



TARIFFS ADD MORE UNCERTAINTY TO MINNESOTA'S HOSPITALITY SECTOR

Tariffs and global economic uncertainty are placing significant pressure on Minnesota's hospitality sector. Ingredient prices are expected to rise by 4% overall. Simultaneously, consumers are tightening budgets, reducing leisure spending on dining and travel.

Compounding these issues is a decline in international tourism driven by negative global attitude toward the U.S.; with Canada border crossings down and spending projections falling short.

INDUSTRY WIDE UNCERTAINTIES

- **International attitude turns sour; Tourism decreasing cripples hospitality**
 - International attitude turned negative towards the US. As tourism decreases, hospitality will see revenue fall. [[CNBC](#)]
 - In 2023 foreign tourists spent \$501 million in Minnesota. 2025 projected \$700 million in spending – recent data suggests this will not be the case. [[Tourism Economics](#)]
 - Canada border crossings into Minnesota decreased for four months, a first since 2020. [[US Customs](#)]
 - Minnesota's international visitation is expected to decrease by 13% since last year. [[Explore Minnesota](#)]



These are updated insights about the State of Hospitality in Minnesota conducted by [Hospitalsity Minnesota](#), the trade association for the state's lodging, restaurant, resort and campground sectors.

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Read our full annual report [here](#).



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SECTOR SPECIFIC UNCERTAINTIES: RESTAURANTS/CATERING

- **Uncertainty for restaurants grow as ingredient and food prices increase**
 - Prices to rise 4% on all food - 2.2% on fresh produce. Already increased by 1.6%. Food pricing uncertainty makes it difficult to plan menus/pricing. [[YALE](#)]
 - Imported specialty foods/beverages will see price hikes. Independent restaurants are at much more risk.
 - A new 50% tariff on aluminum could lead to increased prices for canned foods and beverages. [[Food Dive](#)]
- **As prices go up – consumers go out less; at expense of restaurants**
 - Americans will spend extra \$4,600 on household items from tariffs. Leisure spending will be the first to go from budgets. [[Center for American Progress](#)]
 - Minnesotans import \$20 billion of foreign goods. As costs for goods increase, corporations will also look for cost cutting measures elsewhere – including layoffs. [[Strib](#)]

SECTOR SPECIFIC UNCERTAINTIES: HOTELS/RESORTS

- **Anxiety for hotels amongst high room rates and low occupancy**
 - Hotels rely on imported goods like furniture, bedding, and electronics. Hotel operators face a dilemma – absorb increasing costs or pass them on to customers. [[Hotel Management](#)]
 - Consumers avoid unnecessary spending like high room rates. 5% of consumers report canceling a scheduled vacation since the start of 2025 [[Morning Consult](#)]
- **Inflated price tags come at expense of new hotel development/renovations**
 - Steel and aluminum materials subjected to 50% tariffs on June 4th. Those seeking new supply chains are still encountering a 25% increase in pricing. 75% of non-tariffed steel is experiencing stretched lead times. No signs of relief. [[Construction Dive](#)].
 - New construction/planned renovations will be postponed or delayed. Small hotel owners will be hit hardest. [[Harris Sliwoski](#)]

