Equity Research Report

January 22, 2025

CONSUMER: Lodging

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Reasons for this report

✓ Our analysis of the most recent weekly US lodging results

Lodging: U.S. RevPAR +17.4% y/y last week; Several positive calendar shifts/ one-time events led by MLK holiday shift

Overall U.S. RevPAR was +17.4% y/y for the week ending 1/18/2025, per STR/ CoStar, above the prior week's result of -13.2% y/y and above the trailing 10-week average of +7.0% y/y.

Last week's headline results were aided by several factors. The MLK Day holiday was in the y/y comp whereas the 2025 comp was a holiday-free workweek; the result was stronger workweek RevPAR and stronger Friday-Saturday RevPAR leading into the 2025 holiday. Other factors included the Healthcare conference in San Francisco shifting one week later and D.C. benefitting from early Inauguration demand. L.A. RevPAR was just +3.7% y/y. We assume mixed impact from fires.

Given another very noisy week of lodging results, we await clean comp weeks later in 1Q to better evaluate strength/weakness in both business and leisure travel QTD.

As we always note when there are exceptionally strong (or weak) Group segment results, a holiday shift is usually the cause.

Digging into the results:

MLK Day calendar shift: As we expected, last week's results were aided by the calendar shift of MLK Day with the holiday in last year's Monday comparison. As a result, workweek RevPAR was very positive at the headline (Monday +32% and Tuesday +25%). Leading into the 2025 holiday weekend, Friday RevPAR was +19% and Saturday was +32%. We expect a negative reversal of trends in next week's data set given light business travel around the 2025 holiday.

San Francisco Healthcare conference: The conference was one week later in 2025 y/y resulting in large RevPAR percentage gains last week. San Francisco RevPAR was +348%. San Francisco is one of the smaller Top 25 markets in terms of rooms but where room rates can be exceptionally high in the City during peak group events.

Los Angeles fire impact: Occupancy for the market was 63.9% last week and up just 2.2% y/y. The suggestion to us from the headline data is light RevPAR impact at the metro level (L.A. is geographically sprawled) but a more significant impact where displaced residents are temporarily staying both in L.A. and in other parts of Southern California. Pebblebrook's (PEB, Hold, Miller) Kimpton in the Westwood area of L.A. was mentioned in a WSJ piece on L.A. residents sheltering their pets at "L.A.'s poshest hotels." PEB's hotel was noted to be sold out shortly after the fires. We caution that any positive impact in 2025 will likely lead to a tough comp next year.

D.C. Inauguration impact: Another one-time comp is the Inauguration where D.C. hotels showed strong demand in advance of the Monday event. RevPAR y/y was +84% y/y for the week with Saturday +332%. D.C. is one of the largest hotel markets in the U.S. in terms of rooms and a high-ADR market as well, all impactful to U.S. headline results and for the C-corps and REITS with meaningful D.C. Metro exposure (including Virginia and Maryland suburbs).

Major RevPAR statistics presented below:

- Luxury RevPAR: +37.7% y/y
- Upper Upscale RevPAR: +25.3% y/y
- Upscale RevPAR: +14.8% y/y
- Upper Midscale RevPAR: +11.9% y/y
- Midscale RevPAR: +7.4% y/y
- Economy RevPAR: +6.4% y/y
- Independent hotels (~ 1/3rd of the data set) RevPAR: +11.5% y/y; and

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- Within Upper Upscale & Luxury class hotels:
  - Group: +44.8% y/y vs. -33.0% prior week;
  - Transient: +17.3% y/y vs. -10.2% prior week;
- Las Vegas RevPAR: +14.5% y/y
  - **As a caveat, we note that many large Strip casino hotel operators do not participate in STR's survey.**

Last week's RevPAR details and sequential trends (all comparable information on new STR methodology):

- **Headline RevPAR** was +17.4% y/y vs. the running 28-day average of +2.4% y/y.
- **Occupancy:** Absolute occupancy was 55.8% vs. 50.2% for the running 28-day average.
- **Absolute Group occupancy:** 22.0% last week vs. 11.8% for the running 28 days.

The Lodging stocks:

- **Bottom line for the hotel companies/stocks: we continue to believe that for 4Q there will be modest upside to hotel RevPAR vs. both company and consensus expectations.** That said, we do not see RevPAR growth itself as a catalyst for the lodging sector though results for most of the C-Corps should reaffirm the compounding earnings drivers of modest RevPAR growth + mid-single digit net rooms growth (a very high margin business) + share repurchases combined with margin growth. Any outsized earnings growth for the C-Corps and any earnings growth for the hotel REITS (Ryman Hospitality Properties (RHP, Buy)) excluded) will need to come from other sources such as net rooms growth (C-Corps) and share repurchases. We look generally favorably on the hotel C-Corp sub-sector given their multiple drivers of earnings growth, and **we see shares of Wyndham Hotels (WH, Buy) as the stand-out value name in the group.**
- Hotel REITS, with the notable exception of RHP, will, in our view, continue to be challenged by cost increases slightly higher than revenue growth. Hotel REITS could have opportunity for earnings growth if they were to sell assets, which for the most part are valued higher on a stand-alone basis than as a part of the REIT (parts greater than the sum), and subsequently repurchase shares - though we do not envision this happening. Rather for the hotel REITS, we continue to see the primary opportunity for stock upside driven by investor sentiment around interest rate cuts happening sooner than expected (Source: Skift). While we are generally lethargic-to-unfavorable on the hotel REIT sector, we are positive on Ryman Hospitality (RHP) given its heavy exposure to Group (~70% of RHP's Hospitality segment EBITDA) and differentiated and proven business model. Additionally, recent news around expansion at the Rockies property (Source: Denver Business Journal) and what we see as a high ROIC investment initially sound encouraging.

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Weekly RevPAR Summary

YoY % change in RevPAR

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
9/7/2024	**-5.2%**	-4.0%	-5.5%	-5.6%	-5.0%	-5.1%	-5.0%	-6.7%	-1.4%	-18.3%	-0.4%	2.2%	-10.5%
9/14/2024	**-1.4%**	-0.5%	-0.2%	-1.1%	-2.5%	-2.0%	-3.7%	-3.6%	-6.6%	-5.1%	11.0%	20.5%	8.8%
9/21/2024	**2.5%**	1.5%	2.9%	1.9%	2.5%	1.3%	-0.4%	1.2%	-14.5%	16.7%	10.0%	5.1%	5.4%
9/28/2024	**10.2%**	25.3%	12.2%	10.3%	6.6%	4.3%	1.8%	7.6%	70.1%	19.0%	13.7%	25.5%	4.8%
10/5/2024	**-7.7%**	-10.4%	-13.5%	-7.3%	-3.6%	-1.2%	-2.8%	-9.2%	-8.7%	-7.8%	-12.0%	-25.8%	-12.6%
10/12/2024	**3.8%**	6.4%	2.2%	4.0%	5.1%	6.5%	5.7%	0.7%	10.9%	0.7%	-6.5%	10.5%	3.2%
10/19/2024	**4.2%**	11.1%	2.8%	3.7%	4.0%	4.9%	3.8%	1.5%	16.7%	6.1%	4.2%	17.3%	12.2%
10/26/2024	**9.3%**	15.7%	9.0%	9.1%	9.8%	9.4%	6.9%	5.4%	13.1%	16.0%	6.1%	18.3%	21.1%
11/2/2024	**3.1%**	9.5%	5.2%	4.5%	4.1%	2.8%	1.3%	-3.4%	20.7%	11.7%	-6.5%	12.1%	6.2%
11/9/2024	**-3.5%**	-5.6%	-9.1%	-5.8%	-1.2%	1.5%	2.9%	-2.4%	-7.3%	-20.2%	-12.3%	18.5%	-27.9%
11/16/2024	**0.4%**	5.7%	1.0%	2.7%	2.0%	3.0%	3.6%	-8.1%	14.1%	-4.8%	8.5%	9.9%	-8.0%
11/23/2024	**31.1%**	25.5%	61.9%	46.6%	29.6%	16.4%	10.1%	9.1%	27.3%	100.1%	30.7%	113.7%	104.0%
11/30/2024	**-10.5%**	-2.4%	-24.9%	-17.9%	-7.9%	1.8%	7.1%	-5.5%	-17.3%	-21.6%	-6.2%	-28.2%	-30.9%
12/7/2024	**4.3%**	6.9%	3.1%	1.0%	3.7%	5.0%	7.3%	4.1%	6.7%	-11.0%	-0.3%	42.9%	-0.7%
12/14/2024	**18.2%**	26.2%	22.4%	18.4%	14.9%	11.5%	10.1%	14.2%	35.0%	15.4%	14.9%	20.4%	67.6%
12/21/2024	**14.3%**	2.1%	17.2%	21.7%	19.2%	15.8%	11.9%	6.0%	25.5%	15.8%	8.1%	30.3%	42.4%
12/28/2024	**-6.5%**	-9.1%	-7.8%	-6.0%	-5.8%	-3.5%	1.4%	-9.0%	3.0%	-1.0%	-9.7%	5.7%	-1.4%
1/4/2025	**14.9%**	37.3%	18.0%	6.1%	2.7%	2.0%	5.8%	18.5%	48.4%	4.5%	4.6%	24.6%	6.6%
1/11/2025	**-13.2%**	-15.0%	-18.9%	-15.6%	-10.6%	-3.3%	3.4%	-14.2%	-3.2%	-23.0%	8.6%	-5.9%	-16.3%
1/18/2025	**17.4%**	37.7%	25.3%	14.8%	11.9%	7.4%	6.4%	11.5%	18.9%	11.8%	3.7%	6.7%	83.9%
		Favorable MLK Day y/y shift and San Francisco Healthcare Conference				Luxury and Upper Upscale led chain scales				Washington DC and New York City 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%
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%
4Q22	16.3%	19.7%	30.1%	20.5%	11.7%	5.1%	1.4%	12.3%	50.8%	35.8%	11.4%	37.3%	53.2%
1Q23	16.7%	16.0%	29.8%	20.4%	13.4%	4.8%	0.8%	12.9%	46.6%	35.0%	11.6%	26.6%	56.7%
2Q23	2.5%	-2.3%	5.1%	5.8%	3.8%	-0.4%	-3.8%	-0.6%	13.3%	11.2%	1.2%	12.1%	17.4%
3Q23	1.7%	0.1%	3.9%	3.7%	1.7%	-1.0%	-3.5%	0.2%	16.4%	8.0%	1.2%	-1.9%	11.5%
4Q23	1.3%	-0.5%	4.3%	2.7%	-0.1%	-3.0%	-5.4%	0.2%	14.6%	13.8%	0.6%	0.7%	5.7%
1Q24	0.2%	-0.3%	2.9%	0.1%	-2.1%	-4.5%	-6.9%	-0.2%	11.6%	9.7%	-4.3%	1.9%	5.3%
2Q24	2.5%	2.0%	3.8%	3.1%	2.1%	1.4%	-2.0%	0.4%	8.6%	7.9%	-3.4%	3.0%	5.5%
3Q24	0.9%	2.3%	2.3%	1.3%	0.4%	-0.4%	-2.4%	-1.1%	5.2%	6.2%	0.1%	13.4%	3.6%
4Q24	3.4%	6.8%	2.9%	3.4%	4.3%	4.3%	4.2%	-0.4%	10.7%	2.0%	0.1%	12.2%	5.8%

YoY % change in ADR

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
9/7/2024	**-1.0%**	-0.2%	-0.5%	-1.2%	-1.1%	-1.0%	-2.0%	-2.3%	1.0%	-7.7%	-2.8%	3.6%	-2.4%
9/14/2024	**0.2%**	-3.7%	0.3%	0.6%	0.0%	0.5%	-1.2%	-1.8%	-3.2%	0.3%	1.3%	15.5%	5.6%
9/21/2024	**2.0%**	-2.5%	2.0%	1.7%	2.1%	1.4%	0.1%	0.8%	-11.9%	11.5%	3.5%	3.9%	5.2%
9/28/2024	**7.5%**	14.3%	7.9%	6.6%	4.2%	2.7%	1.6%	5.9%	52.8%	13.7%	5.6%	13.6%	3.8%
10/5/2024	**-4.4%**	-4.6%	-6.2%	-3.8%	-2.0%	-0.6%	-1.7%	-5.5%	-6.2%	-3.5%	-4.8%	-16.6%	-4.2%
10/12/2024	**1.4%**	3.3%	1.5%	1.6%	2.2%	2.4%	1.6%	-0.6%	6.5%	1.0%	-3.6%	7.8%	-1.0%
10/19/2024	**2.5%**	7.7%	2.7%	2.7%	2.5%	2.0%	1.5%	-0.2%	10.9%	5.9%	3.4%	12.2%	6.8%
10/26/2024	**4.6%**	9.6%	5.3%	4.6%	4.7%	3.5%	2.4%	1.6%	9.8%	10.6%	0.5%	9.6%	15.1%
11/2/2024	**1.2%**	3.0%	2.0%	2.4%	2.0%	0.9%	0.3%	-3.8%	11.1%	8.5%	-5.5%	8.4%	6.5%
11/9/2024	**-0.1%**	2.5%	-0.5%	-0.5%	1.5%	1.1%	1.6%	0.5%	-2.6%	-8.6%	-5.7%	13.9%	-13.4%
11/16/2024	**-1.1%**	-0.8%	0.3%	1.3%	1.5%	2.0%	1.6%	-9.5%	7.8%	-2.8%	2.4%	7.3%	-1.3%
11/23/2024	**8.6%**	-9.3%	10.8%	10.9%	7.4%	4.3%	2.7%	1.1%	12.9%	36.0%	9.4%	43.8%	39.7%
11/30/2024	**-3.0%**	15.9%	-5.1%	-5.5%	-1.4%	4.1%	4.8%	-2.9%	-14.9%	-10.9%	-3.6%	-15.5%	-17.3%
12/7/2024	**3.8%**	5.4%	4.2%	2.6%	3.1%	3.3%	3.0%	3.7%	7.0%	-7.2%	1.2%	21.4%	1.7%
12/14/2024	**8.9%**	9.2%	8.4%	8.0%	6.7%	5.4%	4.9%	7.1%	30.1%	7.1%	5.4%	8.2%	26.8%
12/21/2024	**2.7%**	-10.5%	0.1%	4.9%	5.2%	5.7%	4.9%	-0.3%	20.1%	6.1%	2.7%	9.8%	13.2%
12/28/2024	**-1.7%**	-3.4%	-2.6%	-1.8%	0.2%	1.4%	2.6%	-3.6%	3.1%	-0.4%	-5.5%	2.5%	-0.5%
1/4/2025	**11.7%**	16.6%	10.6%	5.1%	3.7%	4.5%	5.0%	11.6%	30.7%	1.6%	-0.3%	11.8%	0.4%
1/11/2025	**-5.9%**	-5.2%	-7.6%	-4.3%	-2.4%	1.3%	3.1%	-9.0%	-0.3%	-3.9%	2.7%	-0.7%	-2.6%
1/18/2025	**10.0%**	20.9%	11.9%	5.4%	4.8%	4.4%	4.5%	7.4%	10.3%	2.7%	1.5%	1.5%	52.8%
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%	1.2%
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%	-5.2%	-2.0%	-2.9%	-6.8%
2Q20	-37.1%	-22.0%	-34.0%	-30.0%	-23.1%	-17.1%	-14.6%	-34.8%	-52.3%	-50.9%	-40.5%	-39.7%	-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%	-45.6%	-29.2%	-44.8%	-40.7%
1Q22	37.5%	21.0%	39.7%	34.1%	27.3%	20.8%	17.3%	34.0%	52.2%	58.9%	61.1%	41.1%	31.7%
2Q22	26.2%	14.3%	29.0%	27.1%	18.9%	14.8%	11.8%	20.5%	89.4%	73.6%	32.2%	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%
4Q22	12.0%	6.5%	12.6%	13.7%	8.7%	6.2%	4.5%	10.2%	28.0%	20.5%	8.4%	20.2%	27.9%
1Q23	10.2%	-1.9%	8.4%	11.0%	8.1%	4.7%	3.8%	9.1%	19.4%	15.6%	3.8%	11.5%	24.4%
2Q23	3.2%	-1.2%	2.5%	4.3%	3.5%	1.6%	0.9%	2.7%	8.6%	3.8%	2.5%	8.5%	11.6%
3Q23	2.2%	-1.4%	1.3%	2.2%	2.2%	0.3%	0.0%	2.1%	9.8%	3.8%	0.2%	-2.1%	6.2%
4Q23	2.9%	-2.3%	2.7%	2.5%	1.8%	-0.3%	-1.3%	3.7%	8.6%	7.0%	0.0%	0.7%	3.5%
1Q24	2.2%	-2.4%	1.9%	1.1%	0.6%	-1.0%	-3.0%	3.1%	8.7%	3.3%	-2.2%	0.4%	2.8%
2Q24	1.6%	-2.2%	1.5%	1.6%	1.3%	0.7%	-0.8%	0.7%	4.6%	3.6%	-3.1%	0.3%	3.6%
3Q24	1.4%	0.1%	1.8%	1.3%	0.8%	0.7%	-0.8%	0.2%	3.6%	5.7%	-1.6%	10.1%	3.2%
4Q24	1.9%	4.4%	1.7%	1.8%	2.4%	2.7%	2.0%	0.8%	7.7%	1.3%	-0.7%	6.7%	3.8%

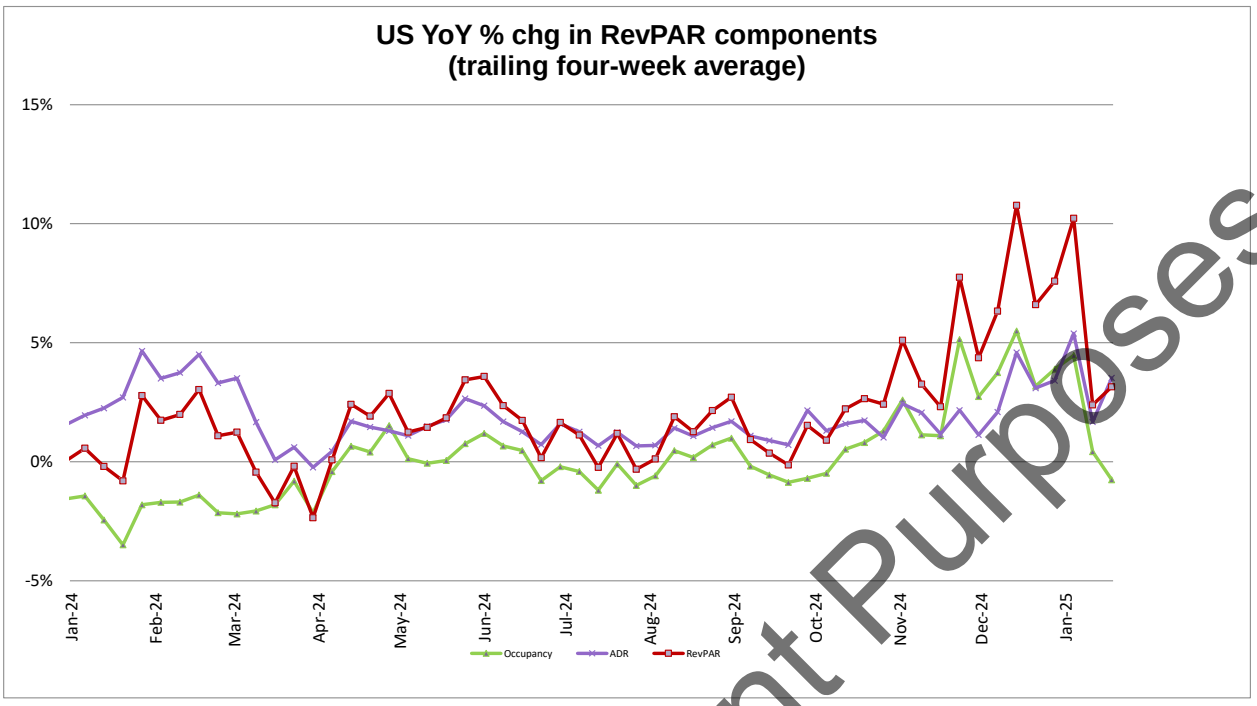
YoY % change in Occupancy

	U.S.	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy	Inde-pendent	New York	Boston	LA	Chicago	DC
9/7/2024	**-4.2%**	-3.7%	-5.1%	-4.4%	-4.0%	-4.2%	-3.1%	-4.5%	-2.4%	-11.4%	2.4%	-1.3%	-8.3%
9/14/2024	**-1.7%**	3.4%	-0.5%	-1.7%	-2.5%	-2.5%	-2.5%	-1.9%	-3.5%	-5.4%	9.5%	4.4%	3.0%
9/21/2024	**0.5%**	4.0%	0.8%	0.2%	0.3%	-0.1%	-0.6%	0.4%	-2.9%	4.7%	6.3%	1.2%	0.2%
9/28/2024	**2.6%**	9.6%	4.0%	3.4%	2.3%	1.5%	0.2%	1.6%	11.4%	4.7%	7.7%	10.5%	0.9%
10/5/2024	**-3.4%**	-6.1%	-7.9%	-3.6%	-1.6%	-0.8%	-1.1%	-4.0%	-2.6%	-4.4%	-7.5%	-11.0%	-8.7%
10/12/2024	**2.4%**	3.0%	0.7%	2.4%	2.8%	4.0%	4.0%	1.3%	4.1%	-0.3%	-3.1%	2.5%	4.3%
10/19/2024	**1.6%**	3.1%	0.2%	0.9%	1.5%	2.8%	2.3%	1.7%	5.3%	0.2%	0.8%	4.5%	5.1%
10/26/2024	**4.5%**	5.6%	3.6%	4.3%	4.9%	5.7%	4.4%	3.7%	3.0%	4.9%	5.5%	8.0%	5.1%
11/2/2024	**1.9%**	6.3%	3.1%	2.1%	2.1%	1.9%	1.0%	0.4%	8.6%	3.0%	-1.0%	3.4%	-0.3%
11/9/2024	**-3.5%**	-7.9%	-8.6%	-5.3%	-2.7%	0.3%	1.3%	-2.8%	-4.8%	-12.7%	-7.0%	4.0%	-16.7%
11/16/2024	**1.5%**	6.5%	0.7%	1.4%	0.5%	1.0%	1.9%	1.5%	5.8%	-2.0%	5.9%	2.4%	-6.8%
11/23/2024	**20.7%**	38.3%	46.2%	32.2%	20.7%	11.6%	7.2%	8.0%	12.8%	47.1%	19.4%	48.7%	46.0%
11/30/2024	**-7.7%**	-15.9%	-20.8%	-13.1%	-6.5%	-2.2%	2.3%	-2.7%	-2.8%	-12.0%	-2.7%	-15.1%	-16.4%
12/7/2024	**0.5%**	1.4%	-1.0%	-1.5%	0.6%	1.6%	4.2%	0.5%	-0.3%	-4.1%	-1.5%	17.8%	-2.3%
12/14/2024	**8.5%**	15.5%	13.0%	9.6%	7.6%	5.7%	4.9%	6.6%	3.7%	7.7%	9.0%	11.4%	32.2%
12/21/2024	**11.4%**	14.1%	17.0%	16.1%	13.3%	9.6%	6.7%	6.3%	4.5%	9.2%	5.2%	18.7%	25.7%
12/28/2024	**-4.9%**	-5.9%	-5.3%	-4.3%	-5.9%	-4.8%	-1.2%	-5.7%	-0.1%	-0.6%	-4.4%	3.1%	-2.0%
1/4/2025	**2.9%**	17.8%	8.2%	0.9%	-1.0%	-2.4%	0.8%	6.1%	13.6%	2.8%	4.8%	11.8%	6.0%
1/11/2025	**-7.2%**	-10.3%	-12.2%	-11.8%	-8.4%	-4.6%	0.3%	-5.7%	-2.9%	-19.8%	5.7%	-5.2%	-14.1%
1/18/2025	**6.7%**	13.9%	11.9%	9.0%	6.8%	2.9%	1.9%	3.8%	7.8%	8.9%	2.2%	5.1%	20.4%
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%
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%
2Q22	10.0%	48.8%	41.8%	15.5%	6.2%	0.5%	-2.6%	5.9%	42.7%	56.7%	13.7%	36.3%	53.0%
3Q22	4.5%	19.7%	21.3%	8.1%	2.9%	-2.3%	-4.0%	2.2%	26.3%	23.0%	5.9%	18.1%	23.2%
4Q22	3.8%	12.4%	15.5%	6.0%	2.7%	-1.1%	-2.9%	1.9%	17.8%	12.7%	7.6%	14.2%	19.8%
1Q23	5.9%	18.3%	19.8%	8.5%	4.9%	0.1%	-2.9%	3.5%	29.3%	16.8%	7.5%	13.6%	25.9%
2Q23	-0.7%	-1.0%	2.6%	1.4%	0.3%	-2.0%	-4.6%	-2.7%	3.3%	5.1%	-1.3%	3.3%	5.1%
3Q23	-0.5%	1.5%	2.6%	1.4%	-0.5%	-1.3%	-3.5%	-1.8%	6.0%	4.1%	1.1%	0.3%	5.0%
4Q23	-1.6%	1.8%	1.5%	0.2%	-1.8%	-2.7%	-4.2%	-3.3%	4.5%	6.4%	0.5%	0.1%	2.1%
1Q24	-2.0%	2.1%	0.9%	-0.9%	-2.7%	-3.6%	-4.0%	-3.2%	4.6%	6.2%	-2.1%	1.5%	2.4%
2Q24	0.9%	4.3%	2.3%	1.5%	0.7%	0.7%	-0.6%	-0.3%	3.8%	4.1%	-0.4%	2.7%	1.8%
3Q24	-0.5%	2.2%	0.4%	0.1%	-0.4%	-1.1%	-1.6%	-1.2%	1.5%	0.5%	1.8%	3.0%	0.4%
4Q24	1.5%	2.3%	1.1%	1.5%	1.9%	1.5%	2.2%	0.5%	2.9%	0.6%	0.8%	5.1%	1.9%

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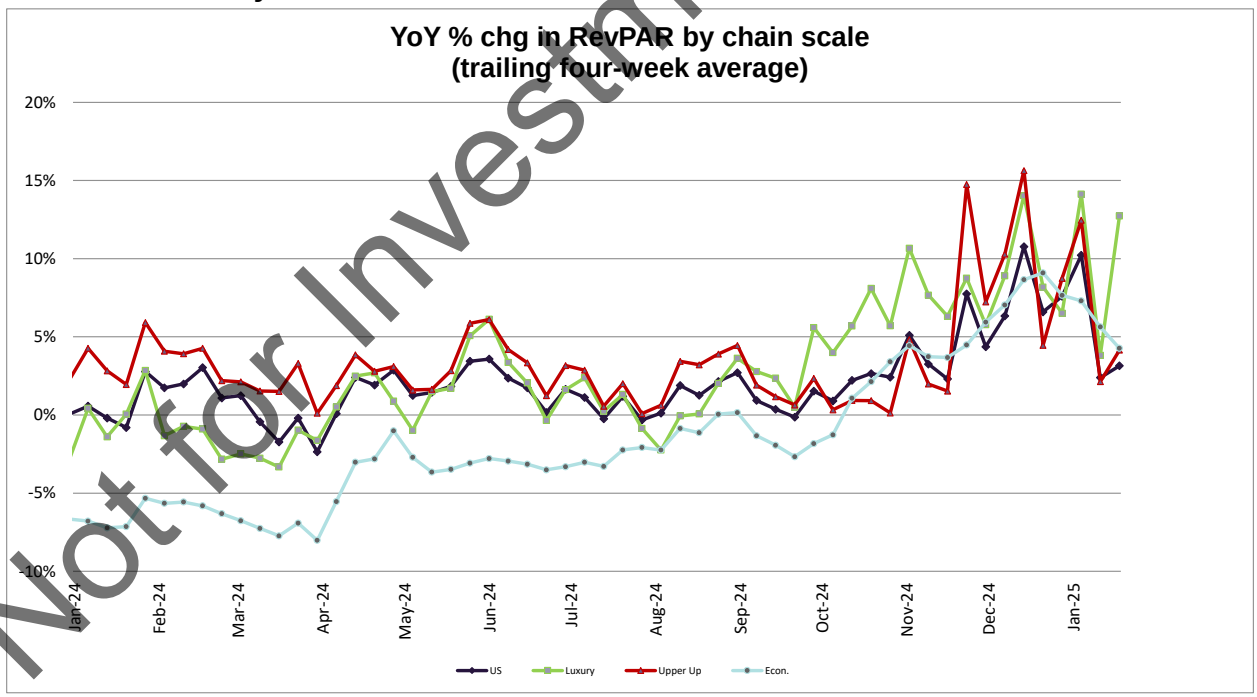
Source: STR data, Truist Securities research

RevPAR Component Trends



Source: STR data, Truist Securities research

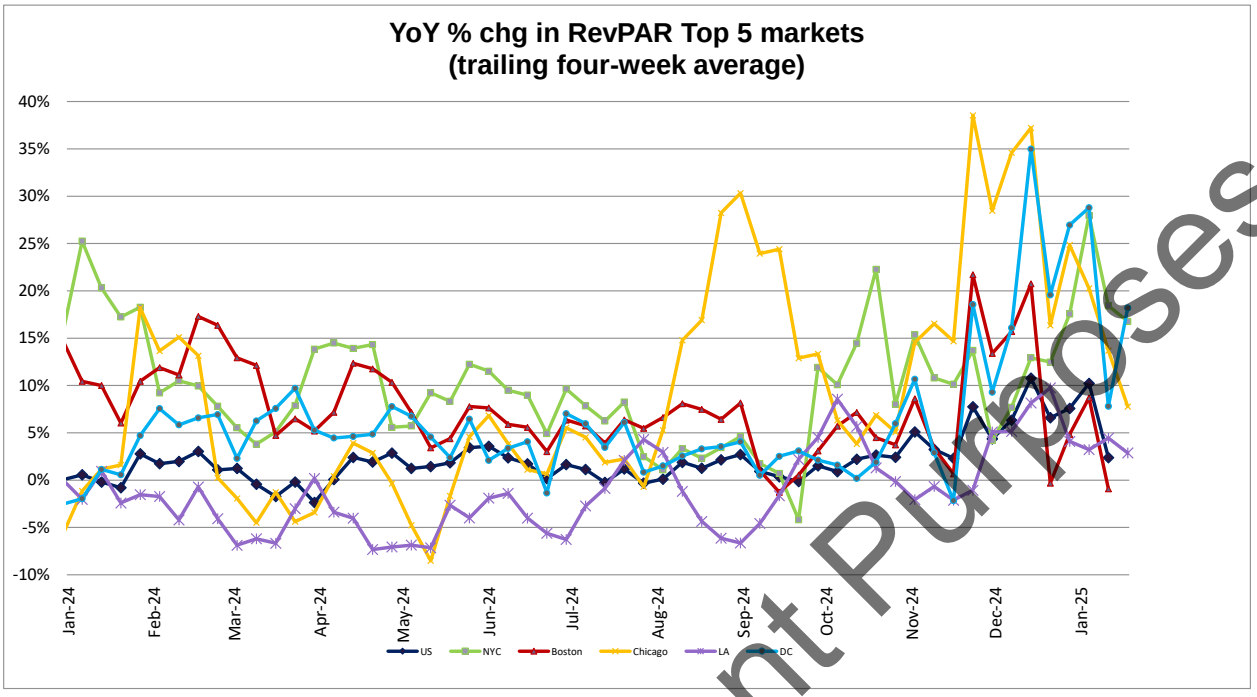
RevPAR Trends by Chain Scale



Source: STR data, Truist Securities research

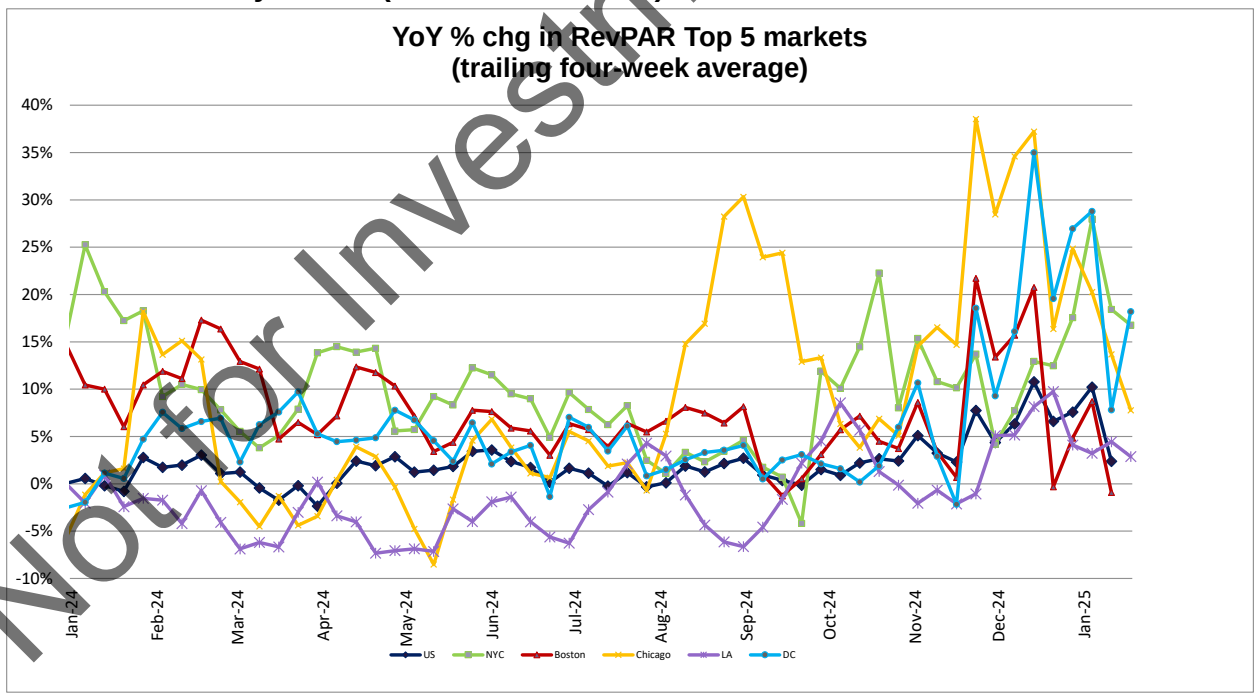
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RevPAR Trends by Market (Top 5 markets)



Source: STR data, Truist Securities research

RevPAR Trends by Market (Additional markets)



Source: STR data, Truist Securities research

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Price Target/Risks Summary

						Truist Securities Valuation EBITDA excluding Stock Based Comp/Other			As Reported/Consensus/Data Aggregator "Headline" EBITDA				
Lodging	TKR	Price 1/21/25	Rating	PT*	% upside/ down-side	2023A EBITDA ($M)* **	2024E EBITDA ($M)* **	2025E EBITDA ($M)* **	2023A EBITDA ($M)*	2024E EBITDA ($M)* **	2025E EBITDA ($M)* **	Target EV/EBITDA Multiple	Risks
Choice Hotels	CHH	$144.08	Hold	$136	-6%	$519	$578	$581	$540	$599	$603	14.0X	Upside risk: conservative growth of new brands; market share gains. Downside risk: slowdown in development opportunities; market share losses.
DiamondRock Hospitality	DRH	$8.98	Hold	$10	11%	$272	$285	$283	$272	$285	$283	11.5X	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	$247.50	Hold	$220	-11%	$2,986	$3,340	$3,627	$3,089	$3,402	$3,689	17.6X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Hilton Grand Vacations	HGV	$41.48	Buy	$51	23%	$1,136	$1,037	$1,122	$1,186	$1,078	$1,165	8.9x	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
Host Hotels & Resorts	HST	$17.21	Hold	$20	16%	$1,630	$1,637	$1,676	$1,630	$1,637	$1,676	11.0X	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.
Hyatt Hotels	H	$156.16	Buy	$158	1%	$966	$1,044	$1,163	$1,041	$1,114	$1,233	15.7X	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.
Marriott International	MAR	$277.72	Hold	$277	0%	$4,256	$4,488	$4,959	$4,656	$4,948	$4,948	17.6X	Upside risk: Macro lodging trends improve beyond expectations. Faster than expected net unit growth. Downside risk: slowing pipeline. Deep recession.
Marriott Vacations	VAC	$86.84	Buy	$142	64%	$730	$673	$735	$761	$705	$770	10.4x	Downside risk: M&A story fades and multiples revert to historical levels
Park Hotels & Resorts	PK	$13.76	Buy	$18	31%	$641	$630	$643	$659	$648	$667	11.5X	Downside risk: weak recovery of international travel during the valuation period especially Oahu, macro demand shock impact to major resort assets, labor issues.
Pebblebrook Hotel Trust***	PEB	$13.88	Hold	$14	1%	$344	$334	$347	$356	$348	$361	13.0X	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.
Playa Hotels & Resorts	PLYA	$12.45	Hold	$13	4%	$259	$238	$231	$272	$254	$247	10.0X	Upside risks: Strong occupancy (important for operating efficiencies for all-inclusives), rising room rates that we still view with upside potential, generally strong forward booking and pricing statistics, an incrementally easier company to model/explain to investors, and the high-margin growth opportunity from additional third-party management contracts. Downside risk: demand shocks, hurricanes, reduced airlift, new supply, country-specific risks (emerging market portfolio)
RLJ Lodging Trust***	RLJ	$9.97	Buy	$11	10%	$340	$336	$352	$364	$357	$373	11.0X	Downside risk: Slower than expected recovery of corporate business travel; scope/timing and/or upside from repositionings underwhelms investor expectations
Ryman Hospitality Properties	RHP	$104.77	Buy	$136	30%	$665	$740	$773	$691	$770	$804	13.0X	Downside risk: Group demand slower than expected. Property-specific risks given a small portfolio.
Sunstone Hotel Investors	SHO	$11.74	Hold	$12	2%	$253	$216	$250	$263	$227	$261	13.0X	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/Four Seasons EBITDA stabilizes well lower than expected.
Vail Resorts, Inc.	MTN	$178.33	Buy	$247	39%	$847	$869	$954	$847	$873	$964	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.
Travel + Leisure Co.	TNL	$53.39	Buy	$61	14%	$879	$897	$940	$908	$926	$971	8.4x	Downside risk: The timeshare business is especially vulnerable to economic softness. There are potential execution risks post the spin off.
Wyndham Hotels & Resorts	WH	$105.55	Buy	$105	-1%	$620	$653	$708	$659	$693	$751	15.0X	Downside risk: Slowdown in development opportunities. Weaker than expected transient trends.

** All of our Lodging price targets are derived by applying a target EV/EBITDA multiple to our estimate for 2025 EBITDA*
*** Valuation EBITDA excludes select items for specific companies including stock-based compensation.*
**** Covered by Gregory J. Miller - gregory.j.miller@truist.com*

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Companies Mentioned in This Note

Airbnb, Inc. (ABNB, $132.50, Hold, C. Patrick Scholes)
Choice Hotels International, Inc. (CHH, $145.31, Hold, C. Patrick Scholes)
DiamondRock Hospitality Company (DRH, $8.88, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, $154.85, Buy, C. Patrick Scholes)
Hilton Grand Vacations Inc. (HGV, $40.86, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, $248.00, Hold, C. Patrick Scholes)
Host Hotels & Resorts, Inc. (HST, $17.29, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, $280.41, Hold, C. Patrick Scholes)
Vail Resorts, Inc. (MTN, $170.02, Buy, C. Patrick Scholes)
Pebblebrook Hotel Trust (PEB, $14.01, Hold, Gregory Miller)
Park Hotels & Resorts Inc. (PK, $13.73, Buy, C. Patrick Scholes)
Playa Hotels & Resorts N.V. (PLYA, $12.40, Hold, C. Patrick Scholes)
Ryman Hospitality Properties, Inc. (RHP, $103.81, Buy, C. Patrick Scholes)
RLJ Lodging Trust (RLJ, $9.87, Buy, Gregory Miller)
Sunstone Hotel Investors, Inc. (SHO, $11.53, Hold, C. Patrick Scholes)
Travel + Leisure Co. (TNL, $53.16, Buy, C. Patrick Scholes)
Marriott Vacations Worldwide Corporation (VAC, $86.11, Buy, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, $105.84, 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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Hold	248	35.89%	Hold	34	13.71%
Sell	2	0.29%	Sell	0	0.00%

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