

MARKET TRENDS

SEATTLE HOTEL

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

Year-Over-Year Change

Demand at many hotels in and near Seattle has fully recovered from the impact of the coronavirus pandemic.

Occupancy is near 67% for the overall market which is still somewhat below pre-pandemic occupancy levels. With continued growth in demand and a relatively stable supply, we expect that hotel performance will continue to steadily if slowly improve in the coming year.

The extent of continued recovery in the Seattle hotel market is demonstrated by first half of 2023 results reflecting improvement over the first half of prior years. The overall market occupancy improved from 42.0% in the first half of 2021, to 60.5% in the first half of 2022 to 66.8% in the first half of 2023. Similarly, ADR grew from \$104 to \$169 in the same period. This translates to significant increase in RevPAR from \$45 in the first half of 2021 to \$117 in the first half of 2023.

Some downtown hotels still continue to struggle, weighed down by continued low office occupancy and a related reduction in business travel. However, many suburban hotel

occupancy rates are at or above pre-pandemic levels, and room prices are increasing rapidly in the overall market. With the limited growth in supply, completion of the convention center expansion, continued cruise ship visitor growth, and Seattle being one of the host cities for the 2026 FIFA World Cup, the expectation is for continued steady growth in demand.

In the first half of 2023, there were 10 sales of hotels in the greater Seattle market with prices exceeding \$5,000,000. This figure excludes properties that were purchased for demolition or conversion to an alternate use. Transaction volume has been holding relatively steady but capitalization rates have moved upwardly with higher interest rates and now average about 8.7%.

Six hotels are now under construction ranging in size from the 120-room boutique Hotel Westland in the Pioneer Square neighborhood of Seattle up the 253 room Nuovo Studios, an extended stay hotel in South Lake Union. The 252-room Intercontinental Bellevue is anticipated to open by the end of 2023. New hotel deliveries will result in modest new supply primarily in the Seattle and eastside suburban areas in 2024 or 2025.

MARKET UP CLOSE

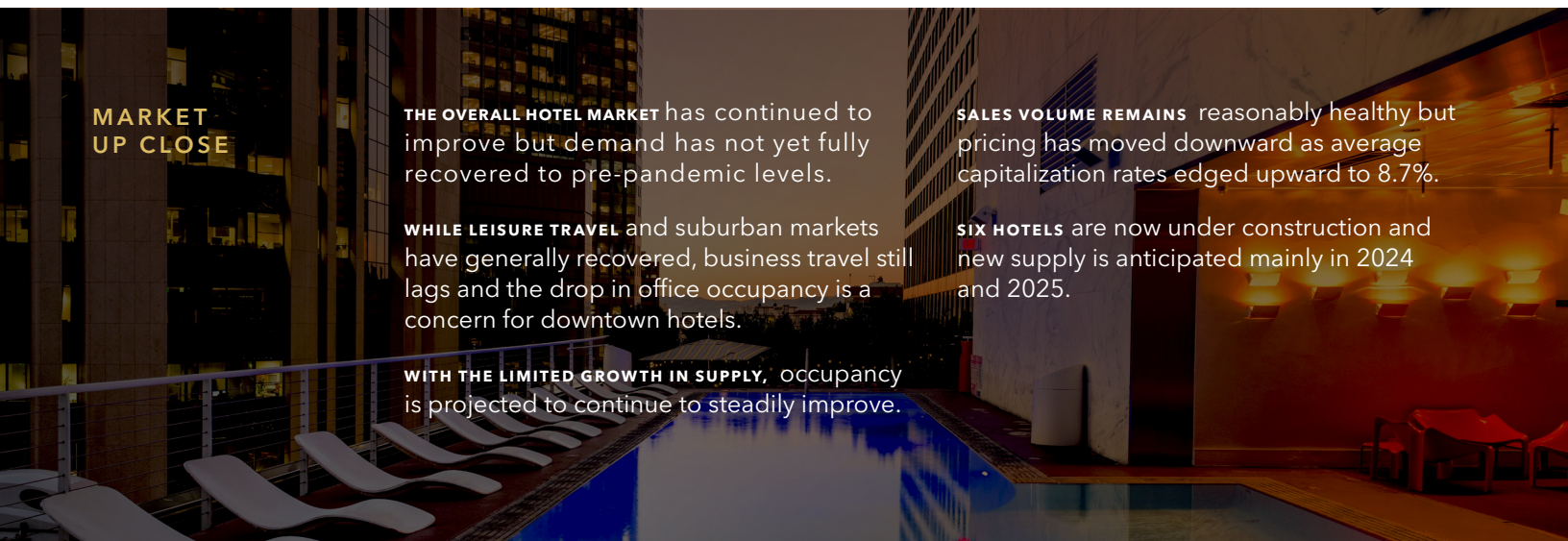
THE OVERALL HOTEL MARKET has continued to improve but demand has not yet fully recovered to pre-pandemic levels.

WHILE LEISURE TRAVEL and suburban markets have generally recovered, business travel still lags and the drop in office occupancy is a concern for downtown hotels.

WITH THE LIMITED GROWTH IN SUPPLY, occupancy is projected to continue to steadily improve.

SALES VOLUME REMAINS reasonably healthy but pricing has moved downward as average capitalization rates edged upward to 8.7%.

SIX HOTELS are now under construction and new supply is anticipated mainly in 2024 and 2025.



HOTEL PERFORMANCE

Market	Room Occupancy			Average Room Rate			Daily RevPAR		
	1H21	1H22	1H23	1H21	1H22	1H23	1H21	1H22	1H23
Seattle CBD	23.2%	55.7%	66.8%	\$137	\$194	\$229	\$32	\$108	\$153
South Lake Union	39.4%	61.0%	68.8%	\$97	\$152	\$194	\$38	\$93	\$133
North Seattle	46.3%	63.1%	67.4%	\$91	\$128	\$151	\$42	\$81	\$102
Bellevue CBD	30.6%	54.6%	62.1%	\$111	\$162	\$195	\$34	\$88	\$121
SeaTac	52.6%	68.2%	72.6%	\$92	\$123	\$146	\$49	\$84	\$106
Tacoma	50.4%	58.7%	63.7%	\$125	\$158	\$170	\$63	\$93	\$108
Lynnwood	47.9%	63.5%	67.5%	\$92	\$126	\$147	\$44	\$80	\$99
Everett	55.3%	64.9%	66.8%	\$86	\$106	\$118	\$48	\$69	\$79
Sample Average	42.0%	60.5%	66.8%	\$104	\$144	\$169	\$44	\$87	\$113

HOTEL DEVELOPMENT

Name	Address	City	Type	Opening	Rooms
InterContinental Hotel	10300 NE 8th Street	Bellevue	Full	October 2023	208
AC by Marriott	117 Yale Avenue N	Seattle	Select	TBD	200
Nuovo Studios	601 Aurora Avenue N	Seattle	Extended	TBD	253
Residence Inn by Marriott	10600 First Avenue NE	Seattle	Limited Service	Spring 2025	167
Trademark Collection	15881 NE 85th Street	Redmond	Limited Service	TBD	223

HOTEL TRANSACTIONS

Name	Location	Year Built	Sale Date	Sale Price	Rooms	\$/Room	\$/SF
Kimpton Hotel Monaco	Seattle	1969/1997	May 2023	\$63,250,000	189	\$334,656	\$467
Kimpton Hotel Vintage	Seattle	1922/1992	May 2023	\$33,700,000	125	\$269,600	\$500
Silver Cloud Eastgate	Bellevue	2004	May 2023	\$28,000,000	145	\$193,103	\$339
Holiday Inn Express & Suites	Tukwila	2018	May 2023	\$14,392,100	92	\$156,436	\$231
La Quinta Inn & Suites	Tacoma	1985	March 2023	\$19,000,000	155	\$122,581	\$183
Hotel Arlington	Arlington	2000	June 2023	\$13,000,000	97	\$134,021	\$187
Evergreen Inn & Suites	Monroe	1999	March 2023	\$12,200,000	66	\$184,848	\$321
La Quinta Inn & Suites	Everett	1988	May 2023	\$10,200,000	73	\$139,726	\$340
Motel 6	SeaTac	1976	March 2023	\$9,500,000	144	\$65,972	\$161
Fairgrounds Inn	Monroe	1986	February 2023	\$5,650,000	60	\$94,167	\$313

Data Sources: STR, CoStar, and Kidder Mathews Valuation



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COMMERCIAL BROKERAGE

\$12B

TRANSACTION VOLUME ANNUALLY

41.2M

ANNUAL SALES SF

32.1M

ANNUAL LEASING SF

ASSET SERVICES

53M

MANAGEMENT PORTFOLIO SF

771+

ASSETS UNDER MANAGEMENT

250+

ASSET SERVICES CLIENTS

VALUATION ADVISORY

2,800+

ASSIGNMENTS ANNUALLY

41

TOTAL APPRAISERS

23

WITH MAI DESIGNATIONS

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