TRUIST

Truist Securities

Lodging

Lodging: US RevPAR +126.7% Y/Y Last Week; 2yr -2.7% vs. Prior -9.2%; Chanukah calendar shift benefit

Unclear Omicron impact in last week's results but impact more definitive already for 1Q22 groups

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

Weekly STR results and analysis

What's Incremental To Our View

Overall U.S. RevPAR was +126.7% y/y for the week ending 12/11/2021, per STR, stronger than the prior week's result of +117.1%. Last week's RevPAR was up against a -57.3% comparable result in 2020 vs. -58.4% in the prior week's 2-year run-rate. *On a 2-year run-rate, RevPAR was -2.7% vs. -9.2% in the prior week's 2-year run-rate.*

The calendar shift of Chanukah (started Sunday 11/28/21 vs. prior years Thursday 12/10/20 and Sunday 12/22/19) resulted in a somewhat easier y/y comp. We suspect there was Omicron impact in last week's results but impossible to tell the degree due to the holiday shift.

While the Omicron impact to last week's results is difficult to quantify, we are of the belief that the variant will negatively impact corporate, group, and international travel in future weeks. The most recent evidence is a major healthcare conference for San Francisco shifting to virtual in January (CNBC). *Industry chatter several months ago was this live conference was to be seen as ushering in the "return to normalcy" for large group events (though chatter today around the cancellation is that attendees were not thrilled about going to San Francisco anyway given recent crime headlines).* We would strongly assume some other 1Q22 events will also shift to virtual and/or have lower live attendance due to the variant. Public company executives at our conference last week did not point to any major U.S. cancellations for 1Q22 but anticipated a challenged 1H22 for business travel -- the virus situation is obviously fluid and expectations were not particularly bullish. Events that maintain live attendance in early 1Q22 may risk considerable media blowback if there is an outbreak and corporations are also receiving negative media coverage for recent outbreaks at live offices including in NYC.

- We encourage investors keep attentive to attendance stats at two upcoming January events.
  - Consumer Electronics Show in Las Vegas (virtual in 2021)
  - The hospitality industry's own ALIS Conference in Los Angeles (live event last summer, pushed from traditional January spot, but attendance was reportedly very light) (Reuters; CoStar).
- **We also remind readers that official reported attendance statistics at conventions/trade shows/exhibitions and conferences may not reflect no-shows, a topic we analyzed in our deep dive on large business events and was proven through bookings data from STR, Kalibri Labs, and other hotel data vendors.** Official promoted statistics on robust attendance (arguably fuzzy math) is also a factor for live investor and financial services

conferences in 2021, especially when we read about live attendance being far above 2019 levels with the same number of companies in attendance.

One other aside from last week's STR results worth discussing is 2021 absolute occupancy trends and comparisons vs. 2019.

- NYC maintained occupancy north of 70% all week (mid 80s starting Wednesday night). Occupancy was down 15-21% vs. 2019 from Monday-Wednesday and down 6% on Friday/Saturday. Comparatively, ADR was down double digits vs. 2019 from Monday-Wednesday and up double digits on Friday/Saturday.
- For domestic business travel, we note that early workweek occupancy was generally in the 50s-60s%, down double-digits percent to 2019 for Upscale, Upper Upscale, and Luxury chain scales. ADR trends were mixed on the weekdays but up double digits vs. 2019 on the weekends.

Major RevPAR statistics presented below:

- Luxury RevPAR: +324.4% y/y and -7.6% over 2 years
- Upper Upscale RevPAR: +279.2% y/y and -17.5% over 2 years;
- Upscale RevPAR: +129.4% y/y and -12.5% over 2 years;
- Upper Midscale RevPAR: +87.2% y/y and +1.9% over 2 years;
- Midscale RevPAR: +57.5% y/y and +14.2% over 2 years;
- Economy RevPAR: +37.2% y/y and +20.7% over 2 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +120.1% y/y and +5.6% over 2 years; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +606.8% y/y vs. +483.3% prior week; over 2 years: --21.1% vs -38.1% prior week.
  - Transient: +213.7% y/y vs. +205.8% prior week; over 2 years: -5.5% vs -10.2% prior week.

<u>**Last week's RevPAR details and sequential trends:**</u>

- Headline RevPAR was +126.7% y/y vs. the running 28-day average of +113.1% y/y.
- **Occupancy:** Absolute occupancy was 57.4% y/y vs. the running 28-day average of 56.2% y/y.
- **Open/closed hotels**: Per STR, 0.6% 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 business events**:** 16.1% last week vs. 13.0% 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.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
12/11/2021	**126.7%**	324.4%	279.2%	129.4%	87.2%	57.5%	37.2%	120.1%	496.2%	217.7%	171.0%	225.1%	146.2%

Hanukah calendar shift benefit

Luxury and Upper Upscale led the industry

NYC and Chicago led the Top 5 markets

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
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%	96.9%

YoY % change in ADR

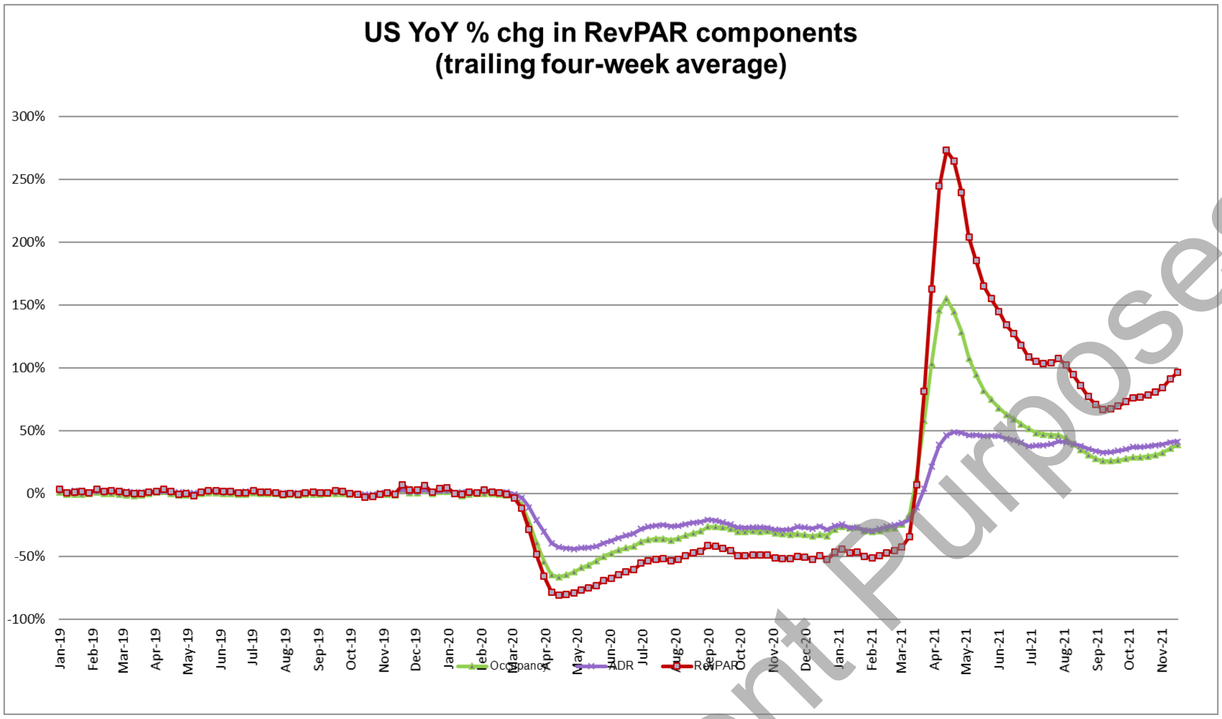
	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
9/18/2021	**35.8%**	33.0%	37.9%	31.0%	27.9%	22.4%	19.6%	32.0%	84.2%	64.1%	33.6%	72.6%	31.8%
9/25/2021	**37.9%**	38.2%	42.2%	33.1%	28.5%	22.7%	19.2%	33.3%	105.3%	91.4%	34.4%	69.0%	39.5%
10/2/2021	**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%
12/11/2021	**49.3%**	29.5%	48.0%	37.8%	29.8%	22.3%	18.8%	50.0%	162.4%	54.5%	56.7%	64.8%	42.7%
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%	-0.5%	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%
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.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
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%
12/11/2021	**51.8%**	227.8%	156.2%	66.4%	44.2%	28.7%	15.5%	46.7%	127.2%	105.6%	73.0%	97.3%	72.6%
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%
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%

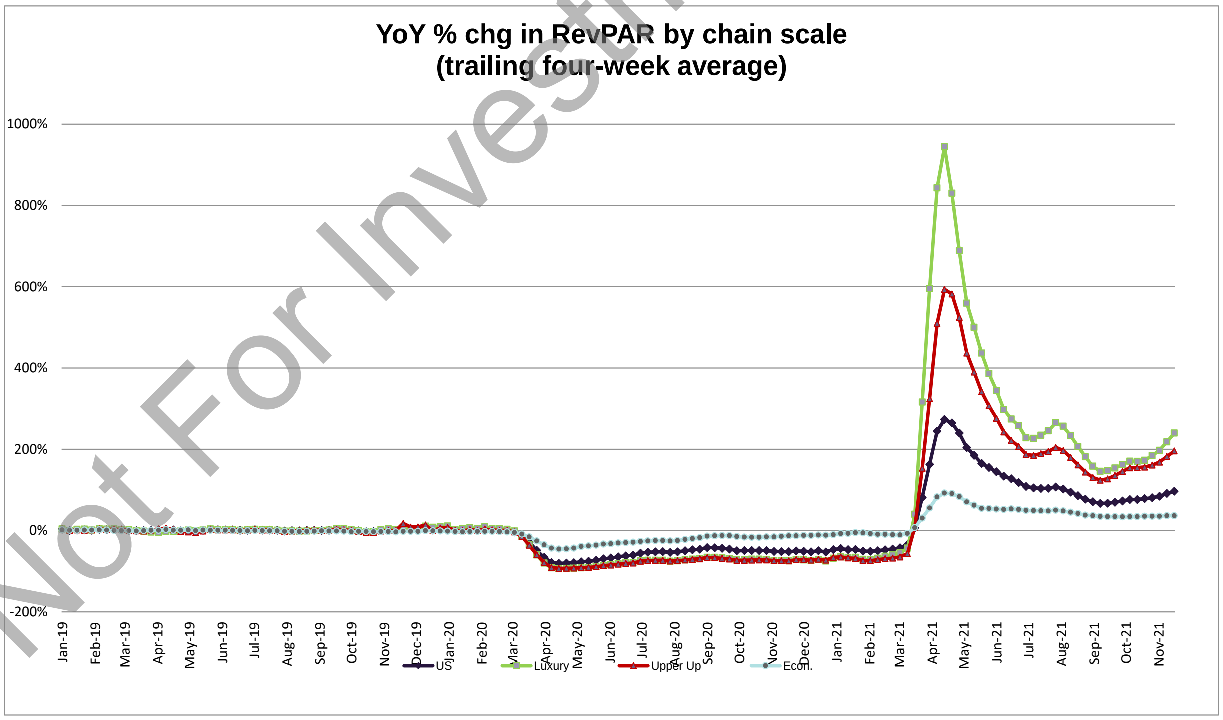
Source: STR data, Truist Securities research

RevPAR Component Trends



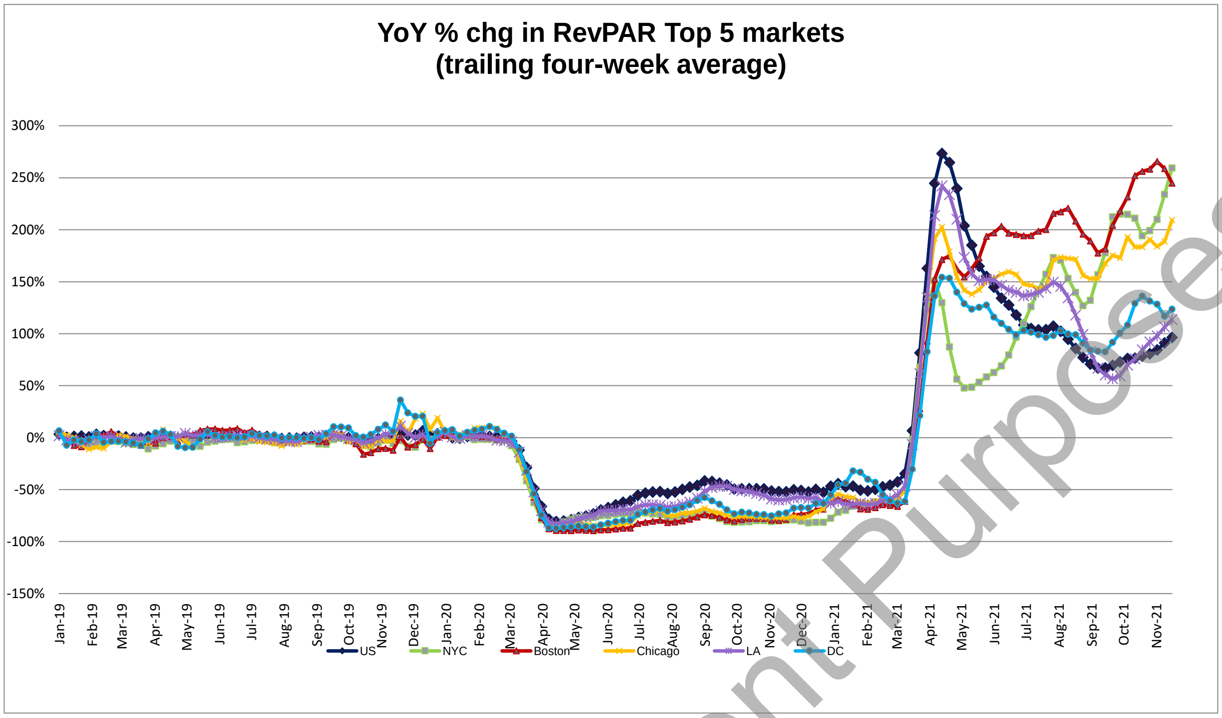
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



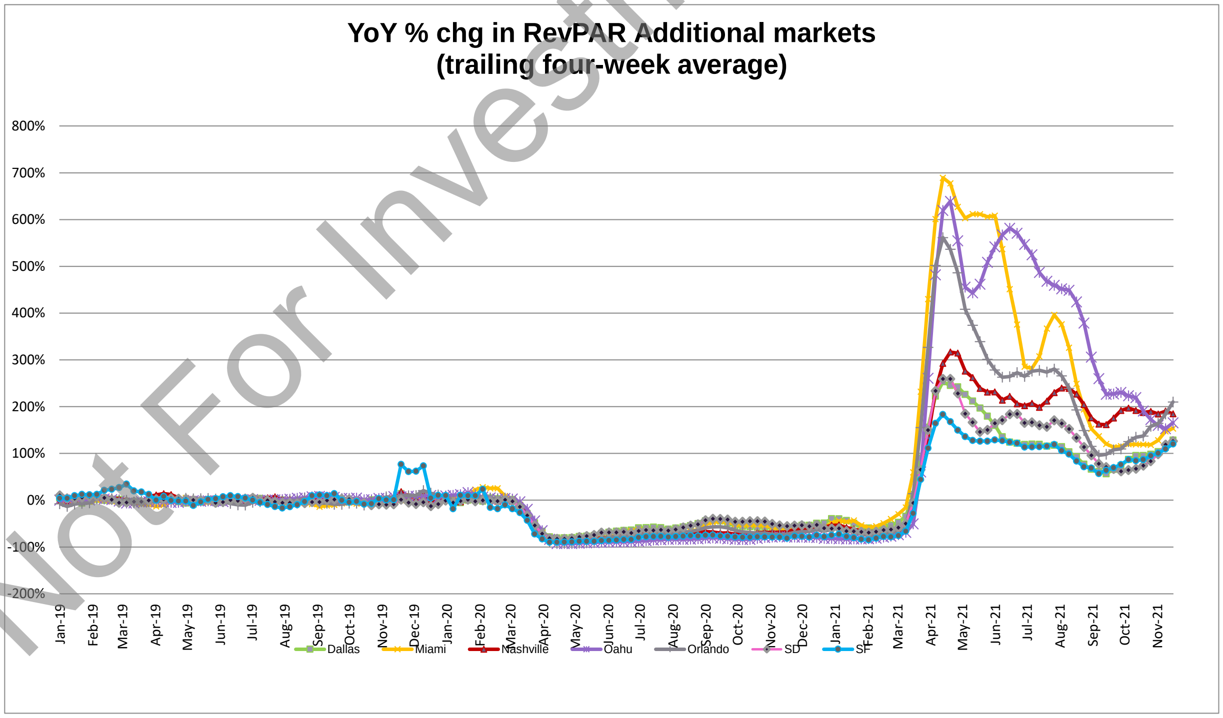
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

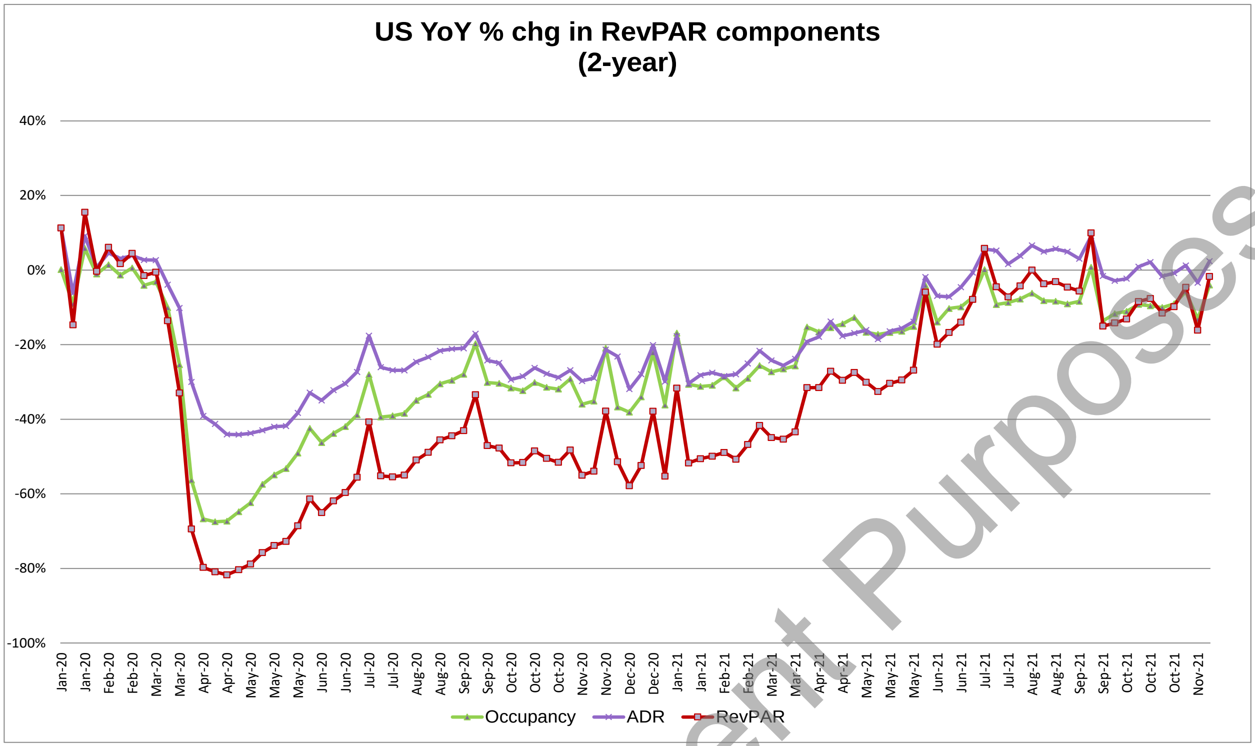
RevPAR Trends by Market (Additional markets)



Source: STR data, Truist Securities research

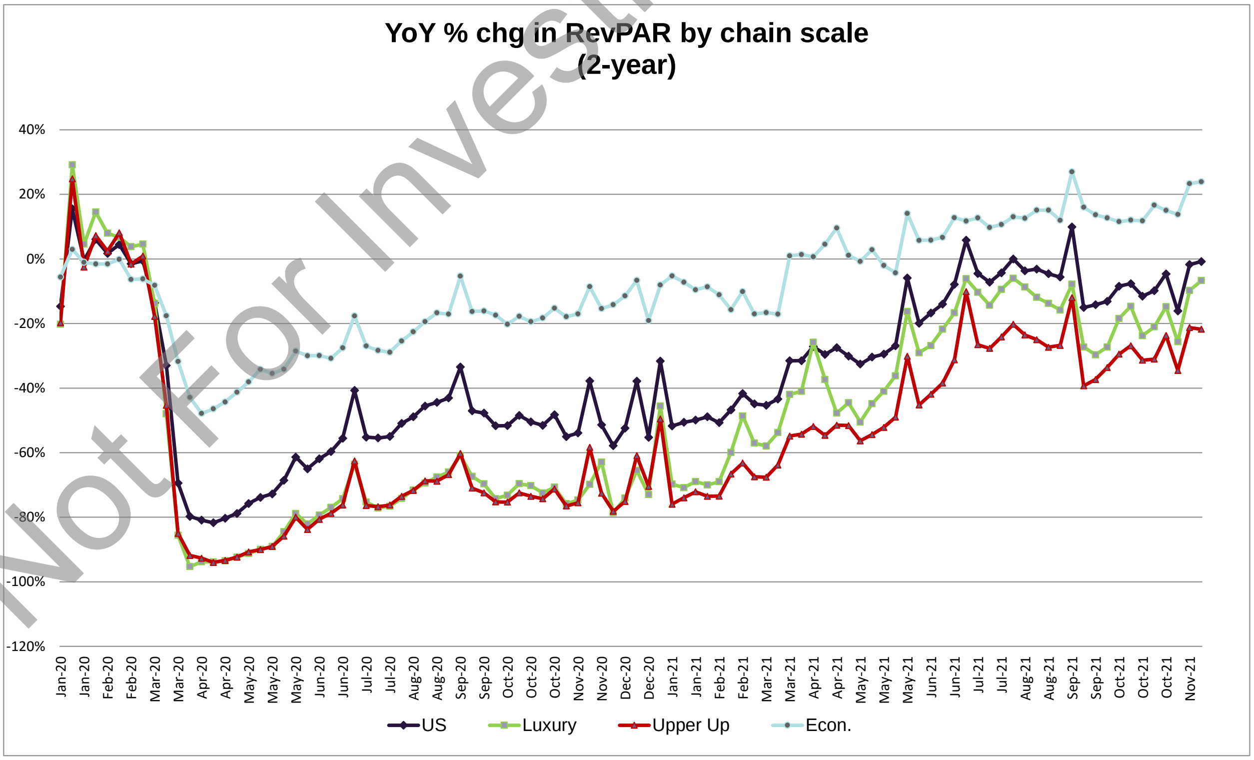
TRUIST

RevPAR Component Trends (2-year)



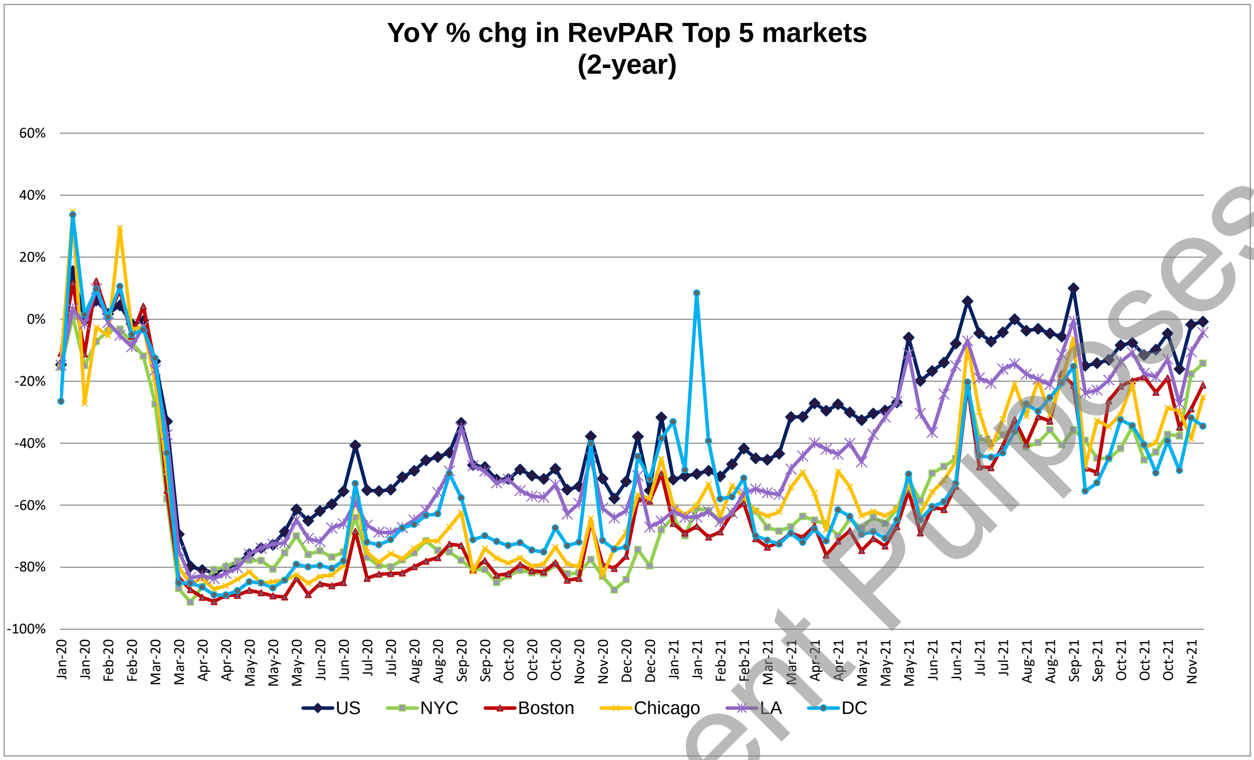
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (2-year)



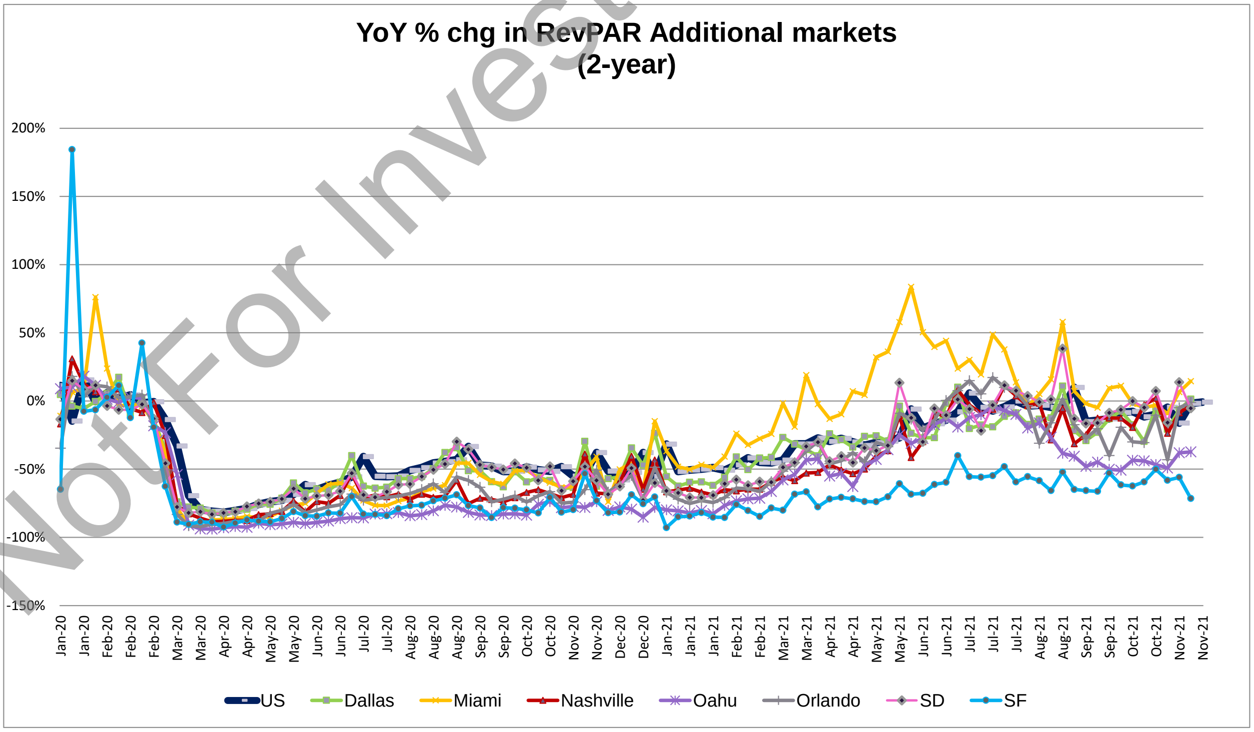
Source: STR data, Truist Securities research

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

TRUIST

Price Target/Risks Summary

Lodging	TKR	Price 12/14/21	Rating	PT*	% upside/ down-side	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	$32.97	Buy	$44	33%	$115	$133	$141	$17	$16	$16	7.6X	Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk.
Choice Hotels	CHH	$142.77	Hold	$125	-12%	$379	$455	$499	$391	$467	$515	15.0X	Upside risk: conservative growth of new brands. Downside risk: slowdown in development opportunities.
DiamondRock Hospitality	DRH	$8.69	Hold	$8	-8%	$83	$175	$226	$84	$175	$226	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	$141.98	Hold	$139	-2%	$1,528	$2,491	$2,935	$1,669	$2,629	$3,069	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	$47.19	Buy	$54	14%	$730	$1,185	$1,738	$339	$339	$339	9.8X	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
Host Hotels & Resorts	HST	$16.07	Hold	$18	12%	$498	$1,127	$1,397	$498	$1,127	$1,397	12.5X	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.
Hyatt Hotels	H	$83.43	Hold	$78	-7%	$235	$553	$694	$284	$606	$752	14.2X	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.
Marriott International	MAR	$154.01	Hold	$156	1%	$1,924	$3,094	$3,728	$2,227	$3,398	$4,044	15.9X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Marriott Vacations	VAC	$155.26	Buy	$201	30%	$603	$874	$951	$647	$922	$1,003	10.5X	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$17.65	Hold	$22	25%	$129	$549	$782	$149	$569	$806	12.0X	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.
Pebblebrook Hotel Trust***	PEB	$20.98	Hold	$24	14%	$94	$343	$453	$94	$343	$453	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	$7.22	Hold	$8	11%	$77	$204	$219	$90	$217	$232	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	$12.61	Buy	$19	51%	$141	$273	$431	$159	$293	$452	12.5X	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	$79.53	Hold	$75	-6%	$160	$430	$497	$180	$457	$525	13.0X	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.
Sunstone Hotel Investors	SHO	$10.88	Hold	$12	10%	$62	$224	$277	$75	$234	$285	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	$325.42	Hold	$322	-1%	$540	$810	$928	$540	$810	$928	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	$48.92	Buy	$77	57%	$747	$928	$1,008	$747	$928	$1,008	8.6X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	$79.85	Buy	$83	4%	$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

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, $32.97, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $142.77, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $8.69, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $83.43, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $47.19, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $141.98, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $16.07, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $154.01, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, $325.42, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $20.98, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $17.65, Hold, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $7.22, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $79.53, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $12.61, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, $10.88, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, $48.92, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $155.26, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $79.85, Buy, C. Patrick Scholes)

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 12/15/2021):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	**Count**	**Percent**	**Rating**	**Count**	**Percent**
Buy	537	72.18%	Buy	153	28.49%
Hold	205	27.55%	Hold	64	31.22%
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

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