

## CONSUMER: Lodging

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## Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

## Lodging: US RevPAR +0.5% y/y last week. Lethargic group results post-Passover, we expected more of a bounce-back

Overall U.S. RevPAR was +0.5% y/y for the week ending 5/4/2024, per STR, above the prior week's result of -2.5% y/y and in-line with the trailing 10-week average of +0.5%.

Group RevPAR at +2.5% y/y appeared fairly modest for the week following the Passover holiday (we expected more of a bounce-back in Group demand) although REITS generally provided somewhat muted expectations for April over the last few weeks of earnings calls. Midweek ADR for Upper Upscale to Upper Midscale was flattish and unimpressive to us for business transient performance.

### Major RevPAR statistics presented below:

- Luxury RevPAR: -2.3% y/y
- Upper Upscale RevPAR: +1.2% y/y
- Upscale RevPAR: +0.9% y/y
- Upper Midscale RevPAR: 0.0% y/y
- Midscale RevPAR: -1.5% y/y
- Economy RevPAR: -4.8% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: -0.3% y/y; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +2.5% y/y vs. -13.3% prior week;
  - Transient: +0.1% y/y vs. -0.2% prior week;
- Las Vegas RevPAR: +5.4% y/y
  - **As a caveat, we note that many large Strip casino hotel operators do not participate in STR's survey.**

### Last week's RevPAR details and sequential trends (all comparable information on new STR methodology):

- **Headline RevPAR** was +0.5% y/y vs. the running 28-day average of +1.3% y/y.
- **Occupancy:** Absolute occupancy was 64.4% vs. 65.7% for the running 28-day average.
- **Absolute Group occupancy:** 23.9% last week vs. 24.3% for the running 28 days.

### The lodging stocks:

- **Of the lodging stocks our favorite name is now Wyndham (WH, Buy) (previously Hyatt [H, Buy], which has had an extremely strong YTD performance).** WH has underperformed the hotel C-corps since the initial news about the proposed merger with Choice Hotels (CHH, Hold) last spring. While the proposed merger has ended and investors can once again value WH as a standalone entity going forward, we view WH stock as considerably undervalued. We can also point to an 8-K released by WH on 3/11 in advance of CHH's decision to stop the merger pursuit where WH provided "pillars for standalone growth" representative of \$26 stock price upside by the end of 2025 (their \$102 stock price assumption) driven by: 1) continuing a 6% plus historical EBITDA growth, 2) expected \$650M of FCF generation over the next two years, and 3) ability to deploy \$400M of additional leverage capacity based on a net leverage target of 3.5x (substantial cash returns to shareholders as has been the case for years). Additionally and distinctly from the \$26 upside, WH also views an additional \$22 upside per share driven by EBITDA growth that is anticipated to be in the 7-10% range and a re-rating on the multiple (1.0x is worth \$10/share in WH's calculation).
- **For the hotel REITS, our favorite name is RHP (Buy).** At 80% of its business coming from groups/conventions, RHP has the greatest exposure to this customer segment and has no hotels located in the especially tech-heavy San Francisco

area. We add that RHP's hotels are likely benefiting from several "self-help" factors including having properties in better condition than some other big box comparables and convention centers as well as what has proven to be a smart strategy of maintaining their property-level salesforce during the heart of the pandemic.

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Not for Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR														
U.S.	Luxury	Upscale	Upscale	Upscale	Midscale	Midscale	Economy	Inde- pendent	New	York	Boston	LA	Chicago	DC
12/30/2023	-9.7%	-7.8%	-9.7%	-9.4%	-10.9%	-12.0%	-12.7%	-10.1%	4.7%	-9.3%	-1.9%	-14.6%	-11.5%	
1/6/2024	6.4%	19.4%	13.1%	5.1%	1.6%	-0.5%	-4.0%	4.4%	48.9%	12.4%	8.8%	-2.2%	4.0%	
1/13/2024	3.3%	-3.7%	2.1%	0.8%	-2.8%	-5.2%	-6.3%	14.8%	6.2%	16.0%	-16.6%	-4.3%	4.8%	
1/20/2024	-2.2%	-1.6%	0.3%	-0.7%	-4.3%	-5.3%	-5.1%	-4.1%	7.4%	5.8%	3.1%	3.5%	3.0%	
1/27/2024	4.8%	1.1%	6.6%	3.9%	-0.7%	-3.4%	-5.6%	11.2%	9.0%	8.2%	-2.2%	52.1%	4.6%	
2/3/2024	1.7%	1.1%	6.0%	4.9%	0.7%	-3.0%	-5.5%	-1.6%	14.4%	17.9%	-1.0%	3.3%	17.0%	
2/10/2024	3.9%	-2.3%	2.5%	-0.6%	-2.5%	-6.6%	-6.0%	17.3%	11.5%	12.5%	-2.4%	1.8%	-1.2%	
2/17/2024	1.6%	-3.4%	2.0%	-0.6%	-2.5%	-5.4%	-6.2%	8.6%	4.9%	30.6%	-10.5%	-4.4%	6.0%	
2/24/2024	-2.9%	-6.6%	-1.7%	-2.6%	-3.5%	-6.0%	-7.6%	-2.8%	0.4%	4.4%	-13.5%	0.4%	6.0%	
3/2/2024	2.4%	2.4%	5.7%	2.7%	-0.4%	-4.1%	-7.2%	2.1%	5.3%	4.1%	1.7%	-5.4%	-1.4%	
3/9/2024	-2.8%	-3.4%	0.2%	-0.7%	-2.7%	-5.9%	-8.0%	-7.4%	4.6%	9.3%	-4.3%	-8.6%	14.5%	
3/16/2024	-3.5%	-5.7%	1.9%	0.4%	-1.8%	-4.8%	-8.1%	-11.6%	10.1%	1.0%	4.0%	8.5%	11.3%	
3/23/2024	3.2%	2.8%	5.4%	3.6%	1.1%	-1.3%	-4.4%	2.2%	11.6%	11.5%	-0.7%	-12.0%	14.5%	
3/30/2024	-6.3%	-0.2%	-7.0%	-8.5%	-10.6%	-11.5%	-11.7%	-3.2%	29.1%	-1.0%	-12.5%	-1.6%	-19.1%	
4/6/2024	6.9%	5.1%	7.2%	7.5%	9.2%	8.3%	1.9%	3.5%	7.2%	17.2%	-6.9%	6.7%	11.2%	
4/13/2024	5.8%	2.2%	9.7%	7.9%	6.4%	6.2%	2.0%	-0.1%	7.8%	21.8%	-9.2%	22.5%	11.9%	
4/20/2024	1.2%	3.7%	1.2%	1.4%	0.3%	-0.1%	-3.5%	-0.3%	13.2%	9.1%	0.4%	-16.2%	15.4%	
4/27/2024	-2.5%	-7.4%	-5.8%	-1.4%	-1.1%	-0.8%	-4.5%	-2.4%	-5.9%	-6.8%	-11.8%	-14.5%	-7.5%	
5/4/2024	0.5%	-2.3%	1.2%	0.9%	0.0%	-1.5%	-4.8%	-0.3%	7.8%	4.5%	-8.0%	-10.9%	7.1%	

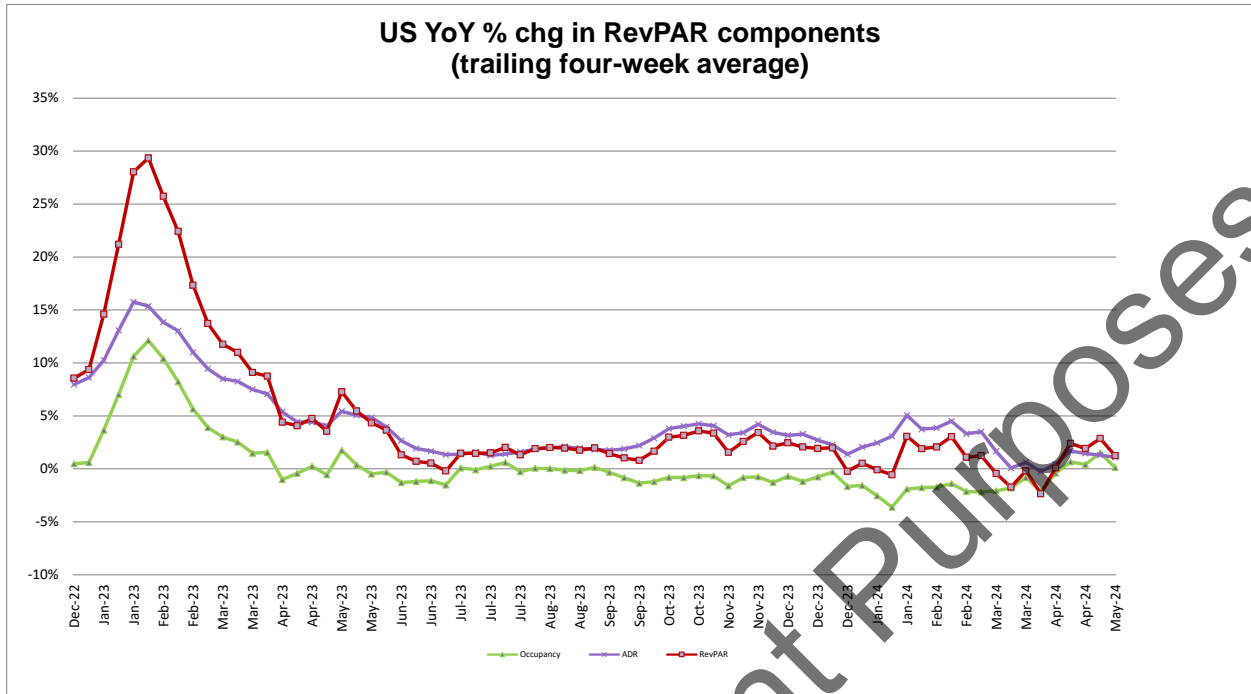
YoY % change in ADR														
U.S.	Luxury	Upscale	Upscale	Upscale	Midscale	Midscale	Economy	Inde- pendent	New	York	Boston	LA	Chicago	DC
12/30/2023	-2.8%	-3.3%	-3.3%	-3.7%	-3.0%	-4.5%	-4.5%	-2.8%	-3.2%	-7.8%	-1.8%	-8.3%	-5.8%	
1/6/2024	7.2%	6.2%	6.6%	5.5%	4.1%	1.1%	-0.4%	6.8%	33.6%	5.3%	2.7%	11.5%	2.5%	
1/13/2024	6.3%	-2.4%	3.3%	3.1%	2.3%	-0.5%	-2.1%	16.6%	4.6%	2.2%	-12.4%	0.1%	2.1%	
1/20/2024	1.6%	-2.3%	1.4%	1.9%	1.0%	-0.9%	-2.7%	1.8%	5.6%	1.7%	0.9%	3.7%	2.6%	
1/27/2024	5.1%	-3.2%	3.0%	2.9%	1.8%	-0.2%	-2.5%	11.4%	5.7%	2.2%	-0.6%	21.2%	3.2%	
2/3/2024	1.9%	-3.6%	1.4%	2.5%	1.1%	-0.6%	-2.8%	1.4%	6.3%	4.7%	-0.1%	2.7%	5.5%	
2/10/2024	6.8%	-4.1%	1.9%	1.0%	1.5%	-1.6%	-2.4%	21.9%	5.2%	5.4%	-0.9%	1.1%	0.2%	
2/17/2024	4.2%	-4.0%	1.4%	1.1%	0.6%	-1.1%	-2.7%	12.8%	3.0%	14.0%	-6.3%	-0.5%	3.8%	
2/24/2024	0.3%	-5.2%	-0.4%	-0.4%	-0.4%	-1.5%	-2.9%	2.0%	1.7%	1.8%	-4.1%	2.3%	4.6%	
3/2/2024	2.7%	-1.8%	2.3%	1.4%	0.5%	-1.2%	-3.8%	3.9%	0.5%	0.7%	2.1%	-3.5%	-3.7%	
3/9/2024	-0.6%	-3.9%	-0.8%	0.4%	-0.4%	-2.0%	-4.5%	-3.0%	1.9%	9.0%	-0.2%	2.4%	8.6%	
3/16/2024	-2.1%	-6.7%	-0.3%	0.4%	-0.2%	-1.9%	-4.7%	-8.3%	6.7%	0.9%	0.4%	2.8%	6.5%	
3/23/2024	2.5%	-1.3%	2.6%	2.0%	0.8%	-0.8%	-3.2%	2.6%	7.1%	4.7%	-1.7%	-11.6%	7.6%	
3/30/2024	-0.7%	1.0%	-2.3%	-2.3%	-3.6%	-5.0%	-5.7%	1.3%	14.1%	-0.4%	-6.1%	-3.0%	-10.6%	
4/6/2024	2.1%	-2.5%	1.6%	2.6%	3.0%	1.6%	-0.4%	0.6%	3.2%	8.0%	-2.9%	2.4%	6.6%	
4/13/2024	2.8%	-6.8%	1.7%	4.1%	4.4%	3.3%	1.4%	3.7%	3.1%	3.3%	0.4%	3.7%	6.8%	
4/20/2024	1.5%	-0.9%	1.5%	1.4%	0.8%	-0.5%	-2.4%	0.8%	6.0%	4.2%	0.1%	-12.4%	10.0%	
4/27/2024	-1.3%	-5.3%	-2.9%	-0.8%	-0.7%	-0.8%	-2.7%	-0.6%	-2.4%	-6.1%	-0.9%	-9.1%	-4.7%	
5/4/2024	1.3%	-3.1%	1.3%	1.4%	1.1%	-1.0%	-2.3%	1.1%	4.3%	1.0%	-6.2%	-7.7%	3.8%	

YoY % change in Occupancy														
U.S.	Luxury	Upscale	Upscale	Upscale	Midscale	Midscale	Economy	Inde- pendent	New	York	Boston	LA	Chicago	DC
11/11/2023	0.8%	6.4%	5.2%	3.6%	0.2%	-2.4%	-3.5%	-0.7%	6.3%	7.5%	2.1%	5.2%	7.3%	
11/18/2023	-0.1%	2.2%	2.5%	2.0%	0.3%	-1.4%	-3.7%	-3.6%	4.4%	11.0%	-3.0%	2.6%	7.8%	
11/25/2023	-1.4%	3.2%	0.9%	1.4%	-1.8%	-1.8%	-4.1%	-2.0%	7.6%	5.7%	-1.6%	0.6%	0.3%	
12/2/2023	-1.6%	-0.7%	1.5%	0.8%	-2.0%	-2.2%	-3.8%	-3.2%	6.8%	0.7%	4.6%	0.2%	2.6%	
12/9/2023	-1.1%	-1.0%	0.8%	0.6%	-1.5%	-1.5%	-2.5%	-2.6%	-0.6%	14.1%	-1.3%	1.2%	1.6%	
12/16/2023	1.1%	2.1%	4.5%	2.5%	0.1%	-0.8%	-4.8%	1.5%	8.1%	12.2%	-2.0%	-10.2%	-5.6%	
12/23/2023	0.5%	8.2%	4.6%	3.2%	1.3%	0.2%	-2.9%	-2.3%	8.0%	21.5%	0.6%	1.1%	3.3%	
12/30/2023	-7.1%	0.6%	-1.1%	-6.0%	-8.2%	-7.8%	-8.4%	-7.5%	1.4%	-1.7%	0.0%	-0.6%	-6.1%	
1/6/2024	-0.7%	12.5%	5.9%	6.4%	-2.2%	-2.0%	-3.7%	-2.2%	12.3%	6.8%	5.9%	8.7%	1.4%	
1/13/2024	-2.8%	9.9%	4.8%	2.2%	-4.9%	-4.7%	-4.3%	-1.6%	1.5%	13.5%	-4.8%	-4.4%	2.7%	
1/20/2024	-3.8%	0.7%	-1.1%	-2.6%	-5.3%	-4.5%	-2.4%	-5.8%	1.7%	4.0%	2.2%	-0.1%	0.4%	
1/27/2024	-0.3%	4.6%	3.5%	0.9%	-2.5%	-3.2%	-3.2%	-0.2%	3.2%	5.8%	-1.6%	25.5%	1.4%	
2/3/2024	0.1%	4.8%	8.5%	2.3%	-0.5%	-2.5%	-2.8%	-2.9%	7.6%	12.5%	-0.9%	0.6%	10.9%	
2/10/2024	-2.6%	1.8%	0.6%	-1.6%	-3.9%	-5.0%	-3.7%	-3.7%	6.0%	6.7%	-1.6%	-0.5%	-1.4%	
2/17/2024	2.7%	0.6%	0.6%	-1.7%	-3.0%	-4.4%	-3.6%	-3.7%	1.8%	14.6%	-4.5%	-3.9%	2.6%	
2/24/2024	-3.3%	-1.5%	-1.3%	-2.2%	-3.1%	-4.6%	-4.9%	-4.7%	-1.2%	2.6%	-9.8%	-1.9%	1.3%	
3/2/2024	0.3%	8.9%	3.3%	1.3%	-0.9%	-2.9%	-3.6%	-1.7%	4.8%	3.4%	-0.3%	-2.0%	2.3%	
3/9/2024	-2.6%	6.4%	1.0%	-0.9%	-2.2%	-3.9%	-3.6%	-4.5%	2.7%	5.2%	-3.5%	-3.7%	5.6%	
3/16/2024	-1.4%	1.1%	2.2%	-0.1%	-1.5%	-3.0%	-3.5%	-3.6%	3.2%	0.1%	3.6%	5.4%	4.5%	
3/23/2024	0.7%	4.2%	2.7%	1.5%	0.3%	-0.5%	-1.2%	-0.3%	4.2%	6.5%	1.1%	-0.5%	6.4%	
3/30/2024	-5.6%	-1.2%	-4.8%	-6.3%	-7.3%	-6.8%	-6.3%	-4.5%	13.2%	-0.6%	-6.9%	1.4%	-9.5%	
4/6/2024	2.8%	7.8%	5.0%	4.8%	6.0%	6.0%	4.2%	6.0%	2.9%	8.5%	-4.1%	3.3%	5.1%	
4/13/2024	2.8%	9.1%	7.9%	3.7%	2.0%	2.8%	1.3%	-0.2%	3.5%	11.5%	-5.0%	14.4%	4.8%	
4/20/2024	-0.3%	4.6%	-0.2%	0.0%	-0.5%	0.3%	-1.1%	-1.2%	6.8%	4.8%	0.5%	-4.3%	5.0%	
4/27/2024	-1.2%	-2.3%	-3.0%	-0.6%	-0.4%	0.0%	-1.9%	-1.8%	-3.6%	-0.7%	-5.2%	-5.9%	-2.9%	
5/4/2024	-0.8%	0.8%	0.0%	-0.5%	-1.0%	-0.8%	-2.6%	-1.4%	3.3%	3.4%	-1.9%	-3.5%	3.2%	

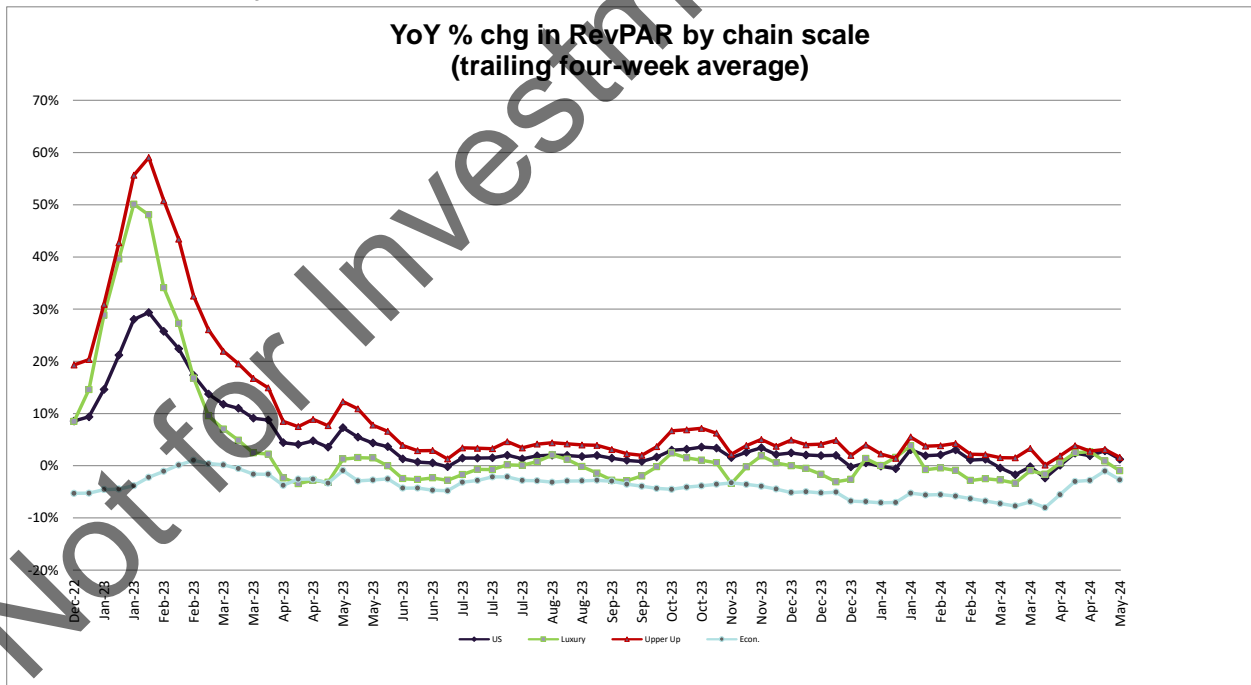
Source: STR data, Truist Securities research

RevPAR Component Trends



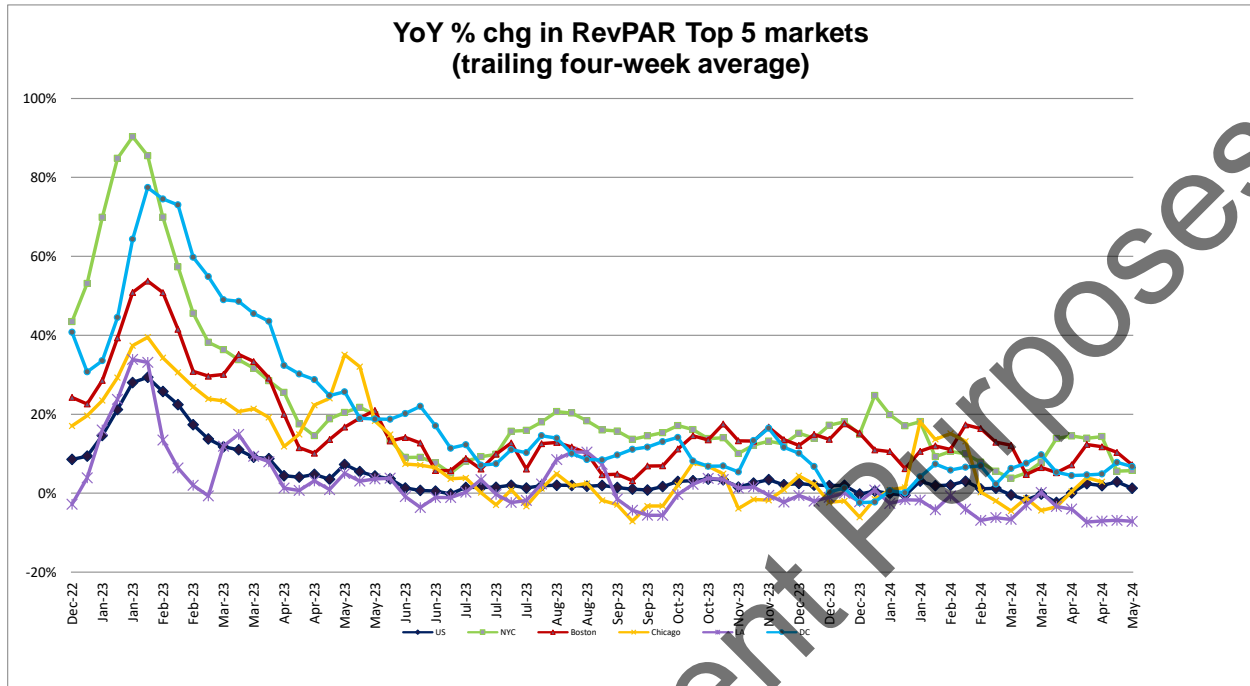
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



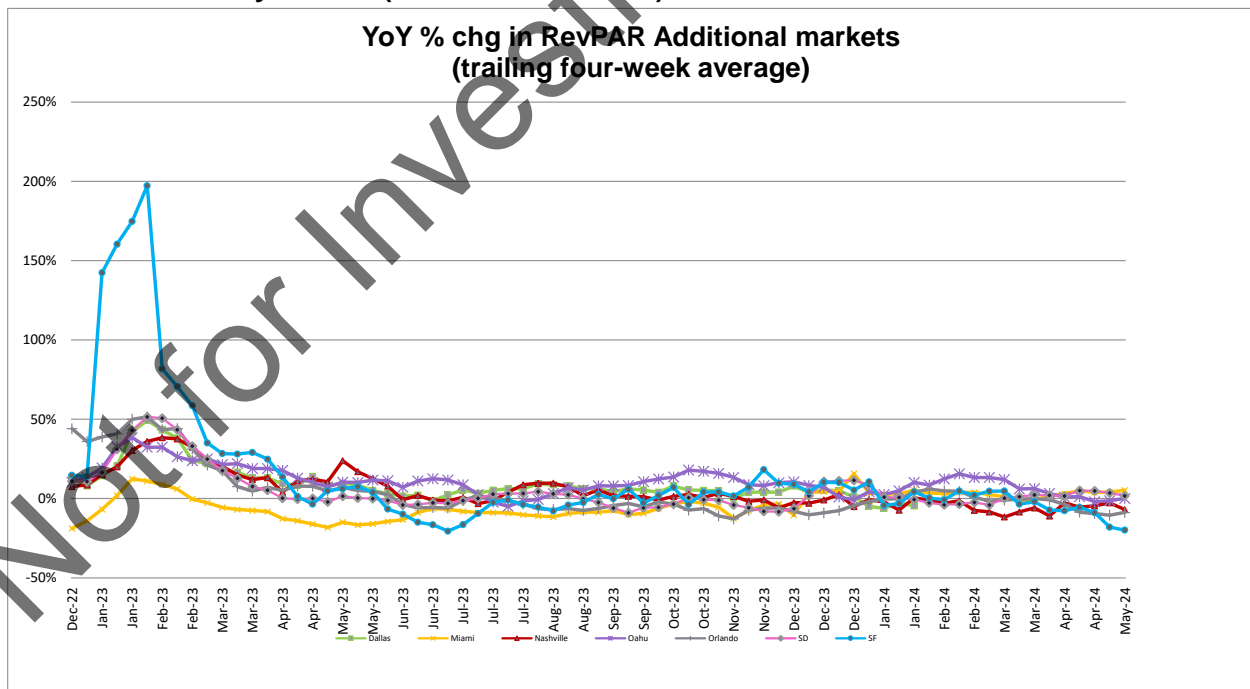
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



Source: STR data, Truist Securities research

## Companies Mentioned in This Note

**Choice Hotels International, Inc.** (CHH, \$122.14, Hold, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$150.40, Buy, C. Patrick Scholes)  
**Pebblebrook Hotel Trust** (PEB, \$14.67, Hold, Gregory Miller)  
**Ryman Hospitality Properties, Inc.** (RHP, \$106.42, Buy, C. Patrick Scholes)  
**Wyndham Hotels & Resorts, Inc.** (WH, \$74.17, Buy, C. Patrick Scholes)

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I, C. Patrick Scholes, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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**Buy (B)** – the stock's total return is expected to outperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

**Hold (H)** – the stock's total return is expected to perform in line with the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

**Sell (S)** – the stock's total return is expected to underperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

**Not Rated (NR)** – Truist Securities does not have an investment rating or opinion on the stock

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### Legend for Rating and Price Target History Charts:

- B = Buy
- H = Hold
- S = Sell
- D = Drop Coverage
- CS = Coverage Suspended
- NR = Not Rated
- I = Initiate Coverage
- T = Transfer Coverage

Truist Securities ratings distribution (as of 05/08/2024):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	434	63.27%	Buy	63	14.52%
Hold	248	36.15%	Hold	35	14.11%
Sell	4	0.58%	Sell	1	25.00%

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