Aquapark	Dubai	UAE	619	
Hotel El Paso & Costa Caribe WP	Port Aventura	Spain	500	
Hotel Aventura & Costa Caribe WP	Port Aventura	Spain	500	
Esperos Palace Hotel & Waterpark	Faliraki Rhodes	Greece	416	
Dedeman Hotel & Aquapark	Istanbul	Turkey	346	
Alton Towers/Splash Landing	Staffordshire	UK	216	40,000
Yong in Farmland I-OWP	Seoul	South Korea	200	38,000
Amipura Resort & Shanku's OWP	Gujaret	India	81	
Seagaia Phoenix Resort Ocean Dome	Miyazaki City	Japan	0	322,752
Bergische Sonne Indoor Outdoor WP	Wuppertal Ruhr Dist	Germany		430,560
Monte Mare Adventure Spa I&OWP	Rheinback	Germany		269,100
Alpamare	Pfaeffikon	Switzerland		25,000
De Koploper Sportscenter	Lelystad	Netherlands		8,850
Basingstoke Indoor Waterpark	Basingstoke	UK		1,100

Source: Hotel Waterpark Resort Research & Consulting. Coy & Haralson. October 2005.

Bergische Sonne has a 430,560 sf indoor-outdoor waterpark in Wuppertal Ruh, Germany.

Monte Mare Adventure Spa has 269,100 sf of indoor-outdoor waterpark in Rheinback, Germany.

World Waterpark in West Edmonton, Alberta, Canada, claims to be the largest indoor waterpark in the world with 217,800 sf.

Alton Towers/Splash Landing in Staffordshire England is generally recognized as the first hotel waterpark resort in Europe with its 216 rooms and 40,000 sf indoor waterpark.

Center Parcs has 20 natural resorts throughout Europe --- located in the Netherlands, Belgium, Germany, France and Great Britain. Only a few driving hours away from home, these parks offer unique short breaks, completely apart from daily routine.

Each Center Par Village has a choice of villas, dining, children facilities, sports centers and water activities. All Center Parcs have a children's activity pool, hot whirlpools, outdoor



pool, solaria, waterslides and an aqua café & terrace. Many of the parks also have a baby pool, rapids, wave pool and a wild water chute. Some of the parks have a themed pool and water sprays. We are still developing a profile of the Center Parc resorts --- with the help of Mike Walls.

<b>COLLECTION OF CENTER PARC RESORTS &amp; WATERPARKS</b>					
<b>Name</b>	<b>Location</b>	<b>Country</b>	<b>Lodging</b>	<b>Waterslides</b>	<b>Wavepool</b>
Center Parc	Longleaf Forest	England	Yes	Yes	Yes
Center Parc	Elveden Forest	England	Yes	Yes	Yes
Center Parc	Sherwood Forest	England	Yes	Yes	Yes
Center Parc	Les Bois-Francis	France	Yes	Yes	Yes
Center Parc	Les Hauts de Bruyeres	France	Yes	Yes	Yes
Center Parc	Erperheide	Belgium	Yes	Yes	Yes
Center Parc	De Vossermeren	Belgium	Yes	Yes	Yes
Center Parc	Bispinger Heide	Germany	Yes	Yes	Yes
Center Parc	Park Heilbachsee	Germany	Yes	Yes	Yes
Center Parc	Park Hochsauerland	Germany	Yes	Yes	Yes
Center Parc	Butjadinger Kuste	Germany	Yes	Yes	Yes
Center Parc	De Eemhof	Netherlands	Yes	Yes	Yes
Center Parc	Het Heijderbos	Netherlands	Yes	Yes	Yes
Center Parc	De Huttenheugte	Netherlands	Yes	Yes	Yes
Center Parc	De Kempervennen	Netherlands	Yes	Yes	Yes
Center Parc	Het Meerdal	Netherlands	Yes	Yes	Yes
Center Parc	Park Loohorst	Netherlands	Yes	Yes	Yes
Center Parc	Park Zandvoort	Netherlands	Yes	Yes	Yes
Center Parc	Port Zelande	Netherlands	Yes	Yes	Yes

Source: Hotel Waterpark Resort Research & Consulting, Coy & Haralson, October 2005.

Paco Caudet of Action Park Spain conducted a survey of waterparks in Europe, Middle East and Asia and reports the following supply of outdoor parks, indoor parks and hotel waterpark resorts. His report shows 250 waterparks in Europe, 30 in the Middle East and 90 in Asia.

<b>REST OF THE WORLD WATERPARKS OPEN &amp; OPERATING</b>					
<b># Waterparks</b>	<b>Country</b>	<b># Waterparks</b>	<b>Country</b>	<b># Waterparks</b>	<b>Country</b>
60	Germany	10	Turkey	25	India
40	Spain	1	Armenia	25	Japan
30	UK	1	Azerbaijan	10	China
30	Italy	4	Lebanon	10	Malaysia
20	Benelux	4	Cyprus	5	Vietnam
20	France	3	Israel	5	Thailand
10	Scandinavia	3	Egypt	3	Korea
10	Eastern Europe	2	Kuwait	2	Indonesia
10	Russia & Ukraine	2	UAE	5	Other Countries
20	Other Countries				
250	Total Europe	30	Total MidEast	90	Total Asia

In future reports, we will identify, classify and profile these waterparks.

# ROW Waterparks Under Construction or In Development

REST OF WORLD HOTEL WATERPARK RESORTS IN DEVELOPMENT		
Name	Location	
Centre Parks	Paris Notheast	France
Waterpark Wodny Indoor	Lodz	Poland
Waterpark Wodny Indoor	Warschau	Poland
Suzanne Mela's Indoor Waterpark	Berlin-Postdam	Germany
Ogmio Astra Pramogu Centras IWP	Vilnius	Lithuania
Other Projects		Spain
		Italy
		Greece
		Dubai
		Qatar
		Bahrain
		Abu Dhabi

Source: Hotel Waterpark Resort Research & Consulting.

In North America, the hotel indoor waterpark resort concept quadrupled over the last six years. Worldwide, waterparks are growing in popularity with both leisure travelers and resort developers.

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*For more information regarding feasibility, supply and demand, contact Jeff Coy at 480-488-3382 or Bill Haralson at 972-231-7444. Coy heads JLC Hospitality Consulting of Cave Creek AZ and is certified by the International Society of Hospitality Consultants. Haralson heads William L. Haralson & Associates of Richardson TX and is a Hall of Fame member of the World Waterpark Association. Email [jeffcoy@jeffcoy.com](mailto:jeffcoy@jeffcoy.com) or go to [www.jeffcoy.com](http://www.jeffcoy.com). Email [wharalson@aol.com](mailto:wharalson@aol.com) or go to [www.wlha-inc.com](http://www.wlha-inc.com). Paco Caudet of Action Park, Valencia, Spain, contributed to the international portion of this report. Email Paco at [paco.caudet@actionpark.es](mailto:paco.caudet@actionpark.es).*