



## Lodging: US RevPAR -11.6% Y/Y Last Week; We project further deceleration.

Group taking it on the chin followed by biz travel. Leisure "less bad".

### What's Incremental To Our View

Overall U.S. RevPAR was -11.6% Y/Y for the week ending 3/7/2020, per STR, stronger than the prior week's result of -0.2%. (2-year stacked RevPAR was -13.4% vs +0.0% in the prior week). Independent hotels (about 1/3rd of the data set) were -10.4% y/y. Economy (-6.9%) was the relatively strongest chain scale for branded hotels; Upper Upscale was the weakest at -15.9%. Upscale (-12.1%) underperformed the industry average; Upper Midscale (-9.3%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-17.7% vs. -0.6% prior week) was softer than Transient (-13.0% vs. +4.3% prior week).

**Our focus continues to be centered on the coronavirus impact to lodging data. Last week's data (week ending March 7th) was the first week where there was a material RevPAR hit to the entire national industry. We assume the RevPAR impact will be progressively worse over the next several weeks as we see no indication yet of a demand recovery. If there was any doubt about the length of the lodging cycle that began in 2009, we think those doubts have now been put to rest as the cycle is now officially over. Long live the cycle!**

**What do we project for national RevPAR later this month? Our analyst intuition is for -20% to -25% for the next several weeks although given the fluidity of the trends and airlines likely to cut routes/train route reductions, demand may become naturally lower due to lower supply of long-distance travel options. Above is a negative sign for fly-to destinations (West Coast, Hawaii, Florida, Texas) and major rail routes along the Eastern Corridor (DC to Boston).**

### Our major observations on coronavirus impact:

- Headline US RevPAR of -11.6% was materially down vs. the running 28 day average of -3.1%. We assume we are only in the beginning phases of a lodging demand shock. Note that since the collection of national RevPAR data (1987) monthly RevPAR reached its lowest level of ~ -24% in the month of September 2001.
  - **As we expected, the hit so far is to occupancy (-7.3%) ahead of rate (-4.6%). We assume ADR will become progressively worse over the next few weeks if rate integrity does not hold (we do not expect it will hold until there is an occupancy/demand recovery).**
- Group/convention taking it on the chin followed by individual business travel. Leisure the "less bad" performer.

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

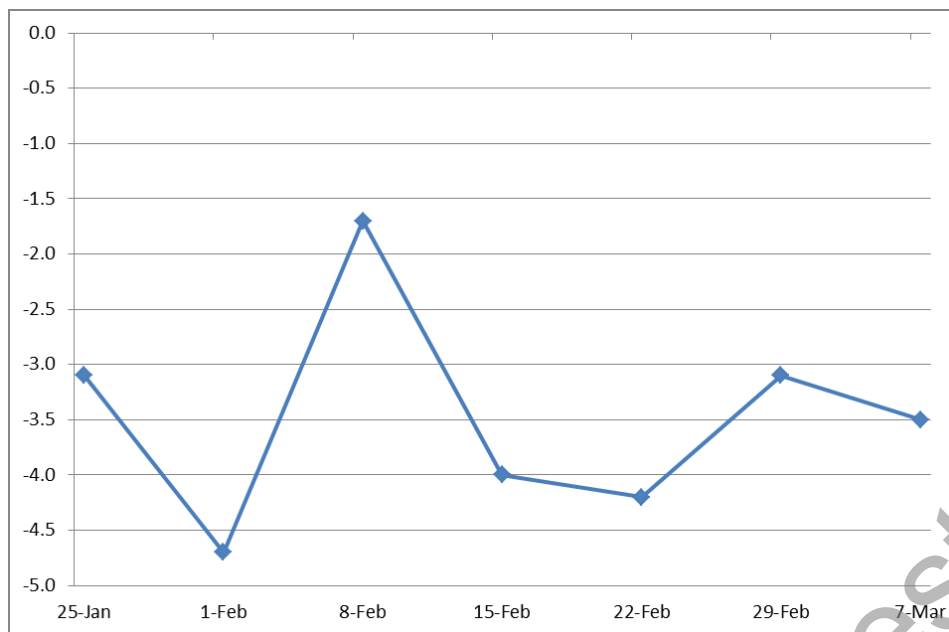
### What's Inside

Weekly STR results and analysis

- Transient RevPAR (-13.0%) relatively outperformed Group (-17.7%). Group was down materially in most Top 25 markets although weak transient suggests considerably lower individual business travel.
- Friday and Saturday were the "least bad" days suggesting that leisure business is faring relatively better than business travel. Mid-scale hotels were "only" down 3.7% on Friday.
- San Francisco (-45.5%; **see below for discussion on REIT names most affected**), Seattle (-34.8%), and Anaheim (-41.8%) were hit particularly hard. Anaheim's decline could be an indicator of weakening attendance to the local theme parks although Orlando's declines were relatively more modest. To our understanding, Anaheim parks receive a higher mix of California demand than Orlando parks and Orlando has a heavy group mix, so market comparisons are noisy.
- Airport RevPAR vs. overall US. Airport area hotels were -15.1%, not dissimilar to the relative weakness over the last several weeks. **Five REITS in our coverage have airport-focused hotels and/or hotels that have at least a modest exposure to airport demand: HST, PEB, PK, RHP, and RLJ.**

Not For Investment Purposes

Unfavorable spread between overall US RevPAR growth and US airport hotel RevPAR growth. Points of RevPAR differential for weeks ending January 25 – March 7.



Source: STRH Research, STR

**Over the last ten days, our private industry contacts indicated increasing hotel cancellations.** The week ending February 29th presented a modest RevPAR hit. Last week's data (the week ending March 7th) presented a more material hit. **We are not optimistic on the next several weeks' data, a RevPAR hit that we assume could continue for weeks/months and likely worse next week.**

**We view our lodging estimates at risk of being lowered given the fluidity of the situation.**

#### Last week's RevPAR details:

- **Economy was the relatively strongest chain scale but all chain scales were materially negative:** Upscale and Upper Midscale underperformed by 520 bps and 240 bps, respectively. Luxury RevPAR (-14.1%), Upper Upscale (-15.9%), Upscale (-12.1%), Upper Midscale (-9.3%), Midscale (-8.3%), and Economy (-6.9%). Independent hotels (-10.4%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient but both segments were materially negative. It is clear at this point that transient corporate (the individual business traveler) demand was down significantly last week as well -- the demand shock was not just group/**

**convention demand:** Transient segment (individual business and leisure travelers) RevPAR was -13.0% (vs. +4.3% last week) and Group segment RevPAR was -17.7% (vs. -0.6% last week).

- **Washington D.C. was the relatively strongest of the top five markets:** Boston (-8.8%), Chicago (-18.5%), Los Angeles (-8.9%), NYC (-20.3%), and Washington, D.C. (-7.2%).
- **Other relevant markets:**
  - **San Francisco was down considerably (the market has a tough 1Q20 y/y group comp):** RevPAR was -45.5% vs. +28.1% last week. Note that San Francisco Group RevPAR was -51.8%. We assume a tough y/y group comp combined with this year's group cancellations/lower attendance and a local tech industry that is connected to Asia-Pacific are a **triple whammy** for this market for 1Q20 (and makes y/y declines noisier to analyze -- we are not as surprised by the very poor headline results as a result). **This triple whammy combination is a negative development for most REITS in our coverage, but in particular some of the highest exposure names to San Francisco's Union Square submarket such as PEB (Hold, Miller), RLJ (Sell, Miller), and PK (Buy, Scholes).**
  - **Florida markets were down significantly and this is a bad sign as we approach Spring Break periods (additionally, many universities are cancelling live classes after Spring Break - we assume many students will likely be packing and heading home vs. going on vacation and some families may simply avoid the theme parks assuming they remain open):** Miami (-10.4% vs. +1.4% last week); Orlando (-16.8% vs. +11.8% last week). [For more insights on the Miami market following management meetings and hotel tours in early January, please click on the attached link \(we recognize some elements of the note are now outdated given the virus impact although other long-term trends remain in place post-virus rebound\).](#)

**Regarding near-term expectations for the lodging stocks we do not wish to claim we know how the virus impact will trend. Subsequently, we take a conservative stance in our financial projections though admittedly they will highly likely become more conservative as we review our earnings models.** The macro RevPAR environment in the U.S. for individual business travel was challenged before coronavirus and mixed/slowing in many other markets. [We continue to rely on our forward bookings data](#), private hotel owner/investor contacts, and our experience having been through demand shocks in the past **(40+ years of industry experience on our team)**. We agree with MAR CEO Arne Sorenson who stated that the impact of the virus will pass and will fade. However, for MAR and others, we assume a more material EBITDA hit than what companies have projected. *The situation is fluid to say the least.*

Not For Investment Purposes

## Weekly RevPAR Summary

**YoY % change in RevPAR**

	U.S.	Upper			Upper			Inde- pendent	New	York	Boston	LA	Chicago	DC
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%	
2/8/2020	0.0%	2.1%	0.0%	0.1%	-2.3%	-3.1%	-1.4%	1.7%	-0.1%	-4.0%	-4.2%	-7.2%	4.6%	
2/15/2020	1.2%	2.3%	2.5%	0.8%	-0.5%	-2.6%	-0.7%	2.1%	-1.2%	5.7%	0.7%	31.5%	12.1%	
2/22/2020	-1.4%	1.8%	-1.2%	-2.3%	-2.5%	-4.4%	-3.0%	-0.3%	-3.8%	-7.5%	-4.1%	0.2%	2.2%	
2/29/2020	-0.2%	3.7%	1.3%	-0.3%	-2.6%	-5.0%	-4.9%	1.3%	-4.5%	8.4%	2.8%	-12.0%	-3.0%	
3/7/2020	-11.6%	-14.1%	-15.9%	-12.1%	-9.3%	-8.3%	-6.9%	-10.4%	-20.3%	-8.8%	-8.9%	-18.5%	-7.2%	

Significant virus impact      Economy and Midscale led the industry (on a relative basis)      DC and Boston led the Top 5 markets (on a relative basis)

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			Inde- pendent	New	York	Boston	LA	Chicago	DC
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%	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%	13.8%	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%	
2/8/2020	1.5%	3.0%	0.9%	0.8%	0.1%	-0.5%	-0.7%	3.6%	-1.3%	0.0%	-1.4%	-1.0%	0.7%	
2/15/2020	0.9%	1.0%	-0.1%	-0.7%	-0.2%	-0.2%	0.5%	2.7%	-0.5%	1.2%	-0.4%	19.2%	4.5%	
2/22/2020	0.7%	3.9%	1.4%	-0.9%	-0.4%	-0.8%	-0.4%	1.8%	-1.9%	-3.9%	-1.7%	3.0%	1.1%	
2/29/2020	1.6%	4.5%	2.3%	0.1%	-0.5%	-1.6%	-1.4%	3.1%	-3.7%	4.6%	0.6%	-6.0%	-2.1%	
3/7/2020	-4.6%	-0.1%	-4.3%	-4.6%	-3.5%	-2.7%	-2.9%	-3.5%	-8.3%	-3.3%	-0.7%	-5.8%	-2.1%	

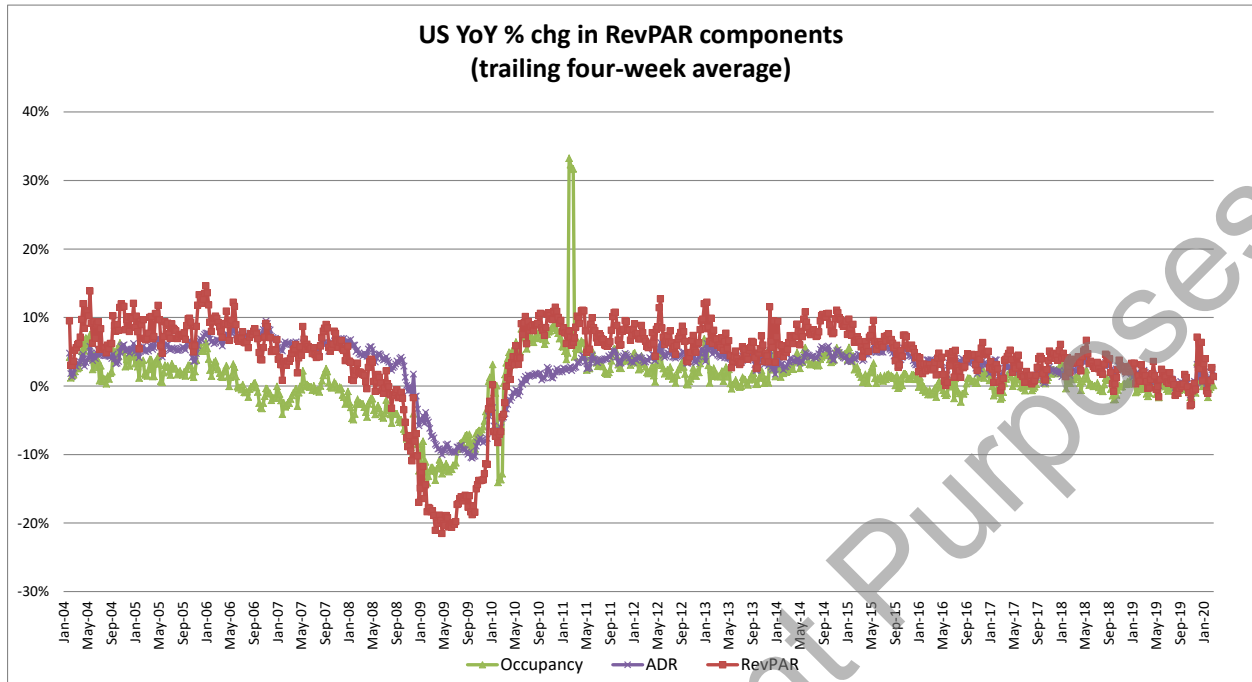
1Q16	3.2%	1.9%	2.7%	3.2%	2.6%	1.7%	3.3%	3.7%	-3.1%	1.4%	11.3%	-1.9%	1.1%
2Q16	2.9%	1.5%	2.2%	2.9%	2.8%	2.7%	3.4%	3.0%	-3.1%	3.3%	9.4%	0.3%	2.1%
3Q16	3.4%	1.5%	2.5%	2.7%	2.4%	3.1%	3.6%	4.4%	-2.7%	2.3%	7.5%	1.9%	3.5%
4Q16	2.6%	2.1%	1.4%	2.2%	2.0%	2.2%	3.2%	3.8%	-1.2%	1.3%	5.8%	3.9%	4.1%
1Q17	2.5%	2.3%	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			Inde- pendent	New	York	Boston	LA	Chicago	DC
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%	2.8%	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%	
2/8/2020	-1.4%	0.5%	-0.9%	-0.7%	-2.4%	-2.6%	-0.7%	-1.8%	1.2%	-4.0%	-2.9%	-6.2%	3.8%	
2/15/2020	0.2%	1.3%	2.6%	1.6%	-0.3%	-2.4%	-1.2%	-0.6%	-0.7%	4.5%	0.3%	10.3%	7.3%	
2/22/2020	-2.1%	-2.0%	-2.6%	-1.4%	-2.1%	-3.6%	-2.6%	-2.0%	-2.0%	-3.7%	-2.4%	-2.8%	1.1%	
2/29/2020	-1.7%	-0.7%	-1.0%	-0.4%	-2.1%	-3.4%	-3.5%	-1.8%	-0.8%	3.6%	2.2%	-6.4%	-0.9%	
3/7/2020	-7.3%	-14.0%	-12.0%	-7.8%	-6.1%	-5.8%	-4.1%	-7.1%	-13.1%	-5.7%	-8.2%	-13.5%	-5.2%	

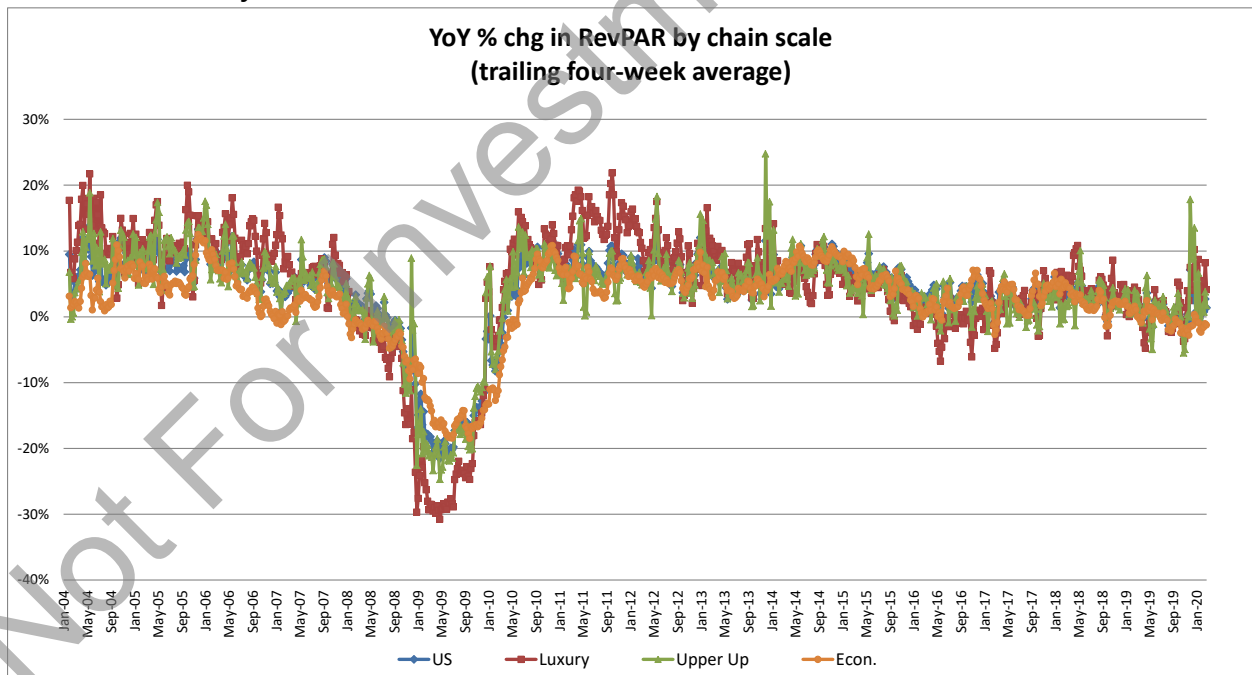
Source: STR data, STRH research

### RevPAR Component Trends



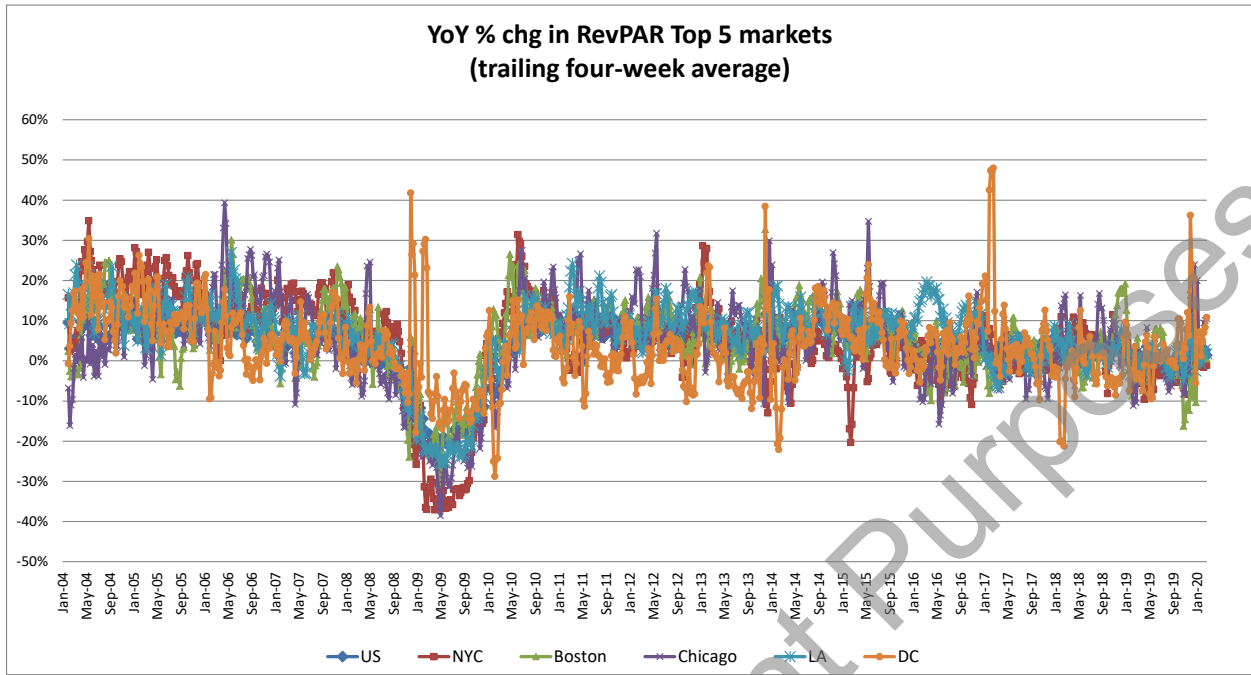
Source: STR data, STRH research

### 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 3/10/20	Rating	PT*	% upside down- side	2020E Valuation EBITDA (\$M)**	2020E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks
Choice Hotels	CHH	\$81.47	Hold	\$82	1%	\$381	\$381	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$6.96	Hold	\$11	58%	\$244	\$244	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	\$12.62	Hold	\$20	58%	\$1,386	\$1,386	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	\$66.86	Hold	\$80	20%	\$699	\$735	13.3X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation****	BXG	\$6.72	Hold	\$9	40%	\$110	\$110	6.2X	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	\$21.52	Buy	\$43	100%	\$452	\$479	10.2X	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	\$90.32	Buy	\$92	2%	\$2,286	\$2,406	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	\$109.98	Hold	\$128	16%	\$3,151	\$3,466	14.9X	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	\$91.89	Buy	\$157	71%	\$877	\$917	10.5X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	\$14.16	Buy	\$32	126%	\$842	\$858	12.0X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Pebblebrook Hotel Trust***	PEB	\$15.20	Hold	\$23	51%	\$445	\$445	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	\$4.27	Buy	\$10	134%	\$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	\$10.53	Hold	\$21	99%	\$391	\$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	\$49.34	Hold	\$60	22%	\$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	\$10.01	Hold	\$15	50%	\$292	\$292	11.5X	Downside risk: Weaker than expected demand trends following capital investment projects.
Vail Resorts, Inc.****	MTN	\$177.90	Buy	\$247	39%	\$736	\$736	15.0X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Destinations****	WYND	\$35.36	Buy	\$76	115%	\$1,052	\$1,084	8.2X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	\$45.52	Buy	\$66	45%	\$602	\$628	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, \$6.72, Hold, C. Patrick Scholes)  
**Choice Hotels International, Inc.** (CHH, \$81.47, Hold, C. Patrick Scholes)  
**DiamondRock Hospitality Company** (DRH, \$6.96, Hold, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$66.86, Hold, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$21.52, Buy, C. Patrick Scholes)  
**Hilton Worldwide Holdings Inc.** (HLT, \$90.32, Hold, C. Patrick Scholes)  
**Host Hotels & Resorts, Inc.** (HST, \$12.62, Hold, C. Patrick Scholes)  
**Marriott International, Inc.** (MAR, \$109.98, Hold, C. Patrick Scholes)  
**Vail Resorts, Inc.** (MTN, \$177.90, Buy, C. Patrick Scholes)  
**Pebblebrook Hotel Trust** (PEB, \$15.20, Hold, Gregory Miller)  
**Park Hotels & Resorts Inc.** (PK, \$14.16, Buy, C. Patrick Scholes)  
**Playa Hotels & Resorts N.V.** (PLYA, \$4.27, Buy, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$49.34, Hold, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$10.53, Sell, Gregory Miller)  
**Sunstone Hotel Investors, Inc.** (SHO, \$10.01, Hold, C. Patrick Scholes)  
**Marriott Vacations Worldwide Corporation** (VAC, \$91.89, Buy, C. Patrick Scholes)  
**Wyndham Hotels & Resorts, Inc.** (WH, \$45.52, Buy, C. Patrick Scholes)  
**Wyndham Destinations, Inc.** (WYND, \$35.36, 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.

## Required Disclosures

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.

Charts indicating changes in ratings can be found in recent notes and/or reports at our website or by contacting SunTrust Robinson Humphrey. Please see our disclosures page for more complete information at <https://suntrust.bluematrix.com/sellside/Disclosures.action>.

## 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.

### **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

SunTrust Robinson Humphrey ratings distribution (as of 03/11/2020):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	396	58.06%	Buy	116	29.29%
Hold	273	40.03%	Hold	54	19.78%
Sell	13	1.91%	Sell	1	7.69%

## 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.

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 Truist Financial Corporation. SunTrust Robinson Humphrey, Inc. is owned by Truist Financial Corporation and affiliated with SunTrust Investment Services, Inc. and BB&T Securities, LLC. Despite this affiliation, securities recommended, offered, sold by, or held at SunTrust Robinson Humphrey, Inc., SunTrust Investment Services, Inc. or BB&T Securities, LLC (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Truist Bank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Truist 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. Truist and SunTrust Robinson Humphrey are service marks of Truist Financial Corporation.

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

© SunTrust Robinson Humphrey, Inc. 2020. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

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