

**CONSUMER: Lodging****C. Patrick Scholes**

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**Reasons for this report**

✓ Our analysis of the most recent weekly US lodging results

## Lodging: US RevPAR +20.1% Y/Y Last Week (+1.1% vs. 2019); Halloween comp a small drag on y/y

Overall U.S. RevPAR was +20.1% y/y for the week ending 11/5/2022, per STR, weaker than the prior week's result of +33.5% y/y. Last week's RevPAR was against +89.7% comparable result in 2021 vs. +84.5% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +1.1% vs. +27.8% in the prior week's 3-year run-rate.**

***The calendar shift of Halloween was a small negative to the y/y results and more negatively impactful versus the 2019 comp, especially on group (holiday moved by a week). This RevPAR impact from the holiday was as expected.***

If one takes the average for the past two weeks (vs. 2019 and vs. 2021), which nets-out the Halloween comp and compares to the several weeks prior, we see very similar and healthy results. Trends reflect the returning of business and group travel and steady leisure.

**Major RevPAR statistics presented below:**

- Luxury RevPAR: +28.7% y/y and -2.7% over 3 years;
- Upper Upscale RevPAR: +34.6% y/y and -11.7% over 3 years;
- Upscale RevPAR: +22.8% y/y and -7.0% over 3 years;
- Upper Midscale RevPAR: +13.0% y/y and +4.9% over 3 years;
- Midscale RevPAR: +7.6% y/y and +13.5% over 3 years;
- Economy RevPAR: +3.4% y/y and +16.8% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +18.1% y/y and +7.4% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +63.8% y/y vs. +92.1% prior week; over 3 years: -13.1% vs +35.4% prior week.
  - Transient: +16.2% y/y vs. +32.2% prior week; over 3 years: -1.8% vs +23.0% prior week.

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

- Headline RevPAR was +20.1% y/y vs. the running 28-day average of +27.1% y/y.
- **Occupancy:** Absolute occupancy was 62.4% y/y vs. 67.1% for the running 28-day average.
- **Absolute Group occupancy:** 22.8% last week vs. 25.3% for the running 28 days.

**October estimates:**

For the month of October, we estimate that full-service branded domestic hotels (the typical Hilton [HLT, Hold], Hyatt [H, Buy], or Marriott [MAR, Hold] hotel) will finish approximately +31-41% y/y for Luxury, +40-48% y/y for Upper Upscale, and +25-30% y/y for Upscale full-service. We estimate that the overall industry will finish approximately +22-26% y/y. Please note that reported monthly results include hotels that are not in the weekly data set.

- **On a 3-year basis, we estimate October RevPAR +12-17% for the overall industry.**
- **By chain scale:**
  - Luxury: +11-13%
  - Upper Upscale: +2-4%
  - Upscale: +5-7%

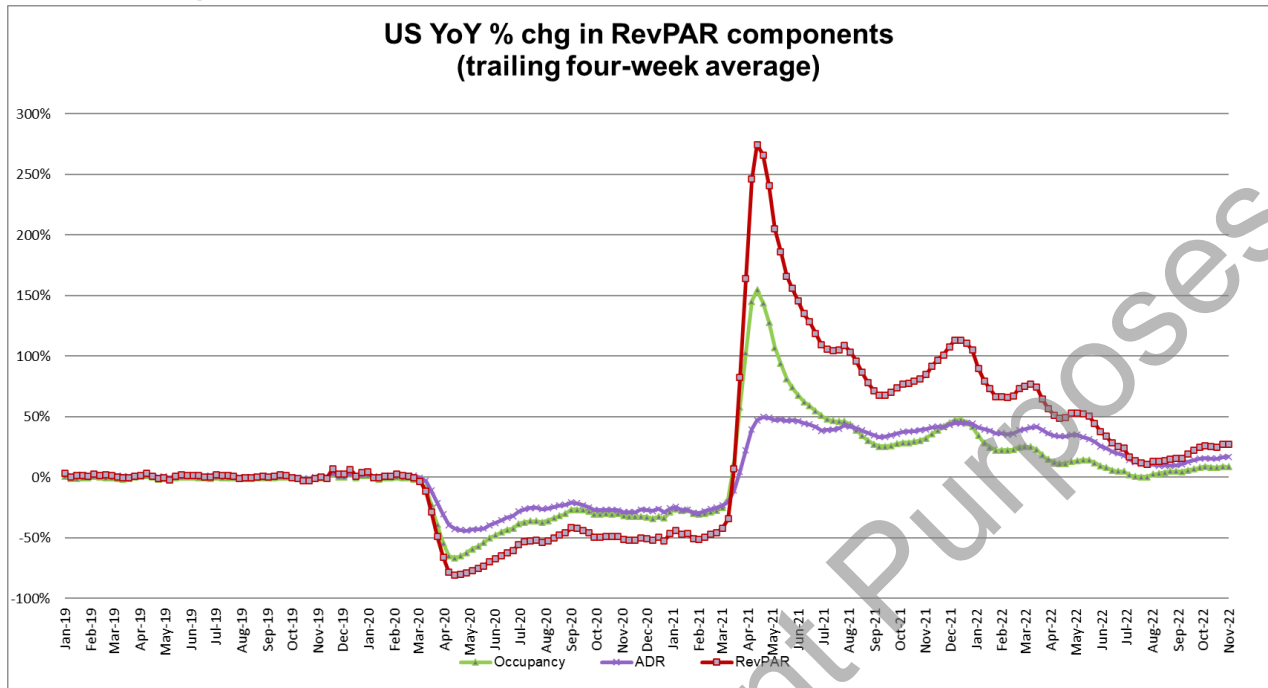
We summarize our view on the lodging sector at the moment as one of “relative optimism,” a view markedly more favorable than the bear case of “relative pessimism”. Of the lodging stocks our favorite name is Hyatt (H, Buy) which we see in the “sweet spot” of both the group recovery and strength in international 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

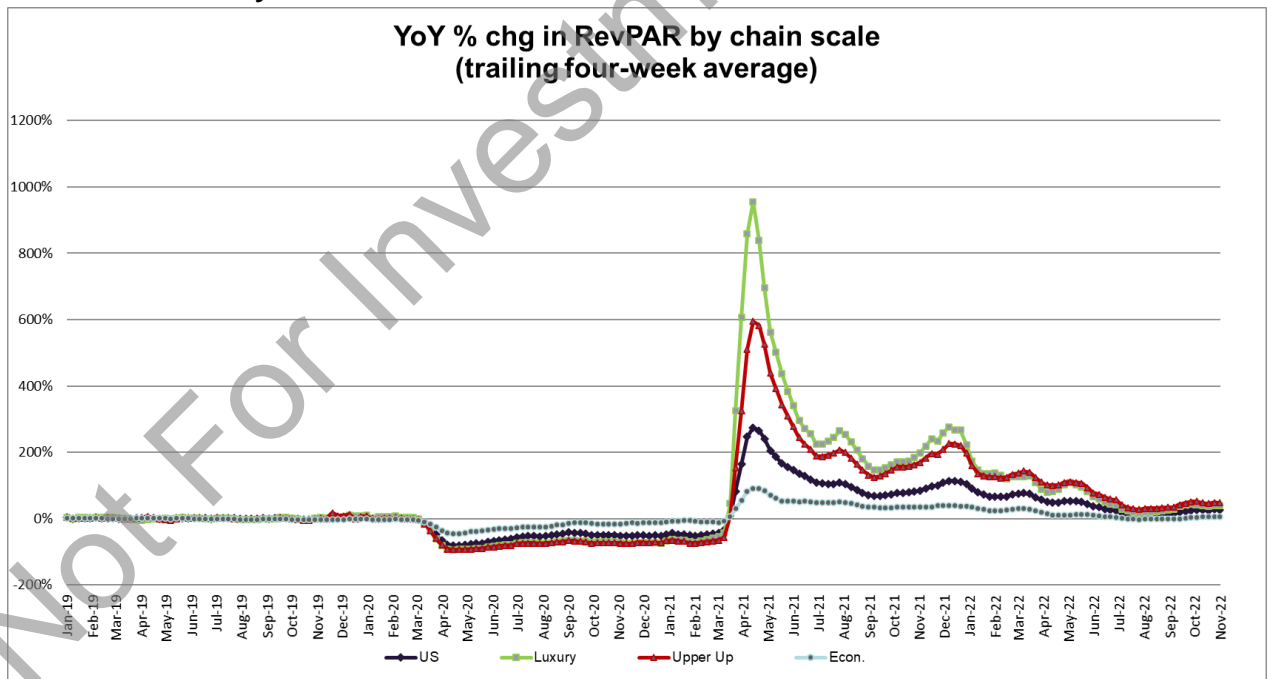
YoY % change in RevPAR														
U.S.	Upper			Upper			Inde- pendent	New York	Boston	LA	Chicago	DC		
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy								
8/27/2022	18.2%	30.9%	40.4%	23.3%	12.3%	4.2%	-0.5%	12.9%	54.6%	47.4%	23.6%	40.6%	36.4%	
9/3/2022	13.2%	24.9%	31.3%	17.0%	7.1%	-0.4%	-3.6%	10.3%	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%	
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%	
9/24/2022	30.3%	50.0%	59.3%	35.5%	18.2%	9.4%	4.7%	24.8%	100.2%	39.0%	36.4%	36.5%	87.5%	
10/1/2022	22.6%	34.1%	45.5%	27.0%	15.7%	7.9%	4.9%	16.5%	74.3%	60.0%	25.4%	68.1%	64.2%	
10/8/2022	21.2%	28.1%	37.8%	25.6%	15.7%	9.4%	5.6%	16.8%	61.8%	33.2%	18.8%	26.4%	49.9%	
10/15/2022	26.7%	42.7%	49.5%	30.5%	17.5%	9.8%	5.5%	21.6%	91.6%	33.8%	25.4%	68.5%	70.7%	
10/22/2022	27.8%	42.0%	50.1%	33.1%	19.1%	10.5%	5.5%	21.9%	94.3%	42.9%	23.1%	45.1%	83.2%	
10/29/2022	33.5%	46.0%	58.2%	37.5%	23.3%	14.4%	7.4%	29.3%	87.3%	53.9%	31.9%	88.9%	96.7%	
11/5/2022	20.1%	28.7%	34.6%	22.8%	13.0%	7.6%	3.4%	18.1%	63.3%	37.7%	24.4%	40.6%	50.5%	
Halloween calendar shift headwind vs. 2019				Upper Upscale and Luxury led the industry				NYC and DC 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%	128.2%	
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%	
3Q22	16.6%	27.7%	36.6%	22.5%	10.8%	3.5%	0.0%	11.3%	67.4%	59.9%	21.4%	48.1%	54.6%	
YoY % change in ADR														
U.S.	Upper			Upper			Inde- pendent	New York	Boston	LA	Chicago	DC		
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy								
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%	14.6%	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%	
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%	
9/24/2022	17.6%	16.0%	20.5%	18.3%	9.6%	6.6%	4.6%	14.9%	57.1%	16.9%	16.5%	17.5%	36.8%	
10/1/2022	14.0%	11.7%	16.3%	14.9%	8.7%	6.6%	5.0%	11.4%	32.9%	28.2%	14.0%	31.7%	29.2%	
10/8/2022	13.5%	9.1%	14.3%	14.6%	9.3%	7.5%	6.1%	12.0%	31.7%	15.4%	13.8%	14.9%	24.3%	
10/15/2022	17.0%	13.3%	18.7%	18.0%	10.8%	7.9%	6.3%	14.8%	44.2%	15.6%	15.0%	31.6%	39.1%	
10/22/2022	16.6%	10.7%	18.1%	17.8%	10.9%	7.6%	6.1%	13.8%	45.8%	23.2%	13.5%	23.4%	38.7%	
10/29/2022	19.3%	12.7%	20.9%	19.5%	12.0%	8.9%	7.0%	18.4%	41.2%	30.0%	19.0%	43.7%	39.0%	
11/5/2022	14.6%	10.0%	14.9%	15.2%	9.8%	7.9%	5.8%	14.1%	34.1%	22.9%	17.1%	23.7%	24.7%	
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%	-5.3%	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%	-1.5%	-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%	49.2%	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%	
3Q22	11.6%	6.7%	12.6%	13.3%	7.6%	5.9%	4.2%	8.9%	32.6%	30.0%	14.6%	25.4%	25.5%	
YoY % change in Occupancy														
U.S.	Upper			Upper			Inde- pendent	New York	Boston	LA	Chicago	DC		
	Luxury	Upscale	Upscale	Midscale	Midscale	Economy								
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%	
9/24/2022	10.8%	29.3%	32.3%	14.5%	7.8%	2.6%	0.1%	8.6%	27.4%	18.9%	17.1%	16.2%	37.1%	
10/1/2022	7.6%	20.0%	25.0%	10.6%	6.4%	1.2%	-0.1%	4.6%	31.1%	24.9%	10.0%	27.6%	27.1%	
10/8/2022	6.7%	17.4%	20.6%	9.6%	5.9%	1.8%	-0.5%	4.2%	22.8%	15.5%	4.4%	10.0%	20.5%	
10/15/2022	8.3%	26.0%	26.0%	10.6%	6.1%	1.8%	-0.7%	5.9%	32.9%	15.8%	9.1%	28.0%	22.7%	
10/22/2022	9.6%	25.3%	27.1%	13.0%	7.3%	2.7%	-0.6%	7.1%	33.3%	16.0%	8.4%	17.6%	32.1%	
10/29/2022	11.9%	29.5%	30.9%	15.1%	10.1%	5.1%	0.4%	9.2%	32.7%	18.4%	10.8%	31.4%	41.6%	
11/5/2022	4.7%	17.0%	17.2%	6.5%	2.9%	-0.3%	-2.3%	3.5%	21.7%	12.0%	6.3%	13.7%	20.6%	
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%	-0.4%	0.0%	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%	-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%	-21.8%	
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%	
3Q22</														

RevPAR Component Trends



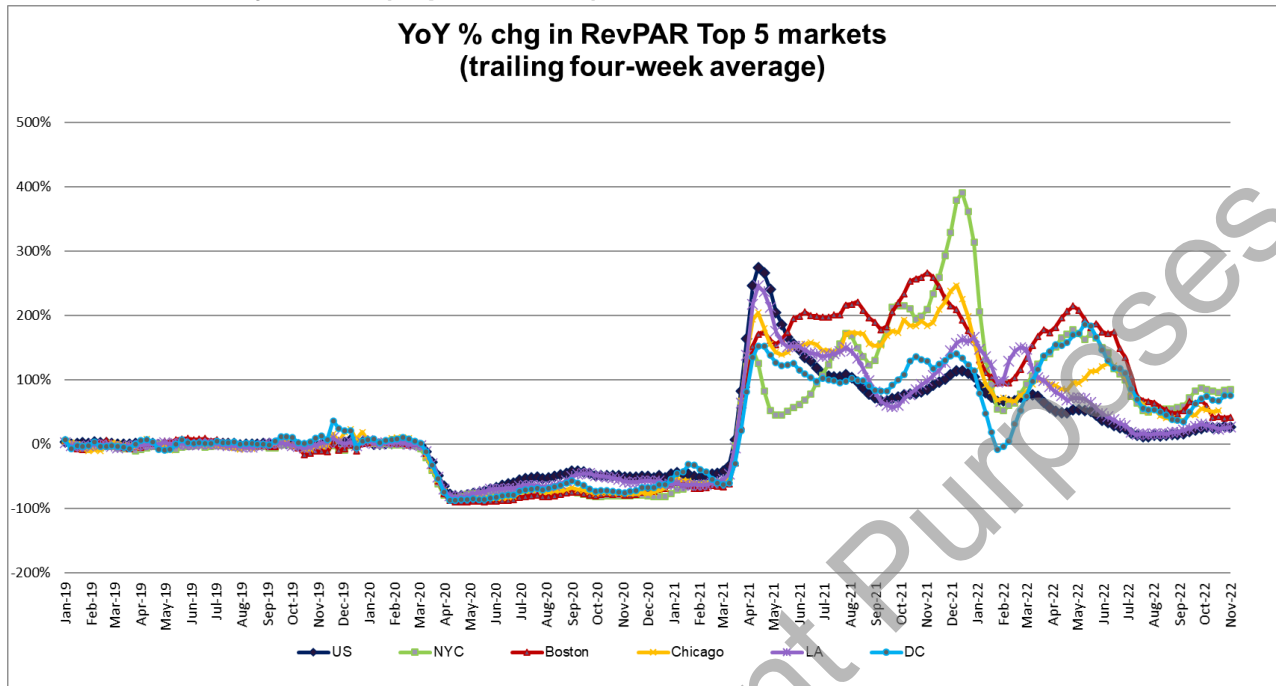
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



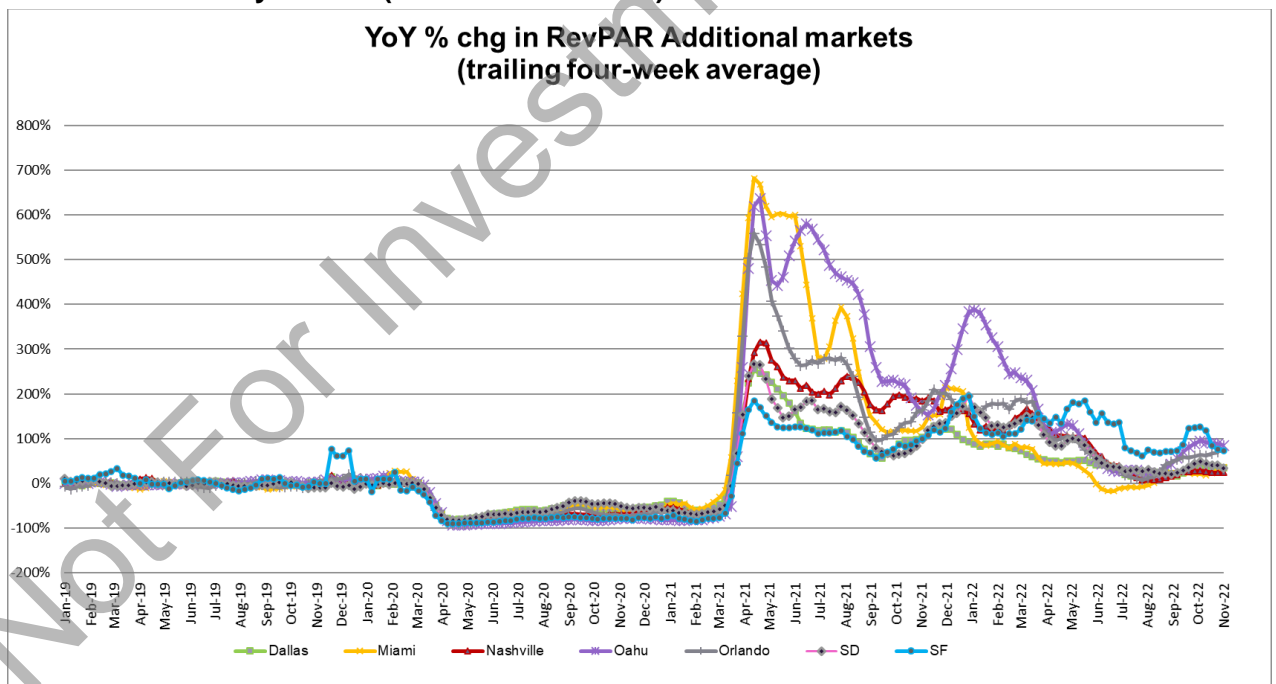
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



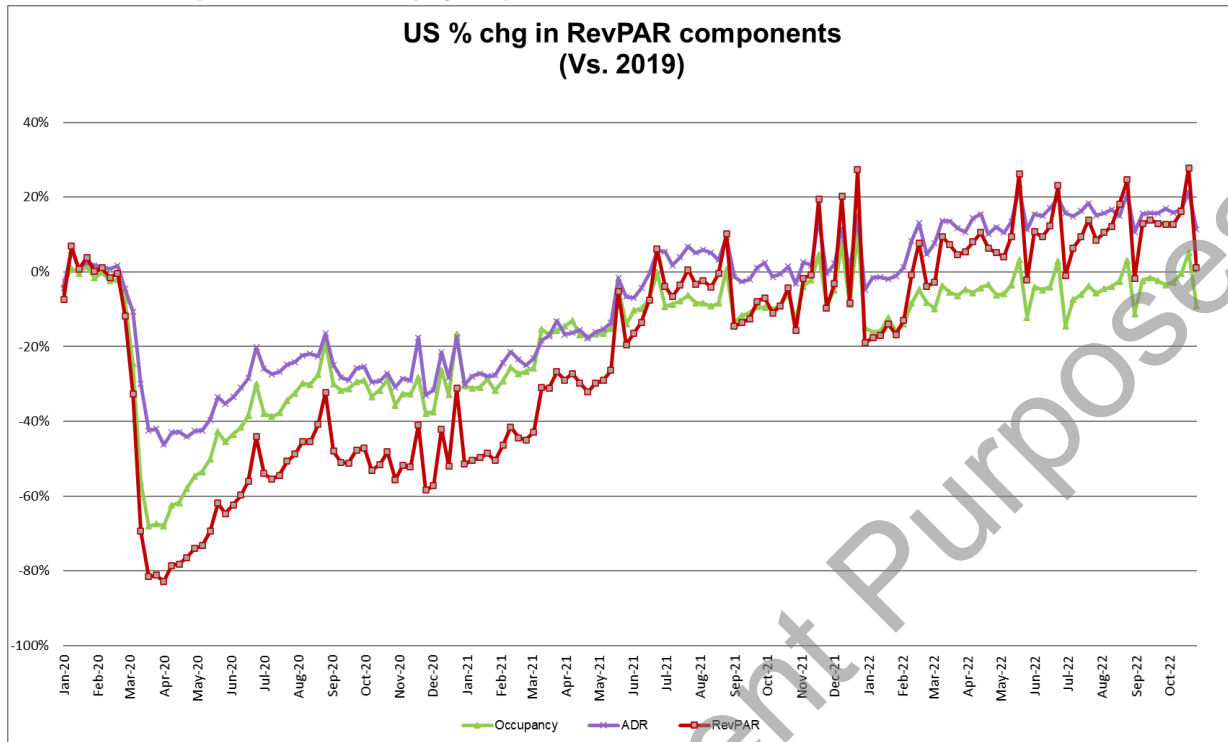
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



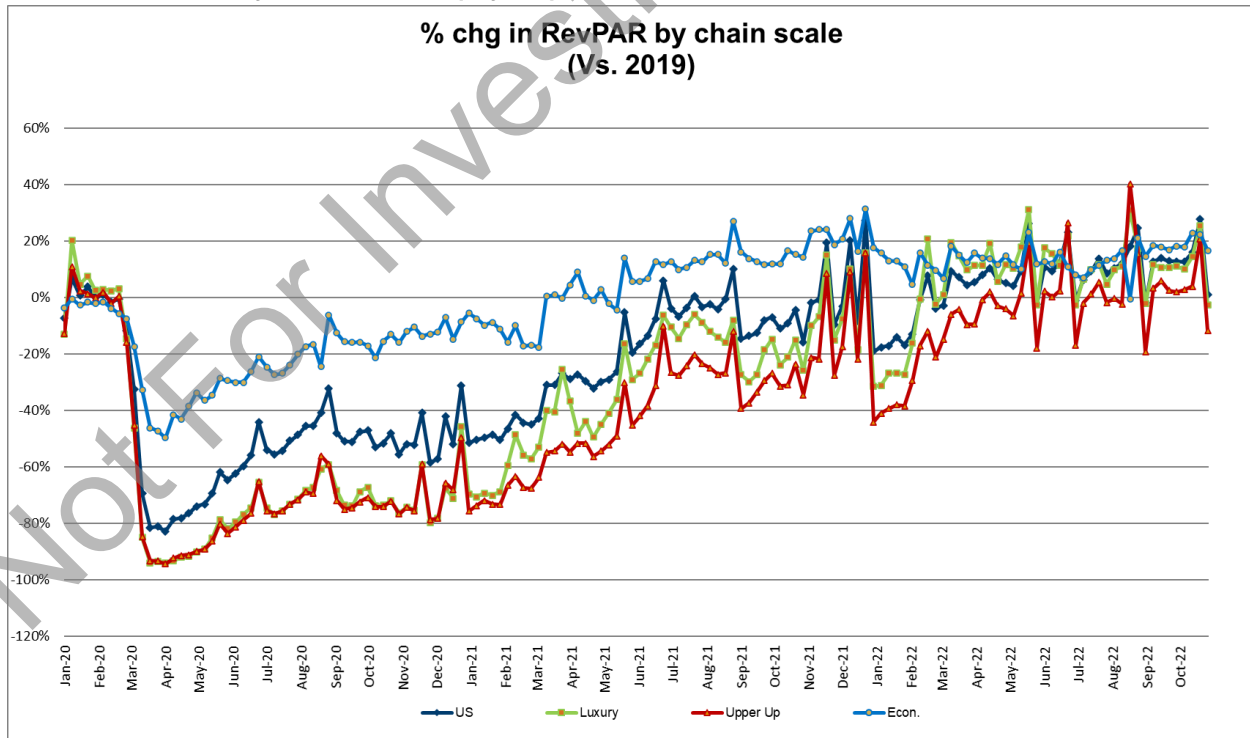
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



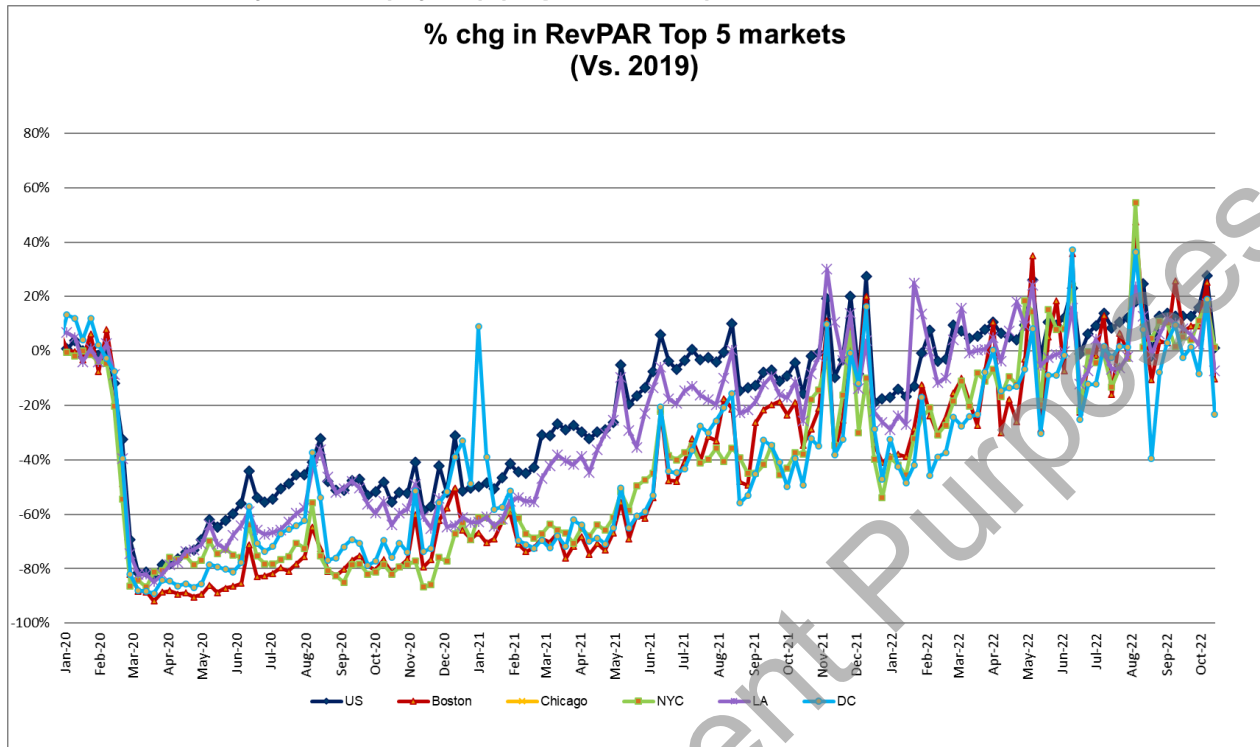
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



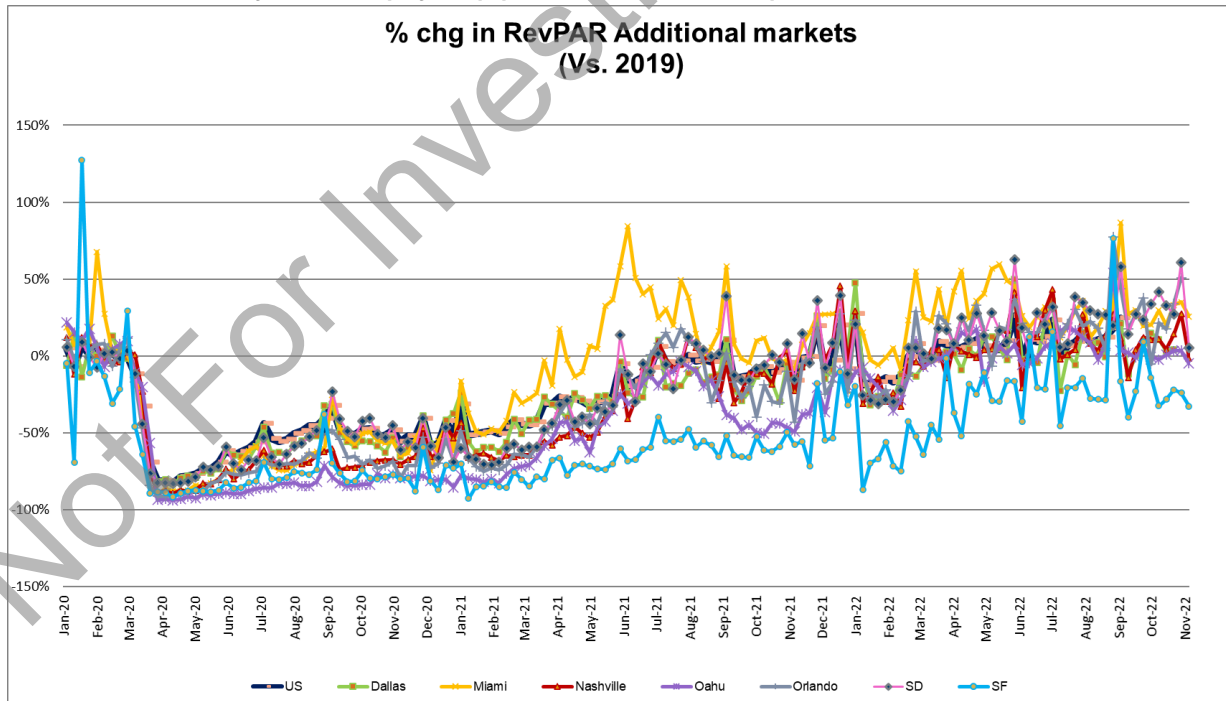
Source: STR data, Truist Securities research

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 11/8/22	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	\$20.77	Buy	\$46	123%	\$122	\$132	\$132	\$122	\$132	\$157	7.7X	Downside risk: controlled company issues, limited cap/floot, loan defaults, and macroeconomic risk.
Choice Hotels	CHH	\$116.02	Hold	\$135	16%	\$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	\$8.61	Hold	\$11	28%	\$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 RASK 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	\$130.83	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	\$37.52	Buy	\$63	67%	\$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 getting additional fee-for-service inventory deals
Host Hotels & Resorts	HST	\$17.25	Hold	\$21	22%	\$532	\$1,514	\$1,507	\$532	\$1,514	\$1,507	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	\$91.14	Buy	\$132	45%	\$234	\$944	\$1,096	\$284	\$1,000	\$1,157	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	\$150.50	Hold	\$184	22%	\$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	\$139.37	Buy	\$202	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	\$11.82	Buy	\$22	86%	\$123	\$567	\$752	\$142	\$566	\$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	\$15.21	Hold	\$18	18%	\$88	\$386	\$405	\$88	\$396	\$416	13.5X	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	\$5.78	Buy	\$11	90%	\$86	\$211	\$248	\$99	\$222	\$259	10.5X	Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	\$11.31	Buy	\$15	33%	\$145	\$318	\$380	\$162	\$340	\$403	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	\$85.90	Buy	\$103	20%	\$162	\$509	\$613	\$177	\$522	\$611	13.0X	Downside risk: Group demand returns slower than expected. Property-specific risks given a small portfolio.
Sunstone Hotel Investors	SHO	\$10.28	Hold	\$12	17%	\$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. Montage EBITDA stabilizes well lower than expected.
Vail Resorts, Inc.	MTN	\$219.38	Hold	\$270	23%	\$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.
Travel + Leisure Co.	TNL	\$36.76	Buy	\$72	95%	\$748	\$835	\$971	\$778	\$869	\$1,014	8.6X	Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.
Wyndham Hotels & Resorts	WH	\$71.30	Buy	\$90	26%	\$562	\$609	\$645	\$590	\$642	\$687	15.0X	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.

\* 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



## H: Valuation and Risks

Our price target of \$132 for H is derived by applying a 13.8x target EV/EBITDA multiple (a blended average of the industry multiples for each business segment) to our estimate for 2024 EBITDA. Our valuation model for Hyatt assumes an owned-hotel 2024 EBITDA multiple of 12.5x and a franchise/management fee EBITDA multiple of 16.0x plus a 5% discount for time of money.

Downside risk: lodging recovery takes longer than expected. Planned dispositions take longer than expected. Material labor issues to owned hotels. Regional risks to the Caribbean including material new competitive supply growth. H pipeline growth slower than expected. Apple Leisure Group underperforms Hyatt's guidance.

## RHP: Valuation and Risks

Our price target of \$103 for RHP is derived by applying a 13.0x target EV/EBITDA multiple to our estimate for 2023 lodging EBITDA and a 16.0x multiple to our Opry/attractions estimate.

Risks to our rating and price target include:

Downside risks: Group demand returns slower than expected. Property-specific risks given a small portfolio.

## HLT: Valuation and Risks

We apply a blended multiple of 16.6x (11.5x for Owned/leased and 17.0x for Managed/franchised) to our 2023 adjusted EBITDA estimate to derive a price target of \$150. This multiple is above the high end of the historical range of 10x-16x.

Risks to our rating and price target:

Upside risks include: Higher than expected pipeline growth, material RevPAR growth (macroeconomic improvement beyond expectations), material market share gains.

Downside risks include: Growth trajectory could disappoint. Pipeline growth could either slow down or projects scheduled for construction could be canceled, which would diminish system growth for the firm and disappoint investors.

## MAR: Valuation and Risks

Our \$184 price target is based on a 16.8x blended multiple on our 2023E EBITDA. In the parts, we assign a 13.0x multiple of EBITDA to the Owned segment and 17.0x fees EBITDA (the fees EBITDA also includes credit card branding fees, a 10x multiple business) to the managed/franchised business. The multiple is towards the higher end of the historical range of 9-18x.

Risks to our rating and price target:

Upside Risks: Significant U.S macroeconomic improvement results in large recovery in transient corporate and group/convention demand. Owned assets sell for premium prices relative to MAR expectations. Supply growth is stronger than expectations. Consolidation in the lodging industry benefits MAR.

Downside Risks: Deep macroeconomic recession. Geopolitical, inflation, and policy risks negatively impact lodging demand. Inability to grow pipeline in line with Street expectations.

## SHO: Valuation and Risks

Our price target of \$12 is based on a 13.5x multiple (in-line with portfolio quality) on 2023E EBITDA.

Upside risks to our rating and price target: Quicker than expected recovery of corporate and group demand in SHO's markets. Above average group bookings in Orlando and Boston Park Plaza post-meeting space expansions. SHO buys hotels at accretive terms and quickly adds incremental EBITDA during the valuation period. (We expect SHO will be an acquirer and likely a very successful one given SHO's track record, although we see ROI CapEx gains more in the 2023+ period.)

Downside risks to our rating and price target: 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.

## Companies Mentioned in This Note

**Hyatt Hotels Corporation** (H, \$91.14, Buy, C. Patrick Scholes)

**Hilton Worldwide Holdings Inc.** (HLT, \$130.83, Hold, C. Patrick Scholes)

**Marriott International, Inc.** (MAR, \$150.50, Hold, C. Patrick Scholes)

**Ryman Hospitality Properties, Inc.** (RHP, \$85.90, Buy, C. Patrick Scholes)

**Sunstone Hotel Investors, Inc.** (SHO, \$10.28, Hold, C. Patrick Scholes)

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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.

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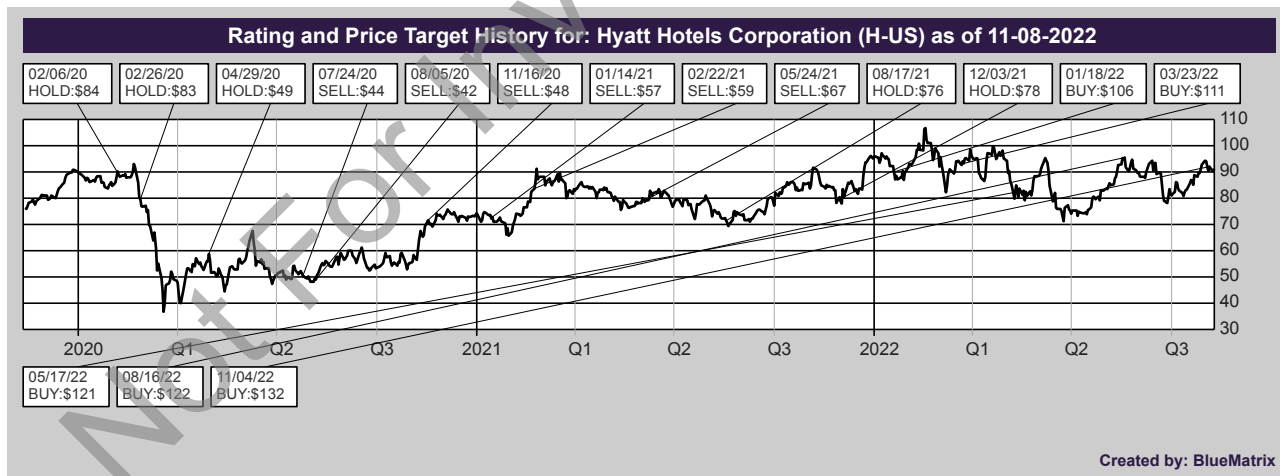
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Rating and Price Target History for: Hilton Worldwide Holdings Inc. (HLT-US) as of 11-08-2022



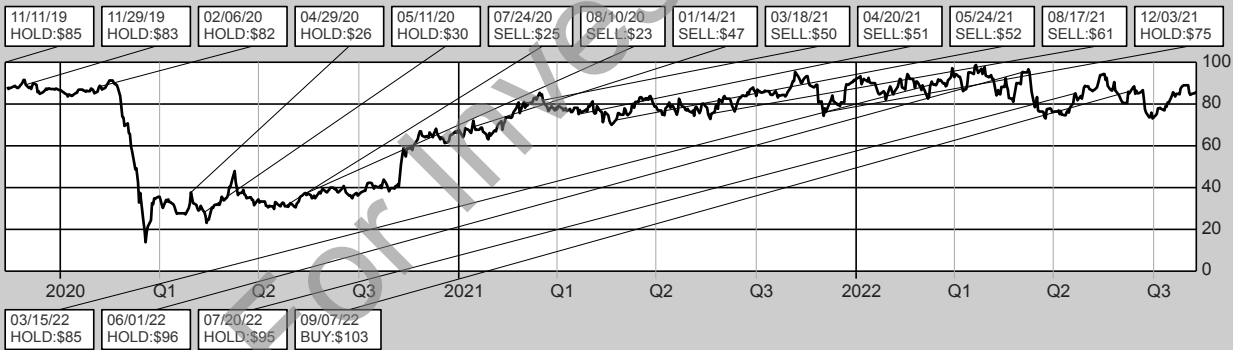
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Rating and Price Target History for: Marriott International, Inc. (MAR-US) as of 11-08-2022

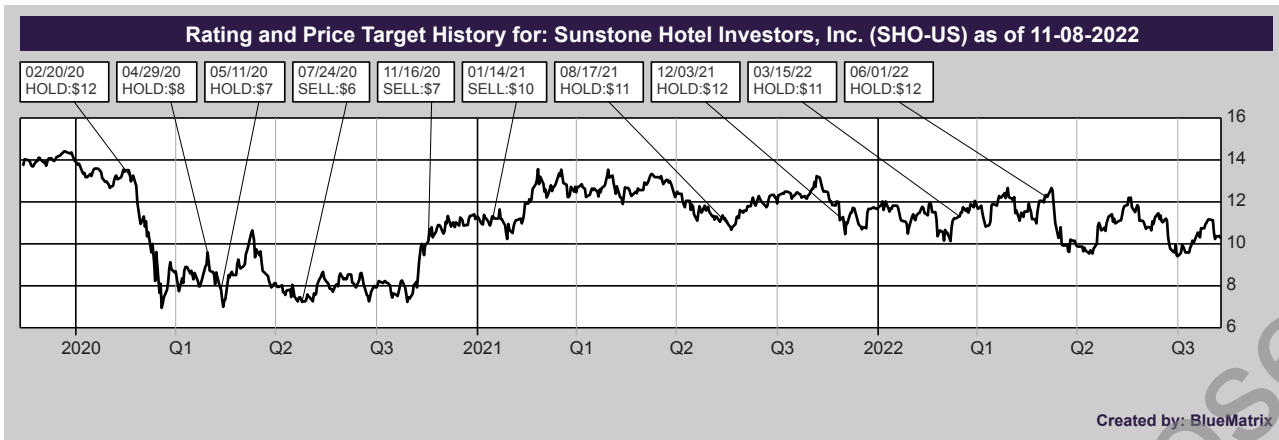


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Rating and Price Target History for: Ryman Hospitality Properties, Inc. (RHP-US) as of 11-08-2022



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