



Lodging - US RevPAR +4.7% Y/Y Last Week; Christmas calendar shift

Very low occupancy contributed to the wild results

What's Incremental To Our View

Overall U.S. RevPAR was +4.7% Y/Y for the week ending 12/22/2018, per STR, in line with the prior week's result of +4.6%. (2-year stacked RevPAR was +12.4% vs +12.8% in the prior week.) Independent hotels (about 1/3rd of the data set) were +3.0% y/y. Upper Midscale (+8.8%) was the strongest chain scale for branded hotels; Luxury was the weakest at -4.6%. Midscale (+3.9%) underperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (+40.8% vs. +16.5% prior week) was stronger than Transient (-1.8% vs. +3.2% prior week). Results were impacted by an X-mas calendar shift.

Results were extremely variable last week, both in terms of segmentation and results by chain scale. We believe this is largely attributable to two factors:

1. **The shift of Christmas to a Tuesday in 2018 from a Monday in 2017.** Next week's results should show very low corporate demand and we believe last week's results represent "the last hurrah" of corporate demand before the Christmas/New Year's week.
2. **Higher volatility in results given the very low occupancy week.** This time of year unsurprisingly has relatively low corporate demand and thus a baseline occupancy in the 40s can result in more significant swings to y/y results.
 - It is important to remember that because absolute value occupancy and ADR are low, last week's impact to RevPAR for the month/quarter is also less significant.

Last week's RevPAR was disparate across the board with Group (RevPAR: +40.8%) significantly outpacing Transient (-1.8%). The strongest chain scales were largely the corporate-focused Upper Upscale to Upper Midscale segments.

Day of week data exhibited interesting results as there was decent y/y RevPAR for the core business week (Monday to Wednesday RevPAR averaged +5.3%) with slightly positive results Thursday-Friday (average +1.6%), followed by Saturday RevPAR of +13.3%. One could make a case that the very strong Saturday results could be a lead-in for a strong leisure week for the remainder of the year given the timing of Christmas and New Year's.

C. Patrick Scholes
212-319-3915
patrick.scholes@suntrust.com

Brian Hollenden, CFA
212-303-1742
brian.hollenden@suntrust.com

Gregory J. Miller
212-303-4198
gregory.j.miller@suntrust.com

What's Inside

Weekly STR results and analysis

As a rule of thumb when analyzing the weekly data, if Group results are abnormally strong or weak, which they were last week, there is a holiday shift going on.

For the month of December, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Buy], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish at approximately +1.5-3.0% (unchanged from our previous estimate). We estimate that the overall industry will finish approximately +1.5-2.5% (unchanged from our previous estimate). Please note that reported monthly results include hotels that are not in the weekly data set.

- As we discussed in last week's note, results by chain scale are very disparate month-to-date. Further, we assume considerable volatility in day of week performance around New Year's Eve. Being that some NYE demand is last minute transient (and can be somewhat influenced by consumer sentiment), this customer segment is harder to forecast. Right now we assume Luxury RevPAR is likely to outperform Upper Upscale perhaps by a measurable amount. We assume relatively weaker results in the select-service chain scales.

For 4Q, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Buy], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish at approximately +2-4% "low end" (unchanged from our prior estimate). We estimate that the overall industry will finish approximately +2-3% (unchanged from our prior estimate).

Due to the hurricane comparisons from the 2017 storms, we anticipate continued choppiness of the data in some of the most impacted major markets (Miami, Orlando, and Houston) and a generally hard comp for these areas for the next several months.

RevPAR details:

- **Upper Midscale was the strongest chain scale.** Upscale underperformed by 320 bps: Luxury RevPAR (-4.6%), Upper Upscale (+6.0%), Upscale (+5.6%), Upper Midscale (+8.8%), Midscale (+3.9%), and Economy (+3.5%). Independent hotels (+3.0%) underperformed headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group was significantly stronger than Transient (due to the calendar shift):** Transient segment (individual business and leisure travelers) RevPAR was -1.8% (vs. +3.2% last week) and Group segment RevPAR was +40.8% (vs. +16.5% last week).
- **Boston (+24.5%) was the strongest of the top five markets:** Chicago (+12.8%), LA (+3.7%), NYC (+8.4%), and DC (+11.4%).
- **Other relevant markets:**
 - **San Francisco was positive:** RevPAR was +4.4% vs. +18.0% last week.
 - **Texas results were mixed (y/y hurricane comps especially in Houston):** Dallas RevPAR was +13.0% (vs. +8.4% last week). Houston RevPAR was -19.6% (vs. -19.2% last week).
 - **Hurricane-impacted markets in FL were negative:** Miami (-7.7% vs. -5.3% last week); Orlando (-11.7% vs. -9.3% last week).

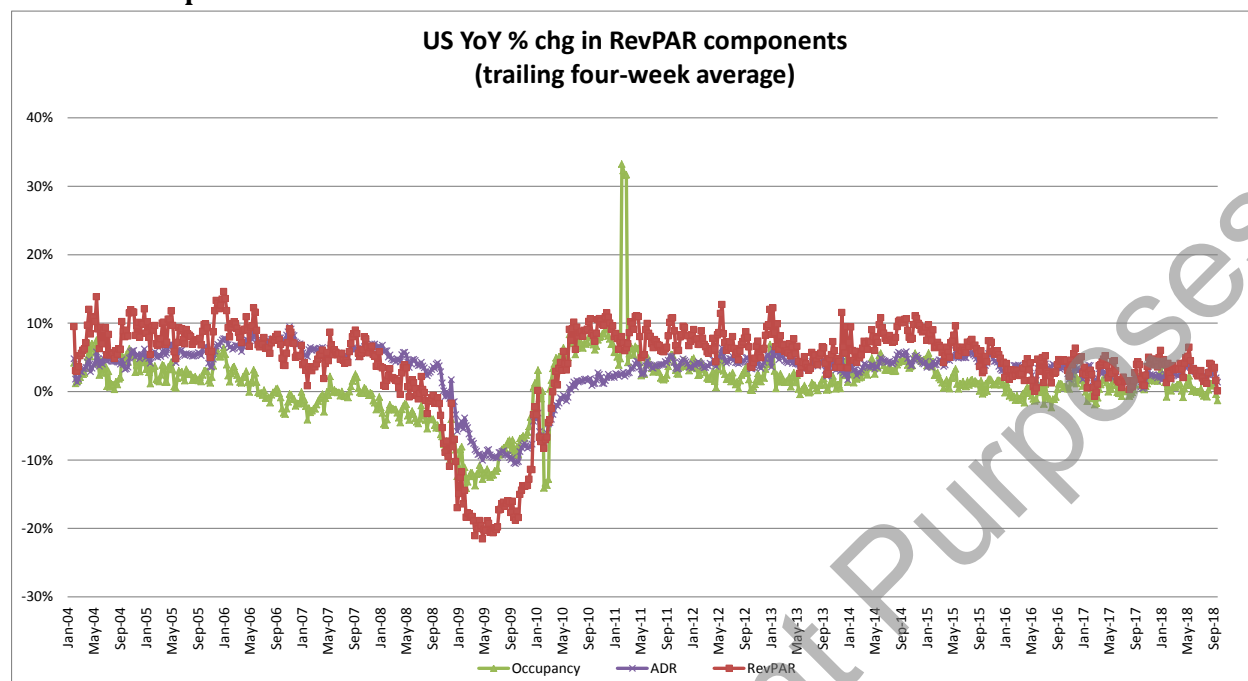
The stocks: We continue to favor C-Corps over hotel REITs (we favored hotel REITs for the first half of this year). In an environment of low RevPAR growth combined with gradually increasing wages/margin pressures, returns for hotel owners is a major headwind to EBITDA growth. Hotel stocks, but especially hotel REIT stocks, typically work best when there is a spark to RevPAR growth and at this moment we are not seeing such a spark like we did earlier in the year. **We are more favorable on other sectors at the moment, namely cruise lines.**

- For the C-Corps, HLT (Buy) and [Playa Hotels](#) (PLYA, Buy) are among some of our favorites and for the hotel REITs, given its opportunities for self-help margin improvement, we prefer Buy-rated Park Hotels & Resorts (PK, Buy). For the rest of the hotel REITs, following the first half outperformance, we struggle to derive any material upside potential to the stocks even when assuming pro-forma targets with 5% higher EBITDA and giving valuation multiple expansion.
- The (relatively) good news for the hotel REITs is that historically 10 (or less) years into an economic cycle these were stocks that "crashed & burned". At this juncture in our RevPAR intelligence there is nothing to suggest a late cycle "crash & burn" scenario is on the horizon over the next year. Additionally for the hotel REITs, we do not see dividend cuts on the horizon and for 2019 many are heavily exposed to what will likely be the strongest market in the country (San Francisco).

Weekly RevPAR Summary

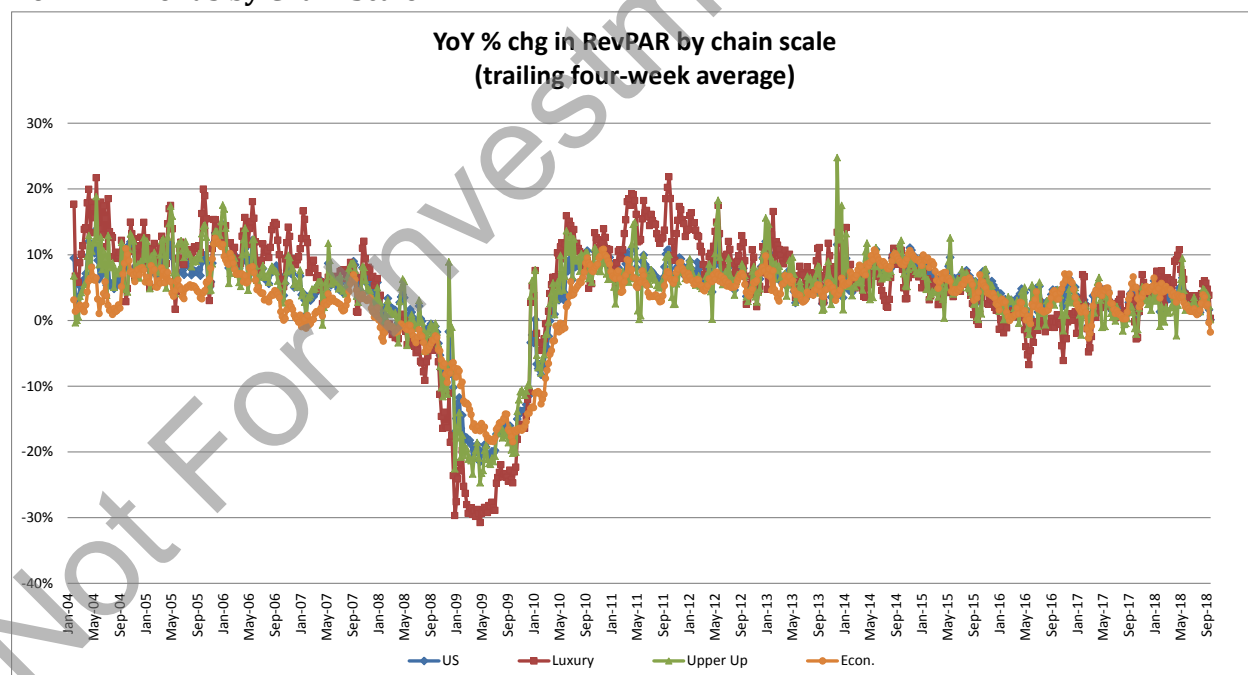
YoY % change in RevPAR														
	U.S.	Upper		Upper		Inde- pendent		New	York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy								
9/22/2018	-2.3%	-7.4%	-3.5%	-2.4%	-2.8%	-1.6%	0.0%	-1.7%	-18.7%	0.9%	-0.1%	3.5%	-6.2%	
9/29/2018	9.1%	26.5%	10.6%	6.9%	3.4%	2.5%	3.5%	10.3%	31.3%	6.4%	9.5%	19.3%	7.6%	
10/6/2018	1.5%	5.9%	1.6%	0.1%	-1.5%	-0.9%	0.7%	2.6%	11.7%	7.2%	-3.4%	3.3%	-0.7%	
10/13/2018	0.8%	-1.2%	-0.2%	-0.4%	-0.4%	1.5%	1.4%	2.1%	3.4%	6.5%	3.2%	3.0%	-17.0%	
10/20/2018	3.6%	4.8%	2.5%	2.2%	1.7%	2.9%	2.0%	5.3%	3.0%	8.8%	7.3%	11.6%	-9.2%	
10/27/2018	5.2%	6.4%	4.4%	3.2%	3.0%	3.3%	3.8%	7.7%	5.9%	11.6%	1.6%	21.7%	0.3%	
11/3/2018	-0.1%	-2.1%	-2.6%	-3.8%	-0.5%	1.7%	1.4%	3.3%	-0.4%	18.6%	-3.1%	-0.1%	-8.3%	
11/10/2018	1.6%	2.2%	-0.4%	-0.4%	0.2%	3.0%	1.3%	4.0%	2.9%	15.7%	3.7%	-9.6%	-1.5%	
11/17/2018	3.1%	7.2%	1.3%	0.0%	0.0%	1.7%	2.2%	7.0%	7.7%	21.5%	8.9%	4.8%	-8.4%	
11/24/2018	2.8%	5.5%	0.8%	-0.5%	1.4%	2.2%	2.1%	5.4%	4.9%	14.8%	7.2%	-0.2%	-3.9%	
12/1/2018	3.3%	5.2%	2.3%	2.2%	2.0%	1.2%	1.4%	5.4%	0.2%	19.1%	9.8%	-1.3%	-2.5%	
12/8/2018	0.5%	1.4%	-1.1%	-2.4%	-1.4%	-0.1%	1.7%	3.5%	1.2%	15.1%	-4.4%	-1.8%	0.6%	
12/15/2018	4.6%	7.6%	5.1%	1.6%	2.3%	1.4%	2.1%	6.9%	8.3%	17.9%	8.4%	6.8%	29.2%	
12/22/2018	4.7%	-4.6%	6.0%	5.6%	8.8%	3.9%	3.5%	3.0%	8.4%	24.5%	3.7%	12.8%	11.4%	
Christmas calendar shift (strong Group)				Upper Midscale and Upper Upscale led the industry					Boston and Chicago led the Top 5 markets					
1Q15	8.0%	6.3%	6.0%	7.0%	8.5%	8.8%	9.2%	8.9%	-4.3%	13.8%	7.7%	11.4%	6.3%	
2Q15	6.5%	5.5%	5.4%	5.9%	6.3%	6.6%	6.7%	7.1%	-1.8%	7.1%	7.4%	11.0%	11.7%	
3Q15	5.9%	4.4%	4.0%	5.7%	5.7%	6.4%	6.1%	6.8%	0.6%	7.1%	11.1%	5.1%	0.3%	
4Q15	4.8%	2.7%	3.8%	4.2%	4.8%	3.7%	4.4%	5.9%	-2.0%	5.3%	8.3%	1.4%	2.1%	
1Q16	2.7%	1.6%	1.9%	2.2%	2.0%	0.0%	1.8%	4.0%	-1.2%	-3.0%	16.8%	-4.8%	3.1%	
2Q16	3.5%	0.8%	2.9%	3.1%	3.2%	3.2%	3.0%	4.2%	-4.5%	1.5%	11.1%	-1.0%	3.5%	
3Q16	3.3%	1.5%	2.5%	2.0%	1.8%	2.5%	3.0%	5.1%	-2.5%	-0.5%	9.3%	1.2%	5.5%	
4Q16	3.2%	1.9%	0.6%	1.2%	2.2%	3.9%	4.4%	5.1%	0.9%	-1.6%	6.9%	3.3%	8.0%	
1Q17	3.4%	2.1%	3.0%	1.0%	2.4%	3.5%	2.6%	5.2%	-1.3%	-1.1%	-2.5%	1.5%	16.1%	
2Q17	2.7%	2.3%	0.6%	0.6%	1.2%	2.4%	3.7%	5.1%	0.2%	4.4%	3.6%	0.8%	0.8%	
3Q17	1.9%	0.5%	-0.7%	0.7%	1.8%	3.5%	2.9%	3.1%	-0.9%	-0.2%	-1.2%	-5.0%	-0.6%	
4Q17	4.2%	4.5%	3.2%	3.8%	3.9%	3.7%	3.7%	4.1%	0.8%	3.7%	4.2%	-2.5%	2.2%	
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%	
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%	
3Q18	1.7%	3.3%	1.9%	0.8%	-0.5%	0.1%	1.8%	2.2%	0.7%	2.8%	1.3%	7.5%	-3.4%	
YoY % change in ADR														
	U.S.	Upper		Upper		Inde- pendent		New	York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy								
9/22/2018	0.0%	-3.3%	-0.1%	0.5%	0.6%	0.8%	0.5%	0.0%	-15.8%	0.3%	0.7%	3.7%	-1.7%	
9/29/2018	7.3%	18.1%	8.1%	5.3%	3.5%	2.3%	2.6%	7.7%	25.5%	3.5%	5.6%	10.4%	4.0%	
10/6/2018	2.4%	4.7%	1.9%	1.7%	1.1%	0.9%	0.6%	2.9%	7.5%	3.0%	-1.1%	2.3%	-0.6%	
10/13/2018	1.6%	1.0%	1.8%	1.5%	1.2%	1.0%	0.7%	2.3%	2.9%	3.8%	3.6%	3.9%	-12.5%	
10/20/2018	3.2%	5.0%	3.2%	2.9%	2.2%	1.8%	1.1%	4.0%	2.9%	4.0%	4.6%	8.1%	-6.5%	
10/27/2018	4.0%	5.2%	4.9%	3.2%	2.5%	1.6%	2.0%	5.1%	4.3%	8.3%	1.2%	14.1%	-1.2%	
11/3/2018	0.7%	0.2%	0.3%	-0.8%	1.0%	1.2%	0.9%	2.3%	-0.9%	9.2%	-1.6%	0.8%	3.8%	
11/10/2018	1.0%	2.2%	0.5%	0.4%	0.4%	1.6%	0.5%	1.6%	2.5%	4.9%	2.6%	-2.9%	-2.1%	
11/17/2018	2.5%	6.7%	2.8%	1.7%	0.9%	1.0%	0.4%	3.6%	5.4%	10.8%	5.2%	3.3%	-4.0%	
11/24/2018	2.1%	7.6%	2.1%	1.7%	1.3%	0.8%	0.3%	2.5%	5.1%	7.4%	4.3%	0.3%	0.3%	
12/1/2018	2.2%	4.5%	2.0%	2.0%	1.4%	0.9%	0.1%	2.8%	0.1%	6.6%	5.1%	-1.4%	-0.8%	
12/8/2018	1.3%	3.9%	1.6%	0.8%	0.4%	0.4%	0.1%	2.4%	2.7%	6.1%	-0.4%	-1.4%	1.3%	
12/15/2018	3.2%	5.1%	3.2%	2.4%	1.4%	0.7%	0.5%	4.6%	9.1%	7.6%	3.1%	1.9%	12.6%	
12/22/2018	0.4%	-5.2%	1.3%	1.8%	1.6%	0.0%	0.0%	-0.5%	7.3%	8.3%	0.1%	2.7%	6.1%	
1Q15	4.7%	5.8%	4.7%	5.2%	4.7%	4.7%	5.5%	4.7%	-4.1%	7.3%	6.5%	7.1%	1.7%	
2Q15	4.8%	4.9%	4.8%	5.3%	4.6%	4.3%	5.4%	4.6%	-1.5%	6.8%	7.1%	9.2%	7.9%	
3Q15	4.5%	3.7%	3.6%	5.2%	4.4%	4.6%	5.0%	4.6%	-0.3%	7.4%	9.6%	5.3%	-0.1%	
4Q15	3.6%	2.3%	3.0%	3.9%	3.5%	3.0%	4.2%	3.8%	-2.3%	3.9%	6.1%	2.3%	1.0%	
1Q16	3.2%	1.9%	2.7%	3.2%	2.6%	1.7%	3.3%	3.7%	-3.1%	1.4%	11.3%	-1.9%	1.1%	
2Q16	2.9%	1.5%	2.2%	2.9%	2.8%	2.7%	3.4%	3.0%	-3.1%	3.3%	9.4%	0.3%	2.1%	
3Q16	3.4%	1.5%	2.5%	2.7%	2.4%	3.1%	3.6%	3.4%	-2.7%	2.3%	7.5%	1.9%	3.5%	
4Q16	2.6%	2.1%	1.4%	2.2%	2.0%	2.2%	3.2%	3.8%	-1.2%	1.3%	5.8%	3.9%	4.1%	
1Q17	2.5%	2.3%	2.4%	1.3%	1.6%	1.8%	2.4%	3.5%	-2.2%	0.0%	-0.2%	1.7%	13.6%	
2Q17	2.2%	2.2%	1.2%	1.7%	1.5%	2.1%	2.3%	3.5%	-1.5%	4.1%	2.8%	1.5%	2.0%	
3Q17	1.4%	1.4%	0.2%	0.8%	1.2%	1.9%	2.4%	2.2%	-2.0%	0.8%	1.8%	-2.4%	0.0%	
4Q17	2.4%	2.2%	1.9%	1.8%	1.8%	2.5%	3.4%	2.1%	-0.2%	0.8%	4.6%	-2.0%	2.4%	
1Q18	2.5%	4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.5%	-1.0%	4.0%	1.4%	-4.4%	
2Q18	2.9%	3.5%	2.9%	2.4%	2.1%	2.6%	2.7%	3.1%	3.7%	-0.1%	2.1%	3.3%	2.4%	
3Q18	2.1%	3.3%	2.4%	1.8%	1.2%	1.3%	1.2%	1.9%	1.2%	1.9%	1.1%	6.7%	-0.8%	
YoY % change in Occupancy														
	U.S.	Upper		Upper		Inde- pendent		New	York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy								
9/22/2018	-2.3%	-4.2%	-3.4%	-2.8%	-3.3%	-2.4%	-0.5%	-1.7%	-3.4%	0.6%	-0.8%	-0.1%	-4.5%	
9/29/2018	1.7%	7.1%	2.4%	1.6%	0.1%	0.2%	0.8%	2.4%	4.7%	2.9%	3.8%	8.1%	3.5%	
10/6/2018	-0.9%	1.1%	-0.4%	-1.6%	-2.6%	-1.7%	0.2%	-0.3%	3.8%	4.1%	-2.3%	0.9%	-0.2%	
10/13/2018	-0.7%	-2.2%	-2.0%	-1.8%	-1.6%	0.5%	0.7%	-0.2%	0.5%	2.6%	-0.4%	-0.8%	-5.1%	
10/20/2018	0.4%	-0.1%	0.7%	0.6%	-0.5%	1.0%	0.9%	1.2%	0.1%	4.6%	2.6%	3.3%	-2.8%	
10/27/2018	1.2%	1.2%	-0.5%	0.1%	0.4%	1.6%	1.7%	2.5%	1.5%	3.0%	0.4%	6.7%	1.5%	
11/3/2018	-0.7%	-2.2%	-2.8%	-3.0%	-1.4%	0.6%	0.5%	0.9%	-99.0%	-98.9%	-99.0%	-99.0%	-99.0%	
11/10/2018	0.7%	0.0%	-0.9%	-0.8%	-0.2%	1.3%	0.8%	2.4%	0.4%	10.3%	1.1%	-6.9%	0.7%	
11/17/2018	0.6%	0.4%	-1.5%	-1.7%	-0.9%	0.7%	1.8%	3.3%	2.3%	9.7%	3.6%	1.5%	-4.7%	
11/24/2018	0.7%	-2.0%	-1.2%	-2.1%	0.1%	1.4%	1.8%	2.8%	-0.2%	6.7%	2.8%	-0.6%	-4.2%	
12/1/2018	1.0%	0.7%	0.2%	-0.8%	0.6%	0.3%	1.2%	2.6%	0.1%	11.8%	4.5%	0.1%	-1.7%	
12/8/2018	-0.8%	-2.3%	-2.6%	-3.2%	-1.9%	-0.5%	1.6%	1.0%	-1.5%	8.6%	-4.0%	-0.4%	-0.7%	
12/15/2018	1.3%	2.4%	1.9%	-0.8%	0.9%	0.7%	1.7%	2.2%	-0.8%	9.4%	5.2%	4.8%	14.7%	
12/22/2018	4.3%	0.6%	4.7%	3.7%	7.1%	3.9%	3.5%	3.5%	1.1%	15.0%	3.6%	9.9%	5.0%	
1Q15	3.1%	0.5%	1.3%	1.7%	3.6%	3.9%	3.5%	4.0%	-0.2%	6.1%	1.1%	4.0%	4.6%	
2Q15	1.6%	0.6%	0.5%	0.6%	1.7%	2.2%	1.3%	2.3%	-0.3%	0.3%	0.3%	1.7%	3.5%	
3Q15	1.4%	0.6%	0.4%	0.5%	1.3%	1.8%	1.0%	2.1%	0.2%	-0.3%	1.3%	-0.1%	0.4%	
4Q15	1.2%	0.4%	0.8%	0.2%	1.3%	0.6%	0.2%	2.1%	0.3%	1.4%	2.0%	-0.9%	1.1%	
1Q16	-0.5%	-0.3%	-0.8%	-0.9%	-0.6%	-1.7%	-1.5%	0.3%	2.0%	-4.3%	4.7%	-3.0%	2.0%	
2Q16	0.6%	-0.7%	0.7%	0.2%	0.4%	0.5%	-0.4%	1.2%	-1.4%	-1.7%	1.5%	-1.4%	1.3%	
3Q16	0.0%	0.0%	0.1%	-0.6%	-0.6%	-0.6%	-0.6%	0.7%	0.3%	-2.8%	1.7%	-0.7%	1.9%	
4Q16	0.6%	-0.2%	-0.8%	-1.0%	0.2%	1.7%	1.2%	1.2%	2.2%	-2.8%	1.0%	-0.5%	3.7%	
1Q17	0.9%	-0.2%	0.6%	-0.3%	0.7%	1.6%	0.2%	1.6%	1.0%	-1.1%	-2.4%	-0.2%	2.2%	
2Q17	0.5%	0.1%	-0.6%	-1.1%	-0.3%	0.4%	1.4%	1.6%	1.7%	0.3%	0.8%	-0.7%	-1.2%	
3Q17	0.5%	-0.9%	-0.9%	-0.1%	0.6%	1.6%	0.5%	0.9%	1.1%	-1.0%	-2.9%	-2.7%	-0.5%	
4Q17	1.8%	2.2%	1.3%	2.0%	2.1%	2.8%	0.3%	2.0%	1.0%	2.8%	3.3%	-0.5%	-0.2%	
1Q18	0.9%	2.1%	0.0%	0.5%	1.1%	0.9%	1.3%	0.7%	3.5%	3.7%	-1.3%	-4.4%	-1.8%	
2Q18	1.1%	1.3%	0.5%	0.4%	0.9%	1.5%	0.4%	1.5%	0.5%	-1.1%	-1.4%	0.7%	0.7%	
3Q18	-0.4%	0.0%	-0.5%	-1.0%	-1.7%	-1.1%	0.5%	0.3%	-0.5%	0.9%	0.2%	0.7%	-2.6%	

RevPAR Component Trends



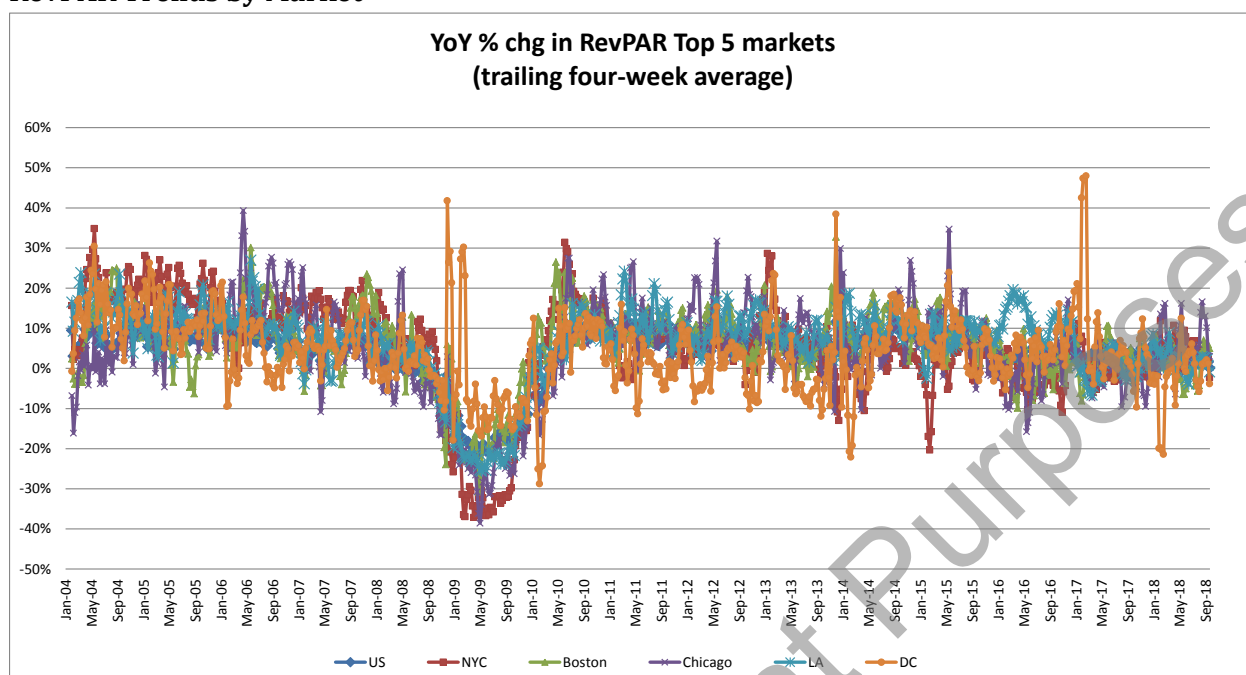
Source: STR data, STRH research

RevPAR Trends by Chain Scale



Source: STR data, STRH research

RevPAR Trends by Market



Source: STR data, STRH research

Price Target/Risks Summary

Lodging	TKR	Price 12/27/18	Rating	PT*	% upside down- side	2019E EBITDA (\$M)	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	\$24.69	Hold	\$27	9%	\$187	12.0X	Upside risk: improvement in NY and Chicago markets Downside risk: softening of RevPAR trends in Boston or SF. Slowdown in real estate lending.
Choice Hotels	CHH	\$70.88	Hold	\$80	13%	\$363	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$9.02	Hold	\$11	22%	\$258	12.0X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: company unable to locate properties to buy.
Host Hotels & Resorts	HST	\$16.84	Hold	\$21	25%	\$1,498	12.5X	Upside risk: the company increases dividends by more than expected; NYC outperforms or is sold down at attractive multiples. Downside risk: Group underperforms. NYC hotels underperform and asset sales do not happen.
Hyatt Hotels	H	\$67.55	Hold	\$78	15%	\$797	13.3X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	\$12.31	Hold	\$18	46%	\$161	8.1X	Upside risk: Accelerating tour flow, FCF generation and declining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Hilton Grand Vacations	HGV	\$25.58	Buy	\$44	72%	\$462	11.4X	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
Hilton	HLT	\$70.33	Buy	\$88	25%	\$2,267	14.9X	Downside risk: overhang from remaining big sponsor ownership, slowing pipeline
Marriott International	MAR	\$106.63	Hold	\$125	17%	\$3,292	14.9X	Upside Risk: Significant U.S. macroeconomic improvement results in large recovery in transient corporate demand (and consequential >400 bps RevPAR improvement). Owned assets sell for premium prices relative to MAR expectations. Downside Risk: 2018 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	\$67.99	Buy	\$130	91%	\$741	11.2X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	\$26.70	Buy	\$34	27%	\$779	12.5X	Downside risk: Significant supply growth and macroeconomic challenges/shocks.
Playa Hotels & Resorts	PLYA	\$6.98	Buy	\$14	101%	\$175	11.5X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives, country-specific risks (emerging market portfolio)
RLJ Lodging Trust	RLJ	\$16.64	Hold	\$21	26%	\$518	11.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion. Downside risk: Significant supply growth, struggle to source deals/lower leverage, macroeconomic challenges/demand shocks.
Ryman Hospitality Properties	RHP	\$66.73	Hold	\$76	14%	\$461	12.2X	Upside risk: recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$13.41	Hold	\$15	12%	\$320	12.0X	Upside risk: Recovery of corporate demand in SHO's markets. Above average group bookings in Orlando and Boston Park Plaza post-meeting space expansions. Downside risk: Weaker than expected demand trends following capital investment projects.
Wyndham Destinations	WYND	\$36.23	Buy	\$62	71%	\$1,003	9.3X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	\$45.31	Buy	\$63	39%	\$639	13.0X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.

* All of our Lodging price targets (ex-RHP) are derived by applying a target EV/EBITDA multiple to our estimate for 2019 EBITDA

Source: FactSet, STRH research

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$12.31, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$70.88, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, \$24.69, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$9.02, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$67.55, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$25.58, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$70.33, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$16.84, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$106.63, Hold, C. Patrick Scholes)
Park Hotels & Resorts Inc. (PK, \$26.70, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$6.98, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$66.73, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$16.64, Hold, C. Patrick Scholes)
Sunstone Hotel Investors, Inc. (SHO, \$13.41, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$67.99, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$45.31, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$36.23, Buy, C. Patrick Scholes)

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I, C. Patrick Scholes, 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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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)

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H = Hold

S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

I = Initiate Coverage

T = Transfer Coverage

The prior rating system until Oct. 7, 2016:

3 designations based on total returns* within a 12-month period**

· Buy – total return $\geq 15\%$ (10% for low-Beta securities)***

· Reduce – total return \leq negative 10% (5% for low Beta securities)

· Neutral – total return is within the bounds above

· NR – NOT RATED, STRH does not provide equity research coverage

· CS – Coverage Suspended

*Total return (price appreciation + dividends); **Price targets are within a 12-month period, unless otherwise noted; ***Low Beta defined as securities with an average Beta of 0.8 or less, using Bloomberg's 5-year average

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Hold	261	35.46%	Hold	35	13.41%
Sell	1	0.14%	Sell	0	0.00%

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