

Lodging

Lodging: US RevPAR +109.4% Y/Y Last Week; 2-yr -7.8% vs. prior -13.8%

Tailwinds from start of summer and gradually growing group demand (social/wknd)

What's Incremental To Our View

Overall U.S. RevPAR was +109.4% Y/Y for the week ending 6/26/2021, per STR, softer than the prior week's result of +113.8%. Last week's RevPAR was up against a -56.5% comparable result in 2020 vs. -60.3% in the prior week's 2-year run-rate. *On a 2-year run-rate, RevPAR was down 7.8% vs. down 13.8% in the prior week's 2-year run-rate and far stronger than the -27% to -33% range we saw throughout much of the springtime.*

We see continued indicators of the strength of leisure demand at all price points. That said, pent-up leisure cannot remedy what remains challenged midweek occupancy for Luxury and Upper Upscale hotels (mid-upper 50s percent). Spiking demand over the weekend – Upper Midscale occupancy at 88% last Saturday -- is very impressive to us and supports record strength in vacation travel we may see this summer.

While some groups are meeting in offseason due to an inability to meet early this year, STR noted national Group occupancy of 11.4% last week as 55.7% below 2019 levels. [We think STR has correctly called out the variance of weekend and weekday group as reflective of where the improvement is really showing up – heavily weekend social group](#) (e.g. weddings, family reunions, etc. that got rescheduled to this summer), not from large corporate/association group. *On the other hand, we caution investors to ignore clickbait articles suggesting a material group recovery has already transpired (some data vendors are pushing this narrative, not STR) or that strength in Las Vegas summer travel suggests some radical change to corporate/association group.*

Major RevPAR statistics presented below:

- Luxury was +231.6% and -16.8% over 2 years
- Upper Upscale at +191.3% and -31.2% over 2 years;
- Upscale was +119.6% and -18.9% over 2 years;
- Upper Midscale was +96.2% and -1.9% over 2 years;
- Midscale was +75.6% and +9.4% over 2 years;
- Economy was +52.9% and +12.8% over 2 years;
- Independent hotels (~ 1/3rd of the data set) were +100.2% y/y and +4.8% over 2 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +382.5% y/y vs. +337.5% prior week; over 2 years: -59.0% vs -66.6% prior week.

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

- Transient: +148.7% y/y vs. +163.2% prior week; over 2 years: -1.1% vs -5.9% prior week.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +109.4% vs. the running 28-day average of +117.2%.
- **Occupancy:** absolute occupancy was 69.9% vs. the running 28-day average of 66.4%.
- **Open/closed hotels:** Per STR, 1.6% of the hotel supply was closed (vs. 1.6% last 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.
- **Absolute Group occupancy** remains light and driven in our view partly from summer leisure group such as wedding demand: 11.4% last week vs. 9.7% for the running 28 days.

As far as stocks, we reiterate the companies relatively best positioned here in our coverage universe are the drive-to leisure-centric C-Corps CHH and WH, RLJ for the value-play business traveler in the early corpo-rate demand recovery, and the timeshare companies, HGV, VAC, and TNL (formerly WYND). WH, RLJ, HGV, VAC, and TNL are the only names we believe we can still get material upside based on our 2023 estimates, hence our Buy ratings. CHH is rated Hold.

- While a widely distributed vaccine will be a game changer, until that point our best guess for the return of the business traveler for RevPAR modeling purposes is not until at least 3Q21 (three months ago we said 2Q21). Until that time, we continue to envision large corporations being extremely cautious in sending their employees out to travel, unless it is for essential purposes.

While the broader economy may have a U-shaped recovery, we believe hotel operating performance will take substantially longer to recover and be much choppier and vary by segmentation and geography. Additionally, we believe work from home will have a short-to-medium impact on hotel demand, though the longer-term impact is still unknown. While some travel industry leaders, news reporters, and businesspeople have predicted that **35-50% of business travel will be permanently lost**, our view is that it will be far less than 35-50% though it will not be zero either (Hospitality Net).

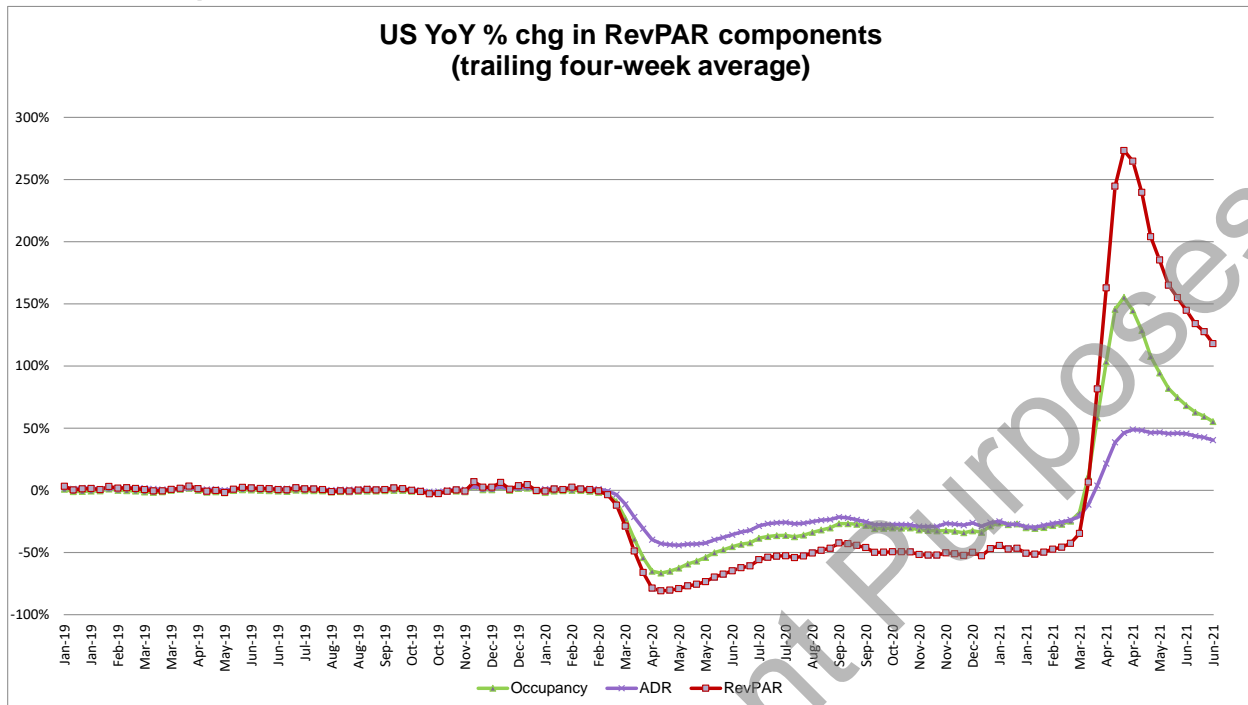
- Good news for the hotel REITS is that unlike the 2008-2009 downturn where many issued significant dilutive equity, that has not been the case (so far) this downturn. We believe such equity issuance was a major reason why most hotel REITS were never able to get back to their pre-2008 prices. However, we do not see such a headwind today -- with the potential for some permanent incremental costs savings (**+100-300bps**) being the consensus range by some Lodging REITS, we think most hotel REITS have the potential to eventually get back to or possibly exceed their pre-Covid prices.

(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).

Weekly RevPAR Summary

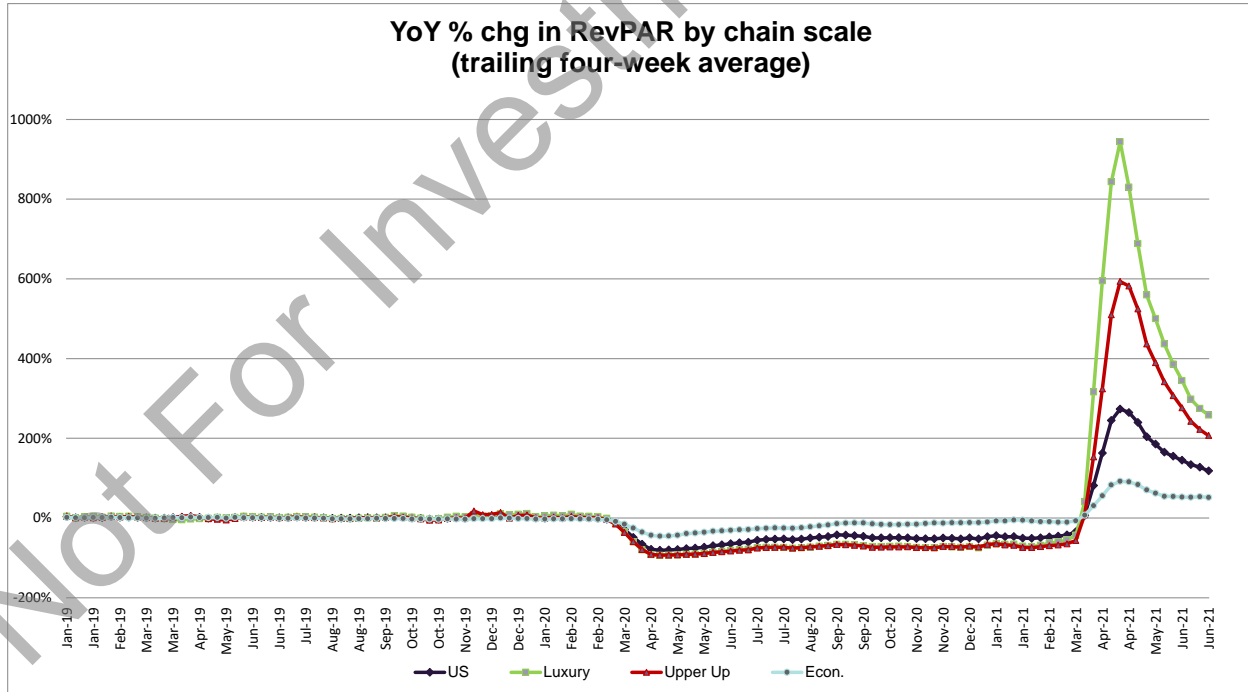
YoY % change in RevPAR														
	U.S.	Upper			Upper			Inde-		New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent		New York	Boston	LA	Chicago	DC	
3/20/2021	124.5%	284.9%	196.9%	132.6%	103.5%	70.2%	49.7%	143.4%	141.4%	73.8%	106.8%	122.1%	71.9%	
3/27/2021	255.2%	1044.5%	511.9%	258.2%	229.1%	136.7%	82.3%	298.0%	218.1%	153.7%	217.5%	230.8%	136.5%	
4/3/2021	287.6%	1065.2%	621.2%	286.8%	260.1%	153.7%	90.5%	337.7%	163.8%	189.6%	240.5%	225.6%	176.8%	
4/10/2021	311.1%	978.0%	709.1%	314.8%	309.0%	187.9%	108.1%	345.6%	79.9%	193.0%	289.6%	188.3%	159.1%	
4/17/2021	239.3%	687.8%	531.2%	254.4%	245.1%	147.4%	87.0%	255.1%	56.9%	149.1%	220.8%	165.7%	144.0%	
4/24/2021	220.7%	589.1%	466.1%	235.1%	226.9%	132.3%	77.3%	236.1%	48.0%	167.7%	184.4%	136.9%	133.6%	
5/1/2021	187.6%	498.9%	391.1%	204.7%	197.3%	115.0%	61.6%	194.0%	40.3%	138.3%	145.5%	126.7%	122.8%	
5/8/2021	168.2%	462.1%	357.7%	191.9%	171.1%	101.8%	55.2%	168.6%	45.7%	163.0%	142.9%	137.7%	115.2%	
5/15/2021	164.5%	449.7%	344.3%	186.6%	160.2%	100.1%	54.3%	164.1%	59.5%	179.7%	158.7%	150.4%	122.5%	
5/22/2021	140.0%	336.3%	274.0%	162.8%	133.6%	84.1%	46.5%	135.3%	67.6%	210.9%	156.6%	154.0%	141.0%	
5/29/2021	147.5%	296.4%	251.8%	162.5%	141.4%	99.9%	59.8%	143.9%	60.3%	220.8%	149.0%	161.7%	131.2%	
6/5/2021	127.4%	296.2%	235.4%	134.0%	109.4%	81.3%	49.8%	133.4%	63.2%	177.0%	143.3%	146.3%	69.0%	
6/12/2021	121.5%	263.4%	209.5%	131.7%	107.9%	80.0%	51.5%	120.5%	84.7%	204.6%	136.8%	167.7%	98.2%	
6/19/2021	113.8%	242.1%	191.2%	124.1%	100.5%	77.8%	52.5%	109.1%	109.8%	184.1%	138.3%	162.9%	118.0%	
6/26/2021	109.4%	231.6%	191.3%	119.6%	96.2%	75.6%	52.9%	100.2%	128.5%	216.1%	141.0%	151.3%	110.7%	
Continuing recovery including on ADR vs. recent weeks														
Luxury and Upper Upscale led the industry														
Boston and Chicago led the Top 5 markets														
1Q17	3.4%	2.1%	3.0%	1.0%	2.4%	3.5%	2.6%	5.2%	-1.3%	-1.1%	-2.5%	1.5%	16.1%	
2Q17	2.7%	2.3%	0.6%	0.6%	1.2%	2.4%	3.7%	5.1%	0.2%	4.4%	3.6%	0.8%	0.8%	
3Q17	1.9%	0.5%	-0.7%	0.7%	1.8%	3.5%	2.9%	3.1%	-0.9%	-0.2%	-1.2%	-5.0%	-0.6%	
4Q17	4.2%	4.5%	3.2%	3.8%	3.9%	3.7%	3.7%	4.1%	0.8%	3.7%	4.2%	-2.5%	2.2%	
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%	
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%	
3Q18	1.7%	3.3%	1.9%	0.8%	-0.5%	0.1%	1.8%	2.2%	0.7%	2.8%	1.3%	7.5%	-3.4%	
4Q18	2.4%	3.0%	3.1%	0.9%	0.5%	0.4%	2.9%	4.9%	3.5%	12.2%	3.0%	12.8%	-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%	-16.6%	-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%	
4Q20	-50.6%	-71.4%	-72.4%	-55.5%	-40.6%	-26.3%	-14.5%	-43.5%	-81.0%	-76.1%	-59.3%	-75.4%	-71.4%	
1Q21	-27.7%	-42.7%	-54.4%	-34.3%	-17.4%	-5.9%	4.1%	-18.0%	-48.4%	-56.7%	-45.3%	-45.0%	-43.5%	
YoY % change in ADR														
	U.S.	Luxury	Upper Upscale	Upper Upscale	Midscale	Midscale	Economy	Inde-		New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent		New York	Boston	LA	Chicago	DC	
3/20/2021	15.8%	-7.5%	-5.8%	-8.1%	0.0%	6.7%	9.7%	31.0%	-19.5%	-17.6%	1.5%	5.4%	-7.1%	
3/27/2021	36.2%	28.5%	18.3%	-0.5%	8.4%	13.5%	14.6%	61.4%	-10.4%	-8.0%	12.3%	20.9%	1.0%	
4/3/2021	40.0%	48.6%	30.6%	6.2%	12.8%	16.6%	18.6%	80.2%	2.3%	3.5%	22.3%	28.3%	11.7%	
4/10/2021	53.6%	42.6%	40.7%	13.3%	19.3%	20.9%	20.6%	80.1%	14.0%	12.0%	34.9%	31.3%	15.4%	
4/17/2021	46.0%	28.7%	36.5%	12.9%	18.9%	18.3%	18.6%	66.4%	15.4%	15.5%	32.4%	30.6%	14.8%	
4/24/2021	47.2%	26.4%	38.4%	16.3%	21.7%	18.9%	18.5%	66.8%	21.4%	21.8%	35.9%	29.7%	17.8%	
5/1/2021	46.3%	31.1%	40.8%	18.5%	23.3%	19.3%	16.9%	62.7%	23.3%	27.6%	36.8%	31.7%	19.0%	
5/8/2021	46.0%	36.4%	41.8%	22.1%	24.1%	18.9%	16.3%	58.3%	34.0%	40.9%	43.5%	40.6%	24.3%	
5/15/2021	47.2%	40.7%	42.8%	24.7%	25.6%	20.3%	17.2%	57.9%	36.5%	46.4%	47.0%	44.5%	28.3%	
5/22/2021	42.9%	34.6%	35.7%	24.2%	23.9%	17.6%	15.5%	50.3%	42.6%	54.4%	47.6%	46.8%	34.8%	
5/29/2021	47.9%	41.7%	36.4%	28.3%	29.0%	24.9%	22.1%	56.3%	38.9%	54.7%	47.6%	52.2%	30.6%	
6/5/2021	44.1%	41.4%	33.2%	25.5%	26.6%	24.4%	20.2%	53.3%	41.2%	45.4%	44.8%	48.6%	11.7%	
6/12/2021	39.8%	36.3%	29.2%	24.8%	25.8%	23.4%	19.9%	44.5%	47.5%	45.0%	44.0%	56.0%	21.9%	
6/19/2021	38.6%	34.8%	27.6%	25.4%	26.6%	24.0%	20.8%	40.7%	53.0%	40.6%	44.8%	54.8%	27.2%	
6/26/2021	39.0%	32.1%	28.9%	26.9%	28.4%	25.7%	22.6%	38.8%	57.0%	46.2%	47.4%	53.7%	27.5%	
1Q17	2.5%	2.3%	2.4%	1.3%	1.6%	1.8%	2.4%	3.5%	-2.2%	0.0%	-0.2%	1.7%	13.6%	
2Q17	2.2%	2.2%	1.2%	1.7%	1.5%	2.1%	2.3%	3.5%	-1.5%	4.1%	2.8%	1.5%	2.0%	
3Q17	1.4%	1.4%	0.2%	0.8%	1.2%	1.9%	2.4%	2.2%	-2.0%	0.8%	1.8%	-2.4%	0.0%	
4Q17	2.4%	2.2%	1.9%	1.8%	1.8%	2.5%	3.4%	2.1%	-0.2%	0.8%	4.6%	-2.0%	2.4%	
1Q18	2.5%	4.5%	1.0%	1.7%	2.0%	3.0%	4.0%	3.1%	3.5%	-1.0%	4.0%	1.4%	-9.4%	
2Q18	2.9%	3.5%	2.9%	2.4%	2.1%	2.6%	2.7%	3.1%	3.7%	1.1%	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%	1.0%	-1.0%	3.2%	0.8%	-1.7%	0.2%	
3Q19	0.9%	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%	-11.8%	-8.4%	-16.1%	-47.7%	-47.3%	-31.6%	-43.2%	-34.5%	
4Q20	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-5.8%	-20.9%	-54.1%	-45.8%	-29.2%	-44.8%	-40.7%	
1Q21	-19.6%	3.4%	-23.4%	-13.0%	-14.2%	-6.3%	-1.5%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%	
YoY % change in Occupancy														
	U.S.	Luxury	Upper Upscale	Upper Upscale	Midscale	Midscale	Economy	Inde-		New York	Boston	LA	Chicago	DC
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent		New York	Boston	LA	Chicago	DC	
3/20/2021	93.9%	916.3%	215.1%	153.2%	103.6%	59.5%	36.5%	85.8%	199.8%	111.0%	103.7%	110.8%	85.0%	
3/27/2021	160.8%	790.8%	417.3%	280.0%	203.5%	108.5%	59.1%	146.6%	255.2%	175.8%	182.8%	173.5%	134.3%	
4/3/2021	160.2%	684.1%	452.5%	264.2%	219.3%	117.3%	60.6%	143.0%	157.9%	179.7%	178.5%	153.8%	147.9%	
4/10/2021	167.6%	655.7%	475.2%	268.1%	242.9%	138.2%	72.5%	147.4%	57.9%	161.6%	188.8%	119.6%	128.5%	
4/17/2021	132.3%	512.5%	362.6%	213.8%	190.2%	109.1%	57.6%	113.4%	36.0%	115.6%	142.2%	103.5%	112.5%	
4/24/2021	117.9%	446.3%	305.9%	188.1%	168.5%	95.3%	49.6%	101.5%	21.9%	119.9%	109.2%	82.7%	98.6%	
5/1/2021	96.6%	356.9%	249.9%	157.2%	141.1%	80.3%	38.3%	80.7%	13.8%	86.7%	79.4%	72.1%	87.2%	
5/8/2021	83.7%	312.1%	222.9%	139.1%	118.4%	69.7%	33.4%	69.7%	8.8%	86.7%	69.3%	69.1%	73.2%	
5/15/2021	79.6%	290.6%	211.2%	129.8%	107.1%	66.3%	31.7%	67.2%	16.8%	91.0%	76.0%	73.3%	73.3%	
5/22/2021	67.9%	224.2%	175.6%	111.5%	88.6%	56.6%	26.8%	56.6%	17.5%	101.4%	73.9%	70.7%	78.7%	
5/29/2021	67.4%	179.7%	158.0%	104.6%	87.1%	60.0%	30.9%	56.1%	14.7%	107.4%	69.3%	71.8%	77.0%	
6/5/2021	57.6%	180.1%	151.8%	86.4%	65.3%	45.7%	24.6%	52.3%	15.6%	90.8%	68.0%	65.8%	51.4%	
6/12/2021	58.4%	186.7%	139.5%	85.7%	65.3%	45.9%	26.3%	52.6%	25.2%	110.0%	64.5%	71.6%	62.7%	
6/19/2021	54.3%	153.7%	128.2%	78.7%	58.4%	43.4%	26.3%	48.6%	37.1%	102.0%	64.5%	69.8%	71.3%	
6/26/2021	50.6%	151.0%	126.0%	73.1%	52.8%	39.7%	24.7%	44.2%	45.5%	116.3%	63.5%	63.5%	65.3%	
1Q17	0.9%	-0.2%	0.6%	-0.3%	0.7%	1.6%	0.2%	1.6%	1.0%	-1.1%	-2.4%	-0.2%	2.2%	
2Q17	0.9%	-0.1%	0.4%	-0.1%	0.3%	0.6%	0.4%	1.6%	1.7%	0.3%	0.8%	-0.7%	1.2%	
3Q17	0.5%	-0.9%	-0.9%	-0.1%	0.6%	1.6%	0.5%	0.9%	1.1%	-1.0%	-2.9%	-2.7%	-0.5%	
4Q17	1.8%	2.2%	1.3%	2.0%	2.1%	1.2%	0.3%	2.0%	1.0%	2.8%	-0.3%	-0.5%	-0.2%	
1Q18	0.9%	2.1%	0.0%	0.5%	1.1%	0.9%	1.3%	0.7%	3.5%	3.7%	-1.3%	4.4%	-1.8%	
2Q18	1.													

RevPAR Component Trends



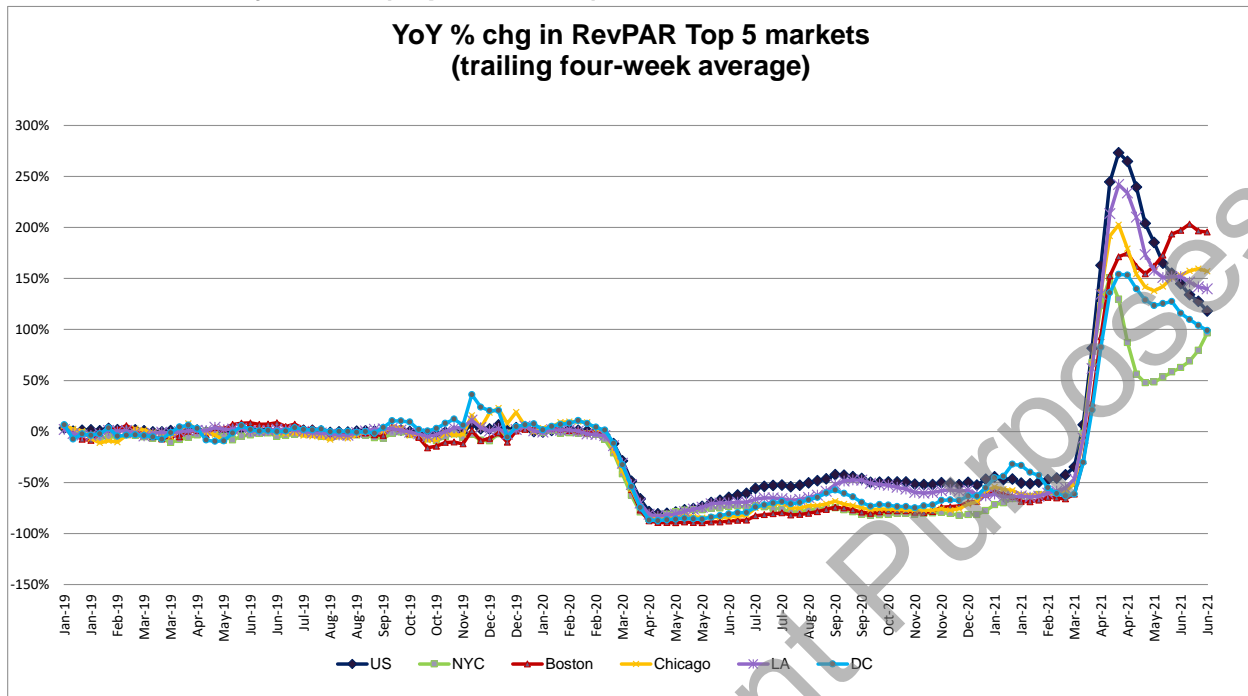
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



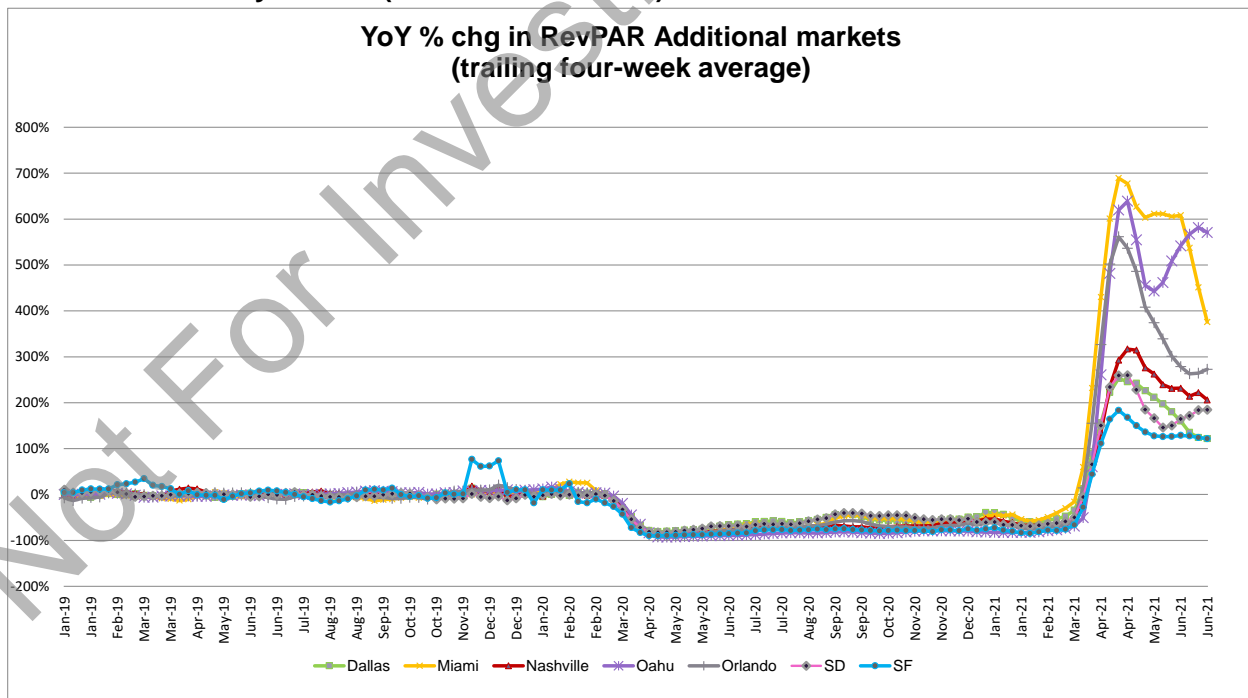
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



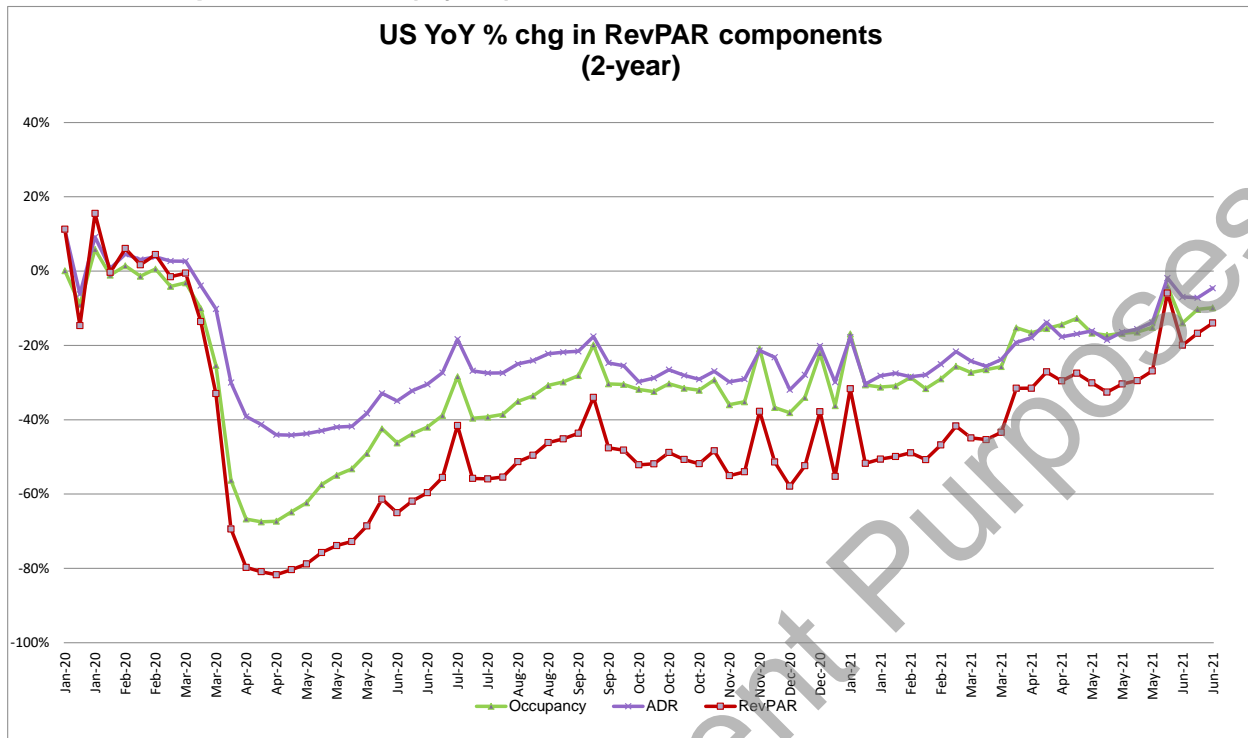
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



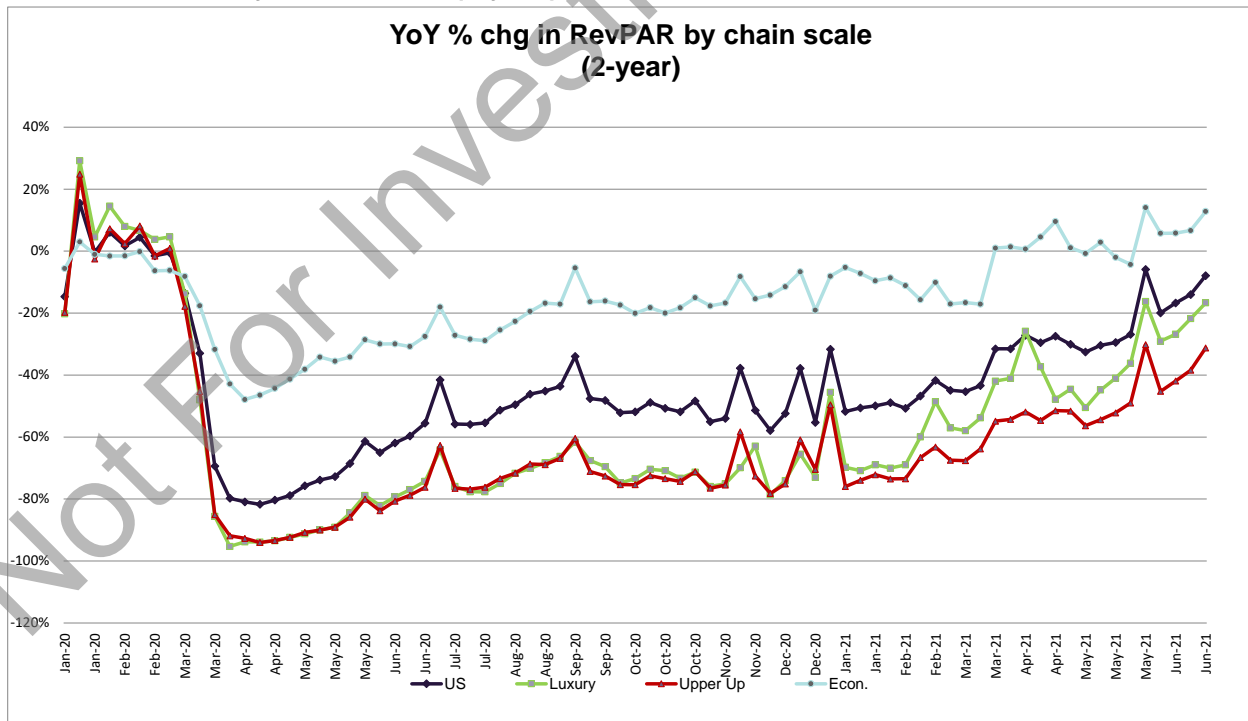
Source: STR data, Truist Securities research

RevPAR Component Trends (2-year)

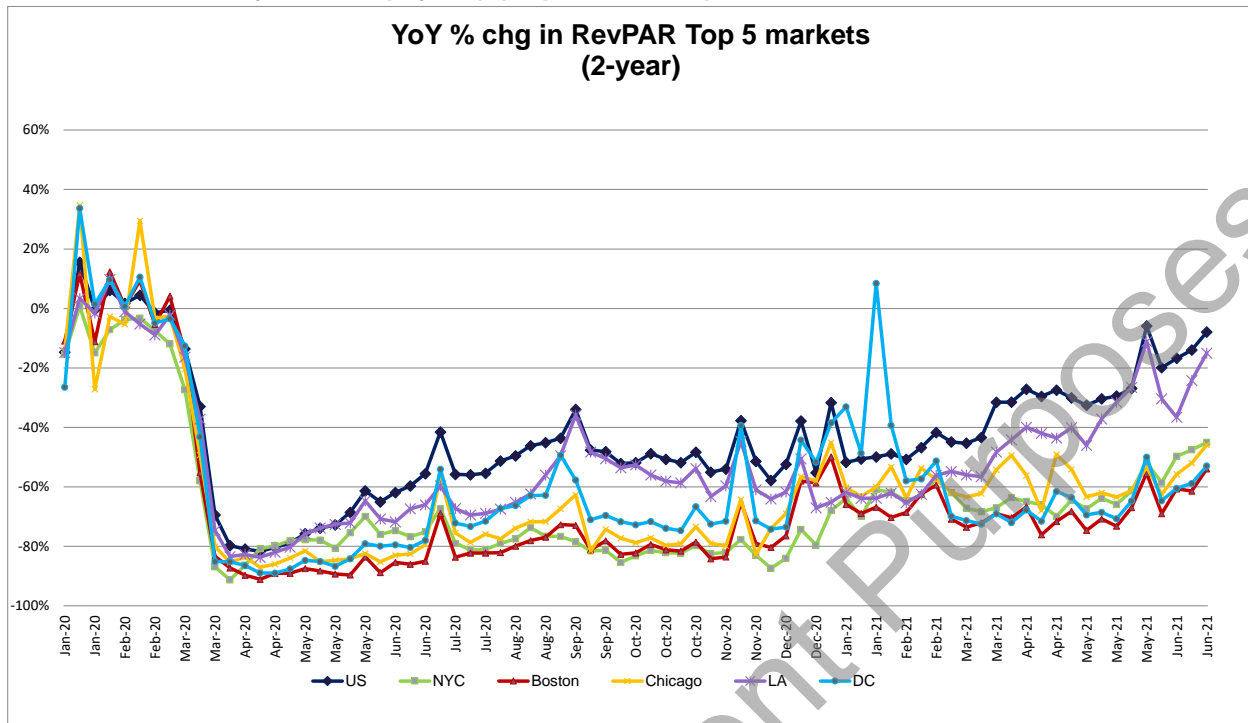


Source: STR data, Truist Securities research

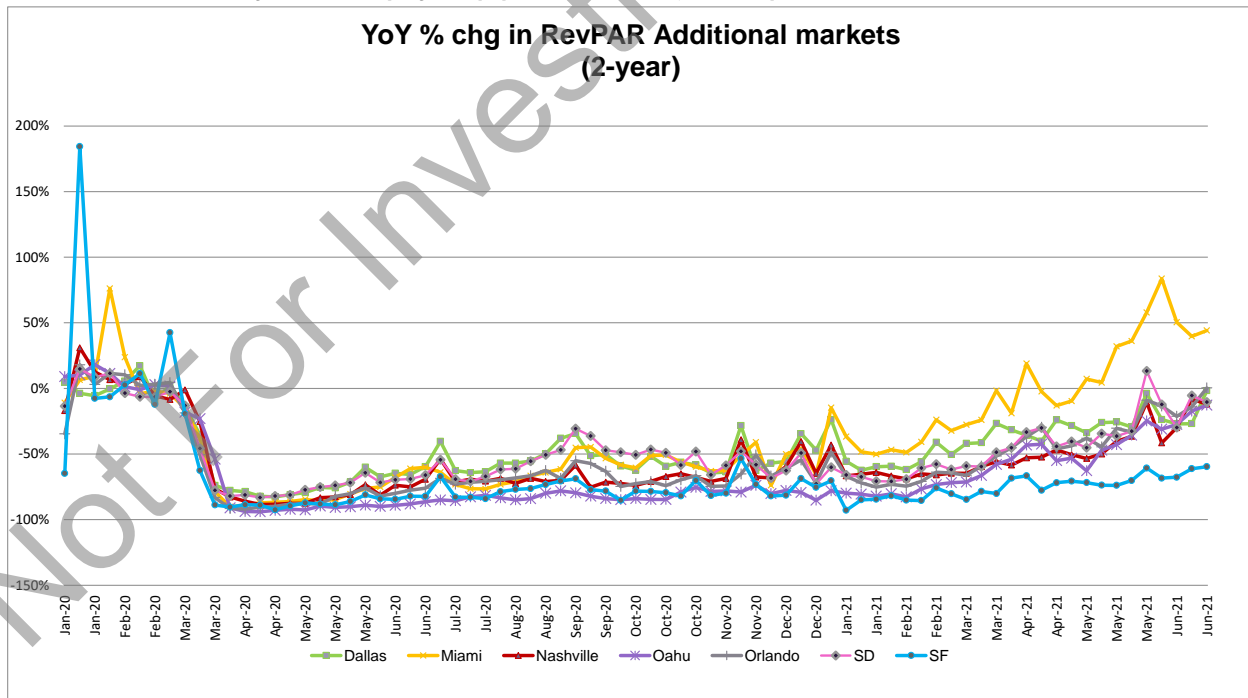
RevPAR Trends by Chain Scale (2-year)



Source: STR data, Truist Securities research

RevPAR Trends by Market (2-year) (Top 5 markets)

Source: STR data, Truist Securities research

RevPAR Trends by Market (2-year) (Additional markets)

Source: STR data, Truist Securities research

Price Target/Risks Summary

Lodging	TKR	Price 6/26/21	Rating	PT*	% upside/ down- side	2021E Valuation EBITDA (\$M)* **	2022E Valuation EBITDA (\$M)* **	2023E Valuation EBITDA (\$M)* **	2021E As Reported/ Consensus EBITDA (\$M)*	2022E As Reported/ Consensus EBITDA (\$M)*	2023E As Reported/ Consensus EBITDA (\$M)*	Target EV/EBITDA Multiple	Risks Note: COVID-19 represents a material risk to our entire coverage especially related to the length/severity of the demand shock.
Choice Hotels	CHH	\$120.30	Hold	\$107	-11%	\$333	\$402	\$474	\$337	\$410	\$482	15.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$10.02	Sell	\$8	-20%	\$32	\$137	\$222	\$33	\$138	\$222	12.0X	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	\$124.48	Hold	\$117	-6%	\$1,260	\$2,245	\$2,627	\$1,352	\$2,343	\$2,744	15.9X	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	\$42.31	Buy	\$53	24%	\$272	\$419	\$533	\$294	\$442	\$557	10.1X	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	\$17.57	Sell	\$15	-15%	\$143	\$747	\$1,284	\$143	\$747	\$1,284	12.5X	Upside risk: faster demand improvement in corporate travel than expected. Dispositions at higher multiple than expected (incl. NYC).
Hyatt Hotels	H	\$81.09	Sell	\$67	-17%	\$95	\$498	\$672	\$135	\$541	\$720	13.5X	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	\$140.14	Hold	\$133	-5%	\$1,445	\$2,729	\$3,383	\$203	\$209	\$220	14.9X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Disposition of owned hotels at attractive pricing.
Marriott Vacations	VAC	\$162.67	Buy	\$190	17%	\$577	\$844	\$940	\$609	\$884	\$984	10.4X	Downside risk: slowing pipeline. Deep 2022 recession.
Park Hotels & Resorts	PK	\$21.54	Sell	\$18	-16%	-\$21	\$387	\$738	-\$6	\$403	\$754	12.6X	Downside risk: M&A story fades and multiples revert to historical levels.
Pebblebrook Hotel Trust***	PEB	\$24.00	Hold	\$21	-13%	\$9	\$227	\$401	\$9	\$227	\$401	14.5X	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.
Playa Hotels & Resorts	PLYA	\$7.52	Hold	\$6	-20%	\$27	\$172	\$205	\$40	\$185	\$218	10.0X	Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Downside Risks: Incremental EBITDA from major CapEx investments take longer than anticipated, contributing to multiple contraction. Very slow recovery in San Francisco.
RLJ Lodging Trust***	RLJ	\$15.46	Buy	\$19	23%	\$22	\$286	\$424	\$34	\$298	\$436	13.0X	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).
Ryman Hospitality Properties	RHP	\$83.77	Sell	\$52	-38%	\$49	\$297	\$438	\$75	\$324	\$466	13.0X	Downside risk: Slower than expected recovery of corporate business travel post-COVID; scapellato and/or upside from repositionings underwhelms investor expectations; labor costs are not reduced either due to increased wages/benefits or inability to cut costs post-tech improvements.
Sunstone Hotel Investors	SHO	\$12.91	Sell	\$10	-23%	\$12	\$196	\$273	\$21	\$206	\$281	12.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery.
Vail Resorts, Inc.	MTN	\$321.28	Hold	\$308	-4%	\$573	\$814	\$923	\$573	\$814	\$923	16.0X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements.
Travel + Leisure Co.	TNL	\$60.31	Buy	\$76	26%	\$722	\$885	\$977	\$722	\$885	\$977	8.5X	Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries.
Wyndham Hotels & Resorts	WH	\$72.97	Buy	\$81	11%	\$459	\$615	\$711	\$486	\$644	\$743	14.0X	Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples. Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
													Downside risk: Slowdown in development opportunities.

* 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

Choice Hotels International, Inc. (CHH, \$117.56, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$9.61, Sell, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$76.69, Sell, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$41.76, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$118.95, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$16.92, Sell, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$135.00, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$316.57, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$23.33, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$20.28, Sell, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$7.43, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$78.60, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$15.07, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$12.25, Sell, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$58.71, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$158.77, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$71.83, 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/Dislosures.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 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 06/30/2021):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	521	70.12%	Buy	148	28.41%
Hold	215	28.94%	Hold	65	30.23%
Sell	7	0.94%	Sell	1	14.29%

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: <https://truistresearch.bluematrix.com/client/library.jsp>

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

© Truist Securities, Inc. 2021. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

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

Not For Investment Purposes