



Lodging - US RevPAR +4.3% Y/Y Last Week; Lux leisure gets a big New Year's pop

4Q RevPAR Wrap: MAR and HLT slightly under midpt of guide ex-market share gains

What's Incremental To Our View

Overall U.S. RevPAR was +4.3% Y/Y for the week ending 1/4/2020, per STR, stronger than the prior week's result of -7.4%. (2-year stacked RevPAR was +10.0% vs -9.0% in the prior week.) Independent hotels (about 1/3rd of the data set) were +7.7% y/y. Luxury (+12.1%) was the strongest chain scale for branded hotels; Midscale was the weakest at -2.2%. Upscale (+1.1%) and Upper Midscale (-0.4%) underperformed the industry average. Within Upper Upscale & Luxury class hotels, Group (-11.1% vs. -26.7% prior week) was softer than Transient (+11.0% vs. -6.9% prior week) driven by the NYE calendar shift.

Last week's results incorporated the calendar shift of New Year's Day to a Wednesday in 2020 from a Tuesday in 2019. Given the midweek holiday, the benefit went to leisure properties as expected. Corporate-oriented hotels that have no great leisure demand (i.e.: suburban corporate select-service) had relative underperformance. Given the continued wealth effect, Luxury had strong results as we had anticipated and actually better than we previously forecasted. Note: daily forecasting of RevPAR is extremely challenging especially for New Year's given the impact of weather unpredictability -- as we discussed last week, the temperate weather in much of the country likely helped performance.

- **Day of week data reflected the volatility we anticipated in our recent notes.** Sunday and Monday RevPAR were -6.6% and -27.8% respectively going against the prior year holiday comp. Tuesday RevPAR was +93.4% (a far easier holiday shift comp). The rest of the week ex-Saturday were positive in the headline results (+3.2% average RevPAR from Wednesday to Friday) but the main beneficiaries were high rated branded and unbranded hotels that lifted headline results.
- **Also lifting the headline and Luxury RevPAR were particularly strong results in high rated markets:** (Oahu was +22.4% for the week, Miami +16.3%, and NYC +8.9%).

Both for December and 4Q, the winner of the quarter was Luxury and the relative loser was limited-service. Select-service chain scales likely finished slightly down.

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.

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What's Inside

Weekly STR results and analysis

For the month of December, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish approximately +4-5% (our prior estimate was +1-3%). We estimate that the overall industry will finish +2% (our prior estimate was flattish to low-single-digit positive). Please note that reported monthly results include hotels that are not in the weekly data set.

For 4Q, we estimate that full-service branded domestic hotels will finish approximately +0.5-1.5%. We estimate that the overall industry will finish +0.5-1.0%. Please note that reported monthly results include hotels that are not in the weekly data set.

4Q C-corp weighted average RevPAR results vs. guidance and our estimates:

Based on above, we estimate MAR and HLT likely finished slightly under the midpoint of 4Q guidance ex-the important market share gains that are harder for us to predict. Choice (CHH, Hold) appeared to finish toward the bottom of the guidance range. Hyatt (H, Hold) is ahead of our flattish Americas projection (a proxy for U.S.) and we assume owned hotels may have also benefitted by a strong New Year's. Wyndham (WH, Buy) is tracking somewhat below our -1.0% RevPAR estimate.

	4Q19 Weighted Avg RevPAR	4Q19 Act./STRH E. RevPAR	4Q19 Diff vs. STR	4Q Guidance
MAR	0.3%	0.5%	0.2%	+0-1% Guide is North America
HLT	-0.2%	0.5%	0.7%	Roughly flat Guide is systemwide. Note our projection is also systemwide.
CHH	-1.7%	-0.5%	1.2%	-2% to flat Domestic RevPAR
WH	-1.8%	-1.0%	0.8%	
H	0.7%	0.1%	-0.6%	

Source: STRH Research, company filings

Last week's RevPAR details:

- **Luxury was the strongest chain scale:** Upscale and Upper Midscale underperformed by 1,100 bps and 1,250 bps, respectively: Luxury RevPAR (+12.1%), Upper Upscale (+5.9%), Upscale (+1.1%), Upper Midscale (-0.4%), Midscale (-2.2%), and Economy (-1.6%). Independent hotels (+7.7%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was +11.0% (vs. -6.9% last week) and Group segment RevPAR was -11.1% (vs. -26.7% last week).
- **NYC was the strongest of the top five markets:** Boston (+1.9%), Chicago (-5.2%), Los Angeles (+5.3%), NYC (+8.9%), and Washington, D.C. (+2.9%).
- **Other relevant markets:**
 - **San Francisco was down:** RevPAR was -3.9% vs. -7.6% last week.
 - **Florida markets were very strong, helped by seemingly little winter weather impact from northern markets:** Miami (+16.3% vs. -11.4% last week); Orlando (+9.9% vs. -15.3% last week).

The lodging stocks: We continue to favor C-Corps over hotel REITS (we favored hotel REITS for the first half of 2018) 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 in early 2018.

Weekly RevPAR Summary

YoY % change in RevPAR												
U.S.	Upper		Upper		Economy	Inde- pendent	New					
	Luxury	Upscale	Upscale	Midscale			Midscale	York	Boston	LA	Chicago	DC
9/28/2019	-0.8%	0.6%	-2.7%	-2.5%	-0.5%	-0.6%	-1.3%	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%
10/12/2019	-2.6%	-7.3%	-6.7%	-2.9%	-0.6%	-1.0%	-0.5%	-1.5%	-11.9%	-16.5%	-8.8%	-4.7%
10/19/2019	0.0%	4.8%	-2.4%	-3.1%	-2.7%	-3.5%	-2.4%	2.5%	1.8%	-14.1%	-2.6%	-5.3%
10/26/2019	0.0%	2.0%	-0.5%	-1.4%	-0.5%	-2.1%	-2.6%	1.5%	-5.2%	-5.7%	4.4%	-0.1%
11/2/2019	0.3%	6.0%	3.4%	1.2%	0.2%	-3.3%	-1.9%	-3.2%	-3.4%	-7.7%	6.1%	3.4%
11/9/2019	1.9%	2.9%	1.0%	0.3%	-0.8%	-3.3%	-1.7%	7.1%	-0.3%	-15.1%	5.7%	-9.7%
11/16/2019	-4.2%	-1.1%	-3.9%	-5.0%	-5.9%	-6.7%	-5.1%	-3.0%	-11.0%	-20.8%	1.0%	-4.1%
11/23/2019	30.4%	22.2%	70.9%	50.2%	29.1%	7.3%	2.8%	10.0%	5.6%	47.3%	32.2%	75.9%
11/30/2019	-17.5%	-7.8%	-32.9%	-29.0%	-18.3%	-8.0%	-1.7%	-3.9%	-26.2%	-47.5%	-22.4%	-44.6%
12/7/2019	1.4%	6.8%	2.6%	-2.0%	-1.2%	-1.1%	-1.2%	4.0%	-3.1%	-5.0%	-7.5%	49.9%
12/14/2019	11.2%	19.6%	13.4%	8.8%	6.7%	2.7%	1.5%	15.5%	16.0%	0.0%	9.7%	14.5%
12/21/2019	7.8%	9.3%	13.9%	10.7%	7.2%	2.7%	1.2%	4.6%	8.5%	11.1%	9.9%	15.2%
12/28/2019	-7.4%	-6.3%	-6.7%	-6.7%	-7.1%	-9.1%	-4.6%	-8.0%	-11.1%	-3.4%	-5.2%	0.2%
1/4/2020	4.3%	12.1%	5.9%	1.1%	-0.4%	-2.2%	-1.6%	7.7%	8.9%	1.9%	5.3%	-5.2%

Shift of NVE benefited leisure (especially Lux). Light corp travel.

Luxury and Upper Upscale led the industry

NYC and LA 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%
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%
3Q19	0.7%	1.3%	1.1%	-0.5%	-0.1%	-1.0%	-0.9%	1.6%	-2.2%	-0.4%	-0.2%	-2.2%	4.5%

YoY % change in ADR												
U.S.	Upper		Upper		Economy	Inde- pendent	New					
	Luxury	Upscale	Upscale	Midscale			Midscale	York	Boston	LA	Chicago	DC
9/28/2019	-0.5%	-0.2%	-1.3%	-1.4%	-0.4%	-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%
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%
10/19/2019	0.2%	3.4%	-1.0%	-1.4%	-0.8%	-0.8%	-1.5%	1.9%	-0.5%	-7.3%	-2.5%	-6.0%
10/26/2019	0.2%	1.8%	-0.5%	-1.0%	-0.2%	-0.6%	-1.7%	1.4%	-4.0%	-2.3%	3.1%	-1.9%
11/2/2019	0.6%	4.7%	2.0%	0.7%	0.3%	-0.8%	-1.1%	-2.0%	-2.5%	-2.2%	4.1%	-0.3%
11/9/2019	1.9%	2.5%	1.3%	0.6%	-0.1%	-1.5%	-1.3%	5.5%	-1.7%	-3.6%	4.4%	-8.2%
11/16/2019	-0.6%	-0.1%	-0.7%	-2.1%	-1.4%	-1.3%	-2.0%	0.7%	-8.1%	-7.8%	1.3%	0.1%
11/23/2019	10.8%	-5.3%	20.5%	13.7%	7.9%	-0.6%	-0.7%	3.3%	1.3%	20.1%	11.4%	27.0%
11/30/2019	-6.7%	9.0%	-12.4%	-11.7%	-6.1%	-0.7%	0.0%	0.5%	-20.0%	-25.3%	-11.8%	-25.6%
12/7/2019	1.6%	4.1%	2.2%	0.1%	0.1%	-0.7%	-0.7%	2.8%	-1.4%	-0.3%	-2.7%	29.5%
12/14/2019	5.3%	6.5%	4.6%	3.1%	2.7%	0.6%	0.0%	7.6%	11.8%	-1.5%	3.2%	5.4%
12/21/2019	1.8%	-4.2%	1.6%	1.6%	1.5%	-0.2%	-0.7%	1.0%	3.4%	-1.1%	2.8%	3.8%
12/28/2019	-2.6%	-4.3%	-1.5%	-3.2%	-1.6%	-2.3%	-1.8%	-2.6%	-10.2%	-2.7%	-3.6%	-0.1%
1/4/2020	4.0%	5.5%	3.8%	1.2%	0.7%	-0.4%	-0.3%	6.0%	1.8%	1.8%	2.3%	-0.9%

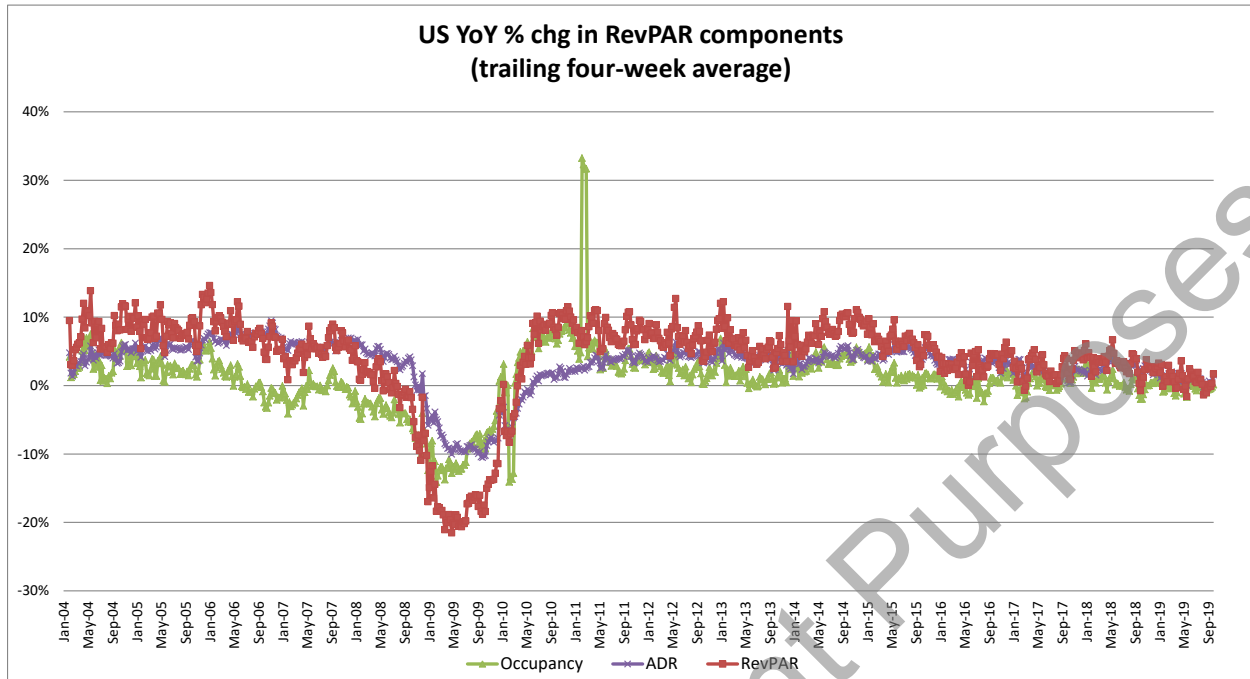
1Q16	3.2%	1.9%	2.7%	3.2%	2.6%	1.7%	3.3%	3.7%	-3.1%	1.4%	11.3%	-1.9%	1.1%
2Q16	2.9%	1.5%	2.2%	2.9%	2.8%	2.7%	3.4%	3.0%	-3.1%	3.3%	9.4%	0.3%	2.1%
3Q16	3.4%	1.5%	2.5%	2.7%	2.4%	3.1%	3.6%	4.4%	-2.7%	2.3%	7.5%	1.9%	3.5%
4Q16	2.6%	2.1%	1.4%	2.2%	2.0%	2.2%	3.2%	3.9%	-1.2%	1.3%	5.8%	3.9%	4.1%
1Q17	2.5%	2.3%	2.4%	1.3%	1.6%	1.8%	2.4%	3.5%	-2.2%	0.0%	-0.2%	1.7%	
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%	
3Q17	1.4%	0.4%	0.2%	0.8%	1.2%	1.9%	2.4%	2.2%	-2.0%	0.8%	1.8%	-2.4%	
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%	
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%	
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%	
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%	
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%	
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%	
2Q19	1.2%	2.5%	1.4%	0.6%	0.7%	1.7%	1.7%	1.7%	1.0%	3.2%	0.8%	-1.7%	
3Q19	0.8%	1.5%	1.3%	0.2%	-0.1%	-0.5%	-0.5%	1.6%	-1.9%	0.9%	-0.2%	-2.8%	

YoY % change in Occupancy												
U.S.	Upper		Upper		Economy	Inde- pendent	New					
	Luxury	Upscale	Upscale	Midscale			Midscale	York	Boston	LA	Chicago	DC
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%
10/5/2019	-3.9%	-8.4%	-6.4%	-4.6%	-3.1%	-3.4%	-2.7%	-3.4%	-6.7%	-13.9%	-2.8%	-9.7%
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%
10/19/2019	-0.9%	1.3%	-1.4%	-1.7%	-2.0%	-2.7%	-0.9%	0.7%	2.4%	-7.4%	-0.1%	0.8%
10/26/2019	-0.2%	0.2%	0.0%	0.4%	-0.3%	-1.5%	-1.0%	0.1%	-1.2%	-3.4%	1.2%	1.8%
11/2/2019	-0.3%	1.3%	0.3%	0.5%	0.0%	-2.5%	-0.8%	-1.2%	-0.9%	-5.6%	2.0%	3.7%
11/9/2019	0.1%	0.4%	-0.3%	-0.3%	-0.8%	-1.8%	-0.4%	1.5%	1.4%	-11.8%	1.2%	-1.7%
11/16/2019	-3.6%	-1.0%	-3.3%	-3.0%	-4.6%	-5.5%	-3.2%	-3.7%	-3.2%	-14.1%	-0.3%	-4.2%
11/23/2019	17.7%	29.0%	41.8%	32.1%	19.7%	8.0%	3.5%	6.5%	4.3%	22.7%	18.6%	37.5%
11/30/2019	11.6%	-15.4%	23.5%	-19.6%	-13.0%	-7.4%	-1.7%	-4.4%	-7.7%	-29.7%	-12.1%	-24.6%
12/7/2019	-0.2%	2.6%	0.4%	-2.0%	-1.3%	-0.5%	-0.5%	1.2%	-1.7%	-4.7%	-4.9%	15.8%
12/14/2019	5.6%	12.4%	8.4%	5.5%	3.8%	2.1%	1.5%	7.3%	3.8%	1.6%	6.3%	8.6%
12/21/2019	5.9%	14.1%	12.1%	9.0%	5.6%	2.9%	1.9%	3.6%	4.9%	12.3%	6.9%	11.0%
12/28/2019	-4.9%	-2.0%	-5.3%	-3.6%	-5.6%	-7.0%	-2.8%	-5.5%	-1.0%	-0.7%	-1.6%	0.3%
1/4/2020	0.3%	6.3%	2.0%	-0.2%	-1.0%	-1.8%	-1.3%	1.6%	7.0%	3.8%	3.0%	-4.3%

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%
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%
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%
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%
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%
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%
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%
4Q17	1.8%	2.2%	1.3%	2.0%	2.1%	1.2%	0.3%	2.0%	1.0%	2.5%	-0.3%	-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%
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%
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%
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%
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%
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%
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%

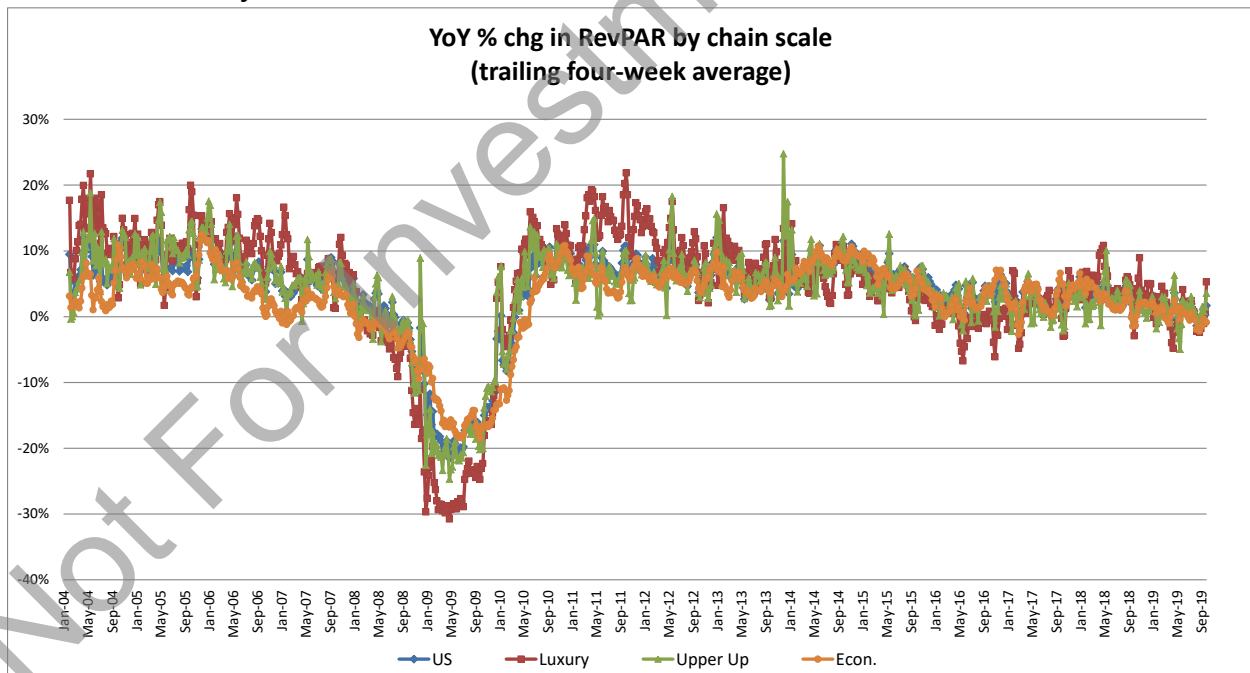
Source: STR data, STRH research

RevPAR Component Trends



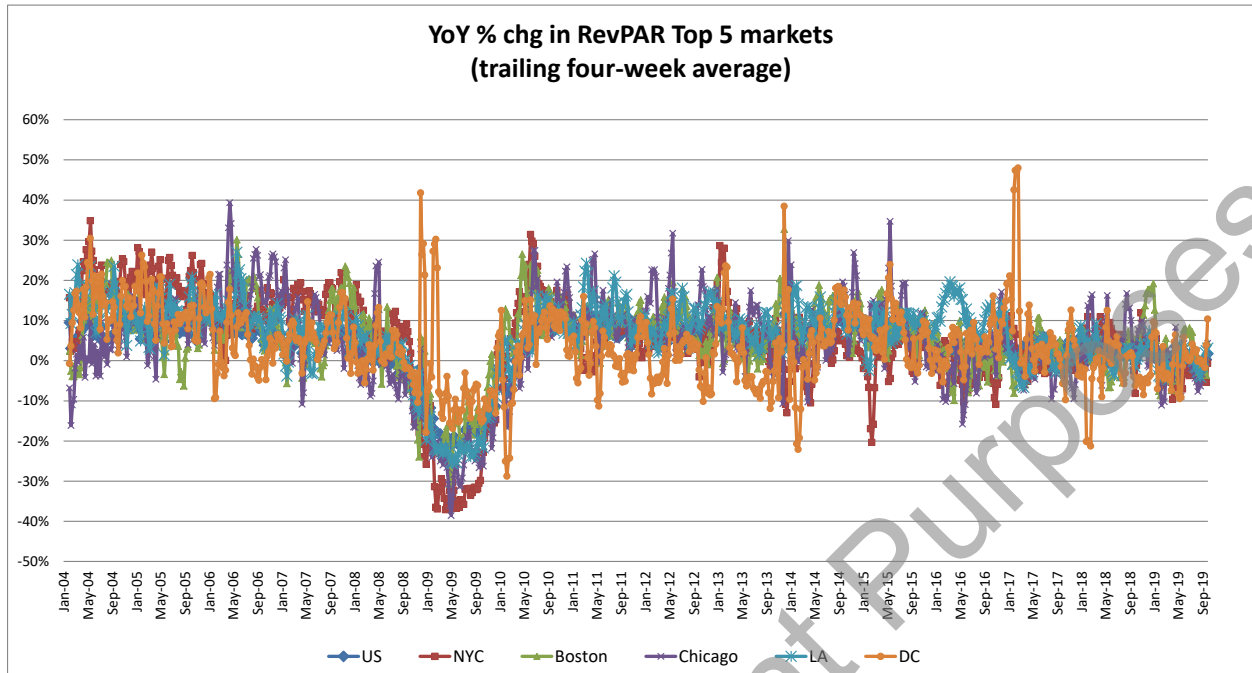
Source: STR data, STRH research

RevPAR Trends by Chain Scale



Source: STR data, STRH research

RevPAR Trends by Market



Source: STR data, STRH research

Not For Investment Purposes

Price Target/Risks Summary

Lodging	TKR	Price 1/7/20	Rating	PT*	% upside down- side	2020E Valuation EBITDA (\$M)**	2020E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks
Choice Hotels	CHH	\$101.14	Hold	\$87	-14%	\$393	\$393	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$10.39	Hold	\$9	-13%	\$245	\$245	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	\$17.52	Hold	\$18	3%	\$1,328	\$1,328	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	\$86.54	Hold	\$79	-9%	\$733	\$768	13.2X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	\$10.06	Hold	\$11	9%	\$106	\$106	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	\$34.54	Buy	\$42	22%	\$412	\$439	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 Upside risk: Macro lodging trends improve beyond expectations.
Hilton	HLT	\$108.29	Hold	\$99	-9%	\$2,378	\$2,481	14.8X	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.
Marriott International	MAR	\$144.94	Hold	\$128	-12%	\$3,446	\$3,760	14.9X	Downside Risk: 2020 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	\$127.28	Buy	\$155	22%	\$831	\$865	11.1X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	\$24.33	Buy	\$27	11%	\$871	\$886	12.0X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs. 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	\$25.29	Hold	\$26	3%	\$462	\$462	14.0X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives, country-specific risks (emerging market portfolio)
Playa Hotels & Resorts	PLYA	\$7.39	Buy	\$10	35%	\$173	\$180	11.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
RLJ Lodging Trust***	RLJ	\$16.83	Sell	\$15	-11%	\$390	\$402	11.0X	Upside risk: recovering group demand better than expected, better margin recovery.
Ryman Hospitality Properties	RHP	\$83.43	Hold	\$83	-1%	\$541	\$527	12.6X	Downside risk: booking issues stickier than expected. Upside risk: Recovery of corporate demand in SHO's markets. Above average group bookings in Orlando and Boston Park Plaza post-meeting space expansions.
Sunstone Hotel Investors	SHO	\$13.34	Hold	\$14	5%	\$304	\$304	11.5X	Downside risk: Weaker than expected demand trends following capital investment projects.
Vail Resorts, Inc.	MTN	\$244.52	Buy	\$270	10%	\$807	\$807	15.0X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Destinations	WYND	\$50.89	Buy	\$76	49%	\$1,030	\$1,049	9.2X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	\$60.49	Buy	\$68	12%	\$635	\$657	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 \$99. This multiple is towards the higher end of the historical range of 10x-16x.

Risks to our rating and price target:

Upside risks include: Higher than expected pipeline growth, material RevPAR growth (macroeconomic improvement beyond expectations), material market share gains. Downside 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.

H: Valuation and Risks

Our price target of \$79 for H is derived by applying a 13.2x target EV/EBITDA multiple (a blended average of the industry multiples for each business segment) to our estimate for 2020 EBITDA. Our valuation model for Hyatt assumes an owned-hotel 2020 EBITDA multiple of 12.0x and a franchise/management fee EBITDA multiple of 14.0x.

Upside risk: transient and group trends outperform expectations.

Downside risk: ongoing misexecution and volatility.

MAR: Valuation and Risks

Our \$128 price target is based on a 14.8x blended multiple on our 2020E EBITDA. In the parts, we assign a 13.0x multiple of EBITDA to the Owned segment and 15.0x fees EBITDA (the fees EBITDA also includes credit card branding fees, a 10x multiple business) to the managed/franchised business. The multiple is towards the higher end of the historical range of 9-18x.

Risks to our rating and price target:

Upside Risks: 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 Risks: 2020 could potentially be a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.

CHH: Valuation and Risks

Our price target of \$87 for CHH is derived by applying a 14.0x target EV/EBITDA multiple (slightly above industry average) to our estimate for 2020 EBITDA.

Upside risks: conservative guidance, if the economy performs better than expected. Downside risks: slowdown in development opportunities, rising construction costs, and newly created brands grow slower than expectations.

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$10.06, Hold, C. Patrick Scholes)

Choice Hotels International, Inc. (CHH, \$101.14, Hold, C. Patrick Scholes)

DiamondRock Hospitality Company (DRH, \$10.39, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$86.54, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$34.54, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$108.29, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.52, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$144.94, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$244.52, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$25.29, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$24.33, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$7.39, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$83.43, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$16.83, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$13.34, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$127.28, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$60.49, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$50.89, 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.

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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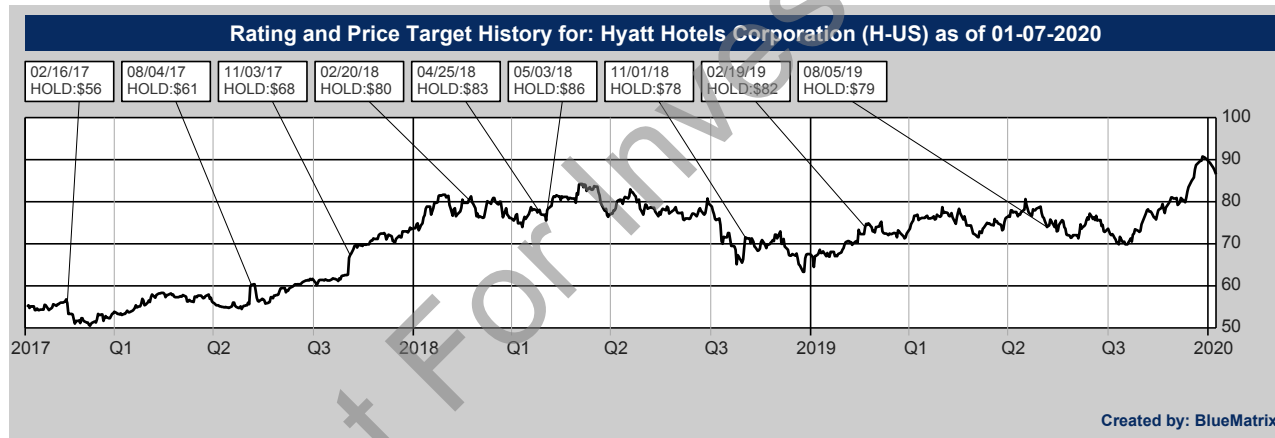
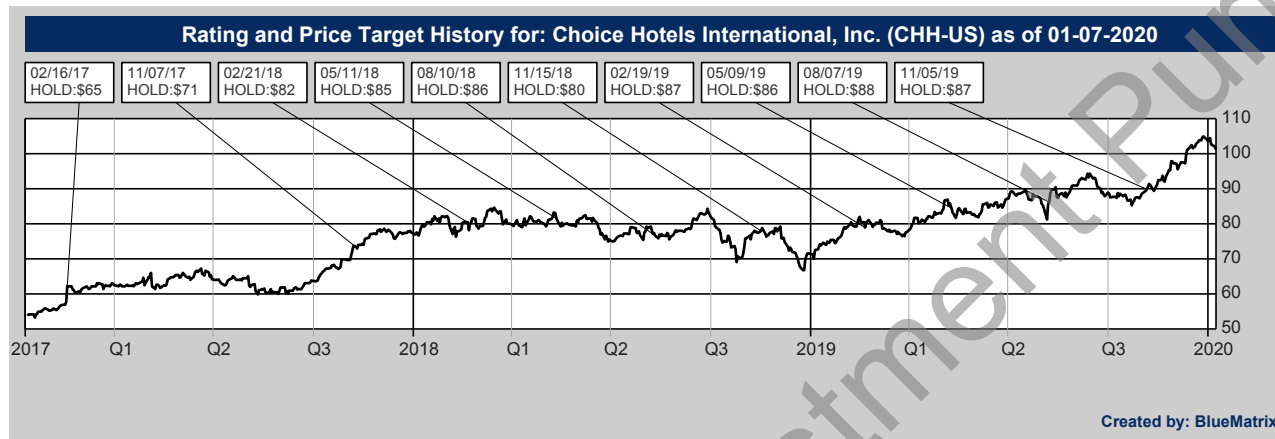
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Rating and Price Target History for: Hilton Worldwide Holdings Inc. (HLT-US) as of 01-07-2020

07/26/17 BUY:\$67	10/26/17 BUY:\$77	02/14/18 BUY:\$92	04/26/18 BUY:\$95	10/24/18 BUY:\$88	02/13/19 BUY:\$99	05/01/19 BUY:\$101	07/16/19 HOLD:\$101	07/24/19 HOLD:\$99
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Rating and Price Target History for: Marriott International, Inc. (MAR-US) as of 01-07-2020

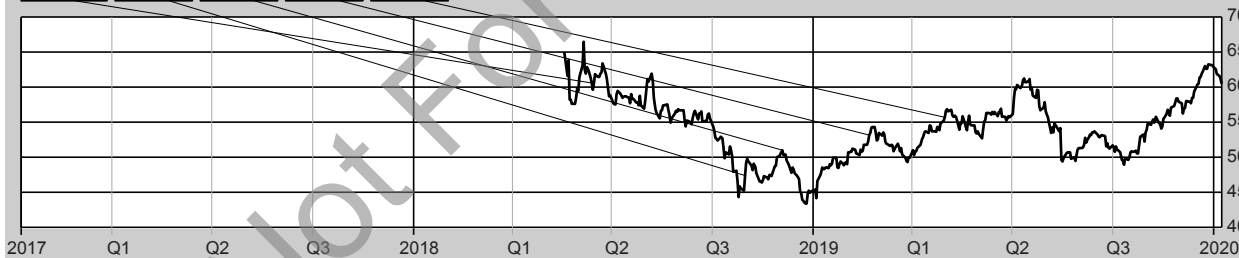
02/21/17 HOLD:\$88	05/10/17 HOLD:\$93	08/08/17 HOLD:\$96	11/09/17 HOLD:\$108	02/16/18 HOLD:\$128	05/10/18 HOLD:\$135	08/08/18 HOLD:\$136	11/06/18 HOLD:\$125	03/01/19 HOLD:\$137	05/14/19 HOLD:\$135	08/07/19 HOLD:\$131	11/06/19 HOLD:\$128
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Rating and Price Target History for: Wyndham Hotels & Resorts, Inc. (WH-US) as of 01-07-2020

06/14/18 I:BUY:\$71	10/30/18 BUY:\$66	12/03/18 BUY:\$63	02/20/19 BUY:\$67	04/30/19 BUY:\$68
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Created by: BlueMatrix

STRH Ratings System for Equity Securities

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NR = Not Rated

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Sell	8	1.15%	Sell	2	25.00%

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