Kidder Mathews

Mid-Year 2026

MARKET TRENDS

SEATTLE *HOTEL*

Actual 2Q 2026	↓ ROOM OCCUPANCY	↑ AVERAGE ROOM RATE	↓ DAILY REVPAR
Projected 2Q 2027	↑ ROOM OCCUPANCY	↑ AVERAGE ROOM RATE	↑ DAILY REVPAR

Year-Over-Year Change

After consistent improvement since the end of the COVID-19 pandemic, demand fell modestly during the first half of 2026. In Q2 of 2026, the trailing twelve-month occupancy rate was 68.6% for the overall Seattle market, down from 69.7% one year ago. Contributing factors likely include a sharp decline in international travelers, particularly from Canada, as well as softening business and leisure travel due to tariffs and broader economic conditions. Although demand increased in June 2026 due to FIFA World Cup matches held in Seattle, the increase in demand was somewhat below expectations and not enough to result in improved year over year performance. Balancing the soft demand, development activity has been limited and will not result in a significant increase in supply in the near future. The market is anticipated to slowly improve with minor increases in occupancy and ADR.

Immediately prior to the pandemic, trailing twelve-month occupancy was 73.5% in Q1 2020 before falling to a low of 32.6% in February of 2021. Overall market occupancy improved to 55.8% in Q1 2022, 67.5% in Q1 2023, 68.3% in Q1 2024, and 70.4% in Q4 2024. ADR fell from $160 in January 2020 to $90 in March of 2021 with the onset of the pandemic. Occupancy and ADR then consistently improved in the following years, notching 69.7% and $181 in Q2 2025.

This translates to a significant increase in RevPAR from $30 in Q1 2021 to $127 in Q2 2025. However, demand fell slightly in Q2 2026 to a trailing twelve-month occupancy of 68.6% while ADR increased modestly from $181 to $182. As a result, RevPAR fell to $125 in Q2 2026.

In the first half of 2026, there were six sales of hotels in the greater Seattle market with prices exceeding $5,000,000. This includes the sale of the 396-room Hilton Seattle Airport & Conference Center for about $45,000/room. The new owner plans a comprehensive renovation which is projected to be completed in 2027. The 28-room boutique hotel Inn at Langley sold for $471,000/room. Trailing twelve-month sales volume fell to $378 million, which is below the three-year average of $435 million but is reasonably consistent with the sales volumes in the past few years which have fluctuated a fair amount year to year.

Two hotels are now under construction, including the 128-room SpringHill Suites in Lakewood and the 121-unit short term rental property Aerolux in Seattle. These total 249 rooms representing only about 0.5% of current supply in the Seattle market. New hotel deliveries in 2027 will result in only modest new supply which should help bolster occupancy rates. Several other hotels are proposed but developers have not broken ground on these projects yet.

MARKET UP CLOSE

ALTHOUGH OVERALL HOTEL MARKET DEMAND has not yet fully recovered to pre-pandemic levels, room rate increases have pushed RevPAR above pre-pandemic levels.

AFTER CONSISTENT ANNUAL IMPROVEMENT since the end of the pandemic, Seattle hotel performance dipped with slightly lower demand resulting in lower RevPAR despite a boost from FIFA matches in June of 2026.

TWO HOTELS are now under construction, with a modest amount of new supply expected in 2027.

ALTHOUGH THERE WILL BE LIMITED projected growth in supply, occupancy increases may be hampered by continued weak economic conditions, fewer international travelers and the uncertain impact of potential tariffs.

WITH CONTINUED RELATIVELY HIGH INTEREST RATES, sales volume remains below levels prior to 2023 but fluctuates significantly and pricing has softened with average capitalization rates at about 8.8%.

HOTEL PERFORMANCE

	Room Occupancy			Average Room Rate			Daily RevPAR		
Market	2Q24	2Q25	2Q26	2Q24	2Q25	2Q26	2Q24	2Q25	2Q26
Seattle CBD	72.2%	72.2%	70.7%	$235	$236	$239	$170	$170	$169
South Lake Union	74.9%	73.9%	72.5%	$203	$204	$204	$152	$151	$148
North Seattle	66.5%	65.8%	63.6%	$171	$172	$174	$114	$113	$111
Bellevue CBD	65.5%	64.6%	65.2%	$226	$235	$238	$148	$152	$155
SeaTac	73.0%	74.1%	72.3%	$140	$139	$136	$103	$103	$98
Tacoma	61.2%	63.0%	62.6%	$173	$176	$177	$106	$111	$111
Lynnwood	68.9%	67.4%	67.3%	$133	$134	$134	$92	$90	$90
Everett	70.4%	68.2%	68.2%	$116	$117	$120	$82	$80	$82

HOTEL DEVELOPMENT

Name	Address	City	Type	Opening	Rooms
Aerolux	1200 Stewart Street	Seattle	Short Term Rentals	2027	121
SpringHill Suites	11711 Pacific Hwy	Lakewood	Limited Service	2027	128

HOTEL TRANSACTIONS

Name	Location	Year Built	Sale Date	Sale Price	Rooms	$/Room	$/SF
La Quinta Inn & Suites	Tacoma	1985	July 2026	$14,500,000	155	$93,548	$159
Hilton Garden Inn	Bothell	2010	June 2026	$16,100,000	128	$125,781	$162
La Quinta Inn & Suites	Federal Way	1985	May 2026	$14,500,000	116	$125,000	$221
Hilton Seattle Airport Hotel	Seatac	1961	April 2026	$18,000,000	396	$45,455	$61
The Inn at Langley	Langley	1989	February 2026	$13,200,000	28	$471,429	$394
Motel 6	Issaquah	1979	January 2026	$9,700,000	103	$94,175	$353

Data Sources: STR, CoStar, and Kidder Mathews Valuation

Kidder Mathews

Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 19 offices in Washington, Oregon, California, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

CONTACT

WILL FRAME
Regional President, Brokerage
Pacific Northwest
206.296.9600 | will.frame@kidder.com

The information in this report was composed by the Kidder Mathews Valuation Advisory Group.

DAVID CHUDZIK, PH.D., MAI, CRE
206.205.0222
david.chudzik@kidder.com

COMMERCIAL BROKERAGE

$9B
AVERAGE ANNUAL TRANSACTION VOLUME

32.4M
ANNUAL SALES SF

32.5M
ANNUAL LEASING SF

ASSET SERVICES

54M SF
MANAGEMENT PORTFOLIO SIZE

800+
ASSETS UNDER MANAGEMENT

250+
CLIENTS SERVED

VALUATION ADVISORY

2,700+
AVERAGE ASSIGNMENTS

42
TOTAL APPRAISERS

23
WITH MAI DESIGNATIONS