

The condos are sold as vacation homes, but the buyers also rent them out as hotel rooms when they're not using them – making the condos affordable to a wider market.

Peterson was among the first to introduce condo resorts to the Wisconsin Dells area in 1988. He's now bringing the concept to Lake Geneva with two separate developments: The Cove, with 222 units, and Harbor Cove, with 108 units. They represent the area's largest real estate investment since Marcus Corp., of Milwaukee, spent \$20 million renovating the Grand Geneva Resort and Spa.

The Cove, which will include a HOULIHAN'S Restaurant & Bar, so far has an investment of \$2.45 million for land acquisition and \$14 million in estimated construction costs, according to public records. Peterson estimated Diversified will spend \$5 million to buy the neighboring Hilton Inn of Lake Geneva and \$3.5 million to convert it to Harbor Cove.

The Cove's units will generate an estimated \$27 million in sales, Peterson said, while Harbor Cove will generate an estimated \$13 million in sales.

Some real estate observers wonder how Peterson's developments will affect the Lake Geneva area's tourism industry. Anvan Corp., a Lombard, Ill., developer, has run into financial problems after buying Lake Lawn Lodge resort in Delavan, and after building Geneva National, a 1,600-acre housing development on Lake Como.

"Obviously, this is a very busy area," said John Tisdall, president of Coldwell Banker Geneva Lakes real estate agency. "But does it have the ability to absorb 222 very high-end hotel rooms?"

Peterson said the Cove's units, which he started marketing earlier this year, were sold out by July. He said Harbor Cove had sold 54 of its 108 units since Aug. 5, when marketing of that project began.

Vacation Appeal

The condos are selling quickly, Peterson said, because they include the amenities vacation home buyers want. The Cove and Harbor Cove have views of Geneva Lake, and will include indoor and outdoor swimming pools, whirlpools, saunas, and fitness centers.

The Lake Geneva area draws most of its tourists from Chicago, which is just 70 miles away. Chicago's northern suburbs are even closer.

"People can get up here in 45 minutes to an hour," Peterson said.

Also, condo resorts provide a sound approach for buying a vacation home, Peterson said, because they can be rented out as hotel

Thomas Diehl, Investor in Dells condos:

"What I didn't understand was that the reason those people weren't coming is because the Dells didn't have the facilities."

