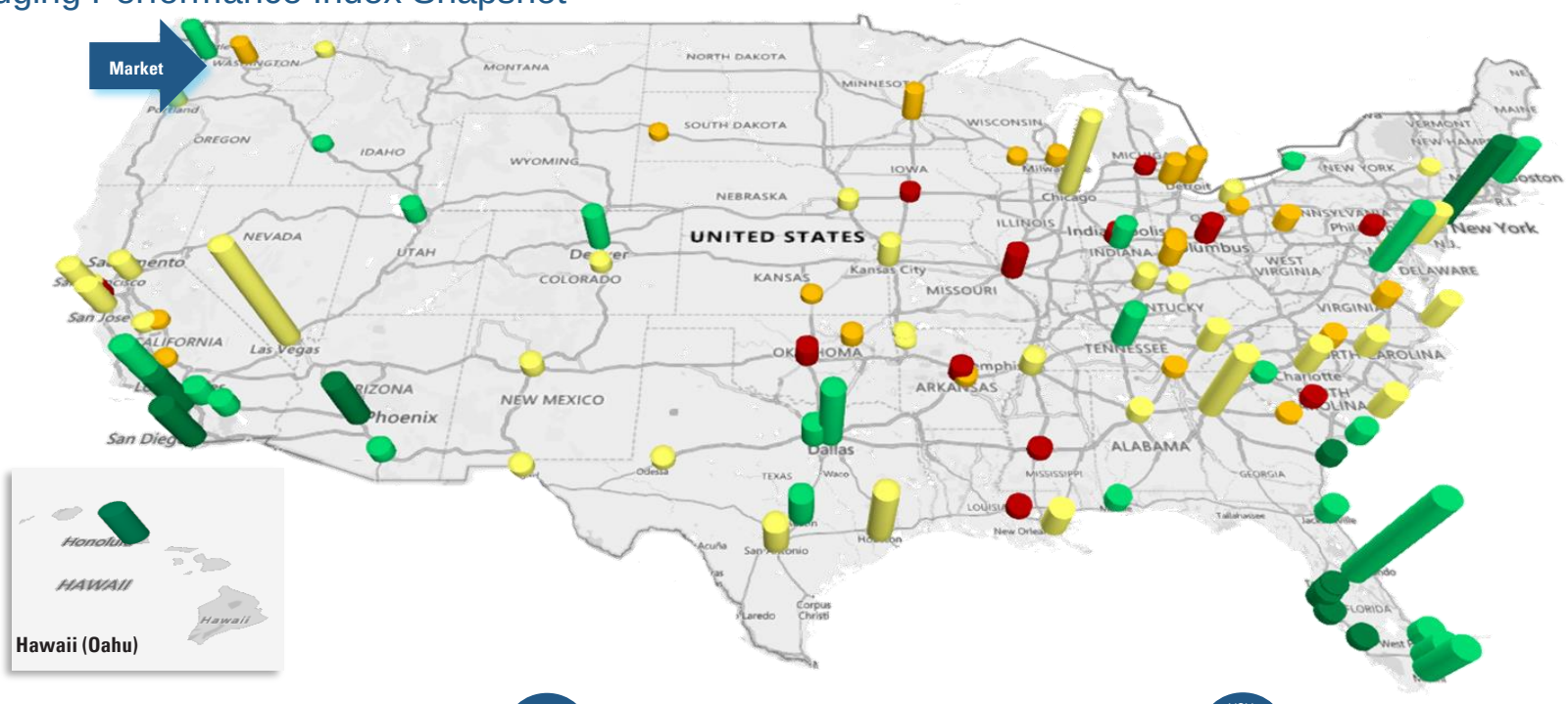
VALUATION & ADVISORY | HOSPITALITY GAMING & LEISURE

HOTEL MARKET NSIGHTS REPORT

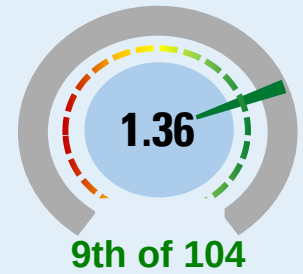
4Q 2023
SEATTLE, WA

Lodging Performance Index Snapshot



LODGING PERFORMANCE INDEX

Seattle, WA

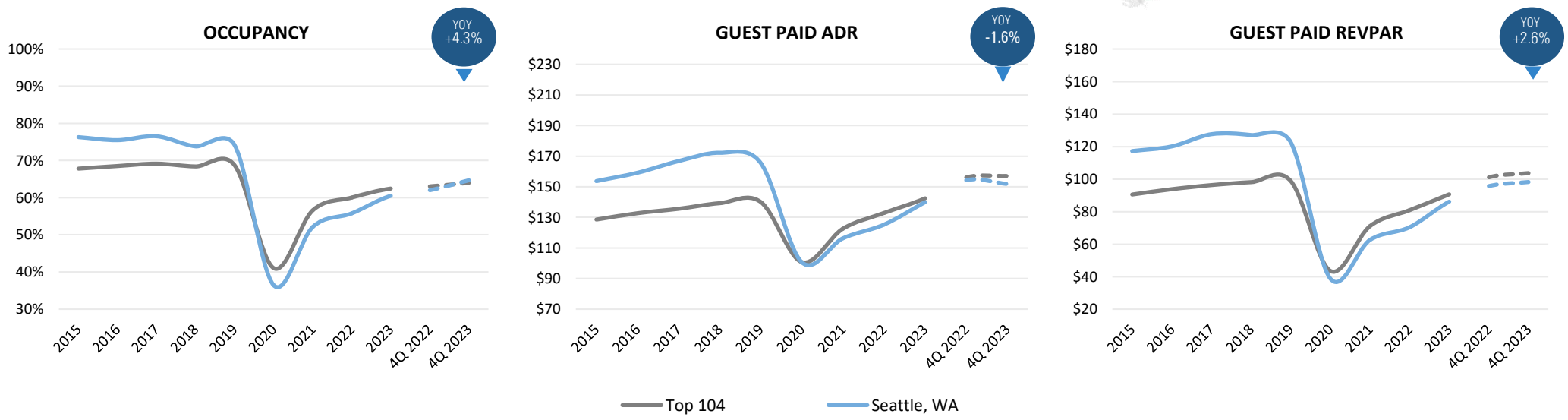


9th of 104

Strong

Ranking of overall '4Q 2023 LPI' performance (1.36) against all 104 surveyed markets.

KEY PERFORMANCE METRICS



KEY PERFORMANCE INDEXES

Key Performance Indexes

Subject Market | Top 104

Occupancy		Guest Paid ADR		Guest Paid RevPAR	
64.7% / 64.0%	69.4% / 66.4%	$152 / $157	$166 / $157	$98 / $104	$117 / $107
4Q 2023	T12 Mos.	4Q 2023	T12 Mos.	4Q 2023	T12 Mos.
32nd	26th	29th	24th	29th	20th

BENCHMARK INDEXES

Key Benchmark Indexes

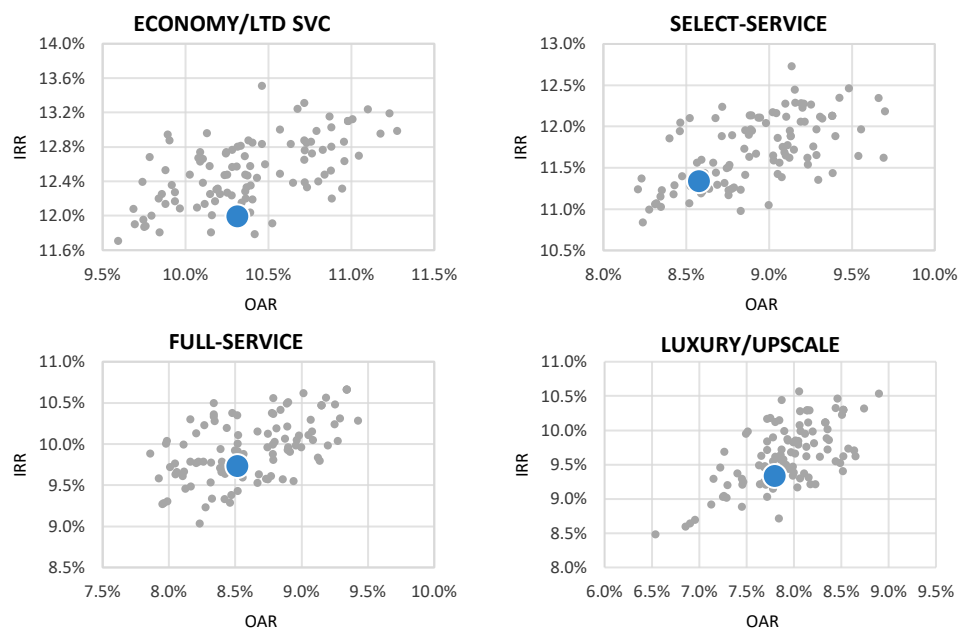
kalibri LABS

Loyalty Contribution		Avg. Length of Stay (Nights)		Booking Costs POR	
4Q 2023: 46.7% / 48.6%	T12 Mos.: 46.7% / 46.7%	T12 Mos.: 2.10 / 2.06	4Q 2023: 2.10 / 2.03	$11.62 / $11.64	$12.64 / $11.52
4Q 2023	T12 Mos.			4Q 2023	T12 Mos.
64th	53rd	35th	44th	85th	89th

INVESTMENT PARAMETERS

Discount and Capitalization Rates

Source: Newmark



FUNDAMENTALS

Trends and Risks

Source: Kalibri Labs, Newmark

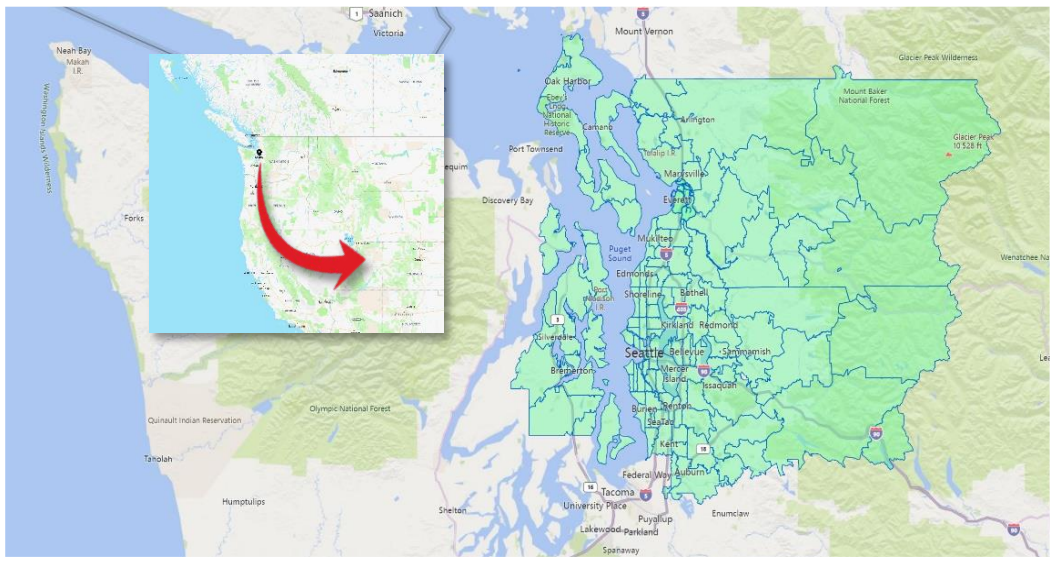
Revenue Stability	Supplier Power Trend	Investment Yields
94th	**61st**	**22nd**
Soft	**Average**	**Above Average**
Assessment of room revenue growth and volatility over past three to five years against other Top 104 markets	Assessment of market's ability to maximize loyalty and profits, and to ward off booking costs over past 12 months	Measure of market's general investment parameters (yields, OAR, IRR, interest rates, etc.) against other Top 104 markets

RISKS

Supply Risk	Labor Risk	Macro-Fiscal Risk
62nd	**86th**	**99th**
Average Risk	**Below Average**	**Low Risk**
Assessment of market supply growth over past 12 months relative to Top 104 markets	Measure of current employment health over past two years relative to Top 104 markets	Assessment of health and diversity of lodging demand generators relative to Top 104 markets

NEWMARK

Location



Quick Facts

Source: US Census Bureau, Dept. of Labor Statistics

Jurisdictional Information

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

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	Measurement	Rankings
Population (hotel market area)	2,864,458	15th of 104 (Large)
Income per Capita	$79,565	4th of 104 (Strong)
Feeder Group Size	83.5 Persons PSR	66th of 104 (Below Average)
Feeder Group Earnings	$6,645,619 PSR	94th of 104 (Soft)
Total Market COPE	$2.1 billion	19th of 104 (Above Average)

Key Performance Metrics

Data provided by: kalibri LABS

YEAR ENDING	Occ %	Guest Paid ADR	Guest Paid RevPAR	COPE ADR	COPE 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	42,530	1.54
2016	75.5%	$159.14	$120.11	$145.07	$109.49	$14.07	91.2%	50.2%	2.07	43,460	1.29
2017	76.5%	$166.74	$127.59	$151.67	$116.06	$15.07	91.0%	50.4%	2.02	44,470	1.41
2018	73.8%	$172.17	$127.08	$157.06	$115.93	$15.11	91.2%	52.6%	1.99	46,560	1.26
2019	74.1%	$165.51	$122.69	$150.89	$111.86	$14.62	91.2%	58.4%	1.91	49,710	1.30
2020	36.5%	$100.66	$38.81	$93.74	$34.17	$6.92	93.1%	36.6%	2.58	48,890	0.83
2021	52.1%	$116.30	$62.57	$107.37	$55.95	$8.94	92.3%	39.8%	2.35	49,420	0.81
2022	55.8%	$125.23	$70.40	$115.50	$64.43	$9.73	92.2%	41.4%	2.28	49,520	1.11
2023	60.5%	$139.93	$86.11	$129.27	$78.21	$10.66	92.4%	42.8%	2.25	49,520	1.36
CAGR: 2015 thru 2022	-2.9%	-1.2%	-3.8%	-1.0%	-3.8%	-2.8%	0.1%	-1.6%	0.8%	1.9%	-1.5%
4Q 2022	62.0%	$154.28	$95.67	$142.57	$88.41	$11.71	92.4%	45.1%	2.11	50,300	1.11
4Q 2023	64.7%	$151.81	$98.20	$140.19	$90.68	$11.62	92.3%	46.7%	2.10	49,810	1.36

Notable Metrics

HIGHEST

Economy Median Income	Latest-Quarter LPI	Marketwide Income per Room
4th	**9th**	**10th**
Strong	**Strong**	**Above Average**
Seattle, WA exhibited strong Economy Median Income ($79,565)	The market enjoyed strong latest-quarter LPI (1.36)	The market also enjoyed a high ratio of marketwide income per room ($3,270,311)

LOWEST

Feeder Group Earnings PSR	T12-Month COPE ADR Percentage	T12-Month Booking Costs POR
94th	**94th**	**89th**
Soft	**Soft**	**Below Average**
This market has been hindered by weak feeder group earnings PSR ($6,645,619)	The market has been hampered by weak T12-month COPE ADR percentage (92.4%)	Seattle, WA also was burdened by high T12-month booking costs POR ($12.64)

Notable Trends

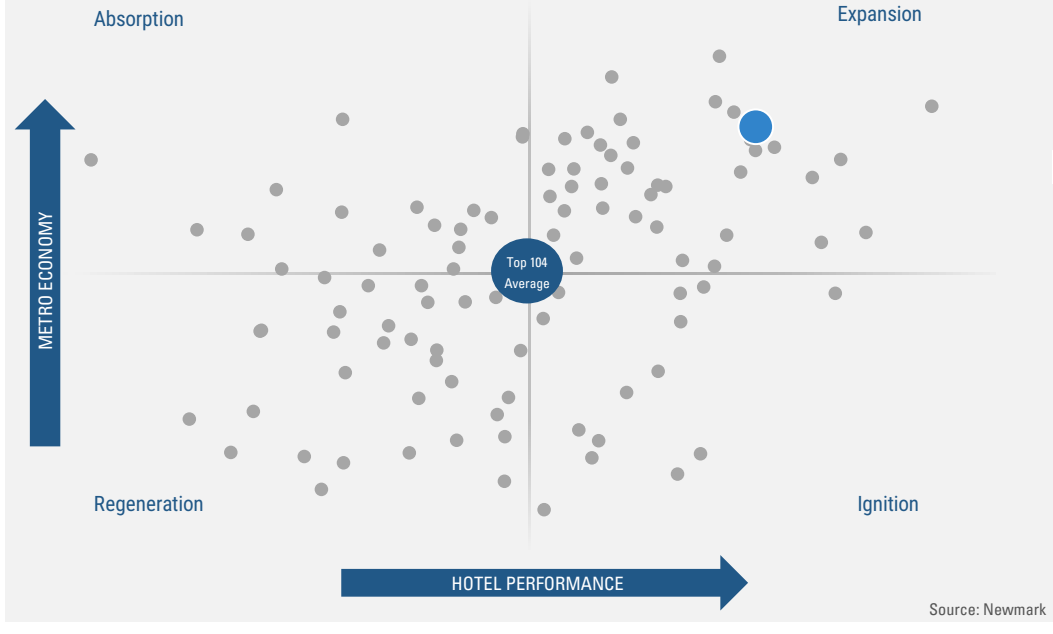
FASTEST

Long-Term Historical Booking Costs POR Growth	General Economy Reverence	Overall Health of Hotel Market
7th	**8th**	**8th**
Strong	**Strong**	**Strong**
Seattle, WA has benefited from low long-term historical booking costs POR growth (0.5%)	The market enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)	The market also has benefited from strong general hotel market performance (levels and trends of fundamentals)

SLOWEST

Short-Term Historical COPE ADR Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical Guest Paid RevPAR Growth
100th	**100th**	**94th**
Soft	**Soft**	**Soft**
The market posted weak short-term historical COPE ADR growth (0.5%)	We note this area has been impeded by weak short-term historical Guest Paid ADR growth (0.4%)	Seattle, WA also has been hampered by weak short-term historical Guest Paid RevPAR growth (-0.1%)

Market Performance Stage



Source: Newmark

Seattle, WA: Expansion Stage

Expansion

The Seattle, WA market is currently in the 'Expansion' stage of the performance cycle. In this stage, hotels perform adequately, contributing to a resilient economy that is approaching a 'post' pandemic environment. Displacement demand is high, new hotel supply is feasible (despite barriers normally being high), and the overall economy is expanding. Example markets in this stage include Anaheim, CA; Atlanta, GA; and Austin, TX.

Other Stages:

Regeneration

In the 'Regeneration' stage, hotels and the underlying economy are underperforming. The highest and best uses of hotel assets are still being challenged by lingering pandemic 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 Cincinnati, OH; Detroit, MI; and Knoxville, TN.

Ignition

In the 'Ignition' stage, hotels typically perform adequately for operators to enjoy positive returns, with confidence the economy will enter a sustained post-pandemic status. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Chicago, IL; Miami, FL; and Myrtle Beach, SC.Chicago, IL; Miami, FL; and New York, NY.

Absorption

In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed lingering pandemic impacts, presenting upside for CRE. Barriers to entry are high and the market hosts little or no new supply, allowing for the existing stock of rooms to be absorbed. Example markets in this stage include Columbus, OH; Houston, TX; and Minneapolis, MN.

MOODYS ANALYTICS

Industry Observations

Business Cycle:	At Risk
Employment Growth (2 yr):	8.0%
Risk Exposure (402 US markets):	13th Percentile: Below Average
Key Industry Notes:	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

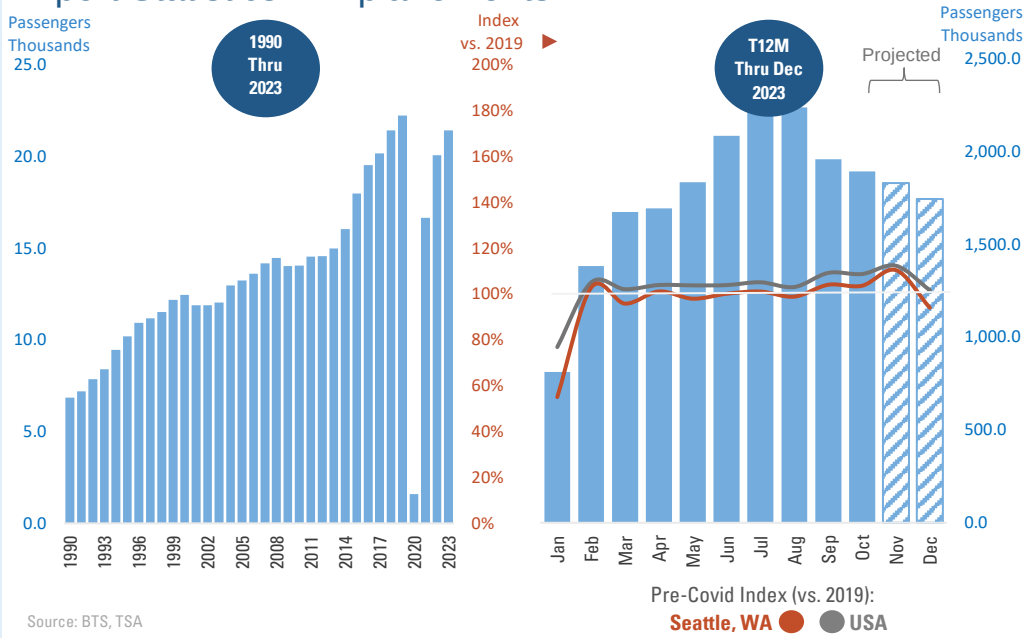
TOP 10 BRANDS

Source: Newmark

NEWMARK

SEATTLE, WA: ALL LOCAL

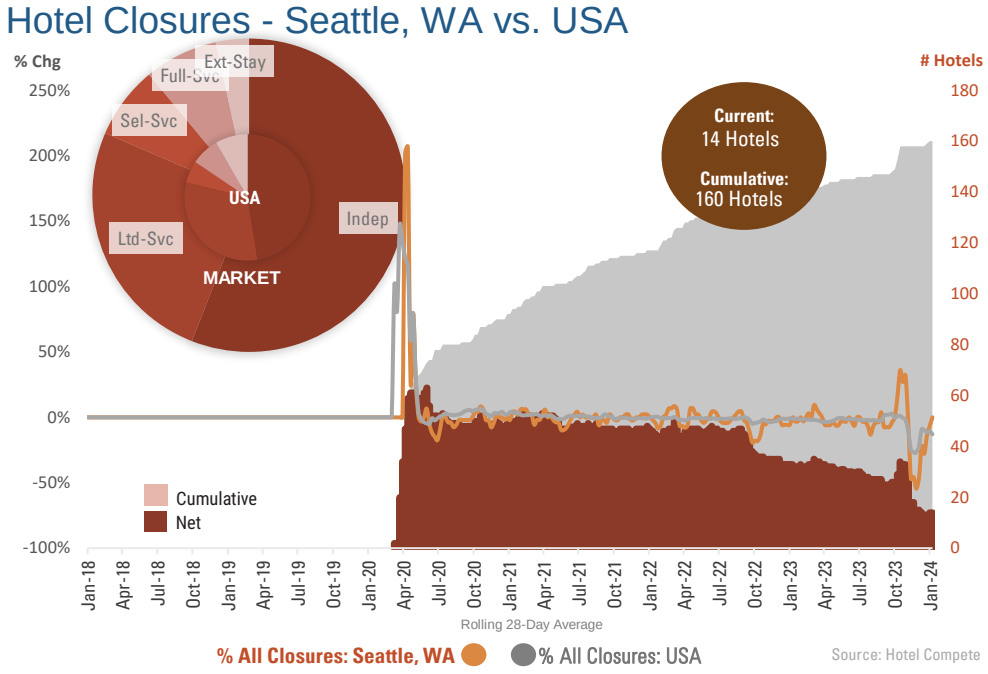
Airport Statistics - Enplanements



Source: BTS, TSA

DATA THROUGH JANUARY 2024

Hotel Closures - Seattle, WA vs. USA

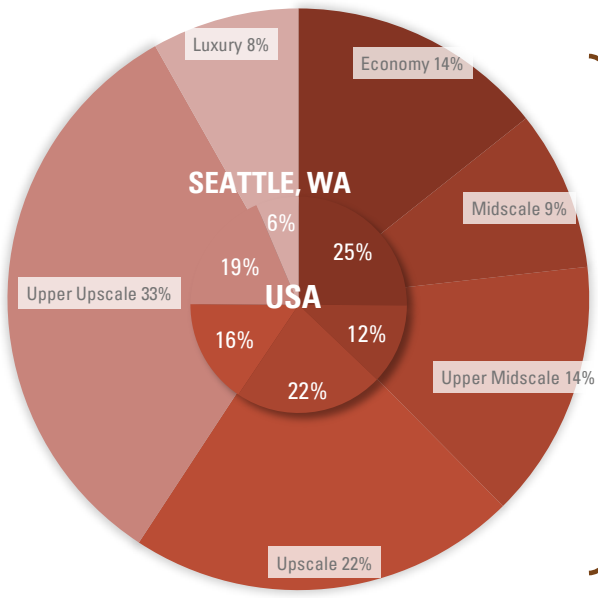


Source: Hotel Compete

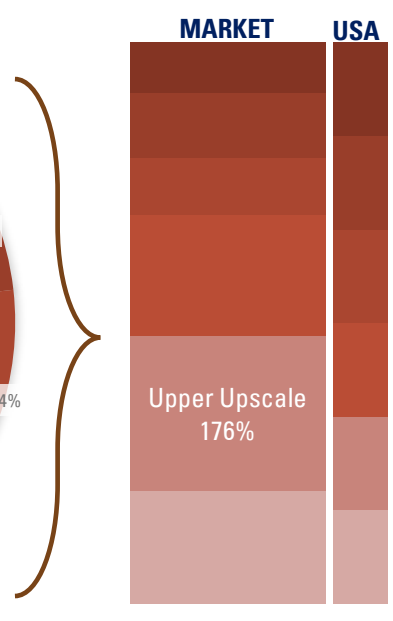
SCALE AND SERVICE ORIENTATION

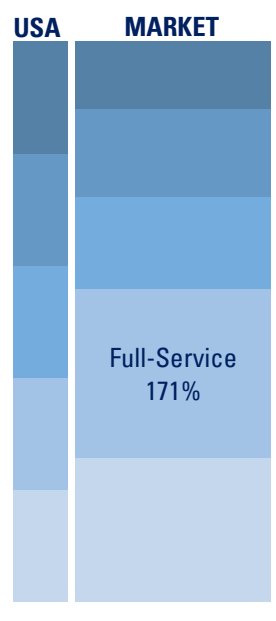
Scale and Service Distribution: Seattle, WA

DISTRIBUTION BASED ON CHAIN SCALE

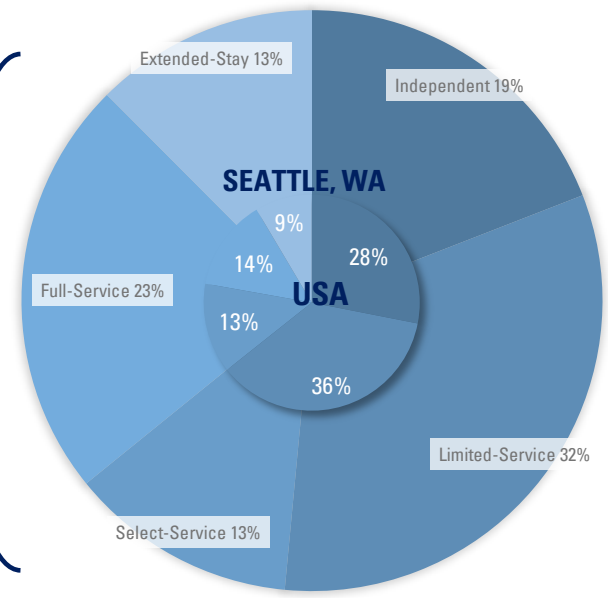


CURRENT CATEGORY PENETRATION RELATIVE TO USA





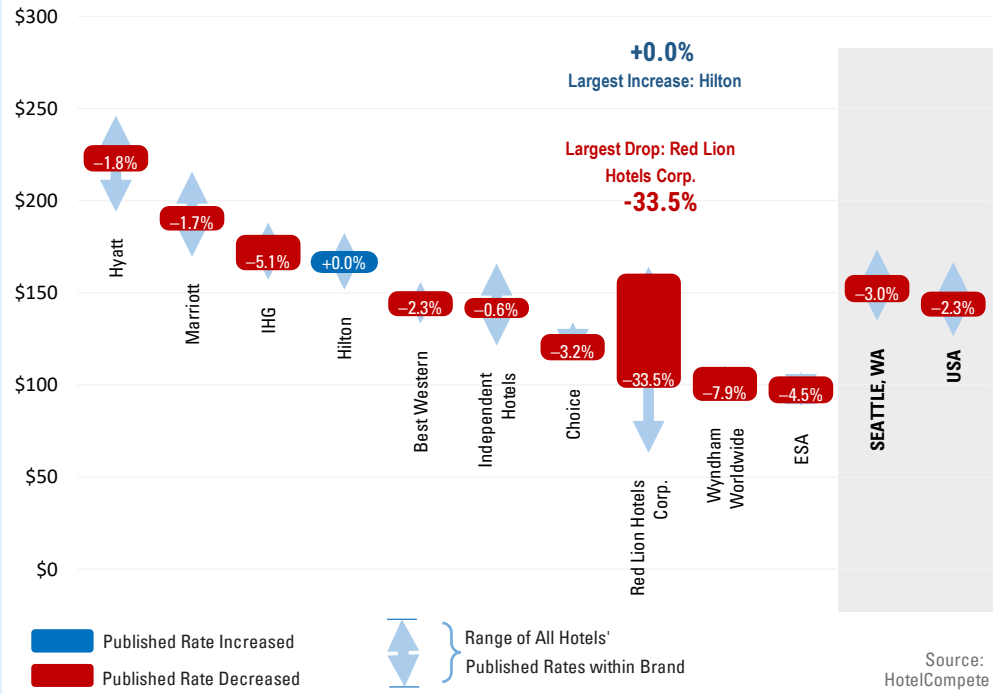
DISTRIBUTION BASED ON SERVICE ORIENTATION



'30/3' RATE CHANGES

Published Rates: Top 10 Brands

Surveyed late January 2024

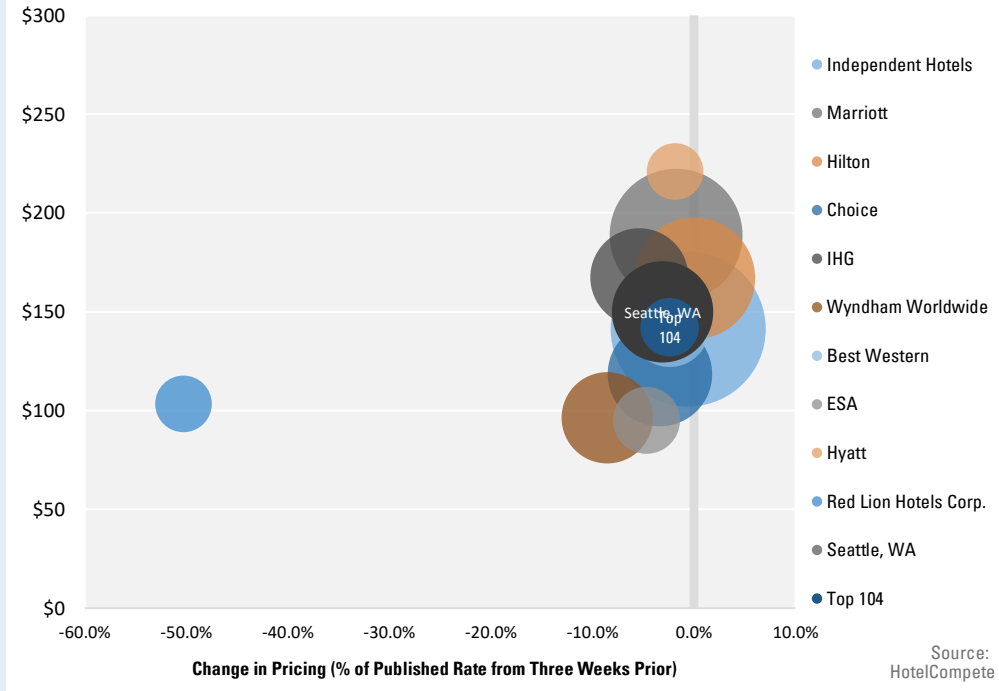


Source: HotelCompete

RATE ADJUSTMENTS BY BRAND

Published Rates: Volatility

Surveyed late January 2024



Source: HotelCompete

Published Rate Observations: 30-Day Advance

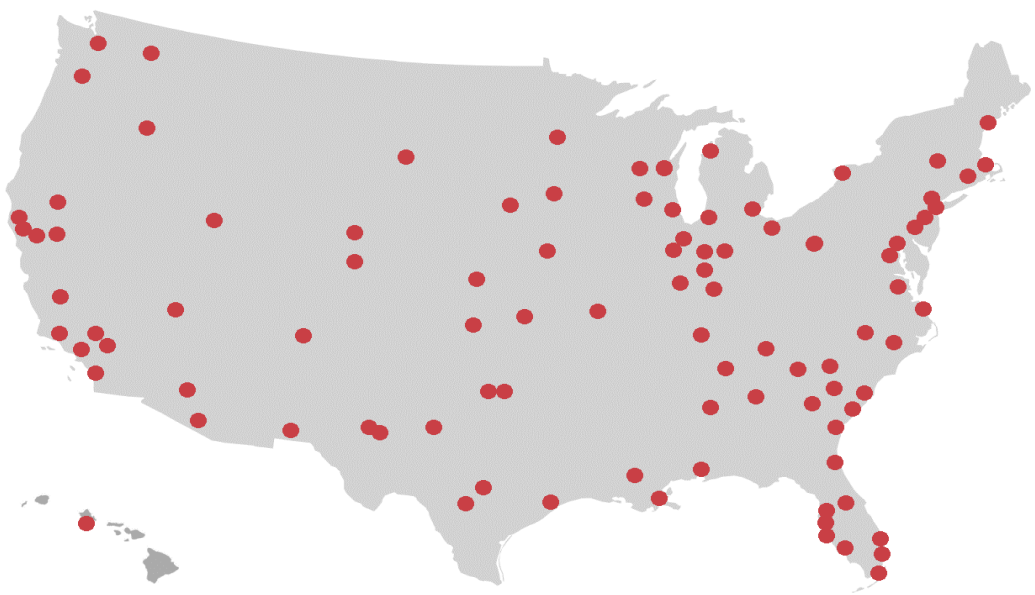
MARKET LEVEL

Published Rate Level	Rate Movement	Optimism
31st	**64th**	**79th**
Above Average	**Average**	**Below Average**
The 30-day advanced published rate for the market was a somewhat aggressive $149.94, ranking 31st out of 104 markets. (Guest-Paid ADR ranked a somewhat aggressive 29th at $151.81 in 4Q 2023.)	Published rates have recently been moving downward, decreasing by a noticeable 3.0% over three weeks going into late January 2024. By comparison, the T-104 average posted downward movement of 2.34%.	Published rates reported in late January 2024 were 1.2% lower than the market's Guest-Paid ADR in 4Q 2023. This optimism is below average. By comparison, the T-104 spread was -9.5%.

BRAND LEVEL

Published Rate Integrity	Coverage	Volatility
86th	**49th**	**98th**
Below Average	**Average**	**Very High**
Published rates among the top 10 brands have a moderate amount of integrity with some pricing overlap, suggesting bottom-feeding occasionally exists.	Seattle, WA has an average spectrum of rate classes and traveler types among its top 10 brands, and the range of coverage has been widening.	Seattle, WA's top 10 brands are exhibiting very high volatility with respect to advanced booking pricing movements in the three weeks leading into late January 2024.

Nsights Hotel Market Reports Coverage



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

*Customized market reports available upon request

Hospitality, Gaming & Leisure

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- Gaming Facilities
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- Golf Courses
- Marinas
- Ski and Village Resorts
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Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

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We understand every aspect of a property's operations, allowing us to craft advanced tax strategies.

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