



Lodging: US RevPAR -80.3% Y/Y Last Week; we still haven't hit bottom

Shockingly, Economy RevPAR\$ was nearly 2x Upper Upscale last week

What's Incremental To Our View

Overall U.S. RevPAR was -80.3% Y/Y for the week ending 3/28/2020, per STR, softer than the prior week's result of -69.5%. (2-year stacked RevPAR was -75.2% vs -69.2% in the prior week). Independent hotels (about 1/3rd of the data set) were -79.0% y/y. Economy (-43.5%) was the relatively strongest chain scale for branded hotels; Luxury was the weakest at -94.8%. Upscale (-82.9%) underperformed the industry average; Upper Midscale (-76.9%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-98.0% vs. -96.6% prior week) was softer than Transient (-93.1% vs. -79.5% prior week).

Last week's lodging results were as we expected, with RevPAR y/y declines incrementally more negative. We assume continued deterioration of RevPAR in the next few weeks as more hotels close and various local/state governments that have not enacted lockdown policies take more stringent actions on non-essential activities.

Absolute occupancy levels for hotels that were still open in the US for the week ending March 28th were 22.6%. So far it has been approximately 21 days after occupancy first started to see rapid deceleration in early –mid March in the US. By comparison, peak weekly absolute occupancy in the US in early mid-February was 64%.

Based on a high-level estimate of -85% RevPAR for the remaining days of March, we estimate national U.S. RevPAR of -52% for March and full-service branded hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) down appx. -60%.

- We assume the data is somewhat noisy due to hotel closures. Based on the STR sample as of March 28th, room count declines are running at down 17.1% from early January levels. Unlike our observations on China, we cannot say that this downward trajectory has turned a corner or at least stabilized.

Using the above estimates for the remainder of March, we estimate national U.S. RevPAR of -16% for 1Q and -19% for full-service branded hotels.

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What's Inside

Weekly STR results and analysis

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

- **Headline US RevPAR of -80.3% vs. the running 28 day average of -48.7%. As we expected, the hit so far continues to be towards occupancy (-67.5%) ahead of rate (-39.4%). Rate loss appears sequentially deeper across all chain scales and independent hotels (who is still traveling? We assume lower-priced (low ADR) contract business (air crew), government, etc. -- largely speaking not high rated demand). We continue to 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 still basically a zero (RevPAR -98.0%; occupancy -96.8%; less than 1% occupancy last week). Transient also down materially (RevPAR: -93.1%). We assume the hit is to all segments, slightly less to leisure. For the week ending March 21st, Group RevPAR was -96.6% with occupancy -96.1% and Transient RevPAR was -79.5%.
- Occupancy for full-service down 80-85+%. Luxury occupancy was -93.5% last week.
- Major coastal cities RevPAR: NYC: -87.8% (vs. the prior week of -86.5%), SF: -89.1% (vs. the prior week of -89.3%), LA: -82.4% (vs. the prior week of -75.1%).
- **Luxury weekend RevPAR last week was -94%. Absolute occupancy was just 6%.**
- **In an incredible statistic, Upper Upscale RevPAR was \$11 last week and Economy was \$21.** Same time last year: Upper Upscale and Economy were \$150 and \$38, respectively.

As we discussed on Monday, the relative outperformers today (few hotels are "winning") are the lowest priced hotels, primarily the limited-service motels in rural and small town locations (within our coverage, hotels franchised by companies like CHH and WH). 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. **While Economy occupancy was just 39.7% last week, we believe some of these hotels may be able to stay cash flow positive at this point. If ADR declines become more significant (last week -13.7%), then we assume there could be some lower-priced hotels that may consider closing.**

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 3,940 bps and 3,340 bps, respectively: Luxury RevPAR (-94.8%), Upper Upscale (-92.3%), Upscale (-82.9%), Upper Midscale (-76.9%), Midscale (-63.0%), and Economy (-43.5%). Independent hotels (-79.0%) 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 -93.1% (vs. -79.5% last week) and Group segment RevPAR was -98.0% (vs. -96.6% last week).
- **Los Angeles was the relatively strongest of the top five markets:** Boston (-88.1%), Chicago (-84.3%), Los Angeles (-82.4%), NYC (-87.8%), and Washington, D.C. (-87.6%).
- **Other relevant markets:**
 - **San Francisco was among the worst of the Top 25 markets last week (on top of the macro demand shock, the market also has a tough 1Q20 y/y group comp):** RevPAR was -89.1% vs. -89.3% 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 (-90.5% vs. -74.1% last week); Orlando (-90.6% vs. -84.9% 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 \(we recognize some elements of the note are now outdated given the virus impact although other long-term trends remain in place post-virus rebound\).](#)

From observations of what is happening with RevPAR and re-openings in China, we believe it will be a slower and longer recovery in the US than what the more optimistic/bullish management teams and investors expect. While hotel stocks have been crushed, we are holding back on any potential stock upgrades at this time as we believe we will see more attractive entry points at a future date.

(Our ratings and price targets generally represent our recommendations and forecasts based on a 12 to 18 month outlook. We acknowledge that near term uncertainty and volatility could affect financial inputs to our targets, and the likely multiples the market may pay for those metrics.)

Not For Investment Purposes

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%	-1.5%	-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%	-3.8%	-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%	-4.8%	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%
3/28/2020	-80.3%	-94.8%	-92.3%	-82.9%	-76.9%	-63.0%	-43.5%	-79.0%	-87.8%	-88.1%	-82.4%	-84.3%	-87.6%

Virus demand shock impact continues 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)

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%	0.8%	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%	6.8%	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%

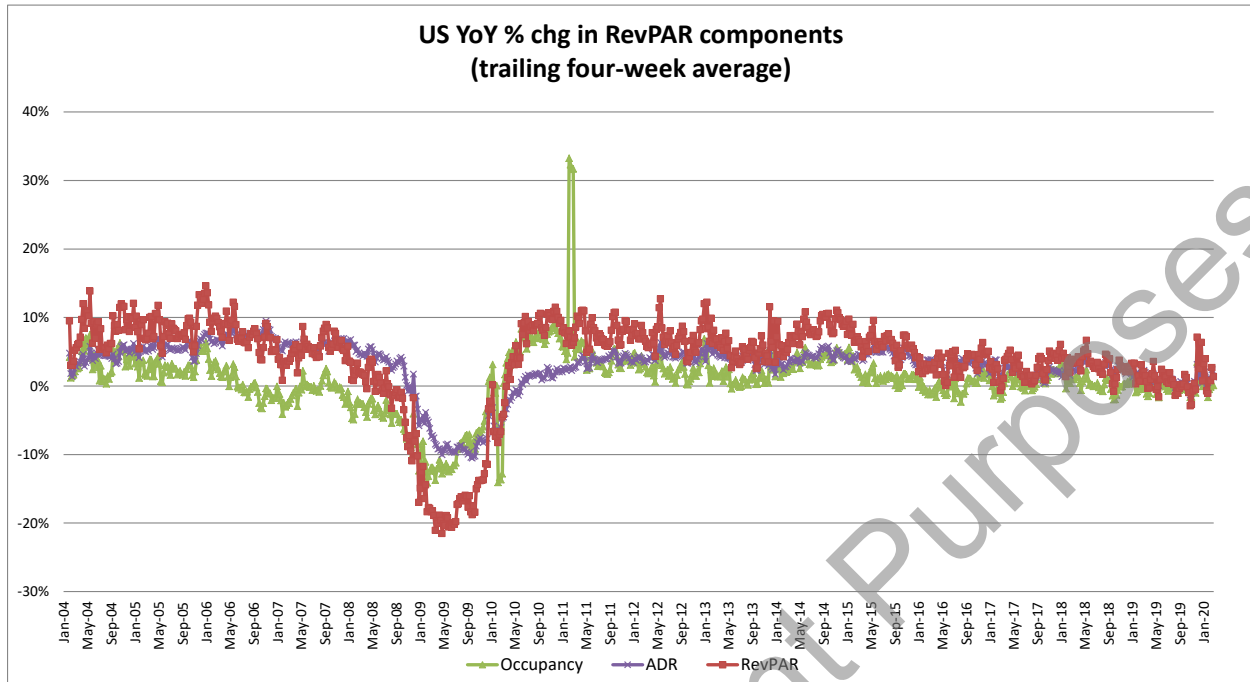
	YoY % change in ADR												
	U.S.	Upper		Upper			Inde-	New					
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent	York	Boston	LA	Chicago	DC	
12/21/2019	1.8%	-4.2%	1.6%	1.6%	1.5%	-0.2%	-0.7%	1.0%	3.4%	-1.1%	2.8%	3.8%	8.9%
12/28/2019	-2.6%	-4.3%	-1.5%	-3.2%	-1.6%	-2.3%	-1.8%	-2.6%	-10.2%	-2.7%	-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	0.5%	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%	0.8%	0.6%	0.1%	-0.5%	-0.4%	6.4%	-2.4%	1.4%	1.1%	4.5%	0.8%
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%	-5.6%
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%
3/28/2020	-39.4%	-19.6%	-32.7%	-22.7%	-20.6%	-17.4%	-13.7%	-42.5%	-33.1%	-39.0%	-32.0%	-37.6%	-46.3%

1Q16	3.2%	1.9%	3.2%	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%	1.8%	1.8%	1.8%	2.5%	3.4%	2.1%	-6.2%	0.8%	4.8%	-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%	-0.8%	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-	New					
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent	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%	3.5%	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%
3/28/2020	-67.5%	-93.5%	-88.6%	-77.9%	-70.9%	-55.2%	-34.5%	-63.5%	-81.8%	-80.6%	-74.1%	-74.8%	-77.0%

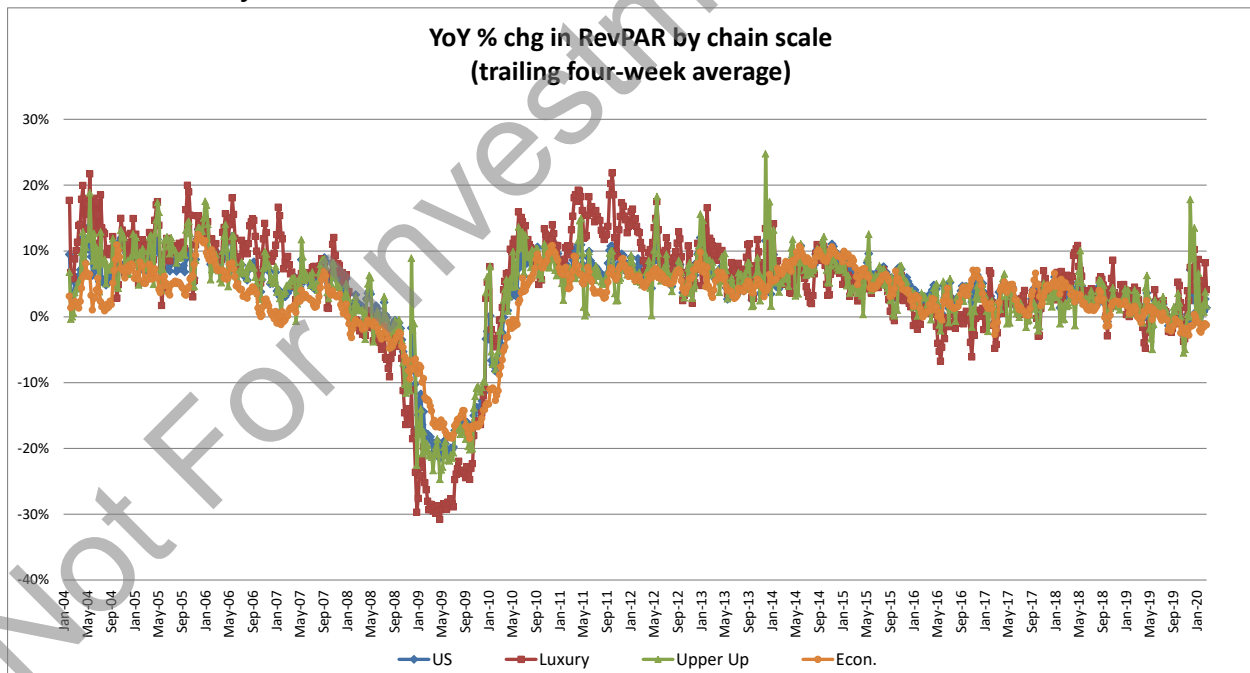
1Q16	-0.5%	-0.3%	-0.8%	-0.9%	-0.6%	-1.7%	-1.5%	0.3%	2.0%	-4.3%	4.7%	-3.0%	2.0%
2Q16	0.6%	-0.7%	0.7%	0.2%	0.4%	0.5%	-0.4%	1.2%	-1.4%	-1.7%	1.5%	-1.4%	1.3%
3Q16	0.0%	0.0%	-0.1%	-0.6%	-0.6%	-0.6%	-0.6%	0.7%	0.3%	-2.8%	1.7%	-0.7%	1.9%
4Q16	0.5%	-0.2%	-0.8%	-1.0%	0.2%	1.7%	1.2%	1.2%	2.2%	-2.8%	1.0%	-0.5%	3.7%
1Q17	0.9%	-0.2%	0.6%	-0.3%	0.7%	1.6%	0.2%	1.6%	1.0%				

RevPAR Component Trends



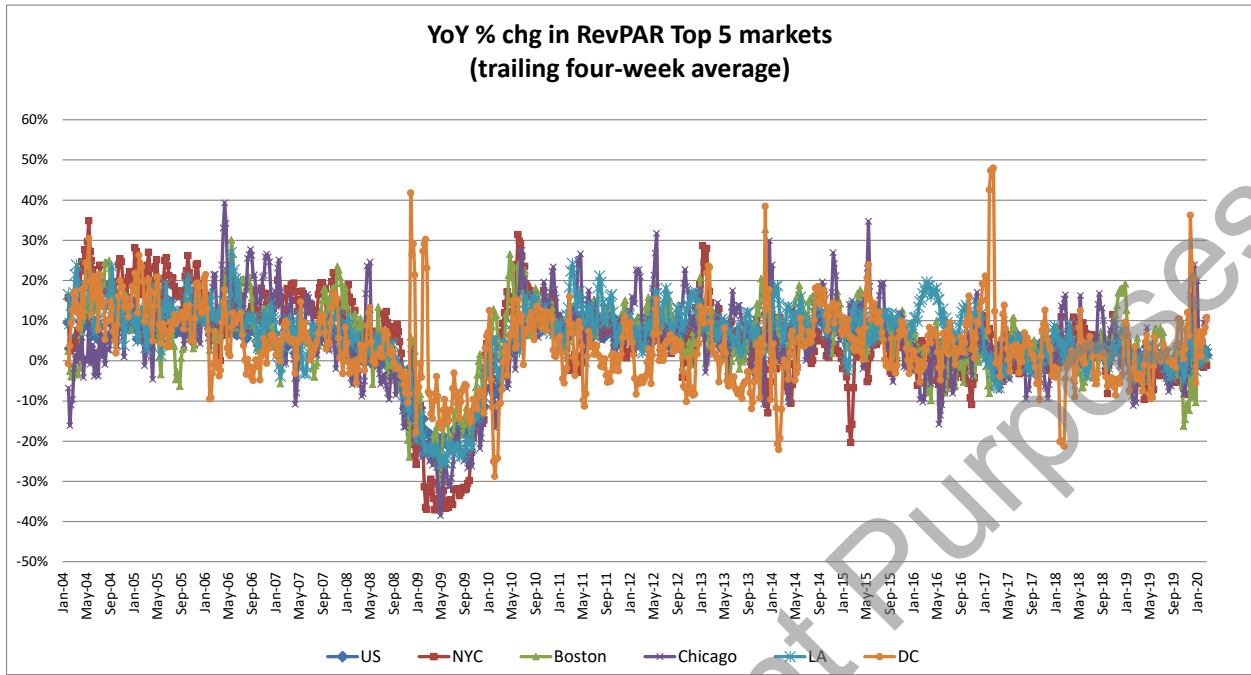
Source: STR data, STRH research

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 3/31/20	Rating	PT*	% upside down- side	2020E Valuation EBITDA (\$M)**	2020E As Reported EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks
Choice Hotels	CHH	\$61.25	Hold	\$91	49%	\$381	\$381	14.0X	Upside risk: conservative guidance. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$5.08	Hold	\$9	77%	\$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	\$11.04	Hold	\$18	63%	\$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	\$47.90	Hold	\$83	73%	\$699	\$735	13.2X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation****	BXG	\$5.78	Hold	\$9	63%	\$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	\$15.77	Buy	\$43	173%	\$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	\$68.24	Hold	\$107	57%	\$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	\$74.81	Hold	\$128	71%	\$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	\$55.58	Buy	\$157	183%	\$877	\$917	10.5X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	\$7.91	Buy	\$27	241%	\$842	\$858	12.0X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs. Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Downside Risks: Planned asset sales do not materialize as expected and/or at lower-than-expected pricing. Incremental EBITDA from major CapEx investments take longer than anticipated, resulting in multiple contraction.
Pebblebrook Hotel Trust***	PEB	\$10.89	Hold	\$23	111%	\$445	\$445	14.0X	Downside risk: demand shock, hurricanes, inability to complete 2021 growth initiatives. country-specific risks (emerging market portfolio)
Playa Hotels & Resorts	PLYA	\$1.75	Buy	\$10	471%	\$173	\$180	11.5X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
RLJ Lodging Trust***	RLJ	\$7.72	Sell	\$15	94%	\$391	\$402	11.0X	Upside risk: recovering group demand better than expected, better margin recovery.
Ryman Hospitality Properties	RHP	\$35.85	Hold	\$82	129%	\$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	\$8.71	Hold	\$12	38%	\$292	\$292	11.5X	Downside risk: Weaker than expected demand trends following capital investment projects.
Vail Resorts, Inc.****	MTN	\$147.71	Buy	\$247	67%	\$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	\$21.70	Buy	\$73	236%	\$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	\$31.51	Buy	\$66	109%	\$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, \$5.78, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$61.25, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$5.08, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$47.90, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$15.77, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$68.24, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$11.04, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$74.81, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$147.71, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$10.89, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$7.91, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$1.75, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$35.85, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$7.72, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$8.71, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$55.58, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$31.51, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$21.70, 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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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)

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H = Hold

S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

I = Initiate Coverage

T = Transfer Coverage

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Sell	12	1.77%	Sell	0	0.00%

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