

MIDWEST WHETS APPETITE FOR INDOOR WATERPARKS

The Midwest has experienced rapid growth in the development of indoor waterpark resorts in recent years.

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In the past, waterparks were associated with summer vacation and hot, sunny weather. However, waterparks are now being associated with places like Wisconsin Dells, Wisconsin, Sandusky, Ohio, and Indianapolis, where the parks are indoors and connected to hotels. The rapid growth in the development of indoor waterpark resorts is a phenomenon that started in the Wisconsin Dells area in the 1990s and has quickly caught on 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 the entire family. In addition, indoor waterpark

resort properties are increasingly popular for short weekends and 2- or 3-day getaways for families that may not have time for longer vacations. The primary markets experiencing this development boom are the traditional summer resort locations, although they are increasingly being developed in suburban and urban locations as well.

An indoor waterpark resort is defined 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 year-round, 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 more than doubled from 31 to the current total.

A number of new indoor waterparks have opened or are expected to open this year through new construction or as additions to existing hotels. 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, a bar, an arcade, a bowling alley, go-karting, a laser tag arena and a golf course. The indoor waterpark opened in January and the outdoor waterpark is scheduled to open in the spring. The entertainment center is connected to an existing 142-room Best Western hotel.

The Double JJ Ranch located in Rothbury, Michigan, is adding a 34,000-square-foot indoor waterpark that is scheduled to open in November. The waterpark will connect to the resort's new conference center, which will include a retail component, a spa, a salon and 114 condominium hotel rooms.

In Bloomington, Minnesota, development of the Waterpark of America, which will be located next to the Mall of America, is wrapping up. The resort will feature a 68,000-square-foot indoor waterpark, a kayak course, a current channel, a 403-room hotel, an arcade,

restaurants and meeting space, a gift shop, a restaurant, a fitness center and a spa. Also in Ohio, the Great Wolf Lodge is underway in the city of Mason, adjacent to Paramount's Kings Island. The more than \$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, a fitness room, restaurants, and a gift shop. The resort is scheduled to open later this year.

In Wisconsin Dells, the main hub of the Midwest indoor waterpark trend, there is a wealth of activity occurring within the industry. The Chula Vista Resort, which currently has a 30,000-square-foot indoor waterpark and a 100,000-square-foot outdoor waterpark, is adding another 60,000-square-foot indoor waterpark and approximately 170 new condominium hotel units to its existing facility. Also, the Wilderness Glacier Canyon Lodge in Wisconsin Dells has just added its fourth indoor waterpark, which opened in April. The resort is also adding 224 additional condominium hotel units. The new 68,000-square-foot indoor waterpark will be an addition to Wilderness Glacier Canyon's existing 130,000 square feet of indoor waterpark space.

The growth of indoor waterparks in the Midwest is occurring due to increased demand and the industry's 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 to \$40 value per person per day. We project continued growth in the waterpark field in coming years in the midwestern states.

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INDOOR WATERPARK RESORTS AND INDOOR WATERPARK ADDITIONS TO EXISTING HOTELS PROJECTED TO OPEN THIS YEAR IN THE MIDWEST

Indoor Waterparks and Resorts	City	State	Sq. Ft.
Hucks Harbor Indoor and Outdoor Waterpark - Best Western	Burlington	IA	20,240
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	Ottertail	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

Totals: 16 parks — 621,240 square feet

Average Size: 38,828

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

Source: Hotel & Leisure Advisors, April 2006