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Delavan resort plans splashy expansion

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Lake Lawn to add condo units, water park

Delavan – Plans to expand Lake Lawn Resort in Delavan have grown and now include 1,000 new rooms, the resort's owners said Wednesday. Project Expansion

The \$390 million, four-year redevelopment plan for Lake Lawn, which is on Lake Delavan in Walworth County, will create 1,222 rooms and suites, including the remodeling of 222 existing rooms, said Tom Quinn, a co-owner.

Construction on the project's first phase is scheduled to begin next month, Quinn said.

The Delavan Planning Commission on Monday recommended zoning approval for the project.

The Common Council is scheduled to review it Sept. 13.

The new owners, who bought Lake Lawn last fall, initially said they would expand it from 284 rooms to a 779-room condominium hotel complex. At condo hotels, the buyers of individual rooms and suites make the units available for day-to-day rentals when they're not using them.

Lake Lawn's redevelopment plans grew because demand for the condo units was greater than expected, Quinn said.

The rooms – priced from around \$162,000 to \$683,000 – are being marketed to people within a 90-minute drive of Delavan, Quinn said, an area that includes Chicago, Milwaukee and Madison. The typical rooms, with 404 to 528 square feet, are priced from \$226,720 to \$299,520, with daily rental rates expected to run from around \$150 to \$500.

By contrast, Lake Lawn now offers rooms for as low as \$69 a day, according to the resort's Web site.

Condo hotels have popped up in recent years at popular Wisconsin spots such as Lake Geneva, Door County and Wisconsin Dells, said Greg Hanis, an industry

consultant. Developers can get a faster return on their investments by selling condo units instead of operating a traditional hotel, he said.

However, the development's success hinges on whether the condos sell at a relatively quick pace, said Hanis, who operates Hospitality Marketers Inc., a Pewaukee firm.

Lake Lawn's redevelopment will include a 130,000-square-foot indoor water park, a 165-slip marina and boardwalk, and a 30,000-square-foot spa. Other amenities will include 150,000 square feet of new and renovated meeting space, a redesigned golf course and five new restaurants.

The development's first phase, which focuses on renovating 222 of Lake Lawn's 284 existing rooms, will be complete by spring. The resort will remain open during construction, and 62 of the resort's existing rooms will be demolished to make way for new construction, Quinn said.

The renovated rooms will include flat screen TVs, fireplaces and other new amenities.

Construction on the second phase, which will include the 1,000 new rooms, the water park, meeting rooms and restaurants, will begin next spring. The other new features, including the spa and marina, will be developed later.

Most of the resort's new buildings will be five stories, with one six-story building planned, Quinn said. The current resort building, where rooms will be renovated, has just two stories.

By making the new buildings taller, the owners will preserve more green space than if the new buildings had fewer floors, Quinn said.

Lake Lawn includes 258 acres of wooded lakeside land, with around 1.5 miles of shoreline on Delavan Lake, which has more than 2,000 acres and 13 miles of shoreline.

"Because of the size of the resort, I think it requires multiple amenities," Quinn said. "But I think we still regard Delavan Lake as our crown jewel."

The new owners, operating as Delavan Resort Holdings LLC, bought the resort last fall for \$31.95 million and bought an adjacent private airfield for just more than \$1 million from Los Angeles-based Oaktree Capital Management, according to the Walworth County register of deeds. The ownership group has several investors from southeastern Wisconsin, Quinn said.

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