

Lodging

Lodging: US RevPAR -57.3% Y/Y Last Week; Clean comp and essentially unchanged week-over-week

COVID cases/govt shutdowns a rising headwind, increasingly to So. California

What's Incremental To Our View

Overall U.S. RevPAR was -57.3% Y/Y for the week ending 12/12/2020, per STR, slightly ahead of the prior week's result of -58.4%. (2-year stacked RevPAR was -45.8% vs. -57.1% in the prior week). Independent hotels (~ 1/3rd of the data set) were -52.8% y/y. Economy (-12.2%) was the relatively strongest chain scale for branded hotels; Luxury was the weakest at -78.5%. Upscale (-61.8%) underperformed the industry average; Upper Midscale (-45.6%) outperformed. Within Upper Upscale & Luxury class hotels, Group (-88.8% vs. -89.4% prior week) was softer than Transient (-69.9% vs. -70.6% prior week).

Post our investor conference last Thursday, we view rising COVID cases, stricter government shutdown policies, and generally very soft corporate travel are combining for soft absolute demand trends pre-December holiday travel. The only relative bright spot is from Economy-priced hotels where y/y RevPAR declines remain quite modest. Chain scale Economy occupancy of 46.5% last week was ahead of the national average of 37.8%; however, the trend is more disparate on the y/y percentage growth (-8.0% for Economy vs. -37.4% for the U.S. average). Similarly, Economy ADR was down just 4.5% y/y last week vs. 31.7% for the national average. Despite the considerable macro challenge, ADR is holding near flat y/y for Economy hotels -- quite remarkable and we would argue very helpful to franchisee liquidity/sustainability. Importantly, CHH and WH represent a material portion of the overall U.S. Economy chain scale sample -- our conversations with management from both teams in the past week seem in-line with our views on Economy chain hotel relative outperformance and macro dynamics.

- **We have started to see increased softening of RevPAR performance in recent Top 25 market relative outperformers: Los Angeles and San Diego had RevPAR y/y slippage of ~ 600 bps and 900 bps in last week's results vs. the Running 28 days.** Given the size of these markets and their overweight to many REIT portfolios, we are focusing more attention on if holiday demand may also end up soft, leading to possible 4Q consensus EBITDA misses. To be determined.

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What's Inside

Weekly STR results and analysis

Compared to the prior week (ended 12/5), sequential RevPAR trends were sequentially generally softer vs. last week's results.

- Headline RevPAR was -57.3% vs. the running 28 day average of -53.1%.
- RevPAR for the weeks ended March 14th through December 5th, 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/-41.2/-58.4%, respectively.
- **Occupancy:** absolute occupancy of 37.8% was sequentially **similar** to the prior week of 37.4%. Occupancy y/y change of -37.4% is sequentially **similar** to the prior week of -37.9%.
- **ADR:** ADR y/y change of -31.7% was sequentially **slightly stronger** than the prior week of -33.1%. (We do not consider sequential changes in absolute ADR material.) "Location" RevPAR Y/Y change was sequentially **similar (ex-Resort / stronger)** vs. the prior week. We still do not see a material corporate demand rebound: Urban (-78.3% vs. -78.9% in the prior week), Suburban (-50.4% vs. -49.9%), Interstate (-25.2% vs. -25.9%), and Resort (-59.2% vs. -64.3%).
 - **Absolute occupancies mixed-to-slightly stronger vs. the prior week:** Urban: 29.1% vs. 28.7% in the prior week, Suburban: 42.0% vs. 41.6%, Interstate: 40.0% vs. 40.2%, and Resort: 31.6% vs. 30.5%.
- **Open/closed hotels:** Per STR 2.9% of the hotel supply is closed (vs. 2.8% 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 4,960 bps and 3,340 bps, respectively: Luxury RevPAR (-78.5%), Upper Upscale (-78.3%), Upscale (-61.8%), Upper Midscale (-45.6%), Midscale (-27.1%), and Economy (-12.2%). Independent hotels (-52.8%) outperformed the headline U.S. RevPAR.
- **Within Upper Upscale & Luxury class hotels, Group underperformed Transient:** Transient segment (individual business and leisure travelers) RevPAR was -69.9% (vs. -70.6% last week) and Group segment RevPAR was -88.8% (vs. -89.4% last week).
 - Absolute Group occupancy remains light: 3.3% last week vs. 3.3% for the running 28 days.
- **Los Angeles was the relatively strongest market of the top five markets:** Boston (-76.5%), Chicago (-72.7%), Los Angeles (-65.2%), NYC (-86.2%), and Washington, D.C. (-72.5%).
- **Other relevant markets:**
 - **San Francisco:** RevPAR was -87.1% vs. -81.4% last week.
 - **Florida market RevPAR:**
 - **Miami:** (-54.7% vs. -74.4% last week).
 - **Orlando:** (-70.2% vs. -73.1% 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.)

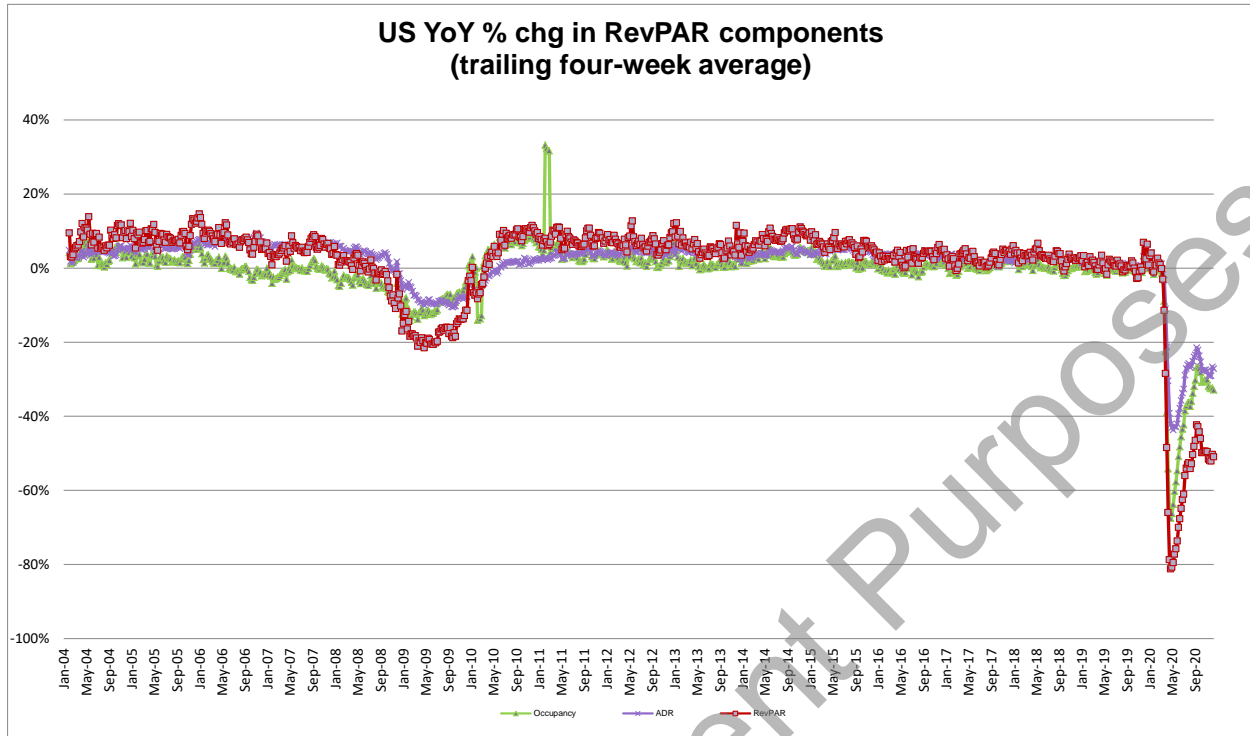
Not For Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper		Upper		Economy		Inde-	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent						
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%
12/5/2020	-58.4%	-80.1%	-78.7%	-62.4%	-46.0%	-28.5%	-12.7%	-55.1%	-86.9%	-79.4%	-61.0%	-82.5%	-73.5%
12/12/2020	-57.3%	-78.5%	-78.3%	-61.8%	-45.6%	-27.1%	-12.2%	-52.8%	-86.2%	-76.5%	-65.2%	-72.7%	-72.5%
Increase in Covid-19 cases likely hurting results													
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%
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		Upper		Economy		Inde-	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent						
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%	-55.9%	-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%	-51.0%	-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%
12/5/2020	-33.1%	-18.9%	-33.3%	-30.2%	-19.6%	-10.3%	-4.3%	-31.2%	-64.7%	-44.4%	-30.7%	-51.9%	-39.8%
12/12/2020	-31.7%	-14.0%	-31.4%	-29.6%	-19.8%	-10.6%	-4.5%	-28.4%	-63.1%	-39.8%	-32.9%	-37.5%	-38.4%
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%	-1.6%	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.	Upper		Upper		Economy		Inde-	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent						
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%	-39.0%	-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%
12/5/2020	-37.9%	-75.4%	-68.0%	-46.2%	-32.8%	-20.3%	-8.8%	-34.7%	-62.8%	-62.9%	-43.8%	-63.5%	-56.0%
12/12/2020	-37.4%	-75.0%	-68.3%	-45.7%	-32.1%	-18.5%	-8.0%	-34.1%	-62.5%	-61.0%	-48.2%	-56.3%	-55.3%
1Q18	0.9%	2.1%	0.0%	0.5%	1.1%	1.9%	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%

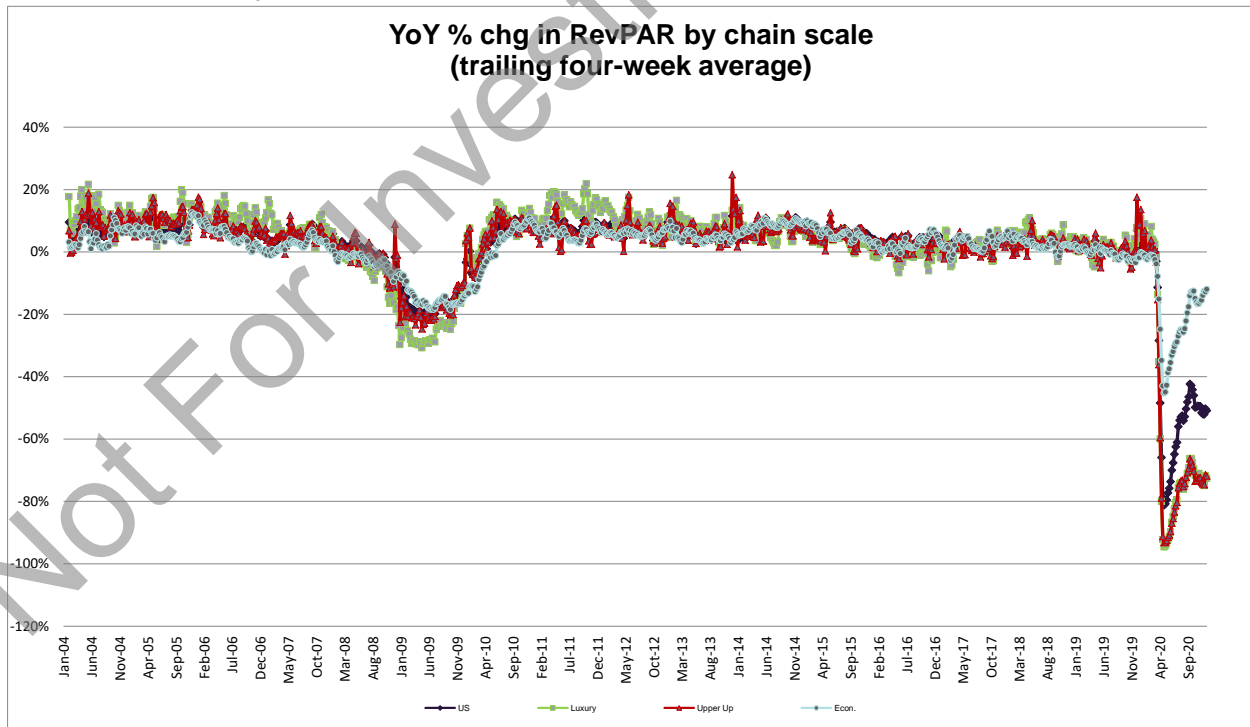
Source: STR data, Truist Securities research

RevPAR Component Trends



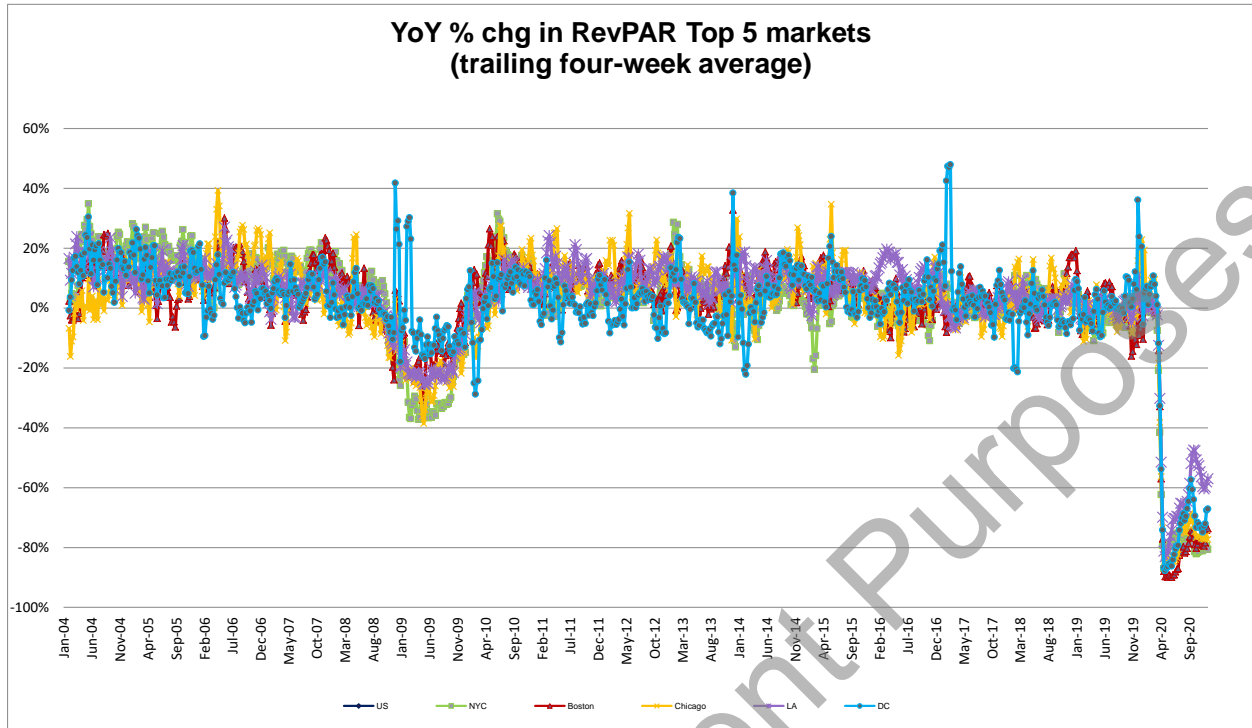
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



Source: STR data, Truist Securities research

RevPAR Trends by Market



Source: STR data, Truist Securities research

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Price Target/Risks Summary

Lodging	TKR	Price 12/15/20	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	\$7.16	Buy	\$9	28%	\$92	\$105	\$92	\$105	6.5X	Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk.
Choice Hotels	CHH	\$102.94	Hold	\$92	-11%	\$359	\$412	\$359	\$412	14.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$8.40	Sell	\$5	-40%	\$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	\$104.97	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	\$30.16	Buy	\$25	-19%	\$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 organic growth.
Hyatt Hotels	H	\$73.01	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. Downside risk: slowing pipeline. Deep 2022 recession.
Marriott International	MAR	\$130.36	Hold	\$99	-24%	\$1,702	\$2,743	\$2,015	\$3,066	14.9X	Downside risk: M&A story fades and multiples revert to historical levels
Marriott Vacations	VAC	\$135.86	Buy	\$132	-3%	\$590	\$713	\$574	\$697	9.5X	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.
Park Hotels & Resorts	PK	\$17.33	Sell	\$8	-54%	\$70	\$560	\$82	\$572	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	\$18.69	Hold	\$11	-41%	\$59	\$296	\$59	\$296	14.5X	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)
Playa Hotels & Resorts	PLYA	\$5.05	Hold	\$3	-41%	\$26	\$160	\$34	\$168	9.5X	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.
RLJ Lodging Trust***	RLJ	\$13.92	Hold	\$9	-35%	\$42	\$302	\$54	\$314	12.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery.
Ryman Hospitality Properties	RHP	\$64.06	Sell	\$23	-64%	\$108	\$296	\$135	\$324	12.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements.
Sunstone Hotel Investors	SHO	\$11.27	Sell	\$7	-38%	\$65	\$213	\$65	\$213	11.5X	Upside risk: Enhanced economic conditions, ski resort supply, increased revenues due to quick distribution of COVID-19 vaccine. Downside risk: prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries.
Vail Resorts, Inc.	MTN	\$276.05	Hold	\$246	-11%	\$400	\$792	\$400	\$792	15.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Destinations	WYND	\$44.04	Buy	\$41	-8%	\$690	\$748	\$28	\$28	7.3X	Downside risk: Slowdown in development opportunities. La Quinta synergies below expectations.
Wyndham Hotels & Resorts	WH	\$57.28	Buy	\$51	-11%	\$402	\$529	\$422	\$551	13.0X	

* 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 - gregory.j.miller@truist.com

Source: FactSet, Truist Securities research

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, \$7.16, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$102.94, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$8.40, Sell, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$73.01, Sell, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$30.16, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$104.97, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$14.51, Sell, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$130.36, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$276.05, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$18.69, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$17.33, Sell, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$5.05, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$64.06, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$13.92, Hold, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$11.27, Sell, C. Patrick Scholes)
TripAdvisor, Inc. (TRIP, \$27.84, Buy, Naved Khan)
Marriott Vacations Worldwide Corporation (VAC, \$135.86, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$57.28, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, \$44.04, Buy, C. Patrick Scholes)

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