Lodging: US RevPAR -2.6% Y/Y Last Week; Yom Kippur/Columbus Day/Hurricane comp

Beyond the headline, Group RevPAR was unsurprisingly very soft (-18.8%)

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What's Inside

Weekly STR results and analysis

What's Incremental To Our View

Overall U.S. RevPAR was -2.6% Y/Y for the week ending 10/12/2019, per STR, stronger than the prior week's result of -7.5%. (2-year stacked RevPAR was -1.7% vs -5.9% in the prior week.) Independent hotels (about 1/3rd of the data set) were -1.5% y/y. Economy (-0.5%) was the "strongest" chain scale for branded hotels; Luxury was the weakest at -7.3%. Upper Midscale (-0.6%) and Midscale (-1.0%) outperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (-18.8% vs. -19.6% prior week) was softer than Transient (+1.1% vs. -6.5% prior week) given the holiday calendar shifts.

Last week's data was very noisy given three factors:

1. **Yom Kippur calendar shift:** 2019 holiday last Tuesday/Wednesday vs. September 2018. Given a Tuesday/Wednesday holiday, the timing was a negative impact to business travel, especially Group.
2. **Columbus Day calendar shift:** the holiday shifted to October 14th in 2019 from October 8th last year. This shift benefitted weekend RevPAR last week (Friday: +7.3%; Saturday: +10.2%) but negatively impacted demand at the beginning of the week (Sunday RevPAR: -18.1%).
3. **Hurricane Michael y/y comp:** the storm made landfall along the Florida Panhandle on Wednesday, October 10th, 2018.

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.

Last week's RevPAR details:

- **Economy was the relatively strongest chain scale although all chain scales were negative:** Upscale and Upper Midscale underperformed by 240 bps and 10 bps, respectively: Luxury RevPAR (-7.3%), Upper Upscale (-5.7%), Upscale (-2.9%), Upper Midscale (-0.6%), Midscale (-1.0%), and Economy (-0.5%). Independent hotels (-1.5%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was +1.1% (vs. -6.5% last week) and Group segment RevPAR was -18.8% (vs. -19.6% last week).

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- **Chicago (-4.7%) was the strongest of the top five markets although all were negative:** Boston (-16.5%),Los Angeles (-8.8%), NYC (-11.9%), and D.C. (-5.0%).
- **Other relevant markets:**
    - **San Francisco was positive (Moscone Convention Center expansion and renovation completed):** RevPAR was +5.5% vs. -14.2% last week.
    - **Florida markets were down:** Miami (-4.0% vs. -20.8% last week); Orlando (-6.3% vs. -4.2% 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. We believe 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.

Weekly RevPAR Summary

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
7/20/2019	**0.0%**	-0.4%	-0.4%	-0.2%	0.3%	-0.4%	-1.0%	-0.1%	-4.5%	3.0%	-2.9%	-6.8%	2.3%
7/27/2019	**-1.6%**	-3.1%	-2.3%	-2.4%	-1.4%	-1.9%	-2.3%	-0.9%	-6.4%	-2.2%	-5.1%	-8.0%	2.1%
8/3/2019	**-1.1%**	-2.6%	-1.0%	-1.5%	-0.3%	-1.4%	-1.8%	-1.3%	-3.4%	-10.7%	-2.9%	-9.0%	-1.4%
8/10/2019	**-1.0%**	-0.3%	0.2%	-2.0%	-1.8%	-3.0%	-2.7%	-0.2%	1.0%	4.6%	-4.3%	3.8%	-2.6%
8/17/2019	**-0.6%**	-3.6%	0.5%	-1.8%	-1.5%	-2.3%	-2.0%	0.9%	-2.4%	1.0%	-4.2%	-12.2%	2.4%
8/24/2019	**1.2%**	-0.9%	2.2%	0.5%	1.1%	0.5%	0.3%	1.6%	-6.6%	-6.1%	5.6%	4.1%	-1.5%
8/31/2019	**1.0%**	2.6%	3.1%	-0.2%	0.1%	-0.4%	-1.0%	1.0%	-3.5%	-5.5%	3.3%	4.2%	0.7%
9/7/2019	**-2.1%**	-2.4%	-2.7%	-4.0%	-0.5%	-0.4%	1.3%	-2.8%	-8.6%	-1.9%	3.4%	4.4%	-8.4%
9/14/2019	**0.8%**	4.2%	3.2%	0.1%	-1.1%	-3.6%	-3.8%	1.5%	-2.9%	-1.1%	-2.3%	-12.0%	24.7%
9/21/2019	**7.0%**	16.7%	10.7%	4.6%	2.7%	0.3%	0.0%	8.9%	12.4%	26.6%	7.9%	20.7%	24.4%
9/28/2019	**-0.8%**	0.6%	-2.7%	-2.5%	-0.5%	-0.6%	-1.3%	0.6%	1.7%	-12.0%	-2.6%	0.2%	0.9%
10/5/2019	**-7.5%**	-12.9%	-11.3%	-7.9%	-5.2%	-5.1%	-4.9%	-6.1%	-18.3%	-22.3%	-5.7%	-23.1%	-12.5%
10/12/2019	**-2.6%**	-7.3%	-5.7%	-2.9%	-0.6%	-1.0%	-0.5%	-1.5%	-11.9%	-16.5%	-8.8%	-4.7%	-5.0%

Very tough group comp due to Yom Kippur calendar shift

Economy and Upper Midscale 'led' the industry

Chicago and DC '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%
2Q19	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%

YoY % change in ADR

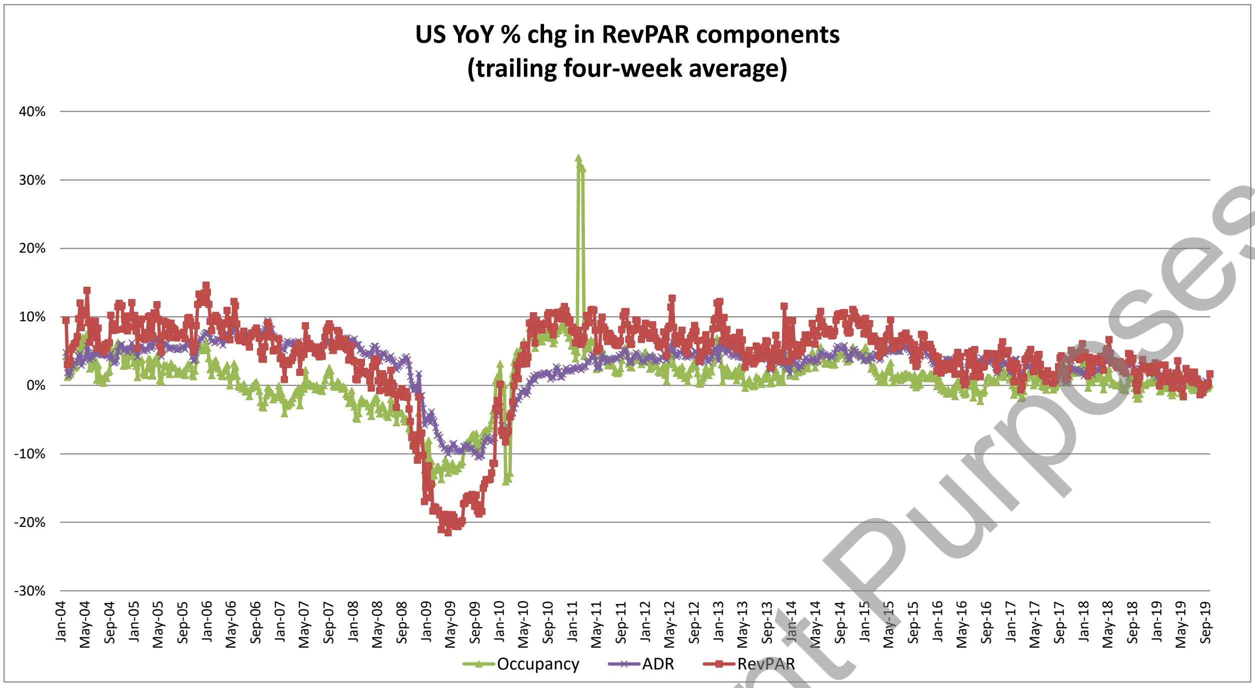
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
6/29/2019	**1.4%**	1.8%	1.9%	0.7%	0.2%	-0.5%	0.0%	2.4%	4.0%	4.7%	-0.7%	-2.6%	1.2%
7/6/2019	**2.6%**	3.6%	2.8%	1.1%	1.6%	1.7%	2.4%	3.2%	-0.8%	3.0%	1.4%	-3.5%	6.1%
7/13/2019	**-0.6%**	-0.1%	-0.1%	-1.1%	-0.6%	-1.0%	-1.4%	-0.3%	-3.9%	-0.7%	1.9%	-4.5%	0.8%
7/20/2019	**0.5%**	0.2%	0.5%	0.0%	0.6%	0.3%	-0.4%	0.7%	-3.7%	2.6%	-1.2%	-5.5%	1.4%
7/27/2019	**-0.5%**	-1.6%	-0.4%	-0.9%	-0.4%	-0.7%	-1.1%	-0.3%	-4.6%	-0.1%	-2.5%	-5.1%	3.7%
8/3/2019	**-0.3%**	0.3%	0.5%	-0.5%	-0.2%	-0.7%	-0.7%	-0.3%	-2.4%	-5.0%	-1.4%	-6.3%	1.1%
8/10/2019	**0.4%**	0.5%	1.4%	-0.5%	-0.5%	-0.8%	-1.1%	1.1%	-0.4%	4.0%	-1.5%	0.8%	1.3%
8/17/2019	**0.4%**	-0.1%	1.2%	-0.7%	-0.5%	-0.9%	-0.9%	1.8%	-1.9%	0.1%	-2.2%	-8.0%	2.9%
8/24/2019	**0.5%**	0.3%	1.2%	0.0%	0.3%	-0.4%	-0.3%	0.8%	-5.0%	-3.1%	2.0%	1.2%	-0.5%
8/31/2019	**1.4%**	1.9%	2.5%	0.5%	0.4%	-0.3%	-0.1%	2.1%	-3.3%	-2.8%	0.3%	0.8%	0.2%
9/7/2019	**-1.0%**	2.1%	-0.2%	-1.0%	-0.4%	-1.1%	-0.5%	-1.0%	-8.3%	-0.1%	0.4%	1.6%	-3.6%
9/14/2019	**0.8%**	0.6%	1.0%	0.0%	-0.7%	-1.2%	-1.4%	1.1%	-4.2%	1.8%	-2.1%	-9.7%	11.1%
9/21/2019	**4.8%**	6.8%	6.4%	3.0%	1.6%	0.2%	0.3%	5.9%	7.2%	17.7%	3.4%	9.8%	15.1%
9/28/2019	**-0.5%**	-0.2%	-1.3%	-1.4%	-0.4%	-0.5%	-0.9%	0.8%	1.3%	-5.2%	-2.6%	-0.6%	1.9%
10/5/2019	**-3.8%**	-5.0%	-5.2%	-3.6%	-2.1%	-1.7%	-2.2%	-2.8%	-12.5%	-9.8%	-2.9%	-14.8%	-3.8%
10/12/2019	**-1.2%**	-3.2%	-3.0%	-1.5%	0.3%	0.7%	0.0%	0.0%	-8.6%	-8.6%	-5.5%	-3.2%	-4.6%
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%
2Q19	1.2%	2.5%	1.4%	0.6%	0.7%	-0.2%	0.6%	1.7%	-1.0%	3.2%	0.8%	-1.7%	0.2%

YoY % change in Occupancy

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
7/20/2019	**-0.5%**	-0.6%	-0.9%	-0.2%	-0.3%	-0.7%	-0.6%	-0.7%	-0.9%	0.4%	-1.7%	-1.3%	0.9%
7/27/2019	**-1.0%**	-1.5%	-1.9%	-1.5%	-0.9%	-1.2%	-1.3%	-0.6%	-1.9%	-2.1%	-2.6%	-3.1%	-1.5%
8/3/2019	**-0.8%**	-2.9%	-1.5%	-0.9%	0.0%	-0.7%	-1.0%	-1.0%	-1.1%	-6.0%	-1.5%	-2.9%	-2.5%
8/10/2019	**-1.4%**	-0.8%	-1.2%	-1.5%	-1.2%	-2.2%	-1.7%	-1.3%	1.4%	0.5%	-2.8%	2.9%	-3.9%
8/17/2019	**-1.0%**	-3.5%	-0.7%	-1.1%	-1.0%	-1.4%	-1.1%	-0.9%	-0.5%	0.9%	-2.1%	-4.6%	-0.5%
8/24/2019	**0.8%**	-1.2%	1.0%	0.5%	0.8%	1.0%	0.5%	0.8%	-1.7%	-3.1%	3.6%	2.9%	-1.0%
8/31/2019	**-0.4%**	0.7%	0.5%	-0.7%	-0.3%	-0.1%	-0.9%	-1.0%	-0.3%	-2.8%	3.0%	3.4%	0.5%
9/7/2019	**-1.1%**	-4.4%	-2.5%	-3.0%	-0.1%	0.7%	1.7%	-1.8%	-0.4%	-1.9%	3.0%	2.8%	-4.9%
9/14/2019	**0.0%**	3.5%	2.2%	0.1%	-0.3%	-2.4%	-2.5%	0.4%	1.4%	-2.8%	-0.2%	-2.5%	12.2%
9/21/2019	**2.1%**	9.2%	4.0%	1.6%	1.1%	0.1%	-0.3%	2.8%	4.9%	7.6%	4.4%	9.9%	8.2%
9/28/2019	**-0.4%**	0.8%	-1.4%	-1.1%	0.0%	-0.2%	-0.4%	-0.2%	0.5%	-7.2%	-0.1%	0.7%	-1.1%
10/5/2019	**-3.9%**	-8.4%	-6.4%	-4.5%	-3.1%	-3.4%	-2.7%	-3.4%	-6.7%	-13.9%	-2.8%	-9.7%	-9.1%
10/12/2019	**-1.4%**	-4.3%	-2.7%	-1.5%	-0.9%	-1.7%	-0.5%	-1.4%	-3.7%	-8.7%	-3.4%	-1.5%	-0.4%
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%
2Q19	-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%

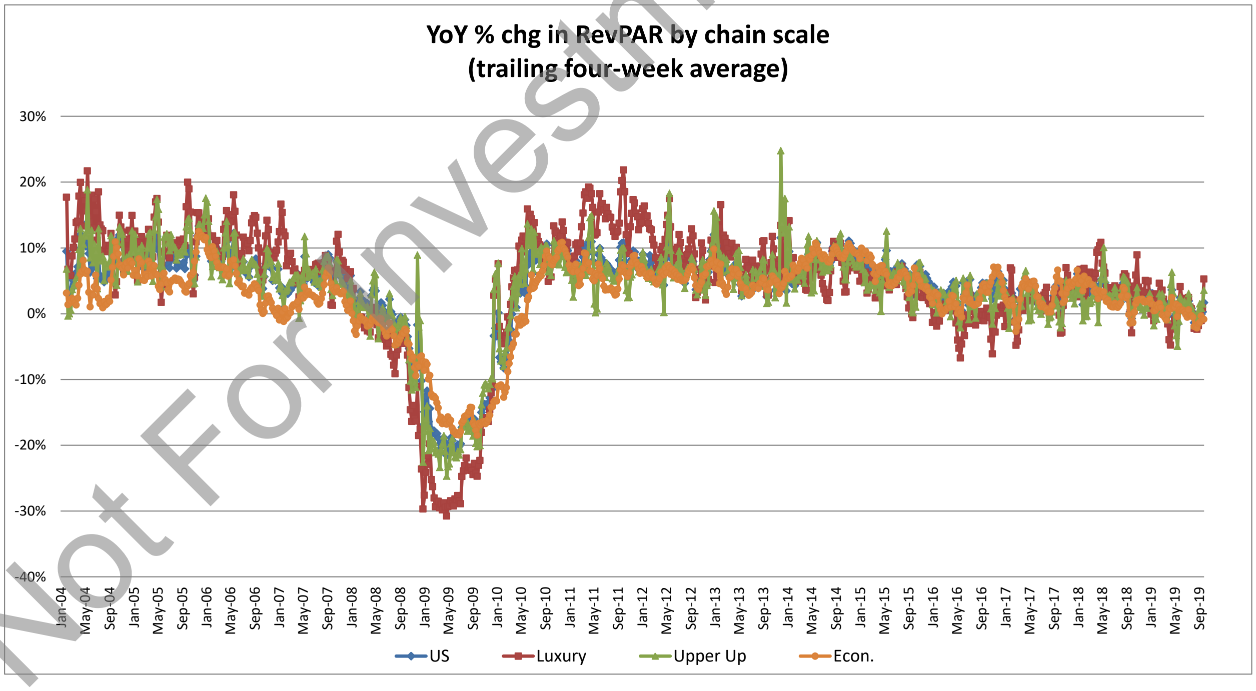
Source: STR data, STRH research

RevPAR Component Trends



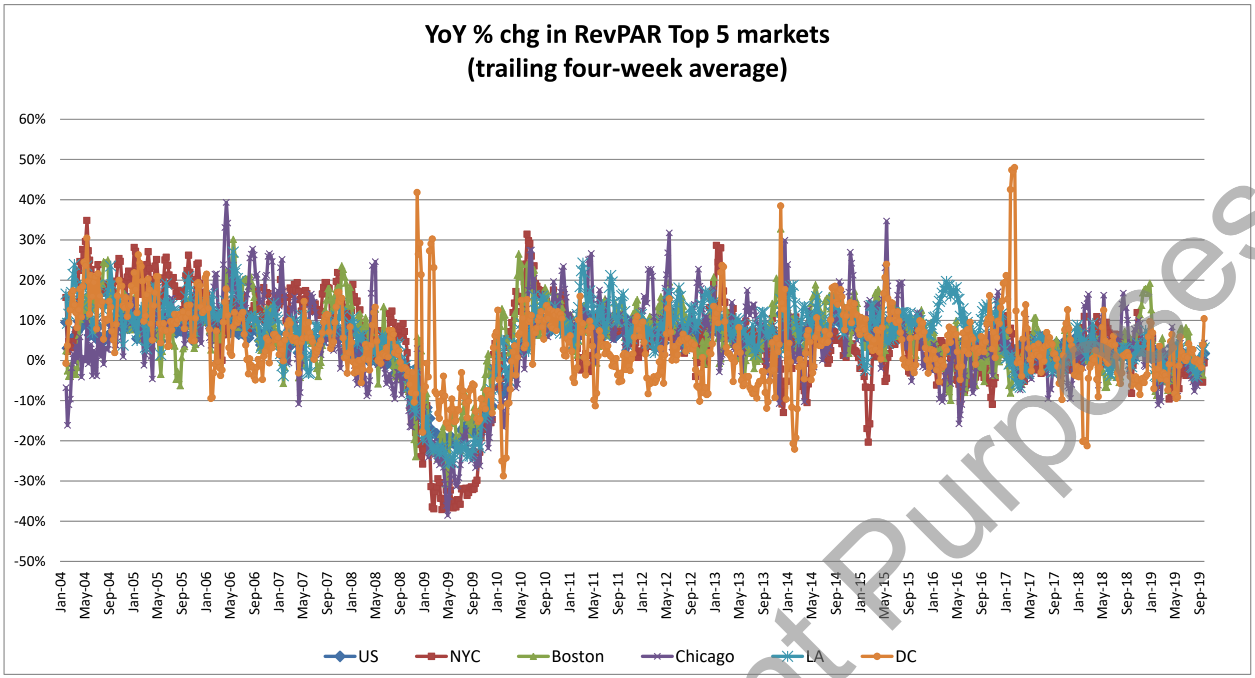
Source: STR data, STRH research

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 10/15/19	Rating	PT*	% upside down-side	2020E Valuation EBITDA ($M)* **	2020E As Reported EBITDA ($M)*	Target EV/EBITDA Multiple	Risks
Choice Hotels	CHH	$88.21	Hold	$88	0%	$387	$387	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	$9.92	Hold	$9	-9%	$250	$251	11.5X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: company unable to locate properties to buy.
Host Hotels & Resorts	HST	$16.41	Hold	$19	16%	$1,431	$1,431	12.0X	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	$70.55	Hold	$79	12%	$729	$763	13.2X	Upside risk: Transient and group trends outperform expectations. Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	$9.40	Hold	$12	23%	$108	$108	7.8X	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	$34.52	Buy	$42	22%	$423	$450	11.0X	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	$91.66	Hold	$99	8%	$2,386	$2,487	14.8X	Upside risk: Macro lodging trends improve beyond expectations. Downside risk: slowing pipeline. 2020 is a recession year in the U.S.
Marriott International	MAR	$121.11	Hold	$131	8%	$3,482	$3,796	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	$108.05	Buy	$147	36%	$742	$865	11.2X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$23.35	Buy	$28	20%	$883	$898	12.0X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Pebblebrook Hotel Trust***	PEB	$26.55	Hold	$30	13%	$467	$467	14.0X	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	$7.56	Buy	$11	46%	$187	$195	11.5X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives, country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	$16.74	Sell	$14	-16%	$382	$395	11.0X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
Ryman Hospitality Properties	RHP	$83.21	Hold	$78	-6%	$511	$505	12.2X	Upside risk:recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	$13.64	Hold	$14	3%	$311	$311	11.5X	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	$226.34	Buy	$280	24%	$796	$796	15.0X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Destinations	WYND	$46.20	Buy	$75	62%	$1,032	$1,050	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	$50.10	Buy	$68	36%	$650	$672	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, $9.46, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $87.89, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $9.84, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $70.33, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $34.57, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $91.53, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $16.31, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $120.10, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, $226.34, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $26.60, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $23.35, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $7.51, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $81.98, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $16.53, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, $13.55, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $106.43, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $49.69, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, $45.28, 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.

I, Gregory J. Miller , 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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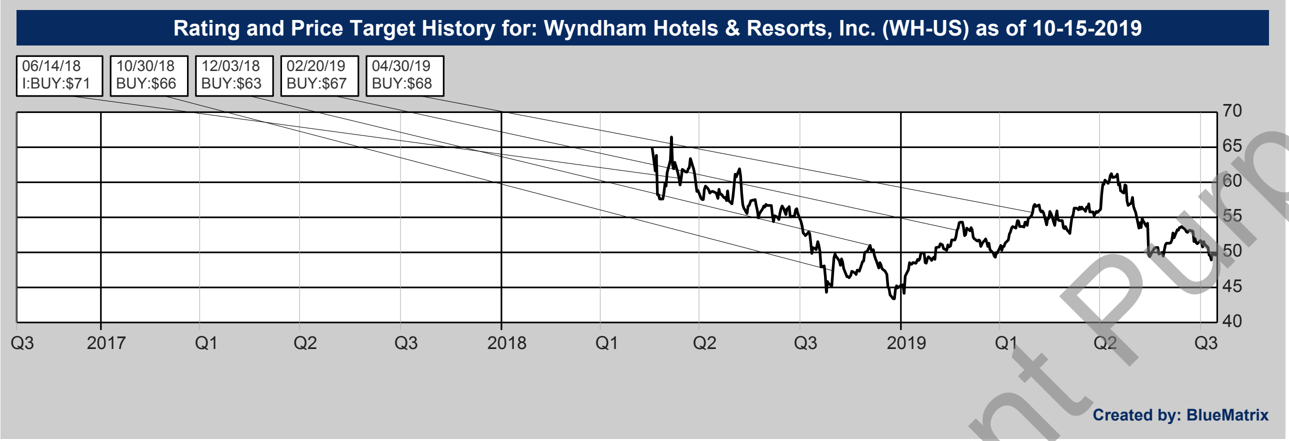

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