



Lodging: US RevPAR -56.0% Y/Y Last Week; Rising cases leading to unwanted near-term RevPAR plateau

What's Incremental To Our View

Overall U.S. RevPAR was -56.0% Y/Y for the week ending 7/18/2020, per STR, softer than the prior week's result of -54.6%. (2-year stacked RevPAR was -55.8% vs. -57.2% in the prior week). Independent hotels (~1/3rd of the data set) were -48.4% y/y. Economy (-27.5%) was the relatively strongest chain scale for branded hotels; Luxury was the weakest at -77.6%. Upscale (-62.3%) underperformed the industry average; Upper Midscale (-49.9%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-91.5% vs. -91.4% prior week) was softer than Transient (-62.4% vs. -61.8% prior week).

Now that we have passed the positive benefit from the Independence Day holiday (pent-up demand in some markets), the most recent STR results reflect what we find is likely a plateau of performance. Last week's RevPAR results were sequentially worse than the Running 28 day average (industry and all chain scales). The sequential declines are both occupancy and rate driven although rate loss remains somewhat more modest/"less worse" in Luxury, Midscale, and Economy. The loss of higher-rated corporate demand (both the independent business traveler and group/convention) has impacted the mix of business especially for Upper Upscale and Upscale hotels where rate loss is most material and the negative impact to margins likely most evident. **The impact from rising COVID-19 cases is clearly evident in last week's trends and unfortunately a reflection that most corporate demand is unlikely to return to most hotels anytime soon. Among the few positive outliers: drive-to and generally price accommodating leisure destinations.**

- Last week's results presented the first y/y clean comp in a number of weeks. Clean comps continue through most of August so we will have a better read into Summer 2020 trends and any improvement/lack thereof in the three major demand segments.
- 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 July, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish -65% to -75%. We estimate that the overall industry will finish approximately -48% to -52%. Please note that reported monthly results include hotels that are not in the weekly data set.

C. Patrick Scholes
212-319-3915
patrick.scholes@suntrust.com

Gregory J. Miller
212-303-4198
gregory.j.miller@suntrust.com

Kevin Robinson
617-345-6544
kevin.robinson@suntrust.com

What's Inside

Weekly STR results and analysis

Compared to the prior week (ended 7/11), sequential RevPAR trends were softer than last week's results.

- **Headline RevPAR** was -56.0% vs. the running 28 day average of -53.3%.
- **RevPAR** for the weeks ended March 14 through July 11, 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/-62.6/-60.3/-56.5/-44.8/-54.6% respectively.
- **Occupancy:** absolute occupancy of 47.5% was sequentially **stronger** than the prior week of 45.9%. Occupancy y/y change of -38.9% is sequentially **softer** than the prior week of -38.0%.
- **ADR:** ADR y/y change of -28.0% was sequentially **softer** than the prior week of -26.8%. (We do not consider sequential changes in absolute ADR material.)
- **"Location" RevPAR Y/Y change sequentially mixed (partly a rate impact post 7/4). We still do not see a material corporate demand rebound:** Urban (-76.5% vs. -74.8% in the prior week), Suburban (-54.7% vs. -52.9%), Interstate (-34.9% vs. -34.8%), and Resort (-50.9% vs. -49.7%).
 - **Absolute occupancies improved:** Urban: 33.5% vs. 32.9% in the prior week, Suburban: 49.6% vs. 48.2%, Interstate: 53.1% vs. 51.3%, and Resort: 45.5% vs. 43.0%.
- **Open/closed hotels:** Per STR 6.2% of the hotel supply is closed (vs. 6.6% in the prior week.).

Last week's RevPAR details:

- **Economy was the relatively strongest chain scale:** Upscale and Upper Midscale underperformed by 3,480 bps and 2,240 bps, respectively: Luxury RevPAR (-77.6%), Upper Upscale (-76.7%), Upscale (-62.3%), Upper Midscale (-49.9%), Midscale (-38.3%), and Economy (-27.5%). Independent hotels (-48.4%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -62.4% (vs. -61.8% last week) and Group segment RevPAR was -91.5% (vs. -91.4% last week).
 - Absolute Group occupancy remains near zero and does not seem to be improving: 3.1% last week vs. 2.7% for the running 28 days. **There may be some summer weddings/social group contributing to last week's results - do not read into these results as a major positive trend.**
- **Los Angeles was the relatively strongest market of the top five markets:** Boston (-82.7%), Chicago (-77.0%), Los Angeles (-68.6%), NYC (-79.9%), and Washington, D.C. (-73.9%).
- **Other relevant markets:**
 - **San Francisco:** RevPAR was -80.1% vs. -80.0% last week.
 - **COVID-19 "watch" markets (RevPAR):**
 - **Dallas:** -62.8% vs. -63.1% last week. Absolute occupancy 40.3% vs. 39.0% last week.
 - **Houston:** -60.4% vs. -59.8% last week. Absolute occupancy 38.1% vs. 36.8% last week.
 - **Phoenix:** -40.2% vs. -36.0% last week. Absolute occupancy 43.2% vs. 42.4% last week.
 - Note: Weekly changes for resort locations (more impactful to Phoenix) may add noise to the sequential comparisons.
 - **Florida market RevPAR:**
 - **Miami:** (-74.3% vs. -71.9% last week).
 - **Orlando:** (-71.1% vs. -70.9% last week). Note: [Walt Disney World theme parks have reopened](#) [(The Walt Disney Company (DIS, NR))]. Covered companies with material exposure near the theme parks include: HST (Hold), PK (Buy), RHP (Hold), RLJ (Sell, Miller), and WH (Buy). Other C-

corps have large resorts in the area but relative exposure impact is lower (MAR (Hold), HLT (Hold), and H (Hold)). **We would view spiking cases following theme park reopenings potentially very problematic for Orlando hotels.**

Picking lodging stocks at the moment: A real conundrum as our eyes tell us one thing but our analyst instincts tell us another:

- On one hand, we think forward RevPAR trends for corporate and group/convention business for the rest of the year can best be described as “awful”. **What we can *physically* see (hard data that has good predictability for the rest of the year) at the moment is not encouraging for the typical REIT-owned hotel and would under “normal conditions” prompt us to potentially downgrade many names to a Sell rating.**
- On the other hand, if one *believes* and has *faith* that 2021 and 2022 will be RevPAR recovery years, which we do, and subsequently values these stocks on 2022 estimates, then many look moderately attractive. To this we add that many companies have the balance sheets to seemingly ride out 2020, a throw-away year in our view.

As it relates to stock picking for the moment, we continue to look most favorably on hotels and resorts that are best positioned to the drive-to leisure customer today (including Buy-rated WH, WYND, and VAC).

- We reiterate our view that the companies likely best positioned in our coverage universe to drive-to leisure are CHH (Hold) and WH (Buy) (we prefer WH over CHH due to a more attractive comparable valuation) and for the timeshare companies (BXG (Hold), HGV (Buy), VAC (Buy), WYND (Buy)). **We find one of the most telling signals this year as it relates to the resiliency of the timeshare business model is that WYND is the only company in our greater coverage universe to have not cut its dividend; to us that really says something.**
- Besides improvements in drive-to leisure travel today, there are indications of strong pent-up demand for future travel.

(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

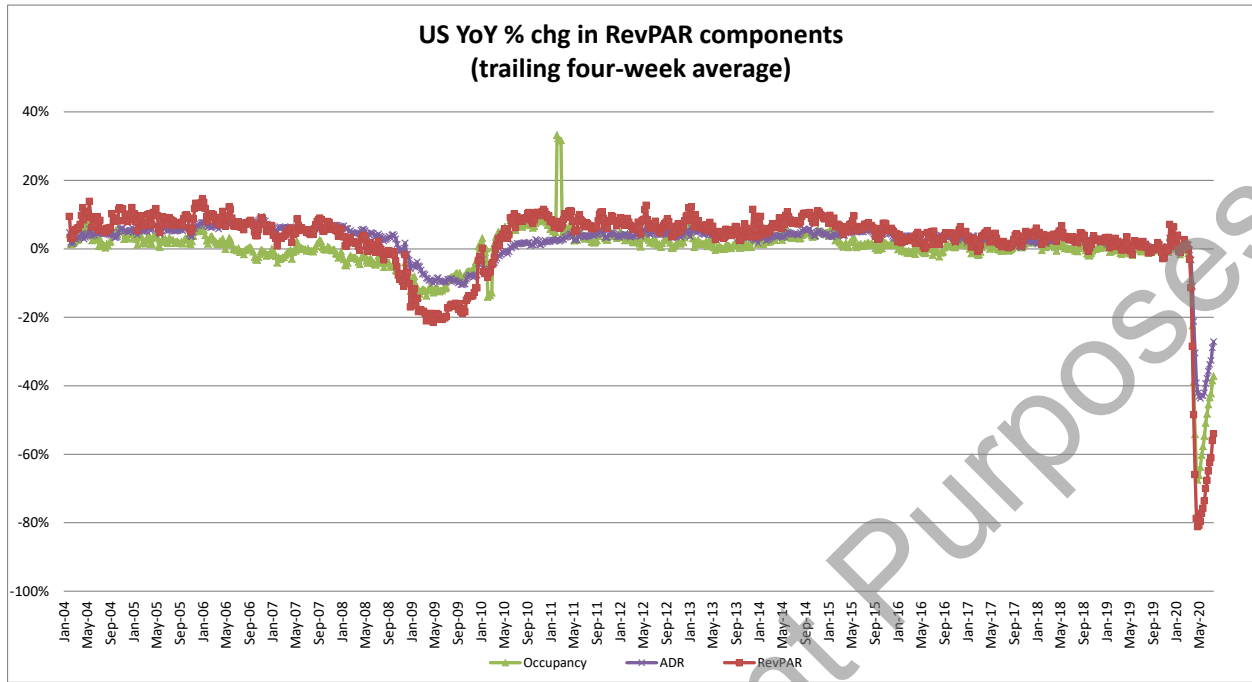
YoY % change in RevPAR													
U.S.	Upper		Upper		Economy		Index	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
5/16/2020	-73.6%	-89.7%	-89.8%	-78.2%	-69.8%	-55.4%	-36.3%	-69.5%	-80.5%	-90.9%	-73.6%	-85.9%	-87.0%
5/23/2020	-69.9%	-87.0%	-87.2%	-75.1%	-65.2%	-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%
6/20/2020	-60.3%	-79.3%	-79.1%	-66.5%	-54.4%	-42.4%	-30.3%	-53.2%	-77.3%	-86.4%	-68.4%	-82.1%	-81.2%
6/27/2020	-56.5%	-76.1%	-76.5%	-63.3%	-50.0%	-37.8%	-26.5%	-48.7%	-78.3%	-85.4%	-65.2%	-78.7%	-77.9%
7/4/2020	-44.8%	-66.4%	-65.2%	-48.2%	-37.3%	-28.4%	-21.3%	-40.6%	-67.2%	-71.6%	-60.2%	-56.8%	-58.0%
7/11/2020	-54.6%	-75.6%	-75.7%	-61.4%	-48.8%	-36.4%	-24.8%	-47.0%	-77.7%	-82.9%	-67.2%	-73.6%	-71.0%
7/18/2020	-56.0%	-77.6%	-76.7%	-62.3%	-49.9%	-38.3%	-27.5%	-48.4%	-79.9%	-82.7%	-68.6%	-77.0%	-73.9%
Clean comp; rising cases impacting demand				Economy and Midscale led the industry (on a relative basis)				LA and DC 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%	3.7%	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.	Upper		Upper		Economy		Index	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%
6/20/2020	-31.7%	-18.8%	-29.8%	-28.8%	-21.9%	-16.1%	-13.8%	-27.0%	-52.7%	-55.7%	-38.1%	-53.6%	-48.5%
6/27/2020	-29.0%	-14.0%	-26.9%	-26.9%	-19.6%	-14.0%	-12.0%	-23.7%	-52.3%	-54.1%	-35.6%	-49.0%	-44.9%
7/4/2020	-20.9%	-5.1%	-12.3%	-15.7%	-13.2%	-11.9%	-11.0%	-18.4%	-31.6%	-34.4%	-30.9%	-24.9%	-22.2%
7/11/2020	-26.8%	-12.4%	-25.1%	-24.4%	-18.4%	-13.2%	-11.6%	-21.5%	-46.2%	-49.4%	-38.4%	-42.1%	-35.6%
7/18/2020	-28.0%	-13.6%	-26.3%	-26.0%	-20.0%	-14.5%	-13.3%	-22.7%	-48.4%	-50.3%	-39.5%	-45.9%	-38.5%
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%	3.7%	-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.	Upper		Upper		Economy		Index	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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	-43.2%	-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%
6/20/2020	-41.8%	-74.4%	-70.3%	-53.0%	-41.6%	-31.3%	-19.1%	-35.9%	-52.0%	-69.3%	-49.0%	-61.3%	-63.5%
6/27/2020	-38.7%	-72.1%	-67.9%	-49.8%	-37.9%	-27.7%	-16.5%	-32.8%	-54.6%	-68.1%	-45.9%	-58.2%	-59.9%
7/4/2020	-30.2%	-64.6%	-60.3%	-38.6%	-27.7%	-18.7%	-11.6%	-27.2%	-52.0%	-56.7%	-42.5%	-42.5%	-46.0%
7/11/2020	-38.0%	-72.2%	-67.5%	-49.0%	-37.2%	-26.7%	-14.9%	-32.4%	-58.5%	-66.2%	-46.8%	-54.4%	-54.9%
7/18/2020	-38.9%	-74.0%	-68.3%	-49.0%	-37.4%	-27.8%	-16.4%	-33.3%	-61.1%	-65.3%	-48.2%	-57.4%	-57.6%
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%

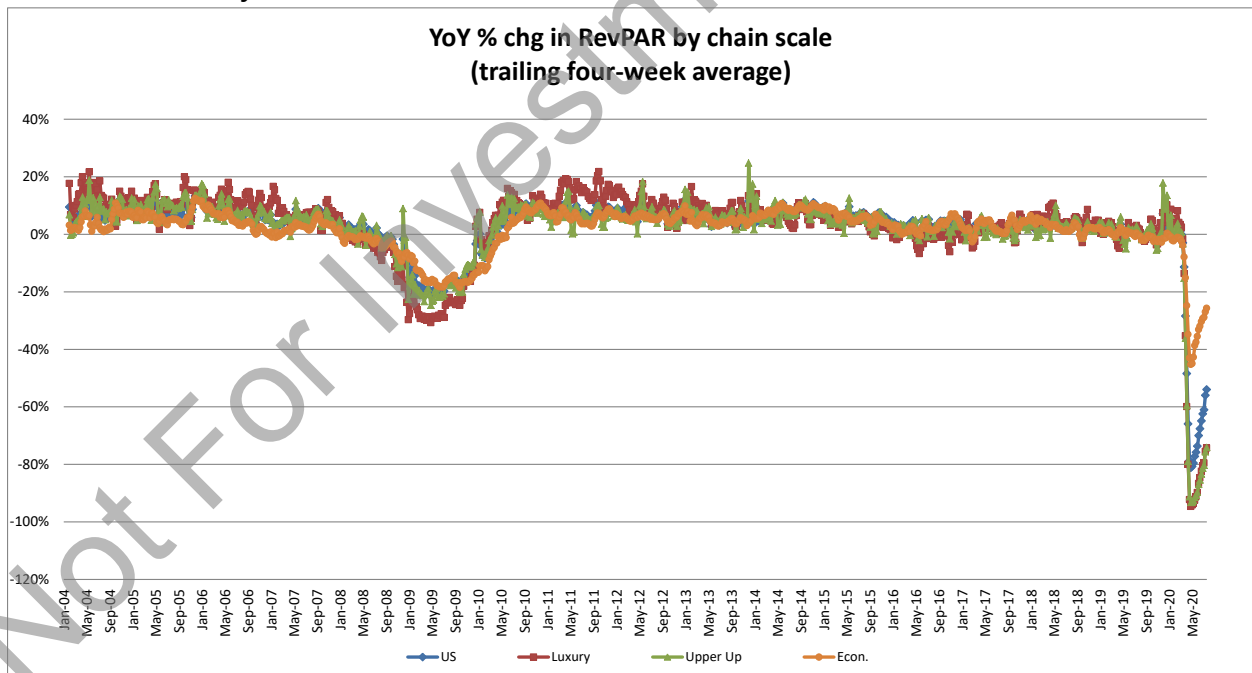
Source: STR data, STRH research

RevPAR Component Trends



Source: STR data, STRH research

RevPAR Trends by Chain Scale



Source: STR data, STRH research

Price Target/Risks Summary

Lodging	TKR	Price 7/21/20	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	\$85.72	Hold	\$67	-22%	\$336	\$336	13.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$5.12	Hold	\$4	-22%	\$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	\$10.89	Hold	\$9	-17%	\$776	\$776	12.0X	Upside risk: Transient and group trends outperform expectations Downside risk: ongoing misexecution and volatility.
Hyatt Hotels	H	\$51.67	Hold	\$49	-5%	\$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	\$5.36	Hold	\$5	2%	\$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
Hilton Grand Vacations	HGV	\$20.57	Buy	\$23	11%	\$318	\$334	9.3X	Upside risk: Macro lodging trends improve beyond expectations. Downside risk: slowing pipeline. Deep 2021 recession.
Hilton	HLT	\$80.12	Hold	\$66	-18%	\$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	\$89.96	Hold	\$86	-4%	\$2,571	\$2,794	14.0X	Downside risk: M&A story fades and multiples revert to historical levels
Marriott Vacations	VAC	\$87.60	Buy	\$114	30%	\$690	\$0	9.5X	Downside risk: Significant supply growth, macroeconomic challenges/shocks, higher than expected labor costs.
Park Hotels & Resorts	PK	\$9.37	Buy	\$10	7%	\$526	\$538	12.0X	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. Very slow recovery in San Francisco.
Pebblebrook Hotel Trust***	PEB	\$10.64	Hold	\$9	-15%	\$292	\$292	13.25X	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)
Playa Hotels & Resorts	PLYA	\$3.62	Hold	\$2	-45%	\$136	\$142	9.5X	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.
RLJ Lodging Trust***	RLJ	\$8.36	Sell	\$7	-16%	\$270	\$282	11.5X	Downside risk: booking issues stickier than expected.
Ryman Hospitality Properties	RHP	\$32.46	Hold	\$30	-8%	\$316	\$322	12.5X	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.
Sunstone Hotel Investors	SHO	\$7.47	Hold	\$7	-6%	\$197	\$197	11.5X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Vail Resorts, Inc.****	MTN	\$195.10	Buy	\$233	20%	\$811	\$811	14.5X	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.
Wyndham Destinations	WYND	\$30.05	Buy	\$39	29%	\$771	\$799	7.3X	
Wyndham Hotels & Resorts	WH	\$47.42	Buy	\$45	-5%	\$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, \$5.36, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$85.72, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$5.12, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$51.67, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$20.57, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$80.12, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$10.89, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$89.96, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$195.10, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$10.64, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$9.37, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$3.62, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$32.46, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$8.36, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$7.47, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$87.60, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$47.42, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$30.05, 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.

Required Disclosures

Analyst compensation is based upon stock price performance, quality of analysis, communication skills, and the overall revenue and profitability of the firm, including investment banking revenue.

As a matter of policy and practice, the firm prohibits the offering of favorable research, a specific research rating or a specific target price as consideration or inducement for the receipt of business or compensation. In addition, associated persons preparing research reports are prohibited from owning securities in the subject companies.

Charts indicating changes in ratings can be found in recent notes and/or reports at our website or by contacting SunTrust Robinson Humphrey. Please see our disclosures page for more complete information at <https://suntrust.bluematrix.com/sellside/Disclosures.action>.

STRH Ratings System for Equity Securities

Dissemination of Research

SunTrust Robinson Humphrey (STRH) seeks to make all reasonable efforts to provide research reports simultaneously to all eligible clients. Reports are available as published in the restricted access area of our website to all eligible clients who have requested a password. Institutional investors, corporates, and members of the Press may also receive our research via third party vendors including: Thomson Reuters, Bloomberg, FactSet, and S&P Capital IQ. Additional distribution may be done by sales personnel via email, fax, or other electronic means, or regular mail.

For access to third party vendors or our Research website: <https://suntrustlibrary.bluematrix.com/client/library.jsp>.

Please email the Research Department at <mailto:STRHEquityResearchDepartment@suntrust.com> or contact your STRH sales representative.

STRH Rating System for Equity Securities

SunTrust Robinson Humphrey (STRH) rates individual equities using a three-tiered system. Each stock is rated relative to the broader market (generally the S&P 500) over the next 12-18 months (unless otherwise indicated).

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.

STRH analysts have a price target on the stocks that they cover, unless otherwise indicated. The price target represents that analyst's expectation of where the stock will trade in the next 12-18 months (unless otherwise indicated). If an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of STRH Research Management not to assign a target price; likewise certain stocks that trade under \$5 may exhibit volatility whereby assigning a price target would be unhelpful to making an investment decision. As such, with Research Management's approval, an analyst may refrain from assigning a target to a sub-\$5 stock.

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

SunTrust Robinson Humphrey ratings distribution (as of 07/22/2020):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	438	62.93%	Buy	150	34.25%
Hold	247	35.49%	Hold	61	24.70%
Sell	11	1.58%	Sell	1	9.09%

Other Disclosures

Information contained herein has been derived from sources believed to be reliable but is not guaranteed as to accuracy and does not purport to be a complete analysis of the security, company or industry involved. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any security. SunTrust Robinson Humphrey, Inc. and/or its officers or employees may have positions in any securities, options, rights or warrants. The firm and/or associated persons may sell to or buy from customers on a principal basis. Investors may be prohibited in certain states from purchasing some over-the-counter securities mentioned herein. Opinions expressed are subject to change without notice.

SunTrust Robinson Humphrey, Inc.'s research is provided to and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). The term "Institutional Account" shall mean the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million.

SunTrust Robinson Humphrey, Inc. is a registered broker-dealer and a member of FINRA and SIPC. It is a service mark of Truist Financial Corporation. SunTrust Robinson Humphrey, Inc. is owned by Truist Financial Corporation and affiliated with SunTrust Investment Services, Inc. and BB&T Securities, LLC. Despite this affiliation, securities recommended, offered, sold by, or held at SunTrust Robinson Humphrey, Inc., SunTrust Investment Services, Inc. or BB&T Securities, LLC (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Truist Bank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Truist Bank may have a lending relationship with companies mentioned herein.

Please see our Disclosure Database to search by ticker or company name for the current required disclosures, including valuation and risks, Link: <https://suntrust.bluematrix.com/sellside/Disclosures.action>

Please visit the STRH equity research library for current reports and the analyst roster with contact information, Link (password protected): [STRH RESEARCH LIBRARY](#)

SunTrust Robinson Humphrey, Inc., member FINRA and SIPC. Truist and SunTrust Robinson Humphrey are service marks of Truist Financial Corporation.

If you no longer wish to receive this type of communication, please request removal by sending an email to STRHEquityResearchDepartment@SunTrust.com

© SunTrust Robinson Humphrey, Inc. 2020. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

ADDITIONAL INFORMATION IS AVAILABLE at our website, www.suntrustrh.com, or by writing to: SunTrust Robinson Humphrey, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070