

Research

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How climate change could affect the hotel industry

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Data supports the increasing frequency and very real impact of extreme weather events on the hotel industry, so what are hoteliers to do to ensure that their properties survive?



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HENDERSONVILLE, Tennessee—Climate change is real, and will be real for decades to come.

While efforts to increase sustainability measures are laudable—and countries and companies have made real efforts to decrease their carbon footprints—at this point, it’s all a bit too little and likely a bit too late. At least, these initiatives cannot be expected to reverse climate change immediately; at best case, there still could be some benefit over time.

So, what is true in the meantime is that weather patterns will change and become even more severe. How do we know this? Through the National Oceanographic and Atmospheric Administration, the U.S. government tracks the impact of weather events via the insurance claims that the weather caused. In 2018, there were 14 events that cost the insurance industry more than \$1 billion.

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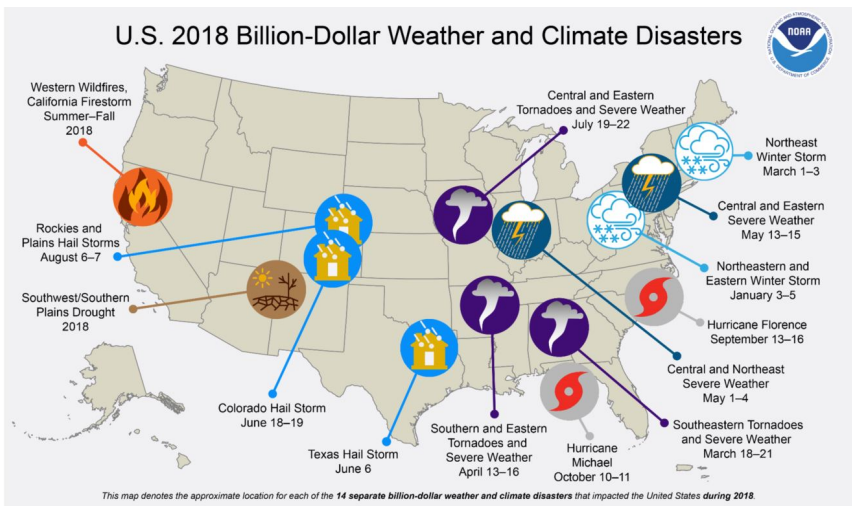
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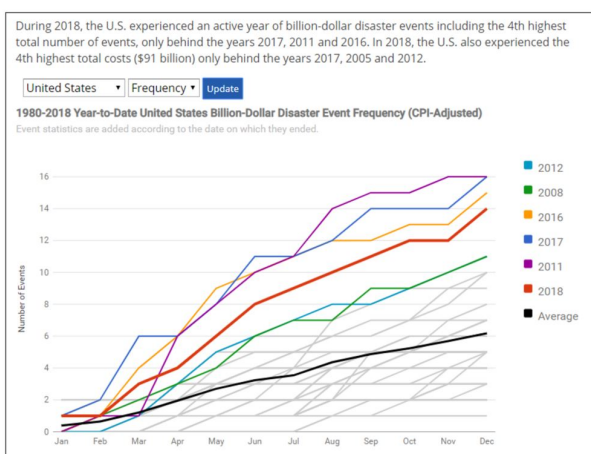
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Fourteen events—is that a lot or a little? How does that compare to prior years?



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2018, 2017, 2016 were three of the four most active years ever for Billion Dollar Disasters

Although not the most active year, 2018—along with 2016 and 2017—ranks in the top four most active years for disastrous weather events. I do not think it is a stretch to say that weather events are getting more impactful.

So, why should the hotel industry care? Because, when these events happen and destroy homes, the displaced people need a place to stay and look for the helping hand of hoteliers. In addition, people fleeing from the impending natural disaster need accommodations, often hundreds of miles away.

In fact, The Federal Emergency Management Agency has a website that lists hotels that are authorized as evacuation hotels (http://www.femaevachotels.com/). And the impact on the hotel industry in the affected areas is of course very visible in STR (http://www.str.com) data. (STR is the parent company of Hotel News Now.)

The most obvious impact shown by STR hotel data is from hurricanes in coastal states. We can look at the room demand percent change and the actual number of rooms sold in the immediate aftermath of the hurricane to see a massive influx of evacuees.

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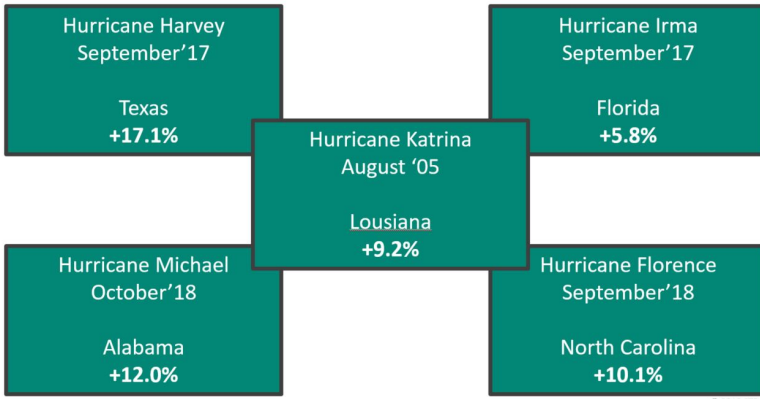


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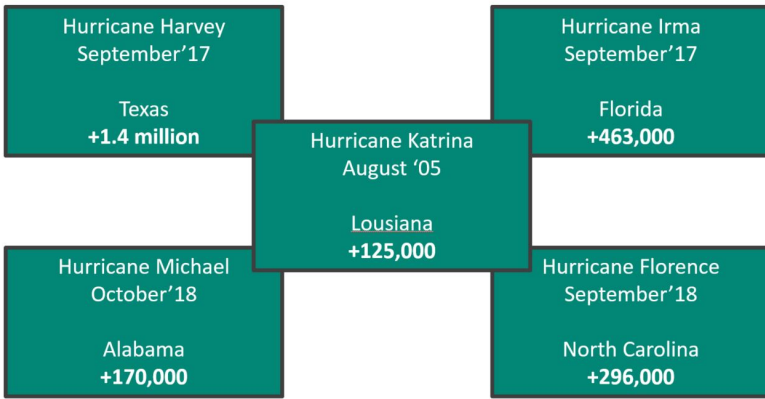


Room Demand % Increases Tell A Story Of Massive Impact



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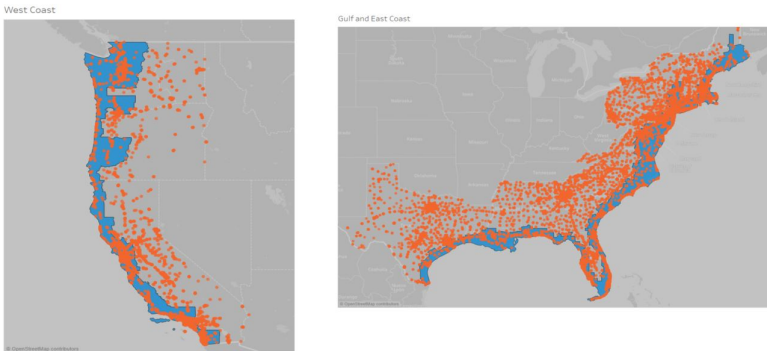
Room Demand Increases Tell A Story Of Massive Impact



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Hotels are acting almost like first responders; they are there in the time of need to provide shelter, food and communication services. But the truth is that hotels are also extremely impacted by weather events, especially flooding. STR Analytics Manager Claudia Alvarado created these powerful maps overlaying our census data with NOAA data.

31.3% Of All Hotels are in Low-Lying-Coastal Areas Which Could be Impacted by a 6ft Storm Surge



*The blue are areas that would be impacted if the Mean Higher High Water increases up to a maximum of 6 feet from its current level

<https://www.climatecentral.org/news/us-with-10-feet-of-sea-level-rise-17428>

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One in three hotels is located in an area that would be impacted by a surge of water six feet above the high-water mark. And, no surprise, 100% of hotels in Hawaii would be impacted in such an event.

