

We need to start doing something about rising energy consumption in hotel sector

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Responsible for over a third of GHG emissions, the real estate sector is under significant pressure to limit its negative environmental impact, but while some steps towards greater sustainability are evident, there is still much more to be done.

The latest findings from the Deepki ESG Index, which represents the first publicly available European benchmark measuring real estate's environmental performance using real data, reveal that in the past year housing, offices, healthcare and retail have seen a drop in final energy consumption, while logistics have kept use stable and hotels are the only sector to have seen an increase.

The Deepki ESG index reveals that in terms of carbon emissions, the hotel and healthcare sectors rank the highest across Europe, at 39 kgCO₂eq/m² each. Both sectors must step up efforts if we are to limit global warming to 1.5°C and avoid the very worst effects of climate change.

Severe scrutiny

Travel and tourism is essential to the UK economy, contributing £237.1bn in 2022. While this is significantly lower than the £258.5bn delivered in 2019 – which is almost entirely the result of the damage done to the sector during the Covid pandemic – hotels remain critical to supporting UK GDP.

However, if the UK is to reach its net zero target by 2050, hotels could well come under severe scrutiny from policymakers in terms of their negative emissions output.

According to DEFRA, the carbon emissions of staying in a hotel in the UK are 10.4 kg CO₂eq per room per night. The UK is ranked fourth lowest in terms of its footprint compared with other European countries where data is available. Yet ranking fourth is no reason for the hotel sector to rest easy on ESG, and there are still significant opportunities for further reduction in energy use.

Unsurprisingly, luxury hotels are the main culprits, due to the nature of the services offered. This means owners must find new, less energy-intensive solutions to maintain the same level of comfort. Achieving carbon neutrality requires a multi-faceted approach to improving energy efficiency and transitioning toward greener energy sources.

Research from the Sustainable Hospitality Alliance suggests that the hotel industry must reduce its carbon emissions by 66% per room by 2030, and by 90% per room by 2050 to “ensure that the growth forecast for the industry does not lead to a corresponding increase in carbon emissions”.

Commercial imperative

Limiting the impact of climate change is not the only motivation that should drive the sector to make improvements to their sustainability scores; hotels are increasingly commercially vulnerable if they fail to improve ESG performance.

Guests are more interested than ever in the environmental impact of the services they choose, and that includes hotels. By providing information on the value of a hotel's carbon and water footprint, customers can make more informed decisions about their hotel choices. According to Booking.com, 70% of travellers prefer to choose a property that uses sustainable hospitality practices. Hotels that don't measure up will likely lose out to those that do.

There is also regulatory risk. As noted, policymakers will be looking for ways to ensure they meet global sustainability targets, and innovation in calculating a hotel's carbon and water footprint makes the industry far more accountable for its environmental impact. We can assume this will drive change in the industry and encourage hotels to adopt more sustainable practices.

Whether this positive change comes from a greater use of renewable energy, a deeper appreciation of the circular economy or a transition to more sustainable business practices, there are ample opportunities for hotels to ensure they improve their ESG performance without taking a hit on the bottom line. The critical factor is that they take that action sooner rather than later.



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