

Hotel Waterpark Resorts

Construction Report 2005

52 Are Under Construction or Will Break Ground in 2005

By Jeff Coy and Bill Haralson

October 3, 2005 --- 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-five 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.

Clearly, hotel waterpark resorts are not 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.

Construction Project Growth							
Hotel Waterpark Resorts USA							
	<i>2006 F</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, Jeff Coy & Bill Haralson.

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.

Room Supply Growth							
Hotel Waterpark Resorts USA							
	<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	6330	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, Jeff Coy & Bill Haralson.

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 foot 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.

Indoor Waterpark Square Footage Growth							
Hotel Waterpark Resorts USA							
	2006F	2005F	2004	2003	2002	2001	2000
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, Jeff Coy & Bill Haralson.

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 to states 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.

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.



- **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 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.
- **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.

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.

Growth in the Size of Hotel Waterpark Resorts

The number of hotels with indoor waterparks grew from 18 in 2000 to a forecast of 104 open & operating at the beginning of 2006. The average sized hotel waterpark has about 170 rooms. The average number of rooms stays at about 170 rooms while many smaller properties and a few mega-giant waterpark resorts are under construction or in the development process. Total indoor waterpark square footage grew from 487,000 in 2000 to more than 2,370,000 at the start of 2006. See chart.

	Growth in Average Size						
	Hotel Waterpark Resorts USA						
	<i>2006F</i>	<i>2005F</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>
Hotels	104	81	65	50	41	32	18
Rooms	17,574	13,851	11,464	8,510	7,452	5,487	3,545
Avg Rooms Per Hotel	169	171	176	170	182	171	197
Indoor Waterpark SF	2,377,269	1,721,269	1,385,969	1,019,104	935,069	732,100	487,000
Avg Size Indoor Waterpark	22,858	21,250	21,323	20,382	22,807	22,878	27,056
Waterpark SF Per Room	135	124	121	120	125	133	137

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

Indoor waterparks are getting bigger in relation to the number of hotel rooms. In 2000, the big hotel waterpark resorts in Wisconsin Dells dominated the whole industry with an average of 137 square feet of waterpark space per guest room.

In the Years 2001, 2002 and 2003, more and more hotels were built with smaller indoor waterparks compared to the mega-resorts in The Dells, so the waterpark square footage per

guest declined to 133, 125 and 125. However, in 2004, 2005 and 2006, the trends are up for larger and larger waterparks in comparison with hotel room counts. It seems that bigger is better for the first entry in a new market.

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

Hotel Waterpark Resort Under Construction Or Scheduled to Break Ground in 2005						
<i>Hotel Waterpark Resorts USA</i>	Location	Rooms	Indoor WP Sq. Ft.	Start Date	Open Date	
Holiday Inn Pool Conversion to IWP	Grand Forks	MN	142	7,000	200406	200501
BW Grand Season Hotel & CC & IWP	Waupaca	WI	90		200401	200501
Great Wolf Lodge	Williamsburg	VA	301	64,000	200403	200503
Grand Bear Lodge at Starved Rock SP	Utica	IL	92	24,000		200504
Kalahari Resort Sandusky	Sandusky	OH	596	80,000	200403	200505
Mountain Grand & Avalanche Bay IWP	Boyer Falls	MI	220	83,000		200505

Interlaken Resort & Spa Rm Exp WP Add	Lake Geneva	WI	414	50,000	200501	200505
Country Springs Hotel Waterpark Add	Waukesha	WI	187	40,000	200405	200505
Holiday Inn Express & IWP at 3Play	Hayden	ID	96	25,000	200502	200505
Holiday Inn Express & Waterpark	Milwaukee-Oak Creek	WI	115	6,000		200505
Bridgewood Conference & Aquatic Center	Neenah	WI	95	5,500	200405	200505
Nickelodeon Suites & OWP by Holiday Inn	Orlando	FL			200505	200505
Zehnder's Splash Village Hotel	Frankenmuth	MI	152	30,000	200409	200506
Holiday Inn & Suites	Baxter	MN	98	18,000	200407	200506
Massanutten Resort IWP Addition	McGaheysville	VA	0	42,000		200507
Hotel Condos & Indoor Waterpark	Ocean Shores	WA	60	8,000	200501	200507
Comfort Inn & Splash Harbor Glass Atrium	Bellville-Mansfield	OH	100	6,500	200501	200507
Holiday Inn & Wild Woods Waterpark	Otsego	MN	125	30,000	200306	200508
Lodge at Brainerd Lakes & PB Waterpark	Baxter	MN	102	30,000	200408	200508
Great Wolf Lodge	Pocono Mountains	PA	401	90,000	200409	200510
Best Western Edgewater IWP Add	Duluth	MN	282	23,000		200510
Best Western Pzzazz & IWP/FEC & OWP	Burlington	IA	151	20,000	200411	200511
Thumper Pond Golf Resort Expansion	Ottertail	MN	78	11,000		200511
Great Escapes Hotel & Waterpark	Lake George	NY	200	38,000	200409	200512
Hotel Condos & Indoor Waterpark	Auburn	IN	150		200501	200512
Holiday Inn East Rm Exp & IWP Add	Columbus	OH	338	58,000	200410	200601
Canad Inns Destination Center	Grand Forks	ND	192	40,000	200503	200603
Big Horn Resort (Wingate) & Waterpark	Billings	MT	250	35,000	200503	200603
Lake Lawn Resort Condo Expansion P1	Delavan	WI	222		200411	200603
Grand Lodge & Waterpark of America	Bloomington	MN	403	70,000	200501	200604
Great Wolf Lodge Waterpark Expansion	Wisconsin Dells	WI	0	44,000	200504	200604
Mt Olympus I-O Waterpark & Lodging	Wisconsin Dells	WI	387		200502	200605
Chula Vista Resort Expansion	Wisconsin	WI	166	80,000	200507	200606
Hotel & SplashUniverse & CC/Car Museum	Shipshewana	IN	153	30000	200504	200606
Holiday Inn Express Add & SplashUniverse	Dundee	MI	150	30,000	200510	200606
Holiday Inn Holidome Conversion to IWP	Elmhurst	IL	250	25,000	200506	200606
River Bluff Resort	McGregor	IA	345	49,000	200508	200608
Randall's Island Indoor Aquatic Complex	New York City	NY		133,000		200609
Sheraton Resort IWP Addition	Danvers	MA	367	60,000	200509	200609
Hotel Waterpark Resort	Belvedere	NY	100	30,000	200509	200609
Ron Jon Surfpark at Festival Bay Mall	Orlando	FL	0		200510	200609
Great Wolf Lodge at Kings Island	Cincinnati-Mason	OH	404	78,000	200508	200610
Great Wolf Lodge Suites & IWP Expansion	Williamsburg	VA	100		200510	200610
Jellystone Park Exp OWP Add IWP Hotel	Warrens-Tomah	WI		48,000	200511	200611
Sheraton Chicago Northwest Add IWP	Arlington Heights	IL	429	46,240	200511	200611
Hotel Waterpark Resort	Wausau	WI	125	57,000	200512	200612
Double JJ Ranch & New Frontier IWP	Rothbury	MI	50	50,000	200509	200612
Holiday Inn & Suites	Maple Grove	MN	150	25,000	200512	200612
Hawthorn Suites Midlane Golf IWP Add	Wadsworth	IL	80	25,000	200512	200612
Northern Bay Golf Resort & Waterpark	Arkdale/Castle Rock Lake	WI	0	20,000	200512	200612
Hotel Condos & Indoor Waterpark	Kent	IN	150		200512	200612
Scotts Hotels & Splash Lagoon Expansion	Erie	PA	0		200512	200612

Source: Hotel Waterpark Resort Research & Consulting, Jeff Coy & Bill Haralson, September 29, 2005

Under Construction in Canada

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, fitness center along with outdoor pool and recreation area. Contact Ripley Entertainment at 615-646-7465.

Hotel Waterpark Resort Research & Consulting is a collaboration of Jeff Coy & Bill Haralson. Coy heads JLC Hospitality Consulting and is certified by the International Society of Hospitality Consultants. Haralson heads William L. Haralson & Associates and is a Hall of Fame member of the World Waterpark Association. For more info, contact Jeff at 480-488-3382 or email jeffcoy@jeffcoy.com. Website is www.jeffcoy.com. Reach Bill at 972-231-7444 or email wharalson@aol.com. Website is www.wlha-inc.com.