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Article Title

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Abstract

This study examines the topline performance of a cross-section of hotels in the United States from 2009 to 2013 to test whether eco-labeled (LEED or Energy Star, in particular) properties generated revenue performance premiums over noncertified hotels. In other words, does it pay to acquire these labels? Regressions included regional, class, chain scale, size, and location controls. Custom comparable clusters were also separately tested.

Methods

Smith Travel Research Global, a leading hotel information services provider, supplied monthly RevPAR, occupancy rate and ADR data of 268 green (LEED or Energy Star labeled) hotels for the period of 2009 to 2013. A descriptive analysis was conducted.

Results

Results show that LEED-labeled hotels experience higher average daily rate but lower occupancy rates, resulting in a statistically insignificant difference in RevPAR. Energy Starlabeled buildings consistently showed higher occupancy.

Conclusion

This article is aimed at comparing thetop-line financial performance of green hotels with their nongreen counterparts. A dataset comprised 1,540 U.S. hotels is analyzed, of which 204 are LEED labeled and 54 are Energy Star labeled. Monthly time series data of the anonymized hotels are analyzed using nonparametric comparable analysis and random-effects panel regression models. Regression results suggest varying consumer demand for green labels. In particular, Energy Star-labeled hotels enjoy 2% higher occupancy rates and LEED labeled hotels enjoy 4% higher ADR. However, neither premium translates into significantly higher RevPAR. LEED labels also experience significantly (23% to 21%) lower occupancy rates, potentially impacted by higher room rates (ADR).