



Lodging: US RevPAR -62.6% Y/Y Last Week; Phoenix weekend ADR actually positive y/y

Cities in AZ/FL indicating drive-to leisure strength (locals to resorts?)

What's Incremental To Our View

Overall U.S. RevPAR was -62.6% Y/Y for the week ending 6/13/2020, per STR, stronger than the prior week's result of -65.0%. (2-year stacked RevPAR was -61.2% vs. -65.7% in the prior week). Independent hotels (~1/3rd of the data set) were -56.3% y/y. Economy (-29.9%) was the relatively strongest chain scale for branded hotels; Upper Upscale was the weakest at -81.6%. Upscale (-68.5%) underperformed the industry average; Upper Midscale (-56.4%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-93.4% vs. -93.1% prior week) was softer than Transient (-70.5% vs. -75.1% prior week).

A number of interesting trends from the weekly STR results (data came out after 5 PM today). Two Top 25 markets stuck out as surprising relative outperformers:

- **Phoenix RevPAR y/y growth was -33.8%. However, for the first time in months that we can recall, ADR was actually up y/y in a Top 25 market (even though just for two days).** Friday ADR was +4.6%; Saturday +3.9%. Occupancy was about -6% for the weekend. **We suspect that demand was partly generated from locals and drive-to leisure, including staying at resorts and hotels in Scottsdale/Paradise Valley/North County.** Important to note: this is low season normally for Phoenix and pent-up leisure demand could have played a factor staying in nice resorts at relatively affordable prices.
- **A similar story can be said for Tampa-St. Pete, another market with an array of leisure-friendly and price-accommodating resorts and beachfront hotels.** Weekly RevPAR growth was -46.8%. However, ADR growth was -4.4% on Friday and -6.4% on Saturday (occupancy was more negative, -25.2% and -24.2%, respectively).
- *For both these markets and other states with rising COVID-19 cases, we will be very curious if relatively positive trends hold in the next several weeks.*

Other important trends of note:

- **"Location" RevPAR Y/Y change sequentially similar in most areas, resort being the outlier. We do not see a material corporate demand rebound:** Urban (-79.9% vs. -81.7% in the prior week), Suburban (-59.4% vs. -60.9%), Interstate (-43.2% vs. -44.7%), and Resort (-56.2% vs. -62.5%).
 - **Absolute occupancies:** Urban: 30.7% vs. 28.7% in the prior week, Suburban: 44.0% vs. 42.2%, Interstate 45.9% vs. 43.7%, and Resort: 40.1% vs. 35.5%.

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What's Inside

Weekly STR results and analysis

- 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.

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 slow occupancy recovery in China is a leading indicator of what we assume will also be a slow occupancy recovery in the United States.**

Compared to the prior week (ended 6/6), sequential RevPAR trends were stronger than last week's results.

- Headline RevPAR was -62.6% vs. the running 28 day average of -64.9%. By comparison per STR, the worst month of RevPAR since 1987 **pre-virus** was ~ -24% (Sept 2001).
- RevPAR for the weeks ended March 14th through June 6th, 2020 were -32.5/-69.5/-80.3/-81.6/-83.6/-79.4/-78.4/-76.8/-74.4/-73.6/-69.9/-62.1/-65.0% respectively.
- **Occupancy:** absolute occupancy of 41.7% was sequentially **stronger** than the prior week of 39.3%. Occupancy y/y change of -43.4% is sequentially **stronger** than the prior week of -45.3%.
- **ADR:** ADR y/y change of -33.9% was sequentially **stronger** than the prior week of -35.9%. (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. Our view has not changed. We view this trend will continue to be the case 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 have 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. **Per STR 9% of the hotel supply is closed (vs. 10% in the prior week.) We consider a sequentially stronger RevPAR trend (albeit on poor overall fundamentals) combined with hotel reopenings to be a somewhat positive indicator although one week does not make a trend -- especially in today's lodging environment.** Approximately 114 hotels were added to the STR daily sample over the course of last week (out of a total property count of 31,921 starting with last Sunday 6/7).
 - For a timing point of reference: 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 3,860 bps and 2,650 bps, respectively: Luxury RevPAR (-80.4%), Upper Upscale (-81.6%), Upscale (-68.5%), Upper Midscale (-56.4%), Midscale (-43.4%), and Economy (-29.9%). Independent hotels (-56.3%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -70.5% (vs. -75.1% last week) and Group segment RevPAR was -93.4% (vs. -93.1% last week).
 - Absolute Group occupancy remains near zero and does not seem to be improving: 2.8% last week vs. 2.9% for the running 28 days.
- **Los Angeles was the relatively strongest market of the top five markets:** Boston (-87.0%), Chicago (-83.8%), Los Angeles (-73.7%), NYC (-74.9%), and Washington, D.C. (-79.8%).
- **Other relevant markets:**
 - **San Francisco:** RevPAR was -84.7% vs. -85.4% last week.
 - **COVID-19 "watch" markets (RevPAR):**

- **Dallas:** -65.3% vs. -64.3% last week. Absolute occupancy 39.4% vs. 37.7% last week.
 - **Houston:** -55.2% vs. -56.0% last week. Absolute occupancy 40.3% vs. 38.4% last week.
 - **Phoenix:** -33.8% vs. -45.5% last week. Absolute occupancy 47.6% vs. 44.7% last week.
 - Note: many hotels in these markets would in theory be in low/shoulder season by June. Weekly changes for resort locations (more impactful to Phoenix) may add noise to the sequential comparisons.
- **Florida market RevPAR:**
- **Miami:** (-68.1% vs. -74.0% last week). [Some Miami-area hotels began reopening at the start of June](#) (WSVN-TV). While not in the Miami stats, [hotels in the Florida Keys began reopening on June 1](#) (Forbes). We note that in summer months, the Keys attract a larger base of drive-to Floridians.
 - **Orlando:** (-78.4% vs. -78.6% last week). **The lack of sequential improvement was a bit surprising to us.** We expect Orlando results to improve as Florida opens up and especially as the theme parks resume operations. [Note: for C-corps/REITS with material exposure near Walt Disney World, a number of on-property resorts are scheduled to open on June 22](#) (Travel Weekly). Companies include: HST, PK, RHP, RLJ, and WH. Other C-corps have large resorts in the area but relative exposure impact is lower (MAR, HLT, and H).

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, especially for business and group centric hotels, 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.)

Not For Investment Purposes

Weekly RevPAR Summary

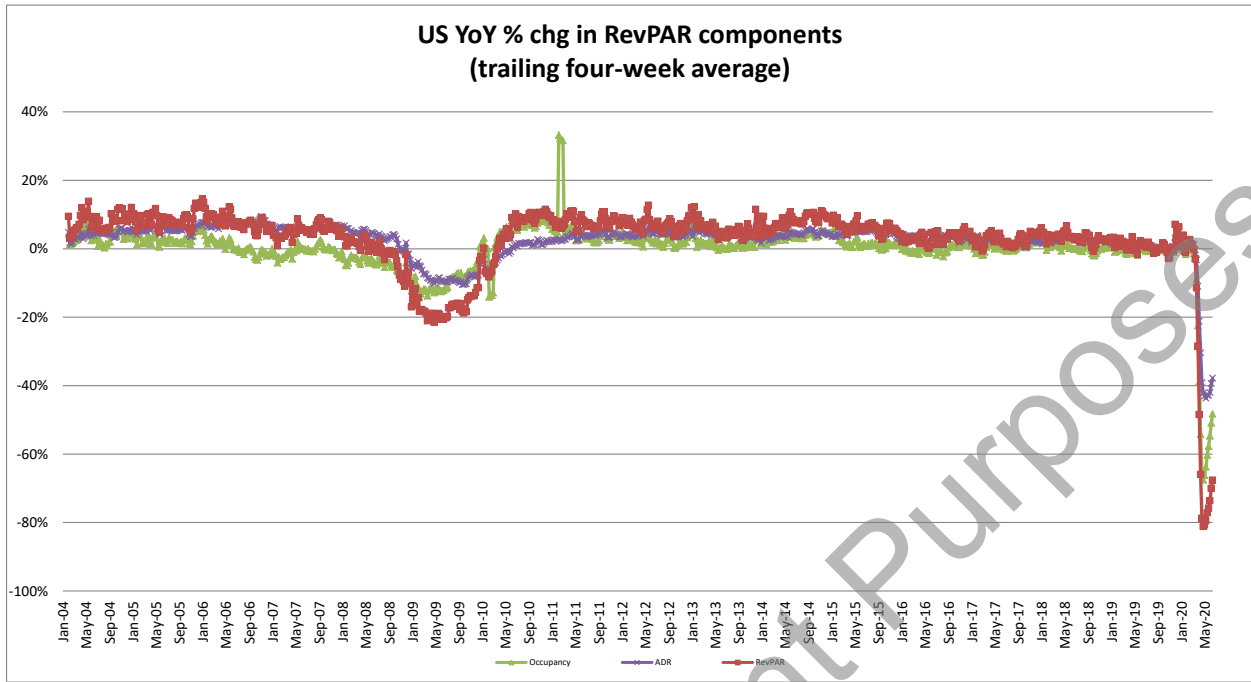
YoY % change in RevPAR													
U.S.	Upper			Upper			Economy	Independent	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
3/7/2020	-11.6%	-14.1%	-15.9%	-12.1%	-9.3%	-8.3%	-6.9%	-10.4%	-20.3%	-8.8%	-8.9%	-18.5%	-7.2%
3/14/2020	-32.5%	-45.9%	-45.4%	-34.4%	-26.9%	-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%
5/30/2020	-62.1%	-79.4%	-80.7%	-66.8%	-57.2%	-44.9%	-28.4%	-58.0%	-71.8%	-86.6%	-64.6%	-82.8%	-78.3%
6/6/2020	-65.0%	-82.7%	-84.2%	-70.7%	-58.8%	-45.2%	-28.8%	-59.7%	-77.0%	-89.2%	-71.8%	-84.9%	-78.4%
6/13/2020	-62.6%	-80.4%	-81.6%	-68.5%	-56.4%	-43.4%	-29.9%	-56.3%	-74.9%	-87.0%	-73.7%	-83.8%	-79.8%
Modest improvement vs. prior week													
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)													
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%	3.2%	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.	Upper			Upper			Economy	Independent	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
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%	-46.8%
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%	-48.1%	-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%	-55.3%	-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%
5/30/2020	-33.3%	-16.5%	-30.1%	-27.0%	-21.3%	-16.0%	-13.2%	-32.3%	-48.3%	-55.2%	-34.4%	-58.0%	-41.9%
6/6/2020	-35.9%	-22.6%	-34.9%	-31.0%	-22.9%	-16.6%	-13.1%	-33.5%	-56.0%	-60.9%	-40.3%	-59.4%	-42.9%
6/13/2020	-33.9%	-20.5%	-32.9%	-30.0%	-22.3%	-16.7%	-13.9%	-30.4%	-7.5%	-15.0%	11.4%	-66.9%	-21.5%
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%	3.0%	-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%	-1.1%	-3.8%	-3.8%	-2.3%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%

YoY % change in Occupancy													
U.S.	Upper			Upper			Economy	Independent	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
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%
5/30/2020	-49.2%	-75.4%	-72.3%	-54.5%	-45.6%	-34.4%	-17.4%	-38.0%	-45.5%	-70.0%	-46.1%	-59.0%	-62.7%
6/6/2020	-45.3%	-77.7%	-75.7%	-57.5%	-46.6%	-34.3%	-18.1%	-39.4%	-47.7%	-72.4%	-52.7%	-62.7%	-62.3%
6/13/2020	-43.4%	-75.3%	-72.6%	-55.1%	-43.8%	-32.0%	-18.6%	-37.2%	-68.4%	-48.2%	-54.8%	-69.7%	-46.1%
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%	-2.8%
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%

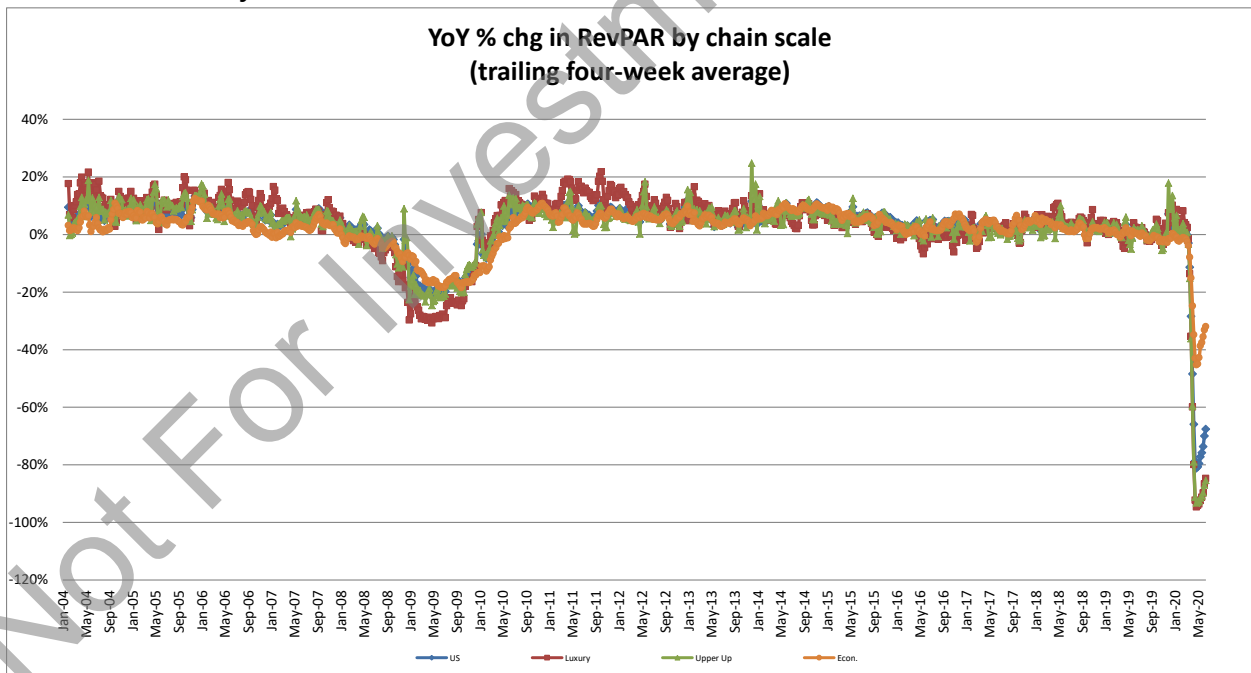
Source: STR data, STRH research

RevPAR Component Trends



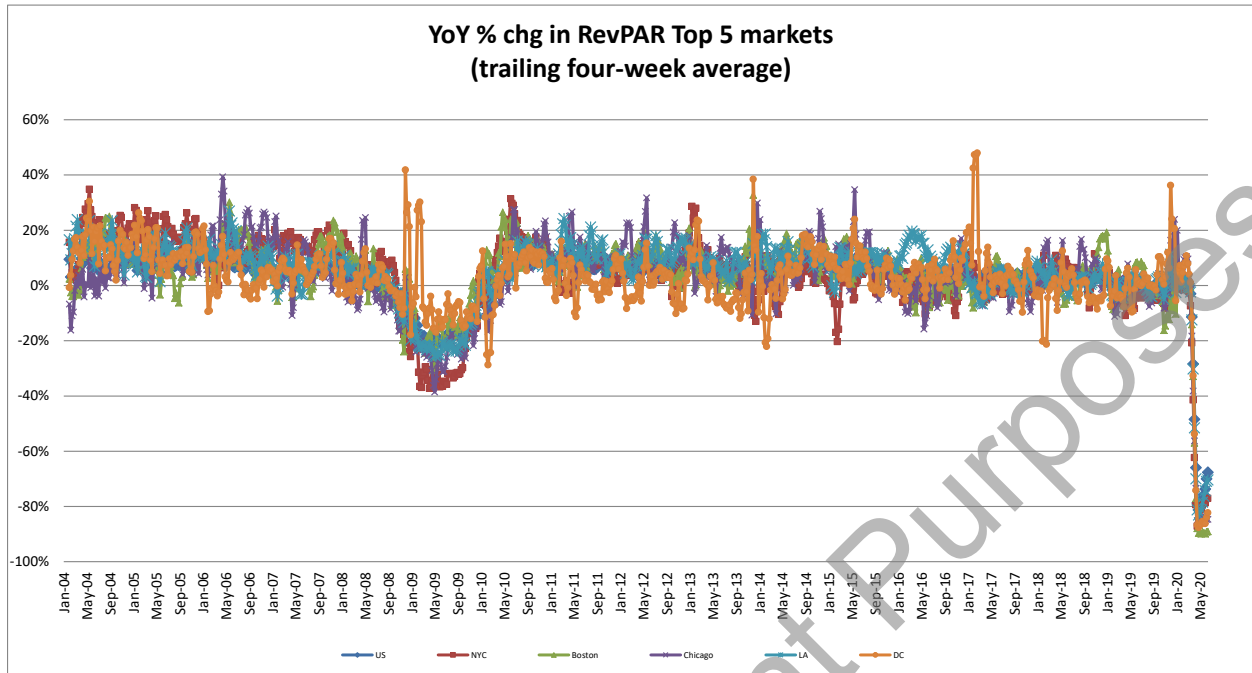
Source: STR data, STRH research

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 6/15/20	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	\$83.80	Hold	\$67	-20%	\$336	\$336	13.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$6.09	Hold	\$4	-34%	\$147	\$148	11.5X	Upside risk: specific markets (esp. NYC) perform better than expected. Downside risk: leisure hotels struggle more than expected in 2020. 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.
Host Hotels & Resorts	HST	\$12.45	Hold	\$9	-28%	\$776	\$776	12.0X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Hyatt Hotels	H	\$55.45	Hold	\$49	-12%	\$488	\$516	12.7X	Upside risk: Accelerating tour flow, FCF generation and declining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Bluegreen Vacations Corporation	BXG	\$4.98	Hold	\$5	10%	\$73	\$73	6.3X	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 Upside risk: Macro lodging trends improve beyond expectations. Downside risk: slowing pipeline. Deep 2021 recession.
Hilton Grand Vacations	HGV	\$22.47	Buy	\$23	2%	\$318	\$334	9.3X	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.
Hilton	HLT	\$77.48	Hold	\$66	-15%	\$1,796	\$1,877	13.9X	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. Slowing pipeline. Downside Risk: 2021 is a deep recession year in the US. Geopolitical and policy risks negatively impact lodging demand.
Marriott International	MAR	\$90.79	Hold	\$86	-5%	\$2,571	\$2,794	14.0X	Downside risk: M&A story fades and multiples revert to historical levels
Marriott Vacations	VAC	\$90.05	Buy	\$114	27%	\$690	\$0	9.5X	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. Very slow recovery in San Francisco.
Park Hotels & Resorts	PK	\$11.55	Buy	\$10	-13%	\$526	\$538	12.0X	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)
Pebblebrook Hotel Trust***	PEB	\$14.77	Hold	\$9	-39%	\$292	\$292	13.25X	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.
Playa Hotels & Resorts	PLYA	\$3.67	Hold	\$2	-46%	\$136	\$142	9.5X	Downside risk: booking issues stickier than expected.
RLJ Lodging Trust***	RLJ	\$10.65	Sell	\$7	-34%	\$270	\$282	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.
Ryman Hospitality Properties	RHP	\$37.84	Hold	\$30	-21%	\$316	\$322	12.5X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Sunstone Hotel Investors	SHO	\$9.48	Hold	\$7	-26%	\$197	\$197	11.5X	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.
Vail Resorts, Inc.****	MTN	\$185.33	Buy	\$233	26%	\$811	\$811	14.5X	
Wyndham Destinations	WYND	\$31.85	Buy	\$39	21%	\$771	\$799	7.3X	
Wyndham Hotels & Resorts	WH	\$45.33	Buy	\$45	-1%	\$512	\$528	12.0X	

* 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, \$5.06, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$83.09, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$6.03, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$54.88, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$21.57, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$76.42, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$12.31, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$91.13, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$185.68, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$14.46, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$11.19, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$3.52, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$36.82, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$10.49, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$9.17, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$86.95, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$45.73, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$30.92, Buy, C. Patrick Scholes)

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S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

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Sell	7	1.02%	Sell	1	14.29%

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