



HOTEL & LEISURE ADVISORS

Waterparks: What's on Deck for 2018

By David J. Sangree, MAI, CPA, ISHC

Introduction

The waterpark industry continues to expand in North America, with more than \$1 billion in new investment in indoor and outdoor waterparks and their related resorts in 2018. Nearly 60 expansions and new facilities will open in 2018. We project 14 municipal and eight private outdoor waterparks will open, outpacing 2017's nine municipal and four private outdoor additions. We foresee increased growth in the indoor segment, where an additional 464,000 square feet of waterpark space is planned.

Two of this year's most anticipated new waterparks are the SoundWaves Waterpark at Gaylord Opryland Resort in Nashville, Tennessee, and Big Rivers Waterpark at Grand Texas in New Caney, Texas. SoundWaves Waterpark is a four-acre, \$90 million indoor/outdoor waterpark featuring a wave pool, lazy river, rapid river, slide tower, double FlowRider, rock climbing wall, and an obstacle course. Grand Texas is an entertainment and shopping development that will offer the largest theme park in Texas, a sportsplex, RV resort, racing park, factory outlets, adventure park, and Big Rivers Waterpark. The 80-acre adventure park and waterpark will include water slides, a wave pool, a lazy river, zip lines, a climbing wall, and a ropes course.

2018 WATERPARK STANDINGS

As of February 2018, the United States has 1,058 waterparks, an increase of 29 waterparks over last year's reported 1,029. Most of this gain was in the standalone outdoor segment, with four new private facilities and 11 new municipal facilities. Seven openings contributed to the indoor supply, and three resorts opened new outdoor waterparks. The remainder of the increase comes from previously unreported properties that were identified through our continued monitoring of the ever-evolving national waterpark market.

2018 US Open Waterpark Supply by Region

Outdoor Waterparks

Region	Municipal	Private	Total
Northeast	10	64	74
Midwest	233	50	283
South	159	126	285
West	69	55	124
Total	471	295	766

Note: Outdoor Waterpark is defined as an aquatic facility without attached hotel having 3 or more slides.

Indoor Waterpark Resorts

Region	Franchise	Independent	Total
Northeast	7	9	16
Midwest	41	54	95
South	4	10	14
West	8	3	11
Total	60	76	136

Note: Indoor Waterpark Resort is defined as a hotel with more than 10,000 square feet of indoor waterpark space.

Standalone Indoor Waterparks

Region	Municipal	Private	Total
Northeast	2	2	4
Midwest	25	1	26
South	13	3	16
West	36	3	39
Total	76	9	85

Note: Standalone Indoor Waterpark is defined as being larger than 10,000 square feet with at least three water features.

Resorts with Outdoor Waterparks

Region	Franchise	Independent	Total
Northeast	0	2	2
Midwest	0	3	3
South	20	27	47
West	14	5	19
Total	34	37	71

Note: Resort with Outdoor Waterpark is defined as a resort hotel having an outdoor waterpark with at least 3 features (slide, lazy river, wave pool, etc.) excluding resorts that also have indoor waterparks.

Combined Total Number of US Waterparks **1,058**

Source: Hotel & Leisure Advisors, LLC, February 2018

The Midwest and South are home to the most waterparks in the United States, with 407 and 362, respectively. The South passed the Midwest this year for the most outdoor

waterparks (286 versus 283), while the Northeast has the fewest at 74. Outdoor waterparks in the South typically have slightly longer operating seasons than those in the Northeast and Midwest because they open earlier in May and close later in September. The Midwest leads the nation in indoor waterpark resorts by a large margin with 95 of the total 136. The West leads the country in standalone indoor waterparks with 39 primarily due to the large number of municipal indoor aquatic facilities with waterparks in Colorado and Utah. The South leads in resorts with outdoor waterparks with 47, which can be attributed to a warmer climate allowing longer seasons.

2017 YEAR IN REVIEW

Waterpark Additions: In 2017, seven indoor waterpark resorts added 216,200 square feet of indoor waterpark space and 1,331 guestrooms. This represents the lowest increase in square footage since 2013 but the largest increase in guestrooms since 2009.

Indoor Waterpark Additions & Indoor Waterpark Resorts Opened in 2017

Indoor Waterparks and Resorts	City	State / Prov	New Rooms	Indoor Waterpark Sq. Ft.
Great Wolf Lodge Minnesota (renovation of former Radisson/Waterpark of America)	Bloomington	MN	404	75,000
Treasure Island Resort Hotel and Waterpark Expansion	Welch	MN	300	3,200
Kalahari Resort 5-slide Outdoor Waterpark Expansion	Sandusky	OH	0	0
Kalahari Resort Phase II	Pocono Manor	PA	520	114,000
WaTiki Waterpark Resort Home2 Suites Addition	Rapid City	SD	107	0
Apex Centre Aquatics and Fitness Facility	McKinney	TX	0	24,000
Kalahari Resort Outdoor Bowl Slide Addition	Wisconsin Dells	WI	0	0
Total			1,331	216,200

Note: Indoor Waterpark Resort is defined as a hotel with more than 10,000 square feet of indoor waterpark space.

Source: Hotel & Leisure Advisors, LLC, February 2018

Kalahari Resort Phase II in Pocono Manor, Pennsylvania, was the largest addition and accounts for more than half of this growth in waterpark square footage. The other major contributor is the Great Wolf Lodge Minnesota, which reopened the former Radisson Hotel/Waterpark of America property. The Kalahari Resorts in Sandusky, Ohio, and Wisconsin Dells, Wisconsin, added more slides to their outdoor components.

2017 Outdoor Waterpark Openings

	Waterpark	Location	Major Attractions
Private	Coconut Cove at Bananas Fun Park	Grand Junction CO	Play structure with slides and a 10,000-gallon tipping bucket
	Universal Orlando Volcano Bay	Orlando FL	Water slides, lazy river, wave pool
	H2OBX	Outer Banks / Currituck NC	More than 30 waterslides, large wave pool, adventure lagoon, lazy river, FlowRider
	Cedar Point Shores	Sandusky OH	Remodel of Soak City Waterpark, including 3 new slides and kids area
Municipal	Batesville Aquatic Center	Batesville AR	3 slides, lazy river, zipline
	The Wave at Emerald Glen Park	Dublin CA	6 slides, 3 pools, water playground
	Independence Aquatic Center	Independence IA	Zero-depth entry pool, lap lanes, water walk, two flume slides, drop slide
	Clarksville Aquatic Center	Clarksville IN	6-lane competition pool, splash pad, tube slide, body slide
	Custer Hill Pool	Fort Riley KS	Zero-depth entry, lazy river, 4 water slides, and a climbing wall
	Waterpark Replacement of City's Aging Pool	Hutchinson MN	Lazy river, water slides, zero-depth play areas
	Geneva Aquatic Center	Geneva NE	Flume slide, water walk, climbing wall, splash pad
	Pool renovation	Palmer Twp PA	Zero-depth pool, splash park, 3 slides, 6-lane swimming area, diving well
	Canyon Aqua Park	Canyon TX	Slides, playground, group shelter, spa
	Junior League Jurassic Jungle	Odessa TX	180-foot spray ground, water playground and slides, jumping fountains
	Erb Park Pool	Appleton WI	Two pools, diving board, 2 large slides, 1 children's slide, children's play area

Source: Hotel & Leisure Advisors, LLC, February 2018

Fifteen new outdoor waterparks opened in 2017. Most were municipal facilities and nearly half were in the Midwest. Universal Orlando Volcano Bay in Orlando, Florida, and H2OBX in Currituck, North Carolina, were the largest new outdoor waterparks to open. The 30-acre Volcano Bay opened at the former Wet 'n' Wild Orlando, and features 18 major attractions, including a multidirectional wave pool, raft rides, and a 200-foot volcano-themed slide tower. The Krakatau Aqua Coaster features ProSlide's groundbreaking linear induction motor technology, which relies on magnets to propel the coaster. H2OBX Waterpark is near the Outer Banks and offers more than 30 slides, a large wave pool, lazy river, family raft ride, FlowRider, and children's area.

Resorts with Outdoor Waterparks Opened or Expanded in 2017

Resort	Location	Features
Gaylord Palms Resort	Kissimmee FL	Added three new waterslides and surf machine
Circus Circus Addition of Outdoor Waterpark	Las Vegas NV	Added slides, four-lane mat racer, splash pad
Summit Tower at Country Cascades	Pigeon Forge TN	98 guestrooms, 30,000-square-foot, \$2M outdoor waterpark, 2 large and 2 children's slides
Tundra Lodge Addition of Outdoor Waterpark	Green Bay WI	Aquatic facility to host competitive swimming meets

Source: Hotel & Leisure Advisors, LLC

Four hotels and resorts debuted outdoor waterpark expansions in 2017. The Summit Tower at Country Cascades in Pigeon Forge, Tennessee added 98 hotel rooms and an outdoor waterpark with slides and a children's play structure. Circus Circus in Las Vegas, Nevada, added slides and a splash pad; and Gaylord Palms Resort in Kissimmee, Florida, added three slides and a surf machine.

Acquisitions: In addition to developing new resorts in Georgia and Arizona, Great Wolf Resorts Inc. purchased two established resorts in 2017 and renovated and rebranded them. It purchased the 403-room Radisson Hotel and Water Park of America in Bloomington, Minnesota, in early 2017. The facility closed in January for renovations and reopened in November 2017 as a Great Wolf Lodge. Great Wolf Resorts Inc. acquired the 414-room Key Lime Cove Waterpark Resort in Gurnee, Illinois, in spring 2017 and is expanding the indoor waterpark as part of its major renovation and rebranding of the property that will open in 2018.

Foreclosures and Closures: Schlitterbahn waterparks in Corpus Christi and South Padre Island, Texas, were in the news in late 2017 and early 2018 due to foreclosure and bankruptcy issues. The U.S. Bankruptcy Court appointed a bankruptcy trustee for the North Padre Island development, which includes the Schlitterbahn waterpark and resort. A foreclosure auction for the Corpus Christi property scheduled for early February 2018 was canceled after the bankruptcy trustee negotiated with the lender to let them sell the property rather than foreclose. Both parks are planning to open this spring for normal operations.

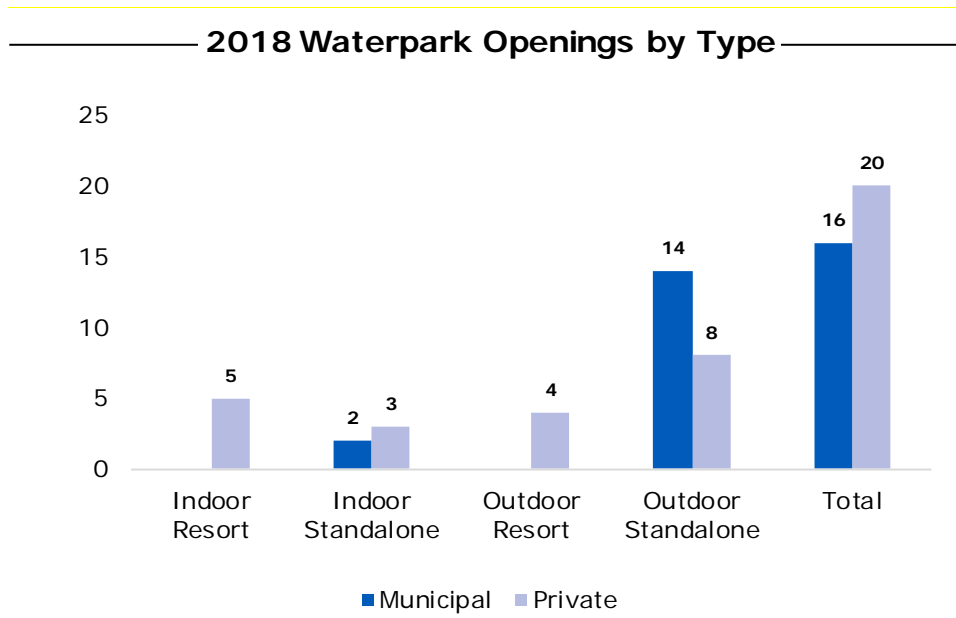
The 200-room Cherry Valley Lodge closed its 26,000-square-foot CoCo Key Water Resort in Newark, Ohio. The property was sold in fall 2017, and the new owner plans to convert the indoor waterpark into exhibition space. These challenged properties indicate the need for proper planning and research when developing and operating waterparks.

PROJECTIONS FOR 2018

This year, we will see growth across all segments of the waterpark market, with openings of 36 facilities. We also anticipate expansions of 24 existing facilities.

Nine new indoor waterpark resort offerings will contribute 464,000 square feet of waterpark space and more than 2,600 new rooms. These include the Gaylord Rockies Resort and Convention Center in Aurora, Colorado, with more than 1,500 rooms, and the 111,000-square-foot Gaylord Opryland Resort SoundWaves Waterpark in Nashville, Tennessee. Great Wolf Lodge will add a total of more than 800 rooms and 170,000 square feet of waterpark space with their new resort in LaGrange, Georgia, and the renovation of the former Key Lime Cove property in Gurnee, Illinois. The municipally owned 68,000-square-foot standalone Epic Waters Indoor Waterpark opened in Grand Prairie, Texas, in January.

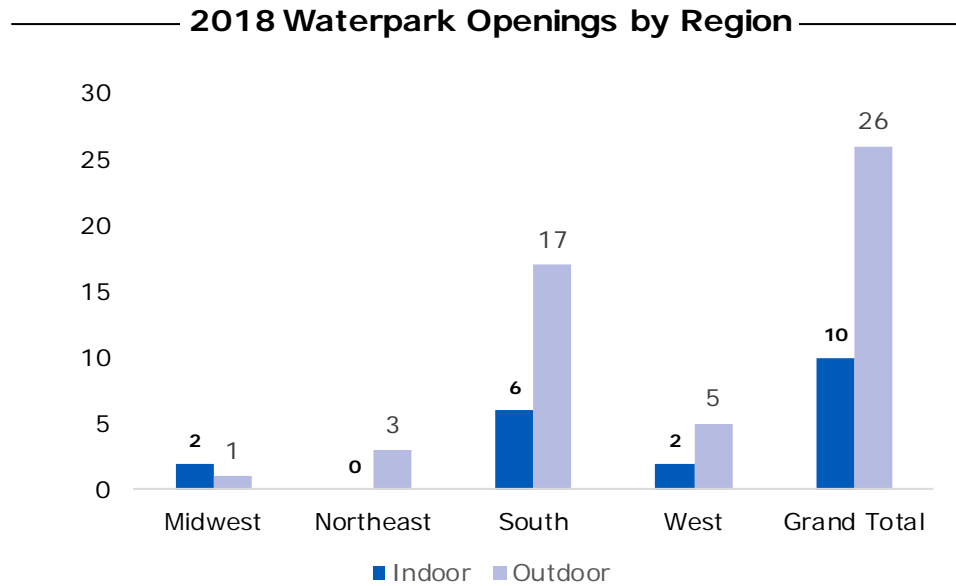
More significant growth is projected in outdoor waterparks, which make up nearly 80% of the U.S. supply. This year, 26 outdoor waterparks are slated to open, with the majority being municipally owned facilities.



Source: Hotel & Leisure Advisors

Privately owned waterparks make up most of the largest properties projected to open in 2018. These parks are traditionally larger, offer more extensive amenities, and charge higher prices than municipal waterparks. However, following the trend of recent years, more substantial municipal waterparks continue to enter the market with amenities including slide towers, lazy rivers, and wave pools.

Regionally, the South continues to drive growth across all market segments with 23 projected openings for 2018, followed by the West with seven. Fourteen of these new parks are attributed just to Texas, Florida, and Georgia.



Source: Hotel & Leisure Advisors

In addition to the Big Rivers Waterpark at Grand Texas in New Caney, Texas, other anticipated private outdoor parks include Rigby's Water World in Warner Robins, Georgia, and Splashicana in Corsicana, Texas. Both will offer multiple slides, a wave pool, and a lazy river. Larger municipal projects include Great Outdoors Waterpark in Lafayette, Colorado; Ridge Waters Waterpark in Butte, Montana; and Neptune Island in Hartsville, South Carolina.

It appears to be a year for expansion with announcements by more than 20 established parks to add or improve amenities. Slides and play structures top the list of new amenities, which also includes raft rides, lazy rivers, and wave pools.

A smaller but growing segment is resorts with outdoor waterparks, which will see four additions or expansions in 2018. Westgate Cocoa Beach Resort in Cocoa Beach Florida will add slides, a splash pad, and a lazy river. Margaritaville Village in Kissimmee, Florida, is a timeshare and retail venue that will include a 12-acre waterpark. The Grove Resort & Spa Outdoor Surfari Waterpark addition will feature a dual-rider surfing simulator, lazy river, and multiple slides. Finally, The BSR Cable Park in Waco, Texas, which includes a cable park, large slide, and lazy river will debut its "Surf Ranch" addition this year. This two-acre surf lake will produce up to eight-foot waves and provide a venue for inland surfing competitions.

Conclusion

Resorts continue to add waterpark features to provide additional amenities for families and other leisure guests. This is occurring in both indoor and outdoor waterparks at resorts. The increased variety of rides and attractions offered by manufacturers will continue to improve the potential offerings for waterparks.

Standalone indoor and outdoor waterparks are being added throughout the United States with new developments by both municipalities and private companies. More substantial indoor projects being developed in Grand Prairie, Texas, and Nashville, Tennessee, in 2018 will raise the bar for indoor waterpark developers and operators. The opening of Volcano Bay Theme Park in 2017 in Orlando represented the most expensive and well-themed outdoor waterpark to open in the United States. Many municipalities are adding outdoor waterparks to provide a greater variety of recreation options for their residents as well as to improve their cost recovery from the aquatics department.

Author

David J. Sangree, MAI, CPA, ISHC, is President of Hotel & Leisure Advisors (H&LA), a national hospitality consulting firm. H&LA specializes in appraisals, feasibility studies, impact analyses, economic impact studies, and litigation support for hotels, resorts, waterparks, casinos, conference and convention centers, golf courses, ski resorts and other leisure real estate. Our experienced consultants travel nationwide analyzing hospitality trends, studying leisure industries, and understanding local communities. We focus on our clients' competitive markets and provide thorough and thoughtful analysis of hospitality properties. Our consultants have analyzed and prepared studies on more than 2,000 properties in more than 45 states, Canada, and the Caribbean.

Mr. Sangree is a nationally recognized expert on waterpark resorts and performed more than 600 studies of indoor and outdoor waterparks since 1999, and he maintains databases of statistical information concerning performance figures of indoor waterpark resorts, resorts with outdoor waterparks, and stand-alone outdoor waterparks. Mr. Sangree was named one of *Aquatics International Magazine's "Power 25"* in 2008 and received the Executive Board Award from the World Waterpark Association in 2016. Both awards profiled 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 and has written numerous articles for a wide range of publications. He can be reached via telephone at 216-810-5800 or via e-mail at dsangree@hladvisors.com. The author wishes to acknowledge Michael Weber for his assistance with the article.