



MARKET TRENDS | **HOTEL**
SEATTLE

2ND QUARTER
2021

Actual 2020	▼	ROOM OCCUPANCY		▼	AVERAGE ROOM RATE		▼	DAILY REVPAR
Projected 2021	▲	ROOM OCCUPANCY		▲	AVERAGE ROOM RATE		▲	DAILY REVPAR
Year-over-year change								

Vaccination (noun, vac-ci-CA-tion) – a travel holiday taken by individuals and families who are now fully vaccinated and who have been stuck at home far too long.

Leisure travel is back, and with a vengeance. As of May, the passenger volume at SeaTac Airport had recovered to 68% of the pre-pandemic level, the highest monthly ratio since the outbreak began, and arriving visitors are bringing far more strollers than briefcases. The surge in tourism likely will carry most lodging markets through a strong summer season.

What happens in the fall is an open question. Many companies are bringing their employees back to the office, but it is unclear when traditional business travel will resume. And while the state’s convention centers are reopening, several years may be required for group demand to fully recover.

Among three samples of hotels in King and Snohomish Counties, market demand for the second quarter 2021 was nearly triple the volume reported in 2Q 2020. Room prices are recovering as well: the increase from 2Q 2020 to 2Q 2021 averaged 22%.

Recent openings include the element in Tukwila, the Silver Cloud Hotel in Ruston, and The Lodge at St. Edward’s Park in Kenmore. Construction is underway on hotels in the Seattle CBD, South Lake Union, South Tacoma, and Downtown Bellevue. Work is still paused on another Bellevue hotel and one in Marysville. Most proposals for new

hotels remain on hold, but developers are beginning to emerge from hibernation.

Hotel sales during 2Q 2021 include Hotel 1000 in the Seattle CBD, the new Residence Inn in Renton, and three budget hotels in Pierce County, one of which was purchased for conversion to apartments. King County closed on hotels in Seattle and Renton, part of its effort to acquire housing for homeless residents.

The recent surge in tourism is an encouraging sign, particularly for the coming summer season. However, a full market recovery will await the return of business travelers and a resumption of conventions, weddings, and other group functions. We continue to project recovery periods of one additional year in rural and resort markets, two years in suburban markets, and three years in the Seattle CBD.

Market Up
Close

OCCUPANCY rates continue to rise throughout the region

DISCOUNTS offered during the pandemic are being phased out

SALE activity is accelerating

THREE HOTELS opened in 2Q 2021 and several more were under construction

MOST PROPOSALS for new hotel developments remain on hold awaiting the recovery

HOTEL PERFORMANCE

Market	Room Occupancy			Average Room Rate			Daily RevPAR		
	2Q 2020	2Q 2021	Change	2Q 2020	2Q 2021	Change	2Q 2020	2Q 2021	Change
Seattle CBD	7.6%	29.6%	288.4%	\$128	\$169	32.8%	\$10	\$50	415.9%
Renton	20.9%	56.9%	172.2%	\$98	\$122	24.3%	\$21	\$70	238.3%
Lynwood	21.9%	59.1%	170.4%	\$88	\$92	3.8%	\$19	\$54	180.8%
Sample Average	16.8%	48.5%	189.0%	\$105	\$128	22.0%	\$17	\$58	250.7%

HOTEL DEVELOPMENT

Property	Address	City	Type	Opening	Rooms
Tru by Hilton	395 Corporate Drive S	Tukwila	Limited	February 2021	92
The Lodge at St Edward Park	14477 Juanita Drive NE	Kenmore	Boutique	May 2021	84
Silver Cloud Hotel	512 Grand Loop	Ruston	Select	June 2021	194
Element	515 Industry Drive	Tukwila	Extended	July 2021	177
Marriott Seattle South Lake	300 Terry Avenue N	Seattle	Full	2021	267
Best Western Plus	8045 S Hosmer Street	Tacoma	Limited	2021	85
citizenM Pioneer Square	60 Yesler Way	Seattle	Select	2022	232
InterContinental Hotel	NWC NE 8th Street & Bellevue Way	Bellevue	Full	2022	251
Holiday Inn Express	969 118th Avenue SE	Bellevue	Limited	TBD	164
Home2 Suites	4070 116th Street NE	Marysville	Extended	TBD	90

HOTEL TRANSACTIONS

Property	Location	Year Built	Sale Date	Sale Price	Rooms	\$/Room	\$/SF
Hotel 1000	Seattle	2006	June 2021	\$55,000,000	120	\$458,333	\$413
Residence Inn	Renton	2019	June 2021	\$41,750,000	146	\$285,959	\$433
Extended Stay America	Renton	1998	June 2021	\$28,600,000	110	\$260,000	\$422
The Inn at Queen Anne	Seattle	1930	June 2021	\$16,500,000	68	\$242,647	\$489
Days Inn	Lakewood	1990	April 2021	\$5,770,000	77	\$74,935	\$212
Northwest Motor Inn	Puyallup	1985	June 2021	\$5,000,000	54	\$92,593	\$301
Howard Johnson	Tacoma	1983	June 2021	\$4,800,000	68	\$70,588	\$116



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COMMERCIAL BROKERAGE

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

VALUATION ADVISORY

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

ASSET SERVICES

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

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