



Lodging - US RevPAR -2.9% Y/Y Last Week; 7/4 holiday shift swing back

With +5.2% RevPAR last week; the aggregate 2-week avg. of +1.2% is unsurprising

What's Incremental To Our View

Overall U.S. RevPAR was -2.9% Y/Y for the week ending 7/13/2019, per STR, weaker than the prior week's result of +5.2%. (2-year stacked RevPAR was -2.8% vs +3.9% in the prior week.) Independent hotels (about 1/3rd of the data set) were -2.6% y/y. Economy (-2.8%) was the "strongest" chain scale for branded hotels; Upscale was the weakest at -3.7%. Upper Midscale (-3.1%) underperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (-7.1% vs. +4.3% prior week) was softer than Transient (-2.7% vs. +5.3% prior week).

The weekly data for the week ending July 6th presented the benefit from the timing of July 4th; last week's data ending July 13th was in many respects the reversal effect. The aggregate RevPAR average over the last two weeks was just +1.2% (not a run-rate statistic due to the holiday impact, but unimpressive nonetheless).

- **New Orleans RevPAR was -17.1% driven from Hurricane Barry impact** with weekend occupancy down 45%. Numerous Lodging REITS have exposure to the market.

We do not consider same week last year to be a particularly tough comp. The same week last year RevPAR was -0.4% with Group -6.2%. This year, group-oriented properties had a particularly challenged week with Group RevPAR -7.1%.

Last week's RevPAR details:

- **Economy was the "strongest" chain scale but all were negative.** Upscale and Upper Midscale underperformed by 90 bps and 30 bps, respectively: Luxury RevPAR (-3.0%), Upper Upscale (-3.3%), Upscale (-3.7%), Upper Midscale (-3.1%), Midscale (-3.8%), and Economy (-2.8%). Independent hotels (-2.6%) outperformed headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group was softer than Transient:** Transient segment (individual business and leisure travelers) RevPAR was -2.7% (vs. +5.3% last week) and Group segment RevPAR was -7.1% (vs. +4.3% last week).
- **LA (-0.5%) was the "strongest" of the top five markets but all top five markets were negative:** Boston (-4.0%), Chicago (-6.9%), NYC (-4.6%), and DC (-3.8%).

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What's Inside

Weekly STR results and analysis

- **Other relevant markets:**

- **San Francisco was down (Moscone Convention Center expansion and renovation completed):** RevPAR was -14.4% vs. -3.1% last week.
- **Houston** was -9.1% (vs. +16.3% last week).
- **Florida markets were down:** Miami (-2.5% vs. +4.0% last week); Orlando (-9.5% vs. +2.4% last week).

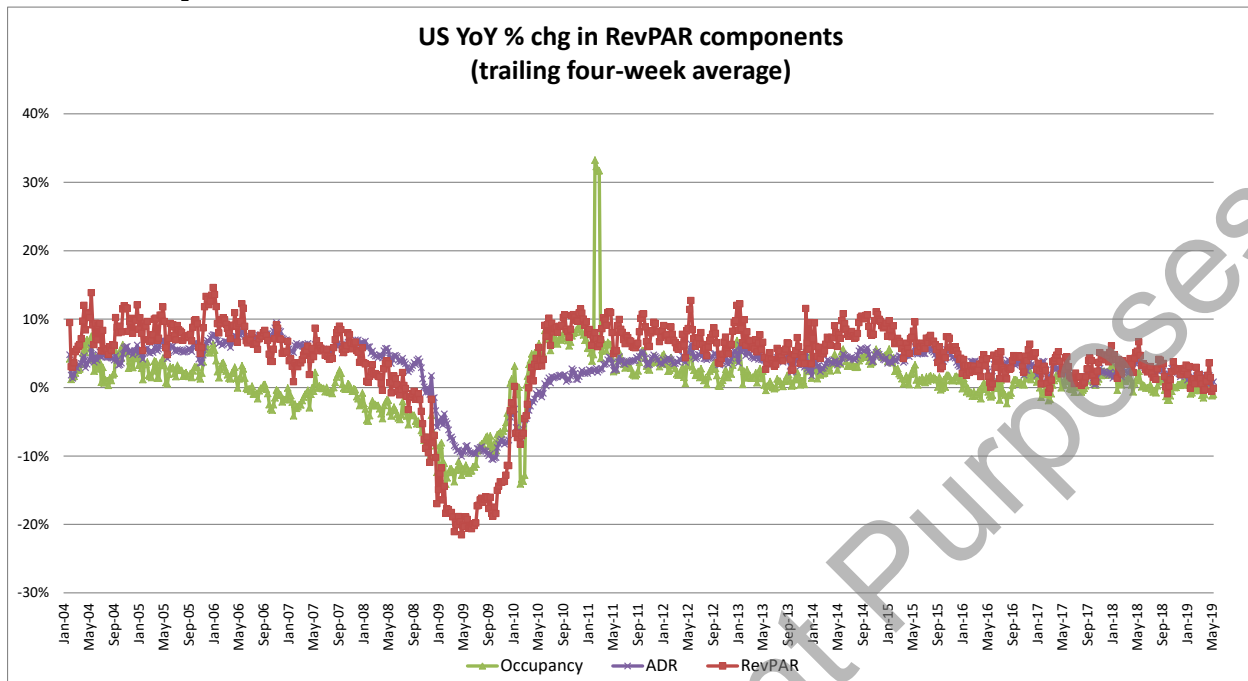
The lodging stocks: We continue to favor C-Corps over hotel REITS (we favored hotel REITS for the first half of last year) and within C-Corps **we prefer Buy-rated WH**. In an environment of low RevPAR growth combined with gradually increasing wages/margin pressures, we think **returns for hotel owners 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.

Not For Investment Purposes

Weekly RevPAR Summary

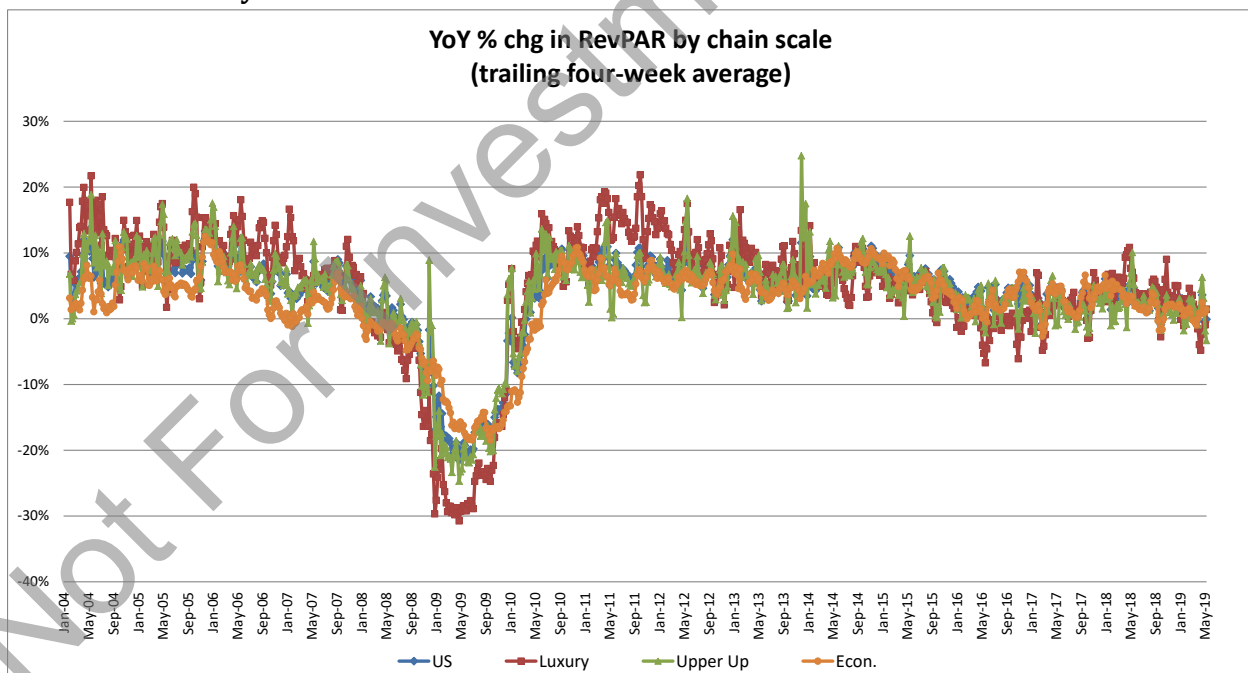
YoY % change in RevPAR													
U.S.	Upper		Upper		Inde-	pendent	New						
	Luxury	Upscale	Upscale	Midscale			Midscale	Economy	York	Boston	LA	Chicago	DC
3/23/2019	0.4%	-3.6%	-1.0%	-1.8%	0.7%	0.3%	1.2%	2.5%	-2.5%	-6.8%	1.3%	-2.3%	-16.8%
3/30/2019	5.1%	-8.9%	9.2%	7.5%	9.0%	6.1%	2.8%	1.6%	-22.9%	9.3%	-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%
6/29/2019	0.9%	0.8%	1.0%	0.0%	0.3%	-1.4%	-1.5%	2.0%	4.5%	3.3%	-4.3%	-4.3%	-0.6%
7/6/2019	5.2%	5.7%	7.2%	4.4%	5.7%	3.6%	4.0%	4.6%	0.9%	9.7%	1.3%	0.3%	10.1%
7/13/2019	-2.9%	-3.0%	-3.3%	-3.7%	-3.1%	-3.8%	-2.8%	-2.6%	-4.6%	-4.0%	-0.5%	-6.9%	-3.8%
July 4th calendar shift reverse impact				Economy and Luxury led the industry				LA and DC led the Top 5 markets					
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.	Upper		Upper		Inde-	pendent	New						
	Luxury	Upscale	Upscale	Midscale			Midscale	Economy	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%	9.5%	1.5%	-3.4%	3.9%
6/29/2019	1.4%	1.8%	1.9%	0.7%	0.2%	-0.5%	0.0%	2.4%	4.0%	-4.7%	-0.7%	-2.6%	1.2%
7/6/2019	2.6%	3.6%	2.8%	1.1%	1.6%	1.7%	2.4%	3.2%	-0.8%	3.0%	1.4%	-3.5%	6.1%
7/13/2019	-0.6%	-0.1%	-0.1%	-1.1%	-0.6%	-1.0%	-1.4%	-0.3%	-3.9%	-0.7%	1.9%	-4.5%	0.8%
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%	3.6%	-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%	1.0%	1.0%	-3.8%	0.7%	-1.0%	-2.4%	1.5%
YoY % change in Occupancy													
U.S.	Upper		Upper		Inde-	pendent	New						
	Luxury	Upscale	Upscale	Midscale			Midscale	Economy	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%	-8.1%	-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%
6/29/2019	-0.5%	-1.1%	-0.9%	-0.6%	0.0%	-0.9%	-1.4%	-0.4%	0.4%	-1.4%	-3.7%	-1.7%	-1.8%
7/6/2019	2.6%	2.0%	4.4%	3.3%	4.1%	1.9%	1.6%	1.3%	1.7%	6.5%	-0.1%	3.9%	3.7%
7/13/2019	-2.4%	-3.0%	-3.2%	-2.6%	-2.5%	-2.8%	-1.4%	-2.3%	-0.7%	-3.3%	-2.3%	-2.5%	-4.5%
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	0.5%	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%	0.7%	0.3%	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%	-0.6%	-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%

RevPAR Component Trends



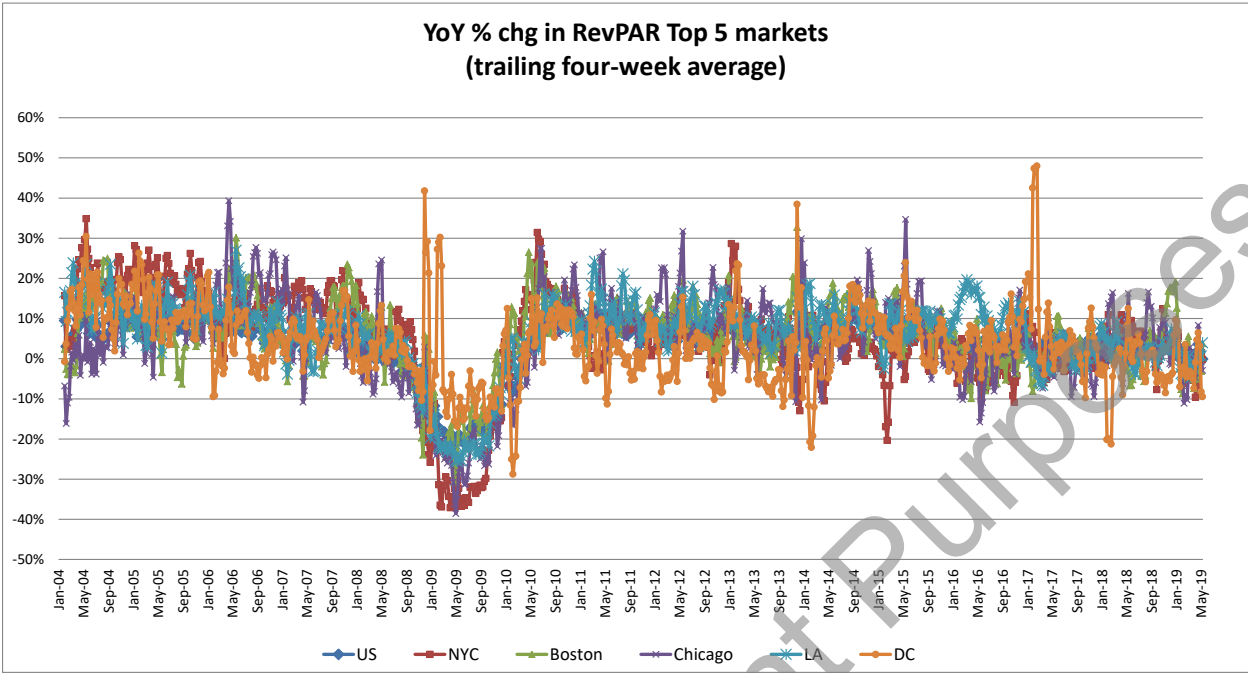
Source: STR data, STRH research

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 7/16/19	Rating	PT*	% upside down- side	2020E Valuation EBITDA (\$M)* **	2020E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks
Chesapeake Lodging Trust	CHSP	\$27.88	Hold	\$30	8%	\$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	\$89.75	Hold	\$86	-4%	\$380	\$380	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$10.14	Hold	\$11	8%	\$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	\$18.30	Hold	\$22	20%	\$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	\$80.68	Hold	\$82	2%	\$802	\$839	13.1X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	\$11.23	Hold	\$14	27%	\$133	\$133	7.9X	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	\$32.36	Buy	\$50	55%	\$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	\$99.88	Hold	\$101	1%	\$2,382	\$2,482	14.8X	Upside risk: Macro lodging trends improve beyond expectations. Downside risk: slowing pipeline. 2020 is a recession year in the U.S. 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 International	MAR	\$143.96	Hold	\$135	-6%	\$3,600	\$3,919	14.8X	Downside risk: M&A story fades and multiples revert to historical levels
Marriott Vacations	VAC	\$98.69	Buy	\$147	49%	\$735	\$880	11.2X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Park Hotels & Resorts	PK	\$26.97	Buy	\$33	22%	\$748	\$763	12.6X	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.
Pebblebrook Hotel Trust***	PEB	\$27.35	Hold	\$34	24%	\$489	\$489	14.5X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives. country-specific risks (emerging market portfolio)
Playa Hotels & Resorts	PLYA	\$7.66	Buy	\$12	57%	\$205	\$216	11.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
RLJ Lodging Trust	RLJ	\$17.49	Sell	\$15	-14%	\$440	\$452	11.0X	Upside risk: recovering group demand better than expected, better margin recovery.
Ryman Hospitality Properties	RHP	\$76.52	Hold	\$81	6%	\$536	\$521	12.6X	Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$13.54	Hold	\$15	11%	\$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	\$232.25	Buy	\$247	6%	\$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	\$61.16	Buy	\$68	11%	\$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.

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$11.23, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$89.75, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, \$27.88, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$10.14, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$80.68, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$32.36, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$99.88, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$18.30, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$143.96, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$232.25, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$27.35, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$26.97, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$7.66, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$76.52, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$17.49, Sell, C. Patrick Scholes)
Sunstone Hotel Investors, Inc. (SHO, \$13.54, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$98.69, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$61.16, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$47.09, 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.

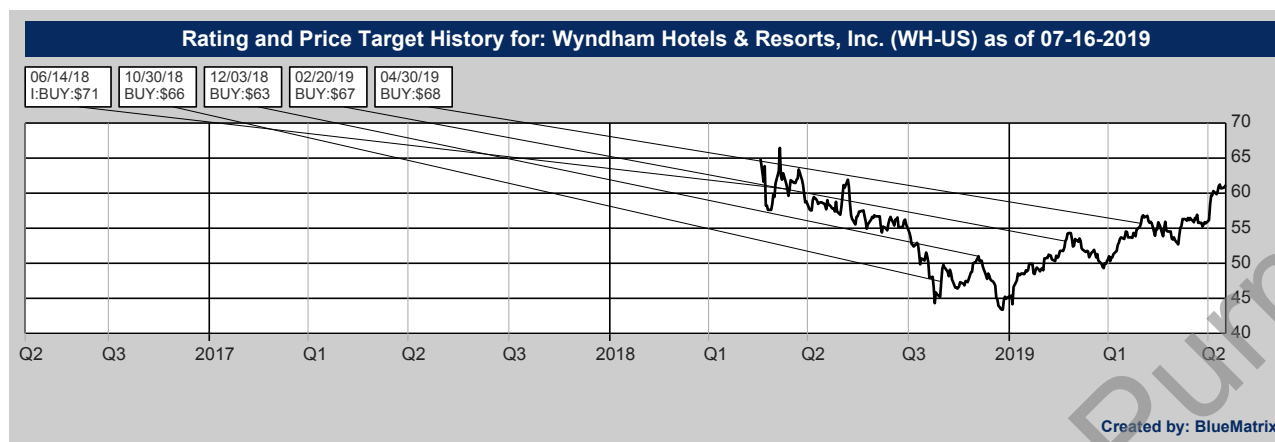
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