

Lodging

China & Europe hotels: RevPAR -20% y/y (2yr: -36%) & +224% y/y (2yr: -14%) for wk ending 12/4

2yr comp: Omicron impact inconclusive for Europe, China slips w/w

What's Incremental To Our View

Quick take: Per STR for the week ending December 4th, hotel RevPAR in China in local currency was -19.9% y/y vs. -19.3% y/y in the prior week. Last week's RevPAR was up against a -20.1% comparable result in 2020 vs. -15.2% in the prior week. On a 2-year run-rate, which we believe is an equally if not more important KPI, RevPAR was -36.4% vs. -31.6% in the prior week's 2-year run-rate.

- **Versus 2019, China continues to be meaningfully down which we see due to its "zero Covid" strategy (Seattle Times).**
- Regarding Omicron, China is not making major changes likely due to the fact that its travel restrictions are already extremely tight with few if any foreigners able to enter the country (CNN).

Europe: RevPAR in Europe in Euros was +224.5% y/y vs. +282.9% in the prior week. Last week's RevPAR was up against a -78.4% comparable result in 2020 and -79.7% in the prior week. On a 2-year run-rate, RevPAR was -13.9% vs. the -14.3% in the prior week's 2-year run-rate.

- **Omicron impact for Europe? Inconclusive. It depends on how you look at it:**
 - **Glass half-full view:** On the 2-year run-rate, the decline was "less bad" week-over-week. *"The results could have been much worse due to Omicron."*
 - **Glass half-empty view:** With the exception of the prior week's results, Europe had been on a nice trajectory of improvement over the past two months but that trajectory seems to have stalled. *"If not for Omicron, the trajectory of improvement would have continued."* See exhibit 1.

U.S.: Overall RevPAR was +117.1% y/y, 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.

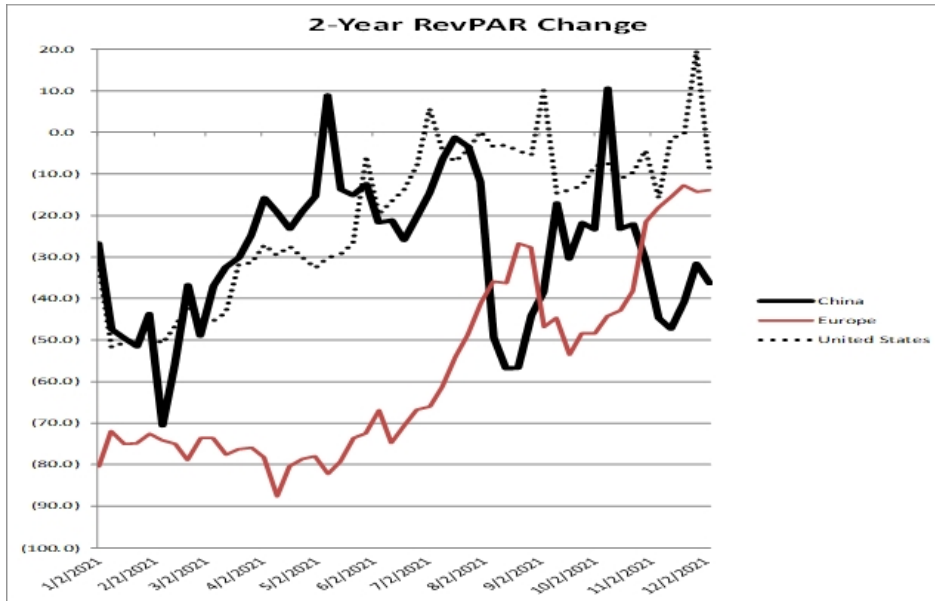
C. Patrick Scholes
212-319-3915
Patrick.Scholes@truist.com

Gregory J. Miller
212-303-4198
Gregory.J.Miller@truist.com

Alexander Barenklau
212-303-4166
Alexander.Barenklau@truist.com

What's Inside

China and Europe data and analysis following last week's results

Exhibit 1: 2-Year RevPAR for China, Europe, US

Source: STR, Truist Securities research

RevPAR detail for week ending November 27th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -19.9% y/y for the week ending December 4th, **an improvement from the -24.5%** for the trailing 28 days.
- ADR was +3.1% y/y for the week ending December 4th, **approx. equal to the +2.9%** for the trailing 28 days.
- Occupancy was -22.3% y/y for the week ending December 4th, **an improvement from the -26.7%** for the trailing 28 days.

Europe (in Euros):

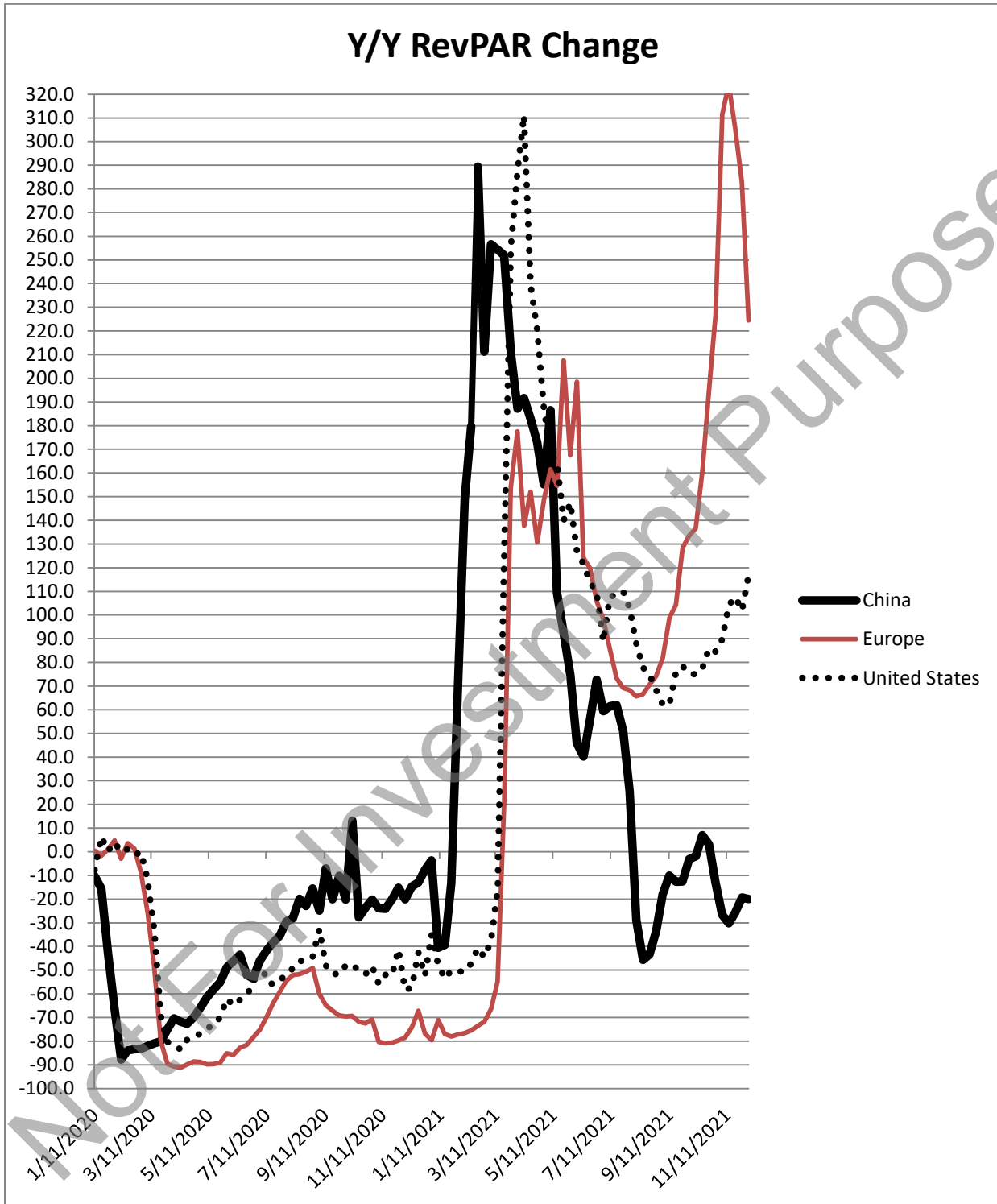
- RevPAR was +224.5% y/y for the week ending December 4th, **a deceleration from the +282.3%** for the trailing 28 days.
- ADR was +54.9% y/y for the week ending December 4th, **a deceleration from the +59.2%** for the trailing 28 days.
- Occupancy was +109.4% y/y for the week ending December 4th, **lower than the +140.1%** for the trailing 28 days.

Additional thoughts and observations:

Hotel occupancy observations from the latest weekly STR results from China, Europe, and US:

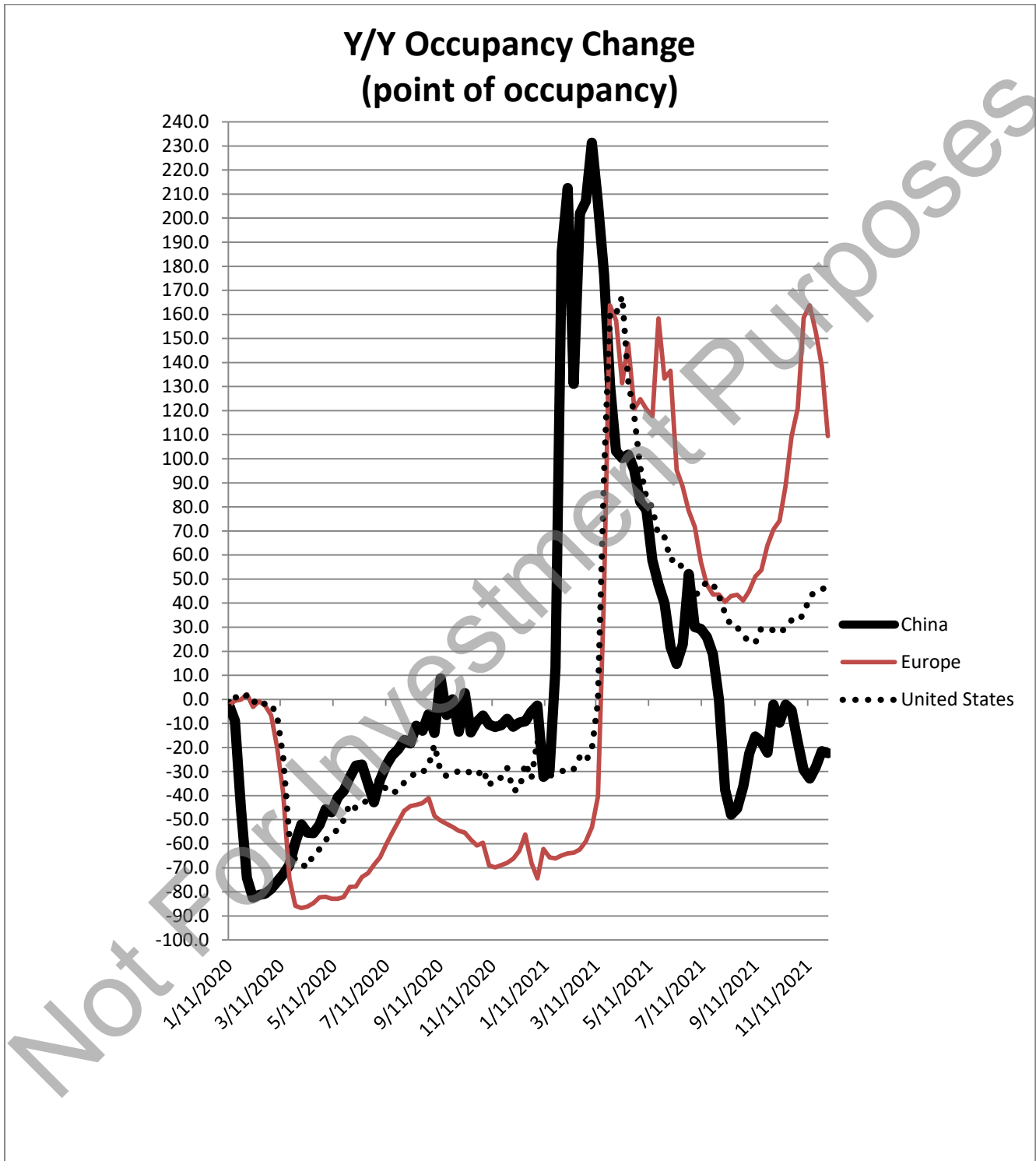
- **China: Absolute occupancy was 44.8%.** *By comparison, occupancy was 57.7% during the comparable week last year.*
- **Europe: Absolute occupancy was 50.4%.** *So far it has been approx. 92 weeks after occupancy first started to see rapid deceleration in Europe. By comparison, occupancy was 24.1% during the comparable week last year.*
- **US: Absolute occupancy was 54.8%.** *So far it has been approx. 91 weeks after occupancy first started to see rapid deceleration in mid-March 2020 in the US. By comparison, occupancy was 37.4% during the comparable week last year.*

Exhibit 2: Y/Y RevPAR change for China, Europe, US



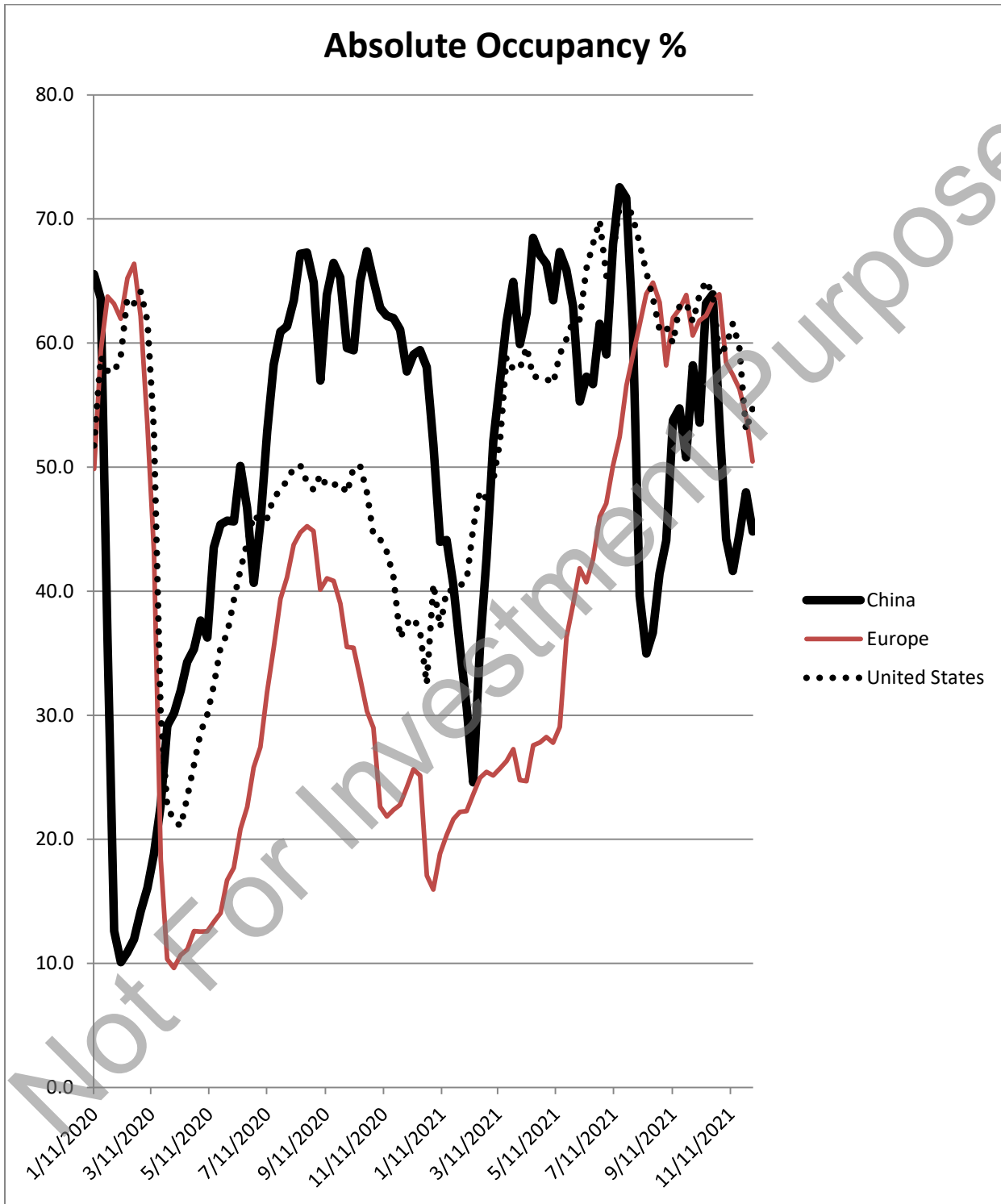
Source: STR, Truist Securities research

Exhibit 3: Y/Y Occupancy change for China, Europe, US



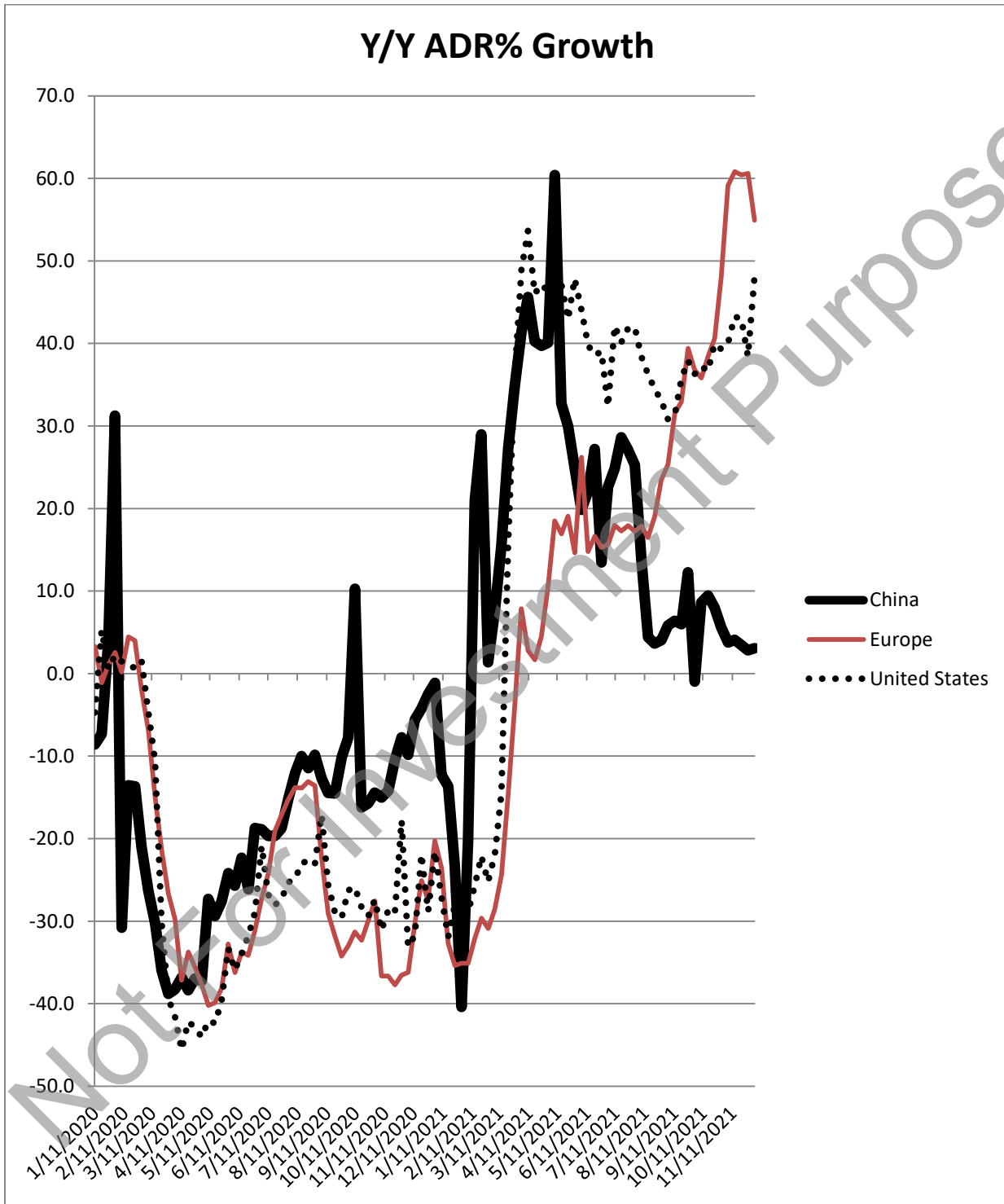
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy % for China, Europe, US



Source: STR, Truist Securities research

Exhibit 5: Y/Y ADR % change for China, Europe, US



Source: STR, Truist Securities research

Analyst Certification

I, C. Patrick Scholes , hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

I, Gregory J. Miller , hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Required Disclosures

Analyst compensation is based upon stock price performance, quality of analysis, communication skills, and the overall revenue and profitability of the firm, including investment banking revenue.

As a matter of policy and practice, the firm prohibits the offering of favorable research, a specific research rating or a specific target price as consideration or inducement for the receipt of business or compensation. In addition, associated persons preparing research reports are prohibited from owning securities in the subject companies.

Charts indicating changes in ratings can be found in recent notes and/or reports at our website or by contacting Truist Securities. Please see our disclosures page for more complete information at <https://truist.bluematrix.com/sellside/Disclosures.action>

Truist Securities Ratings System for Equity Securities

Dissemination of Research

Truist Securities, Inc. ("Truist Securities") seeks to make all reasonable efforts to provide research reports simultaneously to all eligible clients. Reports are available as published in the restricted access area of our website to all eligible clients who have requested a password. Institutional investors, corporates, and members of the Press may also receive our research via third party vendors including: Thomson Reuters, Bloomberg, FactSet, and S&P Capital IQ. Additional distribution may be done by sales personnel via email, fax, or other electronic means, or regular mail.

For access to third party vendors or our Research website: <https://truistresearch.bluematrix.com/client/library.jsp>

Please email the Research Department at EquityResearchDepartment@research.truist.com or contact your Truist Securities sales representative.

Truist Securities Rating System for Equity Securities

Truist Securities, Inc. ("Truist Securities") rates individual equities using a three-tiered system. Each stock is rated relative to the broader market (generally the S&P 500) over the next 12-18 months (unless otherwise indicated).

Buy (B) – the stock's total return is expected to outperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Hold (H) – the stock's total return is expected to perform in line with the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Sell (S) – the stock's total return is expected to underperform the S&P 500 or relevant benchmark over the next 12-18 months (unless otherwise indicated)

Not Rated (NR) – Truist Securities does not have an investment rating or opinion on the stock

Coverage Suspended (CS) – indicates that Truist Securities' rating and/or target price have been temporarily suspended due to applicable regulations and/or Truist Securities Management discretion. The previously published rating and target price should not be relied upon.

Truist Securities analysts have a price target on the stocks that they cover, unless otherwise indicated. The price target represents that analyst's expectation of where the stock will trade in the next 12-18 months (unless otherwise indicated). If an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of Truist Securities Research Management not to assign a target price; likewise certain stocks that trade under \$5 may exhibit volatility whereby assigning a price target would be unhelpful to making an investment decision. As such, with Research Management's approval, an analyst may refrain from assigning a target to a sub-\$5 stock.

Legend for Rating and Price Target History Charts:

B = Buy

H = Hold

S = Sell

D = Drop Coverage

CS = Coverage Suspended

NR = Not Rated

I = Initiate Coverage

T = Transfer Coverage

Truist Securities ratings distribution (as of 12/08/2021):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	535	72.01%	Buy	154	28.79%
Hold	206	27.73%	Hold	67	32.52%
Sell	2	0.27%	Sell	0	0.00%

Other Disclosures

Information contained herein has been derived from sources believed to be reliable but is not guaranteed as to accuracy and does not purport to be a complete analysis of the security, company or industry involved. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any security. Truist Securities, Inc. and/or its officers or employees may have positions in any securities, options, rights or warrants. The firm and/or associated persons may sell to or buy from customers on a principal basis. Investors may be prohibited in certain states from purchasing some over-the-counter securities mentioned herein. Opinions expressed are subject to change without notice.

Truist Securities, Inc.'s research is provided to and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). The term "Institutional Account" shall mean the account of: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million.

Truist Securities, Inc. is a registered broker-dealer and a member of FINRA and SIPC. It is a service mark of Truist Financial Corporation. Truist Securities, Inc. is owned by Truist Financial Corporation and affiliated with SunTrust Investment Services, Inc. and BB&T Securities, LLC. Despite this affiliation, securities recommended, offered, sold by, or held at Truist Securities, Inc., SunTrust Investment Services, Inc. or BB&T Securities, LLC (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Truist Bank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Truist Bank may have a lending relationship with companies mentioned herein.

Please see our Disclosure Database to search by ticker or company name for the current required disclosures, including valuation and risks. Link: <https://truist.bluematrix.com/sellside/Disclosures.action>

Please visit the Truist Securities (formerly known as SunTrust Robinson Humphrey) equity research library for current reports and the analyst roster with contact information. Link: <https://truistresearch.bluematrix.com/client/library.jsp>

Truist Securities, Inc., member FINRA and SIPC. Truist and Truist Securities are service marks of Truist Financial Corporation.

If you no longer wish to receive this type of communication, please request removal by sending an email to EquityResearchDepartment@Research.Truist.com

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

ADDITIONAL INFORMATION IS AVAILABLE at our website, TruistSecurities.com, or by writing to: Truist Securities, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070