

# Hotel Stocks Surge in February to Highest Levels of Pandemic

Investor Confidence in Recovery Tied to Vaccine Distribution Progress



A ticker displays stock activity in front of the New York Stock Exchange in New York. (Bloomberg/Getty Images)

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Hotel News Now

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A surge in optimism among investors drove stock values for major hotel companies in February to the highest levels since the onset of the COVID-19 pandemic, according to the Baird-STR Hotel Stock Index.

The aggregated value of index — comprising 20 of the largest hotel companies publicly traded on a U.S. stock exchange by market-capitalization — grew by 22.4% in February, following [an 8.2% month-over-month decline in January](#). By comparison, the S&P 500 index was up only 2.6% in February.

Year-to-date in 2021, the index is up 12.4%, nearly regaining the losses of 2020, when for the full-year the index declined 13.2% from 2019 values.

“Hotel stocks posted huge gains in February as the reopening and reflation trade momentum caused many hotel brands and hotel [real estate investment trusts] to reach new post-pandemic highs,” Michael Bellisario, senior hotel research analyst and director at financial services firm Baird, [said in a news release](#) announcing the latest stock index results.

“Investors appear willing to pay up today for several years of expected growth, and improving vaccine distribution and declining case counts have caused investors to become even more optimistic about the prospects for a significant improvement in demand during the second half of the year and in 2022,” Bellisario said.

STR, CoStar’s hospitality analytics firm, projects the recovery of the U.S. hotel industry will make significant headway beginning this summer, though currently revenue per available room — a key performance metric for the industry — remains at about half of pre-pandemic levels in the U.S.

“Investor sentiment clearly reflects the focus on future developments as our current data still shows RevPAR declines around 50%,” said Amanda Hite, president of STR, [said in the news release](#). “We do expect that additional vaccine production will give rise to an increase in traveler confidence but not beyond what has already been forecasted. Green shoots are emerging, and some markets in Florida are already seeing healthy demand numbers, but the U.S. overall will not see a sustained recovery until the summer.”

Hotel REITs had a slight lead in gains as part of the index, with values increasing 23.6% in February compared to January, and up 17.1% year to date. Hotel brand values were up 22% for the month and 10.9% year to date.

REITs also made up four of the top five performers on the index for February, led by Hersha Hospitality Trust, which posted a 45.5% gain in stock value compared to January; and Braemar Hotels and Resorts, up 39.6%. Hyatt Hotels Corporation, up 33.9%, was the only hotel brand to crack the top five in month-to-month performance gains.

## Hospitality Stock Performance Summary – February 2021

Top Performers (vs. January 2021)		Top Performers (vs. February 2020)	
Hersha Hospitality Trust	45.5%	Extended Stay America	46.5%
Braemar Hotels & Resorts	39.6%	RLH Corp.	34.6%
Xenia Hotels & Resorts	38.0%	Xenia Hotels & Resorts	33.5%
Sotherly Hotels	36.8%	Wyndham Hotels & Resorts	28.1%
Hyatt Hotels Corp.	33.9%	Hilton Inc.	27.2%

Source: Baird Research



Every company in the index gained value in February, compared to January, but at the low end, with single-digit gains, were RLH Corp., up 1.8% month-to-month; Choice Hotels International, up 4.2%; and Extended Stay America, up 9.6%.

Compared with the same month in 2020, however, hotel brands fared better. Extended Stay America led year-over-year performance gains, with its stock value increasing 46.5% over February 2020. Other top year-over-year performance came from RLH Corp., up 34.6%; and Xenia Hotels & Resorts, up 33.5% and the only REIT represented in the top five.

## Hospitality Stock Performance Summary – February 2021

Bottom Performers (vs. January 2021)		Bottom Performers (vs. February 2020)	
RLH Corp.	1.8%	Ashford Hospitality Trust	-84.1%
Choice Hotels International	4.2%	Sotherly Hotels	-28.3%
Extended Stay America	9.6%	Braemar Hotels & Resorts	-5.2%
Wyndham Hotels & Resorts	12.2%	Hersha Hospitality Trust	-3.6%
InterContinental Hotels Group	13.8%	Chatham Lodging Trust	-0.1%

Source: Baird Research



REITs took the bottom five spots in year-over-year stock performance, with Ashford Hospitality Trust and Sotherly Hotels both posting double-digit losses for February, compared to the same month in 2020 – down 84.1% and 28.3%, respectively.

In its monthly hospitality report, Baird noted all the hotel brand stocks making up the index, with the exception of Hyatt, and "just a few" hotel REITs – Host Hotels & Resorts, Sunstone Hotel Investors and Xenia Hotels & Resorts – "have reached or exceeded their pre-pandemic high-watermark price levels."

Factors driving the rebound in stock values for hotel brands, Baird reports, "are the broader reopening trade momentum, their asset-light business models, which are now battle-tested and have survived the worst-ever demand shock, and no per-share dilution [compared to the significant amount of common equity raised by the airlines and cruise lines, for example]."

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