

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

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +14.9% Y/Y Last Week. -1.8% vs. 2019. Holiday comps in 2019 (hard), 2021 (easy)

Overall U.S. RevPAR was +14.9% y/y for the week ending 9/10/2022, per STR, stronger than the prior week's result of +13.2%. Last week's RevPAR was up against a +62.0% comparable result in 2021 vs. +62.2% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was -1.8% vs. +24.6% in the prior week's 3-year run-rate.**

Vs. 2021 (clean Labor Day comp/Rosh Hashanah in 2021): a relatively easy comp due to Rosh Hashanah in prior year. Vs. 2019: hard comp due to the calendar shift of Labor Day. Business travel trends post-Labor Day will be easier to analyze starting next week.

We do not advise investors put too much focus on y/y or 3-year comparisons given holiday shifts in both years. Next week's data (while not clean either) will be easier to analyze, especially on the 3-year comp.

Holiday shift impact: 2021 easy comp, 2019 hard comp:

- **For 2021 versus 2022**, there was no material calendar shift of Labor Day although in 2021 Rosh Hashanah started on Monday evening (unusually the same day as Labor Day). We can see evidence of an easy comp by midweek. Occupancy by day: Sunday -2%, Monday -3%, Tuesday +6%, Wednesday +9%, Thursday +7%. Some of the y/y impact is from the recovery of business travel in 2022 vs. 2021, but we view the holiday shift as impactful. Note: group occupancy was 16.5% last week versus 16.2% for the running 28 days — essentially unchanged versus leisure August. This trend suggests the holiday impact was material last week.
- **For 2019 versus 2022**, there is a tough Labor Day calendar shift (the prior week was very easy). There was some residual Hurricane Dorian 2019 noise in the data compare, although by the time the storm struck the U.S. at Cape Hatteras, NC on 9/6, the storm had weakened from Category 5 to Category 1 and went largely off-shore again until it struck the Canadian Maritimes days later.

Major RevPAR statistics presented below:

- Luxury RevPAR: +32.6% y/y and -2.2% over 3 years;
- Upper Upscale RevPAR: +32.8% y/y and -19.3% over 3 years;
- Upscale RevPAR: +18.2% y/y and -12.7% over 3 years;
- Upper Midscale RevPAR: +7.3% y/y and -2.5% over 3 years;
- Midscale RevPAR: +1.4% y/y and +7.5% over 3 years;
- Economy RevPAR: -0.4% y/y and +14.6% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +12.1% y/y and +11.1% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +49.2% y/y vs. +36.3% prior week; over 3 years: -34.5% vs -5.1% prior week.
 - Transient: +19.8% y/y vs. +20.3% prior week; over 3 years: +6.1% vs +29.8% prior week.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +14.9% y/y vs. the running 28-day average of +15.9% y/y.
- **Occupancy:** Absolute occupancy was 61.7% y/y vs. 64.2% for the running 28-day average.
- **Absolute Group occupancy:** 16.5% last week vs. 16.2% for the running 28 days.

We summarize our view on the lodging sector at the moment as one of “relative optimism,” a view markedly more favorable than the bear case of “relative pessimism”. Of the lodging stocks our favorite name is Hyatt (Buy) which we see in the “sweet spot” of both the group recovery and strength in international markets, most notably the Caribbean. Hyatt generates approx. 30% of earnings from the group segment and 30% from its Caribbean-centric Apple Leisure Group segment. To this we note an EV/EBITDA valuation multiple approx. 350 bps. below that of HLT (Hold) and MAR (Hold). Additionally, we raised our rating on RHP (Buy) to Buy from Hold on 9/7/22 and raised our price target to \$103 from \$95. At 75% of its business coming from groups/conventions, RHP has the greatest exposure to this customer segment. For the lodging sector as a whole, we see the biggest potential drivers of earnings upside coming from corporate group business and associated outside of room spend (aka “Total RevPAR”) and secondly from the recovery in international markets.

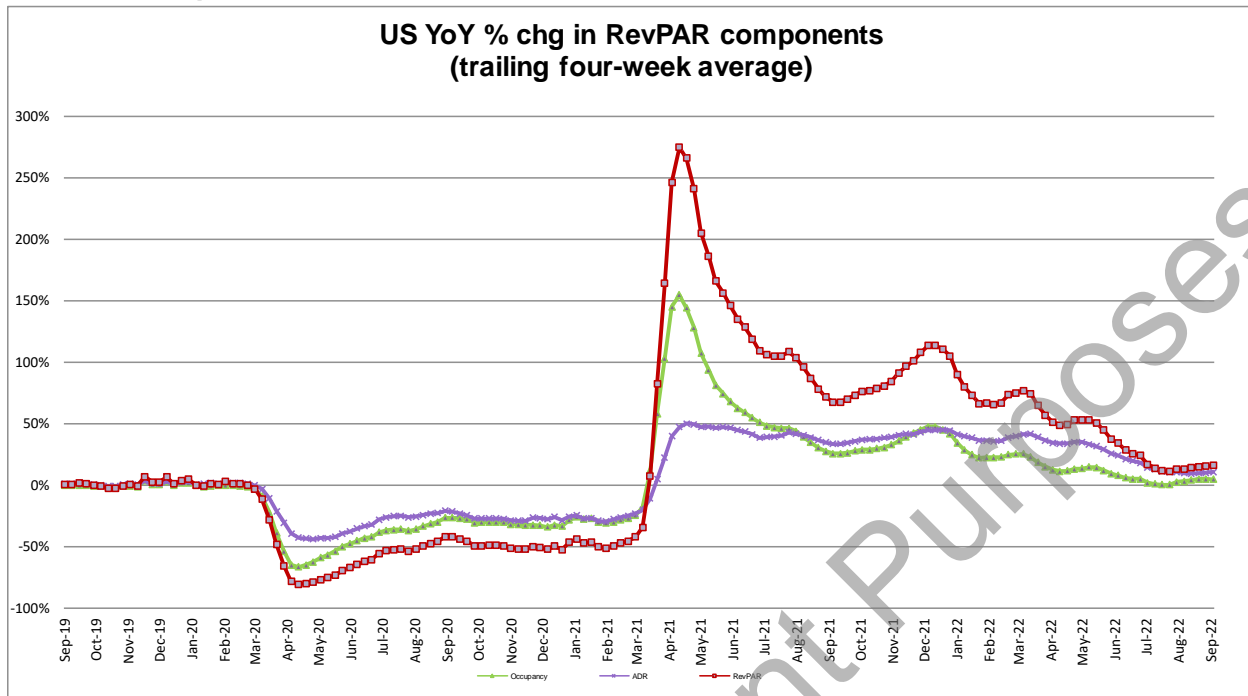
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Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Luxury	Upper Upscale	Upscale	Upper 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%	24.8%	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%
9/3/2022	13.2%	24.9%	31.3%	17.0%	7.1%	-0.4%	-3.6%	10.3%	58.4%	40.3%	12.5%	26.0%	27.8%
9/10/2022	14.9%	32.6%	32.8%	18.2%	7.3%	1.4%	-0.4%	12.1%	71.9%	71.4%	27.5%	36.5%	37.1%
<div> <div>Labor Day calendar shift + hurricane comp (v. 2019)</div> <div>Upper Upscale and Luxury led the industry</div> <div>NYC and Boston led the Top 5 markets</div> </div>													
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%	-0.9%	-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%	3.8%	1.0%	-0.6%	-1.0%	-2.7%	-1.5%	-2.3%	-4.1%	-11.8%	-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%	203.1%	162.9%	81.0%	72.7%	56.9%	39.3%	71.2%	160.2%	207.8%	195.8%	166.2%	96.8%
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%
YoY % change in ADR													
U.S.	Luxury	Upper Upscale	Upscale	Upper 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%	42.6%
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%	82.1%	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%	63.2%
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%	15.8%
8/27/2022	10.8%	3.7%	10.2%	29.7%	28.3%	5.9%	4.8%	11.2%	20.2%	23.6%	14.8%	16.2%	16.8%
9/3/2022	10.0%	4.5%	10.6%	10.2%	5.6%	4.0%	3.1%	8.3%	25.7%	22.3%	8.1%	14.5%	13.6%
9/10/2022	11.4%	9.3%	12.4%	12.1%	6.6%	5.2%	3.9%	9.3%	34.9%	33.8%	12.2%	20.3%	20.4%
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%	0.8%	-0.4%	-0.3%	-1.0%	-1.0%	1.8%	-3.7%	-5.5%	0.3%	-2.2%	3.9%
1Q20	-4.0%	-1.8%	-1.4%	-2.1%	-1.8%	-3.8%	-3.8%	-6.2%	-23.7%	-24.7%	-17.7%	-24.7%	-24.7%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.5%	-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%	-6.9%	-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%	52.0%	33.5%	38.0%	42.5%	46.1%	23.1%
3Q21	36.2%	31.8%	35.0%	29.7%	28.3%	24.8%	21.8%	32.8%	64.2%	57.7%	43.1%	59.6%	29.4%
4Q21	41.5%	29.6%	41.9%	34.2%	28.5%	22.2%	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	Upper Upscale	Upscale	Upper 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%	17.8%	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%	0.1%	-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%	17.8%	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%
9/3/2022	2.9%	19.5%	18.7%	6.1%	1.4%	-4.3%	-6.5%	1.9%	26.0%	14.7%	4.1%	10.1%	12.5%
9/10/2022	3.1%	21.4%	18.2%	5.4%	0.6%	-3.6%	-4.2%	2.6%	27.4%	28.1%	13.6%	13.5%	13.9%
1Q19	0.9%	-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%	-63.0%	-79.1%	-64.0%	-55.1%	-41.3%	-23.9%	-46.8%	-72.7%	-57.1%	-47.7%	-68.2%	-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%	26.8%	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%

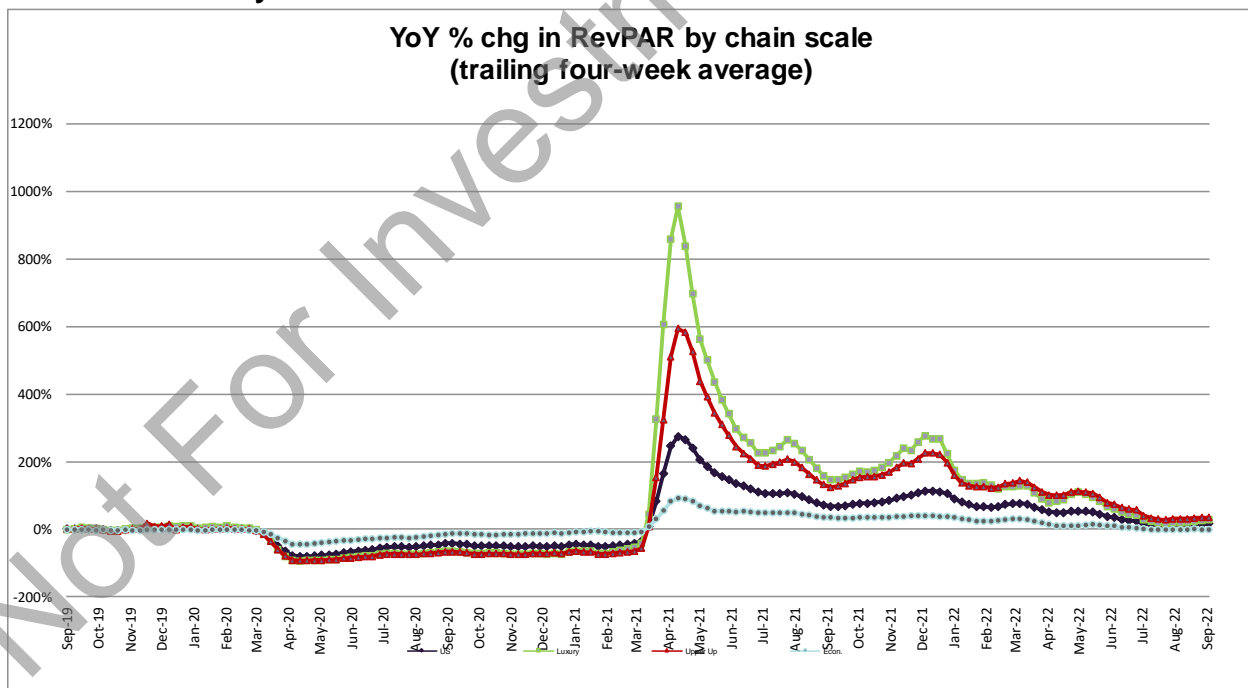
Source: STR data, Truist

RevPAR Component Trends



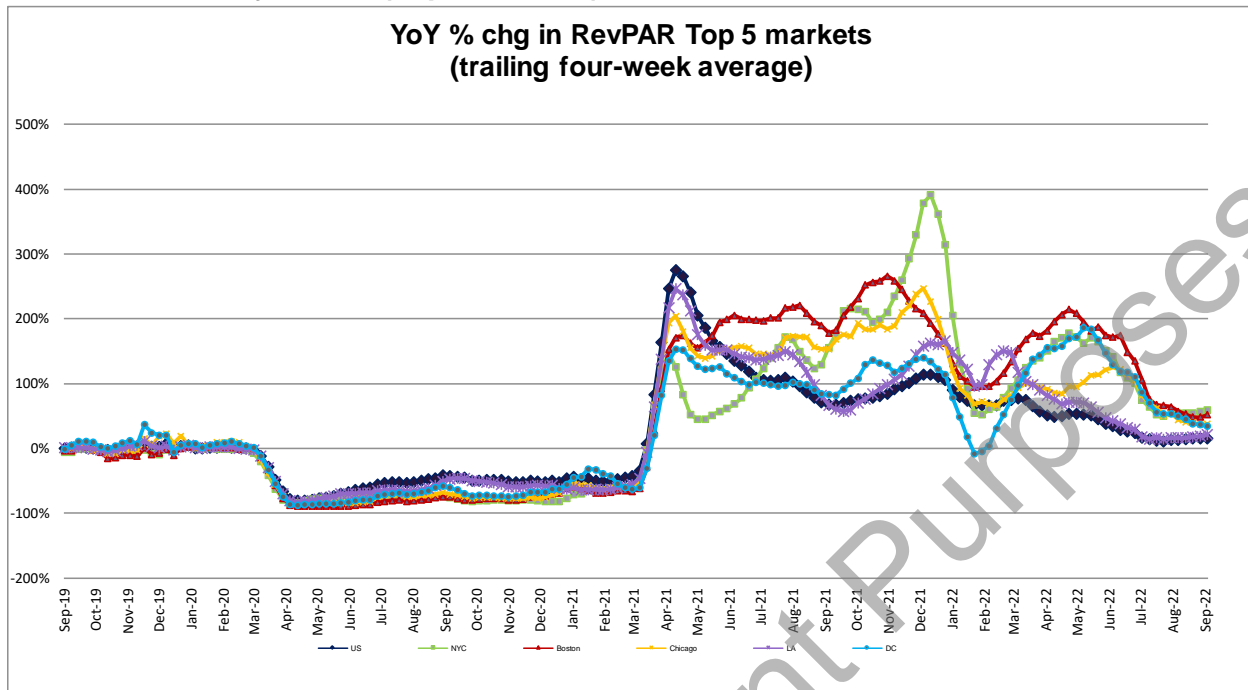
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



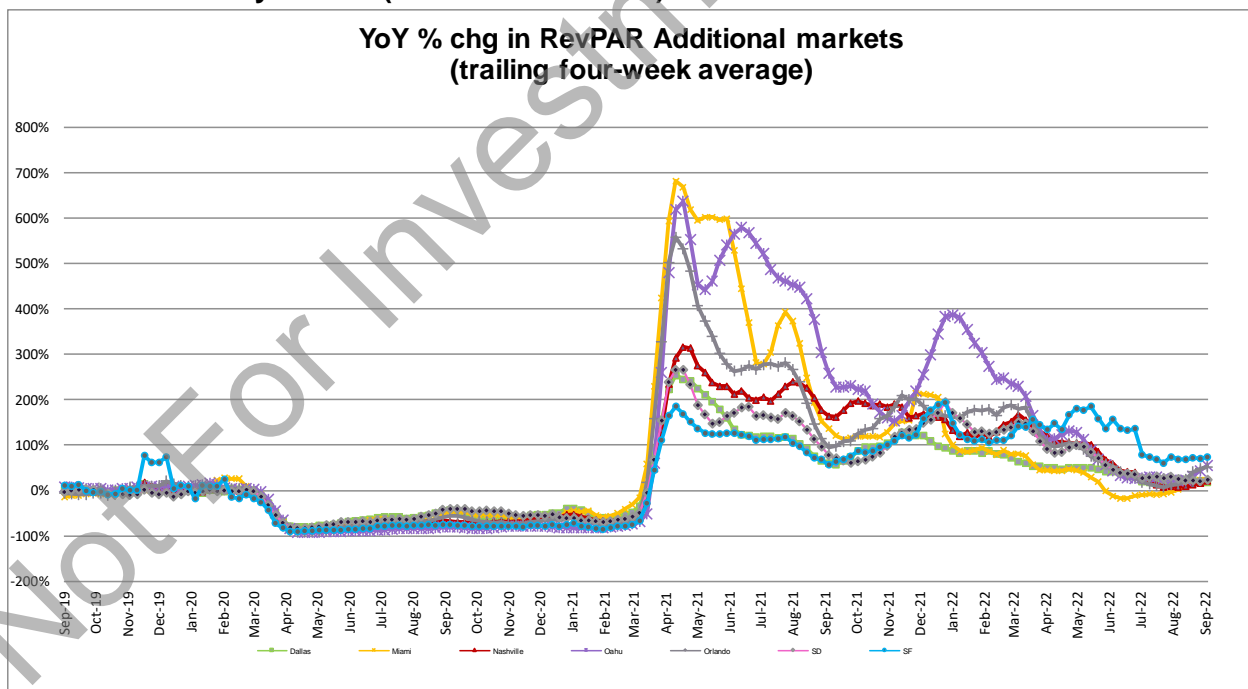
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



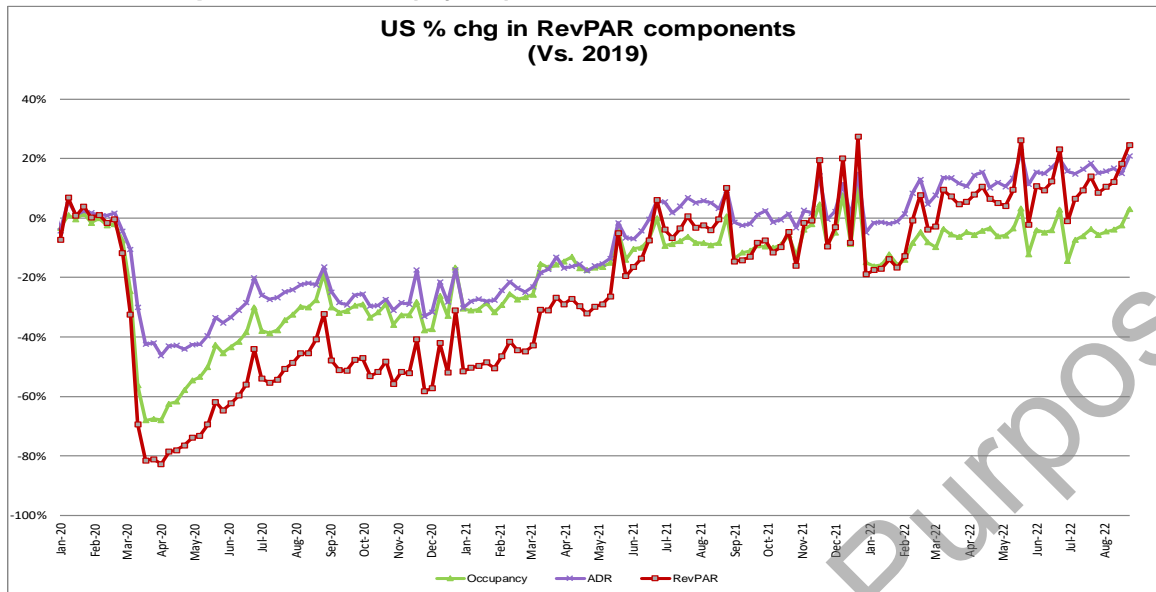
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



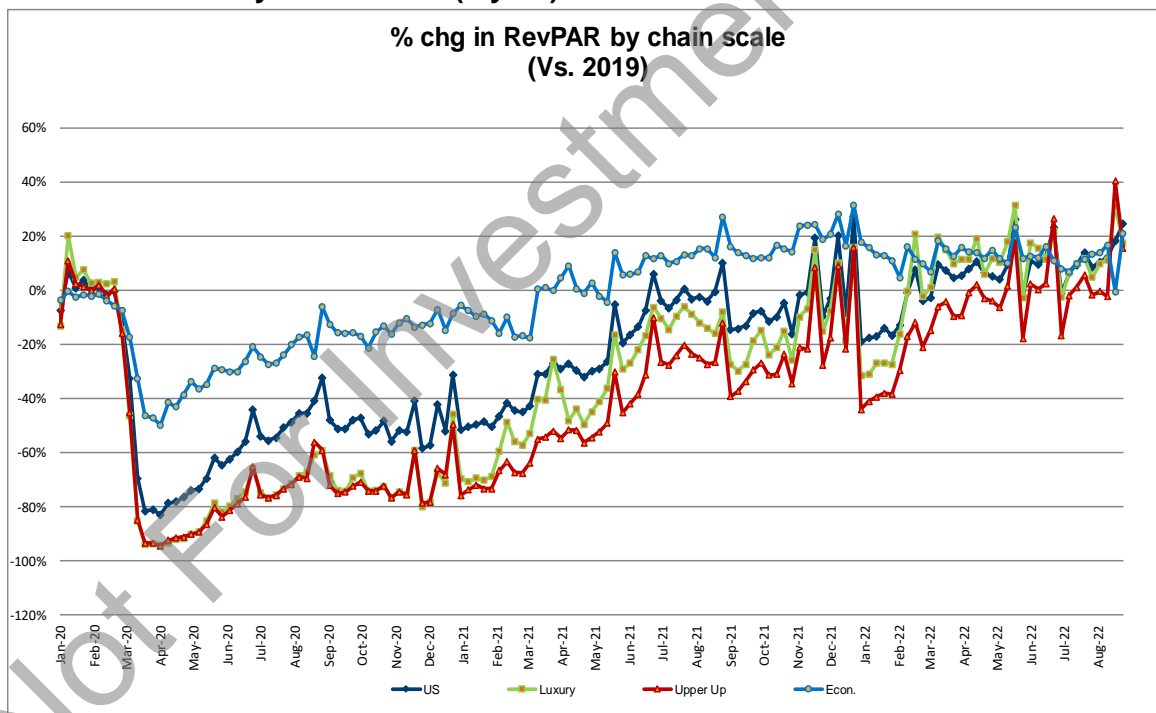
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



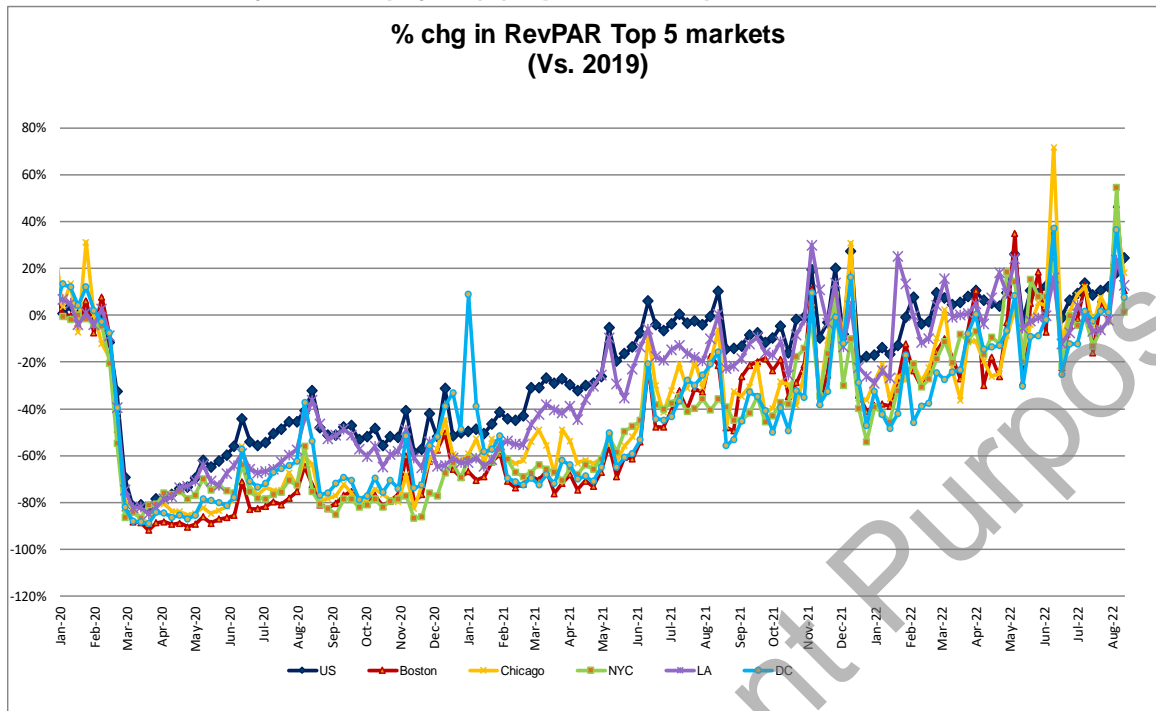
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



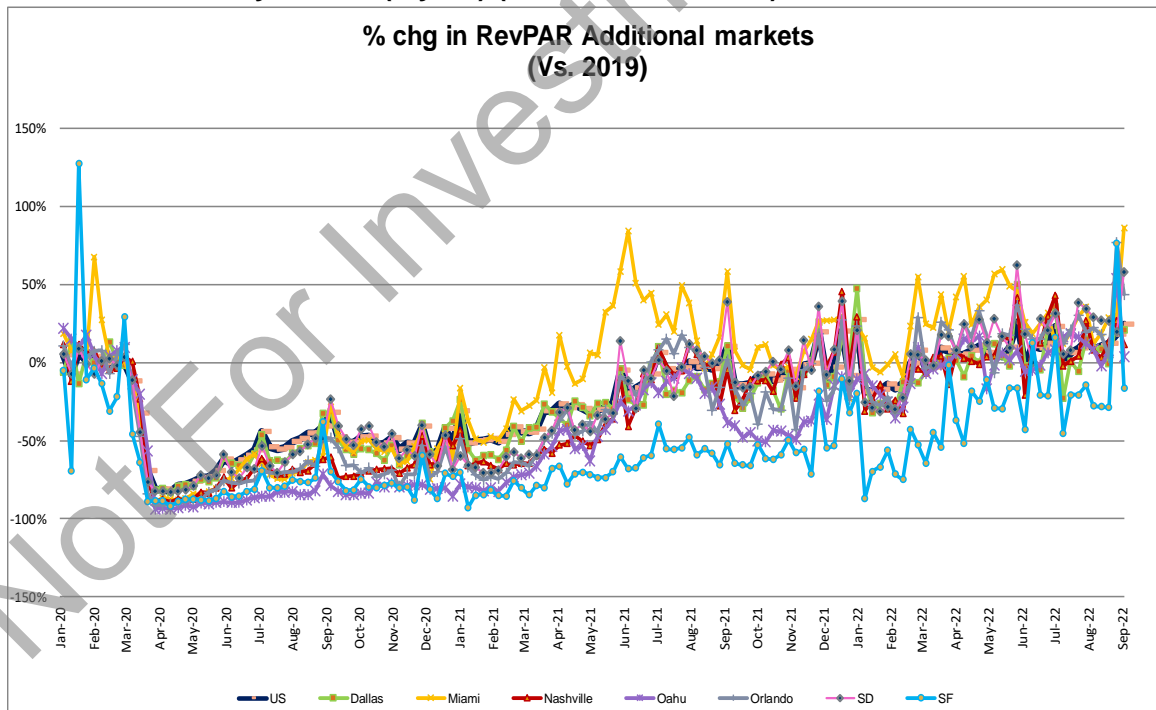
Source: STR data, Truist Securities research

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 9/13/22	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 Notes: 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	\$19.15	Buy	\$56	190%	\$122	\$141	\$156	\$122	\$141	\$157	7.6X	Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk.
Choice Hotels	CHH	\$112.11	Hold	\$135	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	\$8.93	Hold	\$11	23%	\$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	\$130.46	Hold	\$150	15%	\$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	\$39.92	Buy	\$63	57%	\$585	\$865	\$982	\$743	\$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. 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.
Host Hotels & Resorts	HST	\$17.88	Hold	\$21	17%	\$532	\$1,315	\$1,493	\$532	\$1,315	\$1,493	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.
Hyatt Hotels	H	\$90.53	Buy	\$122	35%	\$234	\$881	\$1,073	\$284	\$937	\$1,134	13.8X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Marriott International	MAR	\$157.88	Hold	\$184	17%	\$1,977	\$3,351	\$3,899	\$2,278	\$3,640	\$4,200	16.8X	Downside risk: M&A story fades and multiples revert to historical levels.
Marriott Vacations	VAC	\$143.55	Buy	\$202	40%	\$524	\$342	\$1,380	\$657	\$928	\$1,035	10.0X	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.
Park Hotels & Resorts	PK	\$14.14	Buy	\$22	56%	\$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	\$17.66	Hold	\$24	36%	\$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	\$6.35	Buy	\$11	73%	\$86	\$203	\$245	\$99	\$217	\$258	10.5X	Downside risk: Slower than expected recovery of corporate business travel post-COVID; scoping/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 Downside risk: Group demand returns slower than expected. Property-specific risks given a small portfolio.
RLJ Lodging Trust***	RLJ	\$12.24	Buy	\$17	39%	\$145	\$344	\$405	\$162	\$366	\$428	12.0X	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.
Ryman Hospitality Properties	RHP	\$84.85	Buy	\$103	21%	\$162	\$509	\$613	\$177	\$522	\$611	13.0X	Downside risks: MTN is subject to prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries.
Sunstone Hotel Investors	SHO	\$11.19	Hold	\$12	7%	\$54	\$186	\$254	\$67	\$199	\$266	12.5X	Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.
Vail Resorts, Inc.	MTN	\$229.58	Hold	\$281	22%	\$540	\$837	\$893	\$540	\$837	\$893	16.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Travel + Leisure Co.	TNL	\$41.87	Buy	\$72	71%	\$748	\$835	\$971	\$778	\$869	\$1,014	8.6X	Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.
Wyndham Hotels & Resorts	WH	\$64.82	Buy	\$92	42%	\$562	\$586	\$693	\$590	\$621	\$695	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, \$19.15, Buy, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, \$112.11, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, \$8.93, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$90.53, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, \$39.92, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$130.46, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, \$17.88, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$157.88, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, \$229.58, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, \$17.66, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, \$14.14, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, \$6.35, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, \$84.85, Buy, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, \$12.24, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, \$11.19, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, \$41.87, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, \$143.55, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$64.82, Buy, C. Patrick Scholes)

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Sell	3	0.40%	Sell	0	0.00%

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