

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +18.2% Y/Y Last Week. +12.1% vs. 2019, Strong rates despite holiday shift

Overall U.S. RevPAR was +18.2% y/y for the week ending 8/27/2022, per STR, stronger than the prior week's result of +16.9%. Last week's RevPAR was up against a +68.3% comparable result in 2021 vs. +74.9% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +12.1% vs. +12.2% in the prior week's 3-year run-rate.**

As we have discussed in past notes, weekly comps begin to get very noisy starting with this most recent week. Labor Day shifts by a week in 2019 (tougher comp) and Hurricane Dorian starts to make for an easier comp in Florida markets. Net net, we found results very strong on ADR.

For 2021 versus 2022, there was no material calendar shift of Labor Day and we can see the general strength of performance by chain scale. Detail below.

- Occupancy was down y/y LSD in Midscale and Economy (tough comp) but ADR was up ~5%, netting to flat RevPAR for Economy and +4% for Midscale.
- Comps were much stronger up the chain scales both on occupancy and ADR, although varied by chain scale. Similar to recent weeks, the biggest gains were in Urban, followed distantly by airport locations and the suburbs.
- We continue to view hotelier ability to push ADR far more important than occupancy in a rising cost environment.

For 2019 versus 2022, there is a tough Labor Day calendar shift as the holiday was one week earlier in 2019 (we should have been more explicit in calling this out last Wednesday). In short: less leisure travel versus 2019 due to the lack of a holiday weekend.

- However, in certain Southeast markets, the comp becomes very easy into the holiday weekend due to the impact of Category 5 Hurricane Dorian. **We estimate an easy comp of a few hundred bps to U.S. RevPAR impact due to Dorian over Labor Day weekend (2019 vs. 2022).**
 - **Examples:** Miami occupancy on Saturday +47% and Tampa +4%; US average -13%. Saturday RevPAR: Miami +100%, Tampa +25%, U.S. -1%.
 - We anticipate more striking results with the next week of data ex-the holiday shift.
- For those catching up on Hurricane Dorian's impact, we repeat our prior commentary: **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). Hurricane Dorian was a near hit to the Florida coastline over Labor Day weekend. The actual track: parts of the northern Caribbean were directly hit (USVI around August 28th although the storm was initially intended to track further south toward Puerto Rico and the Dominican Republic, therefore impacting some demand to resorts in the U.S. Southeast) 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 this week. 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: +18.2% y/y and +11.2% over 3 years;
- Upper Upscale RevPAR: +30.9% y/y and +2.8% over 3 years;

- Upscale RevPAR: +40.4% y/y and +7.1% over 3 years;
- Upper Midscale RevPAR: +23.3% y/y and +12.3% over 3 years;
- Midscale RevPAR: +4.2% y/y and +12.3% over 3 years;
- Economy RevPAR: -0.5% y/y and +10.8% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +12.9% y/y and +18.5% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +56.4% y/y vs. +58.1% prior week; over 3 years: +10.0% vs -5.6% prior week.
 - Transient: +22.2% y/y vs. +18.4% prior week; over 3 years: +9.9% vs +11.8% prior week.

Last week's RevPAR details and sequential trends:

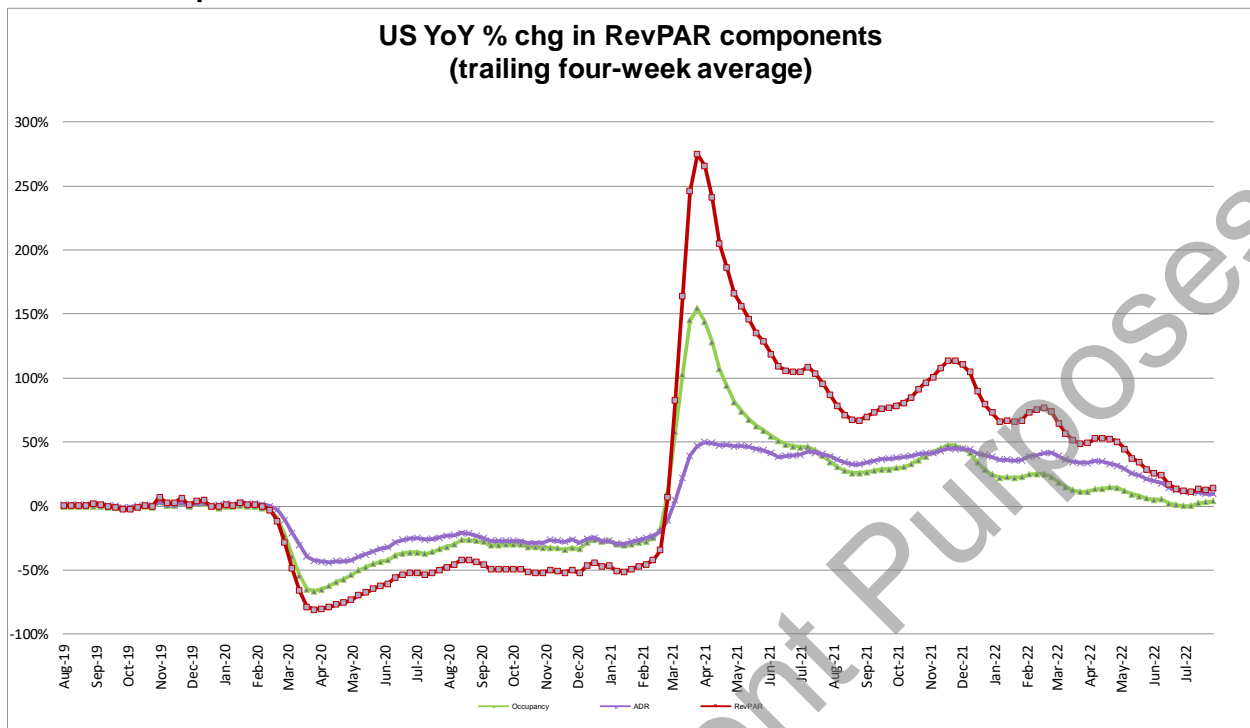
- Headline RevPAR was +18.2% y/y vs. the running 28-day average of +15.0% y/y.
- **Occupancy:** Absolute occupancy was 65.0% y/y vs. 67.7% for the running 28-day average.
- **Absolute Group occupancy:** 17.2% last week vs. 17.4% for the running 28 days.

Weekly RevPAR Summary

YoY % change in RevPAR													
	U.S.	Luxury	Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	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%
8/20/2022	16.9%	27.3%	33.7%	21.3%	12.6%	5.4%	1.3%	12.6%	53.3%	49.0%	22.4%	46.5%	36.9%
8/27/2022	18.2%	30.9%	40.4%	23.3%	12.3%	4.2%	-0.5%	12.9%	54.6%	47.4%	23.6%	40.6%	36.4%
Strong results aided by hurricane comp													
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%	168.4%	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%
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%
Upper Upscale and Luxury led the industry													
NYC and Boston led the Top 5 markets													
YoY % change in ADR													
	U.S.	Luxury	Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde- pendent	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%	42.6%
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%
8/20/2022	10.4%	4.8%	10.1%	11.0%	6.8%	5.9%	4.9%	8.7%	21.3%	23.0%	15.7%	23.6%	15.6%
8/27/2022	10.8%	3.7%	10.7%	11.0%	6.7%	5.9%	4.3%	8.2%	20.2%	23.6%	14.8%	20.2%	16.6%
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%	-1.6%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%
2Q21	43.2%	37.8%	30.6%	21.3%	23.1%	20.6%	18.6%	52.6%	33.5%	36.0%	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%	38.5%	32.9%	30.3%	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	Upper Midscale	Midscale	Economy	Inde- pendent	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%	0.0%	2.9%	-3.8%	-4.5%	-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%
8/20/2022	5.8%	21.4%	21.4%	9.3%	5.4%	-0.5%	-3.4%	3.6%	26.3%	21.2%	5.8%	18.5%	18.4%
8/27/2022	6.7%	26.3%	26.8%	11.1%	5.2%	-1.6%	-4.5%	4.3%	28.6%	19.3%	7.7%	17.0%	16.9%
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%	-7.1%	-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%
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%

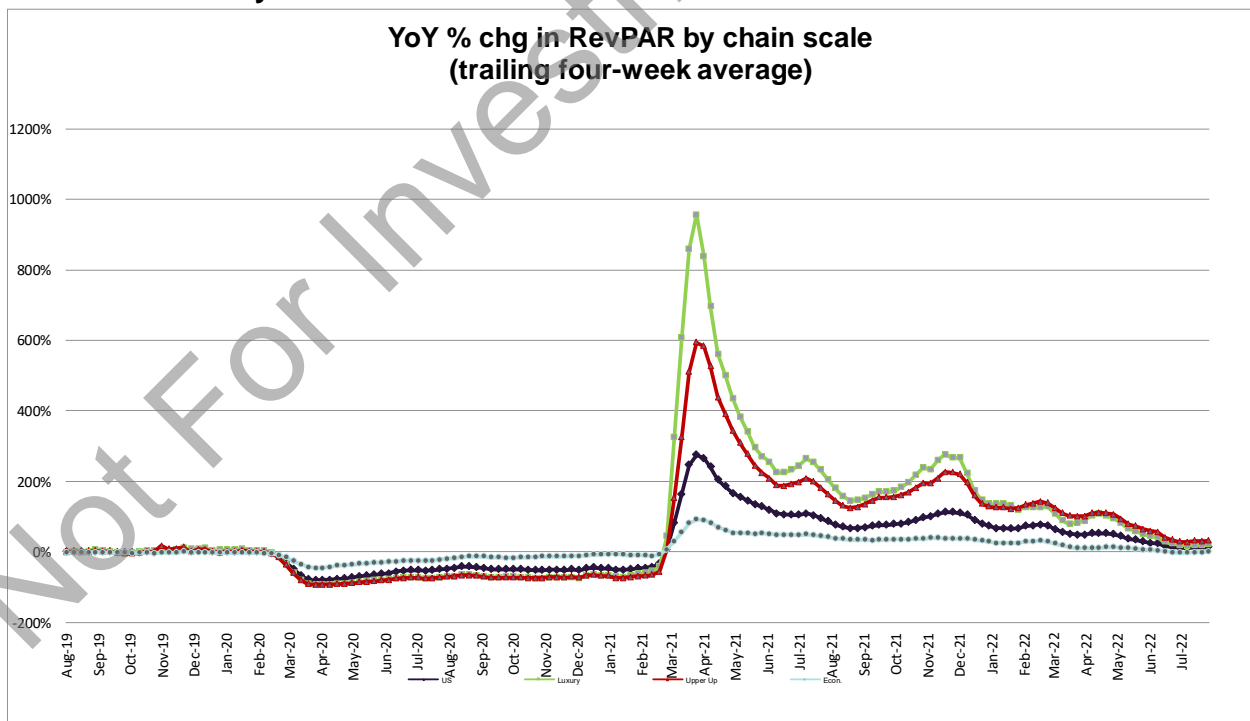
Source: STR data, Truist Securities research

RevPAR Component Trends



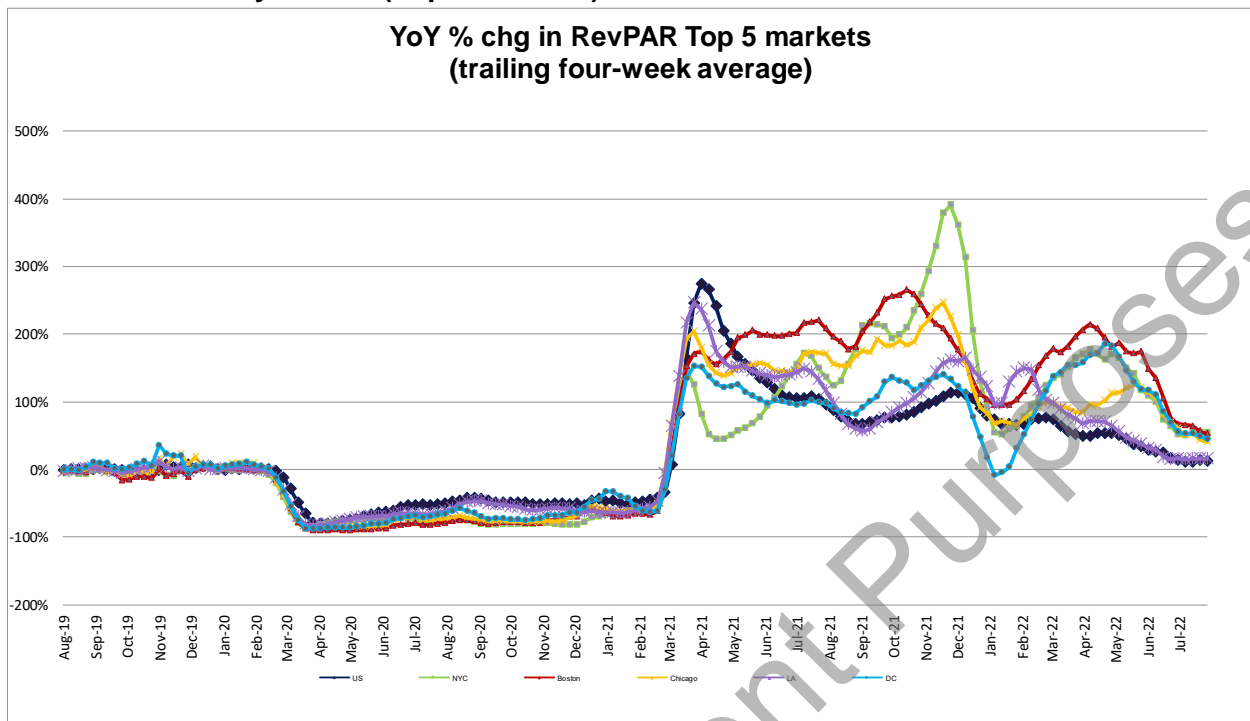
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



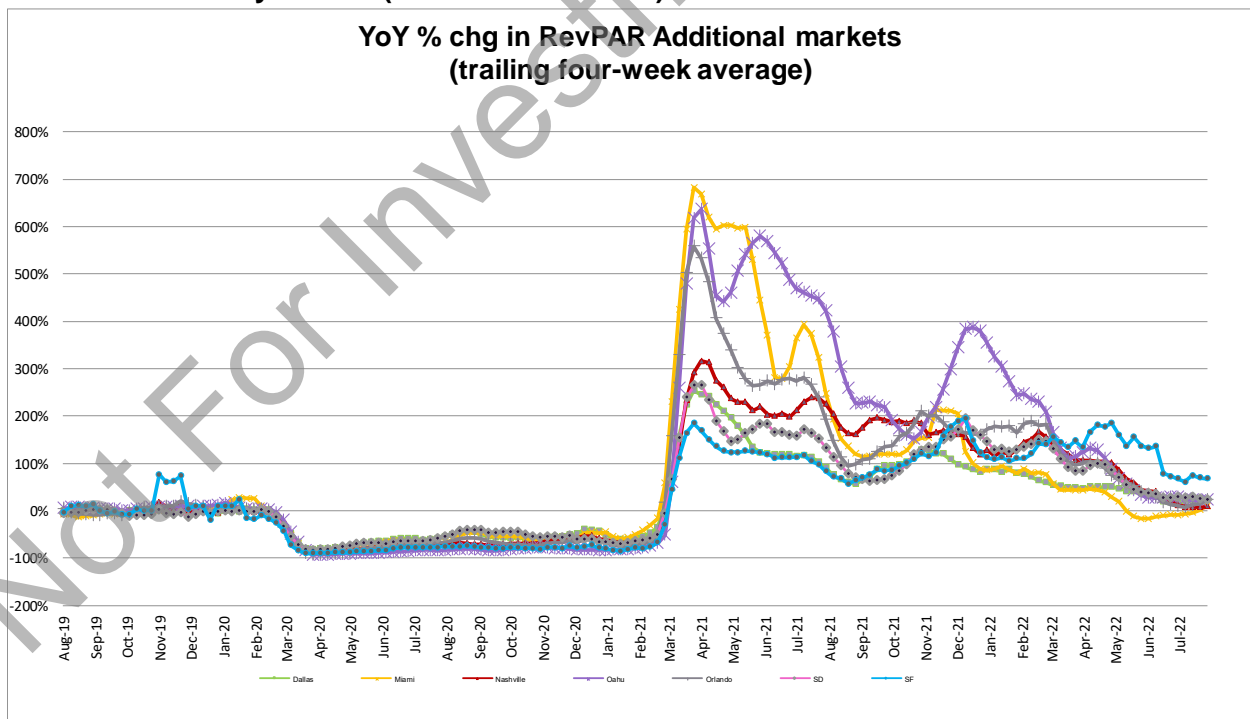
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



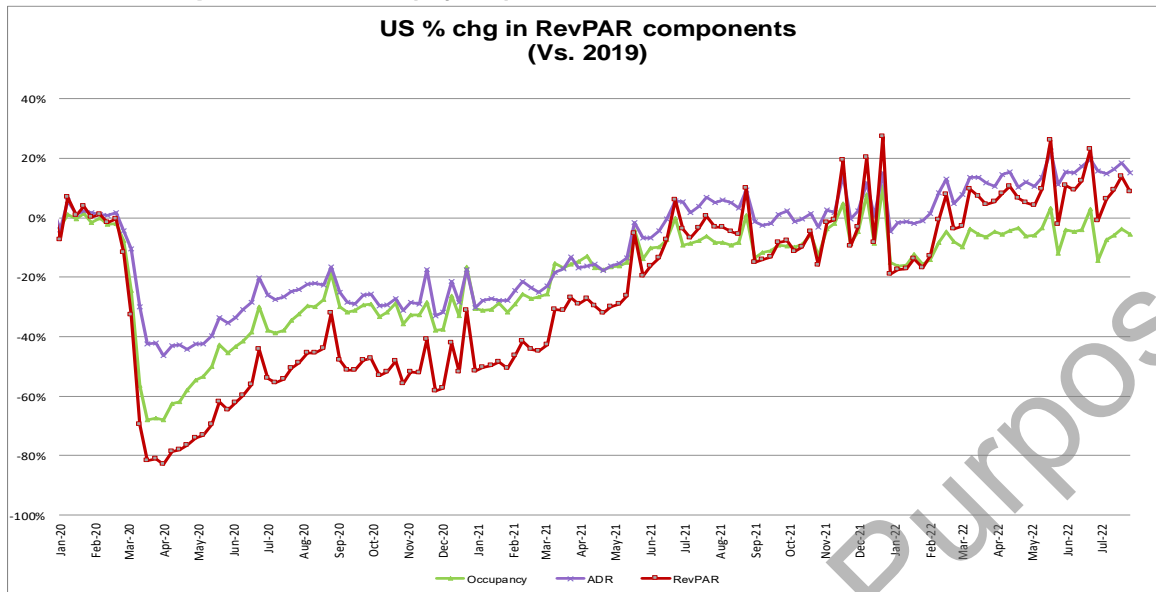
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



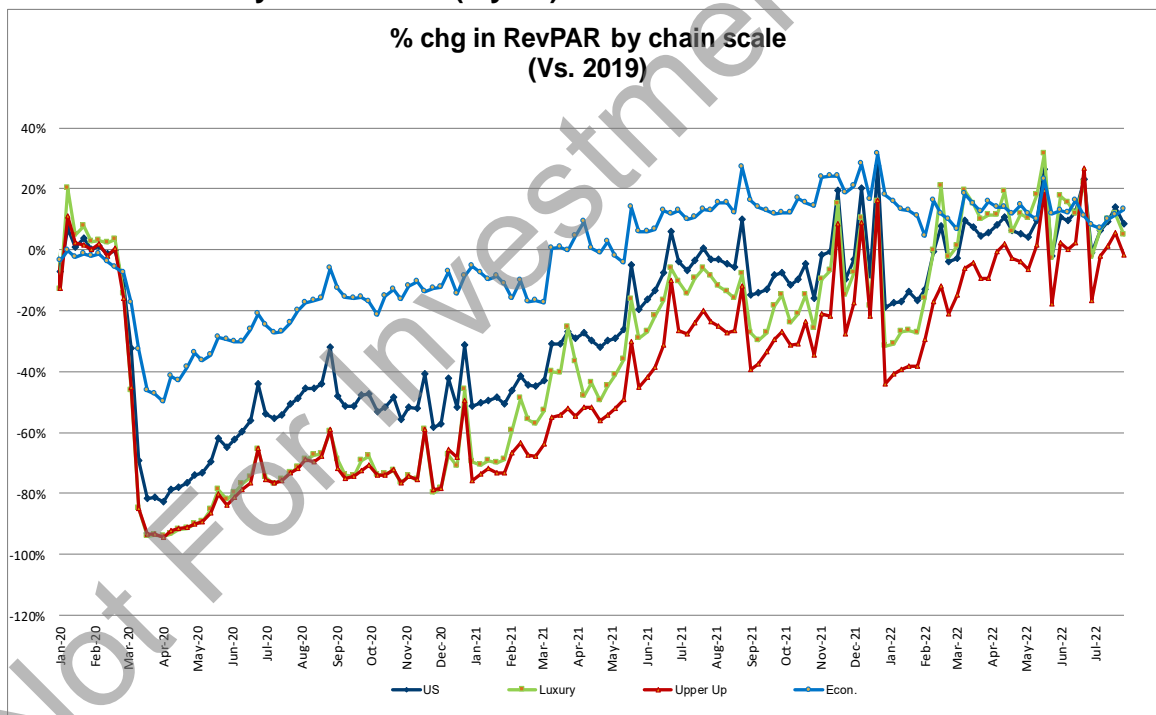
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



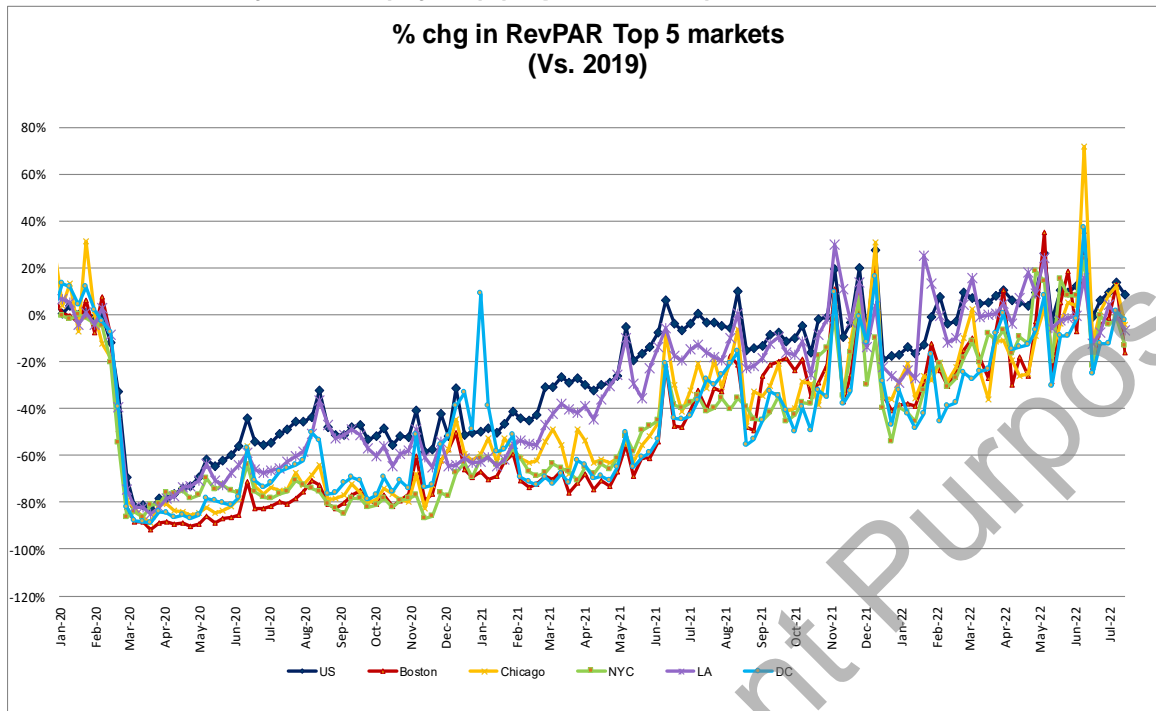
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



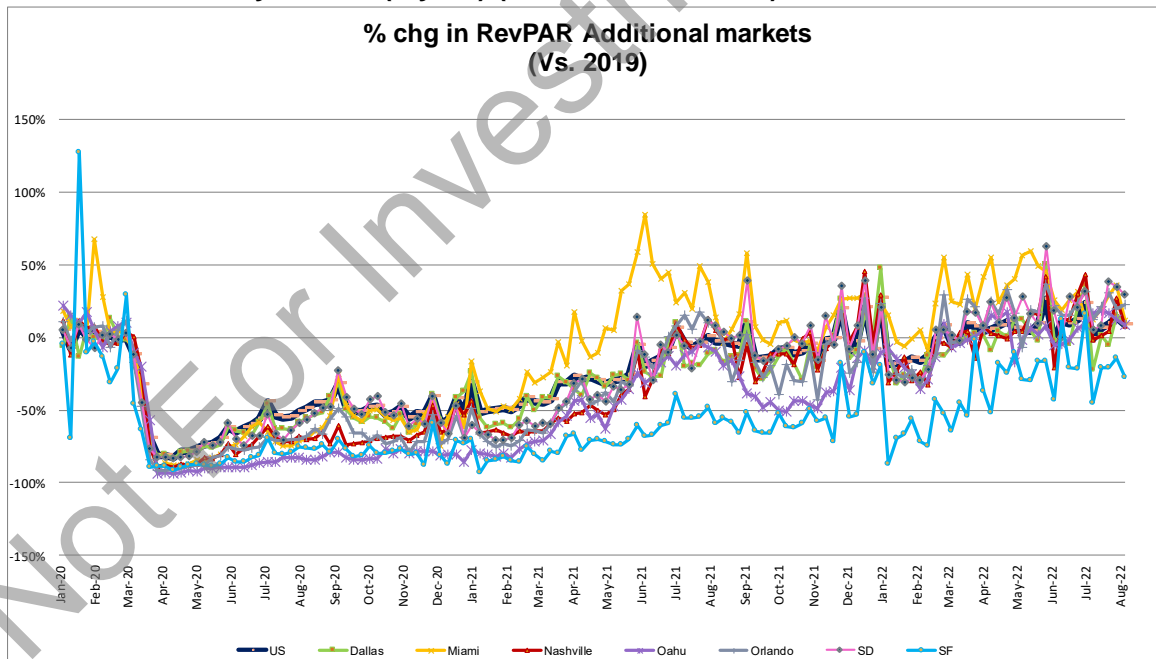
Source: STR data, Truist Securities research

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 8/30/22	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.
						2021A EBITDA (\$M)* **	2022E EBITDA (\$M)* **	2023E EBITDA (\$M)* **	2021A EBITDA (\$M)*	2022E EBITDA (\$M)*	2023E EBITDA (\$M)*		
Bluegreen Vacations	BVH	\$21.37	Buy	\$57	165%	\$122	\$141	\$156	\$122	\$141	\$156	7.6X	Downside risk: controlled company issues, limited capfloat, loan defaults, and macroeconomic risk.
Choice Hotels	CHH	\$114.39	Hold	\$138	20%	\$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	\$8.87	Hold	\$11	24%	\$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	\$126.83	Hold	\$151	19%	\$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	\$41.38	Buy	\$64	53%	\$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 bases.
Host Hotels & Resorts	HST	\$17.87	Hold	\$21	18%	\$532	\$1,315	\$1,493	\$532	\$1,315	\$1,493	12.5X	Upside risk: faster demand improvement in corporate/business 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	\$89.44	Buy	\$122	36%	\$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	\$153.34	Hold	\$182	19%	\$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	\$141.59	Buy	\$205	45%	\$524	\$342	\$1,380	\$657	\$928	\$1,035	10.0X	Downside risk: M&A story fades and multiples revert to historical levels.
Park Hotels & Resorts	PK	\$14.09	Buy	\$22	56%	\$123	\$567	\$752	\$142	\$585	\$776	12.0X	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	\$18.02	Hold	\$24	33%	\$88	\$388	\$431	\$88	\$399	\$444	14.5X	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.
Playa Hotels & Resorts	PLYA	\$6.63	Buy	\$11	66%	\$86	\$203	\$245	\$99	\$217	\$258	10.5X	Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	\$12.20	Buy	\$17	39%	\$145	\$344	\$405	\$162	\$366	\$428	12.0X	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
Ryman Hospitality Properties	RHP	\$83.62	Hold	\$95	14%	\$162	\$471	\$573	\$177	\$497	\$601	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	\$11.04	Hold	\$12	9%	\$54	\$186	\$254	\$67	\$199	\$266	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. Mortgage EBITDA stabilizes well lower than expected.
Vail Resorts, Inc.	MTN	\$225.56	Hold	\$281	25%	\$540	\$837	\$893	\$540	\$837	\$893	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	\$42.42	Buy	\$78	83%	\$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	\$65.47	Buy	\$92	41%	\$562	\$589	\$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, \$21.37, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$114.39, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$8.87, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$89.44, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$41.38, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$126.83, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.87, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$153.34, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$225.56, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$18.02, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$14.09, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$6.63, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$83.62, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$12.20, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$11.04, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$42.42, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$141.59, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$65.47, Buy, C. Patrick Scholes)

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