

# Seattle Tourism & Hotels Update

Puget Sound Region

July 2023



# Story of Recovery

Home to numerous world-class attractions and blessed with natural beauty, Seattle ranked 29<sup>th</sup> out of 300 cities in the United States for tourism in 2022 by U.S. News & World Report. This report examines Seattle's comeback story and provides an update on the local hospitality market, which was significantly impacted by the COVID pandemic in 2020 and 2021.

The hotel and hospitality sectors together play a critical part in hosting visitors, energizing the urban core and revitalizing the professional- and visitor-oriented sections of Downtown. Seattle's key hub status in the cruise industry also generates millions of dollars annually in local tax revenue, creates thousands of jobs and contributes around \$900 million to Seattle's economy every year.<sup>1</sup>

<sup>1</sup> Source: Port of Seattle, 2023.



## 79%

Average hotel occupancy rate in SeaTac in 2022, 6% higher than in 2019

## 10%

Expected nationwide increase in Revenue Per Available Room over the next two years, per CBRE Hotels Research

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STR WEEKLY INSIGHTS BY COSTAR (JUNE 2023):

“Seattle had the nation’s highest occupancy, at 86.8%...The weekend was led by sporting and concert events. Weekday occupancy was boosted by two large conferences and the seasonal return of the cruise industry to Seattle ports. As a result, the market’s occupancy was its highest since the start of the pandemic.”



Over 10% of all visitors arrive in Seattle by port, bringing in \$4.2 million of economic activity per ship.

#3

The Port of Seattle is the third busiest cruise port in North America

1.3 MILLION

Cruise passengers docked in Seattle in 2022, setting an all-time record



### Gateway to the North Pacific

- Seattle is the #1 destination for Labor Day travel in the U.S., largely due to cruise departures to Alaska
- An estimated 289 cruise ships are forecast to pass through Seattle in 2023, versus 213 in 2019
- The 4,000-passenger Norwegian Bliss, the largest passenger ship to travel through the Panama Canal, is based in Seattle
- The NW Seaport Alliance, including the Ports of Seattle and Tacoma, is the 7<sup>th</sup> busiest in the U.S.



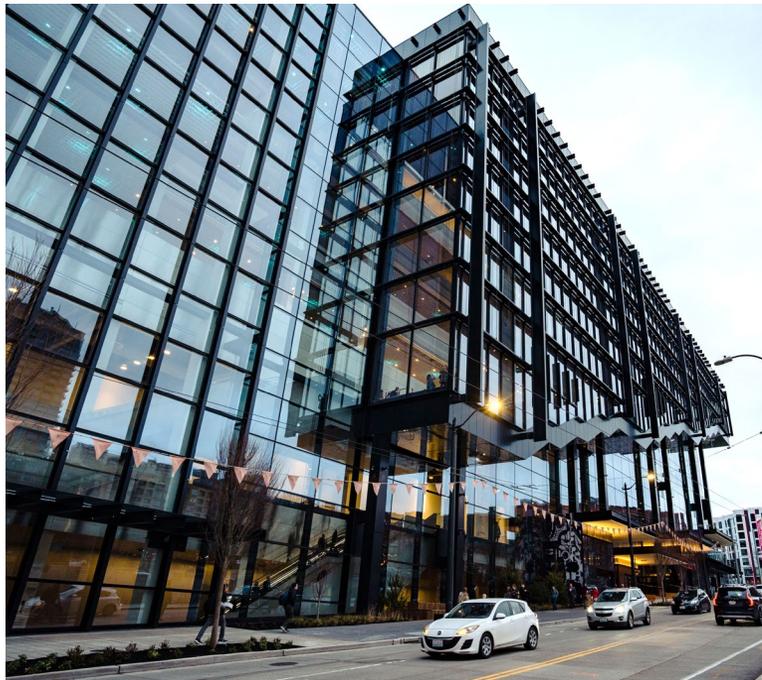
Beyond leisure travel, group demand for hospitality services is resurging. Conventions are expected to set records in 2024.

\$2.0 BILLION

Estimated cost to construct Seattle Convention Center's Summit expansion building

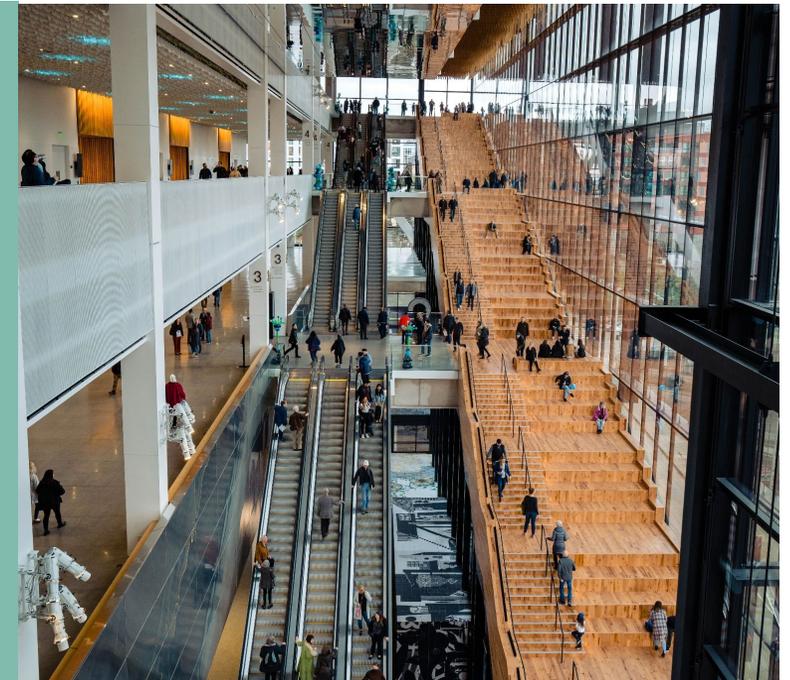
\$100 MILLION

Expected additional annual economic impact of the Summit expansion



### New Economic Opportunities

- In the five years prior to the completion of the Summit expansion, \$2.1 billion in potential economic benefit was lost as a result of no-bids on 350 events
- The Summit addition is an architectural marvel, featuring 10 football fields' worth of event space and highlighting Seattle as a top global destination for business and travel

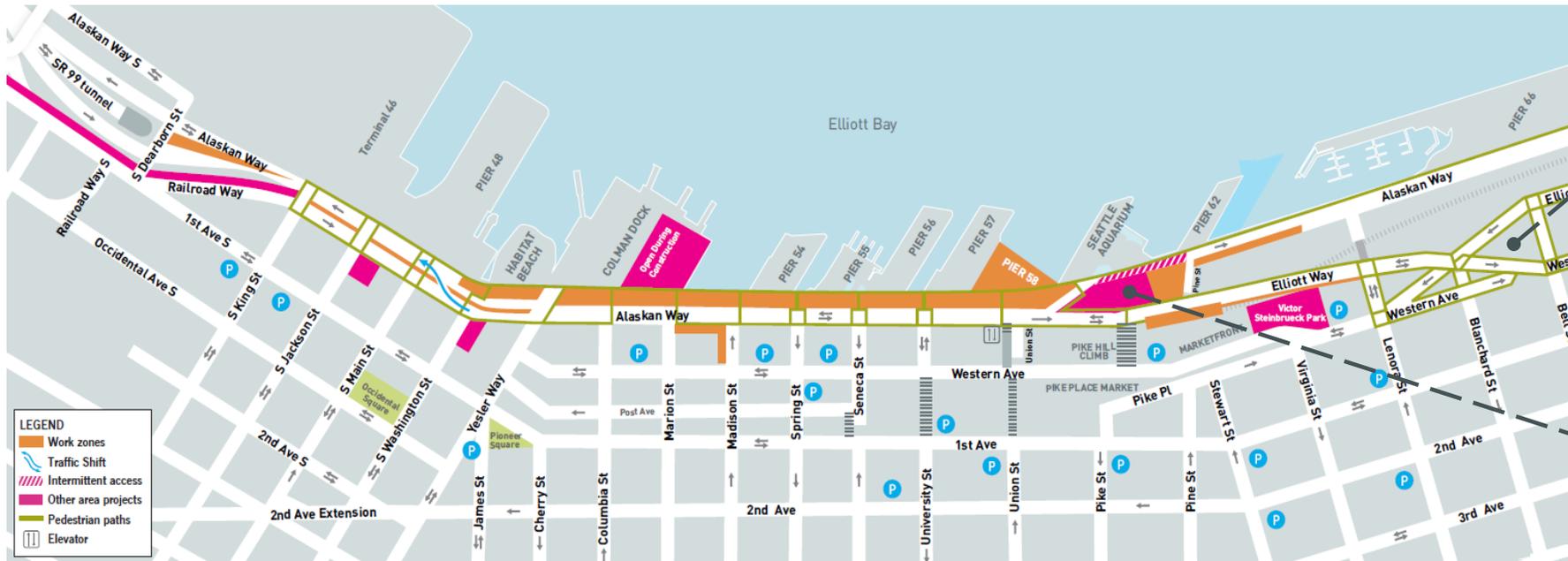


Waterfront Park will span 20 acres over 17 blocks, featuring pedestrian streets, beaches and scenery viewing platforms.

**\$1.1** BILLION  
Total project cost

### Bridging Seattle and Elliott Bay

- A large, unique destination for residents and visitors
- Extensive artwork and year-round event programming
- Reactivation of Seattle's urban shoreline
- Multi-modal transit hubs, large piers, historic sites



Source: City of Seattle Office of the Waterfront and Civic Projects.

Transportation Secretary Buttigieg visited Washington in July to announce federal funding for seaport, airport and infrastructure projects.

\$1.9 BILLION

Investment in new International Arrivals Facility at Sea-Tac Airport

\$160 MILLION

Modernization project for Sea-Tac Airport's north-end terminal

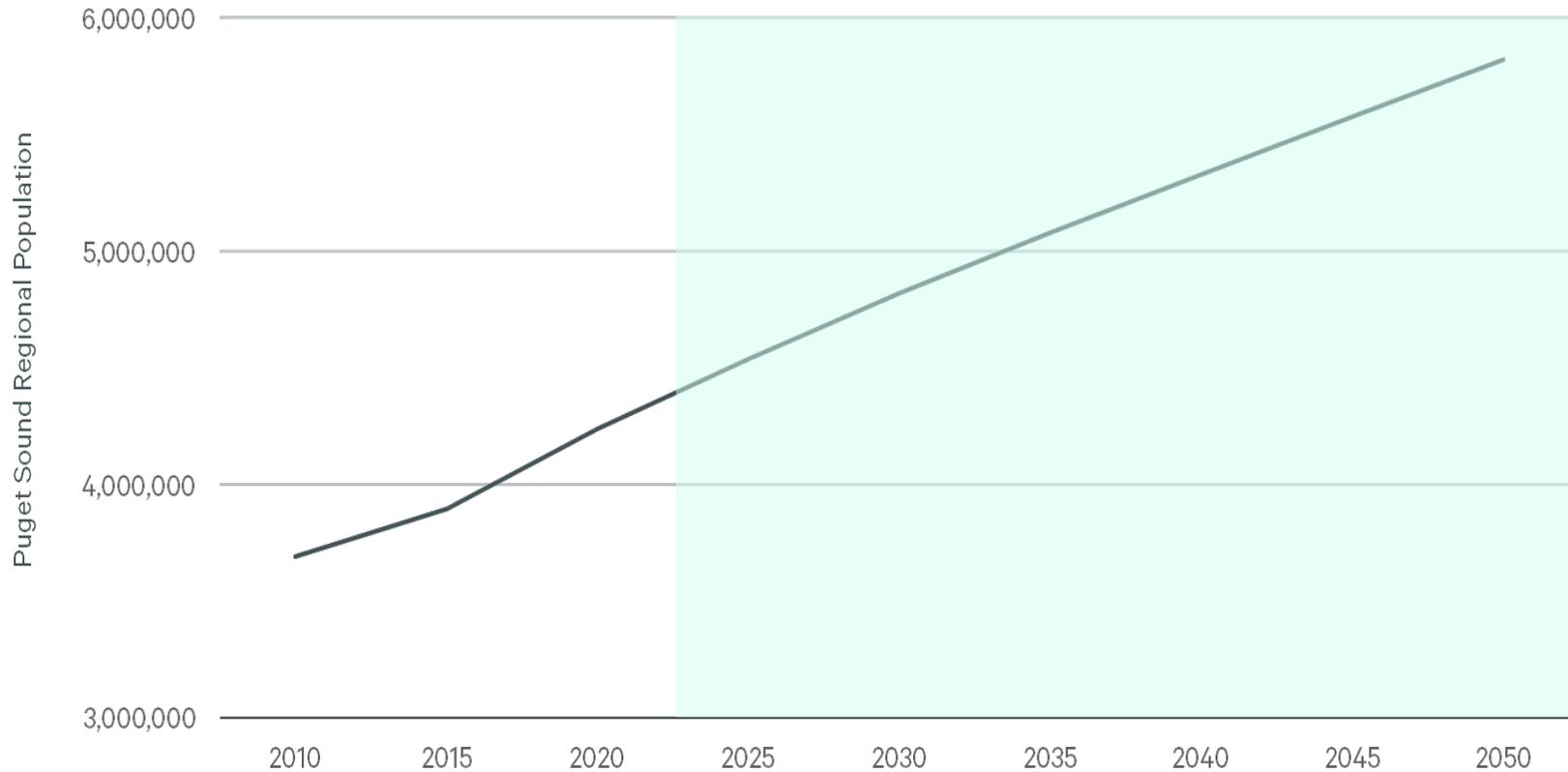


### Infrastructure for a Growing Global Hub

- Sea-Tac Airport serves almost 46 million passengers each year
- Top destinations include L.A., San Francisco, Portland, Tokyo, Seoul and London
- Puget Sound population is expected to grow by 1.5 million by 2050
- Puget Sound job base is expected to grow by around 40,000 per year



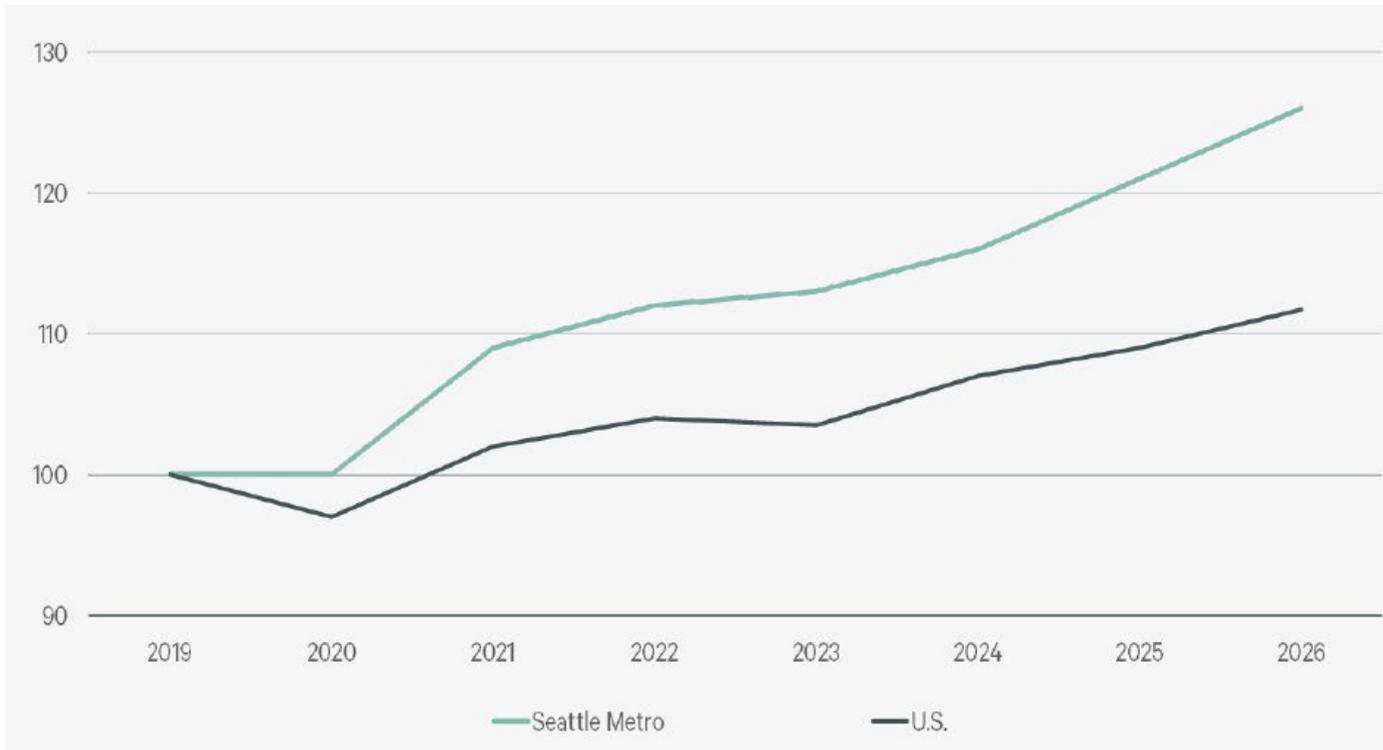
# Puget Sound Population Forecast



The region is expected to continue growing its population faster than the national average

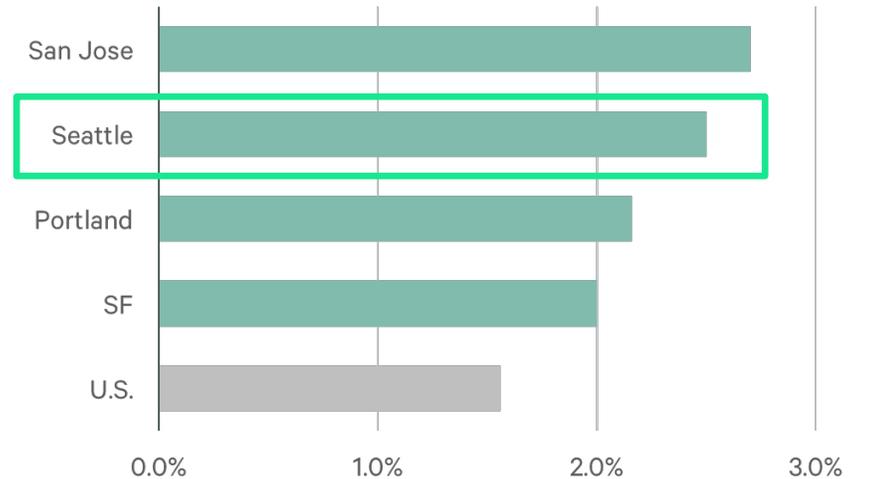
Source: Puget Sound Regional Council, CBRE Research.

## GDP Growth: Seattle Metro vs. U.S.



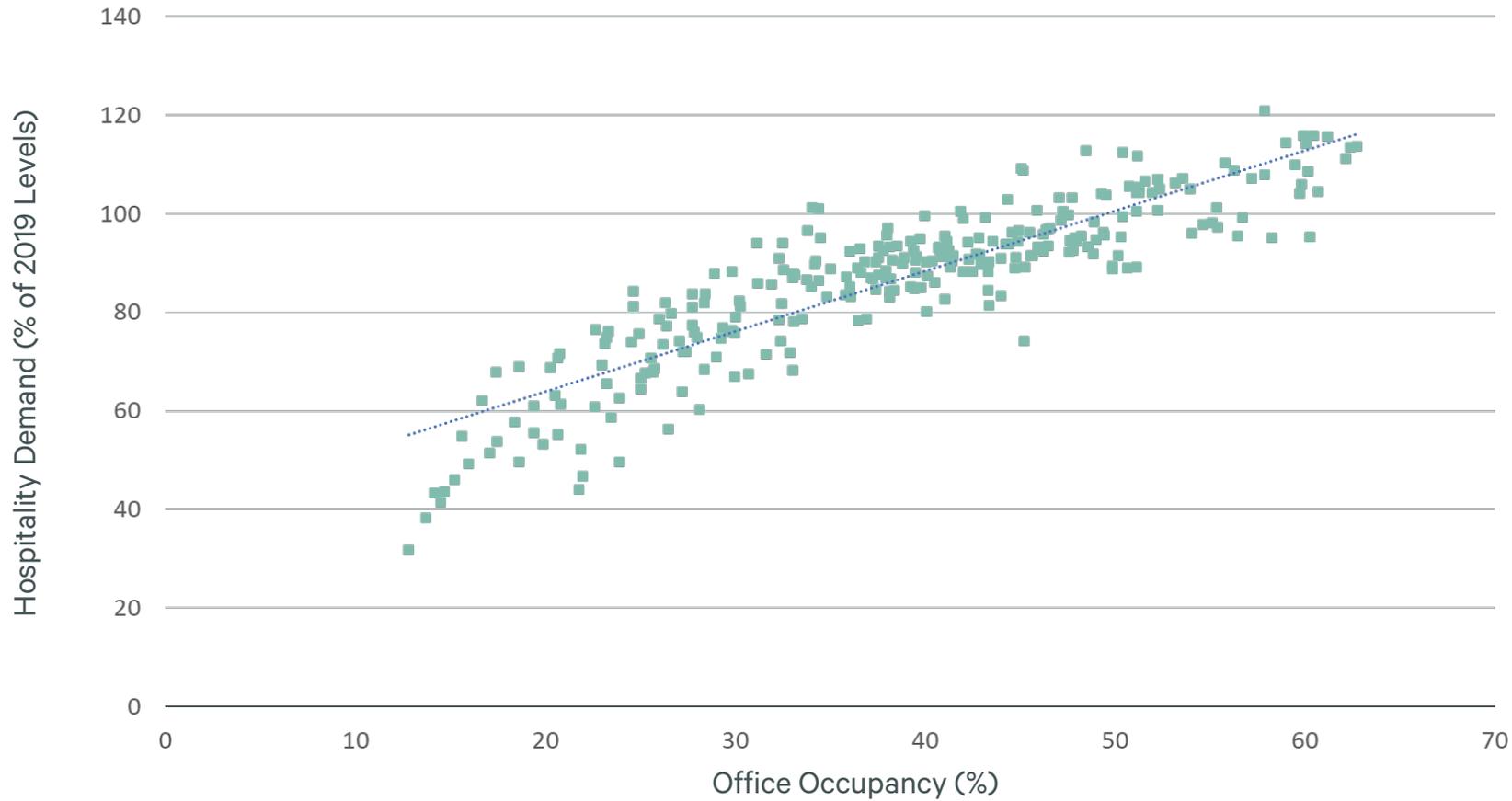
Source: CBRE Econometric Advisors, CBRE Research.

Seattle Metro's economy is forecast to continue outpacing the U.S. as a whole



Source: Oxford Economics, CBRE Research.

# Higher office occupancy levels support nationwide hospitality demand

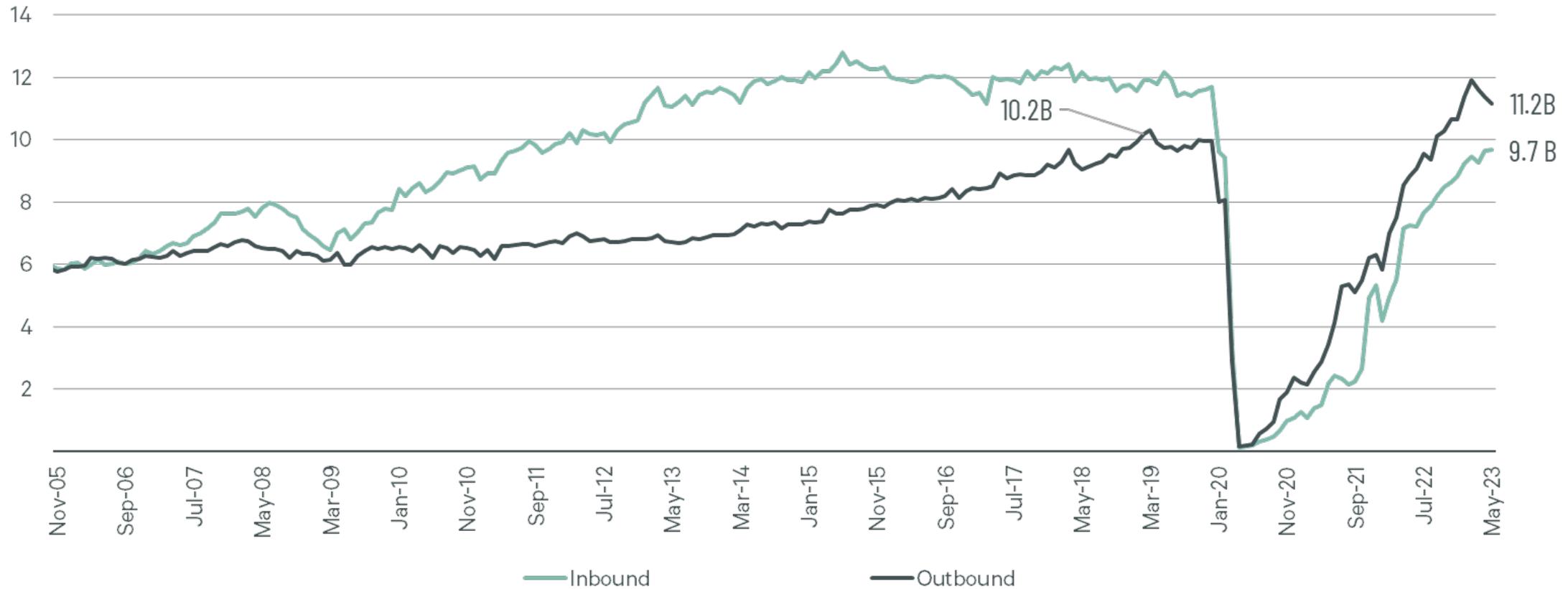


Source: Kalibri Labs, Kastle Office Attendance, CBRE Hotels Research.

\*Office Attendance and Hotel Demand correlation began in February 2020.

# Summer travel to support spending by visitors to the U.S.

Spending \$ (Billions)



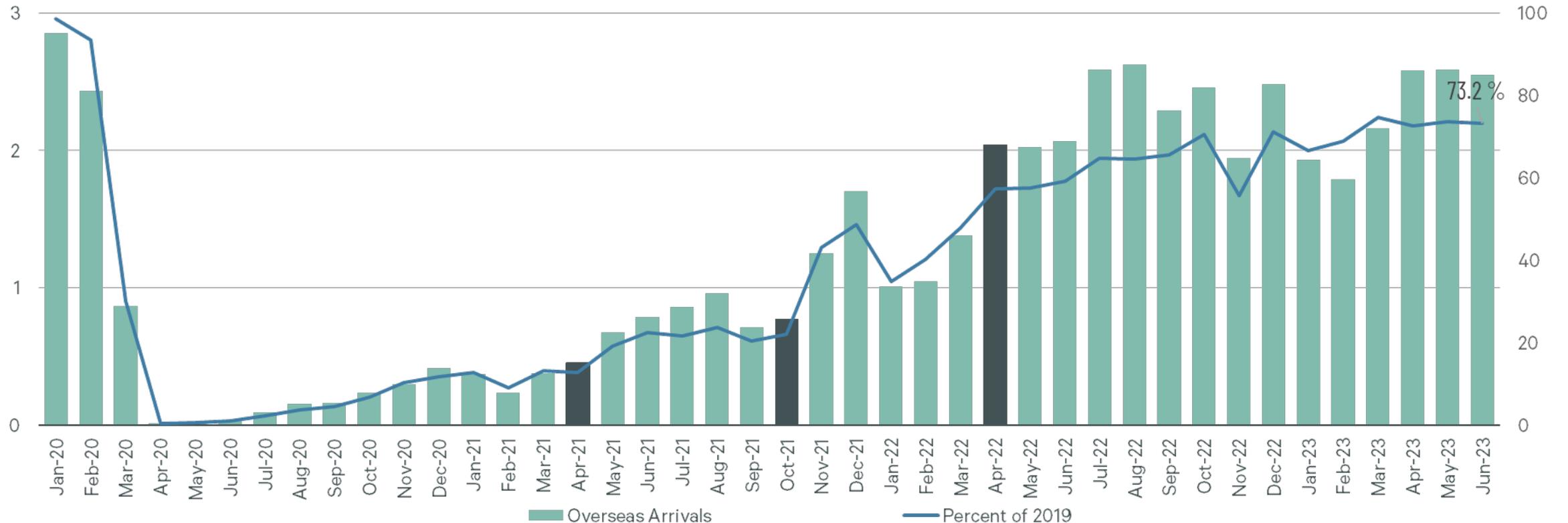
Source: Bureau of Economic Analysis, National Travel and Tourism Office, CBRE Hotels Research.

# Recovering international travel adds to upside

## Overseas Arrivals into the U.S.

Arrivals (Millions)

Percent of 2019 Arrivals (%)



Source: NTTO, CBRE Hotels Research.

# Contacts

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## Seattle Office

1420 5<sup>th</sup> Avenue, Suite 3800

Seattle, WA 98101

+1 206 292 1600

### **Coo Barimani**

Associate Director of Research

+1 206 292 6183

Coo.Barimani@cbre.com

### **John R. Miller**

Executive Managing Director

+1 206 292 6102

John.Miller@cbre.com

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