

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +1% y/y last week, +5% vs. 2019. Mother's Day holiday shift/tough comp

Overall U.S. RevPAR was +1.3% y/y for the week ending 5/13/2023, per STR, down from the prior week's result of +8.4%, and below the trailing 10-week average of +6.0%. Versus 2019, RevPAR was +5.2%, down from the prior week's result of +13.3%, and below the trailing 10-week average of +11.9%.

- Last week's results were affected by a shift in the timing of Mother's Day resulting in a tough comp. For the week ending 5/13/2023, Mother's Day occurred on the following Sunday in 2023 but within the comparative week for 2019 and 2023. We can see the impact by day of week at the beginning and end of the week. RevPAR versus 2019 was +37.1% on Sunday night and -3.1% on the following Saturday night; similarly y/y was Sunday +18.0% and Saturday -13.9%.

Major RevPAR statistics presented below:

- Luxury RevPAR: -3.0% y/y and +8.1% versus 2019;
- Upper Upscale RevPAR: +4.9% y/y and -1.7% versus 2019;
- Upscale RevPAR: +5.3% y/y and +0.6% versus 2019;
- Upper Midscale RevPAR: +1.7% y/y and +5.6% versus 2019;
- Midscale RevPAR: -4.2% y/y and +5.2% versus 2019;
- Economy RevPAR: -4.9% y/y and +6.1% versus 2019;
- Independent hotels (~ 1/3rd of the data set) RevPAR: -2.0% y/y and +7.2% versus 2019; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +2.0% y/y vs. +19.3% prior week; versus 2019: -7.4% vs +12.0% prior week.
 - Transient: +0.3% y/y vs. +3.0% prior week; versus 2019: +10.5% vs +3.0% prior week.
- Las Vegas RevPAR: -7.1% y/y and -1.1% 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 +1.3% y/y vs. the running 28-day average of +5.4% y/y.
- **Occupancy:** Absolute occupancy was 65.1% vs. 66.0% for the running 28-day average.
- **Absolute Group occupancy:** 21.8% last week vs. 24.6% for the running 28 days.

The Lodging stocks: 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.

Not for Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper		Upper		Economy	Inde- pendent	New						
	Luxury	Upscale	Upscale	Midscale			Midscale	York	Boston	LA	Chicago	DC	
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%
3/18/2023	10.4%	-2.1%	14.4%	13.2%	8.1%	2.3%	-1.6%	12.5%	36.4%	40.4%	8.2%	11.8%	47.3%
3/25/2023	4.1%	-3.8%	10.1%	10.0%	6.4%	0.9%	-3.6%	-2.3%	27.8%	14.9%	-8.3%	31.4%	33.4%
4/1/2023	10.9%	8.0%	15.9%	14.7%	10.9%	4.2%	-0.2%	7.7%	16.1%	21.5%	12.1%	11.8%	44.1%
4/8/2023	-6.7%	-9.9%	-7.0%	-4.5%	-7.1%	-9.4%	-8.7%	-7.0%	19.4%	2.0%	-4.4%	-7.9%	5.6%
4/15/2023	8.6%	-3.4%	10.4%	14.1%	15.5%	10.0%	3.6%	2.1%	3.3%	6.6%	5.3%	24.1%	38.1%
4/22/2023	6.6%	-1.8%	15.4%	13.0%	7.1%	0.4%	-2.6%	-0.2%	14.8%	8.8%	1.4%	60.6%	27.8%
4/29/2023	5.6%	5.2%	11.1%	9.5%	5.4%	-0.7%	-3.7%	0.8%	31.5%	35.1%	3.3%	18.6%	27.5%
5/6/2023	8.4%	8.5%	11.9%	11.6%	9.0%	4.4%	1.0%	4.2%	24.6%	14.2%	12.4%	36.2%	9.7%
5/13/2023	1.3%	-3.0%	4.9%	5.3%	1.7%	-4.2%	-4.9%	-2.0%	10.0%	16.0%	-3.1%	11.8%	11.4%

Mother's Day holiday shift Upscale and Upper Upscale led the industry Boston and Chicago led the Top 5 markets

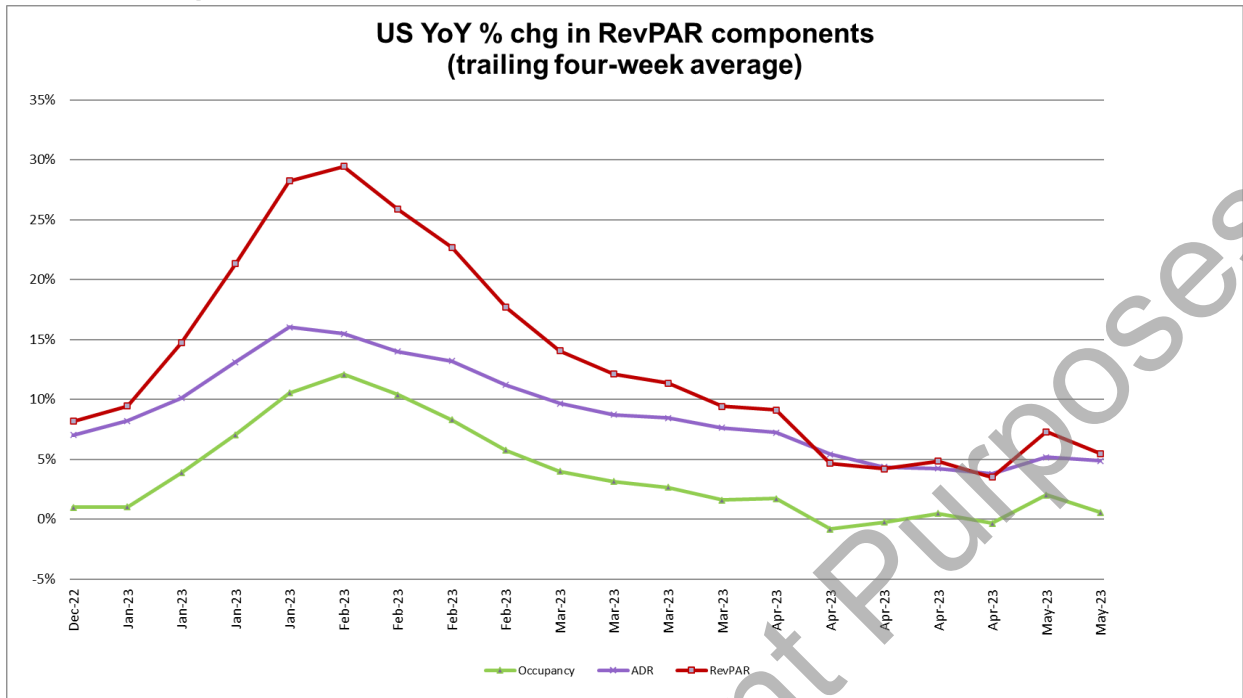
1Q19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%
2Q19	1.1%	1.1%	0.5%	-0.4%	0.0%	-0.7%	1.7%	2.4%	-1.8%	4.5%	1.6%	-0.1%	-1.5%
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	-4.5%
4Q19	0.7%	3.6%	1.0%	-0.6%	-1.0%	-2.7%	-1.5%	2.3%	-4.1%	-11.6%	1.1%	-0.7%	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%
1Q23	16.7%	16.0%	29.8%	20.4%	13.4%	4.8%	0.8%	12.9%	46.6%	35.0%	11.6%	26.6%	56.7%

YoY % change in ADR													
U.S.	Upper		Upper		Economy	Inde- pendent	New						
	Luxury	Upscale	Upscale	Midscale			Midscale	York	Boston	LA	Chicago	DC	
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%
3/18/2023	8.9%	-2.6%	7.2%	9.4%	6.4%	3.3%	3.1%	12.8%	20.0%	19.2%	5.2%	7.5%	25.5%
3/25/2023	4.7%	-3.3%	4.8%	7.6%	5.9%	2.7%	2.1%	1.9%	15.3%	6.3%	-2.2%	17.1%	20.9%
4/1/2023	7.3%	0.7%	6.0%	8.4%	6.8%	3.7%	2.8%	6.2%	8.0%	8.4%	5.1%	6.9%	21.9%
4/8/2023	0.8%	1.1%	0.7%	3.1%	0.6%	-1.4%	-0.9%	-0.4%	12.3%	2.6%	-1.4%	-0.6%	5.5%
4/15/2023	4.7%	-2.4%	4.7%	7.8%	7.9%	5.4%	4.2%	1.7%	4.5%	4.0%	5.3%	14.1%	22.5%
4/22/2023	4.2%	-5.2%	3.7%	6.9%	4.6%	1.7%	1.2%	1.0%	9.5%	7.4%	-2.7%	29.6%	16.8%
4/29/2023	5.5%	3.8%	6.3%	6.7%	4.9%	1.7%	1.6%	2.3%	14.7%	17.2%	3.1%	11.1%	16.1%
5/6/2023	6.4%	3.1%	6.1%	7.4%	5.8%	3.4%	3.5%	4.6%	12.3%	7.9%	8.5%	18.8%	7.9%
5/13/2023	3.4%	-1.9%	3.2%	5.0%	3.5%	1.1%	1.1%	1.5%	5.8%	8.3%	0.4%	9.9%	9.7%
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%	18.5%	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%
1Q23	10.2%	-1.9%	8.4%	11.0%	8.1%	4.7%	3.8%	9.1%	13.4%	15.6%	3.8%	11.5%	24.4%

YoY % change in Occupancy													
U.S.	Upper		Upper		Economy	Inde- pendent	New						
	Luxury	Upscale	Upscale	Midscale			Midscale	York	Boston	LA	Chicago	DC	
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%
3/18/2023	1.3%	4.8%	6.8%	3.4%	1.6%	-0.9%	-4.5%	-0.3%	13.6%	17.8%	2.8%	4.0%	17.3%
3/25/2023	-0.6%	-0.5%	5.1%	2.2%	0.5%	-1.8%	-5.5%	-4.1%	10.8%	8.1%	-6.2%	12.2%	10.4%
4/1/2023	3.4%	7.3%	9.4%	5.8%	3.9%	0.5%	-2.9%	1.4%	7.6%	12.1%	6.6%	4.6%	18.2%
4/8/2023	-7.4%	-10.9%	-7.7%	-7.4%	-7.7%	-8.2%	-7.8%	-6.6%	6.3%	-0.6%	-3.1%	-7.3%	0.0%
4/15/2023	3.7%	-1.0%	5.4%	5.8%	7.0%	4.4%	-0.6%	0.5%	-1.1%	2.6%	0.0%	8.8%	12.7%
4/22/2023	2.3%	3.6%	11.2%	5.8%	2.4%	-1.3%	-3.7%	-1.2%	4.8%	1.3%	-1.3%	23.9%	9.4%
4/29/2023	0.1%	1.3%	4.5%	2.6%	0.5%	-2.4%	-5.3%	-1.5%	14.7%	15.3%	0.2%	6.7%	9.8%
5/6/2023	2.0%	5.2%	5.4%	3.9%	3.0%	1.0%	-2.4%	-0.4%	11.0%	5.9%	3.6%	14.7%	1.7%
5/13/2023	-2.0%	-1.1%	1.7%	0.3%	-1.8%	-5.2%	-6.0%	-3.4%	3.9%	7.1%	-3.5%	1.7%	1.6%
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%
1Q23	5.9%	18.3%	19.8%	8.5%	4.9%	0.1%	-2.9%	3.5%	29.3%	16.8%	7.5%	13.6%	25.9%

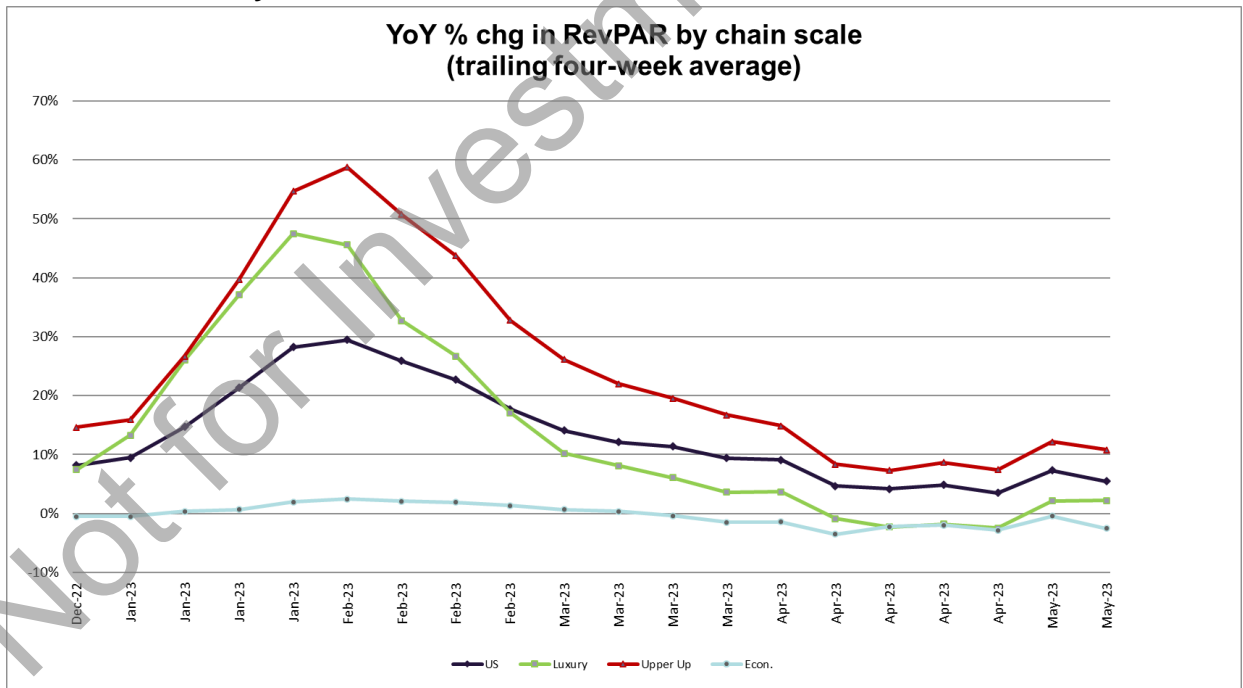
Source: STR data, Truist Securities research

RevPAR Component Trends



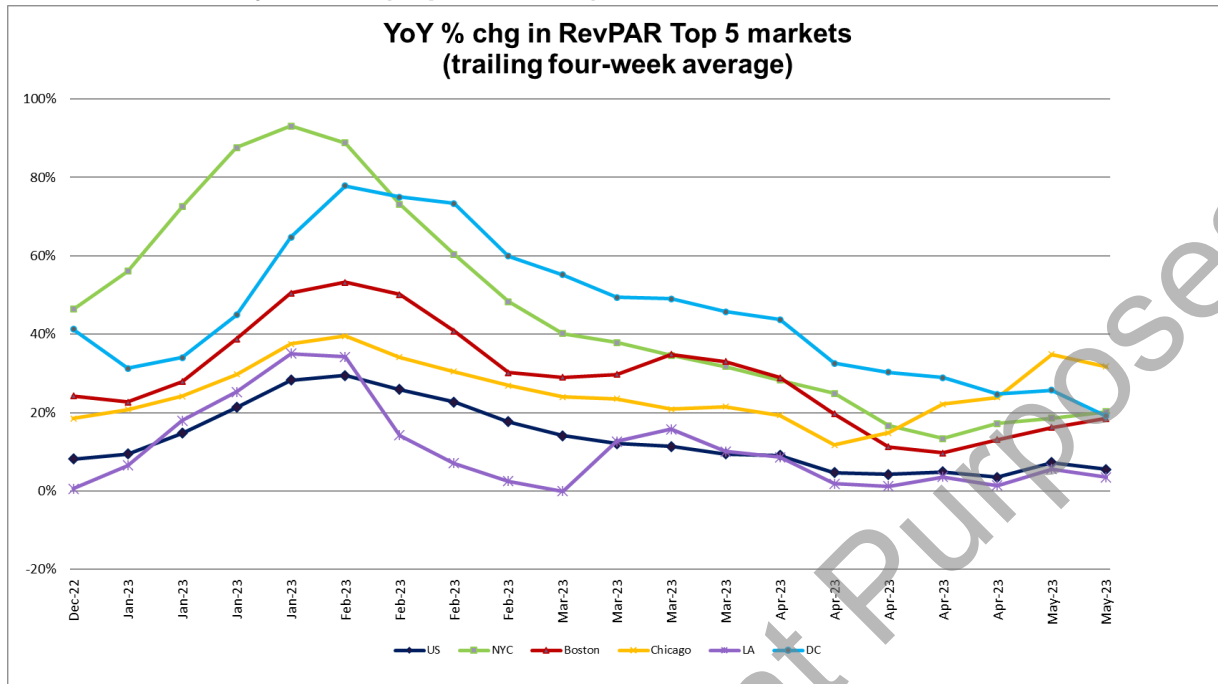
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



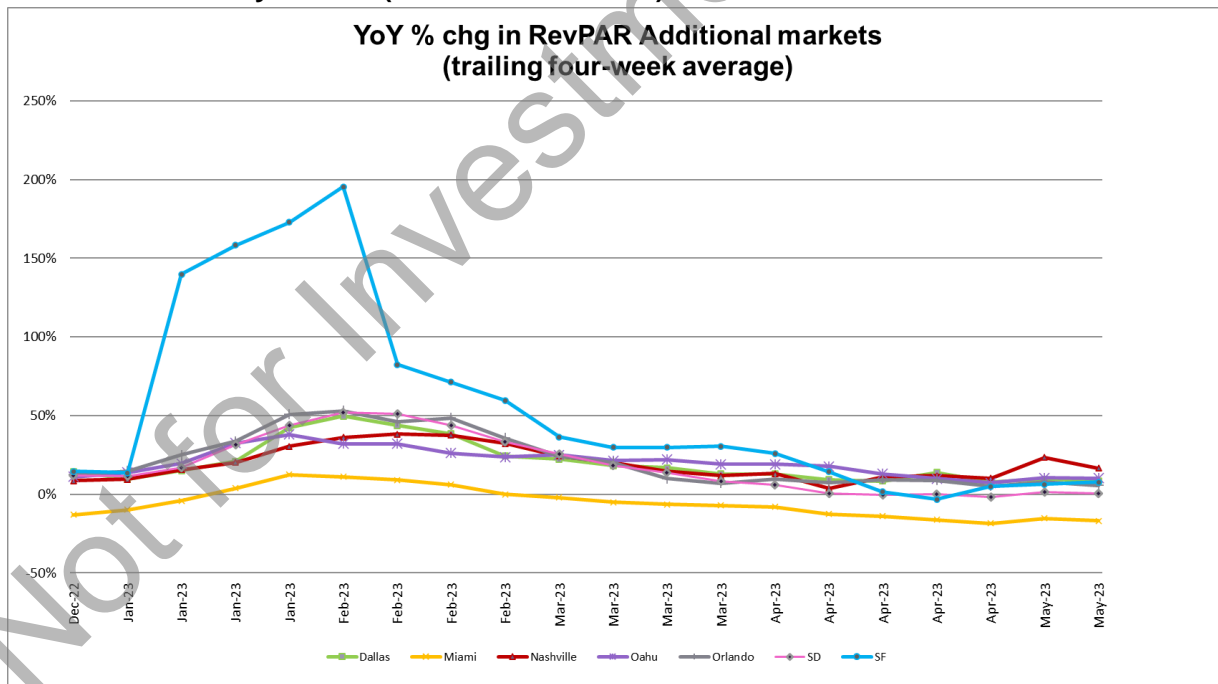
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



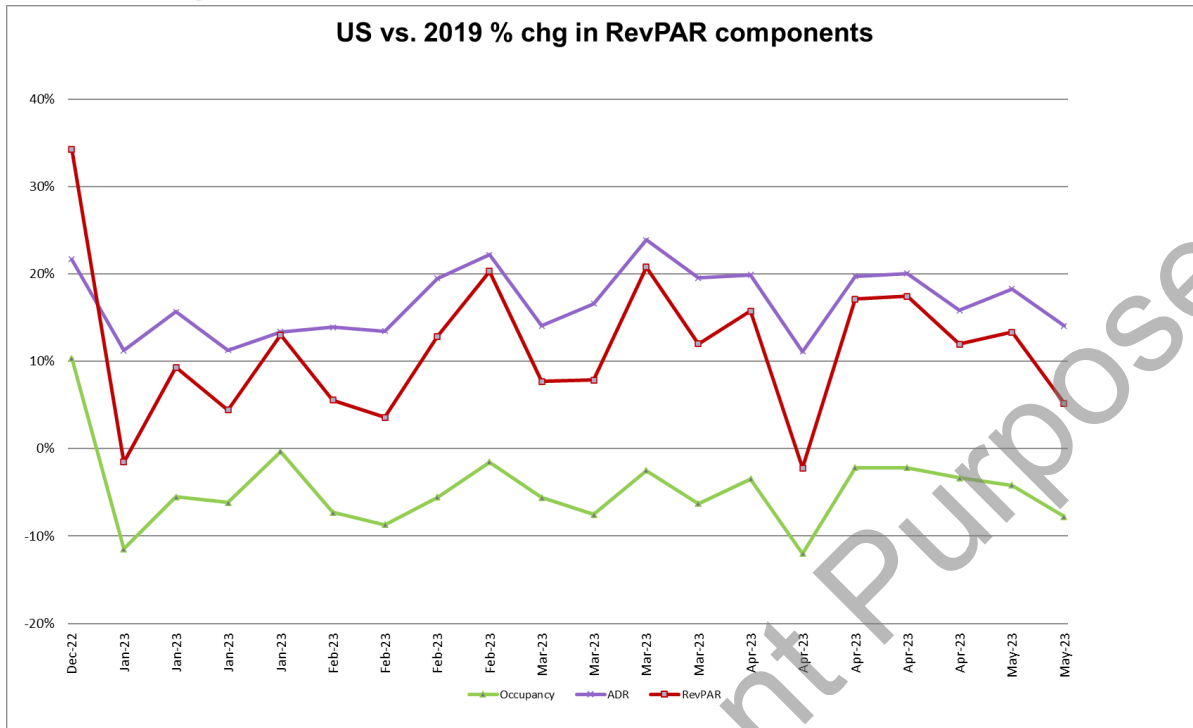
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



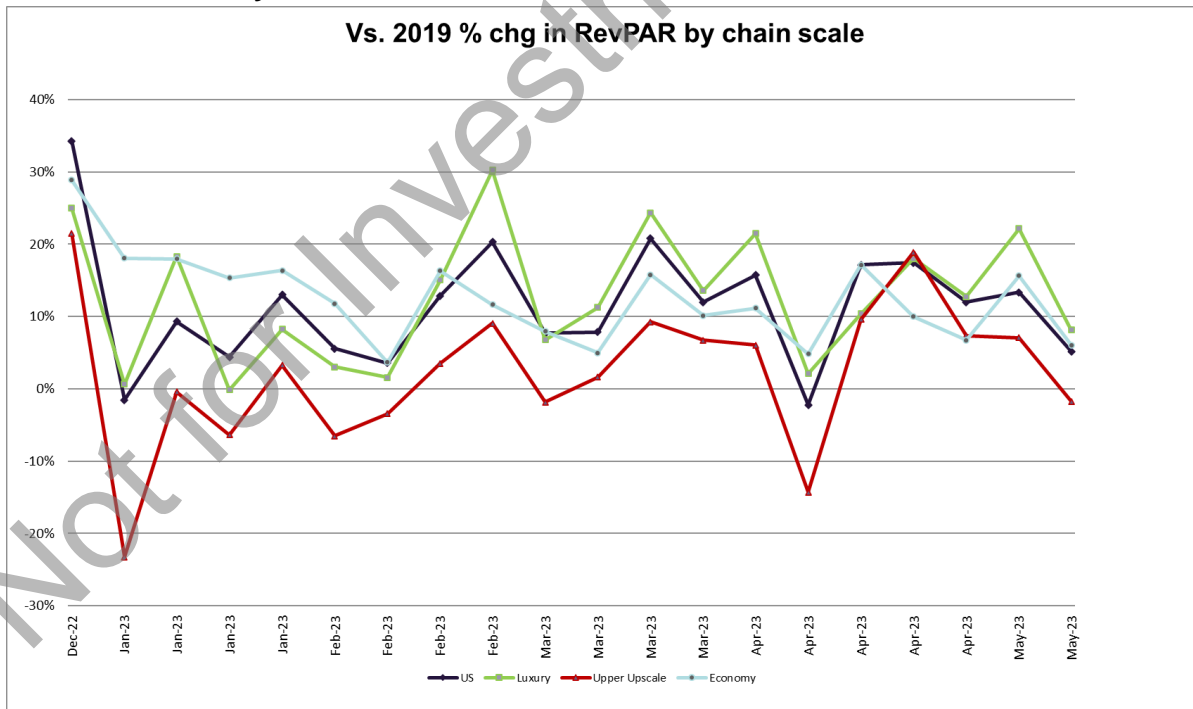
Source: STR data, Truist Securities research

RevPAR Component Trends



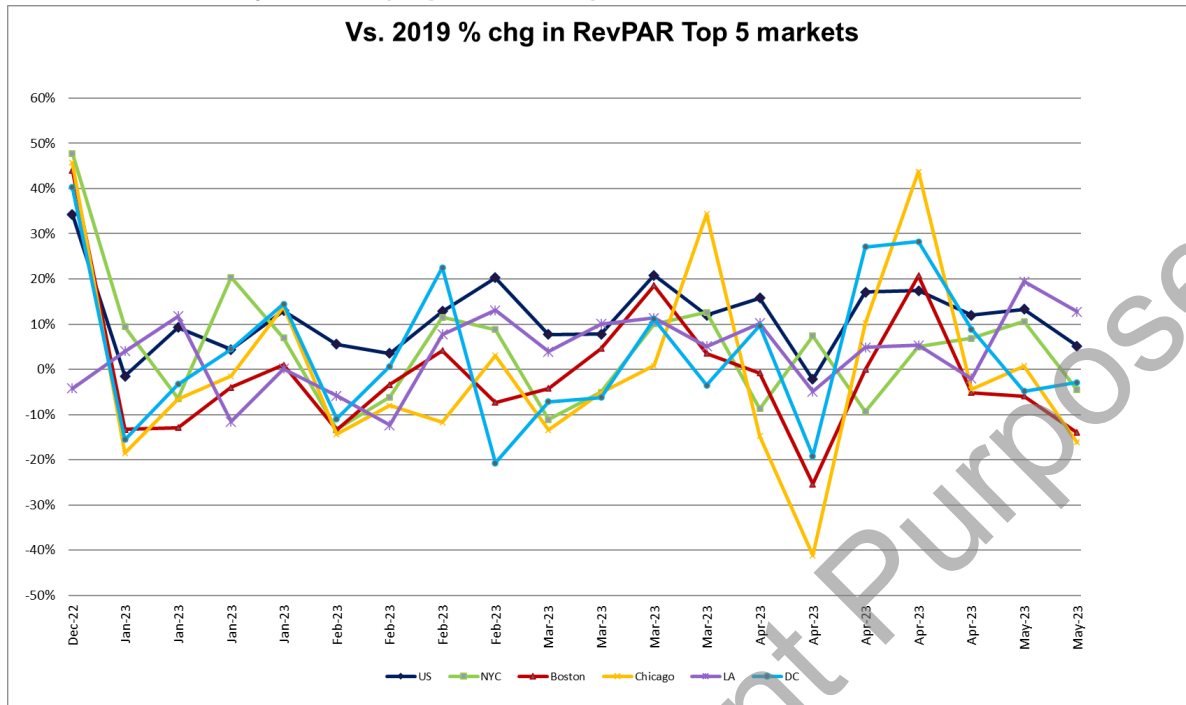
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



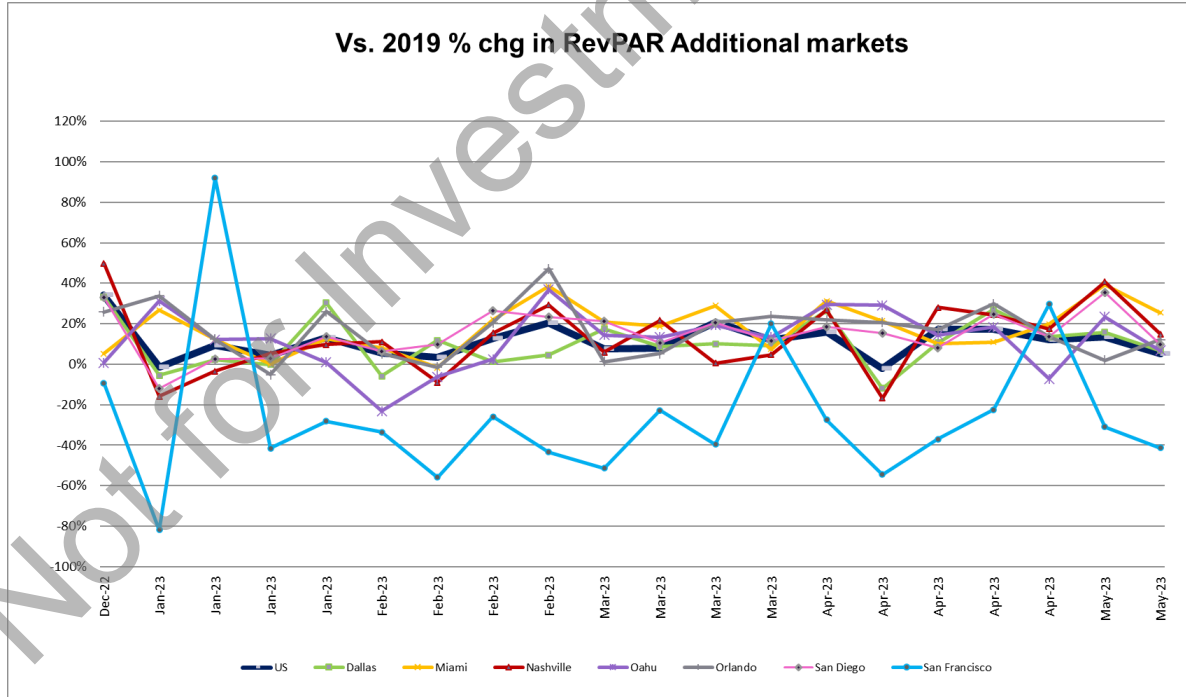
Source: STR data, Truist Securities research

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

Price Target/Risks Summary

Lodging	TKR	Price 5/17/23	Rating	PT*	% upside/downside	Truist Securities Valuation EBITDA excluding Stock Based Comp/Other			As Reported/Consensus/Data Aggregator "Headline" EBITDA			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.
						2022A EBITDA (\$M)**	2023E EBITDA (\$M)**	2024E EBITDA (\$M)**	2022A EBITDA (\$M)*	2023E EBITDA (\$M)*	2024E EBITDA (\$M)**		
Choice Hotels	CHH	\$123.05	Hold	\$132	7%	\$459	\$522	\$533	\$478	\$540	\$552	15.0X	Upside risk: conservative growth of new brands; market share gains. Downside risk: slowdown in development opportunities; market share losses.
DiamondRock Hospitality	DRH	\$8.11	Hold	\$11	36%	\$281	\$294	\$297	\$281	\$294	\$297	12.0X	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. Downside risk: lodging recovery takes longer than expected; weak results from ROI projects than forecasted; poor performance of recently acquired assets.
Hilton	HLT	\$144.20	Hold	\$165	14%	\$2,479	\$2,818	\$3,095	\$2,599	\$2,926	\$3,213	16.6X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hilton Grand Vacations	HGV	\$44.13	Buy	\$76	72%	\$1,003	\$1,037	\$1,105	\$1,049	\$1,105	\$1,156	9.1X	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/convention travel than expected. Dispositions at higher multiple than expected, stronger than expected performance by luxury leisure resorts on both top-line and margins through the valuation year. Downside risk: prolonged industry downturn with particular impact to large big box hotels; weak recovery of international travel during the valuation period; macro demand shock to acquired resort assets; labor issues.
Host Hotels & Resorts	HST	\$17.04	Hold	\$20	17%	\$1,498	\$1,482	\$1,473	\$1,498	\$1,482	\$1,473	12.0X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hyatt Hotels	H	\$112.69	Buy	\$145	29%	\$1,004	\$1,136	\$1,236	\$1,065	\$1,206	\$1,310	13.8X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Marriott International	MAR	\$177.11	Hold	\$213	20%	\$3,546	\$4,152	\$4,337	\$3,853	\$4,471	\$4,669	16.7X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Marriott Vacations	VAC	\$127.10	Buy	\$219	72%	\$927	\$939	\$1,010	\$966	\$978	\$1,052	10.5X	Downside risk: M&A story fades and multiples revert to historical levels. Upside risk: extended downturn in San Francisco, weak recovery of international travel during the valuation period especially China; macro demand shock impact to major resort assets; labor issues.
Park Hotels & Resorts	PK	\$13.65	Buy	\$20	47%	\$589	\$652	\$700	\$606	\$669	\$724	12.0X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Faster than expected San Francisco recovery. Downside Risks: Incremental EBITDA from major CapEx investments take longer than anticipated, contributing to multiple contraction. Very slow recovery in San Francisco.
Pebblebrook Hotel Trust***	PEB	\$14.07	Hold	\$16	14%	\$345	\$346	\$377	\$357	\$357	\$389	13.5X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
Playa Hotels & Resorts	PLYA	\$9.06	Buy	\$13	43%	\$231	\$262	\$271	\$243	\$273	\$282	10.5X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
RLJ Lodging Trust***	RLJ	\$10.68	Buy	\$15	40%	\$315	\$342	\$359	\$337	\$365	\$383	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
Ryman Hospitality Properties	RHP	\$93.80	Buy	\$119	27%	\$536	\$638	\$665	\$556	\$663	\$700	13.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
Sunstone Hotel Investors	SHO	\$10.18	Hold	\$11	8%	\$223	\$242	\$248	\$234	\$254	\$260	13.5X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
Vail Resorts, Inc.	MTN	\$239.76	Hold	\$262	9%	\$833	\$848	\$974	\$833	\$848	\$974	13.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
Travel + Leisure Co.	TNL	\$37.18	Buy	\$67	79%	\$817	\$891	\$940	\$859	\$936	\$996	8.4X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.
Wyndham Hotels & Resorts	WH	\$66.17	Buy	\$96	45%	\$618	\$620	\$664	\$651	\$659	\$705	15.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected; labor issues; weak recovery of international travel to gateway markets; natural disaster risk. Mortgage EBITDA stabilizes well lower than expected.

* All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2024 EBITDA
 ** Valuation EBITDA excludes select items for specific companies including stock-based compensation.
 *** Covered by Gregory J. Miller - gregory.miller@truist.com

Source: FactSet, Truist Securities research

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, \$28.50, Buy, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$8.11, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$112.69, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$44.13, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.04, Hold, C. Patrick Scholes)
OneSpaWorld Holdings Limited (OSW, \$10.67, Buy, Gregory Miller)
Pebblebrook Hotel Trust (PEB, \$14.07, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$13.65, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$9.06, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$93.80, Buy, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$10.68, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$10.18, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$37.18, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$127.10, Buy, C. Patrick Scholes)

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