Minnesota’s Third Quarter 2019 Lodging Performance Was All Positives

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Minnesota lodging experienced positive growth in each of six metrics during all three months of the third quarter of 2019. Despite this recent market strength, only three metrics (i.e., revenue, room supply and demand) show positive year-to-date growth through the first three quarters of 2019. This is a reflection of the lingering negative impact of the 2018 Super Bowl on 2019 year-over-year comparisons. Statewide room supply growth remains strong, with monthly growth of at least 2.4% during each of the last 12 months. Two sets of graphs, with links below, show changes in Minnesota’s lodging metrics through the first three quarters of 2019 and monthly for the last 12 months.

Lodging Performance Changes through the Third Quarter of 2019 for Minnesota, the U.S., the Region and Minnesota Areas – Three of Minnesota’s six lodging metrics saw positive growth and three saw negative growth through the first three quarters of 2019, compared with the first three quarters of 2018. The declines were modest, with none of the three exceeding 1.0%. Statewide year-to-date changes included declines in occupancy (-0.9%), average daily room rates (-0.4%) and revenue per available room (i.e., RevPAR, -0.9%); and growth in demand (2.1%), revenue (1.7%) and room supply (2.5%). Room supply growth was concentrated in and around Minneapolis (i.e., including Minneapolis north and Minneapolis south areas), as well as in the St. Cloud/I-94 corridor and southern Minnesota, exclusive of Rochester and Mankato.

Despite outperforming both the U.S. and the seven-state West North Central U.S. region in recent months, Minnesota’s year-to-date growth through the third quarter remains weaker than national growth for all metrics except supply, and weaker than regional growth for all metrics except supply and demand. This is evidence of the persistent drag the 2018 Super Bowl imposes on year-over-year comparisons, especially in the metro area where the event was held. Greater Minnesota year-to-date growth exceeded metro area growth for most lodging metrics, but metro supply growth was stronger and the metro matched greater Minnesota’s demand growth for the nine-month period. Among Minnesota’s 11 distinct market areas (i.e., five in the metro and six in greater Minnesota), each of the five metro areas experienced declines or small growth in occupancy and all revenue-related metrics. Among greater Minnesota areas, Mankato experienced the strongest growth in four metrics and the St. Cloud/I-94 corridor experienced the weakest growth in four metrics through the third quarter of 2019.

Through the first three quarters of 2019, year-over-year changes in Minnesota lodging metrics (i.e., 2019 compared with 2018) and 2018 compared with 2017 (in parentheses) were:

- Occupancy -0.5% change for 2019 (1.9% for 2018)
- Room supply 2.5% (2.4%)
- Demand 2.1% (4.3%)
- Revenue 1.7% (9.5%)
- Room rate -0.4% (5.0%)
Revenue per available room (RevPAR) -0.9% (7.0%)

Month-by-Month Lodging Performance for Minnesota – The first three quarters of 2019 included big Super Bowl-related dips in January and February statewide lodging metrics, a bounce back in March and a spike in April when the NCAA Men’s Final Four landed in Minneapolis. May and June saw relatively weak growth in most metrics, followed by strong growth in July that moderated in August and again in September. Statewide, all six lodging metrics saw positive growth during each month of the third quarter. October 2018 and April 2019 are the only other recent months with all positives. Strong room supply growth over the last 12 months has kept occupancy rates in check for most months, and posed revenue-related challenges for properties that are reluctant to raise rates in areas with expanded room supply. statewide supply growth peaked at 3.5% in November 2018, then spiked again for a single month at 3.2% in May 2019.

Click below for accompanying graphs of Minnesota lodging performance (repeats of links from above):

Lodging Performance Changes through the Third Quarter of 2019 for Minnesota, the U.S., the Region and Minnesota Areas

Month-by-Month Lodging Performance for Minnesota

Detailed September and year-to-date lodging metrics for the U.S., Minnesota and Minnesota areas can be viewed online for a limited time on the Research Reports page, under STR Lodging Performance Metrics. (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 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