

BUSINESS

Third park could aid hotel boom DEVELOPMENT: Disney's announcement of a new theme park may encourage investors to finance building more rooms in Anaheim.

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The backlog of hotels waiting to be built in the Anaheim Resort District might shrink now that the Walt Disney Co. has announced plans to open a third theme park in the area.

Wilson Wang, vice president of real estate consultant Atlas Hospitality, said Monday that he thinks a third Disney park will help hotel developers get financing. Hotel financing has been difficult to come by lately in the area, partially because room rates are lower there than they are in other California tourist destinations. For example, Anaheim's average room rate last year was \$71, compared with \$150 in San Francisco, \$139 in San Diego and \$109 in Los Angeles.

"The lenders are now looking at performance," Wang said. "Obviously what the lenders are looking for are the future profits."

Disney said Friday it plans to build a third theme park on 78 acres near Disneyland and the under-construction California Adventure. The entertainment company said size and specifics haven't been decided, but some possibilities include a water park and a mix of new rides and familiar rides from existing Disney parks. The park might include hotels, stores and restaurants. The first phase will open in 2003; the park is expected to be finished by 2010.

Four hotels are under construction and 15 in the latter part of the planning process in the Anaheim Resort District, according to data gathered by Costa Mesa-based Atlas Hospitality Group. Six months ago, Atlas reported two hotels under construction and 14 in the planning process.

Bob Olson, of **R.D. Olson Development** Co., said Disney's announcement of a third park will make investors feel more confident that the Disneyland area is a feasible market for hotels.

Olson said a lot of investors have been wondering whether Disney's second theme park, California Adventure (55 acres vs. the 75-acre Disneyland), will have more day users than overnight guests.

"It's difficult to get a deal done," Olson said.

Olson's Irvine-based company is building a Holiday Inn and a Staybridge Hotel in Anaheim.

Some experts argue that developers who've applied for hotel financing already factored a possible third Disney park into their proposals.

"It confirms what everyone believes is going to happen anyway," said Betsy Wilson, a consultant with PKF Consulting of Los Angeles. "It's so far off I don't know if it's going to help the financing issue of today."

Disneyland is Anaheim's main draw for entertainment, but there are or will be others: the Anaheim Angels baseball team, the Mighty Ducks hockey team, and Gotcha Glacier, a planned \$105 million indoor extreme-sports complex.

Rick Lawrance, executive vice president of the California Lodging Industry Association, said the recent revitalization of the Anaheim Resort District is having a large impact on all of Anaheim.