

SEATTLE MARKET OUTLOOK

KELLY SALING
SVP/ CHIEF SALES OFFICER

VISIT
seattle

An aerial photograph of Seattle, Washington, taken at sunset. The image shows the city's skyline with numerous skyscrapers, including the Smith Tower. In the foreground, the waterfront is visible with a large ferry, a Ferris wheel, and various construction sites. The sky is filled with colorful clouds in shades of orange, pink, and blue.

PRESENTATION OVERVIEW

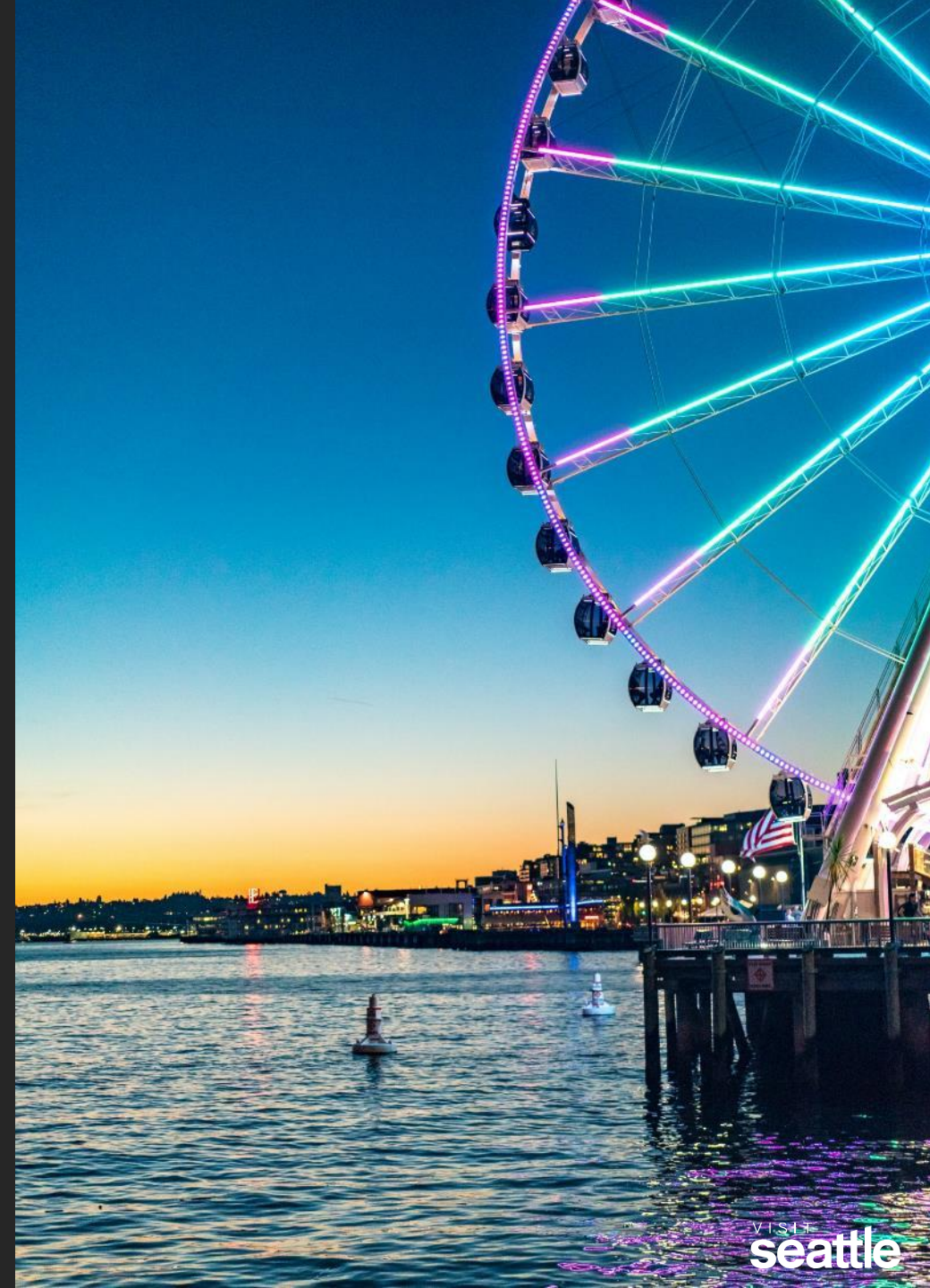
- 2022 in Review
- 2023 Outlook
- Tourism Economics
- Recent Headlines
- Discussion



2022 IN REVIEW

HOTEL OPENINGS

- 3 hotels and 780 rooms opened in downtown Seattle in 2022
- No new hotels expected to open in downtown in 2023
- Total Supply 15,385



SELECT COMPETITIVE SET

Smith Travel Research | 2022 Year End

	OCCUPANCY			AVERAGE ROOM RATE			REVPAR		
Market	2022	2021	% Change	2022	2021	% Change	2022	2021	% Change
Vancouver Downtown	72.4	40.1	80.8	\$215	\$154	39.5	\$155	\$62	152.3
San Francisco Market St	58.5	39.4	48.5	\$233	\$159	46.3	\$136	\$63	117.2
Seattle Downtown	64.8	43.4	49.4	\$222	\$169	31.3	\$144	\$73	96.1
Boston CBD	70.5	49.8	41.4	\$278	\$211	31.8	\$196	\$105	86.3
Austin CBD	68.6	54.5	25.7	\$249	\$183	36.0	\$171	\$100	70.9
Houston CBD	53.2	38.7	37.7	\$202	\$166	21.3	\$107	\$64	67.1
San Diego CBD	71.7	54.5	31.4	\$248	\$197	25.9	\$178	\$107	65.5
Los Angeles CBD	67.7	56.7	19.5	\$209	\$162	29.5	\$142	\$92	54.7
Denver Downtown	66.3	53.9	23.0	\$199	\$160	24.8	\$132	\$86	53.5
Phoenix Central	66.2	55.5	19.4	\$204	\$160	28.0	\$135	\$89	52.7
Nashville CBD	72.5	60.1	20.7	\$247	\$197	25.7	\$179	\$118	51.6
Atlanta CBD	59.9	46.1	29.9	\$184	\$158	16.5	\$110	\$73	51.4
Portland CBD	50.9	39.0	30.4	\$161	\$141	14.5	\$82	\$55	49.3

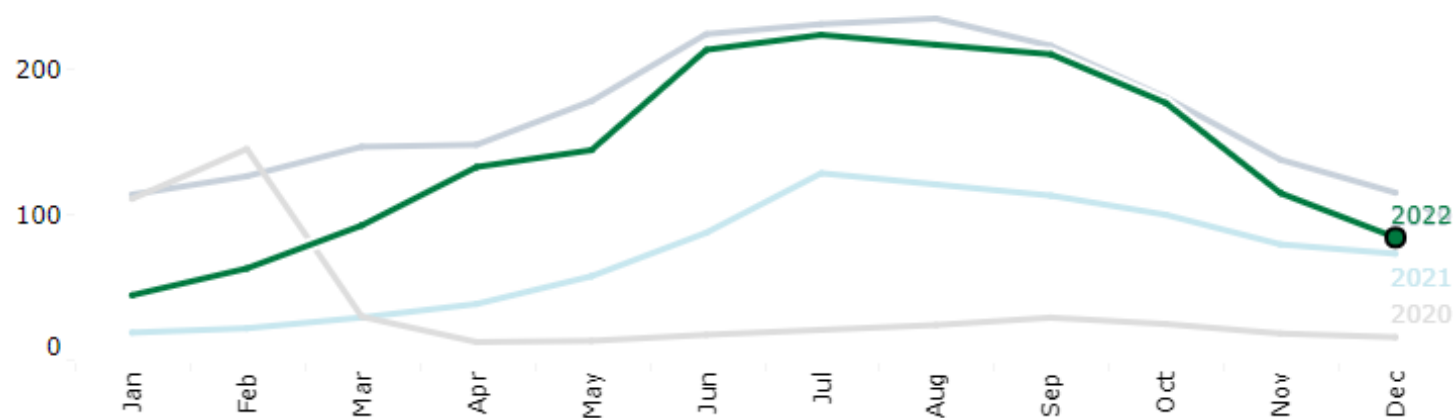
DOWNTOWN PERFORMANCE

Smith Travel Research

	Occupancy	ADR	RevPAR	Supply	Demand	Revenue
YTD Calendar Year	64.8%	\$221.69	\$143.76	5,434.4K	3,524.0K	\$781.2M
YTD YOY Change vs. Previous Year	▲ 49.4%	▲ 31.3%	▲ 96.1%	▲ 6.3%	▲ 58.8%	▲ 108.5%
YTD YOY Change vs. 2019	▼ -18.9%	▲ 3.9%	▼ -15.7%	▲ 3.7%	▼ -15.9%	▼ -12.6%

RevPAR YOY Comparison

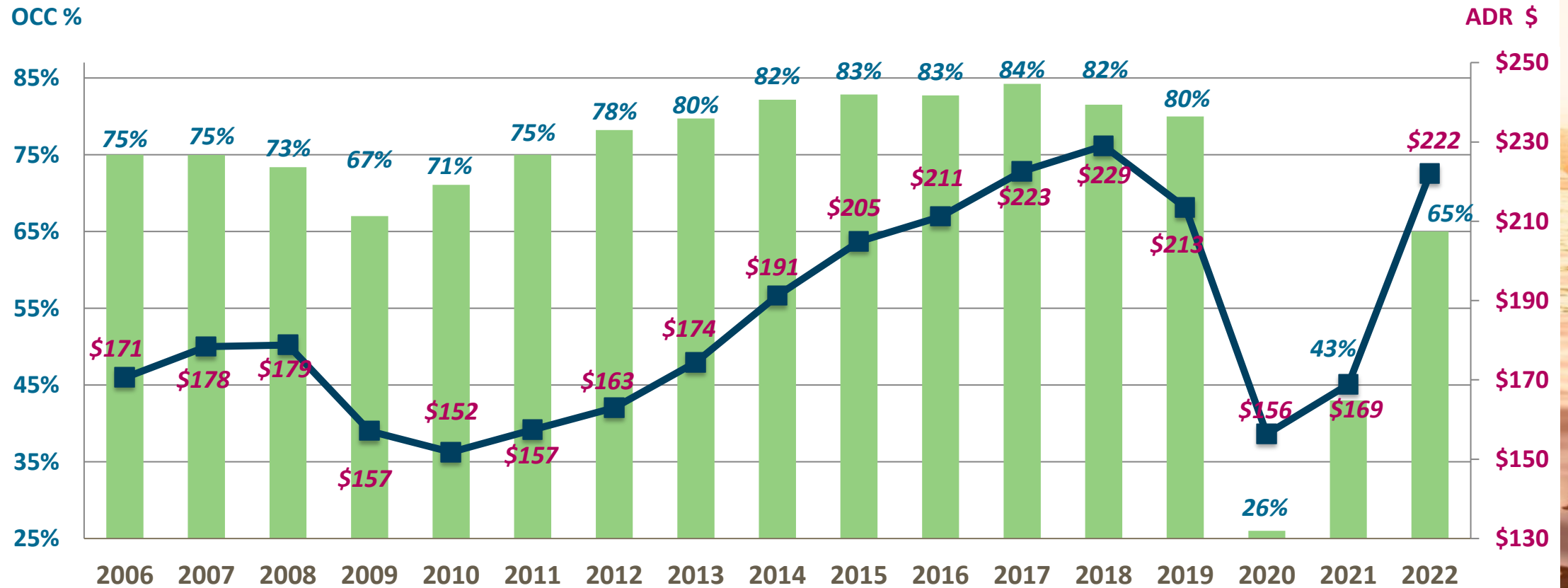
Total, Seattle Downtown



DOWNTOWN SEATTLE MARKET

Historical results

Hotel Occupancy % and ADR \$



2022 A YEAR IN REVIEW

Marketing, Public Relations, International Tourism

2,171,424

WEBSITE VISITORS

50.6MM

VIDEO CONTENT IMPRESSIONS

723

STORIES

198

CULTURAL PARTNERS

4

NEW PUBLICATIONS

9

NEW TEAM MEMBERS

5.5B

CIRCULATION

3

ARTS BASED CAMPAIGNS

167.7MM

RAINBOOTH IMPRESSIONS

676,213

SOCIAL AUDIENCE

839,140,943

MEDIA REACH IN UK

25

INT'L HOSTED MEDIA

SCC GROUPS - MET IN 2022

GROUPS THAT ACTUALIZED	# of Groups	Original Attendance	Final Attendance vs. Original
Quarter 1	4	11,800	43%
Quarter 2	10	51,600	88%
Quarter 3	10	63,950	98%
Quarter 4	11	35,200	83%
Total	35	162,550	88%

Original TRN	Final TRN vs. Original
35,293	66%
72,025	86%
74,000	90%
44,888	99%
226,206	87%

TOP 10

US DESTINATIONS

YTD October
2022

DESTINATION

- 1 Las Vegas, NV
- 2 Orlando, FL
- 3 Washington, DC
- 4 San Diego, CA
- 5 Atlanta, GA
- 6 New Orleans, LA
- 7 Austin, TX
- 8 Nashville, TN
- 9 Seattle, WA
- 10 Baltimore, MD

Based on Room Nights & Market Share

TOP 10

INTERNATIONAL CITIES

YTD October
2022

DESTINATION

- 1 Vancouver, Canada
- 2 San Jose del Cabo, Mexico
- 3 Toronto, Canada
- 4 Edmonton, Canada
- 5 Madrid, Spain
- 6 London, Great Britain
- 7 Calgary, Canada
- 8 Nassau, Bahamas
- 9 Barcelona, Spain
- 10 Cancun, Mexico

Based on Room Nights & Market Share

PUBLIC
MARKET

2023 OUTLOOK





NEW SUPPLY

SEATTLE & REGION

HOTEL	LOCATION	# of ROOMS	PROPOSED OPEN DATE
Hotel Westland	Pioneer Square	120	Early 2024
AC Marriott	South Lake Union	200	2024
Tempo by Hilton	Downtown Seattle	300	2025
Altitude Hotel & Residences	Downtown Seattle	284	2025
The Langham	Downtown Seattle	187	2026
InterContinental Bellevue	Bellevue	252	2023
Courtyard by Marriott	Woodinville	114	2024
The Somm Hotel & Spa	Woodinville	165	2025

OPEN DATES SUBJECT TO CHANGE

Rev. 10.2022 |

VISIT
seattle

INTERNATIONAL VISITATION TO SEATTLE

2019-2023 ('000s)

COUNTRY	2019	2020	2020 v. 2019 Percent Change	2021	2021 v. 2020 Percent Change	2022	2022 v. 2021 Percent Change	2023 Projected	2023 v. 2022 Projected
Canada	1,740.0	337.0	-81%	249.2	-26%	1,157.0	364%	1,559.9	135%
China	166.0	24.2	-85%	11.8	-51%	45.2	283%	56.0	124%
United Kingdom	75.5	12.6	-83%	10.9	-13%	37.4	243%	76.1	204%
South Korea	76.4	14.5	-81%	5.6	-61%	23.5	320%	51.2	218%
Japan	53.2	13.3	-75%	5.1	-62%	21.1	314%	48.3	229%
India	48.7	10.0	-80%	4.0	-60%	15.8	295%	42.2	267%
Germany	47.2	7.4	-84%	6.1	-18%	22.8	274%	49.0	215%
Australia	36.8	6.2	-83%	4.2	-32%	15.5	269%	32.1	207%
France	21.2	3.1	-85%	2.8	-10%	9.5	239%	16.8	177%
Mexico	18.6	8.3	-56%	8.2	-1%	15.6	90%	16.4	105%
Total Overseas	721.4	128.7	-82%	97.1	-25%	291.5	200%	371.7	128%
Total International	2,480.0	474.0	-81%	354.5	-25%	1,464.0	313%	1,948.0	133%

Service additions

- Tahiti (PPT)
- Istanbul (IST)
- Edmonton (YEG)



SEA's International Services

2022

Aer Lingus • Aeromexico • Air Canada • Air France • Air Tahiti Nui • Alaska • American • ANA • Asiana
British Airways • Condor • Delta • Emirates • EVA • Finnair • Icelandair • Japan Airlines • Korean Air • Lufthansa
Qatar Airways • Singapore Airlines • Turkish Airlines • Virgin Atlantic • Volaris • WestJet



2023 CRUISE OUTLOOK



RETURNING TO THE OFFICE

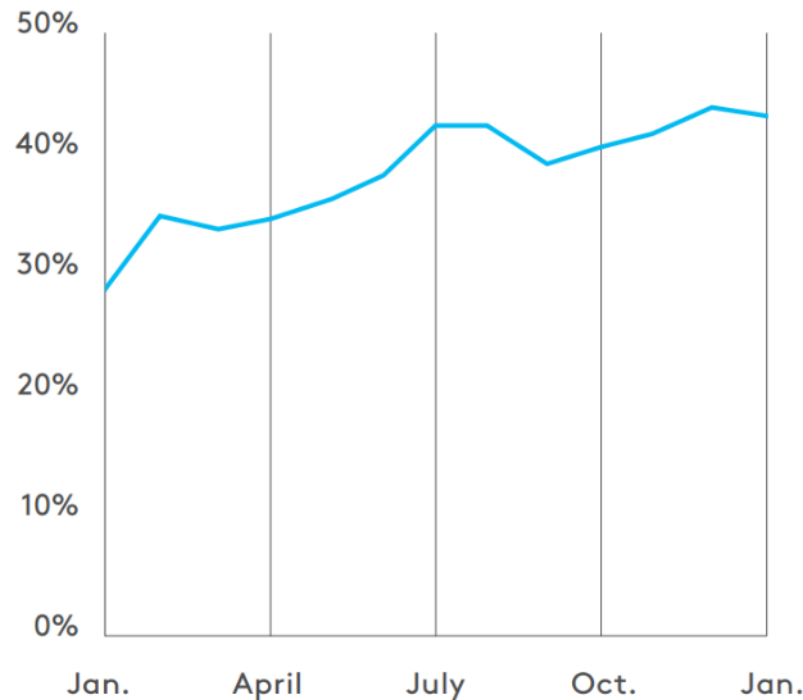
Amazon

I'm also optimistic that this shift will provide a boost for the thousands of businesses located around our urban headquarter locations... Our communities matter to us, and where we can play a further role in helping them recover from the challenges of the last few years, we're excited to do so.

-Andy Jassy

Return to Office

Percentage of 2019 worker foot traffic to 2022



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Seattle
Convention
Center



An aerial photograph of the Seattle skyline at sunset. The sky is filled with vibrant orange, pink, and purple clouds. The city's skyscrapers are illuminated with warm lights, and the surrounding water reflects the sunset colors. In the foreground, a large, modern building with a glass facade is prominent. Two red speech bubble callouts with white text are overlaid on the image: 'ARCH' on the left and 'SUMMIT' on the right. The 'ARCH' callout points towards a building on the left, and the 'SUMMIT' callout points towards a building in the center-right. The overall scene captures the bustling urban environment of Seattle during the 'golden hour' of sunset.

ARCH

SUMMIT



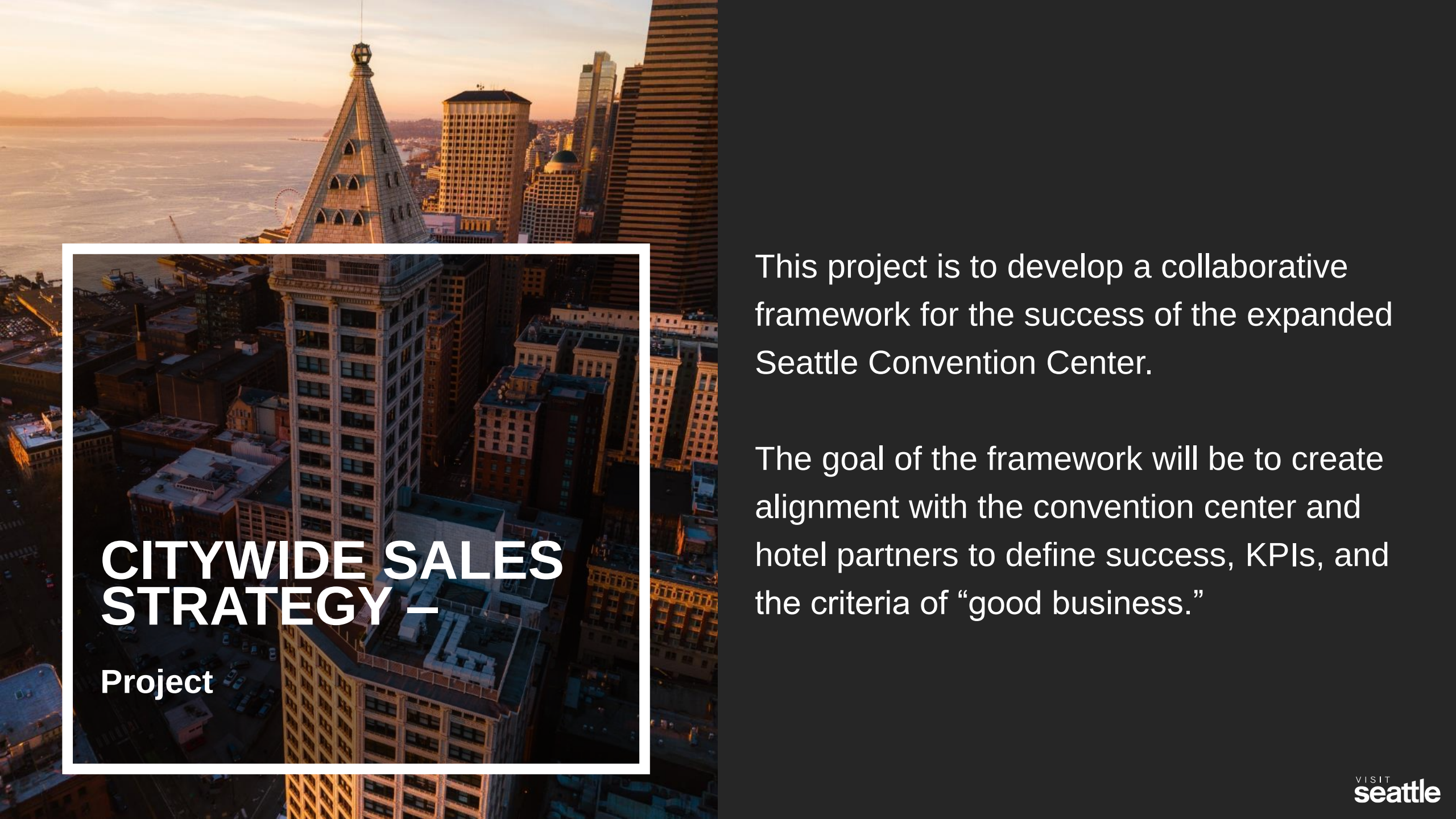
ARCH BUILDING

- Up to 205,000 sq. ft. total exhibit space
- Up to 78 rooms
- 45,000 sq. ft. ballroom
- LEED silver-certified



SUMMIT BUILDING

- Up to 250,000 sq. ft. total exhibit space
- Up to 149,000 sq. ft. on a single level
- 100,000 sq. ft. flex hall
- 58,000 sq. ft. ballroom

An aerial photograph of the Seattle skyline at sunset. The image shows a dense cluster of skyscrapers, including the prominent Smith Tower with its distinctive clock tower. The city is situated on a peninsula, with the water of the Puget Sound visible in the background. The sky is a mix of orange, yellow, and blue, indicating the time is either dawn or dusk. The overall scene is a high-angle, wide shot of the city.

CITYWIDE SALES STRATEGY –

Project

This project is to develop a collaborative framework for the success of the expanded Seattle Convention Center.

The goal of the framework will be to create alignment with the convention center and hotel partners to define success, KPIs, and the criteria of “good business.”

DEFINITES		
SCC	4 Groups	22,862 TRN
IN- HOUSE	59 Groups	24,667 TRN

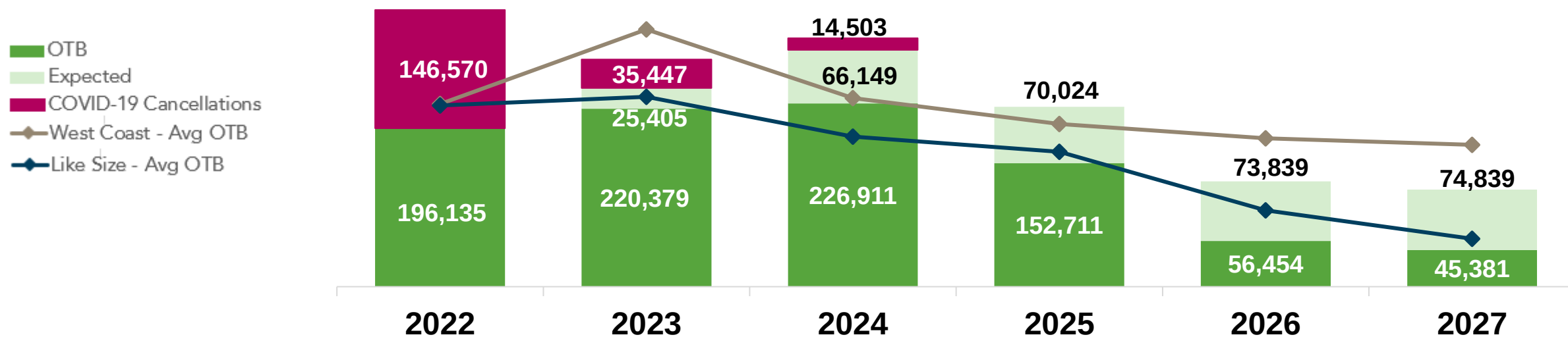
TENTATIVES		
SCC	22 Groups	136,151 TRN
IN- HOUSE	133 Groups	69,919 TRN



CONVENTION SALES BOOKING TRENDS

January Production

SCC ROOM NIGHTS ON THE BOOKS



	2022	2023	2024	2025	2026	2027
West Coast Set - Avg OTB LA, SFO, SJC, SNA, PDX	226,093	318,484	233,513	201,428	183,777	175,699
Like Size Cities Set - Avg OTB DEN, PHX, YVR, AUS, MIN, BWI	224,289	234,952	185,832	167,030	94,475	59,338

MLB All Star Game 2023

Event Series July 7-11



NHL WINTER CLASSIC

Seattle's first outdoor
hockey game at
T-Mobile Park



AMERICAN EXPRESS MEETINGS & EVENTS

INTER[action]
SEATTLE
December 2023



CAN TRAVEL DEFY ECONOMIC GRAVITY?

Slides and data from Adam Sacks, President
Tourism Economics

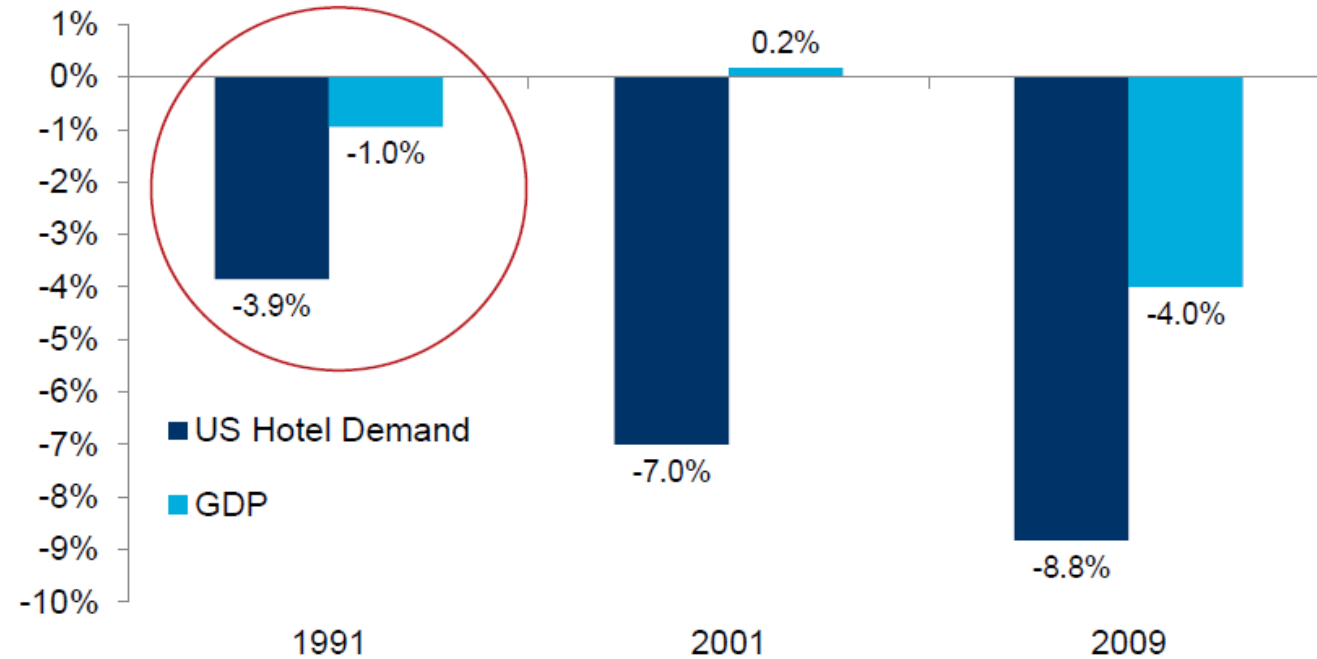


TOURISM ECONOMICS

What have the last three “normal” recessions looked like?

Hotel demand during recessionary periods

Year-over-year %, quarterly peak-to-trough

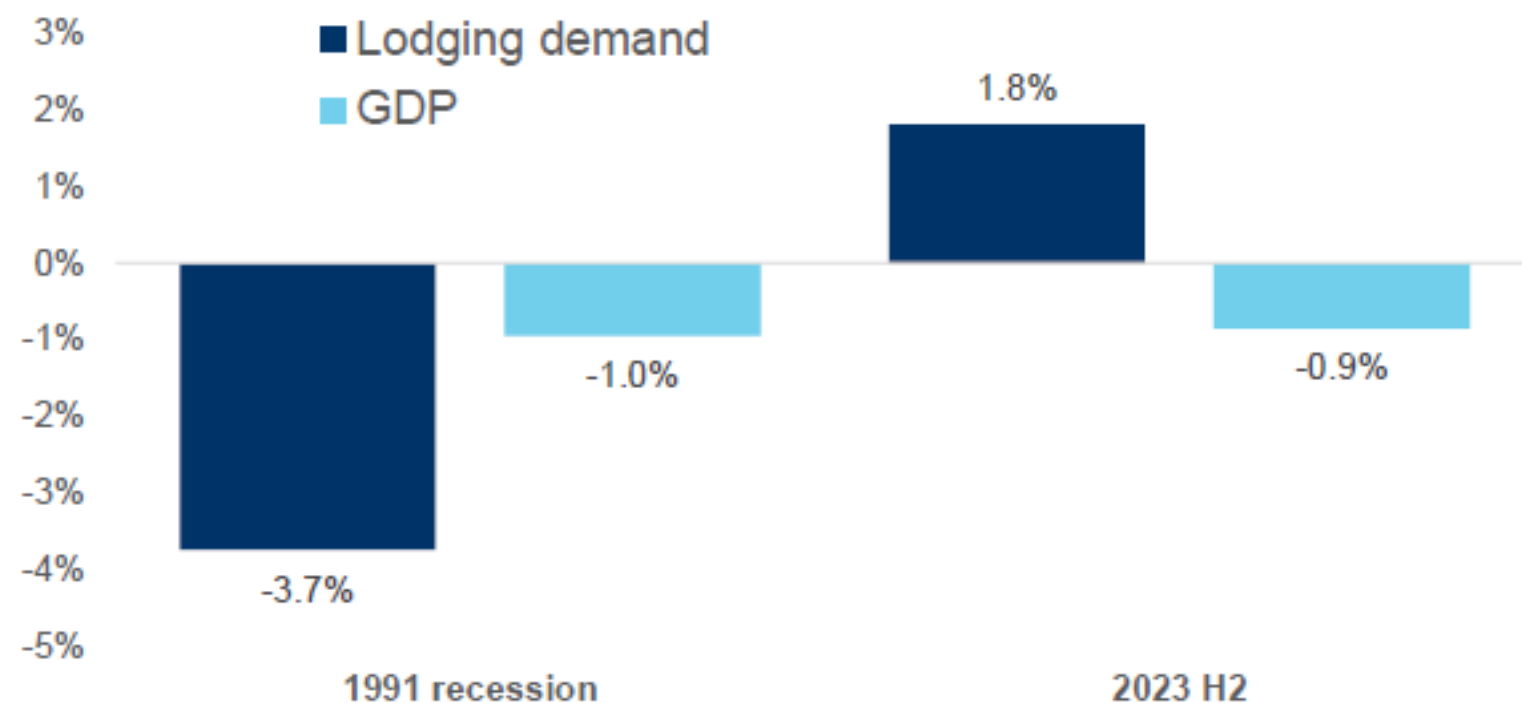


Source: STR, BEA

Our 2023 forecast defies economic gravity

GDP and hotel demand

Change peak-to-trough



Note: For 1991, graph shows change in lodging demand and GDP in 1991 Q1 relative to 1990 Q1, based on seasonally adjusted data. For 2023, graph shows the forecast change in lodging demand in the second half of 2023 relative to the second half of 2022.

Source: STR, BEA, Tourism Economics

Why the travel industry may defy economic gravity

1. US households are in a position of strength
2. Pent-up demand and prioritization of travel is real
3. Businesses are still restoring necessary travel
4. International still rebuilding



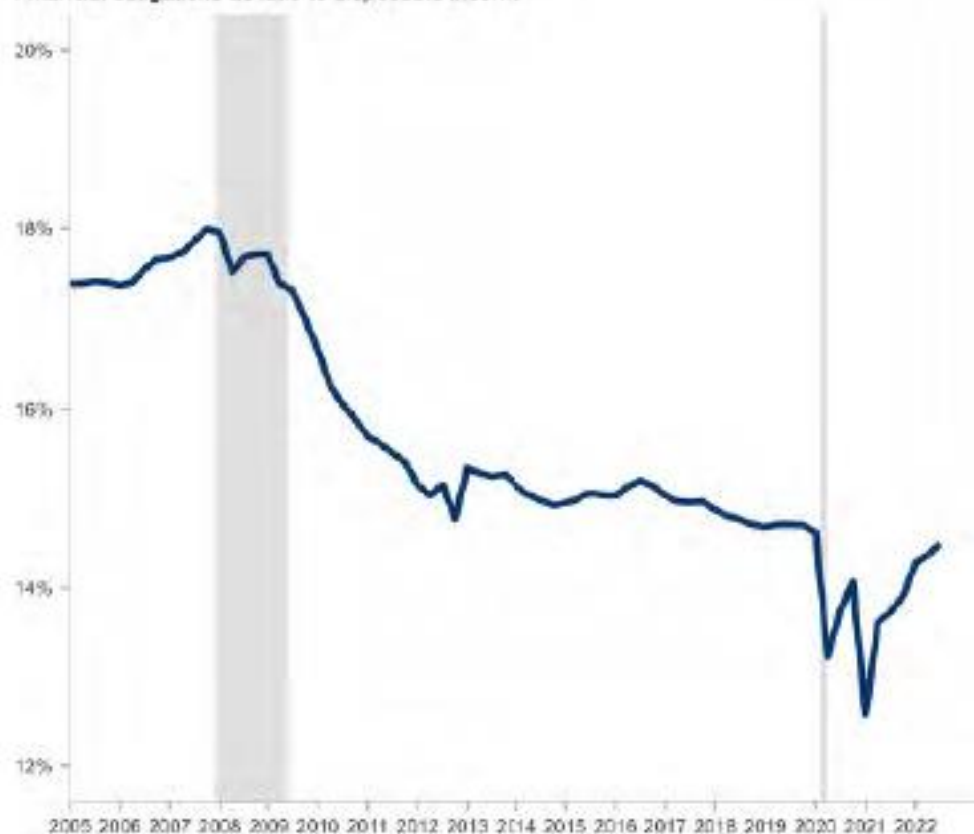
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Household balance sheets remain strong

Household debt service

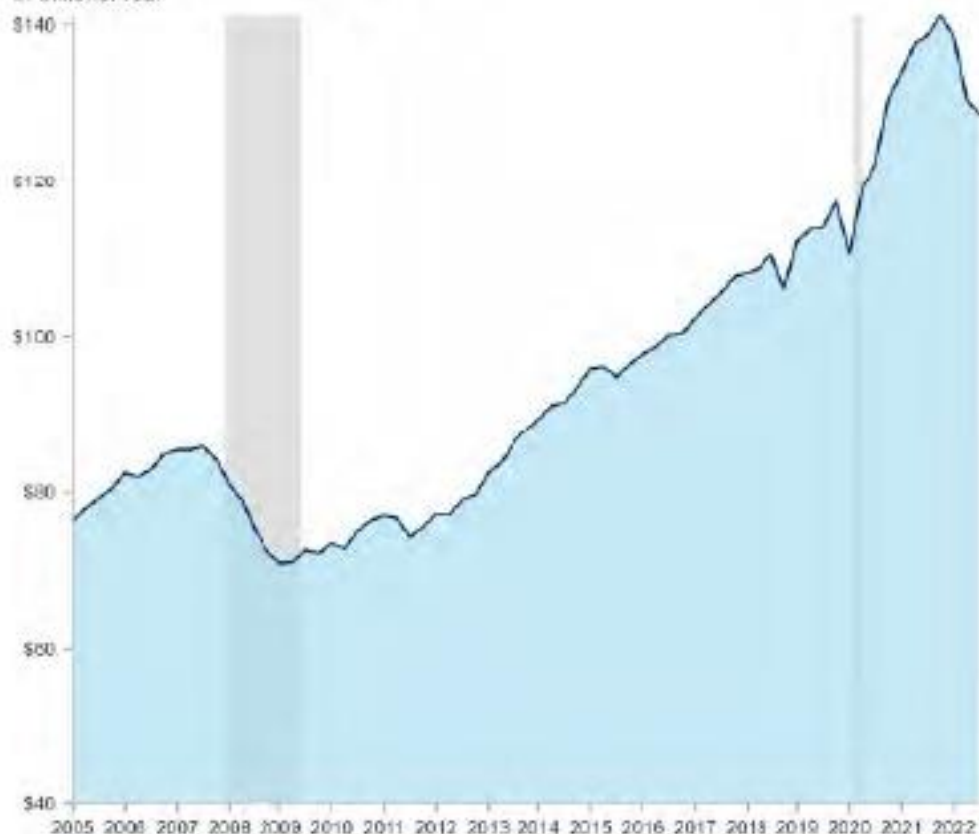
Financial obligations as ratio to disposable income



Note: Quarterly data through 2022Q3. Financial obligations ratio is the ratio of household debt payments, and payments such as rent and auto leases, to disposable income. Source: Federal Reserve, NBER

Household net worth

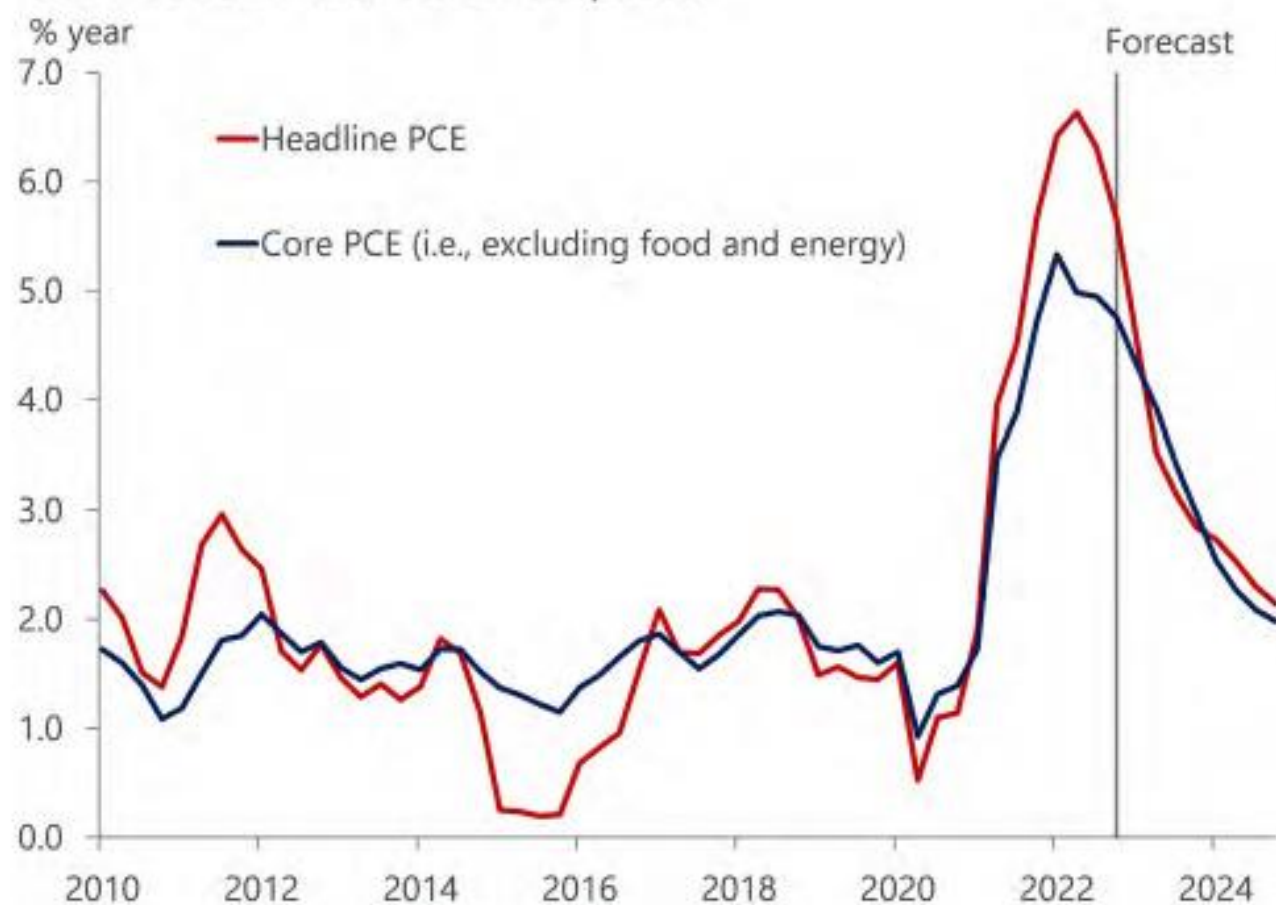
In trillions, real



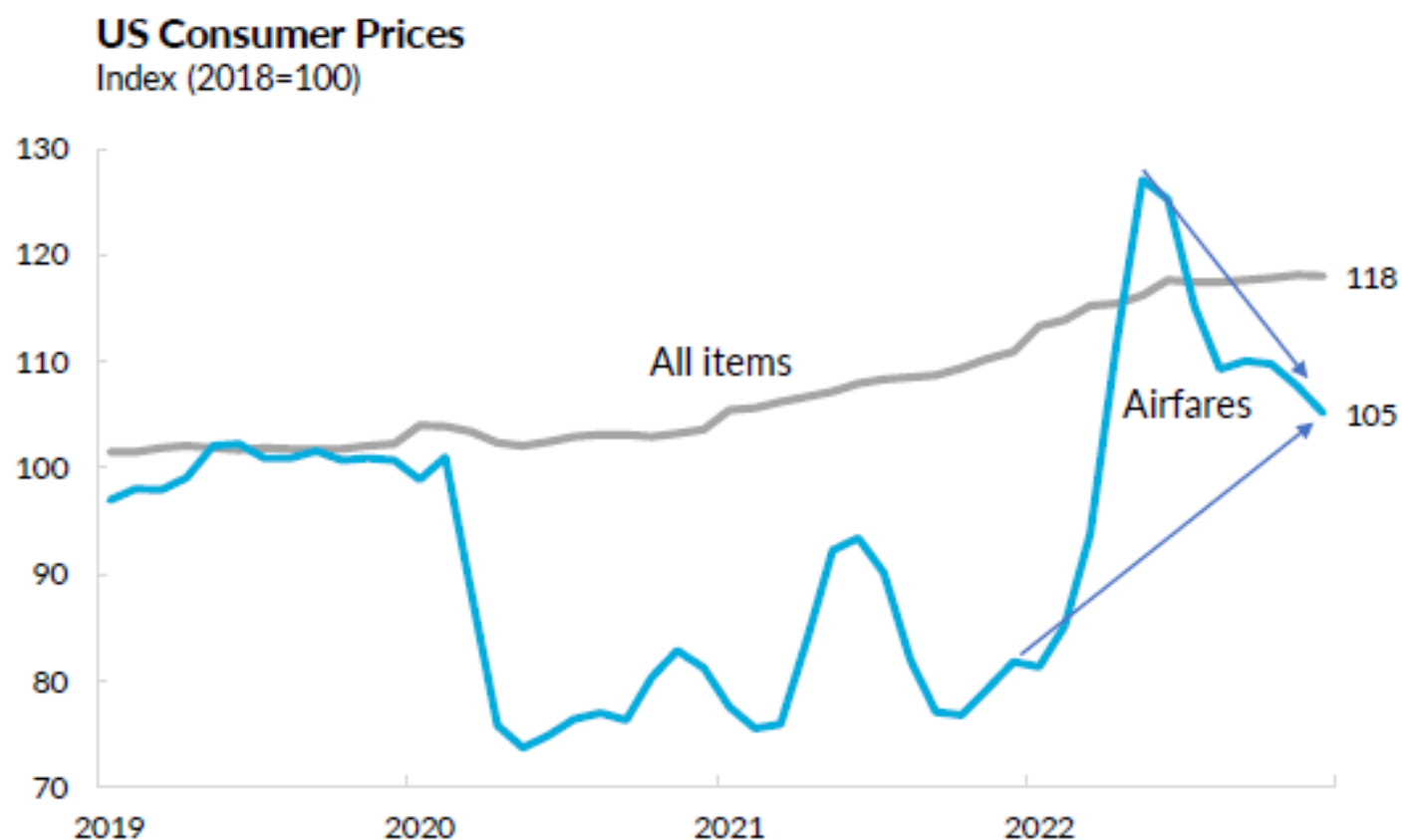
Note: 2020 dollars. Quarterly data through 2022Q3. Net worth of households and nonprofit organizations. Measures assets such as housing and financial assets, minus liabilities. Source: Federal Reserve, NBER

Inflation remains high but should slow in the coming months

US: Headline and core PCE prices



Airfares continue to fall from record highs



Sources: BLS

- Airfares in December were 19% below May 2022 peak.
- However, prices were 29% higher than a year earlier.

“While macroeconomic concerns continue to dominate the headlines, we are not seeing any signs of weakness in our business. ...consumers still have <significant> excess savings, with the majority concentrated in the top income brackets which gives us confidence the recovery in the lodging industry is sustainable.”

Host earnings call, November 3, 2022

Why the travel industry may defy economic gravity

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Spending continues to rise... for services

Consumer spending, real

Index (Feb 2020=100), increase since February 2020 in labels



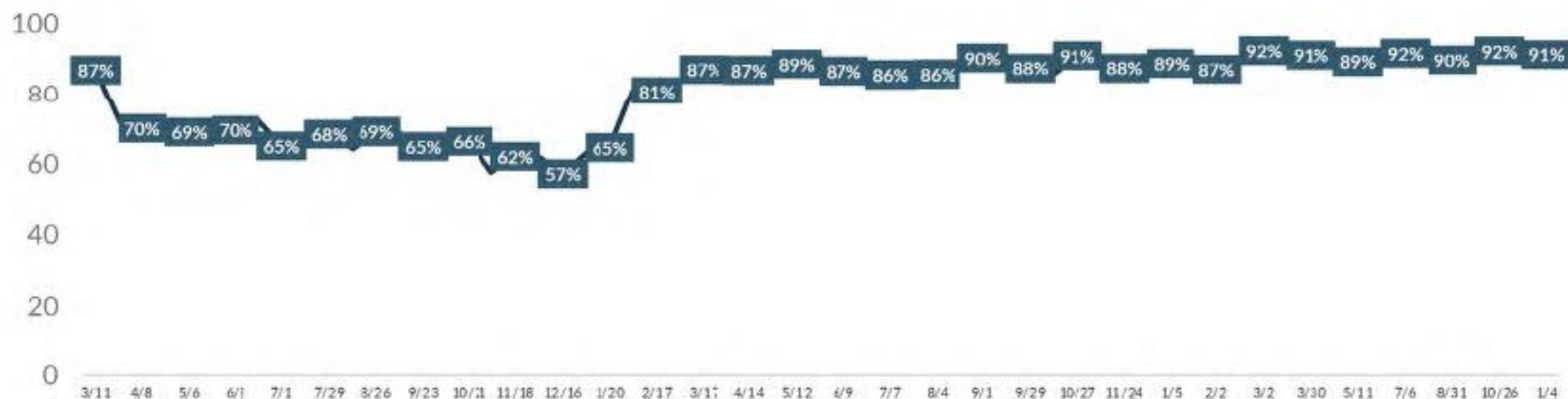
Consumer spending on services is currently 66% of total consumption. It is normally closer to 70%.

Normalization implies further growth for travel.

Note: Real, Seasonally adjusted monthly data through November 2022
Source: Bureau of Economic Analysis

And overall intentions to travel remain elevated

Travelers with Travel Plans in the Next Six Months Comparison



Travel Sentiment Study Wave 69

Longwoods
INTERNATIONAL

miles
PARTNERSHIP

TOURISM ECONOMICS

34% plan to travel... as they work remotely

Which of the following describes your remote work plans within the next 12-24 months?



Travel Sentiment Study Wave 67

Longwoods
INTERNATIONAL

miles
PARTNERSHIP



TOURISM ECONOMICS

“While we are mindful of macroeconomic headwinds, the travel industry is experiencing a countercyclical recovery. Global demand is continuing to ramp as consumers shift spend to experiences, businesses return to travel, and international markets continue to reopen.”

Delta CEO Ed Bastian, October 13, 2022

“There's been a permanent structural change in leisure demand because of the flexibility that hybrid work allows. This is not pent-up demand. It's the new normal.”

United Airlines earnings call, October 19, 2022

Why the travel industry may defy economic gravity

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Business travel intentions now exceed 2019

Average expected trips versus 2019

Average monthly trips expected in next six months relative to pre-pandemic (2019=100%)



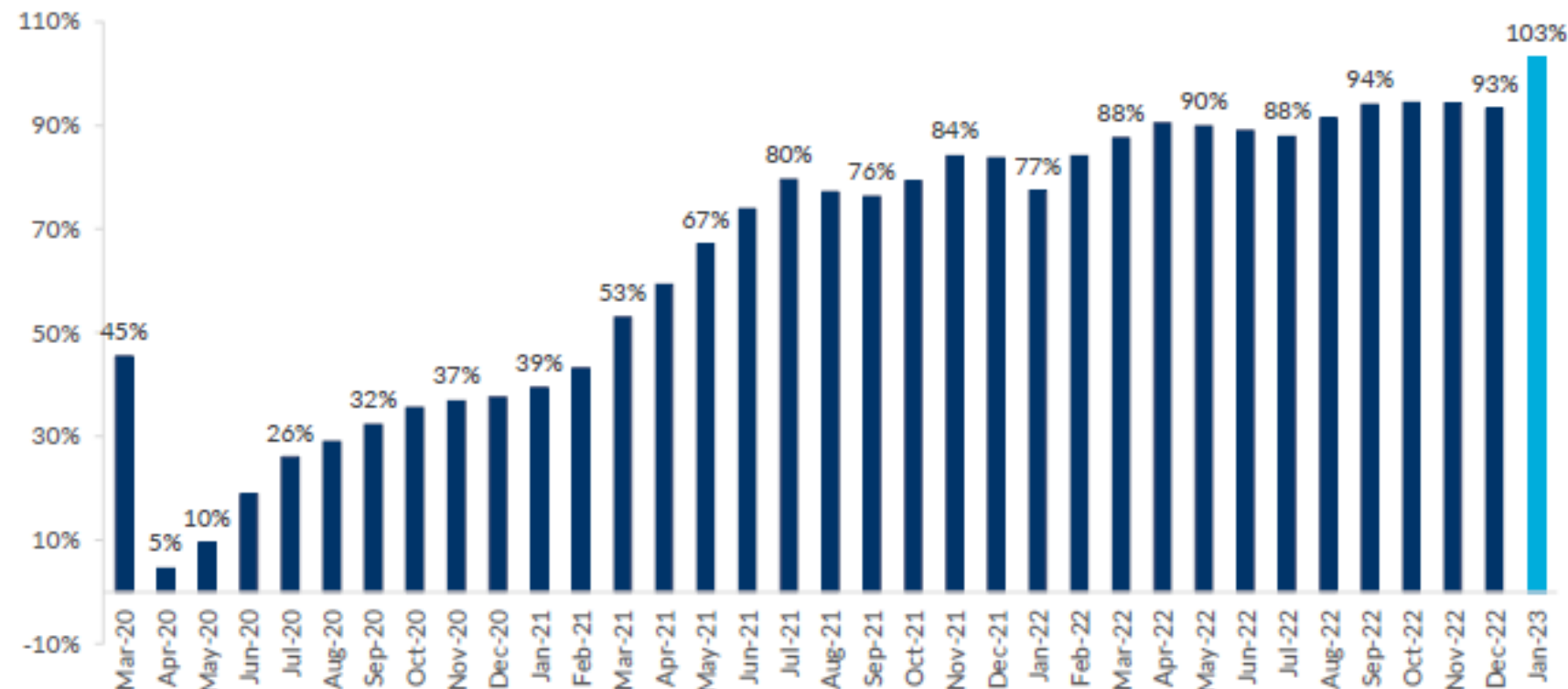
[q1&q2] How many times do you travel on average for business purposes?

Business Travelers Survey BASE: Q4 - 790; Q3 N - 1641; Q2 N - 2545

Air travel elevated in January (We did it!)

Air Passenger Volume

% of 2019 level



Source: TSA

"Consumer demand remains healthy, with advanced bookings significantly ahead on both yield and load factor for each month of the March quarter compared to 2019. And in our recent corporate survey, results were positive with 96% of respondents expecting to travel as much or more in Q1 than Q4, led by financial services."

Delta Airlines earnings call, January 13, 2023

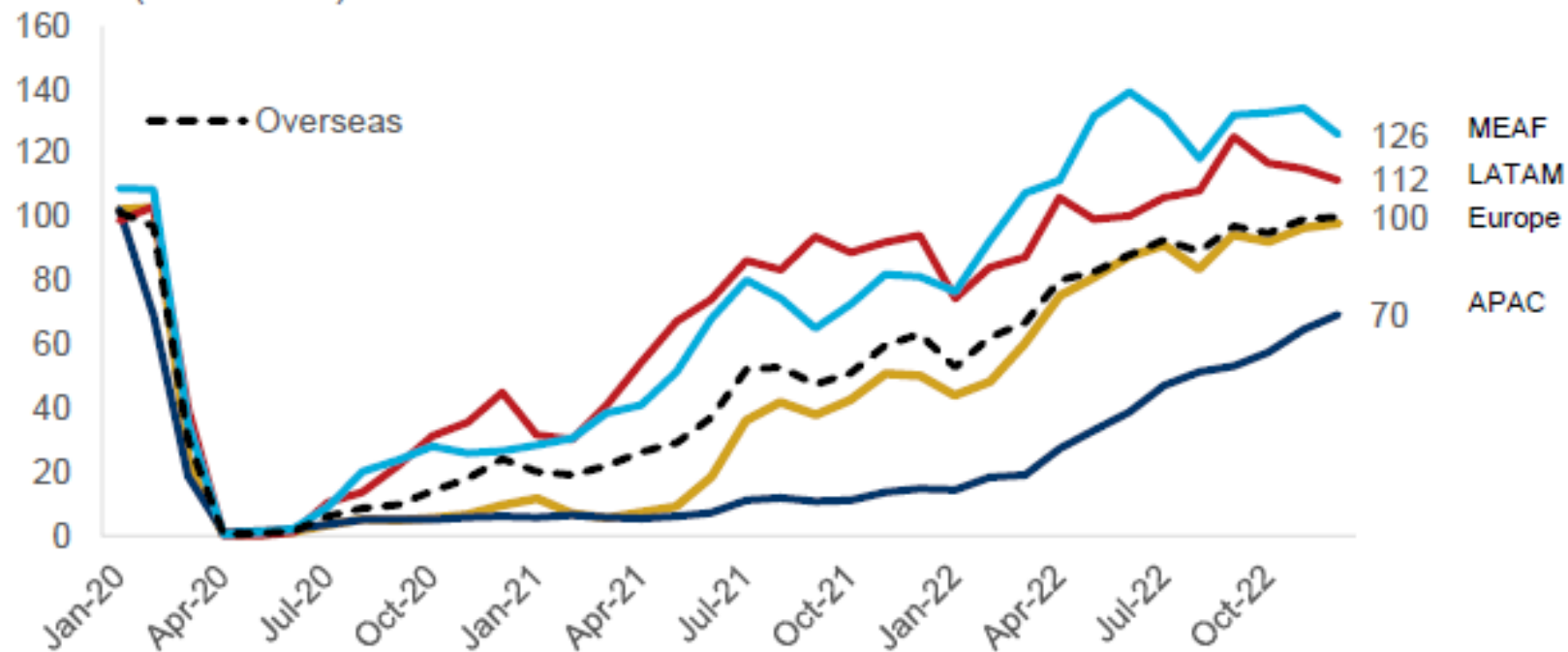
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US outbound is already recovered

US Outbound Travel to Global Regions

Index (2019 = 100)

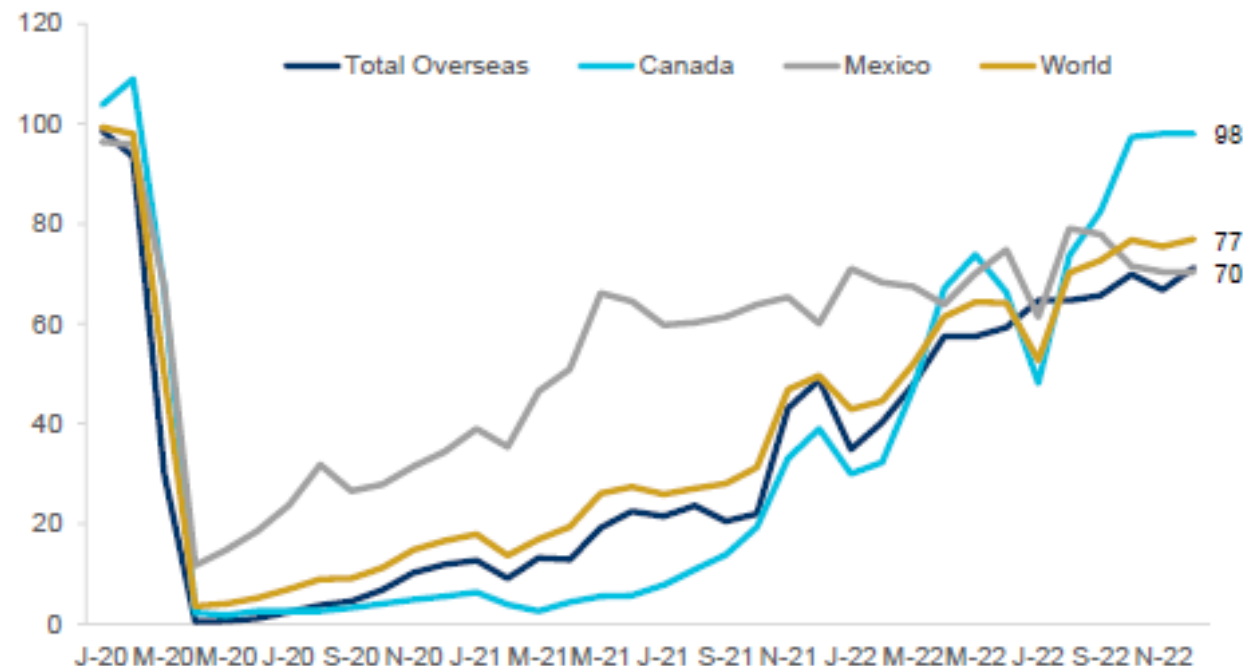


Source: I-92/APIS

But international inbound is gaining momentum

International visits to USA

2019 = 100 (same month comparison)

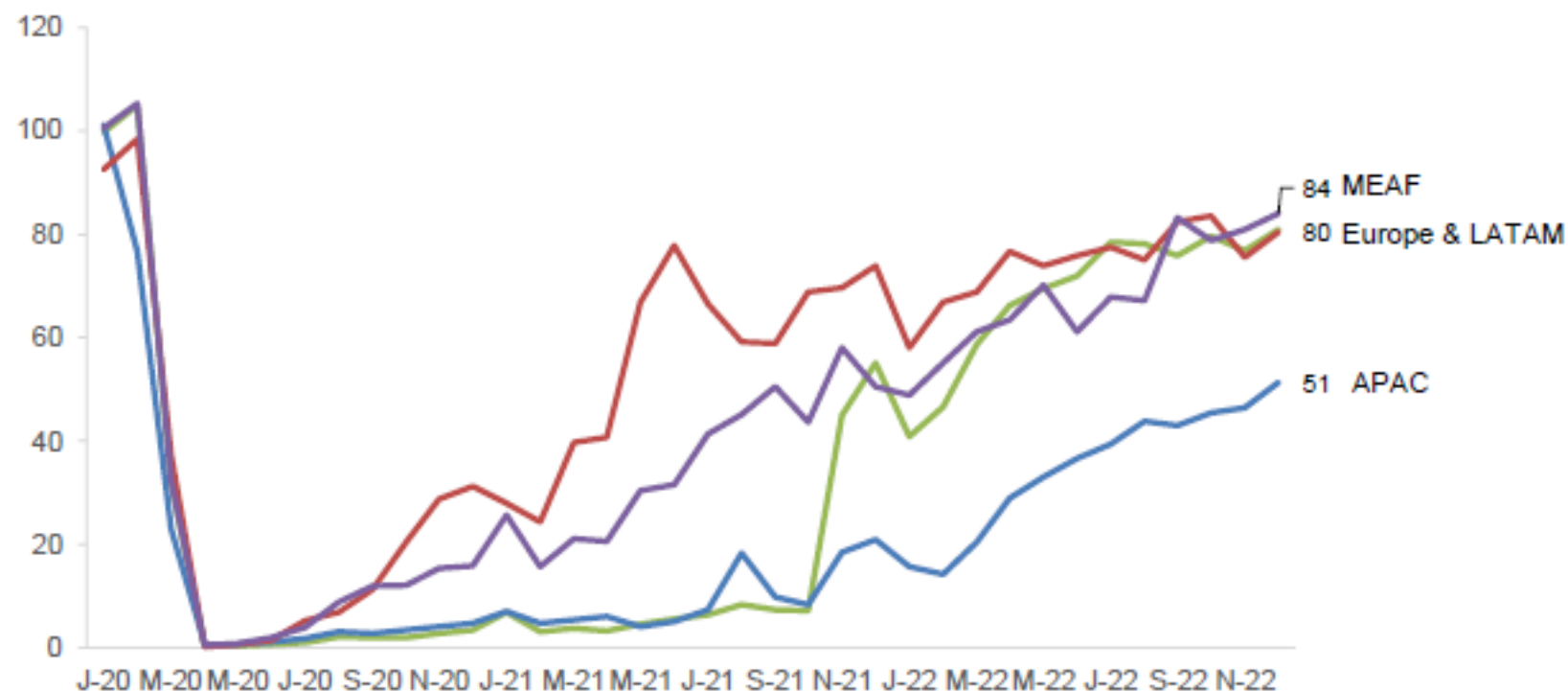


Source: NTTO

Asia lagging but showing signs of life

International visits to USA

2019 = 100 (same month comparison)



Source: NTT

"This is our best-ever post-holiday booking period with broad strength across all entities and travel periods. Demand for domestic and short-haul international travel continues to lead the way. We expect a strong demand environment to continue in 2023 and anticipate further improvement in long-haul travel international travel this year"

American Airlines earnings call, January 26, 2023

RECENT HEADLINES



“

GBTA continues to draw on the collective, diverse perspectives and insights across our industry to closely track the evolving state of global business travel. The return of business travel will vary across regions, sectors and companies. And despite ongoing global concerns of a recession, a majority of corporate travel managers indicate their companies are anticipating more business travel than last year.

— Suzanne Neufang, CEO, GBTA



The business travel recovery continues to move forward.

On average, travel managers estimate their company's domestic bookings are at 67% of the pre-pandemic level. This is up from 63% in October 2022.

On average, travel managers estimate their company's domestic bookings are at **67%** of the pre-pandemic level





When it comes to the challenges hotels face in 2023, business travel came up top at 60.8%. Staffing followed at 55.7%, ahead of increased costs, government restrictions, lead times and cancellations.

Hotels have mixed feelings about business travel in 2023. On one hand the corporate travel and groups segment is the main area of focus for hotel revenue teams this year. But rather than staffing issues, business travel also represents their biggest challenge, according to a new Outlook & Trends 2023 Survey from revenue management software company Duetto.

Sabre: Late 2022 corporate travel slowdown was temporary

Alaska Air CEO Says Silicon Valley Business Travel Has Dried Up

- Bookings may recover in late 2023 or 2024, Minicucci says
- Tech firms have announced major job cuts to reduce costs

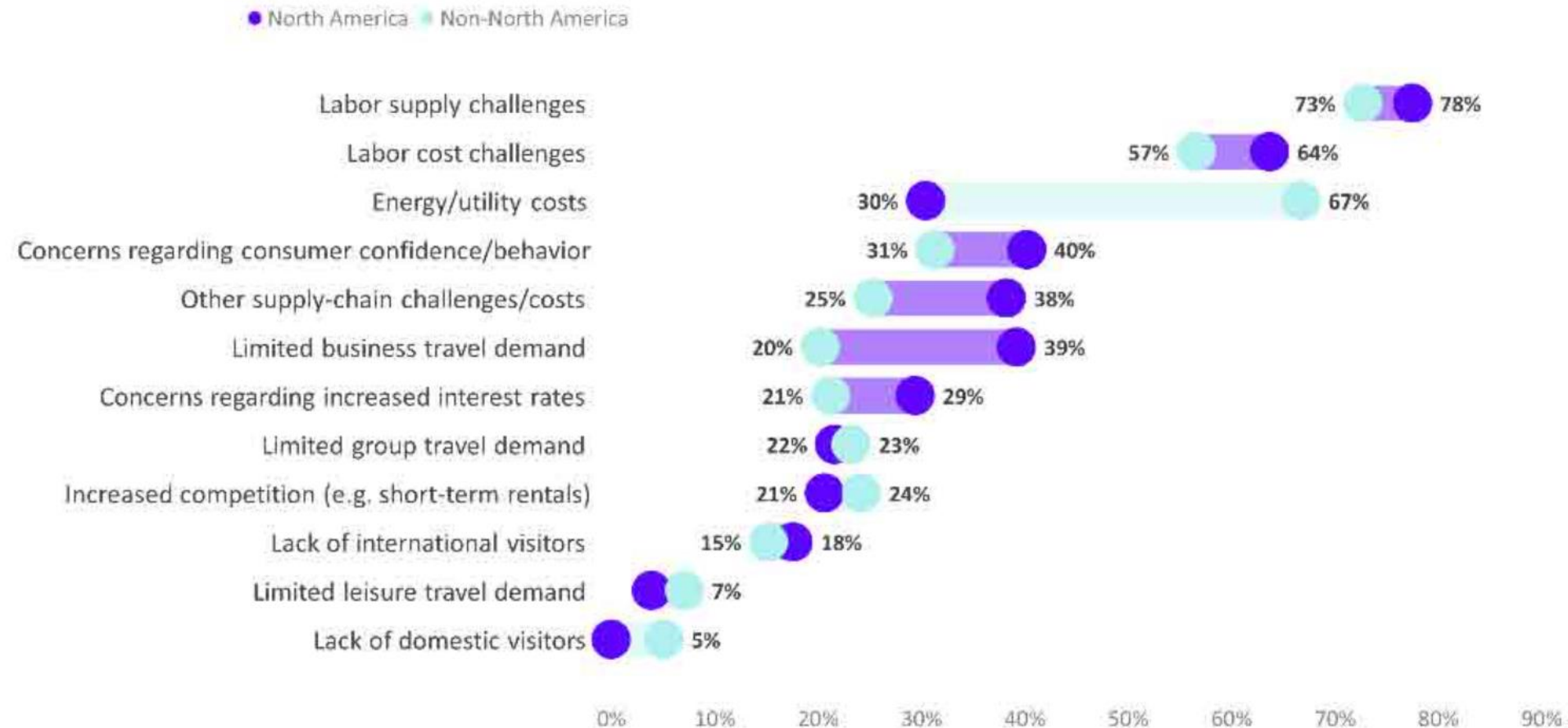
Marriott Reports Strengthening Hotel Demand from Groups

Corporate Negotiated Rates Higher After Years of Holding Steady

Hyatt's group sales recover faster than business travel



What challenges are most on the minds of hotel and travel professionals?

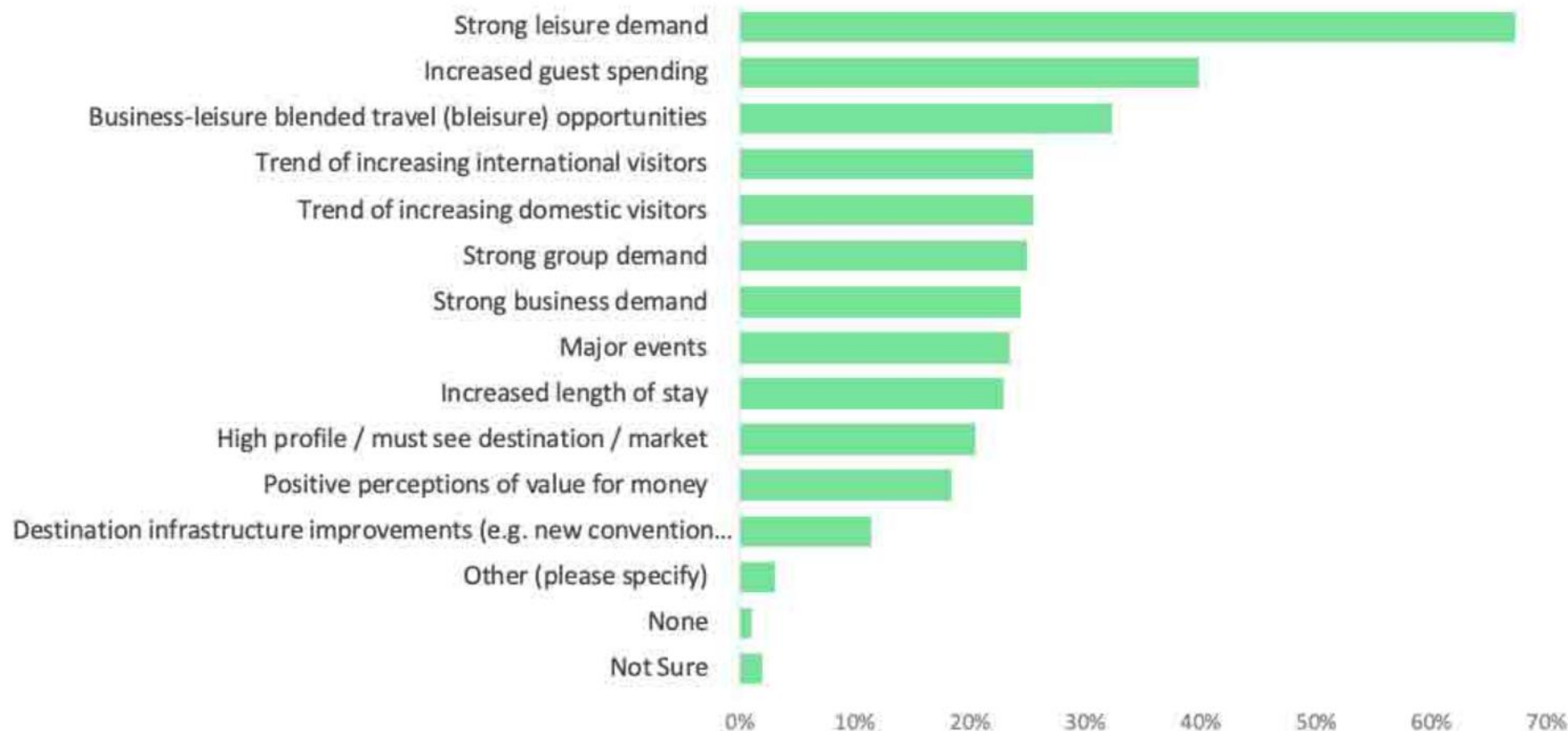


Q: Which, if any, are the greatest challenges to your business currently? Please select up to five options below.
Base: All; Nov 22 (n=201)

Source: STR, 2023 © CoStar Group



**“Strong leisure demand” a huge advantage for most;
“Strong business and group demand” a strength for about one in four**



Q: Which, if any, are the greatest strengths to your business currently? Please select up to five options below.
Base: All: Nov 22 (n=201)

Source: STR, 2023 © CoStar Group

An aerial photograph of the Space Needle in Seattle, Washington, taken during the "golden hour" of sunset. The tower stands prominently in the center-left, its white lattice structure contrasting with the warm, orange and yellow light of the setting sun. The sun is positioned low on the horizon over the city, creating a bright, shimmering reflection on the water of the Elliott Bay. In the background, the city's skyline is visible, with various buildings and structures. The foreground shows a mix of urban development, including parking lots, roads, and green spaces with trees. A semi-transparent magenta banner is overlaid across the middle of the image, containing the word "DISCUSSION" in white, bold, sans-serif capital letters.

DISCUSSION

The background of the image is a dark night scene. In the foreground, there are several strings of warm white spherical lights, some of which are in sharp focus while others are blurred into bokeh. In the background, a building with a grid-like facade is visible, also blurred. The overall atmosphere is festive and urban.

VISIT seattle

THE OFFICIAL DESTINATION MARKETING ORGANIZATION

visitseattle.org