

Lodging

Lodging: US RevPAR +75.4% Y/Y Last Week; 2yr -8.2% vs. Prior -12.8%; Holiday shift impact

W/w: sequentially softer across the industry. If this is peak Fall demand, it's not much of a peak.

What's Incremental To Our View

Overall U.S. RevPAR was +75.4% y/y for the week ending 10/2/2021, per STR, softer than the prior week's result of +78.4%. Last week's RevPAR was up against a -48.1% comparable result in 2020 vs. -51.7% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was -8.2% vs. -12.8% in the prior week's 2-year run-rate.

With holiday calendar shifts in 2019 and 2020, we place less emphasis on y/y and 2-yr compares this week. *However, sequential week-over-week 2021 results were softer versus the prior week -- not a great sign (so far) for peak fall business travel.*

High Holidays calendar shifts make for imperfect comps for both 2019 (Rosh Hashanah starting Sunday 9/29) and 2020 (Yom Kippur Sunday/Monday 9/27-28).

2021 week-over-week sequential performance however is more telling and frankly the sequential changes versus the prior week's results was not overly encouraging (that prior week ending 9/25 was another non-holiday week albeit perhaps benefitting from post-High Holidays demand shifts). **We emphasize as always that one week does not make a trend. However, we are cautious on 4Q if late September results represent Fall 2021 peak corporate demand:**

- Group occupancy (a proxy for business travel in normal times) fell to 15.8% from the prior week of 17.0%. ADR fell to \$201 from \$214.
- Every chain scale had sequential week-over-week declines in occupancy and ADR.
- For the week ending 9/25, there were five markets with over 70% occupancy. For the week ending 10/2, there was just one market (Denver).

Could October be an improvement with COVID cases falling in some states? Possibly so -- booking trends are very last minute. Declining COVID cases may lead to more weekday business demand that is less weather dependent (vs. weekend demand: warmer September weekends/cooler October). **But we are not particularly favorable on what we have seen in last week's headline results nor the detail and perhaps we have a demand setup for a mediocre-at-best fall business travel season.**

- **We very much encourage investors to be highly sensitive to selective data presentation including from news media that does not properly consider holiday impact (such as comparing early September 2021 to late**

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What's Inside

Weekly STR results and analysis

September). Holiday impact will remain relevant for the next few weeks as we lap the High Holidays calendar shifts in 2019/2020 and 2019 citywide groups that avoided these holidays for meetings. We will not have truly decent clean comps for several more weeks.

Major RevPAR statistics presented below:

- Luxury RevPAR: +164.3% y/y and -18.5% over 2 years
- Upper Upscale RevPAR: +155.2% y/y and -29.4% over 2 years;
- Upscale RevPAR: +82.3% y/y and -15.5% over 2 years;
- Upper Midscale RevPAR: +61.7% y/y and -0.5% over 2 years;
- Midscale RevPAR: +47.1% y/y and +8.8% over 2 years;
- Economy RevPAR: +32.4% y/y and +11.7% over 2 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +63.0% y/y and +0.6% over 2 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +321.8% y/y vs. +374.3% prior week; over 2 years: --36.9% vs -43.3% prior week
 - Transient: +97.1% y/y vs. +94.0% prior week; over 2 years: -12.3% vs -16.1% prior week.

September and 3Q21 estimates:

- For the month of September, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Sell], or Marriott [MAR, Hold] hotel) will finish approximately +155-165% for Luxury, +138-143% for Upper Upscale, and +75-80% for Upscale full-service. We estimate that the overall industry will finish approximately +69-72%. Please note that reported monthly results include hotels that are not in the weekly data set.
 - On a 2-year basis for September, we estimate:
 - Overall industry RevPAR: -5% to -10%
 - Luxury RevPAR: -17% to -27%
 - Upper Upscale RevPAR: -28% to -33%
 - Upscale RevPAR: -14% to -18%
- For 3Q, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Sell], or Marriott [MAR, Hold] hotel) will finish approximately +200-210% for Luxury, +160-170% for Upper Upscale, and +85-95% for Upscale full-service. We estimate that the overall industry will finish approximately +80-85%.
 - On a 2-year basis for 3Q, we estimate:
 - Overall industry RevPAR: -3% to -7%
 - Luxury RevPAR: -12% to -18%
 - Upper Upscale RevPAR: -24% to -28%
 - Upscale RevPAR: -12% to -16%
- Several top 25 markets had far worse 2-yr results than indicated above. Examples include Boston, NYC, Seattle, and DC (down 35% to 40%) and San Francisco (down 55% to 60%). Conversely we estimate Miami and Tampa were both +15-20%.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +75.4% y/y vs. the running 28-day average of +72.9% y/y.
- **Occupancy:** Absolute occupancy was 61.7% y/y vs. the running 28-day average of 61.9% 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: 15.8% last week vs. 15.4% 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).

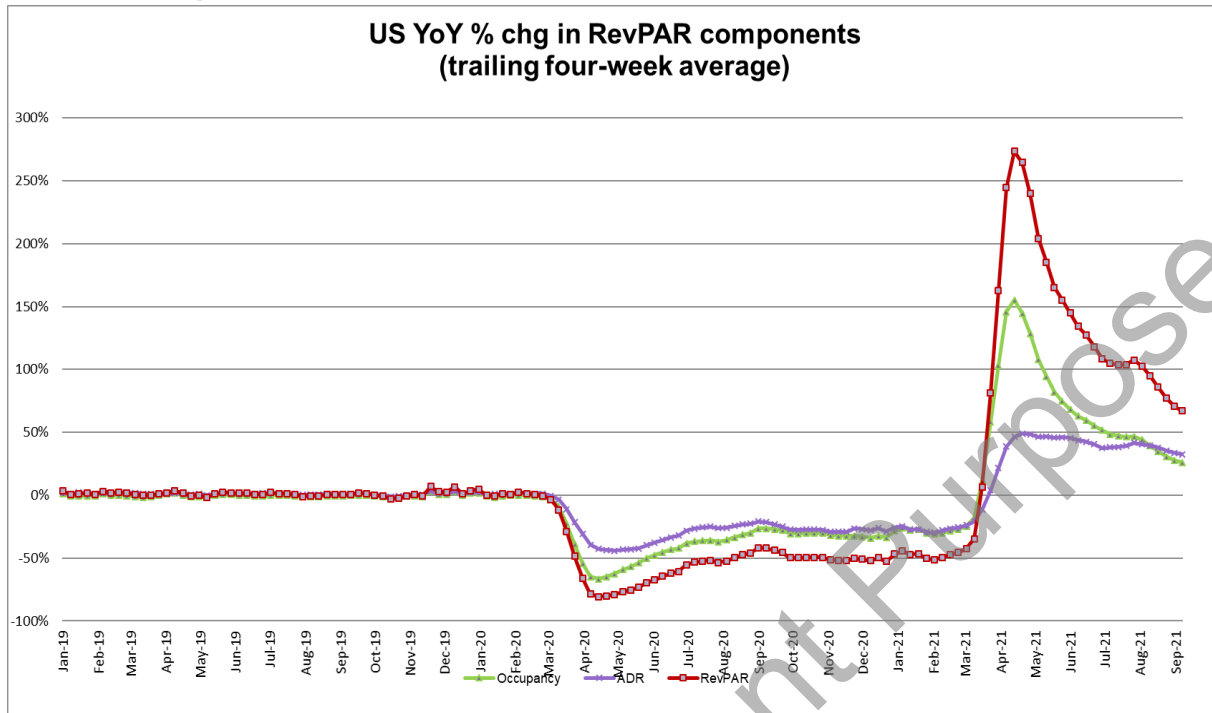
Not For Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper		Upper		Inde-			New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent						
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%	114.5%	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%
10/2/2021	75.4%	164.3%	155.2%	82.3%	61.7%	47.1%	32.4%	63.0%	172.0%	241.1%	68.3%	149.4%	118.8%
Noisy comp due to holiday shifts but sequentially softer w/w													
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%	-21.9%	-20.8%	-20.0%	-16.8%	-12.4%	-16.7%	-28.2%	-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%	-65.2%	-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		Inde-			New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent						
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%	50.2%	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%	52.8%	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%	56.4%	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%	32.6%	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%	26.1%	23.0%	21.3%	19.4%	26.6%	52.2%	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%
10/2/2021	36.3%	27.3%	39.0%	31.9%	28.0%	22.1%	18.6%	32.5%	74.7%	79.9%	33.5%	59.3%	44.7%
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%	0.6%	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%
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		Inde-			New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy	pendent						
7/3/2021	42.7%	111.7%	108.1%	64.6%	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%	62.4%	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%
10/2/2021	28.7%	107.5%	83.6%	38.3%	26.4%	20.6%	11.6%	23.0%	55.7%	89.6%	26.1%	56.6%	51.2%
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	1.1%	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%	-13.8%	-7.7%	-14.8%	-21.3%	-19.5%	-17.1%	-16.8%	-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%

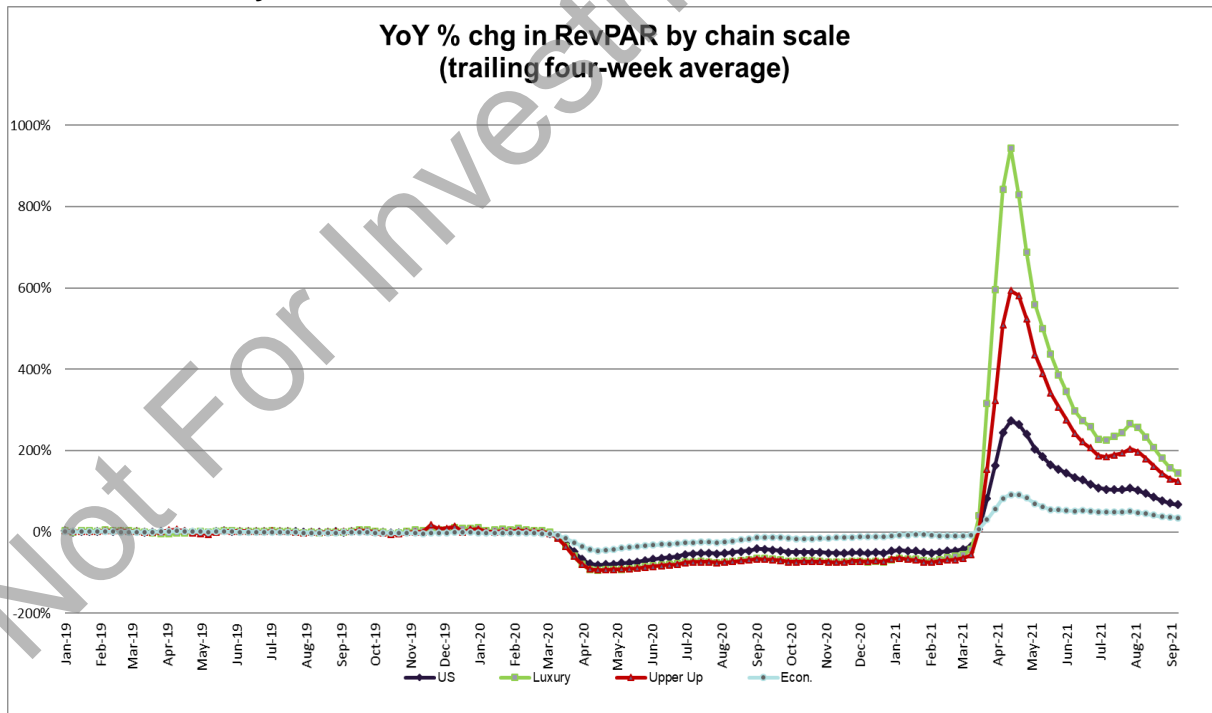
Source: STR data, Truist Securities research

RevPAR Component Trends



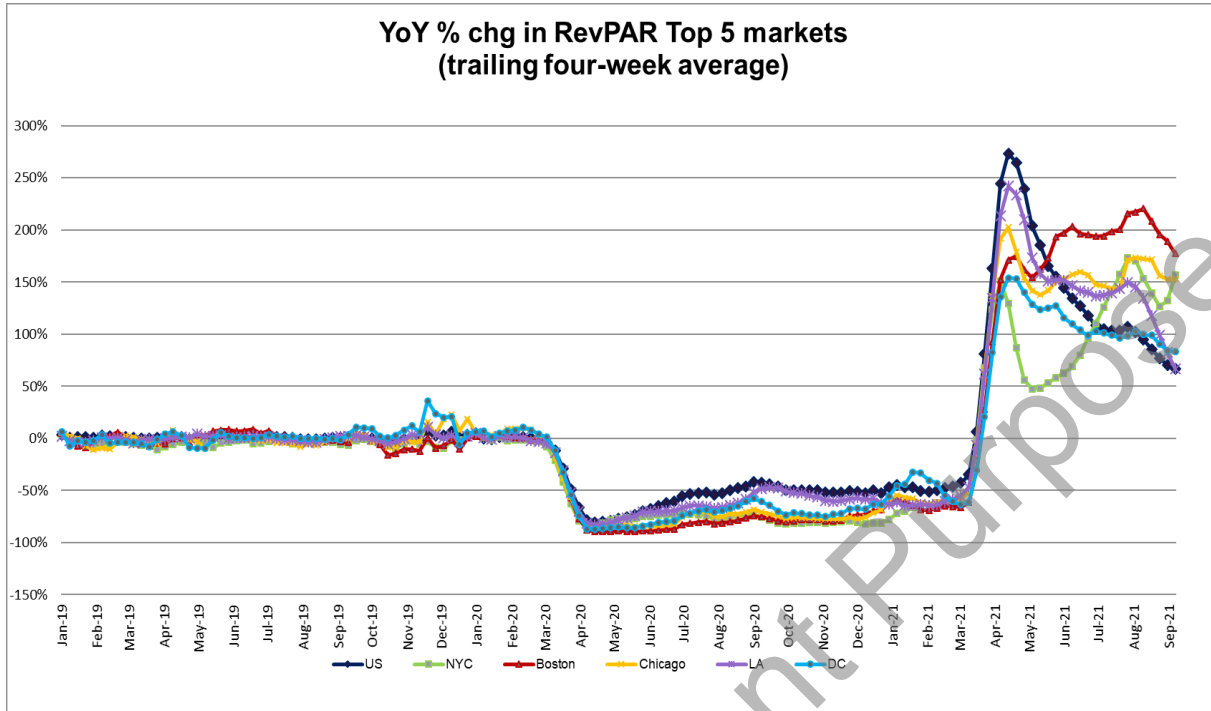
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



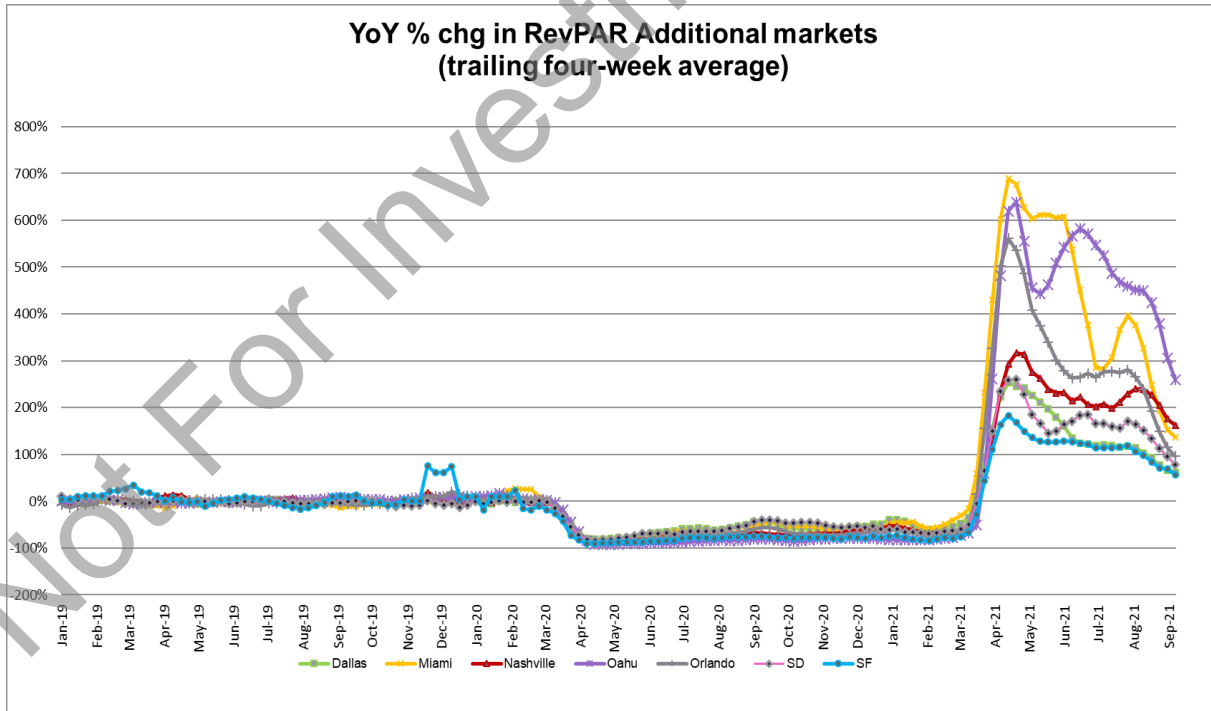
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



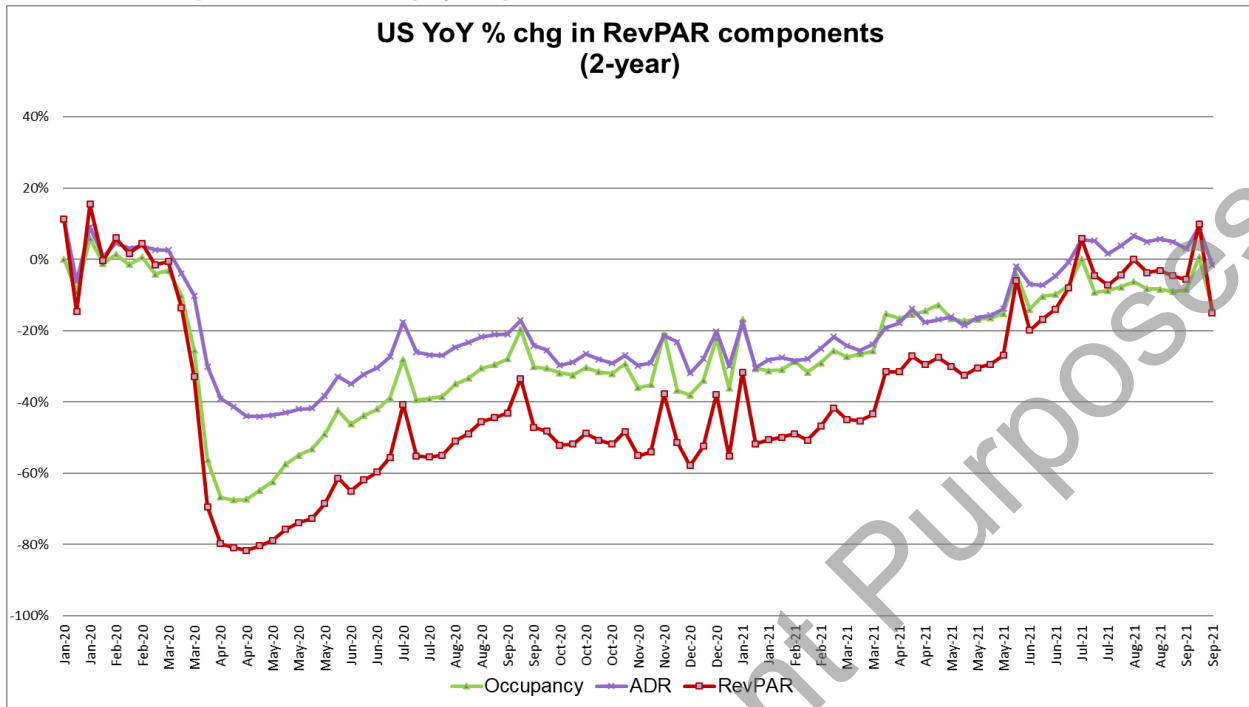
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



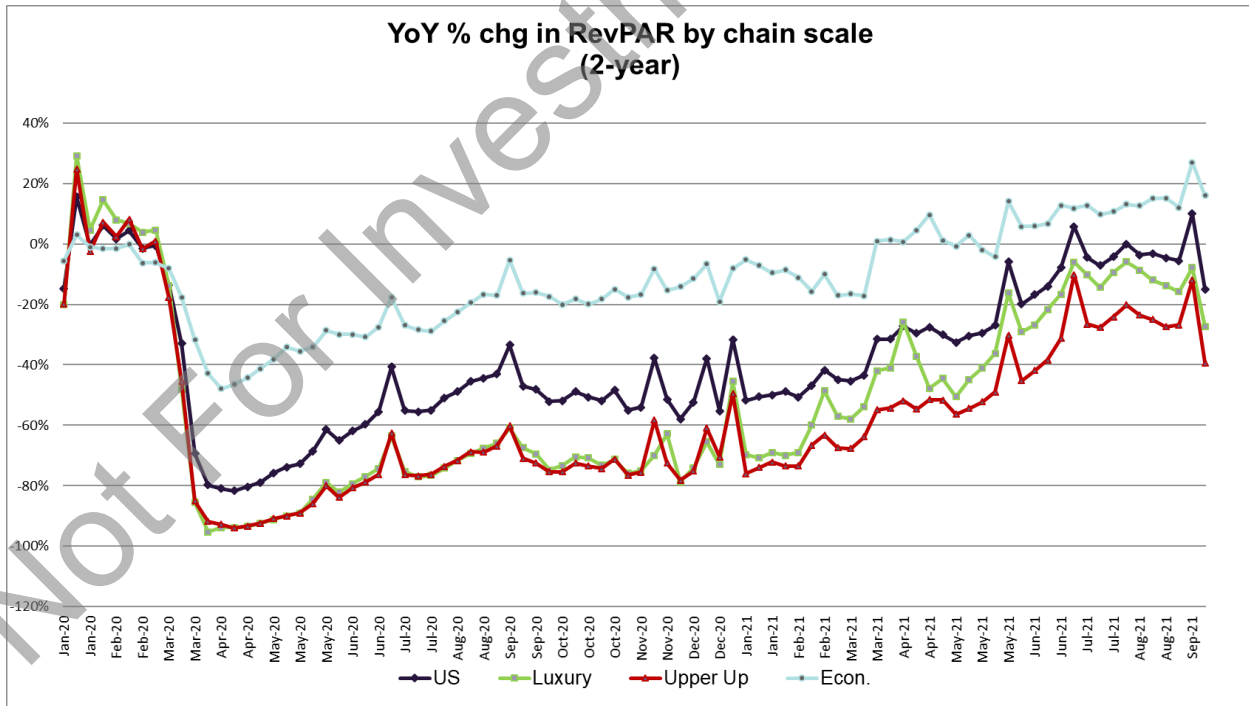
Source: STR data, Truist Securities research

RevPAR Component Trends (2-year)



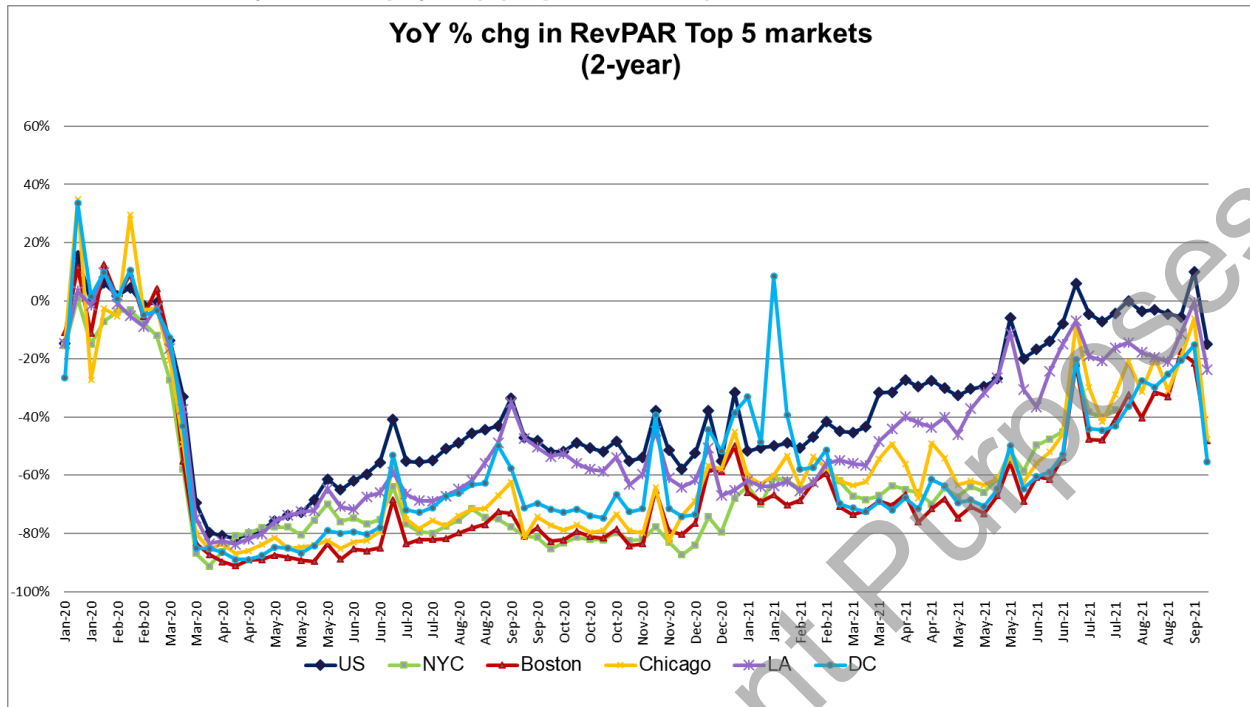
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (2-year)



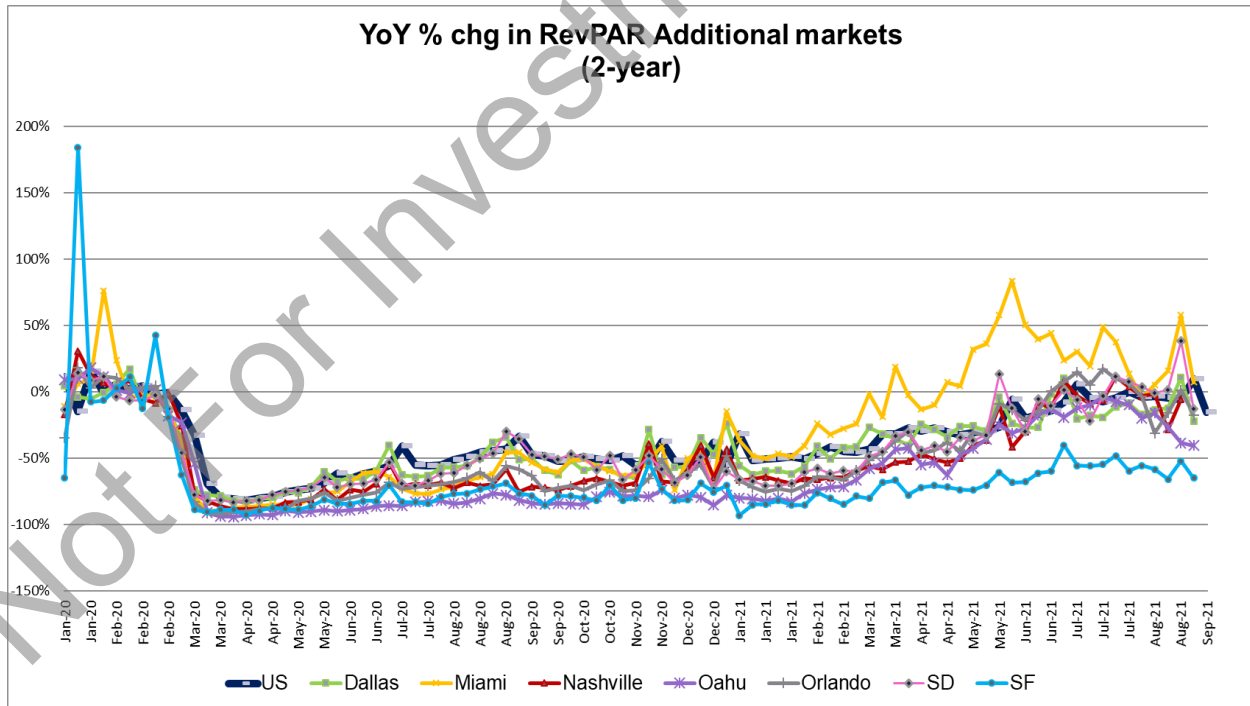
Source: STR data, Truist Securities research

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 10/5/21	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.
Bluegreen Vacations	BVH	\$26.00	Buy	\$41	57%	\$115	\$118	\$126	\$36	\$118	\$126	7.5X	Downside risk: controlled company issues, limited capfloat, loan defaults, and macroeconomic risk. Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
Choice Hotels	CHH	\$132.08	Hold	\$114	-14%	\$366	\$430	\$475	\$377	\$442	\$491	15.0X	Upside risk: faster demand improvement in corporate travel than expected. Brand changes (e.g. Val) 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.
DiamondRock Hospitality	DRH	\$9.54	Hold	\$8	-16%	\$78	\$182	\$228	\$79	\$182	\$229	12.0X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hilton	HLT	\$139.75	Hold	\$127	-9%	\$1,422	\$2,225	\$2,729	\$1,554	\$2,357	\$2,868	15.9X	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	\$48.45	Buy	\$54	11%	\$304	\$436	\$519	\$333	\$467	\$552	10.2X	Upside risk: faster demand improvement in corporate/convention travel than expected. Dispositions at higher multiple than expected (HLS, HFC), 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 asset assets, labor issues.
Host Hotels & Resorts	HST	\$16.59	Hold	\$16	-4%	\$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 room 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	\$82.09	Hold	\$76	-7%	\$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	\$155.44	Hold	\$146	-6%	\$1,818	\$2,888	\$3,522	\$196	\$202	\$212	15.9X	Downside risk: M&A story fades and multiples revert to historical levels.
Marriott Vacations	VAC	\$161.71	Buy	\$198	23%	\$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. 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.
Park Hotels & Resorts	PK	\$19.33	Hold	\$18	-7%	\$120	\$465	\$732	\$138	\$481	\$748	12.0X	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.
Pebblebrook Hotel Trust***	PEB	\$22.43	Hold	\$24	7%	\$87	\$329	\$436	\$87	\$329	\$436	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	\$8.73	Hold	\$7	-20%	\$49	\$177	\$209	\$62	\$191	\$223	10.0X	Downside risk: Slower than expected recovery of corporate business travel post-COVID; scapelinning 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
RLJ Lodging Trust***	RLJ	\$14.92	Buy	\$19	27%	\$125	\$286	\$407	\$139	\$298	\$421	13.0X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery.
Ryman Hospitality Properties	RHP	\$85.26	Sell	\$61	-28%	\$175	\$390	\$449	\$142	\$417	\$478	13.0X	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. Mortgage EBITDA stabilizes well lower than expected.
Sunstone Hotel Investors	SHO	\$12.41	Hold	\$11	-11%	\$48	\$204	\$262	\$60	\$214	\$270	12.5X	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.
Vail Resorts, Inc.	MTN	\$342.62	Hold	\$308	-10%	\$573	\$814	\$923	\$573	\$814	\$923	16.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Travel + Leisure Co.	TNL	\$55.50	Buy	\$76	37%	\$733	\$899	\$982	\$733	\$899	\$982	8.5X	Downside risk: Slowdown in development opportunities.
Wyndham Hotels & Resorts	WH	\$81.56	Buy	\$83	2%	\$503	\$592	\$692	\$532	\$622	\$724	14.0X	

* 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

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, \$26.00, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$132.08, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$9.54, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$82.09, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$48.45, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$139.75, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$16.59, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$155.44, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$342.62, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$22.43, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$19.33, Hold, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$8.73, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$85.26, Sell, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$14.92, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$12.41, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$55.50, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$161.71, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$81.56, Buy, C. Patrick Scholes)

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Sell	2	0.28%	Sell	0	0.00%

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