Lodging - US RevPAR +0.2% Y/Y Last Week; 0 to +1% is the new norm, for now

2Q looks to be a domestic RevPAR miss barring any market share gains

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

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

Kevin Robinson
617-345-6544
kevin.robinson@suntrust.com

What's Inside

Weekly STR results and analysis

What's Incremental To Our View

Overall U.S. RevPAR was +0.2% Y/Y for the week ending 6/22/2019, per STR, softer than the prior week's result of +1.3%. (2-year stacked RevPAR was +3.7% vs +3.3% in the prior week.) Independent hotels (about 1/3rd of the data set) were +0.2% y/y. Upper Upscale (+0.7%) was the strongest chain scale for branded hotels; Economy was the weakest at -0.8%. Upper Midscale (+0.1%) and Midscale (-1.1%) also underperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (-2.6% vs. +3.4% prior week) was softer than Transient (+1.1% vs. +1.5% prior week).

Last week was another relatively clean comp with even more mediocre results than the prior week. Given the results over the last several weeks, we assume that run rate RevPAR has shifted downward to +0-1% from our prior assumption of +1.5%. With run rate RevPAR at these levels, it is difficult for most hotels to maintain profit margins (as we discuss at length in our monthly RevPAR Monitor and Hotel P&L Analyzer notes).

- If the above was not disconcerting enough: last week occupancy was negative for all chain scales and independents with ADR barely positive for the industry (Luxury had the strongest ADR growth at +1.9%).
- Outside of some normal group movement in some top markets, there appeared to be simply weak results through the entire week (occupancy was negative every day last week).

For the month of June, 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% to -2% (unchanged from our prior estimate). We estimate that the overall industry will finish approximately -2% to -4% (unchanged). Please note that reported monthly results include hotels that are not in the weekly data set.

- **We anticipate this week to have a very tough group comp due to the calendar shift of July 4th (2019 on a Thursday vs. 2018 on a Wednesday).**

For 2Q, we estimate that full-service branded domestic hotels will finish approximately flat to -1% (plus or minus any market share gains/losses). We estimate that the overall industry will finish approximately flattish.

- Note that for 2Q, MAR's North American RevPAR guidance was +1-2% and HLT's worldwide guidance was +1-2% (there is no quarterly regional guidance).

SEE PAGE 7 FOR REQUIRED DISCLOSURE INFORMATION

Last week's RevPAR details:

- **Upper Upscale was the strongest chain scale.** Upscale and Upper Midscale underperformed by 130 bps and 60 bps, respectively: Luxury RevPAR (+0.5%), Upper Upscale (+0.7%), Upscale (-0.6%), Upper Midscale (+0.1%), Midscale (-1.1%), and Economy (-0.8%). Independent hotels (+0.2%) performed in-line with headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group was softer than Transient:** Transient segment (individual business and leisure travelers) RevPAR was +1.1% (vs. +1.5% last week) and Group segment RevPAR was -2.6% (vs. +3.4% last week).
- **DC (+4.0%) was the strongest of the top five markets:** Boston (+2.8%), Chicago (-4.0%), LA (+2.6%), and NYC (-5.8%).
- **Other relevant markets:**
    - **San Francisco was up (Moscone Convention Center expansion and renovation completed):** RevPAR was +2.7% vs. +7.0% last week.
    - **Houston** was -4.9% (vs. +2.0% last week).
    - **Florida markets were mixed:** Miami (+2.3% vs. +3.2% last week); Orlando (-4.4% vs. -10.1% last week).

The lodging stocks: We continue to favor C-Corps over hotel REITS (we favored hotel REITS for the first half of last year) and within C-Corps **WH is our current Buy-rated focus name**, partly due to its underperformance this year vs. our previous Buy-rated focus name, Hilton. In an environment of low RevPAR growth combined with gradually increasing wages/margin pressures, we think 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 sparks like we did at this time one year ago.

SunTrust Robinson Humphrey

Weekly RevPAR Summary

YoY % change in RevPAR

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
3/23/2019	**0.4%**	-3.6%	-1.0%	-1.8%	0.7%	0.3%	1.2%	2.5%	-2.5%	-6.8%	1.3%	-2.3%	-16.8%
3/30/2019	**5.1%**	-8.9%	9.2%	7.5%	9.0%	6.1%	2.8%	1.6%	-22.9%	9.3%	-6.0%	-4.2%	25.2%
4/6/2019	**1.9%**	-2.9%	9.8%	3.2%	1.8%	-3.0%	-1.2%	-2.5%	4.4%	-10.2%	-2.3%	22.8%	16.7%
4/13/2019	**6.9%**	5.9%	7.1%	4.3%	6.0%	5.8%	6.8%	8.4%	3.2%	9.8%	9.4%	17.0%	0.6%
4/20/2019	**-8.0%**	-1.9%	-13.7%	-12.0%	-11.6%	-10.4%	-4.8%	-1.1%	6.2%	-4.4%	2.1%	-26.3%	-30.1%
4/27/2019	**-2.9%**	-5.1%	-10.6%	-5.5%	-1.0%	0.8%	2.8%	1.3%	-7.5%	-7.7%	-6.4%	-16.9%	-20.3%
5/4/2019	**3.6%**	6.9%	3.8%	2.2%	2.8%	-0.2%	0.8%	3.9%	-3.2%	17.4%	10.8%	14.5%	11.8%
5/11/2019	**0.9%**	2.6%	0.5%	0.0%	0.3%	-1.8%	-0.7%	1.4%	-9.6%	5.2%	1.3%	-6.8%	2.2%
5/18/2019	**2.2%**	1.4%	1.7%	1.0%	2.3%	1.1%	1.6%	2.4%	-8.2%	11.5%	3.7%	4.7%	1.0%
5/25/2019	**3.1%**	5.5%	4.0%	2.3%	2.2%	-0.2%	0.8%	3.0%	7.6%	-2.8%	-2.5%	4.5%	8.3%
6/1/2019	**1.6%**	-0.3%	0.9%	0.1%	1.3%	0.3%	0.2%	3.2%	0.9%	18.1%	-1.3%	-0.6%	-3.3%
6/8/2019	**-0.8%**	0.2%	-0.5%	-1.9%	-1.9%	-2.9%	-0.5%	-0.2%	-4.0%	-0.9%	1.9%	-2.5%	-3.8%
6/15/2019	**1.3%**	2.7%	3.3%	0.0%	0.3%	-0.9%	0.5%	0.9%	-6.2%	12.8%	4.9%	3.1%	2.9%
6/22/2019	**0.2%**	0.5%	0.7%	-0.6%	0.1%	-1.1%	-0.8%	0.2%	-5.8%	2.8%	2.6%	-4.0%	4.0%

Clean comp; mediocre overall results

Upper Upscale and Luxury led the industry

DC and Boston led the Top 5 markets

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
1Q16	2.7%	1.6%	1.9%	2.2%	2.0%	0.0%	1.8%	4.0%	-1.2%	-3.0%	16.6%	-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%
4Q18	2.4%	3.0%	1.1%	0.0%	0.5%	1.3%	2.9%	4.9%	3.5%	12.2%	3.0%	2.8%	-3.4%
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%

YoY % change in ADR

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
3/23/2019	**0.2%**	-0.8%	0.8%	0.1%	1.0%	-0.3%	-0.1%	0.4%	-3.9%	-3.3%	-0.7%	-2.0%	-9.1%
3/30/2019	**0.9%**	-6.4%	4.6%	2.0%	2.4%	0.7%	0.5%	-0.8%	-16.4%	5.5%	-3.9%	-2.1%	19.7%
4/6/2019	**1.5%**	-3.1%	5.5%	2.1%	1.7%	-1.9%	-0.8%	-1.5%	1.8%	-2.9%	-2.7%	10.7%	11.9%
4/13/2019	**4.4%**	6.1%	5.0%	3.7%	4.2%	3.0%	3.1%	4.6%	0.0%	6.2%	4.1%	7.9%	0.2%
4/20/2019	**-1.9%**	4.5%	-5.6%	-3.1%	-2.9%	-2.9%	-2.2%	1.5%	4.7%	-2.5%	-0.9%	-16.9%	-19.4%
4/27/2019	**-1.4%**	0.9%	-4.5%	-2.1%	0.5%	0.4%	0.8%	0.9%	-3.9%	-5.8%	-4.4%	-12.6%	-13.2%
5/4/2019	**2.3%**	4.7%	2.5%	0.8%	1.7%	0.1%	0.6%	2.3%	-0.8%	8.5%	5.9%	7.1%	8.0%
5/11/2019	**1.2%**	1.9%	1.3%	0.5%	0.7%	-0.4%	-0.2%	1.4%	-4.9%	-0.2%	1.8%	-7.7%	3.2%
5/18/2019	**1.4%**	1.1%	1.3%	0.8%	1.8%	0.4%	1.0%	1.2%	-6.1%	7.2%	2.6%	0.5%	1.5%
5/25/2019	**2.1%**	3.7%	2.8%	1.3%	1.4%	-0.3%	0.2%	2.1%	5.2%	-0.6%	-0.7%	1.1%	6.0%
6/1/2019	**1.0%**	0.6%	0.8%	0.3%	0.5%	-0.2%	0.2%	1.8%	-0.4%	11.3%	-1.3%	-0.8%	-1.7%
6/8/2019	**0.5%**	2.1%	0.8%	0.0%	0.0%	-0.5%	0.3%	0.5%	-3.3%	-1.3%	1.6%	-2.2%	-1.1%
6/15/2019	**1.9%**	2.5%	3.0%	0.7%	0.9%	0.4%	1.2%	2.1%	-4.2%	9.2%	2.6%	-0.5%	4.0%
6/22/2019	**0.8%**	1.9%	1.2%	-0.3%	0.3%	-0.2%	0.4%	1.0%	-4.9%	3.5%	1.5%	-3.4%	3.9%

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%	4.4%	-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%	-9.4%
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%
4Q18	2.0%	3.7%	2.2%	1.6%	1.1%	0.9%	0.6%	2.9%	3.4%	5.6%	1.4%	2.2%	-2.1%
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%

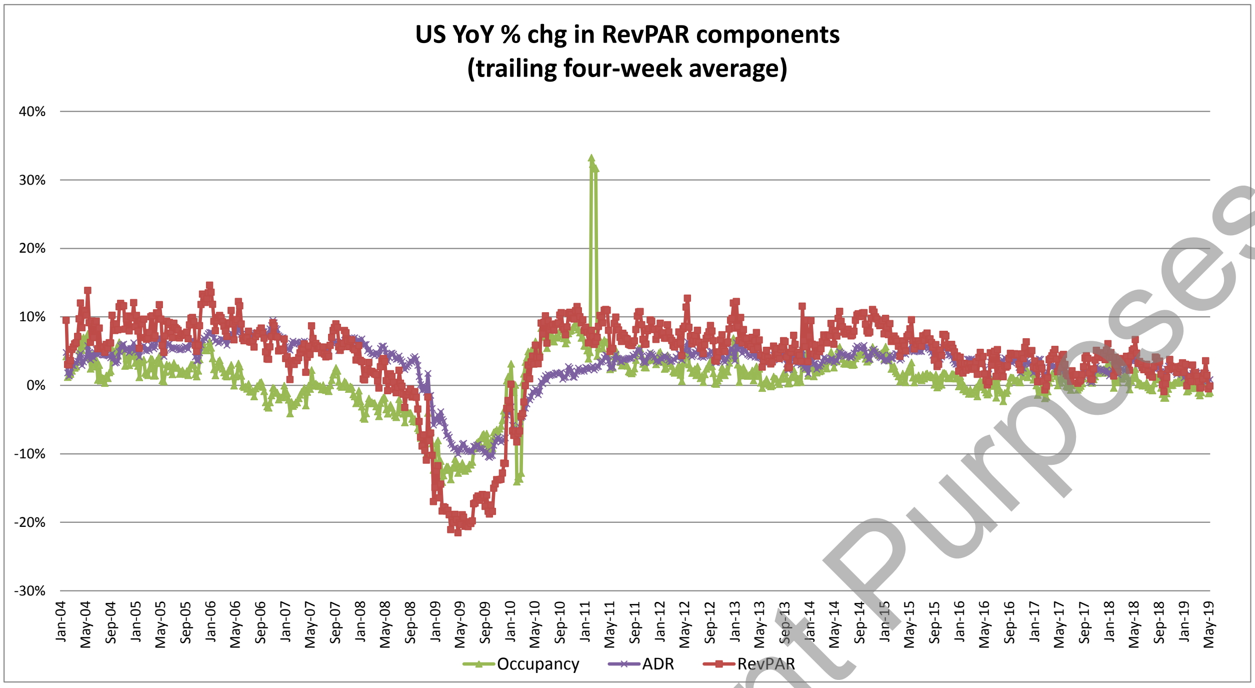
YoY % change in Occupancy

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
3/23/2019	**0.2%**	-2.9%	-1.8%	-1.9%	-0.3%	0.6%	1.4%	2.1%	1.5%	-3.6%	2.0%	-0.3%	-8.5%
3/30/2019	**4.2%**	-2.6%	4.5%	5.4%	6.5%	5.4%	2.3%	2.4%	-7.8%	3.7%	-2.2%	-2.1%	4.6%
4/6/2019	**0.4%**	0.2%	4.0%	1.1%	0.1%	-1.1%	-0.3%	-1.1%	2.5%	-7.5%	0.4%	11.0%	4.3%
4/13/2019	**2.4%**	-0.2%	2.0%	0.6%	1.7%	2.7%	3.6%	3.6%	3.2%	3.5%	5.1%	8.5%	0.4%
4/20/2019	**-6.2%**	-6.1%	-8.5%	-9.3%	-9.0%	-7.8%	-2.6%	-2.6%	1.4%	-2.0%	3.0%	-11.3%	-13.3%
4/27/2019	**-1.4%**	-6.0%	-6.3%	-3.5%	-1.6%	0.4%	2.0%	0.4%	-3.7%	-2.1%	-2.1%	-4.9%	-8.1%
5/4/2019	**1.2%**	2.1%	1.3%	1.4%	1.1%	-0.3%	0.2%	1.6%	-2.4%	8.2%	4.7%	6.9%	3.5%
5/11/2019	**-0.3%**	0.7%	-0.9%	-0.5%	-0.4%	-1.4%	-0.5%	0.0%	-5.0%	5.4%	-0.5%	1.0%	-1.0%
5/18/2019	**0.8%**	0.3%	0.4%	0.2%	0.5%	0.6%	0.6%	1.2%	-2.3%	4.0%	1.1%	4.2%	-0.5%
5/25/2019	**0.9%**	1.8%	1.1%	1.0%	0.8%	0.1%	0.6%	0.8%	2.3%	-2.2%	-1.8%	3.4%	2.2%
6/1/2019	**0.6%**	-0.9%	0.1%	-0.2%	0.8%	0.5%	0.0%	1.4%	1.3%	6.1%	0.0%	0.2%	-1.7%
6/8/2019	**-1.3%**	-1.9%	-1.4%	-1.8%	-1.9%	-2.4%	-0.8%	-0.7%	-0.7%	0.4%	0.4%	-0.3%	-2.7%
6/15/2019	**-0.6%**	0.3%	0.3%	-0.7%	-0.6%	-1.3%	-0.7%	-1.2%	-2.0%	3.3%	2.3%	3.6%	-1.1%
6/22/2019	**-0.6%**	-1.3%	-0.6%	-0.3%	-0.2%	-0.9%	-1.2%	-0.8%	-0.9%	-0.7%	1.1%	-0.6%	0.1%

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%	1.2%	0.3%	2.0%	1.0%	2.8%	-0.3%	-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%
4Q18	0.4%	-0.7%	-1.1%	-1.6%	-0.6%	0.4%	2.3%	1.9%	0.1%	6.3%	1.6%	0.6%	-1.3%
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%

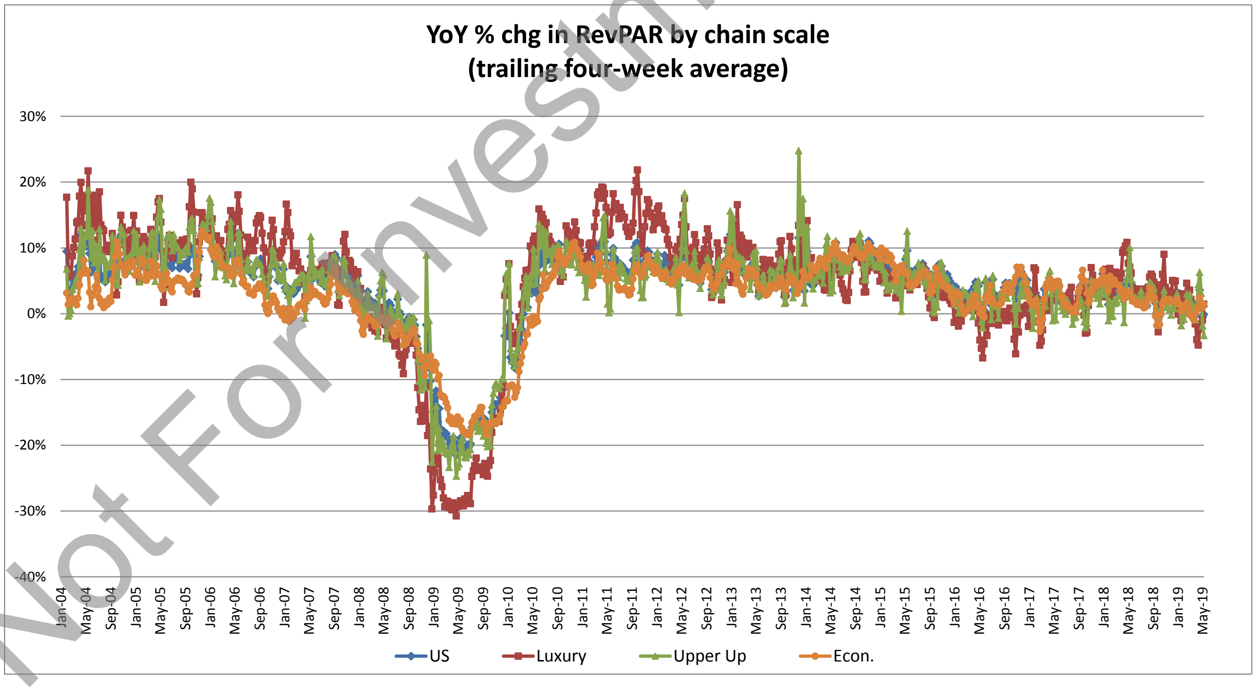
Source: STR data, STRH research

RevPAR Component Trends



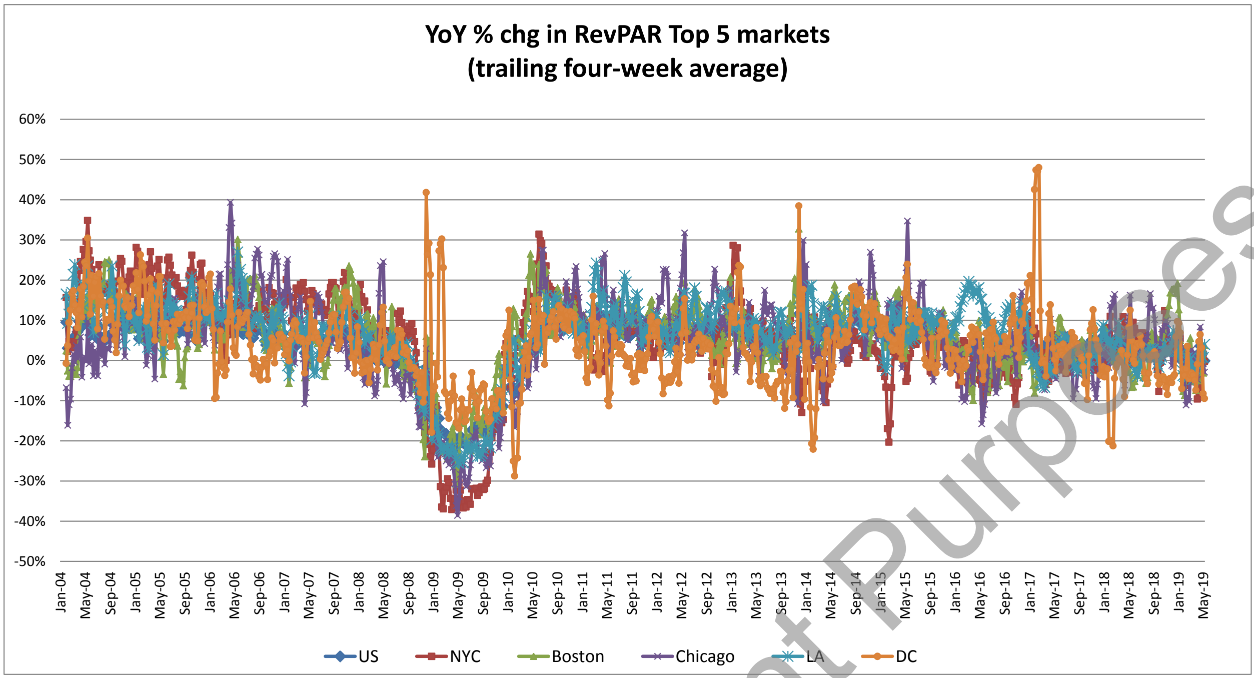
Source: STR data, STRH research

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 6/25/19	Rating	PT*	% upside down-side	2020E Valuation EBITDA ($M)* **	2020E As Reported EBITDA ($M)*	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	$28.25	Hold	$30	6%	$181	$181	13.4X	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	$84.70	Hold	$86	2%	$380	$380	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	$10.00	Hold	$11	10%	$267	$268	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	$17.80	Hold	$22	24%	$1,540	$1,540	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	$73.25	Hold	$82	12%	$802	$839	13.1X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	$11.21	Hold	$16	43%	$146	$146	7.8X	Upside risk: Accelerating tour flow, FCF generation and decliining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Hilton Grand Vacations	HGV	$30.46	Buy	$50	64%	$452	$491	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	$93.25	Buy	$101	8%	$2,382	$2,482	14.8X	Downside risk: slowing pipeline
Marriott International	MAR	$133.28	Hold	$135	1%	$3,600	$3,919	14.8X	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: 2020 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	$92.73	Buy	$147	58%	$748	$880	11.2X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$27.52	Buy	$34	24%	$765	$780	12.6X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Pebblebrook Hotel Trust***	PEB	$27.37	Hold	$34	24%	$489	$489	14.5X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Downside Risks: Planned asset sales do not materialize as expected and/or at lower-than-expected pricing. Incremental EBITDA from major CapEx investments take longer than anticipated, resulting in multiple contraction.
Playa Hotels & Resorts	PLYA	$7.15	Buy	$12	68%	$205	$216	11.5X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives, country-specific risks (emerging market portfolio)
RLJ Lodging Trust	RLJ	$17.38	Hold	$19	9%	$488	$501	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	$78.58	Hold	$81	3%	$536	$521	12.6X	Upside risk:recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	$13.26	Hold	$15	13%	$316	$316	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.
Vail Resorts, Inc.	MTN	$223.47	Buy	$247	11%	$776	$776	15.0X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Hotels & Resorts	WH	$55.28	Buy	$68	23%	$644	$666	13.0X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.

** All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2020 EBITDA*
*** Valuation EBITDA excludes select items for specific companies including stock-based compensation.*
**** Covered by Gregory J. Miller*

Source: FactSet, STRH research

WH: Valuation and Risks

Our price target of $68 for WH is based on a 13.0x multiple (in line with portfolio quality/RevPAR relative to peers) of our 2020 EBITDA estimate.

Downside risk: slowdown in development opportunities. La Quinta synergies below expectations. La Quinta integration takes longer than anticipated. Macro demand headwinds.

HLT: Valuation and Risks

We apply a blended multiple of 14.8x (10.5x for Owned/leased and 15.0x for Managed/franchised) to our 2020 adjusted EBITDA estimate to derive a 12-month price target of $101. This multiple is towards the higher end of the historical range of 10x-16x.

Risks include:
Growth trajectory could disappoint. Pipeline growth could either slow down or projects scheduled for construction could be cancelled, which would diminish system growth for the firm and disappoint investors.

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, $11.21, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $84.70, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, $28.25, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $10.00, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $73.25, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $30.46, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $93.25, Buy, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $17.80, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $133.28, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, $223.47, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $27.37, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $27.52, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $7.15, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $78.58, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $17.38, Hold, C. Patrick Scholes)
Sunstone Hotel Investors, Inc. (SHO, $13.26, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $92.73, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $55.28, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, $41.95, Buy, C. Patrick Scholes)

Analyst Certification

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.

Required Disclosures

SunTrust Robinson Humphrey, Inc. or an affiliate managed or co-managed a securities offering for the following company within the last 12 months: HLT-US

The following company is a client of SunTrust Robinson Humphrey, Inc. for investment banking services within the last 12 months: HLT-US

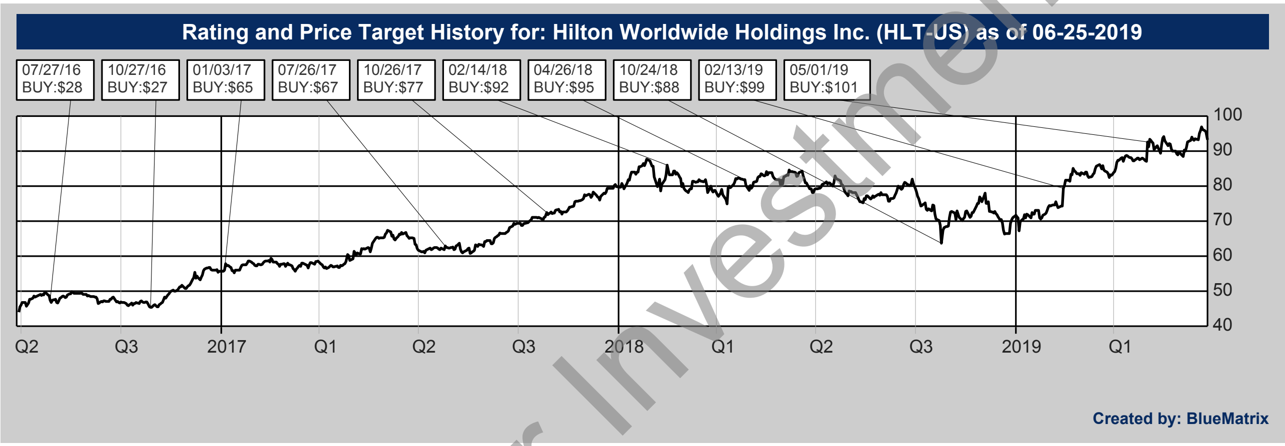
SunTrust Robinson Humphrey, Inc. or an affiliate has received compensation for investment banking services within the last 12 months: HLT-US

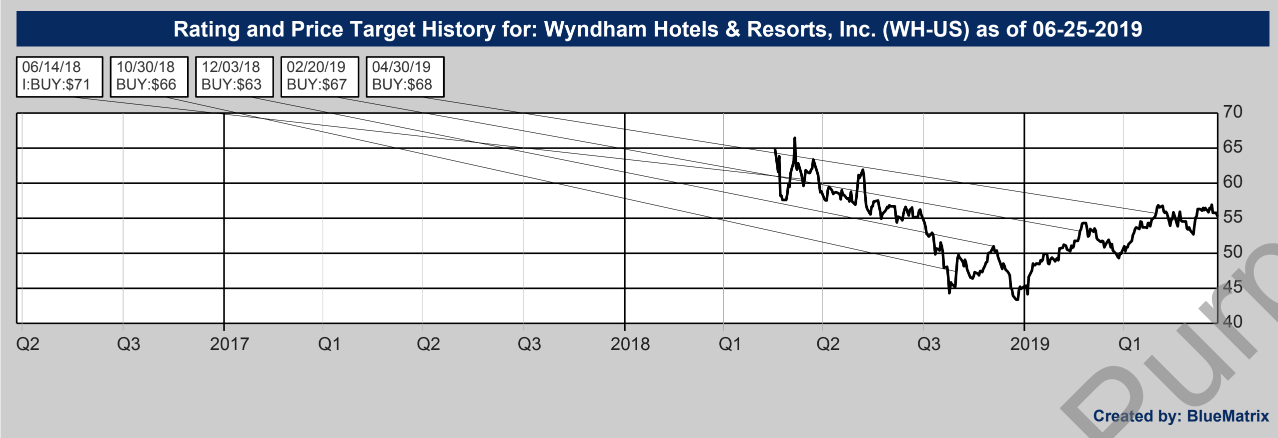
The following company is a client of SunTrust Robinson Humphrey, Inc. for non-securities-related services within the last 12 months: WH-US

SunTrust Robinson Humphrey, Inc. or an affiliate has received compensation for non-securities related services within the last 12 months: WH-US

Analyst compensation is based upon stock price performance, quality of analysis, communication skills, and the overall revenue and profitability of the firm, including investment banking revenue.

As a matter of policy and practice, the firm prohibits the offering of favorable research, a specific research rating or a specific target price as consideration or inducement for the receipt of business or compensation. In addition, associated persons preparing research reports are prohibited from owning securities in the subject companies.





STRH Ratings System for Equity Securities

Dissemination of Research

SunTrust Robinson Humphrey (STRH) seeks to make all reasonable efforts to provide research reports simultaneously to all eligible clients. Reports are available as published in the restricted access area of our website to all eligible clients who have requested a password. Institutional investors, corporates, and members of the Press may also receive our research via third party vendors including: Thomson Reuters, Bloomberg, FactSet, and S&P Capital IQ. Additional distribution may be done by sales personnel via email, fax, or other electronic means, or regular mail.

For access to third party vendors or our Research website: https://suntrustlibrary.bluematrix.com/client/library.jsp

Please email the Research Department at mailto:STRHEquityResearchDepartment@suntrust.com or contact your STRH sales representative.

The rating system effective as of Oct. 7, 2016:

STRH Rating System for Equity Securities

SunTrust Robinson Humphrey (STRH) rates individual equities using a three-tiered system. Each stock is rated relative to the broader market (generally the S&P 500) over the next 12-18 months (unless otherwise indicated).

Buy (B) – the stock's total return is expected to outperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

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)

Sell (S) – the stock's total return is expected to underperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Not Rated (NR) – STRH does not have an investment rating or opinion on the stock

Coverage Suspended (CS) – indicates that STRH's rating and/or target price have been temporarily suspended due to applicable regulations and/or STRH Management discretion. The previously published rating and target price should not be relied upon

STRH analysts have a price target on the stocks that they cover, unless otherwise indicated. The price target represents that analyst's expectation of where the stock will trade in the next 12-18 months (unless otherwise indicated). If an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of STRH Research

Management not to assign a target price; likewise certain stocks that trade under $5 may exhibit volatility whereby assigning a price target would be unhelpful to making an investment decision. As such, with Research Management's approval, an analyst may refrain from assigning a target to a sub-$5 stock.

Legend for Rating and Price Target History Charts:
B = Buy
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 ≥ 15% (10% for low-Beta securities)***
· Reduce – total return ≤ 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

SunTrust Robinson Humphrey ratings distribution (as of 06/26/2019):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	**Count**	**Percent**	**Rating**	**Count**	**Percent**
Buy	413	62.96%	Buy	101	24.46%
Hold	237	36.13%	Hold	31	13.08%
Sell	6	0.91%	Sell	0	0.00%

Other Disclosures

Information contained herein has been derived from sources believed to be reliable but is not guaranteed as to accuracy and does not purport to be a complete analysis of the security, company or industry involved. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any security. SunTrust Robinson Humphrey, Inc. and/or its officers or employees may have positions in any securities, options, rights or warrants. The firm and/or associated persons may sell to or buy from customers on a principal basis. Investors may be prohibited in certain states from purchasing some over-the-counter securities mentioned herein. Opinions expressed are subject to change without notice. The information herein is for persons residing in the United States only and is not intended for any person in any other jurisdiction.

SunTrust Robinson Humphrey, Inc.'s research is provided to and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). The term "Institutional Account" shall mean the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least $50 million.

SunTrust Robinson Humphrey, Inc. is a registered broker-dealer and a member of FINRA and SIPC. It is a service mark of SunTrust Banks, Inc. SunTrust Robinson Humphrey, Inc. is owned by SunTrust Banks, Inc. ("SunTrust") and affiliated with SunTrust Investment Services, Inc. Despite this affiliation, securities recommended, offered, sold by, or held at SunTrust Robinson Humphrey, Inc. and at SunTrust Investment Services, Inc. (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including SunTrust Bank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. SunTrust Bank may have a lending relationship with companies mentioned herein.

Please see our Disclosure Database to search by ticker or company name for the current required disclosures, including valuation and risks, Link: https://suntrust.bluematrix.com/sellside/Disclosures.action

Please visit the STRH equity research library for current reports and the analyst roster with contact information, Link (password protected): STRH RESEARCH LIBRARY

SunTrust Robinson Humphrey, Inc., member FINRA and SIPC. SunTrust and SunTrust Robinson Humphrey are service marks of SunTrust Banks, Inc.

If you no longer wish to receive this type of communication, please request removal by sending an email to STRHEquityResearchDepartment@SunTrust.com

ADDITIONAL INFORMATION IS AVAILABLE at our website, www.suntrustrh.com, or by writing to:SunTrust Robinson Humphrey, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070