



HOTEL & LEISURE ADVISORS

U.S and Canada Waterpark and Resort Trends in 2020

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At the beginning of 2020, the continuing trend of two decades of growth was expected in the waterpark industry. Major projects will open throughout the United States in both the indoor and outdoor waterpark categories totaling over \$1 billion in investment in 2020. Fourteen new standalone waterparks and one resort with outdoor waterpark are anticipated to open. The indoor segment will total square feet of new waterpark space in 17 properties. However, the recent outbreak of the COVID-19 pandemic has thrown the industry into uncertainty in 2020. This article reflects the projected growth for the waterpark industry as it stood before the pandemic began. Much of this growth may change based upon the unfortunate effects of quarantines and social distancing requirements as the world grapples with the containment. The article does not reflect the possible postponements or closures that have or may occur in the industry based on the current crisis.

This year will see four top-tier indoor and outdoor waterpark openings including:

1. 255,000-square-foot DreamWorks Waterpark at American Dream Mall in Rutherford, New Jersey (delayed from 2019)
2. 500-room Great Wolf Lodge with a 95,000-square-foot indoor waterpark in Manteca, California
3. 975-room Kalahari Resort with a 223,000-square-foot indoor waterpark in Round Rock, Texas
4. 50-acre Soaky Mountain Waterpark in Sevierville, Tennessee

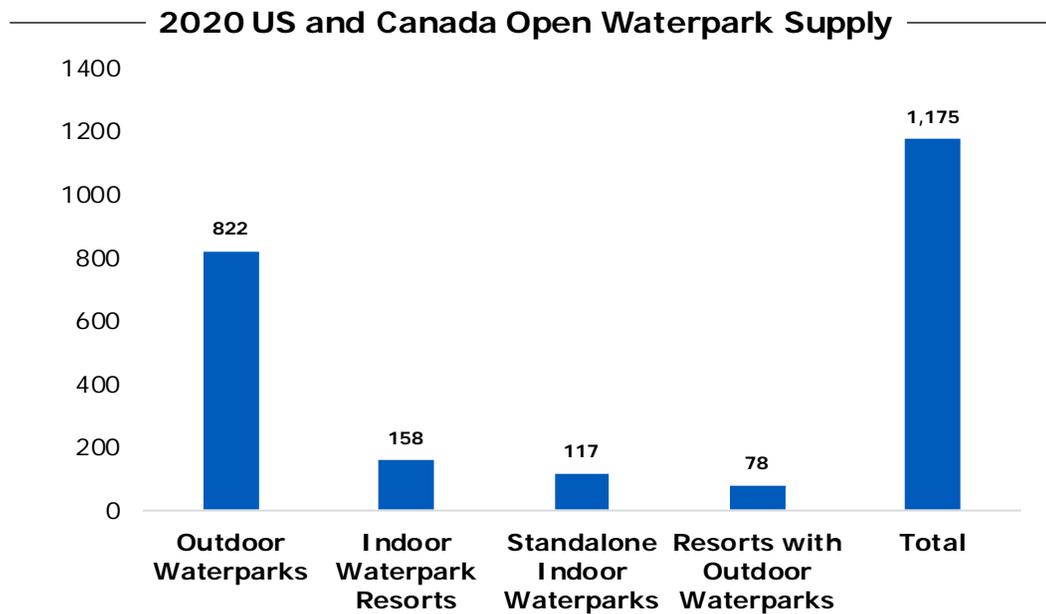
2019 WATERPARK STANDINGS FOR U.S. AND CANADA

As of February 2020, the United States and Canada had a total of 1,175 waterparks. Twenty-six of those properties opened in 2019. More than half of these openings were in the standalone outdoor segment (the most popular waterpark segment), with four new private facilities and 10 new municipal facilities. Eight openings contributed to the indoor supply, and four resorts opened new outdoor waterparks. The following bullets breakdown the numbers regionally:

- Midwest and South are home to the most waterparks, with 418 and 387, respectively.
- The South maintains its lead over the Midwest in total number of outdoor waterparks (300 versus 293), while Canada has the fewest at 34. Outdoor waterparks in the South typically have slightly longer operating seasons than those in the Northeast and Midwest due to more favorable weather conditions.

- The Midwest leads the U.S. and Canada in indoor waterpark resorts by a large margin with 92.
- The West leads in standalone indoor waterparks with 44, 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 49.
- Indoor waterparks account for a greater proportion of the Canadian market with 36 indoor resort and standalone facilities. Outdoor waterparks hold only a slight majority at 37.
- Of the total hotels with indoor and outdoor waterparks, 45% are affiliated with national hotel franchises while 55% are independent properties.
- Of all standalone indoor and outdoor waterparks, 65% are owned by municipalities or government agencies while 35% are privately owned.

The following chart shows the breakdown of waterpark properties by type:



Source: Hotel & Leisure Advisors

REVIEW OF 2019 NEW OPENINGS

Indoor Waterpark Openings: In 2019, eight indoor waterpark additions or expansions added 335,500 square feet of indoor waterpark space.

U.S. and Canada Indoor Waterparks and Resorts Opened or Expanded in 2019

Waterpark/Resort	Location		New Rooms	Indoor Waterpark Sq. Ft.
Brookfield Residential YMCA at Seton	Calgary	AB	0	20,000
Great Wolf Lodge - Scottsdale / Talking Stick	Scottsdale	AZ	350	85,000
Aurora Recreation Center	Aurora	CO	0	15,500
Kartrite Resort and Indoor Waterpark Resort (Former Concord Resort)	Monticello	NY	324	80,000
Seven Clans Hotel and Casino Indoor Waterpark Addition	Newkirk	OK	60	20,000
Resort at Governor's Crossing	Sevierville	TN	67	10,000
Mylan Park Aquatic Center	Mylan Park	WV	0	90,000
Yakima YMCA and Rotary Aquatics Center at Chesterley Park	Yakima	WA	0	15,000
Total			801	335,500

Source: Hotel & Leisure Advisors, LLC

The number of new rooms and indoor waterpark square feet in 2019 was lower than achieved in 2018. The larger projects include two privately developed indoor waterpark resorts and one municipal standalone indoor waterpark recreation center:

- A new Great Wolf Lodge opened in Scottsdale, Arizona, in September 2019. Located in the Talking Stick Entertainment District, the property features 350 rooms, an 85,000-square-foot indoor waterpark, and a 27,000-square-foot family entertainment center.
- The 324-room Kartrite Hotel and Indoor Waterpark Resort opened in Sullivan County, New York, near the Resorts World Casino. The property includes an 80,000-square-foot indoor waterpark, meeting space, and an adventure park.
- The 90,000-square-foot Mylan Park Aquatic Center in Mylan Park, West Virginia, features a 50-meter Olympic pool and diving well; community pool with zero-depth entry; water slides and play features; a six-lane lap pool; and outdoor splash pad.

Outdoor Waterpark Openings: Fourteen new standalone outdoor waterparks opened in 2019.

2019 U.S. and Canada Outdoor Waterpark Openings

Waterpark	Location	Major Attractions
Private		
Nocatee Spray Park	Ponte Vedra Beach FL	42-foot water slide tower, bar and grill, beach volleyball courts, interactive water features, playground
Big Rivers Waterpark at Grand Texas	New Caney TX	Water slides, wave pool, lazy river, children's areas
Municipal		
North Port Aquatic Center at Butler Park	North Port FL	25-yard pool, lazy river, water slides, children's pool
Water Park at Southern Pines Park	Dublin GA	Lazy river, water slides, lap pool, kiddie pool, splash pad
Splash Cove at Nelson Park	Decatur IL	2 water slides, children's play structure: plunge pool with bowl slide, climbing wall, rope swing, drop slide; 25-yard lap pool
Santa Springs at Santa's Village	East Dundee IL	Play structure with tipping buckets and seven slides
Marshall Pool	Marshall IN	6,200-square-foot pool, diving tower, six 25-meter lap lanes, water slides, and a splash pad
River Rapids Waterpark at Ste. Genevieve County Community Center	Ste. Genevieve MO	Multiple large slides, lap pool, lazy river, children's play structure
Belle Plaine Aquatic Center	Belle Plaine MN	Slides, play structure, current channel
Fairbury Municipal Pool	Fairbury NE	Slides, leisure pool, lap pool, diving boards
Bisti Bay at Brookside Park	Farmington NM	Lazy river, two water slides, shade pavilions, play structures and three lap lanes
Oxford Aquatic Center	Oxford OH	8-lane lap pool, zero depth entry pool, slides, lazy river
Veterans Memorial Pool Expansion	Greensburg PA	Splash park, triple-flume slide, a zero-depth entry area
Sisters of Mercy Water Park	Laredo TX	2 large slides, 2 small slides, lazy river

Source: Hotel & Leisure Advisors, LLC, March 2020

Though all meet H&LA's definition of having at least three waterslides, these new facilities vary substantially in size and scope. Most of the 2019 openings were municipal

facilities, and all but two were in the South or Midwest. Larger outdoor waterpark facilities that opened in 2019 included the following:

- The largest new outdoor waterpark is the 40-acre Big Rivers Waterpark & Adventures in New Caney, Texas. It features water slides, a wave pool, a lazy river, children's areas, inflatables, zip lines, climbing walls, and a ropes course. The park is a component of the Grand Texas Sports and Entertainment District, which includes dining, shopping, lodging, and entertainment venues.
- The River Rapids Waterpark in Ste. Genevieve, Missouri, opened in July 2019. It features several water slides and a lazy river. The facility features a six-lane lap pool, zip line, climbing ropes, and a diving board. There is a kids' play area with 30 different activities to enjoy.
- One opening in the Bahamas (not included on the list) deserves special mention as its primary customer base is from the United States and Canada. Royal Caribbean opened the Perfect Day at CocoCay on a private island, which includes an outdoor waterpark with the tallest waterslide in North America. Open to all Royal Caribbean cruise ship passengers, waterpark admission is not included with cruise ship rate. The waterpark is a paid attraction on an island that also features other attractions included in the cruise ship price.

Resorts with Outdoor Waterparks Openings: Resorts with outdoor waterparks had the smallest number of additions in 2019, which is a trend likely to continue in 2020.

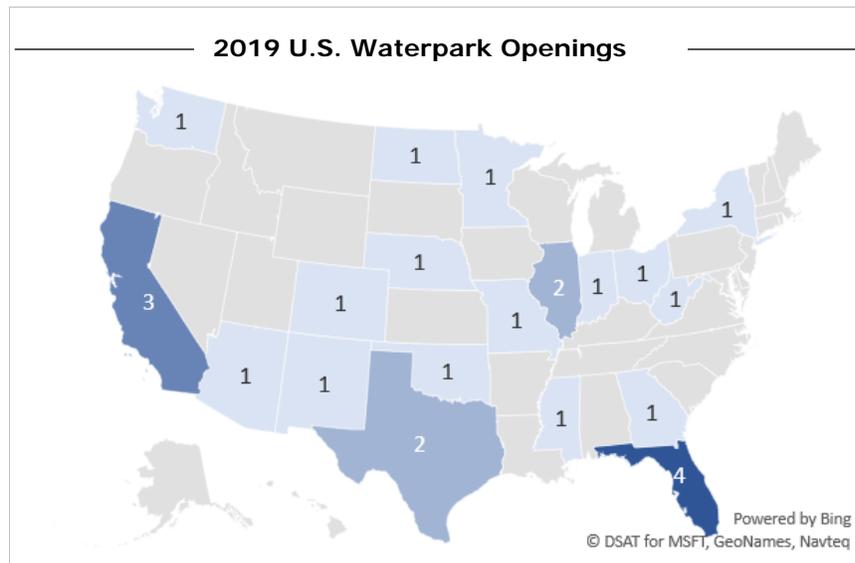
U.S. and Canada Resorts with Outdoor Waterparks Opened or Expanded in 2019			
Resort	Location		Description
Cambria Hotel Anaheim Resort Area	Anaheim	CA	352-room hotel with 30,000-square-foot outdoor waterpark with 2 larger slides
Glenwood Hot Springs Resort Waterpark Expansion	Glenwood Springs	CO	Multi-million dollar renovation replacing slide and kiddie pool with a tube ride, children's play structure, and splash pad
JW Marriott Miami Turnberry Resort and Spa - Tidal Cove Waterpark	Aventura	FL	Resort expansion adding 325 rooms, seven-slide tower, surf simulator, children's pool, cabanas
H2O Live! at Margaritaville Resort Orlando	Kissimmee	FL	187-room hotel, 300 timeshare units, 14-acre waterpark, 200,000 square feet of retail, function space
Centennial Plaza	Gulfport	MS	Two hotels with 215 rooms, restaurants, water playground with 10 slides, a lazy river, and a splash pad
4 Bears Water Park	New Town	ND	Slide additions, extension to lazy river, splash pad
Resort at Governors Crossing Expansion	Sevierville	TN	Expansion to waterpark

Source: Hotel & Leisure Advisors, LLC

Four hotels and resorts debuted outdoor waterparks. Florida features the two most prominent additions in this segment of properties that are attached to resorts but are also open to the public for day pass admission. They are profiled in the following bullets:

- The resort expansion at JW Marriott Miami Turnberry Resort and Spa converted the Turnberry Isle Miami and added 325 rooms and a waterpark. The Tidal Cove waterpark offers a triple FlowRider, splash park, lazy river, cabanas, and dining.
- Margaritaville Resort Orlando opened its 187-room hotel in early 2019 and the H2O Live! Waterpark in summer 2019. The 14-acre park offers multiple slide towers, a wave pool, raft ride, and cabanas.

All Openings: The following map highlights the locations of the 2019 indoor and outdoor waterpark openings inclusive of resorts and standalone properties.



OTHER CHANGES IN 2019

One of the more substantial changes in the waterpark industry in 2019 was the change made by Great Wolf Resorts to their day pass program. Previously, the company advertised and marketed that its resorts did not allow day passes as the waterparks were exclusive to resort guests. Starting in 2019, the company changed its policy and began selling day passes at many of its properties at a price of \$50 or more. However, for its newer Arizona and California properties, they did not offer day passes initially. Their marketing strategy was revised to say that the resorts were only selling a limited number of day passes.

Blackstone Real Estate Partners acquired a 65% controlling interest in Great Wolf Resorts, Inc. in October 2019. Great Wolf had 18 resorts around the country at the time of purchase. As part of the transaction, Blackstone and Centerbridge formed a new \$2.9 billion joint venture to own the company.

Three outdoor waterparks closed in 2019 including Wet 'n Wild Palm Springs, California; Schlitterbahn Waterpark in Kansas City, Kansas; and Water Wizz in Westerly, Rhode Island. The Palm Springs site is being redeveloped into the Palm Springs Surf Club, which anticipates opening in 2020.

PROJECTIONS FOR 2020

For 2020, we will see growth across all segments of the waterpark market with openings of 28 facilities. We also anticipate expansions of more than 33 existing facilities. Regionally, the South leads the U.S. with 15 projected openings, with the majority of these in Florida or Texas. The Midwest should see six openings, the West five, and the Northeast two. As of this writing, no major openings or expansions are anticipated for Canada. The following map highlights the locations of the properties.



Indoor Waterparks: With projections of 840,000 square feet of new indoor waterpark space and nearly 1,800 new rooms, 2020 will be a year of significant growth in this market segment. Two large indoor waterpark resorts will open in California and Texas along with smaller hotel additions to waterparks in Kansas and South Dakota. The largest standalone indoor waterpark in North America will finally open in New Jersey after numerous delays. There are also a number of municipalities adding standalone indoor waterparks as parts of their recreation centers. The following are highlights of the larger projects.

- The Kalahari Resort in Round Rock, Texas, will be the brand's fourth resort and will open in November 2020. The overall facility will offer 975 rooms; 1,500,000 square feet of resort space, including a 223,000-square-foot indoor waterpark; 80,000-square-foot Tom Foolery's Adventure Park with thrill rides, ropes course, climbing walls, indoor zip line, bowling, laser tag, mini-golf and more; spa and salon; arcade with 250+ games; 10,000 square feet of retail space; 200,000-square-foot convention center; and five full-service restaurants. The three-acre outdoor waterpark will include multiple pools and attractions.
- 2020 will mark the third consecutive year in which Great Wolf Resorts will launch a new resort. Their Manteca, California, location will open in August 2020 and will offer 500 rooms and a 95,000-square-foot waterpark. The \$220 million resort will also feature a 45,000-square-foot adventure park that will include ropes courses, an arcade, mini-golf, and a live-action adventure game.
- The 255,000-square-foot DreamWorks Waterpark at American Dream Mall in East Rutherford, New Jersey, opened in March 2020 after missing its original 2019 projected opening date. It occupies six stories adjacent to Nickelodeon Universe American Dream. The indoor waterpark is part of the entertainment mall, which also includes an indoor ski slope, indoor ice rink, and a variety of other stores and attractions. There are 40 water slides and 15 attractions themed toward specific DreamWorks franchises. The property offers a 56,000-square-foot indoor wave pool, the largest indoor pool in North America. It does not have a connected hotel

initially, but the developers plan to build a hotel attached to the mall as part of a future expansion.

Outdoor Waterparks: Growth in the outdoor segment will continue with 14 new standalone waterparks and one resort with outdoor waterpark anticipated. Larger outdoor waterpark developments in 2020 include the following:

- Wilderness Resorts and Waterparks is constructing the \$90 million Soaky Mountain Waterpark in Sevierville, Tennessee. The 50-acre park will feature multiple slides, a wave river, children's area, double FlowRider, raft rides, and water coaster.
- Splash City Adventure Park is under construction in St. George, Utah, just off of Interstate 15. It will offer a wave pool, lazy river, slides, splash pad, and other aquatic attractions.
- Demonstrating a trend towards more extensive amenities at municipal waterparks, the City of El Paso, Texas, will unveil four new themed waterparks featuring slides, lazy rivers, climbing walls, and cabanas. One waterpark will include a surf machine.
- Westgate Lakes Resort & Spa in Orlando, Florida, is building a waterpark at the current site of the Pelican's Landing Pool. The waterpark will include waterslides, a lazy river, and a children's water play area.

CHALLENGES FOR 2020

Operators of existing waterparks and attractions need to continually reinvest in their properties in order to keep them competitive with new waterparks and attractions opening up throughout the United States and internationally. Due to declining attendance and net income, Indiana Beach Amusement and Waterpark Resort in Northwest Indiana and Fantasy Island Waterpark in Grand Island, New York have closed for the 2020 season and beyond. Apex Parks, the owner of Indiana Beach, has also closed two additional attractions.

As of the writing of this article, there are increasing financial risks to the waterpark and travel industries as a result of the COVID-19 virus. Impact has occurred to waterparks globally forcing waterpark closures due to restrictive measures put in place by respective governments. Impact on indoor and outdoor waterparks in the United States will depend upon the extent to which the virus spreads and length of closures. Many waterparks have already closed their operations until May, and it remains uncertain when operations will resume for many of them. While this has mostly affected indoor waterpark resort operations, it also comes at a time when outdoor waterparks are readying to open for the 2020 summer season. With the amount of uncertainty surrounding the outbreak, it is difficult to predict the outcome. H&LA projects the pandemic will be resolved in 2020, and that operations will start to return to normal in 2021 and 2022.

CONCLUSION

Waterpark development continues in select markets in the United States and Canada with development costs for both indoor and outdoor waterparks increasing due to higher construction and labor costs affecting a wide range of real estate development. The new DreamWorks indoor waterpark at the Meadowlands in New Jersey which was scheduled

to open in 2019, has opened in March 2020. This major attraction, along with the new Kalahari Resort in Round Rock, Texas, will raise the bar on new waterpark developments as they become two of the largest indoor facilities in the world. Both projects received significant incentives from their respective municipalities and state governments, which boosted their financial viability.

Numerous outdoor waterpark facilities are being added, primarily at municipal facilities with a smaller number of privately developed venues. The Perfect Day at CocoCay in the Bahamas has the most elaborate facilities for cruise ship passengers as Royal Caribbean has found guest satisfaction and revenues to be higher for its new waterpark experience than previous cruise options. The international waterpark industry continues to expand its attraction mix offerings.

The year ahead will bring three major indoor waterpark resort openings and one major outdoor waterpark opening, in addition to a number of smaller openings. As the industry focuses on bigger, more amenity-rich properties, it will be interesting to see how smaller properties and markets are able to adapt. Today's savvy customers will have an unprecedented number of choices making it vital for all properties, no matter their size, to adopt proactive strategies on marketing and facility improvements. The COVID-19 has created widespread uncertainty in the industry, and its effect will be felt throughout the entire year and perhaps beyond as parks close, delay openings, or have truncated operating seasons. As always, H&LA continues to stay abreast of all the new additions, changes, and trends happening in this dynamic industry.

Author

David J. Sangree, MAI, CPA, ISHC, is President of Hotel & Leisure Advisors (H&LA), an international hospitality consulting firm specializing in appraisals, feasibility studies, impact analyses, economic impact studies, and litigation support for the lodging and leisure industries. Sangree is an internationally recognized expert on waterpark resorts and has completed more than 700 studies of indoor and outdoor waterparks. He was named one of *Aquatics International Magazine's "2019 Power People"* and received the Executive Board Award from the World Waterpark Association in 2016. He has appeared on Good Morning America and CNBC and has written articles for numerous publications. He can be reached at 216-810-5800 or dsangree@hladvisors.com. The author wishes to acknowledge Michael Weber for his assistance with the article. For a list of 2020 openings and expansions, please see our website to purchase.