

Lodging

Lodging: US RevPAR -51.7% Y/Y Last Week, A near mirror image to the prior week's results.

UU/Lux RevPAR -80s% again. More confirmation on limited corp travel.

What's Incremental To Our View

Overall U.S. RevPAR was -51.7% Y/Y for the week ending 9/26/2020, per STR, in-line with the prior week's result of -51.6%. (2-year stacked RevPAR was -52.5% vs. -44.5% in the prior week). Independent hotels (~ 1/3rd of the data set) were -43.4% y/y. Economy (-15.9%) was the relatively strongest chain scale for branded hotels; Luxury was the weakest at -74.9%. Upscale (-57.4%) underperformed the industry average; Upper Midscale (-41.3%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-89.0% vs. -88.6% prior week) was softer than Transient (-57.6% vs. -58.6% prior week).

In what is not so great news but not surprising to us, headline RevPAR results were very similar to the prior week (ending 9/19). Now that we have three weeks of post-Labor Day results, there is even clearer support that higher-rated corporate travel remains very impaired and we do not see this impairment changing soon. Like the prior week, midweek RevPARs for Luxury and Upper Upscale continue to hold in the negative mid 80s%, marginally better than April-May although we recognize more hotels are open (more competition). While there is a calendar shift impact from the High Holidays and wildfire impact from the West Coast, the macro dominates the micro for the RevPAR results (city specific trends across the country are generally fairly uniform with weekend outperforming weekday).

For the month of September, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Sell], or Marriott [MAR, Hold] hotel) will finish approximately -70% for Luxury/Upper Upscale full-service and ~15-20 points better for Upscale (our prior estimate was -63% to -73%). We estimate that the overall industry will finish approximately -45% to -50% (our prior estimate was -40% to -50%). Please note that reported monthly results include hotels that are not in the weekly data set.

- **For 3Q, we estimate that full-service branded domestic hotels will finish -67% to -73% for Luxury/Upper Upscale and -50s% for Upscale full-service (our prior estimate was -65% to -75%) and the overall industry will finish approximately -45% to -50% (unchanged from our prior estimate).**

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What's Inside

Weekly STR results and analysis

Compared to the prior week (ended 9/19), sequential RevPAR trends were sequentially in-line (albeit on a non-clean comp High Holidays shift week) vs. last week's results.

- Headline RevPAR was -51.7% vs. the running 28 day average of -46.9%.
- RevPAR for the weeks ended March 14 through September 19, 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/-51.6%, respectively.
- **Occupancy:** absolute occupancy of 48.7% was sequentially **in-line** with the prior week of 48.6%. Occupancy y/y change of -31.5% is sequentially **similar** to the prior week of -31.9%.
- **ADR:** ADR y/y change of -29.6% was sequentially **slightly softer** than the prior week of -28.9%. (We do not consider sequential changes in absolute ADR material.)
- **"Location" RevPAR Y/Y change sequentially similar to the prior week. We still do not see a material corporate demand rebound:** Urban (-75.6% vs. -75.1% in the prior week), Suburban (-46.6% vs. -47.1%), Interstate (-23.7% vs. -23.6%), and Resort (-46.9% vs. -46.7%).
 - **Absolute occupancies mixed:** Urban: 38.4% vs. 37.6% in the prior week, Suburban: 51.0% vs. 51.1%, Interstate: 53.0% vs. 53.2%, and Resort: 42.9% vs. 41.9%.
- **Open/closed hotels:** Per STR 4.0% of the hotel supply is closed (vs. 3.9% in the prior week.).

Last week's RevPAR details:

- **Economy was the relatively strongest chain scale:** Upscale and Upper Midscale underperformed by 4,150 bps and 2,540 bps, respectively: Luxury RevPAR (-74.9%), Upper Upscale (-74.6%), Upscale (-57.4%), Upper Midscale (-41.3%), Midscale (-27.6%), and Economy (-15.9%). Independent hotels (-43.4%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -57.6% (vs. -58.6% last week) and Group segment RevPAR was -89.0% (vs. -88.6% last week).
 - Absolute Group occupancy remains limited: 5.0% last week vs. 4.9% for the running 28 days.
- **Los Angeles was the relatively strongest market of the top five markets:** Boston (-80.3%), Chicago (-77.2%), Los Angeles (-52.2%), NYC (-85.5%), and Washington, D.C. (-71.8%).
- **Other relevant markets:**
 - **San Francisco:** RevPAR was -81.4% vs. -81.7% last week.
 - **COVID-19 "watch" markets (RevPAR):**
 - **Dallas:** -58.5% vs. -54.9% last week. Absolute occupancy 44.8% vs. 46.3% last week.
 - **Houston:** -53.2% vs. -51.2% last week. Absolute occupancy 42.2% vs. 46.5% last week.
 - **Florida market RevPAR:**
 - **Miami:** (-56.5% vs. -53.3% last week).
 - **Orlando:** (-66.7% vs. -66.0% 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, in our view, 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

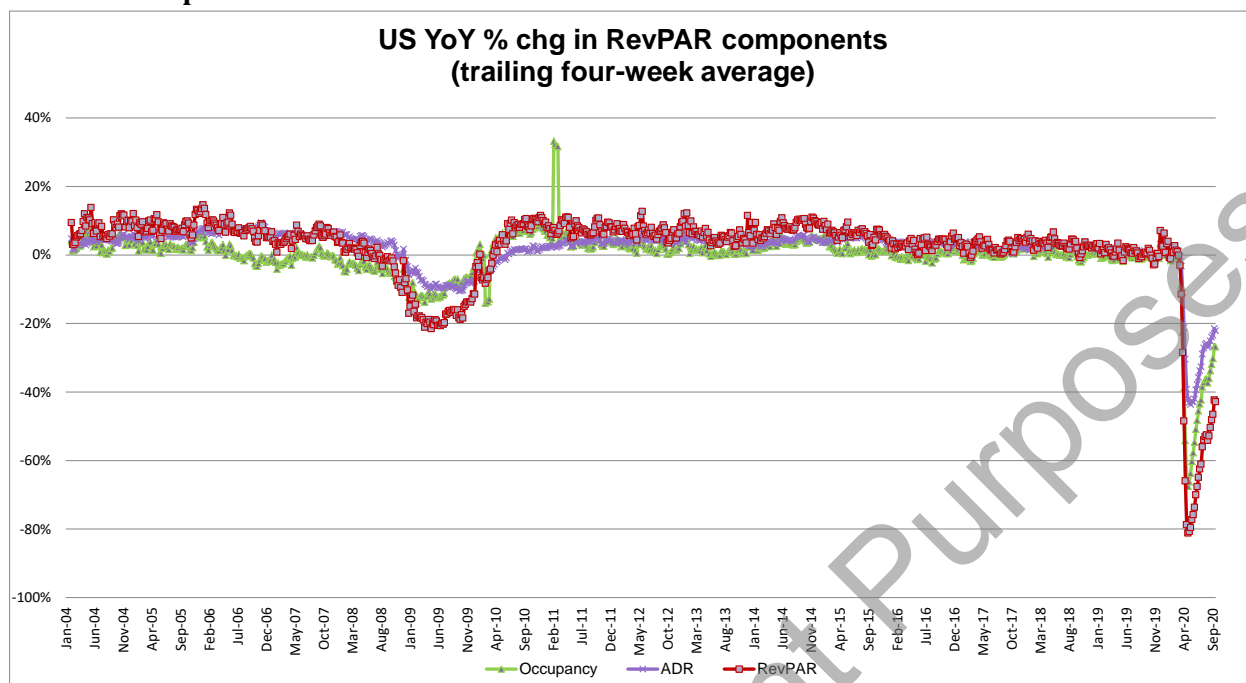
YoY % change in RevPAR													
	U.S.	Luxury	Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	New York	Boston	LA	Chicago	DC
6/27/2020	-56.5%	-76.1%	-76.5%	-63.3%	-50.0%	-37.8%	-26.5%	-48.7%	-78.3%	-85.4%	-65.2%	-78.7%	-77.9%
7/4/2020	-44.8%	-66.4%	-65.2%	-48.2%	-37.3%	-28.4%	-21.3%	-40.6%	-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%
9/26/2020	-51.7%	-74.9%	-74.6%	-57.4%	-41.3%	-27.6%	-15.9%	-43.4%	-85.5%	-80.3%	-52.2%	-77.2%	-71.8%
<div> <div>Corp travel still struggling post Labor Day</div> <div>Economy and Midscale led the industry (on a relative basis)</div> <div>LA and DC led the Top 5 markets (on a relative basis; all markets extremely negative)</div> </div>													
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.	Luxury	Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	New York	Boston	LA	Chicago	DC
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	-28.8%	-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%
9/26/2020	-29.6%	-26.1%	-34.2%	-29.5%	-19.0%	-10.4%	-7.1%	-23.2%	-64.0%	-52.4%	-25.4%	-48.7%	-43.8%
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.	Luxury	Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	New York	Boston	LA	Chicago	DC
6/27/2020	-38.7%	-72.1%	-67.3%	-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%	-38.8%	-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%
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	-18.3%	-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%
9/26/2020	-31.5%	-66.0%	-61.4%	-39.6%	-27.6%	-19.2%	-9.5%	-26.3%	-59.6%	-58.7%	-35.9%	-55.4%	-49.9%
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%

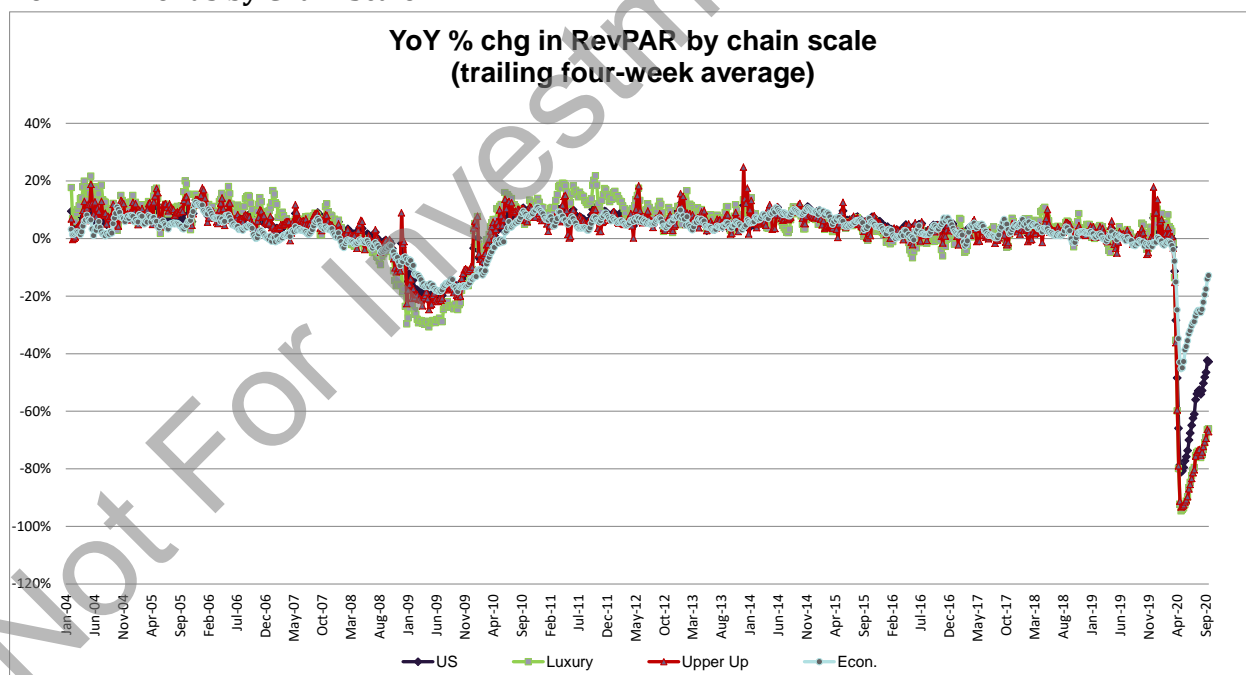
Source: STR data, Truist Securities research

RevPAR Component Trends



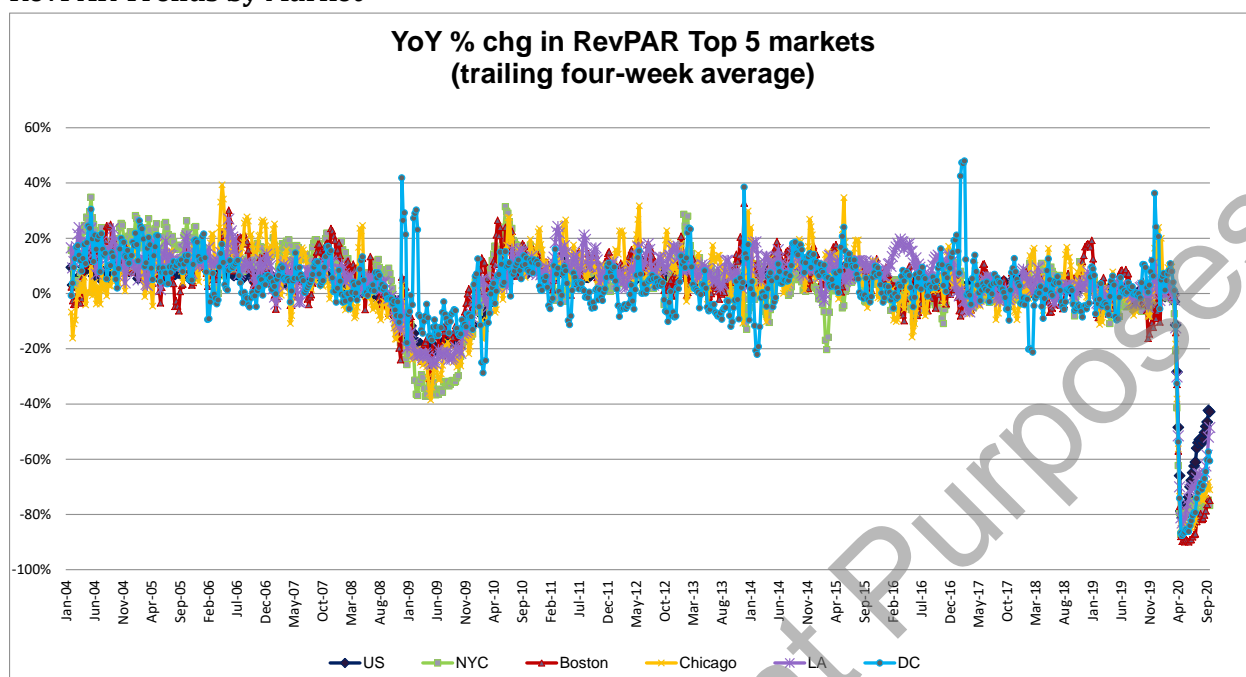
Source: STR data, Truist Securities research

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 9/29/20	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	\$5.02	Hold	\$6	23%	\$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	\$86.48	Hold	\$84	-3%	\$329	\$376	\$329	\$376	14.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$5.05	Sell	\$4	-21%	\$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	\$86.60	Hold	\$79	-9%	\$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	\$21.21	Buy	\$27	29%	\$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	\$10.73	Sell	\$8	-25%	\$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	\$53.25	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	\$93.22	Hold	\$94	1%	\$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	\$90.95	Buy	\$125	37%	\$599	\$718	\$627	\$746	9.5X	Downside risk: slowing pipeline. Deep 2022 recession.
Park Hotels & Resorts	PK	\$10.13	Sell	\$7	-31%	\$174	\$518	\$186	\$530	12.0X	Upside risk: M&A story fades and multiples revert to historical levels. 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	\$12.43	Hold	\$10	-20%	\$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	\$4.37	Hold	\$2	-54%	\$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	\$8.64	Hold	\$8	-7%	\$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	\$36.37	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	\$7.96	Sell	\$6	-25%	\$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	\$214.09	Buy	\$243	14%	\$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	\$30.78	Buy	\$42	35%	\$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	\$50.56	Buy	\$51	1%	\$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, \$5.02, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$86.48, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$5.05, Sell, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$53.25, Sell, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$21.21, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$86.60, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$10.73, Sell, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$93.22, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$214.09, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$12.43, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$10.13, Sell, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$4.37, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$36.37, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$8.64, Hold, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$7.96, Sell, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$90.95, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$50.56, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$30.78, Buy, C. Patrick Scholes)

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