



VALUATION & ADVISORY

1Q 2021 HOTEL MARKET INSIGHTS REPORT



Hospitality, Gaming & Leisure Practice

Seattle, WA

Fundamentals Dashboard

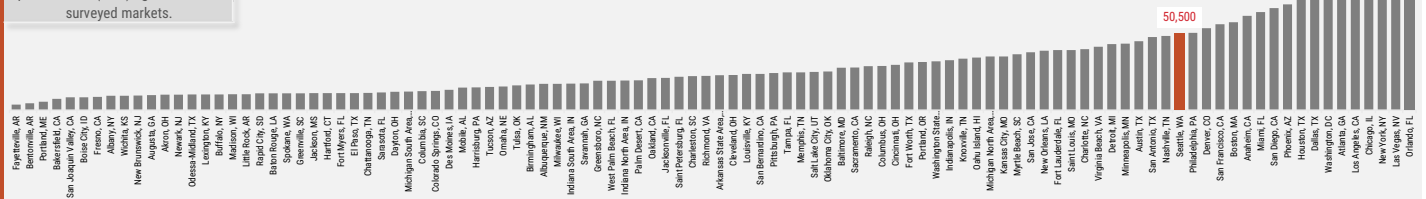
Lodging Performance Index

89th of 104

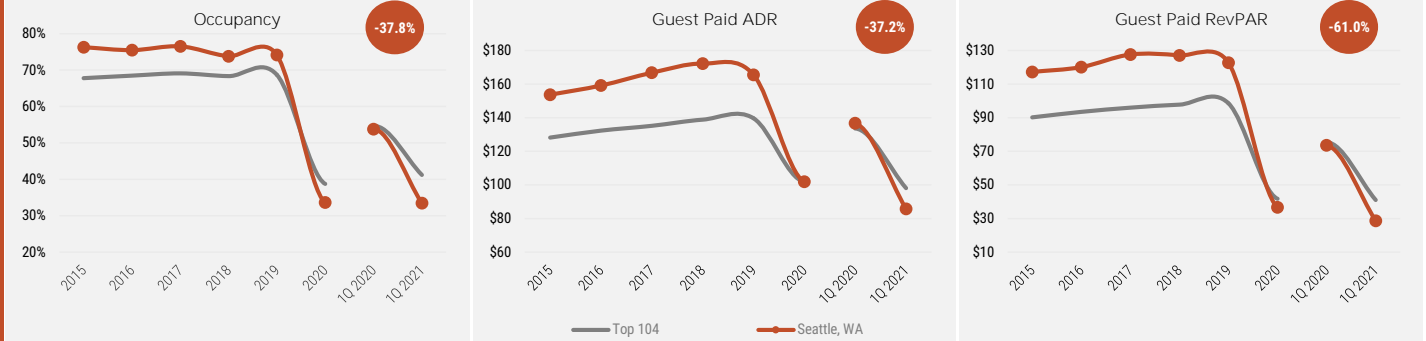
Below Average

Ranking of overall '1Q 2021 LPI' performance (0.64) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets

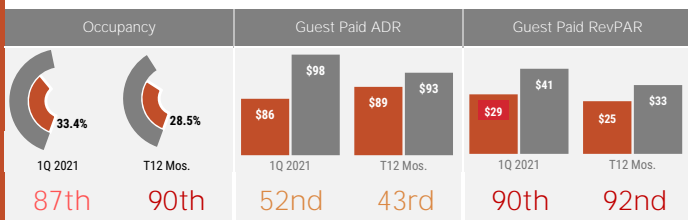


KEY PERFORMANCE METRICS



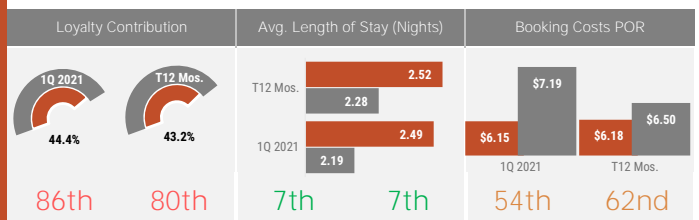
Key Performance Indexes

● Subject Market ● Top 104



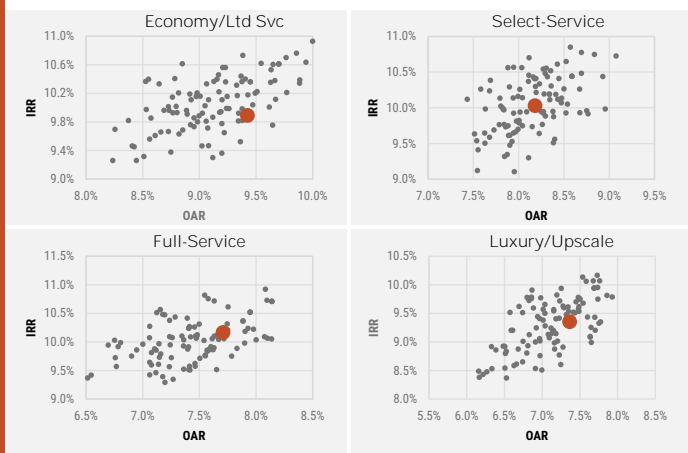
Key Benchmark Indexes

Data provided by: **kalibri LABS**



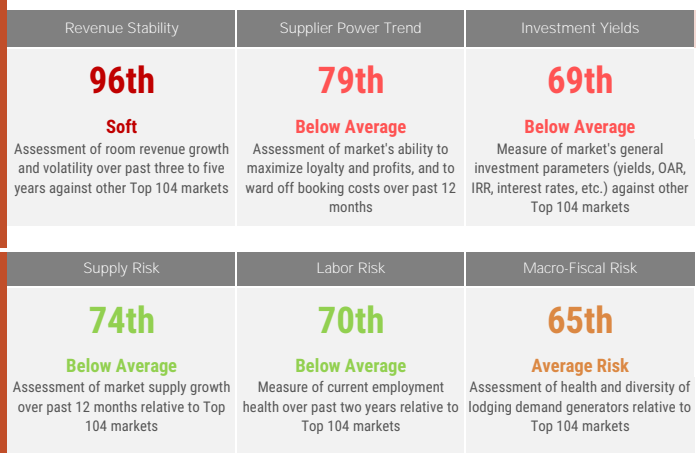
Discount and Capitalization Rates

Source: Newmark

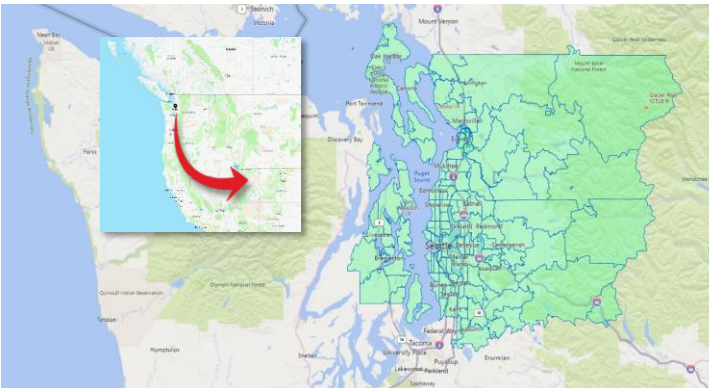


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information

Municipal Name:	Seattle
County:	King County
State:	Washington
Geo Coordinates (market center):	47.60621, -122.33207

Source: US Census Bureau,
Dept. of Labor Statistics

Major Hotel Demand Generators

Boeing Co. | Amazon | Microsoft Corp. | University of Washington | Providence Health & Services | Wal-Mart Stores Inc. | Fred Meyer Stores | Starbucks Corp. | Swedish Health Services | Costco Wholesale Corp. | Nordstrom Inc. | Alaska Air Group Inc. | Group Health Cooperative | Naval Station Everett | Virginia Mason Medical Center | Madigan Army Medical Center | T-Mobile | Washington State University | Quality Food Centers | Target

Metrics and Ranking

Population (hotel market area)	2,864,458
Income per Capita	\$79,565
Feeder Group Size	196.1 Persons PSR
Feeder Group Earnings	\$15,606,401 PSR
Total Market COPE	\$474.9 million

Measurement

Rankings

15th of 104 (Large)
4th of 104 (Strong)
86th of 104 (Below Average)
99th of 104 (Soft)
29th of 104 (Above Average)

Key Performance Metrics

Data provided by: **kalibri** LABS

YEAR ENDING	Occ %	Guest Paid ADR	RevPAR	COPE* ADR	RevPAR	Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
2015	76.3%	\$153.68	\$117.24	\$140.33	\$107.06	\$13.35	91.3%	48.8%	2.12	42,500	1.57
2016	75.5%	\$159.14	\$120.11	\$145.07	\$109.49	\$14.07	91.2%	50.2%	2.07	43,500	1.32
2017	76.5%	\$166.74	\$127.59	\$151.67	\$116.06	\$15.07	91.0%	50.4%	2.02	44,500	1.41
2018	73.8%	\$172.17	\$127.08	\$157.06	\$115.93	\$15.11	91.2%	52.6%	1.99	46,600	1.30
2019	74.1%	\$165.51	\$122.69	\$150.89	\$111.86	\$14.62	91.2%	58.4%	1.91	51,100	1.30
2020	33.6%	\$101.82	\$36.60	\$94.29	\$31.66	\$7.53	92.6%	46.6%	2.40	51,600	0.79
CAGR: 2015 thru 2020	-15.1%	-7.9%	-20.8%	-7.6%	-21.6%	-10.8%	0.3%	-0.9%	2.5%	4.0%	-12.9%
1Q 2020	53.8%	\$136.61	\$73.45	\$125.07	\$67.24	\$11.54	91.6%	58.0%	1.98	50,800	1.12
1Q 2021	33.4%	\$85.74	\$28.66	\$79.59	\$26.61	\$6.15	92.8%	44.4%	2.49	50,500	0.64
% Change	-37.8%	-37.2%	-61.0%	-36.4%	-60.4%	-46.7%	1.4%	-23.5%	25.9%	-0.6%	-42.8%

*COPE: Contribution to Operating Profit and Expenses. Metrics do not account for Sales and Marketing Spend.

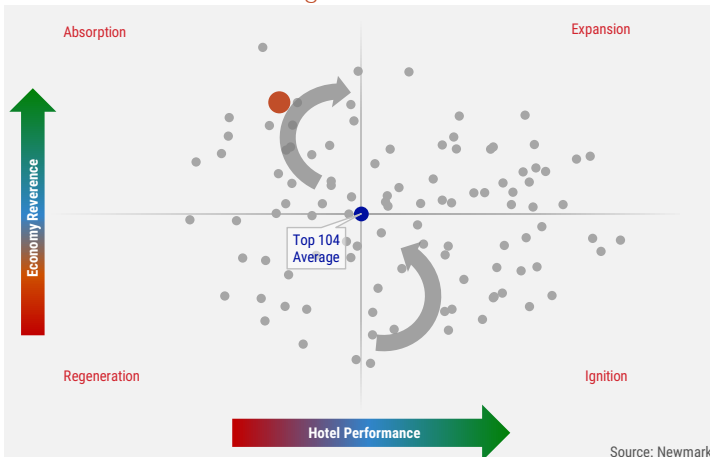
Notable Metrics

HIGHEST	Economy Median Income	Latest-Quarter Average Length of Stay	T12-Month Average Length of Stay
	4th Strong Seattle, WA exhibited strong Economy Median Income (\$79,565)	7th Strong The market boasted strong latest-quarter average length of stay (2.49 Nights)	7th Strong The market also benefited from strong T12-month average length of stay (2.52 Nights)
LOWEST	Feeder Group Earnings PSR	T12-Month Guest Paid RevPAR	T12-Month COPE RevPAR
	99th Soft This market has been hindered by weak feeder group earnings PSR (\$15,606,401)	92nd Soft The market has been hindered by weak T12-month Guest Paid RevPAR (\$25.40)	91st Soft Seattle, WA also posted weak T12-month COPE RevPAR (\$23.63)

Notable Trends

FATEST	General Economy Reverence	Short-Term Historical Booking Costs POR Growth	Short-Term Historical Average Length of Stay Growth
	4th Strong Seattle, WA enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)	5th Strong The market enjoyed low short-term historical growth in booking costs (~21.5%)	5th Strong The market also has benefited from strong short-term historical average length of stay growth (8.2%)
SLOWEST	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical LPI Growth	Short-Term Historical COPE ADR Growth
	99th Soft The market has been impeded by weak short-term historical Guest Paid ADR growth (~15.7%)	98th Soft We note this area has been hampered by weak short-term historical LPI growth (~24.0%)	98th Soft Seattle, WA also posted weak short-term historical COPE ADR growth (~15.1%)

Market Performance Stage



Source: Newmark

Seattle, WA: Absorption Stage

The Seattle, WA market is currently in the 'Absorption' stage of the performance cycle. In this stage, hotels are underperforming but in an economy with resilience and confidence the economy will recover from the COVID-19 crisis, presenting upside for CRE. Barriers to entry are high and the market typically hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Anaheim, CA; Austin, TX; and Boston, MA.

Other Stages:

- Regeneration:** In the 'Regeneration' stage, hotels and the underlying economy are generally underperforming. The highest and best uses of hotel assets are challenged whether by COVID-19 impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Chicago, IL; New Orleans, LA; and Orlando, FL.
- Ignition:** In the 'Ignition' stage, hotels generally perform adequately for operators to enjoy positive returns, with confidence the economy will recover from the COVID-19 crisis. While the general economy lags, strong hotel performance can ignite expansion in certain key sectors. Example markets in this stage include Detroit, MI; Knoxville, TN; and Miami, FL.
- Expansion:** In the 'Expansion' stage, hotels generally perform adequately and in an economy with resilience and higher confidence the economy will recover from the COVID-19 crisis. Barriers to entry are low, displacement demand is high, and the market typically experiences an expansion of both hotel supply and general economic conditions. Example markets in this stage include Atlanta, GA; Fort Lauderdale, FL; and Fort Worth, TX.

Industry Observations

Business Cycle:
Employment Growth (2 yr):
Risk Exposure (402 US markets):
Key Industry Notes:

In Recovery
-3.1%
7th Percentile: Low Risk
Manufacturing, high tech
Hub for software dev
Well-educated workforce
High per capita income
High business costs

Moody's Rating

Aaa

Investment Grade

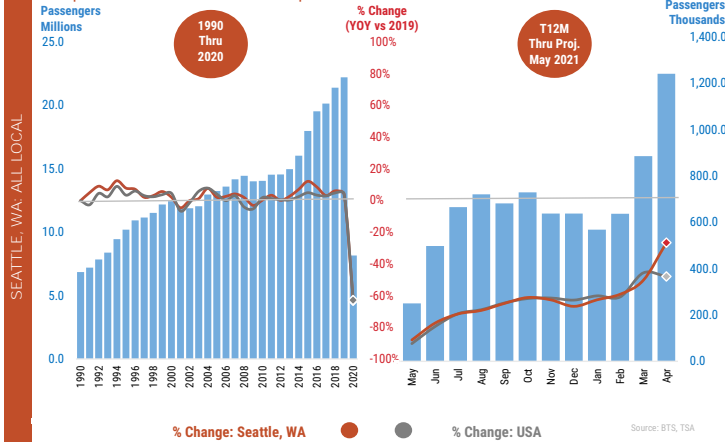
Long-term investment grade,
Prime-1 short-term outlook

TOP 10 BRANDS

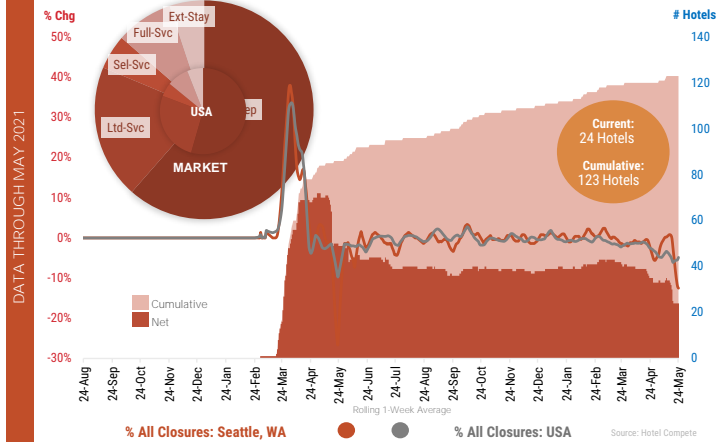


Source: Newmark

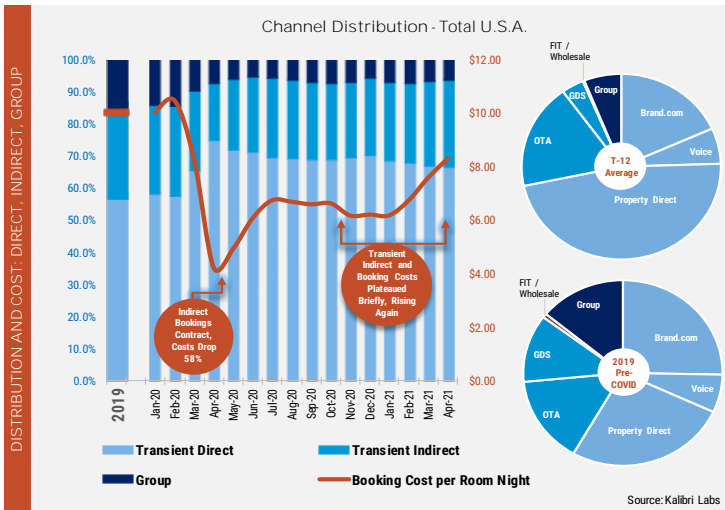
Airport Statistics - Enplanements



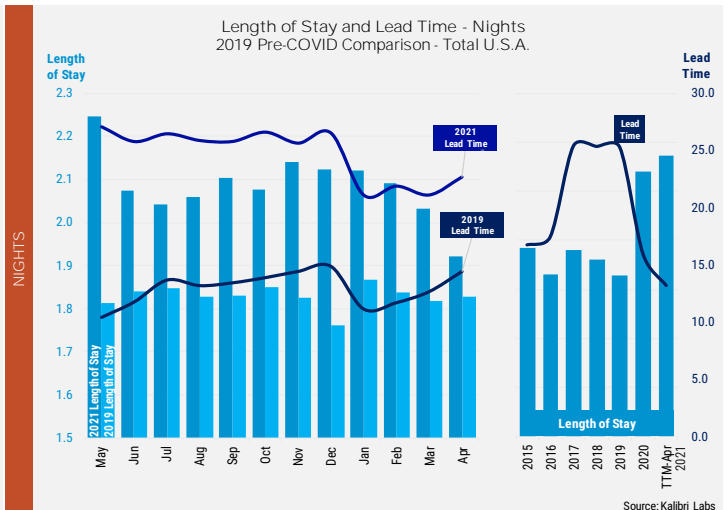
Hotel Closures - Seattle, WA vs. USA



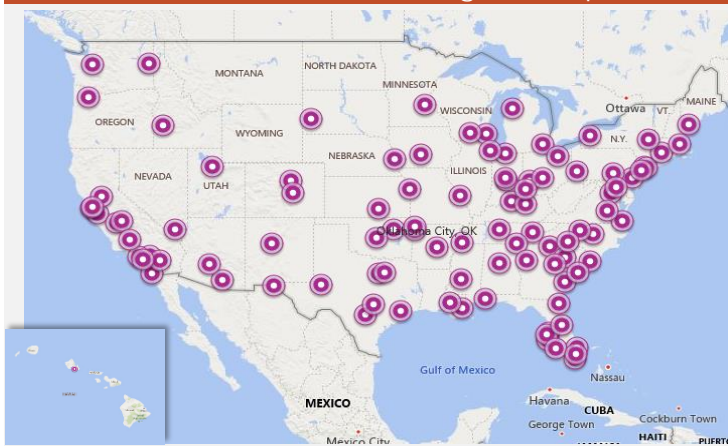
National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Insights Report Coverage



Akron, OH
Albany, NY
Albuquerque, NM
Anaheim, CA
Arkansas State Area, AR
Atlanta, GA
Augusta, GA
Austin, TX
Bakersfield, CA
Baltimore, MD
Baton Rouge, LA
Bentonville, AR
Birmingham, AL
Boise City, ID
Boston, MA
Buffalo, NY
Charlotte, NC
Chattanooga, TN
Chicago, IL
Cincinnati, OH
Cleveland, OH
Colorado Springs, CO
Columbia, SC
Columbus, OH
Dallas, TX
Dayton, OH
Denver, CO
Des Moines, IA
Detroit, MI
El Paso, TX
Fayetteville, AR
Fort Lauderdale, FL
Fort Myers, FL
Fort Worth, TX
Fresno, CA
Greensboro, NC
Greenville, SC
Harrisburg, PA
Hartford, CT
Houston, TX
Indiana North Area, IN
Indiana South Area, IN
Indianapolis, IN
Jackson, MS
Jacksonville, FL
Kansas City, MO
Knoxville, TN
Las Vegas, NV (Non-Strip)
Lexington, KY
Little Rock, AR
Los Angeles, CA
Louisville, KY
Madison, WI
Memphis, TN
Miami, FL
Michigan North Area, MI
Michigan South Area, MI
Milwaukee, WI
Minneapolis, MN
Mobile, AL
Myrtle Beach, SC
Nashville, TN
New Brunswick, NJ
New Orleans, LA
New York, NY
Newark, NJ
Oahu Island, HI (Branded)
Oakland, CA
Odessa-Midland, TX
Oklahoma City, OK
Omaha, NE
Orlando, FL (Non-Disney)
Palm Desert, CA
Philadelphia, PA
Phoenix, AZ
Pittsburgh, PA
Portland, ME
Portland, OR
Raleigh, NC
Rapid City, SD
Richmond, VA
Sacramento, CA
Saint Louis, MO
Saint Petersburg, FL
Salt Lake City, UT
San Antonio, TX
San Bernardino, CA
San Diego, CA
San Francisco, CA
San Joaquin Valley, CA
San Jose, CA
Sarasota, FL
Savannah, GA
Seattle, WA
Spokane, WA
Tampa, FL
Tucson, AZ
Tulsa, OK
Virginia Beach, VA
Washington State Area, WA
Washington, DC
West Palm Beach, FL
Wichita, KS

MARKET DISCLAIMERS

Las Vegas, NV; Oahu, HI; Orlando, FL: market data based on actual reporting properties only. Excludes vast majority of casino properties and assets located within the "strip" district of Las Vegas, as well as the vast majority of Disney-associated assets, which comprises most of the Orlando market.

Total Supply The total supply figures are aggregated estimates from multiple third-party sources.

Air Passenger Statistics The latest two months are estimates based on daily national trends reported by TSA. These data are subject to revision.

PACNW, HAWAII & MOUNTAIN MARKETS

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