



Lodging: US RevPAR -32.5% Y/Y Last Week, Group crushed

Worst week we can ever recall seeing; unfortunately believe worst yet to come

What's Incremental To Our View

Overall U.S. RevPAR was -32.5% Y/Y for the week ending 3/14/2020, per STR, softer than the prior week's result of -11.6%. (2-year stacked RevPAR was -32.8% vs -13.4% in the prior week). Independent hotels (about 1/3rd of the data set) were -26.7% y/y. Economy (-16.8%) was the relatively strongest chain scale for branded hotels; Luxury was the weakest at -45.9%. Upscale (-34.4%) underperformed the industry average; Upper Midscale (-26.9%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-58.3% vs. -17.7% prior week) was softer than Transient (-35.5% vs. -13.0% prior week).

Our focus continues to be on the demand shock from coronavirus impact. **Last week's results represent in our view one of if not the worst results in the U.S. lodging industry for a normal week (ex-holiday shifts). Unfortunately results will likely move in a progressively negative direction for the next several weeks especially as some hotels are expected to close and layoffs are in process.** We note Pebblebrook's (PEB, Hold, Miller) commentary from yesterday as a leading indicator for how other public and private hotel owners may act. Layoffs in many industries has yet to fully impact the lodging sector. Additionally, we expect further declines in air travel will add increasing stress to hoteliers to attract demand of any kind.

What do we project for national RevPAR later this month? It is highly conceivable that RevPAR may be down over 50% as some hotels may run in the single digits to teens in occupancy vs. a long-range average pre-virus of 66% (see the above link for additional detail).

Our major observations on coronavirus impact:

- Headline US RevPAR of -32.5% vs. the running 28 day average of -12.1%. As we expected, the hit so far continues to be towards occupancy (-24.4%) ahead of rate (-10.7%). 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 obliterated (RevPAR -58.3%; occupancy -56.6%) but Transient also down materially (RevPAR: -35.5%). We assume the hit is to all segments, slightly less to leisure.
- Occupancy for full-service down 40%.
- Major coastal cities NYC: -54.6%, SF: -63.3%, LA: -39.9%

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What's Inside

Weekly STR results and analysis

- Spring break/leisure destinations had some relative outperformance: Miami (-33.1%); Oahu (-21.2%). Orlando was -46.3% and we assume RevPAR will fall dramatically now that the local theme parks are closed.

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 1,760 bps and 1,010 bps, respectively: Luxury RevPAR (-45.9%), Upper Upscale (-45.4%), Upscale (-34.4%), Upper Midscale (-26.9%), Midscale (-22.7%), and Economy (-16.8%). Independent hotels (-26.7%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient but both segments were materially negative:** Transient segment (individual business and leisure travelers) RevPAR was -35.5% (vs. -13.0% last week) and Group segment RevPAR was -58.3% (vs. -17.7% last week).
- **Washington, D.C. was the relatively strongest of the top five markets:** Boston (-48.9%), Chicago (-43.1%), Los Angeles (-39.9%), NYC (-54.6%), and Washington, D.C. (-39.1%).
- **Other relevant markets:**
 - **San Francisco was one of the worst Top 25 markets (on top of the macro demand shock, the market also has a tough 1Q20 y/y group comp):** RevPAR was -63.3% vs. -45.5% last week. 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:** Miami (-33.1% vs. -10.4% last week); Orlando (-46.3% vs. -16.8% 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.*

Weekly RevPAR Summary

	YoY % change in RevPAR												
	U.S.	Upper		Upper		Inde-		New					
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent	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%
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%
3/14/2020	-32.5%	-45.9%	-45.4%	-34.4%	-26.9%	-22.7%	-16.8%	-26.7%	-54.6%	-48.9%	-39.9%	-43.1%	-39.1%

Virus demand shock impact grows

Economy and Midscale led the industry (on a relative basis)

DC and LA 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%

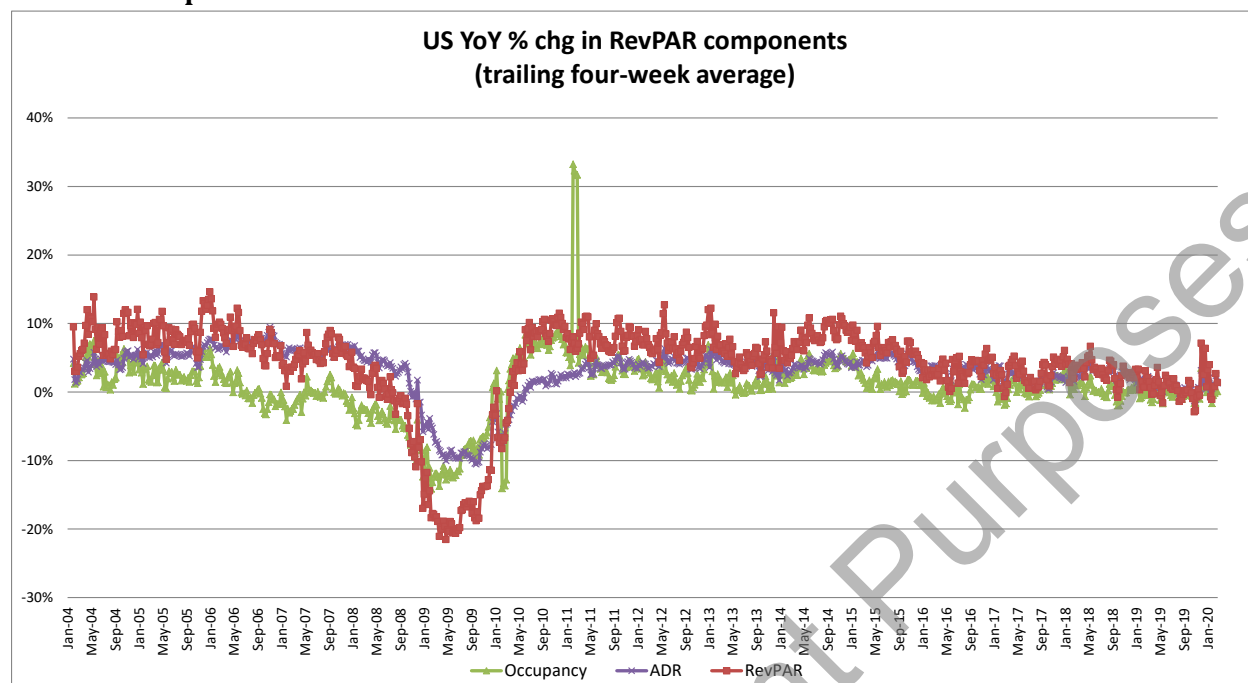
	YoY % change in ADR												
	U.S.	Upper		Upper		Inde-		New					
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent	York	Boston	LA	Chicago	DC
12/21/2019	1.8%	-4.2%	1.6%	1.6%	1.5%	-0.2%	-0.7%	1.0%	3.4%	-1.1%	2.8%	3.8%	8.9%
12/28/2019	-2.6%	-4.3%	-1.5%	-3.2%	-1.6%	-2.3%	-1.8%	-2.6%	-10.2%	-2.7%	-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%	13.6%	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%
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%
3/14/2020	-10.7%	2.5%	-7.5%	-7.4%	-6.5%	-6.6%	-6.7%	-6.7%	-19.1%	-14.2%	-12.2%	-12.4%	-8.6%

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	2.6%	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%	-1.8%	4.1%	2.8%	1.5%	2.0%
3Q17	1.4%	1.4%	0.2%	0.8%	1.2%	1.9%	2.4%	2.5%	-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%	-0.5%	-1.0%	-1.0%	1.9%	-3.7%	-5.5%	0.3%	-2.2%	3.9%

	YoY % change in Occupancy												
	U.S.	Luxury	Upper Upscale	Upper Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	New 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%
2/8/2020	-1.4%	-0.9%	-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%
3/14/2020	-24.4%	-47.2%	-41.0%	-29.2%	-21.8%	-17.2%	-10.8%	-21.4%	-43.9%	-40.4%	-31.6%	-35.0%	-33.4%

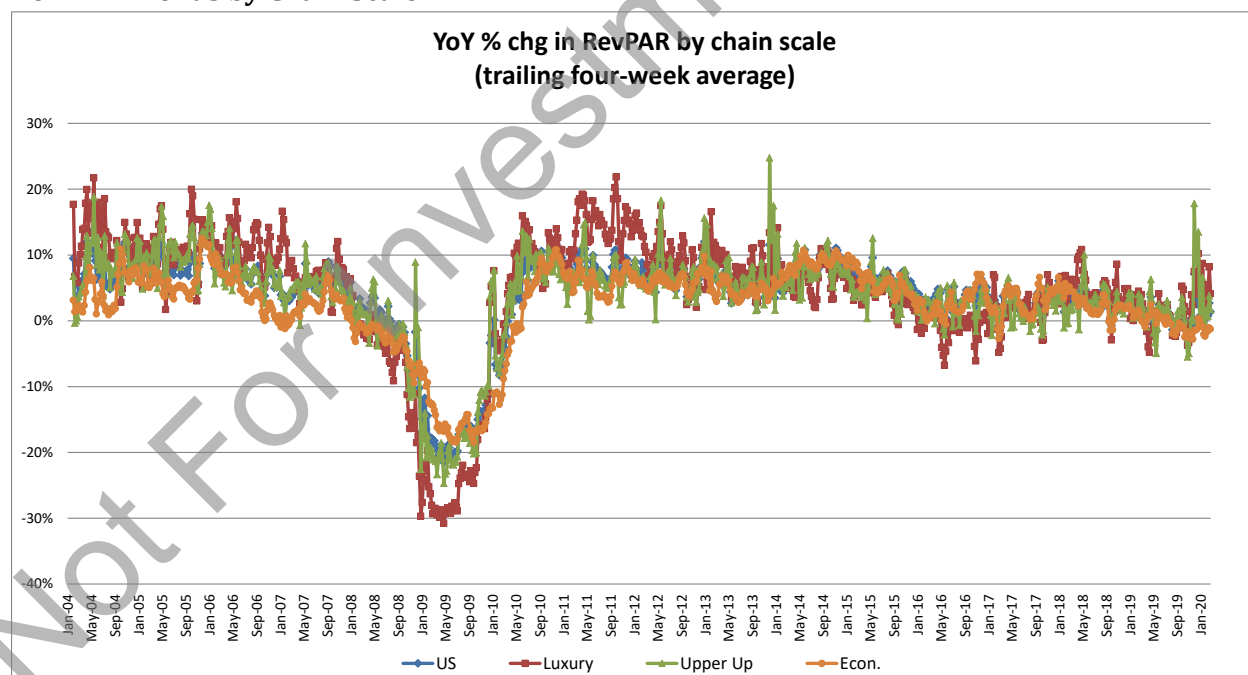
1Q16	-0.5%	-0.3%	-0.8%	-0.9%	-0.6%	-1.7%	-1.5%	0.3%	2.0%	-4.3%	4.7%	-3.0%	2.0%
2Q16	0.6%	-0.7%	0.7%	0.2%	0.4%	0.5%	-0.4%	1.2%	-1.4%	-1.7%	1.5%	-1.4%	1.3%
3Q16	0.0%	0.0%	-0.1%	-0.6%	-0.6%	-0.6%	-0.6%	0.7%	0.3%	-2.8%	1.7%	-0.7%	1.9%
4Q16	0.6%	-0.2%	-0.8%	-1.0%	0.2%	1.7%	1.2%	1.2%	2.2%	-2.8%	1.0%	-0.5%	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%	0.6%	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%

RevPAR Component Trends



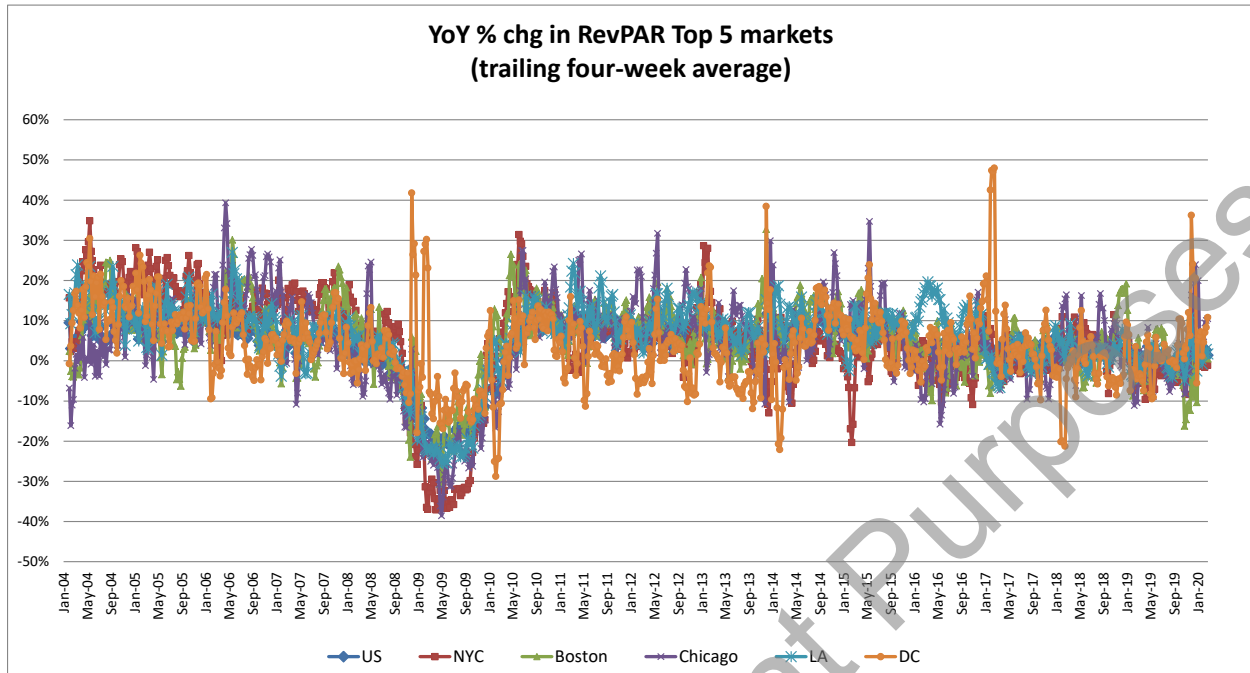
Source: STR data, STRH research

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 3/17/20	Rating	PT*	% upside down- side	2020E Valuation EBITDA (\$M)* **	2020E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks
Choice Hotels	CHH	\$65.52	Hold	\$82	25%	\$381	\$381	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$3.38	Hold	\$11	225%	\$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	\$10.07	Hold	\$20	99%	\$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	\$45.13	Hold	\$80	77%	\$699	\$735	13.3X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation****	BXG	\$3.87	Hold	\$9	143%	\$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	\$13.79	Buy	\$43	213%	\$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	\$64.83	Buy	\$92	42%	\$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. 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	\$75.24	Hold	\$128	70%	\$3,151	\$3,466	14.9X	Downside Risk: 2020 is a recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations****	VAC	\$61.00	Buy	\$157	158%	\$877	\$917	10.5X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	\$6.11	Buy	\$32	424%	\$842	\$858	12.0X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Pebblebrook Hotel Trust***	PEB	\$8.81	Hold	\$23	161%	\$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	\$3.27	Buy	\$10	206%	\$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	\$5.59	Sell	\$21	276%	\$391	\$402	11.0X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
Ryman Hospitality Properties	RHP	\$20.31	Hold	\$60	195%	\$541	\$527	12.6X	Upside risk: recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	\$8.12	Hold	\$15	85%	\$292	\$292	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.
Vail Resorts, Inc.****	MTN	\$161.69	Buy	\$247	53%	\$736	\$736	15.0X	Downside risk: Weaker than expected demand trends following capital investment projects.
Wyndham Destinations****	WYND	\$25.53	Buy	\$76	198%	\$1,052	\$1,084	8.2X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Hotels & Resorts	WH	\$26.97	Buy	\$66	145%	\$602	\$628	13.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off. 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, \$3.87, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$65.52, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$3.38, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$45.13, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$13.79, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$64.83, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$10.07, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$75.24, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$161.69, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$8.81, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$6.11, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$3.27, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$20.31, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$5.59, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$8.12, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$61.00, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$26.97, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$25.53, 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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D = Drop Coverage

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NR = Not Rated

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Sell	13	1.91%	Sell	1	7.69%

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