



## HOTEL & LEISURE ADVISORS

### **Impact of Whitewater Waterpark Equipment on Hotels and Resorts**

By David J. Sangree, MAI, CPA, ISHC

#### **Summary**

Over the past few decades, there has been a growing trend globally of hotels and resorts adding waterpark attractions and features. Some properties have added one or two slides, and some have built a substantial waterpark attached to the resort. H&LA conducted a study for WhiteWater, the leading global manufacturer and designer of waterpark equipment, to analyze the performance impact on hotels and resorts with WhiteWater waterpark equipment such as water slides, interactive multi-level water play structure, splash pads, lazy rivers, and wave pools. This article highlights the results of our global survey and quantifies the effect that waterpark equipment, in this case specifically WhiteWater equipment, has on the performance of hotels and resorts.

#### **Methodology**

H&LA relied on data from WhiteWater and STR, combined with our own data sources of waterpark hotels and resorts. Our analysis involved the following:

- Review of all hotel and resort properties that have purchased WhiteWater waterpark equipment
- Online surveys sent to hotels that have added WhiteWater equipment in the past 10 years
- Analysis of international trends in the hotel and waterpark resort industries
- Analysis of multiple lodging trend reports from STR for groups of hotels and resorts with waterparks that contain WhiteWater equipment
- Analysis of data concerning performance levels of hotels and resorts with waterparks
- Interviews with select properties with WhiteWater waterpark equipment
- Analysis of occupancy and ADR statistics of hotels and resorts with WhiteWater waterpark equipment, along with comparisons to STR statistics for the region, nation, and/or state/province

We selected from a global list of WhiteWater's hotel and resort clients that added WhiteWater equipment. The focus of the study was on both lodging properties that added waterpark equipment after opening and hotels that opened with waterpark equipment.

**Research Findings**

**STR Performance Data** – We obtained occupancy, ADR, and RevPAR data from STR for five groupings of hotels and resorts located in North America and one grouping of hotels and resorts located in Asia and the Middle East.

- Americas Hotels and resorts with indoor and outdoor waterparks or aquatic features in North America
- Group A Hotels and resorts in Florida and the Caribbean with outdoor waterparks or aquatic features
- Group B Hotels and resorts in the United States (excluding Florida and Caribbean) with outdoor waterparks or aquatic features
- Group C Hotels and resorts with indoor waterparks over 50,000 square feet in the United States
- Group D Hotels and resorts with indoor waterparks or aquatic features less than 50,000 square feet in North America
- Group E Hotels and resorts with outdoor waterparks in Asia and the Middle East

This performance data was compared to broader market data. The following table highlights 2019 historical data for the above groups and their comparison to select market data:

2019 Comparison of Select Waterpark Resorts with Hotel Segment Performance					
Occ	ADR	RevPAR	Market Category	RevPAR	% Difference
<b>Group Americas</b>			<b>Comparison</b>		
71.7%	\$215.53	\$154.46	All U.S. Resorts	\$128.25	↑ 20.4%
			All U.S. Hotels	\$86.73	↑ 78.1%
<b>Group A - Florida and Caribbean Resorts</b>					
72.3%	\$216.21	\$156.37	All U.S. Resorts	\$128.25	↑ 21.9%
			All U.S. Hotels	\$86.73	↑ 80.3%
<b>Group B - All hotels in United States excluding Florida and Caribbean</b>					
78.3%	\$243.47	\$190.63	All U.S. Resorts	\$128.25	↑ 48.6%
			All U.S. Hotels	\$86.73	↑ 119.8%
<b>Group C - Large Indoor Waterpark Resorts in United States</b>					
68.5%	\$211.53	\$144.98	All U.S. Resorts	\$128.25	↑ 13.0%
			All U.S. Hotels	\$86.73	↑ 67.2%
<b>Group D - U.S. Hotels with Smaller Indoor Waterpark</b>					
59.5%	\$132.06	\$78.58	All U.S. Upper Midscale Hotels	\$78.37	↑ 0.3%
			All U.S. Hotels	\$86.73	↓ -9.4%
<b>Group E - Asia and Middle East</b>					
70.6%	\$258.59	\$182.66	Average of 3 Countries	\$83.17	↑ 119.6%

Source: STR and Hotel & Leisure Advisors

The data highlights that when compared to larger market data, all groups (except hotels with small waterparks, Group D) achieved higher RevPAR. The addition of waterpark amenities helps the hotel attract more family guests during the weekends and on holidays, and in many cases allows the hotel to charge a higher room rate than other comparable hotels.

**Case Studies and Interviews** – As part of the research we interviewed a number of properties and analyzed performance data on 14 lodging properties in further detail and compared their performance levels with regional and local market data as case studies. Our analysis showed that lodging properties with waterparks and/or waterpark equipment had RevPAR levels ranging from -17% lower to +145% higher when compared to the local/state level market data and -23% lower to 144% higher when compared to national data. The properties profiled offer indoor and/or outdoor waterpark features and amenities of varying sizes from a single slide at an urban hotel to a large waterpark at a resort property. Property sizes ranged from a 68-room limited-service hotel to a 1,814-room convention center resort. Properties are located in a variety of markets, including urban and suburban markets and tourist destinations. Some properties profiled are located near or along beaches while some are in mountainous regions. Some properties are near a major attraction such as a theme park while some are *the* attraction in the market.

During our interviews, hotels such as the Hilton Salwa Beach Resort in Qatar commented that the resort achieved a competitive advantage over other resorts in the wider market area because of the waterpark amenity. Paradise Resort Gold Coast in Australia cited an increase in length of stay and higher food and beverage spending. Resorts such as the Great Wolf Lodge and Kalahari Resorts in United States, mentioned achieving higher occupancy, ADR and guest spending levels compared to other resorts in the market. Resorts such as the JW Marriott Hill Country and Gaylord Texan in Texas reported attracting more families to the resort after the waterpark addition and higher food and beverage revenues.

**Online Survey** – We prepared and sent an online survey to over 100 previous WhiteWater customers that installed waterpark equipment in the last 10 years. The survey was completed by 26 respondents. The following highlights some key findings.

- 100% of the respondents from properties opening with waterpark equipment believe having these amenities gives them a competitive advantage over hotels without them.
- Among hotels that added a waterpark or aquatic feature after opening, 90% saw an increase in occupancy.
- All hotels adding a waterpark or aquatic feature after opening saw an increase in ADR, with more than half reporting ADR increases of 11% or more.
- Properties received positive customer reviews and ratings after opening with waterpark equipment.
- Waterpark operators are likely to recommend WhiteWater products to a colleague.

## Conclusion

Over the past few decades, there has been a growing trend globally of hotels and resorts adding waterpark attractions and features. Hotel & Leisure Advisors has completed over 3,000 studies for hotels, resorts, waterparks, and leisure properties across North America and internationally. Our experience within the industry shows that resorts offering waterparks or aquatic features tend to outperform those hotels without waterpark equipment.

As consumer spending and shopping habits change to reflect a focus on experiences, hotels and resorts are in a good position to adapt. However, experiences have to be dynamic, and hotels and resorts need to offer unique experiences that other hotels in the market do not offer. This is where the inclusion of waterpark equipment can set a property apart as a market leader.

The data obtained from STR, profiles of select properties, and our online survey indicate most hotels and resorts have benefited from having a waterpark or aquatic feature. Hotels and resorts add waterpark equipment and features to:

- increase occupancy, average daily rate and food and beverage revenues
- increase leisure segment demand by offering more amenities
- increase customer satisfaction and improvement in ratings
- remain competitive with or to gain a competitive advantage over other hotels and resorts in the market
- extend length of stay at the property

Hotels and resorts are expanding their reach as leisure destinations for families looking for a convenient weekend getaway or vacation. Growth continues across a multitude of market types. Hotels and resorts have discovered that in order to attract families to their facilities and keep their repeat guests coming back for more, they need to continually work to add new components. The inclusion of waterpark equipment may bridge the gap for many properties, bringing a renewed energy, along with a complementary boost in performance.

**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, a graduate of Cornell University's School of Hotel Administration, is an internationally recognized expert on waterpark resorts and has completed more than 700 studies of indoor and outdoor waterparks. He can be reached at 216-810-5800 or via e-mail at [dsangree@hladvisors.com](mailto:dsangree@hladvisors.com). The author would like to acknowledge Nuresh Maredia, CHIA for his contributions to the article.