



# MARKET TRENDS | HOTEL SEATTLE

4TH QUARTER  
2020

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

Projected 2021 ▲ ROOM OCCUPANCY | ▲ AVERAGE ROOM RATE | ▲ DAILY REVPAR

Year-over-year change

There are no words that adequately convey the devastating impact of the 2020 pandemic on the local lodging market. The shock to the industry was not merely unanticipated or unprecedented. It was unimaginable.

It also was quite sudden. The first cases of the virus were reported in January and February. Restrictions on travel and gatherings were imposed in March. By April, demand for lodging had evaporated, with some markets recording occupancy rates in single digits. Many hotels closed their doors for several months, and many of those that remained open reduced services and furloughed staff.

The impact was most severe in urban markets that depend on conventions, sporting events, and other group functions. Hotels in smaller outlying communities were less affected, and some rural and coastal resorts were able to attract displaced leisure travelers.

We reviewed the recent performance of selected lodging markets in King, Pierce, and Snohomish Counties. In comparison

to the prior year, these markets recorded average decreases of 45% (34 points) in occupancy, 20% in average room rate, and 56% in daily revenue per available room.

While most hotels have seen some recovery since the April trough, the remaining duration and impact of the pandemic is an open question. This uncertainty has kept most investors on the sidelines and limited recent sale activity to small inns and budget motels. Several hotel projects that were already underway are being completed, but most proposals for future development are on hold.

Kidder Mathews has completed 30 hotel appraisals since the onset of the pandemic. Based on our research, and assuming that the new vaccines prove effective, we are projecting full recovery in lodging demand by 2022 in most rural and resort markets, by 2023 in most suburban markets, and by 2024 in major urban markets.

## Hotel Market Performance

Market	Room Occupancy			Average Room Rate			Daily RevPAR		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Seattle CBD Upscale	81.7%	26.7%	-67.3%	\$231	\$186	-19.5%	\$189	\$50	-73.7%
South Lake Union	82.7%	37.6%	-54.5%	\$195	\$131	-32.8%	\$161	\$49	-69.5%
Edmonds/Lynnwood	72.2%	39.5%	-45.3%	\$124	\$101	-18.5%	\$90	\$40	-55.4%
Bellevue CBD	70.8%	42.2%	-40.4%	\$198	\$172	-13.1%	\$140	\$73	-48.2%
Everett	71.5%	47.2%	-34.0%	\$108	\$84	-22.2%	\$77	\$40	-48.7%
SeaTac	76.8%	46.0%	-40.1%	\$149	\$116	-22.1%	\$114	\$53	-53.4%
Dupont/Lakewood	75.1%	48.0%	-36.1%	\$121	\$109	-9.9%	\$91	\$52	-42.4%
Northgate/University	73.2%	45.0%	-38.5%	\$145	\$113	-22.1%	\$106	\$51	-52.1%
<b>Sample Average</b>	<b>75.5%</b>	<b>41.5%</b>	<b>-45.0%</b>	<b>\$159</b>	<b>\$127</b>	<b>-20.4%</b>	<b>\$120</b>	<b>\$53</b>	<b>-56.2%</b>

## MARKET UP CLOSE

**THE YEAR 2020** was the worst on record for local hotels.

**AMONG THE MARKETS SURVEYED**, lodging demand was down by 45%.

**THE AVERAGE DISCOUNT** in room prices was 20%.

**THE AVERAGE DECREASE** in room revenue was 56%.

**TEN HOTELS** were purchased at prices exceeding \$2MM, the fewest since 2013.

**TEN NEW HOTELS** opened in 2020 and eight more are under construction.

## 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	\$263
Motel 6	Kirkland	1988	November 2020	\$6,407,052	123	\$52,090	\$196
Motel 6	Issaquah	1978	November 2020	\$5,615,320	103	\$54,518	\$204
Smokey Point Motor Inn	Arlington	1976	September 2020	\$5,500,000	54	\$101,852	\$232
Studio 6	Mountlake Terrace	1997	December 2020	\$5,413,468	125	\$43,308	\$132

## RECENT OPENINGS/UNDER CONSTRUCTION

Name	Address	City	Type	Opening	Rooms
La Quinta Inn & Suites	11430 38th Drive NE	Marysville	Limited	July 2020	117
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	December 2020	122
Holiday Inn Express	969 118th Avenue SE	Bellevue	Limited	2021	164
Home2 Suites	4070 116th Street NE	Marysville	Extended	2021	90
Marriott Seattle South Lake	300 Terry Avenue N	Seattle	Full Service	2021	267
Best Western Plus	8045 S Hosmer Street	Tacoma	Limited	2021	85
element	515 Industry Drive	Tukwila	Extended	2021	177
Tru by Hilton	395 Corporate Drive S	Tukwila	Limited	2021	92
InterContinental Hotel	NWC NE 8th Street & Bellevue Way NE	Bellevue	Full Service	2022	251
citizenM Pioneer Square	60 Yesler Way	Seattle	Select	2022	232



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## COMMERCIAL BROKERAGE

**23M** ANNUAL SALES SF  
**\$8B** ANNUAL TRANSACTION VOLUME  
**450+** NO. OF BROKERS  
**42M** ANNUAL LEASING SF

## VALUATION ADVISORY

**1,800+** APPRAISALS ANNUALLY  
**39/20** TOTAL NO. APPRAISERS/MAI'S

## PROPERTY MANAGEMENT

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

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