

## CONSUMER: Lodging

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## Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

## Lodging: US RevPAR +11.1% y/y last week, +7.8% vs. 2019. Incrementally tougher y/y Omicron comps.

Overall U.S. RevPAR was +11.1% y/y for the week ending 3/11/2023, per STR, down from the prior week's result of +12.1% y/y. Versus 2019, RevPAR was +7.8%. Last week was a clean comp. RevPAR of +11.1% y/y compares with the 10-week trailing average of +20.7%. RevPAR versus 2019 was similar to the prior week of +7.7%. The easy Omicron comps continue to fade and in our opinion will largely have gone away by early April.

### Major RevPAR statistics presented below:

- Luxury RevPAR: +8.5% y/y and +11.3% versus 2019;
- Upper Upscale RevPAR: +19.0% y/y and +1.6% versus 2019;
- Upscale RevPAR: +16.6% y/y and +2.4% versus 2019;
- Upper Midscale RevPAR: +10.1% y/y and +5.9% versus 2019;
- Midscale RevPAR: +3.3% y/y and +6.4% versus 2019;
- Economy RevPAR: -0.3% y/y and +5.0% versus 2019;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +6.3% y/y and +12.7% versus 2019; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +29.7% y/y vs. +36.3% prior week; versus 2019: +9.4% vs +2.2% prior week.
  - Transient: +6.3% y/y vs. +7.5% prior week; versus 2019: +7.6% vs +8.3% prior week.
- Las Vegas RevPAR: +22.4% y/y and +33.1% versus 2019.
  - **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 +11.1% y/y vs. the running 28-day average of +12.0% y/y.
- **Occupancy:** Absolute occupancy was 64.7% vs. 63.1% for the running 28-day average.
- **Absolute Group occupancy:** 22.8% last week vs. 21.4% for the running 28 days.

**We see a mixed bag for demand/pricing/supply trends for the lodging companies at the moment.** Similar to the past year in lodging (and many other) stocks, we see "macro over micro" at the moment. We see the main driver/wildcard coming from the economic impact from interest rates and inflation (and perhaps more importantly investor sentiment around these). While the risks from COVID are not zero (e.g. China reopening impact to the worldwide economy and outbound Chinese travel), we believe COVID issues are now secondary to macroeconomic considerations for most investors and for public company executives. We see **Hyatt (Buy)** as the relative outperformer in our lodging coverage universe for a host of reasons, including continued Caribbean/leisure outperformance and upcoming accretive asset sales. Leisure travel demand and pricing continues to show significant strength in 2023, a positive read-through for all-inclusive resorts (Buy-rated **PLYA, H**) and Vacation Ownership (Buy-rated **BVH, HGV, TNL, VAC**), and Wellness (**OSW**, Buy, Miller). While we have three Buy-rated Lodging REITS, (**PK, RLJ [Miller], RHP**), we have a neutral to cautious view on our broader Lodging REIT sector coverage, with Hold-rated **DRH, HST, PEB (Miller), and SHO**, a view driven by potential downside pressures on revenues and particularly on operating profit margins.

Weekly RevPAR Summary

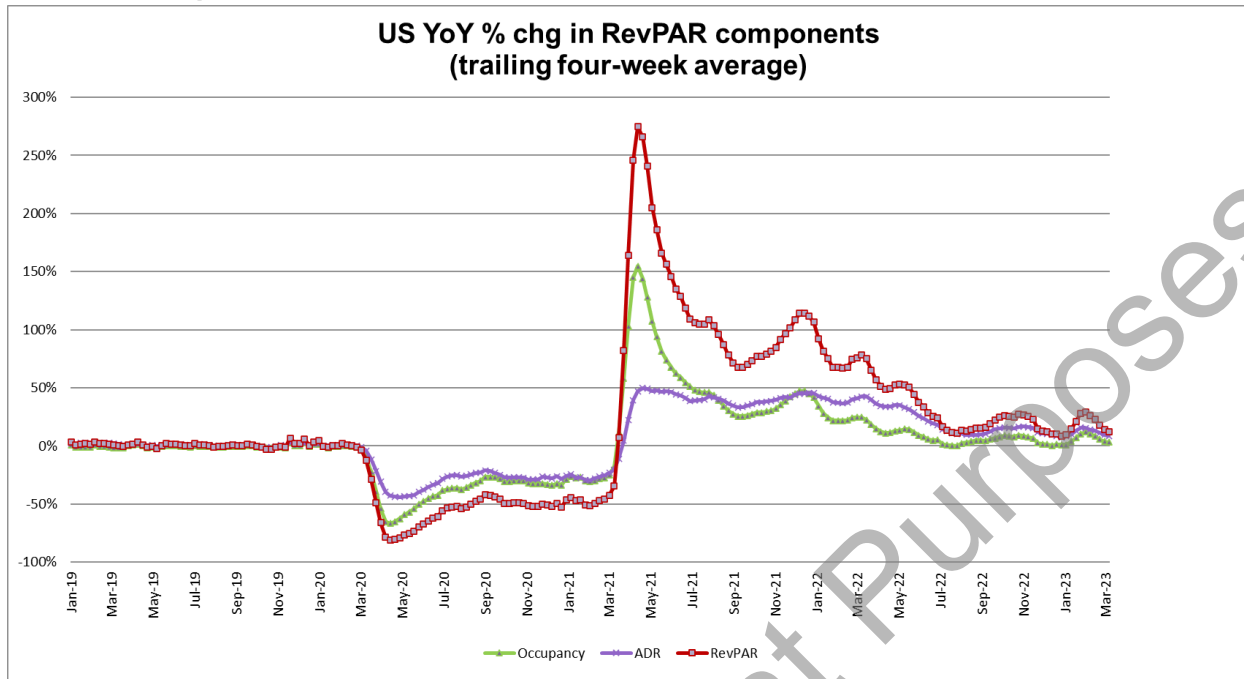
YoY % change in RevPAR													
	U.S.	Upper Upscale			Upper Upscale			Inde- pendent	New				
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy		York	Boston	LA	Chicago	DC
12/31/2022	4.2%	2.8%	5.5%	7.4%	5.3%	-0.1%	-1.9%	3.1%	65.3%	17.7%	-6.6%	12.2%	20.2%
1/7/2023	21.8%	42.8%	33.4%	16.2%	7.4%	0.7%	0.2%	33.0%	80.5%	31.4%	32.1%	24.3%	19.3%
1/14/2023	33.1%	68.5%	67.7%	33.3%	18.6%	8.1%	2.2%	27.4%	103.9%	48.7%	51.6%	45.3%	84.7%
1/21/2023	26.2%	34.2%	52.1%	30.5%	18.0%	9.2%	2.3%	21.4%	100.7%	57.4%	24.0%	37.0%	55.4%
1/28/2023	31.9%	44.4%	65.5%	36.4%	22.2%	10.2%	3.2%	23.6%	87.4%	64.4%	32.5%	43.3%	99.9%
2/4/2023	26.6%	35.3%	49.8%	27.9%	17.2%	6.8%	2.0%	25.2%	63.0%	42.6%	28.6%	32.4%	71.2%
2/11/2023	18.9%	16.9%	35.7%	23.3%	14.4%	5.3%	0.9%	14.1%	41.7%	36.1%	-28.4%	24.0%	73.4%
2/18/2023	13.5%	10.1%	24.1%	16.6%	11.4%	4.2%	1.4%	10.2%	49.5%	20.1%	-4.3%	22.4%	48.8%
2/25/2023	11.8%	6.2%	21.6%	15.9%	11.0%	4.5%	0.9%	7.5%	39.1%	21.9%	14.2%	28.8%	46.3%
3/4/2023	12.1%	7.7%	23.3%	15.9%	9.5%	3.0%	-0.6%	8.5%	30.3%	38.0%	18.2%	20.7%	52.2%
3/11/2023	11.1%	8.5%	19.0%	16.6%	10.1%	3.3%	-0.3%	6.3%	32.7%	39.0%	22.4%	22.2%	50.2%
Clean comp, easy y/y Omicron comps continue to fade				Upper Upscale and Upscale led the industry					DC and Boston led the Top 5 markets				
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%
1Q22	67.2%	112.3%	127.2%	69.7%	51.0%	38.2%	24.3%	58.3%	97.1%	137.1%	115.2%	85.1%	58.1%
2Q22	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%
3Q22	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%
4Q22	16.3%	19.7%	30.1%	20.5%	11.7%	5.1%	1.4%	12.3%	50.8%	35.8%	11.4%	37.3%	53.2%

YoY % change in ADR													
	U.S.	Upper Upscale			Upper Upscale			Inde- pendent	New				
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy		York	Boston	LA	Chicago	DC
12/31/2022	4.4%	0.1%	1.9%	7.0%	4.2%	3.4%	2.1%	3.8%	26.5%	11.0%	-1.8%	5.0%	10.4%
1/7/2023	17.2%	8.9%	12.2%	11.5%	7.0%	5.8%	4.3%	25.2%	22.7%	17.0%	21.6%	11.8%	16.1%
1/14/2023	17.9%	8.3%	17.1%	12.2%	8.1%	6.6%	4.1%	18.1%	23.1%	18.9%	29.9%	15.7%	26.8%
1/21/2023	13.1%	-2.8%	11.2%	11.7%	7.7%	6.2%	4.0%	13.1%	22.7%	20.3%	11.4%	13.1%	22.2%
1/28/2023	15.9%	-1.0%	14.9%	14.3%	9.8%	7.2%	4.6%	14.3%	18.2%	25.3%	12.7%	15.6%	30.7%
2/4/2023	15.1%	-1.4%	12.7%	13.0%	9.0%	5.7%	4.7%	16.7%	12.6%	18.8%	14.0%	13.0%	27.1%
2/11/2023	11.9%	-3.4%	9.6%	13.0%	9.6%	5.9%	4.3%	10.7%	8.5%	15.3%	-28.2%	10.9%	28.3%
2/18/2023	10.0%	-2.4%	9.2%	12.1%	9.3%	5.3%	4.3%	8.3%	14.1%	10.7%	-7.0%	10.3%	22.7%
2/25/2023	7.9%	-2.1%	7.4%	10.1%	7.5%	4.1%	3.4%	6.3%	10.3%	12.2%	7.3%	10.8%	19.1%
3/4/2023	8.9%	0.0%	7.6%	9.9%	7.1%	3.9%	3.7%	8.3%	10.5%	15.9%	8.1%	10.7%	23.2%
3/11/2023	8.1%	0.4%	7.3%	10.5%	7.1%	3.5%	3.6%	6.2%	14.2%	18.6%	13.4%	11.2%	23.4%
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%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	-5.5%	0.3%	-2.2%	3.9%
1Q22	37.5%	21.0%	39.7%	34.1%	27.3%	20.8%	17.3%	34.0%	52.2%	50.5%	61.8%	41.1%	31.7%
2Q22	26.2%	14.3%	29.0%	27.1%	18.9%	14.8%	11.8%	20.5%	69.0%	73.6%	32.9%	53.6%	60.6%
3Q22	11.6%	6.7%	12.6%	13.3%	7.6%	5.9%	4.2%	8.9%	32.6%	30.0%	14.6%	25.4%	25.5%
4Q22	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%

YoY % change in Occupancy													
	U.S.	Upper Upscale			Upper Upscale			Inde- pendent	New				
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy		York	Boston	LA	Chicago	DC
12/31/2022	-0.2%	2.7%	3.5%	0.4%	1.0%	-3.5%	-3.9%	-0.7%	30.6%	6.0%	-4.8%	6.8%	8.9%
1/7/2023	3.9%	31.2%	18.9%	4.1%	0.4%	-4.8%	-4.0%	6.2%	47.1%	12.3%	8.6%	11.2%	2.7%
1/14/2023	12.9%	55.5%	43.2%	18.8%	9.7%	1.5%	-1.9%	7.9%	65.7%	25.1%	16.7%	25.6%	45.6%
1/21/2023	11.6%	38.1%	36.7%	16.9%	9.5%	2.8%	-1.6%	7.3%	63.5%	30.8%	11.3%	21.2%	27.2%
1/28/2023	13.7%	45.8%	44.0%	19.3%	11.3%	2.7%	-1.3%	8.1%	58.6%	31.2%	17.6%	23.9%	52.9%
2/4/2023	10.0%	37.1%	32.9%	13.2%	7.5%	1.0%	-2.5%	7.2%	44.8%	20.0%	12.8%	17.1%	34.8%
2/11/2023	6.2%	21.1%	23.9%	9.0%	4.4%	-0.6%	-3.3%	3.1%	30.5%	18.1%	-0.3%	11.8%	35.2%
2/18/2023	3.2%	12.9%	13.6%	4.0%	1.9%	-1.0%	-2.8%	1.7%	31.0%	8.4%	2.9%	11.0%	21.3%
2/25/2023	3.6%	8.4%	13.2%	5.3%	3.2%	0.3%	-2.4%	1.1%	26.1%	8.7%	6.4%	16.2%	22.9%
3/4/2023	3.0%	7.7%	14.6%	5.5%	2.3%	-0.8%	-4.1%	0.2%	17.9%	19.0%	9.3%	9.0%	23.6%
3/11/2023	2.8%	8.2%	11.0%	5.4%	2.8%	-0.1%	-3.8%	0.1%	16.2%	17.2%	7.9%	9.9%	21.8%
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%
1Q22	56.2%	54.0%	53.2%	60.3%	59.4%	52.3%	55.5%	54.2%	29.5%	57.6%	33.0%	31.2%	20.1%
2Q22	10.0%	48.8%	41.8%	15.5%	6.2%	0.5%	-2.6%	5.9%	42.7%	56.7%	13.7%	36.3%	53.0%
3Q22	4.5%	19.7%	21.3%	8.1%	2.9%	-2.3%	-4.0%	2.2%	26.3%	23.0%	5.9%	18.1%	23.2%
4Q22	3.8%	12.4%	15.5%	6.0%	2.7%	-1.1%	-2.9%	1.9%	17.8%	12.7%	7.6%	14.2%	19.8%

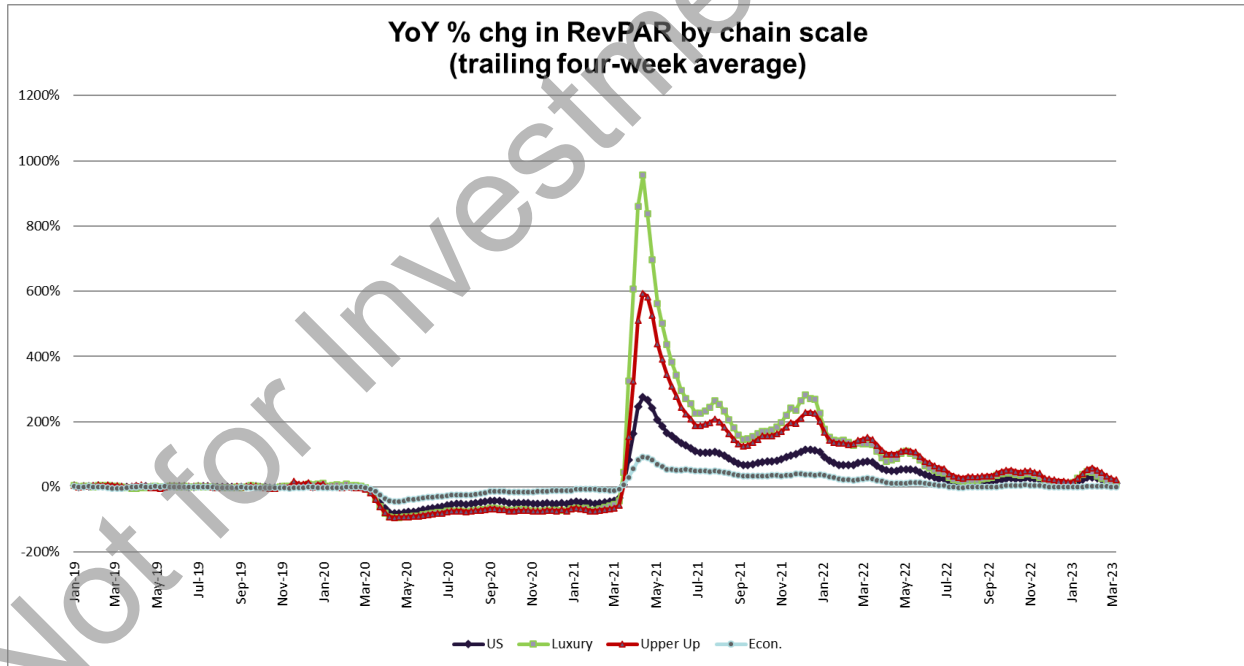
Source: STR data, Truist Securities research

RevPAR Component Trends



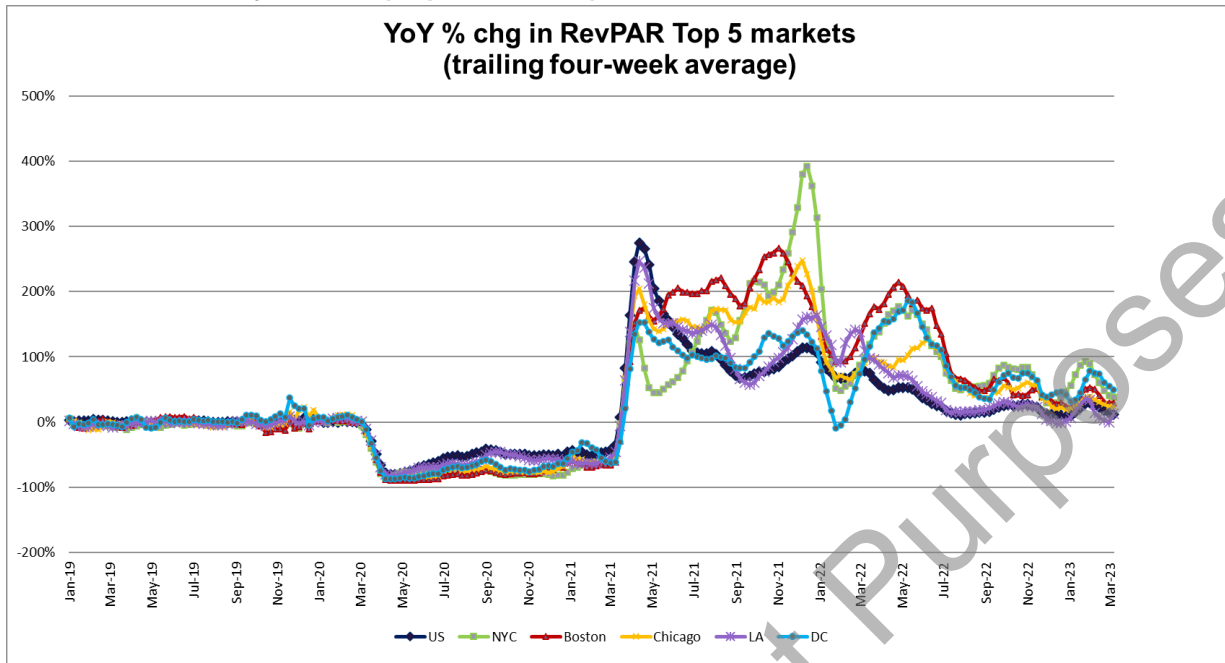
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



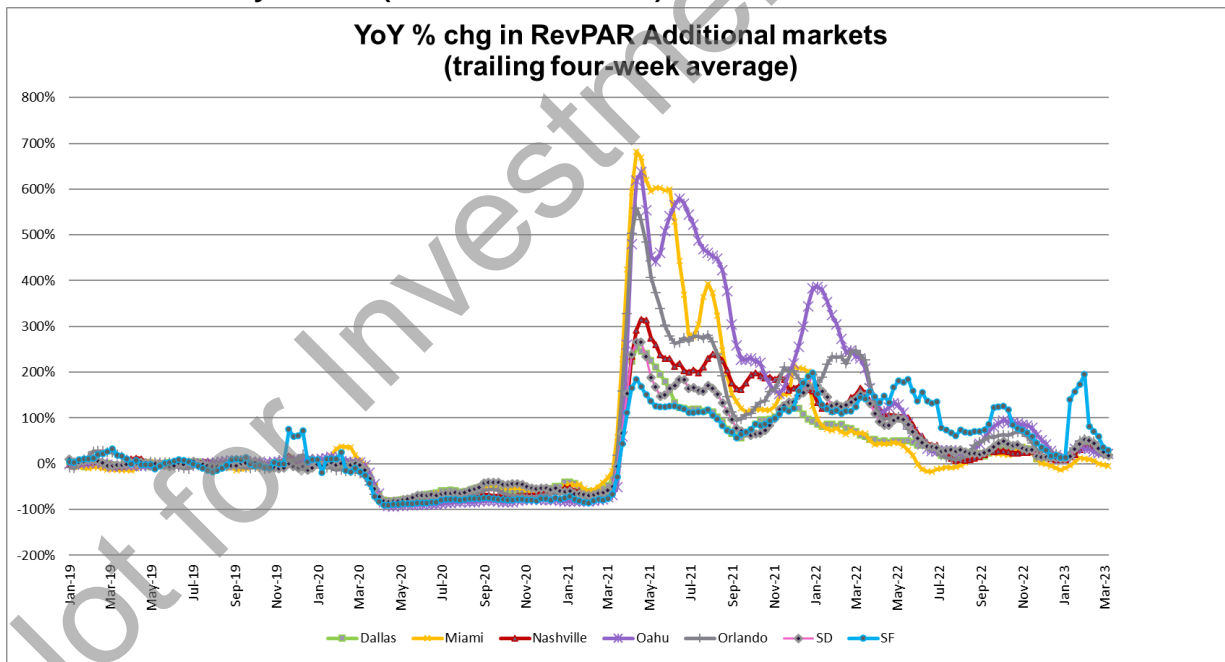
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



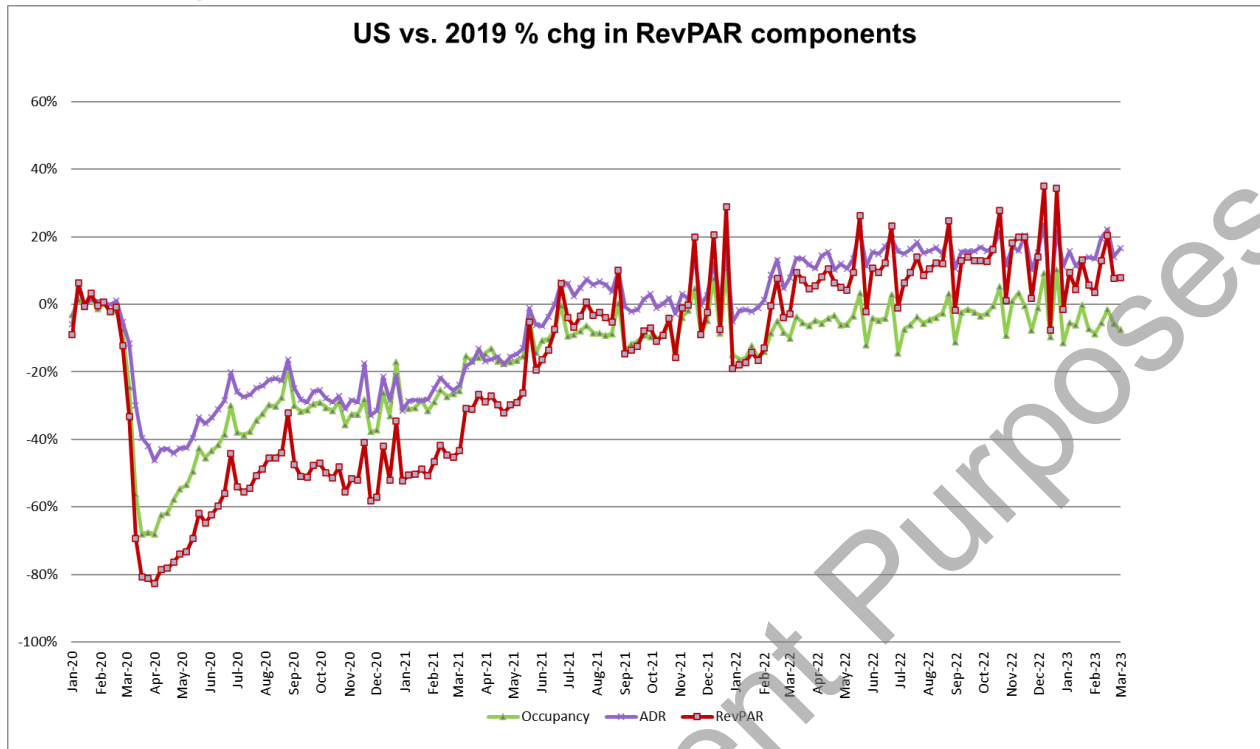
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



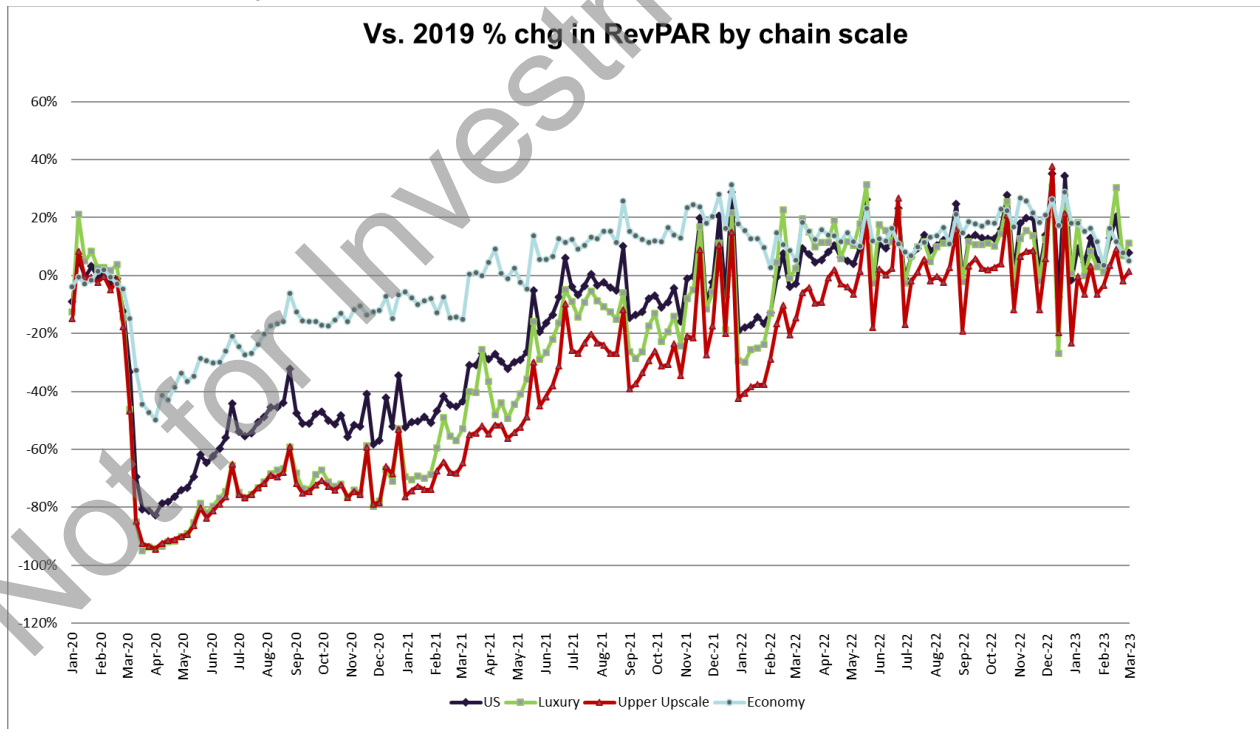
Source: STR data, Truist Securities research

RevPAR Component Trends



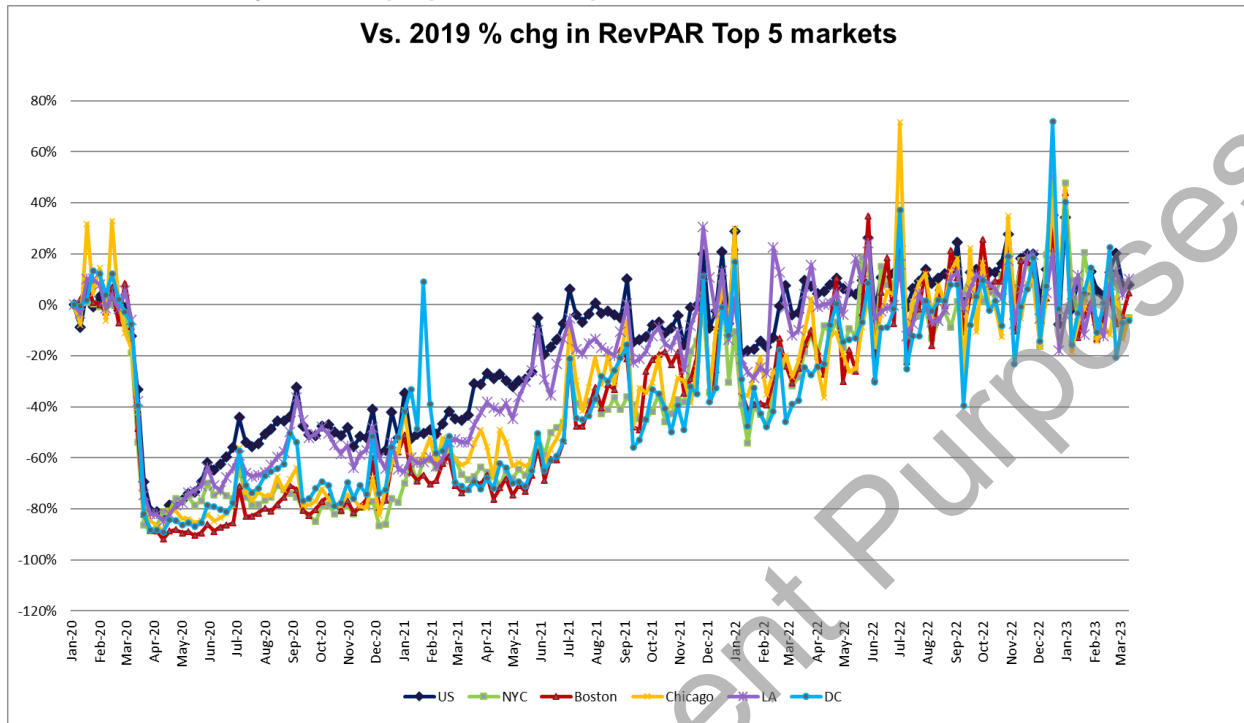
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



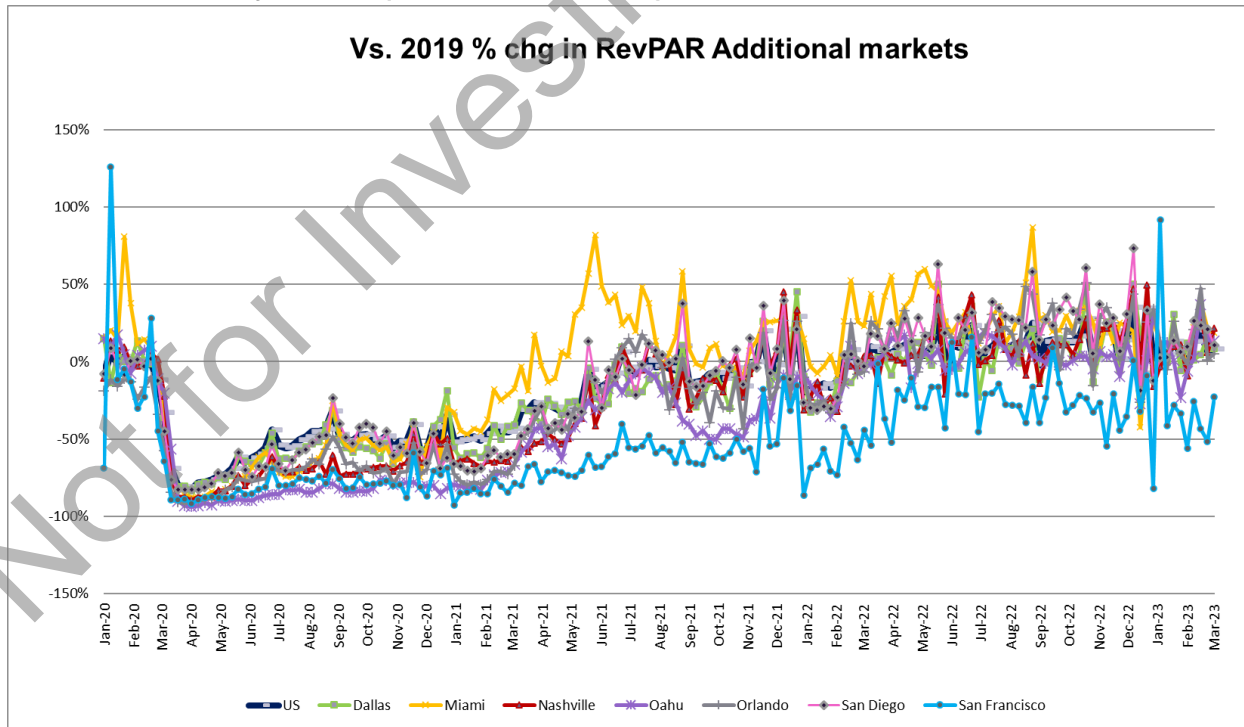
Source: STR data, Truist Securities research

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

## Companies Mentioned in This Note

**Bluegreen Vacations Holding Corporation** (BVH, \$23.99, Buy, C. Patrick Scholes)  
**The Walt Disney Company** (DIS, \$93.36, Buy, Matthew Thornton)  
**DiamondRock Hospitality Company** (DRH, \$8.23, Hold, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$110.35, Buy, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$44.19, Buy, C. Patrick Scholes)  
**Hilton Worldwide Holdings Inc.** (HLT, \$139.07, Hold, C. Patrick Scholes)  
**Host Hotels & Resorts, Inc.** (HST, \$15.96, Hold, C. Patrick Scholes)  
**OneSpaWorld Holdings Limited** (OSW, \$11.50, Buy, Gregory Miller)  
**Pebblebrook Hotel Trust** (PEB, \$13.93, Hold, Gregory Miller)  
**Park Hotels & Resorts Inc.** (PK, \$12.53, Buy, C. Patrick Scholes)  
**Playa Hotels & Resorts N.V.** (PLYA, \$8.78, Buy, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$89.11, Buy, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$10.61, Buy, Gregory Miller)  
**Sunstone Hotel Investors, Inc.** (SHO, \$9.81, Hold, C. Patrick Scholes)  
**Travel + Leisure Co.** (TNL, \$37.18, Buy, C. Patrick Scholes)  
**Marriott Vacations Worldwide Corporation** (VAC, \$136.74, Buy, C. Patrick Scholes)

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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.

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**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.

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**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 03/15/2023):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	460	65.06%	Buy	75	16.30%
Hold	243	34.37%	Hold	34	13.99%
Sell	4	0.57%	Sell	1	25.00%

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