



The Holiday Inn at 220 Broadway Ave. S. in downtown Rochester, Minnesota, is considered a “hot commodity” because it connected by skyway to the Mayo Clinic and the Mayo Civic Center. (Submitted photo: Olmsted County)

Downtown Rochester Holiday Inn sells for \$18 million

By: Matt M. Johnson ◉ March 27, 2018 1:39 pm 0

Oliver Cos. has paid nearly \$18.17 million for the 173-room Holiday Inn in downtown Rochester, Minnesota, get in on what the tourism bureau calls a rush of hotel investment and development around the Destination Medical Center project.

An entity related to Duluth-based Oliver closed on the purchase of the hotel at 220 Broadway Ave. S. on March according to a certificate of real estate value made public on Monday. The seller was Houston-based CMPJ Enterprises LLC.

The deal works out to \$105,000 per room. Olmsted County values the property at \$6.8 million. CMPJ Enterprise purchased the property in December 2006 for \$5.25 million.

The hotel is connected via skyway to Mayo Clinic’s downtown buildings and to the Mayo Civic Center, which recently completed an \$84 million expansion project. That makes the Holiday Inn a “hot commodity in our world,” said B Jones, executive director of Experience Minnesota’s Rochester.

The buyer will likely get value out of the purchase, said Steve Sherf, president of the Excelsior-based Hospitality Consulting Group. Still, the Holiday Inn will need renovations to keep up with new hotels coming to the downtown market.

“I think if somebody puts money back into it, it can be successful,” Sherf said in an interview.

The size of the Holiday Inn is about average for downtown hotels, Jones said. The largest hotel in downtown Rochester is the 700-room Kahler Grand hotel at 20 Second Ave. SW, he said.

All the city’s hotels – regardless of size — have benefited from the presence of the Mayo Clinic. Business from city patients, their families and others already generates about 70 percent of overnight stays in the city. The 20-year Destination Medical Center economic development effort is expected to increase that demand in coming years.

New hotels are under development in downtown Rochester, including the 23-story Hilton hotel that Rochester-based Titan Development is building at the southeast corner of Broadway Avenue South and Center Street East. That will open next spring, Jones said.

“We’ve seen an escalation in demand,” he said.

The Holiday Inn is inside the Destination Medical Center’s project zone, and backs up to a parking structure along the Zumbro River.

Neither the buyer nor the seller responded immediately Tuesday to requests to comment on the Holiday Inn de

The hotel occupancy rate in Rochester was 58.5 percent in February, according to Tennessee-based STR, which tracks the hotel market. Rochester has 5,434 hotel rooms, STR data show.

