

Lodging

Lodging: US RevPAR -15.8% Y/Y Last Week; 2-yr -43.4% vs. -45.3% in prior week.

Improvement in 2-yr trend solely due to transient (leisure); group worse.

What's Incremental To Our View

Overall U.S. RevPAR was -15.8% Y/Y for the week ending 3/13/2021, per STR, stronger than the prior week's result of -37.9%. Last week's result was up against a -32.5% comp in the comparable week in 2020 vs. an -11.6% in the prior week's results. On a 2-year run-rate, RevPAR was down 43.4% vs. down 45.3% in the prior week's 2-year run-rate.

- Luxury was -14.3% and -53.8% over 2 years;
- Upper Upscale was the weakest at -34.0% and -63.8% over 2 years;
- Upscale was -21.5% and -48.6% over 2 years and underperformed the industry average;
- Upper Midscale was -12.5% and -36.1% over 2 years and outperformed;
- Midscale was -7.1% and -28.0% over 2 years.
- Economy (+0.2%) and -17.1% over 2 years was the relatively strongest chain scale for branded hotels;
- Independent hotels (~ 1/3rd of the data set) were -9.3% y/y and -34.4% over 2 years; and
- Within Upper Upscale & Luxury class hotels, Group (-59.5% y/y vs. -82.4% prior week) and -117.8% over 2 years vs -100.1% in the prior week was softer than Transient (-10.1% y/y vs. -36.9% prior week) and -45.6% over 2 years vs -49.9% in the prior week.

Last week's STR data presented improvement in 2-year week-over-week results but we view the trend driven solely from transient demand (we suspect leisure, in no small part from lapping Spring Break – clearly evident in weekend RevPAR growth) as group trends were sequentially worse. Occupancy y/y growth was significant on Friday last week vs. the workweek (occupancy down upper teens Monday-Wednesday; up 23.3% on Friday and 38.2% on Saturday). There were sizable week-over-week improvements in Hawaii and Miami on the 2-year trend versus deceleration for Washington D.C., Los Angeles, and NYC.

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What's Inside

Weekly STR results and analysis

As we noted last week, we are shifting gears to focus increasingly on 2-yr trends:

- Two-year occupancy changes were negative across the board, including Economy (roughly -9% to -11% over the last three weeks, despite a Spring Break comp) and Luxury and Upper Upscale occupancy were still down in the -50s%.
- 2-year ADR changes were very divergent with Luxury about flattish (we suspect leisure driven), Upper Upscale and Upscale down in the upper -20s% (driven by weak transient corporate demand), and Economy ADR down about 8%.
- 2-year RevPAR performance for select markets: Washington, D.C. (-72.5% vs. prior week -71.3%), Los Angeles (-56.5% vs. -56.0%), NYC (-68.4% vs. -67.1%). Conversely: Miami (-24.1% vs. -27.6%) and Oahu Island (-66.4% vs. -71.3%).

As we also discussed last week, we have added 2-year charts to the back pages of this note (PDF version) and additional cities that may indicate divergent trends this year: Dallas, Miami, Nashville, Oahu Island, Orlando, San Diego, and San Francisco. For further discussion on these cities relevancy to both C-corps and REITS, including potential acquisition target cities, please see last week's note. We note that Host's (HST, Sell) acquisition in Austin yesterday may be just a starting place of REIT investment into growing Sunbelt economies.

We continue to encourage our readership to let us know if there are any types of trends that may be of interest in this new normal (or if any stats that we removed should be re-added in the text).

Last week's RevPAR details and sequential trends:

- Headline RevPAR was -15.8% vs. the running 28 day average of -35.7%.
- **Occupancy:** absolute occupancy of 52.1% was sequentially **stronger** than the prior week of 49.0%.
 - **Locations:**
 - Urban: 43.3% vs. 40.0% in the prior week;
 - Suburban: 55.6% vs. 53.0%;
 - Interstate: 52.0% vs. 49.8%;
 - Resort: 53.2% vs. 46.2%.
- **Open/closed hotels:** Per STR 2.3% of the hotel supply is closed (vs. 2.3% last week).
 - Please note there are many hotels that suspended operations/closed and they are not included in the comparisons. Implications are that the headline statistics likely overstate the actual performance of the overall industry.
- **Absolute Group occupancy** remains very light despite the sequential improvement last week: 6.2% last week vs. 5.5% for the running 28 days.

As far as stocks, we reiterate the companies relatively best positioned here in our coverage universe are the drive-to leisure-centric C-Corps CHH and WH and the timeshare companies, BXG, HGV, VAC, and TNL (formerly WYND). WH, BXG, HGV, VAC, and TNL are the only names we believe we can still get material upside based on our 2023 estimates. CHH is rated Hold.

- While a widely distributed vaccine will be a game changer, until that point our best guess for the return of the business traveler for RevPAR modeling purposes is not until at least 3Q21 (three months ago we said 2Q21). Until that time, we continue to envision large corporations being extremely cautious in sending their employees out to travel, unless it is for essential purposes. Along similar lines, we see large group events and meetings being significantly curtailed until a vaccine

is widely available and even after that experiencing lower than normal attendance for at least the first year perhaps partly driven by lower T&E budgets, ROI on webinars, meeting planner reticence to book, etc.

While the broader economy may have a U-shaped recovery, we believe hotel operating performance will take substantially longer to recover and be much choppier and vary by segmentation and geography. Additionally, we believe work from home will have a short-to-medium impact on hotel demand, though the longer-term impact is still unknown. While some travel industry leaders, news reporters, and businesspeople have predicted that [35-50% of business travel will be permanently lost](#) our view is that it will be far less than 35-50% though it will not be zero either (Hospitality Net).

- Good news for the hotel REITS is that unlike the 2008-2009 downturn where many issued significant dilutive equity, that has not been the case (so far) this downturn. We believe such equity issuance was a major reason why most hotel REITS were never able to get back to their pre-2008 prices. However we do not see such a headwind today -- with the potential for some permanent incremental costs savings ([+100-300bps](#)) being the consensus range by some Lodging REITS, most hotel REITS have the potential to eventually get back to or possibly exceed their pre-Covid prices.

(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			Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
12/19/2020	-42.5%	-69.0%	-66.0%	-47.0%	-32.4%	-17.4%	-7.1%	-36.8%	-76.2%	-62.0%	-54.8%	-62.1%	-55.7%
12/26/2020	-52.3%	-72.1%	-68.3%	-50.8%	-42.3%	-29.8%	-14.7%	-52.2%	-77.2%	-57.0%	-65.5%	-57.5%	-51.6%
1/2/2021	-35.1%	-52.7%	-52.7%	-34.8%	-23.0%	-13.6%	-6.1%	-31.4%	-70.7%	-50.7%	-66.9%	-41.9%	-41.1%
1/9/2021	-47.7%	-65.3%	-72.5%	-51.7%	-35.8%	-18.5%	-1.6%	-45.3%	-62.8%	-66.4%	-58.5%	-56.0%	-32.9%
1/16/2021	-53.6%	-75.8%	-76.5%	-56.9%	-40.3%	-23.6%	-6.6%	-47.1%	-69.6%	-71.2%	-65.6%	-71.6%	-49.8%
1/23/2021	-50.1%	-70.4%	-72.8%	-52.5%	-37.7%	-23.8%	-7.0%	-45.9%	-60.4%	-66.9%	-65.5%	-61.3%	-4.5%
1/30/2021	-50.6%	-72.2%	-73.9%	-54.9%	-38.2%	-23.1%	-7.0%	-44.2%	-60.8%	-70.1%	-63.3%	-58.6%	-45.9%
2/6/2021	-50.6%	-69.8%	-73.4%	-54.5%	-39.5%	-25.1%	-9.0%	-44.7%	-64.5%	-67.5%	-63.2%	-60.7%	-59.7%
2/13/2021	-47.2%	-61.2%	-67.4%	-52.1%	-40.0%	-28.4%	-14.3%	-38.5%	-62.0%	-64.5%	-62.1%	-64.6%	-62.0%
2/20/2021	-40.6%	-49.9%	-62.6%	-46.4%	-34.0%	-20.2%	-6.4%	-32.2%	-55.4%	-56.0%	-53.3%	-57.3%	-52.4%
2/27/2021	-44.5%	-58.6%	-67.8%	-49.7%	-34.8%	-23.6%	-11.9%	-35.4%	-60.0%	-72.9%	-55.2%	-56.4%	-69.1%
3/6/2021	-37.9%	-51.1%	-61.7%	-43.2%	-29.8%	-20.3%	-9.7%	-28.4%	-58.6%	-70.9%	-50.9%	-55.1%	-69.2%
3/13/2021	-15.8%	-14.3%	-34.0%	-21.5%	-12.5%	-7.1%	0.2%	-9.3%	-30.1%	-45.5%	-26.8%	-33.5%	-54.8%

2-year RevPAR sequential slight improvement

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

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

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%
2Q20	-69.9%	-86.8%	-86.7%	-74.8%	-65.4%	-51.3%	-35.0%	-65.2%	-76.9%	-88.2%	-74.5%	-83.7%	-83.7%
3Q20	-48.5%	-72.0%	-71.8%	-55.2%	-41.7%	-29.7%	-19.0%	-39.0%	-77.6%	-79.1%	-58.4%	-73.4%	-68.0%
4Q20	-50.6%	-71.4%	-72.4%	-55.5%	-40.6%	-26.3%	-14.5%	-43.5%	-81.0%	-76.1%	-59.3%	-75.4%	-71.4%

YoY % change in ADR

U.S.	Upper			Upper			Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
12/19/2020	-21.9%	-5.0%	-19.7%	-20.3%	-13.5%	-7.6%	-2.3%	-17.8%	-44.3%	-28.7%	-25.8%	-30.0%	-24.6%
12/26/2020	-28.8%	-12.9%	-23.3%	-22.2%	-17.0%	-12.8%	-7.1%	-28.3%	-48.5%	-20.2%	-31.8%	-25.4%	-15.4%
1/2/2021	-21.5%	-0.5%	-17.9%	-21.5%	-13.9%	-8.1%	-4.2%	-17.0%	-46.1%	-22.8%	-39.2%	-18.7%	-15.3%
1/9/2021	-27.1%	8.7%	-26.8%	-23.7%	-15.5%	-7.9%	-2.6%	-27.4%	-30.0%	-32.9%	-33.0%	-27.0%	-11.9%
1/16/2021	-31.9%	-16.1%	-34.5%	-28.3%	-19.0%	-10.4%	-4.6%	-27.3%	-35.9%	-36.2%	-36.5%	-37.3%	-25.6%
1/23/2021	-28.1%	-9.1%	-29.8%	-25.1%	-17.0%	-9.6%	-3.3%	-24.8%	-27.7%	-33.2%	-38.2%	-29.6%	-6.6%
1/30/2021	-29.8%	-13.0%	-32.4%	-28.2%	-18.5%	-10.0%	-4.2%	-25.3%	-28.0%	-37.8%	-37.7%	-29.7%	-27.5%
2/6/2021	-29.0%	-8.3%	-29.9%	-27.3%	-18.9%	-10.8%	-4.8%	-24.8%	-31.9%	-36.0%	-37.7%	-29.6%	-33.5%
2/13/2021	-25.7%	-3.3%	-25.4%	-26.4%	-19.2%	-12.3%	-7.7%	-19.7%	-31.0%	-32.0%	-36.8%	-34.7%	-33.2%
2/20/2021	-22.1%	3.8%	-23.4%	-24.7%	-17.2%	-9.4%	-4.5%	-14.9%	-24.5%	-25.9%	-30.4%	-29.0%	-25.7%
2/27/2021	-25.2%	-3.8%	-28.4%	-27.3%	-18.8%	-10.6%	-5.6%	-17.3%	-27.4%	-40.9%	-31.5%	-26.6%	-39.8%
3/6/2021	-21.9%	0.0%	-25.2%	-24.5%	-17.1%	-9.8%	-5.1%	-14.0%	-31.6%	-40.8%	-29.6%	-28.1%	-42.7%
3/13/2021	-14.5%	-0.8%	-20.5%	-21.3%	-13.5%	-6.2%	-2.2%	-8.7%	-27.6%	-34.3%	-22.4%	-23.1%	-39.4%

1Q18	2.5%	4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.5%	-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%	-0.5%	1.6%	-1.9%	0.9%	-0.2%	-2.8%	4.0%
4Q19	0.7%	2.4%	0.8%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	-5.5%	0.3%	-2.2%	6.8%
1Q20	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-2.3%	-2.9%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-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%	-26.9%	-18.4%	-10.4%	-5.9%	-20.9%	-54.1%	-45.5%	-29.2%	-44.8%	-40.7%

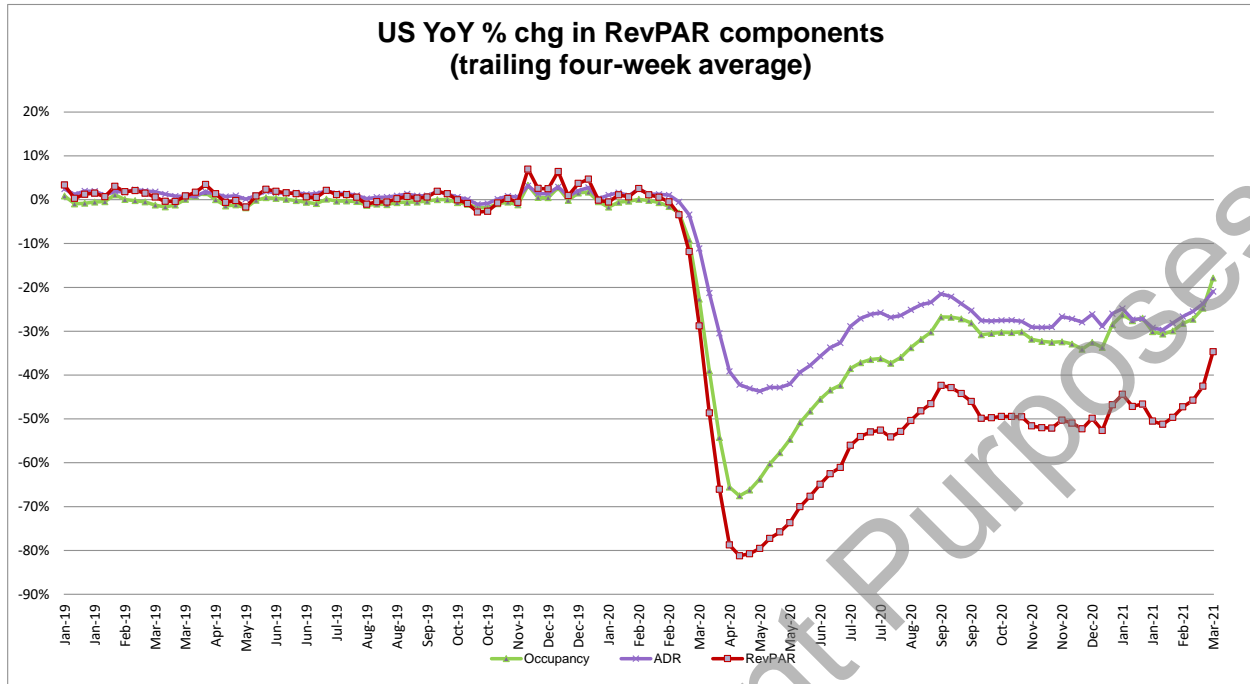
YoY % change in Occupancy

U.S.	Upper			Upper			Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
12/19/2020	-26.4%	-67.3%	-57.7%	-33.5%	-21.8%	-10.7%	-4.9%	-23.1%	-57.3%	-46.7%	-39.1%	-45.9%	-41.3%
12/26/2020	-33.0%	-68.0%	-58.7%	-30.7%	-30.5%	-19.5%	-8.2%	-33.4%	-55.7%	-46.1%	-49.4%	-43.0%	-42.8%
1/2/2021	-17.2%	-52.4%	-42.4%	-16.9%	-10.6%	-6.0%	-2.1%	-17.3%	-45.7%	-36.1%	-45.6%	-28.5%	-30.4%
1/9/2021	-28.3%	-68.1%	-62.9%	-36.7%	-24.0%	-11.4%	1.1%	-24.6%	-46.9%	-49.8%	-38.0%	-39.8%	-23.8%
1/16/2021	-31.8%	-71.2%	-64.1%	-39.9%	-26.3%	-14.7%	-2.0%	-27.2%	-52.5%	-54.8%	-45.9%	-54.7%	-32.5%
1/23/2021	-30.6%	-67.5%	-61.2%	-36.6%	-24.9%	-15.8%	-3.8%	-28.1%	-45.2%	-50.5%	-44.2%	-45.1%	2.2%
1/30/2021	-29.6%	-68.0%	-61.3%	-37.2%	-24.1%	-14.6%	-3.0%	-25.3%	-45.6%	-52.0%	-41.0%	-41.1%	-25.4%
2/6/2021	-30.5%	-67.1%	-62.1%	-37.5%	-25.3%	-16.1%	-4.4%	-26.4%	-47.9%	-49.2%	-40.9%	-44.2%	-39.5%
2/13/2021	-29.0%	-59.5%	-56.3%	-35.0%	-25.8%	-18.4%	-7.1%	-23.5%	-44.9%	-47.8%	-40.0%	-45.7%	-43.2%
2/20/2021	-23.8%	-51.7%	-51.2%	-28.8%	-20.3%	-11.9%	-1.9%	-20.4%	-41.0%	-40.6%	-32.9%	-39.9%	-36.0%
2/27/2021	-25.8%	-57.0%	-55.0%	-30.9%	-19.8%	-14.5%	-6.7%	-21.9%	-44.9%	-54.2%	-34.7%	-40.6%	-48.7%
3/6/2021	-20.5%	-51.0%	-48.7%	-24.8%	-15.2%	-11.6%	-4.8%	-16.8%	-39.5%	-50.9%	-30.2%	-37.6%	-46.2%
3/13/2021	-1.4%	-13.6%	-17.0%	-0.4%	1.1%	-1.0%	2.4%	-0.7%	-3.5%	-17.0%	-5.7%	-13.6%	-25.5%

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%	-0.3%	-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%
2Q20	-52.1%	-83.0%	-79.8%	-64.0%	-55.1%	-41.3%	-23.9%	-46.6%	-51.5%	-72.7%	-57.1%	-64.7%	-68.2%
3Q20	-32.2%	-68.0%	-62.2%	-40.9%	-29.5%	-20.5%	-10.6%	-27.3%	-57.3%	-60.3%	-39.1%	-53.1%	-51.2%
4Q20	-32.1%	-67.8%	-61.2%	-39.1%	-27.8%	-17.8%	-9.1%	-28.5%	-58.7%	-56.2%	-42.5%	-55.5%	-51.7%

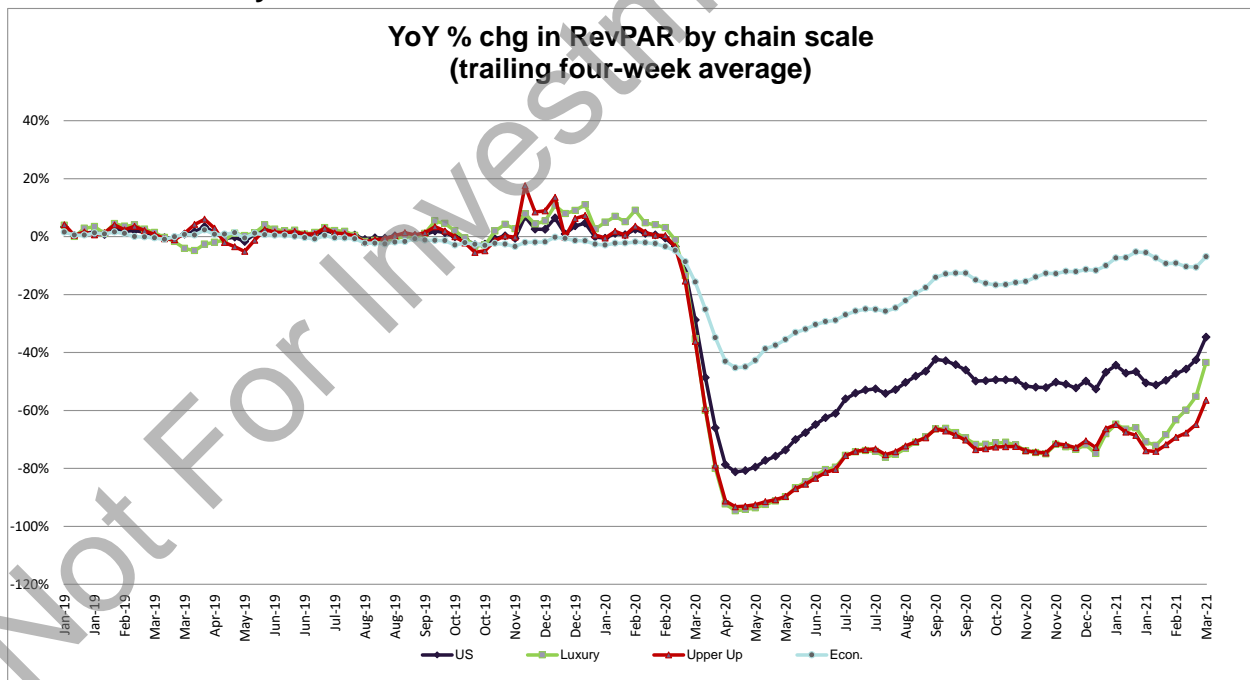
Source: STR data, Truist Securities research

RevPAR Component Trends



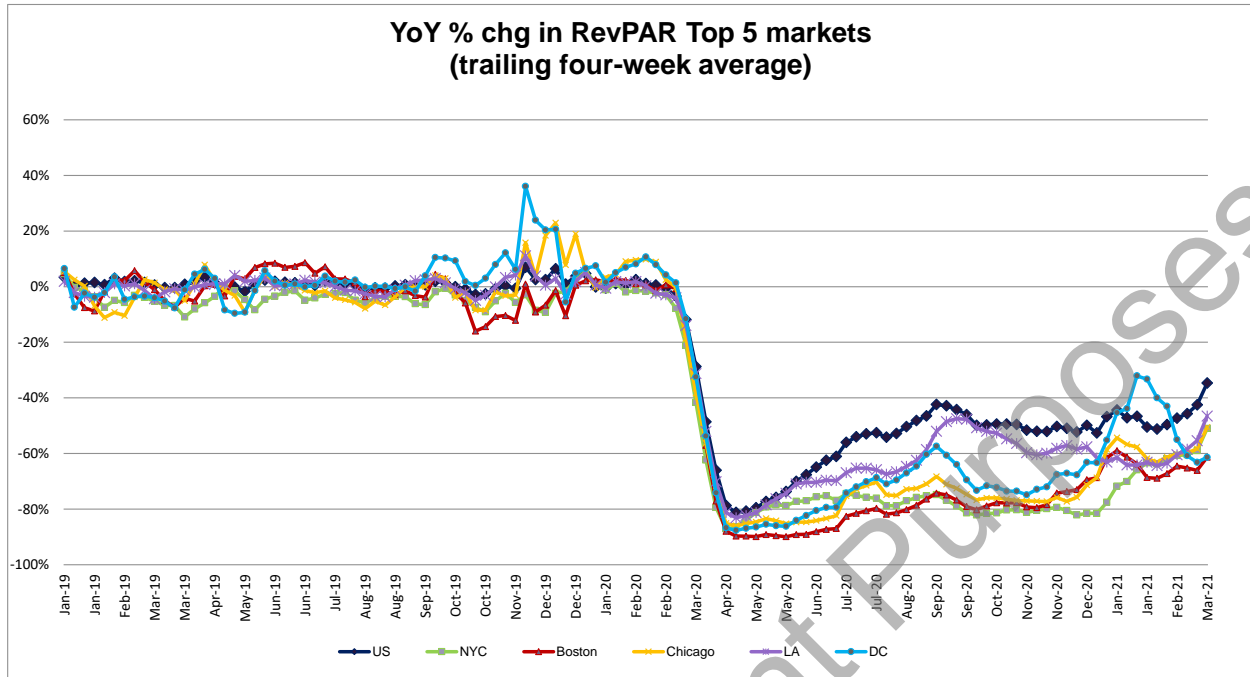
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



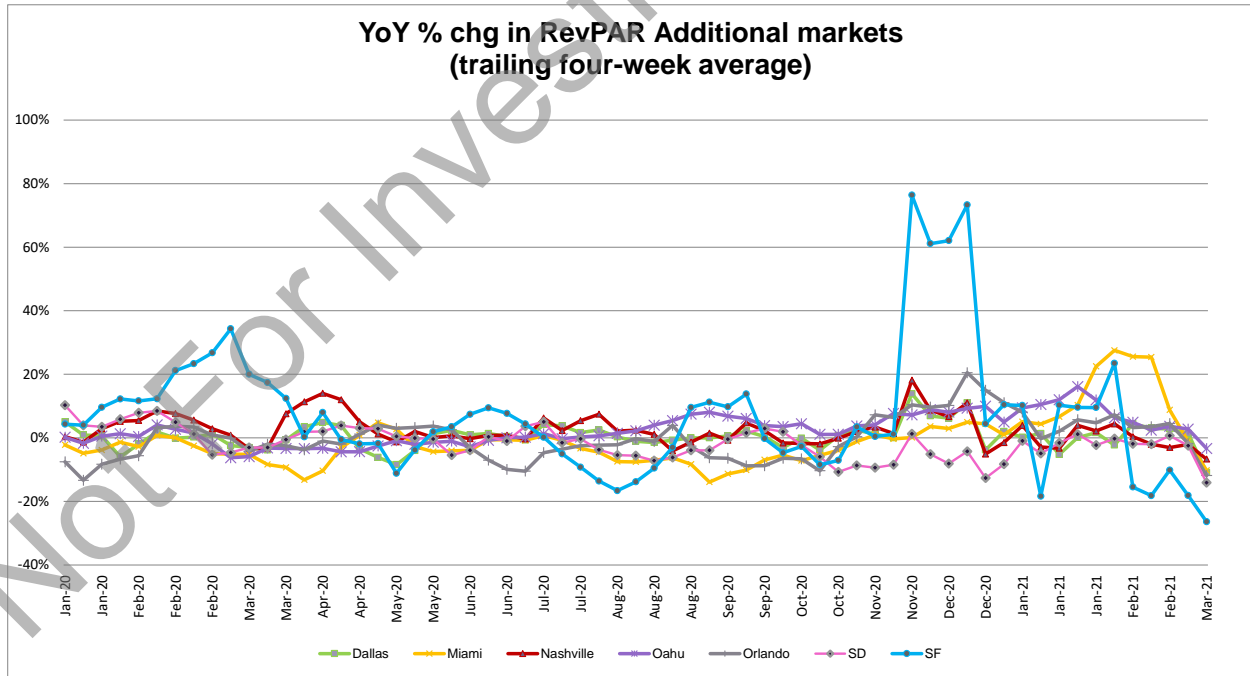
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



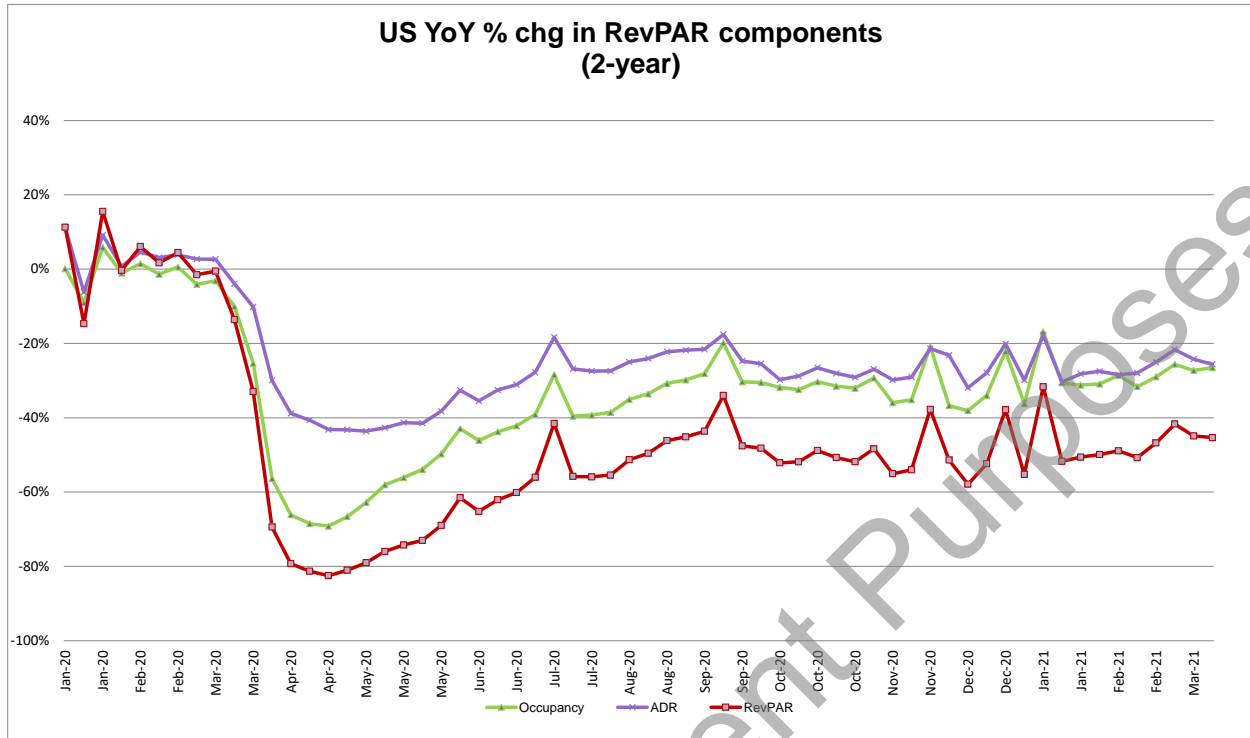
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



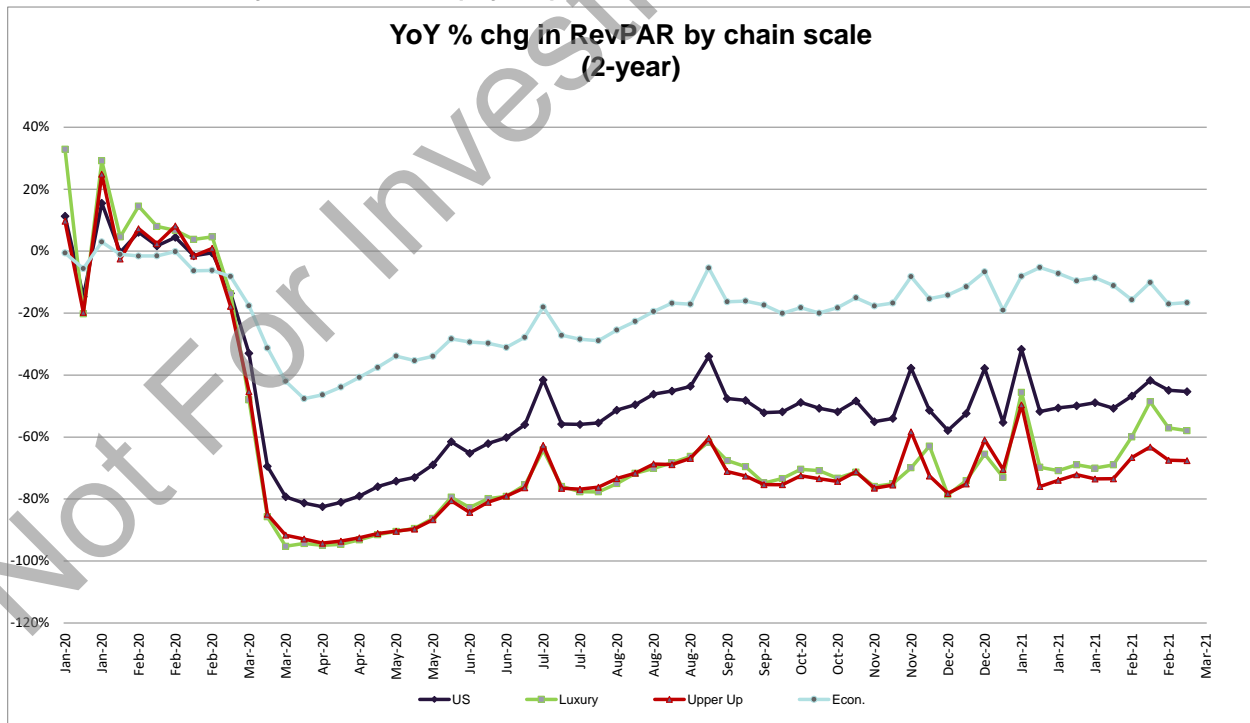
Source: STR data, Truist Securities research

RevPAR Component Trends (2-year)



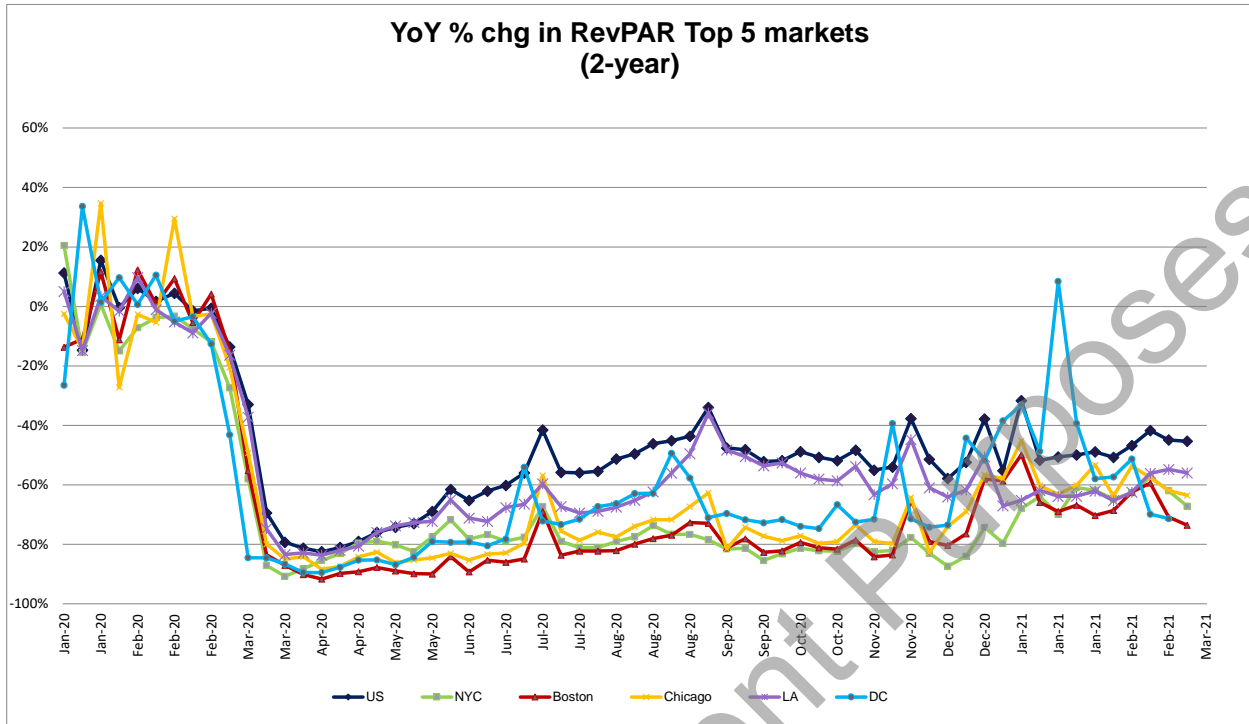
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (2-year)



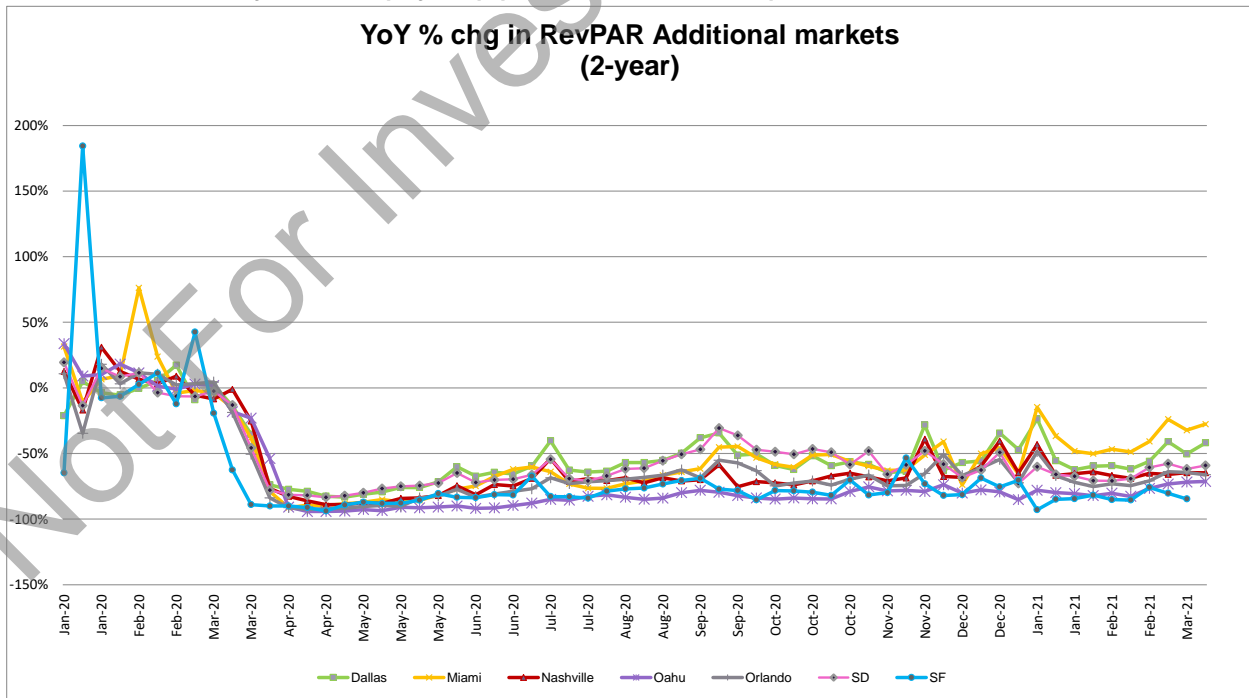
Source: STR data, Truist Securities research

RevPAR Trends by Market (2-year) (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (2-year) (Additional markets)



Source: STR data, Truist Securities research

Price Target/Risks Summary

Lodging	TKR	Price 3/16/21	Rating	PT*	% upside/downside	2021E Valuation EBITDA (\$M)**	2022E Valuation EBITDA (\$M)**	2023E Valuation EBITDA (\$M)**	2021E As Reported/Consensus EBITDA (\$M)*	2022E As Reported/Consensus EBITDA (\$M)*	2023E As Reported/Consensus 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.													
Bluegreen Vacations	BXG	\$9.67	Buy	\$11	18%	\$88	\$111	\$127	\$88	\$111	\$127	7.5X	Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk. Upside risk: conservative growth of new brands.
Choice Hotels	CHH	\$111.01	Hold	\$90	-19%	\$314	\$374	\$428	\$322	\$382	\$436	14.0X	Downside risk: slowdown in development opportunities. 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.
DiamondRock Hospitality	DRH	\$11.14	Sell	\$6	-46%	\$18	\$151	\$209	\$18	\$151	\$209	12.0X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hilton	HLT	\$123.96	Hold	\$98	-21%	\$1,342	\$2,016	\$2,402	\$1,416	\$2,100	\$2,502	14.8X	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. Upside risk: faster demand improvement in corporate travel than expected.
Hilton Grand Vacations	HGV	\$39.96	Buy	\$48	21%	\$219	\$407	\$487	\$262	\$428	\$509	10.1X	Dispositions at higher multiple than expected (incl. NYC). Upside risk: Transient and group trends outperform expectations, particularly for owned hotels. Material disposition of owned hotels. Faster than expected improvement in net rooms growth.
Host Hotels & Resorts	HST	\$17.72	Sell	\$14	-21%	-\$165	\$677	\$1,207	-\$165	\$677	\$1,207	12.5X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Disposition of owned hotels at attractive pricing.
Hyatt Hotels	H	\$86.25	Sell	\$59	-32%	\$14	\$473	\$640	\$39	\$501	\$671	13.6X	Downside risk: M&A (only faded) and multiples revert to historical levels. Upside risk: faster demand improvement in corporate travel than expected.
Marriott International	MAR	\$150.63	Hold	\$119	-21%	\$1,405	\$2,548	\$3,251	\$1,717	\$2,870	\$3,587	14.9X	Dispositions at higher multiple than expected. CHSP revenue and asset management strategies lead to faster than expected EBITDA gains.
Marriott Vacators	VAC	\$183.03	Buy	\$184	0%	\$540	\$930	\$905	\$580	\$874	\$949	10.4X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. 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	\$23.76	Sell	\$14	-41%	\$7	\$434	\$674	\$19	\$446	\$686	12.5X	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).
Pebblebrook Hotel Trust***	PEB	\$25.42	Hold	\$21	-17%	-\$4	\$235	\$409	-\$4	\$235	\$409	14.5X	Upside risk: RevPAR reaccelerates faster than expected, leading to estimate revisions and multiple expansion. Wynnham hotels are repositioned earlier in the 2022/2023 valuation period and incremental EBITDA is more material than our expectations. Downside risk: Lower customer demand/operational inefficiencies for select-service hotels.
Playa Hotels & Resorts	PLYA	\$7.87	Hold	\$5	-36%	-\$11	\$124	\$191	-\$1	\$133	\$200	10.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery. Upside risk: faster demand improvement in corporate travel than expected.
RLJ Lodging Trust***	RLJ	\$16.83	Hold	\$13	-23%	\$16	\$263	\$357	\$28	\$276	\$369	12.9X	Renovations lead to faster than expected EBITDA improvements. Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries.
Ryman Hospitality Properties	RHP	\$83.96	Sell	\$47	-44%	\$57	\$278	\$403	\$80	\$282	\$389	13.0X	Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.
Sunstone Hotel Investors	SHO	\$13.22	Sell	\$10	-24%	-\$11	\$167	\$247	-\$3	\$177	\$255	12.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Vail Resorts, Inc.	MTN	\$309.74	Hold	\$292	-6%	\$521	\$807	\$934	\$521	\$807	\$934	15.0X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.
Travel + Leisure Co.	TNL	\$63.21	Buy	\$74	16%	\$712	\$855	\$954	\$712	\$855	\$954	8.5X	
Wyndham Hotels & Resorts	WH	\$70.41	Buy	\$68	-3%	\$432	\$567	\$656	\$460	\$589	\$680	13.0X	

* 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 - gregory.j.miller@truist.com

Source: FactSet, Truist Securities research

Not For Investment

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$9.67, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$111.01, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$11.14, Sell, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$86.25, Sell, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$39.56, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$123.96, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.72, Sell, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$150.63, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$309.74, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$25.42, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$23.76, Sell, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$7.87, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$83.96, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$16.83, Hold, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$13.22, Sell, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$63.21, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$183.03, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$70.41, Buy, C. Patrick Scholes)

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NR = Not Rated

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