



MARKET TRENDS | HOTEL SEATTLE

2ND QUARTER
2022

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

Year-over-year change

So is it over? As is typical for the lodging industry, it all comes down to location.

In resort markets with a high volume of leisure travel, such as Chelan and Ocean Shores, occupancy and room prices have fully recovered from the pandemic. Lodging markets approaching a complete recovery include Tacoma, Olympia, North Kitsap County, Wenatchee, and Spokane Valley. Nearer Seattle, hotels that rely more heavily on business and group demand are still one to two years away from achieving pre-pandemic performance.

We reviewed the aggregate results of selected hotels in eight submarkets of King, Pierce, and Snohomish Counties. For the second quarter of 2022, the average room occupancy rate was 71.9%. By comparison, 2Q occupancy averaged 23.5% in 2020 and 51.9% in 2021. Room prices have improved as well, from \$98 in 2Q2020 to \$156 in 2Q2022.

There were six sales of hotels at prices exceeding \$2,000,000. The largest transaction was the June 2022 purchase of the Homewood Suites in Downtown Seattle, where the buyer plans to convert the

extended stay hotel to rental apartments. That property sold for \$410,256/room. The new Hilton Garden Inn in Lynnwood sold for \$206,169/room. There also were four sales of budget properties ranging from \$60,185/room to \$112,500/room.

Most of the projects that were underway during the pandemic have been completed. Recent openings include the Best Western Plus in South Tacoma, the Astra Hotel in South Lake Union, and citizenM Pioneer Square. Construction has resumed on the Home2 Suites in Marysville, now scheduled to open in October. The InterContinental Hotel just north of Bellevue Square should be completed in 2023.

For markets west of the Cascades, one measure to watch is air passenger traffic through SeaTac Airport. In April 2020, the airport accommodated 6% of its pre-pandemic volume. By May 2022, the ratio had improved to 88%.

Market Up Close

WHILE HOTEL OCCUPANCY RATES and room prices are improving statewide, most urban markets have yet to fully recover from the pandemic.

A STRONG RESURGENCE of tourism has boosted hotel performance, particularly in rural and resort areas.

ALTHOUGH INCREASING, business travel and convention activity remain below pre-pandemic levels.

THREE HOTELS opened in King and Pierce Counties during 2Q2022, and at least two are under construction.

WITHIN THE TRI-COUNTY AREA, there were six sales of hotels at prices exceeding \$2,000,000.

HOTEL PERFORMANCE

Market	Room Occupancy			Average Room Rate			Daily RevPAR		
	2Q20	2Q21	2Q22	2Q20	2Q21	2Q22	2Q20	2Q21	2Q22
Seattle CBD	7.6%	29.6%	71.9%	\$128	\$168	\$235	\$10	\$50	\$169
South Lake Union	20.7%	51.8%	67.1%	\$92	\$84	\$139	\$19	\$44	\$93
North Seattle	18.8%	52.2%	71.8%	\$88	\$112	\$153	\$17	\$58	\$110
Bellevue	15.7%	45.5%	70.4%	\$90	\$98	\$179	\$14	\$45	\$126
SeaTac	37.3%	57.5%	77.2%	\$92	\$91	\$125	\$34	\$52	\$96
Tacoma	28.3%	51.9%	67.4%	\$116	\$138	\$167	\$33	\$72	\$113
Lynnwood	23.7%	59.9%	69.0%	\$102	\$102	\$141	\$24	\$61	\$97
Everett	36.0%	66.5%	80.5%	\$76	\$84	\$111	\$27	\$56	\$89
Sample Average	23.5%	51.9%	71.9%	\$98	\$110	\$156	\$22	\$55	\$112

HOTEL DEVELOPMENT

Property	Address	City	Type	Opening	Rooms
Best Western Plus	8045 S Hosmer Street	Tacoma	Limited	April 2022	85
Astra Hotel	300 Terry Avenue N	Seattle	Full	May 2022	265
citizenM Pioneer Square	60 Yesler Way	Seattle	Select	May 2022	232
Home2 Suites	4070 116th Street NE	Marysville	Extended	October 2022	90
InterContinental Hotel	10300 NE 8th Street	Bellevue	Full	2023	251
Holiday Inn Express	991 118th Avenue SE	Bellevue	Limited	TBD	150

HOTEL TRANSACTIONS

Property	Location	Year Built	Sale Date	Sale Price	Rooms	\$/Room	\$/SF
Homewood Suites	Seattle	1990	June 2022	\$80,000,000	195	\$410,256	\$623
Hilton Garden Inn	Lynnwood	2020	June 2022	\$31,750,000	154	\$206,169	\$334
Motel 6	SeaTac	1979	April 2022	\$8,250,000	109	\$75,688	\$286
Quality Inn	Kent	1968	May 2022	\$7,750,000	80	\$96,875	\$223
Rodeway Inn & Suites	Fife	1987	May 2022	\$6,500,000	108	\$60,185	\$186



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 21 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, project and construction management, and debt equity finance services for all property types.

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COMMERCIAL BROKERAGE

49.7M ANNUAL SALES SF

470+ NO. OF BROKERS

\$10.9B ANNUAL TRANSACTION VOLUME

43.7M ANNUAL LEASING SF

VALUATION ADVISORY

2,600+ APPRAISALS ANNUALLY

50/25 TOTAL NO. APPRAISERS/MAI'S

ASSET SERVICES

62M MANAGEMENT PORTFOLIO SF

\$11B IN ASSETS UNDER MANAGEMENT

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