

CONSUMER: Lodging

C. Patrick Scholes

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

Gregory J. Miller

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

Samuel Durno

212-303-4183  
Samuel.Durno@truist.com

Adam Fox

404-439-7379  
Adam.Fox@truist.com

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Reasons for this report

- ✓ Data-Driven Analysis
- ✓ Our analysis of the most recent weekly China and Europe lodging results

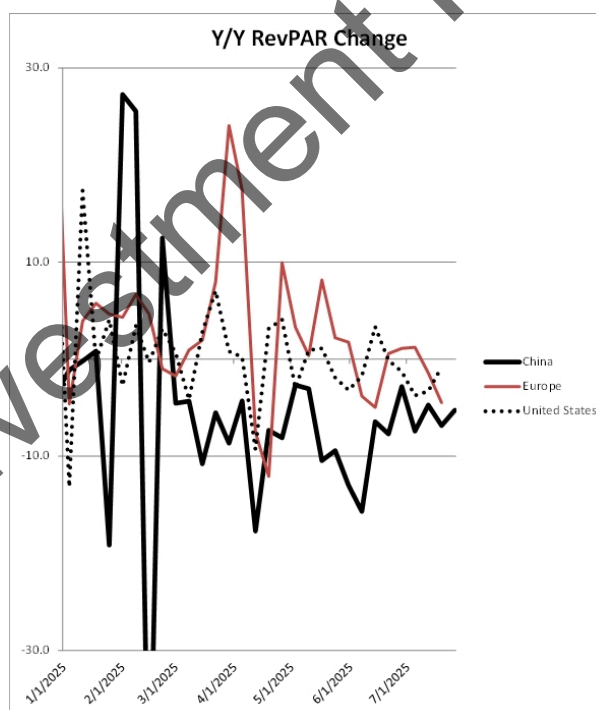
## International hotels' RevPAR last week: China -5.2% y/y, Europe -4.5% y/y.

**China:** Per STR/CoStar for the week ending July 26th, hotel RevPAR in China in local currency was -5.2% y/y vs. -6.9% y/y in the prior week. Last week's RevPAR was up against a -11.3% y/y comparable result in 2024 vs. -8.4% y/y in the prior week. This compares to the 10-week trailing average of -7.9%.

**Europe:** RevPAR in Europe in Euros was -4.5% y/y vs. -6.9% in the prior week. Last week's RevPAR was up against a +12.8% comparable result in 2024 and +7.4% in the prior week. This compares to the 10-week trailing average of flat y/y growth. The Olympic Games took place in Paris from July 26th through August 11th in 2024, which will present a tough comp for Europe during this period.

**Overall U.S. RevPAR was -0.8% y/y, above the prior week's result of -3.3% y/y and above the trailing 10-week average of -1.4% y/y.**

Exhibit 1:



Source: STR, Truist Securities Research

RevPAR detail for week ending July 26th vs. trailing 28 days:

China (local currency):

- RevPAR was -5.2% y/y for the week ending July 26th, **higher than** the -5.7% for the trailing 28 days.
- ADR was -1.2% y/y for the week ending July 26th, **lower than** the -1.0% for the trailing 28 days.
- Occupancy was -4.1% y/y for the week ending July 26th, **higher than** the -4.7% for the trailing 28 days.

Europe (in Euros):

- RevPAR was -4.5% y/y for the week ending July 26th, **lower than** the -0.7% for the trailing 28 days.
- ADR was -4.3% y/y for the week ending July 26th, **lower than** the -1.2% for the trailing 28 days.
- Occupancy was -0.2% y/y for the week ending July 26th, **lower than** the +0.5% for the trailing 28 days.

EBITDA and rooms exposure by region:

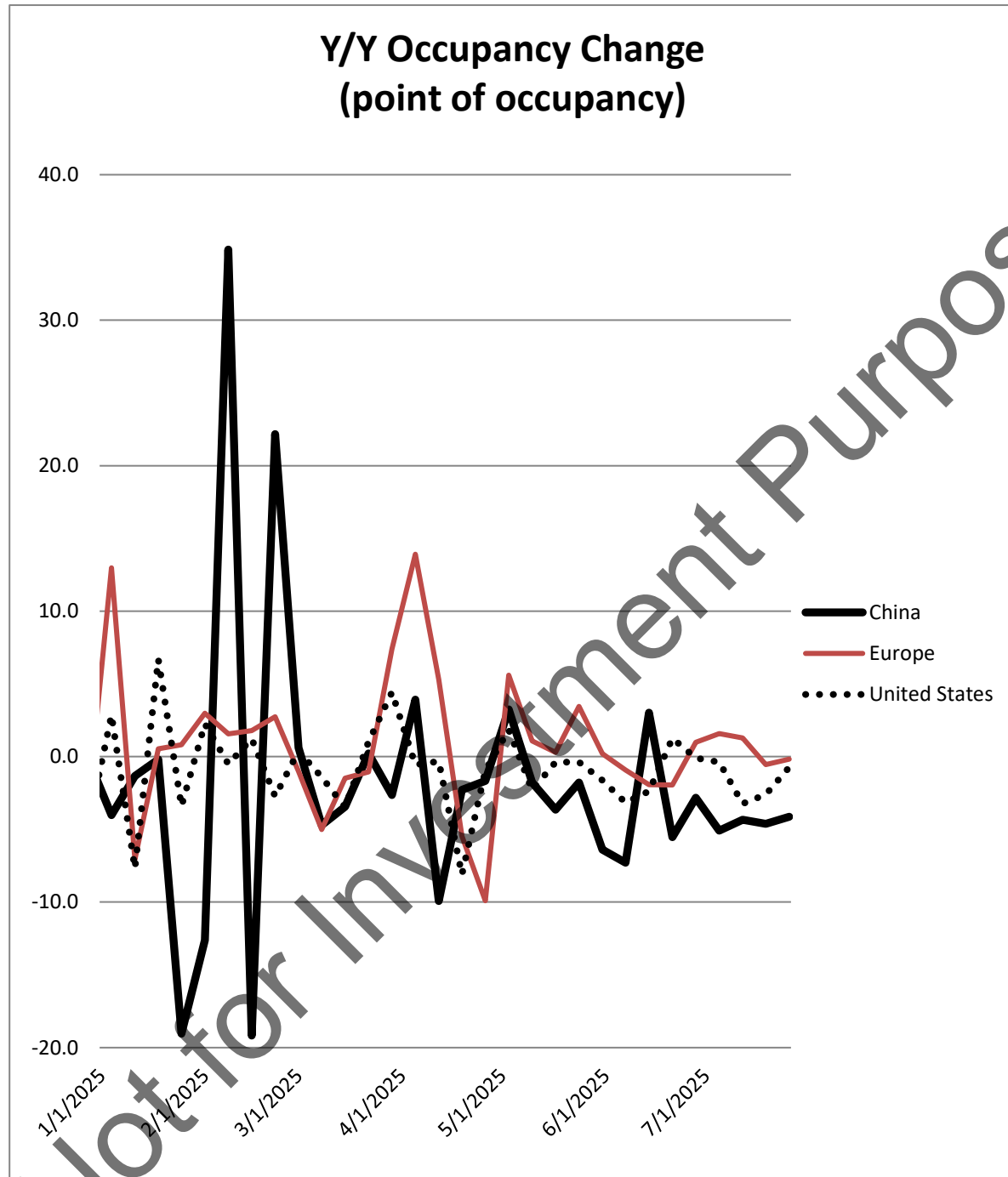
**EBITDA: Hyatt (H, Buy), InterContinental (IHG, NR), and Marriott (MAR, Hold) are among the Lodging C-corps that have the greatest exposure to Europe and Asia.** From Europe, MAR generates approximately 15% of EBITDA, IHG 15%, Wyndham (WH, Buy) less than 5%, H roughly 5%, and Hilton (HLT, Hold) 10% each. Of these companies, H and MAR have the greatest exposure to Asia (~10-20% of EBITDA). HLT is approximately 10%. Each of the other companies generates 5% to 10% of EBITDA from the Asia-Pacific region. Following the Apple Leisure Group acquisition, H has a relatively high ~25% exposure to the Americas ex-US/Canada.

- In a normalized environment, Greater China inclusive of Macau and Hong Kong generally represents half of the Asia-Pacific EBITDA from the C-corps.

**Rooms (as of 4Q24; figures may not round to 100%):**

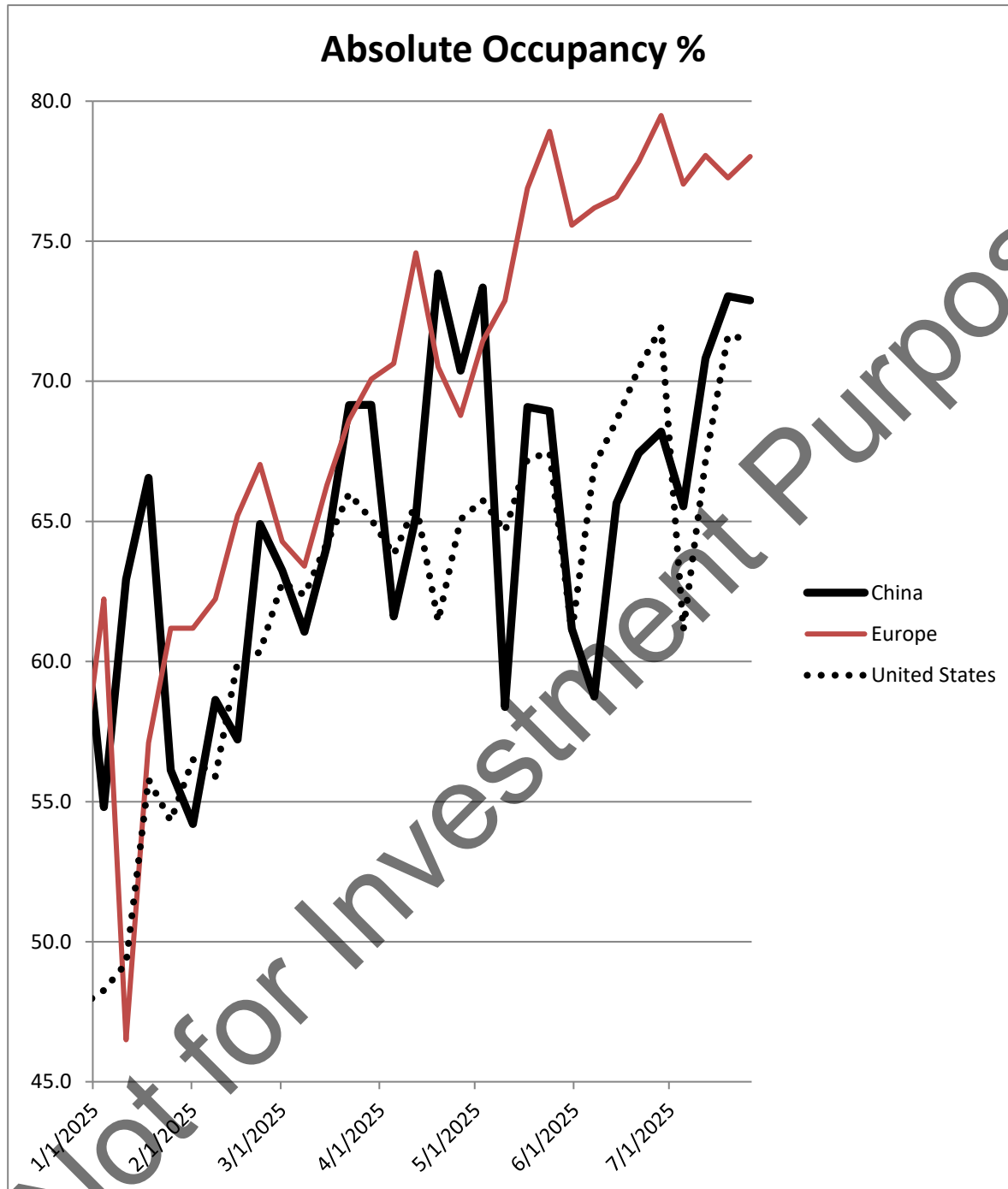
- Choice Hotels (CHH, Hold):
  - Domestic: 78%
  - Asia-Pacific: 4%
  - Europe/Middle East: 9%
  - Latin America & Canada: 8%
- H (includes owned/leased hotels):
  - United States: 46%
  - Americas (ex U.S.): 17%
  - Greater China: 13%
  - Asia Pacific (ex Greater China): 10%
  - Europe: 11%
  - Middle East/Africa: 3%
- HLT:
  - US: 65%
  - Americas: 6%
  - Europe: 10%
  - Middle East/Africa: 3%
  - Asia Pacific: 16%
- IHG:
  - Americas: 55%
  - EMEAA: 27%
  - Greater China: 20%
- MAR (ex-timeshare):
  - North America: 62%
  - Europe: 9%
  - Middle East/Africa: 5%
  - Asia Pacific: 19%
  - Caribbean/Latin America ("CALA"): 5%
- WH:
  - US: 56%
  - Canada: 4%
  - Greater China: 20%
  - Rest of Asia: 4%
  - Europe/Middle East/Africa: 10%
  - Latin America: 5%

Exhibit 2: Y/Y Occupancy change for China, Europe, US



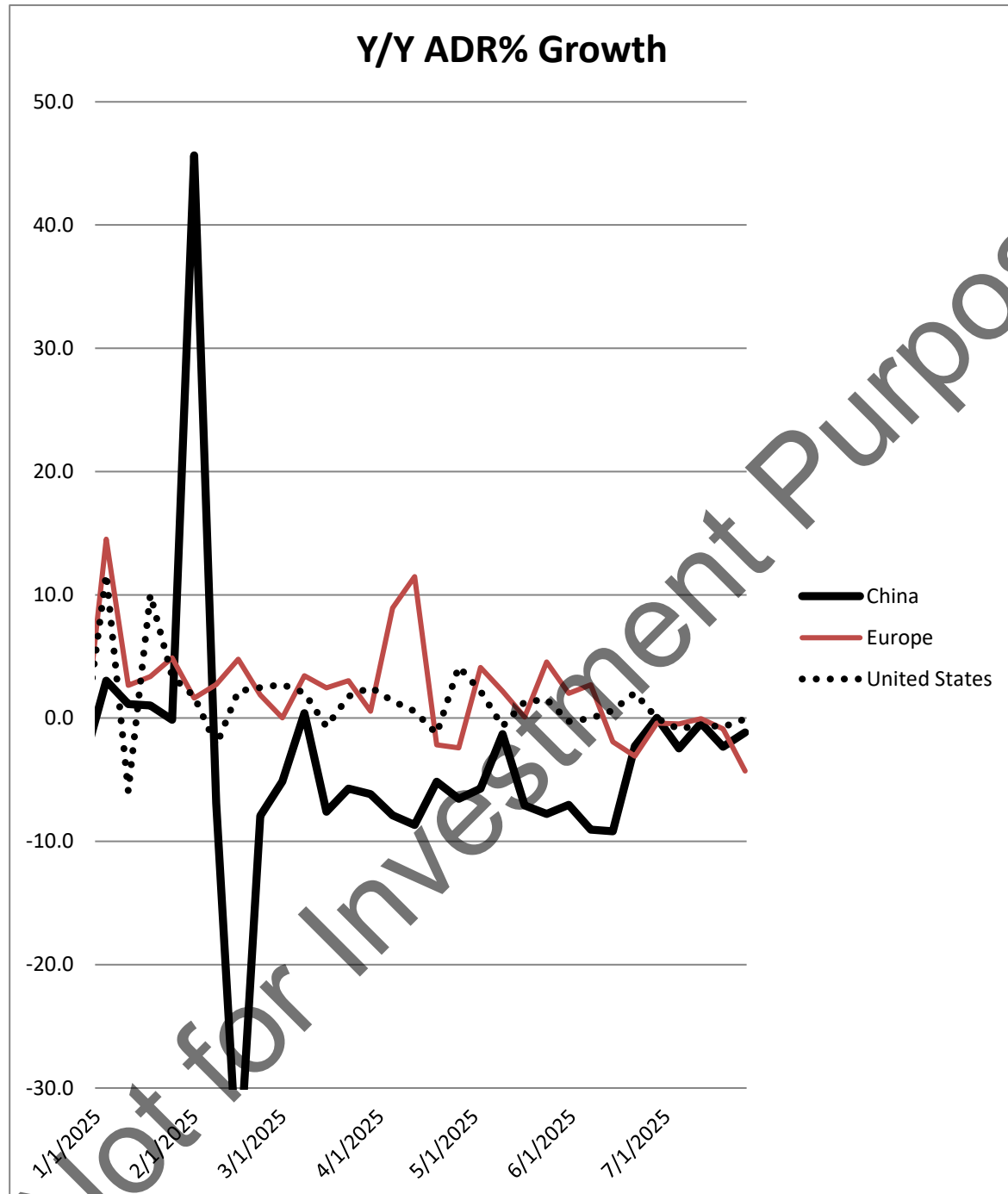
Source: STR, Truist Securities research

Exhibit 3: Absolute Occupancy % for China, Europe, US



Source: STR, Truist Securities research

Exhibit 4: Y/Y ADR % change for China, Europe, US



Source: STR, Truist Securities research

## CHH: Valuation and Risks

Our price target of \$128 for CHH is derived by applying a 13.0x target EV/EBITDA multiple (slightly above industry average and in the midpoint of CHH's historical trading multiple range) to our estimate for 2026 EBITDA.

Risks to our rating and price target include: Upside risks: conservative guidance, if the economy performs better than expected, outperformance by Radisson. Downside risks: slowdown in development opportunities, high construction costs, newly created brands grow slower than expectations, and underperformance by Radisson.

## H: Valuation and Risks

Our price target of \$140 is derived by applying a 15.1x target EV/EBITDA multiple (a blended average of the industry multiples for each business segment) to our estimate for 2026 EBITDA. Our sum-of-the-parts analysis on our 2026 segment multiple assumptions include (12.5x owned EBITDA u/c, 16x fees EBITDA u/c) and other segments/ALG (10-12x, u/c).

Risks to our rating and price target: 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.

## MAR: Valuation and Risks

Our \$273 price target is based on a 16.7x blended multiple on our 2026E EBITDA. In the parts, we assign a 12.0x 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.

## HLT: Valuation and Risks

We apply a blended multiple of 17.6x (11.0x for Owned/leased and 18.0x for Managed/franchised) to our 2026 adjusted EBITDA estimate to derive a price target of \$246. This multiple is above the high end of the historical range of 10x-16x which we view as appropriate based on current trading fundamentals/flight to quality consumer stocks and HLT's improved EBITDA margins since 2019.

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.

## WH: Valuation and Risks

Our price target of \$101 for WH is based on a 14.0x target EV/EBITDA multiple (in line with portfolio quality/RevPAR relative to peers) of our 2026 EBITDA estimate.

Risks to our rating and price target: Slowdown in development opportunities. Macro demand/pipeline headwinds.

## Companies Mentioned in This Note

**Choice Hotels International, Inc.** (CHH, \$130.77, Hold, C. Patrick Scholes)

**Hyatt Hotels Corporation** (H, \$144.82, Buy, C. Patrick Scholes)

**Hilton Worldwide Holdings Inc.** (HLT, \$273.29, Hold, C. Patrick Scholes)

**Marriott International, Inc.** (MAR, \$270.04, Hold, C. Patrick Scholes)

**Wyndham Hotels & Resorts, Inc.** (WH, \$88.38, Buy, C. Patrick Scholes)

InterContinental (IHG, Not Rated)

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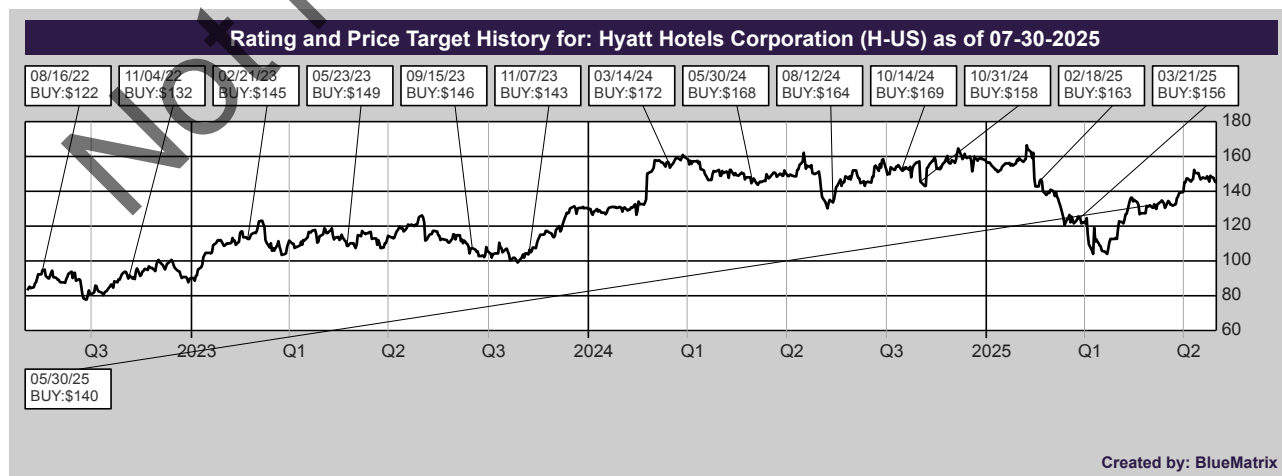
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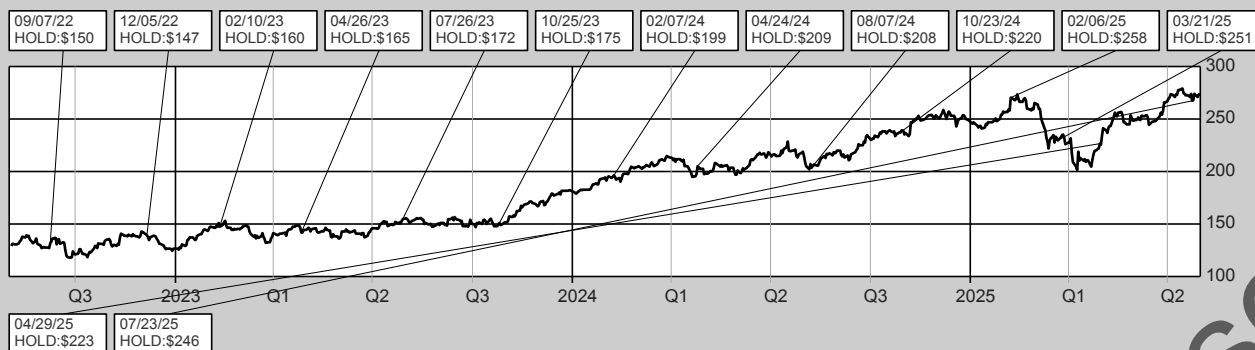
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### Rating and Price Target History for: Hilton Worldwide Holdings Inc. (HLT-US) as of 07-30-2025



Created by: BlueMatrix

### Rating and Price Target History for: Marriott International, Inc. (MAR-US) as of 07-30-2025



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### Rating and Price Target History for: Wyndham Hotels & Resorts, Inc. (WH-US) as of 07-30-2025



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