

Seattle Hotel

Market Forecast

	Estimated 2017	Projected 2018
Room Occupancy	↔	↓
Average Room Rate	↑	↔
Daily RevPAR	↑	↓

Thus far in 2017 hotels in South Lake Union have maintained very high occupancy rates, as have the upscale properties in SeaTac. Both markets also reported real growth in room prices. Occupancy was lower in peripheral markets, but prices continued to increase.

Market Up Close

Hotel occupancy rates remain strong in and near Downtown Seattle, but have begun to decline in some peripheral markets

Growth in room prices is moderating

Nine new hotels opened during the first half of 2017, and ten more are expected to open by the end of the year

There have been 18 significant hotel sales since January

Nine hotels opened in King, Pierce, or Snohomish Counties during the first six months of the year. These projects added 1,263 rooms to the competitive supply. Ten more hotels, with 1,754 guestrooms, are expected to open by the end of the year.

During the first half of 2017, there were 18 sales of hotels in King, Pierce, and Snohomish Counties at prices exceeding \$2MM. The aggregate transaction volume was \$371,886,200. With 3,792 guestrooms, the weighted average price per room was \$243,540. This was both the highest mid-year volume and the highest price per room since the recession.

Hotel Performance

Market	Tier	Room Occupancy			Average Room Rate			Daily RevPAR		
		2016	2017 est.	Change	2016	2017 est.	Change	2016	2017 est.	Change
Federal Way	Overall	67%	67%	0.0%	\$113	\$116	2.7%	\$76	\$78	2.7%
Renton	Overall	72%	67%	-6.9%	\$118	\$122	3.4%	\$85	\$82	-3.8%
SeaTac	Upscale	81%	83%	2.5%	\$141	\$146	3.5%	\$114	\$121	6.1%
SeaTac	Budget	75%	75%	0.0%	\$74	\$75	1.4%	\$56	\$56	1.4%
South Lake Union	Overall	84%	84%	0.0%	\$188	\$195	3.7%	\$158	\$164	3.7%
Sample Average		76%	75%	-0.8%	\$127	\$131	3.2%	\$96	\$98	2.3%

Offices

Seattle
206.296.9600

Bellevue
425.454.7040

South Seattle
206.248.7300

Tacoma
253.722.1400

Olympia
360.705.2800

Portland
503.221.9900

San Francisco
415.229.8888

Redwood Shores
650.769.3600

Silicon Valley
408.970.9400

Sacramento
916.970.9700

Roseville
916.751.3600

Los Angeles
213.880.5250

Long Beach
562.472.0071

Commerce
323.727.1144

Orange County
949.557.5000

Inland Empire
909.764.6500

San Diego
858.509.1200

Carlsbad
760.430.1000

Reno
775.301.1300

Phoenix
602.513.5200

Contact

Brian Hatcher
Executive VP, Brokerage
Pacific Northwest
206.296.9600
bhatcher@kiddermathews.com

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

John D. Gordon, MAI, AI-GRS
Valuation Advisory Group
425.454.7040
jgordon@kiddermathews.com

Hotel Development

Property Name	Address	City	Type	Opening	Rooms
Fairfield Inn & Suites	1500 Wilmington Drive	Dupont	Limited Service	Mar-17	90
SpringHill Suites	1185 NW Maple Street	Issaquah	Select Service	Mar-17	145
Woodspring Suites	7707 Broadway	Everett	Extended Stay	Mar-17	122
Hampton Inn & Suites	17770 NE 78th Place	Redmond	Limited Service	Apr-17	130
Home2 Suites	600 Station Drive	Dupont	Extended Stay	Jun-17	140
aloft	15220 NE Shen Street, Suite 150	Redmond	Select Service	Jun-17	150
Element	15220 NE Shen Street, Suite 100	Redmond	Limited Service	Jun-17	131
Hampton Inn & Suites	1200 Lake Washington Boulevard	Renton	Limited Service	Jun-17	110
W Hotel	10455 NE 5th Place	Bellevue	Full Service	Jun-17	245

Hotel Transactions

Property Name	City	Year Built	Date	Sale Price	Rooms	\$/Room	\$/SF
Hilton Garden Inn	Seattle	2015	Mar-17	\$88,000,000	222	\$396,396	\$615
Pan Pacific Hotel	Seattle	2006	Feb-17	\$79,000,000	153	\$516,340	\$657
Kimpton Alexis Hotel	Seattle	1904/1982	Mar-17	\$71,625,000	121	\$591,942	\$556
Hotel Deca	Seattle	1931	Jan-17	\$55,000,000	158	\$348,101	\$549
Comfort Inn & Suites	Seattle	1990	Feb-17	\$10,700,000	71	\$150,704	\$257
Red Lion Inn & Suites	Federal Way	1982	Feb-17	\$8,800,000	90	\$97,778	\$159
Towne & Country Suites	Tukwila	1967	May-17	\$8,241,200	88	\$93,650	\$249
Evergreen Inn & Suites	Monroe	1999	Apr-17	\$7,070,000	66	\$107,121	\$186
Red Lion Inn & Suites	Kent	1998	Jan-17	\$6,600,000	60	\$110,000	\$191
GuestHouse Inn	Auburn	1990	Jun-17	\$6,200,000	85	\$72,941	\$155
Travelodge Suites	Auburn	1998	Feb-17	\$5,925,000	95	\$62,368	\$137
Quality Inn & Suites	Everett	1969	Feb-17	\$5,500,000	82	\$67,073	\$113
Alta Crystal Resort	Enumclaw	1930	Jun-17	\$3,700,000	25	\$148,000	\$95
Days Inn	Federal Way	1994	Jun-17	\$3,600,000	54	\$66,667	\$198
Seal's Motel	Seattle	1947	Mar-17	\$3,340,000	36	\$92,778	\$433
Sumner Motor Inn	Sumner	1990	Jan-17	\$3,150,000	39	\$80,769	\$238
Comfort Inn	Lynnwood	1992	Feb-17	\$2,785,000	46	\$60,543	\$174
Eastwind Motel	Federal Way	1950	Jun-17	\$2,650,000	36	\$73,611	\$230