

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR -2.8% y/y last week. Clean comp week with surprisingly soft results

Overall U.S. RevPAR was -2.8% y/y for the week ending 3/9/2024, per STR, below the prior week's result of +2.4 y/y% and below the trailing 10-week average of +1.6%.

Last week's results were surprisingly soft on a clean y/y comp. All chain scales had negative y/y RevPAR growth except Upper Upscale (flattish); Economy RevPAR was a soft -8%. Top 25 market results were mixed with Urban RevPAR +2.3%. An additional headwind to the U.S. result was Las Vegas RevPAR of -30.6%. The one relative bright spot was Group RevPAR of +4.6% although Group revenue gains last week were more than 100% occupancy driven (Group occupancy +5.4%; ADR -0.8%).

Major RevPAR statistics presented below:

- Luxury RevPAR: -3.4% y/y
- Upper Upscale RevPAR: 0.2% y/y
- Upscale RevPAR: -0.7% y/y
- Upper Midscale RevPAR: -2.7% y/y
- Midscale RevPAR: -5.9% y/y
- Economy RevPAR: -8.0% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: -7.4% y/y; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +4.6% y/y vs. +13.4% prior week;
 - Transient: -5.2% y/y vs. +1.7% prior week;
- Las Vegas RevPAR: -30.6% 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 -2.8% y/y vs. the running 28-day average of -0.5% y/y.
- **Occupancy:** Absolute occupancy was 63.2% vs. 61.7% for the running 28-day average.
- **Absolute Group occupancy:** 23.9% last week vs. 22.1% 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

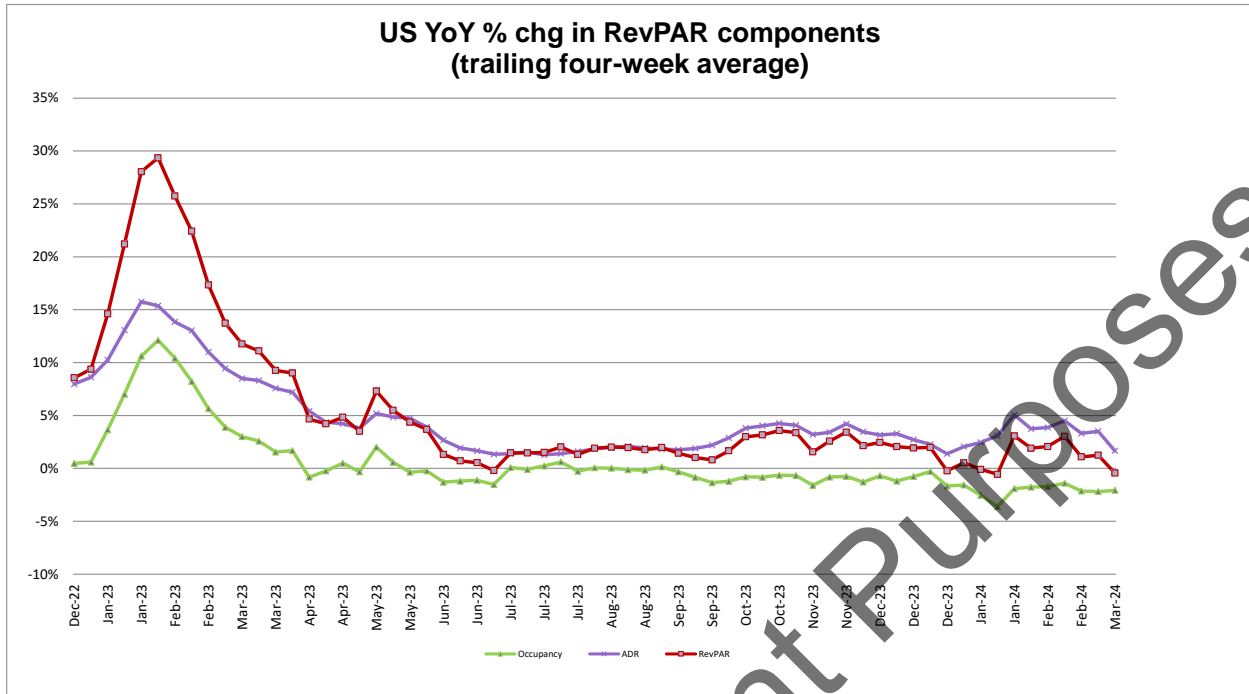
be a smart strategy of maintaining their property-level salesforce during the peak of the pandemic.

Not for Investment Purposes

Weekly RevPAR Summary

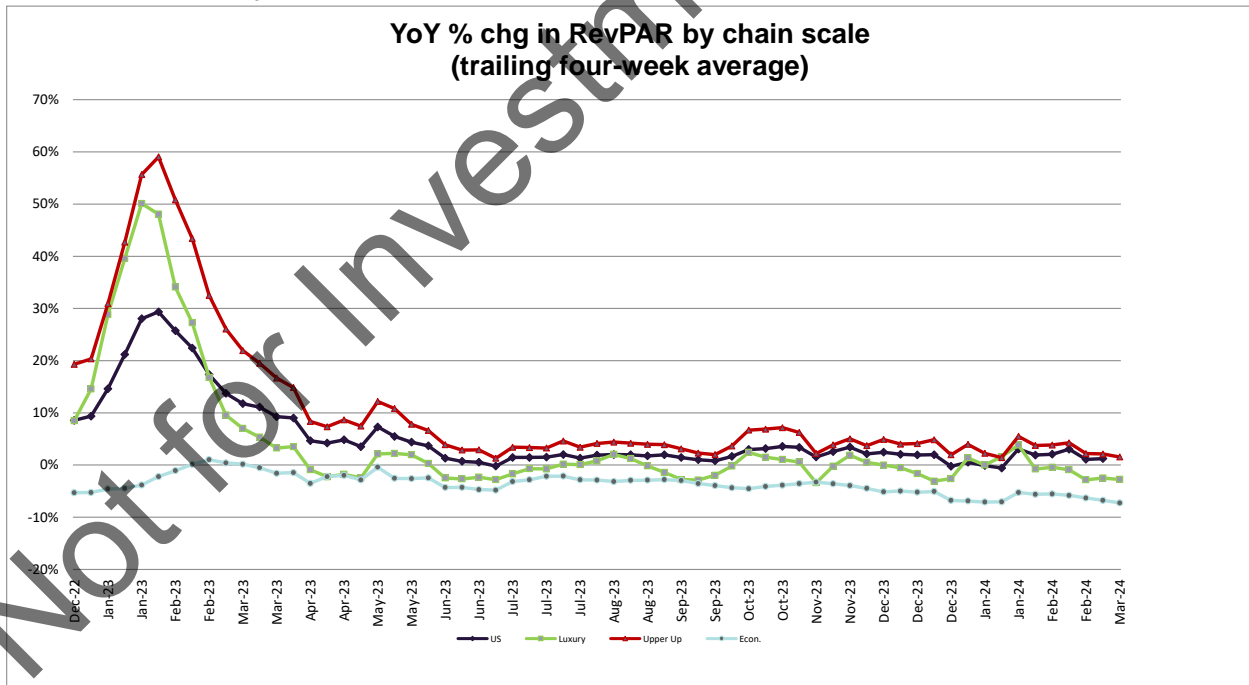
	YoY % change in RevPAR												
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC
11/4/2023	-2.1%	-7.7%	-3.0%	-1.1%	-1.1%	-2.7%	-3.2%	-2.4%	6.4%	6.0%	0.1%	-12.1%	9.4%
11/11/2023	4.9%	5.6%	8.6%	6.5%	2.6%	-1.9%	-4.3%	3.9%	15.7%	18.2%	2.7%	11.5%	6.9%
11/18/2023	6.3%	6.3%	8.6%	5.5%	2.5%	-1.6%	-4.4%	10.0%	12.5%	22.8%	-6.8%	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%	-8.8%	1.8%	1.0%	-1.1%	-3.5%	-5.9%	-1.2%	17.2%	2.2%	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%
2/17/2024	1.6%	-3.4%	2.0%	-0.6%	-2.5%	-5.4%	-6.2%	8.6%	4.9%	30.6%	-10.5%	-4.4%	6.0%
2/24/2024	-2.9%	-6.6%	-1.7%	-2.6%	-3.5%	-6.0%	-7.6%	-2.8%	0.4%	4.4%	-13.5%	0.4%	6.0%
3/2/2024	2.4%	2.4%	5.7%	2.7%	-0.4%	-4.1%	-7.2%	2.1%	5.3%	4.1%	1.7%	-5.4%	-1.4%
3/9/2024	-2.8%	-3.4%	0.2%	-0.7%	-2.7%	-5.9%	-8.0%	-7.4%	4.6%	9.3%	-4.3%	-8.6%	14.5%
Clean comp, surprisingly soft results													
Upper Upscale and Upscale led the industry													
DC and Boston led the top 5 markets													
10Q19	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%
3Q19	0.7%	1.3%	0.6%	-0.2%	-1.1%	-1.0%	-1.0%	1.6%	-2.2%	1.4%	-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%	36.1%	20.5%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%
4Q22	16.3%	49.7%	30.1%	20.5%	11.7%	5.1%	1.4%	12.3%	50.8%	35.8%	11.4%	37.3%	50.2%
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%
3Q23	1.7%	0.1%	3.9%	3.7%	1.7%	-1.0%	-3.5%	0.2%	16.4%	8.0%	1.2%	-1.9%	11.5%
4Q23	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	
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%	-6.1%	-9.6%
11/11/2023	4.0%	-0.8%	3.2%	3.4%	2.4%	0.4%	-0.6%	4.6%	8.8%	9.9%	0.6%	-1.7%	7.2%
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%	2.6%	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%	0.8%
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%	1.5%	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%	1.8%	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%	-1.8%
12/23/2023	-0.9%	-13.3%	-0.9%	-0.4%	0.3%	-1.9%	-2.6%	-1.0%	9.9%	1.3%	-6.4%	-0.1%	6.1%
12/30/2023	-2.8%	-8.3%	-3.9%	-3.7%	-2.0%	-4.5%	-4.7%	-2.8%	4.2%	-5.8%	-3.8%	-0.5%	5.8%
1/6/2024	7.2%	6.2%	6.6%	5.5%	4.1%	1.1%	-0.4%	6.8%	33.6%	5.3%	2.7%	11.7%	2.5%
1/13/2024	6.3%	-2.4%	3.3%	3.1%	2.3%	-0.5%	-2.1%	16.6%	4.6%	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%	11.4%	5.7%	2.2%	-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%	5.6%	5.4%	-0.9%	1.1%	0.2%
2/17/2024	4.2%	-4.0%	1.4%	1.1%	0.6%	-1.1%	-2.7%	12.8%	23.0%	14.0%	-6.3%	-0.5%	3.3%
2/24/2024	0.3%	-5.2%	-0.4%	-0.4%	-0.4%	-1.5%	-2.9%	2.0%	1.7%	4.8%	-4.1%	2.3%	4.6%
3/2/2024	2.7%	-1.8%	2.3%	1.4%	0.5%	-1.2%	-3.8%	3.9%	0.5%	0.7%	2.1%	-3.5%	-3.7%
3/9/2024	-0.6%	-3.9%	-0.8%	0.0%	-0.4%	-2.0%	-4.5%	-3.0%	1.9%	-3.9%	-0.9%	-5.1%	8.5%
10Q19	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%	0.7%	0.2%	-1.7%	3.2%	0.8%	-1.7%	7.2%
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.6%	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%
1Q20	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.6%	-2.3%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-9.8%	-52.3%	-56.9%	-40.5%	-53.7%	-48.8%
3Q20	-24.1%	-12.6%	-25.6%	-21.2%	-17.3%	-11.6%	-8.6%	-4.7%	-47.7%	-47.3%	-31.6%	-43.2%	-34.5%
4Q20	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-5.9%	-20.9%	-54.1%	-45.5%	-29.2%	-44.8%	-40.7%
1Q21	-19.6%	3.4%	-23.4%	-23.0%	-14.2%	-6.3%	-1.5%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%
2Q21	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%
3Q21	36.2%	31.8%	35.0%	29.7%	28.3%	23.5%	17.7%	32.8%	64.2%	57.7%	43.1%	59.0%	29.4%
4Q21	41.5%	29.6%	41.9%	34.1%	29.2%	26.2%	18.8%	39.3%	99.6%	89.6%	46.4%	84.4%	41.6%
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%	7.9%	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%	27.0%
1Q23	10.2%	-1.9%	8.4%	11.0%	6.1%	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%
3Q23	2.2%	-1.4%	1.3%	2.2%	2.0%	0.3%	0.0%	2.1%	9.8%	3.8%	0.2%	-2.1%	6.2%
4Q23	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	
11/4/2023	-4.0%	-5.3%	-4.3%	-3.8%	-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%	5.2%	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	-1.1%	3.1%	4.6%	2.5%	0.1%	-0.8%	-4.8%	1.5%	8.1%	12.2%	-2.0%	-10.2%	-2.6%
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	-7.8%	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%	8.7%	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	-2.5%	4.8%	4.4%	2.3%	-0.5%	-2.5%	-2.6%	-2.5%	7.6%	12.5%	-0.9%	0.6%	10.9%
2/10/2024	-2.7%	1.8%	0.6%	-1.7%	-3.9%	-5.0%	-3.7%	-6.0%	6.0%	6.7%	-1.6%	0.5%	-1.4%
2/17/2024	-2.5%	0.6%	0.6%	-1.7%	-3.0%	-4.4%	-3.6%	-3.7%	1.8%	14.6%	-4.5%	-3.9%	2.6%
2/24/2024	-3.3%	-1.5%	-1.3%	-2.2%	-3.1%	-4.4%	-4.9%	-4.7%	-1.2%	2.6%	-9.8%	-1.9%	1.3%
3/2/2024	-0.3%	4.3%	3.3%	1.3%	-0.9%	-2.9%	-3.6%	-1.7%	4.8%	3.4%	-0.3%	-2.0%	2.6%
3/9/2024	-2.2%	0.4%	1.0%	-0.8%	-2.2%	-3.9%	-3.6%	-4.5%	2.7%	5.2%	-3.5%	-3.7%	5.3%
10Q19	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%
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%	63.2%	60.3%	69.4%	62.3%	55.5%	64.2%	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%			

RevPAR Component Trends



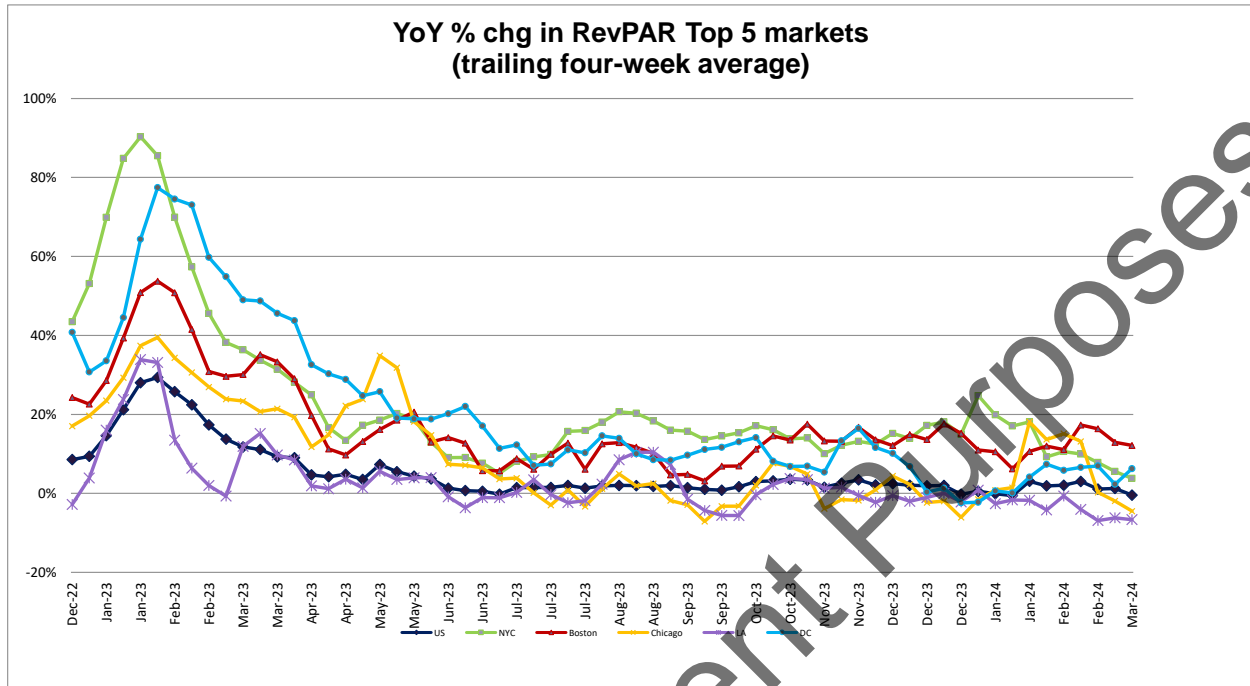
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



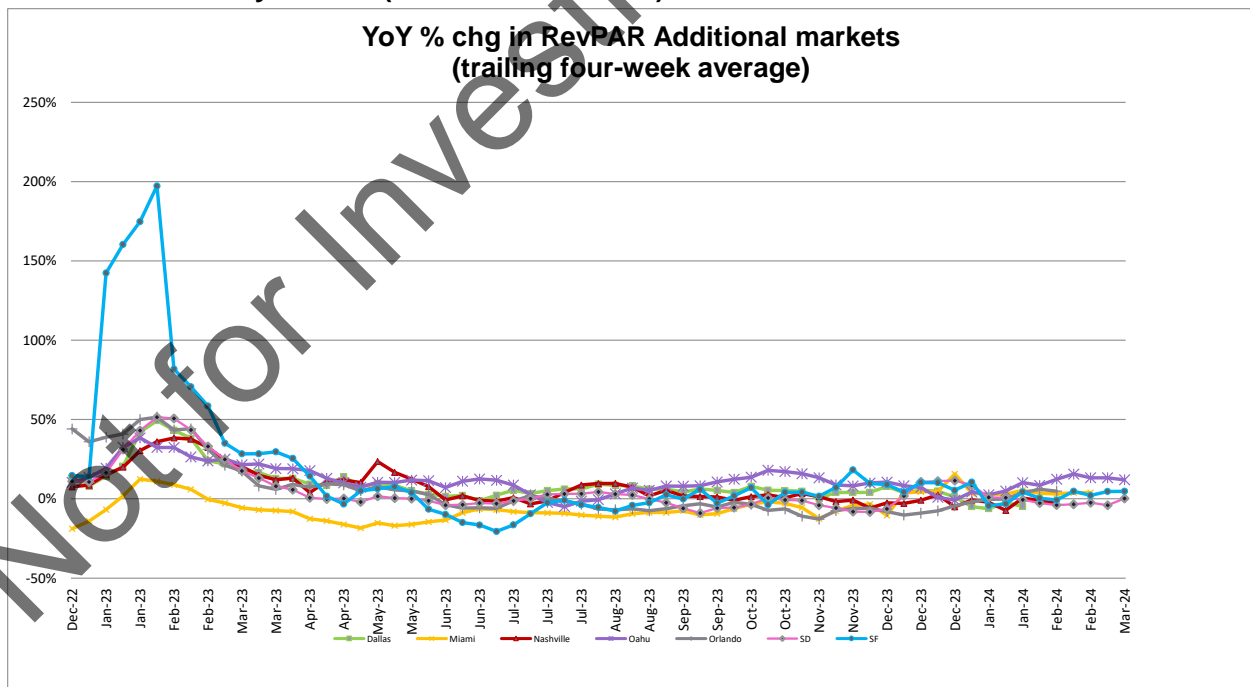
Source: STR data, Truist Securities research

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.

RHP: Valuation and Risks

Our price target of \$134 for RHP is derived by applying a 13.0x target EV/EBITDA multiple to our estimate for 2025 lodging EBITDA and a 16.0x multiple to our Opry/attractions estimate. We view the multiple assignments as appropriate for the quality and unique nature of the portfolios (slight premium to REIT peer average of ~12.0-12.5x on Hospitality).

Risks to our rating and price target include: Group demand returns slower than expected. Property-specific risks given a small portfolio.

Companies Mentioned in This Note

Hyatt Hotels Corporation (H, \$157.02, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$114.98, Buy, C. Patrick Scholes)

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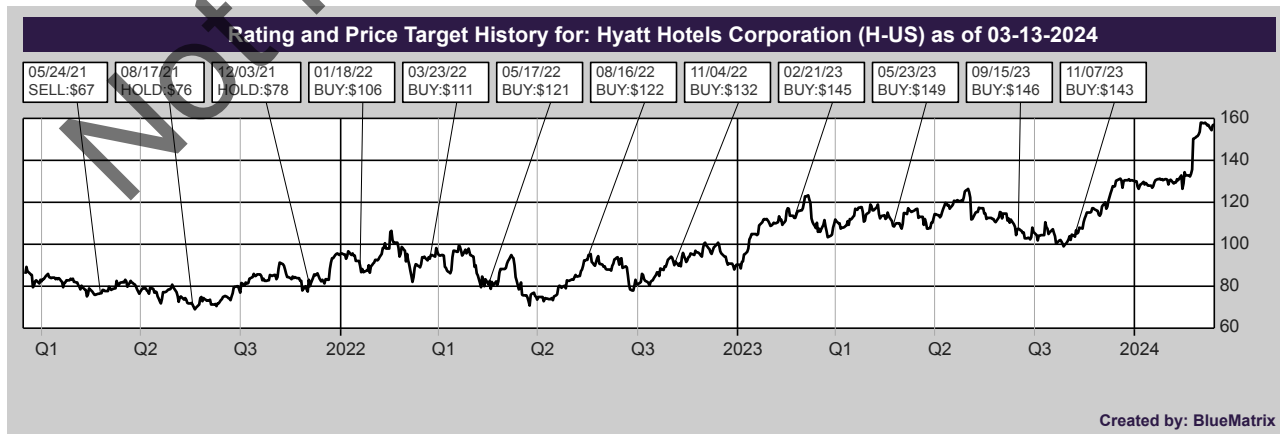
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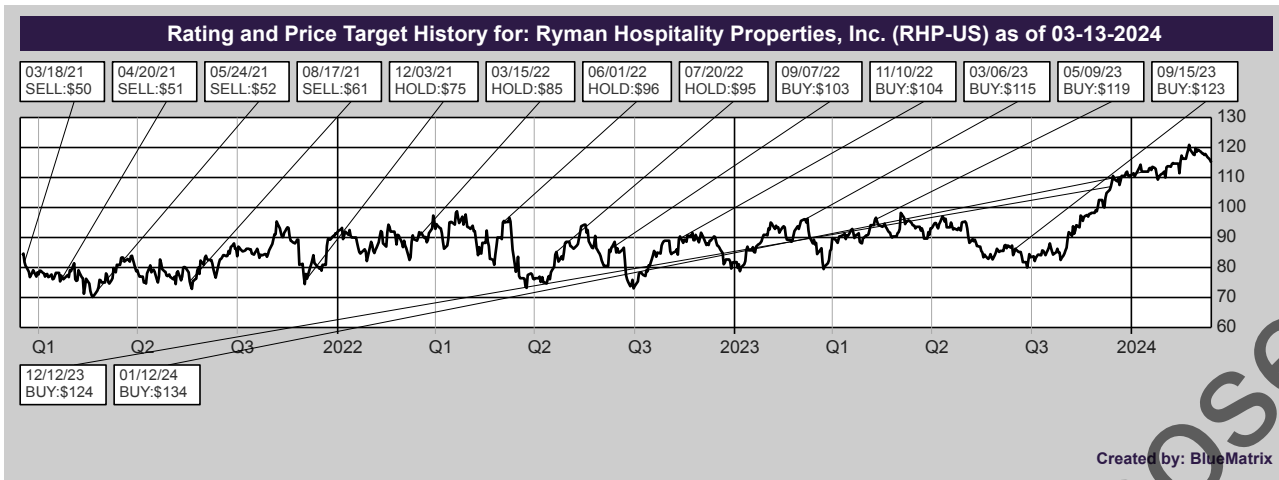
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