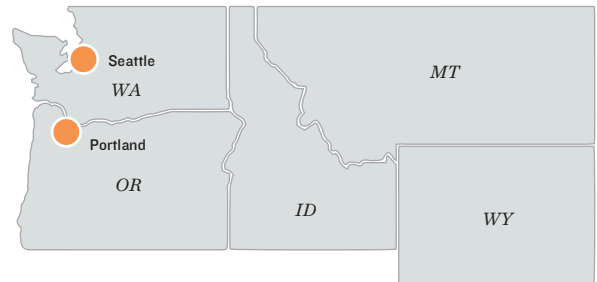


## Ski Resorts and National Parks Underpin Hospitality Demand in the Northwest

Secondary and tertiary markets drive recovery. Entering 2022, ADR is only down 2.6 percent from the region's 2019 rate. Smaller markets in Montana and Idaho flourished, due to the popularity of their ski resorts and national parks, with each state's occupancy and revenue metrics surpassing their 2019 measures entering this year. Additionally, over 5 million people visited Wyoming's state parks over the past year, lifting statewide ADR and RevPAR above pre-pandemic levels in 2021. Larger metros in the region, like Seattle and Portland, are recovering as well, although at a more moderate pace. Subdued group, corporate and international travel has slowed the recovery in these markets. Moving forward, the reopening of the Canadian border should bolster international visits, while the return of events at convention centers may provide a boost to group travel. With only 4,100 rooms slated to deliver across the Northwest this year, hotel demand is set to outpace supply, lifting the average daily rate above the region's pre-pandemic mark by year-end.

Deal flow improves across all five states. Transaction velocity more than doubled on an annual basis last year, highlighting investor confidence for sustainable long-term hotel demand. Interest in higher quality assets is heating up, with average pricing in the region up over 60 percent in the past year, more in line with pre-pandemic levels. Across the Northwest, buyers are most active in Washington and Oregon, with the two states combining for over 70 percent of recent transactions. In Oregon, investors are targeting limited service assets, with over 100 rooms in close proximity to Portland International Airport and Beaverton. Assets here often change hands at prices above \$150,000 per room. In Washington, buyers are focusing on hotels near Bellevue and Everett, due to robust population and job growth over the past few years.

### Percent of Stock Under Construction



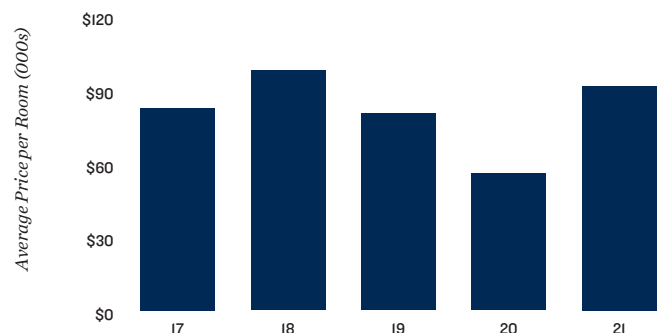
States: Idaho, Montana, Oregon, Washington and Wyoming



### 2022 Demand Growth

**+7.8%** Year-over-Year Room Nights

### Hotel Sales



Note: Long-Run Average spans 2003-2019  
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

**+20 bps** 2022 Occupancy vs Long-Run Average

**+28%** 2022 ADR vs Long-Run Average

**+27%** 2022 RevPAR vs Long-Run Average

## 2022 Regional Highlights

- The 1.4 million-square foot expansion to the Washington State Convention Center is expected to be completed this year. The project will double the center’s current capacity, and is estimated to generate as many as 2,300 new jobs, while bringing the city an additional \$200 million in visitor spending.
- Glacier Park International Airport is undergoing a terminal expansion that is expected to be completed in August 2023. The project will add two new terminal gates, while making improvements to TSA screening checkpoints and baggage management spaces. The expansion will allow the airport to handle increasing air passenger traffic, likely benefiting hotels nearby moving forward.
- Delta recently announced it will start increasing its services from Atlanta, Los Angeles, Minneapolis, Seattle and Detroit with flights to Wyoming’s Jackson Hole Airport. This will likely raise passenger traffic, boosting demand for rooms near the airport.

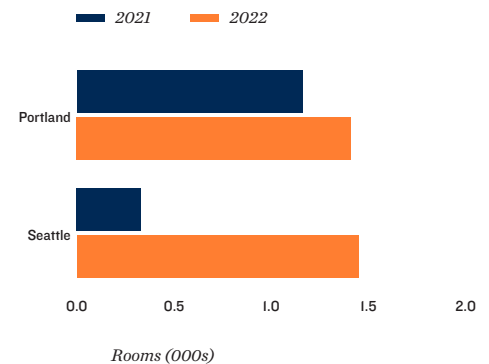
## 2022 Region Forecast

- Supply** up 1.8% Roughly 4,100 rooms are scheduled to deliver throughout the Northeast region in 2022. About 75 percent of the pipeline is concentrated in Oregon and Washington, with the remaining three states each delivering fewer than 500 rooms this year.
- Occupancy** up 340 bps Occupancy improves for the second consecutive year, reaching 61.4 percent. The rate still trails the 2019 mark by 330 basis points.
- ADR** up 4.2% Elevated room demand supports a rise in the average daily rate to \$124.02 in 2022. This figure exceeds the 2019 mark by 1.5 percent. Last year, the rate surged 21.1 percent.
- RevPAR** up 8.0% ADR and occupancy gains lift RevPAR to \$77.15 this year. The rate still trails the pre-pandemic mark by 4.9 percent.
- Investment** The recent influx of leisure travel to scenic outdoor destinations will heighten investor interest in hotels with fewer than 100 rooms in Wyoming, Montana and Idaho. Entry costs here usually fall well below the region’s average of \$91,400 per room, with yields that can climb into the double digits.

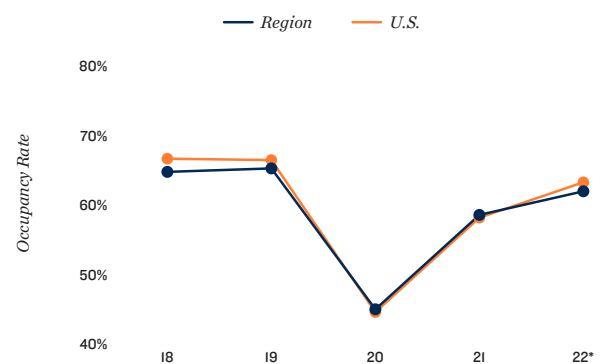
Hotel chain scale definitions are based on information available as of February 2022. Average prices and cap rates are a function of the age, type and geographic area of the properties trading and therefore may not be representative of the market as a whole. No representation, warranty or guarantee, express or implied may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; AH&LA; AARP Research; Altus Data Solutions; Bureau of Economic Analysis; CoStar Group, Inc.; Federal Reserve; Moody’s Analytics; Real Capital Analytics; STR Inc.; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Treasury Department.

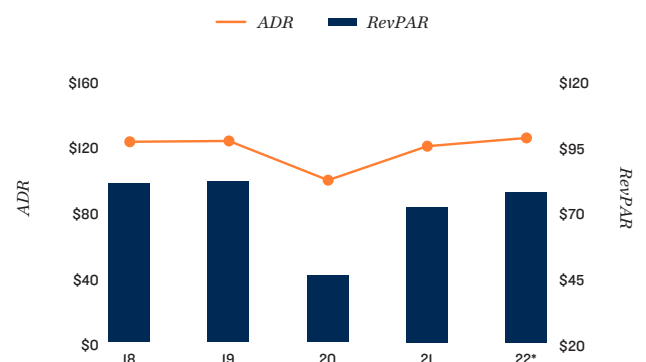
### Development Trends\*



### Annual Occupancy



### Full-Year Revenue Measures



\* 2021 = recent openings; 2022 = under construction as of December 2021  
\* Forecast  
Sources: CoStar Group, Inc.; STR, Inc.; Real Capital Analytics

**Skyler Cooper** | National Director, National Hospitality Group  
(303) 328-2000 | skyler.cooper@marcusmillichap.com

For information on national hospitality trends, contact:  
**John Chang** First Vice President | National Director  
Research Services  
Tel: (602) 707-9700 | john.chang@marcusmillichap.com