

# The Frightening Economics of Haunted Houses



[Article Link](#)





**Despite Halloween's ever-increasing popularity, haunted houses are risky endeavors, labor-intensive businesses.**

**Must earn a year's worth of income over a few weekends in September and October.**

**"It's a seasonal business - you are gambling your livelihood every single year"**

# The BOOMING Halloween industry

Annual expected Halloween spending in the US



DATA: National Retail Federation

the HUSTLE

- Now 2,000+ haunted houses in the US as there were in the 90's
- Estimated 1,200 haunted attractions (charging admission) and 3,000 charity attractions
- Estimated \$300m to \$500m annually
- Dominated almost entirely by small business owners and nearly devoid of chain
- Despite a greater appetite for Halloween, it's as difficult as ever to start a haunted house

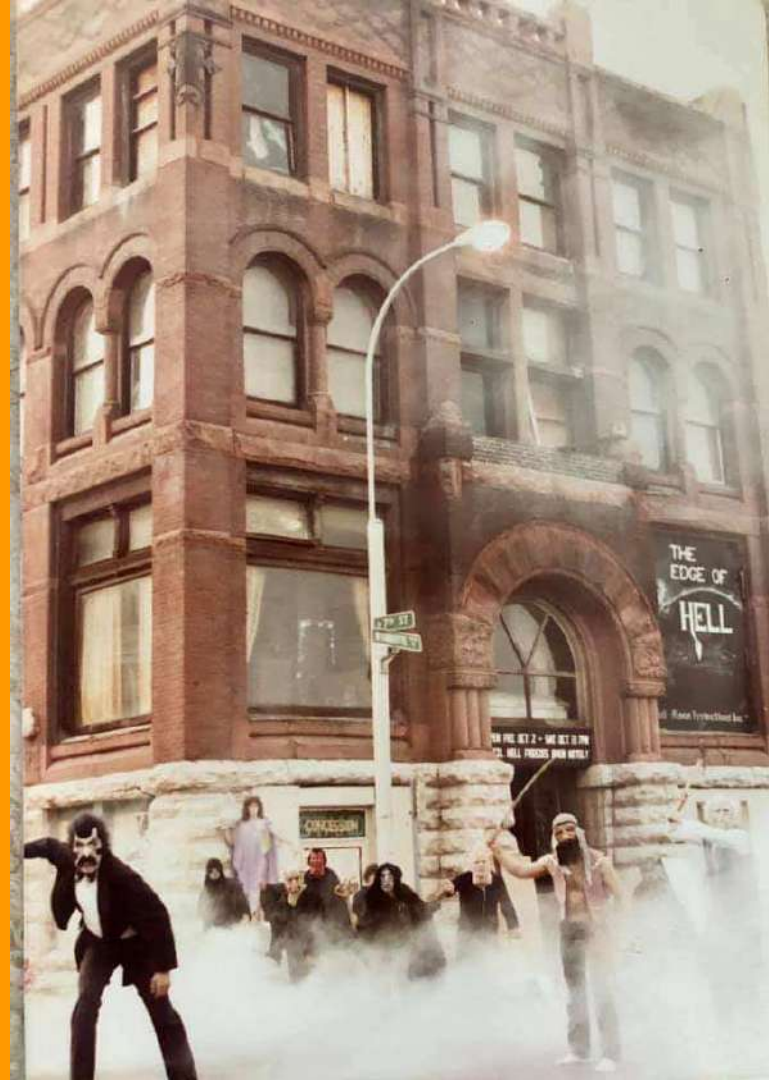




Size & price limit  
large haunted  
houses from taking  
root in prime  
locations of  
expensive coastal  
cities.

Ohio, Kentucky &  
Missouri have  
more than 3x as  
many per capita as  
California.

Many new haunted  
houses now start  
on farms while  
others follow a

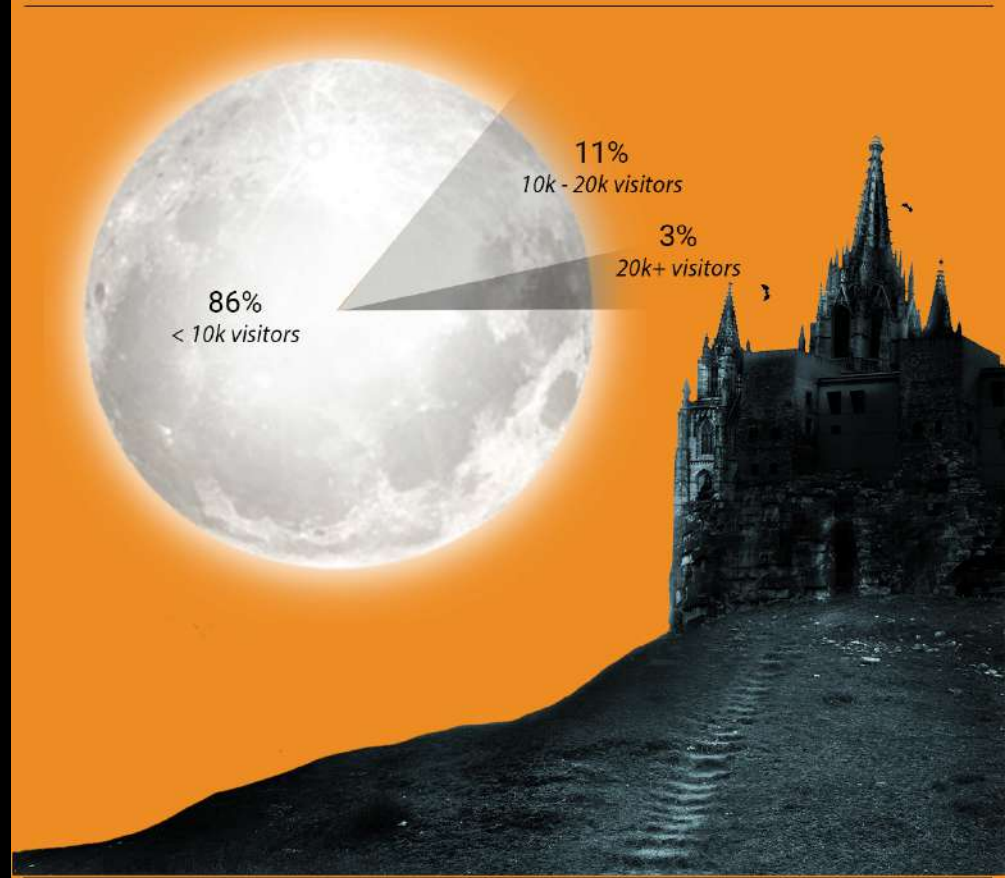


# Transient Model

- Lease a shuttered building in a suburban strip mall for two to three months.
- While cost effective, it's risky
- Landlords may back out if they find a long-term tenant.
- Haunted-house operators struggle to build elaborate shows or develop a consistency of location.
- You're only making money for a month
- The rest of the year you're just spending money.

## Most haunted houses are small businesses

Haunted house market in the US by annual visitor count



DATA: America Haunts

# Common mistakes of aspiring haunted-house operators

## **Poor budgeting**

Average haunted houses cost \$250,000 to start and requires reserves to keep going (insurance costs, props, sets, fake blood, seasonal employees, etc.)

## **Providing an inadequate experience**

To turn a profit, must be able to accommodate as many as 500-1K people per hour

## **Forgetting about compliance**

Must consult with city officials to avoid shut downs because of code violations

## **Need for devoted investors**

Banks rarely offer loans for haunted houses





# Success is still hardly a guarantee...



- Year's worth of preparation and expenses comes down to a few weekends.
- Rainy weekends can reduce visitors
- Brief economic downturns hitting at exactly the wrong time also hurt
- Other entertainment options can also be disruptions
  - Local Major League Baseball teams make postseason runs, area haunted houses often struggle as would-be customers go to games or watch baseball at local venues

# Discussion Questions

(I cut/post these onto Google Classroom QUESTION for students to answer while we discuss the slides)

1. Why is opening a Haunted House a risky business venture?
2. How has Halloween spending changed over the past few years?
3. What is the difficulty with real estate in starting a haunted house?
4. How does the transient model of real estate work?
5. What was ONE of the states mentioned with a majority of haunted houses?
6. What was ONE of the common mistakes made by aspiring haunted-house operators?
7. What type of ownership are most haunted houses?
8. Why is success not guaranteed even with a year's worth of preparation?
9. What was something you learned about haunted houses from this presentation?
10. Have you ever been to a haunted house?



# Discussion Questions

(These came from ChatOn and posted by another wonderful business educator)

1. What are some of the major costs involved in setting up and operating a haunted house attraction?
2. How do haunted house owners determine ticket prices and ensure they are profitable?
3. Which factors contribute to the success or failure of haunted houses from an economic perspective?
4. Are there any specific marketing strategies that haunted house operators use to attract customers and maximize profits?
5. How do haunted house organizers manage their finances to ensure long-term sustainability?
6. Are there any economic benefits that haunted houses bring to the local community?
7. What are some innovative revenue streams that haunted houses have explored to boost their profitability?
8. How do seasonal fluctuations and market competition impact the economic viability of haunted houses?
9. Are there any unique challenges or opportunities for haunted house businesses during economic downturns or recessions?
10. How do haunted house operators balance the need for high-quality scares with cost-efficiency?