January RevPAR Monitor: Very divergent customer trends

Group and leisure strength but business transient decelerating and worrisome

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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

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 areas of relative strength and weakness. What really stood out to us is how forward trends for 2020 for the three customer segments have diverged, those being business transient (weak and decelerating), leisure (relatively strong), and group (strong). Bottom line, the trends we are seeing have very different implications for the public companies:

- For the typical **C-Corp and hotel REIT** [exception being RHP (Hold)], the business transient customer is the "bread & butter customer" and while strength in group business in 2020 should cushion the blow, weakness in business transient is a clear negative for these names. A significant wildcard for 2020 will be hotels' success or failure to use the strong initial group base as a buffer to push transient ADRs higher. We believe it is not impossible but unlikely hotels will be able to do so in the current supply/demand environment. Negatives aside, we observed several positives for the C-Corps in our checks, namely strong growth in loyalty program memberships (in 4Q, loyalty programs accounted for approx. 65% of room nights for the major brands, a new industry high and an approx. 8% y/y increase), and continued demand strength for hotel rooms in China (ex-Hong Kong) for stays in 2020.
- On the other hand, leisure travel remains very resilient and we see this as a clear positive for the **timeshare companies** and **cruise lines.** Of note, following significant outperformance by VAC (Buy) in 2019, WYND (Buy) is our new favorite name in the greater lodging space.

We reiterate our 1Q20 RevPAR forecast of +0-2% and are introducing a 2Q20 Forecast of +1-3%. As detailed further in this report, March and April have very strong levels of group business on the books, partly from a very easy y/y extended spring break/Easter comp. Group business for May and June also looks very healthy. That said, in the quarter-for-the quarter business transient demand has been weak and took a small leg down over the past six weeks. While group business RevPAR is actually tracking +3-5% for 1H20, we believe as business transient fills-in (or rather the current trend of fails to fill-in at the same levels as a year ago) the overall quarterly average will finish in the ranges noted above. Companies will not give 1Q20 RevPAR guidance until February/March and a 2Q20 projection until April/May.

As we look out over the next six months, we see individual business travel RevPAR tracking approx. -2% (~100bps. lower than our prior read), leisure at approx. +2% (~100bps. higher), and group, as to be expected late-cycle outperforming at approx. +3.5% (~100bps. higher). We reiterate our 2020 forecast of -1% to +1% RevPAR growth for US full-service branded hotels. *Of note, we have seen several sell-side*

SEE PAGE 19 FOR REQUIRED DISCLOSURE INFORMATION

reports of late calling for RevPAR growth of 3% in 2020 and/or a RevPAR acceleration in 2021; We see both of these assumptions as extremely optimistic and not supported by our factual forward-looking data and various industry conversations.

- **What's going on with weakness in business transient RevPAR?** We believe an important driver of the weak level of forward business transient bookings over the past month and a half has been weak manufacturing activity of late, as indicated by the Institute for Supply Management's (ISM) manufacturing index unexpectedly falling in December. The December result was the softest level of manufacturing activity since 2009 and is the fifth straight month of contraction in the sector (Barron's). Additionally per the Wall Street Journal, finance executives finished 2019 with lower expectations for profit and revenue growth at their companies and are increasingly cautious when it comes to capital spending and expansion plans. None of the above bode well for business travel.
- **But why strong leisure?** We see several factors driving leisure strength, namely full employment, wages growing fastest on the mid and low-ends of the economic spectrum, continued low gas prices, and high levels of consumer confidence especially at the higher-end of the economic spectrum (New York Times; University of Michigan).
- **And what is driving group in 2020?** As is typical in the hotel cycle, group business historically outperforms individual business travel in the late cycle. We see several reasons for strength, namely a favorable city-wide convention calendar for many markets, limited new supply of large group hotels, and a very favorable y/y Easter comp.

For the most part in the above scenarios, it is difficult to get excited about lodging stocks in general but not much screams "pound-the-table short" either. We see more interesting stories in Vacation Ownership (Marriott Vacations (VAC, Buy) & Wyndham Destinations (WYND, Buy) and Cruise lines (Norwegian (NCLH, Buy) & Royal Caribbean (RCL, Buy) at the moment. While much of what we stated on the first page of this report is a negative for hotel REITS as costs are growing faster than those RevPAR ranges, there are several positives:

- **The good news for the hotel REITS, is that we do not see much risk for valuation multiples to significantly contract from current levels; however we continue to believe there will be gradual cuts to consensus estimates over the next year and 2021 same-store earnings will be lower than 2020's.** Other positives in our opinion:
    - **Attractive dividend yields.** Most hotel REITS are paying out a 4-8% annualized yield and with a few exceptions, we do not see the pay-out ratios as particularly stretched.
    - **The strongest balance sheets in the history of the hotel REIT sector for HST and Sunstone (SHO, Hold).**
    - **A relatively strong late-cycle group/convention RevPAR growth environment for RHP (and to a lesser degree other companies) combined with impressive 2020 bookings at their new Colorado property.**

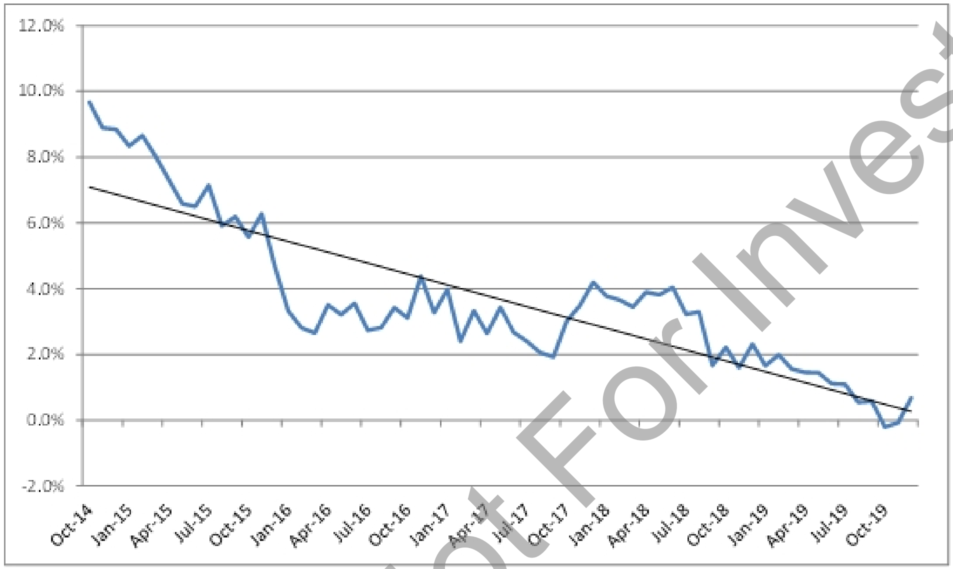
Let's drill down on the group business. As we look into 2020, city-wide group bookings are relatively strong which we believe to be driven by an easy y/y Easter comp combined with overall better city-wide convention calendars for the year. It is not atypical to see Group business outperforming other customer segments late in a cycle. Based on Cvent data, the outlook for 2020 corporate group bookings is much softer than for city-wide group bookings. We note from our contacts at Cvent (they are involved in about one-third of corporate group bookings in the US) that bookings are fairly flattish over the next four quarters, evidenced in various indicators such as shorter durations of stays, a slightly contracting booking window, and average size of the room block (flat to slightly down), etc. For corporate groups, demand is not keeping up with supply and because of this group is very competitive and now we are seeing a share grab. **We believe this will eventually lead to rate discounting.**

- **As we look out into 2021, city-wide group business continues to look soft, and even more so when factoring another two years of supply growth between now and then.** Besides the difficult y/y comp for city-wide conventions, we attribute softness to hesitation by corporations and meeting planners to make long-term 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 (EPI). *As 2022 city-wide group business strengthens from 2021, it is quite possible 4Q21 could be the trough for RevPAR growth.*

Recession watch: **As expected following the approx. 2% US industry-wide RevPAR growth in December, trailing 3-month RevPAR has bounced back into the positive.** Trailing 3 month RevPAR growth turning negative has always been associated with a recession (at least since reliable RevPAR data was made available in 1987). Following the weak results in October, T3M is currently +0.7% vs. -0.1% last month. We believe strong city-wide convention calendars this year may prevent the T3M from going and staying 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

Table 2

	Quarterly Tracking			
	2019E	*1Q20*	*2Q20*	*2020E*
	Overall forecast	Overall	Overall	Overall forecast
Dec-19	+0-2%	+0-2%	+1-3%	-1% to +1%
Oct-19	+0-2%	+0-2%		-1% to +1%
Aug-19	+0-2%			-1% to +1%
Jul-19	+0-2%			-1% to +1%
Jun-19	+0-2%			-1% to +1%
Mar-19	+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

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

- **1Q20: Our expectations by month:**
  - **January:** Clean comp month. January gains a Friday and loses a Tuesday, which we will be an approx. 50bps headwind to RevPAR growth (HotelNewsNow). We expect the month to finish roughly flattish to +1%.
  - **February:** Clean comp month. February gains a Saturday (extra day for leap year), perhaps a 30bps tailwind to RevPAR growth (HotelNewsNow). We expect the month to finish flat to +2%.
  - **March:** Group business looks particularly strong. The month gains a Monday and a Tuesday and loses a Friday and a Saturday, the net effect being an approx. 30bps headwind to RevPAR growth. Passover starting April 8th may give a small boost to the last two days of March. We expect the month to finish up low-single digits.
- **2Q20:Our expectations by month:**
  - **April:** Gains a Wednesday and Thursday and loses a Monday and Tuesday, which should be an approx. 20bps tailwind. April also benefits from the easy y/y Easter comp. While Easter and Passover still fall in April like they did in last year, the fall approx. a week earlier which means the school vacation calendar will not be as elongated as it was in 2019.We see the month finishing 1-3%.
  - **May:** Gains a Saturday and Sunday but loses a Wednesday and Thursday which should be an approx. 20bps. headwind to RevPAR growth. Additionally, the month looks strong for group business. We see the month finishing at least +1-3%.

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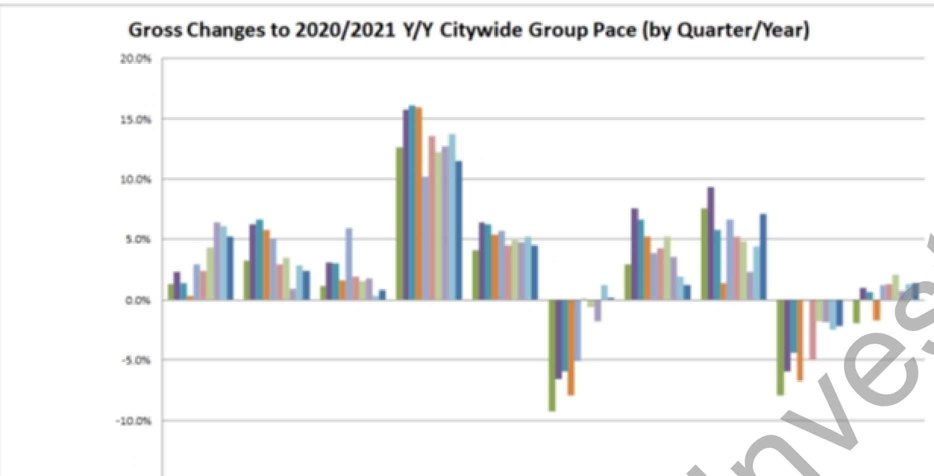
- **June:** Gains a Monday and Tuesday but loses a Saturday and Sunday which is expected to result in a 60bps. tailwind to RevPAR growth. June also looks strong for group business. With July 4th falling on a Saturday this year from a Thursday last year, the last two days of June (the Monday and Tuesday before the July 4th weekend) should get a y/y boost to business demand. We see the month finishing at least +1-3%.

__Examining the forward-looking group/convention trends:__ On the surface, we would describe headline forward looking trends for 2020 as strong whereas we see 2021 as soft. 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 3



	1Q20	2Q20	3Q20	4Q20	YE 20	1Q21	2Q21	3Q21	4Q21	YE 21
Pace as of December 2018	1.3%	3.2%	1.1%	12.6%	4.1%	-9.3%	2.9%	7.5%	-8.0%	-2.0%
Pace as of January 2019	2.3%	6.2%	3.1%	15.8%	6.4%	-6.6%	7.6%	9.3%	-6.0%	1.0%
Pace as of February 2019	1.4%	6.6%	3.0%	16.1%	6.3%	-6.0%	6.6%	5.8%	-4.4%	0.6%
Pace as of March 2019	0.3%	5.8%	1.6%	16.0%	5.4%	-8.0%	5.2%	1.4%	-6.7%	-1.8%
Pace as of June 2019	2.9%	5.1%	5.9%	10.2%	5.7%	-5.1%	3.9%	6.7%	-0.1%	1.2%
Pace as of July 2019	2.3%	2.9%	1.9%	13.5%	4.5%	0.0%	4.3%	5.2%	-5.0%	1.3%
Pace as of August 2019	4.3%	3.5%	1.5%	12.2%	4.9%	-0.6%	5.2%	4.8%	-1.8%	2.0%
Pace as of September 2019	6.4%	0.8%	1.7%	12.7%	4.7%	-1.8%	3.6%	2.3%	-1.9%	0.7%
Pace as of October 2019	6.1%	2.8%	0.3%	13.7%	5.2%	1.2%	1.9%	4.4%	-2.5%	1.3%
Pace as of November 2019	5.2%	2.4%	0.8%	11.5%	4.5%	0.2%	1.2%	7.1%	-2.2%	1.4%

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:

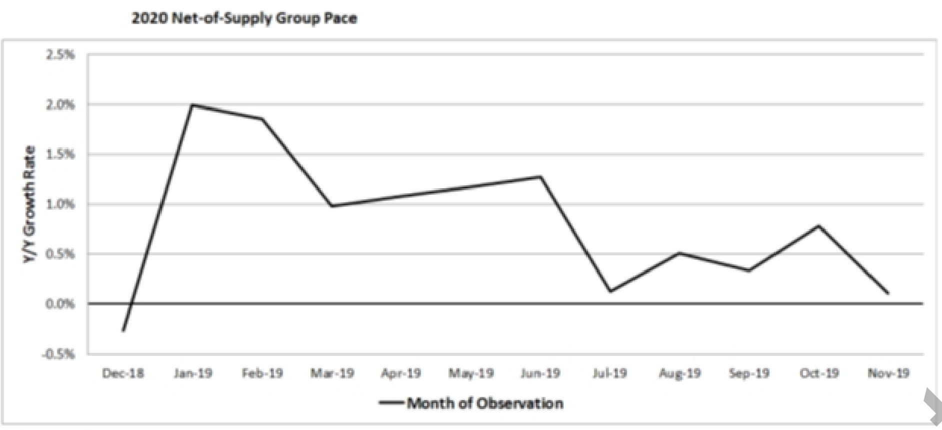
Table 4

	1Q20	2Q20	3Q20	4Q20	YE 20	1Q21	2Q21	3Q21	4Q21	YE 21
Pace as of December 2018	-3.1%	-1.2%	-3.3%	8.2%	-0.3%	-16.7%	-4.5%	0.1%	-15.4%	-9.4%
Pace as of January 2019	-2.1%	1.8%	-1.3%	11.4%	2.0%	-14.0%	0.2%	1.9%	-13.4%	-6.4%
Pace as of February 2019	-3.0%	2.2%	-1.4%	11.7%	1.9%	-13.4%	-0.8%	-1.6%	-11.8%	-6.8%
Pace as of March 2019	-4.1%	1.4%	-2.8%	11.6%	1.0%	-15.4%	-2.2%	-6.0%	-14.1%	-9.2%
Pace as of June 2019	-1.5%	0.7%	1.5%	5.8%	1.3%	-12.5%	-3.5%	-0.7%	-7.5%	-6.2%
Pace as of July 2019	-2.1%	-1.5%	-2.5%	9.1%	0.1%	-7.4%	-3.1%	-2.2%	-12.4%	-6.1%
Pace as of August 2019	-0.1%	-0.9%	-2.9%	7.8%	0.5%	-8.0%	-2.2%	-2.6%	-9.2%	-5.4%
Pace as of September 2019	2.0%	-3.6%	-2.7%	8.3%	0.3%	-9.2%	-3.8%	-5.1%	-9.3%	-6.7%
Pace as of October 2019	1.7%	-1.6%	-4.1%	9.3%	0.8%	-6.2%	-5.5%	-3.0%	-9.9%	-6.1%
Pace as of November 2019	0.8%	-2.0%	-3.6%	7.1%	0.1%	-7.2%	-6.2%	-0.3%	-9.6%	-6.0%

Source: STRH Research, TAP

- **2020:** Our net-of-supply group pace for 2020 is +0.1%. To this we add approx. 2-3 percentage points of rate growth to come up with a projection that same-store Group RevPAR is tracking at approx. +3 y/y for 2020 at the moment, with approx. 70% of final group reservations on the books.

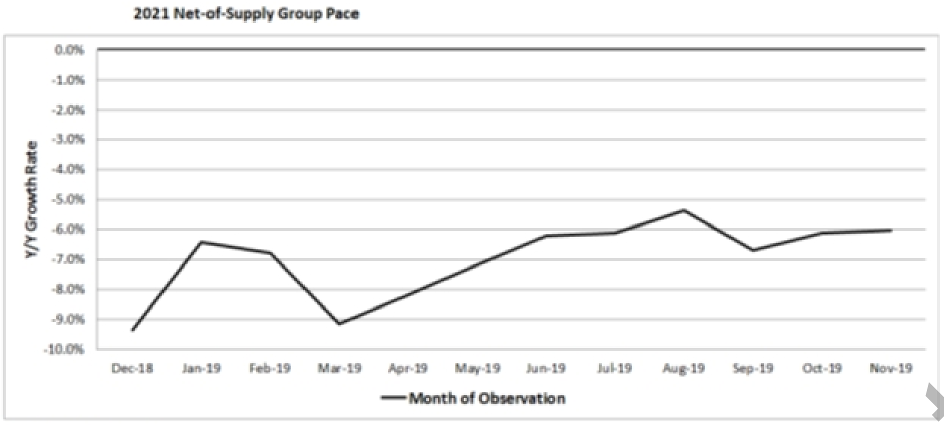
Table 5



Source: STRH Research, TAP

- **2021:** Our net-of-supply group pace for 2020 is -6.0%. 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. -4% y/y for 2021 at the moment, with approx. 30% of final group reservations on the books.

Table 6



Source: STRH Research, TAP

Table 7

Segmentation By Company			
	Transient Corporate	Transient Leisure	Group
DRH	45%	20%	35%
HST	45%	15%	40%
PEB	50%	25%	25%
PK	45%	20%	35%
RHP	5%	25%	70%
RLJ	55%	25%	20%
SHO	45%	20%	35%
C-corps	Transient Corporate	Transient Leisure	Group
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:

2020 looks like a solid city-wide convention calendar for several major cities, most notably Boston, Chicago and Miami. San Francisco, which had the best 2019 group result of the major markets, faces a difficult y/y comparison in 2020.

Ranking the big six major US markets for 2020. 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:

1Q20:
1. **Above average:** Chicago
2. **Average:** Boston, Los Angeles, Washington DC
3. **Below average:** New York City, San Francisco

2020:
1. **Above average:** Boston, Chicago
2. **Average:** Los Angeles, New York City, Washington DC
3. **Below average:** San Francisco

Additional color on the big six:

Boston:

1Q20: Average
2020: Above average

Table 8

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

Chicago:

1Q20: Above average
2020: Above average

Tables 9-10

Group/convention outlook for Chicago

Pace as of	1Q20E	2Q20E	3Q20E	4Q20E	YE 20	1Q21E	2Q21E	3Q21E	4Q21E	YE 21
Nov-19	58.0%	16.8%	-15.1%	-9.2%	8.9%	0.8%	1.6%	-4.8%	20.2%	4.8%
Oct-19	57.8%	17.2%	-15.5%	-8.4%	8.8%					4.5%
Sep-19	60.4%	12.9%	-15.4%	-9.2%	7.2%					6.2%
Aug-19	25.8%	12.7%	-10.6%	-7.6%	4.2%					6.4%
Jul-19	24.5%	13.0%	-9.7%	-7.7%	4.3%					7.0%
Jun-19	25.3%	12.3%	-5.2%	-4.1%	6.2%					7.3%
Mar-19	31.6%	17.6%	-2.4%	-2.2%	10.1%					10.3%
Feb-19	33.0%	17.9%	-2.4%	-4.1%	9.7%					9.4%
Jan-19	33.4%	19.1%	-3.6%	3.2%	11.7%					8.3%
Dec-18	24.7%	21.8%	-6.9%	-0.1%	9.5%					10.7%

Source: STRH Research, TAP

Est exposure to Chicago market							
	DRH	HST	PEB	PK	RHP	RLJ	SHO
Chicago	14%	4%	5%	5%	0%	4%	6%
Rank	1	5	3	3	7	5	2

Note: Est. exposures include surrounding areas

Source: STRH Research, Company data

Los Angeles:

1Q20: Average
2020: Average

Tables 11-12

Group/convention outlook for Los Angeles

Pace as of	1Q20E	2Q20E	3Q20E	4Q20E	YE 20	1Q21E	2Q21E	3Q21E	4Q21E	YE 21
Nov-19	10.4%	28.9%	41.0%	15.3%	22.5%	0.4%	-6.0%	-17.4%	14.9%	-3.4%
Oct-19	4.4%	16.3%	39.1%	16.1%	16.6%					7.4%
Sep-19	27.1%	18.3%	49.8%	35.4%	29.8%					5.9%
Aug-19	23.0%	17.8%	61.3%	32.3%	29.8%					3.6%
Jul-19	17.5%	23.0%	63.6%	33.2%	30.4%					1.0%
Jun-19	28.3%	15.2%	55.7%	37.2%	30.5%					-3.2%
Mar-19	-1.2%	21.4%	54.2%	28.4%	23.1%					-21.1%
Feb-19	-1.2%	22.4%	52.0%	28.5%	23.0%					-21.1%
Jan-19	-1.9%	23.4%	50.0%	29.5%	23.0%					-20.1%
Dec-18	-8.6%	19.8%	48.7%	17.9%	17.6%					-23.6%

Source: STRH Research, TAP

Est exposure to LA market

	DRH	HST	PEB	PK	RHP	RLJ	SHO
LA	2%	5%	12%	2%	0%	6%	6%
Rank	5	4	1	5	7	2	2

Note: Est. exposures include surrounding areas

Source: STRH Research, Company data

NYC

1Q20: Below average
2020: 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, 5.7% in 2019, and is projected to grow 6.6% in 2020 and 2.9% in 2021. 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 2020.**

Table 13

Est exposure to NYC market							
	DRH	HST	PEB	PK	RHP	RLJ	SHO
NYC	11%	8%	1%	6%	0%	6%	4%
Rank	1	2	6	3	7	3	5
Note: Est. exposures include surrounding areas							
Source: STRH Research, Company data							

San Francisco:

Following a strong 2019, San Francisco faces an especially difficult y/y comp in 2020.

1Q20: Below average
2020: Below average

Tables 14-15

Group/convention outlook for San Francisco

Pace as of	1Q20E	2Q20E	3Q20E	4Q20E	YE20	1Q21E	2Q21E	3Q21E	4Q21E	YE21
Nov-19	-25.6%	4.9%	-7.0%	-12.1%	-11.1%	0.6%	11.9%	7.2%	-37.1%	-6.5%
Oct-19	-26.5%	1.9%	-7.5%	-13.8%	-12.5%					-4.5%
Sep-19	-26.2%	-3.5%	-7.4%	-13.9%	-13.8%					-3.9%
Aug-19	-24.6%	-3.4%	-7.4%	-14.5%	-13.4%					0.8%
Jul-19	-24.7%	11.5%	-7.4%	-14.2%	-9.8%					-3.6%
Jun-19	-25.4%	10.4%	-9.7%	-11.7%	-10.1%					-0.5%
Mar-19	-29.0%	12.6%	-12.9%	-8.9%	-10.9%					0.4%
Feb-19	-28.9%	7.3%	-12.9%	-8.9%	-12.0%					0.4%
Jan-19	-28.4%	23.5%	-13.0%	-8.9%	-9.2%					6.9%
Dec-18	-29.8%	32.0%	-15.4%	-10.1%	-9.0%					-9.5%

Source: STRH Research, TAP

Est exposure to SF market	DRH	HST	PEB	PK	RHP	RLJ	SHO
San Francisco	4%	10%	20%	14%	0%	13%	10%
Rank	6	4	1	2	7	3	4

Note: Est. exposures include surrounding areas

Source: STRH Research, Company data

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Washington DC:

1Q20: Average
2020: Average

Tables 16-17

Group/convention outlook for Washington, D.C.

Pace as of	1Q20E	2Q20E	3Q20E	4Q20E	YE 20	1Q21E	2Q21E	3Q21E	4Q21E	YE 21
Nov-19	-16.2%	4.4%	35.2%	43.2%	12.0%	32.1%	43.7%	-28.2%	-44.3%	-0.7%
Oct-19	-19.7%	6.4%	43.1%	50.7%	14.2%					-1.2%
Sep-19	-15.8%	9.2%	38.2%	48.3%	14.6%					-3.9%
Aug-19	-26.8%	12.1%	35.5%	61.9%	12.3%					-2.4%
Jul-19	-26.0%	15.3%	36.8%	59.8%	13.3%					-5.2%
Jun-19	-31.3%	10.4%	48.4%	54.9%	10.9%					-6.3%
Mar-19	-27.2%	2.8%	43.9%	58.5%	12.5%					-10.5%
Feb-19	-26.0%	2.9%	43.9%	58.5%	13.1%					-10.5%
Jan-19	-25.6%	1.9%	46.7%	56.1%	13.2%					-11.3%
Dec-18	-25.8%	-0.8%	43.5%	56.4%	12.1%					-11.2%

Source: STRH Research, TAP

Est exposure to DC market							
	DRH	HST	PEB	PK	RHP	RLJ	SHO
DC	4%	9%	7%	3%	16%	5%	10%
Rank	6	3	4	7	1	5	2

Note: Est. exposures include surrounding areas

Source: STRH Research, Company data

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Current expectations for Top 25 Market new supply:

Table 18

Supply By Top 25 Markets (Sorted by Pipeline Rooms Growth as % of Census)
As of 3Q19

	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%	6.7%	5.8%	6.5%
Los Angeles, CA	6	4.2%	1.7%	1.3%	3.2%	3.6%
Detroit, MI	24	3.2%	2.8%	2.8%	4.3%	4.8%
New York, NY	3	4.9%	3.4%	5.7%	6.6%	2.9%
Dallas, TX	8	5.8%	3.6%	3.7%	4.1%	5.4%
Miami, FL	14	3.5%	2.6%	3.3%	2.4%	2.2%
Denver, CO	16	5.6%	5.4%	3.7%	3.1%	3.9%
Atlanta, GA	7	1.7%	2.7%	2.5%	2.6%	2.9%
Seattle, WA	18	4.4%	7.3%	2.2%	3.2%	3.2%
Phoenix, AZ	10	2.8%	1.5%	2.5%	3.2%	3.4%
Houston, TX	9	4.0%	3.0%	3.4%	2.3%	4.1%
Orlando, FL	2	0.8%	1.8%	1.8%	2.4%	1.9%
San Francisco, CA	15	1.8%	1.2%	2.4%	1.1%	1.3%
Boston, MA	12	3.1%	3.8%	5.1%	2.6%	3.9%
San Diego, CA	11	1.3%	2.2%	2.4%	0.7%	0.9%
Tampa, FL	17	4.0%	2.2%	1.7%	2.5%	5.1%
Philadelphia, PA	19	3.2%	2.2%	2.0%	3.2%	2.6%
Minneapolis, MN	22	1.8%	4.3%	3.5%	3.4%	1.9%
Anaheim, CA	13	2.0%	1.0%	1.7%	2.1%	3.3%
Washington, DC	5	2.0%	1.7%	1.2%	1.1%	1.8%
Saint Louis, MO	27	2.1%	2.0%	1.7%	2.1%	2.5%
Chicago, IL	4	2.3%	2.1%	1.3%	0.9%	1.0%
San Antonio, TX	20	1.4%	2.0%	1.6%	1.7%	1.1%
Oahu Island	38	0.6%		0.6%		
Norfolk, VA	28	1.2%		1.2%	1.3%	0.3%
Total Top 25 Markets		**2.9%**	**2.6%**	**2.6%**	**2.7%**	**2.8%**

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 19

RevPAR Guidance (4Q19 and FY 19)			
	4Q19	FY 19	*Notes*
C-Corps			
CHH	-2% to flat	-1% to flat	*Domestic RevPAR*
H		Approximately +0.5%	*Comparable systemwide*
HLT	Roughly flat	Approximately +1%	*Systemwide*
		In-line with systemwide guidance	*US*
		Low single digit positive	*Americas ex-US*
		Low single digit positive	*Europe*
		Down low single digits	*Middle East/Africa*
		Flat to slightly down; China down low single digits	*Asia Pacific*
MAR	Roughly +1%	Roughly +1%	*Worldwide*
	+0-1%	Roughly +1%	*North America*
	Roughly +1%	Roughly +2%	*Outside North America*
	Flat to down modestly (ex-Hong Kong: up low single digits)		*Asia Pacific*
	Up low single digits		*Caribbean & Latin America*
	Up low to mid single digits		*Europe*
	Down low single digits		*Middle East/Africa*
PLYA		Low single digit decline	*Comparable revenue systemwide*
WH		-1% to flat	*Systemwide ex-2018 acquisitions/dispositions until their anniversary dates*
REITS			
DRH		+0-0.75%	
HST		-1% to -0.25%	
PEB	+0-2%	+0.6-1.2%	*Same-property*
PK		+1-2%	
RHP		+3.5-4.0%	*Same-Store Hospitality RevPAR (ex-Rockies)*
RLJ		+0-1%	
SHO	-1.5% to +0.5%	+1-2%	

Source: Company reports and conference calls; STRH Research

Companies Mentioned in This Note

Choice Hotels International, Inc. (CHH, $100.53, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $10.49, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $86.23, Hold, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $34.21, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $109.63, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $17.64, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $147.30, Hold, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $25.71, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $24.56, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $7.63, Buy, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $85.36, Hold, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $16.72, Sell, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, $13.41, Hold, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $127.60, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $60.31, Buy, C. Patrick Scholes)
Wyndham Destinations, Inc. (WYND, $51.77, Buy, C. Patrick Scholes)

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I, C. Patrick Scholes , hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

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