



Lodging - US RevPAR +4.0% Y/Y Last Week; Miami > Atlanta Super Bowl impact

An above trend week led by luxury and independent hotels (helped by Super Bowl)

What's Incremental To Our View

Overall U.S. RevPAR was +4.0% Y/Y for the week ending 2/1/2020, per STR, stronger than the prior week's result of +0.3%. (2-year stacked RevPAR was +6.5% vs -0.4% in the prior week.) Independent hotels (about 1/3rd of the data set) were +8.3% y/y. Luxury (+7.4%) was the strongest chain scale for branded hotels; Midscale was the weakest at -1.2%. Upscale (+4.0%) performed in-line with the industry average; Upper Midscale (+1.9%) underperformed. Within Upper Upscale & Luxury class hotels, Group (+3.4% vs. -1.3% prior week) was softer than Transient (+6.7% vs. +5.2% prior week).

Last week's RevPAR headline result was materially impacted by the shift of the Super Bowl to Miami from Atlanta. Miami RevPAR was +68.4%, entirely rate driven as Miami is already in high season in February. Comparatively, Atlanta RevPAR was -41.1% (almost all rate driven). Importantly, Miami ADRs are significantly higher than Atlanta in clean-comp years (2019 ADR Atlanta: \$124; 2018 ADR Miami: \$239).

- The chain scales had very disparate performance. We assume that Miami's greater mix of Luxury and independent hotels vs. Atlanta (heavy Upper Upscale presence especially in Downtown Atlanta) impacted the chain scale results. Luxury RevPAR exceeded Upper Upscale by 570 bps.
- [In our Miami field trip note, we forecasted that Miami ADR for the Friday-Sunday of Super Bowl would be lower than the +210% market average](#) for Super Bowl weekends over the last nine years (HotelNewsNow). Given that Miami ADR for Friday and Saturday were +140.2% and +142.5%, respectively, we assume that even a strong bump on Sunday would support our prior assumptions given general weekend leisure strength in clean comp weeks. That being said, we assume Miami hotels still did very well given existent high occupancies, ADR growth flowing to profits, and expensive packaging for F&B and other revenues/parties/etc. that we assume were commonplace among higher-rated hotels in South Florida (especially Miami Beach). The non-rooms revenues are not reflected in the STR results but we expect this tailwind will be noted in REITS with market exposure.

A variety of other markets had relatively strong results -- more occupancy than rate driven.

- We assume the benefit is more transient corporate than leisure or group focused as much of the strength was in mid-week occupancy. We do not consider the strong individual business travel trends last week to be indicative of a trend.

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What's Inside

Weekly STR results and analysis

- Just as importantly, we see no material impact in last week's results from the coronavirus news.

For the month of January, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish +1.5-2.5% (our prior estimate was +0.5-1.5%). We estimate that the overall industry will finish +1.5-2.5% (our prior estimate was +0-1%). Please note that reported monthly results include hotels that are not in the weekly data set.

Last week's RevPAR details:

- **Luxury was the strongest chain scale:** Upscale and Upper Midscale underperformed by 340 bps and 550 bps, respectively: Luxury RevPAR (+7.4%), Upper Upscale (+1.7%), Upscale (+4.0%), Upper Midscale (+1.9%), Midscale (-1.2%), and Economy (-0.9%). Independent hotels (+8.3%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was +6.7% (vs. +5.2% last week) and Group segment RevPAR was +3.4% (vs. -1.3% last week).
- **Chicago was the strongest of the top five markets:** Boston (-0.1%), Chicago (+13.8%), Los Angeles (+5.2%), NYC (-2.0%), and Washington, D.C. (+12.7%).
- **Other relevant markets:**
 - **San Francisco was down (the market has a tough 1Q20 y/y group comp):** RevPAR was -3.2% vs. -11.8% last week.
 - **Florida markets were up (Super Bowl impact for Miami):** Miami (+68.4% vs. +4.6% last week); Orlando (+8.1% vs. +4.0% last week). [For more insights on the Miami market following management meetings and hotel tours in early January, please click on the attached link.](#)

The lodging stocks: For the most part, we think it is difficult to get excited about lodging stocks in general but not much screams "pound-the-table short" either. We currently see more interesting stories in [Vacation Ownership \(Marriott Vacations \(VAC, Buy\), Wyndham Destinations \(WYND, Buy\), and Cruise lines \(Norwegian \(NCLH, Buy\) & Royal Caribbean \(RCL, Buy\)\)](#). For hotel REITS at the moment, the number one challenge is [costs growing faster than revenues](#). That said, the good news for the hotel REITS is that we do not see much risk for valuation multiples to significantly contract from current levels; however, we continue to believe there will be gradual cuts to consensus estimates over the next year and 2021 same-store earnings will be lower than 2020's.

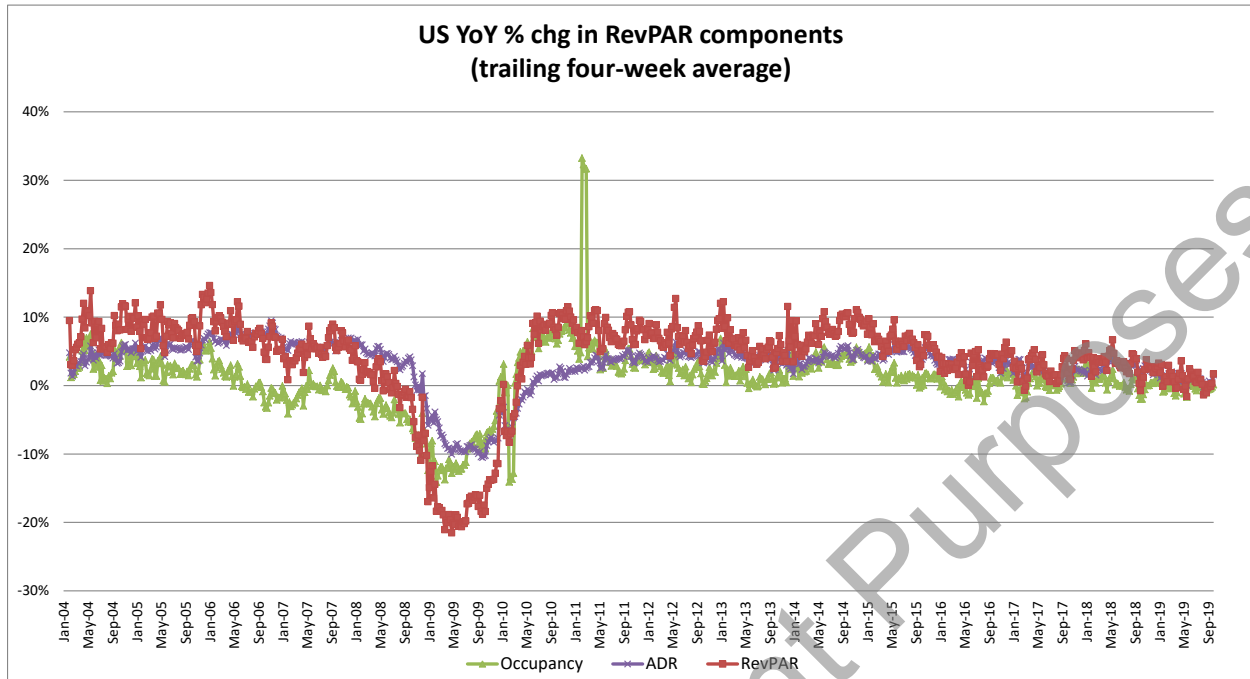
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Weekly RevPAR Summary

| YoY % change in RevPAR | | | | | | | | | | | | | |
|--|--------|---------|---------|----------|---------|------------------|----------|-------|--------|--------|---------|-------|--------|
| U.S. | Upper | | Upper | | Economy | Inde- pendent | New | | | | | | |
| | Luxury | Upscale | Upscale | Midscale | | | Midscale | York | Boston | LA | Chicago | DC | |
| 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% | 26.4% |
| 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% | -0.1% |
| 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% | 2.9% |
| 1/11/2020 | -7.7% | -13.5% | -12.3% | -7.3% | -5.2% | -5.2% | -3.4% | -5.7% | -2.4% | 1.8% | -8.4% | -9.6% | -0.3% |
| 1/18/2020 | 6.4% | 18.5% | 10.9% | 3.9% | 1.8% | -1.5% | 0.1% | 6.6% | -0.7% | 7.2% | 5.1% | 29.8% | 2.1% |
| 1/25/2020 | 0.3% | 4.6% | 2.6% | -0.2% | -1.5% | -3.2% | -2.1% | 0.0% | -1.2% | 0.5% | 5.2% | 3.7% | 13.6% |
| 2/1/2020 | 4.0% | 7.4% | 1.7% | 4.0% | 1.9% | -1.2% | -0.9% | 8.3% | -2.0% | -0.1% | 5.2% | 13.8% | 12.7% |
| <div style="display: flex; justify-content: space-around; font-size: small;"> <div style="border: 1px solid black; padding: 2px;">Super Bowl Impact and Transient Corporate strength</div> <div style="border: 1px solid black; padding: 2px;">Luxury and Upscale led the industry</div> <div style="border: 1px solid black; padding: 2px;">Chicago and DC led the Top 5 markets</div> </div> | | | | | | | | | | | | | |
| 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% |
| 4Q19 | 0.7% | 3.6% | 1.0% | -0.6% | -1.0% | -2.7% | -1.5% | 2.3% | -4.1% | -11.6% | 1.1% | -0.7% | 5.2% |
| YoY % change in ADR | | | | | | | | | | | | | |
| U.S. | Upper | | Upper | | Economy | Inde- pendent | New | | | | | | |
| | Luxury | Upscale | Upscale | Midscale | | | Midscale | York | Boston | LA | Chicago | DC | |
| 12/21/2019 | 1.8% | -4.2% | 1.6% | 1.6% | 1.5% | -0.2% | 1.0% | 3.4% | -1.1% | 2.8% | 3.8% | 8.9% | |
| 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% | -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% | -1.8% |
| 1/11/2020 | -4.7% | -11.1% | -8.6% | -3.7% | -2.1% | -1.2% | -2.0% | -2.7% | -2.5% | -0.4% | -4.0% | -3.5% | -2.2% |
| 1/18/2020 | 5.2% | 13.6% | 7.7% | 2.0% | 1.3% | 0.4% | -0.2% | 6.3% | -1.7% | 2.1% | 0.4% | 10.8% | 0.5% |
| 1/25/2020 | 0.6% | 1.6% | 1.0% | -0.1% | -0.6% | -0.8% | -1.7% | 0.9% | -1.2% | -1.8% | 4.8% | 1.7% | 1.0% |
| 2/1/2020 | 2.2% | 4.0% | -0.1% | 0.6% | 0.1% | -0.5% | -0.6% | 6.4% | -2.4% | 1.4% | 1.1% | 4.5% | 2.9% |
| 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% | 3.8% | -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% |
| 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% | 4.0% |
| 4Q19 | 0.7% | 2.4% | 0.6% | -0.4% | -0.3% | -1.0% | -1.0% | 1.9% | -3.7% | -5.5% | 0.3% | -2.2% | 3.9% |
| YoY % change in Occupancy | | | | | | | | | | | | | |
| U.S. | Upper | | Upper | | Economy | Inde- pendent | New | | | | | | |
| | Luxury | Upscale | Upscale | Midscale | | | Midscale | York | Boston | LA | Chicago | DC | |
| 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% | 16.0% |
| 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% | -0.1% |
| 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% | 4.8% |
| 1/11/2020 | -3.1% | -2.8% | -4.0% | -3.8% | -3.2% | -4.0% | -1.5% | -3.1% | 0.2% | 2.3% | -4.6% | -6.3% | 1.9% |
| 1/18/2020 | 1.1% | 4.3% | 2.9% | 1.9% | 0.5% | -1.9% | 0.3% | 0.3% | 1.0% | 4.9% | 4.7% | 17.1% | 1.6% |
| 1/25/2020 | -0.3% | 3.0% | 1.6% | -0.1% | -0.9% | -2.4% | -0.4% | -0.9% | 0.0% | 2.4% | 0.3% | 2.0% | 12.4% |
| 2/1/2020 | 1.7% | 3.2% | 1.8% | 3.3% | 1.8% | -0.7% | -0.3% | 1.8% | 0.5% | -1.5% | 4.1% | 8.9% | 9.5% |
| 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 | 0.6% | -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% |
| 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% | 0.4% |
| 4Q19 | -0.1% | 1.2% | 0.4% | -0.2% | -0.8% | -1.7% | -0.4% | 0.4% | -0.4% | -6.5% | 0.8% | 1.5% | 1.3% |

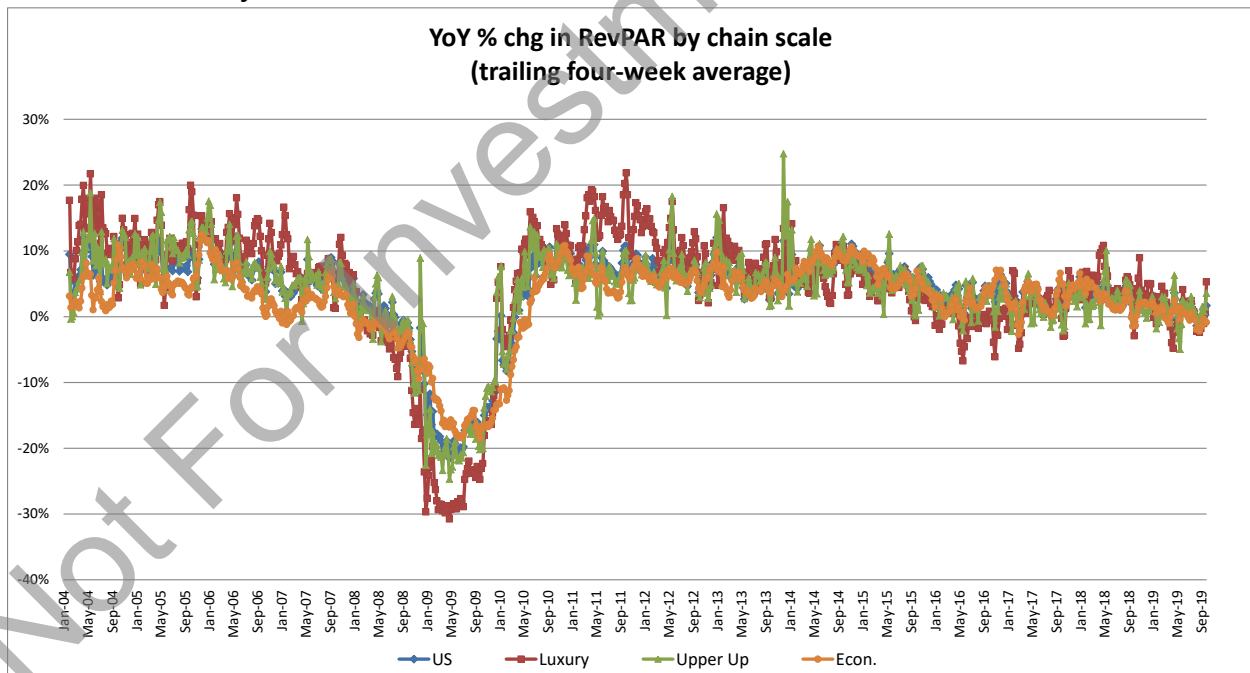
Source: STR data, STRH research

RevPAR Component Trends



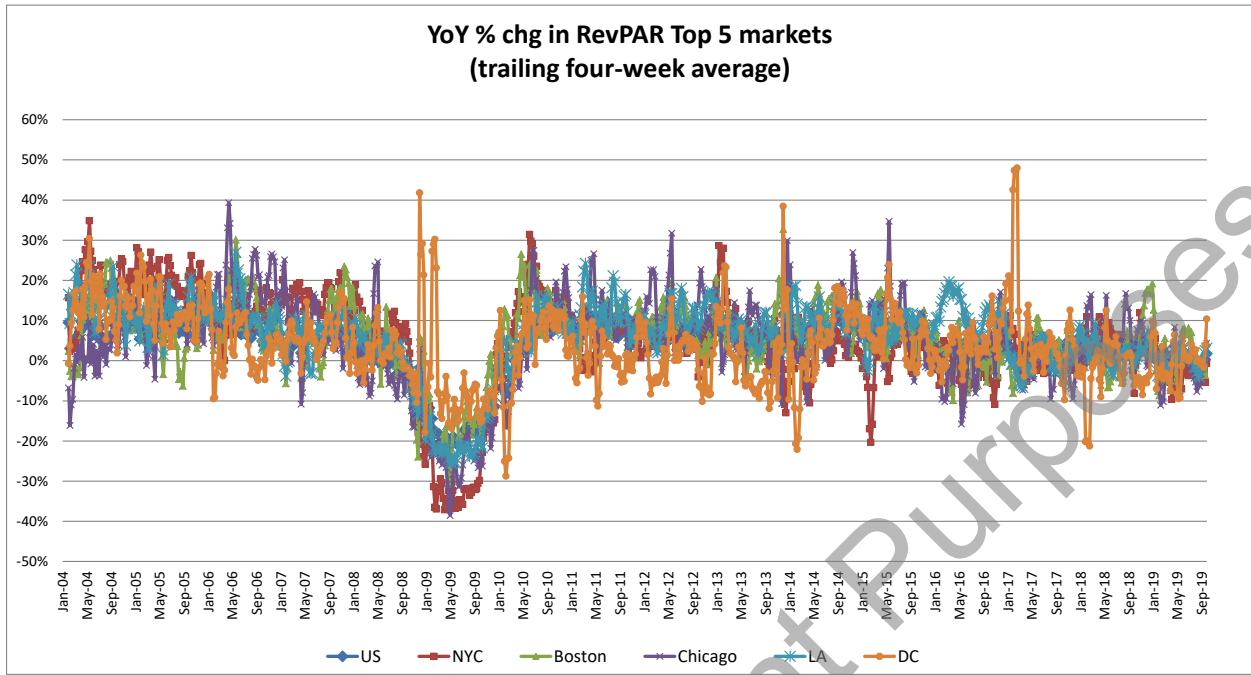
Source: STR data, STRH research

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 2/4/20 | Rating | PT* | % upside down- side | 2020E Valuation EBITDA (\$M)* ** | 2020E As Reported EBITDA (\$M)* | Target EV/EBITDA Multiple | Risks |
|---------------------------------|------|-----------------|--------|-------|---------------------------|---|--|---------------------------------|--|
| Choice Hotels | CHH | \$103.59 | Hold | \$87 | -16% | \$393 | \$393 | 14.0X | Upside risk: conservative guidance. Downside risk: slowdown in development opportunities. |
| DiamondRock Hospitality | DRH | \$10.06 | Hold | \$9 | -11% | \$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 | \$16.84 | Hold | \$18 | 7% | \$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 | \$88.03 | Hold | \$79 | -10% | \$733 | \$768 | 13.2X | Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility. |
| Bluegreen Vacations Corporation | BXG | \$9.74 | Hold | \$11 | 12% | \$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 | \$31.77 | Buy | \$42 | 33% | \$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 |
| Hilton | HLT | \$110.94 | Hold | \$99 | -11% | \$2,378 | \$2,481 | 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. |
| Marriott International | MAR | \$147.40 | Hold | \$128 | -13% | \$3,446 | \$3,760 | 14.9X | Downside Risk: 2020 is a recession year in the U.S. Geopolitical and policy risks negatively impact lodging demand. |
| Marriott Vacations | VAC | \$127.31 | Buy | \$155 | 22% | \$831 | \$865 | 11.1X | Downside risk: M&A story fades and multiples revert to historical levels |
| Park Hotels & Resorts | PK | \$22.99 | Buy | \$27 | 17% | \$871 | \$886 | 12.0X | Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs. |
| Pebblebrook Hotel Trust*** | PEB | \$24.78 | Hold | \$26 | 5% | \$462 | \$462 | 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 | \$6.98 | Buy | \$10 | 43% | \$173 | \$180 | 11.5X | Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives, country-specific risks (emerging market portfolio) |
| RLJ Lodging Trust*** | RLJ | \$16.01 | Sell | \$15 | -6% | \$390 | \$402 | 11.0X | Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion. Upside risk: recovering group demand better than expected, better margin recovery. |
| Ryman Hospitality Properties | RHP | \$87.64 | Hold | \$83 | -5% | \$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 | \$13.02 | Hold | \$14 | 8% | \$304 | \$304 | 11.5X | Downside risk: Weaker than expected demand trends following capital investment projects. |
| Vail Resorts, Inc. | MTN | \$238.34 | Buy | \$270 | 13% | \$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 | \$49.51 | Buy | \$76 | 54% | \$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 | \$59.78 | Buy | \$68 | 14% | \$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

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$9.74, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$103.59, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$10.06, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$88.03, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$31.77, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$110.94, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$16.84, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$147.40, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$238.34, Buy, C. Patrick Scholes)
Norwegian Cruise Line Holdings Ltd. (NCLH, \$54.75, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$24.78, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$22.99, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$6.98, Buy, C. Patrick Scholes)
Royal Caribbean Cruises Ltd. (RCL, \$118.00, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$87.64, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$16.01, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$13.02, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$127.31, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$59.78, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$49.51, Buy, C. Patrick Scholes)

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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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