

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +3.4% y/y. Catch-up from prior week's "lost week" for business travel + hurricane relocation demand

Overall U.S. RevPAR was +3.4% y/y for the week ending 7/20/2024, per STR, above the prior week's result of -5.2% y/y and above the trailing 10-week average of +1.2%.

Last week's results reflected a catch-up of business and group travel following light travel in the prior week of 7/7 (lighter demand for the full week after July 4th). Shifting to two large markets: Houston RevPAR continued to be very strong with relocation-related demand post-Hurricane Beryl. Houston RevPAR was +56.0% y/y; the top performer of the Top 25 markets. Las Vegas had a strong week with RevPAR +26.2% (absolute occupancy was 84.7%; group RevPAR was +280.5% y/y).

Major RevPAR statistics presented below:

- Luxury RevPAR: +0.7% y/y
- Upper Upscale RevPAR: +3.6% y/y
- Upscale RevPAR: +4.2% y/y
- Upper Midscale RevPAR: +3.3% y/y
- Midscale RevPAR: +2.1% y/y
- Economy RevPAR: -0.1% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: +2.7% y/y; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +13.6% y/y vs. -15.1% prior week;
 - Transient: -0.1% y/y vs. -4.7% prior week;
- Las Vegas RevPAR: +26.2% 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 +3.4% y/y vs. the running 28-day average of +1.3% y/y.
- **Occupancy:** Absolute occupancy was 73.5% vs. 69.0% for the running 28-day average.
- **Absolute Group occupancy:** 23.6% last week vs. 19.1% 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

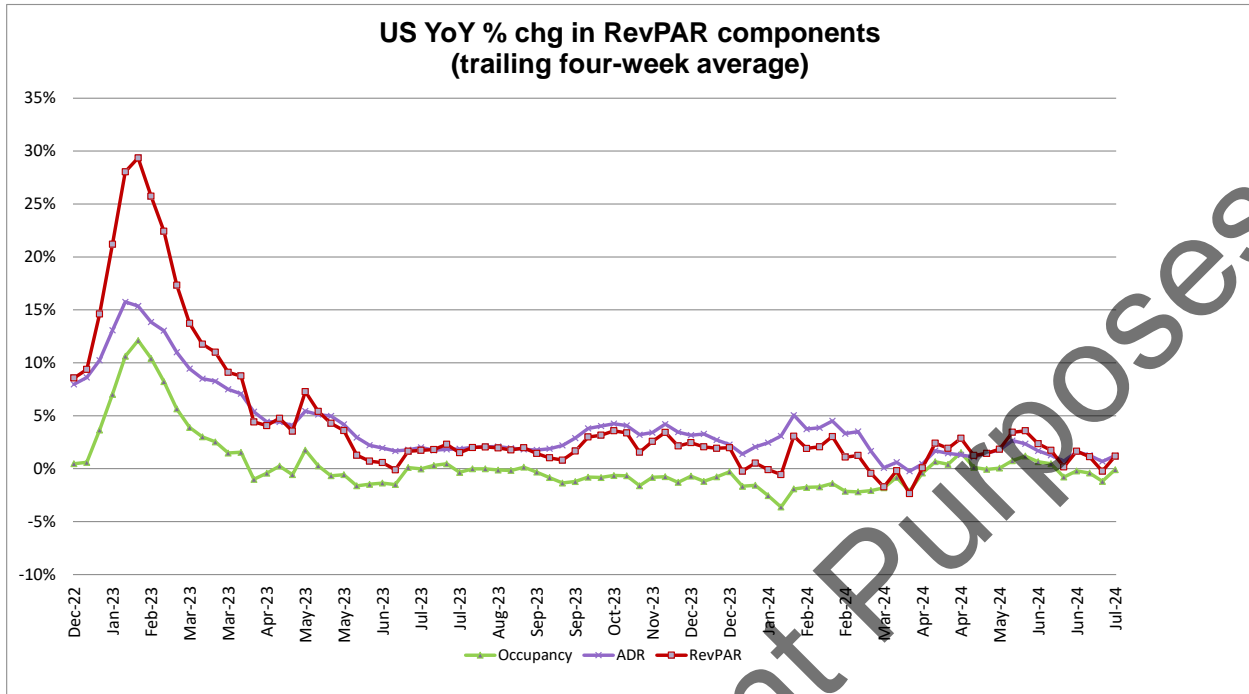
including having properties in better condition than some other big box comparables and convention centers as well as what has proven to be a smart strategy of maintaining their property-level salesforce during the heart of the pandemic.

Not for Investment Purposes

Weekly RevPAR Summary

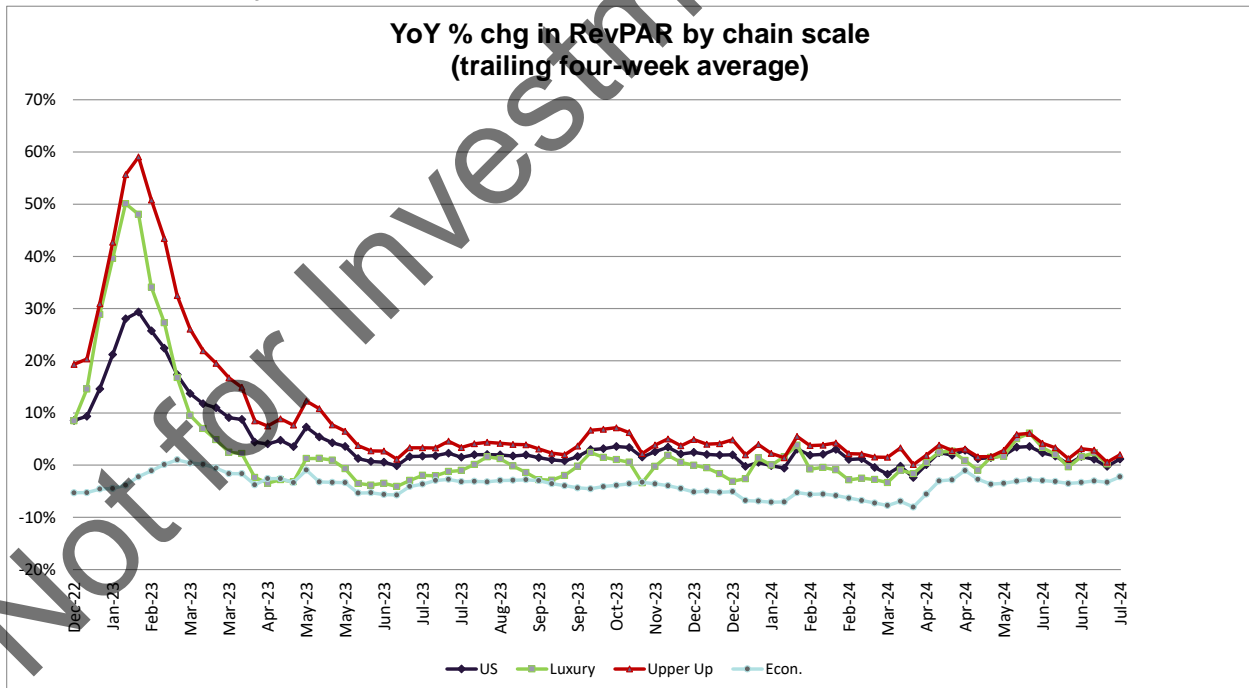
YoY % change in RevPAR														
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC		
3/30/2024	-6.3%	-0.2%	-7.0%	-8.5%	-10.6%	-11.5%	-11.7%	-3.2%	29.1%	-1.0%	-12.5%	-1.6%	-19.1%	
4/6/2024	6.9%	5.1%	7.2%	7.5%	9.2%	8.3%	1.9%	3.5%	7.2%	17.2%	-6.9%	6.7%	11.2%	
4/13/2024	5.5%	2.2%	9.7%	7.9%	6.4%	6.2%	2.0%	-0.1%	7.8%	21.8%	-8.2%	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%	16.4%	
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%	9.8%	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%	-0.3%	
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%	
7/6/2024	-0.4%	-4.1%	1.1%	-1.6%	-2.4%	-1.0%	-1.3%	-0.8%	6.6%	-2.6%	5.8%	-8.5%	-4.0%	
7/13/2024	-5.2%	-9.3%	-6.6%	-4.5%	-3.6%	-2.9%	-4.7%	-6.6%	1.1%	4.5%	0.5%	-10.2%	-0.5%	
7/20/2024	3.4%	0.7%	3.6%	4.2%	3.3%	2.1%	-0.7%	2.7%	1.6%	6.4%	2.8%	10.1%	-2.3%	
Some catch-up demand for business/group travel				Upscale and Upper Upscale led chainscales				Chicago and Boston led top 5 markets						
1Q19	1.5%	-0.7%	1.3%	-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	61.2%	112.3%	127.2%	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%	23.8%	13.4%	14.6%	10.3%	1.4%	12.9%	44.6%	35.0%	11.6%	28.6%	41.8%	
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%	-5.9%	-0.2%	11.6%	9.7%	-4.3%	1.9%	-5.3%	
2Q24	2.5%	2.0%	3.8%	3.1%	2.1%	1.4%	-2.0%	0.4%	8.6%	7.9%	-3.4%	3.0%	5.5%	
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%	-10.8%	
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%	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%	-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%	-4.8%	
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%	-4.5%	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%	-3.9%	-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%	6.6%	-4.1%	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%	-5.8%	-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%	
7/6/2024	0.5%	-2.8%	1.3%	-0.1%	-0.8%	-0.5%	-0.9%	0.2%	3.5%	-5.9%	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%	3.8%	-0.4%	-4.1%	2.0%	
7/20/2024	2.4%	-2.1%	2.1%	2.4%	2.5%	1.8%	-0.4%	2.2%	2.7%	5.0%	0.5%	5.1%	-1.2%	
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%	-1.0%	3.2%	0.8%	-1.7%	0.2%	
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.6%	-1.9%	0.9%	-0.2%	-2.8%	4.0%	
4Q19	0.7%	0.4%	0.6%	-0.4%	-0.3%	-1.0%	-0.4%	3.7%	1.4%	0.6%	-1.2%	-2.6%	4.8%	
1Q20	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.5%	-9.6%	-6.2%	-2.7%	-2.6%	-6.8%	
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.9%	-25.3%	-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%	-28.9%	-17.6%	-10.4%	-9.8%	-58.3%	-44.6%	-45.2%	-29.2%	-44.8%	-46.7%	
1Q21	-19.6%	3.4%	-23.4%	-23.0%	-14.2%	-6.3%	-2.4%	32.1%	-26.3%	-32.7%	-29.7%	-25.7%	-27.6%	
2Q21	43.2%	37.8%	30.6%	21.3%	23.1%	20.4%	18.6%	52.6%	33.5%	38.0%	42.5%	46.1%	23.1%	
3Q21	36.2%	31.8%	35.0%	29.7%	28.3%	23.5%	21.6%	32.8%	64.2%	57.7%	43.1%	59.6%	29.4%	
4Q21	19.5%	26.6%	41.9%	20.2%	28.8%	22.9%	22.9%	28.9%	69.6%	46.1%	49.6%	49.1%	41.8%	
1Q22	37.5%	21.0%	38.7%	34.1%	27.3%	20.8%	17.3%	34.0%	52.2%	50.8%	61.8%	61.1%	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%	3.8%	10.2%	28.0%	20.5%	8.4%	20.2%	27.9%	
1Q23	10.2%	-1.9%	8.4%	11.0%	6.1%	3.6%	0.9%	9.1%	13.4%	15.8%	3.8%	11.5%	24.4%	
2Q23	3.2%	-1.2%	2.5%	4.3%	2.5%	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%	2.5%	-0.3%	-1.3%	3.7%	8.6%	7.9%	0.0%	0.7%	3.5%	
1Q24	2.2%	-2.4%	1.9%	1.1%	0.6%	-1.1%	-3.0%	3.1%	6.7%	3.3%	-2.2%	0.4%	2.8%	
2Q24	1.6%	-2.2%	1.5%	1.6%	1.3%	0.7%	-1.4%	0.7%	4.6%	3.6%	-3.1%	0.3%	3.6%	
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%	-8.8%	-6.3%	-4.5%	13.2%	-0.6%	-6.9%	1.4%	-8.5%	
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%	0.9%	-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%	-0.1%	-0.4%	0.0%	-1.9%	-1.8%	3.3%	-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%	3.2%	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	0.2%	6.2%	2.4%	1.8%	1.2%	-0.1%	-0.7%	-0.3%	3.9%	1.2%	1.2%	1.5%	-4.0%	
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%	1.6%	7.2%	7.9%	6.7%	5.0%	9.5%	
7/6/2024	0.2%	-1.0%	-1.2%	-1.0%	-1.6%	-0.9%	-1.0%	-0.9%	4.1%	3.3%	1.6%	8.4%	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%	
7/20/2024	1.0%	2.9%	1.5%	1.7%	0.7%	0.2%	0.3%	0.5%	-1.0%	1.3%	2.3%	4.8%	-1.1%	
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%	0.6%	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%	-6.6%	0.8%	-1.5%	1.3%	
1Q22	56.2%	54.0%	53.2%	60.3%	59.4%	52.4%	52.3%	50.9%	54.2%	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%											

RevPAR Component Trends



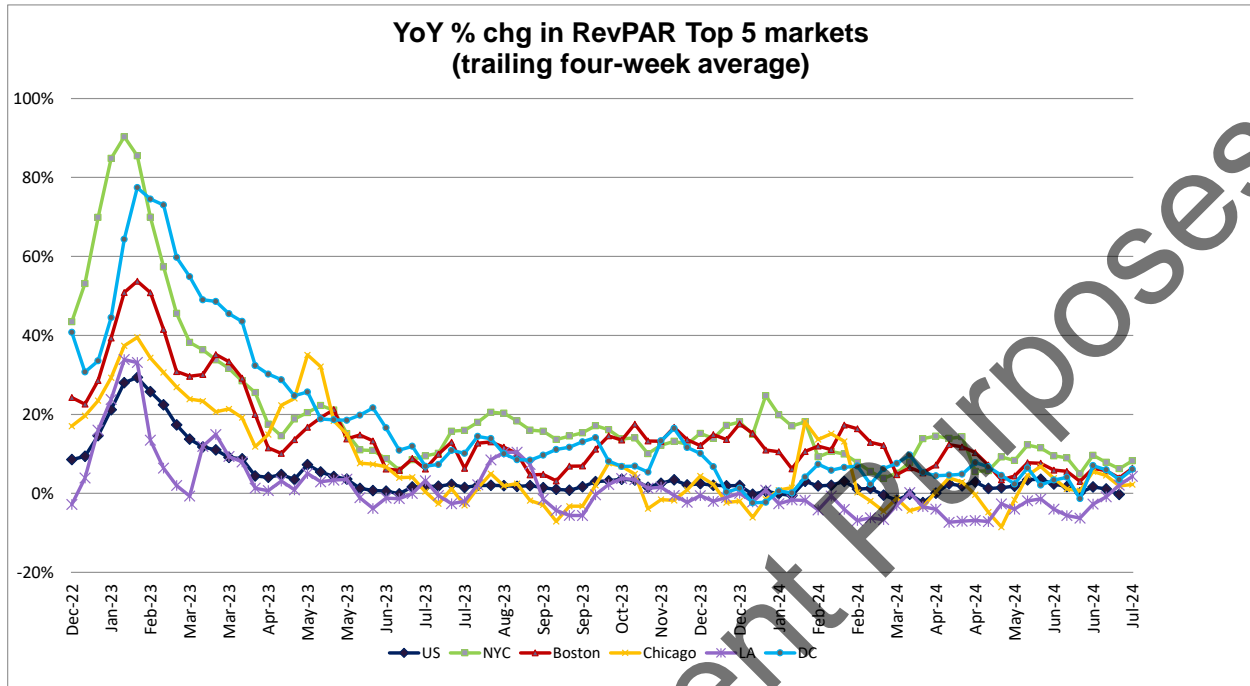
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



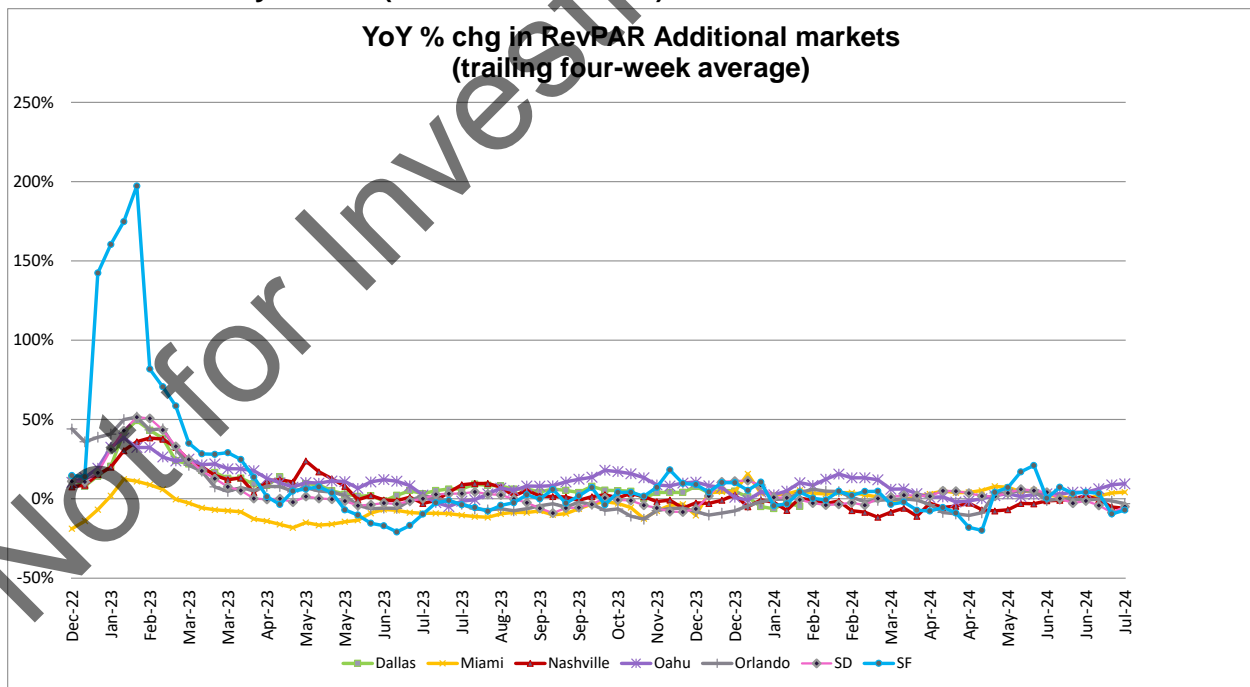
Source: STR data, Truist Securities research

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	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	\$126.36	Hold	\$144	14%	\$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	\$8.53	Hold	\$11	29%	\$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	\$220.66	Hold	\$209	-5%	\$2,986	\$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. 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.
Hilton Grand Vacations	HGV	\$43.87	Buy	\$71	62%	\$1,136	\$1,198	\$1,285	\$1,186	\$1,244	\$1,333	8.9x	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 level during the valuation period, macro demand shock to acquired resort assets, labor issues.
Host Hotels & Resorts	HST	\$17.93	Hold	\$23	28%	\$1,630	\$1,671	\$1,684	\$1,630	\$1,671	\$1,684	11.5X	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.
Hyatt Hotels	H	\$155.07	Buy	\$168	8%	\$1,112	\$1,189	\$1,333	\$1,112	\$1,116	\$1,261	15.0X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession. Downside risk: Major legacy and supplies revert to historical levels.
Marriott International	MAR	\$242.31	Hold	\$263	9%	\$4,256	\$4,632	\$5,077	\$4,656	\$5,067	\$5,067	16.7X	Downside risk: weak recovery of international travel during the valuation period especially Q4; macro demand shock impact to major resort assets, labor issues.
Marriott Vacations	VAC	\$87.90	Buy	\$159	81%	\$730	\$740	\$768	\$761	\$777	\$806	10.4x	Upside risk: Material margin 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.
Park Hotels & Resorts	PK	\$15.12	Buy	\$20	32%	\$641	\$655	\$655	\$659	\$673	\$679	12.0X	Downside risk: demand shocks, hurricanes, reduced airfare, new supply, country-specific risks (emerging market portfolio).
Pebblebrook Hotel Trust***	PEB	\$14.10	Hold	\$15	6%	\$344	\$338	\$345	\$356	\$351	\$359	13.5X	Downside risk: Slower than expected recovery of corporate business travel post-COVID; scope/timing and/or upside from repositionings underwhelms investor expectations.
Playa Hotels & Resorts	PLYA	\$8.60	Buy	\$12	40%	\$259	\$251	\$240	\$272	\$266	\$255	10.5X	Downside risk: Group demand slower than expected. Property-specific risks given a small portfolio.
RLJ Lodging Trust***	RLJ	\$9.66	Buy	\$14	45%	\$340	\$342	\$355	\$364	\$368	\$365	11.6x	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.
Ryman Hospitality Properties	RHP	\$102.67	Buy	\$130	27%	\$665	\$730	\$786	\$691	\$757	\$817	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.
Sunstone Hotel Investors	SHO	\$10.53	Hold	\$12	14%	\$253	\$245	\$264	\$263	\$256	\$275	13.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Vail Resorts, Inc.	MTN	\$181.10	Buy	\$250	38%	\$847	\$869	\$954	\$847	\$973	\$984	13.0X	Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.
Travel + Leisure Co.	TNL	\$49.38	Buy	\$65	31%	\$879	\$898	\$937	\$908	\$927	\$969	8.4x	
Wyndham Hotels & Resorts	WH	\$74.06	Buy	\$105	42%	\$620	\$651	\$704	\$659	\$696	\$747	15.0X	

* 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 \$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, \$126.36, Hold, C. Patrick Scholes)
- Ryman Hospitality Properties, Inc.** (RHP, \$102.67, Buy, C. Patrick Scholes)
- Wyndham Hotels & Resorts, Inc.** (WH, \$74.06, 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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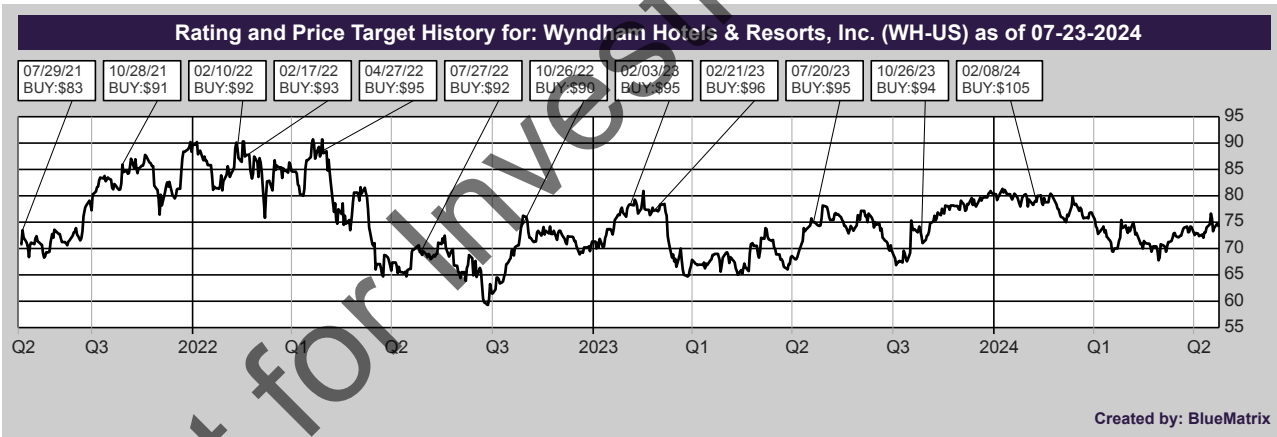
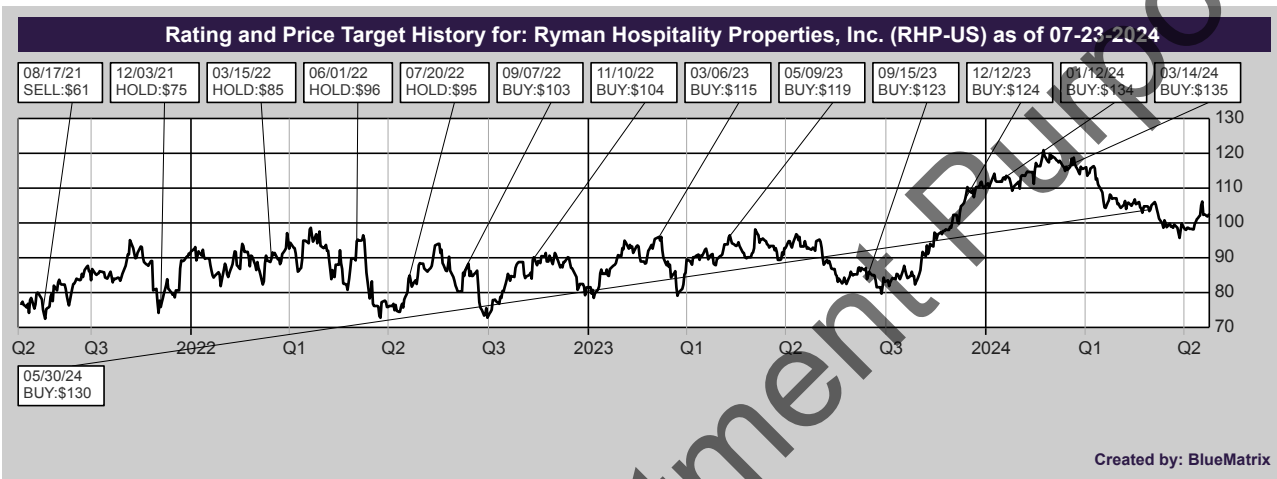
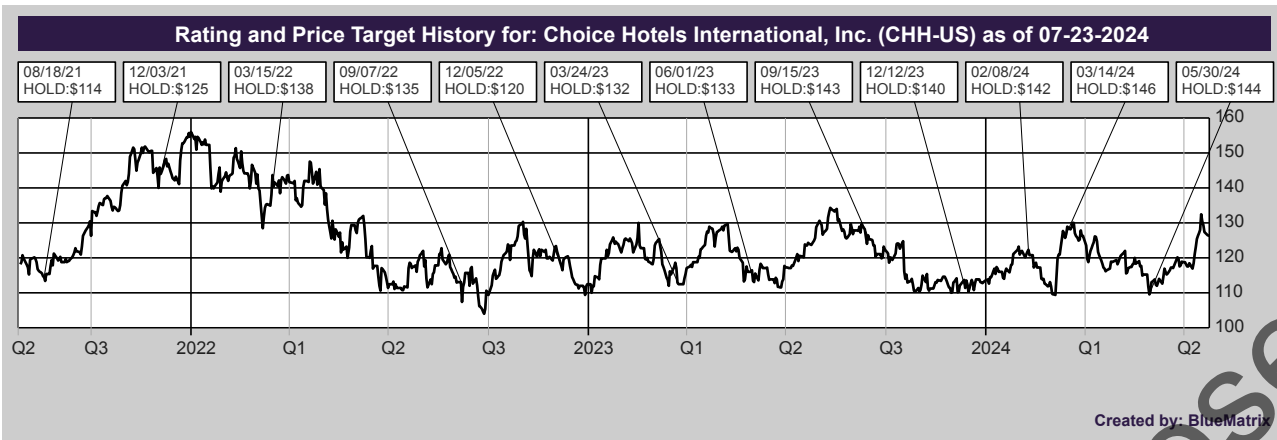
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Sell	1	0.15%	Sell	0	0.00%

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