

CONSUMER: Lodging

C. Patrick Scholes

212-319-3915
Patrick.Scholes@truist.com

Gregory J. Miller

212-303-4198
Gregory.J.Miller@truist.com

Barry Jonas

212-590-0998
Barry.Jonas@truist.com

Samuel Durno

212-303-4183
Samuel.Durno@truist.com

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +6.9% y/y last week. Big group week in between the Juneteenth and July 4th holidays (as expected)

Overall U.S. RevPAR was +6.9% y/y for the week ending 6/29/2024, per STR, above the prior week's result of -2.3% y/y and above the trailing 10-week average of +1.9%.

As we expected, last week was positively impacted by strong business travel (Group RevPAR: +26% y/y) as last week was in between two holiday-impacted weeks (Juneteenth the week prior and July 4th this week). Adding to the calendar shift impact is the timing of both holidays being in the middle of the workweek. We anticipate sharply reduced business travel in next week's data set, a net headwind given group is the strongest travel segment today (and leisure is the weakest).

As a rule of thumb when analyzing the weekly data, if Group results are abnormally strong or weak, which they were last week, there is a holiday shift going on.

Major RevPAR statistics presented below:

- Luxury RevPAR: +9.8% y/y
- Upper Upscale RevPAR: +9.9% y/y
- Upscale RevPAR: +8.2% y/y
- Upper Midscale RevPAR: +5.4% y/y
- Midscale RevPAR: +3.0% y/y
- Economy RevPAR: -2.9% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: +5.2% y/y; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +26.4% y/y vs. -5.4% prior week;
 - Transient: +3.7% y/y vs. -1.2% prior week;
- Las Vegas RevPAR: +13.2% 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 +6.9% y/y vs. the running 28-day average of +1.6% y/y.
- **Occupancy:** Absolute occupancy was 71.9% vs. 70.2% for the running 28-day average.
- **Absolute Group occupancy:** 23.7% last week vs. 22.9% for the running 28 days.

The Lodging stocks:

- **Of the lodging stocks our favorite name is Wyndham (WH, Buy).** 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 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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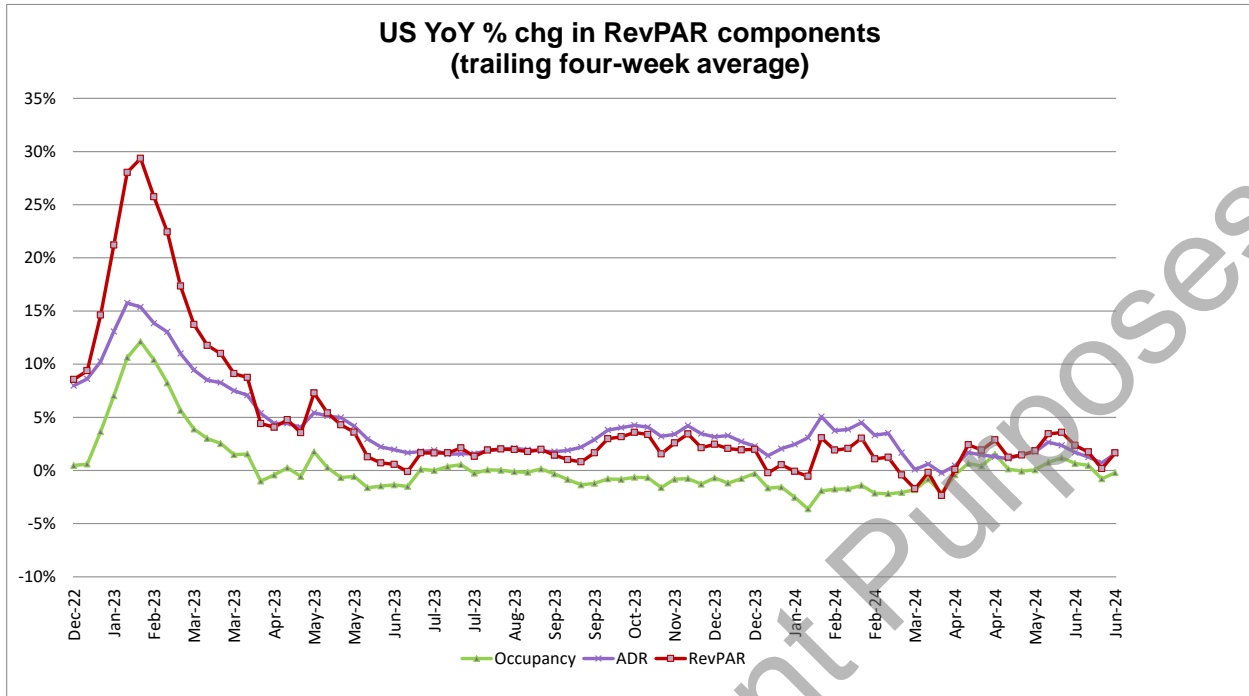
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Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
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%
5/11/2024	6.6%	12.1%	9.9%	6.3%	3.7%	1.8%	-1.8%	5.1%	21.8%	6.8%	8.8%	7.5%	3.1%
5/18/2024	2.8%	4.5%	6.0%	3.6%	1.6%	0.8%	-2.8%	-0.7%	9.6%	13.0%	-4.9%	11.2%	6.8%
5/25/2024	3.9%	6.0%	6.3%	3.7%	2.6%	0.9%	-2.9%	2.8%	9.8%	6.8%	-3.4%	10.5%	8.8%
6/1/2024	1.0%	1.9%	2.2%	1.3%	0.5%	-1.2%	-3.7%	-0.1%	4.8%	3.9%	-6.0%	-1.9%	-10.3%
6/8/2024	1.7%	1.0%	2.2%	2.1%	0.7%	-0.4%	-2.4%	1.1%	13.7%	-0.2%	-1.7%	-4.5%	8.2%
6/15/2024	0.3%	-0.7%	2.6%	1.2%	-0.4%	-1.5%	-3.6%	-2.0%	7.5%	11.8%	-11.4%	0.4%	9.6%
6/22/2024	-2.3%	-3.6%	-2.1%	-2.8%	-3.0%	-2.5%	-4.3%	-2.7%	-6.4%	-3.5%	-6.0%	8.7%	-12.9%
6/29/2024	6.9%	9.8%	9.9%	8.2%	5.4%	3.0%	-2.9%	5.2%	23.7%	17.3%	8.2%	17.6%	23.2%
Strong group week in between Juneteenth and July 4th holiday weeks				Upper Upscale and Luxury led chainscales				NYC and DC led top 5 markets					
1Q19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%
2Q19	1.1%	1.1%	0.5%	-0.4%	0.0%	-0.7%	1.7%	2.4%	1.8%	4.5%	1.6%	-0.1%	-1.5%
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	4.5%
4Q19	0.7%	3.6%	1.0%	-0.6%	-1.0%	-2.7%	-1.5%	2.3%	-4.1%	-11.6%	1.1%	-0.7%	5.2%
1Q22	67.2%	112.3%	127.2%	69.7%	51.0%	38.2%	24.3%	58.3%	97.1%	137.1%	115.2%	85.1%	58.1%
2Q22	38.8%	70.2%	82.9%	46.8%	26.2%	15.4%	8.8%	27.7%	141.2%	172.1%	51.0%	109.5%	145.7%
3Q22	16.6%	27.7%	36.6%	22.5%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%
4Q22	16.3%	19.7%	30.1%	20.5%	11.7%	5.1%	1.4%	12.3%	50.8%	35.8%	11.4%	37.3%	53.2%
1Q23	16.7%	16.0%	29.8%	20.4%	13.4%	4.8%	0.8%	12.9%	46.6%	35.0%	11.6%	26.6%	56.7%
2Q23	2.5%	-2.3%	5.1%	5.8%	3.8%	-0.4%	-3.8%	-0.6%	13.3%	11.2%	1.2%	12.1%	17.4%
3Q23	1.7%	0.1%	3.9%	3.7%	1.7%	-1.0%	-3.5%	0.2%	16.4%	8.0%	1.2%	-1.9%	11.5%
4Q23	1.3%	-0.5%	4.3%	2.7%	-0.1%	-3.0%	-5.4%	0.2%	14.6%	13.8%	0.6%	0.7%	5.7%
1Q24	0.2%	-0.3%	2.9%	0.1%	-2.1%	-4.5%	-6.9%	-0.2%	11.6%	9.7%	-4.3%	1.9%	5.3%
YoY % change in ADR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
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	2.9%	-6.3%	1.7%	4.1%	4.4%	3.3%	0.7%	0.1%	4.1%	9.3%	-4.4%	7.1%	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%	-6.9%	-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%
5/11/2024	4.4%	4.1%	4.1%	3.8%	2.2%	0.7%	-1.4%	4.4%	12.3%	4.5%	6.2%	1.8%	1.3%
5/18/2024	2.6%	-0.7%	3.1%	2.5%	1.4%	0.5%	-1.5%	1.6%	7.3%	8.0%	-3.7%	5.8%	5.6%
5/25/2024	2.3%	-0.3%	2.0%	1.5%	1.0%	0.2%	-2.1%	2.4%	5.7%	4.3%	-3.5%	2.5%	4.7%
6/1/2024	0.1%	-4.0%	-0.2%	-0.5%	-0.7%	-1.0%	-3.0%	0.2%	1.0%	2.7%	-4.8%	-3.4%	-5.6%
6/8/2024	1.8%	-0.4%	1.4%	1.6%	1.1%	0.4%	-2.1%	1.9%	9.1%	-1.3%	-1.8%	-2.5%	5.2%
6/15/2024	0.9%	-3.1%	1.1%	0.9%	0.5%	-0.3%	-2.4%	0.1%	-4.1%	5.6%	-11.1%	0.6%	6.4%
6/22/2024	0.1%	-3.9%	0.2%	-0.4%	-0.2%	-0.5%	-2.2%	0.3%	-4.1%	-1.5%	-4.1%	5.6%	-5.4%
6/29/2024	3.6%	-0.1%	3.3%	3.4%	2.3%	0.9%	-2.1%	3.3%	15.4%	8.7%	1.4%	12.0%	12.6%
1Q19	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.8%	0.7%	-1.0%	-2.4%	1.5%
2Q19	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	1.7%	-1.6%	3.2%	0.8%	-1.7%	0.2%
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.8%	0.6%	-1.9%	0.9%	-0.2%	-2.8%	4.0%
4Q19	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.9%	1.9%	-3.7%	-5.5%	0.3%	-2.2%	3.9%
1Q20	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.3%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-56.9%	-40.5%	-53.7%	-48.8%
3Q20	-24.1%	-12.6%	-25.6%	-24.2%	-17.3%	-11.6%	-9.4%	-16.1%	-47.7%	-47.3%	-31.6%	-43.2%	-34.5%
4Q20	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-5.9%	-20.9%	-54.1%	-45.5%	-29.2%	-44.8%	-40.7%
1Q21	-19.6%	3.4%	-23.4%	-23.0%	-14.2%	-6.3%	-4.5%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%
2Q21	43.2%	31.8%	30.6%	21.5%	23.1%	20.4%	16.6%	32.6%	33.5%	38.0%	42.5%	46.1%	23.1%
3Q21	36.2%	31.8%	35.9%	29.7%	23.2%	23.5%	21.1%	32.8%	64.2%	57.7%	43.1%	59.6%	29.4%
4Q21	41.5%	29.6%	41.9%	34.2%	28.5%	22.9%	18.8%	39.2%	99.6%	69.6%	46.1%	64.9%	41.6%
1Q22	37.5%	21.0%	39.7%	34.1%	27.3%	20.8%	17.3%	34.0%	52.2%	50.5%	61.8%	41.1%	31.7%
2Q22	26.2%	14.3%	29.0%	27.1%	18.9%	14.8%	11.8%	20.5%	69.0%	73.6%	32.9%	53.6%	60.6%
3Q22	11.6%	6.7%	12.6%	13.3%	7.6%	5.9%	4.2%	8.9%	32.6%	30.0%	14.6%	25.4%	25.5%
4Q22	12.0%	6.5%	12.6%	13.7%	8.7%	6.2%	4.5%	10.2%	28.0%	20.5%	8.4%	20.2%	27.9%
1Q23	10.2%	-1.9%	8.4%	11.0%	8.1%	4.7%	3.8%	9.1%	13.4%	15.6%	3.8%	11.5%	24.4%
2Q23	3.2%	-1.2%	2.5%	4.3%	3.5%	1.6%	0.9%	2.1%	9.6%	5.8%	2.5%	8.5%	11.6%
3Q23	2.2%	-1.4%	1.3%	2.2%	2.2%	0.3%	0.0%	2.1%	9.8%	3.8%	0.2%	-2.1%	6.2%
4Q23	2.9%	-2.3%	2.7%	2.5%	1.8%	-0.3%	-1.3%	3.7%	9.6%	7.0%	0.0%	0.7%	3.5%
1Q24	2.2%	-2.4%	1.9%	1.1%	0.6%	-1.0%	-3.0%	3.1%	6.7%	3.3%	-2.2%	0.4%	2.8%
YoY % change in Occupancy													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
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	4.7%	7.8%	5.5%	4.8%	6.0%	6.6%	2.4%	2.9%	3.9%	8.5%	-4.1%	4.3%	5.3%
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%	-0.6%	-2.6%	-1.4%	3.3%	3.4%	-1.9%	-3.5%	3.2%
5/11/2024	2.1%	7.6%	5.6%	2.4%	1.4%	1.2%	-0.4%	0.8%	8.5%	2.2%	2.4%	5.6%	1.8%
5/18/2024	0.2%	5.2%	2.9%	1.1%	0.2%	0.3%	-1.4%	-2.2%	2.2%	4.7%	-1.3%	5.2%	1.1%
5/25/2024	1.6%	6.4%	4.2%	2.1%	1.6%	0.7%	-0.8%	0.4%	3.9%	2.4%	1.1%	7.8%	3.9%
6/1/2024	0.9%	6.2%	2.4%	1.8%	1.2%	-0.1%	-0.7%	-0.3%	3.8%	1.2%	-1.2%	1.5%	-5.0%
6/8/2024	-0.1%	1.4%	0.8%	0.5%	-0.4%	-0.8%	-0.3%	-0.8%	4.3%	1.1%	0.2%	-2.0%	2.9%
6/15/2024	-0.6%	2.4%	1.5%	0.3%	-0.9%	-1.3%	-1.2%	-2.0%	3.2%	4.9%	-0.3%	-0.2%	3.0%
6/22/2024	-3.4%	-0.6%	-3.2%	-3.4%	-3.8%	-2.9%	-3.2%	-4.0%	-3.4%	-3.0%	-3.0%	1.8%	-8.8%
6/29/2024	3.2%	9.9%	6.4%	4.7%	3.1%	2.2%	-0.8%	1.8%	7.2%	7.9%	6.7%	5.0%	9.5%
1Q19	0.4%	-2.8%	-1.3%	-1.4%	-0.5%	0.0%	2.3%	2.1%	-3.5%	-2.8%	-0.7%	-2.2%	-3.8%
2Q19	-0.1%	-1.4%	-0.9%	-1.0%	-0.7%	-0.6%	1.1%	0.7%	-0.7%	1.3%	0.8%	1.7%	-1.7%
3Q19	-0.1%	-0.2%	-0.2%	-0.7%	0.0%	-0.5%	-0.4%	0.0%	-0.3%	-1.4%	0.1%	0.6%	0.4%
4Q19	-0.1%	1.2%	0.4%	-0.2%	-0.8%	-1.7%	-0.4%	0.4%	-0.4%	-6.5%	0.8%	1.5%	1.3%
1Q22	56.2%	54.0%	53.2%	60.3%	59.4%	52.3%	55.5%	54.2%	29.5%	57.6%	33.0%	31.2%	20.1%
2Q22	10.0%	48.8%	41.8%	15.5%	6.2%	0.5%	-2.6%	5.9%	42.7%	56.7%	13.7%	36.3%	53.0%
3Q22	4.5%	19.7%	21.3%	8.1%	2.9%	-2.3%	-4.0%	2.2%	26.3%	23.0%	5.9%	18.1%	23.2%
4Q22	3.8%	12.4%	15.5%	6.0%	2.7%	-1.1%	-2.9%	1.9%	17.8%	12.7%	7.6%	14.2%	19.8%
1Q23	5.9%	18.3%	19.8%	8.5%	4.9%	0.1%	-2.9%	3.5%	29.3%	16.8%	7.5%	13.6%	25.9%
2Q23	-0.7%	-1.0%	2.6%	1.4%	0.3%	-2.0%	-4.6%	-2.7%	3.3%	5.1%	-1.3%	3.3%	5.1%
3Q23	-0.5%	1.5%	2.6%	1.4%	-0.5%	-1.3%	-3.5%	-1.8%	6.0%	4.1%	1.1%	0.3%	5.0%
4Q23	-1.6%	1.8%	1.5%	0.2%	-1.8%	-2.7%	-4.2%	-3.3%	4.5%	6.4%	0.5%	0.1%	2.1%
1Q24	-2.0%	2.1%	0.9%	-0.9%	-2.7%	-3.6%	-4.0%	-3.2%	4.6%	6.2%	-2.1%	1.5%	2.4%

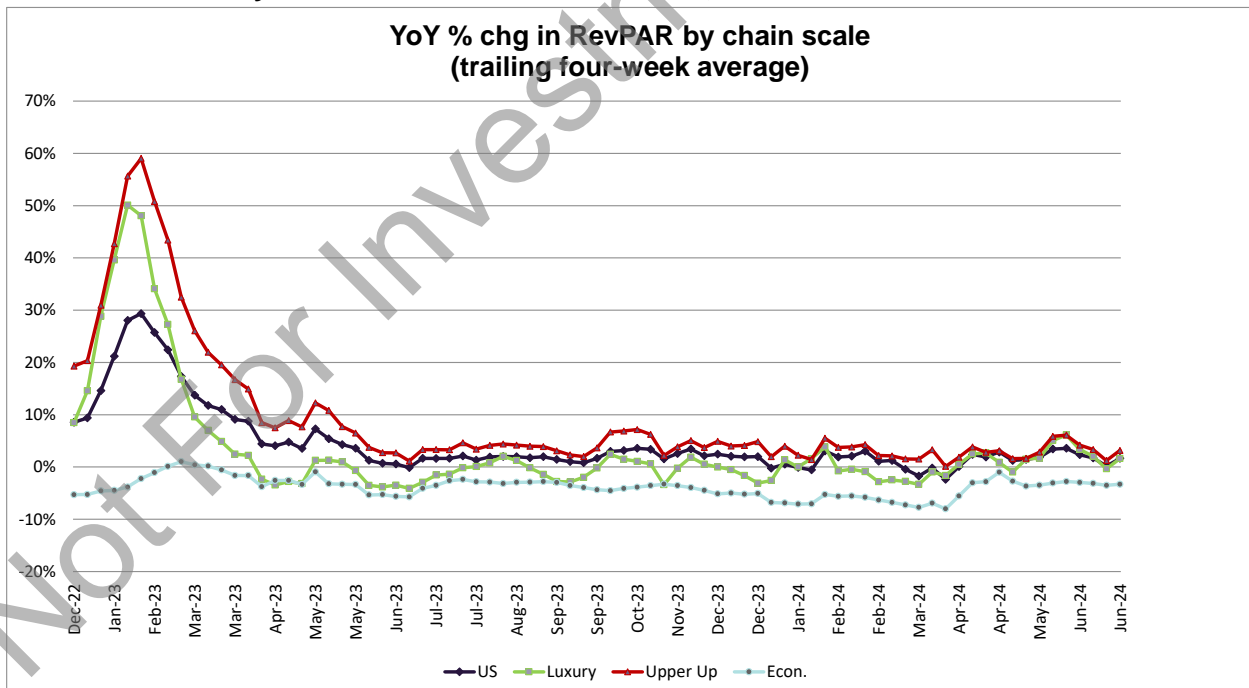
Source: STR data, Truist Securities research

RevPAR Component Trends



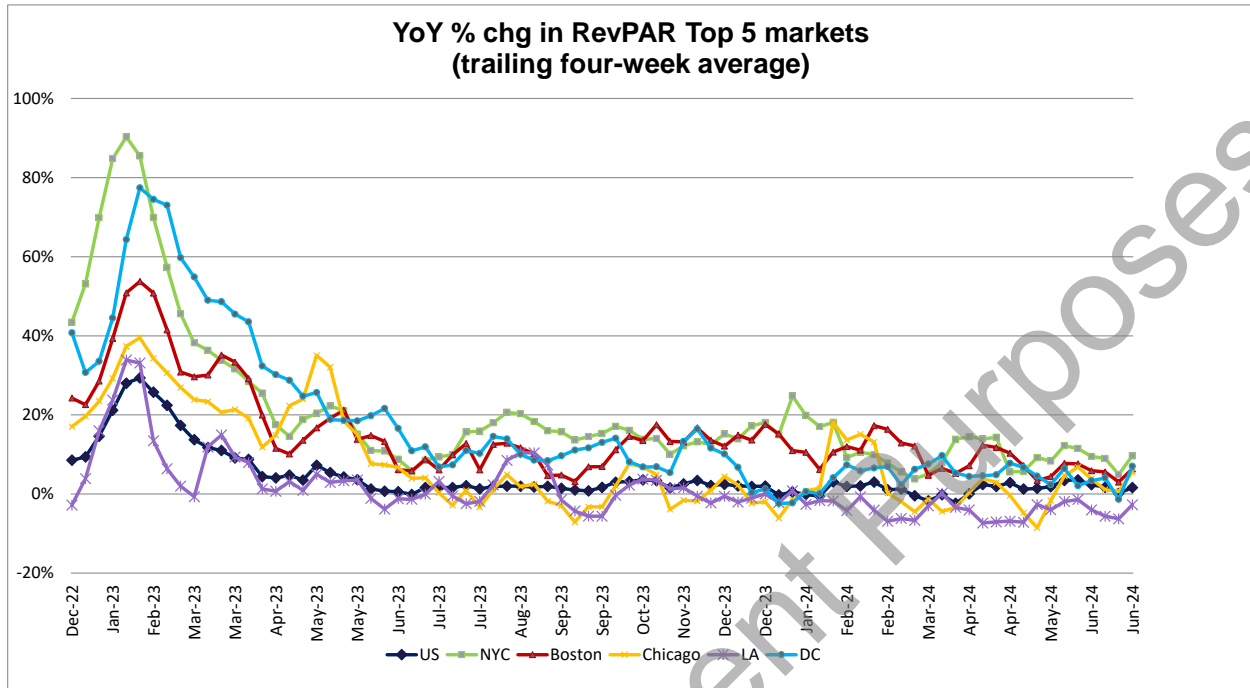
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



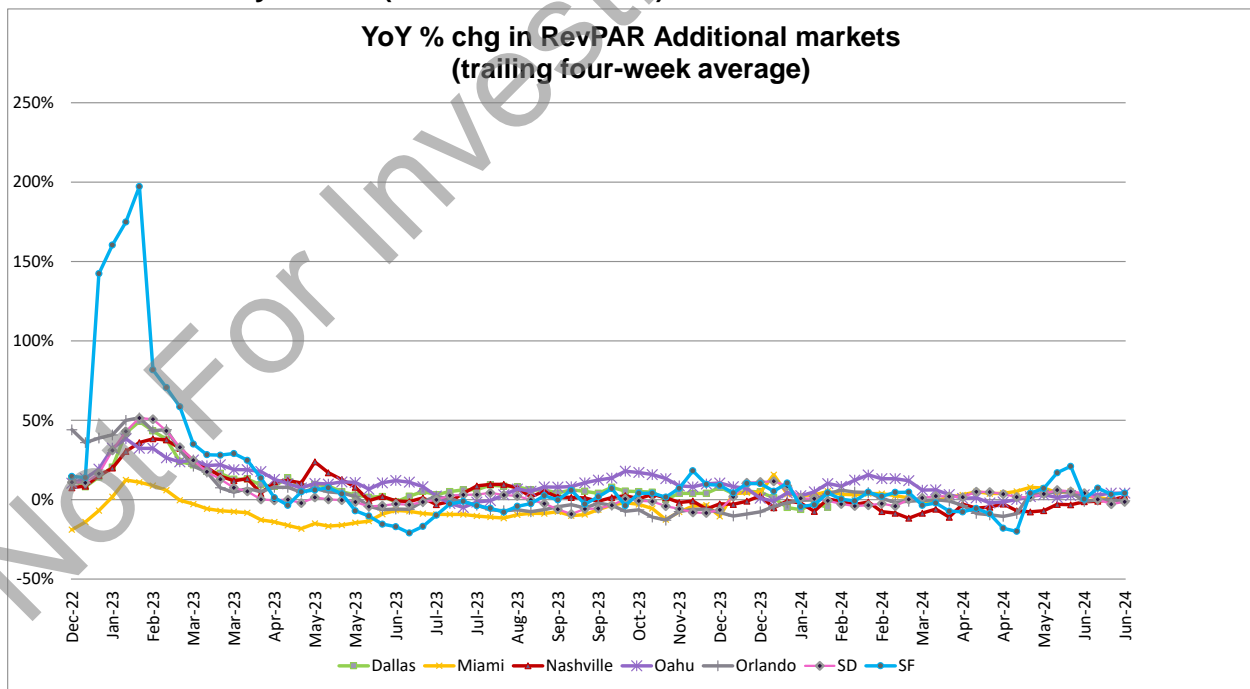
Source: STR data, Truist Securities research

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

WH: Valuation and Risks

Our price target of \$105 for WH is based on a 15.0x target EV/EBITDA multiple (in line with portfolio quality/RevPAR relative to peers) of our 2025 EBITDA estimate.

Risks to our rating and price target: Slowdown in development opportunities. Macro demand/pipeline headwinds.

RHP: Valuation and Risks

Our price target of \$130 for RHP is derived by applying a 13.0x target EV/EBITDA multiple to our estimate for 2025 lodging EBITDA and a 16.0x multiple to our Opry/attractions estimate. We view the multiple assignments as appropriate for the quality and unique nature of the portfolios (slight premium to REIT peer average of ~12.0-12.5x on Hospitality).

Risks to our rating and price target include: Group demand returns slower than expected. Property-specific risks given a small portfolio.

CHH: Valuation and Risks

Our price target of \$144 for CHH is derived by applying a 14.0x target EV/EBITDA multiple (slightly above industry average and in the midpoint of CHH's historical trading multiple range) to our estimate for 2025 EBITDA.

Risks to our rating and price target include: Upside risks: conservative guidance, if the economy performs better than expected, outperformance by Radisson. Downside risks: slowdown in development opportunities, high construction costs, newly created brands grow slower than expectations, and underperformance by Radisson.

Companies Mentioned in This Note

Choice Hotels International, Inc. (CHH, \$118.25, Hold, C. Patrick Scholes)

Ryman Hospitality Properties, Inc. (RHP, \$98.08, Buy, C. Patrick Scholes)

Wyndham Hotels & Resorts, Inc. (WH, \$72.88, Buy, C. Patrick Scholes)

Analyst Certification

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.

I, Gregory J. Miller , 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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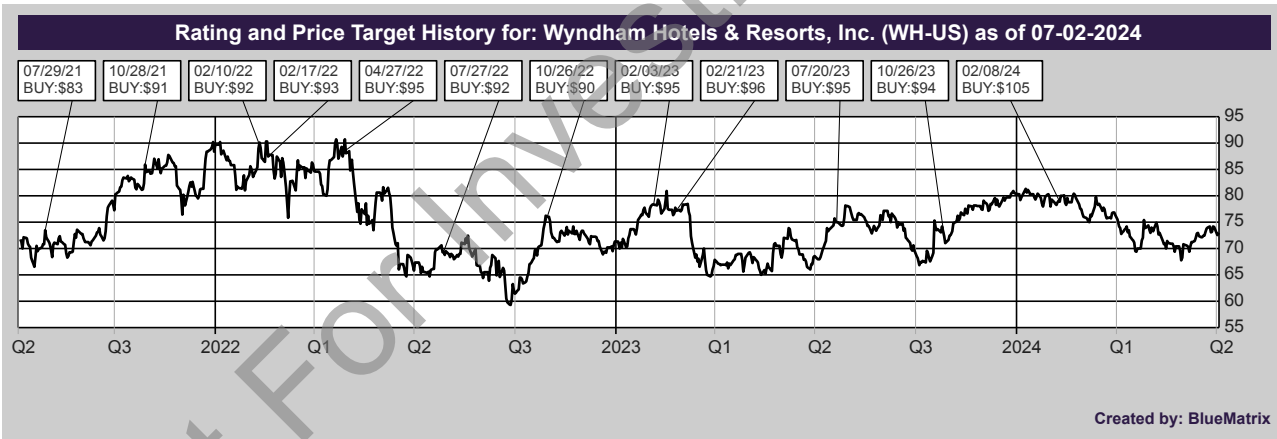
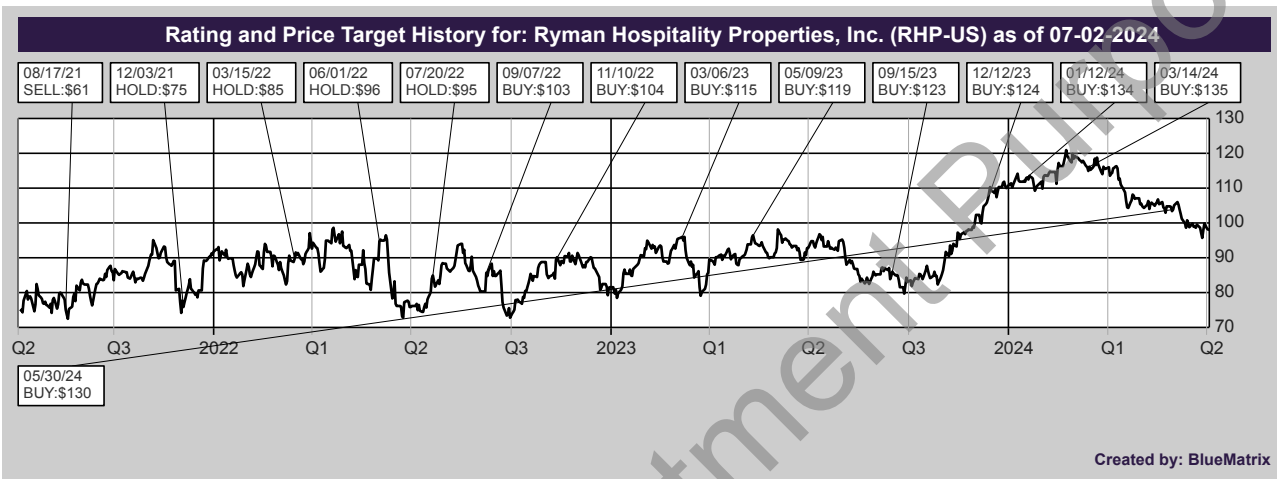
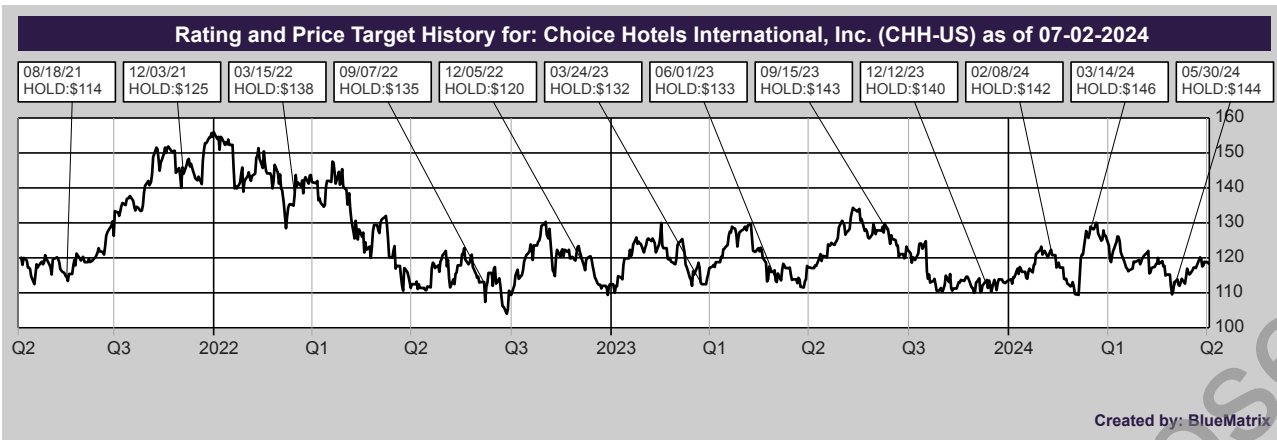
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Truist Securities, Inc. or an affiliate has received compensation for non-investment banking services within the last 12 months: CHH-US

Truist Securities, Inc. makes a market in the following company: WH-US

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D = Drop Coverage

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Sell	1	0.15%	Sell	0	0.00%

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