

Lodging

Lodging: US RevPAR +63% Y/Y Last Week. -13% vs. 2019 vs. prior -17%; Modest V-Day/Super Bowl bump

Los Angeles Super Bowl made for a big week in a big market

What's Incremental To Our View

Overall U.S. RevPAR was +62.6% y/y for the week ending 2/12/2022, per STR, slightly weaker than the prior week's result of +68.2%. Last week's RevPAR was up against a -47.2% comparable result in 2021 vs. -50.6% in the prior week. On a 3-year run-rate (vs. 2019), RevPAR was -12.9% vs. -16.8% in the prior week's 3-year run-rate.

The calendar shift last week perhaps gave a modest bump due to the Valentine's Day comparison. In 2019, Valentine's Day was Thursday in the comparable results vs. falling in the following week's results this year (see table below for a visual explanation). The Group segment went from -50% two weeks ago to -31% last week. Large week over week changes like this suggest there was a holiday shift impact. **The Super Bowl also aided results during the week as the event was held in a large market, Los Angeles, vs. a small market, Tampa, last year.** The Omicron variant fading could have also impacted numbers this past week.

2022								2019								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat		Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Jan	2	3	4	5	6	7	8	→	Jan	6	7	8	9	10	11	12
Jan	9	10	11	12	13	14	15	→	Jan	13	14	15	16	17	18	19
Jan	16	17	18	19	20	21	22	→	Jan	20	21	22	23	24	25	26
Jan	23	24	25	26	27	28	29	→	Jan / Feb	27	28	29	30	31	1	2
Jan / Feb	30	31	1	2	3	4	5	→	Feb	3	4	5	6	7	8	9
Feb	6	7	8	9	10	11	12	→	Feb	10	11	12	13	14	15	16
Feb	13	14	15	16	17	18	19	→	Feb	17	18	19	20	21	22	23

Major RevPAR statistics presented below:

- Luxury RevPAR: +106.9% y/y and -16.1% over 3 years
- Upper Upscale RevPAR: +111.3% y/y and -29.5% over 3 years;
- Upscale RevPAR: +65.7% y/y and -19.8% over 3 years;
- Upper Midscale RevPAR: +50.8% y/y and -10.1% over 3 years;
- Midscale RevPAR: +37.9% y/y and -4.5% over 3 years;
- Economy RevPAR: +24.3% y/y and +4.6% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +51.4% y/y and -3.4% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +335.5% y/y vs. +229.7% prior week; over 3 years: -31.3% vs -50.3% prior week.

C. Patrick Scholes
212-319-3915
Patrick.Scholes@truist.com

Gregory J. Miller
212-303-4198
Gregory.J.Miller@truist.com

Alexander Barenklau
212-303-4166
Alexander.Barenklau@truist.com

What's Inside

Weekly STR results and analysis

- Transient: +57.2% y/y vs. +94.5% prior week; over 3 years: -14.7% vs -17.1% prior week.

Last week's RevPAR details and sequential trends:

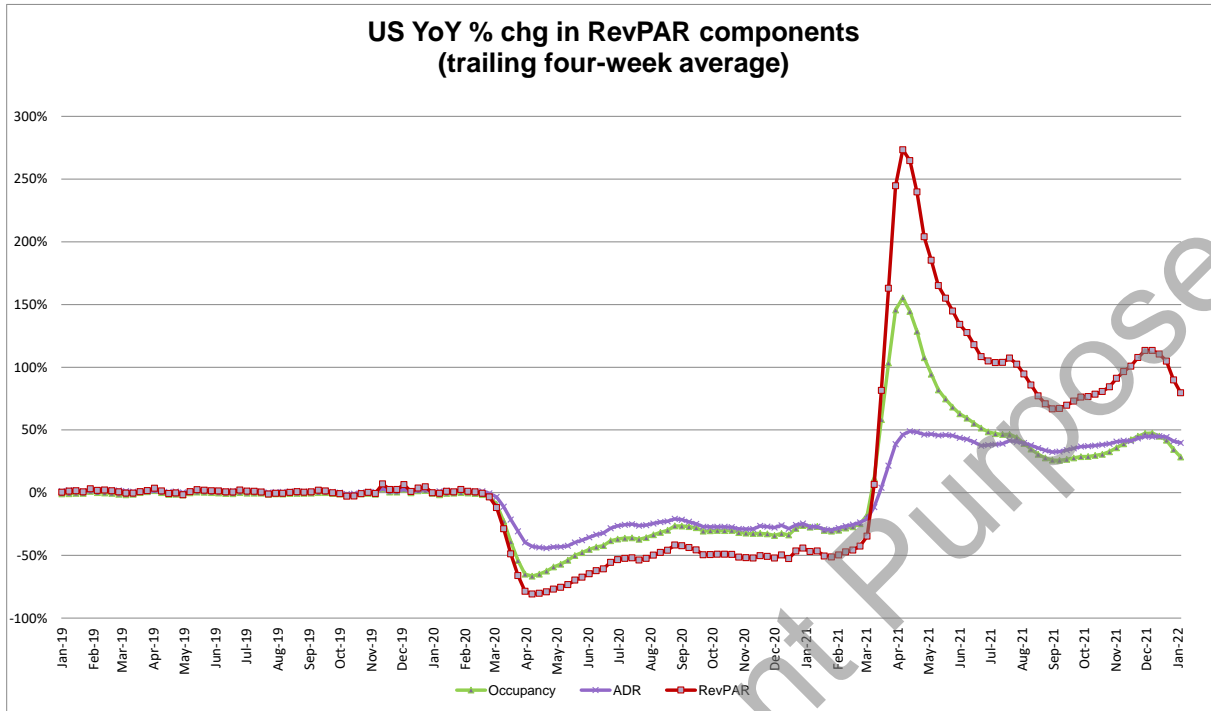
- Headline RevPAR was +62.6% y/y vs. the running 28-day average of +65.7% y/y.
- **Occupancy:** Absolute occupancy was 54.6% y/y vs. the running 28-day average of 50.8% y/y.
- **Absolute Group occupancy was very light, not surprising given low season and omicron considerations:** 14.4% last week vs. 12.3% for the running 28 days.

As far as stocks, we reiterate our view the companies relatively best positioned here in our coverage universe are the drive-to leisure-centric C-Corps CHH, WH, and RLJ for the value-play business traveler in the early corporate demand recovery, H for its increased leisure exposure and plans to divest materially from its owned assets, and the timeshare companies, HGV, VAC, BVH, and TNL (formerly WYND).

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).

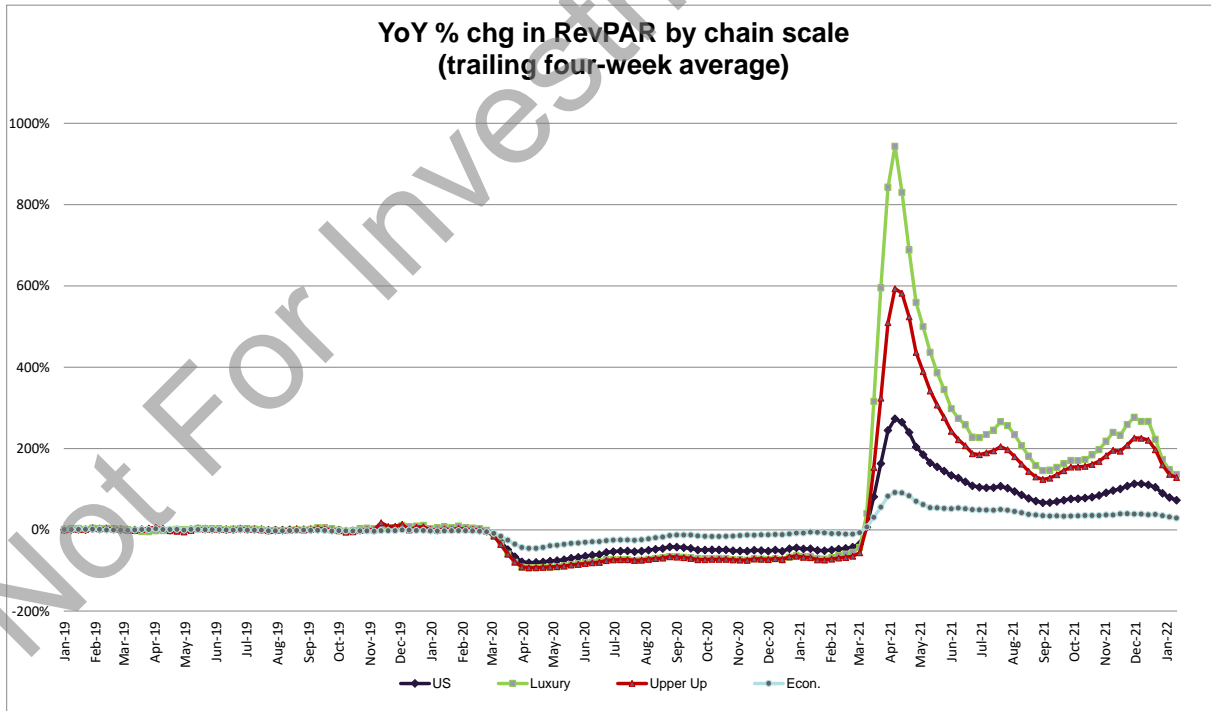
Not For Investment Purposes

RevPAR Component Trends



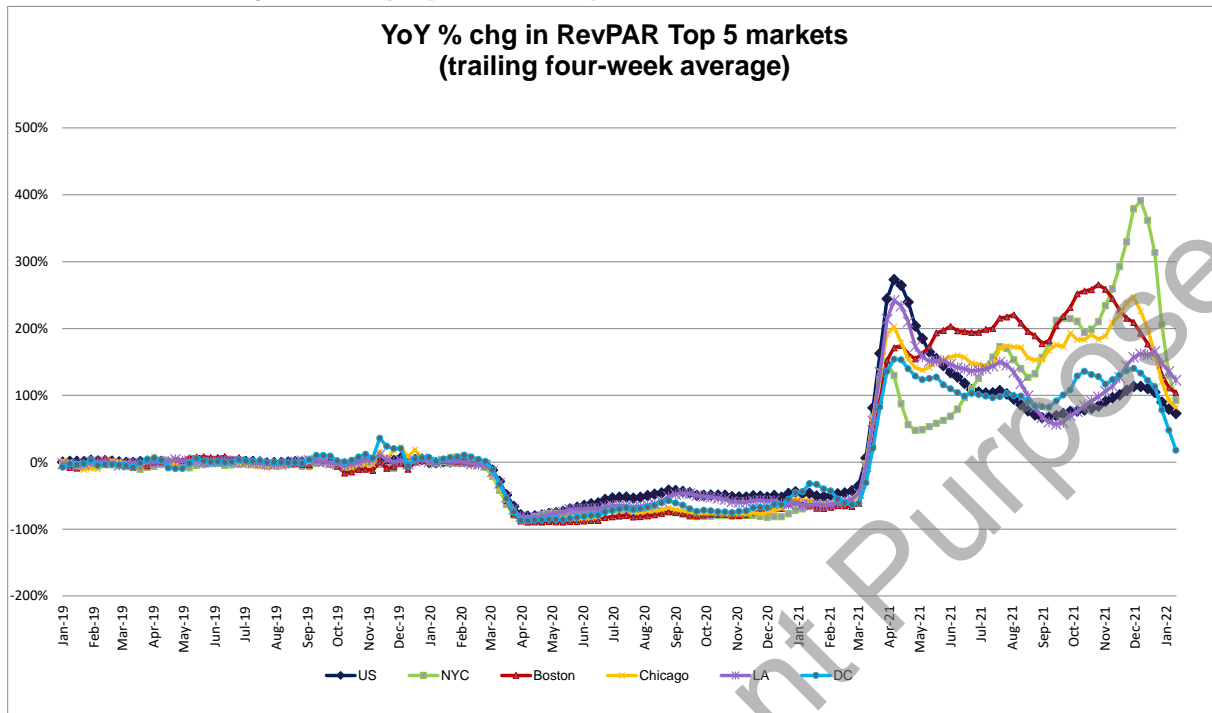
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



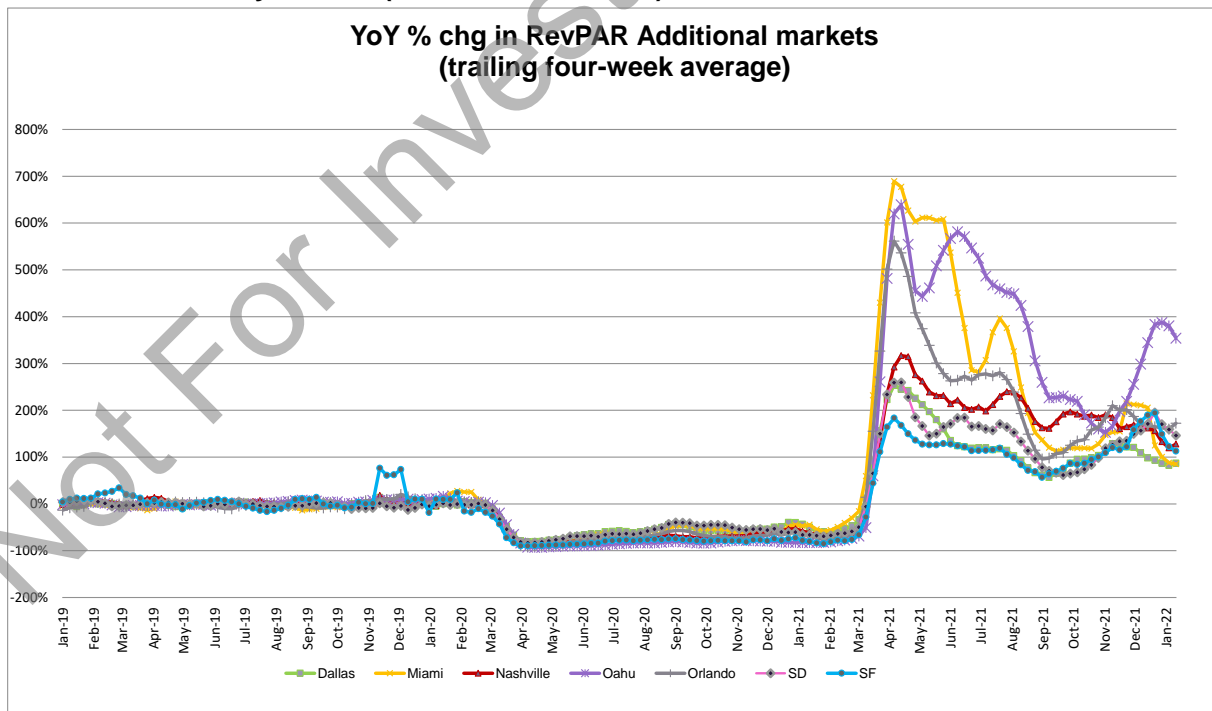
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



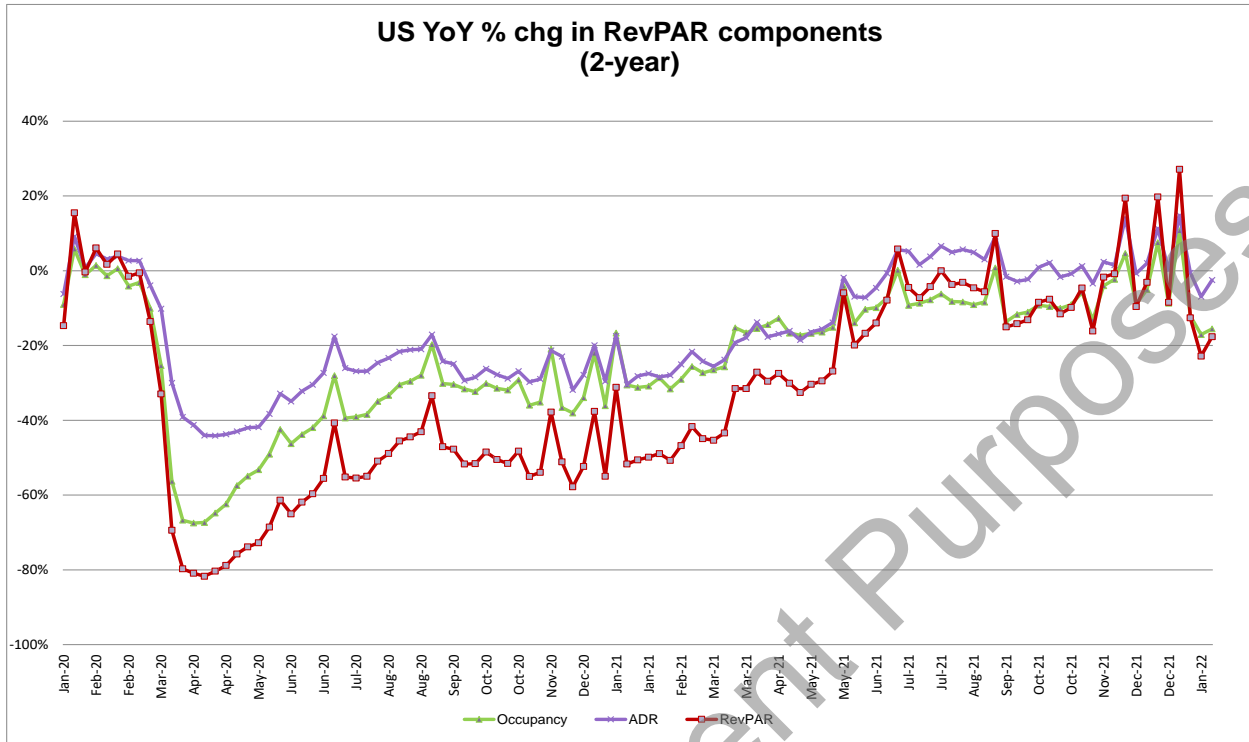
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



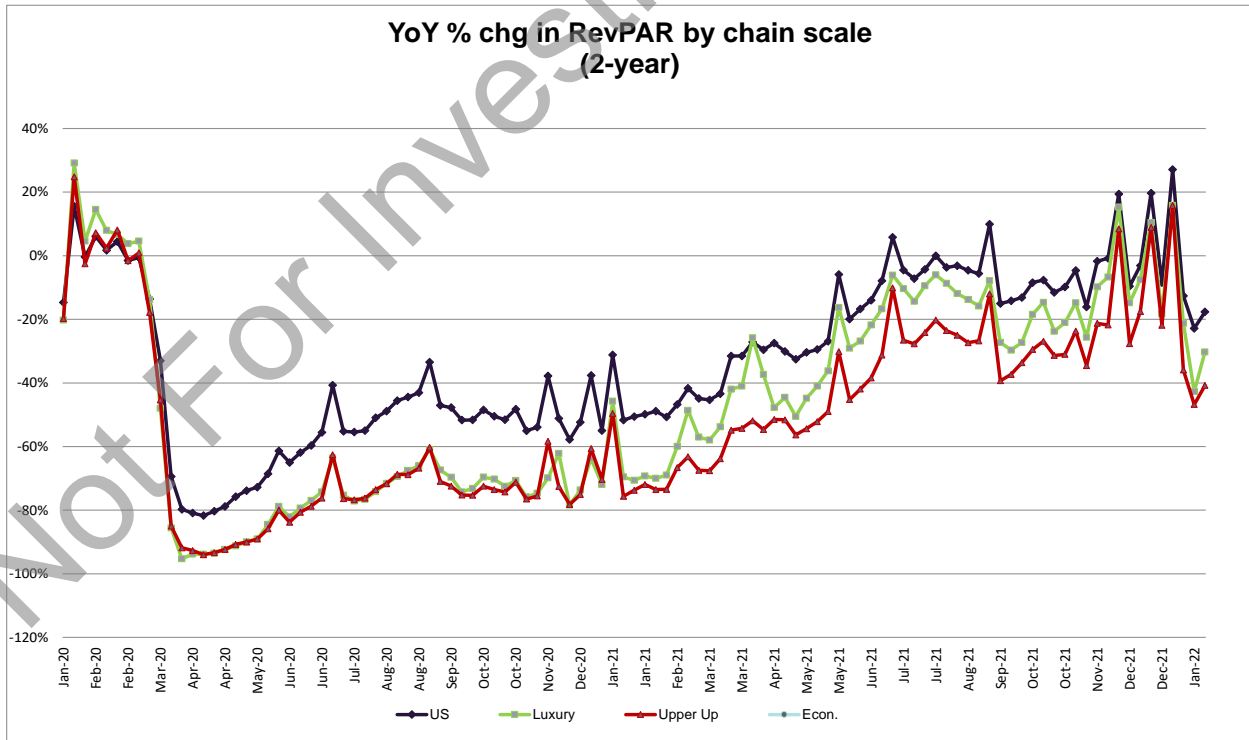
Source: STR data, Truist Securities research

RevPAR Component Trends (2-year)



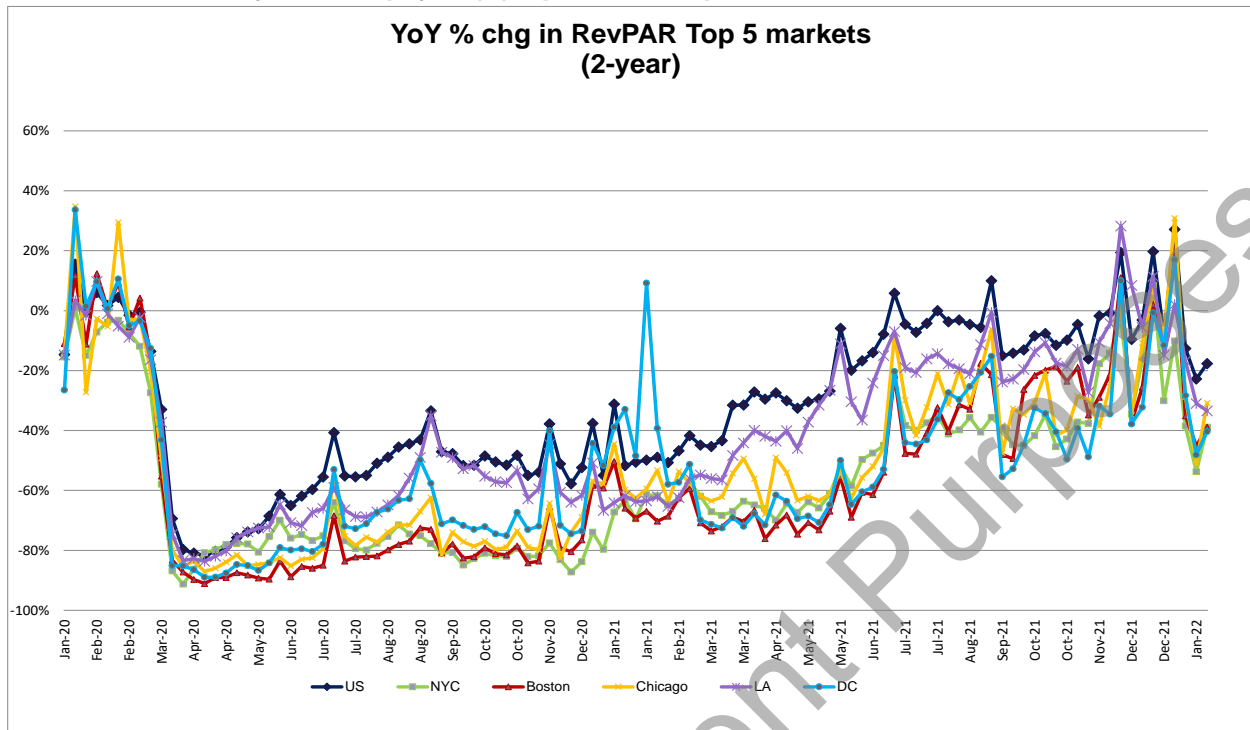
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (2-year)



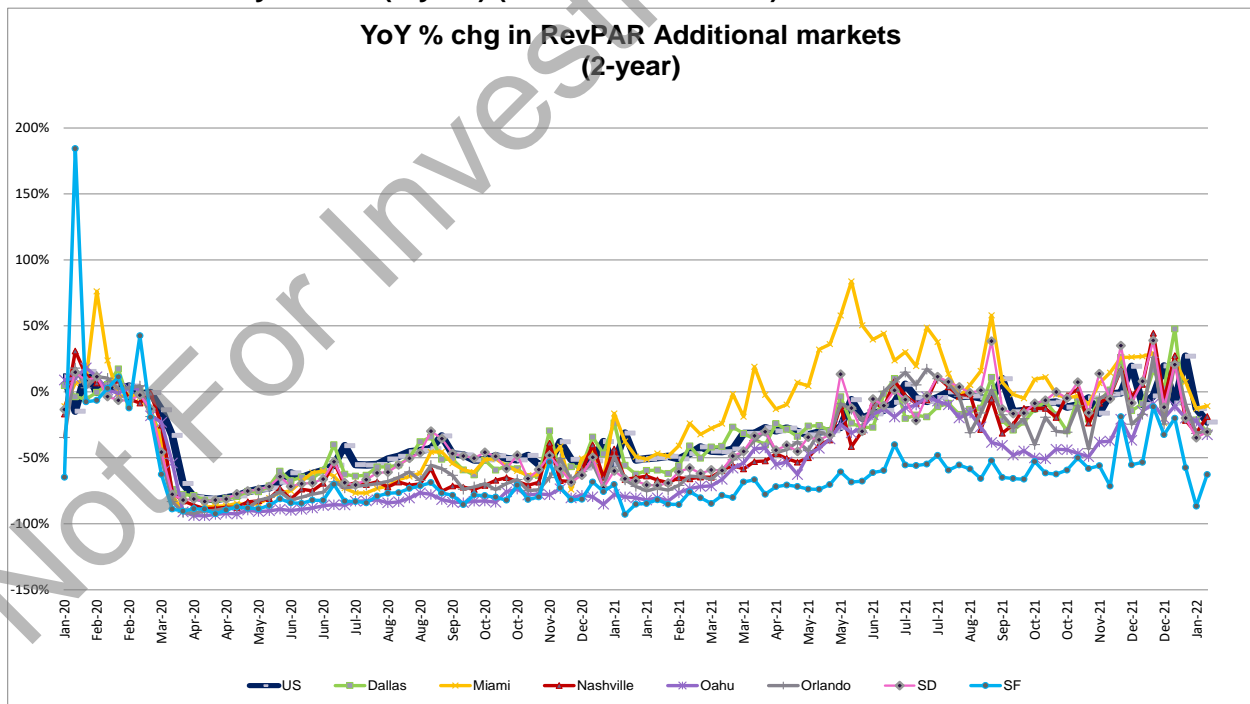
Source: STR data, Truist Securities research

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

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, \$31.37, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$147.11, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$10.29, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$106.58, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$54.35, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$156.34, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$19.31, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$183.26, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$275.46, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$24.91, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$20.20, Hold, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$8.65, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$94.18, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$15.34, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$11.95, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$61.79, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$171.72, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$90.26, Buy, C. Patrick Scholes)

Analyst Certification

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.

I, Gregory J. Miller, 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.

Required Disclosures

Analyst compensation is based upon stock price performance, quality of analysis, communication skills, and the overall revenue and profitability of the firm, including investment banking revenue.

As a matter of policy and practice, the firm prohibits the offering of favorable research, a specific research rating or a specific target price as consideration or inducement for the receipt of business or compensation. In addition, associated persons preparing research reports are prohibited from owning securities in the subject companies.

Charts indicating changes in ratings can be found in recent notes and/or reports at our website or by contacting Truist Securities. Please see our disclosures page for more complete information at <https://truist.bluematrix.com/sellside/Disclosures.action>

Truist Securities Ratings System for Equity Securities

Dissemination of Research

Truist Securities, Inc. ("Truist Securities") seeks to make all reasonable efforts to provide research reports simultaneously to all eligible clients. Reports are available as published in the restricted access area of our website to all eligible clients who have requested a password. Institutional investors, corporates, and members of the Press may also receive our research via third party vendors including: Thomson Reuters, Bloomberg, FactSet, and S&P Capital IQ. Additional distribution may be done by sales personnel via email, fax, or other electronic means, or regular mail.

For access to third party vendors or our Research website: <https://truistresearch.bluematrix.com/client/library.jsp>

Please email the Research Department at EquityResearchDepartment@research.truist.com or contact your Truist Securities sales representative.

Truist Securities Rating System for Equity Securities

Truist Securities, Inc. ("Truist Securities") rates individual equities using a three-tiered system. Each stock is rated relative to the broader market (generally the S&P 500) over the next 12-18 months (unless otherwise indicated).

Buy (B) – the stock's total return is expected to outperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Hold (H) – the stock's total return is expected to perform in line with the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Sell (S) – the stock's total return is expected to underperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Not Rated (NR) – Truist Securities does not have an investment rating or opinion on the stock

Coverage Suspended (CS) – indicates that Truist Securities' rating and/or target price have been temporarily suspended due to applicable regulations and/or Truist Securities Management discretion. The previously published rating and target price should not be relied upon.

Truist Securities analysts have a price target on the stocks that they cover, unless otherwise indicated. The price target represents that analyst's expectation of where the stock will trade in the next 12-18 months (unless otherwise indicated). If an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of Truist Securities Research Management not to assign a target price; likewise certain stocks that trade under \$5 may exhibit volatility whereby assigning a price target would be unhelpful to making an investment decision. As such, with Research Management's approval, an analyst may refrain from assigning a target to a sub-\$5 stock.

Legend for Rating and Price Target History Charts:

B = Buy

H = Hold

S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

I = Initiate Coverage

T = Transfer Coverage

Truist Securities ratings distribution (as of 02/16/2022):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	564	73.06%	Buy	165	29.26%
Hold	207	26.81%	Hold	65	31.40%
Sell	1	0.13%	Sell	0	0.00%

Other Disclosures

Information contained herein has been derived from sources believed to be reliable but is not guaranteed as to accuracy and does not purport to be a complete analysis of the security, company or industry involved. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any security. Truist Securities, Inc. and/or its officers or employees may have positions in any securities, options, rights or warrants. The firm and/or associated persons may sell to or buy from customers on a principal basis. Investors may be prohibited in certain states from purchasing some over-the-counter securities mentioned herein. Opinions expressed are subject to change without notice.

Truist Securities, Inc.'s research is provided to and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). The term "Institutional Account" shall mean the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million.

Truist Securities, Inc. is a registered broker-dealer and a member of FINRA and SIPC. It is a service mark of Truist Financial Corporation. Truist Securities, Inc. is owned by Truist Financial Corporation and affiliated with SunTrust Investment Services, Inc. and BB&T Securities, LLC. Despite this affiliation, securities recommended, offered, sold by, or held at Truist Securities, Inc., SunTrust Investment Services, Inc. or BB&T Securities, LLC (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Truist Bank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Truist Bank may have a lending relationship with companies mentioned herein.

Please see our Disclosure Database to search by ticker or company name for the current required disclosures, including valuation and risks. Link: <https://truist.bluematrix.com/sellside/Disclosures.action>

Please visit the Truist Securities (formerly known as SunTrust Robinson Humphrey) equity research library for current reports and the analyst roster with contact information. Link: <https://truistresearch.bluematrix.com/client/library.jsp>

Truist Securities, Inc., member FINRA and SIPC. Truist and Truist Securities are service marks of Truist Financial Corporation.

If you no longer wish to receive this type of communication, please request removal by sending an email to EquityResearchDepartment@Research.Truist.com

© Truist Securities, Inc. 2022. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

ADDITIONAL INFORMATION IS AVAILABLE at our website, [TruistSecurities.com](https://www.truist.com), or by writing to: Truist Securities, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070

Not For Investment Purposes