

Lodging

Lodging: US RevPAR +117.1% Y/Y Last Week; 2yr -9.2% vs. Prior +19.6%

Was it Chanukah shift or Omicron hurting results? Or maybe both?

What's Incremental To Our View

Overall U.S. RevPAR was +117.1% y/y for the week ending 12/4/2021, per STR, stronger than the prior week's result of +102.0%. Last week's RevPAR was up against a -58.4% comparable result in 2020 vs. -41.2% in the prior week's 2-year run-rate. On a 2-year run-rate, RevPAR was -9.2% vs. +19.6% in the prior week's 2-year run-rate.

Last week's -9.2% result vs. 2019 was materially lower than the flattish results for the two weeks prior to Thanksgiving week. As last week had the beginning of Chanukah on Monday the 29th vs. Friday December 11th in 2020, we believe some of the comparable weakness was from that. Additionally, last week was the first full week of results since Omicron hit and some of the weakness may have come from that, though it is difficult to parse-out exactly how much.

Early December is low season for overall travel and as such we are not surprised to see greater gaps between the performance of leisure travel-heavy Economy/Midscale and corporate travel-heavy full-service. For example, 2-yr RevPAR was down 23% for Upper Upscale and 10% for Luxury versus +12% for Midscale and +16% for Economy. All chain scales had positive 2-year ADR percent change ex-Upper Upscale (down 1%) and Upscale (down 3%). We anticipate these spreads to remain until holiday leisure demand rebounds to higher-rated resorts around Christmas-New Year's weeks.

We do not find sequential week-over-week comparisons relevant as last week reflected the Thanksgiving holiday in 2019/20/21.

November estimates:

Our preliminary November estimates presented last week have held. Updates with the full month are provided below.

- **For the month of November, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Hold], or Marriott [MAR, Hold] hotel) will finish approximately +230-240% y/y for Luxury, +190-200% y/y for Upper Upscale, and +100-105% y/y for Upscale full-service. We estimate that the overall industry will finish approximately +100-102% y/y.** Please note that reported monthly results include hotels that are not in the weekly data set.
- **On a 2-year basis, we estimate November RevPAR -4% to -6% for the overall industry.**
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What's Inside

Weekly STR results and analysis

- **Luxury:** down -7% to -13% (non daily participants to STR contribute to a wider range)
- **Upper Upscale:** down 22-24%
- **Upscale:** down 12-14%

Major RevPAR statistics presented below:

- Luxury RevPAR: +322.1% y/y and -14.9% over 2 years
- Upper Upscale RevPAR: +239.7% y/y and -27.7% over 2 years;
- Upscale RevPAR: +115.4% y/y and -19.3% over 2 years;
- Upper Midscale RevPAR: +81.2% y/y and -2.0% over 2 years;
- Midscale RevPAR: +56.0% y/y and +12.1% over 2 years;
- Economy RevPAR: +35.8% y/y and +18.8% over 2 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +116.4% y/y and -1.1% over 2 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +483.3% y/y vs. +210.0% prior week; over 2 years: --38.1% vs -13.5% prior week.
 - Transient: +205.8% y/y vs. +142.6% prior week; over 2 years: -10.2% vs +21.1% prior week.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +117.1% y/y vs. the running 28-day average of +107.6% y/y.
- **Occupancy:** Absolute occupancy was 54.8% y/y vs. the running 28-day average of 57.3% y/y.
- **Open/closed hotels:** Per STR, 0.7% of the hotel supply was closed (vs. 0.7% 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 late year conventions: 13.9% last week vs. 13.4% 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).

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							
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%
10/9/2021	74.9%	164.5%	150.4%	79.2%	60.0%	46.3%	35.0%	62.7%	201.8%	222.7%	82.8%	227.4%	123.0%
10/16/2021	77.3%	169.7%	152.8%	82.4%	61.1%	47.7%	35.2%	64.8%	203.2%	270.8%	87.0%	172.0%	178.4%
10/23/2021	86.0%	192.9%	166.5%	87.8%	67.2%	52.7%	37.9%	75.4%	199.4%	290.3%	99.5%	184.9%	124.3%
10/30/2021	84.5%	209.2%	174.0%	86.2%	64.3%	46.3%	32.3%	74.8%	191.9%	249.1%	98.5%	178.4%	99.4%
11/6/2021	89.7%	217.7%	180.7%	91.4%	66.6%	48.2%	35.8%	81.5%	245.5%	252.6%	106.3%	200.1%	111.1%
11/13/2021	104.2%	253.1%	208.2%	103.9%	78.2%	58.5%	40.1%	93.9%	299.5%	242.9%	121.6%	191.4%	132.2%
11/20/2021	107.6%	278.9%	220.1%	110.7%	80.6%	56.5%	38.4%	95.7%	300.3%	234.7%	128.1%	266.8%	151.8%
11/27/2021	102.0%	182.3%	165.1%	105.9%	94.7%	68.2%	43.6%	88.5%	325.2%	178.4%	151.5%	222.4%	126.3%
12/4/2021	117.1%	322.1%	239.7%	115.4%	81.2%	56.0%	35.8%	116.4%	393.0%	205.8%	177.4%	272.0%	137.1%

Moderate corp demand into low season December

Luxury and Upper Upscale led the industry

NYC 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%	-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%	-65.5%	-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%
3Q21	83.8%	201.3%	162.9%	91.2%	72.8%	56.4%	39.5%	71.1%	169.2%	207.8%	95.8%	166.4%	96.8%

YoY % change in ADR

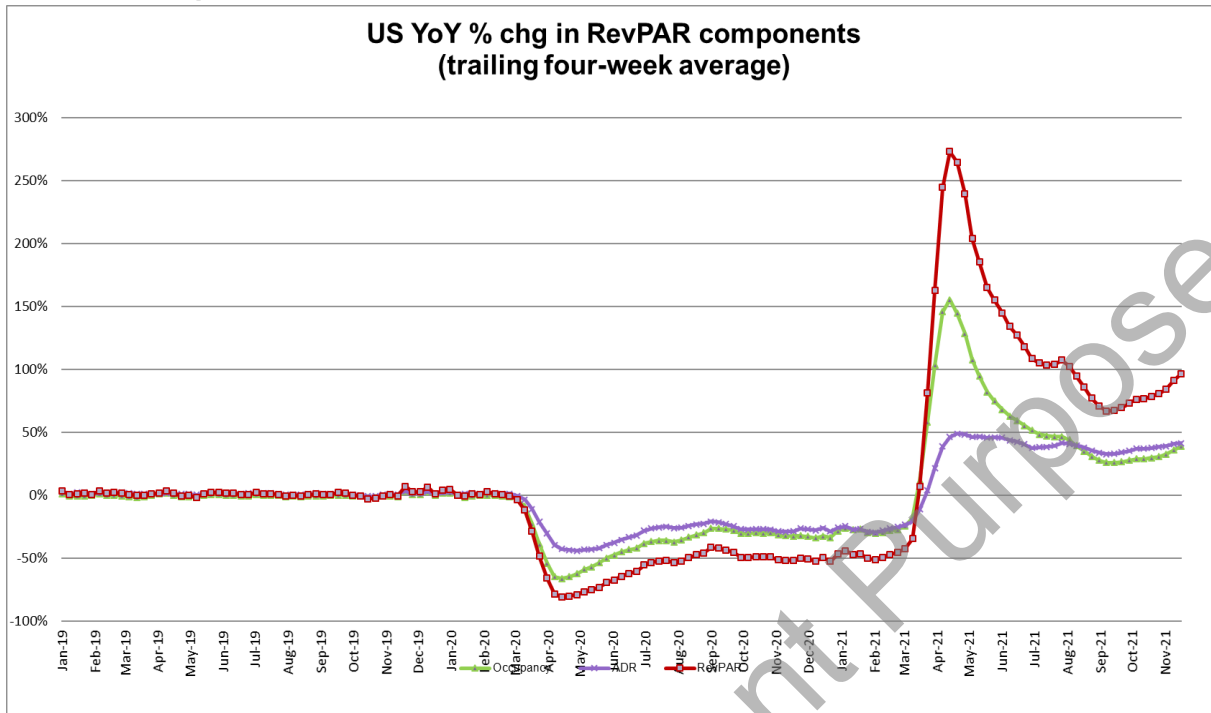
U.S.	Upper		Upper		Economy		Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
9/18/2021	35.8%	33.0%	37.9%	31.0%	27.9%	22.4%	19.6%	32.0%	84.2%	64.1%	33.6%	72.6%	31.8%
9/25/2021	37.9%	38.2%	42.2%	33.1%	28.5%	22.7%	19.2%	33.3%	105.3%	91.4%	34.4%	69.0%	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%
10/9/2021	37.2%	32.7%	40.5%	33.4%	28.6%	22.6%	19.8%	33.2%	80.3%	87.2%	34.1%	85.9%	45.2%
10/16/2021	36.7%	33.7%	40.5%	32.6%	27.3%	21.9%	18.5%	32.5%	78.5%	96.9%	36.6%	66.2%	58.6%
10/23/2021	39.9%	37.0%	43.7%	34.6%	29.2%	23.7%	19.8%	36.5%	77.4%	100.2%	41.4%	66.2%	44.4%
10/30/2021	39.3%	34.5%	42.5%	31.9%	27.2%	21.6%	18.1%	36.9%	76.7%	79.2%	40.2%	63.0%	38.7%
11/6/2021	40.1%	31.7%	40.8%	31.8%	26.6%	21.7%	18.7%	40.1%	84.7%	73.6%	44.0%	62.6%	35.3%
11/13/2021	43.3%	36.5%	44.7%	34.0%	28.8%	23.8%	19.8%	41.8%	94.7%	69.6%	45.0%	61.9%	43.9%
11/20/2021	43.0%	31.3%	42.6%	32.9%	27.6%	23.0%	20.2%	41.3%	91.5%	66.2%	47.8%	77.5%	45.9%
11/27/2021	38.4%	33.3%	35.1%	32.0%	28.8%	23.6%	19.9%	35.1%	102.5%	44.4%	50.3%	61.5%	31.1%
12/4/2021	48.3%	38.4%	46.3%	35.5%	28.1%	22.2%	18.4%	52.1%	137.6%	54.4%	58.0%	80.5%	42.0%
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%	-3.9%	-2.8%	-2.9%	-6.6%	-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%	-5.4%	-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%
3Q21	36.2%	31.8%	35.0%	29.7%	28.3%	23.5%	21.1%	32.8%	64.2%	57.7%	43.1%	59.6%	29.4%

YoY % change in Occupancy

U.S.	Upper		Upper		Economy		Inde- pendent	New York	Boston	LA	Chicago	DC	
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy							
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%
10/9/2021	27.4%	99.4%	78.3%	34.3%	24.5%	19.3%	12.7%	22.2%	67.4%	72.4%	36.4%	76.1%	53.6%
10/16/2021	29.7%	101.7%	79.9%	37.6%	26.5%	21.1%	14.0%	24.4%	69.9%	88.3%	36.9%	63.7%	75.5%
10/23/2021	32.9%	113.8%	85.5%	39.5%	29.5%	23.5%	15.1%	28.5%	68.8%	95.0%	41.1%	71.4%	55.3%
10/30/2021	32.5%	129.8%	92.2%	41.1%	29.2%	20.4%	12.0%	27.7%	65.2%	94.8%	41.6%	70.8%	43.7%
11/6/2021	35.4%	141.3%	99.4%	45.2%	31.6%	21.8%	14.4%	29.6%	87.0%	103.1%	43.2%	84.6%	56.1%
11/13/2021	42.5%	158.6%	113.0%	52.2%	38.3%	28.0%	16.9%	36.8%	105.1%	102.2%	52.8%	80.0%	61.3%
11/20/2021	45.2%	188.5%	124.4%	58.5%	41.5%	27.3%	15.1%	38.5%	109.0%	101.4%	54.4%	106.7%	72.6%
11/27/2021	45.9%	111.8%	96.2%	56.1%	51.2%	36.1%	19.8%	39.5%	109.9%	92.9%	67.3%	99.7%	72.6%
12/4/2021	46.4%	204.9%	132.3%	59.0%	41.4%	27.7%	14.7%	42.3%	107.5%	98.0%	75.5%	106.1%	67.1%
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%	-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%	-21.4%	-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%
3Q21	34.9%	128.5%	94.7%	47.4%	34.7%	26.6%	15.2%	28.8%	64.0%	95.2%	36.9%	67.0%	52.1%

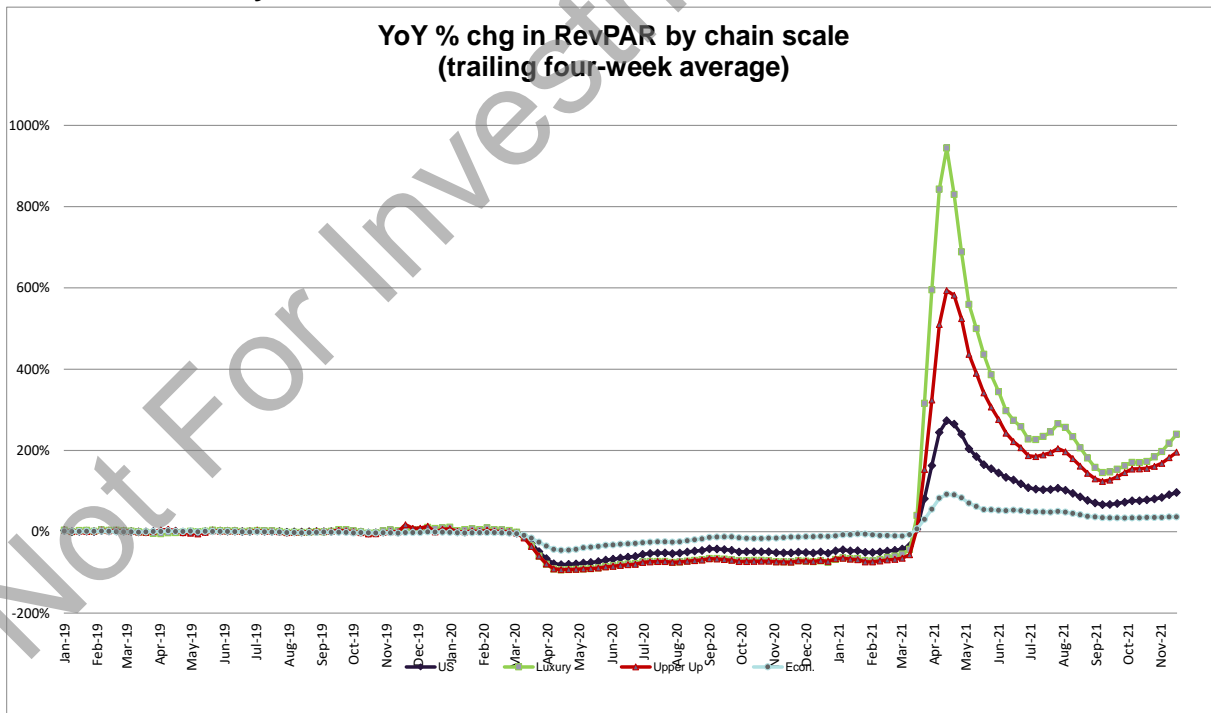
Source: STR data, Truist Securities research

RevPAR Component Trends



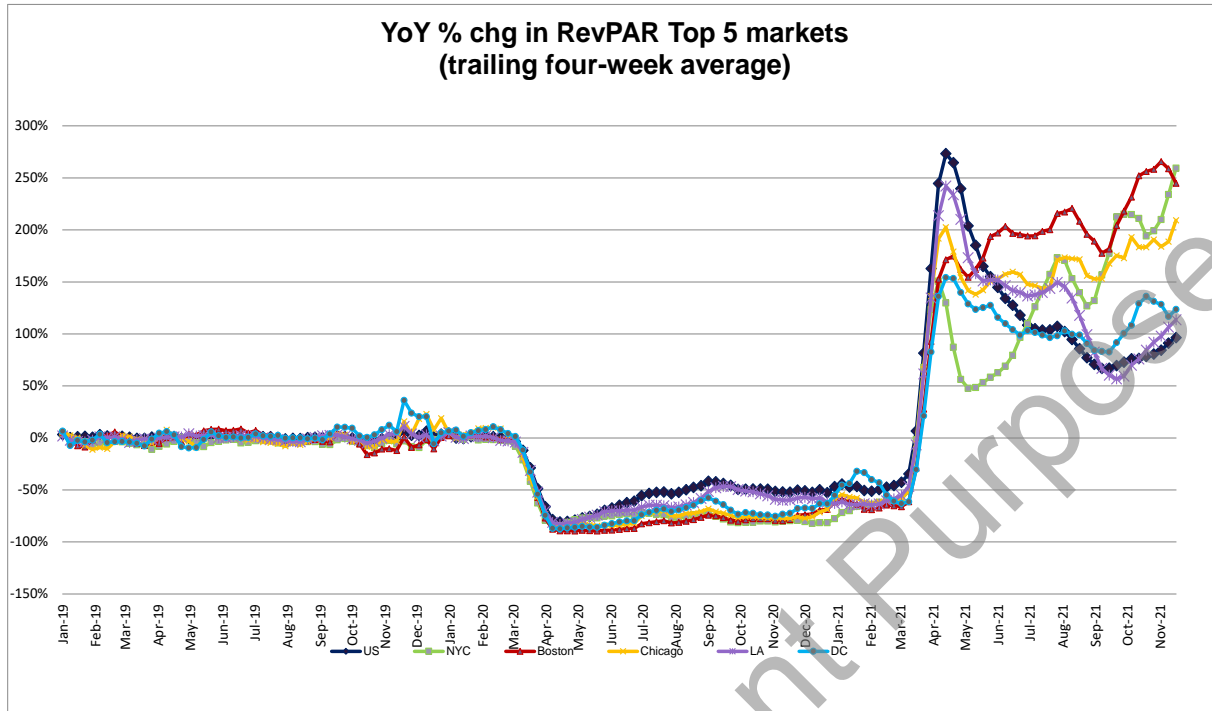
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



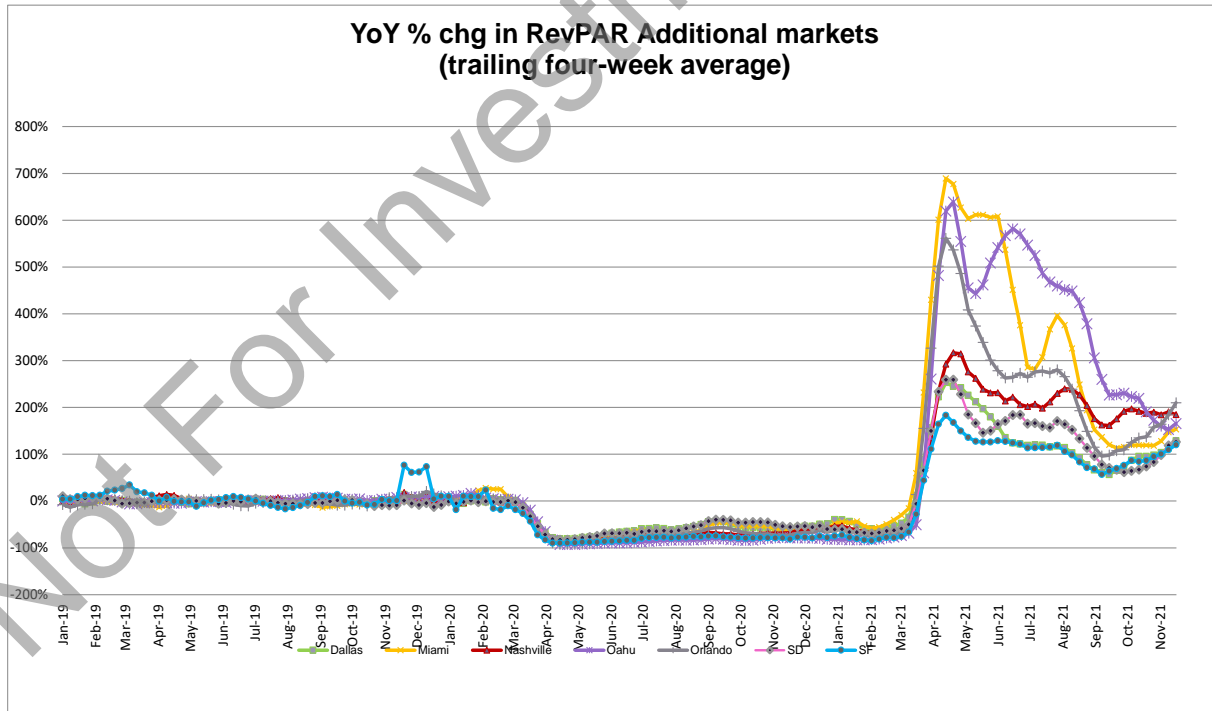
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



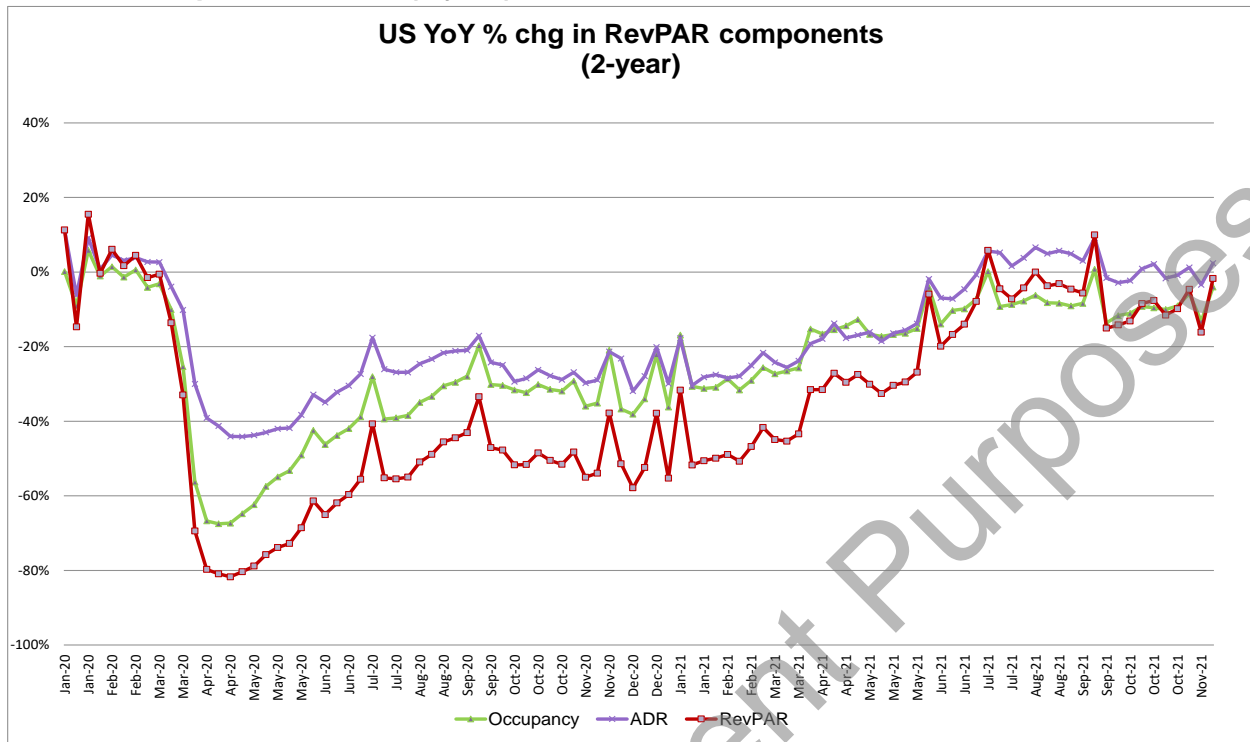
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



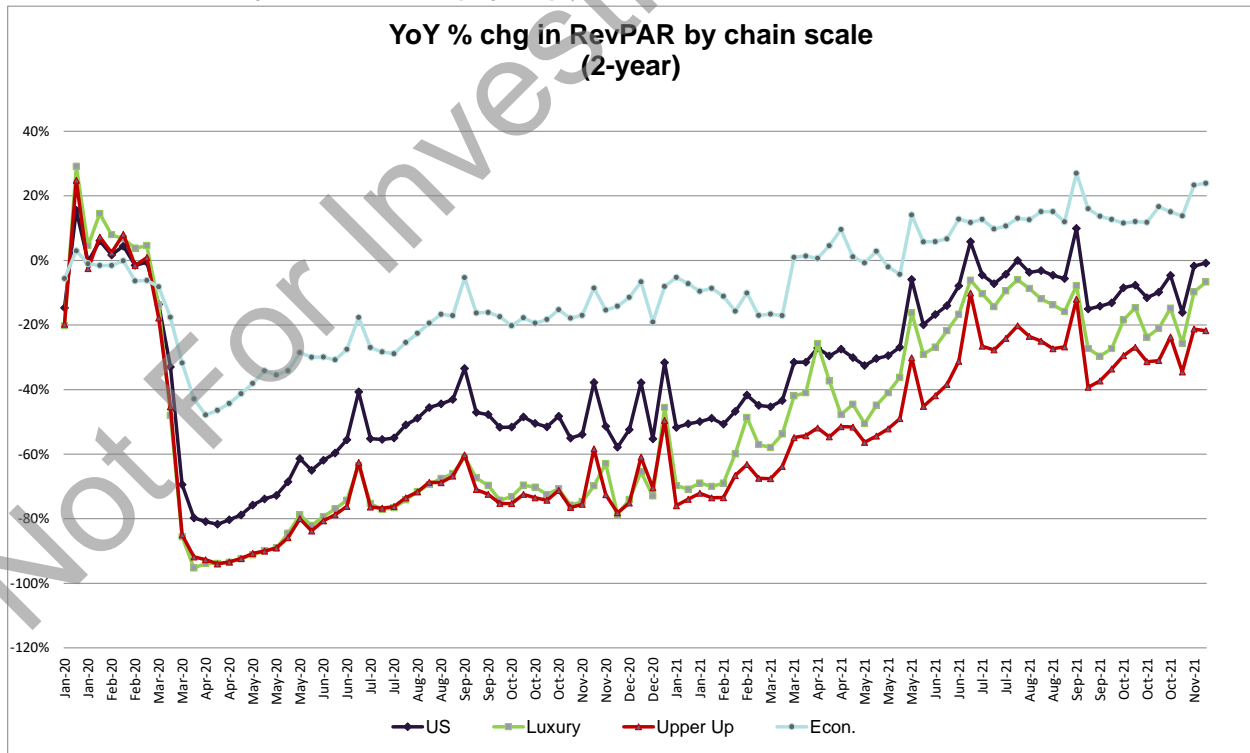
Source: STR data, Truist Securities research

RevPAR Component Trends (2-year)



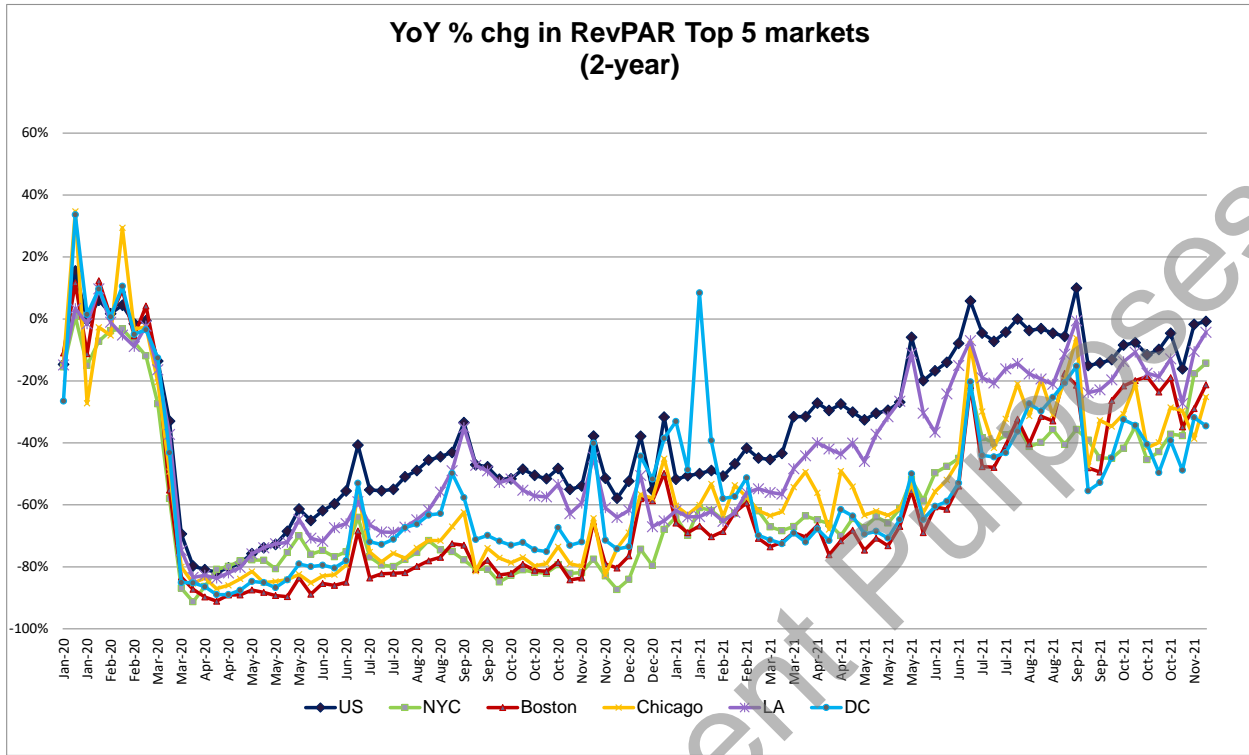
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (2-year)



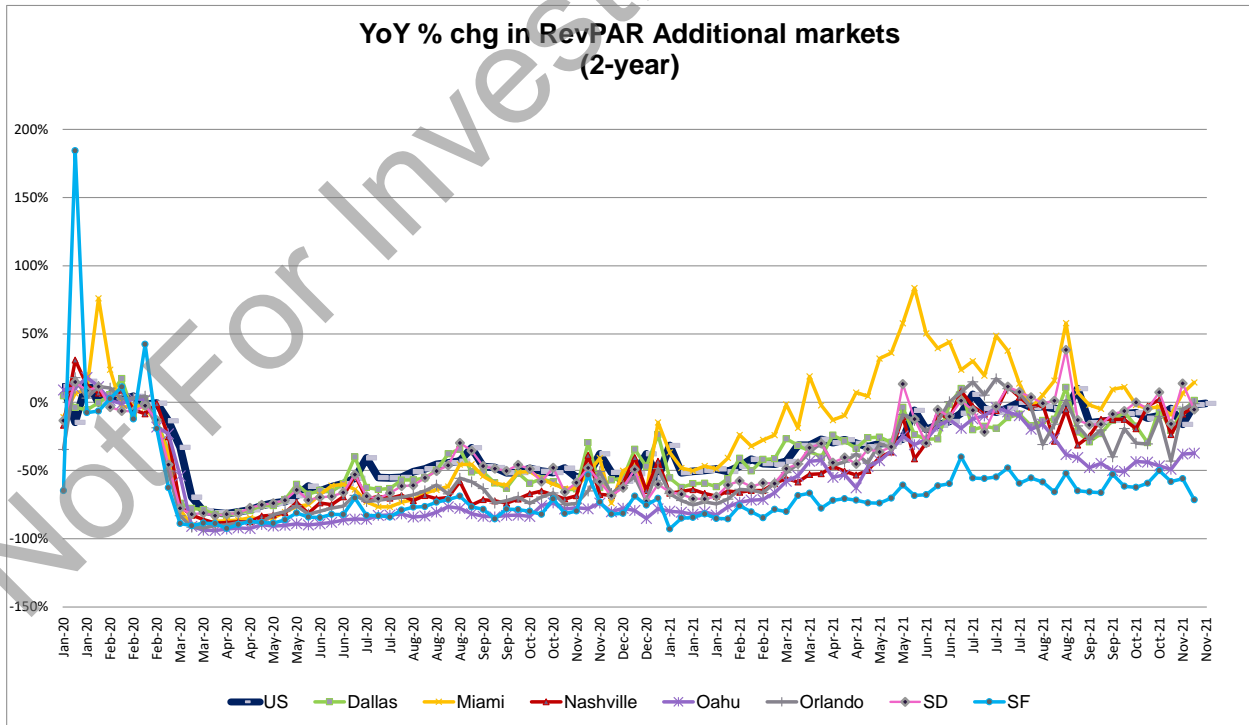
Source: STR data, Truist Securities research

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 12/7/21	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	\$31.67	Buy	\$44	39%	\$115	\$133	\$141	\$17	\$16	\$16	7.6X	Downside risk: controlled company issues, limited cap/floar, loan defaults, and macroeconomic risk. Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
Choice Hotels	CHH	\$147.95	Hold	\$125	-16%	\$379	\$455	\$499	\$391	\$467	\$515	15.0X	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.
DiamondRock Hospitality	DRH	\$9.38	Hold	\$8	-15%	\$83	\$175	\$226	\$84	\$175	\$226	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	\$143.15	Hold	\$139	-3%	\$1,528	\$2,491	\$2,935	\$1,669	\$2,629	\$3,069	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. Upside risk: faster demand improvement in corporate 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 potential impact to large big box hotels, weak recovery of international travel during the valuation period, macro demand shock to acquired resort assets, labor issues.
Hilton Grand Vacations	HGV	\$50.50	Buy	\$54	7%	\$730	\$1,185	\$1,738	\$339	\$339	\$339	9.8X	Upside risk: Transient and group trends outperform expectations, particularly for owned hotels. Voluntary disposition of owned hotels. Faster than expected/improvement in margins 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.
Host Hotels & Resorts	HST	\$16.58	Hold	\$18	9%	\$498	\$1,127	\$1,397	\$498	\$1,127	\$1,397	12.5X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hyatt Hotels	H	\$85.84	Hold	\$78	-9%	\$235	\$553	\$694	\$284	\$606	\$752	14.2X	Upside risk: M&A story fades and multiples revert to historical levels. 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 Q4, macro demand shock impact to major resort assets, labor issues.
Marriott International	MAR	\$156.53	Hold	\$156	0%	\$1,924	\$3,094	\$3,728	\$2,227	\$3,398	\$4,044	15.9X	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.
Marriott Vacations	VAC	\$158.16	Buy	\$201	27%	\$603	\$874	\$951	\$647	\$922	\$1,003	10.5X	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)
Park Hotels & Resorts	PK	\$18.12	Hold	\$22	21%	\$129	\$549	\$782	\$149	\$569	\$806	12.0X	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
Pebblebrook Hotel Trust***	PEB	\$21.83	Hold	\$24	10%	\$94	\$343	\$453	\$94	\$343	\$453	14.5X	Upside risk: recovering group and Entertainment demand faster than expected, better margin recovery. Downside risk: Group demand returns slower than expected. Property-specific risks given a small portfolio.
Playa Hotels & Resorts	PLYA	\$7.41	Hold	\$8	8%	\$77	\$204	\$219	\$90	\$217	\$232	10.0X	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.
RLJ Lodging Trust***	RLJ	\$13.22	Buy	\$19	44%	\$141	\$273	\$431	\$159	\$263	\$452	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.
Ryman Hospitality Properties	RHP	\$81.07	Hold	\$75	-7%	\$160	\$430	\$497	\$180	\$457	\$525	13.0X	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.
Sunstone Hotel Investors	SHO	\$11.51	Hold	\$12	4%	\$62	\$224	\$277	\$75	\$234	\$285	12.5X	
Vail Resorts, Inc.	MTN	\$339.15	Hold	\$322	-5%	\$540	\$810	\$928	\$540	\$810	\$928	16.0X	
Travel + Leisure Co.	TNL	\$51.17	Buy	\$77	50%	\$747	\$928	\$1,008	\$747	\$928	\$1,008	8.6X	
Wyndham Hotels & Resorts	WH	\$81.82	Buy	\$83	1%	\$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

Not For Investment

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, \$31.67, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$147.95, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$9.38, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$85.84, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$50.50, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$143.15, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$16.58, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$156.53, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$339.15, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$21.83, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$18.12, Hold, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$7.41, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$81.07, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$13.22, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$11.51, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$51.17, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$158.16, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$81.82, Buy, C. Patrick Scholes)

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