

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +13.2% Y/Y Last Week. +10.5% vs. 2019, slight improvement w/w vs. 2019

Overall U.S. RevPAR was +13.2% y/y for the week ending 8/13/2022, per STR, slightly stronger than the prior week's result of +12.2%. Last week's RevPAR was up against a +77.8% comparable result in 2021 vs. +87.9% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +10.5% vs. +8.5% in the prior week's 3-year run-rate.**

We are now in peak leisure before schools fully reopen. We continue to see higher-end hotels vs. 2019 (ex-resorts) down 10-20% in occupancy in the midweek and rates up MSD. The real strength continues to be leisure and weekends where rates are +20-35%, balancing a weaker midweek.

Important for readers that focus on the weekly sequential trends is that we still have a clean comp -- for the time being as we discuss below -- so analyzing leisure demand/ADR today remains straightforward and informative for investors. We have one more week of clean comps to come. We are not yet at the point when many schoolchildren are back in class although we are approaching that point in 2019/2021/2022.

- Given a tough y/y comp, we see RevPAR flattish y/y in Economy/Midscale. Stronger results continue especially in Luxury/Upper Upscale: resort tailwinds + improved business travel (although business travel especially conventions are normally light in August).

While we have one more week of clean comps, we want to highlight that the 2019 comp becomes very noisy in two weeks given the massively-sized Category 5 Hurricane Dorian was a near hit to the Florida coastline over Labor Day weekend. Note this hurricane was tracked by NOAA and other federal government officials in late August to proceed west making landfall between Palm Beach and Daytona Beach and then through Orlando and eventually somewhere in the Gulf -- but the storm was so large that the entire state of Florida was at risk (The Guardian). The actual track: parts of the northern Caribbean were directly hit and we recall light inbound arrivals at Miami International Airport prior to Labor Day Eventually Dorian made landfall in North Carolina on 9/6 as a Category 2 storm. Due to the disruption of travel in 2019, and assuming for now no 2022 hurricanes, the comps should present as easy vs. 2019 starting in about two weeks. We add that we do not recall Dorian being mentioned much if at all by companies during 2Q earnings when discussing August and September.

Major RevPAR statistics presented below:

- Luxury RevPAR: +22.9% y/y and +9.8% over 3 years;
- Upper Upscale RevPAR: +31.2% y/y and -0.3% over 3 years;
- Upscale RevPAR: +18.1% y/y and +3.6% over 3 years;
- Upper Midscale RevPAR: +8.7% y/y and +10.7% over 3 years;
- Midscale RevPAR: +1.7% y/y and +13.9% over 3 years;
- Economy RevPAR: -1.3% y/y and +13.8% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +8.5% y/y and +17.6% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +66.5% y/y vs. +59.8% prior week; over 3 years: +0.4% vs -6.2% prior week.
 - Transient: +12.4% y/y vs. +8.4% prior week; over 3 years: +9.1% vs +7.3% prior week.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +13.2% y/y vs. the running 28-day average of +13.1% y/y.
- **Occupancy:** Absolute occupancy was 68.5% y/y vs. 70.8% for the running 28-day average.
- **Absolute Group occupancy:** 18.0% last week vs. 19.7% for the running 28 days.

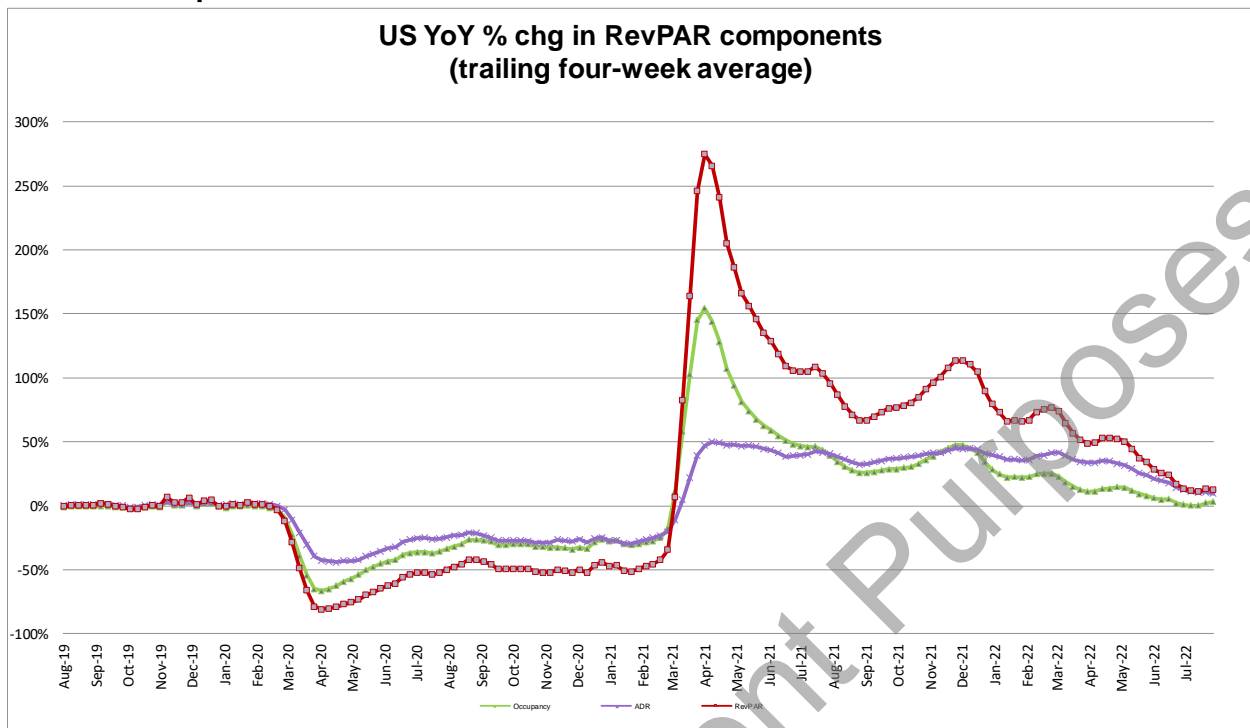
Not For Investment Purposes

Weekly RevPAR Summary

| YoY % change in RevPAR | | | | | | | | | | | | | |
|--|--------|--------|---------|---------|----------|----------|---------|-------------|----------|--------|--------|---------|--------|
| | U.S. | Luxury | Upscale | Upscale | Midscale | Midscale | Economy | Independent | New York | Boston | LA | Chicago | DC |
| 6/4/2022 | 21.5% | 36.9% | 49.4% | 29.0% | 14.6% | 7.9% | 6.1% | 12.5% | 94.9% | 128.1% | 33.7% | 123.6% | 99.7% |
| 6/11/2022 | 32.4% | 60.3% | 76.1% | 40.3% | 20.3% | 10.3% | 6.8% | 21.3% | 130.7% | 165.1% | 51.4% | 121.5% | 132.9% |
| 6/18/2022 | 26.6% | 47.9% | 61.6% | 35.3% | 18.2% | 9.2% | 5.2% | 15.3% | 108.3% | 202.4% | 28.4% | 120.3% | 124.0% |
| 6/25/2022 | 21.4% | 33.4% | 48.7% | 29.8% | 15.4% | 6.9% | 3.1% | 12.2% | 100.5% | 98.6% | 15.0% | 92.5% | 110.8% |
| 7/2/2022 | 16.1% | 28.2% | 40.5% | 25.4% | 11.4% | 3.2% | -0.4% | 6.7% | 61.3% | 71.9% | 22.5% | 87.5% | 73.8% |
| 7/9/2022 | 2.9% | 7.0% | 12.0% | 6.8% | 0.0% | -3.9% | -4.0% | 0.0% | 27.5% | 48.0% | 6.3% | 25.4% | 35.0% |
| 7/16/2022 | 14.0% | 24.6% | 34.1% | 21.0% | 8.9% | 2.1% | -2.0% | 7.2% | 65.7% | 82.7% | 14.5% | 73.2% | 59.5% |
| 7/23/2022 | 13.4% | 20.8% | 32.0% | 20.7% | 8.7% | 2.6% | -0.6% | 6.6% | 53.9% | 66.7% | 22.7% | 60.4% | 55.7% |
| 7/30/2022 | 13.2% | 18.1% | 32.2% | 19.4% | 9.0% | 1.9% | -1.5% | 7.4% | 52.5% | 67.1% | 14.6% | 41.8% | 61.2% |
| 8/6/2022 | 12.2% | 14.7% | 28.1% | 17.9% | 9.5% | 2.9% | 0.5% | 6.7% | 51.2% | 40.5% | 12.0% | 39.4% | 35.4% |
| 8/13/2022 | 13.2% | 22.9% | 31.2% | 18.1% | 8.7% | 1.7% | -1.3% | 8.5% | 59.6% | 55.0% | 14.9% | 33.9% | 45.1% |
| Vs. 2019, small improvement week-over-week | | | | | | | | | | | | | |
| Upper Upscale and Luxury led the industry | | | | | | | | | | | | | |
| NYC and Boston 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% | 57.2% | 37.2% | 86.4% | 273.7% | 225.6% | 124.8% | 195.9% | 129.6% |
| 1Q22 | 67.2% | 112.3% | 127.2% | 69.7% | 51.0% | 38.2% | 24.3% | 58.3% | 97.1% | 137.1% | 115.2% | 85.1% | 58.1% |
| 2Q22 | 38.8% | 70.2% | 82.9% | 46.8% | 26.2% | 15.4% | 8.8% | 27.7% | 141.2% | 172.1% | 51.0% | 109.5% | 145.7% |
| YoY % change in ADR | | | | | | | | | | | | | |
| | U.S. | Luxury | Upscale | Upscale | Midscale | Midscale | Economy | Independent | New York | Boston | LA | Chicago | DC |
| 6/4/2022 | 18.5% | 10.0% | 21.5% | 21.1% | 14.3% | 12.1% | 10.4% | 13.7% | 51.3% | 59.6% | 25.1% | 69.1% | 42.8% |
| 6/11/2022 | 23.3% | 15.8% | 28.7% | 24.3% | 15.8% | 12.5% | 10.5% | 17.9% | 67.3% | 75.4% | 31.7% | 62.1% | 56.0% |
| 6/18/2022 | 19.4% | 11.6% | 23.5% | 21.8% | 14.1% | 11.2% | 9.2% | 13.6% | 56.8% | 88.7% | 21.1% | 57.3% | 53.2% |
| 6/25/2022 | 17.0% | 7.9% | 20.1% | 19.8% | 13.1% | 9.8% | 7.9% | 12.7% | 55.5% | 50.0% | 15.5% | 45.7% | 51.3% |
| 7/2/2022 | 12.4% | 1.8% | 13.3% | 15.3% | 9.5% | 6.6% | 5.5% | 8.1% | 33.6% | 38.7% | 16.8% | 40.0% | 35.0% |
| 7/9/2022 | 9.0% | 6.0% | 8.8% | 11.0% | 7.0% | 5.5% | 4.4% | 7.6% | 19.5% | 32.0% | 12.3% | 19.3% | 19.6% |
| 7/16/2022 | 12.1% | 6.2% | 13.5% | 14.2% | 8.6% | 6.2% | 4.5% | 9.0% | 34.0% | 43.0% | 15.5% | 38.1% | 27.9% |
| 7/23/2022 | 11.0% | 4.0% | 12.7% | 13.9% | 7.8% | 6.4% | 4.6% | 7.5% | 29.3% | 35.5% | 18.7% | 30.4% | 25.9% |
| 7/30/2022 | 10.2% | 3.2% | 11.5% | 12.5% | 7.0% | 5.3% | 3.7% | 7.4% | 25.8% | 34.9% | 11.8% | 23.6% | 27.8% |
| 8/6/2022 | 8.8% | 3.8% | 8.9% | 10.7% | 6.5% | 5.4% | 4.1% | 6.5% | 23.7% | 21.9% | 10.1% | 20.0% | 15.6% |
| 8/13/2022 | 8.5% | 1.1% | 7.8% | 10.0% | 5.5% | 4.4% | 3.4% | 5.8% | 25.8% | 28.9% | 11.4% | 19.3% | 19.3% |
| 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% | -10.4% | -5.8% | -20.9% | -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% |
| 1Q22 | 37.5% | 21.0% | 39.7% | 34.1% | 27.3% | 20.8% | 17.3% | 34.0% | 52.2% | 50.5% | 61.8% | 41.1% | 31.7% |
| 2Q22 | 26.2% | 14.3% | 29.0% | 27.1% | 18.9% | 14.8% | 11.8% | 20.5% | 69.0% | 73.6% | 32.9% | 53.6% | 60.6% |
| YoY % change in Occupancy | | | | | | | | | | | | | |
| | U.S. | Luxury | Upscale | Upscale | Midscale | Midscale | Economy | Independent | New York | Boston | LA | Chicago | DC |
| 6/4/2022 | 2.5% | 24.5% | 23.0% | 6.5% | 0.3% | -3.7% | -3.9% | -1.1% | 28.8% | 42.9% | 6.9% | 32.2% | 40.0% |
| 6/11/2022 | 7.4% | 38.4% | 36.8% | 12.9% | 3.8% | -1.9% | -3.3% | 2.9% | 37.9% | 51.1% | 15.0% | 36.7% | 49.3% |
| 6/18/2022 | 6.0% | 32.6% | 30.9% | 11.0% | 3.6% | -1.9% | -3.7% | 1.6% | 32.9% | 60.2% | 6.0% | 40.1% | 46.2% |
| 6/25/2022 | 3.8% | 23.6% | 23.8% | 8.3% | 2.1% | -2.6% | -4.5% | -0.4% | 28.9% | 32.4% | -0.5% | 32.1% | 39.3% |
| 7/2/2022 | 3.3% | 25.9% | 24.0% | 8.8% | 1.8% | -3.2% | -5.6% | -1.3% | 20.8% | 23.9% | 4.9% | 33.9% | 28.7% |
| 7/9/2022 | -5.6% | 1.0% | 2.9% | -3.8% | -6.5% | -8.9% | -8.0% | -7.1% | 6.7% | 12.1% | -5.3% | 5.1% | 12.9% |
| 7/16/2022 | 1.7% | 17.3% | 18.1% | 6.0% | 0.3% | -3.8% | -6.2% | -1.6% | 23.6% | 27.7% | -0.8% | 25.4% | 24.7% |
| 7/23/2022 | 2.1% | 16.2% | 17.1% | 5.9% | 0.8% | -3.5% | -5.0% | -0.8% | 19.0% | 23.0% | 3.3% | 23.0% | 23.6% |
| 7/30/2022 | 2.8% | 14.4% | 18.5% | 6.2% | 1.8% | -3.3% | -5.0% | 0.0% | 21.2% | 23.9% | 2.5% | 14.8% | 26.1% |
| 8/6/2022 | 3.1% | 10.5% | 17.6% | 6.5% | 2.8% | -2.3% | -3.5% | 0.1% | 22.2% | 15.3% | 1.7% | 16.1% | 17.1% |
| 8/13/2022 | 4.4% | 21.6% | 21.8% | 7.4% | 3.0% | -2.7% | -4.5% | 2.5% | 26.9% | 20.2% | 3.1% | 12.2% | 21.7% |
| 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% | -38.1% | -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% |
| 1Q22 | 56.2% | 54.0% | 53.2% | 60.3% | 59.4% | 52.3% | 55.5% | 54.2% | 29.5% | 57.6% | 33.0% | 31.2% | 20.1% |
| 2Q22 | 10.0% | 48.8% | 41.8% | 15.5% | 6.2% | 0.5% | -2.6% | 5.9% | 42.7% | 56.7% | 13.7% | 36.3% | 53.0% |

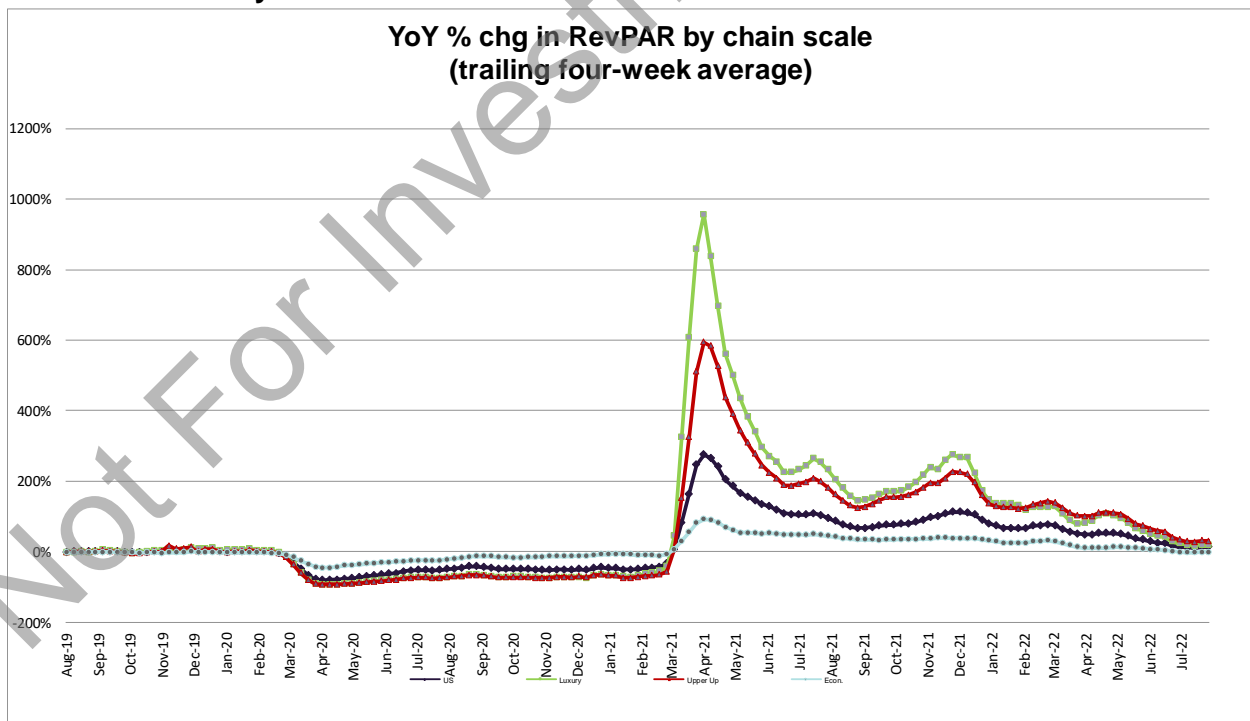
Source: STR data, Truist Securities research

RevPAR Component Trends



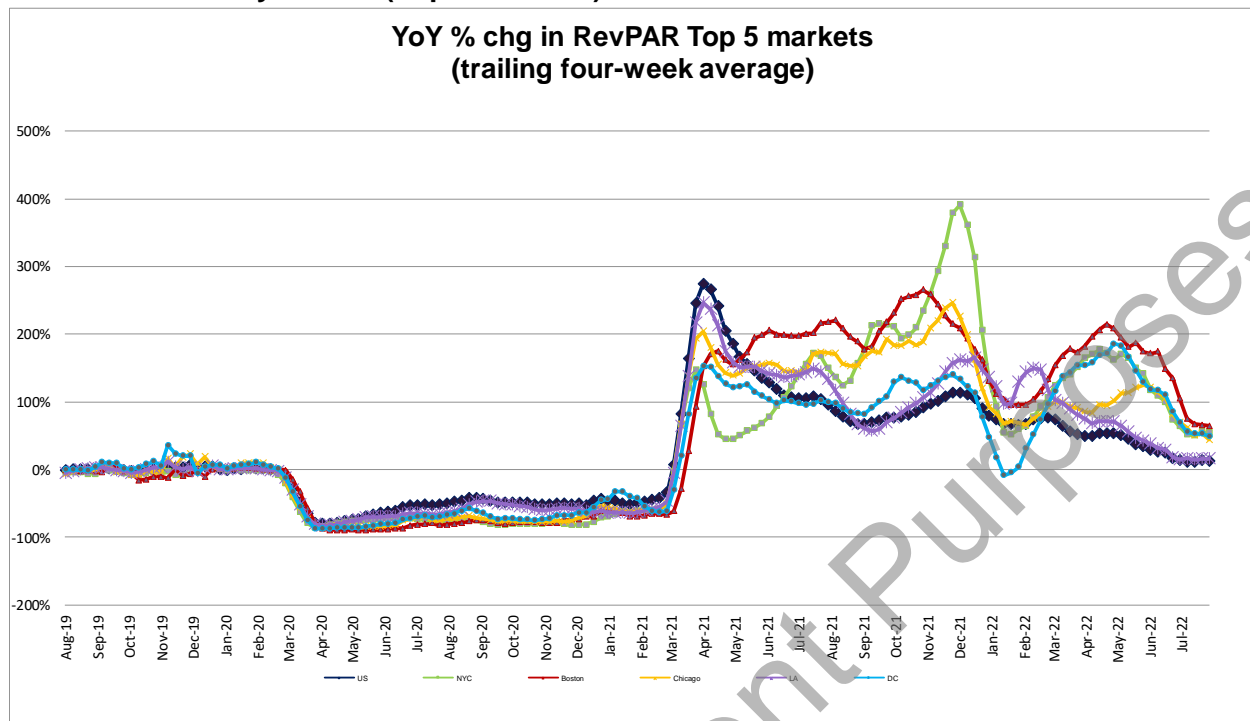
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



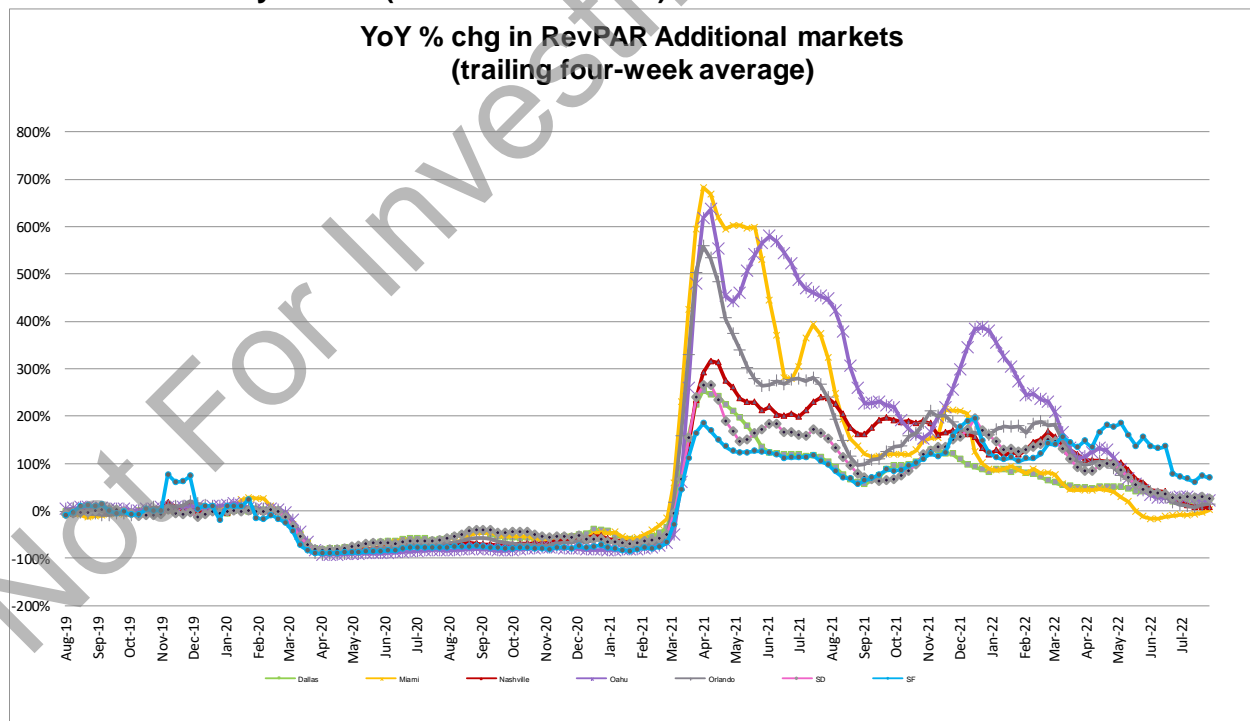
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



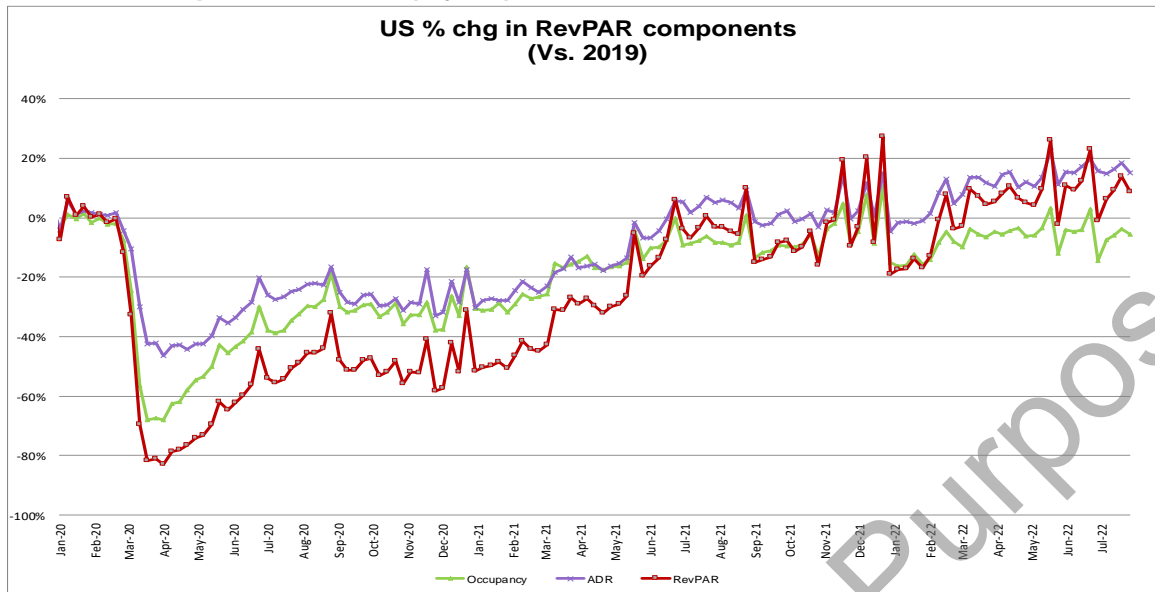
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



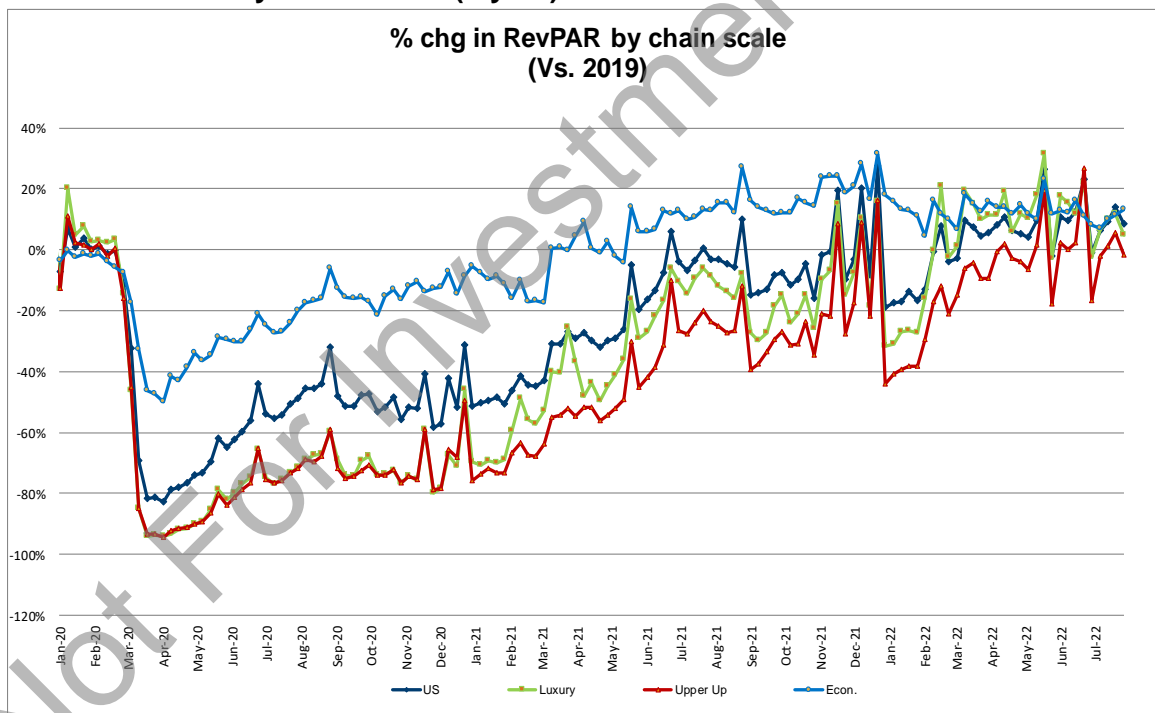
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



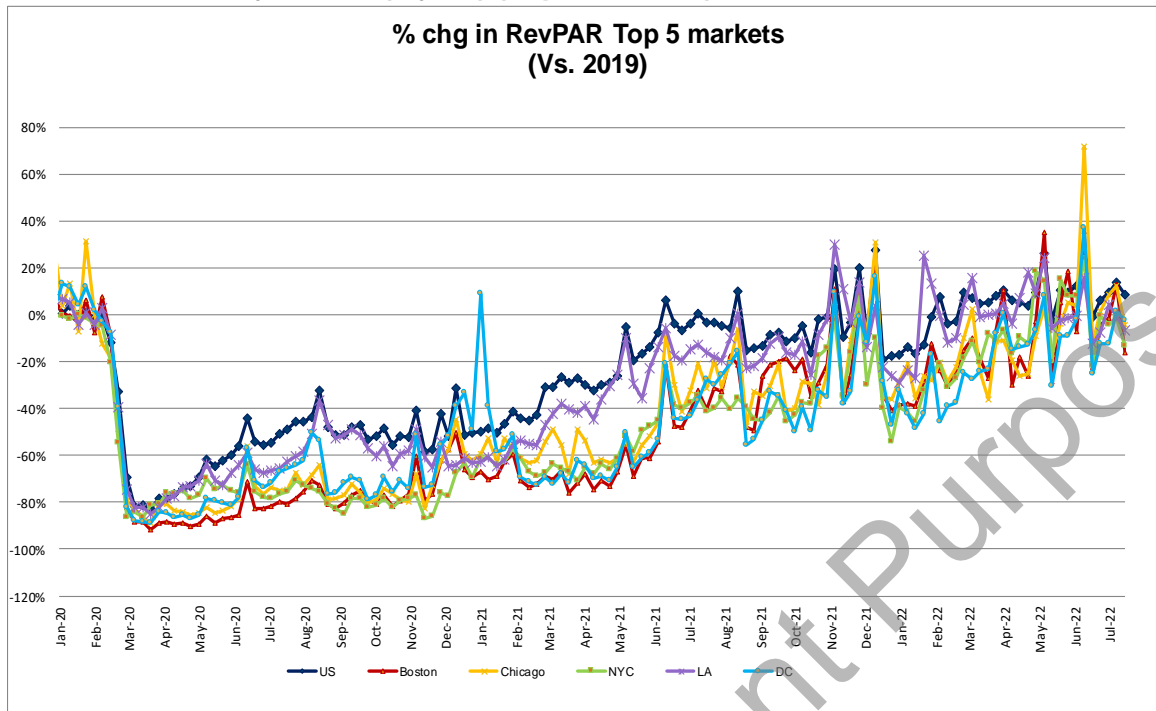
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



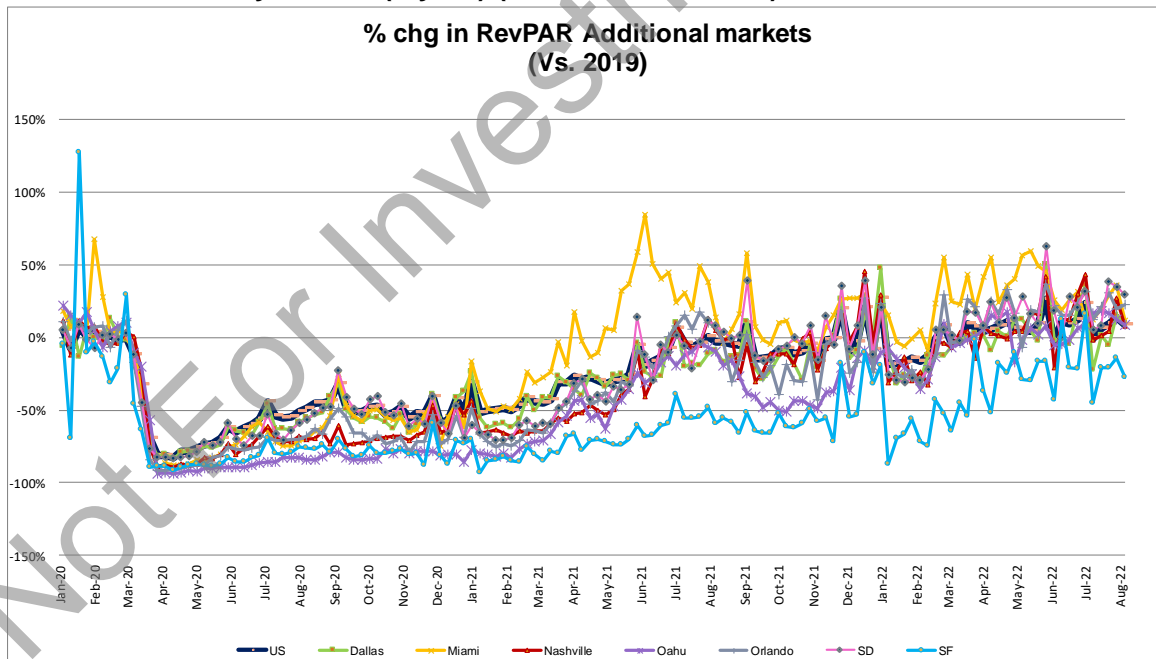
Source: STR data, Truist Securities research

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 8/18/22 | 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. |
|------------------------------|------|------------------|--------|-------|----------------------------|--|-----------------------------|-----------------------------|--|---------------------------|---------------------------|---------------------------------|--|
| | | | | | | 2021 A EBITDA (\$M) ** | 2022E EBITDA (\$M) ** | 2023E EBITDA (\$M) ** | 2021 A EBITDA (\$M)* | 2022E EBITDA (\$M)* | 2023E EBITDA (\$M)* | | |
| Bluegreen Vacations | BVH | \$23.47 | Buy | \$57 | 141% | \$122 | \$141 | \$156 | \$122 | \$141 | \$156 | 7.6X | Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk. |
| Choice Hotels | CHH | \$121.21 | Hold | \$138 | 14% | \$392 | \$446 | \$487 | \$404 | \$459 | \$503 | 16.0X | Upside risk: conservative growth of new brands; market share gains. Downside risk: slowdown in development opportunities; market share losses. |
| DiamondRock Hospitality | DRH | \$9.96 | Hold | \$11 | 10% | \$83 | \$257 | \$289 | \$84 | \$257 | \$289 | 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 | \$139.02 | Hold | \$151 | 9% | \$1,470 | \$2,217 | \$2,881 | \$1,629 | \$2,338 | \$2,996 | 17.0X | Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession. |
| Hilton Grand Vacations | HGV | \$45.05 | Buy | \$64 | 41% | \$585 | \$865 | \$982 | \$637 | \$987 | \$1,081 | 9.4X | 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 | \$19.52 | Hold | \$21 | 8% | \$532 | \$1,315 | \$1,493 | \$532 | \$1,315 | \$1,493 | 12.5X | Upside risk: faster demand improvement in corporate/convention travel than expected. Dispositions at higher multiple than expected, 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 | \$95.13 | Buy | \$122 | 28% | \$234 | \$881 | \$1,073 | \$284 | \$937 | \$1,134 | 13.8X | 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. |
| Marriott International | MAR | \$166.24 | Hold | \$182 | 9% | \$1,977 | \$3,351 | \$3,899 | \$2,278 | \$3,640 | \$4,200 | 16.8X | Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession. |
| Marriott Vacations | VAC | \$153.34 | Buy | \$205 | 34% | \$524 | \$342 | \$1,380 | \$657 | \$928 | \$1,035 | 10.0X | Downside risk: M&A story fades and multiples revert to historical levels. 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. |
| Park Hotels & Resorts | PK | \$15.96 | Buy | \$22 | 38% | \$123 | \$567 | \$752 | \$142 | \$585 | \$776 | 12.0X | Upside Risks: Material near-term incremental EBITDA from Legacy LHO assets. Faster than expected San Francisco recovery. Downside Risks: Incremental EBITDA from major CapEx investments take longer than anticipated, contributing to multiple contraction. Very slow recovery in San Francisco. |
| Pebblebrook Hotel Trust*** | PEB | \$20.30 | Hold | \$24 | 18% | \$88 | \$388 | \$431 | \$88 | \$399 | \$444 | 14.5X | Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio). |
| Playa Hotels & Resorts | PLYA | \$7.42 | Buy | \$11 | 48% | \$86 | \$203 | \$245 | \$99 | \$217 | \$258 | 10.5X | 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 materially reduced either due to increased wages/benefits or inability to cut costs post-tech improvements. |
| RLJ Lodging Trust*** | RLJ | \$13.39 | Buy | \$17 | 27% | \$145 | \$297 | \$405 | \$162 | \$318 | \$427 | 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. |
| Ryman Hospitality Properties | RHP | \$94.15 | Hold | \$95 | 1% | \$162 | \$471 | \$573 | \$177 | \$497 | \$601 | 13.0X | 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. |
| Sunstone Hotel Investors | SHO | \$12.22 | Hold | \$12 | -2% | \$54 | \$186 | \$254 | \$67 | \$199 | \$266 | 12.5X | Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries. |
| Vail Resorts, Inc. | MTN | \$248.15 | Hold | \$281 | 13% | \$540 | \$837 | \$893 | \$540 | \$837 | \$893 | 16.0X | Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples. |
| Travel + Leisure Co. | TNL | \$47.97 | Buy | \$78 | 62% | \$748 | \$835 | \$971 | \$778 | \$869 | \$1,014 | 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 | \$71.88 | Buy | \$92 | 28% | \$562 | \$586 | \$653 | \$590 | \$621 | \$695 | 15.0X | Downside risk: Slowdown in development opportunities. Weaker than expected transient trends. |

* 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, \$23.47, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$121.21, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$9.96, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$95.13, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$45.05, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$139.02, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$19.52, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$166.24, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$248.15, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$20.30, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$15.96, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$7.42, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$94.15, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$13.39, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$12.22, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$47.97, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$153.34, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$71.88, Buy, C. Patrick Scholes)

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