



MARKET TRENDS | HOTEL SEATTLE

1ST QUARTER
2022

Actual 2021	▲ ROOM OCCUPANCY	▲ AVERAGE ROOM RATE	▲ DAILY REVPAR
Projected 2022	▲ ROOM OCCUPANCY	▲ AVERAGE ROOM RATE	▲ DAILY REVPAR

Year-over-year change

Slowly but surely, the recovery from the coronavirus pandemic continues.

We reviewed the performance of selected hotels in eight submarkets of King and Snohomish Counties. For the first three months of 2022, the average room occupancy rate was 51.9%, an increase of 14 points over the same period in 2021. Occupancy is quite strong in Everett and has nearly recovered in SeaTac and the University District. The recovery has been slower for the samples in Bellevue, South Lake Union, and the Seattle CBD, areas that rely heavily on corporate travel and group functions.

Room prices increased in each of the markets surveyed, in some cases exceeding the pre-pandemic rates. During 1Q2022, the average price of a room for the hotels sampled in Downtown Seattle was \$170, up from \$130 for the first quarter of 2021 but still less than the \$188 ADR recorded in 1Q2020. Hotels in Bellevue and South Lake Union followed the same pattern. By contrast, prices in some suburban markets have fully recovered.

In the first quarter of 2022, there were five conventional sales of hotels at prices exceeding \$2,000,000. In addition, hotels in Tacoma and Kirkland were purchased for conversion to affordable apartments and transitional housing. Over the past two years, at least 13 hotels, most in the budget tier, have been purchased for conversions, reducing the macro market room supply for the first time on record. At present, the three counties are home to about 420 conventional hotels and just under 56,000 guestrooms.

As of March 2022, six hotels are under construction. The Astra Hotel in South Lake Union is scheduled to open in May. The new Best Western in South Tacoma should follow in September. In total, the six hotels will add 1,147 guestrooms to the macro market supply. This figure does not include projects that have yet to break ground.

Market Up Close

OCCUPANCY RATES are increasing across the board, though rates remain low for many large urban hotels

ROOM PRICES have fully recovered in some suburban markets and are showing strong growth in urban areas

DURING 1Q 2022, there were five sales of hotels at prices exceeding \$2,000,000

SIX HOTELS with 1,147 guestrooms are under construction

LOCAL GOVERNMENTS and private developers purchased two hotels for conversion to affordable or transitional housing, continuing a two-year trend.

HOTEL PERFORMANCE

Market	Room Occupancy			Average Room Rate			Daily RevPAR		
	1Q20	1Q21	1Q22	1Q20	1Q21	1Q22	1Q20	1Q21	1Q22
Seattle CBD	55.3%	11.3%	38.6%	\$188	\$130	\$170	\$104	\$15	\$65
South Lake Union	60.2%	45.1%	40.4%	\$132	\$78	\$107	\$80	\$35	\$43
University	55.1%	44.1%	53.8%	\$137	\$104	\$138	\$75	\$46	\$74
North Seattle	43.4%	33.9%	51.3%	\$98	\$94	\$118	\$43	\$32	\$61
Bellevue	46.0%	25.2%	43.9%	\$161	\$80	\$133	\$74	\$20	\$58
SeaTac	72.8%	48.8%	68.8%	\$107	\$82	\$109	\$78	\$40	\$75
Lynnwood	56.1%	43.6%	51.6%	\$117	\$91	\$116	\$65	\$40	\$60
Everett	53.7%	49.7%	66.7%	\$92	\$73	\$90	\$49	\$36	\$60
Sample Average	55.3%	37.7%	51.9%	\$129	\$91	\$123	\$71	\$33	\$62

HOTEL DEVELOPMENT

Property	Address	City	Type	Opening	Rooms
Astra Hotel	300 Terry Avenue N	Seattle	Full	May 2022	265
Best Western Plus	8045 S Hosmer Street	Tacoma	Limited	September 2022	85
citizenM Pioneer Square	60 Yesler Way	Seattle	Select	2022	232
Home2 Suites	4070 116th Street NE	Marysville	Extended	2022	90
InterContinental Hotel	10300 NE 8th Street	Bellevue	Full	2023	251
Homewood Suites	800 Block of 106th Avenue NE	Bellevue	Extended	2023	224

HOTEL TRANSACTIONS

Property	Location	Year Built	Sale Date	Sale Price	Rooms	\$/Room	\$/SF
Holiday Inn Express	Auburn	2019	March 2022	\$23,510,000	120	\$195,917	\$347
Best Western Liberty Inn	Dupont	2004	February 2022	\$11,000,000	72	\$152,778	\$221
Econo Lodge	Renton	1987	February 2022	\$8,522,500	116	\$73,470	\$239
Port of Tacoma Inn	Fife	1995	March 2022	\$7,118,750	93	\$76,546	\$214
Village Motor Inn	Marysville	1989	March 2022	\$6,300,000	45	\$140,000	\$272



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COMMERCIAL BROKERAGE

49.7M ANNUAL SALES SF

460+ NO. OF BROKERS

\$10.9B ANNUAL TRANSACTION VOLUME

43.7M ANNUAL LEASING SF

VALUATION ADVISORY

2,600+ APPRAISALS ANNUALLY

51/24 TOTAL NO. APPRAISERS/MAI'S

ASSET SERVICES

62M MANAGEMENT PORTFOLIO SF

\$11B IN ASSETS UNDER MANAGEMENT

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