

# NEWMARK

1Q 2024

## Hotel Market Nsights Report

WASHINGTON STATE AREA, WA



### FOR MORE INFORMATION:

**Bryan Younge, MAI, ASA, FRICS**

Senior Managing Director

Practice Leader - Hospitality, Gaming & Leisure

NEWMARK VALUATION & ADVISORY

Americas

m 773-263-4544

**Nancy Dawn**

Executive Vice President

Hospitality, Gaming & Leisure

NEWMARK VALUATION & ADVISORY

PacNW, Hawaii & Mountain Markets

m 206-437-4002

**Keenan O'Leary, MAI**

First Vice President

Hospitality, Gaming & Leisure

NEWMARK VALUATION & ADVISORY

PacNW, Hawaii & Mountain Markets

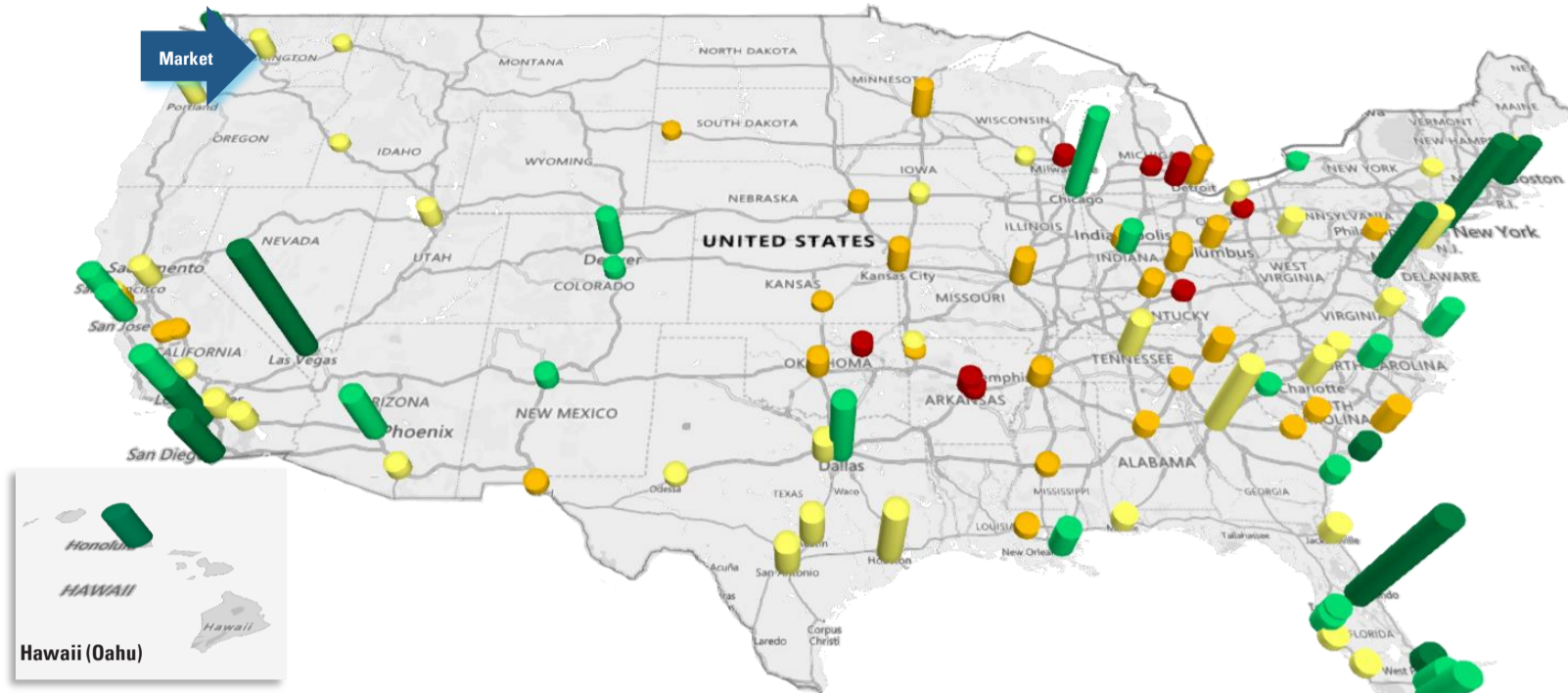
m 206-765-8364

[NMRK.COM/VALUATION](https://www.nmrk.com/valuation)

# 1Q 2024 WASHINGTON STATE AREA, WA

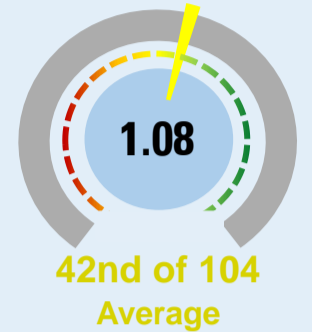


## Lodging Performance Index Snapshot

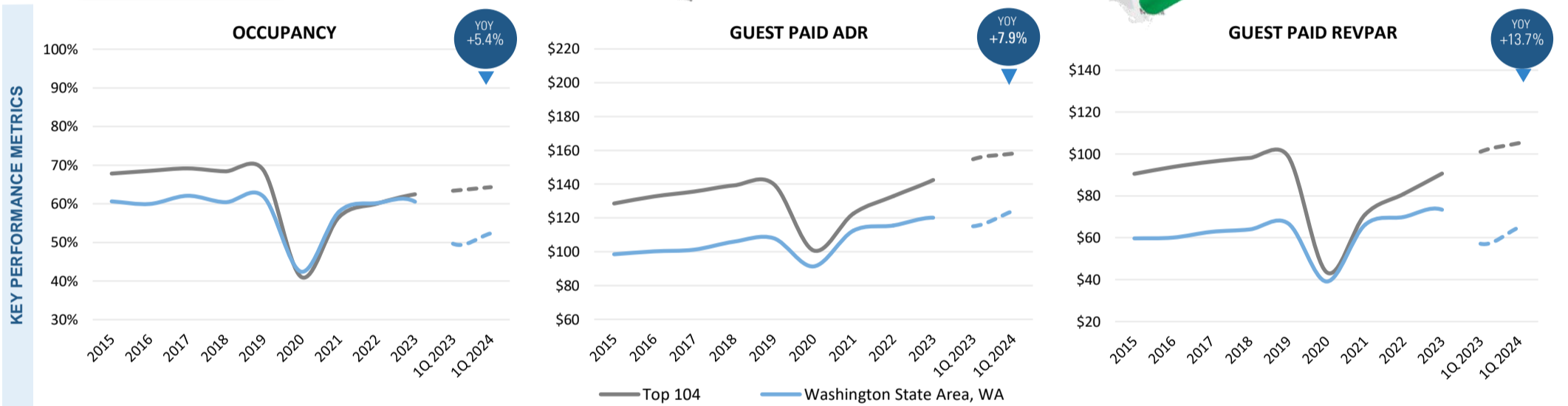


### LODGING PERFORMANCE INDEX

Washington State Area, WA

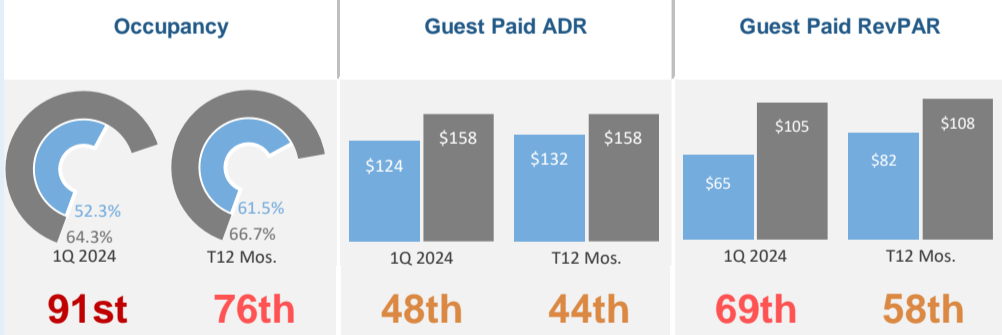


Ranking of overall '1Q 2024 LPI' performance (1.08) against all 104 surveyed markets.

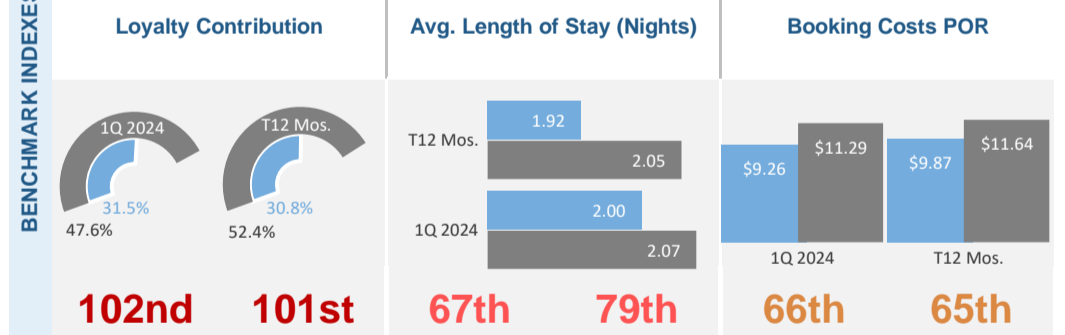


### Key Performance Indexes

● Subject Market ● Top 104

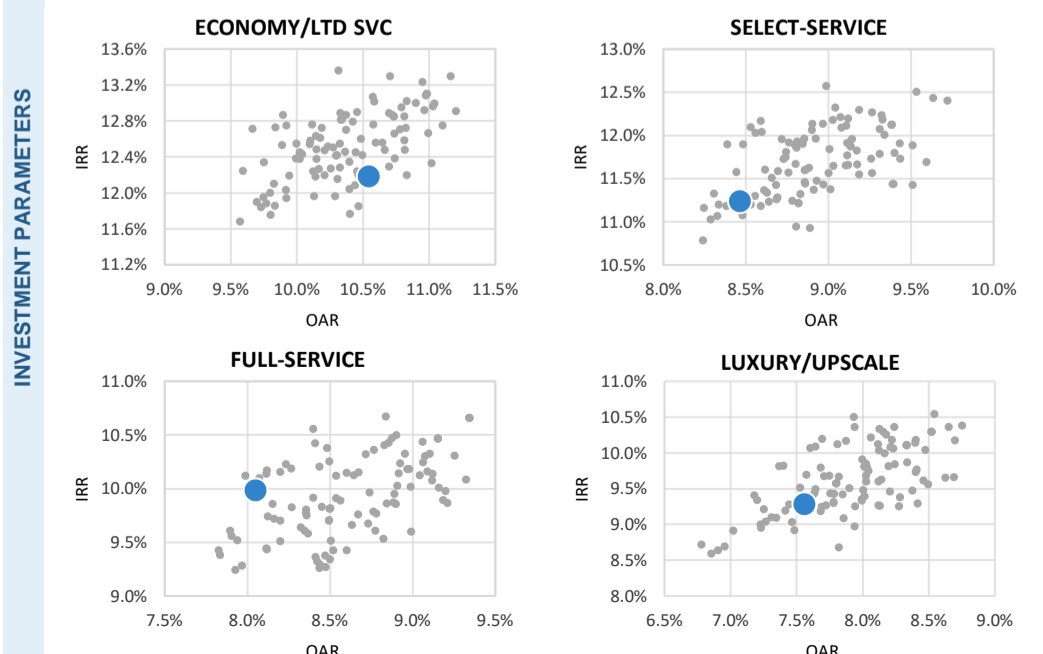


### Key Benchmark Indexes



### Discount and Capitalization Rates

Source: Newmark

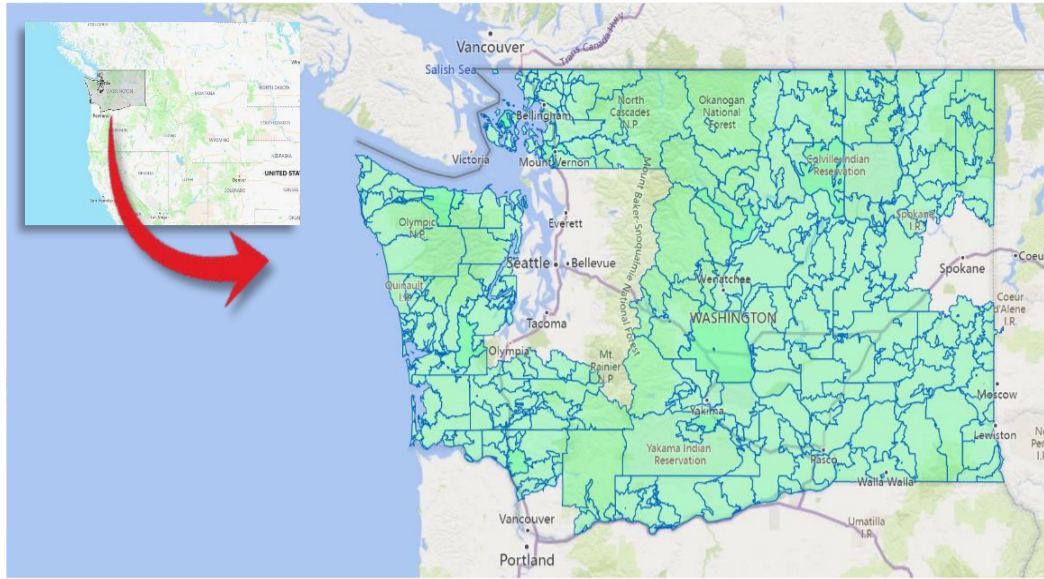


### Trends and Risks

Source: Kalibri Labs, Newmark



Location



Quick Facts

Source: US Census Bureau, Dept. of Labor Statistics

<b>Jurisdictional Information</b>	Municipal Name: Multiple	County: Multiple	State: Washington	Geo Coordinates (market center): 47.34289, -121.38278
<b>Major Hotel Demand Generators</b>	Stemilt Growers Inc.   Confluence Health   Broetje Orchards   Joint Base Lewis-McChord   Multicare Health System   Franciscan Health System   State Farm Insurance Co.   Fairchild AFB   Providence Health Care - Eastern Washington   Boeing Co.   Amazon   Microsoft Corp.   University of Washington   Alaska Air Group Inc.   Naval Station Everett   T-Mobile   Starbucks Corp.   Swedish Health Services   Costco Wholesale Corp.   Nordstrom Inc.			
<b>Metrics and Ranking</b>	<b>Measurement</b>	<b>Rankings</b>		
Population (hotel market area)	1,745,083	30th of 104 (Above Average)		
Income per Capita	\$61,380	16th of 104 (Above Average)		
Feeder Group Size	97.5 Persons PSR	80th of 104 (Below Average)		
Feeder Group Earnings	\$5,983,692 PSR	91st of 104 (Soft)		
Total Market Hotel Revenues	\$848.0 million	46th of 104 (Average)		

Key Performance Metrics

Data provided by: kolibri LABS

YEAR ENDING	Guest Paid			COPE		Booking Cost POR	ADR COPE %	Loyalty %	Avg Length of Stay Nights	Supply Rooms	Performance Index (LPI)
	Occ %	ADR	RevPAR	ADR	RevPAR						
2015	60.6%	\$98.50	\$59.70	\$92.05	\$55.79	\$6.45	93.5%	45.1%	1.81	28,870	0.68
2016	59.9%	\$100.22	\$60.07	\$93.29	\$55.92	\$6.92	93.1%	48.0%	1.78	28,930	0.74
2017	62.1%	\$101.20	\$62.81	\$93.92	\$58.29	\$7.28	92.8%	49.1%	1.87	29,720	0.85
2018	60.4%	\$105.93	\$63.98	\$97.89	\$59.13	\$8.04	92.4%	52.4%	1.78	30,630	0.62
2019	61.9%	\$107.99	\$66.84	\$99.53	\$61.60	\$8.46	92.2%	55.7%	1.79	29,560	0.76
2020	42.4%	\$91.32	\$39.10	\$84.82	\$35.96	\$6.51	92.9%	28.4%	2.08	29,700	1.05
2021	58.0%	\$112.47	\$66.22	\$104.15	\$60.38	\$8.32	92.6%	28.5%	1.99	30,130	1.07
2022	60.2%	\$115.53	\$69.90	\$106.93	\$64.35	\$8.60	92.6%	28.5%	2.00	30,190	1.04
2023	60.5%	\$120.15	\$73.39	\$111.17	\$67.29	\$8.99	92.5%	28.4%	1.98	30,200	0.81
<b>CAGR: 2015 thru 2023</b>	<b>0.0%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>4.2%</b>	<b>-0.1%</b>	<b>-5.6%</b>	<b>1.1%</b>	<b>0.6%</b>	<b>2.2%</b>
<b>1Q 2023</b>	49.7%	\$115.07	\$57.14	\$106.41	\$52.84	\$8.66	92.5%	30.1%	1.93	29,470	0.80
<b>1Q 2024</b>	52.3%	\$124.15	\$64.98	\$114.89	\$60.14	\$9.26	92.5%	31.5%	2.00	29,450	1.08

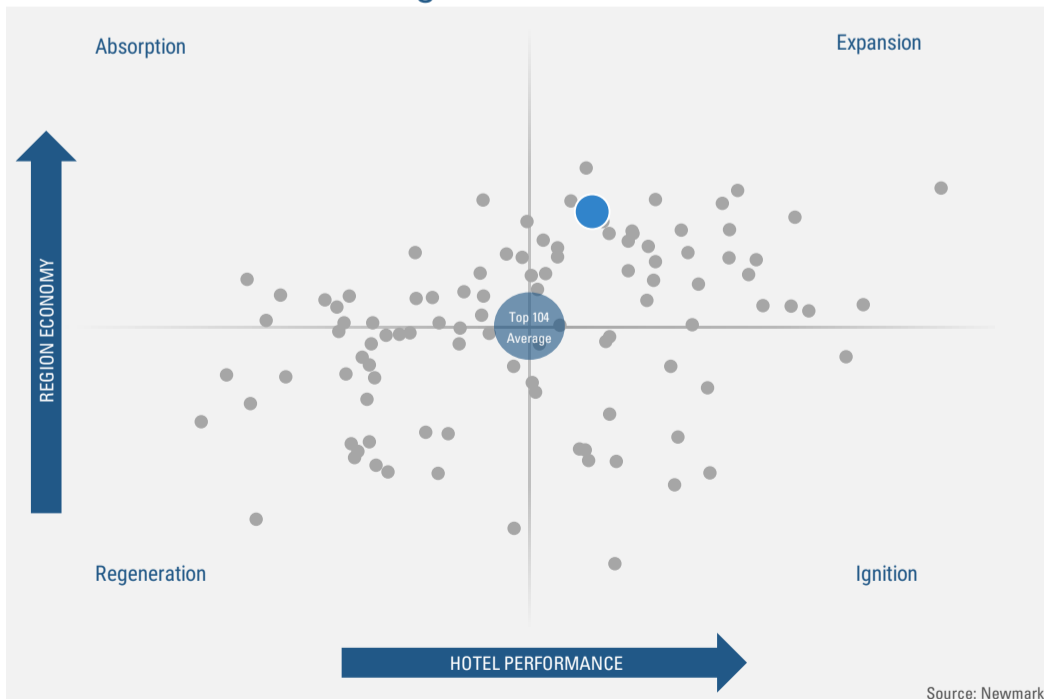
Notable Metrics

HIGHEST	OAR: Select-Service	Marketwide Income per Room	IRR: Select-Service
	<b>10th Favorable</b>	<b>16th Above Average</b>	<b>15th Favorable</b>
	Washington State Area, WA enjoyed favorable OAR metrics in the select-service segment (8.5%)	The market enjoyed a high ratio of marketwide income per room (\$2,580,350)	The market also posted favorable IRR metrics in the select-service segment (11.2%)
LOWEST	Latest-Quarter Loyalty Contribution	T12-Month Loyalty Contribution	Feeder Group Earnings per sold room
	<b>102nd Soft</b>	<b>101st Soft</b>	<b>91st Soft</b>
	This market has been hindered by weak latest-quarter loyalty contribution (31.5%)	The market has been hindered by weak T12-month loyalty contribution (30.8%)	Washington State Area, WA also has low feeder group earnings per sold room (\$5,983,692)

Notable Trends

STRONGEST	Long-Term Historical Loyalty Contribution Growth	Short-Term Historical Guest Paid ADR Growth	Short-Term Historical COPE ADR Growth
	<b>5th Strong</b>	<b>8th Strong</b>	<b>8th Strong</b>
	Washington State Area, WA exhibited strong long-term historical loyalty contribution growth (6.4%)	The market exhibited strong short-term historical Guest Paid ADR growth (5.2%)	The market also has benefited from strong short-term historical COPE ADR growth (5.2%)
WEAKEST	Long-Term Historical Booking Costs POR Growth	Short-Term Historical Booking Costs POR Growth	Long-Term Historical Supply Growth
	<b>92nd Soft</b>	<b>90th Soft</b>	<b>63rd Average</b>
	The market exhibited high long-term historical booking costs POR growth (4.6%)	We note this area has been impeded by high short-term historical growth in booking costs (4.9%)	Washington State Area, WA also has been burdened by high long-term historical supply growth (1.7%)

Market Performance Stage



Washington State Area, WA: Expansion Stage

The Washington State Area, WA market is currently in the 'Expansion' stage of the performance cycle. In this stage, hotels perform adequately, contributing to a resilient economy that has fully exited from the 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; Austin, TX; and Boston, MA.

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 remain fully recovered from the pandemic. While the regional economy continues to recover, strong hotel performance locally is igniting expansion in certain key sectors. Example markets in this stage include Baltimore, MD; Chicago, IL; and Miami, FL.
- Absorption:** In the 'Absorption' stage, hotels are underperforming but in an economy with resilience and confidence the economy will shed any 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 Atlanta, GA; Charlotte, NC; and Columbus, OH.

Industry Observations

**MOODY'S ANALYTICS**

Business Cycle: **Expansion**

Employment Growth (2 yr): **1.6%**

Risk Exposure (402 US markets): **43rd Percentile: Average Risk**

Key Industry Notes:

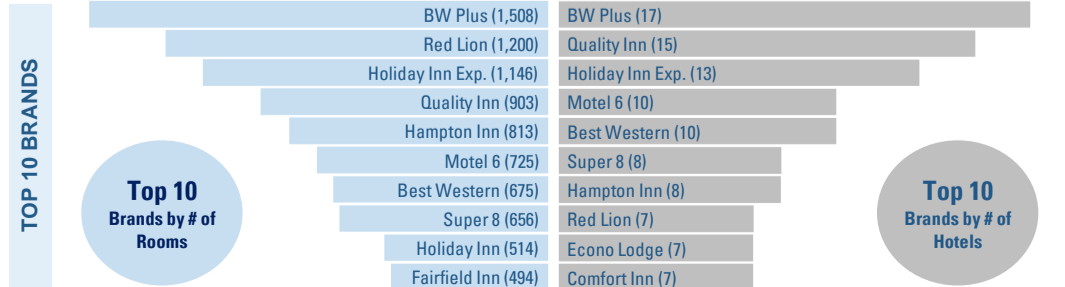
- Large healthcare industry
- High industrial diversity
- Low cost of doing business
- Low wage industries
- Low income and high living costs

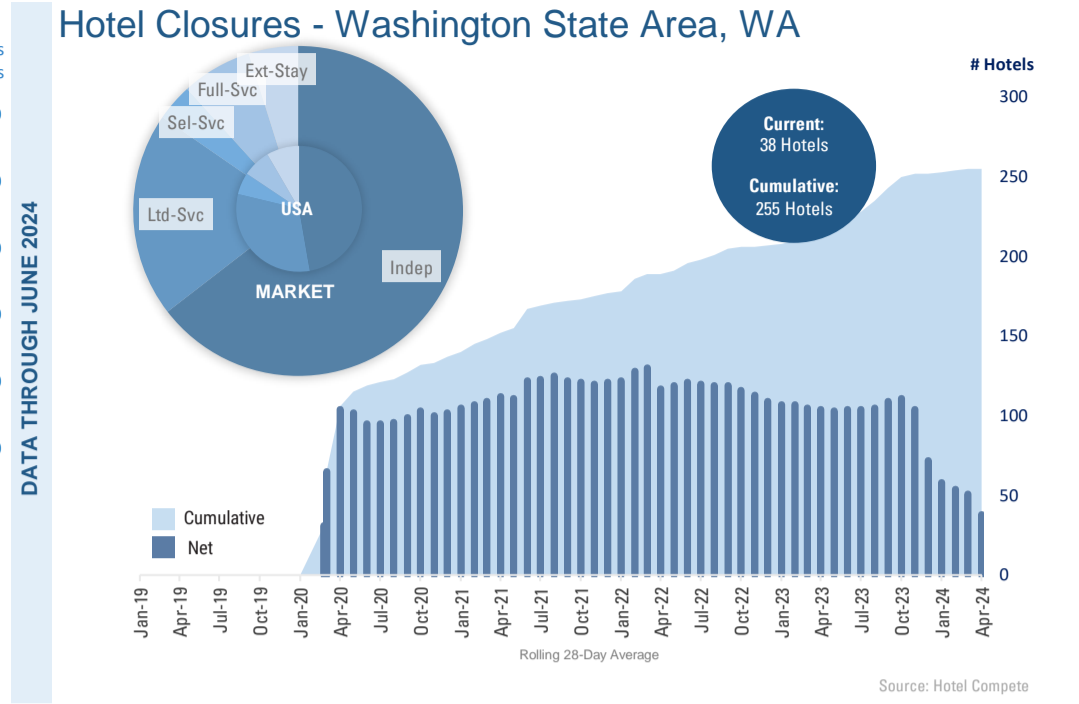
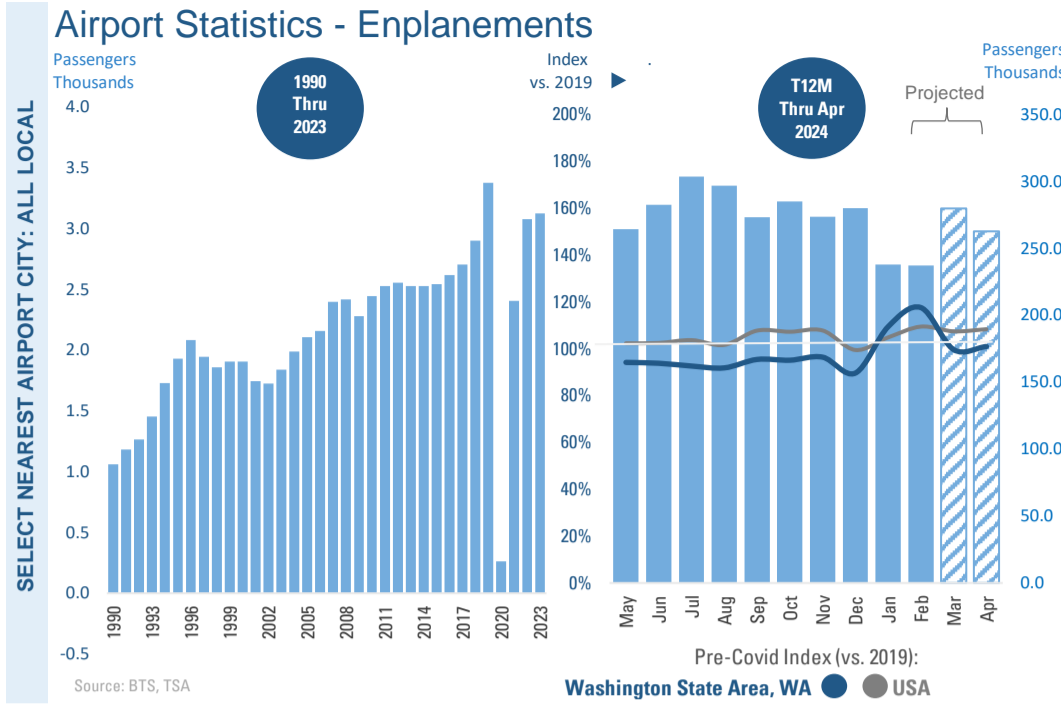
**Moody's Rating**

**Aa1**

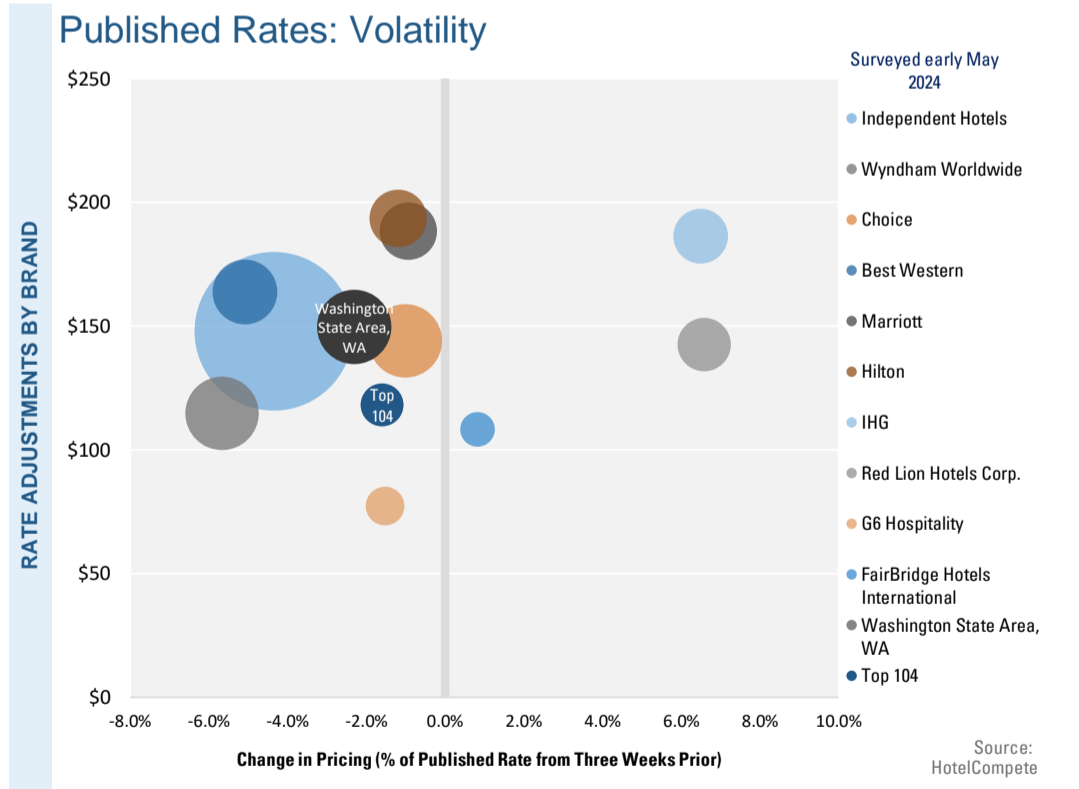
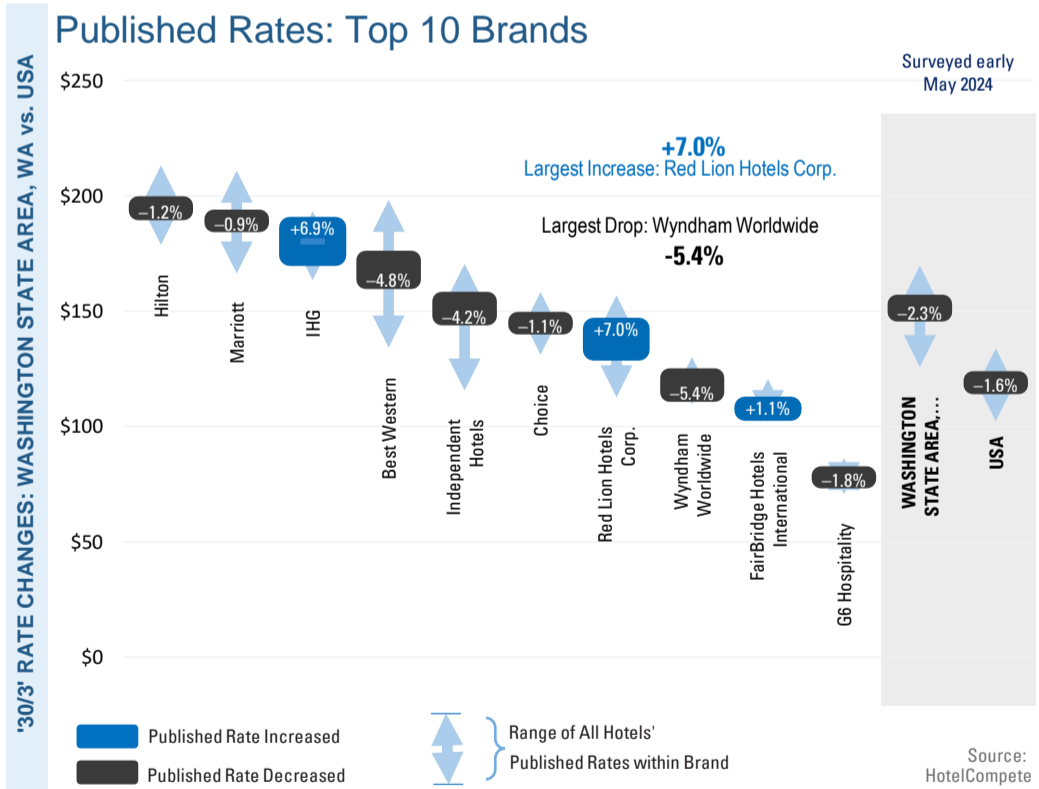
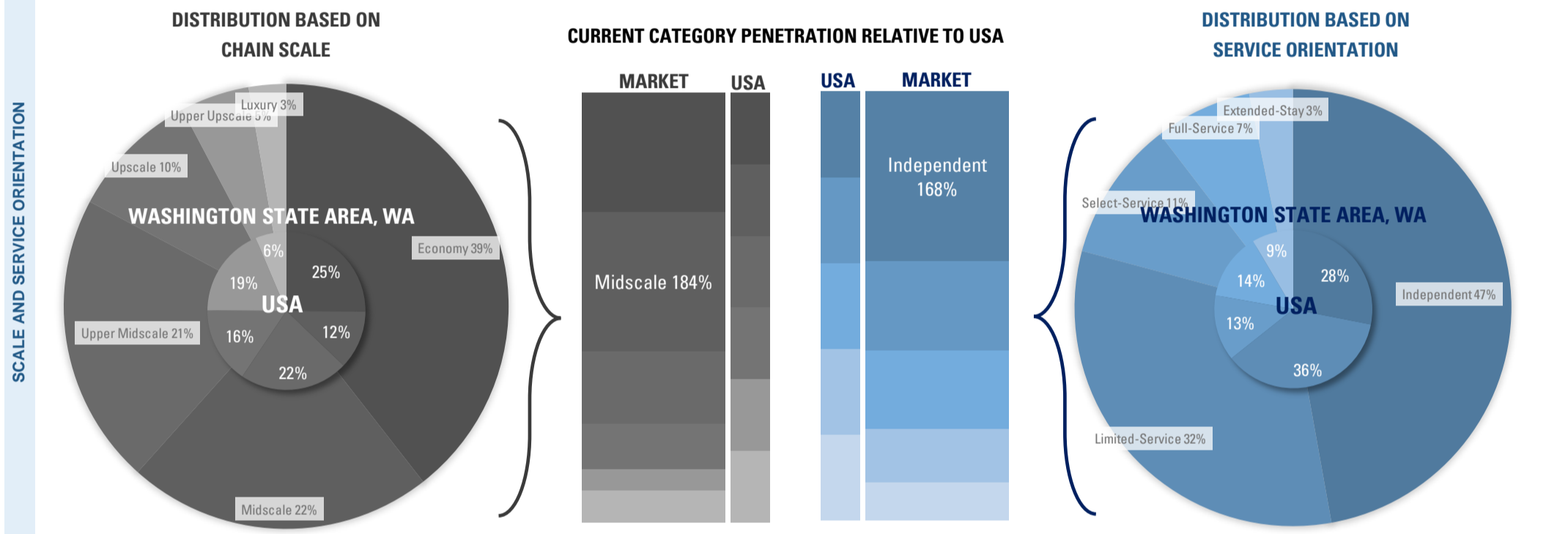
**Investment Grade**

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

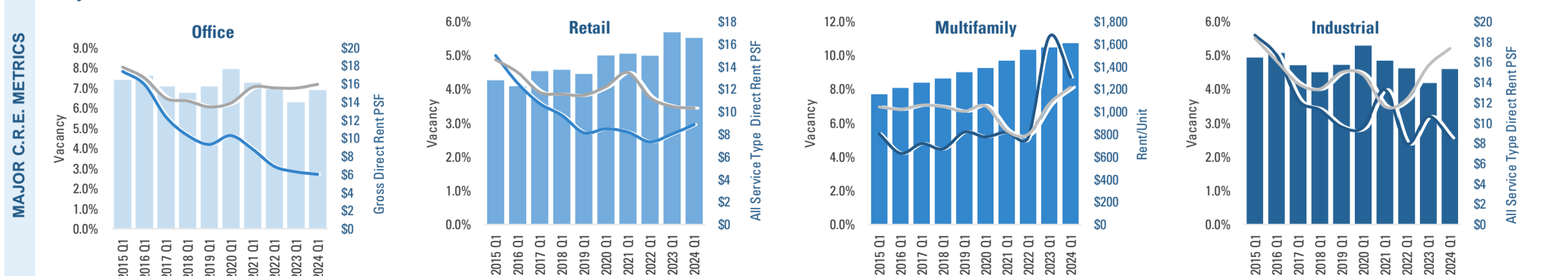




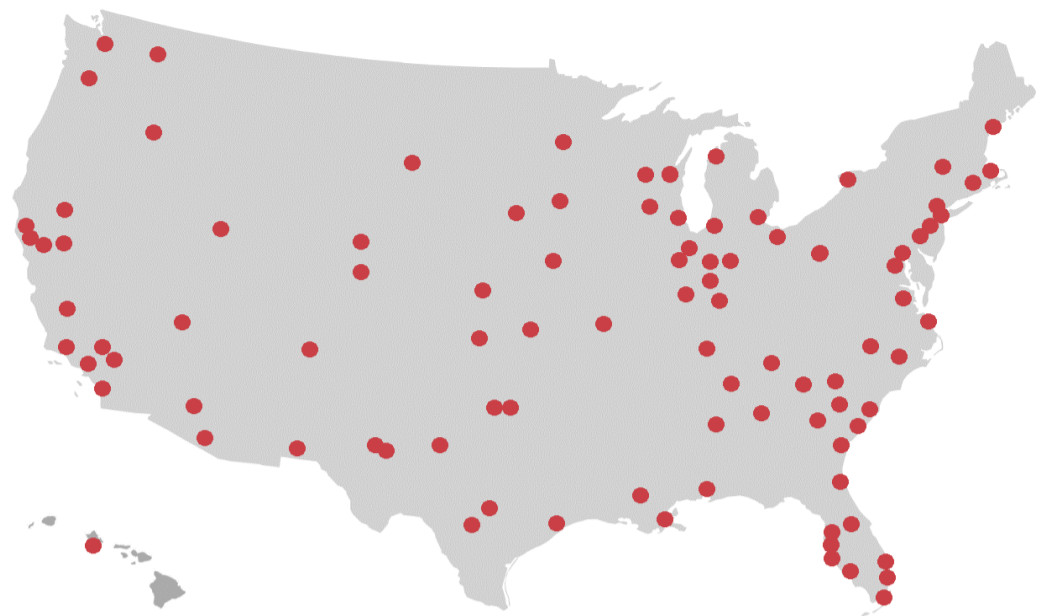
## Scale and Service Distribution: Washington State Area, WA



## Major CRE Market Performance



# 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

Our Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties. Our team takes a holistic, consultative approach that goes far beyond the physical asset, analyzing every aspect of a property's business and real estate operations to identify all areas of value for owners and investors.

*Our Hospitality, Gaming & Leisure platform has experience in valuation assignments and market analysis for properties including:*

### Hotels and Resorts

### Gaming Facilities

### Arenas, Stadiums and Sports Facilities

### Conference, Expo and Convention Centers

### Golf Courses

### Marinas

### Ski and Village Resorts

### Water Parks, Amusement Parks and Attractions

*Our core disciplines and expert subject areas include:*

### Economic Impact

We empower owners and operators to maximize economic incentives and advise government entities on the impact of incentives on a community or development.

### Feasibility

We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.

### Financial Reporting

Our seamless approach to fulfilling clients' financial reporting requirements means no outside assistance is needed.

### Litigation

Our experts bring a strategic perspective and hands-on approach, exceeding the depth and scope of typical litigation services every time.

### Portfolio Analytics

We bring industry averages and trends to bear on traditional analytics, ensuring comprehensive due diligence.

### Property Tax

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

### ABOUT NEWMARK

**We transform untapped potential into limitless opportunity.**

At Newmark, we don't just adapt to what our partners need—we adapt to what the future demands. Our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies. We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

FOR INFORMATION CONTACT:

**Bryan Younge MAI, ASA, FRICS**

Executive Vice President, Valuation & Advisory,  
Specialty Practice Leader – Hospitality, Gaming & Leisure  
m 773-263-4544  
bryan.younge@nmrk.com

### CONTACT: PACNW, HAWAII & MOUNTAIN MARKETS

#### FOR MORE INFORMATION

#### Nancy Dawn

Executive Vice President  
Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
PacNW, Hawaii & Mountain Markets  
m 206-437-4002  
nancy.dawn@nmrk.com

#### Keenan O'Leary, MAI

First Vice President  
Hospitality, Gaming & Leisure  
**NEWMARK VALUATION & ADVISORY**  
PacNW, Hawaii & Mountain Markets  
m 206-765-8364  
keenan.oleary@nmrk.com

### MARKET DISCLAIMERS

#### COPYRIGHT INFORMATION

© 2024 by Newmark. All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication and should consult with professionals of the recipient's choice regarding all aspects of that decision, including its legal, financial, and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.