

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: U.S. RevPAR -7.7% y/y last week; soft results due to Rosh Hashanah holiday calendar shift

Overall U.S. RevPAR was -7.7% y/y for the week ending 10/5/2024, per STR/CoStar, below the prior week's result of +10.2% y/y and below the trailing 10-week average of +1.1%.

Last week's results were negatively impacted by a difficult y/y comparison due to the holiday shift of Rosh Hashanah, which took place from Wednesday 10/2 to Friday 10/4 in 2024. A midweek holiday understandably impacts business travel, particularly corporate/association groups. Group RevPAR last week was -21.0% y/y. In 2023, Rosh Hashanah took place from 9/15-9/17.

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.

Additionally, Columbus Day was a week earlier last year in the STR weekly comparisons; there may have been a moderately harder weekend comp in advance of the Monday holiday (10/9/23).

Yom Kippur takes place from Friday 10/11 to Saturday 10/12 this year; the impact to business travel will be limited due the Friday night start.

Major RevPAR statistics presented below:

- Luxury RevPAR: -10.4% y/y
- Upper Upscale RevPAR: -13.5% y/y
- Upscale RevPAR: -7.3% y/y
- Upper Midscale RevPAR: -3.6% y/y
- Midscale RevPAR: -1.2% y/y
- Economy RevPAR: -2.8% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: -9.2% y/y; and
- Within Upper Upscale & Luxury class hotels:
 - Group: -21.0% y/y vs. +27.5% prior week;
 - Transient: -8.0% y/y vs. +7.5% prior week;
- Las Vegas RevPAR: -25.9% 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 -7.7% y/y vs. the running 28-day average of +0.8% y/y.
- **Occupancy:** Absolute occupancy was 65.6% vs. 67.3% for the running 28-day average.
- **Absolute Group occupancy:** 21.1% last week vs. 24.9% for the running 28 days.

The Lodging stocks:

- **Bottom line for the hotel companies/stocks:** We do not see RevPAR growth itself as a catalyst for the lodging sector though results for most of the C-Corps should reaffirm the compounding earnings drivers of modest RevPAR growth + **mid-single digit net rooms growth** (a very high margin business) + share repurchases combined with margin growth. Any outsized earnings growth for the C-Corps and any earnings growth for the hotel REITS (Ryman Hospitality Properties (RHP, Buy) excluded) will need to come from other sources such as net rooms growth (C-Corps) and share repurchases. We look generally favorably on the hotel C-Corp sub-sector given their multiple drivers of earnings growth, and **we see shares of Wyndham Hotels (WH, Buy) as the stand-out value name in the group** though acknowledge it may be

at least several more quarters before we see a shift to positive Economy segment RevPAR growth.

- Hotel REITS, with the notable exception of RHP, will, in our view, continue to be challenged by cost increases slightly higher than revenue growth. Hotel REITS could have opportunity for earnings growth if they were to sell assets, which for the most part are valued higher on a stand-alone basis than as a part of the REIT (parts greater than the sum), and subsequently repurchase shares - though we do not envision this happening. Rather for the hotel REITS, we continue to see the primary opportunity for stock upside driven by investor sentiment around [interest rate cuts happening sooner than expected](#) (Source: Skift). While we are generally lethargic-to-unfavorable on the hotel REIT sector and as discussed further [see 2H24 and 2025 consensus RevPAR growth expectations around 50-100 bps too high](#), [we are positive](#) on Ryman Hospitality (RHP) given its heavy exposure to Group (~70% of RHP's Hospitality segment EBITDA) and differentiated and [proven business model](#). Additionally, recent news around [expansion at the Rockies property](#) (Source: Denver Business Journal) and what we see as a high ROIC investment initially sound encouraging.

Not for Investment Purposes

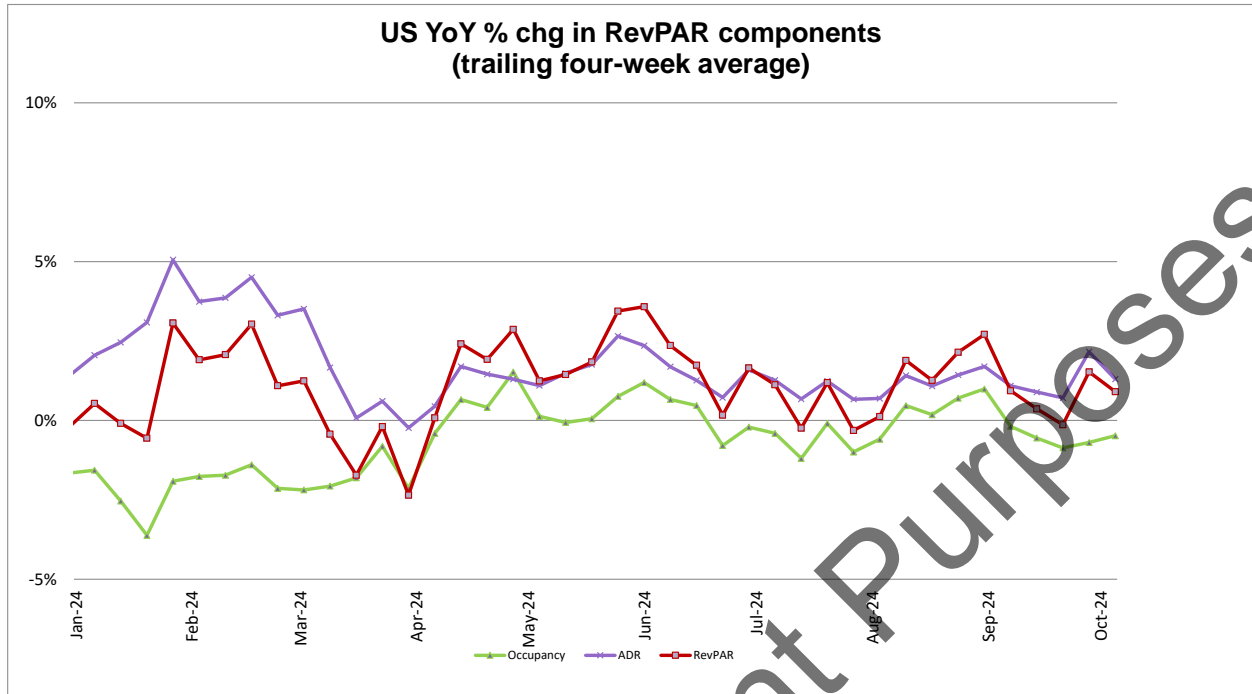
Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper		Upper			Economy	Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale								
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%	15.6%
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	2.9%	4.5%	6.0%	3.6%	1.6%	0.8%	-2.8%	-0.7%	9.6%	12.0%	-4.9%	11.2%	8.8%
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%
7/6/2024	-0.4%	4.1%	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	-5.2%	-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%	-0.1%	2.7%	1.6%	6.4%	2.8%	10.1%	-2.3%
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%	2.2%
8/3/2024	1.3%	-1.5%	3.2%	2.5%	1.3%	0.0%	-2.0%	-0.5%	1.1%	1.9%	-10.7%	15.5%	6.7%
8/10/2024	1.9%	-0.6%	4.6%	2.1%	1.1%	1.3%	0.9%	0.1%	10.0%	10.3%	-12.2%	27.8%	3.7%
8/17/2024	0.9%	1.2%	2.8%	0.7%	0.2%	-0.3%	-1.2%	-0.7%	-2.4%	4.0%	-4.3%	18.7%	0.8%
8/24/2024	4.5%	8.9%	5.0%	4.9%	4.0%	4.1%	2.5%	2.0%	5.1%	9.5%	0.7%	51.1%	3.1%
8/31/2024	3.6%	4.9%	5.4%	4.3%	2.5%	1.0%	-1.5%	2.2%	5.8%	8.8%	-2.5%	23.8%	9.7%
9/7/2024	-5.2%	-4.0%	-5.5%	-5.6%	-5.0%	-5.1%	-5.0%	-6.7%	-1.4%	-18.3%	-0.4%	2.2%	-10.5%
9/14/2024	-1.4%	-0.5%	-0.2%	-1.1%	-2.5%	-2.0%	-3.7%	-3.6%	-6.6%	-5.1%	11.0%	20.5%	8.8%
9/21/2024	-2.5%	1.5%	2.9%	1.9%	2.5%	1.3%	-0.4%	1.2%	-14.5%	16.7%	10.0%	5.1%	5.4%
9/28/2024	10.2%	25.3%	12.2%	10.3%	6.6%	4.3%	1.8%	7.6%	70.1%	19.0%	13.7%	25.5%	4.8%
10/5/2024	-7.7%	-10.4%	-13.5%	-7.3%	-3.6%	-1.2%	-2.8%	-0.2%	-8.7%	-7.8%	-12.0%	-25.8%	-12.6%
Difficult week on a tough holiday comp													
Midscale and Economy led chainscales													
Boston and NYC led top 5 markets													
1019	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%
2019	1.1%	1.7%	0.5%	0.4%	0.0%	-0.7%	1.7%	2.4%	-1.6%	4.5%	1.6%	-0.1%	-1.5%
3019	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%
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%	118.2%	127.2%	88.2%	51.2%	24.2%	10.2%	10.2%	171.2%	121.2%	115.2%	85.2%	85.2%
2022	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%
3022	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%
4022	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	50.8%	7.5%	11.4%	37.3%	56.7%
5022	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%
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%	0.1%	1.7%	0.7%	-3.0%	0.2%	18.5%	10.7%	0.2%	-1.9%	1.4%
4023	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%
1024	0.2%	-0.3%	2.9%	0.1%	2.1%	1.4%	-4.5%	-6.9%	-0.2%	11.6%	9.7%	-4.3%	1.9%
2024	2.5%	2.0%	3.8%	3.1%	2.1%	1.4%	-2.0%	0.4%	8.6%	7.6%	-3.4%	3.0%	5.5%

YoY % change in ADR													
U.S.	Upper		Upper			Economy	Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale								
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%	-1.3%	3.1%	1.6%	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%	-4.5%	2.5%	4.7%
6/1/2024	0.1%	-4.0%	-0.2%	-0.7%	-1.0%	-3.0%	0.2%	1.0%	1.0%	1.7%	-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%	6.6%	-1.1%	0.6%	6.4%
6/22/2024	-1.1%	-3.9%	0.3%	-0.5%	-0.5%	-2.2%	0.3%	-1.0%	-4.1%	6.5%	-4.1%	5.6%	4.1%
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%	-3.9%	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%	-4.6%	2.0%
7/20/2024	2.4%	1.8%	2.4%	2.4%	1.8%	0.8%	0.8%	0.2%	2.7%	6.4%	4.4%	11.2%	8.2%
7/27/2024	1.3%	-1.9%	1.8%	0.8%	0.8%	1.1%	-0.7%	0.6%	1.4%	10.9%	1.1%	1.5%	3.1%
8/3/2024	0.6%	-3.5%	0.9%	0.7%	0.6%	0.5%	-1.4%	-0.5%	0.0%	1.9%	-8.5%	10.7%	3.9%
8/10/2024	1.4%	-0.8%	2.7%	1.3%	1.0%	1.3%	-0.1%	0.4%	3.1%	7.1%	-5.6%	13.6%	2.0%
8/17/2024	1.0%	-0.2%	1.7%	0.6%	0.7%	0.6%	1.0%	0.1%	-2.0%	4.0%	-4.1%	12.9%	8.2%
8/24/2024	2.7%	3.3%	3.2%	2.4%	2.3%	2.5%	1.4%	1.0%	1.1%	6.8%	-3.1%	11.8%	1.6%
8/31/2024	1.6%	-1.9%	0.4%	1.4%	1.0%	0.9%	-0.4%	1.0%	2.8%	6.5%	-3.4%	10.8%	2.9%
9/7/2024	-1.0%	-0.2%	1.1%	0.6%	-1.0%	-2.0%	-2.1%	1.0%	1.0%	0.7%	-2.0%	1.8%	2.8%
9/14/2024	0.2%	-3.7%	0.3%	0.6%	0.0%	0.5%	-1.2%	-1.8%	-3.2%	-0.3%	1.3%	6.5%	5.6%
9/21/2024	2.0%	-2.5%	2.0%	1.7%	2.1%	1.4%	0.1%	0.8%	-11.9%	11.5%	3.5%	3.9%	5.2%
9/28/2024	7.5%	14.3%	7.9%	6.6%	4.2%	2.7%	1.6%	5.9%	52.8%	12.7%	8.6%	13.6%	3.8%
10/5/2024	-4.4%	-4.8%	-6.2%	-3.8%	-2.0%	-0.6%	-1.7%	-5.5%	-6.2%	-3.7%	-6.8%	-16.6%	-4.2%
1019	1.1%	2.2%	2.5%	1.0%	0.8%	-0.2%	-0.3%	1.0%	-3.3%	0.2%	-1.0%	-2.4%	1.5%
2019	1.2%	1.4%	1.2%	0.2%	0.2%	-0.2%	0.6%	1.2%	1.2%	0.8%	-1.7%	0.2%	1.1%
3019	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%
4019	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	5.5%	0.3%	-2.2%	3.9%
1020	1.0%	1.6%	1.3%	0.3%	0.1%	-0.1%	-0.1%	0.2%	0.2%	0.2%	0.7%	0.2%	0.2%
2020	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-21.6%	-62.3%	-56.9%	-40.5%	-53.7%	-48.8%
3020	-24.1%	-12.6%	-25.6%	-24.2%	-17.3%	-11.6%	-0.4%	-10.1%	-47.7%	-47.3%	-31.6%	-43.2%	-34.5%
4020	-27.2%	-11.3%	-29.0%	-25.6%	-10.6%	-5.1%	-0.1%	-0.1%	-31.5%	-29.2%	-21.6%	-31.2%	-27.2%
1022	37.5%	21.0%	39.7%	34.1%	27.3%	20.8%	17.3%	34.1%	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%	26.9%	69.0%	73.6%	32.9%	53.6%	60.6%
3022	12.6%	6.7%	12.6%	8.3%	7.6%	6.2%	4.5%	10.2%	32.6%	6.1%	14.6%	25.4%	14.4%
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%	5.1%	4.1%	3.8%	9.1%	13.4%	15.6%	3.8%	11.5%	24.4%
2023	1.2%	-1.2%	0.5%	4.2%	0.9%	2.1%	0.9%	2.1%	9.6%	8.2%	5.5%	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%	-2.1%	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%	0.0%	-3.0%	3.1%	8.7%	3.3%	-2.2%	0.4%	2.6%
2024	1.6%	-2.2%	1.5%	1.6%	1.3%	0.6%	-1.4%	0.7%	4.6%	3.6%	-3.1%	0.3%	3.6%

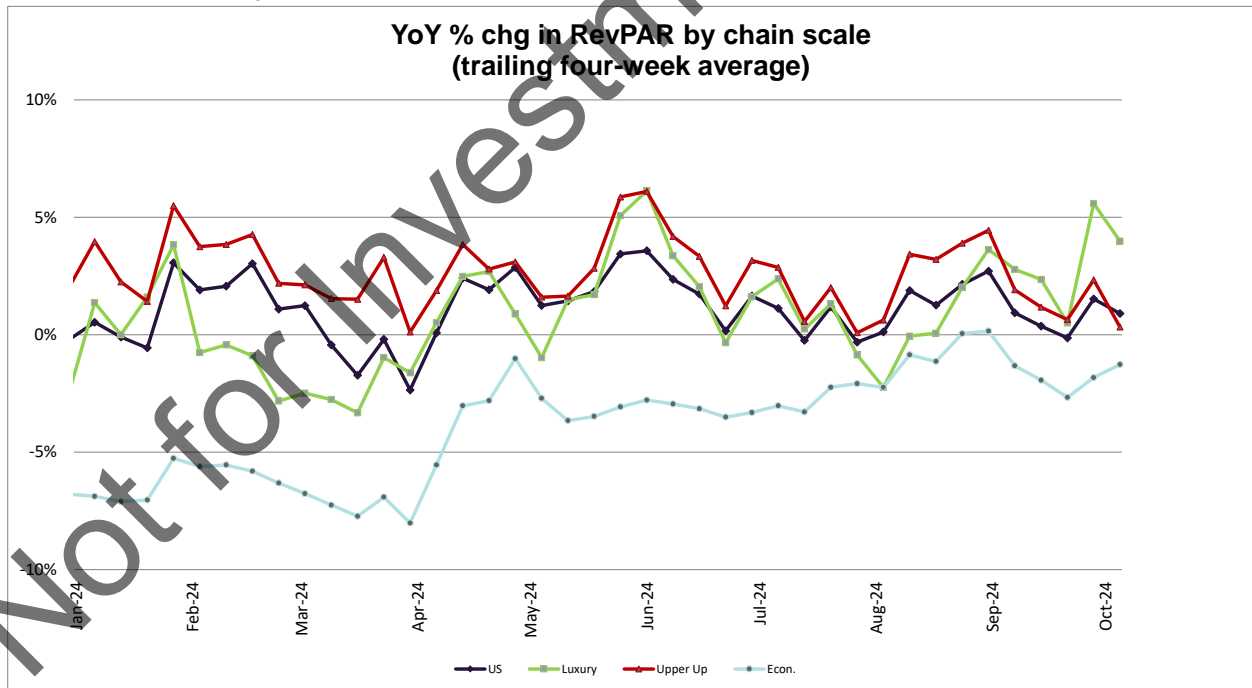
YoY % change in Occupancy													
U.S.	Upper		Upper			Economy	Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale								
4/20/2024	-0.3%	4.6%	-0.2%	0.0%	-0.5%	0.3%	-1.1%	-1.2%	8.8%	4.8%	0.5%	-4.3%	5.0%
4/27/2024	-1.2%	-2.3%	-3.0%	-0.6%	-0.4%	0.0%	-1.9%	-1.6%	-3.6%	-0.7%	-5.2%	-5.9%	-2.9%
5/4/2024	0.9%	0.8%	0.6%	0.6%	0.0%	-0.6%	-2.6%	-1.4%	3.3%	3.4%	-1.8%	-3.5%	3.2%
5/11/2024	2.1%	7.8%	5.8%	2.4%	1.7%	1.2%	-0.4%	0.8%	8.5%	2.2%	2.4%	5.6%	1.8%
5/18/2024	0.2%	6.2%	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%	0.1%	0.5%	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%	6.3%	2.4%	1.8%	1.2%	-0.1%	-0.7%	-0.3%	3.8%	1.2%	-1.2%	1.5%	-0.5%
6/8/2024	-0.1%	1.9%	0.8%	0.9%	-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%	1.9%	0.5%	-0.9%	-1.2%	-2.0%	-1.2%	3.2%	4.9%	-0.3%	-0.2%	3.0%
6/22/2024	-3.4%	-0.6%	3.3%	-3.4%	-3.8%	-2.9%	-3.2%	-4.0%	-3.4%	-3.0%	-3.0%	1.8%	-8.8%
6/29/2024	6.2%	9.9%	9.8%	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%	7.0%	-0.2%	-1.6%	-1.6%	-0.9%	-0						

RevPAR Component Trends



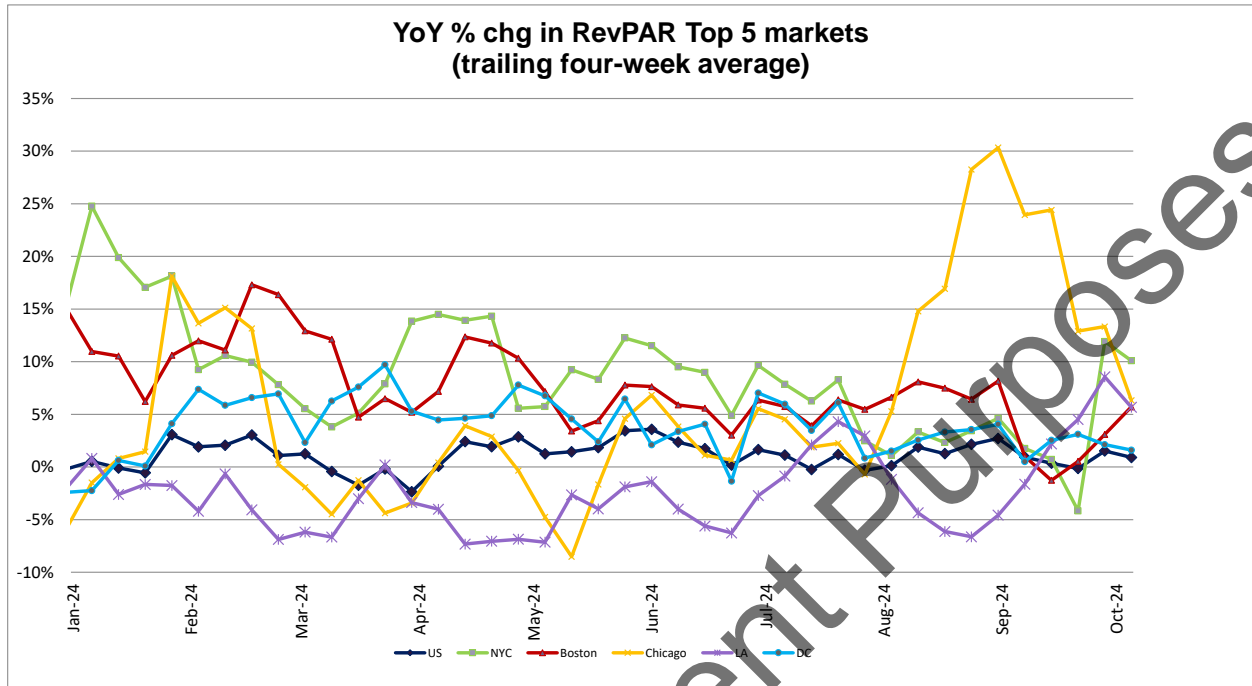
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



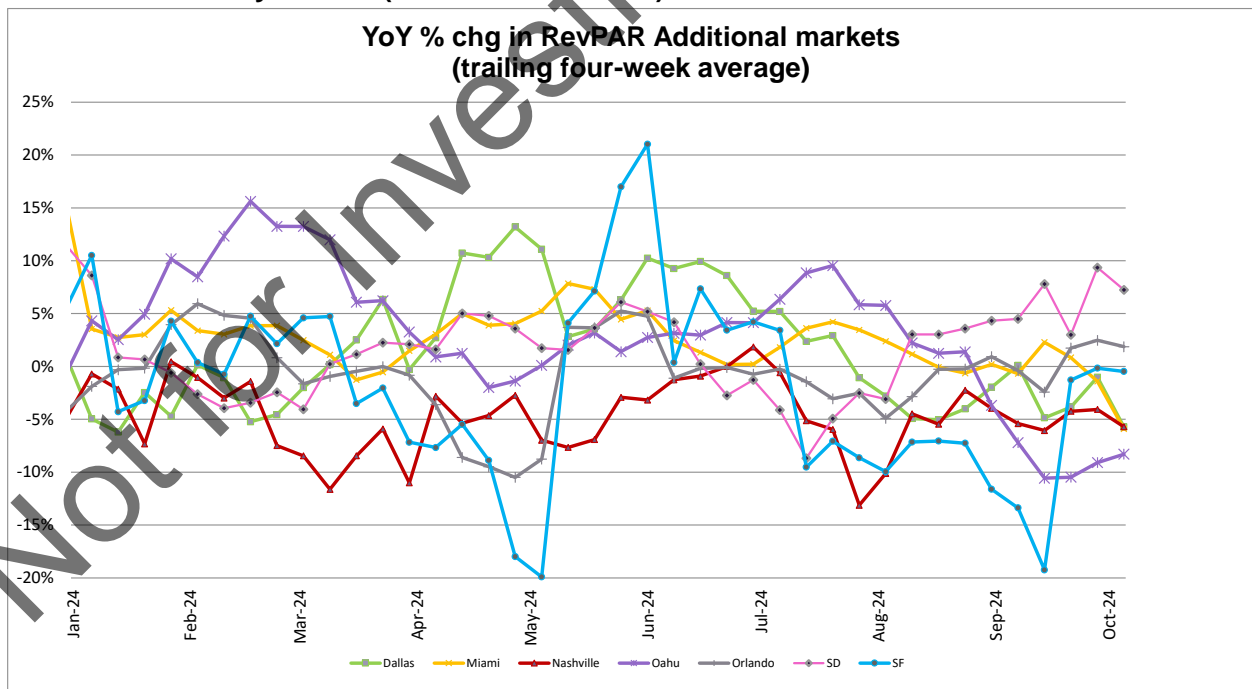
Source: STR data, Truist Securities research

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

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.

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.

Companies Mentioned in This Note

Ryman Hospitality Properties, Inc. (RHP, \$110.69, Buy, C. Patrick Scholes)

Wyndham Hotels & Resorts, Inc. (WH, \$78.02, Buy, C. Patrick Scholes)

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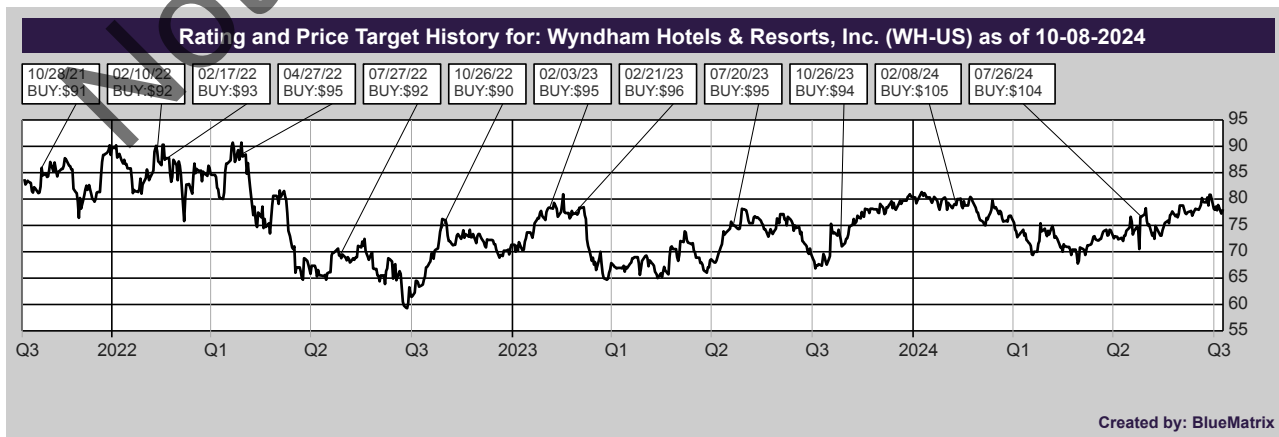
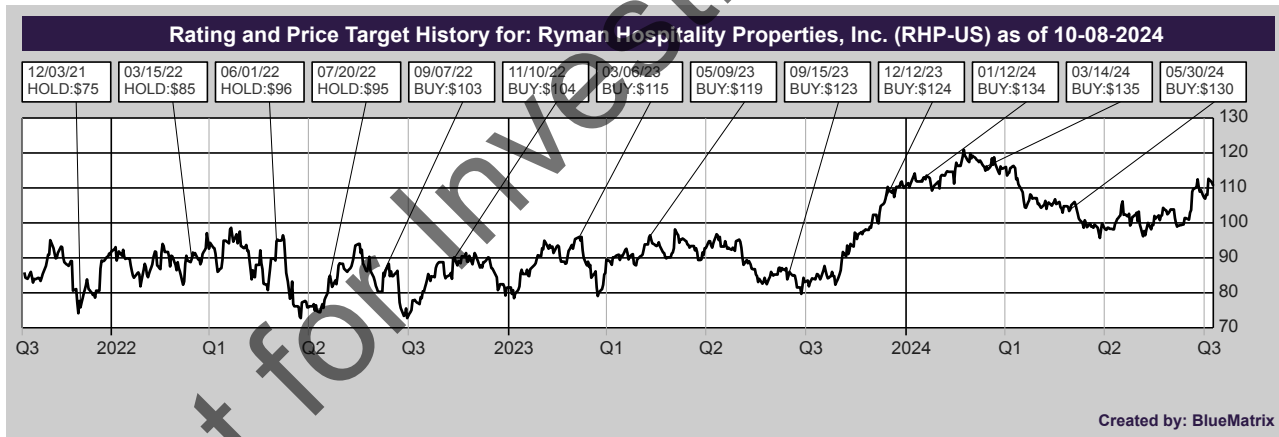
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D = Drop Coverage

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NR = Not Rated

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