

MARKET TRENDS

SEATTLE HOTEL

Actual 2024	↑	ROOM OCCUPANCY	↑	AVERAGE ROOM RATE	↑	DAILY REVPAR
Projected 2025	↑	ROOM OCCUPANCY	↑	AVERAGE ROOM RATE	↑	DAILY REVPAR

Year-Over-Year Change

In December 2024, the trailing twelve-month occupancy rate of 70.4% for the overall Seattle market was still below pre-pandemic occupancy levels but steadily improving.

Demand in the Seattle CBD submarket continues to be hampered by a lack of business travel compared to pre-pandemic levels. With continued growth in demand and a relatively stable supply plus rising room rates, we expect that hotel performance will continue to steadily improve although at a slower rate than in the past three years.

The extent of continued recovery in the overall Seattle hotel market is demonstrated by Q4 2024 results reflecting continued improvement prior years since the start of the pandemic in 2020. Immediately prior to the pandemic, trailing twelve-month occupancy was 73.5% in Q1 2020 which fell to a low of 32.6% in February of 2021. Overall market occupancy improved to 53.1% in Q1 of 2022, to 67.2% in Q4 of 2023 and to 70.3% in Q4 of 2024. ADR fell from \$160 in Q1 2020 to \$100 Q1 2021 with the onset of the pandemic. It has since consistently improved notching \$178 in Q4 2024.

This translates to a significant increase in RevPAR from \$35 in Q1 2021 to \$128 in Q4 2024. This is above the RevPAR of \$118 in January 2020 just prior to the pandemic.

Some downtown hotels still continue to underperform weighed down by continued low office occupancy and a related reduction in business travel. However, most suburban hotel occupancy rates are at or near pre-pandemic levels, and room prices have increased rapidly in the overall market and all submarkets. With limited growth in supply, completion of the convention center expansion, continued cruise ship visitor growth, and Seattle being one of the host cities for the 2026 FIFA World Cup, the expectation is for continued steady growth in demand.

In Q4 2024, there were 5 sales of hotels in the greater Seattle market with prices exceeding \$5,000,000. This includes the sale of the 97-room Kimpton Palladian for \$436,628/room. Transaction volume had fallen with the rise in the interest rates but appears to be on the rise again. Capitalization rates rose significant but have stabilized and now average about 8.6%.

Six hotels are now under construction ranging in size from the 120-room boutique Hotel Westland in the Pioneer Square neighborhood of Seattle up to the 223-room Trademark Collection, a limited-service hotel in Redmond. New hotel deliveries will result in modest new supply primarily in Seattle and Eastside suburban areas in 2025 or 2026.

MARKET UP CLOSE

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

WHILE LEISURE TRAVEL and suburban markets have generally recovered, business travel still lags and the drop in office occupancy remains a concern for downtown hotels.

WITH THE LIMITED GROWTH IN SUPPLY, occupancy is projected to continue to steadily improve.

WITH RISE IN INTEREST RATES, sales volume has decreased, and pricing has moved downward as average capitalization rates have edged upward to 8.8%.

SIX HOTELS are now under construction and new supply is anticipated mainly in 2024 and 2025.

HOTEL PERFORMANCE

Market	Room Occupancy			Average Room Rate			Daily RevPAR		
	4Q22	4Q23	4Q24	4Q22	4Q23	4Q24	4Q22	3Q23	4Q24
Seattle CBD	64.0%	68.1%	72.4%	\$223	\$234	\$237	\$143	\$160	\$172
South Lake Union	69.1%	70.0%	73.2%	\$185	\$197	\$200	\$128	\$138	\$147
North Seattle	67.5%	66.4%	68.5%	\$146	\$150	\$152	\$99	\$99	\$104
Bellevue CBD	60.6%	62.9%	68.3%	\$194	\$205	\$223	\$118	\$129	\$152
SeaTac	71.5%	71.9%	73.3%	\$138	\$144	\$145	\$99	\$103	\$106
Tacoma	63.5%	64.0%	65.1%	\$160	\$167	\$174	\$102	\$107	\$113
Lynnwood	67.9%	67.3%	69.5%	\$145	\$147	\$150	\$98	\$99	\$104
Everett	67.3%	67.2%	68.8%	\$119	\$123	\$125	\$80	\$83	\$86

HOTEL DEVELOPMENT

Name	Address	City	Type	Opening	Rooms
Element Seattle North	601 Aurora Avenue N	Seattle	Limited Service	2025	143
Residence Inn by Marriott	10600 First Avenue NE	Seattle	Limited Service	2025	155
Trademark Collection	15881 NE 85th Street	Redmond	Limited Service	2025	223
Hotel Westland	100 S King Street	Seattle	Boutique	2025	120
The Somm. Hotel and Spa	14485 Redmond-Woodinville Road NE	Woodinville	Boutique	2026	165
LivAway Suites	751 Park Avenue N	Renton	Limited Service	2025	126

HOTEL TRANSACTIONS

Name	Location	Year Built	Sale Date	Sale Price	Rooms	\$/Room	\$/SF
Fairmont Olympic	Seattle	1924	December 2024	\$87,000,000	450	\$193,333	\$160
Hyatt Regency	Renton	2017	December 2024	\$103,018,100	347	\$296,882	\$485
Quality Inn	Kent	2015	December 2024	\$6,500,000	80	\$81,250	\$187
Kimpton Palladian	Seattle	1910	November 2024	\$42,352,941	97	\$436,628	\$705
Watertown Hotel	Seattle	2001	November 2024	\$27,500,000	100	\$275,000	\$310

Data Sources: STR, CoStar, and Kidder Mathews Valuation



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COMMERCIAL BROKERAGE	<i>\$10B</i>	<i>31.7M</i>	<i>42.4M</i>
	3-YEAR AVERAGE TRANSACTION VOLUME	ANNUAL SALES SF	ANNUAL LEASING SF
ASSET SERVICES	<i>57M SF</i>	<i>850+</i>	<i>260+</i>
	MANAGEMENT PORTFOLIO SIZE	ASSETS UNDER MANAGEMENT	CLIENTS SERVED
VALUATION ADVISORY	<i>2,600+</i>	<i>39</i>	<i>24</i>
	3-YEAR AVERAGE ASSIGNMENTS	TOTAL APPRAISERS	WITH MAI DESIGNATIONS

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