

Lodging

Lodging: US RevPAR -51.6% Y/Y Last Week, Don't kid yourself about leisure replacing business

Upper-Upscale down ~80-85% y/y mid-week, only marginally better than April-May

What's Incremental To Our View

Overall U.S. RevPAR was -51.6% Y/Y for the week ending 9/19/2020, per STR, softer than the prior week's result of -48.1%. (2-year stacked RevPAR was -44.5% vs. -47.1% in the prior week). Independent hotels (~ 1/3rd of the data set) were -43.1% y/y. Economy (-15.7%) was the relatively strongest chain scale for branded hotels; Upper Upscale was the weakest at -75.2%. Upscale (-57.3%) underperformed the industry average; Upper Midscale (-41.9%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-88.6% vs. -88.5% prior week) was softer than Transient (-58.6% vs. -51.4% prior week).

With two weeks of STR results post-Labor Day, we have a better sense of initial corporate demand trends into the remainder of the year. **As we expected, there is modest corporate travel and that is especially the case in Top 25 markets and higher-rated hotels. Midweek RevPARs for Upper Upscale were down 80-85% y/y last week -- this is only slightly better than levels seen in April and May.**

- Given the timing of Rosh Hashanah this year and light overall corporate travel (especially group), we view last week's results a fairly cleaner comp ex-virus impact and hurricane/fire impact.
- Lower-rated hotels continue to materially outperform (see chain scale results below) and day-of-week results skew to greater strength on weekends (mid-to-upper 50s occupancy on the weekend last week vs. mid 40s in the midweek).

For the month of September, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish -63% to -73% (our estimate reflects the greater mix of Upper Upscale/Luxury hotels (the weakest chain scales today in terms of RevPAR) vs. the smaller number of Upscale full-service hotels). **We estimate that the overall industry will finish approximately -40% to -50%.** Please note that reported monthly results include hotels that are not in the weekly data set.

- **For 2Q, we estimate that full-service branded domestic hotels will finish -65% to -75% (Luxury/Upper Upscale finishing far worse than Upscale) and the overall industry will finish approximately -45% to -50%.**

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What's Inside

Weekly STR results and analysis

Compared to the prior week (ended 9/12), sequential RevPAR trends were sequentially softer (albeit on a non-clean comp High Holidays shift week) vs. last week's results.

- **Headline RevPAR** was -51.6% vs. the running 28 day average of -44.9%.
- **RevPAR** for the weeks ended March 14 through September 12, 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/-56.0/-54.8/ -51.1/-49.4/-46.1/-46.1/-44.5/-32.8/-48.1%, respectively.
- **Occupancy:** absolute occupancy of 48.6% was sequentially **in-line** with the prior week of 48.5%. Occupancy y/y change of -31.9% is sequentially **softer** than the prior week of -30.2%.
- **ADR:** ADR y/y change of -28.9% was sequentially **softer** than the prior week of -25.5%. (We do not consider sequential changes in absolute ADR material.)
- **"Location" RevPAR Y/Y change sequentially softer ex-Interstate. We still do not see a material corporate demand rebound:** Urban (-75.1% vs. -73.0% in the prior week), Suburban (-47.1% vs. -45.3%), Interstate (-23.6% vs. -25.0%), and Resort (-46.7% vs. -34.5%).
 - **Absolute occupancies mixed:** Urban: 37.6% vs. 38.4% in the prior week, Suburban: 51.1% vs. 50.6%, Interstate: 53.2% vs. 51.2%, and Resort: 41.9% vs. 45.3%.
- **Open/closed hotels:** Per STR 3.9% of the hotel supply is closed (vs. 4.0% in the prior week.).

Last week's RevPAR details:

- **Economy as the relatively strongest chain scale:** Upscale and Upper Midscale underperformed by 4,160 bps and 2,620 bps, respectively: Luxury RevPAR (-73.9%), Upper Upscale (-75.2%), Upscale (-57.3%), Upper Midscale (-41.9%), Midscale (-28.0%), and Economy (-15.7%). Independent hotels (-43.1%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -58.6% (vs. -51.4% last week) and Group segment RevPAR was -88.6% (vs. -88.5% last week).
 - Absolute Group occupancy remains near zero and does not seem to be improving: 5.1% last week vs. 4.8% for the running 28 days. **There may be some late summer weddings/social group contributing to recent 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 (-78.6%), Los Angeles (-54.1%), NYC (-83.2%), and Washington, D.C. (-75.7%).
- **Other relevant markets:**
 - **San Francisco:** RevPAR was -81.7% vs. -76.5% last week.
 - **COVID-19 "watch" markets (RevPAR):**
 - **Dallas:** -54.9% vs. -49.8% last week. Absolute occupancy 46.3% vs. 46.0% last week.
 - **Houston:** -51.2% vs. -40.8% last week. Absolute occupancy 46.5% vs. 49.7% last week.
 - **Phoenix:** -45.3% vs. -43.5% last week. Absolute occupancy 48.5% vs. 46.8% last week.
 - Note: Weekly changes for resort locations (more impactful to Phoenix) may add noise to the sequential comparisons.
 - **Florida market RevPAR:**
 - **Miami:** (-53.3% vs. -46.5% last week).
 - **Orlando:** (-66.0% vs. -54.6% last week).

The lodging stocks: We expect continued investor disappointment over the next several quarters. The primary driver of our negative stance is our belief in a slower than originally anticipated US RevPAR recovery, with urban business and group-centric hotels unfortunately being in the cross-hairs of the worst of the pain.

- **The good news is that leisure travel, especially drive-to leisure, has shown some green shoots over the past four months.** For the public companies, we reiterate the companies best relatively positioned here in our coverage universe for 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 (Hold-rated BXG and Buy rated: HGV, VAC, and WYND). To be clear, like for the business and group-centric hotels, we think the next year will still be very challenging for these companies. *That said, they are relatively better positioned as to not be in the direct cross-hairs of the industry's greatest areas of pain.*

(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

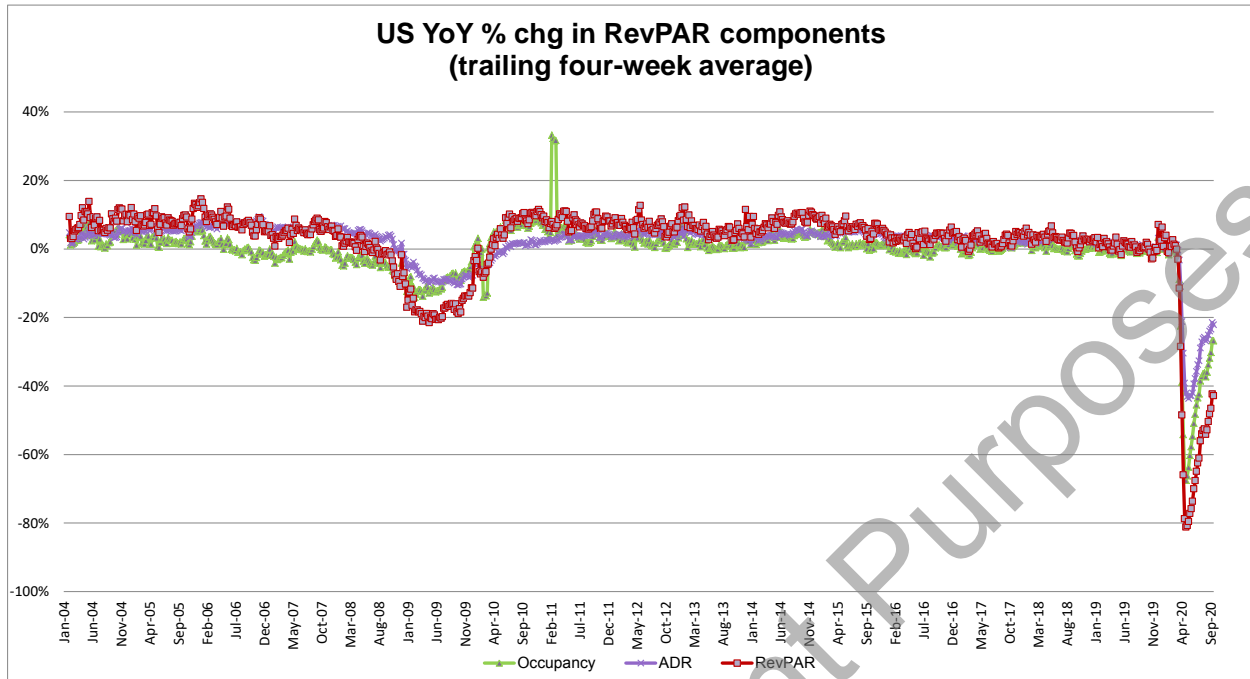
YoY % change in RevPAR													
U.S.	Upper		Upper		Upper		Economy	Index	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
6/27/2020	-56.5%	-76.1%	-76.5%	-63.3%	-50.0%	-37.8%	-26.5%	-48.7%	-78.3%	-85.4%	-65.2%	-78.7%	-77.9%
7/4/2020	-44.8%	-66.4%	-65.2%	-48.2%	-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%
7/25/2020	-54.8%	-77.0%	-75.6%	-61.0%	-49.0%	-37.8%	-26.9%	-47.0%	-79.6%	-81.9%	-67.3%	-73.7%	-72.1%
8/1/2020	-51.1%	-74.5%	-73.1%	-57.5%	-44.8%	-33.6%	-23.9%	-42.0%	-78.1%	-79.9%	-66.6%	-75.2%	-66.9%
8/8/2020	-49.4%	-71.8%	-71.6%	-55.0%	-41.9%	-30.3%	-20.3%	-42.3%	-77.6%	-80.9%	-63.8%	-74.8%	-65.4%
8/15/2020	-46.1%	-69.4%	-68.8%	-52.5%	-39.1%	-26.9%	-17.5%	-37.7%	-72.9%	-78.2%	-61.0%	-67.7%	-63.8%
8/22/2020	-46.1%	-68.2%	-69.5%	-52.8%	-39.5%	-26.5%	-16.7%	-36.8%	-74.8%	-75.4%	-58.5%	-72.8%	-62.3%
8/29/2020	-44.5%	-67.3%	-67.8%	-50.0%	-37.4%	-26.0%	-16.0%	-36.0%	-75.6%	-71.1%	-51.2%	-68.6%	-49.9%
9/5/2020	-32.8%	-60.5%	-59.3%	-38.1%	-24.0%	-13.7%	-6.2%	-22.8%	-76.1%	-72.4%	-37.6%	-64.2%	-53.7%
9/12/2020	-48.1%	-68.9%	-72.0%	-55.9%	-41.3%	-25.7%	-12.6%	-36.5%	-80.7%	-80.9%	-47.0%	-78.9%	-76.7%
9/19/2020	-51.6%	-73.9%	-75.2%	-57.3%	-41.9%	-28.0%	-15.7%	-43.1%	-83.2%	-82.7%	-54.1%	-78.6%	-75.7%
Corp travel struggling post Labor Day 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)													
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%
2Q20	-69.9%	-86.8%	-86.7%	-74.8%	-65.4%	-51.3%	-35.0%	-65.2%	-76.9%	-88.2%	-74.5%	-83.7%	-83.7%

YoY % change in ADR													
U.S.	Upper		Upper		Upper		Economy	Index	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
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%
7/25/2020	-27.3%	-15.6%	-25.6%	-25.7%	-19.9%	-14.4%	-13.3%	-21.7%	-47.8%	-49.1%	-37.5%	-41.9%	-36.9%
8/1/2020	-25.3%	-13.3%	-24.7%	-24.1%	-18.2%	-12.9%	-11.9%	-18.5%	-45.2%	-47.8%	-38.6%	-45.6%	-31.6%
8/8/2020	-24.9%	-11.0%	-24.7%	-23.2%	-16.9%	-11.8%	-10.1%	-20.1%	-45.7%	-49.0%	-35.8%	-43.8%	-30.2%
8/15/2020	-23.0%	-10.9%	-23.5%	-22.2%	-16.2%	-10.3%	-8.7%	-17.1%	-40.8%	-44.7%	-35.2%	-38.8%	-28.0%
8/22/2020	-22.7%	-9.9%	-22.9%	-22.2%	-16.4%	-10.5%	-7.9%	-16.1%	-38.7%	-43.2%	-33.8%	-41.9%	-25.8%
8/29/2020	-23.2%	-9.9%	-24.1%	-22.2%	-16.8%	-11.6%	-8.9%	-17.4%	-40.5%	-39.2%	-27.3%	-36.9%	-15.7%
9/5/2020	-17.1%	-10.2%	-20.2%	-17.7%	-11.0%	-5.9%	-2.9%	-9.3%	-45.4%	-45.5%	-17.7%	-35.1%	-25.0%
9/12/2020	-25.5%	-16.4%	-30.8%	-27.2%	-17.2%	-8.8%	-5.2%	-17.3%	-53.6%	-52.0%	-24.1%	-51.2%	-46.5%
9/19/2020	-28.9%	-21.5%	-33.7%	-28.9%	-18.8%	-10.4%	-7.1%	-22.6%	-57.6%	-54.7%	-27.9%	-49.4%	-45.9%
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%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-56.9%	-40.5%	-53.7%	-48.8%

YoY % change in Occupancy													
U.S.	Upper		Upper		Upper		Economy	Index	New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Midscale							
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	-38.3%	-74.0%	-68.3%	-49.0%	-37.4%	-27.8%	-16.4%	-33.3%	-61.1%	-65.3%	-48.2%	-57.4%	-57.6%
7/25/2020	-37.9%	-72.7%	-67.2%	-47.6%	-36.3%	-27.4%	-15.7%	-32.3%	-60.8%	-64.3%	-47.7%	-54.8%	-55.7%
8/1/2020	-34.5%	-70.6%	-64.3%	-44.0%	-32.6%	-23.8%	-13.7%	-28.8%	-60.0%	-61.6%	-45.6%	-54.4%	-51.5%
8/8/2020	-32.6%	-68.3%	-62.3%	-41.5%	-30.1%	-20.9%	-11.3%	-27.8%	-58.7%	-62.5%	-43.7%	-55.1%	-50.5%
8/15/2020	-30.0%	-65.7%	-59.2%	-38.9%	-27.4%	-18.5%	-9.7%	-24.8%	-54.1%	-60.6%	-39.8%	-47.2%	-49.6%
8/22/2020	-30.3%	-64.7%	-60.4%	-39.3%	-27.6%	-17.9%	-9.5%	-24.6%	-58.8%	-56.7%	-37.3%	-53.1%	-49.1%
8/29/2020	-27.7%	-63.7%	-57.6%	-35.8%	-24.8%	-16.4%	-7.7%	-22.5%	-59.0%	-52.4%	-32.9%	-50.2%	-40.6%
9/5/2020	-18.9%	-56.0%	-49.0%	-24.8%	-14.6%	-8.4%	-3.4%	-14.9%	-56.3%	-49.3%	-24.2%	-44.9%	-38.3%
9/12/2020	-30.2%	-62.7%	-59.5%	-39.4%	-29.1%	-18.5%	-7.8%	-23.3%	-58.4%	-60.3%	-30.2%	-56.8%	-56.4%
9/19/2020	-31.9%	-66.8%	-62.5%	-40.0%	-28.4%	-19.7%	-9.3%	-26.5%	-60.3%	-61.8%	-36.4%	-57.7%	-55.1%
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%
2Q20	-52.1%	-83.0%	-79.8%	-64.0%	-55.1%	-41.3%	-23.9%	-46.6%	-51.5%	-72.7%	-57.1%	-64.7%	-68.2%

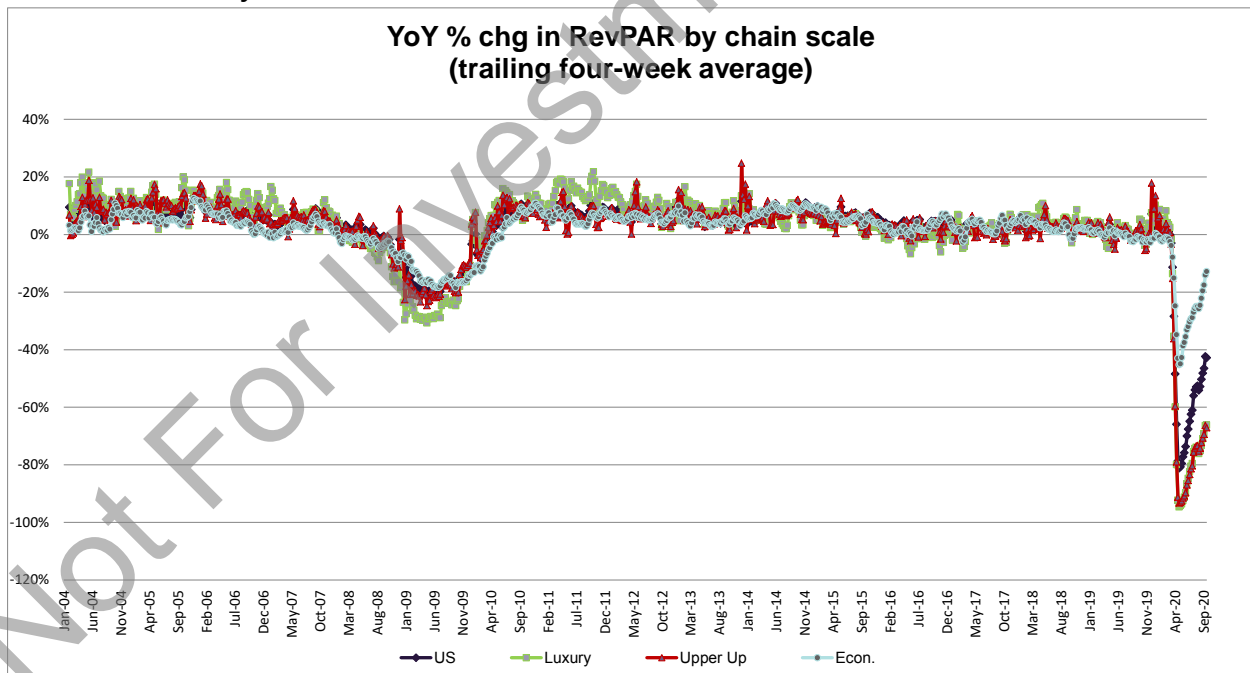
Source: STR data, Truist Securities research

RevPAR Component Trends



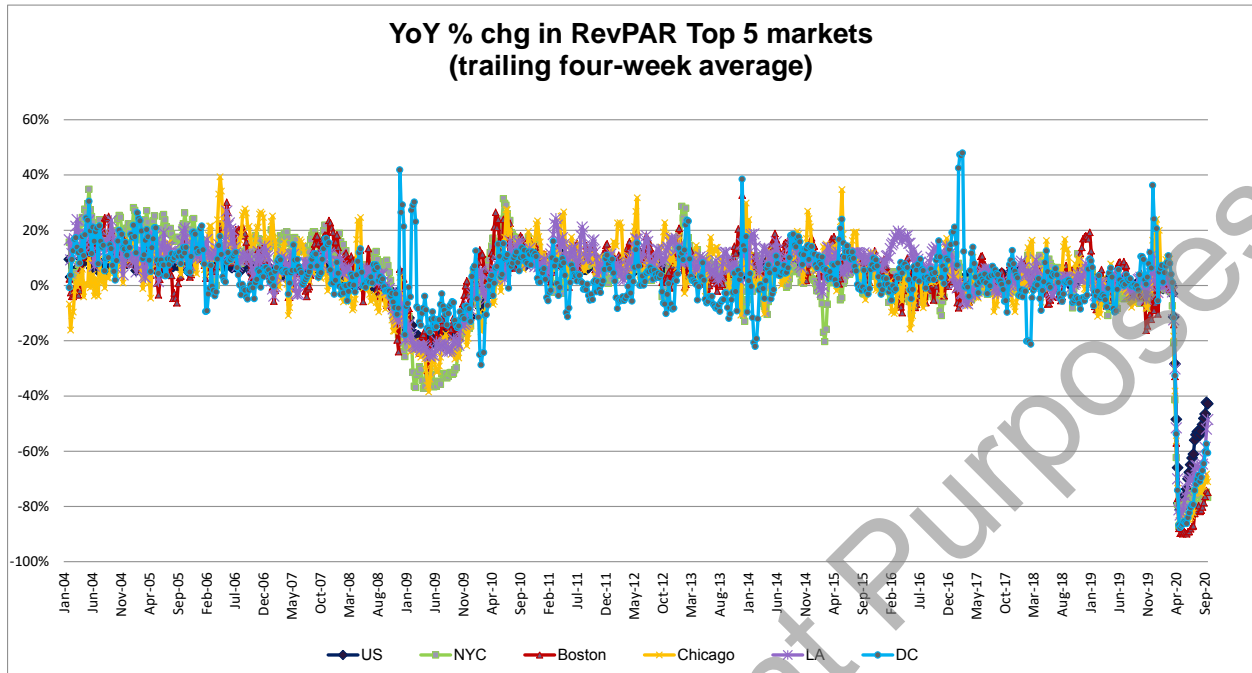
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



Source: STR data, Truist Securities research

RevPAR Trends by Market



Source: STR data, Truist Securities research

Price Target/Risks Summary

Lodging	Price TKR	9/22/20	Rating	PT*	% upside down- side	2021E Valuation EBITDA (\$M)* **	2022E Valuation EBITDA (\$M)* **	2021E As Reported EBITDA (\$M)*	2022E 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.
Bluegreen Vacations	BXG	\$5.17	Hold	\$6	20%	\$95	\$111	\$95	\$111	6.1X	Upside risk: Accelerating tour flow, FCF generation and declining consumer defaults. Downside risk: 3rd party induced defaults worsen. Middle market customers underperform.
Choice Hotels	CHH	\$89.22	Hold	\$84	-6%	\$329	\$376	\$329	\$376	14.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$4.78	Sell	\$4	-16%	\$51	\$161	\$51	\$162	11.5X	Upside risk: faster demand improvement in corporate travel than expected. Brand changes (e.g. Vail) lead to material EBITDA improvement. Leisure hotels hold/improve on RevPAR and margins despite the challenging macro.
Hilton	HLT	\$85.24	Hold	\$79	-7%	\$1,539	\$1,980	\$1,637	\$2,062	14.9X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hilton Grand Vacations	HGV	\$20.41	Buy	\$27	34%	\$262	\$349	\$278	\$366	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
Host Hotels & Resorts	HST	\$10.40	Sell	\$8	-23%	\$242	\$802	\$242	\$802	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Dispositions at higher multiple than expected (incl. NYC).
Hyatt Hotels	H	\$53.36	Sell	\$42	-21%	\$119	\$485	\$145	\$514	13.4X	Upside risk: Transient and group trends outperform expectations, particularly for owned hotels. Material disposition of owned hotels. Faster than expected improvement in net rooms growth.
Marriott International	MAR	\$95.50	Hold	\$94	-2%	\$1,939	\$2,604	\$2,160	\$2,831	14.8X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Disposition of owned hotels at attractive pricing.
Marriott Vacations	VAC	\$87.80	Buy	\$125	42%	\$599	\$718	\$627	\$746	9.5X	Downside risk: slowing pipeline. Deep 2022 recession.
Park Hotels & Resorts	PK	\$9.54	Sell	\$7	-27%	\$174	\$518	\$186	\$530	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Dispositions at higher multiple than expected. CHSP revenue and asset management strategies lead to faster than expected EBITDA gains.
Pebblebrook Hotel Trust***	PEB	\$12.11	Hold	\$10	-17%	\$130	\$322	\$130	\$322	13.0X	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.
Playa Hotels & Resorts	PLYA	\$4.11	Hold	\$2	-51%	\$92	\$148	\$103	\$159	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	\$8.40	Hold	\$8	-5%	\$105	\$297	\$117	\$309	11.5X	Upside risk: RevPAR reaccelerates faster than expected, leading to estimate revisions and multiple expansion. Wyndham hotels are repositioned earlier in the 2022 valuation period and incremental EBITDA is more material than our expectations. Downside risk: Lower customer demand/operational inefficiencies for select-service hotels.
Ryman Hospitality Properties	RHP	\$36.71	Sell	\$23	-37%	\$127	\$296	\$155	\$325	12.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery.
Sunstone Hotel Investors	SHO	\$7.54	Sell	\$6	-20%	\$111	\$194	\$111	\$194	11.5X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements.
Vail Resorts, Inc.	MTN	\$225.37	Buy	\$233	4%	\$765	\$765	\$811	\$811	14.5X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Destinations	WYND	\$30.64	Buy	\$42	36%	\$681	\$738	\$709	\$769	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	\$49.00	Buy	\$51	4%	\$414	\$535	\$434	\$557	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 - gregory.j.miller@truist.com

Source: FactSet, Truist Securities research

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$5.17, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$89.22, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$4.78, Sell, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$53.36, Sell, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$20.41, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$85.24, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$10.40, Sell, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$95.50, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$225.37, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$12.11, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$9.54, Sell, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$4.11, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$36.71, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$8.40, Hold, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$7.54, Sell, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$87.80, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$49.00, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$30.64, Buy, C. Patrick Scholes)

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