

Resorts Report

Is the Waterpark Resort Market Really Recession Proof?

Waterpark resorts are down, but not out. The changing market means changing opportunities for growth.

by **Kendra Kozen, Waterpark Resorts Today/Aquatics International**

October 5, 2009 --- For years industry leaders have touted waterpark resorts as “recession-proof” and the current economic storm is testing the validity of that sentiment. Occupancy rates are down, operators everywhere have done their share of belt-tightening and the pace of construction has slowed significantly.

All told, 2009 is the fourth consecutive year that overall growth has slowed, according to Jeff Coy, president of [JLC Hospitality Consulting](#) in Cave Creek, Ariz.

Due to the credit crisis, at least eight developments were put on hold or cancelled altogether. These include the planned Aqua Mountain Resort near McHenry Md., and Waveyard. The developer of that \$250 million mixed-use waterpark project in Mesa, Ariz., reportedly will need more time — perhaps another two years — to secure the financing they need.

Moreover, a number of resorts were forced into bankruptcy or foreclosure. The Double JJ Resort in Rothbury, Mich., was foreclosed in July 2008. Jellystone Park, near Warrens Wis., filed Chapter 11 bankruptcy last December. And Maui Sands Resort, opened last year in Sandusky, Ohio, closed on Thanksgiving Day 2008 and was put up for sale in July.

Still, new projects continue and operators remain optimistic. In his biannual Construction Report (published earlier this year), Coy documents between 15 and 20 waterpark resort construction projects that are expected to see completion by year’s end, including new properties and expansions. Coy projects a total of 217 waterpark resorts will be open at the end of 2009, an increase of nearly 10 percent over the total open at the end of 2008.

“I don’t think any business is recession-proof and that includes the waterpark industry. However, our business tends to be the last one affected and the first one out when it comes to the effects of a recession,” said Joe Eck, general manager of [Wilderness Hotel & Golf Resort](#) in Wisconsin Dells, Wis. “Waterpark resorts are family-focused and one of the most economical ways for families to vacation, too. We provide your lodging and your attractions all for one price.”

Neither Eck, nor Jennifer Evans, marketing specialist at [KeyLime Cove Indoor Waterpark Resort](#) in Gurnee, Ill., expect fall and holiday bookings to be much changed from last year.

Coy added that waterpark resorts appear to weather economic downturns better than hotels without waterparks. He noted that before things fully turn around, “we’re going to have some good hotels that will default” and that means potential opportunities for developers.

“Developers need to shift gears away from new development to existing properties that they can renovate and rebrand,” Coy said.

That already appears to be happening. The Double JJ reopened in summer 2009 under new management, as did Jellystone.

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