

MARKET TRENDS

SEATTLE
HOTEL

Actual 2022	↑	ROOM OCCUPANCY	↑	AVERAGE ROOM RATE	↑	DAILY REVPAR
Projected 2023	↑	ROOM OCCUPANCY	↑	AVERAGE ROOM RATE	↑	DAILY REVPAR

Year-Over-Year Change

Most hotels outside the central business districts of Seattle and Bellevue have fully recovered from the impact of the coronavirus pandemic. With growth in demand and a stable supply, we expect that hotel performance will continue to improve in the coming year.

The extent of the recovery is demonstrated by the fourth quarter results (October through December) for samples of five to seven hotels in each of eight submarkets. In 4Q19, these hotels recorded an average occupancy rate of 68.8%, an average room rate of \$136, and daily RevPAR of \$93. The market collapsed at the onset of the pandemic and then slowly recovered. By 4Q22, the sample means were 60.4%, \$152, and \$92.

Some downtown hotels continue to struggle, weighed down by the exodus of office workers and a concurrent reduction in business travel. The convention market also has been slow to recover, but the opening of the new Summit expansion should provide a boost in 2023. Most suburban and rural occupancy rates are at or above pre-pandemic levels, and room prices are increasing rapidly.

During 2022, there were 22 sales of hotels in King, Pierce, and Snohomish Counties at prices exceeding \$2,000,000. This figure excludes properties that were purchased for demolition or conversion to an alternate use. The transaction volume was very near the average for the three years preceding the pandemic. With several upscale hotels changing hands, the mean price per room was 13% greater than the 2021 mean.

At year end, only one hotel, the 252-room Intercontinental Bellevue, was actively under construction in the Tri-County area. Projects in Seattle, Bellevue, and SeaTac that were put on hold during the pandemic are expected to break ground soon. Most markets are likely to see some new supply in 2024 or 2025.

MARKET UP CLOSE

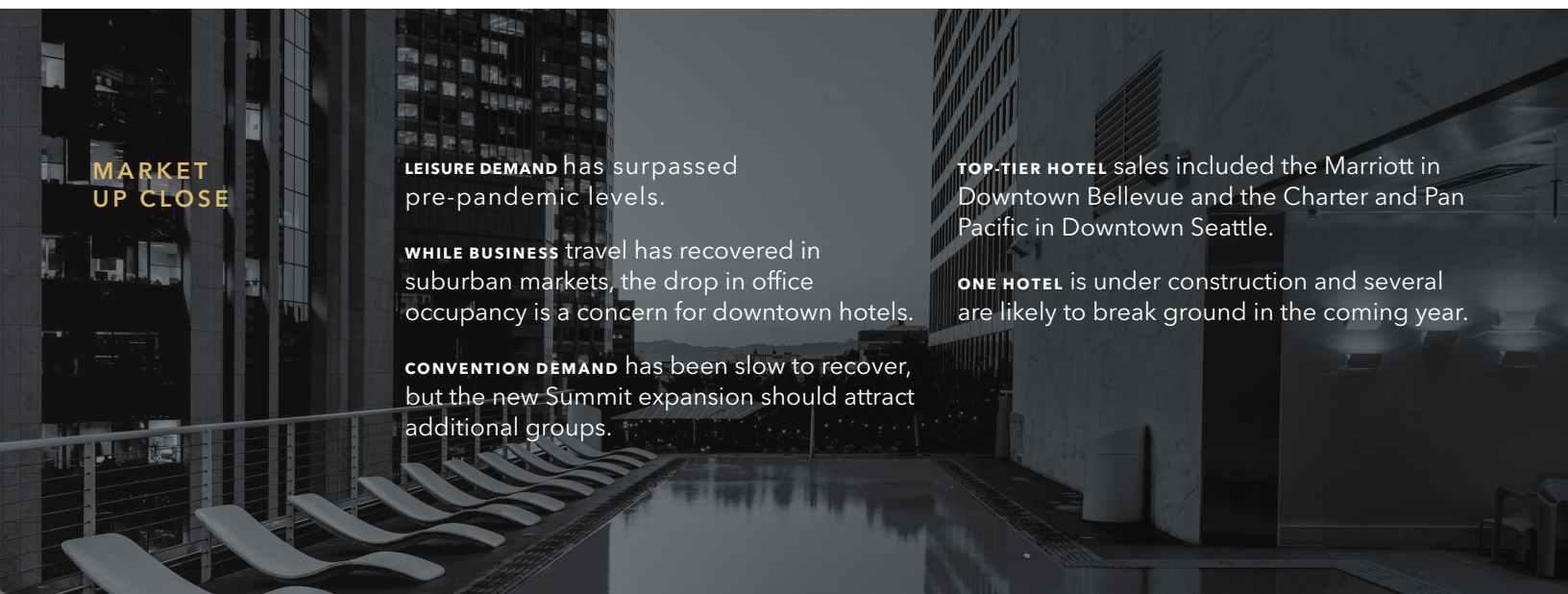
LEISURE DEMAND has surpassed pre-pandemic levels.

WHILE BUSINESS travel has recovered in suburban markets, the drop in office occupancy is a concern for downtown hotels.

CONVENTION DEMAND has been slow to recover, but the new Summit expansion should attract additional groups.

TOP-TIER HOTEL sales included the Marriott in Downtown Bellevue and the Charter and Pan Pacific in Downtown Seattle.

ONE HOTEL is under construction and several are likely to break ground in the coming year.



HOTEL PERFORMANCE

Market	Room Occupancy				Average Room Rate				Daily RevPAR			
	4Q19	4Q20	4Q21	4Q22	4Q19	4Q20	4Q21	4Q22	4Q19	4Q20	4Q21	4Q22
Seattle CBD	82.0%	10.3%	44.4%	59.7%	\$201	\$132	\$182	\$224	\$165	\$14	\$81	\$134
South Lake Union	68.3%	43.5%	49.6%	64.2%	\$140	\$80	\$121	\$153	\$96	\$35	\$60	\$98
North Seattle	56.5%	26.9%	50.3%	56.3%	\$113	\$93	\$124	\$141	\$64	\$25	\$62	\$79
Bellevue CBD	61.7%	23.9%	47.2%	54.6%	\$162	\$86	\$125	\$172	\$100	\$20	\$59	\$94
SeaTac	73.3%	42.8%	70.5%	79.2%	\$111	\$83	\$108	\$131	\$81	\$35	\$76	\$103
Tacoma	69.6%	36.7%	54.5%	54.2%	\$146	\$117	\$145	\$161	\$102	\$43	\$79	\$87
Lynnwood	68.5%	37.6%	46.6%	55.1%	\$116	\$93	\$117	\$130	\$79	\$35	\$54	\$72
Everett	62.3%	44.8%	61.6%	64.2%	\$98	\$74	\$92	\$106	\$61	\$33	\$57	\$68
Sample Average	68.8%	31.7%	52.1%	60.4%	\$136	\$95	\$127	\$152	\$93	\$30	\$66	\$92

HOTEL DEVELOPMENT

Name	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	216
Home2 Suites	4070 116th Street NE	Marysville	Extended	September 2022	95
InterContinental Hotel	10300 NE 8th Street	Bellevue	Full	U/C	252

HOTEL TRANSACTIONS

Name	Location	Year Built	Sale Date	Sale Price	Rooms	\$/Room	\$/SF
Marriott Hotel	Bellevue	2015	October 2022	\$152,300,000	384	\$396,615	\$616
Charter Hotel	Seattle	2018	October 2022	\$107,797,000	229	\$470,729	\$581
Pan Pacific Hotel	Seattle	2006	October 2022	\$70,000,000	153	\$457,516	\$653
Holiday Inn Express	Everett	2004	November 2022	\$17,000,000	99	\$171,717	\$314
La Quinta Inn	SeaTac	1970	October 2022	\$16,500,000	143	\$115,385	\$234

Data Sources: STR, CoStar, and Kidder Mathews Valuation



Kidder Mathews is the largest, independent commercial real estate firm on the West Coast, with 900 real estate professionals and staff in 20 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.

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

COMMERCIAL BROKERAGE

\$10.9B
TRANSACTION
VOLUME ANNUALLY

49.7M
ANNUAL
SALES SF

43.7M
ANNUAL
LEASING SF

ASSET SERVICES

52M
MANAGEMENT
PORTFOLIO SF

875+
ASSETS UNDER
MANAGEMENT

270+
ASSET SERVICES
CLIENTS

VALUATION ADVISORY

2,600+
ASSIGNMENTS
ANNUALLY

48
TOTAL
APPRAISERS

25
WITH MAI
DESIGNATIONS