

Lodging

Lodging: US RevPAR +78.4% Y/Y Last Week; 2yr -12.8% vs. Prior -13.9%

2yr result fairly consistent the past 3 weeks. Weekends boom, weekdays bust.

What's Incremental To Our View

Overall U.S. RevPAR was +78.4% y/y for the week ending 9/25/2021, per STR, above the prior week's result of +75.8%. Last week's RevPAR was up against a -51.7% comparable result in 2020 vs. -51.6% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was -12.8% vs. -13.9% in the prior week's 2-year run-rate.

Holiday shifts complicate the y/y and 2-yr comps with High Holidays impacting 2020 and 2019. We also note that 2021 absolute occupancy in Top 25 markets remain with a large spread.

Y/y and 2-yr comps are going to be noisy for several more weeks with Rosh Hashanah starting Sunday 9/29/19 and Friday 9/18/20 -- resulting in some leisure and business/group travel adjusted for the holidays.

On an absolute 2021 basis we note continued soft demand in midweek for many Top 25 markets and strong results for the weekend -- booming especially for limited-service properties. But results vary widely especially for midweek:

- **Midweek occupancy last week suggests higher-end hotels still deeply depressed for business travel:** NYC in the mid-upper 60s, Boston in the low 60s, Chicago/DC mid 50s, but Oahu and San Francisco below 50%.
- **Saturday occupancy was quite strong** - Boston occupancy was 90% and several markets were in the 80s%.
- **Overall group remains sluggish** with occupancy down 41% vs. 2019. Running 28 days vs. 2019: down 43%.
- **Economy ADR was up a very healthy 10.9% vs. 2019 vs. -2.0% for the industry.**

Major RevPAR statistics presented below:

- Luxury RevPAR: +183.0% y/y and -27.4% over 2 years
- Upper Upscale RevPAR: +160.4% y/y and -33.6% over 2 years;
- Upscale RevPAR: +85.2% y/y and -20.7% over 2 years;
- Upper Midscale RevPAR: +63.8% y/y and -3.8% over 2 years;
- Midscale RevPAR: +49.1% y/y and +7.9% over 2 years;
- Economy RevPAR: +34.0% y/y and +12.8% over 2 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +64.2% y/y and -4.4% over 2 years; and

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What's Inside

Weekly STR results and analysis

- Within Upper Upscale & Luxury class hotels:
 - Group: +374.3% y/y vs. +309.8% prior week; over 2 years: -43.3% vs -48.9% prior week.
 - Transient: +94.0% y/y vs. +94.5% prior week; over 2 years: -16.1% vs -17.8% prior week.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +78.4% y/y vs. the running 28-day average of +69.4% y/y.
- **Occupancy:** Absolute occupancy was 63.2% y/y vs. the running 28-day average of 61.8% y/y.
- **Open/closed hotels:** Per STR, 0.9% of the hotel supply was closed (vs. 0.9% 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 relatively light** and driven in our view partly from leisure group such as wedding demand and moderate attendance from fall conventions: 17.0% last week vs. 14.4% for the running 28 days.

As far as stocks, we reiterate our view the companies relatively best positioned here in our coverage universe are the drive-to leisure-centric C-Corps CHH, WH, and 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 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).

Not For Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper		Upper		Economy		Index	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%
8/7/2021	87.9%	222.2%	169.8%	93.1%	74.6%	58.3%	41.0%	76.8%	140.3%	211.8%	124.8%	172.3%	109.4%
8/14/2021	77.8%	181.8%	140.8%	83.1%	67.3%	54.0%	39.4%	68.0%	105.0%	215.0%	103.1%	146.4%	95.9%
8/21/2021	74.9%	165.6%	138.1%	81.2%	66.1%	52.0%	38.1%	63.5%	133.8%	172.8%	89.4%	152.5%	97.9%
8/28/2021	68.3%	156.0%	127.2%	73.3%	59.7%	46.5%	33.2%	57.9%	128.4%	183.3%	79.6%	152.9%	60.1%
9/4/2021	62.2%	129.1%	115.0%	70.2%	57.1%	45.3%	35.3%	47.6%	161.1%	185.6%	57.4%	159.9%	83.0%
9/11/2021	62.0%	132.1%	115.4%	67.1%	54.9%	43.9%	32.7%	50.2%	203.6%	168.6%	41.0%	147.0%	91.8%
9/18/2021	75.8%	170.6%	151.3%	82.1%	64.2%	49.9%	34.9%	63.2%	217.9%	189.2%	63.4%	210.5%	95.6%
9/25/2021	78.4%	183.0%	160.4%	85.2%	63.8%	49.1%	34.0%	64.2%	266.9%	273.5%	65.1%	184.6%	96.0%

US 2-yr result fairly consistent in past 3 weeks

Luxury and Upper Upscale led the industry

Boston and NYC led the Top 5 markets

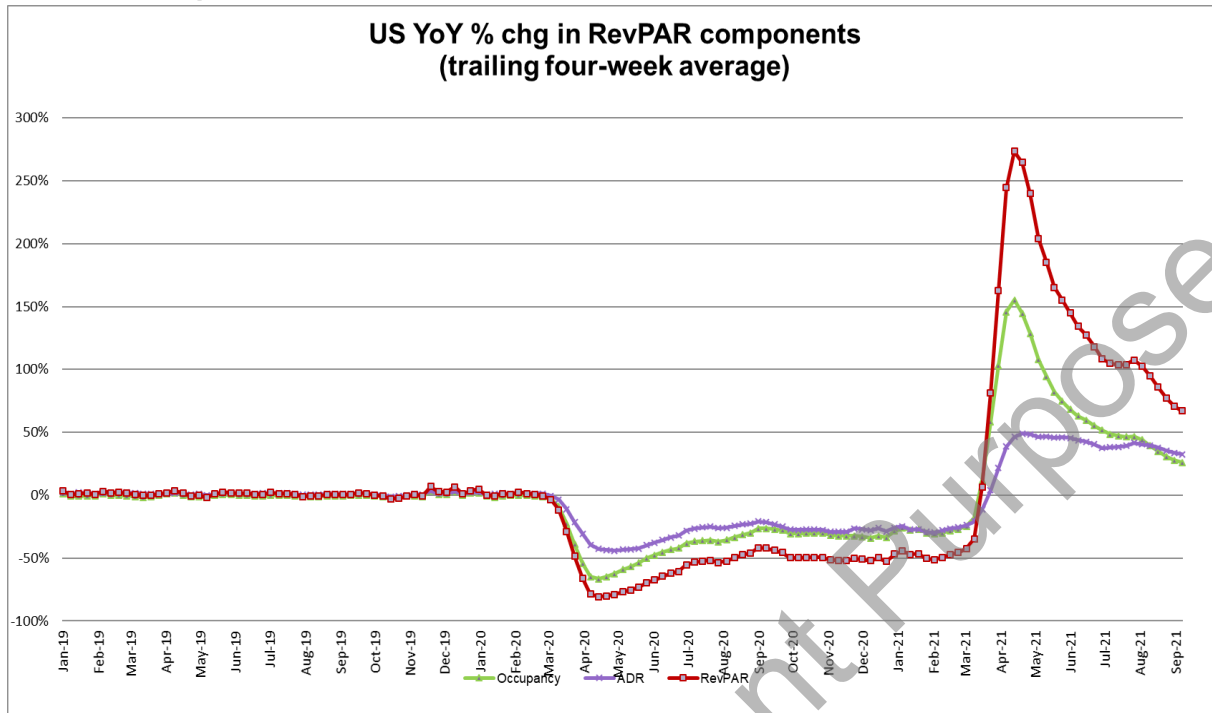
1Q18	3.5%	6.6%	0.9%	2.2%	3.0%	3.8%	5.3%	3.8%	7.1%	2.6%	2.7%	5.8%	-11.0%
2Q18	4.0%	4.9%	3.4%	2.8%	3.0%	4.1%	3.1%	4.6%	4.2%	-1.2%	0.6%	4.0%	3.1%
3Q18	1.7%	3.3%	1.9%	0.8%	-0.5%	0.1%	1.8%	2.2%	0.7%	2.8%	1.3%	7.5%	-3.4%
4Q18	2.4%	3.0%	1.1%	0.0%	0.5%	1.3%	2.9%	4.9%	3.5%	12.2%	3.0%	2.8%	-3.4%
1Q19	1.5%	-0.7%	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		Index	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%	53.6%	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%
8/7/2021	38.4%	35.7%	36.4%	30.0%	29.1%	25.0%	22.5%	36.4%	55.2%	55.9%	52.6%	59.7%	30.6%
8/14/2021	36.2%	34.9%	35.3%	29.2%	28.4%	24.2%	21.7%	34.9%	47.6%	55.4%	48.9%	56.5%	25.9%
8/21/2021	34.5%	34.0%	32.3%	28.4%	27.7%	23.5%	20.6%	32.5%	48.7%	53.1%	45.9%	55.6%	28.3%
8/28/2021	33.1%	32.8%	32.8%	28.1%	26.6%	21.7%	19.2%	30.0%	47.8%	57.1%	40.9%	55.1%	16.0%
9/4/2021	30.8%	28.6%	31.9%	28.1%	26.0%	21.3%	19.4%	26.6%	58.2%	61.3%	34.1%	58.8%	25.1%
9/11/2021	31.3%	31.9%	32.5%	27.7%	25.1%	20.7%	18.1%	28.2%	75.4%	57.5%	27.9%	54.3%	29.3%
9/18/2021	35.8%	33.0%	37.9%	31.0%	27.9%	22.4%	19.6%	32.0%	84.2%	64.1%	33.6%	72.6%	31.8%
9/25/2021	37.9%	38.2%	42.2%	33.1%	28.5%	22.7%	19.2%	33.3%	105.3%	91.4%	34.4%	69.0%	39.5%
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%	1.6%	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%
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		Index	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%	159.8%	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%	168.8%	132.8%	69.9%	49.7%	35.3%	21.6%	42.2%	69.8%	106.8%	62.4%	65.2%	52.2%
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%
8/7/2021	35.7%	137.5%	97.8%	48.5%	35.3%	26.7%	15.1%	29.6%	54.9%	99.9%	47.3%	70.5%	60.3%
8/14/2021	30.5%	108.9%	78.0%	41.6%	30.3%	24.0%	14.6%	24.5%	38.8%	101.5%	36.4%	57.4%	55.7%
8/21/2021	30.0%	98.1%	80.0%	41.2%	30.0%	23.1%	14.5%	23.4%	57.2%	78.2%	29.9%	62.2%	54.2%
8/28/2021	26.5%	92.8%	71.1%	35.3%	26.2%	20.4%	11.8%	21.4%	54.5%	80.4%	27.4%	63.0%	38.0%
9/4/2021	24.0%	78.2%	62.9%	32.9%	24.6%	19.7%	13.3%	16.6%	65.1%	77.1%	17.4%	63.6%	46.2%
9/11/2021	23.4%	76.0%	62.5%	30.8%	23.8%	19.2%	12.4%	17.2%	73.1%	70.5%	10.3%	60.1%	48.3%
9/18/2021	29.5%	103.4%	82.3%	38.9%	28.3%	22.5%	12.8%	23.7%	72.6%	76.2%	22.3%	79.9%	48.4%
9/25/2021	29.4%	104.7%	83.1%	39.1%	27.5%	21.5%	12.4%	23.2%	78.7%	95.1%	22.8%	68.4%	40.4%
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%
4Q20	-32.1%	-67.8%	-61.2%	-39.1%	-27.8%	-17.8%	-9.1%	-28.5%	-58.7%	-56.2%	-42.5%	-55.5%	-51.7%
1Q21	-10.1%	-44.6%	-40.5%	-14.7%	-3.8%	0.5%	5.6%	-6.7%	-28.0%	-35.6%	-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%

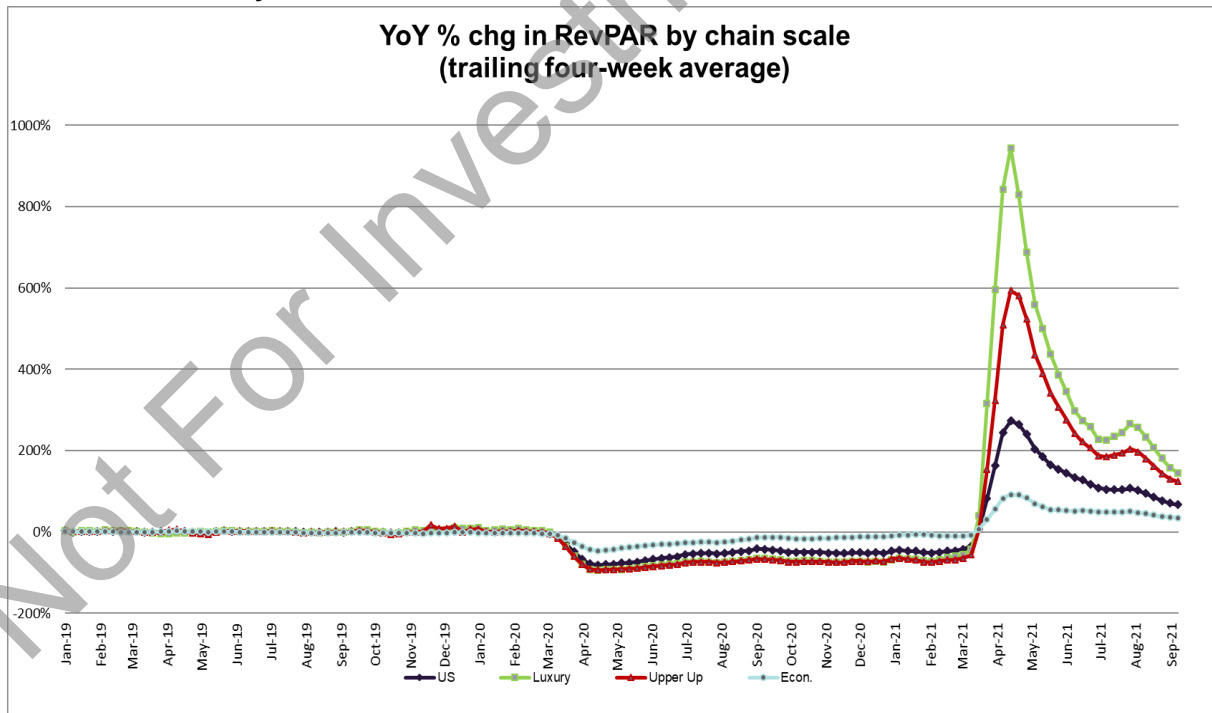
Source: STR data, Truist Securities research

RevPAR Component Trends



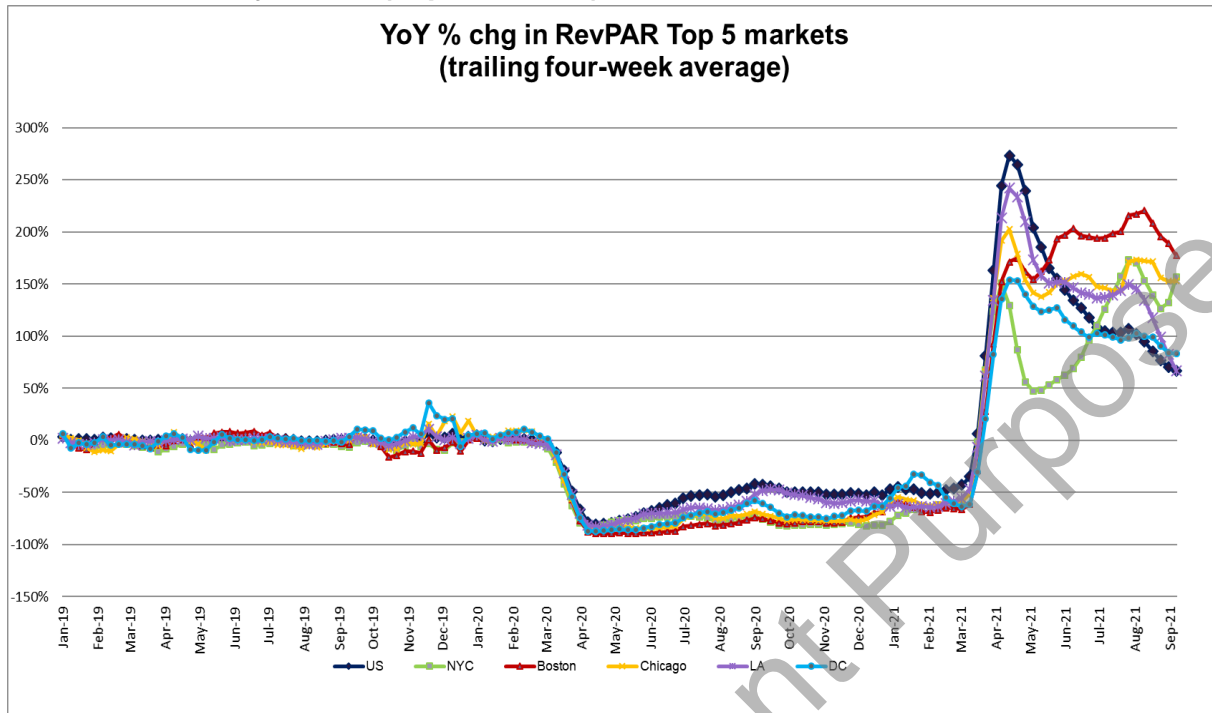
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



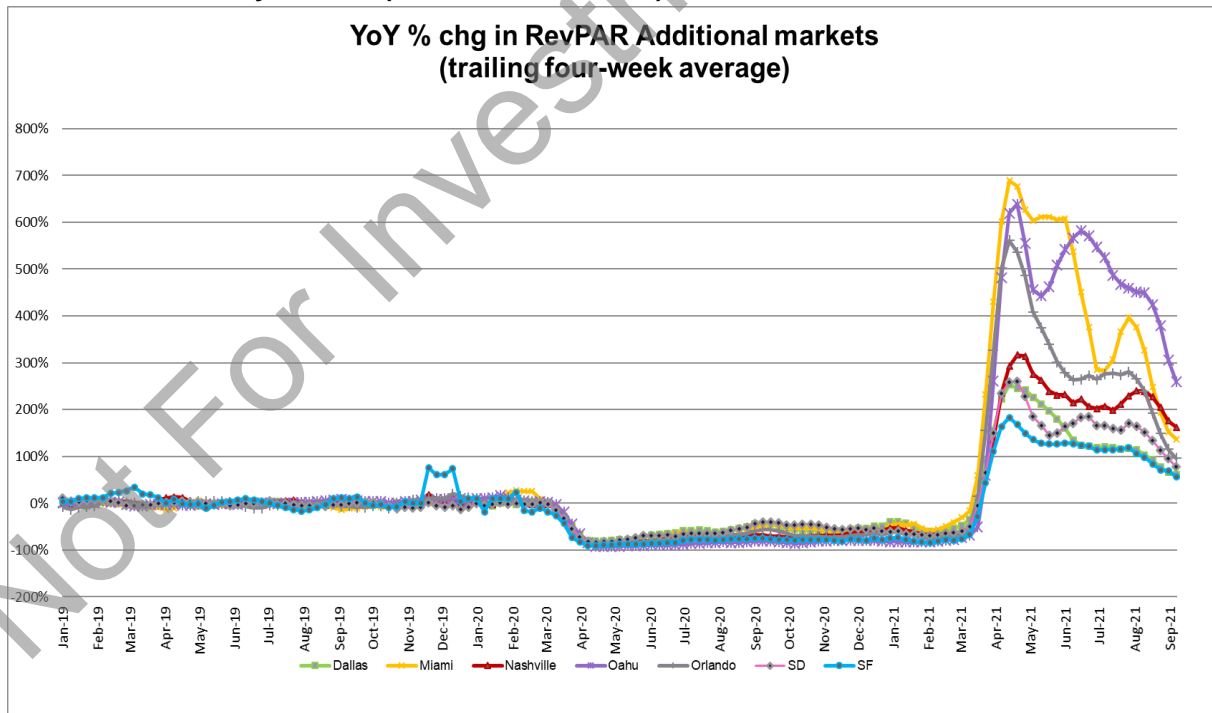
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



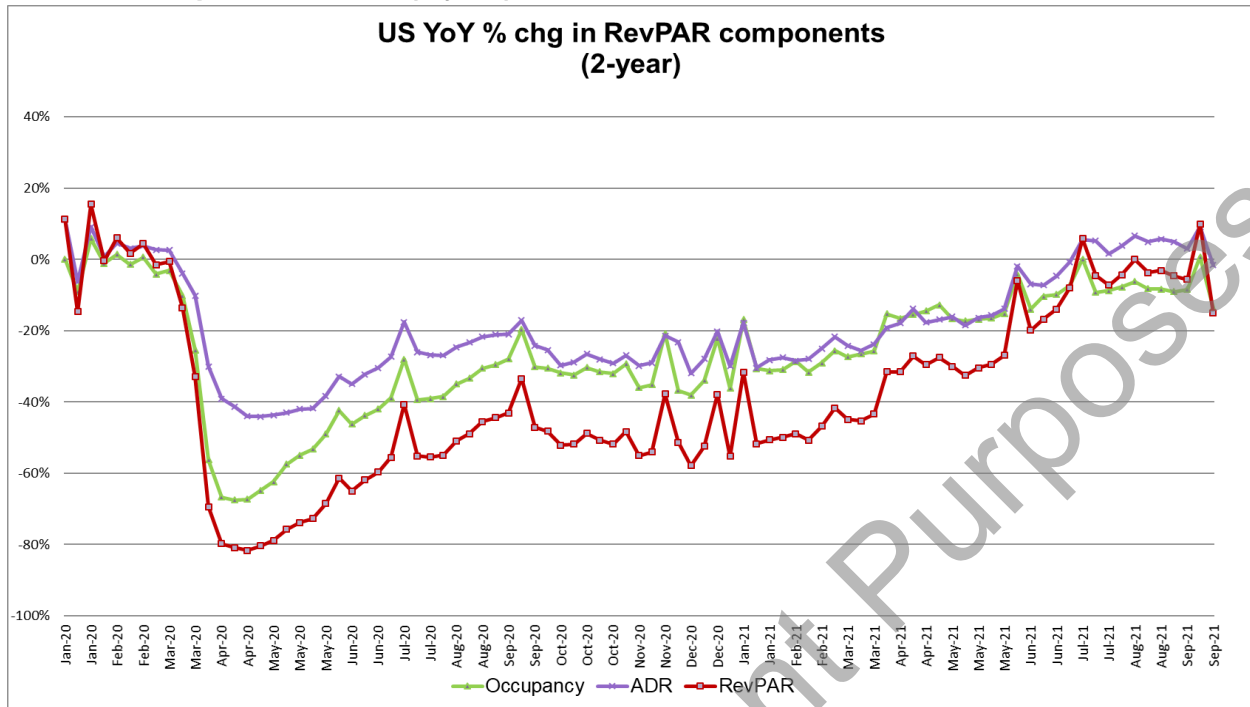
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



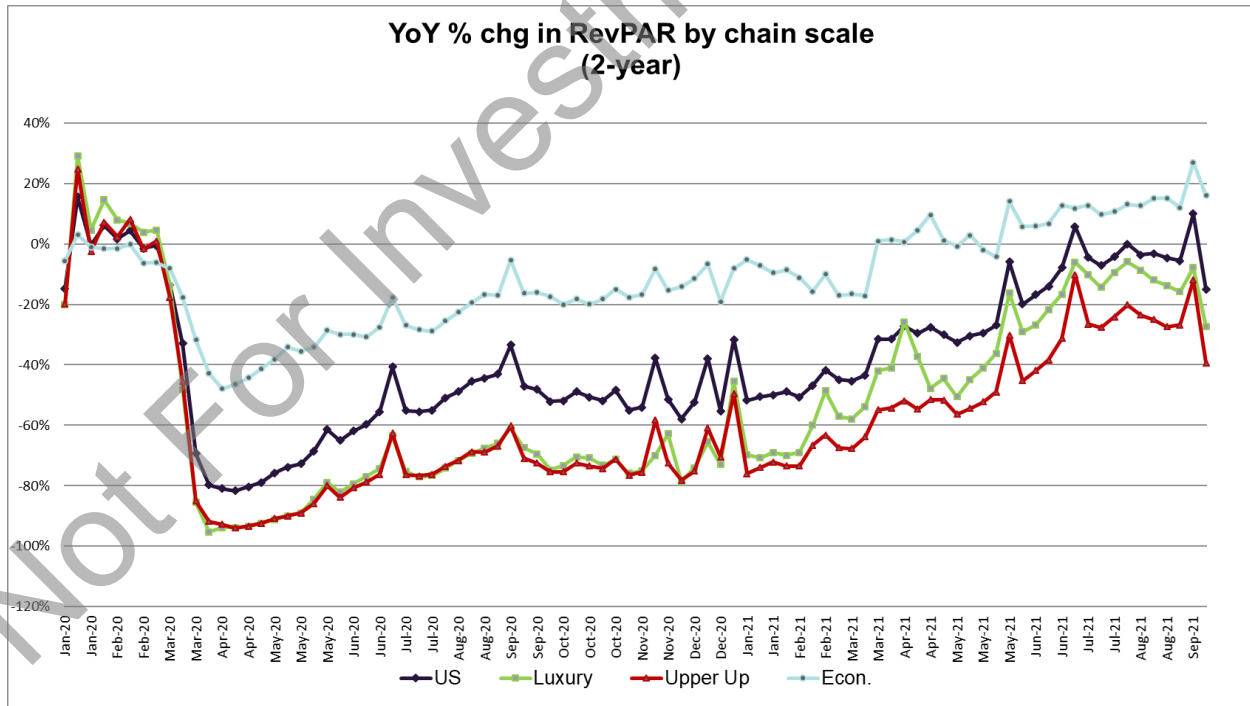
Source: STR data, Truist Securities research

RevPAR Component Trends (2-year)



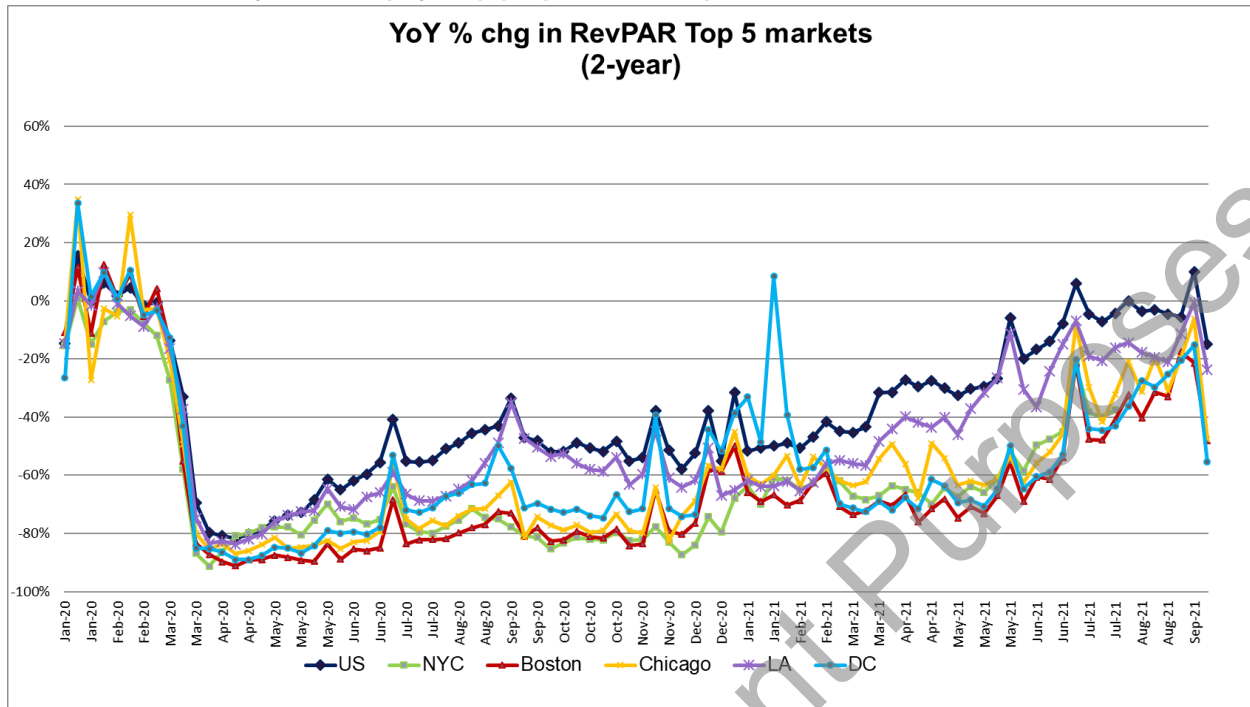
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (2-year)



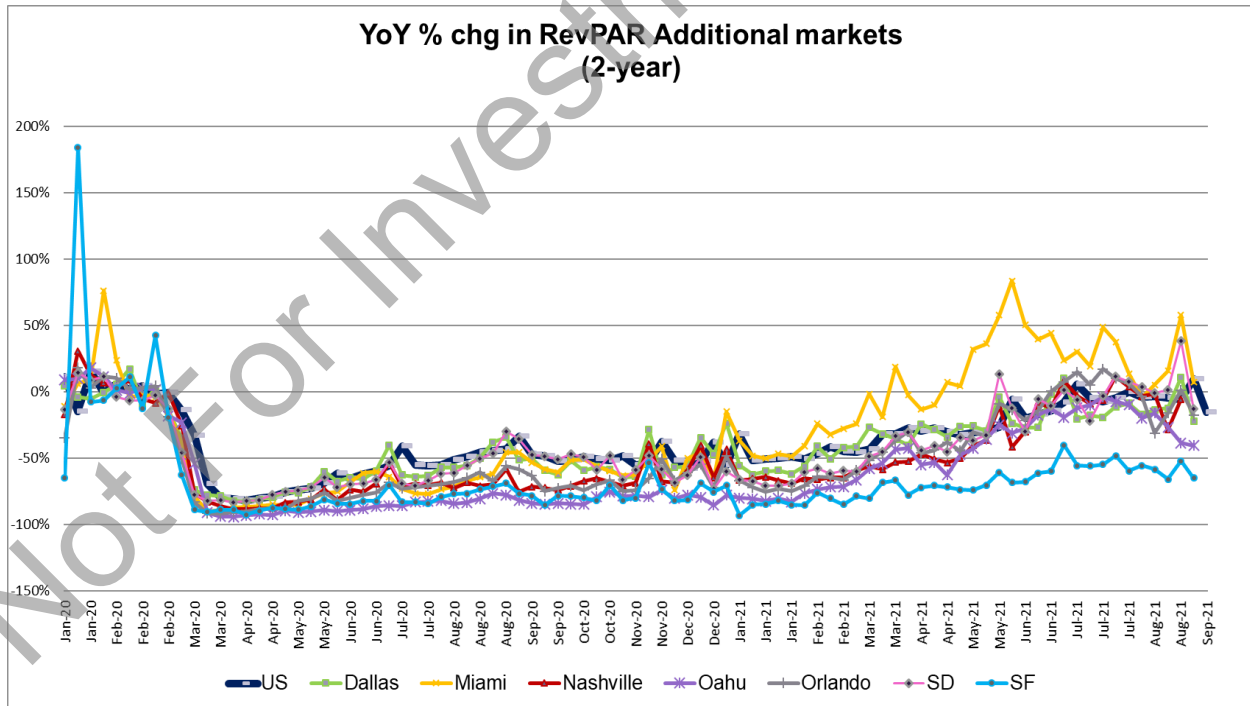
Source: STR data, Truist Securities research

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 9/28/21	Rating	PT*	% upside/ down- side	2021E	2022E	2023E	2021E	2022E	2023E	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.
						Valuation EBITDA (\$M)**	Valuation EBITDA (\$M)**	Valuation EBITDA (\$M)**	As Reported/ Consensus EBITDA (\$M)*	As Reported/ Consensus EBITDA (\$M)*	As Reported/ Consensus EBITDA (\$M)*		
Choice Hotels	CHH	\$129.45	Hold	\$114	-12%	\$366	\$430	\$475	\$377	\$442	\$491	15.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	\$9.58	Hold	\$8	-16%	\$78	\$182	\$228	\$79	\$182	\$229	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. Downside risk: lodging recovery takes longer than expected, weaker results from ROI projects than forecasted, poor performance of recently acquired assets.
Hilton	HLT	\$136.55	Hold	\$127	-7%	\$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. Downside risk: slowing pipeline. Deep 2022 recession.
Hilton Grand Vacations	HGV	\$49.12	Buy	\$54	10%	\$304	\$436	\$519	\$333	\$467	\$552	10.2X	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. Upside risk: faster demand improvement in corporate/convention travel than expected. Dispositions at higher multiple than expected (incl. NYC), stronger than expected performance by luxury leisure resorts on both top-line and margins through the valuation year. Downside risk: extended industry downturn with particular impact to large big box hotels, weak recovery of international travel during the valuation period, macro demand shock to acquired resort assets, labor issues.
Host Hotels & Resorts	HST	\$16.92	Hold	\$16	-5%	\$383	\$999	\$1,345	\$383	\$999	\$1,345	12.5X	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. Downside risk: lodging recovery takes longer than expected. Planned dispositions take longer than expected. Material labor issues to owned hotels. Pipeline growth slower than expected.
Hyatt Hotels	H	\$80.18	Hold	\$76	-5%	\$179	\$496	\$707	\$228	\$544	\$759	14.1X	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.
Marriott International	MAR	\$153.59	Hold	\$146	-5%	\$1,818	\$2,888	\$3,522	\$196	\$202	\$212	15.9X	Downside risk: extended industry downturn with particular impact to large big box hotels, weak recovery of international travel during the valuation period especially Oahu, macro demand shock impact to major resort assets, labor issues.
Marriott Vacations	VAC	\$163.62	Buy	\$198	21%	\$555	\$842	\$933	\$605	\$890	\$981	10.4X	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	\$20.18	Hold	\$18	-11%	\$120	\$465	\$732	\$138	\$481	\$748	12.0X	Downside risk: extended industry downturn with particular impact to large big box hotels, weak recovery of international travel during the valuation period especially Oahu, macro demand shock impact to major resort assets, labor issues.
Pebblebrook Hotel Trust***	PEB	\$23.31	Hold	\$24	3%	\$87	\$329	\$436	\$87	\$329	\$436	14.5X	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.
Playa Hotels & Resorts	PLYA	\$8.56	Hold	\$7	-18%	\$49	\$177	\$209	\$62	\$191	\$223	10.0X	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)
RLJ Lodging Trust***	RLJ	\$14.92	Buy	\$19	27%	\$125	\$286	\$407	\$139	\$298	\$421	13.0X	Downside risk: Slower than expected recovery of corporate business travel post-COVID; scope/timing 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
Ryman Hospitality Properties	RHP	\$86.25	Sell	\$61	-29%	\$175	\$390	\$449	\$142	\$417	\$478	13.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery.
Sunstone Hotel Investors	SHO	\$12.21	Hold	\$11	-10%	\$48	\$204	\$262	\$60	\$214	\$270	12.5X	Upside risk: faster demand improvement in corporate travel than expected. Renovations lead to faster than expected EBITDA improvements. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. Downside risk: Lodging recovery takes longer than expected, labor issues, weak recovery of international travel to gateway markets, natural disaster risk. Montage EBITDA stabilizes well lower than expected.
Vail Resorts, Inc.	MTN	\$342.81	Hold	\$308	-10%	\$673	\$814	\$923	\$573	\$814	\$923	16.0X	Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries. Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.
Travel + Leisure Co.	TNL	\$57.45	Buy	\$76	32%	\$733	\$899	\$982	\$733	\$899	\$982	8.5X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	\$79.04	Buy	\$83	5%	\$503	\$592	\$692	\$532	\$622	\$724	14.0X	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 2023 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

Not For Investment Purposes

Companies Mentioned in This Note

Choice Hotels International, Inc. (CHH, \$129.45, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$9.58, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$80.18, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$49.12, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$136.55, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$16.92, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$153.59, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$342.81, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$23.31, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$20.18, Hold, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$8.56, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$86.25, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$14.92, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$12.21, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$57.45, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$163.62, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$79.04, Buy, C. Patrick Scholes)

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