



Lodging: US RevPAR -62.1% Y/Y Last Week

Holiday pent-up demand, in-line w/our expectations of leisure rebounding first

What's Incremental To Our View

Overall U.S. RevPAR was -62.1% Y/Y for the week ending 5/30/2020, per STR, stronger than the prior week's result of -69.9%. (2-year stacked RevPAR was -60.5% vs. -66.7% in the prior week). Independent hotels (~1/3rd of the data set) were -58.0% y/y. Economy (-28.4%) was the relatively strongest chain scale for branded hotels; Upper Upscale was the weakest at -80.7%. Upscale (-66.8%) underperformed the industry average; Upper Midscale (-57.2%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-91.1% vs. -94.1% prior week) was softer than Transient (-73.5% vs. -81.3% prior week).

Last week's sequential improvement in y/y RevPAR change was much better than past weeks. We view some of the improvement from **pent-up leisure demand (in-line with our prior expectations of drive-to leisure demand returning first)** that was evident not just over Memorial Day weekend but **likely into the midweek** (not that surprising given many Americans are still working from home and have more flexibility to lengthen vacations).

While we have heard anecdotal evidence of a modest return of corporate travel from NAREIT meetings and private owner conversations, we still assume the corporate demand returning is largely in the Upscale and below chain scales. Importantly, Group absolute occupancy remains static at ~ 3%. We view low group occupancy -- even in an environment where SMERFE events would start to pick up over the summer -- a reflection of very low group demand. Low group also translates somewhat to limited higher-rated corporate demand.

We are also paying attention to "location" in our STR analysis. We are particularly focused on this distinction not just to see if customers prefer price-accommodating, select- and limited-service options outside of city centers, but also **in light of nationwide protests this week. We also assume that as some business travelers get back on the road, drive-to suburban destinations may take precedence in some respects given the higher-rated corporate traveler who is more inclined to want to stay in city centers is also more likely to still be working from home.** Another complicating factor is leisure demand preferring drive-to destinations. We would expect the drive-to leisure customer to be more inclined to stay in "suburban" or "resort" markets vs. urban locations, although **NAREIT meetings suggest a segment of travelers are less risk-averse and will still visit big cities for vacations this summer even for cities that have had major COVID-19 outbreaks.** We will be watching the consumer behavior trends closely over the next several weeks.

- **RevPAR Y/Y change:** Urban (-76.7%), Suburban (-57.3%), Interstate (-45.2%), and Resort (-60.5%).

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What's Inside

Weekly STR results and analysis

- **Absolute occupancies last week:** Urban: 29.1%, Suburban 39.1%, Interstate 39.2%, and Resort 35.7%.
- Large urban markets such as NYC remain effectively shut out of tourists and for now Orlando's theme parks and attractions are largely closed. These markets contribute meaningfully to full-service headline RevPAR.
- We continue to encourage investors to ignore holiday spikes in demand in the same way we do not view holiday shifts (and major one-time y/y changes to RevPAR) as greatly material.
- We remind investors: there are many hotels that suspended operations/closed and they are not included in the comparisons. Implications are that the headline statistics overstate the actual performance of the overall industry.

For the month of May, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish -80% to -85% (our previous estimate was -75% to -85%). We estimate that the overall industry will finish approximately -68% to -72% (our prior estimate was -65% to -75%). Please note that reported monthly results include hotels that are not in the weekly data set. Our estimates are wide as we view the remainder of Memorial Day weekend to add noise to y/y comparisons, alongside hotels reopening, and as just mentioned hotels that do not contribute daily/weekly STR data (especially relevant given independent and low-rated hotels are likely greater beneficiaries of Memorial Day demand this year).

Please see our note on China & Italy later today for our additional analysis on last week's U.S. and international trends. **We advise investors that the very slow occupancy recovery in China is an indicator of what we assume will also be a slow occupancy recovery in the United States.**

Compared to last week (ended 5/23), sequential RevPAR trends were well above last week's results (partly driven in our view by that elongated Memorial Day holiday demand into the midweek).

- Headline RevPAR was -62.1% vs. the running 28 day average of -70.2%. By comparison per STR, the worst month of RevPAR since 1987 **pre-virus** was ~ -24% (Sept 2001).
- RevPAR for the weeks ended March 14th/21st/28th/April 4th/11th/18th/25th/May 2nd/9th/16th/23rd, 2020 were -32.5/-69.5/-80.3/-81.6/-83.6/-79.4/-78.4/-76.8/-74.4/-73.6/-69.9% respectively.
- **Occupancy:** absolute occupancy of 36.6% is sequentially **slightly better** than the prior week of 35.4%. Occupancy y/y change of -43.2% is sequentially **better** than the prior week of -50.2%.
- **ADR:** ADR y/y change of -33.3% is sequentially **much better** than the prior week of -39.7%. (We do not consider sequential changes in absolute ADR material.)
- **Occupancy vs. ADR trends:** In the past several weeks we noted that occupancy y/y percentage declines were greater than ADR declines but that the two figures were narrowing. Our view has not changed. We view this will continue to be the case as down as many higher-rated hotels remain closed and full-service corporate and group demand remains well below normal. We continue to assume a slow demand recovery for fly-to destinations (negative to Lodging REITS and higher-rated C-corp brands).
 - It is conceivable that fewer open hotels has contributed to the modest sequential weekly improvement in RevPAR trends.
- **Open/closed hotels:** Both conversations with our private hotel owner contacts and STR data suggest signs of hotels reopening. **Per STR 10% of the hotel supply is closed (vs. 11% in the prior week.)** Approximately 35 hotels were **subtracted** to the STR daily sample over the course of last week (out of a total property count of 30,840 starting with last Sunday 5/24). We do not put much focus on the daily sample for this week as we view the subtraction in the property count as an anomaly vs. STR's headline 10% figure.
 - For a timing point of reference: We noticed the sample property count rising materially for the first time since the virus demand shock in early May (172 hotels added during the week starting 5/3, with a starting hotel count of 29,626 hotels).

Last week's RevPAR details:

- **Economy was the relatively strongest chain scale:** Upscale and Upper Midscale underperformed by 3,840 bps and 2,880 bps, respectively: Luxury RevPAR (-79.4%), Upper Upscale (-80.7%), Upscale (-66.8%), Upper Midscale (-57.2%), Midscale (-44.9%), and Economy (-28.4%). Independent hotels (-58.0%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -73.5% (vs. -81.3% last week) and Group segment RevPAR was -91.1% (vs. -94.1% last week).
 - Absolute Group occupancy remains near zero and does not seem to be improving: 2.7% last week vs. 3.2% for the running 28 days. **Why the decline? We view some groups may have been healthcare and government-focused (COVID-19 related).**
- **Los Angeles was the relatively strongest market of the top five markets:** Boston (-86.6%), Chicago (-82.8%), Los Angeles (-64.6%), NYC (-71.8%), and Washington, D.C. (-78.3%).
- **Other relevant markets:**
 - **San Francisco:** RevPAR was -82.0% vs. -86.8% last week.
 - **Florida market RevPAR:**
 - **Miami:** (-76.6% vs. -82.0% last week);
 - **Orlando:** (-77.1% vs. -83.4% last week). We expect Orlando results to improve as Florida opens up and especially as the theme parks resume operations in upcoming weeks.

From observations of what is happening with RevPAR and re-openings in China, we suspect we may see a slower and longer recovery in the US, especially for business and group centric hotels, than what the more optimistic/bullish management teams and investors expect.

(Our ratings and price targets generally represent our recommendations and forecasts based on a 12 to 18 month outlook. We acknowledge that near term uncertainty and volatility could affect financial inputs to our targets, and the likely multiples the market may pay for those metrics.)

Not For Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper			Upper			Economy	Independent	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
3/7/2020	-11.6%	-14.1%	-15.9%	-12.1%	-9.3%	-8.3%	-6.9%	-10.4%	-20.3%	-1.1%	-8.9%	-18.5%	-7.2%
3/14/2020	-32.5%	-45.9%	-45.4%	-34.4%	-26.9%	-22.7%	-16.8%	-26.7%	-54.6%	-48.9%	-39.9%	-43.1%	-39.1%
3/21/2020	-69.5%	-85.1%	-84.7%	-74.3%	-62.8%	-48.2%	-32.1%	-67.1%	-86.5%	-82.4%	-75.1%	-79.3%	-81.3%
3/28/2020	-80.3%	-94.8%	-92.3%	-82.9%	-76.9%	-63.0%	-43.5%	-79.0%	-87.8%	-88.1%	-82.4%	-84.3%	-87.6%
4/4/2020	-81.6%	-94.2%	-93.5%	-84.4%	-79.2%	-65.7%	-46.9%	-79.8%	-88.6%	-89.0%	-82.5%	-87.0%	-88.5%
4/11/2020	-83.6%	-95.2%	-94.6%	-86.1%	-81.6%	-68.5%	-49.7%	-81.9%	-85.7%	-92.4%	-85.1%	-90.0%	-89.5%
4/18/2020	-79.4%	-94.5%	-92.6%	-82.2%	-76.0%	-60.3%	-41.0%	-78.3%	-83.9%	-89.3%	-82.4%	-82.8%	-85.0%
4/25/2020	-78.4%	-92.8%	-91.6%	-81.4%	-76.5%	-62.1%	-42.4%	-76.9%	-77.6%	-88.3%	-79.4%	-81.0%	-84.6%
5/2/2020	-76.8%	-92.0%	-91.5%	-80.3%	-74.2%	-58.8%	-38.0%	-73.6%	-77.9%	-89.6%	-78.1%	-84.8%	-86.8%
5/9/2020	-74.4%	-90.6%	-90.4%	-79.1%	-71.3%	-55.3%	-33.4%	-70.4%	-77.7%	-89.5%	-74.1%	-85.1%	-85.5%
5/16/2020	-73.6%	-89.7%	-89.8%	-78.2%	-69.8%	-55.4%	-36.3%	-69.5%	-80.5%	-90.9%	-73.6%	-85.9%	-87.0%
5/23/2020	-69.9%	-87.0%	-87.2%	-75.1%	-65.2%	-51.1%	-34.4%	-65.4%	-78.9%	-89.7%	-71.5%	-85.1%	-85.5%
5/30/2020	-62.1%	-79.4%	-80.7%	-66.8%	-57.2%	-44.9%	-28.4%	-58.0%	-71.8%	-86.6%	-64.6%	-82.8%	-78.3%

Pent-up holiday demand helps into the midweek

Economy and Midscale led the industry (on a relative basis)

LA and New York led the Top 5 markets (on a relative basis; all markets extremely negative)

1Q17	3.4%	2.1%	3.0%	1.0%	2.4%	3.5%	2.6%	5.2%	-1.3%	-1.1%	-2.5%	1.5%	16.1%
2Q17	2.7%	2.3%	0.6%	0.6%	1.2%	2.4%	3.7%	5.1%	0.2%	4.4%	3.6%	0.8%	0.8%
3Q17	1.9%	0.5%	-0.7%	0.7%	1.8%	3.5%	2.9%	3.1%	-0.9%	-0.2%	-1.2%	-5.0%	-0.6%
4Q17	4.2%	4.5%	3.2%	3.8%	3.9%	3.7%	3.7%	4.1%	0.8%	3.7%	4.2%	-2.5%	2.2%
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%
3Q18	1.7%	3.3%	1.9%	0.8%	-0.5%	0.1%	1.8%	2.2%	0.7%	2.8%	1.3%	7.5%	-3.4%
4Q18	2.4%	3.0%	1.1%	0.0%	0.5%	1.3%	2.9%	4.9%	3.5%	12.2%	3.0%	2.8%	-3.4%
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%
1Q20	-19.3%	-21.4%	-23.1%	-20.8%	-19.1%	-16.8%	-11.2%	-16.7%	-28.0%	-24.5%	-19.3%	-21.0%	-23.2%

YoY % change in ADR

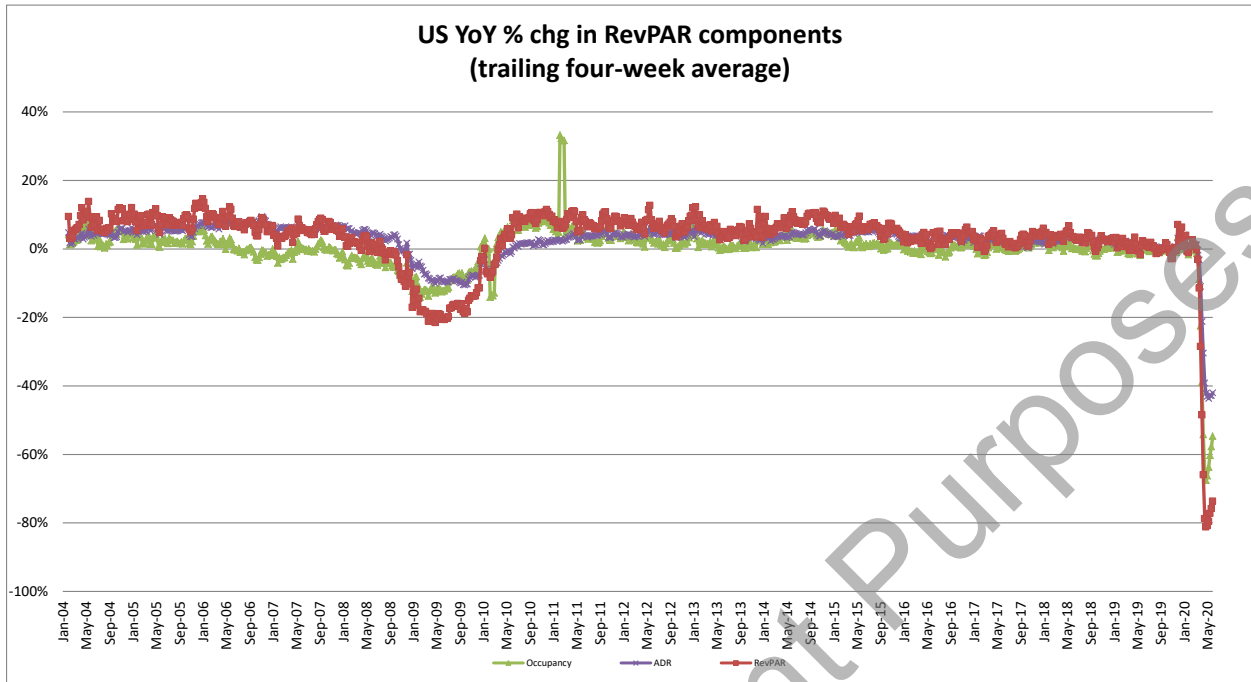
U.S.	Upper			Upper			Economy	Independent	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
3/7/2020	-4.6%	-0.1%	-4.3%	-4.6%	-3.5%	-2.7%	-2.9%	-3.5%	-8.3%	-3.3%	-0.7%	-5.8%	-2.1%
3/14/2020	-10.7%	2.5%	-7.5%	-7.4%	-6.5%	-6.6%	-6.7%	-6.7%	-19.1%	-14.2%	-12.2%	-12.4%	-8.6%
3/21/2020	-30.2%	10.3%	-16.5%	-17.3%	-15.0%	-12.7%	-11.1%	-31.1%	-30.9%	-29.7%	-29.0%	-31.9%	-38.0%
3/28/2020	-39.4%	-19.6%	-32.7%	-22.7%	-20.6%	-17.4%	-13.7%	-42.5%	-33.1%	-39.0%	-32.0%	-37.6%	-46.3%
4/4/2020	-41.5%	-17.7%	-37.4%	-26.1%	-23.2%	-18.9%	-15.1%	-43.6%	-45.3%	-44.2%	-34.6%	-46.7%	-48.1%
4/11/2020	-45.6%	-26.7%	-44.3%	-31.5%	-27.2%	-21.5%	-17.6%	-47.5%	-49.3%	-56.0%	-41.7%	-55.1%	-51.9%
4/18/2020	-42.2%	-24.0%	-39.6%	-28.6%	-23.3%	-17.0%	-14.0%	-45.1%	-55.4%	-52.3%	-40.1%	-41.1%	-41.6%
4/25/2020	-42.9%	-20.8%	-40.3%	-30.2%	-26.5%	-19.8%	-16.6%	-45.0%	-52.1%	-53.0%	-43.2%	-44.0%	-45.9%
5/2/2020	-44.0%	-26.5%	-45.0%	-33.4%	-28.0%	-20.9%	-16.2%	-44.2%	-55.8%	-60.5%	-46.1%	-53.3%	-53.5%
5/9/2020	-42.1%	-24.8%	-43.8%	-33.7%	-27.0%	-19.0%	-14.4%	-41.4%	-55.3%	-59.8%	-42.9%	-55.6%	-52.1%
5/16/2020	-42.4%	-27.6%	-44.0%	-35.1%	-27.8%	-19.8%	-16.8%	-41.4%	-59.4%	-64.6%	-41.6%	-57.4%	-55.8%
5/23/2020	-39.7%	-27.7%	-39.4%	-33.5%	-25.9%	-18.3%	-16.5%	-38.5%	-56.9%	-62.1%	-39.8%	-56.8%	-52.6%
5/30/2020	-33.3%	-16.5%	-30.1%	-27.0%	-21.3%	-16.0%	-13.2%	-32.3%	-48.3%	-55.2%	-34.4%	-58.0%	-41.9%
1Q17	2.5%	2.3%	2.4%	1.3%	1.6%	1.8%	2.4%	3.5%	2.2%	0.0%	-0.2%	1.7%	13.6%
2Q17	2.2%	2.2%	1.2%	1.7%	1.5%	2.1%	2.3%	3.5%	-1.5%	4.1%	2.8%	1.5%	2.0%
3Q17	1.4%	1.4%	0.2%	0.8%	1.2%	1.9%	2.4%	2.2%	-2.0%	0.8%	1.8%	-2.4%	0.0%
4Q17	2.4%	2.2%	1.9%	1.8%	1.8%	2.5%	3.4%	2.1%	-0.2%	0.8%	4.6%	-2.0%	2.4%
1Q18	2.5%	4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.6%	-1.0%	4.0%	1.4%	-9.4%
2Q18	2.9%	3.5%	2.9%	2.4%	2.1%	2.6%	2.7%	3.1%	3.7%	-0.1%	2.1%	3.3%	2.4%
3Q18	2.1%	3.3%	2.4%	1.8%	1.2%	1.3%	1.2%	1.9%	1.2%	1.9%	1.1%	6.7%	-0.8%
4Q18	2.0%	3.7%	2.2%	1.6%	1.1%	0.9%	0.6%	2.9%	3.4%	5.6%	1.4%	2.2%	-2.1%
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%	-0.6%	1.6%	-1.9%	0.9%	-0.2%	-2.8%	4.0%
4Q19	0.7%	2.4%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	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%

YoY % change in Occupancy

U.S.	Upper			Upper			Economy	Independent	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
3/7/2020	-7.3%	-14.0%	-12.0%	-7.8%	-6.1%	-5.8%	-4.1%	-7.1%	-13.1%	-5.7%	-8.2%	-13.5%	-5.2%
3/14/2020	-24.4%	-47.2%	-41.0%	-29.2%	-21.8%	-17.2%	-10.8%	-21.4%	-43.9%	-40.4%	-31.6%	-35.0%	-33.4%
3/21/2020	-56.4%	-86.5%	-81.7%	-68.9%	-56.3%	-40.6%	-23.6%	-52.3%	-80.5%	-74.9%	-64.9%	-69.6%	-69.8%
3/28/2020	-67.5%	-93.5%	-88.6%	-77.4%	-70.9%	-55.2%	-34.5%	-63.5%	-81.8%	-80.6%	-74.1%	-74.8%	-77.9%
4/4/2020	-68.5%	-92.9%	-89.7%	-78.9%	-73.0%	-57.8%	-37.5%	-64.1%	-79.1%	-80.2%	-73.3%	-75.6%	-77.0%
4/11/2020	-69.8%	-93.4%	-90.3%	-79.7%	-74.7%	-59.9%	-38.9%	-65.6%	-71.7%	-82.7%	-74.4%	-77.8%	-78.2%
4/18/2020	-64.4%	-92.6%	-87.7%	-75.1%	-68.6%	-52.2%	-31.4%	-60.6%	-63.8%	-77.6%	-70.7%	-70.7%	-74.3%
4/25/2020	-62.2%	-90.9%	-86.0%	-73.3%	-68.1%	-52.7%	-31.0%	-58.0%	-53.2%	-75.0%	-63.6%	-66.1%	-71.6%
5/2/2020	-58.5%	-89.1%	-84.5%	-70.4%	-64.2%	-47.8%	-26.0%	-52.7%	-50.1%	-73.7%	-59.4%	-67.4%	-71.4%
5/9/2020	-55.9%	-87.6%	-82.9%	-68.5%	-60.7%	-44.9%	-22.2%	-49.5%	-50.2%	-73.9%	-54.6%	-67.9%	-69.7%
5/16/2020	-54.1%	-85.7%	-81.9%	-66.3%	-58.1%	-44.3%	-23.5%	-47.9%	-52.1%	-74.4%	-54.8%	-66.9%	-70.5%
5/23/2020	-50.2%	-82.0%	-78.8%	-62.5%	-53.0%	-40.2%	-21.5%	-43.7%	-50.9%	-72.9%	-52.7%	-65.5%	-69.5%
5/30/2020	-43.2%	-75.4%	-72.3%	-54.5%	-45.6%	-34.4%	-17.4%	-38.0%	-45.5%	-70.0%	-46.1%	-59.0%	-62.7%
1Q17	0.9%	-0.2%	0.6%	-0.3%	0.7%	1.6%	0.2%	1.6%	1.0%	-1.1%	-2.4%	-0.2%	2.2%
2Q17	0.5%	0.1%	-0.6%	-1.1%	-0.3%	0.4%	1.4%	1.6%	1.7%	0.3%	0.8%	-0.7%	-1.2%
3Q17	0.5%	-0.9%	-0.9%	-0.1%	0.6%	1.6%	0.5%	0.9%	1.1%	-1.0%	-2.9%	-2.7%	-0.5%
4Q17	1.8%	2.2%	1.3%	2.0%	2.1%	1.2%	0.3%	2.0%	1.0%	2.8%	-0.3%	-0.5%	-0.2%
1Q18	0.9%	2.1%	0.0%	0.5%	1.1%	0.9%	1.3%	0.7%	3.5%	3.7%	-1.3%	4.4%	-1.8%
2Q18	1.1%	1.3%	0.5%	0.4%	0.9%	1.5%	0.4%	1.5%	0.5%	-1.1%	-1.4%	0.7%	0.7%
3Q18	-0.4%	0.0%	-0.5%	-1.0%	-1.7%	-1.1%	-0.5%	0.3%	-0.5%	0.9%	0.2%	0.7%	-2.6%
4Q18	0.4%	-0.7%	-1.1%	-1.6%	-0.6%	0.4%	2.3%	1.9%	0.1%	6.3%	1.6%	0.6%	-1.3%
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%
1Q20	-15.9%	-22.6%	-21.9%	-18.4%	-16.5%	-13.6%	-7.7%	-14.8%	-21.3%	-19.5%	-17.1%	-18.8%	-17.6%

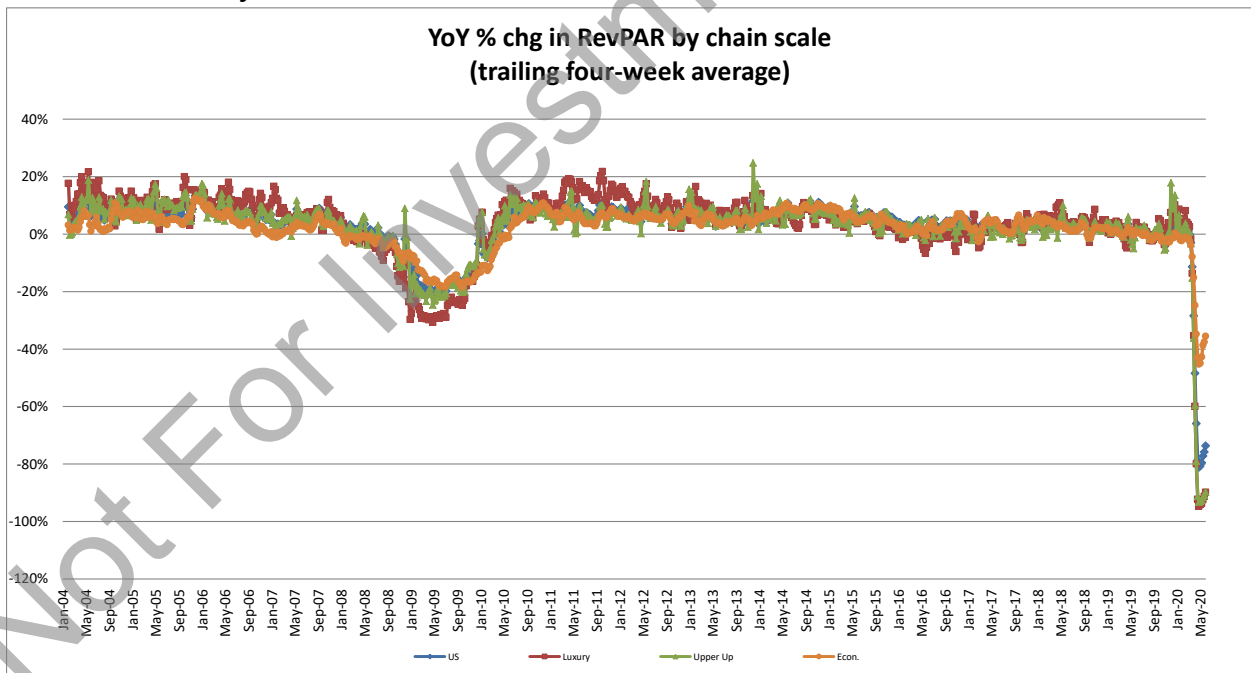
Source: STR data, STRH research

RevPAR Component Trends



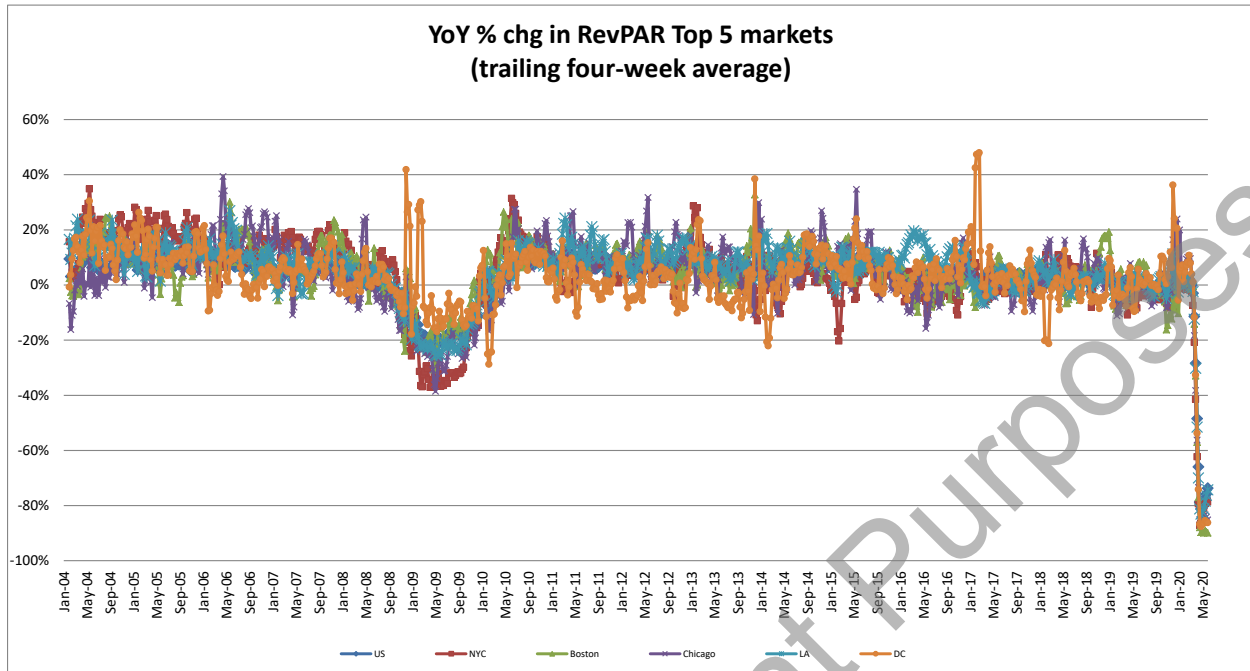
Source: STR data, STRH research

RevPAR Trends by Chain Scale



Source: STR data, STRH research

RevPAR Trends by Market



Source: STR data, STRH research

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Price Target/Risks Summary

Lodging	TKR	Price 6/2/20	Rating	PT*	% upside down- side	2021E Valuation EBITDA (\$M)* **	2021E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks Note: COVID-19 represents a material risk to our entire coverage especially related to the length/severity of the demand shock.
Choice Hotels	CHH	\$82.67	Hold	\$67	-19%	\$336	\$336	13.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$6.05	Hold	\$4	-34%	\$147	\$148	11.5X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: leisure hotels struggle more than expected in 2020. Upside risk: the company increases dividends by more than expected; NYC outperforms or is sold down at attractive multiples. Downside risk: Group underperforms. NYC hotels underperform and asset sales do not happen.
Host Hotels & Resorts	HST	\$12.28	Hold	\$9	-27%	\$776	\$776	12.0X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Hyatt Hotels	H	\$57.39	Hold	\$49	-15%	\$488	\$516	12.7X	Upside risk: Accelerating tour flow, FCF generation and declining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Bluegreen Vacations Corporation	BXG	\$4.52	Hold	\$5	21%	\$73	\$73	6.3X	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	\$23.34	Buy	\$23	-2%	\$318	\$334	9.3X	Upside risk: Macro lodging trends improve beyond expectations. Downside risk: slowing pipeline. Deep 2021 recession.
Hilton	HLT	\$83.60	Hold	\$66	-21%	\$1,796	\$1,877	13.9X	Upside Risk: Significant U.S macroeconomic improvement results in large recovery in transient corporate demand (and consequential >400 bps RevPAR improvement). Owned assets sell for premium prices relative to MAR expectations. Slowing pipeline. Downside Risk: 2021 is a deep recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott International	MAR	\$95.61	Hold	\$86	-10%	\$2,571	\$2,794	14.0X	Downside risk: M&A story fades and multiples revert to historical levels
Marriott Vacations	VAC	\$95.41	Buy	\$114	20%	\$690	\$0	9.5X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Park Hotels & Resorts	PK	\$10.58	Buy	\$10	-5%	\$526	\$538	12.0X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Downside Risks: Planned asset sales do not materialize as expected and/or at lower-than-expected pricing. Incremental EBITDA from major CapEx investments take longer than anticipated, resulting in multiple contraction. Very slow recovery in San Francisco.
Pebblebrook Hotel Trust***	PEB	\$14.05	Hold	\$9	-36%	\$292	\$292	13.25X	Upside risk: quicker recovery post-COVID, Cap Cana group strength/rate growth in the D.R. Downside risk: demand shock, hurricanes, slow ramp up of Cap Cana, country-specific risks (emerging market portfolio)
Playa Hotels & Resorts	PLYA	\$3.45	Hold	\$2	-42%	\$136	\$142	9.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion. Upside risk: recovering group demand better than expected, better margin recovery.
RLJ Lodging Trust***	RLJ	\$10.48	Sell	\$7	-33%	\$270	\$282	11.5X	Downside risk: booking issues stickier than expected. Upside risk: Recovery of corporate demand in SHO's markets. Above average group bookings in various hotels post-2020 renovations. Downside risk: Weaker than expected demand trends following capital investment projects.
Ryman Hospitality Properties	RHP	\$37.22	Hold	\$30	-19%	\$316	\$322	12.5X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Sunstone Hotel Investors	SHO	\$9.06	Hold	\$7	-23%	\$197	\$197	11.5X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off. Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.
Vail Resorts, Inc.	MTN	\$196.58	Buy	\$185	-6%	\$785	\$785	14.5X	
Wyndham Destinations	WYND	\$33.89	Buy	\$39	14%	\$771	\$799	7.3X	
Wyndham Hotels & Resorts	WH	\$48.16	Buy	\$45	-7%	\$512	\$528	12.0X	

* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2020 EBITDA

** Valuation EBITDA excludes select items for specific companies including stock-based compensation.

*** Covered by Gregory J. Miller

Source: FactSet, STRH research

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D = Drop Coverage

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NR = Not Rated

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