

CONSUMER: Lodging

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10 Page Document

Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +2% y/y last week, +8% vs. 2019. Clean comp; lethargic results.

Overall U.S. RevPAR was +1.6% y/y for the week ending 7/15/2023, per STR, above the prior week's result of -1.2%, and slightly above the trailing 10-week average of +1.2%. Versus 2019, RevPAR was +8.1%, above the prior week's result of -2.1%, but below the trailing 10-week average of +11.3%.

On a y/y basis last week was a clean comp. Group results were modestly below our expectations but we did not see consistently weak results across markets or types of properties so we are not suggesting any evidence of a change in group trends. Perhaps y/y comps are somewhat tougher for some leisure groups given pent-up 2022 demand.

Given that this time of year is dominated by leisure demand (both individual and group) we focus mostly on leisure dynamics and less corporate travel. Overall we found results as expected and lethargic. That said, given media headlines on theoretical weakness in discretionary spend and what we observe as many vacationers traveling outside the U.S. for a value proposition (cruising, all-inclusives, Europe/Asia/etc), we do not view last week's y/y RevPAR of down 1-2% for Midscale/Economy and Resort down 3% as terrible metrics, all things considered.

The 2019 comp is somewhat impacted by the timing of Independence Day (in 2023, the holiday was in the prior week; in 2019, two weeks prior).

Major RevPAR statistics presented below:

- Luxury RevPAR: -1.8% y/y and +5.7% versus 2019;
- Upper Upscale RevPAR: +3.1% y/y and +1.3% versus 2019;
- Upscale RevPAR: +3.9% y/y and +4.0% versus 2019;
- Upper Midscale RevPAR: +2.1% y/y and +7.8% versus 2019;
- Midscale RevPAR: -1.0% y/y and +6.2% versus 2019;
- Economy RevPAR: -1.8% y/y and +4.5% versus 2019;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +0.1% y/y and +12.7% versus 2019; and
- Within Upper Upscale & Luxury class hotels:
 - Group: -0.3% y/y vs. +0.7% prior week; versus 2019: -7.2% vs -43.3% prior week.
 - Transient: +0.5% y/y vs. -0.4% prior week; versus 2019: +13.3% vs +14.4% prior week.
- Las Vegas RevPAR: +16.1% y/y and +32.5% 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 +1.6% y/y vs. the running 28-day average of +1.5% y/y.
- **Occupancy:** Absolute occupancy was 72.0% vs. 68.7% for the running 28-day average.
- **Absolute Group occupancy:** 21.3% last week vs. 18.8% for the running 28 days.

The lodging stocks: Overall, we continue to summarize our view on the lodging sector at the moment as one of “relative optimism,” *though more so for the global C-Corps and less so for the hotel REITS.*

- **Of the lodging stocks our favorite name continues to be Hyatt (Buy), which we see having several idiosyncratic catalysts.** Hyatt is a beneficiary of group strength primarily through its legacy portfolio but also to an extent the acquired Apple Leisure Group, the recovery of international higher-rated travel, and particular strength in leisure demand to the Caribbean and Europe, a continued push to asset-light, a leading global rooms pipeline, and improved FCF story. Hyatt generates approx. 30% of earnings from the group segment and 30% from its Caribbean-centric Apple Leisure Group business. **Our conviction on H was strengthened after Hyatt’s Investor Day and our tours** of three Apple Leisure Group properties in Mexico ([see our post-Investor Day/tours wrap-up note](#)).
- **We view Playa (PLYA, Buy) as a continued beneficiary of global leisure trends and excellent cash flow generation in a time when operating leverage works to the favor of all-inclusive Caribbean/Mexico hotel owners.**
- **For the hotel REITS, our favorite name is RHP.** At 75% of its business coming from groups/conventions, RHP has the greatest exposure to this customer segment and has no hotels located in the especially tech-heavy San Francisco area. We add that RHP’s hotels are likely benefitting from several “self-help” factors including having properties in better condition than some other big box comparables and convention centers as well as what has proven to be a smart strategy of maintaining their property-level salesforce during the heart of the pandemic. [RHP’s 1Q23 earnings results and forward commentary further bolster our enthusiasm for our Buy-rating.](#)
- **We are cautious on U.S. resort hotel profitability especially at the full-service level given pressure on demand and increasing headwinds in higher-end leisure room rates.** While group strength may bridge some of the gaps, we remain cautious on the net impact to profitability. Names with high luxury leisure exposure especially following post-COVID acquisitions are Host (HST, Hold), and Sunstone (SHO, Hold). [For greater detail on operating revenue/expense trends and labor considerations, please see our latest Hotel P&L Analyzer note.](#)

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper							New					
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	Independent	York	Boston	LA	Chicago	DC	
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%
5/20/2023	2.1%	-2.9%	3.3%	5.4%	3.8%	-0.4%	-2.8%	-0.5%	9.0%	17.0%	3.1%	6.1%	27.0%
5/27/2023	2.9%	-1.4%	6.4%	6.3%	3.8%	-0.9%	-3.1%	-0.5%	8.1%	4.8%	3.6%	4.8%	27.2%
6/3/2023	-1.0%	-2.6%	1.0%	0.1%	-0.9%	-4.4%	-6.4%	-1.8%	9.2%	18.6%	-7.0%	6.9%	15.2%
6/10/2023	-1.2%	-3.7%	0.8%	2.4%	1.1%	-2.2%	-4.8%	-5.8%	10.1%	10.4%	-14.2%	10.7%	18.7%
6/17/2023	1.5%	-1.6%	3.4%	3.4%	1.6%	-2.3%	-4.5%	0.4%	3.3%	-10.9%	13.3%	3.5%	7.2%
6/24/2023	-0.1%	-3.3%	-0.1%	2.2%	1.5%	-2.3%	-3.6%	-1.9%	-2.2%	4.8%	3.5%	-6.5%	4.6%
7/1/2023	5.7%	1.8%	9.5%	9.4%	7.7%	3.0%	0.2%	1.2%	21.1%	30.9%	-1.6%	7.8%	18.6%
7/8/2023	-1.2%	0.3%	0.6%	-2.6%	-3.2%	-4.5%	-3.5%	0.2%	14.7%	-0.4%	-1.3%	-4.3%	-2.0%
7/15/2023	1.6%	-1.8%	3.1%	3.9%	2.1%	-1.0%	-1.8%	0.1%	5.7%	4.2%	-1.7%	-8.9%	8.6%

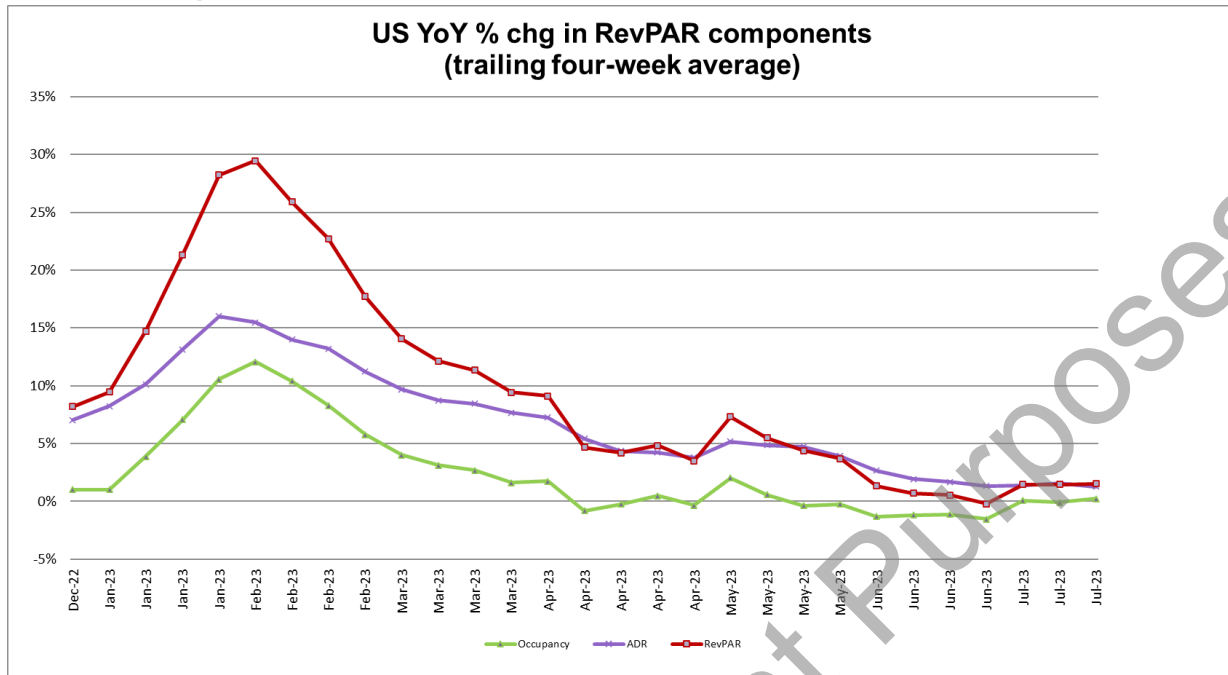
YoY % change in RevPAR													
Clean comp, soft summer leisure				Upscale and Upper Upscale led the industry				DC and New York led the Top 5 markets					
1Q19	1.5%	-0.7%	1.2%	-0.5%	0.4%	-0.1%	1.9%	3.1%	-7.1%	-2.1%	-1.7%	-4.5%	-2.4%
2Q19	1.1%	1.1%	0.5%	-0.4%	0.0%	-0.7%	1.7%	2.4%	-1.8%	4.5%	1.6%	-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%
2Q23	2.5%	-2.3%	5.1%	5.8%	3.8%	-0.4%	-3.8%	-0.6%	13.3%	11.2%	1.2%	12.1%	17.4%

YoY % change in ADR													
U.S.	Upper							New					
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	Independent	York	Boston	LA	Chicago	DC	
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%
5/20/2023	3.6%	0.1%	3.0%	4.7%	4.0%	2.2%	1.9%	2.7%	9.5%	10.4%	3.0%	6.0%	16.2%
5/27/2023	2.2%	-1.5%	1.6%	3.4%	2.3%	0.2%	0.0%	0.9%	5.1%	1.3%	2.2%	4.4%	15.1%
6/3/2023	1.3%	-1.6%	-0.3%	1.5%	1.2%	-0.5%	-0.6%	1.2%	2.9%	9.4%	-1.9%	9.3%	10.7%
6/10/2023	0.5%	-3.1%	0.0%	2.3%	1.8%	0.4%	-0.2%	-2.5%	7.5%	7.7%	-6.4%	8.3%	12.0%
6/17/2023	2.6%	0.0%	2.0%	2.8%	2.2%	0.6%	0.1%	2.5%	5.0%	-7.9%	12.7%	5.4%	7.4%
6/24/2023	0.9%	-1.5%	0.8%	1.8%	1.5%	-0.3%	-0.8%	0.0%	0.8%	2.9%	1.5%	-1.9%	5.8%
7/1/2023	1.5%	-3.1%	2.1%	3.1%	2.4%	0.6%	-0.2%	-1.0%	8.5%	12.3%	-1.6%	4.3%	9.6%
7/8/2023	1.2%	-0.8%	0.0%	0.4%	0.9%	-0.4%	-0.2%	1.3%	3.0%	-0.5%	-2.0%	-2.9%	0.4%
7/15/2023	1.5%	-2.1%	0.9%	1.9%	1.9%	0.1%	0.4%	1.0%	1.1%	1.3%	-1.7%	-5.6%	5.9%
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%	7.5%	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%
2Q23	3.2%	-1.2%	2.5%	4.3%	3.5%	1.6%	0.9%	2.1%	9.6%	5.8%	2.5%	8.5%	11.6%

YoY % change in Occupancy													
U.S.	Upper							New					
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	Independent	York	Boston	LA	Chicago	DC	
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%
5/20/2023	-1.5%	-3.0%	0.3%	0.7%	-0.2%	-2.6%	-4.6%	-3.2%	-0.5%	6.0%	0.1%	0.1%	9.3%
5/27/2023	0.6%	0.1%	4.7%	2.8%	1.4%	-1.1%	-3.1%	-1.4%	2.8%	3.4%	1.3%	0.4%	10.5%
6/3/2023	-2.3%	-1.0%	1.3%	-1.4%	-2.1%	-3.9%	-5.8%	-3.0%	6.1%	8.5%	-5.2%	-2.2%	4.0%
6/10/2023	-1.6%	-0.6%	0.8%	0.1%	-0.7%	-2.6%	-4.6%	-3.4%	2.4%	2.5%	-8.3%	2.2%	6.0%
6/17/2023	-1.1%	-1.6%	1.3%	0.5%	-0.6%	-2.9%	-4.6%	-2.1%	-1.6%	-3.3%	0.5%	-1.8%	-0.2%
6/24/2023	-1.0%	-1.8%	0.8%	0.4%	0.0%	-2.0%	-2.9%	-1.9%	-2.9%	1.9%	2.0%	-4.7%	-1.1%
7/1/2023	4.1%	5.1%	7.2%	6.2%	5.2%	2.3%	0.4%	2.3%	11.6%	16.6%	-0.1%	3.3%	8.2%
7/8/2023	-2.3%	1.2%	0.6%	-2.9%	-4.1%	-4.1%	-3.3%	-1.1%	11.4%	0.1%	0.7%	-1.5%	-2.4%
7/15/2023	0.1%	0.2%	2.2%	1.9%	0.2%	-1.1%	-2.1%	-0.9%	4.6%	2.8%	0.0%	-3.5%	2.6%
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%
2Q23	-0.7%	-1.0%	2.6%	1.4%	0.3%	-2.0%	-4.6%	-2.7%	3.3%	5.1%	-1.3%	3.3%	5.1%

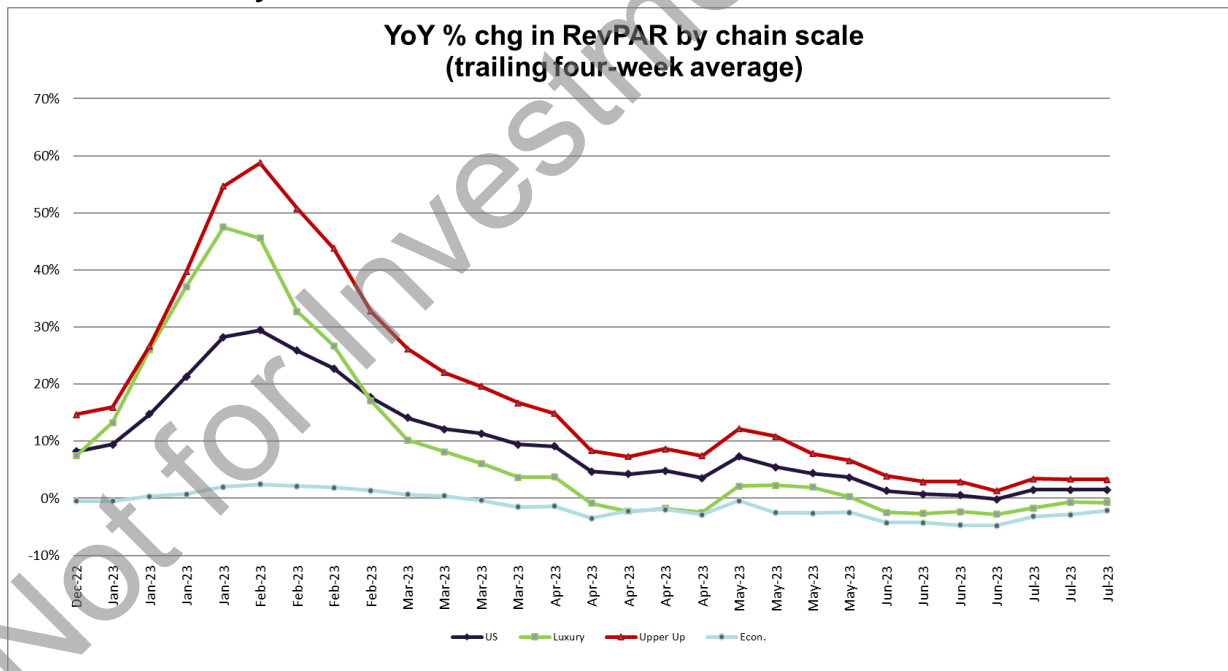
Source: STR data, Truist Securities research

RevPAR Component Trends



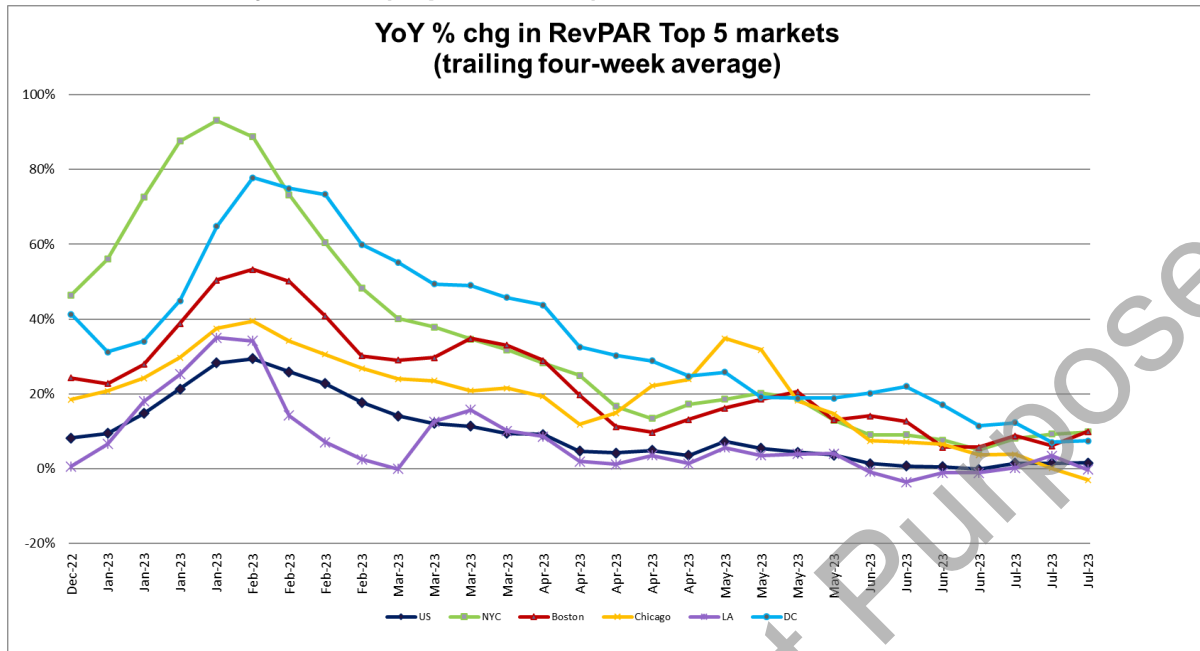
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



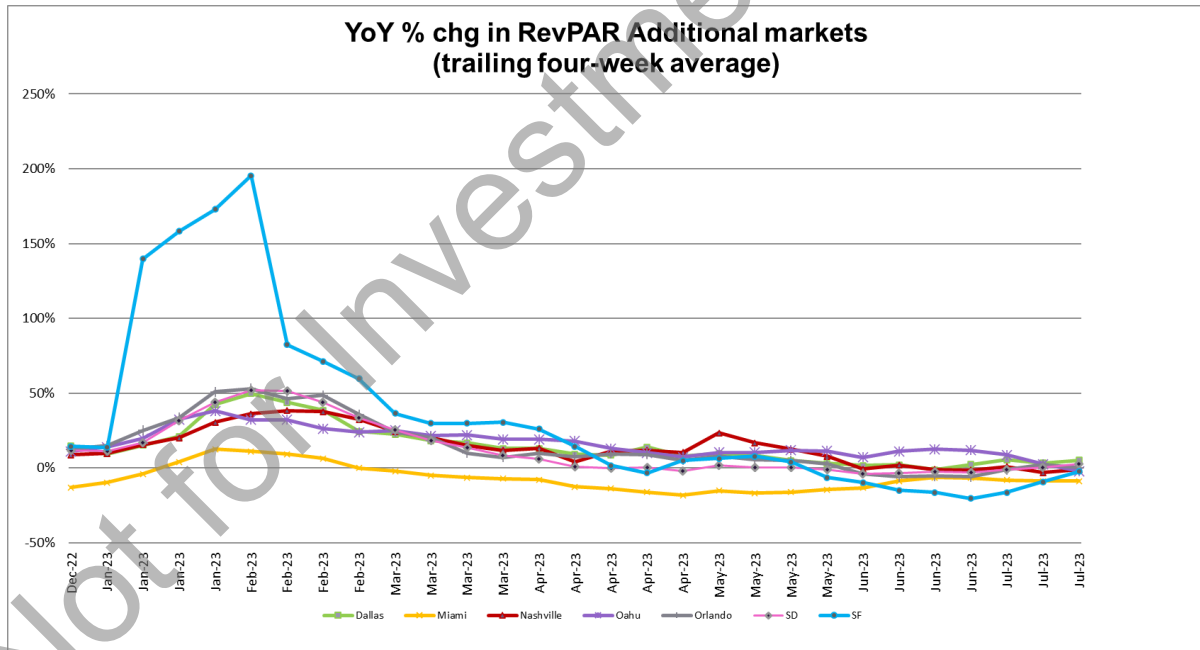
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



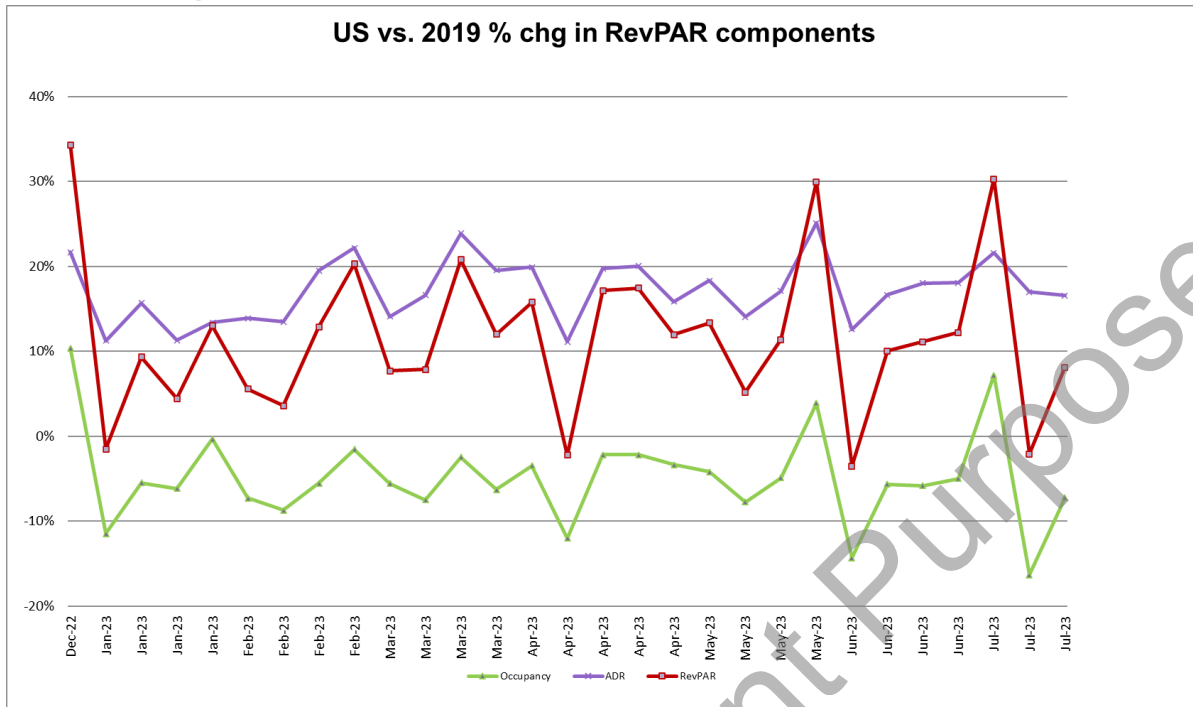
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



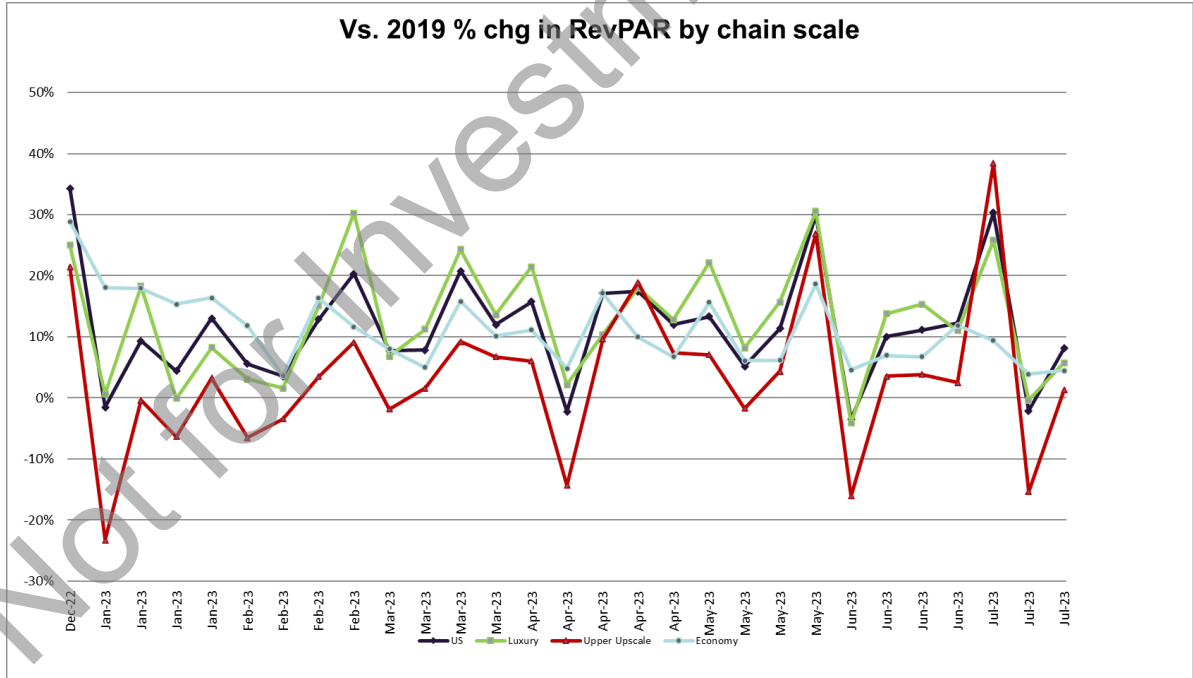
Source: STR data, Truist Securities research

RevPAR Component Trends



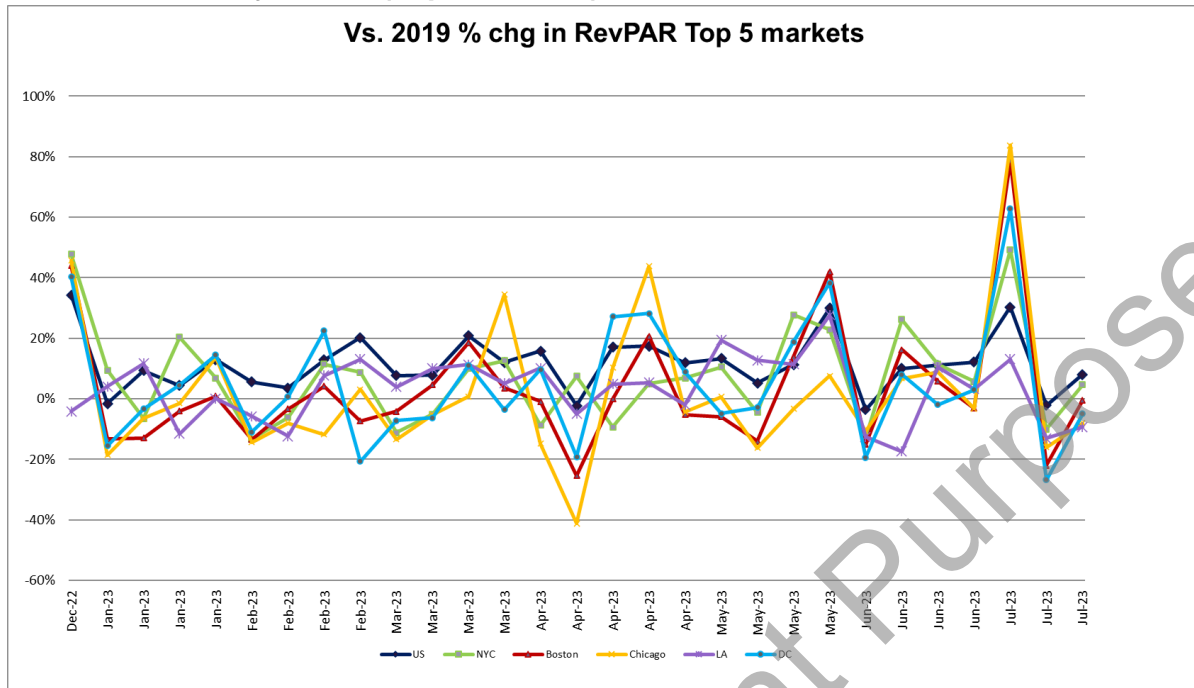
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



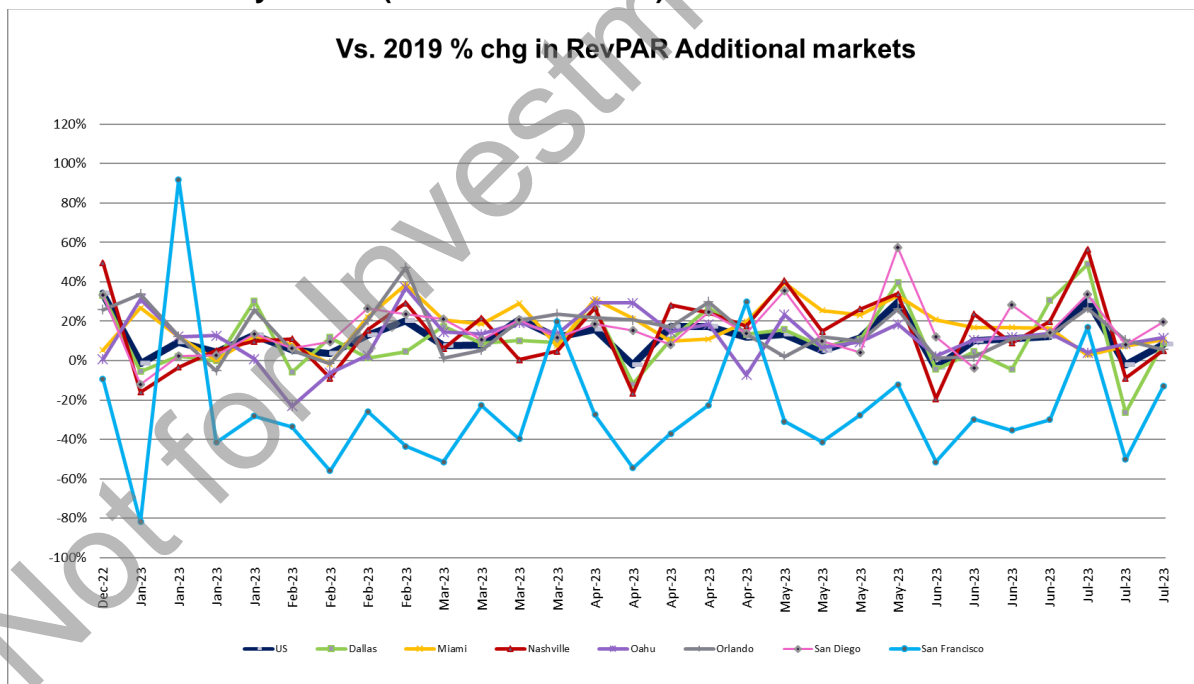
Source: STR data, Truist Securities research

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 7/18/23	Rating	PT*	% Upside/ down- side	Truist Securities Valuation EBITDA excluding Stock Based Comp/Other			As Reported/Consensus/Data Aggregator "Headline" EBITDA			Target EV/EBITDA Multiple	Risks
						2022A EBITDA (\$M)* **	2023E EBITDA (\$M)* **	2024E EBITDA (\$M)* **	2022A EBITDA (\$M)*	2023E EBITDA (\$M)*	2024E EBITDA (\$M)* **		
Bluegreen Vacations	BVH	\$37.50	Buy	\$52	40%	\$140	\$147	\$154	\$140	\$147	\$154	7.2X	Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk. Upside risk: conservative growth of new brands; market share gains. Downside risk: slowdown in development opportunities; market share losses.
Choice Hotels	CHH	\$123.96	Hold	\$133	7%	\$459	\$517	\$534	\$478	\$535	\$553	15.0X	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; weaker results from ROI projects than forecasted; poor performance of recently acquired assets.
DiamondRock Hospitality	DRH	\$8.14	Hold	\$11	35%	\$281	\$291	\$292	\$281	\$291	\$292	12.0X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hilton	HLT	\$149.97	Hold	\$165	10%	\$2,479	\$2,818	\$3,095	\$2,599	\$2,926	\$3,213	16.6X	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: extended 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.
Hilton Grand Vacations	HGV	\$47.62	Buy	\$76	59%	\$1,049	\$1,105	\$1,156	\$1,049	\$1,105	\$1,156	9.2X	Downside risk: lodging recovery takes longer than expected. Planned dispositions take longer than expected. Material labor issues to owned hotels. Pipeline growth slower than expected. Apple Leisure Group underperforms.
Host Hotels & Resorts	HST	\$17.68	Hold	\$21	19%	\$1,498	\$1,592	\$1,561	\$1,498	\$1,592	\$1,561	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	\$120.93	Buy	\$149	23%	\$1,004	\$1,170	\$1,258	\$908	\$1,054	\$1,141	14.1X	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 Oahu, macro demand shock impact to major resort assets, labor issues.
Marriott International	MAR	\$193.66	Hold	\$213	10%	\$3,546	\$4,152	\$4,337	\$3,853	\$4,471	\$4,669	16.7X	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.
Marriott Vacations	VAC	\$133.13	Buy	\$219	64%	\$927	\$939	\$1,010	\$927	\$939	\$1,010	10.5X	Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio). Downside risk: Slower than expected recovery of corporate business travel post-COVID; scope/timing and/or upside from repositionings underwhelms investor expectations
Park Hotels & Resorts	PK	\$13.32	Buy	\$20	50%	\$589	\$652	\$700	\$606	\$669	\$724	12.0X	Downside risk: Group demand slower than expected. Property-specific risks given a small portfolio.
Pebblebrook Hotel Trust***	PEB	\$14.26	Hold	\$16	12%	\$345	\$348	\$374	\$357	\$359	\$386	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. Montage EBITDA stabilizes well lower than expected.
Playa Hotels & Resorts	PLYA	\$8.47	Buy	\$13	53%	\$231	\$266	\$278	\$243	\$279	\$291	10.5X	Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries.
RLJ Lodging Trust***	RLJ	\$10.17	Buy	\$15	47%	\$315	\$362	\$374	\$337	\$385	\$398	11.5X	Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.
Ryman Hospitality Properties	RHP	\$94.85	Buy	\$119	25%	\$536	\$638	\$665	\$556	\$663	\$700	13.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Sunstone Hotel Investors	SHO	\$10.15	Hold	\$11	8%	\$223	\$249	\$246	\$234	\$260	\$258	13.5X	Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.
Vail Resorts, Inc.	MTN	\$244.80	Hold	\$263	7%	\$833	\$948	\$974	\$833	\$948	\$974	13.0X	
Travel + Leisure Co.	TNL	\$43.39	Buy	\$67	53%	\$859	\$936	\$996	\$859	\$936	\$996	8.4X	
Wyndham Hotels & Resorts	WH	\$75.65	Buy	\$96	27%	\$618	\$620	\$684	\$651	\$659	\$705	15.0X	

* 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.j.miller@truist.com

Source: FactSet, Truist Securities research

Companies Mentioned in This Note

Hyatt Hotels Corporation (H, \$120.68, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.67, Hold, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$8.41, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$93.69, Buy, C. Patrick Scholes)
Sunstone Hotel Investors, Inc. (SHO, \$10.09, Hold, C. Patrick Scholes)

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