

**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

9 Page Document

**Reasons for this report**

✓ Our analysis of the most recent weekly US lodging results

## Lodging: US RevPAR +21% Y/Y Last Week. +12% vs. 2019; strong despite holiday hurting biz travel

Overall U.S. RevPAR was +21.4% y/y for the week ending 6/25/2022, per STR, softer than the prior week's result of +26.6%. Last week's RevPAR was up against a +109.4% comparable result in 2021 vs. +113.8% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +12.3% vs. +9.4% in the prior week's 3-year run-rate.**

*We suspect the Juneteenth holiday on Monday negatively impacted business travel on Monday and Tuesday. Versus 2019, RevPAR was -5% on Monday and flat on Tuesday before significantly accelerating as the week progressed.*

Additionally, continued issues with air travel cancellations are also likely impacting national results, both leisure and corporate hotel demand, although it is difficult to precisely quantify.

**Breaking out some of the week's results:**

- **We are seeing clearer evidence of the tough y/y comp for Economy/Midscale with occupancy down all days last week, albeit with still strong room rates.** As noted below, RevPARs for Economy and Midscale were MSD positive, a few hundred bps lower than the running 28-day average despite the start of the summer travel season. **We advise investors stay attentive to both the "rollover" of a tough y/y comp (not to be swayed too much by sequentially a tougher comp) but on the flipside any indications of weakening middle class consumer travel spend in future weeks' lodging results.**
- **Group performance was decent and RevPAR slightly above the running 28 day average.** We assume there was higher-than-normal leisure group due to summer weddings and other social events. This view may be supported by the breakout of occupancy and ADR: Occupancy was 23.8% last week (vs. 22.4% running 28 days) but ADR was lower (\$213 vs. \$219, perhaps also reflective of a mix shift from corporate to more leisure).

**Major RevPAR statistics presented below:**

- Luxury RevPAR: +33.4% y/y and +11.6% over 3 years;
- Upper Upscale RevPAR: +48.7% y/y and +2.4% over 3 years;
- Upscale RevPAR: +29.8% y/y and +5.4% over 3 years;
- Upper Midscale RevPAR: +15.4% y/y and +12.9% over 3 years;
- Midscale RevPAR: +6.9% y/y and +16.7% over 3 years;
- Economy RevPAR: +3.1% y/y and +16.2% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +12.2% y/y and +18.7% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +150.6% y/y vs. +184.4% prior week; over 3 years: +3.7% vs -3.5% prior week.
  - Transient: +12.3% y/y vs. +19.1% prior week; over 3 years: +12.6% vs +14.0% prior week.

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

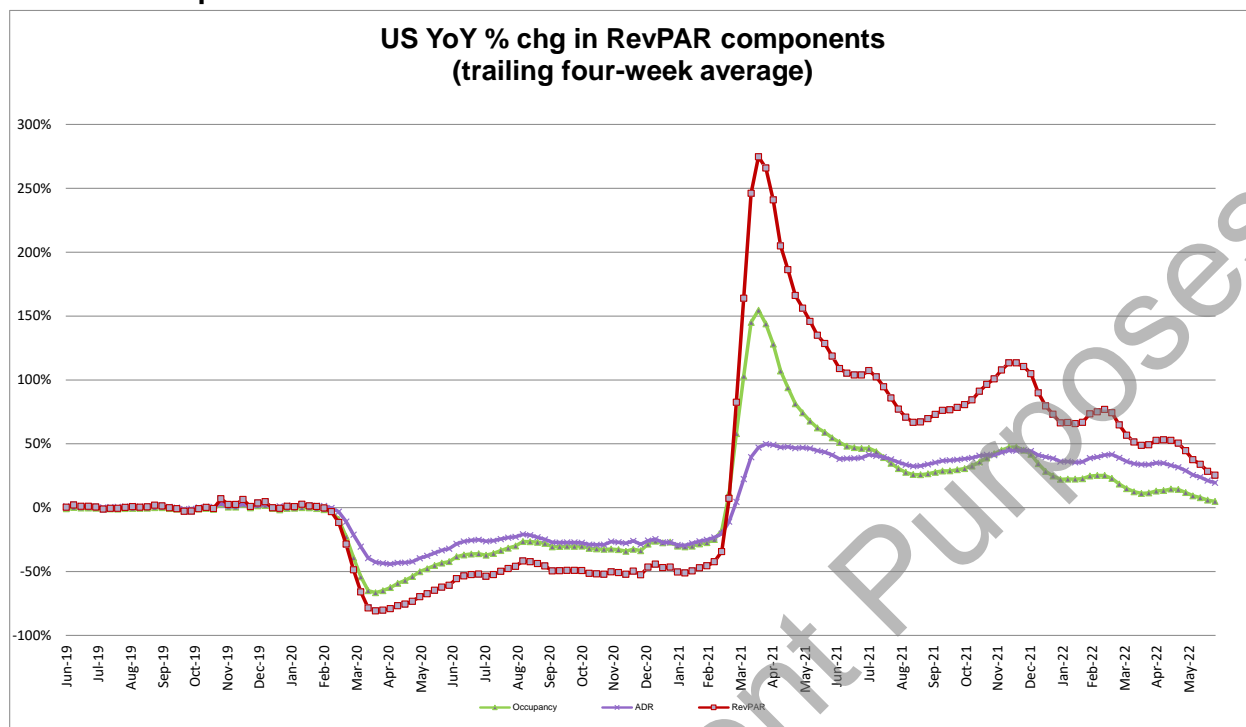
- **Headline RevPAR** was +21.4% y/y vs. the running 28-day average of +25.6% y/y.
- **Occupancy:** Absolute occupancy was 72.3% y/y vs. the running 28-day average of 69.5% y/y.
- **Absolute Group occupancy:** 23.8% last week vs. 22.4% for the running 28 days.

**As far as specific stocks/sub-sectors, we continue to be most favorable on the leisure-centric companies, namely WH (Buy) and the Vacation Ownership companies, HGV (Buy), VAC (Buy), BVH (Buy), and TNL (Buy).** Common characteristics besides high leisure exposure include attractive valuations, recovered balance sheets, and return of capital to shareholders via repurchases and/or dividends. To the list of favorites, we include Hyatt (H, Buy) given its increasing exposure to leisure via its acquisition of Apple Leisure Group and its progress on selling owned assets and shifting to a more asset-lite company. We also continue to favor RLJ (RLJ, Buy, Miller) driven partly by our continued view of its relative valuation discount and operational enhancements/hotel repositionings supporting incremental EBITDA growth. **Lastly, we are encouraged by the progress we are seeing in higher-end corporate and group travel, which was reflected in our recent (6/1) upgrade of PK (Buy) to Buy from Hold.**

Not For Investment Purposes

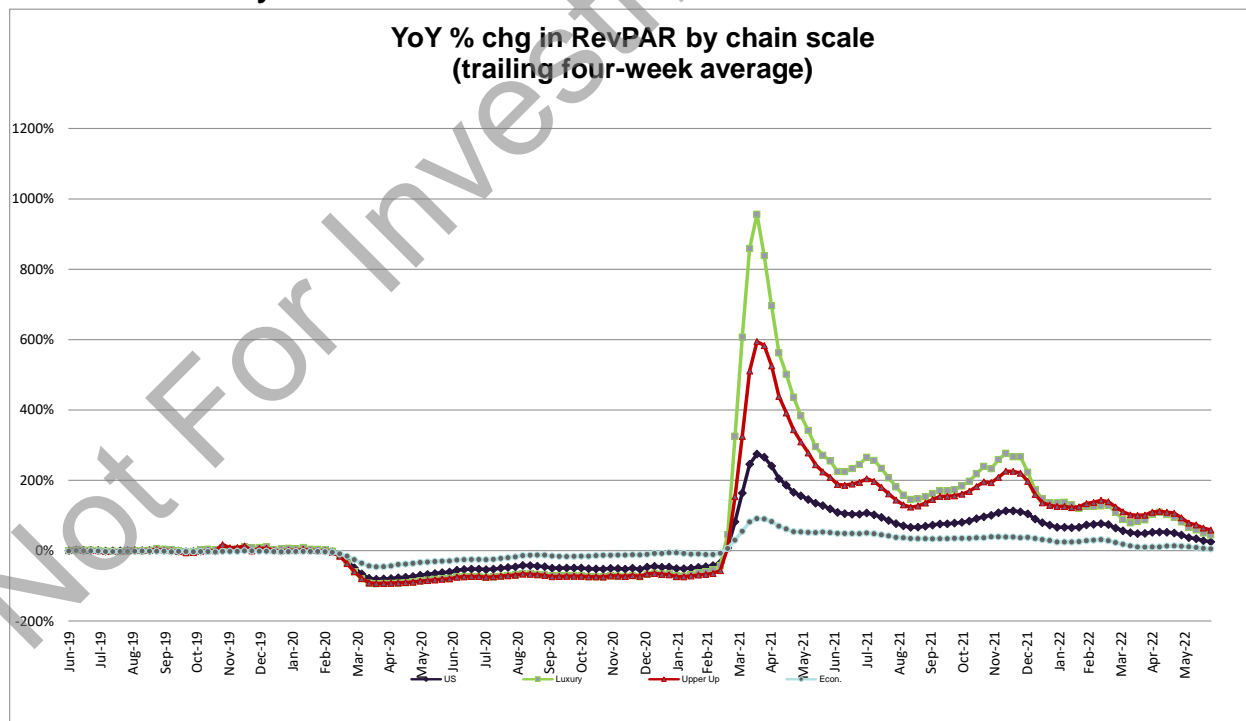


RevPAR Component Trends



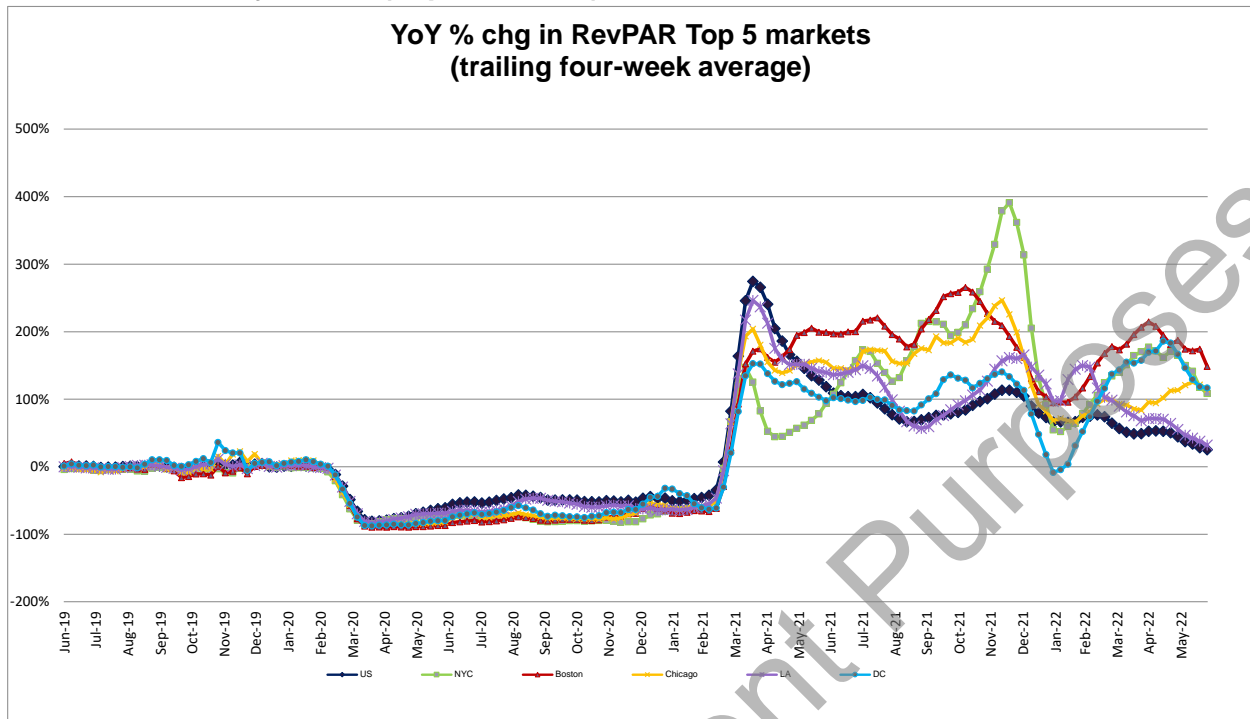
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



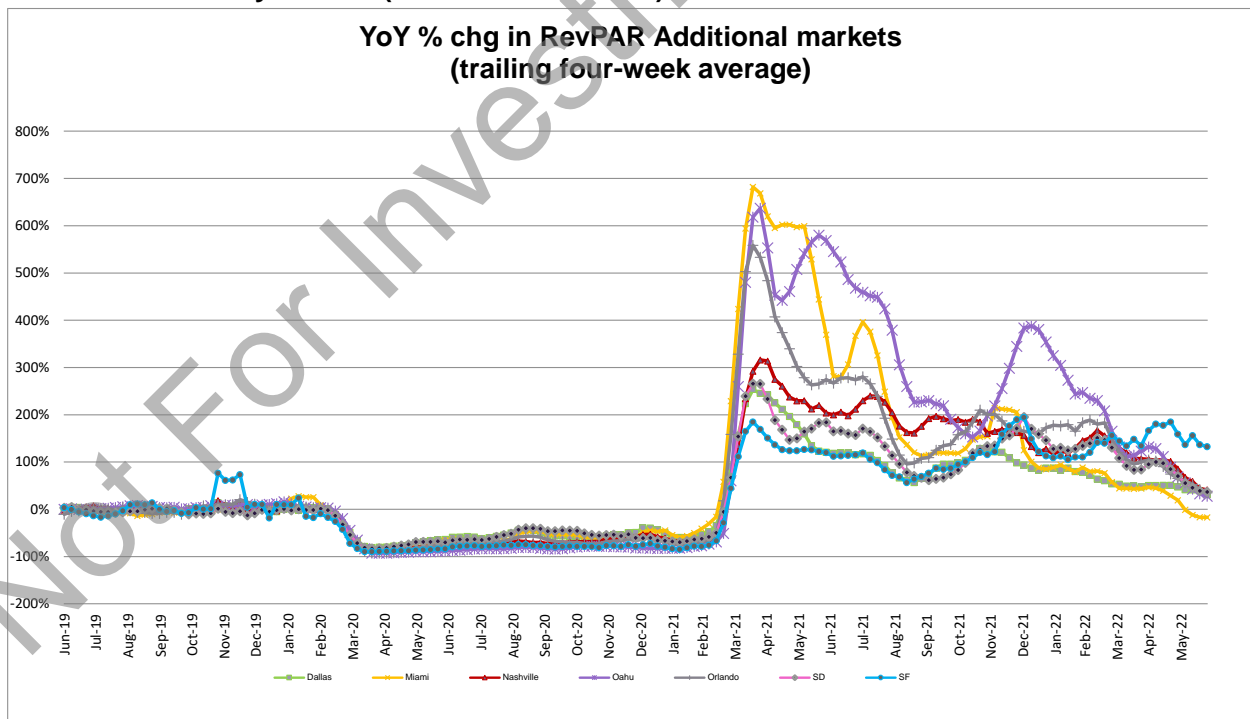
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



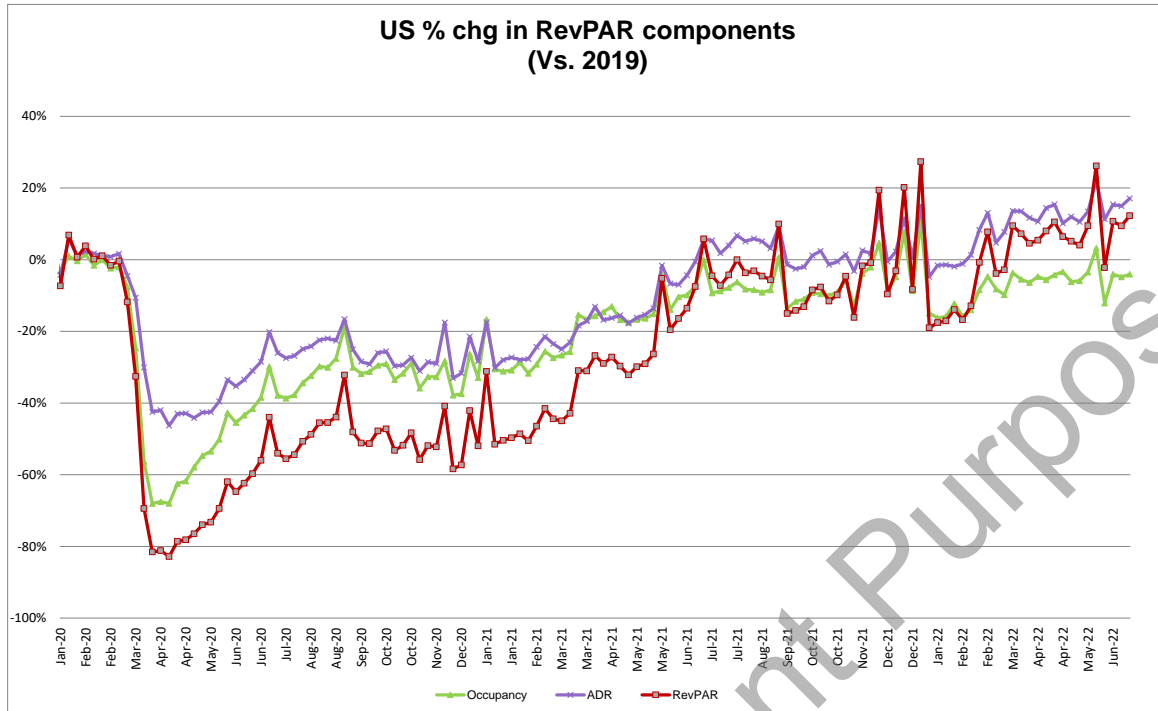
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



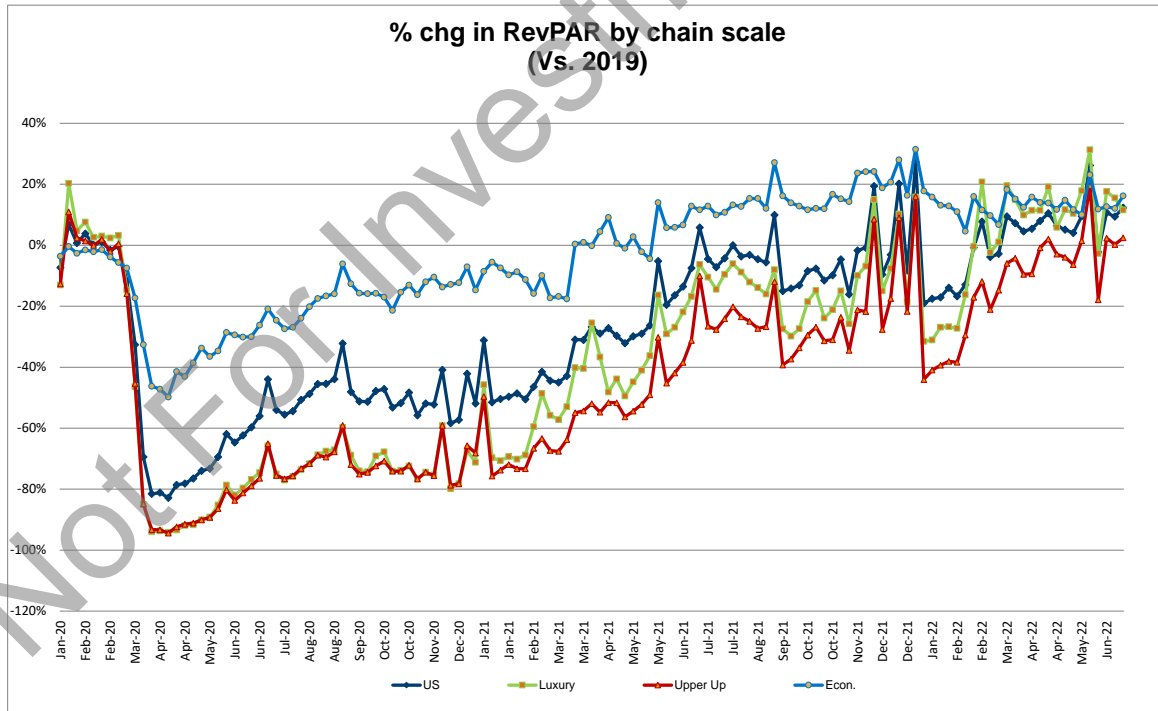
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



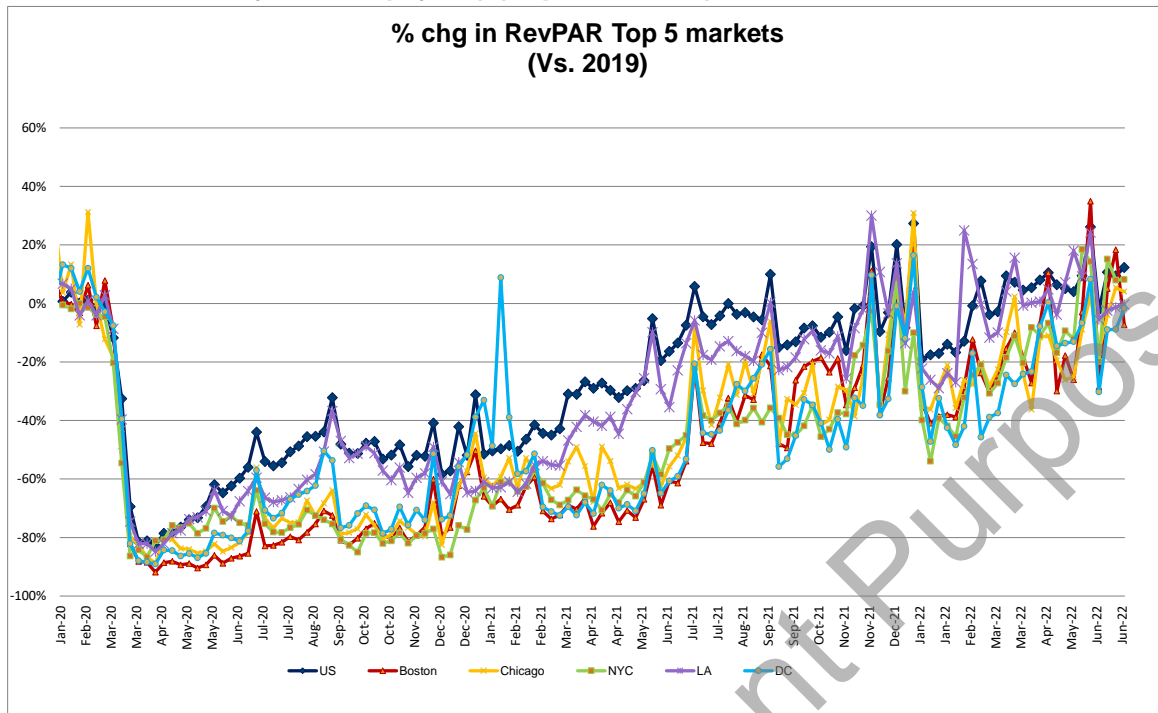
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



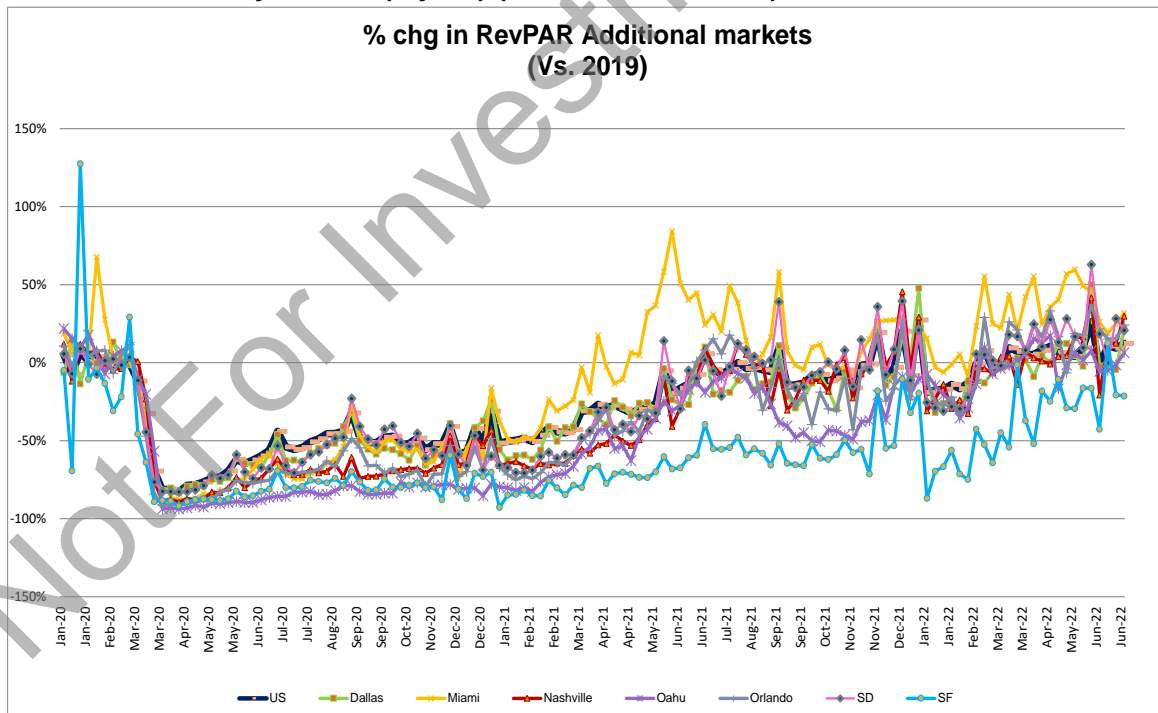
Source: STR data, Truist Securities research

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, \$25.93, Buy, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$75.64, Buy, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$37.37, Buy, C. Patrick Scholes)  
**Hilton Worldwide Holdings Inc.** (HLT, \$115.28, Hold, C. Patrick Scholes)  
**Park Hotels & Resorts Inc.** (PK, \$14.06, Buy, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$11.17, Buy, Gregory Miller)  
**Travel + Leisure Co.** (TNL, \$41.17, Buy, C. Patrick Scholes)  
**Marriott Vacations Worldwide Corporation** (VAC, \$120.18, Buy, C. Patrick Scholes)  
**Wyndham Hotels & Resorts, Inc.** (WH, \$67.48, 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 06/29/2022):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	525	71.14%	Buy	78	14.86%
Hold	212	28.73%	Hold	37	17.45%
Sell	1	0.14%	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](http://TruistSecurities.com), or by writing to: Truist Securities, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070