Southern Minnesota Hotel Performance

Kelsey Waite| BD Executive, Destinations

kwaite@str.com

The world's largest hotel performance sample

STR

over
35 years
of expertise

Data from
180 countries

68,000
Hotels

9.1 million
Rooms

STR Building Blocks

Agenda
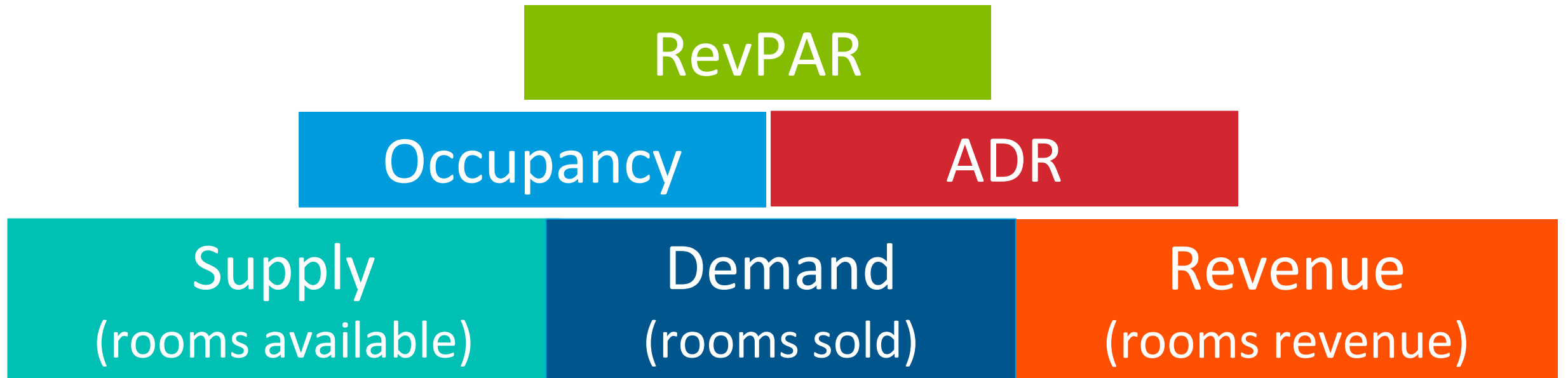
- Total U.S. Review
- Minnesota State Overview
- Southern Minnesota
- Look to the Future
- Q&A

Total U.S. Review

September YTD 2020

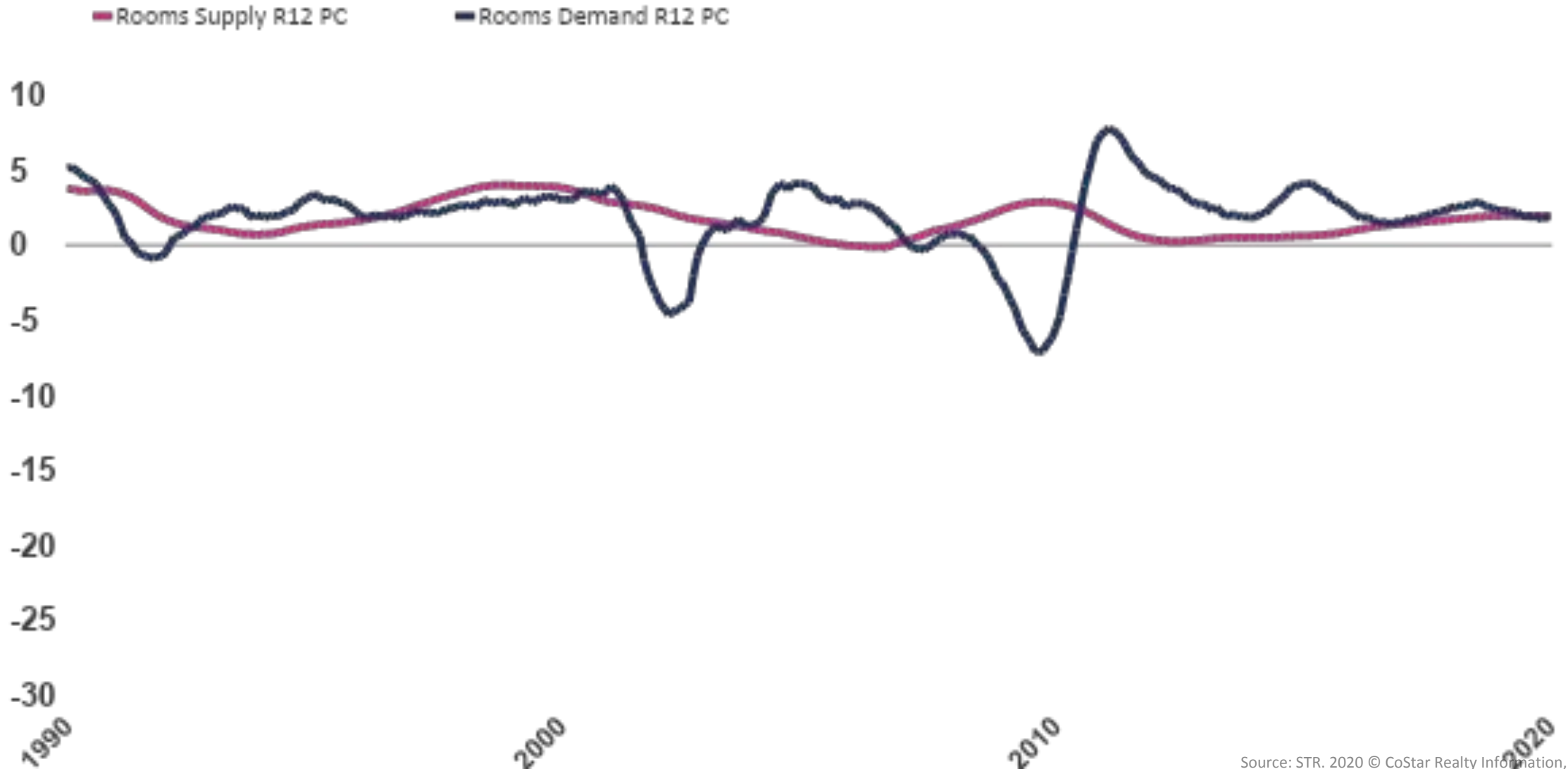|	
RevPAR -46.6%	**ADR** -24.9%
Transient RevPAR -51.1%	**Group RevPAR** -87.1%
September Room Demand 75.6 Million	September Room Revenue $7.5 Billion

Demand Drop Off Almost Vertical

Total U.S., 12 MMA 1/1990 – 09/2020

Legend: Rooms Supply R12 PC, Rooms Demand R12 PC

"The Cliffs Of Insanity"

Total U.S. RevPAR % Change, by month, 1/1990 – 09/2020
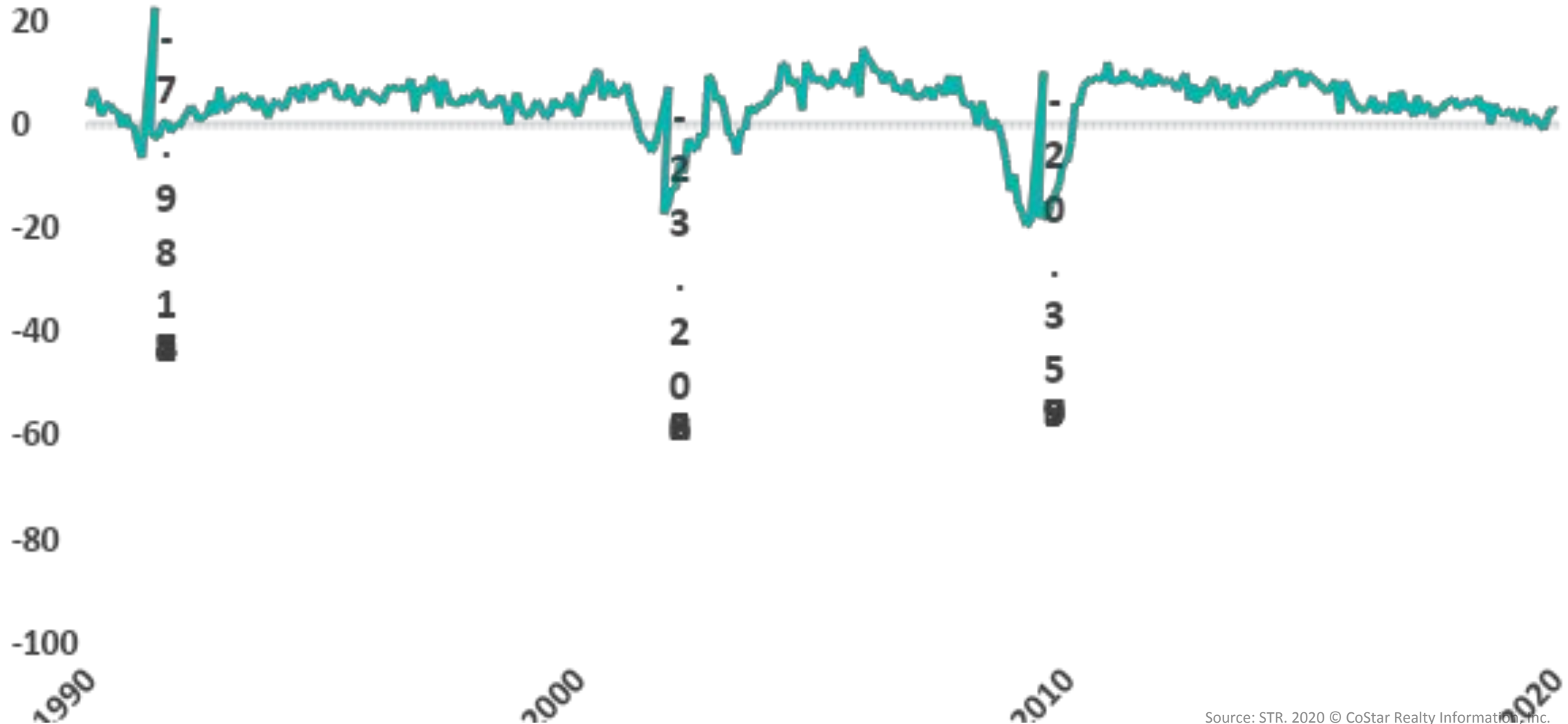
RevPAR Growth: Fall Stall!

Total U.S 1/2020 – 10/2020

-2.1160342 06	-1.6369937 13	51.658224 022	80.035283 096	71.020621 405	60.540592 867	51.901170 575	47.310130 579	-46.1	-49.1
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct (Prelim)
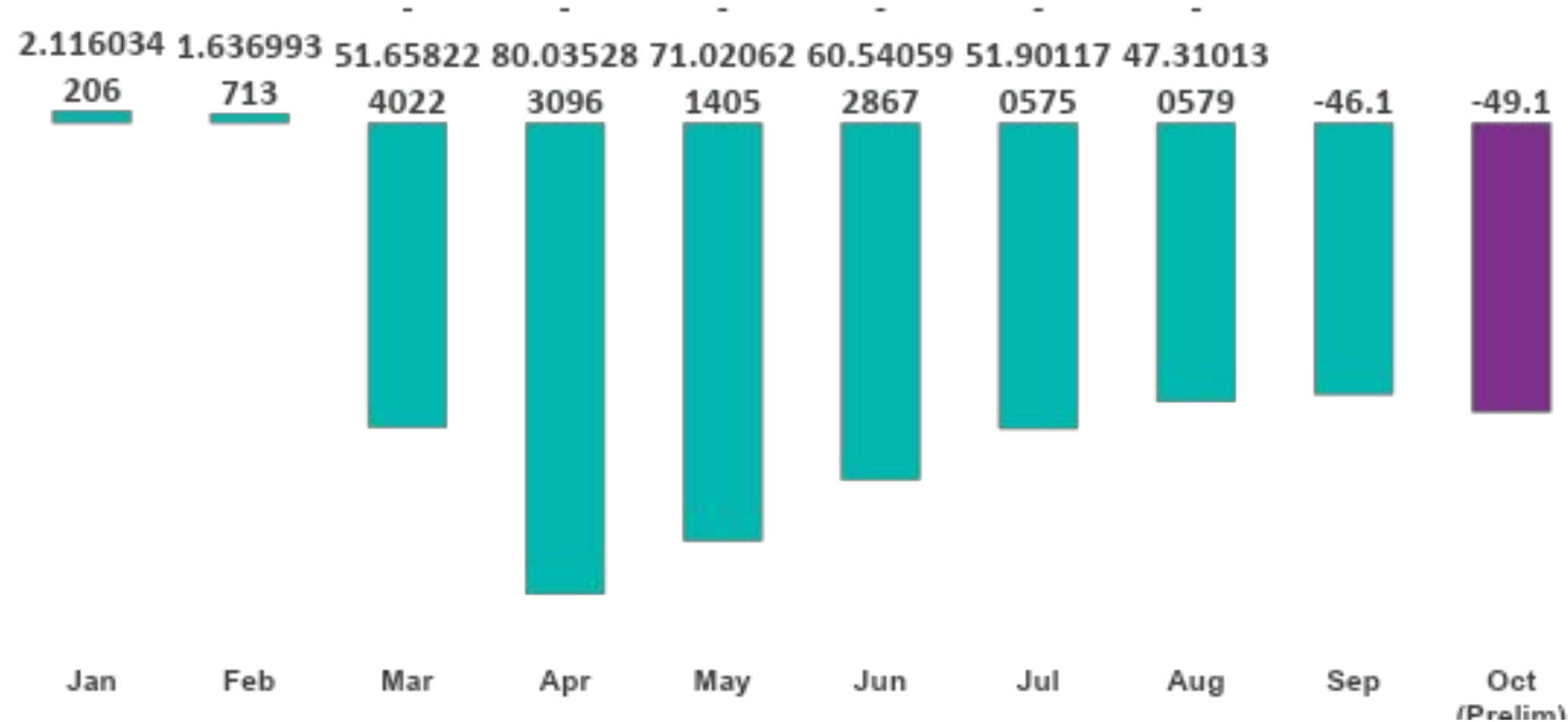
Class: High End With Most Closures

YTD September 2020

■ Supply % Change   ■ Demand % Change

| Luxury Class | Upper Upscale Class | Upscale Class | Upper Midscale Class | Midscale Class | Economy Class |
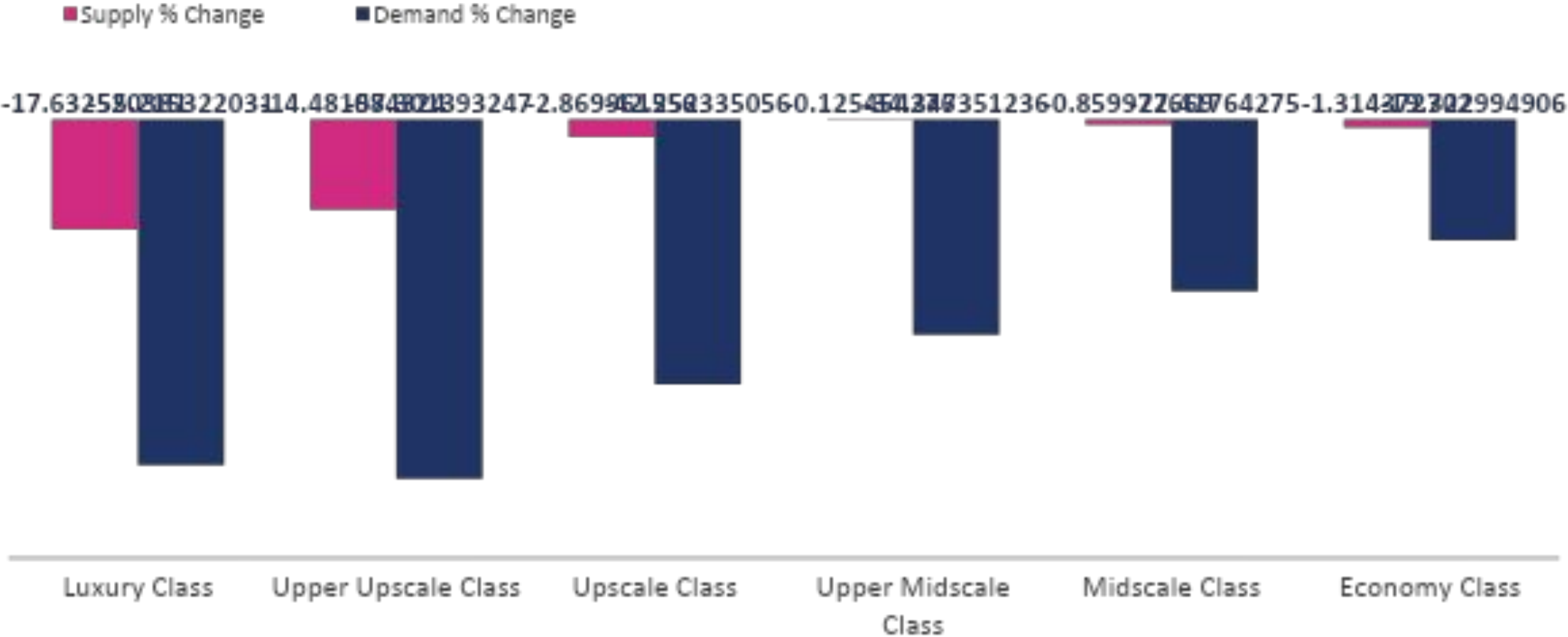
Weekly RevPAR % Change and New COVID19 Cases
Total U.S., by Week

STR

% Change

Weekly New Cases

■ RevPAR PC   ■ New COVID19 cases

https://ourworldindata.org/coronavirus-source-data
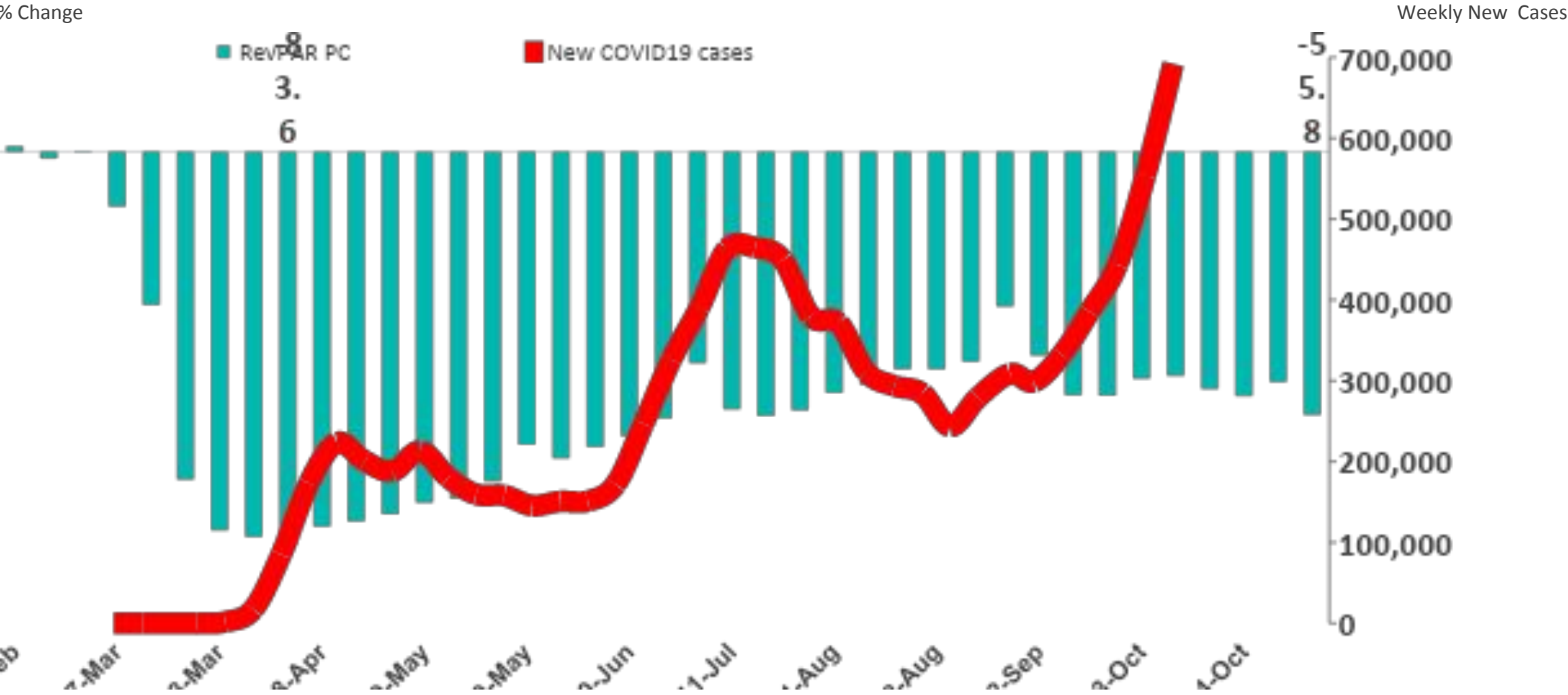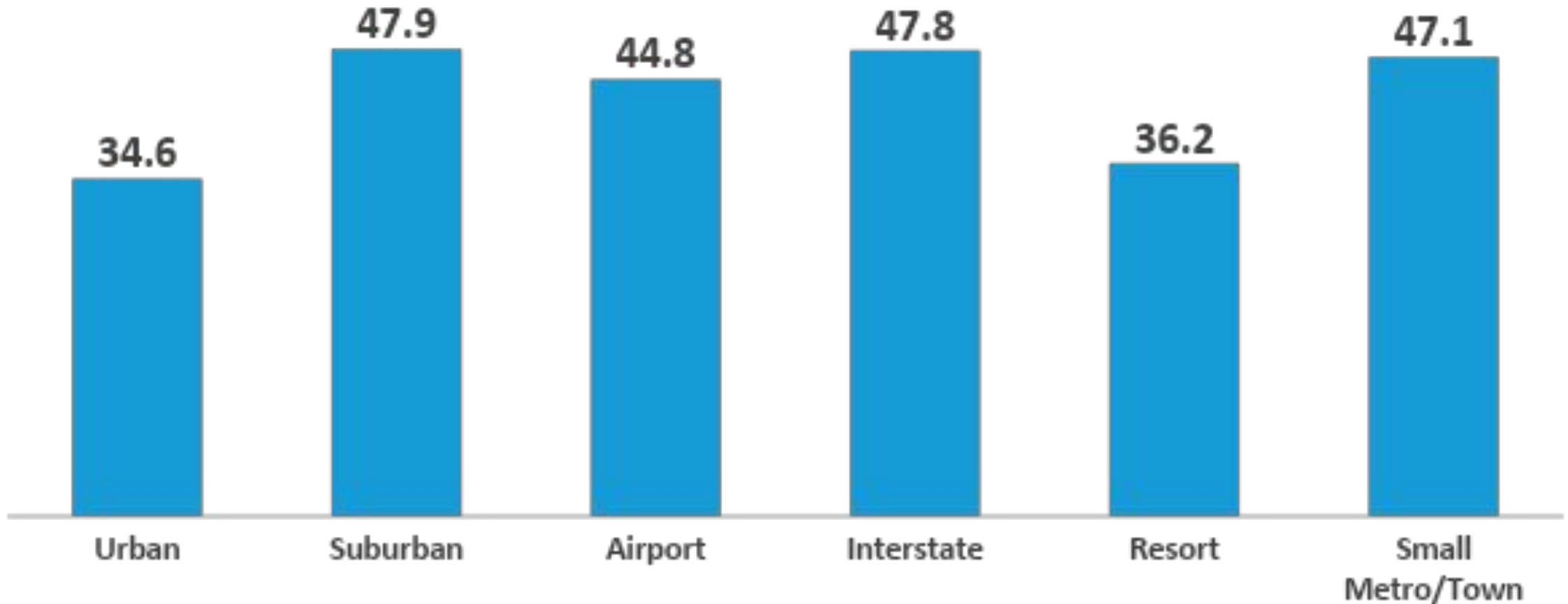
Average Weekly Demand Growth Slipping
Total U.S., Demand % Change, Week over Week, from 4/11
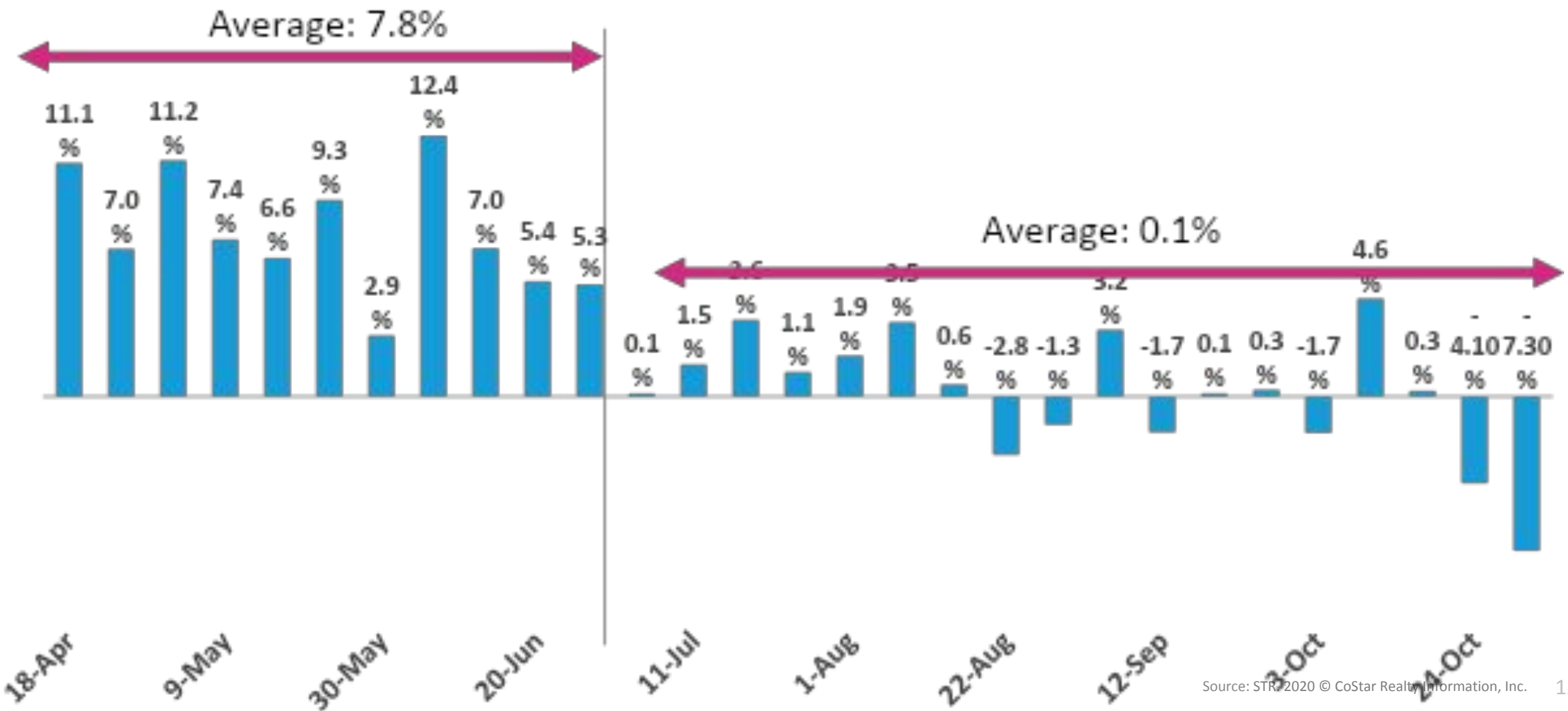
Location: Hard To Find "Green Shoots"
Total U.S. , Occupancy %, week ending November 7

Urban	Suburban	Airport	Interstate	Resort	Small Metro/Town
34.6	47.9	44.8	47.8	36.2	47.1

Location Performance: Interstate & Small Town "Outperform"
Total U.S., RevPAR % Change, week ending November 7

Urban	Suburban	Airport	Interstate	Resort	Small Metro/Town
-75.7	-49.9	-60.9	-25.4	-61.9	-23.3
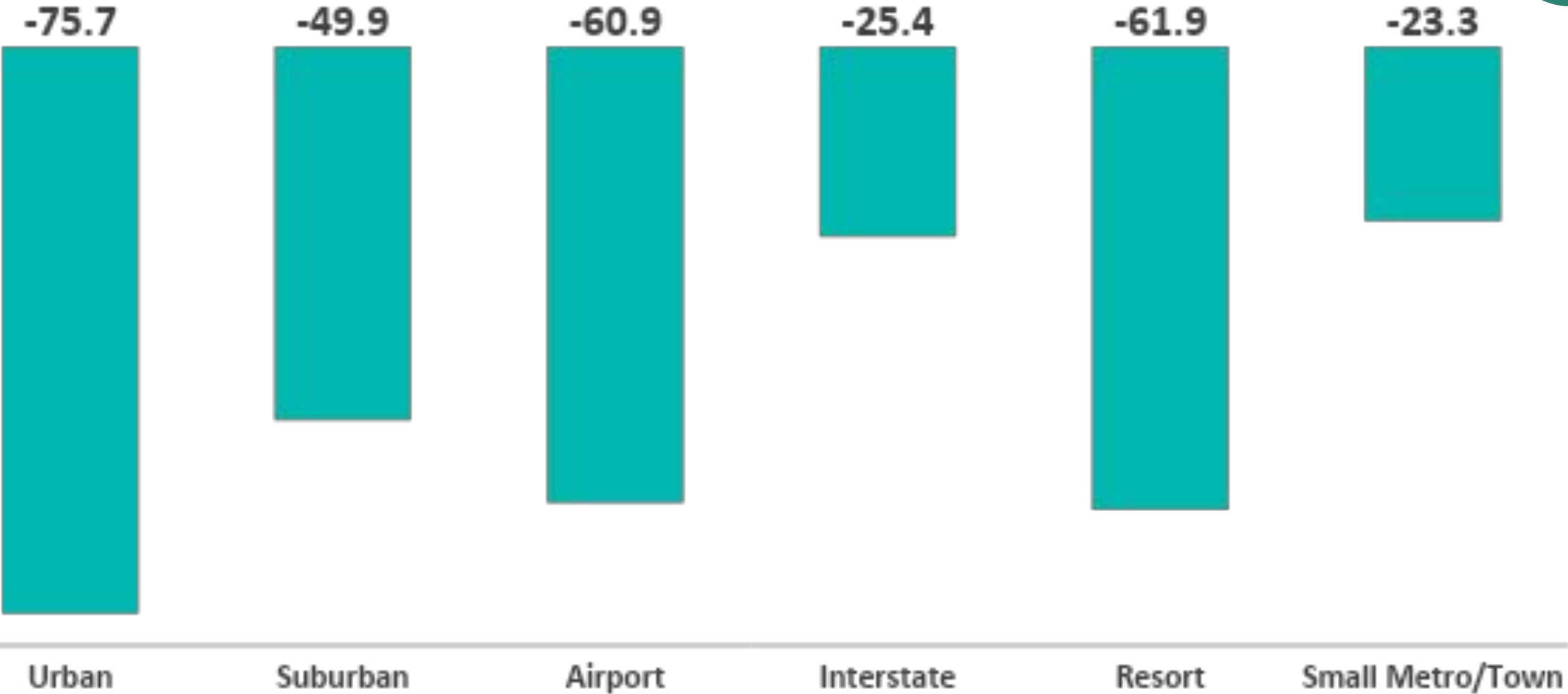
Occupancy by State

Week ending October 31, 2020

Week 44

41.1%

34.4%

44.8%

33.6%

43.5%

33.9%

% Occupancy

10.0% ▬▬▬▬▬▬▬▬▬ 90.0%

50%

© 2020 Mapbox © OpenStreetMap
© Mapbox © OSM
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State Average Occupancy: Week 44
☐ Show history

Source: STR. 2020 © CoStar Realty Information, Inc.
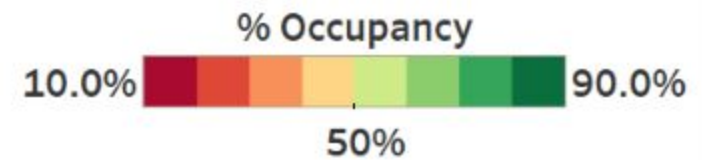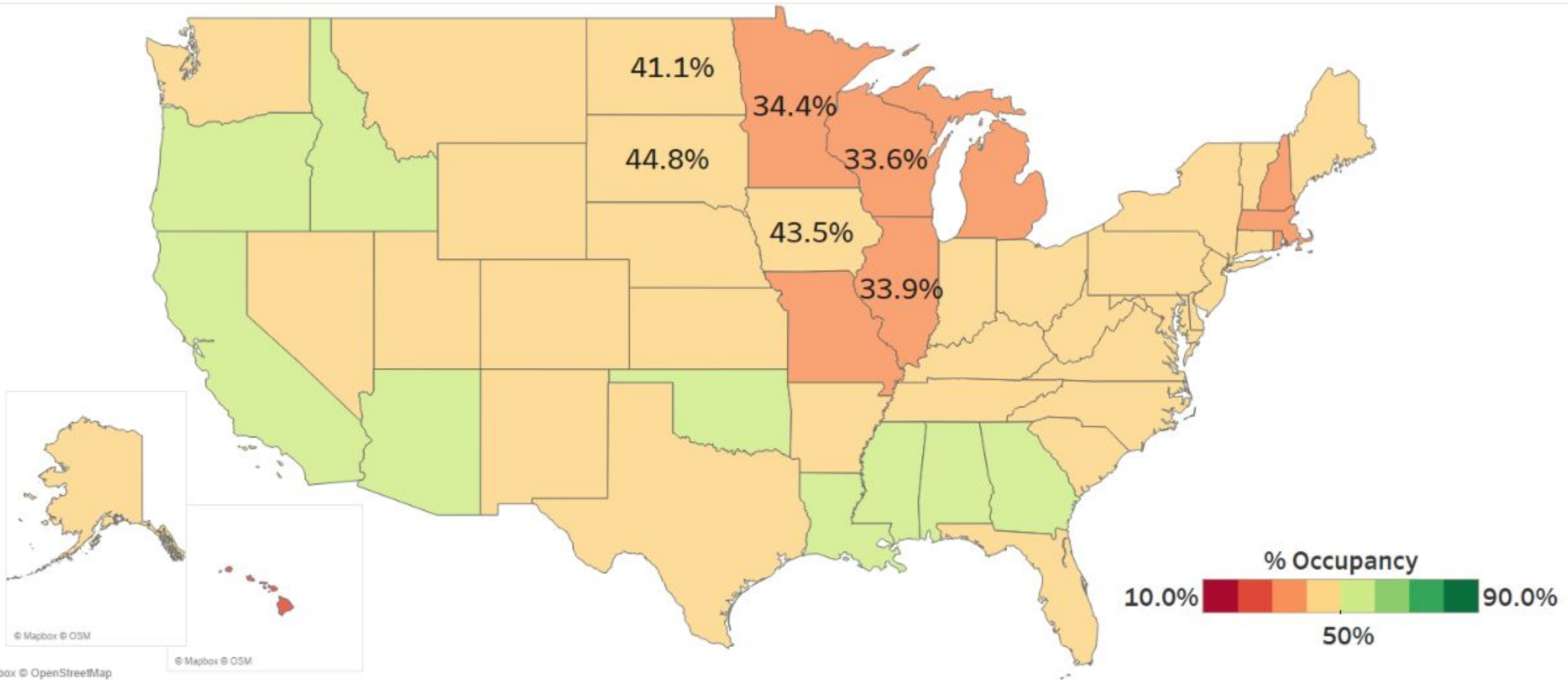
State Level Occupancy – Minnesota Ranked #44
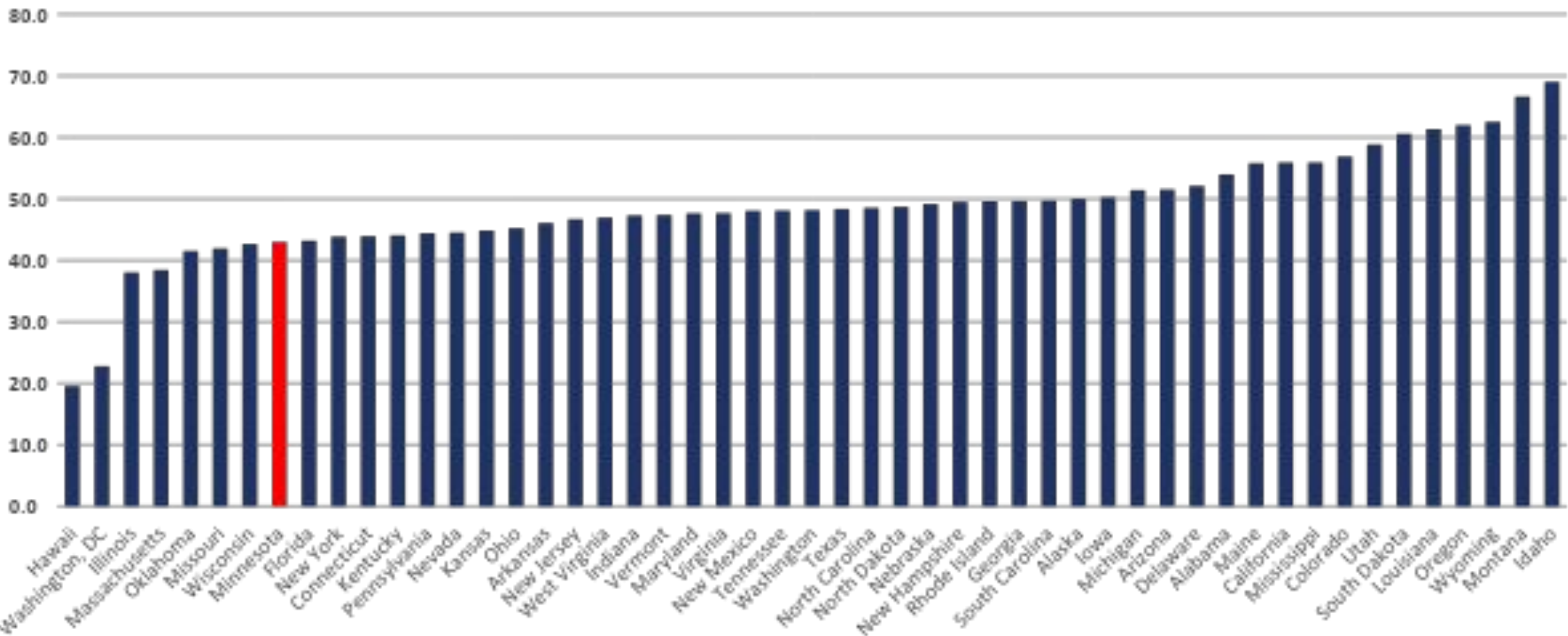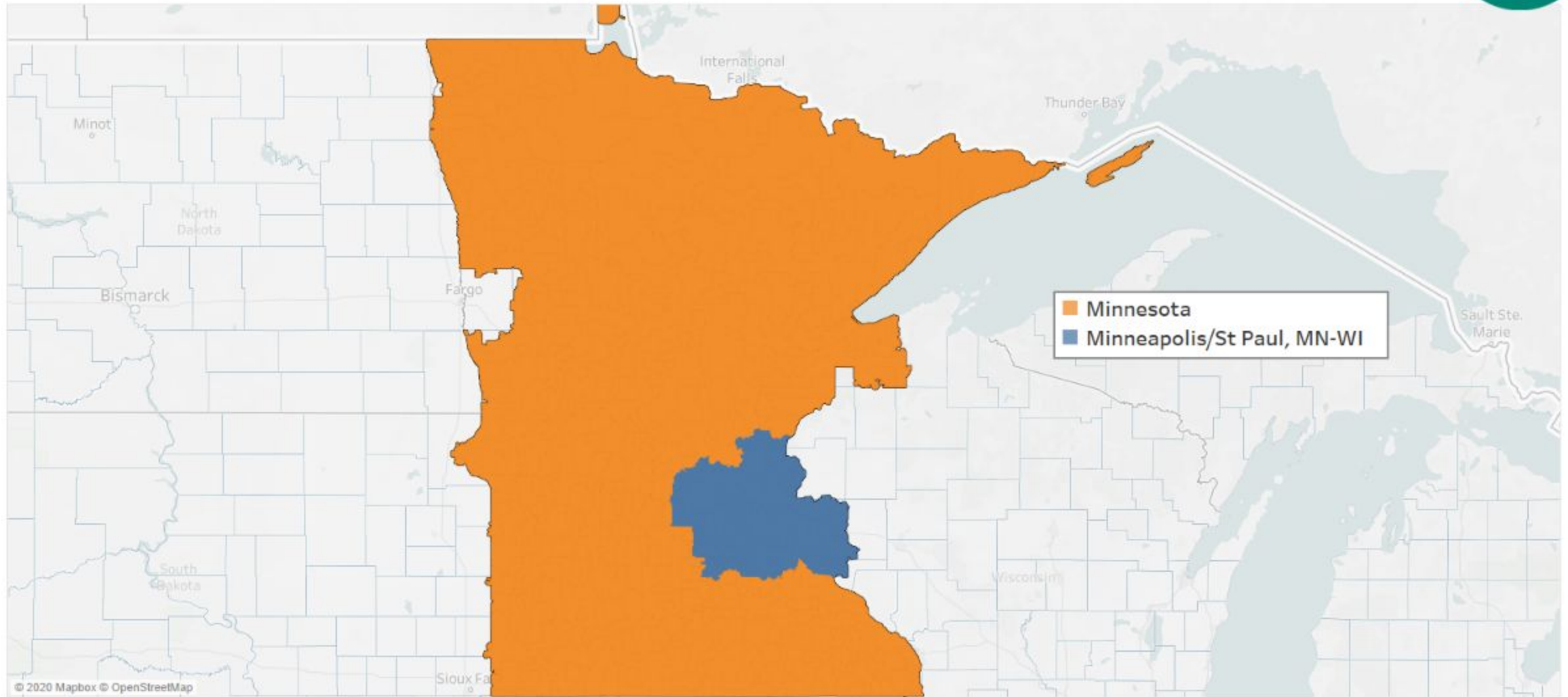
Southern Minnesota Breakdown

Minnesota Markets

Minnesota
Minneapolis/St Paul, MN-WI

STR State Markets

Source: STR. 2020 © CoStar Realty Information, Inc.

Minnesota Area Market Room Demand
2020 vs. 2019 by Week

YTD Room Night Deficit
-2,111,485

Room Demand (2020)
Room Demand (2019)

YTD Current/Previous Year Room Demand: Minnesota
* Week1 Ending Saturday, 4-Jan Included Only 4 days

Source: STR. 2020 © CoStar Realty Information, Inc.
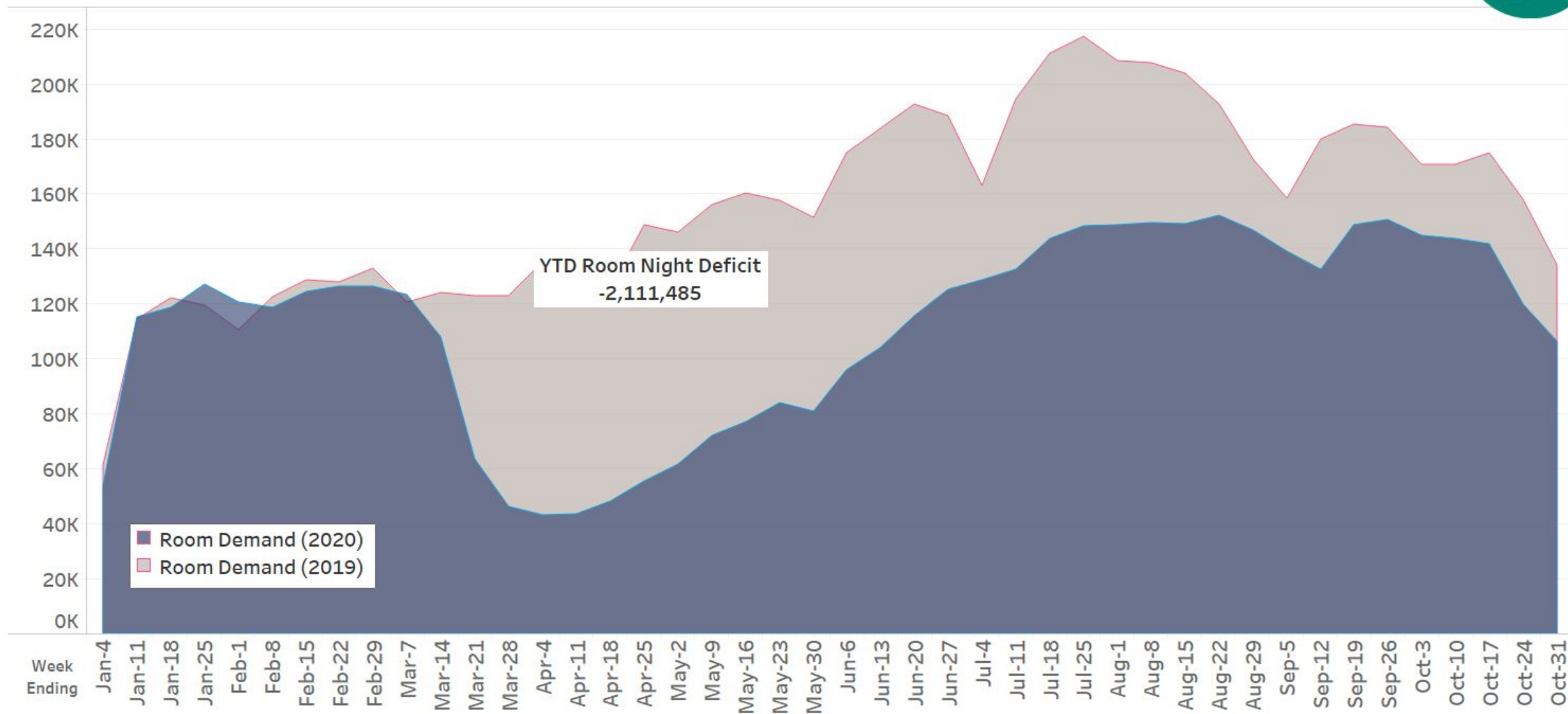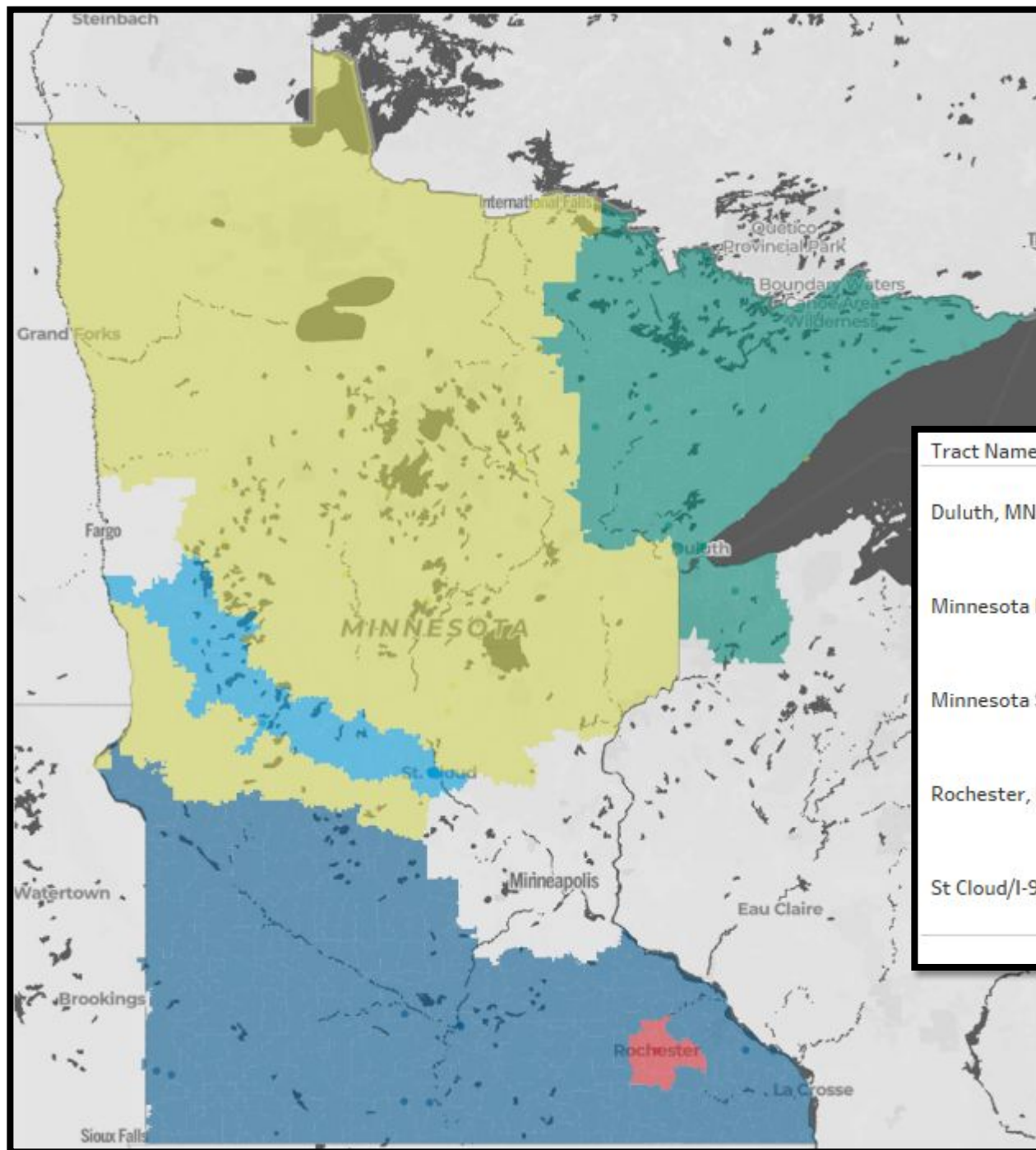
Tract Name

Duluth, MN

Minnesota North Area

Minnesota South Area

Rochester, MN

St Cloud/I-94 Corridor, MN

Minnesota Market Breakdown – Rochester and St. Cloud have greatest YOY losses
September 2020 YTD, KPI % Change
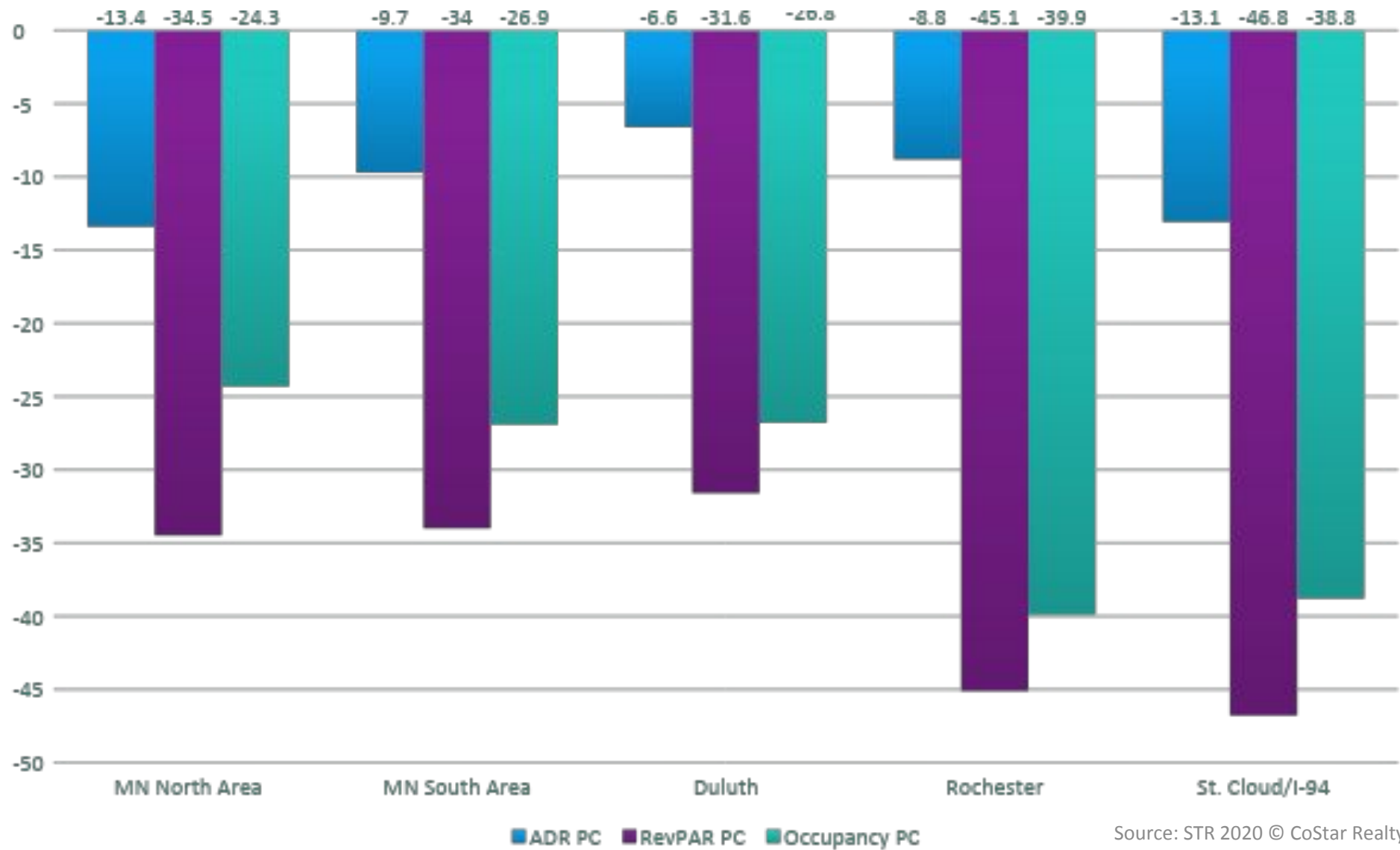
Minnesota South Room Demand

Minnesota South Submarket, 2019 vs. 2020 by Week, Feb 29 – Oct 31

Submarket Total Weekly Room Demand: Minneapolis South Area, MN

Source: STR. 2020 © CoStar Realty Information, Inc.
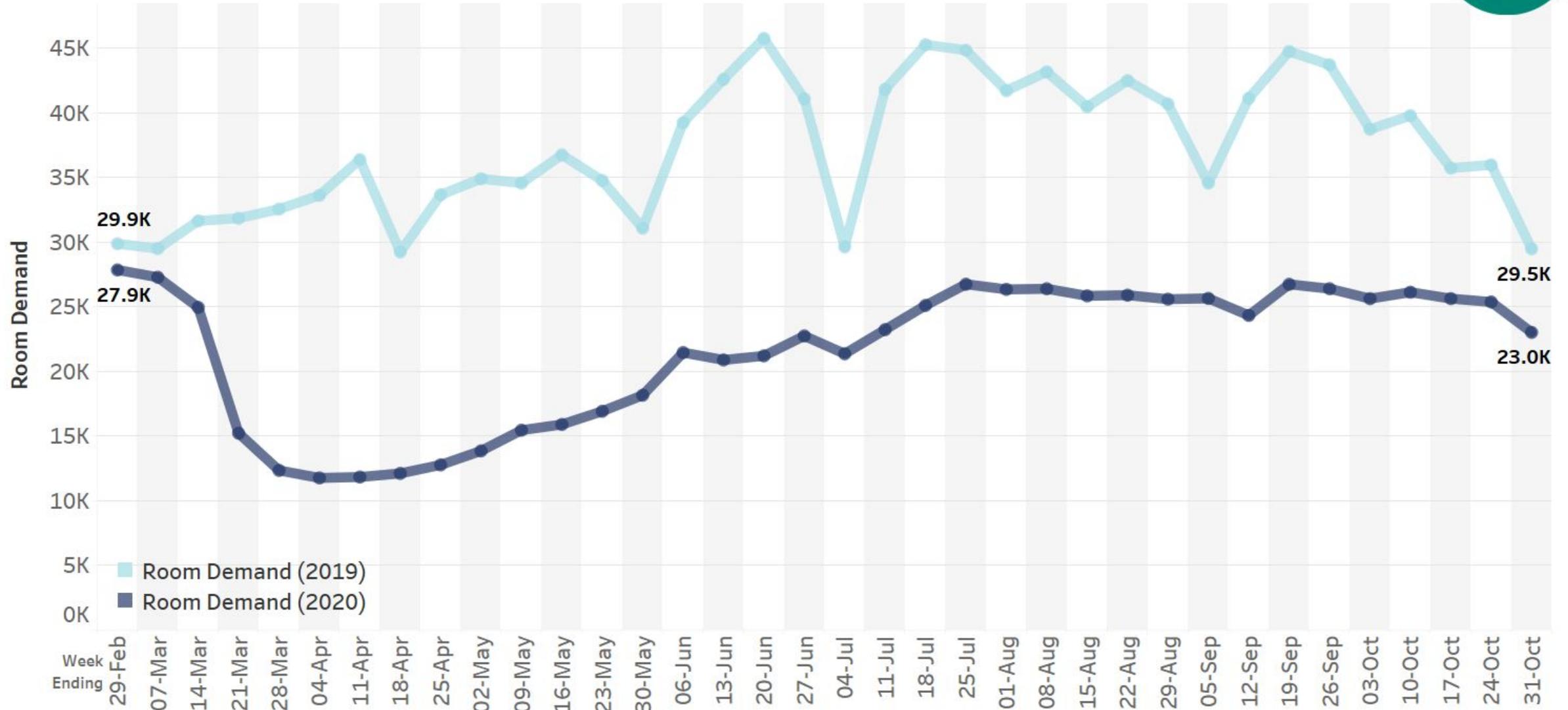
Rochester, MN Submarket Room Demand

2019 vs. 2020 by Week, Feb 29 – Oct 31

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Room Demand

26.6K
23.8K
24.1K
18.3K

- ▬ Room Demand (2019)
- ▬ Room Demand (2020)

Week Ending: 29-Feb, 07-Mar, 14-Mar, 21-Mar, 28-Mar, 04-Apr, 11-Apr, 18-Apr, 25-Apr, 02-May, 09-May, 16-May, 23-May, 30-May, 06-Jun, 13-Jun, 20-Jun, 27-Jun, 04-Jul, 11-Jul, 18-Jul, 25-Jul, 01-Aug, 08-Aug, 15-Aug, 22-Aug, 29-Aug, 05-Sep, 12-Sep, 19-Sep, 26-Sep, 03-Oct, 10-Oct, 17-Oct, 24-Oct, 31-Oct
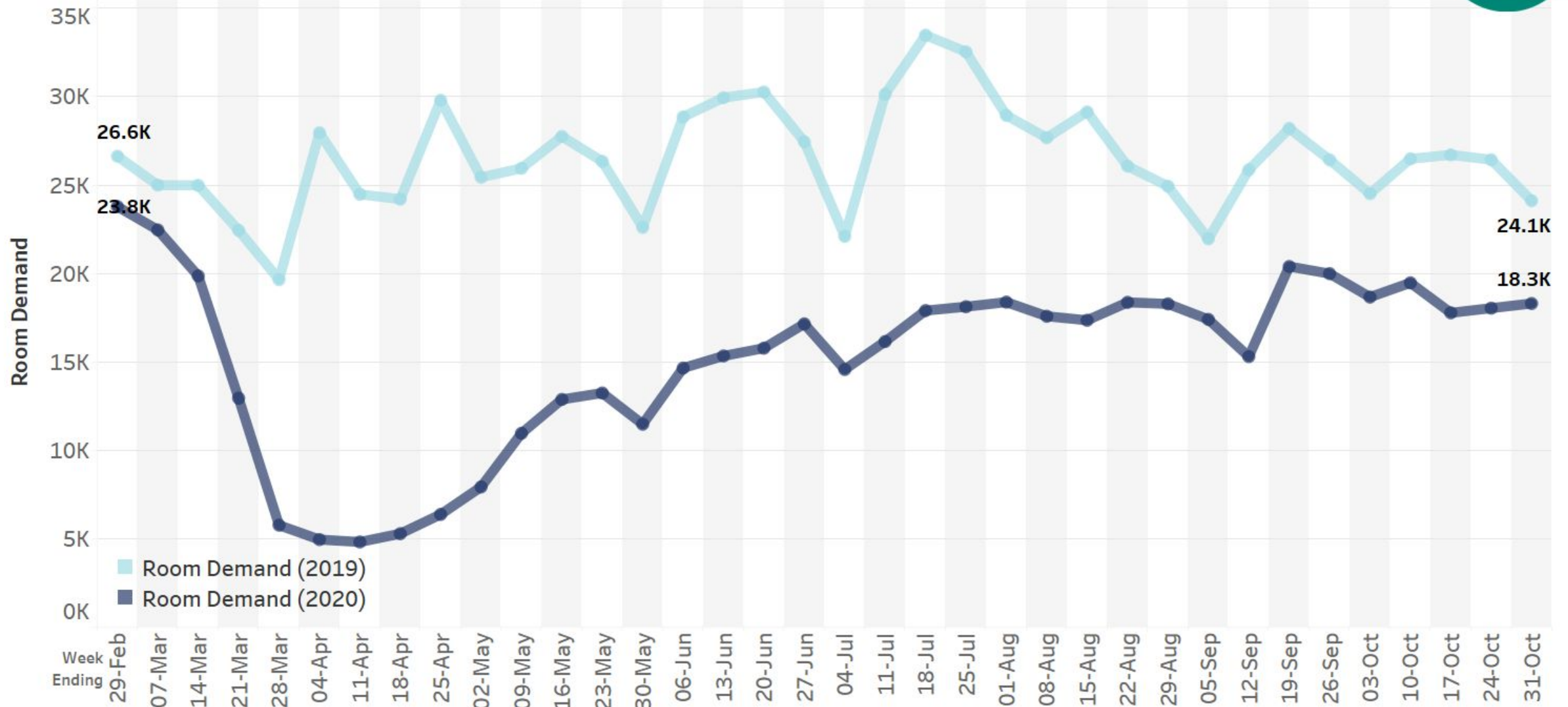
Minnesota South Still Struggling with Rate

Minnesota South Submarket, ADR (USD) 2019 vs. 2020 by Week, Feb 29 – Oct 31

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$89

$77

ADR (2019)
ADR (2020)

ADR

$95
$90
$85
$80
$75
$70

Week Ending: 29-Feb, 07-Mar, 14-Mar, 21-Mar, 28-Mar, 04-Apr, 11-Apr, 18-Apr, 25-Apr, 02-May, 09-May, 16-May, 23-May, 30-May, 06-Jun, 13-Jun, 20-Jun, 27-Jun, 04-Jul, 11-Jul, 18-Jul, 25-Jul, 01-Aug, 08-Aug, 15-Aug, 22-Aug, 29-Aug, 05-Sep, 12-Sep, 19-Sep, 26-Sep, 03-Oct, 10-Oct, 17-Oct, 24-Oct, 31-Oct
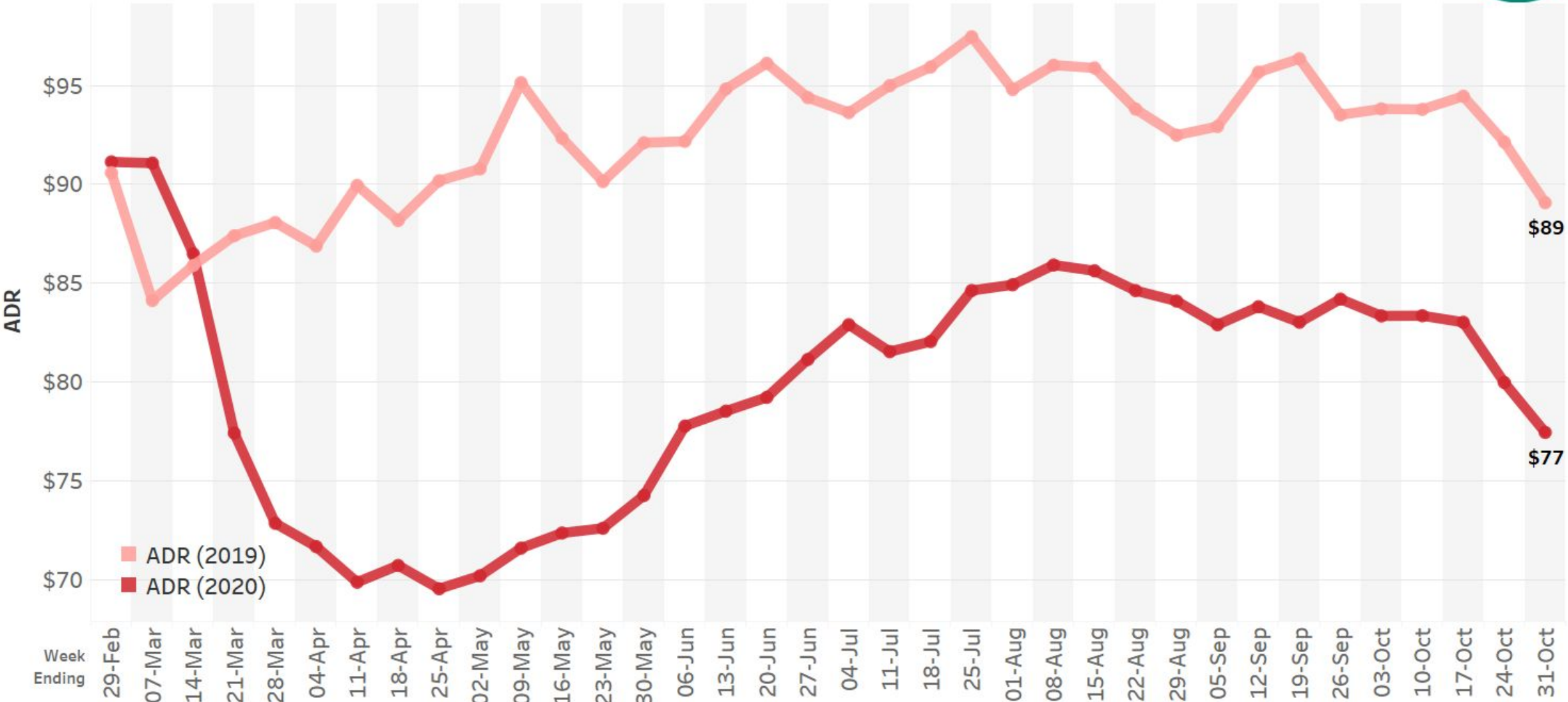
Gaps Between '19 & '20 decreasing in Rochester

Rochester, MN Submarket ADR 2019 vs. 2020 by Week, Feb 29-Oct 31

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ADR

- ADR (2019)
- ADR (2020)

$121

$110

Week Ending: 29-Feb, 07-Mar, 14-Mar, 21-Mar, 28-Mar, 04-Apr, 11-Apr, 18-Apr, 25-Apr, 02-May, 09-May, 16-May, 23-May, 30-May, 06-Jun, 13-Jun, 20-Jun, 27-Jun, 04-Jul, 11-Jul, 18-Jul, 25-Jul, 01-Aug, 08-Aug, 15-Aug, 22-Aug, 29-Aug, 05-Sep, 12-Sep, 19-Sep, 26-Sep, 03-Oct, 10-Oct, 17-Oct, 24-Oct, 31-Oct

Weekly Average Daily Rate Submarket: Rochester, MN

Source: STR. 2020 © CoStar Realty Information, Inc.
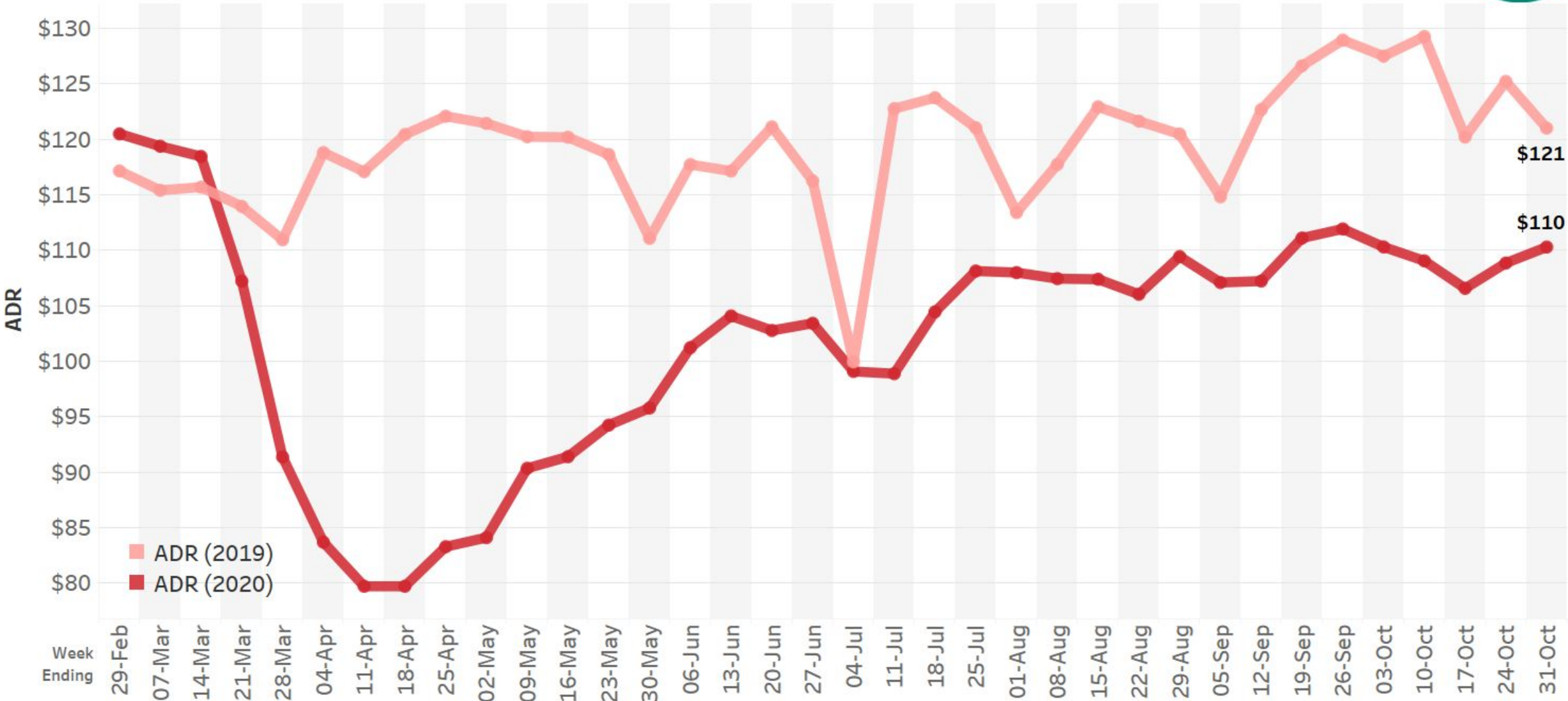
Rochester Occupancy vs. Other US Submarkets

By Week for Feb 29 – Oct 31, 2020

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Occupancy values (Rochester highlighted): 59.7%, 56.4%, 49.8%, 32.5%, 14.5%, 13.0%, 13.1%, 14.4%, 17.3%, 21.1%, 27.5%, 32.3%, 33.2%, 28.8%, 36.7%, 38.5%, 39.6%, 43.0%, 36.5%, 40.5%, 44.9%, 45.5%, 45.5%, 46.0%, 43.5%, 43.0%, 45.5%, 45.3%, 43.1%, 37.9%, 50.5%, 49.5%, 46.2%, 48.2%, 44.0%, 44.7%, 45.3%

Week Ending: 29-Feb, 07-Mar, 14-Mar, 21-Mar, 28-Mar, 04-Apr, 11-Apr, 18-Apr, 25-Apr, 02-May, 09-May, 16-May, 23-May, 30-May, 06-Jun, 13-Jun, 20-Jun, 27-Jun, 04-Jul, 11-Jul, 18-Jul, 25-Jul, 01-Aug, 08-Aug, 15-Aug, 22-Aug, 29-Aug, 05-Sep, 12-Sep, 19-Sep, 26-Sep, 03-Oct, 10-Oct, 17-Oct, 24-Oct, 31-Oct

Weekly Occupancy by Highlighted SubMarket: Highlighting "Rocheste..
USA

Source: STR. 2020 © CoStar Realty Information, Inc.

Rochester, MN Submarket RevPAR Growth

12 MMA, Year over Year % Change, Jan 2001 – Sept 2020
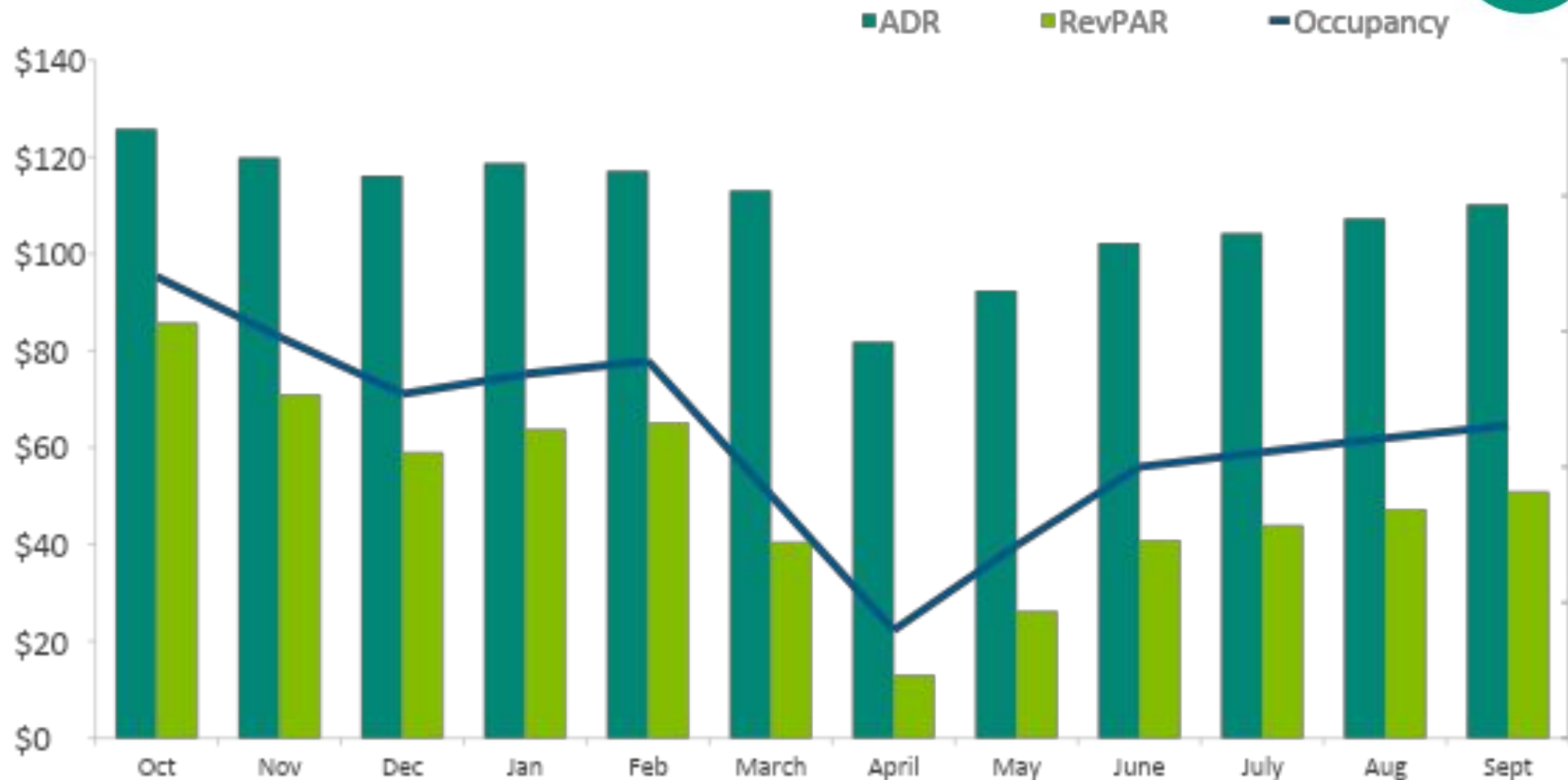
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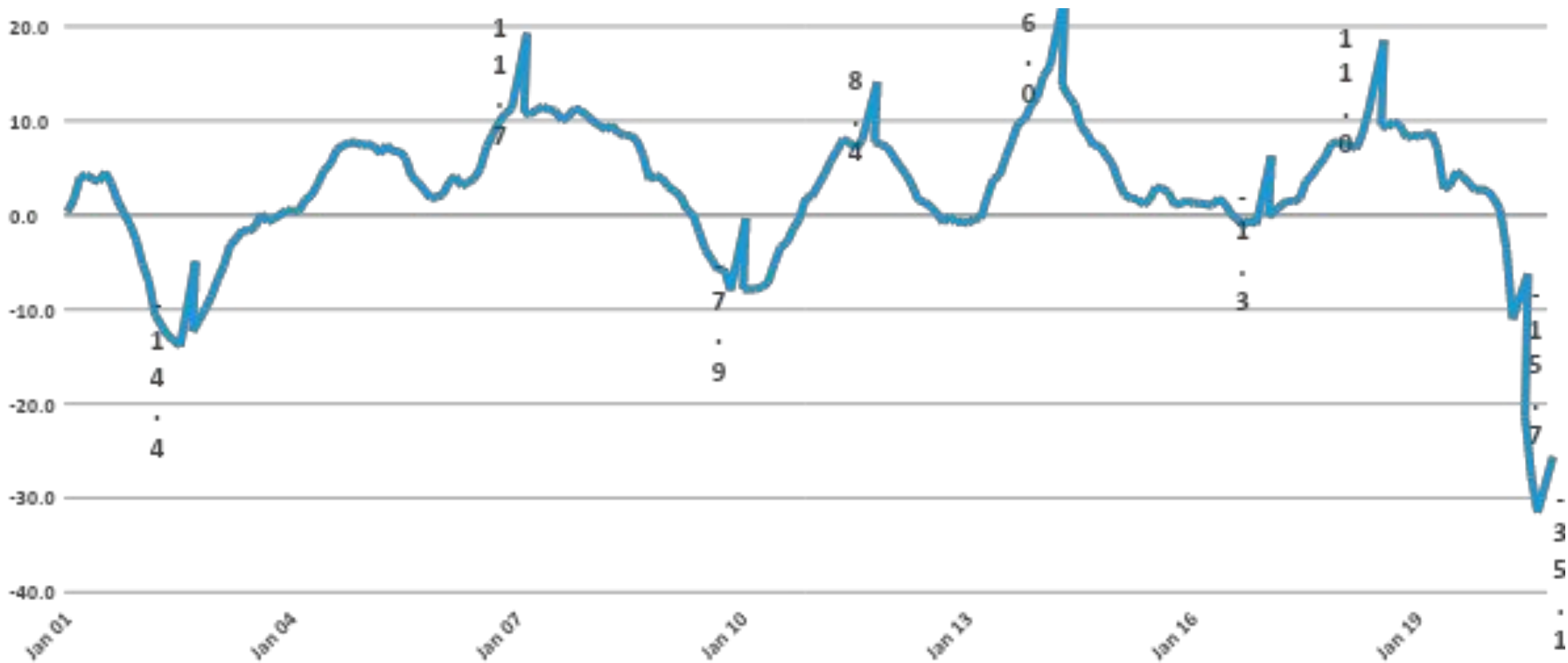
Rochester, MN Performance YTD Sept 2020

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Rochester, MN Submarket		
Supply	1.5m	3.5%
Demand	623k	-37.9%
Occupancy	40.3%	-40%
ADR	$108	-9.3%
RevPAR	$44	-45.6%
YTD September 2020		
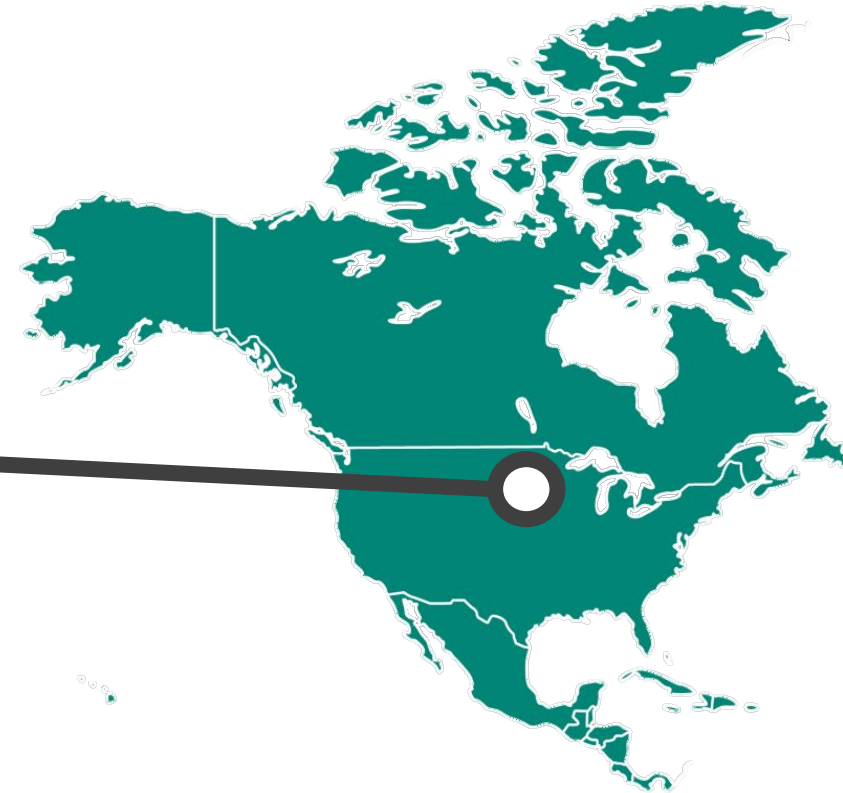
April is when the bottom dropped out, Boost in June – now stalled

Legend: ■ADR ■RevPAR ━Occupancy

Rochester, MN Submarket, Oct 2019-Sept 2020, Occ, ADR, RevPAR by Month

April was Worst Month for Year over Year Growth

Rochester, MN Submarket, Oct 2019 – Sept 2020, Occ, ADR, RevPAR YoY % Change
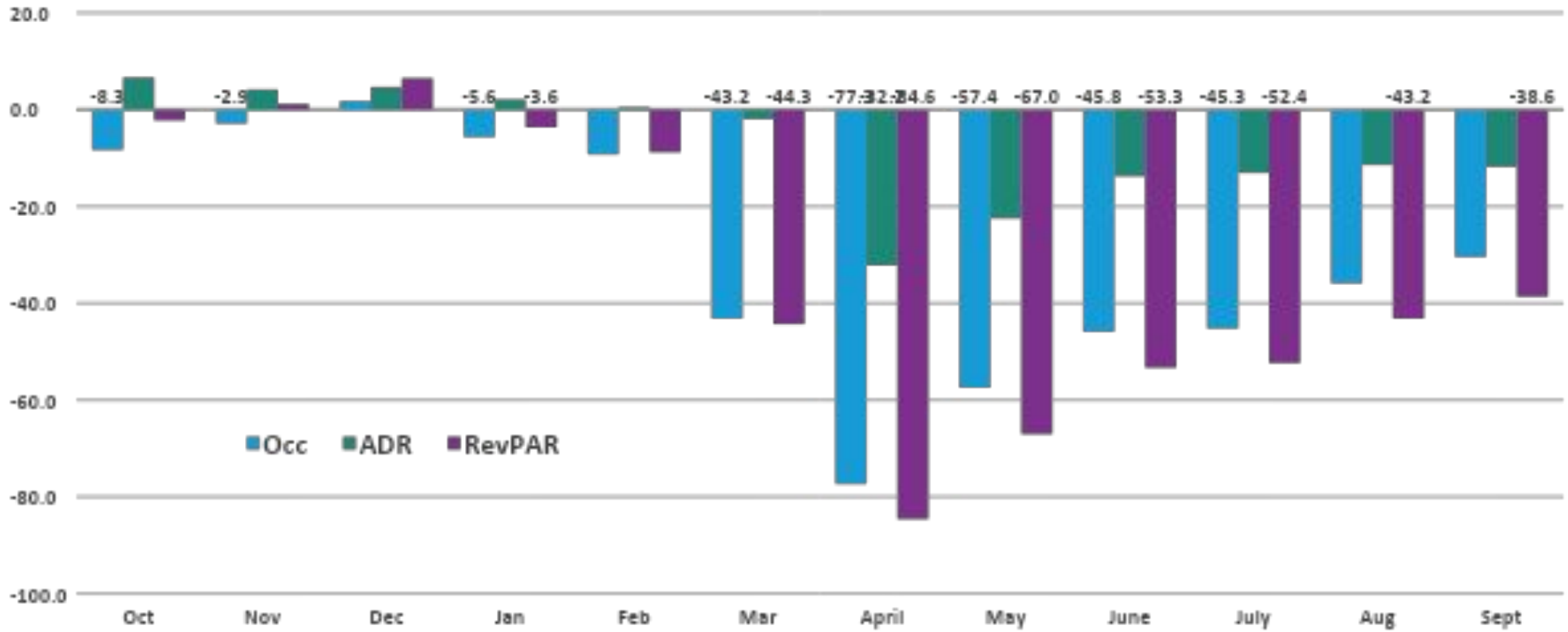
Tuesdays are still highest Occupancy days

12 MMA September 2019 vs. 2020 Day of Week Occupancy

Rochester, MN Submarket Day of Week Occupancy, 12 MMA Sept 2019 vs. 2020
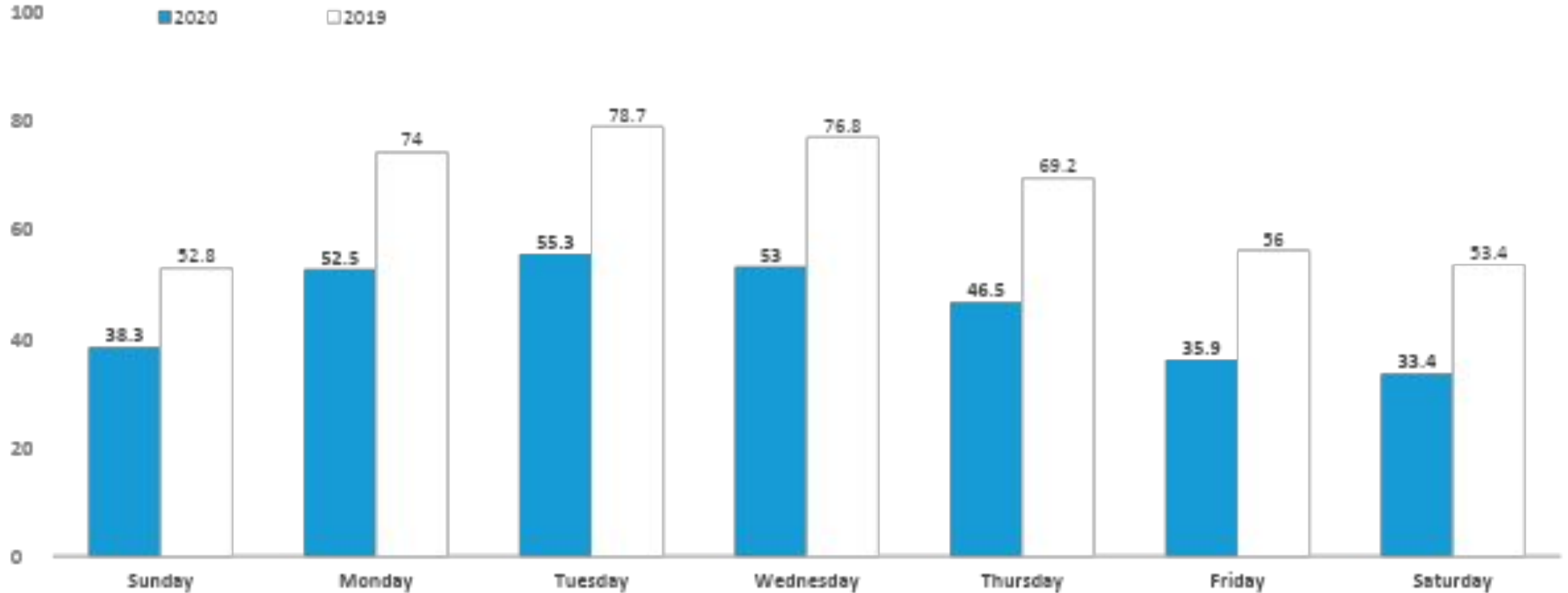
All Occupancy Rates with 4 Points of Each Other YTD

Bar chart showing occupancy rates: Mankato 40.6, Owatonna 39.4, Rochester 40.3, Shakopee 41.9, Winona 37.6

Custom City Sets, YTD September 2020, Occupancy
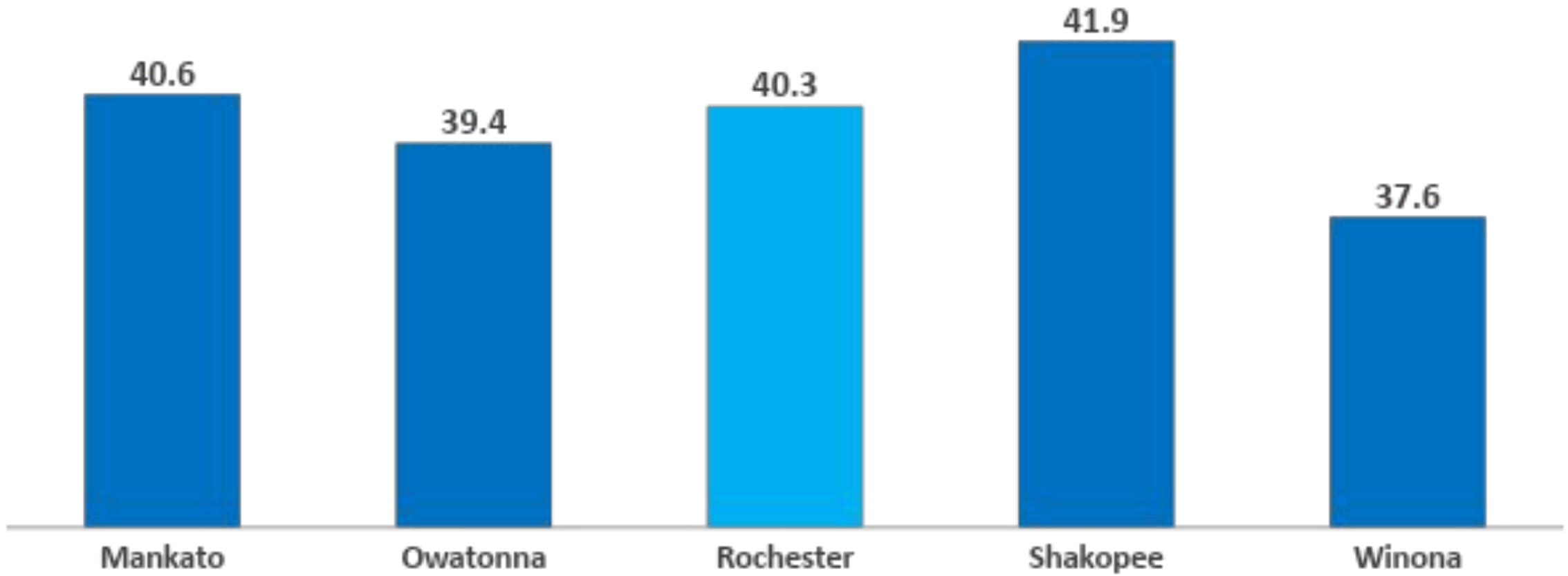
Rochester Leading in Rates and RevPAR Year to Date

Legend: ADR, RevPAR

Mankato: ADR $86, RevPAR $35
Owatonna: ADR $81, RevPAR $32
Rochester: ADR $108, RevPAR $44
Shakopee: ADR $64, RevPAR $27
Winona: ADR $86, RevPAR $32

Custom City Sets, YTD September 2020, ADR, RevPAR ($USD)
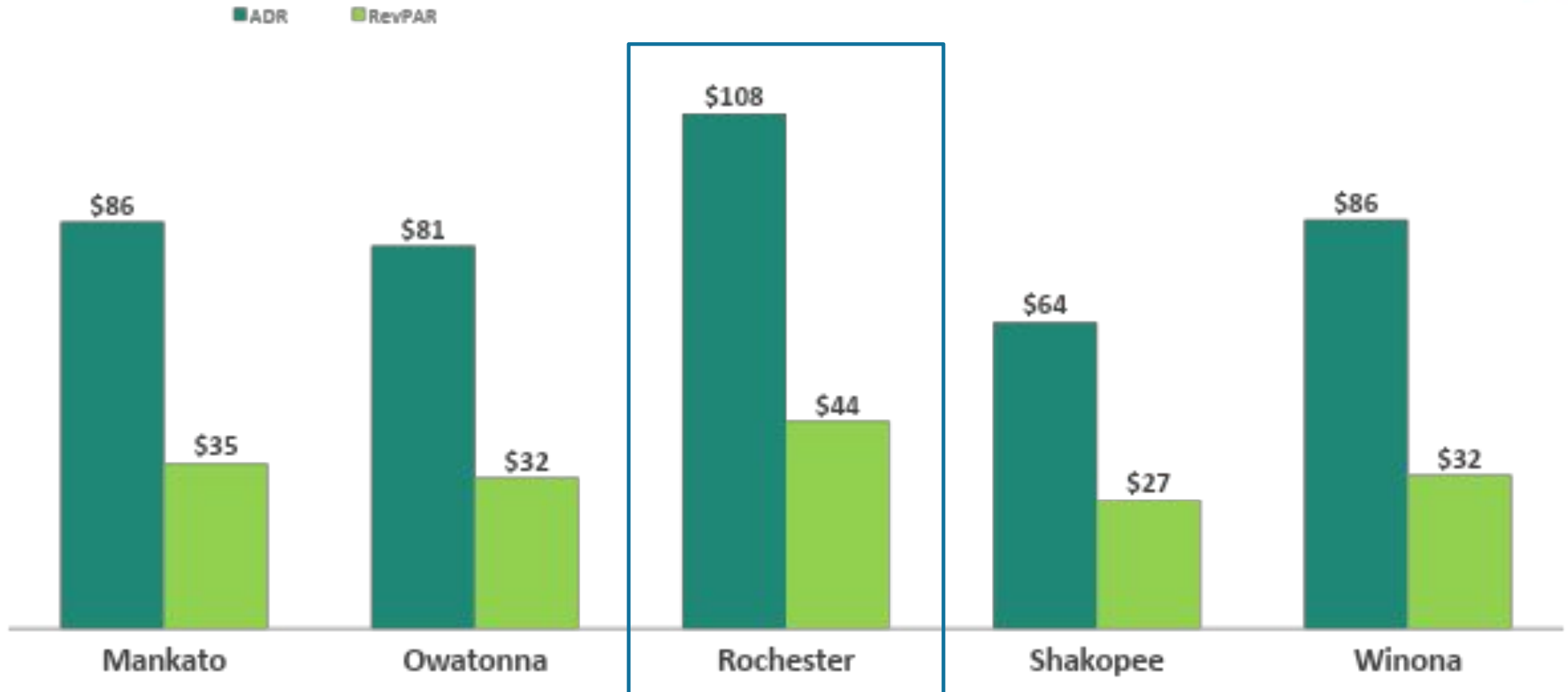
Rochester Hurt Worse in Occupancy, Shakopee in Rate

Legend: ■ Occ ■ ADR ■ RevPAR

City	Occ	ADR	RevPAR
Mankato	-33.2	-11.7	-41.0
Owatonna	-27.6	-7.0	-32.7
Rochester	-40.0	-9.3	-45.6
Shakopee	-33	-26.4	-50.7
Winona	-32.1	-9.4	-38.5

Custom City Sets, YTD September 2020, Occ, ADR, RevPAR YoY % Change
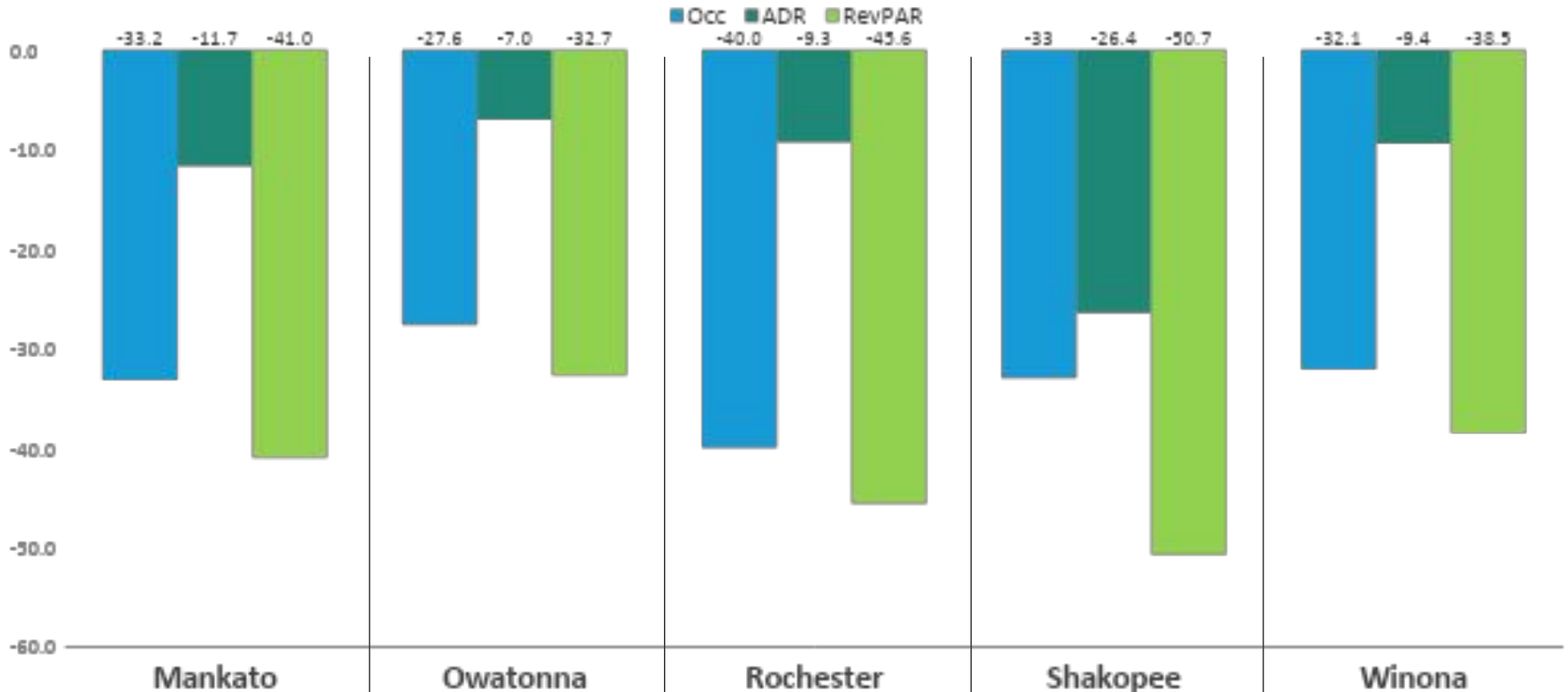
Pipeline

Pipeline

Hotel
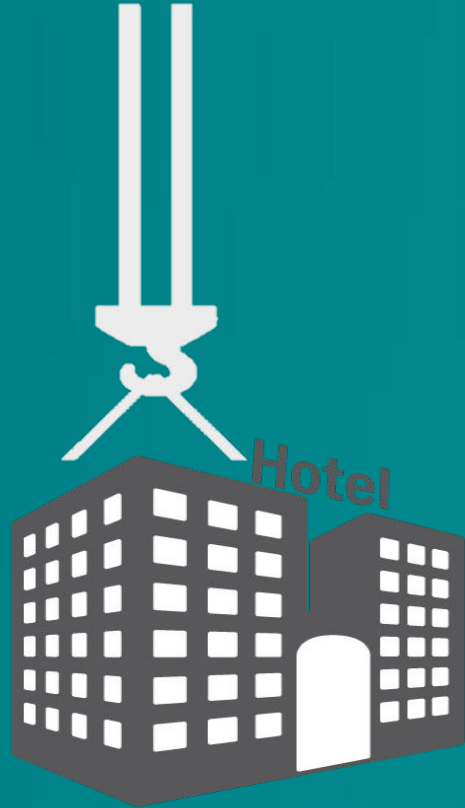
In Construction:
Vertical construction on the physical building has begun.

+

Final Planning:
Construction will begin within the next 12 months.

+

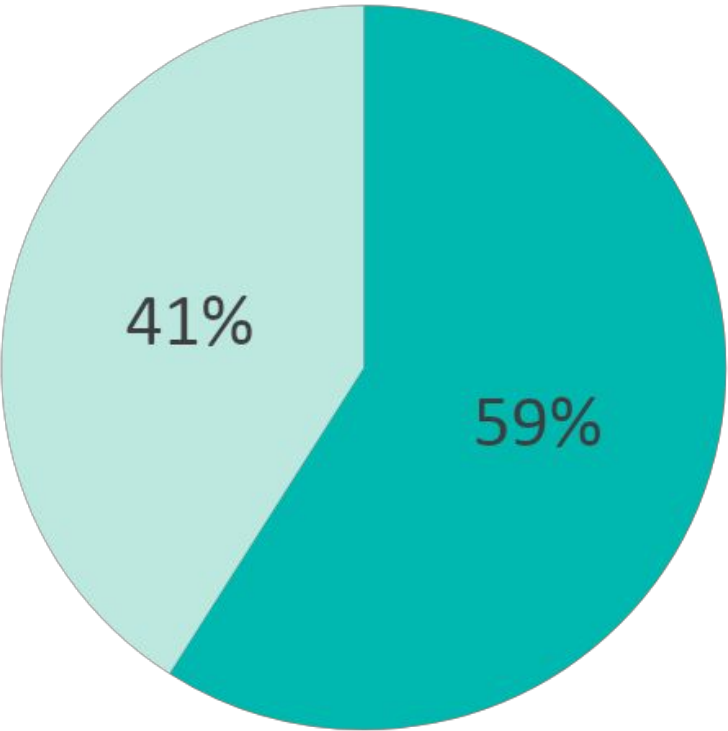## Planning:
Construction will begin in more than 13 months.
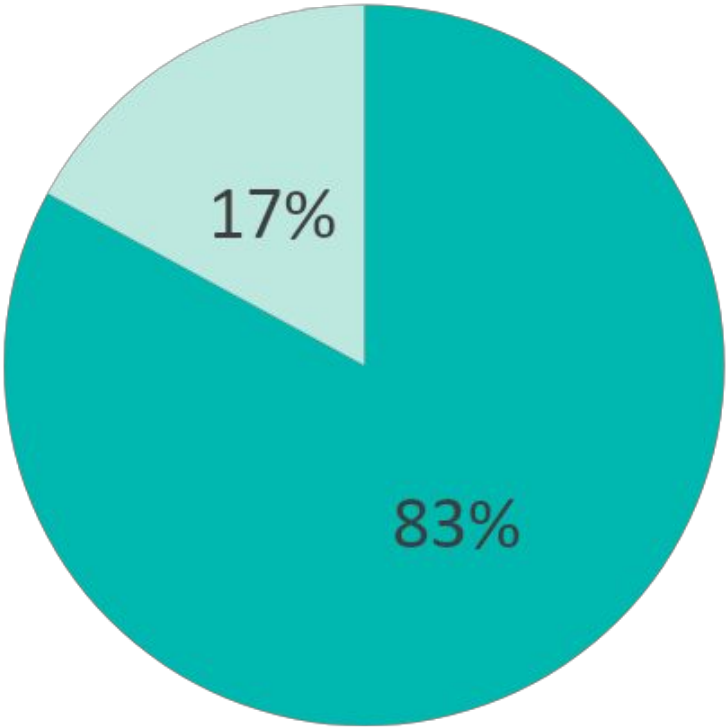
→ **Under Contract**

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Benchmarking your world

36

Active Pipeline: Clear Shift to The "Big 6"

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2010

■ IHG, Choice, Hilton, Hyatt, Marriott, Starwood, Wyndham ■ All Other

- 41%
- 59%

2019

■ IHG, Choice, Hilton, Hyatt, Marriott, Wyndham ■ All Other

- 17%
- 83%

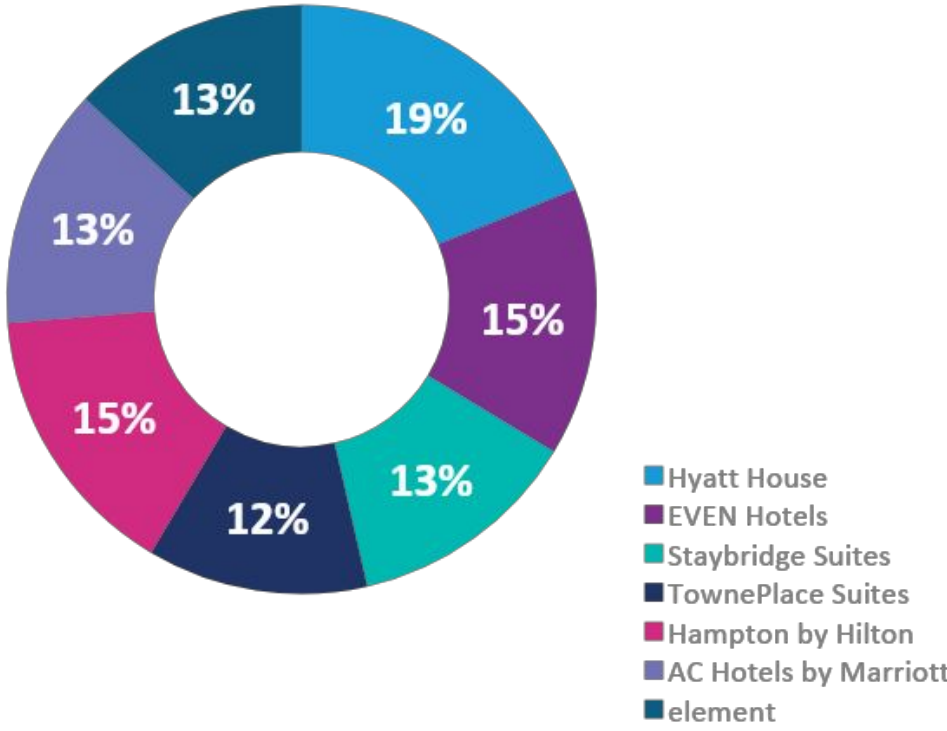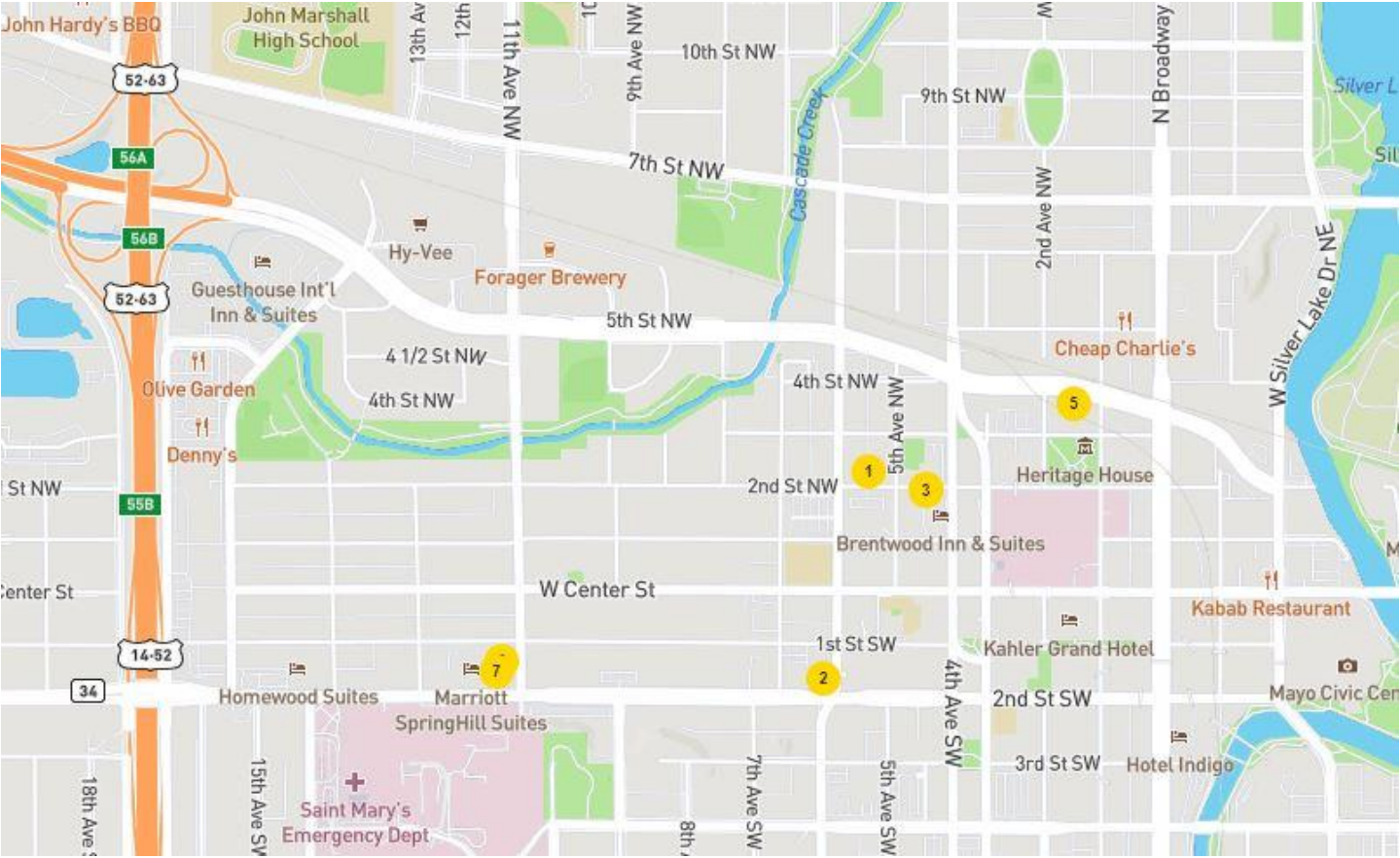# Minnesota Pipeline projects remain steady despite the crisis

Phase	Projects	Number of Rooms
In Construction	4	532
Final Planning	3	377
Planning	0	0
Active Pipeline	**7**	**909**

Pipeline by Phase, September 2020—State of Minnesota

Pipeline Projects in Rochester, MN Submarket

59% of pipeline rooms are set to open by Year End 2021.

Legend:
- Hyatt House — 19%
- EVEN Hotels — 15%
- Staybridge Suites — 13%
- TownePlace Suites — 12%
- Hampton by Hilton — 15%
- AC Hotels by Marriott — 13%
- element — 13%

Supply and Pipeline by Class for Rochester, MN Submarket

Current Room Supply and Pipeline

Legend: ■ Existing ■ In Construction □ Final Planning ■ Planning ■ Unconfirmed

Categories: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, Economy, Independent
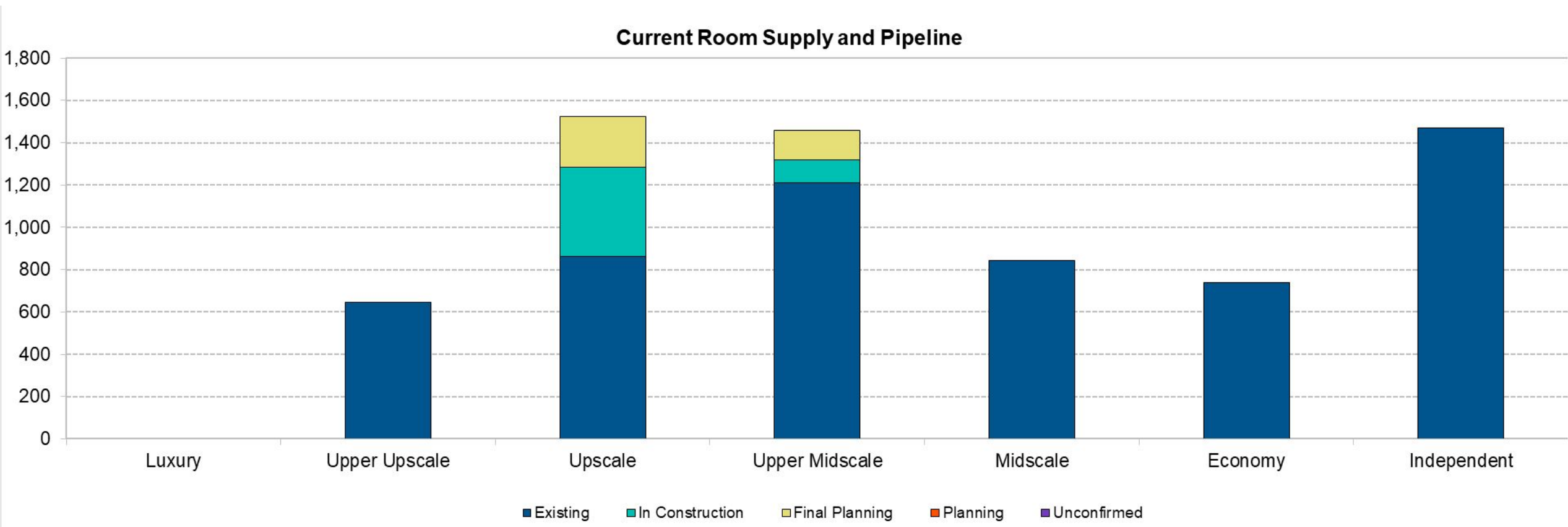
Look to the Future

U.S. Forecast (as of August 13)

Chain Scale Key Performance Indicators
2020F by Chain Scale

TOURISM ECONOMICS
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2020 Year-End Outlook			
Chain Scale	**Occupancy * (% chg)**	**ADR (% chg)**	**RevPAR * (% chg)**
Luxury	-64.5%	-3.7%	-65.8%
Upper Upscale	-60.9%	-14.0%	-66.4%
Upscale	-47.1%	-17.3%	-56.3%
Upper Midscale	-37.9%	-14.4%	-46.9%
Midscale	-28.3%	-11.6%	-36.6%
Economy	-16.8%	-10.8%	-25.8%
Independent	-37.5%	-17.8%	-48.6%
Total U.S.	**-39.7%**	**-20.9%**	**-52.3%**

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

U.S. Forecast (as of August 13)

Chain Scale Key Performance Indicators
2021F by Chain Scale

2021 Year End Outlook			
Chain Scale	**Occupancy * (% chg)**	**ADR (% chg)**	**RevPAR * (% chg)**
Luxury	+99.3%	-6.9%	+85.5%
Upper Upscale	+85.9%	-4.6%	+77.4%
Upscale	+33.9%	-0.8%	+32.9%
Upper Midscale	+23.7%	+1.4%	+25.5%
Midscale	+14.8%	+1.1%	+16.0%
Economy	+6.3%	+0.3%	+6.6%
Independent	+33.2%	+3.0%	+37.3%
Total U.S.	**+30.5%**	**+5.6%**	**+37.9%**

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

U.S. Forecast (as of August 13)

Key Performance Indicators
2019 – 2020F – 2021F

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Metric	2019 Actual	2020 Forecast	2021 Forecast
Occupancy *	66.1%	39.8%	52.0%
ADR	$131.13	$103.71	$109.56
RevPAR *	$86.64	$41.31	$56.95

For Comparison:
RevPAR 2010
$56.45

-34%

*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

U.S. Forecast: COVID-19 Recovery Scenario
Indexed to end of 2019

2020F – 2024F
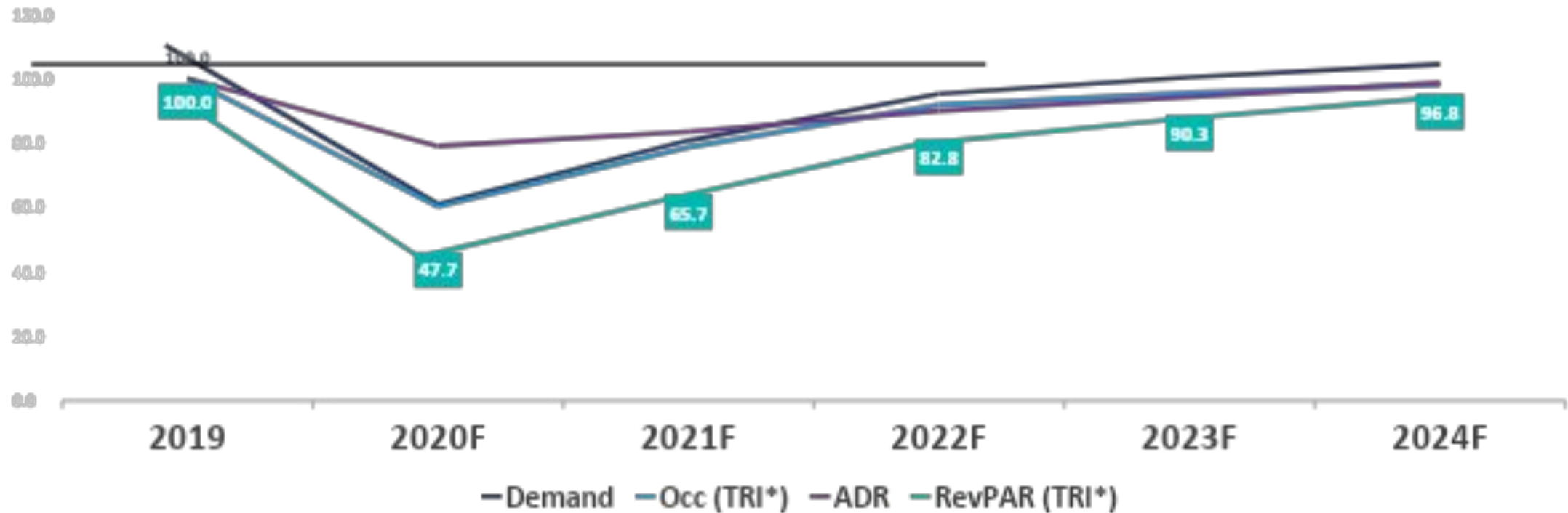
*Reflects Total-Room-Inventory (TRI) methodology, which assumes no temporary hotel closures.

Source: STR. 2020 © CoStar Realty Information, Inc.
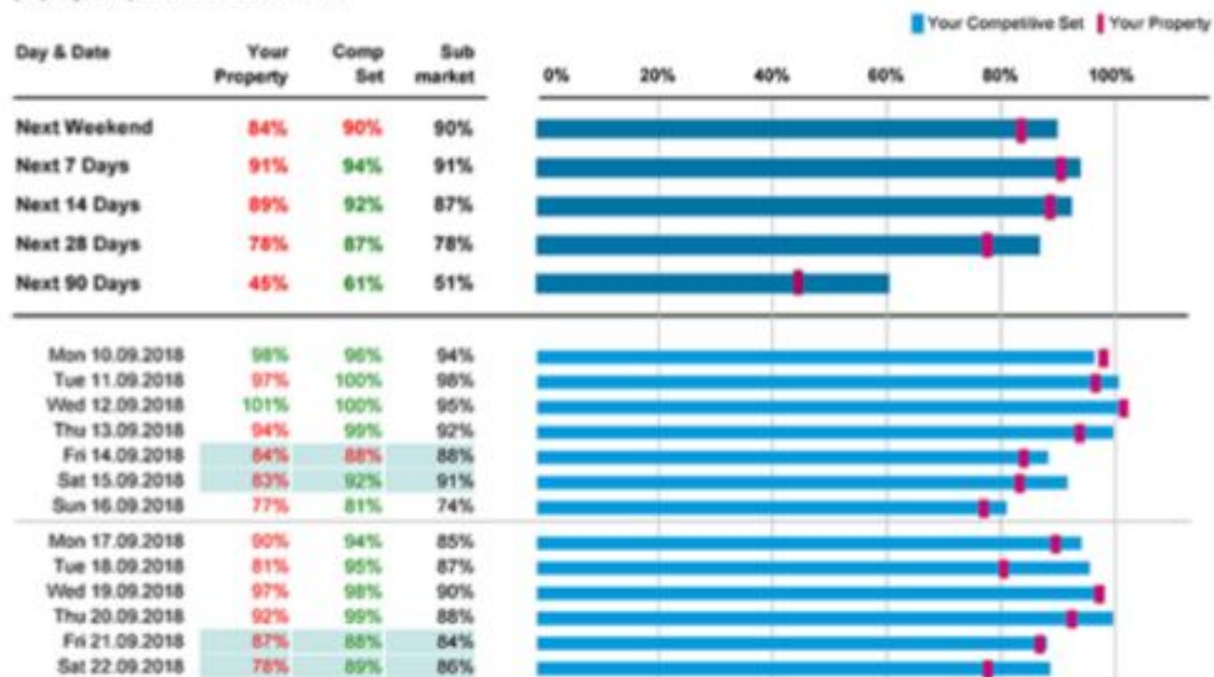
ForwardSTAR

Forward looking. Forward planning. Forward thinking.

Links for Updated US Forecast:

- https://str.com/data-insights/news/press-releases

- https://hotelnewsnow.com/

Questions?

Please direct any inquiries to:

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+1 (615) 824-8664 ext. 3548

kwaite@str.com