

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: US RevPAR +17% y/y last week; +14% vs. 2019. Clean comps; healthy rebound from prior week.

Overall U.S. RevPAR was +16.7% y/y for the week ending 12/10/2022, per STR, up from the prior week's result of +11.7% y/y. Last week's RevPAR was against a +126.7% comparable result in 2021 vs. +117.1% in the prior week. **On a 3-year run-rate (vs. 2019), RevPAR was +14.0% vs. +1.7% in the prior week's 3-year run-rate.**

Last week's results were a healthy recovery from the soft demand in the prior week, particularly seen in midweek occupancy (+ individual business and group). While December is an imperfect month to analyze due to seasonally reduced travel, the good news is we did not see two soft clean comp weeks in a row.

As we noted in last Wednesday's note, "one week does not make a trend". The good news for the lodging industry is there appeared to be a nice rebound of travel as compared to the week after Thanksgiving. One of our industry experts suggested that there had been soft travel for the week following a holiday in 2022 as compared to the same weeks in prior years; it is possible this theory held true for last week's lodging results (two weeks after Thanksgiving).

- Note: wintery weather may complicate/challenge results for next Wednesday's STR data and any softness may be compounded in percent change in lower-occupancy mid-December.

Some positive highlights from last week's lodging results:

- Tuesday/Wednesday occupancies were in the mid 70s for Upscale-Luxury. Comparatively, occupancies were 60-66% last week.
- Group occupancy recovered to 21.1% last week versus the prior week of 17.3% (down 1.7% versus 2019 as compared to -24.0% for the prior week). However, Group ADR was similar to the prior week with vs. 2019 growth holding in the ~ +15-16 range. Still we view group occupancy at nearly 2019 levels in early December as a positive.

Major RevPAR statistics presented below:

- Luxury RevPAR: +19.3% y/y and +12.4% over 3 years;
- Upper Upscale RevPAR: +28.3% y/y and +5.9% over 3 years;
- Upscale RevPAR: +21.0% y/y and +6.4% over 3 years;
- Upper Midscale RevPAR: +11.3% y/y and +13.5% over 3 years;
- Midscale RevPAR: +4.0% y/y and +18.7% over 3 years;
- Economy RevPAR: +0.3% y/y and +20.8% over 3 years;
- Independent hotels (~ 1/3rd of the data set) RevPAR: +13.9% y/y and +20.3% over 3 years; and
- Within Upper Upscale & Luxury class hotels:
 - Group: +44.7% y/y vs. +39.7% prior week; over 3 years: +14.4% vs -12.9% prior week.
 - Transient: +15.5% y/y vs. +8.1% prior week; over 3 years: +10.6% vs -1.6% prior week.

Last week's RevPAR details and sequential trends:

- Headline RevPAR was +16.7% y/y vs. the running 28-day average of +12.5% y/y.
- **Occupancy:** Absolute occupancy was 59.6% y/y vs. 57.1% for the running 28-day average.
- **Absolute Group occupancy:** 21.1% last week vs. 17.0% 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 \$104 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.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
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%
11/12/2022	19.4%	22.3%	34.7%	24.3%	13.6%	6.6%	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%	13.6%	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%
12/3/2022	11.7%	11.2%	21.6%	13.8%	8.0%	2.6%	0.1%	10.3%	27.2%	38.2%	-14.4%	27.6%	38.8%
12/10/2022	16.7%	19.3%	28.3%	21.0%	11.3%	4.0%	0.3%	13.9%	42.0%	37.7%	8.4%	15.0%	59.4%

Clean comp vs 2019/2021

Upper Upscale and Upscale led the industry

DC 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%	162.0%	73.8%	192.1%	166.4%	158.3%	126.2%
3Q21	83.8%	201.3%	162.9%	91.2%	72.8%	56.4%	39.5%	71.1%	169.2%	207.8%	95.8%	166.4%	96.9%
4Q21	98.4%	215.8%	185.8%	98.3%	74.2%	55.2%	37.2%	86.4%	273.7%	225.6%	124.8%	195.9%	128.6%
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%

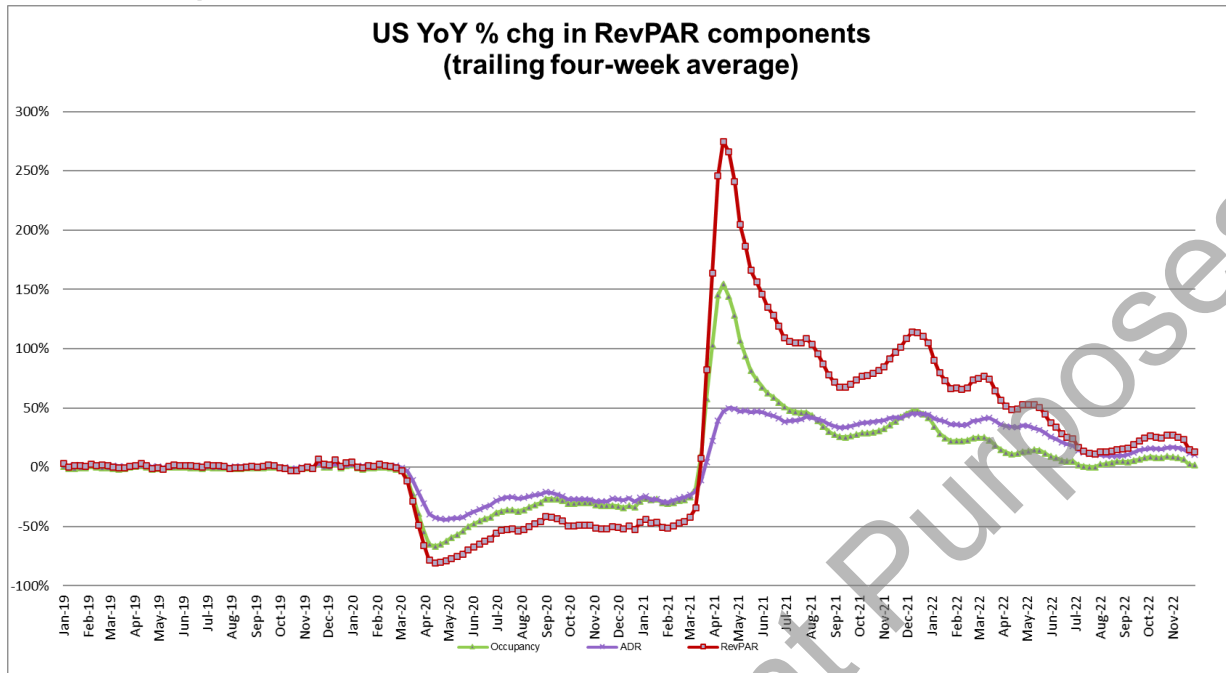
YoY % change in ADR

U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
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%
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%	8.2%	9.0%
12/3/2022	10.3%	4.6%	10.6%	10.8%	7.7%	5.4%	4.0%	10.2%	16.6%	19.6%	1.6%	15.1%	20.8%
12/10/2022	12.4%	7.9%	11.5%	13.6%	8.5%	5.8%	4.1%	12.0%	28.6%	19.3%	8.7%	8.2%	26.4%
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%	-5.5%	0.3%	-2.2%	3.9%
1Q20	-4.0%	1.6%	-1.4%	-2.9%	-3.1%	-3.8%	-3.8%	-2.3%	-8.6%	-6.2%	-2.7%	-2.6%	-6.8%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.9%	-24.8%	-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%	-6.9%	-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%	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%	60.5%	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

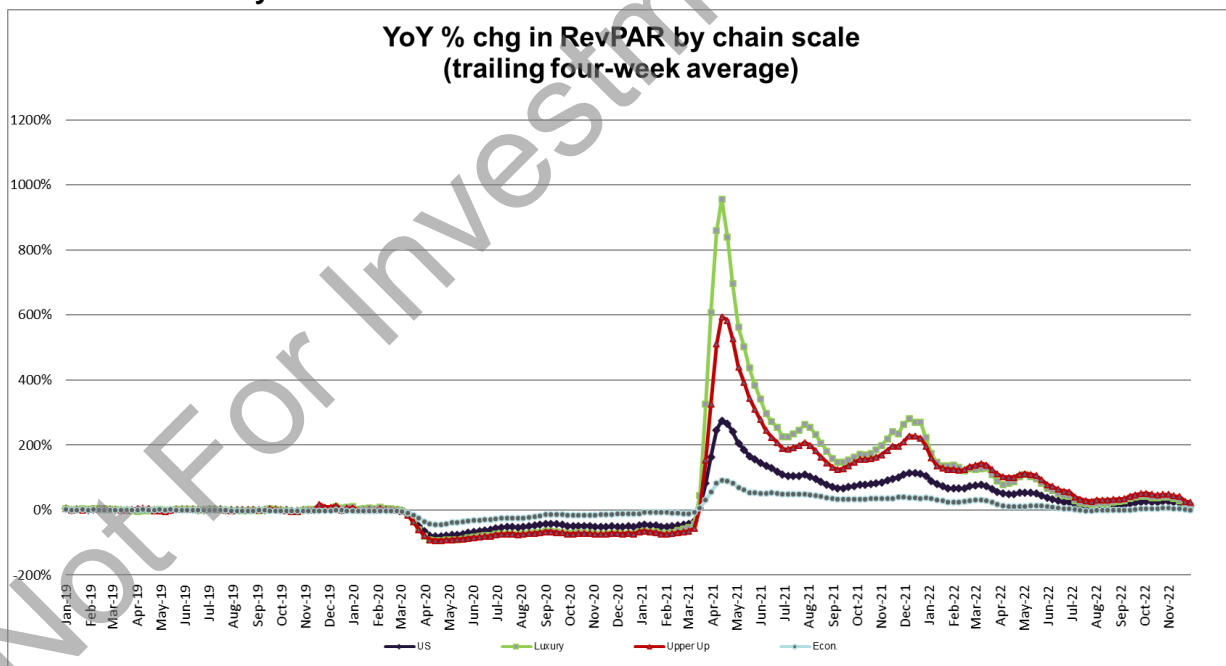
U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Independent	New York	Boston	LA	Chicago	DC	
9/24/2022	10.8%	29.3%	32.3%	14.5%	7.8%	2.6%	0.1%	8.6%	27.4%	18.9%	17.1%	16.2%	37.1%
10/1/2022	7.6%	20.0%	25.0%	10.6%	6.4%	1.2%	-0.1%	4.6%	31.1%	24.9%	10.0%	27.6%	27.1%
10/8/2022	6.7%	17.4%	20.5%	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%	6.1%	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%	-6.0%	-4.3%	-5.2%	-3.7%	-4.7%	-4.7%	-5.8%	0.1%	-3.8%	-10.6%	-2.1%	-2.1%
12/3/2022	1.3%	6.3%	10.0%	2.8%	0.3%	-2.7%	-3.8%	0.1%	9.0%	15.6%	-15.7%	10.8%	14.9%
12/10/2022	3.8%	10.6%	15.1%	6.5%	2.5%	-1.7%	-3.6%	1.7%	10.4%	15.4%	-0.3%	6.2%	26.1%
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	-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%	-6.7%	-12.1%	-28.0%	-35.6%	-22.2%	-26.0%	-21.6%
2Q21	81.9%	256.5%	210.5%	125.3%	103.2%	66.7%	35.9%	71.7%	30.2%	111.7%	86.9%	76.8%	83.8%
3Q21	34.9%	128.5%	94.7%	47.4%	34.7%	26.6%	15.2%	28.8%	64.0%	95.2%	36.9%	67.0%	52.1%
4Q21	38.8%	143.4%	101.3%	47.8%	35.6%	26.3%	15.4%	33.9%	87.3%	92.1%	53.9%	79.4%	62.2%
1Q22	56.2%	54.0%	53.2%	60.3%	59.4%	52.3%	55.5%	54.2%	29.5%	57.6%	33.0%	31.2%	20.1%

RevPAR Component Trends



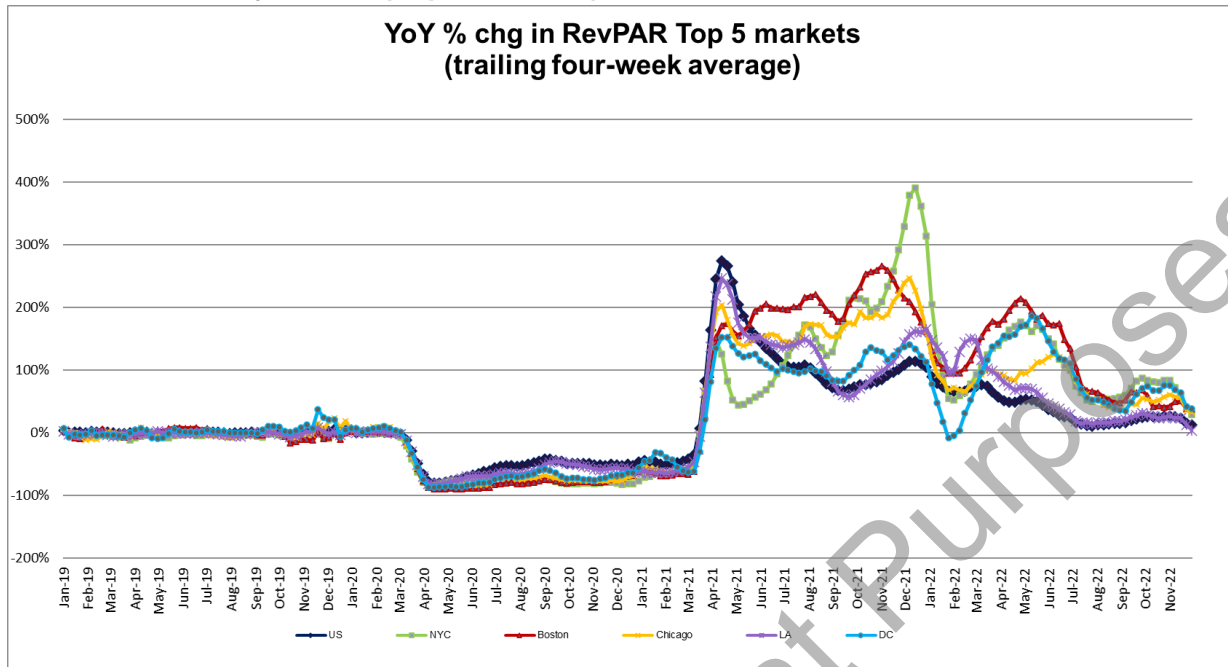
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale



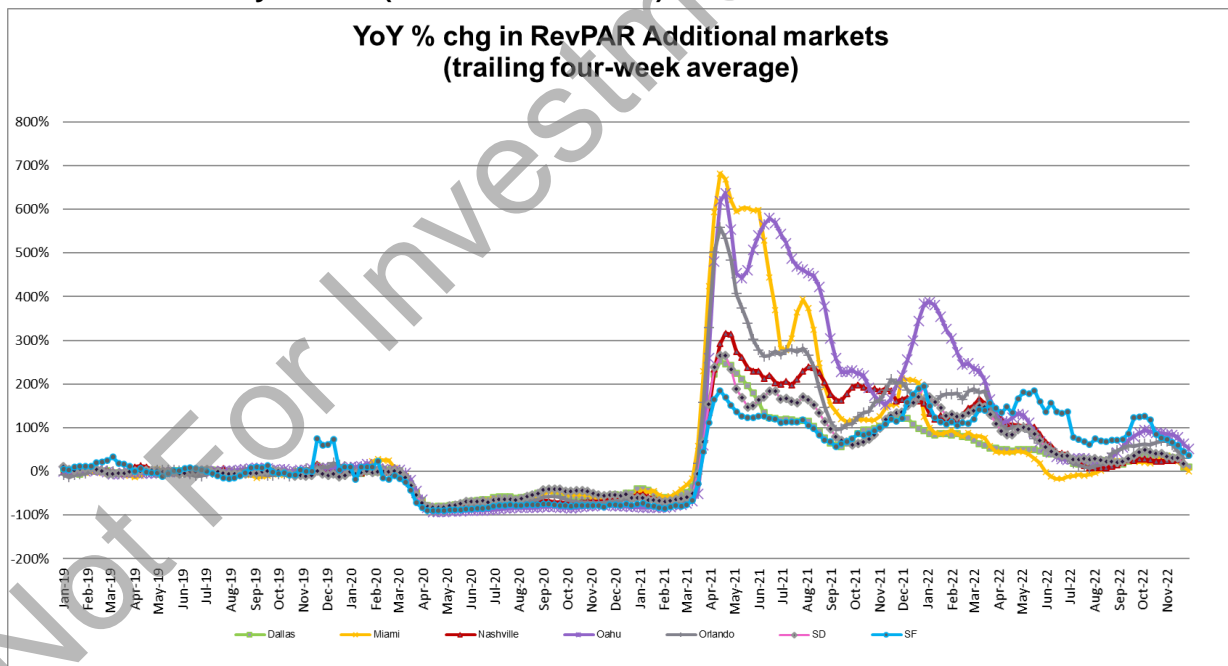
Source: STR data, Truist Securities research

RevPAR Trends by Market (Top 5 markets)



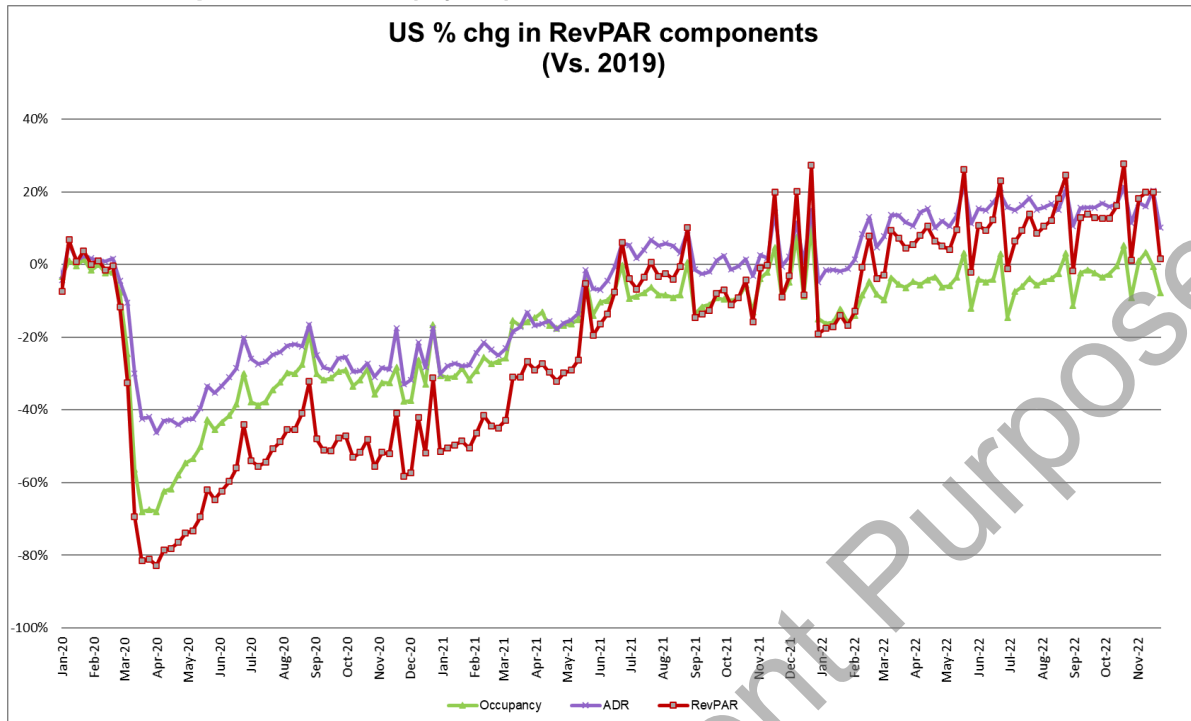
Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



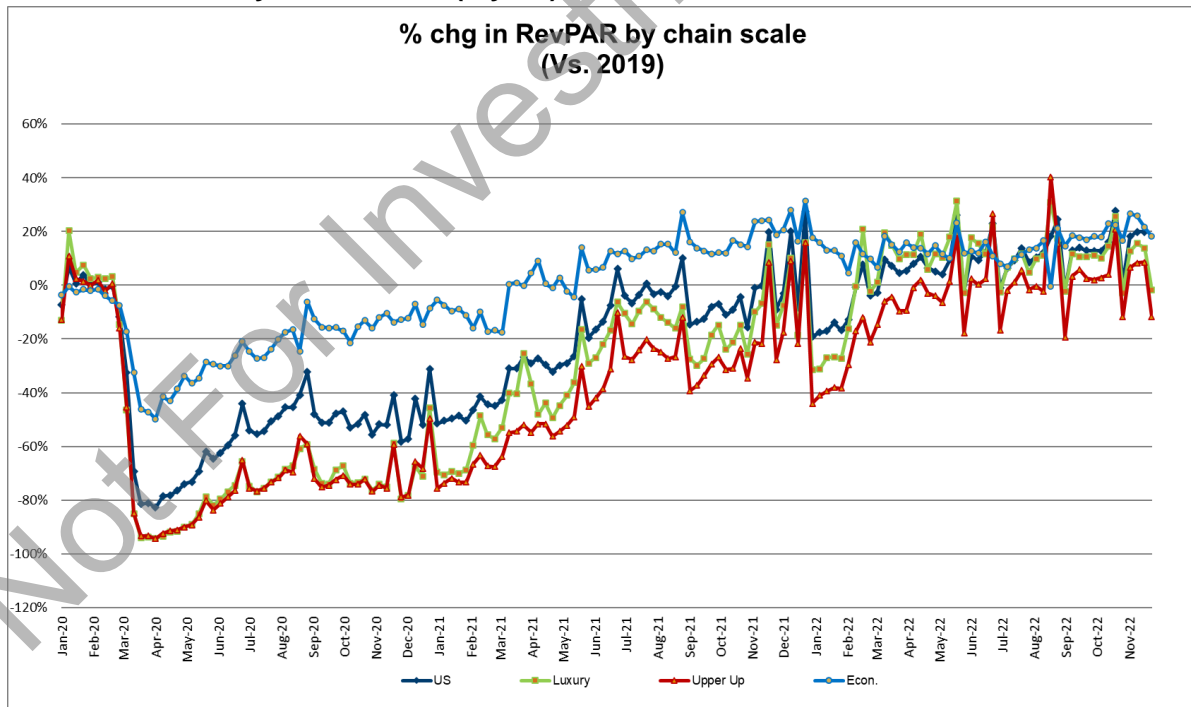
Source: STR data, Truist Securities research

RevPAR Component Trends (3-year)



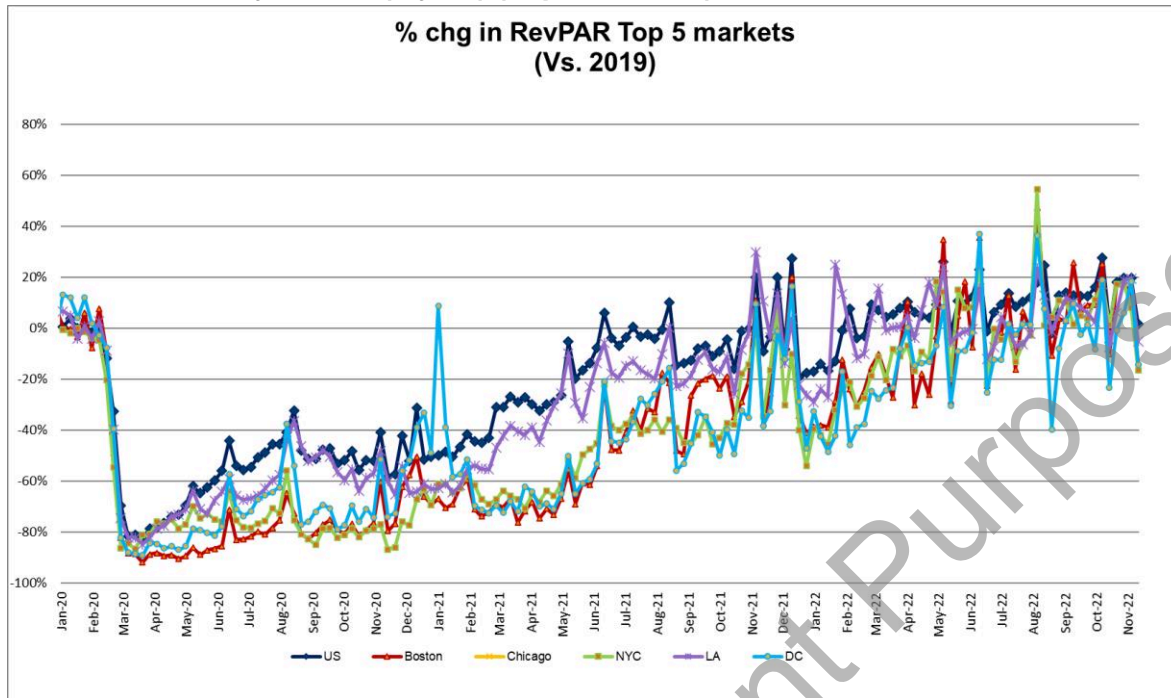
Source: STR data, Truist Securities research

RevPAR Trends by Chain Scale (3-year)



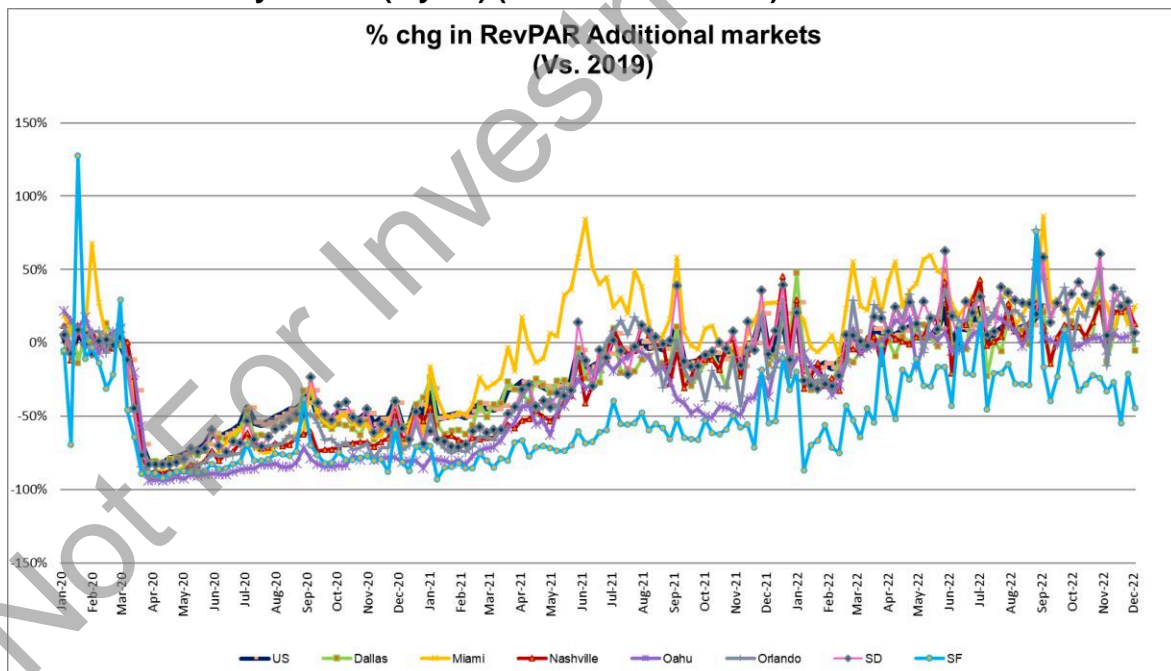
Source: STR data, Truist Securities research

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 12/13/22	Rating	PT*	% upside/ down- side	Truist Securities Valuation EBITDA excluding Stock Based Comp/Other			As Reported/Consensus/Data Aggregator "Headline" EBITDA			Target EV/EBITDA Multiple	Risks 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	\$24.48	Buy	\$45	85%	\$122	\$135	\$131	\$122	\$135	\$131	7.7X	Downside risk: controlled company issues, limited capfloat, loan defaults, and macroeconomic risk. Upside risk: conservative growth of new brands; market share gains.
Choice Hotels	CHH	\$119.63	Hold	\$120	0%	\$392	\$452	\$514	\$404	\$468	\$530	15.0X	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.
DiamondRock Hospitality	DRH	\$9.22	Hold	\$11	19%	\$83	\$272	\$286	\$84	\$272	\$286	12.0X	Downside risk: lodging recovery takes longer than expected, weaker results from ROI projects than forecasted, poor performance of recently acquired assets. Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hilton	HLT	\$138.11	Hold	\$147	6%	\$1,470	\$2,418	\$2,827	\$1,629	\$2,523	\$2,940	16.8X	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 assets. Upside risk: faster demand improvement in corporate/repositionment 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.
Hilton Grand Vacations	HGV	\$42.61	Buy	\$62	46%	\$589	\$982	\$1,033	\$641	\$1,039	\$1,093	9.2X	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. Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep 2022 recession.
Host Hotels & Resorts	HST	\$18.07	Hold	\$21	16%	\$532	\$1,490	\$1,521	\$532	\$1,490	\$1,521	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	\$101.02	Buy	\$132	31%	\$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	\$163.12	Hold	\$185	13%	\$1,977	\$3,483	\$3,946	\$2,278	\$3,791	\$4,267	16.8X	Downside risk: M&A story fades and multiples revert to historical levels. 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.
Marriott Vacations	VAC	\$143.66	Buy	\$205	43%	\$606	\$930	\$978	\$657	\$969	\$1,019	10.2X	Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio)
Park Hotels & Resorts	PK	\$12.75	Buy	\$20	57%	\$123	\$579	\$704	\$142	\$597	\$728	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 Upside risk: Group demand returns slower than expected. Property-specific risks given a small portfolio.
Pebblebrook Hotel Trust***	PEB	\$15.71	Hold	\$18	15%	\$88	\$386	\$405	\$88	\$396	\$416	13.5X	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.
Playa Hotels & Resorts	PLYA	\$6.12	Buy	\$11	80%	\$86	\$211	\$248	\$99	\$222	\$259	10.5X	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.
RLJ Lodging Trust***	RLJ	\$11.69	Buy	\$15	28%	\$145	\$318	\$380	\$162	\$310	\$403	12.0X	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Ryman Hospitality Properties	RHP	\$90.07	Buy	\$104	15%	\$162	\$516	\$614	\$177	\$544	\$642	13.0X	Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.
Sunstone Hotel Investors	SHO	\$10.46	Hold	\$11	5%	\$54	\$209	\$237	\$67	\$220	\$249	13.5X	
Vail Resorts, Inc.	MTN	\$266.94	Hold	\$270	1%	\$540	\$833	\$934	\$540	\$833	\$934	15.0X	
Travel + Leisure Co.	TNL	\$38.46	Buy	\$60	55%	\$748	\$820	\$904	\$778	\$861	\$947	8.5X	
Wyndham Hotels & Resorts	WH	\$72.13	Buy	\$90	25%	\$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.lmiller@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 16.8x (11.5x for Owned/leased and 17.0x for Managed/franchised) to our 2023 adjusted EBITDA estimate to derive a price target of \$147. 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 \$185 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, \$101.02, Buy, C. Patrick Scholes)
- Hilton Worldwide Holdings Inc. (HLT, \$138.11, Hold, C. Patrick Scholes)
- Marriott International, Inc. (MAR, \$163.12, Hold, C. Patrick Scholes)
- Ryman Hospitality Properties, Inc. (RHP, \$90.07, Buy, C. Patrick Scholes)

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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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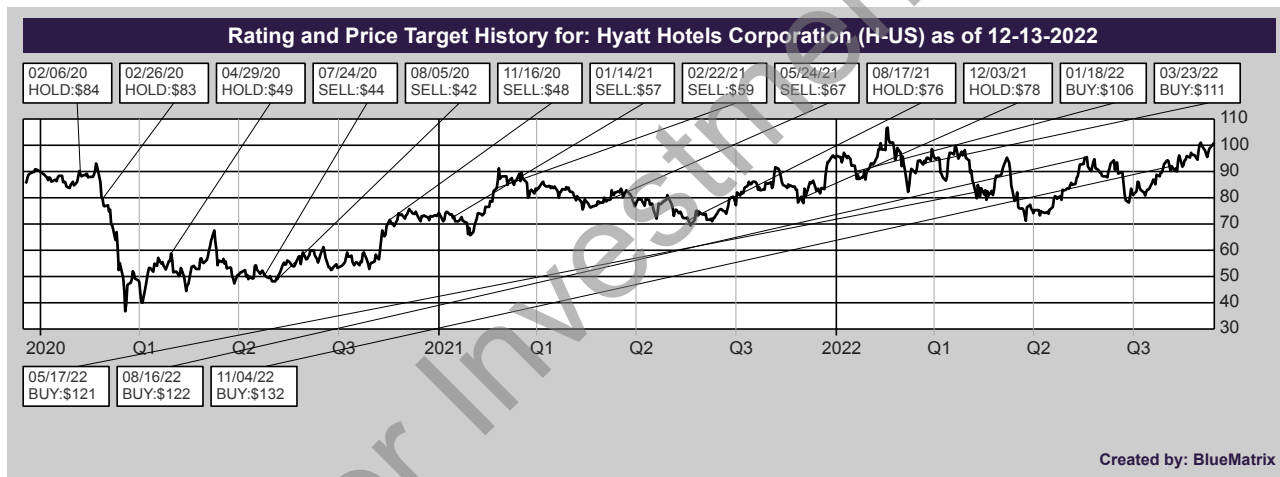
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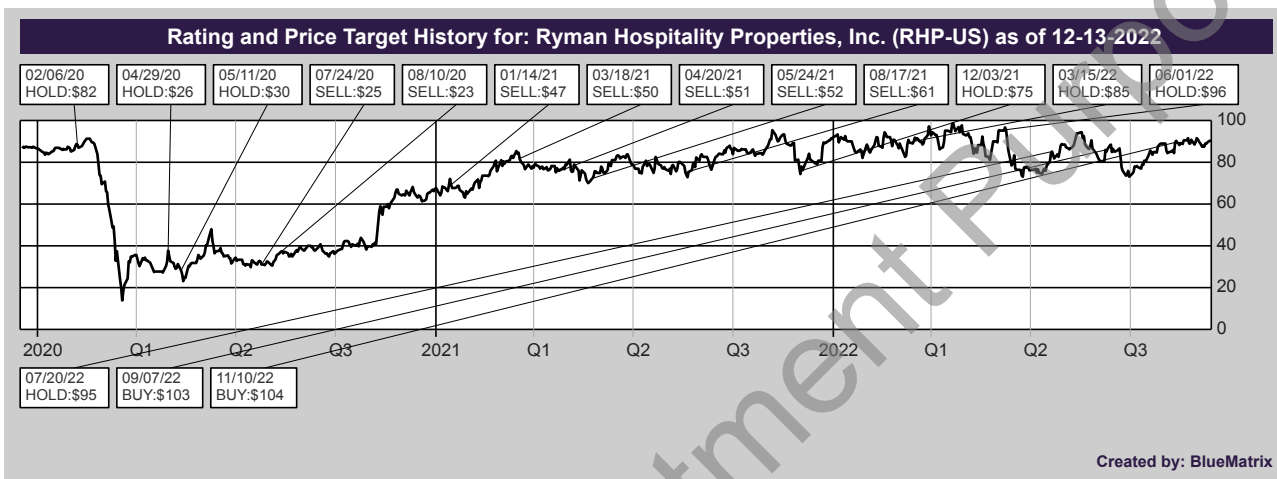
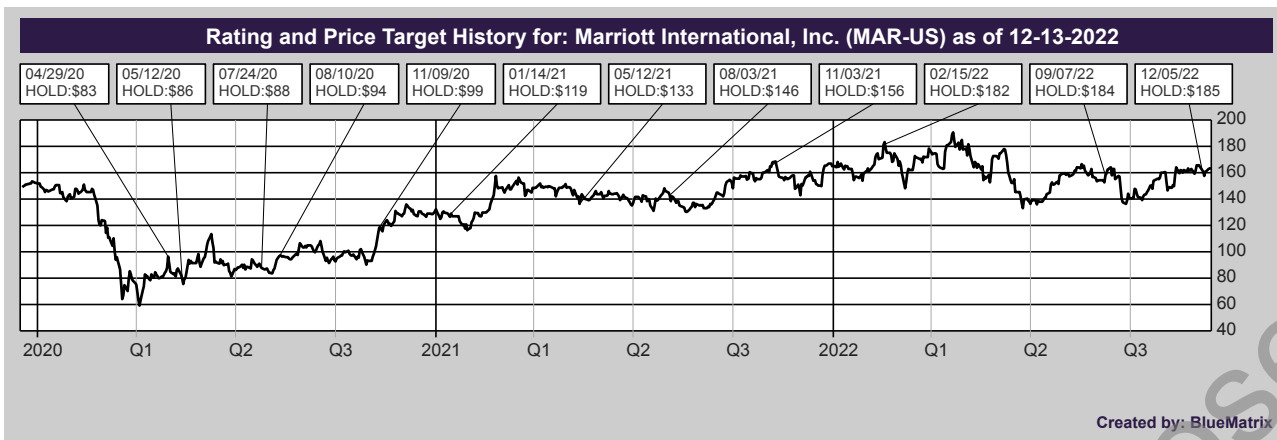
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