

MARCH 2023 | VOLUME 4 ISSUE 10

# INDUSTRY WEEKLY DIGEST

YOUR WEEKLY DIGEST OF CONTEMPORARY INDUSTRY TRENDS

---



## APPLYING ESG TO HOTEL INVESTMENT APPRAISAL

ESG stands for Environmental, Social, and Governance. Investors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities. When it comes to the hotel industry and their growth ambition those KPI's and the infrastructure to monitor ESG compliance are not always yet in place.

In this week's Industry Digest, Marco Ciraulo explores this topic and calls for Industry partners for a research project on the impact of Sustainability and Social Governance in hotel development.

Have a great weekend!

---

[surrey.ac.uk/SHTM](https://surrey.ac.uk/SHTM) | @SHTMatSurrey  
Editor: Mark Ashton | [m.ashton@surrey.ac.uk](mailto:m.ashton@surrey.ac.uk)



## SUSTAINABLE HOTEL FINANCING AND WHY IT MATTERS

### **Marco Ciraulo**

BBVA and Pestana Hotel Group issued their first ESG investment fund in 2019 while Host Hotels & Resorts soon after became the first U.S. Hospitality REIT to issue a green bond US\$650 million ( [EHL, 2022](#)). Why does this matter? Because hotels tend to be financed and to access those funds at a competitive rate, they must demonstrate compliance and a track record to comply to the ESG benchmarking criteria. There is still the discussion on what qualifies as ESG and what does it mean to be “Green”, “Socially engaged” and to have the correct “Governance” in place ( [Morningstar, 2023](#)).

Ironically in the world of ESG compliance, the way the funds are secured don't need to be necessarily through sustainable investors – making this a complex issue and one to be discussed separately but also offering lots of potential for academic research. Either way, it appears that investing in sustainable development and operating practices are costly to start with but as we progress with the hotel investment lifecycle not to have the ESG measures in place will make the hotel more costly to finance, operate and less valuable when liquidising the assets down the line. Which again bags the question: Why? ( [JLS, 2022](#)).

A scan through companies annual reports posted online, shows lots of ambitions, but only the very few hotel organisations, which are either very passionate about sustainability and or and well-resourced, have some meaningful and tangible data and benchmarking criteria listed. Considering the hotel industry supplies 1 in 10 jobs globally and 10.3% of the global GDP one would question the ambition not only by government to enforce the issue but by the global hotel players to drive the ESG compliance and internal motivation to do the right thing forward ( [GOV.UK, 2023](#)).

The University of Surrey has recently embarked to work with a visionary entrepreneur to set up a fully sustainable hotel run as a BCorp. The aim is to research the impact of Sustainability and Social Governance in the hotel development and its impact in managing the operation. If your organisation wants to be part of this research and can help with best practice case studies, then do get in contact with us ( [Palazzodeagricoltore.ie, 2022](#)).

---

*" ... The aim is to research the impact of Sustainability and Social Governance in hotel development and its impact in managing the operation. If your organisation wants to be part of this research and can help with best practice case studies, then do get in contact with us ... "*