

## CONSUMER: Lodging

## C. Patrick Scholes

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

## Gregory J. Miller

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

## Barry Jonas

212-590-0998  
Barry.Jonas@truist.com

## Samuel Durno

212-303-4183  
Samuel.Durno@truist.com

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## Reasons for this report

- ✓ Our analysis of the most recent weekly US lodging results

## Lodging: US RevPAR +3.9% y/y last week. Super Bowl in Vegas drives strong independent results, less so for brands

Overall U.S. RevPAR was +3.9% y/y for the week ending 2/10/2024, per STR, above the prior week's result of +1.7% y/y and above the trailing 10-week average of +1.7%.

Last week was a bifurcated story for U.S. hotels. The Super Bowl in Las Vegas was a tailwind with LV RevPAR of +139.9% y/y for the week. To our understanding the major casinos are reported as independent hotels by STR and consequently we are not surprised that non-branded Independents' RevPAR was +17.3% last week. Conversely, overall chain scale results (less Super Bowl benefit) were down last week with Luxury -2% and Midscale/Economy -6% to -7%.

Given Las Vegas is the largest hotel market in the U.S. and at generally higher room rates on average compared to the national industry average, any big positive event flows into the U.S. lodging national results. We will obviously see a very tough comp next year.

The only chain scale that had positive y/y RevPAR last week was Upper Upscale. We interpret that Upper Upscale benefited in part from still strong overall group trends and recovery of overall demand to major urban markets.

### Major RevPAR statistics presented below:

- Luxury RevPAR: -2.3% y/y
- Upper Upscale RevPAR: +2.5% y/y
- Upscale RevPAR: -0.6% y/y
- Upper Midscale RevPAR: -2.5% y/y
- Midscale RevPAR: -6.6% y/y
- Economy RevPAR: -6.0% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: +17.3% y/y; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +10.7% y/y vs. +10.3% prior week;
  - Transient: +9.1% y/y vs. -0.2% prior week;
- Las Vegas RevPAR: +139.9% y/y
  - **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 +3.9% y/y vs. the running 28-day average of +1.2% y/y.
- **Occupancy:** Absolute occupancy was 56.2% vs. 54.8% for the running 28-day average.
- **Absolute Group occupancy:** 21.8% last week vs. 21.2% 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 Hotels Corp. (H, 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 due to 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.

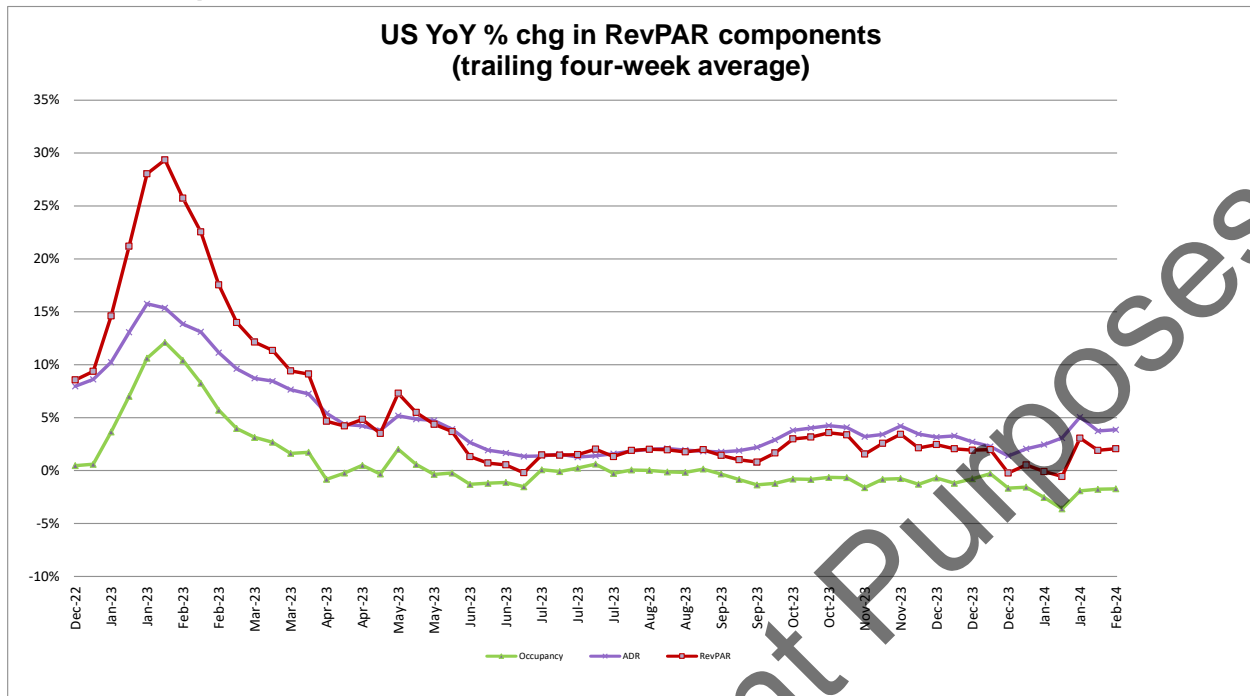
- **For the hotel REITS, our favorite name is RHP (Buy).** With 75% of its business coming from groups/conventions, Ryman Hospitality Properties has the greatest exposure to this customer segment and has no hotels located in the especially tech-heavy San Francisco area. We add that RHP's hotels are likely benefiting 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 peak of the pandemic.
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Not for Investment Purposes

Weekly RevPAR Summary

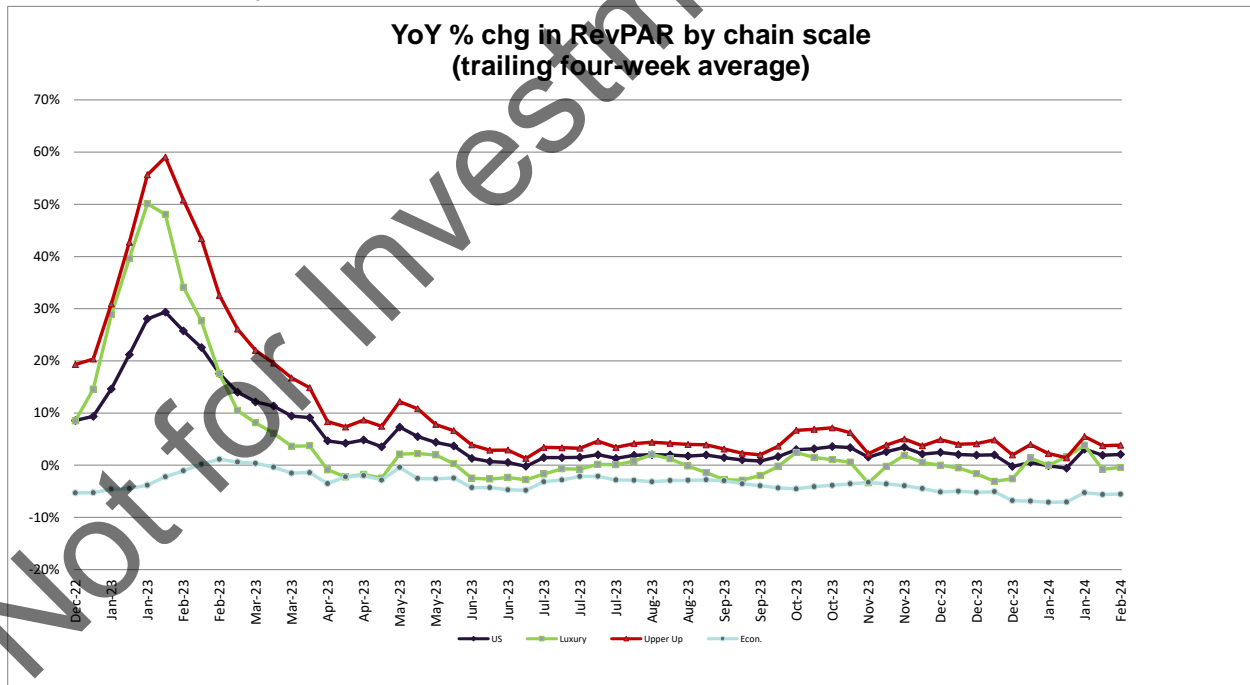
YoY % change in RevPAR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
10/21/2023	2.9%	-2.2%	3.9%	4.8%	1.8%	-0.6%	-3.0%	3.3%	8.5%	8.6%	1.5%	5.7%	6.5%
10/28/2023	4.6%	3.3%	6.0%	6.7%	3.7%	-0.2%	-3.7%	3.9%	18.1%	20.0%	1.9%	-11.4%	20.5%
11/4/2023	-2.1%	-7.7%	-3.0%	-1.1%	-1.1%	-2.7%	-3.2%	-2.4%	6.4%	6.0%	0.1%	-12.1%	9.4%
11/11/2023	4.9%	5.6%	8.6%	6.5%	2.6%	-1.9%	-4.3%	3.9%	15.7%	18.2%	2.7%	11.5%	16.9%
11/18/2023	6.3%	6.3%	8.6%	5.5%	2.5%	-1.6%	-4.4%	10.0%	12.5%	22.8%	-8.8%	4.8%	19.0%
11/25/2023	-0.6%	-2.1%	0.7%	-0.4%	-1.7%	-3.5%	-5.9%	0.3%	15.3%	7.3%	-5.0%	-0.6%	1.2%
12/2/2023	-0.8%	-9.8%	1.8%	1.0%	-1.1%	-3.5%	-5.9%	-1.2%	17.2%	0.2%	6.8%	1.9%	3.4%
12/9/2023	3.3%	3.6%	5.0%	4.4%	1.0%	-1.4%	-3.7%	3.1%	10.7%	29.3%	-3.1%	2.9%	3.3%
12/16/2023	5.8%	1.8%	9.0%	6.7%	2.5%	-0.6%	-5.4%	8.5%	25.7%	17.8%	-2.9%	-13.5%	-6.7%
12/23/2023	-0.4%	-8.0%	3.6%	2.8%	1.6%	-1.8%	-5.4%	-3.3%	18.7%	23.1%	-0.7%	0.9%	5.2%
12/30/2023	-9.7%	-7.8%	-9.7%	-9.4%	-10.9%	-12.0%	-12.7%	-10.1%	4.7%	-9.3%	-1.9%	-14.6%	-11.5%
1/6/2024	6.4%	19.4%	13.0%	5.1%	1.8%	-0.9%	-4.0%	4.4%	49.9%	12.4%	8.8%	21.2%	4.0%
1/13/2024	3.3%	-3.7%	2.1%	0.8%	-2.8%	-5.2%	-6.3%	14.8%	6.2%	16.0%	-16.6%	-4.3%	4.8%
1/20/2024	-2.2%	-1.6%	0.3%	-0.7%	-4.3%	-5.3%	-5.1%	-4.1%	7.4%	5.8%	3.1%	3.5%	3.0%
1/27/2024	4.8%	1.1%	6.6%	3.9%	-0.7%	-3.4%	-5.6%	11.2%	9.0%	8.2%	-2.2%	52.1%	4.6%
2/3/2024	1.7%	1.1%	6.0%	4.9%	0.7%	-3.0%	-5.5%	-1.6%	14.4%	17.9%	-1.0%	3.3%	17.0%
2/10/2024	3.9%	-2.3%	2.5%	-0.6%	-2.5%	-6.6%	-6.0%	17.3%	11.5%	12.5%	-2.4%	1.6%	-1.2%
Superbowl in Vegas drives strong independent results			Upper Upscale and Upscale led the industry					Boston and NYC led the top 5 markets					
1019	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%
2019	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%
3019	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%
4019	0.7%	-3.6%	1.8%	-0.6%	-1.0%	-2.7%	-1.5%	2.3%	-4.1%	-1.6%	-1.1%	-0.7%	-5.2%
1022	67.2%	112.3%	127.2%	69.7%	51.0%	36.2%	24.3%	59.6%	97.1%	137.1%	115.2%	85.1%	58.1%
2022	38.8%	70.2%	82.9%	46.8%	26.2%	15.4%	27.7%	54.9%	141.2%	172.1%	51.0%	109.5%	145.7%
3022	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%
4022	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%
1023	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%
2023	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%
3023	1.7%	0.1%	3.9%	3.7%	1.7%	-1.0%	-3.5%	0.2%	16.4%	8.0%	1.2%	-1.9%	14.5%
4023	1.3%	-0.5%	4.3%	2.7%	-0.1%	-3.0%	-5.4%	0.2%	14.6%	13.8%	0.6%	0.7%	5.7%
YoY % change in ADR													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
10/21/2023	3.8%	-1.8%	2.9%	3.7%	2.9%	0.8%	-0.4%	5.7%	8.0%	5.9%	-0.1%	0.9%	4.9%
10/28/2023	3.9%	-0.2%	2.6%	3.6%	2.9%	0.5%	-0.7%	5.0%	12.7%	11.5%	0.4%	0.7%	3.7%
11/4/2023	2.0%	-2.5%	1.4%	2.4%	2.7%	0.5%	0.2%	2.8%	5.0%	0.4%	0.1%	6.3%	5.8%
11/11/2023	4.0%	-0.8%	3.2%	3.4%	2.4%	0.4%	-0.8%	4.6%	8.8%	9.9%	0.6%	3.0%	8.9%
11/18/2023	7.0%	4.0%	5.5%	3.9%	2.8%	-0.2%	-0.7%	14.1%	7.7%	10.6%	-4.0%	2.2%	10.4%
11/25/2023	0.9%	-5.1%	-0.2%	0.0%	0.0%	-1.7%	-1.9%	2.4%	7.2%	1.5%	-3.4%	-1.2%	0.9%
12/2/2023	0.8%	-9.2%	0.3%	1.4%	1.0%	-1.3%	-2.1%	2.0%	9.8%	-0.6%	2.1%	1.6%	0.8%
12/9/2023	4.5%	4.6%	4.5%	4.1%	2.5%	0.1%	-1.2%	5.8%	11.4%	13.4%	-1.8%	7.6%	1.7%
12/16/2023	4.7%	-1.2%	4.2%	4.0%	2.4%	0.2%	-0.6%	6.9%	16.2%	5.0%	-0.9%	-3.7%	-6.1%
12/23/2023	-0.9%	-13.3%	-0.9%	-0.4%	0.3%	-1.9%	-2.6%	-1.0%	9.9%	1.3%	-1.4%	-0.1%	1.8%
12/30/2023	-2.8%	-8.3%	-3.0%	-3.7%	-3.0%	-4.5%	-4.7%	-2.6%	3.2%	-7.6%	-3.8%	-8.5%	-5.8%
1/6/2024	7.2%	6.2%	6.6%	5.5%	4.1%	7.1%	-0.4%	6.8%	33.6%	5.3%	2.7%	11.5%	2.5%
1/13/2024	6.3%	-2.4%	3.3%	3.1%	2.3%	-0.5%	-2.1%	16.6%	15.5%	2.2%	-12.4%	0.1%	2.1%
1/20/2024	1.6%	-2.3%	1.4%	1.9%	1.0%	-0.9%	-2.7%	1.8%	5.6%	1.7%	0.9%	3.7%	2.6%
1/27/2024	5.1%	-3.3%	3.0%	2.9%	1.8%	-0.2%	-2.5%	1.4%	5.7%	2.9%	-0.6%	21.2%	3.2%
2/3/2024	1.9%	-3.6%	1.4%	2.5%	1.1%	-0.6%	-2.8%	-1.4%	6.3%	4.7%	-0.1%	2.7%	5.5%
2/10/2024	6.8%	-4.1%	1.9%	1.0%	1.5%	-1.6%	-2.4%	21.9%	5.2%	5.4%	-0.9%	1.1%	0.2%
1019	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%
2019	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	0.8%	-1.0%	3.2%	0.8%	-1.7%	0.2%
3019	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%
4019	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%
1020	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-3.3%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%
2020	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-16.6%	-34.8%	-52.3%	-56.9%	-40.5%	-53.7%	-48.8%
3020	-24.1%	-12.6%	-33.5%	-24.2%	-17.3%	-14.6%	-14.4%	-16.1%	-47.7%	-47.3%	-31.6%	-43.2%	-34.5%
4020	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-14.4%	-14.3%	-14.9%	-54.1%	-45.5%	-29.2%	-44.8%	-40.7%
1021	-19.6%	3.4%	-23.4%	-29.0%	-14.2%	-8.3%	-1.9%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%
2021	43.2%	37.8%	30.6%	21.3%	23.1%	20.4%	18.6%	52.6%	33.5%	38.0%	42.5%	46.1%	23.1%
3021	36.2%	31.8%	35.0%	29.7%	28.3%	23.5%	21.1%	32.8%	64.2%	57.7%	43.1%	59.6%	29.4%
4021	41.5%	29.6%	41.9%	34.2%	35.5%	22.9%	18.8%	39.2%	99.6%	69.6%	46.1%	64.9%	41.6%
1022	37.5%	21.0%	39.7%	34.1%	21.0%	20.8%	17.3%	34.0%	52.2%	50.5%	61.8%	41.1%	31.7%
2022	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%
3022	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%
4022	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%
1023	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%
2023	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%
3023	2.2%	-1.4%	1.3%	2.9%	2.2%	0.3%	0.0%	2.1%	9.8%	3.8%	0.2%	-2.1%	6.2%
4023	2.9%	-2.3%	2.7%	2.5%	1.8%	-0.3%	-1.3%	3.7%	9.6%	7.0%	0.0%	0.7%	3.5%
YoY % change in Occupancy													
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
10/21/2023	-0.8%	-0.4%	1.0%	1.0%	-1.1%	-1.4%	-2.6%	-2.3%	0.4%	2.6%	1.6%	4.8%	1.5%
10/28/2023	0.7%	3.5%	3.3%	3.0%	0.8%	-0.7%	-3.1%	-1.1%	4.8%	7.7%	1.5%	-1.8%	7.9%
11/4/2023	-4.0%	-5.3%	-4.3%	-3.5%	-3.7%	-3.2%	-3.4%	-5.0%	1.4%	5.5%	0.0%	-6.5%	3.6%
11/11/2023	0.8%	6.4%	5.6%	3.0%	0.2%	-2.4%	-3.5%	-0.7%	6.3%	7.5%	2.1%	5.2%	7.3%
11/18/2023	-0.6%	-2.2%	3.0%	1.5%	-0.3%	-1.4%	-3.7%	-3.6%	4.4%	11.0%	-3.0%	2.6%	7.8%
11/25/2023	-1.4%	3.2%	0.9%	-0.4%	-1.8%	-1.8%	-4.1%	-2.0%	7.6%	5.7%	-1.6%	0.6%	0.3%
12/2/2023	-1.6%	-0.7%	1.5%	-0.3%	-2.0%	-2.2%	-3.8%	-3.2%	6.8%	0.7%	4.6%	0.2%	2.6%
12/9/2023	-1.1%	-1.0%	0.4%	0.3%	-1.5%	-1.5%	-2.5%	-2.6%	-0.6%	14.1%	-1.3%	1.2%	1.6%
12/16/2023	1.0%	3.1%	4.6%	2.5%	0.1%	-0.8%	-4.8%	1.5%	8.1%	12.2%	-2.0%	-10.2%	-0.6%
12/23/2023	0.5%	6.2%	4.6%	3.2%	1.3%	0.2%	-2.9%	-2.3%	8.0%	21.5%	0.6%	1.1%	3.3%
12/30/2023	-7.1%	0.6%	-6.1%	-6.0%	-8.2%	-7.8%	-8.4%	-7.5%	1.4%	-1.7%	0.0%	-6.6%	-6.1%
1/6/2024	-0.7%	12.5%	5.9%	-0.4%	-2.2%	-2.0%	-3.7%	-2.2%	12.3%	6.8%	5.9%	7.7%	1.4%
1/13/2024	-2.8%	-1.3%	-1.2%	-2.2%	-4.9%	-4.7%	-4.3%	-1.6%	1.5%	13.5%	-4.8%	-4.4%	2.7%
1/20/2024	-3.8%	0.7%	-1.1%	-2.6%	-5.3%	-4.5%	-2.4%	-5.8%	1.7%	4.0%	2.2%	-0.1%	0.4%
1/27/2024	-0.3%	4.6%	3.5%	0.9%	-2.5%	-3.2%	-3.2%	-0.2%	3.2%	5.8%	-1.6%	25.5%	1.4%
2/3/2024	-0.1%	4.8%	4.5%	2.3%	-0.5%	-2.5%	-2.8%	-2.9%	7.6%	12.5%	-0.9%	0.6%	10.9%
2/10/2024	-2.7%	1.8%	0.6%	-1.6%	-3.9%	-5.0%	-3.7%	-3.7%	6.0%	6.7%	-1.6%	0.5%	-1.4%
1019	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%
2019	-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%
3019	-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%
4019	-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%
1022	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%
2022	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%
3022	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%
4022	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%
1023	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%
2023	-0.7%	-1.0%	2.6%	1.4%	0.3%	-2.0%	-4.8%	-2.7%	3.3%	5.1%	-1.3%	3.3%	5.1%
3023	-0.5%	1.5%	2.6%	1.4%	-0.5%	-1.3%	-3.5%	-1.8%	6.0%	4.1%	1.1%	0.3%	5.0%
4023	-1.6%	1.8%	1.5%	0.2%	-1.8%	-2.7%	-4.2%	-3.3%	4.5%	6.4%	0.5%	0.1%	2.1

RevPAR Component Trends



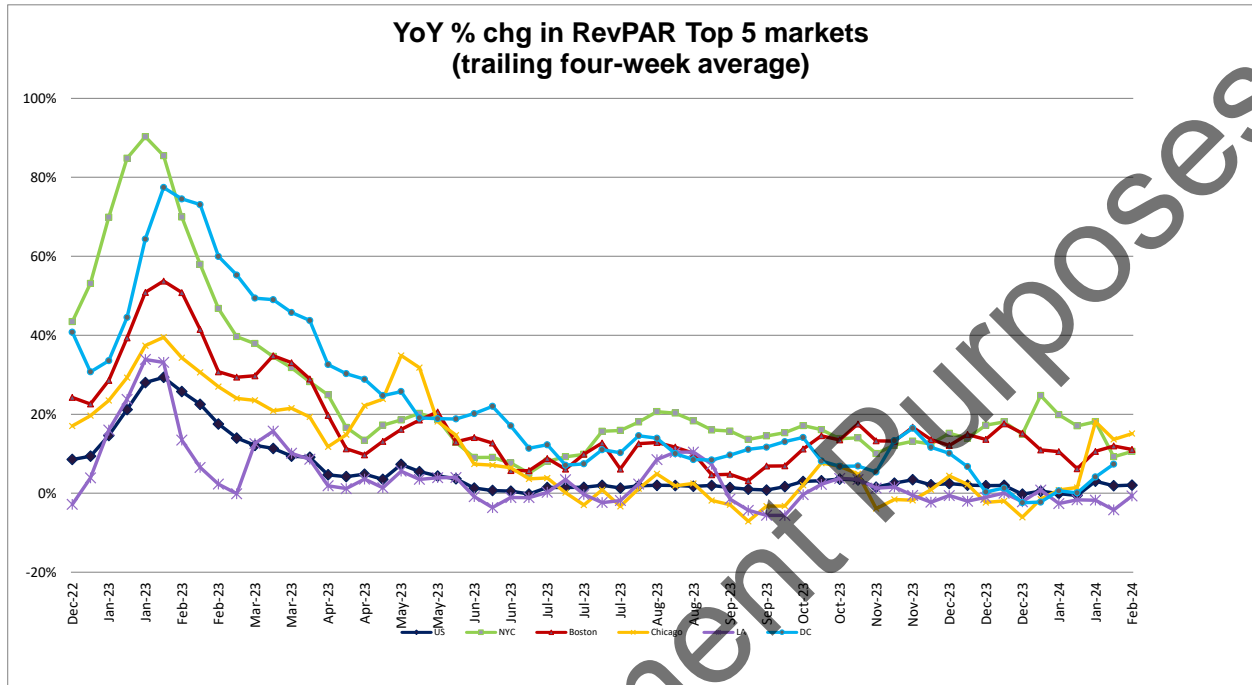
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



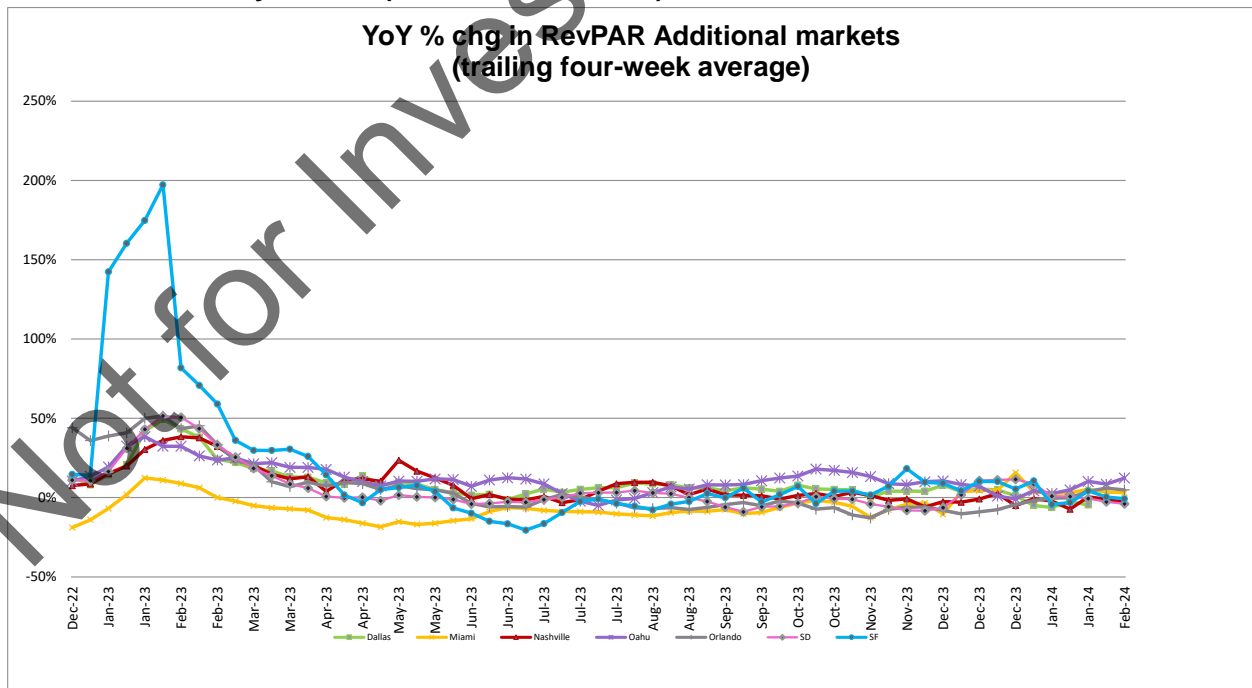
Source: STR data, Truist Securities research

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

**H: Valuation and Risks**

Our price target of \$143 is derived by applying a 14.2x target EV/EBITDA multiple (a blended average of the industry multiples for each business segment) to our estimate for 2024 EBITDA. Our sum-of-the-parts analysis on our 2024 segment multiple assumptions include (12.5x owned EBITDA u/c, 16x fees EBITDA u/c) and other segments/ALG (10-12x, u/c).

Risks to our rating and price target: Lodging recovery takes longer than expected. Planned dispositions take longer than expected. Material labor issues to owned hotels. Regional risks to the Caribbean including material new competitive supply growth. H pipeline growth slower than expected. Apple Leisure Group underperforms Hyatt's guidance.

**Companies Mentioned in This Note**

**Hyatt Hotels Corporation** (H, \$126.51, Buy, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$111.30, Buy, C. Patrick Scholes)

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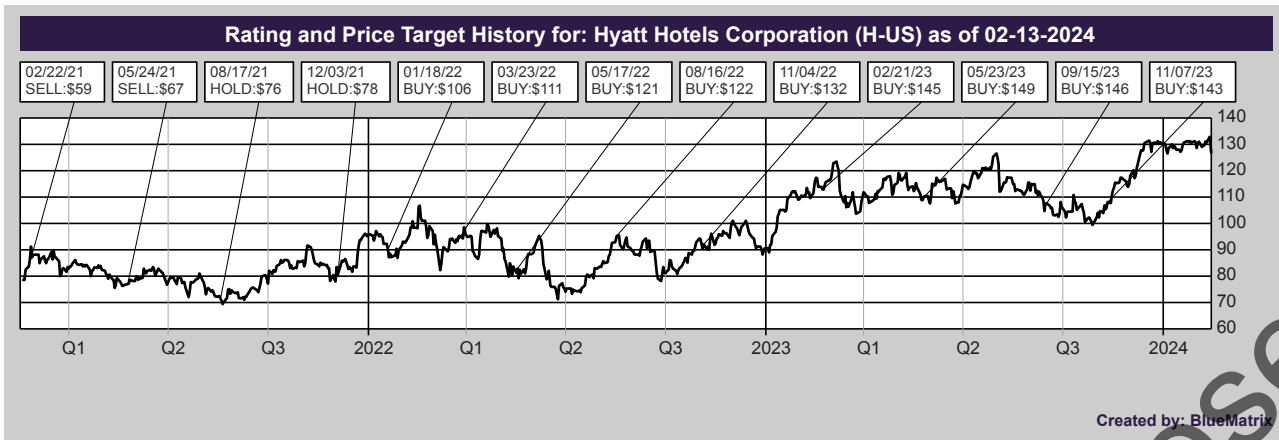
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