SUNTRUST ROBINSON HUMPHREY

Lodging: US RevPAR -69.5% Y/Y Last Week; the worst lodging environment since the Great Depression

Group basically a zero - as is weekend luxury occupancy. Motels "least worst"

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What's Inside

Weekly STR results and analysis

What's Incremental To Our View

Overall U.S. RevPAR was -69.5% Y/Y for the week ending 3/21/2020, per STR, softer than the prior week's result of -32.5%. (2-year stacked RevPAR was -69.2% vs -32.8% in the prior week). Independent hotels (about 1/3rd of the data set) were -67.1% y/y. Economy (-32.1%) was the relatively strongest chain scale for branded hotels; Luxury was the weakest at -85.1%. Upscale (-74.3%) underperformed the industry average; Upper Midscale (-62.8%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-96.6% vs. -58.3% prior week) was softer than Transient (-79.5% vs. -35.5% prior week).

- **The worst lodging environment for U.S. hotels certainly through the start of national lodging data collection by STR (late 1980s) and we believe since the Great Depression continues to present with lodging results that are unprecedented for the U.S. lodging industry.**

What do we project for national RevPAR for March? We continue to believe <u>it is highly conceivable that RevPAR may be down over 50%.</u> If we apply a -70% y/y RevPAR for the remaining days of March (RevPAR for late March will likely be worse than -70%), national U.S. RevPAR would be ~ -48% for March and full-service branded hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) down at least 50% to 55%.

- **Additionally, some hotels have simply closed.** STR data indicates a 6 points decline in the U.S. data sample as of the end of last week versus the start of the year. Our rough math suggests upper single digit percent hotels were closed in the U.S. as of March 21st; we could be understating the closures. **Note that while many big city urban hotels have closed, the majority of hotels in the U.S. are mid to lower-priced properties in suburban, exurban, small town, and rural locations (franchised C-corp properties would include CHH, WH, and MAR/HLT's lowest-priced brands). We discuss the relative outperformance of lower-priced hotels further in this note.**

Our major observations on coronavirus impact from last week's results:

- Headline US RevPAR of -69.5% vs. the running 28 day average of -29.5%. As we expected, the hit so far continues to be towards occupancy (-56.4%) ahead of rate (-30.2%). 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 basically a zero** (RevPAR -96.6%; occupancy -96.1%) but Transient also down materially (RevPAR: -79.5%). We assume the hit is to all segments, slightly less to leisure.
- Occupancy for full-service down 80+%.
- Major coastal cities NYC: -86.5%, SF: -89.3%, LA: -75.1%
- **Luxury weekend RevPAR last week was -91%. Absolute occupancy was just 7% -- and we note we are still in the spring break period.**

The relative outperformers today (few hotels are "winning") are the lowest priced hotels, primarily the limited-service motels in rural and small town locations. These hotels are often owned-operated by small family entrepreneurs where any cash flow coming in the door is better than closing. In a dire low occupancy environment, staffing can be greatly minimized. We see this dynamic reflective of Economy and Midscale relative RevPAR outperformance as well as from Independents. We assume unless the government forces a motel to close due to the virus, these hotels will be more likely to stay open.

Common question from investors today:Who is still traveling?

We assume demand is heavily comprised of two segments:

- **1) leisure travel:** vacationers - spring break, extended-stay / people moving residences, etc.
- **2) independent business/transient travel:** regional salespeople, lawyers who need to travel, government workers -- and we assume this travel is particularly in areas not impacted as much by the virus.
- That being said, the best performing chain scale in terms of occupancy was Economy at 46.6%, down 23.6% y/y last week. Virtually every hotel in the U.S. is likely to have poor performance over the coming weeks.
- **We do not believe medical travel is that pronounced at this time.** If so, we would not see as many hotels closing in places like NYC). Similarly, we do not assume many hotels have converted to "hospital-like" usage although selectively we assume that some hotels near hospitals may be used for patients, their families, and to some extent medical staff. (From our experience in hotel development, we note that traveling doctors and medical staff may intentionally stay in separate hotels from patients and their families for a variety of reasons.) Medical staff and families of patients may be staying at the many branded select-service hotels that are near hospital facilities; however, this somewhat price-sensitive demand will not make up for the loss of normal business and leisure travel.

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 4,220 bps and 1,610 bps, respectively: Luxury RevPAR (-85.1%), Upper Upscale (-84.7%), Upscale (-74.3%), Upper Midscale (-62.8%), Midscale (-48.2%), and Economy (-32.1%). Independent hotels (-67.1%) 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 -79.5% (vs. -35.5% last week) and Group segment RevPAR was -96.6% (vs. -58.3% last week).
- **Los Angeles was the relatively strongest of the top five markets:** Boston (-82.4%), Chicago (-79.3%), Los Angeles (-75.1%), NYC (-86.5%), and Washington, D.C. (-81.3%).
- **Other relevant markets:**

- **San Francisco was the worst Top 25 market (on top of the macro demand shock, the market also has a tough 1Q20 y/y group comp):** RevPAR was -89.3% vs. -63.3% 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 (-74.1% vs. -33.1% last week); Orlando (-84.9% vs. -46.3% last week). We expect Orlando results to be weak given the major theme parks have closed. 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.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New 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%
3/21/2020	-69.5%	-85.1%	-84.7%	-74.3%	-62.8%	-48.2%	-32.1%	-67.1%	-86.5%	-82.4%	-75.1%	-79.3%	-81.3%

Virus demand shock impact grows	Economy and Midscale led the industry (on a relative basis)	LA and Chicago led the Top 5 markets (on a relative basis; all markets extremely negative)

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
1Q16	2.7%	1.6%	1.9%	2.2%	2.0%	0.0%	1.8%	4.0%	-1.2%	-3.0%	16.6%	-4.8%	3.1%
2Q16	3.5%	0.8%	2.9%	3.1%	3.2%	3.2%	3.0%	4.2%	-4.5%	1.5%	11.1%	-1.0%	3.5%
3Q16	3.3%	1.5%	2.5%	2.0%	1.8%	2.5%	3.0%	5.1%	-2.5%	-0.5%	9.3%	1.2%	5.5%
4Q16	3.2%	1.9%	0.6%	1.2%	2.2%	3.9%	4.4%	5.1%	0.9%	-1.6%	6.9%	3.3%	8.0%
1Q17	3.4%	2.1%	3.0%	1.0%	2.4%	3.5%	2.6%	5.2%	-1.3%	-1.1%	-2.5%	1.5%	16.1%
2Q17	2.7%	2.3%	0.6%	0.6%	1.2%	2.4%	3.7%	5.1%	0.2%	4.4%	3.6%	0.8%	0.8%
3Q17	1.9%	0.5%	-0.7%	0.7%	1.8%	3.5%	2.9%	3.1%	-0.9%	-0.2%	-1.2%	-5.0%	-0.6%
4Q17	4.2%	4.5%	3.2%	3.8%	3.9%	3.7%	3.7%	4.1%	0.8%	3.7%	4.2%	-2.5%	2.2%
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%
3Q18	1.7%	3.3%	1.9%	-0.5%	0.1%	1.8%	2.2%	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.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New 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%
3/21/2020	-30.2%	10.3%	-16.5%	-17.3%	-15.0%	-12.7%	-11.1%	-31.1%	-30.9%	-29.7%	-29.0%	-31.9%	-38.0%

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%	3.6%	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.	Luxury	Upper Upscale	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%
3/21/2020	-56.4%	-86.5%	-81.7%	-68.9%	-56.3%	-40.6%	-23.6%	-52.3%	-80.5%	-74.9%	-64.9%	-69.6%	-69.8%

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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

US YoY % chg in RevPAR components (trailing four-week average)
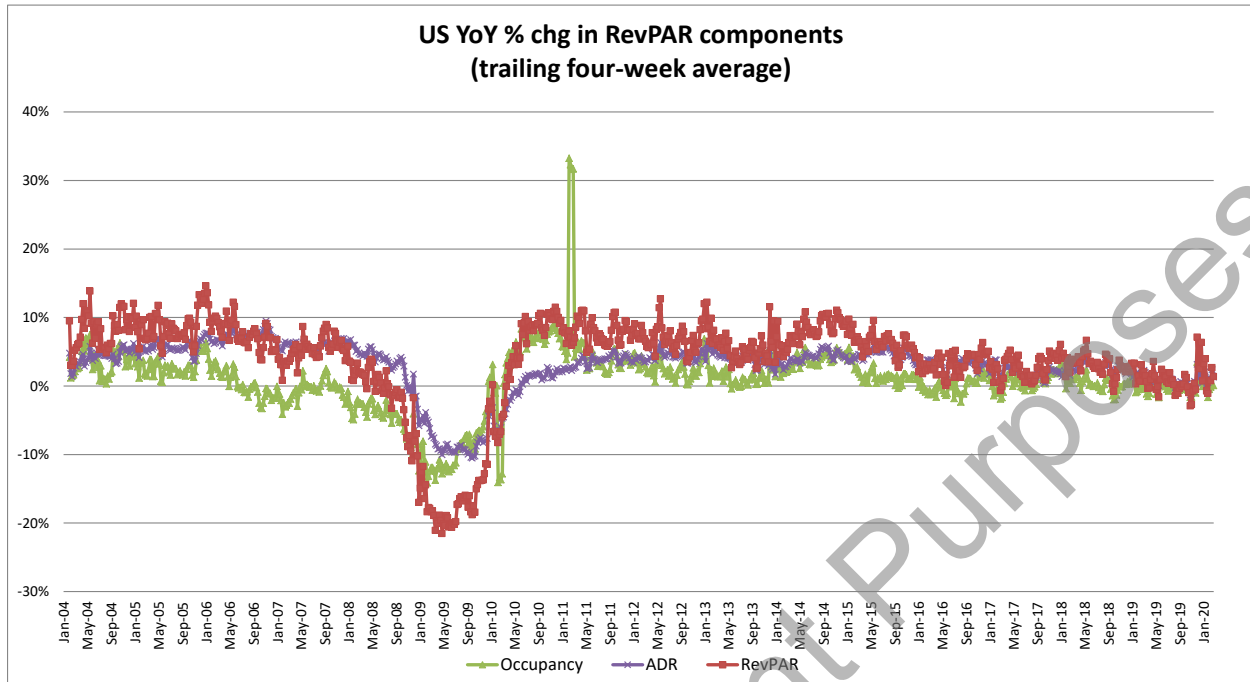
Source: STR data, STRH research

RevPAR Trends by Chain Scale

YoY % chg in RevPAR by chain scale (trailing four-week average)
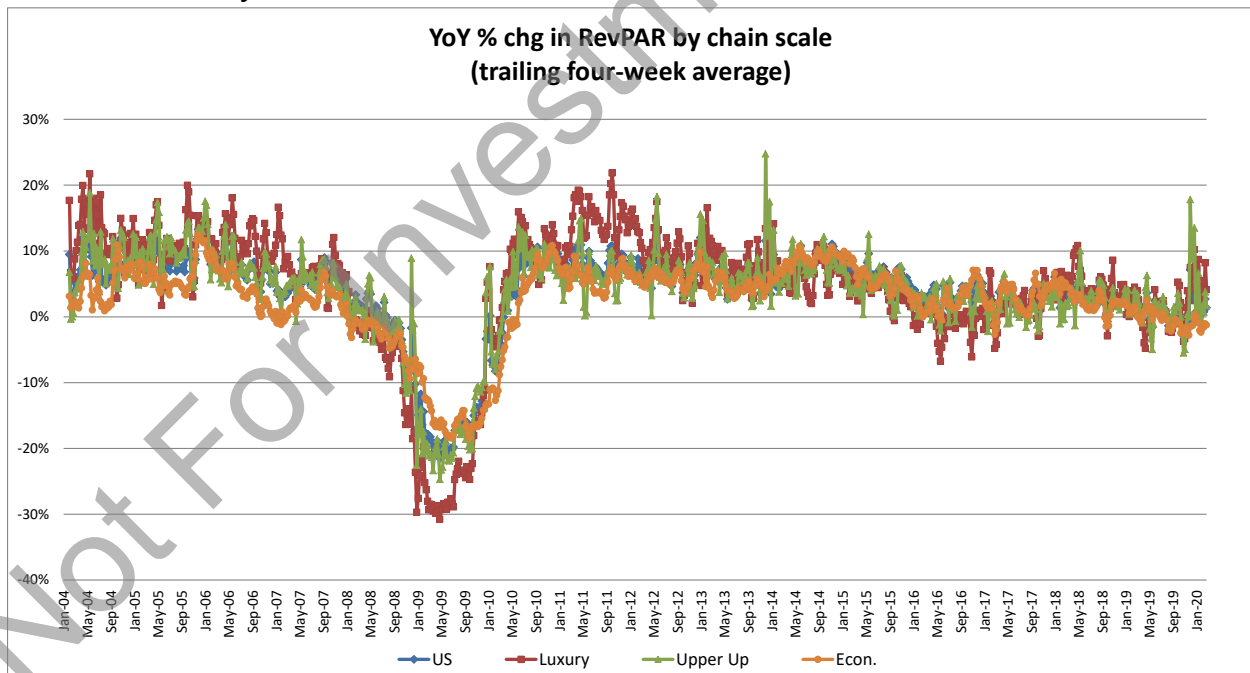
Source: STR data, STRH research

RevPAR Trends by Market

**YoY % chg in RevPAR Top 5 markets
(trailing four-week average)**

Legend: US, NYC, Boston, Chicago, LA, DC
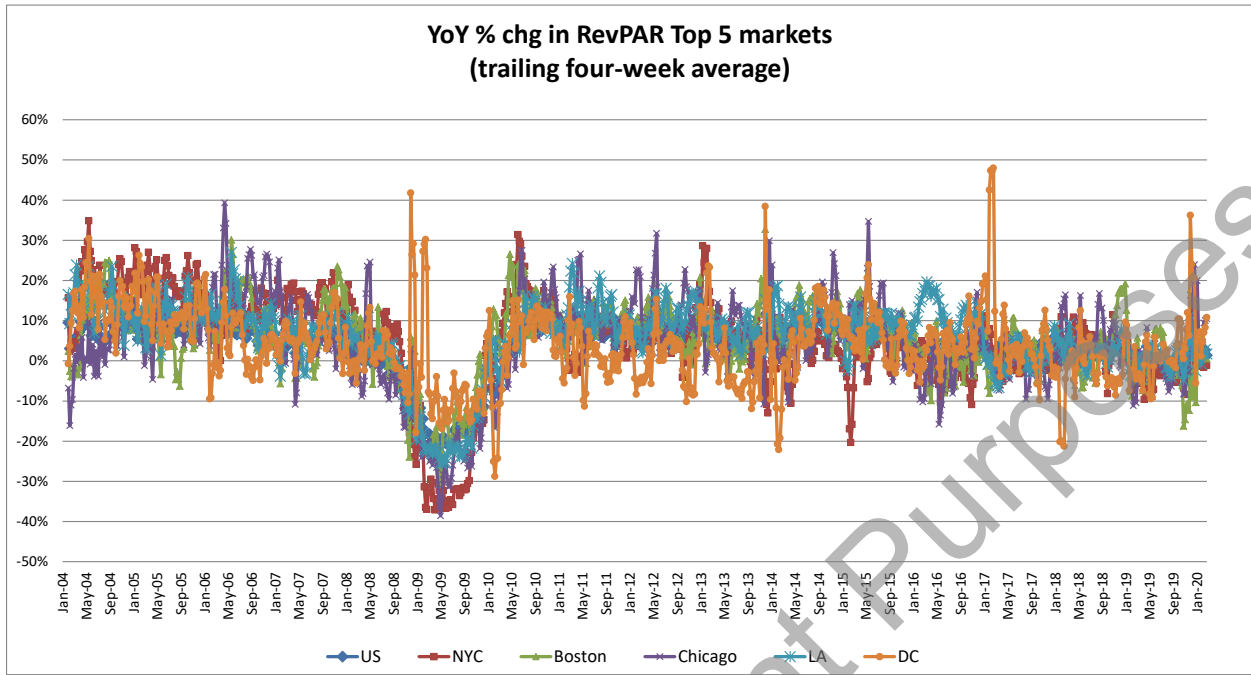
Source: STR data, STRH research

Price Target/Risks Summary

Lodging	TKR	Price 3/24/20	Rating	PT*	% upside down-side	2020E Valuation EBITDA ($M)* **	2020E As Reported EBITDA ($M)*	Target EV/EBITDA Multiple	Risks
Choice Hotels	CHH	$58.21	Hold	$82	41%	$381	$381	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	$4.90	Hold	$11	124%	$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	$11.11	Hold	$20	80%	$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	$48.66	Hold	$80	64%	$699	$735	13.3X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation****	BXG	$4.62	Hold	$9	104%	$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	$15.28	Buy	$43	182%	$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	$69.39	Hold	$92	33%	$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	$79.14	Hold	$128	62%	$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	$51.97	Buy	$157	202%	$877	$917	10.5X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$7.57	Buy	$32	323%	$842	$858	12.0X	Downside Risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Pebblebrook Hotel Trust***	PEB	$9.94	Hold	$23	131%	$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	$2.11	Buy	$10	374%	$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	$6.07	Sell	$21	246%	$391	$402	11.0X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
Ryman Hospitality Properties	RHP	$32.70	Hold	$60	83%	$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	$8.19	Hold	$15	83%	$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. Downside risk: Weaker than expected demand trends following capital investment projects.
Vail Resorts, Inc.****	MTN	$142.62	Buy	$247	73%	$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	$19.75	Buy	$76	285%	$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	$28.83	Buy	$66	129%	$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, $4.62, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $58.21, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $4.90, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $48.66, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $15.28, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $69.39, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $11.11, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $79.14, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, $142.62, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $9.94, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $7.57, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $2.11, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $32.70, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $6.07, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, $8.19, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $51.97, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $28.83, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, $19.75, Buy, C. Patrick Scholes)

Analyst Certification

I, C. Patrick Scholes , hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

I, Gregory J. Miller , hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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STRH Ratings System for Equity Securities

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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.

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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

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Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	403	59.35%	Buy	124	30.77%
Hold	263	38.73%	Hold	56	21.29%
Sell	13	1.91%	Sell	1	7.69%

Other Disclosures