

Lodging

Lodging: US RevPAR +102.9% Y/Y Last Week; 2yr +0.1% vs. Prior -4.2%

Delta variant does not seem to be hurting leisure travel/late July results

What's Incremental To Our View

Overall U.S. RevPAR was +102.9% y/y for the week ending 7/31/2021, per STR, softer than the prior week's result of +110.0%. Last week's RevPAR was up against a -51.1% comparable result in 2020 vs. -54.8% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was +0.1% vs. -4.2% in the prior week's 2-year run-rate.

Late July leisure demand did not appear to be hurt from the variants. **That said, and this is completely our gut feel, we would have anticipated more of a group occupancy pickup from leisure events (especially weddings) into the summer combined with the very modest incremental demand recovery of corporate group. The flatlining of absolute occupancy around 12% so far this summer (down ~45 to 50% versus 2019) feels to us to be a bit of a disappointment.**

From the variants: we anticipate a rising headwind especially from corporate travel (both transient and group/convention, especially from larger companies) although we would expect some leisure guests may also cancel plans or simply decide to not make plans for late Summer given reported contagiousness and negative news stories. Consumer behavior may return somewhat to more of the risk tolerant/risk avoidant split we saw last summer, even despite many travelers vaccinated.

Major RevPAR statistics presented below:

- Luxury RevPAR: +256.8% y/y and -6.1% over 2 years
- Upper Upscale RevPAR: +198.1% y/y and -20.2% over 2 years;
- Upscale RevPAR: +113.1% y/y and -8.9% over 2 years;
- Upper Midscale RevPAR: +89.6% y/y and +4.8% over 2 years;
- Midscale RevPAR +69.4% y/y and +12.4% over 2 years;
- Economy RevPAR: +48.6% y/y and +13.2% over 2 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +88.7% y/y and +10.6% over 2 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +276.6% y/y vs. +329.9% prior week; over 2 years: -44.5% vs -47.6% prior week.
 - Transient: +150.6% y/y vs. +160.4% prior week; over 2 years: +4.2% vs +1.0% prior week.

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What's Inside

Weekly STR results and analysis

July estimates:

- For the month of July, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Sell], or Marriott [MAR, Hold] hotel) will finish approximately +255-265% y/y for Luxury, +200-210% y/y for Upper Upscale, and +115-120% y/y for Upscale full-service. We estimate that the overall industry will finish approximately +105-115% y/y. Please note that reported monthly results include hotels that are not in the weekly data set.
- On a 2-year basis, STR data would suggest roughly flattish RevPAR for the overall industry. By chain scale:
 - Luxury: down 5% to 10%
 - Upper Upscale: down 15% to 25%
 - Upscale: down 5% to 15%

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +102.9% y/y vs. the running 28-day average of +107.6% y/y.
- **Occupancy:** absolute occupancy was 70.1% y/y vs. the running 28-day average of 69.9% y/y.
- **Open/closed hotels:** Per STR, 1.3% of the hotel supply was closed (vs. 1.4% 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: 12.3% last week vs. 11.9% 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 corporate 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 is a game changer, our best guess for the return of the business traveler for RevPAR modeling purposes is not until at least 3Q21. That said, 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		Economy		Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%
7/3/2021	88.9%	174.7%	157.3%	103.4%	83.9%	58.3%	41.3%	76.5%	115.8%	171.6%	129.9%	108.9%	85.5%
7/10/2021	107.6%	258.6%	200.0%	110.5%	88.6%	70.1%	49.5%	105.4%	150.3%	205.6%	141.2%	162.8%	91.1%
7/17/2021	108.7%	272.5%	209.0%	118.9%	94.1%	70.5%	51.2%	97.4%	174.5%	201.4%	147.1%	151.1%	108.6%
7/24/2021	110.0%	274.9%	211.5%	119.4%	95.6%	73.7%	51.4%	97.5%	188.3%	222.4%	156.6%	155.0%	100.7%
7/31/2021	102.9%	256.8%	198.1%	113.1%	89.6%	69.4%	48.6%	88.7%	179.2%	233.5%	153.8%	215.7%	92.7%

Still no clear material Delta impact

Luxury and Upper Upscale led the industry

Boston and Chicago led the Top 5 markets

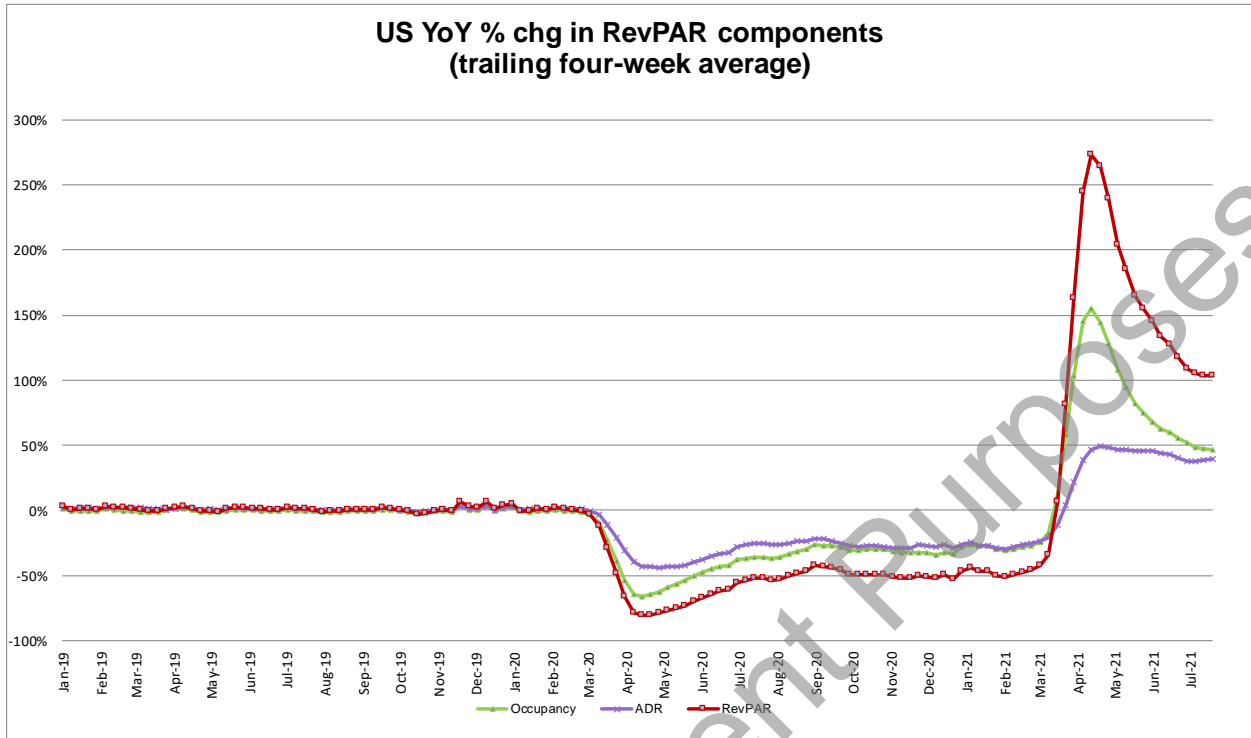
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%
3Q18	1.7%	3.3%	1.9%	0.8%	-0.5%	0.1%	1.8%	2.2%	0.7%	2.8%	1.3%	7.5%	-3.4%
4Q18	2.4%	3.0%	1.1%	0.0%	0.5%	1.3%	2.9%	4.9%	3.5%	12.2%	3.0%	2.8%	-3.4%
1Q19	1.5%	-0.7%	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%
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%
2Q21	160.4%	391.1%	305.3%	173.3%	150.1%	100.7%	61.1%	162.0%	73.8%	192.1%	166.4%	158.3%	126.2%

YoY % change in ADR													
U.S.	Upper		Upper		Economy		Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%	48.8%	34.8%
5/29/2021	47.9%	41.7%	36.4%	28.3%	29.0%	24.9%	22.1%	56.3%	39.8%	54.7%	47.1%	52.3%	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%	44.9%	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%
7/3/2021	32.4%	29.8%	23.6%	23.4%	24.0%	20.6%	19.6%	30.0%	47.9%	39.8%	43.7%	42.1%	22.7%
7/10/2021	42.2%	38.4%	33.5%	28.7%	29.7%	27.6%	24.9%	44.0%	57.0%	47.2%	49.7%	56.2%	26.8%
7/17/2021	40.1%	34.6%	32.7%	29.4%	29.6%	26.0%	24.3%	38.8%	61.7%	45.7%	52.2%	52.0%	28.6%
7/24/2021	41.8%	38.3%	34.0%	31.3%	31.7%	27.8%	25.7%	40.0%	62.1%	59.6%	55.7%	52.5%	28.9%
7/31/2021	42.0%	37.8%	36.5%	32.4%	32.4%	28.0%	25.5%	39.5%	60.4%	58.9%	59.9%	73.1%	27.5%
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%	1.8%	1.1%	0.9%	0.5%	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%	1.6%	-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%	3.3%	0.8%	-1.3%	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%
4Q20	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-5.9%	-20.9%	-54.1%	-45.5%	-29.2%	-44.8%	-40.7%
1Q21	-19.6%	3.4%	-23.4%	-23.0%	-14.2%	-6.3%	-1.5%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%
2Q21	43.2%	37.8%	30.6%	21.3%	23.1%	20.4%	18.6%	52.6%	33.5%	38.0%	42.5%	46.1%	23.1%

YoY % change in Occupancy													
U.S.	Upper		Upper		Economy		Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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	57.8%	160.1%	151.8%	86.4%	65.3%	45.7%	24.6%	52.3%	15.6%	90.6%	68.0%	65.8%	51.4%
6/12/2021	58.4%	166.7%	139.5%	85.7%	65.3%	45.9%	26.3%	52.6%	25.2%	110.0%	64.5%	71.8%	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	59.6%	151.0%	126.0%	73.1%	52.8%	39.7%	24.7%	44.2%	45.5%	116.3%	63.5%	63.5%	65.3%
7/3/2021	42.7%	111.7%	108.1%	64.8%	48.3%	31.3%	18.1%	35.8%	46.0%	94.2%	60.0%	47.0%	51.2%
7/10/2021	46.0%	159.0%	124.7%	63.5%	45.4%	33.3%	19.7%	42.7%	59.5%	107.6%	61.1%	68.3%	50.7%
7/17/2021	48.9%	176.8%	132.8%	69.2%	49.7%	35.3%	21.6%	42.2%	69.8%	106.8%	62.4%	65.2%	62.2%
7/24/2021	48.1%	171.1%	132.4%	67.1%	48.5%	35.9%	20.5%	41.1%	77.8%	109.8%	64.8%	67.2%	55.7%
7/31/2021	42.9%	158.9%	118.3%	60.9%	43.3%	32.4%	18.4%	35.3%	74.0%	109.9%	58.7%	82.4%	51.1%
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%	-0.6%	-1.7%	-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%	-51.3%	-51.2%
4Q20	-32.1%	-67.8%	-61.2%	-39.1%	-27.8%	-17.8%	-9.1%	-28.5%	-58.7%	-56.2%	-42.5%	-55.9%	-51.7%
1Q21	-10.1%	-44.6%	-40.5%	-14.7%	-3.8%	0.5%	5.6%	-6.7%	-28.0%	-36.6%	-22.2%	-26.0%	-21.6%
2Q21	81.9%	256.5%	210.5%	125.3%	103.2%	66.7%	35.9%	71.7%	30.2%	111.7%	86.9%	76.8%	83.8%

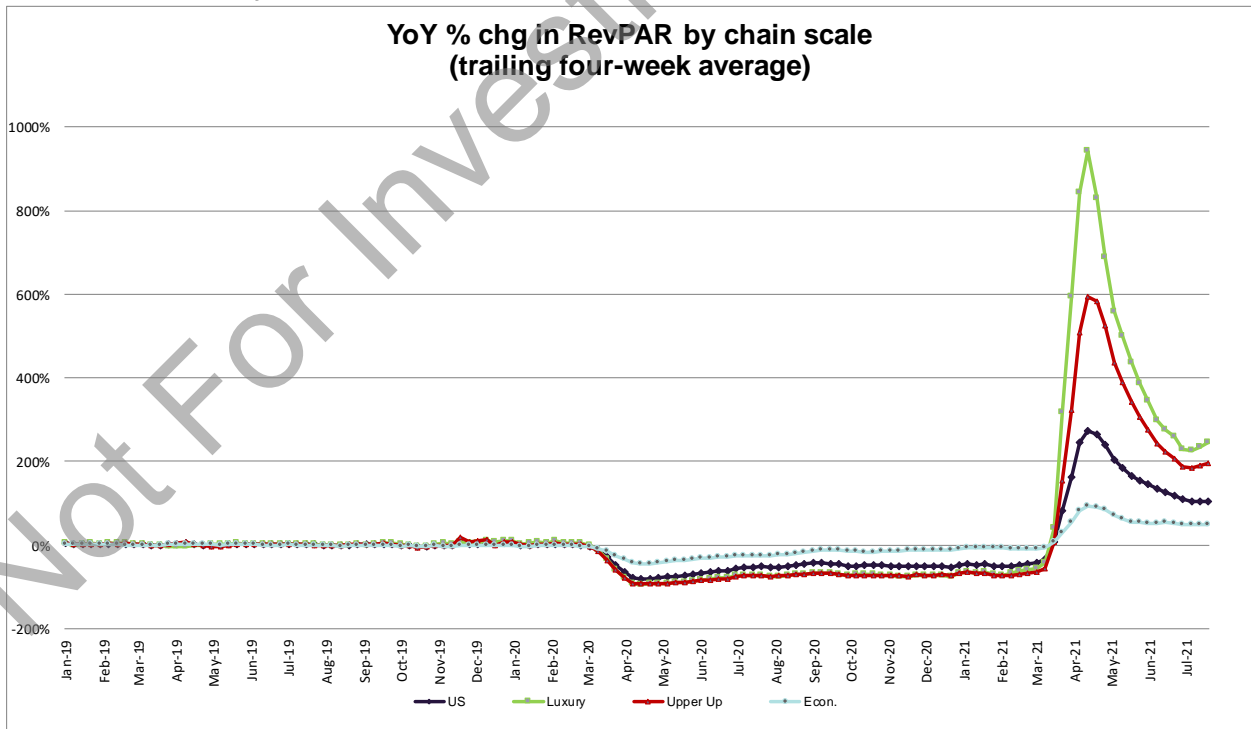
Source: STR data, Truist Securities research

RevPAR Component Trends



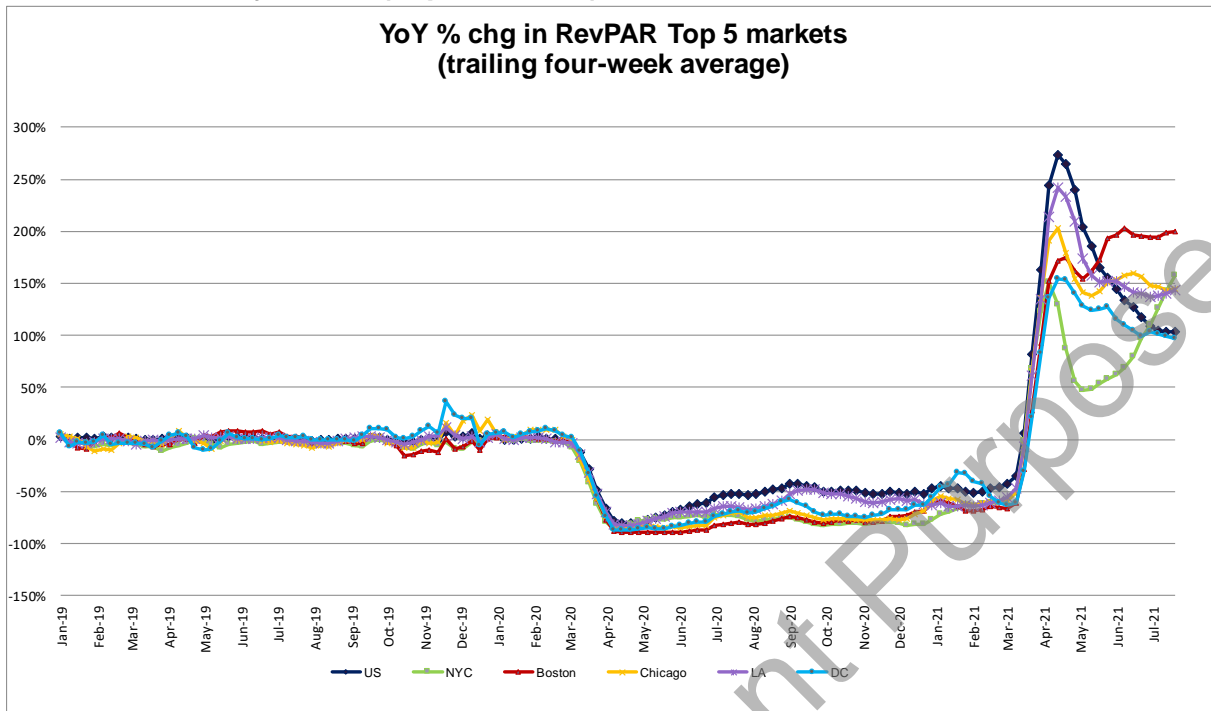
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



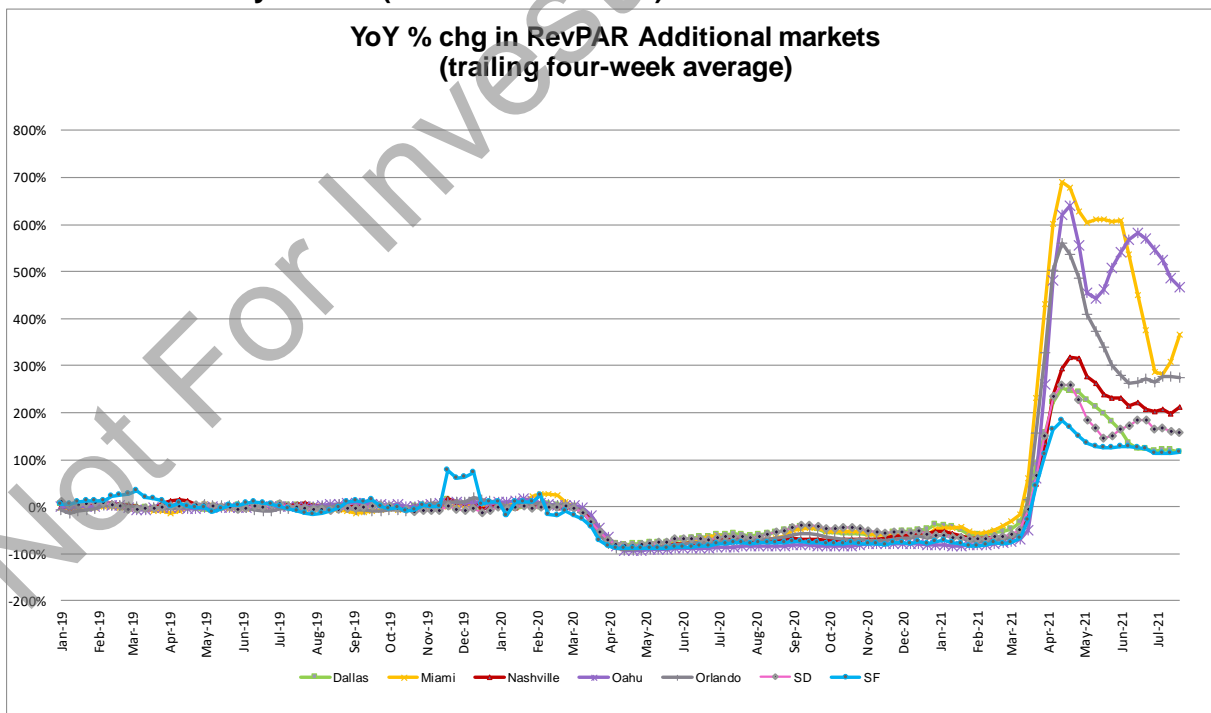
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



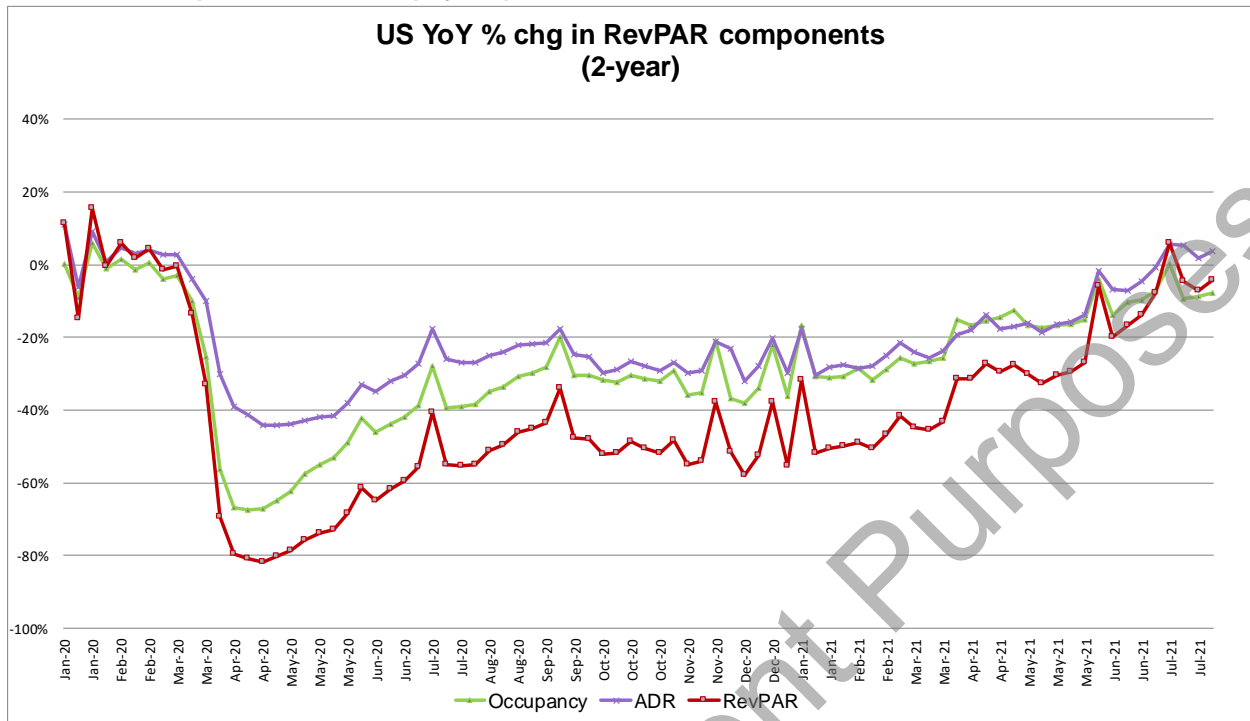
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



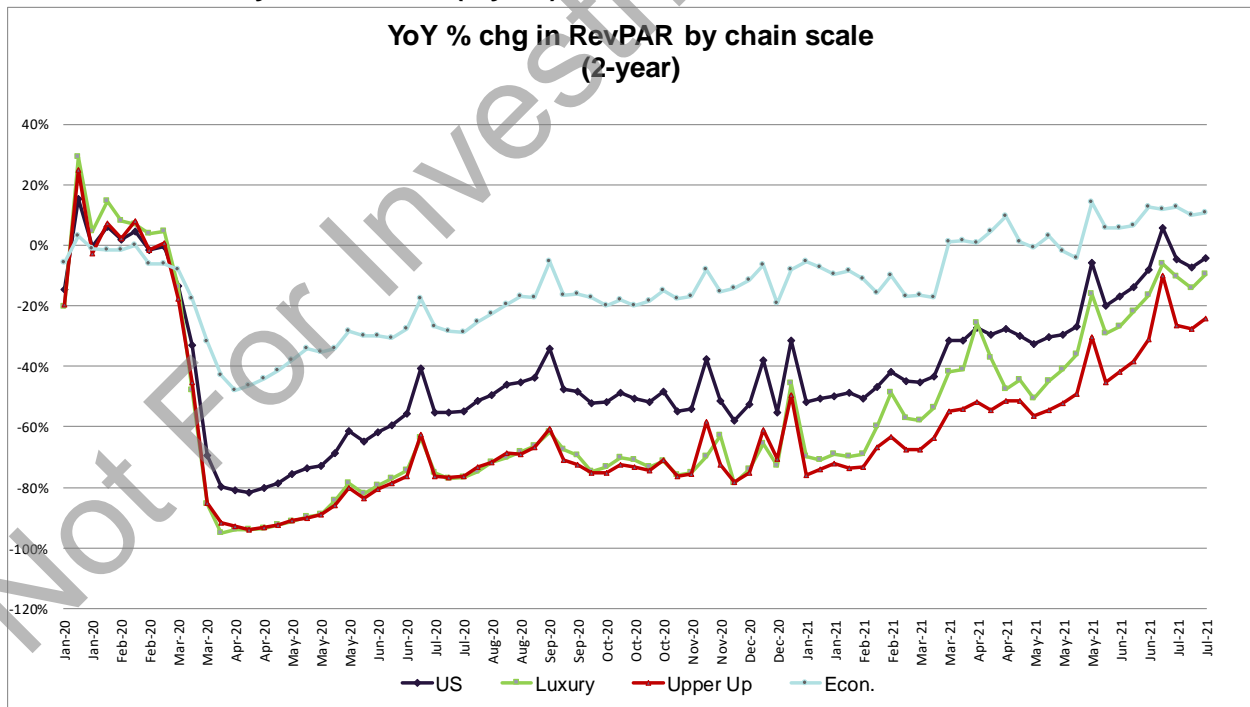
Source: STR data, Truist Securities research

RevPAR Component Trends (2-year)



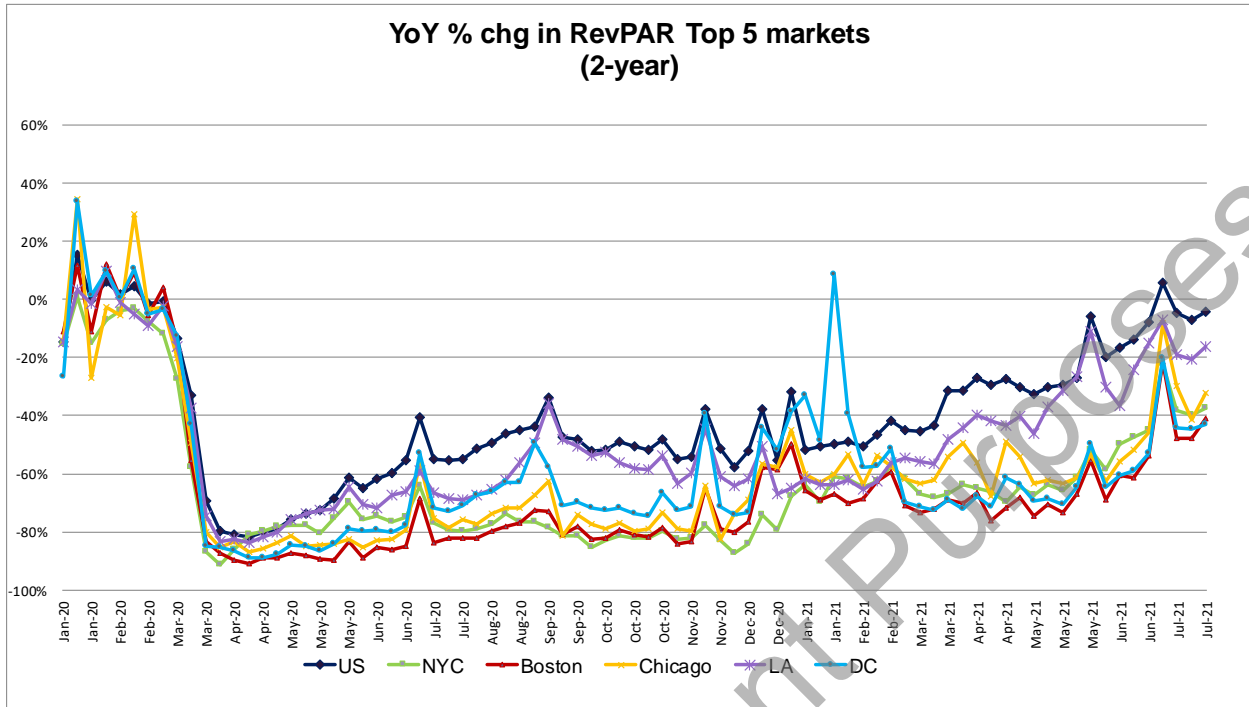
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (2-year)



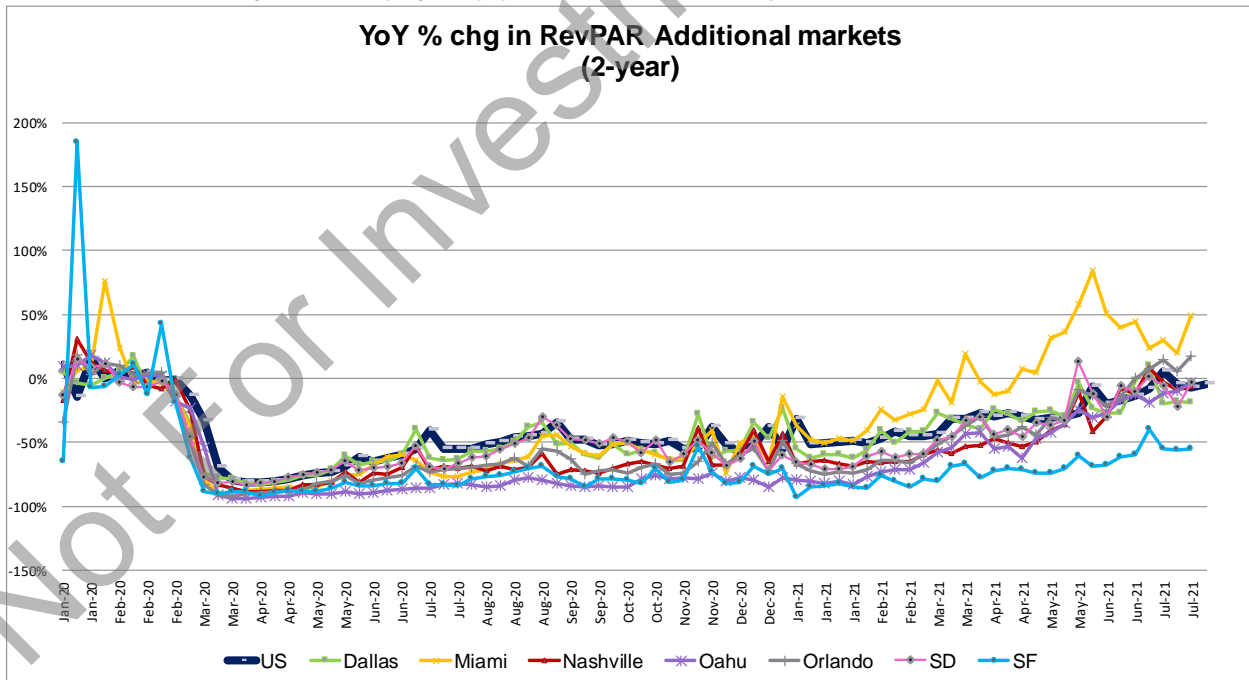
Source: STR data, Truist Securities research

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 8/3/21	Rating	PT*	% upside/downside	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	\$117.34	Hold	\$107	-9%	\$333	\$402	\$474	\$337	\$410	\$482	15.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$8.42	Sell	\$8	-5%	\$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. Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hilton	HLT	\$126.08	Hold	\$127	1%	\$1,422	\$2,225	\$2,729	\$1,554	\$2,357	\$2,868	15.9X	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.
Hilton Grand Vacations	HGV	\$39.98	Buy	\$53	32%	\$272	\$419	\$533	\$294	\$442	\$557	10.1X	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.
Host Hotels & Resorts	HST	\$15.79	Sell	\$15	-5%	\$143	\$747	\$1,284	\$143	\$747	\$1,284	12.5X	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.
Hyatt Hotels	H	\$75.80	Sell	\$67	-12%	\$95	\$498	\$672	\$135	\$541	\$720	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	\$142.63	Hold	\$146	2%	\$1,818	\$2,888	\$3,522	\$196	\$202	\$212	15.9X	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 Vacations	VAC	\$139.59	Buy	\$190	36%	\$577	\$844	\$940	\$575	\$884	\$984	10.4X	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.
Park Hotels & Resorts	PK	\$17.87	Sell	\$18	1%	-\$21	\$387	\$738	-\$6	\$403	\$754	12.5X	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.
Pebblebrook Hotel Trust***	PEB	\$21.68	Hold	\$24	11%	\$61	\$291	\$420	\$61	\$291	\$420	14.5X	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.
Playa Hotels & Resorts	PLYA	\$6.50	Hold	\$6	-8%	\$27	\$172	\$205	-\$1	\$133	\$218	10.0X	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.
RLJ Lodging Trust***	RLJ	\$14.12	Buy	\$19	35%	\$73	\$296	\$430	\$84	\$308	\$442	13.0X	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.
Ryman Hospitality Properties	RHP	\$76.95	Sell	\$52	-32%	\$49	\$297	\$438	\$82	\$324	\$466	13.0X	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.
Sunstone Hotel Investors	SHO	\$11.35	Sell	\$10	-12%	\$12	\$196	\$273	\$21	\$206	\$281	12.0X	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.
Vail Resorts, Inc.	MTN	\$300.91	Hold	\$308	2%	\$573	\$814	\$923	\$573	\$814	\$923	16.0X	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.
Travel + Leisure Co.	TNL	\$50.10	Buy	\$76	51%	\$722	\$885	\$977	\$722	\$885	\$977	8.5X	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.
Wyndham Hotels & Resorts	WH	\$70.15	Buy	\$83	18%	\$503	\$592	\$682	\$532	\$622	\$724	14.0X	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.

* 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

Not For Investment

Companies Mentioned in This Note

Choice Hotels International, Inc. (CHH, \$117.34, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$8.42, Sell, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$75.80, Sell, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$39.98, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$126.08, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$15.79, Sell, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$142.63, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$300.91, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$21.68, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$17.87, Sell, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$6.50, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$76.95, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$14.12, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$11.35, Sell, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$50.10, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$139.59, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$70.15, Buy, C. Patrick Scholes)

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