



HOTEL & LEISURE ADVISORS

Waterparks Riding a Recovery Wave in 2022

March 2022, by David J. Sangree, MAI, CPA, ISHC

After two years of pandemic concerns that saw many waterparks remain closed throughout 2020 and suffer continued disruption in 2021, 2022 is anticipated to be a pivot back to normal for the industry. As vaccines are now widely available and COVID becomes endemic, waterparks are poised to capitalize on pent-up demand and return to pre-COVID performance levels. While 2021 saw robust growth in pricing at many properties, 2022 will see the industry open a number of expansions and new developments. Several large-scale projects will alter the waterpark landscape at both indoor and outdoor waterparks and continue to encourage properties to innovate and update to keep market share. A number of larger developments are planned for 2023 and beyond at waterparks and surf parks throughout North America.

Attendance at waterparks in 2021 was down overall due to COVID-19 concerns that imposed capacity constraints at many waterparks. However, most waterparks were able to increase their prices, and they expect to maintain these higher prices in 2022. Consequently, as attendance returns to pre-pandemic levels, we expect increases in total revenues at many properties.

While 2022 looks as though it will be the first “normal” year for waterparks since 2019, the industry will still face challenges. Factors such as higher wages and prices, inflation, and lingering pandemic effects will impact the industry in 2022.

CURRENT WATERPARK STANDINGS FOR THE U.S. AND CANADA

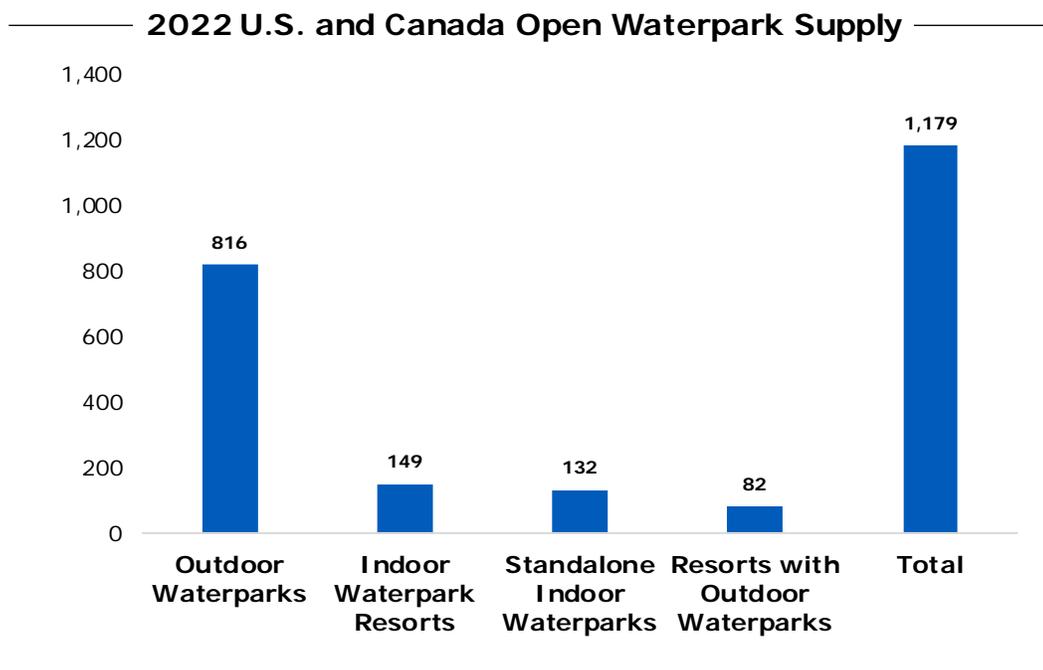
As of March 2022, the United States and Canada had a total of 1,179 waterparks. Thirty of those properties opened in 2021, while four properties closed. More than half of these openings were in the outdoor standalone segment, with one new private facility and seventeen new municipal/non-profit facilities. Ten indoor waterparks and resorts opened in 2021, including seven indoor standalone waterparks, one private and two municipal.

The following bullets break down the numbers regionally for all waterparks in the U.S. and Canada:

- The Midwest and South are home to the most waterparks, with 419 and 388, respectively.
- The Midwest has pulled even with the South in total number of outdoor waterparks with 298 each, while Canada has the fewest at 33. 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 82.

- The West leads in standalone indoor waterparks with 47, primarily due to the large number of municipal/non-profit 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 39 indoor resort and standalone facilities. Outdoor waterparks have held steady at 33.
- Of all hotels with indoor and outdoor waterparks, 44% are affiliated with national hotel franchises while 56% are independent.
- Of all standalone indoor and outdoor waterparks, 69% are municipal/non-profit while 32% are private/for-profit.

The following chart shows the breakdown of waterpark properties by type out of the 1,178 waterparks in existence:



Source: Hotel & Leisure Advisors, March 2022

REVIEW OF 2021 NEW OPENINGS AND EXPANSIONS

Indoor Waterpark Openings: In 2021, ten indoor waterpark additions or expansions added 343,710 square feet of indoor waterpark space compared to 625,200 square feet in 2020. 2020 benefited from two large additions: the 225,000-square-foot DreamWorks Waterpark at American Dream Mall in East Rutherford, New Jersey, and the 223,000-square-foot Kalahari Resort in Round Rock, Texas. No properties of this size opened in 2021.

U.S. and Canada Indoor Waterparks and Resorts Opened or Expanded in 2021

Waterpark/Resort	Location		New Rooms	Indoor Waterpark Sq. Ft.
Great Wolf Lodge	Manteca	CA	500	95,000
Berthoud Recreation Center	Berthoud	CO	0	49,000
Marimn Health Coeur Center	Worley	ID	0	12,000
Island Resort & Casino Expansion	Harris	MI	138	14,010
New Ulm Rec Center Expansion	New Ulm	MN	0	30,000
The Salvation Army Ray and Joan Kroc Corps Community Center	Ashland	OH	0	20,000
Brecksville Community Center Indoor/Outdoor Aquatics Expansion	Brecksville	OH	0	2,700
Sunriver Resort Aquatic Center Expansion	Sunriver	OR	0	10,000
The Cove at The Lakefront	Little Elm	TX	0	38,000
Long Bridge Aquatics & Fitness Center	Arlington	VA	0	73,000
Total			638	343,710

Source: Hotel & Leisure Advisors, LLC, March 2022

The number of new resort rooms in 2021 was down from 2020, which gained 975 rooms due to the opening of the Kalahari Resort in Round Rock. The most significant project opening in 2021 was the Great Wolf Lodge in Manteca, California. The 500-room resort features a 95,000-square-foot indoor waterpark and a 45,000-square-foot adventure park, which includes a ropes course, miniature golf, arcade, and a high-tech, newly imagined version of the brand's exclusive MagiQuest interactive adventure game.

Outdoor Waterpark Openings: Due to the COVID-19 pandemic, many municipal waterparks that were scheduled to open in 2020 were postponed until 2021. Consequently, 18 standalone outdoor waterparks opened in 2021.

2021 U.S. and Canada Outdoor Waterpark Openings

Waterpark	Location	Major Attractions
Private		
Wild Willie's Water Park	Enid	OK Reopening of Splash Zone. Slides, lazy river
Municipal		
Sand Mountain Park and Amphitheater	Albertville	AL Water slides, lazy river, splash pad, 3-lane lap pool, sports pool, vortex pool
Yogi Bear's Jellystone Park at Delaware Beaches	Lincoln	DE Two larger slides and children's play structure
Splash Cove and Overlook Adventure Park at Nelson Park	Decatur	IL Water slides, children's play structure, plunge pool, climbing wall, rope swing, six-lane 25-yard lap pool, splash pad, lazy river
Splash Valley Aquatic Park - Reopening	Kankakee	IL Slides, lazy river
SplashZone at Corrine J. Rose Park	Waukegan	IL The park's water playground includes a large water-dump bucket and three-story water tower with slides and offer equipment geared for ages 2 to 12.
Newton Pool	Newton	KS \$2.7M renovation of facility replaced pool, adds slides and lazy river
New Hope Aquatic Park	New Hope	MN 50m pool with diving boards, water slides, lazy river, vortex pool, youth play area
Kirksville Aquatic Center	Kirksville	MO Pools, diving board, climbing wall, slides, lap lanes, lazy river
Napoleon Aquatic Center	Napoleon	OH Water slides, an 8-lane 25-yard competition pool and a beach-style entry
Huether Family Aquatics Center	Yankton	SD 50-meter pool, zero-depth entry pool, slides, lazy river, splashpad
El Paso City Waterparks - Lost Kingdom	El Paso	TX Climbing wall, slides, water playground, lazy river, leisure pool, cabanas
El Paso City Waterparks - Oasis	El Paso	TX Surf machine, climbing wall, slides, water playground, lazy river, leisure pool, cabanas
El Paso City Waterparks - Chapoteo	El Paso	TX Climbing wall, slides, water playground, lazy river, leisure pool, cabanas
El Paso City Waterparks - Camp Cohen Aquatic Center	El Paso	TX Endurance river, climbing wall, slides, water playground, lazy river, leisure pool, cabanas
De Pere	De Pere	WI Zero-depth entry pool, water slides
Vandehy Waters Aquatic Center	Marshfield	WI Slides, lazy river, diving boards, lap pool, play structure, climbing wall
Buchner Pool Upgrade	Waukesha	WI 50-meter lap pool with diving well, wading pool, water slides, and current channel

Source: Hotel & Leisure Advisors, LLC, March 2022

The city of El Paso, Texas led the way in waterpark openings in 2021 with four new outdoor waterparks at various sites throughout the city with amenities ranging from leisure pools and lazy rivers to a surf machine, slides, and water playgrounds.

Resorts with Outdoor Waterparks Openings: With only five openings or expansions, resorts with outdoor waterparks had the smallest number of additions in 2021, but still outpaced results from 2020.

U.S. and Canada Resorts with Outdoor Waterpark Openings or Expansions in 2021

Resort	Location	Description
Arizona Biltmore Waterpark Addition	Phoenix AZ	New pools, slide tower, and splash area
Gaylord Palms Resort	Kissimmee FL	Crystal River Rapids action river
The Reservoir at the Ritz-Carlton Golf Resort	Naples FL	Slide tower and lazy river
Grove Resort & Spa Expansion	Orlando FL	160 condo units
Treasure Cove Water Park at Westgate Lakes Resort & Spa	Orlando FL	Waterslides, lazy river, children's play area

Source: Hotel & Leisure Advisors, LLC, March 2022

In addition to the U.S. properties shown above, in the Bahamas, Baha Mar Resort in Nassau added the \$200 million Baha Bay outdoor waterpark adjacent to the SLS and Melia Hotels. The well-themed waterpark opened in July 2021 and includes a wide range of rides and attractions. It is one of the most expensive waterparks to open in North America.

All U.S. Openings: The following map highlights the locations of the 2021 indoor and outdoor waterpark openings in the U.S. inclusive of resorts and standalone properties.



2021 saw four waterpark closures, including Splashtown San Antonio in San Antonio, Texas, and the CoCo Key Water Resort in Omaha, Nebraska.

COVID-19 IMPACT AND OTHER ECONOMIC REALITIES

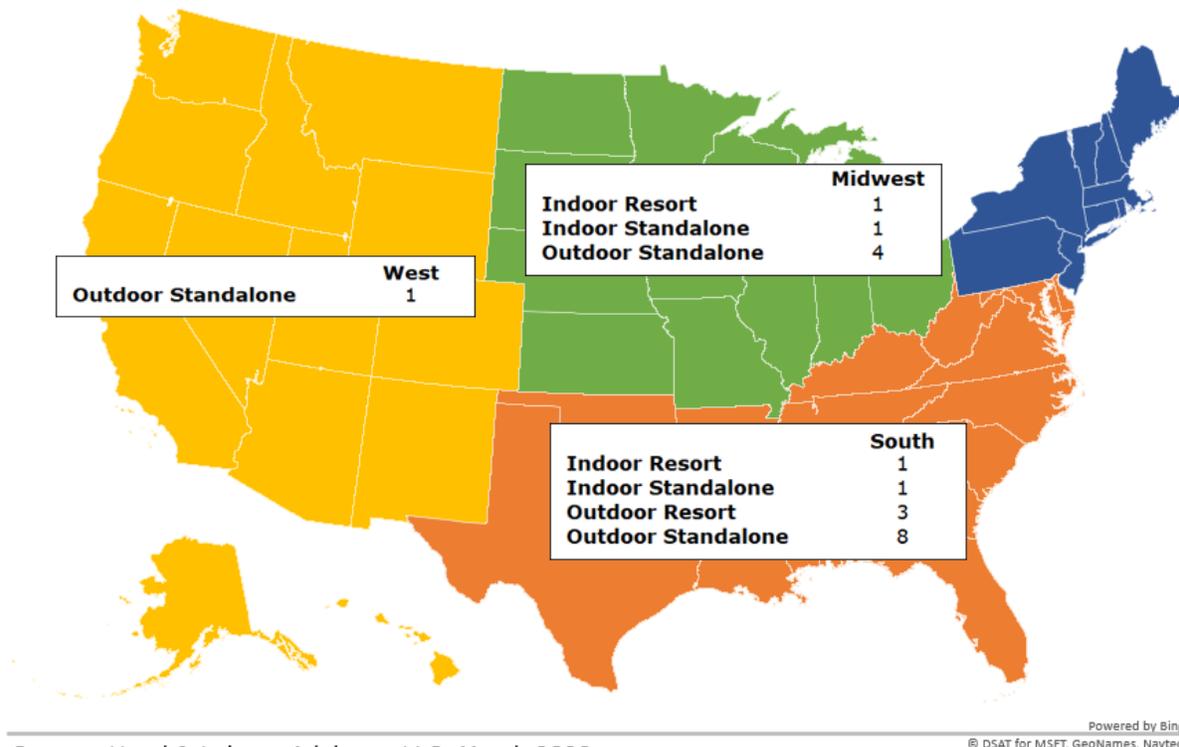
While 2022 started off rocky with COVID-19 infection rates soaring in many parts of the country, recent data indicates that the pandemic will quickly transition to endemic, with restrictions in most states being lifted as we return to normalcy. This transition is expected to have a positive effect on all industries, with waterparks poised to gain back demand lost in 2020 and 2021. However, though pandemic concerns will likely ease, there are lingering economic and operational effects that will continue to impact the industry as it moves to a full recovery. Inflation, increases in wages, and the labor shortage will all impact operations in 2022.

- **Labor Shortage:** As seen across many industries throughout 2021, the national labor shortage affected and will continue to affect the waterpark industry throughout the country in 2022. As industries reopened, waterparks and leisure properties were forced to staff quickly. This, combined with the many former workers still reluctant to get back into the roles they once had, caused shortages across all segments.
- **Wage Increases:** In part due to the labor shortage, wages and salaries grew by 4.7% in 2021. However, hospitality and leisure industry wages and salaries grew by 6.8%, an increase from 4.1% in 2020, according to the Bureau of Labor Statistics. Labor shortages have forced many waterpark and leisure properties to increase wages as they compete for workers. As an example, Schlitterbahn waterparks in Texas are advertising positions starting as high as \$17 per hour, a substantial increase from pre-COVID-19 levels.
- **Inflation Concerns:** The cost of nearly everything went up in 2021, which poses concerns for waterpark operators. As of January 2022, the U.S. inflation rate clocked in at 7.5%, a substantial increase from previous years. As the costs of food and beverage, labor, energy, and materials continues to increase, waterparks have to either absorb those costs and risk profits or pass those costs on to consumers in the form of higher admission rates.
- **Added Benefits:** With labor tight, operators are looking for new ways to retain employees by adding benefits. Herschend Family Entertainment, the nation's largest privately-owned themed attraction corporation, is offering to cover the cost of tuition, fees, and books for employees who wish to further their education. These types of benefits could help properties by encouraging employees to remain on the job longer term as they work through their classes.
- **Consolidation:** SeaWorld recently made a bid to acquire Cedar Fair, which would have created the largest operators of waterparks and related attractions in the United States. However, it was rejected as of the date of our research for this article.
- **Higher Pricing:** Most waterparks increased their prices in 2021 due to inflationary pressures, higher wage rates, and reduced capacity due to COVID-related concerns. Managers we have interviewed indicated that they expect higher prices to continue into 2022, which should allow for higher per capita spending and total revenue at most waterparks.

PROJECTIONS FOR 2022

For 2022, we will see growth across all segments of the waterpark industry with projected openings of 20 facilities. We also anticipate expansions of more than 31 existing facilities. Regionally, the South leads the U.S. with 13 projected openings. The Midwest will see six openings, and the West one. As of this writing, no major openings or expansions are anticipated for the Northeast. Overall, the number of projected openings is down from 2021. The following map highlights the locations of the properties.

2022 Waterpark Openings by Region



Source: Hotel & Leisure Advisors, LLC, March 2022

Indoor Waterparks: With projections of 232,500 square feet of new indoor waterpark space and over 330 new rooms, 2022 will be a year of continued growth in this market segment.

- OWA's amusement park, The Park at OWA, in Foley, Alabama, will open a 100,000-square-foot indoor waterpark and a family-friendly RV park as part of its \$100 million Phase II expansion project. An accompanying 200-room resort hotel with conference space will open in 2023.
- As part of a multi-sports complex in Goddard, Kansas, the Goddard Aquatic Center and Genesis Health Club is adding the 60,000-square-foot Blast Off Bay indoor waterpark and natatorium and a connected 133-room, four-story Hampton Inn hotel.

Beyond 2022, Great Wolf Lodge is constructing a 700-room property in Perrysville, Maryland, which will open in 2023, and has announced plans for new resorts in Texas, Tennessee, California, and Connecticut, making it one of the most growth-oriented companies in the indoor waterpark resort space.

Outdoor Waterparks: Growth in the outdoor segment will continue with 19 new standalone waterparks anticipated. Many existing waterparks are investing in modest to large expansions in 2022. Highlights include the following:

- The largest of these outdoor waterpark developments is Wild Rivers Waterpark, which will return to the city of Irvine, California after more than a decade. The original park operated from 1986 until its closure in 2011. The new, 26-acre, \$60

million park is located in Irvine’s Great Park and will be leased to operator Mike Riedel.

- Tampa’s Adventure Island will debut the Wahoo Remix, a family raft ride featuring synchronized light and sound elements, and Rapids Racer, the world’s first dueling saucer through tunnels and high-speed turns.

Resorts with Outdoor Waterparks: There are four planned expansions or new developments of resorts with outdoor waterparks in the United States in 2022. Highlights include the following:

- The 550-unit Landmark Resort is developing a \$3 million outdoor waterpark set to open in the summer of 2022. The 9,800-square-foot outdoor facility will feature slides and water play features.
- A \$175 million renovation is under way at The Boca Raton resort in Boca Raton, Florida. The updates include the Harborside Pool Club, which will feature cabanas, pools, a lazy river, five-story water slides, and a kids’ splash zone.

Surf Innovations: New innovations continue to be developed for the waterpark industry including multiple new man-made surfing facilities. The leading companies in this space include Wavegarden, Citywave, American Wave Machines, Surf Lakes, and SurfLoch/WaveLoch. We expect to see additional opportunities for consumers to enjoy surfing on artificial waves in the coming years as developers work to construct multiple projects.

Surf parks appeal to a wide range of customers in various life stages, including families with children. Surf parks can capitalize on that in much the same way waterparks have by creating family-friendly environments coupled with memorable experiences. This will increase the reach and scope of the sport in a way that may lead to dramatic growth in coming years.

Surf parks have strong developer interest in North America and throughout the world. The following table shows the number of surf parks proposed or under construction . These do not include projects in very preliminary stages.

Planned Surf Parks	
by World Region	
Africa	0
Asia	1
Europe	21
Middle East	0
North America	18
Oceania	5
South America	1
Total	46

Source: Hotel & Leisure Advisors, LLC, March 2022

The United States could see five new surf parks open in 2022.

- The Palm Springs Surf Club is performing a \$50 million redevelopment of the former Wet ‘n’ Wild waterpark in Palm Springs, California. The project will feature

a three-million-gallon, state-of-the-art Surf Loch technology wave pool. The developers have transformed an existing pool with large-wave-making technology which will be open to the public. Other planned amenities include a lazy river and restaurant.

CONCLUSION

After two years of uncertainty, the waterpark industry is poised to splash into 2022 operating from a place of strength. Many indoor waterpark resorts outperformed traditional hotels during the past 12 months due to their strong demand from leisure families. Leisure demand actually grew during the pandemic in contrast to the group and corporate segments, providing a boon to properties with lodging components. There are new waterpark resorts proposed and under construction throughout the United States with Great Wolf Lodge leading the way with multiple new projects. New standalone waterpark projects are also projected to open both indoor and outdoor by municipal and private developers. As the market remains strong for development, financing challenges, inflation, and labor costs will remain a concern and may dampen some opportunities.

However, as much as the pandemic forced the industry to adapt, fundamentals of waterparks remain strong, and we expect to see continued growth. With a couple of tough years seemingly behind us, owners, operators, and developers can take the lessons learned and challenges faced into the recovery with renewed hope and perspective. While the waterpark industry has not changed in essentials, we are excited to see further innovation and adaptation as the industry gets back to the basics of entertainment and immersive fun on the road to a robust recovery.

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, waterpark, 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 and Heidi Banak for their assistance with the article. For a list of 2022 openings and expansions, please see our website to purchase.