

## Leisure

# Q4 Preview: Hawaii or snow? Trends largely stable to end the year

Estimate Change

## Exhibit 2: Summary of Leisure Trends

Trends were slower for SHCO, improved for Caribbean and stable for MTN and timeshare

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MTN Overall	6%	0%	2%	18%	4%	1%	0%	-4%	-2%	-3%	-6%	-5%
PLYA Overall	86%	65%	24%	8%	7%	4%	9%	9%	7%	7%	11%	16%
SHCO Overall	40%	21%	21%	12%	11%	12%	8%	8%	6%	6%	8%	6%
Timeshare Overall	17%	8%	6%	-2%	-2%	-1%	0%	-8%	-8%	-6%	-3%	-3%

Source: STR, AirDNA, Google Trends, Hawaii Department of Travel, MTA, LA Metro, Similar Web

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## Timeshare: Trends steady as Hawaii recovers

Overall timeshare trends were steady at -3% Y/Y in December, and overall Q4 trends are down -4% Y/Y, a slight improvement from -5% Y/Y in Q3. The biggest driver of improvement Q/Q has been the ongoing recovery in Hawaii; Placer data to Hawaiian timeshare resorts has improved to -10% Y/Y in January from troughs of -55% following the wildfires. On the flip side, Orlando has been a challenging market, with RevPAR down -8% Y/Y in 4Q vs. -4% Y/Y in 3Q. Our Q4 estimates are -1% below consensus as we expect normalizing trends to [negatively impact margins across segments \(see report\)](#).

## Playa Resorts: Holding in better than expected

PLYA's overall trends improved in December to +16% Y/Y from +11% in November driven by increased flight search activity. Q4 trends overall improved to +11% Y/Y from +8% in Q3. Cancun has been much more resilient than we anticipated with RevPAR up +6% Y/Y vs. -11% in Q3, and trends improving during peak season is an encouraging sign for PLYA. Overall Q4 weighted RevPAR for PLYA's end markets is up +4%. We are tweaking our estimates slightly lower on RevPAR growth moderating in December and the Peso appreciating, and our estimates are -7% below consensus.

**Read-through to Hyatt's ALG:** RevPAR in Spain was up +23% in Q4, which we think will provide ALG with an offset to Caribbean trends. We expect global ALG RevPAR to be up LDD% Y/Y.

## Soho House: Slight decel M/M, but steady Q/Q

Trends for Soho House decelerated modestly to +6% Y/Y in December vs. +8% in November, driven by slower flight search activity. Q/Q, overall trends are stable at +7% Y/Y. Trends in New York and London moderated in 4Q, but remain healthy with RevPAR up double-digits Y/Y in both markets. Los Angeles RevPAR has lagged and is up +1% Y/Y. For Q4, we are very slightly ahead of consensus, and we model \$39M of EBITDA in the quarter.

## Vail Resorts: Snow is finally here

Vail provided an [early season metrics update \(see our review here\)](#), and as expected, MTN lowered their Resort EBITDA guidance to the lower half of their prior guidance of \$912-\$968M. Placer data suggests visitation is improving with season-to-date visitation down -9% Y/Y through 1/14 vs. -15% through 1/7. After a dry start, snow started falling with resorts getting almost 2 feet of snow the week before MLK weekend, and more snow is in the forecast.

Maintain ratings on covered companies.

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**Refer to important disclosures on page 7 to 11. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.**

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## Exhibit 1: Summary of EBITDA changes

We tweak our models to reflect recent trends

	2023	
	New	Old
PLYA	\$261M	\$264M

Source: BofA Global Research

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PLYA: Playa Hotel  
MTN: Vail Resorts  
LDD: low double digit  
SHCO: Soho House

**Exhibit 3: Leisure Heatmap**

Leisure trends were generally steady in December, however, Caribbean data improved driven by increased flight search

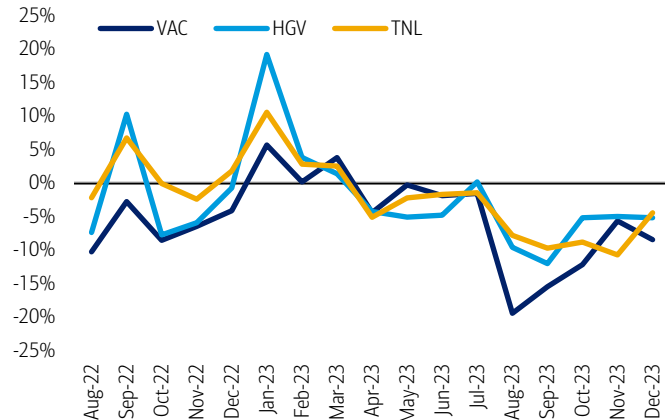
	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>Vail Resorts (MTN) and Ski Tracking Data</b>										
MTN Overall Data	2%	18%	4%	1%	0%	-4%	-2%	-3%	-6%	-5%
Placer Visitation	-4%	32%	6%	-7%	-5%	-8%	-4%	-10%	-17%	-13%
AirDNA Demand Growth	7%	4%	2%	8%	5%	0%	1%	5%	4%	2%
<b>Playa Resorts (PLYA) and Caribbean Tracking Data</b>										
PLYA Overall Data	24%	8%	7%	4%	9%	9%	7%	7%	11%	16%
RevPAR	20%	9%	8%	5%	5%	4%	1%	2%	10%	1%
Visitation	14%	8%	4%	4%	7%	3%	-2%	5%	6%	11%
Flight Search	38%	7%	9%	1%	15%	20%	23%	14%	17%	37%
<b>Soho House &amp; Co (SHCO) Tracking Data</b>										
SHCO Overall Data	21%	12%	11%	12%	8%	8%	6%	6%	8%	6%
RevPAR	18%	18%	13%	13%	9%	11%	12%	8%	8%	7%
Flight Search	29%	11%	11%	6%	3%	0%	-4%	8%	10%	8%
Transit	33%	15%	17%	22%	14%	20%	9%	10%	15%	16%
<b>Timeshare Market Tracking Data</b>										
Timeshare Overall Data	6%	-2%	-2%	-1%	0%	-8%	-8%	-5%	-3%	-3%
AirDNA Average	1%	0%	-5%	-2%	-3%	-11%	-10%	-9%	-7%	-2%
Airport Visitation	12%	4%	3%	3%	2%	-3%	1%	2%	6%	2%
RevPAR	14%	-1%	1%	1%	1%	1%	2%	0%	2%	2%

Source: STR, AirDNA, Google Trends, Hawaii Department of Travel, MTA, LA Metro, Similar Web

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**Exhibit 4: Y/Y foot traffic to timeshare properties**

All timeshares saw a Y/Y decline in foot traffic, but trends are improving for TNL and decelerating for VAC

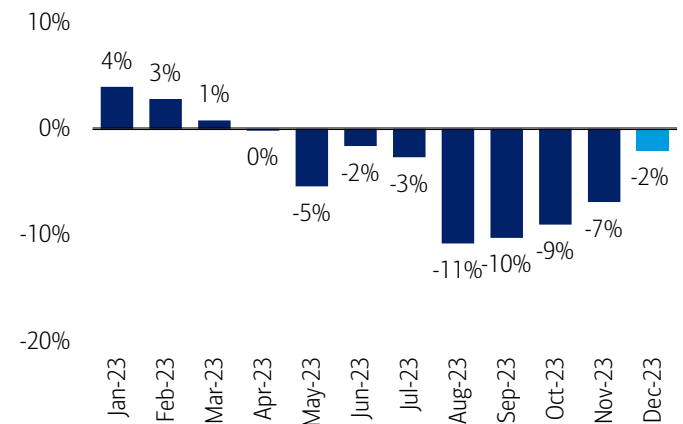


Source: Placer AI

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**Exhibit 5: AirDNA demand growth in key timeshare markets**

Short term rental demand improved slightly to -2% in December

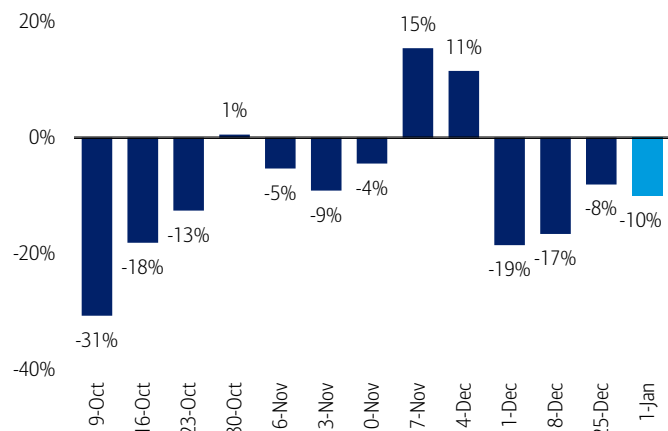


Source: Placer AI

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**Exhibit 6: Weekly visitation to Hawaiian timeshares Y/Y**

Trends at Hawaii timeshare properties are still down -10% Y/Y

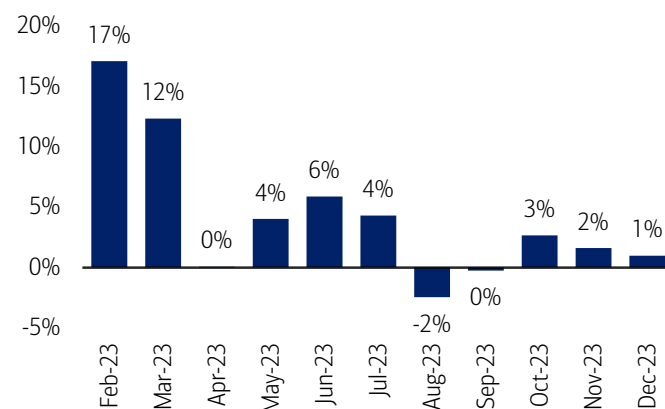


Source: Placer AI

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**Exhibit 7: Hawaii air passenger traffic Y/Y**

Passenger traffic was up +1% Y/Y in December, slowing from +2% in November

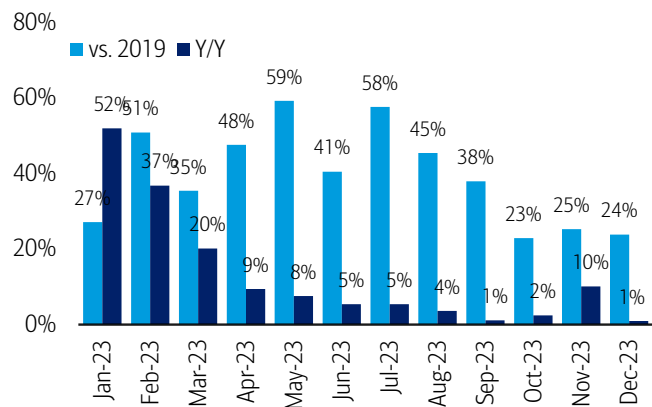


Source: Hawaii Department of Tourism

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**Exhibit 8: Weighted average RevPAR in PLYA end markets**

RevPAR decelerated Y/Y, but is steady vs. 2019

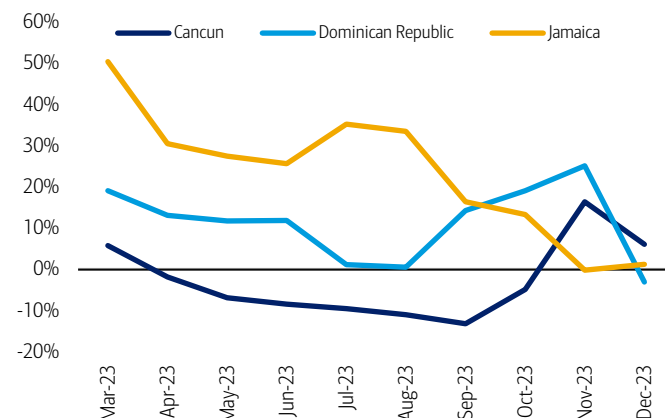


Source: STR, BofA Global Research

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**Exhibit 9: PLYA RevPAR by market Y/Y**

RevPAR has been resilient in Cancun following normalization in much of 2023, and the Dominican Republic has been weaker

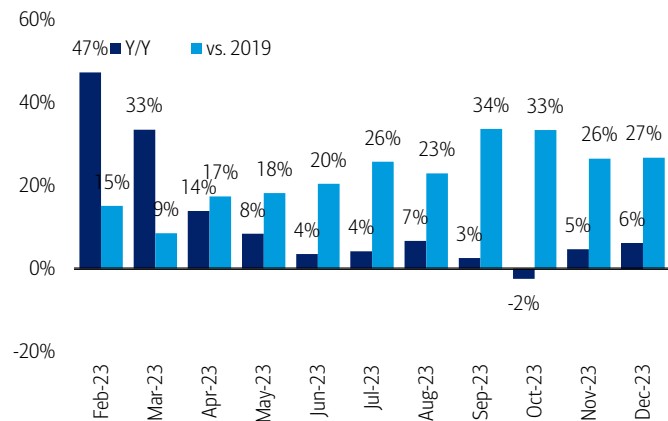


Source: STR, BofA Global Research

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**Exhibit 10: International visitation at PLYA end market airports Y/Y**

International visitation to PLYA was steady Y/Y and vs. 2019

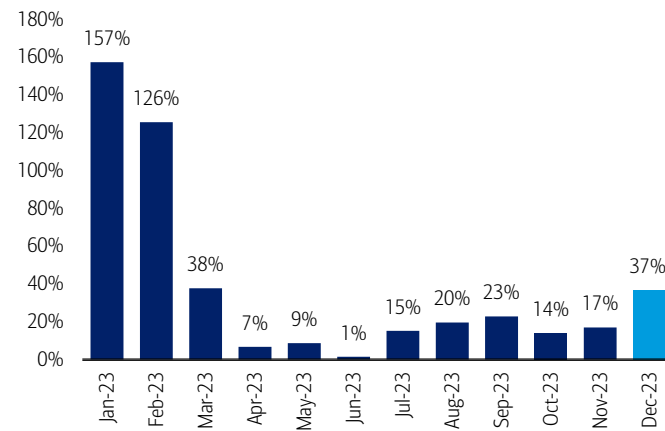


Source: Pacific Airport Group, Asur Company Filings, BofA Global Research

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**Exhibit 11: Google Trends Flight Search**

Flight search accelerated in December to +37% Y/Y

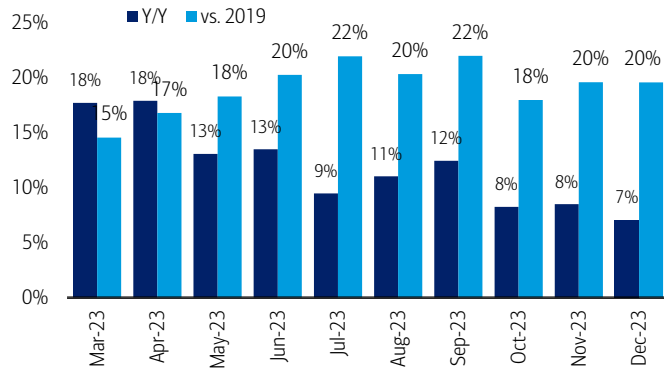


Source: Google Trends

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**Exhibit 12: SHCO Weighted Average RevPAR**

RevPAR slowed in SHCO's markets on slowed Y/Y in October

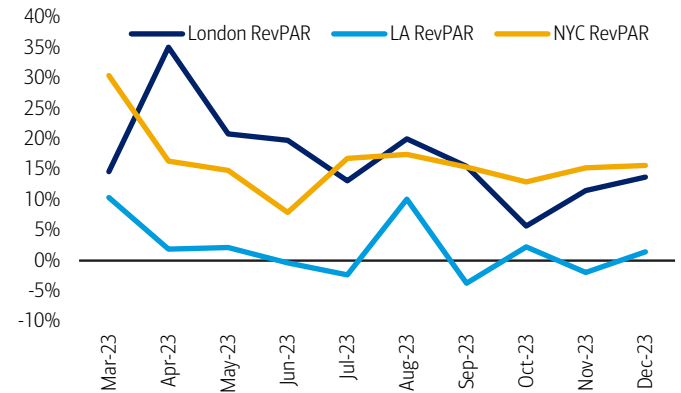


Source: STR

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**Exhibit 13: SHCO RevPAR by city Y/Y**

RevPAR in London and New York is healthy, while Los Angeles has been more inconsistent

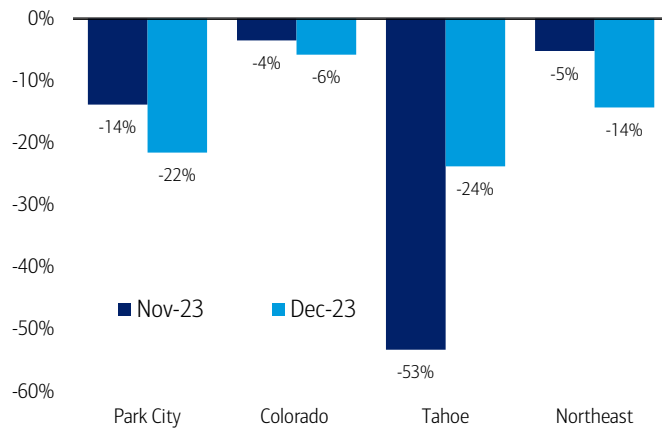


Source: STR

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**Exhibit 14: Vail Placer Data**

Visitation to Tahoe and the Northeast improved M/M, but park City remains challenged

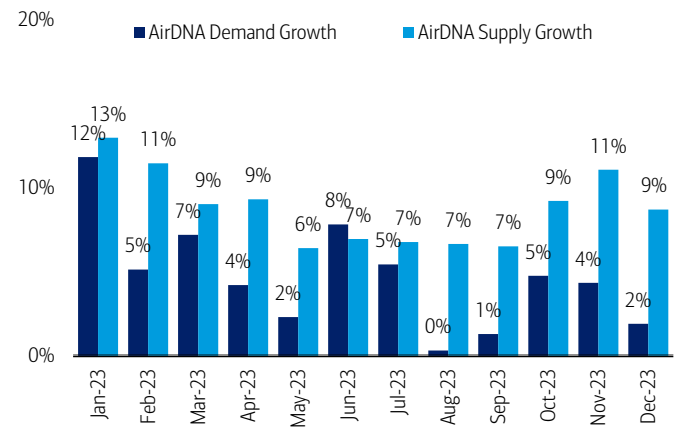


Source: Placer AI

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**Exhibit 15: AirDNA Mountain Supply and Demand**

AirDNA demand was up +2% in Mountain regions in October



Source: AirDNA

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**Exhibit 16: 4Q Earnings estimates**

Overall, our Q4 leisure estimates are -2% below consensus

	BofA	Consensus	% Var.
SHCO	38.8	38.3	1%
PLYA	49.4	53.1	-7%
HGV	267.5	266.8	0%
TNL	235.8	233.5	1%
VAC	\$170	179.0	-5%

Source: Visible Alpha, BofA Global Research

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Exhibit 17: Stock Mentioned

Stock prices and ratings mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
SHCO	SHCO US	Soho House & Co Inc	US\$ 6.42	C-1-9
TNL	TNL US	Travel + Leisure	US\$ 39.19	B-3-7
MTN	MTN US	Vail Resorts	US\$ 222.08	B-1-7

Source: BofA Global Research

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## Price objective basis & risk

### Playa Hotels & Resorts (PLYA)

Our \$8 price objective is based on 9x 2024E EBITDA, which remains largely in-line with the company's avg. historical 9x one-year forward EBITDA.

Upside risks to our price objective are: 1) uptick in visitation to the Caribbean during the Covid recovery is more sustainable than we expect 2) the Caribbean lodging market holds pricing integrity better than it has historically and 3) margin expansion from channel mix shift to direct distribution.

Downside risks to our price objective are: 1) new supply coming online, particularly in Cancun challenging rate integrity, 2) uptick in number of hard-to-underwrite exogenous shocks, such as hurricanes and tropical storms, Zika virus, and tourist safety concerns and 3) increased operational and financial risk factors resulting in internal control weaknesses.

### Soho House & Co Inc (SHCO)

Our \$9 PO is based on approx. 10x our 2025E EBITDA, in line with leisure peer comps.

Downside risks are: 1) construction and opening delays, 2) unproven other revenue membership model, and 3) execution challenges given management's targeted growth initiatives.

### Vail Resorts, Inc (MTN)

Our \$285 PO is based on approximately 13x our FY2025E Resort EBITDA estimate, in-line with the mid point of its historical range of 8-17x (2010-19).

We believe this is warranted by 1) limited supply, 2) pent-up demand potential, and 3) a strong data driven model in addition to market wide multiple inflation.

Upside risks to our PO are better-than-anticipated pass sales and stronger destination visitation given pent-up demand. Downside risks to our PO are worse-than-expected skier visitation and spending, snowfall and weather hurting results, higher-than-expected operating leverage that could negatively affect operating results in a weak macro environment, and finally key management risk.

## Analyst Certification

We, Shaun C. Kelley and Dany Asad, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

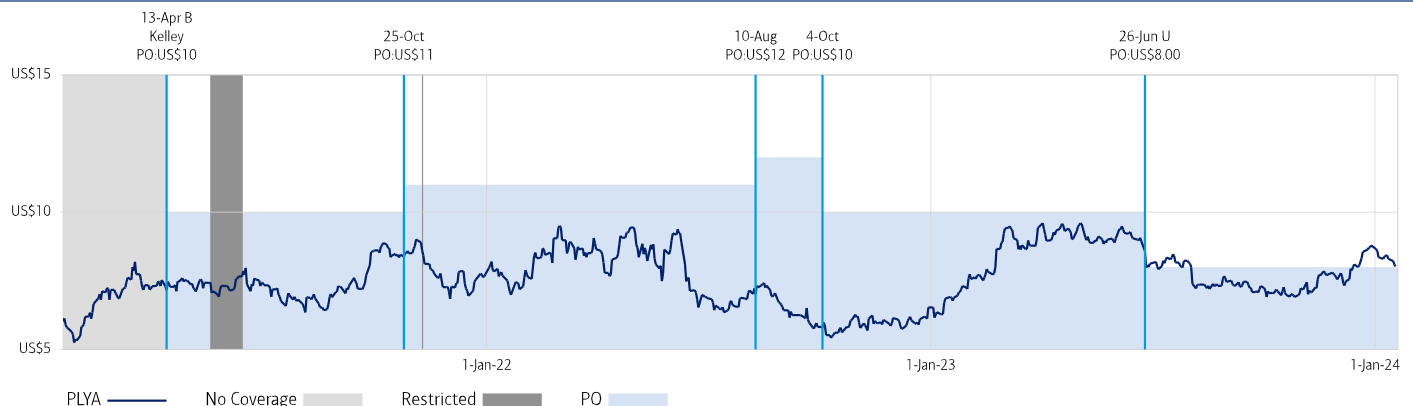
## US - Gaming, Lodging and Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Boyd Gaming Corp	BYD	BYD US	Shaun C. Kelley
	Choice Hotels International	CHH	CHH US	Dany Asad
	DraftKings, Inc.	DKNG	DKNG US	Shaun C. Kelley
	Hilton Worldwide	HLT	HLT US	Shaun C. Kelley
	Host Hotels & Resorts Inc.	HST	HST US	Shaun C. Kelley
	Hyatt Hotels	H	H US	Shaun C. Kelley
	Marriott International Inc.	MAR	MAR US	Shaun C. Kelley
	Penn Entertainment	PENN	PENN US	Shaun C. Kelley
	Ryman Hospitality Properties	RHP	RHP US	Shaun C. Kelley
	Soho House & Co Inc	SHCO	SHCO US	Shaun C. Kelley
	Vail Resorts, Inc	MTN	MTN US	Shaun C. Kelley
	VICI Properties	VICI	VICI US	Shaun C. Kelley
	Wyndham Hotels & Resorts, Inc.	WH	WH US	Dany Asad
<b>NEUTRAL</b>				
	Apple Hospitality REIT Inc.	APLE	APLE US	Dany Asad
	Caesars Entertainment Inc	CZR	CZR US	Shaun C. Kelley
	Churchill Downs Incorporated	CHDN	CHDN US	Shaun C. Kelley
	Hilton Grand Vacations Inc	HGV	HGV US	Dany Asad
	Las Vegas Sands	LVS	LVS US	Shaun C. Kelley
	MGM Resorts International	MGM	MGM US	Shaun C. Kelley
	Park Hotels & Resorts Inc.	PK	PK US	Dany Asad
	Wynn Resorts Ltd	WYNN	WYNN US	Shaun C. Kelley
<b>UNDERPERFORM</b>				
	DiamondRock Hospitality	DRH	DRH US	Dany Asad
	Gaming & Leisure Properties, Inc.	GLPI	GLPI US	Shaun C. Kelley
	Marriott Vacations Worldwide	VAC	VAC US	Shaun C. Kelley
	Pebblebrook Hotel Trust	PEB	PEB US	Shaun C. Kelley
	Playa Hotels & Resorts	PLYA	PLYA US	Shaun C. Kelley
	Red Rock Resorts, Inc.	RRR	RRR US	Shaun C. Kelley
	RLJ Lodging Trust	RLJ	RLJ US	Dany Asad
	Sportradar Holding AG	SRAD	SRAD US	Shaun C. Kelley
	Summit Hotel Properties	INN	INN US	Dany Asad
	Sunstone Hotel Investors	SHO	SHO US	Dany Asad
	Travel + Leisure Co	TNL	TNL US	Dany Asad

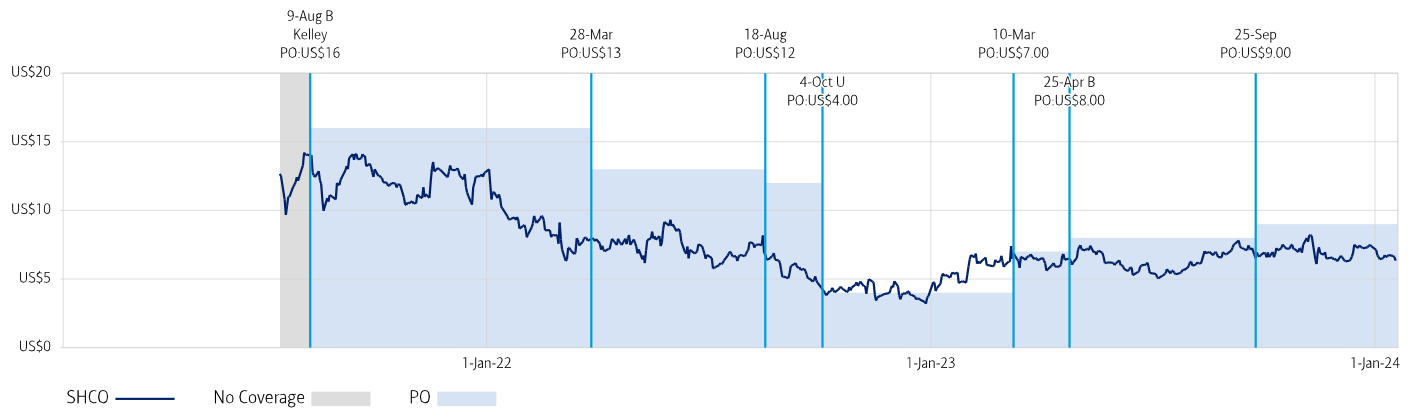
## Disclosures

## Important Disclosures

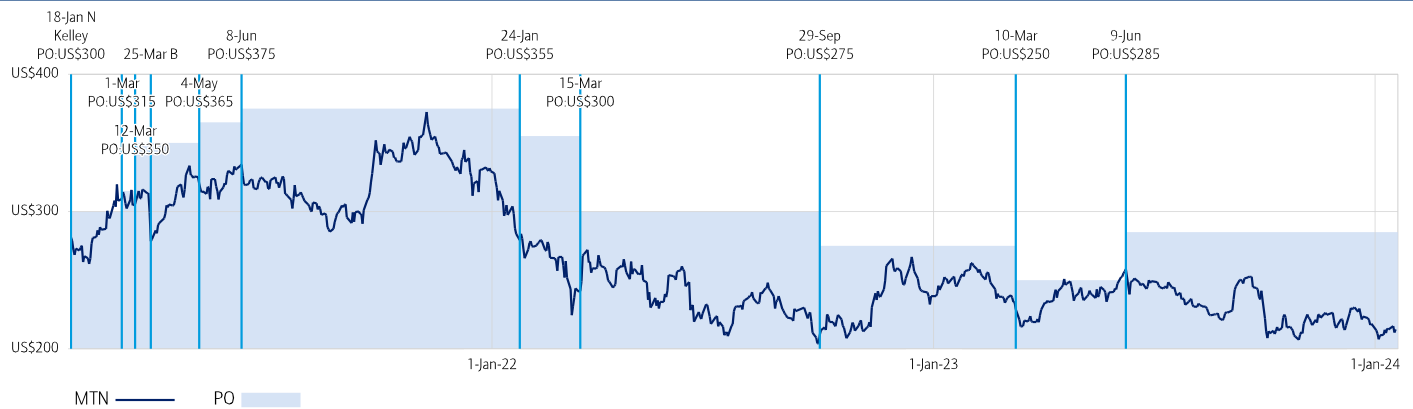
## Playa Hotels (PLYA) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

**Soho House & Co Inc (SHCO) Price Chart**

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

**Vail Resorts (MTN) Price Chart**

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**Equity Investment Rating Distribution: Leisure Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	16	55.17%	Buy	9	56.25%
Hold	7	24.14%	Hold	5	71.43%
Sell	6	20.69%	Sell	4	66.67%

**Equity Investment Rating Distribution: Leisure - Hotel/Lodging Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	16	61.54%	Buy	12	75.00%
Hold	3	11.54%	Hold	2	66.67%
Sell	7	26.92%	Sell	5	71.43%

**Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.



**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup>Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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