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## Hotel Condominium Sales Grow at Indoor Waterpark Resorts

by: David J. Sangree, MAI, CPA, ISHC

The condominium hotel is the talk of the hotel industry, and developers are considering various locations to develop new and converted properties as condo hotels. There has been an increasing trend toward adding condominium units to existing and proposed indoor waterpark resorts.

The following table indicates the indoor waterpark resorts with condominium units which currently exist or are under construction in the Midwest, where a majority of indoor waterpark resorts are located. As compared to other parts of the country, such as Florida, the number of hotel condominium units is rather limited in Midwestern states. However, condominium units at resorts with special amenities like indoor waterparks have been increasing in Midwestern states.

<b>Midwestern Indoor Waterpark Resorts with Condominiums</b>	
<b>Condominium Development</b>	<b>Location</b>
Grand Bear Lodge at Starved Rock (U/C)	Utica, IL
Boyne Mountain Grand Lodge (U/C)	Boyne Falls, MI
Double JJ Ranch (U/C)	Rothbury, MI
Kalahari Resort Sandusky (U/C)	Sandusky, OH
Wilderness & Wilderness on the Lake	Lake Delton, WI
Kalahari Resort Wisconsin Dells	Lake Delton, WI
Chula Vista Resort (U/C)	Wisconsin Dells, WI
Timber Ridge	Lake Geneva, WI
Blue Harbor Resort	Sheboygan, WI
Note: U/C - Under Construction	
Source: US Realty Consultants (216-221-9191)	

These indoor waterpark resorts represent two types of condominium hotel developments. A majority of them include hotel rooms owned by the resort as well as condominium units owned by individual investors/owners. The other type is the entirely condominium property of which Timber Ridge in Lake Geneva is the only one currently. This property is operated by the Marcus Corporation, which also operates the adjacent Lake Geneva Resort.

The nine properties sold their hotel condominium units for a range of \$135 to \$454 per square foot. Sale prices for indoor waterpark resort condominium units have ranged from \$250,000 to \$900,000 for a two to four-bedroom unit. The wide range in price is due to the differences in

amenities, location, and pricing strategy of the individual resorts. The units at these facilities typically come furnished and the prices include these furnishings. The Kalahari condominium units at both locations are three-bedroom lockout units which can be rented as individual guestrooms.

In all of these properties, the hotel management company offers the condominium owner the opportunity to provide rental services on a nightly basis at a management fee of between 32% and 50% of room revenue. The buyer of the condominium unit typically utilizes the unit only two to three weeks per year and hopes to achieve income from the rental of the unit to pay off the mortgage and earn a profit. The hotel company includes the condominium unit within its rental pool at all times except when the owner of the unit is utilizing it.

Many indoor waterpark resorts in the Midwestern states have utilized the sale of condominium hotel units in raising funds to construct resort improvements. Currently, there are a number of proposed resort projects where the money raised from the sale of the condominium units will pay for most or all of the new development.

The developer typically maintains ownership in common area facilities including restaurants, meeting space and indoor waterpark, and also has the ability to manage the facility. Most expenses for operating the hotel are paid for out of the management company's share of the rental revenue including various operating departments. Condominium owners typically pay for their share of taxes, common area expenses, utilities, administrative expenses, and replacement of furniture, fixtures, and equipment.

In our opinion, there will be increasing numbers of indoor waterpark resorts with condominium units as part of their development. As many second home buyers prefer to purchase units in leisure oriented properties, the indoor waterpark resort provides a good opportunity for both developers and unit purchasers depending upon the location.

David J. Sangree, MAI, CPA, ISHC, ([dsangree@usrc.com](mailto:dsangree@usrc.com)), a member of the International Society of Hospitality Consultants ([ishc.com](http://ishc.com)), is Director of Hospitality Consulting with US Realty Consultants in Cleveland, Ohio.