



MARKET TRENDS | HOTEL SEATTLE

3RD QUARTER
2020

Estimated 2019 ▼ ROOM OCCUPANCY | ▲ AVERAGE ROOM RATE | ◀▶ DAILY REVPAR

Projected 2020 ▼ ROOM OCCUPANCY | ▼ AVERAGE ROOM RATE | ▼ DAILY REVPAR

Year-over-year change

Following the worst spring season on record, most lodging markets in and near Seattle have begun what promises to be a slow recovery. Thus far in 2020, we estimate that hotels have seen average reductions of 42% in demand, 18% in room prices, and 52% in room revenue, as compared to the same period in 2019.

Downtown hotels were hit most severely, due in part to their heavy reliance on corporate travel and conventions. Many businesses, particularly tech companies, instituted policies that keep most employees at home and limit the number of visitors. Every convention center in the region suspended operation, and many of the largest hotels in Seattle, Spokane, and Portland remained closed through the summer.

In this region, a key indicator of lodging demand is the volume of travel through SeaTac Airport. Air passenger traffic declined sharply in March and April and increased slowly in subsequent months. Hotel demand followed a similar pattern, with a deep trough in April followed by a gradual recovery. As of August 2020, the monthly passenger count was still 70% less than the figure reported for August 2019, but the direction of change is positive.

Early in the pandemic, many hotel owners requested and received deferral of debt service payments. Now that these extensions are expiring, the patience of lenders is wearing thin. With most lodging markets likely to struggle for at least another six months, the best way to avoid a rash of foreclosures may be to grant further deferrals, allow interest to accrue, and extend the loan terms.

Hotel Market Performance

Market	Room Occupancy			Average Room Rate			Daily RevPAR		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Seattle CBD	83.3%	44.6%	-46.5%	\$223	\$190	-15.0%	\$186	\$85	-54.5%
South Lake Union	77.4%	40.0%	-48.3%	\$176	\$135	-23.1%	\$136	\$54	-60.3%
Northgate/University	73.2%	45.0%	-38.5%	\$145	\$113	-22.1%	\$106	\$51	-52.1%
Bellevue CBD	70.8%	42.2%	-40.4%	\$198	\$172	-13.0%	\$140	\$73	-48.1%
Everett	71.5%	47.2%	-34.0%	\$108	\$84	-22.1%	\$77	\$40	-48.6%
SeaTac	76.8%	46.0%	-40.1%	\$149	\$116	-22.1%	\$114	\$53	-53.3%
Dupont/Lakewood	75.1%	48.0%	-36.1%	\$121	\$109	-10.3%	\$91	\$52	-42.7%
Puyallup/Sumner	86.7%	42.1%	-51.4%	\$138	\$117	-15.0%	\$120	\$49	-58.7%
Sample Average	76.9%	44.4%	-42.2%	\$157	\$130	-17.6%	\$121	\$57	-52.4%

MARKET UP CLOSE

THE CORONAVIRUS PANDEMIC continues to have a severe impact on hotel performance.

FOLLOWING a deep trough in April, local lodging markets have begun a slow recovery.

AS COMPARED to the first nine months of 2019, lodging demand is down by an average of 42%.

ROOM PRICES are being discounted by 10% to 23%.

THE AVERAGE decrease in room revenue is 52%.

SEVEN NEW HOTELS have opened thus far in 2020, and seven more are under construction.

THE HOTEL TRANSACTION VOLUME has dropped by half from the prior year, with only six sales thus far in 2020 at prices above \$2MM.

RECENT HOTEL SALES

Name	Location	Year Built	Date	Price	Rooms	\$/Room	\$/SF
Clarion Inn	Tacoma	1969	February 2020	\$10,500,000	128	\$82,031	\$159
La Quinta Inn & Suites	Everett	1989	March 2020	\$7,900,000	73	\$108,219	\$435
Econo Lodge	Kent	1978	March 2020	\$4,000,000	86	\$46,512	\$435
Aerie Hotel	Tacoma	1950	July 2020	\$2,470,000	40	\$61,750	\$178
Wallingford Inn	Seattle	1905	March 2020	\$2,100,000	26	\$80,769	\$165
K & E Motor Inn	Edmonds	1957	August 2020	\$2,080,000	25	\$83,200	\$182

RECENT OPENINGS/UNDER CONSTRUCTION

Name	Address	City	Type	Opening	Rooms
Courtyard Northgate	10733 Meridian Avenue N	Seattle	Select	February 2020	140
citizenM	201 Westlake Avenue N	Seattle	Limited	May 2020	264
Comfort Inn & Suites	12704 Pacific Highway SW	Lakewood	Limited	May 2020	55
Hilton Garden Inn	3801 Alderwood Mall Boulevard	Lynnwood	Select	June 2020	154
Candlewood Suites	2520 136th Ave Ct E	Sumner	Extended	August 2020	109
Hilton Garden Inn	16630 Redmond Way	Redmond	Select Service	September 2020	177
Lotte Hotel	801 5th Avenue	Seattle	Full	September 2020	189
Marriott Tacoma Downtown	1538 Commerce Street	Tacoma	Full Service	November 2020	304
Woodspring Suites	11329 Pacific Highway SW	Lakewood	Extended	January 2021	122
Home2 Suites	4070 116th Street NE	Marysville	Extended	2021	90
Marriott Seattle South Lake	300 Terry Avenue N	Seattle	Full Service	2021	267
Holiday Inn Express	969 118th Avenue SE	Bellevue	Limited	2021	164
La Quinta Inn & Suites	11430 38th Drive NE	Marysville	Limited	2021	117
Best Western Plus	8045 S Hosmer Street	Tacoma	Limited	2021	85



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CONTACT

BRIAN HATCHER
President & COO
206.296.9600
brian.hatcher@kidder.com

The information in this report was composed by the Kidder Mathews Valuation Advisory Group.

JOHN GORDON, MAI, AI-GRS
425.454.7040
john.gordon@kidder.com

KIDDER.COM

COMMERCIAL BROKERAGE

27M ANNUAL SALES SF
450+ NO. OF BROKERS
\$9.6B ANNUAL TRANSACTION VOLUME
42M ANNUAL LEASING SF

VALUATION ADVISORY

1,680+ APPRAISALS ANNUALLY
37/23 TOTAL NO. APPRAISERS/MAI'S

PROPERTY MANAGEMENT

70M+ MANAGEMENT PORTFOLIO SF
\$12B+ IN ASSETS UNDER MANAGEMENT

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