

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 -5.2% y/y last week. Extended holidays = the new normal and a business travel headwind**

Overall U.S. RevPAR was -5.2% y/y for the week ending 7/13/2024, per STR, below the prior week's result of -0.4% y/y and below the trailing 10-week average of +1.5%.

*Last week's results were simply quite soft across the board. Our best interpretation was last week was another example of the post-COVID trend of weak transient and group corporate travel for the weeks surrounding a major holiday (July 4th in this case). That said, results were also soft for leisure-leaning Resort markets and the Economy chain scale (RevPAR y/y: -11.5% and -4.7%, respectively). Top 25 Market results were mixed but on average RevPAR was -7%.*

**Soft corporate demand around holiday weeks appears to be (for now) a new norm following COVID and last week's results were no exception.** Among the first to call out this apparent trend was [Pebblebrook \(PEB, Hold, Miller\) back in December 2022 following weak demand for the week after Thanksgiving](#). Over several holidays in the last 18 months we have seen similar examples of lower-than-normal business travel for the weeks either preceding and/or following a holiday week, a sharp change from the pre-2020 era when business travel would be strong to effectively make up for the lost travel during a holiday week. **Most concerning with this trend is that Group is particularly impacted as Group is by far the strongest U.S. hotel demand segment today.**

**Other items we noted in last week's results:**

- Several large and high ADR markets had RevPAR y/y down ~10-20% (Atlanta, Chicago, Orange County, CA, and Orlando) or down over 20% (Denver, Las Vegas, Nashville, San Diego, and San Francisco). Much of these soft results appear to tie to weak group results for the respective markets.
- Houston RevPAR was +38.8%, helped by both group demand and displaced resident hurricane housing.
- While corporate travel was soft, so was leisure travel. Economy chain scale performance was softer than Midscale and Upper Midscale (see below for detail) and Resort RevPAR materially underperformed all other location types.

**Major RevPAR statistics presented below:**

- Luxury RevPAR: -9.3% y/y
- Upper Upscale RevPAR: -6.6% y/y
- Upscale RevPAR: -4.5% y/y
- Upper Midscale RevPAR: -3.6% y/y
- Midscale RevPAR: -2.9% y/y
- Economy RevPAR: -4.7% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: -6.6% y/y; and
- Within Upper Upscale & Luxury class hotels:
  - Group: -15.1% y/y vs. -8.3% prior week;
  - Transient: -4.7% y/y vs. +2.0% prior week;
- Las Vegas RevPAR: -25.4% 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 -5.2% y/y vs. the running 28-day average of -0.3% y/y.

- **Occupancy:** Absolute occupancy was 69.2% vs. 68.0% for the running 28-day average.
- **Absolute Group occupancy:** 17.7% last week vs. 18.0% for the running 28 days.

**The Lodging stocks:**

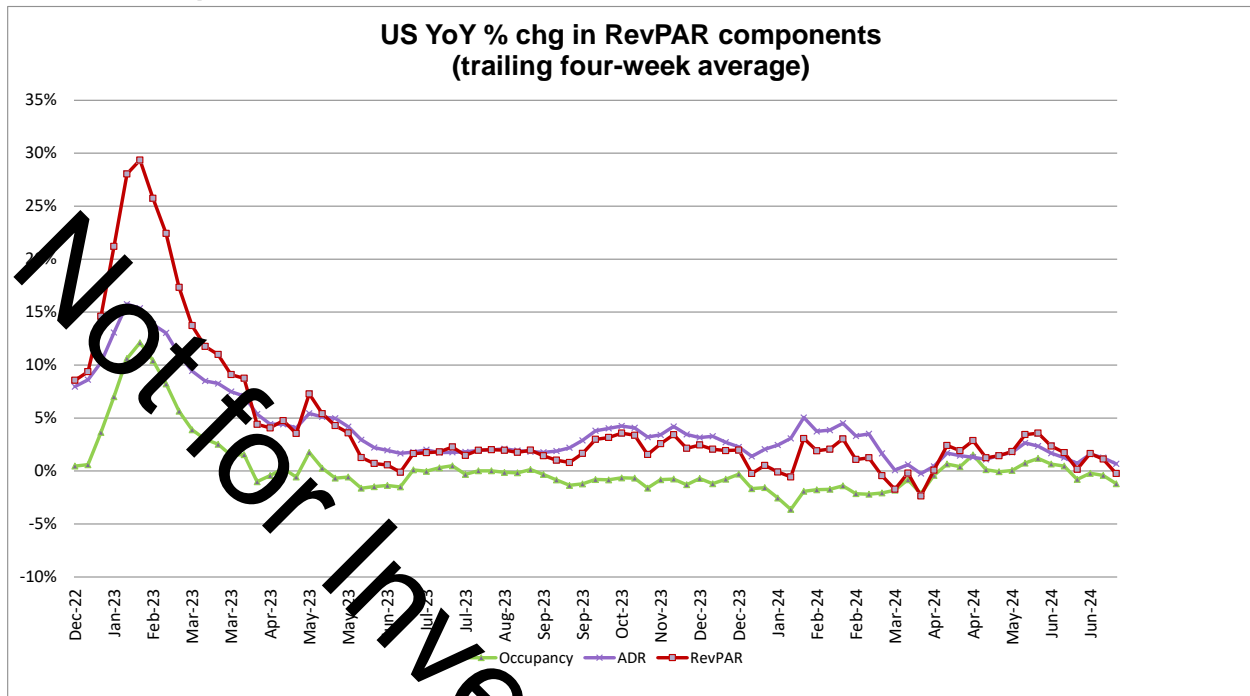
- **Of the lodging stocks our favorite name is Wyndham (WH, Buy).** WH has underperformed the hotel C-corps since the initial news about the proposed merger with Choice Hotels (CHH, Hold) last spring. While the proposed merger has ended and investors can once again value WH as a standalone entity going 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 operating 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.

Not for Investment Purposes

Weekly RevPAR Summary

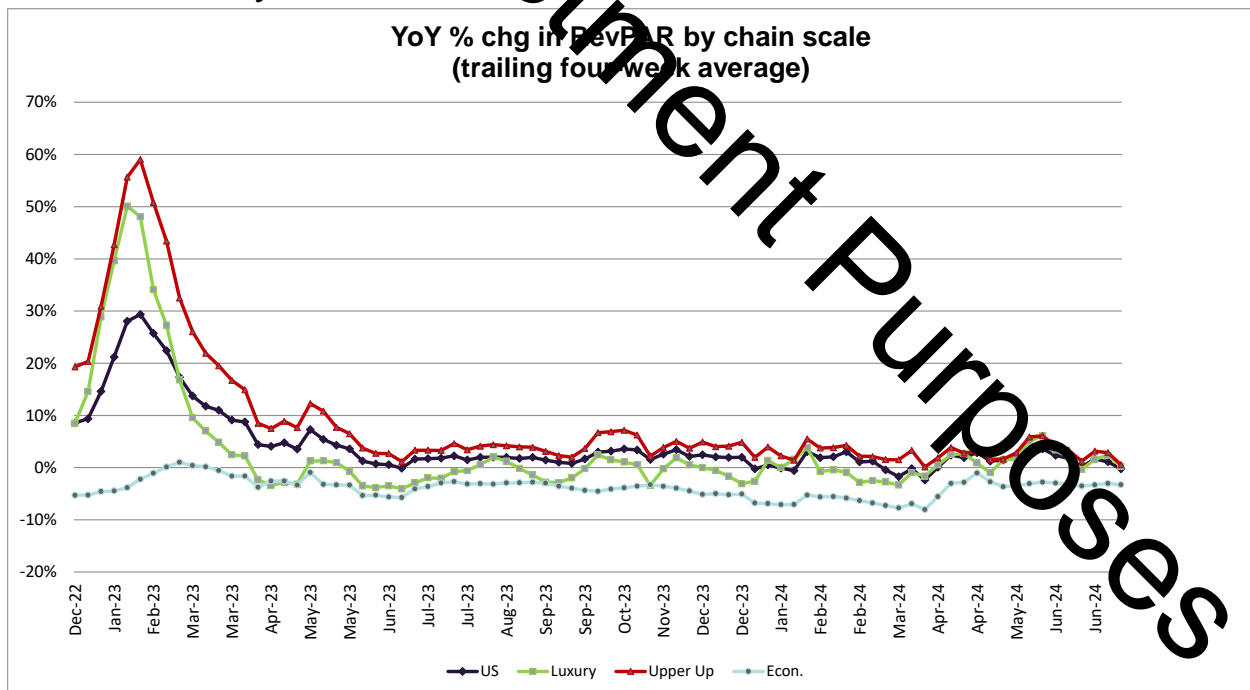
	YoY % change in RevPAR									New York	Boston	LA	Chicago	DC	
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent							
3/30/2024	-6.3%	-0.2%	-7.0%	-8.5%	-10.6%	-11.5%	-11.7%	-3.2%	29.1%	-1.0%	-12.5%	-1.6%	-19.1%		
4/6/2024	6.9%	5.1%	7.2%	7.5%	9.2%	8.3%	1.9%	3.5%	7.2%	17.2%	-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	-1.9%	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	0.2%	-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%		
7/6/2024	-0.4%	1.1%	1.1%	-1.6%	-2.4%	-1.5%	-1.3%	-0.8%	6.6%	-2.6%	5.8%	-8.5%	4.0%		
7/13/2024	-5.1%	-9.3%	-6.6%	-4.5%	-3.6%	-2.9%	-4.7%	-6.6%	1.1%	4.5%	0.5%	-10.2%	-0.5%		
	Star group week ending July									Midscale and Upper Midscale led chainscales				Boston and New York City led top 5 markets	
1019	1.5%	-0.1%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%		
2019	1.1%	-1.5%	0.5%	-0.4%	0.0%	-0.7%	1.7%	2.4%	-1.8%	4.5%	1.6%	-0.1%	-1.5%		
3019	0.7%	0.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	4.5%		
4019	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%		
1022	67.2%	112.3%	127.7%	99.7%	51.0%	38.2%	24.3%	58.3%	97.1%	137.1%	115.2%	85.1%	58.1%		
2022	38.8%	70.2%	36.4%	22.2%	26.2%	15.4%	8.8%	27.7%	141.2%	172.1%	51.0%	109.5%	145.7%		
3022	16.6%	27.7%	35.4%	22.2%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%		
4022	16.3%	19.7%	30.4%	20.5%	11.8%	5.1%	1.4%	12.3%	50.8%	35.8%	11.4%	37.3%	53.2%		
1023	16.7%	16.0%	29.8%	20.4%	7.4%	4.8%	0.8%	12.9%	46.6%	35.0%	11.6%	26.6%	56.7%		
2023	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%		
3023	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%		
4023	1.3%	-0.5%	4.3%	2.7%	-1.1%	-3.0%	-5.4%	0.2%	14.6%	13.8%	0.6%	0.7%	5.7%		
1024	0.2%	-0.3%	2.9%	0.1%	-1.1%	-4.5%	-6.9%	-0.2%	11.6%	9.7%	-4.3%	1.9%	5.3%		
	YoY % change in ADR									New York	Boston	LA	Chicago	DC	
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent								
3/30/2024	-0.7%	1.0%	-2.3%	-2.3%	-3.6%	-3.6%	-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%	0.5%	0.6%	3.2%	8.0%	-2.9%	2.4%	5.6%		
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%	-0.8%	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%	-2.0%	0.0%	-2.4%	-6.1%	-6.9%	-9.1%	4.7%		
5/4/2024	1.3%	-1.1%	1.4%	1.4%	1.1%	1.0%	-2.3%	0.8%	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%	-1.0%	0.2%	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%	-1.6%	1.9%	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%	-4.5%	2.5%	4.7%		
6/1/2024	0.1%	-4.0%	-0.2%	-0.5%	-0.7%	-1.0%	-3.0%	0.0%	0.0%	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%	0.9%	3.1%	-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%	1.1%	4.1%	6.6%	-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%	0.5%	-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%	3.9%	0.7%	1.4%	12.0%	12.6%		
7/6/2024	0.5%	-2.8%	1.3%	-0.1%	-0.8%	-0.5%	-0.9%	0.2%	3.5%	-8.9%	1.7%	-2.2%	1.7%		
7/13/2024	-1.5%	-3.2%	-2.0%	-0.7%	-0.3%	-0.5%	-2.5%	-2.1%	1.2%	0.3%	0.4%	-4.1%	2.0%		
1019	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.8%	7.7%	0.0%	-2.4%	1.5%		
2019	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	1.7%	-1.0%	0.2%	0.8%	-1.7%	0.2%		
3019	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.6%	-1.9%	0.0%	-0.8%	2.8%	4.0%		
4019	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	-5.5%	-2.8%	2.2%	3.9%		
1020	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.3%	-6.6%	-6.2%	-2.7%	-6.6%	-6.8%		
2020	-37.1%	-22.0%	-34.0%	-30.9%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-56.1%	-40.5%	-54.8%	-48.8%		
3020	-24.1%	-12.6%	-25.6%	-24.2%	-17.3%	-11.6%	-9.4%	-16.1%	-47.7%	-47.3%	-31.6%	-43.1%	-34.5%		
4020	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-5.9%	-20.9%	-54.1%	-45.5%	-29.2%	-38.3%	-40.7%		
1021	-19.6%	3.4%	-23.4%	-23.0%	-14.2%	-6.3%	-1.5%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%		
2021	43.2%	37.8%	30.6%	21.3%	23.1%	20.4%	18.6%	52.6%	33.5%	38.0%	42.5%	16.1%	23.0%		
3021	36.2%	31.8%	35.0%	29.7%	28.3%	23.5%	21.1%	32.8%	64.2%	57.7%	43.1%	59.6%	59.1%		
4021	21.5%	29.6%	41.9%	34.2%	28.5%	22.9%	18.8%	39.2%	99.6%	69.6%	46.1%	64.9%	64.9%		
1022	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%		
2022	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%		
3022	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%		
4022	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%		
1023	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%		
2023	3.2%	-1.2%	2.5%	4.3%	3.5%	1.6%	0.9%	2.1%	9.6%	6.8%	2.5%	8.5%	11.6%		
3023	2.2%	-1.4%	1.3%	2.2%	2.2%	0.3%	0.0%	2.1%	9.8%	3.8%	0.2%	-1.2%	6.2%		
4023	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%		
1024	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									New York	Boston	LA	Chicago	DC	
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent								
3/30/2024	-5.6%	-1.2%	-4.8%	-6.3%	-7.3%	-6.8%	-6.3%	-4.5%	13.2%	-0.6%	-8.9%	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%	5.8%		
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%		
7/6/2024	-0.9%	1.2%	0.4%	-0.2%	-0.8%	-1.7%	-0.4%	0.4%	4.1%	1.3%	4.0%	-6.4%	2.2%		
7/13/2024	-3.7%	-6.3%	-4.7%	-3.8%	-3.3%	-2.4%	-2.2%	-4.5%	-0.1%	0.7%	0.9%	-6.4%	-2.4%		
1019	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%		
2019	-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%		
3019	-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%		
4019	-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%		
1022	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%		
2022	10.0%	48.8%	41.6%	15.5%	6.2%	0.5%	-2.6%	5.9%	42.7%	56.7%	13.7%	36.3%	53.0%		
3022	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%		
4022	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%		
1023	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%		
2023	-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%		
3023	-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%		
4023	-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%		
1024	-2.0%	2.1%	0.9%	-0.9%	-2.7%	-3.6%	-4.0%	-3.2%	4.6%	6.2%	-2.1%	1.5%			

RevPAR Component Trends



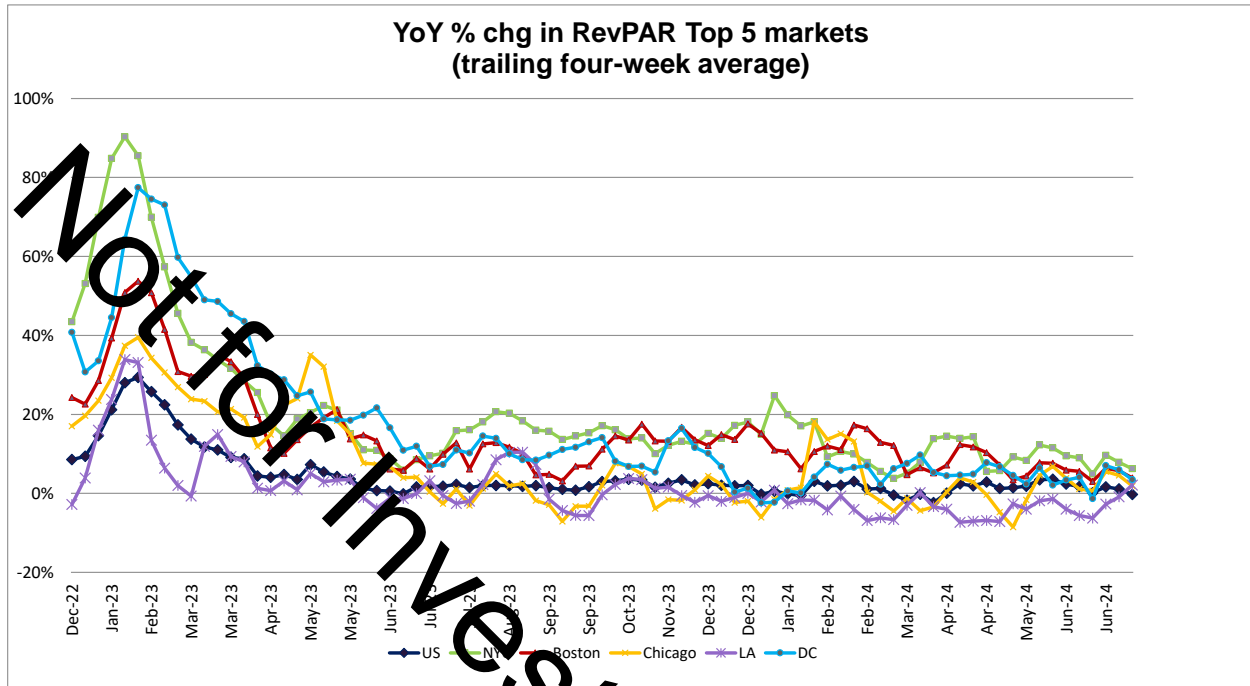
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



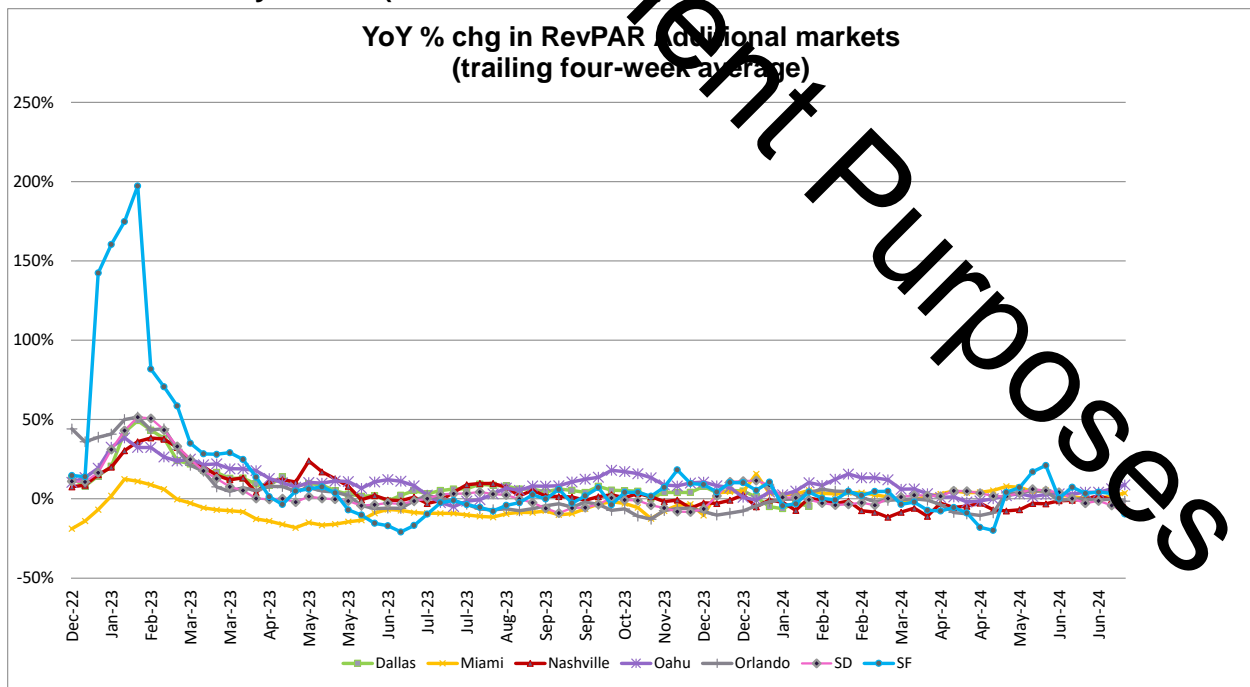
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)

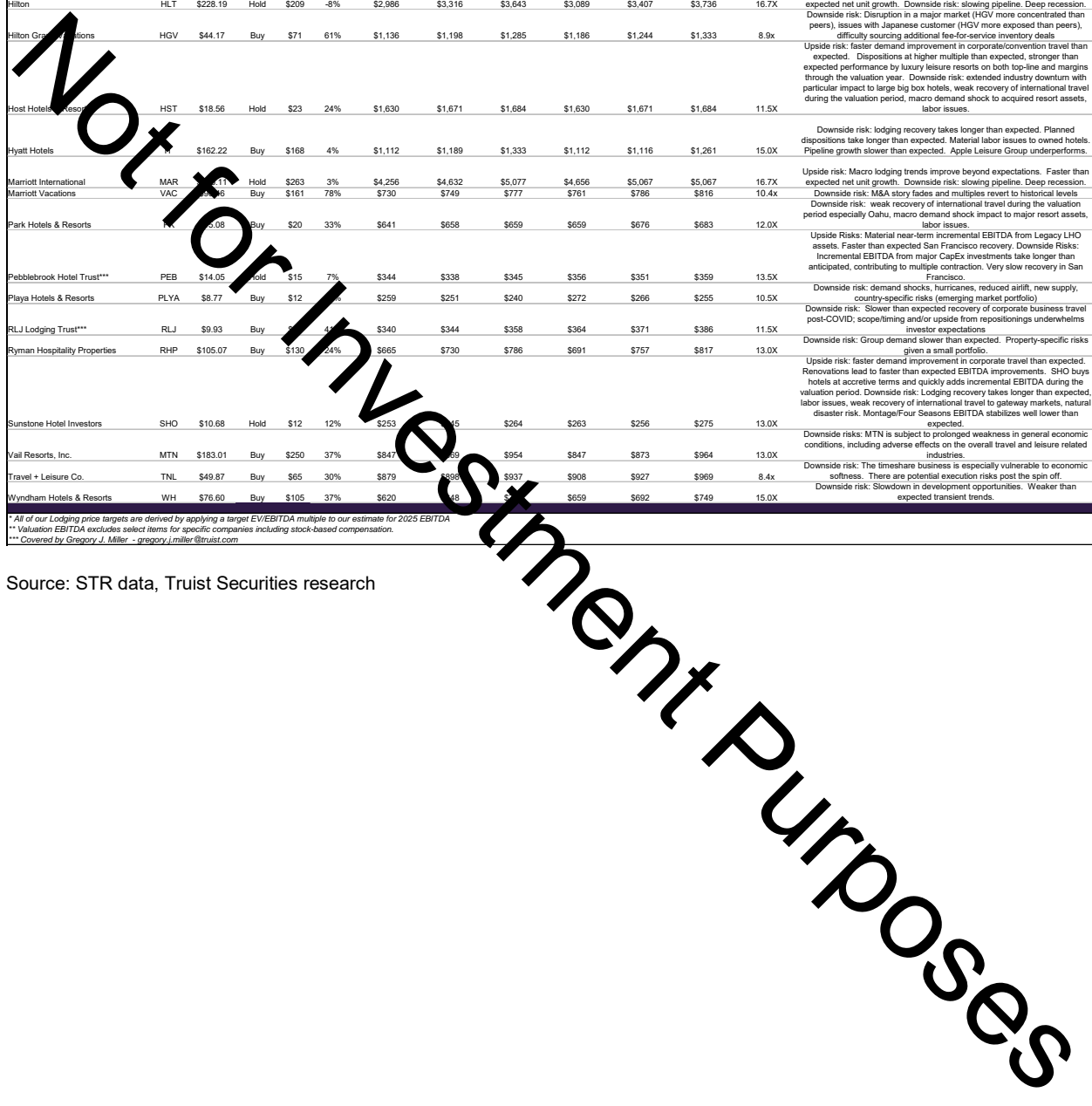


Source: STR data, Truist Securities research

Lodging	TKR	Price 7/16/24	Rating	PT*	% upside/downside	Truist Securities Valuation EBITDA excluding Stock Based Comp/Other			As Reported/Consensus/Data Aggregator "Headline" EBITDA			Target EV/EBITDA Multiple	Risks
						2023A EBITDA (\$M)**	2024E EBITDA (\$M)**	2025E EBITDA (\$M)**	2023A EBITDA (\$M)	2024E EBITDA (\$M)**	2025E EBITDA (\$M)**		
Choice Hotels	CHH	\$132.47	Hold	\$144	9%	\$519	\$573	\$583	\$540	\$593	\$605	14.0X	Upside risk: conservative growth of new brands; market share gains. Downside risk: slowdown in development opportunities; market share losses.
DiamondRock Hospitality	DRH	\$8.67	Hold	\$11	27%	\$272	\$277	\$283	\$272	\$277	\$283	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Brand changes (e.g. Vail) lead to material EBITDA improvement. Leisure hotels hold/improve on RevPAR and margins despite the challenging macro. Downside risk: lodging recovery takes longer than expected; weaker results from ROI projects than forecasted; poor performance of recently acquired assets.
Hilton	HLT	\$228.19	Hold	\$209	-8%	\$2,086	\$3,316	\$3,643	\$3,089	\$3,407	\$3,736	16.7X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hilton Grand Vacations	HGV	\$44.17	Buy	\$71	61%	\$1,136	\$1,198	\$1,285	\$1,186	\$1,244	\$1,333	8.9x	Downside risk: Disruption in a major market (HGV more concentrated than peers), issues with Japanese customer (HGV more exposed than peers), difficulty sourcing additional fee-for-service inventory deals.
Host Hotels & Resorts	HST	\$18.56	Hold	\$23	24%	\$1,630	\$1,671	\$1,684	\$1,630	\$1,671	\$1,684	11.5X	Upside risk: faster demand improvement in corporate/convention travel than expected. Dispositions at higher multiple than expected, stronger than expected performance by luxury leisure resorts on both top-line and margins through the valuation year. Downside risk: extended industry downturn with particular impact to large big box hotels, weak recovery of international travel during the valuation period, macro demand shock to acquired resort assets, labor issues.
Hyatt Hotels	HT	\$162.22	Buy	\$168	4%	\$1,112	\$1,189	\$1,333	\$1,112	\$1,116	\$1,261	15.0X	Downside risk: lodging recovery takes longer than expected. Planned dispositions take longer than expected. Material labor issues to owned hotels. Pipeline growth slower than expected. Apple Leisure Group underperforms.
Marriott International	MAR	\$111	Hold	\$263	3%	\$4,256	\$4,632	\$5,077	\$4,656	\$5,067	\$5,067	16.7X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Marriott Vacations	VAC	\$89.96	Buy	\$161	78%	\$730	\$749	\$777	\$761	\$786	\$816	10.4x	Downside risk: M&A story fades and multiples revert to historical levels.
Park Hotels & Resorts	PH	\$25.08	Buy	\$20	33%	\$641	\$658	\$659	\$659	\$676	\$683	12.0X	Downside risk: weak recovery of international travel during the valuation period especially Oahu, macro demand shock impact to major resort assets, labor issues.
Pebblebrook Hotel Trust***	PEB	\$14.05	Hold	\$15	7%	\$344	\$338	\$345	\$356	\$351	\$359	13.5X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Faster than expected San Francisco recovery. Downside Risks: Incremental EBITDA from major CapEx investments take longer than anticipated, contributing to multiple contraction. Very slow recovery in San Francisco.
Playa Hotels & Resorts	PLYA	\$8.77	Buy	\$12		\$259	\$251	\$240	\$272	\$266	\$255	10.5X	Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	\$9.93	Buy	\$10	4%	\$340	\$344	\$356	\$364	\$371	\$386	11.5X	Downside risk: Slower than expected recovery of corporate business travel post-COVID; scope/timing and/or upside from repositionings underwhelms investor expectations
Ryman Hospitality Properties	RHP	\$105.07	Buy	\$130	24%	\$665	\$730	\$786	\$691	\$757	\$817	13.0X	Downside risk: Group demand slower than expected. Property-specific risks given a small portfolio.
Sunstone Hotel Investors	SHO	\$10.68	Hold	\$12	12%	\$253	\$255	\$264	\$263	\$256	\$275	13.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected, labor issues, weak recovery of international travel to gateway markets, natural disaster risk. Montage/Four Seasons EBITDA stabilizes well lower than expected.
Vail Resorts, Inc.	MTN	\$183.01	Buy	\$250	37%	\$847	\$909	\$954	\$847	\$873	\$964	13.0X	Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries.
Travel + Leisure Co.	TNL	\$49.87	Buy	\$65	30%	\$879	\$898	\$937	\$908	\$927	\$969	8.4x	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	\$76.60	Buy	\$105	37%	\$620	\$648	\$659	\$659	\$692	\$749	15.0X	Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.

\* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2025 EBITDA  
 \*\* Valuation EBITDA excludes select items for specific companies including stock-based compensation.  
 \*\*\* Covered by Gregory J. Miller - gregory.j.miller@truist.com

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 \$141 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, \$32.47, Hold, C. Patrick Scholes)
- Pebblebrook Hotel Trust** (PEB, \$14.05, Hold, Gregory Miller)
- Ryman Hospitality Properties, Inc.** (RHP, \$105.07, Buy, C. Patrick Scholes)
- Wyndham Hotels & Resorts, Inc.** (WH, \$76.60, Buy, C. Patrick Scholes)

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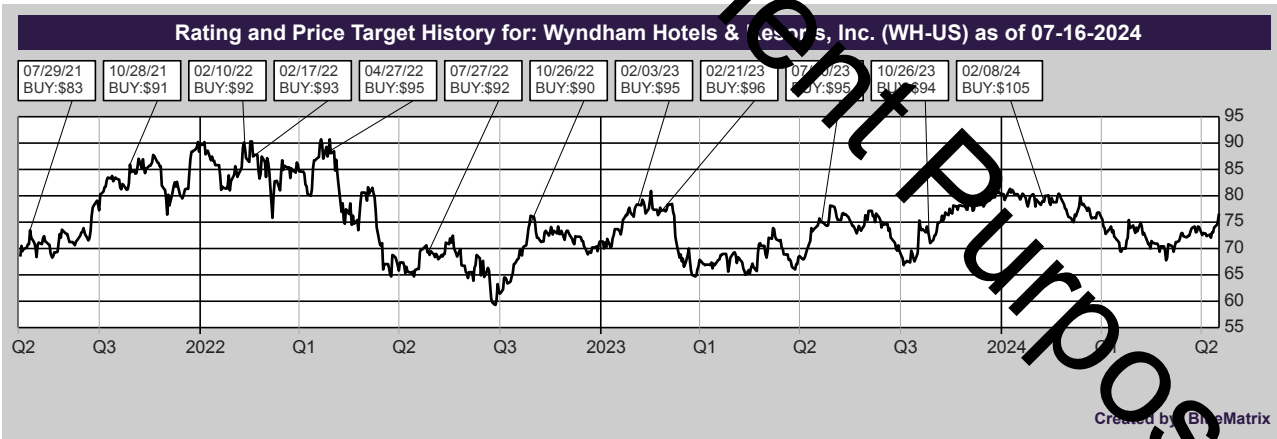
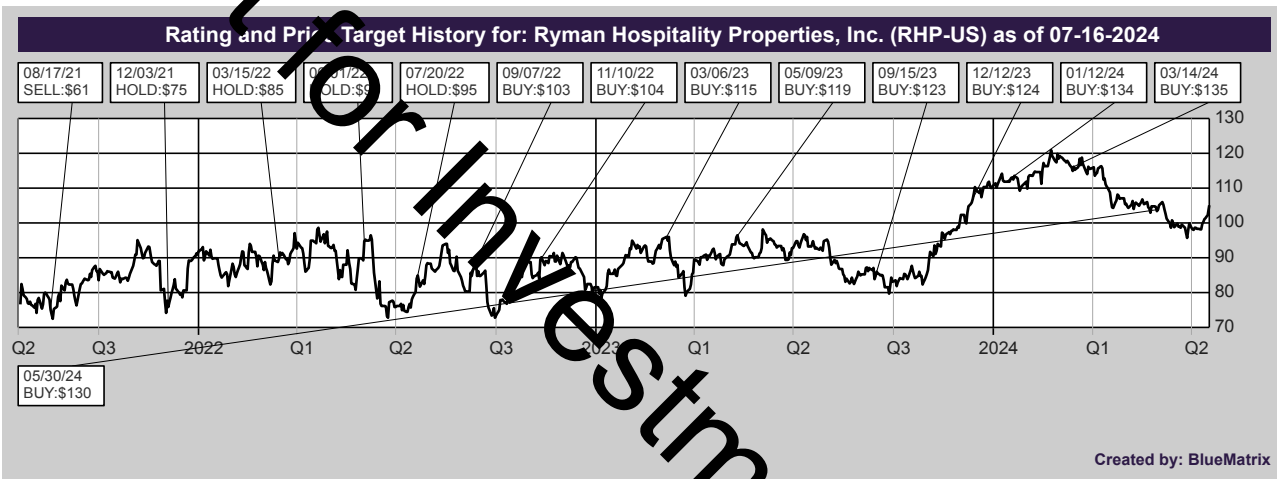
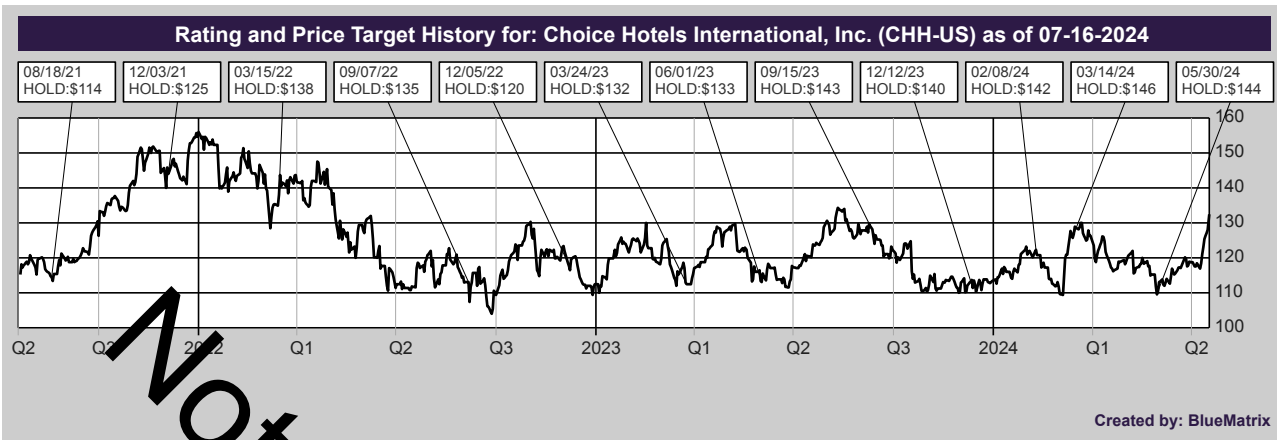
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- T = Transfer Coverage

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Rating	Count	Percent	Rating	Count	Percent
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Hold	243	35.63%	Hold	33	13.58%
Sell	1	0.15%	Sell	0	0.00%

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