

## Lodging

Lodging: US RevPAR -41.2% Y/Y Last Week; Thanksgiving helped w/w growth.

By comparison, last week appx. 350bps "less bad" vs. week prior to 7/4

### What's Incremental To Our View

Overall U.S. RevPAR was -41.2% Y/Y for the week ending 11/28/2020, per STR, stronger vs. the prior week's result of -52.2%. (2-year stacked RevPAR was -58.5% vs. -22.0% in the prior week). Independent hotels (~ 1/3rd of the data set) were -34.8% y/y. Economy (-13.4%) was the relatively strongest chain scale for branded hotels; Luxury was the weakest at -59.9%. Upscale (-44.1%) underperformed the industry average; Upper Midscale (-37.3%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-72.1% vs. -88.8% prior week) was softer than Transient (-50.3% vs. -62.9% prior week).

Last week being a holiday week was unsurprisingly a light corporate travel week. However, as we indicated in last Wednesday's note, we anticipated relatively healthy Thanksgiving travel -- that assumption appears to have transpired upon review of last week's STR results. That said, last week's headline RevPAR of -41.2% is still far below last year's clean comp comparison: -41.2% is approximately 350 bps. "less bad" than results for the week leading up to July 4th, 2020.

**Thanksgiving read-through to December holiday travel:** we view December demand with "sheer fragility" given the ease of last-minute no-fee cancellations. Putting on our "consumer behavior" hats, we view Thanksgiving as an emotionally important travel holiday for many despite the health risks, especially given such a difficult year. Still, clearly many people stayed home.

According to a Hotel Business article this morning, a Tripadvisor survey (TRIP, Buy, Khan) noted Americans remaining relatively more optimistic about traveling during the December holidays vs. other regions (55% of Americans planning on traveling vs. 30% globally) with American holiday travel down 20% y/y. Before such a stat theoretically impresses our readership to the upside, the same survey also noted only 7% of Americans are planning on staying in a hotel.

- **For major markets:** Thanksgiving trends do not provide a great read-through to December holiday demand. Ex-NYC and warm weather resort markets, Thanksgiving week demand is soft even in normal years. We view the main Top 25 markets with decent December trends will likely be warm-weather resort destinations (Florida, Hawaii, Southern California, and Phoenix). While NYC is normally a beneficiary of December

C. Patrick Scholes  
212-319-3915  
Patrick.Scholes@truist.com

Gregory J. Miller  
212-303-4198  
Gregory.J.Miller@truist.com

### What's Inside

Weekly STR results and analysis

leisure travel, 2020 will be highly challenged due to the existing and proposed shutdowns that negatively impact tourist travel.

**For the month of November, 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% to -75% for Luxury/Upper Upscale full-service (our prior estimate was -75% to -80%) and -55% to -60% for Upscale full-service (our prior estimate was -57% to -62%). We estimate that the overall industry will finish approximately -50% to -55% (our prior estimate was -55% to -60%).** Please note that reported monthly results include hotels that are not in the weekly data set.

**Compared to the prior week (ended 11/21), sequential RevPAR trends were sequentially stronger vs. last week's results.**

- Headline RevPAR was -41.2% vs. the running 28 day average of --51.2%.
- RevPAR for the weeks ended March 14th through November 21st, 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/-51.7/-48.1/-47.5/-50.3/-51.8/-48.4/-55.8/-52.0/-52.2%, respectively.
- **Occupancy:** absolute occupancy of 36.2% was sequentially **softer** than the prior week of 41.2%. Occupancy y/y change of -28.5% is sequentially **stronger** than the prior week of -32.6%.
- **ADR:** ADR y/y change of -17.8% was sequentially **stronger** than the prior week of -29.0%. (We do not consider sequential changes in absolute ADR material.) "Location" RevPAR Y/Y change was sequentially **stronger ex-Interstate** vs. the prior week. We still do not see a material corporate demand rebound: Urban (-63.0% vs. -75.2% in the prior week), Suburban (-35.7% vs. -45.6%), Interstate (-25.9% vs. -20.6%), and Resort (-39.2% vs. 52.7%).
  - **Absolute occupancies softer (ex-Resorts, unsurprisingly) vs. the prior week:** Urban: 28.3% vs. 31.4% in the prior week, Suburban: 38.8% vs. 45.2%, Interstate: 36.7% vs. 44.9%, and Resort: 39.7% vs. 34.4%.
- **Open/closed hotels:** Per STR 3.1% of the hotel supply is closed (vs. 3.1% in the prior week.).
- Please note there are many hotels that suspended operations/closed and they are not included in the comparisons. Implications are that the headline statistics likely overstate the actual performance of the overall industry.

#### **Last week's RevPAR details:**

- **Economy was the relatively strongest chain scale:** Upscale and Upper Midscale underperformed by 3,070 bps and 2,390 bps, respectively: Luxury RevPAR (-59.9%), Upper Upscale (-59.0%), Upscale (-44.1%), Upper Midscale (-37.3%), Midscale (-26.7%), and Economy (-13.4%). Independent hotels (-34.8%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -50.3% (vs. -62.9% last week) and Group segment RevPAR was -72.1% (vs. -88.8% last week).
  - Absolute Group occupancy remains light (and unsurprisingly so given the holiday): 2.6% last week vs. 3.9% for the running 28 days.
- **Los Angeles was the relatively strongest market of the top five markets:** Boston (-59.9%), Chicago (-68.2%), Los Angeles (-49.4%), NYC (-76.9%), and Washington, D.C. (-51.1%).
- **Other relevant markets:**
  - **San Francisco:** RevPAR was -59.8% vs. -87.9% last week.
  - **Florida market RevPAR:**
    - **Miami:** (-43.2% vs. -52.9% last week).

- **Orlando:** (-53.1% vs. -71.5% last week).

**Overall for the hotel stocks we continue to believe that news/progress (or lack of) on a vaccine is the most important driver of the stocks at the moment and industry fundamentals have taken a back seat.** Our view on the sector continues to be one of caution for the most part with the degree of caution positively correlated with the more exposure to corporate business and group/convention customers one has. Based on our forward observations for business and group/convention travel over the next two quarters and from actual RevPAR results in October and November, we continue to believe that most estimates for 4Q20-2Q21 look too optimistic. Given the RevPAR deceleration we have seen since summer leisure travel ended and the continued push-back of business and group travel into sometime in 2021, we do not believe the substantial quarter-over-quarter improvements that the Street is expecting for 4Q20 and 1Q21 will come to fruition.

(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	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
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%
10/3/2020	-48.1%	-69.4%	-72.4%	-53.7%	-38.5%	-26.1%	-15.6%	-39.5%	-79.1%	-77.1%	-49.8%	-72.4%	-68.8%
10/10/2020	-47.5%	-68.6%	-70.8%	-53.2%	-38.7%	-26.2%	-17.4%	-38.4%	-78.7%	-75.4%	-52.0%	-76.0%	-70.1%
10/17/2020	-50.3%	-72.3%	-72.7%	-55.6%	-39.8%	-27.0%	-17.8%	-41.8%	-82.3%	-78.1%	-56.9%	-78.5%	-78.1%
10/24/2020	-51.8%	-73.8%	-74.1%	-56.6%	-41.2%	-26.9%	-15.4%	-43.5%	-81.2%	-80.5%	-60.4%	-79.0%	-77.2%
10/31/2020	-48.4%	-73.0%	-72.1%	-52.5%	-37.1%	-23.7%	-12.8%	-41.0%	-78.9%	-76.8%	-56.5%	-74.2%	-68.9%
11/7/2020	-55.8%	-76.7%	-76.7%	-60.3%	-44.3%	-28.6%	-16.0%	-50.5%	-82.3%	-81.5%	-65.1%	-76.6%	-75.3%
11/14/2020	-52.0%	-74.8%	-74.4%	-56.6%	-40.5%	-24.0%	-11.7%	-44.4%	-79.6%	-79.2%	-59.8%	-78.9%	-70.2%
11/21/2020	-52.2%	-75.4%	-75.5%	-57.5%	-40.8%	-22.4%	-10.1%	-43.6%	-78.7%	-76.3%	-58.2%	-79.5%	-73.7%
11/28/2020	-41.2%	-59.9%	-59.0%	-44.1%	-37.3%	-26.7%	-13.4%	-34.8%	-76.9%	-59.9%	-49.4%	-68.2%	-51.1%

Thanksgiving relative leisure strength

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%	4.6%	3.1%	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%
3Q20	-48.5%	-72.0%	-71.8%	-55.2%	-41.7%	-29.7%	-19.0%	-39.0%	-77.6%	-79.1%	-58.4%	-73.4%	-68.0%

YoY % change in ADR														
	U.S.	Upper Luxury Upscale		Upscale	Upper Midscale		Midscale	Economy	Inde- pendent	New York	Boston	LA	Chicago	DC
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%	
10/3/2020	-26.3%	-14.6%	-30.8%	-26.6%	-17.7%	-10.2%	-6.2%	-19.5%	-52.6%	-48.6%	-23.9%	-43.0%	-40.2%	
10/10/2020	-25.9%	-16.9%	-29.8%	-26.8%	-18.0%	-10.6%	-7.3%	-18.9%	-51.0%	-48.1%	-24.2%	-46.7%	-39.5%	
10/17/2020	-28.3%	-22.2%	-33.1%	-28.8%	-18.7%	-10.3%	-7.2%	-21.1%	-57.2%	-51.6%	-28.1%	-50.7%	-52.1%	
10/24/2020	-29.4%	-21.4%	-33.9%	-29.3%	-19.1%	-10.1%	-6.1%	-22.7%	-56.9%	-54.7%	-31.6%	-50.7%	-49.5%	
10/31/2020	-27.4%	-20.4%	-31.7%	-26.3%	-17.1%	-9.6%	-5.5%	-21.2%	-52.5%	-48.7%	-30.2%	-44.5%	-39.1%	
11/7/2020	-31.1%	-18.5%	-33.6%	-29.3%	-18.8%	-10.6%	-6.4%	-27.2%	-54.5%	-51.6%	-35.4%	-45.0%	-43.5%	
11/14/2020	-28.6%	-17.8%	-31.5%	-27.1%	-17.4%	-9.8%	-4.5%	-22.6%	-50.3%	-49.4%	-30.8%	-49.4%	-40.3%	
11/21/2020	-29.0%	-13.8%	-32.1%	-27.3%	-17.6%	-9.8%	-4.4%	-22.7%	-47.3%	-43.1%	-29.0%	-47.9%	-41.3%	
11/28/2020	-17.8%	-4.7%	-15.2%	-17.3%	-12.7%	-8.5%	-3.8%	-12.0%	-47.3%	-22.9%	-20.9%	-34.1%	-18.3%	

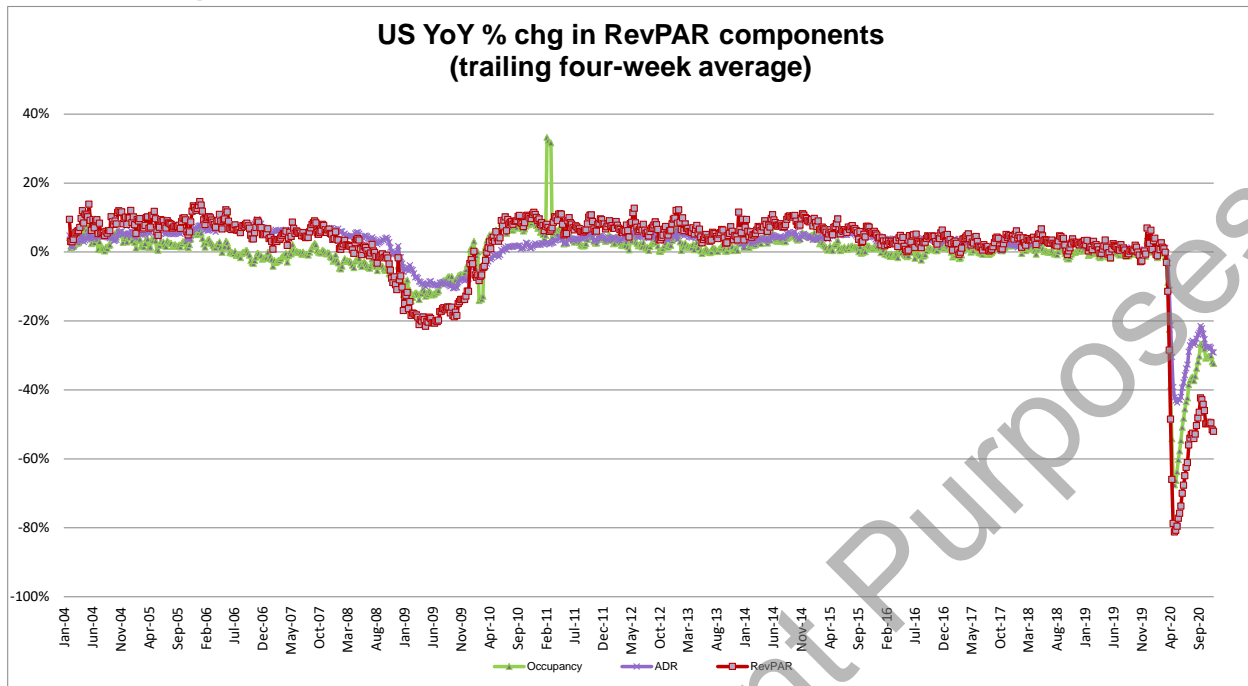
1Q18	2.5%	4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.5%	-1.0%	4.0%	1.4%	-9.4%
2Q18	2.9%	3.5%	2.9%	2.4%	2.1%	2.6%	2.7%	3.1%	3.7%	-0.1%	2.1%	3.3%	2.4%
3Q18	2.1%	3.3%	2.4%	1.8%	1.2%	1.3%	1.2%	1.9%	1.2%	1.9%	1.1%	6.7%	-0.8%
4Q18	2.0%	3.7%	2.2%	1.6%	1.1%	0.9%	0.6%	2.9%	3.4%	5.6%	1.4%	2.2%	-2.1%
1Q19	1.1%	2.2%	2.5%	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%
3Q20	-24.1%	-12.6%	-25.6%	-24.2%	-17.3%	-11.6%	-9.4%	-16.1%	-47.7%	-47.3%	-31.6%	-43.2%	-34.5%

	YoY % change in Occupancy												
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	New York	Boston	LA	Chicago	DC
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%
10/3/2020	-29.6%	-64.2%	-60.2%	-36.9%	-25.3%	-17.7%	-10.0%	-24.8%	-55.9%	-55.5%	-34.0%	-51.5%	-47.9%
10/10/2020	-29.2%	-62.2%	-58.4%	-36.1%	-25.3%	-17.5%	-11.0%	-24.0%	-56.6%	-52.6%	-36.6%	-54.9%	-50.5%
10/17/2020	-30.7%	-64.4%	-59.2%	-37.6%	-26.0%	-18.6%	-11.5%	-26.2%	-58.8%	-54.8%	-40.0%	-56.4%	-54.4%
10/24/2020	-31.7%	-66.7%	-60.9%	-38.6%	-27.3%	-18.6%	-9.9%	-26.9%	-57.2%	-57.0%	-42.1%	-57.4%	-54.7%
10/31/2020	-29.0%	-66.1%	-59.1%	-35.6%	-24.1%	-15.5%	-7.7%	-25.1%	-55.6%	-54.8%	-37.8%	-53.5%	-49.0%
11/7/2020	-35.9%	-71.4%	-64.8%	-43.8%	-31.4%	-20.1%	-10.2%	-32.0%	-61.1%	-61.7%	-46.0%	-57.4%	-56.2%
11/14/2020	-32.7%	-69.4%	-62.7%	-40.6%	-27.9%	-15.7%	-7.5%	-28.2%	-58.9%	-58.9%	-41.9%	-58.2%	-50.1%
11/21/2020	-32.6%	-71.5%	-64.0%	-41.5%	-28.2%	-14.0%	-5.9%	-27.1%	-59.6%	-58.3%	-41.1%	-60.8%	-55.2%
11/28/2020	-28.5%	-57.9%	-51.7%	-32.4%	-28.2%	-19.9%	-10.0%	-25.9%	-56.2%	-48.1%	-36.1%	-51.7%	-40.1%

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%
3Q20	-32.2%	-68.0%	-62.2%	-40.9%	-29.5%	-20.5%	-10.6%	-27.3%	-57.3%	-60.3%	-39.1%	-53.1%	-51.2%

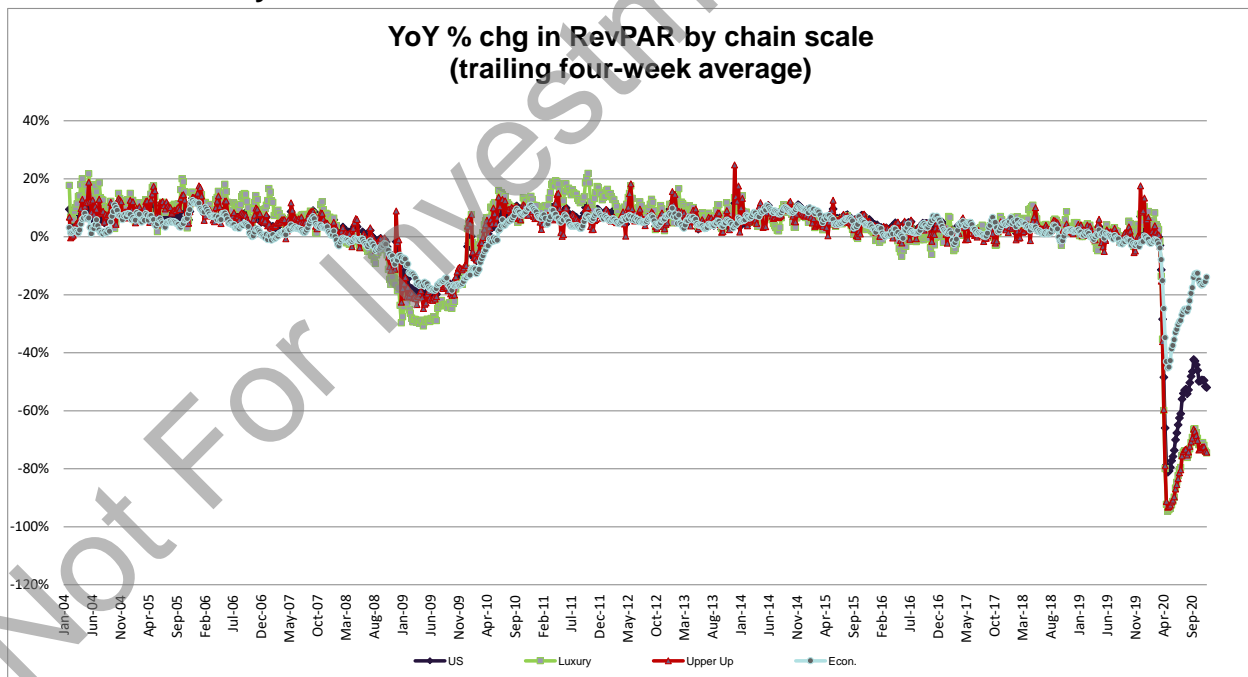
Source: STR data, Truist Securities research

## RevPAR Component Trends



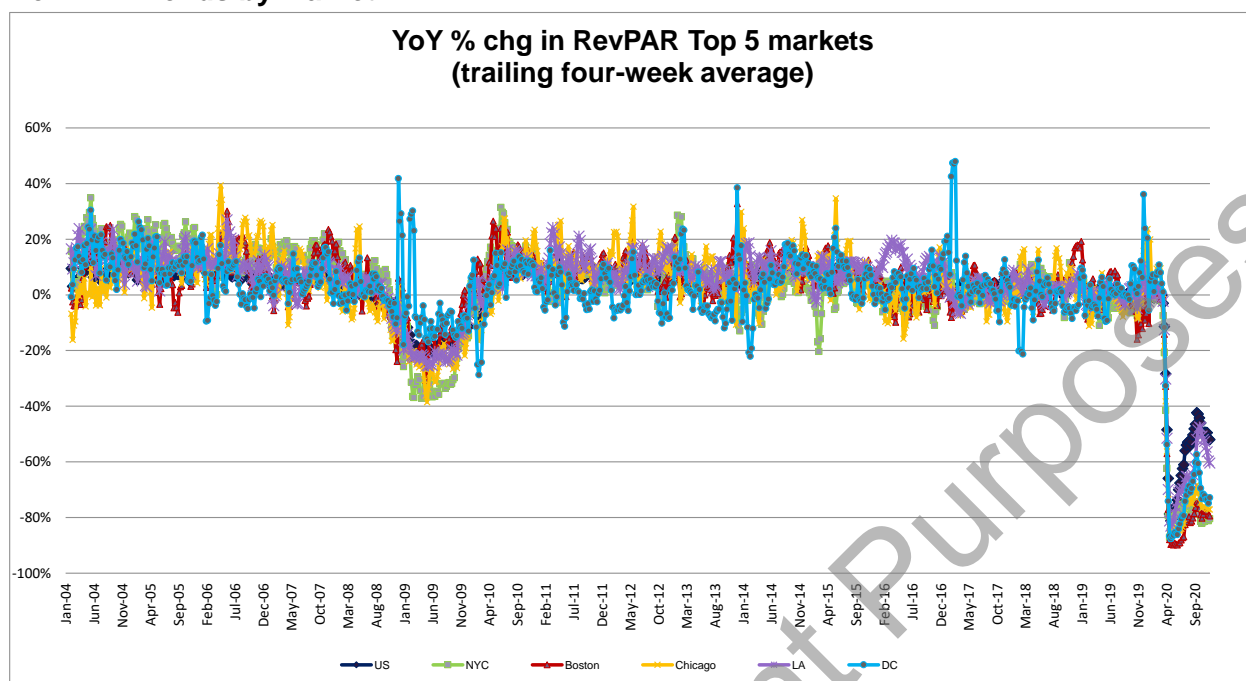
Source: STR data, Truist Securities research

## 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	TKR	Price 12/1/20	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	\$6.35	Hold	\$7	17%	\$92	\$100	\$92	\$100	6.0X	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	\$101.28	Hold	\$92	-9%	\$359	\$412	\$359	\$412	14.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$7.82	Sell	\$5	-36%	\$51	\$161	\$38	\$183	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. Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hilton	HLT	\$104.84	Hold	\$85	-19%	\$1,494	\$2,092	\$1,568	\$2,173	14.9X	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	\$28.13	Buy	\$25	-13%	\$247	\$342	\$263	\$377	9.4X	Upside risk: faster demand improvement in corporate travel than expected. Dispositions at higher multiple than expected (incl. NYC).
Host Hotels & Resorts	HST	\$14.51	Sell	\$9	-38%	\$242	\$802	\$242	\$802	12.0X	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.
Hyatt Hotels	H	\$73.18	Sell	\$48	-34%	\$111	\$525	\$137	\$554	13.5X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Disposition of owned hotels at attractive pricing.
Marriott International	MAR	\$128.52	Hold	\$99	-23%	\$1,702	\$2,743	\$2,015	\$3,066	14.9X	Downside risk: slowing pipeline. Deep 2022 recession.
Marriott Vacations	VAC	\$135.86	Buy	\$132	-3%	\$590	\$713	\$574	\$697	9.5X	Downside risk: M&A story fades and multiples revert to historical levels.
Park Hotels & Resorts	PK	\$16.82	Sell	\$8	-52%	\$70	\$560	\$82	\$572	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	\$18.95	Hold	\$11	-42%	\$59	\$296	\$59	\$296	14.5X	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	\$5.19	Hold	\$3	-42%	\$26	\$160	\$34	\$168	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	\$12.95	Hold	\$9	-31%	\$42	\$302	\$54	\$314	12.0X	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	\$64.64	Sell	\$23	-64%	\$108	\$296	\$135	\$324	12.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery.
Sunstone Hotel Investors	SHO	\$10.63	Sell	\$7	-34%	\$65	\$213	\$65	\$213	11.5X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements.
Vail Resorts, Inc.	MTN	\$273.34	Buy	\$243	-11%	\$606	\$796	\$606	\$796	14.5X	Downside risk: Economic conditions, competition for vacation and ski dollars, stagnant skier visitation, an aging customer, and climate change.
Wyndham Destinations	WYND	\$43.96	Buy	\$41	-8%	\$690	\$748	\$28	\$28	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	\$57.42	Buy	\$51	-11%	\$402	\$529	\$422	\$551	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@trui.com

Source: FactSet, Truist Securities research



## Companies Mentioned in This Note

**Bluegreen Vacations Corporation** (BXG, \$6.35, Hold, C. Patrick Scholes)  
**Choice Hotels International, Inc.** (CHH, \$101.28, Hold, C. Patrick Scholes)  
**DiamondRock Hospitality Company** (DRH, \$7.82, Sell, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$73.18, Sell, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$28.13, Buy, C. Patrick Scholes)  
**Hilton Worldwide Holdings Inc.** (HLT, \$104.84, Hold, C. Patrick Scholes)  
**Host Hotels & Resorts, Inc.** (HST, \$14.51, Sell, C. Patrick Scholes)  
**Marriott International, Inc.** (MAR, \$128.52, Hold, C. Patrick Scholes)  
**Vail Resorts, Inc.** (MTN, \$273.34, Buy, C. Patrick Scholes)  
**Pebblebrook Hotel Trust** (PEB, \$18.95, Hold, Gregory Miller)  
**Park Hotels & Resorts Inc.** (PK, \$16.82, Sell, C. Patrick Scholes)  
**Playa Hotels & Resorts N.V.** (PLYA, \$5.19, Hold, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$64.64, Sell, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$12.95, Hold, Gregory Miller)  
**Sunstone Hotel Investors, Inc.** (SHO, \$10.63, Sell, C. Patrick Scholes)  
**TripAdvisor, Inc.** (TRIP, \$27.59, Buy, Naved Khan)  
**Marriott Vacations Worldwide Corporation** (VAC, \$135.86, Buy, C. Patrick Scholes)  
**Wyndham Hotels & Resorts, Inc.** (WH, \$57.42, Buy, C. Patrick Scholes)  
**Wyndham Destinations, Inc.** (WYND, \$43.96, 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 Truist Securities. Please see our disclosures page for more complete information at <https://truist.bluematrix.com/sellside/Disclosures.action>.

## Truist Securities Ratings System for Equity Securities

### Dissemination of Research

Truist Securities, Inc. ("Truist Securities") 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://truistresearch.bluematrix.com/client/library.jsp>.

Please email the Research Department at [EquityResearchDepartment@research.truist.com](mailto:EquityResearchDepartment@research.truist.com) or contact your Truist Securities sales representative.

### Truist Securities Rating System for Equity Securities

Truist Securities, Inc. ("Truist Securities") 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)** – Truist Securities does not have an investment rating or opinion on the stock

**Coverage Suspended (CS)** – indicates that Truist Securities' rating and/or target price have been temporarily suspended due to applicable regulations and/or Truist Securities Management discretion. The previously published rating and target price should not be relied upon.

Truist Securities 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 Truist Securities 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

Truist Securities ratings distribution (as of 12/02/2020):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	473	67.48%	Buy	162	34.25%
Hold	218	31.10%	Hold	60	27.52%
Sell	10	1.43%	Sell	2	20.00%

## 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. Truist Securities, 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.

Truist Securities, 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.

Truist Securities, Inc. is a registered broker-dealer and a member of FINRA and SIPC. It is a service mark of Truist Financial Corporation. Truist Securities, 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 Truist Securities, 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://truist.bluematrix.com/sellside/Disclosures.action>

Please visit the Truist Securities (formerly known as SunTrust Robinson Humphrey) equity research library for current reports and the analyst roster with contact information, Link (password protected): TRUIST RESEARCH LIBRARY

Truist Securities, Inc., member FINRA and SIPC. Truist and Truist Securities 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 [EquityResearchDepartment@Research.Truist.com](mailto:EquityResearchDepartment@Research.Truist.com)

© Truist Securities, Inc. 2020. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

ADDITIONAL INFORMATION IS AVAILABLE at our website, [TruistSecurities.com](http://TruistSecurities.com), or by writing to: Truist Securities, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070