Minnesota’s First Quarter 2020 Lodging Performance Ushered in Coronavirus Impacts

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First quarter 2020 lodging performance metrics revealed the first impacts of the COVID-19 pandemic on Minnesota’s lodging properties. Impacts included double-digit quarterly declines in four of Minnesota’s six lodging metrics, plus a less dramatic 2.8% decline in room rates. Sharp March declines came on the heels of much smaller declines in February lodging metrics. Metro area negative impacts were generally more substantial than greater Minnesota impacts. Statewide room supply growth remained strong over the past 12 months, and ticked up to its highest monthly growth rate in March. Two sets of graphs, with links below, show changes in Minnesota’s lodging metrics for the first quarter of 2020 and monthly for the last 12 months.

First Quarter 2020 Lodging Performance Changes for Minnesota, the U.S., the Region and Minnesota Areas – Even though travel impacts of the COVID-19 pandemic did not ramp up until a week or two into March, they were severe enough for a few weeks to substantially alter quarterly lodging performance across the country. The impacts can be seen in first quarter declines for five of six lodging metrics, with the exception being room supply – the only metric that does not quickly adjust to market conditions. Minnesota experienced double-digit quarterly declines in four metrics: revenue per available room (i.e., RevPAR, -20.5%), occupancy (-18.2%), revenue (-17.5%) and demand (-15.1%). Statewide average daily room rates declined by 2.8%. Room supply was the only metric to show positive statewide first quarter growth (3.7%). Room supply growth was concentrated in the metro area and Rochester.

Minnesota’s year-over-year first quarter declines were similar to U.S. declines for most lodging metrics, and greater than regional (i.e., the seven-state West North Central U.S.) declines for most metrics. One exception was that Minnesota’s 3.7% first quarter room supply growth exceeded supply growth of both the U.S. (2.0%) and the region (2.1%). Metro area lodging declines were generally more substantial than declines for greater Minnesota, though this varied by metric and by area. It is notable that, among Minnesota’s 11 distinct market areas (i.e., five in the metro and six in greater Minnesota), first quarter RevPAR declines for all five metro areas exceeded RevPAR declines for each of the six greater Minnesota areas.

Year-over-year first quarter changes in Minnesota lodging metrics (i.e., 2020 compared with 2019) and 2019 compared with 2018 (in parentheses) were:

- Occupancy -18.2% change for 2020 (-2.7% for 2019)
- Room supply 3.7% (2.5%)
- Demand -15.1% (-0.3%)
- Revenue -17.5% (-10.4%)
- Room rate -2.8% (-10.1%)
- Revenue per available room (RevPAR) -20.4% (-12.5%)

Month-by-Month Lodging Performance for Minnesota – COVID-19–related March declines are hard to miss on graphs of change in Minnesota’s monthly lodging metrics over the past 12 months. Prior to March declines, February signaled a downturn, registering the second weakest monthly statewide changes for all metrics except room supply. Another notable month over the 12-month stretch was April 2019, when the NCAA Men’s Final Four basketball tournament was held in Minneapolis. That event was reflected in substantial April 2019 growth in statewide average room rates (10.5%), RevPAR (12.1%) and revenue (14.9%). Monthly room supply growth varied from April through December 2019, before ticking up through the first three months of 2020 and topping out at 4.4% growth in March.
Click below for accompanying graphs of Minnesota lodging performance (repeats of links from above):

**First Quarter 2020 Lodging Performance Changes for Minnesota, the U.S., the Region and Minnesota Areas**

**Month-by-Month Lodging Performance for Minnesota**

Detailed March and year-to-date lodging metrics for Minnesota can be viewed online for a limited time at [Current STR Lodging Metrics for Minnesota](#). (Note: The most current available monthly lodging metrics are replaced by data for the subsequent month when they are provided by STR.)

**Previous Quarterly Lodging Performance Reports**

- Minnesota’s 2019 Lodging Changes Reflect 2018 Super Bowl Impacts
- Minnesota’s Third Quarter 2019 Lodging Performance Was All Positives
- Minnesota’s First Half 2019 Lodging Performance Got a Final Four Boost
- Minnesota’s First Quarter 2019 Lodging Performance Reflected 2018 Super Bowl
- Minnesota’s 2018 Lodging Performance Was Shaped by the Super Bowl