



VALUATION & ADVISORY 3Q 2021 HOTEL MARKET INSIGHTS REPORT

Hospitality, Gaming & Leisure Practice

Seattle, WA

Fundamentals Dashboard

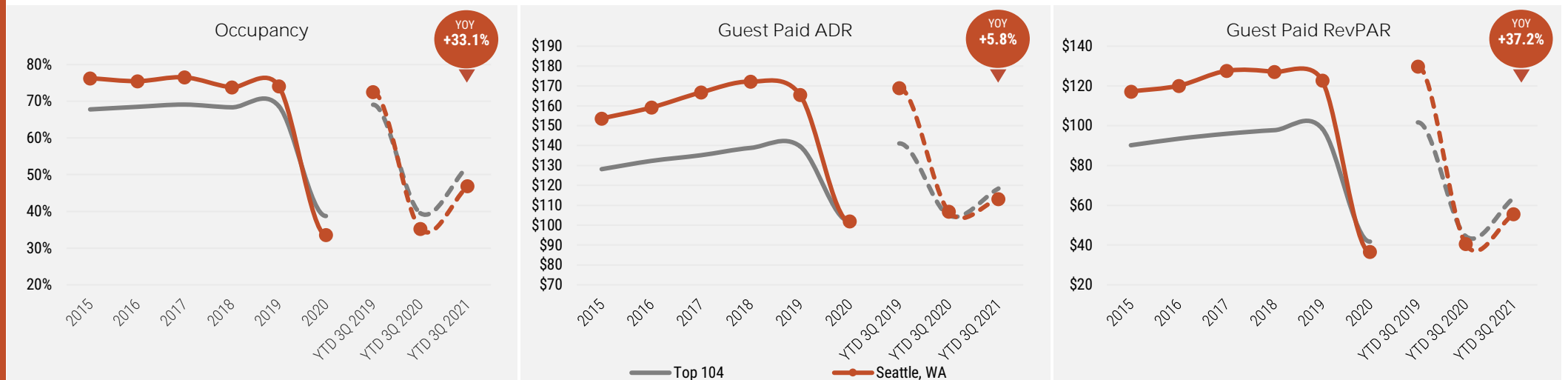
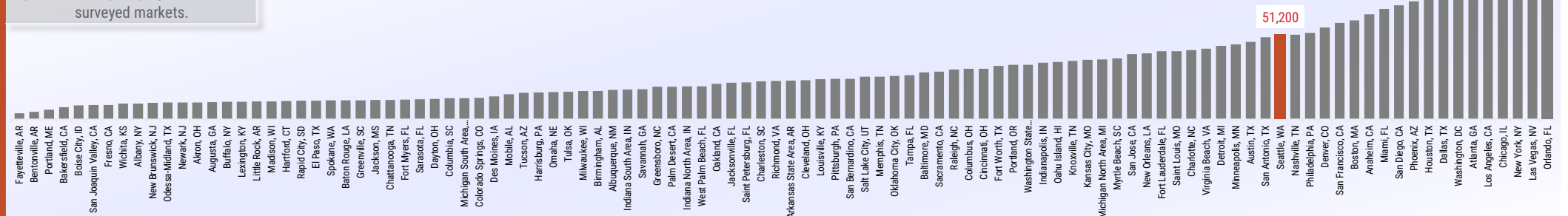
Lodging Performance Index

80th of 104

Below Average

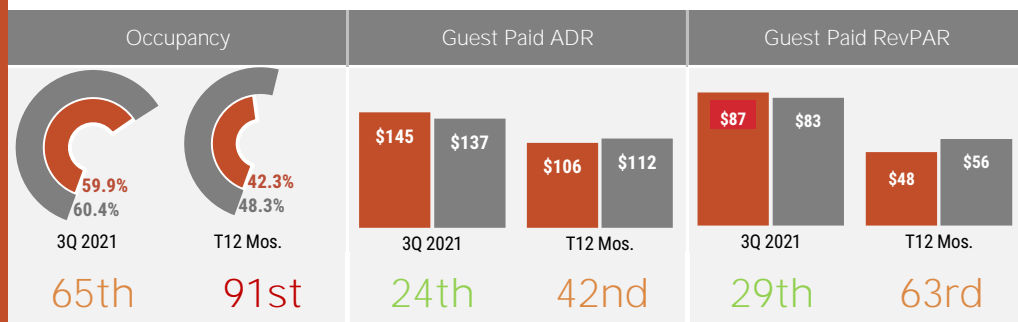
Ranking of overall '3Q 2021 LPI' performance (0.75) against all 104 surveyed markets.

Supply Ranking vs. Major US Markets



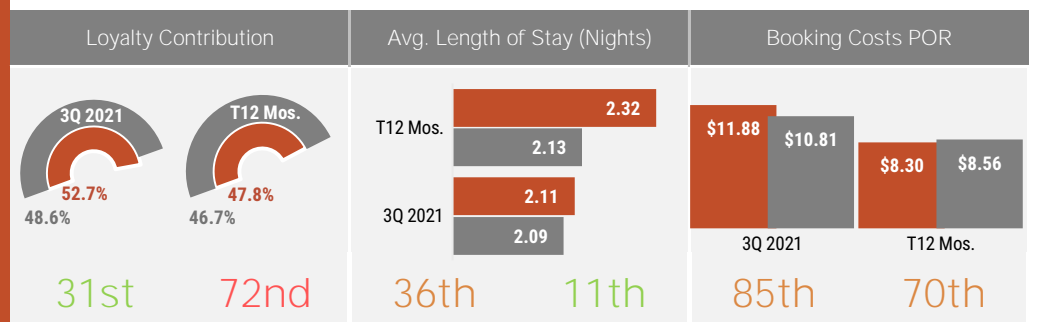
Key Performance Indexes

● Subject Market ● Top 104



Key Benchmark Indexes

Data provided by: **kalibri LABS**



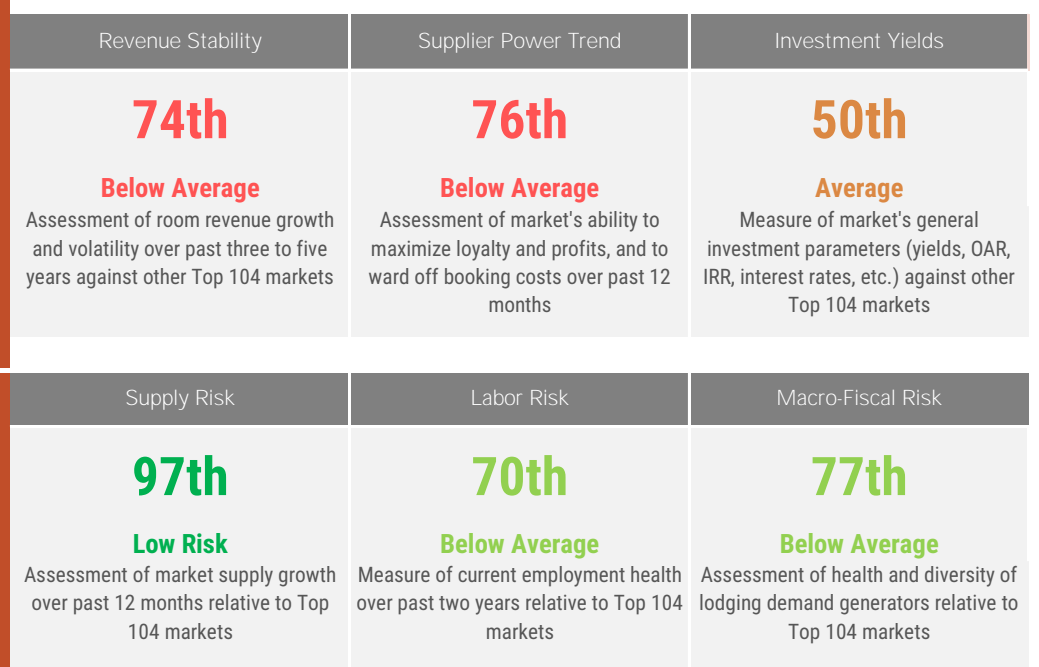
Discount and Capitalization Rates

Source: Newmark

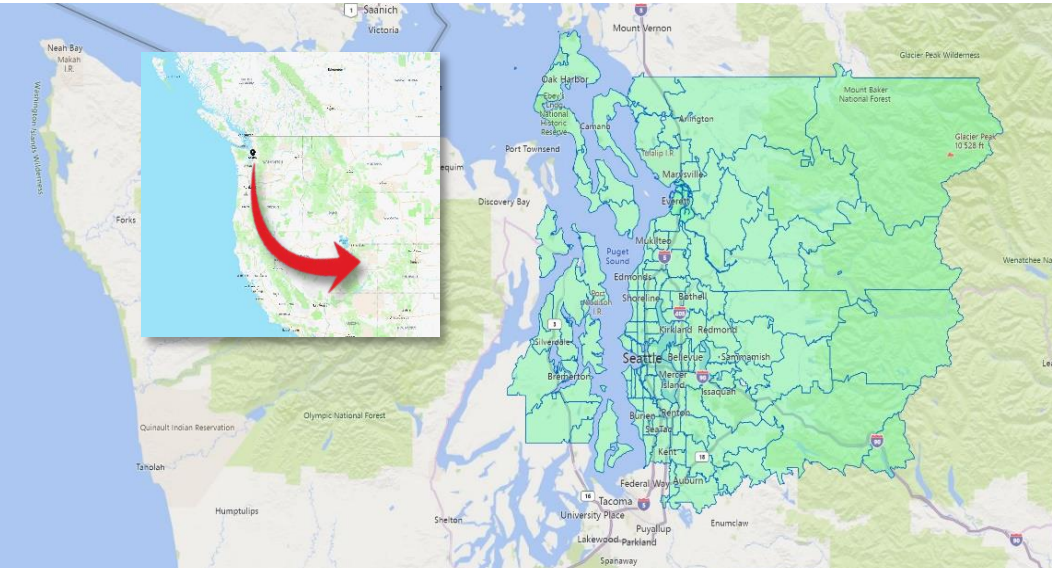


Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Jurisdictional Information		Source: US Census Bureau, Dept. of Labor Statistics
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		
Population (hotel market area)	2,864,458	15th of 104 (Large)
Income per Capita	\$79,565	4th of 104 (Strong)
Feeder Group Size	132.6 Persons PSR	79th of 104 (Below Average)
Feeder Group Earnings	\$10,551,332 PSR	101st of 104 (Soft)
Total Market COPE	\$839.5 million	26th of 104 (Above Average)

Key Performance Metrics

YEAR ENDING	Guest Paid			COPE*		Booking Cost POR	ADR COPE* %	Loyalty %	Avg. Length of Stay (Nights)	Supply (Available Rms)	Performance Index (LPI)
	Occ %	ADR	RevPAR	ADR	RevPAR						
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%
YTD 3Q 2019	72.4%	\$168.79	\$129.77	\$153.94	\$118.36	\$14.84	91.2%	56.7%	1.88	50,100	1.13
YTD 3Q 2020	35.2%	\$106.78	\$40.46	\$98.81	\$37.30	\$7.97	92.5%	46.9%	2.38	51,200	0.98
YTD 3Q 2021	46.8%	\$112.99	\$55.50	\$103.98	\$51.03	\$9.01	92.0%	48.5%	2.28	50,900	0.75
% Change	33.1%	5.8%	37.2%	5.2%	36.8%	13.0%	-0.5%	3.3%	-4.0%	-0.6%	-23.5%
*COPE: Contribution to Operating Profit and Expenses. Metrics do not account for Sales and Marketing Spend.											

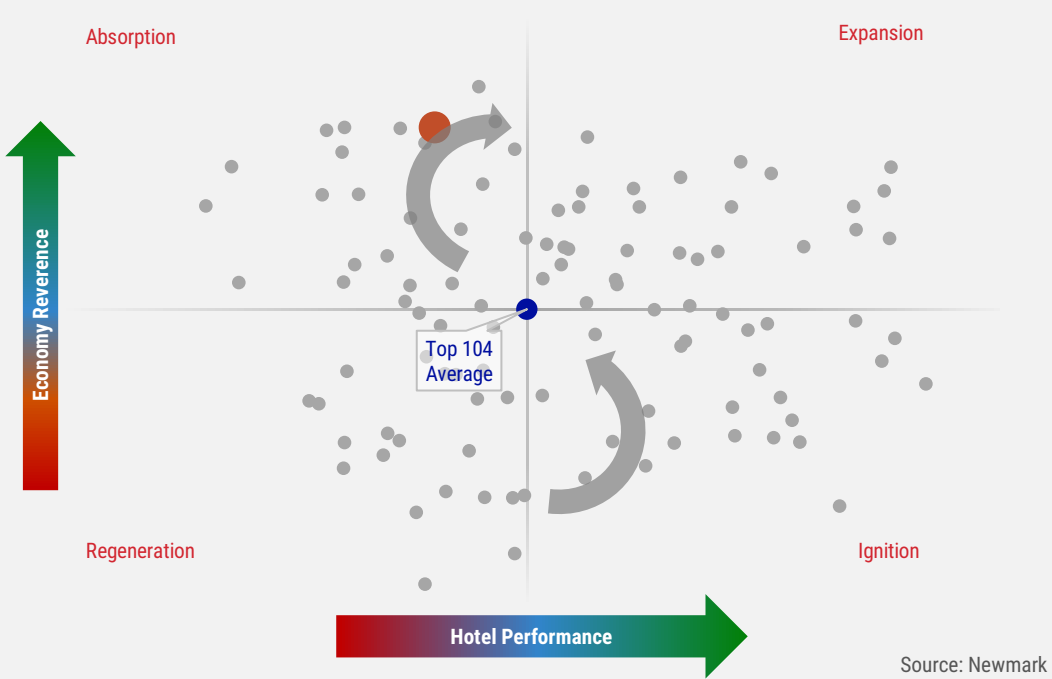
Notable Metrics

HIGHEST	Economy Median Income	Marketwide Income per Room	T12-Month Average Length of Stay
	4th Strong Seattle, WA exhibited strong Economy Median Income (\$79,565)	8th Strong The market enjoyed a high ratio of marketwide income per room (\$3,333,007)	11th Above Average The market also benefited from strong T12-month average length of stay (2.32 Nights)
LOWEST	Feeder Group Earnings PSR	T12-Month Occupancy	T12-Month COPE ADR Percentage
	101st Soft This market has been hindered by weak feeder group earnings PSR (\$10,551,332)	91st Soft The market has been hindered by weak T12-month occupancy (42.3%)	85th Below Average Seattle, WA also has been hampered by weak T12-month COPE ADR percentage (92.2%)

Notable Trends

FASTEST	General Economy Relevance	T12-Month Rooms Supply Growth	Short-Term Historical Loyalty Contribution Growth
	4th Strong Seattle, WA enjoyed strong general economic reverence (per-capita unemployment, GDP and other indicators)	8th Strong The market exhibited low rooms supply growth over the last 12 months (-1.4%)	29th Above Average The market also enjoyed strong short-term historical loyalty contribution growth (0.7%)
SLOWEST	Short-Term Historical LPI Growth	Long-Term Historical LPI Growth	Long-Term Historical Supply Growth
	97th Soft The market has been hampered by weak short-term historical LPI growth (-17.7%)	97th Soft We note this area posted weak long-term historical LPI growth (-11.9%)	84th Below Average Seattle, WA also has been burdened by high long-term historical supply growth (3.2%)

Market Performance Stage



Seattle, WA: Absorption Stage

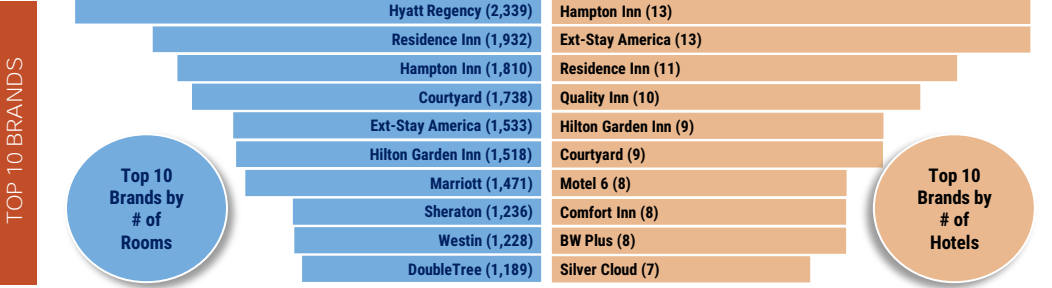
The Seattle, WA market is currently in the 'Absorption' stage of the performance cycle. In this stage, hotels are underperforming but in an economy with resilience and confidence the economy will recover from the COVID-19 crisis, presenting upside for CRE. Barriers to entry are high and the market typically 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:

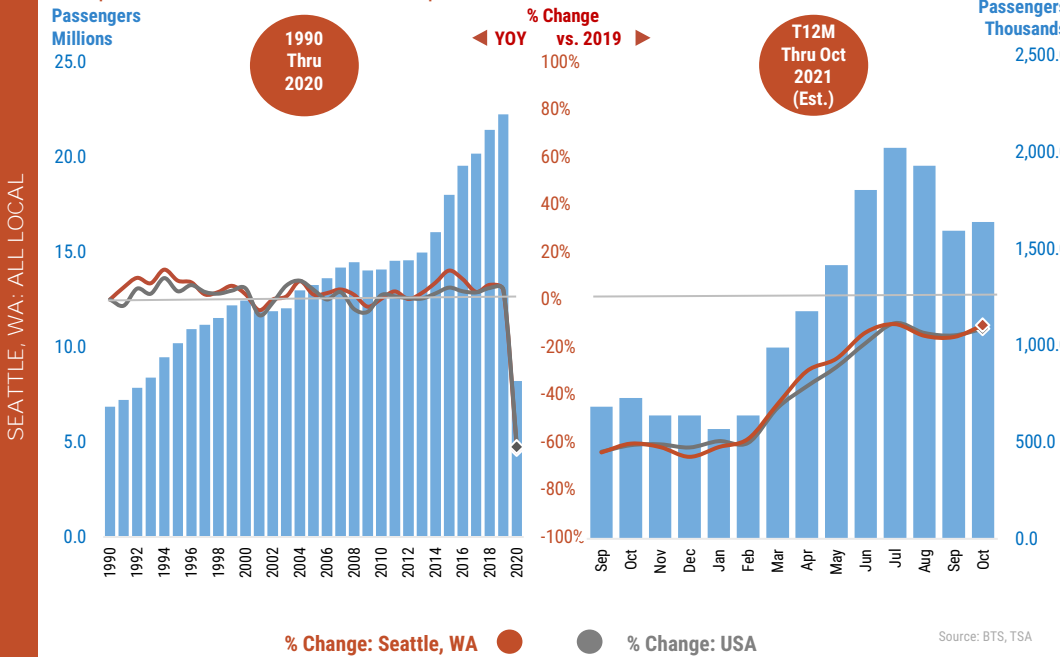
Regeneration	In the 'Regeneration' stage, hotels and the underlying economy are generally underperforming. The highest and best uses of hotel assets are challenged whether by COVID-19 impacts, oversupply, weak economic indicators, and/or poor corporate contribution. Hotel investors look for opportunities to either exit or regenerate demand. Example markets in this stage include Cincinnati, OH; Detroit, MI; and New Orleans, LA.
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 Knoxville, TN; Miami, FL; and Michigan North Area, MI.
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

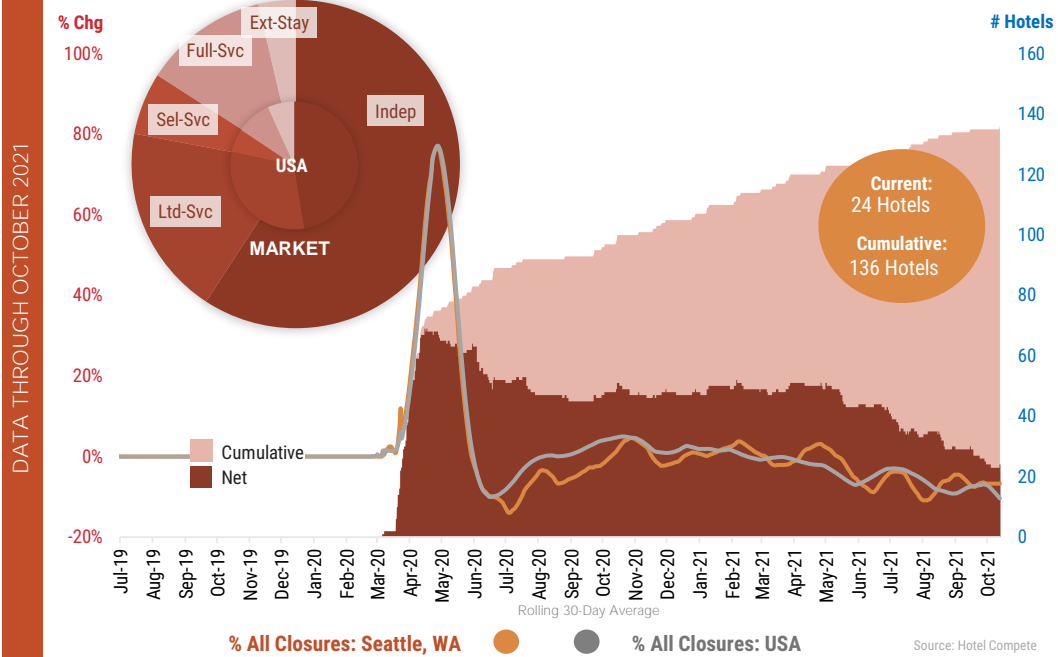
MOODY'S ANALYSIS	Business Cycle:	In Recovery	Aaa Investment Grade Long-term investment grade, Prime-1 short-term outlook
	Employment Growth (2 yr):	-3.1%	
	Risk Exposure (402 US markets):	7th Percentile: Low Risk	
	Key Industry Notes:	Manufacturing, high tech	
		Hub for software dev	
	Well-educated workforce		
	High per capita income		
	High business costs		



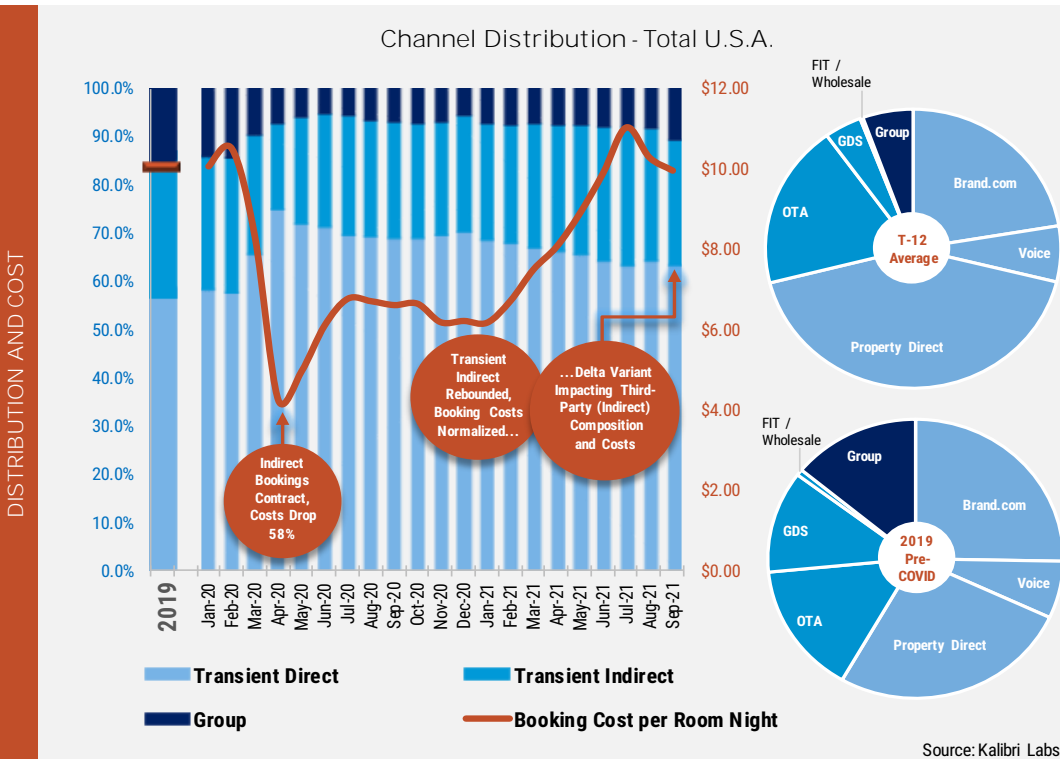
Airport Statistics - Enplanements



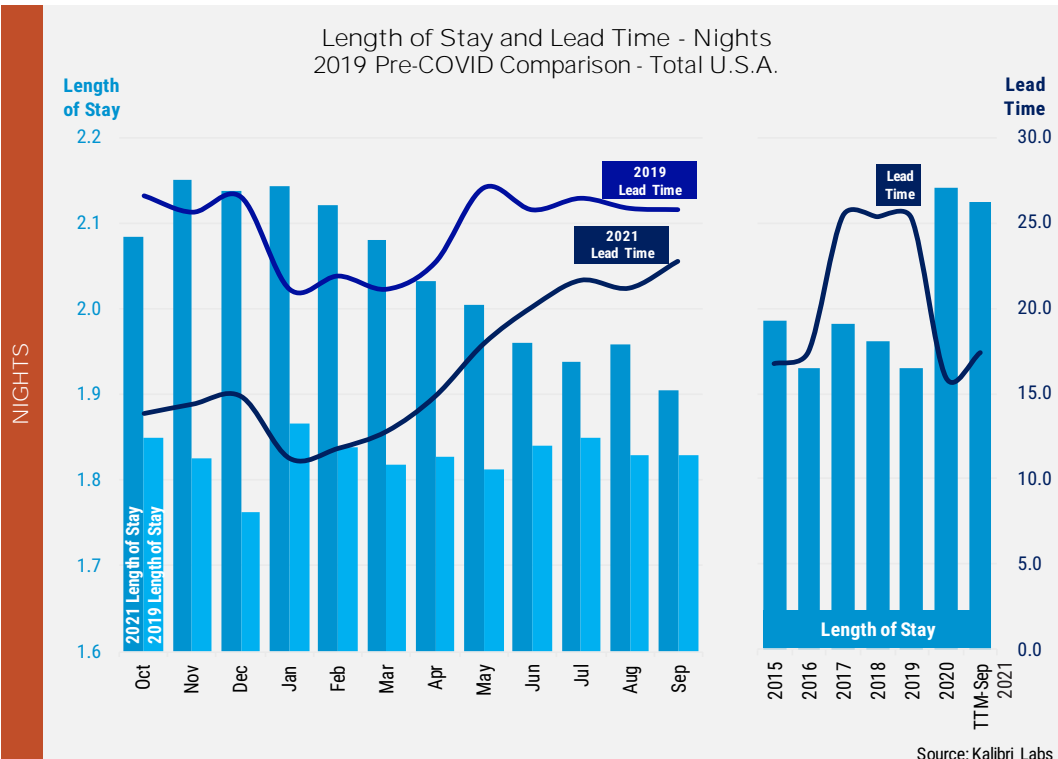
Hotel Closures - Seattle, WA vs. USA



National Trends Dashboard - Channel Distribution



National Trends Dashboard - Duration



Newmark Hotel Market Nsights Report Coverage



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|-------------------------|---------------------------|---------------------------|---------------------------|
| 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 | Jackson, MS | Odessa-Midland, TX | Spokane, WA |
| Chattanooga, TN | Jacksonville, FL | Oklahoma City, OK | Tampa, FL |
| Chicago, IL | Kansas City, MO | Omaha, NE | Tucson, AZ |
| Cincinnati, OH | Knoxville, TN | Orlando, FL (Non-Disney) | Tulsa, OK |
| Cleveland, OH | Las Vegas, NV (Non-Strip) | Palm Desert, CA | Virginia Beach, VA |
| Colorado Springs, CO | Lexington, KY | Philadelphia, PA | Washington State Area, WA |
| Columbia, SC | Little Rock, AR | Phoenix, AZ | Washington, DC |
| Columbus, OH | Los Angeles, CA | Pittsburgh, PA | West Palm Beach, FL |
| Dallas, TX | | Portland, ME | 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.

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