



## HOTEL & LEISURE ADVISORS

### **Indoor and Outdoor Waterpark Supply Continues Growth as Surf Simulators Take Center Wave**

By David J. Sangree, MAI, CPA, ISHC

The waterpark industry has shown continued growth in 2014 with increased numbers of indoor and outdoor waterparks being developed throughout the United States and Canada. Our projections for 2015 show a number of new openings will occur throughout North America, which will boost the supply of waterparks and increase revenues for this growing industry.

As the amount of indoor waterpark square footage and number of outdoor waterparks increase in 2014 and 2015, many new parks are looking to the latest trend in recreational water entertainment to set them apart. Simulated surf machines provide a skill-based entertainment option and spectator sport. They are popular with older children, teenagers and young adults due to the inherent challenges in surfing.

#### **HL&A defines various waterparks the following ways:**

An indoor waterpark resort is a lodging establishment containing an aquatic facility with a minimum of 10,000 square feet of indoor waterpark space inclusive of amenities such as slides, tubes, and a variety of indoor water play features.

A resort with an outdoor waterpark is a lodging establishment with an outdoor aquatic facility with three or more waterpark elements requiring lifeguards such as slides, lazy rivers, or wave pools.

A standalone indoor waterpark is an aquatic facility that is not attached to a lodging establishment with a minimum of 10,000 square feet of indoor waterpark space inclusive of amenities such as slides, tubes, and a variety of indoor water play features.

An outdoor waterpark is an outdoor aquatic facility with three or more water slides. It often also includes other water elements requiring lifeguards such as lazy rivers, surf simulators, or wave pools. These parks will often offer additional splash features for younger children.

**Waterpark Standings**

The number of U.S. waterparks reached 858 by March 2015, with the majority being outdoor waterparks (most of which are municipally owned). This is a 24-park increase from our March 2014 waterpark industry overview, which indicated there were 834 waterparks in the United States.

<b>2015 U.S. Open Waterpark Supply by Region</b>			
<b>U.S. Outdoor Waterparks</b>			
<b>Region</b>	<b>Municipal</b>	<b>Private</b>	<b>Total</b>
Northeast	6	61	67
Midwest	170	46	216
South	122	115	237
West	47	52	99
<b>Total</b>	<b>345</b>	<b>274</b>	<b>619</b>
Note: Outdoor waterpark defined as an aquatic facility without attached hotel having 3 or more slides			
<b>U.S. Indoor Waterpark Resorts</b>			
<b>Region</b>	<b>Franchise</b>	<b>Independent</b>	<b>Total</b>
Northeast	7	7	14
Midwest	34	63	97
South	0	12	12
West	4	5	9
<b>Total</b>	<b>45</b>	<b>87</b>	<b>132</b>
Note: Indoor waterpark resort defined as a hotel with a minimum of 10,000 square feet of indoor waterpark space			
<b>U.S. Standalone Indoor Waterparks</b>			
<b>Region</b>	<b>Municipal</b>	<b>Private</b>	<b>Total</b>
Northeast	1	3	4
Midwest	24	0	24
South	9	3	12
West	18	2	20
<b>Total</b>	<b>52</b>	<b>8</b>	<b>60</b>
Note: Standalone indoor waterpark defined as having a minimum of 10,000 square feet of aquatic area and featuring multiple water features			
<b>U.S. Resorts with Outdoor Waterparks Only</b>			
<b>Region</b>	<b>Franchise</b>	<b>Independent</b>	<b>Total</b>
Northeast	0	2	2
Midwest	0	2	2
South	13	13	26
West	11	6	17
<b>Total</b>	<b>24</b>	<b>23</b>	<b>47</b>
Note: Resort with outdoor waterpark defined as a resort hotel having an outdoor waterpark with at least 3 features (e.g. slide, lazy river, wave pool, etc.). This count excludes those that also have indoor waterparks.			
<b>Combined Total Number of U.S. Waterparks</b>			<b>858</b>
Source: Hotel & Leisure Advisors, LLC, March 2015			

At 339 waterparks, the Midwest boasts the largest concentration of waterparks in the U.S. The Midwest leads in the number of indoor waterpark resorts and standalone indoor waterparks and is a close second to the South for outdoor waterparks. The Midwest will continue its indoor waterpark stronghold in 2015. Of the new indoor waterpark resorts and expansions scheduled, five are in the Midwest. The remaining two in the Northeast are by far the largest, however. A standalone indoor waterpark is expected to open in Canada as well.

**Indoor Waterpark Resorts and Standalone Indoor Waterparks:** More than 400,000 square feet of indoor waterpark space and over 1,400 rooms are planned for 2015. The two largest indoor waterpark resorts, Camelback Lodge and Kalahari Resort, are opening in the Poconos region of Pennsylvania.

<b>Indoor Waterpark Additions &amp; Indoor Waterpark Resorts Projected to Open in 2015</b>				
<b>Indoor Waterparks and Resorts</b>	<b>City</b>	<b>State /Prov</b>	<b>New Rooms</b>	<b>Indoor Waterpark Sq. Ft.</b>
Ascend Hotel and Waterpark	Garden City	KS	96	20,000
Camelback Lodge and Aquatopia Indoor Waterpark	Tannersville	PA	453	125,000
Kalahari Resort	Pocono Manor	PA	457	106,000
New Residence Inn at WaTiki Indoor Waterpark Resort	Rapid City	SD	145	-
Brookings Days Inn Waterpark Addition	Brookings	SD	0	14,000
Rippin' Rapids Resort & Adventure Sports	Rapid City	SD	100	77,000
<b>Standalone Indoor Waterparks</b>				
Aquapolis Indoor Waterpark	Blainville/Montréal	QC	0	75,000
<b>Total</b>			<b>1,251</b>	<b>427,000</b>

Source: Hotel & Leisure Advisors, LLC

With 125,000 square feet of indoor waterpark, Camelback Lodge and Aquatopia is the largest resort set to open this year. The multi-level indoor waterpark is expected to offer seven pools, 13 slides, an adventure river, the longest indoor water coaster in the U.S., and a FlowRider. Accommodating five age groups, an immersive aqua-play structure will offer slides, nearly 100 water gadgets and play features, and a 1,000 gallon dumping bucket. A transparent roof will allow for natural sun light year-round. Snack shops, a swim-up bar, and private cabanas will round out the amenities.

The next largest indoor waterpark resort slated for 2015 is Kalahari Resort in the Poconos. The 106,000 square foot indoor waterpark will include a FlowRider, water coaster, lazy river, basketball pool, swim-up bar, two interactive splash structures for children of varying ages, five large slides, numerous smaller slides, and multiple whirlpools. The roof is retractable, and cabanas will be available for rent. The property will also house 65,000 square feet of meeting/event space, spas, shopping, multiple food and beverage outlets and restaurants, and Camp Kalahari with children’s activities. Additionally, there will be a 30,000 square foot family entertainment center with black-light mini golf, arcade games, 5-D theater, and black-light mini bowling. The outdoor pool will feature a swim-up bar and bungalows for rent.

South Dakota is expected to see the addition of a 14,000 square foot indoor waterpark to

the Days Inn in Brookings; the addition of a 145-room hotel to the existing WaTiki Indoor Waterpark Resort in Rapid City; and the 77,000 square foot Rippin’ Rapids Resort and Adventure Sports, also in Rapid City. Rippin’ Rapids, originally slated to open in 2014, will be the largest indoor waterpark resort in South Dakota. It is expected to include a SurfStream, lazy river, numerous slides, whirlpool, and an interactive water play center. An outdoor waterpark, zipline, climbing walls and jumping cliffs are also planned. The property will also to offer 100 suites, an arcade, restaurant, fitness center, and sauna.

<b>Indoor Waterpark Additions, Expansions that Opened in 2014</b>				
<b>Indoor Waterparks and Resorts</b>	<b>City</b>	<b>State / Prov</b>	<b>New Rooms</b>	<b>Indoor Waterpark Sq. Ft.</b>
Fox River Resort Waterpark Addition	Sheridan	IL	0	19,000
Great Wolf Lodge (former Holiday Inn CoCo Key)	Fitchburg	MA	406	61,000
Clarion Hotel Conversion of Holidome to Waterpark	West Springfield	MA	0	10,000
Zehnder's Splash Village Expansion	Frankenmuth	MI	32	29,000
Maui Sands Indoor Waterpark Resort Reopen Rest of Hotel	Sandusky	OH	130	-
Great Wolf Lodge Ropes Course Addition	Poconos	PA	0	-
Crown Reef Resort	Myrtle Beach	SC	0	10,000
WaTiki Indoor Waterpark Resort Arcade Addition	Rapid City	SD	0	-
Blue Harbor Resort Flowrider and Bar Addition	Sheboygan	WI	0	-
Wilderness Resort Indoor Go Kart Track Addition and Two-Story Black-light Laser Tag Areana Expansion	Wisconsin Dells	WI	0	-
<b>Standalone Indoor Waterparks</b>				
Snohomish Aquatic Center	Snohomish	WA	0	52,000
The Salvation Army Ray and Joan Kroc Corps Community Center	Camden	NJ	0	11,000
Adventure Bay Family Water Park	Windsor	ON	0	45,000
Williston Recreation Center	Williston	ND	0	15,000
Oasis Surf	Brossard	QC	0	15,000
<b>Total</b>		<b>15</b>	<b>568</b>	<b>267,000</b>
Note: Resorts have a minimum of 10,000 square feet of indoor waterpark space				
Source: Hotel & Leisure Advisors, LLC				

During the past year the Depot Indoor Waterpark at the Renaissance Hotel in Minneapolis, Minnesota closed (due to an expansion of the hotel), increasing to the number of indoor waterparks to 15, which have closed in the United States and Canada since 2009.

**Outdoor Waterparks:** The U.S. supply of waterparks is dominated by outdoor waterparks. In 2015, three private and 12 municipal parks are expected to open, for a total of 15 waterparks.

<b>2015 Proposed Openings</b>				
	<b>Park</b>	<b>Location</b>		<b>Large Slides</b>
<b>Private</b>				
	Splash Kingdom	Greenville	TX	7
	Big Rivers Waterpark at Grand Texan	Houston	TX	5
	Splash Kingdom	Nacogdoches	TX	7
	<b>Total</b>			<b>19</b>
<b>Municipal</b>				
	Parrot Island Waterpark	Fort Smith	AR	4
	The Pocahontas City Pool	Pocahontas	AR	2
	Del Mar Family Aquatic Center	Aurora	CO	2
	Commerce City Outdoor Aquatic Center	Commerce City	CO	3
	Lost Island Waterpark at Sandy Beach	Macon	GA	2
	Surf Lagoon	Pooler	GA	5
	Super Splash Park	Carbondale	IL	2
	Daisy Lane Waterpark	New Albany	IN	3
	Avon Municipal Aquatic Facility	Avon Lake	OH	2
	D.W. Wilson Community Center expansion	Tullahoma	TN	3
	Doug Russell Pool	Midland	TX	3
	Surf 'n Fun Waterpark	San German	PR	3
	<b>Total</b>			<b>34</b>

Source: Hotel & Leisure Advisors

As is typical, the privately owned parks are significantly larger than municipally owned parks, with an average of more than six large slides planned compared to an average of fewer than three large slides at the municipal parks.

The three private outdoor waterparks and one of the municipal parks will open in Texas. Most of the municipal waterparks are located in the South as well. In all, 53 new large slides at outdoor waterparks are slated to open in 2015. Smaller slides are often not announced prior to opening but contribute to a larger number of total slides reported by year-end.

<b>2014 Outdoor Waterpark Openings</b>				
	<b>Park</b>	<b>Location</b>		<b>Total Slides</b>
<b>Private</b>				
	Hurricane Harbor at Six Flags Over Georgia	Austell	GA	10
	Buccaneer Cove Waterpark at Malibu Grand Prix	Norcross	GA	7
	Hurricane Bay @ Kentucky Kingdom	Louisville	KY	20
	Cowabunga! Bay Las Vegas	Henderson	NV	19
	Schlitterbahn Beach Waterpark (partial opening)	Corpus Christi	TX	5
	Westridge Creek Recreation Center at Cinco Ranch	Katy	TX	4
	Hawaiian Falls Waterpark	Pflugerville	TX	18
	Hawaiian Falls Waterpark	White Settlement	TX	17
	<b>Total</b>			<b>100</b>
<b>Municipal</b>				
	Crenshaw Springs	White Hall	AR	5
	DropZone Waterpark	Perris	CA	7
	Aquatic Zoo	Mt. Vernon	IL	3
	Memorial Park	Lebanon	IN	4
	Owensville Waterpark	Owensville	MO	4
	<b>Total</b>			<b>23</b>
Source: Hotel & Leisure Advisors				

Four large outdoor waterparks opened in 2014, Hurricane Bay at Kentucky Kingdom; Cowabunga! Bay Las Vegas; Hawaiian Falls Waterpark in Pflugerville, Texas; and Hawaiian Falls Waterpark in White Settlement, Texas. Schlitterbahn Beach Waterpark in Corpus Christi, Texas, saw a partial opening in 2014 but expects to open all of the rides and concessions and part of the 90-room hotel in 2015.

**Resorts with Outdoor Waterparks:** Outdoor waterparks can enhance a hotel’s amenities and attract additional guests. They may be the deciding factor when it comes to family lodging options. Margaritaville is expected to open this year with surf simulators and multiple pools. Existing waterparks at Dollywood (Splash Country) in Pigeon Forge, Tennessee, and Legoland in Winter Haven, Florida, are adding hotels this year, taking them from outdoor waterparks to resorts with outdoor waterparks.

<b>Resorts with Outdoor Waterparks to Open in 2015</b>			
<b>Resort</b>	<b>Location</b>		<b>Features</b>
Margaritaville	Hollywood Beach	FL	Surf simulator, beach-side pools
Legoland Hotel	Winter Haven	FL	152 themed guestrooms adjacent to existing Legoland Park and Waterpark
Dollywood DreamMore Resort	Pigeon Forge	TN	307 room resort with adjacent Dollywood's Splash Country
Source: Hotel & Leisure Advisors, LLC			

Legoland California opened as an amusement park in 1999, added a waterpark in 2010, and added a hotel in 2013. In 2014, it expanded its waterpark with a theme from its latest product line, Legends of Chima. Four Seasons Resort at Walt Disney World opened last August with two slides, lazy river, splash zone, and pools.

<b>Resorts with Outdoor Waterparks Opened or Expanded in 2014</b>		
<b>Resort</b>	<b>Location</b>	<b>Features</b>
Legoland California Resort Legend of Chima Waterpark Addition	Carlsbad CA	Wave pool, slides, interactive splash features
Four Seasons Resort at Walt Disney World	Orlando FL	Waterslides, lazy river, splash zone

Source: Hotel & Leisure Advisors, LLC

**Surf Simulators:** Many new and existing parks are looking to the latest trend in recreational water entertainment to set them apart. Simulated surf machines provide a skill-based entertainment option and spectator sport. Surf simulator brands include FlowRider and FlowBarrel by WaveLoch, Whitewater West, and Aquatic Development Group; SurfStream by American Wave Machines; and StingRay by Murphy’s Waves.

They allow parks the opportunity to charge additional fees, sell additional passes, charge for lessons, increase merchandising, and host events. Many spectators purchase food and beverages while watching experienced surfers and boarders perform. While new boarders enjoy learning the sport, experienced boarders can develop and perfect new tricks, thus sustaining the attraction.

Of the waterparks opening in 2015, one of the resorts with an outdoor waterpark and the three largest indoor waterpark resorts will feature one or more surf simulators. Puerto Rico’s outdoor waterpark, Surf ‘n Fun, will be home to the island’s first double FlowRider surf simulator when it opens this year.

**Conclusion:** The waterpark industry continues to grow and thrive. Waterparks have proven themselves as fun, safe, and much desired vacation destinations for families with children. In an effort to select a vacation with children’s interests in mind, more families look to waterpark resorts to provide a true family vacation experience that has something for everyone to enjoy. At the local level, outdoor waterparks attract visitors from the surrounding areas who want the waterpark experience closer to home.

Although outdoor waterparks are less expensive to build, they are weather dependent, and poor weather during the summer season can negatively impact financial results. Successful indoor waterpark resorts can yield much higher profits but come with a much higher price tag. Not all ventures are successful, and funding is still challenging to obtain. Lack of funding is the main reason many proposed projects never see the light of day. With new expansions and openings comes increased competition. Waterparks need to work hard to distinguish themselves from competitors. The addition of surf simulators has proven to be a competitive advantage for waterpark operators. Not only do they offer an additional exciting amenity for guests, surf simulators are proven revenue generators that can positively impact the bottom line.

Because of the many factors that contribute to a project’s success, proper planning must be combined with professional waterpark feasibility and economic impact studies for any

waterpark development. The development of an indoor or outdoor waterpark requires extensive research of supply and demand factors, demographics, income and expense levels, potential per capita spending, potential attendance, and profitability levels.

**Author**

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Mr. Sangree is a nationally recognized expert on waterpark resorts and has visited most of the open waterpark resort properties in the United States and Canada. He has completed more than 400 studies of waterparks resorts since 1999. Mr. Sangree was named one of *Aquatics International Magazine's* "Power 25". In its profile, *Aquatics International* named Mr. Sangree as one of the first consultants serving the waterpark resort industry and credited him with shaping some of the latest industry trends through his expertise and experience in the waterpark resort market. Mr. Sangree has appeared on Good Morning America and CNBC on special reports concerning resorts and waterparks. He can be reached via telephone at 216-228-7000 ext. 20 or via e-mail at dsangree@hladvisors.com. The author wishes to acknowledge Hollie Gibbs for her assistance with the article.