SUNTRUST ROBINSON HUMPHREY

August RevPAR Monitor: Just can't seem to hold on to ADR growth

T3M RevPAR turning negative has occurred last 3 recessions; on a path there now

Based on the forward-looking observations in our RevPAR data analytics lab combined with conversations with private hotel owners over the past six weeks, we continue to observe corporate demand under moderate pressure. That said, despite trade war headlines and other fears, hotel bookings, most noticeably for Group business, actually picked up very-very slightly y/y, though certainly nothing that would indicate a sudden reversal from the gradual downward trajectory of overall RevPAR growth or make us suddenly overall bullish on lodging stocks. Additionally as we discuss further in this report, with all the talk of the inverted yield curve signaling an upcoming recession we note that trailing three month U.S. RevPAR turning negative has occurred in the last three recessions; Based on our forward-looking bookings intelligence, we believe this figure could turn negative in 12-24 months and today we're at +1.1% and gradually falling.

The challenge right now is holding onto ADR growth. When we look out 4-12 months we observe room reservations being made at +2-4% y/y ADR increases. However, as arrival dates get closer (and when the vast majority of business transient bookings are made) that y/y growth rate turns negative and final ADR results for the week/month average out to around flat to up slightly. We believe for this reason many lodging companies were initially optimistic three months ago about a better second-half as ADR growth on reservations that had been made were showing strength, but as we observe the hotels are having difficulty in holding that growth.

A small bit of good news is 3Q is not looking quite as bad as we forecasted last month, now tracking at the higher-end of our -2% to 0% forecast for US full-service branded hotels. We are maintaining our 4Q19 and full-year 2019 RevPAR projections of +0-2% and 2020 forecast of -1% to +1%.

- Because of the slight pick-up in room reservations over the past six weeks and a July result of approx. +1.0% for US full-service branded hotels (we had been expecting +0-1% results but in hindsight believe one less Sunday (the lowest absolute dollar RevPAR night of the week) and one more Wednesday than in July, 2018 led to the upside) we now see 3Q tracking at the higher-end of our -2% to flat forecast.
- **As we noted last month, some relatively good news is we observe a modest pick-up in overall RevPAR growth in 4Q from 3Q's levels, however, we believe this is mostly due to holiday-shift strength in December.** Both Christmas and New Year's moving to a Wednesday seems to have helped demand, especially for Group/convention, for the month.

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What's Inside

An analysis of last month's global lodging results and our forecasts for the months and quarters ahead

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SEE PAGE 21 FOR REQUIRED DISCLOSURE INFORMATION

- **As we look into 2020, Group bookings are relatively strong which we believe to be driven by an easy y/y Easter comp combined with an overall better city-wide convention calendar for the year.** It is not atypical to see Group business outperforming other customer segments late in a cycle (interestingly Ryman (RHP, Hold), the most group-centric hotel company, noted their pace for next year is very strong, with 2.7 more net occupancy points and almost 9% more net rooms revenue on the books than they had for 2019 the same time last year).

- **Negatives for 2020 include the unfavorable trend of decelerating demand and pricing power for individual business travelers, another year of +2.5% supply growth (closer to +3% in urban markets), the 2020 presidential election (uncertainty causes hesitation), and a difficult holiday shift y/y comp in December.**

- **As we look out into 2021, Group business continues to look soft.** We attribute this to hesitation by corporations and meeting planners to make future commitments due to uncertainty around the economy and trade wars; we believe such uncertainty is similar to the reasons for weakness in nonresidential fixed investments.

Pricing vs. occupancy: On average for the rest of the year for US full-service branded hotels we see pricing up 0-2% y/y (this includes our assumption of continued ADR weakness as arrival dates get closer) with occupancy down y/y by approx. 1 point. We see transient-business RevPAR closer to -3 to -1% (more supply coming on in urban hotels), and transient-leisure and group/convention hovering around +1-2.5%.

A recession? One appears to be approaching but not rapidly approaching. Trailing three month ("T3M") US RevPAR growth is on a gradual trajectory to turn negative and trailing three month RevPAR growth turning negative has always been associated with a recession (at least since reliable RevPAR data was made available in 1987). The T3M is currently +1.1% and the trendline is not encouraging. Based on our forward-looking bookings intelligence, our best estimate is this figure will turn negative in 12-24 months unless some positive demand shock reverses its trajectory (see chart below; interestingly one can see the positive impact of the December 2017 tax stimulus and then it fading away a year later.) As discussed previously and further in this report, strong city-wide convention calendars next year may prevent the T3M from going negative in 2020 (assuming no major attrition or cancellations), however, 2021 looks to be a difficult year for US group business and the industry will not have the backstop of relatively strong group business in 2021.

- To be clear, T3M RevPAR growth turning negative by itself is not a predictor of recessions as when it does turn negative we can already be well into a recession:

  - November 1990, the fifth month into that recession the metric turned negative;

  - May 2001, the third month into that recession the metric turned negative; and

  - Aug 2008, the ninth month into that recession the metric turned negative.

  - For the definition of a recession, we use the National Bureau of Economic Research's (NBER) definition. The NBER defines a recession as "a significant decline in economic activity spread across the economy, lasting more than two quarters which is 6 months, normally visible in real gross domestic product (GDP), real income, employment, industrial production, and wholesale-retail sales".

Table 1

Trailing three month US RevPAR growth with trendline since this cycle's RevPAR growth peak in 4Q14
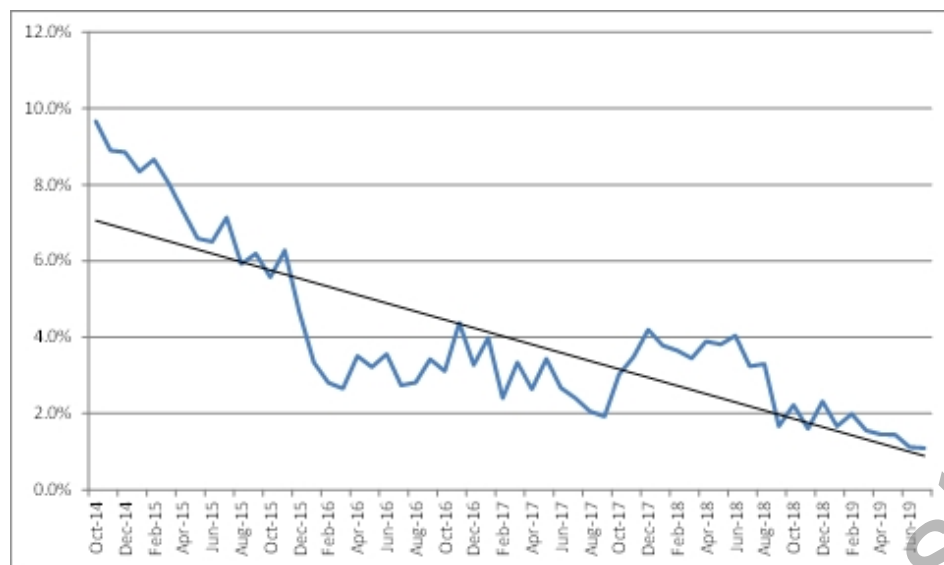
Source: STRH Research, STR

Why are individual business travel RevPAR trends decelerating but leisure traveler trends are holding in there? For business travel, we believe it to be from deceleration in the economic health for manufacturing and service sectors as evidenced by deceleration in business fixed investment and capex related manufacturing activity combined with y/y new hotel supply growth that has remained constant during this time. We observe this slowdown in the Purchasing Managers' Index ("PMI"). We note the greatest degree of new supply growth have been in the Upscale and Upper Midscale segments, which are hotels that are primarily focused on the price-conscious business traveler. On the other hand, we continue to see strength in consumer confidence, job creation, and wage increases, all of which are powerful tailwinds for leisure travel spending. (See table 21 for data on new hotel supply).

Table 2

% of Countries in Expansion Mode*
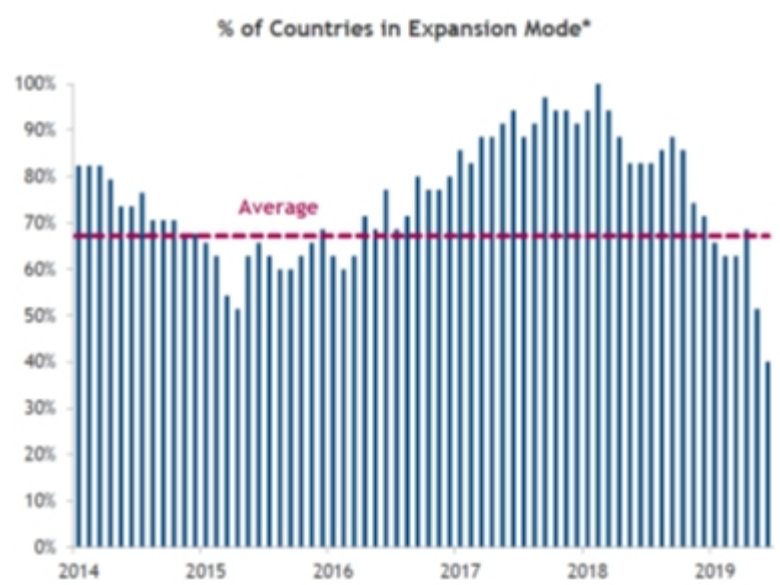
Source: SunTrust Robinson Humphrey

*Expansion mode is defined as a manufacturing PMI survey figure of 50 or greater. Includes 35 out of 46 countries within the MSCI All Country World Index where data is available representing 98% of the benchmark's market capitalization; using PMI Manufacturing composite where available, otherwise using PMI Composite. Data is as of June 2019 except for Hong Kong, New Zealand and Israel.

Longer-term, city-wide group/convention business does improve in 2020 from 2019 but much of the uptick is diluted by new hotel supply for same-store hotels. Weak 2021 city-wide trends continue to look concerning (they did get a bit "less bad" over the past eight weeks), especially on a same-store (hotel) basis due to two more years of +3% compounded new supply. For smaller corporate meetings, 2020 modestly decelerates from 2019's levels whereas the 2021 deceleration is not as severe as that observed for the city-wide conventions.

- *We suspect that new convention space supply in Las Vegas opening up in 2020 is partly to blame for soft bookings for the rest of the country in 2021. Per Fantini Research, Las Vegas will be increasing its convention space inventory by 18% y/y in 2020. We recall that excessive new supply at the end of the last cycle in Las Vegas magnified the challenges that the US group and convention market faced (and history does tend to repeat itself…).*

Table 3

	3Q19	4Q19	2019E	2020E
	Quarterly Tracking			
	Overall	Overall	Overall forecast	Overall forecast
Jul-19	-2% to 0% (high-end)	+0-2%	+0-2%	-1% to +1%
Jun-19	-2% to 0%	+0-2%	+0-2%	-1% to +1%
Mar-19	-1% to +1%		+0-2%	
Feb-19			+0-2%	
Dec-18			+0.5-2.5%	
Oct-18			+1-3%	
Aug-18			+1-3%	
Jul-18			+1-3%	

Source: STRH Research

What does it all mean for the lodging stocks? With unit growth stories intact but not accelerating for most C-Corps and RevPAR growth continuing to gradually decelerate, it is challenging to find many upward catalysts for the hotel sector at this stage of the cycle. Last month we lowered our ratings on Hilton (HLT, Hold) to Hold from Buy (price target unchanged at the time of the downgrade of $101, now $99) and RLJ Lodging Trust (RLJ, Miller) to Sell from Hold (price target to $15 from $19, now $14). Within the hotel space, Wyndham (WH, Buy) remains our favorite name.
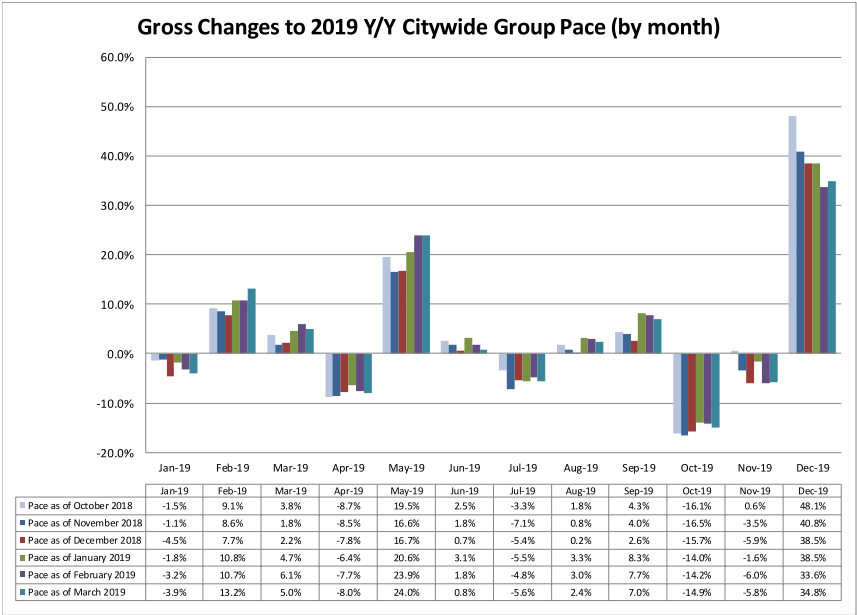
- In the greater lodging space, we find more interesting catalysts with the timeshare names, namely with Marriott Vacations (VAC, Buy) from their inroads into selling to the Marriott (MAR, Hold) Bonvoy members, Wyndham Destinations (WYND, Buy) from their progress with Blue Thread initiatives and five-pronged approach to bringing down the loan loss provision percentage, and Hilton Grand Vacations (HGV, Buy) which has the possibility of a private equity take-out. We estimate VAC and WYND have free cash flow yields in the low-teens and believe management teams are committed and motivated to return capital to shareholders primarily via share repurchases.

Looking at our most recent forward-looking demand and pricing observations for full-service US branded hotels:

- **3Q19:** Our expectations by month:
  - **July:** Finished at approx. +1.0% for US full-service branded hotels (we had been expecting +0-1% results but in hindsight believe one less Sunday (the lowest absolute dollar RevPAR night of the week) and one more Wednesday than in July, 2018 led to the upside.
  - **August:** Tracking flattish.
  - **September:** Is helped this year by the shift in timing of the Jewish Holidays. Rosh Hashanah moves from September 9-11 (Sunday-Tuesday) in 2018 to September 29 –October 1 (Sunday-Tuesday) this year. Even more impactful is Yom Kippur moving from September 18–19 (Tuesday-Wednesday) in 2018 to October 8-9 (Tuesday-Wednesday) this year which is a clear RevPAR benefit to September but a hit to October (see table below). That said, even with this shift, trends are far from spectacular as we observe this month tracking up low-single digits at best.

Table 4

Gross Changes to 2019 Y/Y Citywide Group Pace (by month)

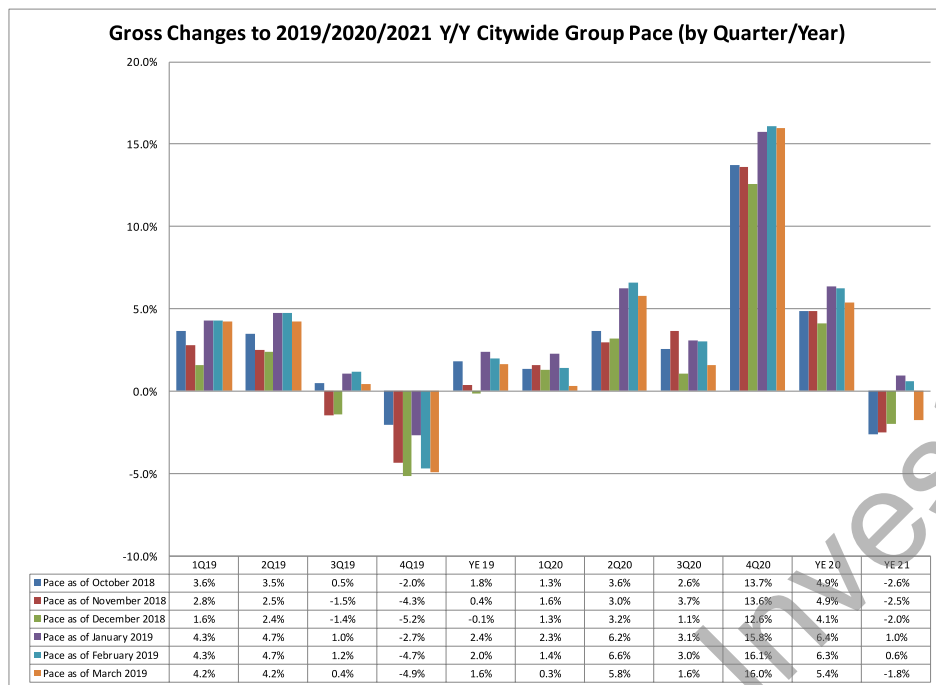|	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Pace as of October 2018	-1.5%	9.1%	3.8%	-8.7%	19.5%	2.5%	-3.3%	1.8%	4.3%	-16.1%	0.6%	48.1%
Pace as of November 2018	-1.1%	8.6%	1.8%	-8.5%	16.6%	1.8%	-7.1%	0.8%	4.0%	-16.5%	-3.5%	40.8%
Pace as of December 2018	-4.5%	7.7%	2.2%	-7.8%	16.7%	0.7%	-5.4%	0.2%	2.6%	-15.7%	-5.9%	38.5%
Pace as of January 2019	-1.8%	10.8%	4.7%	-6.4%	20.6%	3.1%	-5.5%	3.3%	8.3%	-14.0%	-1.6%	38.5%
Pace as of February 2019	-3.2%	10.7%	6.1%	-7.7%	23.9%	1.8%	-4.8%	3.0%	7.7%	-14.2%	-6.0%	33.6%
Pace as of March 2019	-3.9%	13.2%	5.0%	-8.0%	24.0%	0.8%	-5.6%	2.4%	7.0%	-14.9%	-5.8%	34.8%

Source: STRH Research, TAP

Examining the forward-looking group/convention trends: On the surface, we would describe headline forward looking trends for 2019 and especially for 2020 as "not that bad." However, over the next several years urban hotels will see approx. 3% new supply growth annually and those headline "gross demand" growth rates will be diluted on a "same-store" basis by this new supply.

Table 5

Gross Changes to 2019/2020/2021 Y/Y Citywide Group Pace (by Quarter/Year)

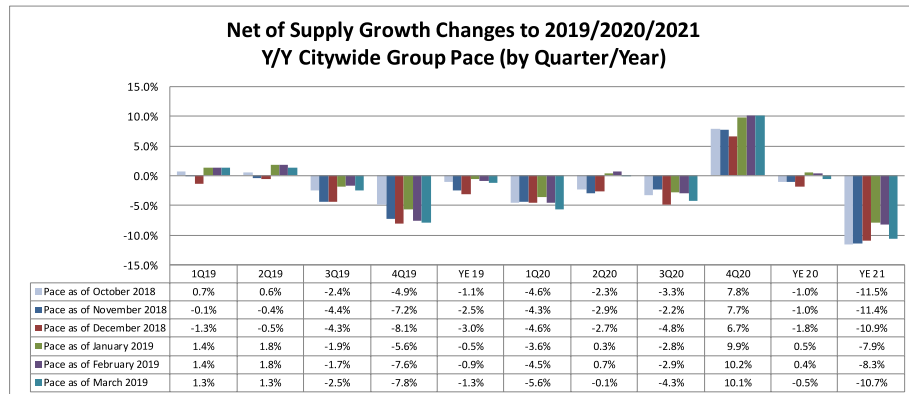|	1Q19	2Q19	3Q19	4Q19	YE 19	1Q20	2Q20	3Q20	4Q20	YE 20	YE 21
Pace as of October 2018	3.6%	3.5%	0.5%	-2.0%	1.8%	1.3%	3.6%	2.6%	13.7%	4.9%	-2.6%
Pace as of November 2018	2.8%	2.5%	-1.5%	-4.3%	0.4%	1.6%	3.0%	3.7%	13.6%	4.9%	-2.5%
Pace as of December 2018	1.6%	2.4%	-1.4%	-5.2%	-0.1%	1.3%	3.2%	1.1%	12.6%	4.1%	-2.0%
Pace as of January 2019	4.3%	4.7%	1.0%	-2.7%	2.4%	2.3%	6.2%	3.1%	15.8%	6.4%	1.0%
Pace as of February 2019	4.3%	4.7%	1.2%	-4.7%	2.0%	1.4%	6.6%	3.0%	16.1%	6.3%	0.6%
Pace as of March 2019	4.2%	4.2%	0.4%	-4.9%	1.6%	0.3%	5.8%	1.6%	16.0%	5.4%	-1.8%

Source: STRH Research, TAP

However, when we add approx. 3% of annual urban hotel supply (compounded) over the next several years, the same-store projection looks less encouraging:

Table 6

|	1Q19	2Q19	3Q19	4Q19	YE 19	1Q20	2Q20	3Q20	4Q20	YE 20	YE 21
Pace as of October 2018	0.7%	0.6%	-2.4%	-4.9%	-1.1%	-4.6%	-2.3%	-3.3%	7.8%	-1.0%	-11.5%
Pace as of November 2018	-0.1%	-0.4%	-4.4%	-7.2%	-2.5%	-4.3%	-2.9%	-2.2%	7.7%	-1.0%	-11.4%
Pace as of December 2018	-1.3%	-0.5%	-4.3%	-8.1%	-3.0%	-4.6%	-2.7%	-4.8%	6.7%	-1.8%	-10.9%
Pace as of January 2019	1.4%	1.8%	-1.9%	-5.6%	-0.5%	-3.6%	0.3%	-2.8%	9.9%	0.5%	-7.9%
Pace as of February 2019	1.4%	1.8%	-1.7%	-7.6%	-0.9%	-4.5%	0.7%	-2.9%	10.2%	0.4%	-8.3%
Pace as of March 2019	1.3%	1.3%	-2.5%	-7.8%	-1.3%	-5.6%	-0.1%	-4.3%	10.1%	-0.5%	-10.7%

Source: STRH Research, TAP

- **2019:** Our net-of-supply group pace for 2019 is -0.8% (Approx. 100-150 bps. lower ex-San Francisco). To this we add approx. 2.5 percentage points of rate growth to come up with a projection that same-store Group RevPAR is tracking at approx. +2.0% y/y for 2019 at the moment. We observe that trends for the rest of the year have improved very slightly as we passed the difficult Easter comp in March and April.

Table 7
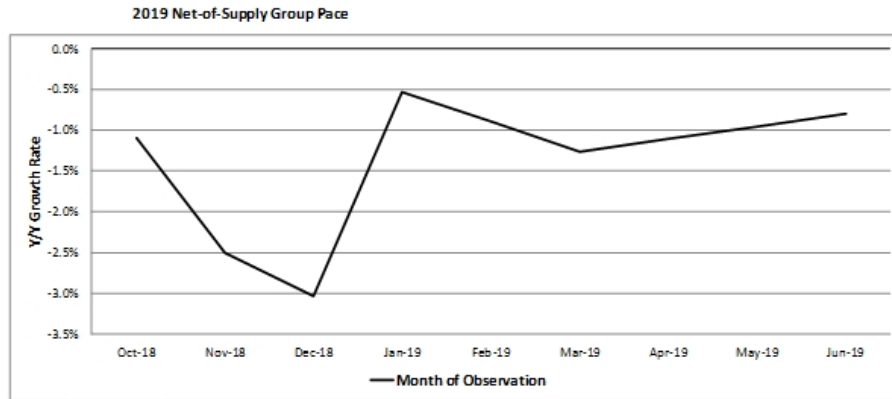
Source: STRH Research, TAP

- **2020:** Our net-of-supply group pace for 2020 is -0.2%. To this we add approx. 2 percentage points of rate growth to come up with a projection that same-store Group RevPAR is tracking at approx. +2.0% y/y for 2020 at the moment, with approx. 50% of final group reservations on the books.
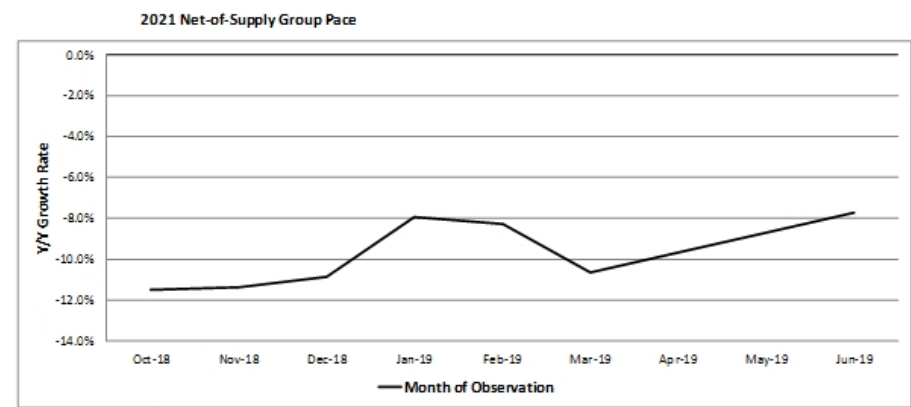
Table 8

2020 Net-of-Supply Group Pace
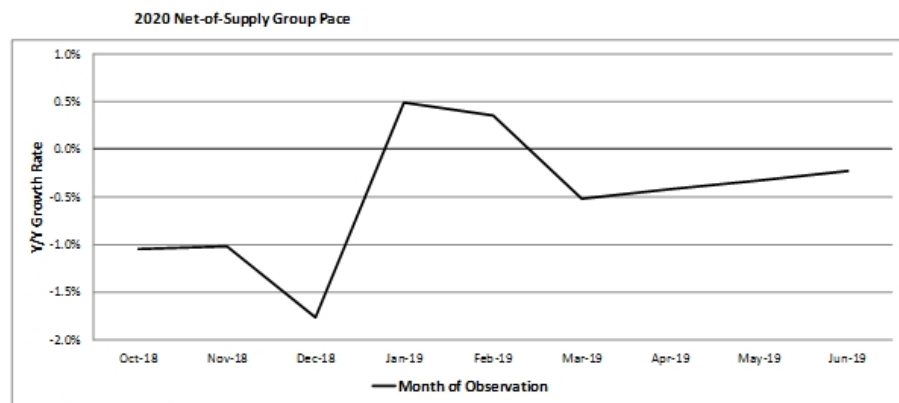
Source: STRH Research, TAP

- **2021:** Our net-of-supply group pace for 2020 is -7.7%. To this we add approx. 2 percentage points of rate growth to come up with a projection that same-store Group RevPAR is tracking at approx. -5.5% y/y for 2021 at the moment, with approx. 20% of final group reservations on the books.

Table 9

2021 Net-of-Supply Group Pace

Source: STRH Research, TAP

Table 10

Segmentation By Company			
	Transient Corporate	Transient Leisure	Group
REITS			
CHSP	45%	20%	35%
DRH	45%	20%	35%
HST	45%	15%	40%
PEB	50%	25%	25%
PK	45%	20%	35%
RHP	5%	15%	80%
RLJ	55%	25%	20%
SHO	45%	20%	35%
	Transient Corporate	Transient Leisure	Group
C-corps			
CHH	45%	45%	10%
H	40%	20%	40%
HLT	50%	20%	30%
MAR	45%	20%	35%
WH	45%	45%	10%

Source: STRH Research, company filings

Major Markets:

Not surprisingly, due to the completed renovation of the convention center, San Francisco will be the outstanding market in 2019 (1Q and 4Q especially strong). *However, group business for the city in 2020 is showing negative growth mostly due to the very difficult y/y comp as the pent-up 2019 demand moves on to other cities such as Boston, Chicago, and Washington DC.*

Ranking the big six major US markets for 2019. Group/meeting bookings are the best way to think about market outperformance/underperformance for time periods more than 90 days out. A healthy (or weak) convention calendar really drives city performance (with the notable exception of NYC as that is mostly a transient market). Based on initial group/convention bookings, we lump the top six markets into three buckets:

Remainder of 2019:
1. **Above average:** San Francisco
2. **Average:** Boston, Los Angeles, Washington DC
3. **Below average:** Chicago, NYC

Additional color on the big six:

Boston:

3Q19: Average
4Q19: Average
2020: Above average

Table 11

Est exposure to Boston market	CHSP	DRH	HST	PEB	PK	RHP	RLJ	SHO
Boston	17%	15%	6%	16%	2%	0%	3%	16%
Rank	1	4	5	2	7	8	6	2
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

Chicago:

3Q19: Below average
4Q19: Below average
2020: Above average

Tables 12-13

Group/convention outlook for Chicago										
Pace as of	1Q19E	2Q19E	3Q19E	4Q19E	YE 19	1Q20E	2Q20E	3Q20E	4Q20E	YE 20	YE 21
Jun-19	-22.4%	6.1%	-2.0%	-17.4%	-7.2%	25.3%	12.3%	-5.2%	-4.1%	6.2%	7.3%
Mar-19	-22.8%	6.0%	2.1%	-17.8%	-6.8%	31.6%	17.6%	-2.4%	-2.2%	10.1%	10.3%
Feb-19	-23.8%	6.0%	2.1%	-16.4%	-6.6%	33.0%	17.9%	-2.4%	-4.1%	9.7%	9.4%
Jan-19	-25.2%	-2.8%	2.1%	-16.8%	-9.7%	33.4%	19.1%	-3.6%	3.2%	11.7%	8.3%
Dec-18	-30.0%	-10.0%	-5.1%	-18.3%	-14.8%	24.7%	21.8%	-6.9%	-0.1%	9.5%	10.7%
Nov-18	-31.1%	-9.2%	-5.6%	-18.3%	-14.8%	27.7%	20.0%	2.4%	2.8%	12.3%	11.2%
Oct-18	-32.4%	-7.9%	-7.7%	-18.2%	-15.0%	19.3%	27.3%	-1.0%	2.7%	13.1%	6.8%

Source: STRH Research, TAP

Est exposure to Chicago market	CHSP	DRH	HST	PEB	PK	RHP	RLJ	SHO
Chicago	7%	14%	4%	5%	4%	0%	4%	6%
Rank	2	1	5	4	5	8	5	3
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

Los Angeles:

3Q19: Average
4Q19: Average
2020: Well above average

Tables 14-15

Group/convention outlook for Los Angeles											
Pace as of	1Q19E	2Q19E	3Q19E	4Q19E	YE 19	1Q20E	2Q20E	3Q20E	4Q20E	YE 20	YE 21
Jun-19	-1.3%	4.3%	-16.1%	17.4%	0.2%	28.3%	15.2%	55.7%	37.2%	30.5%	-3.2%
Mar-19	-4.0%	-3.1%	-17.1%	7.7%	-4.6%	-1.2%	21.4%	54.2%	28.4%	23.1%	-21.1%
Feb-19	-4.1%	-3.6%	-16.2%	7.7%	-4.7%	-1.2%	22.4%	52.0%	28.5%	23.0%	-21.1%
Jan-19	-4.9%	0.0%	-17.4%	10.4%	-3.7%	-1.9%	23.4%	50.0%	29.5%	23.0%	-20.1%
Dec-18	-12.3%	8.3%	-16.8%	20.4%	-2.3%	-8.6%	19.8%	48.7%	17.9%	17.6%	-23.6%
Nov-18	-15.4%	6.8%	-19.3%	21.0%	-4.2%	-6.8%	10.6%	50.3%	20.0%	16.1%	-26.1%
Oct-18	-27.6%	-1.3%	-31.3%	7.6%	-15.5%	-21.1%	9.6%	48.4%	-0.9%	6.9%	-21.4%

Source: STRH Research, TAP

Est exposure to LA market								
	CHSP	DRH	HST	PEB	PK	RHP	RLJ	SHO
LA	7%	2%	5%	12%	0%	0%	6%	6%
Rank	2	6	5	1	7	7	3	3
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

NYC

3Q19: Below average
4Q19: Average
2020: Below average

A major headwind to same store RevPAR growth in NYC remains several years of compounded 4-6% new supply growth. Per Lodging Econometrics, city-wide new room supply grew 5.1% in 2016, 4.9% in 2017, 3.4% in 2018, and is projected to grow 8.1% in 2019 and 4.8% in 2020. Even if some of these expected new hotels never open, it is difficult to envision that NYC will not have continued pressure from above-average supply over the next several years. **We believe RevPAR growth in NYC will be down low-single digits in 2019.**

Table 16

Est exposure to NYC market	CHSP	DRH	HST	PEB	PK	RHP	RLJ	SHO
NYC	5%	11%	8%	1%	7%	0%	6%	4%
Rank	5	1	2	7	3	8	4	6

Note: Est. exposures include surrounding areas

Source: STRH Research, Company data

San Francisco:

3Q19: Below average
4Q19: Well above average
2020: Below average

Table 17

Group/convention outlook for San Francisco											
Pace as of	1Q19E	2Q19E	3Q19E	4Q19E	YE19	1Q20E	2Q20E	3Q20E	4Q20E	YE20	YE21
Jun-19	72.7%	48.4%	-0.5%	57.1%	42.6%	-25.4%	10.4%	-9.7%	-11.7%	-10.1%	-0.5%
Mar-19	71.2%	51.5%	8.4%	74.1%	49.6%	-29.0%	12.6%	-12.9%	-8.9%	-10.9%	0.4%
Feb-19	71.2%	51.4%	8.4%	74.1%	49.6%	-28.9%	7.3%	-12.9%	-8.9%	-12.0%	0.4%
Jan-19	82.0%	53.9%	7.4%	76.3%	52.6%	-28.4%	23.5%	-13.0%	-8.9%	-9.2%	6.9%
Dec-18	85.9%	50.1%	8.4%	75.7%	52.6%	-29.8%	32.0%	-15.4%	-10.1%	-9.0%	-9.5%
Nov-18	86.9%	52.6%	8.2%	75.9%	53.5%	-30.5%	36.5%	-15.1%	-10.2%	-8.4%	-2.7%
Oct-18	90.4%	57.9%	14.7%	76.0%	58.0%	-28.0%	37.9%	-15.1%	-10.1%	-7.2%	-2.5%

Source: STRH Research, TAP

San Francisco all along was expected to be the top growth market in 2019 due to the Moscone reopening, however, we believe the city will finish above initial expectations.

Table 18

Est exposure to SF market	CHSP	DRH	HST	PEB	PK	RHP	RLJ	SHO
San Francisco	27%	4%	10%	20%	13%	0%	13%	10%
Rank	1	7	5	2	3	8	3	5
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

Washington DC:

3Q19: Above average
4Q19: Average
2020: Above average

Tables 19-20

Group/convention outlook for Washington, D.C.											
Pace as of	1Q19E	2Q19E	3Q19E	4Q19E	YE 19	1Q20E	2Q20E	3Q20E	4Q20E	YE 20	YE 21
Jun-19	30.6%	-23.3%	0.8%	-0.7%	-1.8%	-31.3%	10.4%	48.4%	54.9%	10.9%	-6.3%
Mar-19	18.3%	-25.8%	4.9%	-1.8%	-5.3%	-27.2%	2.8%	43.9%	58.5%	12.5%	-10.5%
Feb-19	16.6%	-25.8%	4.9%	-0.7%	-5.5%	-26.0%	2.9%	43.9%	58.5%	13.1%	-10.5%
Jan-19	18.6%	-25.6%	7.6%	3.5%	-3.8%	-25.6%	1.9%	46.7%	56.1%	13.2%	-11.3%
Dec-18	20.6%	-28.7%	4.5%	3.0%	-5.7%	-25.8%	-0.8%	43.5%	56.4%	12.1%	-11.2%
Nov-18	16.1%	-32.4%	10.7%	1.1%	-7.8%	-23.8%	-0.3%	49.3%	59.2%	14.6%	-6.8%
Oct-18	19.5%	-31.7%	12.6%	2.6%	-6.3%	-22.4%	0.2%	53.1%	59.9%	16.1%	-6.3%

Source: STRH Research, TAP

Est exposure to DC market	CHSP	DRH	HST	PEB	PK	RHP	RLJ	SHO
DC	3%	4%	9%	7%	3%	16%	5%	10%
Rank	7	6	3	4	7	1	5	2
Note: Est. exposures include surrounding areas								
Source: STRH Research, Company data								

Current expectations for Top 25 Market new supply:

Table 21

Supply By Top 25 Markets (Sorted by Pipeline Rooms Growth as % of Census) As of 2Q19						
	Census Rank	YE 2017 Growth Rate	YE 2018 Growth Rate	2019F Growth Rate	2020F Growth Rate	2021F Growth Rate
Nashville, TN	21	4.3%	7.2%	7.2%	5.4%	6.8%
Los Angeles, CA	6	4.2%	1.7%	1.3%	3.6%	3.4%
New York, NY	3	4.9%	3.4%	6.9%	5.7%	3.0%
Detroit, MI	23	3.2%	2.8%	3.1%	4.1%	4.7%
Dallas, TX	8	5.8%	3.6%	4.1%	4.6%	5.2%
Miami, FL	14	3.5%	2.6%	3.4%	2.3%	2.0%
Denver, CO	16	5.6%	5.4%	3.3%	4.4%	4.0%
Seattle, WA	18	4.4%	7.3%	2.3%	3.4%	2.4%
Houston, TX	9	4.0%	3.0%	3.9%	2.3%	3.5%
Atlanta, GA	7	1.7%	2.7%	2.3%	2.9%	2.8%
Phoenix, AZ	10	2.9%	1.5%	2.6%	2.8%	2.8%
Orlando, FL	2	0.8%	1.8%	2.1%	2.5%	2.0%
Boston, MA	12	3.1%	3.8%	4.8%	2.5%	3.4%
Philadelphia, PA	19	3.2%	2.2%	1.4%	4.7%	1.0%
San Diego, CA	11	1.3%	2.2%	2.6%	0.5%	1.7%
San Francisco, CA	15	1.8%	1.2%	2.4%	1.4%	1.2%
Tampa, FL	17	4.0%	2.2%	1.7%	2.8%	5.1%
Minneapolis, MN	22	1.8%	4.3%	3.0%	3.7%	2.4%
Anaheim, CA	13	2.0%	1.0%	2.0%	2.1%	2.6%
Saint Louis, MO	27	2.1%	2.0%	2.4%	1.9%	2.6%
Washington, DC	5	2.0%	1.7%	1.2%	1.0%	1.3%
San Antonio, TX	20	1.4%	2.0%	1.6%	2.3%	1.0%
Chicago, IL	4	2.3%	2.1%	1.3%	1.0%	1.2%
Norfolk, VA	28	1.2%	0.0%	1.2%	1.3%	0.3%
Oahu Island	38	0.6%	0.0%	0.6%	0.0%	0.0%
Total Top 25 Markets		**2.9%**	**2.6%**	**2.8%**	**2.8%**	**2.7%**

Source: Lodging Econometrics, STRH Research
Notes: The largest market in the U.S., Las Vegas, is not included in this chart due to its casino orientation. 2019-2021 are forecasts.

Table 22

RevPAR Guidance (3Q19 and FY 19)		
3Q19	**FY 19**	*Notes*
C-Corps		
CHH +0-2%	+0-1%	*Domestic RevPAR*
H	+1-2%	*Comparable systemwide*
HLT +1-2%	+1-2%	*Systemwide*
	+1-2%	*US*
	+3-4%	*Americas ex-US*
	Above high end of systemwide guidance	*Europe*
	Down low single digits	*Middle East/Africa*
	In-line with systemwide guidance; China relatively flat	*Asia Pacific*
MAR +1-2% (same for 4Q)	+1-2%	*Worldwide*
+1-2% (same for 4Q)	+1-2%	*North America*
+2-3% (same for 4Q)	+2-3%	*Outside North America*
Up low single digits (2H19)		*Asia Pacific*
Up low single digits (2H19)		*Caribbean & Latin America*
Up low to mid single digits (2H19)		*Europe*
Flattish (3Q); Modestly lower (4Q)		*Middle East/Africa*
PLYA	Low single digit decline	*Comparable revenue systemwide*
WH	Approximately +1%	*Systemwide ex-2018 acquisitions/dispositions until their anniversary dates*
REITS		
CHSP	+1.5-3.5% (no updated since 4Q earnings due to merger)	
DRH	+0-1.5%	
HST	-1% to flat	
PEB -2% to flat	+1-2%	*Same-property*
PK	+2.0-3.5%	
RHP	+3-4%	*Same-Store Hospitality RevPAR (ex-Rockies)*
RLJ	+0-2%	
SHO -0.5% to +1.5%	+0.75-2.75%	

Source: Company reports and conference calls; STRH Research

Companies Mentioned in This Note

Bluegreen Vacations Corporation (BXG, $9.69, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $88.96, Hold, C. Patrick Scholes)
Chesapeake Lodging Trust (CHSP, $26.02, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $9.44, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $73.60, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $32.25, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $92.41, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $16.09, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $128.19, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, $238.02, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $26.53, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $24.01, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $7.73, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $81.53, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $16.33, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, $13.17, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $99.05, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $50.78, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, $43.32, Buy, C. Patrick Scholes)
InterContinental Hotels Group (IHG, $63.97, NR)

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