

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +57% Y/Y Last Week. +11% vs. 2019. ADR boom in a Spring Break week.

Overall U.S. RevPAR was +57.2% y/y for the week ending 4/23/2022, per STR, stronger than the prior week's result of +48.3%. Last week's RevPAR was up against a +220.7% comparable result in 2021 vs. +239.3% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +10.5% vs. +8.0% in the prior week's 3-year run-rate.**

On a holiday and Spring Break week, ADR was especially strong, up 15.4% vs. the comparable 2019 week, a theme we also see for summer vacation travel. Even with 3-year occupancy still down in all chain scales ex-Economy, ADR growth was substantial enough to present a very favorable headline RevPAR result. That said, on a "real" inflation adjusted basis, we see that headline ADR up closer to 5% vs. comparable 2019 levels.

ADR growth was strongest at both ends of the lodging spectrum -- driven by leisure strength. We see this pattern reflected once again in Luxury leading chain scales on 3-year ADR growth (+30%). Upper Upscale was second-best at +14.5% (we view driven by resorts, not urban) followed by Midscale/Economy around +13.5%. Occupancy was down on the 3-year comp for all chain scales ex-Economy (+0.2%) and Upper Upscale (-10.9%).

As we noted in last week's note, versus 2019, the Easter comparison, historically a sizable mover of results, is roughly neutral as Easter fell in the comparable week in 2019 vs. 2022. We do not focus overt attention to corporate demand on a holiday-impacted week although several Top 25 markets had midweek occupancies in the upper 60s to over 80 percent (still down double digits vs. 2019).

Major RevPAR statistics presented below:

- Luxury RevPAR: +112.2% y/y and +19.1% over 3 years
- Upper Upscale RevPAR: +111.0% y/y and +2.1% over 3 years;
- Upscale RevPAR: +62.1% y/y and +1.7% over 3 years;
- Upper Midscale RevPAR: +37.7% y/y and +7.9% over 3 years;
- Midscale RevPAR: +24.9% y/y and +10.9% over 3 years;
- Economy RevPAR: +13.1% y/y and +13.8% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +49.7% y/y and +18.7% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +271.5% y/y vs. +203.0% prior week; over 3 years: -3.6% vs -8.5% prior week.
 - Transient: +69.0% y/y vs. +76.3% prior week; over 3 years: +18.7% vs +13.3% prior week.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +57.2% y/y vs. the running 28-day average of +49.3% y/y.
- **Occupancy:** Absolute occupancy was 65.8% y/y vs. the running 28-day average of 64.6% y/y.
- **Absolute Group occupancy was slightly above the running 28 days and likely supported by leisure groups:** 19.7% last week vs. 19.2% 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			Inde- pendent	New York	Boston	LA	Chicago	DC
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy						
3/26/2022	55.5%	93.0%	109.8%	62.8%	39.5%	25.5%	14.1%	43.6%	145.1%	203.3%	100.0%	100.9%	162.3%
4/2/2022	42.8%	47.4%	88.4%	55.3%	37.5%	23.7%	12.6%	26.0%	132.6%	144.7%	60.6%	70.7%	137.0%
4/9/2022	48.4%	76.0%	100.3%	58.6%	36.1%	21.4%	10.8%	34.3%	177.7%	206.1%	68.1%	98.0%	172.3%
4/16/2022	48.3%	114.9%	104.9%	52.1%	24.2%	10.3%	4.5%	43.6%	202.9%	229.2%	73.0%	73.3%	142.8%
4/23/2022	57.2%	112.2%	111.0%	62.1%	37.7%	24.9%	13.1%	49.7%	168.0%	246.7%	71.2%	92.8%	178.5%

Strong Spring Break week Luxury and Upper Upscale led the industry Boston and DC led the Top 5 markets

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%
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

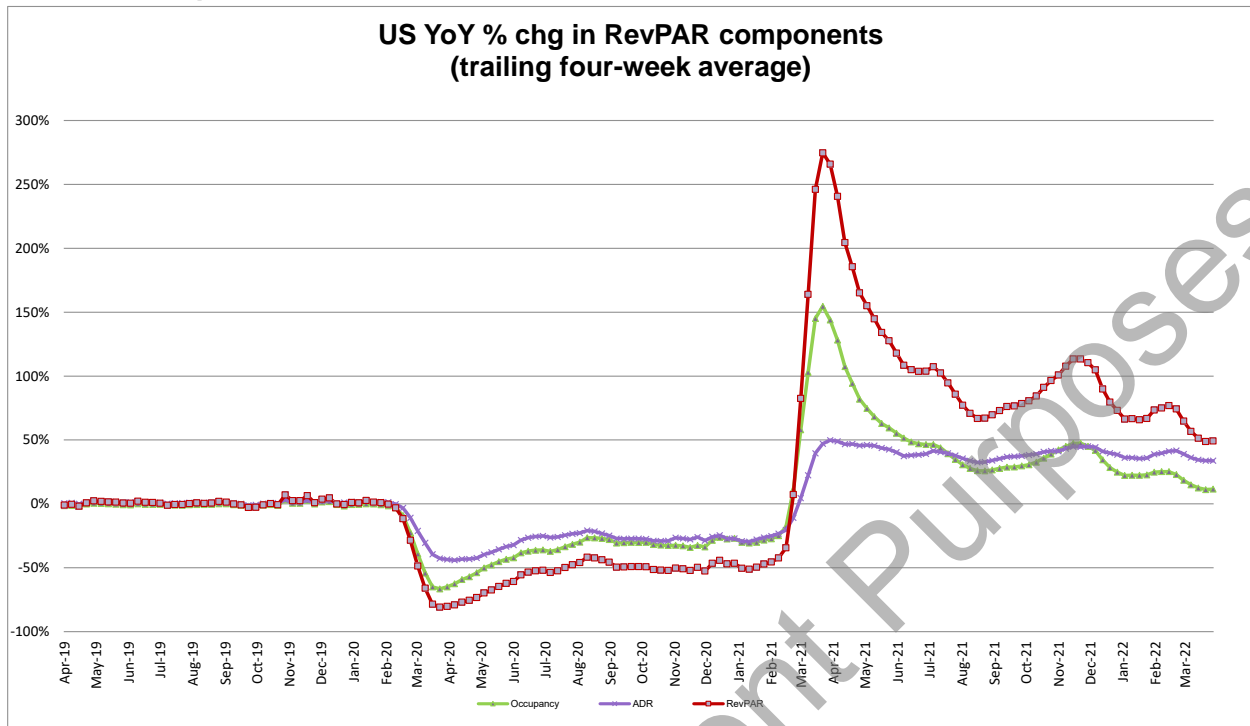
	YoY % change in ADR												
	U.S.	Upper			Upper			Inde- pendent	New York	Boston	LA	Chicago	DC
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy						
3/26/2022	37.1%	17.5%	37.7%	36.5%	28.0%	20.7%	16.6%	30.8%	67.0%	79.1%	55.4%	52.5%	64.8%
4/2/2022	28.6%	7.2%	31.5%	32.5%	26.2%	18.9%	14.3%	19.3%	69.1%	66.2%	41.3%	39.3%	64.6%
4/9/2022	33.0%	14.6%	33.4%	33.3%	25.9%	20.1%	15.2%	26.2%	82.6%	80.5%	43.3%	46.3%	74.1%
4/16/2022	36.7%	30.3%	37.9%	32.7%	21.2%	15.6%	12.7%	34.7%	93.3%	97.4%	43.2%	40.1%	60.1%
4/23/2022	36.6%	27.8%	37.9%	33.4%	24.3%	19.1%	15.2%	34.0%	80.9%	101.7%	42.9%	45.2%	69.5%
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%
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

	YoY % change in Occupancy												
	U.S.	Upper			Upper			Inde- pendent	New York	Boston	LA	Chicago	DC
		Luxury	Upscale	Upscale	Midscale	Midscale	Economy						
3/26/2022	13.5%	64.2%	52.3%	19.3%	9.0%	4.0%	-2.2%	9.8%	46.8%	69.3%	28.7%	31.8%	59.2%
4/2/2022	11.0%	37.6%	43.3%	17.2%	9.0%	4.1%	-1.5%	5.6%	37.5%	47.3%	13.7%	22.5%	44.0%
4/9/2022	11.6%	53.6%	50.1%	19.0%	8.0%	1.1%	-3.8%	6.4%	52.1%	69.5%	17.3%	35.4%	56.4%
4/16/2022	8.5%	64.9%	48.6%	14.6%	2.5%	-4.6%	-7.2%	6.6%	56.7%	66.7%	20.8%	23.7%	51.6%
4/23/2022	15.1%	66.1%	53.1%	21.6%	10.8%	4.9%	-1.8%	11.7%	48.1%	71.9%	19.8%	32.8%	64.3%
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%
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%

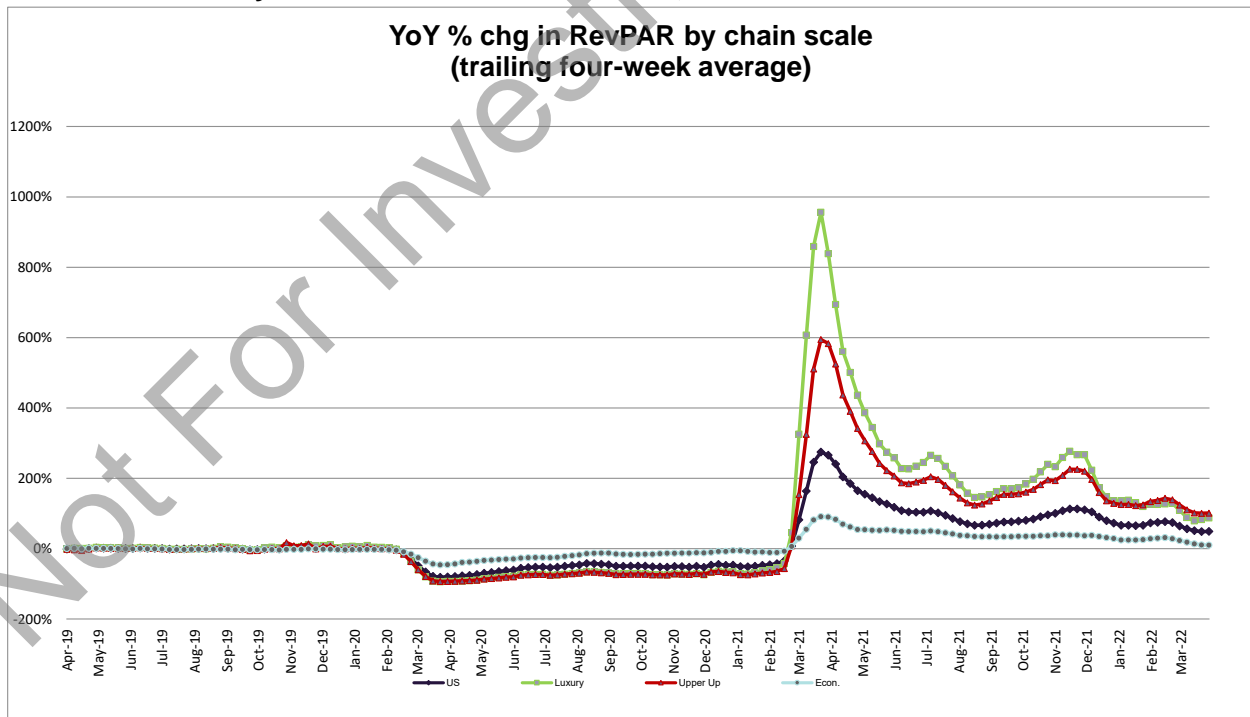
Source: STR data, Truist Securities research

RevPAR Component Trends



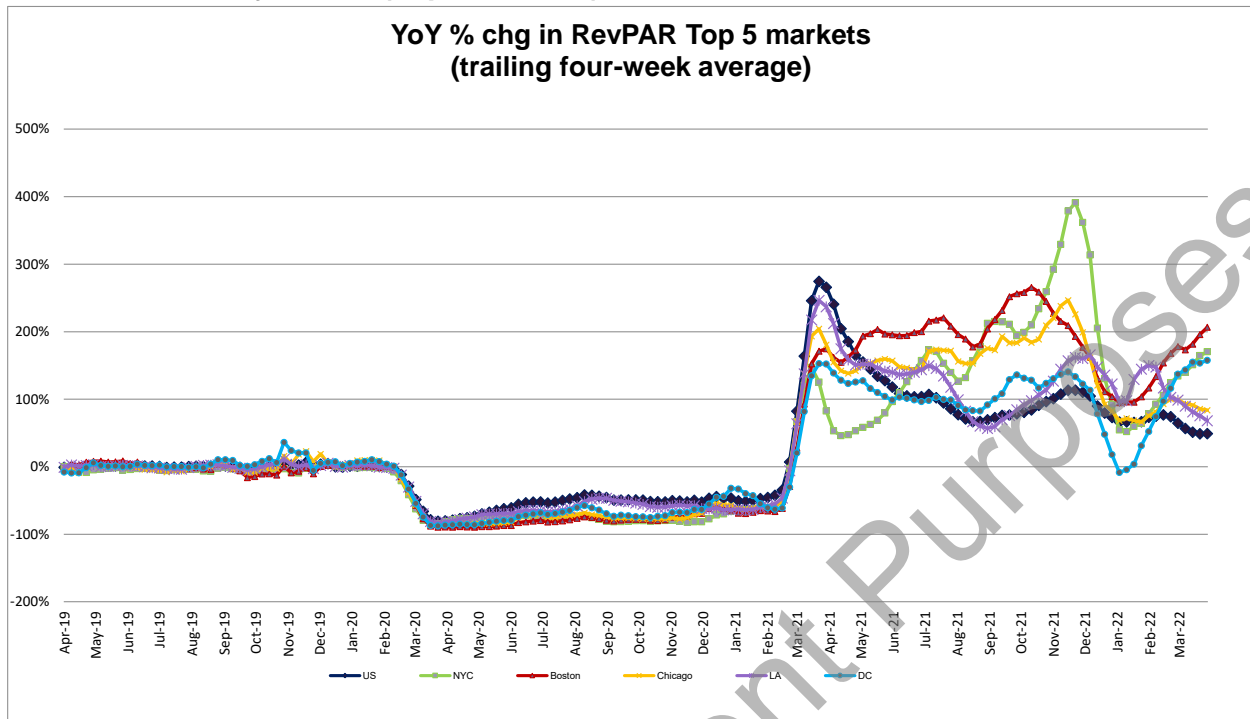
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



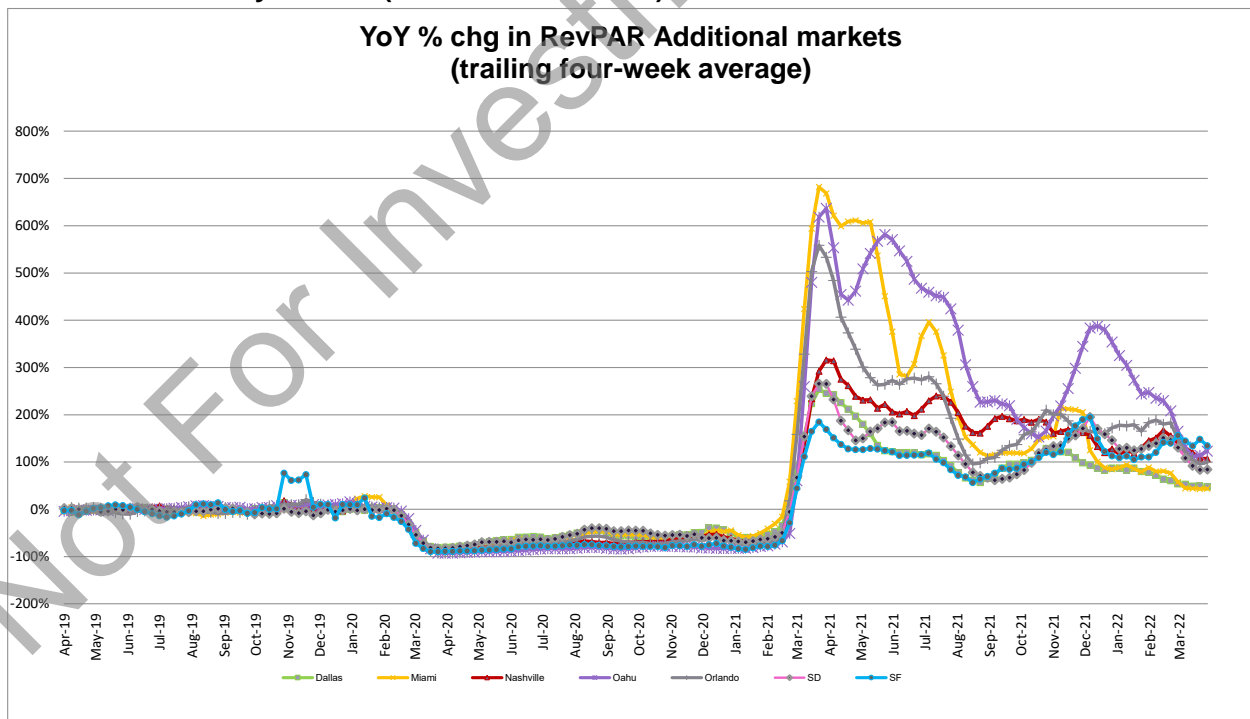
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



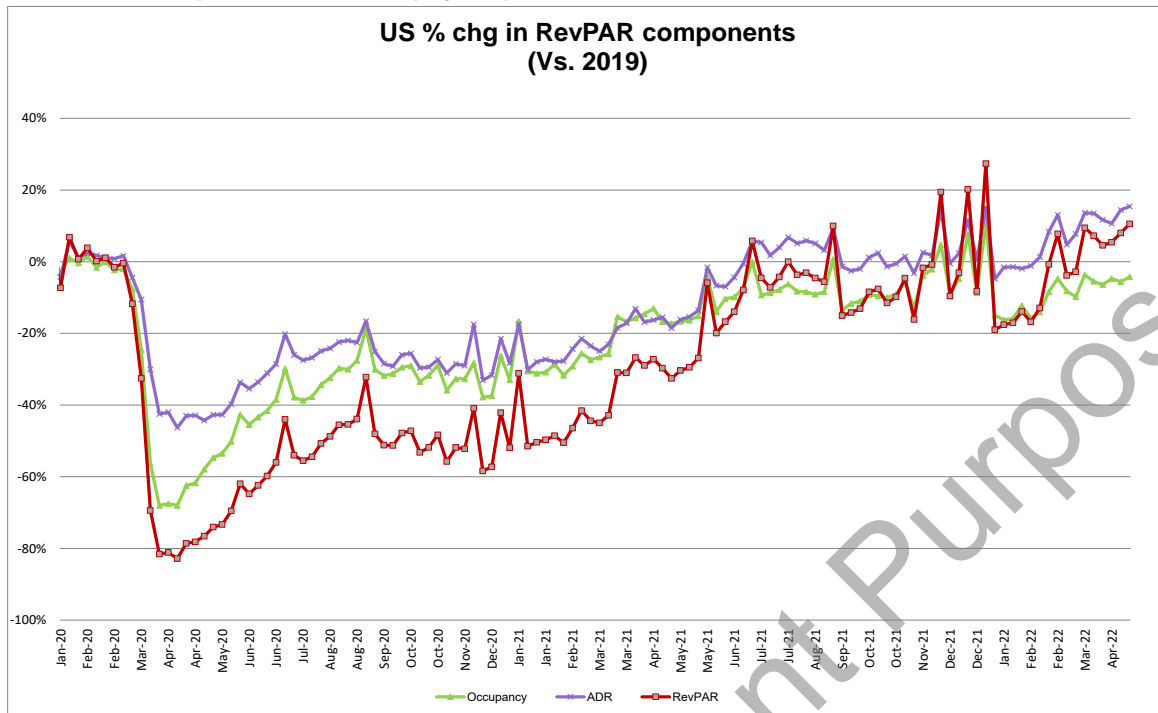
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



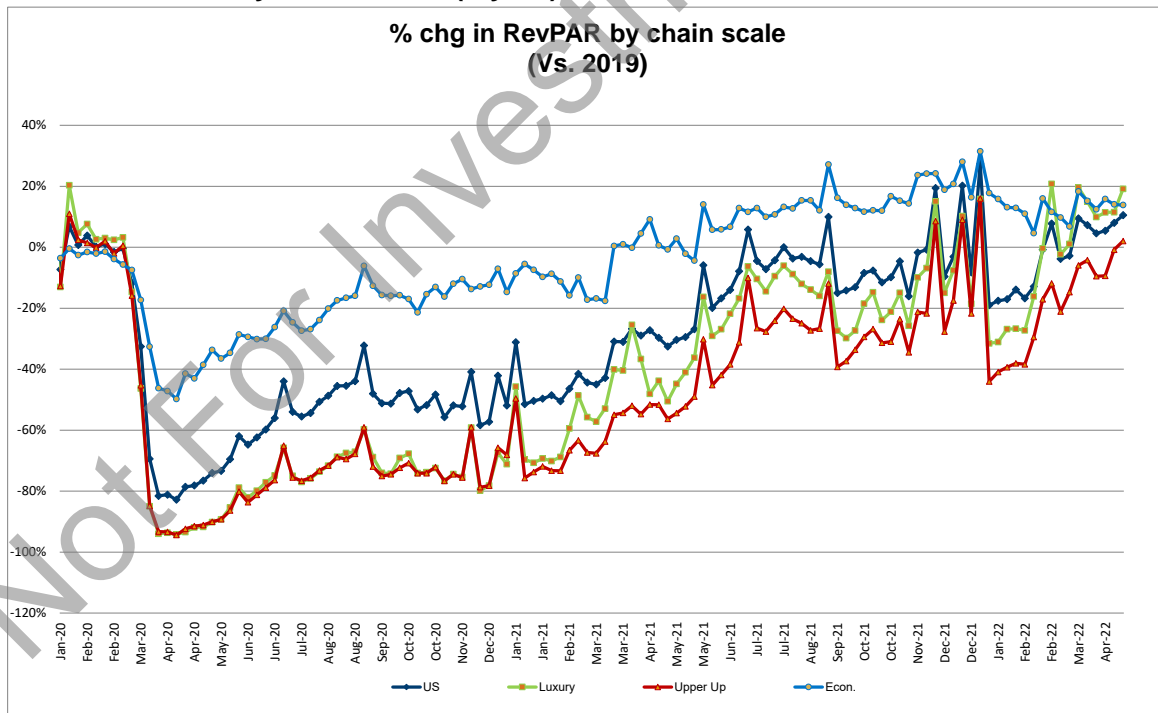
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



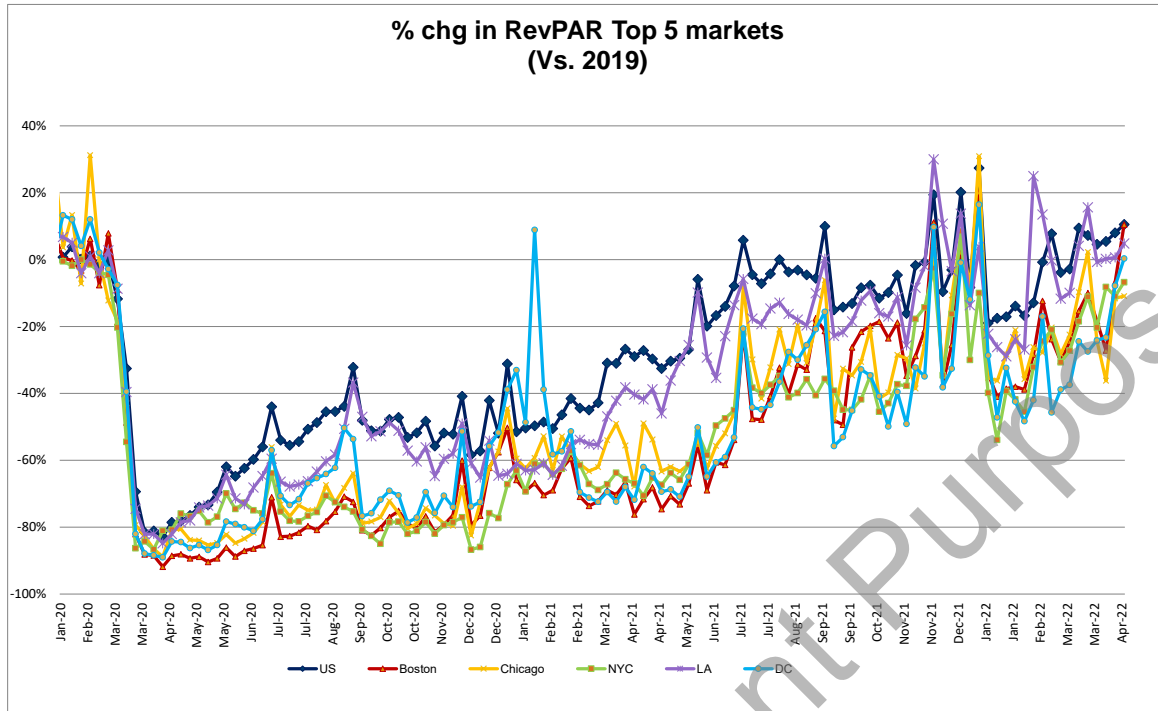
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



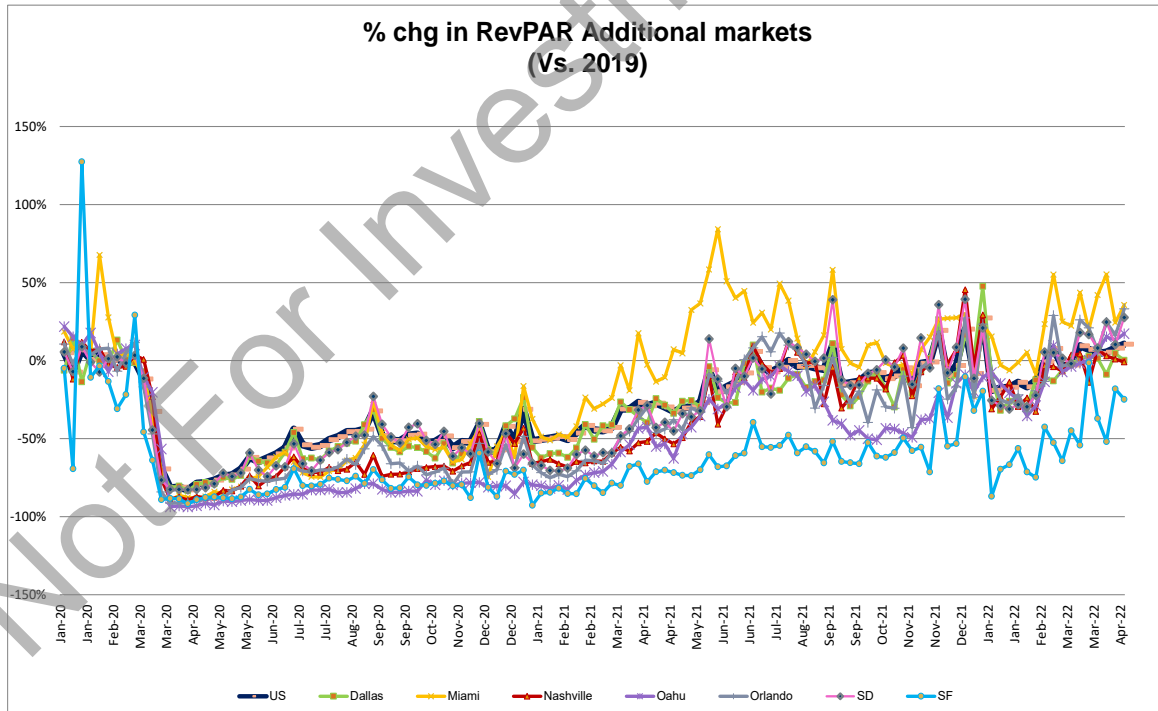
Source: STR data, Truist Securities research

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

Companies Mentioned in This Note

Bluegreen Vacations Holding Corporation (BVH, \$26.80, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$140.93, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$95.92, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$47.44, Buy, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$14.16, Buy, Gregory Miller)
Travel + Leisure Co. (TNL, \$53.36, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$149.23, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$87.40, Buy, C. Patrick Scholes)

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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.

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- S = Sell
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- CS = Coverage Suspended
- NR = Not Rated
- I = Initiate Coverage
- T = Transfer Coverage

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Rating	Count	Percent	Rating	Count	Percent
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Hold	234	29.77%	Hold	61	26.07%
Sell	1	0.13%	Sell	0	0.00%

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