

Equity Research Report July 31, 2024

CONSUMER: Lodging

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9 Page Document

Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +0.9% y/y; Results reflective of lackluster summer leisure trends

Overall U.S. RevPAR was +0.9% y/y for the week ending 7/27/2024, per STR, below the prior week's result of +3.4% y/y and slightly below the trailing 10-week average of +1.0%.

While Group results were relatively strong (RevPAR +13.7% y/y), there is lower corporate group travel during the summer months and so group strength is countered by the continuation of weaker domestic leisure. Post-hurricane temporary relocation demand in the large Houston metro continues to act as a tailwind to national results (Houston RevPAR +26.4% y/y).

Major RevPAR statistics presented below:

- Luxury RevPAR: +1.1% y/y
- Upper Upscale RevPAR: +2.2% y/y
- Upscale RevPAR: +0.9% y/y
- Upper Midscale RevPAR: +0.4% y/y
- Midscale RevPAR: -0.6% v/v
- Economy RevPAR: -2.2% y/y
- Independent hotels (~1/3rd of the data set) RevPAR: -0.3% y/y; and
- · Within Upper Upscale & Luxury class hotels:
 - Group: +13.7% y/y vs. +13.6% prior week;
 - o Transient: -2.4% y/y vs. -0.1% prior week;
- Las Vegas RevPAR: -9.2% y/y

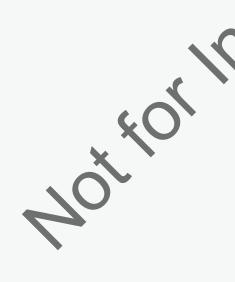
As a caveat, we note that many large Strip casino hotel operators do not participate in STR's survey.

<u>last week's RevPAR details and sequential trends (all comparable information on new STR methodology):</u>

- Headline RevPAR was +0.9% y/y vs. the running 28-day average of -0.1% y/y.
- Occupancy: Absolute occupancy was 72.0% vs. 69.0% for the running 28-day average.
- Absolute Group occupancy: 21.9% last week vs. 18.7% 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.

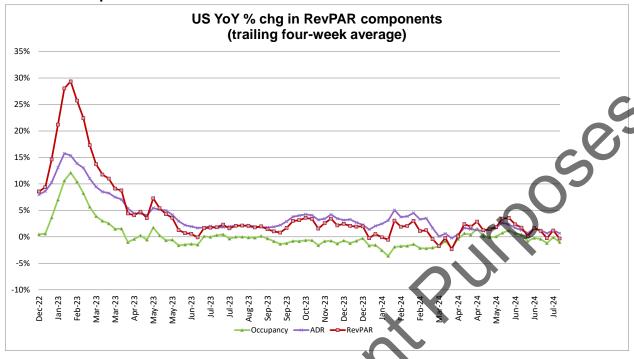


Weekly RevPAR Summary

			Upper		Upper	Y % chan		PAR Inde-	New				
4/6/2024	U.S. 6.9%	Luxury 5.1%		Upscale 7.5%		Midscale 8.3%	Economy 1.9%	pendent 3.5%	York 7.2%	Boston 17.2%	-6.9%	Chicago 6.7%	DC 11.2%
4/13/2024 4/20/2024	5.8% 1.2%	2.2% 3.7%	9.7% 1.2%	7.9% 1.4%	6.4% 0.3%	6.2% -0.1%	2.0% -3.5%	-0.1% -0.3%	7.8% 13.2%	21.8% 9.1%	-9.2% 0.4%	22.5% -16.2%	11.9% 15.4%
4/27/2024 5/4/2024	-2.5% 0.5%	-7.4% -2.3%	-5.8% 1.2%	-1.4% 0.9%	-1.1% 0.0%	-0.8% -1.5% 1.8%	-4.5% -4.8%	-2.4% -0.3%	-5.9% 7.8%	-6.8% 4.5% 6.8%	-11.8% -8.0%	-14.5% -10.9%	-7.5% 7.1% 3.1%
5/11/2024 5/18/2024 5/25/2024	6.6% 2.8% 3.9%	12.1% 4.5% 6.0%	9.9% 6.0% 6.3%	6.3% 3.6% 3.7%	3.7% 1.6% 2.6%	0.8%	-1.8% -2.8% -2.9%	5.1% -0.7% 2.8%	21.8% 9.6% 9.8%	13.0%	8.8% -4.9% -3.4%	7.5% 11.2% 10.5%	6.8% 8.8%
6/1/2024 6/8/2024	1.0%	1.9%	2.2%	1.3%	0.5%	-1.2% -0.4%	-3.7% -2.4%	-0.1% 1.1%	4.8% 13.7%	3.9%	-6.0% -1.7%	-1.9% -4.5%	-10.3% 8.2%
6/15/2024 6/22/2024	0.3% -2.3%	-0.7% -3.6%	2.6% -2.1%	1.2% -2.8%	-0.4% -3.0%	-1.5% -2.5%	-3.6% -4.3%	-2.0% -2.7%	7.5% -6.4%	11.8% -3.5%	-11.4% -6.0%	0.4% 8.7%	9.6%
6/29/2024 7/6/2024	6.9% -0.4%	9.8% 4.1%	9.9% 1.1%	8.2% -1.6%	5.4% -2.4%	3.0% -1.5%	-2.9% -1.3%	5.2% -0.8%	23.7% 6.6%	17.3% -2.6%	8.2% 5.8%	17.6% -8.5%	23.2% 4.0%
7/13/2024 7/20/2024	-5.2% 3.4%	-9.3% 0.7%	-6.6% 3.6%	-4.5% 4.2%	-3.6% 3.3%	-2.9% 2.1%	-4.7% -0.1%	-6.6% 2.7%	1.1%	4.5% 6.4%	0.5% 2.8%	-10.2% 10.1%	-0.5% -2.3% 2.2%
7/27/2024	0.9%	1.1%	2.2%	0.9%	0.4%	-0.6%	-2.2%	-0.3%	0.6%	13.7%	2.7%	5.8%	
1010	Group demand strong, however smaller part of overall summer demand Upper Upscale and Luxury led chainscales Boston and Chicago led top 5 markets												
2Q19 3Q19	1.1% 0.7%	1.1% 1.3%	0.5% 1.1%	-0.4% -0.5%	0.0% -0.1%	-0.7% -1.0%	1.7% -0.9%	2.4% 1.6%	-1.8% -2.2%	4.5% -0.4%	1.6% -0.2%	-0.1% -2.2%	-1.5% 4.5%
4Q19 1Q22 2Q22	0.7% 67.2% 38.8%	3.6% 112.3% 70.2%	1.0% 127.2% 82.9%	-0.6% 69.7% 46.8%	-1.0% 51.0% 26.2%	-2.7% 38.2% 15.4%	-1.5% 24.3% 8.8%	2.3% 58.3% 27.7%	-4.1% 97.1% 141.2%	-11.6% 137.1% 172.1%	1.1% 115.2% 51.0%	-0.7% 85.1% 109.5%	5.2% 58.1% 145.7%
3Q22 4Q22	16.6% 16.3%	27.7% 19.7%	36.6% 30.1%	22.5% 20.5%	10.8% 11.7%	3.5% 5.1%	0.0% 1.4%	11.3% 12.3%	67.4% 50.8%	59.9% 35.8%	21.4% 11.4%	48.1% 37.3%	54.6% 53.2%
1Q23 2Q23 3Q23	16.7% 2.5% 1.7%	16.0% -2.3% 0.1%	29.8% 5.1% 3.9%	20.4% 5.8% 3.7%	13.4% 3.8% 1.7%	4.8% -0.4% -1.0%	0.8% -3.8% -3.5%	12.9% -0.6% 0.2%	46.6% 13.3% 16.4%	35.0% 11.2% 8.0%	11.6% 1.2% 1.2%	26.6% 12.1% -1.9%	56.7% 17.4% 11.5%
4Q23 1Q24	1.3% 0.2%	-0.5% -0.3%	4.3% 2.9%	2.7% 0.1%	-0.1% -2.1%	-3.0% -4.5%	-5.4% -6.9%	0.2% -0.2%	14.6% 11.6%	13.8% 9.7%	0.6% -4.3%	0.7%	5.7%
1024 0.2% -0.5% 2.9% 0.1% -2.1% 1.4.3% -0.9% -0.2% 11.0% 3.7% -4.3% 1.9% 0.2% 2024 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.												5.5%	
	U.S.	Luxury		Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	New York	Boston		Chicago	DC
4/6/2024 4/13/2024 4/20/2024	2.1% 2.9%	-2.5% -6.3%	1.6% 1.7%	2.6% 4.1%	3.0% 4.4%	1.6% 3.3% -0.5%	-0.4% 0.7%	0.6%	3.2% 4.1%	8.0% 9.3%	-2.9% -4.4%	2.4% 7.1%	5.6% 6. 6 %
4/20/2024 4/27/2024 5/4/2024	1.5% -1.3% 1.3%	-0.9% -5.3% -3.1%	1.5% -2.9% 1.3%	1.4% -0.8% 1.4%	0.8% -0.7% 1.1%	-0.5% -0.8% -1.0%	-2.4% -2.7% -2.3%	0.8% -0.6% 1.1%	6.0% -2.4% 4.3%	4.2% -6.1% 1.0%	-0.1% -6.9% -6.2%	-12.4% -9.1% -7.7%	4.7% 3.8%
5/11/2024 5/18/2024	4.4%	4.1%	4.1%	3.8%	2.2%	0.7%	-1.4% -1.5%	4.4%	12.3%	4.5% 8.0%	6.2%	1.8%	1.3%
5/25/2024 6/1/2024	2.3% 0.1%	-0.3% -4.0%	2.0%	1.5%	1.0%	0.2%	-2.1% -3.0%	2.4%	5.7%	4.3% 2.7%	-4.5% -4.8 %	2.5%	4.7%
6/8/2024 6/15/2024	1.8% 0.9%	-0.4% -3.1%	1.4% 1.1%	1.6% 0.9%	1.1% 0.5%	0.4% -0.3%	-2.1% -2.4%	1.9% 0.1%	9.1% 4.1%	-1.3% 6.6%	-1.8% -11.1%	2.5% 0.6%	5.2% 6.4%
6/22/2024 6/29/2024	0.1% 3.6%	-3.9% -0.1%	0.2% 3.3%	-0.4% 3.4%	-0.2% 2.3%	-0.5% 0.9%	-2.2% -2.1%	0.3% 3.3%	-4.1% 15.4%	-1.5% 8.7%	4,1% 1,4%	5.6% 12.0%	-5.4% 12.6%
7/6/2024 7/13/2024	0.5% -1.5%	-2.8% -3.2%	1.3% -2.0%	-0.1% -0.7%	-0.8% -0.3%	-0.5% -0.5%	-0.9% -2.5%	-2.1%	3.5% 1.2%	3.8%	1.7% -0.4%	-2.2% -4.1%	1.7%
7/20/2024 7/27/2024	2.4% 1.3%	-2.1% -1.9%	2.1% 1.8%	2.4% 0.8%	2.5% 0.8%	1.8% 1.1%	-0.4% -0.7%	0.6%	2.7% 1.4%	5.0% 10.9%	0.5%	5.1% 4.8%	-1.2% 3.1%
1Q19 2Q19	1.1% 1.2% 0.8%	2.2% 2.5% 1.5%	2.5% 1.4% 1.3%	1.0% 0.6% 0.2%	0.8%	-0.2% -0.2% -0.5%	-0.3% 0.6% -0.5%	1.0%	-3.8% -1.0%	0.7% 3.2%	-1.0% 0.8% -0.2%	-2.4% -1.7% -2.8%	1.5% 0.2% 4.0%
3Q19 4Q19 1Q20	0.8% 0.7% -4.0%	2.4% 1.6%	0.6% -1.4%	-0.4% -2.9%	-0.1% -0.3% -3.1%	-0.5% -1.0%	-1.0% -3.8%	1.9%	-1.9% -3.7% -3.6%	-5.5% -6.2%	0.3% -2.7%	-2.8% -2.2%	3.9%
2Q20 3Q20	-37.1% -24.1%	-22.0% -12.6%	-34.0% -25.6%	-30.0% -24.2%	-23.1% -17.3%	-17.1% -11.6%	-14.6% -9.4%	-34.8% -16.1%	-52.3% -47.7%	-56.9% -47.3%	-40.5% -31.6%	-53.7% -43.2%	-48.8% -34.5%
4Q20 1Q21 2Q21	-27.2% -19.6% 43.2%	-11.1% 3.4% 37.8%	-29.0% -23.4% 30.6%	-26.9% -23.0% 21.3%	-17.8% -14.2% 23.1%	-10.4% -6.3% 20.4%	-5.9% -1.5%	-20.9% -12.1% 52.6%	-54.1% -28.3% 33.5%	-45.5% -32.7% 38.0%	-29.2% -29.7% 42.5%	-44.8% -25.7% 46.1%	-40.7% -27.9% 23.1%
3Q21 4Q21	36.2% 41.5%	31.8% 29.6%	35.0% 41.9%	29.7% 34.2%	28.3% 28.5%	23.5% \ 22.9%	21.1% 18.8%	32.8% 39.2%	64.2% 99.6%	57.7% 69.6%	43.1% 46.1%	59.6% 64.9%	29.4% 41.6%
1Q22 2Q22 3Q22	37.5% 26.2% 11.6%	21.0% 14.3% 6.7%	39.7% 29.0% 12.6%	34.1% 27.1% 13.3%	27.3% 18.9% 7.6%	20.8% 14.8% 5.9%	17.3% 11.8%	34.0% 20.5% 8.9%	52.2% 69.0% 32.6%	50.5% 73.6% 30.0%	61.8% 32.9% 14.6%	41.1% 53.6% 25.4%	31.7% 60.6% 25.5%
4Q22 1Q23	12.0% 10.2%	6.5% -1.9%	12.6% 8.4%	13.7%	8.7% 8.1%	6.2% 4.7%	4.5% 3.8%	10.2% 9.1%	28.0% 13.4%	20.5% 15.6%	8.4% 3.8%	20.2% 11.5%	27.9%
2Q23 3Q23	3.2% 2.2%	-1.2% -1.4%	2.5% 1.3%	4.3% 2.2%	3.5% 2.2%	1.6% 0.3%	0.9%	2.1%	9.6% 9.8%	5.8% 3.8%	2.5% 0.2%	8.5% -2.1%	11.6%
4Q23 1Q24 2Q24	2.9% 2.2% 1.6%	-2.3% -2.4% -2.2%	2.7% 1.9% 1.5%	2.5% 1.1% 1.6%	1.8% 0.6% 1.3%	-0.3% -1.0% 0.7%	-1.3% -3.0% -1.4%	3.7% 3.1% 0.7%	9.6% 6.7% 4.6%	7.0% 3.3% 3.6%	-2.2% -3.1%	0.7% 0.4% 0.3%	3.5% 2.8% 3.6%
	U.S.	Luxury	Upper Upscale	Unscale	Upper *	' % change Midscale		inde- pendent	New York	Boston	LA (Chicago	DC
4/6/2024 4/13/2024	4.7% 2.8%	7.8% 9.1%	5.5% 7.9%	4.8% 3.7%	6.0% 2.0%	6.6% 2.8%	2.4% 1.3%	2.9% -0.2%	3.9% 3.5%	8.5% 11.5%	-4.1% -5.0%	4.3% 14.4%	5.3%
4/20/2024 4/27/2024	-0.3% -1.2%	4.6%	-0.2% -3.0%	0.0% -0.6%	-0.5% -0.4%	0.3% 0.0%	-1.1% -1.9%	-1.2% -1.8%	6.8% -3.6%	4.8% -0.7%	0.5% -5.2%	-4.3% -5.9%	5.0%
5/4/2024 5/11/2024	-0.8% 2.1%	0:8% 7.6% 5.2%	0.0% 5.6%	-0.5% 2.4%	-1.0% 1.4%	-0.6% 1.2%	-2.6% -0.4%	-1.4% 0.8%	3.3% 8.5%	3.4% 2.2%	-1.9% 2.4%	-3.5% 5.6%	3.2% 1.8%
5/18/2024 5/25/2024 6/1/2024	0.2% 1.6% 0.9%	6.4% 6.2%	4.2% 2.4%	1.1% 2.1% 1.8%	0.2% 1.6% 1.2%	0.3% 0.7% -0.1%	-1.4% -0.8% -0.7%	-2.2% 0.4% -0.3%	2.2% 3.9% 3.8%	4.7% 2.4% 1.2%	-1.3% 1.1% -1.2%	5.2% 7.8% 1.5%	1.1% 3.9% -5.0%
6/8/2024 6/15/2024	-0.1% -0.6%	1.4% 2.4%	0.8%	0.5% 0.3%	-0.4% -0.9%	-0.8% -1.3%	-0.3% -1.2%	-0.8% -2.0%	4.3% 3.2%	1.1% 4.9%	0.2%	-2.0% -0.2%	2.9%
6/22/2024 6/29/2024	-3.4% 3.2%	-0.6% 9.9%	-3.2% 6.4%	-3.4% 4.7%	-3.8% 3.1%	-2.9% 2.2%	-3.2% -0.8%	-4.0% 1.8%	-3.4% 7.2%	-3.0% 7.9%	-3.0% 6.7%	1.8% 5.0%	-8.8% 9.5% 2.2%
7/6/2024 7/13/2024 7/20/2024	-3.7% 1.0% -0.4%	7.0% -6.3% 2.9%	-0.2% -4.7% 1.5%	-1.6% -3.8% 1.7%	-1.6% -3.3% 0.7%	-0.9% -2.4% 0.2%	-0.4% -2.2% 0.3%	-0.9% -4.5% 0.5%	3.1% -0.1% -1.0%	1.3% 0.7% 1.3%	4.0% 0.9% 2.3%	-6.4% -6.4% 4.8%	-2.4% -1.1%
7/27/2024		3.0%	0.4%	0.1%	-0.4%	-1.6%	-1.6%	-0.8%	-0.8%	2.4%	1.6%	1.0%	-0.9%
1019 2019 3019	0.4% -0.1% -0.1%	-2.8% -1.4% -0.2%	-1.3% -0.9% -0.2%	-1.4% -1.0% -0.7%	-0.5% -0.7% 0.0%	0.0% -0.6% -0.5%	2.3% 1.1% -0.4%	2.1% 0.7% 0.0%	-3.5% -0.7% -0.3%	-2.8% 1.3% -1.4%	-0.7% 0.8% 0.1%	-2.2% 1.7% 0.6%	-3.8% -1.7% 0.4%
4Q19 1Q22	-0.1% 56.2%	1.2% 54.0%	0.4% 53.2%	-0.2% 60.3%	-0.8% 59.4%	-1.7% 52.3%	-0.4% 55.5%	0.4% 54.2%	-0.4% 29.5%	-6.5% 57.6%	0.8%	1.5% 31.2%	1.3%
2Q22 3Q22 4Q22	10.0% 4.5% 3.8%	48.8% 19.7% 12.4%	41.8% 21.3% 15.5%	15.5% 8.1% 6.0%	6.2% 2.9% 2.7%	0.5% -2.3% -1.1%	-2.6% -4.0% -2.9%	5.9% 2.2% 1.9%	42.7% 26.3% 17.8%	56.7% 23.0% 12.7%	13.7% 5.9% 7.6%	36.3% 18.1% 14.2%	53.0% 23.2% 19.8%
1Q23 2Q23	5.9% -0.7%	18.3% -1.0%	19.8% 2.6%	8.5% 1.4%	4.9% 0.3%	0.1%	-2.9% -4.6%	3.5%	29.3%	16.8% 5.1%	7.5% -1.3%	13.6%	25.9% 5.1%
3Q23 4Q23 1Q24	-0.5% -1.6% -2.0%	1.5% 1.8% 2.1%	2.6% 1.5% 0.9%	1.4% 0.2% -0.9%	-0.5% -1.8% -2.7%	-1.3% -2.7% -3.6%	-3.5% -4.2% -4.0%	-1.8% -3.3% -3.2%	6.0% 4.5% 4.6%	4.1% 6.4% 6.2%	1.1% 0.5% -2.1%	0.3% 0.1% 1.5%	5.0% 2.1% 2.4%
2Q24	0.9%	4.3%	2.3%	1.5%	0.7%	0.7%	-0.6%	-0.3%	3.8%	4.1%	-0.4%	2.7%	1.8%

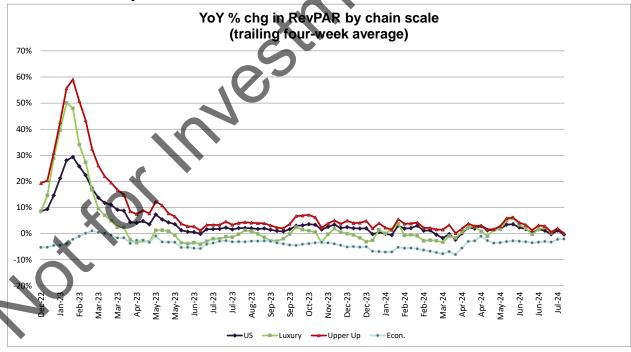
Source: STR data, Truist Securities research

RevPAR Component Trends



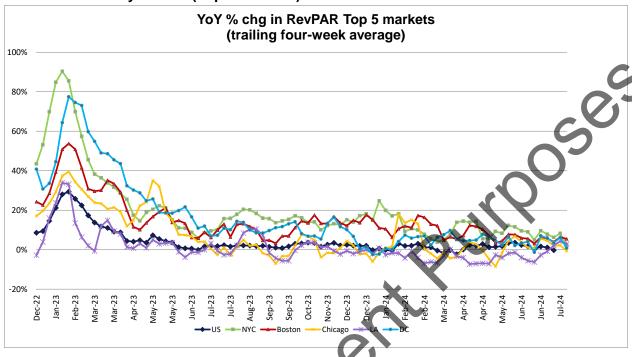
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



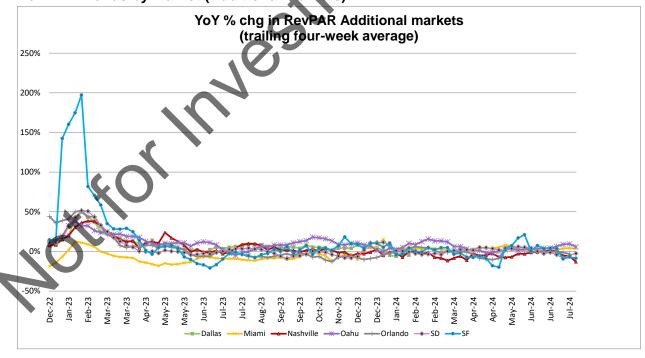
Source: STR data, Truist Securities research

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 \$104 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, \$131.47, Hold, C. Patrick Scholes) Ryman Hospitality Properties, Inc. (RHP, \$102.92, Buy, C. Patrick Scholes) Wyndham Hotels & Resorts, Inc. (WH, \$78.23, Buy, C. Patrick Scholes)

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Legend for Rating and Price Target History Charts:

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H = Hold

S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

I = Initiate Coverage

T = Transfer Coverage

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Coverage Unive	erse		Investment Banking Clients Past 12 Months					
Rating	Count	Percent	Rating	Count	Percent			
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Sell	1	0.15%	Sell	0	0.00%			

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