

December 2021 – Minnesota travel activity and recovery continued in fall 2021, but industry has not achieved 2019 business stability or level

According to the most recent Minnesota tourism and hospitality industry survey, fall business activity was good, however for many firms additional business activity is needed for recovery of pre-pandemic conditions.

- The trend of better financial health in 2021 continues with 77% of business reporting a growing or stable, but positive position. However, the pace of more firms reporting positive financial health has slowed likely due to travel seasonality and continued COVID variant concerns.
- Generally overnight accommodations and attraction and entertainment companies are recovering better than food and drink establishments and allied and other businesses. However, looking at business types within sectors reveals business activity differences. While 86% of resorts reported fall 2021 revenue at or above 2019 levels, only 43% of hotels or motels had similar fall 2021 revenue compared to 2019. For food or drink establishments, 57% of restaurants and 54% of breweries, taprooms, wineries or distilleries reported fall 2021 at or above 2019 revenue.
- The summer trend of regions recovering at different rates continued tourism and hospitality firms across the State continued. From three regions firm responses were positive with 76% in Central and Northeast Minnesota and 92% in Northwest Minnesota reporting that their fall 2021 revenue was at or above fall 2019 levels. However, only 54% of Southern and 43% of Metro firms reported fall 2021 revenue at or above 2019.
- As of fall 2021 39% of firms are at or above pre-pandemic business levels and another 31% of firms expect to be by the end of 2022. Factors including very tight labor availability reported by 63% of firms and extreme or significant supply chain difficulties reported by 35% are likely to impact future business outcomes.

The quarterly business conditions survey targets tourism and hospitality businesses across the state and is conducted in partnership by Explore Minnesota, Hospitality Minnesota and the Federal Reserve Bank of Minneapolis. The fall 2021 survey addressed business activity between September and November and examined key indicators of current economic conditions compared with business in 2020 and 2019 and industry recovery trends.

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