

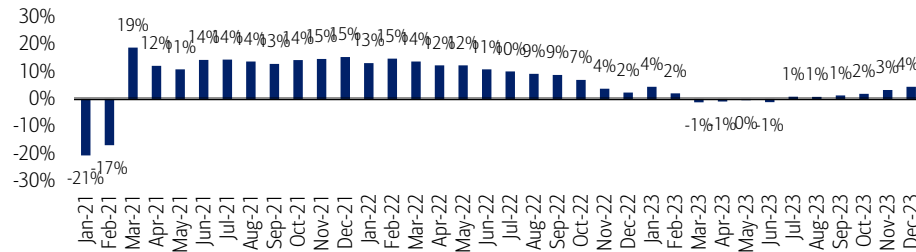
Lodging

March Macro Activity Tracker: Further acceleration bodes well for RevPAR

Industry Overview

Exhibit 1: Lodging Macro Activity Tracker (LMAT)

LMAT improved in December, marking the sixth consecutive positive month

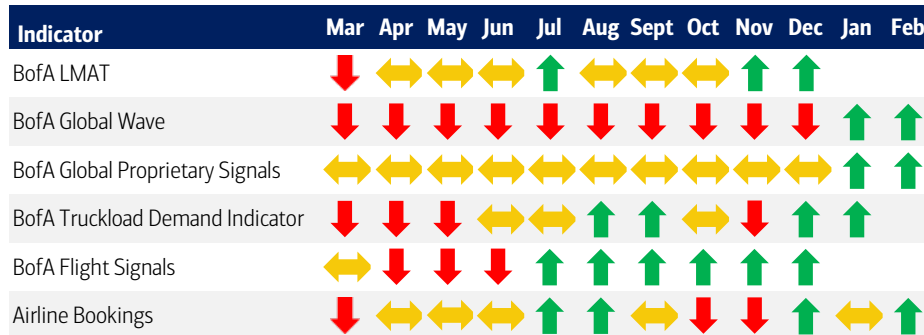


Source: BofA Global Research, for complete disclosures see exhibit 3

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Exhibit 2: Macro Indicators Heatmap

The overall Macro backdrop for lodging has stabilized and is beginning to improve



Source: BofA Global Research, Bloomberg. For additional disclosures please see: BofA Global Wave, BofA Global Proprietary Signals, [BofA Truckload Demand Indicators](#), [BofA Flight Signals](#), [Airline Bookings](#), [BofA Lodging Macro Activity Tracker](#)

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Our [Lodging Macro Activity Tracker "LMAT" \(see report\)](#) came in at +4.4% this month, improving from last month (+3.3%), and above the 6-month moving average (+2.1%). The LMAT is an average of the 11 highly correlated macro data series with lodging demand, less expected supply, and has historically been 91% correlated with RevPAR growth on a 3-month forward basis (so Dec. is an indicator of Mar. activity).

The LMAT showed another month of acceleration this month and was the highest level since January 2023. It also represents the 6th improvement in a row going back to July and bodes well for the backdrop of RevPAR. We think the strength in the LMAT makes sense given the broader macro backdrop including 1) the Global Wave further improving after a [positive inflection last month \(see report\)](#), 2) Ken Hoexter's tracking [demand remaining healthy \(see report\)](#), and 3) broader stock market strength.

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Exhibit 3: Lodging Macro Activity Tracker (LMAT) scorecard for December Y/Y

December LMAT indicators accelerated both M/M and vs. the six-month moving average

Data Series/Indicator	Timing	Correlation	6MMA	Jul	Aug	Sep	Oct	Nov	Dec	M/M Chg.	v. 6MMA
LMAT	3 Mo. Lead	0.91	2.1	0.8	0.8	1.3	1.8	3.3	4.4	Positive	Positive
LMAT Components											
New Orders ex. Transports	3 Mo. Lead	0.75	1.3	0.6	1.1	1.3	1.0	2.0	1.7	Negative	Positive
S&P 500 Earnings	3 Mo. Lead	0.75	2.5	(1.7)	0.4	1.1	3.8	5.6	6.1	Positive	Positive
Industrial Production	3 Mo. Lead	0.75	(0.1)	0.1	(0.1)	(0.3)	(1.0)	(0.4)	1.2	Positive	Positive
Retail Sales	Coincident	0.68	1.5	0.1	1.3	2.2	0.8	1.7	3.1	Positive	Positive
Bloomberg Financial Conditions Index	6 Mo. Lead	0.62	4.6	5.7	4.7	1.8	0.5	6.3	8.6	Positive	Positive
Personal Consumption Expenditures	Coincident	0.62	5.5	5.9	5.4	5.5	5.0	5.5	5.9	Positive	Positive
US Imports	3 Mo. Lead	0.64	(2.8)	(4.9)	(4.7)	(3.0)	(3.5)	(0.1)	(0.4)	Negative	Positive
Residential Construction Y/Y	6 Mo. Lead	0.52	(0.7)	(7.9)	(3.4)	(2.3)	1.6	2.6	5.5	Positive	Positive
Non-Residential Construction	Coincident	0.29	21.5	18.7	20.9	21.5	22.8	22.5	22.3	Negative	Positive

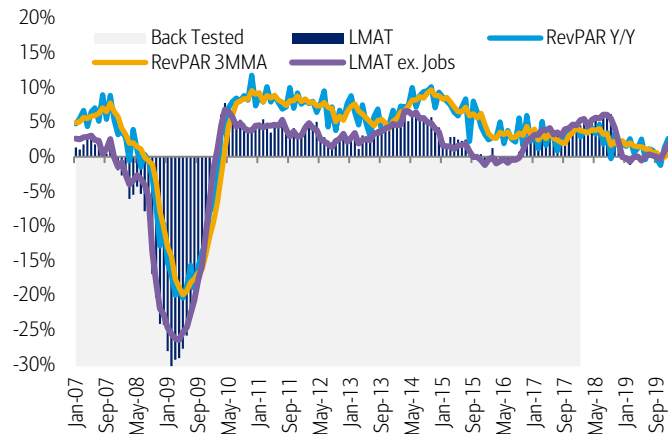
Note: The LMAT's back-tested performance reflects application of the indicator prior to its inception date as if the model had been in existence at that time. This performance is back-tested and does not represent the actual performance of any account or fund. Back-tested performance depicts the theoretical (not actual) performance of a particular strategy over the time period indicated. No representation is being made that any actual portfolio is likely to have achieved returns similar to those shown herein.

Source: BofA Global Research, Bloomberg, STR

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Exhibit 4: Lodging Macro Activity Tracker (LMAT) and RevPAR growth (% chg.) long term time series through 2019

Pre-COVID (2009-2019) LMAT long term avg. of +1%, US RevPAR of +3% Y/Y



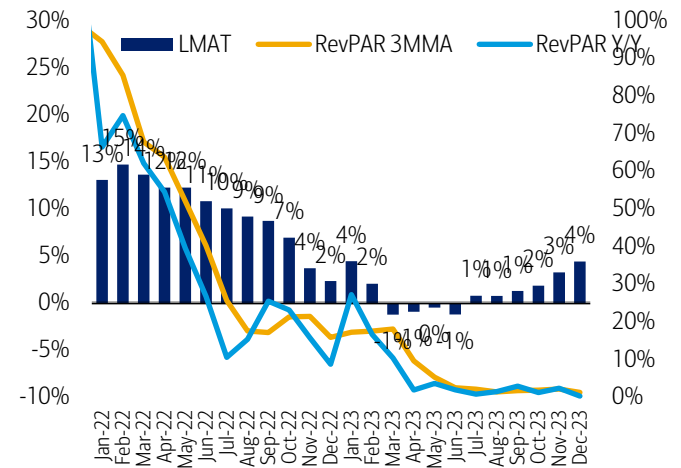
Source: STR, BofA Global Research

Note: The indicator identified as LMAT above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. The LMAT was not created to act as a benchmark.

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Exhibit 5: Lodging Macro Activity Tracker (LMAT) and RevPAR growth (% chg.) since 2022

In December, the LMAT was +4% and RevPAR was +0%

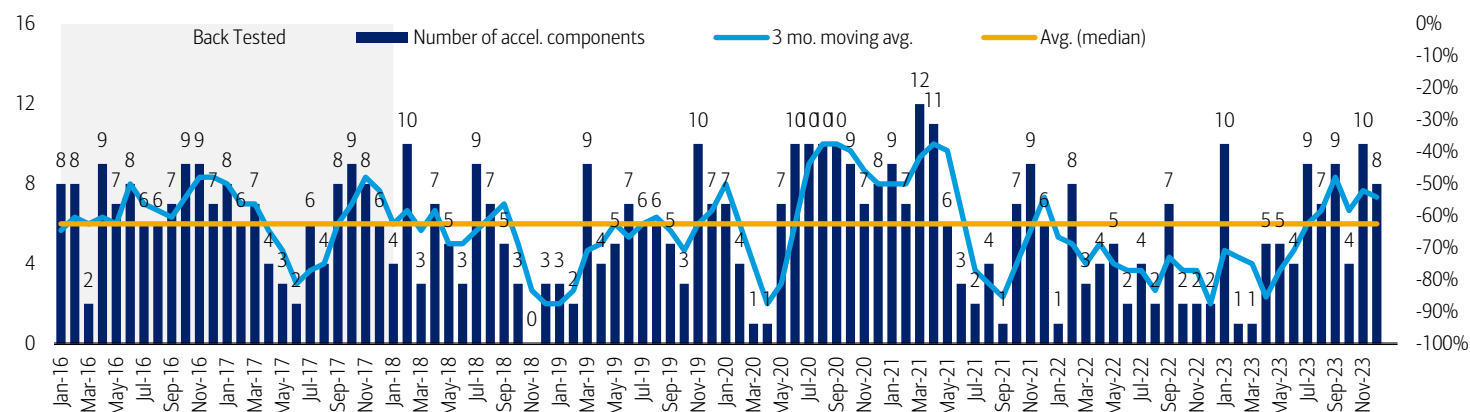


Source: STR, BofA Global Research

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Exhibit 6: LMAT: Number of accelerated components time series (2016-Present)

Total (momentum) indicator changes since Jan. 2016; 8 components accelerated in December



Source: BofA Global Research, STR, Bloomberg

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Appendix

Exhibit 7: Macro Indicators Definitions

Summary of BofA Proprietary Indicators

Indicator	Description
BofA Global Wave	Sentiment indicator comprised of 7 components representing various aspects of the global economy
BofA Global Proprietary Signals	Compendium of indicators cataloging a range of data across economies/strategies/markets/asset classes
BofA Truckload Demand Indicator	Proprietary indicator for shippers' 0 to 3 month freight demand outlook
BofA Flight Signals	Proprietary indicator of airline unit revenues 6 months out
Airline Bookings	Consolidated airline bookings net sales growth
BofA Lodging Macro Activity Tracker (LMAT)	Proprietary indicator comprised of 11 macro demand indicators and hotel supply data to gauge near-term RevPAR

Source: BofA Global Research, Bloomberg

For additional disclosures please see: BofA Global Wave, BofA Global Proprietary Signals, [BofA Truckload Demand Indicators](#), [BofA Flight Signals](#), [Airline Bookings](#).[BofA Lodging Macro Activity Tracker](#)

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