

## CONSUMER: Lodging

## 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

11 Page Document

## Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

## Lodging: US RevPAR +75% Y/Y Last Week. -4% vs. 2019 vs. prior +8%; clean comp

Overall U.S. RevPAR was +74.7% y/y for the week ending 3/5/2022, per STR, softer than the prior week's result of +93.8%. Last week's RevPAR was up against a -37.9% comparable result in 2021 vs. -44.5% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was -3.8% vs. +7.7% in the prior week's 3-year run-rate.**

Ex-the lowest rated hotel chain scales (Economy/Midscale), occupancy was slightly softer on an absolute basis versus the prior week. Given the prior week included President's Day, we await a few more weeks of data to see the degree of war/gas price impact.

Day-by-day occupancy comparisons were influenced by the prior week holiday with higher occupancy on Monday/Tuesday last week versus the prior week (rebounding corporate travel versus President's Day) and seemingly more normalized patterns of stronger demand into the weekend. Urban midweek occupancy picked up modestly on a non-holiday week.

We encourage investors to be attentive to week-by-week comparisons (in our upcoming weekly notes) over the course of March as a better indicator towards the degree of recovery of corporate travel, Spring Break demand impacted by rising gas prices, and other macro demand impact to weekly lodging performance. March comps are fairly clean comp prior to the Good Friday/Easter/Passover holidays.

### Major RevPAR statistics presented below:

- Luxury RevPAR: +128.1% y/y and -2.3% over 3 years
- Upper Upscale RevPAR: +143.6% y/y and -21.1% over 3 years;
- Upscale RevPAR: +74.3% y/y and -13.1% over 3 years;
- Upper Midscale RevPAR: +55.3% y/y and -1.0% over 3 years;
- Midscale RevPAR: +46.0% y/y and +6.2% over 3 years;
- Economy RevPAR: +31.9% y/y and +9.7% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +65.5% y/y and +6.9% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +410.2% y/y vs. +358.0% prior week; over 3 years: -26.1% vs -34.9% prior week.
  - Transient: +75.7% y/y vs. +122.2% prior week; over 3 years: -1.4% vs +31.0% prior week.

### February estimates:

For the month of February, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Buy], or Marriott [MAR, Hold] hotel) will finish approximately +123-133% y/y for Luxury, +135-140% y/y for Upper Upscale, and +74-78% y/y for Upscale full-service. We estimate that the overall industry will finish approximately +74-78% 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 February RevPAR flat to -5% for the overall industry.

• **By chain scale:**

- Luxury: +5 to -5% (non daily participants to STR contribute to a wider range)
- Upper Upscale: down 17% to 23%
- Upscale: down 8% to 12%

**Last week's RevPAR details and sequential trends:**

- Headline RevPAR was +74.7% y/y vs. the running 28-day average of +75.2% y/y.
- **Occupancy:** Absolute occupancy was 61.2% y/y vs. the running 28-day average of 59.2% y/y.
- **Absolute Group occupancy improved moderately:** 18.1% last week vs. 15.8% 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 (Hold), WH (Buy), and RLJ (Buy) for the value-play business traveler in the early corporate demand recovery, H (Buy) for its increased leisure exposure and plans to divest materially from its owned assets, and the timeshare companies, HGV (Buy), VAC (Buy), BVH (Buy), and TNL (Buy, formerly WYND).

While the broader economy may have a U-shaped recovery, we believe hotel operating performance will take substantially longer to recover and be much choppier and vary by segmentation and geography. Additionally, we believe work from home will have a short-to-medium impact on hotel demand, though the longer-term impact is still unknown. While some travel industry leaders, news reporters, and businesspeople have predicted that [35-50% of business travel will be permanently lost](#), our view is that it will be far less than 35-50%, though it will not be zero either (Hospitality Net).

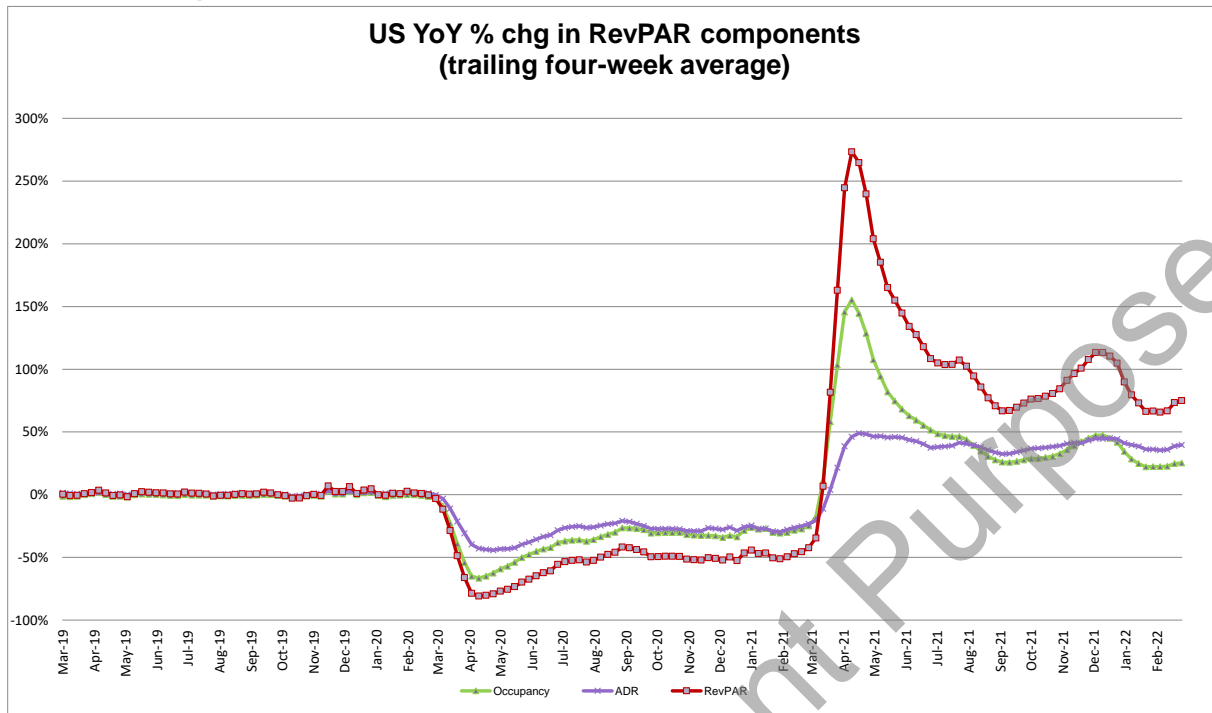
Not For Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR													
	U.S.	Upper		Upper		Economy	Inde-	New York	Boston	LA	Chicago	DC	
		Luxury	Upscale	Upscale	Midscale								
12/18/2021	107.6%	238.8%	218.1%	114.1%	82.8%	57.0%	37.8%	97.9%	349.6%	170.7%	148.2%	183.8%	124.2%
12/25/2021	90.7%	182.5%	145.7%	88.5%	75.9%	54.7%	36.4%	83.5%	208.3%	114.2%	144.2%	115.5%	82.6%
1/1/2022	94.4%	145.7%	144.9%	95.4%	82.3%	62.8%	40.3%	82.0%	200.5%	145.9%	199.5%	122.8%	99.8%
1/8/2022	67.0%	125.5%	130.3%	65.7%	52.8%	40.2%	24.7%	66.2%	63.0%	93.3%	99.8%	60.0%	6.6%
1/15/2022	66.2%	135.1%	124.8%	67.9%	52.7%	39.0%	25.1%	60.1%	50.0%	91.7%	100.0%	69.8%	2.9%
1/22/2022	64.9%	138.1%	115.9%	61.3%	49.4%	39.0%	25.3%	63.5%	56.0%	85.2%	91.2%	76.1%	-37.9%
1/29/2022	67.4%	145.4%	131.9%	69.9%	51.6%	39.4%	23.7%	59.5%	49.5%	109.7%	95.0%	67.3%	-5.9%
2/5/2022	68.2%	132.9%	130.9%	67.6%	51.7%	40.3%	25.0%	63.7%	52.4%	97.1%	105.1%	73.3%	23.6%
2/12/2022	62.6%	106.9%	111.3%	65.7%	50.8%	37.9%	24.3%	51.4%	81.3%	90.8%	226.1%	56.7%	35.9%
2/19/2022	69.1%	93.8%	125.1%	74.2%	59.6%	46.5%	29.4%	55.2%	73.8%	116.5%	152.0%	67.2%	70.9%
2/26/2022	93.8%	173.1%	169.7%	89.6%	66.0%	53.5%	34.8%	90.7%	105.3%	162.2%	116.4%	105.2%	78.3%
3/5/2022	74.7%	128.1%	143.6%	74.3%	55.3%	46.0%	31.9%	65.5%	110.5%	164.5%	96.8%	95.3%	112.0%
March rebounding													
Upper Upscale and Luxury led the industry													
Boston and DC led the Top 5 markets													
1Q18	3.5%	6.6%	0.9%	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%	0.1%	0.1%	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%	-78.1%	-59.3%	-75.4%	-71.4%
1Q21	-27.7%	-42.7%	-54.4%	-34.3%	-17.4%	-5.3%	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%
4Q21	96.4%	215.5%	185.6%	98.3%	74.2%	55.2%	37.2%	86.4%	273.7%	225.6%	124.8%	195.9%	129.6%
YoY % change in ADR													
	U.S.	Upper		Upper		Economy	Inde-	New York	Boston	LA	Chicago	DC	
		Luxury	Upscale	Upscale	Midscale								
12/18/2021	42.1%	24.6%	39.5%	33.9%	27.8%	21.8%	18.4%	41.8%	123.3%	47.4%	52.7%	56.9%	36.0%
12/25/2021	40.1%	34.6%	35.9%	31.9%	26.5%	20.9%	18.0%	39.2%	87.4%	33.3%	52.4%	43.9%	25.2%
1/1/2022	45.7%	31.3%	44.6%	41.6%	34.3%	26.1%	22.6%	42.7%	106.8%	42.9%	71.9%	47.1%	29.1%
1/8/2022	36.4%	29.5%	36.9%	29.4%	24.3%	18.8%	17.1%	39.3%	36.5%	34.5%	48.3%	32.3%	1.1%
1/15/2022	36.6%	35.2%	39.7%	31.7%	25.7%	19.3%	17.2%	36.0%	40.4%	35.3%	49.7%	35.4%	11.8%
1/22/2022	35.5%	35.7%	37.7%	28.5%	24.0%	19.2%	16.6%	36.7%	41.9%	33.7%	49.0%	36.7%	-7.5%
1/29/2022	36.1%	30.5%	40.2%	30.5%	24.5%	19.0%	16.1%	34.8%	36.8%	38.2%	52.2%	34.3%	13.8%
2/5/2022	36.3%	27.0%	37.9%	29.3%	24.3%	19.3%	16.8%	37.2%	40.2%	38.5%	54.7%	34.8%	18.7%
2/12/2022	33.9%	22.7%	36.2%	30.9%	24.3%	18.8%	16.5%	30.3%	44.8%	35.6%	133.7%	27.5%	23.5%
2/19/2022	37.3%	19.8%	40.4%	36.1%	30.3%	24.6%	20.2%	31.5%	42.9%	42.8%	83.2%	33.4%	30.7%
2/26/2022	47.7%	39.4%	47.5%	39.5%	32.6%	26.2%	21.8%	47.4%	42.9%	47.9%	54.6%	43.1%	29.4%
3/5/2022	39.6%	18.4%	41.3%	35.5%	29.8%	23.6%	20.6%	35.7%	50.0%	55.9%	51.4%	42.2%	47.0%
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%	-3.8%	-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%	-24.1%	-21.8%	-17.3%	-11.3%	-11.6%	-8.4%	-17.3%	-47.3%	-51.6%	-43.2%	-54.5%	-44.5%
4Q20	-27.2%	-11.1%	-29.0%	-26.9%	-17.8%	-10.4%	-5.9%	-20.9%	-54.1%	-45.5%	-39.2%	-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%
4Q21	41.5%	29.6%	41.9%	34.2%	28.5%	22.9%	18.8%	39.2%	99.6%	69.6%	46.1%	64.9%	41.6%
YoY % change in Occupancy													
	U.S.	Upper		Upper		Economy	Inde-	New York	Boston	LA	Chicago	DC	
		Luxury	Upscale	Upscale	Midscale								
12/18/2021	46.0%	171.9%	128.1%	59.9%	43.0%	28.9%	16.3%	39.6%	101.4%	83.6%	62.5%	80.9%	64.9%
12/25/2021	36.1%	110.0%	80.8%	42.9%	39.1%	28.0%	15.6%	31.9%	64.5%	60.8%	60.2%	49.7%	45.8%
1/1/2022	33.4%	87.1%	69.4%	38.0%	35.8%	29.1%	14.5%	27.5%	45.3%	72.0%	74.2%	51.5%	54.8%
1/8/2022	22.5%	74.1%	68.2%	28.0%	22.9%	18.0%	6.4%	19.3%	19.4%	43.7%	34.7%	20.9%	5.4%
1/15/2022	21.6%	73.9%	60.9%	27.5%	21.5%	16.5%	6.8%	17.6%	6.8%	41.7%	33.5%	25.4%	-8.0%
1/22/2022	21.7%	75.5%	56.7%	25.5%	20.6%	16.6%	7.5%	18.7%	9.9%	38.5%	28.3%	28.9%	-32.9%
1/29/2022	23.0%	88.1%	65.4%	30.3%	21.8%	17.1%	6.5%	18.3%	9.3%	51.8%	28.1%	24.6%	-17.3%
2/5/2022	23.3%	83.5%	67.5%	29.5%	22.0%	17.6%	7.1%	19.3%	8.7%	42.3%	32.6%	28.6%	4.1%
2/12/2022	21.4%	69.6%	55.1%	26.6%	21.3%	16.1%	6.7%	16.2%	25.3%	40.7%	39.5%	22.8%	10.1%
2/19/2022	23.2%	61.8%	60.3%	28.0%	22.5%	17.6%	7.7%	18.0%	21.6%	51.6%	37.6%	25.4%	30.8%
2/26/2022	31.2%	98.9%	82.8%	35.9%	25.2%	21.7%	10.7%	29.4%	43.7%	77.3%	40.0%	43.4%	37.9%
3/5/2022	25.2%	92.7%	72.4%	28.6%	19.7%	18.1%	9.4%	22.0%	40.3%	69.7%	30.0%	37.3%	44.2%
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%	-13.6%	-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%	-21.8%
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%
4Q21	38.8%	143.4%	101.3%	47.8%	35.6%	26.3%	15.4%	33.9%	87.3%	92.1%	53.9%	79.4%	62.2%

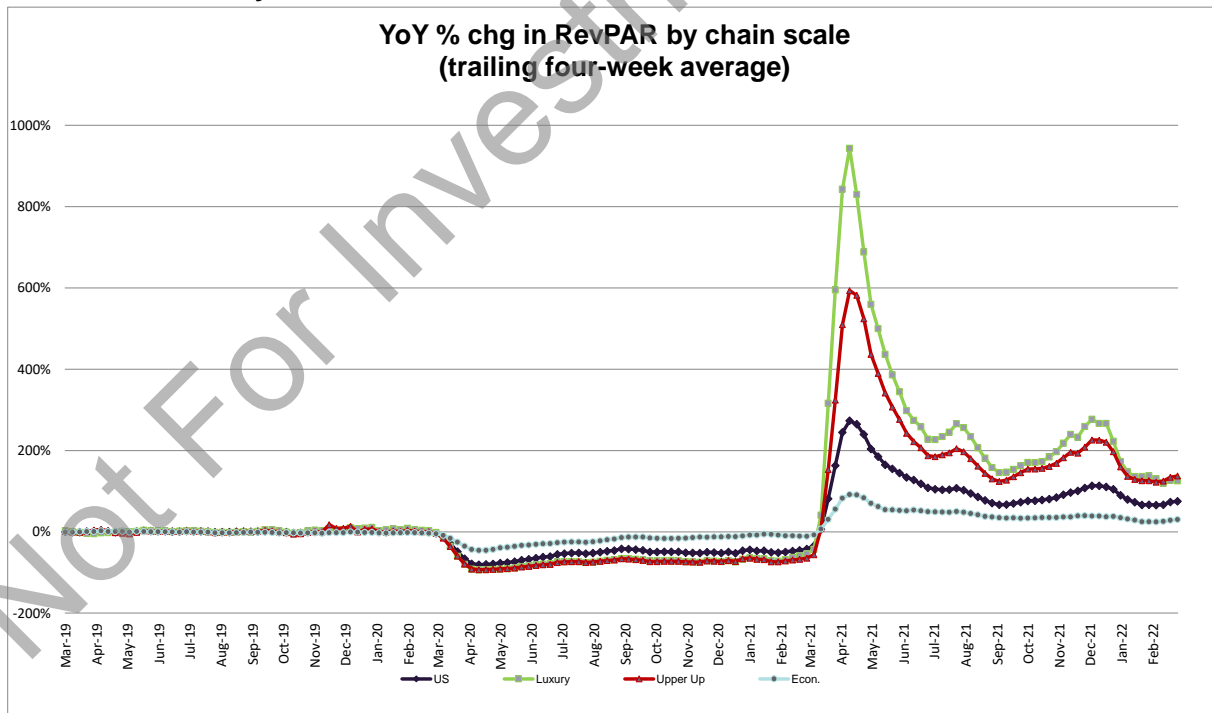
Source: STR data, Truist Securities research

RevPAR Component Trends



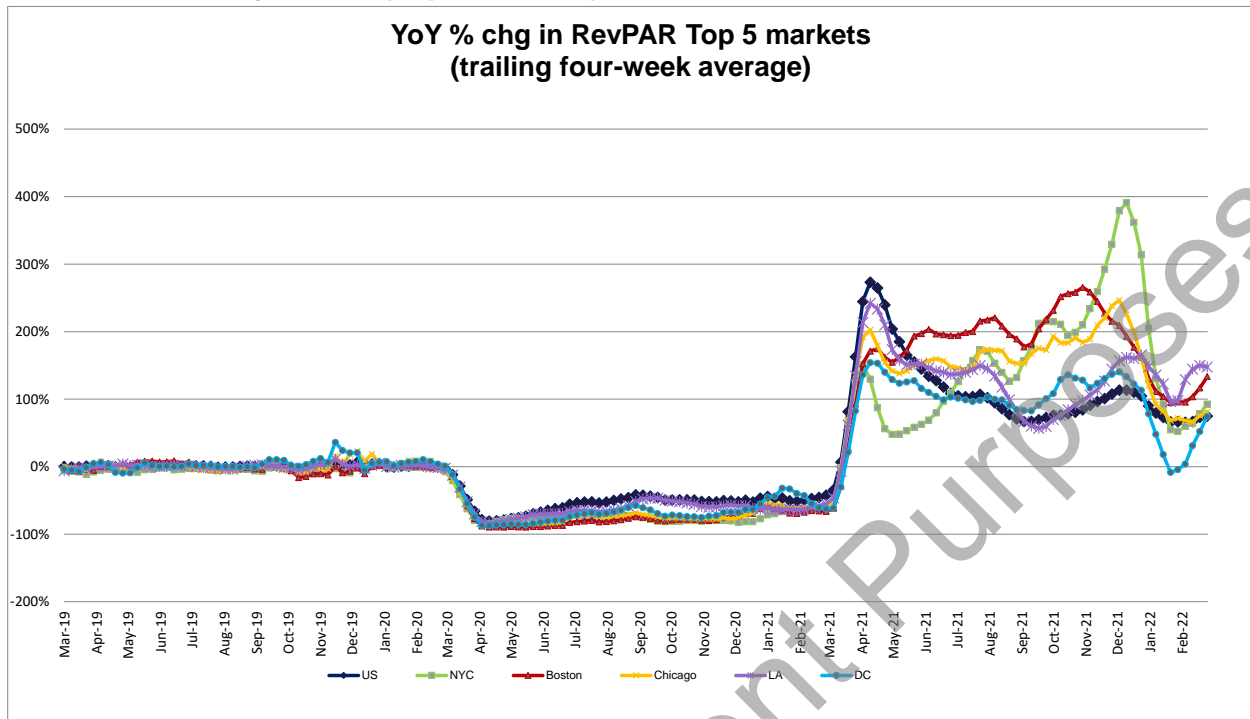
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



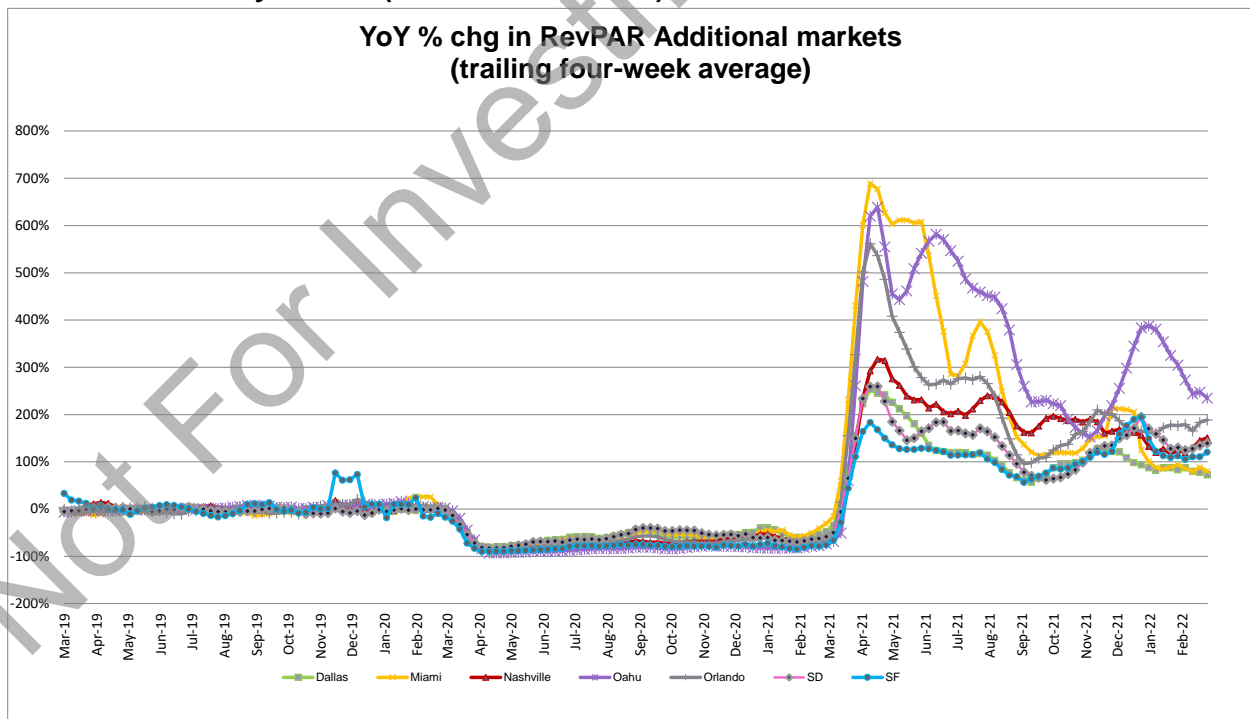
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



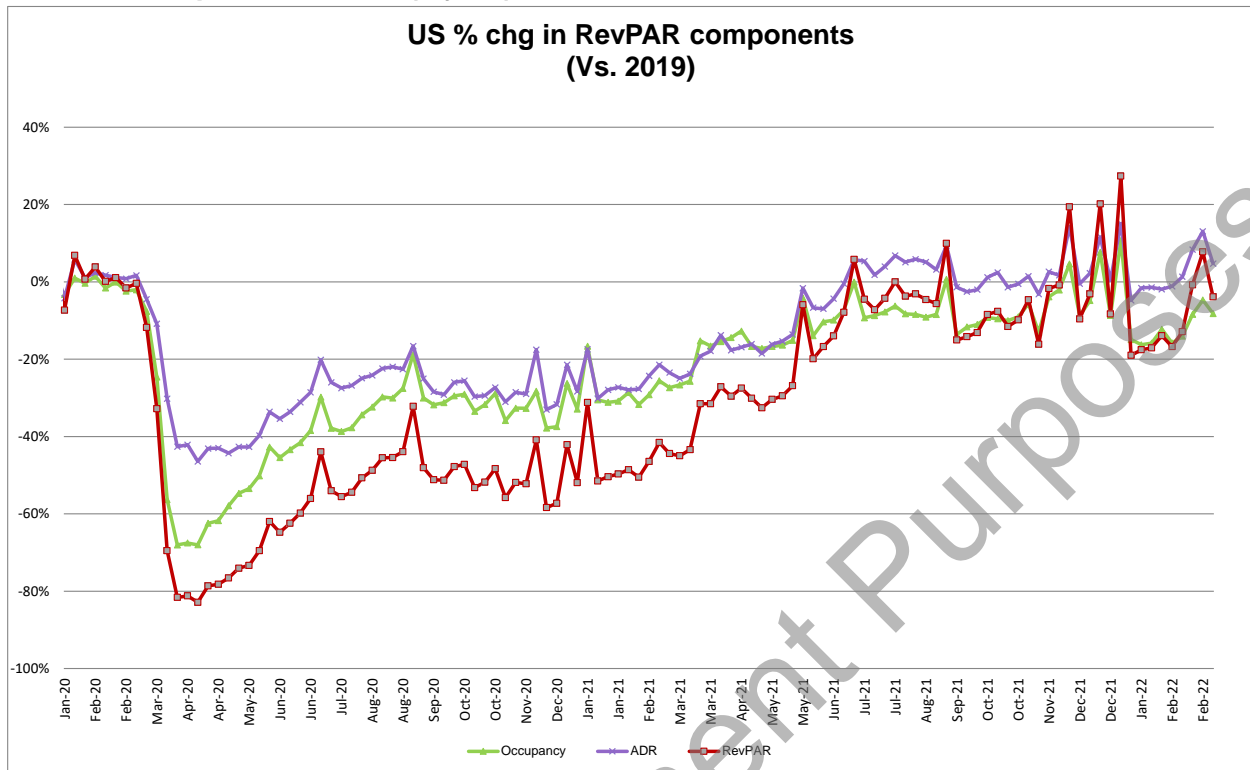
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



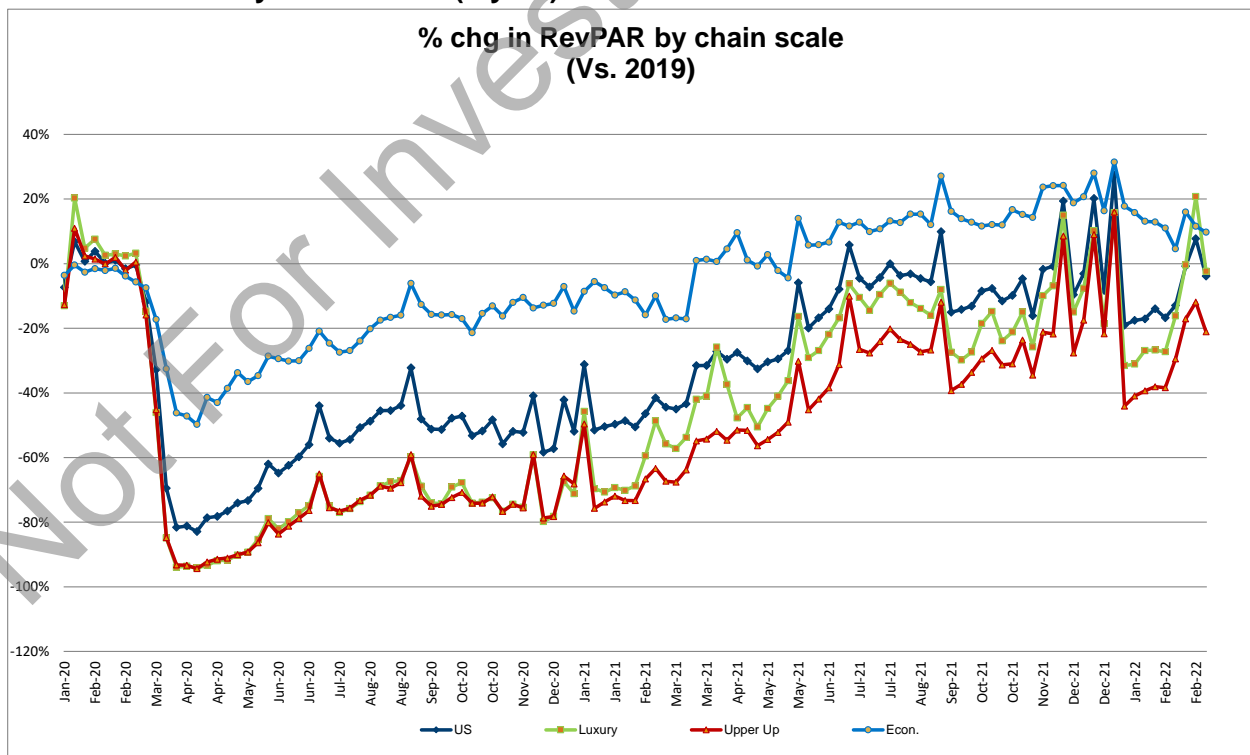
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



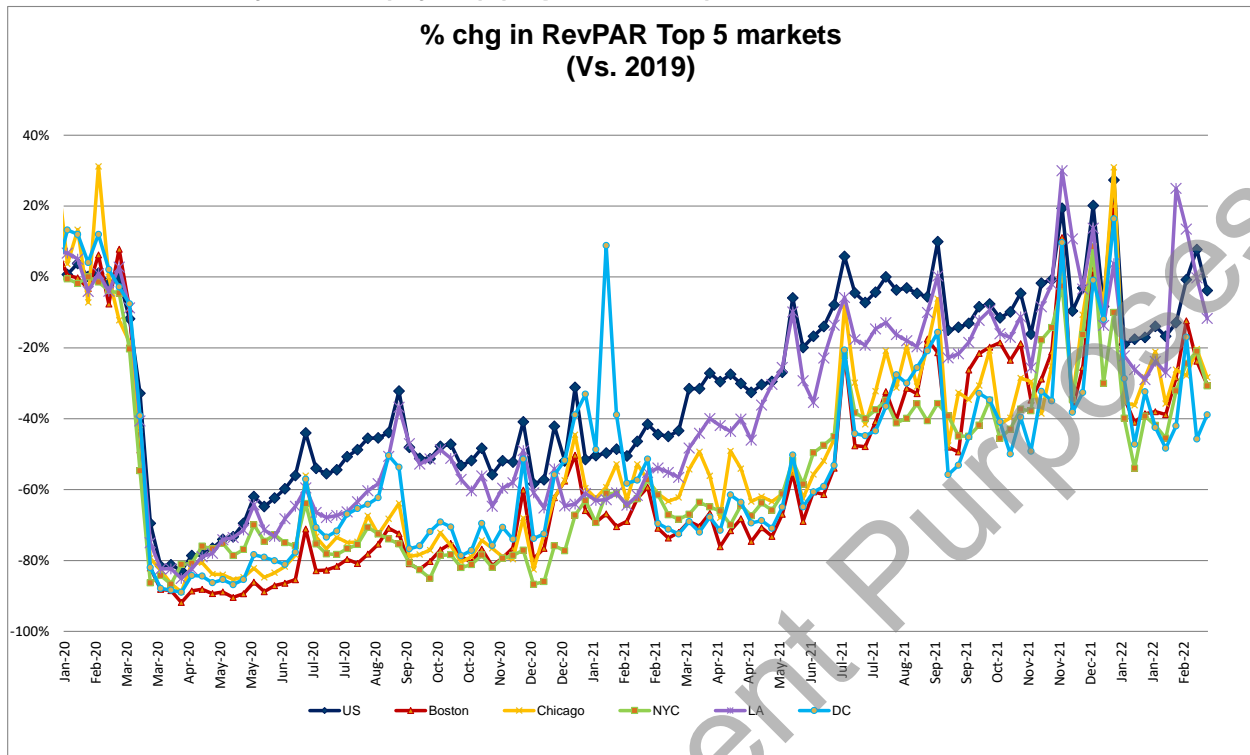
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



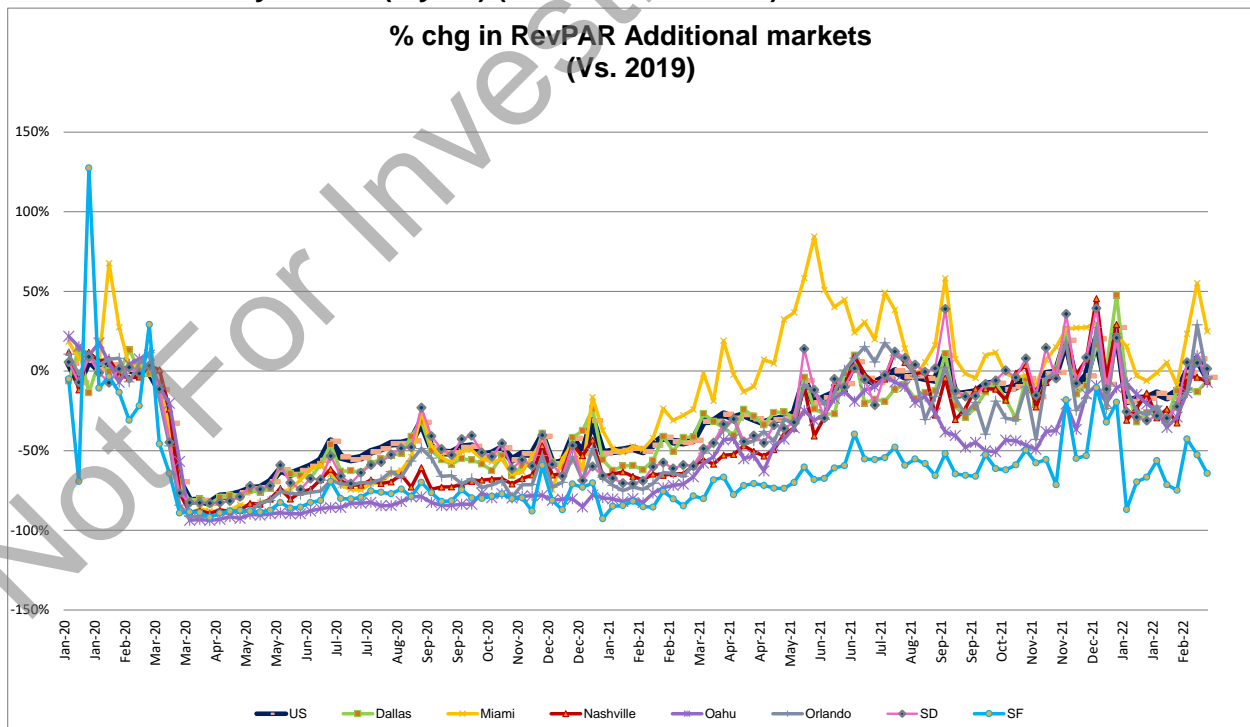
Source: STR data, Truist Securities research

RevPAR Trends by Market (3-year) (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (3-year) (Additional markets)



Source: STR data, Truist Securities research

Price Target/Risks Summary

Lodging	TKR	Price 3/8/22	Rating	PT*	% upside/down-side	Truist Securities Valuation EBITDA excluding Stock Based Comp/Other			As Reported/Consensus/Data Aggregator "Headline" EBITDA			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.
						2021E EBITDA (\$M)**	2022E EBITDA (\$M)**	2023E EBITDA (\$M)**	2021E EBITDA (\$M)	2022E EBITDA (\$M)	2023E EBITDA (\$M)		
Bluegreen Vacations	BVH	\$27.32	Buy	\$56	107%	\$122	\$147	\$155	\$17	\$16	\$16	7.6X	Downside risk: controlled company issues, limited cap/lat, loan defaults, and macroeconomic risk. Upside risk: conservative growth of new brands; market share gains.
Choice Hotels	CHH	\$131.70	Hold	\$125	-5%	\$392	\$439	\$483	\$404	\$451	\$499	15.0X	Downside risk: slowdown in development opportunities; market share losses. 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	\$9.36	Hold	\$8	-15%	\$82	\$188	\$241	\$82	\$188	\$241	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	\$133.92	Hold	\$152	14%	\$1,470	\$2,290	\$2,848	\$1,629	\$2,453	\$3,008	17.0X	Downside risk: Disruption in a major market (HGV more concentrated than peers), issues with Japanese customer (HGV more exposed than peers), difficulty sourcing additional fee-for-service inventory deals. Upside risk: faster demand improvement in corporate/convention travel than expected. Dispositions at higher multiple than expected (incl. NYC), stronger than expected performance by luxury leisure resorts on both top-line and margins through the valuation year. Downside risk: extended industry downturn with particular impact to large big box hotels, weak recovery of international travel during the valuation period, macro demand shock to acquired resort assets, labor issues.
Hilton Grand Vacations	HGV	\$46.00	Buy	\$63	36%	\$585	\$865	\$982	\$637	\$932	\$1,048	9.4X	Upside risk: faster demand improvement in corporate/convention travel than expected. Dispositions at higher multiple than expected (incl. NYC), stronger than expected performance by luxury leisure resorts on both top-line and margins through the valuation year. Downside risk: extended industry downturn with particular impact to large big box hotels, weak recovery of international travel during the valuation period, macro demand shock to acquired resort assets, labor issues.
Host Hotels & Resorts	HST	\$17.44	Hold	\$18	3%	\$498	\$1,127	\$1,397	\$498	\$1,127	\$1,397	12.5X	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. Apple Leisure Group underperforms 2023 guidance. Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Hyatt Hotels	H	\$84.61	Buy	\$106	25%	\$244	\$623	\$918	\$293	\$676	\$977	14.0X	Downside risk: MSA 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 Qatu, macro demand shock impact to major resort assets, labor issues.
Marriott International	MAR	\$152.79	Hold	\$182	19%	\$1,977	\$3,231	\$3,870	\$2,278	\$3,533	\$4,185	16.8X	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	\$142.08	Buy	\$201	41%	\$524	\$342	\$1,380	\$657	\$908	\$1,026	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). 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.
Park Hotels & Resorts	PK	\$17.85	Hold	\$20	12%	\$120	\$516	\$726	\$140	\$536	\$750	12.0X	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.
Pebblebrook Hotel Trust***	PEB	\$21.77	Hold	\$24	10%	\$88	\$297	\$435	\$88	\$297	\$435	14.5X	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. Mortgage EBITDA stabilizes well lower than expected.
Playa Hotels & Resorts	PLYA	\$8.63	Hold	\$8	-7%	\$77	\$166	\$207	\$90	\$179	\$220	10.0X	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.
RLJ Lodging Trust***	RLJ	\$12.76	Buy	\$19	49%	\$141	\$273	\$431	\$159	\$293	\$452	12.5X	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. Weaker than expected transient trends.
Ryman Hospitality Properties	RHP	\$83.35	Hold	\$75	-10%	\$160	\$430	\$997	\$180	\$457	\$525	13.0X	
Sunstone Hotel Investors	SHO	\$10.79	Hold	\$12	11%	\$58	\$216	\$266	\$70	\$226	\$274	12.5X	
Vail Resorts, Inc.	MTN	\$231.07	Hold	\$302	31%	\$540	\$816	\$930	\$540	\$816	\$930	16.0X	
Travel + Leisure Co.	TNL	\$49.22	Buy	\$78	58%	\$748	\$872	\$998	\$778	\$904	\$1,030	8.6X	
Wyndham Hotels & Resorts	WH	\$80.07	Buy	\$93	16%	\$562	\$579	\$680	\$590	\$616	\$721	15.0X	

\* 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, \$27.32, Buy, C. Patrick Scholes)  
**Choice Hotels International, Inc.** (CHH, \$131.70, Hold, C. Patrick Scholes)  
**DiamondRock Hospitality Company** (DRH, \$9.36, Hold, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$84.61, Buy, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$46.00, Buy, C. Patrick Scholes)  
**Hilton Worldwide Holdings Inc.** (HLT, \$133.92, Hold, C. Patrick Scholes)  
**Host Hotels & Resorts, Inc.** (HST, \$17.44, Hold, C. Patrick Scholes)  
**Marriott International, Inc.** (MAR, \$152.79, Hold, C. Patrick Scholes)  
**Vail Resorts, Inc.** (MTN, \$231.07, Hold, C. Patrick Scholes)  
**Pebblebrook Hotel Trust** (PEB, \$21.77, Hold, Gregory Miller)  
**Park Hotels & Resorts Inc.** (PK, \$17.85, Hold, C. Patrick Scholes)  
**Playa Hotels & Resorts N.V.** (PLYA, \$8.63, Hold, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$83.35, Hold, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$12.76, Buy, Gregory Miller)  
**Sunstone Hotel Investors, Inc.** (SHO, \$10.79, Hold, C. Patrick Scholes)  
**Travel + Leisure Co.** (TNL, \$49.22, Buy, C. Patrick Scholes)  
**Marriott Vacations Worldwide Corporation** (VAC, \$142.08, Buy, C. Patrick Scholes)  
**Wyndham Hotels & Resorts, Inc.** (WH, \$80.07, 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](mailto: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 03/09/2022):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	553	71.63%	Buy	150	27.12%
Hold	218	28.24%	Hold	60	27.52%
Sell	1	0.13%	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](mailto:EquityResearchDepartment@Research.Truist.com)

© Truist Securities, Inc. 2022. All rights reserved. Reproduction or quotation in whole or part without permission is forbidden.

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

Not For Investment Purposes