SunTrust Robinson Humphrey

Lodging: US RevPAR -69.9% Y/Y Last Week

Results continue to gradually get “less bad’ week to week.

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What's Inside

Weekly STR results and analysis

What's Incremental To Our View

Overall U.S. RevPAR was -69.9% Y/Y for the week ending 5/23/2020, per STR, stronger than the prior week's result of -73.6%. (2-year stacked RevPAR was -66.7% vs -71.4% in the prior week). Independent hotels (~ 1/3rd of the data set) were -65.4% y/y. Economy (-34.4%) was the relatively strongest chain scale for branded hotels; Upper Upscale was the weakest at -87.2%. Upscale (-75.1%) underperformed the industry average; Upper Midscale (-65.2%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-94.1% vs. -93.6% prior week) was softer than Transient (-81.3% vs. -86.3% prior week).

Overall results were "less bad" in our view, especially sequentially vs. the week ending 5/16. We assume there was some pent-up leisure weekend demand for Memorial Day as U.S. residents, especially those in states that have been stricter with following health guidelines, have largely been house-bound for months. At the same time, we are gradually starting to see more hotels reopen although many urban hotels remain closed due to the lack of material corporate demand, virtually zero group/ convention demand, and limited air travel. As we have discussed before, the hotels likely outperforming are "drive to" leisure. Especially for Memorial Day weekend and given the kind of destinations benefiting from demand, we assume lower-rated hotels in rural and beach destinations are outperforming big city markets.

- Large urban markets such as NYC remain effectively shut out of tourists and so far Orlando's theme parks are closed. These markets (alongside Las Vegas) contribute meaningfully to full-service headline RevPAR.
- Upper Upscale y/y RevPAR slightly outperformed Luxury last week -- we assume stronger leisure demand played a role. However, Saturday Luxury occupancy was just 21.6% and Upper Upscale was 24.3%. Neither figure should impress Lodging REIT analysts given the highly negative y/y RevPAR comparisons (see below). We encourage investors to ignore holiday spikes in demand in the same way we do not view holiday shifts (and major one-time y/y changes to RevPAR) as greatly material.
- We remind investors: there are many hotels that suspended operations/closed and they are not included in the comparisons. Implications are that the headline statistics overstate the actual performance of the overall industry.

For the month of May, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish -75% to -85%. We estimate that the overall industry will finish approximately -65% to -75%. Please note that reported monthly results include hotels that are not in the weekly data set. Our estimates are wide as we view the remainder of Memorial Day weekend to add noise to y/y comparisons, alongside hotels reopening, and as just mentioned hotels that do

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not contribute daily/weekly STR data (especially relevant given independent and low-rated hotels are likely greater beneficiaries of Memorial Day demand this year).

Please see our note on China & Italy later today for our additional analysis on last week's U.S. and international trends. **We advise investors that the very slow occupancy recovery in China is an indicator of what we assume will also be a slow occupancy recovery in the United States.**

Compared to last week (ended 5/16), sequential RevPAR trends were moderately above last week's results.

- Headline RevPAR was -69.9% vs. the running 28 day average of -73.5%. By comparison per STR, the worst month of RevPAR since 1987 **pre-virus** was ~ -24% (Sept 2001).
- RevPAR for the weeks ended March 14th/21st/28th/April 4th/11th/18th/25th/May 2nd/9th/16th, 2020 were -32.5/-69.5/-80.3/-81.6/-83.6/-79.4/-78.4/-76.8/-74.4/-73.6% respectively.
- **Occupancy:** absolute occupancy of 35.4% is sequentially **better** than the prior week of 32.4%. Occupancy y/y change of -50.2% is sequentially **better** the prior week of -54.1%.
- **ADR:** ADR y/y change of -39.7% is sequentially **better** than the prior week of -42.4%. (We do not consider sequential changes in absolute ADR material.)
- **Occupancy vs. ADR trends:** In the past several weeks we noted that occupancy y/y percentage declines were greater than ADR declines but that the two figures were narrowing. We view this will continue to be the case as leisure demand rises in some reopening areas of the country while ADR will remain significantly down as many higher-rated hotels remain closed and full-service corporate and group demand remains well below normal. We continue to assume a slow demand recovery for fly-to destinations (negative to Lodging REITS and higher-rated C-corp brands).
    - It is conceivable that fewer open hotels has contributed to the modest sequential weekly improvement in RevPAR trends.
- **Open/closed hotels:** Both conversations with our private hotel owner contacts and STR data suggest signs of hotels reopening. We assume hotels that have the potential for summer leisure demand will in particular consider reopening and we noted this was likely to occur pre-Memorial Day weekend (USA Today / Naples Daily News). **Per STR 11% of the hotel supply is closed (vs. 12% in the prior week.)** Approximately 262 hotels were added to the STR daily sample over the course of last week (out of a total property count of 30,337 starting with last Sunday 5/17). We noticed the sample property count rising materially for the first time since the virus demand shock in early May (172 hotels added during the week starting 5/3, with a starting hotel count of 29,626 hotels).

Last week's RevPAR details:

- **Economy was the relatively strongest chain scale:** Upscale and Upper Midscale underperformed by 4,070 bps and 3,080 bps, respectively: Luxury RevPAR (-87.0%), Upper Upscale (-87.2%), Upscale (-75.1%), Upper Midscale (-65.2%), Midscale (-51.1%), and Economy (-34.4%). Independent hotels (-65.4%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -81.3% (vs. -86.3% last week) and Group segment RevPAR was -94.1% (vs. -93.6% last week).
    - Absolute Group occupancy remains near zero and does not seem to be improving: 3.0% last week vs. 3.4% for the running 28 days.
- **Los Angeles was the relatively strongest market of the top five markets:** Boston (-89.7%), Chicago (-85.1%), Los Angeles (-71.5%), NYC (-78.9%), and Washington, D.C. (-85.5%).
- **Other relevant markets:**
    - **San Francisco:** RevPAR was -86.8% vs. -87.7% last week.
    - **Florida market RevPAR:**
        - **Miami:** (-82.0% vs. -83.7% last week);

- **Orlando:** (-83.4% vs. -84.6% last week). We expect Orlando results to improve as Florida opens up and especially as the theme parks resume operations in upcoming weeks.

From observations of what is happening with RevPAR and re-openings in China, we suspect we may see a slower and longer recovery in the US than what the more optimistic/bullish management teams and investors expect.

(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.)

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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
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%
4/4/2020	**-81.6%**	-94.2%	-93.5%	-84.4%	-79.2%	-65.7%	-46.9%	-79.8%	-88.6%	-89.0%	-82.5%	-87.0%	-88.5%
4/11/2020	**-83.6%**	-95.2%	-94.6%	-86.1%	-81.6%	-68.5%	-49.7%	-81.9%	-85.7%	-92.4%	-85.1%	-90.0%	-89.5%
4/18/2020	**-79.4%**	-94.5%	-92.6%	-82.2%	-76.0%	-60.3%	-41.0%	-78.3%	-83.9%	-89.3%	-82.4%	-82.8%	-85.0%
4/25/2020	**-78.4%**	-92.8%	-91.6%	-81.4%	-76.5%	-62.1%	-42.4%	-76.9%	-77.6%	-88.3%	-79.4%	-81.0%	-84.6%
5/2/2020	**-76.8%**	-92.0%	-91.5%	-80.3%	-74.2%	-58.8%	-38.0%	-73.6%	-77.9%	-89.6%	-78.1%	-84.8%	-86.8%
5/9/2020	**-74.4%**	-90.6%	-90.4%	-79.1%	-71.3%	-55.3%	-33.4%	-70.4%	-77.7%	-89.5%	-74.1%	-85.1%	-85.5%
5/16/2020	**-73.6%**	-89.7%	-89.8%	-78.2%	-69.8%	-55.4%	-36.3%	-69.5%	-80.5%	-90.9%	-73.6%	-85.9%	-87.0%
5/23/2020	**-69.9%**	-87.0%	-87.2%	-75.1%	-65.2%	-51.1%	-34.4%	-65.4%	-78.9%	-89.7%	-71.5%	-85.1%	-85.5%

Pent-up holiday demand was underwhelming

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

LA and New York 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
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%
1Q20	-19.3%	-21.4%	-23.1%	-20.8%	-19.1%	-16.8%	-11.2%	-16.7%	-28.0%	-24.5%	-19.3%	-21.0%	-23.2%

YoY % change in ADR

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
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%
4/4/2020	**-41.5%**	-17.7%	-37.4%	-26.1%	-23.2%	-18.9%	-15.1%	-43.6%	-45.3%	-44.2%	-34.6%	-46.7%	-48.1%
4/11/2020	**-45.6%**	-26.7%	-44.3%	-31.5%	-27.2%	-21.5%	-17.6%	-47.5%	-49.3%	-56.0%	-41.7%	-55.1%	-51.9%
4/18/2020	**-42.2%**	-24.0%	-39.6%	-28.6%	-23.3%	-17.0%	-14.0%	-45.1%	-55.4%	-52.3%	-40.1%	-41.1%	-41.6%
4/25/2020	**-42.9%**	-20.8%	-40.3%	-30.2%	-26.5%	-19.8%	-16.6%	-45.0%	-52.1%	-53.0%	-43.2%	-44.0%	-45.9%
5/2/2020	**-44.0%**	-26.5%	-45.0%	-33.4%	-28.0%	-20.9%	-16.2%	-44.2%	-55.8%	-60.5%	-46.1%	-53.3%	-53.5%
5/9/2020	**-42.1%**	-24.8%	-43.8%	-33.7%	-27.0%	-19.0%	-14.4%	-41.4%	-55.3%	-59.8%	-42.9%	-53.6%	-52.1%
5/16/2020	**-42.4%**	-27.6%	-44.0%	-35.1%	-27.8%	-19.8%	-16.8%	-41.4%	-59.4%	-64.6%	-41.6%	-57.4%	-55.8%
5/23/2020	**-39.7%**	-27.7%	-39.4%	-33.5%	-25.9%	-18.3%	-16.5%	-38.5%	-56.9%	-62.1%	-39.8%	-56.8%	-52.6%

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
1Q20	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.3%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%

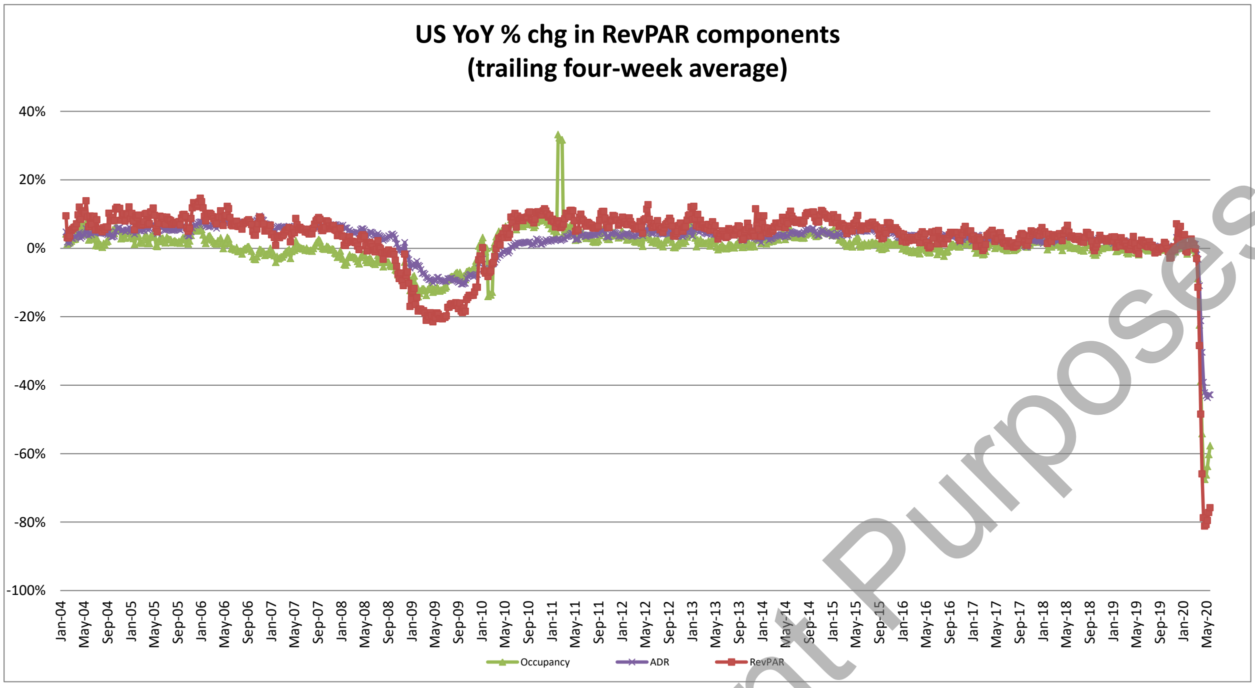
YoY % change in Occupancy

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
4/4/2020	**-68.5%**	-92.9%	-89.7%	-78.9%	-73.0%	-57.8%	-37.5%	-64.1%	-79.1%	-80.2%	-73.3%	-75.6%	-77.9%
4/11/2020	**-69.8%**	-93.4%	-90.3%	-79.7%	-74.7%	-59.9%	-38.9%	-65.6%	-71.7%	-82.7%	-74.4%	-77.8%	-78.2%
4/18/2020	**-64.4%**	-92.8%	-87.7%	-75.1%	-68.6%	-52.2%	-31.4%	-60.6%	-63.8%	-77.6%	-70.7%	-70.7%	-74.3%
4/25/2020	**-62.2%**	-90.9%	-86.0%	-73.3%	-68.1%	-52.7%	-31.0%	-58.0%	-53.2%	-75.0%	-63.6%	-66.1%	-71.4%
5/2/2020	**-58.5%**	-89.1%	-84.5%	-70.4%	-64.2%	-47.8%	-26.0%	-52.7%	-50.1%	-73.7%	-59.4%	-67.4%	-71.6%
5/9/2020	**-55.9%**	-87.6%	-82.9%	-68.5%	-60.7%	-44.9%	-22.2%	-49.5%	-50.2%	-73.9%	-54.6%	-67.9%	-69.7%
5/16/2020	**-54.1%**	-85.7%	-81.9%	-66.3%	-58.1%	-44.3%	-23.5%	-47.9%	-52.1%	-74.4%	-54.8%	-66.9%	-70.5%
5/23/2020	**-50.2%**	-82.0%	-78.8%	-62.5%	-53.0%	-40.2%	-21.5%	-43.7%	-50.9%	-72.9%	-52.7%	-65.5%	-69.5%

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
1Q20	-15.9%	-22.6%	-21.9%	-18.4%	-16.5%	-13.6%	-7.7%	-14.8%	-21.3%	-19.5%	-17.1%	-18.8%	-17.6%

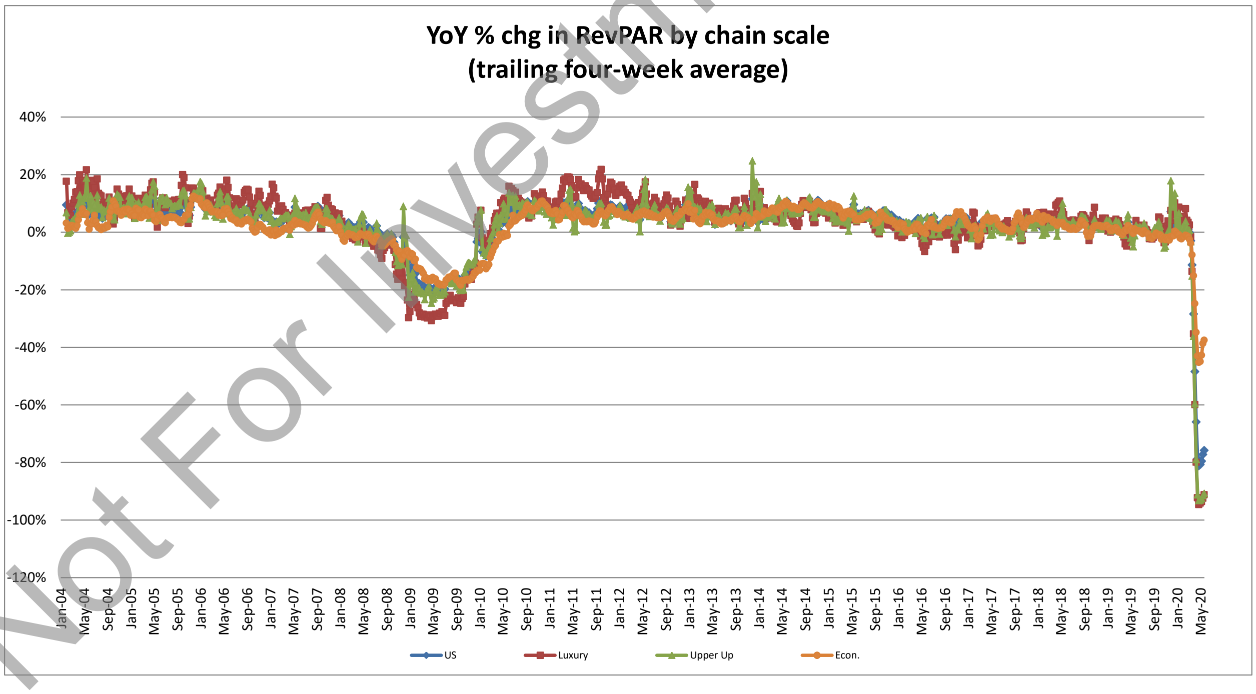
Source: STR data, STRH research

RevPAR Component Trends



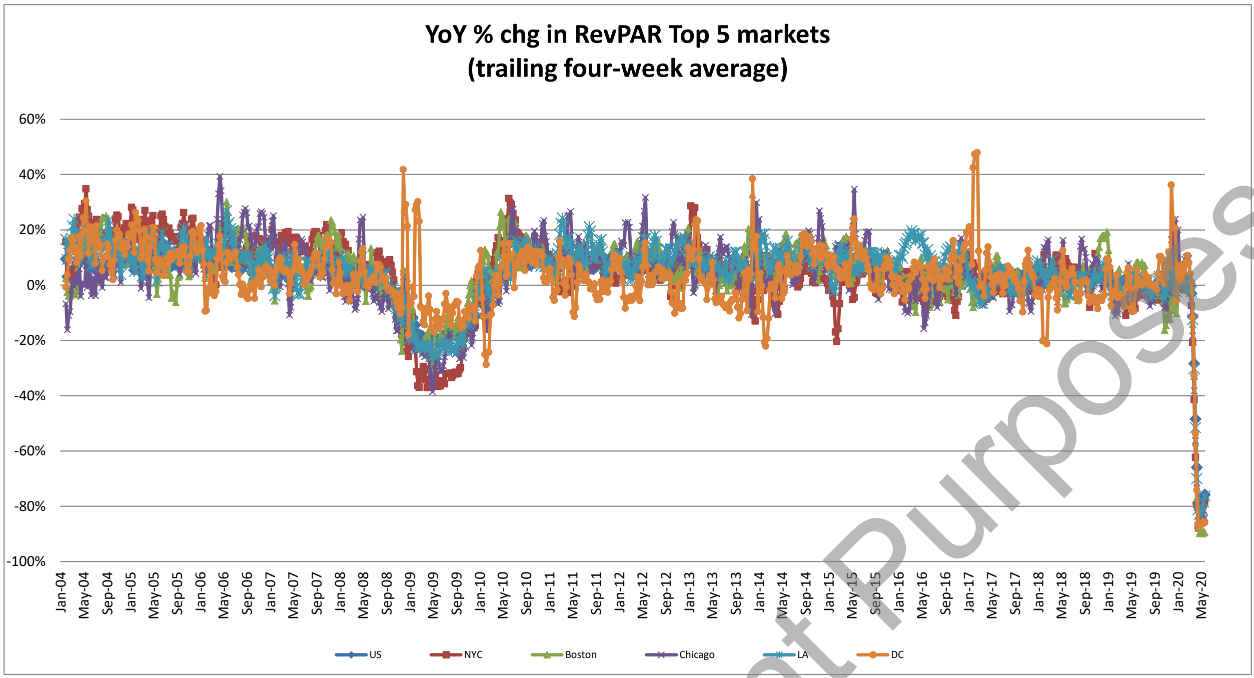
Source: STR data, STRH research

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 5/27/20	Rating	PT*	% upside down-side	2021E Valuation EBITDA ($M)* **	2021E As Reported EBITDA ($M)*	Target EV/EBITDA Multiple	Risks Note: COVID-19 represents a material risk to our entire coverage especially related to the length/severity of the demand shock.
Choice Hotels	CHH	$84.77	Hold	$67	-21%	$336	$336	13.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	$6.57	Hold	$4	-39%	$147	$148	11.5X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: leisure hotels struggle more than expected in 2020.
Host Hotels & Resorts	HST	$12.52	Hold	$9	-28%	$776	$776	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	$56.91	Hold	$49	-14%	$488	$516	12.7X	Upside risk: Transient and group trends outperform expectations. Downside risk: ongoing misexecution and volatility.
Bluegreen Vacations Corporation	BXG	$4.43	Hold	$5	24%	$73	$73	6.3X	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	$22.23	Buy	$23	3%	$318	$334	9.3X	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	$83.15	Hold	$66	-21%	$1,796	$1,877	13.9X	Upside risk: Macro lodging trends improve beyond expectations. Downside risk: slowing pipeline. Deep 2021 recession.
Marriott International	MAR	$97.96	Hold	$86	-12%	$2,571	$2,794	14.0X	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. Slowing pipeline. Downside Risk: 2021 is a deep recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott Vacations	VAC	$98.65	Buy	$114	16%	$690	$0	9.5X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$10.70	Buy	$10	-7%	$526	$538	12.0X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Pebblebrook Hotel Trust***	PEB	$15.20	Hold	$9	-41%	$292	$292	13.25X	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. Very slow recovery in San Francisco.
Playa Hotels & Resorts	PLYA	$2.79	Hold	$2	-28%	$136	$142	9.5X	Upside risk: quicker recovery post-COVID, Cap Cana group strength/rate growth in the D.R. Downside risk: demand shock, hurricanes, slow ramp up of Cap Cana, country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	$11.13	Sell	$7	-37%	$276	$287	11.0X	Upside risk: RevPAR reaccelerates due to macroeconomic improvements, leading to estimate revisions and multiple expansion.
Ryman Hospitality Properties	RHP	$35.93	Hold	$30	-17%	$316	$322	12.5X	Upside risk:recovering group demand better than expected, better margin recovery. Downside risk: booking issues stickier than expected.
Sunstone Hotel Investors	SHO	$9.29	Hold	$7	-25%	$197	$197	11.5X	Upside risk: Recovery of corporate demand in SHO's markets. Above average group bookings in various hotels post-2020 renovations. Downside risk: Weaker than expected demand trends following capital investment projects.
Vail Resorts, Inc.	MTN	$206.95	Buy	$185	-10%	$785	$785	14.5X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Destinations	WYND	$34.76	Buy	$39	11%	$771	$799	7.3X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	$48.49	Buy	$45	-7%	$512	$528	12.0X	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

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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.

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Sell	7	1.02%	Sell	0	0.00%

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