

Midwest Whets Appetite for Indoor Waterparks

by David J. Sangree, MAI, CPA, ISHC

Waterparks were formerly associated with summer vacation and hot, sunny weather but lately waterparks are being associated with places like Wisconsin Dells, Indianapolis and Sandusky where they are indoors and connected to hotels. Indoor waterpark resorts are a phenomenon that started in the Wisconsin Dells in the 1990s and has since caught on quickly in many areas. The growth of indoor waterparks is due to their popularity with children and the desire of parents and grandparents to select lodging locations that will be fun for their children. In addition, indoor waterpark resort properties are increasingly popular for short weekends and two- or three-day getaways for families that may not have time for longer vacations. The primary growth of indoor waterparks is in what are traditionally summer resort locations, although they are increasingly being developed in suburban and urban locations.

We define an indoor waterpark resort as a lodging establishment containing an aquatic facility with a minimum of 10,000 square feet of indoor waterpark space and inclusive of such amenities as slides, tubes, and a variety of indoor water-play features. The indoor waterpark is a component of the lodging business, and it infuses the resort with entertainment value that can be made available all year round and not just when the weather cooperates. By bringing the waterpark indoors, the weather factor has been eliminated.

Currently, there are 64 indoor waterpark resorts in the Midwestern United States. Long hailed as the waterpark mecca of the Midwest, Wisconsin Dells has 16 indoor waterpark resorts with 602,500 square feet of indoor waterpark space. Between 2002 and 2006, the number of hotels in the Midwest with indoor waterparks has doubled to more than 64 from 31.

Indoor Waterpark Resorts	
Midwestern United States	
State	Number of Indoor Waterparks
Illinois	1
Indiana	1
Iowa	3
Kansas	2
Michigan	7
Minnesota	10
Missouri	2
North Dakota	4
Ohio	3
South Dakota	1
Wisconsin	30
Total	64

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space.
Source: Hotel & Leisure Advisors, April 2006

Proposed Openings of Indoor Waterparks in the Midwest in 2006

The following chart indicates those indoor waterparks which are due to open in the Midwest in 2006 as either new construction resorts or additions to existing hotels.

**Indoor Waterpark Resorts and Indoor Waterpark Additions to Existing Hotels
Projected to Open in 2006
Midwestern States**

Indoor Waterparks and Resorts	City	State	Waterpark Sq. Ft.
Hucks Harbor Indoor and Outdoor Waterpark - Best Western	Burlington	IA	20,000
Sheraton Chicago NW Indoor Waterpark Addition	Arlington Heights	IL	46,240
Holiday Inn with Indoor Waterpark	Elmhurst	IL	25,000
Splash Universe Waterpark Resort - Holiday Inn Express	Dundee	MI	25,000
Double JJ Ranch Indoor Waterpark Addition	Rothbury	MI	34,000
Waterpark of America at Mall of America	Bloomington	MN	68,000
Best Western Edgewater Resort & Waterpark	Duluth	MN	23,000
Comfort Suites and Thumperpond	Otertail	MN	12,000
Great Adventure Water Resort/Days Inn	Omaha	NE	30,000
Regency Waterpark Addition	Omaha	NE	25,000
Holiday Inn East with Indoor Waterpark Addition	Columbus	OH	38,000
Great Wolf Lodge	Mason/Kings Island	OH	79,000
Watiki Indoor Waterpark Resort	Rapid City	SD	30,000
Chula Vista Expansion	Wisconsin Dells	WI	60,000
Great Wolf Lodge Expansion	Wisconsin Dells	WI	38,000
Wilderness Glacier Canyon Lodge	Wisconsin Dells	WI	68,000
Total		16	621,240
Average			38,828

Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space

Source: Hotel & Leisure Advisors, April 2006

The following bullets describe some of these additions.

- The Hucks Harbor Indoor and Outdoor Waterpark is located within the Fun City entertainment center in Burlington, Iowa. The entertainment center features a 20,000 square foot indoor waterpark, restaurants and bar, an arcade, a bowling alley, go-karting, laser tag arena and a golf course. The indoor waterpark opened in January 2006 and the outdoor waterpark is schedule to open in spring 2006. The entertainment center is connected to the existing 142-room Best Western hotel.
- The Double JJ Ranch is located in Rothbury, Michigan. The property is adding a 34,000 square foot indoor waterpark which is schedule to open in November 2006. The waterpark will connect to the new conference center, which will include a retail section with shops to browse, a spa, salon and 114 condominium hotel rooms.
- The Waterpark of America will be located next to the Mall of America in Bloomington, Minnesota. The resort will feature a 68,000 square foot indoor waterpark, a kayak course, a current channel, a 403-room hotel, arcade, restaurants and meeting space. The resort is scheduled to open in May 2006.

- The Best Western Edgewater Resort and Waterpark located in Duluth, Minnesota opened a 23,000 square foot indoor waterpark with a spa, 17 additional guest rooms, arcade, and food court earlier in 2006.
- The Holiday Inn East, located in Columbus, Ohio, is adding a 38,000 square foot indoor waterpark and 60 additional rooms. The park will also feature an arcade, hot tub, meeting space, a gift shop, restaurant, fitness center and spa.
- The Great Wolf Lodge will be located in Mason, Ohio adjacent to Paramount's Kings Island. The \$100+ million development will feature a 79,000 square foot indoor waterpark, a 401-room hotel, an arcade, a 40,000 square foot conference and banquet facility, a spa, fitness room, restaurants and gift shop. The resort is scheduled to open in late 2006.
- The Watiki Indoor Waterpark will be located in Rapid City, South Dakota. The indoor waterpark will be connected to two hotels: the La Quinta Inn & Suites and the Fairfield Inn & Suites. Services and amenities will include a 30,000 square foot indoor waterpark, 255 hotel rooms and suites, an arcade, meeting space, restaurants, spa, and fitness center.
- The Chula Vista Resort is located in Wisconsin Dells. The resort currently has 30,000 square foot indoor waterpark and a 100,000 square foot outdoor waterpark. The resort is adding another 60,000 square foot indoor waterpark and 170 (net) new condominium hotel lodging units to its existing facility.
- The Wilderness Glacier Canyon Lodge is located in Wisconsin Dells, Wisconsin. The resort is adding its fourth indoor waterpark, which is scheduled to open in April 2006. They are also adding 224 additional condominium hotel units. The new 68,000 square foot indoor waterpark will be an addition to its already existing 130,000 square feet of indoor waterpark space.

The growth of indoor waterparks in the Midwest is occurring due to increased demand and their success in achieving strong results for the investors and owners. Hotels with indoor waterparks and indoor waterpark destination resorts can justify substantially higher room rates than hotels without indoor waterparks during the off season since the rate includes admission to the indoor waterpark (a \$15-\$40 value per person per day). We project continued growth in the waterpark field in coming years in the Midwestern states.

Author

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Since 1987, Mr. Sangree has provided consulting services to banks, hotel companies, developers, management companies, and other parties involved in the lodging sector throughout the United States, Canada, and the Caribbean. He has spoken on various hospitality matters at seminars throughout the United States, and has written numerous articles for, and is frequently quoted in, magazines and newspapers covering the hospitality field.

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