

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

11 Page Document

**Reasons for this report**

✓ Our analysis of the most recent weekly US lodging results

**Lodging: US RevPAR +30.6% Y/Y Last Week. +12.9% vs. 2019. First look at fall business travel**

Overall U.S. RevPAR was +30.6% y/y for the week ending 9/17/2022, per STR, stronger than the prior week's result of +14.9%. Last week's RevPAR was up against a +75.8% comparable result in 2021 vs. +62.0% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +12.9% vs. -1.8% in the prior week's 3-year run-rate.**

Versus 2021: easy comp due to Yom Kippur in the prior year. Versus 2019: encouraging recovery of occupancy with several major business-focused markets into the 80s/90s % in the midweek. ADR growth is mixed given operating/labor cost growth.

**As August and early September are leisure travel heavy periods, below is our take on the first material business travel week, albeit one that had easy y/y holiday comps, since June:**

- **2022:**
  - Very decent midweek occupancy in Upper Upscale, Upscale, Urban, and Top 25 markets [pointing to business travel recovery, perhaps more Group than Transient](#) given what we see in the segmentation results (below). Overall, it is promising to see Top 25 market occupancies in the 80s/90s even if still shy of 2019 levels in major corporate and convention markets, such as Boston, Chicago, NYC, SF, and DC. ADR feels a bit more mixed to us, especially when comparing against leisure August/early September (last week results versus the running 28 days). We would like to see the recovery of the higher-rated business traveler and generally high midweek occupancy leading to compression and therefore overall higher room rates. We need more weeks of clean comp data to more properly opine on the trends.
- **Versus 2021 (y/y):** Rosh Hashanah and Yom Kippur holiday shifts evident in midweek as Monday-Thursday occupancy +17% versus the week +11%.
- **Versus 2019:** Maybe a bit of an easy comp post-Labor Day shift and Hurricane Dorian. We see continued ADR relative underperformance in Upper Upscale/ Upscale and some Top 25 markets as somewhat less encouraging considering labor cost growth. However, as we like to say "one week does not make a trend".

**Major RevPAR statistics presented below:**

- Luxury RevPAR: +56.4% y/y and +11.7% over 3 years;
- Upper Upscale RevPAR: +65.1% y/y and +3.3% over 3 years;
- Upscale RevPAR: +35.7% y/y and +5.6% over 3 years;
- Upper Midscale RevPAR: +18.0% y/y and +12.4% over 3 years;
- Midscale RevPAR: +8.5% y/y and +16.3% over 3 years;
- Economy RevPAR: +4.3% y/y and +18.5% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +24.0% y/y and +20.2% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +97.6% y/y vs. +49.2% prior week; over 3 years: +2.6% vs -34.5% prior week.
  - Transient: +35.7% y/y vs. +19.8% prior week; over 3 years: +14.0% vs +6.1% prior week.

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

- Headline RevPAR was +30.6% y/y vs. the running 28-day average of +19.5% y/y.
- **Occupancy:** Absolute occupancy was 69.6% y/y vs. 64.7% for the running 28-day average.
- **Absolute Group occupancy:** 26.4% last week vs. 18.7% 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 (H, 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 secondarily from the recovery in international markets.

Not For Investment Purposes

Weekly RevPAR Summary

YoY % change in RevPAR													
U.S.	Upper		Upper		Inde-		New York	Boston	LA	Chicago	DC		
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy						pendent	
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%	28.8%	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%	36.4%
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%	40.8%	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%
9/17/2022	30.6%	56.4%	65.1%	35.7%	18.0%	8.5%	4.3%	24.0%	100.7%	103.2%	34.8%	80.9%	95.8%

YoY % change in RevPAR													
Holiday shift y/y (easy comp)			Upper Upscale and Luxury led the industry					Boston and NYC 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%	192.0%	73.8%	192.1%	168.4%	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%
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%

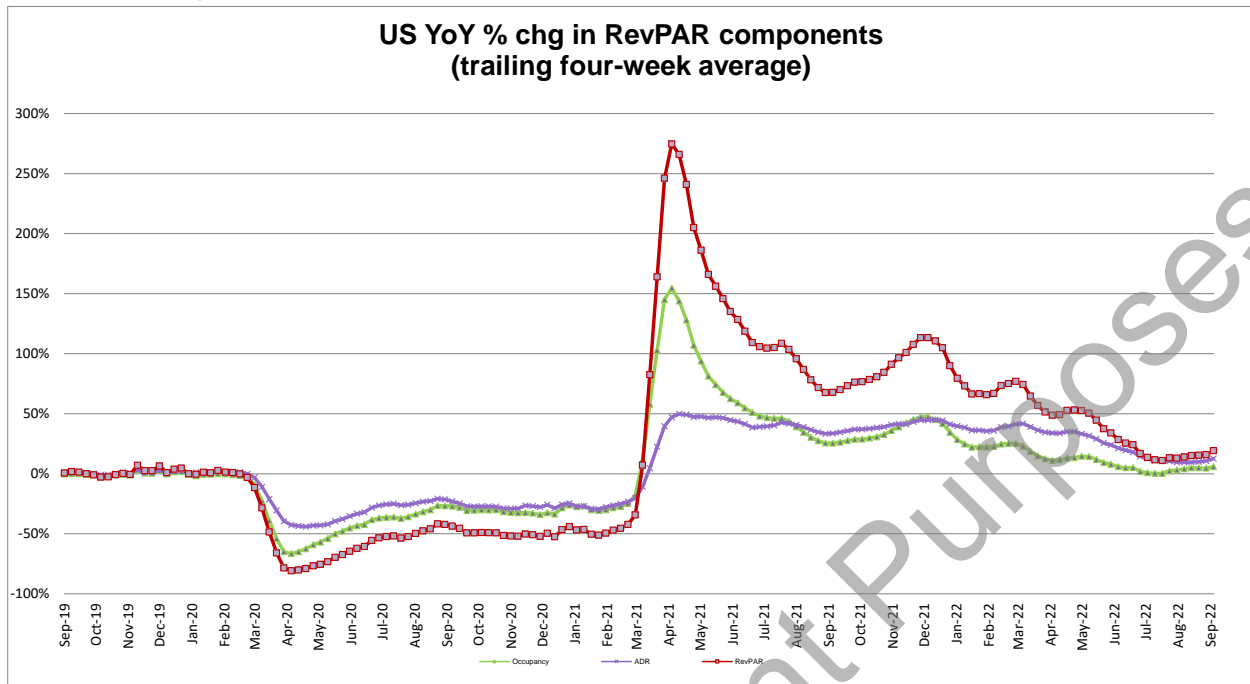
YoY % change in ADR													
U.S.	Upper		Upper		Inde-		New York	Boston	LA	Chicago	DC		
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy						pendent	
6/4/2022	18.5%	10.0%	21.5%	21.1%	14.3%	12.1%	10.4%	13.7%	51.3%	59.6%	25.1%	69.1%	42.6%
6/11/2022	23.3%	15.8%	28.7%	24.3%	15.8%	12.5%	10.5%	17.9%	67.3%	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%	32.9%
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%	25.0%
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%
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%	6.8%	5.2%	3.9%	9.3%	34.9%	33.8%	12.2%	20.3%	20.4%
9/17/2022	18.1%	13.5%	22.5%	17.8%	9.8%	7.3%	5.6%	15.1%	48.5%	42.6%	18.1%	41.4%	43.4%

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%	0.6%	-0.4%	-0.3%	-1.0%	-1.0%	1.9%	-3.7%	-5.9%	0.3%	-2.2%	3.9%
1Q20	-4.0%	-1.8%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.8%	-3.6%	-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%	-17.8%	-10.4%	-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%	-1.9%	-12.1%	-28.3%	-32.7%	-29.7%	-25.7%	-27.9%
2Q21	43.2%	37.8%	30.8%	21.3%	23.1%	20.4%	18.8%	58.8%	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.	Upper		Upper		Inde-		New York	Boston	LA	Chicago	DC		
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy						pendent	
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%	23.8%	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%	21.8%	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%
9/17/2022	10.6%	37.8%	34.8%	15.2%	7.5%	1.2%	-1.3%	7.8%	35.1%	42.5%	14.2%	27.9%	36.5%

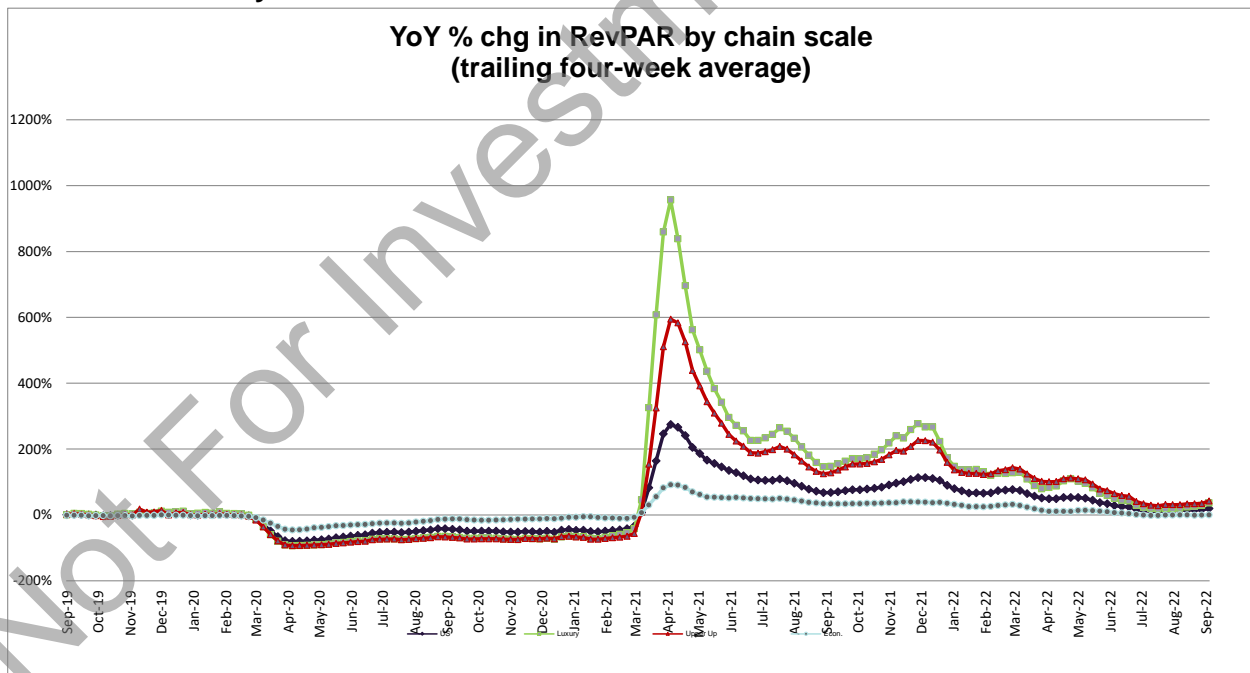
1Q19	0.4%	-2.8%	-1.3%	-1.4%	-0.5%	0.0%	2.3%	2.1%	-3.5%	-2.8%	-0.7%	-2.2%	-3.8%
2Q19	-0.1%	-1.4%	-0.9%	-1.0%	-0.7%	-0.6%	1.1%	0.7%	-0.7%	1.3%	0.8%	1.7%	-1.7%
3Q19	-0.1%	-0.2%	-0.2%	-0.7%	0.0%	-0.5%	-0.4%	0.0%	-0.3%	-1.4%	0.1%	0.6%	0.4%
4Q19	-0.1%	1.2%	0.4%	-0.2%	-0.8%	-1.7%	-0.4%	0.4%	-0.4%	-6.5%	0.8%	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	-59.1%	-83.0%	-79.8%	-64.0%	-55.1%	-41.3%	-23.9%	-68.6%	-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				

RevPAR Component Trends



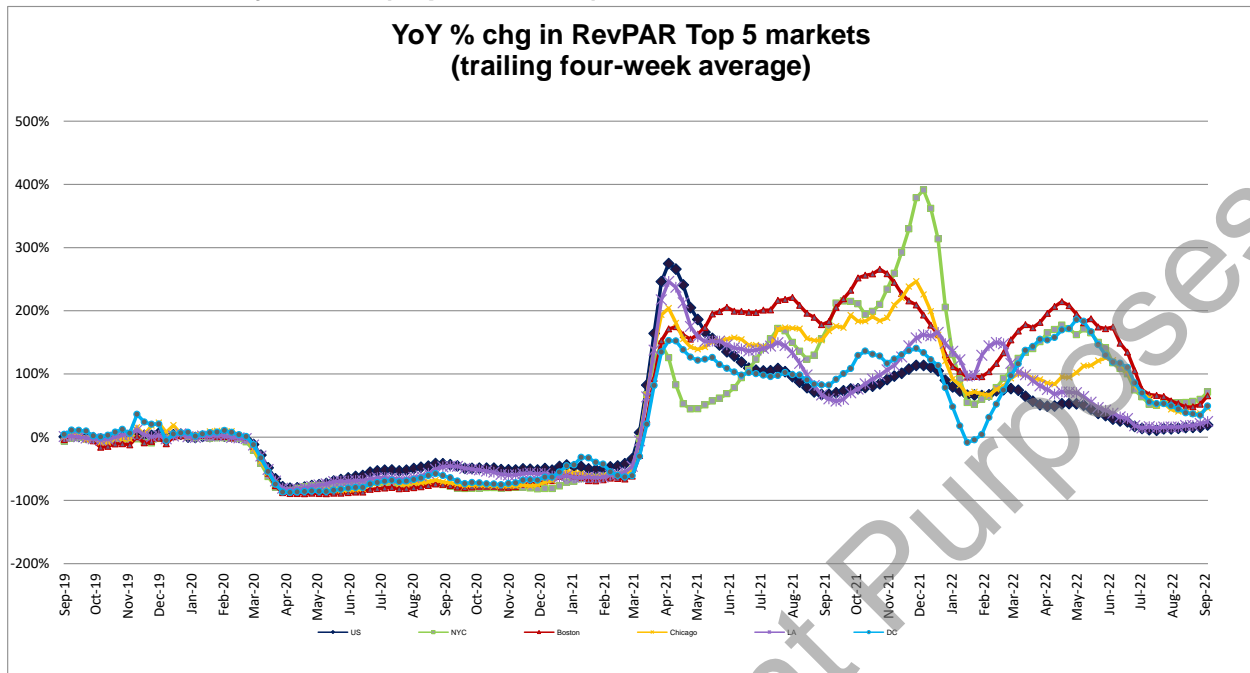
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



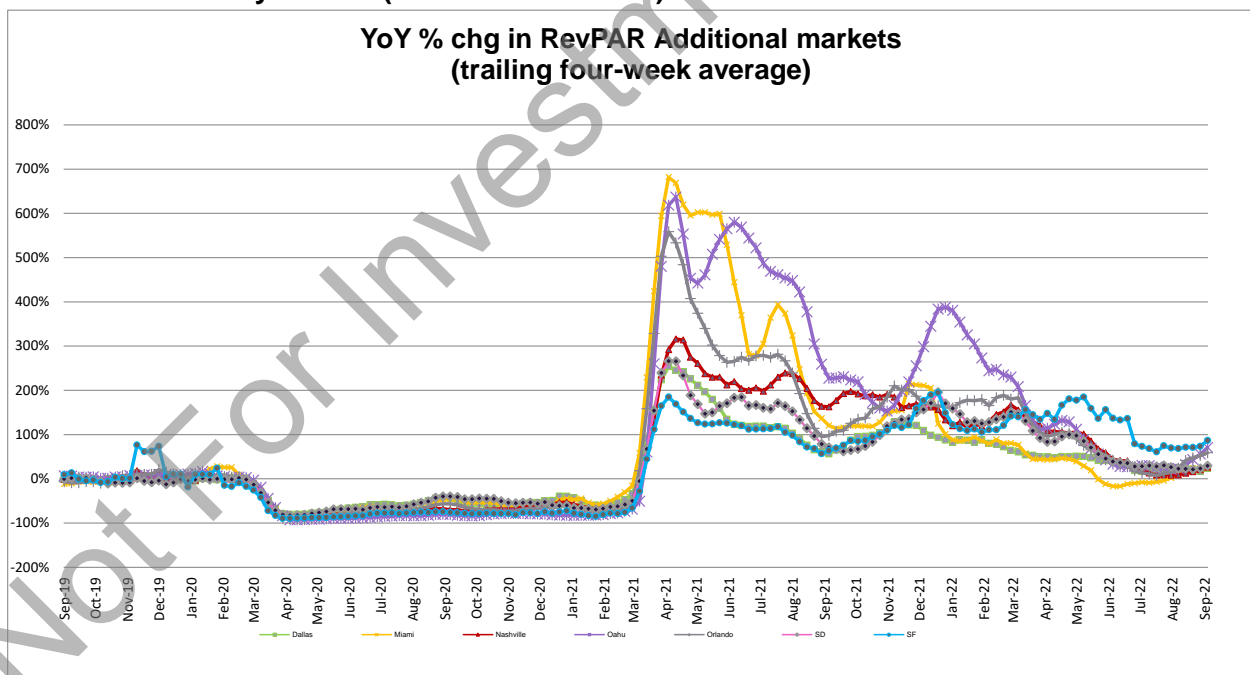
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



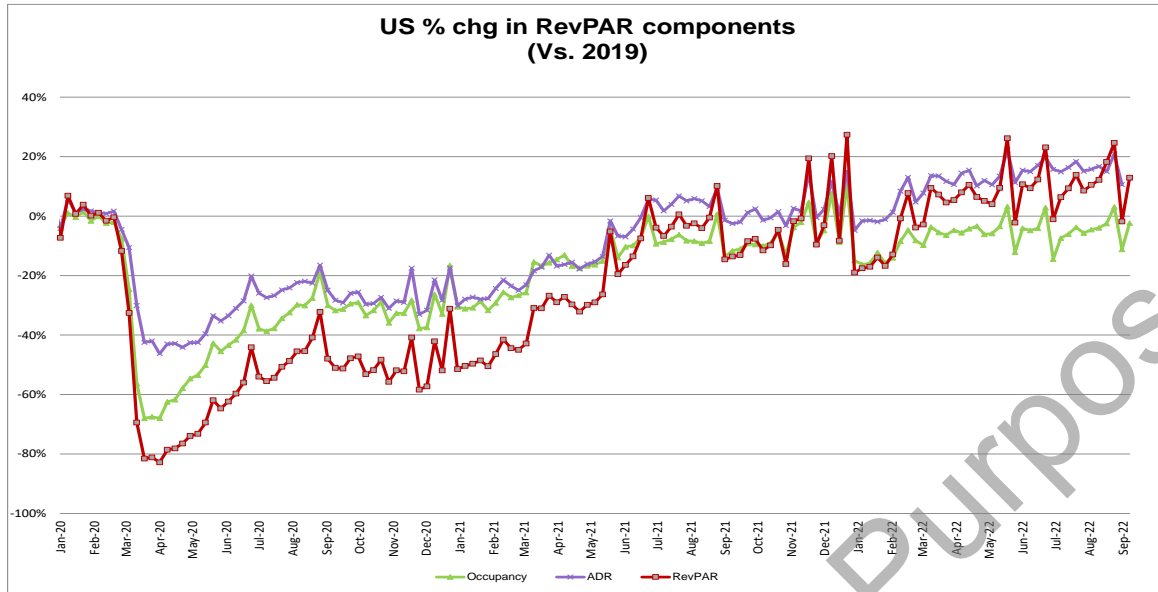
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



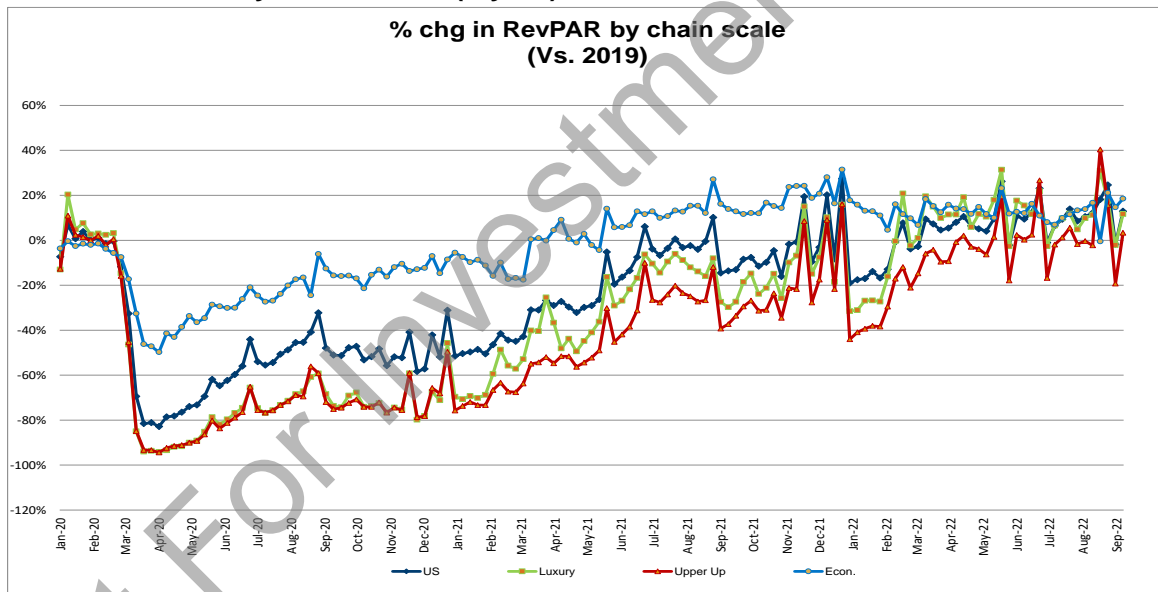
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



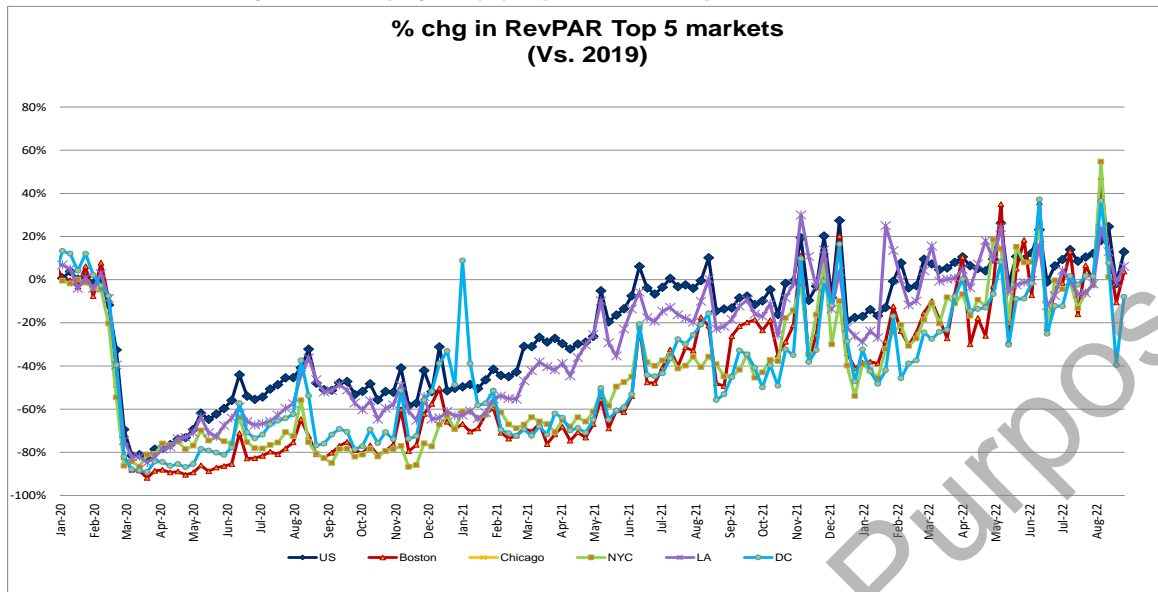
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



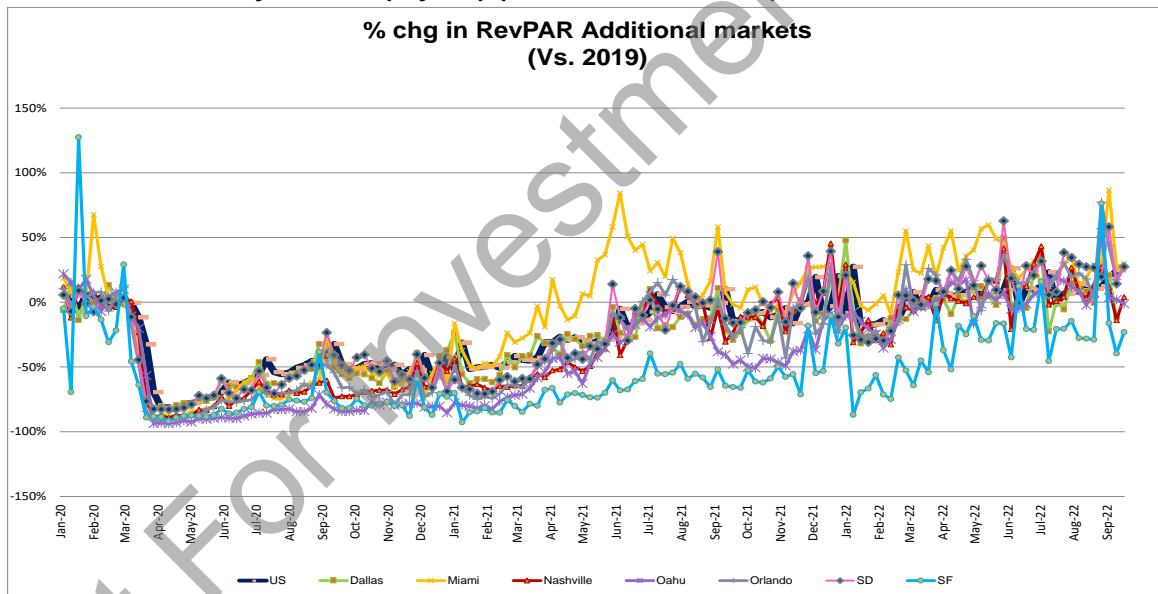
Source: STR data, Truist Securities research

**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 9/20/22	Rating	PT*	% upside/downside	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	\$19.63	Buy	\$56	183%	\$122	\$141	\$156	\$122	\$141	\$157	7.6X	Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk. Upside risk: conservative growth of new brands; market share gains.
Choice Hotels	CHH	\$112.38	Hold	\$135	20%	\$392	\$446	\$487	\$404	\$459	\$503	16.0X	Downside risk: slowdown in development opportunities; market share losses. 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.
DiamondRock Hospitality	DRH	\$8.85	Hold	\$11	24%	\$83	\$257	\$289	\$84	\$257	\$289	12.0X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hilton	HLT	\$131.68	Hold	\$150	14%	\$1,470	\$2,217	\$2,881	\$1,629	\$2,338	\$2,996	17.0X	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.
Hilton Grand Vacations	HGV	\$38.56	Buy	\$63	62%	\$585	\$865	\$982	\$743	\$987	\$1,081	9.4X	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	\$17.70	Hold	\$21	19%	\$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	\$89.26	Buy	\$122	37%	\$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	\$157.01	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. 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.
Marriott Vacations	VAC	\$141.32	Buy	\$202	43%	\$524	\$342	\$1,380	\$657	\$928	\$1,035	10.0X	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.
Park Hotels & Resorts	PK	\$13.73	Buy	\$22	60%	\$123	\$567	\$752	\$142	\$585	\$776	12.0X	Downside risk: demand shocks, hurricanes, reduced airlift, new supply; country-specific risks (emerging market portfolio)
Pebblebrook Hotel Trust***	PEB	\$17.43	Hold	\$24	38%	\$88	\$388	\$431	\$88	\$399	\$444	14.5X	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
Playa Hotels & Resorts	PLYA	\$6.51	Buy	\$11	69%	\$86	\$223	\$245	\$99	\$235	\$256	10.5X	Downside risk: Group demand returns slower than expected. Property-specific risks given a small portfolio.
RLJ Lodging Trust***	RLJ	\$12.12	Buy	\$17	40%	\$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. Montage EBITDA stabilizes well lower than expected.
Ryman Hospitality Properties	RHP	\$86.50	Buy	\$103	19%	\$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. Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.
Sunstone Hotel Investors	SHO	\$11.11	Hold	\$12	8%	\$54	\$186	\$254	\$67	\$199	\$266	12.5X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off. Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.
Vail Resorts, Inc.	MTN	\$226.50	Hold	\$281	24%	\$540	\$837	\$993	\$540	\$837	\$893	16.0X	
Travel + Leisure Co.	TNL	\$40.40	Buy	\$72	77%	\$748	\$835	\$971	\$778	\$869	\$1,014	8.6X	
Wyndham Hotels & Resorts	WH	\$65.80	Buy	\$92	40%	\$562	\$886	\$653	\$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, \$18.82, Buy, C. Patrick Scholes)  
**Choice Hotels International, Inc.** (CHH, \$109.14, Hold, C. Patrick Scholes)  
**DiamondRock Hospitality Company** (DRH, \$8.28, Hold, C. Patrick Scholes)  
**Hyatt Hotels Corporation** (H, \$85.26, Buy, C. Patrick Scholes)  
**Hilton Grand Vacations Inc.** (HGV, \$37.24, Buy, C. Patrick Scholes)  
**Hilton Worldwide Holdings Inc.** (HLT, \$124.63, Hold, C. Patrick Scholes)  
**Host Hotels & Resorts, Inc.** (HST, \$16.80, Hold, C. Patrick Scholes)  
**Marriott International, Inc.** (MAR, \$148.17, Hold, C. Patrick Scholes)  
**Vail Resorts, Inc.** (MTN, \$219.98, Hold, C. Patrick Scholes)  
**Pebblebrook Hotel Trust** (PEB, \$16.47, Hold, Gregory Miller)  
**Park Hotels & Resorts Inc.** (PK, \$13.00, Buy, C. Patrick Scholes)  
**Playa Hotels & Resorts N.V.** (PLYA, \$6.09, Buy, C. Patrick Scholes)  
**Ryman Hospitality Properties, Inc.** (RHP, \$82.22, Buy, C. Patrick Scholes)  
**RLJ Lodging Trust** (RLJ, \$11.43, Buy, Gregory Miller)  
**Sunstone Hotel Investors, Inc.** (SHO, \$10.36, Hold, C. Patrick Scholes)  
**Travel + Leisure Co.** (TNL, \$38.62, Buy, C. Patrick Scholes)  
**Marriott Vacations Worldwide Corporation** (VAC, \$134.61, Buy, C. Patrick Scholes)  
**Wyndham Hotels & Resorts, Inc.** (WH, \$63.09, 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@truist.com](mailto:EquityResearchDepartment@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 09/21/2022):

Coverage Universe			Investment Banking Clients Past 12 Months		
Rating	Count	Percent	Rating	Count	Percent
Buy	519	68.92%	Buy	76	14.64%
Hold	231	30.68%	Hold	38	16.45%
Sell	3	0.40%	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 Truist Investment Services, Inc. Despite this affiliation, securities recommended, offered, sold by, or held at Truist Securities, Inc. or Truist Investment Services, Inc. (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 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, Truist Securities, and Truist Investment Services 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@truist.com](mailto:EquityResearchDepartment@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](https://www.truist.com), or by writing to: Truist Securities, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070

Not For Investment Purposes