

## CONSUMER: Lodging

## C. Patrick Scholes

212-319-3915  
Patrick.Scholes@truist.com

## Gregory J. Miller

212-303-4198  
Gregory.J.Miller@truist.com

12 Page Document

## Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

## Lodging: US RevPAR -0.1% y/y last week; clean comp vs strong '21 holiday travel. +20% vs. 2019

Overall U.S. RevPAR was -0.1% y/y for the week ending 11/26/2022, per STR, down from the prior week's result of +20.1% y/y. Last week's RevPAR was against a +102.0% comparable result in 2021 vs. +107.6% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +19.9% vs. +19.8% in the prior week's 3-year run-rate.**

We do not view the y/y headline RevPAR results as too surprising. We note that last Thanksgiving was a busy travel week given 2020 holiday demand was extremely light because of Covid. **As we wrote last year in our analysis of 2021 Thanksgiving travel, "Americans gorged on turkey and on hotel rooms" with ADRs up "bigly".** Additionally, much of the y/y RevPAR strength in prior weeks/months this year has been from rebounding business and group travel and Thanksgiving week is naturally a light week for those segments, hence the customer mix worked against last week. The 2019 compare was clean and ADR driven.

Given the 2019 comparison was also a clean comp, we note that while RevPAR was +20%, occupancy was flat making the gains all rate-driven. This imbalance is better for hotel profits although at 50% occupancy hotels are generally not that operationally efficient during Thanksgiving week.

**Major RevPAR statistics presented below:**

- Luxury RevPAR: -2.5% y/y and +13.9% over 3 years;
- Upper Upscale RevPAR: -0.4% y/y and +8.6% over 3 years;
- Upscale RevPAR: +2.2% y/y and +18.1% over 3 years;
- Upper Midscale RevPAR: +1.1% y/y and +23.3% over 3 years;
- Midscale RevPAR: -1.2% y/y and +21.7% over 3 years;
- Economy RevPAR: -1.7% y/y and +21.6% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: -1.5% y/y and +23.7% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
  - Group: +17.1% y/y vs. +63.1% prior week; over 3 years: +1.7% vs +18.1% prior week.
  - Transient: -4.2% y/y vs. +17.3% prior week; over 3 years: +17.2% vs +14.7% prior week.

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

- Headline RevPAR was -0.1% y/y vs. the running 28-day average of +15.5% y/y.
- **Occupancy:** Absolute occupancy was -4.8% y/y vs. 2.8% for the running 28-day average.
- **Absolute Group occupancy:** 6.2% last week vs. 19.2% 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 (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    |          |         | Economy | Inde-<br>pendent | New York | Boston | LA    | Chicago | DC |
|------------|-------|--------|---------|----------|----------|----------|---------|---------|------------------|----------|--------|-------|---------|----|
|            |       | Luxury | Upscale | Midscale | 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%  | 35.5% | 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%           | 99.0%    | 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%   |    |
| 11/12/2022 | 19.4% | 22.3%  | 34.7%   | 24.3%    | 13.8%    | 6.8%     | 2.8%    | 15.0%   | 43.7%            | 64.9%    | 15.7%  | 53.9% | 46.2%   |    |
| 11/19/2022 | 20.1% | 21.4%  | 38.1%   | 23.9%    | 13.8%    | 6.1%     | 1.1%    | 16.6%   | 36.9%            | 47.8%    | 21.2%  | 44.6% | 63.3%   |    |
| 11/26/2022 | -0.1% | -2.5%  | -0.4%   | 2.2%     | 1.1%     | -1.2%    | -1.7%   | -1.5%   | 10.6%            | 3.4%     | -8.4%  | 5.9%  | 6.7%    |    |

Tough yly comp Upscale and Upper Midscale led the industry NYC and DC led the Top 5 markets

|      |        |        |        |        |        |        |        |        |        |        |        |        |        |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1019 | 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%  |
| 2019 | 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%  |
| 3019 | 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%   |
| 4019 | 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%   |
| 1020 | -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% |
| 2020 | -69.9% | -66.8% | -66.7% | -74.8% | -65.4% | -51.3% | -35.0% | -65.2% | -76.9% | -68.2% | -74.5% | -63.7% | -63.7% |
| 3020 | -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% |
| 4020 | -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% |
| 1021 | -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% |
| 2021 | 160.4% | 391.1% | 305.3% | 173.3% | 150.1% | 100.7% | 61.1%  | 162.0% | 73.8%  | 192.1% | 166.4% | 159.3% | 126.2% |
| 3021 | 83.6%  | 201.3% | 152.9% | 91.2%  | 72.8%  | 56.4%  | 39.5%  | 71.1%  | 169.2% | 207.8% | 35.8%  | 168.4% | 96.9%  |
| 4021 | 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% |
| 1022 | 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%  |
| 2022 | 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% |
| 3022 | 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    |          |         | Economy | Inde-<br>pendent | New York | Boston | LA    | Chicago | DC |
|------------|-------|--------|---------|----------|----------|----------|---------|---------|------------------|----------|--------|-------|---------|----|
|            |       | Luxury | Upscale | Midscale | 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% | 16.7%   |    |
| 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%            | 42.5%    | 18.1%  | 41.4% | 43.4%   |    |
| 9/24/2022  | 17.6% | 16.0%  | 20.5%   | 18.3%    | 9.6%     | 6.8%     | 4.6%    | 14.9%   | 57.1%            | 16.6%    | 16.8%  | 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%   |    |
| 11/12/2022 | 13.7% | 9.0%   | 14.3%   | 14.9%    | 9.6%     | 7.0%     | 5.3%    | 12.5%   | 27.2%            | 30.0%    | 12.0%  | 25.1% | 21.3%   |    |
| 11/19/2022 | 14.1% | 6.8%   | 15.3%   | 14.6%    | 9.5%     | 7.3%     | 5.0%    | 12.8%   | 22.7%            | 24.9%    | 14.4%  | 21.0% | 29.2%   |    |
| 11/26/2022 | 5.0%  | 3.7%   | 4.1%    | 7.8%     | 5.0%     | 3.7%     | 3.2%    | 4.6%    | 10.6%            | 7.5%     | 2.5%   | 6.2%  | 5.0%    |    |

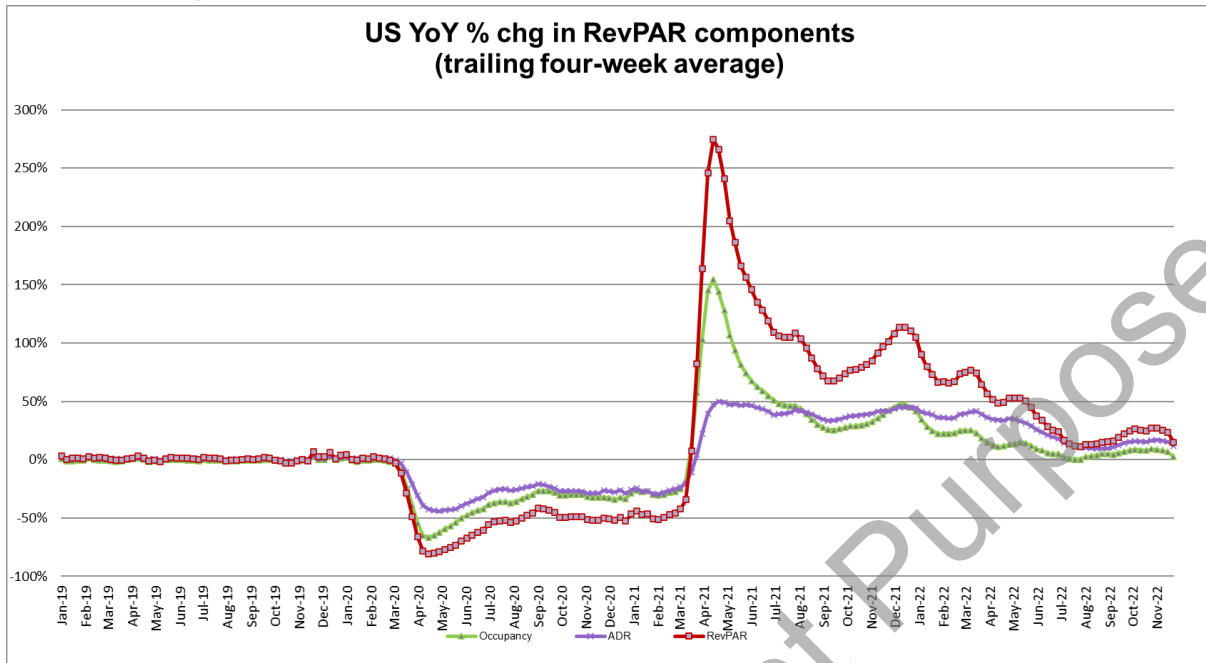
|      |        |        |        |        |        |        |        |        |        |        |        |        |        |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1019 | 1.1%   | 2.2%   | 2.5%   | 1.0%   | 0.8%   | -0.2%  | -0.3%  | 1.0%   | -3.8%  | 0.7%   | -1.0%  | -2.4%  | 1.5%   |
| 2019 | 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%   |
| 3019 | 0.8%   | 1.5%   | 1.3%   | 0.2%   | -0.1%  | -0.5%  | -0.5%  | 1.6%   | -1.9%  | 0.0%   | -0.2%  | -2.8%  | 4.0%   |
| 4019 | 0.7%   | 2.4%   | 0.6%   | -0.4%  | -0.3%  | -1.0%  | -1.0%  | 1.9%   | -3.7%  | -5.0%  | 0.3%   | -2.2%  | 3.9%   |
| 1020 | -4.0%  | -1.6%  | -1.4%  | -2.9%  | -3.1%  | -3.8%  | -3.8%  | -2.8%  | -8.6%  | -6.2%  | -2.7%  | -2.6%  | -6.8%  |
| 2020 | -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% |
| 3020 | -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% |
| 4020 | -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% |
| 1021 | -19.6% | 3.4%   | -23.4% | -23.0% | -14.2% | -6.3%  | -1.5%  | -12.1% | -28.3% | -32.9% | 29.7%  | -25.7% | -27.9% |
| 2021 | 43.2%  | 37.8%  | 30.6%  | 21.3%  | 23.1%  | 20.4%  | 18.6%  | 52.6%  | 33.5%  | 58.0%  | 42.5%  | 48.1%  | 23.1%  |
| 3021 | 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%  |
| 4021 | 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%  |
| 1022 | 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%  |
| 2022 | 26.2%  | 14.3%  | 29.0%  | 27.1%  | 18.9%  | 14.8%  | 11.8%  | 20.5%  | 89.0%  | 73.6%  | 32.9%  | 53.6%  | 60.6%  |
| 3022 | 11.6%  | 6.7%   | 12.6%  | 13.3%  | 7.6%   | 5.9%   | 4.2%   | 8.9%   | 82.6%  | 30.0%  | 14.6%  | 25.4%  | 25.5%  |

YoY % change in Occupancy

|            | U.S.  | Upper  |         |          | Upper    |          |         | Economy | Inde-<br>pendent | New York | Boston | LA    | Chicago | DC |
|------------|-------|--------|---------|----------|----------|----------|---------|---------|------------------|----------|--------|-------|---------|----|
|            |       | Luxury | Upscale | Midscale | Midscale | Midscale | Economy |         |                  |          |        |       |         |    |
| 8/27/2022  | 6.7%  | 26.3%  | 26.8%   | 11.1%    | 5.2%     | -1.6%    | -4.3%   | 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%    | -5.5%   | 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%     | -3.8%    | -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%  | 20.5%   | 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%    | 8.1%     | 1.8%     | -0.7%   | 5.9%    | 32.9%            | 15.8%    | 9.1%   | 28.0% | 22.7%   |    |
| 10/22/2022 | 9.6%  | 28.3%  | 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% | 41.5%   |    |
| 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%   |    |
| 11/12/2022 | 5.0%  | 12.3%  | 17.9%   | 8.2%     | 3.6%     | -0.3%    | -2.4%   | 2.3%    | 13.0%            | 26.8%    | 3.3%   | 23.0% | 20.6%   |    |
| 11/19/2022 | 5.3%  | 13.7%  | 19.8%   | 8.1%     | 3.7%     | -1.1%    | -3.7%   | 3.3%    | 11.6%            | 18.3%    | 6.0%   | 19.4% | 26.4%   |    |
| 11/26/2022 | -4.8% | -5.0%  | -4.3%   | -5.2%    | -3.7%    | -4.7%    | -4.7%   | -5.8%   | 0.1%             | -3.8%    | -10.6% | -2.1% | -2.1%   |    |

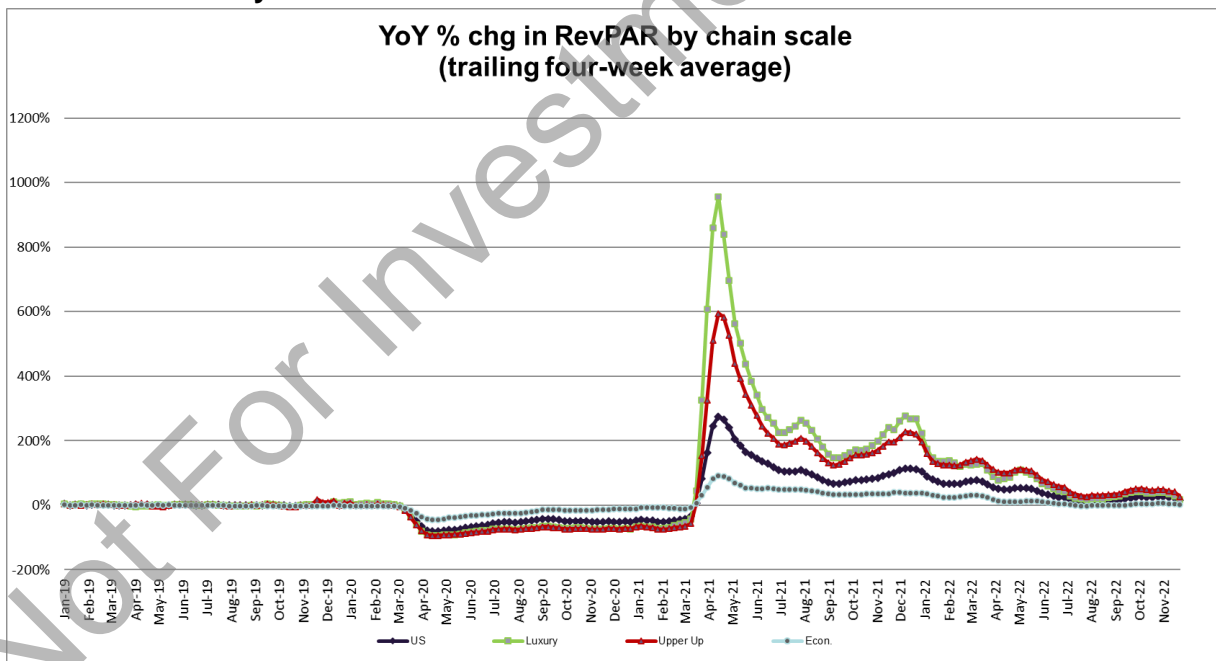
Source: STR data, Truist Securities research

RevPAR Component Trends



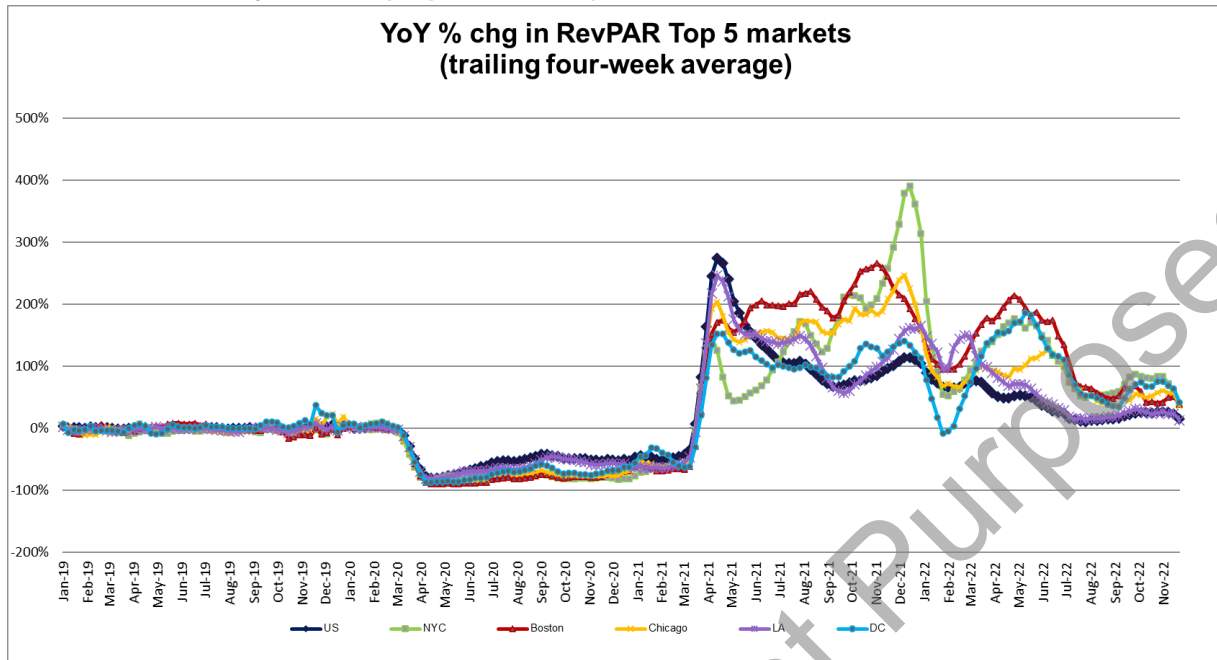
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



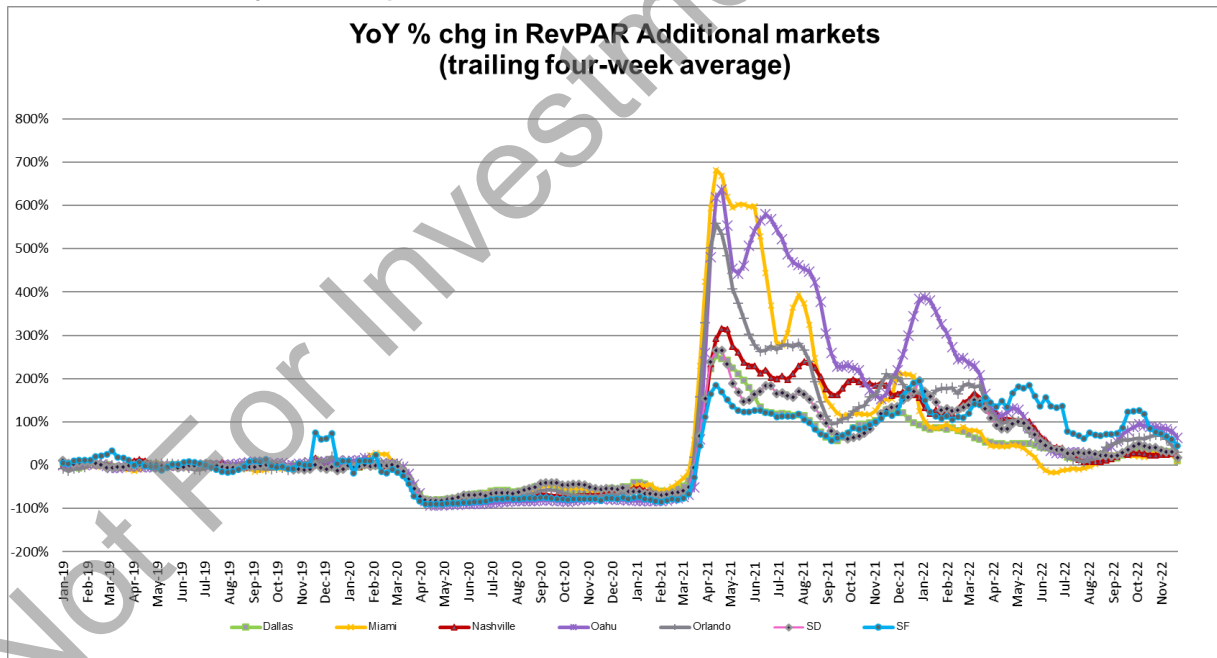
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



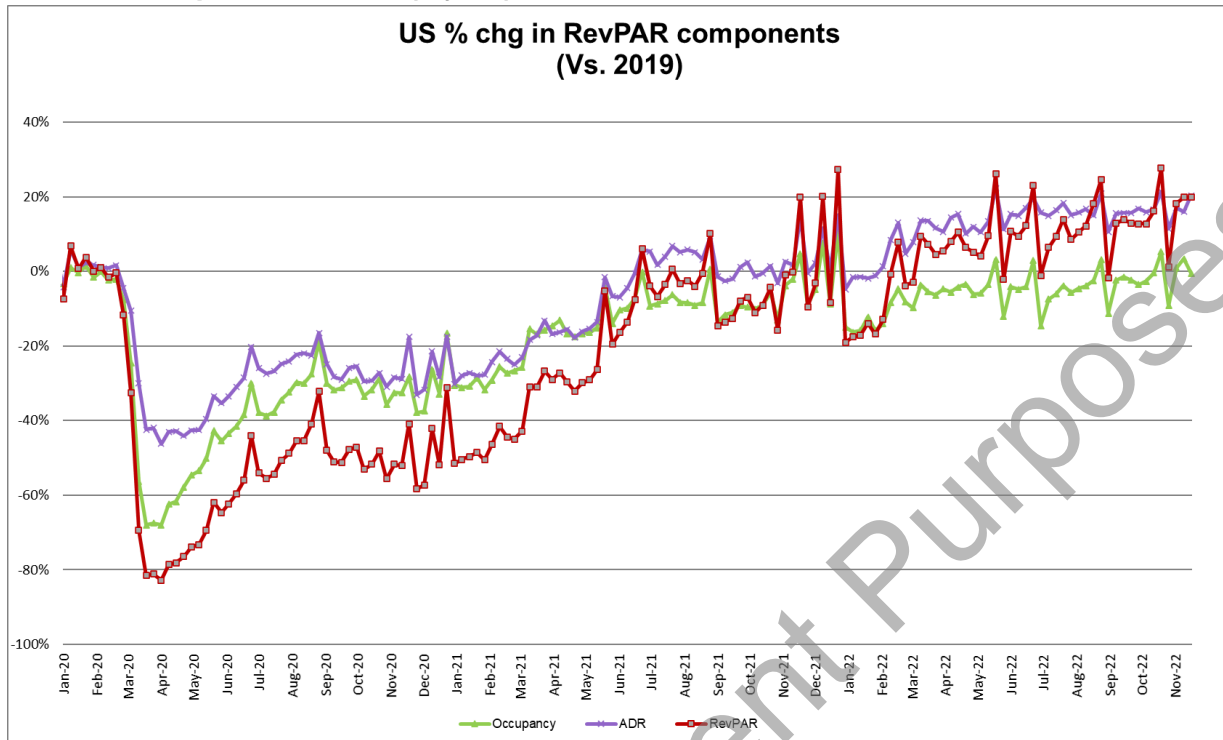
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



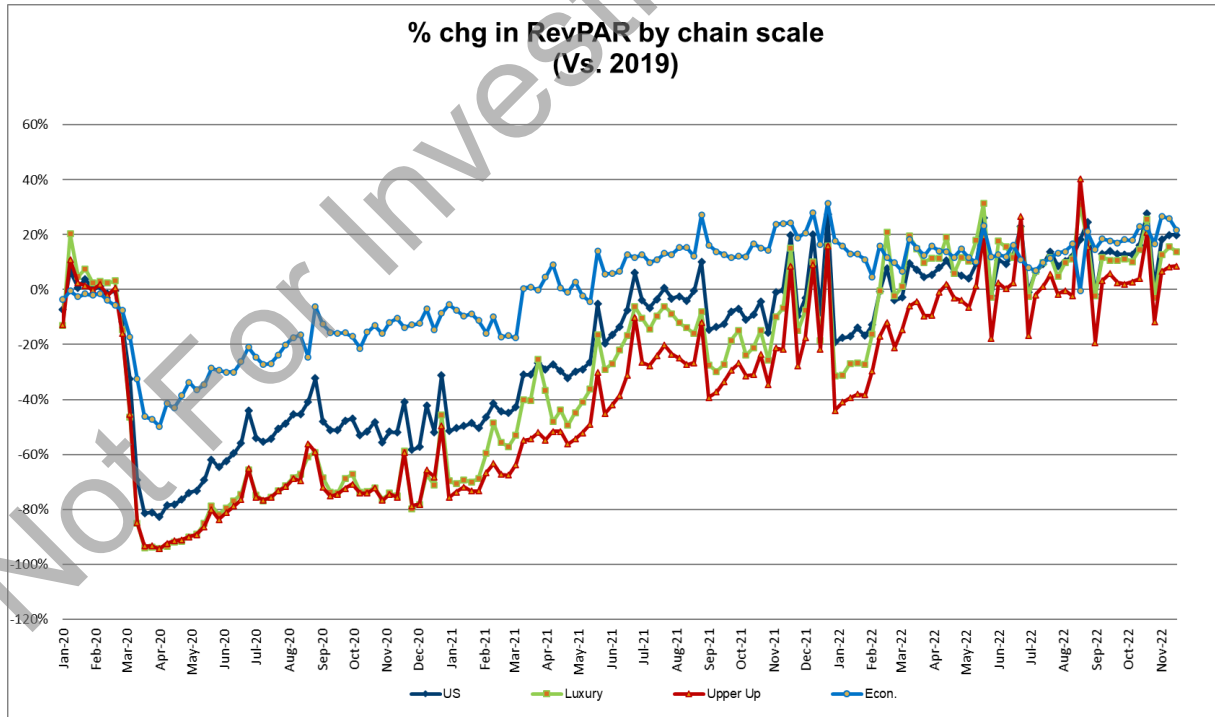
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



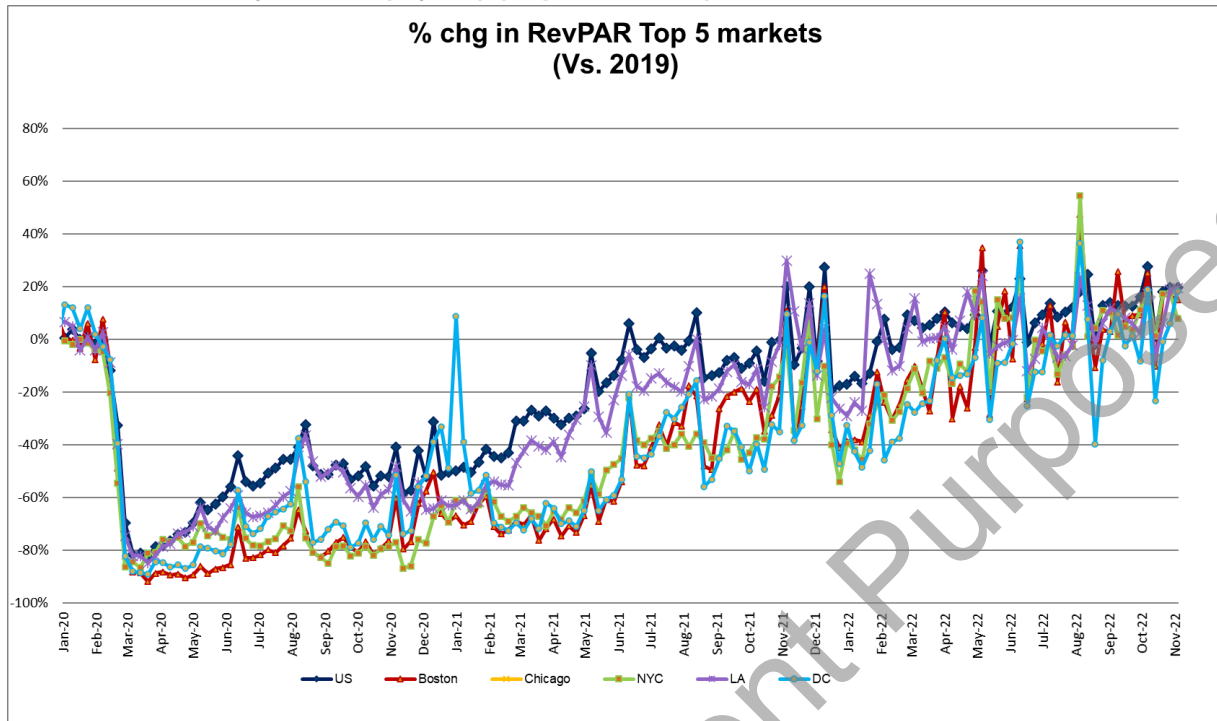
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



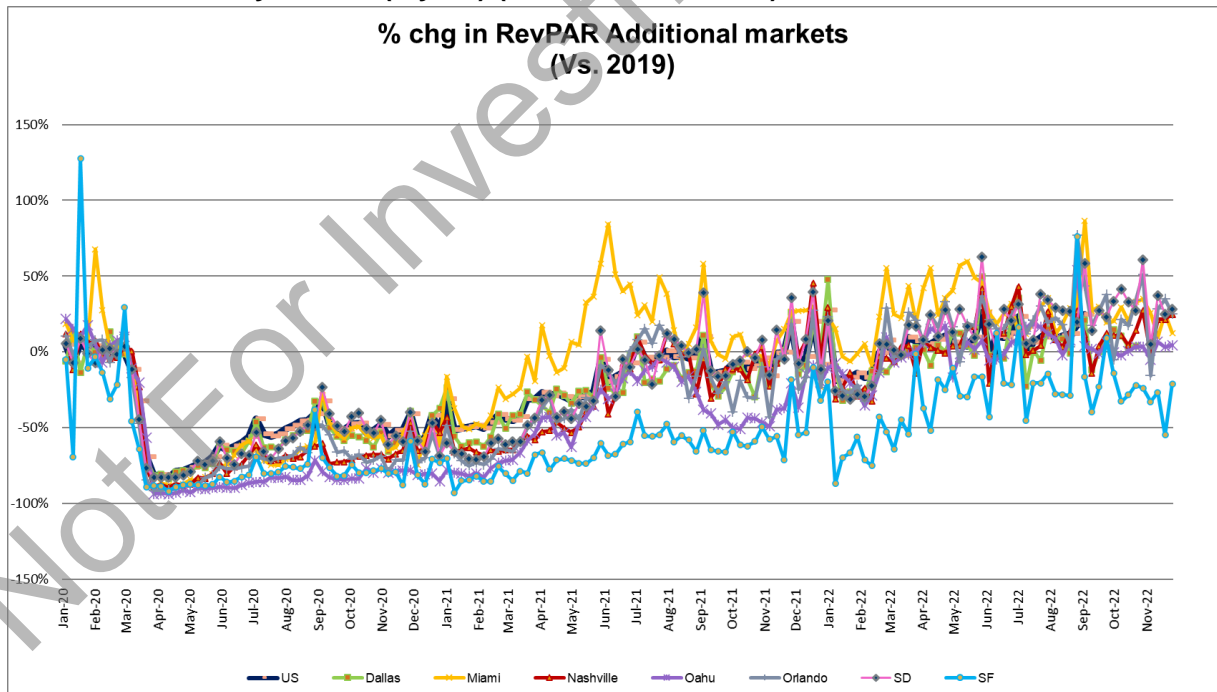
Source: STR data, Truist Securities research

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<br>11/23/22 | Rating | PT*   | % upside/<br>down-<br>side | Truist Securities Valuation EBITDA<br>excluding Stock Based Comp/Other |                            |                            | As Reported/Consensus/Data Aggregator<br>"Headline" EBITDA |                          |                          | Target<br>EV/EBITDA<br>Multiple | Risks<br>Note: COVID-19 represents a material risk<br>to our entire coverage especially related<br>to the length/severity of the demand shock.  |
|------------------------------|------|-------------------|--------|-------|----------------------------|--|----------------------------|----------------------------|--|--------------------------|--------------------------|---------------------------------|---|
|                              |      |                   |        |       |                            | 2021A<br>EBITDA<br>(\$M)**   | 2022E<br>EBITDA<br>(\$M)** | 2023E<br>EBITDA<br>(\$M)** | 2021A<br>EBITDA<br>(\$M)                                   | 2022E<br>EBITDA<br>(\$M) | 2023E<br>EBITDA<br>(\$M) |                                 |   |
| Bluegreen Vacations          | BVH  | \$21.60           | Buy    | \$45  | 110%                       | \$122  | \$135                      | \$131                      | \$122  | \$135                    | \$131                    | 7.7X                            | Downside risk: controlled company issues, limited cap/float, loan defaults, and macroeconomic risk.   |
| Choice Hotels                | CHH  | \$121.29          | Hold   | \$135 | 11%                        | \$392  | \$446                      | \$487                      | \$404  | \$459                    | \$503                    | 16.0X                           | Upside risk: conservative growth of new brands; market share gains.<br>Downside risk: slowdown in development opportunities; market share losses.   |
| DiamondRock Hospitality      | DRH  | \$9.17            | Hold   | \$11  | 20%                        | \$83   | \$276                      | \$290                      | \$84   | \$276                    | \$290                    | 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  | \$138.75          | Hold   | \$150 | 8%                         | \$1,470  | \$2,414                    | \$2,975                    | \$1,629  | \$2,511                  | \$3,080                  | 16.6X                           | Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.   |
| Hilton Grand Vacations       | HGV  | \$43.03           | Buy    | \$62  | 44%                        | \$589  | \$982                      | \$1,033                    | \$641  | \$1,039                  | \$1,093                  | 9.2X                            | 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<br>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  | \$18.66           | Hold   | \$21  | 13%                        | \$532  | \$1,514                    | \$1,507                    | \$532  | \$1,514                  | \$1,507                  | 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    | \$98.06           | Buy    | \$132 | 35%                        | \$234  | \$944                      | \$1,096                    | \$284  | \$1,000                  | \$1,157                  | 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  | \$161.26          | Hold   | \$184 | 14%                        | \$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.<br>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  | \$146.11          | Buy    | \$205 | 40%                        | \$606  | \$930                      | \$978                      | \$657  | \$969                    | \$1,019                  | 10.2X                           | 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   | \$12.37           | Buy    | \$20  | 62%                        | \$123  | \$579                      | \$704                      | \$142  | \$597                    | \$728                    | 12.0X                           | Downside risk: demand shocks, hurricanes, reduced airlift, new supply; country-specific risks (emerging market portfolio)   |
| Pebblebrook Hotel Trust***   | PEB  | \$16.20           | Hold   | \$18  | 11%                        | \$88   | \$386                      | \$405                      | \$88   | \$396                    | \$416                    | 13.5X                           | 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 | \$5.95            | Buy    | \$11  | 85%                        | \$86   | \$211                      | \$248                      | \$99   | \$222                    | \$259                    | 10.5X                           | Downside risk: Group demand returns slower than expected. Property-specific risks given a small portfolio.  |
| RLJ Lodging Trust***         | RLJ  | \$11.90           | Buy    | \$15  | 26%                        | \$145  | \$318                      | \$380                      | \$162  | \$340                    | \$403                    | 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  | \$89.77           | Buy    | \$104 | 16%                        | \$162  | \$516                      | \$614                      | \$177  | \$544                    | \$642                    | 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.<br>Upside risks include a faster economic recovery and investors continuing to apply higher target valuation multiples.  |
| Sunstone Hotel Investors     | SHO  | \$10.78           | Hold   | \$12  | 11%                        | \$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.<br>Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.   |
| Vail Resorts, Inc.           | MTN  | \$256.30          | Hold   | \$270 | 5%                         | \$540  | \$833                      | \$934                      | \$540  | \$833                    | \$934                    | 15.0X                           |   |
| Travel + Leisure Co.         | TNL  | \$38.36           | Buy    | \$60  | 55%                        | \$748  | \$820                      | \$904                      | \$778  | \$861                    | \$947                    | 8.5X                            |   |
| Wyndham Hotels & Resorts     | WH   | \$72.91           | Buy    | \$90  | 23%                        | \$562  | \$609                      | \$645                      | \$590  | \$642                    | \$687                    | 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



## 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 \$104 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. We view the multiple assignments as appropriate for the quality and unique nature of the portfolios (slight premium to REIT peer average of ~12.0-12.5x on Hospitality).

Risks to our rating and price target include: 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.

## Companies Mentioned in This Note

**Hyatt Hotels Corporation** (H, \$100.32, Buy, C. Patrick Scholes)

**Hilton Worldwide Holdings Inc.** (HLT, \$142.62, Hold, C. Patrick Scholes)

**Marriott International, Inc.** (MAR, \$165.35, Hold, C. Patrick Scholes)

**Ryman Hospitality Properties, Inc.** (RHP, \$91.53, 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

The following companies are clients of Truist Securities, Inc. for investment banking services within the last 12 months: H-US and MAR-US

Truist Securities, Inc. or an affiliate has received compensation for investment banking services within the last 12 months: H-US and MAR-US

Truist Securities, Inc. or an affiliate expects to receive or intends to seek compensation for investment banking services from the following company in the next three months: H-US

The following company is a client of Truist Securities, Inc. for non-securities-related services within the last 12 months: H-US

Truist Securities, Inc. or an affiliate has received compensation for non-securities related services within the last 12 months: H-US

Truist Securities, Inc. or an affiliate managed or co-managed a securities offering for the following company within the last 12 months: MAR-US

Truist Securities, Inc. makes a market in the following company: MAR-US

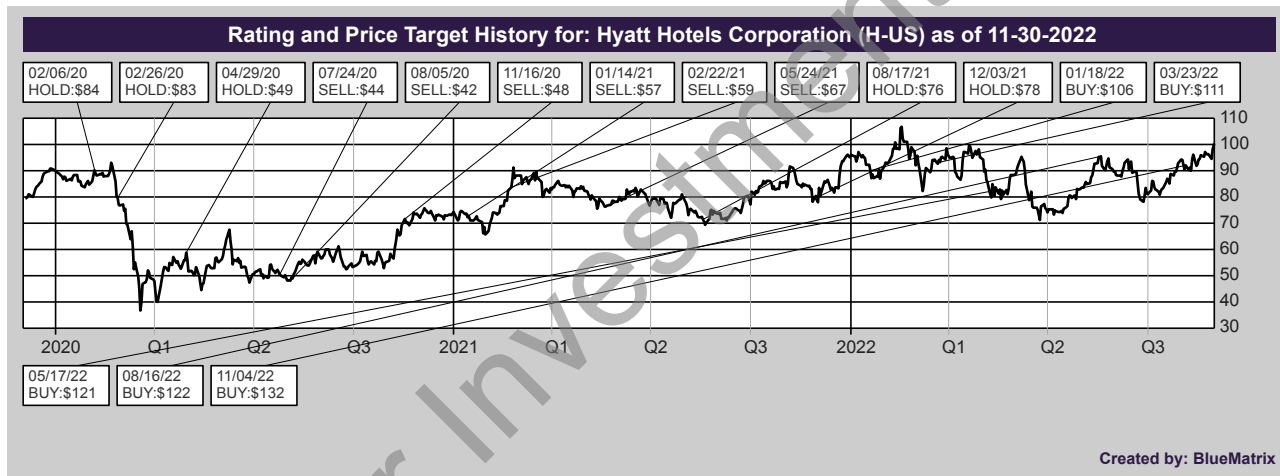
The following company is a client of Truist Securities, Inc. for non-investment banking securities-related services within the last 12 months: MAR-US

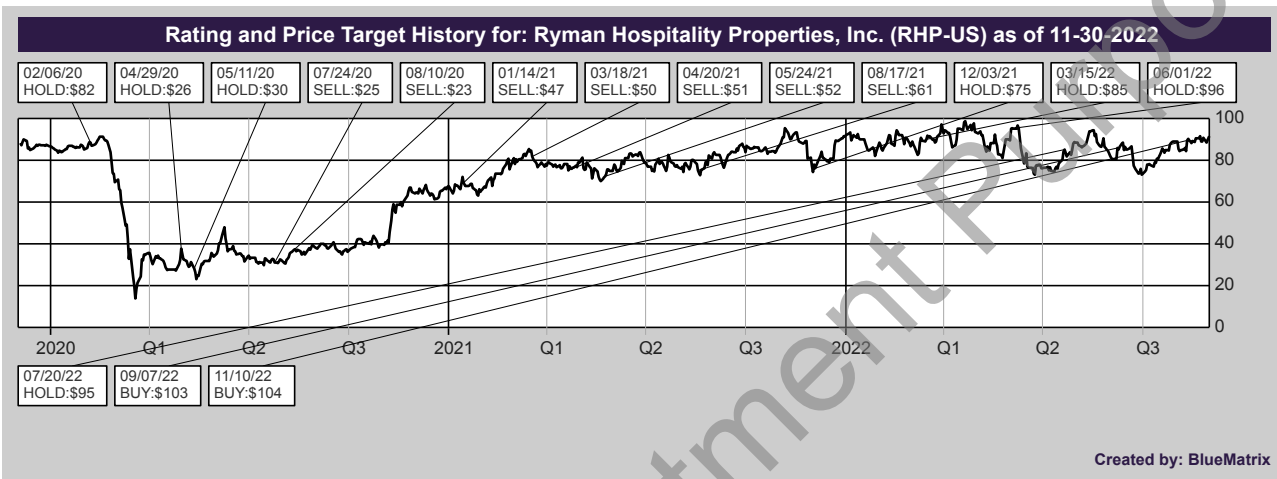
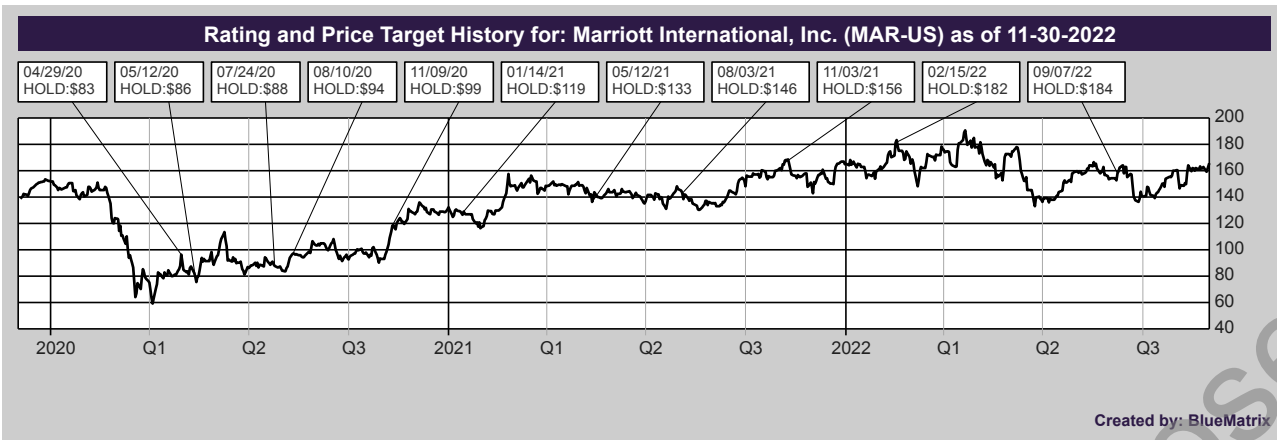
Truist Securities, Inc. or an affiliate has received compensation for non-investment banking services within the last 12 months: MAR-US

Truist Securities, Inc. and/or its affiliates own 1% or more of the equity securities of the following company: RHP-US

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.





## 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 11/30/2022):

| Coverage Universe |       |         | Investment Banking Clients Past 12 Months |       |         |
|-------------------|-------|---------|---|-------|---------|
| Rating            | Count | Percent | Rating                                    | Count | Percent |
| Buy               | 515   | 67.59%  | Buy                                       | 74    | 14.37%  |
| Hold              | 243   | 31.89%  | Hold                                      | 37    | 15.23%  |
| Sell              | 4     | 0.52%   | Sell                                      | 1     | 25.00%  |

## 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](http://TruistSecurities.com), or by writing to: Truist Securities, Research Department, 3333 Peachtree Road N.E., Atlanta, GA 30326-1070