



Lodging — U.S. RevPAR +2.6% Y/Y Last Week; Hurricane Impact Gradually Lessening

Clean comp week otherwise, Group RevPAR (-2.5%)

What's Incremental To Our View

Overall U.S. RevPAR was +2.6% y/y for the week ending 10/21/17, per STR, down from the prior week's result of +7.8%. (2-year stacked RevPAR was +8.6% vs. +6.4% in the prior week.) Midscale and Economy (+4.0%) were the strongest chain scales; Independent hotels (+2.0%) underperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (-2.5% vs. +18.6% prior week) was weaker than Transient (+1.6% vs. +7.8% prior week). This was a clean comp week excluding hurricane demand. Positive hurricane-related impact from Harvey and Irma generally continued this week although sequentially we see some dissipation in hurricane demand (see color below on Houston from our market call-arounds): Houston RevPAR was +25.9%, Miami was -1.6%, Orlando was +5.6%, and Tampa was +19.3%. Due to the holiday shifts and the hurricane impact, October may be the second strongest RevPAR month of the year.

As discussed last week: it is important to note that large and damaging weather events such as Harvey and Irma have historically been net positives for hotel demand, especially for limited service and extended stay hotels (see Choice (CHH, \$67.60, Hold) post-Katrina in 2005). However, while RevPAR growth rates will likely go up for companies such as CHH and Wyndham (WYN, \$108.52, Buy) in 2017 and into the first half of 2018, we caution investors to remember this is one-time and not sustainable demand and will likely mean second-half 2018 and first-half 2019 RevPAR growth rates will be challenged by the tough y/y comp (See CHH in 2006).

Takeaways from the latest weekly results:

- **This was a clean comp week ex-hurricane impact. Hurricane demand continues to provide a moderate boost particularly to lower- and mid-priced hotels.** The full-service chain scale RevPAR results are looking more normalized at low single-digit growth. [For more granularity, please also see our Fall Calendar Shift RevPAR Roadmap report.](#)

For the month of October, assuming the rest of the month does +2.5% (an average of the chain scales), we estimate that full-service branded domestic hotels (the typical Hilton [HLT, \$71.14, Buy], Hyatt [H, \$61.94, Hold], or Marriott [\$116.81, Hold] US hotel) will finish at approximately +3.5-4.5%. We estimate the overall industry will finish approximately +3-4%. Please note that reported monthly results include hotels that are not in the weekly data set.

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What's Inside

Weekly STR results and analysis

- **Harvey impact:** Houston RevPAR was +25.9% for the week compared with +57.0% last week. Historically, weather events such as these have been a net benefit to hotel demand (outside of the most impacted areas). This increased demand comes from extended relocations in hotels and increased government spending to repair the damage in the areas hit. **We expect high occupancy in Houston and Texas in general for the next several months due to Harvey. Notably, FEMA recently announced that the Transitional Sheltering Assistance program (which pays for hotel stays for displaced residents) has been extended to November 7th.** This extension will further help the market, particularly in light of considerable market headwinds (new supply, oil and gas weakness, etc.)

- Please see further in this note for an update on the booking availability of Houston-area hotels within our REIT coverage. We note that from our call-arounds on Tuesday that room availability is opening up at a number of hotels in the market. This appears to have been reflected in the large sequential decline of RevPAR performance since last week, but we note to investors that one week does not make a trend. We do not suggest that RevPAR growth rates will fall back to normal anytime soon (hotels may still be quite occupied even if not full). However, we are starting to see signs that some of the hurricane-related demand is dissipating.

Irma impact - Continued strong RevPAR in Orlando and Tampa due to hurricane-related demand:

Orlando +5.6%. Last week was +4.1%.

Tampa +19.3%. Last week was -1.0%.

Miami +1.6%. Last week was +21.6%. Miami was less impacted by the hurricane and thus we expect the hurricane demand impact to be less than for Orlando and Tampa. However, it is likely that areas of south Miami-Dade that are closer to the Florida Keys will have outsized RevPAR gains. The majority of the hotels in this part of Miami are select- and limited-service and thus the ideal fit for hurricane displacement and relief worker demand.

Please see the attached STR note for a deep-dive on the Irma impact (starting on page 3).

Color on last week's RevPAR results:

- **Midscale was the strongest chain scale:** Luxury RevPAR (+1.2%), Upper Upscale (+1.2%), Upscale (+1.8%), Upper Midscale (+3.4%), Midscale (+4.0%), and Economy (+4.0%). Independent hotels (+2.0%) underperformed headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group was softer than Transient:** Transient segment (individual business and leisure travelers) RevPAR was +1.6% (vs. +7.8% last week) and Group segment RevPAR was -2.5% (vs. +18.6% last week).
- **DC (+8.4%) led the top 5 markets:** Boston (+2.5%); Chicago (+4.2%); LA (-1.6%); and NYC (-0.1%).
- **Other relevant markets:**
 - **San Francisco was down:** RevPAR was -9.4% vs. +20.0% last week. We anticipate weak y/y results in San Francisco for 4Q due to the renovations at the Moscone Center (although less bad than 2Q/3Q).
 - **Texas results were mixed:** Dallas RevPAR was -3.4% (vs. +26.2% last week). Houston RevPAR was +25.9% (vs. +57.0% last week).

The lodging and leisure stocks: As we have written in our last several reports, while the RevPAR trends are uninspiring, the good news is we believe companies are likely not going to miss their uninspiring and intentionally conservative guided ranges. We believe as it relates especially to the C-corps, *"Stable" is the new "Good"*. That said, 2018 will likely still see a gradual deceleration in RevPAR growth rates from 2017's levels and this will be more negative for the hotel REITS as costs are rising faster than revenues. The good news for the hotel REITS is that their dividends are attractive, in our view, and should be sustainable over the next year. We believe an unwillingness to have to go against a 6%+ dividend yield has kept investors from being overly negative (potentially shorting) the hotel REITS.

Houston Hotel Status

Harvey Status		8/29/2017	9/1/2017	9/6/2017	9/12/2017	10/3/2017	10/24/2017
Company	Property						
Chesapeake Lodging Trust	No Geographical Exposure						
DiamondRock Hospitality Company	No Geographical Exposure						
FelCor Lodging Trust	Wyndham Houston - Medical Center	Open	Open	Open	Open	Open	Open
Host Hotels & Resorts, Inc.	Houston Marriott - Texas Medical Center/Museum District	Closed	Open	Open	Open, No Availability	Booked Tonight, Some Openings Rest of Week	Booked Tonight and Weekend
	JW Marriott Houston	Open, No New Reservations	Open	Open, No Availability	Open, About 5 Rooms Left	Booked through Week	Booked Tonight, Availability Rest of Week
	St. Regis Houston	Open, No New Reservations	Open	Open	Open, No Availability	Open, Booked Tonight, Some Openings Rest of Week	Open, Booked Tonight, Some Openings Rest of Week
Sunstone Hotel Investors	Houston Airport Marriott at George Bush Intercontinental	Open	Open, No New Reservations	Open, Booked Until Further Notice	Open, Booked Until Further Notice	Open	Open
	Houston Marriott North	Closed	Open, Booked Through Week	Open, Booked Until October	Open, Booked Until Further Notice	Booked Until Friday	Some Availability
RLJ Lodging Trust	Hyatt House Houston - Galleria	Open	Open, Booked Through Weekend	Open	Open, No Availability	Open, No Availability	Open, No Availability
	Residence Inn Houston - Galleria	Open	Open	Open, Booked Until Further Notice	Open, 1 Room Available	Booked Through Week	Booked until Weekend
	Courtyard Houston - Galleria	Closed	Open, Booked "Solid"	Open, Booked Until October	Open, Booked Until Weekend	Booked Until Thursday	Booked Tonight, Some Openings Rest of Week
	Hampton Inn Houston - Galleria	Open	Open, 2 Rooms Open Tonight, Booked Through Weekend	Open, Booked For Next Two Weeks	Open, Booked Until Weekend	Booked Tonight, Some Openings Rest of Week	Booked Tonight and Over Weekend
	Residence Inn Houston - Sugar Land	Busy Signal	Open	Not Taking Reservations	Open, One Room Available	Booked Until Friday	Booked Tonight, Some Openings Rest of Week
	Courtyard Houston - Sugar Land	Busy Signal	Open, Completely Booked	Open, Completely Booked	Open, No Availability	Booked Tonight, Open Rest of Week	Booked Tonight, Some Openings Rest of Week
	Courtyard Houston - Downtown/Convention Center	Open	Open	Open, Booked Next Few Days	Open, No Availability	Booked Tonight, Open Rest of Week	Booked through Weekend
	Residence Inn Houston - Downtown/Convention Center	Open	Open, Booked Until Middle September	Open, Booked Through Week	Open, Booked for Next Few Days	Booked Until Friday	Booked Tonight, Some Openings Rest of Week
	SpringHill Suites Houston - Downtown/Convention Center	Open	Open, Booked Through Weekend	Open, Booked Through Friday	Open, Booked for the Night	Some Openings Tonight, Booked Remainder of Week	Booked Tonight, Some Openings Rest of Week
	Marriott Marquis Houston	Closed	Open	Open	Open	Some Openings Tonight and Wednesday	Booked Tonight, Near Setout for Rest of Week
Downtown Big Box	Hilton Americas-Houston	Open, No New Reservations	Open	Open	Open, No Availability	Booked Tonight, Some Openings Rest of Week	Booked Tonight, Some Openings Rest of Week

Source: STRH Research

Weekly RevPAR Summary

YoY % change in RevPAR													
	U.S.	Upper			Upper			Inde- pendent	New				
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy		York	Boston	LA	Chicago	DC
9/2/2017	4.3%	5.8%	2.9%	3.6%	4.0%	5.3%	2.3%	4.9%	1.0%	5.0%	3.0%	-1.3%	-1.0%
9/9/2017	3.7%	2.3%	1.4%	3.4%	5.7%	9.5%	8.1%	1.2%	-0.3%	6.8%	2.2%	4.6%	2.8%
9/16/2017	1.8%	0.6%	-1.9%	0.7%	3.6%	7.6%	8.7%	0.6%	2.3%	-6.2%	3.4%	-7.9%	-6.4%
9/23/2017	-2.5%	-10.4%	-6.9%	-2.1%	1.5%	3.4%	2.5%	-3.6%	-7.2%	-18.5%	-7.3%	-16.1%	-17.5%
9/30/2017	1.2%	-4.6%	-0.5%	1.7%	2.1%	3.6%	2.4%	1.2%	-1.8%	0.7%	-6.0%	-1.0%	0.0%
10/7/2017	3.0%	3.3%	3.9%	1.7%	2.1%	1.3%	0.6%	3.4%	1.2%	5.5%	1.6%	6.4%	-15.0%
10/14/2017	7.8%	16.7%	11.0%	6.2%	4.4%	3.2%	2.9%	7.7%	11.1%	21.1%	6.4%	2.6%	36.3%
10/21/2017	2.6%	1.2%	1.2%	1.8%	3.4%	4.0%	4.0%	2.0%	-0.1%	2.5%	-1.6%	4.2%	8.4%

Clean complex hurricane impact

Midscale and Economy led the industry

DC and Chicago led the Top 5 markets

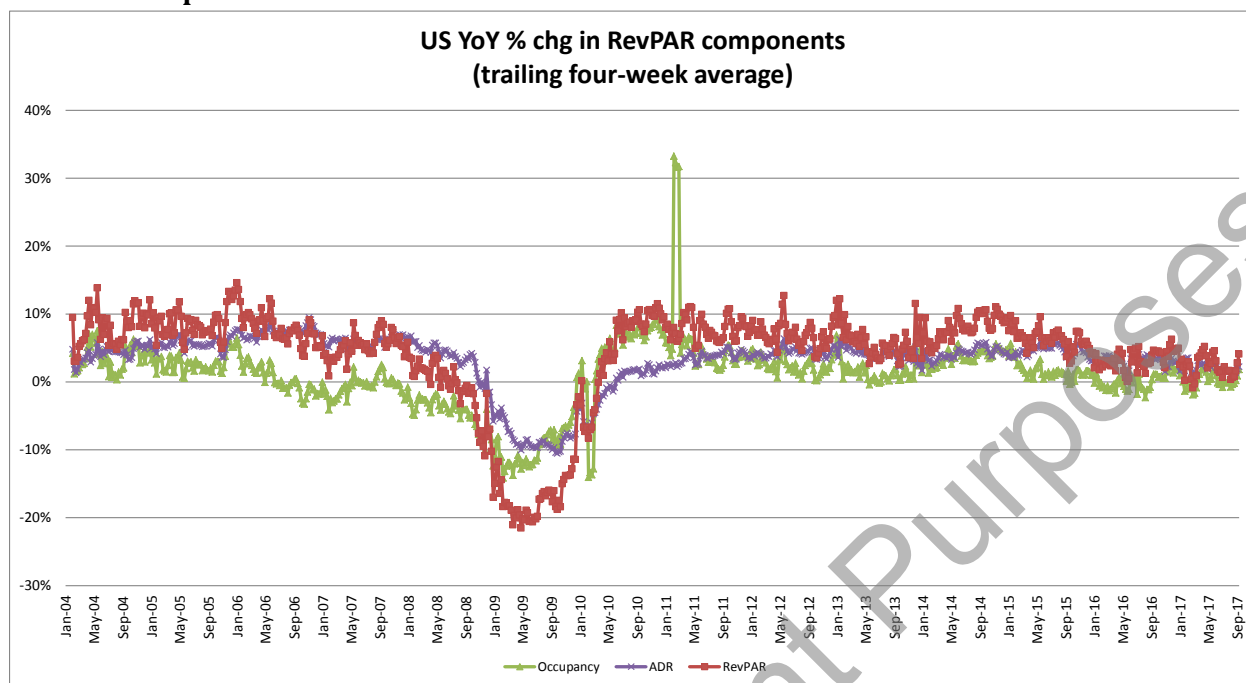
1Q15	8.0%	6.3%	6.0%	7.0%	8.5%	8.8%	9.2%	8.9%	-4.3%	13.8%	7.7%	11.4%	6.3%
2Q15	6.5%	5.5%	5.4%	5.9%	6.3%	6.6%	6.7%	7.1%	-1.8%	7.1%	7.4%	11.0%	11.7%
3Q15	5.9%	4.4%	4.0%	5.7%	5.7%	6.4%	6.1%	6.8%	0.6%	7.1%	11.1%	5.1%	0.3%
4Q15	4.8%	2.7%	3.8%	4.2%	4.9%	3.7%	4.4%	5.9%	-2.0%	5.3%	8.3%	1.4%	2.1%
1Q16	2.7%	1.6%	1.9%	2.2%	2.0%	0.0%	1.8%	4.0%	-1.2%	-3.0%	16.6%	-4.8%	3.1%
2Q16	3.5%	0.8%	2.9%	3.1%	3.2%	3.2%	3.0%	4.2%	-4.5%	1.5%	11.1%	-1.0%	3.5%
3Q16	3.3%	1.5%	2.5%	2.0%	1.8%	2.5%	3.0%	5.1%	-2.5%	-0.5%	9.3%	1.2%	5.5%
4Q16	3.2%	1.9%	0.6%	1.2%	2.2%	3.9%	4.4%	5.1%	0.9%	-1.6%	6.9%	3.3%	8.0%
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%

YoY % change in ADR														
	U.S.	Upper		Upper				Inde-		New				
		Luxury	Upscale	Upscale	Midscale	Economy		pendent		York	Boston	LA	Chicago	DC
9/2/2017	2.1%	4.2%	1.4%	0.9%	1.1%	2.0%	2.3%	2.6%		-0.7%	2.6%	3.4%	-1.3%	-2.9%
9/9/2017	1.6%	3.4%	1.2%	1.9%	2.1%	3.8%	4.4%	0.6%		-1.5%	1.7%	3.6%	4.3%	-0.7%
9/16/2017	1.4%	4.4%	0.9%	2.1%	2.2%	3.7%	4.8%	0.7%		-0.2%	-2.3%	4.6%	-5.4%	-2.5%
9/23/2017	-1.9%	-3.2%	-4.2%	-1.3%	0.2%	1.9%	2.6%	-1.8%		-5.6%	-11.0%	-1.1%	-8.7%	-10.4%
9/30/2017	0.8%	0.3%	-0.1%	1.3%	0.6%	1.8%	2.8%	1.0%		-2.4%	0.9%	0.5%	0.8%	1.9%
10/7/2017	2.0%	-1.7%	1.4%	0.9%	1.4%	1.6%	3.0%	1.9%		0.5%	3.7%	4.4%	5.5%	-10.9%
10/14/2017	5.3%	9.1%	5.8%	3.7%	2.5%	2.7%	3.8%	4.7%		5.8%	10.7%	5.6%	-1.4%	23.3%
10/21/2017	1.7%	2.0%	1.4%	1.1%	1.8%	2.7%	4.1%	1.1%		-1.0%	2.4%	2.6%	2.8%	6.8%
1Q15	4.7%	5.8%	4.7%	5.2%	4.7%	4.7%	5.5%	4.7%		-4.1%	7.3%	6.5%	7.1%	1.7%
2Q15	4.8%	4.9%	4.8%	5.3%	4.6%	4.3%	5.4%	4.6%		-1.5%	6.8%	7.1%	9.2%	7.9%
3Q15	4.5%	3.7%	3.6%	5.2%	4.4%	4.6%	5.0%	4.6%		0.3%	7.4%	9.6%	5.3%	-0.1%
4Q15	3.6%	2.3%	3.0%	3.9%	3.5%	3.0%	4.2%	3.8%		-2.3%	3.9%	6.1%	2.3%	1.0%
1Q16	3.2%	1.9%	2.7%	3.2%	2.6%	1.7%	3.3%	3.7%		-3.1%	1.4%	11.3%	-1.9%	1.1%
2Q16	2.9%	1.5%	2.2%	2.9%	2.8%	2.7%	3.4%	3.0%		-3.1%	3.3%	9.4%	0.3%	2.1%
3Q16	3.4%	1.5%	2.5%	2.7%	2.4%	3.1%	3.6%	4.4%		-2.7%	2.3%	7.5%	1.9%	3.5%
4Q16	2.6%	2.1%	1.4%	2.2%	2.0%	2.2%	3.2%	3.8%		-1.2%	1.3%	5.8%	3.9%	4.1%
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%

	YoY % change in Occupancy												
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	New York	Boston	LA	Chicago	DC
9/2/2017	2.2%	1.6%	1.5%	2.7%	2.9%	3.2%	-0.1%	2.3%	1.7%	2.4%	-0.4%	0.0%	1.9%
9/9/2017	2.1%	-1.0%	0.3%	1.4%	3.5%	5.5%	3.6%	0.6%	1.2%	5.0%	-1.3%	0.3%	3.5%
9/16/2017	0.5%	-3.7%	-2.8%	-1.4%	1.4%	3.8%	3.7%	-0.2%	2.5%	-3.9%	-1.2%	-2.7%	-4.0%
9/23/2017	-0.7%	-7.5%	-2.8%	-0.9%	1.3%	1.5%	0.0%	-1.8%	-1.7%	-8.4%	-6.3%	-8.1%	-7.9%
9/30/2017	0.4%	-4.9%	-0.5%	0.3%	1.5%	1.7%	-0.4%	0.2%	0.6%	-0.2%	-6.5%	-1.9%	-1.9%
10/7/2017	0.9%	5.1%	2.4%	0.8%	0.7%	-0.3%	-2.3%	1.5%	0.6%	1.8%	-2.7%	0.9%	-4.7%
10/14/2017	2.4%	6.9%	4.9%	2.4%	1.8%	0.4%	-0.9%	2.8%	5.0%	9.4%	0.8%	4.1%	10.6%
10/21/2017	0.9%	-0.8%	-0.2%	0.7%	1.6%	1.3%	-0.1%	1.0%	0.9%	0.1%	-4.2%	1.4%	1.5%
1Q15	3.1%	0.5%	1.3%	1.7%	3.6%	3.9%	3.5%	4.0%	-0.2%	6.1%	1.1%	4.0%	4.6%
2Q15	1.6%	0.6%	0.5%	0.6%	1.7%	2.2%	1.3%	2.3%	-0.3%	0.3%	0.3%	1.7%	3.5%
3Q15	1.4%	0.6%	0.4%	0.5%	1.3%	1.8%	1.0%	2.1%	0.2%	-0.3%	1.3%	-0.1%	0.4%
4Q15	1.2%	0.4%	0.8%	0.2%	1.3%	0.6%	0.2%	2.1%	0.3%	1.4%	2.0%	-0.9%	1.1%
1Q16	-0.5%	-0.3%	-0.8%	-0.9%	-0.6%	-1.7%	-1.5%	0.3%	2.0%	-4.3%	4.7%	-3.0%	2.0%
2Q16	0.6%	-0.7%	0.7%	0.2%	0.4%	0.5%	-0.4%	1.2%	-1.4%	-1.7%	1.5%	-1.4%	1.3%
3Q16	0.0%	0.0%	-0.1%	-0.6%	-0.6%	-0.6%	-0.6%	0.7%	0.3%	-2.8%	1.7%	-0.7%	1.9%
4Q16	0.6%	-0.2%	-0.8%	-1.0%	0.2%	1.7%	1.2%	1.2%	2.2%	-2.8%	1.0%	-0.5%	3.7%
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%

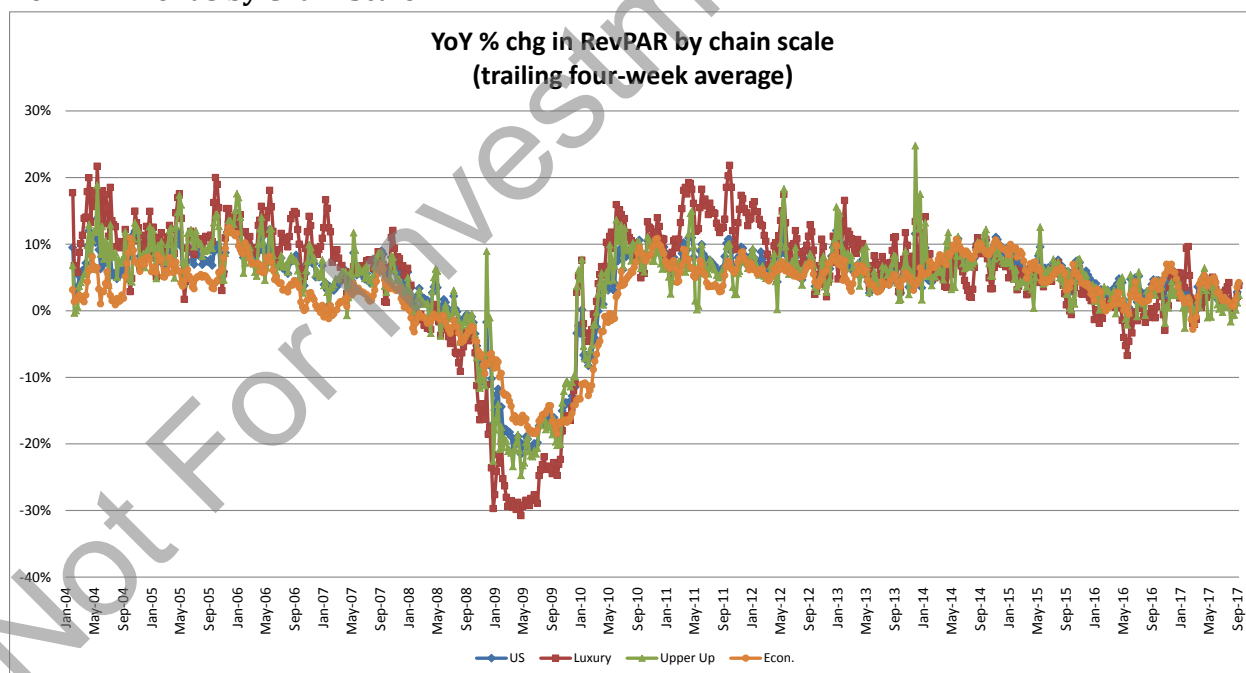
Source: STR data, STRH research

RevPAR Component Trends



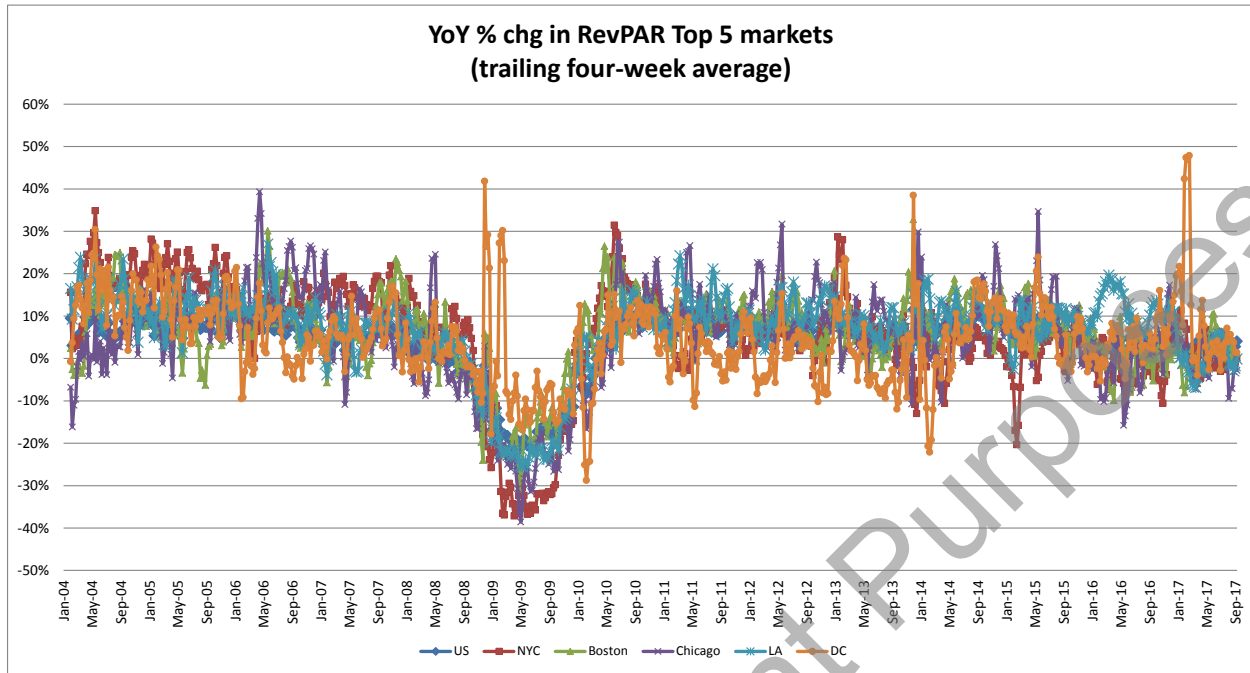
Source: STR data, STRH research

RevPAR Trends by Chain Scale



Source: STR data, STRH research

RevPAR Trends by Market



Source: STR data, STRH research

Price Target/Risks Summary

Lodging	TKR	Price 10/24/17	Rating	PT*	% upside down- side	2018E EBITDA (\$M)	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	\$27.59	Hold	\$23	-17%	\$183	12.0X	Upside risk: improvement in NY and Chicago markets Downside risk: softening of RevPAR trends in Boston or SF. Slowdown in real estate lending.
Choice Hotels	CHH	\$67.60	Hold	\$65	-4%	\$321	13.5X	Upside risk: conservative guidance. Downside risk: big catalyst of special dividend already baked into the stock.
DiamondRock Hospitality	DRH	\$10.60	Hold	\$11	4%	\$254	11.5X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: company unable to locate properties to buy.
Host Hotels & Resorts	HST	\$19.66	Hold	\$19	-3%	\$1,415	12.5X	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.
Hyatt Hotels	H	\$61.94	Hold	\$61	-2%	\$777	12.2X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Hilton Grand Vacations	HGV	\$39.86	Buy	\$41	3%	\$408	10.9X	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	HLT	\$71.14	Buy	\$67	-6%	\$1,947	14.0X	Downside risk: overhang from remaining big sponsor ownership, slowing pipeline
InterContinental Hotels	IHG	\$53.79	Hold	\$51	-5%	\$899	13.5X	Upside risk: further acceleration in returning capital to shareholders. Downside risk: trends continue to worsen in Greater China
ILG	ILG	\$29.47	Buy	\$29	-2%	\$368	10.8X	Downside risk: membership base erosion as chum outstrips new timeshare sales
Lasalle Hotel Properties	LHO	\$27.99	Hold	\$26	-7%	\$319	12.5X	Upside risk: ability to increase dividend. Downside risk: heavy D.C. exposure.
Marriott International	MAR	\$116.81	Hold	\$96	-18%	\$3,139	13.7X	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. Downside Risk: 2017 or 2018 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	\$128.50	Hold	\$120	-7%	\$295	10.4X	Upside risk: Mix shift not an issue for margins, quicker execution/upsized of buyback program; Downside risk: inability to achieve development margin targets, inability to close asset sales or asset sales are done at lesser values than expected
Park Hotels & Resorts	PK	\$28.30	Hold	\$28	-1%	\$753	12.0X	Upside risk: The downturn in the lodging cycle is short-lived and positive macroeconomic trends result in increasingly positive RevPAR growth and improved EBITDA. Downside risk: Significant supply growth and macroeconomic challenges/shocks.
RLJ Lodging Trust	RLJ	\$21.77	Hold	\$22	1%	\$587	11.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion. Downside risk: Significant supply growth, struggle to source deals/lower leverage, macroeconomic challenges/demand shocks.
Ryman Hospitality Properties	RHP	\$65.09	Hold	\$59	-9%	\$385	12.3X	Upside risk: recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$16.47	Hold	\$15	-9%	\$341	12.0X	Upside risk: valuation discount to peers. Downside risk: San Diego, Boston, LA exposure. Insufficient ADR lift from Boston Park Plaza/Marriott Wailea Beach renovations.
Wyndham Worldwide Corp	WYN	\$108.52	Buy	\$112	3%	\$1,509	9.8X	Downside risk: the timeshare business is especially vulnerable to economic softness.
* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2018 EBITDA								

Source: FactSet, STRH research

Companies Mentioned in This Note

Choice Hotels International, Inc. (CHH, \$67.60, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, \$27.59, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$10.60, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$61.94, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$39.86, Buy, Bradford Dalinka)
Hilton Worldwide Holdings Inc. (HLT, \$71.14, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$19.66, Hold, C. Patrick Scholes)
InterContinental Hotels Group, PLC (IHG, \$53.79, Hold, C. Patrick Scholes)
ILG, Inc. (ILG, \$29.47, Buy, C. Patrick Scholes)
LaSalle Hotel Properties (LHO, \$27.99, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$116.81, Hold, C. Patrick Scholes)
Park Hotels & Resorts Inc. (PK, \$28.30, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$65.09, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$21.77, Hold, C. Patrick Scholes)
Sunstone Hotel Investors (SHO, \$16.47, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corp. (VAC, \$128.50, Hold, C. Patrick Scholes)
Wyndham Worldwide Corporation (WYN, \$108.52, Buy, C. Patrick Scholes)

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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.

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- CS – Coverage Suspended

*Total return (price appreciation + dividends); **Price targets are within a 12-month period, unless otherwise noted; ***Low Beta defined as securities with an average Beta of 0.8 or less, using Bloomberg's 5-year average

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